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Biweekly Newsletter of the Ministry of Public Management, Home Affairs, Posts and Telecommunications, Japan

# Third Meeting of China-Japan-Korea ICT Working Group at DG Level Concluded Successfully

From June 30 through July 1, 2003, the Third Meeting of China-Japan-Korea ICT Working Group at DG Level was held in Jeju, the Republic of Korea.

The following people attended the meeting:

Japan: Mr. ISHIDA, Director-General, International Affairs Department, MPHPT; Mr. ASAMI, Director, International Cooperation Division, International Affairs Department, MPHPT; and three other officials from MPHPT;

Mr. WATANABE, Director for International Affairs, Commerce and Information Policy Bureau, the Ministry of Economy, Trade and Industry (METI); one other official from METI; and, 10 people from the private sector

China: Mr. Chen Yin, Deputy Director-General, Foreign Affairs Department, MII; Mr. Zhang Xinsheng, Deputy Director-General, Science and Technology Department, MII; eight other officials; and, five people from the private sector

Korea: Mr. Yang Jun-cheol, Director General, International Cooperation Bureau, MIC; Mr. Kim In-soo, Director, International Organization Division, MIC; other officials; and, people from

the private sector including ETRI (26 people in total)

The Meeting of China-Japan-Korea ICT Working Group at DG Level has been held since 2001 for promoting harmonization and cooperation in ICT policy between the three parties. The first meeting was convened by Japan (Okayama Prefecture), the second by China (Kunming) and the third, this time, was hosted by Korea. The Japanese delegation consisted of MPHPT, METI and the Ministry of Foreign Affairs (MOFA).

At the third meeting, the three countries deliberated upon progress reports and desirable future collaboration among the three in 11 fields (Governmental Policies on the Telecom Market under the WTO environment; Governmental Broadband Policies; 3G; Network and Information Security; IPv6; Open Software; Digital Content; e-Government & e-Commerce; Digitalization of Asian Cultural Heritage; Standardization Research <4G, NGN, IPv6 etc.>; and In-

ternational Organizations <ITU, APEC, ASEAN+3, etc.>). The three countries agreed to i) promote joint research between research institutes and industrial circles, in addition to intergovernmental cooperation, and ii) actively support such efforts for developing standards. The three parties came to compile a Memorandum of Understanding.

This time, agenda items, such as the "Digitalization of Asian Cultural Heritage" and "Open Software," were deliberated anew. The next meeting will be hosted by Japan in 2004.

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From left, Mr. TAKESHITA, Deputy Director, Standardization Division, Information and Communications Policy Bureau; Mr. ASAMI, Director, International Cooperation Division; and Mr. ISHIDA, Director-General, International Affairs Department

# Sixth Japan-Finland Policy Dialogue Held

Since 1997 MPHPT and the Finnish Ministry of Transport and Communications have been holding the Japan-Finland Policy Dialogue with the aim of exchanging information/opinions in the IT field. On June 17, 2003, the Sixth Japan-Finland Policy Dialogue was convened in Finland. Participants from Japan included Mr. ISHIDA Naohiro, Director-General, International Affairs Department, Telecommunications Bureau, MPHPT, and four other officials; Finnish participants include Mr. Harri

Pursiainen, Director General, Communications Department, Ministry of Transport and Communications, Finland, and six other officials. The following agenda items were actively discussed and opinions were exchanged in a friendly atmosphere.

## [Agenda items and outcomes]

### 1. ICT policies

At the beginning of the meeting, the Finnish side explained the "Information Society Policy," the Finnish ICT strat-

egy in line with the "e-Europe 2005," illustrating goals, that i) all Finnish people will be enabled to have access to the high-speed Internet, ii) network security will be strengthened, iii) access with ease-of-use to information possessed by public organizations will be enabled through promotion of e-governments, iv) ICT literacy of Finnish people will be raised, workforces with ICT skill will be fostered, and others.

In addition, they introduced some statistical data on broadband, including the maximum speed of ADSL (2 Mbps), the rate of homes passed by fiber-optic cables (98%) and the PC penetration rate (57%). One of the goals of the Finnish government is to raise the rate of households having access to broadband platforms from current 70% to 100% by 2005.

From the Japanese side, explanations were offered concerning the review of the "e-Japan Strategy," including the promotion scheme for the ICT strategy, basic concepts, major efforts and preparation of new social infrastructures.

At the Q&A session, the Japanese side asked reasons why the rate of homes passed by fiber-optic cables is so high, and the Finnish side replied that the total number of populations in rural areas is extremely small, therefore, when urban areas are passed by fiber-optic cables, almost all populations are covered.

