

Brazil Finally Learns How to Make Computer Chips

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Wednesday, 16 August 2006

Today Brazil does not manufacture integrated circuits (chips). All it does is to assemble them with material imported from different parts of the world. But this is going to change very soon.

In less than one year Brazil should become the home of the first chip factory in Latin America. The new factory will produce a chip from the ground up. It will research, develop and then manufacture it.

The project is the brainchild of Ceitec, Center of Excellency in Advanced Electronic Technology, a group created in Rio Grande do Sul, in the south of Brazil, to lessen the country's dependency on foreign computer and electronics products.

To make this undertaking a reality, Ceitec is spending close do US\$ 90 million using resources brought in by companies working in the computer-electronic area. The new factory should open its doors by April 2007.

The Ceitec is counting on an executive order (MP, Medida Provisória) to be signed next week by Brazilian President Luiz Inácio Lula da Silva, granting tax incentives to the area, which the Center believes will create a favorable climate to their work.

For Sérgio Souza Dias, Ceitec's director-president, the presidential decree "will bring a favorable environment for the development of the sector, which should draw international companies to Brazil."

The tax exemption is very important for the chip industry in Brazil because today, the tax charged on the silicone imported to produce the chip represents 20% of the final cost of the product.

Dias says that Ceitec should have a fundamental role in this process, creating the skilled work force that such an industry will require.

The new factory is being presented as 100% national. With the exception of high capacity memory and microcontrollers (also known as computers in a chip), it should be able to produce all that Brazil needs in the area of semiconductors.

The industry will manufacture chips not only for computers but for several other areas like automobiles, and appliances such as refrigerators and washing machines.