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Minister Toranosuke KATAYAMA Visits France and Finland

MPHPT Minister Toranosuke KATAYAMA visited France and Finland from September 2 through 9, 2001. The Minister made courtesy calls on ministers in charge of IT and postal services as well as visiting government officials, executives in the IT industry, etc., in both countries. Various opinions were exchanged as a result.

[Outline of the meetings]

1. France

1) Mr. Christian PIERRET, Secretaire d'Etat au l'Industrie, Ministry of Economy, Finance and Industry

i) IT strategies in Japan and France

Both sides recognized that the IT strategies of the two countries are based on a common basic policy. Namely, the two countries are aggressively implementing a range of policy measures with a view to constructing advanced information networks, digitalization of administrative services and supporting widespread utilization of results derived from technological development. As the two countries are undertaking virtually the same policies, the two ministers agreed that their two countries should exchange opinions and cooperate to the fullest extent.

ii) Third-generation (3G) mobile communications

The two ministers agreed to strengthen cooperative efforts in promoting widespread use of 3G mobile communications as this technology was developed through the joint efforts of the two countries. The French minister, however, did point out some problems that have emerged in France in that only two mobile carriers applied for licenses out of the four licenses put up for auction. As a result only these two carriers will provide 3G services within CY2002 on the understanding that cellular terminal equipment will be adequately provided, the minister also pointed out that since the 2.5G system, the General Packet Radio Services (GPRS), is to be made available commercially in the near future, introduction of the 3G system within CY2002 may be difficult , resulting in delayed diffusion thereof.

iii) Fourth-generation (4G) mobile communications

As the two countries recognize that R&D on 4G is necessary, it was agreed that the two countries will exchange opinions and cooperate to the fullest ex-

Photo 1. Minister KATAYAMA (left) and Mr. Christian PIERRET

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International Policy Division, International Affairs Department, Ministry of Public Management, Home Affairs, Posts and Telecommunications
1-2, Kasumigaseki 2-chome, Chiyoda-ku, Tokyo 100-8926, Japan

- **We welcome your comments by:**
  feedback-newsletter@soumu.go.jp
  Fax: +81-3-5253-5924
  Tel.: +81-3-5253-5920
- MPHPT information is available at:
  http://www.joho.soumu.go.jp/eng/

tent.

2) Sophia Antipolis

the visit to Sophia Antipolis, a famous European research center set in a forest, was of special interest as R&D was being conducted in industry-academia-government tie-ups without governmental support measures such as tax incentives. In addition, various opinions on the standardization strategies being undertaken in both Japan and Europe were voiced at the European Telecommunications Standards Institute (ETSI) and the Institute EURREOM of an IT educational and research institute.

3) France Television and Television Distribution France (TDF)

France Television is a holding company overseeing public broadcast stations, and TDF is distributing TV and radio broadcast programming to almost all broadcast stations. The minister and Mr. Marc TESSIER, President of France Television, exchanged opinions on progress in digitalization of terrestrial broadcasting, etc., and recognized that progress was being made in the convergence of communications and broadcasting.

4) Mr. Michel BON, Chairman of France Telecom, and its research laboratory

Minister KATAYAMA and Chairman Michel BON exchanged opinions on the current status of IT. Also, views on future visions for IT in the two countries were exchanged at the laboratory.

2. Finland

1) Minister Olli-Pekka HEINONEN, Finnish Ministry of Transport and Communications

i) IT strategies in Japan and Finland

Both sides agreed that Japan and Finland are promoting various IT policy measures to maintain their positions as the most advanced IT countries and intend to take further IT policy measures. The Finnish side explained that the country faces three issues at present involving: i) human resources development, ii) establishing legal frameworks for subsidizing construction of networks including the Internet and iii) how to facilitate network usage for Finnish people.

ii) 3G

Japan and Finland reached the same recognition that cooperative efforts in rapid diffusion , R&D and standardization of 3G have been implemented between both countries. In particular, Minister HEINONEN expressed his hope that the 3G service started in October 2001 in Japan will be successful since it may have a positive impact on the business environment. In addition the two ministers shared the same opinion that their success in earlier provision of 3G service in the world could be attributed to the fact that the two countries had not adopted the auction system for mobile services.

iii) 4G

The two countries, taking into consideration that Japan and the EU can collaborate in preparation of international standardization activities for the 4G and regulatory frameworks thereof, agreed that there exists enough leeway for the two advanced countries in the field of mobile communications to work together in the 4G field for such area as joint development projects.

