

to DP
3

PRIME MINISTER

Direct Broadcasting by Satellite

You will remember that Sir Antony Part in his letter to you of 10 January (Flag A) criticised the Government for its handling of the issues surrounding direct broadcasting by satellite (DBS). In particular, he saw a lack of co-ordination between the Government Departments involved (Foreign Office, Home Office and DTI); and he regarded the flow of information from our Paris Embassy about the French position as seriously inadequate. He asked you to consider appointing a senior Minister to take charge of DBS.

The attached draft reply (Flag B), which the Home Secretary has approved for your consideration, rejects these criticisms. The background is set out in the letter from his office at Flag C. The Home Secretary clearly feels that Sir Antony Part has exceeded his remit in offering advice on issues which go well beyond the question of transmission standards which was referred to him, and that his interventions have not always produced happy results. The Home Secretary's view is that - contrary to Sir Antony's impression - Ministers and Departments and our Embassies abroad are putting a great deal of effort into the DBS project.

On the project itself, the position is that the BBC and the IBA are still talking with UNISAT, under the auspices of Mr. Jeffrey Sterling, in his capacity as Special Adviser to Mr. Tebbit. An immediate shut down of the project has been averted, and there is some hope of a long term solution being found by agreement between the parties. (You will recall Policy Unit advice that the UNISAT project should indeed stand or fall on its commercial merits, and that it would be wrong for the Government to contribute financially either directly or by exerting undue pressure on the BBC.)

Agree reply at Flag B? Yes
DMS
ml

DAVID BARCLAY

26 January, 1984

An analysis of the fortunes up to now of the DBS project must I believe start from what has been generally recognised all along, that the first British DBS service would inevitably involve some risk and uncertainty. Costs, and the crucial question of size and rate of growth of audiences, cannot be accurately predicted. For the BBC, who have been and remain keen to be first in the field, it is a novel venture without the assured audiences and revenues of established broadcasting - and to a degree that would be true of any other broadcaster embarking on DBS. Moreover, the project has been developed during a period when there has been rapid change and development in adjacent areas - policy on cable systems, and the rapid spread of ownership and use of video-cassette recorders, two alternative delivery systems for home entertainment of the kind that DBS will bring.

The Government's approach has been, and remains, to encourage the development of DBS, primarily for industrial and technological reasons though broadcasting considerations are also present. But it has not seen this as an area where Government subsidy, guarantee or pressure would be appropriate. As the Home Secretary made clear in his speech in Cambridge in September, neither the BBC nor any IBA contractor for DBS would be urged to engage in it against their better commercial judgment. The BBC's service is to be on a subscription basis, kept separate from the licence fee; and while it is accepted on all sides that, in the event of failure, the BBC would have only licence fee revenue to fall back on, it has been made clear that the BBC could not expect any automatic compensatory raising of the licence fee level.

Against this background it is only to be expected, and right, that the BBC should weigh the financial viability of all aspects of the project with care. The present Home Secretary, shortly after assuming office, encouraged the BBC to seek a commercial partner to carry a share of the risk. Exploration of one possible partnership unhappily did not prosper, but another - collaboration with the IBA and its contractor(s) - is now being urgently examined, with the good offices of the Government. Meanwhile we have also announced, and introduced in the Cable and Broadcasting Bill, the proposals that would give the IBA the powers it needs to provide DBS through programme contractors - again, if willing and suitable companies come forward.

All this is background to work on the transmission standard, in which you have had a particular interest. The Government's adoption of the C-MAC standard, as recommended in your Panel's report, was announced in November 1982. That decision would have been confirmed by the publication of a specification early last year, had we not quite properly been urged - by you among others - not to pre-empt the prospects of wider European acceptance of the standard. Efforts to secure that acceptance have, in effect, continued since then. We do not accept that the lapse of time, and the failure to achieve a satisfactory conclusion, are attributable to shortcomings on the part of the UK Government. Rather, it has become clear that the governments of some of our European neighbours - France and Germany in particular - have continuing doubts about C-MAC (and indeed about DBS services) which our best efforts have so far been unable to dispel; and - as you say - they do not have, as we do, a pressing need to reach a decision in order to meet an operational timetable. Our pressure on the French

and Germans was relaxed briefly in the autumn, while confidential negotiations between the BBC and a possible commercial partner took place. Thereafter we followed up energetically indications that the French and Germans were ready to reach a conclusion: the Home Secretary personally wrote to Ministers in both countries, and this has been reinforced through the diplomatic channels, which have throughout kept us closely informed on local attitudes and plans. However, it has become clear that European agreement is not yet within our immediate grasp, though we shall continue to work for it.

