

Section 9 Promotion of Postal Administration

1. Summary

(1) Initiatives so far

The network of post offices that had been established throughout Japan since the foundation of the postal service in 1871 had increased to more than 24,000 offices nationwide just before privatization occurred on October 1, 2007. However, post offices are even now being established with the intention of being used throughout

the country.

MIC continues its efforts to secure universal service that post offices provides throughout the nation and to utilize post offices as regional hubs to provide service for residents in the local area.

(2) Future challenges and directions

The social environment of Japan has changed significantly in recent years, such as the declining birthrate and aging population, an increasing concentration of populations in urban areas, frequent natural disasters, and the conversion of society as a whole to digital (including taking administrative procedures online). The importance of the post office as a public infrastructure is increasing as public enterprises that play essential roles in daily life are being shut down and local government branches that provide administrative services are being closed. This is especially true in rural areas.

It is important for Japan Post Group to maintain its network of post offices and universal service over the medium-to-long term while also performing adequately

as a private company. It is also important for post offices and the services they provide to bring convenience to users and contribute to local communities.

MIC must continue to ensure that Japan Post Group is managed soundly, ensures fair and free competition, provides stable universal service through post offices, effectively utilizes its network of approximately 24,000 post offices, and responds accordingly as society switches increasingly to digital. It is essential to develop diverse and flexible services and improve operational efficiency as times change, in order to bring more convenience to citizens and users, and to contribute to local communities.

2. Promotion of postal administration

(1) Universal postal service

a Subsidy/contribution system to support the maintenance of the post office network

In order to ensure that universal postal service continues to be provided, a subsidy/contribution system to help maintain the post office network was established in June 2018 and then launched in April 2019. The Organization for Postal Savings, Postal Life Insurance and Post Office Network provides subsidies and collects contri-

butions. In fiscal 2023, subsidies totaling approximately 300 billion yen were provided to Japan Post, with contributions of approximately 243.6 billion yen from Japan Post Bank and approximately 56.5 billion yen from Japan Post Insurance.

(2) Post offices contributing to communities

a How post offices should contribute to communities in a digital society

In Japan, the low birthrate, aging population, and declining population, coupled with the COVID-19 pandemic, are further straining local communities. Expectations for post offices to contribute to communities across the country are growing. It will be important for post offices to identify the merits of digital technologies that will allow them to overcome geographical and temporal constraints, and the ways in which they can contribute to communities by leveraging their usefulness as regional hubs. In October 2022, MIC consulted with the Information and Communications Council on how post offices should contribute to communities in a digital society, and the council's Postal Policy Committee began deliberating on the matter. The committee deliberated two major topics. First, was how post offices should cooperate with the public infrastructures in the region such as local governments. Second, was how post offices should contribute to communities through DX and data utiliza-

tion. In December of the same year, the committee compiled an interim report on the topic of popularizing and using Individual Number Cards through post offices.

In October 2022, MIC established a project team consisting of related departments to study how to implement local revitalization measures through post offices. In addition to promoting the popularization and use of Individual Number Cards through post offices, the team identified various measures such as firefighting, disaster prevention, and administrative consultation (including promoting the handling of local government service affairs at post offices), and publicized these measures in March 2023. The report states that measures will be widely spread to local governments and post offices throughout the country in order to promote regional initiatives to promote cooperation between post offices all throughout the country and local governments.

b Promotion of the popularization and use of Individual Number Cards through post offices

The Individual Number Card serves as a sort of passport for residents to a new digital society, and it is becoming indispensable as society as a whole goes increasingly digital.

All post offices throughout the country are required by law to maintain universal service, and the post office network continues to be maintained even in sparsely populated areas. Post offices have therefore become an important infrastructure supporting the lives of the elderly and other local residents. They are increasingly becoming the last operations hub with full-time employees as the population declines, especially in sparsely populated areas.

In December 2022 the Postal Policy Committee of the Information and Communications Council identified measures to promote and use Individual Number Cards in post offices, in an interim report on how post offices should contribute to communities in a digital society, based on the belief that the unique nature of post offices could be leveraged in promoting the popularization and use of Individual Number Cards.

