MIC
International Affairs Department, Telecommunications Bureau

Communications News

Vol. 17 No. 6
July 7, 2006

Biweekly Newsletter of the Ministry of Internal Affairs and Communications (MIC), Japan

ISSN 1349-7987

Please feel free to use the articles in this publication, with proper credits.

Communications Industry Forecasts of Business Conditions --The Results (Prompt Report) of April 2006 Survey on "Overall Results of Japan's Communications Industry"--

MIC has compiled the results (prompt report) of the survey on "overall results of Japan's communications industry (telecommunications and broadcasting)," conducted in April 2006, for the first and second quarter of FY2006. The full results are available in a PDF file. Fixed figures including sales will be posted at the end of June 2006 at the Information and Communications Statistics Database. URL: http://www.johotsusintokei.soumu.go.jp/

- The sales forecast diffusion index (DI)*1 remains on a positive trend for the telecommunications business (with a majority of operators expecting an increase of sales). The commercial broadcasting business remains negative. The cable television industry continues to show a large-scale positive trend.

- The business conditions diffusion index (DI)*2 continues to show a positive trend for the telecommunications and cable television businesses (with a majority of operators expecting business conditions to improve). The commercial broadcasting business has improved, with a shift from a negative in the first quarter of FY2006 to a positive index in the second quarter.

Notes:

1. Sales forecast diffusion indices (DIs): the "percentage points of companies saying that their sales amounts are increasing compared to the previous quarter" minus the "percentage points of companies saying that their sales amounts are decreasing compared to the previous quarter."

2. Business conditions diffusion indices (DIs): the "percentage points of companies saying that business conditions are improving compared to the previous quarter" minus the "percentage points of companies saying that business conditions are worsening compared to the previous quarter."

CONTENTS

International Policy Division, International Affairs Department, Telecommunications Bureau, Ministry of Internal Affairs and Communications (MIC)
1-2, Kasumigaseki 2-chome, Chiy odaku, Tokyo 100-8926, Japan
Fax: +81-3-5253-5924
Tel: +81-3-5253-5920

We welcome your comments via:
http://www.soumu.go.jp/joho_tsusin/eng/contact.html

MIC information is available at:
http://www.soumu.go.jp/joho_tsusin/eng/newsletter.html

Presentation materials of MIC are available at:
http://www.soumu.go.jp/joho_tsusin/eng/presentation.html

E-mail distribution of this newsletter is possible if desired.

Survey outline

The survey on the "overall result of Japan's communication industry" is designed to grasp the business trends in the communications industry (telecommunications and broadcasting). The survey has been carried out on sales, sales forecasts etc. since April 1995.

Businesses surveyed

The number of surveyed businesses for each type of business (telecommunications carriers and broadcasters) is calculated proportionally with the type's share in revenues for FY2004. To be statistically significant, the sampling number, as calculated from the number of parent populations in the communications industry, is set at 133. The businesses surveyed are sampled in descending order from the one with the largest sales down to the 133rd one.

Survey method

Conducted by questionnaires (mailing of survey card, responses by businesses via fax or the Internet).

Survey topics

Sales, financial position and business conditions forecasts (conducted only in July, October, January and April and reported in the following month, respectively*) and sales (every month).

* Reporting the following month of sales forecasts, etc., as of June, September, December, and March

Response rate

Type of business	Number of companies surveyed	Number of responses	Response rate
Communications	133	101	75.9
Telecommunications	63	45	71.4
Broadcasting	70	56	80.0
Private-sector broadcasting	50	40	80.0
Cable casting	20	16	80.0

Sales forecasts

The sales forecast diffusion indices (DIs) in the first and second quarters of FY2006 indicate the following:

- Telecommunications carriers continue to indicate a positive trend (a majority of operators expecting an increase on sales), with figures of +14.7 for Q-I and +21.2 for Q-2 of FY2006.
- For commercial broadcasting, the trend remains negative for Q-I and Q-II of FY2006. with figures of –7.9 and –2.6 respectively- Cable casting continues to show a major upward trend, with figures of +26.7 for Q-I of FY2006 and +33.3 for Q-II of FY2006.

