

EUROPE

Trends: In the last three weeks, the more striking news items have been the launch of ambitious multimedia experiments in Germany and the progress of telecoms liberalisation in Denmark and Portugal. On the alliance front, important ventures specialising in corporate telecoms services have been completed in Italy (Olivetti-Bell Atlantic; Banca del Lavoro-BT and Telecom Italia-IBM) and France (CGE-Uniworld).

APPLICATIONS

The German regional energy utility RWE Energie and its telecoms offspring RWE Telliance have engaged in Multimedia Gelsenkirchen, a three-year multimedia pilot project launched on March 31 in the German city of Gelsenkirchen, Essen, in partnership with the regional and city governments as well as a number of private companies.

The experiment will involve several thousands of homes who supplied with services ranging from video-on-demand to home shopping, home banking and tele-medicine.

For its part, Vebacom, the telecoms unit of the German energy-based conglomerate Veba, is sponsoring another multimedia trial, Infocity NRW, which will involve 10,000 private households, schools, hospitals and TV channels in the Nordrhein-Westfalen region. The project, which is expected to be launched in early 1996, will provide services such as video-on-demand, interactive games, home shopping and multimedia data bases.

Infocity NRW will be carried out in with 15 public and private partners, including the regional authorities and the European and US electronics, computer and media companies Apple, CLT, DEC, Ericsson, Nokia, Philips, RTL, Viva, Vox and WDR.

Telecom Italia, Italy's national telecoms operator, and the US computer giant IBM have unveiled plans to jointly market "portable offices" for Italian travelling workers. The system will enable users such as sales executives to use their PC to send faxes and link up with their office's central computer and the Internet via a wireless phone connection.

The two companies will sell packages consisting of the required hardware and software as well as a modem and a mobile phone.

LEGISLATION AND POLICY

Six leading European audiovisual companies, including Germany's Bertelsmann, France's Canal+, Britain's Polygram and Rank, Italy's RCS and Spain's Sogepaq, have set up a lobby to promote Europe film industry and influence the European

Union's policy.

The grouping is in fact loose and informal, and consists of a two-monthly meeting of the participating firms. Its main aim is to promote the expansion and the global competitiveness of the European audiovisual industry.

To pursue this goal the lobby has already submitted to the European Commission a memorandum that calls for the reinforcement of intellectual property rights for film producers and a 100% tax break on movies. It also plans to create a European movie production and distribution training centre.

After months of negotiations with opposition parties, the Danish government said it was ready with an ambitious telecoms reform that would break the monopoly of the national telecoms operator Tele Danmark and take Denmark into the information age.

Tele Danmark would lose its monopoly over broadband networks and the distribution of TV and radio programmes, while being allowed to restructure internally and step into the production of TV programmes. Private companies would be allowed to own cable networks and be increasingly authorised to set up their own telecoms networks.

The European Commission has launched an in-depth antitrust investigation into Nordic Satellite Distribution, a Scandinavian satellite and cable television joint venture which could have a dominant position in several segments of the Nordic TV market.

The venture was set up by the Danish national telecoms operator Tele Danmark, the Swedish telecoms, Norway's Norsk Telekom, a subsidiary of the Norwegian telecoms group Telenor, and the Swedish media group Industriforvaltnings AB Kinnevik, the second largest broadcaster of advertising-financed TV in Denmark, Sweden and Norway.

On May 25, 1995, the Portuguese government will proceed with the privatisation of 30% of Portugal Telecom, Portugal's national telecoms operator, whose value is estimated at more than 1 billion Ecus.

MARKET

The Italian computer giant Olivetti and the US regional telecoms group Bell Atlantic have agreed to set up a joint venture, Infostrada, which will be owned 67% by Olivetti and the rest by its US partner, to offer Italian corporations voice and data services. They hope to conquer at least 10% of the Italian telecoms market after the 1998 liberalisation.

