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TOPICS

Outcome of Visit to the Kingdom of Cambodia and the People's Republic of China by MIC Minister Hatoyama

Over a 6-day period starting on May 1, 2009, MIC Minister Kunio Hatoyama visited the Kingdom of Cambodia and the People's Republic of China, holding discussions with the heads of state and related government ministries in both countries. At the same time, he signed agreements with the ministers in charge of information and communication technology (ICT) with regard to strengthening the relationships between Japan and the two countries in the field of ICT.

1. Schedule

May 1 to May 6, 2009

2. Countries visited

The Kingdom of Cambodia (Phnom Penh) and the People's Republic of China (Beijing)

3. Outline

- (1) The Kingdom of Cambodia
 - Meetings with Prime Minister Hun Sen, Deputy Prime Minister Sok An, and Minister of Posts and Telecommunications So Khun
 - Signed an agreement with Minister So Khun on cooperation in putting in place an info-communications infrastructure in Cambodia
- (2) The People's Republic of China
 - Meetings with Vice Premier Zhang Dejiang, Minister of Industry and Information Technology Li Yizhong, and Minister of Science and

Technology Wan Gang

- Signed an agreement with Li Yizhong concerning cooperation between the two countries in the field of ICT
- Attendance at Japan-China public-private round table (hosted by China)
- Visited Tsinghua University
- Participated in a discussion with people who had participated in the JET program

Outcome of Visit to Cambodia by MIC Minister

1.Meeting with Prime Minister Hun Sen

- (1) Participants
 - Cambodian side: Prime Minister Hun Sen and others
 - Japanese side: MIC Minister Hatoyama, Japanese ambassador to Cambodia Shinohara, MIC Vice-Minister for Policy Coordination Terasaki, and others

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(2) Outline of meeting

The MIC Minister stated the following:

- Japan is moving towards a gradual donation of 20 used fire engines in order to maintain greater safety and security for the people of Cambodia
- Introduction of items including a maximum Official Development Assistance (ODA) package of 2 trillion yen in relation to the concept to double the scale of Asia's economies recently announced by Prime Minister Aso as part of cooperation with Asia
- Agreement to strengthen cooperation in the field of ICT with the Minister of Posts and Telecommunications

2.Meeting with Deputy Prime Minister Sok An**(1) Participants**

Cambodian side: Deputy Prime Minister Sok An and others

Japanese side: MIC Minister Hatoyama, Japanese ambassador to Cambodia Shinohara, MIC Vice-Minister for Policy Coordination Terasaki, and others

(2) Outline of meeting

The MIC Minister stated the following:

Continuation and strengthening of support for the national ICT plan project through the dispatch of specialists

3.Meeting with Minister of Posts and Telecommunications So Khun**(1) Participants**

Cambodian side: Minister of Posts and Telecommunications So Khun and others

Japanese side: MIC Minister Hatoyama, Japanese ambassador to Cambodia Shinohara, MIC Vice-Minister for Policy Coordination Terasaki, and others

(2) Outline of meeting

The MIC Minister stated the following:

- Implementation of support for putting in place a legal system for the information and communications field
- Implementation of support for putting in place an information and communications infrastructure and improving security
- Signed an agreement concerning cooperation between the two countries on the information and communications field, including matters mentioned above

Outcome of Visit to China by MIC Minister**1.Meeting with Vice Premier Zhang Dejiang**

"Affirming a contribution to the stability of Asian and world economies though the development of the information and communications industries of both countries"

(1) Participants

Chinese side: Vice Premier Zhang Dejiang, Minister of Industry and Information Technology Li Yizhong, and others

Japanese side: MIC Minister Hatoyama, Japanese ambassador to China Miyamoto, MIC Vice-Minister for Policy Coordination Terasaki, and others

(2) Outline of meeting

Discussions took place on the following matters:

