

International Policy and Cooperation

I. Topics in International Relations

1. Info-communications field included in the Special Yen Loans

A scheme for the Special Yen Loans was established in December 1998, as part of Japan's ODA (official development assistance) loans for supporting recovery of the Asian economy. These long-term and low-interest loans have been provided solely for the construction of infrastructure such as roads, harbors, airports, etc., and the info-communications field was not included in the loan category.

Further, in January 2000, the Japanese government decided that the Special Yen Loans shall also be provided for public info-communications infrastructures such as telecommunications networks, broadcasting networks, postal network facilities and postal savings online networks in developing countries.

Furthermore, the government re-defined the category of recipient countries from "Asian countries that have been affected by the economic crisis" to "all developing countries, mainly Asian countries that have been affected directly or indirectly by the economic crisis," so that much more developing countries can uti-

lize the loan system.

As of June 2000, the Special Yen Loans are carrying an annual interest rate of 0.95% for 40 years as repayment period, including a grace period of 10 years. The conditions will be much more preferable to other regular yen loans.

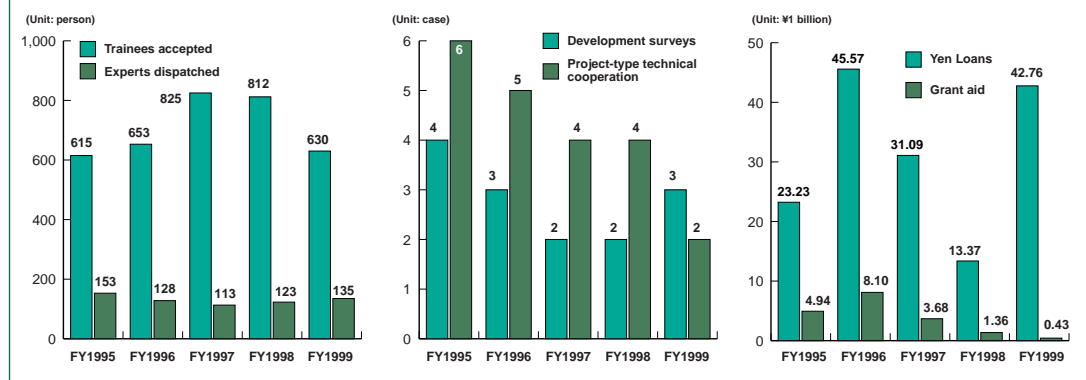
Today, the info-communications infrastructure plays an important role for leading socioeconomic development, providing new jobs and raising the standard of living. MPT expects the Special Yen Loans to make a great contribution and retain economic growth by improving info-communications infrastructures in developing countries.

2. China-Japan Seminar on Info-Communications Policy

MPT and the Ministry of Information Industry of China (MII) held the China-Japan Seminar on Info-Communications Policy in Beijing, China, on April 20 and 21, 2000. The seminar was aimed at promoting policy cooperation between Japan and China, and promoting exchange of info-communications industries of the two nations.

At the Seminar, Japan presented its experience and fruits of Japan's com-

[Column] Japan's ODA Contributions from FY 1995 to FY 1999



petition policies, development trends in the info-communications field, importance of research and development (R&D) and future directions, current situations of telecommunications market and effects of deregulation and liberalization of the activities of private businesses field, etc. China presented China's development in the info-communications field, current conditions and telecommunications reform trends before joining the World Trade Organization (WTO), and management strategies of Chinese telecommunications businesses and manufacturers.

Based on these presentations, active exchange of opinions followed.

3. The 22nd Universal Postal Congress

The 22nd Universal Postal Congress was held in Beijing, China over 24 days from August 23 through September 15, 2000, drawing some 2,000 representatives of the member countries and bodies of the Universal Postal Union (UPU).

Important issues of discussion were as follows:

1) Adoption of Universal Postal Convention, etc.

