

# Toshiba to shut three Japan semiconductor plants

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Electronics and manufacturing giant Toshiba said Wednesday it is to shut three semiconductor factories in Japan as part of a reorganisation of its business, as it grapples with falling profits.

It also said it would slow production at a number of plants over the winter because of the drop off in demand for [electronic goods](#) in the West, where battered economies are showing few signs of life.

Toshiba said the closure of the facilities would mean moving production to three other existing factories, allowing the company "to strengthen cost competitiveness and focus on higher value added products".

Toshiba last month announced [net profit](#) in the six months to September had dropped 18.5 percent, mainly due to a strong yen and the impact of the March 11 earthquake and tsunami, which savaged production and distribution lines.

Toshiba's group net profit came to 22.7 billion yen (\$287 million) and [operating profit](#) declined 23.4 percent to 80.2 billion yen with sales down 5.5 percent at 2.9 trillion yen.

The revenue and profit declines were mainly due to a slump in its digital products and [electronics devices](#) businesses, which were hit by "the impact of sharp yen appreciation and the March earthquake," a company statement said.

A strong yen makes Japanese exports less competitive and takes a bite out of repatriated profits.

On Wednesday the company said the streamlining would allow it to concentrate production at three "major facilities" and boost its "eight-inch wafer product line" while cutting back on the production of the six-inch wafer.

"The latest measure will secure asset reduction through concentration of production facilities and further strengthen cost [competitiveness](#) by boosting productivity," the statement said.

"Regular employees at the affected facilities will, in principle, be redeployed within the Toshiba group."

Semiconductors, the basis of the [modern electronics](#) industry, are found in hundreds of everyday items, from [mobile telephones](#) to cars.

The global economic slowdown has stalled demand in many markets for

many of the electronic goods of which they are a part.

This slowdown in demand, coupled with the persisting strength of the yen has proved troubling for Japanese manufacturers and exporters of high end components.

In addition to the factory closures in Kitakyushu, Hamaoka and Mobarra, Toshiba said production at six facilities would be temporarily slowed over December and January.

"Toshiba is responding to the current economic slowdown and fall in demand for consumer products, most notably for PCs and TVs in Europe and the United States, by cutting production at some of its semiconductor facilities from late November 2011 to early January 2012," the statement said.

"Temporary reductions in working and operating hours will give Toshiba the flexibility it needs to respond to the fall off in demand for consumer products."

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