2) Nokia

Various opinions on Nokia's business strategy and joint R&D for the 4G were exchanged. As for Nokia's business strategy, the Nokia side explained that the success of the company could be attributed to ongoing efforts to meet customer expectations, also that the Asian mobile market will be the world's biggest, taking into account current world market trends. Regarding joint R&D on the 4G, in consideration of the fact that Nokia has established contact with Japanese firms, both sides agreed that collaborative ties between the two parties should be strengthened further.

Photo 2. Minister KATAYAMA gave a speech at the Ministry of Transport and Communications.

3. Conclusion

Through these visits to France and Finland, the latest information could be obtained on IT strategies, postal service trends, etc. in those countries. As their basic IT strategies are the same as Japan's, the following information will be of special interest to Japan

i) In France, a bill for the "Information Society," a comprehensive IT bill which is based on the Internet, was submitted to the French parliament.

ii) In Finland, further development of mobile communications targeting the 4G has been promoted, in addition to the promotion of the IT revolution through formulation of the IT national strategy.

The visits by Minister KATAYAMA to these two countries have cemented the ties that already in existence. Japan will actively collaborate with these two countries in promoting the rapid widespread use of the 3G and R&D on the 4G, etc. MPHPT will strive to ensure that all necessary administrative actions are taken, in consideration of the successful results obtained from the ministerial visits this time.

Mr. Liu Dong, President and CEO of the Beijing Internet-networking Institute (BII), Visits MPHPT and Delivers Speech

On September 26, 2001, Mr. Liu Dong, President & CEO of the Beijing Internet-networking Institute (BII), visited MPHPT. He paid a courtesy visit to Director-General Shinichi NABEKURA, Telecommunications Bureau, and Director-General for Technology Policy Coordination Hideaki ISHIHARA, and gave a speech entitled "Prospects of China's telecommunications and Internet business."

Mr. Liu participates in formulation of Chinese government's IT policy, as a leading figure of the Internet industry in the country. He also acts as Representative Advisor to the Chinese government at the Internet Corporation for Assigned Names and Numbers (ICANN).

In the speech delivered for MPHPT staff, Mr. Liu presented the current status of and future trends for China's telecommunications, mobile communications and Internet markets, effects of acquiring a membership in the World Trade Organization (WTO) on IT industry, and other movements of China, which is experiencing dynamic changes. At the questions and answers session after the speech, vigorous discussions overrunning scheduled time were made between Mr. Liu and the audience, showing audience's high interests on China's Internet business.

Profile of Mr. Liu Dong

Education: Graduated from College of Economics, Beijing University

Business: Beijing Internet-networking Institute (BII): CEO and President, BII Group Holdings: CEO and President

China Telecom Web Business Division: Director

Government and industrial organizations:

IT Telecommunications Policy Advisory Committee: Member

ICANN: Representative of Chinese government advisors

China Internet Association: Founding director

China Mobile Communications Forum: Secretary General

The Next-generation Network Forum: Secretary General

China Internet Summit International Conference ChinaInet: Chair

Global IPv6 Forum 2002 Beijing: Chair

"Study Group on the Next-Generation Closed Caption" Held

In order to study future closed-caption production including effective measures thereon and closed captioning of live programs, and to promote enhancement of closed caption with one eye toward the digital age where communications and broadcasting are being converged, MPHPT held the "Study Group on the Next-Generation Closed Caption."

1. Purpose

Along with aging of society, demands for equal information access opportunity for those with hearing difficulty and those who lost their hearing ability in the middle of life are increasing, which rises the expectation for closed captioning.

From the perspective of enhancing content of data broadcasting, which is considered to be one of benefits of digital broadcasting, the hope for closed caption is also growing.

