

MPHPT

June 7, 2004, Vol. 15, No. 4

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COMMUNICATIONS NEWS

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

Mr. TAKAHARA (Vice-Minister for Policy Coordination) Attends EU Ministerial Broadband Conference

In response to the invitation from Ireland, EU's presidency for the first half of 2004, Mr. TAKAHARA Kozo (Vice-Minister for Policy Coordination, MPHPT) attended the Informal Ministerial Conference (Ministerial Broadband Conference) held in Dundalk, Ireland. At the meeting, Vice-Minister TAKAHARA explained the current status of broadband in Japan, and Japan was highly appreciated as a successful case of pro-competitive policies for the broadband market.

Major attendees were as follows:

EU: Commissioner Erkki Liikanen; Mr. Fabio Colasanti (Director General of the Information Society); Ministers, etc. in charge of ICT (including ministers, etc. from candidate countries)

Panelists: Mr. Sam Paltridge (OECD); Mr. Angel Gambino (BBC New Media & Technology); Mr. Allan Rock (Canadian Ambassador to the UN)

[Outline of the Informal Ministerial Conference]

1. EU Informal Ministerial Conference (Ministerial Broadband Conference)

On April 22, 2004, by inviting representatives of advanced countries in

broadband platforms, the Irish Presidency held an Informal Ministerial Conference under the theme of "broadband," deliberating upon policies for promoting broadband services in Europe.

At Session I of the Conference, Ministers were presented with papers dealing with best practice and international perspectives. Session II focused on the implementation by EU Member States of their National Broadband Strategies in line with the "eEurope 2005 Action Plan."

Invited to Session I were Vice-Minister TAKAHARA, as a representative of advanced countries in broadband platforms; Mr. Allan Rock (Canadian Ambassador to the UN,

former Canadian Minister for Industry) who introduced cases utilizing broadband; Mr. Sam Paltridge (OECD) presenting research papers on broadband usage and best practices in each country; and Mr. Angel Gambino (BBC New Media & Technology) explaining content as a driver of demand stimulation. Based on these materials, Ministers, etc. actively discussed and ex-

changed opinions.

Through Sessions I and II, Ministers, etc. outlined the key elements of their future strategy regarding content and demand stimulation. The discussions provided a timely exchange of views in advance of the Commission's Communication on National Broadband Strate-

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Vice-Minister TAKAHARA explains the current status of broadband in Japan at Session I

gies.

2. Outline of explanation by Vice-Minister TAKAHARA

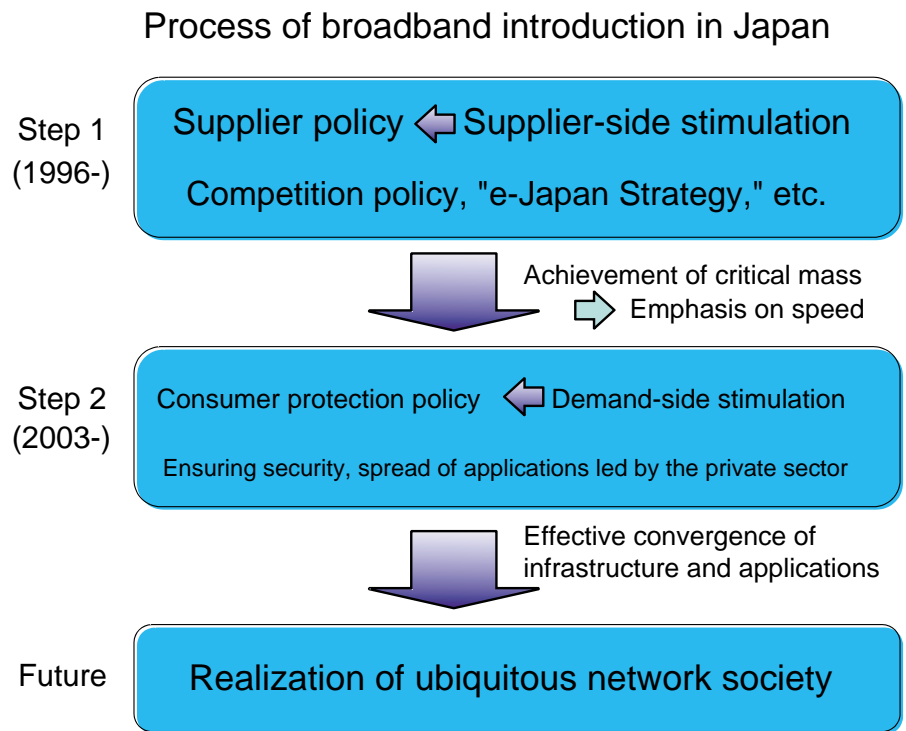
In Japan, upon considering the process for providing people with a rich life through the provision of content for convenience of people, stimulation of demand for broadband, since no one can use things that do not exist, MPHPT focused on supplier side stimulation. Namely, MPHPT, expecting the role of the private sector, prepared pro-competitive policies.

