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High-tech Sector

NTT to Focus on Fiber Optics for high-speed Internet Access

The NTT group announced on Feb. 28 that it will add 620,000 optical fiber subscriber lines in 2002. This reflects the group's concern over declining subscriptions to its fixed phone lines and intensifying competition in the ADSL service. The group hopes that the fiber-optics line will create an entirely new market.

KDDI Group Opts for the CDMA One System

The KDDI Group has decided to unify its cell phone systems into one that is CDMA One system. It will discontinue the PDC system phones, which it had been offering since 1994, at the end of April. The company claims that the CDMA One system will not only enable it to differentiate its service from other carriers but that the quality of communications offered by the CDMA One system is better.

Car Navigation Systems Selling Well

Shipments of car navigation systems in 2001 reached 1.91 million units, a 13% year-on-year increase. Last year also turned out to be period when demand shifted from the CD type to the DVD type. A new model that installs an ETC (electronic toll control) system is also proving to be popular as it eliminates the need to stop at tollgates to pay highway tolls. A similar level of growth is expected in 2002.

Game Software Producers Shifting to Multi-platform Strategy

With the introduction of Microsoft's Xbox on Feb. 22, Japan now has three main game machine platforms – Nintendo Game Cube, PS 2 and the Xbox. Responding to the changed situation, game software producers are expected to increasingly shift toward a multi-platform strategy. Nevertheless, game software producers are still somewhat cautious about the Xbox and are taking a wait-and-see stance to see how well Xbox sells in Japan.

SPE Orders Show Signs of Bottoming Out

Orders for Japanese made semiconductor production equipment in January 2002 fell 73.8% to ¥30.7 billion compared with the same month a year earlier. Although the figures are dismal, they are an improvement over the ¥24 billion recorded in November last year, according to SEAJ, the industry's trade association. Orders for wafer processing machines rose by ¥2.5 billion to ¥20.1 billion. Orders for SPE-related machines doubled to ¥3.1 billion. Some manufacturers are also reporting a pickup in inquiries.

South Korean Manufacturers Focusing on PDP

Following up on their success in semiconductors and LCDs, South Korean manufacturers are now targeting the PDP. LG and Samsung, the two leading South Korean producers, are each aiming at more than 20% of the global market share in 2005 when the market is estimated at 5 million units.

Japanese and Korean Manufacturers Focusing on Smaller Size LCD Panels

Japanese and South Korean LCD panel manufacturers are shifting focus to smaller size LCD panels, expecting the demand to shift from the STN type to the TFT type. The new EL type is also expected to be in growing demand in the years ahead. Asian manufacturers hope that there will be a clear shift toward color panels for cell phones in Europe, following a drastic shift in that direction in Japan. However, prices are likely to be under pressure as roughly 10 major firms, including the leaders Sharp and Seiko Epson, are expected to be competing fiercely in the market.

Optical Pickup Production Looks Up

Production of optical pickups started to increase at Sony Core Technologies & Network Company from around December. Production of pickups for both AV and It devices had been sluggish throughout 2001. However, output for pickups used in IT devices, such as CD-R/RW, started to increase rapidly from around the end of last year and production in the fourth quarter of 2001 seems to have been up by about nearly 20% over the first half of the year.

General Economy***Help Wanted Ads Down 10% in January***

Help wanted advertisements in January fell 10.0% year-on-year to 243,741, the first fall in two months. Moreover, the double-digit fall came for the first time in two years and eight months, according to the industry's trade association. Advertisements for regular workers were off 22.4% (12.0% decline in December), falling for six months in a row. On the other hand, advertisements for part time job offers increased 0.7%, a rate slower than that recorded in the previous month. The statistics are based on 119 job magazines.

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	15,443	1,695	7,233	6,515
Dec.	101.6	105.6	95.8	66.3						
YoY	-27.8	-25.9	-14.0	-28.8	-18.4	-14.2	-31.5	-24.0	-27.7	-36.9

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

