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# History of Japan Telecom Industries & NTT

~Privatization & Reorganization of NTT~

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# 1. Governmental Body (1885~1952)

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1885 Ministry of Telecommunications and Transportation

1895 Telephone service started (Tokyo ~ Yokohama)

## 【Reasons of Governmental Monopoly】

- Necessity of Enormous Investment
- Importance of Communication's Security
- No Difference of Service Levels between Areas
- Technology Standardization

## 2. Public Corporation (1952 ~ 1985)

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1952 Establishment of Nippon Telegraph & Telephone Public Corporation

- Public Style Enterprise Having a Merit of Private Company

### 2 Big Goals

- The long queue of Service Request → 1977 Solved
- Nationwide Automatic Dialing Connection → 1975 Achieved

### Five Years Plan of Expansion & Improvement of Services

- The First Five Years Plan      1953 ~ 1957
- The Second Five Years Plan    1958 ~ 1962
- The Third Five Years Plan      1963 ~ 1967
- The Forth Five Years Plan     1968 ~ 1972
- The Fifth Five Years Plan     1973 ~ 1977
- The Sixth Five Years Plan     1978 ~ 1982

### 3. NTT Corporation (1985~1999)

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1985 Establishment of NTT Corporation (1985.4.1)

( Privatized by Law )

Government held 100% shares and released to the market.

They still hold 32.39% shares.

#### 【Background】

- Evolution of Technology
- Limitation of Public Style Enterprise & Request of the Further Efficiency  
(Business Scope, Limits of Management, HR)
- Movement of the International Market
  - USA: 1969 Entry of the Long Distance Market by MCI
  - 1983 Division of AT&T & Born of Baby Bells
  - UK : 1983 Entry of the Long Distance Market by Mercury
  - 1984 Abolition of BT' s Monopoly & Privatization

### 3. Public Corporation (1985~1999)

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#### ○NTT Law

- <Object>
- Supply of the Stable Services to the Whole Japan
  - Contribution of the Japanese Telecom Market Expansion  
⇒ Contribute to the Expansion of Public Welfare
  - Regulation to the NTT's activities

#### ○Aims of the Privatization

- Introduction of Competition  
→ Reduction of the Tariff, Expansion of the Services
- Freedom of the Terminal Equipment  
→ Expansion of the Services

#### ○Important Points

- Arrangement of the Rules for the Fair Competition
- Maintain of the Universal Services  
→ Universal Services Funding System (2005)

