

Industry Monitor

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High-tech Sector

Government to Promote Robot Industry

The Ministry of Economy, Trade and Industry will earnestly promote the development of the robot industry as it sees this as one of the important drivers of Japan's economy. The focus will be on developing sensor, and audio and video recognition technologies, in addition to making robots more compact, versatile and lightweight. Plans also include subsidies for robot development and revision of laws to promote the industry. However, the immediate outlook is bleak. Robot shipments fell 26% in the first half of the year and were down 38.7% in the second quarter. Orders were down 51%.

Computer Virus Becoming a Serious Problem

The number of companies reporting computer virus infection in August doubled from the previous month to 1,711 (as of August 15), according to IPA, an industry body. If the trend remains unchanged, the number of cases will easily top the record high of 2,440, reported in December 2000.

Information Service Industry Sales Rise 4.5% in FY2000

Information service industry sales in FY2000 rose 4.5% year-on-year to ¥10.6 trillion, according to Japan Information Service Industry Association. This sector now accounts for more than 2% of Japan's GDP. Of the total software development represented ¥6.5 trillion (Custom software: ¥5.6 trillion, Package software: ¥900 billion). Software development demand is being driven by aggressive investment in IT systems by the financial and telecommunications sector and by the government. Demand is expected to stay favorable for the foreseeable future, the association said. Last year 16 information services firms went public in Japan.

Electronic Component and Device Production Plunges in May

Production of electronic components and devices in May plunged 16.6% year-on-year and 4.5% from the previous month to ¥771.7 billion, according to JEITA, an industry trade body. Production of electronic components was down 18.9% and that of electronic devices fell 15.4%. As a result cumulative output (to May) of electronic components was down 10.2% and that of electronic devices fell 4.2%. Manufacturers do not expect a pickup in the second half. Majority feels that recovery will have to wait till next year.

Japanese Component Manufacturers Face Hard Times in SE Asia

Japanese component manufacturers producing in SE Asia are facing intensifying competition from China, with orders down anywhere between 25-30%.



Touch Panel Demand to Grow

Input device manufacturers are focusing on touch panels to cope with the expected demand growth for touch panel applications in PDAs, ATMS, FA devices, POS, and mobile communication terminals. Global demand is expected to grow at an annual rate of about 20%.

SPE Orders Stay Sluggish in June

Orders for Japanese-made semiconductor production equipment fell 25.3%. Domestic orders plunged 31.5%, due in part to markedly high level in June 2000. The only bright spot was mask reticule devices. The gain is attributed mainly to progress in system-on-chip technologies.

ISPs Slash ADSL Service Rates

Following the announcement of cut rate ADSL service by Yahoo, ISPs are slashing rates. Monthly rates that were largely at the ¥5,000 level have come down to the ¥3,000 level. Major providers, including KDDI, NTT Communications have kept their rates at around ¥3,800. Yahoo is the cheapest offering ADSL monthly rate of ¥2,280. Medium to small size ISP'S are slashing rates to retain customers. Introduction of broadband compatible PCs from summer models is expected to increase demand for ADSL service.

Govt. and NTT at Odds Over NTT's Capital Interest in Telecommunications Subsidiaries

The Ministry of Public Management, Home Affairs, Posts and Telecommunications wants NTT to lower its capital interest in NTT Docomo in order to promote competition in the telecommunications sector. However, NTT takes the stance that the issue is that of shareholder interest. NTT is scheduled to submit a voluntary plan to promote competition in the industry. NTT has 64% interest in NTT Docomo and NTT Communications is a wholly owned subsidiary. The ministry has warned that it will reject any NTT plans that are short of its expectations.

Govt. Considering Restrictions on Carriers Entry Into Peripheral Services

Measures under consideration among others include separation of hardware and software businesses at telecommunications carriers with widespread networks, restrictions on entry into broadband contents distribution business.

Cell Phone Shipments Slow in June

Cell phone shipments in June fell 5% year-on-year in June to 4.32 million units. Rising diffusion rate combined with sluggish replacement demand is to blame, according to JEITA, a trade association.

Demand for Clothes Driers Surges

Demand for washing machine cum drier is surging. About 150,000 units were sold in fiscal 2000 and the market is expected to reach about 400,000 units in the current fiscal year. Clothes drier is emerging as a new major item in white goods sector.