

Total Cell Phone Sales Down in August but High-performance Models Doing Well

Cell phone sales in August were off 1.4% from the same month a year ago to 4.2 million units. However, sales of high-performance cell phones such as those with color LCD screens, and supporting digital camera functions, rose 22%, according to JEITA, a trade body.

NTT Captures Over Half the Market Share in DSLs

The number of subscribers to digital subscriber lines (DSL) rose to 650,000, a gain of 140,000, as of the end of September, according to government statistics. The combined share of NTT East and West stood at 60%. Subscriptions to DSL lines are increasing at rates exceeding 100,000/month since May. Rates are also coming down sharply as competition heats up.

China Gearing Up for Terrestrial Digital Broadcasting

Plans call for drawing up terrestrial digital broadcasting standards in the next three years following field tests, according to Japanese newspaper reports. The switch to terrestrial broadcasting should create a huge demand for digital TV sets as consumers replace their analog models. China wants to see terrestrial digital broadcasting well established by 2008, the year of the Olympic games in Beijing.

Business Showing Growing Interest in e-govt

The government's IT-related budget for fiscal 2001 is estimated at about two trillion yen, of which ¥1.5 trillion has been earmarked for the public sector. Starting August 2002, several government services will be transferred to the net. Vendors interested in providing e-govt related services already top 100. Several local government bodies are showing interest in outsourcing the entire package --from design to management-- to a single vendor. Citizens will be able to pay taxes and public dues electronically starting in 2003 if current plans proceed on schedule.

Japanese Semiconductor Manufacturers Consolidating Production

Japanese semiconductor manufacturers, hard-hit by global demand slowdown, are consolidating their semiconductor operations, including domestic and overseas production networks, and design and research divisions. Their consolidation plans vary depending on their positions in the industry and their strategies. While Rohm is shifting production, Sharp is focusing on its core strengths. Mitsubishi Electric is closing down its lines with low capacity utilization rates. Toshiba plans to suspend production of DRAMs at its Yokkaichi plant and shift production overseas. NEC plans to focus on system LSIs and Fujitsu is consolidating its R&D organization and consolidating its 12 wafer lines into 9. All the initiatives are primarily aimed at restoring profitability to semiconductor operations.



Light at the End of the Tunnel for Electronics Component Manufacturers

While demand for electronic components on the whole continues to be weak, demand for certain components, particularly those for cell phones, seems to be bottoming out. Orders for printed circuit boards started looking up from around August and those for circuit parts, including filters and resistors, have also improved. Connector orders have also risen above previous-year levels.

Electronic Components and Devices Production Down in June

Production of electronic components and devices in June plunged 23.8% to ¥770 billion, according to JEITA. Production in the first half of 2001 was down 9.5% year-on-year to roughly five trillion yen. Production of electronic components fell 27.1% and that of electronic devices was off 22.1%.

SCE Acquires a Stake in Square

Sony said on the 9th that it would acquire a stake in Square by subscribing to a ¥14.8 billion third party allocation for capital increase. This will make SCE Square's second largest shareholder. Square's business performance, affected by rising development costs, has been sluggish recently. The company plans to use the funds for putting the business back on a firm footing for recovery. What needs to be noted, however, is that recent tie-ups between video game software developers have not proved to be a success.

Japan's IT Outsourcing Market to Top ¥4 Trillion in 2005

Japan's IT outsourcing market is expected to grow at an average annual rate of 9.6% for the next few years topping ¥4 trillion in 2005, according to IDC, a market research firm. Particularly strong growth, 13.9% annual rate, is projected for information systems outsourcing sector. This market sector should represent about one trillion yen of the total by 2005, the company said. The IT outsourcing market, comprised of IS outsourcing, application outsourcing, processing services, and network infrastructure management, was estimated at ¥2.5 trillion in 2000.

Home Electronics Products Likely to Sell Well in Year-end Buying Season

According to a recent survey of retailers by a leading newspaper, products likely to experience strong demand in this year's year-end buying season are: PDP, digital video disk recorders, and LCD televisions. Hitachi is planning to boost production of PDPs since the 32-inch model that it launched in April was well received and sales have been favorable. The company plans to launch larger 37- and 42-inch models this year. The PDP is likely to become a core device in home networks in the future.

Sony to Launch Notebook PC Powered by XP

Sony will launch on October 25 a new model of its popular VAIO series of notebook PCs installing the XP operating system for the consumer market. Sony's VAIO series notebook PCs are selling well and it has not downscaled shipment forecasts, which see shipments rising 28% over the previous year to 1.8 million units.

Machinery Orders Up in August

Seasonally adjusted machinery orders, excluding ships and electric power, rose 8.7% month-on-month in August slightly above one trillion yen. This was the first gain in four months. Orders from the electrical equipment, finance and insurance sectors also saw marked gains. Orders from the manufacturing sector were up 8.0% and from the non-manufacturing sector up 14.0%. The government, however, warned that this does not suggest an upturn in machinery orders.

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