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Internet, Economic Growth and Globalization

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Summary: This paper analyses the regulation of telecommunications and the quasinonregulation of the internet in Japan. As regards the telecommunications sector there has been deregulation since 1985 with gradual market opening up and privatisation. The paper discusses the role of relevant actors in the digital sector and describes stages of telecommunications deregulation as well as various reforms. In the field of internet, the Ministry of Economy, Trade and Industry (METI), the Electronic Network Consortium and various internet organizations – some of which have merged – play a role. Various reports and major pending issues are discussed with a critical focus on content providers, platform providers, consumers and complaint procedures.

Zusammenfassung: Dieser Beitrag untersucht die Telekomregulierung und die weitgehende Nichtregulierung des Internets in Japan. Mit Blick auf den Telekommunikationssektor gab es seit 1985 eine schrittweise Marktöffnung und Privatisierung. Der Beitrag untersucht die Rolle relevanter Akteure im digitalen Sektor und beschreibt Stufen der Telekomderegulierung sowie diverse Reformen. In Bereich des Internets sind das METI, das Electronic Network Consortium und diverse andere Internetorganisationen – von denen einige sich zusammengeschlossen haben – relevante Akteure. Diverse offizielle Berichte und eine Reihe aktueller Streitfragen werden thematisiert, wobei es vor allem um die Ebenen der Inhalteanbieter, der Platformanbieter, der Konsumenten und der Beschwerdeprozeduren geht.

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1. Introduction

This title shows a typical situation on the Japanese infocommunications market: the telecommunications field is deregulated, while the Internet is not regulated. The purpose of this paper is to describe today's situation in deregulating telecommunications and non-regulating the Internet in Japan to provide a discussion framework for further development. For this purpose, in Chapter 2, we shall attempt to define actors on the Internet market generally to lay a basis for further description in this paper. In the third chapter, we will analyze the deregulated situation in the Japanese telecommunications market to show a possible orientation for the further policy development. In the fourth chapter, we will go on to describe the non-regulated situation of the Japanese Internet to show issues that need to be cleared.

The deregulation of telecommunications in Japan can be represented by a one-go reform in 1985 which almost completed the formal liberalization of the market and privatization of monopolistic public enterprise. Combined with some modificatory measures in the 1990s, the Japanese telecommunications market was further activated. More liberalization measures have been discussed and partially decided on. A certain clear policy might have to be determined to promote competition on the market. On the other hand, the no regulations on the Internet content in Japan can be marked with the principle of self-imposed control based on the guidelines issued by a certain legally incorporated organization of related industries under the influence of concerned ministries. The discussion on possible regulations must be continued to find reasonable solutions considering some pending issues.

2. Actors on the Internet Market

Actors on the Internet market could be classified into at least seven groups: (1) content creators, (2) content providers, (3) content aggregators, (4) service providers, (5) network providers (6) consumers with appliances and (7) regulator(s) (based on NTT 2001). The first group is those who actually create several contents for provision on the Internet with copyright for the respective content, namely authors, musicians, cameramen, scenario writers, so on. The content providers, on the other hand, integrate the created content for a united program also with an own copyright for the program, such as editorial firms, movie studios, record companies, etc. The content aggregators commercialize such programs for supply on the Internet, so they are broadcasters, publishers, and portal sites. These three groups hold responsibility for every content, either positively or negatively. The fourth group, the service providers, is those who function as retailers of digital contents for consumers, such as Internet service providers (ISP), while the network providers play the role of transporting the content from the service providers to consumers. Appliance makers supply the sixth group, namely the consumers, with terminal units and software. Even if individual consumers, technologically well furnished and technically

well trained, could naturally also create, provide, or aggregate contents, they should only be observed as a functional part in this classification. The last group can, if necessary, regulate the market to put things in order.

Some of these groups can be further classified into larger groups according to each aspect of the Internet. The first two groups could be called *content provid*ers in a broader sense who hold principally their own copyright for the respective content such as music, games, application software, movies, TV programs, etc. The third and fourth actors build another larger group called *platform providers* for the consumers; they not only function as a united group but also as integrated enterprise such as a provider aggregating Internet content. Platform providers like content aggregators collect and edit the content, organize the content supply, manage the related copyright and buy the televising rights. Platform providers as service providers supply the actual Internet services, collect fees for the service consumption either for themselves or as an agency for related content providers, and manage the E-commerce system. The other three groups should remain, when functionally observed, as previously discussed. *Network providers* hold and manage the networks and secure the Internet connection, while *consumers* can be supplied by appliance makers with the receiving apparatus, receiving software and network interface at home, etc. The *regulator*(s) could stand outside the market for its order. Therefore, five groups of actors are involved with the Internet in the narrower sense: content providers, platform providers, network providers, consumers, and regulator(s).

