

CONFIDENTIAL FILING

Digital Cellular Radio: A European Initiative

EUROPEAN POLICY

November 1986

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From the Parliamentary Under Secretary
of State for Industry

JOHN BUTCHER MP

CDP
7/9

C D Powell Esq
Private Secretary
The Prime Minister
No 10
Downing Street
SW1

7 September 1987

Dear Charles

PAN EUROPEAN DIGITAL CELLULAR RADIO

At the December European Council meeting in London the Prime Minister suggested that pan European digital cellular radio was a test case of Europe's ability to cooperate in high technology. The meeting concluded by asking the Commission and the Council to make a special effort to secure agreement on standards and the commitment of operators necessary to enable Europe to compete in the development and marketing of digital cellular radio in the 1990's.

Both specific objectives have now been achieved. The standard was agreed at a meeting of Ministers in Bonn in May and this week agreement was reached in Copenhagen amongst an impressive number of operators. Whilst industry faces a big task to develop the new technology, two major impediments to the creation of this new market opportunity have been successfully surmounted. We particularly benefitted from the help of the Foreign Office during a minor skirmish on the standard with the French and German Governments earlier this year.

I am sending copies of this letter to A C Galsworthy (PS/Foreign Secretary), A C S Allan (PS/Chancellor of the Exchequer) and T A Woolley (PS/Sir Robert Armstrong).

Yours ever
Ricky Verrall

RICKY VERRALL

Private Secretary

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DRAFT

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01-215 4466

Number: 87/577

Date: 8 September 1987

PAN-EUROPEAN DIGITAL CELLULAR RADIO OPERATORS SIGN MEMORANDUM OF
UNDERSTANDING

Racal Vodaphone and Telecom Securicor Cellular Radio are among the cellular operators to have signed the Memorandum of Understanding on implementing a pan-European digital cellular service by 1991. The signing took place in Copenhagen yesterday (Sept 7).

The Memorandum of Understanding commits the operators to a detailed timetable for the procurement of the new networks and the opening of a public service.

In welcoming the news, John Butcher, Parliamentary Under Secretary of State for Industry, expressed his pleasure that so many operators had already signed; only four countries were expected to do so by this date.

Mr Butcher said:

"Last December's European Council meeting, chaired by the Prime Minister in London asked the Commission and the Council to make a special effort to secure agreement on standards and the commitment of operators necessary to enable Europe to compete in the development and marketing of digital cellular radio in the 1990's. With remarkable speed Europe has responded to this challenge with agreement on the standard in May and now agreement by a large number of cellular operators this week to open a service in 1991.

"It is good news for users and particularly the growing number of British businessmen likely to be travelling on the continent, as Europe completes the internal market. A very large European market in digital cellular technology exceeding several billion pounds is now expected to emerge in the 1990's. I am confident that UK manufacturers, together with European partners, will now be moving rapidly to become major suppliers of digital cellular technology in the 1990's."

More/....

NOTES FOR EDITORS

1. The meeting of Ministers, or their representatives, from Germany, France, Italy and the UK met in Bonn on May 19 and successfully resolved differences of view which had blocked agreement on the technical standard. The meeting also instructed their Director-Generals to have drawn up for signature by September a Memorandum of Understanding on implementing a pan-European digital cellular mobile telecommunications service by 1991. The document was drafted by officials from the four countries and was drawn up in a way which allowed any authorised cellular operator in member countries of the European Conference of Posts and Telecommunications Administration (CEPT) to participate.

2. The creation of a European-wide digital cellular telecommunications service and an attendant European market in digital cellular technology has required two vital elements. The first - an agreement on a common standard - was achieved in May. The second was a commitment by the European cellular operators to invest in new networks to the commonly agreed standard. Being a completely new technology, an individual operator requires the confidence that other operators are also willing to invest on a similar time-scale and in sufficient numbers to make a 'European service' a reality. The Memorandum of Understanding was conceived to establish this certainty.

3. Racal Vodaphone and Telecom Securicor Cellular Radio, the operators of the two existing highly successful UK cellular radio networks, will also be the two UK operators of pan-European digital cellular telecommunications networks, and will offer competitive services. Customers on their present networks will continue to enjoy a service with their present equipment but this will be limited to the United Kingdom. As from 1991 new digital mobile equipment is expected to become available which will enable UK subscribers to not only enjoy a high quality public mobile radio service in the UK but also to be able to gain access to any other European country participating in the pan-European service. Both vehicle sets and hand portables will be catered for in the pan-European digital system.

ENDS



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From the Minister of State
for Industry and Information Technology

RT HON GEOFFREY PATTIE

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Rine Hunter

CDP
27/5

26 May 1987

Dear Charles

mf

PAN-EUROPEAN DIGITAL CELLULAR RADIO

In her speech to the European Council last December, the Prime Minister called on Member States to reach an early decision on the introduction of a common standard for pan-European digital cellular radio in the 1990s.

