Section 2 Trends in Telecommunications Business Policy

1. Summary

(1) Past initiatives

Many new carriers have entered the market over the past 40 years since the liberalization of telecommunications in 1985 and the enactment of the Telecommunications Business Act (Act No. 86 of 1984), and various communication technologies such as IP, digitalization, and mobile broadband have been developed and introduced under the principle of competition, resulting in lower rates and more diversified and sophisticated services. To date, MIC has conducted constant reviews of various policies and systems from the perspective of ensuring the provision of reliable telecommunications services while maintaining the innovation and dynamism of such telecommunications services.

For example, Japan's telecommunications market has been undergoing major environmental changes in recent years such as widespread adoption of mobile phones and broadband as well as the expansion of group-based competition primarily among mobile carriers. Institutional improvements that continue to ensure a fair competitive environment in view of these environmental changes are needed. With regard to mobile phones that have now become essential everyday necessities, there were issues such as relatively high costs vis-à-vis other countries and the complex and difficult-to-understand fee plans of various carriers. Efforts have been carried out to put in place a fair competitive environment so as to resolve these issues and enable people to enjoy a diversity of low-cost mobile phone services.

The government has also made institutional improvements to address the increasing number of various troubles surrounding the use of telecommunications services due to the information gap between users and operators, inappropriate solicitation by operators, and other factors, as well as the growing seriousness of global risks such as increasingly complex and sophisticated cyber-attacks.

(2) Future Issues and Directions

The telecommunications business provides telecommunications services that are indispensable to people's lives and socioeconomic activities. As Japan's social structure moves toward rapid population decline and super-aging, ICT is expected to play an increasing role in regional revitalization by strengthening local industrial bases and promoting migration to rural areas, as well as in stimulating economic activities such as creating new businesses and improving productivity, achieving safe and secure communities, and resolving social issues in such fields as medicine, education, and public administration.

In this context, developing digital infrastructure is extremely important as a foundation to support the promotion of innovation, digitalization and digital transformation across Japanese society as a whole, and to protect the interests of telecommunications service users, for each and every individual and for Japan's social and economic well-being.

Not only Japan's telecommunications market but indeed its social structure itself is expected to undergo further radical changes in the future, and the social and economic models we have taken for granted until now will no longer apply. Therefore, there is an increasing need to use advanced information and communication technologies to resolve social issues and create value.

Telecommunication services have become indispensable for people's lives and socioeconomic activities, and it is thus essential that these services be continually available even during emergencies such as natural disasters and communication failures.

Accordingly, an environment must be developed in a way that enables any and all actors in Japan to utilize information and communications services in a safe, secure, and reliable manner.

2. Approaches to Telecommunications Policy in Response to Changes in the Market Environment

In August 2023, the MIC consulted the Information and Communications Council on "Approaches to Telecommunications Policy in Response to Changes in the Market Environment" in order to respond quickly and flexibly to changes in the market environment, improve people's lives, and stimulate the economy. Based on the first report compiled in February 2024 following discussions at the Special Subcommittee on Telecommunications Policy established under the Council, the Act Partially Amending of the Act on Nippon Telegraph and Telephone Corporation, etc. (Act No. 20 of 2024), which abolished the obligations of NTT, Inc. (the NTT Group's holding company), NTT EAST and NTT WEST regarding research and development, was promulgated and enforced in April of that same year. A final report covering universal service, fair competition, economic security and other such matters that the first report recommended be further examined in the future was compiled in February 2025 based mainly on expert discussions conducted by three Committee working groups as well as interviews with related businesses. The final report makes a wide range of recommendations regarding telephone and broadband services, among them being to add services utilizing mobile networks (Fixed-Mobile

Convergence [FMC] services, etc.) to universal service and the transfer, etc . of NTT East and West's poles, ducts, and other facilities will need official approval. Based on these recommendations, the MIC submitted to the Diet in March of that year a bill entitled "The Act Partially Amending the Telecommunications Business Act and the Act on Nippon Telegraph and Telephone Corporation", that concerned universal telecommunications services, in addition to prescribing last resort telecommunications carrier that is responsible for providing service in areas where other telecommunications carriers do not provide service, measures for reviewing NTT East and West's scope of business, etc., and this bill was passed into law in May of the same year. Specific institutional improvements are to be set forth in ministerial ordinances, etc., in the future.

3. Establishment of a fair competitive environment

(1) Analysis and verification of telecommunications markets

A Verification of telecommunications markets

Since FY 2016, the MIC has been implementing market review initiatives to analyze and verify market trends and confirm the appropriateness of telecommunications carriers' operations in an integrated manner, and the MIC holds Telecommunications Market Review Meetings attended by academic experts and others to obtain advice from objective and expert perspectives. With advancing digitalization making people's livelihoods and socioeconomic activities increasingly dependent on telecommunications, the MIC has also been monitoring major telecommunications carriers through interviews and other means from the FY2023 verification onward in light of rapid changes in the market environment and the diversification of services and in light of the risks faced by carriers in providing telecommunications services in both emergency and non-emergency circumstances. Market verification has been carried out continuously since FY2023 in accordance with the "Basic Policy on Market Verification in the Telecommunications Business Sector" formulated in August 2023, which includes such monitoring.

