

Industry Monitor

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High-tech Sector

Subscribers to IP Phones Jump Sharply

Rates as low as one-fourth that of those offered by established carriers are attracting subscribers to Internet Protocol phones. Sensing an opportunity, many firms are entering this sector. The government has also decided to assign special prefix numbers for the IP phone service. Conventional fixed-line phone service is coming under pressure. The Softbank Group charges ¥7 for a three-minute IP call, compared with ¥80 by major carriers like NTT Docomo and KDDI.

i-mode Subscribers Top 3 Million

Subscribers to NTT Docomo's i-mode phones topped 3 million in just three years after the service was launched. i-mode phone subscribers account for about half of all cell phone subscribers and three of four NTT Docomo cell phone subscribers in Japan. Even now, about 20,000 –30,000 persons sign up for the service everyday, although this pace has slowed considerably compared to last spring.

Broadband Subscribers Stay Longer on the Internet

A recent survey of broadband subscribers showed that they tend to stay longer on the Internet, access more websites and download more files from the Internet, in addition to sending more e-mails and shopping more on the net. The primary reason behind the growth in Internet usage is that subscribers need not worry about the length of time (telephone bills) they are connected.

Medium-term Outlook for Electronic Measuring Instruments

Demand for electronic measuring instruments will increase at an estimated annual rate of some 5% from 2001 through 2005, according to JEMIMA, the industry's trade association. The association says that demand in FY 2001 will plunge 22.7% from the previous year, when it was at record high. It will be FY2004 before demand recovers to the FY2000 level.

Japanese Electronics Machinery Manufacturers Shifting Production to China

So far major Japanese manufacturers were shifting production from their regional production facilities in Japan to China. But now the trend is spreading and even smaller regional firms have also started shifting production to China, as they seek to cut labor costs. Some regional firms are moving production to China since their customers have moved there. Expectation of a huge emerging market is also propelling the shift.

Package Software Sales Up Sharply

Package software sales in fiscal 2001 will increase an estimated 17.4% to ¥855.2 billion, a sharp jump from the 8.8% increase recorded in fiscal 2000, according to Japan Package Software Association. Demand for software compatible with high-speed networks is increasing, so is demand for design and graphics software.



Business Machine Shipments to Increase Marginally Next Year

Domestic shipments of business machines will increase an estimated 0.7% in 2001 but shipment growth should accelerate to 2.1% in 2002. However, exports will grow a meager 0.3%. The highest growth rate (14.1%) is forecast for calculators and other personal electronic devices. Shipments of copying machines are likely to be flat.

Computer Manufacturers Setting Up Software Facilities in China

Japanese computer manufacturers are setting up software development centers and system integration service facilities in China in anticipation of growing demand in that country and to make-up for software programmer shortages in Japan. Among those expanding facilities in China are NEC, Fujitsu, Toshiba and Hitachi.

Industrial Robot Sales Plunge

Production of industrial robots plunged about 30% from the previous year, according to a survey of leading robot manufacturers. This was the first decline in industrial robot sales in three years and the margin of decline was the highest since 1982, when the survey was launched.

Fan Motor Shipments Surge

Shipments of fan motors that go into electronic products are rising rapidly, as applications are expanding to digital TVs and other home electronic devices. Increasing number of fan motors being installed in electronic devices is also driving demand. A double-digit growth in shipments is expected in 2002.

Computer Virus Reports Double in 2001

Reports of computer virus problems are likely to double in 2001 to 22,516, a record for any year. The figure is some five times that of 1999.

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 | 67.0 | 1,898 | 1,588 | 15,348 | 1,460 | 7,445 | 4,174 |
| Sept. | 100.8 | 107.6 | 107.2 | 71.1 | 2,674 | 1,582 | 17,918 | 1,648 | 9,491 | 6,779 |
| Oct | 98.6 | 102.6 | 103.1 | | | | | | | |
| YoY | -30.7 | -29.0 | -5.2 | -32.6 | -10.4 | -10.9 | -27.1 | -18.4 | -21.8 | -35.04 |

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