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*BPA June 2003 audit statement

#EETimes-Asia Online Metrics (November 2003)

October global chip sales 'exceed historical norms'

Worldwide sales of semiconductors rose to US\$15.4 billion in October 2003, delivering the strongest performance since 1990, according to the Semiconductor Industry Association (SIA). October sales soared 23.3% year-on-year and 6.8% sequentially.

"October is always a strong month, but this [increase] exceeds historical norms," stated SIA President George Scalise. "This growth cycle is dynamic and broadly-based, drawing strength from all geographic markets, all product sectors and all end markets, especially computers, communications and consumer electronics," he added.

Asia Pacific continued to lead industry growth with October semiconductor sales of US\$6 billion, leaping 31% year-on-year. The region also exhibited a 6.2% sequential growth over the previous month.

The wireless market recorded rising demand and growth, reflecting increasing momentum in China's market, where some 5 million new mobile phone subscribers are added each month. Meanwhile, the holiday buying season, and the adoption of new applications and multi-functional devices are buoying demand within the consumer electronics market.

Source: Semiconductor Industry Association (Dec. 1)

Taiwan IC industry production value to surpass US\$30 billion in 2004

The production value of Taiwan's IC industry is expected to reach a record high of US\$31.3 billion in 2004 – representing a 31% annual growth – said Jerry Peng, an analyst at Taiwan's Industrial Technology Intelligence Services (ITIS).

Segment	2003* (US\$ Billion)	2004* (US\$ Billion)	Y/Y Growth
IC Manufacturing	13.9	18.3	31.3%
IC Design	5.4	7.4	36.7%
IC Packaging	3.4	4.1	22.8%
IC Testing	1.2	1.5	24.7%
Total	23.9	31.3	31%

Source: Industrial Technology Intelligence Services

*Forecast

The IC design and manufacturing sectors are seen as the major drivers for growth. The foundry business, which has long been a strong sector in Taiwan, is projected to account for 64% of the island's total IC manufacturing sales next year.

In addition, Taiwan's fabless sales are anticipated to increase at a rate higher than the global average. This is primarily due to strong performance in PC-related chipsets, optical storage chips and LCD driver ICs.

Taiwan's own-brand IC products will also grow 37% to reach a value of US\$14.1 billion next year.

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Tianjin aims to become a key electronics base



Tianjin City plans to establish itself as a key electronics and information industry base in five to seven years. By then, the industry's output is estimated to hit US\$36.1 billion, accounting for 25% of the local GDP.

To achieve this, the city cooperated with heavyweight multinationals and build a number of homegrown companies. As a result, leading companies such as Motorola, Samsung, LG and IBM have setup operations in the city, while competitive homegrown IT companies, including Zhonghuan Group, Nankai Gede, Global Magnetic Card and Jinbin Digital, were established.

To date, there are about 1,000 electronics manufacturers in Tianjin, of which 60% are foreign-invested.

In the coming months, the city is expected to accelerate reforms in its electronics and information industry, as well as step up the construction of factories for ICs, components, communication, networking and digital A/V products.

Source: Xinhua Electronics News (Nov. 10)



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Meanwhile, the Taiwan Semiconductor Industry Association (TSIA) reports that Taiwan's IC industry is expected to reach a production value of US\$24 billion this year, rising 26.3% from the US\$19 billion recorded in 2002. The TSIA attributes this growth to robust sales of PC-related chips.

Source: DigiTimes (Nov. 26, Nov. 17)

Semiconductor giants open more businesses in China

International semiconductor giants are consolidating their businesses in China.

Fujitsu Microelectronics (Shanghai) Co. Ltd (FMC), a semiconductor firm exclusively owned by Japan's Fujitsu, has been established and has commenced operation in Shanghai. FMC will team up with local companies in wafer manufacturing, while chip packaging and testing services will be handled by its sister company Nantong Fujitsu.

German silicon giant Infineon Technologies AG recently founded a memory IC packaging and testing plant in Suzhou City, Jiangsu Province. The plant will begin installing equipment in mid-2004 and will begin operation in early 2005. Infineon plans to invest up to US\$1 billion in the new plant over the next 10 years. Maximum annual output is expected to hit 1 billion chips.

In October this year, IBM's Engineering and Technology Service Division (E&TS) launched its China operations, targeting to sign-up some 400 clients initially. Target companies are mostly component-design enterprises and domestic semiconductor plants that have investments above US\$12 billion.

STMicroelectronics is planning to build a 12-inch wafer plant in the Mainland within the next three to five years, according to Laurent Bosson, STMicroelectronics vice president for manufacturing.

Source: Xinhua Electronics News (Nov. 24)

Chinese CPU ready for mass production

Beida Zhongzhi-863, the fastest CPU ever produced by a Chinese company, has recently passed final tests and is soon to be put into mass production. The CPU is designed by the Microprocessor R&D Center of Beijing University and is part of the State's "Tenth Five-Year Plan" on the development of the IC industry.

The CPU is designed on 0.25-micron process technology and integrates 8 million transistors – more than any other CPUs produced in China. Applications include digital TVs and set-top boxes, and VCD players, explained Cheng Xu, head of the project.

Academician Ni Guangyang believe that it is both practical and profitable for Chinese companies to employ homegrown embedded CPUs for devices such as mobile phones and palmtop computers. However, other experts disagree.

Today, most home appliance manufacturers in China import CPUs for their products.

Source: Xinhua Electronics News (Nov. 24)

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