- Exchange of ideas on the state of both countries' economies in the current financial crisis and agreement on the awareness that both countries should contribute to the recovery of the global economy by turning Asia into "an open growth center" through cooperation between Japan and China

•Introduction of "ICT Hatoyama Plan" which makes the info-communications industry into a pillar of economic growth strategy

- Based on the previous meeting between the Japanese and Chinese prime ministers, agreement on promoting strengthened cooperation in the field of info-communications as a strategic field

2.Meeting with Minister of Industry and Information Technology Li Yizhong

"Signing of agreement on Japan-China cooperation"

(1) Participants

Chinese side: Minister of Industry and Information Technology Li Yizhong and others

Japanese side: MIC Minister Hatoyama, MIC Vice-Minister for Policy Coordination Terasaki, Minister of Embassy of Japan to China Katayama, and others

(2) Outline of meeting

Agreement on the four points below:

- Cooperation concerning regulatory policy, through activities such as hosting seminars about competitive policies
- Cooperation on contents and applications for third generation mobile phones
- Cooperation in research and development for post-third generation mobile phone technology
- Signed an agreement on strengthened cooperation in the info-communications field, including the above, based on the meeting between the Japanese and Chinese prime ministers

3.Meeting with Minister of Science and Technology Wan Gang

"Deepening the cooperative relationship in the field of post-third generation mobile phones"

(1) Participants

Chinese side: Minister of Science and Technology Wan Gang and others

Japanese side: MIC Minister Hatoyama, MIC Vice-Minister for Policy Coordination Terasaki, Minister of Embassy of Japan to China Katayama, and others

(2) Outline of meeting

Agreement on the following:

- Promoting technological cooperation in looking ahead to the age of next-generation mobile phones

4.Public-Private Round Table

"Strengthening mutual exchanges between the public and private sectors between Japan and China in the field of info-communications"

(1) Government participants

Chinese side: Vice Minister of Industry and Information Technology Xi Guohua and others

Japanese side: MIC Minister Hatoyama, MIC Vice-Minister for Policy Coordination Terasaki, and others

(2) Participants from private-sector companies

Chinese side: China Telecom, China Unicom, China Mobile, Huawei Technologies, Zhong Xing Telecommunications Equipment (ZTE), China Academy of Telecommunication Research, China Mobile Communication Association (CMCA)

Japanese side: NTT Docomo, KDDI, Softbank Mobile, Emobile, Willcom, Yokosuka Research Park (YRP) R&D Promotion Committee, Mobile Content Forum (MCF), Communications Information Network Association of Japan (CIAJ)

(3) Outline

MIC Minister Hatoyama took part as a guest. He emphasized the importance of public-private exchanges between Japan and China in the field of info-communications, and voiced his expectations that there would be concrete progress in private sector cooperative efforts as a result of this meeting.

In addition, there were various presentations from Japanese and Chinese corporations and organizations. Along with deepening exchanges, a memorandum was signed by three organizations, the Yokosuka Research Park (YRP) R&D

Promotion Committee and the Mobile Contents Forum (MCF) from Japan, and the China Mobile Communication Association (CMCA), to promote the establishment of Japan & China Mobile Broadband Promotion Committee (JCMB).

5. Others

(1) Visit to Tsinghua University

Following a discussion with Secretary Hu Heping on the strengthening of cooperation in the field of ICT, there was a visit of the university campus.

(2) Discussion with people who had participated in the JET program

Finding out what participants in the JET program had been doing after returning home

TOPICS

Results of Third Japan-Russia ICT Forum Held in Conjunction with the Visit to Japan of Prime Minister Putin

MIC held a Japan-Russia Information and Communication Technology (ICT) Forum to correspond with the timing of the visit to Japan by Prime Minister Putin in order to work towards the promotion of public-private collaboration in the ICT field as well as support the development of Japanese companies in Russia in the ICT field.

