Chapter 2

Activities Towards Network Opening

III Activities on the Basis of Voluntary Rules

NTT East has developed a competitive environment and promoted network opening to provide a venue in which competition can easily take place. Our goal is to promote competition that will vitalize the telecommunications market and consequently benefit customers from greater service diversity at low costs.

Basic Concept

- Meeting all interconnection requests except in cases where interconnection is technically impossible, provided that proper costs are borne.
- Securing **fair, impartial and non-discriminatory** conditions for interconnection between other carriers and NTT networks.

※ "Network Opening (Basic Concept)" (Announced in February 1995)

Specific Measures

- Meeting all interconnection requests in principle.
- Preparation and implementation of standard interconnection procedures and periods.
- Securing transparency, and clarifying and lowering interconnection costs ➡ Detailing the grounds for calculations, reducing network costs.
- Publicly announcing additions and changes to network functions ➡ Disclosing interface conditions
- Publicly announcing Interconnection Agreements ➡ Only cases with the consent of interconnecting carriers.

※Specific measures concerning the clarification of interconnection procedures, etc. (Announced on March 31, 1995 and revised on August 31, 1995)

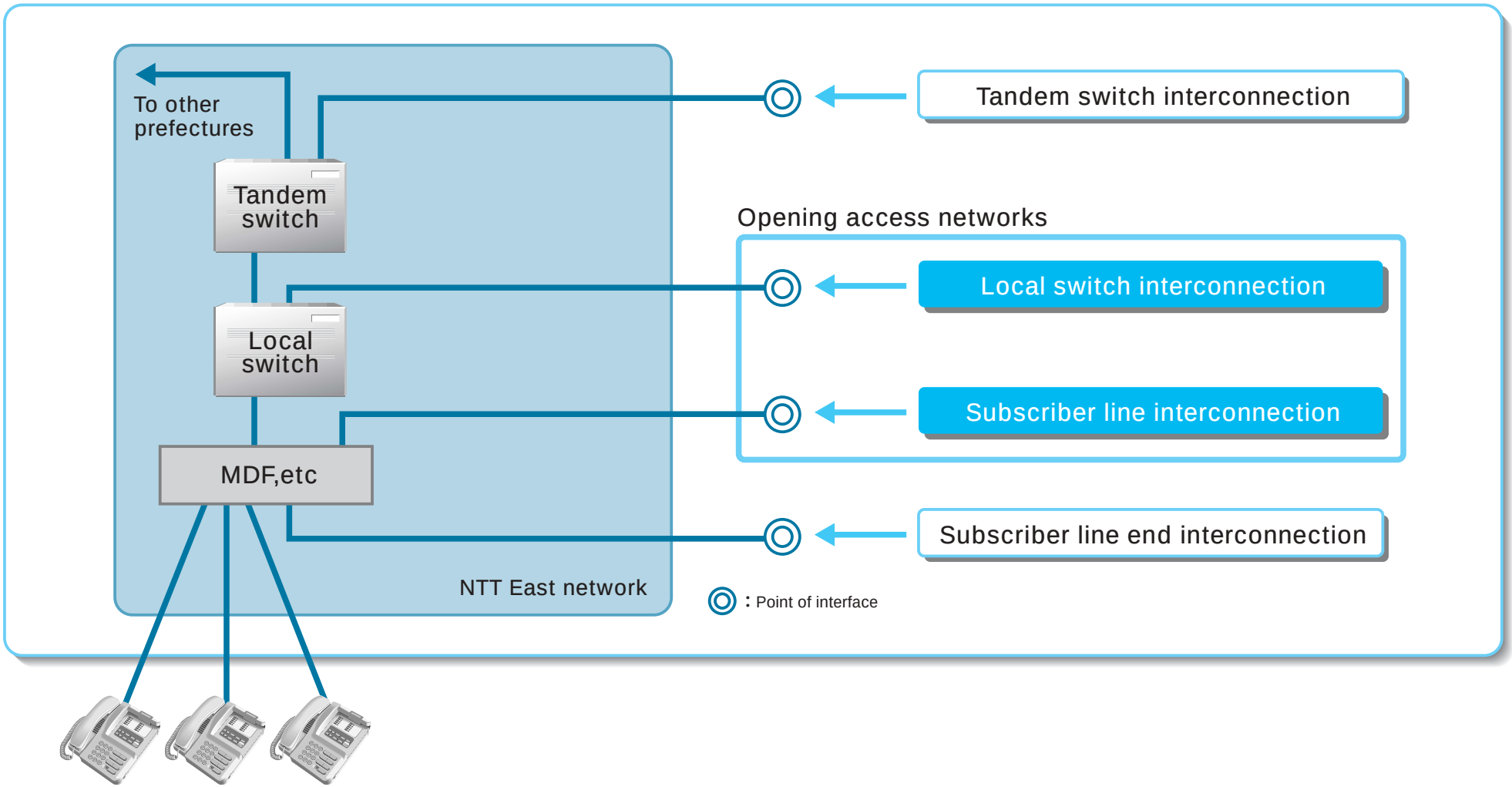
(Reference) Implementation of Specific Programs for Network Opening

