

NEC Establishes in Britain

By Takemasa Mino

On July 4, 1983, a new page was turned in the histories of both NEC and of Anglo-Japanese industrial cooperation. On this day a ceremony marking the opening of NEC Semiconductors (UK) Ltd. in Livingston, Scotland, was held in the plant compound in the presence of Queen Elizabeth II, who unveiled a commemorative plaque. The Queen was greeted by Lord Lieutenant the Marquis Linlithgow, on her arrival there at 11 a.m., then was introduced by the marquis to Koji Kobayashi, chairman of NEC, Atsuyoshi Ouchi, vice chairman and other senior executives from Japan, as well as Masamichi Shiraishi, president of NEC Semiconductors (UK) Ltd. Following the ceremony, the Queen donned a dustproof robe and made a tour of the chip-making lines with Kobayashi serving as a guide. During the hour-long observation Her Majesty spoke to several of the employees on hand.

It was rather unusual for the Queen to attend the opening ceremony of a small foreign factory in the United Kingdom. Her visit to NEC Semiconductors (UK) demonstrated the great hopes the British government has for the plant as a pioneer in Anglo-Japanese industrial cooperation in the field of high technology. More specifically, it reflected the British desire that NEC's new operations in Scotland will promote technology transfer and create new jobs.

The construction plan took concrete shape in September 1980, when final agreement was reached between then Secretary of State for Scotland, George Younger, and NEC. In addition, the British government, which strongly supported the plant, approved the granting of various subsidies to NEC. The plant is the second chip-making facility to go on stream in the region, after NEC Ireland, which opened in Dublin in 1974. NEC was faced with a pressing need to drive another wedge, so to speak, into the European market in order to maintain its share there.

Closer market access

European demand for integrated circuits reached the equivalent of about ¥350 billion by 1979, and continued growing at an estimated annual rate of about 30% thereafter. For this reason NEC stepped up efforts to develop the European market with emphasis on exports. The deci-

sion to construct a new plant in Britain was designed not only to gain closer market access in Europe but also to avoid trade disputes from concentrated exports. There was also a need to expand and strengthen the production setup in the region, because there was little room for expansion at NEC Ireland. The Dublin plant was producing a million large-scale integrated circuit (LSIC) chips a month at that time, thanks to a series of expansion programs. But further increases in production were considered difficult for another reason: it was hard to secure the necessary labor. So, in response to a suggestion from the British government, NEC agreed to set up a new integrated semiconductor plant in Scotland.

Special advantages

Livingston was selected as the site because the British government was promoting the development of a new town there. The infrastructure essential to industrial investment, including not only land but also water supply and sewage systems, as well as education facilities, was available. Moreover, more than 120 enterprises were already operating in the city, including those that comprised the support industries for chip production, such as plants making precision instruments. Three more factors contributed to the choice of Livingston. First, the British government offered preferential measures, such as subsidies for the investment costs, to NEC, the first Japanese company to build a factory in Livingston. Second, there is an international airport in the neighboring city of Edinburgh. Third, it is relatively easy for Japanese to operate a plant in an English-speaking region because they are generally more familiar with the language than with other European tongues. It might be added that Livingston abounds in quality labor, as its growth potential attracts a large number of people, and that the five universities in Edinburgh can be expected to supply many engineers and serve as NEC's partners in research and development.

Construction started in August 1981. About a year later the first phase project was completed, and the initial batch of chips was shipped out in October 1982.

The site has an area of about 175,000 square meters. The one story facility has a total floor space of 5,800 square meters with an initial monthly capacity of



Her Majesty Queen Elizabeth visits NEC Semiconductors (UK) Ltd. in Livingston, West Lothian, Scotland, on the company's opening day.

250,000 64 kilobit memory chips and 100,000 microcomputers. Total monthly capacity is expected to increase from 350,000 units to one million units by the end of fiscal 1983. This is to be boosted further to three million units in 1985, when an integrated plant will have been completed with the expansion of the pre-treatment facility. Thus, NEC Semiconductors (UK) will be one of the largest chip plants in Europe.

The present workforce is 150 (including eight Japanese), which is to reach about 650 in 1985. Local employees are in charge of all personnel and general affairs under the localization policy. Also, employees' families have been invited to visit the plant for a guided observation tour and a policy explanation by the management. In these and other ways NEC Semiconductors (UK) is trying to develop closer ties with the community in which it operates.

NEC is pushing ahead with its plans to set up an international network of operations under its "C&C" global strategy aimed at the unification of communications and computer systems. The company already has 38 subsidiaries in various countries, including 18 manufacturing corporations. NEC Semiconductors (UK) is expected to receive further support from the parent company so that it may serve as a model of industrial cooperation between Japan and Britain. ●

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Aged 47, he joined the newspaper in 1978 after serving as a reporter of the affiliated Sankei Shimbun. Mino specializes in electronics and the information industry.