

## EUROPE

Trends: The week has been quite busy in Europe with a large scope of activities ranging from infrastructure developments in Britain and Portugal, telecoms privatisation in Portugal and Belgium, de-monopolisation in Britain, new overseas mobile phone alliances, cross-border audio-visual rapprochement, and further US penetration of the European market. While no striking trend emerges from this flow of information, it illustrates a steady momentum in European multimedia.

## INFRASTRUCTURE

British Telecoms said it is ready to spend almost 20 billion Ecus in setting up an information superhighway connecting British homes, but reiterated its warning that it will only go ahead with its multimedia plans providing British lawmakers lift a ban on BT offering entertainment services.

So far, the British government has abided by the terms of a 1991 white paper imposing restrictions on BT's entertainment activities until 2001. However, BT is lobbying hard to obtain guarantees that the ban will be lifted on the occasion of a 1998 review.

BT is currently spending less than 2 billion Ecus a year on multimedia, including a video-on-demand pilot project.

Filmes Lusomundo, Portugal's largest audio-visual group, has agreed to set up a joint venture with United International Holdings, a subsidiary of America's United Cable Television, to build up a cable TV system in Portugal and eventually provide new interactive services.

The two partners, each of which will have a 50% stake in the new company, hope to begin broadcasting in the Oporto area in 1995 with an initial investment of 45 million Ecus and hope to link up 400,000 households over the next five years.

## LEGISLATION

In the first quarter of 1995, the Portuguese government will privatise 25 to 30% of Portugal Telecom, the company in which Portugal's three public telecoms operators, TLP, Telecom and TDP, will merge in June.

The merger could include Marconi Portugal, a private telecoms company, and will be followed by the search of foreign partners for Portugal Telecom.

The Belgian government will agree around mid-October on a partner for Belgacom, in view of the privatisation of 49% of the national telecoms company which could take place before the end of the year.

About 80 companies are interested in taking part in the privatisation, including France Télécom, Deutsche Telekom, BT, AT&T and Unisource, a group comprising the Sutch, Swiss and Swedish national telecoms companies.

Following a British government's decision to end BT's status of sole intermediary between UK companies and Intelsat, Bravo Eastern Europe Digital Network has become the first direct customer of the world's largest commercial satellite system.

Intelsat transmission capacity has to be purchased through the signatories of the international accord governing the organisation, usually the national telecoms companies.

Beednet, a British satellite broadcaster which in 1992 won the first satellite license in the Czech and Slovak republics, will provide voice, data, fax and TV services in those two countries and plans to expand its operations into Poland, Russia and Kazakhstan.

The British decision follows similar moves by Chile and Argentina. London is also pushing for direct access to Eutelsat, the pan-European satellite organisation.

This event could put more pressure on Comsat, the US signatory of the Intelsat accord which already faces an anti-trust suit filed with the US Federal Communications Commission (FCC), to end its own monopoly.

## MARKET

On May 1, AT&T WorldPlus, a new subsidiary of the leading US long distance operator AT&T, will launch WorldPlus Communication Service, an international business communications service, in Europe and the United States.

WorldPlus Communication will offer services such as calling, billing, E-mail and PC-conferencing for three parties in the user's language.

The service, which will eventually link up more than 40 countries, will first be available in Belgium, France, Germany, the Netherlands, Sweden, Switzerland, the United Kingdom, USA and Canada.

Bell Atlantic, a US regional telecoms company, and STET, the state-owned company grouping Italy's telecoms operators, have agreed to create Stream, a joint venture specialising in multimedia networks.

STET will have a majority stake in Stream, which could eventually be opened to other investors, preferably Italian telecoms, computer and audio-visual groups.

French telecoms equipment manufacturer Alcatel-Alsthom said it will pay 30 million Ecus for a 45% stake in Charmilles, the holding group controlling Swiss cable company Cortailod, which controls Switzerland's leading cable channel Rediffusion.

The move will enable Alcatel, which already controls 25% of Charmilles, to reinforce its cable activities and expand into the audio-visual sector.

Finnish electronics company Nokia has signed a contract worth 150 million Ecus a year to supply mobile phones to AT&T for the US domestic market, thus becoming the US operator's third supplier with Japan's Oki Electronics and NEC.

Nokia is only second after Motorola in both the European and American mobile phone markets with a 21% market share in Europe and 19% in the USA, compared with 30% in both markets for Motorola.

German telecoms equipment manufacturer Hagenuck and Japanese electronics company Toshiba have announced plans to develop together a compact GSM cellular phone for the European, Australian, Latin American and Asian market.

## NORTH AMERICA

Trends: An MCI decision to offer services on the Internet confirms the importance of the network in building up the NII. Separately, competition in mobile telephony is leading to the world's cheapest mobile service, Telego, while with the launch of Lingo, pocket phones' get increasingly multimedia.

## APPLICATIONS

Following the announcement last week of the launch in September of CommerceNet, the first large-scale plan to conduct business over the Internet, the number of value-added services available on the network will further increase with the launch in June by MCI, the second US long distance operator, of a fax service.

MCI will convert E-mail messages into a fax, a telex or even a hard copy delivered by US mail. The service will be available to the 20 million Internet users around the world.

GTE, the biggest regional US telecoms operator and second largest cellular phone operator, said it plans to launch Telego , the cheapest mobile phone service in the USA.

Telego is currently being tested with 3,000 customers in Tampa, Florida, for a monthly fee of \$25 plus 25 cents for each minute of call.

## TECHNOLOGY

Motorola, America's leading mobile phone manufacturer, has presented Lingo, a new pocket-size phone that, in addition to digital wireless telephony, will be able to display 16 pager messages of up to 140 characters in length on a small screen.

Users will also be able to connect a personal computer to Lingo phone in order to transmit data without using a modem.

Japan's electronics company NEC is planning to invest in General Magic Alliance, an American company producing Magic Cap, a software for portable multimedia equipment, as well as Telescript, an intelligent "agent" for data networks.

America's AT&T, Apple and Motorola, Europe's Philips and France Télécom, and Japan's Matsushita, Sony, Nippon Telegraph & Telecom (NTT), Fujitsu and Toshiba are already partners in General Magic.

## ASIA AND PACIFIC

Trends: Following a new Chinese decision to restrict foreign access to its cable TV market, one of the world's most promising communication market tends to further become a forbidden Eldorado.

## INFRASTRUCTURES

The Chinese government said it will restrict foreign companies' ability to establish and operate cable TV stations in China, a decision that will further hamper their ability to take advantage of China's vast potential communication market.

The new regulations will bar joint venture in existing TV operations, forbid the relay of programming via Hong Kong, Macao and Taiwan, and prohibit satellite broadcasting of newscasts, shows and films that haven't been cleared by the Chinese

authorities.

"No reactionary, pornographic or violent programmes, or programmes harmful to state security and social stability may be aired," said Zhou Caifu, director for cable TV at the media ministry. "Cable TV should serve as the Communist party and government's propaganda tool while entertaining viewers".

The move, which amounts to a virtual ban on foreign communication corporations, follows another recent ban on the unauthorised use of satellite dishes.

The content of the press review doesn't necessarily reflect the European Commission's views.