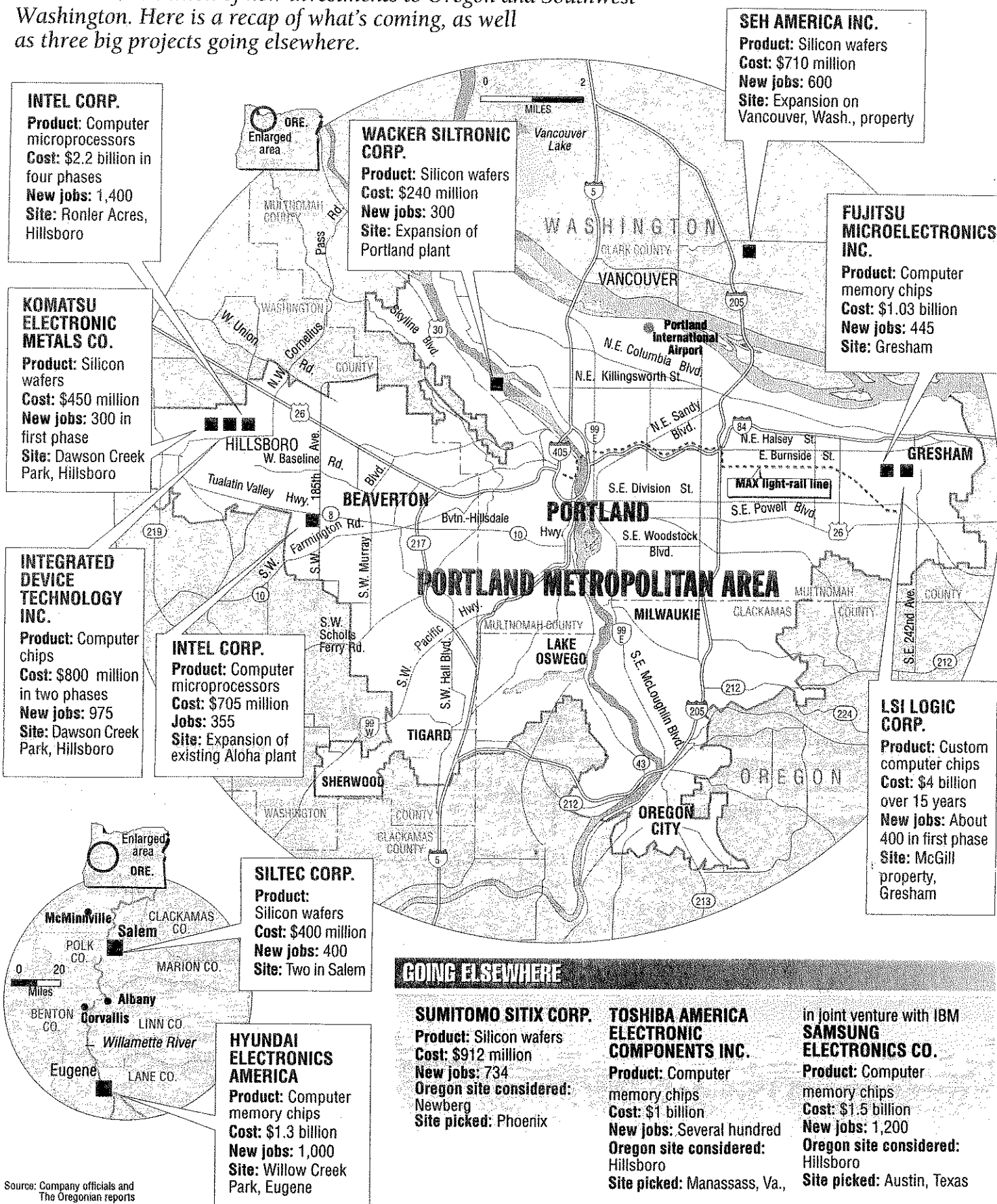


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UNDER CONSTRUCTION: The semiconductor industry boom is bringing more than \$10 billion of new investments to Oregon and Southwest Washington. Here is a recap of what's coming, as well as three big projects going elsewhere.



