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High-tech Sector

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NTT Set to Raise Connection Charges

The Ministry of Public Management, Home Affairs and Posts and Telecommunications has decided to allow NTT to raise connection charges by about 5%. This will increase the costs of new common carriers and could force them to raise rates. The new common carriers pay NTT about ¥400 billion in connection charges. KDDI alone will have to pay out ¥10-¥20 billion more in connection charges, seriously affecting its profit.

Mobile Phone Shipments Rebound in December

Domestic shipments of mobile phones in 2002 fell 20.2% year-on-year to 393 million units, according to JEITA, the sector's trade association. However, shipments rebounded from November when they increased 23.5%. Shipments were up 31.5% to 3.9 million units in December. Replacement demand driven by a shift to phones with cameras is driving sales.

Japan's share of Global e-market to Decline

Japan in 2001 represented 16.6% of the global e-commerce market. However, its share is likely to fall to 10.5% in 2006 despite a strong annual 43% growth rate. The decline reflects relatively stronger growth in other areas of the world.

SCE to Enter Online Game Market

Sony Computer Entertainment plans to enter the online game market using its PS2 game platform. The company will put an add-on device, priced at ¥18,000, on the market in May to connect the PS2 to the Internet. In the future, the company plans to distribute animations, music and other content to PS2.

Single-digit Growth Forecast for the Printer Market

According to a printer market study released by Yano Economic Research Institute, the global demand for printers is expected to grow 5.6% year-on-year in 2003 to 43.53 million units valued at slightly over one trillion yen. The study is based on a survey of 35 Japanese printer and plotter manufacturers.



Japan's ERP Market to Resume Growth

Japan's ERP market, after declining some 8% year-on-year to ¥69.4 billion in 2002, is expected to increase 11.3% in 2003 to ¥77.2 billion, according to Yano Economic Research Institute, a marketing research firm. Demand for ERP is expected to continue to grow for the foreseeable future, topping ¥100 billion in 2005, at which point demand from large firms will total ¥64 billion and that from small to medium-size firms ¥43 billion.

Consolidation Accelerates in Japan's Game Software Sector

Sega announced that it has initiated merger negotiations with Sammy, an amusement machine manufacturer. On the same day, the board of directors of Enix and Square also approved resolutions to merge in April. The mergers are an indication that consolidation is accelerating in the video game sector in an attempt to expand business portfolios and strengthen the business base for global expansion.

Solar Cell Demand Accelerates

Global production of solar cells is expected to increase 20% in the current fiscal year to March 2003. Japan accounts for 43% the global production. Expecting continuing growth, Japan's solar cell manufacturers are stepping up capital investment to boost production capacity.

LCD TV Market to Show Solid Growth in 2003

Global demand for LCD televisions is expected to increase 182% in 2003, after chalking up a 113% increase to 1.3 million units in 2002, according to Display Research, a market research firm. Japan's Sharp is still the market leader, with a market share of about 50%, down from 88% in 2001. The second largest supplier is Samsung, followed by LG Electronics.

Earnings Roundup

Nihon Kojundo to Report Sharply Higher Profit

Nihon Kojundo Kagaku, revised its non-consolidated ordinary income forecast for the current fiscal year ending on March 31, 2003 to ¥800 million, a 65% increase from the previous fiscal year. The original forecast was for ¥600 million. Non-consolidated sales are likely to increase 23% to ¥4.6 billion, driven by strong demand from PCB, semiconductor and mobile phone manufacturers.

Mabuchi Motors Reports Higher Profit

Mabuchi Motors reported an 11% increase to ¥18 billion in consolidated net income for the accounting period ended December 2002. Sales rose 11% to ¥116.3, reflecting strong demand for small motors used in AV devices, telecommunications equipment and automobiles. However, the company expects net income in 2003 to decline 6% to ¥17 billion due to price pressures.



Optex Posts Record High Sales

Kyoto-based Optex reported a 13.4% year-on-year increase in consolidated net sales to ¥13 billion for the term ended December 2003. Net profit was up 18.4% to ¥950 million. Rising sales in its security division boosted sales and profit. The share of this division in total sales rose from 52% in 2001 to 60% in 2002.

Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
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	72.6	1,841	1,297	14,736	1,482	5,937	7,318
Sept.	116.2	120.9	93.9	84.9	2,465	1,555	17,659	1,762	8,117	7,780
Oct.	117.3	125.6	93.5	80.6	1,942	1,577	16,161	2,030	6,169	7,962
Nov.	112.7	120.0	89.5	76.5	1,995	1,546	15,127	2,086	5,588	7,452
YoY	14.4	15.4	-9.0	9.0	-4.6	-6.4	1.7	22.6	-18.5	17.9

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

