

EUROPE

Trends: European news have been extremely rich in the last fortnight. The major events have been a transatlantic venture between IBM and Philips, and the choice of France Télécom, Deutsche Telekom and US West to upgrade Russia's long distance phone network. Also important is the cable and cellular venture between Générale des Eaux, Vodaphone and Southwestern Bell, as well as the emerging TV satellite war between SES and Eutelsat. On the legislative front, Spain has confirmed its commitment to meet the 1998 deadline while Greece is proceeding with the privatisation of OTE.

INFRASTRUCTURE

NTL, a British broadcaster, and Energis, a British telecoms firm, have each launched a long distance network in Britain. They will compete with Mercury and BT.

RWE Energie, Germany's largest electricity utility, has purchased Preussag Mobilfunk, the mobile phone division of Germany's Preussag, which was awarded a license to build and run a nationwide mobile phone network last summer.

APPLICATIONS

Interconnect, a group of cable companies holding 21 of the 22 cable franchises in the Greater London area which covers 285,000 homes, are preparing the launch in January of Britain's first pay-per-view services. The companies, including Britain's Comcast and Encom Cable, America's Nynex and Telewest, and Canada's Videotron, will offer films at the price of renting a video tape.

LEGISLATION

The Spanish government has agreed to meet the 1998 deadline for the liberalisation of European voice telephony and has approved a three-year timetable to liberalise its telecoms sector, including cable television, mobiles and local TV broadcasting.

The personnel of Greece's national telecoms operator OTE went on a 24-hour strike ahead of a parliamentary debate on a government bill to privatise 25% of the company.

The sell-off is planned at the end of November and could raise one billion Ecus from which 30% will be used to modernise OTE and 70% to plug the country's budget deficit.

The German government has said that 100% of the national telecoms operator Deutsche Telekom will be privatised by the year 2000.

Private European cable operators have set up a lobbying body in Brussels, the Association of European private cable operators (ACPE).

The ACPE will comprise Germany's ANGA, Denmark's STOF A , Britain's Cable TV Association (CTA) and France's Compagnie Générale de vidéocommunication (CGV).

MARKET

The national telecoms operators France Télécom and Deutsche Telekom, and the US regional telecoms company US West have been chosen by Russian authorities to upgrade the country's long distance system.

The project involves building a 50,000-kilometre optical fibre network connecting 50 cities and create 20 million new lines over 10 years.

The three companies are expected to set up a joint-stock company in which Rostelekom, Russia's national long distance operator, would have a majority stake, to raise cash, build the network and run it. The joint venture would be awarded a license to operate the new network for at least 50 years.

The Dutch electronics group Philips and the US computer manufacturer IBM have agreed to cooperate on designing chip for the consumer electronics market.

They will jointly own and operate an IBM chip plant in Germany and invest several hundred million Ecus in equipping it with state-of-the-art production process. IBM will contribute its expertise in digital technology and Philips in consumer electronics.

Competition between Europe's largest television satellite operators, Société Européenne des Satellites (SES) and the European satellite organisation Eutelsat, is expected to be fuelled by the launch before the end of the year of two large new satellites

At the end of October, SES will launch a fourth Astra satellite capable of transmitting 16 channels, while Eutelsat is set to launch in November Hot Bird 1, also a 16-channel satellite, which is to be followed by Hot Bird 2 and 3 respectively in 1996 in 1997.

So far, the two satellite systems have developed in a rather complementary way, with Astra satellites mainly carrying encrypted channels reaching 53 million households and Eutelsat concentrating on advertising backed channels reaching 38 million homes.

Competition is expected to intensify with the switch from analogue to digital TV, which will allow to squeeze several channels into the capacity currently occupied by one.

France's cable and cellular operator Compagnie Générale des Eaux (CGE), Britain's largest cellular operator Vodaphone and the US regional telecoms company Southwestern Bell have agreed to put up 460 million Ecus in fresh capital for Société Française de Radiotéléphonie (SFR), which looks after CGE's cellular operations.

