

EDITORIAL

Governments crack down on the Internet

With an estimated 30 million users worldwide, the Internet is no longer a marginal phenomenon which concerns only scientists and a handful of computer freaks.

As the Net's popularity is booming both at home and in the office, concern is growing over the dissemination of pornographic, racial or revisionist material. Hence, governments worldwide are taking steps to control the flow of information on the Internet.

The focus is currently on the 1996 US Telecoms Act, which includes a provision banning the transmission of indecent material to minors over PC networks and provides for fines up to \$250,000 as well as jail sentences up to five years for offenders.

Opponents argue that the provision constitutes a serious breach of freedom of speech because the concept of decency is too broad and vague. They also particularly resent the fact that abortion information explicitly falls in the category of indecent material.

The United States' attempt to control the Internet is not an isolated case. In Europe, German authorities ordered Compuserve to shut down access to North American Internet servers disseminating child pornography and neo-Nazi propaganda.

In France, the debate was triggered by the publication on the Net of a book banned by a court which depicts former French President François Mitterrand's struggle with cancer. The French government said it would seek a solution at European level.

As for the Japanese government, it has proposed to set up an independent watchdog to control the transmission of obscene or criminal material over the Internet.

It is the Chinese government that has the most radical approach. To preserve public order, it has amongst other measures ordered all Internet users to register with the police.

In fact, governments' desire to control the flow of certain categories of information on the Internet can be legitimate as long as it

respects fundamental democratic principles.

Yet it raise a number of issues.

A first issue concerns the effectiveness of government control over the Internet considering the technical impossibility to filter the mass of information that it carries around the clock. In fact, the only way to really exert control would be to put police behind each server or user, something which is of course impossible nor desirable.

But even if control would be effective, there would still be a problem of law enforcement since information disseminated on the Net often originates in other countries.

At the end of the day, the global dimension of the Net calls for a global solution. But this is only possible amongst countries who share the same fundamental values.

EUROPE

MULTIMEDIA SERVICES AND PRODUCTS

The German media giant Bertelsmann and the US leading commercial on-line service America OnLine (AOL) said they would launch in March 1996 AOL France, the French language version of their 50-50 owned on-line service AOL Europe. It would provide services ranging from general news to a virtual travel agency and Internet access.

The Dutch electronics giant Philips said it would launch in the spring a kit worth about 120 Ecus that would enable its CD-I compact disc players to connect to the Internet.

The third edition of the MILIA, the international publishing and new media fair, held in Cannes, France on February 8-12, brought together over 10,000 professionals, thus confirming the skyrocketing expansion of multimedia products and on-line services. A key trend it reflected is the rapid take-off of cultural, life style and educational CD-ROMs.

MARKET AND COMPANIES

In view of the 1998 liberalisation of the telecoms services and infrastructures in Switzerland, the Union Bank of Switzerland, the Swiss national railway company and the Swiss cooperative retailer Migros have agreed to set up a telecoms joint venture.

The new firm would build on the railways' alternative telecoms infrastructure and seek an international partner. Global One, a US-Franco-German global telecoms joint venture previously known as Phoenix said it is already holding talks with the Swiss venture.

The British and US computer manufacturers Acorn and Apple have agreed to set up a 50-50 owned British joint venture specialising in educational hardware products.

The new company would be operational in April 1996. It would initially market both partners' products and eventually develop a common line of PCs based on the PowerPC, a chip jointly developed by Apple and America's IBM and Motorola.

Daimler-Benz InterServices (Debis), the computer arm of the German industrial group Daimler-Benz, and Microsoft, the world's leader in PC software, have agreed to intensify their cooperation in the area of telematic applications and on-line services.

TECHNOLOGY

The German TV group Kirch has declined to cooperate with the European consortium Multimedia Betriebsgesellschaft (MMBG), which comprises Deutsche Telekom, Bertelsmann, Canal+, Vebacom, ARD, ZDF, RTL and CLT, on the development of set top boxes for interactive TV in Germany and will instead develop its own technology.

SOCIAL, SOCIETAL AND CULTURAL

The 20%-state owned Spanish national telecoms operator Telefonica has said it intends to axe 7,000 jobs or 10% of its workforce by 1999-2000.

The Cable Communications Association (CCA), the organisation of British cable TV operators, is pressing ahead with its pledge to connect for free each school passed by its members' expanding networks by 2000. That would amount to 19,500 schools out of 24,000 for a cost of 85 million Ecus. In addition to the free connection, some operators supply free educational software while others test interactive education services.

NORTH AMERICA

Trends: The adoption of the 1996 Telecoms Act is followed by an intensification of competition, as is illustrated by AT&T's

new local strategy and Bell Atlantic's lawsuit against AT&T. Rivalry between Baby Bells and long distance operator could also lead to an alliance between arch-rivals AT&T and MCI. Meanwhile, President Clinton has launched a new educational initiative while Disney is getting set to test tele-medicine.

LEGISLATION AND POLICIES

The US regional telecoms operator Bell Atlantic and the US telecoms equipment manufacturer DSC Communications have filed a lawsuit against the US telecoms giant AT&T for allegedly selling equipment that cannot be used with other manufacturers' products, hence making regional telecoms operators dependent on AT&T's supplies.

MARKET AND COMPANIES

The two leading US long distance operators, AT&T and MCI, have agreed to open talks on the joint deployment of telecoms networks to offer local services in the USA.

The alliance would allow them to reduce the cost of developing networks aimed at by-passing the networks of the seven US regional telecoms operators. The deal could cover the joint creation of new networks or the swapping of facilities the partners already own.

