

Summary of Minutes of the First Round Table Conference on the Neutrality of the Network

1 Date and time: November 15 (Wed), 2006 13:30 to 15:30

2 Location: Conference Room No.1, 1F Lower Building, Central Joint Government Building
No.2

3 Attendees:

(1) Members (Honorifics omitted)

Takanori Ida, Kiyohisa Ohta, Yoshinori Sakai, Minoru Sugaya, Nobuko Takahashi,
Motohiro Tsuchiya, Toshihiko Hayashi, Masayuki Funada, Toshihiro Matsumura,
Hiroyuki Morikawa

(2) Ministry of Internal Affairs and Communications

Mori (Director-General of the Telecommunications Bureau), Sakurai (Director-General of
the Telecommunications Business Department), Taniwaki (Director of the Tariff
Division), Ninomiya (Senior Planning Officer of the Tariff Division), Suzuki (Director of
the Telecommunications Policy Division), Ohashi (Director of the Computer
Communications Division), Watanabe (Director of the Telecommunications Systems
Division), Imagawa (Senior Planning Officer of the Telecommunications Policy Division),
Katagiri (Assistant Director of the Tariff Division), Yokote (Assistant Director of the
Tariff Division)

4 Agenda

- (1) Current status of discussions about the neutrality of the network
- (2) How to proceed with discussions
- (3) Others

5 Outline of proceedings

[Meeting Guidelines]

○ “Draft Meeting Guidelines” proposed by the Secretariat (Documents 1 - 4) was
approved.

[Selection of the Chairman and the appointment of the Deputy Chairman]

○ Member Hayashi was selected Chairman. Member Sakai was appointed Deputy Chairman by
Chairman Hayashi.

[Current status of discussions about the neutrality of the network]

- The Secretariat explained the “Current status of discussions about the neutrality of the network (Document 1-1).”

- Below are the main comments of the members in the discussion.
 - The neutrality of the network was discussed in the Round Table Conference on the Desirable Competition Rules Corresponding to IP Development (hereinafter referred to as the “IP Conference”), but the discussions were mainly made from the basis of the specified telecommunications facilities and the Dominant Restrictions. To discuss the issue of the neutrality of the network once again at this opportunity, it is difficult to determine on what to place our focus; whether the network should also include the long-range backbone, whether it should include those other than NGN of NTT, or go as far as mobiles, etc. In order not to widen the discussion too much, it seems necessary to first identify the direction of the discussion.
 - This issue has been discussed also in countries such as Korea and the United States, but it may be difficult to discuss the issue separately in each country and reach some conclusion, as the Internet is a global matter. The neutrality of the network has so far been practically secured based on traditional rules within the Internet community and arrangements signed separately between operators. Where, however, each country independently establishes respective rules, if, for example, a Japanese operator suspended access to a US video distribution site so as to guide users to its own animation site, this would cause a global problem. It seems necessary to take such a global viewpoint into perspective.
 - It is difficult to define what the term “network” includes when technologies are rapidly developing. Furthermore, it appears necessary for us to hold discussions taking into consideration the fact that new phenomena, such as the increased P2P communications are occurring in Japan ahead of the United States and Europe.
 - If CATV and the Internet (as broadcasters), for example, are compared, CATV is one-way while the Internet also has the uplink communication. In addition, networks are mutually connected via ISP on the Internet. When defining the network, discussions based on such differences are required.
 - In discussions on the neutrality of the network, discussions may be required as to the matter of how to make the NGN function open to the public.
 - Since the details of discussions may differ by country under the theme “the neutrality of the network,” it would be better for us to carry on our discussions while confirming such differences. When considering the fact that contents can be accumulated on both the

terminal side and the network side, it is necessary for us to employ certain technique to prevent the network from being fixed (diversified techniques will be implemented throughout the network).

- The communication network are being improved to build a high-speed and large-capacity network all over Japan, just like the Shinkansen bullet train (high-speed transportation network). It may be necessary to consider a network according to respective needs since the network required for business and that required by ordinary households may differ.
- Express mail and registered mail may be more appropriate examples for this rather than the Shinkansen. It means that if you pay more, then you can receive a higher level of services.
- As for neutrality, you could put it the other way around and say how far the differentiations should be made. There are various aspects and we should be careful about differentiation in business scenes, such as exclusion of upper layers.
- As for differentiation regarding fees, it cannot be helped that you can receive the provision of a higher-quality service if you pay the appropriate monetary consideration. In addition, there is the question of whether or not differentiation is justified; and how far the network itself can interfere with contents that flow on the network. If, for example, not to uniformly inhibit P2P, it matters how far the differentiation may be admitted.
- No increase in the payment burden would be better from the viewpoint of individual users, but how far can neutrality be secured when technology develops and the market further expands in the future? It is necessary to hold comprehensive discussions with an eye on those that can possibly grow rather than intentionally prevent the growth of players.
- The term “the viewpoint of users” has been used, but we must hold discussions by being aware of the fact that there exist diversified users. Discussions on the network may often be carried out mainly around issues among operators and the viewpoint of consumers may often be left untouched. It is necessary to put an emphasis on discussions such as whether or not users are allowed or will be allowed to select various services as desired. As for discussions on sharing the costs, it seems necessary to consider neutrality while also holding discussions from the same viewpoint as that for ordinary durables and services, since we can find various types of sales—such as (bundle-type) tie-in sales.
- In the case of services enjoyed by providing your personal information (e.g. a video distribution service), you just enter your personal information and you can get an advertisement that fits your data. It seems that we should discuss about such systems.
- It is a general rule that operators can do as they wish as long as they refrain from abusing their market power. In this regard, what is set against neutrality may be the concept of unfair discriminatory treatment. If traffic can be managed and analyzed on the operator side, traffic data may be used to show the basis for a calculation of costs for certain contents in

when operators require providers to share the costs.

- In managing traffic, it may be technically possible to take a look at the content but whether actual analysis of traffic content can actually be permitted may need be discussed.
- The discussion on the neutrality of the network in the United States has started in order to have users share the costs fairly (according to the level of benefit enjoyed) where a load is placed on the network. Recently, discussions appears to have changed direction to that concerning Article 1 of the Amended Constitution of the United States (Freedom of Speech), which states access to certain sites should not be restricted (by communication providers).
- It is more constructive not to hold abstract discussions on neutrality but to consider what neutrality means for individual issues. Discussions on the idea that more cost shall be levied on those imposing a larger load on the infrastructure need to be made by separating neutrality from economic rationality. It seems that sharing additional costs by users after securing transparency may not go against the neutrality of the network.

[How to continue the Round Table Conference]

- “How to continue the examination on the Round Table Conference regarding the neutrality of the network (draft)” proposed by the Secretariat (Document 1-2) was explained and approved by the attendees.

[Others]

- The 2nd meeting is expected to be held in the middle of December.

End