On this occasion, Vodaphone will exchange its 4% stake in CGE's mother company Cofira for a 10% stake in SFR, with an option to raise it to 20% in the next 18 months.

SFR and France Télécom were France's only cellular operators until the French construction and communication group Bouygues was recently licensed a third one.

Southwestern will take a 10% stake in both Cofira and SFR and a 10% stake in CGE's cable operations, with an option to increase the latter to 20%. In exchange, CGE will take a 10% stake of Southwestern's cellular operations in the Washington and Baltimore area.

The Hollywood studio Walt Disney will transfer to its existing facilities in Montreuil, France, part of its animation activity, starting with part of the production of its next long-footage cartoon, "The hunchbacked of Notre Dame".

SOCIAL, SOCIETAL AND CULTURAL

French film director Jacques DOILLON has produced the world's first high-definition digital video movie, "Du fond du coeur" using equipment provided by France's Thomson .

Digital video provides an image quality superior to traditional 35mm film, allows to directly control and modify the image on-screen, and has a recording capacity of over an hour, while film cameras only have a 10-minute footage capacity.

Digital video is not yet competitive because of the high price of equipment to which one must add the price of transferring the video picture onto 35mm film. That may change with the development of digital movie distribution systems, which will allow to transmit digitised films directly to movie theaters over optical fibre networks.

NORTH AMERICA

Trends: Viacom, America's new multimedia giant tops the news with ambitious global expansion plans. Separately, commercial on-line services make spectacular progress in the USA. And in Canada, Stentor takes new steps to develop multimedia.

APPLICATIONS

The Stentor alliance, which groups Canada's nine regional telecoms companies, has launched MediaLinx, an initiative to develop the required technology to provide on-line interactive services such as home shopping, distance learning or tele-medicine.

MediaLinx has a budget of 150 million Ecus over five years and is part of Stentor's 5 billion Ecus worth Sirius project (or "Beacon initiative") to provide multimedia services to 80% of Canada's homes and 90% of the country's businesses by 2005.

MARKET

Mr. Sumner REDSTONE, the 71-year old president of the American media giant Viacom has unveiled a global strategy to reinforce the group's worldwide presence.

Viacom will concentrate its activities exclusively on content and software and sell-off for an estimated \$2.5 billion its cable assets. The money will help Viacom reimbursing the recent purchase of the Hollywood studio Paramount and the leading US video retailer Blockbuster. It has recently sold Madison Square Garden in New York for \$1.1 billion.

In the USA, Viacom will launch in January a new television network, United Paramount, and thematic channels mainly based on Paramount's video library.

Globally, Viacom will consolidate the expansion of its youth musical channel MTV and launch an international version of VH1 , an adult version of MTV, and the youth channel Nickelodeon . It will also open 1,000 giant Blockbuster video rental shops within two to three years and Paramount studio stores selling movie-derived products.

Motorola, the world's leader in mobile telephony, and TCI, the US largest cable operator, are planning to set up a joint venture with another US telecoms company, Teleport Communications, to supply local telecoms services in the Chicago area, in competition with the regional telecoms company Ameritech .

SOCIAL, SOCIETAL AND CULTURAL

The amount of American subscribers to commercial on-line personal computer networks has skyrocketed to 5.1 million in 1994 from 2.9 million the year before.

The winners of this growing interest for on-line services are America Online and CompuServe which have grown respectively by 186% to 1 million subscribers and 92% to 2.4 million subscribers. Prodigy Service has only grown by 10% to 1.2 million.

The remaining 500,000 users are spread over smaller networks, such as Delphi or GENie which range from 100,000 to 150,000 subscribers.

ASIA AND PACIFIC

Trends: Asia and Pacific was the centre of a lot of activity in the last two weeks. Japan's ministries and businesses go on multiplying multimedia initiatives on both the legal and services fronts. Liberalisation has made significant progress in India and - maybe - China. The real surprise comes from Australia, where the information society is taking shape in Aborigine communities.

