

1st Round Table Conference on ICT International Competitiveness Summary of Minutes

1. Date and time: 17:00 to 18:00, April 23 (Mon.), 2007
2. Location: Special Conference Room No.1 on 8th floor of MIC
3. Attendees: Saito (Chairman), Murakami (Deputy Chairman), Arakawa (Member), Ito (Member), Uchida (Member), Ohtsubo (Member), Oka (Member), Onodera (Member), Orita (Member), Kokuryo (Member), Nakahachi (Member), Doi (Member), Nagao (Member), Nakamura (Member), Hashimoto (Member), Hirose (Member), Furukawa (Member), Yano (Member), Wada (Member), Suga (Minister), Tamura (Vice Minister), Taniguchi (Parliamentary Secretary), Aritomi (Vice-Minister for Policy Coordination), Shimizu (Vice-Minister for Policy Coordination), Matsumoto (Director-General for Technology Policy Coordination), Suzuki (Director-General of the Information and Communications Policy Bureau), Mori (Director-General of the Telecommunications Bureau), Terasaki (Director-General for Policy Planning)
4. Outline of proceedings
 - (1) Based on the “Final Report (draft) of the Round Table Meeting of ICT International Competitiveness,” the members exchanged their views on future development and other issues with each other. The members’ comments are as given below.
 - The Final Report contains encouraging information. In setting up a ubiquitous specific district, it is also recommended to place such a sister specific district in foreign countries for further international collaboration. It is therefore considered that overseas experiments will become very effective and we will make a proactive approach to that. At that time, governmental support measures, such as how to make the use of ODA, will be desired.
 - The ICT industry produces extremely huge employment and in that sense, is an very important industry.

In terms of the word “Web 2.0,” new service providers, such as Google, have been doing their businesses in a border-free, global manner. For how we compete with such companies, a new point of view is needed as well.

- Having an extremely strong sense of crisis about a so-called Galapagosization phenomenon, we have discussed the measures to resolve this until the end together with the New Business and Basic Strategies Working Group.

It is necessary to promote the proposed “ICT international competitiveness enhancement program” systematically, continuously and strongly in order to not only maintain the world’s most advanced ubiquitous network environment through implementation of next-generation IP networks or cellular phones and/or ubiquitous terminals but also develop the environment internationally and globally from Asia, not just domestically. The Minister has started to take action toward this promotion and we will further expect aggressive development toward implementation of a national program.

Another direction that has appeared in the final report stage is “international symbiotic force.” Nobody can ignore ICT markets or ICT related industries in BRIC nations or around them that have becoming a new international economic growth center, in order to promote a growth strategy in the situation where Japan has been declining birthrate and the aging population. We should live aggressively and closely with the production capacity or selling power that has being growing in these countries as well as should make a symbiotic approach suitable for the respective economical/cultural characteristics of the markets different from high-end markets in Japan, USA and EU. In addition to the limit breaking type international competitiveness strategy aiming at a high-end market, enhancement of “international symbiotic force” that provides strategic symbiosis with a variety of markets or businesses which will appear from now on. Whether Japan can execute this or not will become a great factor of determining not only the ICT field but also the aspect the whole Japanese economy in 21st century.

Another important thing is digital broadcasting along with NGN and cellular phones. In the broadcasting field, international deployment of broadcast software is importance as well as the hardware aspect of international expansion of ISDB-T. In 2008, international image broadcasting will be started to represent a new era of Japanese broadcast software. It is expected that the sale and global expansion of Japanese broadcast software which has been rolled out mainly by commercial broadcasters will progress greatly.

- In terms of ICT international competitiveness, the acquisition of common recognition on a major direction of current issues or measures and policies to be overcome is extremely great outcome. Lately, the ICT competitiveness has been also discussed in industrial fields. This tendency is another outcome of the round-table meeting. It is also important to decide how to carry out the reported concrete strategies. One of manufacturer's roles is to provide contribution by means of product or platform business.

As there is also a limit to promotion by civil corporations, it is essential to deal with this matter organically in a cross-section manner in collaboration among the Government, industry and academia. It is also important to promote the win-win relationship or collaboration with other countries or areas. It is indispensable to add an inter-government viewpoint. In terms of ICT use or utilization, environmental or ecological issues are very important as well.

