

Group on Framework for International Television Broadcasting (4th Meeting) Summary of Minutes (Draft)

1. Date and time: Thursday, October 27, 2006, 14:00-16:00
2. Location: First Special Conference Room, MIC (8th floor, MIC)
3. Attendees (Honorifics omitted)
 - (1) Study Group members
Teruyasu Murakami (Study Group Chair), Eiichi Shimuzu (Deputy Chair), Fumio Takahata, Yusuke Yasuda
 - (2) Expert Advisors
Kazuo Asakai, Mitsuyoshi Atsuta, Tsuguhiko Kadokawa (Nakamura Masashi attends as his proxy), Yoshihiro Oto, Hatsuhisa Takashima, Junichi Nakagawa, Keiichi Nagamatsu, Toshio Fukuda, Robert Feldman
 - (3) Observers
Takashi Hoshiyama, Director, Public Diplomacy Planning Division, Public Diplomacy Department, Ministry of Foreign Affairs;
Yasuhiro Shinohara, Director, International Tourism Division, Policy Bureau, Ministry of Land, Infrastructure and Transport (Shigeru Wakai (Deputy Director) attends as his proxy)
 - (4) MIC
Suzuki, Director-General of the Information and Communications Policy Bureau;
Nakada, Deputy Director-General, Information and Communications Policy Bureau;
Yamane, Director, General Affairs Division;
Minami; Director, Broadcasting Policy Division;
Nagashio, Senior Planning Officer, Broadcasting Policy Division;
Director, Satellite and International Broadcasting Division;
Ohara, Senior Advisor, Satellite and International Broadcasting Division
4. Agenda
 - (1) Abstract of discussion at the 3rd meeting

The MIC explained the abstract of the discussion at the 3rd meeting based on the reference material.

- (2) Framework and related issues concerning the operating body
 - 1) Discussion on preconditions

Related report, “Approximate estimate for newly establishing an international television broadcasting station for foreign people”
Mr. Nakagawa, Managing Director of NHK, gave a presentation based on the reference material.
 - 2) Framework of operating body

Related reports, “International television broadcasting from the viewpoint of commercial broadcasting 1)”
Mr. Fukuda, Executive Director of TV Asahi, gave a presentation based on the reference material.
”International television broadcasting from the viewpoint of commercial broadcasting 2): Organizing the environment for international television broadcasting in line with the actual sales and production of programs”
Mr. Atsuta, head of the International Bureau of Fuji Television Network, Inc., gave a presentation based on the reference material.

After each presentation, a Q&A session took place.

- (3) Free discussion

Main opinions from the Study Group members and Expert Advisors are presented below:

- 1) Q&A session after report from NHK

- From the report, the broadcasting station seems to be the scale of Fukuoka broadcasting station. Whether this size is necessary has been questioned. An annual operation cost of approx. 30 billion yen is a significant cost. Setting aside the initial cost, the operation cost must be seriously discussed. It is likely that a large amount of operation cost will become necessary, depending on the target region selected, program content and language. Taking examples of other countries into account, it is assumable that a considerable amount of national expense will be required. However, I still would like to put forth a straightforward question on whether Study Group members and Expert Advisors expected this value.
- Among the initial costs, the cost for the station building is a construction cost and not a house rent. There will be a different estimate for renting. Yet, we did not give an estimate since the house rent will not become definite with the actual building type and location undecided. (Comment from NHK)

- It is better to have the building near downtown Tokyo, since the assumption is that the staff will go out for news reports. If the location is in a rural area, newsgathering will consume extra time and expenses. Yet, the location does not necessarily have to be in the city center. (Same as above)
- It is preferable to have all functions concentrated in one place. Although it is not impossible to separate functions, the newsgathering, producing, and broadcasting functions are commonly considered to perform as one group. It is efficient to have these functions located near each other. Especially when sending out live programs, broadcasting facilities and the studio must be in the same location. The offices implementing the paperwork and the production section can be separated. (Same as above)
- Although the calculated estimate is roughly double the cost in France and the UK, we do not know the reason for this because we have not investigated the calculation method. (Same as above)
- Different from the case of BBC, calculation is based on the presumption that content will not be shared (with NHK) and all programs will be made from scratch or simply purchased from outside NHK. (Same as above)
- Discussion on the extent to which news reports will be delivered by international broadcasting has not been accomplished. I question the necessity to continuously send out direct news that reports who was injured and who was killed at what location. Rather, it is preferable to send out a worked news digest for the day. Otherwise, it would be the same as starting another ordinary television station. We should discuss whether that is what is really needed.
- The reason for the operation cost being roughly ten times that of conventional NHK international television broadcasting is that this estimate includes the costs that were entirely left out of the currently announced budget. Such items are costs for news reporting systems and program production procedures that are presently carried out for programs shared by both domestic and international broadcasting. The cost increase is not for largely enhancing the present situation. (Comment from NHK)
- Program production cost becomes the most expensive because making of news reports requires much manpower and many facilities. The content of expenses will largely differ depending on how much will be invested in this category. (Comment from NHK)
- Details of the “last mile” are intended to be the same level as in environments of major cities of the world. (Same as above)
- The cost will largely differ, depending on how content will be shared. (Same as above)
- Probably, accurate cost estimate is difficult without totally