Table 1 Sales forecast diffusion indices

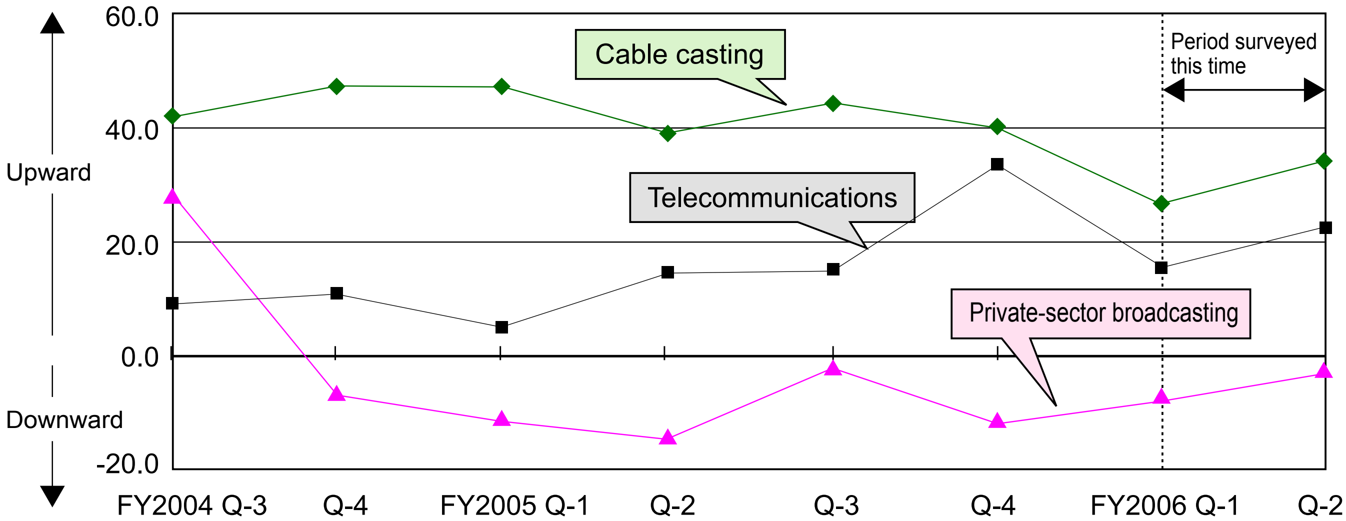
Type of business	FY2004		FY2005				FY2006	
	Q-3	Q-4	Q-1	Q-2	Q-3	Q-4	Q-1	Q-2
Telecommunications	8.9	10.9	4.9	14.3	14.9	29.5	14.7	21.2
Broadcasting	32.3	8.3	5.0	0.0	11.5	3.2	1.9	7.5
Private-sector broadcasting	27.9	-7.0	-11.6	-14.9	-2.3	-13.6	-7.9	-2.6
Cable casting	42.1	47.1	47.1	38.9	44.4	42.1	26.7	33.3
(Reference)								
All industries	9.4	6.1	-0.2	19.5	16.1	13.4	7.0	16.8

Notes: 1. The Sales Forecast DI indicates the "percentage points of companies saying that their sales amounts are increasing compared to the previous quarter" minus the "percentage points of companies saying that their sales amounts are decreasing compared to the previous quarter."

2. Indices for Q-I and Q-II of FY2006 are estimated as of the end of Q-IV of FY2005. Other indices are estimated as of the end of Q-IV of the previous fiscal year.

3. Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (January to March 2006)" of the Economic and Social Research Institute, Cabinet Office, and the Policy Research Institute, Ministry of Finance.

Fig.1 Trends in sales forecast diffusion index



Financial positions forecasts

The financial position indices for Q-I and Q-II of FY2006 are as follows:

- The telecommunications and commercial broadcasting businesses continue to retain a positive trend (their financial positions are in surplus).
- The cable television business has shifted from a positive trend in the previous period to a negative trend, with figures of 0.0 and -6.3 respectively.

