



COMMUNICATIONS OUTLOOK 2001
Telecommunications Section

Country: JAPAN

Date completed: 14.06.2000

TELECOMMUNICATIONS

Market Structure and Regulatory Status (Questions 1 -10)

1. Please provide details of the regulation of communication infrastructure, including the public switched telecommunication network (PSTN), provision in your country.

Infrastructure provision for following service	Regulatory Status (e.g. monopoly, duopoly, certain number, fully open to any applicant)	Number of licensed operators (2000)
Fixed PSTN (Local, National and International)	Fully open to any applicant	215
Network infrastructure capacity (Includes only companies not licensed to provide voice services)	-	-
Analogue Cellular Mobile (e.g. NMT etc.)	Fully open to any applicant	9
Digital Cellular Mobile (e.g. GSM, PCS etc.)	Fully open to any applicant	41
Wireless local loop (fixed wireless)	Fully open to any applicant	-
IMT-2000 Operators (i.e. UMTS and 3 rd Generation)	Fully open to any applicant	Consultation with the Telecommunications council is scheduled for June 22, 2000.

2. Please provide details for the major public telecommunication operator (PTO) of public switched telecommunication services in your country. (PTOs are state and privately owned entities providing public switched telecommunication services over their own infrastructure)

Name of PTO	PTO Ownership Status (2000) (e.g. state owned/privately owned) If a balance of ownership exists please indicate the share (%) held by the government
NTT-East Corp. NTT-West Corp.	100% Privately owned (Note) On July 1999, NTT was reorganised into a pure holding company (NTT) with, under its aegis, two companies providing regional telecommunications (NTT-East and NTT-West) and one providing long distance telecommunications (NTT Communications Corp.). The NTT Law obliges NTT to hold all shares of NTT-East and NTT-West to ensure proper and stable provisions of telecommunications by these two companies. (So there isn't the government ownership for NTT-East and NTT-West) Meanwhile, NTT is a special company whose purposes are to hold all shares of NTT-East and NTT-West to ensure proper and stable provisions of telecommunications by these two companies, therefore, the NTT Law obliges the government to own one-third or more of the NTT's shares to eliminate the domination of management of NTT by the specific person or the abuse of the shareholder's right.
DDI Corp.	100% Privately owned
JAPAN TELECOM Co., Ltd.	100% Privately owned
KDD Corp.	100% Privately owned

3. Please provide details of market share for the largest PTO in the following categories.

	The largest PTO's share	
	End 1998	End 1999
Local Access: % of access lines	-	-
Local Access: % of local calls	93.7	-
National Long Distance (% of total minutes) ¹	-	-
International (% of total outgoing MiTT)	60.5	-
Internet Subscribers ²	364,640(NTT)	871,310(NTT-C:OCN)

1. If % of minutes is not available, please indicate the % of revenue

2. If share of subscribers is not available, please indicate number of Internet subscribers for the PTO.

4. Please provide details of the number of subscribers by cellular and PCN mobile communication operators.

Name of Operator	Number of Subscribers (End 1999)
1.NTT DoCoMo	27,636,094
2.IDO	3,746,421
3.DDI-Cellular	6,149,937
4.TU-KA	3,280,155
5.J-Phone	7,662,992

5. Please provide a description of the most significant recent policy changes affecting the provision of telecommunications services, as well as any draft laws, or regulatory proposals to be implemented in 2000 to 2001.

Please provide details:

1. "Status of NTT"

The reorganisation of NTT was implemented on July 1999.

NTT was reorganised into a pure holding company with, under its aegis, two companies providing regional telecommunications and one providing long-distance telecommunications.

The purposes of the reorganisation are to promote fair and effective competition by separating competitive long-distance communications from monopolistic regional communications, to introduce indirect competition by comparing regional company competition and to improve international competitiveness by entering the international communications business.

2. To facilitate the introduction of Long-run Incremental Cost Methodology (LRIC) to interconnection charges, Japanese government promulgated the Telecommunications Business Law on May 19, 2000.

- 6. Please provide a brief description of the responsibilities of the national regulatory authorities for public telecommunication services. Please highlight any changes over the last 12 months.**

Please provide details: MPT is in charge of supervision and order of telecommunications.

