

EDITORIAL

G-7 agrees on global strategy towards the information society

G-7 nations agreed on eight core principles to guide the world's entry into the information age at a G-7 Ministerial Conference on the Information Society hosted by the European Commission in Brussels on February 25-26.

The principles aim at striking a balance between the leading role of the private sector in developing the global infrastructure underlying the information society, and the need to promote the political, social and cultural dimension.

Key to the development of the information society will be the financial capacity of industry. Encouraging private investment will be achieved through global competition, the definition of an adaptable regulatory framework and open access to the networks.

At the same time, government will have to preserve provision and access to services to all citizens (universal service), promote equal opportunity to all in the information age, and preserve and encourage the diversity of the content of information, in particular concerning its cultural and linguistic aspects.

Finally, G-7 ministers agreed that particular attention should be devoted to less developed nations so that they too will reap the benefits of the information age.

The G-7 expressed confidence that the respect of these principles will foster worldwide human progress. They emphasised in particular the creation of new jobs, an improved quality of life, cultural enrichment and life long education and training.

As the general public is largely unaware of the stakes and opportunities of the information society, government must raise awareness and promote new public interest applications, especially those which would otherwise be left aside by the private sector.

In this spirit, the G-7 nations launched 11 joint pilot projects capable of promoting awareness and demonstrating the potential of new applications for human progress.

They are the following: global inventory of applications projects; interoperability of broadband networks; cross-cultural education and training; electronic libraries; electronic museums and galleries; environment and natural resources management; global emergency system; global health care system; on-line government; global market for SMEs; global maritime information system.

While the spotlight was on the G-7 conference, a counter-summit was held by about 30 French and Belgian organisations, including trade unions and the Belgian Greens, to denounce the lack of democratic debate surrounding the cultural, political and social stakes of the information age. Participants, including academics, artists and Euro-MPs, lashed out at the important role of industrialists in shaping the society of the future.

EUROPE

Trends: Denmark tops the news with Europe's most elaborate and ambitious programme to move towards the information age. Worth 650 million Ecus, is comparable in financial volume to the Commission's TELEMATICS programme. Separately, IDATE's latest figure on the audiovisual trade imbalance between the USA and Europe casts a shadow over the optimistic view that the information age is an opportunity for the European content industry: the deficit has increased to 3 billion Ecus in 1994 up from 2.86 billion Ecus in 1992.

INFRASTRUCTURE

RWE, Germany's largest electricity utility, said it is in the process of connecting its network with that of six smaller German electricity utilities to create a telecoms infrastructure covering two thirds of the German territory.

The move is part of RWE's strategy to become a leading national telecoms player. It already has a stake in Communications Network International (CNI), a corporate voice and data services provider jointly set up in 1994 with Germany's leading bank Deutsche Bank and the German mobile phone operator Mannesmann.

APPLICATIONS

Virgin, a British group with interests in print and music publishing, video games, a radio and an airline, is planning to launch in 1995 an on-line multimedia service, Vnet, to market and sell its products, including music, movies and computer games. It will offer connections to the Internet and be first available in Britain, France and Germany.

LEGISLATION AND POLICY

The Danish government is expected to decide in March whether to go ahead with "InfoSociety 2000," a project worth 650 million Ecus over four years which would propel Denmark and its 5 million citizens into the information age.

The plan, which was drafted by the Danish Ministry of Research, is based on the idea that government must take a lead and that the private sector will then follow. It identifies four priority areas of action: government, education, health care and research.

At government level, the Danish information society would be based on a computer network linking all levels of public administrations, thus reducing red tape and making paper files redundant. The key to the system would be an electronic citizen's card.

Regarding education, InfoSociety 2000 calls for the interconnection of the country's primary and lower secondary schools and computer training for the teachers.

The report is confident that the development of telemedicine will provide for better treatment and reduced costs, and boost Danish firms' competitiveness in this sector.

Finally, all Danish scientists would be connected to the Internet, while research centers and scientific libraries and publishers would set up an electronic research library.

MARKET

The US media group Turner Broadcasting System said it plans to co-produce European television programming via its new Paris-based subsidiary Turner Productions to feed its documentary and movie channels TBS and TNT.

Mirror Television, the TV subsidiary of the British media company Mirror Group, said it will buy Britain's first nationwide cable TV channel Wire TV, which is controlled by CCP-1, a consortium comprising the US groups Comcast, Nynex and US West.

Mirror TV plans to replace Wire TV's programming by that of Live TV, a 24-hour British entertainment and news channel to be launched this Summer. Live TV will benefit from Wire TV's to nearly all of Britain's 4.5 cable subscribers.

NORTH AMERICA

Trends: The spotlight is on the US drive towards enforcing the principle of reciprocity in market access. The new rules, proposed by the FCC and endorsed by Vice-President Al Gore at the G-7 conference, would be a mixture of incentive and threat, as companies of countries who comply would see not limit on ownership of US groups while the others would face tougher limits than existing ones.

LEGISLATION AND POLICY

The US Federal Communications Commission (FCC) has proposed scrapping all limits on ownership of American companies by foreign groups whose home communication markets are fully open to competition of US firms.

Under the proposed change, foreign companies whose domestic market does not provide open access to US firms would face tougher limits. While foreign groups can currently own 20% to 25% of a US company (the FCC can also issue waivers for bigger shares), the new rules would limit ownership from 10% to 25%.

