



Secretary of State for Trade and Industry

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10 November 1987

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

EXTERNAL TELEVISION BROADCASTING

Thank you for sending me a copy of your minute of 29 October to Douglas Hurd. I have also seen Charles Powell's letter of 6 November recording the Prime Minister's view that further consideration should be given to placing the BBC and ITN on an equal footing.

I agree with the Prime Minister that this further work should be undertaken before we reach a decision on the BBC's proposals, which I have not of course seen. I should be grateful if your officials would involve mine in this work, as was envisaged at the meeting on 24 March.

From my reading of the record of that meeting, it would appear that an examination of the case for HMG's involvement in broadcasts to closed economies and the Third World would be a key element in reaching an overall decision; and that any assistance would be likely to address the distribution, rather than production, costs.

It also seems to me that, if the BBC's external television service is intended to be run on a commercial basis through BBC Enterprises, and their inability to raise risk capital is really an insuperable obstacle, any start-up funding from Government should perhaps be provided on terms no better than could be secured commercially rather than in the form of grant.

I am copying this letter to the Prime Minister, Douglas Hurd, Nigel Lawson and Kenneth Clarke.

LORD YOUNG OF GRAFFHAM

JG7ADH

Broadcasting, financing PTS.

