tion and broadcasting reform, and 3. fundamental enhancement of international strategic systems relating to information communication.

Section 2
Development of Information and Communications Policies

1. Development of telecommunications

(1) Establishment of fair competition rules

A. New competition promotion program 2010

The Ministry of Internal Affairs and Communications has hosted meetings of the Study Group on a Framework for Competition Rules to Address Progress in the Move to IP since its onset in October 2005 in order to discuss the basic concepts for key elements of competition rules in preparation for the coming era of full-scale IP services at the beginning of 2010 and to clarify the direction of discussions on policies for connections and tariffs. This Study Group summarized the details into a report in September 2006.

Based on this report, the Ministry of Internal Affairs and Communications formulated the "New Competition Promotion Program 2010" in the same month, documenting the plan to establish fair competition rules by the beginning of 2010. This program includes a wide range of actions to be conducted: promotion of facility competition, review on assigned telecommunication systems (Dominant restriction), promotion of competitiveness in the mobile communications market, review on the universal service system, and evaluation on network neutrality.

B. Evaluation of competition in the telecommunications field

The Ministry of Internal Affairs and Communications has made efforts to evaluate the state of competition in the telecommunications field (hereinafter called "competition evaluation") since fiscal 2003 so that the current state of competition between telecommunications operators, which has become increasingly complicated along with the advancement in IP and broadband services, can be understood and then reflected in policymaking. In October 2006, the Guidelines Concerning Competition Review in the Telecommunications Business Field 2006 ~ 2008 was formulated as a mid-term policy for competition evaluation and "Detailed Items for Implementation of Competition Review in the Telecommunications Business Field 2006" was announced in November as a year plan.

Basically, a strategic evaluation focusing on specific themes as well as periodical evaluation is supposed to be executed.

Based on the Basic Policy and Detailed Items, The Ministry of Internal Affairs and Communications collected information from the supply-side and demand-side and announced "FY2006 Market Definition in the Telecommunications Business Field", describing detailed evaluation items. Evaluation results are to be announced by July 2007.

C. Promotion of competitiveness in mobile communications market

Mobile Number Portability (MNP) is the ability to take an existing mobile phone number assigned by a mobile phone carrier and reassign it to another mobile phone carrier, allowing the subscriber to retain the same number. The Ministry of Internal Affairs and Communications conducted deliberations at the Study Group on Mobile Number Portability since November 2003. As a result, a report was finalized in April 2004 which recommended the items to be considered at the time of introduction, and commented that MNP should be introduced at the earliest possible time in fiscal 2006.

In response to the report, the Ministry of Internal Affairs and Communications compiled and issued Guidelines on Number Portability for Mobile Phones in May 2003 which stipulated specific items to be considered for introduction by mobile phone service providers and other telecommunications service providers, including the forms of introduction, timing of introduction, methods of introduction, cost sharing system, and usage procedures, and so forth. Furthermore, partial amendment of regulations was made in February 2006 to stipulate that telecommunications service providers (mobile phone service providers) should take necessary measures to enable the portability of numbers from November 2006. Based on this, telecommunications service providers just started the number portability service of cell phones on October 24, 2006.

D. Ensuring Universal Services

The universal service system is a system wherein the involved telecommunication service providers share the fee required to ensure provision of the "Basic

Telecommunication Services" (universal services: subscription telephone, public telephone, and emergency telephone), which are indispensable for people's daily lives, throughout the country.

In late August 2006, NTT East and West announced that their universal service revenues for fiscal 2005 were approximately a 51.8 billion yen deficit for total. In response to this result, the government approved a subsidy amount and delivery procedure as well as contribution amount and collection method in November 2006, and conducted the first application of the system.

