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SUBJECT
CC MASTER.



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cc: BF

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

16 February 1989

Dear Neil

SATELLITE TELEVISION

The Prime Minister discussed briefly after Cabinet with your Secretary of State and the Home Secretary the problems being encountered by Sky Channel - the points at issue were set out in Paul Gray's letter to you of 15 February. She was concerned that an enterprising initiative should not be obstructed by excess bureaucracy or worse, by favouritism of other operators. Your Secretary of State accepted this but said there was another side to the story. Unlike BSB and Channel 5, Sky was not part of the system licenced and regulated in the United Kingdom. It had chosen to go into the sky, thereby avoiding various requirements and obligations. The Government should not do for Sky what it was not prepared to do for BSB, C5 or any other offshore operators that followed. He had recently spoken to Sky and urged them to enter negotiations with BT and Mercury, meetings which DTI were ready to facilitate. But Sky had still not done so. Also meetings had been offered with Mr. Alistair McDonald in his department, but again these had not been followed up.

BF | Concluding the discussion, the Prime Minister asked your Secretary of State and the Home Secretary to work on the points raised and to report back at the end of the month so that there could be a further discussion early in March.

I am copying this letter to Philip Mawer (Home Office) and Steven Catling (Lord President's Office).

Yours sincerely

ANDREW TURNBULL

Neil Thornton, Esq.,
Department of Trade and Industry

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