



Communications News

Vol. 19 No. 9
August 15, 2008

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.

STATISTICS

Quarterly Data concerning Competition Review in the Telecommunications Business Field

MIC has been carrying out its Competition Review in the Telecommunications Business Field (referred to below as "competition review") since fiscal year 2003. This provides precise monitoring of the current conditions in the fast-changing telecommunications business field, against a background of the shift to IP and to broadband, and the development of ubiquitous networks, and has for its aim to analyze and evaluate whether there is appropriate competition.

It is desirable to release as much data as possible from what data is gathered for analysis in the competition review. This is why, as part of the analysis of the data that has been noticed by the supply side, market share data is released on a quarterly basis in parallel with the once-yearly monitoring results from the competition review. This document introduces an outline

concerning market share data as of the third quarter of fiscal year 2007 (ending December 2007).

Fixed Communications Increase in numbers used for IP phones

The competition review considers fixed communications to consist of NTT subscriber telephones, dedicated-line telephones, 0ABJ-IP phones and CATV phones. Trends here show an ongoing minor decline since 1998. However, if one looks at a breakdown of these figures, the downturn is not universal. Dedicated-line telephones and 0ABJ-IP phones are both increasing, with the increase in the latter category particularly noticeable. The graph below shows the trend in the number of IP phone numbers (0ABJ and 050 number phones) in use.

CONTENTS

STATISTICS

Quarterly Data concerning Competition Review in the Telecommunications Business Field

..... 1

**International Policy Division,
International Affairs Department,
Telecommunications Bureau,
Ministry of Internal Affairs and
Communications (MIC)**

1-2, Kasumigaseki 2-chome, Chiyoda-ku, Tokyo 100-8926, Japan
Fax: +81-3-5253-5924
Tel: +81-3-5253-5920

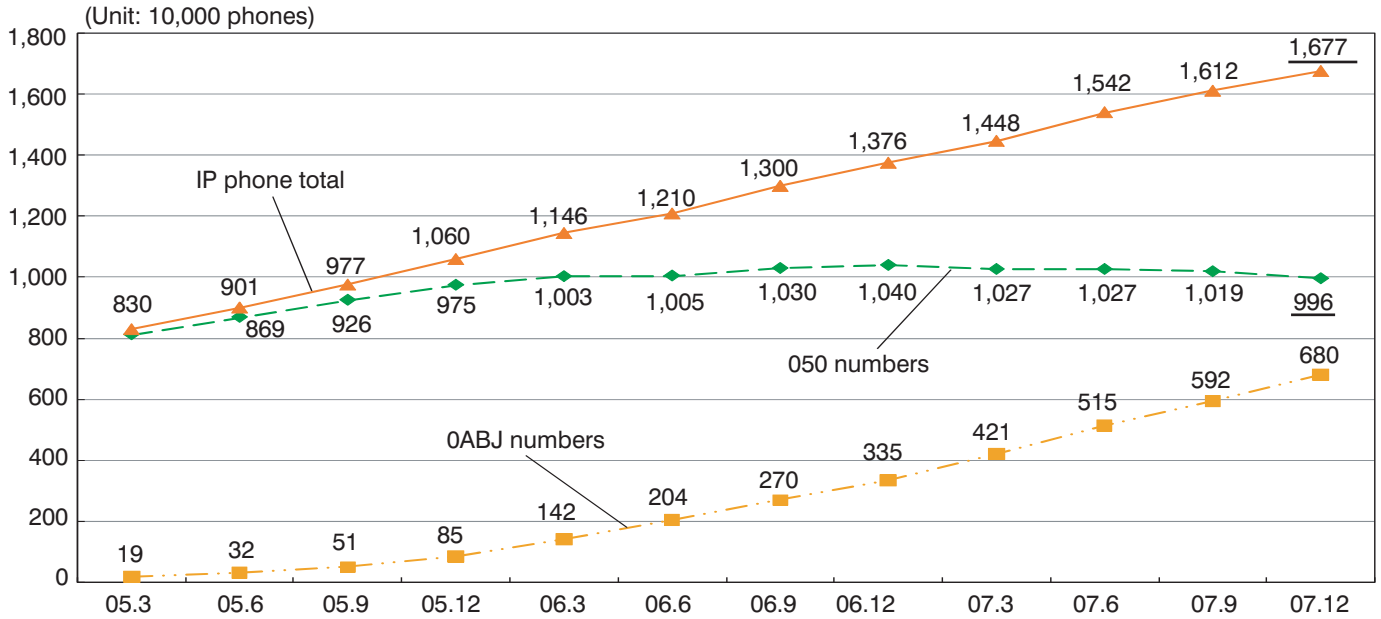
We welcome your comments via:
http://www.soumu.go.jp/joho_tsusin/eng/contact.html

