

## Section 9

### Trends Abroad

#### 1 Overseas national ICT strategies

Like Japan, other countries formulate new national ICT strategies and revise existing strategies in response to advances in information and communications.

For example, the Republic of Korea formulated the "IT839 Strategy" in May 2004. The strategy aims to introduce and invigorate "eight new major" information and communications services at an early stage to prompt investment in "three major" network infrastructures, and make "nine new major" IT growth engines (including cutting-edge equipment/terminals and the contents industry) grow in synergy as a result.

#### 2 Usage status and market size of telecommunications worldwide

The number of Internet users worldwide continues to increase. According to estimates announced by the International Telecommunication Union (ITU), the number of Internet users worldwide reached 687.57 million as of the end of 2003.

By region, the Asian region topped the rest of the world with 248.14 million (36.1%) Internet users, outpacing the North/South American regions with 222.89 million (32.4%) users. Looking at the trend in the percentage distribution of Internet users by region, the percentage of the Asian region is continuing to increase, while the percentage of the North/South American regions is decreasing.

#### 3 Trends in overseas communications carriers and broadcasters

In the United States, SBC, a local communications carrier, announced that it was acquiring long-distance carrier AT&T in January 2003. If the acquisition takes place, SBC will take the place of Verizon Communications to become the U.S. top carrier in sales amount. In the field of mobile communications, Cingular Wireless, the second largest mobile carrier in terms of subscriber numbers, announced the acquisition of the third largest carrier, AT&T Wireless, in February 2004, and the formal agreement was reached in October of the same year. With this acquisition, Cingular Wireless overtook Verizon Wireless to become the top mobile communications carrier in the United States.

In the United Kingdom, various companies improved their financial situation, including BT, which had accumulated debts of about 28.0 billion pounds in 2001 in conjunction with overseas investment and obtaining permits for third-generation (3G) mobile communications,

and it had reduced its debt to about 1.2 billion pounds by March 2004 through the sale of assets.

#### 4 Trends in ICT policies in the United States

With regard to unbundling regulation, the Federal Communications Commission (FCC) of the United States announced rules for incumbent local exchange carriers (ILECs) in August 2003 to ease the unbundling obligation for fiber-to-the-home loops and abolish the unbundling obligation for line-sharing due to the intensification of broadband competition and the increase in intermodal competition.

In March 2004, the U.S. Court of Appeals for the D.C. Circuit overturned portions of this decision, and in February 2005, the FCC announced the final rules intended for promoting technical innovations and investment arising from facilities-based competition. Specifically, the rules even eliminate unbundling requirements for mass-market switching and unbundling of dark fiber in the business market.

With regard to the problem of regulating IP telephones, the FCC, having held its VoIP (Voice over Internet Protocol) Forum in December 2003, launched investigation of regulatory problems, starting with inviting comments on how to tackle regulations concerning IP-related services in February 2004.

#### 5 Trends in ICT policies in the EU

Against a background of growing competition and the fusion between communications and broadcasting, the EU has been revising its existing framework of regulations in the telecommunications field in order to make the telecommunications market within the EU region dynamic and competitive. In April 2002, the EU promulgated and put into force a series of new telecommunications regulations (December 2000 with regard to the regulation on local loop unbundling; July 2002 with regard to the directive on privacy and electronic communications; and September 2002 with regard to the directive on competition in the markets for electronic communications networks and services).

In the United Kingdom, the Office of Communications (Ofcom) started the "Strategic Review of Telecommunications," which shows the direction of long-term reform of the U.K. telecommunications market, in April 2004. In November 2004, it released the Phase Two report in which it proposes the following items as new regulation principles, while taking note of the economic bottleneck issue: (i) promote competition

at the deepest levels of infrastructure where it will be effective and sustainable; (ii) focus regulation to deliver equality of access beyond those levels (iii) as soon as competitive conditions allow, withdraw from regulation at other levels; (iv) promote a favorable climate for efficient and timely investment and stimulate innovation; (v) accommodate varying regulatory solutions for different products and, where appropriate, different geographies; (vi) create a scope for market entry that could, over time, remove economic bottlenecks; and (vii) light touch regulation in the wider value chain. The final report is scheduled to be published in the summer of 2005.

## 6 Trends in ICT policies in Asia

The growth of the telecommunications market in China remains conspicuous, and in December 2004, the number of fixed line telephone subscribers reached 312.44 million and that of mobile phone subscribers 334.82 million, placing China at the top position in the world in terms of the number of subscribers. Meanwhile, the number of Internet subscribers reached 94 million, supposedly placing China in second position worldwide.

In the area of information and communications policy, China formally joined the WTO in December 2001, and promotes liberalization of the telecommunications market along with development of legal systems. With regard to legal systems, China has made a certain level of efforts for opening up the telecommunications market by dividing telecommunications business into “basic services” and “value-added services” in the Telecommunications Regulations enacted in September 2000, and allowing foreign investment of up to 49% in “basic services” while not limiting foreign investment in “value-added services.”

The number of subscribers to broadband services using DSL has continued to increase in the Republic of Korea, and according to the Republic of Korea’s Ministry of Information & Communication, the number

of Internet users reached 31.58 million (70.2% of the total population) at the end of 2004. In May 2004, the government announced the “IT839 Strategy” based on the “Broadband IT KOREA Vision 2007.” The strategy aims to introduce and invigorate eight new major information and communications services at an early stage, under the value chain of the information and communications industry, to prompt investment in three major network infrastructures, and make nine new major IT growth engines, (including cutting-edge equipment/terminals and the contents industry) grow in synergy as a result. Consideration is given to establish a framework for promoting the strategy in a consistent manner by creating a master plan, releasing benchmarks such as the time to launch the services and the necessary technological development, and establishing an expert working group including government officials as an advisory organization.

In 2004, the number of telephone subscribers in India recorded a growth rate exceeding a 40% increase over the previous year, reaching 76.54 million at the end of March 2004, and the telephone penetration rate also increased from 5.1% to 7.0%. In particular, the mobile phone subscribers achieved a remarkable growth, increasing by 160% over the previous year (fixed line telephone: a 3% increase over the previous year) and accounting for 44% of all telephone subscribers (including mobile communications through WLL). Such development of the telecommunications market has been attained through a series of competition policies of the Indian government. Local communication has already been liberalized in 1997 and long-distance communication in 2000. Although the market was once monopolized by state-owned companies, BSNL and MTNL, the market share (including mobile phones and mobile communication through WLL) of private carriers increased to 21% by 2003 and to 39% by 2004. International communication was also liberalized in 2002.