

MPHPT

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## COMMUNICATIONS NEWS

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

# "Study Group on Mobile Number Portability" Convened

On November 10, 2003, MPHPT held the "Study Group on Mobile Number Portability (MNP)" with the objective of deliberating upon MNP, from the viewpoints of improving users' convenience and of promoting competition among mobile telephone carriers.

Mobile Number Portability: A mechanism that allows a user to retain the same telephone number, regardless of the subscribed-to mobile telephone carriers.

## 1. Purpose

The "Mobile Number Portability (MNP)" is expected to bring about merits from the viewpoints of improving users' convenience and of promoting competition among mobile telephone carriers. Since a considerable amount of costs is required for introduction of portability, it is vital to fully consider user needs and effects thereof.

To this end, the Study Group, as an open forum, was established for the purpose of deliberating upon MNP based on a range of opinions.

## 2. Major topics

- i) Analysis/evaluation needs concerning MNP
- ii) Basic concepts on introduction of MNP
- iii) Desirable methods for realizing MNP and for sharing the costs thereof

## 3. Schedule

Following the first meeting held on November 10, 2003, the Study Group plans to compile its findings as a report around February 2004.

For details refer to the Japanese website:

[http://www.soumu.go.jp/s-news/2003/031106\\_1.html](http://www.soumu.go.jp/s-news/2003/031106_1.html)

Tadao, Professor Emeritus, the University of Tokyo). These "Basic Approach" and "FY2003 Details for Implementation" released this time were formulated based upon the public comments filed through the due procedures.

The outline of these "Basic Approach" and "FY2003 Details for Implementation" are as follows:

### I. Purposes

1. Grasping of increasingly complex competitive situation along with the

## Announcement of "Basic Approach Concerning Evaluation of Competitive Situation in the Telecommunications Business Field" and "FY2003 Details for Implementation of Evaluation of Competitive Situation in the Telecommunications Business Field"

On November 18, 2003, MPHPT released the "Basic Approach Concerning the Evaluation of Competitive Situation in the Telecommunications Business Field" and "FY2003 Details for Implementation of the Evaluation of Competitive Situation in the Telecommunications Business Field."

On October 7, 2003, MPHPT released a draft "Basic Approach" and draft "FY2003 Details for Implementation" for inviting public comments based on the report (July 2003) of the "Study Group on Methods for Evaluating Competition in the Telecommunications Fields as IP Evolves" (Chair: Dr. SAITO

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evolution of IP/broadband introduction

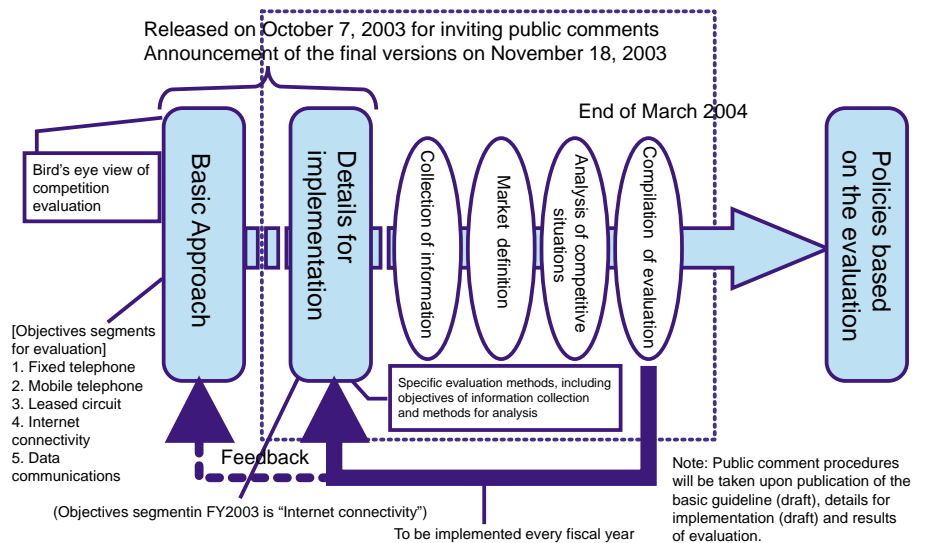
- i) Flexibility in constructing networks is improved through repeated regulatory reforms in the telecommunications business field.
  - ii) New entries, services and operation methods are successively increasing along with the evolution of IP/broadband introduction.
  - iii) Due to changes in the structures for providing services and in relationships among service providers, progress of competition varies by service and area.
2. The shared recognition of competitive situations, transparency of administration and foreseeability are improved.
- i) Formulation of broader consent concerning data, etc. and methods for analyses, competitive situations of market are analyzed on a fact basis and published
  - ii) Improvement in transparency of administration and in foreseeability.
3. Ensuring of international harmonization
- i) Following in the footsteps of the UK, which now has "competition review" in place, EU member states will adopt "competition review."
  - ii) In the US, competition assessment reflecting variances by service/area is being implemented.
  - iii) In the global telecommunications business field, it is vital to ensure international harmonization in policies.