- Based on the final report, we should contain some policies in the next year's budget. For such policies, there is a suggestion from TV broadcasters. Japanese TV programs, especially dramas and animations, are at a considerable level but strategically insufficient. There could be two insufficient things: one is that the government has had no national policy for making something like a show window, such as satellite broadcasting, that always introduces Japanese TV programs at no charge, and the other is how to involve right holders in them. Making such a show window needs the approval of right holders. For instance, the following method is possible: TV broadcasters present their TV programs for one year from now on but they want no income and take budget measures for reserving the right to sell the TV programs in foreign countries. If they could make 500 or 1000 TV programs a year, such a show window effect would appear. It seems that Japanese TV programs would make a boom and be sold at full after continuing such an effort. We would like to ask the TV broadcasters to do such an attempt in the next fiscal year.

- We think that a powerful program was made. As the word "international symbiotic force," it is essential in future international society to expand infrastructure and software contents in full consideration of the situation of other countries.

In the stage of carrying out this actually, the accumulation of practical know-how at this meeting is important. In this situation, it is necessary to maintain an easy-to-act environment without restricting civil free activities a lot.

- It is said to enhance relative competitiveness in the global market of our industry and to increase the national capability for supporting the competitiveness as the definitions of the ICT's international competitiveness enhancement. It is therefore important to ensure the compatibility with each other.

To do so, it is necessary to execute a strategy, such as vendor's further awareness of importance of overseas production sites, with a view to international competitiveness or international expansion. On the basis of that, the government should reverse its way of thinking, focusing mainly on the improvement in international competitiveness including its tax system, legal system or domestic competitiveness.

From a disadvantageous viewpoint, it is true that as regards cellular phones, business models in the domestic high-end market are not available overseas as they are. The final report also indicates that it is urgently necessary to take the lead on total systems suited for networking. Our advantages include light/image element technology, parts and advanced image technology. In future expansion, therefore, the Government, industry and academia must share consciousness of what field Japan should choose to compete with the world or what region should be strategically targeted as well as must maintain such advantages.

- A good report was made mainly by the government in order to enhance ICT international competitiveness.

As for research and development, some effort to see beyond today's trend is required and it is very important to show younger generations the future ICT development in Japan. We expect that ICT becomes a dream-inspiring thing. Based on this report, we should decide how we can make it effective, and should include dream elements in it. It is also important that our government should work together as a whole to implement the research and development of extensive ICT field through role sharing and collaboration. Long-term efforts are required to do this. Therefore, the government should take the leadership in setting up future strategies, maintaining an environment toward implementation, and formulating a structure.

- We are very pleased with the discussions by Japan's leading people in the ICT fields under the minister's initiative with respect to the enhancement of competitiveness in ICT field.

It goes without saying that the strategies for internationally expanding technology, products and services and ensuring their shares should be established by respective corporations finally. On the other hand, however, some western countries have a

success story of international expansion through good cooperation among the Government, industry and academia. China or South Korea has its unique method to protect its own market or join international markets. It is indispensable that Japan should make the most of such a skillful technique while observing global rules.

In such a sense, it was very fruitful that the people concerned in ICT field could discuss the strategies as an all-Japan team at this meeting. With respect to common use of terminal platforms, research & development using a wireless test bed, promotion of demonstration experiments, standardization, integrated approach to assurance of intellectual property right, and enhancement of global marketing, we could arrange the policies that we should choose and/or focus on.

Based on the report, we expect that the people concerned can work together to aggressively deal with international expansion and that our ICT technology will be used not only as the means for communication just in every area of the world but also will evolve for living industry or infrastructure and contribute in various aspects including high-order layers, such as life style, business practices or social norms.

- The final report was created for a very short term under the minister's leadership. It is important to actually make products as a manufacturer or create services in order to link the final report to economic growth. With the report as a starting point, we would like to address this issue on the axis of growth strategy as a corporation.

As for international competitiveness, we should clarify the strategy for each point to compete on a nation basis, to lead Japan to victory in reality and in name, or to get good results in international cooperation. We should consider international competitiveness focusing primary on customer viewpoint, not just as a push type which is output from Japan.

- The report was created very well, covering extensive point from various viewpoints. Nevertheless, future practice is an issue. It is important to share roles among the Government, industry and academia, and to carry out the policies effectively and rapidly. It will take a considerable amount of time to train ICT personnel or enhance standardization activities, especially. It is therefore necessary to conduct possible policies in sequence at a gathering speed.

In that stream, we have to perform the policies, concretely such as promotion of Asian broadband project or early establishment of ubiquitous specific districts, in a visible manner from foreign countries. The ICT industry is the infrastructure for every industry

in Japan. We would like to do as much as possible including enhancement of competitiveness.

