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High-tech Sector

Government Committee Proposes New Rules on Setting Telecom Charges

A government panel studying the rights to set rates for calls from fixed-line phone to mobile phones recommended on Monday that the right for setting rates be transferred from the carrier to which a call is placed to the carrier from whose fixed-line phones a call originates. The change aims at bringing down the high rates for calls placed from fixed-line phones to mobile phones. NTT Docomo strongly opposes the recommendation since it will seriously affect its income.

Wireless LAN Subscriber Numbers to Show Strong Growth

According to a recent forecast released by Gartner Japan, the number of wireless LAN subscribers is expected to reach 4.24 million by 2006, up from only 150,000 in 2002. Free LAN services expected to be introduced after 2004 should boost subscriber numbers, the report claims. Fee-based LAN services are likely to show much slower growth.

Electronic Component Manufacturers Focusing on Wireless Technologies

Japanese electronic components manufacturers are focusing on the Bluetooth chipset as demand is growing from overseas mobile phone manufacturers. Manufacturers are focusing on chipsets for 2.4/5GHz dual-mode phones. Suppliers expect that 2003 will turn out to be the year of take off.

Production of Built-up PCB's Rising Favorably

Production of built-up PCBs and module PCBs is rising. Built-up PCB production in the current fiscal year to March 2003 is expected to increase 10.2% in value and 19.1% in volume. Output of module PCBs is likely to be up 4.1% in volume and 53.4% in value. Japanese manufacturers dominate the PCB sector, although Asian manufacturers are catching up.

Exports of Electronic Devices Up in July

Exports of electronic devices and components in July increase 8.0% year-on-year to ¥680.6 billion, according to JEITA, a trade body. Exports of electronic devices were particularly strong, rising 15.3%.

Stepper Market Trends

The global stepper demand in 2002 is estimated at 423 units valued at \$3.1 billion. ArF is likely to account for 17%, with KrF representing roughly 60% of the total market. The market continues to be dominated by the three heavyweights – Nikon, Canon and ASML. Unlike 2001, when Canon made substantial gains, winning nearly 70% market share in Japan, in 2002, Nikon is likely to be the leader in terms of volume, with ASML close behind. But in value terms, ASML is likely to come out on top.

TV Market Experiencing Structural Changes

Demand is rising strongly for PDP and LCD televisions. In the conventional CRT category, demand for television models with BS tuners in September doubled from August.

Earnings Roundup

Ricoh Reports Record Interim Profit

Ricoh on October 31 released its interim consolidated financial results. Consolidated net income was up 18% year-on-year to a record ¥33.5 billion, on sales of ¥850 billion, up 4%. Strong sales of digital equipment, including lucrative digital copiers, multi-functional printers, drove profits. The company plans to increase interim dividend by one yen to seven yen.

Dainippon Printing Doubles Profit

Dainippon Printing on October 31, said that its interim consolidated net profit increased 2.2 times from the first half of the previous fiscal year to ¥22.8 billion, although sales were down 2% to ¥643.6 billion. Strong performance of the electronics division more than offset the sluggishness in its printing division.

Shin-Etsu Reports Higher Interim Profit

Shin-Etsu Chemical on October 31 reported that its interim consolidated net income rose 7% year-on-year to ¥37 billion, a record high for any interim period. Profit was driven by its favorable PVC subsidiary in the U. S. as well as strong demand for silicon wafers. Interim consolidated sales were up 0.2% to ¥396.7 billion.

General Economy

Start-ups Increasing Employment

In sharp contrast to large public firms, start-ups listed on Japan's three new markets are planning to increase employment by some 40%, according to a survey by a leading economic daily. Among those planning to beef up payrolls are Tusco Systems, Autowave, and Japan Optical.



Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
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	15,451	1,649	6,324	7,478
June	115.4	121.2	85.8	86.2	1,875	2,078	16,176	1,691	6,881	7,604
July	113.7	118.0	90.8	86.3	2,015	2,060	16,056	1,775	6,285	7,997
Aug	117.1	123.5	89.9							
YoY	12.6	13.3	-22.9	1.3	-12.6	-12.0	-3.9	4.2	-19.2	10.6

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