Oregon lures chip makers in a factory-building boom that's bringing sunshine to the state's economic skies

By JIM BARNETT
of The Oregonian staff

Oregon invited them in, and now we've got a crowd. At construction sites around the Portland area and throughout the Willamette Valley, semiconductor companies are making good on promises to spend \$10 billion on new factories.

True, a couple of big ones got away, but most of the new semiconductor plants proposed for Oregon are moving ahead as planned.

The spending spree is one of the biggest any industry ever has undertaken in one place at one time. The combined cost of the factories is equal to about five times the value of all property in downtown Portland.

The new factories will create thousands of jobs and speed Oregon's shift from an economy dependent on timber and agriculture. The emerging employers — although dependent on water resources — are part of an industry built largely on ideas.

But, as Oregonians will learn in years to come, not all billion-dollar factories will be built alike.

Some are outposts of huge, multinational corporations; others represent the hopes for the future of medium-sized companies born in California's Silicon Valley. Some will bring along high-paying research jobs; others offer little more than low-wage production work.

In any case, a pretty good idea has jelled of which semiconductor companies will grow in Oregon and of which have opted to plant their seeds in other high-tech boom towns such as Austin, Texas, and Phoenix.

In the past year and a half, more than a dozen companies — most lured by the possibility of huge tax breaks — have scouted Oregon. Samsung, which last week announced tentative plans to build in Austin instead of Hillsboro, is thought to be the last of those eager to begin construction this year.

Semiconductor companies building in Oregon will help the high-tech sector surpass the timber industry as the state's biggest private employer group by early next year, according to Paul Warner, a state economist.

By the year 2001, Warner predicts, electronics companies — a group that includes computer chip and silicon wafer makers — will add 11,500 new jobs in Oregon. By then, high tech will employ 73,000 Oregonians, while timber will employ 55,000.

The bulk of the semiconductor industry's new jobs will pay wages at or less than average. But the boom is bringing some high-paying engineering jobs, too, and they could help push average wages in Oregon from 92 percent of the national average to 94 percent.

Oregon's growing dependence on the notoriously volatile semiconductor industry carries big risks, Warner said.

The state's economy — already healthy with a 4.8 percent unemployment rate — could overheat. And if chip companies have overestimated demand, the boom could go bust.

"When you get growth concentrated in one area, that's going to lead to greater volatility in long run," Warner said.

For the moment, at least, Oregon's economic skies couldn't be brighter.

Higher ed takes back seat as high-tech incentive

By ROMEL HERNANDEZ
of The Oregonian staff

The deal that led Samsung Electronics to build a \$1.3 billion factory in Austin, Texas, instead of Hillsboro may have been clinched on the University of Texas campus over a traditional Korean breakfast, Texas style.

On the morning of May 18, about a half-dozen top Samsung officials arrived at the offices of UT President Robert Berdahl. The South Korean electronics giant already had narrowed its field of potential plant sites to

members, as well as the head of the Korean Students Association, to the specially catered traditional Korean breakfast. They ate in the stately Stark Library, with its clubby decor of Tiffany lamps and hardwood paneling.

"The effort here has been to show what else the community can bring to the table other than cash," said Berdahl. "I think we really impressed them."

Last week, after months of deliberations, Samsung, lured in part by \$50 million in tax breaks and incentives but also by an envi-

comparable tax break available under Oregon law.

UT-Austin's pivotal role in the campaign to land Samsung underscores Oregon's higher education problems. When big high-tech companies think about locating in Oregon, higher education isn't a major player.

Portland State University President Judith Ramaley and John Owen, vice chancellor of the Oregon Center for Advanced Technology Education, met several times with Samsung officials, but not in any grand campus setting. They participated in talks,

DAN AGUAYO/The Oregonian