

✓ A. Duguid



PRIME MINISTER

SPACE POLICY

Present UK policy towards the exploitation of space was effectively settled when we were last in office. We decided to reduce to a minimum our support for a European launch vehicle, to concentrate on satellites, and to this end to rely on our membership of the European Space Agency (ESA) to promote our industrial and other interests.

total
spending
on the
space
programme
is £24m
in 1980/81.
R.

On the whole this policy has served us well so far. We have derived substantial benefits from ESA and membership has helped us to develop a significant satellite capability. British industry has taken the lead in a number of European communications satellite projects but the position could change. Satellite technology is making rapid developments and as you know many new markets of potential commercial attractions seem to be opening up. The role of satellites is being extended beyond the provision of trunk circuits across oceans and difficult terrain in parallel with or in place of terrestrial systems, into the provision of new services directly to subscribers through their own individual terminals. The two most important applications to emerge so far are direct television broadcasting and business communications systems providing flexible and secure links for advanced equipment such as video-display units, facsimile machines, tele-conferencing facilities, computer terminals and so on.

/The ...



The French and Germans have already decided to take initiatives outside the ESA forum to introduce direct satellite broadcasting. In addition the French are pursuing a national telecommunications satellite programme which they are seeking to internationalise in Europe through the participation of other postal authorities including our own. We and UK industry are therefore faced with a challenge. Having put public money into an R & D programme over a number of years we must now do what we can to ensure that British industry reaps a long-term commercial benefit in an expanding but highly competitive market. In this we shall face not only the Americans and Japanese who are obviously very strongly placed, but the Germans and notably the French who have set about exploiting these opportunities in a very single-minded fashion.

Clearly the attitudes of major users of satellites such as the Ministry of Defence and the Post Office can influence the opportunities open to our space industry. Also the regulatory framework set by this Department and the Home Office in relation to telecommunications and broadcasting is important. It is my hope that it will be possible to mobilise private sector funds in the exploitation of space applications but the Government will have to play its part if this is to be brought about.

There are other questions too. Have we got the right arrangements for managing UK space policy and activities? The DOI, DES (through the Science Research Council) and MOD all have modest funds for space programmes. Are we pulling together in the right

/direction ...



direction and using public money wisely, bearing in mind the changing nature of the market? We all need to be in close touch with the FCO about the important international considerations. It is essential too that we should have as clear a picture as possible of the changes which developments in information technology will bring about: the potential new users of services transmitted by satellite, the export opportunities for use of information-based products and services, and the likely pace and cost of such developments.

I am already considering asking Michael Marshall to chair an official inter-departmental group to consider the arrangements for coordinating the means whereby the UK derives industrial benefit from our expenditure with ESA. The Home Office study of the potential for direct television broadcasting by satellite in this country is already in progress. I think it would be useful to ask the CPRS to look at the broader context. I would certainly welcome a CPRS view on the overall management and co-ordination of government space policy, and on the extent to which developments in information technology will affect the satellite market. At a time when so many industries are under pressure, I think it is important to be seen to coordinate our efforts in respect of this enormously exciting potential growth area to ensure that maximum benefits to the UK are achieved. It would be helpful too to look into the major public purchasing decisions that we may well have to consider in the near future.



If, therefore, you and other colleagues agree I should like the CPRS to begin a study along these lines as soon as possible, consulting other departments and outside interests as necessary. From my point of view a report to colleagues collectively by about the end of September would be helpful and this might also be useful background for the subsequent consideration of the Home Office study on direct broadcasting. I am sending a copy of my minute to the Members of E Committee, the Secretary of State for Defence, the Secretary of State for Education and Science, Sir Robert Armstrong and Robin Ibbotson in the Central Policy Review Staff.

4

K J
20 June 1980

Department of Industry
Ashdown House
123 Victoria Street



23 JUN 1960
BOSTON
MASS
U.S.A.

MAILED IN BOSTON

COMMUNICATIONS