The Sixth Additional Protocol to the Constitution of the UPU whose content is to amend the Constitution of the UPU, the General Regulations of the UPU, the Universal Postal Convention and the Postal Payment Services Agreement were adopted.

These four treaties will come into force on January 1, 2001.

2) Universal Postal Service

In the Universal Postal Convention, it was provided that the member countries are obliged to secure the provision of universal postal service.

3) Establishment of the Beijing Postal Strategy

The "Beijing Postal Strategy" was adopted as an activity policy in five years from 2000 to 2004, that governments of member countries, postal administrations and Restricted Unions should follow, aimed at the development of postal services.

4) Establishment of the action plan

to develop the postal financial services 2000 - 2004

The "basic action plan POST*SERFIN 2000 - 2004" was adopted as an action plan in five years from 2000 to 2004 that governments of member countries, postal administrations and restricted unions should follow, with the aim of development of postal financial services.

5) Budget of the UPU

The maximum annual budget of the UPU in five years that follow was decided to be 36,680,816 Swiss Franc in 2000, 37 million Swiss Franc from 2001 to 2004.

6) Elections of Council Memberships, etc.

The elections for memberships of the Council of Administration and the Postal Operations Council were made. Japan obtained a member of both Councils with a large number of votes.

As the Director-General of the UPU, Mr. Thomas E. Leavey of the U.S. was re-elected. As Deputy Director-General of the UPU, Mr. Moussibahou Mazou of the Republic of Congo was also re-elected.

4. Participation in international conferences

MPT has actively participated in various international conferences to make the Japanese info-communications policies well understood to foreign countries, and to gather information helpful for implementing the Japanese measures through opinion exchanges with key persons in governments, industries and academia abroad.

For instance, MPT delegates led by Mr. Masato SHINAGAWA, then Vice-Minister for International Affairs, participated in the Annual Meeting of World Economic Forum convened in Davos, Switzerland, from January 27 to February 2, 2000. Mr. SHINAGAWA exchanged views and information with statesmen, government officials and business leaders from other countries. From January 30 to February 2, 2000, Mr. Kobo INAMURA, Deputy Director-General for Communications Policy Bureau,

participated in the Annual Conference of the Pacific Telecommunications Council (PTC), held in Hawaii. Ms. Seiko NODA, then Minister of Posts and Telecommunications, participated in the GBDe held in Paris on September 13, 2000. Ms. NODA gave a closing speech. Ms. NODA also participated in International Conference on computer Communication '99 (IIIC) from September 14 to 16. MPT supported the Conference and Ms. NODA gave a speech. MPT officials have also been participating in the seminar hosted twice a year by Japan - U.S. Telecommunications Research Institute in Tokyo and Washington, D.C. by turns. In the 8th seminar held in Washington, D.C. in November 9, 1999, Mr. SHINAGAWA gave a keynote speech entitled "Through the Internet, International to 'Inter-local'."

5. Results of the G8 Kyushu-Okinawa Summit Meeting 2000

From July 21 through 23, 2000, the G8 Kyushu-Okinawa Summit Meeting was held at the "Bankoku Shinryokan," Nago City, Okinawa Prefecture.

With the understanding that Information and Communications Technology (IT) is one of the most potent forces in shaping the 21st century and provides great opportunities for everyone. IT was a major issue at this meeting. In "2) Toward a 21st century of greater prosperity" of the "G8 Communiqué Okinawa 2000" which summarizes the summit meeting, the measures for IT were specified. In addition, the "Okinawa Charter on Global Information Society" was adopted.

The content of the IT Charter is as follows:

- 1) IT promotes competition, raises productivity and contributes to sustainable economic growth and employment. IT should be led by the private sector, but the rules of IT should be created based on the principle of public-private partnership, transparency and technological neutrality.
- 2) Everyone should be able to enjoy

access to information and communications networks.