Table 2 Financial position diffusion indices

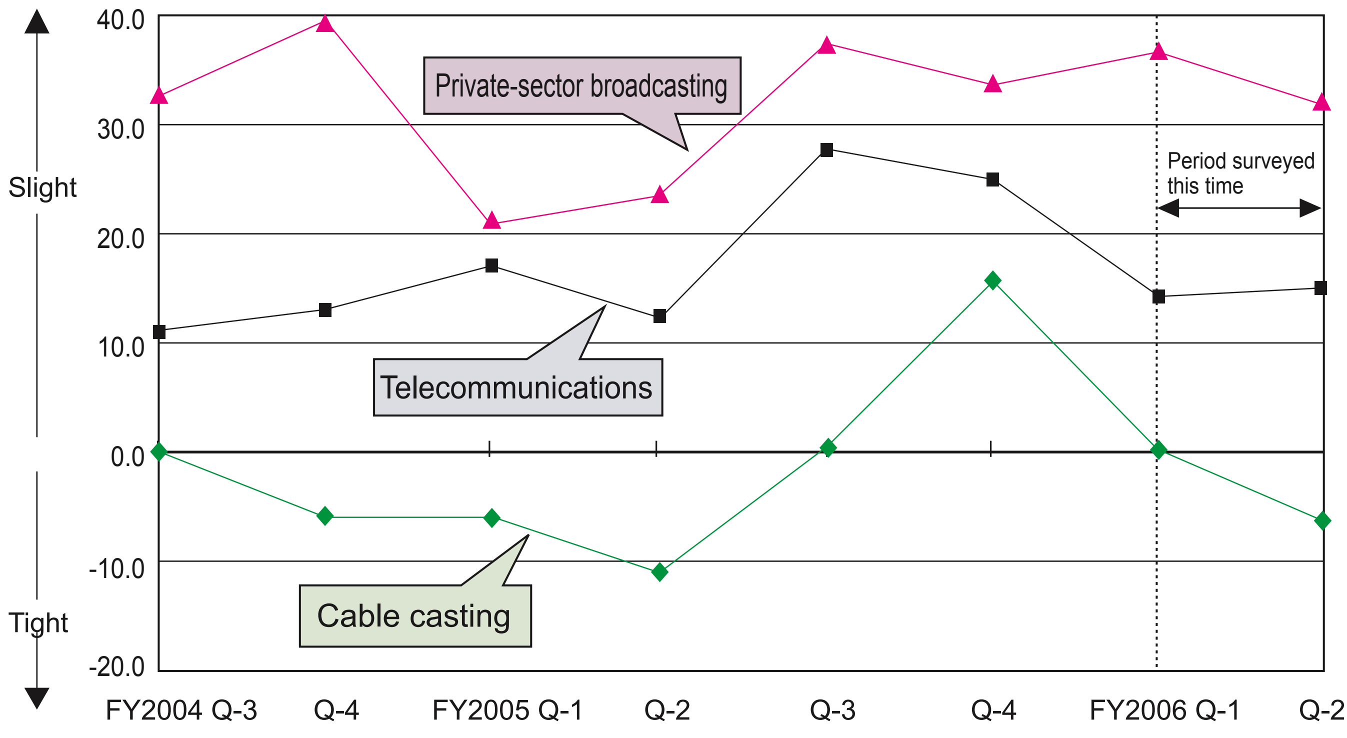
Type of business	FY2004		FY2005				FY2006	
	Q-3	Q-4	Q-1	Q-2	Q-3	Q-4	Q-1	Q-2
Telecommunications	11.1	13.0	17.1	12.2	27.7	25.0	14.7	14.7
Broadcasting	22.6	26.7	13.3	13.8	26.2	28.6	25.9	20.4
Private-sector broadcasting	32.6	39.5	20.9	23.4	37.2	34.1	36.8	31.6
Cable casting	0.0	-5.9	-5.9	-11.1	0.0	15.8	0.0	-6.3
(Reference)								
All industries	2.9	3.8	4.5	4.4	3.6	3.3	3.7	3.2

Notes: 1. The Financial Position Diffusion Index (DI) indicates the "percentage of companies saying that their financial position is in surplus compared to the previous quarter" minus the "percentage of companies saying that their financial position is tight compared to the previous quarter."

2. Indices for Q-I and Q-II of FY2006 are estimated as of the end of Q-IV of FY2005. Other indices are estimated as of the end of the previous fiscal year.

3. Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (January to March 2006)" of the Economic and Social Research Institute, Cabinet Office, and the Policy Research Institute, Ministry of Finance.

