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CONFIDENTIAL

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

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Prime Minister

Your discussion with Lord Young today started out most of the outstanding DBS correspondence, and I have mimicked accordingly. But the meeting did not touch on this issue, which is purely one of tactics. Brian Griffiths has no strong views on it. Do you want to express a view or leave it to Lord Young and Mr. Hurd to sort out?

Direct line 215 5422
Our ref PSLAXV
Your ref
Date 7 June 1988

Mr Taylor,

ADDITIONAL DBS CHANNELS

attach

Yes Mr
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MISC 128 on 21 April authorised us to seek to secure in the appropriate international body an additional block or blocks of DBS channels for the UK, preferably in the same orbital position as the existing UK allocation, from which BSB will commence their satellite broadcasts next year.

copy?

To secure additional allocations for the UK would be a considerable prize, and we have been considering carefully how we can maximise our chances of success. The purpose of this letter is to propose that for tactical reasons we should delay initiating formal action until the Autumn. It is also to make clear that we should initiate such action then only if we are ready to announce at the same time our intention that new services using the additional channels should broadcasting by not later than, say, Christmas 1993.

A World Administrative Radio Conference on geostationary satellite communications (WARC- ORB 88) will be held in Geneva from the end of August for a period of six weeks. So far as broadcasting is concerned, the purpose of this conference is primarily to plan uplinks, including the uplinks to feed the DBS transponders, whose broadcast channels (downlinks) were settled as long ago as 1977. For a variety of reasons we are anxious that the conference restricts itself to its scheduled task, and is not diverted into a discussion of the 1977 DBS broadcast channel plan.

First, we need to ensure that BSB will have the fully protected uplinks they will need when they commence broadcasting next year. Second, any attempt at this stage to replan the 1977 DBS broadcast allocations would create a period of prolonged uncertainty. WARC ORB 88 is not itself competent to undertake a replanning exercise, but could refer a proposal to the Plenipotentiary Conference next May which, if it agreed, could allocate space in the forward work programme for a replanning conference, possibly in the latter half of the 1990s. Such uncertainty could only damage BSB's prospects of raising in the financial markets next year the further tranche of £400 million capital.

The Germans have already spoken openly, in the wake of their DBS satellite failure earlier this year, of the desirability of initiating a re-planning of the DBS broadcast band both to accommodate beams with a much broader footprint (eg, which might cover German-speaking Austria and Switzerland as well as Germany) and with wider channels to eventually accommodate "true" high definition television. At present, Germany, Austria and Switzerland each have their own separate and different national allocation of 5 x 27MHz channels. But in principle, with the same total amount of spectrum (405MHz), there could instead be a single transnational allocation for these 3 countries with perhaps 9 x 45Mhz (for full HDTV) channels available to all 3 via a single broad beam. In practice, to achieve this with sensible groupings (eg. by language) throughout Europe is likely to require substantial replanning of the band. Certain Scandinavian administrations are also known to favour such an approach, as is the European Commission which champions transnational broadcasting. The introduction either before or during the conference of a request from the UK for additional DBS channels could provide precisely the catalyst needed to enable those who wish to do so to initiate discussion within the conference of the desirability of opening up the 1977 DBS broadcast plan.

It must be said that the arguments advanced by the Germans and others have much to commend them. Were it not for our shorter term objectives of seeking additional DBS channels under the existing plan, and of wishing to smooth BSB's path, we might well have wished to support them. We should however have an opportunity to reconsider our stance in time for next May's Plenipotentiary Conference in the light of developments in the intervening period.

There is one further consideration. It carries with it important policy implications on which we must be clear that there is no misunderstanding between us. Under the existing

International Radio Regulations an allocation in these bands, once made, must be put into use within 5 years of the date of application. If it is not, the allocation lapses (unless under special circumstances a limited extension is granted). This would mean that if we were to apply in October this year for additional DBS allocations for the UK, and if our application were to be successful, the new services would need to be operational (or be very close to so being) before the end of 1993. I am not sure that this is realistic. More importantly, are we clear that it is what we want? It would effectively mean an announcement in the Autumn - I assume in the context of our proposed White Paper on broadcasting - to the effect that we would license new DBS services, using the additional DBS channels we had applied for, to commence broadcasting by, say, Christmas 1993.

There is a possibility - I put it no higher - that WARC ORB 88 can be persuaded to accept that the relevant period for uplinks should be 8 rather than 5 years; and that the period for downlinks could then be extended to 8 years by analogy. But if we seek to argue this line after we have submitted a request for additional channels, it is likely to be widely seen as suggesting that we have no serious intention of introducing additional DBS services within the near future.

For all these reasons I see clear advantages in withholding our formal request for additional DBS channels until after the ending of WARC ORB 88 in October. We shall then know whether or not the period for bringing allocations into use has been extended from 5 years to 8. If we still wish to proceed, we could immediately submit our request whilst simultaneously opening bilateral discussions with affected neighbouring administrations, as this could help to reduce the maximum of 200 days allowed to administrations to intervene if they believe they may be adversely affected by a proposal. If objections are raised within the 200 day limit we should be able fairly quickly to establish how substantial they are, and our prospects of overcoming them. This should just about give us time, if it then seems advantageous to do so, to shift our stance at the Plenipotentiary Conference in May to one of support for a replanning of the band.

There is one important risk attaching to this strategy. It is that in the period between now and October another administration could submit a similar request, and thereby pre-empt our plans. Such a request might be a straightforward pre-emptive strike by another administration which had learned of our intentions, but could also - though much less probably - result from another administration coincidentally thinking along similar lines.

Despite this risk, I see the balance of advantage as strongly in favour of the strategy I have outlined and propose that we should proceed accordingly, though we must do everything we can to ensure that our intentions remain confidential between now and October.

I am copying this letter to the Prime Minister, the Foreign Secretary, members of MISC 128 and to Sir Robin Butler.

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