



# Communications News

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## STATISTICS

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

*MIC has compiled the results (prompt report) of the survey on "overall results of Japan's communications industry (telecommunications and broadcasting)," conducted in October 2006, for the third quarter (Q-III) and the fourth quarter (Q-IV) of FY2006.*

- The sales forecast diffusion index (DI)\*1 shows: the telecommunications carriers and cable TV operators continue to be in "plus" (meaning that a majority of carriers and operators expecting an increase of sales). Commercial broadcasters remain in "minus."  
- The business conditions diffusion index (DI)\*2 shows: Telecommunications carriers and cable TV operators continue to be in "plus" (meaning that a majority of carriers and operators expecting an increase of business conditions). Commercial broadcasters continue to be in "minus."

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."

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**Sales forecasts**

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

- Telecommunications carriers continue to indicate a positive trend (a majority of operators expecting an increase in sales), with figures of +19.0 for Q-III and +35.7 for Q-IV.
- The commercial broadcasting business remained on a negative trend with drops of -9.1% for Q-III and -30.3% for Q-IV.
- Cable casting continues to show a major upward trend, with figures of +37.5 for both Q-III and Q-IV.

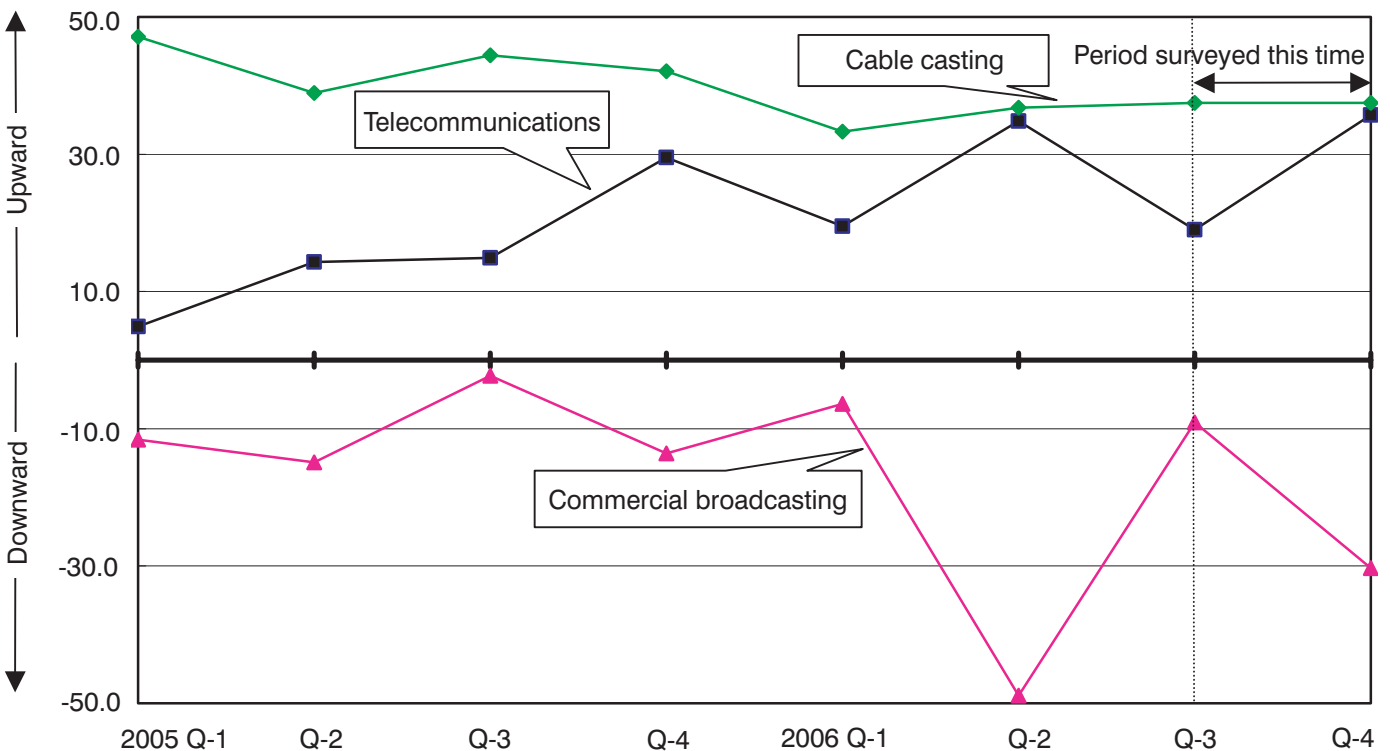
**Table 1 Sales forecast diffusion indices (Unit: percentage points)**

