



DEPARTMENT OF TRADE AND INDUSTRY

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Raye Murko

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29 July 1983

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Dear Tim,

FRENCH CABLE POLICY

Mr Baker thought that the Prime Minister might be interested to see the attached article from last week's New Scientist, which shows the French technological dream turning into rather a nightmare as a result of the French insisting on their usual dirigiste approach to the economy.

The profits of the posts and telecommunications services are being used to prop up the ailing nationalised computer company CII-Honeywell Bull; the cabling of France - by the public sector - is being slowed down by the over-elaborate technical specifications and the lack of French programme material is seriously diminishing their enthusiasm for further TV channels.

Without wishing to be complacent, Mr Baker feels that Britain's prospects on all these fronts do look rather brighter.

*Yours sincerely
Neil*

N M McMILLAN
Private Secretary

MA5/MA5ABL

Price of optical fibres spoils French dream

FRANCOIS Mitterrand's dream that France would become a leader in the world's communications industry by 1988 has suffered a succession of shattering blows. A plan to link more than four million French homes to advanced optical-fibre cables by that date is proving far more expensive than expected. Suppliers of optical-fibre and associated equipment have quoted prices that are three times those which the telecommunications and broadcasting agency (PTT) expected when it first did its sums last year. This could put the bill for cable up by £1 billion in the initial phase of development to 1985.

The PTT says that costs are not yet finalised—and it won't choose its suppliers until October. But it admits that the higher price will cause problems at a time when France's public spending is being slashed by a government intent upon proving that it can manage the national economy.

The tangle over optical fibres follows a

government decision to squeeze the profitable PTT's finances. The PTT, which is now part of the industry and research ministry, must now finance both the cabling programme and France's telecom export drive, as well as bail out Bull, France's ailing computer firm, and subsidise the development of the rest of the electronics industry at a cost of £300 million next year. On top of this, there are rows over the programming of a fourth TV channel, which is due to open next year, and the chronic lack of French-produced material to fill satellite and cable TV services. And there are serious doubts over the development of TV satellites.

Producers say the bombshell over the cost of fibres was predictable. It is due not so much to the fibres themselves as to asso-



Camera Press

Mitterrand: dreamer

ciated equipment such as connectors and local switching centres.

But the PTT still insists that its fibre-optic system for cabling France may be better than more traditional coaxial cable. "If you take everything into account, the cost difference is not that great," says Charles Rozmaryn, deputy head of the French telecom administration's industrial and international affairs division.

Rozmaryn will not quote precise figures but he believes that the cost per subscriber of an optical-fibre network will not be as high as the £1350 being asked by some suppliers. "You also have to consider that with fibre optics, you are talking about a system that will do much more than a coaxial TV programme distribution network," he says. □

New Scientist 21/7/83

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