



Communications News

Vol. 18 No. 15
November 9, 2007

Biweekly Newsletter of the Ministry of Internal Affairs and Communications (MIC), Japan

ISSN 1349-7987

Please feel free to use the articles in this publication, with proper credits.

STATISTICS

Communications Industry Forecasts on Business Conditions - Results of July 2007 Survey on "Overall Results of Japan's Communications Industry" (Prompt Report) -

MIC has compiled the results of the survey on "overall results of Japan's communications industry," conducted in July 2007, for the second quarter of FY2007 (Q-II) and the third quarter of FY2007 (Q-III).

- The sales forecast diffusion index (DI)*¹ continues to be "positive" among telecommunications carriers and cable TV operators (which means that a majority of the carriers and operators expect sales to increase), while that of commercial broadcasters remains "negative."

- The business conditions diffusion index (DI)*² continues to be "positive" among telecommunications carriers and cable TV operators (which means that a majority of the carriers and operators expect business conditions to improve), while that of commercial broadcasters remains "negative."

Notes:

*1. Sales forecast diffusion index (DI): the "percentage of companies predicting an increase in sales" minus the "percentage of companies predicting a decrease in sales over the previous quarter."

*2. Business conditions diffusion index

(DI): the "percentage of companies predicting improvement in business conditions" minus the "percentage of companies predicting decline in business conditions."

Survey on "Overall results of Japan's Communications Industry"

Since April 1995, MIC has conducted surveys on Japan's communications industry, on sales and sales forecasts etc, in order to promptly comprehend the management trends in the communications industry (telecommunications carriers and broadcasters).

Survey Target:

Based on the sales share in each business category (e.g., telecommunications and commercial broadcasting) in FY2005, a total of 133 sample companies in the overall communications industry were allocated to determine the number

CONTENTS



STATISTICS

- Communications Industry Forecasts on Business Conditions
- Results of July 2007 Survey on "Overall Results of Japan's Communications Industry" (Prompt Report) - 1
- Number of Subscription Contracts to Broadband Services (as of the end of June 2007) 6



**International Policy Division,
International Affairs Department,
Telecommunications Bureau,
Ministry of Internal Affairs and
Communications (MIC)**

1-2, Kasumigaseki 2-chome, Chiyoda-ku, Tokyo 100-8926, Japan
Fax: +81-3-5253-5924
Tel: +81-3-5253-5920

We welcome your comments via:

http://www.soumu.go.jp/joho_tsusin/eng/contact.html

MIC Communications News is available at:

http://www.soumu.go.jp/joho_tsusin/eng/newsletter.html

Presentation materials of MIC are available at:

http://www.soumu.go.jp/joho_tsusin/eng/presentation.html

E-mail distribution of this newsletter is possible if desired.

of samples in each business category (the number of samples (133) was calculated as the significant sample value based on the population in the overall communications industry). The data was subsequently processed in two steps for each business category, on a total sample basis and on a random sampling basis, in order to minimize the standard error. The total number of samples

was determined and top companies in sales were extracted until the number of companies reached the allocated number. Random sampling was then conducted from the remaining population.

Survey Method:

Questionnaire survey (by sending questionnaire sheets and receiving responses via fax or as input over

the Internet)

Survey Items:

- 1) Surveys in July, October, January, and April
Sales forecast, financial position forecast, and business condition forecast as of the end of the previous month
- 2) Monthly surveys
Sales conditions

Response Rate (for this flash report):

Category	Target Companies	Number of Responses	Response Rate (%)
Overall Communications Industry	133	105	78.9
Telecommunications Carriers	63	49	77.8
Broadcasters	70	56	80.0
Commercial Broadcasters	50	40	80.0
Cable TV Operators	20	16	80.0

Sales forecast

The sales forecast diffusion indices (DIs) in the second and third quarters of FY2007 indicate the following:

- The telecommunications carriers continue to show a positive trend (a majority of operators expecting an increase in sales) with a figure of +37.8 for both quarters.
- The commercial broadcasting business remains on a negative trend (a majority of operators are expecting a decrease in sales) with figures of -16.7 for Q-II and -13.9 for Q-III.
- Cable casting continues to show a positive trend, with figures of +37.5 for Q-II and +31.3 for Q-III.

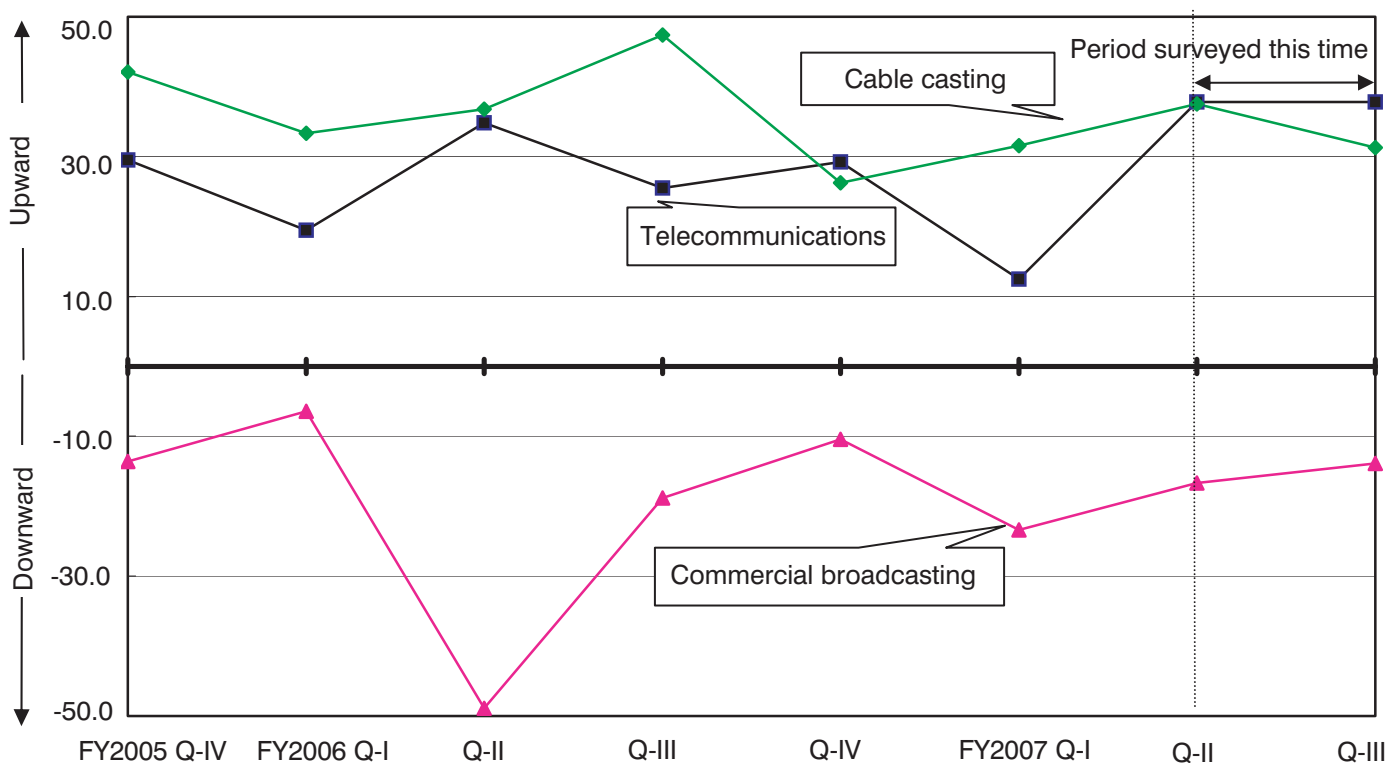
Table 1 Sales forecast diffusion indices

Type of Business	FY2005	FY2006				FY2007		
	Q-IV	Q-I	Q-II	Q-III	Q-IV	Q-I	Q-II	Q-III
Telecommunications	29.5	19.5	34.8	25.5	29.2	12.5	37.8	37.8
Broadcasting	3.2	4.6	24.2	0.0	0.0	7.6	0.0	0.0
Commercial broadcasting	13.6	6.4	48.9	18.8	10.4	23.4	16.7	13.9
Cable casting	42.1	33.3	36.8	47.4	26.3	31.6	37.5	31.3
(Reference)								
All industries	13.4	0.1	21.5	14.4	13.9	0.3	21.4	17.3

Notes:

1. The sales forecast diffusion index (DI) indicates the "percentage of companies saying that their sales amounts are increasing compared to the previous quarter" minus the "percentage of companies saying that their sales amounts are decreasing compared to the previous quarter."
2. Indices for Q-II and Q-III of FY2007 are estimated at the end of Q-I of FY2007. Other indices are estimated as of the end of the previous quarter.
3. Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (April to June 2007)" of the Economic and Social Research Institute, Cabinet Office, and the Policy Research Institute, Ministry of Finance.