As a result of preparation of broadband infrastructures through development of competition, content development has been in progress led by the private sector, people's demand for broadband has been stimulated.

The relationship between demand and supply is the question of which came first, the chicken or the egg. If either demand or supply is stimulated and promoted by pro-competitive policy, the other side should be stimulated and promoted. This generates a virtuous circle that will lead to realization of a so-called ubiquitous network society, or an information and telecommunications network society under which in addition to a person-to-person communications, person-to-product and product-to-product communications will be linked any time, anywhere, and everyone will be allowed to utilize content, terminals and networks with ease-of-use.

With respect to pro-competitive policies for telecommunications business, competition was introduced not based on a simple resale basis, enabling the provision of services at inexpensive rates, in particular, through rulemaking for unbundling of local loops and collocation. It can be said that with respect to DSL, unbundling of shared use (shared access) of local loops at extremely low-priced interconnection charges is the key to promote broadband.

The number of sub-



scribers to broadband infrastructures, including DSL, fiber-optic cables, cable Internet and wireless, surpasses 10 million in Japan. Competition in DSL has been promoted to the extent that the unprecedented phenomena in the world that dominant carriers in the fixed telephone market are not dominant in the DSL market.

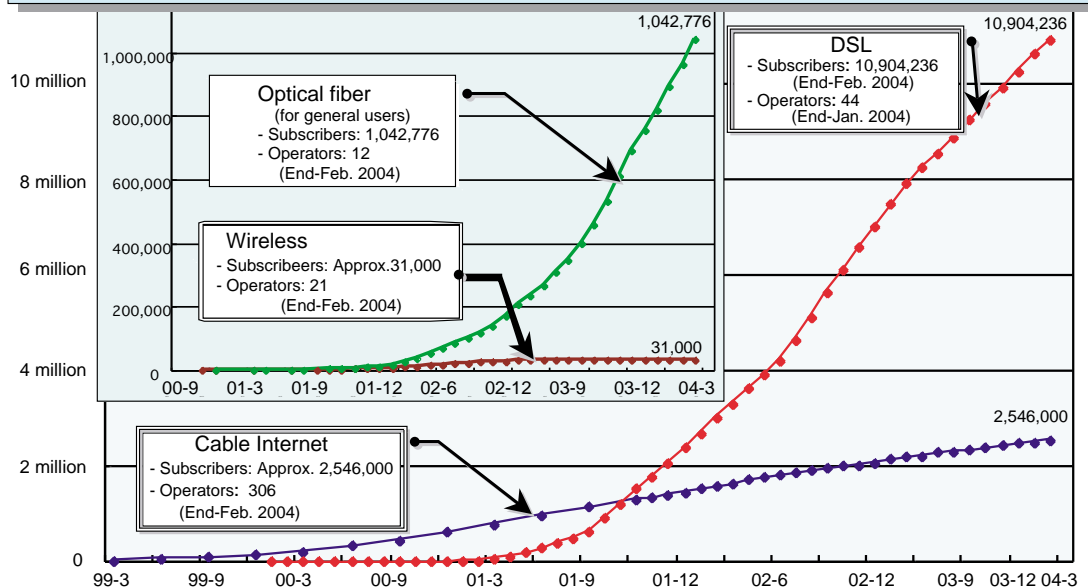
In the report, to be released by OECD, on benchmarks of broadband service

charges, broadband services offered in OECD member states are compared. According to the report, Japan is the only one country that commercialized FTTH services at the world's fast 100 Mbps to homes at extremely low-priced rates in spite of higher performances.

