
GLOBAL ELECTRONICS

INFORMATION NEWSLETTER

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FOREIGN CONTENT CONTINUES DECLINE

In the June, 1980 (No. 1) issue of this newsletter, we cited Commerce Department figures showing that the share of foreign content in re-imported semiconductors (components covered by items 807 and 806.30 of the U.S. Tariff Code) was declining.

More recent figures bear out this trend. In 1978 U.S. imports of semiconductors rose to \$1.8 billion. \$1,478,535,000, or 82% of that total was imported under 807 or 806.30. \$386,705,000 represented U.S. content, re-imported., while \$591,830,000 represented foreign value added (dutiable value). Thus, the foreign content dropped from 54% in 1976 and 45% in 1977 to 40% in 1978. ("Import Trends in TSUS Items 806.30 and 807.00," U.S. International Trade Commission Publication 1029, January, 1980).

COMPANIES EXPECT SHORT RECESSION

Though U.S. semiconductor firms are finally feeling the effects of the current recession, they expect the current sales slowdown to be short-lived. They are still investing in new facilities, expecting continuing rapid growth through the 1980's. See *Business Week* (July 21, 1980) for a more detailed projection.

AUSTRALIA JOINS SILICON SWEEPSTAKES

The University of New South Wales in Kensington (Sydney), Australia, has announced plans to manufacture the first silicon wafers in Australia, for eventual commercial use in solar panels and semiconductors. (*Semiconductor International*, July-August, 1980)

Not too long ago (June, 1980), an Australian economic mission visited Silicon Valley to encourage American electronics firms to locate in the Australian capital of Canberra. The team stressed Australia's convenient location, near Asia. Mission spokesman Neville Whiffen told the *Peninsula Times Tribune*, "We are saying that we are sitting at the base of the Pacific Basin."

LEVI'S IN THE PHILIPPINES

One can order a four-page illustrated brochure on the international sexual division of labor at Levi Strauss (the famous, San Francisco-based denim jean manufacturer) focusing on work in the Philippines, from Cynthia Enloe, c/o Government Department, Clark University, Massachusetts, 01610, U.S.A. Rather than money, please send stamps (from within U.S.) or "hard-to-get women's newsletters."

SRI LANKA

The Greater Colombo Economic Commission, in Sri Lanka (Ceylon), has put together a package which is proving attractive to offshore manufacturing ventures. Between July, 1978 and November, 1979 the GCEC approved 83 projects from 25 countries, representing an investment of US\$150 million. The Commission reported 13 factories in production and 23 under construction. It projects eventual export sales of US\$400 million annually providing 33,000 jobs.

Textile companies are most active, with companies from Taiwan, South Korea, Hong Kong, and Singapore establishing operations in Sri Lanka to avoid the quotas placed on their operations by the developed countries, but the GCEC reports export factories in product lines ranging from cashew processing to yacht building. It reports--without naming any company--one or more assemblers of microprocessors.

Here's what the GCEC offers at Katunayake, the first of three export processing zones, in its brochure and ads in publications such as the *Wall Street Journal*, *Far Eastern Economic Review*, and *Electronic News*:

1. A ten-year tax holiday;
2. Modern infrastructure, including Colombo's adjacent international airport, telecommunications, and low-cost utilities;
3. Desirable but inexpensive living conditions for expatriate English-speaking executives; and
4. An educated, English-speaking, highly productive workforce, "among the least expensive in Asia."

The minimum daily wage rates, for 1979, in "engineering" were

skilled	US\$1.10
semi-skilled	US\$1.05
unskilled	US\$1.00
trainee	US\$0.80

SINGAPORE VENTURE

Singapore continues to lead Asian nations (excluding Japan) in semiconductor sophistication. Nanotek, a new subsidiary of the privately held Robin Group, plans to supply photomasks for wafer fabrication from a new, 15,000 square-foot plant in the Jurong Industrial Estate. The plant will serve a reported 11 companies already doing some type of wafer fabrication in Singapore, as well as operations elsewhere. (*Semiconductor International*, July-August, 1980)

While this is a major advancement for Singapore, it is important to recognize that the most sophisticated forms of wafer fab remain in the U.S. and Japan.

INTEL TO ISRAEL

INTEL, which has employed up to 50 people at an integrated circuit design center at Haifa, Israel, since 1974, plans to establish its first overseas wafer fabrication plant in Jerusalem. (*Electronics*, July 31, 1980). National Semiconductor also operates a design center in Israel. *Electronics* (October 25, 1979) explained, citing an American electronics executive, "R&D in Israel costs 25% of what it costs in the United States," because professional salaries are lower and the government subsidizes development.

MOSTEK--COMING HOME

MOSTEK, recently acquired by United Technologies (formerly United Aircraft), is planning to shift all read-only memory (ROM) package assembly work from its Malaysian assembly plant to its Carrollton, Texas headquarters by early 1981. *Electronics* (July 17, 1980) reports that the company plans to reduce lead times by "two to three weeks or more."

TMX SHIFTS PRODUCTION

Ibon (Box 1283, Manila) reports that TMX, a wholly owned subsidiary of U.S. watchmaker Timex, is reducing employment at its Quezon City (Manila area) plant as it brings on line its new factory at the Mactan Export Processing Zone (near Cebu City, also in the Philippines). Approximately 1,800 of the 4,400 employees in Q.C. have been terminated this year. *Ibon* (July 31, 1980) reports, "Workers suspect that this is a move to make Cubao merely a warehouse or a city office . . ."

Ibon also describes a series of raffles and bonuses used by the company to enhance productivity at the watch assembly plant.

STANFORD MICROSYSTEMS

STANFORD MICROSYSTEMS, a locally owned assembly subcontractor in the Philippines, is expanding again. Already the largest electronics company in the Philippines (ranked by sales), it is building a new, 75,000 square-foot plant near Manila. *Semiconductor International* (July-August, 1980) reports that the facility features full humidity and dust controls, de-ionized water systems, and a self-contained machine shop. More significant, the plant will automate all bonding operations using lead.

SUBSCRIPTIONS

For those who can afford them, one-year subscriptions to the newsletter are US\$5.00 (US\$15.00 international airmail).

SIGNETICS

SIGNETICS, of Sunnyvale, California, is planning to expand integrated circuit assembly in Thailand with a new plant to be completed in early 1981. Signetics currently employs 1500 people in Bangkok, producing \$10 million worth of integrated circuits a year. It expects to double its production capacity with the new plant. Signetics, which is owned by PHILIPS (Netherlands), operates assembly plants in the Philippines, South Korea, and Taiwan as well.

Already under fire from U.S. agencies for unhealthy working conditions, Signetics faced an unforeseen health problem, this July, directly related to its foreign production. Reportedly, from one to three employees at its Sunnyvale plant contracted typhus fever after being bitten by fleas that arrived with components from the company subsidiary in either Thailand or Korea.

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