

EDITORIAL

Japan's confused strategy to enter the information age

While the information society is gaining momentum on both sides of the Atlantic, Japan's plans to move towards the information age are looking increasingly confused.

Over the last months, plans to bring information superhighways to Japan have mushroomed, launched both by public and private actors with competing interests. So far, the central government has been unable to impose a coherent approach.

A key player is the Ministry of Posts and Telecoms (MPT), the regulatory authority of the communication sector. It initially wanted information infrastructures to be a major public-funded initiative, but the Ministry of Finance (MoF) opposed its plans on grounds that its cost would plunge the country into deep public debt.

Two weeks ago, an MPT advisory group, the Telecommunication Council, presented a new plan now relying on the private sector for the core investment and on government to provide financial incentives and develop public service applications.

Yet, the new plan could still run into opposition from the Ministry for International Trade and Industry (MITI), the MPT's arch-rival. The MITI's major strength are its strong links with the manufacturing industry.

Nippon Telegraph & Telephone (NTT), which controls 90% of the national market, also has plans to bring info-superhighways to Japan. But its ailing finances prevent NTT from going ahead with its project to wire up Japan by 2015 unless the MPT allows it to raise telecoms tariffs, which it said it won't. Another problem for NTT is that its privatisation has been stalled by a grim economy. It is still 60% owned by the MoF.

On the business side, the picture is also complex as different uncoordinated bodies are tackling the information infrastructure issue: the Keidanren, the entrepreneurs' lobby, the CIAJ, the organisation of communication industries, and the Multimedia Promotion Council, which has just been set up by 11 electronics and communication companies.

Prime Minister Tsutomu Hata, before resigning last week, had decided to put order in the Japanese house by setting up an inter-ministerial co-ordination group which is to meet in July in order to reconcile the MPT and the MITI's views - a

rather challenging task. However, there has been no similar attempt so far to bring the public and the private sectors together.

Ultimately, Japan's ability to launch an integrated approach to pave the way to the information society will depend on the actors' willingness to reach a consensus. A sense of urgency prompted by the progress of America and Europe is likely to accelerate what appears to be a painful process.

EUROPE

Trends: After MCI and Sprint, AT&T also managed to get a foothold in Europe thanks to a partnership with Unisource. The alliance isn't as far-reaching but this in turn will facilitate its clearance by competition authorities. Separately, two major European business lobbies urged the European Council to speed up telecoms liberalisation, while in France, Gérard Théry unveiled more conclusions from his report .

INFRASTRUCTURE

A major hurdle on the way to bringing information superhighways to France is not the cost of optical fibre but the cost of related software, according to Gérard THERY, an expert charged by the French government to present a report on info-superhighways.

According to Théry, who spoke ahead of the release of his report in July, connecting all French households would cost less than twice the cost of the maintenance of existing copper networks: 1.5 billion Ecus a year over 15 years against 0.9 billion Ecus a year.

However, the investment in related software would be three times that of installing optical fibre networks, boosting the total required investment from 23 to 70 billion Ecus.

Théry, who had said previously that only operators such as France Télécom have the financial capacity to wire up France, also called for the launch of half a dozen interactive service trials in France.

LEGISLATION

Two major business organisations, the European employers federation Unice and the European Round Table (ERT), which groups 39 leading European entrepreneurs, have urged European heads of State and government to speed up liberalisation of the communication sectors ahead of the Corfou summit.

The ERT, which is chaired by Carlo DE BENEDETTI, the head of Olivetti and a member of the Bangemann group, called for the dismantling of telecoms monopolies over services and infrastructures by the end of 1995, with the possible exception of voice telephony. It stressed that the current liberalisation process within the Union is too slow.

Unice's report, "Making Europe more competitive - Towards world class performance," is more general and calls for an overhaul of Europe's public sector, including the privatisation of telecoms, postal, energy, transport and social services.

The British Screen Advisory Council, an industry body advising government on audio-visual, film, television and video-related issues, released a report calling for the adoption of safeguards for the media industry ahead of the information age.

Tough competition rules would have to precede any further liberalisation or changes in ownership rules to make sure that the convergence of audio-visual, computers, electronics and telecoms does not lead to dominant positions, and to allow the so called "cultural imperative" - the benefits of public-service broadcasting - to endure.

The Screen Council also called for a flexible approach to the foreseeable changes in the audio-visual landscape, particularly the multiplication of TV channels and the availability of video-on-demand and virtual reality. General principles should be developed to handle the whole phenomenon rather than tackling each activity separately.

MARKET

Unisource, a consortium owned by the Dutch, Spanish, Swedish and Swiss telecoms companies has joined forces with WorldPartners, a carrier created by the US and Japanese long distance operators AT&T and KDD, and Singapore Telecoms.

Unisource and Worldpartners both specialise in offering voice and data services for multinational companies world-wide. AT&T and Unisource already collaborate in supplying private network services to EVUA, a group of 30 European multinationals.

French telecoms equipment manufacturer Alcatel has signed two contracts worth several million dollars with MCI, the second largest US long distance operator, and Southern New England Telephone (SNET), a local US telecoms operator, for the supply of high-speed data transmission systems for their info-superhighways projects.

