

## Section 2

# Development of Information and Communications Policies

## 1. Development of Telecommunications Policies

### (1) Desirable competition policies for the telecommunications industry

The Telecommunications Council of the MPHPT commenced deliberations in July 2000 on desirable competition policies to be implemented in the telecommunications industry for promoting the IT revolution. After releasing a first report in December of the same year and a second in February 2002, the council presented its final report on this issue in August 2002. The final report included proposals on aggressive deployment of competition policies, the enhancement of consumer protection administration, and the introduction of a new competition framework in consideration of the shift toward broadband and IP networks.

### (2) Introduction of a new competition framework

The MPHPT submitted a bill for amending the Telecommunications Business Law and the Law Concerning Nippon Telegraph and Telephone Corporation, etc. to the 156th session of the Diet. This bill proposes deregulation measures, such as the abolition of the Type I/Type II business categories, abolition of the requirement to obtain permission to operate as a Type I telecommunications business, and abolition of the obligation to set forth and notify the charges and tariffs, to enable private carriers to fully demonstrate their capabilities. At the same time, the bill ensures universal service, essential communications, network security/reliability, and a minimum safety net for protecting users, in the aim of making the entire system more convenient for users in Japan.

### (3) Promotion of pricing policies

A study group established by the MPHPT is examining the setting of user rates of calls originating from NTT East and West and terminating on mobile networks via inter-exchange carriers and those originating from IP phones and terminating on mobile networks.

The MPHPT has introduced since October 2000 a pricing system with price cap regulation for services that lack sufficient competition and that are highly likely to affect the interest of users. In line with this, the MPHPT calculated the estimated productivity improvement rates to be applied in the next term (three-year period starting October 2003), and consulted with the Telecommunications Council in April 2003 about the caps on the rate standards (standard rate indexes) to be applied for the one-year period starting October 1, 2003.

The same level of standard rate index as present was proposed for voice transmission services and a slightly lower standard rate index than present was proposed for dedicated services.

### (4) Review of interconnection charges between carriers

With respect to calculation of interconnection charges between telecommunications carriers, the Long-Run Incremental Cost (LRIC) methodology was introduced to calculate the interconnection costs for some designated telecommunications facilities, based on the Telecommunications Business Law as amended in May 2000 and the regulations for interconnection charges that entered into force in November of the same year. In addition, the Study Group on the LRIC Model in the MPHPT considered reviewing the model and compiled a report on the issue in March 2002. Following receipt of this report, the MPHPT consulted the Telecommunications Council regarding calculation of interconnection charges based on a revision of the LRIC model, and the council reported its findings in September 2002. Based on these findings, the MPHPT partially amended the regulations for interconnection charges.

### (5) Settlement of disputes between carriers

The Telecommunications Business Dispute Settlement Commission was established in November 2001 with the aim of strengthening the dispute settlement system in the telecommunications business field. The commission has settled 28 dispute cases and has submitted recommendations to the Minister of MPHPT in two cases as of the end of fiscal 2003. During the period of over one year from its establishment, the council has promptly settled a large number of diverse disputes.

## 2. Development of Broadcasting Policies

In prospect of increased numbers of information and communications networks moving toward broadband in the future, the MPHPT set up the Roundtable Conference on the Future Aspects of Broadcasting in the Broadband Age from November 2001 to April 2003 to discuss from a broad perspective the problems surrounding broadcasting in the age of broadband. In April 2003, the conference released its final report, which indicated its main courses of action for the problems surrounding broadcasting. At the same time, the conference also formulated the Third Action Plan for the Promotion of Digital Broadcasting, which included diffusion goals for terrestrial digital TV receiver units.

In addition, considering the changes in the environment surrounding broadcasting, such as the digitization of all broadcasting media and the advances of the Internet, the MPHPT established the Study Group on Broadcasting Policy from May 2000 to March 2003 to examine broadcasting policies in general, including review of the concept of broadcasting, desirable commercial broadcasting, and desirable public service broadcasting.

### **3. Promotion of Policies Concerning Effective Radio Spectrum Use**

As the shortage of assignable radio spectrums has become a serious matter in Japan, there is a growing demand for prompt and smooth reallocation of radio spectrums to precisely meet the new radio spectrum needs while taking into account the actual situation of radio spectrum use. Accordingly, the MPHPT intends to assess the extent to which radio spectrums are being effectively used by inviting public opinions, based on the legal scheme to survey, publicize, and assess the actual radio spectrum use that was introduced by the 2002 amendment of the Radio Law.

In addition, the MPHPT held the "Study Group on Policies Concerning the Effective Radio Spectrum Use" from January 2002, which released its first report in December 2002 proposing introduction of a system to provide compensation to existing licensees who will suffer economic losses, among other matters. In response to these proposals, the MPHPT launched the "Study Group for the Realization of a Benefits Scheme for the Reallocation of the Radio Spectrum" in February 2003 to conduct deliberations toward actualizing the benefits scheme.

Furthermore, the MPHPT submitted an inquiry to the Telecommunications Council in August 2002 concerning establishment of a medium to long-term outlook of radio spectrum use (Radio Policy Vision) in order to view the future of radio spectrum use and to promote radio policies from such comprehensive perspectives as IT strategies and international strategies.