

DUE TO ABSENCE OF UNITARY TAX

Fujitsu chooses Oregon to build two plants

Fujitsu Limited announced last week that it would build a magnetic disk drive plant and a semiconductor plant in the Portland area of the State of Oregon.

The top Japanese computer builder will invest a total of some \$170 million in two years before the scheduled operation three years ahead.

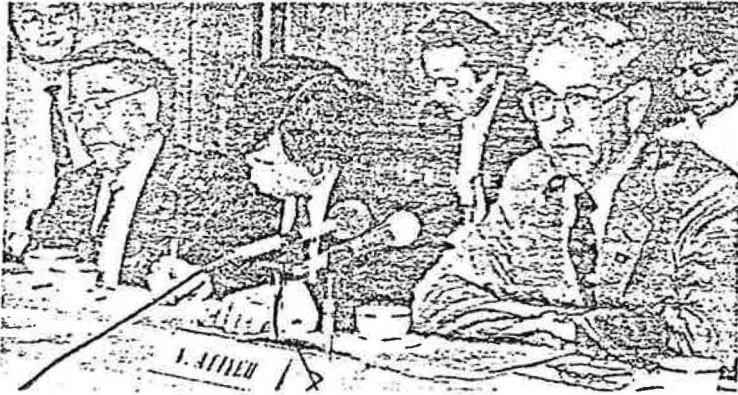
The company will purchase a total of 300 to 400 acres of land in the Portland area, which is now called "Silicon Forest." Fujitsu plans to employ a total of 1,000 local people for the project.

The announcement was made at a press conference in Tokyo where visiting Oregon Governor Victor Atiyeh attended together with Fujitsu Executive Director Shiro Yoshikawa.

Fujitsu has been producing semiconductors in California and had originally planned to expand the production facilities there. It also had planned to produce magnetic disk drives locally in order to forestall a possible trade friction. However, the state's unitary taxation system has been a major barrier. Actually, the company has been openly warning the State of California that unless the state repeals the worldwide unitary taxation system, Fujitsu would locate new plants in other states.

Oregon's repeal of the worldwide unitary taxation system in late July is the biggest factor leading to Fujitsu's decision to locate its plants in Oregon, said

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Fujitsu Executive Director Yoshikawa (left) announcing \$170 million investment in Oregon in the presence of Governor Atiyeh

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Executive Director Yoshikawa.

Fujitsu follows NEC Corp. which announced in late May that NEC America Inc. of New York will build a new facility in Hillsboro, about 20 miles outside of Portland, to manufacture and assemble equipment for fiber optic communications, radio communications and other telecommunications systems. Epson Corp., a Shiojiri (Nagano Pref.)-based manufacturer of printers and personal computers, also has decided to build a printer manufacturing plant in the Portland area.

These recent moves indicate that Japanese corporations are trying to avoid locating their plants in states which are still

enforcing the controversial state taxation. This trend will have a great impact on California where subsidiaries of many Japanese companies are headquartered.

Governor Atiyeh highly appreciated Fujitsu's decision, saying that "Exiting things are happening." He was visiting Japan as leader of a 5-man Oregonian mission to Japan.

Last year, Fujitsu once decided to locate the magnetic disk drive plant in California, where demand for the product is strongest in the U.S. The original program called for Fujitsu America Inc. of San Jose to build the plant to begin operating within this year. Last year, the company exported \$50 billion worth of magnetic disk drives mainly to the U.S.

Fujitsu Microelectronics Inc. of Santa Clara has been assembling semiconductors at its San Diego plant. The planned new plant will manufacture 256-kilobit dynamic random access memories. By closely linking the two plants, Fujitsu plans to establish an integrated very large-scale integration (VLSI) manufacturing setup on the West Coast.