B Establishment of a fair competitive environment, etc., in the mobile market

The MIC is undertaking efforts to establish a fair competitive environment in the mobile market in order to realize a diversity of low-cost services through active competition among carriers. In 2019, the Telecommunications Business Act was amended to separate telecommunications charges from handset charges and prohibit excessive locks on customers, etc., and the effects of the measures taken as a result of these amendments and their impact on the mobile market have been subject to continuing verification since 2020 by the Working Group on the Verification of Competition Rules (hereinafter, the "Competition WG") under the auspices of the Telecommunications Market Verification Council.

As part of its efforts to date, MIC in October 2020 released an "Action Plan for the Establishment of a Fair Competition Environment in the Mobile Market", which outlines specific measures to improve the fair competition environment in the mobile market. Based on deliberations by the Competition WG and on the Action Plan, MIC imposed a ban on SIM locks in principle (August 2021) and made institutional improvements to enable the early dissolution of existing contracts (January 2022). In addition, mobile phone carriers have made progress in establishing a fair competitive environment in the mobile market by eliminating penalty fees, launching carrier e-mail portability services, introducing eSIMs, and pursuing other initiatives. Subsequently, the system was revised in December 2023 to include regulations on discounts for unlocked phones (SIM-free phones) based on the findings of a study by the Competition WG underArticle 6 (consideration clause) of the Supplementary Provisions of the Act to Partly Amend the Telecommunications Business Act (Act No. 5 of 2019). In line with the "Plan for Promoting Competition in the Mobile Market to Enrich Everyday Life" (hereinafter, the "Mobile Market Competition Promotion Plan") published by MIC in November 2023, the Competition WG focused its consideration on (1) measures to further promote competition in the mobile market and (2) measures to revitalize the new and used handset market. In December 2024, the system was revised to relax the maximum discount amount for millimeter-wave compatible terminals based on the "2024 Report on the Verification of Competition Rules" that summarized the Competition WG's findings.

MIC is also working to promote understanding among users through consumer groups, etc. In December 2020, a "Mobile Phone Portal Site" was opened on the MIC website to offer impartial information with the aims of helping users select a plan that best suits their needs and furthering understanding among consumers. In keeping with the Mobile Market Competition Promotion Plan, MIC conducted a publicity campaign in conjunction with the animation "Gegege no Kitaro (6th Season)" through the end of March 2025 to improve user understanding of the key points of the mobile phone rate plan review, the MNP one-stop service, etc.

Figure (related data): Mobile phone portal sites
URL:https://www.soumu.go.jp/menu_seisaku/ictseisaku/keitai_portal/

(2) Development of rules on interconnection charges and other related regulations

A Review in light of changing circumstances in voice communications

With regard to connections for voice services such as telephone services provided by NTT EAST and WEST (voice connections), the Information and Communications Council deliberated on the appropriate approach to voice interconnection charges after transitioning to IP networks, taking into consideration the fact that the transition from fixed-line telephone networks to IP networks was completed in December 2024.

Based on the Council's June 2024 report, MIC defined the functions related to incoming and outgoing calls on metal IP phones, wireless fixed-line phones, and Hikari phones as a single statutory function (combination applicable connection), stipulated methods for the calculation of interconnection charges from January 2025 onward in order to set the same interconnection charges for metal IP phones, wireless fixed-line phones, and Hikari phones after the transition of fixed-line telephone networks to IP networks (Ministerial Order for the Partial Amendment of the Regulations for the Enforcement of the Telecommunications Business Act, etc. (MIC Ministerial Order No. 110 of 2024).

B Revision of calculation method for mobile interconnection charges, etc.

The Telecommunications Business Act imposes rules (designated telecommunications facilities system) on specific carriers that install major networks to ensure the fairness and transparency of interconnection charges and conditions as well as connection promptness. MIC is working to ensure the appropriateness of interconnection charges for designated telecommunications facilities in administrative procedures such as approvals and notifications, and to improve the appropriateness of the calculation methods for these charges through discussions by the "Study Group on the Calculation of Interconnection Charges".

With regard to connection fees for MNO networks in mobile communications (mobile interconnection charges), a review of the approach for calculating both voice and data communication interconnection charges (the criteria for allocating expenses and assets) in the FY2023 interconnection accounting of MNO companies was conducted based on Study Group discussions. In line with the outcomes of the Study Group's review, MIC revised the "Guidelines on the Application of the Telecommunications Business Act and the Radio Act to MVNOs" in March 2025 and also made the necessary institutional improvements (Ministerial Ordinance Partially Amending the Accounting Rules for Interconnections of Category II Designated Telecommunications Facilities [2025 MIC Ordinance No. 42]) in April 2025. Based on the September 2024 "Eighth Report of the Study Group on the Calculation of Interconnection charges", MIC will verify the status of negotiations among operators on the release of 5G (Standalone) functions and consider future interconnection rules, etc.