MIC Communications News 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.

Figure 1: Trends in numbers in use for IP phones

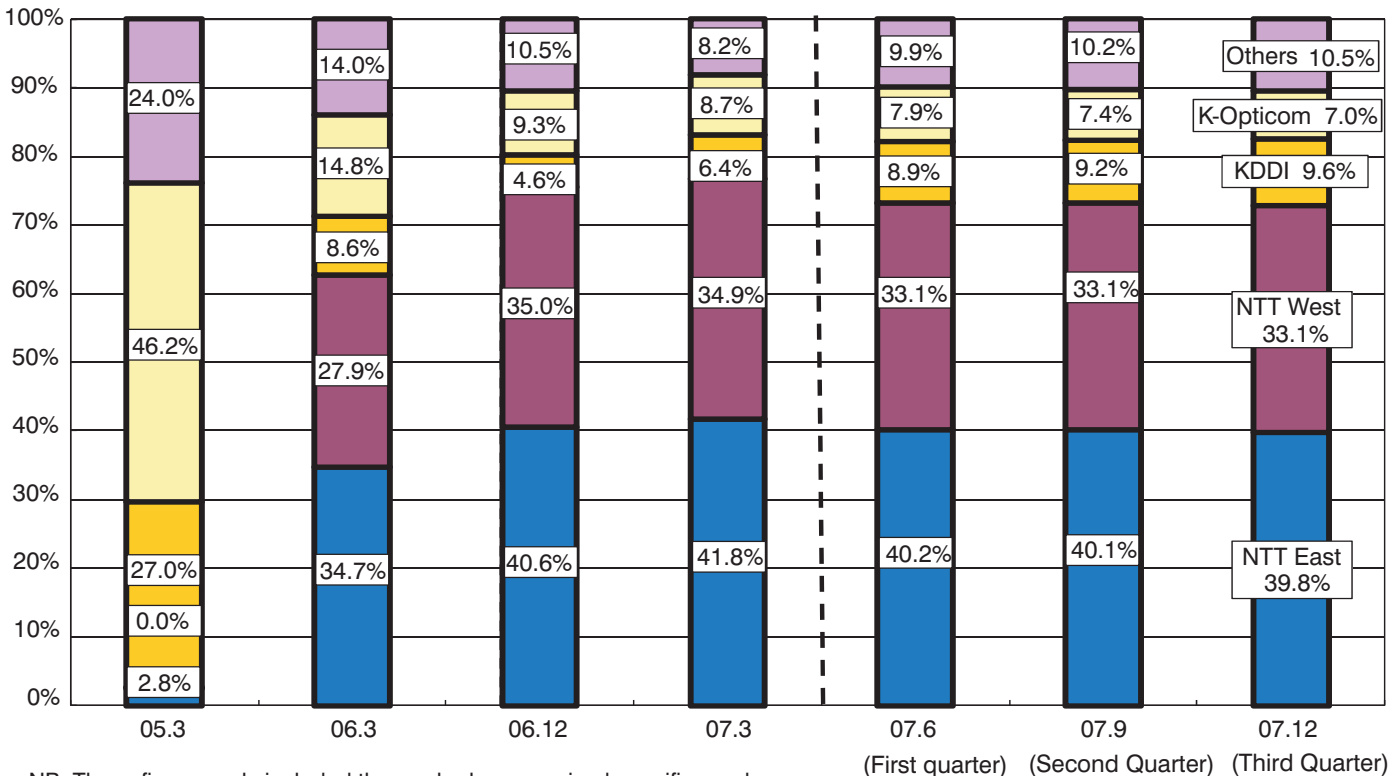


The number of IP phone numbers in use reached 16.77 million as of the end of December 2007. 050 numbers were already showing a slight declining trend, so that the increase in the IP phone numbers in use is due to the increase in use