Taking a look at ICT policies focusing on layers, ICT policies are consisting of those for layers of various network infrastructures, terminal/devices,

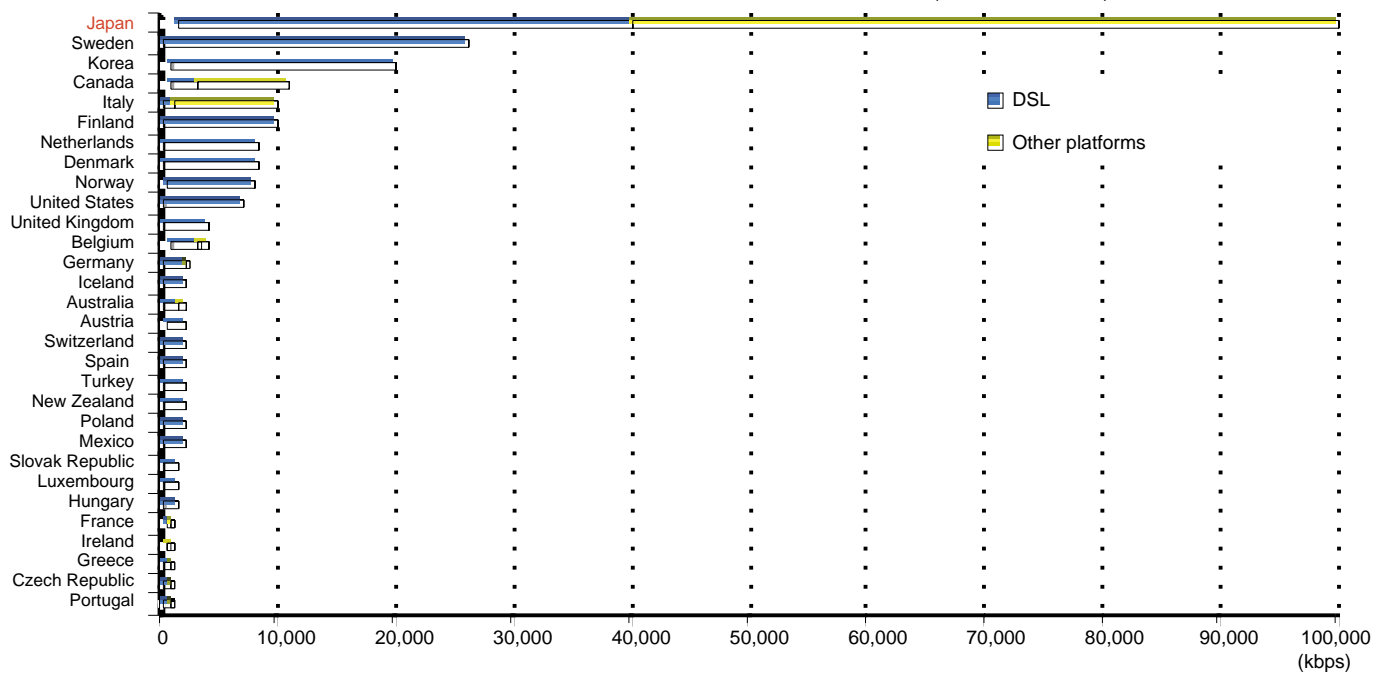
Current status of broadband penetration in Japan - Number of subscribers -

- The number of broadband subscribers in Japan, especially those of DSL has grown extensively over the last 12 months. (February of broadband subscribers stands at around 14.50 million as of the end of January.)
- Japan was first to introduce FTTH services to homes in March 2001.



Comparison of broadband speeds among OECD member states

Source: OECD (DSTI/ICCP/TISP(2003)8/REV1)
(as of October 2003)



and content/applications. An era in which regulators consider policies simply for infrastructures has become a legacy. Thus, regulators shall strive to realize a ubiquitous network society through comprehensive policies across such layers.