- 3) IT presents tremendous opportunities for developing countries.
- 4) In order to remedy the international "digital divide," effective cooperation efforts among stakeholders are necessary. For the purpose of supporting such efforts, the G8 establishes a Digital Opportunity Taskforce (dot force). The dot force will report its findings and activities before the next meeting, which will be held in Genoa.

On July 14, 2000, preceding the summit meeting, Prime Minister MORI announced "Japan's Comprehensive Cooperation Package to Address the International Digital Divide," with the view to extending a total of US\$15 billion over five years. The Package consists of following four main policy measures:

- 1) Raising awareness of IT opportunities and contributing intellectually to policy and institution-building
- 2) Developing and training human resources
- 3) Building IT infrastructure and providing assistance for network establishment
- 4) Promoting the use of IT in development assistance

At the press conference after the summit meeting, Prime Minister MORI, who chaired the G8 Summit, based on discussions at the summit meeting, clarified Japan's position: "Japan will engage expeditiously in the necessary regulatory reform so that the necessary environment will be put in place, such as the necessary infrastructure, the relevant rules and networks, and so on, so that IT will serve as the trigger for further economic development. Also externally, Japan wishes to actively promote international cooperation through comprehensive cooperative measures amounting to \$15 billion over the coming five years."

MPT will develop policies focusing on the "International Network Connection Trials to Promote the Advanced Use of IT in Asia," "Support for ITU Effort to Bridge the Digital Divide," "Support for APT

Activities on Human Resources Development (HRD) in the Field IT Researchers and Engineers in the Asia-Pacific Region" and "Support for Info-communications Infrastructure and HRD in Developing Countries" as "Bridging of the International

Digital Divide." In the "FY2001 Info-communications Policies Principles," which was released in August 2000, MPT defined the policies and is processing budget requests in line with said principles.

II. Bilateral Meetings

1. Regular bilateral consultations

Along with ongoing globalization in the fields of telecommunications, broadcasting and postal services (postal service, postal savings and postal life insurance).

MPT has been hosting bilateral consultations every year to exchange views, as well as to deepen mutual understanding with its counterparts. The agenda for bilateral talks are, in general, issues of concern for both

parties and policy measures that need to be addressed, among others. The results of these exchanges of views and information have helped both Japan and its counterparts in formulating policies, while strengthening cooperative relationships. The talks have also contributed to preparatory negotiations for multilateral meetings.

In FY 1999, MPT conducted bilateral consultations with Canada, EU, the U.K., Germany, the Republic of Korea and China.

III. Participation in International Organizations

1. World Trade Organization (WTO)

Upon the enforcement of the World Trade Organization (WTO) Agreement on Trade in Basic Telecommunication Services in February 1998, Japan abolished all foreign capital investment restrictions in the Japanese telecommunications sector, except for Nippon Telegraph and Telephone Corp. as well as KDD Corp. (restrictions on foreign capital investment in KDD were all removed in July 1998 in line with the abolition of the KDD Law.) As a result, many foreign businesses including carriers have entered the Japanese market, pushing the number of Type I telecommunications carriers partially or wholly owned by them to more than 30. Globalization in the Japanese telecommunications sector is also in rapid progress, as tie-ups between foreign and Japanese carriers and acquisitions by foreign carriers of Japanese carriers

have been carried out. The Japanese telecommunications market has thus become one of the most open markets in the world.

To promote further liberalization of trade in services, MPT has been actively participating in the services trade negotiations, resumed in 2000. In addition, MPT has been actively participating in discussions concerning electronic commerce, which has the great potential of expanding world trade dramatically.

2. OECD

The Organization for Economic Co-operation and Development (OECD) is an international organization, comprising 29 highly industrialized member countries, which bases its principles on the market economy and liberalism. The OECD's chief objectives are to prompt economic growth, to extend support to developing countries and to expand multilateral free trade.

In the info-communications sector,

where MPT has been most active, studies on the impact of the information communications infrastructure on economy and society at large are underway. The Committee for Information, Computer and Communications Policy (ICCP) of the OECD is the main promoter of these studies.