of OABJ numbers. The increase in OABJ-IP phones continues, spurred on by the growth in FTTH, which will be addressed later on. Shares by OABJ carrier give NTT East and West 72.9% (a slight decrease of 0.3% over the previous quarter),

whereas KDDI has increased its share. It is conceivable that this increase in OABJ-IP phones also includes users who are migrating from NTT fixed line phones to OABJ-IP phones.

Figure 2: Trends in share by carrier for IP phone numbers in use (OABJ numbers)



NB: These figures only included those who have received specific numbers.

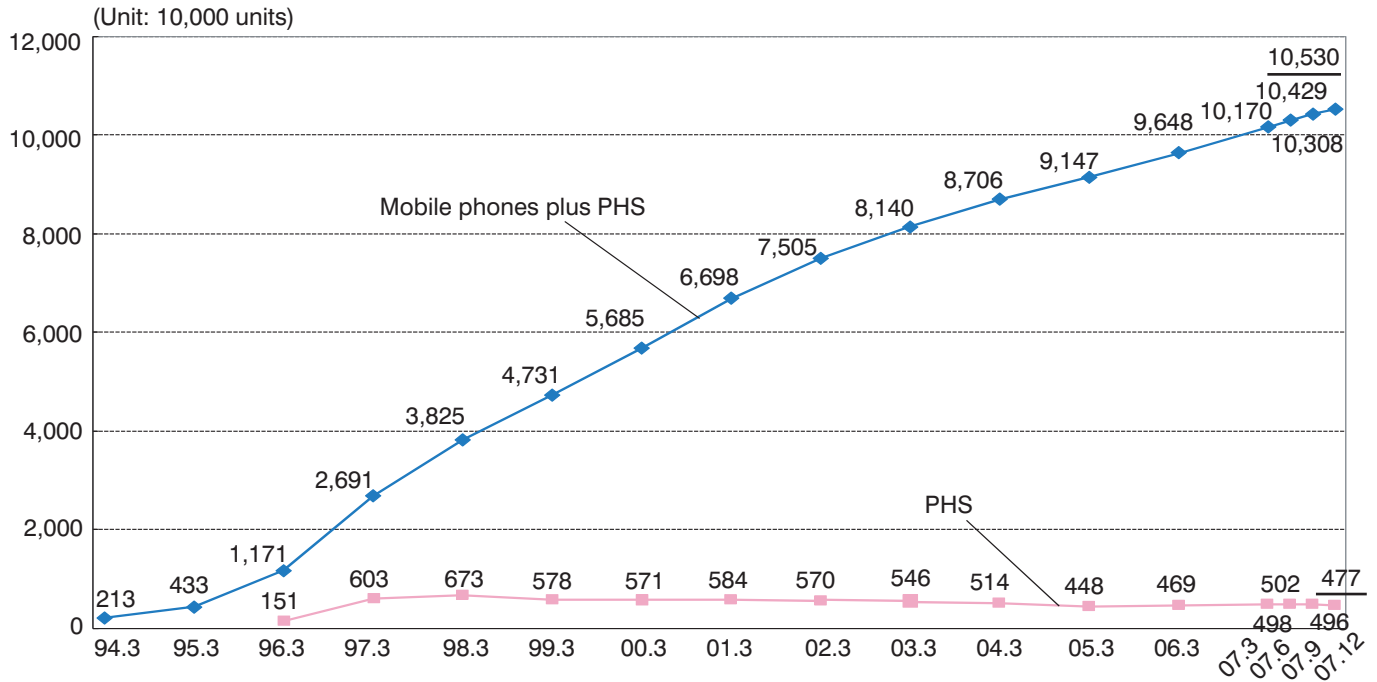
**Mobile Communications
KDDI and SoftBank increasing
their market share**

In the mobile communications field which sees competition between mobile telephones and PHS, the

number of subscriber is on an upward trend, hitting the 100 million contract mark in January 2007, and reaching 105.3 million (an increase of 1.0% over the previous quarter) by the end of December 2007. But

if one looks at just PHS, the trend is downward with a drop of 250,000 to 4.77 million (down 3.8% over the previous quarter). This is what it looks like when shown on a graph.