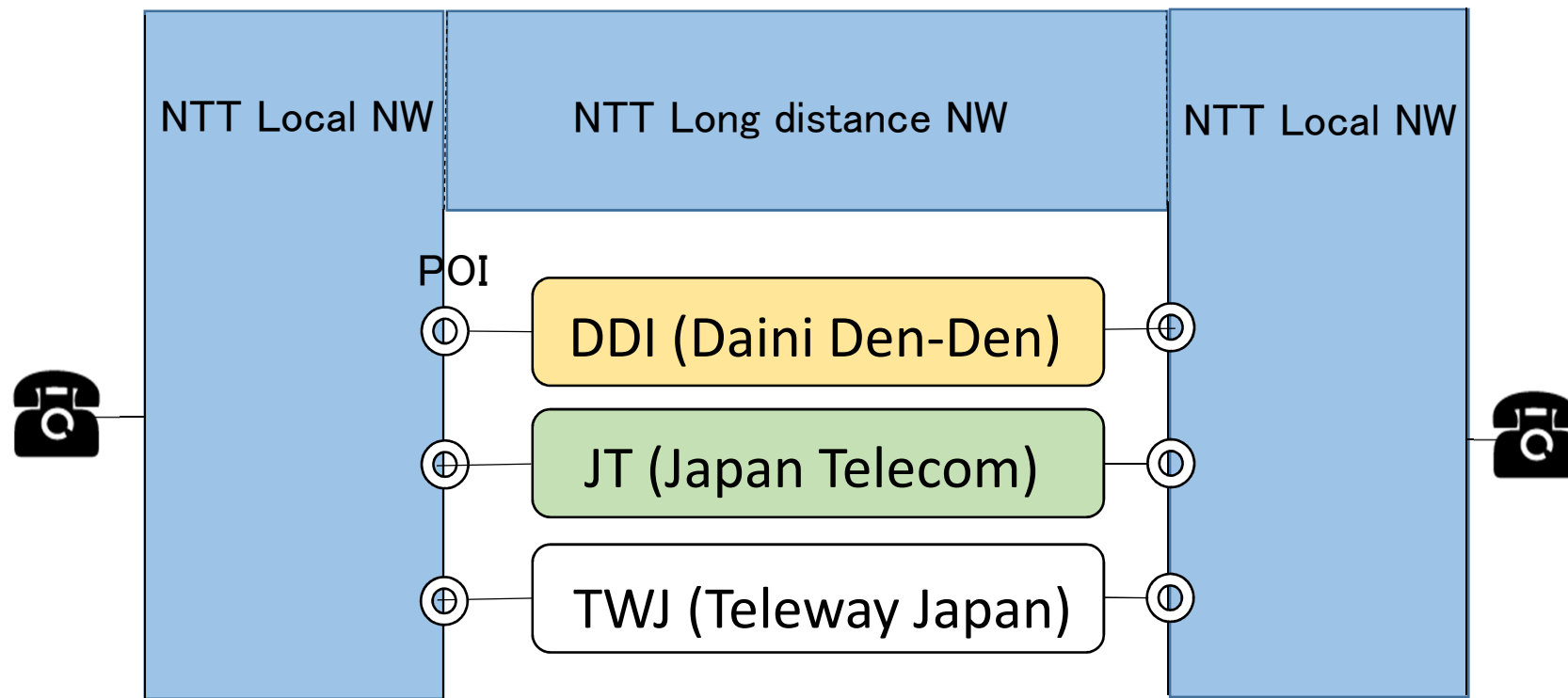
# Entry Of NCCs (Figure of the Interconnection)

## 1986 Entry of the NCCs(New Common Carriers)

Daini Den-Den(DDI)

Japan Telecom(JT)

