



PM/83/62

PRIME MINISTER

KCC NO

Await meeting  
yet to be set  
up

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Mercury Restructuring: Possible AT & T Shareholding

1. In his minute of 29 July, Cecil Parkinson suggested that, in restructuring Mercury, AT&T (together, possibly, with Reuters) might take up Barclay's shareholding.

2. I appreciate the advantage which Mercury could gain for its transatlantic services by a link with AT&T. However, even if Mercury remains an all-British company it is likely that there will be real difficulties in persuading some of the (monopolistic) European PTTs to allow Mercury access to their networks. With an American shareholding in Mercury this will probably be more difficult - as Cecil Parkinson points out, the European PTT reaction is likely to be 'Trojan Horse'. This therefore raises the question whether Mercury would want to risk in this way limiting itself to the transatlantic business. A substantial AT&T shareholding could also make more difficult the role of the Government in coordinating representation and negotiation of UK interests in international telecommunications fora. I share the Home Secretary's concern about the risk to the security of sensitive activities and welcome the suggestion of a meeting.

3. I am copying this to the Secretary of State for Trade and Industry, the Home Secretary and Sir Robert Armstrong.

Foreign and Commonwealth Office

12 August 1983

Post & Tew Tidmore Pt 7



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