3. Response to Japan from Ministers, etc.

Japan's policies were appreciated by Ministers, etc. as a successful case of pro-competitive policies for the broadband market. In addition, Japan's policies governing the four layers including infrastructures were highly evaluated.

In particular, Mr. Dermot Ahern T.D., Minister for Communications, Marine and Natural Resources of Ireland, the host country, recognized for the first time significance and possibility of broadband during his visit to Japan in autumn 2003. Since then, he has been impressed with the situation in Japan. Minister Ahern, thus, invited Vice-Minister TAKAHARA to the Conference with the purpose of presenting Japan as a leading case.

As for major response from Ministers, etc. to Japan, Irish Minister Ahern highly evaluated the progress in competition in the broadband market, in particular, the DSL market where competitive carriers occupy more than a half of market share, and the penetration rate of broadband. Mr. Laurens Jan Brinkhorst, Dutch Minister of Economic Affairs commented on

Future issues in the broadband age

- 1 Development of fair competition environment**
 - Maintenance of investment incentives for infrastructure improvements
 - IP
 - Rapid Reduction in analog telephone traffic
 - Ensuring universal access (Local loop)
- 2 Frequency Open Strategy**
(Efficient use of spectrum resources)
- 3 Consumer protection**
 - Privacy protection
 - Security (safety and reliability)
 - Illegal and harmful information (IPR, juvenile)
 - SPAM mail
 - Accountability to consumers and maintenance of service quality
- 4 Improvement of R&D scheme**

the same point, appreciating Japan.

With regard to fiber-optic cables, Mr. Stephen Timms, UK Minister of State for Energy, e-Commerce and Postal Services (DTI), expressed that he was deeply impressed with the progress in laying fiber-optic cables in Japan. Responding to his comment, Vice-Minister TAKAHARA further explained details of construction plans since 1993.

Upon summary of Session I, Commissioner Erkki Liikanen evaluated that Japan's cross-cutting policies covering layers of infrastructures, terminals/devices, platforms and applications are effective for encouraging penetration of broadband; and he commented that especially in Europe, although there were many cases where promotion of broadband was made through demand stimu-

lation for content, henceforth supply-side stimulation for infrastructure should be encouraged and platforms should be opened.

4. Others

After the Conference, participants other than Ministers also highly evaluated Japan's broadband policies. These reputations were obtained mainly

through explains based on concrete figures and grounds.

The success of broadband penetration in Japan has been attained through i) MPHPT's initiatives to encourage the government and local governments to address issues and measures, ii) efforts to address communications and broadcasting in unison, iii) a wider perspective for swift actions under one

minister's administration. Considering the rapid penetration of broadband, preparation of an organization administering a wide variety of relevant fields would strongly promote competition in some cases. The Conference was a very meaningful opportunity because EU Ministers had recognized Japan's achievements in the ICT field.

First Meeting of China-Japan-Korea Digital Broadcasting Working Group Held

The first meeting of the China-Japan-Korea Digital Broadcasting Working Group was held on April 28 and 29, 2004, in Beijing, China. At the second China-Japan-Korea IT Ministerial Meeting held in September 2003, it was agreed to promote cooperation on the "seven information and communication areas," including digital broadcasting, and establish Working Groups for the seven areas. The first meeting of Digital Broadcasting Working Group was proposed and hosted by China.

Participants were:

- Japan: 11 persons from MPHPT (Mr. KITO, Director-General for Technology Policy Coordination; Mr. ASAMI, Director, Broadcasting Technology Division; Mr. OKU, Director, International Cooperation Division; and others), ARIB, NHK, Matsushita Electric Co., Ltd., Pioneer Corp., etc.
- China: Persons from the Ministry of Information Industry (Mr. WANG, Director General, Department of Overall Planning; Mr. WEI, Director, Division of Planning for Electronics and Information Products; Ms. BAI, Director, Division of TV and Broadcasting; and others), China Electronics Standardization Institute, etc.
- Korea: Persons from the Ministry of Information and Communication (Mr. SHIN Director General of the Radio & Broadcasting Bureau; Mr. RHA Director, Broadcasting & Satellite Division; and others), ETRI, TTA, KBS, LG, Samsung, etc.