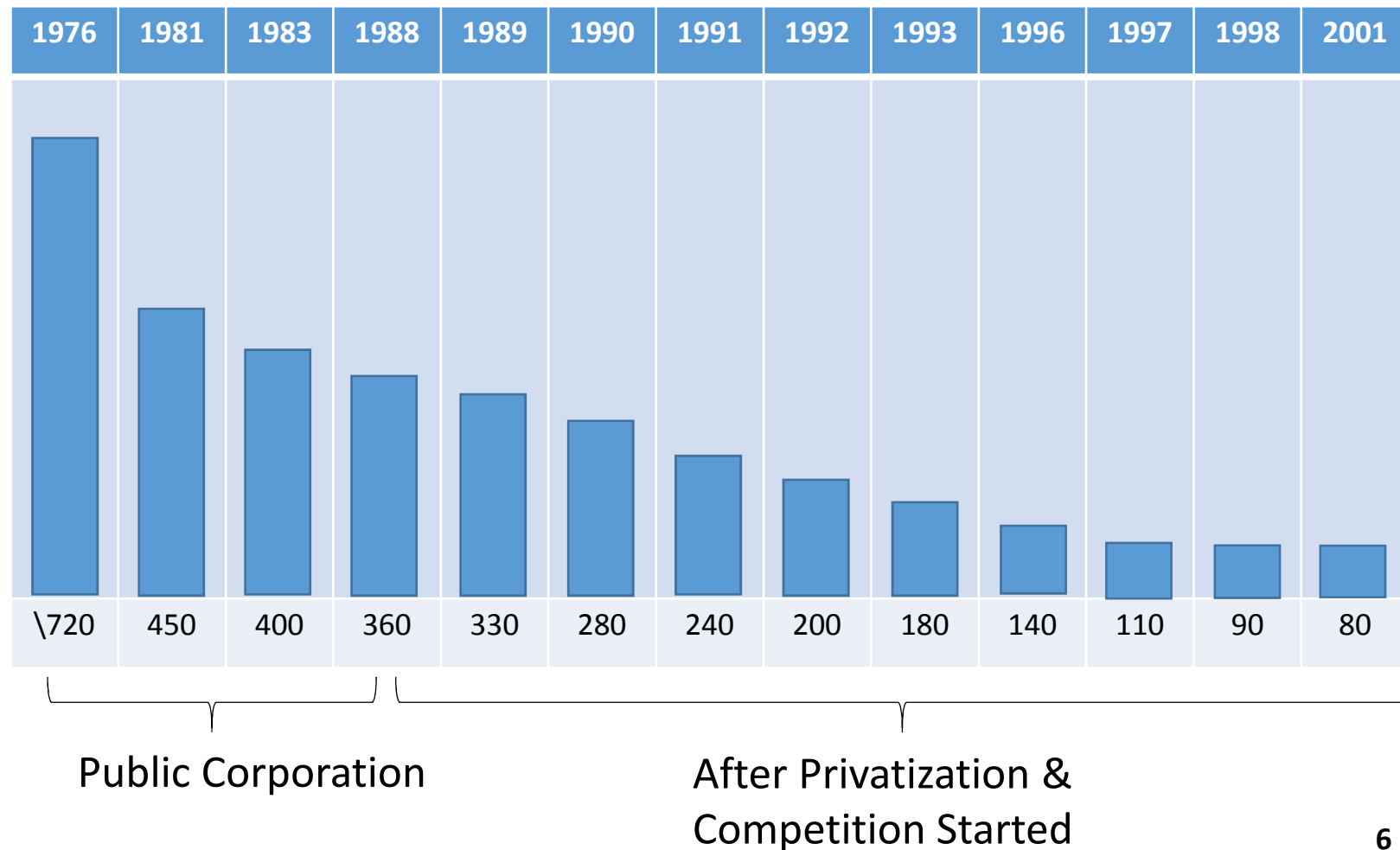
Teleway Japan(TWJ)



