

Japan chipmakers NEC Electronics, Renesas to merge

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A stand for Japan's electronics giant NEC at an exhibition in Yokohama in January. NEC Electronics and Renesas Technology announced plans for a merger to create the country's largest semiconductor maker, as they seek a way out of the global economic downturn.

NEC Electronics and Renesas Technology announced plans for a merger to create Japan's largest semiconductor maker, as they seek a way out of the global economic downturn.

The two firms aim to integrate their operations by April 2010, becoming the world's number three chipmaker behind Intel Corp. of the United States and [Samsung Electronics](#) Co. of South Korea.

The decision was made "in light of fierce global competition in the

[semiconductor market](#)," they said in a joint statement.

Demand for computer chips used in electronic gadgets, cars and other products has been battered by the global [economic downturn](#).

The two firms said they would try to improve their finances and operations before merging, so that the new firm would stand on a solid footing in the volatile chip market. They aim to sign a merger agreement in July.

"Upon completion of these structural reforms, the two companies will integrate their operations to achieve synergies and boost profitability," the statement said.

Renesas, the second-biggest Japanese chipmaker after Toshiba, is a joint venture between Hitachi Ltd. and Mitsubishi Electric Corp. NEC Electronics, ranked third in Japan, is a subsidiary of leading high-tech company NEC Corp.

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