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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

DIRECT BROADCASTING BY SATELLITE:
CABLE SYSTEMS AND BROADCASTING POLICY

Note by the Central Policy Review Staff

1. E(82) 13 seeks approval for an early statement by the Home Secretary signalling the Government's support in principle for an early start to the development of Direct Broadcasting by Satellite (DBS). The CPRS believes there is an urgent need for a decision on DBS for two reasons: first it is of central importance to the viability of the United Kingdom space systems industry; second it would create a new opportunity for the development of information technology services which should create significant new markets at home and abroad. A delayed decision would mean that competitors gained a greater lead in these areas. The CPRS therefore supports the proposal for an early statement so that the industries concerned and the users can get ahead with their business plans.

2. In the longer run the importance of satellites to the United Kingdom will be not only in the manufacture of hardware and software but in the development of a new means for the export of modern entertainment, home and business information services where we have the important advantages of a good track record and the widespread use of the English language. We should be able to export whole systems. Initially direct broadcasting will be necessary to make the satellite profitable. But the other services will provide a valuable foothold in a growing market. In information technology present trends mean that our share in this important area will fall (from 3.8% of a world market of £45.9 billion in 1980 to 2.4% of a world market of £150 billion in 1990). DBS and other satellite based services offer an opportunity to reverse this trend.

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3. In relation to space hardware the United Kingdom has spent considerable sums on the development of telecommunications satellites in the European Space Agency. Last October the decision was taken to go ahead with the large satellite L-SAT, at a cost of £77 million. The justification for this expenditure was that commercially viable satellites should follow within a relatively short period. Only by building and operating space systems will United Kingdom industry become fully competitive in a world market which has been forecast to be worth £750 million of business over the next five years.

4. As pointed out in E(82)14, in practice the extent to which advantage can be taken of DBS will depend on installing a modern cable system. Such a system will provide a much larger number of channels. Solutions will need to be found to the new regulatory problems which go beyond those of just broadcasting. However, it is important that examination of them should not cause ~~delay~~ that leads to our falling even further behind our main competitors.

5. The CPRS recognises that there are complex broadcasting and other issues to be resolved and is concerned that the industrial opportunities should not be lost while these issues are looked at in detail.

Cabinet Office
22 February 1982