



Vol. 268

## *High-tech Sector*

Week ended April 6, 2008

### **Mobile Phone Network Advertisement Billings to Top 100 Billion Yen**

The mobile phone advertising market in 2007 increased 43% from the previous year to 55.6 billion yen, according to Dentsu (Stock code: 4324), the largest advertising firm in Japan. Billings in 2007 were on a par with billings for radio advertisements and are nearing the billing levels of magazine advertisements. Billings for mobile phone are likely to top 100 billion yen by 2010 as this new advertising channel has won greater acceptance.

### **SME Orders and Sales Plunge 29% in February**

Orders for Japanese semiconductor production equipment declined 29.1% year-on-year in February to 105.1 billion yen, according to SEAJ, the sector's trade association. Sales were down 15.0% YoY to 119.6 billion yen. As a result, the BB ratio stood at 0.85. Of the total orders, those for wafer processing equipment and assembling equipment were 75.4 billion yen and 7.3 billion yen respectively. Orders for testing equipment totaled 18.5 billion yen.

### **White LED Demand Forecast**

Demand for white LEDs in 2011 will be an estimated 28.5 billion pieces; an increase of 57% compared to 2007, according to Fuji Kimera, a high-tech market research firm. The market will, however, shrink in terms of value to 156.8 billion yen as the price of the white LED is expected to continue to fall at annual rates of 20-30% during this period. Cost and durability will have important bearing on market expansion, the research firm said.

### **ETC Utilization Rate Tops 70%**

ETC utilization rate on highways topped 70% in March again. The utilization rate has been above 70% for six months in a row. Campaigns by highway authorities, discounts on highway tolls for vehicles installing ETC devices are helping push up the utilization rate. However, still only about 20% of all vehicles in Japan install the ETC system and this means that is considerable potential for growth.

### **Electric Power Utilities to Step Up Capital Investment**

Japan's 10 major electric power utilities plan to invest a combined 2.2 trillion yen, an increase of 16.5% from the previous fiscal year, in fiscal 2008. This is the first time in six years that capital investment by the ten power utilities will exceed two trillion yen. Okinawa Electric Power (Stock code: 9511) plans the largest increase, 56.7% to 29.3 billion yen. Kansai Electric Power (Stock code: 9503) plans the second largest increase, 44.7% to 401 billion yen. Spending on reinforcement of foundations at nuclear power plants, combined with expansion of power transmission lines to cope with increasing demand is driving up capital investment.

### Taiwan's Electronics Industry Continues to Forge Ahead

Taiwan's electronics sector continues to grow while undergoing substantial changes as manufacturing of low-end products moves offshore to China. Manufacturers in China are shifting to high-end products like WiMAX to maintain their competitive edge and entering new markets. Major electronics manufacturers in Taiwan posted strong growth in 2007, with HONHAI reporting a 42.4% gain in sales and QUANTA posting a 58.8% increase. Another major manufacturer, AUO, reported a 63.7% gain in sales.

### Sales of Rechargeable Batteries Strong

Sales of rechargeable batteries are growing, with sales likely to have reached 20 million batteries in 2007, up from 190 million batteries in 2006. Manufacturers expect sales to continue to surge, reaching 21 million units in 2008. Consumers are buying rechargeable batteries as they become increasingly conscious of the importance of environmental protection. Economic benefit is also a factor. Rechargeable batteries are more economical compared to single-use batteries.

### Chip Resistor Production Rises

Production of chip resistors in Japan rose only slightly to 233.2 billion units in 2007 from 231.1 billion units in 2006. Production growth is expected to accelerate in 2008, with total output rising to an estimated 250 billion units. Production of ultra-small chip resistors is growing rapidly, lifting total production.

### 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)
Feb	110.4	117.4	84.0	84.1	2,507	1,463	16,648	2,070	6,535	8,043	3,539	177
Mar	102.6	112.3	78.9	94.7	3,487	1,550	19,984	2,448	8,513	9,023	4,053	214
Apr	108.9	114.8	78.3	96.5	2,410	1,739	15,644	2,552	5,024	8,068	3,592	205
May	110.3	117.3	77.2	101.5	2,359	1,624	15,402	2,427	4,781	8,195	3,722	198
June	108.6	118.2	72.4	116.2	2,615	1,828	16,731	2,357	5,956	8,419	3,835	209
July	112.0	114.8	79.8	105.5	2,569	1,645	18,515	2,251	5,934	10,330	3,991	280
Aug	114.5	123.6	75.1	72.9	2,474	1,198	16,581	2,268	5,532	8,781	3,995	255
Sept	112.2	118.1	72.7	77.9	2,963	1,227	17,812	2,589	6,146	9,076	4,121	229
Oct	110.2	118.5	74.1	84.2	2,604	1,439	17,514	3,333	4,797	9,384	3,611	238
Nov	112.0	119.8	74.3	86.4	2,681	1,465	18,314	3,230	5,862	9,222	3,951	267
Dec	114.6	119.2	76.5	84.7	2,700	1,365	17,220	2,436	5,755	9,028	3,781	345
Jan	109.7	119.4	73.8	74.9	2,489	1,175	15,450	1,840	5,231	8,380	3,667	284
YoY	-1.0	2.2	-12.8	-1.8	6.9	-12.4	1.7	11.0	-2.0	2.3	1.1	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