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COPY NO 55

E(80)135  
19 November

CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

UK SPACE POLICY

Note by the Secretary of State for Industry

1 The CPRS are to be commended on producing such a comprehensive and perceptive study of space policy (E(80)129) in such a short period of time. The purpose of this note is to underline those conclusions of the study which I view as particularly important and to emphasise the need to give the Marshall Committee on space policy some specific preliminary guidance.

2 The CPRS point to a market for information supply worth £10,000 million (~~£20,400 m~~ at £2.40 = £1) (not wholly satellite based) by 1990 in the UK alone, and the world market for communications satellites is put at £20,000 million (£8,333m) in total for the period from 1980 to 2000. Even a very modest share of the potentially enormous market for satellites and the related ground services and business equipment would be of considerable significance for the UK economy. I emphasise that we are not concerned here solely with satellites but with the much wider associated business opportunities, especially in ground equipment.

3 The Report stresses the importance of co-ordinating to the best advantage of British industry the expenditure of our limited funds for space research and development, and our public purchasing requirements. The fact that in the past and certainly in present economic circumstances we cannot hope to provide funds comparable with those devoted to space by the French and the Germans (and even countries like India, let alone Japan) makes it all the more important that such funds as we can spare are mobilised and co-ordinated to best advantage. Also we should shape our regulatory policy so as to encourage industry to put up its own money to develop satellite services where, as of now, they see a market. The CPRS Report reveals that we are not at all well geared for this at present and our competitors are well aware of the advantages of taking an early lead.

4 Space technology is inherently risky. Whilst the Government can do little to mitigate the technical risks, more could be done to limit the commercial and political risks. Diplomatic support could be co-ordinated more

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effectively, and a more imaginative approach to overseas aid could help to sell space products, which are particularly useful to developing countries in improving communications and detecting natural resources. Limited Government assistance can help to clinch key commercial deals (as is currently the case with ARABSAT). As we have recognised in powers to relax the telecommunications monopoly, which will be included in the British Telecommunications Bill, there is undoubtedly scope for devising a more sympathetic regulatory climate both nationally and subject to agreement, internationally to foster new opportunities for private enterprise in fields such as business communications and satellite broadcasting. We must also provide consistency and continuity in government policy which this country has lacked in the past.

5 I endorse the recommendations in the CPRS paper E(80)129 and I invite colleagues to agree that:-

- a the Marshall Committee should be given the general remit outlined in paragraph 7 of the CPRS paper;
- b we should be prepared as soon as possible to relax the present regulatory and monopolistic framework to provide maximum commercial opportunities for industry, recognising that such relaxation would need to be consistent with the overall interests of the economy, to avoid unacceptable damage to the high reputation of our existing broadcasting media and to have regard to the limited availability of frequency and orbital resources available to the UK;
- c the public purchasing of space and ground equipment should be consciously directed, under the aegis of the Marshall Committee, towards providing opportunities for UK industry and improving its capabilities;
- d the Marshall Committee should also:-
  - i formulate proposals and policies for stimulating the development of new markets for satellite-based services;
  - ii have overall responsibility for guiding and co-ordinating the content of Departments' space research and development programmes;
  - iii rapidly address itself to imminent procurement and development decisions such as L-Sat, the ESA remote sensing programme and the other urgent issues identified in the CPRS report;
  - iv prepare for Parliament as soon as possible a statement of our general aims and policy; and

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I should convey our intentions to industry and our expectations of them in pursuit of the opportunities identified in the CPRS report.

6 Subject to agreement on these guidelines, the Marshall Committee should refer back to E Committee, if necessary, on specific matters which affect wider policy issues while aiming to produce the progress report suggested in the CPRS paper in about 12 months' time.

K J

Department of Industry  
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