This classification of Internet actors based on five categories can contribute to a discussion of possible regulation in the global Internet. Every actor has its rights and responsibilities for functioning on the Internet, although not all areas of their actions must be regulated from some viewpoints on the Internet. In the following two chapters, we shall mainly discuss the above-mentioned classification of Internet market actors. The market of telecommunications in Japan has been deregulated over the last 16 years, while any explanation of the actual regulation on the Japanese Internet market must start from awareness that it is not regulated by the government at all.

3. Deregulation of Telecommunications in Japan

3.1 Concrete Actors

To analyze the situation of the telecommunications market we should examine some concrete actors other than those in the previous chapter: (1) the Ministry of Public Management (MPM) as the regulator for the market, (2) the Cabinet and its advisory committees, (3) telecommunications companies as network providers, and (4) USA as an international actor. A large administrative reform was realized in Japan on 6 January 2001. The twenty-four former ministries and agencies were reshuffled into the present twelve ministries and agencies, although some remained almost unchanged, for example the Ministry of Foreign Affairs and the Ministry of Justice (see AGATA 1998 on the administrative reforms in Japan). The MPM is an integration of three different ministries: the Ministry of Post and Telecommunications (MPT), the Ministry of Home Affairs, and the Agency of General Coordination. Therefore, the MPM plays the role of the regulator for today's telecommunications market in Japan. If we observe the process of administrative reforms in Japan, the significance of advisory committees of the Cabinet or the ministries must be underlined, although the effects of their expert opinions were each very different. The important committees for telecommunications reform in Japan were the Second Provisional Administrative Reform Committee (SPARC) and the Advisory Committee for Telecommunications (ACT).

The largest Japanese telecommunications company is the Nippon Telegraph and Telecommunications (NTT), organized through privatization of the former Nippon Telegraph and Telecommunications Public Corporation (NTTPC) as a public enterprise in 1985. NCCs, or new common carriers, are private telecommunications companies that have entered into the telecommunications market after NTT's privatization.

The US has played an important role as an international catalyst with a lot of influences on the Japanese telecommunications market in some aspects. Its influence on the initial telecommunications deregulation in Japan was so decisive that the motive for original reform almost depends on it.

3.2 Stages of the Telecommunications Deregulation

The telecommunications deregulation in Japan might be characterized as a one-go reform in which most aspects necessary for telecommunications deregulation were realized in one reform in the year 1985, while the German telecommunications deregulation could be observed as gradual, composed of three steps in 1989, 1995, and 1998 (AGATA 1998).

The guideline for the Japanese one-go deregulation was first proposed by the SPARC 1982. As a background to this proposal, we can observe the fact that the technology of the information and telecommunications field had greatly developed and that the American telecommunications market underwent reform as the first case in the world. The Japanese reform included both liberalization of the telecommunications market and privatization of NNTPC into NTT (AGATA 1996). Market liberalization meant the end of the telecommunications monopoly through the NTTPC and was realized by a new categorization of telecommunications carriers, namely Type I and Type II, in the provisions of Telecommunications Services

Law. The former is a telecommunications carrier establishing an original telecommunications network and providing telephone services using that network. Type I carriers must be approved by the MPM to enter the market. On the other hand, Type II carriers supply enhanced telecommunications services, for example data banks or Internet services, over the networks of Type I carriers. Type II carriers must register for or report their entry into the market. The difference between the registration and report depends on the extent of Type II services of the carrier. Based on the above-mentioned classification, Type I and Type II carriers could be observed respectively as network and platform providers. Through liberalization, the MPT at that time got the jurisdiction for regulating the market after liberalizing it (re-regulation). This categorization of telecommunications carriers might be described as a vertical one in the sense that carriers intended to supply telephone services must be approved as Type I carrier and set up as an original network at the same time. This system may have to be changed so that the approvals for telephone services and networks could be separated (horizontal categorization), as in Germany's case (AGATA 2001(1)).

