

## In Brief

LG Electronics and Nortel Networks will form a joint venture to develop equipment for 3G wireless networks based on W-CDMA technology. LG ([lge.com](http://lge.com)) will hold just under 50%, and Nortel ([nortel.com](http://nortel.com)) will have 50% plus one share. The JV is named, for now, LG-Nortel Networks.

Teradyne ([teradyne.com](http://teradyne.com)) will lay off 320 employees from its Connection Systems and Assembly Test divisions and relocate in Poway, CA, as part of an effort to cut expenses. The company will take an \$11 million charge.

Hong Kong-based Schmidt & Co. (H.K.) Ltd. will provide sales and services support for Speedline Technologies' ([speedlinetech.com](http://speedlinetech.com)) Electrovert wave, reflow and cleaning equipment and MPM stencil and screen printing systems in Taiwan and mainland China.

Solectron ([solectron.com](http://solectron.com)) will close one of its four factories in Malaysia in May and pay a reported \$1.6 million to the 750 displaced staff. The Johor plant was no longer viable due to customers' changing needs, a local report said.

TÜV America Inc. ([tuvamerica.com](http://tuvamerica.com)) has renamed its product safety division Product Safety Services. Formerly Machinery, Information Technology and Consumer Products (MIC), the group provides electrical and mechanical safety evaluations for U.S., Canadian and European certifications.

FocalSpot Inc. ([focalspot.com](http://focalspot.com)), a provider of BGA/SMT inspection and rework products, has expanded distribution, service and support to Taiwan, the U.K., Australia, New Zealand, Canada, Puerto Rico and additional U.S. regions.

Nu Horizons Electronics Asia Pte. Ltd. ([nuhorizons.com.sg](http://nuhorizons.com.sg)) will distribute Austriamicrosystems' ([austriamicrosystems.com](http://austriamicrosystems.com)) ASSP and standard linear IC products in the Asia Pacific.

## Nam Tai Adding 1000 Workers in Shenzhen

Shenzhen, China – Nam Tai Electronics, facing a sharp uptick in orders, will recruit 1,000 new workers this quarter for its manufacturing sites in Shenzhen. The addition will bring the total number of employees to 6,600 by the end of March.

The company has also upgraded its chip-on-board technology to include gold wire ball bonding for manufacturing CMOS image sensor modules at megapixel quality. CMOS image sensor modules are used in 3G camera phones

"There is a growing demand for CMOS image sensor modules with better image quality," said Joseph Li, chief executive, in a press release. "With the ongoing advancement of our manufacturing capabilities, we believe that Nam Tai is well positioned to respond to the demand from the fast growing electronic manufacturing industry, especially the optical device area, and to capture more business opportunities arising in this area."

Separately, a subsidiary of Nam Tai ([namtai.com](http://namtai.com)) has relocated to a new 600,000 sq. ft. factory in Shenzhen. J.I.C. Technology's ([jic-group.com](http://jic-group.com)) new factory in the countryside of Baoan County is twice the size of its former plant. The manufacturing space is now 416,000 sq. ft., up from 152,000 sq. ft.

JIC also installed new chip-on-glass (COG) machines and upped capacity of COG and tape automated bonding with anisotropic conductive film products by 150%.

The former factory in downtown Baoan County was not suitable for high-tech operations and had limited space available for expansion.

Nam Tai reported fourth-quarter sales rose 40% to \$150 million, a new record. For the year, sales topped \$530 million, up 30% over 2003 sales. January sales were \$58.5 million, beating the EMS provider's previous high, set the month before.

## Are Chinese Workers 'Waging' a Pay War?

Guangdong Province, China – Are wages among factory workers in China about to rise? Reports from several news sources seem to indicate that a massive shortage of manpower, coupled with modest inflation of the national currency, will lead to higher costs for manufacturers later this year.

Global Sources ([globalsources.com](http://globalsources.com)) in January said that inflation is ahead due to anticipated appreciation of the China's currency, the yuan, against the U.S. dollar. The timing is especially bad for the region, which has endured steady price inflation and flat wages. Local companies are facing persistent labor shortages and China has been recording more than 2 million vacancies annually, Global Sources said.

