Japanese telecommunications

Ministries clash over future of monopoly

Tokyo

THE United States has protested to the Japanese Government over compromises reached in two new bills intended to reform Japan's telecommunications industry. The bills, which have just been submitted to the Diet, are aimed at replacing the Nippon Telegraph and Telephone (NTT) monopoly of Japan's domestic telecommunications business by free competition in the supply of major services. A bitter dispute between the Ministry of International Trade and Industry (MITI), which took the United States' side, and the more conservative Ministry of Posts and Telecommunications (MPT) over the content of the bills held them up until the last possible moment for submission in this Diet session.

For the United States, what is at stake is entry into Japan's lucrative Value Added Network (VAN) market: the provision of telecommunications and computer equipment that permits the transfer of data from one computer to another. It is exactly these networks that Japan hopes will usher in the "electronic society" (see *Nature* **305**, 364; 1983) in which a single set of terminal equipment will give access to a huge range of information-processing and transmission services, and businesses with different kinds of computers will be able to exchange information freely.

The United States is asking for the same complete freedom of access to VAN markets in Japan that is provided to Japanese companies in the United States. Despite some recent big orders, Japan buys only $200 million worth of US telecommunications equipment each year compared with the $1,300 million worth of Japanese equipment sold to the United States.

The new bills do go a long way towards allowing free foreign competition in that they provide for equal treatment of foreign and domestic companies. But companies wishing to offer large-scale VAN services will now have to register their plans with the government, while smaller companies will have to report only when they have commenced business.

These conditions are a huge advance over the original MPT demand that no company in which foreign ownership exceeds 50 per cent should be permitted to offer large-scale VAN services. What worries the United States, however, is that the bills do not say what is a "large" or "small" service, nor define what will have to be revealed to the government for registration. These conditions are to be decided later by government ordinance. The United States fears that the ministry could dictate the fees, business activities and facilities to be offered by foreign competitors and, on occasion, handicap them.

MPT claims that it has opposed total liberalization of telecommunications because of their "importance to the economy" and because the VAN network handles "industrial and business secrets", even though the disputed section of the bill refers to the use of rented lines, not to their construction and ownership (which remains restricted to Japanese companies). MITI, on the other hand, cited concern to ease trade frictions for its support of the US side. But what also lies behind the worst inter-ministerial battle for years is MITI's desire to grab new territory: MITI claims VAN is an information processing service and thus within its jurisdiction while MPT argues that it is akin to telex.

Just a few weeks earlier, a similar battle with international repercussions broke out over software. Then, MITI argued that software is subject to patent law (controlled by MITI and giving only 15 years' protection) while the Ministry of Education argued that it was subject to copyright law (controlled by its cultural agency and giving 50 years' protection). Critics say that without changes in the practice of each ministry of hiring its own staff to work for it alone for life, ministries will continue to battle to extend their own influence, whatever the public interest.

As well as hanging on to control over business entry into VAN services, MPT has also fought for considerable retention of NTT's vast monopolistic powers — precisely what privatization was supposed to do away with. Plans to sell off two-thirds of NTT (whose assets are more than Y10 million million ($44,000 million), annual sales more than Y4 million million ($19,000 million) and with a third of a million people on the payroll) would have done much to help the government budget deficit but were thwarted by MPT opposition. Instead, the government is to maintain more than a 50 per cent share in the new corporation for at least the next five years and a part of the proceeds from the sale — which should take place in April 1985 — will go to NTT's research and development funds. Although giants such as IBM and AT&T can take the new corporation on, space for others will largely be determined by the exercise of what Isashi Shinto, president of NTT, calls self-restraint.

The whole legislation will be reviewed in three years' time and a US Embassy spokesman says his country will apply "continuous pressure". **Alun Anderson**

Chemical weapons

Proposals on ban treaty

Washington

WITH much fanfare, the Reagan Administration has presented a draft treaty that would ban the possession of chemical weapons. The treaty would complement existing conventions that prohibit the use of chemical weapons and either the use or possession of biological weapons.

The US draft spells out in exhaustive detail the mechanisms for verification, something the United States has insisted upon and which has been the stumbling block in the protracted negotiations with the Soviet Union. The draft, which was presented by Vice-President George Bush in Geneva to the 40-nation Conference on Disarmament, contains sweeping provisions for opening up the military and industrial facilities of all countries to international inspection. In addition to requiring systematic on-site inspections of declared stockpiles, production facilities and destruction facilities, the treaty would allow any party to demand — at 24 hours notice — an inspection of military or other facilities owned or controlled by a party nation. Furthermore, if an international "fact-finding team" to be set up by the treaty agreed, inspections would be ordered on 24 hours notice in any party country.

The Soviet Union has for many years resisted on-site inspection. Two years ago, however, Soviet Foreign Minister Andrei Gromyko, in a speech to the United Nations, raised the possibility that the Soviet Union would accept limited provisions for on-site inspections. More recently, Soviet officials have indicated a willingness to accept on-site inspection of the destruction of existing declared stocks of chemical arms. The Soviets' immediate response to the American draft, however, has been to dismiss it as election-year propaganda. That view is shared by a significant number of President Reagan's political opponents in the United States, who note that the administration is also seeking funds from Congress to produce chemical weapons for the first time since 1969.

Under the draft treaty, each party would declare its stocks of chemical weapons, production facilities and plans for destroying its stocks, and would also provide regular production figures on chemical plants used to produce certain specified chemicals that could be used to manufacture chemical weapons. Parties to the treaty would have up to 10 years to finish the destruction of their stockpiles.

Countries would be allowed to retain up to one tonne of "super-lethal toxic chemicals" — with a lethal dose of less than 0.5 mg per kg via subcutaneous administration or 2,000 mg-min m^{-3} via inhalation — for research conducted for "protective" purposes. **Stephen Budiansky**