Type of Business	FY2005				FY2006			
	Q-1	Q-2	Q-3	Q-4	Q-1	Q-2	Q-3	Q-4
Telecommunications	4.9	14.3	14.9	29.5	19.5	34.8	19.0	35.7
Broadcasting	5.0	0.0	11.5	3.2	4.6	24.2	6.1	8.2
Commercial broadcasting	11.6	14.9	2.3	13.6	6.4	48.9	9.1	30.3
Cable casting	47.1	38.9	44.4	42.1	33.3	36.8	37.5	37.5
<b>(Reference)</b>								
All industries	0.2	19.5	16.1	13.4	0.1	21.5	16.1	14.5

**Notes:**

1. The sales forecast diffusion index (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-III and Q-IV of FY2006 are estimated at the end of Q-II of FY2006. Other indices are estimated as of the end of the previous quarter.
3. Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (July through September 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 Indices**



### Financial position

The financial position indices for Q-III and Q-IV 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 continued flat for both quarters, and has now been flat for four consecutive quarters (the same rate of companies saying that their financial positions are in surplus and tight).

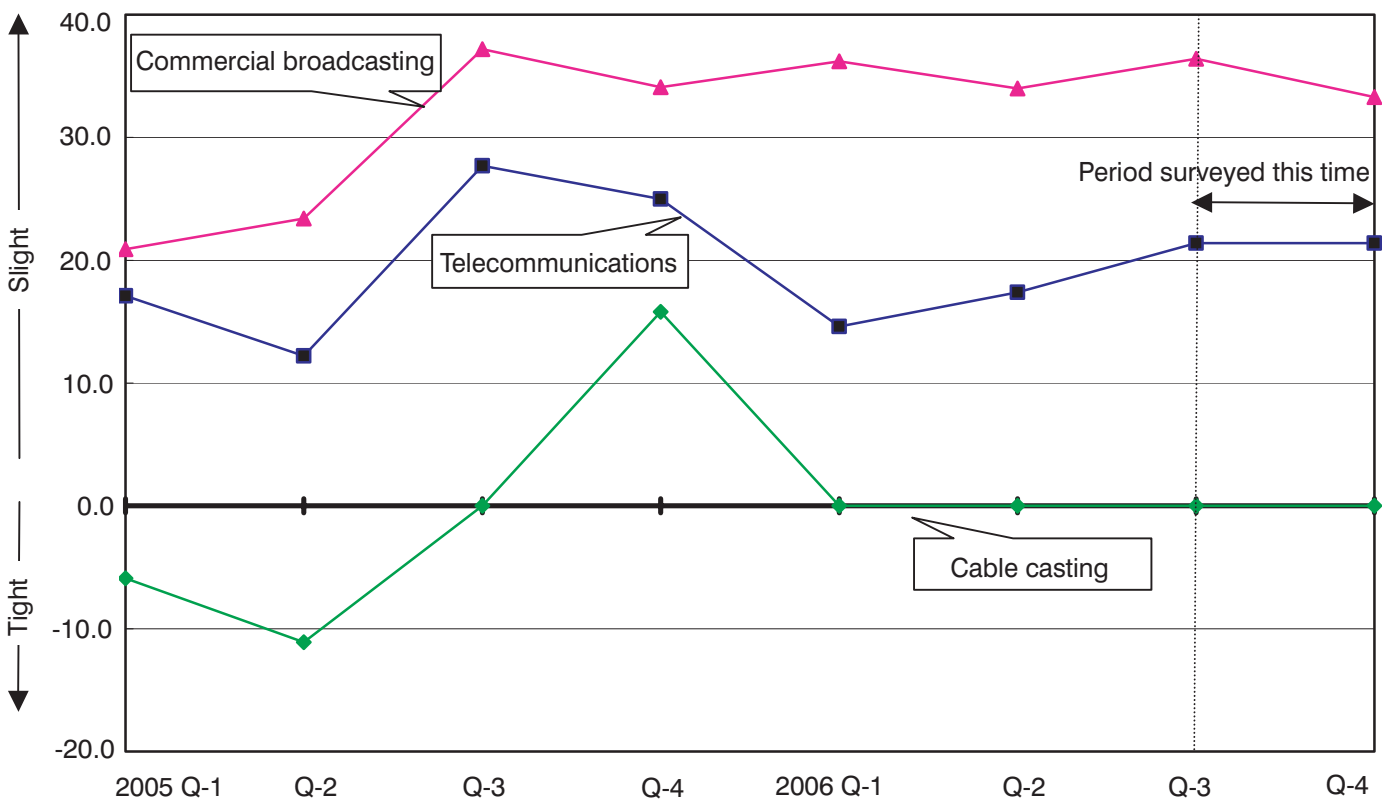
**Table 2 Financial position diffusion indices (Unit: percentage point)**