understanding program content, (e.g., to what extent news reports are included, whether broadcasting time is 24 hours or not, region, language). Cost breakdown is impossible without preconditions. There is a big difference between commercial broadcasting and NHK. Especially concerning the program producing cost, there is the issue of whether a similar priority should be newly placed on international television broadcasting or not.

- Is broadcasting to foreign countries via satellite appropriate as a fundamental network form? If real-time transmission of information is not keenly demanded, the content can be sent to the receiving broadcasting station by IP-based communication means. Although expenses may become costly, it will be efficient in the sense that the content can be delivered to various places.
- The estimate does not include costs for program delivery through the Internet. If they were to be included, C-band related rental cost and costs related to the “last mile” will change. (Comment from NHK)
- There will be many restrictions for delivery of content including images via Internet transmission. Problems other than cost will arise.
- The program-making cost for an hourly ten-minute Japanese news report for 24 hours will total a few hundred million yen. On the other hand, if a twenty-minute English newscast is to be delivered every hour, the cost will immediately increase to a few billion yen. (Comment from NHK)
- The program-making cost constitutes a large part of the total operation cost. Although the value will change depending on the form of transmission and programs, a rough estimate has been presented for the maximum cost. Initial costs should be estimated for the case where everything is made from scratch and for the case where things are shared. (Summary by Study Group Chair)

2) Opinions on reports from TV Asahi and Fuji Television Network, Inc.

- It is preferable to have advertisements, not only programs and news reports. Television commercials for Japanese products and Japanese tourism can output a strong message to make Japan appealing to foreigners. As Mr. Asou, the Minister of Foreign Affairs, says in his practical comment, “More advertisements will give the viewers a stronger impression that there is distance between the government and broadcasting.” Personally, I think it is better to have advertisements than to not have them.
- I think private company commercials do not suit the international broadcasting purpose of selling Japan by ALL JAPAN efforts.

Currently, I think it is not preferable from the standpoint of commercial broadcasting.

- It is appropriate to have an income system with advertisements, similar to other countries. Nevertheless, to expect satisfying advertisement effects, a fairly delicate consideration of the country, region, and people is required for each country. It is therefore doubtful that we can expect to have sponsors to support advertisements.
- We can expect a substantial number of companies to make concerted efforts for making programs, different from obvious commercials. In such situations, there could be informational comments that show the names of companies that have cooperated in making the program or accepted news reports.
- PBS in the US does not send out commercials, but provides information in subtitles. However, overseas broadcasting without advertisements is not interesting. The country's features will become recognizable with commercials and the like.
- When a major company in Japan has an overseas subsidiary, it is common to have the local subsidiary or a related company become a sponsor. It will be a rather difficult business model if major Japanese companies do not decide to post global ads from the first stage.
- Independence of director rights is extremely important, and there is a close relationship between the independence of director rights and money source. Regardless of the starting point of the organization, the broadcasted content will not win reliability without the major premise of independent editorial rights.
- Utilization of the Internet and the approach for advertisement should be separately discussed at this stage. Nevertheless, this topic should be discussed in the future.
- When preparing the environment for commercial broadcasting participation, deciding how to assure and guarantee independence of director rights and editorial rights, including situations under ordered broadcasting, becomes a big issue.
- Concerning ordered broadcasting, the UK's Public Diplomacy explanation says that independence of editorial rights is extremely important for BBC, and consideration of editorial rights is necessary. According to the explanation, related cabinet members can request certain broadcasting content when necessary. However, different from the Broadcast Law in Japan, distinctive words such as "order" are not used. The word "order" gives the impression that the authorities are somehow imposing strong pressure, and will not be meritorious for Japan.
- Advertisements cannot become the main subject, but they can still be considered. Independence of editorial rights should be a

precondition, but an investigation to achieve a balance between the legal frameworks should be carried out. (Summary by Study Group Chair)