The interim report described several initiatives that Japan must urgently implement: (1) a request for expanded support for applications at post offices, (2) a request for municipalities to actively provide post office

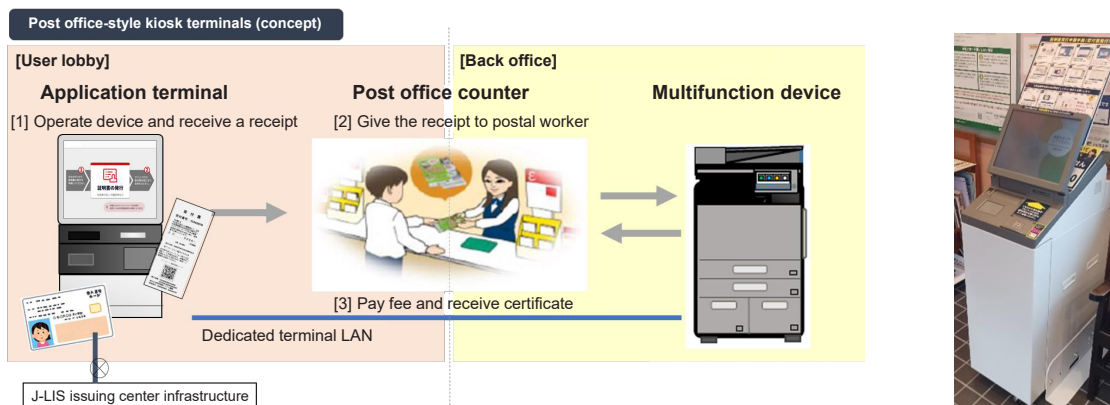
space for Individual Number Card onsite applications, (3) efforts to encourage residents to apply for Individual Number Cards (such as posting posters at post offices), (4) consideration of legal amendments necessary for Individual Number Cards to be issued at post offices, (5) promotion of outsourcing of administrative functions related to issuing/renewing digital certificates and changing/initializing PIN codes, (6) support for the introduction of automatic certificate issuance service terminals in post offices (mainly in municipalities without convenience stores), and (7) local fiscal measures related to the introduction of automatic certificate issuance services at post offices. Concrete initiatives were then implemented, including support for Individual Number Card applications at 848 local governments and 3,511 post offices (as of March 31). MIC continues to promote procedures for revising laws necessary for issuing Individual Number Cards at post offices, assist local governments and post offices in promoting the popularization of Individual Number Cards, encourage residents to obtain Individual Number Cards at post offices, and encourage local governments and post offices to handle affairs related to Individual Number Cards at post offices.

c Promotion of use as a contact point for administrative services

MIC has developed and demonstrated post office-style individual number card terminals (post office-style kiosk terminals) that can be introduced at low cost in the supplementary budget for fiscal 2021. This terminal allows for digital technologies to be used for procedures required for issuing certificates such as residence certificates, making it possible to issue certificates at post offices without having to go through local governments (Figure 5-9-2-1). The second supplementary budget

for fiscal 2022 supports the introduction of these post office-style individual number card terminals in post offices, mainly in municipalities that do not have convenience stores. In order to improve resident services using Individual Number Cards, local governments have also implemented special tax measures (0.7%) since fiscal 2023 to cover the cost of introducing automatic certificate issuance services at post offices and other locations.

Figure 5-9-2-1 Post office-style kiosk terminal



d Cooperation between post offices and local public infrastructures

From fiscal 2019 to fiscal 2021, MIC ran the “Post Office Revitalization Project (by Post Offices and Local Governments Using ICT),” which leveraged the strengths of post offices to conduct demonstrations in order to solve various local issues and promote greater user convenience, and then developed the project nationwide as a model project. In January 2022, a post office monitoring service that uses smart speakers that was developed through demonstrations during this project was launched as a service for local governments by Japan Post. By the

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end of December of the same year, Japan Post had been entrusted with post office monitoring by 29 local governments.

MIC has also been conducting demonstrations since fiscal 2022 to help resolve local issues by leveraging the power of digital technology through collaboration between post office, which has sites all over the country and local public infrastructures of local governments, as the “Project to Promote Cooperation between Post Offices and Public Regional Infrastructures”. (Figure 5-9-2-2). Demonstration projects were run in fiscal 2022 on supporting local MaaS by linking Individual Number

Cards and transportation-related IC cards at post offices (Maebashi, Gunma), making public use of post office drones in hilly and mountainous areas (Kumano, Mie), and supporting shopping services where customers can order goods at post offices (Yatsushiro, Kumamoto) (Figure 5-9-2-3). In fiscal 2023, the results of these projects will be implemented nationwide, and demonstration projects such as online medical care at post offices will be implemented. MIC will continue to create model cases for solving local problems through cooperation between post offices and local public infrastructures.