In addition, the progress in convergence of communications and broadcasting is drastically changing an environment surrounding closed captioned content, such as the realtime closed caption transmission being enabled by the Internet. There is a need to study on the next-generation closed caption in the digital age, including creation of new goals for widespread use thereof.

Based on the circumstances above, the Study Group identifies its aims as to investigate on the future closed caption production including effective measures thereon and closed captioning of live programs and to reflect the results on the enhancement of closed caption with one eye toward a digital age where communications and broadcasting converge.

2 Items to be studied

1) Measures for closed caption based on the progress in convergence of communications and broadcasting
   - i) Prospect of closed captioning for news programs and other live programs
   - ii) Possibility of closed captioning by streaming distribution
2) Closed caption production toward the digital age
   - i) Promoting effective closed captioning in analog broadcasting
   - ii) Measures for effective closed captioning in digital broadcasting
3) Roles of the private and public sectors for enhancing closed captioning

3. Members of the study group

Broadcasters, manufacturers, people with academic expertise

4. Schedule

The first meeting was held on September 25, 2001, and the group is planned to continue deliberations until March 2002.

FY2000 Revenues and Expenditures of General Broadcasters and Cable TV Operators

1. Revenues and expenditures of general broadcasters and cable TV operators (terrestrial broadcasters)

(Unit: million yen, comparison with the previous fiscal year: %)

Business \ Category	Number of businesses	Operating revenues (Comparison with the previous fiscal year)	Operating expenses (Comparison with the previous fiscal year)	Operating profit (Comparison with the previous fiscal year)	Pretax current profit (Comparison with the previous fiscal year)	Profit after taxes (Comparison with the previous fiscal year)
Businesses operating both medium wave broadcasting and TV broadcasting	36	750,194 (106.9)	680,372 (104.6)	69,822 (137.0)	72,536 (139.1)	27,932 (134.3)
(Breakdown) Medium wave and VHF TV broadcasting businesses	34	740,021 (107.0)	670,865 (104.6)	69,156 (137.5)	71,828 (139.5)	27,540 (129.6)
Medium wave and UHF broadcasting businesses	2	10,173 (102.1)	9,507 (101.9)	666 (104.7)	709 (105.9)	393 (-)
Businesses operating only TV broadcasting	91	1,710,720 (107.0)	1,479,953 (104.0)	230,767 (131.9)	231,175 (132.0)	97,570 (113.2)
(Breakdown) VHF TV broadcasting	14	1,226,520 (108.3)	1,053,841 (104.6)	172,679 (137.8)	174,986 (136.7)	74,511 (103.6)
UHF TV broadcasting	77	484,200 (103.9)	426,111 (102.3)	58,089 (117.0)	56,190 (119.2)	23,059 (161.5)
Businesses operating only multiplex broadcasting	5	2,367 (90.6)	2,362 (92.0)	5 (10.4)	43 (39.0)	0 (0.3)
Businesses operating only medium wave, short wave or VHF broadcasting	65	170,770 (100.2)	161,236 (99.4)	9,534 (115.7)	11,744 (119.8)	55,617 (1854.9)
(Breakdown) Medium wave broadcasting businesses	11	68,968 (95.3)	67,034 (92.8)	1,933 (1710.7)	3,156 (276.9)	53,434 (-)
Short wave broadcasting businesses	1	4,306 (104.7)	4,308 (107.4)	-3 (-)	27 (20.1)	-307 (-)
VHF broadcasting businesses	53	97,497 (103.7)	89,893 (104.5)	7,603 (94.8)	8,561 (100.4)	2,490 (67.3)
Subtotal	197	2,634,051 (106.5)	2,323,923 (103.8)	310,128 (132.4)	315,499 (133.0)	181,120 (164.5)
Community broadcasting	139	12,547 (138.2)	12,902 (132.0)	-355 (-)	-395 (-)	-427 (-)
Total	336	2,646,598 (106.6)	2,336,825 (104.0)	309,773 (132.7)	315,103 (133.2)	180,693 (165.4)

Notes:
1. The survey compiles annual business reports of the last fiscal year ending March 2001 (for three companies, September 2000), based on financial statements of general broadcasters opening before FY2001.
2. The survey excludes the Vehicle Information and Communications System Center since its revenue sources and operations are different from other broadcasters.

