



The department for Enterprise
Press Notice

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LORD YOUNG ANNOUNCES BOOST FOR MOBILE PHONES

Trade and Industry Secretary Lord Young today announced plans for the mobile phones market that will mean more investment and jobs for the telecommunications industry.

In an oral statement to the House of Lords, Lord Young

said:

"My Lords, with your Lordships' agreement I shall make a statement about personal communication networks. The statement covers Telepoint, greater access to channels for cellular telephones and new personal telecommunications networks.

"Firstly, as Your Lordships know, on 22 September last year we invited applications for up to four licences to run Telepoint systems. These will allow subscribers to make outgoing telephone calls from public places and other locations, wherever Telepoint base stations have been installed, using their own portable digital cordless handsets.

"Based on advice from the Director General of Telecommunications, I have concluded that four Telepoint licences should be awarded." The licences are to be granted to:

Ferranti;

A Philips/Barclays/Shell consortium

A consortium involving STC, British Telecom, French Telecom and Nynex and

A grouping involving the Motorola/ Shaye consortium together with Mercury.

"I congratulate them. I expect the first commercial Telepoint systems to be in operation within a few months.

"I have already made clear that, at the outset, the new licensees will be free to use existing proprietary equipment to bring systems into operation quickly. But I want to give the user freedom of choice of equipment. So from the end of 1990, the licensees will be required to support a common standard which will allow the customers of any service operator to make their own choice of handset from amongst those available on the market. And from mid 1991 or such later date as the Director General may determine, the user registered with one system must be able to communicate via the base stations of any of the others.

"One specific question which both the Director General of Telecommunications and I have considered with care in the light of representations made has been whether or not a Telepoint license should be granted to a consortium involving British Telecom. We have decided that British Telecom should be allowed a minority interest in one of the licenses subject to additional safeguards which will ensure that neither it nor the licensee obtains unfair advantages. A similar shareholding limitation and appropriate safeguards will also apply to Mercury.

"I have also had in mind the special needs of the disabled. I shall be requiring the licensees to make available on a commercial basis handsets which make provision for those whose hearing is impaired.

"The Director General will keep the market under review and he will advise me of any changes to the regulatory regime which experience shows to be necessary. Where appropriate he will initiate these himself using his own considerable powers under the Telecommunications Act 1984.

"My second announcement concerns the two cellular radiotelephony networks run by Cellnet and Racal-Vodafone. Strong growth in demand has led to congestion on both networks during peak periods, in particular in the area bounded by the M25.

"I am pleased to announce today that the 400 channels, before now reserved for MOD use, except in the area of central London, will be made available, subject to certain detailed constraints, over the whole area embraced by the M25. Together with the operators' own further investment this should help ease the difficulties which users have experienced particularly in outer London. I am most grateful to my Rt. Hon. Friend the Secretary of State for Defence for his co-operation on sharing the spectrum. I hope that, as technology permits, other sharing schemes will be possible.

"These measures will reduce cellular network congestion and allow continuing rapid customer growth. They will not of themselves add to competition in the market with the potential for customer benefits which competition can bring. In August 1987 we announced the arrangements for UK participation in the pan-European cellular system. We made clear then that the Government would keep under review the opportunities after the pan-European system has come on stream in 1991 for licensing one or more further national cellular radio telephone operators in other parts of the spectrum.

"My third announcement is that I am issuing today a discussion document - "Phones on the move, Personal Communications in the 1990s" - which we shall be considering with interested parties. Copies are being placed in the Libraries of both Houses.

"In that document we propose the licensing of at least two new public mobile telecommunications operators in the early 1990s by which time the pan-European digital system is expected to be on stream. They would operate within the frequency range from 1.7 to 2.3 Gigahertz. Their networks would not be the same as the existing cellular systems but would compete with where we expect cellular systems to be in the 1990s. They would be new networks based on digital personal communicators so linking and developing both the cellular and Telepoint concepts.

"I shall be looking for innovative ideas to be put to us during the three month consultation period that will follow today's statement and will wish to consult widely, both in the UK and in the rest of Europe before finalising the details. Even so depending on the outcome from the consultation period I envisage a timetable which could permit the selection of prospective operators by the end of this year to enable the necessary development work to start.

"The selection would be through a competition on similar lines to Telepoint, again with Professor Sir Bryan Carsberg as the assessor who will advise me on the merits of the claims being put forward. I shall make a further announcement on this after we have decided on the ideas put forward.

"I believe that these decisions I am announcing today, namely the immediate extension of the availability of the 400 channels, to go ahead for the four Telepoint operators now selected and the invitation to industry to join with us in the definition and development of the next generation of personal communications systems at the new frequencies will mean investment, infrastructure development and jobs.

"I am sure Your Lordships' will welcome this, not only in its own right, but also because it will strengthen the UK's position as a world leader in telecommunications."

Press enquiries: 01-215 5068

Public enquiries: 01-215 4751