INFRASTRUCTURE

Chinese authorities have given HongKong Telecom, which is owned 57% by Britain's Cable and Wireless (C&W), a green light to invest 240 million Ecus in building a fibre optic network linking Beijing and Hong Kong and developing Beijing's cellular network.

It is the first time ever a foreign telecoms company is authorised to make direct investments in China. While some analysts interpret the event as being a major shift in China's policy towards foreign groups, others argue that Hong Kong Telecom is a particular case as it will become a Chinese mainland-based company in 1997.

The Indian Communications Ministry has awarded licenses to eight national telecoms groups, each with a foreign partners, to operate cellular phone networks in the country's main cities - Bombay, Delhi, Madras and Calcutta - starting from April 1995.

The decision follows the release in April of a blue print calling for the opening up to private and foreign companies of the state monopoly over telecoms. It is largely motivated by the government's lack of financial resources to provide the needed investment. It is expected to award a further 18 cellular licenses covering the whole of India.

The foreign companies involved are France's SFR and France Télécom, Hutchinson of Hong Kong, America's Bell South and Cellular Communications International, Britain's Vodaphone, Australia's OTC and Malaysia Telecom.

APPLICATIONS

Japan's national telecoms operator Nippon Telegraph and Telephone (NTT) is planning to launch in mid-1995 interactive television services trials connecting 300 to 500 homes with fibre optic in cooperation with three Japanese cable TV companies.

LEGISLATION

The Japanese Ministry of International Trade and Industry (MITI) is set to launch a series of initiatives to back the take-off of the information age in Japan.

To promote the computerisation of companies, it will set up next April a scheme offering special tax breaks to businesses investing in internal network equipment.

It has also put aside 14 million Ecus to finance up to 100% of promising ventures in multimedia software, a sector in which Japan is believed to lag behind its competitors.

Finally, the MITI will launch in late November an internal PC network linking its Tokyo main offices with regional bureaux which will also feature an Internet connection.

The Japanese Ministry of Post and Telecommunications (MPT) will set up at the end of October a new group that will draft the country's strategy on intellectual property rights in the information age. A mid-term report will be produced by January 1995.

Separately, twenty Japanese multimedia producer organisations have set up a Multimedia Developers Council to tackle issues related to copyright protection of multimedia works. Participants include the Electronic Industries Association of Japan, the Japanese Electronic Industries Development Association, the Information Service Information Association and the Multimedia Software Association.

TECHNOLOGY

A group of leading Japanese companies including Fujitsu, Hitachi, Matsushita, Mitsubishi, NEC , Oki, Sony and Toshiba, intend to develop a high-speed wireless multimedia transmission technology which they hope will become a worldwide standard.

The firms have asked the Key Technology Centre (KTC), a research institute jointly run by the MPT and the MITI , to provide up to 70% of the estimated 48 billion Ecus needed to complete the project over seven years.

SOCIAL, SOCIETAL AND CULTURAL

Four Australian Aborigine communities - Yuendumu, Kintore, Willowra and Yueundumu - disseminated in the Tanami desert have set up a satellite videoconferencing system, the Tanami Network , which has become a central element of the community life.

Tanami has been set up in 1992 to overcome the shortages of regular telephony which doesn't meet the Aborigine's cultural need to actually see the person they are talking to. It is largely financed by the royalties on gold mines located on Aborigine Territory.

It has allowed for better access to education, medical support and administrations, and easier reinsertion of Aborigine prisoners by enabling them to keep in touch with their family. The government now envisages to launch seven similar networks.

Tanami has also opened Aborigines to the rest of the world. A 1993 video link with the Hayward Gallery in London has enabled local artists to present and sell their works.

The city of Kobe, Japan, has launched an information service using the Internet allowing citizens to access data and video on local policies and projects, municipal public documents and tourist information. An "E-mail to the Mayor" service will be launched before the end of the year. This is the first such service to be launched in Japan.

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