



Department for
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& Industrial Strategy

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Dear Darren,

Thank you for your letter dated 29th July regarding the OneWeb and Eutelsat merger.

The merger is positive news for British taxpayers, having made a \$500 million investment in OneWeb 2 years ago. Under this proposed deal, the UK Government would have a significant stake in a single, powerful, global space company with the sound financial footing it needs to compete in the highly competitive global satellite market, and exploit the opportunities offered by Low Earth Orbit constellations.

The UK government will retain its special share and exclusive rights over OneWeb – securing the company's future at the centre of the combined group's global LEO business, national security controls over the network, and first-preference rights over industrial opportunities for the UK. Trading under its existing name, OneWeb will continue to operate the LEO business of the combined group, and OneWeb's headquarters will remain in the UK. The new combined entity will also apply for admission to listing on the London Stock Exchange.

The deal will be subject to UK and international regulatory approvals – including through the National Security and Investment Act (NSI). My Department has established steps in place to prevent conflicts of interest from arising when decisions are taken within the remit of the NSI Act. This includes, when needed, the delegation of decision-making. Since the Act commenced in January, I have delegated to Lord Callanan, as the minister with oversight of the Act and its operations, decisions which could lead to a conflict or the perception of a conflict arising from my shareholding in OneWeb as Secretary of State

Regarding scrutiny by your Sub-Committee of this merger, as I set out in my letter of 20 July – and in accordance with our draft Memorandum of Understanding – I will ordinarily seek to provide NSI case information in an aggregate format and oversight relating to specific acquisitions must be retrospective unless otherwise agreed. I remain firmly committed to ensuring you have the information you need to scrutinise the operation of the NSI Act whilst upholding my obligation to protect commercially sensitive and/or national security sensitive information.



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We are aware that Eutelsat provides broadcast services to Russia, which they have confirmed are compliant with current EU sanctions. OneWeb will continue to comply with UK sanctions.

We are also aware that the China Investment Corporation has a longstanding passive shareholding in Eutelsat which they acquired on the public market. At the moment, their shareholding stands at less than 4%, which has reduced from around 7% two years ago. This share will be even further diluted by this transaction. The CIC has never been represented on Eutelsat's Board nor has it had access to any privileged information on Eutelsat or OneWeb's operations.

Nevertheless, I want to stress that this proposed merger will be subject to scrutiny under the NSI Act.

Thank you for writing. I hope you will find this reply helpful in addressing your points. I will keep the Committee updated as the deal progresses.

Yours sincerely,

THE RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy & Industrial Strategy