



Chapter 2

Current Status of Information and Communications



Section 1 Telecommunications Business

1. Telecommunications market

Sales of Japan's telecommunication business reached 14.5910 trillion yen in FY2006 (Graph 2-1).

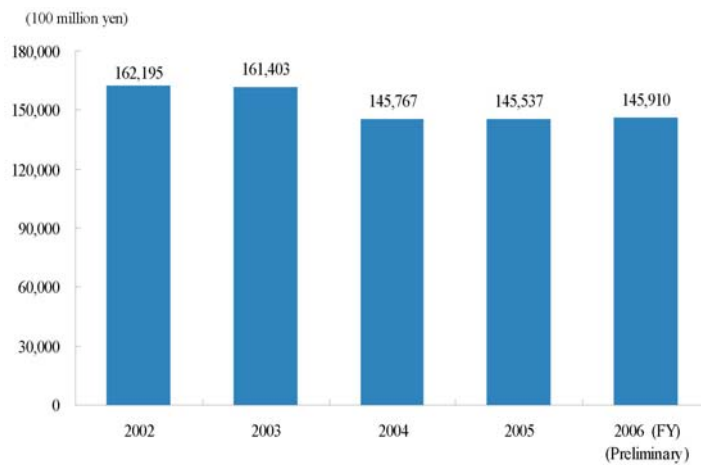
2. Telecommunications service

The number of subscriptions to fixed communications (subscription telephone and ISDN) shows a

slight downward trend, whereas that of subscriptions to IP phone and mobile communications (cellular phones and PHS) is on an upward trend.

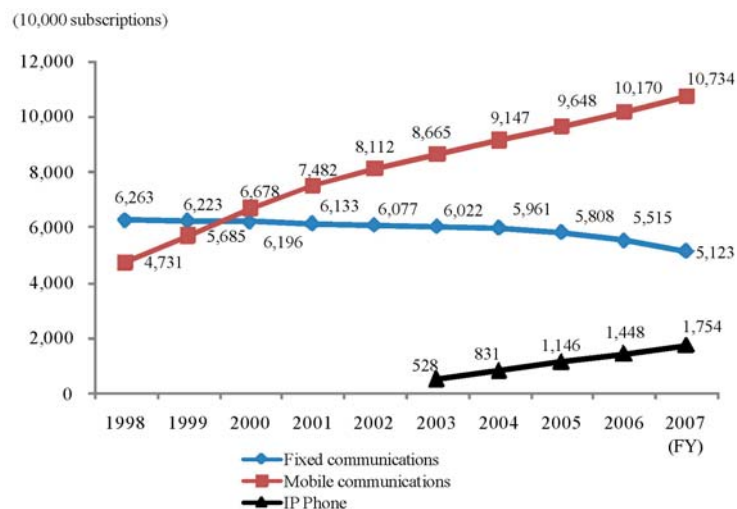
At the end of fiscal year 2007, the number of mobile communications subscriptions (107.34 million subscriptions) was twice that of fixed communications subscriptions (51.23 million subscriptions) (Graph 2-2).

Fig. 2-1 Changes in the sales of telecommunications business



* It should be noted that the sales are calculated by accumulating sales of all the respondents in that year, and the number of respondents varies in each year. Based on "Basic Survey on Communications Industries," MIC

Fig. 2-2 Changes in the number of subscriptions to fixed communications, mobile communications and IP phone



Based on the materials by MIC



Section 2 Broadcasting Business

1. Broadcasters

Broadcasting in Japan is provided by NHK which runs on receiving fees, and commercial broadcasters which run on advertising revenues and pay-TV revenues. In addition, the University of the Air provides broadcasting for educational purposes.

The total sales of broadcasters, including revenues from broadcasting business and those from non-broadcasting business, showed an increase for the fourth consecutive year, reflecting the growth in the number of pay-TV subscribers, marking 4.0488 trillion yen in FY2006 (up 0.8% from the previous fiscal year). Of these sales, while NHK's business income and sales of terrestrial commercial broadcasters remained almost at the same level as the previous year at 675.6 billion yen and 2.6157 trillion yen (both up 0.1% from the previous year), respectively, satellite commercial broadcasters and cable television broadcasters showed a sales increase which reached 352.5 billion yen and 405 billion yen (up 3.3% and 5.2% from the previous year), respectively (**Graph 2-3**).

