

## EUROPE

Trends: The Commission has taken a new major step towards telecoms liberalisation by opening up the mobile sector to competition. On the business front, there have been two major events: a venture between Mannesmann and Vebacom, which helps clarifying Germany's effervescent telecoms landscape; the enlargement of the MMBG alliance to Vebacom and Kirch, thus settling a looming dispute between Kirch and Bertelsmann.

## INFRASTRUCTURE

RWE, Germany's largest electricity utility, and two smaller German electricity utilities, VEW and VEAG, have agreed to interconnect their private networks.

The move is part of RWE's strategy to become a leading German telecoms player. Talks are underway to bring more German electricity utilities into the venture.

Mannesmann Eurokom, the telecoms arm of the German industrial group Mannesmann, and Vebacom, a telecoms joint venture set up by the British telecoms group Cable & Wireless and the German industry conglomerate Veba, have agreed to set up a 50-50 owned joint venture to develop a telecoms infrastructure in Germany.

Mobile Communications Holding, Albania's state-owned mobile phone operator, has agreed to spend 6 million Ecus on buying equipment from the French telecoms equipment manufacturer Alcatel to install the country's first GSM system. The network, which should be operational in June 1996, would serve one third of the country.

## LEGISLATION AND POLICIES

The European Commission has adopted a Directive under article 90 of the Treaty liberalising mobile and personal communications services and infrastructures in 1996.

The legislation requires Member States to attribute licenses on the basis of open and equitable procedures and to remove exclusive and special rights in the sector, restrictions preventing holders of licenses for one service to supply other services as well as limits to the combination of mobile technologies and systems.

The Directive also lifts restrictions on the use of public networks and mobile operators' right to set up their own network or interconnect them. Greece, Ireland, Portugal and Spain have been granted a five-year derogation for the liberalisation of infrastructures.

The European Commission has cleared the setting up of joint venture specialising in wireless professional communications systems between the Swedish telecoms equipment manufacturer Ericsson and its British counterpart Ascom. The Commission said the new company would face a sufficient level of competition in Europe.

The European Commission has held a public hearing with 250 representatives of industry and users as part as of the consultation process on a Green Paper on copyrights in the information society it adopted in July 1995.

Consensus emerged on the importance of technical systems for the identification and protection of copyrighted works and the fight against piracy of digitised works.

The vast majority of participants agreed that technical initiatives should be market-driven and that standardisation should allow for the emergence of worldwide solutions which integrity should be protected by civil or penal legal measures at EU level.

The Commission said it was in favour of reaching an international agreement on such measures within the World Intellectual Property Organisation (WIPO).

Germany's Technology Council, an independent body comprising high-level representatives of society, science and industry set up by the German government to advise it on new technology-related issues, has made proposals for the setting up of a regulatory framework allowing for a quick development of Germany's information society.

The Council has proposed in particular that new multimedia communications such as interactive television be regulated at national level like telecoms instead of state level as is currently the case for TV and radio broadcasting. In addition, individual communications services should not be subject to excessive regulation.

The French government has authorised two holders of highway management licenses, Cofiroute and SANEF, to lease transmission capacity on their private telecoms networks (alternative infrastructures) to mobile phone operators.

The Hungarian government has agreed to yield state control over the national telecoms operator Matav to MagyarCom, a joint venture between the German telecoms operator Deutsche Telekom and the US regional telecoms operator Ameritech.

MagyarCom, which spent 665 million Ecus on buying an initial 30% of Matav in 1993, will take an additional 37% stake worth 648 million Ecus in Matav, a move that will give it a 67% majority stake. MagyarCom has a 25-year concession for local and long distance calls as well as an eight-year monopoly over long distance calls.

## MARKET AND COMPANIES

The French national telecoms operator France Télécom has unveiled plans to become a leading provider of Internet access in France starting from March 15 and has pledged to charge all Internet users local tariffs, however distant they are from an Internet server.