POI : Point Of Interface

# Reduction of the Telephone Service Tariff

## Tariff of the Farthest Telephone Tariff (3 minutes)



# Arrangement of the Fair Competition

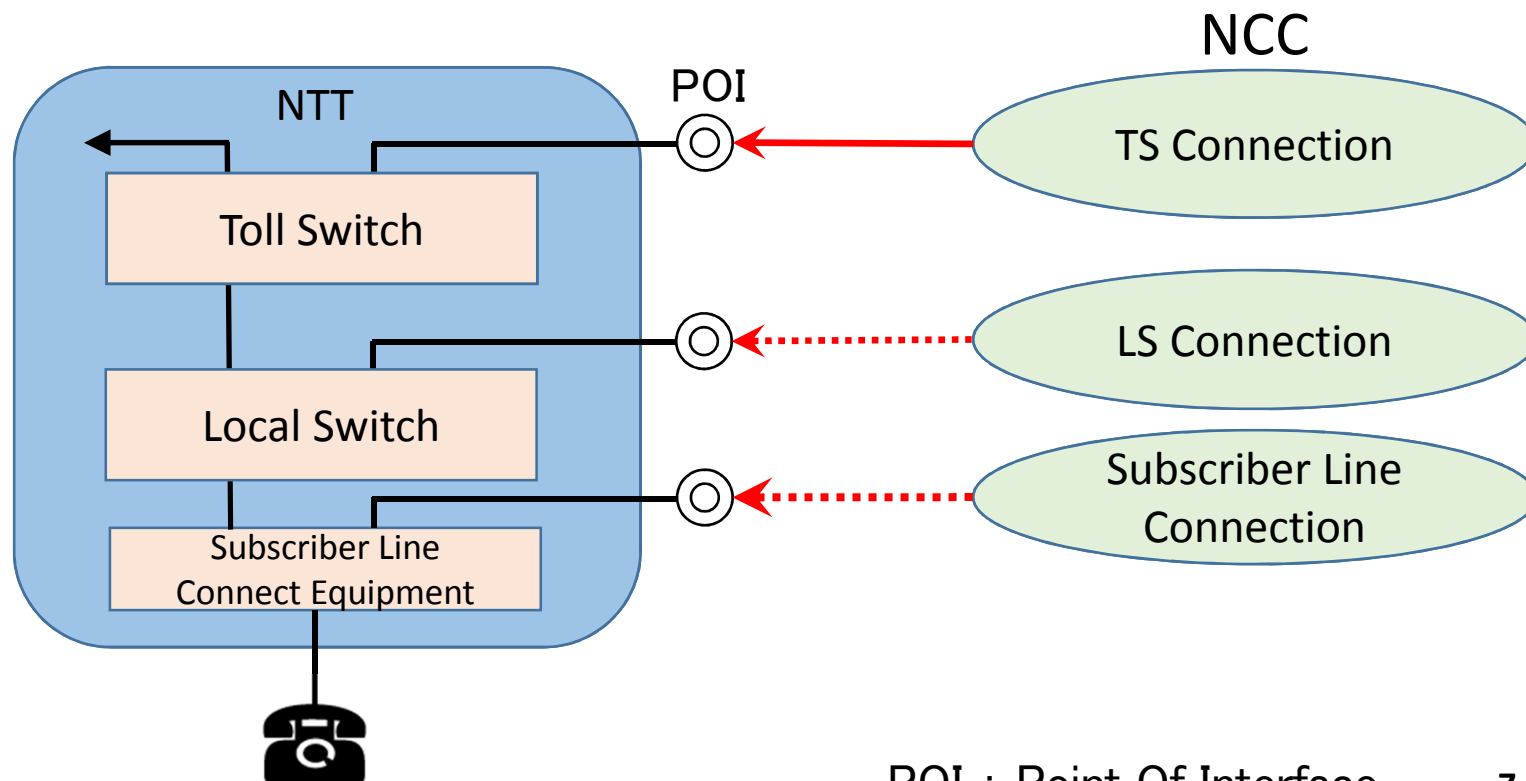
1990 Establishment of the Fair Market Arrangement Office

1992 Clarify of the Department's Revenue & Expenses

(Long distance/Local Department)

1995 Openness of the Network

1996 Establishment of the Inter Connection Promotion Office



POI : Point Of Interface



## Problems after Privatization

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- NTT has not Rights of Perfect Free Activities because NTT is still under the Special Law.
- NTT has almost Monopoly in the Local Market.
- Digitalization (Network, Switch, Transmission)
- New Technologies (Mobile, IP, FTTx etc.)
- International Expansion by the Carriers (BT merged MCI, etc.)

