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Expressing the sense of the Senate regarding fair access to Japanese telecommunications facilities and services.

IN THE SENATE OF THE UNITED STATES

MARCH 20, 2000

Mr. BAUCUS (for himself and Mr. GRASSLEY) submitted the following resolution; which was referred to the Committee on Finance

MAY 2, 2000

Committee discharged; considered and agreed to

RESOLUTION

Expressing the sense of the Senate regarding fair access to Japanese telecommunications facilities and services.

Whereas the United States has a deep and sustained interest in the promotion of deregulation, competition, and regulatory reform in Japan;

Whereas new and bold measures by the Government of Japan regarding regulatory reform will help remove the regulatory and structural impediments to the effective functioning of market forces in the Japanese economy;

Whereas regulatory reform will increase the efficient allocation of resources in Japan, which is critical to returning Japan to a long-term growth path powered by domestic demand;

Whereas regulatory reform will not only improve market access for United States business and other foreign firms, but will also enhance consumer choice and economic prosperity in Japan;

Whereas a sustained recovery of the Japanese economy is vital to a sustained recovery of Asian economies;

Whereas the Japanese economy must serve as one of the main engines of growth for Asia and for the global economy;

Whereas the Governments of the United States and Japan reconfirmed the critical importance of deregulation, competition, and regulatory reform when the 2 Governments established the Enhanced Initiative on Deregulation and Competition Policy in 1997;

Whereas telecommunications is a critical sector requiring reform in Japan, where the market is hampered by a history of laws, regulations, and monopolistic practices that do not meet the needs of a competitive market;

Whereas as the result of Japan's laws, regulations, and monopolistic practices, Japanese consumers and Japanese industry have been denied the broad benefits of innovative telecommunications services, cutting edge technology, and lower prices that competition would bring to the market;

Whereas Japan's significant lag in developing broadband and Internet services, and Japan's lag in the entire area of electronic commerce, is a direct result of a noncompetitive telecommunications regulatory structure;

Whereas Japan's lag in developing broadband and Internet services is evidenced by the following: (1) Japan has only 17,000,000 Internet users, while the United States has

80,000,000 Internet users; (2) Japan hosts fewer than 2,000,000 websites, while the United States hosts over 30,000,000 websites; (3) electronic commerce in Japan is valued at less than \$1,000,000,000, while in the United States electronic commerce is valued at over \$30,000,000,000; and (4) 19 percent of Japan's schools are connected to the Internet, while in the United States 89 percent of schools are connected;

Whereas the disparity between the United States and Japan is largely caused by the failure of Japan to ensure conditions that allow for the development of competitive networks which would stimulate the use of the Internet and electronic commerce;

Whereas leading edge foreign telecommunications companies, because of their high level of technology and innovation, are the key to building the necessary telecommunications infrastructure in Japan, which will only be able to serve Japanese consumers and industry if there is a fundamental change in Japan's regulatory approach to telecommunications; and

Whereas deregulating the monopoly power of Nippon Telegraph and Telephone Corporation would help liberate Japan's economy and allow Japan to take full advantage of information technology: Now, therefore, be it

- 1 *Resolved*, That it is the sense of the Senate that—
- 2 (1) the appropriate officials in the executive
- 3 branch should implement vigorously the call for
- 4 Japan to undertake a major regulatory reform in the
- 5 telecommunications sector, the so-called “Tele-
- 6 communications Big Bang”;

1 (2) a “Telecommunications Big Bang” must
2 address fundamental legislative and regulatory
3 issues within a strictly defined timeframe;

4 (3) the new telecommunications regulatory
5 framework should put competition first in order to
6 encourage new and innovative businesses to enter
7 the telecommunications market in Japan;

8 (4) the Government of Japan should ensure
9 that Nippon Telegraph and Telephone Corporation
10 (NTT) and its affiliates (the NTT Group) are pre-
11 vented from using their dominant position in the
12 wired and wireless market in an anticompetitive
13 manner; and

14 (5) the Government of Japan should take cred-
15 ible steps to ensure that competitive carriers have
16 reasonable, cost-based, and nondiscriminatory access
17 to the rights-of-way, facilities, and services con-
18 trolled by NTT, the NTT Group, other utilities, and
19 the Government of Japan, including—

20 (A) access to interconnection at market-
21 based rates;

22 (B) unrestricted access to unbundled ele-
23 ments of the network belonging to NTT and
24 the NTT Group; and

- 1 (C) access to public roads for the installa-
- 2 tion of facilities.

