



Secretary of State for Trade and Industry

CCBG

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The Rt Hon Douglas Hurd MP
Secretary of State for Home Affairs
Queen Anne's Gate
London SW1

NBM.

Des Taylor,

DBS

Thank you for copying to me your minute of 1 July to the Prime Minister regarding the latest approach from Lord Blakenham on behalf of BSB.

I am content with your proposal to no more than confirm the earlier commitment that the allocation of the remaining two DBS channels will not take place until BSB has been in operation for at least three years. BSB have been aware from the time the franchise was advertised of this proposal and a longer "moratorium" would act against all our intentions by stifling competition rather than encouraging competition.

I think we need to be very careful about the terms in which any assurance is given to Lord Blakenham about future competition in the broadcasting sector generally. I recognise the difficult financing and technological issues facing BSB but we need, as you recognise in your minute, to guard against any assurance being used to limit our scope for action. It would be unfortunate if assurances to BSB became a limiting factor in our consideration of the CSP International Report on subscription or delayed the introduction of desirable competition from other sectors of the industry.

JG2BMT



If we are to carry forward our Manifesto commitment to introduce more competition, variety and innovation into our domestic networks and allow development wherever possible to take place commercially, we need to ensure that BSB/DBS does not become a "special case" status. To avoid this I would suggest any assurance to Lord Blakenham should be expressed in more general terms, to the effect that when considering any significant changes to the broadcasting environment Government will give full consideration to the potential impact on all interested parties - just as it does when considering major changes in any other policy area.

I am copying this letter to members of MISC 128 and to Sir Robert Armstrong.

*Yours,
David*

LORD YOUNG OF GRAFFHAM