

Section 3

Broadcasting Business

1 Broadcasters

There were 1,058 broadcasters (a decrease of 14 from the previous fiscal year) at the end of fiscal 2004. Broadcasting in Japan is provided by NHK, which runs on reception fees, and general broadcasters, which run on advertising revenues. In addition, the University of the Air provides broadcasting for an educational purpose.

Commercial broadcasters totaled 1,056 companies (a decrease of 14 from the previous fiscal year), of which 373 (an increase of 11 over the previous fiscal year) were terrestrial broadcasters, 131 (a decrease of three from the previous fiscal year) satellite broadcasters, and 548 (a decrease of 23 from the previous fiscal year) cable television broadcasters (cable television companies engaged in self-originating broadcasting using licensed facilities). In the cable television business, there has been an increase in the number of multiple system operators (MSOs), which operate multiple cable television stations in a wide area, and wide-range cooperation among local broadcasters in recent years, as measures toward promoting the digitization of broadcasting.

A system of broadcasting business using telecommunications services, such as communications satellites and optical fiber, was introduced in January 2002. By the end of fiscal 2004, 45 operators were registered to broadcast using satellite services, and 11 operators using wire telecommunications services.

Fiscal 2003 sales for broadcasters totaled 3.8247 trillion yen (a 2.4% increase over the previous fiscal year). Of this, NHK's business income came to 669.3 billion yen (a 0.7% increase over the previous fiscal year), terrestrial commercial broadcasters saw sales of 2.5229 trillion yen (a 1.5% increase over the previous fiscal year), satellite commercial broadcasters saw sales of 299.5 billion yen (an 8.2% increase over the previous fiscal year), and cable television broadcasters saw sales of 333 billion yen (an 8.2% increase over the previous fiscal year). The total sales for broadcasters increased because the sales for terrestrial commercial broadcasters turned to an increase.

Among cable television broadcasters, 80.1% (a 3.0 point increase over the previous year) achieved a single-year profit, indicating that the financial conditions of cable television broadcasters are continuing to improve.

2 Broadcasting services

(1) Overview

The broadcasting services in Japan can be roughly

divided into terrestrial broadcasting, satellite broadcasting, and cable television services.

Terrestrial television services started in February 1953 with NHK, followed by the first commercial broadcaster, Nippon Television Network Corporation, in August of the same year. Full-scale color broadcasts were introduced in 1960 and are now the norm with wide penetration nationwide. Terrestrial digital broadcasts were inaugurated in the three major metropolitan regions of Tokyo, Nagoya, and Osaka in December 2003.

Satellite broadcasting is seeing a further increase in the number of channels with the launch of CS (communications satellite) digital broadcasting in June 1996, BS (broadcasting satellite) digital broadcasting in December 2000, and 110°E CS digital broadcasting in March 2002. Moreover, Japan's first 2.6 GHz band satellite digital audio broadcasting for mobile reception was initiated in October 2004.

The cable television services were upgraded with the start of retransmission of BS digital broadcasting in December 2000, while the services have also been used for Internet access since October 1996.

(1) Terrestrial broadcasting

As of the end of fiscal 2004, there were 127 commercial terrestrial broadcasting stations (analog broadcasting). Looking at the number of viewable channels of commercial terrestrial broadcasting (analog broadcasting) by prefecture, it was found that four channels or more are viewable in about 90% of households.

The community broadcasting system was institutionalized in January 1992, and the number of stations has been growing steadily, reaching 177 companies as of the end of fiscal 2004.

(2) Satellite broadcasting

BS analog broadcasting was introduced in June 1989, followed by digital broadcasting in December 2000. In analog broadcasting, NHK (three channels) and WOWOW (one channel) are providing television broadcasts through the first launched BS-4 satellite (BSAT-1a and BSAT-1b [backup satellite]). In digital broadcasting, NHK and seven commercial broadcasters provide television broadcasts and nine commercial broadcasters (including those providing simultaneous broadcasts) provide VHF broadcasts, and eight broadcasters (those already mentioned) provide data broadcasts through the second launched BS-4 satellite (BSAT-2a). The number of subscribers at the end of fiscal 2004, for analog and

digital broadcasts combined, was 12.359 million for NHK (a 2.9% increase over the previous fiscal year), and 2.461 million for WOWOW (a 0.9% decrease from the previous fiscal year).