With the ICCP playing the main role, the activities of the OECD on electronic commerce have been vitalized. Examples include the OECD Ministerial Conference convened in Ottawa, Canada, in October 1998, under the theme "A Borderless World Realizing the Potential of Global Electronic Commerce," and the "Paris Forum" on electronic commerce held in France in October 1999. MPT is actively participating in these activities, as demonstrated by the attendance of Ms. Seiko NODA, then Minister of Posts and Telecommunications, at the conference of 1998.

ICCP's wide-ranging activities in recent years also include the following:

- i) Initiatives on electronic commerce concerning privacy protection, electronic authentication, and so on
- ii) Studies concerning local loops in telecommunications markets
- iii) Defining terminology and data gathering for electronic commerce for statistical purposes
- iv) Issuing biennially the "OECD Communications Outlook," which details progress made in telecommunications in OECD member countries
- v) Issuing biennially the "Information Technology Outlook," which details measures taken for technological developments in telecommunications in member countries

MPT has also been actively making contributions to activities led by OECD committees other than ICCP. Those activities include:

- i) Research and study on the effects of information and communications technologies (ICT) on economic growth

- ii) Support for regulatory system reforms aimed at sustainable economic growth while maintaining the social cohesion
- iii) Assessment of economic conditions in each member country and compilation of reports by each country on its findings

3. APEC

The Asia-Pacific Economic Cooperation (APEC) consists of 21 economies in the Asia-Pacific region, and has as its objectives liberalization and facilitation of trade and investment in the region and the strengthening of economic and technical cooperation among member economies. APEC has been vigorously conducting a number of activities in the telecommunications sector through the Ministerial Meetings on Telecommunications and Information Industry (TELMINs) and tasks undertaken by the Telecommunications Working Group (TEL).

At the first Ministerial Meeting on Telecommunications and Information Industry (TELMIN 1) held in May 1995 in the Republic of Korea, ministers agreed to promote the development of the Asia-Pacific Information Infrastructure (APII) as the main goal. They agreed upon five objectives and 10 core principles for the APII, as well as an Action Plan, which called for member economies' cooperation in realizing this goal.

TELMIN 2 was convened in September 1996 in Australia. Ministers reached a consensus that APII had developed from the conceptual stage to the implementation stage. They then agreed upon specific initiatives for realizing the APII through the collaborative efforts of the member economies in promoting further cooperation and deregulation.

TELMIN 3 was held in June 1998 in Singapore. Ministers adopted the Mutual Recognition Arrangement (MRA) on Conformity Assessment for Telecommunications Equipment and approved the "Reference Framework for Action: Electronic Commerce," as a guideline. Ministers

also agreed that further liberalization in the region, in addition to the development of the APII, should be promoted for the creation of the Asia-Pacific Information Society (APIS).

In May 2000, TELMIN 4 was held in Cancun, Mexico. The main theme of the fourth ministerial meeting was "Fusion," reflecting the worldwide diffusion of the Internet and its advancement. The meeting adopted the "Cancun Declaration," whose main contents are following three points:

1) International cost-sharing problem of the Internet

A report was made on the taskforce activities which had been made for 18 months before the meeting, and the "APEC Principle on International Charging Arrangement for Internet Services" was adopted. It was made that the discussion be continued, and that a report including proposals be made at the next ministerial meeting.

2) Fusion

The importance of adjusting regulations and policies with the fusion of technology and the fusion of services such as communications and broadcasting was recognized. It was decided that the work for such adjustment be conducted in the working group.

3) Digital divide

In the "Cancun Declaration," specific action plans were included for the purpose of overcoming digital divide at national, regional and global levels, such as the improvement of network access in rural areas.

It was decided that the next TELMIN be held in the former half of 2000 in China.