The move seems to be a departure from France Télécom's previous strategy of devoting absolute priority to its Minitel videotext system. But instead of putting all its eggs in the same basket, France Télécom intends to develop at the same time its Internet and Minitel offer as well as to establish direct links between the two on-line systems.

T1 New Media, a subsidiary of the German media giant Bertelsmann specialising in the production of CD-ROMs, and the Japanese trading house Mitsui have signed an accord for the reciprocal licensing and marketing of their multimedia products. It is expected to result in the translation of over 100 CD-ROM titles over two years.

The German electronics and telecoms equipment manufacturer Siemens and the Italian national telecoms group STET have agreed to set up a joint venture specialised in planning, building, managing and maintaining telecoms networks in Eastern and Central Europe. The new company would not get involved into telecoms services.

The French publisher Havas has agreed to take full control of Arborescence, a leading French supplier of edutainment CD-ROMs which is also the designer and owner of Apple Media Tool, one of the world's most popular multimedia application development software. Havas bought an initial 51% of Arborescence one year ago.

## TECHNOLOGY

The German TV group Kirch and the German telecoms joint venture Vebacom have agreed to join Multimedia Betriebsgesellschaft (MMBG), a pan-European consortium that is developing set top boxes for interactive television services in Germany.

Vebacom would become the leading shareholder (24%) with the telecoms operator Deutsche Telekom (27%), while Kirch would take a 9% stake like the media giant Bertelsmann. Other participants include the German TV channels ARD, ZDF and RTL, the European media group CLT and the French pay-TV channel Canal+.

The Dutch national telecoms operator KPN and the Dutch financial service group ING have agreed to jointly develop a multi-functional chip card that will allow users to make phone calls, execute banking operations and pay purchases in shops. The card, which should be operational in October 1996, would be licensed to banks for a fee.

## NORTH AMERICA

Trends: There have been bad employment news in the US telecoms and computers sectors with lay-off plans by Apple and AT&T, the latter being a massive 40,000 job cut.

## MARKET AND COMPANIES

In a new move to expand its offer of Internet-related products and software, Microsoft, the world's leader in PC software, has agreed to purchase Vermeer Technologies, a small US software company that has developed FrontPage, a software that allows Net users to create material for publication on the World Wide Web.

Separately, Microsoft is also about to release a new version of Softimage 3D, a tri-dimensional graphics software, that can be used on its Windows NT operating system. So far, the software, which is produced by Softimage, a Canadian company bought by Microsoft in 1994, could only be run on the workstations of rival Silicon Graphics.

The US telecoms giant AT&T said it would spend close to \$140 million on a 2.5% stake in DirecTV, a direct-to-the-home satellite digital TV service launched in 1994 by Hughes Electronics, a subsidiary of America's General Motors. DirecTV currently offers 175 TV channels to 1.25 million subscribers. It targets consumers who don't have access to cable TV or who seek access to a greater number of channels.

The move is part of AT&T's strategy to become a leading supplier of communications packages ranging from basic telephony and mobile communications to TV broadcasting once the American communications market has been liberalised.

## SOCIAL, SOCIETAL AND CULTURAL

The US telecoms giant AT&T said it would axe 40,000 jobs over the next three years, bringing total cuts to 125,000 since the break up of the firm's former telecoms monopoly.

The move follows AT&T's decision in September 1995 to split itself into three separate companies specialising in telecoms services, telecoms equipment and computers. It is part of the company's drive to increase its efficiency and productivity.

The cut concerns the equipment unit, which will lose 23,000 workers out of 131,000, and the services unit, which will cut 17,000 jobs out of 127,000. As for the computer unit, it has already announced 8,500 lay-off which are not included in the 40,000 figure.

The US computer manufacturer Apple said it will lay off 1,300 of its employees or 8% of its 16,000-strong workforce in 1996 as part of its restructuring effort.