[Outline of outputs]

1. Opinion exchanges on policies, etc.

for promoting digital broadcasting

Under themes of policies, R&D, market trends, etc. for digital broadcasting, both the public sector (including governments, standardization organization and research institutes) and the private sector (including broadcasters, manufacturers, etc.) of the three parties explained the current status and exchanged opinions on issues and policies for promoting digital broadcasting.

2. Matters agreed upon at the Working Group

Japan, China and Korea agreed upon that i) digital broadcasting, including HDTV, is one of "key" driving forces for development of the ICT industry, ii) in order to develop the digital TV market and strengthen competitiveness, the three countries should further communication and cooperation among them, and

iii) thereby the three parties should promote cooperation for the success of the 2008 Beijing Olympic Games.

In addition, the parties agreed upon the following arrangements on proceedings of the Working Group:

- The Working Group is an effective forum for information exchanges among the three parties. Thus, an environment for activities shall be prepared.
- A liaison system shall be established for constructing a scheme of collaboration at each level (governments, research institutes, industrial organizations, etc.) of the three countries.
- The Working Group shall implement information exchanges and collaboration in a multidimensional and multiform manner, on poli-



Mr. KITO (left), Director-General for Technology Policy Coordination, MPHPT; Mr. WANG (center), Director General, Department of Overall Planning, MII, China; and Mr. SHIN, Director General of the Radio & Broadcasting Bureau, MIC, Korea

cies, intellectual property rights, R&D, human resources development, development of new applications, etc.

(iv) The Working Group shall be hosted by rotation, in order of China, Japan and Korea. The next Working Group (the second meeting) will be

hosted by Japan.

[Schedule]

At the next Working Group to be held in Japan, matters to be cooperated among the three countries including concrete themes will be deliberated upon. Agenda, etc. will be separately consid-

ered among the three parties.

The outputs of this Working Group (the first meeting) will be reported to the third China-Japan-Korea IT Ministerial Meeting (to be held in Sapporo, Japan on July 26, 2004).

Report from the "Study Group Concerning Secure-type OS" Released

[On how OSs should be introduced into e-government and e-local governments]

Since June 2003, MPHPT had been holding the "Study Group Concerning Secure-type OS" (Chair: Mr. MURAOKA Yoichi, Vice President, Waseda University), as an advisory group to Director-General for Policy

Planning (in charge of information and communications), with the purpose of contributing to deliberations upon how open-source OSs should be introduced into e-government and e-local governments. The Study Group had deliberated upon and evaluation on various potential OSs, including open-source and non-open-source OSs, from viewpoints of se-

curity and various aspects, including operations and costs, for implementing objective and neutral evaluation on merits and demerits of those OSs.

In April 2004, the Study Group compiled its findings as a report and released thereof.

Background to deliberation upon open source OS

Development in e-government and e-local governments

- Development in e-government
 - Enhancement in functions of the "e-government (e-Gov)" that provides web pages posting information and services including retrieval systems for searching application/notification forms
 - Preparation of one-stop services interacting with each office, ministry, local government, etc.
- Progress in construction of e-local governments (as of April 1, 2003)
 - Launch of websites (prefectures: 100%; cities, towns and villages: 98.1%)
 - Introduction of online application/notification (prefectures: 19.2%)

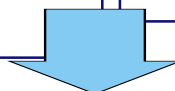
(Source: "Survey on progress in introduction of IT into local public entities," MPHPT)

<Major plans for promoting the e-government and e-local governments>

- "e-Japan Strategy II" (IT Strategic Headquarters: July 2003)
- "e-Government Construction Plan" (Liaison Meeting of CIOs (chief information officers) of the Office and Ministries: July 2003)
- "Guidelines for promoting e-local governments" (MPHPT: August 2003)

