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10 DOWNING STREET

From the Private Secretary

27 May 1986

Dear John,

**PRIME MINISTER'S VISIT TO ISRAEL: INDUSTRIAL
RESEARCH FOUNDATION**

I should record that the Prime Minister spoke to Mr. Peres during her visit to Israel about his proposal for a joint Anglo-Israel Research Foundation, following the line proposed by Mr. Channon in his minute of 21 May. She was not sufficiently clear about the purpose of such a Foundation to agree to it. But she would like to invite a delegation of Israeli scientists to visit the United Kingdom as our guests, with the aim of defining more carefully possible areas of the collaboration between Britain and Israel. Mr. Peres welcomed this offer and hoped that Israel's Minister of Science could participate in the meeting. He understood the difficulty which HMG faced in finding public funds to support a proposal on the lines he had made. But there were alternative possibilities which were worth looking into. For instance, any agreement might cover only basic research rather than applied research; and, rather than a Foundation, there might be a joint committee covering government, industry and the universities.

I should be grateful if you could now, with the Foreign Office, follow up the Prime Minister's proposal and discuss with the Israeli Government the arrangements for the proposed visit.

I am copying this letter to Robert Culshaw (Foreign and Commonwealth Office), Rob Smith (Department of Education and Science) and to Michael Stark (Cabinet Office).

Yours sincerely,

(Charles Powell)

John Mogg, Esq.,
Department of Trade and Industry.

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Secretary of State for Trade and Industry

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5 June 1986

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

200/676

Dear Charles,

PRIME MINISTER'S VISIT TO ISRAEL: INDUSTRIAL RESEARCH FOUNDATION

Thank you for your letter of 27 May. This Department is in touch with the Foreign and Commonwealth Office and outside organisations about arrangements for an inward Israeli visit which would be aimed at determining more precisely possibilities for bilateral co-operation. If the delegation is led by the Israeli Minister of Science we envisage discussions with Mr Pattie and other appropriate Ministers.

We will shortly be sending the Israelis suggestions about the scope and timing of the visit. The UK-Israel Joint Committee, which meets in Israel in July, will be a suitable opportunity to follow up and discuss proposed arrangements in greater detail.

I am copying this letter to Robert Culshaw (Foreign and Commonwealth Office), Rob Smith (Department of Education and Science) and to Michael Stark (Cabinet Office).

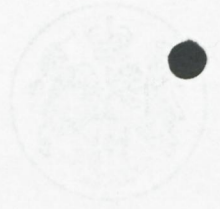
*Yours ever,
Michael*

MICHAEL GILBERTSON
Private Secretary

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ISRAEL



PM'S VISIT
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PRIME MINISTER'S VISIT TO ISRAELI INDUSTRIAL RESEARCH FOUNDATION

Dear Sir,
I am pleased to hear that your visit to Israel was successful and that you were able to meet with the Prime Minister and other officials. The arrangements for your visit were well coordinated and we are sure that you had a very productive and enjoyable trip. We are sure that the visit will have been most beneficial to you and to the industrial research community in Israel. We are sure that you will have gained a better understanding of the industrial research environment in Israel and that you will be able to bring back valuable information and contacts to your own country. We are sure that the visit will have been most beneficial to you and to the industrial research community in Israel. We are sure that you will have gained a better understanding of the industrial research environment in Israel and that you will be able to bring back valuable information and contacts to your own country.

MICHAEL GLICKSON
Private Secretary

1986
DEPARTMENT OF TRADE AND INDUSTRY



10 DOWNING STREET

From the Private Secretary

22 May 1986

VISIT TO ISRAEL

The Prime Minister has considered the Trade and Industry Secretary's minute of 21 May suggesting how she should respond, during her visit to Israel, to Mr Peres's proposal for a joint research foundation. She is grateful to Mr Channon for explaining the background so clearly and agrees that she should follow the approach proposed in paragraph 5 of his minute.

