



Vol . 132

High-tech Sector

Week ended Sep. 26, 2004

Govt. to Allocate Additional Frequencies for Mobile Phones

Japan's Ministry of Public Management, Home Affairs, Post and Telecommunications plans to reallocate a part of the frequencies currently being used for industrial wireless communication to mobile phones to spur competition. Many new companies are showing interest in the mobile phone services, now that these have grown into an ¥8 trillion market. The additional band will be sufficient to accommodate 15 million additional subscribers, mainly for 3G phones. The allocation is expected to be completed by 2005, with services likely to commence in 2006.

Mobile Phone Market Outlook

The number of mobile phone subscribers (including PHS) are expected to reach 90.8 million by the end of March 2005, up from 86.65 million as of the end of March 2004, according to a report from Yano Economic Research Institute. NTT DoCoMo will be largest carrier with subscribers estimated at 47.7 million. KDDI, the second largest carrier is expected to have a subscriber base of 19.5 million. Vodafone's subscriber base is estimated at 15.35 million, only a marginal increase from 15.0 million as of the end of March 2004. Mobile phone shipments are likely to fall from 50.4 million in the year ended March 2004 to 46.4 million in the current fiscal year to March 2005.

NTT DoCoMo (9437 TSE1) Ties up with Cingular

NTT DoCoMo plans to tie-up with Cingular Wireless in the U. S. The two firms will standardize their 3G phones and also service technology specifications. They plan to leverage their large customer bases to reduce terminal price and service charges through standardization. With Singular expected to become the largest U. S. carrier after its planned acquisition of AT&T Wireless, the proposed tie-up will create a giant partnership in the global telecommunications market.

Producers to Increase Production of LCD Driver ICs

Major Japanese manufacturers of LCD driver ICs, are planning to increase production by 30% in fiscal 2004 to meet growing demand from the spread of LCD color panels to mobile phones, personal computers and television sets. While plans for production increases vary among manufacturers, most expect demand to continue to grow for the foreseeable future. At the same time, semiconductor manufacturers in other Asian countries are also entering the market, intensifying competition. Major Japanese manufacturers include NEC Electronics, Seiko Epson, Sharp, Rohm and Oki Electric.



Orders for Vacuum Equipment Up in April-June Quarter

Orders for vacuum equipment have been rising since the second quarter of 2003. Orders in the second quarter of 2004 were up 25% year-on-year to ¥178.9 billion. Particularly noteworthy are the orders for vacuum equipment components, which were up 33% to ¥36.7 billion. Orders in 2004 are likely to renew the past record.

Consumer Electronics Chains Continue to Open Large Stores

Despite a somewhat of a slowdown in consumer electronics sales after the Olympic games, major chains continue to open more stores and refurbish their existing stores. Yamada Denki plans to open five stores in August through September and Kojima plans to open two new stores during the same period. Other major chains such as Best Denki, Yodobashi Camera, Eiden, Joshin Denki, and Sofmap also plan to open one store each.

Initial Public Offering News (For detailed information, go to: <http://www.ipotokyo.com/>)

Kawamura Cycle (TSE Mothers)

Kawamura Cycle Co., Ltd., a manufacturer of transportation equipment, will list on the Mothers market of the Tokyo Stock Exchange on October 26. The company will offer 2,000 shares to the public in its initial public offering. Of those 1,300 are newly issued shares and 700 are existing shares currently held in private. The tentative price range will be set on October 4. The fixed offering price will be announced on October 14. Mizuho Investors Securities is the lead underwriter of the offer.

ZWEI (2417 Jasdaq)

ZWEI Co. Ltd., a matrimonial agency also offering related services including bridal services and planning and management of parties and events, will list on the JASDAQ market on October 28. The company will offer 600,000 shares to the public in its initial public offering. Of those 300,000 are newly issued shares and 300,000 are existing shares currently held in private. The tentative price range will be set on October 7. The fixed offering price will be announced on October 21. Mizuho Investors Securities is the lead underwriter of the offer.



Basic Electronics Industry Statistics

| | Prod | Ship. | Inv. | Capacity utilization | H. Elec. machinery | Cons. appliances | Electronics Sector | Cons. electronics | Industrial electronics | Electronic devices | Semicon (Production) | Consumer electronics (sales) |
|------|-------|-------|-------|----------------------|--------------------|------------------|--------------------|-------------------|------------------------|--------------------|----------------------|------------------------------|
| Aug. | 91.2 | 95.8 | 87.0 | 60.5 | 1,771 | 1,165 | 14,332 | 1,577 | 5,593 | 7,362 | 3,388 | 230 |
| Sept | 94.1 | 96.4 | 82.7 | 74.3 | 2,495 | 1,313 | 18,078 | 2,314 | 7,335 | 8,430 | 3,761 | 209 |
| Oct. | 98.6 | 104.9 | 80.8 | 75.2 | 2,005 | 1,397 | 16,942 | 2,473 | 6,100 | 8,370 | 3,698 | 228 |
| Nov. | 99.4 | 99.8 | 81.8 | 74.1 | 1,913 | 1,465 | 16,360 | 2,310 | 5,897 | 8,153 | 3,611 | 244 |
| Dec. | 100.2 | 102.4 | 81.3 | 80.9 | 2,123 | 1,529 | 17,484 | 2,289 | 7,034 | 8,160 | 3,596 | 321 |
| Jan. | 102.5 | 105.4 | 81.5 | 76.1 | 1,996 | 1,396 | 15,531 | 1,517 | 6,073 | 7,941 | 3,629 | 273 |
| Feb. | 95.7 | 99.0 | 80.1 | 84.9 | 2,153 | 1,554 | 16,577 | 1,812 | 6,774 | 8,022 | 3,575 | 195 |
| Mar. | 94.2 | 95.1 | 81.2 | 108.1 | 3,233 | 1,744 | 20,681 | 2,337 | 9,428 | 8,916 | 4,021 | 241 |
| Apr. | 102.0 | 107.2 | 85.1 | 100.8 | 2,060 | 1,792 | 15,745 | 2,079 | 5,535 | 8,132 | 3,604 | 224 |
| May | 105.7 | 107.6 | 84.3 | 95.1 | 1,961 | 1,728 | 15,549 | 1,969 | 5,434 | 8,145 | 3,750 | 219 |
| June | 102.0 | 107.4 | 82.1 | 112.9 | 2,287 | 2,013 | 17,641 | 2,362 | 6,525 | 8,754 | 3,938 | 248 |
| July | 102.1 | 106.4 | 81.0 | 114.0 | 2,226 | 2,005 | | | | | | 296 |
| YoY | 12.0 | 17.8 | -12.5 | 6.1 | 10.2 | 5.4 | 9.3 | 18.1 | -0.9 | 15.7 | 14.2 | 19.8 |

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

