



Apr. 8, 2002

Vol . 28

## *High-tech Sector*

### *Price Competition Heating Up in Optical Fiber Communications Service*

Rates for optical fiber communications services are coming down as competition heats up. Tokyo Electric Power is scheduled to start an optical fiber Internet connection service by summer and it expects to be setting rates lower than NTT. NTT is not sitting idle. It is coming up with several competitively-priced service plans. NTT East also plans to cut rates.

### *Rates Also Coming Down for a Variety of Broadband Services*

Competition is heating up in broadband services and it is not only limited to service fees. Competition is also spreading to communication speeds and user-friendliness of the service. At the same time, demand for broadband services is also expanding rapidly. More than one million signed up for the ADSL service in March, bringing the cumulative total to more than 2 million. Demand for the CATV service is also growing (now 1.4 million subscribers), but at a slower pace. However, the numbers are well below S. Korea, where ADSL subscribers total more than 5 million and over 3 million use the CATV service.

### *New Trends Emerging in Broadband Services*

At a time when a variety of services, including ADSL, CATV and FTTH, are growing rapidly, new trends are also emerging. VDSL and VoIP represent the new trends.

### *J-Phone Moves Up to the 2<sup>nd</sup> Spot in Subscriber Count*

J-Phone overtook KDDI to become the company with the second largest number of mobile phone subscribers in Japan. J-Phone subscribers totaled 12.2 million, as of the end of March. NTT Docomo remains in the top spot although its market share slipped from 68% last year to 59%. KDDI blames its tumble to third spot to cancellations for its conventional mobile phone service. The company is now hurriedly switching to the cdma service.

***NTT Develops New Fiber-optics Transmission Technology***

NTT says that it has developed a new fiber-optics transmission technology that will allow simultaneous transmission of 312 types of signals over a single optical fiber. The new technology will allow 75 two-hour movies to be transmitted in just one second.

***Govt. Envisions Complete Deregulation of Electric Power Retailing***

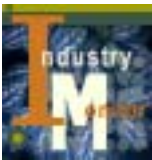
If the draft plan released by the Ministry of Economy, Trade and Industry is adopted, electric power retailing, including that to households, will be completely deregulated by fiscal 2007. At present only retail sales to large industrial users, like large production plants and department stores, have been deregulated.

***China's PC Market Projected at 20 Million Units in 2006***

Demand for personal computers in China is expected to rise from 7.8 million in 2001 to over 20 million units in 2006, which translates into an average annual growth rate of 10% during the period.

***Seiko Instruments to Launch Wristwatch Type PHS***

Seiko Instruments, a Seiko Group firm, plans to launch a wristwatch-type PHS (personal handy phone system) by the end of the year. In addition to being a watch, the PHS will also be an Internet- and e-mail-enabled device. The company has developed a wrist-mount system to be installed in the watch belt.

***Machine Tool Orders Show Signs of Bottoming Out***

Machine tool orders in February totaled ¥50.03 billion, recovering to the ¥50 billion level for the first time in four months. Although orders in February were still 37.7% below the same month a year ago, the decline is narrowing, shrinking 4.9 percentage points from the previous month. The outlook for orders in 2002, according to the Machine Tool Builders, is for a 10% year-on-year decline to ¥700 billion.

***PC Shipments in Japan Expected to Increase At a Double-digit Rate in Third Quarter***

According to EC Research Corp., a think tank, shipments of personal computers in Japan in the third quarter are likely to increase 14.3% year-on-year to 3.21 million units. Shipments to the consumer market should grow 32.2% and those to the corporate sector 0.7%.

***Xbox Off to a Lackluster Start in Japan***

Contrary to expectations, the first 250,000-unit shipment has yet to be sold out completely and initially the much-publicized game machine had problems, with customers reporting that the new machine damaged DVD and CD ROMs. The problems seem to be largely past and taken care of.

**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	2,010	1,601	15,310	1,411	7,488	6,411
Jan	100.0	106.3	92.3	64.3						
YoY	-26.7	-24.3	-17.7	-24.3	-20.2	-14.0	-31.2	-25.6	-28.1	-35.6

*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*