2. Revenues and expenditures of general broadcasters (satellite-based broadcasters)

(Unit: million yen, comparison with previous fiscal year: %)

(Unit: million yen)

Business \ Category	Number of businesses	Operating revenues (Comparison with the previous fiscal year: %)	Operating expenses (Comparison with the previous fiscal year: %)	Operating profit (Comparison with the previous fiscal year: %)	Pretax current profit (Comparison with the previous fiscal year: %)	Profit after taxes (Comparison with the previous fiscal year: %)
BS broadcasting	17	73,072 (-)	90,627 (-)	-17,554 (-)	-17,954 (-)	-18,044 (-)
(Breakdown) TV broadcasting	6	71,173 (-)	87,065 (-)	-15,892 (-)	-16,795 (-)	-16,876 (-)
Sound broadcasting	3	692 (-)	757 (-)	-64 (-)	-73 (-)	-75 (-)
Data broadcasting	8	1,207 (-)	2,805 (-)	-1,598 (-)	-1,086 (-)	-1,093 (-)
CS broadcasting	92	111,685 (-)	136,244 (-)	-24,559 (-)	-24,259 (-)	-24,896 (-)
(Breakdown) TV broadcasting	88	110,304 (-)	134,375 (-)	-24,071 (-)	-23,528 (-)	-24,164 (-)
Sound broadcasting (analog)	3	179 (-)	216 (-)	-37 (-)	-38 (-)	-38 (-)
Sound broadcasting (digital)	1	1,202 (-)	1,653 (-)	-451 (-)	-693 (-)	-694 (-)
Total	109	184,757 (-)	226,871 (-)	-42,113 (-)	-42,213 (-)	-42,940 (-)

Notes:
1. The survey excludes one of seven BS broadcasting businesses since it had not commenced operations as of the end of the fiscal year.
2. One CS sound broadcasting (digital) business also operates BS digital broadcasting, but the data of the business are entered in CS sound broadcasting in a lump.
3. The comparisons with the previous fiscal year are not included for BS and CS broadcasting, because many BS broadcasting businesses commenced operations in FY2000 (in the previous fiscal year, only a TV broadcasting business and a sound broadcasting business existed), and the data on CS broadcasting are not the total of all businesses.

3. Revenues and expenditures of cable TV broadcasting businesses

(Unit: million yen, comparison with previous fiscal year: %)

(Unit: million yen)

Business \ Category	Number of businesses	Operating revenues (Comparison with the previous fiscal year: %)	Operating expenses (Comparison with the previous fiscal year: %)	Operating profit (Comparison with the previous fiscal year: %)	Pretax current profit (Comparison with the previous fiscal year: %)	Profit after taxes (Comparison with the previous fiscal year: %)
Total amount of all businesses	317	274,248 (-)	289,533 (-)	-15,284 (-)	-18,399 (-)	-19,168 (-)
Cable TV business		246,281 (109.7)	259,248 (105.5)	-12,967 (-)		

Note: The survey objects are for-profit corporations whose main operations are cable TV service among businesses providing original broadcast programming.

Communications Industry Shows Sales Growth by 8.8% in Q-I FY2001

-- Further sales increase expected ---

MPHPT (Ministry of Public Management, Home Affairs, Posts and Telecommunications) has released the results of the survey "overall results of Japan's communications industry (telecommunications carriers and broadcasters)" for the first quarter (Q-I) of FY2001. This statistical survey was authorized by MPHPT Minister in accordance with the Statistics Law enacted in May 1947 as a fundamental law on statistical affairs of Japan.

[The Survey "overall results of Japan's communications industry"]

To grasp the business trend of communications industry (telecommunications and broadcasting industries), the monthly survey indicated below has been carried out on sales, etc. since April 1995.

