

MEMORANDUM FOR CABINET BY THE  
HON. MINISTER OF TRADE, INDUSTRY AND AGRICULTURE

Radio Link between Malta and Italy

On 30th January and 3rd April 1969, Hon. Ministers had approved recommendations made by this Ministry regarding the desirability of improving Malta's external telephone communications and for this purpose they had approved the suggestion that a delegation headed by the Postmaster General be authorized to enter into detailed negotiations with the Italian Administration.

2. The discussions between the two sides were held in Rome from the 19th May to the 3rd June 1969 and it was agreed that the Italian Administration was to supply and instal a Radio Link between Malta and Sicily and to supply and instal an international telephone exchange in Malta for the introduction of a semi-automatic and subsequently a fully automatic telephone service with Italy and later with other countries. A draft Agreement was drawn up by the Italian Administration to cover the implementation of the project.

3. The Italian side have offered to give an interest-free loan to cover the cost of the Radio Link estimated at £340,000 and the loan of suitable equipment for the semi-automatic service (estimated value £8,000) which, if eventually kept by Malta will have to be paid for under the same conditions as for the Radio Link. Connected with this offer are three main conditions as stated hereunder:-

- (a) that the provision of the equipment for the Radio Link will be restricted to Italian producers through tenders prepared and adjudicated upon by a joint Italo-Maltese technical commission;
- (b) that the Radio Link will henceforth be the primary link in communications between

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Malta and the outside world;

(c) that the validity of the Agreement be fixed at 25 years.

4. The draft agreement - which will eventually be submitted to Crown Advocate General for vetting - has been referred to both the Ministry of Finance, Customs and Port and to the Economic Planning Division of the Office of the Prime Minister. The latter has agreed that there is a need for the proposed Radio Link and consider that the method of financing is a sound one. On the other hand, the Ministry of Finance, Customs & Port has not yet submitted its comments. As the matter is considered to be very urgent it was felt that further delay in finalizing it might prejudice the chances of obtaining the very favourable terms offered by the Italians. This is the reason why the Memorandum has been forwarded without waiting for the comments of Ministry of Finance, Customs & Port.

5. It is obvious that as the present H.A.T.O. cable has proved inadequate for Malta's needs, the proposed Radio Link seems to be the answer and should be accepted.

6. As regards the method of financing there is nothing to be said against it except that legislation will have to be enacted for a relatively small sum, of which nearly 43% will be recovered from Cable and Wireless Ltd. under the terms of the renewal of their licence which is currently being negotiated.

7. As regards the three conditions mentioned in paragraph 3 above, it is submitted that (a) is only reasonable since it is very desirable that the equipment in Malta and Sicily should originate from the same source. As regards (b) the Maltese side have asked and obtained an Amendment under which Malta will undertake to utilize as much as possible the Radio Link as a primary route. As regards (c) the Italians have already expressed their willingness to reduce the validity to 20 years which period could perhaps be reduced further to 17 years if the Italians agree.

8. In the light of the foregoing Hon. Ministers are asked to approve that:

(a) the Radio Link project and the attendant semi-automatic external telephone service should be proceeded with and for this purpose to authorize the Postmaster General to finalize

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the agreement and sign it on behalf of the Malta Government - after the agreement has been vetted by the Crown Advocate General;

(b) the method of financing suggested by the Italian side should be accepted i.e. an interest-free loan to cover the cost of the Radio Link which loan will be repayable during a period of 15 years and the free loan of equipment for the semi-automatic external telephone service, whose value - if retained by the Malta Government - will be repaid on the same conditions and terms as the loan;

(c) the enactment of the necessary legislation in terms of the Financial Administration and Audit Act;

(d) conditions mentioned at (a), (b) and (c) of paragraph 3 above be accepted and that with regard to Condition (c) efforts will be made during the course of the final negotiations to reduce the validity of the agreement to the shortest period acceptable to the Italian side.

L-ARKIVJI NAZZJONALI TA' MALTA

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