

EUROPE

Trends: Topping the news in the last weeks is the European Union Telecoms Council's adoption of four core principles that will pave the way towards the completion of the 1998 telecoms liberalisation. Also on the government front, France has taken a new step towards liberalising infrastructures by authorising MFS to build a corporate network in Paris (last month it authorised the railway company SNCF to lease capacity on its private network to mobile operators). Meanwhile, the Commission sent France Télécom and Deutsche Telekom back to the drawing board concerning their Atlas project. Separately, Italy is about to be the world's first nation to have an Internet village.

APPLICATIONS

The national French telecoms operator France Télécom and the French media giant Havas have agreed to launch in January 1996 Wanadoo, an on-line PC service which will offer services including home-shopping, a travel agency, a dictionary and maps.

Wanadoo will be run by Pages Jaunes Multimedia, a new subsidiary owned 66% by France Télécom and 34% by Office d'Annonces, which is 100% controlled by Havas.

Three US-controlled British cable operators Bell Cable media, Nynex-Cablecomms and Telewest have decided to jointly launch an interactive TV experiment over 18 to 24 months which will supply 2,000 homes with services such as video-on-demand.

The British telecoms operator BT has already launched an interactive TV experiment involving 2,500 customers in Colchester and Ipswich, and General Cable, a cable subsidiary of France's Générale des Eaux, a home-working experiment in Windsor.

LEGISLATION AND POLICY

European Union telecoms ministers have unanimously adopted a series of core principles to guide the completion of Europe's telecoms liberalisation by January 1, 1998.

The Council has decided that the provision of universal service should be guaranteed. It would be financed either through access

charges or a special fund.

Ministers also agreed that all operators should be allowed to enter national telecoms markets on the basis of objective, transparent and non-discriminatory criteria.

They added that approximation of telecoms licenses and the adoption of common network interconnection rules should take place gradually.

Finally, ministers said that the guarantee of equal access to non-EU markets should be negotiated in the framework of the World Trade Organisation.

Based upon these principles, the European Commission will propose by the end of 1995 legislation comprising the concrete modalities of the 1998 liberalisation.

The French government has awarded the US telecoms group MFS Communications a license to build a fibre optic network in Paris to supply voice and data telecoms services to corporations. It is the first time in France a private operator is authorised to own its own communications infrastructure.

The European Commission has said it would reject Atlas, a planned joint venture specialising in corporate telecoms services between the French and German national telecoms operators, on grounds that it threatens competition in the European telecoms market, unless the two partners bring some substantial modifications to their project.

Later this year, the Greek government is to make another attempt to privatise part of the country's national telecoms operator OTE. A few months ago, the government had to drop plans to sell off 25% of OTE after it clashed with unions. This time, the flotation would be limited to 8% of OTE's capital.

Telia, the national Swedish telecoms operator, could be privatised within two years, according to its president, Mr. Lars Berg.

The British government has denied the British telecoms operator BT the right to own all of Cellnet, a leading British cellular operator in which it already has a 60% stake, on grounds that the move could threaten competition in the UK telecoms market.

International CableTel, a US-owned cable company, has won a license to wire up all of Northern Ireland, thus becoming one of Britain's leading cable operator. It intends to supply cable television services to 428,000 homes by the year 2003.

MARKET

Motorola, the world's cellular phone leader, has agreed to take a 10% stake worth 33 million Ecus in the French computer group Bull and has won an option to take a further 7%, in a move to boost its computer operation and enter the French telecoms market.

Motorola hopes the venture will help it promote the PowerPC chip its has jointly developed with America's IBM and Apple, and to become a telecoms equipment supplier of France Télécom, France's national telecoms operator, who also has a stake in Bull.

The US regional telecoms company US West has agreed to pay over 15 million Ecus for a 28.6% stake in Kabel Plus, the leading Czech cable television operator. The two groups intend to supply new interactive TV services to Kabel Plus' 400,000 subscribers.

EMI Music, the music division of the British group Thorn EMI, plans to expand into multimedia entertainment through ventures with the US computer manufacturer Apple and Virgin Interactive Entertainment, the multimedia arm of Britain's Virgin.

EMI Music and its partners would jointly produce interactive CD-ROMs featuring hit music combined with video images.

SOCIAL, SOCIETAL AND CULTURAL

Coletta di Castelbianco, a small Italian 13th century medieval village is to become Italy's first on-line village after it was bought by the Italian property agency SIVIM.

SIVIM has started to connect Coletta's 65 houses to the Internet via a high-speed fibre-optic network. Work is expected to be completed by mid-1999, but SIVIM has already sold several apartments at a price starting at 2000 Ecus per square meter.

Each apartment in Coletta will be equipped with videoconferencing facilities and each bar and restaurant will be hooked to the Internet.

NORTH AMERICA

Trends: The focus in North America is on the market, with two lead stories. The first is IBM's purchase of Lotus -- the largest ever in the software industry -- in a move to fight against Microsoft. The deal is in fact extremely timely in regard of the second big news: a multimedia alliance between Microsoft and NBC.

LEGISLATION AND POLICY

The US House of Representatives' Commerce Committee has voted in favour of a bill reforming the US communications sector that would lift most restrictions on cable TV prices and media ownership. The Senate's Commerce Committee has passed a bill that takes a similar approach but is more limited in its deregulatory aspects.

The new legislation would allow regional telecoms companies to enter the long distance and cable TV markets, while forcing them to open up their own market.

