DTI CONFIRMS NEW MOBILE PHONE SERVICES AND CONTINUED SECURITY FOR PCN OPERATORS

Key proposals to provide a clear strategy on radio frequency allocations for mobile phone services over the next decade were announced today by Science and Technology Minister Tan Taylor.

Mr Taylor said:

“These proposals provide the framework; for forward planning and investment decisions in an essential, rapidly growing and highly competitive industry. They will result in new infrastructure and further job creation opportunities in the telecoms sector.

“The industry is already working on the next generation of mobile phones. This research is vital if the UK is to maintain its leading position in mobile telephony and we are to produce the advanced mobile services that customers will want to use in the next few years.

The key proposals are:

• Vodafone and Cellnet to be allocated channels which they intend to use to develop dual mode handset services to allow use either as mobile phones outside the office or for wireless applications in the office;

• Additional spectrum to be reserved for the two PCN (Personal Communications Network) operators, One 2 One and Orange until at least December 1997.

• Vodafone and Cellnet to plan now for the eventual closure of their analogue networks by 2005.
"I fully recognise that the allocation of spectrum is vital to all users and providers of radio communications and this is particularly true in the mobile phone sector. I believe the Government's main proposals represent the fairest allocation of spectrum which can be achieved whilst taking into account the needs and concerns of all four mobile operators.

"Vodafone and Cellnet have both made a number of innovative proposals to provide wireless services using the DCS 1800 standard. These include plans to provide corporate customers with the facility to use dual mode handsets. These plans involve very substantial investments of several hundred million pounds in new infrastructure over the next few years, and represent a very significant boost for jobs in the telecoms sector."

Notes to Editors

1. The DTI's public consultation document "Mobile Phone Spectrum over the Next Decade" was published on 23 February; see DTI Press Notice P/96/137. Comments were invited from interested parties by 9 April and 14 responses were received from the four mobile operators, other telecommunication operators, manufacturers and industry bodies.

2. Copies of a DTI paper setting out these decisions in greater detail can be obtained from the DTI, Communications and Information Industries Division, 2.65 Grey, 151 Buckingham Palace Road, London SWIW 9SS (0171-215 1785) or the Radiocommunications Agency, New Kingsbeam House, 25 Upper Ground London SE1 9SA (0171-211 0234).

Press Enquiries: 0171-215 5961
Out of Hours: 0171-215 5110/5600)
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MOBILE PHONE SPECTRUM OVER THE NEXT DECADE: CONFIRMATION OF
DEPARTMENT OF TRADE AND INDUSTRY PROPOSALS

Introduction

The DTI published a public consultation document "Mobile Phone Spectrum over the Next Decade" on 23 February. Comments were invited from interested parties by 9th April and 14 responses were received from the four mobile operators, other telecommunication operators, manufacturers and industry bodies.

The Government fully recognises that the allocation of spectrum is vital to all users and providers of radio communications and this is particularly true in the mobile phone sector. The Government considers that the proposals set out in the consultation document represent the fairest allocation of spectrum which can be achieved whilst taking into account the needs and concerns of all four mobile operators. They provide a sound foundation into the next century for planning and taking investment decisions in an essential, rapidly growing and competitive industry and considers that they will result in new infrastructure and further job creation opportunities in the telecoms sector. Therefore, following careful consideration of the views expressed, the Government has decided broadly to confirm the spectrum allocation proposals set out in the consultation document.

The Main Proposals

The main proposals are:

- Vodafone and Cellnet to be allocated spectrum in the DCS 1800 band to be shared equally between them which they intend to use to provide new services, for example to corporate customers, with the facility to use dual mode handsets, either as mobile phones outside the office or as wireless applications in the office;

- Additional spectrum in the DCS 1800 band will be reserved for the two PCN operators, One 2 One and Orange until at least December 1997;

- Vodafone and rennet to plan for the complete migration of services to their digital networks and for the eventual closure of their analogue networks by 2005.
Allocation of DCS 1800 spectrum to Vodafone and Cellnet

The Government considers that Vodafone and Cellnet have both made a number of innovative proposals to provide wireless services using the DCS 1800 standard. These include plans to provide corporate customers with the facility to use dual mode handsets, either as mobile phones outside the office or for wireless applications in the office and later on extending these services to smaller businesses and possibly the residential sector. These plans involve very substantial investments of several hundred million pounds in new infrastructure over the next few years.

The Government therefore proposes to offer Vodafone and Cellnet the 2 x 11.5 MHz, identified in the consultation document, to be shared equally between them. The two operators will need to work with the Radiocommunications Agency together with the Home Office and Scottish Office to clear the band and be fully responsible for any costs which are incurred. The Government proposes to review in three years time the progress that has been made towards services being offered in this part of the band to ensure that the operators are making use of the spectrum.

Reservation of DCS 1800 spectrum for the PCN operators

The Government confirms that the 2 x 10 MHz of spectrum in the DCS 1800 band, as identified in the consultation document, will be reserved for the two PCN operators, One 2 One and Orange until at least December 1997. This spectrum will be allocated to them when they can show a demonstrable need for it. In confirming this decision, the Government wishes to make it clear that the PCN operators can also make use of their existing or reserved DCS 1800 spectrum for innovative wireless purposes, provided these services also conform to the DCS 1800 standard. The DTI would welcome an early approach from either PCN operator for the allocation of this reserved spectrum, if it were needed for such services.

Third Generation Mobile Phone Services

A number of the responses received sought further clarification of the Government's licensing proposals for the next, or third, generation of mobile phones, expected to begin to enter service following the turn of the century. The Government wishes to pay tribute to the work of a number of industry groups which are contributing towards the definition of third generation system requirements and international standardisation, looking towards licensing the future third generation mobile operators.
The Government considers that this work is vital if we are to repeat the success of GSM and also produce the advanced mobile services that customers will want to use in the early years of the next century. The Government fully recognise the importance of this work if the UK is to maintain its world lead in mobile telephony.

The Government therefore confirms that although there will need to be a competitive process for licensing third generation operators, in principle it sees no reason why existing mobile phone operators should not be free to compete for a licence. Of course any licensing round must take into account any policies which may have been introduced on spectrum pricing, as indicated in the White Paper "Spectrum Management Into the 21st Century" and the Government would of course need to take into account any competition issues or concerns raised by the European Commission.

The Government is determined to work towards an appropriate regulatory framework and spectrum allocation for third generation systems, in conjunction with the industry's progress towards developing an understanding of future customer requirements and technical standards.

**Migration to GSM and TACS network closure**

The Government has carefully considered the need for Vodafone and Cellnet to plan now for the eventual closure of their analogue networks by 2005. Ten years from now third generation phones will be entering service and it would be wrong for the analogue TACS service to continue to use scarce spectrum which could be of value to other users. The Government therefore confirms its proposal that the migration to digital GSM should, in principle be completed by 2005. The Government proposes to conduct a review in the year 2000 of what other existing or new services may make use of spectrum released by the closure of the TACS network. The proposed closure date assumes that demand for other services at 900 MHz will exist, and that equipment capable of operation in both the core and extended GSM frequency bands will be available at the time of the review.

Finally a number of the responses raised detailed spectrum issues. These will now be followed up with those concerned, in the light of the decisions which have been announced.

Department of Trade and Industry
15 July 1996