- The movement toward enhancement of international competitiveness under the minister's initiative is very significant. Among others, the collaboration among the Government, industry and academia is extremely important, such as how the program should be executed as a fruitful matter from now on.

For instance, one of very big roles of the "academia" is human resource development. The concept of "career shaping" described in the report is very important. It is significant to develop career personnel in a unified manner while each organization provides an opportunity and is necessary to make a scheme for such career personnel to have dreams. Simply from a viewpoint of human resource development, it is material to set up comprehensive program collaboration for making such a scheme. Universities must make efforts as well.

- Through the discussions, we have had common recognition that the Japanese international competitiveness is in an extremely severe situation in the ICT field. On the other hand, ICT utilization in Japan is extremely advanced. We feel that general people do not have a severe recognition. It is therefore necessary to make efforts to share such a severe recognition widely.

The expression of the Galapagos Island is absolutely right. You must consider well that aliens might break into the island from outside even when trying to protect it.

The Government, industry and academia must work together to enhance ICT international competitiveness. Considering that competitiveness is enhanced by combining technology with business models, each corporation is basically a leader and must pioneer a road by itself in severe international markets.

It is also important that the Government take effective measures in basic research and development as well as environmental maintenance. We hope that the Government will take the specific measures mentioned in the report together with the financial authorities. The ubiquitous specific district idea, aggregate intelligence center, ICT standardization and intellectual property center should be implemented as well. In the "Japan Initiative Project," it is extremely important to identify a specific project as soon as possible. We expect that the very best human resources of the Government, industry and academia should participate in the project and conversely the project will become the one that the very best human resources want to do voluntarily.

Also, the development of human resources is extremely important. Providing the

general, this report must not turn out to be a pie in the sky by moving to the particular quickly.

- This report is successful in indicating the direction of Japan's ICT industry. In particular, the concept of "international symbiotic force" indicated in this report is an extremely important view point. A sense of balance that shares benefits in a global market is required. In that sense, we should popularize the concept of "international symbiotic force" for growth in the global market.

Also, many policies are represented as the "ICT international competitiveness enhancement program." Since Japan's ICT industry is limited as a resource, we should discuss selection, centralization, prioritization at the "ICT international competitiveness meeting."

We have discussed the role of a rebate or SIM lock with respect to the relationship between carrier personnel and vendors. The review of current business models with which carrier personnel and vendors are integrated has been discussed but from the viewpoint of international competitiveness enhancement, it is extremely grave to seek such a new strategy of collaboration.

- I would like to comment on the spread of contents in Asia with some specific examples. Singapore's Prime Minister, Lee Hsien Loong talked to Prime Minister Abe when visited Japan last month. He talked about introducing the Japanese culture by making a TV program jointly with both countries as part of the cultural exchange and broadcasting it in Asian countries. Next day, I had an opportunity to talk to Prime Minister Lee. According to his talk, the TV program called "Japan Hour" that is broadcasted in the leased time frame of CAN, a broadcasting station in Singapore, is a very popular TV show which is useful to understanding both Japanese history and culture. He and all the members of his family watch the TV show. He also said that watching the TV program on Noboribetsu, Hokkaido, Japan, he and his family traveled to that place lately.

The Prime Minister suggested to me that the "Japan Hour" should be broadcasted in Asian countries under the leadership of both Japan and Singapore. After consulting with MIC about this matter, I was encouraged by the MIC's comment on the approval of such a TV project.

This is just an example. The long succession of such an event is required to enhance content competitiveness. In the sense of outputting Japanese attractions overseas, this will help promote the "Asia Gateway Initiative."

As a suggestion in the final report, it is very effective to ensure the time frame for the important channel of each country and supply Japanese broadcast contents to it in order to enhance competitiveness.

- We could actively report the great subject of international competitiveness enhancement for a short time. A global viewpoint is essential for ICT industry to continuously lead the economic growth of Japan, and sophisticated strategies are required to survive against competition. Information to be reported should be promoted specifically and continuously.

As mentioned in the report, it is important to cooperate with other countries, especially a strategic cooperation with Asian countries including China, in order to enhance international competitiveness. To achieve this goal, fundamental is the learning approach and partnership for deeply understanding the culture and demands of other countries. Japan should not insist on being an originator for promotion of standardization. It is meaningful to establish the process of ensuring important intellectual properties, leading to standard adoption and contributing to the outcome of both parties under the Japan's leadership.