Mr Pattie has asked me to let you know that in Bonn on Tuesday 19 May he signed an agreement with representatives of Germany, France and Italy committing our respective operators to the introduction of such a service by 1991, based on the narrowband TDMA concept. The two UK operators, British Telecom and Racal, were present and are co-signatories to the agreement. This will be formalised in a Memorandum of Understanding to be signed in September.

The agreement marks a major breakthrough in getting the French and the Germans to agree to a narrowband system, and should improve the prospects for collaboration between the four major European countries in telecommunications. Agreement on a common European standard means that Europe stands a very real chance of becoming a world leader in mobile radio technology. And because agreement was reached on the UK's preferred narrowband system, UK suppliers should have every opportunity to take advantage of the enlarged European market for cellular radio.

I am copying this to Lyn Parker at the Foreign and Commonwealth Office.

Yours sincerely
Julian Farrel

MY5/MY5ADB

JULIAN FARREL
PRIVATE SECRETARY



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ccpc

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Mr C D Powell
10 Downing Street
London SW1

16 March 1987

Dear Mr. Powell

DIGITAL CELLULAR RADIO: A EUROPEAN INITIATIVE

The European Council at its meeting in December 1986 concluded that a special effort was needed to agree a common standard for a pan European digital cellular radio service. A recent meeting of the European Conference of Posts and Telecommunications (CEPT) made significant progress. Thirteen out of fifteen Administrations supported the standard preferred by the UK operators and industry (called Narrowband TDMA). The two dissenting Administrations were France and Germany. This is believed to have been the result of last minute lobbying at a political level in France by Alcatel. This could potentially stall the initiative.

Mr Pattie, the Minister for Information Technology, has written to his opposite numbers in France and Germany trying to bring them around to supporting the CEPT majority view. Complementary lobbying by the FCO and others is taking place. This note is an update of the progress of this initiative.

Yours sincerely

S. R. Temple

STEPHEN TEMPLE

cc PS/Secretary of State
PS/Mr Pattie
PS/Mr Butcher
PS/Sir Brian Hayes
Mr Fairclough Cab Off
Mr Macdonald
Mr Mogg EP
Mr Nieduszynski R
Mr Priddle TP
Mr Wall FCO
Mr Mills TP2



bc PC

10 DOWNING STREET
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From the Private Secretary

MR. WILLIAMSON
Cabinet Office

DIGITAL CELLULAR RADIO: A EUROPEAN INITIATIVE

Your minute proposed a reference to the creation of conditions for a Community-wide digital cellular radio system in the Presidency paper which will be circulated to the European Council, and in the conclusions of the Council itself.

The Prime Minister is content with this.

I am copying this minute to Mr. Budd (Foreign and Commonwealth Office), Mr. Abraham (Department of Trade and Industry) and Mr. Fairclough (Chief Scientific Adviser, Cabinet Office).

C.D. POWELL

18 November 1986

dg

Qz.05458

MR POWELL (10 Downing Street)

Digital Cellular Radio: A European Initiative

We recommend that there should be a reference to the creation of the conditions for a Community-wide digital cellular radio system in the Presidency paper which the Prime Minister will be advised to circulate to the European Council. We share your view that it will not be possible to deal with this issue as a separate agenda item but it can be singled out within the internal market discussion as an area where there are potential benefits, so that further consideration can be carried forward at technical level. We have already had contacts with a number of other member states which are interested, and the chances of making progress are quite good. It is our intention to try to clear the ground further before the European Council.

In the draft conclusions of the European Council we propose that, after other references to the need to compete in worldwide markets for high technology products, the conclusions might read:

"The European Council asked the Commission and the Council to make a special effort to agree standards that will enable the Community to compete in the development and marketing of digital cellular radio in the 1990s".

I am sending copies of this minute to Colin Budd (FCO) and Tim Abraham (DTI).

Liz Griffiths

D F WILLIAMSON

pp. (Dictated by Mr Williamson but signed in his absence)

17 November 1986

Yes

*Prime Minister
This seems a
sensible approach.
Agree?
CDP
17/11*

EP



CPA

W0301

MR POWELL
10 Downing Street

17 November 1986

DIGITAL CELLULAR RADIO: A EUROPEAN INITIATIVE

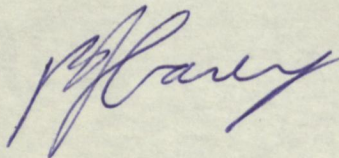
I strongly support the initiative proposed in Mr Pattie's ^{at Harp} letter of 12 November. I have been involved, with FCO and European Secretariat colleagues, in the formulation of this initiative, including detailed planning of the actions that will be necessary to prepare the ground and to follow up afterwards.

On cellular radio itself, Mr Pattie's letter summarises the position very well. The change to digital technology provides a breakpoint which can offer our industry the chance to capture a share of a growing world market, and users the chance of a better quality service which no longer stops at national frontiers. But these gains depend crucially on united action within Europe, which is essential if the necessary common standards and industrial economies of scale are to be achieved. Action is under way in the appropriate areas, and DTI are doing a good job at working level, in consultation with industry and the operators. But 1987 will be a critical year, and I believe that commitment at the highest political level by Governments and the Commission will be invaluable in keeping up the momentum.