Figure 5-9-2-2 Project to Promote Cooperation between Post Offices and Public Regional Infrastructures

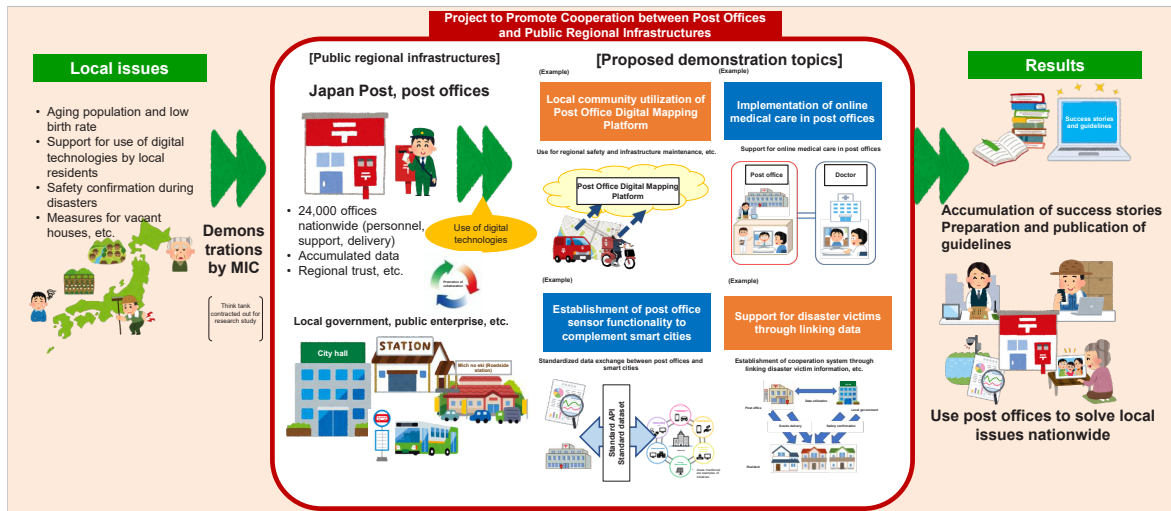


Figure 5-9-2-3 Regional demonstrations

Linking Individual Number Cards and transportation-related IC cards at post offices (Maebashi, Gunma)



Public use of post office drones in hilly and mountainous areas (trial delivery of emergency relief supplies during disaster) (Kumano, Mie)



Shopping services at post office counters (Yatsushiro, Kumamoto)



(3) Utilization of data acquired by post offices

a Study Group on the Utilization of Post Office Data and Protection of Privacy

In order to promote the effective use of data acquired by post offices, while also ensuring that confidential correspondence, confidential information, and personal information are handled appropriately, MIC has held meetings of the “Study Group on the Utilization of Post Office Data and Protection of Privacy” since October 2021. In addition to revising the commentary on guidelines on the protection of personal information in postal services (MIC Notice No. 167 of 2017, “Postal Service Guidelines” below), the study group published a report

b Post Office Data Utilization Advisory Board

In response to the above report, MIC has been holding meetings of the “Post Office Data Utilization Advisory Board” since December 2022, with the aim of obtaining advice from experts and others in implementing the initiatives and measures described in the “Roadmap for Promoting the Utilization of Post Office Data.” It has

in July 2022. This report presents a basic approach for utilizing post office data, summarizes efforts of Japan Post Group and Japan Post, and describes measures to be implemented by MIC, in the form of the “Roadmap for Promoting the Utilization of Post Office Data.” It also mentions several items to be addressed by MIC, such as establishing a Post Office Data Utilization Advisory Board and strengthening supervision through means such as the “Postal Administration Monitoring Meeting.”

also been working on specific means of providing data to public organizations (disaster, tax, and bar association inquiries) added to the commentary on the Postal Service Guidelines, and regularly follows up on measures by Japan Post Group and Japan Post to utilize data.

(4) New financial services from Japan Post Bank and Japan Post Insurance

In March 2022, MIC and the Financial Services Agency granted Japan Post Bank approval under the Postal Service Privatization Act for intermediary operations for concluding investment blanket contracts. Since May of the same year, investment blanket services have been offered at all Japan Post Bank branches.

