

## EUROPE

Trends: Liberalisation is progressing with a Spanish government decision to create a telecoms duopoly. Meanwhile, Portugal has sold off a further 22% of Portugal Telecom. In the audiovisual sector, Kirch is making headway towards the launch of digital satellite TV while alliances around Bertelsmann look increasingly complex. Regarding infrastructure, Matra-Marconi has launched a new regional dual satellite-cellular system, while BT and MCI are expanding their Internet network.

## INFRASTRUCTURE

The British telecoms operator BT and the US long distance operator MCI have said they will invest 160 million Ecus over a year in a global high-speed Internet-dedicated network, Concert InternetPlus, operated by their telecoms joint venture Concert.

InternetPlus would allow Concert to offer corporations services such as fast and reliable Internet access or Intranets, internal corporate networks based on the Internet, as well as to sell network capacity to Internet access providers.

The Franco-British space group Matra-Marconi Space has launched a 0.6 billion Ecus worth satellite telecoms project, the Euro-African Satellite Telecoms (EAST).

EAST, which could become operational in 2000, would cover Western and Central Europe, Africa and the Middle-East. It would provide mobile satellite voice and data services or dual satellite-cellular services whereby a single phone set can be used either with cellular networks or for satellite telephony where there are no cellular networks.

EAST would rely on a single powerful satellite which would also have the capacity to connect small telecoms networks to the global telecoms system.

## MULTIMEDIA SERVICES AND PRODUCTS

The Japanese video game giant Sega and the leading US cable operator TCI said they intend to launch in September 1996 a British cable TV channel specialised in interactive video games, the Sega Channel, based on a similar US channel launched in 1994.

Only owners of a Sega Megadrive play station would be able to play games on the Sega channel. A possible drawback is that only 30% of Britain's 1.5 million Megadrive owners have access to a cable TV network. The monthly subscription fee would be 12 Ecus, which compares with about 50 Ecus in the UK for a single Sega video game.

The German operator Deutsche Telekom is considering proposing the Sega Channel over its cable network, even though there are only 500,000 Megadrive owners in Germany. Other TV groups such as France's Canal+ and Germany's Kirch are also planning to launch interactive video game services as part of their digital TV bouquets.

## LEGISLATION AND POLICIES

The Spanish government has decided to break the monopoly over basic telephone services of the national telecoms operator Telefonica and replace it with a duopoly. A second operator will be formed by the state-owned broadcasting monopoly Retevision, which will set up a subsidiary. At least 51% of the new operator will be privatised.

The sell-off by the Portuguese government of a 22% stake in the national telecoms operator Portugal Telecom has been the country's most successful privatisation to date.

The sale, which followed the privatisation of an initial 27% of Telecom Portugal in 1995, has raised over 750 million Ecus. It is expected to be followed before the end of 1996 by the sell-off of another 20 to 25% to a strategic partner, thus leaving the Portuguese state with a minority stake in Portugal Telecom.

Italian competition authorities have cleared the purchase by the national telecoms operator Telecom Italia for over 20 million Ecus of the leading Italian provider of Internet access to consumers, Video On Line (VOL). VOL would be merged with Telecom Italia's corporate Internet service subsidiary, Business Unit.

## MARKET AND COMPANIES

The German media group Kirch Gruppe has announced the launch on July 28, 1996 of a bouquet of 15 digital satellite TV channels. The company said it would invest about 500 million Ecus in the launch and further expansion of its bouquet.

Kirch's basic package, priced 10 Ecus a month, would include Cinedom, a multi-channel pay-per-view service, five movie channels, three TV series channels, a cartoon channel, a documentary channel and two music channels. Two sports channels would be available for an extra 5 Ecus. There should be up to 30 channels by the end of 1996.

The move would give Kirch a head start over arch-rival Bertelsmann, which is planning to launch a digital bouquet towards the end of 1996 with the French media group Canal+. But the alliance with Canal+ could be threatened by Bertelsmann's decision to merge its European TV assets with those of the European TV group CLT. It suffered a first setback when the UK

TV group BSKyB decided to leave the digital TV alliance.

