



10 DOWNING STREET

cc Mr Alison  
Mr Owen

file

From the Private Secretary

21 December 1983

Liberalisation in Telecommunications

Lord Orr-Ewing accompanied by Lord Mottistone and Bowen Wells, M.P., called on the Prime Minister yesterday to discuss the impact of liberalisation in telecommunications on the smaller radio telephone companies. Mr. Baker and Mr. Alison were also present.

Lord Orr-Ewing said he reluctantly accepted the decision to establish two duopolies, one for telephone networks and one for radio services. His first concern was that the Government was not providing sufficient frequencies for the smaller radio telephone and message handling companies and were outside the duopoly. These companies numbered about 47, employed over 4,000 people and had over 20,000 clients. He was sure that if sufficient effort were made, the Government could find additional frequencies.

Secondly he urged that Oftel's remit should include a requirement to take account of the interests of smaller firms. Thirdly, he urged that Oftel should be staffed as much as possible from the private sector and not with former employees of BT. Fourthly, he urged progressive decoupling of BT from DTI so that the latter was no longer dependent on BT for advice. Finally, he expressed concern about the excessive use by BT of its near monopoly power.

The Prime Minister said it was important that the smaller partners in the duopoly should be allowed to develop to the point where they provided effective competition for BT. To do this, they had to invest very large sums of money and it was therefore appropriate that their position should be protected for a given period of time.

/On radio



On radio frequencies she said Mr. Baker would shortly be announcing the availability of a further 19 channels, 9 in London and 10 from the Maritime Band. There would be a competition for these frequencies and Air Call would be invited to enter. Mr. Baker said that he would look further into Oftel's remit to see what provisions could be made for smaller companies. He very much agreed with the need to staff Oftel independently and the process of decoupling BT from DTI had already begun. For example BT no longer represented DTI at international meetings on satellites and frequency allocations. He also took note of Lord Orr-Ewing's comments on BT's use of its monopoly power.

I attach copies of the notes which Lord Orr-Ewing left with the Prime Minister.

MR. A. TURNBULL

Neil McMillan Esq  
Department of Trade and Industry.