Results of Third Japan-Russia ICT Forum

(1) Date

May 13, 2009

(2) Place

4th Special Conference Room,
Mita Kaigisho (Conference Center)

(3) Participants (private sector corporations are shown in alphabetical order)

Japan: MIC Vice-Minister for Policy Coordination Terasaki, Director-General for International Affairs Tani (Global ICT Strategy Bureau), Director Makiguchi (International Economic Affairs Division, Global ICT Strategy Bureau), Fujikura Ltd., Kyocera Corporation, NEC Corporation, Sharp Corporation, Sony Corporation and others

Russia: Alexey Soldatov, Deputy Minister of Telecom and Mass Communications, Oleg Chutov,

the head of the Department of Scientific and Strategic Development, Anna Kucherevskaya, Deputy Head of Division of International Cooperation, Rostelecom, TTK and others

(4) Results

There were reports from both MIC and the Russian Ministry of Telecom and Mass Communications concerning the current status of ICT policy. In addition, private sector companies from both countries made announcements concerning new services in the ICT field, including broadband services and mobile phone services, and held a lively discussion.

(5) Reference (Results of 4th Inter-Governmental ICT Meeting)

Ahead of this particular forum, MIC held the 4th Inter-Governmental

ICT Meeting at MIC with Russia's Ministry of Telecom and Mass Communications on May 12. The meeting was between MIC Vice-Minister for Policy Coordination Terasaki and Alexey Soldatov, Deputy Minister of Telecom and Mass Communications. Along with a discussion on the cooperative relationship between the two countries in the field of ICT, MIC took the necessary steps to support the development of ICT by Japanese companies.

Future approach

MIC will take into consideration the results of this forum as well as the inter-governmental meeting and will take steps in the future to strengthen collaboration between Japan and Russia in the field of ICT as well as supporting the development of ICT by Japanese companies

STATISTICS

Results of April 2009 Survey on Japan's Communications Industry (Flash Report)

MIC has compiled the results (flash report) of the survey on Japan's communications industry conducted in April 2009, as shown below.

•Sales forecast diffusion index*1:

The telecommunications business showed a negative trend in the first quarter of fiscal year 2009, and a positive trend in the second quarter. Commercial broadcasting showed a negative trend for both quarters, and the cable TV business showed a positive trend for both quarters.

•Financial forecast diffusion index*2: This stood at zero for the telecommunications business in the first quarter of fiscal year 2009, and was positive for the second quarter. Both commercial broadcasting and the cable TV business were positive for both quarters.

•Business conditions diffusion index*3: The telecommunications business showed a negative trend in the first quarter of fiscal year 2009, and a positive trend in the second quarter. Commercial broadcasting showed a negative trend for both quarters, whereas the cable TV business showed a positive trend for the first quarter and zero for the second quarter.

Notes:

1. Sales forecast diffusion index (DI): the "percentage of companies predicting an increase in sales" minus the "percentage of companies predicting a decrease in sales"

2. Financial forecast diffusion index (DI): the "percentage of companies predicting they will be financially better off" minus the "percentage of companies predicting they will be financially worse off"

3. Business conditions diffusion index (DI): the "percentage of companies predicting improvement in business conditions" minus the "percentage of companies predicting decline in business conditions"

The survey on Japan's communications industry

The survey on Japan's communications industry is designed to promptly grasp the management trends in the communications industry (telecommunications and broadcasting). The survey has been carried out on sales, sales forecasts etc. since April 1995 (by sending questionnaire sheets and receiving responses via fax or as input over the Internet).

Survey target

Based on the sales share in each business category (e.g., telecommunications and commercial broadcasting) in FY2006, a total of 133 companies in the overall communications industry were allocated to determine the number of samples for each business category. In order to minimize the standard error, the data was processed in two steps for each business category, on a total sample basis and on a random sampling basis, and the number of samples was determined for each step. With regard to the total sample basis, top companies in sales were extracted until the number of companies reached the determined number of samples. Random sampling was then conducted from the remaining population.

