



10 DOWNING STREET

Prime Minister

I have acknowledged and sought advice from DTI on whether there is any merit in a meeting. It may well be that no adjustments to the policy are now possible, in which case there would be little point in a meeting. The only case for ~~for~~ it would be to discourage Lord Orr-Ewing from making difficulties in the Lords. But Mr Tebbit has already tried this.

Agree await DTI advice?

AT

I shall have to 6/12
mention. Would
you please enquire about
the accuracy of the last
para of his letter? no.

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✓ cc Mr Alison

MR. TURNBULL

Lord Orr-Ewing has misunderstood or is not fully aware of the implications of our telecommunications policy for radio services.

The decision to license only BT and Mercury to provide national public telecommunication networks does rule out the possibility of a national radio network competing directly with Mercury and BT during the next seven years. However, it does not rule out opportunities for small companies providing radio services on a local or regional basis, or even specialised national networks (eg for road haulage etc), as Lord Orr-Ewing seems to think.

We do wish to encourage small businesses to develop particular market segments to meet an unsatisfied demand, particularly if new technology is involved. The recent statement on future competition policy in telecommunications is quite clear on these points.

"For telecommunications systems serving specialised market segments, Government policy is as liberal as practicable."

"The Government will also be exploring the scope for introducing further mobile radio services when the Bands I and III frequencies become available in 1985. Moreover, the Government will keep under consideration ways of introducing new specialized services by satellite."

Lord Orr-Ewing refers to the need for more radio frequencies to be made available. There is a practical problem in allocating more frequencies at the present time. This is the main reason why we have only licensed two national cellular mobile radio telephone networks and indeed we have found it difficult to accommodate Mercury's needs. However, the reference to Bands I and III becoming available in 1985 is a result of a reallocation of the old 405 line television frequencies. This will provide perhaps 150 additional channels which will give significant scope for further private sector radio services. It may also be possible to squeeze out additional frequencies from current allocations for specialised services.

/Lord Orr-Ewing

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- 2 -

Lord Orr-Ewing is probably not aware that Norman Tebbit is intending to publish a consultative document early next year on the allocation of new frequencies. We shall be particularly interested in the views of small companies and potential new entrants into the market. The consultative document will also seek views on the question of interconnecting specialized radio services with the national telecommunications networks.

Lord Orr-Ewing should be reassured that our policy on telecommunications is consistent with our general policy objectives. His letter does indicate, however, that we should take every opportunity to explain our policy and its implications.

DLP.

DAVID PASCALL
8 December 1983

CONFIDENTIAL

010
From: Lord Orr-Ewing, O.B.E.

cc/NO



December 5th, 1983

House of Lords · Westminster

The Rt. Hon. Margaret Thatcher, M.P.,
The Prime Minister,
10 Downing Street,
London S.W.1.

My dear Prime Minister

Suppression of Competition

I would not have asked to see you with some colleagues but for the fact that we have already seen Norman Tebbit and I have had many meetings with Ken Baker. There is little time left, since the BT Bill will leave the Commons in ten days. Alterations by the Lords are not welcome.

The HMG's policy on setting up a competitive telephone industry has now emerged as being far more restricted than originally envisaged. For some years there will be the following two large duopolies:-

- (i) The duopoly of telephone networks with BT and Mercury.
- (ii) The duopoly of radio services with BT/Securicor and Racal.

We may have no alternative but to accept this arrangement, although it is admitted by the DTI that by 1987 BT will have 97% of the network and Mercury only 3%. We reluctantly accept, hoping for better balance after the first phase is over.

However, your Ministers and the Civil Servants are now using this policy to limit and suppress all the companies, mainly small, which for many years have been providing VHF radio services.

However efficient a monopoly or a duopoly may be, it is essential to have a large number of licensed telecommunication companies to provide the multifarious services now possible. Moreover, our Government was elected to encourage the growth of small companies and the jobs this would create.

The manner in which the small companies have been treated during the last year is most vividly illustrated in the granting of frequency channels, which they

.../

urgently need to improve and expand their services and for economic viability. Without these channels they will go to the wall. The Ministries and the very large companies might not mourn their absorption or demise.

A year ago, when the cellular licence was allocated to Racal, I was personally told by Ken Baker that extra channels would be made available to allow the established private sector mobile telephone companies to compete, using less sophisticated and cheaper services. Free and fair competition as promised by your Ministers would necessitate private companies having a comparable number of channels to the duopoly, which have 150 each. The largest existing private company has only 17.

We are told that it is no use complaining because the policy comes from your office, with your personal approval. We cannot believe that all these facts were put before you or that you accepted the demise of the existing private companies, since this would be diametrically opposed to your policy. That is why reluctantly we seek a meeting.

Yr sincerely

Tan Oon-Keung

P.S. Just seen the enclosed leader from 'Computing' dated 1st Dec which is appal

What a marvelous speech - born at harvest.



