



# Communications News

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## STATISTICS

### Outline of 2007 Information and Communications in Japan White Paper

MIC announced the 2007 Information and Communications in Japan White Paper on July 3, 2007. The special theme of this year's white paper was the "Advancement of Ubiquitous Economy and Globalization," with an analysis of the potential capacity of ubiquitous networks for social and economic development, and the new possibilities brought about by the globalization of information and communications networks. The outline of the special feature of the white paper is as follows.

#### The advancement of ubiquitous networks and economic growth

A ubiquitous index was developed as an index to show the state of development of ubiquitous networks, from the two angles of the growth of penetration and the deepening of usage.

Looking at the movement of the ubiquitous index, one can see that Japan's ubiquitous networks have grown rapidly since about 1995, but this coincides with the period in which the penetration of personal computers, the Internet and mobile telephones increased rapidly. Year on year growth rates peaked in 2001 and have slowed considerably since then, so one could conclude that this shows a settling of growth in penetration with that period as the peak. On the other hand, in conjunction with the deepening of usage which is expected from now on, it could be anticipated that the growth in ubiquitous networks could pick up pace again.

Next, with regard to the scale of impact of the advancement of ubiquitous networks on Japan's economic development, the results of a simulation that was carried out using a macro production function model, showed that if Japan's economy grows steadily and fully reflects the potential of ubiquitous networks, the real GDP growth rate from 2007 to 2010 would be approximately 1.0 to 1.1 points higher than when compared to a scenario in which the economy does not grow steadily and does not fully reflect the potential of ubiquitous networks. This makes it obvious how important it is for Japan's future economic growth to realize the potential of ubiquitous networks.

#### The current state of the information and communications industry

The nominal value of domestic production by the information and communications industry in 2005 came to 93.7 trillion yen,

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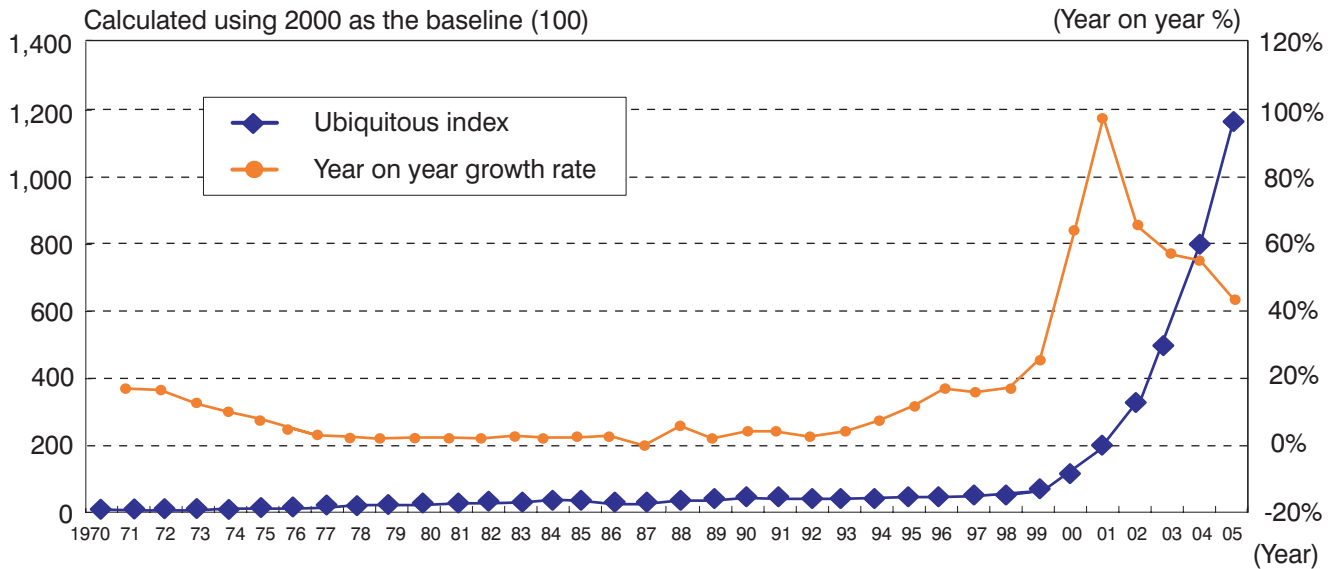
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accounting for 9.9% of the nominal production value of 947 trillion yen for all industries combined. Other industries such as wholesaling (6.9%) and construction (6.8%) account for relatively high percentage values, but the information and communications