Survey items

- (1) Sales conditions (surveyed monthly)
- (2) Sales forecast, financial forecast, and business conditions (surveyed quarterly)

Response rate (for current flash report)

Category	Number of operators surveyed	Number of responses	Response rate (%)
Communications industry overall	122	90	73.8
Telecommunications	53	36	67.9
Broadcasting	69	54	78.3
Commercial broadcasting	50	39	78.0
Cable TV	19	15	78.9

Note: Due to mergers between companies, the number of operators surveyed is 11 fewer than the number for fiscal year 2008.

Sales Forecast

The sales forecast indices for the first and second quarters of fiscal year 2009 are as follows:

• Even though the telecommunications business turned negative (a majority of

operators predicting a decrease in sales) at -3.1 for the first quarter, there is an improvement to positive (a majority of companies predicting an increase in sales) for the second quarter at +15.6.

• Commercial broadcasting is

seeing an ongoing negative trend with -53.8 and -53.8 respectively.

• Cable TV continues to show a positive trend with +40.0 and +53.3 respectively.

Table 1: Sales forecast diffusion indices

Category	FY2007		FY2008				FY2009	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Communications industry overall	1.8	3.6	1.9	▲ 0.9	10.0	▲ 19.3	▲ 18.6	▲ 9.3
Telecommunications	34.0	25.5	17.1	29.3	27.8	14.0	▲ 3.1	15.6
Broadcasting	▲ 20.9	▲ 12.3	▲ 7.6	▲ 19.1	▲ 1.9	▲ 40.9	▲ 27.8	▲ 24.1
Commercial broadcasting	▲ 41.7	▲ 37.0	▲ 27.7	▲ 42.0	▲ 29.7	▲ 72.9	▲ 53.8	▲ 53.8
Cable TV	31.6	47.4	42.1	44.4	58.8	44.4	40.0	53.3

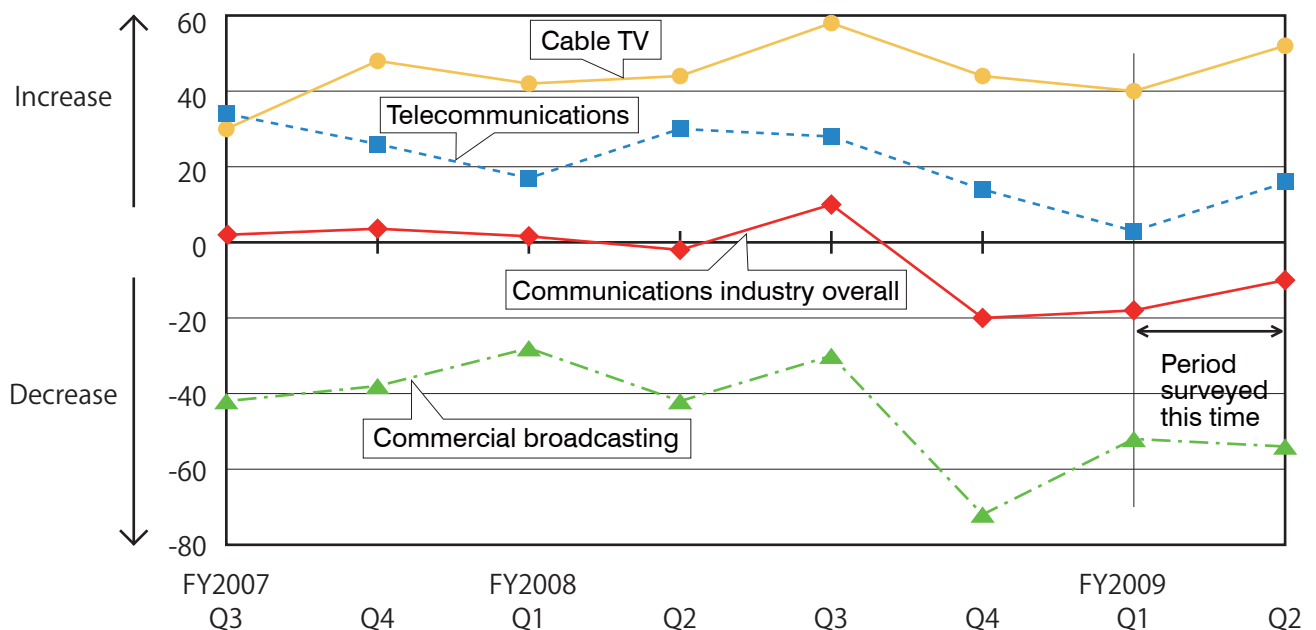
(Reference)

