

Three New Products May Help to Lift Japan's Economy

Refrigerators, washing machines and television sets were the “three holy durables” in Japan that helped jack up the economy in the postwar transitional period from devastation to reconstruction and then to high-flying growth. With no clear signs of economic revival in sight following the collapse of the bubble economy more than a decade ago, three durable items – digital cameras, DVD recorders and thin TVs – are drawing strong public expectations as products that may help to salvage the stagnant economy.

Digital cameras have spearheaded the booming sales. Selling briskly at mass home appliance retail stores are 3 million-pixel models, priced around ¥39,800 each. Digital camera manufacturers are operating at full capacity. Canon, Inc. saw its digital camera production almost double to 9 million

units in 2003 from 4.3 million in 2002, according to a spokesman for the company.

Also drawing consumer interest are DVD recorders equipped with hard disks that can record moving images without videotapes and plasma-display and liquid-crystal-display (LCD) TVs. These are called three new “holy durables.”

“The three new durables are genuinely playing the role of lifting the economy,” said Kikukawa Tsuyoshi, president of Olympus Corp., which is enjoying strong sales of digital cameras. “Human beings are animals that have a propensity to consume. They have all exercised their patience for the last 10 years. Gadgets with new functions such as digital cameras are stimulating consumption.”

Matsushita Electric Industrial Co.

and Sharp Corp. posted sharply higher operating profits in the first half of fiscal 2003 on the back of robust sales of DVDs and LCD products, respectively, after years of lackluster performances. With the launch of terrestrial digital television broadcasts in the three major metropolitan areas of Tokyo, Osaka and Nagoya on Dec. 1, 2003, strong growth is expected in sales of digital home appliances in the years ahead.

“We’re being backed by a following wind, namely brisk sales of digital home appliances. Japanese semiconductors have extremely high growth potential,” said Sakamoto Yukio, president of Elpida Memory, Inc., a joint venture company set up by Hitachi, Ltd. and NEC Corp., who pins high expectations on the growth of microchips for use in digital home appliances and mobile phones.