## SOCIAL, SOCIETAL AND CULTURAL

European Union leaders meeting in Florence on June 21-22 emphasised the need for education and training systems to adapt to the requirements of the information society and called upon the European Commission to prepare an Action Plan for an initiative on "Learning in the Information Society".

The French city of Metz is planning the launch in 1997 of Metz Interactive, an interactive multimedia experiment involving 200 users, including companies, public authorities and homes. Test users would be supplied with a choice of about 20 services, including video-on-demand, multiplexed TV newscasts, on-line education, etc. In addition, Internet access would be proposed to 2,500 cable TV subscribers.

## NORTH AMERICA

Trends: In the USA, a tribunal has dealt a major blow to the Communications Decency Act by saying some provisions were unconstitutional. Meanwhile, the Canadian government is moving ahead with plans to develop the information society in Canada.

## MULTIMEDIA SERVICES AND PRODUCTS

PictureTel, the world's leader in video-telephony systems, has bought the rights to a cheap videoconferencing system, Vivo, from America's Vivo Software.

PictureTel intends to license Vivo to computer manufacturers, thus allowing them to integrate it in their PCs at an additional price of about \$200. The move would intensify competition in the low end of the videoconferencing market following the recent launch by Intel, the world's leader in chips, of its own low-cost videoconferencing system.

## LEGISLATION AND POLICIES

The Canadian government has released a progress report on the country's information society strategy which says that steps will be taken to achieve full competition between the telecoms and cable TV industries, ensure that all Canadians enjoy affordable access to essential information services and boost personal data protection.

The report however doesn't provide a time table for full liberalisation, nor does it define what essential communications services will be in the information age.

Additional steps outlined by the report include: achieving greater user choice of information services and service suppliers through licensing; encouraging the adoption of international standards by Canadian firms investing in the country's information infrastructure; increasing the availability of Canadian cultural content; and promoting electronic commerce as the preferred means for government transactions.

A Philadelphia Court has ruled that provisions of the 1996 US Telecoms Act outlawing the transmission over computer networks of indecent or patently offensive material to minors, the so called Communications Decency Act, are unconstitutional as they breach freedom of speech protected under the First Amendment.

The court said that the scope of the ban is overly broad and risks placing unjustified restrictions upon adults. The decision however does not affect the illegal status under existing rules of material depicting obscenity or child pornography.

## MARKET AND COMPANIES

In view of its entry, possibly in 1997, in the long distance market, the US regional telecoms operator BellSouth has awarded the leading US long distance operator AT&T its first contract for the resell of long distance services to local customers.

The third largest long distance operator, Sprint, has already won two such contracts with Bell Atlantic and Nynex and is about to finalise one with Pacific Telesis and SBC Communications. The second largest long distance operator, MCI, has yet to win such contract. Only two Baby Bells, Ameritech and US West, have yet to award one.

The US computer giant IBM is preparing its entry in the market for Intranets, corporate networks based on the Internet, with Domino, a new software incorporating key features from Lotus Notes, an on-line collaborative work software produced by Lotus Development, a leading US software group purchased by IBM in 1995.

## ASIA AND PACIFIC

Trends: Malaysia is entering the race for developing information infrastructures. In Japan, the MPT is putting the break up of NTT back on top of the political agenda, while new public initiatives are launched to develop electronic certification and digital homes. Meanwhile, News Corp. is stepping up efforts to become a leading TV player in Japan. Competition is also progressing in South Korea with the attribution of telecoms licenses.

## INFRASTRUCTURE

The Malaysian government has undertaken to create a Multimedia Super Corridor next to the country's new capital, Putra Jaya, which is due to be completed in 2005.

Malaysia aims at attracting foreign corporations by offering them the benefits of an advanced communications infrastructure. This would be combined with tax incentives and the pledge to provide a high level of intellectual property rights protection.

