
Furukawa Electric and SWCC to integrate their sales divisions

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It is reported that Furukawa Electric Co Limited and SWCC Showa Holdings Co Limited have agreed to integrate their sales divisions for general purpose electric wires for the construction and electrical appliances markets.

As per report, the main companies to be integrated are Furukawa Elecom Co Limited, a wholly owned subsidiary of Furukawa and the Sales Division for general purpose electric wires for the construction and electrical appliances markets and equipment associated with electric wires of SWCC Showa Cable Systems Co Limited, a wholly owned subsidiary of Showa HD.

Background and objectives of integration is that demand for copper electric wires in Japan has been gradually declining since peaking at the end of the bubble economy in the early 1990s. Demand for fiscal 2007 was down 30% from the peak demand of 1.2 million tones in fiscal 1990. Even in the construction and electrical appliances markets, where demand remains relatively steady, a gradual decline is apparent, with demand in fiscal 2007 down 8% from the 410,000 tons sold in fiscal 1990. Given these conditions, and the slump in housing starts resulting from the revision of the Building Standards Act and the decline in capital spending that followed the simultaneous global recession stemming from the United States, demand for electric copper wires is expected to remain weak for the foreseeable future. Moreover, an ongoing decline in Japan's birth rate will likely mean that industrial development and demand for construction businesses will contract further.

In response to these challenges, Furukawa and Showa HD have been taking vigorous steps to improve and reform their group operations. However, both companies recognized that their earnings were unlikely to improve through individual initiatives, and consequently agreed to integrate their sales companies. Under this agreement, a new, jointly run sales company will consolidate and streamline the sales and logistics facilities of the two companies, initiate centralized production and inventory control, and seek to improve delivery services and the product lineup, as a way of providing quality services to customers. By capitalizing the characteristics of the two companies as general suppliers of equipment related to electric wires and products associated with power supply and distribution in the construction and electrical appliances markets, we will aim to demonstrate our ability to propose solutions that respond to market needs.

Scope of business integration is that brands of major products (IV, CV [below 6.6kV], CVV, VVF, VVR and associated environmentally friendly electric wires) are expected to be integrated, along with the sales operations of other general purpose electric wires and equipment related to electric wires handled by Furukawa Elecom and Showa CS.

(Sourced from www.wireworld.com)

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