- 7. Are there any foreign ownership, size of shareholding or other ownership restrictions on individuals and corporations investing in the incumbent PTO(s) in your country? Yes/ No**

If 'yes', please provide details:

No.

(Note) There are no restrictions on individuals and corporations investing in the incumbent PTO(s) in Japan.

However, NTT holding all shares NTT-East and NTT-West needs to be managed in a neutral and stable manner, so foreign ownership of NTT is restricted up to 20% of all the issued shares.

- 8. Are there any communication infrastructures or services (e.g. mobile, cable television, terrestrial broadcasting, satellite broadcasting) that PTOs in your country are not permitted to provide directly? In addition, please specify any restrictions on PTOs investing in companies that provide such infrastructure or services. Please include information on requirements by the incumbent PTO to divest cable networks.**

Please provide details: No (except for NTT-East and NTT-West). NTT-East and NTT-West are not permitted to provide broadcasting.

There are no restrictions on PTOs (except NTT-East and NTT-West) investing in companies that provide such infrastructure or services.

9. What selection procedures are used to grant licences for new Wireless Local Loop (WLL) and IMT-2000 services? (e.g. spectrum auctions, calls for tenders, government appointments, licence on request)?

Please provide details:

WLL services: There is no specific rule for WLL license. Any person who wishes to establish a radio station (WLL and others) shall obtain a license from the Minister of Posts and Telecommunications.

The Minister confirm that

- 1) Ensure the construction plan confirms to the technical regulations as specified by the Radio Law.
- 2) Ascertain the assignment of radio frequency is deemed possible.
- 3) The application meets the fundamental standards for opening a radio station as stipulated in the MPT ordinance.

IMT-2000 services: Japan usually take "first come, first served" approach in radio licensing. However, Japan prepared the "comparative selection" rule for IMT-2000 and set the period to accept radio license applications regardless of the order of acceptance. The reason why the specific rule for IMT-2000 was prepared was that the number of radio license application was anticipated to outweigh the number of the spectrum blocks available (which is three). The applications in each region during the period turned out to be three, so regular procedure of radio licensing was taken (appropriateness of each application was judged respectively).

In Japan, to undertake telecommunication business, both a radio license and business license are required. For business license, because there is no limitation of the number of the licenses, which can be granted, no competitive selection procedure is necessary.

See <http://www.mpt.go.jp/pressrelease/english/telecomm/news000214.html> for details.

10. Under the communication regulation existing in your country how would national and international voice telephony services provided over the Internet, by entities other than a PTO, be defined and treated? Please mention any restrictions or obligations that may apply.

Please provide details: A telecommunications carrier that offers international voice telephony services should report on their amount communication traffic and their income every quarter.

Only Type I and Special Type II telecommunication carriers can offer the international voice service. (A Special Type II telecommunications carrier is the carrier that provides voice services for an unspecified number of general subscribers through the interconnection of both ends of leased circuits with public switched networks or by leasing international leased circuits.)

Pricing (Questions 11 -12)

11. What, if any, conditions are applied to the tariffs set by PTOs? (Please include any price control information such as price caps or approvals and specify for which services they apply).

Please provide details:

All tariffs of telecommunications service are granted through the authorisation system. Telecommunications charges are in principle the notification system. A price cap system of the main services of NTT East and West (voice transmission services (telephone, ISDN) and leased circuit services) will be introduced on October 1, 2000.

12. If communication discount schemes are available in your country please provide information on one or more popular schemes applicable to low users and dial-up Internet access users from the incumbent PTO. In the space below please indicate the main features:

Low User scheme: -

Internet Access Discount Scheme:

*Telehodai / INS Telehodai

A service that allows users unlimited calls to two specified local numbers for a set monthly charge during late night hours and early morning. It's 1,800 yen for PSTN and 2,400 yen for ISDN.

*Time Plus / INS Time Plus

A service that enables local calls to be made at a cost of 10 yen for five minutes within their own local calling area (10 yen for seven minutes during late night hours and early morning) by paying a fixed monthly fee. It's 200 yen for PSTN and 350 yen for ISDN.

*I-ai plan 1200 (I-ai plan 3000)

A service that allows users calls correspond to 3,000 yen (7,500 yen) to a specified local numbers by paying 1,200yen(3,000 yen) for a month.