C Review of the system for wholesale telecommunications services

With regard to wholesale telecommunications services provided using designated telecommunications facilities, the Act Partially Amending the Telecommunications Business Act (Act No. 70 of 2022) imposed on wholesale telecommunications service providers the obligation to provide services that have a significant impact on proper competitive relations between providers and the obligation to present information in negotiations in order to rectify the negotiating advantages of wholesale suppliers and to ensure the appropriateness of discussions between wholesale providers and wholesale customers.

MIC has made continued efforts to properly juxtapose "Interconnection" and "Wholesale Telecommunications Services" usage patterns in the use of Category I and Category II designated telecommunications facilities by pursuing active and substantive consultations on the provision of wholesale telecommunications services, e.g., having the Study Group on Calculation of Interconnection Charges etc. verify the status of consultations and system operation after the revised act goes into effect and holding discussions on verifying wholesale fees focusing on the substitutability of wholesale telecommunications services and connection functions.

4. Development and maintenance of digital infrastructure

(1) Formulation of "Digital Infrastructure Development Plan 2030"

To maintain Japan's growth potential in the midst of a population decline and increasingly diverse and complex community and social issues, DX must be accelerated by thoroughly utilizing generative AI and other digital technologies, and the digital infrastructure that will be indispensable for achieving this is becoming increasingly important.

In developing digital infrastructure, it has become necessary to develop new digital infrastructure for the AI era that will ensure computing resources such as data centers, whose demand will rapidly increase as the development and use of generated AI goes into full swing, and that will accelerate the use of data in rural areas. It has also become necessary to put in place an environment that can be connected anywhere through multi-layered networks utilizing non-terrestrial networks to meet diversifying infrastructure needs in addition to improving 5G and optical fiber in order to support the use of this new digital infrastructure and cope with the increase in traffic caused by the digitalization of society and the use of new technologies.

The Noto region of Ishikawa Prefecture experienced

an earthquake in January 2024 that left communication services unavailable for an extended period of time due to power outages, disruption of transmission lines, etc. Among the challenges posed by such disasters are making communication infrastructure more robust in preparation for future disasters as well as enabling early recovery.

Given these circumstances, MIC formulated the "Digital Infrastructure Development Plan 2030" in June 2025 to promote the development of Japan's digital infrastructure in an integrated and efficient manner by codifying policies for developing the necessary digital infrastructure and specific measures to realize these policies looking ahead to the end of FY2030.

Based on this Plan, MIC will pursue the development of digital infrastructure to support an AI society by eliminating areas with underdeveloped optical fiber networks, ensuring maintenance and management, spreading and expanding high-quality communication services that offer a "distinctively 5G" experience, decentralizing data centers, etc., through Watt-Bit Collaboration, and supporting the deployment of non-terrestrial networks (NTN) as well as by pursuing R&D and social implementation of next-generation information and telecommunications infrastructure (Beyond 5G) with all-photonics networks at the core and of quantum cryptographic communications.

(2) Promotion of Optical Fiber Installation

While the use of digital technology, including telework, remote education, and remote medical care, is strongly expected to resolve local issues, the development of digital infrastructure using optical fiber has been delayed in depopulated areas, remote islands, and other geographically disadvantaged locales due to the financial burden relative to the population[1].

In view of this background, MIC is implementing the "Advanced Wireless Environment Development Promotion Project" to partially subsidize project costs when local governments and telecommunications carriers install optical fiber, which is a prerequisite for high-speed, large-capacity wireless communications such as 5G. These subsidies will aid in covering the cost of upgrading fiber optic networks owned by local governments for transfer to the private sector as well as the cost of maintaining and managing optical fiber in remote island areas. MIC will strive in accordance with the "Digital Infrastructure Development Plan 2030" (formulated in June 2025) to increase the optical fiber coverage rate (household coverage rate) from 99.84% at the end of March 2023 to 99.9% by the end of March 2028.

MIC has greatly expanded its support, including higher subsidy rates, in the FY2024 supplementary budget and the FY2025 budget, and will continue to promote optical fiber installation in disadvantaged areas and work to enable local governments wishing to do so to quickly and smoothly transfer public facilities to the private sector.

(3) Decentralization of data centers, submarine cables, etc.

Against the backdrop of rising Internet traffic and growing use of cloud computing and AI as DX moves ahead, the demand for data centers and submarine cables is increasing worldwide, and these digital infrastructures have become indispensable in supporting social life and economic activities. Approximately 90% of Japan's data centers are located in urban areas such as Tokyo and Osaka, and this situation is expected to continue. Landing stations, where international submarine cables terminate, are concentrated on or near the Boso and Shima peninsulas, while the Japan Sea side is the missing link for domestic submarine cables. Since telecommunication services may thus be affected on a nationwide scale in the event that the Tokyo and Osaka areas are damaged by earthquakes or other disasters, data centers need to be located in a more decentralized fashion and submarine cables installed on the Japan Sea coast from the perspective of making Japan's digital infrastructure more resilient. As Japan is situated at the relay point between North America/Europe and the Asia-Pacific region, efforts must be made to construct more international submarine cables to Japan so that the country can establish itself as a hub for international data distribution and develop autonomous digital infrastructure. Furthermore, the increasingly complex security environment surrounding Japan and other recent changes internationally require stronger security measures for international submarine cables and landing stations.