Increased significance of ensuring information security

- Promotion of measures of the e-government and e-local governments for ensuring information security
 - "Action Plan for Ensuring Information Security of the e-Government" (October 2001)
 - "Special Action Plan Pertaining to Cyber-terrorism against Critical Infrastructures" (December 2000) and the follow-up procedures thereof (March 2002)
 - "Guidelines Concerning Information Security Policy at Local Public Entities" (March 2001) and the partial amendment thereto (March 2003)
 - "Guidelines Concerning Information Security Audit at Local Public Entities" (December 2003)
- Even in the process of the abovementioned procedures, cases of information security violation occurred.
 - Viral infections at systems of the government and local governments
 - Illegal alteration of websites of the government and local governments
 - Leakage of personal data from websites of the government and local governments
 - Others



Since June 2003, MPHPT had been holding the "Study Group Concerning Secure OS ." The Group had:

- carried out deliberations upon and evaluation on various potential OSs for ensuring information security of the e-government and e-local governments, from viewpoints of security and various aspects, including operations and costs;
- deliberated upon availability of an OS developed as "open-source software," focus of attention in recent years, that is allowed to be used by everybody; and
- compiled a proposal, considering the results of deliberations above, on how OSs shall be selected for the e-government and e-local governments.

Results of deliberations

Evaluation of OSs

- Services to be dealt with by systems of the e-government and e-local governments cover various fields and functions/performances thereof vary according to each service.
- Thus, a specified OS is not necessarily optimal for all systems. (If a higher level of security is required, additional software may be essential.)



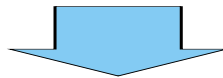
It is critical to select the right OS for the right system.

Necessary measures for retaining information security

- Upon procurement of systems, it is vital to consider the information security measures to be taken in accordance with services provided and priorities granted thereof.
- Furthermore, in order to ensure information security for the entire duration of systems used, it is essential to conclude a support contract for operation and maintenance.

On open-source software

- Open-source software is comparable to commercial software in aspects of functions and performances.
- However, since support from the developer is not guaranteed, upon procurement, it is vital to conclude a support contract.



Proposal on how OSs shall be selected for the e-government and e-local governments

- While ensuring a given level of information security, in order to purchase an easy-to-use information system suitable for services;
 - i) where types of OSs are substantially limited, it is inappropriate to purchase them.
 - ii) it is appropriate to implement an open tender based on a comprehensive evaluation method under which the necessary functions/quality of an information system to be introduced are identified and weighed, in addition to the degree of conformity to those conditions is employed as evaluation criteria, with consideration being given to the checklist attached hereto.
- Thereby the most appropriate OS for the information system concerned would be selected from the viewpoints of costs and functions.

Info-Communications Promotion Month 2004 Started

- I want to know more! To get closer! I am filled with curiosity!
Ubiquitous Japan! -

MPHPT is implementing the Info-Communications Promotion Month 2004 from May 15 to June 15, 2004.

The year 2004 marks the 20th year, since the Promotion Month was held in 1985 for the first time, which was the year the telecommunications market was liberalized, with the purpose of promoting information and communications technologies (ICTs).

During the month, various events concerning ICT will be held throughout the country, with the aim of gaining wide-ranging understanding and cooperation on the big role played by ICT in building a society where people can live affluently, happily and in peace.

On June 1, 2004, which falls in the

middle of the Promotion Month, memorial ceremonies throughout the country were held. At these ceremonies, MPHPT Minister, President of the Council of Info-Communications Promotion Month (Chair: Dr. TOYODA Shoichiro, Chairman Emeritus of Nippon Keidanren), and other officials awarded individuals and organizations that had contributed to the penetration and development of ICT.

This year's theme:

I want to know more! To get closer! I am filled with curiosity! Ubiquitous Japan!

-- Toward a life that is healthy, safe, exciting and convenient --

Definition: In a ubiquitous networking society which is linked to an "any time, anywhere, anything and anyone" network, each and every person's curiosity in "wanting to know, wanting to meet, wanting to touch" ties in with abundant information sources, and creates major excitement, becoming the force supporting a vigorous society, and expecting dreams and the future to become reality.

The meaning of this theme is that this positive force will be the impetus for a new Japan in which everyone will enthusiastically construct a life in peace that is sound and convenient.