INFORMATION SOCIETY

The city of Dijon, in France, has launched an experimental public bus transportation positioning system relying on the Global Positioning System (GPS), an American satellite network originally conceived for a military use.

The system means that buses can be tracked during their journeys with a preciseness of 50 metres and will provide passengers in each bus or waiting at bus stops with information on the buses' location on their route.

The Central Computers and Telecommunications Agency, a British government advisory body on information systems, has unveiled a report stating that information superhighways could foster the openness and accessibility of official data.

The document, "Information superhighways: opportunities for public sector application in the UK" lists, amongst other possibilities, access to government reports on statistics, access to job vacancies and the electronic submission of application forms.

NORTH AMERICA

Trends: The future of the information society looks bright. Not only are corporate giants such as AT&T and IBM getting increasingly involved, but they have now been joined by the successful film director Steven Spielberg. Meanwhile, the consolidation of the US cable industry gathers pace with a new deal between Comcast and Hunter.

APPLICATIONS

AT&T, the largest US long distance operator, has formed an alliance with a group of leading American software and computer producers to deliver WorldWorx Solutions, a new video-conferencing system, to corporate personal computer users.

WorldWorx will allow several users using different PCs to see each other while at the same time exchanging data or working together on the same document. IBM, Apple, Lotus Development, Novell, Xerox, Sun Microsystems, Picture Tel and Videoserver have agreed to render their equipment compatible with WorldWorx.

US computer manufacturer IBM has set up a new unit, Networked Applications Services, that will develop new technology for future info-superhighways, in particular services available on PC networks for private, corporate and government customers.

The new services developed by IBM will include the tracking down of users to transmit them messages in any suitable form (voice, data, fax) independently of how they were originally sent as well as collaborative computing, allowing PC users to work together over a network, and electronic commerce.

IBM will also propose equipment, for instance for ATM networks and interactive TV, as well as tailor-made solutions for

corporations with complex needs.

Steven SPIELBERG, the famous Hollywood film producer and director, has agreed to invest in Knowledge Adventure, a Silicon Valley multimedia software company, and collaborate on creating educational software for children.

Spielberg's interest in interactive entertainment software for computers reflects growing ties between Hollywood and Silicon Valley in the multimedia industry.

US computer manufacturer Apple has launched eWorld, a world-wide networking system for users of Macintosh computers supplying services such as electronic mail.

LEGISLATION

Grupo Doms, a private Mexican telecoms company has agreed to buy 49% of Cuba's telecoms state monopoly EmtelCuba for \$1.5 billion and invest another \$2 billion in upgrading Cuba's poor telecoms infrastructure, which currently only supplies basic voice telephony to 3% of the island's population.

MARKET

Comcast, a US cable television and cellular telephony company, will spend \$1.27 billion on buying the US cable operations of Maclean Hunter, a Canadian media group recently purchased by Rogers Communications, the largest Canadian cable operator.

With Hunter's 3.5 million subscribers, Comcast would replace Cox Cable as America's third largest cable TV operator after TCI and Time Warner. The Hunter-Rogers venture has still to be cleared by Canadian competition authorities.

US media giant Viacom is planning to expand the operations of its musical channel MTV Networks into production of cheap movies that could be distributed via Paramount Communications, the Hollywood studio it bought earlier this year.

Viacom will devote \$8 to \$15 million to the production of each MTV film, an amount considered low to moderate by industry standards as the average film costs more than \$25 million, but hasn't yet decided how many movies a year it will produce.

ASIA AND PACIFIC

INFRASTRUCTURE

KDD, Japan's main long-distance operator, has announced plans to invest 8 billion Ecus in developing international information superhighways connecting Asia, the Pacific, the United States and Europe in collaboration with foreign companies such as AT&T.

TECHNOLOGY

Eleven leading Japanese electronics and communication equipment manufacturers have agreed to set up in July a Multimedia Promotion Council aimed at promoting nation-wide standards and push for deregulation of the sector.

The Council groups the following companies: Fujitsu, Hitachi, Matsushita Electric, Matsushita Communication Industrial, Mitsubishi Electric, Nec, Oki Electric, Sanyo Electric, Sharp, Sony and Toshiba.

WORLD-WIDE

MARKET

The global market for telecoms will grow overall by 75% between 1990 and the year 2000, including a yearly growth of 4% for equipment (\$100 billion in 1993) and 6% for services (\$472 billion in 1993), according to the latest figures of Idate (Institut de l'audiovisuel et des télécommunications en Europe).

Asia (Japan excluded) and Latin America's overall share will have the strongest growth, respectively from 7.6 to 10.3% and from 4.6 to 5.2%, while North America's share will plummet from 33.2 to 29.5% and Europe's slightly decline from 25.3 to 24.1%.

The core of the growth of services will come from data transfer, from 10.9 to 19.1%, and mobile communications, from 5.7 to 12.8%. Idate notes however that forecasts for the mobile sector lack reliability.

The content of the press review does not necessarily reflect the European Commission's views.