I. Companies surveyed were chosen, as indicated below:

[Companies Surveyed]

Number of Companies Surveyed	
Type I telecommunication carriers:	46
Type II telecommunication carriers:	20
Commercial broadcasters:	51
Cable TV operators:	20
Total:	137

1. Trend in Sales Growth

- **Sales growth of communications industry for the first quarter (Q-1) of FY 2001 rose 8.8% to 4733.9 billion yen from 4351.9 billion yen in the same period last year.**

Sales growth for "communications industry" was the second highest for that of all industries, next to "petroleum and coal products" industry. According to "Financial Statements Statistics of Corporations by Industry", which was released by Ministry of Finance, sales growth for "all industry" in the same quarter showed an increase of 1.3% compared to the same period last year.

- Especially, sales growth rate for businesses indicated below rose high in the survey.
- "Mobile" in "Type I Telecommunications Business"
  - "Cable TV"
- As a remarkable result of the survey for Q-1, it was the first time in 6 years that "Mobile" reached 50% of sales growth for "Type I Telecommunications Business."
- Moreover, since April 1995, the survey has showed the stability in continuous increase of sales growth for "communications industry."

Reference: Sales growth rates of each industry except "communications industry"

(The first quarter in comparison with the same period last year)

Petroleum/Coal products: 17.2%, **Construction**: 6.4%, **Services**: 3.9%, **Wholesale/Retail**: 2.6%, **Chemicals**: 1.8%, **General machinery**: 0.8%, **Iron and steel**: 0.1%, **Food**: -0.1%, **Power**: -1.4%, **Transportation equipment**: -2.3%, **Electrical machinery/Consumer electronics**: -4.1%, **Real estate**: -7.8%.

Source: "Financial Statement Statistics of Corporations by Industry (April-June 2000)," Ministry of Finance

Table 1. Sales Growth Rates compared to the same period last year

(Unit: %)

	Type of business	Q-I Apr.	Q-I May	Q-I Jun.	Q-I	Q-II	Q-III	Q-IV	FY2001 total
FY2000	Communications Industry	5.1	15.2	13.7	11.4	4.0	5.0	3.8	5.8
	Telecommunications carriers	5.2	16.2	4.1	12.0	3.8	4.8	3.6	5.8
	Type I carriers	5.7	16.8	14.7	12.6	4.0	5.0	3.7	6.0
	Mobile carriers	-3.1	19.9	19.8	13.0	10.8	7.0	8.1	9.6
	Other than mobile carriers	12.2	14.2	10.6	12.3	-1.9	3.4	-0.2	3.0
	Type II carriers	-4.2	5.6	2.8	1.4	0.5	1.6	1.6	1.3
	Broadcasters	4.7	8.0	11.0	7.9	5.1	6.3	5.8	6.3
	Commercial broadcasters	4.3	7.4	10.4	7.4	4.5	6.1	6.0	6.0
	Cable TV operators	24.1	39.8	42.9	34.6	30.0	14.7	-0.6	17.4
	All industries (1 trillion yen)	-	-	-	3.1	3.2	4.2	2.8	-
FY2001	Communications Industry	13.0	10.1	3.9	8.8	-	-	-	-
	Telecommunications carriers	14.4	11.1	4.4	9.7	-	-	-	-
	Type I carriers	15.0	11.6	4.8	10.2	-	-	-	-
	Mobile carriers	42.3	24.1	13.8	24.9	-	-	-	-
	Other than mobile carriers	-2.1	0.6	-3.1	-1.6	-	-	-	-
	Type II carriers	1.8	1.3	-2.0	2.7	-	-	-	-
	Broadcasters	4.3	3.2	4.7	2.6	-	-	-	-
	Commercial broadcasters	3.7	2,6	-0.4	1.9	-	-	-	-
	Cable TV operators	26.7	26.7	34.8	29.4	-	-	-	-
	All industries (1 trillion yen)	-	-	-	1.3	-	-	-	-

Note: The data on the all industries are based on the "Financial Statement Statistics of Corporations by Industry," Ministry of Finance

Table 2. Amount of Sales

(Unit: billion yen)