Fig. 1 Trends in sales forecast diffusion indices



Financial position forecast

The financial position indices in the second and third quarters of FY2007 are as follows:

- The telecommunications business continues to retain a positive trend (a majority of operators stating that their financial positions are in surplus) with a figure of +27.0 for both quarters.
- The commercial broadcasting business continues on a positive trend with figures of +27.8 and +25.0 for the respective quarters
- Cable casting improved from a negative trend (a majority of operators stating that their financial position is tight) in the previous quarter to a positive trend, with both quarters showing a figure of +6.3.

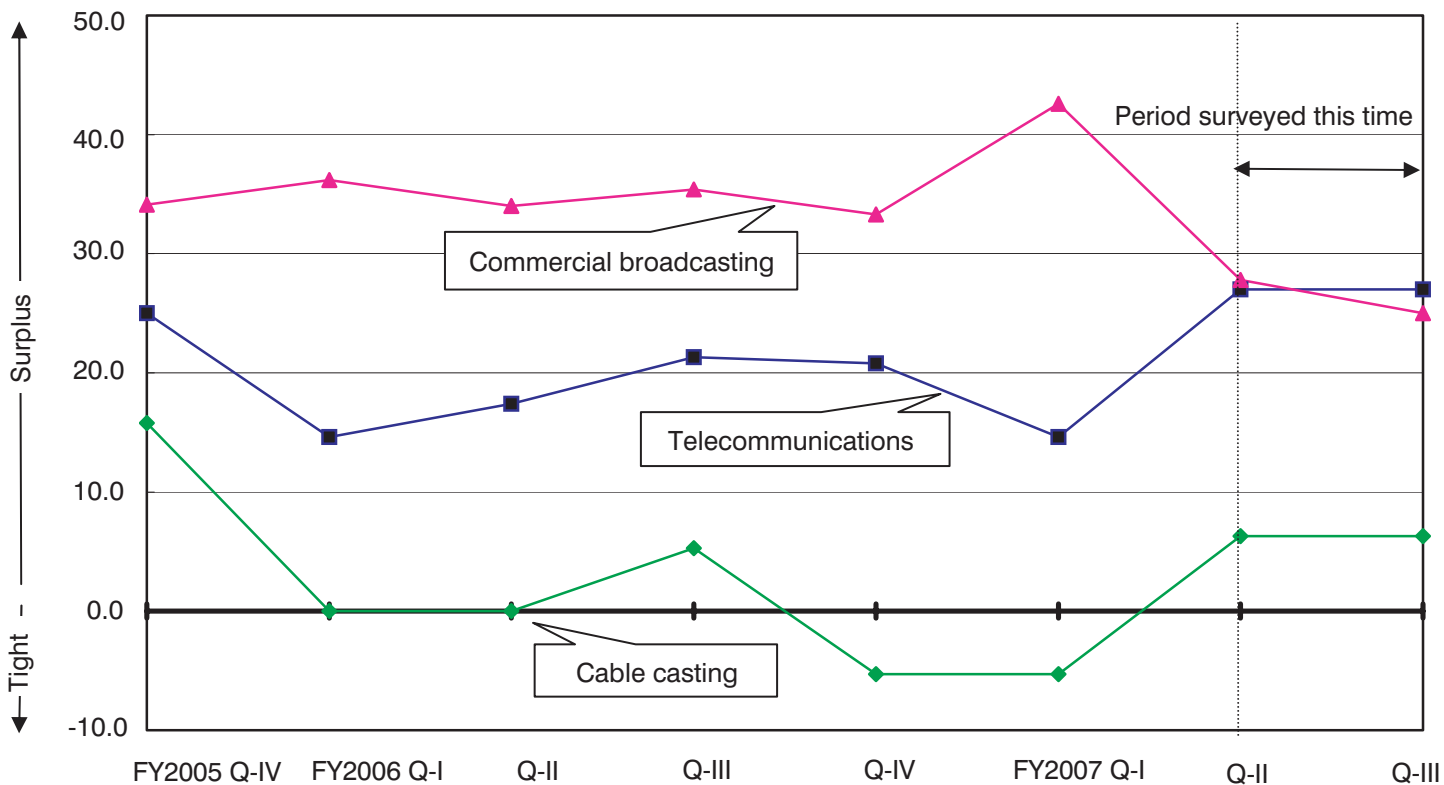
Table 2 Financial position diffusion indices

Type of Business	FY2005	FY2006				FY2007		
	Q-IV	Q-I	Q-II	Q-III	Q-IV	Q-I	Q-II	Q-III
Telecommunications	25.0	14.6	17.4	21.3	20.8	14.6	27.0	27.0
Broadcasting	28.6	25.8	24.2	26.9	22.4	28.8	21.2	19.2
Commercial broadcasting	34.1	36.2	34.0	35.4	33.3	42.6	27.8	25.0
Cable casting	15.8	0.0	0.0	5.3	5.3	5.3	6.3	6.3
(Reference)								
All industries	3.3	3.5	2.5	0.9	2.6	2.3	1.5	2.7

Notes

1. The Financial position diffusion index (DI) indicates the "percentage of companies saying that their financial position is in surplus compared to the previous quarter" minus the "percentage of companies saying that their financial position is tight compared to the previous quarter."
2. Indices for Q-II and Q-III of FY2007 are estimated at the end of Q-I of FY2007. Other indices are estimated as of the end of the previous quarter.
3. Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (April to June 2007)" of the Economic and Social Research Institute, Cabinet Office, and the Policy Research Institute, Ministry of Finance.

Fig. 2 Trends in financial position diffusion indices



Business conditions forecasts

The business condition forecast (by companies) indices in the second and third quarters of FY2007 are as follows:

- The telecommunications business continues to show an upward trend (a majority of companies anticipating an improvement in business conditions) with a figure of +32.4 for both quarters.
- The commercial broadcasting business continues to show a downward trend (a majority of companies anticipating a deterioration in business conditions) with figures of -13.9 and -11.1 for the respective quarters
- Cable casting continues to show an upward trend with both quarters showing a figure of +18.8.