Japan Post Insurance also submitted notifications based on the Postal Service Privatization Act,¹ regarding

the revision of products due to the introduction of the contract renewal system in June 2022, and then the revision of student loan insurance products in December of the same year. The contract renewal system was introduced in October of the same year, and the student loan insurance system was introduced in April 2023 at Japan Post Insurance and post offices nationwide.

3. Promotion of postal administration in the international field

(1) Response to the Universal Postal Union (UPU)

The Universal Postal Union (UPU) is a specialized agency of the United Nations that has been implementing various cooperative projects and formulating fair and open rules for international postal services, in order to develop postal network services worldwide and further improve the convenience of international postal services. As an organization responsible for formulating an appropriate international postal framework for the expansion of cross-border e-commerce, UPU is now expected to play a major role in the development of international logistics.

Masahiko Metoki of Japan has served as Director General (four years per term, with a maximum of two terms) of the UPU since January 2022, and is expected to lead various efforts there.

MIC has also been actively supporting the leadership of Director General Metoki. For example, the Ministry has increased its contributions to the UPU and has strengthened its support for various cooperative projects in the UPU.

Based on a memorandum of cooperation with the UPU, MIC has supported the implementation of cooperative

projects with UPU member countries in several areas: (1) efforts to build disaster-resilient postal networks, (2) efforts to respond to climate change through the construction of postal networks with a low environmental impact, (3) efforts to utilize postal networks as a basis for addressing social needs such as financial inclusion, infectious disease control, and the development of new businesses, and (4) efforts to improve the added value of postal network services using cutting-edge technologies such as ICT. The memorandum of cooperation was renewed in March 2022, immediately following the appointment of the Director General, to expand implementation projects (such as strengthening efforts to respond to climate change) in light of the increase in contributions to the UPU.

In fiscal 2022, support was also provided for postal services in Ukraine through contributions to the Emergency Solidarity Fund (ESF)² established by the UPU. Through such efforts, Japan is contributing to the further development of global postal network services and actively contributing to the development of fair and open rules for international postal services in the UPU.

¹ In June 2021, Japan Post Group disposed of more than half of its shares in Japan Post Insurance, and new business operations of Japan Post Insurance migrated from an approval system to a notification system.

² A UPU fund to provide emergency assistance to member states affected by disasters, etc.

(2) Support for the overseas expansion of Japanese-style postal infrastructures

MIC is promoting the expansion of Japanese-style postal infrastructure systems overseas as part of the Government's "Infrastructure System Overseas Promotion Strategy 2025"³ (June 2022 Supplement) and the "MIC World Development Action Plan 2025" (July 2022⁴). Aimed mainly at emerging and developing countries in Asia and Eastern Europe, this initiative provides superior technologies and operational knowledge related to Japanese postal services, and supports the modernization and upgrading of postal services in these countries. Sorting machines are at the core of postal infrastructures. In addition to seizing opportunities to update and expand these machines, MIC is acquiring peripheral businesses such as equipment used in division

centers, and working to identify needs and issues related to postal services in other countries. MIC is also exploring new business possibilities such as e-commerce, digital transformation (DX), and green transformation (GX), in order to promote the expansion of Japanese companies with technology and knowledge in related fields.

MIC will continue to develop cooperation projects with other countries, and will promote the expansion of Japanese-style postal infrastructure systems overseas by building relationships with postal organizations in other countries through active participation in international postal conferences and conducting basic research on postal services in each region, in order to discover new opportunities for cooperation with other countries.

4. Trends in correspondence delivery

The Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002) allows private business operators to run correspondence delivery services. As of the end of fiscal 2022, 583 entities have entered the specified correspondence delivery business, which provides only those services that do not interfere with the provision of universal postal services. A range of services are provided in response to customer needs, including correspondence collection and delivery services on

certain routes, rapid delivery services provided within a relatively close distance or limited area, and services similar to telegrams to deliver messages of congratulation or condolences together with a decorated card.

MIC continues to promote understanding of the purpose and specifics of correspondence delivery, define what correspondence is, and spread information on the correspondence delivery system, in order to ensure that correspondence is sent appropriately.

³ Infrastructure System Overseas Promotion Strategy 2025 (June 2022 Supplement): <https://www.kantei.go.jp/jp/singi/keikyou/dai54/infra.pdf>

⁴ MIC World Development Action Plan 2025 (formulated in July 2022): https://www.soumu.go.jp/main_content/000842643.pdf