MIC created a fund to support private companies that develop data centers and submarine cables as part of the supplementary budget project for FY2021, and this fund is providing assistance to data center development projects located outside the Tokyo area. This fund was increased and branch lines and branching equipment for international submarine cables were added as new support targets in the FY2023 supplementary budget; efforts are being made to boost the number of routes for international submarine cables. The fund was further expanded in the FY2024 supplementary budget to begin providing support for data center development projects located outside the Tokyo area.

The emergence of generative AI and other factors are pushing up the computational power required for AI learning, etc., at an accelerating rate, making it imperative to secure large-scale computational resources for the sake of developing and utilizing generative AI going forward. At the same time, data centers tend to be concentrated in a few areas, and construction of new data centers may require the building of new substations and

[1] See Part II, Chapter 1, Section 2, "Trends in the Telecommunications Sector"

other large-scale grid augmentation. It is therefore important to promote effective collaboration between electric power and telecommunications (Watt-Bit Collaboration) by, for example, encouraging the siting of data centers in locations and regions deemed desirable from the viewpoint of electric power infrastructure, while systematically developing the necessary telecommunications infrastructure commensurate with such locations.

Hence, MIC teamed up with METI to launch the "Public-Private Advisory Council on Watt-Bit Collaboration" in March 2025 as a forum for cooperation and coordination among the public and private actors concerned, in accord with the instructions issued by the Prime Minister at the February 2025 meeting of the Meeting on Digital Administrative and Fiscal Reform. In June 2025, the Advisory Council compiled the "Summary 1.0 of Public-Private Advisory Council on Watt-Bit Collaboration" after identifying conditions and issues pertinent to the future development of desirable data centers. MIC will continue to promote measures such as regional decentralization of data centers on the basis of Advisory Council discussions.

(4) Maintain and ensure broadband service provision

The Act for Partial Amendment of the Telecommunications Business Act (Act No. 70 of 2022, enforced on June 16, 2023) newly positioned broadband services – essential for telework, remote education, remote medical care and other services – as an Item (ii) Universal Telecommunications Service[2] under the Telecommunications Business Act. To ensure the appropriate, fair, and stable provision of broadband services, a new system (Universal Service System for Broadband Services) was established to offer subsidies from the contributions collected from broadband service providers nationwide.

To begin operating this subsidy system, MIC revised the pertinent ordinances based on the "Calculation of Subsidies and Contributions under the Universal Service System for Broadband Services" (a March 2024 report from the Information and Communications Council) and other relevant documents. In 2024, MIC designated 30,000+ of the approximately 230,000 towns and districts nationwide as "support zones" for the calculation of subsidies, based on criteria such as the deficits expected to be incurred in providing broadband services[3].

In March 2025, MIC designated the Type II Qualified Telecommunications Carriers eligible for the subsidy, and the Regulations for Calculating Type II Grants and Type II Contributions for the Provision of Item (ii) Universal Telecommunications Service (MIC Ordinance No. 16 of 2025) and other rules came into effect in April 2025; MIC is now making the necessary preparations for starting the subsidy system by FY2026.

5. Ensure the safety and reliability of telecommunications infrastructure

(1) Institutional improvements to technical standards for telecommunications equipment, etc.

With virtualization technology being introduced into telecommunications networks, cloud service utilization advancing, and telecommunications service provision structures becoming more diverse and complex, the IP Network Facilities Subcommittee of the Department on Information and Communications Technology under the Information and Communications Council spent the period April 2022 to February 2023 examining the technical conditions for the telecommunications equipment needed to support increasingly diverse and complex networks appearing in the wake of technological advances in virtualization.

The partial report prepared by the Information and Communications Council based on its first report[4] compiled in September 2022 indicated with regard to MVNOs, etc., to be designated as voice transmission mobile phone numbers that it would be appropriate to apply the same technical standards as those currently imposed on MNOs' mobile phone facilities. Following a subsequent report by the Information and Communications Administration and Postal Administration Council[5], the Ministerial Ordinance Partially Amending the Regulations for the Enforcement of the Telecommunications Business Act, etc., to relax conditions for the designation of voice transmission mobile phone numbers went into effect in February 2023.

