



Treasury Chambers, Parliament Street, SW1P 3AG

The Hon Peter Morrison MP
 Minister of State for Industry
 Department of Trade and Industry
 1 - 19 Victoria Street
 London
 SW1H 0ET

CJP
 22/5

22 May 1986

Dear Peter,

ERDF COMMUNITY PROGRAMMES

WILL REQUEST IF REQUIRED

Thank you for copying to me your letter of 4 April to Lynda Chalker. I have now also seen Peter Walker's, Tom King's and Nick Edwards' replies.

I have noted your point about the potential difficulties the Government's present policy on additionality might put in the way of seeking participation for the UK in Community Programmes, although you accept that the existence of the policy is a factor that must be borne in mind in identifying cases where it might be to our advantage in pressing for such a programme. I am very attracted to Peter Walker's definition of suitable projects as those which are non-additional in Whitehall but can be regarded as additional in Brussels. It is important, as I also said in the context of integrated operations, that these initiatives under the new ERDF regulation are not used to put pressure on us to increase our overall public expenditure or to spend our available resources inconsistently with our own priorities.

In this context, I have noted Tom King's comment that the public expenditure consequences for Northern Ireland of the STAR programme will have to await a decision about the extent of UK participation in it. I know that he is waiting to see whether, on the basis of the analyses he has asked for, the project seems worth supporting. I must, however, make it clear that if he decides that the project is worth supporting, I would have to resist either any additional bids he made to cover matching Government finance or any request for the waiver of the non-additionality rules. My officials have, I think, already made this clear to his.

I am copying this letter to members of OD(E) and EA Committees, and to Kenneth Baker, Peter Walker, Malcolm Rinkind, Nicholas Edwards and Tom King.

Yours ever,

JH

JOHN MacGREGOR