In these circumstances Ministers decided that overriding weight must be given to the domestic arguments, pressed on us by the manufacturers, for reaffirming our commitment to the C-MAC standard, with the packet sound system. As I believe you know, an announcement to that effect was made last Thursday: I enclose a copy of the text as published.

I have outlined our approach above - and of course there is much detail that could be added - because, though there have been delays and disappointments, it reflects a sustained approach to a difficult, complex, uncertain and rapidly changing situation. Much time and effort has been devoted, personally by the Ministers concerned, by their Departments, and by our Embassies abroad, and there is frequent and effective interdepartmental contact at all levels. I am far from being persuaded that the situation requires the attention, as you suggest, of a senior Ministers alongside the senior Secretaries of State whose responsibility it already is, and do not propose to alter the present pattern of Ministerial responsibilities for these matters.



10 DOWNING STREET

THE PRIME MINISTER

30 January, 1984

FILE 84
cc: FCO.
DTI
Knox
CJ DP

Dear Sir Anthony

Thank you for your letter of 10 January, on which I have of course consulted the Ministers chiefly concerned with this subject.

I am most grateful to you for the service which you performed in heading the Panel which gave advice on DBS transmission standards in 1982, and in thereafter leading the visits to other European administrations to commend the C-MAC standard for adoption elsewhere in Europe. I understand and appreciate the more general interest which this has given you in the development of British DBS services. But I cannot, I am afraid, accept your strictures either on the handling of this subject by Ministers and their Departments, or on the co-ordination between them.

An analysis of the fortunes up to now of the DBS project must I believe start from what has been generally recognised all along, that the first British DBS service would inevitably involve some risk and uncertainty. Costs, and the crucial question of size and rate of growth of audiences, cannot be accurately predicted. For the BBC, who have been and remain keen to be first in the field, it is a novel venture without the assured audiences and revenues of established broadcasting - and to a degree that would be true of any other broadcaster embarking on DBS. Moreover, the project has been developed during a period when there has been rapid change and development in adjacent areas - policy on cable systems, and the rapid spread of ownership and use of video-cassette recorders, two

/ alternative

54

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/acceptance

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/persuaded

persuaded that the situation requires the attention, as you suggest, of a senior Minister alongside the senior Secretaries of State whose responsibility it already is, and do not propose to alter the present pattern of Ministerial responsibilities for these matters. Nevertheless I am grateful to you for the thought which you have given this matter and the energy with which you have pursued British interests.

Yours sincerely
Margaret Thatcher

Sir Antony Part, G.C.B., M.B.E.

? D.B.

YJP
pa
DMS
17/2



Sir Antony Part GCB MBE
Chairman

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70 King William Street
London EC4N 7BT
Telephone 01-626 4567

~~Prime Minister~~ (4)

10 February 1984

Rt Hon Mrs Margaret Thatcher MP
10 Downing Street
LONDON W1

DMS
14/2

cg Home Office
FCO
DTI

Dear Prime Minister,

DIRECT BROADCASTING BY SATELLITE

Thank you for your letter of January 30. I am sorry that you could not see your way to adopting my proposal, which was made only after the most careful thought. All my "strictures" can unfortunately be substantiated; but it does not look to me as though to do so would serve a constructive purpose, especially in view of the recent welcome momentum behind the project.

As you say, the Government have now reaffirmed the C-MAC Packet system as their choice for the transmission standard, and it is to be hoped that the current re-appraisal of the DBS project as a whole will soon result in an agreement and a firm plan of action. This will then provide the necessary platform for our further dealings with Europe.

In this respect the kaleidoscope tends to shift quickly: for example, Eire seems now to have emerged as a high priority for attention, while it seems quite likely that we may need to change fairly radically our tactics vis-à-vis France and Germany now that we cannot supply them with MAC equipment within the timescale envisaged last summer. In such circumstances close consultation will be needed between all of us who represent UK interests. I hope that this will be forthcoming.

