

Sony and Sharp join forces on flat-panel TVs

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Ryoji Chubachi, the Sony president, left, with Mikio Katayama, the Sharp president, Tuesday in Tokyo. Sony will take a one-third stake in Sharp's new LCD plant in near Sakai City, Osaka, Japan. (Yuriko Nakao/Reuters)

Sony said Tuesday that it would take a one-third stake in a Sharp liquid crystal display factory set for completion by March 2010, seeking to meet fast-growing demand for flat-screen televisions.

The move is the latest in a wave of alliances between Japanese makers of flat-screen televisions as they try to secure enough panels while keeping initial investments in check to fight steep price declines.

Sharp plans to turn the factory, which is to cost \$3.5 billion and would be the world's largest, into a joint venture. Sharp will own 66 percent and Sony the rest.

Sony and Sharp are the world's second- and third-largest LCD television makers, respectively, behind Samsung Electronics.

In addition to the panels, the joint venture will produce liquid crystal display modules, which are display panels equipped with components like a backlight unit and LCD driver chips. Sharp's new factory would use so-called 10th-generation glass substrates, which can yield more panels than earlier-generation, smaller glass substrates, improving production efficiency.

"Sony needed an extra source of panels because the large-size LCD TV market is growing faster than it had expected," said Park Hyun, an analyst at Prudential Investment & Securities.

"Sony is likely to continue the partnership with Samsung. Therefore Sony's diversification strategy won't have a negative implication on the alliance with Samsung."

The announcement follows Toshiba's decision late last year to buy LCD panels from Sharp. Matsushita Electric Industrial, the maker of Panasonic, said this month that it would spend ¥300 billion, or about \$2.78 billion, to build a liquid crystal display factory as it contends with strong demand for LCD televisions and tight supplies for panels.

Global demand for liquid crystal display televisions is likely to more than double to 155 million units by 2012, the Japan Electronics and Information Technology Association said last week.

Shares in Sony closed up 1.2 percent at ¥5,200, while Sharp was flat at ¥2,100. The Tokyo stock market's electrical machinery index was up 0.3 percent.

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