

PRIME MINISTER

Direct broadcasting by satellite

Since the Home Secretary reported to you on this subject a great deal of paper has been generated.

Mr. Tebbit in his minute at Flag A warns of the industrial consequences of the breakdown in negotiations. He advocates a very strong line with the BBC, and even suggests an ultimatum (if they fail to sign a contract with UNISAT, they should be excluded from DBS all together).

Sir Robert Armstrong in his minute at Flag B also sees some national interest in keeping UNISAT alive, though he is opposed to Mr. Tebbit's ultimatum.

The No. 10 Policy Unit (Flag C) think it would be a mistake to put undue pressure on the BBC, who should be allowed to exercise their commercial judgement.

The crisis point has not yet been reached however. As the Home Secretary reports at Flag D the BBC and the IBA are now in touch about forming some sort of partnership. Everybody agrees that this would be a good thing if it can be made to work.

DMB

16 December 1983