

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.

2 Volume of postal items

A total of 25.00433 billion (a 2.3% decrease from the previous fiscal year) of domestic and international postal items were processed in fiscal 2004.

While the number of domestic postal items dropped to 23.4935 billion (a 5.3% decrease from the previous fiscal year), the number of postal parcels processed was 1.42975 billion (a 104.8% increase over the previous fiscal year). In fiscal 2003, the number of outgoing international postal items was 84.17 million (a 9.6% decrease from the previous fiscal year) and the number of incoming international postal items was 237.71 million (a 10.7% decrease from the previous fiscal year).

Looking at the total volume of mail handled by country in fiscal 2002, Japan ranked second after the United States. However, in terms of per capita annual mail volume, Japan ranked 16th worldwide, accounting for about 31% of the volume in the United States.

3 Post office network

As of the end of fiscal 2004, 24,678 post offices (a 0.1% decrease from the previous fiscal year) offered mail-handling facilities. By type, there were 1,308 ordi-

nary post offices (a decrease of two from the previous fiscal year), 18,923 special post offices (a decrease of 12 from the previous fiscal year), and 4,447 postal agencies (a decrease of 23 from the previous fiscal year). Dividing ordinary and special post offices by collection and delivery and non-collection and delivery facilities, there were 4,726 collection and delivery post offices (a decrease of 66 from the previous fiscal year) and 15,505 non-collection and delivery post offices (an increase of 52 over the previous fiscal year).

In addition, a cooperative framework with private forwarders was established in June 1998 under which packages (mainly refrigerated packages) are delivered as postal parcels using the post office network. At the end of fiscal 2004, private forwarders engaged in such business collaboration totaled 16.

4 Correspondence delivery business

At the end of fiscal 2004, the number of carriers engaged in special correspondence delivery business totaled 111. During fiscal 2004, 70 carriers entered the special correspondence delivery business.

Section 5

Contents

1 Market size of the mobile contents industry

In 2004, the market size of Japan's mobile contents industry, consisting of the mobile contents market and the mobile commerce market, was 461.6 billion yen (a 31.1% increase over the previous year). By market, the size of the mobile contents market in 2004 was 260.3 billion yen (a 22.0% increase over the previous year) and that of the mobile commerce market was 201.3 billion yen (a 45.0% increase over the previous year).

The mobile contents market, which is the market of digital contents (ring-tone melodies, wall paper, etc.) traded through the mobile phone Internet, has continued to make steady expansion since the launch of the service.

The mobile commerce market, which is the market of mail-orders other than mobile contents, ticket sales, acquisition of stock trading commissions, etc. using the mobile phone Internet, has been rapidly expanding since the launch of the service.

Section 6

Human Resources Development

1 ICT education in public schools

In fiscal 2003, there was one computer for every 8.8 pupils in public schools. The Internet connection rate of public schools reached 99.8% in fiscal 2003, so almost all public schools are connected to the Internet. High-

speed Internet connections at 400 kbps or over were available in 71.5% of all public schools, allowing smooth transmissions of large-volume moving images, while 37.2% of regular classrooms had LAN installations, and 67.4% of schools have their own Website.