2. Provision of broadcasting services

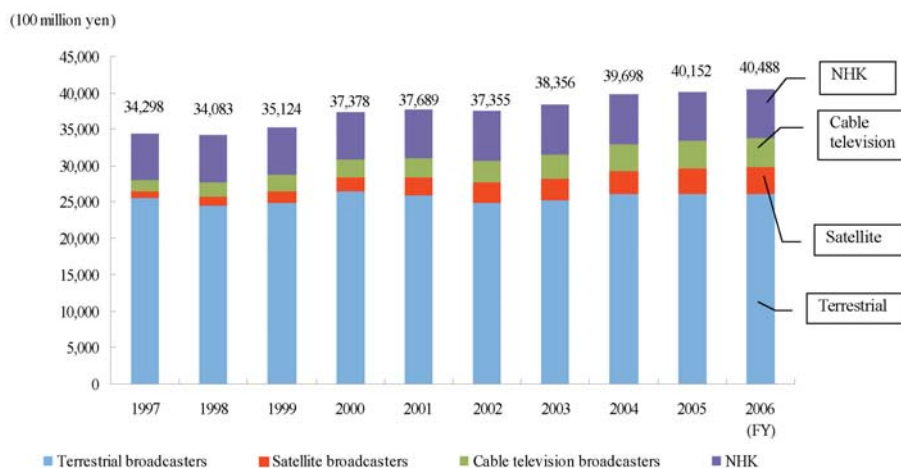
Looking at the breakdown of the number of com-

mercial broadcasters at the end of FY2007, terrestrial commercial broadcasters numbered 414, of which 218 provide community broadcasting. Satellite commercial broadcasters numbered 126, of which 54 provide broadcasting on telecommunications services. The number of cable television broadcasters (cable television broadcasters with authorized facilities to broadcast their own programs) was 518, and the number of cable television broadcasters that provide broadcasting on telecommunications services was 19.

3. Status of broadcasting media use

Annual expenditure for broadcasting services (sum of NHK receiving fees, cable television receiving fees and other receiving fees) per household in 2007 was 21,445 yen (up 5.9% from the previous year), according to the "Annual Report on Family Income and Expenditure Survey (Total Households)" conducted in 2007 by the Ministry of Internal Affairs and Communications.

Fig. 2-3 Changes in the market size of broadcasting industries



Based on the materials by MIC



Section 3 Trend of the Contents Market

1. Contents market size

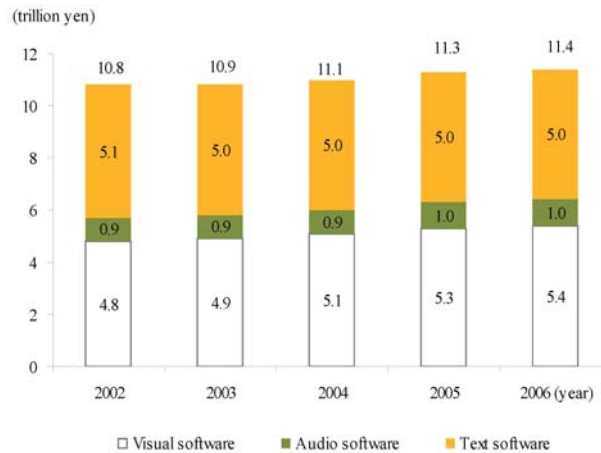
The size of the contents market in 2006 was estimated at 11.4494 trillion yen (up 1.4% from the previous year). By type, the size of the visual software market was 5.4 trillion yen, with the audio software market at 1.0 trillion yen, and the text software market at 5.0 trillion yen (Graph 2-4).

contents through the Internet using PCs or cellular phones in the past year was 23.4% (down 2.5% from the previous year) (Graph 2-5). According to the percentage for PCs and cellular phones, 11.6% of the Internet users using PCs purchased contents while 24.5% of those people using cellular phones purchased contents.

2. Status of contents use

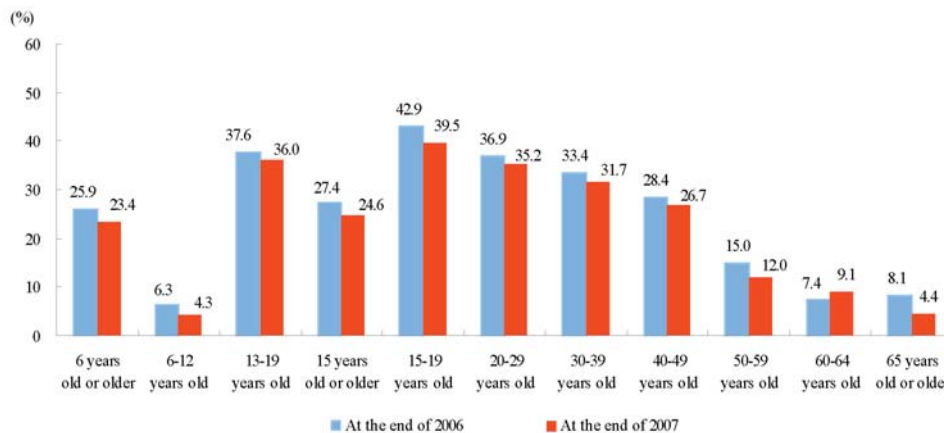
The percentage of people who purchased digital

