

Industry Monitor

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High-tech Sector

Fujitsu to Develop Chinese Standard 3rd Generation Cell Phones

Fujitsu said on Friday that it will develop third generation cell phones based on Chinese standards. Plans call for completing initial design and prototype development by next summer. The company believes that China is likely to adopt its own standards (which is one of the internationally recognized standards).

Joint Govt.-Private Sector Project Launched

The government and the private sector have launched a joint project (HALCA) to develop semiconductor production technologies that will sharply bring down production costs and restore Japan's competitive position. The project aims at completing development and put the technologies on production lines in about three years. Major companies, including Sharp, Seiko Epson, Sony, Dainippon Printing, Toshiba and Rohm are participating in the project.

KDDI to Postpone Introduction of New Generation Cell Phone

KDDI said that it will postpone the introduction of its CDMA 2000-1X service to April 1, 2002. The company cited delays in software development to explain the delay.

Restructuring Gets Underway in the Telecommunications Sector

With KDDI planning to spin off its pocket PHS operations, Japan Telecom thinking of selling off its fixed line phone services and NTT Docomo reviewing its overseas operations, Japan's telecommunications sector is on the verge of extensive reorganization.

Telecommunications Equipment Production Up 18% in First Half

Production of telecommunications equipment in the first half of 2001 rose 18% to 2.2 trillion yen, according to the telecommunications industry association. Production of terminal equipment was up 22.7% and network devices 14.0%. But production growth is slowing down. In June output of terminal equipment was unchanged from the same month a year ago. But that of network devices rose 14.6%. As a result total production in June was up 5.8%.

Computer Manufacturers Beefing Up the Ranks of System Engineers

While shedding employees in their hardware divisions, Japanese computer manufacturers are aggressively employing more software engineers, where they think growth lies. Fujitsu plans to add



5,000 software engineers. IBM Japan plans to take on an additional 10,000 system engineers over the next three years.

Vodafone Plans Personnel Changes at Japan Telecom

Vodafone plans to make changes in top management to remove former JR-related senior management from day to day operations and give the company more of a Vodafone color. The company says these measures are in preparation for intensifying competition with NTT.

PDA Market Set to Expand

Japan's PDA market is expanding rapidly, as more functions are added and the PDA becomes more of a mobile tool. The most popular model is Sony's PEG-N600C, which is followed by Sharp's Zaurus and Sony's PEG-N700C. Palm's m505 is also one of the popular brands.

Matsushita Develops an Inexpensive Blue Laser Diode

Matsushita Electric Industrial said that it has developed a blue laser diode that does not infringe on Nichia Kagaku's patent. The company plans to commence mass production in fiscal 2002.

Electronics Materials Demand Unlikely to Pick Up Before 2002 2nd Quarter

Demand for electronics materials is unlikely to pick up before the second quarter (April-June) of 2002, according to the association of electronic materials manufacturers. The association expects inventory adjustment to run up to June 2002. Among the different types of electronics materials, recovery for metal materials will come last, the association said. Production of electronic materials in the July-Sept quarter was down 46% year-on-year in volume and 46% in value. Production declines should narrow to about 20% in the Jan-March 2002 quarter.

Electronics Industry Output Forecast at 24 Trillion yen

Production in the first half (Jan-Jun) dropped 3.7% year-on-year to 12.2 trillion yen, according to the industry's trade body. The association had forecast annual production increase of 7.1% to 28 trillion yen. But now it looks as if output will be just around 24 trillion yen, against 26.1 trillion yen recorded in 2000.

DVD Software Sales Surge

DVD software sales were up 67.5% in the first half of the year, according to industry trade association. Overall video software sales rose 10.2% during the same period. Sales of laser disks plunged 52.7%.

Nintendo's Game Cube Off to a Smooth but Quiet Start

Nintendo said that it shipped 300,000 units of Game Cube in the first three days after the launch, but the figure was way below 450,000 units it expected to ship. The company says that it is not concerned and that sales should accelerate toward the end of the year.

Popularization of Broadband to Spur Demand for Variety of Devices

Popularization of broadband should have a strong ripple effect creating strong demand for a variety of peripheral devices, including color inkjet printers, color image scanners, CDs and even computer supplies.

PC Makers Betting on Recovery in the Second Half

Japan's PC manufacturers expect sales in the second quarter (July-Sept) to fall below previous year levels but are hoping that Wimp, ADSL and Pentium4 will help revive the market in the second half.

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
July	106.8	110.7	118.0	-	-	-	-	-	-	-
YoY	-22.7	-21.2	9.8	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