The Corridor, which would open in 1998, will rely on the Open Computer Network, a system developed by the Japanese operator Nippon Telegraph and Telephone.

## MULTIMEDIA SERVICES AND PRODUCTS

Korea Electric Power Corp. (KEPCO), the largest South Korean electricity utility, has said it would launch in August 1997 an interactive multimedia experiment with employees which would include teleconferencing, video-on-demand and voice telephony.

## LEGISLATION AND POLICIES

The Japanese government has approved the 1996 Communications White Paper, a document which recognises the significant contribution of the telecoms industry to economic growth and calls for more competition in the sector, for instance through the break-up of the domestic telecoms operator Nippon Telegraph and Telephone (NTT).

The White Paper is a yearly report produced by the Ministry of Posts and Telecoms which outlines the state of play of the telecoms sector and priorities for the coming year.

The South Korean Ministry of Information and Communications (MIC) has attributed 26 licenses to new Korean private telecoms operators in seven sectors, in particular mobile digital cellular services (PCS) and trunk radio services (TRS).

Huge procurement opportunities for network equipment and terminal manufacturers estimated at 5 to 6 billion Ecus until 2000 are expected to result from the licenses.

Foreign suppliers are expected to benefit but will face harsh competition from Korean industry, who has developed domestic standards and acquired technological know-how.

As a result of the acceleration of global telecoms liberalisation, the Hong Kong government said it wants to open talks with

the national operator Hong Kong Telecom to revise the group's monopoly over international calls until 2006. Hong Kong Telecom said it would seek compensation for any economic loss resulting from the change.

## MARKET AND COMPANIES

The US media giant News Corp. is stepping up efforts to enter the Japanese TV market with the joint purchase with Softbank, a Japanese software producer, of a 21% majority stake worth 300 million Ecus in the broadcaster Asahi National Broadcasting, thus becoming the first foreign firm to acquire a large share in a Japanese broadcaster.

News Corp. has also unveiled plans to invest 240 to 320 million Ecus within two years in the launch of JSkyB, a 100-channel digital satellite broadcasting (DSB) system offering mainly Japanese programming, thus complementing the group's global satellite TV offer.

JSkyB would compete with DirecTV Japan (DTVJ), a 100-channel DSB service led by America's Hughes Communications to be launched in 1997, and Digital Multimedia Channel (DMC), a 50-channel DSB service to be launched in 1996 by four Japanese trading companies, Mitsui, Itochu, Sumitomo and Nissho Iwai.

The moves follow the launch in April by News Corp.'s Hong Kong-based subsidiary Star TV of Star Plus, a 24-hour Japanese channel supplied by cable TV operators.

The Japanese overseas telecoms operator KDD has concluded accords with operators in China and Indonesia, to provide network engineering services for the establishment of corporate networks and plans to reach similar agreements in other Asian countries, in particular Thailand and Malaysia. The partners include the telecoms authorities in Beijing, Shanghai and Ouandong, as well as Indonesian Satellite Corp.

## TECHNOLOGY

The Japanese Ministry of International trade and Industry (MITI) is planning the launch in 1997 in collaboration with Japanese electronics and computer firms of trials for an electronic certification system which would be used for the transmission of formal documents as well as to provide a high level of security for electronic commerce.

## SOCIAL, SOCIETAL AND CULTURAL

The Japanese Ministry of Construction (MoC) plans to launch in co-operation with 20 Japanese electronics and telecoms firms a "digital house" multimedia experiment based on 6,000 homes equipped with state-of-the-art computer and telecoms technology.

The trial would cover home services such as elderly care, home offices, emergency systems, family communications and home training. It aims at identifying guidelines for housing design and the development of equipment for emerging digital houses.

A Japanese company, MEDIC, has developed a coin-operated Internet terminal that is expected to make its appearance next to the juke box and video games in Japanese cafés and karaoke clubs in the course of 1997, thus reflecting the Internet's growing popularity.

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