Fig. 2-4 Changes in sales of contents



Source: "Survey on Production and Distribution of Media Software," Institute for Information and Communications Policy

Fig. 2-5 Number of people who purchased digital contents through the Internet (by PCs or cellular phones)



Based on "Communications Usage Trend Survey in 2007," MIC



Section 4 R&D

1. Research in information communication industry

In FY2006, the total science and technology research funds (the sum of research funds for companies, non-profit organizations, public institutions, and universities) in Japan came to 18.4631 trillion yen.

Out of the R&D spending for companies (13.3274 trillion yen) which constitute the majority, research funds spending by the information and communications industry (4.633 trillion yen) accounted for 34.8%. The research funds for the information and communication equipment and tool industry make up the majority of research fund spending by the information and communications industry (**Graph 2-6**).

2. Technology trading

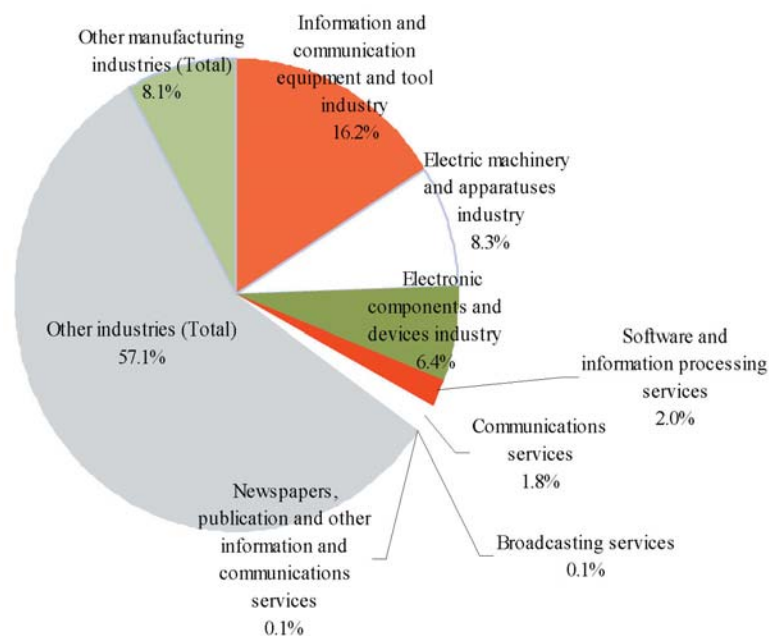
The breakdown of Japan's amount of technology trading (the amount of value received (or paid for) supply (export) of technology such as patents, know-

how or technical guidance to or from (import) foreign countries) in FY2006 was 2.3782 trillion yen (up 17.3% from the previous year) for the amount received for export of technology, out of which 18.6% of the total was for the information communication industry at 442.8 billion yen (up 22.4% from the previous year).

On the other hand, the amount paid for import of technology was 705.4 billion yen (up 0.2% from the previous year), out of which more than 60% (64.8%) of the total was for the information communication industry at 457.2 billion yen (up 8.9% from the previous year). Although there is surplus in exports for the total amount of technology trading, there is surplus of imports for the information communication industry.

For the information communication industry, the information and communication equipment and tool industry accounts for a large percentage for both amount of technology export and amount of technology import.

Fig. 2-6 Ratio of R&D spending for companies (FY2006)



* R&D spending in the information and communications technology industry refers to spending for the information and communication equipment and tool industry, electric machinery and apparatuses industry, electronic components and devices industry, and information and communications services (software and information processing services, communications services, broadcasting services, newspapers, publication and other information and communications services).

Based on "2007 Research Investigation Report on Science and Technology," MIC



Section 5 Postal Service

1. Postal service

As of the end of fiscal 2007, 24,540 post offices (down 0.1% from the previous fiscal year) offered mail-handling facilities. The breakdown of this figure shows that there are 20,243 directly-managed post offices and 4,297 summary post offices (**Figure 2-7**).

The total number of items of mail and others in FY 2007 is 24.52249 billion items of mail and parcels) [including 21.9129 billion ordinary items of mail, 2.527870 billion parcels (including small packages), and 72.72 million international items of mail]

Net income of the first half of 2007 was -125 billion yen and that of the second half was 69.4 billion yen.