10 DOWNING STREET

CR

Lord Onslow

Hof C

1630 on Tues 20th

$\frac{1}{2}$ hr + Kenneth Baker

then confirm with KB's office

Cawthra

CR

Confirmed with Lord OE
and Kenneth Baker.

Lord OE will let us have
other names asap.

DHB
13/12

13th December 1983

Thank you for your letter of 13th
December, together with its enclosure.

Caroline Stephens will be in touch
with you as soon as possible about
arranging a date when you can come to
see the Prime Minister.

MICHAEL ALISON

The Lord Orr-Ewing OBE



12 Dec

file
late letter

Dear Michael

It seems that letters take a long time. I always deliver by hand!
I have just received yours dated 8 Dec.

I would like to bring onto me

Lord Mottistoun
Gerry Neale MP
Tom Eggar MP.

I think any memoranda on frequencies would be too detailed & technical for No 10 so I have written to Ken Baker showing the number of channels available. I attach a copy.

Yours
Tom



December 8th, 1983

House of Lords Westminster

Kenneth Baker, Esq., M.P.,
Minister of State for Industry and Information Technology,
Department of Trade and Industry,
1-19 Victoria Street,
London.
SW1H 0ET

My dear Kenneth

Radio Frequency Allocations

Frequencies for radio channels are a precious national asset, with which I have been concerned for the last 50 years. The lack of frequencies has always been the excuse to prevent the expansion of broadcasting, television and, more recently, mobile radio. It would be wasting your time if I set out the horrible history. The history under this Government has been no different. It can be summarised as follows:-

- (i) The World Administrative Radio Conference (which meets every 25 years) met in 1979. They recommended an additional 280 MHz for mobile radio. This included 84 MHz in Bands 1 and 3.
- (ii) A Cabinet meeting in early 1980 agreed not to allocate any more spectrum until 1985.
- (iii) The Home Office then commissioned a report, called Terrestrial Land Mobile, published in 1982, which recognised that there was an urgent need for extra frequencies.
- (iv) The Government then called for the Merriman Report (presumably as a further delaying tactic) and this took another year. This officially recommended Bands 1 and 3 be cleared by January 1st, 1985..

The excuse for delaying until 1985 (by coincidence the same date arising from the Cabinet Committee in 1980) was that household TV sets were still working in Band 1. The BBC Birmingham transmitter recently went off the air for three weeks and no one complained. I designed the HMV TV receiver for this Band in 1936, and it will be much more valuable in a museum if any one is still working. The valves have not been manufactured for decades.

I only include this comment because it exposes the manner in which false arguments are utilised by those who use scarce frequency assets.

As the Bands are to be free by 1st January 1985, it is important for land mobile companies to receive their allocation a year ahead so that they can plan their networks, acquire sites, go out to tender to manufacturers, so that everything is ready on the due date.

Meanwhile, there are VHF channels available, contiguous with present allocations, as follows:-

Mobile Tx - 159.925 - 160.550 MHz
Base Tx - 164.425 - 165.050 MHz

There are also additional channels in the old private Marine Band, as follows:-

Mobile Tx - 157.425 - 158.425 MHz
Base Tx - 162.025 - 163.025 MHz

Additionally, there is the international Marine Radio Service Band which has about 50 further channels at a lower frequency than the private Marine Band. One MHz accommodates 40 channels.

I could produce endless quotations from Ministers promising "fair and free competition" as a result of the BT Bill. Quite apart from the huge allocations in the 900 MHz Band, BT has 112 VHF channels and their biggest independent competitor has 17.

The above proves that with determination the Government could markedly reduce this imbalance almost immediately, and this would be a godsend to the 47 mobile radio companies who are being shamefully treated.

yi wai
Tan

What about an announcement during Report 3rd Reading in Commons?

File



10 DOWNING STREET

8th December 1983

Dear Sir

Your letter of 1st December, about which we spoke on the telephone, has now filtered through to me!

Your letter to the Prime Minister of 5th December, has also arrived in the office. I have not yet received your memorandum which you mentioned that you would be sending in, together with a suggested list of your fellow Peers who might come to see the Prime Minister. As soon as this arrives, I will look into the possibility of a meeting with the Prime Minister.

Yours ever
Michael

MICHAEL ALISON

The Lord Orr-Ewing

MJ

Telegram

Ack'd 6 12

at W Owen

6 December 1983

The Prime Minister has received the attached letter from Lord Orr-Ewing. I would be grateful for your advice on whether the Prime Minister should meet him. Given the pressures on the Prime Minister's diary in the next few days this could only be done if you felt it would make a material difference to the passage of the BT Bill through the Lords.

If you do not recommend a meeting, I would be grateful for a reply which the Prime Minister might send.

AT

Callum McCarthy Esq
Department of Trade and Industry