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High-tech Sector

NTT Docomo Cuts i-mode Telephone Rates

NTT Docomo for the first time is cutting I-mode (Internet connection service from mobile phones) call rates for heavy users. The current rate is ¥0.3 per packet. It will be slashed to ¥0.2 per packet for the portion of charges exceeding ¥30,000. Consumers have been complaining that the present rates are too high..

Mobile Computing Market to Reach ¥3.6 Trillion in 2005

According to forecasts published by Mobile Computing Promotion Consortium (MCPC), Japan's mobile computing market will reach ¥3.6 trillion in fiscal 2005, up from ¥1.6 trillion in fiscal 2002. Communications charges will account for ¥1.4 trillion, mobile terminals ¥1.3 trillion, content ¥537 trillion and other hardware ¥373 billion.

Wireless LAN Ground Station Network Expanding

Construction of wireless LAN networks is accelerating. Wireless ground stations (mainly in Tokyo and Osaka) are expected to increase more than ten times to 9,000 stations by March 2003, according to a survey by a major economic daily.

HDD to Lead the Car Navigation System Market

According to a market study released by Yano Research Institute, Japan's car navigation systems market grew 15.3% in 2001 to 2.18 million units. The growth was led by M-OP while D-OP systems leveled off. With the launching of HDD models by Pioneer in 2001, the market is expected to be led by HDD-models with DVD taking second place and CD gradually being phased out. The report projects Japan's car navigation market for 2002 at 2.4 million units, up some 10% from the previous year.

PC Shipments Slow in Apr-June Quarter

According to statistics released by JEITA, a trade body, personal computer shipments in the April-June quarter fell 13% year-on-year to 2.4 million units. The value of shipments was down 9%. Notebook models accounted for 59% of total shipments. PC shipments were affected by the continuing sluggishness in IT investment in the corporate sector and weaker demand from the consumer sector, where interest temporarily shifted to televisions due to the World Cup Soccer Tournament.

IT Services Industry Expanding

Japan's IT services industry in May 2002 recorded a year-on-year sales growth of 9.4%. Year-on-year sales increased for the 25th month in a row. Sales in fiscal 2001, ended March 2002, were up 17.4% compared with the preceding year, to ¥13.6 trillion. This was the seventh year of consecutive growth. Employment in the sector increased 1.0% to .56 million persons but the number of firms declined 1.5% to 7,829. All services recorded growth in this sector. Custom software development accounted for nearly half of total sales.

Electronic Materials Production Up 6% in June

The production of electronic materials in June was up 6% to ¥25.9 billion, according to EMAJ, a trade body. This was the second consecutive growth in monthly production. Strong growth was recorded by metallic materials, which were up 26.0%. Production of materials for lead frames increased nearly 50%, reflecting a strong rebound in semiconductor output.

Japan's LAN Switch Market to Shrink

According to a recent market report by Dataquest, Japan's LAN switch market is expected to shrink at an annual rate of 14-15% from 2003 through 2006 in terms of value. As a result, the market is likely to be around ¥82.1 billion in 2006. On the other hand, the number of ports is expected to continue to increase, reaching some 3 million in 2005.

Ebara to Mass Produce Stand-alone-type Fuel Cells

Ebara will start mass manufacturing of factory-installed fuel cells from spring 2003. Other major electrical equipment manufacturers, including Toshiba, are also planning to start production of this type of fuel cell. This will be another important application of fuel cells after that for automobiles.



General Economy**Bankruptcies Jump Sharply in July**

According to Teikoku Data Bank, 1,814 companies went bankrupt in July, up 160% higher than the same month a year earlier. The number was the highest for any month in the year to date and the highest for July in the post-war period. The primary cause was sluggish sales due to deflation. The debt left by companies going belly up also increased 61% to ¥1.2 trillion.

Ad Billings Down in All Media

Ad billings in the first half of the year fell in all four major media- television (-1.8%), newspapers (-4.4%), radio (-5.5%) and magazines (-8.0%), according to Dentsu, Japan's largest advertising agency. The IT, automotive, beverages and restaurant sectors cut back on advertisements.

Condominium Market Slows

The number of new condominiums put on the market in the Tokyo region in July declined 15.5% year-on-year to 7,793. This was the largest drop in 2002. The number of condominiums in high-rise buildings (more than 20 floors) was down 40%. The contract ratio was also down by 4.5 percentage points to 75%. Inventory in July was also up 11.0% to 9,894 units.

**Basic Electronics Industry Statistics**

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
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	65.0	1,920	1,358	13,562	1,093	6,342	6,127
Feb.	101.4	106.9	90.8	77.0	2,123	1,736	14,969	1,365	7,184	6,421
Mar.	104.8	110.3	85.6	91.7	3,009	1,887	19,197	1,582	10,386	7,228
Apr.	108.7	114.4	84.2	77.2	1,849	1,797	14,411	1,470	5,760	7,182
May	117.2	123.2	87.9	80.9	1,818	1,872	15,451	1,649	6,324	7,478
June	115.2	121.2	85.4							
YoY	2.0	2.5	-30.2	-3.8	-8.1	-13.7	-11.8	2.6	-24.9	-3.1

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