Figure 3: Trends in subscription numbers for mobile telephones and PHS

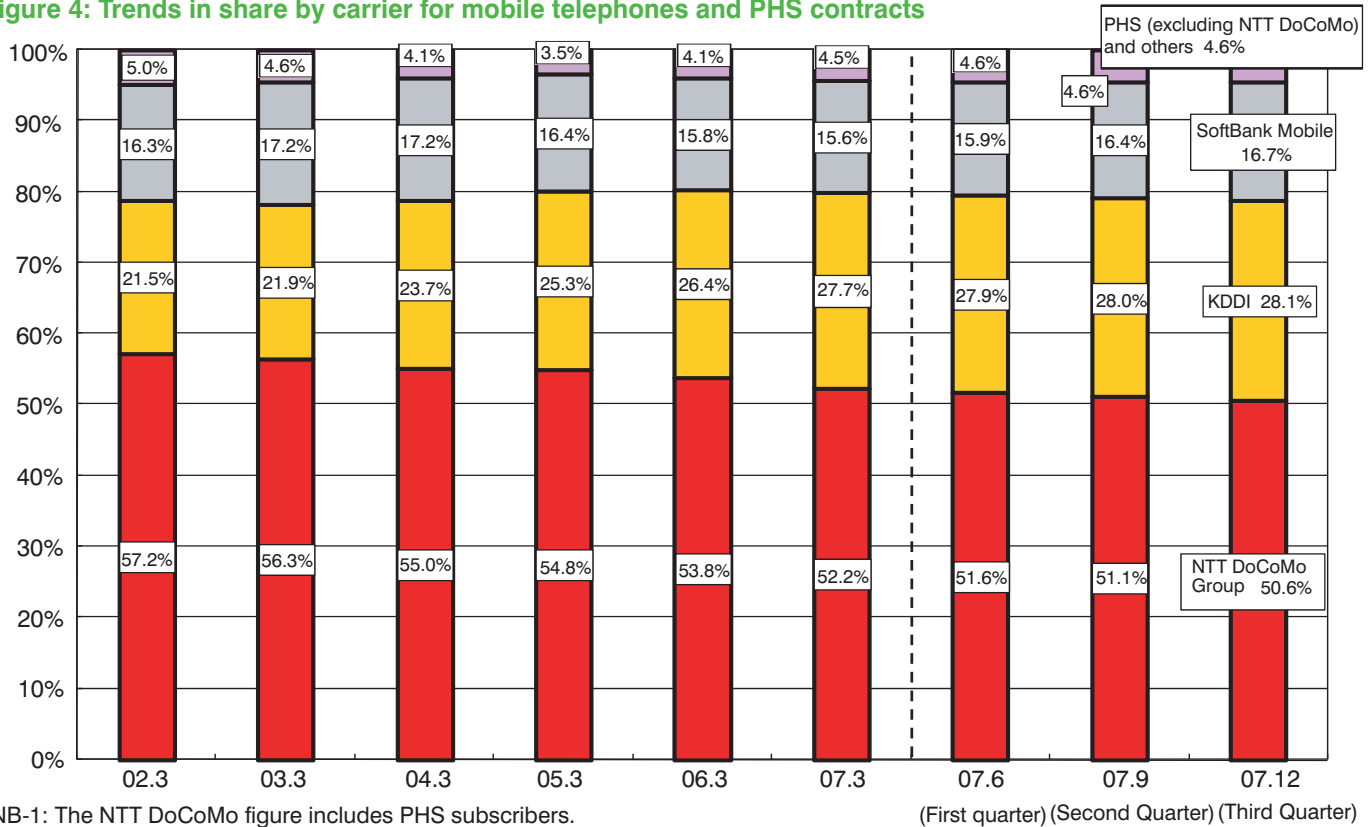


Looking at market share by carrier, NTT DoCoMo has 50.6% share (a drop of 0.5% over the previous quarter) and is seeing a decrease

in share, whereas KDDI at 28.1% (an increase of 0.1% over the previous quarter) and SoftBank Mobile at 16.7% (an increase of

0.3% over the previous quarter) have been increasing their share.