The Committee also studied technical conditions for telecommunications facilities in light of advances in virtualization technology, etc., as well as technical conditions pertaining to situations deemed vulnerable to serious incidents, and compiled these as a second report in February 2023. Based on the partial report of the Information and Communications Council, the Regulations for the Enforcement of the Telecommunications Business Act, etc.[6], previously revised to incorporate the technical conditions pertaining to situations deemed

[2] Specifically, FTTH access services, HFC-based CATV access services and dedicated wireless fixed broadband access services fall under Item (ii) Universal Telecommunications Services.
[3] 16,256 towns/districts as general support zones and 14,394 towns/districts as special support zones
[4] Partial Report from the Information and Communications Council on "Technical Conditions for Telecommunications Facilities Adapting to Increased Network Diversification and Complexity Driven by Advances in Virtualization Technology, etc." (September 16, 2022): https://www.soumu.go.jp/menu_news/s-news/01kiban05_ 02000253.html
[5] Results of the Solicitation for Public Comments on the Partial Revision of the Regulations for the Enforcement of the Telecommunications Business Act and Report from the Information and Communications Administration and Postal Administration Council (January 20, 2023): https://www.soumu.go.jp/menu_news/s-news/01kiban06_02000100.html
[6] Partial Report from the Information and Communications Council on "Technical Conditions for Telecommunications Facilities Adapting to Increased Network Diversification and Complexity Driven by Advances in Virtualization Technology, etc." (February 24, 2023): https://www.soumu.go.jp/menu_news/s-news/01kiban05_ 02000283.html

vulnerable to serious incidents, were revised again in June 2023 in accordance with the technical conditions for telecommunications facilities required in light of advances in virtualization technology, etc.; these revisions went into effect in January 2024.

(2) Ensuring communication services during emergencies

A Establishing standards for measures to be taken by telecommunications carriers, etc.

In recent years, Japan has experienced frequent natural disasters such as earthquakes, typhoons, heavy rain, heavy snow, floods, landslides, and volcanic eruptions, which have also disrupted communication services due to power outages, communication equipment failure, and cable breaks.

MIC has revised the "Information and Communications Network Safety and Reliability Standards" (Ministry of Posts and Telecommunications Notification No. 73, of 1987), which stipulates earthquake resistance, power outage countermeasures, and fire prevention measures to be implemented by telecommunications carriers as needed to ensure communication services during disasters. Revisions were made in March 2025, in light of the January 2024 earthquake that hit the Noto region of Ishikawa Prefecture, to enhance power outage countermeasures at mobile phone base stations and other facilities.

Since October 2018, "Liaison Meetings on Securing Communication Services in the Event of Disasters" have been held with designated public agencies to reflect on disaster responses previously and to share information and exchange opinions on the systems in place for immediate response and cooperation, rapid damage assessments, and issues to be addressed in undertaking recovery efforts. In addition, MIC is using the information obtained on these opportunities to establish a liaison system between telecommunication carriers and organizations related to electric power, fuel, and fallen tree disposal, as well as to conduct initial response training and pursue other forms of coordination.

B Efforts of the "MIC-TEAM" (MIC Disaster Telecom Support Team)

MIC launched the "MIC-TEAM" (MIC Disaster Telecom Support Team) in June 2020 to provide disaster response support for securing information and communication means. MIC-TEAM is dispatched to local governments in disaster-stricken areas when a large-scale disaster occurs or is likely to occur, and is responsible for assessing damage to information and telecommunications services, coordinating with relevant administrative agencies and businesses, and providing technical advice to local governments as well as lending mobile power vehicles and offering other assistance. In 2024, MIC-TEAM was dispatched to local governments affected by natural disasters, including the January earthquake in the Noto region of Ishikawa Prefecture and the September torrential rains on the Noto Peninsula.

To address issues pertaining to collaboration and cooperation in power supply, fuel supply, and fallen tree disposal, MIC conducted cooperative drills with Yamaguchi and Okinawa prefectures in FY2024 to test the initial response capabilities of telecommunications carriers and other related organizations.

C Studying the mutual use of networks among mobile phone carriers, etc.

Since mobile phone service is an indispensable lifeline for people's daily lives and economic activities, the challenge is to create an environment in which mobile phone users can continue to use communication services even in the event of natural disasters or communication breakdowns through "inter-carrier roaming in emergencies" that allows users temporary access to other carriers' networks. To that end, MIC organized a "Study Group on Intercarrier Roaming in Emergency Situations" in September 2022 that compiled and published its first report in December of that same year outlining a basic policy of introducing inter-operator roaming in emergencies as soon as possible through a full roaming approach that enables not only emergency calls, general calls and data communications but also return calls from the organizations handling emergency calls.

The Study Group compiled its second report in June 2023 on the policy of introducing – in parallel with a full-roaming system – a roaming system that enables emergency calls to be sent out even in the event that the user authentication of the core network required to receive return calls from the organizations handling emergency calls has been disabled. In May 2024, a third report was compiled on the basic concept of inter-carrier roaming in emergencies that set out a schedule for introducing both systems around the end of FY2025.

To ensure more in-depth policy making deliberations covering topics such as the development of technical standards based on the findings of the aforementioned study, MIC reassigned these deliberations to the IP Network Facilities Subcommittee of the Department on Information and Communications Technology under the Information and Communications Council in August 2024, and the Council submitted a partial report on technical standards for terminal facilities in December of the same year.

In January 2025, the Information and Communications Administration and Postal Administration Council was consulted on revisions to relevant ministerial ordinances based on this report, and the Council issued its report in March. The revised ministerial ordinances on this matter were promulgated in May and are scheduled to go into effect in October of this year.

