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InfoCom ICT Economic Report
Japanese ICT Economy Shows Signs of Recovery

Export to bottom out while inventory adjustment to spur ICT production

InfoCom Research, Inc. has released InfoCom ICT Economic Report, a quarterly analysis on ICT economic indicators between April and June 2009, under the supervision of Professor Akhiko Shinozaki of Kyushu University. The indicators show the first positive realGDP growth at 2.3% in six consecutive quarters, indicating the economy to have hit the bottom.

The report with detailed data can be accessed at <http://www.icr.co.jp/ICT/> (Japanese Only).

Japanese ICT economy in the second quarter of 2009

Export turnaround and inventory decrease revived Japanese ICT productions between April and June, 2009. Although ICT production declined in June, the amount of reduction was less than that of ICT inventory, indicating that ICT economy has entered a recovery phase. The Chinese government's domestic economic-stimulus measures have driven the digital consumer electronics demand, creating increase in electronic component exports to China. In the domestic market, additional stimulus packages by the government have increased LCD TV demand to expand the production. A key issue to be highlighted for the coming months is how the improvements in ICT productions and exports will facilitate private sector ICT investment, which is still at a low level.

Key findings from the report:

1. ICT inventory decreased dramatically. The adjustment was previously predicted to take longer than that we experienced at the time of IT bubble bursting. In June 2009, the reduction rate of Japanese total industrial production still stayed below the inventory reduction rate. However, the rate of reduction of ICT production (-21.6%) was less than the rate of decrease of ICT inventory (-22.4%), passing 45 degree line and showing signs of a recovery.
2. ICT production and export had largely declined since the fourth quarter of 2008. During the previous four months, however, declining pace of ICT production has slowed down.
3. The rate of ICT service decline bottomed out in the second quarter of 2009.
4. The amount of ICT machinery orders, which works as a leading indicator of capital

investment, has continued to decrease.

5. The ICT consumption increased driven by increase in revenues from both mobile call charges and Internet access fees.
6. With the recovery of global economy, ICT export will continue to increase and inventory adjustment to improve. The key issue is whether these trends will lead to the increase of private sector investment, which will put the ICT economy on the path to real recovery.

About InfoCom

Since its inception in June 1985, InfoCom Research, Inc. (ICR) has striven to amass data and know-how through its various operations, including specialized research in the fields of information and communication, consulting, marketing activities relating to information and communication, and conducting regional IT studies and making proposals in connection therewith. Henceforth, ICR will strive to swiftly discern the societal influence of the information and communication industries as they continue to dramatically evolve. Moreover, ICR will make every effort to accurately meet diverse societal needs by carrying out a wide range of activities, primarily research and consulting aimed at resolving problems related to information and communication.