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Date

30 March 1990

*WBBM at his stage.*

*(Note: no contact  
has been taken)*

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*John Dore*

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REGULATION OF PRIVATISED IBA TRANSMISSION COMPANY : DRAFT  
TELECOMMUNICATIONS ACT LICENCE

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In his letter to you of 28 February, Nicholas Ridley suggested that we should consider the circumstances under which the ownership restrictions on the privatised IBA transmission company might be lifted, in the light of your letter of 27 February and Peter Lilley's of 26 February. I have also now seen Mr Gray's letter of 27 February.

I continue to believe that there should not be an expectation that the restrictions will last forever. Once the initial sale of the company has been completed, issues of market dominance should be dealt with under normal mergers legislation and regulation by OFTEL under the Telecommunications Act. The timing of any removal is, however, difficult and I can understand your concern that we should not commit ourselves now to removing them at a particular time. I would not, however, wish to rule out the possibility of dispensing with either restriction at any time should circumstances permit.

I propose, therefore, that in announcing the ownership restrictions on BT and the Channel 3 and 5 franchisees we state:

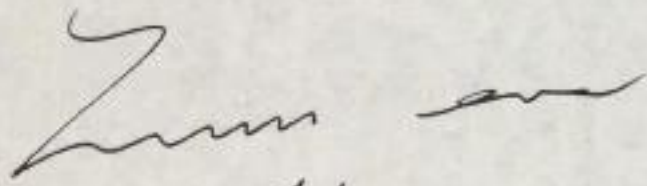
- (i) that our long term aim is to remove both restrictions when the market allows;

(ii) that Ministers will review the need for either restriction when they consider that circumstances have changed in such a way as to justify such a review; and

(iii) if the need for either restriction has not been reviewed prior to the privatisation of the BBC's transmission system, it will be reviewed then.

I hope that you can agree to such a formula and that we can make an announcement in the near future.

I am copying this letter to the Prime Minister, the Chief Secretary, the Chief Whip, Sir Robin Butler and Sir John Fairclough.



ERIC FORTH

BROADCASTING

Policy

Pt II