**II. Basic stance**

1. Evaluation of competition is to be implemented by the administration as part of the process of planning, developing and promoting policies.
2. Contents include "Decision of objectives for analysis," "Definition of market" and "Analysis/evaluation of competitive situation."
3. The following points shall be noted so as to improve transparency:
  - i) Explain indices for analyzing competitive situations and the evaluation process, and the like.
  - ii) Announce methods for analysis of data, etc. as much as possible
  - iii) Procedures for invitation of public comments shall be employed. Public comment procedures will be taken upon publication of the Basic Approach (draft), Details for implementation (draft) and results of evaluation, respectively.

**III. Flowchart concerning implementation**

**Flowchart on implementation**



**IV. Objectives to be analyzed in FY2003**

The objectives market segment in FY2003 is "Internet connectivity."

Reasons are as follows:

1. The Internet connectivity markets are changing drastically.
2. In terms of policy measures, broadband and fiber-optic networks are used for Internet connectivity and are focus of attention.
3. As for the Internet connectivity market, Japan is a leading country, running ahead of the U.S. and Europe. Thus, Japan shall develop an original approach for analysis of this domain.
4. In this service domain, different services are provided as one package or various services are integrated as an inseparable package. Analysis of individual services in the Internet connectivity market is a difficult task. Upon development of methods for competition evaluation, this market segment is suitable for developing definitions, for analysis/evaluation and for finding rational solutions.

**V. Market definition**

1. Market definition is to be implemented focusing on one market where identical services are transacted.
2. Markets are defined by i) setting a minimum unit of service among services for end-users as a starting point, ii) compiling services as one service group comparing with the minimum unit of service with similar and neighboring services, and iii) deciding a boundary of the market across service providers.
3. These works are part of a preparatory process for analysis of a competitive situation and will affect results of said analysis.
4. Markets will tend to overlap with each other doubly or triply. Accordingly, the market structure is neither systematic nor concrete unlike the Japan Standard Industry Classification (JSIC).

**VI. Analysis/evaluation of competitive situation**

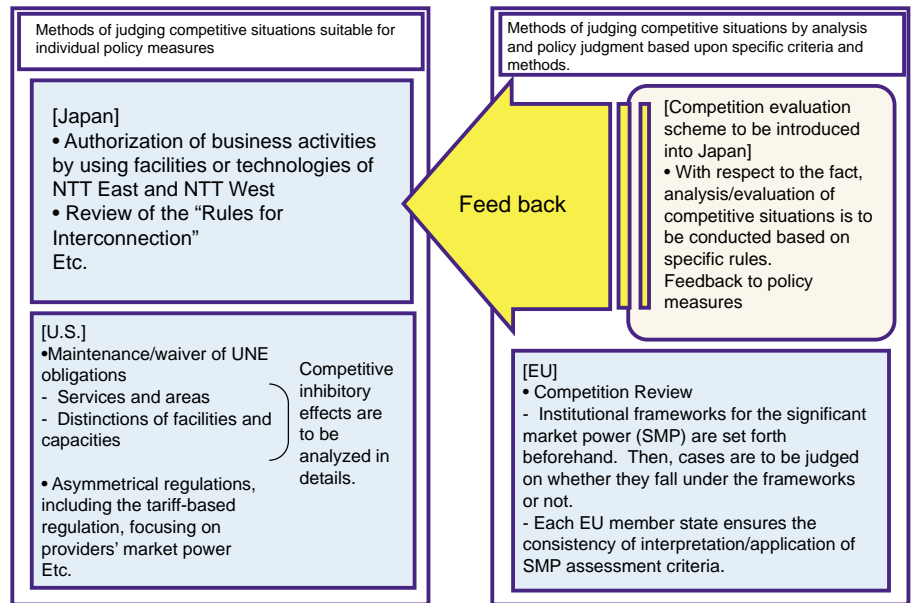
1. Quantitative indices shall be analyzed in a multifaceted manner.  
Grasping the factors that lead to the situations.
2. Indices shall be calculated by defined market, on a one-by-one basis.
3. Concrete indices, etc. analyzed according to the following flow:
  - i) Quantitative indices shall be analyzed for obtaining a bird's-eye view of competitive situation.
  - ii) Analyze trends in the number of contracts and shares of revenues, magnitude of entry barriers, the number of providers, trends in the numbers of new entries/withdrawals.
  - iii) Analyze qualitatively, including factors that lead to the situations concerned as indicated by quantitative indices.