Olivetti and Bell Atlantic are already partners in Omnitel Pronto Italia, Italy's second digital mobile phone network, which will be operational in October 1995. Bell Atlantic has also created a multimedia joint venture with STET, the parent company of the national telecoms operator and main competitor of both Omnitel Pronto and Infostrada.

The Italian bank Banca Nazionale del Lavoro (BNL) and the leading British telecoms operator BT have agreed to set up a joint venture, Albacom, to offer corporate telecoms services in Italy. BT will have a 50.5% majority share in Albacom.

The new company will also market in Italy the services of Concert, an international joint venture between BT and the second largest US long distance operator MCI.

Unisource, the European telecoms consortium grouping the Dutch, Swedish, Swiss and soon Spanish national telecoms operators has taken its first step into the German telecoms market with the purchase of 80% of the mobile service provider Tele-Funk Mobildienste (TMG) (3.5% of the market) from the bank Bayerischen Landesbank.

The French water, cable TV and mobile phone group Compagnie Générale des Eaux (CGE) has agreed with Uniworld, a joint venture owned by the European telecoms consortium Unisource and the leading US long distance operator AT&T, to set up a joint venture, Iris, which will supply telecoms services to corporations in France.

CGE, which will own a 50.01% majority stake in Iris, hopes the move will allow it to become France's second largest telecoms operator after the 1998 liberalisation.

The French electronics company Thomson Multimedia and the American computer firm Sun Microsystems, which in 1994 sealed an alliance to jointly elaborate and market Open TV, a interactive digital television exploitation system, have signed their first contract with a media company, the European pay-TV group Nethold.

Nethold, which is the world's fourth largest pay-TV company controls the TV channels Filmnet in Europe and M-Net in South Africa. In the course of 1995, it will start supplying interactive TV services in Europe based on the Open TV technology.

SOCIAL, SOCIETAL AND CULTURAL

The British government has launched Government online, an on-line pilot service providing government information ranging from careers in the Royal Air Force to economic figures and environmental data. The service's address is open.gov.uk.

NORTH AMERICA

Trends: The main North American events in the last three weeks have been the purchase by Seagram of MCA, AT&T's new computer ambitions, the Baby Bells' new moves into video distribution and the mounting position of Netscape.

LEGISLATION AND POLICY

The US Justice Department has backed up the US regional telecoms operator Ameritech's demand to be allowed to enter the US long distance market and is expected to recommend US District Judge Harold H. Greene to lift regulatory restrictions.

The US Federal Communications Commission (FCC) has ordered US regional telecoms companies (the Baby Bells) to reduce by about 4% a year in the next years access charges they impose on long distance operators to channel long distance calls.

Access charges currently represent \$27 billion a year and amount for 40% of the cost of long distance communications. They are the biggest source of profit for Baby Bells.

While Baby Bells said they plan to appeal against the decision, consumer groups and long distance operators say the move is too shy. Yet the Bells and consumer groups argue that long distance carriers will pocket most of the savings instead of cutting prices.

MARKET

The US regional telecoms company Pacific Telesis said it will spend \$120 million on purchasing Cross Country Wireless, a small US cable TV supplier which will allow it to step into the TV distribution before it has completed the upgrading of its network.

In March, two other Baby Bells, Nynex and Bell Atlantic, had taken similar action when they invested \$100 million CAI Wireless Systems, another small cable operator.

The three regional operators are all committed to offer interactive video services. Until they have build up the required infrastructure, the ventures will allow Pacific Telesis to have its first five million video customers and Nynex and Bell Atlantic seven million each.

AT&T, the leading US long distance operator, has said it aims to turn its computer subsidiary AT&T General Information Solution (AT&T GIS) -- formerly NCR -- into the world's fourth personal computer manufacturer by the year 1997. That would mean the doubling of the 650,000 PCs it has sold worldwide in 1994.

AT&T GIS, currently number four in the US market, said it will target first expand toward independent professions and then enter the consumer market. It has already announced the launch of a new line of PCs allowing for easy access to on-line services.