Figure 4: Trends in share by carrier for mobile telephones and PHS contracts



NB-1: The NTT DoCoMo figure includes PHS subscribers.

NB-2: The TU-KA Group merged with KDDI (au) on October 1, 2005.

NB-3: The SoftBank Mobile figures prior to the end of September 2006 consist of the old Vodafone subscribers.

(Source: MIC and Telecommunications Carriers Association)

Internet Connections

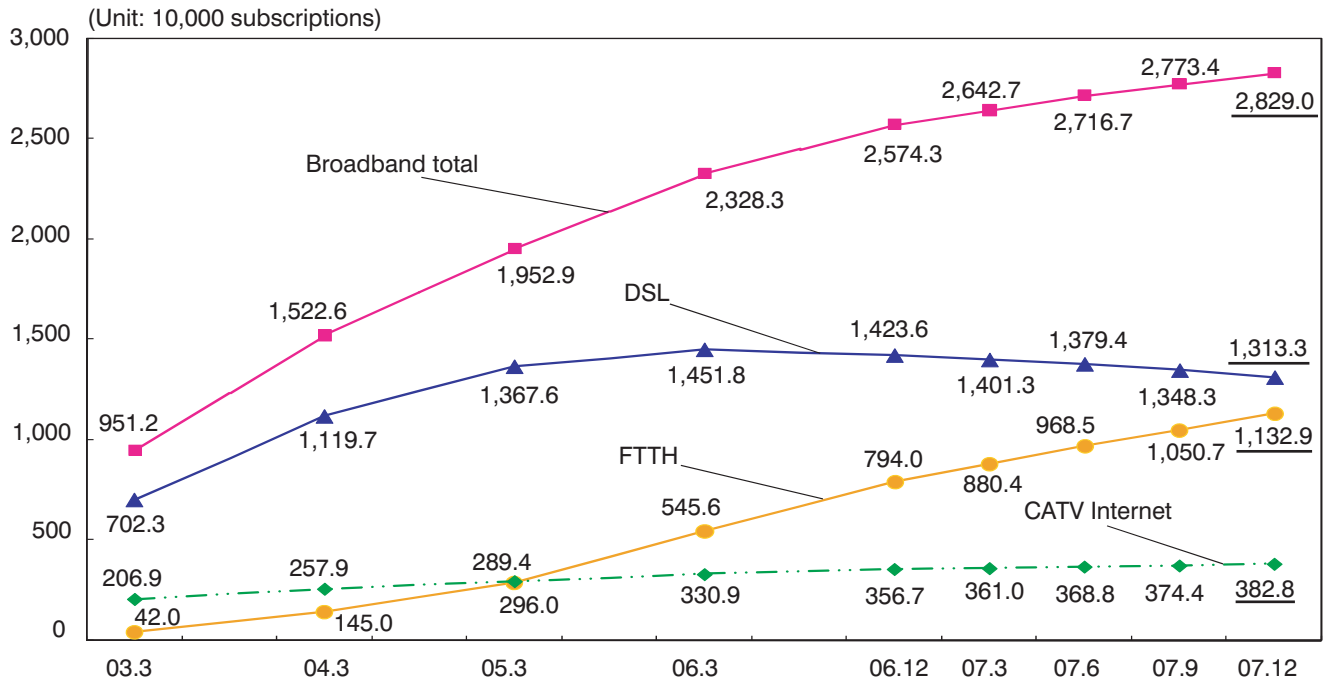
Market share for NTT East and West continues on an upward trend for broadband and FTTH

