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DOMESTIC CHIP ASSEMBLY

Intel announced this March that it plans to follow the example of Fairchild and Motorola in assembling some of its chips within the U.S. Applied Micro Circuits, a semi-custom chip-maker based in San Diego, California, has begun domestic assembly as well.

But don't count out foreign assembly plants yet. Offshore chip assembly is still growing, too. The automated production techniques which are making domestic assembly feasible can be used abroad as well. Automated plants do require a greater percentage of technicians, compared to assemblers, than labor intensive facilities, but many offshore sites offer cheap technical labor as well as a large semi-skilled workforce.

When the next semiconductor industry downturn occurs, look for a re-alignment in the international division of labor, but it might not be a shift back to the U.S. Rather, those sites - Indonesia, for instance - which remain labor intensive because of the shortage of low cost technicians and skilled workers, may lose work to other offshore locales.

Kras Corp., a manufacturer of automatic encapsulation equipment, is betting on Far Eastern assembly. It is closing its Silicon Valley production site, laying off 50 workers, and shifting production to Fairless Hills, Pennsylvania, where it is headquartered, and to Hong Kong, to be closer to its customers. (*Electronics News*, March 5, 1984)

Meanwhile, chemical manufacturer Olin has purchased 45% of Indy Electronics, which is the only established U.S. semiconductor assembly subcontractor. Olin is already involved in the semiconductor industry as a supplier of chemical and metallic inputs.

Four-year old Indy currently employs 750 people in Manteca, about 50 miles East of Silicon Valley. It plans to build a new assembly plant in Scotland this year, as well. Indy serves computer manufacturers, such as NCR and DEC, which fabricate their own chips. (*Electronics News*, March 19, 1984)