

## **Government to Restrict NHK's Internet Contents Business**

The Ministry of Public Management, Home Affairs, Post and Telecommunications said that it will restrict NHK's (Japan Broadcasting Corp., a public broadcasting station) Internet contents distribution business in order to stop it from burgeoning. The government will limit NHK's contents distribution business to news and areas that do not compete directly with private broadcasters. Budget for this business will also be capped at around the current level of ¥360 million. Restrictions will also apply to NHK subsidiaries.

## **Government Draws Up High-speed Network and e-govt. Plans**

The Ministry of Public Management, Home Affairs, Post and Telecommunications has drawn up two plans, one to expand broadband networks throughout Japan and the other for transition to e-govt. Plans envision development of a Regional Public Network linking schools and government agencies at 3,300 municipalities to high-speed networks by 2005. Approximately 44 million households will also be connected to high-speed networks, such as optical fiber and DSL. The private sector is expected to take the initiative here. The e-govt program calls for introducing Internet-based services, which will allow taxpayers to file returns on the net and 95% of regional government documentation services to be made available through the Internet. This will require training 10,000 govt employees and 40,000 private sector employees to be trained in IT technologies.

## **NEC's Cell Phones are the Most Popular**

NEC topped the rank of cell phone suppliers, edging out Matsushita Communications, in terms of domestic market share in the first half of the current fiscal year, according to Multimedia Sogo Kenkyusho, a high-tech industry research firm. Shipments totaled 24.08 million units, up some 6% year-on-year. NEC'S market share was estimated at 29.4%, up from 23.6% in the corresponding period last year. Its folding type models sold particularly well since Matsushita Communication's model for NTT Docomo had software problems. Second to fourth places were taken by Matsushita Comm., Mitsubishi Electric and Sharp respectively.

## **Major Electronic Component Manufacturers Slashing Production**

Capacity utilization at the manufacturing facilities of major electronic components manufacturers has plunged to 50-70%, the first time it has fallen to these levels since 1973, that is immediately following the 1st Oil Shock. Inventory adjustment is likely to continue until next spring, at the earliest. Capacity utilization at Taiyo Yuden and FDK is believed to have plunged to 50-60%.



### EMS Gaining Popularity

The EMS system in which subcontractors manufacture electronic equipment on consignment for large manufacturers is gaining popularity in Japan as major Japanese electronics equipment manufacturers move to aggressively cut costs and thin bloated payrolls. The leading EMS firms are Solectron and Flextronics. Toshiba and Seiko Epson have entered into agreements with Flextronics. Other Japanese firms also have similar arrangements.

### NGK Insulators Develops Ceramics Display Panel

NGK Insulators said on the 16<sup>th</sup> that it has developed a large-screen display using its ceramics technology. This is the first time a large display panel made from ceramics elements has been developed. The company claims that picture quality is superior to that of comparable LED displays. Plans call for commencing sales in the first half of next year. Projects see sales reaching several tens of billion yen in the next four to five years.

### Toshiba and Matsushita to Merge their LCD Businesses

The two companies announced on the 17<sup>th</sup> plans for merging their LCD businesses in April 2002 by setting up a new firm. The new firm will become the 3<sup>rd</sup> largest in terms of LCD sales in the world. The two feel that their strengths are complementary the merger will enable them to strengthen their competitive position in the world. Toshiba will have 60% capital interest in the new company, with the rest being held by Matsushita.

### New Car Navigation Systems Planned

Japanese car navigation systems manufacturers (16 in all) are planning to introduce the next generation car navigation system, which will enable map data to be retrieved via the Internet, by the end of the year. The 16 have agreed to standardize communication standards and set up a joint contents distribution firm (I Format Forum). The standard format will be based on Increment P's (a start up) "I Format."

### NEC Solutions to Promote Data Warehouse Business

NEC Solutions is actively expanding its data warehouse business, centered on Red Brick Warehouse, a DWH engine software developed by Red Brick Corp. of the U. S. The company has installed 270 systems since 1997, when the system was launched, and plans call for expanding the installed base by about 100 firms per year.

### E-commerce Expanding Rapidly

E-commerce is expanding rapidly, with sales increasing 2.4 fold year-on-year in fiscal 2000, according to a survey by a leading economic daily. Total mail-order sales were up 8.2%, the report revealed.

### NEC Software Draws Up Bullish Growth Plans

NEC Software's business plans see sales rising to ¥135 billion in fiscal 2003. The focus will be on SI and systems-related services, software development and PKG and IT device marketing. The company hopes that total sales will grow at an annual average rate of about 24%.

### 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	83.1	2,261	2,202	18,136	1,503	8,552	8,081
May	118.1	121.9	126.2	82.2	2,007	2,180	18,217	1,623	8,877	7,717
June	112.9	118.2	122.4	88.9	2,150	2,407	18,758	1,718	9,334	7,706
July	106.8	110.7	118.0	83.1	2,044	2,353	17,229	1,707	8,085	7,436
Aug	104.2	109.1	116.6							
YoY	-27.4	-25.4	8.0	-22.5	-11.7	-0.8	-21.0	-13.5	-15.7	-27.4

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