As part of its restructuring plans, Apple also intend to simplify its product line by focusing on the educational, business and home markets, make further efforts to license its MacIntosh operating system as well as seek to expand business alliances.

## ASIA AND PACIFIC

Trends: There has been a high level of visibility of Mitsubishi in the last weeks with the launch of not less than three multimedia products. On the infrastructure front, NTT has taken a first step towards concretising its promise to let rivals use its local network. In Taiwan, the Parliament took significant telecoms liberalisation steps.

## INFRASTRUCTURE

The Japanese national telecoms operator Nippon Telegraph and Telephone (NTT) has authorised its small rival Tokyo Telecoms Network (TT Net) to use its local telecoms network in the Tokyo area to offer local telephone services from April 1997.

The move follows NTT's decision in September 1995 to allow its competitors to connect to its local network. TT Net is a subsidiary of the electricity utility Tokyo Electric Power which owns a private network and already offers telecoms services.

So far however, TT Net's service was virtually dormant since it charges prices twice as high as NTT. But the connection deal with NTT could change that.

## MULTIMEDIA APPLICATIONS AND PRODUCTS

The Japanese electronics group Mitsubishi and the Japanese media group Fuji-Sankei have agreed to jointly launch in the spring of 1996 a mobile electronic newspaper.

The newspaper would be available on a mobile receiver weighing 200 grams with a black and white screen of eight by five centimetres and a seven-hour battery capacity.

The receiver, which would be rented, would come with a non-portable terminal that connect to the TV set. Once connected to

the receiver, the terminal could be used to magnify the newspaper's text on the TV screen or to retrieve the text as well as books transmitted to the receiver on an in-built floppy disk.

The Japanese electronics group Mitsubishi said it has agreed with People World, Japan's third largest PC communications firm, and the US software producer Worlds to launch in April 1996 a three-dimensional on-line PC shopping mall, People Space.

The Japanese electronics group Mitsubishi said it would launch in 1996 Intelligent TV, a multimedia television set with an in-built PC, CD-ROM player and modem which would offer direct Internet access. It would cost about 750 Ecus.

#### LEGISLATION AND POLICIES

The Taiwanese Parliament has passed legislation breaking up the telecoms monopoly of the Directorate-General of Telecoms (DGT), a government agency, and lifting restrictions on foreign investments in the local telecoms industry.

The legislation would also strictly separate the DGT's responsibilities as a regulator and operator by setting up a national telecoms company, China Telecoms Corporation. The new corporation would be state-owned but would eventually be privatised.

#### MARKET AND COMPANIES

The Japanese electronics group Mitsubishi said it has agreed with the French telecoms equipment manufacturer Alcatel to jointly develop multimedia communications products.

Their cooperation would in particular concern semiconductors and the development of a voice, data and video satellite transmission system. The alliance could eventually be expanded into the field of industrial robotics and automated manufacturing systems.

#### SOCIAL, SOCIETAL AND CULTURAL

The Chinese government has passed a decree virtually restoring the monopoly of the government news agency Xinhua over economic information flowing into China.

Xinhua will control the information sold by foreign news agency specialising in economic and financial news such as Reuters, Dow Jones-Telerate and Bloomberg, fix subscription rates to their services, and become an intermediary with their subscribers.

It is unclear whether the move is an attempt at restoring Xinhua's market dominance or a restoration of censorship. Many analysts believe that restricting the free flow of information could undermine China's emerging financial and banking sector.

## AFRICA AND MIDDLE-EAST

### MARKET AND COMPANIES

The Cape Verde government has agreed to sell off 40% of its national telecoms operator Cape Verde Telecom to foreign companies. A 30% stake will go to the Portuguese national telecoms operator Portugal Telecom and another 10% to Aliança Atlantica, a company jointly set up by Portugal Telecom and the Brazilian national telecoms operator Telebras to invest in African and Latin American telecoms operators.

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