The 2.6 GHz band satellite digital audio broadcasting started in October 2004. It is provided by Mobile Broadcasting Corporation through the MBSAT as Japan's first satellite broadcasting for mobile reception, mainly airing sound broadcasts.

Digital broadcasting is provided by 103 consignor broadcasters for SKY PerfecTV! through JCSAT-3 and JCSAT-4 and by broadcasters including Usen Corporation through SUPERBIRD-C. The number of subscribers at the end of fiscal 2004 was 3.621 million (a 2.8% increase over the previous fiscal year) for SKY PerfecTV!. In addition, broadcasting using the N-SAT-110 satellite, which was launched at the same 110°E as BS, (110°E CS digital broadcasting) started in March 2002. The number of subscribers to 110°E CS digital broadcasting was 202,000 at the end of fiscal 2004.

(4) Cable television

The number of subscribers to cable television companies engaged in self-originating broadcasting using licensed facilities was 17.88 million (a 8.1% increase over the previous fiscal year) at the end of fiscal 2004, showing a steady increase in penetration to 35.9% of all households. In addition, subscribers to overall cable television, including cable television companies not engaged in self-originating broadcasting using licensed facilities, increased to 26.05 million (a 5.5% increase over the previous fiscal year).

(5) International broadcasting

“NHK World TV” started an international digital television broadcasting service for the Asia-Pacific region in April 1998. It has been steadily expanding its service area, and nearly fully covered the overseas locations where Japanese people live by August 2001. As for the broadcasting time, it extended the conventional broadcasting time of 18 hours a day to 24 hours a day in October 1999, and fully shifted to around-the-clock broadcasting. NHK World TV provides free-of-charge non-scrambled programs.

The reception methods, program guide, frequencies, and other information concerning NHK's international radio and television broadcasting are available at “How to Watch (TV)” and “How to Listen (Radio)” at <http://www.nhk.or.jp/english/index.html>.

3 Status of broadcasting media usage

According to the National Individual Audience Rating Survey conducted by the NHK Broadcasting Culture Research Institute in June 2004, the length of television viewing per day (weekly average) was three hours and 55 minutes. Of this, commercial broadcasting accounted for two hours and 48 minutes and NHK for one hour and seven minutes.

Looking at viewing by time of day, the peaks are at 7:00 to 7:30 a.m., 12:00 to 12:30 p.m., and 8:00 to 9:00 pm. While there is no large difference in the audience rating between NHK General TV and commercial broadcasts during the peak time at noon, the total viewing rate for commercial broadcasts is about 1.7 times that for NHK General TV during the morning peak time, and more than three times during the peak time at night.

Section 4

Postal Service

1 Finances of postal service

Postal services had been in the surplus for four consecutive years from fiscal 1994 to 1997, the earnings declined from the previous fiscal year for the first time in the post-war period in fiscal 1997 due to the impact of Japan's economic slump starting in the second half of fiscal 1997.

The postal service earnings continued to decline or saw sluggish growth from 1998, and despite efforts to cut costs through a variety of measures to increase efficiency, deficits were recorded for three consecutive years, 62.5 billion yen in fiscal 1998, 55.3 billion yen in fiscal 1999, and 10.0 billion yen in fiscal 2000. However, the effects of the efficiency-boosting measures

gradually became apparent, and in fiscal 2001, accounts returned to the black for the first time in four years. In fiscal 2002, postal services posted a deficit of 22.5 billion yen due to factors including the decreased volume of postal items processed in line with the economic slowdown.

In fiscal 2003, postal services recorded a surplus of 26.3 billion yen as a result of enhancing the earnings performance through cost-cutting measures such as improving productivity, promoting automation, shifting workload to part-time workers, and saving the cost for outsourced transportation of postal items under the Japan Post System in order to overcome the severe business environment.