All industries	11.8	5.0	▲ 8.1	▲ 11.1	▲ 22.0	▲ 41.2	▲ 24.3	▲ 2.9
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Notes:

1. Sales forecast diffusion index (DI): the "percentage of companies predicting an increase in sales" minus the "percentage of companies predicting a decrease in sales"
2. Indices for Q1 and Q2 of FY2009 are estimated at the end of Q4 of FY2008. 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 (January through March 2009)" 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 Forecast

The financial forecast diffusion indices for the first and second quarters of fiscal year 2009 are as follows:

- Even though there was a deterioration to zero in the

telecommunications business (an equal number of companies predicting they will be financially better off and worse off), the figures for the second quarter show an improvement (a majority of operators predicting they will be

financially better off) to +3.1 in the second quarter.

- Commercial broadcasting retains a positive trend with +28.2 and +17.9 respectively.

- Cable TV retains a positive trend with +13.3 and +13.3 respectively

Table 2: Financial forecast diffusion indices

Category	FY2007		FY2008				FY2009	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Communications industry overall	17.4	17.0	15.9	31.4	27.8	17.4	15.1	11.6
Telecommunications	14.9	17.0	14.6	24.4	22.2	9.3	0.0	3.1
Broadcasting	19.1	16.9	16.7	35.9	31.5	22.7	24.1	16.7
Commercial broadcasting	27.1	21.7	25.5	39.1	40.5	22.9	28.2	17.9
Cable TV	0.0	5.3	▲ 5.3	27.8	11.8	22.2	13.3	13.3

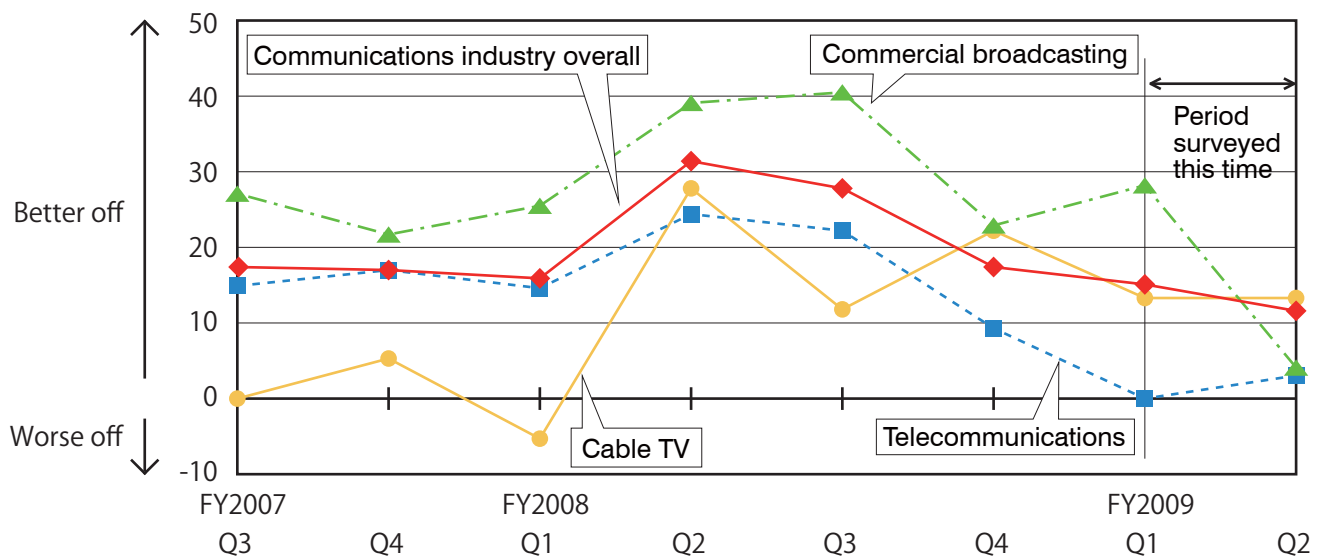
(Reference)