Both sides agreed that from now on in order to realize an information society for all through promotion of actual use of well-prepared infrastructures, both countries shall strengthen collaborative ties and exchange opinions.

### 2. Pro-competitive policies

Japan explained policies for encouraging competition, focusing on content of the Bill to Amend the Telecommunications Business Law.

Following the Japanese side, the Finnish side explained the legislative process of the Communications Market Act, etc. for implementing the EU Directives. Although many member states of the EU have difficulties in complying the Directives by the limit of July 25, 2003, Finland has already finished the necessary legislation and other legislative amend-



Sixth Japan-Finland Policy Dialogue



Mr. ISHIDA, Director-General, International Affairs Department (right) and Ms. Kristiina Pietikäinen, Head of Unit, E-commerce and Data Security

ments, thus those laws and regulations will be in force in July 2003 as set forth by the Directives. Also explanations were made on general obligations to be imposed on service providers and obligations on carriers with dominant market power, and procedures for defining markets, among others. As for the number portability, since the European Commission obliged member states to implement the portability, the Finnish government will implement this obligation, however, with little enthusiasm.

At the Q&A session, with respect to new frameworks for competition and the real situation/frameworks for consumer protection, active information exchanges were made. For instance, the Finnish side put a question to the Japanese side on the method for designating dominant carriers and the progress of deliberations upon the Bill to Amend the Telecommunications Business Law at the Diet, the Japanese side asked the Finnish side on influences of IP telephony. The Finnish side stated that the review of market competition assessment would start from August 2003. Both parties agreed that the two countries should make collaborative efforts to further promote fair competition.

### 3. IPv6

The Japanese side explained major efforts to address IPv6 such as a plan to shift from IPv4 to IPv6. The Finnish side introduced the current situation concerning IPv6, that i) the unit in charge of IPv6 is the Finnish Communications Regulatory Authority (FICORA), ii) FICORA established a working group for introducing IPv6, iii) all telecommunications carriers are implementing experiments to introduce IPv6, iv) IPv6 will be introduced in 2005 on a full-fledged scale, v) IPv4 addresses are fore-

cast to be run out around 2009, and vi) the EU established a task force to cope with IPv6.

Overall, both parties agreed that the two countries should continue to exchange opinions on R&D into IPv6.

### 4. Mobile communications

The Japanese side explained the current penetration status of mobile communications, the penetration rate of the mobile Internet, the deployment status of various mobile communications services and the future availability thereof.

The Finnish side told that i) Telia Mobile was sold to the Finnet Group in June 2003, ii) commercial 3G services are facing difficulties to start, and iii) hearings from 3G mobile carriers will be held. The Finnish side introduced an IP-based data communications service, the IP Datacast Trial Network, that will distribute data to various terminals over the frequencies of the Finnish Broadcasting Company, a Finnish public broadcaster similar to Japan's NHK. This service will be licensed around 2005 and available for cellular telephone terminals.

At the Q&A session, in response to a question from the Finnish side on reasons why the 3G services in Japan are gaining greater popularity, the Japanese side illustrated factors for success, including expansion of service areas, improvement of battery units, reduction of charges for packet data and many diversified terminals.

As a whole, with regard to concerted efforts for realizing mobile multimedia and 4G mobile systems (systems beyond IMT-2000), the two sides agreed to encourage joint meetings of specialists on a regular basis to be held by the mobile IT Forum (mITF) of Japan and FICORA.

### 5. Digitalization of broadcasting

Upon exchange of opinions on digitalization of broadcasting in the two countries, the Finnish side said that i) terrestrial digital broadcasting has already started, however, it is very difficult to terminate analog broadcasting by the end of 2006, ii) the number of set-top boxes sold to date is 120,000, and 20% of which are based on the MHP standard.

In response to a question from the Japanese side concerning discussions on digitalization of broadcasting, the Finnish side explained that i) there is criticism that manufacturers are reluctant to develop necessary equipment, and ii) there are trends to subsidize unprofitable areas by local governments.

The two sides agreed that the two countries should continue to closely exchange information and, in particular, strengthen collaborative efforts to promote penetration of terrestrial digital broadcasting.

### 6. WSIS

Both sides exchanged opinions/information on activities of relevant countries/economies at the Asia-Pacific Regional Conference for WSIS held in Tokyo and the Pan-European Regional Conference held in Bucharest. The two sides agreed to maintain collaborative relationships toward successes of the WSIS official drafting meeting, WSIS - Intersessional Meeting, to be held in Paris in July 2003, the WSIS - PrepCom-3 in September 2003 and WSIS in December 2003.

### 7. Next Policy Dialogue

It was agreed to convene the next Policy Dialogue spring 2004 and to discuss details on agenda thereof, etc. at the working level of the two sides.

