

# 2 The Telecommunications and Broadcasting Industries

## 1. The Telecommunications Industry

### 1.1 Number of Carriers

During fiscal 1999, 1,218 new carriers began operations in the Japanese telecommunications sector; there were 903 new carriers in fiscal 1998. The newcomers included cable TV operators acting as Type I carriers, as well as Internet service providers (ISPs), which are Type II carriers. The number of such cable TV operators and ISPs have been increasing from year to year. 94 companies were granted licenses as Type I carriers during fiscal 1999, giving a total of 249 such carriers at fiscal year-end.

### 1.2 Revenues

Total fiscal 1998 operating revenues of Type I telecommunications carriers (excluding revenues from non-telecommunications operations) amounted to ¥11,571 billion, up 1.7% year over year. This breaks down as ¥11,186.6 billion (up 2.6%) for domestic carriers and ¥384.4 billion (down 18.9%) for international carriers.

## 2. The Broadcasting Industry

### 2.1 Number of Operators

At the end of fiscal 1999 there were 335 terrestrial broadcasters and 146 satellite broadcasters operating in Japan. During the year, eight new broadcasting satellite (BS) digital data broadcasters were granted approval to begin operating.

### 2.2 Revenues

Commercial broadcasters reported a total of ¥2,770 billion in operating revenues in fiscal 1998, down 1.2% year over year. This breaks down as ¥2,441.4 billion for terrestrial broadcasters (down 4.1%), ¥132.7 billion for satellite broadcasters (up 45.4%), and ¥193.1 billion for cable TV operators (up 17.5%).

## 3. Capital Investment

The MPT's *Survey on the Overall Status of Japan's Communications Industry (Telecommunications Carriers and Broadcasters)* reports that total capital investment in the telecommunications and broadcasting sector in fiscal 1998 amounted to ¥4,282.9 billion, down 4.0% year over year for the second consecutive year of decline. The projection for fiscal 1999 is for another decline, by 6.2%, to ¥4,016.2 billion. Nevertheless, capital investment in the sector has remained high since 1990, behind only that of the leasing and electric power/gas sectors (Exhibit 36).

## 4. Sector Reorganization

NTT was reorganized in July 1999 to ensure fair and effective competition in the Japanese telecommunications market and boost Japan's competitiveness in the global telecommunications market. NTT's local telecommunications segment (communication within the prefecture), which virtually have a monopoly position in

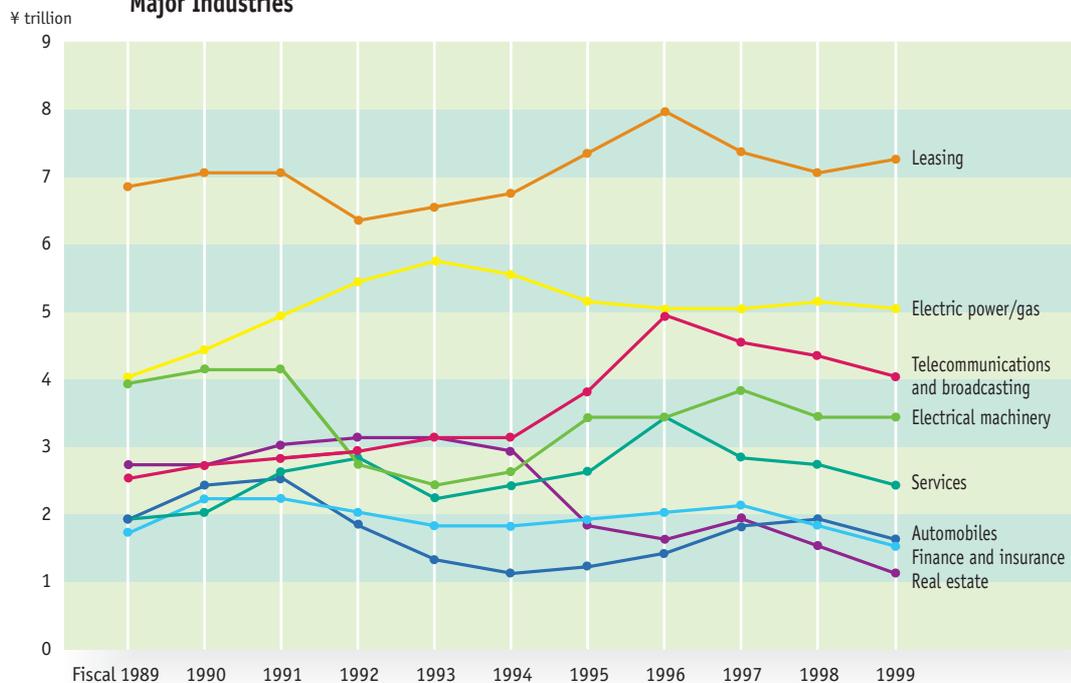
the market, and long-distance segment (communication outside the prefecture) were split, and the local segment further divided into East and West companies. NTT itself remains at the holding company for the three new entities.

## 5. Postal Services

In fiscal 1997, Postal Service operating revenues declined for the first time since World War

II; they declined again in fiscal 1998, resulting in a net loss, ¥62.5 billion, for the first time in five years. The Postal Service's revised projections call for net losses in fiscal 1999, at ¥68.9 billion, and fiscal 2000, at ¥40.3 billion. However, preliminary data indicate that fiscal 1999 operating revenues stood at ¥2,052.8 billion, up 0.3%, the first year-over-year increase in three years.

**Exhibit 36. Capital Investment by the Telecommunications and Broadcasting Industries, Compared with Major Industries**



	Fiscal 1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Telecommunications and broadcasting	2.5	2.7	2.8	2.9	3.1	3.1	3.8	4.9	4.5	4.3	4.0
Leasing	6.8	7.0	7.0	6.3	6.5	6.7	7.3	7.9	7.3	7.0	7.2
Electric power/gas	4.0	4.4	4.9	5.4	5.7	5.5	5.1	5.0	5.0	5.1	5.0
Electrical machinery	3.9	4.1	4.1	2.7	2.4	2.6	3.4	3.4	3.8	3.4	3.4
Services	1.9	2.0	2.6	2.8	2.2	2.4	2.6	3.4	2.8	2.7	2.4
Finance and insurance	1.7	2.2	2.2	2.0	1.8	1.8	1.9	2.0	2.1	1.8	1.5
Automobiles	1.9	2.4	2.5	1.8	1.3	1.1	1.2	1.4	1.8	1.9	1.6
Real estate	2.7	2.7	3.0	3.1	3.1	2.9	1.8	1.6	1.9	1.5	1.1

Note: Fiscal 1999 figures are not fixed results, but projections found in *Survey on the Overall Status of Japan's Communications Industry (Telecommunications Carriers and Broadcasters)*.

Sources: *Survey on the Overall Status of Japan's Communications Industry (Telecommunications Carriers and Broadcasters)*, MPT; *Business Confidence Survey Results*, Economic Planning Agency.