

EDITORIAL

South Korea emerges as new Information Society Power

In March 1996, the Korean Ministry of Information and Communication (MIC) unveiled public research and development (R&D) plans which aims at giving South Korea a leading edge in key information and communications technologies (ICT).

The MIC said it would inject a total of 500 million Ecus in 1996 into the Electronics and Telecoms Research Institute (ETRI), a government-funded organisation, to develop digital technology, including 50 million Ecus for the telecoms sector.

The MIC has also launched a long-term strategy to acquire excellence in advanced satellite communications technology. With the support of 360 million Ecus, Korea would develop basic technology by 2000, set up its own high-speed telecoms satellite system by 2005 and develop multimedia and high-definition TV transmission technology by 2015.

The 85%-public owned telecoms operator Korea Telecom (KT) would also contribute to this effort by investing 500 million Ecus in R&D in 1996, which represents an 18% increase with 1995. However, there is a partial overlap between the KT and MIC figures.

These initiatives illustrate the Korean government's active policy of nurturing domestic excellence in key technologies by massively supporting R&D programmes whose results are shared with Korean businesses, thus allowing them to achieve self-sufficiency in key strategic sectors and eventually become leading exporters at a global level.

These latest R&D developments are part of the government's Long-Term Technology Development Plan for the year 2000 which gives priority to key industries such as telecoms, computers, automation and semiconductors. They are also a key dimension of the nation's Information Superhighway Infrastructure Masterplan.

The Masterplan, which was unveiled in November 1994, would build on two pillars: an Administrative Information Network linking up government, public services, R&D centres and universities, to be completed by 2010, and a Public Information Network providing commercial service to businesses and consumers, to be completed by 2015.

Accompanying measures would include supporting R&D, providing financial support in the form of loans, initiating pilot

projects for driving multimedia applications, providing technology training and raising public awareness of the stakes of the information society.

Overall, the deployment of Korea's infobahn would cost over 34 billion Ecus, including 5% of government money which would be financed by the sell-off of KT shares.

The case of South Korea is a good reminder that besides Europe's traditional competitors, in particular North America and Japan, there are new ones emerging quickly thanks to bold long-term public strategies.

EUROPE

Trends: In preparation for the 1998 telecoms liberalisation, more European governments are working on the partial sell-off of their national operators. Meanwhile, BT and C&W have re-launched merger talks after two previous attempts failed.

LEGISLATION AND POLICIES

In preparation for the partial privatisation of its national telecoms operator, the French government has pledged that the state would retain a majority stake in France Télécom, that the company would remain the operator in charge of supplying a high-quality public service and that its employees who are civil servants would retain their status.

Despite these promises, five leading unions representing 80% of France Télécom's workforce have agreed to get on strike on April 11 to oppose the privatisation plan.

The Danish telecoms operator Tele Danmark and a partnership between the Swedish and Dutch telecoms operators Telia and KPN have emerged as the two sole bidders for a 35% stake in the Irish national telecoms operator Telecom Eireann.

The Greek government has launched the sell-off of a 6% stake in the national telecoms operator OTE. A first attempt to sell off 49% of OTE ended up in the fall of the conservative government back in 1993. In 1994, the socialist government had to drop plans to privatise 25% of OTE. The proceeds of the down-scaled privatisation are expected to allow OTE to write off its short-term debt and fund new investments.

The Czech government has awarded a GSM cellular mobile license to TMobil, a consortium 84%-controlled by DeTeMobil, the mobile arm of the German operator Deutsche Telekom, and in which the Italian telecoms company STET has a 12% stake.

The license will be managed by a joint venture 49% owned by TMobil and 51% owned by the Czech mobile operator Ceske Radiokomunikace (CRK).

MARKET AND COMPANIES

The French telecoms equipment manufacturer Alcatel and the Japanese electronics group Sharp have agreed to establish a technological and commercial partnership.

