

MEMORANDUM BY THE HONOURABLE MINISTER OF TRADE,
INDUSTRY AND AGRICULTURE

AGREEMENT WITH THE ITALIAN GOVERNMENT FOR THE
IMPROVEMENT OF MALTA'S TELECOMMUNICATIONS WITH
ITALY AND OTHER COUNTRIES

On the 18th June, 1970, Honourable Ministers
gave their approval for:

- (a) the finalisation of an agreement with
the Italian Government for the improvement
of Malta's telecommunications with Italy
and other countries and for the acceptance
of an interest free loan to the amount of
£340,000 payable in not more than 15 years
for the financing of the necessary projects,
and
- (b) the enactment of the necessary legislative
measures to cover the raising of the loan as
required by the Financial Administration and
Audit Act.

2. The agreement was signed on behalf of the
Government of Malta by the Postmaster General in Rome on
the 9th September, 1970. As the agreement is subject to
ratification by the two Governments, in view of the very
urgent need that exists for the projects, an additional
protocol was also signed to enable the two Administrations
to proceed with the issue of the tenders. A copy of the
agreement and additional protocol is attached as is also
a summary thereof.

/The agreement

3. The agreement includes a number of amendments which were proposed and accepted during final negotiations. The two most important are a reduction of the period of the validity of the agreement from 25 to 15 years and an increase in the loan from £340,000 to £604,000. The loan has been increased to allow for a revision of the estimates which had been made months before and also to cover the financing of the cost of modifications and additions required to be made in present exchanges for the operation of an automatic service, which otherwise would have had to be financed right away from local funds. In the agreement, however, the increase of the loan has been accepted subject to approval by the Government of Malta.

4. The cost of the projects to be financed by the loan is estimated as under:

(a) Radio Station	£173,000
(b) International exchange	£253,000
(c) Modifications and additions to present exchanges which may include a transit exchange to adapt them for international switching	£170,000
(d) Equipment for semi-automatic service	£8,000
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	£604,000
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5. Cabinet Ministers have already given their approval for the inclusion in the Third Development Plan (page 86) of the above projects to their full cost of £604,000, and for the financing of

same by the said loan. Before the agreement can be ratified, however, there still remains to be enacted the necessary legislative measures for the sanctioning of the loan as required under the Financial Administration and Audit Act.

6. These legislative measures may consist of either of the following:-

- (a) an enactment of an ^{ad.} hoc Act on the lines of the Italian Government Loan Act;
- (b) the amendment of the Malta Development Loan Act. Loans under this act as it now stands can only be raised after the relative expenditure has been appropriated and incurred. The provision of this Act lapses on the 31st March, 1971;
- (c) Resolution in Parliament under the Italian Government Loan Act. This act unlike the Malta Development Loan Act permits loans to be raised even in anticipation of any appropriation and incurrence of expenditure. The resolution is only necessary as provided under the same Act to increase the maximum amount of loans that can be raised from the Italian Government.

7. Measures (a) and (b) would require a

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somewhat lengthy procedure and, therefore, the most expeditious of the three would appear to be measure (c). In the opinion of the Ministry of Finance, however, this measure might also not prove practicable for apart from the time a Resolution in Parliament would require, in an exchange of letters with the Italian Government, and in piloting the relative Act through the House of Representatives, it had been expressly agreed and stated that the loan was meant solely to cover the cost of extending the capacity of the Central Power Station in Malta.

8. The difficulties raised by the Ministry of Finance are very much appreciated but the urgency of the need that exists for the project does not permit any further delay. The completion of the project would require more than two years from the issue of the relative tenders. The finalisation of the tenders will alone require from 9 to 10 months. Telephone traffic is increasing at the rate of 35% per annum. There is already a considerable congestion of traffic and the British Post Office have asked for the immediate addition of six more circuits which are not available. The Deutsche Welle who are erecting a radio station here have asked for two circuits in early 1972. These circuits will also have to be provided on the Radio Link.

9. The Postmaster General has made a proposal that pending the enactment of the necessary legislation as a result of which it would be possible to ratify the

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agreement, authority be given for the preparation and issue of the relative tenders which, of course, shall under no circumstance be accepted before the necessary legislative measures are taken and Finance approval is obtained.

10. Italian Officials have advised that under their tender procedure the tenders would require 2 months for publication, 2/3 months will have to be allowed to firms for tendering and 5/5 will have to be reserved for adjudication, a total of from 9 to 10 months which will allow enough time for the enactment of the required legislation. Italian Officials have also advised that in Italy the issue of exploratory tenders that is tenders issued solely for the purpose of ascertaining market prices is a very common practice of which Italian firms have full knowledge and they fully cooperate. In case, therefore, that during the said 9/10 months the required legislation would have not been enacted, firms would be asked to allow the Administration further period for consideration which they would most probably do, and failing this the tenders will be rejected.