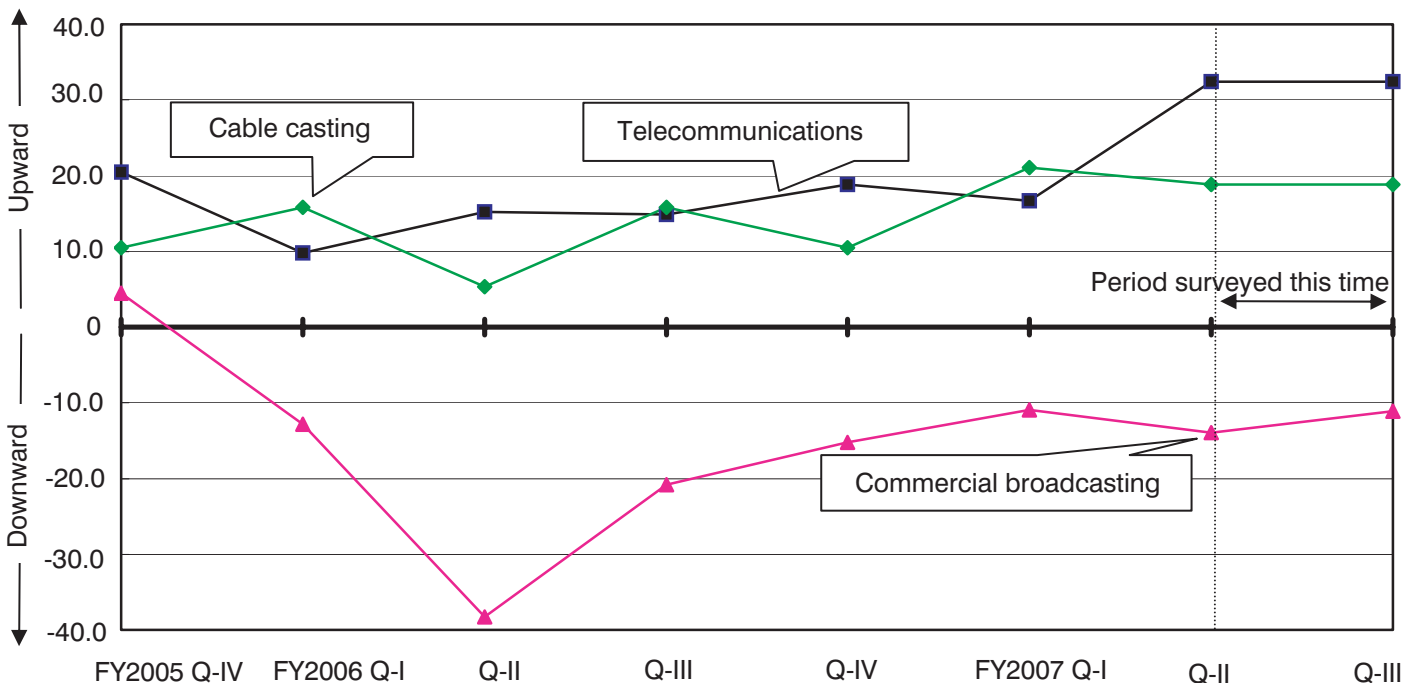
Table 3 Indices for forecasts on business conditions

Type of Business	FY2005	FY2006				FY2007		
	Q-IV	Q-I	Q-II	Q-III	Q-IV	Q-I	Q-II	Q-III
Telecommunications	20.5	9.8	15.2	14.9	18.8	16.7	32.4	32.4
Broadcasting	6.3	4.5	25.8	10.4	7.7	1.5	3.8	1.9
Commercial broadcasting	4.5	12.8	38.3	20.8	15.2	10.9	13.9	11.1
Cable casting	10.5	15.8	5.3	15.8	10.5	21.1	18.8	18.8
(Reference)								
All industries	6.1	1.8	10.5	6.4	6.2	0.9	12.0	11.5

Notes

1. The business conditions diffusion index (DI) indicates the "percentage of companies saying that business conditions are improving compared to the previous quarter" minus the "percentage of companies saying that business conditions are worsening compared to the previous quarter."
2. Indices for Q-II and Q-III of FY2007 are estimated at the end of Q-I of FY2007. Other indices are estimated as of the end of the previous quarter.
3. Until the FY2005 survey, the survey was on "Business Conditions in the Industry."
4. Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (April to June 2007)" of the Economic and Social Research Institute, Cabinet Office, and the Policy Research Institute, Ministry of Finance.

Fig.3 Trends in indices for forecasts on business conditions



STATISTICS

Number of Subscription Contracts to Broadband Services (as of the end of June 2007)

Pursuant to the provisions of the Rules for Reporting on Telecommunications Business (Ministerial Ordinance of MPT No. 46 of 1988), MIC has compiled reports on numbers of subscription contracts to broadband services (as of the end of June 2007) submitted by telecommunications carriers. Thus, MIC discloses those data.

Major Trends

The number of subscription contracts to broadband services reaches 27.15 million

The number of subscription contracts to broadband services reached 27.15 million as of the end

of June 2007. The number at the end of March 2007 was 26.44 million, so there was an increase of 710,000 subscribers over the previous quarter.

The number of subscription

contracts to FTTH access services reaches 9.66 million

The number of subscription contracts to FTTH access services reached 9.66 million as of the end of June 2007, a net increase of 860,000 over the previous quarter.

Breakdown of various services

	Total of broadband services	FTTH	DSL	CATV	FWA
End of June 2007	27,152,349	9,662,662(36%)	13,786,256(51%)	3,690,930(14%)	12,501(0.05%)
End of March 2007	<u>26,438,867</u>	<u>8,804,383(33%)</u>	<u>14,013,219(53%)</u>	<u>3,609,633(14%)</u>	11,632(0.04%)
Net increase (April to June 2007)	713,482	858,279	226,963	81,297	869

* Figures in parentheses show the percentage of the individual services within broadband services

* Number of broadband subscribers: Total of subscribers to FTTH access services, DSL access services, CATV access services, and FWA access services

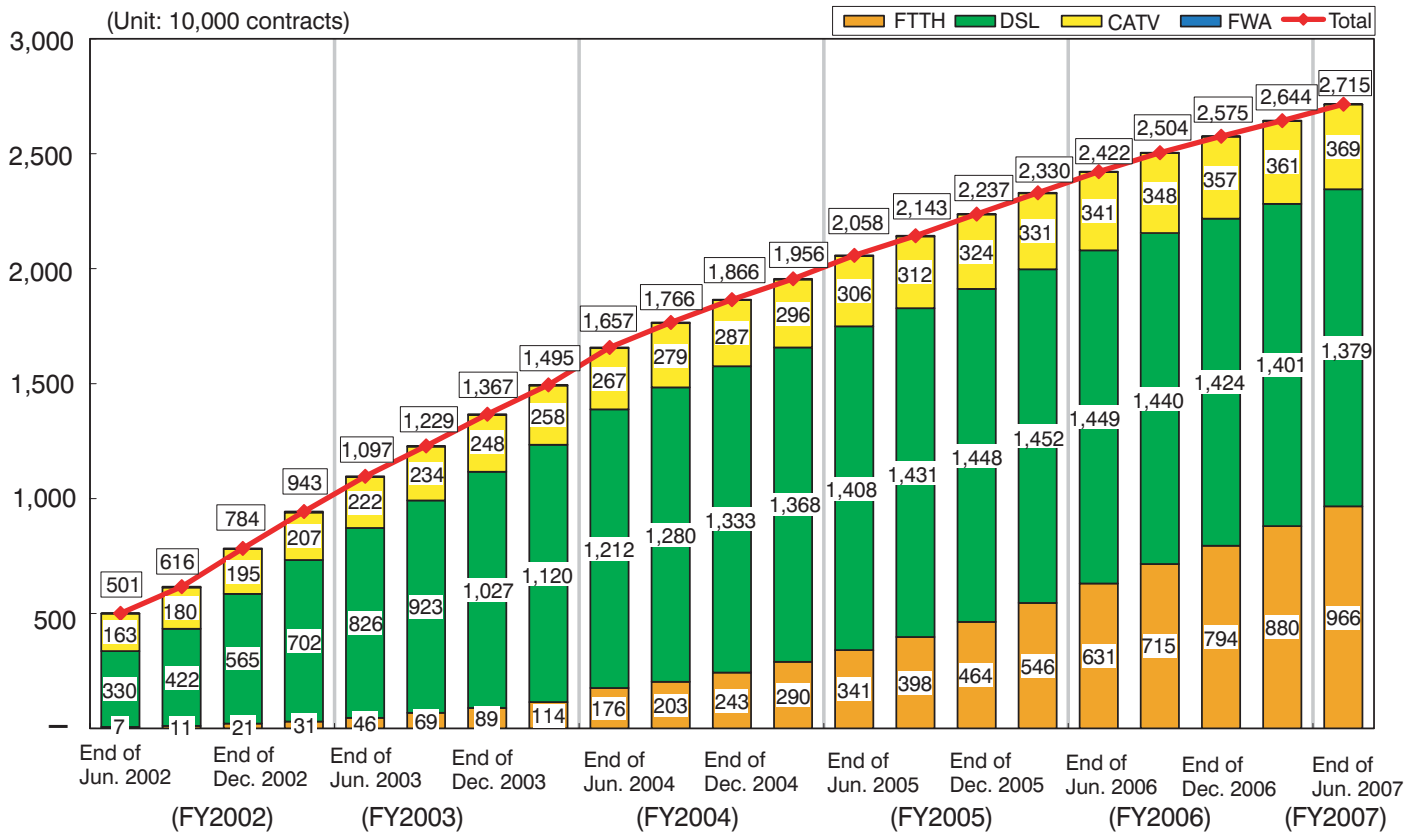
* The figures for the total of broadband services, subscriptions to FTTH, DSL and CATV for March 2007 were corrected. The corrected figures are underlined.

