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# GLOBAL ELECTRONICS

# INFORMATION NEWSLETTER

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## BORDER PLANT CLOSES

One of the problems with low-wage assembly plants is that companies that set up shop to lower costs are likely to move their operations when they find an even less expensive location. This is exactly what Acapulco Fashion, a subsidiary of Figure Flattery International Brassiere Company, has done in Mexico. Four hundred Mexican seamstresses, the remainder of a workforce of more than 2500, are battling to regain their jobs at Ciudad Juarez.

The workers' problems began in 1977, when Acapulco Fashions established another plant, further south, in the city of Zacatecas, where wage rates are lower. Because Mexican law requires companies to pay severance pay, the company sped up production and put other pressures on employees to encourage them to "resign voluntarily." In July, 1981, the company withheld wage payments, but the workers refused to resign. Finally, on July 24, the workers were locked out.

To prevent the company from removing its assets from the plant, the workers are maintaining a round-the-clock vigil.

## MAJOR BIBLIOGRAPHY

The Program in United States-Mexican Studies at the University of California at San Diego has produced a 130-page bibliography on offshore assembly plants. Though written in Spanish, the bibliography contains many English-language sources. The authors, Jorge Carillo V. and Alberto Hernandez H., focus on Mexico's *Maquiladoras*, but the scope is worldwide.

Entitled *La Industria Maquiladora en Mexico: Bibliografia, Directorio, e Investigaciones Recientes*, the Monograph (No. 6) may be ordered from the Publications Coordinator, Program in U.S.-Mexican Studies, Q-060, UCSD, La Jolla, CA, 92093, U.S.A. for US\$6.00 (domestic postage included). Checks should be made payable to the U.C. Regents.

## TANDON TO SINGAPORE

Tandon, a Southern California (Chatsworth)-based manufacturer of disk drives for computer peripheral memory devices, has announced plans to lease an assembly plant in Singapore. The company is also building a plant in Singapore to produce parts, but it will ship assembled drives back to the U.S. for testing.

## WACKER IN PORTLAND

Wacker Chemical, the world's leading supplier of silicon for semiconductor production, has been operating a plant in Portland, Oregon since late 1979. The company, an affiliate of the German chemical giant Hoechst, was originally drawn to Portland by \$3.75 million in U.S. government training funds, "millions more in up-front dollars for property acquisition," and municipal infrastructure investment.

As the company originally promised, it has provided jobs for hundreds of "hard-core unemployed," urban poor who were trained by Wacker employees at Portland Community College.

But Wacker Siltronic, as the local subsidiary is known, has had problems, too. Workers complain of symptoms such as nausea and dizziness, the result of exposure to trichloroethylene, butyl alcohol, and other solvents.

Employees, backed by the International Chemical Workers, began an organizing drive. They signed up 140 workers, more than 30% of the workforce, enough to force a representation election, but the company contended that some of those signing had quit or had been fired. (The union is challenging the firing of at least one activist.) The National Labor Relations Board agreed with the company, counted less than 30% of the current workers, and refused to hold an election. (Willamette Week, June 22, 1981.)

## NATIONAL SEMI SLOWDOWN

National Semiconductor, one of several IC makers which have shut down production for short periods this summer, has also slowed its expansion plans. It has halted construction at with the foundation already in place at its Arlington, Texas (near Dalla) wafer fabrication facility. The Arlington plant, which is expected to eventually employ 1,500, was originally planned for Vancouver, Washington, but the company shifted sites when Mt. St. Helens polluted the air with volcanic particles. (Electronic News, July 27, 1981)

## IRELAND RECRUITS

Ireland, which already hosts electronics firms with 15,000 employees, hopes to expand that to 40,000 by 1986. The Irish Industrial Development Authority has unleashed a US\$50,000 radio, print, and billboard advertising campaign in Silicon Valley to attract U.S. investors. IDA spokesman Duncan Collins told the *San Jose Mercury* (June 10, 1981) "Firms that build plants in Ireland should not have to pay Irish taxes at least until the end of this century if those companies 'manage their books right.'"

*Electronics News* (August 3, 1981), provides a detailed comparison of government drives to recruit foreign electronics firms to Scotland and Ireland. It reports that Scotland has been able to attract more front-end (wafer fabrication) plants while "Ireland is evolving with a cluster of assembly sites, hoping that these will be later enhanced by wafer fab." However, only one such assembler, Analog Devices, has phased in the more capital-intensive front-end production.