Fig.2 Trends in financial position diffusion indices



Business conditions forecasts

The business survey indices for Q-I and Q-II of FY2006 are as follows:

- The telecommunications business continues to show an upward trend (a majority of companies anticipating an improvement in business), with figures of +11.8 for both quarters.
- The commercial broadcasting business is showing a negative for Q-I but a shift to positive trends for Q-II, with figures of -7.9 and +2.6 respectively.
- The cable television business continues to show an upward trend with Q-I at +18.8 and Q-II at +12.5.

Table 3 Indices for forecasts on business conditions

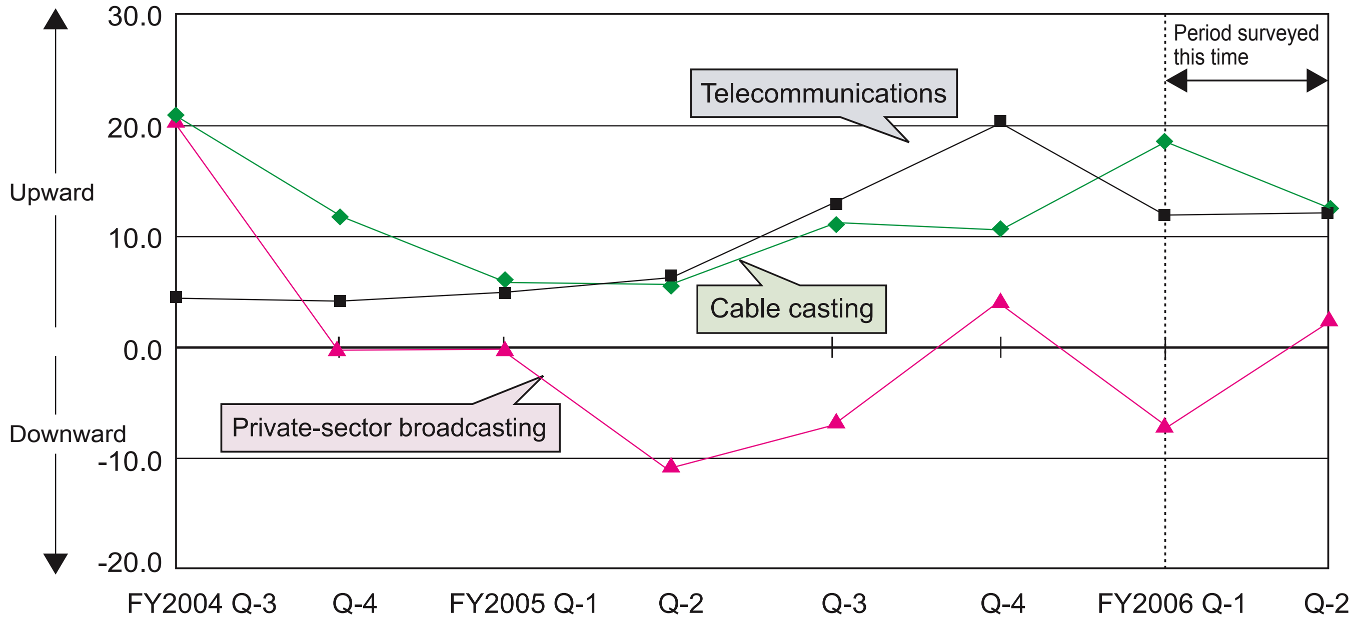
Type of business	FY2004		FY2005				FY2006	
	Q-3	Q-4	Q-1	Q-2	Q-3	Q-4	Q-1	Q-2
Telecommunications	4.4	4.3	4.9	6.3	13.0	20.5	11.8	11.8
Broadcasting	21.0	3.3	1.7	-6.2	-1.6	6.3	0.0	5.6
Private-sector broadcasting	20.9	0.0	0.0	-10.6	-7.0	4.5	-7.9	2.6
Cable casting	21.1	11.8	5.9	5.6	11.1	10.5	18.8	12.5
(Reference)								
All industries	2.1	0.6	0.9	9.7	10.5	6.1	8.3	11.3

Notes: 1. The Business Survey Index (BSI) indicates the "percentage points of companies saying that business conditions are improving compared to the previous quarter" minus the "percentage points of companies saying that business conditions are worsening compared to the previous quarter."

2. Indices for Q-I and Q-II of FY2006 are estimated as of the end of Q-IV of FY2005. Other indices are estimated as of the end of the previous fiscal year.

3. Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (January to March 2006)" of the Economic and Social Research Institute, Cabinet Office, and the Policy Research Institute, Ministry of Finance.

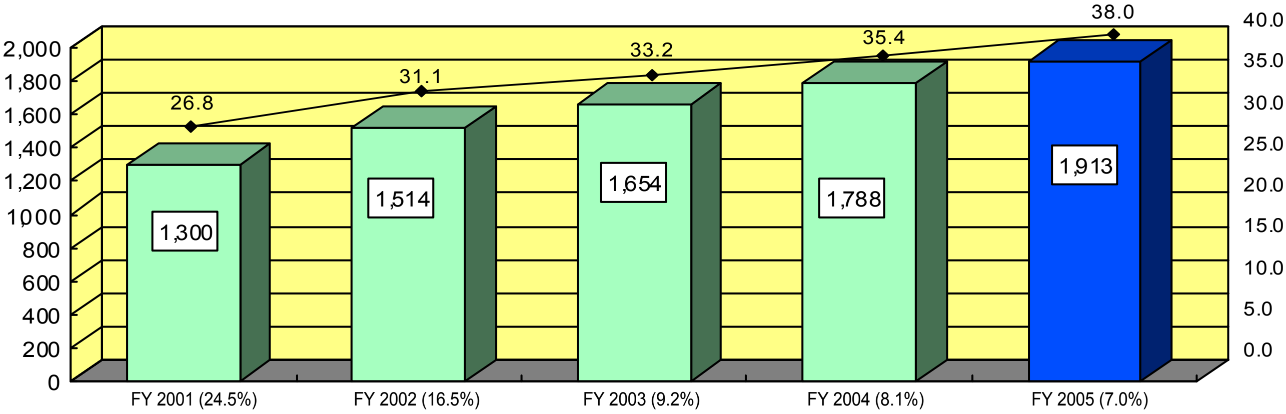
Fig.3 Trends in indices for forecasts on business conditions



Penetration Status of Cable TV Services

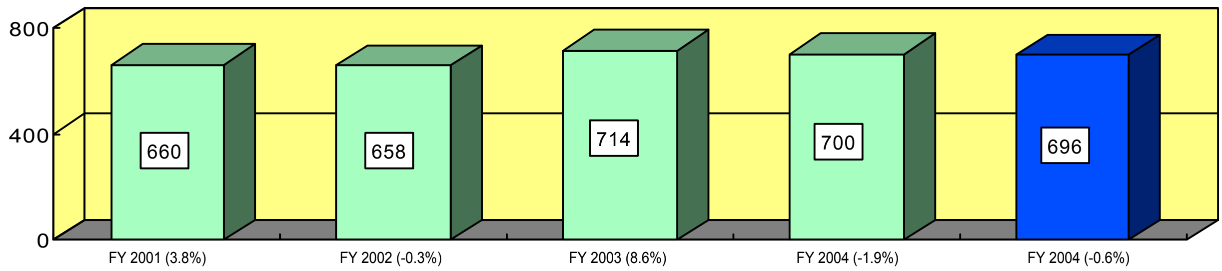
MIC has compiled the penetration status of cable TV services as of the end of March 2006. The number of household subscribers to cable TV operators having head-end facilities with permission (more than 501 terminals) that deliver original programming, is 19.13 million, showing the penetration rate of 38.0% to all households in Japan.
The number of head-end facilities with permission that deliver original programming is 696, and the number of cable TV operators having head-end facilities with permission that deliver original programming is 530.

Subscriber numbers and penetration trends for cable television subscribers using authorized facilities with head-end broadcasting



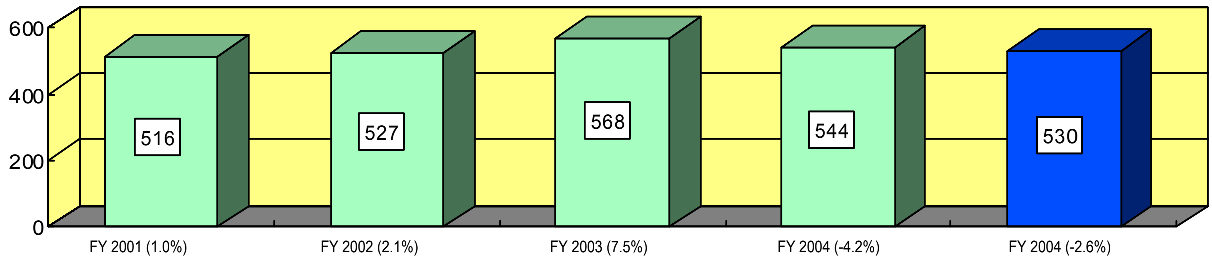
Note 1: Numbers as of the end of the fiscal years. Brackets indicate year on year growth for subscriber household numbers.
Note 2: Penetration rate is calculated from the Basic Register of Residents as of the end of the fiscal year (for FY2005, household numbers at the end of FY2004 were used).