Separately, a report said the local government is set to raise salaries for workers by 16.7%, to \$70 a month. The rate hike would go into effect May 1, DigiTimes said, citing Taiwanese companies with investments in Guangdong. It would mark the second hike in a year; last year wages rose about 14%.

Average monthly wages of consumer electronics assembly workers range from \$85 to \$120, with a large percentage coming from overtime work, Global Sources said. The heavy hours are taking a toll, however, and workers are leaving in droves for lower pressure climates.

Guangdong Province is home to Dongguan, Shenzhen, Zhuhai, Zhongshan and Guangzhou. The labor shortage there has lasted a year, and some firms are resorting to "sizeable" salary increases to attract workers. However, said Global Sources, the vast majority of companies are opting to improve facilities and amenities, adding air conditioning, karaoke rooms, swimming pools and better dormitories.

## Kemet Alleges AVX Infringement, CEO Quits

Greenville, SC – Kemet Corp. has filed a lawsuit against AVX Corp. to protect trade secrets relating to the development and manufacture of tantalum polymer capacitors. Kemet seeks damages and an injunction. Separately, Jeffrey A. Graves resigned Jan. 26 as Kemet's CEO. No reason was made public but the company has faced declining revenues and inventory problems.

In the lawsuit, filed in South Carolina court, Kemet ([kemet.com](http://kemet.com)) alleges that AVX ([avx.com](http://avx.com)) had access to trade secrets after hiring a scientist from Kemet's technology group. The suit alleges that through this scientist, AVX learned certain trade secrets related to tantalum polymer capacitor manufacturing. AVX has since introduced similar products, Kemet said.

## In Brief

Draper Laboratory, the U.S. Navy's prime contractor for guidance-related engineering, and Goddard Space Flight Center have selected Glenbrook Technologies' ([glenbrooktech.com](http://glenbrooktech.com)) x-ray inspection systems.

DiagnoSYS Systems ([diagnosys-usa.com](http://diagnosys-usa.com)) named The EMC3 Group (Clermont, FL) as sales rep for its line of board testers and AOI equipment in Florida, Puerto Rico and Costa Rica.

EMS provider TTems ([ttems.com](http://ttems.com)) won a £6 million, 10-year contract to build sonobuoys for Ultra Electronics' Sonar and Communication Systems ([sonarsystems.com](http://sonarsystems.com)).

Agilent Technologies ([agilent.com](http://agilent.com)) will buy closely-held Wavics, a Korea-based designer and manufacturer of power amplifier modules for mobile handsets.

Panasonic Industrial Co. ([panasonic.com](http://panasonic.com)) named Arrow Electronics ([arrowelectronics.com](http://arrowelectronics.com)) a North American distributor of its passive and electromechanical products.

Bulova Technologies ([bulovatech.com](http://bulovatech.com)), an EMS firm, raised \$6 million in mezzanine capital for future expansion. Financing was provided by NewSpring Ventures and TRF Urban Growth Partners.

EMS provider Three-Five Systems Inc. ([threefive.com](http://threefive.com)) sold its Tempe, AZ, headquarters in a deal worth more than \$11 million.

SpatiaX Infosystems ([spatiax.com](http://spatiax.com)) has embedded Cimmetry's ([cimmetry.com](http://cimmetry.com)) AutoVue visualization and collaboration technology into its sxMARKUP-Web application.

The Atlanta SMTA chapter ([atlantasmta.com](http://atlantasmta.com)) will hold the ninth annual SMTA Expo on April 21 at the Gwinnett Civic Center. The event, which drew over 70 exhibitors last year, will also feature technical presentations and an on-site job fair.

## Kyocera Bolts for Mexico

San Diego – Kyocera Wireless Corp. will move its mobile phone and telemetry manufacturing operations to Tijuana, Mexico, and lay off 450 manufacturing personnel in San Diego.

"Wireless is among the most competitive of all consumer electronics segments, and in order to compete today, manufacturers must leverage all resources available to them globally," said James Kelly, executive vice president and chief operating officer, in a statement. "Because manufacturing in La Jolla is cost prohibitive, we're fortunate to have the manufacturing expertise and state-of-the-art facilities of our sister company KMX, located less than an hour away. Taking advantage of this opportunity is not only good for the company, it's also good for the San Diego/Tijuana region as we're maintaining over 1,500 jobs north of the border, while supporting the growing economy south of the border with our manufacturing operations."