The NTT privatization was carried out simultaneously with other privatizations of the Japan National Railways and the Japan Tobacco Monopoly. Through its privatization by disposing its stocks, the NTT became one of other telecommunications carriers on the market. During its period of monopoly, the NTT has enjoyed autonomy as the public enterprise on the market, and also independence of the influence of the MPT at that time. In this reform, a new NTT Law was passed. After its privatization the NTT stands under the regulation of the MPM. Some NCCs were soon founded by related companies of other network economy, for example the privatized Japan Railways and the Japan Highways. In this context, it must be emphasized that foreign capitalists were restricted to participate in the capital market of telecommunications, for not only NTT but also NCCs. In the case of the NTT it was forbidden, while two thirds of the entire stocks of Type I carrier must be owned by domestic capitals. In my opinion, this measure truly contributed to the protection of Japanese telecommunications carriers within the market competing against foreign capitals, but it prevented a potential activation of the competition in the Japanese telecommunications market. Due to the restriction of foreign capital participation, the diversity and number of telecommunications carriers were reduced on the market.

In the 90s some modificatory deregulation measures were adopted to improve competition on the telecommunications market, namely deregulation of foreign capital participation in the market and reorganization of the NTT. In 1992 the restriction of foreign capital participation was abolished for NCCs, while the NTT Law was so amended that 20% of the entire stock holding of the NTT could be held by foreign capitalists. This measure led to activating alliances or fusion among domestic and foreign telecommunications carriers for closer competition.

Another amendment of the NTT Law was passed in 1997: the NTT was reorganized into a share holding company, an affiliated one for distant calls (NTTCom) and two subsidiary companies for local calls (NTT West and East) in 1999. This measure was intended to weaken the relative competitiveness of the entire NTT against other domestic telecommunications carriers. On the other hand, in my opinion, it may also have weakened the global competence of the NTT through its division into four smaller companies. The real effect of these modificatory measures should be evaluated several years from now.

3.3 Further Discussions and Reforms

In 2001 after the extensive reform of the Ministries, the Japanese Cabinet made a decision for telecommunications regulation leading to some changes of the related legislation in April. Mainly composed of six measures, they can be classified into two competing orientations of regulatory philosophy, namely closer domestic competition or greater international competitiveness of the NTT (AGATA 2001(2)).

There are three points in the orientation for enhancing domestic competition: (1) compulsory announcement of access charges for other carriers by carriers with market shares over 25%, (2) compulsory opening of NTT networks for other carriers, and (3) deregulation of foreign capital participation in the NTT. The first point provides a so-called regulation of dominant carriers: they must clearly announce the level of access charges to other carriers. They should truly be regulated so that their access charges could be open for sound competition on the telecommunications market. One question remains as to who will decide the criteria of the compulsory announcement. Based on the topical cabinet decision, the Ministry of Public Management should make a decision by its own discretion. On the other hand, it should be a more neutral proceeding if the Cartel Committee were involved in the decision. The second and the third measures are convincing. The different NTT networks as dominant carriers should be made more widely available than ever. The present restrictions on foreign participation in the NTT should be raised from 20% to 33% in order to enhance domestic competition.

On the contrary, in the orientation to greater competitiveness of the NTT there are three measures for reinforcing its competitiveness on the international market: (1) extending NTT's business fields such as L-Mode; (2) sharing universal services with other carriers; Universal Service Funds; and (3) non-regulating NTT's participation in its subsidiaries. The NTT has supplied Internet services through mobile phones since some years ago, namely by I-Mode through NTT-DoCoMo., also for simplified web services. This ISP of the NTT will be extended to a fixed telephone base via the L-Mode; the NTT may also play a role of platform providers based on the above-mentioned classification. This business can expect a great reaction from the users. Moreover, compulsory universal services based on the NTT Law have been laid only upon the NTT as the dominant carrier in effect. The topical Cabinet decision proposed a sharing of the universal services together with other

carriers through building universal service funds. This is a measure for easing the NTT's burden in this field. Non-regulation on NTT's participation in its subsidiaries, for example NTTDoCoMo as a mobile telephone company, continues to keep the unity of the NTT family as an international actor on the global market.

No clear priority between the two regulation philosophies has been established yet, at least in the latest Cabinet decision for telecommunications regulation. This can be a compromise among the concerned actors, especially between the concerned Ministry plus new common carriers and the NTT, however, not an extreme measure on the polarized spectrum between closer domestic competition and greater competitiveness of the NTT. The past reform phases show a swing between both poles. Now that the Japanese telecommunications market is relatively mature in the sense of telephone charges and the market share, a clear priority should be laid for the next reform.