industry is the largest among all industries. Looking at real GDP trends, the information and communications industry grew at an average annual rate of 7.3% between 1995 and 2005, which is the highest rate of growth among all industries. In addition, real GDP

growth rate for all industries in 2005 was at 2.2%, to which the information and communications industry contributed 0.9%, showing that information and communications has the highest impact of all industries on Japan's economic growth.

**Ubiquitous Index Trends**



**The international competitiveness of the information and communications industry**

Along with the globalization of information and communications networks, it is vital for the future growth of Japan's information and communications industry to increase its competitiveness when compared to overseas information and communications industries. In that field, one can see when comparing the competitiveness of Japan, the United States and China that Japan is losing its competitiveness rapidly all around, in global market share for major information and communications equipment and share in export value.

Between 1997 and 2005, Japan's global market share and export share of almost all information and communications products fell. Looking at global market shares, Japan held more than 50% of the global market for products such as DVD players,

LCD panels and digital cameras in 1997, but by 2005 the only product for which it still held more than 50% share was digital cameras. On the other hand, whereas the United States saw its export share of many products fall, it is still maintaining high global market shares, making it clear that it maintained its competitiveness by moving production overseas. In the case of China, it has widely increased its export share for many products against a background of concentrating production facilities.

Looking at the profit margins of major information and communications vendors between 1996 and 2005, average profit margins of 13.0%, 7.2% and 12.3% for the USA, Europe and South Korea respectively compare to 4.1% for Japanese vendors, starkly demonstrating the low profit margins of Japanese vendors.

**The deepening of ubiquitous networks**

The penetration of the Internet

among the population stood at 68.5% in 2006, with an estimated user base of 87.54 million people. The growth in the user population has slowed down in recent years, but continues on an upward trend.

The growth in contract number for broadband lines also continued, with an increase of 3.14 million year on year to 26.44 million. Looking at the breakdown, the number of DSL contracts fell for the first time but there was a big growth in the number of contracts for FTTH, making the big increase in FTTH usage clear.

In addition, usage of mobile telephones and PHS which make up the equipment looking to take up the central role in driving the deepening of the ubiquitous networks that are linked in to the anytime anywhere networks, grew by 1.63 million to 70.86 million users.

**The state of usage of information and communications networks as seen by user attribute**

In the realization of a ubiquitous society, it is important to ensure that there will not be any major gaps (digital divides) in the use of information and communications networks based on age, gender, size of cities, age or other factors. In this, looking at the state of usage of information and communications networks by user attribute, it is clear that whereas there is an overall growth in the state of usage

of information and communications networks, there is a growing trend towards gaps, especially gaps due to the size of cities. This shows that the use of information and communications networks is not necessarily growing steadily in areas where the population is small.

Looking at the state of Internet and broadband usage by attribute category, it is clear that the higher annual income is, the higher usage is. There is a danger that the availability of access to information will see an even greater link to

economic status in the future.

On the other hand, when looking at Internet usage by age group, all age groups are seeing increases in usage, and the 60 and above age group which showed the lowest growth rate is now showing noticeable increase, with the age groups between 60 to 79 showing growth rates of over 20 points. This makes it clear that the generation-based usage gap has diminished when compared to three years ago.

**The state of Internet usage by age group**