Trends in the number of subscription contracts to broadband services, etc.

Trends in the number of subscription contracts to broadband services

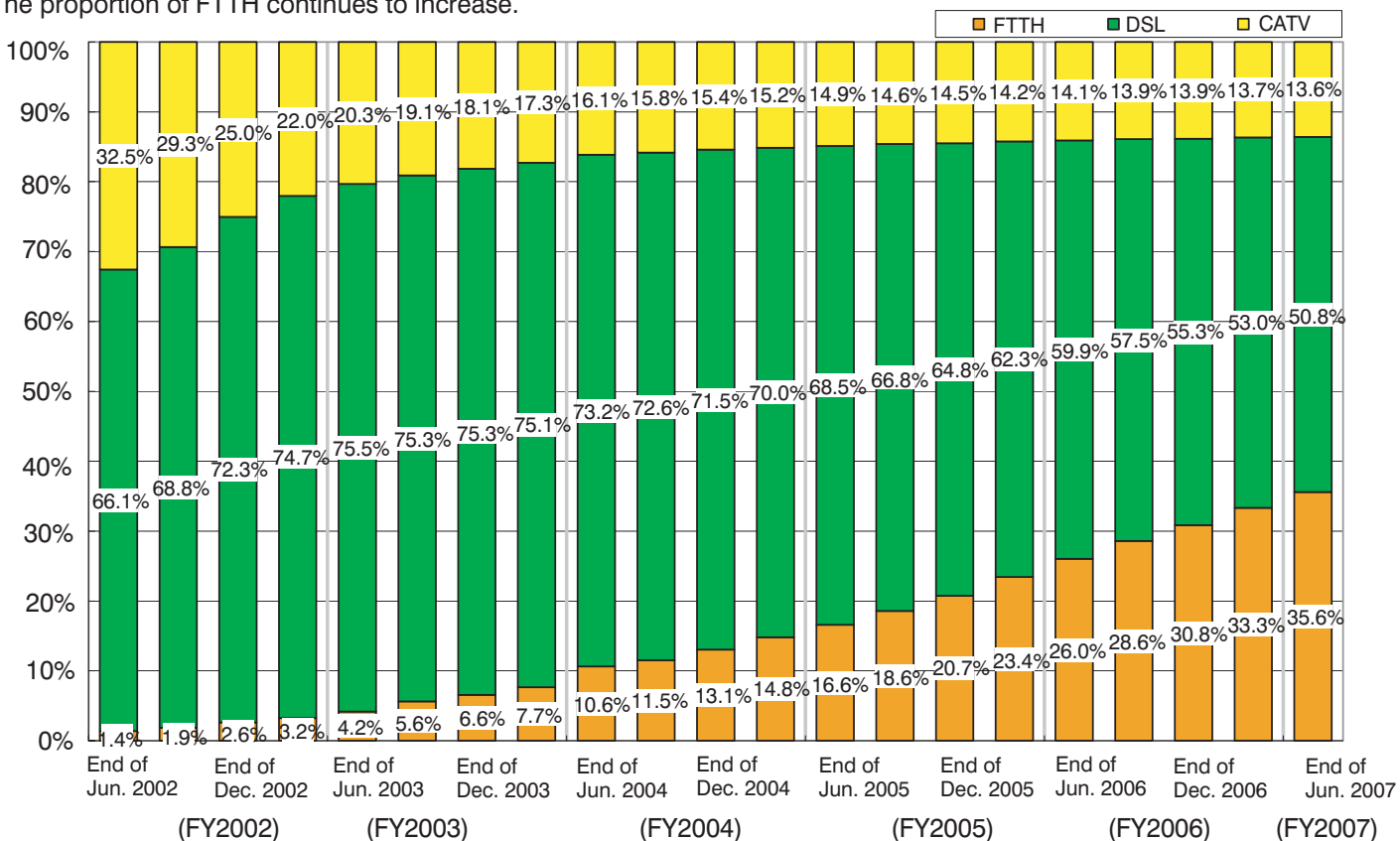
o Trends in the number of subscription contracts to broadband services

The number stood at 27.15 million as of the end of June 2007. The number at the end of March 2007 was 26.44 million, so there was an increase of 710,000 subscribers over the previous quarter.



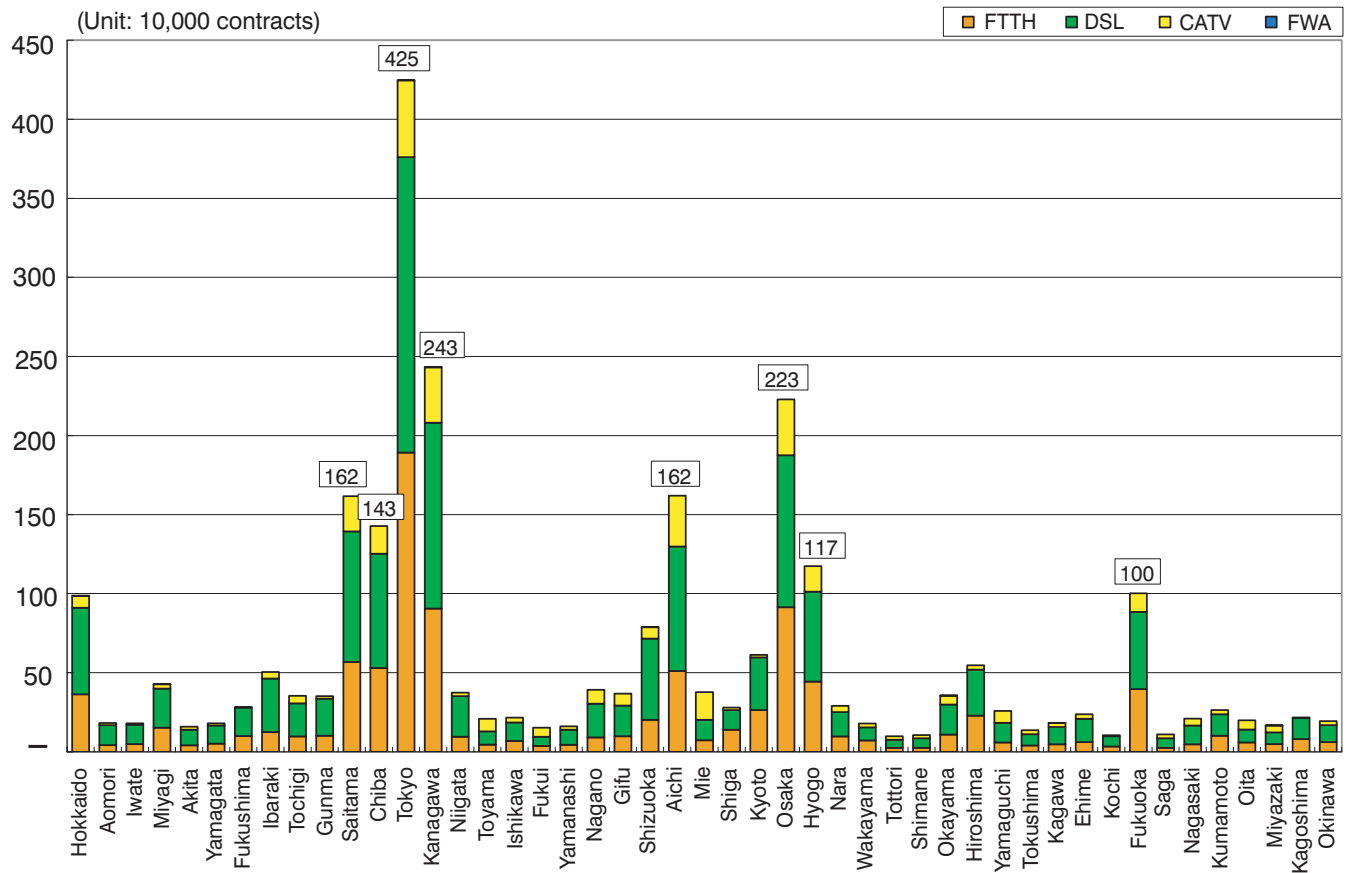
o Broadband subscription breakdown by service type

The proportion of FTTH continues to increase.