11. The Ministry of Finance, however, seem to have their doubts about the practicability of this proposal also. In their opinion in present day circumstances it would be somewhat premature to proceed with the issue of the tenders and for the time being the question should, therefore, be held over and it be explained to the Italian Government that legislative requirements preclude the

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ratification of the agreement for the time being.

12. With all respect for the views of the Ministry of Finance, it is felt that the need for the project is so pressing that in case the passing of a Resolution in Parliament under the Italian Government Loan Act 1968 would not be possible, at least the Postmaster General should be authorised to proceed with the issue of the tenders. In this way while following the usual Official tender practice in Italy, the Government of Malta would not be in any way committed and a number of very precious months will not be lost.

13. Honorable Ministers are, therefore, asked to consider the possibility of passing a Resolution in the House of Representatives under the Italian Government Loan Act, as a result of which the ratification of the Agreement and its implementation could be proceeded with, and if for any reason resort to this legislative measure is not considered advisable, to approve that:

- (a) the Postmaster General be authorised to notify the Italian Administration that Government has accepted the increase of the Loan and that the agreement will be ratified as soon as covering legislative measures will be enacted;
- (b) the required tenders be prepared and issued by a joint committee of Maltese and Italian Officials on condition that the tenders will under no circumstances be accepted before the

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necessary legislation is enacted and the agreement ratified and specific approval by the Ministry of Finance is obtained;

- (c) as soon as the legislative measures are taken, action for the ratification of the agreement will be taken.

March, 1971.

L-ARKIVI NAZZJONALI TA' MALTA

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MEMORANDUM BY THE HONOURABLE MINISTER OF TRADE,
INDUSTRY AND AGRICULTURE

SUMMARY OF AGREEMENT WITH THE ITALIAN GOVERNMENT FOR THE
IMPROVEMENT OF MALTA'S TELECOMMUNICATIONS WITH ITALY AND
OTHER COUNTRIES

- 1) A radio link shall be established between Malta and Sicily;
- 2) The cost of the radio station and other projects in Italy shall be borne by the Italian Administration;
- 3) a) The Italian Administration shall also provide and install in Malta initially at its own expense, a radio station and an international telephone exchange with other related equipment;
- b) The Italian Administration will also at the request of the Maltese Administration make all necessary modifications and additions in existing exchanges for the operation of an automatic service with Italy and other countries;
- 4) The cost to be incurred by the Italian Administration on the supply and installation of the equipment in Malta including also that of the modifications and additions in existing exchanges shall be considered as an interest free loan to the Maltese Administration, payable in not more than 15 annual

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instalments starting one year after the commissioning of the radio link;

- 5) The equipment shall be purchased in Italy after a call for tenders which are to be prepared and adjudicated by a joint committee of Maltese and Italian Officials;
- 6) The building and other civil engineering works in Malta shall be carried out by the Maltese Administration at its own care and expense;
- 7) Pending the installation of the radio link and the international exchange, a semi-automatic service will be introduced with Italy on existing channels with equipment to be loaned by the Italian Administration valued at about £8,000;
- 8) The agreement is subject to ratification. It has a validity period of 20 years but it may be renounced after 15 years if due notice is given before the lapse of 14 years from its coming into force;
- 9) The total loan provided for under (4) and (8) above is estimated to be in the region of £604,000. The exact amount can only be determined after the finalisation of the tenders;
- 10) An additional protocol was also signed

/whereby/

whereby, where possible and without prejudice to the ratification clause, certain provisions in the agreement such as the leasing of the equipment for the semi-automatic service and the issue of the tenders may be put into effect even in anticipation of the exchange of the instruments of ratification.

AGREEMENT
BETWEEN THE GOVERNMENT OF MALTA AND THE ITALIAN
GOVERNMENT FOR THE DEVELOPMENT OF TELECOMMUNICATION
SERVICES BETWEEN THE TWO COUNTRIES

The Government of Malta and the Italian Government,
with the object of improving and expanding telecommunication
services between their two countries,

after promising:

- that the present links of direct telecommunication between
the two countries are only provided by an existing
submarine cable Sicily (Pozzallo) - Malta;
- that on the basis of forecasts for the immediate future
the capacity of the said submarine cable must be considered
inadequate for the increases foreseen in the traffic
between the two countries;
- that this increase in traffic requires the early institution
of a semi-automatic and automatic service between Malta
and Italy;
- that it will be also opportune to improve the telecom-
munication services between Malta and the main countries of
the European and extra-European Zones via the Italian network;
- that the Contracting Parties, for the said purposes,
propose to establish between the two countries, in addition
to the existing submarine cable, a radio link of adequate
capacity that would ensure a high quality and reliable
service; and to improve and extend the existing terminal
transmission and switching installations;
- that the various sections of the said radio link will be
interconnected and interdependent and together they will
constitute an international trunk route between the two
countries,

have agreed as follows:

Article 1

(a) In compliance with the provisions of this Agreement a radio link shall be designed, built, installed and maintained in service with the required efficiency between Italy and Malta;

(b) For the purposes of this Agreement the radio link will be composed of the following parts:

Part A : An Italian terminal radio station situated on Monte Lauro in the province of Siracusa (hereinafter referred to as "Monte Lauro Station"), which part will consist of:

- (i) An adequate site with the necessary ways of access thereto, for the construction of a building for the radio terminal equipment, and for the construction of any other building necessary for the operation and maintenance of the said equipment;
- (ii) The terminal transmitting and receiving equipment for the radio link;
- (iii) The necessary equipment for the power supply and for the operation and maintenance of the station.

Part B : A terminal Radio Station at Malta situated at Naxxar (hereinafter referred to as "Naxxar Station"), which will consist of:

- (i) An adequate site with the necessary ways of access thereto for the construction of a building for the radio terminal equipment, and for the construction of any other building necessary for the operation and maintenance of the said equipment;
- (ii) The terminal receiving and transmitting equipment for the radio link;
- (iii) The necessary equipment for the power supply and for the operation and maintenance of the station.

(c) The radio link which shall conform to the Recommendations of the International Radio Consultative Committee (hereinafter referred to more briefly as CCIR), will operate in the 2 GHz band and will initially consist of two radio channels (normal and stand-by), extensible to six radio channels, each capable of carrying 960 telephonic circuits.

Article 2

(a) At the Birkirkara Exchange, Malta, suitable multiplex and signalling equipment will be installed.

(b) The multiplex equipment will be supplied with:

- Carrier frequency generators with reduced capacity (180 circuits);
- Circuit modems for 15 primary groups;
- Modems for 15 groups and 3 supergroups;
- Apparatus for regulation and pilot insertion.

(c) The signalling equipment will consist of 144 4-wire units, 120 of which will operate in accordance with signalling code No.4 or R2 of the International Telegraph and Telephone Consultative Committee (hereinafter referred to more briefly as CCITT), and 24 in accordance with the simplified Italian code.

(d) The interconnection between Naxxar and Birkirkara shall be effected by means of a coaxial cable.

Article 3

(a) The circuits in both directions for international traffic between Malta and Italy as well as for both European and intercontinental transit traffic via Italy for which Malta shall be designated as CT3, shall be equipped with CCITT code No.4 or R2 signalling units and will be routed via CT2 international transit centre of Rome.

The transit through Rome, of the said international traffic will be carried out according to CCITT routing Recommendations.

(b) In view of the volume of traffic existing between Malta and the Catania telephone Zone direct circuits in both directions between Catania and Malta will also be established, employing the simplified Italian signalling code.

These circuits will serve to carry the traffic outgoing from, and incoming to, Malta as well as that outgoing from, and incoming to, all the telephonic zone at Catania with overflow facilities via Malta-Rome circuits (mentioned under paragraph (a) above).

The telephonic zone of Catania will be identified by the Italian regional dialling codes 95 - 93X - 94X - 90.

Article 4

(a) To enable the institution of the aforementioned semi-automatic and fully automatic international service, an international automatic exchange at Birkirkara shall be installed, which will consist of the following equipment:

- (i) A manual switchboard consisting of ten operators' positions, a supervisory position and other accessories;
- (ii) 120 code translators for CCITT signalling code No.4 or R2 (60 outgoing and 60 incoming), 24 code translators for simplified Italian signalling code (12 outgoing and 12 incoming) and 30 for manual circuits, complete with frames;
- (iii) An international 2-wire automatic switching exchange consisting of electro-mechanical selectors, complete with metering units;

(iv) A testing position complete with the necessary equipment.

(b) Other characteristics of the exchange will be established during the preparation of the technical specifications to be undertaken jointly by the Contracting Parties.

Article 5

(a) The "Azienda di Stato per i Servizi Telefonici" (hereinafter referred to as the Italian Administration), shall provide at its own care and expense for the realization of the Italian Station mentioned in paragraph (b) of Article 1 as Part A of the entire radio link.