E. Ensuring fair and legitimate business operation for telecommunication service providers

In telecommunication service field, the government regulations are repeatedly reduced to shift from the ex-ante regulatory system to the post-check system. During this shift, since business operation of some providers was found out to be inappropriate, recovering reliability in the telecommunication services is an urgent task to be addressed now. In response to the situation, in April 2007, the government amended the requirements for business improvement orders to telecommunication service providers, and submitted a Law Bill to Amend the Broadcast Law to the 166th Diet, including an amendment to Telecommunications Business Law, which regulates government oversight of "sound development of telecommunication services" in addition to the current "user interests".

(2) Advancement of Network

A. Promotion of Network Advancement

The IT New Reform Strategy stipulates that efforts shall be made to transfer the systems to IPv6 in principle by fiscal 2008 in the effort toward realization of the world's most convenient and effective e-Government, and in preparation for the renewal of information communications equipment for each government agency. Based on this strategy, the Ministry of Internal Affairs and Communications has been sharing/exchanging opinions with other countries regarding migration to IPv6 and making efforts toward introduction of IPv6. Also, to realize a ubiquitous network society, the Ministry of Internal Affairs and Communications has been conducting empirical tests since 2006, ensuring security of the IPv6 network to enable users to leverage its benefits safely and securely without adding a number of devices.

Furthermore, developing the next generation IP network system is essential to realize a ubiquitous network society. The "Next Generation IP Network Promotion Forum" was established in December 2005 for conducting mutual connection tests, evaluating technical aspects including empirical tests as well as setting up technical standards and international standards. The Forum issued a finalized report in 2006, which included evaluation on security and reliability regarding the migration to IP system.

B. Evaluation on Telecommunication Numbers

The business environment surrounding fixed phone services has been changing largely due to new entry to the market and rapid enlargement of IP phone services. Along with this situation, available telecommunications numbers are now at risk to be used up in the future. Also, the role of telecommunications numbers needs to be reviewed during the process of migration to IP.

Hence, the Ministry of Internal Affairs and Communications hosted meetings of the Study Group on Telecommunications Numbers in the IP Era since December 2004. This study group issued the second report in June 2006, which determined to use 060 number for new services such as Fixed-Mobile Convergence, and 1XY telecommunications numbers for consulting with administrative call centers, etc.

To review requirements for assigning new numbers to the FMC services, service ranges and requirements for current numbers, the Ministry of Internal Affairs and Communications consulted with the Information and Telecommunication Committee for Regulatory Frameworks Pertaining to Telecommunications Numbers for Introducing Fixed-Mobile Convergence (FMC) Services in September 2006, and received a response in March 2007.

C. Appropriate Management of IP Address and Domain Name

Internet resources such as IP addresses and domain names are managed and controlled by the private non-profit organization ICANN (Internet Corporation for Assigned Names and Numbers). The Ministry of Internal Affairs and Communications is contributing to establishment of an international cooperative structure as an authorized registered member of the Government Consultative Committee of ICANN (consisting of representatives of respective countries).

2. Development of Broadcast Policy

(1) Broadcast Policy Summary

A. Reviewing broadcast policy based on the digitization of broadcasting

Toward a smooth conversion to digital broadcasting and development of broadcasting that would accurately meet viewers' needs, the Ministry of Internal Affairs and Communications set up the Study Group for the Development of Digitization and Broadcasting Policy in July 2004. This study group issued a final report in October 2006. This report made proposals on the decentralization principle of mass media, institutionalization of holding companies which own broadcasting companies as subsidiaries, and stipulations of CS broadcasting.

B. New trend of international broadcasting

Under the Broadcast law, the Minister of Internal Affairs and Communications can order NHK to conduct

international broadcasting using a specified signal range and contents. The Enforcement Order (April 2006) of fiscal 2006 was issued for international audio broadcasting, requiring broadcast of current events, important national policy, news reports and explanations for governmental opinions regarding international affairs as broadcasting contents.