I am copying this letter to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Education and Science, the Minister for Overseas Development and Sir Robert Armstrong.

C. D. POWELL

John Mogg, Esq.,
Department of Trade and Industry

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PRIME MINISTER

VISIT TO ISRAEL

As requested in your Private Secretary's letter of 20 May, I have looked at the possibilities for strengthening our scientific and technological collaboration with Israel in the context of Mr Peres' proposal for a joint research foundation.

2 Mr Peres appeared to have in mind something on the lines of the Israel-US Binational Industrial Research and Development Foundation (BIRD) whose purpose the Israelis say is to act as a marriage broker between Israeli firms providing R&D and American firms marketing the products of collaboration. It is primarily about enhancing Israeli exports. BIRD has been financed by the two Governments on a 50:50 basis to the tune of \$110 million. It characteristically meets half the costs of approved projects.

3 I have two reservations about the Israeli proposal. First I suspect the Israelis of aiming to gain access to the frontiers of UK technological advances - particularly in the areas of biotechnology, medical instrumentation and laser technology to facilitate the development of export industries based in Israel.

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They have already demonstrated their capabilities in the area of medical instrumentation and are exporting to British hospitals. Second, if we were to increase support for R&D - responsibility which we have hitherto seen as one largely for the private sector - I should prefer the money to be spent here in the UK for the immediate and sole benefit of British industry. There ought to be other priorities for expenditure in this field.

4 Israel does indeed have some able scientists from whom we may have something to learn. But enterprising companies ready to collaborate in the development of their ideas are already welcomed in Israel without the support of a Foundation. We should not be drawn into funding something that is likely to happen anyway or alternatively into underwriting projects which British companies are not willing to back with their own funds. Of course, some firms are already collaborating with Israeli companies. But there is evidence that many others - possibly inhibited by the Arab Boycott and their own suspicions of Israeli motives - are reluctant to become too closely involved. This has become very apparent when we have tried to promote interest in Israeli co-operation.

5 But I agree that we must not appear negative about Mr Peres' proposal. To this end and to demonstrate our interest in the

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principle of strengthening Anglo-Israeli scientific and technical collaboration, you might take the initiative in your talks with Mr Peres, and perhaps during your visit to the Weizmann Institute, by proposing that a team of distinguished Israeli scientists and technologists should come to the UK as our guests to exchange ideas with their British counterparts on R&D in the two countries and to explore the possibilities for co-operation with British companies, Universities and Research Establishments. The visiting team would have more impact if it were to be led by an Israeli Minister (Mr Peres would probably suggest Gideon Patt, the Minister of Science). As to timing, a visit in the early autumn would be welcome.

6 I could meet the cost of the proposed mission within my existing Departmental budget, although I should look to other Departments, not only for help in organising the visit, but also to support any necessary follow-up action.

7 I am copying this minute to Geoffrey Howe, Nigel Lawson, Keith Joseph, Timothy Raison and Sir Robert Armstrong.

PAUL CHANNON

21 May 1986

Department of Trade & Industry

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10 DOWNING STREET

From the Private Secretary

20 May 1986

PRIME MINISTER'S VISIT TO ISRAEL

At the briefing meeting this morning for her visit to Israel, the Prime Minister raised the question of the Anglo-Israeli Research Foundation which had been proposed to her by Mr. Peres during his visit to London in January. The Israelis clearly attached importance to this proposal and wanted to see some progress towards realising it during her visit to Israel, perhaps by agreement in principle to establish such a Foundation or other collaborative effort in the Research field. She felt that there were likely to be gains for the United Kingdom from collaboration with Israel in some areas of science and research.

The Prime Minister would like the Trade and Industry Secretary to establish urgently whether some funds can be committed to collaboration with Israel in this area, in a form which could be announced during her visit.

I am copying this letter to Robert Culshaw in the Foreign and Commonwealth Office and Martin Dinham in the Overseas Development Administration.

(C. D. POWELL)

John Mogg, Esq.,
Department of Trade and Industry.