Trends in the number of authorized facilities with head-end broadcasting



Note: Numbers as of the end of the fiscal years. Brackets indicate year on year growth in the number of facilities.

Trends in the number of operators of authorized facilities with head-end broadcasting



Note: Numbers as of the end of the fiscal years. Brackets indicate year on year growth in the number of operators.

NB: Authorized facilities refer to facilities that have duly registered under the Law Concerning Broadcast on Telecommunications Services, and include those broadcasting using broadcasting methods equivalent to authorized facilities under the Cable Television Broadcast Law.

Penetration Status of Cable TV Services

Number of cable television subscriber households

The number of subscriber households stood at 27.44 million, showing an increase of 5.4% year on year.

Category		FY2004	FY2005	Increase number	Rate of increase
Total cable TV		**26,045,963**	**27,440,276**	**1,394,313**	**5.4%**

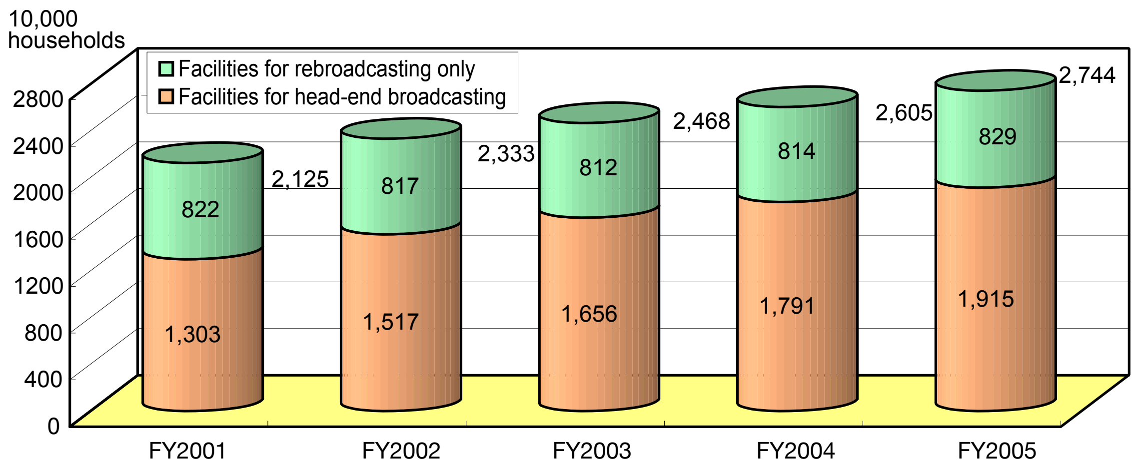
Head-end broadcasters only	Authorized facilities	17,881,820	19,127,988	1,246,168	7.0%
	Registered facilities	27,011	25,671	-1,340	-5.0%
	Sub-total	**17,908,831**	**19,153,659**	**1,244,828**	**7.0%**

Authorized facilities: More than 501 terminals
Registered facilities: Less than 500 terminals

