

Outline of Proceedings of the 8th Meeting of the Study Group on Mobile Business

1. Date and time: 1630 to 1830, Tuesday, June 26, 2007

2. Location: Conference Room 1, Ministry of Internal Affairs and Communications

3. Attendees

(1) Members (Entered in alphabetical order of last names, with honorifics omitted)

Aida, member; Fujiwara, member; Hasegawa, member; Iizuka, member; Ishiwatari, member; Izumi, Deputy Chairperson; Kita, member; Saito, Chairperson; Saito, member

(2) Ministry of Internal Affairs and Communications

Suga, Minister of Internal Affairs and Communications; Taniguchi, Parliamentary Secretary for Internal Affairs and Communications; Mori, Director-General of the Telecommunications Bureau; Samura, Director of the General Affairs Division; Suzuki, Director of the Telecommunications Policy Division; Taniwaki, Director of the Tariff Division; Ninomiya, Senior Planning Officer of the Tariff Division; Iimura, Assistant Director of the Tariff Division; Shirai, Assistant Director of the Tariff Division; Shibazaki, Assistant Director of the Computer Communications Division

4. Agenda

(1) Draft Report of the Study Group on Mobile Business

5. Outline of proceedings

- At the beginning of the meeting, the following address was given by Mr. Suga, Minister of Internal Affairs and Communications.

I am the Minister of Internal Affairs and Communications. I would like to express my thanks to all of the members, including the chairperson, for the cooperation given in the activities of this Study Group on Mobile Business. Japan has become a broadband superpower, where telecommunications are provided the fastest and the most inexpensively in the world. In the case of mobile communications, progress is being made in Japan in the diversification and advancement of services. For example, Japan is the first country in the world where third-generation cellular telephones came into wide use. Nevertheless, since the mobile business market is in the process of transition from the growth period to the maturation period, I believe that it is indispensable to formulate a new development strategy for mobile business, which will become a next-generation industry, thereby creating new markets and strengthening international competitiveness. In the ICT Reform Promotion Program announced in April of this year, the Ministry of Internal Affairs and Communications designated the vitalization of the mobile business as one of the most important tasks. I feel ashamed of the current situation, where

Japanese mobile devices are not much in use overseas despite their high-tech features. I presume that much of the general public feels the same way also. In this regard, the following items being studied by this Study Group cannot be avoided and sidestepped in the interest of the development of ICT industries and the improvement of international competitiveness: review of current sales models involving sales incentives and SIM locking; competition promotion measures including encouragement of new entry of MVNOs; and various measures to develop market environments. In order for Japan to find larger markets abroad, I think that it is very important to aggressively make positive and bold efforts by sloughing off past frameworks while improving user convenience. The report under study this time is scheduled to be completed by September of this year. The Ministry of Internal Affairs and Communications is contemplating a swift change of administrative measures based on the completed report. I would like to end my address by hoping that all members will continue to make further suggestions.

- The Secretariat gave an explanation of the Draft Report of the Study Group on Mobile Business.

(Member)

SIM locking is mentioned in Chapter 2. If this locking is removed, it becomes possible to move from carrier to carrier. In this regard, what should be done, by whom, between the first phase and the second phase? I presume that standardization should be performed in the capacity of a national master. It is true that it is difficult to make a specific statement now, but it seems to me that it should be stated that such a problem exists.

(Member)

Regarding the separation plan mentioned on page 21, I can understand that terminal prices should be separate from communication fees in principle. However, I wonder if it is necessary to go so far as to state that a review should be made of the setup where communication fees are discounted depending on terminal models.

(Member)

With regard to the MVNO guidelines mentioned on page 33, I believe that dispute settlement procedures are prepared as a provision for cases where inter-carrier negotiation does not work out well. What are such procedures actually like?

(Member)

According to page 37, studies on the reinforcement of coordination among platforms will start in fiscal year 2007. What studies are going to be conducted in specific terms?

(Member)

To what does the “presence information” mentioned on page 37 refer?

(Member)

It is my understanding that open business models have been discussed in this Study Group. I have been thinking that discussions will be divided into the following three topics: That is, the first one will be the unbundling of terminals and services; the next one will be the unbundling of equipment

and services; and the last one will be the opening of high-ranking layers starting at platforms. However, the reinforcement of coordination among platform functions is mentioned at the beginning of Chapter 4. Does this mean that an argument is made on a matter other than opening? Moreover, the term “platform” is mentioned. Am I to understand that information exists, including positional information, that is owned by networks and that is other than certification charge information, and that discussions are held, under consensus, on the term “platform information”? It seems that platform functions and platform information are mixed together.

