

EDITORIAL

Europe outlines ways to revive its audio-visual industry

Filmmakers, broadcasters and politicians called for action to save Europe's ailing programme industry at a European Audio-visual Conference organised by the European Commission in Brussels between June 30 and July 2.

The over 500 participants agreed that a strong European film and television industry is needed to preserve and promote Europe's cultural identity and specificity since audio-visual programmes have become essential vehicles of cultural values. They added that culture is not a product like the others and should not be treated as such.

Participants underlined that programme catalogues are increasingly becoming a strategic component for the development of audio-visual services. They added that the industrial stakes are also high.

They noted the main weaknesses of Europe's audio-visual sector: a market fragmented along linguistic lines; a poor distribution system impeding the circulation of products outside the country of origin; the absence of big actors counterbalancing powerful US studios; insufficient cross-country co-operation; and a lack of financial resources.

While there was consensus over the diagnosis and stakes, participants diverged over the possible remedies. Some advocated taxing broadcasters to help finance production and distribution or adapting content requirement to the increasing diversity of TV services, while others pleaded for a flexible application of existing rules.

In addition, there was a clear trend at the conference towards integrating Europe's programme industry in the global economy while safeguarding its cultural specificity. This position was heralded by Commission President Jacques DELORS, who warned about the risk of manufacturing an artificial industry that has no resonance to the outside world.

Participants finally agreed on the creation of a European Fund worth 1.5 billion Ecus to provide financial guarantees and low-interest loans rather than subsidies. Joao de Deus PINHEIRO, the Commissioner for audio-visual affairs, said he will discuss the possibility of creating the fund at a seminar with European Union financial institutions in September.

Other suggestions included: an obligation - accompanied by a Community support - for broadcasters to buy non-national

European works; encouraging the setting up of distribution consortia; investment rather than transmission time programme requirements for certain types of channels; the creation of a European cinema centre; the promotion of training; and collaboration with Eastern Europe.

Finally, the link between audio-visual and the information society was established. Mr. Pinheiro underlined that audio-visual content must become a key component of the Union's strategy to develop the information society. He added that there must be a distinction between the infrastructure and content dimensions of the information society.

EUROPE

Trends: A major event of last week was Germany's definitive approval of the privatisation of Deutsche Telekom. In Britain, the government is further increasing telecoms competition with the award of a license to AT&T. On the company front, Thomson goes multimedia with the setting up of a trans-Atlantic partnership with Sun Microsystems. Meanwhile, many moves have taken place in the television industry.

APPLICATIONS

France's largest electronics company Thomson Consumer Electronics (TCE), has agreed to join forces with America's Sun Microsystems, a computer hardware and software manufacturer, to develop multimedia systems.

TCE and Sun will set up an operational unit owned 50% each that will combine the know-how of TCE - America's leader in digital TV - in digital terminals and decoding, and Sun's expertise in multimedia servers, ATM networks and computer networks software.

They will target telecoms, cable and broadband networks operators which develop interactive multimedia services such as video-on-demand, home-shopping, tele-education and professional networking.

LEGISLATION

The Bundesrat, Germany's upper Chamber, has passed legislation to privatise the country's post and telecoms and has agreed to modify the Constitution accordingly. The changes had already been approved by the Bundestag, Germany's lower Chamber.

A first 25% of Deutsche Telekom will be sold off in mid-1996 and another 25% two years later. The privatisation will be carried out through a subsequent increase of capital, while the German State will retain its shares at least until the year 2000.

The British government has released a White Paper on the future of the British Broadcasting Corporation (BBC) advocating that it should retain its public service duties while adapting to the advent of multimedia world-wide.

Under the plan, the BBC would be allowed to continue all its existing broadcasting services and provide programmes distinct from those offered by commercial channels, and be further funded by a flat rate payment by all TV owners at least until 2001.

The BBC should also evolve into an international multimedia enterprise drawing on the assets provided by the quality of its programming and develop alternative commercial sources of financing such as satellite or digital broadcasting to supplement the license fee.

MARKET

The British government has awarded a telecoms license to the US leading long distance operator AT&T, thus intensifying competition in the British telecoms market.

AT&T said it will at first target the 450 Britain-based large multinationals and then expand towards SMEs. The license, which is provisional and will be replaced by a definitive one in the Autumn, allows AT&T to build its own network.

Deutsche Telekom is holding negotiations with Germany's Daimler-Benz to buy a 50% stake in its computer subsidiary Debis. According to Debis, the two companies are also considering setting up a multimedia joint venture.

The Federation of Russia has become the 41th member country of the European satellite communication organisation Eutelsat, which controls a seven-satellite network.

Russia has bought a 0.05% stake worth 33.000 Ecus.

Eunetcom, a joint venture between France Télécom and Deutsche Telekom specialising in private network services for corporations, has been officially launched in Frankfurt, Germany. The company's first client in Europe is the US computer giant IBM.

News Corporation, the media group controlled by the Australian-American press magnate Rupert MURDOCH, has acquired for free a 49.9% stake in Vox, a German satellite television channel which went into liquidation on April 1.

The move is a significant first step into the German TV market for Mr. Murdoch, who already controls 50% of Britain's British Sky Broadcasting, and all of America's Fox television network and Asia's Star TV channel. The German media giant Bertelsmann owns 24.9% of Vox while a remaining 25.2% is still opened for acquisition.

