

EDITORIAL

France launches strategy to move towards the information society

At an interministerial committee meeting on October 27, the French government endorsed the conclusions of a report on information superhighways produced by Gérard THERY, the former head of France's telecoms department and father of the Minitel.

The report, which bares many similarities with the BANGEMANN report, notes that the development of info-superhighways is inevitable and will be global. It stresses that the world's leading economic powers, i.e. the USA, Japan and Germany, are committed to quickly deploying them. It is therefore urgent that France takes similar action.

The stakes are high. "The multiplying effect the superhighways will have on the competitiveness of enterprises and the development of service activities also constitutes a formidable opportunity to create jobs," the report emphasises.

The report calls for the setting up of an optic fibre network connecting all French households by 2015 that would cost between 22 and 30 billion Ecus over 20 years. Since only the national telecoms operator would have the financial capacity to carry out this investment, the report calls for France Télécom to play a key but not exclusive role.

On the regulatory front, the report calls for the dismantling of France Télécom's monopoly over infrastructures and the introduction of competition. Liberalisation should be complemented by a widening of the scope of universal service. Promotion activities should also be launched to raise French public awareness.

The development of France's superhighways should be based on a joint action of public authorities and the private sector, including both SMEs and big corporations. Government must act as driving force, in particular as regards to its public service missions, through "a redefinition of the budgetary priorities of the concerned ministries".

At European Union level, the report says that action should be taken to guarantee the interconnection of networks and interoperability of services. In addition, initiatives should encourage the setting up of partnerships based on the model of Airbus and Arianespace .

Beyond agreeing on fundamental principles and guidelines, the government has set up an Interministerial Committee on information superhighways that will develop within five months a timetable for the launch of commercial and public interest applications to test the economic viability of the new services and develop the required technology.

So far, the definition of an overall strategy to move towards the information age is still at an early stage. A parliamentary debate on the economic conditions for the development of information superhighways and the priorities for government action will be organised soon to help complete it.

EUROPE

Trends: There have been several setbacks in Europe in the last fortnight: for the MSG venture, which was blocked by the Commission; on the employment front, with lay offs by KPN and C&W; for Greece's plans to privatise 25% of OTE in December, which collapsed; and for BT, which postponed the launch of its "Caller Display" service over privacy concerns.

INFRASTRUCTURE

The French pay channel Canal+ has booked six channels on the two next Astra satellites to supply thematic channels and pay-per-view services in several languages all across Europe. The move is part of the company's pan-European development strategy.

Société Européenne des Satellites (SES) will begin operation of the satellites, Astra-1E and Astra-1F, respectively in the summer of 1995 and in 1996. They will use the digital compression technology, which allows to broadcast four to eight television channels or video services over each communication channel.

LEGISLATION

The European Commission has decided to block the creation of Media Service Group (MSG), a German multimedia joint venture between the media giant Bertelsmann, the private TV group Kirch Gruppe and Deutsche Telekom.

Competition Commissioner Karel VAN MIERT explained that "a joint venture like MSG is desirable because it is able to implement new technologies such as digital television" but that "the structural features of MSG would lead to the protection of the market for services as well as for digital pay-TV".

Three issues are at stake: MSG would obtain a lasting dominant position in the market for administrative and technical

pay-TV services; Bertelsmann and Kirch would gain a dominant position in the provision of pay-TV in the German language market; and Telekom would strengthen its dominant position in cable infrastructure.

The partners have now two options: either to go away and modify the terms of their proposal and represent it, or to close the deal definitely.

The Greek government has decided to delay the privatisation, due early December, of 25% of the national telecoms operator OTE, which was to raise about 1 billion Ecus.

Officially, the delay is only temporary and was motivated by bad world stock market conditions. However it is widely recognised that the move was influenced by opposition to the flotation within the ruling socialist party Pasok itself.

The Czech government has said it will offer a 27% stake in the national telecoms operator SPT Telecom to foreign bidders in December as part of its privatisation plans.

Twelve foreign telecoms groups are expected to compete for the stake, whose value is estimated at 600 to 800 million Ecus. It is one of Eastern Europe's biggest telecoms sale.

Applicants include an alliance between France Télécom and Bell Atlantic, another between Deutsche Telekom and Ameritech (who won a stake in Hungary's national operator Matav last year), AT&T, as well as other American, Dutch, Danish, Italian, Swiss and Korean telecoms companies.

SOCIAL, SOCIETAL AND CULTURAL

The Dutch national telecoms operator KPN said it will cut 3,000 jobs over the next three years - almost 10% of its 32,000 workforce - to boost productivity. It is the first round of job losses since 30% of KPN were privatised in June.

The UK telecoms group Cable & Wireless (C&W) has announced "substantial" cost and staff reductions at its subsidiary Mercury, following a 2% decline of Mercury's profit over the last six months, despite a 12% turnover increase.

C&W, whose overall pre-tax profit grew by 11%, declined to say how many of Mercury's 11,400 jobs were at risk. National Telecoms Unions and analysts' estimates range from 1,100 to 2,000 job cuts, or about 10% to 18% of the workforce.

British Telecom (BT) has postponed until November 21, the launch of Caller Display, a service which allows customers to read the phone number of a caller on a liquid crystal display. The decision follows criticism by civil rights organisations that the service breaks a caller's anonymity.

The service aims at curbing malicious phone calls by enabling people not to answer if they do not recognise a caller's number. A caller who doesn't want to be identified can punch a code or have a block on his line: the display then reads "number withheld".

Similar systems in the USA have proven efficient but lack of public consultation have in many cases prompted a backlash and even a ban in some states.