## 4. Reorganization of NTT (1999.7.1)

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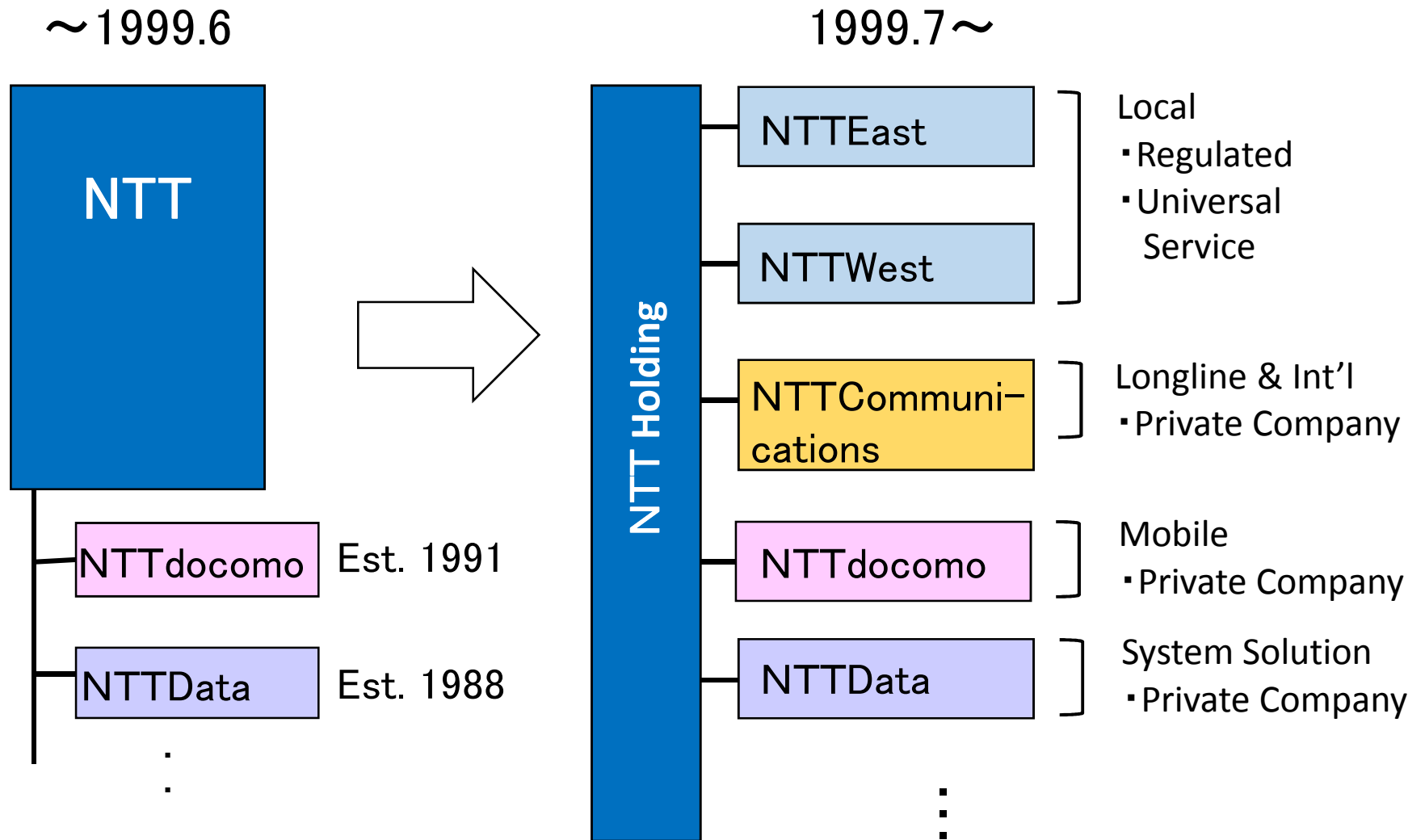
### <Purpose>

- Promotion of the more fair competition
- Expansion of Efficiency and Freedom of NTT

### <Outline>

- Broken up NTT to Longline and East & West Local Companies under the NTT Holding
- Longline Company is Purely Private Company and can do International Business
- Local Companies are special Company regulated by NTT Law
- Ensure the Fair Competition Rules between Longline and Companies.

# Reorganization of NTT



## Additional Efforts to the Promotion of Fair Competition

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- Laying of the Other Carriers Cable to the Ducts etc.(1999)  
(Pole, Duct, Tunnel, Manhole, Tower, etc.)
- Unbundle of the Metallic Subs Line <Dry Copper> (2000)
  - Popularization of ADSL Service
  - Start of Telephone Service by Competitors
- Co-location Service of East & West Local Company' s Building(2000)
  - Rental of Building Space for the Interconnection  
Between NTT and NCCs
- Unbundle of Optical Subs Line <Dark Fiber> (2001)

# Open Information Regarding Interconnections

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## ○ Information Web Station

Publishing of the Information Regarding Use of NTT Network

- Interconnection Agreement (Tariff)
- Interconnection Guidance (Procedure)
- Offering Plan of Network Functions
- Facility Information Regarding Interconnection  
etc.