Thank you for your words of appreciation about my efforts so far.

Yours sincerely

Antony Part

Directors: Sir Antony Part GCB MBE (Chairman), David Scholey CBE, Sir Robert Erskine-Hill Bt. CA, Norman Smith, Bryan Llewellyn, Odo Hattink, Folkert Vogelenzang, Michael Burtonshaw FBIM FCII (Managing Director)

BROADCASTING:
Direct, Part 4.



FCG AH

10 DOWNING STREET

From the Private Secretary

30 January, 1984

Direct Broadcasting by Satellite

Thank you for your further letter of 25 January about DBS. The Prime Minister has noted the present position, and has replied as drafted to Sir Antony Part's letter of 10 January, subject to minor amendments. I enclose a copy of the final reply.

I am sending copies of this letter to Roger Bone (Foreign and Commonwealth Office) and Callum McCarthy (Department of Trade and Industry).

DAVID BARCLAY

M. Gillespie, Esq.,
Home Office

NR

OVO



THE ORION INSURANCE COMPANY P. L. C.

70/72 King William Street, London EC4N 7BT

Telephone: 01-626 4567. Telex: 886200. Telegrams: Stargram London EC4

Sir Antony Part

Chairman

To: David Barclay Esq

27 January 1984

in your dossier

with compliments



Sir Antony Part GCB MBE
Chairman

The Orion Insurance Company p.l.c.
70 King William Street
London EC4N 7BT
Telephone 01-626 4567

27 February 1984

James Adams Esq CMG
Foreign & Commonwealth Office
Downing Street
LONDON SW1

D.B.S: French Policy

Following my letter of January 23 to Roy Croft (a copy of which you have) and a talk with Derek March, I find it hard to make overall sense of French policy about DBS and, although I know that the French are uncertain about their own policy, I can't believe that they are as uncertain about it as I am! So I should be grateful for some help.

pa
DMS
30/1

I understand that the first ("pre-operational") satellite - called, I believe, TDF 1 - is due to be launched at the end of 1984. There is, therefore, presumably a contractual commitment about this: to whom, by whom?

There is a plan, not yet finally approved, to launch a second satellite (TDF 2) at the end of 1986. If this happens, the two satellites would constitute the platform for the first fully-fledged DBS service in France.

The French have "provisionally" decided that the technical transmission standard to be used in connection with these satellites is to be PAL/SECAM. If both satellites are launched according to the above programme, the PAL/SECAM decision seems inevitable as MAC receiving equipment (as opposed to professional transmitting equipment) could not be supplied in time owing to the British delays over the last six months or more.

Do the French intend that their DBS service should have digital sound? If so, it will be on the critical path and, as I understand it, they will be hard pressed to have it available before 1987. This would help us, but is inconsistent with the timetable described above.

I have been told that for the initial French DBS service (or the initial years of the first French DBS service) the main aims are:-

.. Continued on Page 2 ..

Directors: Sir Antony Part GCB MBE (Chairman), David Scholey CBE, Sir Robert Erskine-Hill Bt. CA, Norman Smith, Bryan Llewellyn, Odo Hattink, Folkert Vogelenzang, Michael Burtonshaw FBIM FCII (Managing Director)

- (a) to extend the coverage in France beyond that of existing terrestrial TV, and
- (b) to improve the quality of reception in urban areas via master antenna and cable systems and that no new programmes would be involved.

If this is so, I do not understand how the economics are expected to work.

Of course I understand that with the appointment of M. Théry all options are re-opened, including the use of low-power satellites. These are not incompatible with MAC, but if they could be provided quickly they would make the task of supplying MAC equipment in time that much harder.

The purpose of expounding these questions is to get, if possible, a clearer idea of where our interests lie in our forthcoming negotiations with the French and the Germans now that HMG have finally re-affirmed the C-MAC Packet system as the British choice.

Subject to the answers to the questions in this letter, it rather looks to me as though our interest now lies in trying to induce the French and the Germans to delay their final decisions - both about DBS and about the transmission standard - as long as possible. What do you and your colleagues think?

I am copying this letter to Michael Moriarty and Derek March.

