

Section 1

Realizing a Society of Advanced Information and Communications Networks

1. Building a New, Japan-Inspired IT Society

The Telecommunications Council, an advisory body of the MPHPT, conducted discussions on the direction of IT strategy from now on, and in July 2003 the Internet Use-Promoting Committee of the Department on Information Communications Policy issued its third interim report. In this interim report, it is proposed that the government, industry, and academia should cooperate in the creation of a “new, Japan-inspired IT society” that takes advantage of the special features and strengths of Japan, such as its mobile phone, intelligent home appliance, digital television, and optic-fiber technologies, does not simply follow the West, and can be transmitted as a model to the whole world.

The interim report suggests that a “new, Japan-inspired IT society” will be formed centered on the three use axes of (a) the ubiquitous network society, (b) the age of high-quality images, and (c) the interconnection of the Internet and digital television. In addition, as measures for realizing a “new, Japan-inspired IT society,” the interim report proposes, among other things, the realization of a network environment that is useful for users and the distribution of contents that lead to affluent lives for users.

2. Promoting the IT National Strategy

Responding correctly to the social and economic structural changes that are occurring on a global scale as

a result of the utilization of information and communications technology has become an urgent issue for Japan as well. In January 2001 the government established the IT Strategic Headquarters, formulated the e-Japan Strategy aimed at “making Japan the world’s most advanced IT nation within five years,” and set about constructing IT infrastructure. Since then Internet diffusion in Japan has made great strides. The goal of constructing an environment enabling “high-speed Internet use by 30 million households and ultra-high-speed Internet use by 10 million households” has already been achieved, and the construction of systemic infrastructure related to e-commerce and e-government has also made progress.

Accordingly, recognizing that the first-phase targets of the IT strategy are in the process of being achieved, the IT Strategic Headquarters evolved the strategy into the second phase of the expansion of IT use and in July 2003 formulated the e-Japan Strategy II. For the realization of an “energetic, worry-free, exciting and more convenient” society, the e-Japan Strategy II takes up seven areas for leading efforts: medical services, food, lifestyle, small and medium enterprises financing, knowledge, employment and labor, and public service.

3. Budget Related to e-Japan

The fiscal 2004 government budget relating to the formation of an advanced information and communications network society totals 1.40 trillion yen. Of this, the IT-related budget of the MPHPT amounts to 134.8 billion yen, up 2.1% over the initial budget for the previous fiscal year of 132.0 billion yen.

Section 2

Development of Information and Communications Policies

1. Development of Telecommunications Policies

(1) Revision of the Telecommunications Business Law

In consideration of the advance of broadband and IP networks and in order to actively develop competition policy, improve consumer administration, and introduce a new competition framework, the MPHPT carried out a

partial revision of the Telecommunications Business Law and the Law Concerning Nippon Telegraph and Telephone Corporation, etc. The revised law, which promotes deregulation so that private carriers can fully demonstrate their capabilities, ensures the minimum safety net required by society, and seeks to make the entire system more convenient for users in Japan, went into effect in April 2004 (**Figure 3-2-1**).

Figure 3-2-1 Main Points of the Partial Revision of the Telecommunications Business Law and the Law Concerning Nippon Telegraph and Telephone Corporation, Etc.

1. Abolition of Type I and Type II business categories
The revision abolished the Type I and Type II telecommunications business categories which paid attention to whether or not carriers had set up telecommunications line facilities.
2. Review of system relating to business entry and change in business content
The revision abolished the system of requiring permission for business entry and change in business content and switched to systems of registration and notification involving simpler procedures.
3. Liberalization in principle of service provision conditions
The revision abolished in principle the obligation to formulate tariffs for charges and contracts, etc. and made it possible for telecommunications carriers in principle to freely supply services. (However, the formulation of tariffs for contracts is necessary in the case of universal services, etc. that are indispensable for national life.)
4. Establishment of user protection rules
The revision made it obligatory for telecommunications carriers to notify users when abolishing or suspending a business. Also, regarding services for the general consumer, the revision made it obligatory for telecommunications carriers and agents to explain the main points of service supply conditions and thoroughly promoted user protection by making it obligatory for telecommunications carriers to process complaints.
5. Review of system relating to public-service business privileges
The revision introduced a certification system so that telecommunications carriers can receive public-service business privileges to facilitate the construction of infrastructure if they so wish.

(2) Review of interconnection charges, etc. between carriers

The MPHPT partially amended the regulations for interconnection charges, introducing the Long-Run Incremental Cost (LRIC) methodology for calculating interconnection costs and enabling adjustment between carriers in the case of a heavy fluctuation in traffic. In recent years, as a result of the diffusion of mobile phones and the rapid emergence of IP telephone, the environment surrounding fixed line phones has undergone a major change. For example, the amount of traffic on fixed line phones has decreased. Therefore, in April 2004 the MPHPT submitted an inquiry to the Telecommunications Council to look into the method of calculating interconnection charges from fiscal 2005.