The Information and Communications Council is still considering the appropriate approaches for operational rules and user awareness to ensure the smooth introduction of inter-carrier roaming in emergencies.

MIC will continue pursuing the studies, verifications, etc., necessary to realize inter-carrier roaming in emergencies.

(3) Analyzing and verifying telecommunication accidents

To prevent telecommunication accidents or reduce their impact, appropriate measures must be taken when these accidents occur and thereafter, in addition to measures taken in advance. Since 2015, MIC has held "Telecommunications Accident Verification Meetings" to analyze and verify reports mainly covering "serious accidents" and "situations that are deemed likely to cause serious accidents" as defined in the Telecommunications Business Act and "quarterly reportable accidents" as defined in the Telecommunications Business Reporting Rules. Participants in the September 2024 meeting compiled the verification results for telecommunication accidents that had occurred in FY2023 and published the "Verification Report on Telecommunication Accidents in FY2023"; they also continued verifying the telecommunication accidents that occurred in FY2024.

Many common issues are thought to be behind the high number of telecommunication accidents, including risk identification and assessment, human error prevention and training, and maintenance and operational posture. The "Report on the Verification of Structural Problems Related to Telecommunications Accidents" compiled in March 2024 covered reviews of technical standards, management regulations and other rules/regulations based on structural problems in the organizations and systems behind individual accidents as well as verification of these structural problems, and approaches on strengthening governance of maintenance and operational systems pertinent to safety measures. Based on the details contained in this report, the "Basic Policy on Monitoring to Ensure the Safety and Reliability of Telecommunication Services" was formulated in July of that same year with the aim of having government authorities monitor compliance with laws and regulations to ensure the safety and reliability of telecommunication services, complementing the various efforts being made by telecommunication carriers themselves; verification was conducted in the program's first year FY2023. A summary of the deliberations was reported at the Telecommunications Accident Verification Meeting in June 2024 and an overview of the results made public; verification for FY2024 began in August of that year.

6. Establishing safe and secure usage environments for telecommunications services

(1) Ensuring governance in the telecommunications sector

The telecommunications business is essential to the pursuit of breakthrough innovations in the information and communication sector and various other fields, and the industry needs to provide users with secure and reliable telecommunications services from the perspective of offering innovative services and encouraging DX in society by introducing digital technologies.

In May 2021, MIC convened a meeting of the "Telecommunications Carriers' Governance Panel" to consider how to establish governance of telecommunications carriers' cybersecurity measures and data handling and to study future measures for ensuring safe, secure, and reliable telecommunications services and networks in the digital age. Based on the Panel's recommendations, a law was enacted in June 2022 to partially amend the Telecommunications Business Act, establishing new requirements, such as formulating and registering information handling rules, and setting out new rules to ensure the smooth provision of telecommunications services, including rules on cooperative measures among carriers to combat cyberattacks and on an accident reporting system, in order to promote the proper handling of user information, especially by telecommunications carriers that acquire and manage large volumes of information, while maintaining consistency with the regulations of other countries. MIC subsequently held meetings of the "Working Group on the Proper Handling of Specified User Information" from June to September 2022 to study the details of regulations concerning the handling of specified user information. The Regulations for Enforcement of the Telecommunications Business Act were revised to provide for (1) items to be included in regulations for handling information, (2) items to be included in information handling policies, (3) evaluation items for the handling of specified user information, (4) requirements for the general manager of specified user information, and (5) reporting requirements in the event of a data breach. The Act and the revised Regulations for the Enforcement of the Telecommunications Business Act came into effect in June 2023. In December of that year, a public notice was issued designating those telecommunications carriers responsible for properly handling specified user information in accordance with the Regulations Concerning the Handling of Specified User Information, and these designations became effective in January 2024.

(2) Establishment of consumer protection rules in the telecommunications business sector

A Summary

While the sophistication and diversification of telecommunications services have brought improved convenience and greater choice to many users, the information gap between users and service providers as well as inappropriate solicitations by service providers have also caused problems. To prevent such problems and enable consumers to enjoy the benefits of increasingly sophisticated and diversified telecommunications services, MIC has established consumer protection rules for telecommunications services, enforcing them appropriately and reviewing them as necessary.

B Ensuring the effectiveness of consumer protection rules

(A) Receipt of complaints, consultations, etc., coordination with relevant parties, and administrative guidance

MIC has established the "MIC Telecommunications Consumer Consultation Center" to accept information from consumers[7]. In addition, telecommunications consumer support liaison meetings[8] are held twice a year in every region of Japan to share information and exchange opinions among the parties concerned. Based on the information obtained through these efforts, MIC is working to ensure the effectiveness of consumer protection rules for telecommunications services through administrative guidance and, as necessary, measures taken in cooperation with the Consumer Affairs Agency.

MIC also encourages voluntary efforts by relevant organizations to comply with consumer protection rules.

(B) Monitoring

MIC has formulated the "Basic Policy for Supervision of Consumer Protection Rules in the Telecommunications Business," and holds a "Regular Meeting for Monitoring the Implementation Status of Consumer Protection Rules[9]" twice a year with the participation of experts and related business organizations to monitor the implementation status of consumer protection rules and to share and evaluate the findings among relevant parties.