4. Non-regulation of Internet Content in Japan

4.1 Concrete Actors

An analysis of the Japanese Internet market should be based on the fact that Internet content in Japan is not regulated by legal measures specific to the Internet, but we must apply the principle of self-imposed control. In this context, at least two actors related to the self-imposed principle must be mentioned: (1) two ministries as possible regulators for the Internet market, and (2) related industries as platform providers, some of which are legally organized under the appropriate ministry.

The Ministry of Trade and Industry (MITI) was renamed the Ministry of Economy, Trade and Industry (METI) in the above-mentioned reform of the Japanese Ministries in January 2001. The jurisdiction for the fields of computers, information and the concerned industry formally belonged to the MITI and now belongs to the METI, while the MPT or the MPM is responsible for the field of telecommunications and the related industries, as already discussed. In the process of the reform it was argued that the jurisdiction for information and telecommunications should be integrated into a single ministry, but in vain. Therefore the METI is mainly concerned with problems of the Internet, although the MPT or the MPM has been also involved into the discussions on the Internet matters.

The Electronic Network Consortium (ENC) was a private organization established in 1992 composed of about 80 corporative bodies such as ISPs, computer industries, software companies, mass media, and so on, as well as about 20 municipalities interested in public communications networks for the sake of mutual adjustment of problems concerning the Internet. It was one of the founding members of the Internet Content Rating Association (ICRA) and had a close relationship with the New Media Development Association as an agency of the METI.

The ENC was integrated in 2001 with the Internet Association of Japan (IAJ) into the Internet Association Japan (IAjapan). The IAJ was also a private organization composed of about 300 companies and institutes concerned rather with technological aspects of the Internet and its diffusion. The IAjapan is organized as a legally incorporated foundation under the METI to serve former functions of the ENC as well as the IAJ. The establishment of IAjapan as such an organization authorized and helped develop the role of the ENC and IAJ.

The Telecom Services Association (TELESA) is also a legally incorporated foundation under the MPM organized in 1994 and has about 400 platform providers as its members. The organization of legally incorporated foundations is an important method for controlling the power of Japanese ministries against affiliated actors under them. Therefore not only the METI but also the MPM utilize the influencing method through the IAjapan and the TELESA, respectively.

4.2 Process of Discussions

In 1995 the MPT has issued a report on the results of the "Working Group for Electronic Information and Its Usage on the Internet" (MPT 1995) that only suggested problems of information on the Internet under the valid laws, but did not demand a certain regulation for the world of Internet.

In February 1996, the ENC published the "General Ethical Guidelines for Running Online Services" (ENC 1996(1)) and "Recommended Etiquette for Online Service Users" (ENC 1996(2)), while the MITI announced on the same day "About the Independent 'General Ethical Guidelines for Running Online Services'" that recommended the independent guideline method for self-imposed control on Internet problems among the concerned. The publication of three documents on the same day must be no coincidence, but the ENC might have been influenced by the MITI. The purpose of the ENC Guidelines was to propose instructions for domestic platform providers supplying communications services through the Internet to prevent ethical problems in Internet communications. Therefore it has greatly affected the concerned actors to evoke a heated discussion on rule making for Internet services through either self-imposed control or legal regulation.

In June 1996, the MPT emphasized the necessity of legal reform considering the convergence of telecommunications and broadcasting in its "Report on the Working Group for the Convergence of Telecommunications and Broadcasting in the 21st Century" (MPT 1996). In this direction, the ministry analyzed some serious Internet problems in its "Midterm Review on the Working Group for the Convergence of Telecommunications and Broadcasting and Its Development" in order to cooperate with other ministries to suggest a special legislation named by Cyber Law (MPT 1997(1)). This aspect was also pointed out in the "Vision for the 21st Century of Infocommunications" by the APT (MPT 1997(2)). These steps might be observed as positive reaction of the MPT for legal regulation for Internet problems.

On the other hand, this ministry also perceived the significance of a selfimposed control method, especially shown in its "Report on Information Traffics on the Internet" (MPT 1997(3)). This orientation was reflected in another "Guideline for Providers Concerned with Internet Access Services" of the TELESA (TELESA 1998). However, this subtle guideline is so hard to distinguish that platform providers could declare the deletion of problematic content on the Internet. The guideline attracted criticism for this reason in spite of its self-imposedness.