The Internet connection field was divided up into DSL, CATV Internet and FTTH for the broadband market, and analyzed. The total number of broadband subscribers remains on an upward trend,

totaling 28.29 million (an increase of 2.0% over the previous quarter) as of the end of December 2007. Looking at market share by carrier, NTT East and West held 45.8% (an increase of 3.7% year on year), continuing their increase. But, just as is the case with fixed telephones, a look at the breakdown reveals that not all

broadband services were on an upward trend but that, from 2006, DSL started to decrease whereas CATV Internet and FTTH continued to increase. The growth rate for FTTH is particularly noticeable, and it looks like the migration from DSL to FTTH is steadily following its course. The graph for these figures looks as follows:

Figure 5: Trends in broadband subscription numbers

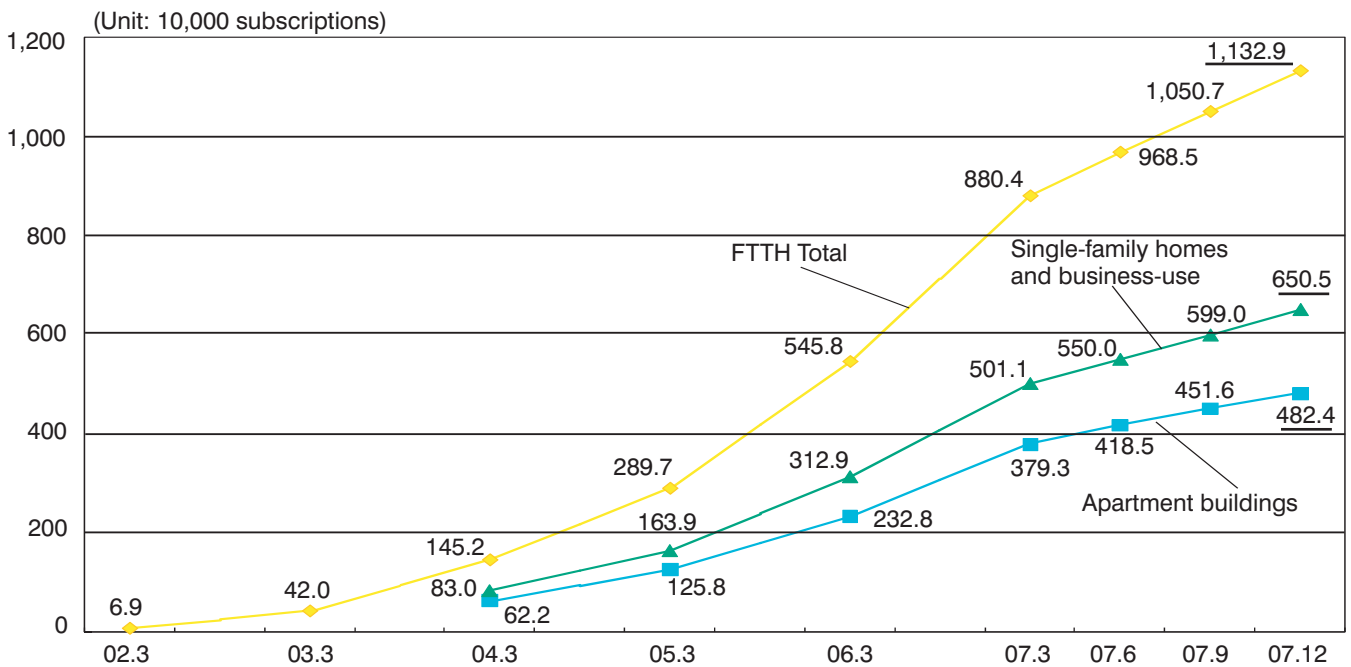


If one then takes a closer look at FTTH to which subscribers have been migrating, FTTH subscription

numbers stood at 11.329 million as of the end of December 2007 (an increase of 7.8% over the previous

quarter), clearly on an upward trend.