However, I see the wider aspects of the initiative as still more important. The Government has placed great weight on improving the industrial competitiveness of Europe through all the means at the Community's disposal. This emphasis has been accepted, but we have yet to see concrete results. I see great value in challenging the European institutions to deliver, and in doing so by means of a test case which will help to establish habits of mind and ways of working for the future. I believe that the creation of a pan-European cellular radio network gives us an ideal "challenge to Europe": it offers obvious industrial and consumer benefits; it requires concerted action on several fronts; and it is demanding yet achievable given reasonable will.

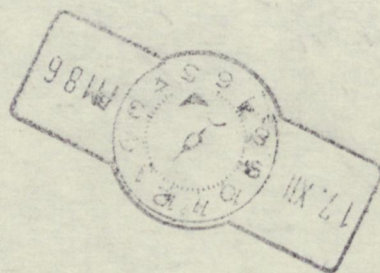
I therefore hope the Prime Minister will agree to Mr Pattie's proposal.

I am copying this minute to David Williamson, Colin Budd (FCO) and Tim Abraham (DTI).



JW JOHN W FAIRCLOUGH
(Approved by Mr Fairclough
but signed in his absence)

Euro POC: Digital Cellular Radio
- Nov '86





JKW

celc

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Mr. Williamson
Cabinet Office

**DIGITAL CELLULAR RADIO:
A EUROPEAN INITIATIVE**

The Prime Minister has noted the Minister of State for Industry and Information Technology's minute of 12 November suggesting an initiative at the European Council to mobilise support for the creation of a pan-European digital cellular radio system. The Prime Minister would be grateful for advice on how this point might be covered in the European Council's conclusions. She thinks it unlikely that it will be possible to hold any discussion, so the agreement of our partners would have to be sought in advance.

I am copying this minute to the Private Secretaries to the Foreign Secretary and the Minister of State for Industry and Information Technology.

GA

(C. D. POWELL)
14 November 1986

CP/PC
①



TO:
PRIME MINISTER

FROM:
GEOFFREY PATTIE

12 November 1986

me

*Prime Minister
I should think
we could work
something into the
European Council;
conditions.*

*I have asked Mr.
Williamson to consider.*

DIGITAL CELLULAR RADIO: A EUROPEAN INITIATIVE

*CDP
17/11/86*

Developing Europe's industrial competitiveness has been one of our major themes in EUREKA, the Community R & D Framework programme and work towards completion of the internal market. The need is acknowledged, but there is still scepticism about whether Europe can deliver.

The creation of a pan-European digital cellular radio system offers a specific challenge and opportunity for Europe. It is in the interests of European industry and consumers alike. I am writing to invite you to take an initiative at the December European Council to mobilise the commitment of Heads of State and Government to this end.

Our policy for cellular radio for mobile communications in this country has been a conspicuous success. User demand for such services has been demonstrated beyond doubt. But the industrial consequences have been less satisfactory. In order to set up two competitive operations quickly, we adopted an analogue system, based on a mature US standard. This has meant much of the market has been supplied by imported equipment. Moreover, other European countries are at different stages of development and have adopted different systems, leading to a hotch potch of standards and frequencies across Europe.

NO 3AAD



The next generation of digital systems, coming into operation in the early 1990s, offers an opportunity to create a unified European system. Users will be able to communicate on the move anywhere from Aberdeen to Athens. Operators will achieve increased efficiency and offer new services. Manufacturers can seize a share of the growing worldwide cellular market. But if they are to do this against Japanese and American competition, they must have the economies of scale which a unified European market will bring.

The first requirement is to achieve agreement within Europe on a single standard. This needs to be followed by joint procurement of one or more prototype systems by at least three of the major countries. We need at least two competing European consortia of suppliers, with strong British participation.

There are many commercial, technical, industrial and political problems to solve. My officials have been working hard in this area, in close consultation with British industry, British operators, the Cabinet Office and the FCO. Work towards a common standard is also being undertaken within the framework of the European Conference of Posts and Telecommunications by the potential operators, particularly the UK, France, Germany, Italy and Sweden. This work must be brought to a point of significant agreement early in 1987.

I believe we should now raise the political profile in order to focus attention on the challenge at the highest level of the European Commission and member Governments. With commitment at this level, I believe we have a good chance of success, though there can be no guarantees. The initiative can be taken by means of a passage in that part of the Presidency paper to the December European Council which deals with completion of the internal market. I hope you would then agree to refer specifically to this topic in your introduction from the Chair. It could then be suitably picked up in the Conclusions.

NO3AAD



An initiative of this kind will, of course, require careful ground work and follow through. I secured the commitment of UK operators and suppliers at a meeting on 4 November. Officials of the interested Departments have prepared a detailed plan for work in European capitals before the Council and thereafter. Your intervention at the European Council itself would give real impetus to this important project. I do hope you will agree to do this.

I am copying this minute to Geoffrey Howe and to Sir Robert Armstrong.

IPA
...

PP.

GEOFFREY PATTIE

(Approved by the Minister
and signed in his absence)

NO3AAD

Grey Scale #13



A 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19