Then, since the North Korean abduction of Japanese was determined to be a task that the entire nation must tackle, the government started to leverage audio international broadcasting more positively, and in November 2006, decided to include special notes on the North Korea abduction program in its broadcasting contents. This was also included in the FY 2007 Enforcement Order of international audio broadcasting (April 2007).

C. Revision of Broadcast Law

Based on the "Agreement between the government and the ruling parties on regulatory frameworks for communications and broadcasting" (June 2006) etc., the Ministry of Internal Affairs and Communications has been promoting reform in communications and broadcasting fields, and conducted a revision of the broadcasting system, focusing on NHK related programs. The Ministry just submitted a law bill for partial amendments of the Broadcast Law, etc to the 166th Diet, including critical reforms such as establishing the procedure to enable prompt and flexible use of radio waves.

Amendments to the Broadcast Law suggested in this law bill include the followings:
(1) NHK … 1. Enhancement of governance, 2. Provision of program archives using broadband services, 3. Building a system for new international broadcasting, and 4. Review on enforced broadcasting system
(2) Commercial broadcasters … 1. Introduction of authorized broadcasting holding company system, 2. institutionalization of pay-TV management, 3. Independent use of one-segment broadcasting, 4. development of regulations which are required when a consignment broadcaster is transferred, 5. easing of regulations on pay-TV fees, and 6. Introduction of a system to require submission of recurrence prevention plan.

(2) Promoting the advancement of broadcast

A. Promoting the transfer of terrestrial broadcasting from analog to digital format

Terrestrial digital TV broadcasting was launched in the three largest metropolitan areas, Tokyo, Osaka and Nagoya, in December 2003, and gradually expanded its coverage area. By December 2006, service was started in all prefecture capitals. The current analog broadcast television will be fully converted to digital format by July 24, 2011. In January 2004, the Ministry of Internal Affairs and Communications consulted with the Information and Communications Council for "appropriate usage of terrestrial digital broadcasting in the future and the role of the administration in its penetration" to

examine issues and solutions regarding future usage of terrestrial digital TV in various fields and a complete conversion to digital broadcasting by 2011. The Council issued the third report in August 2006.

Working with the Association for Promotion of Digital Broadcasting, broadcasters, and local public entities, the Ministry is actively promoting concrete benefits for users and social meaning for digitalization of terrestrial broadcasting to the public by posting advertisements in newspapers, announcing via television commercials, creating leaflets and posters, and providing information at various events.

Furthermore, in December 2006, the "National Council for Promotion of Terrestrial Digital Broadcasting" consisting of top leaders from a wide range of fields such as broadcasters, manufactures, dealers, consumer groups, mass media and business groups, and concerned government ministries including the Ministry of Internal Affairs and Communications issued the "Action Plan for the Promotion of Digital Broadcasting (No. 7)", documenting the penetration target of terrestrial digital broadcasting receivers, and detailed items to be conducted by concerned parties.

B. Promotion of satellite broadcasting policy

BS analog Hi-Vision broadcasting on Channel 9 will be terminated on November 30, 2007. From December 1, the three commercial broadcasters authorized for consignment broadcasting (December 2005) are to start digital Hi-Vision broadcasting using this frequency band. To facilitate the transition to digital broadcasting and promotional activities to viewers, the Ministry of Internal Affairs and Communications has been holding a "Liaison Committee concerning preparation for the termination of BS analog Hi-Vision broadcasting and the launch of new BS digital broadcasting" since September 2005. The committee is now conducting preparations for a smooth transition.

Also, responding to the changing environment surrounding satellite broadcasting, the Ministry had been holding "Study Group on Future Images of Satellite Broadcasting" from October 2005 to October 2006, to discuss mid- and long-term issues to be addressed for sound development of satellite broadcasting. Based on proposals from this study group, the Ministry is now looking into the usage of new frequency bands for BS broadcasting, promoting a shift from CS-digital broadcasting to High-Vision broadcasting, and discussing the platform for satellite broadcasting.

