

# dti

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

Andrew Turnbull Esq  
10 Downing Street  
LONDON  
SW1A 2AA

Department of  
Trade and Industry

1-19 Victoria Street  
London SW1H 0ET

Switchboard  
01-215 7877

Telex 8811074/5 DTHQ G  
Fax 01-222 2629

Direct line 215 5422  
Our ref PB2AOY  
Your ref  
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Note

*Outtake by subsequent letter  
of 3 April.*

*REC 6 7/4*

*Dear Andrew,*

Thank you for your letter of 16 February following the discussion the Prime Minister had with my Secretary of State and the Home Secretary about Sky Television. The Prime Minister asked for a report on progress by the end of the month.

You will have seen Neil Thornton's letter of 20 February to Paul Gray in which he outlined the current position on those points raised in Paul's letter of 15 February that fall to DTI. Since then some progress has been made in what appear to be Sky's most pressing concerns and we have been able to help point Sky towards some possible solutions to their problems.

We have now had a lengthy and detailed working meeting with representatives of Sky about the frequencies they will need for the range of programme-making facilities associated with their news channel. In almost all areas - including some which they had either not realised they would need, or thought they could not have - we told them that we would be able to make frequencies available to them once they had identified with their equipment suppliers their preferred choice of hardware. In a number of areas we were able to suggest alternative means of achieving the same end, or of importing an element of diversity as insurance against failure of their main facility.

Whilst we have been able to offer Sky microwave links at a number of frequencies, the main difficulty lies in the provision of frequencies at or around 2.5 GHz for outside broadcast television links. The position at these frequencies is an extremely tight one, particularly in the short term.

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The existing broadcasters have a total of 12 frequencies, but the majority of them have substantial geographical restrictions on their use, whilst others overlap with the band in which microwave ovens and industrial microwave heating equipment operate, and so are liable to severe interference. The position is particularly difficult in London, which is of course where both Sky and BSB will have the greatest need for frequencies. The 2.5 GHz band has also been identified in the broadcasting White Paper as a possible home for MVDS. We have told Sky that our ability to provide even limited help at 2.5 GHz will depend on decisions, expected by the end of April, on the choice of frequency band for MVDS.

If MVDS is found an alternative home, as advice from officials is likely to recommend, we have the prospect of acquiring from the Ministry of Defence a shared use of two further frequencies, both of which should be available for more or less unrestricted use in London. We would propose to make one available to Sky, and one to BSB, which should serve to meet at least Sky's most immediate needs. We will in the meantime continue to explore with MOD the scope for extending this arrangement to other frequencies. If our discussions with MOD are not productive, or if the 2.5 GHz band is chosen to house MVDS, we shall be faced in the short term with only two choices. The first is to refuse Sky and BSB access to this most important area of the spectrum. The second is to enforce a greater degree of sharing of the already limited frequencies of the existing broadcasters. But this would severely curtail the ability of the existing broadcasters to provide live outside broadcast coverage, particularly of events in and around the capital, and would similarly provide Sky and BSB with only a fraction of their real needs.

On the specific question of satellite uplinks, DTI officials have suggested ways in which Sky might be able to use one of the six new "specialised satellite service" providers which last autumn my Secretary of State announced would be licensed to form a new more liberal market. With such competition between the six, BT, Mercury and Hull, Sky should be well placed to find a service provider to satisfy their needs on terms more satisfactory to them than BT has offered. It is now very much up to Sky to explore with BT's competitors what can be done for them. DTI officials have also strongly recommended that Sky should contact the Office of Telecommunications to discuss any problems that the regulatory regime or BT's market dominance appears to give them.





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I shall report again on further progress by the end of March.

*MJ SF*

I am copying this letter to Philip Mawer (Home Office) and Stephen Carling (Lord President's Office).

*Yours sincerely,  
Gareth Jones*

GARETH JONES  
Private Secretary

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