TEL, which has been convened 19 times so far, is a forum where official-level discussions are held to determine detailed cooperation and liberalization schemes for the telecommunications sector. (The latest TEL was convened from March 8 to 13, 1999, in Miyazaki City, Miyazaki Prefecture, Japan. <Refer to Section I-2.>)

TEL has four steering groups, respectively responsible for "liberalization," "business facilitation," "development cooperation" and "human resources development." These groups are vigorously working to promote 1) Implementation of Telecommunications MRA, 2) Guideline of Interconnection, 3) International Charging Arrangements for Internet Services (ICAIS), 4) Electronic Commerce, and 5) International Collaboration Projects in APEC.

The next TEL will be held in Lima, Peru, from September 20 through 24, 1999.

4. APT

The Asia-Pacific Telecommunity (APT) is a regional international organization established in 1979. Its purposes are: promoting the balanced development of telecommunications in the Asia-Pacific region, supporting the planning and operation of telecommunications services, and seeking solutions to telecommunications-related problems.

The membership of the APT consists of telecommunication administrations of 31 Members (countries) and four Associate Members (economies), with 42 telecommunications businesses as Affiliate Members. In addition, 45 private firms other than telecommunications businesses participate as "Companies/Organizations."

From November 30 to December 6, 1999, the 8th Session of the General Assembly and the 23rd Session of the Management Committee were held in Teheran, Islamic Republic of Iran. In the General Assembly and the Management Committee of 2000, the 20th year from the establishment of the APT, the action plans were compiled for the purpose of dealing with the global liberalization of telecommunications, the construction of info-communications infrastructure, and other problems. The action plans, by establishing shared policies among the members of the Asia-Pacific region, and by sustained contribution to international community

as a regional international organization, also aim at strengthening the ground of the members in the Asia-Pacific region.

Through the discussion of the meetings, it was decided that the "Asia-Pacific Summit on the Information Society" be held in Japan from October 31 through November 2, 2000, in order to gather opinions from the public and the private sectors in the Asia-Pacific region, and to transmit information to the world.

In the "Summit," the ministers, experts and business leaders of the region are to exchange opinions on social impacts and political orientations, and to give directions for creating basic reform initiatives adjusting to the environmental changes in the info-communications field.

Also in the meetings, the general principles and doctrines for coming three years (from 2000 to 2003) were decided that the members should focus on following three activities: i) regional adjustment of telecommunications policies; ii) reinforcement and expansion of standardization; and, iii) human resources development and other supports for developing countries. In the years ahead, based on these decisions at the General Assembly and the Management Committee, the reforms of the APT, mainly on reinforcing the APT Secretariat will be made.

The next General Assembly will be held in India, and the next Management Committee will be held in Hong Kong.

5. ITU

1) About ITU

The International Telecommunication Union (ITU) is a specialized agency of the United Nations in charge of telecommunications issues. The chief objectives of ITU are 1) international allocation of frequencies, 2) setting telecommunications technical standards, and 3) extending technical support to developing countries. Headquartered in Geneva, Switzerland, ITU had a total of 189 Member States as of Sep-

tember 1999. Japan became a member of ITU in 1879, and since 1959 has had the privilege of being selected to one of 46 Council members authorized to make actual decisions on ITU activities. Along with the U.S., Germany and France, Japan has been making the largest contributions to ITU, with its FY 1999 contribution reaching approximately 8.4 hundred million yen.

2) The Minneapolis Plenipotentiary Conference

The ITU Plenipotentiary Conference was convened at Minneapolis, Minnesota, in the U.S. from October 12 to November 6, 1998. At this conference, Mr. Yoshio UTSUMI, then Deputy Minister of Posts and Telecommunications, was elected the ITU Secretary-General over two other candidates for the post.

Discussions were also held on a variety of important topics at the conference, including the implementation procedures of ITU's Strategic Plans, and the ways to encourage participation in ITU activities by the private sector following the worldwide trend of separation of telecommunications operations from administrations. Japan made important contributions to the discussions.