The two partners would jointly develop GSM cellular mobile personal communicators and, in the longer term, collaborate in electronic components and multimedia terminals.

Vebacom, a telecoms joint venture between Britain's Cable & Wireless (C&W) and Germany's Veba, and the Italian national telecoms company STET said they had agreed to set up a joint venture, Iridium Services Europe, respectively owned 66% and 34%, to market mobile satellite telecoms services in Europe based on the global system Iridium.

Iridium is an international venture led by the US telecoms equipment manufacturer Motorola which aims at establishing by 1998 a global telecoms system based on 66 satellites. Vebacom and STET have exclusive rights to market Iridium in Europe.

The British telecoms group Cable & Wireless (C&W) said it is holding exploratory merger talks with its rival BT, the leading British telecoms operator.

The merger would create a worldwide telecoms powerhouse combining C&W's assets in Asia and Europe, for instance a 57.5% stake in Hong Kong Telecoms, and BT's assets in the USA and Europe, for instance a 20% stake in the US long distance operator MCI.

NORTH AMERICA

Trends: New moves by Yahoo and Compuserve suggest that children are the new focus of on-line companies. As for the Internet, it is at the centre of a mounting price war amongst access providers, in particular the long distance operators AT&T and MCI.

MULTIMEDIA SERVICES AND PRODUCTS

America's Yahoo, the creator of one of the world's most popular World Wide Web guide has unveiled Yahoooligans, a new kid-oriented guide and content page which would direct youngsters towards appropriate material and ban access to inadequate content.

The launch of Yahoooligans follows by a week the launch by the US on-line commercial service Compuserve of WOW!, a on-line service specifically designed for children.

LEGISLATION AND POLICIES

The US Security and Exchange Commission (SEC) has agreed to let the US micro-brewer Spring Street Brewing resume under certain conditions the trading of its shares on the Internet, thus by-passing the traditional stock exchange system.

MARKET AND COMPANIES

MCI, the second largest US long distance operator, said it would offer its customers monthly five-hour free Internet access trials and cut-price tariffs of \$2.50 for each additional hour or unlimited Internet access for \$19.95 a month. The move is a response to a similar offer by arch-rival AT&T, the leading US long distance operator.

The US computer manufacturer Apple said it would shut down its on-line commercial service eWorld on March 31 and invite its subscribers to join America OnLine (AOL), the leading US commercial on-line service, with whom Apple has just sealed an alliance.

Apple and AOL have agreed to develop interactive software for one another. Apple would also incorporate software to access AOL services in some of its PC models.

Only a few weeks after it said that it would drop Lotus Notes, an on-line collaborative work software, and focus instead on Internet-based services, the US telecoms giant AT&T said it would in fact use a new version of Lotus Notes as the foundation of many of its new Internet-based on-line services.

AT&T's previous decision had dealt a blow to the US computer giant IBM, who spent \$3.5 billion in 1995 on buying Lotus Development, a leading US software group. AT&T is now saying it would actually collaborate with IBM to adapt Lotus Notes.

SOCIAL, SOCIETAL AND CULTURAL

The US telecoms giant AT&T said it had reduced by 12,000 its January 1996 forecasts to axe 40,000 jobs in its telecoms equipment and service business over the next three years and added that it would create 5,000 to 6,000 new jobs over the same

period. AT&T said the move was not related to criticism by US politicians of its lay-off plans.

ASIA AND PACIFIC

Trends: In Japan, public authorities announced the launch of new ambitious multimedia projects as well as a new step towards competition. Meanwhile, the development of the satellite TV industry is rapidly gaining momentum in Asia with the launch of a new pan-Asian system, ABCN, and Matsushita's entry into DirecTV Japan.

INFRASTRUCTURE

M Group, the company of the Thai media mogul Sondhi Limthongkul, has unveiled plans to set up by late-1997 a pan-Asian satellite communications system, Asia Broadcasting and Communications Network (ABCN), which would supply 500 pay-TV channels, electronic newspapers and digital data communications services.