Figure 6: Trends in FTTH subscription numbers

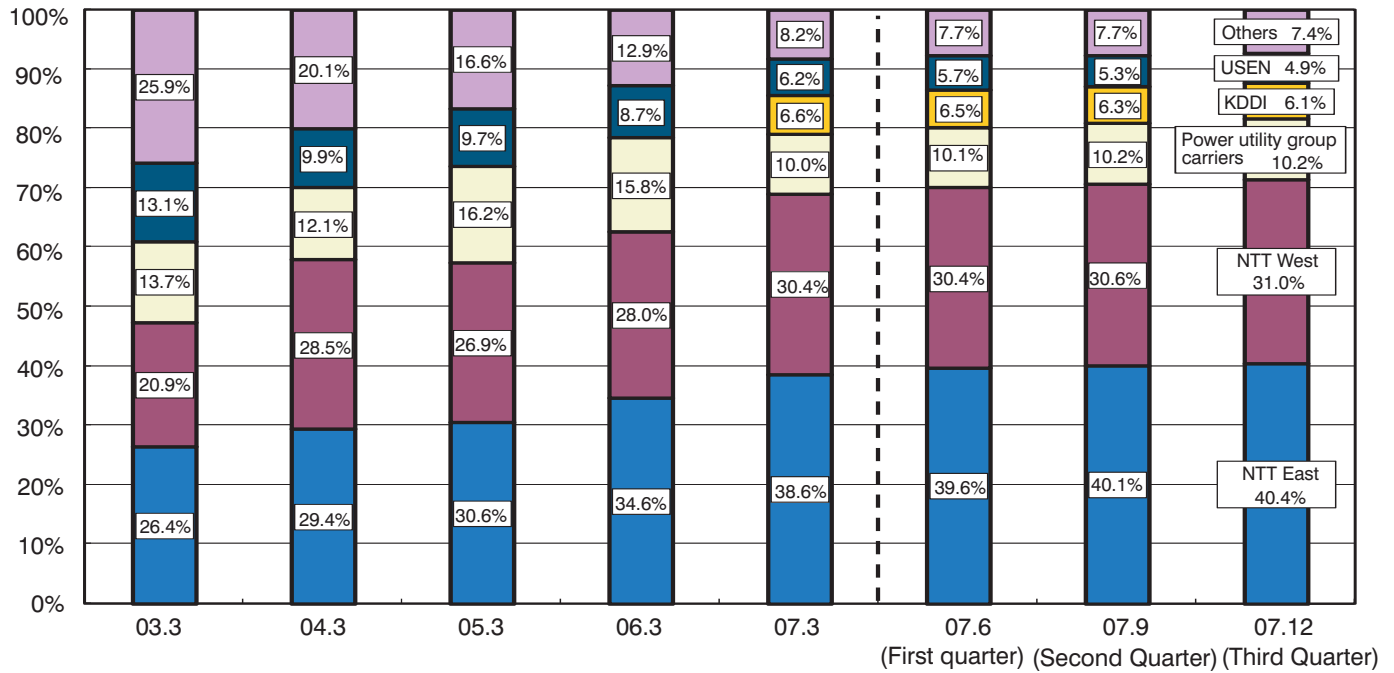


In addition, looking at market share by carrier for the total (single-family homes plus business-use plus

apartment buildings), NTT East and West stood at 71.4% (an increase of 0.7% over the previous quarter,

and 3.9% year on year), continuing their upward trend.

Figure 7: Trends in FTTH subscription share by carrier (Total)



NB: In conjunction with the merger in January 2007 of KDDI and Tokyo Electric Power Company (TEPCO)'s FTTH business, TEPCO is no longer included in the power utility group carrier category as of the fourth quarter of fiscal year 2006 (ending March 2007).

The competition review was also carried out as a fixed point review on the corporate network field, in addition to these three fields. Also, a strategic review was conducted with a focus on the annual topics and, in fiscal year 2007, the effects on competition of platform functions and the effects on

competition of cross-carrier business were analyzed. With these review results being released, thorough reviews and analyses are being conducted, based on share data, pricing data, and the number of carriers that were picked up in the current outline, and both from the demand side and the supply

side, to determine whether there is dominance in any of these markets, or whether there is a fear that this might happen. For more detailed information, please refer to the competition review website (in Japanese) at http://www.soumu.go.jp/joho_tsusin/kyousouhyouka/index.html