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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 July 1987

Dear William,

DBS

The Prime Minister has seen the Home Secretary's minute of 1 July which recorded the further requests which have been put to him by Lord Blakenham on behalf of the BSB Consortium. She has also seen the Chancellor's comments in his letter to the Home Secretary of 6 July.

The Prime Minister agrees very strongly with the Chancellor that assurances cannot be given in quite the form proposed by the Home Secretary. On the first, the Prime Minister believes that a five year gap between the time BSB starts operating and the opening of a service on the other two channels would be a very long time. With the Chancellor, she would prefer not to imply that three years before an award necessarily means five years before a new station is established.

On the second, Lord Blakenham's worry that developments in terrestrial broadcasting policy may be allowed which will affect BSB's competitive position, the Prime Minister is quite clear that no assurances must be given on DBS which might implicitly or explicitly restrict the Government's room for manoeuvre. She regards the assurance proposed by the Home Secretary as too sweeping.

BF In the light of the comments by the Prime Minister and the Chancellor it would be helpful if the Home Secretary could circulate revised proposals on what he might say to Lord Blakenham.

I am copying this letter to the Private Secretaries to members of MISC 128 and to Trevor Woolley (Cabinet Office).

David

DAVID NORRGROVE

William Fittall, Esq.,
Home Office.

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