# Telecom Markets after NTT's Reorganization

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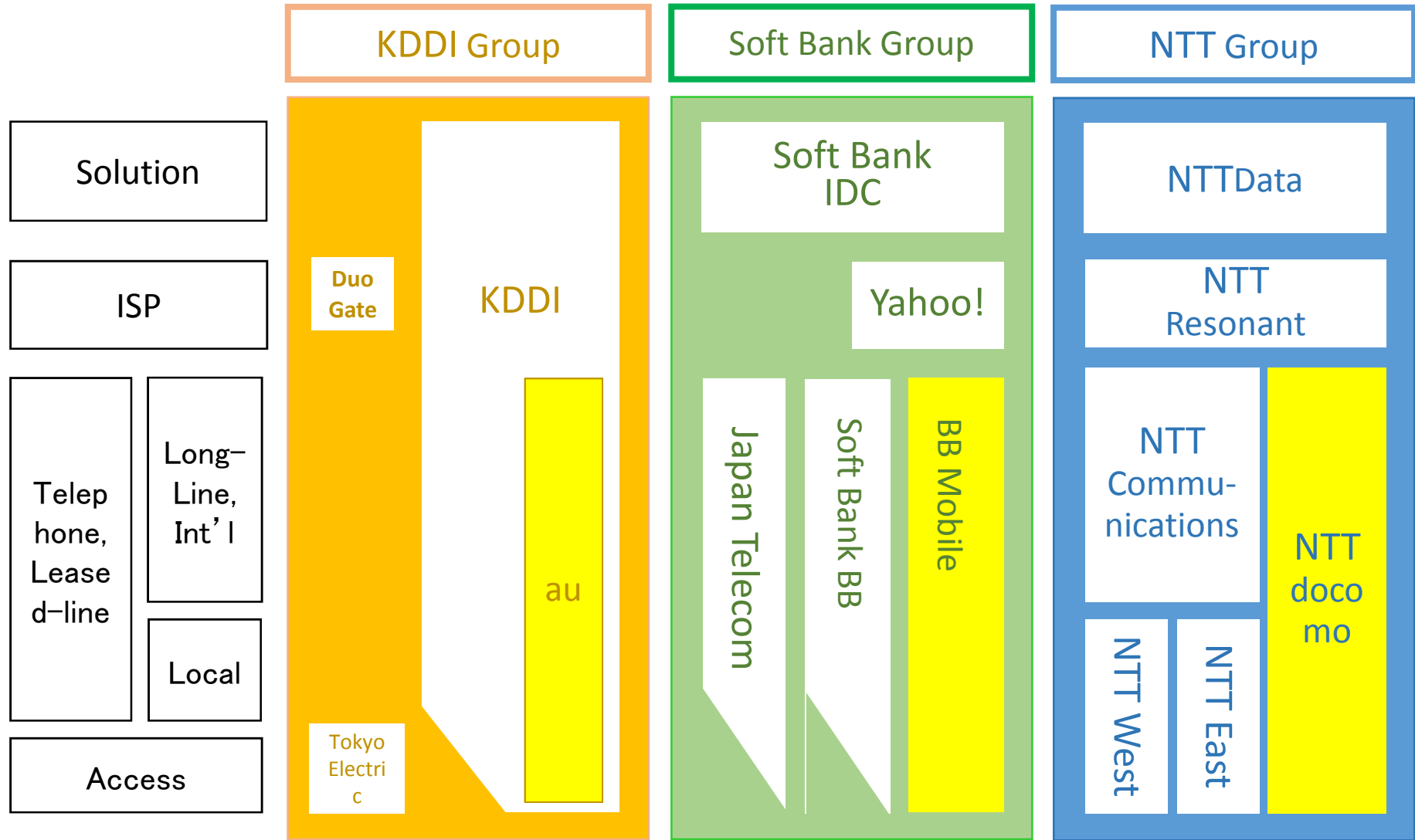
- More Progress of the Competition
- More Reduction of The Telephone Tariff
- Bundled Services, One Stop Services
- Seamless Services for National & International
- New Global Services

## 【Emergence of the New Competitors】

Telecom Carrier, Broadcasting Company, Application Provider, Content Provider, etc.

Transition from Horizontal Unification to Vertical Unification

# Map of Telecom Industry (2005)



: Mobile Operator



Thank You