



Vol. 266

## *High-tech Sector*

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### **Mobile Phone Handset Market Shares in Japan – 2007**

Sales of mobile phone handsets in Japan in 2007 rose to a record 52.30 million units, lifted by strong replacement demand as camera equipped handsets won increasing popularity. Sharp (Stock code: 6753) was the largest supplier, with a market share of 24%. The second largest vendor, Matsushita (Stock code: 6752), had a market share of just about 12%. Other major vendors included Fujitsu (Stock code: 6702), Toshiba (Stock code: 6502) and NEC (Stock code: 6701), each with a market share of around 10%.

### **Global Mobile Phone Handset Market – 2007**

Mobile phone handset sales worldwide in 2007 were 1.1 billion units, according to i-Suppli, a market research firm. Nokia was the largest vendor shipping 437 million units, which represented 38% of the global market. Samsung, the second largest vendor, had a market share estimated at 14.0%. Sony Erickson and LG Electronics were ranked third and fourth respectively. Nokia shipped 133 million handsets in the fourth quarter, up nearly 20% from the preceding quarter. Nokia continued to grow faster than the industry as a whole in 2007, with a growth rate of 26.5% compared with 16.5% of all mobile phone vendors.

### **Production of Electronic Materials up in 2007**

Lifted by escalating raw material prices and strong demand from the electronics sector, production of electronic materials in 2007 rose 15% to 524.4 billion yen. Output of metallic materials saw the strongest gain, with production up 42% year-on-year to 69.4 billion yen and that of lead frame materials rising 38%. Piezoelectric ceramics output rose 14% and production of dielectric ceramics was up 19%.

### **Color Televisions – Global Demand Forecast**

Demand for color televisions will rise to 240 million units in 2012, up from an estimated 185 million units in 2007. In 2007, demand for color televisions in Japan was 897,000 units and that in China was 38.65 million units. Europe accounted for 36.8 million units and the U. S. 29.9 million units in 2007. Shipments of flat-panel models are expected to surpass the CRT type in 2008. Over 90% of televisions sold in Japan are of the flat-panel type. But in China only 38% are of the flat-panel type. In Europe, flat panel televisions account for 76% of all color TV shipments. The corresponding figure in the U. S. is 82%.

### **Security Software Providers Report Strong Demand**

Fujitsu SSL and Otsuka Corporation (Stock code: 4768) reported strong and growing demand for security software. Fujitsu SSL expects to report a double-digit gain in its security software business in the current fiscal year ending March 2008. Demand started to accelerate in fiscal 2006 and has stayed strong thereafter. Sales of access control software at Fujitsu SSL have

doubled. Demand for security management systems including internal control systems, in addition to that for mail archives and storage system integration, has also been strong, according to the company.

### **Business Process Improvement the Top Priority – CIO Survey**

A recent survey by Gartner Japan revealed that overall business process improvement is considered to be the highest priority item among chief information officers in Japan. Although this has been a priority item worldwide for sometime, it was ranked at the top for the first time in Japan. IT governance got top priority due in part to the enactment of the so-called Japan version of the U. S. SOX Act. Priority technologies included those related to sales and service. Business intelligence was rated as the third highest priority by CEO's covered in the survey.

### **BB Service Subscribers Up in Japan**

The number of subscribers to broadband services in Japan was 28.3 million as of the end of December, up by 550,000 subscribers compared to the end of September, according to government sources. Of the total, DSL accounted for 13.13 million subscribers and FTTH 11.32 million subscribers. With 3.82 million subscribers, CATV represented 14% of the total. However, DSL has been losing subscribers and the net loss in the three-month period was 350,000 subscribers. On the other hand, FTTH gained a net 820,000 subscribers during the same period. FTTH has been steadily increasing its share, which rose to the 40% level for the first time in the fourth quarter of 2007.

### **Rising Hybrid Car Sales a Strong Plus for Electronic Components**

Hybrid car sales are expected to increase from 389,000 units in 2006 to 690,000 units 2008 and rise further to 1.4 million units in 2010, according to Nomura Research Institute, a leading think tank based in Japan. Along with the growing sales of hybrid cars demand for electronic components, such as electric motors, inverters and batteries, going into such cars is increasing rapidly. While prices of such parts is bound to decline along with rising volumes, sales of electronic components for hybrid cars will more than double to an estimated 380 billion yen from 140 billion yen recorded in 2006.

### **Global Storage Software Market Up in 2007**

The global storage software market expanded 10.4% in 2007 to US\$10.9 billion, according to IDC, a major research firm. While overall sales at major firms rose by single digit figures, sales at Network Appliance and IBM were up 35.1% and 17.1%, respectively. The two companies increased their market shares to 8.1% and 17.7%, respectively. Although EMC, the market leader saw its share slip somewhat, it still held the leading position, with a market share of 25.8%.

### **Initial Public Offerings**

<http://www.tokyoipo.com/top/en/index.php?id=&seqid=>

No new initial public offerings were approved during the week.

## Basic Electronics Industry Statistics

	Prod	Ship.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Electronic devices	Semicon (Production)	Consumer electronics (sales)
<b>Feb</b>	110.4	117.4	84.0	84.1	2,507	1,463	16,648	2,070	6,535	8,043	3,539	177
<b>Mar</b>	102.6	112.3	78.9	94.7	3,487	1,550	19,984	2,448	8,513	9,023	4,053	214
<b>Apr</b>	108.9	114.8	78.3	96.5	2,410	1,739	15,644	2,552	5,024	8,068	3,592	205
<b>May</b>	110.3	117.3	77.2	101.5	2,359	1,624	15,402	2,427	4,781	8,195	3,722	198
<b>June</b>	108.6	118.2	72.4	116.2	2,615	1,828	16,731	2,357	5,956	8,419	3,835	209
<b>July</b>	112.0	114.8	79.8	105.5	2,569	1,645	18,515	2,251	5,934	10,330	3,991	280
<b>Aug</b>	114.5	123.6	75.1	72.9	2,474	1,198	16,581	2,268	5,532	8,781	3,995	255
<b>Sept</b>	112.2	118.1	72.7	77.9	2,963	1,227	17,812	2,589	6,146	9,076	4,121	229
<b>Oct</b>	110.2	118.5	74.1	84.2	2,604	1,439	17,514	3,333	4,797	9,384	3,611	238
<b>Nov</b>	112.0	119.8	74.3	86.4	2,681	1,465	18,314	3,230	5,862	9,222	3,951	267
<b>Dec</b>	114.6	119.2	76.5	84.7	2,700	1,365	17,220	2,436	5,755	9,028	3,781	345
<b>Jan</b>	109.7	119.4	73.8	74.9								284
<b>YoY</b>	-1.0	2.2	-12.8	-1.8	5.2	-22.4	2.4	-1.3	-4.1	8.3	-6.7	10.5

Base year 2000 = 100 (seasonally adjusted); 100 million yen, YoY: Year-on-year percentage change\* preliminary

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