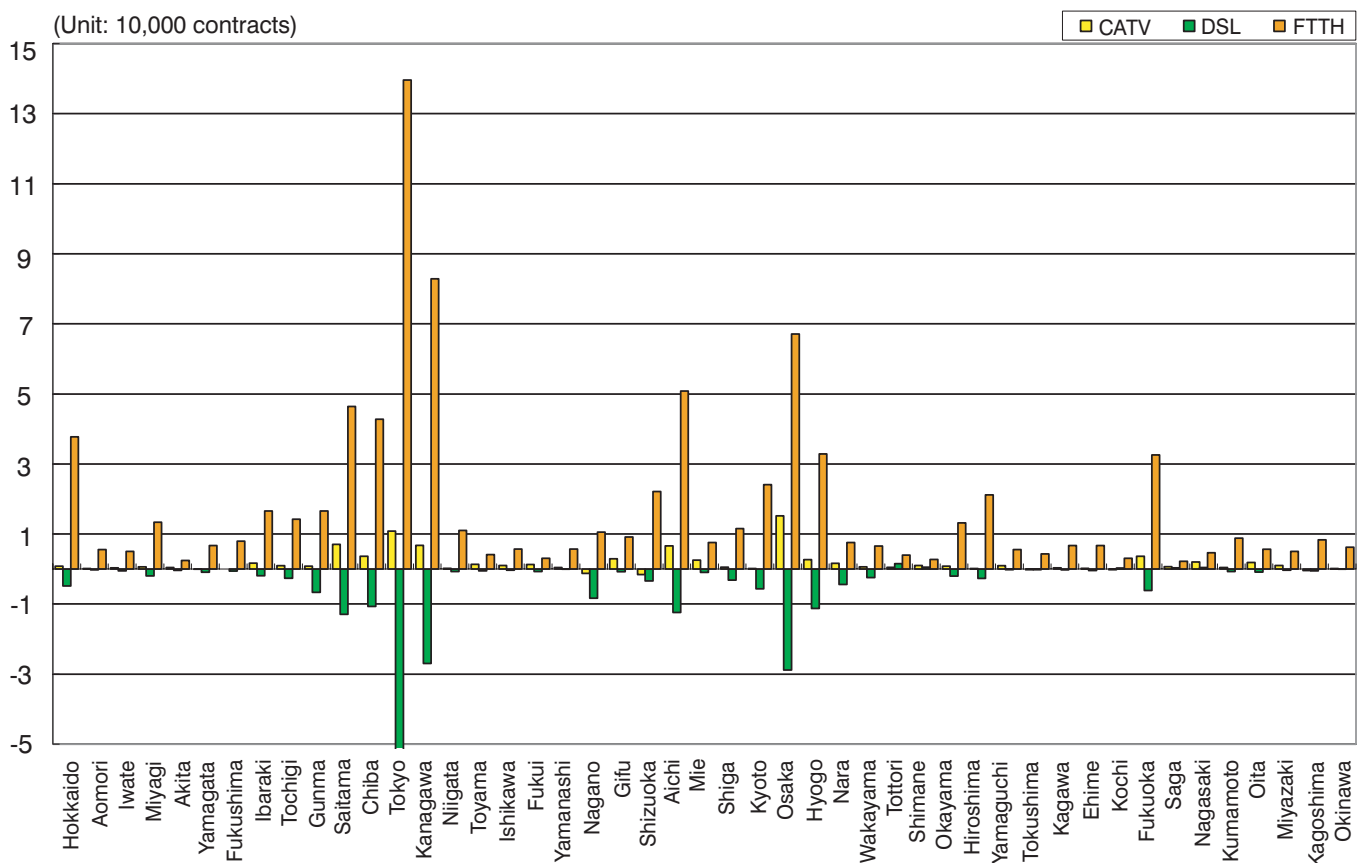
o The number of broadband service contracts by prefecture

There are 8 prefectures with over 1.0 million subscribers each. These are Tokyo, Kanagawa, Osaka, Saitama, Aichi, Chiba, Hyogo and Fukuoka.



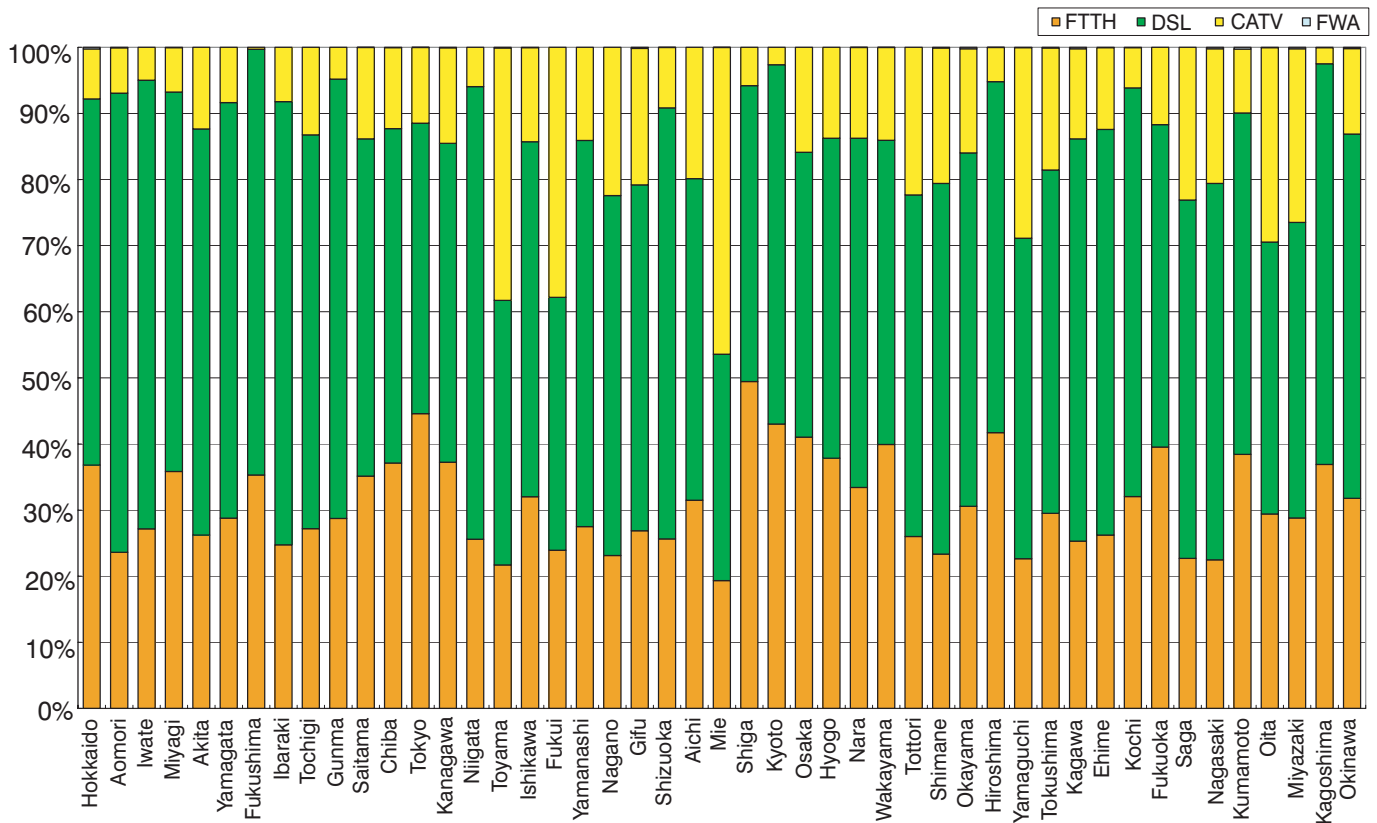
o Increases and decreases for each type of broadband service by prefecture (compared to previous term)

The number of FTTH subscriptions is on the increase for all prefectures.



