

## EUROPE

Trends: Telecoms competition continues to intensify in Europe as indicated by a series of announcements, including the setting up of a pan-European venture by Mannesmann, the launch of operation by France Télécom and Deutsche Telekom in Switzerland, the upcoming launch of operation by Lince in Spain, Bertelsmann's entry in the telecoms market and fresh competition for Matav. At regulatory level, the EU data protection Directive entered into force. In addition, the Commission reached a preliminary accord with BIB and gave its green light to Inmarsat's restructuring. Meanwhile, the privatisation of telecoms operator gained further momentum in Austria, France and Spain. Also noteworthy is the success of the Netd@ys Europe 1998.

## MARKET AND COMPANIES

The German industrial group Mannesmann has announced the setting up of a Europe-wide telecoms group, euro.map, which would start offering seamless communications services in the first half of 1999. Euro.map services would be provided over the networks of Mannesmann's German telecoms unit, Arcor, its French partner Cegetel and Infostrada, an Italian joint venture set up with the former Italian computer giant Olivetti. Olivetti would own a stake in euro.map and the venture would be open to other investors. Meanwhile, Mannesmann also said that the US and European telecoms groups AT&T and Unisource would leave the capital of Arcor, in which they own 15% each.

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Lince, a Spanish telecoms consortium led by the French incumbent telecoms operator France Télécom with a 69% stake alongside the Spanish holding company Editel with 30%, has announced the launch, in December 1998, of Spain's third fixed-line service, Uni2. Uni2 would rival the incumbent operator Telefonica and Retevision, which is 60%-owned by the Italian national telecoms operator Telecom Italia alongside the Spanish electricity utilities Endesa and Union Fenosa.

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The French and German incumbent operators France Télécom and Deutsche Telekom have announced that their Swiss telecoms unit, Multilink, had launched operations. Multilink offers both corporate and residential services, respectively Multilink Business Access and Multilink Home Access.

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The German media giant Bertelsmann said it would launch new telephony and Internet services in Germany through its new subsidiary, Cilas Clever Communications. Class would provide two sets of services, Cilas Call, a regular phone service, and Cilas Cube, an Internet-based phone service for PC-equipped customers which would also include e-mail and fax services.

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The Dutch electronics giant Philips has announced the dissolution of Philips Consumer Communications (PCC), a loss-making telecoms equipment joint venture set up in 1997 with the US telecoms equipment giant Lucent Technologies. PCC is owned 60% by Philips and 40% by Lucent. It is based and the merger of the two partners' consumer communications products business, including corded, cordless and mobile phones. Each partner would recuperate its assets upon termination of the venture.

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The Hungarian national telecoms operator Matav, which enjoys a monopoly in the long-distance and international markets until 2002, is set to face competition in 1999 from two new rivals, Novocom and Pantel. Novocom is partly owned by the German electricity RWE and Pantel by the Dutch incumbent telecoms operator KPN. As for Matav, it has established a strategic partnership with the US telecoms group Ameritech.

## LEGISLATION AND POLICIES

The European Commission has announced that the European Union Directive on the protection of personal data (95/46/EC) entered force on 25 October 1998. The Directive establishes a clear and stable Europe-wide regulatory framework ensuring both a high level of privacy protection for individuals as well as the free movement of personal data in the Internal Market. The Directive ensures that personal data are only transferred to third countries where continued protection is guaranteed.

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The European Commission has said that the parties in British Interactive Broadcasting (BIB), a UK joint venture specialised in interactive TV services, have made a number of substantial concessions to meet its competition concerns. The changes aim at ensuring that the participation in BIB of the leading UK pay-TV group BSkyB does not strengthen its market dominance, that the participation in BIB of the leading UK telecoms operator BT does not impede the development of broadband customer access infrastructure in the UK, and that the creation of BIB does not eliminate competition in the supply of

interactive digital TV services. Details of the changes have been published in the Official Journal and third parties have 30 days to react. The Commission will reach a final decision after taking account of third party comments.

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The European Commission has given its green light to the restructuring plans of Inmarsat, the major international mobile satellite operator. Inmarsat was established in 1979 as an intergovernmental treaty organisation and has over 80 member countries. The restructuring would transform Inmarsat into a public company in which member countries would become shareholders. It is envisaged that Inmarsat would launch a public offering of shares (IPO) within two years of the restructuring.

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The French government has launched a second phase in the partial privatisation of the incumbent telecoms operator France Télécom. The sell-off would reduce the government's stake to 62% and increase private holdings to 32.9%. Another 2% would go to France Télécom's partner, the incumbent German operator Deutsche Telekom, and a further 3.1% to France Télécom employees.

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The Spanish government has announced that it would sell-off the remaining 30% it owns in Retevision, Spain's second-largest telecoms operator. Retevision is 60%-owned by the Italian national telecoms operator Telecom Italia alongside the Spanish electricity utilities Endesa and Union Fenosa.

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The incumbent Italian telecoms operator Telecom Italia has won the bid for a 25% stake in the Austrian incumbent operator Telekom Austria. Telecom Italia is already present in the Austrian telecoms mobile market with a 25% stake in the mobile operator Mobilkom Austria. The move reinforces Telecom Italia's Europe-wide operations, which include 39% of the Spanish mobile operator Retevision Movil, 60% of the Spanish fixed-line operator Retevision and 80% of the French operator 9 Telecom.

