



Department for
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The Rt Hon Greg Clark MP
Chair
Science and Technology Committee
House of Commons
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Dear Greg

Thank you for your letter of 18 May following the Government's response to your Committee's '5G market diversification and wider lessons for critical and emerging technologies' report on 29 April.

As set out in our response, while this is a complex and long term issue, the Government is working at pace to create and support a more dynamic, innovative and competitive supply base for UK telecoms networks. We appreciate the ongoing challenge and scrutiny of the Committee on this important issue and will continue to update you as we progress the Government's objectives.

A breakdown of initial Government funding to support the diversification strategy

You asked for further detail on how the Government intends to allocate the initial £250 million that has been allocated to deliver its diversification objectives. As you know, we have allocated £50 million to be spent in this financial year, and expect to be able to make initial announcements with regards to this funding in the coming weeks. My officials are continuing to work at pace to develop further proposals for the remaining £200 million. This work is being guided by extensive industry engagement as well as the recommendations of your committee and of the independent Diversification Taskforce. As you will appreciate, this is a complex area and it is important that we take the time to understand the market's requirements fully, as well as engaging with like-minded countries on their plans, as we design our interventions. For this reason, we are not yet able to set out specific details for how we will spend the remaining £200 million.

However, our expectation continues to be that a key element of funding will be to accelerate the development of Open RAN technology to reach sufficient maturity to compete in the UK market. The Government aims to complement the significant research and development (R&D) investment already made by industry in a targeted and appropriate manner in order to address the lack of diversity in critical network functions. We are in the process of designing specific funding opportunities to catalyse the market; further bridge the R&D gap at the mid to high technology readiness levels; and address the divide in access to capital, which has created an uneven playing field for smaller players. These interventions will sit alongside investments that have already been announced, such as the SmartRAN Open Network Innovation Centre (SONIC) and the National Telecoms Lab, as the epicentre of the federated model of interconnected R&D facilities.

Lessons learned from the Government's discussions with overseas partners

The Government is clear that diversification is a global issue which requires a global solution. We have engaged with a number of international partners on a multilateral and bilateral basis, including with Five Eyes partners and through the UK's G7 Presidency.

As outlined in its Digital Ministerial Declaration, following UK leadership on this issue, the G7 has agreed to initiate regular engagement on this issue. This will enable joint learning through the sharing of best practice and help us to identify opportunities to advance long-term collaboration.

For many countries diversification is a nascent policy area. However, clear interest in this work has already been demonstrated by a number of our partners. The Government is encouraged to see other countries taking action to support supplier diversity in the telecoms supply chain and we are working rapidly to identify opportunities for collaboration and shared learning. The Government will continue to watch the activity of partners with great interest and seek to understand where the UK can benefit from and contribute to such action.

Clarifying use of the UK's G7 presidency to establish a specific, standing forum for international co-operation on diversifying the telecommunications market

The UK is committed to working with bilateral and multilateral partners to pursue a coordinated international approach to diversification. This includes collaborating on areas such as shaping standards for open and interoperable telecoms technologies; shared investment in R&D; and supporting scale opportunities for new market entrants.

The UK's Presidency provided an opportunity to initiate discussions on telecoms diversification at the G7. Agreement to collaborate to promote secure, resilient, and diverse Digital, Telecoms, and ICT Infrastructure Supply Chains in the G7 Digital Ministerial Declaration is an important first step in building international consensus.

I have met every G7 country to advance international support for diversification; the US and Japan are particularly supportive. There has also been positive Ministerial engagement with India, South Africa and South Korea. We will continue to work at pace to drive collaboration through the most appropriate and effective international mechanisms, working with government, industry and civil society partners.

The Government will continually assess the need for a standing forum dedicated to telecoms diversification, but in the first instance we will work with our like-minded partner countries to drive early progress and organise an international forum in the autumn.

We are grateful to the Science and Technology Committee, and the independent Telecoms Diversification Taskforce, for the comprehensive set of recommendations on measures we should consider to ensure effective, accelerated and sustainable diversification.

We will continue to develop and deliver targeted measures to deliver our strategy and drive forward the Government's objectives, guided by these recommendations. The Government is working at pace and will continue to set out its specific plans as these are developed.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Oliver Dowden', followed by a long horizontal flourish.

Rt Hon Oliver Dowden CBE MP
Secretary of State for Digital, Culture, Media and Sport