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## *High-tech Sector*

### ***Mobile Phone Subscribers to Reach 270 Million in China in 2003***

The number of mobile phone subscribers in China is expected to reach 270 million by the end of 2003, a figure much higher than the 140 million subscribers in the U.S., the country with the second largest number of mobile phone subscribers. The introduction of CDMA phones is accelerating the spread of mobile phones in China. Two players, China Mobile and China Unicom, dominate the market.

### ***Broadband Use Jumps in Japan***

The number of broadband users as of the end of March 2003 in Japan reached 15.96 million, 2.6 times the number at the end of March 2002, according to a survey by the Internet Association. This represents 39.3% of persons accessing the Internet, a sharp increase from 18.5% last year. NTT has a market share of 31.0% and Yahoo 30.5%. In Internet provider service, Yahoo led the market, followed by Nifty and OCN. Based on the survey results, the association says that quality of service will be a decisive factor in the future.

### ***Government Considering Easing Restrictions on NTT***

There is a strong possibility that the government will lift the obligation on NTT East and NTT West to open their optical fiber networks to other carriers. However, new common carriers are opposing the possible move, citing that any such easing of obligation may result in domination of the optical fiber network by NTT.

### ***Japan's BB Market to Reach ¥10.2 Trillion in 2007***

Japan's BB market is expected to reach ¥10.2 trillion by 2007, according a government white paper on telecommunications. The report claims that the ripple effect will be to the tune of ¥18 trillion. According to a survey carried out for the white paper, 83.1% of the companies polled feel that Japan will have a technological edge over the U. S. in IT-consumer electronics, 60% while cite mobile terminals, 43.1% fiber optics communication and 41.5% mobile systems. The same survey revealed that the U. S. is likely to have an overwhelming edge in security, computer systems, contents, Internet and software.



***High-speed Wireless LAN Network***

The government's IT Strategy Panel decided to complete a national wireless LAN network by 2008. Other targets in the government's plans include high-speed network access to 30 million households by 2005. The plan also envisions connecting all government agencies, regional government bodies, schools and other public facilities to inter-active fiber optics networks by 2005. The plan also calls for broadband access from cars, trains and airplanes.

***PDP Demand to Surge***

PDP panel demand is rising at home as well as overseas and manufacturers are aggressively adding capacity. PDP demand is expected to increase from an estimated 1.4 million panels to some 3.5 million panels in 2005, according to an FHP survey. Fujitsu plans to hike production from the current monthly 30,000 panels to 50,000 panels by September. Pioneer also plans to substantially increase annual production capacity from the current 150,000 panels to 300,000 panels by 2005.

***CCFL Lamp Supply-Demand Balance to Tighten***

There is a strong possibility that the demand for CCFL lamps for large LCD panels may become tight from the third quarter of this year, according to Techno Systems Research, a high-tech market research firm. The CCFL supply-demand balance was largely stable up to the middle of 2003, but, with the increase in the number of backlights used in large LCD panels on the rise, demand for CCFL lamps has increased sharply.

***LCD Manufacturers Bullish on Sales and Capital Investment in 2003***

The combined sales of the eleven principal LCD panel manufacturers in fiscal 2003 are likely to increase 11% from the previous fiscal year to ¥1.84 trillion, according to a survey by a leading high-tech daily. The combined capital investment by the eleven in their LCD production facilities is expected to total ¥202.1 billion, up 5.6% from the previous fiscal year.

***Plasma TV Shipments Dip for the First Time***

Shipments of consumer electronics items in May slipped 5.2% to ¥147.3 billion. This was the first fall in eleven months. Shipments of plasma televisions were down 1.5% to 14,000 units, due mainly to a reactionary demand surge before the World Cup Soccer Games. Plasma television shipments fell for the first time since their launch.

***Japan's Server Market***

High-performance personal computers installing Intel CPU's are expanding their market share at the expense of workstations installing RISC chips. This trend is expected to accelerate with the appearance of the 64-bit PC. Workstation shipments in Japan in 2002 totaled 48,000 units, just one-third of the 1999 peak.



**2003 PCB Outlook**

According to JPCA, the printed circuit board trade body, total output of printed circuit boards three years from now will total ¥1.15 trillion, up 14.1% from the 2002 level. This translates into an annual average growth rate of 4.5%. Output five years from 2002 is expected to rise 18.8% to ¥1.2 trillion. The output of flexible printed circuits is expected to grow at an annual average rate of 8.6% over the next five years and that for module PCBs by 9.1%.

**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	1,788	1,677	14,103	1,783	5,261	7,059
YoY	3.2	6.1	-2.0	-3.3	-2.6	-6.7	3.8	21.4	-8.7	1.3

*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*

