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High-tech Sector

Government to Facilitate Entry Into Telecommunications Business

A government panel recommended that Japan's telecommunications sector be deregulated further in order to spur entry into the sector and increase competition. As a step toward this goal, the panel recommended that the need for prior government approval for changes in services and rates be eliminated. Under the new system operators will simply have to file notifications regarding such changes. The panel also said that an organization such as the FCC in the U. S. be set up to monitor the industry.

Mobile Phone Subscriber Total Rises in July

Mobile phone subscribers in Japan rose to 71.23 million as of the end of June, a 0.7% increase from the previous month, according to TCA. The NTT Docomo group continued to be the market leader with a share of 58.6%, followed by au and J-Phone with market shares of 18% each.

Ministry Wants Tax Incentives to Stimulate R&D and IT Investments

The Ministry of Economy, Trade and Industry plans to introduce tax incentives on research and development and IT investments. The plan proposes a deduction equivalent to 10% of the investment. This should translate into a total savings of 1.7 trillion yen. Among others, deductions will be applicable for investment in advanced technologies such as next-generation semiconductor research, computer OS development, super-thin monitors, next-generation robots and fuel cells.

Electronic Components Sector Recovers

In a recent survey of electronic components manufacturers by a leading industry daily more than half the companies polled replied that business has recovered. About half expected sales to increase by less than 10% but nearly 20% expected sales to rise between 10-20%. Only a small minority (13%) saw sales dropping, but that too by less than 10%.

Personal Computer Sales Sluggish

Sales of personal computers slowed in the April-June quarter, according to JEITA, a trade association. Shipments of PCs to the consumer sector were 91% compared with the same period a year ago and only 84% to the corporate sector. The situation deteriorated in July, with desktop shipments falling to 52% and notebooks to 62%.

Dell Cutting Prices

Dell Computer is cutting prices on servers and storage devices. Prices on its mainline server models are to be cut by a maximum of 33% and on storage devices by up to 15%. Service charges are also to be cut by roughly a third. The price cuts are intended to boost the market share in the growing server market.

Symantec Captures Over Half the Market Share in July

According to a survey of a major industry publication, Symantec captured 50.8% share of Japan's computer security market in July, with Trend Macro's share slipping to 33.7%. Trend Macro's share started dropping sharply in June. A sales campaign combined with price cuts pushed up Symantec's market share. The two companies are also competing fiercely in the corporate computer security market also.

CRM Package Market Set to Grow in 2002

According to an industry study released by Yano Research Institute, Japan's CRM package market grew by 74% in 2001 to ¥15.9 billion and should reach an estimated ¥18.3 billion in 2002, a gain of some 15%. SAP, Nihon People Soft, and Oracle Japan reported particularly strong gains. The research institute predicts that the market will expand to ¥25.2 billion by 2004.

Production at Japanese-owned Plants in China Continues at High Levels

Production of electronic components at Japanese companies' manufacturing subsidiaries in China is continuing at high levels, underpinned by continuing production shift from Japan and growing demand for electronic components. Backed by strong orders, Japanese electronic component manufacturers are planning to add capacity in the months ahead. Japanese companies no longer see their Chinese operations simply as supply bases. They are increasingly looking to them as independent subsidiaries with a full range of operations from R&D to manufacturing and marketing.

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

