

7 Telecommunications Tariffs and Fees

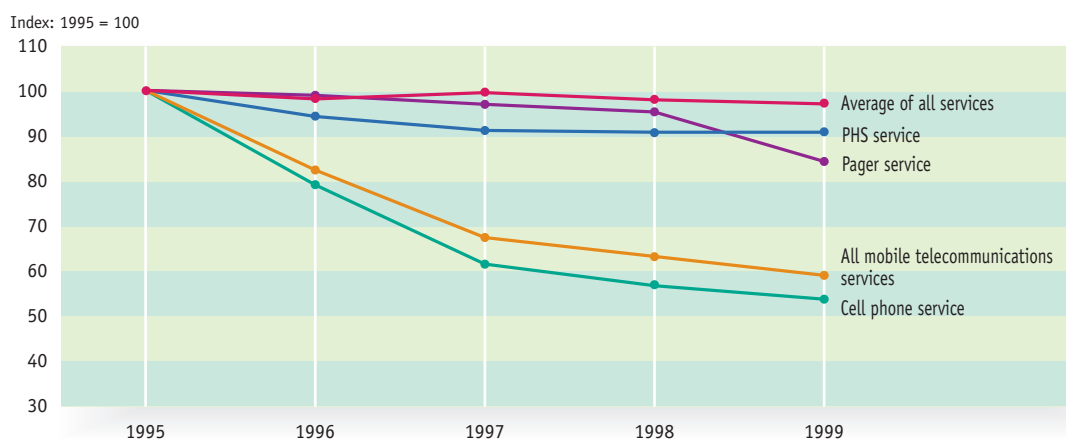
1. Domestic Tariffs

The overall corporate service price index (CSPI), reported by the Bank of Japan, edged down from the index value of 100 in 1995 to 97.0, or 3.0 points, in the fourth quarter of 1999. In contrast, the CSPI for domestic and international telecommunications services fell as much as 11.2 points over the same period, to 88.8. In even greater contrast, the CSPI for mobile telecommunications services dropped 41.1 points, to 58.9 (Exhibit 41).

2. Differential between Tariffs in Japan and Other Countries

An OECD model that compares fiscal 1998 domestic telephone tariffs in six world cities (Tokyo, New York, Geneva, London, Paris, and Düsseldorf) indicates that, for residential service, Tokyo has the most expensive tariffs except for Geneva, although the differentials between Tokyo and three other cities: New York, London, and Paris are narrowing. Tokyo was in third place in terms of fixed-line business telephone service. Tokyo was in fourth

Exhibit 41. Price Indexes of Mobile Telecommunications Services Provided to Companies



	1995	1996	1997	1998	1999
Average of all services	100.0	98.1	99.5	97.9	97.0
All mobile telecommunications services	100.0	82.3	67.3	63.1	58.9
Cell phone service	100.0	79.0	61.4	56.6	53.6
PHS service	100.0	94.2	91.1	90.7	90.7
Pager service	100.0	98.9	96.9	95.2	84.2

Note: Values for cell phone service incorporates all available discounts.
Source: *Monthly Report on the Wholesale Price Indexes*, Bank of Japan.

place for analog-grade domestic leased circuit service, at about the average level; was the cheapest in terms of 64 kbps digital domestic leased circuits; and was, as before, the most expensive city for 1.5 Mbps service, although the gap is narrowing.

A comparison on cell phone (portable and automobile) rates in the six cities under a “Tokyo model” indicates that Paris is the least expensive city to use a cell phone, while Tokyo is the second least expensive.

3. Broadcasting Fees

Compared to the UK, France, and Germany, the fee in Japan for receiving public terrestrial color-TV broadcasting are about average. (The United States does not have an obligatory-fee system for public broadcasting.)

4. Postage Rates

As of 1999 the differential in the postage rates of letters and postcards was large in Japan (¥80 and ¥50, respectively) and the United States (\$0.33 and \$0.20), and minimal in Germany (1.1 DM and 1 DM). The postage for letters was the same as that for postcards in the United Kingdom and France. Letters are more expensive to send in Japan than in all these other countries, while postcards are generally cheaper to send, except for the United States. On the other hand, letters and postcards, both of which are more expensive than in the US, generally take about 1–2 days to deliver in Japan,

whereas a somewhat longer time is usually required in the US.