(b) The equipment for the Naxxar Station and Birkirkara international exchange shall be provided by the Italian Administration. The Italian Administration shall provide in the manner stated in Article 9 of this Agreement:

- (i) For the supply, transport and installation of the transmitting and receiving radio equipment, the power supply equipment, and the aerial tower at Naxxar;
- (ii) For the supply, transport and installation of the multiplex and signalling equipment;
- (iii) For the supply, transport and installation of the automatic and manual equipment of the international exchange of Birkirkara;
- (iv) If requested by the Maltese Administration, for the necessary modifications to the existing exchanges in Malta and for the supply and installation of the additional equipment required for the operation of a fully automatic service.

(c) The Italian Administration shall also advance to the Maltese Administration, the extra cost that will be required to supplement the 4 tubes coaxial cable which the Maltese Administration has already projected to lay between Naxxar and Birkirkara,

with two other tubes to link the Naxxar Station to the Birkirkara International exchange as provided under paragraph (d) of Article 2 above.

Article 6

The Maltese Administration shall provide at its own care and expense for:

- (i) The acquisition of the required sites;
- (ii) The predisposition of the premises, and the execution of the civil engineering works required for the installation of the apparatus and aerial tower mentioned in Article 5 above.

Article 7

(a) The equipment and installations mentioned in paragraph (b) of Article 5 above shall remain the property of the Maltese Government.

(b) The Maltese Administration even during the period of this Agreement shall have the power to dispose, if and as it will consider it opportune for the operation of its international telecommunication services, of the equipment and installations mentioned in paragraph (b) of Article 5, in favour of any person, company, organisation or authority, provided however that thereby the obligations, rights and responsibilities of the Maltese Administration under this Agreement shall remain firm.

Article 8

(a) The total cost of the supply and installation of the equipment and other works mentioned in paragraph (b) of Article 5 above is tentatively estimated as follows:

- (i) Supply and installation of the Naxxar Station, supply and laying of the cable Naxxar-Birkirkara and supply and installation of the multiplex equipment at Birkirkara: Lit. 260,000,000;
- (ii) Supply and installation of the equipment at Birkirkara International Exchange: Lit. 380,000,000;
- (iii) Modifications and additional equipment in the existing town exchanges in Malta for the operation of a fully automatic service:
 - limited to Italy: Lit. 150,000,000
 - extended to other countries (including Italy): Lit. 250,000,000.

(b) The costs indicated in the preceding paragraph comprise all the costs for the realization of the said project and will include amongst others the cost of planning, drawings, materials, constructions, spares, controls, installations, works related to supply and installation, supervision, general expenses and insurance. Customs dues and duties shall be borne by each Party according to the laws and regulations in force in each respective Country.

(c) The exact amount of the costs for the purposes of Article 9 hereunder, shall be that resulting from the final prices of the contracts which will be drawn up by the Italian Administration in accordance with Article 10 of this Agreement.

Article 9

(a) The expenditure specified in the preceding Article 8 shall be considered as an interest free loan made by the Italian Administration to the Government of Malta.

(b) The loan shall be repaid by the Maltese Administration in not more than fifteen annual instalments, the first instalment falling due one year after the commissioning of the radio link.

Article 10

(a) The Italian Administration, for the construction, supply and installation of the equipment, and other works indicated in Article 5 above, shall invite tenders from among qualified Italian Firms, which tenders shall include the technical specifications and conditions to be agreed upon between the two Administrations. The offers that will be received shall be submitted by the Italian Administration for adjudication to a Technical Committee to be composed of representatives of the two Administrations.

The contracts with the successful firms will be drawn up and signed by the Italian Administration.

(b) The Technical Committee referred to under paragraph (a) of this Article, shall also carry out the supervision and approval testing of the equipment and works before the actual delivery is officially made by the contractor or contractors and will determine the exact cost to be paid to the said contractor or contractors.

Article 11

The Maltese and Italian Administrations shall do everything in their power so that the plant and equipment which form the subject of this Agreement will be commissioned within 18 months from the date on which this Agreement will come into force.

Article 12

(a) Until the Maltese Administration may dispose of the international exchange mentioned in Article 4 above, and hence of CCITT No.4 or R2 signalling circuits, by means of equipment to be provided by the Italian Administration, a number of circuits

between Malta and Rome, Malta and Milan and Malta and Catania shall be provisionally established, utilising the simplified Italian signalling code, so that a semi-automatic service will be established between the two Countries.

