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## *High-tech Sector*

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### ***Government Unveils Draft for Private Postal Service***

The government unveiled a draft proposal for allowing private firms to enter the postal service business. According to the government plan, private firms will be allowed to enter the postal service business if they meet certain conditions. These are (1) A minimum uniform postage of less than ¥80 for delivery through the country, (2) Must accept even single letters. The rates and service areas for value-added services will be left to the discretion of the service providers.

### ***Consolidation Gets Underway in Japan's Semiconductor Industry***

Fujitsu and Toshiba have started negotiations for a comprehensive tie-up of their semiconductor businesses. They expect to complete the negotiations by May. If successful it will create the second largest semiconductor manufacturer, with sales topping one trillion yen. Hitachi and Mitsubishi electric have also agreed to merge their system LSI businesses. As a result of these moves, we could see five Japanese semiconductor manufacturers consolidating into three groups.

### ***LCD Exports Pickup***

Exports of LCD panels in the first quarter of the year to the Asian region are likely to have increased 10-20% compared with the last quarter of 2001. Sharp Co. reports hefty orders from Taiwanese PC manufacturers. Prices have also risen. Shipments in March were priced about 17% higher, compared with the last quarter of 2001, when prices were at their lowest level (currently 15" panel is priced at US\$240), says the company.

### ***Orders for Electronics Components Manufacturing Equipment Rise***

Orders (first quarter of 2002) for machines to manufacture precision electronic components are also up 20-50% (Fanuc, Toshiba Machine, Nihon Seisakusho), compared with the last quarter of 2001.

### **Optical Devices Industry Output Set to Grow 11.4% in FY2002**

Output of the optical devices industry, which includes optical disk equipment, LCD screen etc., in FY2002 is expected to rise 11.4% to a record ¥7.4 trillion, after dropping 5.7% to ¥6.7 trillion in FY2001.

### **PC Prices Going Up**

Major personal computer manufacturers are planning to raise prices from April. Prices are likely to go up by 10-20% starting in April. PC manufacturers want to mark up prices to offset higher costs of components and OEM imports, in addition to the effects of a weaker yen.

### **Lead Frame Materials Orders Up**

Orders for lead frame materials from Asia are also up about 50% compared with the last quarter of 2001.

### **High-tech Exports from Guangdong Province Rebound**

High-tech exports from China's Guangdong province were up 35% year-on-year in January through February. Exports of computers and telecommunications equipment showed the strongest growth. The largest overseas markets are Hong Kong, the U. S. and Japan.

### **Electronics and Control Equipment Component Manufacturers Sense Recovery**

According to a recent survey of electronics component manufacturers and control equipment component manufacturers by a leading industry newspaper, nearly half of the firms polled expect orders to recover in the last quarter of 2002. Nearly one-third expect order recovery in the July-September quarter.



### **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	99.2	103.2	102.9	68.8	2,037	1,683	15,311	1,847	6,803	6,661
Nov	98.5	104.0	98.4	69.7	2,026	1,624	15,443	1,695	7,233	6,515
Dec.	101.6	105.6	95.8	66.3	2,010	1,601	15,310	1,411	7,488	6,411
Jan	100.0	106.3	92.3	64.3						
YoY	-26.7	-24.3	-17.7	-24.3	-20.2	-14.0	-31.2	-25.6	-28.1	-35.6

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