

file

MJLAVM



10 DOWNING STREET

18 July 1985

From the Private Secretary

Dear Hugh

DIRECT BROADCASTING BY SATELLITE

The Prime Minister has seen the further correspondence on this matter between the Home Secretary and the Secretary of State for Trade and Industry.

The Prime Minister has commented that it would not make sense to open up the market to other contractors now that the consortium has collapsed but continue to insist that they use a British satellite.

I am copying this letter to Joan MacNaughton (Lord President's Office), Rachel Lomax (HM Treasury), Andrew Lansley (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

Z es

Mark Addison

Hugh Taylor Esq
Home Office

1089

PRIME MINISTER

DIRECT BROADCASTING BY SATELLITE

You will recall you agreed that, following the collapse of the DBS consortium, the field should be opened up to any contractor, without an obligation to use UNISAT.

Norman Tebbit's letter of 11 July (Flag A) questions whether the UNISAT requirements should be dropped at this stage. The Home Secretary's clear response, that it should, is at Flag B.

Policy Unit advice is at Flag C. They strongly support the Home Secretary's view. Given that the cost of UNISAT was apparently a key factor behind the collapse of the consortium, it would not make sense to open up the market to all-comers, but continue to tie their hands behind their backs.

An intervention from you would help ensure this matter is sorted out in time for the Home Secretary to make an announcement before the Recess.

Agree that you should endorse the Home Secretary's view that the obligation to use a British satellite should now be dropped?

Yes

ms

ms

Man Adnan

16 July 1985

(C)

MR ADDISON

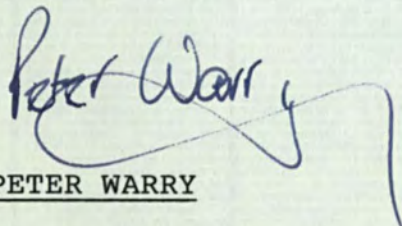
16 July 1985

DIRECT BROADCASTING BY SATELLITE

We strongly support the Home Secretary's reiteration that the requirement to use a British satellite should be dropped. This policy has already failed, and it is indicative of the DTI's ostrich act that they refuse to believe that the UNISAT option was 70% more expensive. All of our personal contacts bear this out.

Satellite costs are the critical factor in the early part of the DBS project, but over the whole life represent only 20% of the cost and, by implication, generate only 20% of the potential jobs. It would be folly to sacrifice the remaining 80% of potential jobs in order to pursue a high-tech dream that has already proved to be a chimera.

It is important, if any jobs are to be salvaged, that a sensible DBS policy is launched before the Recess. The Prime Minister could write endorsing Leon's stand.



PETER WARRY