

EDITORIAL

News coverage of Bangemann report is contrasted

The international press coverage of last week's presentation of the report of the high-level group on the information society is contrasted. While all important newspaper have devoted some space to the event, the coverage is rather limited both as regards to the length and the content of the articles. Most newspapers have adopted a neutral tone, rarely looking beyond the scope of the supplied information.

The bulk of the coverage relates to the economic dimension of the information society. All newspapers insist on the fact that the new industrial revolution will be market-driven and underline the importance of liberalisation, interoperability and the need for common standards and a regulatory framework at a European level. Other key issues mentioned are media ownership, electronic security and intellectual property rights.

Beyond these common aspects, there are national differences as regards to the other issues that have grabbed the media's attention.

US and British newspapers focus almost exclusively on the above aspects as well as the risk for Europe of falling behind the USA and Japan.

Italian and Spanish newspapers instead emphasise the importance of the proposed creation of a Council of Ministers and a European authority on the information society.

The French press stresses that despite the leading role of industry, government incentive will play a key role in generating demand through the proposed 10 applications.

The applications fields are in fact a main focus of the German press, which is also the only one that has a perception of the information society beyond the scope of economics.

The Frankfurter Allgemeine Zeitung notes that new technologies could help building up a more equal and balanced society. The Süddeutsche Zeitung focuses on new ways of working, distance learning, life-long education and the improvement of

public services, and notes that the new applications could improve the quality of life.

Social issues, including the fact that information technologies could generate new jobs, are marginally covered. Only the Wall Street Journal devotes substantial space to it. The issues of universal service, privacy and reciprocity in international market access are mentioned without expanding, respectively by El Pais, Il Sole-24 ORE and Le Monde.

Some, however, newspapers are more critical. Les Echos stresses that unleashing market forces may be good for business but not individuals. The Financial Times considers that the report is weak on a regulatory framework for competition in services provision and intellectual property protection. It agrees with the importance of setting up a European authority but warns against the risk of ever more bureaucracy.

EUROPE

Trends: The week in Europe has been rich in events. Following the release of the Bangemann report only by a few days, the decision by five telecoms operators (BT, Deutsche Telekom, France Télécom, STET and Telefonica) to co-operate in bringing info-superhighways to Europe could be an important step forward. At the same time, Havas' transatlantic initiative contributes to reinforce Europe's presence in multimedia world-wide. There was, however, a more pessimistic note that is food for thought, especially in the light of the Bangemann report: ERECO's warning that privatisation could cost more than 300,000 telecoms jobs in Europe.

INFRASTRUCTURE

The five largest European telecoms operators, British Telecoms, Deutsche Telekom, France Télécom, STET and Telefonica have announced the creation of a forum on advanced communications in Europe, ACE 2000, to co-operate and co-finance the setting up of information superhighways in Europe.

The British, German, French, Italian and Spanish national telecoms companies will spend 600 million Ecus this year on developing broadband networks, including 100 million Ecus for a pan-European pilot network.

The networks will provide the basis for trials and demonstrations of future telematic equipment and applications. The operators stressed that they will take into account the users' views by collaborating with administrations, banks, publishers, the health care sector and the entertainment industry. ACE 2000 will hold its first meeting in September.

APPLICATIONS

French media group Havas and America's New Line Cinema Corporation, a subsidiary of media group Turner Broadcasting System, have agreed to set up a joint venture, NHL Partners, specialising in electronic publishing.

Havas and New Line will invest 25 million Ecus in NHL, who will create and market interactive video game software and electronic titles on CD-ROM and CD-I.

Havas has evaluated the market for off-line interactive video games in 1993 to 2.2 billion Ecus in Europe and 5.4 billion Ecus in the United States.

The alliance follows the purchase in April for 390 million Ecus of America's game software publisher Software Toolworks by the British media group Pearson.

German media giant Bertelsmann and America's leading cable operator TCI have dropped plans to launch a world-wide hybrid musical and home-shopping channel that would have competed with Music Television (MTV), which is controlled by US media group Viacom.

LEGISLATION

According to a study by Britain's ERECO/Cambridge Econometrics, the privatisation of Europe's telecoms industry could cost between 268,000 and 383,000 jobs or 35% to 50% of the sector's work force.

The figures are based on an extrapolation of the impact of the privatisation of British Telecoms (BT) launched in 1984. Since 1990, BT has reduced its work force by 40%.

The study admits, however, that the figures could be overestimated since governments would benefit from the "BT experience," that the market's deregulation would be more progressive and more limited, and that massive employment cuts would not be practicable in the context of today's high unemployment rate in Europe.

Furthermore, the study doesn't indicate how many new jobs could be generated by the new communication-related services and the opening-up of markets.

Russian authorities have launched the privatisation of telecoms with the sell-off of 22% of Rostelekom, the national long distance operator, to the employees and the public, and are expected to sell a further 5% to the US regional telecoms operator US West.

The selling price is extremely low: the value of Rostelekom is evaluated at four times the amount of its profit compared to an

average of 33 for other East European operators.

The Russian government has already launched, in April, a plan to modernise its telecoms infrastructure with the help of a consortium that would comprise Russian and foreign companies, including US West, France Télécom and BT . The cost of upgrading Russia's telecoms network is evaluated to more than 50 billion Ecus.

TECHNOLOGY

A European and a US computer entrepreneur, respectively Hermann HAUSER, co-founder of Acorn Computer, and Ralph UNGERMANN, who is behind chip maker Zilog, have agreed to jointly market low-price ATM technology for PC networks.