ANTONY PART



HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

25 January 1984

Dear David,

DIRECT BROADCASTING BY SATELLITE

In your letter of 12 January you asked us, in conjunction with the FCO and DTI, to supply advice on, and a draft reply to, the letter which Sir A Part addressed to the Prime Minister on 10 January criticising the handling and interdepartmental co-ordination of this subject and advocating the assignment of a senior minister or other person to supervise it.

... A draft reply is attached.

On DBS generally, the Home Secretary's minute of 14 December gave the general background as well as a statement of the situation then prevailing. My letters of 16 December and 12 January updated the picture. Efforts by Mr Sterling to find a way ahead continue, and show some promise. Unisat have been persuaded to postpone any immediate shutting down of the project, and the BBC, IBA and ITV companies are showing clear signs of a willingness to co-operate; at a meeting on Thursday it was agreed to establish a working group to explore urgently the prospects for a collaborative venture.

As regards transmission standards, Sir A Part's particular area of interest, the note attached to my letter of 18 November gave the general background and the position reached at that time, when we were exploring with the French and German Governments whether they were ready to reach a conclusion on the C-MAC packet system. Enquiries through diplomatic channels were less than wholly reassuring. In view of the pressing domestic arguments in favour of a conclusion, the Home Secretary wrote to his French and German counterparts. Interim responses made it apparent that neither Government is ready to take an early decision, and pressure from the manufacturers for an announcement reaffirming our C-MAC commitment continued to mount. DTI and Home Office Ministers therefore decided to take the opportunity of a tabled PQ to make a suitable announcement on Thursday: a copy is attached. As the announcement says, we shall continue our efforts to secure wider European acceptance of the standard, and the Home Secretary has reassured his French and German counterparts on this.

Turning to Sir A Part's letter, as the draft reply acknowledges he has performed useful services in relation to deciding the transmission standard and commending it abroad, and has developed a close and keen general interest in DBS. However, a consequence has been that he has come to see himself - beyond any assignment given to him by Ministers - as an all-purpose adviser and progress-chaser, not always with happy results. In particular, he has tended all along to take an over-optimistic view of the prospects of European agreement on C-MAC. Senior

/officials and

David Barclay, Esq

officials and indeed Ministers have devoted much time and effort to meeting - as far as has been possible - his requests for information and briefing, and listening to his unsolicited advice. However, we have seen his role as a limited one, and have not felt at liberty to disclose to him all that has been going on - in particular, the highly confidential discussions between the BBC and Thorn-EMI in the autumn - of the guarded reference towards the end of the draft reply. The account of events in his letter is for this and other reasons not a balanced one. It seems best not to attempt, in reply, a line-by-line commentary, but rather to set out robustly the Government's own approach. The suggestion that a senior minister should be appointed to supervise the project is of course a machinery of government question for the Prime Minister to determine. The Home Secretary would wish the Prime Minister to be aware that in his view, as the draft reply brings out, Ministers and Departments and our Embassies abroad have put, and are still putting, a great deal of effort into this project, and work in close collaboration - well beyond what Sir A Part perceives. He considers that Sir A Part should be given a clear message that his comments on these matters are not welcome.

I am sending a copy of this letter to the Private Secretaries to the Foreign and Commonwealth Secretary and the Secretary of State for Trade and Industry.

Yours ever
Mike

M J GILLESPIE



File

10 DOWNING STREET

From the Private Secretary

24 January 1984

DIRECT BROADCASTING BY SATELLITE

Thank you very much for your letter of 23 January about DBS. It is extremely kind of you to keep us in touch with your thinking on this important subject.

MR. D. BARCLAY

Sir Antony Part, GCB, MBE

SP



Sir Antony Part GCB MBE
Chairman

The Orion Insurance Company p.l.c.
70 King William Street
London EC4N 7BT
Telephone 01-626 4567

23 January 1983

David Barclay Esq
10 Downing Street
LONDON SW1

Dear Barclay,

*had to keep -
touch with the Ministry*

DIRECT BROADCASTING BY SATELLITE

I welcome the re-affirmation by the Government of the C-MAC Packet system and am glad to hear of other recent developments between the potential UK partners. The reasons for putting on a particular turn of speed at this juncture are compelling. If, as I hope, some agreement is reached between the BBC, the IBA, etc. and is ratified, the pressure will need to be maintained for many months to come.