In 1999 a working group under the MPT proposed an institution for protecting the victims of the Internet problems; the information on wrongdoers on the Internet, i.e. their names and addresses, should be published under certain conditions (MPT 1999). In the same year the ruling Liberal Democratic Party showed a great interest in enacting a law for measures against criminality on the Internet. Yet no concrete action whatever has been taken for legal regulation of Internet problems in Japan.

From the above-mentioned process of discussing possible regulation of the Internet in Japan, the principle of such self-imposed control has been applied, although a certain orientation toward legal regulation has been expressed. As far as the orientation of the actors is concerned, it can be said that the METI prefers a system of self-imposed control, whereas the MPM is searching instead for a solution through legal regulation.

4.3 Pending Issues

Based on the above-described observations on the process of the Japanese discussions on the Internet regulation, issues to be cleared can be classified into at least three categories: (1) quality of Internet content, (2) institutions and (3) international cooperation.

The aspect of *Internet content's quality* may be analyzed according to three aspects, namely (x) decency, (y) publicity, and (z) individuality. Abusive behaviors to be avoided on the Internet exemplified by the European Commission (EU 1997) could be classified into these three categories: decency infringed by behavior against national security (instructions on bomb-making, illegal drug production, terrorist activities), protection of minors (abusive forms of marketing, violence, pornography), and protection of human dignity (incitement to racial hatred or racial discrimination). The field of publicity includes economic security (fraud, instructions on pirating credit cards), information security (malicious hacking), and intellectual property (unauthorized distribution of copyrighted works, such as software or music). Individuality concerns the protection of privacy (unauthorized commu-

nication of personal data, electronic harassment) and protection of reputation (libel, unlawful comparative advertising).

In order to clear these Internet content quality concerns, some concrete *institutional measures* must be taken. In this context the MPT once summarized some important aspects (MPT 1997(1)), while the METI also recently announced a proposal of necessary reform actions for the network infrastructure (METI 2001). Based on these reports, institutional viewpoints may be classified into at least four categories, related to the classification of actors on the Internet described earlier in this paper: (a) rules for content providers, namely copyright of and responsibility for the content, (b) control of Internet content through platform providers, (c) selfdefense or self-responsibility on the consumers side, and (d) complaint procedures.

If we combined both classifications, namely (x) to (z) for quality and (a) to (d) for institutions, then we have a 3 by 4 matrix for discussing the issues to be cleared. We could set the latter against the former classification to make a framework for future discussions.

For the protection of decency, content providers should be responsible for the Internet content they provide (the principle of self-responsibility). As long as the anonymity of the concerned content providers could be avoided, it is clear who is responsible for it. Content providers must be responsible for avoiding their own anonymity. Otherwise it would be very difficult to put the responsibility on a certain content provider especially on the global Internet. In this context, platform providers can either restrict the anonymity of content providers contrary to decency or be responsible for the indecent content. It would be difficult to define the criteria for restriction through platform providers on the anonymity of content providers, but the guidelines of the ENC or the TELESA can be regarded as a good example for such criteria. Platform providers and even content providers can make independent decisions according to such guidelines. The responsibility of platform providers can either be blamed only because of the fact that they have put indecent content on the Internet as was the case in Germany, or fulfilled through a system of rating or filtering such content platform providers organize (ENC 1999). If such a rating or filtering system could be established, it would be easier for consumers to defend themselves from indecent content, especially using certain sorts of appliances. These devices give consumers a chance to choose freely which content to see and which one to avoid. In this sense, the principle of self-responsibility also applies to the above issues. Complaint procedures against indecent Internet content could be institutionalized, after the German model of Bundesprüfstelle für jugendgefährdende Schriften (BPJS). The philosophy behind such a procedure is that the information on the responsible providers should be published in order to prevent further diffusion of the indecent content.

In the context of publicity, related copyright must be guaranteed to content providers. Their copyrights can be secured on the Internet through technological measures such as code keys or authorization system, on their own or through platform providers who have a certain limit to complete. Therefore, consumers in this framework must be self-conscious and responsible for the use of copyrighted content. Although rigid legal measures are possible for protecting copyright unique to the Internet, technological security seems to be a better way for the protection of copyright. This will satisfy the responsibility for economic and information security on the side of content providers as in the case of decency, as long as their anonymity is avoided. Otherwise, consumers must defend themselves with such security.