(b) The Milan incoming circuits will serve for routing outgoing traffic from Malta directed to those telephonic zones in Italy which are designated by the prefixes 1, 2, 3, 4 and 5; the Rome incoming circuits, on the other hand, will serve routing outgoing traffic from Malta directed to all other Italian zones, including also, as a second choice, traffic directed to the Catania telephone zone. The Malta-Catania circuits will serve as a first choice for traffic directed to the Catania telephone zone.

(c) The distribution of the semi-automatic and manual circuits during the intermediate period will therefore broadly be as follows:

	Manual	Semi-automatic		Total
		Incoming	Outgoing	
Rome-Malta	2	3	3	8
Milan-Malta	2	2	2	6
Catania-Malta	1	1	1	3
Palermo-Malta	1	-	-	1
			Total	18

This distribution, however, may be modified as the Contracting Parties may consider necessary.

(d) If, after the establishment of the permanent service, the Maltese Administration will consider it expedient to continue to make use of the said equipment on a permanent basis, this equipment will be ceded to it and the relative cost shall be considered as a loan subject to the same terms and conditions laid down in Article 9.

To this end, the value of the equipment in question will be conventionally fixed at Lit. 12,000,000.

Article 13

- (a) Each of the Contracting Parties shall carry out, at its own expense, all ordinary and extraordinary maintenance of all the component parts of the radio link installation within its own territory.
- (b) The Maltese Administration shall also be responsible for the operation and maintenance of the international exchange at Birkirkara.
- (c) As regards the maintenance criteria the two Parties agree to refer to the series of Recommendations made in Volumes IV and VI of the CCITT White Book.

Article 14

- (a) Compatibly with the developments of other systems of telecommunication (including those that may emerge from the application of Article 16), the Maltese Administration undertakes to use, as much as possible, the radio link envisaged under this Agreement as a primary route for international traffic from and to Malta.
- (b) The Italian Administration for its part undertakes to provide at the appropriate time the necessary means to ensure the routing of such traffic through its territory.

Article 15

- (a) For the use of direct circuits for traffic between Malta and third countries through Italy, the Maltese Administration, for the first two years shall have the facility to pay the Italian Administration, transit charges related to actual traffic units carried, instead of the normal flat rate rentals for the lease of the circuits.

This facility, however, shall apply only in the case of those countries to which only a single circuit is requested, and shall cease as soon as traffic will be such as to justify a request for additional circuits; it will in any case cease on the expiration of the validity of this Agreement.

(b) For the traffic between Malta and the United Kingdom, the conditions will be established by common agreement between the two Contracting Parties after consulting with the United Kingdom Administration of Posts and Telecommunications.

(c) The flat rate rentals mentioned in the preceding paragraph (a) shall not in any case be higher than those calculated on the basis of the CCITT and the Conference of the European Administrations of Posts and Telecommunications (CEPT) Recommendations.

(d) The Italian Administration, if requested by the Maltese Administration, will offer all assistance for establishing direct telegraphic circuits with exclusive numbering between Malta and third countries.

Article 16

After the radio link mentioned in paragraph (a) of Article 1 has started working, the two Administrations will examine the possibility of expanding, with appropriate means, the capacity of the existing submarine cable Malta-Sicily (Pozzallo) or of laying between the two countries a new submarine cable of larger capacity.

Article 17

Any controversy that may arise in relation to the interpretation or application of this Agreement will be solved through the normal diplomatic channels.

Article 18

(a) This Agreement shall be subject to ratification and shall come into force on the date of the exchange of the instruments of ratification.

(b) It will remain in force for a period of 20 (twenty) years. After 14 (fourteen) years from the date of its entry into force it can be renounced upon one year's notice. The termination of the Agreement, whenever it occurs, does not extinguish the financial obligations referred to in paragraph (b) of Article 9.

In witness whereof the Plenipotentiaries have signed and sealed this Agreement.

Done in Rome this 9th day of September, 1970, in two originals, in English and Italian, both texts being equally authoritative.

For the
GOVERNMENT OF MALTA

(J. Buttigieg)

For the
ITALIAN GOVERNMENT

(A. Ponsiglione)

ADDITIONAL PROTOCOL

On the occasion of the signature of the Agreement between the Government of Malta and the Italian Government for the development of the telecommunication services between the two Countries, without prejudice to what is stated in Article 18 regarding the entering into force of the Agreement, the Parties agree that the provisions of the said Agreement will, when possible, be put into effect as from the date of the signing of the Agreement.

In witness whereof the Plenipotentiaries have signed and sealed this additional Protocol.

Done in Rome this 9th day of September, 1970, in two originals, in English and Italian, both texts being equally authoritative.

For the
GOVERNMENT OF MALTA
(J. Buttigieg)

For the
ITALIAN GOVERNMENT
(A. Ponsiglione)