NTT East announced "Thirteen Items under Individual Programs for Network Opening" in April 1995 as part of our voluntary efforts for network opening, and has worked towards the implementation of such measures. As a result, all items under the specific programs for network opening were realized in May 2001.

Specific Programs	Implementation Period
1. "Public-leased" and "public-leased-public" line connections	April 1995 (public-leased), October 1996 (public-leased-public)
2. Interconnection with PHS	July 1995 (NTT network dependent type), March 1996 (NTT network connective type)
3. Interconnection between leased line service and telephone service	October 1995
4. Interconnection with CATV phones	December 1996
5. Non-ringing facsimile termination	March 1997
6. Signaling network interconnection	December 1997 (basic service), January 2000 (advanced service)
7. Expansion from one-way interconnection to two-way interconnection, etc.	December 1997
8. Caller ID notification	February 1998 (full-scale service)
9. Interconnection to NTT Free Dial service	October 1998 (CATV), April 1999 (mobile, etc.)
10. Trunk line interconnection with Type II telecommunications carriers	October 1998
11. NCC Free Phone	January 2000
12. Number portability	March 2001
13. Carrier selection (equal access)	May 2001

(Reference) Opening Access Networks

In addition to tandem switch interconnection, interconnection at local switches and subscriber lines has now been made possible, thereby opening access networks.



IV Review of Interconnection System by Establishing the Legal Framework for Basic Rules for Interconnection

Interconnection based on individual negotiations between carriers
(Based on voluntary activities such as opening NTT East networks)

Relief in the event of unsuccessful negotiations between carriers

Interconnection orders, arbitration system

Securing appropriateness of interconnection conditions

Approval of Interconnection Agreements

[Problems] Prolonged negotiation period

- Discussions concerning the grounds in calculating interconnection charges
- Discussions concerning the bearing of appropriate costs for network modifications

Interconnection pursuant to the Articles of Agreement Concerning Interconnection
(Based on basic rules for interconnection)

Promotion of fair and effective competition

- Securing transparent, fair, quick and rational interconnection
- Preventing anti-competitive actions that hamper smooth interconnection