The recent visit by the French delegation was, I think, a success, but there is plenty of consequential work to do. The Prime Minister will not want to be bothered with the detail, but the enclosed copy of my letter to Roy Croft, the Deputy Secretary concerned at the DTI, illustrates the kind of purposeful action that is needed.

Yours sincerely
Antony Part

Directors: Sir Antony Part GCB MBE (Chairman), David Scholey CBE, Sir Robert Erskine-Hill Bt. CA, Norman Smith, Bryan Llewellyn, Odo Hattink, Folkert Vogelenzang, Michael Burtonshaw FBIM FCII (Managing Director)



Sir Antony Part GCB MBE
Chairman

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70 King William Street
London EC4N 7BT
Telephone 01-626 4567

CONFIDENTIAL

23 January 1984

R H F Croft Esq CB
Department of Industry
Ashdown House
Victoria Street
LONDON SW1E 6RB

DIRECT BROADCASTING BY SATELLITE - FRENCH VISIT

The visit of the French DBS delegation under M. Théry was, I think, well handled and, so far as I know, no-one rocked the British boat. I am sure that the French appreciation was genuine: they remarked particularly to me on the quality of the IBA demonstration ("It is one thing to read about MAC: it is another to see it in action") and on the "enthusiasm" of Mullards for MAC.

To persuade them to recommend MAC in their report will, however, require much further skill and effort on our part, even though we were assured that the Franco-German Government decision of January 5 in favour of PAL/SECAM was "only provisional".

M. Théry (who, I was pleased to find, is a friend of my French colleague on the Board of Lucas Industries, M. Jean-Maxime Léveque, the former Chairman of the CCF) is very commercially minded. He is liable to be interested in a solution which allows the market to operate as freely as is practicable. At the same time he is a dirigiste so far as relations between the French Government and the TDF are concerned!

I believe that the following action by the UK is now required:-

- (a) We should take advantage of M. Théry's offer to me to see someone from the UK in Paris at the end of his tour and before he writes his report. The timing would be arranged through M. Delbourgo, the Scientific Counsellor at the French Embassy in London. I should naturally like to be involved; but I think that the number of British visitors should not exceed two (or perhaps three), so I appreciate that selection may present a problem, especially as M. Théry is concerned with DBS as a whole and not just with the transmission standard. I hope very much that you will lead the party.

.. Continued on Page 2 ..

Directors: Sir Antony Part GCB MBE (Chairman), David Scholey CBE, Sir Robert Erskine-Hill Bt. CA, Norman Smith, Bryan Llewellyn, Odo Hattink, Folkert Vogelenzang, Michael Burtonshaw FBIM FCII (Managing Director)

- (b) Tom Robson at the IBA is preparing the first draft of a two-page summary of the case for MAC to be sent to M. Théry with a view to inducing him to include it in his report. I shall be happy to help with the vetting of the draft.
- (c) M Théry's contacts in the USA have clearly persuaded him that a low-power satellite may be preferable to the high-powered satellites which we are contemplating following the WARC agreement. In this he is supported by M. Sartorius, his space expert, though not by M. Georgy, his TDF technical representative. Bryce McCrirrick tells me that he has given M. Théry a BBC paper pointing out the snags; but Bernard Rogers can supply a piece which I am sure would be useful. I hope you will feel inclined to commission a draft from him. [As I understand it, a low-power satellite would by no means be incompatible with MAC: rather the contrary].
- (d) M. Théry told me that he had not yet decided whether to recommend advertising or subscription. ("I shall recommend whichever seems likely to produce the greater profit"). But on present form he will probably be advised that if advertising is the choice and therefore no scrambling is involved, a MAC receiver would cost £70/100 more than a SECAM receiver. To say this is not comparing like with like. The point was dealt with, I am reminded, in the report of the Anglo-Franco-German Working Party. I am sure that it would be worth nailing. Bernard Rogers could provide a draft. [Incidentally, the French Broadcasting Research Organisation, CCETT, has been prominent in recommending the development of encryption and scrambling, but M. Théry is, I think, very much a man with a mind of his own].