## "Study Group on Tariff Setting" Released Report

Since December 2002, MPHPT has been holding a series of meetings of the "Study Group on Tariff Setting" (Chair: Prof. FUNADA Masayuki, Law Department, College of Law and Politics, Rikkyo University) for deliberating upon the tariff settings concerning relay con-

nections and calls from IP telephones to cellular telephones.

To date, the tariff settings for calls from fixed telephones to cellular telephones have been made by cellular telephone carriers. In response to an application for award that was filed with the

MPHPT Minister from HEISEI DENDEN CO., LTD. concerning calls from fixed telephones to cellular telephones via subscriber local loop of HEISEI DENDEN, the Minister in November 2002 made an award as to the appropriateness of HEISEI DENDEN

(installing its own local loop facilities) being vested with the right of tariff setting.

As for relay interconnection, the Minister did not make an award considering that negotiations between HEISEI DENDEN and NTT had not been sufficiently carried out. However, the negotiations may fail to come to a conclusion.

The Telecommunications Business Dispute Settlement Commission, which was inquired of this case by the Minister prior to the award, recommended that MPHPT consider optimal tariff setting and establish frameworks for tariff setting. The Study Group held meetings seven times starting from the first meeting on December 19, 2002, for deliber-

ating upon tariff setting for calls from IP telephones to cellular telephones.

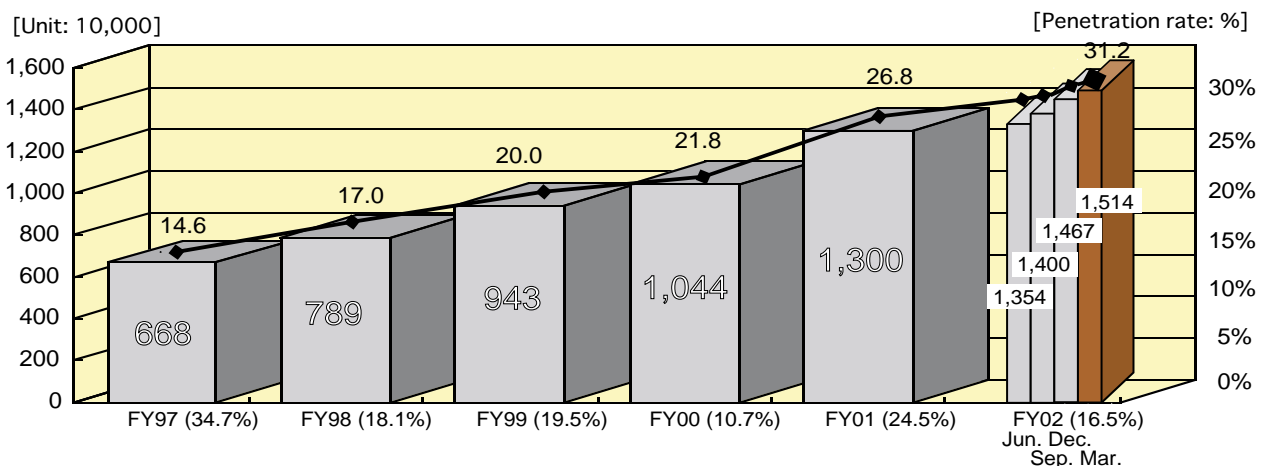
From the viewpoint of ensuring transparency in the policymaking process, in April 2002, MPHPT invited public comments for one month.

The report this time was compiled taking opinions/comments filed by many stakeholders.

## Current Status of Cable TV Penetration

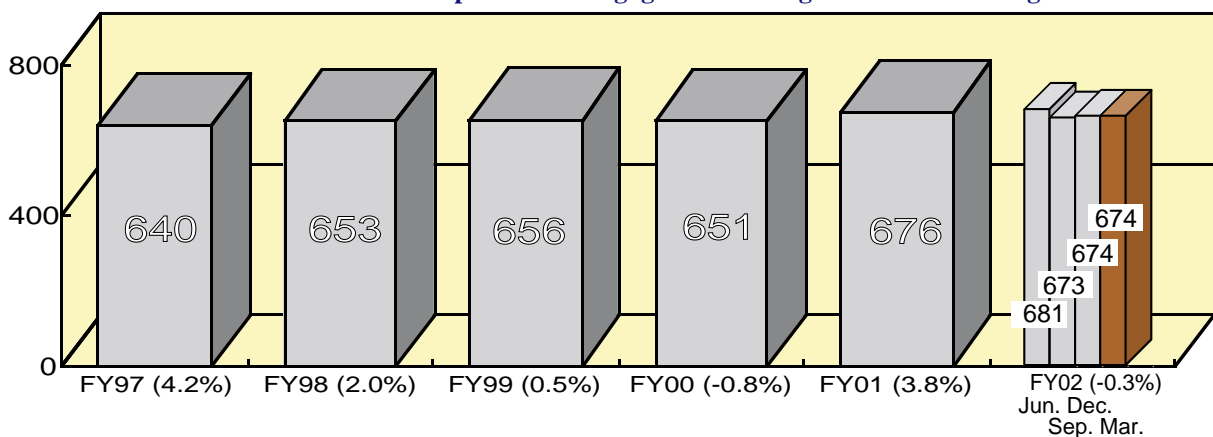
The number of households subscribing to cable TV facilities with permission engaged in self-originated broadcasting (as of the end of FY2002) was 15.14 million, an increase of 2.14 million households over the previous fiscal year (+16.5%). The penetration rate to all households became 31.2%, an increase of 4.4 percentage points over the previous fiscal year.

