

Industry Monitor

week ended Sep . 9 . 2001

Vol . 4

High-tech Weekly

Govt. taking measures to prevent NTT Docomo domination of contents

The government together with the Fair Trade Commission has drawn up draft guidelines it wants to be implemented to assure that the NTT group does not dominate Internet contents business and that fair competition is maintained. The government hopes to enforce the guidelines in November. In another move, the government plans to require the NTT group to open up its optical fiber network to electric power companies and railroads also. Under the current law, the NTT group is required only to open up its optical fiber network to other carriers.

Yahoo's ADSL service gets only a slow start

Subscriptions to Yahoo BB's ADSL service, which quickly became a talk-of-the town when it was announced first, are way below expectations. The company said subscribers totaled 46,000 well below the projected 200,000 figure. The company blamed line construction delays and say that it will still be ready as planned with a million lines by the end of the year. DSL line subscribers topped half million as of the end of August, a marked increase from less than 10,000 lines at the end of last year.

NTT Docomo to launch FOMA phones on October 1

NTT Docomo will commence commercial service with its third generation (3G-IMT-2000) FOMA phones on October 1. Although full range of functions will not be supported right from the beginning, NTT Docomo decided to go ahead in a bid to win recognition as a global standard for its FOMA service. Another reason is that demand for services currently supported by cell phones seems to be peaking and new services are required to fuel demand. The company has also tried to offer economical rates. Telephone rates will be on par with currently available cell phones and online time will be computed in 30-second units, just as in the US and Europe.

Cell Phone subscriber growth slowing

Cell phone subscribers in Japan topped 70 million in August, but the growth rate was just 0.7%, according to trade association statistics. The report also shows that two of every three cell-phone subscribers have also signed on for Internet access. NTT Docomo had the largest 58.8% share of the market. However, recent subscriber growth has been much faster at other major carriers.

Govt. launches two R&D programs in the IT sector

The government will join hands with the private sector to develop encryption technologies and IP technologies, according to the Ministry of Public Management, Home Affairs and Posts and Telecommunications.



PC shipment growth slowing but retailers bullish as ever

Personal computer shipments in the first quarter (April-June) of the current fiscal year were just 2% higher than the same period a year earlier, a sharp plunge from 20-30% growth rates that were a norm. Rising diffusion rate, which now tops 50% among households, is one reason. However, sales of notebook models were up 15%. Consumers also seem to be putting off purchases ahead of the release of new Windows operating system XP. The slowdown is also because shipments were at record high levels in the 1st quarter of previous fiscal year. Nevertheless, PC retailers are bullish expecting PC sales to revive again and stay in high gear for the foreseeable future.

Electronic industry production down in first half

Production in Japan's electronic industry in the January – June period fell 3.7% to 12.2 trillion yen, according to JEITA, the industry's trade body. The association's forecast sees production rising 7% to 27.7 trillion yen. If current trends continue, total production will not fail to rise over previous year but may be sharply lower. The association blamed weak demand from the IT sector, on which it was betting for continuing growth, to explain the situation.

IT slowdown finally starting to affect electronics materials industry

Slowdown in the It sector has started to affect electronics materials industry. Major producers sharply cut back output in the April-June quarter.

DVD software sales up sharply

DVD is taking away a growing share of the entertainment software market. According to the trade association that released the figures, sales of VHS cassettes were down more than 10% on both volume and value basis. Sales to the rental industry were particularly affected. Sales of DVD software, other hand, rose 44.3% in value and 34.9% in volume.

Server Shipments Up in the first half

Server shipments increased 30% in the Jan. June period, according to a leading market research firm. Shipments of UNIX servers were favorable but PC servers, which saw shipments rise by 34%, led the growth.

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	110.1	2,261	2,202	18,136	1,503	8,552	8,081
May	118.1	121.9	126.2	110.4	2,007	2,180	18,217	1,148	8,877	7,717
June	112.9	118.2	122.4	110.4	-	-	18,758	1,240	9,334	7,706
YoY	-17.4	-15.9	12.7	0.9	3.9	3.9	-15.6	-13.2	-7.6	-23.8

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