C. Advancement of cable television

While the environment surrounding cable television has drastically changed in recent years, including the digitization of terrestrial and satellite broadcasting and advancement of broadbandization of communications services, some issues are increasingly recognized as needing attention. In February 2006, the Ministry of Internal Affairs and Communications set up the Study

Group on the Nature of Cable Television in the 2010's to conduct discussions regarding the nature of cable television services with an eye to 2010 and after, in order to identify future tasks, and deliberate on comprehensive support measures for the development of cable television, and a report is scheduled to be finalized by June 2007.

3. Promotion of radio policy

(1) Radio policy summary
A. Promotion of Strategy for Frequency Liberalization

For delivery of radio broadband services, which is the key to the realization of a ubiquitous society in Japan, the Ministry of Internal Affairs and Communications is promoting the Strategy for Frequency Liberalization as a means to formulate a framework to drastically liberalize frequencies and allocate them to new fields. According to this strategy, the Ministry has introduced the calculation method of radio usage fee based on economic value of the radio waves, and the "registration system of radio stations" required for free activities of radio businesses. The Ministry continues to promote the policy based on this strategy.

B. Establishing a procedure to facilitate a quick and flexible radio usage

To outline the basic direction of deliberations on a system that integrates and links communications and broadcasting, the Ministry of Internal Affairs and Communications has been having meetings of the "Study Group on Comprehensive Legal System Governing Communications and Broadcasting" since August 2006. The study group issued a report concerning the Radio Law, "Legal System in Response to New Aspects of Communications and Broadcasting -- toward Acceleration of Wireless Innovations –" in January 2007. Taking the proposals from this report into account, the Ministry of Internal Affairs and Communications submitted the "Law Bill to Amend the Broadcast Law" to the 166th Diet, including a partial revision of the Radio Law, which facilitates a quick and flexible radio usage, and the Telecommunications Business Law, together with other revisions.

C. Promotion of reform of frequency allocation

Service of cellular phones is now encountering a rapid shift from second to third generation. In response to the situation, the Ministry of Internal Affairs and Communications set up a licensing scheme in August 2004 which specified 1.7GHz (FDD system) and 2GHz (TDD system) bands as bands for the third generation cellular phones. In November 2004, the Ministry approved establishment of particular base stations for three newly entered cellular phone business operators who use this frequency band. Furthermore, the Ministry of Internal Affairs and Communications launched the Action Plan for Radio Spectrum Reallocation to present the action plan to implement smooth and steady follow-ups on the radio spectrum reallocation. This Action Plan is to be sequentially reviewed based on evaluation results of the annual survey on radio spectrum usage and changes in the environment for radio spectrum usage, etc.

(2) Approach to advancement and diversification of radio usage
A. Advancement of mobile communication system

The 1.5GHz band is currently used for second generation cellular phones and independent mobile communications. To promote a reform of bands to secure bands for third generation cellular phones, in April 2007, the Ministry of Internal Affairs and Communications developed a system including new technical criteria toward introduction of third generation cellular phones and the modified frequency assignment plan. So-called fourth generation mobile telecommunications systems in around 2010, following IMT-2000 (International Mobile Telecommunications-2000), are being internationally standardized by the International Telecommunication Union (ITU). With the aim to realize practical application in and around 2010, the Ministry of Internal Affairs and Communications is actively promoting efforts for research and development and international standardization with industry-academia-government cooperation.

B. Setting up the Ultra Wide Band (UWB) wireless system and wireless access system

The Information and Communications Council conducted deliberations on the technical requirements for the UWB wireless system while taking account of the following conditions: the user environment for the UWB wireless system, operational forms of other wireless systems, domestic users' needs and the trend in international discussions, etc. As a result, a partial report was put forward in March 2006 on the technical requirements for the UWB wireless system for communications using microwave bands. Based on the report, the Ministry of Internal Affairs and Communications revised the related ordinances, etc. in August 2006. Also, in May 2007, the Ministry set up a system for the introduction of a High-speed Wireless LAN System which supports communication speeds over 100Mbps.

