

Industry Monitor

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High-tech Sector

TV Tokyo Announces a Third Party Placement

NTT East and West will subscribe to the third-party share placement announced by TV Tokyo. The move aims at enabling the key TV station to diversify into broadcasting using the Internet. Strengthening its financial position ahead of the planned IPO next year seems to have also been a consideration. In addition to NTT, major automobile manufacturers, home appliances manufacturers, publishing and advertising firms are also expected to subscribe.

TEPCO to build a fiber optics network

Tokyo Electric Power said October 3 that it would lay optical fiber network to households and commence high-speed network access service by March 2002. Plans call for laying 50,000km of fiber optics lines at a cost of 65 billion yen. With TEPCO planning fiber optics network, competition is bound to increase. At present only the NTT group offers such service.

Cell phone diffusion rate rises to 56%

According to the figures released by Ministry of Public Management, Home Affairs, Posts and Telecommunications, cell phone diffusion rate rose to 56% with subscriber count reaching 71.05 million as of the end of September. With more people signing for Internet provider services, it is underpinning subscription growth. Reports have it that some cell phone manufacturers are seeing increase in orders from around July.

NTT's FOMA phones off to a slow start

According to NTT Docomo the company sold about 4,000 units of the new phones on the first day, somewhat slower than expected, although popular models were sold out.

Govt. to ease restrictions on use of electric poles by competing carriers

The Ministry of Public Management, Home Affairs, Posts and Telecommunications, as a part of its deregulation program for telecommunications and broadcasting and to support the e-Japan program plans to ease rules on the use of electric power poles by telecommunications carriers. Mostly NTT or electric power firms own the poles.

AP server shipment grow dramatically

AP server shipments were up 112.5% to 34,000 units in fiscal 2000 and are expected to grow 76% in fiscal 2001 to roughly 60,000 units. Value of shipments is likely to increase 50% to some 33 billion yen. The market is seen as a lucrative growth area in the broadband era.



Uniden cuts production of telephone sets for the US market

Uniden said on the 5th that it will cut production of telephone sets for the US market by as much as 70%, on the assumption that the current slowdown in its main market will be prolonged.

Video software sales slowing

Sales of video software in August were down 17% year-on-year. What is particularly noticeable is the 6% decline in value and 27% drop in volume in DVD software sales, a sector that had shown remarkable growth and offset declines in other types of software, such as cassettes. The slowdown in DVD software sales may indicate that DVD software is growing out of the initial strong growth phase.

Internet auction market growing but competition heats up

The Internet auction market is expected to top one trillion yen by 2006, according to Jupiter Media Matrix, a market research firm. However, competition is increasing as more major firms enter the market. Recently, Mitsui & Co. announced that it would enter the Internet auction service market. There are five major firms operating in this market.

Strong growth projected for global PDA market

According to manufacturers, the global PDA market is set for rapid growth with demand for 2001 estimated at 15 million units, rising to about 24 million units in 2002. Not to be left behind, NEC and Fujitsu have entered the market. At the OS level, intense competition for market share is expected between Palm and Microsoft. With both PDA and cell phones demand shifting toward compact and thinner models, electronic component manufacturers are coming under pressure to produce even more compact components, and this would benefit those component manufacturers able to deliver more compact components. This was evident in the CEATEC fair, where a number of compact electronic components on display caught the visitor's eye.

Japanese cell phone and PC manufacturers scaling down shipment forecasts

Manufacturers of not only cell phones and PCs are scaling down shipments forecasts but those of fast selling consumer electronic items like digital cameras are following suit. Slower shipments will gradually start hurting demand for products of peripheral industries such as semiconductors.

Major growth areas in the broadband era

The major growth areas in the broadband areas are likely to be PCs powered with more versatile and powerful operating systems, software, including ERP, servers and new generation of cell phones, according to forecasters. These trends are already visible in the CETTEC fair now underway in Japan.

Video game software sales brisk

Sales of new consumer video game titles released in September are brisk in Japan. However, the key is the US market as the year-end shopping season nears.

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	110.3	-	-	-	-	-	-
YoY	-22.7	-21.2	9.8	0.2	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