Type of Business	FY2005				FY2006			
	Q-1	Q-2	Q-3	Q-4	Q-1	Q-2	Q-3	Q-4
Telecommunications	17.1	12.2	27.7	25.0	14.6	17.4	21.4	21.4
Broadcasting	13.3	13.8	26.2	28.6	25.8	24.2	24.5	22.4
Commercial broadcasting	20.9	23.4	37.2	34.1	36.2	34.0	36.4	33.3
Cable casting	5.9	11.1	0.0	15.8	0.0	0.0	0.0	0.0
<b>(Reference)</b>								
All industries	4.5	4.4	3.6	3.3	3.5	2.5	1.5	2.9

**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-III and Q-IV of FY2006 are estimated at the end of Q-II of FY2006. Other indices are estimated as of the end of the previous quarter.
- 3 Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (July through September 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-III and Q-IV 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 +11.9 for Q-III and +12.2 for Q-IV.
- The commercial broadcasting business continues to show negative results, with -18.2 for Q-III and -24.2 for Q-IV.
- The cable television business continues to shown an upward trend with both Q-III and Q-IV at +6.3.

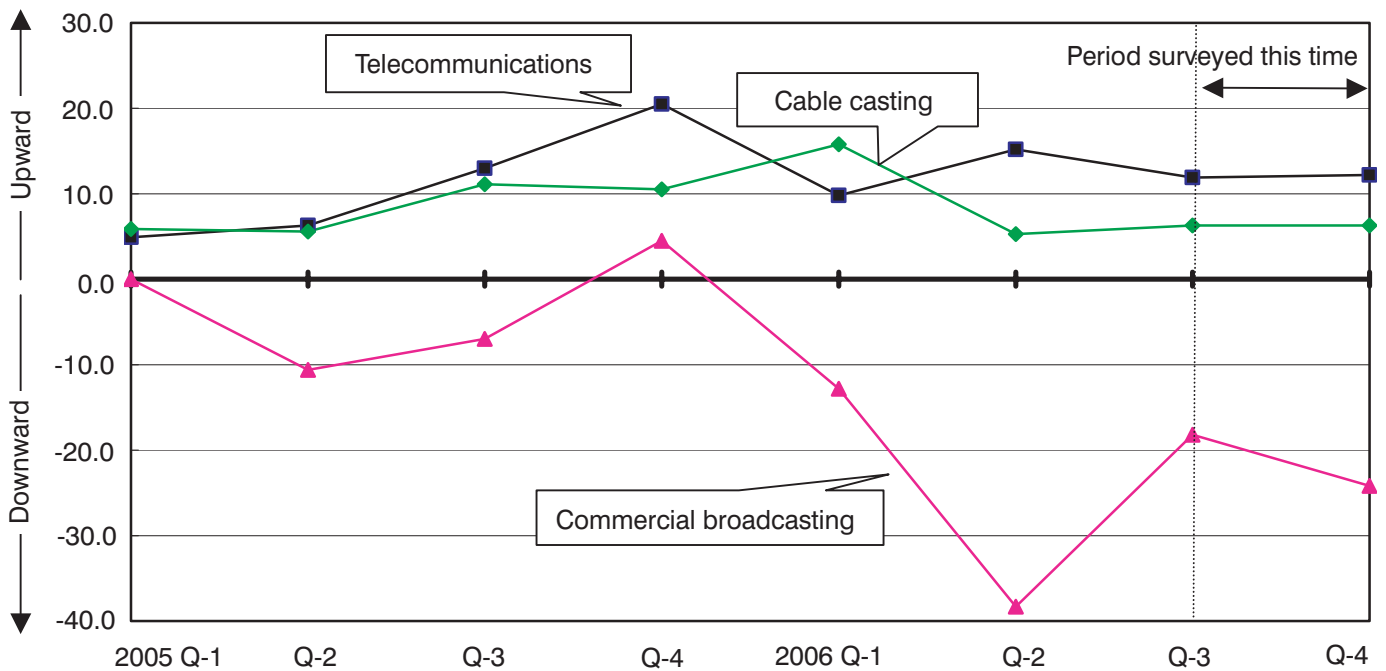
**Table 3 Indices for forecasts on business conditions**