Finally, I think we need more clarification than I, at any rate, have seen of the French DBS plans to date and their implications for equipment, including the timing for delivery. I will pursue this with Derek March.

Meanwhile our Embassies in Paris and Bonn will no doubt be reporting on the French and German reaction to the UK re-affirmation of the SEMAC Packet system. I understand that the Bundespost first reaction was to consider it justified following the tri-partite working party reports.

I am copying this letter to James Adams (Foreign & Commonwealth Office) and Michael Moriarty (Home Office).

ANTONY PART

23 JAN 1984



CONFIDENTIAL

✓CNO



Foreign and Commonwealth Office

London SW1A 2AH

18 January 1984

nbpm
DMS
18/1
Mr. [unclear]
A.J.C. 18/1

Dear John,

Direct Broadcasting by Satellite

Sir Antony Part called on Sir Antony Acland on 12 January and left with him a copy of the letter of 10 January which he has sent to the Prime Minister on this subject. The Home Office/DTI, who lead on this issue, will no doubt be sending you material for a reply, but you may like to have our observations direct on the criticisms of the way in which the FCO, and in particular the Embassy in Paris, have handled it.

While discussions in Whitehall have been complex, we would not agree that they have been as unco-ordinated as Sir A Part would suggest as regards the aspects of which we in the FCO are involved. Our main interest has been to try to help work towards an agreement on a DBS standard with the French and Germans: as a result of developments in domestic policy, this has not always been easy and it is perhaps not surprising that a keen protagonist of DBS such as Sir A Part should become impatient.

Nor would we concur in his strictures of the Paris Embassy, who (like our Bonn Embassy), have sent us a continuous and useful supply of intelligence, information and advice.

We have tried to give Sir A Part a general account of our discussions with the French and Germans when he has enquired (his main contacts have been with the home Departments), but because of his slightly ambiguous position we have not told him of everything that has occurred.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

Broadcasting DBS

A4



178 JAN 1984





10 DOWNING STREET

From the Private Secretary

12 January 1984

I enclose a copy of a letter to the Prime Minister from Sir Antony Part about direct broadcasting by satellite, a copy of which I think you may already have seen.

I should be grateful if you could provide advice for the Prime Minister and a draft reply by 26 January, in conjunction with the Foreign and Commonwealth Office and the Department of Trade and Industry.

I am sending a copy of this letter and the enclosure to Robert Bone (FCO) and Steve Nicklen (DTI).

DB

Michael Gillespie, Esq.,
Home Office.

Send



10 DOWNING STREET

~~GR~~

Typed letters only

to be enclosed please.

DMS

12/11



10 DOWNING STREET

rv. Butler

The F./C.O. says to say that they would be commenting on this letter. Apparently Sir A. Park called on the PUS's in F./C.O., Home Office and J.T.L. and left copies.

A.F.C. 12/1.

~~PRIME MINISTER~~

CF: Please keep on
dbs policy file,
& keep a check on
progress of HO advice.

To see these two letters from Sir Antony
Part about Direct Broadcasting by satellite.

Sir Antony has himself sent copies of the
typed letter to the Home Office, FCO and DTI.
Ministers there disagree radically with his
analysis, and the Home Secretary will be
providing you shortly with advice and a
draft reply. We have acknowledged the
letters meanwhile.

The current delicate state of negotiations
between the BBC, the IBA and Unisat is
described in the Home Office note immediately
below this in the box. The latest position
is that Unisat have extended their deadline
for agreement with the BBC and the IBA.
The BBC are still not offering any
guarantees.

Duty Clerk

for (DB)

12 January 1984

Arch'd
12/11



Sir Antony Part GCB MBE
Chairman

The Orion Insurance Company p.l.c.
70 King William Street
London EC4N 7BT
Telephone 01-626 4567

R 11/11

Personal

11 January 84

Dear Margaret,

Ever since you first became Prime Minister I have not asked for your help about anything. I do so now - for the reasons described in the enclosed letter, which are much more important than the fact that during the last eighteen months I have spent nearly half my time on the subject.

If you would like to discuss the matter I am of course at your disposal.