The additional two weeks give BT an opportunity to prompt awareness over the privacy issue and inform people about ways to retain their anonymity.

NORTH AMERICA

Trends: Microsoft tops US news: directly, with the launch of Marvel, a new on-line service, and the setting up of new partnerships; and indirectly, through a joint attempt by IBM, Apple and Motorola to challenge its domination of the PC software market. Meanwhile, a new grouping of Baby Bells is born in the applications sector.

LEGISLATION

The US Justice Department has cleared the purchase by Nextel Communications, a US radiocommunication company, of the radio licenses of Motorola, the world's leader in cellular telephony, and those of its smaller US rivals Dial Page and OneComm.

The move clears the way for Nextel to build up a nationwide wireless network to rival cellular groups. However, in order to preserve competition, Nextel will have to give up some radio channels.

MARKET

Microsoft, the world's leader in PC software, has announced the launch in the Spring of Marvel, a new worldwide on-line information service that will compete with existing commercial on-line PC services such as CompuServe, Prodigy and America Online.

In addition to traditional services such as electronic mail, bulletin boards and on-line chat services, Marvel will also supply shopping catalogues, financial services, news services and reference works including an on-line encyclopaedia.

Unlike its competitors, Microsoft will not charge Marvel users according to the amount of time spent on-line but on the basis of

low basic fees and subscription charges for access to selected information and services. It is thus expected to undercut prices by half.

Access to Marvel will be based on a new version of the popular Windows PC programme: Windows 95. But competitors have already alleged that this represents an unfair use of Microsoft's quasi-monopoly over PC software worldwide.

Three US regional telecoms operators, Bell Atlantic, Nynex and Pacific Telesis have agreed to each invest \$100 million in jointly developing new interactive video services that will be supplied over the partners' cable networks. They also set up two joint ventures.

A first company will buy and produce programming to feed interactive services such as video-on-demand, home-shopping and on-line video games. The second will develop the required technology. Interactive video trials will start in early 1995.

The venture also includes Creative Artists Agency, a programming agency owned by Michael OVITZ, Hollywood's most powerful talent agent. Ovitz has clients such as the film director and actors Steven SPIELBERG, Tom CRUISE, Kevin COSTNER and Sylvester STALLONE. The agency will serve as a strategic consultant and could provide actors, writers and directors.

The Japanese long distance operator KDD has bought the fax and data transmission activities of the US group Net Express for \$1 million.

The move may be modest but symbolically important: it is the first attempt by a Japanese firm to enter the US telecoms market.

Hughes Network Systems, the satellite arm of America's General Motors, has agreed with US computer giant IBM to transmit and distribute software directly to retailers and clients via satellite links without having to record it on a disk.

TECHNOLOGY

The US computer groups IBM and Apple, and Motorola, the world's leading cellular phone manufacturer, have agreed to develop a compatible hardware design based on the jointly developed PowerPC chip, which they hope will become a new PC standard.

The move is an attempt to challenge the domination of Microsoft's Windows and the microprocessors manufactured by America's Intel, which both equip 85% of the PCs sold.

But analysts believe that the alliance may be too little, too late. They stress in particular that the three partners have failed to

agree to develop a common software system that would let programmes written for IBM PCs run on an Apple Macintosh and vice versa.

Microsoft has announced the establishment of new partnerships with eight other companies to jointly develop interactive software technologies for new services.

The partners include America's Hewlett-Packard and US West, Telstra of Australia, Germany's Deutsche Telekom , NTT Data of Japan, Italy's Olivetti and France's Alcatel.

SOCIAL, SOCIETAL AND CULTURAL

The Internet and commercial networks such as America OnLine, CompuServe and Prodigy went political in California with the launch of poll information services and the use of E-mail by candidates to talk to voters directly ahead of the November election.

Over a month, more than 5,000 people have accessed the California Online Voter Guide, a non-partisan service sponsored by associations and businesses. Many more have logged on Project Vote Smart , a service funded by the League of Women Voters which provided information ranging from campaign financing data to voting records.

The two main candidates for governor, the Republican Pete Wilson and the Democrat Kathleen Brown have even personally participated in on-line PC chatlines.

ASIA AND PACIFIC

Trends: Australia doesn't often make it to the headlines. That doesn't mean that it isn't in the global race towards the information society, as is shown by the following entry.

INFRASTRUCTURE

In Australia, two cable consortia are getting set to compete in providing new interactive television services over cable networks they are currently developing.

On one side, press magnate Rupert MURDOCH's News Corporation and Telstra, a public telecoms group, have formed a 50-50 owned joint venture worth 435 million Ecus.

The two partners are planning to invest over 400 million Ecus in the next five to seven years in developing new services. They hope to start marketing them in early 1995.

In addition, Telstra will invest 2 billion Ecus in setting up the underlying cable infrastructure which it will own 100%. At present, its network passes 50,000 homes (links to the home have still to be made). It is expected to serve 4 million households by 1999.

The second joint venture, Optus Vision, comprises Optus, the rival national telecoms operator, Nine, Australia's leading commercial television channel, Seven, a smaller channel, and the US cable group Continental Cablevision.

Optus Vision plans to spend about 1.8 billion Ecus over four years in developing new services, which will include local telephony, and the required cable infrastructure.

SOCIAL, SOCIETAL AND CULTURAL

The Japanese government's Management and Coordination Agency has put forward a proposal calling for the establishment of an electronic government service consisting of a "one stop" interface working round the clock, 365 days per year, that would supply a wide range of government information and services via E-mail and phone.

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