Seagram, a Canadian wine, spirituous and fruit juice company, has agreed to purchase from the Japanese electronics group Matsushita 80% worth \$5.7 billion of the US music and audiovisual giant MCA, which controls the Hollywood studio Universal. MCA owns over 4,000 television and movie titles. Seagram already owns 15% of the US media giant Time Warner but could be asked to sell its stake if the MCA deal is finalised.

Four leading US communications companies, Adobe Systems, Knight-Ridder, Hearst and TCI and Britain's Times Mirror, have taken an 11% stake in Netscape Communications, the main supplier (75% market share) of Internet navigation software.

Separately, Netscape has sealed an alliance with the US computer group Sun Microsystems to jointly design and market products for companies wishing to do business on the Internet. Both moves reflect the growing interest of the communications industry at large for on-line services.

Frontier, a US long distance operator, has decided to spend \$1.8 billion on taking over rival ALC Communications in a move that would create America's fifth largest long distance company after AT&T, MCI, Sprint and LDDS.

Arch Communications Group, a leading US paging group, announced the purchase of 62% worth \$540 million of rival USA Mobile Communications Holdings, in a move that would create the US second largest telephone paging group after Paging Network.

The merger, which is expected to be completed in the third quarter of 1995, is a new step in the rapid consolidation of the US paging industry. USA Mobile itself acquired five competitors between 1994 and 1995.

TECHNOLOGY

Industry Canada, a grouping of 15 Canadian non-profit research organisations, has signed a Memorandum of Understanding with Nippon Telegraph and Telephone (NTT), Japan's national telecoms operator, for the development of joint R&D projects in areas such as fibre optic, satellite communications and image processing.

ASIA AND PACIFIC

LEGISLATION AND POLICY

The Chinese government said each urban Chinese household will have a phone by the end of the decade. China currently has 43 million phone lines for 1.2 billion people -- or one phone for 28 people -- but the total is expected to rise to 114 million by 2000.

The Vietnamese government said it will invest over 50 million Ecus in increasing by 60,000 until the end of 1995 the number of phone lines available in Hanoi, which is currently limited to 80,000. With a population of 72 million, Vietnam only had 360,000 phone lines in September 1995 or an average of one phone for 200 people. In comparison, the European Union has a 46% phone penetration rate and the USA 57%.

TECHNOLOGY

The Japanese government in cooperation with a number of Japanese companies has established a Next Generation Digital Broadcasting System Research Laboratory, whose aim will be to develop core technologies for future digital multimedia TV systems.

The new entity's main sponsors are the Japan Key Technology Centre, a research body jointly operated by the Ministry of Posts and Telecoms (MPT) and the Ministry of International Trade and Industry (MITI), and the Japanese TV channel NHK. It will be allocated 550,000 Ecus amongst which 30% will come from the private sector.

AFRICA

LEGISLATION AND POLICY

The Ghanaian government has unveiled plans to privatise Ghana Telecom, the national telecoms operator, and break its telecoms monopoly.

Ghana intends to find a strategic investor that will help consolidating Ghana Telecom's technological basis and train its staff. It will also allow a competitor to operate a second national network and fully liberalise cellular phones, paging and pay phones. Finally, the government will set up a national authority to regulate the telecoms market.

WORLD-WIDE

TECHNOLOGY

Two computer security specialists, Mr. Dan Farmer, a former PC security researcher at Silicon Graphics', and Mr. Wietse Venema, a security programmer at the Eindhoven Technical University, have unleashed a new security software, Satan, on the Internet.

Satan, which stands for "Security Administrator Tool for Analysing Networks," is a programme which allows to easily spot

security flaws in computers linked to the Internet and explains how to exploit them. It will be available free of charge to any Internet user.

Satan's creators argue that by allowing Internet users to check the vulnerability of their system, the programme will boost security on the Internet. But many security experts reply that giving away Satan is a dangerous move because it may ease the work of hackers trying to break into computer systems.

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