ATM technology, or Asynchronous Transfer Mode, allows for real-time interactive transmission of multimedia information over broadband networks.

In 1995, Hauser and Ungermann said they will start selling in Europe and the USA slower ATM systems that do not necessarily rely on optical fibre networks for less than 430 Ecus per personal computer compared to 2,100 to 3,400 Ecus for broadband ATM.

The speed of their system would range from 25 to 52 megabits a second instead of 155 megabits a second for standard ATM in Europe. But Hauser and Ungermann argue that this would still mean significant improvement over regular data networks at a cut-price.

A study by Cimi, a US consultancy, indicates that a price of 1000 Ecus per PC would make ATM attractive to 1.6 million users in the USA -- 100 times the current amount.

MARKET

Deutsche Telekom has bought a 25% stake in Société Européenne des Satellites (SES), a European company running a network of three Astra satellites which broadcast 50 television channels to cable TV networks and satellite dishes across Western Europe.

SES is owned for two-third by private European investors and one-third by state-owned Luxembourg financial institutions. In September, SES will launch a fourth Astra satellite to broadcast a further 16 channels.

The move is part of Deutsche Telekom's strategy to be present in all segments of the communication industry that could play a role in the development of multimedia.

AT&T Network Systems International, a subsidiary of leading US long distance operator AT&T, and Ukraine's cable producer Odessa Cable Works (Odeskabel), will set up a joint venture, Odessa Fiber Optic Cable, which will manufacture optical fibre cables for the Ukrainian market. AT&T will have a 51% stake in the new company.

NORTH AMERICA

Trends: Multimedia convergence in the US has suffered a new blow with the collapse of the EDS-Sprint merger talks. But optimism could come back in the cable industry with the purchase by Cox of Times Mirror's cable assets. Contrasting with the turbulent American information landscape, Canada seems to be firmly and quietly entering into the information age.

INFRASTRUCTURE

Canada's nine regional telecoms companies have joined force to build up a nation-wide information superhighway, the so called Sirius project, to wire up 90% of the population by 2005.

The completion of Sirius would cost 5 billion Ecus and directly contribute to the creation of 12,000 jobs. New multimedia services will be offered starting from 1995.

The development and marketing of multimedia services will be carried out by MultiMedia, a joint venture set up by the nine telecoms companies.

An alternative info-superhighway project, Universalité, Bidirectionalité et Interactivité (UBI), has been launched in Quebec by the cable operator Videoway Communications, a subsidiary of Le Groupe Vidéotron, in collaboration with other partners such as National Bank of Canada and Hydro-Quebec.

According to this plan, UBI will supply interactive multimedia services over 34,000 terminals as early as 1995 and expand to 1.5 million terminals by the year 2000.

Videoway's terminals will be installed free of charge. The monthly subscription fee will cost around 12 Ecus and services will be charged according to use.

MARKET

Sprint, the third largest US long distance operator, and America's Electronic Data Systems (EDS), General Motors'

data-processing unit, have broken their merger talks following disagreement over the value to be placed on Sprint.

Despite the failure of their merger, Sprint and EDS said they would continue investigating the possibility to establish strategic alliances.

Separately, Sprint has been pursuing talks over the last months with foreign telecoms operators France Télécom , Deutsche Telekom and Nippon Telegraph & Telephone which could take a minority stake in Sprint in exchange for a \$1 billion investment.

The completion of the Sprint-EDS merger talks could have impeded an alliance with France Télécom and Deutsche Telekom, whose joint corporate data services subsidiary, Eunetcom, competes with EDS in Europe.

Cox Cable, the cable television unit of America's Cox Enterprises, has agreed to buy for \$2.3 billion the cable TV operations of US media group Times Mirror, thus becoming America's third largest cable operator after TCI and Time Warner.

INFORMATION SOCIETY

Mecklermedia, a US technology publishing company, has launched MecklerWeb, a service allowing businesses to advertise their products over the Internet, a computer network connecting 20 million users world-wide.

An American law firm had recently outraged Internet users by disseminating unsolicited business promotion messages on-line. Over 35,000 retaliatory messages had crashed the company's Internet access.

To avoid similar misadventure to other companies, Mecklermedia offers instead, for \$25,000 a year, an electronic billboard service organised in broad topical areas of interest such as law, medicine or technology. The corporate information service is accessible by anybody and doesn't interfere with other users' communications.

ASIA AND PACIFIC

Trends: While Europe unveiled its Bangemann report, Japan kept up with the release of its own ambitious plans to enter the information age.

INFRASTRUCTURE

Japan's Telecommunications Council, an influential government advisory board, has unveiled a plan to connect the whole population to an information infrastructure by the year 2010 that would cost between 250 and 430 billion Ecus .

The council recommends that the main share of the work and investment should be left to the private sector, in particular telecoms and cable television companies.

However, the Japanese government should help fostering private investment by providing tax incentives and low-interest loans. Government should also develop new public service applications in areas such as health care and education to help steer the development of the network before private demand takes off.

The plan also recommended reviewing Japan's broadcasting and telecoms legislation and possibly end the distinction between the telecoms and cable industries to allow them to merge as well as to give a boost to Japan's weak TV cable industry (3% of households subscribing compared to 60% in the United States).

LEGISLATION

Singapore's authorities said they will dismantle in 1997 the monopoly of the national telecoms company Singapore Telecom over mobile and radio telephony and services.

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