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# GLOBAL ELECTRONICS INFORMATION NEWSLETTER

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## I.B.M.-ROLM

Subject to final approval by Federal authorities and stockholders, IBM and ROLM have agreed to merge. This September IBM formally offered to buy the rest of the Silicon Valley firm for \$1.3 billion. IBM had purchased 15% of Rolm's stock in June, 1983, and it later upped its share to 23%. The agreement replaces an IBM pledge to hold its acquisitions to 30%.

IBM had bought into ROLM, which manufactures telecommunications exchanges as well as military computers, to strengthen its position vis-a-vis the newly deregulated AT&T and others in the "informatics" industry, the combination of computers, communications, and components. As part of the original deal, IBM began to market ROLM's switchboard products and the two firms undertook joint product development.

The half-marriage did not work, however, as ROLM and IBM employees engaged in "internal territorial battles." Seeing no resolution, Rolm president M. Kenneth Oshman requested merger talks this summer.

Nineteen Rolm officers and directors should gross an estimated \$200 million from the deal. Oshman will make almost \$51 million. However, the particular form of the merger is expected to hit most private shareholders with a sizable tax bite. (San Jose Mercury News, October 11 and 14, 1984)

## DESIGN PROTECTION

This October Congress finally enacted legislation intended to protect chip producers from design piracy. Congressman Don Edwards (D-San Jose), who sponsored the bill on behalf of high-tech industry, explained the need for the Semiconductor Protection Act last year, "The layout and design process, and the preparation of the photographic 'masks' used to etch, deposit layers on, and otherwise process the chips often take the innovating chip firms years, consume thousands of hours of their engineers' and technicians' time, and cost millions of dollars."

Edwards added, "Yet, a pirate firm can photograph the chip and its layers and for a cost of less than \$50,000 duplicate the mask work of the innovator. Because the pirate firm does not have the enormous development costs borne by the innovator, the pirate firm can undersell the innovator and flood the market with cheap copies of the chip." (Congressional Record, February 24, 1983, p. H643.)

It took about six years for Congress to pass such legislation, largely because chipmakers themselves could not agree on the appropriate level of protection.

The new law extends copyright protection to the masks, or photographic templates, used in wafer fabrication. It does not, however, outlaw reverse engineering, the determination of a chip's design by studying it electronically.



## TELEVISION TRADE

The American television apparatus industry, which includes TV receivers as well as transmission, cable, and satellite systems – but excludes cameras – is growing. Employment rose from 53,500 in 1981 to 65,000 in 1983. The number of TV-receiver production and related workers, however, fell from 21,600 to 18,600 during the same period, despite the start-up of new U.S. assembly operations by one South Korean and one Japanese firm.

In 1983 imports represented one third of the apparent U.S. consumption (valued at over \$8.4 billion) of non-camera TV apparatus, the same share as in 1979. Imports of monochrome TV sets accounted for 97% of U.S. consumption (which totalled \$254 million), a new high. Imports of color TV receivers represented only 17% of U.S. consumption (\$4.6 billion), but that share is up dramatically from 9.2% in 1979.

Japan, Mexico, Taiwan, South Korea, and Singapore are by far the major sources of TV and related imports, with 91% of the total. Taiwan and South Korea are primarily sources of completed TV sets; Mexico supplies incomplete receivers as well as “other” goods (transmission, cable, satellite, etc.); Singapore chiefly exports incomplete receivers; and Japan is strong in all four categories.

Japan	\$853,683,000
Mexico	\$694,932,000
Taiwan	\$481,901,000
South Korea	\$357,813,000
Singapore	\$198,124,000

U.S. exports in all categories remain low, totalling \$551 million for all TV apparatus (except cameras) in 1983. (“Television Apparatus, Except Cameras,” **Summary of Trade and Tariff Information**, U.S. International Trade Commission Publication 841, Control No. 6-5-33 [Supp.], September, 1984)

## BRAZIL

Protectionist Brazil has enacted further restrictions on foreign computer companies. The Brazilian Congress has enacted legislation extending the country’s ban on computer imports for another eight years. The bill, reports **Business Week**, (October 22, 1984) “also could broaden the embargo to include all items containing microchips.” In addition, only companies entirely owned by Brazilians will now be able to produce small computers in Brazil.

The legislation, which also shifts enforcement from the military to a civilian commission, received support from leftist politicians as well as rightist military officers. (See also **San Jose Mercury News**, October 9, 1984)

## FUJITSU FUGITIVE

Following the failure of the California legislature to eliminate the unitary method of calculating corporate taxes on foreign income (see Issue no. 45), Japanese electronics giant Fujitsu announced that it will build new plants in Oregon, rather than California. Fujitsu plans to build two factories, employing about 1,000 people, in Portland to produce disk drives and semiconductors.

## DIGEST

Michael Eisenscher, former Silicon Valley organizer for the United Electrical, Radio, & Machine Workers, has prepared a 26-page report, “Silicon Valley: A Digest of Electronics Data.” Single copies may be ordered for \$3.00 by individuals, \$5.00 by non-profit organizations and unions, and \$10.00 by businesses, trade organizations, and agents. There is a \$.50 shipping charge, plus California sales tax for California orders. Order from **Silicon Valley: Digest**, Michael Eisenscher, 138 S. 20th St., San Jose, CA, 95116.

## ENVIRONMENT

PSC Director Lenny Siegel's article, "High-Tech Pollution," describing Silicon Valley's reaction to groundwater pollution from the electronics industry, appears in the November-December, 1984 edition of *Sierra* magazine, published by the Sierra club.

Despite the widespread coverage of high-tech's environmental dangers in the Bay Area, the risks of electronics production have somehow failed to leak out to other areas where the industry is just getting started. Just as the *Sierra* article was coming out, the **San Jose Mercury News** (October 31, 1984) quoted an elected official from Santa Barbara County (California), "if you're going to have industrial growth, [high-tech] is probably the best kind to have. It's clean and it doesn't cause any air pollution other than the cars that drive' to and from work . . ."

## INFLATION

The basic subscription rate for the **Global Electronics Information Newsletter**, which has remained US\$5.00 per year since we first published it in 1980, will rise to US\$10 per year effective January, 1985. There will also be a slight additional increase in subscriptions to Canada and Mexico, to cover actual postage costs. The new rates are:

United States: \$10.00

Canada and Mexico: US\$12.00

Overseas: US\$15.00

We also plan to expand the coverage of the newsletter to include reports on the **use of** computers and semiconductors, in addition to design and production issues. Furthermore, at some time early in 1985 we hope to enlarge the format as well.

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