MARKET

Dial Page, a US wireless operator, said it will be purchased at a price ranging from \$260 to \$360 million by rival Nextel Communications, as part of the latter's plans to build a nationwide digital mobile network.

A fierce battle to control of the jail-made phone callshas mounted in the USA over the last few years between regional, long distance and independent carriers.

The market is worth the effort: it represents \$1 billion a year and is expected to double by the year 2005 if current crime forecasts are confirmed. A single prison public phone can generate \$15,000 a year -- five times as much as the average street booth.

Operators pay prison authorities millions of dollars in annual fees to exclusively operate the phones, not to mention sophisticated equipment to tape inmates' phone calls.

But competition has its price: over the last five years, profit margins have dropped from 10-12% to less than 5%.

SOCIAL, SOCIETAL AND CULTURAL

According to a study of the Wall Street investment bank Goldman Sachs, on-line virtual shopping has a bright future, and traditional retailers and mail orders companies must take steps to protect themselves if they don't want to be washed away.

Virtual shopping refers to the capacity offered by the info-superhighway to enter a shop from PC at home, visually examine goods, place orders and pay electronically.

The study says one of the main asset of the virtual mall is its user-friendliness, as it allows to quietly shop from one's living room and immediately check what is in store. A new type of software, so called "intelligent agents," would even pre-select goods after they have been taught which items a given customer likes or dislikes.

Other factors will contribute to boost the development of the virtual mall, for instance the increasing number of working women and single parents, growing concern about crime and security, and urban congestion, including traffic and parking problems.

TV-shopping and teletext services, the primitive forerunners of virtual shopping, currently represent only 0.25% of the US retail market. A 10% to 20% shift of the retail market to the home would scrap the profit margin of most retailers.

ASIA AND PACIFIC

Trends: A single governmental strategy finally seems to be emerging in Japan as the government unveils preliminary elements of its information society policy. So far, Japan's strategy was split between the rival views of the MPT and the MITI.

APPLICATIONS

At the end of February, the Japanese electronics group Pioneer will present a new line of personal computers featuring software allowing to operate audio and video compact disk players and other audiovisual devices. The PCs will allow to store video material on the hard disk for editing, and see it on screen or on a TV set.

The move will be the first attempt by Pioneer, chiefly an audiovisual manufacturer, to move into the PC market. It will rely on Macintosh, the operating system of the US computer group Apple. Pioneer is in fact the world's first leading company to chose Macintosh to operate its PCs. So far, only two US computer groups, Power Computing and Radius, and the Japanese toy manufacturer Bandai, have agreed to use it.

The choice is a victory for Apple which is trying to license Macintosh to resist the pressure of Microsoft's Windows, the world's most popular PC software. Pioneer will also use the PowerPC chip jointly developed by Apple, IBM and Motorola.

LEGISLATION AND POLICY

The Japanese government has unveiled the broad lines of its plans worth 860 billion Ecus to propel Japan into the information age. The goal is to wire up all Japanese homes and businesses with optical fibre by the year 2010. In a preliminary phasis ending in 2000, the business districts of Japan's major cities (more than 100,000 inhabitants) will be wired up. The Japanese government intend to stimulate the development of infrastructures by offering subsidised loans to promoters.

The Japanese governmental Agency of Cultural Affairs has produced a report that calls for the overhaul of the country's copyright legislation in the light of the changes fostered by the rapid development of digital technology and on-line multimedia services.

The agency's Copyright Council will discuss the issue and eventually propose legislation aiming at reforming Japan's copyright law over the next years. The report is Japan's first policy statement advocating a review of copyrights in the information age.

MARKET

Siemens, the German telecoms, electronics and computer giant, said it plans to substancially increase its investment in the Asia-Pacific region, bringing it to 2.5 billion Ecus yearly by the year 2000 up from 750 million Ecus today. A third of the money will go to China, while another 500 million Ecus will be invested in India.

The decision is based on the fact that Asia-Pacific is both the world's fastest growing market with a growth rate of over 10%, and Siemens fastest growing client. While the group's overall sales have tended to stall between 1991 and 1994, Asian sales have almost doubled in the same period. Yet the region represented only 4% of Siemens' sales in 1994, compared with 15% for North America and over 70% for Europe.

WORLD-WIDE

MARKET

The privatisation of telecoms worldwide will raise \$50 billion over the next five years, according to a study published by the French bank Paribas.

Since 1981, the privatisation of telecoms has generated \$120 billion, including \$74 billion for the partial privatisation of Nippon Telegraph and Telephone (NTT), Japan's national telecoms operator. In Europe, telecoms privatisation has raised \$30 billion, including \$22 billion for the sell out of British Telecoms (BT).

Nippon Telegraph and Telephone (NTT), Japan's national telecoms operator, said the British telecoms group Cable & Wireless (C&W) would take a 5% stake in each of its nine mobile phone affiliates.

SOCIAL, SOCIETAL AND CULTURAL

Latest estimates suggest that the number of users of the Internet , the vast international network connecting 5 millions of computers in universities, corporations and homes, has more than doubled to 50 million over the past 12 months.

About 70% of Internet users are located in the USA, including 50% in California. Western Europe comes second with an estimated 10 million Internet users.

In January, business computer hosts have outnumbered those of academia. This confirms the continued commercialisation of the Net despite growing security concerns.

In fact, since the arrest in February of Kevin D. MITNICK, a computer programmer who sold software allowing to crack computer security systems, over 30 serious breaks-in have been reported on the Internet.

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