## N.C.R. GOING MERCHANT

Most major producers of computers and electronics equipment have expanded their captive production of integrated circuits in recent years, but NCR (formerly National Cash Register) has announced plans to go a step further. Already producing about \$50 to \$60 million in chips per year for its own use (ranking it fourth or fifth among U.S. captive producers), NCR hopes to sell semi-custom logic chips and nonvolatile memories on the open market. *Business Week* (July 13, 1981) reports that competitors have suggested that the company may not be a serious merchant (i.e., non-captive) producer. It cites one executive, who said, "As soon as NCR's computer business turns up, the capacity will be demanded by their inside operations, and they won't support the outside market."

## PHOENIX RESEARCH CENTER

Add Phoenix, Arizona, to the areas of North America that are competing with Silicon Valley by creating advanced research and development complexes. Arizona State University, the state government, and Phoenix-area business leaders are planning a Center for Excellence in Engineering. A 48-member Advisory Council headed has recommended the 5-year expenditure of \$32 million to create 68 new faculty positions and 120,000 sq. ft. of new research space. The Council includes executives from Motorola Semiconductor, Intel, GTE Semiconductor, ITT, Digital Equipment, Beckman Instruments, Honeywell, Sperry, and Western Electric. (Semiconductor International, June, 1981)

## MICRO ELECTRONICS

In general, electronics manufacturers in Asia are owned by U.S., Japanese, or European firms. Hong Kong-based Micro Electronics, however, is not only owned by the local Zau family, but it holds 42% of Silicon Valley-based Monosil. Micro Electronics is run by Bernard and Ronny Zau, both trained as engineers in England. They originally obtained local bank financing in 1964 only when their father, a former Shanghai textile businessman, guaranteed the loans. Now their company has annual sales of US\$30 million, including "electronic games for Mattel, watches for K-mart, and components for customers that include Sony and ITT." In addition, Micro assembles and tests Monosil's chip output. (Fortune, August 10, 1981)

## SUSUMU TO MINNESOTA

Susumu, a Japanese manufacturer of resistors, hybrid circuits, and other components, is building a \$1 million plant in North Mankato, Minnesota. Called Thin Film Technology, the plant will employ about 50. Among its original facilities, Thin Film will include a small dormitory for Japanese engineers. (Electronics News, July 27, 1981)

## INTEL

Despite its current financial problems, Intel continues to expand. In June it announced plans to construct an IC plant in Chihuahua City, Mexico, where it "expects to spend \$20 million to buy the land and equip a 90,000-sq. ft. facility." Scheduled to open in 1982, the factory will eventually employ 1500.

In July the company announced another new facility, this time a \$7 million, 60,000-sq. ft. microcomputer plant at Las Piedras in Puerto Rico. Scheduled to open in 1982, it will employ 125 workers. It is adjacent to a smaller, 46,000-sq. ft. Intel assembly plant, which already employs 250, and the site for a test facility which will employ an estimated 300. Intel currently operates offshore plants in Malaysia, the Philippines, and Barbados. (San Jose Mercury, June 17, 1981; and Electronics News, July 20, 1981)

## HOERNI'S NEWEST VENTURE

Jean Hoerni, one of the eight men who founded Fairchild Semiconductor, and later moved on to form Intersil and Eurosil, is at it again. His new firm, Telemos, will be based in France, but it will have facilities in Silicon Valley as well. Like many other recent start-ups, Telemos will begin by producing gate arrays, semi-customized integrated circuits. (Electronics, March 24, 1981).

## HAITI

Though no semiconductor plants are located in Haiti, the impoverished Caribbean nation still hosts a number of other assembly plants. Miami-based DAK Industries, a contractor that assembles electrical equipment for other companies, has opened a \$400,000 facility, to employ 140 workers, in Port-Au-Prince. About 60 DAK employees assemble printed wiring boards, transformers, and electro-mechanical devices in Miami. (Electronics News, July 13, 1981)

## PLEASE SEND INFO

Most of the material in this newsletter comes from two types of sources. First, PSC staff monitor trade and news publications for news on the semiconductor and related industries, and we select the most pertinent items for the newsletter. Second, correspondents around the world submit either clippings from local publications or original information about the industry. We value these submissions, for they are our primary source on working conditions and worker activism. We greatly appreciate this information, and urge other newsletter subscribers to participate in this ongoing exchange of news.

## SUB RENEWALS

PSC has been publishing this newsletter for one year. Therefore, many subscriptions are due for renewal. If you subscribed beginning with the third issue, even if ordered later in the year, please send in your renewal.

We have circled, on the back of this issue, the address labels of subscribers we believe to be due for renewal. However, our records, particularly those covering early subs, are not quite complete. If we have erred, please let us know. If you have an exchange or complimentary subscription, please remind us.

The basic subscription rate remains US\$5.00 per year. Foreign subs cost an additional US\$5.00 to cover air post, while Canadian and Mexican subscribers need pay only US\$1.25 for first class delivery. Thus, subscription rates are \$5.00, \$10.00, and \$6.25.



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