These meetings analyze complaints and consultations in the telecommunications business sector, ascertaining not only overall trends but also trends by service type (e.g., MNO, MVNO, and FTTH). The meetings also evaluate and summarize the implementation of consumer protection rules by compiling the results of analyses of individual topics[10], on-site investigations (undercover investigations), investigations of individual cases[11] as needed, as well as complaints and consultations received by trade associations. Improvement efforts by businesses and others are also followed up.

Based on the assessments made at this meeting, MIC has provided guidance to the telecommunications carriers that were subject to on-site inspections on points that need to be improved, and has asked trade associations to take industry-wide action and to keep their members informed. The analysis results and evaluations from this meeting are also being used in considering revisions of consumer protection rules and in promoting voluntary efforts by business operators.

C Review of consumer protection rules

MIC has been reviewing and expanding its consumer protection rules in light of changes in the telecommunications market and consumer troubles. The Ministerial Ordinance for the Enforcement of the Telecommunications Business Act was amended in 2022 to introduce restrictions on penalty fees, etc. for contract cancellations, while establishing transitional measures to suspend the application of those caps to provisions to existing contracts, etc. , "for the time being". The Study Group on Consumer Protection Rules pointed out that institutional improvements should be promptly made so that the aforementioned transitional measures can be abolished. Accordingly, the Ministerial Ordinance for the Enforcement of the Telecommunications Business Act was revised in April 2024[12] to clarify the timing with which aforementioned transitional measures will be abolished. Consequently, the measures have become no more applicable to renewed contracts since July 2025 and will be completely abolished at the end of June 2028.

The Study Group also checked and evaluated the enforcement of the Ministerial Ordinance for the Enforcement of the Telecommunications Business Act amended in 2022, the state of consumer protection in online contracts, and business operators' performance of their duty to provide guidance to their sales intermediaries, and in August 2024 compiled the "2024 Report of the Study Group on Consumer Protection Rules". Based on this report, the "Guidelines on the Consumer Protection Rules of the Telecommunications Business Act" were revised to clearly indicate that it is desirable to provide a final confirmation screen as a means of ensuring users have an appropriate understanding of online contracts, and to offer desirable and inappropriate examples of online contracts to encourage telecommunications carriers to take appropriate measures in dealing with "dark patterns" in such contracts. Since December 2024, the Study Group has been discussing ways of improving users' understanding of the explanations given for provision terms and conditions, additional cost added to each handset price by sales intermediaries (customarily referred to as "initial deposit")[13], the status of provision of fixed Wi-Fi services, and other issues.

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[7] MIC received 9,970 complaints and consultations by telephone and via the Internet in FY2024.
[8] A liaison meeting organized by MIC to exchange opinions on how consumer support for telecommunications services should be provided, with the Consumer Affairs Centers and telecommunications carrier organizations from various regions among the participants.
[9] Regular Meeting for Monitoring the Implementation Status of Consumer Protection Rules: https://www.soumu.go.jp/main_sosiki/kenkyu/shouhisha_hogorule/index.html
[10] The 17th meeting held in July 2024 dealt with (1) consultations on complaints about communication speed, etc., (2) consultations on complaints by elderly persons, (3) consultations on complaints about FTTH telemarketing, and (4) consultations on complaints about on-site sales.
[11] Telecommunications Carriers Association and National Association of Mobile Phone Distributors
[12] Ministerial Ordinance Partially Amending the Ministerial Ordinance Partially Amending the Ordinance for Enforcement of the Telecommunications Business Act (Ministerial Ordinance No. 42 of 2024)
[13] Handset sales prices vary from store to store and are set in a manner that includes a predetermined installment payment amount for installment payments as well as an amount set by each store (in some cases, zero yen).

(3) Protection of secrecy of communications confidentiality and user information

A Summary

People, objects, and organizations are connected to the Internet through smartphones and IoT, and the enormous amounts of digital data being generated and accumulated is undergoing dramatic evolution. The results of AI-based data analysis are being fed back to the real world, leading toward the realization of Society 5.0 that will resolve various social issues.

In this context, platform providers offering a range of services free of charge have become increasingly prominent, and user information is increasingly being collected and stored. As services essential for everyday life are provided by platform operators via smartphones and other devices and the importance of platform operators in people's daily lives continues to grow, more sensitive information is also being collected and stored.

To ensure a proper balance between user convenience and the protection of secrecy of communication and privacy and to make certain that platform functions are fully utilized, it is important that platform operators enhance the appeal of their services and ensure the appropriate handling of user information so that users can use their services with confidence.

