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DEPARTMENT OF TRADE AND INDUSTRY  
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From the Minister of State  
for Industry and Information Technology

- Copies to:
- ✓ PS/Prime Minister
- PS/Secretary of State
- PS/Mr Butcher
- PS/Sir Brian Hayes
- Mr Croft
- Mr Macdonald
- Mr Willott
- Mr Martin
- Mr Smith - IT1

ON FILE

RT HON KENNETH BAKER MP

Peter I Marshall Esq FCA  
Deputy Chief Executive  
The Plessey Company plc  
Millbank Tower  
LONDON SW1P 4QP

| March 1984

Thank you for your letter of 22 February with which you enclosed a report of your discussions with M. Dondoux, Director General of the French PTT. I am also replying on behalf of Norman Tebbit to whom you also wrote.

Roy Croft had a meeting with M. Dondoux on 22 February after the discussions with British Telecom. M. Dondoux spoke in terms very similar to those which you report. As I am sure you are aware, BT is still evaluating the E10. Until they have completed their evaluation we are not in a position to take our discussions with the French Government a great deal further. I recognise the importance of an arrangement with the French to Plessey (and also to GEC) but I am sure that you will recognise in turn that if we are to reach a satisfactory agreement at the end of the day we need to carry British Telecom with us. My officials have agreed to meet again with M. Dondoux once BT has concluded its evaluation.

I have asked my officials to ensure that they continue to keep in close touch with Plessey, GEC and BT on this matter.

KENNETH BAKER

M34/M34AAZ

Post + Telecoms: Future pt 8

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AT



de VC

10 DOWNING STREET

*From the Principal Private Secretary*

22 February 1984

I enclose a copy of a letter which I have received from the Deputy Chief Executive of Plessey, together with my acknowledgement.

E. E. R. BUTLER

Callum McCarthy, Esq.,  
Department of Trade and Industry.



JO R  
COT

10 DOWNING STREET

*From the Principal Private Secretary*

22 February 1984

Thank you for your letter of 22 February enclosing a copy of your letter of the same date to Sir George Jefferson about your offer of System X to the French PTT. The Prime Minister will be interested to see this.

E. E. R. BUTLER

Peter I. Marshall, Esq.

PETER I. MARSHALL F.C.A.  
Deputy Chief Executive



The Plessey Company plc  
Millbank Tower · London  
SW1P 4QP

22nd February, 1984

F.F. Robin Butler, Esq.,

10 Downing Street,  
London SW1.

Dear Mr Butler,

We have made proposals to the French PTT to supply System X equipment and I visited Paris last Friday to discuss the position with M. Jacques Dondoux.

I have discussed the position with Sir John Clark, who is presently in Australia, and he asked me to write to you enclosing a copy of my letter to Sir George Jefferson expressing our views of the proposal.

Sir John thought that whilst it is not the practice of Plessey to trouble your office in the normal course of events, this matter is of such national importance that you may wish to bring the subject to the attention of the Prime Minister.

Yours sincerely,

P.I. Marshall  
Deputy Chief Executive



PETER I. MARSHALL F.C.A.  
Deputy Chief Executive



The Plessey Company plc  
Millbank Tower · London  
SW1P 4QP

22nd February, 1984

Sir George Jefferson, CBE,  
Chairman,  
British Telecommunications,  
2-12 Gresham Street,  
London EC2V 7AG.

Dear Sir George,

France

I had the pleasure of meeting Jacques Dondoux last Friday, in Paris, at his request to discuss our offer of System X to the French PTT.

As you are aware, Sir John is presently in Australia and was therefore unable to attend the meeting, but I have subsequently discussed the matter with him. We both take the view that the meeting was of such significance with important national implications that we should convey its content directly to you. Sir John has instructed me to inform you of the substance of the meeting and to advise the Secretary of State, Mr Tebbit and the Minister, Kenneth Baker, at the same time.

Jacques Dondoux stated that the French PTT are now prepared to purchase System X for their network provided British Telecom purchase the E 10-B system. He added that their proposals had the support of the President and the French people and it was seen as a moment of history in Anglo-French affairs and a major event in the history of European industrial collaboration.

I understand that you are due to meet with M. Dondoux and therefore I wished to let you know Plessey's view prior to that meeting.

We see great benefit for British industry in this plan:

- The first true pan-European collaboration in telecommunications in public switching, of a significance necessary to compete with North American and Japanese interests.
- System X would be adopted by the French PTT, which will greatly enhance its credibility in the eyes of other overseas telecommunications administrations. This would improve the prospects of lower unit prices over the years ahead.
- The adoption of System X as a competitive system by the French PTT could offer similar attractions of a second source to the existing world markets already penetrated by the E 10.



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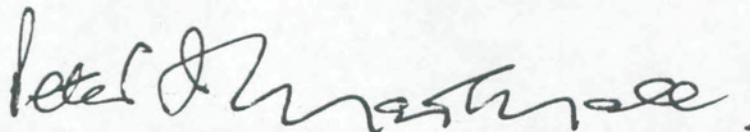
- The UK manufacturers will obtain a quid pro quo in France for the market entry given to CIT in the UK which would be unlikely to happen with any other second supplier you might chose with the possible exception of Siemens.

We believe that if this plan is not adopted then France will seek, and find, a partner elsewhere. This could then provide that partner and its country with the benefits I have already outlined and place the UK in a more isolated position.

We therefore support the plan to use System X and E 10-B as second source switching products in France and the UK respectively, and believe that this is in the best interests of British industry.

Please let me know if you would like any further information or if I can help in any way.

Yours sincerely,



P.I. Marshall  
Deputy Chief Executive

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