

Minute Summary of the 6th Meeting of the Study Group on the Future Vision of Satellite Broadcasting

1. Date and time:
March 10 (Fri) 2006 10:00 to 12:00
2. Location:
Special Conference Room No.1 (8F), Ministry of Public
Management, Home Affairs, Posts and Telecommunications
3. Attendees
 - (1) Members (Honorifics omitted)
Mutsuhachi Asano, Toru Arakawa, Tsunetoshi
Ishibashi, Susumu Ito, Yoshihiro Oto, Junichi
Kishigami, Fumio Takahata, Kazuo Takenaka, Akio
Torii, Miki Nagata, Masayuki Funada
 - (2) Ministry of Public Management, Home Affairs, Posts

and Telecommunications

Shimizu (Director-General for Policy Planning),

Kawano (Deputy Director-General of Minister's

Secretariat), Okubo (Director of Broadcasting

Technology Division), Okazaki (Director of Regional

Broadcasting Division), Imabayashi (Director of

Satellite and International Broadcasting Division),

Yamamoto (Research Officer of Satellite and

International Broadcasting Division), Osajima

(Assistant Director of Satellite and International

Broadcasting Division)

(3) Groups

- Japan Electronics and Information
Technology Industries Association
Nobuharu Takayanagi (Chief of Digital
Broadcast Ad Hoc Committee, Television
Network Business Committee, Digital
Appliances Division)

4. Proceedings

- (1) Opening
- (2) The 3rd Executive Meeting of the Study Group on the Future Vision of Satellite Broadcasting
- (3) Outcome of the detailed investigation on receiver constraints
- (4) Points of contention regarding the future vision of satellite broadcasting
- (5) Closing

5. Major discussions

The Secretariat explained the documents distributed on the table and the 5th meeting of the Study Group on the Future Vision of Satellite Broadcasting.

Oto, the Chief of the Study Group Executive Meeting, explained the summary of the 3rd Executive Meeting of the Study Group. It was then approved to provide an opportunity to conduct additional discussion on each point of contention regarding the future view of satellite broadcasting and that the future schedule may be changed accordingly, since the points of contention lie in a wide range and some are associated with the base of the system.

Furthermore, it is necessary to deepen the discussion on each point of contention after understanding the information to be secured, such as the status of satellite troubles. In addition, Japan Electronics and Information Technology Industries Association explained the outcome of the detailed investigation on receiver constraints.

Major discussions on points of contention regarding the future view of satellite broadcasting are as presented below:

- Since all remote control one-touch buttons are expected to be allocated from December 2007, it seems better for operators who newly participate after that time to recognize the difference in the condition of competition when viewed from this point.
- As for the data compression method, sending at a lower transmission rate has so far been emphasized more than anything else. When, however, considering the fact that the scarcity of frequency

resources is becoming mitigated in recent years, it seems important, in order to sophisticate the data compression, to focus on the fact that picture quality will be raised by allocating the current transmission rate instead of sending the same quality of pictures at a lower transmission rate. One of the big attractions of BS broadcasting lies in the high picture quality.

- As for the form of hardware-software consistency, some broadcasters consider to also possess facilities by themselves and aim at the promotion of efficiency for the entire business through internalizing the expense over a long term. Some also consider assuming everything, from hardware to software, including viewer support. On the other hand, in the discussion on the digitization of BS analog broadcasting and BS Channel 9, some expressed the idea that the entire BS development should be promoted by lowering the cost threshold for entering the market for those who have a sufficient financial basis to conduct editing while maintaining fairness and neutrality under the circumstances of separated

satellite operators and broadcasters. In reality, however, contracting broadcasters actually invest in contracted broadcasters at their own risk in order to commit to sound satellite operation, since contracting broadcasters will not be able to ensure broadcasting stability if the contracted broadcasters become bankrupt. Based on such reality, it seems necessary to study how the system should be after verifying the achievements of the separation system.

- If the competition in the free advertisement broadcasting market will become severer in the future, it can be supposed that the current model of BS broadcasting will reach its limit and viewers will not be able to accept better services. In the light of the effectiveness of satellite broadcasting as a measure to promote the diversity of programs, it may be considered that BS broadcasting will lead new models or competitive models of pay television and other services.
- So-called multiplex is a concept close to a large-scale service operator, and it seems to differ

from the multiplex business in the U.K. terrestrial digital broadcasting. Since multiplex and platform are different concepts and such an operator possessing satellites is a different matter, it seems appropriate for us to conduct discussions based on these circumstances.

- Mainly two broadcasters have provided satellite broadcasting services in the United States. They have been growing as a rival to CATV while facing an anti-trust issue. On the other hand, BskyB of the U.K. appears to be a monopoly within the country, but not so as viewed by all the viewers in Europe. If, in Japan, most broadcasters are consolidated into one as a multiplex that possesses the platform business and satellites, it will become a monopoly in the area of CS broadcasting and build a dominant position over program suppliers. At the same time, it can be supposed that any such business entity that is more powerful than its counterparts in the United States and the U.K. will promote competition among other media, such as CATV, BS broadcasting and

terrestrial broadcasting. Considering that being a monopoly in a certain media may in turn promote competition in the entire market in a broader sense, it seems necessary for us to continue a steady study on whether the stepwise vertical integration regarding the platform business and possession of satellites will actually lead to the development of CS broadcasting and the entire broadcasting industry.

(End)