(3) Study of setting of basic fees, etc.

Of the main charges for fixed line phones, dialing fees have steadily become cheaper and more diverse since the liberalization of the telecommunications market in 1985, but basic fees have remained level since a hike in 1995, and opinions have been voiced that the time has come for a review. Therefore, in April 2004 the MPHPT submitted an inquiry to the Telecommunications Business Department of the Telecommunications Council to study the method of calculating basic fees and the sharing of expenses for the construction of facilities.

(4) Implementation of competition evaluation in the telecommunications business field

From fiscal 2003 the MPHPT has been tackling the issue of competition evaluation. In November 2003 the ministry formulated and issued the Basic Approach

Concerning the Evaluation of Competitive Situation in the Telecommunications Business Field, which gives a general picture of competition evaluation, and the fiscal 2003 Details for Implementation of the Evaluation of Competitive Situation in the Telecommunications Business Field, which indicates the areas subject to evaluation in fiscal 2003 and specific evaluation methods. In fiscal 2003 the MPHPT implemented competition evaluation in the area of Internet connection.

(5) Settlement of disputes between carriers

In order to facilitate smooth settlement in the case of the outbreak of a dispute between carriers, the Telecommunications Business Dispute Settlement Commission engages in procedures for conciliation, mediation, etc. and also conducts deliberations as an advisory body at times when administrative measures are given by the Minister, such as an order to discuss interconnection. By the end of fiscal 2003 the commission had settled 31 dispute cases and submitted two recommendations to the Minister.

2. Development of Broadcasting Policies

(1) Promotion of digital broadcasting

The digitization of broadcasting will realize a high-quality, advanced-function broadcasting media that is close to the national life. In Japan, following CS broadcasting, BS broadcasting, and cable television broadcasting, digital broadcasting began on the core terrestrial television in December 2003 in the three metropolitan areas of Tokyo, Nagoya, and Osaka.

In May 2003 broadcasters, makers, retail stores, con-

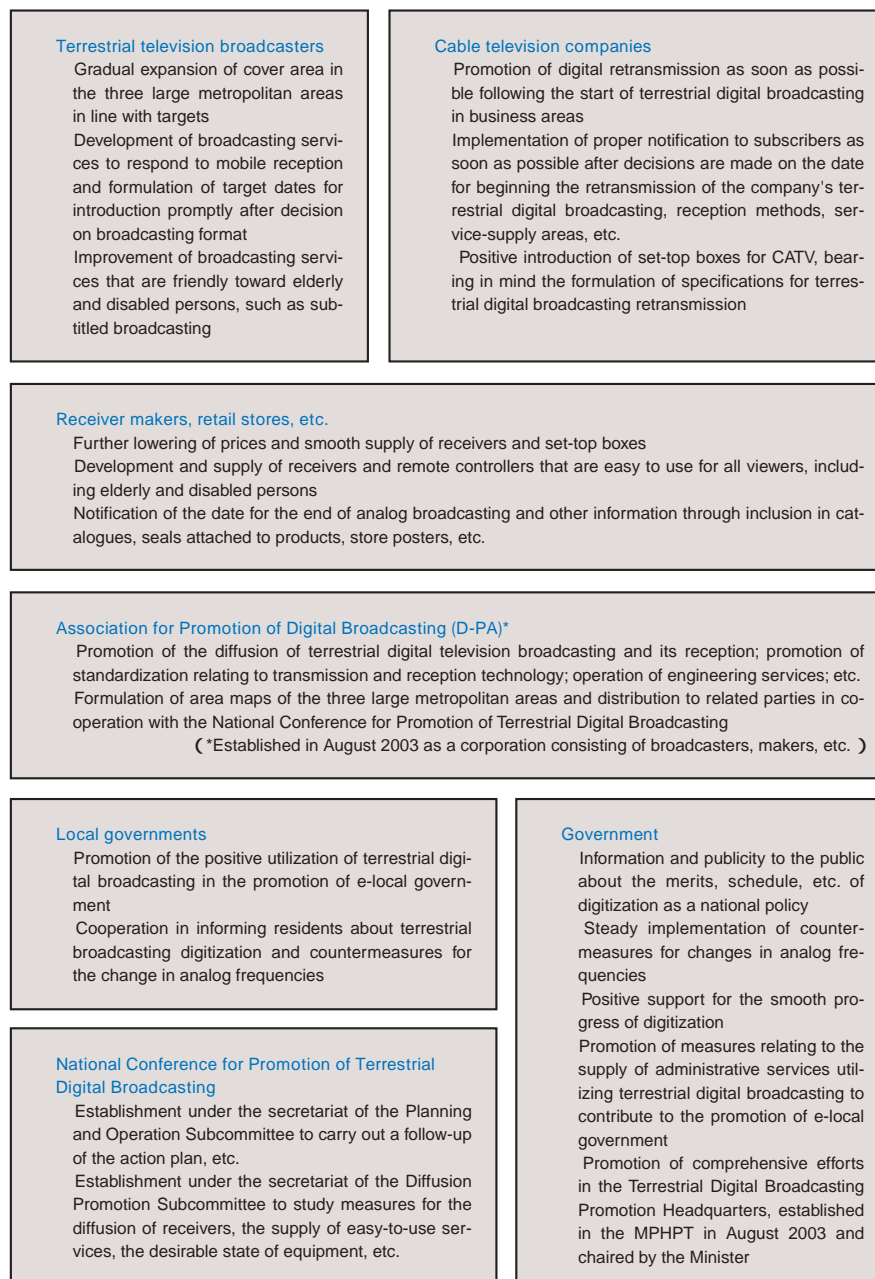
sumer groups, local governments, media organizations, and others, together with the MPHPT and related ministries, set up the National Conference for Promotion of Terrestrial Digital Broadcasting, and in October 2003 this council formulated “the Fourth Action Plan” including, among other things, the further strengthening of measures to publicize and make the public more aware of terrestrial digital broadcasting. In order to realize a complete shift to digital broadcasting in 2011, the MPHPT, while coordinating with the National Conference for Promotion of Terrestrial Digital Broadcasting, is positively implementing such policies