All industries	▲ 0.8	▲ 0.8	▲ 0.1	▲ 2.6	▲ 9.7	▲ 17.9	▲ 9.0	▲ 4.1
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Notes

1. Financial forecast diffusion index (DI): the "percentage of companies predicting they will be financially better off" minus the "percentage of companies predicting they will be financially worse off"
2. Indices for Q1 and Q2 of FY2009 are estimated at the end of Q4 of FY2008. Other indices are estimated as of the end of the previous quarter.
3. Figures for "all industries" are those for financial forecasts of large-scale corporations, excerpted from the "Business Outlook Survey (January through March 2009)" of the Economic and Social Research Institute, Cabinet Office, and the Policy Research Institute, Ministry of Finance.

Fig. 2: Trends in financial forecast diffusion indices



Business Conditions

The business conditions diffusion indices (by companies on their own outlook) for the first and second quarters of fiscal year 2009 are as follows:

- The telecommunications business remains on a downward trend (a majority of companies

predicting decline in business conditions) for the first quarter, at -6.3, but the trend turns positive (a majority of companies predicting improvement in business conditions) for the second quarter at +3.1.

- Commercial broadcasting is seeing an ongoing negative trend

with -61.5 and -53.8 respectively.

- Cable TV has shifted from a positive trend of +6.7 in the first quarter to zero (an equal number of companies predicting improvement and decline in business conditions) for the second quarter.

Table 3: Business conditions diffusion indices

Category	FY2007		FY2008				FY2009	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Communications industry overall	▲ 3.5	▲ 4.5	▲ 1.9	▲ 9.5	▲ 2.2	▲ 28.4	▲ 29.1	▲ 23.3
Telecommunications	23.4	14.9	14.6	14.6	19.4	▲ 2.3	▲ 6.3	3.1
Broadcasting	▲ 22.4	▲ 18.5	▲ 12.1	▲ 25.0	▲ 16.7	▲ 45.5	▲ 42.6	▲ 38.9
Commercial broadcasting	▲ 35.4	▲ 30.4	▲ 25.5	▲ 41.3	▲ 27.0	▲ 64.6	▲ 61.5	▲ 53.8
Cable TV	10.5	10.5	21.1	16.7	5.9	5.6	6.7	0.0

(Reference)

All industries	0.5	▲ 9.3	▲ 15.2	▲ 10.2	▲ 35.7	▲ 51.3	▲ 24.8	▲ 7.0
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Notes

1. Business conditions diffusion index (DI): the "percentage of companies predicting improvement in business conditions" minus the "percentage of companies predicting decline in business conditions"
2. Indices for Q1 and Q2 of FY2009 are estimated at the end of Q4 of FY2008. Other indices are estimated as of the end of the previous quarter.
3. Figures for "all industries" are those for business conditions of large-scale corporations, excerpted from the "Business Outlook Survey (January through March 2009)" of the Economic and Social Research Institute, Cabinet Office, and the Policy Research Institute, Ministry of Finance.

Fig. 3: Trends in business conditions diffusion indices