(Member)

Page 37 mentions that the information owned by MNOs will be shared. Will such information be shared by content providers as well as MVNOs?

(Member)

Does that mean that it may not be necessary to open everything and that users will be limited to MVNOs and MNOs? Is it that content providers will not be eligible to share such information unless they enter the market as MVNOs?

- The following address was given by Mr. Taniguchi, Parliamentary Secretary for Internal Affairs and Communications

I would like to thank you for holding discussions as often as eight times from various points of view. According to Chapter 5 on page 48 of the Draft Report, after the vitalization plan is formulated, an evaluation committee will be organized to review the plan. For my part, I believe that it is important to conduct a proper review. I am contemplating making strong efforts to that end.

(Member)

MVNOs include various types. Some types of MVNOs provide cut-price services by using MNO networks. Am I right to understand that content providers that provide different information by using MNO networks and platforms also fall into the category of MVNO?

(Member)

Regarding page 36, I believe that relationships with respect to blanket licenses based on WiMAX basically come under the same category as the opening of terminals in the PDC age. In the past, vendor brands were assumed. It is my understanding that when a contract is concluded with a carrier, the relevant terminal will be covered by the carrier’s license. It is unknown what things will be like in the case of WiMAX, but I think that the basics will be the same. However, according to the Draft Report, a relevant setup will be formed in 2007. Then I am inclined to understand that things will be sorted out differently. I would like to have all the facts straightened out.

(Member)

On page 36, giving careful consideration to MVNOs in regard to the assignment of frequencies for such purposes as WiMAX is made compulsory. Frequencies are expected to be reorganized anew in the future due to the termination of analog territorial broadcasting. Is it intended to give careful

consideration to MVNOs on such an occasion as well?

(Member)

Page 43 contains a statement on improvement of salesperson quality. I think that this statement should not be limited to salespersons, but should also refer to call center operators, for example. I hear that there have been increases in the turnover rates of people working in customer relations.

(Member)

Page 44 mentions “cooperation with related administrative organizations” in relation to “the systematization of complaint settlement”. In this connection, there are organizations other than administrative bodies. Therefore, I presume that it is advisable to also mention cooperation with private organizations such as consumer groups.

(Member)

Standardization depends on the extent to which profiling can be carried out, as well as on whether carriers and manufacturers positively implement profiling. It is also necessary to check the extent to which manufacturers participate in standardization organizations.

(Member)

According to page 45, a separation model will be implemented “on a trial basis” in fiscal year 2008. It seems to me that this approach does not deal fully with what is expected from the first phase. I presume that it is advisable to verify the effectiveness of the model at the second stage.

(Member)

It is stated that matters related to accounting will be applied starting in fiscal year 2008, however other matters are only hinted at. What are the reasons for the above?

(Member)

It seems that full introduction of this matter is not desired. Is partial introduction of this matter desired?

(Member)

It is intended that “this matter will be pushed forward in a specific direction”. It therefore seems to me that the “on a trial basis” term is not necessary.

(Member)

In order that the new sales model studied this time will take hold, it is necessary for consumers themselves to give proper thoughts, and it is important for sales agencies to provide information contributing to that end.

(Member)

In relation to the content of page 46, the subtitle of this Draft Report contains the term “opening”. It seems that the concept of “opening” is difficult to understand in that paragraph of Chapter 5 whose heading is “How to Proceed from Now On”. I presume that it is better to refer to a specific instance of “opening”.

(Member)

With regard to the term “on a trial basis” mentioned earlier, page 45 says “It is desirable that studies be conducted with the intention of introducing this matter by fiscal year 2008”. This is a

fairly indirect expression. I presume that it is OK to delete the term “on a trial basis”.

(Member)

I would like to delete the term “on a trial basis”. As regards “opening,” platforms should be left open in order to strengthen coordination among platforms, thus “opening” serves as a means of strengthening coordination. In that sense, “opening” and “strengthening of coordination” have similar meanings.

(Member)

I have the understanding that “platform” is a very difficult term. In this regard, this term tends to be used in a very ambiguous way. I would therefore like to request that the report be written in such a way that the effectiveness of this term will not be lost later on.

- It was decided that the corrections to be made from now on to expressions in the Draft Report be left to the discretion of the Chairperson, and that, with the approval of the Chairperson, copies of the Draft Report be sent to all members.
- The secretariat explained the procedures for soliciting comments from now on.

End