



**Week ended Apr. 13, 2003**

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## *High-tech Sector*

### ***Government to Deregulate Wireless LAN***

The government will abolish the system of licensing for wireless LAN and switch to a system of registration. The authorities expect the wireless LAN market to expand as restrictions on the establishment of ground stations are lifted. Plans call for submitting the relevant bills to the parliament next spring and the new law coming into effect in the fall of 2004. A recent report from Yano Research Institute projects LAN-related demand to triple by 2006 to ¥71.9 billion from the current level.

### ***Terrestrial Digital Broadcasting Set to Start and Produce Massive Demand for TVs***

Terrestrial digital broadcasting is scheduled to start in the three major cities in Japan from December. An advisory body to the government projects that 12 million digital TVs will have been installed by 2006, with the number rising to 36 million units in 2008. The report sees about 100 million digital TV sets in operation by 2011.

### ***ADSL Subscriber Number Triples in a Year***

The number of subscribers to the ADSL service tripled in one year rising to slightly more than 7 million as of the end of March, according to government statistics. Softbank BB was the largest player with 2.36 million subscribers, followed by NTT East with 1.43 million. The number of FTTH subscribers is also growing rapidly, with about 30,000 subscribers signing up per month.

### ***Japan the Second Largest ECOM Market***

After the U. S. where ECOM accounts for 9.1% of the GDP, Japan is the second largest ECOM market where ECOM's share of the GDP is an estimated 7.1%. The ratio in the UK is 2.7% and in Germany 2.4%.

### ***TV Shopping Market Continues to Grow***

The combined sales of the 10 major TV shopping firms in fiscal 2002 rose 22% compared with the previous fiscal year. Sales are expected to show similar growth in fiscal 2003, rising to ¥138 billion. Products for women and home electrical appliances are selling particularly well.



### ***Camera-equipped Mobile Phone Demand to Surge in 2003***

The demand for camera-equipped mobile phones in 2003 is expected to increase 3.4 fold from the previous year to 75 million units, according to a forecast released by Fuji Kimera, a high-tech market research firm. In 2002, mobile phone production totaled 398 million units, of which 22 million were camera-equipped. The report sees demand for camera-equipped mobile phones rising to 142 million units in 2004 and to 206 million units in 2006, when the total mobile phone production is projected at 546 million units. The share of camera-equipped mobile phones in Japan in 2002 rose to 60% (up from 7% in 2001) of total shipments.

### ***Mask Blank Market to Show Double Digit Growth in 2003***

The market for mask blanks in 2002 expanded 18% from the previous year to ¥38 billion. Hoya was the largest supplier accounting for over 70% of the global market share. The market is also undergoing structural changes as companies cut down on in-house production and increase purchases from suppliers. Industry experts expect the market to show double-digit growth in 2003, led by a phase-shift type of mask blanks.

### ***Photo Mask Demand Picking Up***

The demand for photo masks for the most advanced semiconductors (130nm) is starting to pick up at a time when the overall demand is weak. Japanese companies seem to have a lead in this area. The global photo mask market in 2002 is estimated at ¥282.6 billion, with 180nm and higher process masks accounting for 20% to 30% of the total. At the R&D stage there is shift from the 90nm compatible mask to the 65nm type.

### ***Earnings Roundup***

#### ***Fujitsu's Earnings to Rise***

Fujitsu is likely to report consolidated operating income of ¥150 billion, up 50% from the previous fiscal year, for the fiscal year ending March 2004. Mainly its software services division will drive earnings. A more streamlined organization, now that restructuring is largely complete, will also support earnings.

#### ***Sky Perfect Communications to Restructure Finances***

Sky Perfect Communications plans to reduce capital and wipe off its ¥126 billion in accumulated loss and secure its first profit in the term ending March 2004. Plans also call for moving up from the Mothers market to the TSE First Section.



**General Economy**

**Overseas Package Tour Demand Plunges**

Bookings for overseas package tours for the April-June quarter are down 40% to 50%, according the travel agents' association. Bookings for May are down 50% and those for April and June are off 37%. Bookings to areas affected by SARS are off 65%.

**Corporate Hiring to Increase in 2004**

According to a recent survey by a leading economic daily, major Japanese companies are planning to increase hiring by 0.4% next spring. This will be the first gain in two years. They will offer 8.1% more jobs to science graduates and 5.6% more for all college graduates. However, job offers for high school graduates will decline by 9.6%

**Basic Electronics Industry Statistics**

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
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
Dec.	112.9	119.3	90.2	74.1	2,066	1,460	15,045	1,757	6,233	7,063
Jan.	118.4	128.4	89.3	68.5	1,953	1,255	14,010	1,302	5,837	6,871
YoY	18.4	20.8	-2.9	5.4	1.7	-7.5	4.7	19.5	-7.0	14.3

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