(3) Development of radio usage environment

With rapid diffusion and advancement of radio usage such as cellular phones, public concerns are growing that radio frequencies emitted by wireless facilitates may have an undesirable effects on human health, and induce malfunction of medical devices such as implanted cardiac pacemakers.

To resolve these concerns and create an environment where people in Japan can use radio frequencies safely and securely, the Ministry of Internal Affairs and Communications is currently working on establishment of appropriate criteria and conducting continuous research. The Ministry is also promoting international

harmonization of Radio-Radiation Protection among various countries.

With the expansion of radio usage, inappropriate use of radio frequencies by unlicensed radio stations has increased and a number of failures in radio usage have been reported. In order to conduct effective detection of unlicensed radio stations, the government has been developing the Detect Unlicensed Radio Stations (DEURASÅFDetect Unlicensed Radio Stations) since 1993.

Section 3

Establishment of a Safe and Secure Ubiquitous Network Society

1. Consumer administration in relation to telecommunications services

(1) Illegal and harmful information on the Internet

Illegal and harmful information on the internet is increasing social concerns in Japan. The Ministry of Internal Affairs and Communications has convened meetings of the Study Group to Address Illegal and Harmful Information on the Internet since August 2005 to deliberate on voluntary efforts of providers to tackle illegal and harmful information on the Internet and systems and measures to effectively support such efforts. Then, a finalized report was compiled in August 2006. Based on the proposals from the study group, the Ministry of Internal Affairs and Communications continues to develop a network environment where the administration can support voluntary actions of providers and users against illegal and harmful information on the internet with due considerations to freedom of expression. For example, the Ministry assists the associations and others in the business to create and promote a guideline for proper operation of the Provider Liability Limitation Law, supports providers to voluntarily tackle illegal and harmful information on the internet, and disseminates and promotes the application of filtering.

(2) Measures against nuisance e-mails

The Ministry of Internal Affairs and Communications has been and continues to take comprehensive measures against e-mails delivered to cellular phones and PCs unilaterally for advertisement and commercial purposes without consent of the receiver (so-called nuisance mails). These measures include effective enforcement of Law on Regulation of Transmission of Specified Electronic Mail promotion of a project to banish nuisance emails, technical solutions, and international cooperation.

(3) Misuse of cellular phones

With rapid diffusion of cellular phones, cellular phone related crimes such as billing fraud or drug deals are becoming a social issue that needs to be addressed. The Ministry of Internal Affairs and Communications address this issue by properly enforcing the "Law on Identification of Cellular Phone Users by Mobile Operators and Prevention of Abusive Use of Cellular Phones" (Fully enforced in April 2006)

(4) Protection of personal information in the telecommunications field

With respect to protection of personal information encompassing all areas, the Law concerning the Protection of Personal Information became fully enforced in April 2005. To conduct proper enforcement of this law, the Nippon Information Communications Association and Secure Broadcasting Authorization and Research Center are the accredited organizations for protection of personal information in the telecommunication field and broadcasting field, respectively. In March 2007, a recommendation based on this law was made to a telecommunication service provider which caused a mass leakage of personal information (first time in the information and communication field).

For personal information protection in the telecommunication service field, the Ministry of Internal Affairs and Communications revised Guidelines regarding the Protection of Personal Information in the Telecommunications Business in August 2004, and for the broadcasting field, formulated the "Guidelines concerning Protection of Personal Information of Broadcast Services Users" in August 2004 (enforced in April 2005). The guideline was reviewed and revised in March 2007 based on a final report, etc. from the Study Group on the Future Direction of Satellite Broadcasting (October 2006 to October 2007).

2. Promotion of Information Security Policy

(1) Information security measures of the government

The government has been promoting information security measures in a concerted manner by establishing