*IP connection service (trial basis)

Users can connect through an ISDN subscriber module (ISM) to access a local IP network newly constructed exclusively for Internet connections for 4,500 yen. If the provider connects directly with the same ISM as the user, it becomes 2,900 yen.

(Additional pamphlets from the PTO in English or French, or with the main points translated into one of these languages, would be most appreciated. Please provide data in local currency).

Note: Low user schemes is a term sometimes applied by PTOs to schemes designed for segments of the community that are financially disadvantaged. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network.

Numbering/Domain Names (Questions 13 - 14)

13. Please describe the numbering policy in your country. Please mention the responsible authority and whether portability (including geographic portability) has been introduced and for which services (e.g. 800 numbers, cellular numbers, local PSTN numbers).

Please provide details: Telecommunications numbering is regulated according to ministerial ordinance based on article 48-2 of the Telecommunications Business Law (Rules of Telecommunications Numbering), and other related announcements. Article 4 of the ministerial ordinance outlines the following as the standards for telecommunications numbering to which telecommunications providers should conform.

Under this regulation:

* Use of telecommunications numbering should be limited to when needed for carrying out telecommunication services.

* Telecommunications numbering should be used for distinguishing between types of telecommunications facilities or telecommunications services.

* The efficient use of telecommunications numbering should be planned.

* Users should have fair access to the use of telecommunications numbering.

And

* The numbers used should be those specified by the Minister of Posts and Telecommunications. The Minister shall specify these telecommunications numbers on the basis of applications by telecommunications providers.

Number Portability for local PSTN/ISDN numbers, freephone service numbers will be provided from 2001. The necessary regulatory arrangement was already completed in 1999. Geographic Portability

within the same numbering area is not a duty but provided by telecommunications carriers.

14. Which organisation is responsible for the administration of your Internet country code top level domain names. (An example of a country code top level domain name is .be for Belgium). Please provide any details of any recent policy initiatives relating to country code domains.

Please provide details: Japan Network Information Center (JPNIC) is in charge of administration and registration of the .jp domain name. The basic policies for .jp domain name registration are, 1) First come, first served, 2) One domain for one organization, 3) Restriction of transfer, 4) Geographical requirement (Presence in Japan).

One of recent policy initiatives for .jp domain name is preparation for dispute resolution policy (DRP) for .jp. JPNIC has announced the draft DRP in May 2000 and is now gathering public comments for it. The DRP is scheduled to be effective in October 2000.

Regarding the general ICANN issues, Ministry of Posts and Telecommunications (MPT) co-operates closely with JPNIC. And also, MPT contributes to the discussion in Governmental Advisory Committee (GAC) of ICANN, as an official registered member of the GAC.

Interconnection (Questions 15)

15. Interconnection between fixed networks.

	Yes /No	Details
Are PSTN interconnect or access charges a matter for commercial agreement between operators? And if so, is there provision for arbitration and by whom?	Yes	However, Type I telecommunications carriers should obtain ministerial authorization of interconnection agreement. In addition, Type I telecommunications carriers with a significant number of subscriber lines, which is called "designated facilities," should make tariffs for interconnection conditions in advance, and should obtain ministerial authorization of tariffs. (Note: NTT regional companies' local network is only designated as "designated facilities".) MPT effects arbitration based on application of telecommunications carriers.
Is there a requirement on the incumbent to publish the rate for PSTN interconnect or access charges?	Yes	Type I telecommunications carriers with designated facilities should disclose tariffs for interconnection conditions.
For the purpose of establishing interconnect or access charges is accounting separation used?	-	Separate accounting is practised. Specifically, telecommunications carriers who install designated facilities should organize accounts for interconnection with designated facilities and publish the state of income and expenditure for the interconnection.
Once the interconnection or access charge of the incumbent has been established, is it available as a standard rate for other service providers (including other PTOs and resellers)?	Yes	Interconnection conditions for designated facilities (including technical conditions) are applied fairly to all providers (including resellers). It is clearly stated in tariffs for interconnection conditions that in cases where the connection format is exactly the same as for a user, tariffs and conditions in the user provisions will be applied.
Does regulation specify that competitive service providers can collocate facilities on the same site as incumbent PTOs? (Please indicate whether resellers and Internet Service Providers can collocate equipment under the same terms and conditions as PTOs without being designated as a PTO?)	Yes	The ministerial ordinance regulates that there should be provisions concerning costs and conditions concerning situations where other service providers locate equipment necessary for connectivity in buildings etc. managed by incumbent locators of designated equipment. Based on this, it is regulated in the interconnectivity provisions that the calculation of tariffs should be handled on a cost basis.
What kind of interconnection accounting methodology (e.g. LRIC, FDC, etc.) is used for calculating the incumbent's interconnection charges?		Current interconnection charges are based on historical costs.
Is carrier pre-selection implemented? If so, please describe the coverage of carrier pre-selection (e.g. local, long-distance and international).	No	Carrier pre-selection for local, long-distance and international calls will be implemented from May 1, 2000.