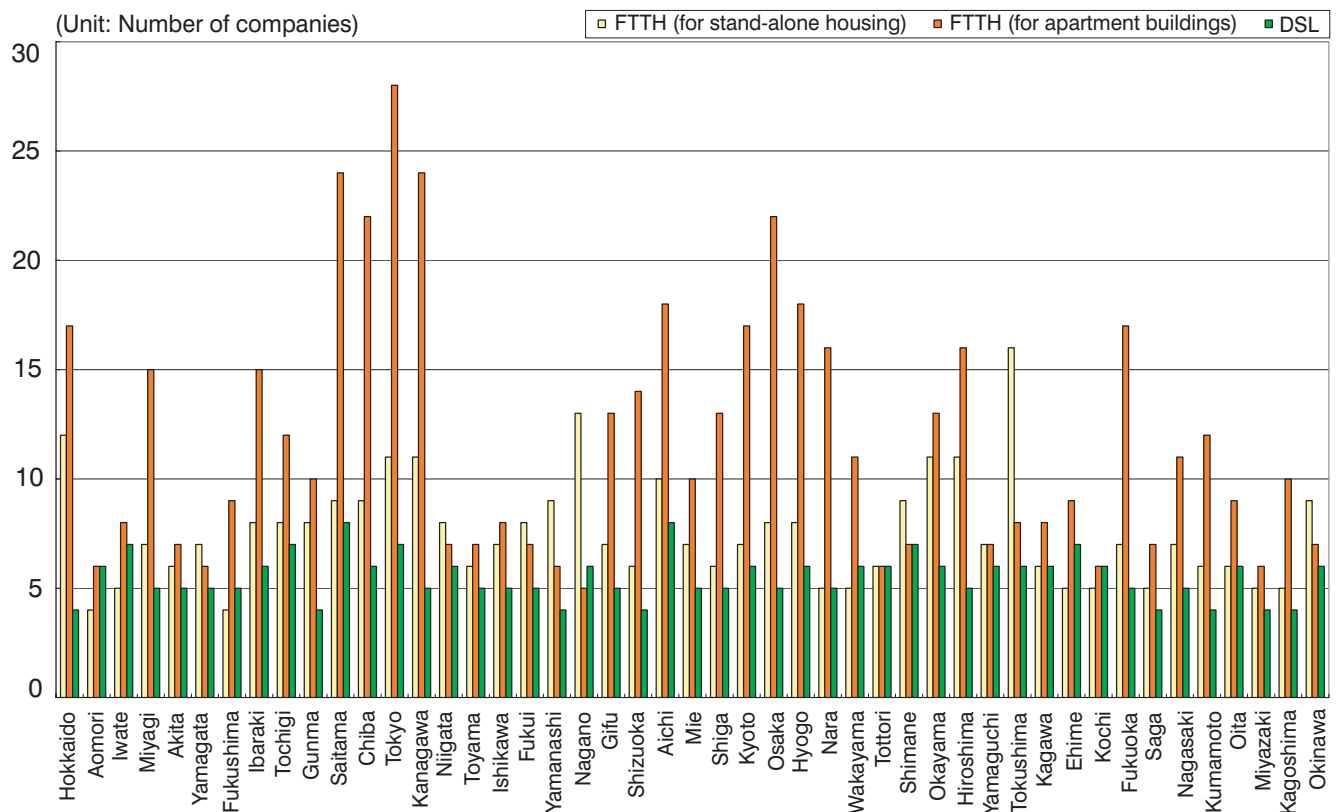
o The breakdown of broadband services by prefecture

The proportion of CATV is high in Mie, Toyama and Fukui. FTTH accounts for more than 30% of the total in 22 prefectures, with some areas over 40% of the total.



o The number of operators providing FTTH and DSL by prefecture

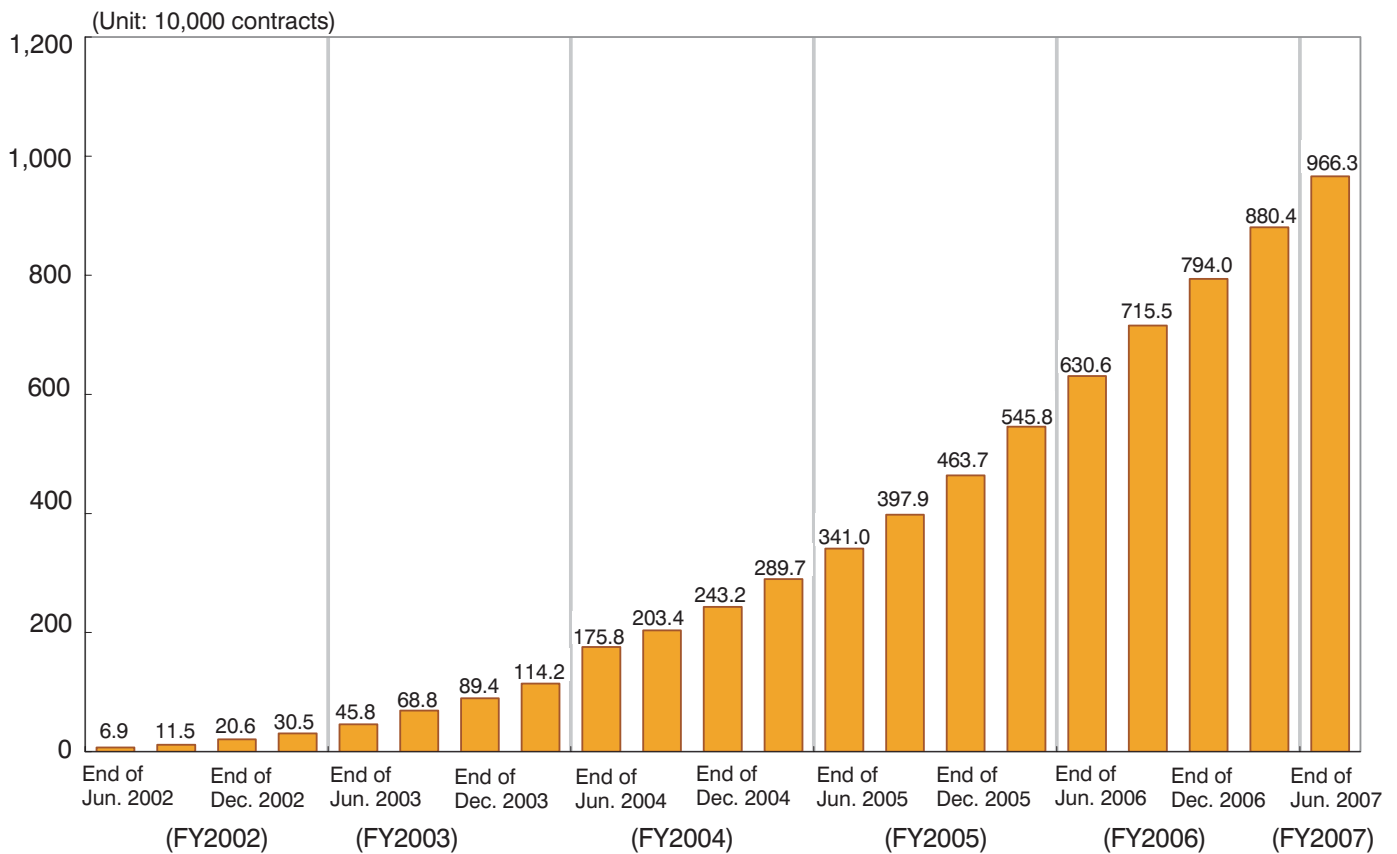
Operators providing DSL are spread across the entire country whereas those providing FTTH tend to be concentrated in urban areas.



