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High-tech Sector

Govt. Demands that NTT Cut Connection Charges by 10-20%

Heated argument has started between the government and NTT over the government's demand that NTT slash connection charges by 10-20%. NTT is strongly opposed, claiming that it will mean several tens of billion yen in revenue decline, which it says it can ill afford. The government has come up with two proposals. The first one calls for lowering the connection charge by 10.2% to ¥4.13 for a three-minute call. The second one calls for reducing the charge by 18.4% to ¥3.75. NTT has already cut the connection charge by 22.5% compared to the cost in 1999.

NTT Continues to Slash R&D

NTT's R&D spending in FY2002 is expected to fall below ¥200 billion, a sharp drop from the peak ¥300 billion in FY1996. The focus will be on telecommunications infrastructure.

DSL Subscriber Numbers Top Those for CATV

According to statistics released by the government, the number of DSL subscribers reached 1.52 million, topping the 1.3 million for CATV lines. DSL has outpaced CATV in just one year after the service was introduced.

Single-crystal Silicon Supply Shortages Likely in 2003

Production of single-crystal silicon in 2001 plunged 33.9% year-on-year. However, production is expected to pick up, rising 7% in 2002. The industry's trade body expects supplies of the most advanced wafers to fall below demand in 2003 as semiconductor production picks up.

Japanese LCD Manufacturers Shifting Focus to Smaller Panels

Japanese LCD panel manufacturers are shifting focus to smaller panels (polysilicon TFT) in particular as their Koeran counterparts are increasingly dominating the market for larger panels.

Consumer Electronics Manufacturers Stepping Up Home Server Production

With the home server market expected to expand rapidly, Japanese consumer electronics manufacturers are stepping up research and development as well as production of home servers.

Consumer Electronics Manufacturers Stepping Up Home Server Production

All major manufacturers -- Sony, Hitachi, and NEC -- see it as the next growth area and expect competition as well as sales to pick up from fiscal 2002.

Industry Trade Body Releases AV Device Forecasts

According to a recent forecast released by JEITA, demand for DVD players will grow at an annual rate of 13.3% through 2006 reaching 53.64 million units that year. On the contrary, demand for VTRs is expected to fall at an annual rate of 6.7% to 30 million units. The trade body pointed out that the key words will be digitization, networks and the broadband.

PDA Market Shows Strong Growth

Demand for PDAs in 2002 in Japan is expected to reach 2.2 to 2.5 million units, with global demand estimated at 10% of PC demand or 13 million units. Domestic demand is forecast to reach 3 million units in 2005.

Consumer Electronics Retailers Re-aligning



Two major retailers, Best Denki and Deodeo, in Western Japan will form a capital tie up at the end of February. The move is to prepare to compete better with heavyweights like Yamada Denki and Kojima Denki. Thus Best Denki will be joining the group led by Deodeo, in which Eiden, Joshin, and Midori Denka also participate. A shakeout in electronics retailing is clearly underway. It will become the biggest group in consumer electronics in terms of sales.

Computer Manufacturers Adding Software Service Personnel

Computer manufacturers are increasing the number of employees in their software service departments, since they see this as a potential growth area. IBM Japan plans to add about 10,000 employees in this division, with other Japanese manufacturers planning to beef up their payrolls in software service divisions by over 5,000. Foreign software firms, such as Microsoft, are also increasing employment.

Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
April	118.5	121.0	122.0	83.1	2,261	2,202	18,136	1,503	8,552	8,081
May	118.1	121.9	126.2	82.2	2,007	2,180	18,217	1,623	8,877	7,717
June	112.9	118.2	122.4	88.9	2,150	2,407	18,758	1,718	9,334	7,706
July	106.8	110.7	118.0	83.1	2,044	2,353	17,229	1,707	8,085	7,436
Aug	104.2	109.1	116.6	67.0	1,898	1,588	15,348	1,460	7,445	4,174
Sept.	100.8	107.6	107.2	71.1	2,674	1,582	17,918	1,648	9,491	6,779
Oct	99.2	103.2	102.9	68.8	2,037	1,683	15,311	1,847	6,803	6,661
Nov	98.5	104.0	98.4	69.7	2,026	1,624				
YoY	-29.6	-27.1	-9.6	-29.9	-18.4	-14.2	-31.4	-11.7	-30.1	-36.6

Base year 1995 = 100; 100 million yen, YoY: Year-on-year percentage change

Source: Ministry of Economy, Trade and Industry, Japan Electronics Industry Association and other trade associations