Japan rivals Sony, Panasonic typing up in next-generation displays for TVs

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TOKYO (AP) -- Long-time Japanese rivals Sony Corp. and Panasonic Corp. are working together to develop next-generation TV panels called OLEDs in a reversal of decades of rivalry as they try to catch up with South Korea's Samsung Electronics.

The companies said in a joint statement Monday they will share core technologies to develop OLED, or organic light-emitting diode, panels. They are aiming for low-cost mass production by 2013.

Both Sony and Panasonic have posted big losses after falling behind Samsung Electronics Co. and other Asian rivals in TVs. The joining of forces marks a departure from a long rivalry and highlights the pressure that Japanese manufacturers face to catch-up with Samsung in TVs.

Samsung is planning to start selling TVs with big OLED screens later this year. OLEDs use a different technology from Liquid Crystal Displays and delivers very clear, vivid imagery.

Fitch Ratings said the Sony-Panasonic tie-up underlined "the fall of Japanese tech companies," as such a tie-up was previously "unthinkable."

"Japanese OLED investment is better late than never," said Alvin Lim, Associate Director at Fitch. "While consumer demand for OLED is still unproven, without investment Japanese manufacturers could become stranded in the TV market should this technology become mainstream."

Sony was the first in the world to sell an OLED TV, with its 11-inch model in 2007, but it wasn't a strong seller, partly because of its small size.

Sony buys liquid-crystal displays from other manufacturers. It ended its joint-venture with Samsung to make LCDs earlier this year as panel prices fell and it became more cost-efficient to buy from other makers.

Both Sony and Panasonic reported record losses for the fiscal year ended March 31. They took a battering from plunging prices and a soaring yen, which puts the Japanese at a disadvantage against the Koreans, in price competitiveness.

Analysts say the Japanese could also be hit by Apple Inc.'s foray into TVs that may come in a couple of years. Apple has already eroded the profitability of the Japanese electronics makers with its hit iPod, iPhone and iPad devices.

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