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Title	<i>Japanese protection spreading to mobile sector, European investors warn</i>

European businessmen in Japan voiced concern Wednesday that protectionism in the fixed-line telecom industry was spreading to the lucrative mobile sector, cutting opportunities for foreign investors.

“Japan is one of the most highly regulated and interventionist markets in the world” in telecommunications, said Tristan Gilbertson, head of telecom operators for the European Business Community in Japan.

Presenting the group's annual report, Gilbertson said the failure to liberalize the telecom sector “has progressively driven out all but the most determined of foreign competitors,” with Britain's Cable and Wireless the latest to give up.

“There are now disturbing signs that the protectionism evident in fixed line regulation is spilling over into the mobile space,” said Gilbertson, who is also in charge of legal affairs for British giant Vodafone's Japanese subsidiary.

In an example of the protectionism, Gilbertson said a government committee that distributes frequencies includes Japan's top mobile operators NTT DoCoMo and KDDI but excludes Vodafone.

“Developments such as this send negative signals to international investors and dampen the foreign direct investment Japan needs to stimulate further economic recovery,” he said.

Japan had more than 82 million cellular subscribers as of the end of April. DoCoMo accounted for more than 46 million or 56 percent, KDDI had nearly 21 million subscribers and Vodafone had more than 15 million.