Type of Business	FY2005				FY2006			
	Q-1	Q-2	Q-3	Q-4	Q-1	Q-2	Q-3	Q-4
Telecommunications	4.9	6.3	13.0	20.5	9.8	15.2	11.9	12.2
Broadcasting	1.7	6.2	1.6	6.3	4.5	25.8	10.2	14.3
Commercial broadcasting	0.0	10.6	7.0	4.5	12.8	38.3	18.2	24.2
Cable casting	5.9	5.6	11.1	10.5	15.8	5.3	6.3	6.3
<b>(Reference)</b>								
All industries	0.9	9.7	10.5	6.1	1.8	10.5	10.7	7.9

**Notes**

- 1 The business conditions diffusion index (DI) 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-III and Q-IV of FY2006 are estimated at the end of Q-II of FY2006. Other indices are estimated as of the end of the previous quarter.
- 3 Until the FY2005 survey, the survey was on "Business Conditions in the Industry"
- 4 Figures for "all industries" are those for sales forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (July through September2006)" 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**



## The survey on business trends in the telecommunications industry

The "overall result of Japan's communications 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 FY2005. 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 items

1. Sales, financial position and business conditions forecasts (conducted in July, October, January and April).
2. Sales (conducted every month).

### Response rate

Type of Business	Number of operators surveyed	Number of responses	Response rate (%)
Communications industry overall	133	102	76.7
Telecommunications	63	51	81.0
Broadcasting	70	51	72.9
Commercial broadcasting	50	34	68.0
Cable casting	20	17	85.0

**TOPICS**

## Request to mobile telephone operators concerning encouraging the spread of filtering services to limit access to harmful sites

*In order to encourage the spread of filtering services to limit access to harmful sites in mobile telephones used by minors, MIC made a request on November 20, 2006, to the three mobile telephone operators (NTT DoCoMo, Inc., KDDI Corporation, and SOFTBANK MOBILE Corp.) as well as to the Telecommunications Carriers Association, to strengthen the voluntary measures they are taking.*

### Background to the request

In recent years, minors have been accessing harmful information on the Internet such as so-called online dating sites, and the number of resulting incidents has been on the increase. As part of this, it has become necessary to take measures rapidly with regard to mobile telephones which guardians find difficult to keep an eye on, from the point of view of protecting minors. It is thought that, as far as dealing with harmful information on the Internet, use of filtering services for selective access of information on the user side is effective, but the rate of recognition for filtering services remains at low levels. That is why the Minister of Internal Affairs and Communications made

a request on November 20, 2006 to mobile telephone operators to strengthen the voluntary measures they are taking to promote the spread of filtering services.

### Request contents

In concrete terms, the contents of the request are as follows:

- (1) Plan to strengthen activities to recommend use of filtering services
  - a- In cases where a minor holds the contract, check with the guardian concerning their opinion on the use of filtering services
  - b- Activities to encourage use by existing users
  - c- Strengthen directions to agencies concerning running promotional activities

- (2) Plan to promote greater information and education concerning filtering services

- (3) Work to provide filtering services that respond to user needs

- (4) Implement regular evaluations concerning the spread of filtering services

MIC will continue to work in coordination with the industry and relevant government offices to put in place an environment in which minors can safely use their mobile telephones to connect to the Internet.