## SOCIAL, SOCIETAL AND CULTURAL

The 1998 edition of the European Commission-sponsored Netd@ys Europe has drawn participation from 35,000 schools compared to 15,000 the previous year, including schools from Canada, Israel, Japan and the USA. The Netd@ys primarily aim at raising awareness of the Internet's potential for education and life-long learning. Over 1,000 projects were launched and

4,000 events organised on this occasion in collaboration with museums, training centres, public libraries, youth organisations, operas and hospitals. The Netd@ys '98 have also contributed to accelerate regional Internet equipping plans in close to 10,000 European schools (<http://www.netdays.org>).

## NORTH AMERICA

Trends: US market news are dominated by Teligent's launch of operation, Microsoft's new partnership with Qualcomm aimed at boosting Windows CE, and NTT's entry in the US corporate Internet access market. In Canada, liberalisation is fostering restructuring and consolidation of the telecoms industry with a major venture between BC Telecom and Telus which shortly follows the partial dismantling of Stentor.

## INFRASTRUCTURE

Teligent, a US wireless communications start-up, said it has launched service in its first 13 markets, including New York, Los Angeles, Chicago, Houston, Miami and Washington DC. Teligent offers an integrated package of local, long-distance and high-speed data and Internet access services to SMEs for a monthly flat-rate providing for savings of up to 30%. The service is based on Teligent's Digital SmartWave technology, which combines high-frequency radio transmission and point-to-multipoint radio technology. Small 12-inch antennas placed on customer building relay communications to a base station antenna, itself connected to a broadband ATM network.

## MULTIMEDIA SERVICES AND PRODUCTS

The US PC software giant Microsoft and America's Qualcomm, a leading provider of wireless products and services based on its CDMA mobile digital telephony technology, a rival to the pan-European GSM standard, have agreed to set up an equally-held joint venture, WirelessKnowledge. The venture would specialise in providing solutions allowing mobile operators to offer their customers wireless access to data and applications securely over any type of mobile network or corporate network via mobile terminals, whether a laptop, a mobile phone or a personal communicator.

The system would rely on Microsoft's Windows CE operating system (OS) for personal communicators, palmtop computers or consumer appliances. The move is part of Microsoft's strategy to try to impose Windows CE as an industry standard. It competes with EPOC, the wireless communications OS of Britain's Psion, a leading manufacturer of hand-held computers, which is supported by two world leaders in mobile phones, Finland's Nokia and Sweden's Ericsson, through their joint venture Symbian.

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The Japanese telecoms giant Nippon Telegraph and Telephone (NTT) said it has launched a nation-wide corporate Internet service in the USA, Arcstar Internet. The service is provided by nnta.com, a subsidiary of NTT America. Arcstar has about 200 access points and serves a majority of the main metropolitan areas in the USA. Internet and e-mail roaming between the USA and Japan is to be proposed in the near future.

## MARKET AND COMPANIES

The Western Canadian regional telecoms operators BC Telecom and Telus, respectively Canada's second and third-largest operators, have agreed to a merger of equals. The merged group, provisionally named BCT.Telus Communications, would control 25% of Canada's access lines and be the leading provider of long-distance, wireless and Internet access services in the groups' regions, namely British Columbia and Alberta. BCT.Telus would benefit from the strategic support of the US regional operator GTE, which owns 50% of BC Telecom. It would be a serious challenger for Canada's leading operator, the Eastern carrier Bell Canada. In fact, BCT.Telus has already announced the purchase of fibre-optic links in Eastern Canada.

The move shortly follows the partial dismantling of Stentor, a consortium formed in the early 90s by Canada's 11 regional operators to face competition in the long-distance market. As of January 1999, the 11 partners would regain control over product, services and technology development, while Stentor would continue to operate and manage Canada's national network, comprised of its members' regional networks. Furthermore, the restructuring would do away with the understanding that the 11 partners do not compete in each other's market, except in the long-distance market until 2002.

## ASIA AND PACIFIC

### INFRASTRUCTURE

The Japanese telecoms giant Nippon Telegraph and Telephone (NTT) has said it would spin-off by 1999 a new unit specialised in the design, management and maintenance of underground telecoms infrastructure, as well as possibly the leasing of unused transmission capacity. The new company would start operations by April 1999, shortly before NTT itself is broken up in July. It would primarily serve NTT's successor companies, one long-distance and international carrier and two regional operators placed under the umbrella of a single holding company.

## MULTIMEDIA SERVICES AND PRODUCTS

UUNet Technologies, a leading US and UK provider of corporate Internet access services and a unit of the second-largest US long-distance operator WorldCom MCI, has announced plans to unroll services in Japan before the end of 1998.

## LEGISLATION AND POLICIES

The Indian government has ended the monopoly enjoyed by the state-owned international carrier Videsh Sanchar Nigam (VSNL) in the Internet access market. Close to 50 companies have already applied for licenses. The move is expected to drive Internet tariffs down, thus further boosting the number of Indian Internauts, which is currently at around 150,000 compared to 40,000 one year ago. Foreign companies will be allowed to take stakes of up to 49% in Indian Internet service providers.

## SOCIAL, SOCIETAL AND CULTURAL

The Japanese telecoms giant Nippon Telegraph and Telephone (NTT) has announced plans to offer discount Internet services to primary and secondary schools in Japan by the end of 1999. It would be based on a flat-rate for a 100-hour use amounting to about half of the current price for the same usage.

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