16. Fixed to Mobile Network Interconnection

	Details
Are termination rates to mobile networks published?	No.
How are the termination rates for fixed-to-mobile calls determined in your country (e.g. commercial negotiated between operators, determined by mobile operator or other)?	Authorization by the Minister of Posts and Telecommunications is granted for charges determined in consultation between carriers.
Are these rates subject to any regulation (e.g. must they be cost orientated if operators have significant market power)?	Authorization by the Minister of Posts and Telecommunications is granted when the charge is fair and reasonable in consideration of proper costs.

Unbundling (Questions 17 -18)

17. Please describe initiatives for local loop unbundling and indicate when unbundling policies were put in place or the expected date of implementation.

<p>Please provide details: As a result of an amendment of TBL and enactment of applicable MPT ordinance in 1997, Type I telecommunication carrier is obligated to agree to the request for interconnection except for a technical concern and so on. Under the law and the ordinance, particularly concerning Type I telecommunications carriers which establish their own regional networks which are essential facilities*, they are obliged to specify interconnection charges per each function such as subscriber line transmission, local switch, inter-office transmission line (for shared use, for exclusive use), tandem switch, leased circuit for interconnection, signal transmission line facility, data base on calls, directory assistance, public telephone and others in the interconnection tariffs.</p> <p>Regarding interconnection to subscriber lines by using MDF (Main Distributed Frame), MPT has issued a document which made it clear that NTT East and West are required to provide interconnection using MDF including line sharing methodology in August, 1999. NTT East and West has been providing interconnection to their MDF since December, 1999.</p> <p>Currently, conditions concerning MDF interconnection are provisional, and MPT is now studying what the requirements should be by at a study group. The Report of the study group will be submitted in June 2000, and MPT will make the necessary rules if needed.</p> <p>Note*: Before June 1999, NTT was applicable. After reorganization of NTT in July 1999, NTT East and West have been applicable.</p>

18. Please provide the prices for access to unbundled local loops and specify the service on offer (e.g. raw copper, DSL subscriber line).

<p>Please provide details: Currently, interconnection charges are not specified. NTT East and West specify and charge as the subscriber's charge when using subscriber lines as line-sharing (DSL and telephone).</p>

Consumer Issues (Questions 19 -20)

19.

	Details
In the context of universal service policies, which elements of telecommunication service are considered as part of universal service in your country?	Telephone services.
Please provide details of any explicit funding mechanism for addressing universal service and its coverage (this can include initiatives related to infrastructure in respect to addressing digital divide issues).	There is no funding mechanism of universal service. In NTT Law, NTT regional companies and NTT are obligated to secure appropriate, fair and stable provision of nation-wide telephone services.
Is the cost of providing universal service calculated? If so please provide the latest annual costing.	The cost of providing universal service isn't calculated.
What percentage of telephone subscribers do not have access to an Internet service provider's point of presence with a local call?	0.0%
What is the average monthly online time for a subscriber to the largest PTO's Internet access service (e.g. number of hours).	N/A
What is the average household consumption expenditure of telecommunication services in your country? Please provide the data in local currency and specify the year of the survey. Please indicate which of the following telecommunications services are included or excluded -- fixed PSTN services, cellular mobile services and Internet access -- or provide a definition of the indicator used in your country.	

20.

	2000	2001	2002	2003
Please report any estimates of the potential coverage of access lines with DSL by the end of the following years (as a % of total subscriber lines) by the incumbent(s):	-	-	-	-