Sanyo vows to keep No. 1 spot in batteries

YURI KAGEYAMA - AP Business Writer - Associated Press

Sanyo is aiming to maintain its position as the world's No. 1 in rechargeable batteries in the years ahead, taking advantage of the size it has gained by allying with Panasonic, a top executive said Wednesday.

By 2015, its nearly 30 percent global share of the lithium-ion battery market will have climbed to at least 40 percent, and as high as 45 percent, predicts Mitsuru Homma, an executive vice presdient at Sanyo Electric Co.

"Sanyo has 46 years of experience in this field," he told The Associated Press at the Osaka-based company's Tokyo office. "Many companies are entering the market, but we already have gone through all the failures they will have to go through to catch up."

Panasonic Corp. bought its smaller and unprofitable Japanese rival Sanyo for $4.6 billion late last year, forming one of the world's largest electronics makers.

Lithium-ion batteries are now mostly used in gadgets like laptops and cell phones. But they are expected to become a key technology for electric vehicles and plug-in hybrids, which are still in their fledgling stages.

Kevin Chang, director of Fitch Ratings Taiwan, said the Panasonic-Sanyo combination holds potential because of its technological clout and scale.

Electric vehicle batteries will remain a small part of their overall business, but promise opportunities in the long run, he said in a telephone interview.

"Their cost efficiency will be improved as a result of their larger operating scale," Chang said.

Sanyo hopes to control about a quarter of the world market in lithium-ion batteries for such green autos by about 2020, Homma said.

Homma said Sanyo's tie-up with Panasonic, based in Osaka, can work only as a plus because production in bigger numbers leads to cost cuts, which are critical for the proliferation of the new, and still costly, battery technology for cars.

Panasonic has a joint venture with Toyota Motor Corp. to produce batteries for hybrids and electric vehicles.

But Sanyo will have the freedom to supply any automaker in the world, Homma said, while declining to name companies it was talking with.

Sanyo, which also has a strong solar-panel business, already does business with

Honda Motor Co., Volkswagen AG and Ford Motor Co.

Homma acknowledged that powerful rivals are coming from behind, such as Samsung Electronics Co. of South Korea.

In contrast, he played down the threat from longtime Japanese rival Sony Corp., which has said it will start making batteries for green vehicles, banking on technology it has gained through years in the consumer electronics business.

"There is no stopping the world trend toward electric vehicles," said Homma, noting concerns about the environment and oil prices. "We see great potential in our batteries as a key component in cars."

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