Will a "Media Big Bang" Happen?

Broadcast/Telecom Regulations to Be Unified

The government is going all out to review the legal system that regulates telecommunications and broadcasting in a bid to to remove barriers between them. An advisory panel to the Ministry of Internal Affairs and Communication has called for overhauling the current legal structure concerning telecommunications and broadcasting, segmented under nine laws – including the Broadcast Law, the Radio Law and the Telecommunications Business Law – and unifying them into an "information and telecommunications law." Based on the proposal, deliberations have gone into full swing with a view to legislative revisions by 2010.

From a technical point of view, an environment is being put in place in which services are available irrespective of telecommunications or broadcasting in the wake of sophisticating telecommunications infrastructure such as widely spreading broadband services and the advent of digital broadcasting. The communications ministry believes the problem is that the legal system has failed to match those technological innovations. The proposed integration of those vertically segmented laws is expected to encourage the creation of new integrated services surpassing the current barriers. For example, broadcasters will be allowed to distribute programs over the Internet by building networks of their own while telecommunications carriers will be able to deliver their own programs over their own networks.

However, there are some problems to the fusion of telecommunications and broadcasting. One is whether the government should be allowed to regulate content on the Internet in the same way it is permitted under the current Broadcast Law. When Internet delivery of video programs becomes available in a way similar to TV programs, their public nature will be rightly called into question. Still, excessive regulations may infringe freedom of expression. Moreover, given that telecommunications carriers are far larger than broadcasters in size, broadcasters have strong feelings of resistance toward possible crossover industry reorganization, likely led by telecom companies.

In the United States, the 1996 revisions of the federal Communications Act paved the way for AT&T to take over cable television companies one after another and for media mogul Rupert Murdoch to create a media conglomerate. It is worth noting whether a similar "Media Big Bang" will happen in Japan.

Shakeup over Flat TV Panels

Business reorganization is accelerating in the electrical appliance industry over display panels for flat-screen TV sets. Following an agreement between Sharp Corp. and Toshiba Corp. over mutual supply of such panels, Matsushita Electric Industrial Co., Hitachi Ltd. and Canon Inc. have also forged a comprehensive alliance for panel production. The TV panel business has thus been consolidated into these two groups and another alliance – Sony Corp. and Samsung Electronics Co. of South Korea.

Under their agreement, Sharp will supply to Toshiba large panels the size of 40-60 inches to be produced at the world's largest liquid crystal panel plant Sharp is building with an investment totaling ¥380 billion. Toshiba will equip its TV sets with the Sharp panels. Sharp will enjoy the advantage of securing demand for flat panels to be produced at the new plant, and Toshiba can maintain cost competitiveness by procuring outsourced panels.

On the other hand, Matsushita, which once abandoned production of liquid crystal panels to concentrate its management resources on plasma-screen TVs, will resume liquid crystal panel production through the alliance with Hitachi and Canon. It is now painting a strategy picture of creating a "vertically integrated model" of panel production ranging from plasma to organic electroluminescent (EL) panels.

Global demand for flat-screen TVs is expected to register double-digit growth again in 2008, bolstered by fresh demand from viewers of the Beijing Olympic Games. With an eye on ubiquitous society, flat-screen TVs are "positioned as the core of digital household electrical appliances," according to Matsushita President Fumio Otsubo.

Photo: Kyodo News

A liquid crystal flat-screen Hitachi TV set as thin as 3.5 cm

But product prices have continued to decline in the aftermath of intensifying competition, and the burden of investment in state-of-the-art technology is snowballing. To survive competition, the strategic thinking of business selection and concentration is imperative. Against that background, Japanese electronics companies are stepping up strategic moves in quest of partnerships with other firms.

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