

COMMENTS

DIGITAL BROADBAND REVOLUTION IN JAPAN AND REGIONAL DEVELOPMENT

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1. The Japanese Government's program to establish a high-grade information society is underway; it is named "e-Japan or u (ubiquitous)-Japan." The objective of this program is to achieve a comfortable, convenient and safe lifestyle, to create the basis for emerging new businesses, and to help construct attractive local regions by eliminating the so-called Digital Divide in society.
2. With regard to infrastructure deployment, broadband telecom services using ADSL, CATV, FTTH (fiber optics), etc. in Japan are now used in 41% of households, placing Japan in the No.1 position in the world (In Toyama Prefecture the percentage is 43%). FTTH is slated to further increase in the near future. Through this broadband telecommunication, public network systems for local governmental services and e-commerce among private companies are spreading widely in Japan.
3. Following the history of terrestrial analog broadcasting and then multi-channel broadcasting services through BS (broadcasting satellite), CS (communication satellite) and CATV, digital TV broadcast is expanding in line with packet technologies improvement. Currently, high quality clear vision TV broadcasts (HDTV) are available through BS, CS and CATV. The Ministry of Internal Affairs and Communication (MIC) is now contemplating switching broadcasts from the existing analog to terrestrial digital (TDB) by the year 2011.
4. In July this year, MIC announced its policy to adopt IPTV and BS methods to accommodate the termination of analog broadcasting services by 2011 as a supplemental measure. It also opened this policy to public comments. This movement will have a big impact on existing commercial broadcasting

corporations as well as local CATV companies. The convergence of broadcast and telecom is inevitable and will accelerate further in the near future.

5. In Japan, the household dispersion rate of digital TV sets is 8.5%, reflecting recent price decreases and expanding HDTV broadcasting programs. Recent research indicates that 45.6% of consumers have a strong desire to purchase large size flat-panel TV sets including plasma and LCD (Liquid Crystal Display) TV sets. It is estimated that demand for such flat-panel TV sets will grow substantially as terrestrial digital broadcast is in full-service and prices of these TV sets decline. In addition, it is clear that expanded sales of such products as large size TV sets and DVDs will surely contribute to economic growth and creation of new jobs nationally and locally.
6. Building such a High-grade Information Network will be a key element in creating new business opportunities such as, content production industries and IT-related businesses (e-commerce, etc). The capital investments needed to meet such increased production will result in activating local economies and in development.

In Japan many production facilities have tended to relocate overseas in the past, but key devices or vertically integrated products such as system semi-conductors and large size flat-panel TV sets are produced in Japan. Matsushita's System-LSI production facility in Uozu, Toyama (130 billion yen), Sharp's LDC TV production plant in Kameyama, Mie(150 B/yen), Matsushita's plasma TV plant in Amagasaki, Hyogo (95 B/yen) and Cannon/Toshiba SED's Surface-conduction Electron-emitter Display plant (180 B/yen) are good examples of this. Initial investments in these factories will have a ripple effect on related industries.

7. Through maximum utilization of these infrastructures, high quality administrative services will also be realized, and efficiency within local governments, including highly defined medical services, social welfare, educational services, safety, and prevention of natural disasters will be promoted. Terrestrial digital broadcast started mainly in Tokyo, Osaka, Nagoya

areas in December 2003 and in October last year in Toyama. Further in the Hokuriku Region, it is scheduled to start in Fukui in May and in Kanazawa in July of next year. It is no wonder that once such TDB is introduced, purchases of digital TV sets will increase substantially and have a favorable economical effect.

8. With respect to Cable TV Toyama, our network covers 100% of the area and more than 50% of households have subscribed to our services. This network consists of fiber optics in the trunk line and metal coaxial cable at the home's end. The main mission of local CATV is to provide local programs and information to the communities. Providing information in the event of a natural disaster is an important role assigned to CATV companies. Interactive viewing with multi-windows display or TV conference systems will work in case of emergencies through CATV network systems. In this connection, we are now playing an important role in meeting the needs of our local customers as a so-called triple play provider—high quality digital multi-channel broadcast, high speed Internet, and IP-phone services.

9. In conclusion, the technological evolution of Information-Communication-Technology is progressing faster than expected in the areas of upstream (high definition and interactive digital content), midstream (high speed broadband infrastructure deployment) and downstream (large size high definition panel TV) simultaneously. Broadband telecommunication, in particular, is and will be a major driving force of economic growth, which is rarely recognized in public. Asian neighbors should, therefore, support and share certain technologies as a part of any economic development strategy.