For individuality, content providers and platform providers must be responsible for the protection of privacy and reputation. If the anonymity problem is cleared, the responsibility will be clearly defined. In this case, too, both actors should be aware of the responsibility. In this sense, the above-mentioned guidelines can play an important role for maintaining self-responsibility. On the other hand, consumers have the rights to privacy and reputation that ought to be guaranteed through content providers and platform providers. Complaint procedures for infringed privacy or reputation should be institutionalized. In this field, existing procedures for protection can play an important role, when the anonymity problem is cleared. The conflicting points in this chapter are put together in the following table.

	(x) Decency	(y) Publicity	(z) Individuality
(a) Content Providers	Responsibility for Content	Copyright to Con- tent and Responsi- bility for Eco- nomic/Information Security	Responsibility for Privacy and Reputa- tion
(b) Platform providers	Restriction on Ano- nymity and /or Re- sponsibility for Con- tent	Protection of Copy- right	Protection for Pri- vacy and Reputation
(c) Consumers	Self-defense against Content	Self-responsibility for Content and Self-defense to Eco- nomic/Information Security	Right to Privacy and Reputation
(d) Complaint Procedures	To be institutional- ized	Rather through Technical Security	To be institutional- ized

Tab. 1:	Framework for	Discussions on	Pending Issues
1 a.v. 1.	r rame work for	Discussions on	I chung issues

Concerning Internet Regulation

Source: author

To discuss *international cooperation*, some points analyzed in the former paragraphs should be highlighted: the principle of self-responsibility, independent control from the side of platform providers based on some guidelines and the development of devices for free choice of Internet content. Though these aspects are interrelated with each other, international cooperation could perhaps contribute most in developing selection devices, because they can overcome the differences in legal regulations between countries. For this purpose, there are at least two prerequisites for the collaborating countries: standardization of devices and criteria for filtering. As far as they are concerned with the technical standardization, they can be said to be already well established through the PICS (Platform for Internet Content Selection) that the World Wide Web Consortium has developed. ENC introduced it for filtering its content in 1997, and the system continues to the present (ENC 1997 and 1999).

Criteria for filtering have certain significance to a kind of international guideline for platform providers. Countries can cooperate together in order to form such guidelines. For example, the RSACi by RSAC (Recreational Software Advisory Council) provides a well-organized criterion. It is also fundamentally important that concerned countries share the principle of self-responsibility on both sides between content providers and consumers. Content providers must be conscious of the responsibility for and risks from the Internet content, while consumers must also be aware that some Internet content can be less than reliable or even criminal in order to defend them from such content. In this sense, we suggest a global informational cooperation in protecting the Internet content.

5. Perspectives

In the telecommunications context, the MPM announced in June 2001 an important guideline to abolish the approval system for the market entry of Type I carriers for telephone services and networks, in order to further activate the competition in the telecommunications market. This measure could thoroughly change the map of Japanese telecommunications marketing. Those who would like to set up networks could only register in the MPM without its official approval. This would be especially profitable for today's Type II carriers who would like to and are financially able to set up their own networks already the current system. On the other hand, to set up networks without approval means to withdraw from the market without approval. The approval system for Type I carriers has the function for security of universal services; type I carriers in unprofitable areas must not withdraw from the networks. Therefore a possible measure for abolishing the Type I carrier approval system must be well combined together with the planned system of universal service funds.

Moreover, the MPM decided in July 2001 another measure that terminal circuits of the NTT in every household must be opened to other Type I carriers. It may be considered as an extension of the above-mentioned measure for compulsory opening of NTT networks for other carriers. A big bottleneck for a sound competition on the Japanese telecommunications market lies in the fact that the NTT enjoys most of the monopoly of the terminal circuit market. Therefore, the NTT exclusively collects a basic charge from every telecommunications user. Based on this measure, NCCs can lease terminal circuits of the NTT to collect basic fees from the users. This step can contribute to lowering the entire telecommunications prices and help further distribute Internet services.

Such measures in the field of Japanese telecommunications can influence the current situation concerning the Internet, especially for increased diffusion of Internet content through the growing number of Internet users combined with the higher availability of ADXL. What we should do now as an institutional measure in Japan is to discuss further about the legal possibility to publish information on content providers who have supplied problematic content on the Internet. Then it must be legally determined in which conditions, in which procedure, and by whom such decisions could be made and realized.

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