



QUEEN ANNE'S GATE LONDON SW1H 9AT

13 March 1990

NRB at this stage.

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DIRECT BROADCASTING BY SATELLITE:
ADDITIONAL CHANNELS

Thank you for your letter of 9 March.

I agree that the United Kingdom should bid for additional DBS channels at 31 W. I also agree that, other things equal, it would be desirable to submit the application before 16 March. But other things are not quite equal in this case. As you note, BSB have urged us to delay any application until their financing arrangements have been completed. Their concern is that the confusion and uncertainty which would be likely to follow a major announcement of this kind would jeopardise their chances of completing their loan arrangements.

We therefore have to weigh the risk of being pre-empted if we delay our application for additional channels until after 16 March, against the possibility of disrupting BSB's plans. As I understand it, there is no firm evidence to suggest that any other states have submitted applications since 1988 for the same channel group at the same orbital position that we have in mind. The case for an early application is, rather, to cover ourselves against the possibility that this might have happened. In view of this, I think that we should take the slight risk involved in delaying the application in the interests of avoiding any disruption to BSB's plans. It would be unfortunate if steps taken now to secure the possibility of additional DBS services several years hence, put any obstacle in the way of DBS services due to start within a few weeks.

We also have to consider the public position of the Government. BSB is a high risk venture, and it may well fail. If so, this will not of itself cause us any embarrassment: we have made clear all along that, while we wished BSB well, their success would be determined by the market. I am, however, concerned that we should not take any avoidable action which could be portrayed, in the event of an early collapse of BSB, as having materially damaged their prospects.

There are risks either way, whatever decision we take. However, I am clear that the greater risk is that we might be blamed for damaging BSB's

The Rt Hon Nicholas Ridley, MP.
Secretary of State for Trade & Industry
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prospects if we make an early application. I therefore think that we ought to stay our hand until early May.

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