B Considerations for further protection of user information

The "Interim Summary" (September 2021), compiled based on the results of discussions by the "Working Group on the Handling of User Information for Platform Services" set up by the "Study Group on Platform Services", states that MIC should, regarding the content and scope of rules and regulations, move ahead in considering the specific institutionalization of the handling of user information, including cookies and location information, while referencing the discussions on the draft EU e-Privacy Regulation. In line with this summary, the Act for Partial Amendment of the Telecommunications Business Act was enacted in June 2022 to require telecommunications carriers, when providing telecommunications services to users, to give users the opportunity for confirmation – via notifications, announcements, etc. – when sending telecommunications that instruct external transmission of user information (hereinafter referred to as the "external transmission rules"). MIC then convened the Working Group from June to September of that year to discuss the details of the external transmission rules and revised the Regulations for the Enforcement of the Telecommunications Business Act to specify the parties subject to these rules, the matters to be notified/announced, and the methods of notification/announcement. The Act and the revised Regulations for the Enforcement Telecommunications Business Act came into effect in June 2023.

Since February 2024, to further protect user information, the "Study Group on the Improvement of ICT Service Usage Environments" and its "Working Group on User Information" have been discussing revisions to the "Smartphone Privacy Initiative (SPI)," which outlines desirable practices that application providers and other relevant businesses should adopt in handling user information on smartphones. In November of the same year, the Smartphone Privacy and Security Initiative (SPSI), which newly called for avoiding dark patterns and ensuring security, was announced in light of revisions to domestic systems, such as the introduction of external transmission rules, and changes in the trends seen among other countries and private operators.

7. Mediation, arbitration, etc., by the Telecommunications Dispute Settlement Commission

(1) Functions of the Telecommunications Dispute Settlement Commission

The Telecommunications Dispute Settlement Commission (hereinafter, the "Commission") is a specialized organization established for the purpose of promptly and fairly handling increasingly diverse dispute cases in the telecommunications field, where technological innovation and competition are advancing rapidly. Currently, five members and eight special members appointed by the Minister for Internal Affairs and Communications are engaged in dispute resolution.

The Commission has three functions: (1) mediation and arbitration, (2) deliberations and reports in response to consultations from the Minister for Internal Affairs and Communications, and (3) recommendations to the Minister.

The Commission's secretariat has established a consultation service desk for telecommunications and broadcasting companies through a dedicated consultation phone and email and responds to inquiries and consultations regarding disputes between telecommunications companies. Additionally, in order to help resolve disputes smoothly, the Commission has a dedicated website and has released a "Telecommunications Dispute Settlement Manual", which provides explanations of the above procedures (1), (2), and (3) and offers a compilation of dispute cases, as well as pamphlets and other materials.

Figure (related data): Overview of the functions of the Telecommunications Dispute Settlement Committee
URL:https://www.soumu.go.jp/main_sosiki/hunso/outline/about.html

A Mediation/arbitration

Mediation is a procedure in which the Commission appoints a "mediation commissioner" from among its members and special members when a dispute arises between telecommunications carriers, broadcasters, etc. Mediation commissioner then encourages the parties involved to come to a compromise that constitutes a prompt and fair resolution of the dispute. If necessary, the mediation commissioner will present a mediation plan. Because the procedure is carried out by agreement of both parties, it is not mandatory, but any agreement reached by the two parties after going through the mediation process constitutes a settlement under the Civil Code.

Arbitration is, in principle, a procedure in which the Commission appoints three persons from among its members and special members as arbitration commissioners based on the agreement of both parties, who agree to abide by the arbitral award made by the arbitration commissioners (arbitral tribunal); the arbitral award has the same effect as a final and binding judgment between the parties by applying the Arbitration Act mutatis mutandis.

B Deliberations and reports to consultations from the Minister for Internal Affairs and Communications

In the event that consultations between telecommunications carriers or between broadcasters are unsuccessful, the parties concerned may file a petition for a negotiation order or an application for a ruling with the Minister for Internal Affairs and Communications in accordance with the provisions of the Telecommunications Business Act or the Broadcasting Act.

The Minister for Internal Affairs and Communications must consult with the Commission when issuing these negotiation orders, rulings, etc. The Commission deliberates and submits reports on these matters after being consulted by the Minister.

C Recommendations to the Minister for Internal Affairs and Communications

The Commission may make recommendations to the Minister for Internal Affairs and Communications regarding improvements to competition rules that have been identified through mediation/arbitration and deliberation/reporting on consultations. Upon receipt of the Commission's recommendations, the Minister for Internal Affairs and Communications is to publicly announce the contents of the recommendations.

(2) Commission activities

In FY2024, the Commission deliberated and reported on a consultation from the Minister for Internal Affairs and Communications regarding a ruling on the details of an interconnection agreement with Colt Technology Services Co., Ltd filed by NTT DOCOMO, Inc., on January 31, 2023. The Commission received the consultation on March 22, 2024, subsequently deliberated on the ruling and submitted its reports on June 27, 2024.

There were no other applications for mediation or arbitration, but four cases were handled by the consultation service desk.

From the establishment of the Commission in November 2001 through the end of March 2025, the Commission processed 72 applications for mediation and three applications for arbitration, issued 12 reports in response to consultations from the Minister for Internal Affairs and Communications and presented three recommendations for the Minister of Internal Affairs and Communications.

Figure (related data): Mediation processing
URL:https://www.soumu.go.jp/main_sosiki/hunso/case/number.html