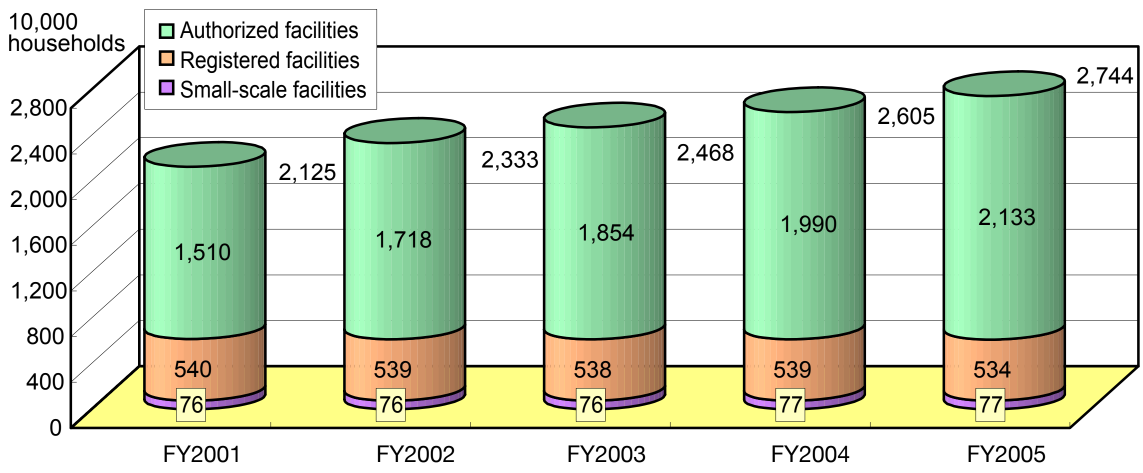
Rebroadcasters only	Authorized facilities	2,013,797	2,201,124	187,327	9.3%
	Registered facilities	5,358,204	5,314,673	-43,531	-0.8%
	Rebroadcasters only	765,131	770,820	5,689	0.7%
	Sub-total	**8,137,132**	**8,286,617**	**149,485**	**1.8%**

Authorized facilities: More than 501 terminals
Registered facilities: Between 51 and 500 terminals
Small-scale facilities: Less than 50 terminals

Trends in household subscriber numbers for head-end broadcasters and rebroadcasters



Trends in household subscriber numbers by scale



Number of cable TV facilities and operators

Number of facilities

The number of facilities stood at 74,940, an increase of 0.3% year on year.

Category		FY2004	FY2005	Increase number	Rate of increase
Total cable TV		**74,751**	**74,940**	**189**	**0.3%**
Head-end broadcasters only	Authorized facilities	700	696	-4	-0.6%
	Registered facilities	248	240	-8	-3.2%
	Sub-total	**948**	**936**	**-12**	**-1.3%**

Authorized facilities: More than 501 terminals
Registered facilities: Less than 500 terminals

Category		FY2004	FY2005	Increase number	Rate of increase
Rebroadcasters only	Authorized facilities	1,182	1,179	-3	-0.3%
	Registered facilities	37,933	37,714	-219	-0.6%
	Rebroadcasters only	34,688	35,111	423	1.2%
	Sub-total	**73,803**	**74,004**	**201**	**0.3%**

Authorized facilities: More than 501 terminals
Registered facilities: Between 51 and 500 terminals
Small-scale facilities: Less than 50 terminals

Number of operators

The number of operators owning cable television facilities stood at 42,971, an increase of 0.4% year on year.

Category		FY2004	FY2005	Increase number	Rate of increase
Total cable TV		**42,814**	**42,971**	**157**	**0.4%**
Head-end broadcasters only	Authorized facilities	544	530	-14	-2.6%
	Registered facilities	132	127	-5	-3.8%
	Sub-total	**676**	**657**	**-19**	**-2.8%**

Authorized facilities: More than 501 terminals
Registered facilities: Less than 500 terminals

Category		FY2004	FY2005	Increase number	Rate of increase
Rebroadcasters only	Authorized facilities	561	553	-8	-1.4%
	Registered facilities	18,747	18,637	-110	-0.6%
	Rebroadcasters only	22,830	23,124	294	1.3%
	Sub-total	**42,138**	**42,314**	**176**	**0.4%**

Authorized facilities: More than 501 terminals
Registered facilities: Between 51 and 500 terminals
Small-scale facilities: Less than 50 terminals

Reference

- Cable Television (End of FY2005)
  - Head-end broadcasting facilities: 936 (657 operators, 19.15 million households)
    - Authorized facilities: 696 (530 operators, 19.13 million households)
    - Registered facilities: 240 (127 operators, 30,000 households)
  - Facilities for rebroadcasting only: 74,004 (42,314 operators, 8.29 million households)
    - Authorized facilities: 1,179 (553 operators, 2.20 million households)
    - Registered facilities: 37,714 (18,637 operators, 5.31 million households)
    - Small-scale facilities: 35,111 (23,124 operators, 770,000 households)