### Trends in number of households subscribing to cable TV facilities with permission engaged in self-originated broadcasting and penetration rate



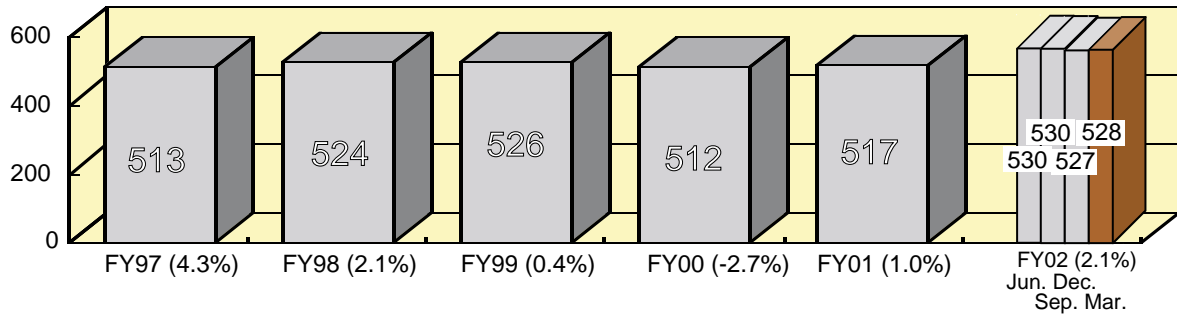
Note: Figures indicate data as of the end of each fiscal year. Figures in parentheses indicate growth rates of the number of households subscribing compared to the previous fiscal year. Penetration rates are calculated from the number of households in the Residents Basic Ledger as of the end of each fiscal year (as for the data for FY2002, the number of households as of the end of FY2001 was used instead).

### Trends in number of cable TV facilities with permission engaged in self-originated broadcasting



Note: Figures indicate data as of the end of each fiscal year. Figures in parentheses indicate growth rates of the number of facilities compared to the previous fiscal year.

**Trends in number of cable TV operators having facilities with permission engaged in self-originated broadcasting**



\* 1.: Figures indicate data as of the end of each fiscal year. Figures in parentheses indicate growth rates of the number of cable TV operators compared to the previous fiscal year.

\* 2.: The number of cable TV operators until FY1999 was the total of figures obtained from the Regional Bureaus of Posts and Telecommunications.

Note: Facilities with permission include facilities that were registered under the Law Concerning Broadcast on Telecommunications Service (law concerning broadcast through use of telecommunications service) and were employing the same grade of broadcasting methods as those of cable TV facilities with permission under the Cable Television Broadcast Law.

**Number of households subscribing to cable TV**

The number of households subscribing to cable TV was 23.33 million, a 9.8% increase over the previous fiscal year.

Type		FY2001	FY2002	Increase	Growth rate (%)
Cable TV in total		21,254,228	23,332,218	2,077,990	9.8%
Facilities engaged in self-originated broadcasting	Facilities with permission	12,997,568	15,138,168	2,140,600	16.5%
	Facilities with notification	31,938	27,763	-4,175	-13.1%
	Subtotal	13,029,506	15,165,931	2,136,425	16.4%
Facilities engaged in simultaneous retransmission only	Facilities with permission	2,098,475	2,044,024	-54,451	-2.6%
	Facilities with notification	5,366,526	5,359,759	-6,767	-0.1%
	Small-scale facilities	759,721	762,504	2,783	0.4%
	Subtotal	8,224,722	8,166,287	-58,435	-0.7%

- Facilities with permission: having 501 or more drop terminals
- Facilities with notification: having 51 or more and 500 or less drop terminals
- Small-scale facilities with notification: having 50 or less drop terminals

