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High-tech Sector

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KDDI Captures the Lead in 3G Phones

KDDI is extending its lead in 3G phones. Its CDMA2000 1X phones launched in April last year already have 8.6 million subscribers. NTT, the largest player in the market, has just 0.56 million subscribers for its FOMA 3G phones. Competitive pricing and an early launch are giving the company an edge.

NCCs Sue the Government Over NTT Connection Charges

New common carriers sued the government, claiming that the approval for higher connection charges requested by NTT was unfair. They also claimed that the approval was in fact a change in the government policy, which was geared to lowering connection charges.

Demand for Digital Audio and Video Tools Increasing

In recent months, the slowdown in demand for personal computers was offset by a rising demand for PC peripherals, including large capacity storage devices, communications devices and supply parts. Digitalization of peripherals used by consumers is driving the demand, further pushing up their popularity.

Electronic Components Slump Touching Bottom

Demand for electronic components and semiconductors seems to be reviving, supported by rising sales of mobile phones and digital consumer electronic items. Demand for DVDs is expected to increase 20% in 2003 and that for LCD televisions is likely to more than double. Other consumer items, including digital cameras and mobile phones, are also expected to see healthy gains.

Fuel Cells for Consumer Use Coming to Market in 2005

Eleven Japanese companies are field-testing fuel cells for home use. Manufacturers hope to launch fuel cells for consumer use in 2005. They are likely to be priced around ¥500,000 for an output capacity of one kilowatt.



Corporate R&D Spending to Rise in Fiscal 2003

Corporate R&D spending in fiscal 2003 is expected to increase 3.4% to ¥8.9 trillion, according to a survey by a leading industry journal. This will be the fourth straight gain in R&D expenditures in as many years. Corporations plan to step up R&D, particularly in precision machinery (up 10.4%), and machine tools (up 10.2%).

Connector Production Rises

Connector manufacturers are turning bullish as demand and production are accelerating. According to a recent survey of connector manufacturers, more than 40% of the 28 firms polled expect sales to increase by double-digit figures. Two expect sales to jump more than 30%. Manufacturers are taking measures to cope with shorter lead times and also stepping up R&D.

IP Network Service Demand Surging

Demand for IP-VPN network services is rising rapidly in Japan, with nearly half of the firms polled in a recent survey reporting that they have already installed such networks or are planning do so. The percentage is as high as 71% among firms with more than 5,000 employees. The next stage will be IP telephone and Web conference systems.

Optical Devices Production to Increase Sharply in FY2003

Production in the optical devices industry in fiscal 2003 is expected to increase 9% to ¥6.8 trillion, according to the industry's trade body. Particularly strong gains are expected for PDP displays (up 67.6%) and solid-state laser devices (up 34.9%). Optical transmission devices are likely to see an increase of 36.8%.

White Paper on IT Industry

According the white paper on Japan's IT industry Japan dominates global markets for video game machines (94.5%), digital video cameras (78.7%) and car navigation systems (60.9%). Its hare of the global camera-equipped mobile phone market is estimated at 83.2%. In a survey of researchers in high-tech areas, 83% feel that Japan has a clear lead in IT-based consumer electronic products, and 60% think that Japan is the leader in mobile phones. However, only 43% are of the opinion that Japan led the world in optical communications.

Transition to Electronic Patient Charts Accelerating at Hospitals

More hospitals are installing IT systems for the management of patient charts and prescriptions. Already about 70% of the hospitals have IT systems for managing patient prescriptions but only a few percent of hospitals have similar systems for keeping patient charts. Demand for IT-based patient chart systems is expected to increase to ¥10 billion by 2006, up from one billion in 2000.



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