as the steady implementation of countermeasures for the change of analog frequencies that will be necessary as a consequence of the shift to digital broadcasting, the further strengthening of publicity, and support for broadcasters (Figure 3-2-2).

(2) Relaxation of the principle of media decentralization

While endeavoring to ensure the multidimensional supply of information and regionalistic features, in order to promote terrestrial digital broadcasting and contribute toward strengthening the managerial base of broadcasters, the MPHPT conducted a review of the principle of

Figure 3-2-2 Specific Efforts by Related Parties on the Basis of “the Fourth Action Plan”



media decentralization and relaxed this principle in March 2004.

3. Promotion of Policies Concerning Effective Radio Spectrum Use

(1) Promotion of the Frequency Open Strategy

In order to realize the building of the most advanced wireless broadband environment in the world and make the Japanese economy robust and full of activity, the MPHPT is promoting the Frequency Open Strategy, the main pillars of which include (a) a fundamental review of frequency assignment, (b) the introduction of a benefits scheme for the reallocation of the radio spectrum, and (c) the partial introduction of a registration system in place of the current license system in order to promote the free development of the radio spectrum business (Figure 3-2-3).

(2) Formulation of the Frequency Reorganization Policy

In October 2003 the MPHPT formulated and issued the Frequency Reorganization Policy, which outlines its basic thinking on frequency reallocation. A 2002 amendment of the Radio Law introduced a scheme to survey, publicize, and assess the actual state of radio spectrum use, and surveys is being carried out on the state of use, including the state of use of radio wave devices and the amount of traffic.

(3) Introduction of benefits scheme for the reallocation of the radio spectrum

In implementing the reallocation of the radio spectrum, there is a danger that existing radio spectrum users will suffer an economic burden because, for example,

they will be unable to use radio facilities that they acquired or constructed through investment in the past, have removal costs, or have to acquire new facilities. Therefore, the Radio Law was amended in May 2004 in order to introduce a benefit system for existing radio spectrum users whose frequency use will come to an early end to assist with expenses that normally arise when the said period of use comes to an early end.

(4) Introduction of registration system for radio stations

In order to further promote the effective use of the limited and scarce radio spectrum, to maintain order in radio spectrum use, such as the prevention of interference, and to achieve the free development of the radio spectrum business, it is necessary to adopt measures for promoting the multiple use of the radio spectrum. From this perspective, the Radio Law was amended in May 2004. Regarding high-output outdoor wireless LAN and common-use radio systems, the amendment, while maintaining radio spectrum order, implements deregulation and introduces a post-check registration system in place of the existing pre-check license system.

(5) Revision of the radio spectrum user fee system

In April 1993 the MPHPT introduced the radio spectrum user fee system by which all of the licensees who are the beneficiaries of public service for radio stations as a whole pay the expenses for this service. Compared with the time of introduction, however, the situation surrounding radio spectrum use fees has greatly changed. Therefore, within the MPHPT, the Study Group on Policies Concerning the Effective Radio Spectrum Use is considering a revision of the system of radio spectrum use fees from a multidimensional and comprehensive perspective, including the pros and cons of reflecting the economic value of the radio spectrum.

Figure 3-2-3 Frequency Open Strategy

