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Title	<i>Japan's NTT accused of squeezing out its rivals</i>

By Michiyo Nakamoto in Tokyo

European and US businesses in Japan have complained to the Japanese telecommunications regulator that NTT is using its dominant position to squeeze competitors out of the market.

In a joint statement yesterday, the European Business Community (EBC) and the American Chamber of Commerce in Japan (ACCJ) called on the regulator to ensure that new legislation would prevent anti-competitive practices by NTT, Japan's largest telecoms group.

The two organisations are concerned that NTT is using information on its competitors gained through its wholesale activities to offer retail services and to price its wholesale services at a level that squeezes competitors out. They are also unhappy that decisions by the telecoms ministry lack transparency.

"We feel that the Japanese government is generally going in the right direction in terms of its competition policy with the proviso that we've seen a lot of backtracking with regards to the most dominant player, the NTT group," said Casey Sedgman at the EBC.

The EBC and ACCJ fear that the new Tele-communications Business Law will allow NTT to enter businesses that it has not previously been allowed into.

Because most of the competing companies must lease lines and equipment from NTT, this gives the dominant operator access to information on its competitors' pricing and costs, said Mr Sedgman.

In most countries, he says, the government would institute legal barriers to prevent the dominant carrier from using that information to its benefit.

"There is very little difference between their wholesale costs - among the highest in the world - and their retail costs," Mr Sedgman said. The ECB and ACCJ said the telecoms ministry had not given non-dominant operators sufficient time to consider and respond to the new measures.

"They are overhauling the whole regulatory framework in this sector and they are giving [operators] only one month to respond. The government will really lack credibility unless it makes more of an attempt to make its intentions clear," he added