Kyocera ([kyocera.com](http://kyocera.com)) also plans to cut another 150 jobs in San Diego as it spreads its service and repair business to other regions. Sales and marketing, human resources, finance and R&D will remain at Kyocera's headquarters in San Diego.

The move makes Motorola ([motorola.com](http://motorola.com)) the sole company building mobile phones in the U.S., according to *RCR Wireless News*. Nokia Corp. ([nokia.com](http://nokia.com)) maintains a final assembly plant in Fort Worth, TX, and LG Electronics ([lg.com](http://lg.com)) this month opened an R&D lab in the U.S.

## Analyst Terms EMS Outlook 'Cautious'

San Francisco – A leading analyst in January maintained its cautious outlook for providers of electronics manufacturing services. Deutsche Bank ([db.com](http://db.com)) said recent reports from major OEMs that outsource manufacturing indicate tepid and in some cases negative growth ahead for EMS firms.

In hardware sales, IBM ([ibm.com](http://ibm.com)), a leading outsourcer, reported a 1% year-on-year increase in the fourth quarter due to slowness in its mainframes, storage and PC businesses, down from 9% sequentially. Motorola and Juniper ([juniper.com](http://juniper.com)) fell on a year-on-year basis.

Handset shipments improved as Motorola and SonyEricsson beat quarterly forecasts, although the average selling prices were lower than expectations, DB said. Communications infrastructure products met or beat forecasts at Motorola and Juniper, but sales are slowing on year-on-year. "As end market growth continues slowing into 2005, look for EMS industry fundamentals to soften," wrote analyst Chris Whitmore.

EMS firms that could be affected include Celestica ([celestica.com](http://celestica.com)), which derives an estimated 10% of its sales from IBM's mainframes and storage, and Sanmina-SCI ([sanminasci.com](http://sanminasci.com)), which gets 30% of its sales from IBM's PCs and X-series servers, DB said. Meanwhile, Motorola makes up 4 to 5% and Sony Ericsson 13% of Flextronics' ([flextronics.com](http://flextronics.com)) revenues. And Motorola outsources wireless infrastructure gear to Solectron ([solectron.com](http://solectron.com)), Flextronics and Plexus ([plexus.com](http://plexus.com)). Also, Plexus gets 15% of its sales from Juniper.

## Report: Cost Containment, Lean Top 2005 Initiatives

Framingham, MA – This year, manufacturers will look for ways to drive down the cost of information delivery while seeking opportunities to invest in product development, demand management and supply network operations. So says a new report from Manufacturing Insights. The research firm also says:

- Profitable growth remains at the top of the manufacturer's agenda, but will come from emerging markets and new services.
  - Smart companies will combine Lean, Six Sigma and IT investment oversight into a common transformation governance structure.
  - Renewed interest in supply-chain applications and projects will deliver "productive fulfillment."
  - Supply chains will be calibrated to demand information making the aggregation, organization and integration of this information critical to success.
  - Use of best practices such as product portfolio management will become more widespread.
- Manufacturing Insights ([manufacturing-insights.com](http://manufacturing-insights.com)) is an arm of IDC ([idc.com](http://idc.com)).

## People

Eurotherm, a unit of Invensys plc, appointed **Tim Davis** as manager for the company's Leesburg, VA, repair center. Davis served as product manager for the Eurotherm Power Products line since 1999.



TeligentEMS named **Mike Wallace** vice president of business development, responsible for finding RF, fiber-optic and industrial customers in North America.

DEK named **Güler Basol** product manager, European Distributed Products (Consumables), a new position. She has experience in consumables sales and product management for Fiat Automobil.



**Greg Burneske** joins Winland Electronics as director of engineering services. He has 17 years of new product development experience, most recently with Plexus.

**Robert Black, Jr.** (pictured), previously chairman of Juki Automation Systems, has returned to overseeing day-to-day operations as president and CEO.



He replaces **Kaz Nomoto** who has been promoted to a GM position within Tokyo-based Juki Corp.

