

Intel lays off of 1,500 employees in Costa Rica

8 April 2014



The Intel logo is displayed outside of the Intel headquarters on January 16, 2014 in Santa Clara, California

US microchip giant Intel announced Tuesday it was reducing its assembly and testing operations in Costa Rica and will lay off 1,500 employees.

The move was a major blow to the economy of the Central American country, where 2,700 people were employed at an assembly plant set up in 1998.

"We are going to phase our our manufacturing operations in Costa Rica over the next six months. It is assembly test manufacturing. It will result in the loss of about 1,500 jobs," Intel spokesman Chuck Mulloy told AFP.

"We will continue to stay in Costa Rica with more than 1,000 employees in finance, information technology, engineering and research," Mulloy added noting there were "200 more positions in those areas that may be added in the coming year, but that has yet to be determined."

He said efficiency was behind the changes.

"We need to be more effective and efficient in our business (and) the work done in Costa Rica will be moved to assembly testing sites in China, Malaysia and Vietnam," Mulloy said.

Foreign Trade Minister Anabel Gonzalez, who has taken part in negotiations with Intel, said the company "determined that since most of its buyers and suppliers are in Asia, it is more efficient."

Intel's exports made up just over 20 percent of Costa Rica's overall exports in 2013, though most of the material used to manufacture them had been imported.

The computer chip giant had announced in mid-January it was going to lay off five percent of its worldwide workforce in 2014, cutting around 5,400 jobs, as it tries to combat the effects of the stagnating market for personal computers.

Intel saw its net income fall 13 percent to \$9.6 billion last year.

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