Richemont, a Swiss industrial holding controlled by the South African RUPERT family, has spent 150 million Ecus on buying a 25% stake in Telepiù, an Italian television group controlling two pay-TV channels reaching 550,000 subscribers.

The move reinforces Richemont's European TV operations. It already has a 46.5% stake in Filmnet, a pay-TV channel with 700,000 subscribers in Northern Europe and Scandinavia, and controls the South African channel M-Net.

INFORMATION SOCIETY

Abrakadabra, a Polish company, will manufacture audio compact discs that can be read by a regular audio CD player and watched on a television screen thanks to an image decoder connecting the CD player to the TV set.

Abrakadabra will use the technology developed by Nimbus, a British SME specialising in digital recording. The video CDs can contain a 135-minute long video and provide image quality equivalent to standard S-VHS and hi-fi quality sound.

The main asset of the system resides in its price: 75 Ecus for the decoder and 2 Ecus per CD in Poland. Licenses have already been sold in Asia and Australia. Poland is the first European country to use this technology, which could constitute a menace for the traditional video-recorders and video tape manufacturers.

Cerberus, a British company, has launched in London a music-on-demand service allowing personal computer users to select tracks from a store of thousands of compact discs and download them on their PC.

The price of the service is considerably cheaper than buying CDs from a record store. Video and graphic material, such as biographies of artists can also be displayed on-screen. It takes about 12 minutes to retrieve a five-minute long song.

Cerberus is also negotiating with cable television companies to offer music-on-demand services to cable TV subscribers. They would be able to call up CD singles and watch accompanying video and graphics material.

NORTH AMERICA

Trends: Mexico tops the news this week with plans to liberalise long distance telecoms services. In America, the FCC has authorised Bell Atlantic to supply video services, while government plans to adapt copyrights protection rules to the information age.

APPLICATIONS

America's electronics companies Digital Equipment and General Instruments (GI) have agreed to join forces to develop video-on-demand systems. Digital will supply multimedia servers and GI encryption systems and set-top terminals.

LEGISLATION

The Mexican government has released plans to liberalise long distance services after the exclusive concession enjoyed by the national telecoms company, Telefonos de Mexico(Telmex) until January 1997 has expired.

Long distance carrier complying with government requirements - which still have to be approved - would be granted a license and be allowed to set up their own local networks. Telmex will initially have to permit interconnection between long distance networks and its local networks in 60 cities and increase this number to 200 by 1999.

A number of companies, including the US long distance operator MCI and the American regional telecoms company Bell Atlantic, have already announced their intention to provide long distance services in Mexico.

The US Federal Communications Commission (FCC) has given its approval to the regional telecoms operator Bell Atlantic to offer video services.

This is the first time a US telephone company has been allowed to compete with cable television operator in offering video programming to US viewers.

The decision clears the way for New Jersey Bell, a subsidiary of Bell Atlantic, to supply programmes over its telephone network to 38,000 residents of Dover Township in New Jersey. Several phone companies have similar applications pending before the FCC.

Four US regional telecoms companies, Bell Atlantic, BellSouth, Nynex and Southwestern, have launched legal action to be allowed to offer long distance services.

The move follows the adoption by the US House on June 28 of legislation aiming to allow the seven regional telecoms monopolies - the Baby Bells - to provide long distance services and long distance operators to supply local services, and open up the cable sector to competition. The legislation has yet to be endorsed by the US Senate.

The CLINTON-GORE Administration has unveiled a study proposing changes to the US copyrights legislation in order to adapt it to the circulation of digitised information on electronic superhighways.

Under the plan, the transmission to third parties of information obtained via the info-superhighway would be forbidden. But the study acknowledges the difficulty to enforce the ban. It would be up to data suppliers to sue data recipients contravening the rules.

MARKET

An Indian consortia led by the Indian Bank of Industrial Development has taken a 5% stake worth \$40 million in Iridium, a satellite radiocommunication project initiated by the US leading mobile operator Motorola, which holds a 22.25% majority stake.

The US media group Viacom has finalised the purchase for \$9.6 billion of the US film and television studio Paramount Communications.

INFORMATION SOCIETY

The Maryland State Library has launched a project, Sailor , to offer electronic access to its catalogues via the Internet , an international computer network linking up 20 million users world-wide, for the price of a simple phone call.

All citizens of the state of Maryland who own a computer and a modem will have a free connection to Sailor over the Internet allowing them to retrieve books, call up US Department of Commerce statistics and check Maryland public TV programmes.

Massachusetts is planing to launch a similar project in the Fall, while more than half of the 50 US states are also exploring ways to connect their libraries to the Internet.

Globalink, a US company, has started supplying over the Internet an automatic translation system allowing users to convert files and documents from English into French, Spanish or German and vice-versa.

The system, which provides translation at a fee of 5 cent a word with a minimum charge of \$5, provides "draft quality" texts.

ASIA AND PACIFIC

APPLICATIONS

In August, Hong Kong's telecoms operator Hong Kong Telecom will launch a video-on-demand experiment.

MARKET

Nippon Information and Communication, a joint venture between Japan's national telecoms operator Nippon Telegraph and Telephone (NTT) and the US computer giant IBM, has agreed to distribute in Japan international services provided by Concert , a joint venture between British Telecoms (BT) and the US long distance operator MCI.

Even though regulatory barriers will restrict the range of services Concert can offer in Japan, the deal marks Concert's first notable entry into the Asia-Pacific market. NTT has indicated that the move does not preclude other agreements with BT and MCI's rivals.

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