The number of subscription contracts to FTTH access services

o Trends in the number of contracts to FTTH access services

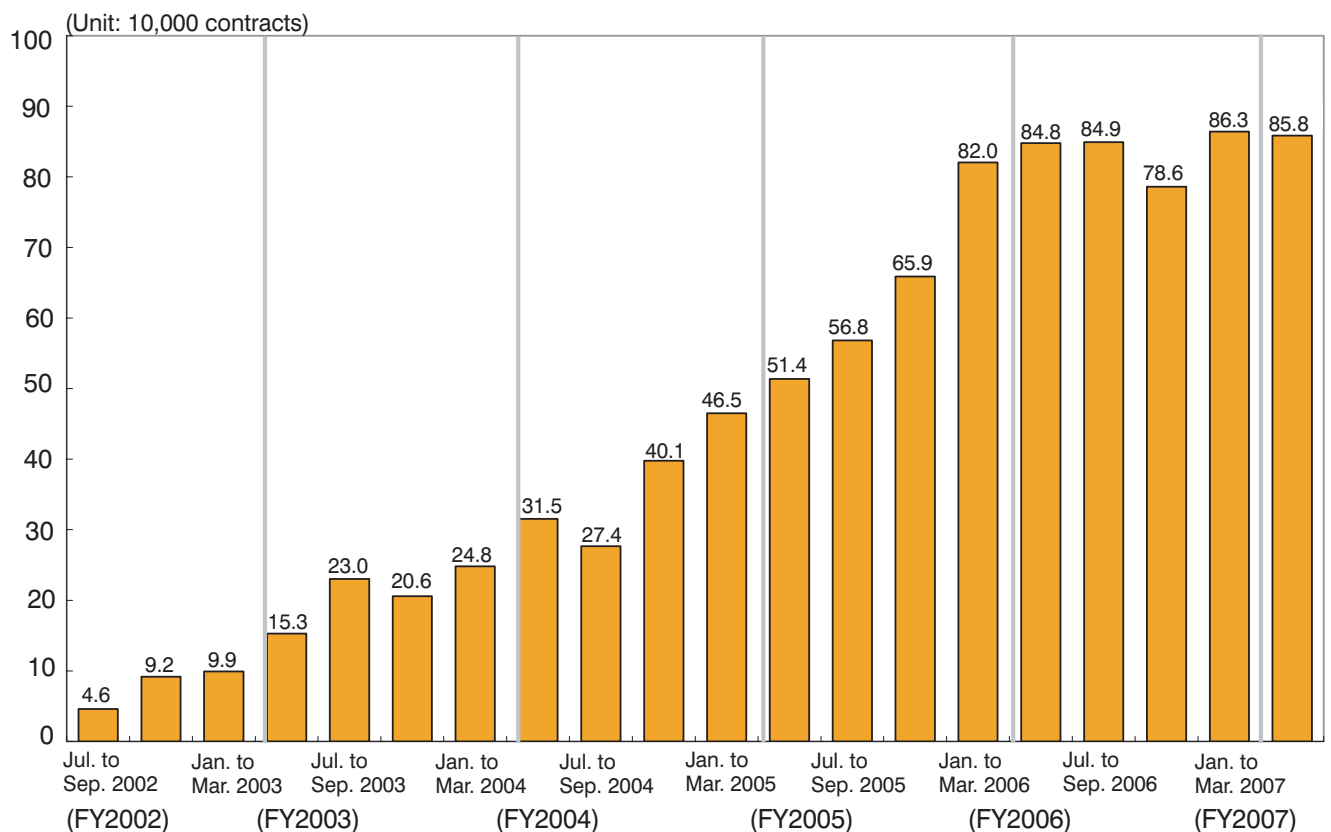
The number reached 9.66 million as of the end of June, 2007.



o Net increase by quarter for FTTH access services

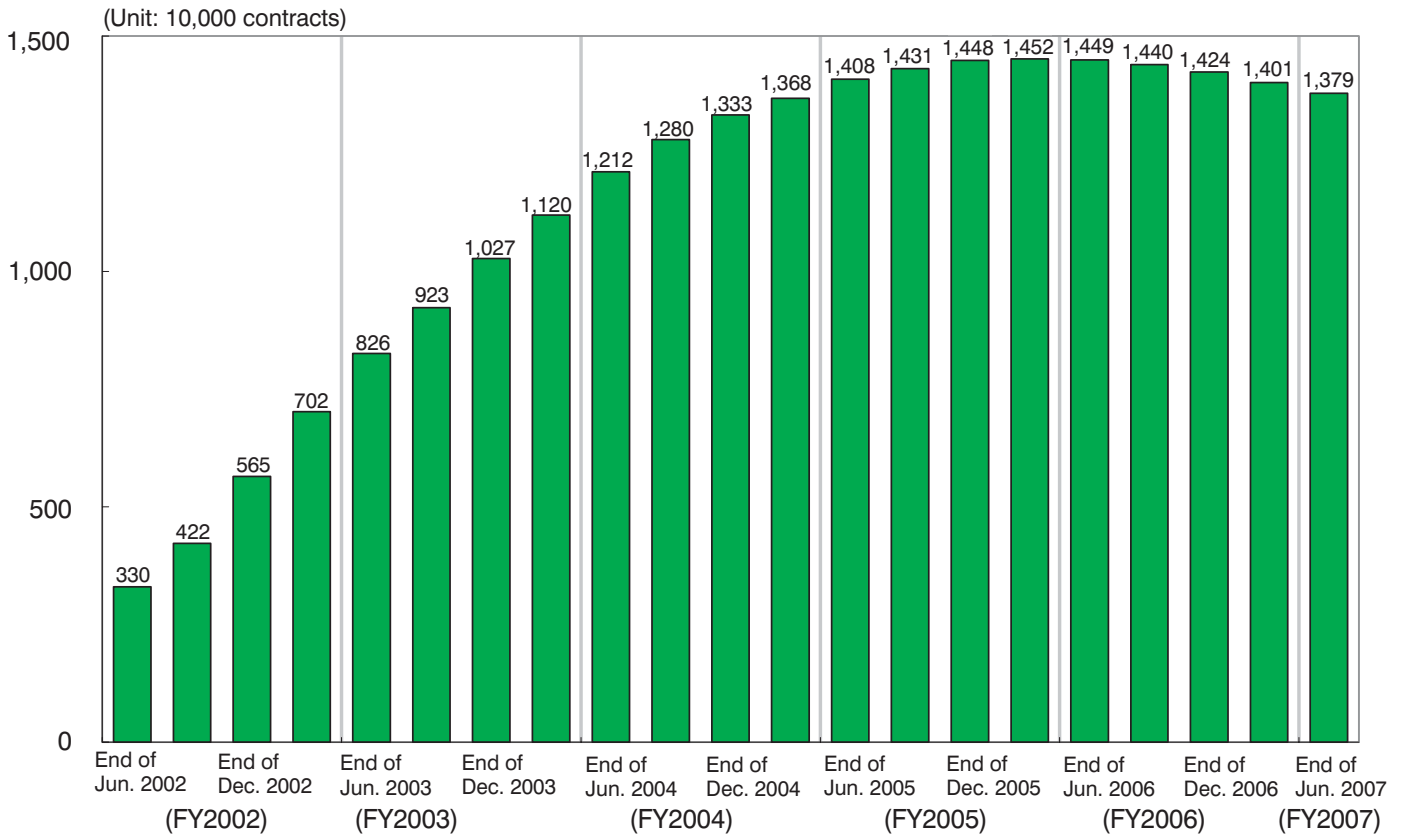
The net increase in the number of FTTH access services for this term was 860,000.

Note: With regard to the net increase figure for April to June 2004, the method used for calculations was changed starting in April 2004, so the figure is a dummy value calculated based on statistics and so differs from results obtained from published values.