2. Correspondence delivery business

Following the implementation of the Law Concerning Correspondence Delivery by Private-Sector Operators (Act No. 99 of 2002) in April 2003, although no entry has been made to the general correspondence delivery business, the number of new entrants to the special correspondence delivery business has seen a steady growth, with a total of 253 new entrants as of the end of FY2007 (**Graph 2-8**).

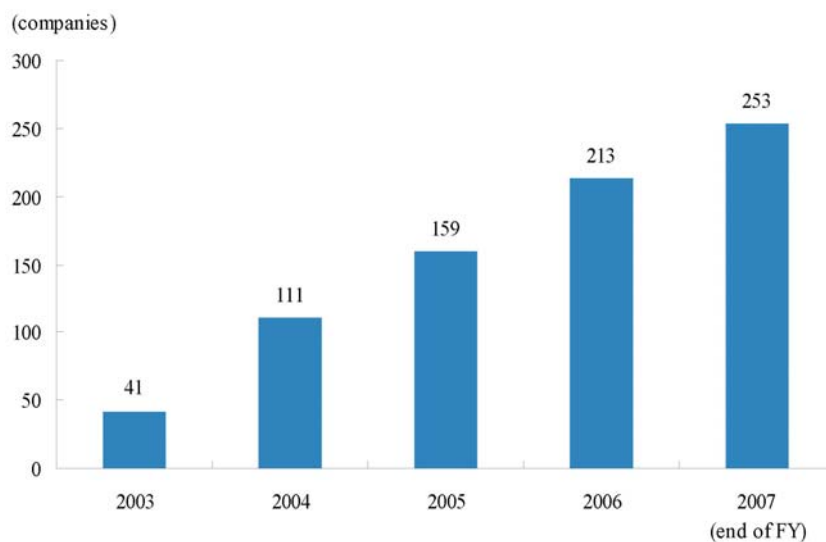
Sales of special correspondence delivery operators have been increasing steadily, marking 2.2 billion yen at the end of FY2006.

Fig. 2-7 Breakdown of the number of post offices (end of FY2007)

Post Office in Operation				Post Office Out of Operation				Total
Directly-managed Post Office		Summary Post Office	Subtotal	Directly-managed Post Office		Summary Post Office	Subtotal	
Post Office	Branch			Post Office	Branch			
20,202	32	3,859	24,093	9	0	438	447	24,540

Based on the materials by Japan Post Network Co., Ltd

Fig. 2-8 Changes in the number of special correspondence delivery operators



Based on the materials by MIC



Section 6 Trends Abroad

1. Information and communications market abroad

In 2006, total sales of telecommunications services worldwide reached 1.4920 trillion dollars, showing a constant growth (Graph 2-9).

2. Diffusion of telephones and the internet

The number of fixed phones lines and mobile

phones in 2007 was 1.28 billion and 3.29 billion, respectively. The number of subscribers to mobile phones has been continuously exceeding the number of subscribers to fixed phones since 2002. The number of subscribers to mobile phones has reached about 2.5 times of that of fixed phones in 2007. The number of Internet users has also been on the rise, reaching 1.47 billion in 2007 (up 21.2% from the previous year) (Graph 2-10).

Fig. 2-9 Sales of telecommunications services

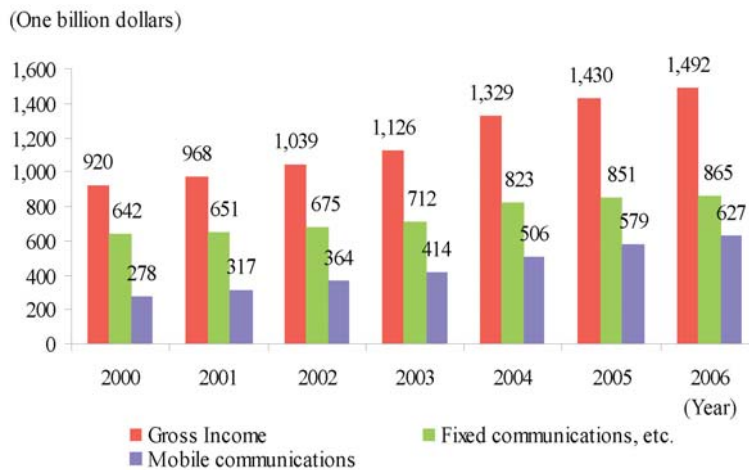


Fig. 2-10 Numbers of subscriptions to fixed phones and mobile phones, and number of internet users