3) 1999 ITU Council meeting

The 1999 Session of the ITU Council was held in Geneva, Switzerland, from June 14 through 25, 2000.

The Board Meeting, for the purpose of improving effectiveness and efficiency of the general management of the ITU, resolved to establish the "Working Group on ITU Reform." The Working Group is to study the procedures of each ITU meetings, organization of the ITU Secretariat (General Secretariat including TELECOM and three bureaux), and contributions from member states, etc. to defray expenses of the union. The meeting approved the Secretary-General Report concerning the Internet, confirming that the ITU will engage in the Internet in various areas hereafter.

6. INTELSAT and Inmarsat

INTELSAT (International Telecommunications Satellite Organization) was established in 1964 and Inmarsat (International Mobile Satellite Organization) was formed in 1979. Since their inceptions, the two organizations have grown steadily and as of June 2000 count 143 and 87 member countries, respectively. Having joined both organizations at their establishment, Japan participates in their assemblies and contributes to formulation of the basic guidelines for their activities.

KDD, Japan's signatory to both organizations and a member of INTELSAT's Board of Governors and the Inmarsat Council, takes part in both organizations' decision-making processes that relate to their financial activities, satellite projects, and other activities.

Note: In Inmarsat, signatories became shareholders of its newly established spin-off company in April 1999, following the abolishment of the Signatory System.

Both INTELSAT and Inmarsat have focused primarily on securing stable international communications. However, with the various changes taking place in the satellite communications industry, these organizations have begun restructuring themselves.

Recent years have seen the shift of intergovernmental public switched telephone network services traffic from satellites to optical submarine cables, and development by private firms of international satellite communications systems separate from INTELSAT. To deal with the intensifying competition, INTELSAT considered the creation of a spin-off company, a move which was endorsed unanimously at the 22nd Assembly of Parties held in March 1998.

The 100% owned private subsidiary, New Skies Satellites, N.V., was incorporated in the Netherlands and began operation in December 1998. The subsidiary provides high-quality video transmission service, and

INTELSAT continues providing basic communications services for voice, data and so on.

In addition, in the 24th Assembly of Parties held in October 1999, it was decided that the organization reforms of the INTELSAT be conducted. As of June 2000, specific studies are being made.

Inmarsat has also promoted restructuring, because demand for its services is expected to fall after the year 2000 due to the planned provision by private-sector telephone services using orbit satellites. At the 12th Assembly of Member Governments held in April 1998, member countries approved the amendment of the Convention and Operating Agreement necessary for the restructuring of Inmarsat. Based on this amendment, the operational right of its service division was transferred to a private firm in April 1999.

Japan accepted the amended convention in August 1999.

7. UPU

Established in 1874, the Universal Postal Union (UPU) currently has 189 member countries. Japan joined the UPU in 1877.

At the Universal Postal Congress, the union's supreme body, held from August and September 1999 in Beijing, China, Japan was elected as a member of the Council of Administration and the Postal Operations Council. Japan has a responsibility in leading the study of the improvement and development of major international postal services such as the EMS. And, Japan is participating actively in project teams, action groups, etc. in charge of postal and postal financial services as a chair and a member country.

MPT has also dispatched an MPT official, two experts and a junior expert to the UPU Headquarters in Bern, Switzerland, to serve on the staff of the UPU's International Bureau. In addition, Japan has been providing the largest number of contribution units annually for funding the union's operational expendi-

tures, and has been granting voluntary contributions for the quality control of international postal services, and for supporting the introduction of international remittance services.

8. APPU

The Asian-Pacific Postal Union (APPU) was established as one of the restricted regional postal unions under the Universal Postal Union (UPU). APPU has 28 member countries now.

Since joining the union in 1968, Japan has been an active participant in the APPU activities. Besides dispatching a consultant to a body affiliated to the APPU, the Asian-Pacific Post (APP), Japan has also provided the largest number of annual contribution units for funding the union's operational expenditures.