The number of subscription contracts to DSL access services

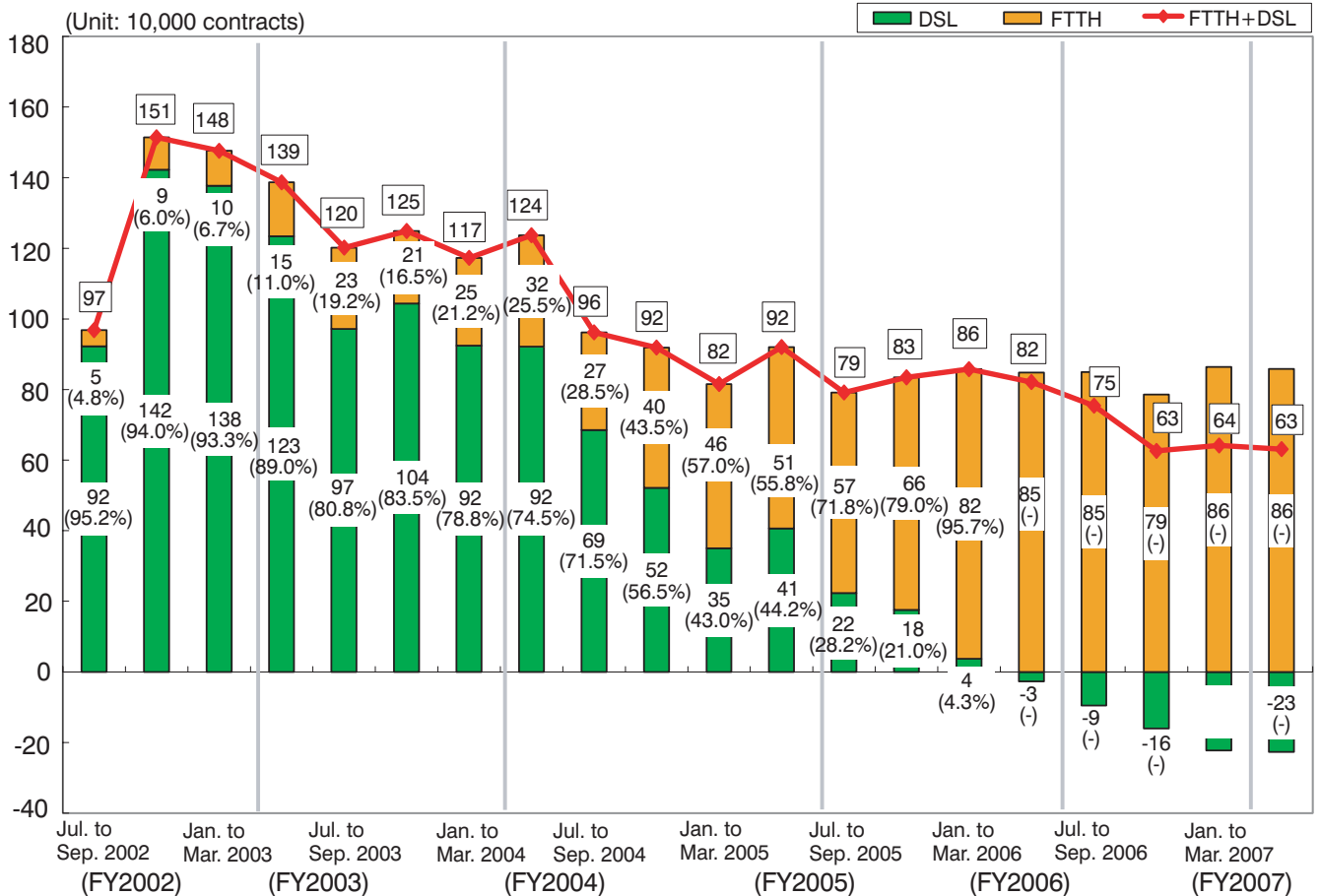
The number reached 13.79 million as of the end of June 2007.



Comparison of net increase for FTTH and DSL

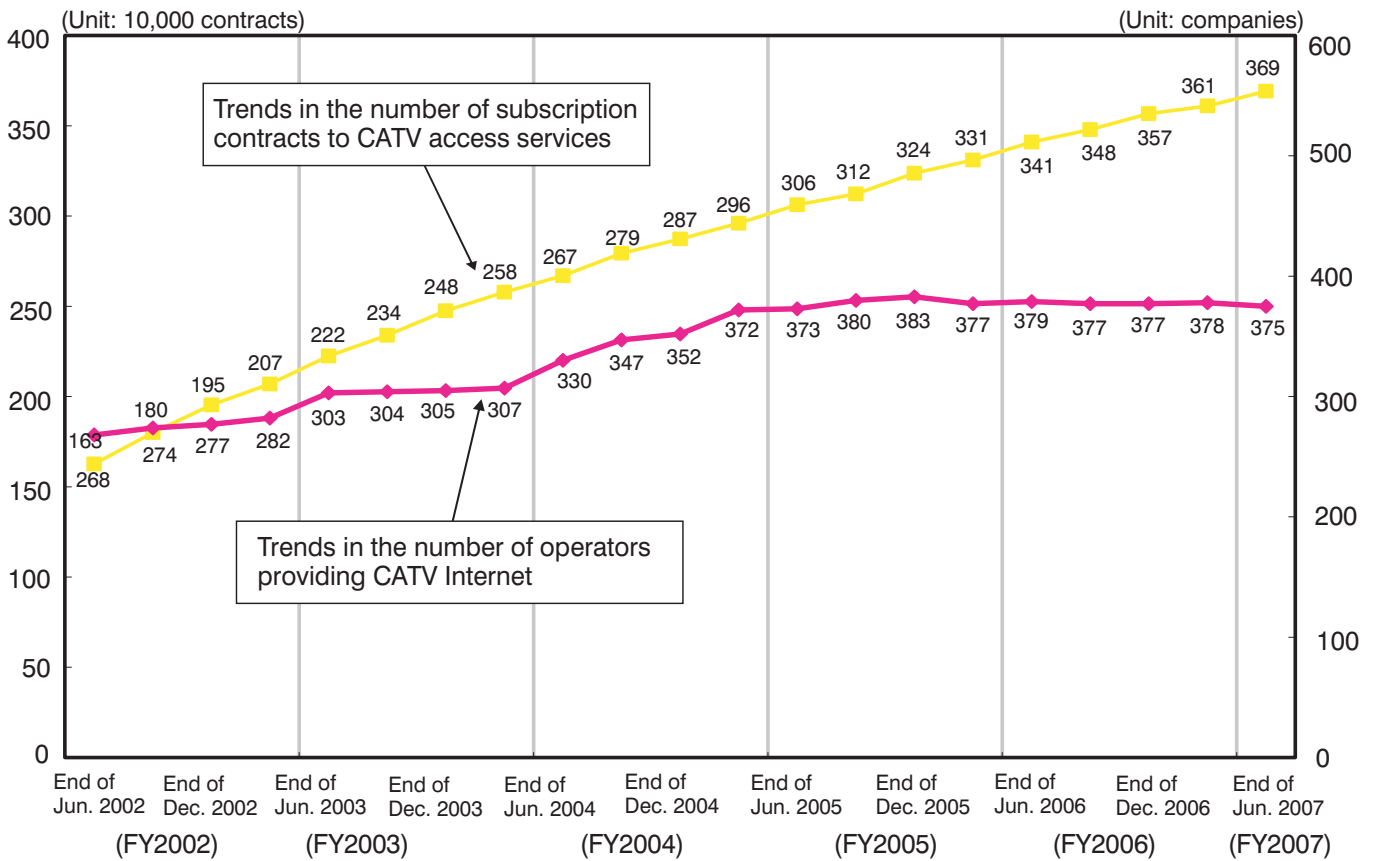
FTTH is pulling along the overall growth in broadband contracts.

Note: With regard to the FTTH net increase figure for April to June 2004, the method used for calculations was changed starting in April 2004, so the figure is a dummy value calculated based on statistics and so differs from results obtained from published values.



The number of subscription contracts to CATV access services

The number reached 3.69 million as of the end of June 2007.



The number of subscription contracts to FWA access services

The number reached 12,501 as of the end of June 2007.

