

Intel opens biggest ever chip plant in Vietnam

October 29 2010, by Ian Timberlake



Paul Otellini, chief executive of Intel, delivers a speech at the opening ceremony of Intel's assembly and test facility in Ho Chi Minh City. US-based chip maker Intel opened a billion-dollar plant in Vietnam, the company's biggest in the world, expected to create thousands of skilled jobs as the nation moves from low to hi-tech.

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Intel president and chief executive Paul Otellini and Deputy Prime Minister Hoang Trung Hai officially opened the assembly and test facility, the size of five-and-a-half football fields, at an industrial park in Ho Chi Minh City.

Hai said the opening "supports our goal of accelerating economic transformation led by technology-intensive industries".

Intel said in a statement: "Production commenced in the middle of this year, starting with production of chipsets for laptops and mobile devices for Intel customers worldwide.

"Once fully operational, the facility is expected to create several thousand skilled jobs in high-tech manufacturing and generate significant export revenue for the country."

The facility is one of seven operated by Intel worldwide and reflects the transformation in ties between one-time enemies Vietnam and the United States as the communist country has opened up its economy over the last two decades.

Intel announced the project four years ago, proclaiming it the largest investment in Vietnam by an American company.

US Secretary of State Hillary Clinton, who was due in Hanoi later for an East Asia summit, described Vietnam as "a country that we are developing stronger relationships with, that were unimaginable even 10 years ago, let alone 40 years ago".

The opening of Vietnam's first semiconductor factory comes as analysts warn that the country risks losing out both to poorer, lower-wage nations and richer ones that are more innovative and have a higher-quality labour force.

Otellini said at the ceremony that Intel had signed pacts with government agencies to advance e-government, education, personal computer and broadband penetration and digital literacy in Vietnam.

The World Bank and Vietnam's Academy of Social Sciences (VASS) said in a report in August that the nation depends too much on exploitation of natural resources while its industry, much of it dominated

by large state-owned groups, lacks dynamism.

The country is the world's second-largest exporter of rice and coffee, with seafood, footwear and apparel among other earners.



An Intel office in Santa Clara, California. US-based chip maker Intel on Friday opened in Vietnam a billion-dollar assembly and test facility billed as the company's biggest.

However science and technology standards are low compared with regional rivals, VASS president Do Hoai Nam has said. He has complained that economic infrastructure is not well-developed and that Vietnam suffers a lack of specialisation and competitiveness and a shortage of skilled workers.

However the head of the American Chamber of Commerce Vietnam, Adam Sitkoff, said the Intel facility showed Vietnam is "moving up the food chain toward increasingly sophisticated manufacturing".

The facility would provide "higher-quality jobs" for Vietnamese people and attract other high-tech firms to the country, Sitkoff said. "Usually when Intel goes somewhere, that's a sign to other technology companies

that they can go there also."

Leon Perera, group managing director of Spire Research and Consulting in Singapore, said: "Intel's investment in Vietnam is undoubtedly a vote of confidence" in the country.

Vietnam, he added, was benefiting from multinational companies' need to diversify beyond China.

Perera said that Vietnam, with its labour-cost advantage over China, closeness to the Chinese market, and participation in regional free trade pacts, "may be well suited for assembly of IT products".

However one obstacle could be Vietnam's relatively underdeveloped logistics industry, Perera said. "Another obstacle would be the relative scarcity of English speakers as compared to Malaysia, or even Thailand and China."

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