3) Q&A session on framework and issues related to operating body, explained from the Secretariat

- The 2nd proposal in Reference Material 7 explicitly defines NHK's operation as the entity compared to the present. The operation of the entity will be divided into broadcasting for Japanese nationals living overseas and that for foreign people. Broadcasting for foreign people will be entrusted to an affiliated company. In other words, the affiliated company will carry out broadcasting for foreigners as an NHK operation. In this situation, the affiliated company will be entrusted with the practical production and organization procedures, etc. Additionally, the affiliated company can send out original broadcasting for foreigners, besides the broadcasting entrusted by NHK. Operations related to the original broadcasting will be covered by advertisement income, etc. (Comment from the Secretariat)
- As for NHK-entrusted broadcasting, the licensed subject will be NHK. However, broadcasting for foreigners is broadcasting activity performed outside Japan, not within Japan. Original broadcasting other than that entrusted by NHK may require overseas authorization from applicable nations, but does not become a target for regulation in Japan. Such broadcasting does not need a license. (Same as above)
- Even at present, practically, a considerable amount of broadcasting for foreign people is entrusted to subsidiaries by NHK. The 2nd proposal will not become an enhancement.
- Private-sector funds will be infused in original broadcasting. Since this part will be made efficient, it will be an enhancement in this aspect. (Comment from the Secretariat)
- The 1st proposal is, similar to original broadcasting in the 2nd proposal, not subject to regulation in Japan. However, there is a need to establish a legal system that will administer the output from the national budget, such as the designated corporation system. (Same as above)
- There is no difference between the 1st and 2nd proposal regarding personnel issues, wages, retirement allowances and governance.
- This comment is concerning the interpretation of the agreement by the ruling party stating, "the required national expense should be introduced while private-sector investment is positively accepted." As the invested subject is a private corporation, it will be difficult to make national investment. Aside from the extent that we can expect

from the dividend, we are looking forward to private sector investment, as it is an expectant business corporation from the institutional viewpoint. (Same as above)

- Original broadcasting in the 2nd proposal will be a genuine private-sector activity, and the activity range will be changed depending on income. (Same as above)
- Basically, the provision of programs from the private sector in the 2nd proposal is for original broadcasting. Yet there may be cases where it will be conducted as an operation of the entity (NHK). (Same as above)
- "Affiliated company" in the 2nd proposal includes both existing affiliated companies and newly established companies. (Same as above)
- As for a system to introduce the national budget, the 2nd proposal assumes an order to NHK, the entity. In the 1st proposal, a system to introduce the national budget will be necessary, aside from the issue of the scheme for ordered broadcasting. (Same as above)
- In the 2nd proposal, when an order is issued to NHK, the entity, the scope of the order will be limited to broadcasting entrusted from NHK, and not the original broadcasting. The editorial right for broadcasting entrusted from NHK belongs to NHK, and the editorial right for original broadcasting belongs to the affiliated company. (Same as above)
- There is a possibility that the Japanese people will not understand the fees for receiving NHK broadcasting being used for broadcasting to foreign countries.
- Introduction of a receiving fee will be difficult for the 1st proposal. Introduction of a receiving fee in the 2nd proposal is to be in line with the actual situation, with a receiving fee to be introduced in the current international radio broadcasting. (Comment from the Secretariat)
- There seems to be no improvement in either the 1st proposal or the 2nd proposal compared to the present situation. Especially in the case of the 1st proposal, without a receiving fee or national expenditure, the international broadcasting scale is likely to become smaller than the current one. If there is no 3rd proposal with a brake against assured advertisement income, there will be a danger that the situation will worsen.
- Both the 1st and 2nd proposals do not mention financial scale or any difference in such, so it should not enter our discussion. (Comment from the Secretariat)
- In the 2nd proposal, the affiliated company will have two aspects; one part will be domestically licensed, and the other will not. Even at present, at JSTV (Japan Satellite Television LTD.) and the like

related to TV JAPAN, NHK assigns the broadcasting time zone and entrusts the broadcasting of NHK World. Such broadcasting also delivers programs that are not entrusted by NHK, and the different broadcasting content coexists. (Same as above)

- Overseas subsidiaries and the planned domestic broadcasting entity should not be compared in the same way.
- When formulating a legal proposal by thinking highly of the current system and agreement by the ruling party, there are two possibilities. We have now discussed various aspects of both proposals. (Summary by Study Group Chair)