



**Vol . 72**

## *High-tech Sector*

**Week ended Jun. 29, 2003**

### ***Broadband Diffusion Rate Rises***

The number of broadband users in Japan topped 10 million at the end of May, raising the diffusion rate to 22%, according to statistics released by the government. The figure was 2.3 times compared to the same period last year. ADSL had the largest market share, estimated at 75%.

### ***Govt. to Allow Fixed-line Phone Carrier to Set Rates for Calls to Mobile Phones***

The government announced that the right to set phone rates for calls from fixed-line phones to mobile phones will be transferred to a fixed-line network operator in order to spur competition. The new structure will be introduced gradually from next spring.

### ***Music Distribution the Main Use of Broadband in Japan***

A majority (63%) of broadband users employ their powerful network connections for downloading music, according to a recent survey by Yano Research Institute, a high-tech industry research firm. Only 30% used it to watch TV dramas and other programs.

### ***April CCD Production up 150% Year-on-Year***

Production of CCD'S in April increased 150.6% compared to the same month a year ago and 2.4% over the previous month, driven by strong demand for use in digital cameras and mobile phones.

### ***EP Silicon Wafer Prices Flat***

The price of the EP silicon wafer has been largely flat at around ¥70,000 since June. The price stability is due mainly to the growing use of the 300-mm wafer and signs of some shortages. The trend is unlikely to change for the foreseeable future as device manufacturers are switching to the larger chip.

### ***Pentium 4 Price Plummets***

The price of microprocessor Pentium 4 has dropped 40% over the past nine months, hitting a low of around ¥37,000 to ¥37,000, suggesting that a generation-change is underway.



***SPE Order Rise 88% in May***

Orders for SPE from the Japanese market in May rose 88% year-on-year to ¥66.8 billion yen. It was also the first time orders have recovered to the ¥60 billion level since the market cooled down in 2001. Orders were up 33.1% from April. The aggressive capital investment plans announced by domestic semiconductor manufacturers seem to have finally started to benefit SPE producers.

***NEC Develops Fuel Cell for Personal Computers***

NEC says that it has successfully developed a fuel cell, with a battery life of about 40 hours, for personal computers. Plans call for commercial shipments to start within two years.

***Semiconductor Capital Investment to Increase for the First Time in Three Years***

According to a survey of 13 major Japanese semiconductor producers, they plan to increase capital investment in fiscal 2004 by 29.8% compared to the previous year to ¥556.6 billion. Sony and Sanyo Electric will see the biggest increase, with Sony's capital investment rising by 70.7% and that of Sanyo Electric by 52.6%. Toshiba will be investing 78.8% more. The focus will be on 300-mm wafer facilities and on semiconductors for mobile phone and digital consumer electronics applications.

***Japan's Semiconductor Production to Increase 9.3% in FY2003***

Japan's semiconductor output in FY2003, on the basis of 13 major producer, is likely to be up 9.3% year-on-year to ¥5.34 trillion, according to a survey by a leading semiconductor industry newspaper. Sony is likely to be in the lead, boosting production by 23.5%, followed by Sharp, which expects production to rise 20.0%.

***Transparent Glass Solar Cell Developed***

Japan's *Sangyo Gijutsu Sogo Kenkyusho* said on the 25<sup>th</sup> that it has successfully developed a new type of glass that is transparent to visible light but generates electricity by trapping ultraviolet light. Although the conversion rate is still low, theoretically it can be raised to 3%. In addition to working as fuel cell on house windows and doors, it can also be designed as a multi-purpose galls. For instance it can be designed to either cut off or pass through infrared rays.

***Color Page Printer Market Expanding Rapidly***

The color page printer market in Japan is expanding rapidly, with shipments in 2003 expected to increase 25% year-on-year to 188,000 units, according to JEITA, a trade body. However, individual manufacturers are more bullish. Canon Sales expects shipments to increase 30% from the previous year.



***IC Tag Standards Established***

One hundred and eighty Japanese and foreign companies have finally agreed on a uniform standard for IC tags. Tests on new standards are set to start in July.

***Demand for LCD TVs from the Consumer Market Surges***

The global demand for consumer-use LCD television sets is expected to reach 3-4 million units in fiscal 2003, with demand growth concentrated in 30" and larger screen sizes. The LCD TV is well on its way to becoming the main TV receiver at home. Some manufacturers are very bullish, with Samsung Electronics forecasting FY2003 demand at 4-5 million units, rising to 12 million units in FY2005. Sharp is somewhat more cautious, expecting demand in 2005 at 8 million units.

***The Structure of Japan's Telecom Equipment Exports/Imports Undergoing Change***

Japan's exports of telecommunications equipment in FY2002 declined 14.9% compared to FY2001, registering a second consecutive YoY decline and falling to a seven-year low. Exports to the U. S. plunged 36% to ¥1050.8 billion. On the contrary, exports to China rose 35%. As a result, Japan's principal export market, which had been the U. S. since the war, has shifted to Asia. Similar trends are apparent in imports also. Although imports from all principal exporting countries, including the U. S. and European countries were markedly lower, imports from China rose 44.8%, indicating that production of telecommunications equipment is shifting from industrialized Western countries to Asia.

***Data Projector Market Grows***

The data projector market is expected to grow at an annual average rate of around 30% for the foreseeable future, with domestic shipments reaching 190,000 units, an increase of 31% compared to the previous year. Global shipments are likely to increase 30% to 2.15 million units, according to Fuji Kimera, a high-tech market research firm.

***Taiwanese Manufacturers to Boost Digital Camera Production***

Taiwanese digital camera manufacturers have revised their digital camera manufacturing plans. They now plan to produce 2.5 times more units than the original plan that saw an increase of only 30%. While focusing on production of 2 to 3 million pixel types, Taiwanese manufacturers are stepping up R&D in 5-million pixel models. They claim that supplies of principal components such as the CCD, which were in short supply last year, would not be a problem.



### **Two Most Popular Consumer Electronics Items in China**

The two most popular consumer electronics items in China are digital cameras and LCD TVs. Sony is the leading supplier of digital cameras in China, with a market share estimated at 18.2%. Sansei is the most popular LCD TV brand, with a market share of 16.9%.

### **Basic Electronics Industry Statistics**

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
Jan.	90.9	95.2	83.9	72.0	1,953	1,255	14,010	1,302	5,837	6,871
Feb.	88.8	92.8	81.6	85.2	2,091	1,439	15,026	1,420	6,573	7,033
Mar.	88.6	88.7	84.4	107.7	3,155	1,691	19,029	1,748	9,561	7,720
Apr.	86.6	92.6	82.7	96.2						
YoY	3.2	6.1	-2.0	-3.3	4.9	-10.4	4.3	10.6	-0.6	9.6

*Base year 2000 = 100 (seasonally adjusted); 100 million yen, YoY: Year-on-year percentage change*

*Source: Ministry of Economy, Trade and Industry, Japan Electronics Industry Association and other trade associations*