Expectations given to increasing user benefits

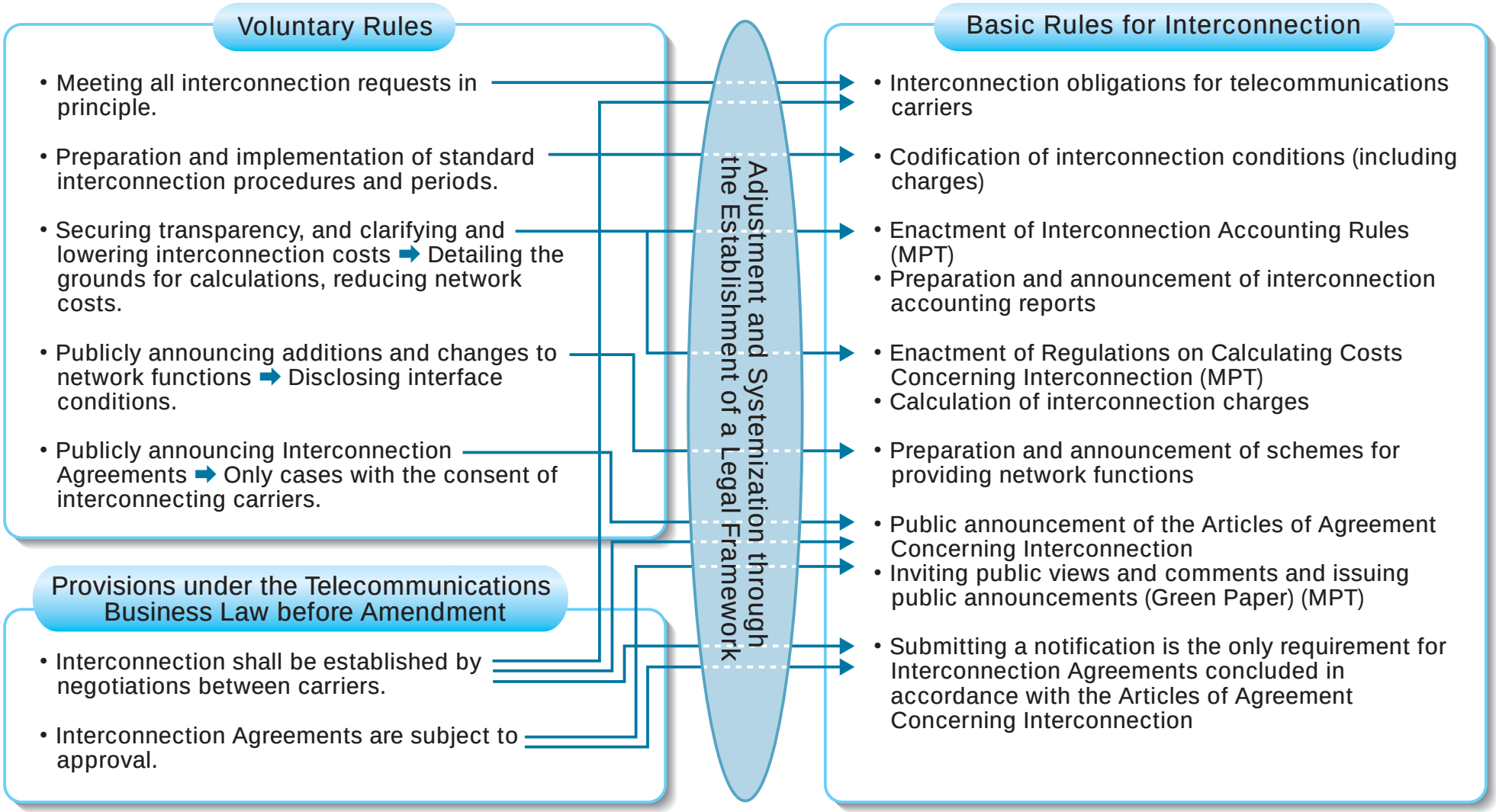
- Reducing charges
- End-to-end seamless service
- New multimedia services

International Harmony based on WTO Agreement

○ Most-favored-nation treatment ○ Market access ○ National treatment
○ Additional commitment: Ensuring interconnection (non-discriminatory treatment in terms of periods, conditions and charges, cost-based charges, unbundling)

(Reference) Comparison Between Voluntary Rules and Basic Rules for Interconnection

Through the establishment of the legal framework for the basic rules for interconnection, conventional voluntary rules have been adjusted, and fair and effective competition has been facilitated.



V Review of Interconnection Rules

Upon receiving the reports on the review that were submitted in December 2000 and July 2001, interconnection rules are now being revised.

First Report on the "Review of Interconnection Rules" (Ministerial Ordinance revised in April 2001)

1. Designated telecommunications facilities
- Handling of facilities of mobile communications carriers
- Handling of optical fiber facilities
- Handling of interoffice transmission line facilities

2. Unbundling of optical fiber facilities

3. Relationship between interconnection charges and user charges
- Levels of interconnection charges and flat-rate user charges, etc.
- Expansion of discount rates for carriers (carrier rates)

4. Other matters
- Concept in bearing interconnection-related costs
- Using the same telephone number in shifting from ISDN to analog
- Scheme for providing network functions
- Establishing the rules on procedures to determine the acceptance or rejection of interconnection requests
- Periodic review of the overall interconnection system

Second Report on the "Appropriate Interconnection Rules in the IT Era" (Ministerial Ordinance revised in December 2001)

1. Introduction of new interconnection charges
- Interconnection charges for optical fiber facilities
- Setting flat-rate interconnection charges for the Internet
- Setting discount rates for carriers interconnecting to public networks

2. Improvement of the scheme for providing network functions
- In principle, maintaining the scheme for providing network functions
- Application scope of the scheme for providing network functions
- Public announcement period of the scheme for providing network functions

3. Further unbundling of functions
- Further unbundling of transmission lines
- Unbundling of optical fiber networks used for FTTH service

4. Concept in bearing interconnection-related costs
- Criteria to determine basic interconnection functions
- Review of calculation methods concerning interconnection charges borne by individual carriers

5. Other matters
- Verification of relationship between interconnection charges and user charges
- Non-discriminatory application of procedures, etc., for the use of optical fiber facilities
- Shortening the interconnection software development period