**VII. Analysis on qualitative factors**

1. Competitive situation in a market between a telecommunications carrier and end users is strongly affected by transactions among telecommunications carriers. Thus, analysis on influences of transactions among telecommunications carriers is important.
2. Algorithms for qualitative factors are generalized as much as possible in order to apply to the Basic Approach and the Details for Implementation.

3. To this end, in particular for FY2003, algorithms were carefully developed on analyzing qualitative factors. Concretely, in the course of analysis, i) it was deliberated whether the algorithms have generality that could be applied to various markets in the "Internet connectivity" domain, then ii) applicability of the algorithms to other domains was tried.

**VIII. Analysis/evaluation of competitive situations; Feedback to policy**



# International Joint IT Experiments with China Launched

-- To realize the "Asia Broadband Program" --

MPHPT will set up a high-speed/-capacity international circuit between Japan and China based on the "Asia Broadband Program" (announced in March 2003) and launch international joint IT experiments with China on a variety of applications.

These joint IT experiments will be implemented as "Advanced IT Joint Experiments for the Formation of an International Telecommunications Hub" as funded under the FY2003 budget. A large number of universities and private corporations from both Japan and China will take part, aiming to 1) promote the diffusion of IPv6 and 2) achieve compatibility within a multilingual environment, in order to promote information flow within the Asian region.

**1. Aim of the policy**

One major issue at present is how to stimulate demand for broadband for the promotion of information distribution within the Asian region.

An IPv6 environment will be established between Japan and China, with experiments of the following applications being implemented to resolve this issue.

- i) Joint production of digital content
- ii) Establishment of an environment for multilingual communications among cultures (corresponding to a multilingual environment)
- iii) Establishment of a corporate information database corresponding to a multilingual environment
- iv) Joint research of new generation (Beyond 3G) mobile communications

**<Participants in the experiments>**

Japanese side: Kyoto University, Osaka University, CRL, etc.

Chinese side: Peking University, Beijing University of Posts and Telecommunications (BUPT), etc. (see Fig.)

**2. Expected results**

In addition to promoting information flow between Japan and China, the application experiments will lead to further development of joint research among universities in the two countries and development of business for the private sector in such areas as telecommunications and content.

**3. Announcements and future schedule**

In order to keep the general public in-

formed about these joint experiments, a series of public events and the launch of a website have been planned.

## China-Japan collaboration

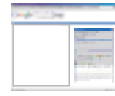
### Digital content



"Digital City"

- 4D digital content
- Evaluation of collaboration including that on machine translation systems

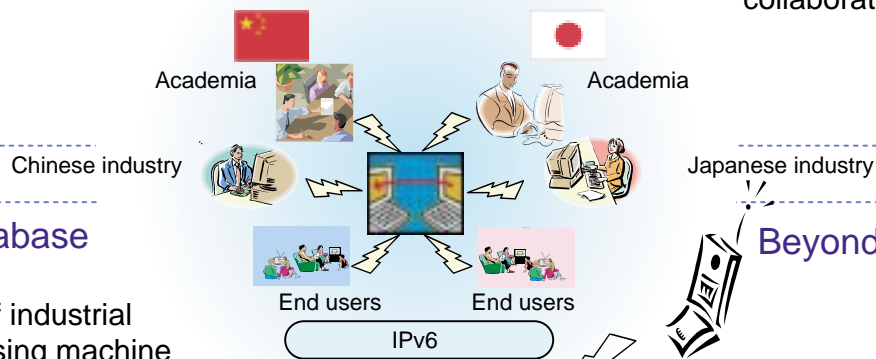
### Cross-cultural collaboration



Communications tools, such as chatting, TV conferencing, etc.



- Realtime and non-realtime communications tools.
- Evaluation of collaboration process



### Beyond 3G



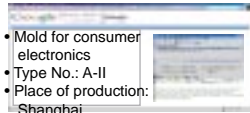
- Basic transmission experiments.
- Evaluation of inter-usability, roaming, etc.

### Information database

- Distribution of industrial information using machine translation systems
- Procedures to meet industrial needs



Industry



Industry