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27/2FCS/84/58SECRETARY OF STATE FOR TRADE AND INDUSTRYMercury Licence

1. Thank you for sending me a copy of your minute of 15 February to the Prime Minister. I have since seen Mr Turnbull's letter of 17 February which sets out the Prime Minister's views.
  
2. I agree with the arguments in paragraph 9 of your minute, and your conclusions. The power to make directions to Cable and Wireless would not absolve the Government from financial responsibility: indeed, the Bill provides that compensation may be paid should directions be made.
  
3. As you know, we welcomed the inclusion in the Bill of a power to give direction to Cable and Wireless in respect of its overseas operations. Nevertheless, we always recognised that the power would have its limitations - for example, its use might well prove contentious, and it might prove difficult in some circumstances to give effective directions as regards operations conducted by a Cable and Wireless subsidiary. I am prepared to accept the change you propose provided that it is generally recognised now that circumstances may arise in which we shall need to influence Cable and Wireless's decisions on its overseas operations through a commercial arrangement of the kind you mention in paragraph 9 of your minute. In effect, this is one consequence of the privatisation and liberalisation of telecommunications which the Bill seeks to achieve.



4. As to national security concerns, I note that Sir Robert Armstrong has pointed out (his letter of 22 February to Sir Brian Cubbon at the Home Office) certain problems which can perhaps be discussed by officials. Provided they can be resolved, I am content to proceed on the basis of the understanding set out in paragraph 10 of your minute.

5. I am copying this minute to the Prime Minister, Leon Brittan and Nigel Lawson, and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office  
27 February 1984

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