Growing Production & Potential
Glass manufacturer NEG has increased its investment in Korea over the years

At a time when investors may wonder whether geo-political risks related to North Korea pose a real business threat, or whether the plunging Japanese yen changes the investment landscape, for Japan’s Nippon Electric Glass (NEG), it’s business as usual in Korea. Better than usual, in fact.

Paju Electric Glass (PEG), jointly established in 2005 by the glassmaker NEG and Korea’s LG Display, reported sales of KRW 1.11 trillion (USD 982.7 million) last year.

In May of 2012, NEG established Electric Glass Korea Co., Ltd. (EGKr), a manufacturing subsidiary for flat panel display glass substrates, and started building a liquid crystal display (LCD) glass substrate manufacturing plant in Korea with a first-phase investment of USD 500 million. NEG’s first such overseas plant, it is located in Paju’s Dangdong Industrial Complex and expected to begin operations next month.

In January, NEG decided to make a second-phase investment of USD 440 million for a second glass-melting furnace, also in the industrial complex. Construction of the facility began this month and is expected to be completed next June.

Also in the works are plans for a third-phase investment of USD 500 million by NEG, the world’s third-largest LCD glass substrate manufacturer.

“Korea is a very important market for NEG,” said Maeda Shigehiko, President of PEG. “LG Display is one of our major clients, plus Korea’s business environment is ideal for us in many ways. So it makes sense to increase our investment and production in Korea.”

The business factors Maeda refers to include the great growth potential of Korea’s electronics industry, excellent business environment and relatively low costs for raw materials, electricity and labor compared to Japan’s.

More importantly, with Korean companies considered global trendsetters, NEG’s strategy is to cooperate with them to rapidly identify market trends and respond to customer demand. NEG’s sales in Korea account for 50 percent of the company’s total sales of LCD glass.

“Expansion in Korea is important for NEG, in terms of responding to market changes and achieving sustainable growth,” said Maeda, adding that NEG is focused on relocating production resources within and beyond Japan to reduce the risks of concentrating on one area and improving business competitiveness.

Since its establishment in 2005, PEG has dealt with the post-production processes of glass substrates used for LCD products. NEG sends raw glass to PEG, which processes and supplies 7th generation (1950mm x 2240mm) and 8th generation (2200mm x 2500mm) LCD glass mainly to LG Display. PEG has six production lines, with each producing 150,000 LCD glass panels monthly.

Located just five kilometers from the border between South Korea and North Korea, PEG has helped activate Paju’s economy and create jobs, employing 220 people.

“With the growth of LG Display, PEG also grew,” said Maeda. “And the support we’ve received from Paju City in terms of investment incentives and more have been major benefits.”

Once operations get underway in the new plants in Paju, manufacturing and processing will be able to be completed locally without the need to bring in glass substrates from Japan. Increased production capacity will mean an increase in possibilities.

“Developing a new product which can be applied to the next-generation products of panel companies is our long-term goal,” said Maeda.

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- Nippon Electric Glass was founded in 1949.
- The company is headquartered in Shiga, Japan.