The US telecoms giant AT&T has said it will start providing local phone services in competition with regional telecoms operators in several markets from the summer of 96.

AT&T would initially supply local services by leasing transmission capacity from its local rivals, the Baby Bells but would eventually develop its own local network.

H&R Block, the parent company of Compuserve, the second largest US commercial on-line service, said it would spin-off its subsidiary starting with an initial 20% in April 1996. The remaining 80% of Compuserve would be sold within 12 months. Compuserve has about 4.3 million US subscribers compared to 5 million for America OnLine (AOL).

SOCIAL, SOCIETAL AND CULTURAL

The Oregon Research Institute (ORI) has developed a virtual reality (VR) system that teaches handicapped children how to use a motorised wheelchair.

Kids are fitted with a headset which includes headphones providing for the sound of the wheelchair in motion and VR goggles allowing to drive in a variety of virtual environments presenting different degrees of difficulty. Wheels are placed on rollers which give the impression of movement or bumps when the chair hits an obstacle.

US President Bill Clinton has announced a five-year \$2 billion worth Technology Literacy Challenge Fund to propel US schools into the information age by helping to connect all US classrooms to the information superhighway by the year 2000 and giving children essential basic, communication and critical thinking skills.

The scheme would build on four essential pillars: teachers' training; introduction of software and on-line resources in school curricula; installation of modern PCs for teachers and pupils; connection of all classrooms to the infobahn.

Both states and local communities would be eligible for financial support. State governments would have to develop an overall strategy and find private sector partners.

The US audiovisual giant Walt Disney is preparing the launch of a tele-medicine pilot experiment, Celebration Health, in collaboration with a non-profit hospital, the Florida Hospital, and the giant US drugs manufacturer Eli Lilly & Co.

The experiment would involve up to 20,000 people in the Town of Celebration, a model community of 8,000 homes which Disney plans to open in June 1996 in Florida.

Celebration Health would initially supply basic health advice, establish electronic medical files and enable people suffering from chronic diseases to get rapid help. It would eventually expand towards videoconferencing with physicians and pharmacists.

ASIA AND PACIFIC

Trends: As in Europe and the USA, the educational dimension is gaining momentum in Australia. In Japan, government has launched a reflection on teleworking. Meanwhile, two new Asian satellite projects are taking shape, both involving Hughes, one China-led for mobile telephony, the other in cooperation with Japanese firms for video-to-the-PC.

INFRASTRUCTURE

The Chinese government has awarded Hughes Electronics, a subsidiary of America's General Motors, a 400 million Ecus worth contract for the supply of two satellites as well as phone handsets for the Asia-Pacific Mobile Telecoms Satellite (APMT) project, which would supply pan-Asian mobile phone services by the turn of the century.

Non-Chinese partners in the 500 million Ecus worth project are Singapore Telecom and Singapore Technologies Telemidia, which together own one third of the venture.

Hughes Network Systems, a subsidiary of America's General Motors, has agreed to team up with several Japanese high-tech firms and universities to set up Asia High-Tech Satellite Network, a joint venture which would launch DirecPC, a digital satellite transmission system allowing for the reception and storage of video programming on PCs.

DirecPC would be available throughout East and Southeast Asia and would initially offer programming on US and Japanese corporate research and development activities.

MULTIMEDIA SERVICES AND PRODUCTS

Japanese trading houses have started investigating on-line shopping on the Internet. Short-term expectations however remain modest considering the Internet's limited transmission capacity and number of users and the lack of transaction security.

(More)

Marubeni and Sumitomo have taken a leadership with Marubeni focusing on connecting SMEs and Sumitomo being the largest shareholder of Internet Initiative Japan, the leading provider of Internet access with a 30% market share.

Mitsubishi and Mitsui have started experimenting CD-ROM-based shopping malls. But while users can place orders on the Internet, payment is not yet done electronically.

In April, Mitsubishi is planning to launch an on-line virtual shopping mall, People Space. It is also investing in VeriSign, a US firm specialising in electronic signatures.

As for Itochu and Nisho Iwai, they too have plans to launch virtual Internet shopping.

The Japanese toy manufacturer Bandai said it will start marketing in March 1996 the Pippin, a multimedia hybrid produced under license from the US computer group Apple.

The Pippin, which connects to the TV set, combines the functions of a game station, a PC, an Internet terminal and an optical disk player. The package comprising the machine, a modem and four pieces of software would sell for less than 500 Ecus.

TECHNOLOGY

The British telecoms operator BT and the Japanese electronics group Matsushita have agreed to collaborate on the development of technology for new multimedia equipment such as TV set-top boxes, video servers or semiconductors for videotelephony.

SOCIAL, SOCIETAL AND CULTURAL

The Australian government has unveiled plans to equip every Australian school with PCs and achieve a rate of one PC for every secondary student by the year 2000.

A 190 million Ecus worth package would be spend on 150,000 new PCs over four years while another 50 million would be spent on training teachers.

The Japanese Ministry of Posts and Telecoms (MPT) and the Ministry of Labour have set up a Telework Council comprising representatives of government and industry which will reflect on ways to promote teleworking in Japan. It is due to present an interim report in June 1996 and final recommendations by November 1996.

WORLD-WIDE

SOCIAL, SOCIETAL AND CULTURAL

Scientists and communications experts from 92 countries have attended a four-day conference held in Paris by the United Nations' Educational, Scientific and Cultural Organisation (UNESCO) to investigate ways to set up a global scientific archive on the Internet and secure that their colleagues in less-advanced countries benefit from it.

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