Considering future growth or technical advantage, the home network field through the use of digital TV or cellular phones will become significant, for instance. It is therefore substantial to build a business model tailored to the demand of each country and create a new market together with the other one while capitalizing on Japan's strengths.

It is also important to have a viewpoint of promoting international expansion to the overseas strategically while promoting and enhancing new policies in Japan in order to survive against global competitions. The Government should play an extremely important role for practice. We expect that these specific policies will be strongly promoted toward implementation as a joint project by the Government.

- Through the discussions at the digital broadcast working group, we feel that we should take flexible actions according to the situation of each country because its specific condition makes a uniform approach difficult for promotion of international expansion with respect to both broadcasting method and broadcast contents.

As for the broadcasting method, it is significant to enhance the structure for aggressively promoting propagation activities based on the report submitted this time. In terms of international expansion of the terrestrial digital broadcasting method that is a short-term subject especially, it is necessary to devote resources intensively for a couple of years. Accordingly, further private human/financial support is indispensable as

well as national successive support. It is therefore vital to set up a permanent organization for popularizing a broadcasting method and to promote organizational activities from development and standardization of a broadcasting method to promotion or technical cooperation by the government hand-in-hand with the private sectors.

As for broadcast contents, both NHK and commercial broadcasters have been aggressively promoting overseas expansion. Considering the current situation where the broadcast contents account for 70% of the Japan's image content market, it can be said that further promotion of international expansion is extremely important. To do this, it is essential to improve information infrastructure required to deal with broadcast contents in cooperation between the Government and private sector. Specifically, it is valid to rapidly build and disclose a common database aggregating information on copyrights or windows for negotiation on contents sales agreement.

- We are very pleased to announce the report created for a very short time. An approach for avoiding isolation of a Japanese style from the world is very important. This point must be materialized in future scheme creation. Thus, it is very significant to decide how both industry and academia get involved in this project as well as the Government. That is, the Government needs to deal with and promote the project together across ministry boundaries.

As for educational problems, it is also significant that engineers should learn management viewpoints or competitive strategies. Japanese engineers are very skilled and researchers are extremely excellent. However, few people are interested in such competitive strategies. This is one of the reasons for insufficient use of human resources. The management and the people concerned are able to make the most of engineers or researchers if more deeply understanding technical advantages or surrounding environments. One of the problems is that Japan has many unused resources but cannot use them sufficiently.

- Centralization of domestic resources is most essential in the industry. It is urgently necessary to do industrial restructuring including business integration beyond a simply joint project level. In the academia, a powerful educational organization that can be a national center in the Japan's ICT field is required.
- In terms of enhancement of national competitiveness, such as balancing of conflicting interests of corporations, the "ICT International Competitiveness Meeting" should take the leadership. It is important to finely absorb, analyze and properly address the

demands of target nations or regions in order to improve “international symbiotic force.”

- In carrying out and operating each specific programs reported this time, we strongly hope that the Government and industry concentrate their resources on the project as an important poly of the whole administration and promote it as unified movement.
 - It is important to carry out the specific programs in future. In most cases, the performance of the project targeted for improvement in international competitiveness is shown after a long period of time, not in a short space of time. All feasible things must be done one by one.
 - It is significant that we should select the ICT fields to be conquered by Japan, at the “ICT international competitiveness meeting” across ministry boundaries, establish a consequent roadmap for development of human resources required for them, research & development, acquisition of intellectual property, improvement of market environments and international standardization, and perform powerful promotion through centralization of resources, and that an easy-to-see image should be provided to the people.
 - The most important issue is development of human resources. To resolve the issue, it is significant to take the policies for providing the environment where excellent foreign human resources desire to learn or work in Japan, as well as for enhancing development human resources involved in the domestic ICT industry.
 - Industrial issues should be addressed by the industry itself. The portions where the Government, industry and academia cooperate with each other should be promoted through close collaboration, and those not suitable to the private sector should be covered by the Government and academia. In other words, it is necessary to clarify the role sharing of the Government, industry and academia in order to address such issues efficiently.
- (2) The “ Final Report (draft) of the Round Table Meeting of ICT International Competitiveness” was approved.

- (3) The chairman reported the “Final Report (draft) of the Round Table Meeting of ICT International Competitiveness” to the Minister Suga.
- (4) The Minister Suga made an appreciative speech for the final report, and closing greetings.
- (5) The chairman declared the dismissal of the ICT International Competitiveness Round-table Meeting.