MARKET

Lotus Development, a leading US software producer, has agreed to be bought by the US computer giant IBM for \$3.5 billion. If the purchase is approved by US authorities, it would be the largest in the history of the software industry.

The move is part of IBM's strategy to strike back against its main competitor, Microsoft, the world's leading PC software manufacturer. Both groups are racing to take the lead in the fast emerging market for on-line PC services.

By joining forces with Lotus, who also has Microsoft as a major foe, IBM hopes to catch up with Microsoft on PC software. It, in particular, plans to build up on Lotus' Notes programme, as so far unrivalled, which allows for global on-line team working.

Microsoft, the world's leading PC software producer, and NBC, one of America's four TV networks, have agreed to form a multimedia alliance that would build on NBC's programming skills and video library and Microsoft's capacity to deliver them on-line.

In addition to interactive multimedia communication, the two companies intend to jointly develop, market and produce interactive television as well as CD-ROMs.

Intel, the world's leader in microprocessors, and Oracle, the world's largest database software manufacturer, have agreed to seal a partnership to combine their technological expertise in the field of new on-line PC services supplied over digital phone lines.

MCI, the second largest US long distance operator, has agreed to spend \$190 million on purchasing a US cellular company, Nationwide Cellular Service (NCS). It is MCI's first significant move to enter the US cellular market.

NCS doesn't own its own infrastructure, but buys instead cellular capacity from other cellular operators and then resells it to its 275,000 private and corporate clients.

ASIA AND PACIFIC

Trends: While China again launches an ambitious infrastructure project, Vietnam is re-integrating the world's economy as is shown by a snapshot of its telecoms landscape.

INFRASTRUCTURE

The Chinese Ministry of Posts and Telecoms said that before the end of 1995 it will launch the Yangtze Optical Corridor, a ambitious network project worth over 4 billion Ecus that will wire up three major cities in the Yangtze delta region by 2010.

The project is of strategic economic importance as the three cities -- Shanghai, Nanjing and Hangzou -- form a triangle of explosive growth. It would boost the number of phones from less then 20 per 100 people to over 40. Chinese authorities added that the Yangtze corridor could become the foundation of China's information superhighway.

LEGISLATION AND POLICY

In a move to further open up its telecoms market, the Vietnamese government has authorised Comvik International Vietnam, a subsidiary of the Swedish telecoms group Industriforvaltning AB Kinnevik, to invest about 150 million Ecus in the country's first nationwide cellular mobile phone system. It will be based on the GSM technology.

Comvik will supply equipment and infrastructure while the state-run group Vietnam Mobile Service (VMS) will provide land, buildings and staff. In return, Comvik will enjoy 50% of the service's profit over five years and 40% over the following five years.

In Vietnam, there are currently less then one phone for 100 people. But cellular phones are becoming increasingly common in Ho Chi Minh City and Hanoi, where a mobile phone system has been installed respectively by Sweden's Ericsson and France's Alcatel.

Other foreign groups in Vietnam are Malaysia's Sapura, which runs phone booths, and Australia's Telstra, which has a monopoly over long distance calls with a local partner.

The US financial news agency Bloomberg has filled a complaint with Japan's Fair Trade Commission on allegation that

plans by Nippon Telegraph and Telephone (NTT), Japan's national telecoms operator, to double the prices it charges for leasing high capacity digital phone lines would amount to unfair competition.

Bloomberger, which uses such digital lines, complains that NTT has no plans to increase charges on analogue lines, which are used by rival NTT Data Communications, Japan's largest provider of information service and a subsidiary of NTT. Bloomberger says the increase would cause some of its customers to switch to NTT Data's services instead.

In a move towards liberalising its telecoms market, Singapore has awarded mobile and paging licenses to three foreign companies with Hong Kong interests, Mobile One, Intrapage and Hutchison Telecoms.

TECHNOLOGY

The Japanese electronics company Matsushita said it plans to release in May 1995 Wavedesigner, a piece of software that would allow to send data on the Internet at a speed five times superior than existing software.

OTHER PARTS OF THE WORLD

Trends: On the liberalisation and application fronts, things are not moving only in Europe, North America and Asia, as the following Latin American and African examples illustrate.

APPLICATIONS

The national Chilean telecoms operator, Compania Chilena de Telecomunicaciones (CTC), in which the Spanish national telecoms company Telefonica de Espana has a 44% stake, is planning to launch a interactive television project in the country's capital Santiago de Chile, in which it will invest 115 million Ecus between 1995 and 1996.

Based on 7,000 km of optical fibre and coaxial cable linking up homes, the project will start offering a roster of regular TV programmes from September 1995. The offer will gradually be enlarged to include video-on-demand, tele-shopping and home banking.

LEGISLATION AND POLICY

The Brazilian Lower Chamber has taken a major step towards liberalising Brazil's telecoms market as it voted in favour of a constitutional amendment that would allow private companies to compete with the state-owned telecoms operator Telebras.

The change, which was proposed by the government, is expected to be approved within a few months by the Higher Chamber, where it has a large majority. Legislation regulating the sector would then have to be drawn, which could take another year.

The president of Cameroon, Mr. Paul Biya, has announced that the country's national telecoms, water and electricity utilities would be privatised and sold to foreign groups.

The move is interpreted as a sign of good will towards the International Monetary Fund (IMF), with which Cameroon is negotiating a new accord. However, there is concern that the change will not take place, as two previous privatisation plans in Cameroon have collapsed, and as the move has outraged unions and the opposition.

Other African countries, including Guinea, Central Africa, Mali and the Ivory Coast have taken similar steps in recent years, mainly to the benefit of French companies.

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