M Group has signed contracts worth 370 million Ecus with the US satellite group Loral Space & Communications for the supply of two satellites and the European space consortium Arianespace for putting the satellites into orbit.

MULTIMEDIA SERVICES AND PRODUCTS

The Japanese Ministry of Posts and Telecoms (MPT) and the Tokyo Metropolitan Government said they would launch in April 1996 the Tokyo Bay Area Multimedia Experiment to test the simultaneous supply of cable TV, traditional telecoms services and new interactive TV services such as home-shopping and video or karaoke-on-demand.

The Bay Experiment would also comprise an Advanced Net Project consisting of 40 kiosk interfaces interconnected by fibre optic and located in public areas which would allow citizens to access public information services in areas such as health or education.

Overall, the Bay Experiment would be worth 15 million Ecus which would be funded for one third by the MPT and two thirds by the Tokyo government.

In connection to the Bay Experiment, the MPT said it would also launch in April 1996 a 23 million Ecus worth research organisation, the Tokyo Bay Research Centre, which would realise on-line multimedia technological trials and demonstrations such as an on-line electronic library on culture and customs of Tokyo in the 18th century".

Separately, the MPT said it would invest 11.5 million Ecus in the Sasebo Research Centre in Nagasaki which would also test new applications such as on-line art museums.

The Japanese Federation of Construction Material Industries, an organisation which comprises suppliers of construction material, said it would spend 7.5 million Ecus on developing by 1998 a system allowing to do commerce over the Internet.

The move would allow to cut costs and boost efficiency as well as increase transparency as the industry is criticised for its contract awarding and pricing practices.

LEGISLATION AND POLICIES

Yielding to industry pressure, the Japanese Ministry of Construction has agreed to authorise cable and telecoms operators to use the transmission capacity of telecoms networks running along highways which are currently used for traffic management.

MARKET AND COMPANIES

The Japanese electronics giant Matsushita said it would buy a 10% stake in DirecTV Japan (DTVJ), a Japanese digital satellite broadcasting joint venture set up in 1995.

This would be amongst the first significant move by a Japanese electronics group to step into broadcasting, although Matsushita owned until 1995 a majority stake in the US studio MCA, hence suggesting that multimedia convergence is also at work in Japan.

DTVJ plans to launch a bouquet of 100 TV channels in the summer of 1997 and would rival Digital Multimedia Channel (DMC), a similar 50-channel service to be launched in 1996 by four Japanese trading companies, Mitsui, Itochu, Sumitomo and Nissho Iwai.

DTVJ is owned 42.5% by Hughes Communications, the telecoms arm of America's General Motors, 42.5% by the Japanese video rental group Culture Convenience Club, and 10% by two other Japanese companies, the media group Dai Nippon Printing and Space Communications, the satellite subsidiary of the electronics group Mitsubishi.

Matsushita already markets in the USA digital decoders manufactured by France's Thomson for the American Hughes-led counterpart of DTVJ, Direct TV.

The US media giant News Corp. has agreed with two Hong Kong-based companies, the publisher Today's Asia and the sale

and advertising group China Wise International, to set up a joint venture, Phoenix Satellite Television, respectively owned 45%, 45% and 10%, to distribute programming over cable TV in China.

OTHER PARTS OF THE WORLD

MARKET AND COMPANIES

Tisa, the international arm of the Spanish national telecoms operator Telefonica, has agreed to market the on-line services and software of Microsoft, the world's leader in PC software, in a move to become a leading provider of on-line services in Latin American.

SOCIAL, SOCIETAL AND CULTURAL

The Egyptian government has launched an initiative to raise awareness of pupils in remote parts of the country of the potential of new technologies and the Internet.

A "technology convoy" carrying computers connected to the Internet will spend eight weeks touring schools in outlying villages in the Assiut province.

DG XIII - The content of "Information Society Trends" does not necessarily reflect the European Commission's views.