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High-tech Sector

Government Panel Recommends Cut in Connection Charges

A government advisory panel evaluating proposals for lowering connection charges by NTT is considering another proposal for lowering connection charges by as much as 51%. The final decision will come by the end of the year after consultations with the U. S. If this level of cut is realized it will bring the connection charge to the U. S. level and could lead to a complete revision of the basic rate structure.

Broadband Users Top Five Million

The number of broadband users, including DSL, CATV and FTTH, has already topped 5 million in Japan. The wireless LAN service, introduced recently, is also expected to spread quickly.

Major Telecom Carriers to Launch IP Phone Service

Major carriers in Japan, including the industry leaders NTT East and NTT West, have declared their intention of launching IP telephone services. NTT had been reluctant to start this service, given its heavy investment in the conventional telephone network. The government will start allocating access code numbers for IP telephones from fall and this should accelerate the spread of IP telephones in Japan.

Govt. Considering Multiple Proposals for Privatizing the Postal Service

The government is considering four options for privatizing the postal service. These include conversion into a special corporation in preparation for step-by-step privatization, and separation of the postal savings and insurance operations and their eventual scaling down

Domestic PC Shipments Plunge 13%

Shipments of personal computers in the April-June quarter fell 13% year-on-year to 2.42 million units, according to JEITA, an industry trade association. Now, it seems that JEITA's forecast of 11.1 million units for the full year is out of reach. Shipments of desktop models fell 17% to 1.08 million units and those of the notebook type were off 10% to 1.42 million units. The April-June quarter is a strong demand period and it is the first time since 1998 that shipments have declined during this quarter.

SPE Orders on the Rise

Orders for Japanese made semiconductor production equipment in June rose 41.8% year-on-year. This was the fourth consecutive YoY gain in monthly orders, suggesting that the sector is finally coming out of recession, albeit slowly. However, orders from the domestic market are still in negative territory, although the decline is narrowing. The B/B ratio for the Japanese market also moved up above 1.0 in April. Assembly machines, posting a 42% gain in the April-June quarter, are the brightest spot in the whole picture, according to SEAJ

Electronic Device/Component Exports Down 8.2% in April



According to the statistics released by the government, exports of electronic devices and components in April were down 8.2% year-on-year. Exports of electronic components rose 0.9%. On the other hand, exports of electronic devices were down 6.6%. Among the gainers were: semiconductor elements (up 11.1%), smart cards (up 16.6%). Exports of electronic devices and components in the Jan-April period were down 15.3%..

Shipments of Color Copiers Strong

Although exports of copiers have fallen sharply, reflecting a shift of production overseas, domestic demand for color copiers is strong. Domestic shipments of color copiers were up 57% year-on-year in volume and 61% in value in the second quarter of this year. Total copier exports from Japan fell 40% in volume and 33% in value.

Electrical Equipment Manufacturers Report Recovery in the April-June Quarter

According to consolidated financial results for the April-June quarter, recoveries were led by rising shipments of consumer electric products and strong orders for electronic devices. The three major manufacturers, Matsushita, Sanyo and Sharp, moved into the black in the quarter. However, uncertainties abound, particularly about IT sector demand and the U. S. economy, and therefore there are no plans to revise annual forecasts upward.

Corporations Increasingly Outsourcing their iDC Service Requirements

Japan's corporations are increasingly outsourcing all their iDC (Internet Data Center) needs, from consulting to system operations and this is benefiting Japan's computer manufacturers, NEC, Fujitsu, Hitach and IBM Japan. Fujitsu offers a full lineup of iDC services and has more than 1,000 clients. NEC is planning to boost sales of its E-Solutions Service by 25% this year. Other computer manufacturers are also actively expanding their iDC services

Mobile Device Hardware and Service Markets Growing Rapidly

The mobile devices service market is projected to grow 1.8 times by fiscal 2005 compared to fiscal 2001 to ¥6.7 trillion, according to a JBMIA survey. The services market will represent more than 50% of the total market. PDA users said the size of the device was the major deciding factor in their purchase decisions and about two-thirds of all users were considering replacement of their present models. In the services category significant gains are projected for the mobile data communications service and contents distribution service

Electrical Control Equipment Recovering

Shipments of electrical control equipment in June rose 8.4% over the previous month. Domestic shipments were up 11.1% and exports rose 1.8%. However, domestic shipments were lower on the year-on-year basis. Exports rose in June for the first time in 13 months.

Optical MES Market Expanding

The optical MES market is expected to reach ¥2.5 trillion in 2002, up from ¥2.16 trillion in 2001, according to a recent market survey released by Fuji Kimera. The robust growth will continue pushing up the market to over four trillion yen by 2005, the survey concludes.

Laser Diode Demand Growing

The demand for laser diodes used as pickups for DVD players is increasing, reflecting booming sales of DVD players. However, demand for use in CD/R/RW, and DVD-ROM is still weak due to a slowdown in PC shipments. Manufacturers, including Sony, Sharp, Rohm and Sanyo, are boosting production.

Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
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	65.0	1,920	1,358	13,562	1,093	6,342	6,127
Feb.	101.4	106.9	90.8	77.0	2,123	1,736	14,969	1,365	7,184	6,421
Mar.	104.8	110.3	85.6	91.7	3,009	1,887	19,197	1,582	10,386	7,228
Apr.	108.7	114.4	84.2	77.2	1,849	1,797	14,411	1,470	5,760	7,182
May	117.2	123.2	87.9	80.9	1,818	1,872				
YoY	-0.8	1.1	-30.3	-3.8	-8.1	-13.7	-19.4	-2.2	-31.4	-10.1

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