Happy New Year!
Yours ever

Antony

Directors: Sir Antony Part GCB MBE (Chairman), David Scholey CBE, Sir Robert Erskine-Hill Bt. CA, Norman Smith, Bryan Llewellyn, Odo Hattink, Folkert Vogelenzang, Michael Burtonshaw FBIM FCII (Managing Director)



Sir Antony Part GCB MBE
Chairman

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Telephone 01-626 4567

10 January 1984

Rt Hon Mrs Margaret Thatcher MP
10 Downing Street
LONDON W1

Dear Prime Minister,

DIRECT BROADCASTING BY SATELLITE

As you know, I have the task of advising the Government on the technical transmission standard for DBS - in latter months particularly in connection with the attempt to get the C-MAC Packet system adopted as a European standard. But because the transmission standard inter-connects so closely with the other aspects of the project I naturally accumulate a good deal of information about DBS as a whole.

Ever since last July the project has been losing momentum. This is due largely to doubts generated in the BBC. These related partly to the commercial viability of the enterprise and partly to some inaccurate advice given within their ranks about the estimated cost of the receiving equipment if MAC were involved.

I have done my share in disabusing the BBC on this latter question and the Chairman has recently conceded the point.

Meanwhile, as you know, discussions are belatedly underway between the BBC and the IBA about the project as a whole. These have no doubt been stimulated by the fact that the Uni-Sat deadline for stopping work failing the signature of an agreement will be reached within a matter of days.

I am afraid that I think, however, that the Government have themselves been seriously to blame for the delays and indecision which have characterised the last six months. These have been due to the lack of any central thrust and to poor inter-Departmental co-ordination between the Home Office, the DTI and the FCO.

As regards the satellite, once it became clear that the BBC were having doubts about the cost implications, there should have been co-ordinated contingency planning to consider what alternatives there might be and what action, including Parliamentary action, was needed to implement the various possible solutions. This was

.. Continued on Page 2 ..

Directors: Sir Antony Part GCB MBE (Chairman), David Scholey CBE, Sir Robert Erskine-Hill Bt. CA, Norman Smith,
Bryan Llewellyn, Odo Hattink, Folkert Vogelenzang, Michael Burtonshaw FBIM FCII (Managing Director)

not undertaken, with the result that a series of hasty discussions is now in progress.

Much of the delay has been due, I think, to different views in and between Departments about the extent to which there is - or is not - a national interest in seeing that DBS services are initiated.

As for the transmission standard, the re-affirmation by the Government of the C-MAC Packet system ought to have been announced in the early autumn. The subsequent delays have seriously handicapped industry. For example, Mullards, the key manufacturers of integrated circuits for the system, are under very heavy pressure from their Dutch parent company to abandon work on the project because of the lack of an announcement by HMG.

Moreover, the Government's indecision, which in the incestuous world of broadcasting technology has not been slow to get around the European grapevine, has handicapped our efforts to sell the system to Europe. "Why should we adopt a system in which it appears that HMG and the BBC are losing confidence?".

To delay the decision because of doubts by the BBC was unrealistic. It has been clear for some time that the BBC's doubts, which were based on faulty engineering advice, could not be removed by rational argument. In the event, they have come in only because they know that the IBA would not collaborate on any other basis. (Objectively it remains the case that MAC is likely to be at worst marginally more expensive than the DBS version of PAL and much better in quality).

So far as the European aspect is concerned, excellent progress has been made on the technical front with both broadcasters and industry, but it appears that neither Government has as pressing an operational need for an urgent decision as we do and it is already clear that no agreed Anglo-Franco-German decision can be reached before the middle of February at the earliest. This is because of the proposed three-power conference of officials in Bonn and because of the forthcoming study tour to the UK, Germany and Japan on behalf of the French Government by M. Thery, the former Director-General of Communications.

I mentioned the FCO earlier on. I must confess that, although they have complied with the requests made to them, their intelligence service about the various strands of thinking, in France in particular, has been disappointing. In such a complex and fast-moving affair a greater flow of information about the various points of view would have been helpful.

The central purpose of this letter is to say that, assuming that the project does not collapse this week, I very much hope that you will consider appointing a senior person, preferably a senior Minister, to supervise the project with a view to ensuring that the present lack of inter-Departmental co-ordination should be remedied, that a freer flow of information should be established and that the progress of the operation should be effectively policed until the DBS services go on the air.

Yours sincerely
Anthony Post