	Type of business	Q-I			Q-I	Q-II	Q-III	Q-IV	FY2001 total
		Apr.	May	Jun.					
FY2000	Communications Industry	1,304.9	1,493.8	1,553.2	4,351.9	4,742.8	4,494.4	5,055.4	18,644.4
	Telecommunications carriers	1,124.1	1,314.9	1,362.9	3,801.8	4,229.9	3,933.6	4,518.9	16,484.2
	Type I carriers	1,068.6	1,252.8	1,296.6	3,617.9	4,030.6	3,748.7	4,309.5	15,706.7
	Mobile carriers	412.3	585.4	603.0	1,600.6	1,993.2	1,666.3	2,103.0	7,363.1
	Other than mobile carriers	656.3	667.4	693.6	2,017.3	2,037.4	2,082.5	2,206.5	8,343.7
	Type II carriers	55.4	62.2	66.3	183.9	199.3	184.9	209.4	777.5
	Broadcasters	180.9	178.8	190.3	550.0	512.8	560.8	536.5	2,160.1
	Commercial broadcasters	176.4	174.3	185.7	536.4	498.5	547.5	520.4	2,102.8
	Cable TV operators	4.5	4.5	4.6	13.6	14.3	13.3	16.1	57.4
	All industries (1 trillion yen)	-	-	-	314,244.2	335,754.8	342,482.1	358,131.0	-
FY2001	Communications Industry	1,474.2	1,645.4	1,614.3	4,733.9	-	-	-	-4,733.9
	Telecommunications carriers	1,285.6	1,460.9	1,423.2	4,169.7	-	-	-	4,169.7
	Type I carriers	1,229.2	1,397.9	1,358.2	3,985.3	-	-	-	3,985.3
	Mobile carriers	586.8	726.5	686.3	1,999.6	-	-	-	1,999.6
	Other than mobile carriers	642.3	671.4	671.9	1,985.7	-	-	-	1,985.7
	Type II carriers	56.4	63.0	65.0	184.4	-	-	-	188.4
	Broadcasters	188.6	184.5	191.1	564.2	-	-	-	564.2
	Commercial broadcasters	182.9	178.8	184.9	546.6	-	-	-	546.6
	Cable TV operators	5.7	5.7	6.2	17.6	-	-	-	17.6
	All industries (1 trillion yen)	-	-	-	318,188.4	-	-	-	-

Notes: 1. Figures may not add up to total because of rounding data.
2. Figures on all industries are based on the "Financial Statement Statistics of Corporations by Industry (Quarterly)," Ministry of Finance

2. Sales Forecasts

The Sales Forecast Index shows as follows:

- An upward tendency_for sales growth of "communications industry," as you can see the points "8.7" and "12.3" for Q-II and Q-III of FY2001 in the table below:
- A downward tendency for sales growth of "broadcasting business." However, in case of "cable TV" is expected further expansion in the index.

Ref: The Sales Forecast Index = "percentage of businesses forecasting increase in sales" – "percentage of businesses forecasting decrease in sales."

Table 3. The Sales Forecast Index

(Unit: point)

Type of business	FY2000 Q-I	FY2000 Q-II	FY2000 Q-III	FY2000 Q-IV	FY2001 Q-I	FY2001 Q-II	FY2001 Q-III
Communications industry	45.7	37.1	44.9	16.7	20.9	8.7	12.3
Teleommunications industry	36.5	44.3	35.3	25.9	32.7	38.5	22.5
Type I telecommunications carriers	42.1	41.5	38.8	16.2	48.6	36.1	33.3
Type II telecommunications carriers	16.7	50.0	42.9	44.5	0.0	50.0	-7.7
Broadcasting undustry	60.7	30.2	48.3	8.5	9.1	-16.2	3.5
Commercial broadcasters	53.3	14.0	32.4	-16.7	-15.0	-52.3	-25.6
Cable TV operators	66.7	66.7	88.9	70.6	73.3	72.2	66.7
All industries	4	4	-1	-10	-18	-13	-8

Notes: 1. Basically, index is estimated at the end of the previous quarter for each. However, index for Q-II in FY2001 is estimated at the end of Q-I in FY2001.
2. Figures of "all industries" are based on the "Business and Investment Survey of Incorporated Enterprises," the Economic and Social Research Institute (ESRI), Cabinet Office.