Technology Forecasters named **Jennifer Read** to manage its Quarterly Forum workshops, media communications and marketing.

Agilent Technologies elected **William P. (Bill) Sullivan** (pictured) president and CEO. Sullivan, previously executive VP and COO, succeeds **Edward W. (Ned) Barnholt**, who retired. **James G. Cullen**, who has served on the board since 2000, becomes non-executive chairman.



## Benchmark Expands (Again) in Asia

Angelton, TX – Benchmark Electronics will add a third manufacturing site in Asia by the end of the quarter to meet increased customer demand. The EMS provider said it will lease a facility in Ayudhaya, Thailand, 30 miles north of the Bangkok Airport. The 60,000 sq. ft. facility will be the company's second in Ayudhaya and will perform systems integration.

Benchmark ([bench.com](http://bench.com)) said the facility will be fully operational by the end of the first quarter. The company currently operates 17 facilities worldwide, including four in Asia.

## EPIC Completes Buy of 2 Siemens EMS Plants

Atlanta – Siemens Energy & Automation has completed the sale of its electronics manufacturing center business to EPIC Technologies. Terms of the sale were not disclosed.

Effective Feb. 1, all current employees transferred to EPIC ([epictech.com](http://epictech.com)). The two plants, located in Johnson City, TN, and South Lebanon, OH, employ a combined 500 workers.

Siemens purchased the Johnson City facility in 1991 from Texas Instruments, and acquired the South Lebanon operations from Eaton Corp. in 2000. The sites manufacture electronics assemblies and other devices. EPIC will continue contract manufacturing at the facilities and will assume responsibility for Siemens' current orders.

## Flextronics Enjoys Record Quarter

San Jose – Flextronics posted record GAAP net income of \$98.7 million, up 361%, for its third quarter. The EMS firm also topped previous records for revenues, reporting sales of \$4.3 billion, up 3% over last year.

The company ([flextronics.com](http://flextronics.com)) recorded restructuring charges of \$30.7 million during the quarter, primarily related to closures and consolidations. Excluding one-time items, net income rose 24% to \$116.3 million.

The company reaffirmed previous revenue guidance of \$3.8 billion to \$4.2 billion for the March quarter, and \$4.1 billion to \$4.5 billion in the June quarter. The company told analysts that end-markets are solid.

On a Jan. 25 conference call, chief executive Michael Marks said the company saw a jump in its North American sales. When NAFTA opened up Mexico, Marks said consumer products flooded that country – “products that belonged in Asia.” Those products have since been moved to Asia. Meanwhile, most EMS companies have severely cut their U.S. footprints. “The drop in the dollar, higher taxes in China, the cost of oil [going] up”: these trends favor companies that have global footprints, Marks asserted, explaining why the firm is seeing domestic gains.

## More Restructuring for Sanmina-SCI

San Jose – Sanmina-SCI reported first-quarter revenues rose 9.5% to \$3.25 billion, at the low end of previous company guidance, and the EMS firm announced yet another series of factory closures.

For the period ended Jan. 1, the company ([sanmina.com](http://sanmina.com)) reported GAAP net income of \$24.4 million, up 54.5% over last year. Operating income was up 29% to \$59.6 million.

Sanmina-SCI said it will further reduce manufacturing capacity in high-cost regions and will take an additional \$75 million restructuring charge on top of charges of \$100 million announced last July. This was the 16th straight quarter Sanmina took charges for restructuring.

## UPMG Adds Sales, Circulation Staff

Atlanta – UP Media Group, the parent company of CIRCUITS ASSEMBLY, has hired two employees to help the company with its advertising sales and circulation efforts.

“2005 is going to be a growth year for us, and this announcement reflects our commitment to customer service,” said UPMG president Pete Waddell. “We want to make sure that we have the resources to continue providing our clients with the highest possible level of customer service.”

Kamden Robb has been named sales assistant, a new position, responsible for supporting sales efforts on CIRCUITS ASSEMBLY and PRINTED CIRCUIT DESIGN & MANUFACTURE. He has a bachelor's in management and a certificate in operations from Georgia Tech.

Daniel Waddell has been named circulation assistant, also a new position.