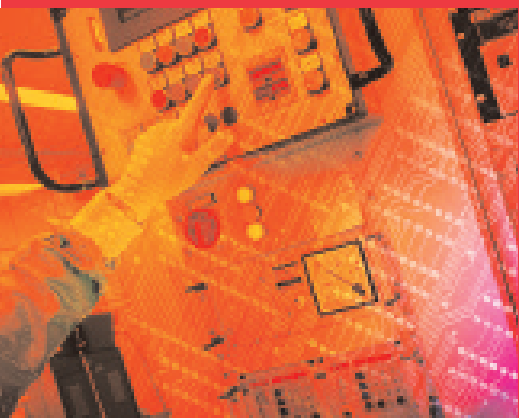


# Sector Profiles ELECTRONICS



Produced by Fife Council of behalf of the Fife Economic Forum



## Profile on the Electronics Sector

Figures from the Department of Trade and Industry show that the electronics industry in the United Kingdom is the fifth largest in the world and is worth approximately £23 billion a year. The Electronics sector also plays an integral role in a wide range of other sectors such as aerospace, automotive and defence. The electronics sector's success is directly linked to the highly competitive global market and growth is cyclical.

In the United Kingdom employment levels within the Electronics sector have fallen in recent years but the number of sites has stayed relatively stable. The greatest concentrations of employment is in Scotland and the East and South East of England. Certain electronics sub-sectors, like semiconductors, have suffered from increased competition and shorter product life-cycles. As a result there has been a period of surplus capacity and price-cutting that has had an effect on productivity gains.

### Summary of Findings

- Around 4,000 people were employed in the Electronics sector in Fife during 2004, 25,000 were employed in Scotland.
- Employment has been in decline in recent years. In 2000 around 5,500 people were employed in Fife and 48,000 employed in Scotland.
- Most posts are full-time and around two thirds of jobs are held by males.
- Around 80% of firms have fewer than 50 employees.
- Employment in the Sector is forecasted to grow by 3.3% in the next 10 years.
- The Electronics sector currently accounts for 7% of Fife's total GVA, the corresponding figure for Scotland is 3%.
- Total UK exports for the Electronics sector have fallen in the period 2002 to 2004 by 36%.
- The average wage in this sector is higher in Scotland than the UK, £425 and £411 respectively.

## Definition

The Electronics Sector is defined as covering the following Standard Industrial Classification (SIC) codes:

**30** Manufacture of Office Machinery and Computers

**31** Manufacture of Electrical Machinery and Apparatus Not Elsewhere Classified

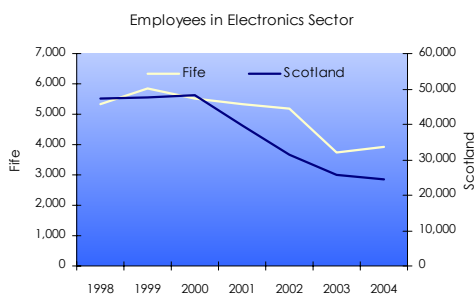
**32** Manufacture of Radio, Television and Communication Equipment and Apparatus

## Major Employers in Fife

Name	Work area	Employees
<b>Bi Technologies</b>	Manufactures and distributes electronic components.	50-100
<b>Micronas</b>	Testing and shipping of application specific integrated circuits.	100 - 150
<b>Dynamic Logic</b>	Sub contract PCB assembly, telemetry outstations.	50 - 100
<b>Brand Rex</b>	Manufacture/supply copper and optical fibre cables, structured cabling systems for data communications market, offshore, marine, automotive, aerospace and rolling stock cables.	300 - 350
<b>Solectron</b>	Contract electronic manufacturing service. Full turnkey solutions from product design, assembly, test, packaging to distribution. High volume surface mount technology assembly.	500 - 550

## Employment

Number of employees and number of companies

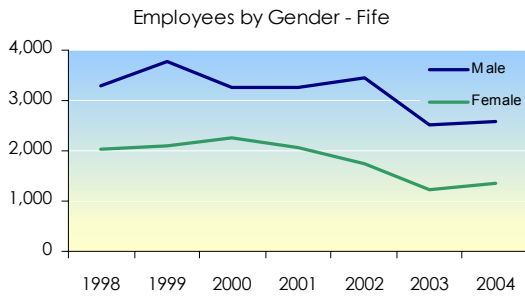


Employment in the Electronics sector has been in steady decline in both Fife and Scotland as a whole. Although employment in Fife's Electronic Sector increased slightly in 2004 it is still significantly lower than the recent peak in 1999. The decrease is

due, in part, to the re-location of work by major firms to areas that can offer lower costs. In January 2006 Lexmark announced it would be closing its Rosyth plant and moving the work to its operations in Mexico and Indonesian.

Source: Annual Business Inquiry

## Employment by gender

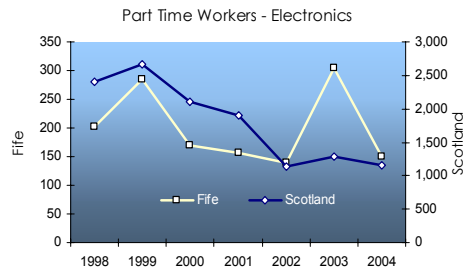
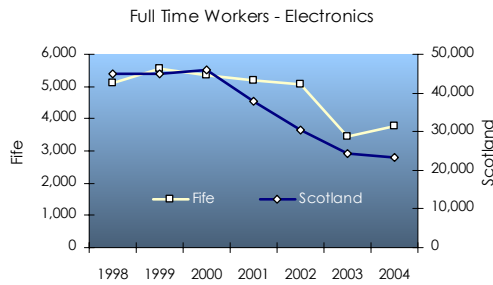


Source: Annual Business Inquiry

There are gender differences in employment in the Electronics Sector. In Fife Male employment has been cyclical in recent years with increases in employment in both 1999 and 2002. Female employment has been steadier in Fife although it has declined

since 2000. Employment in the Electronics sector in Scotland has been in decline since 2000. The number of females employed in the sector is falling at a slower rate than males therefore the gap between the sexes in decreasing.

## Employment by status (part-time/full-time)

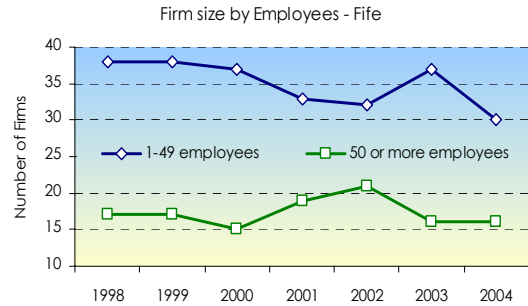
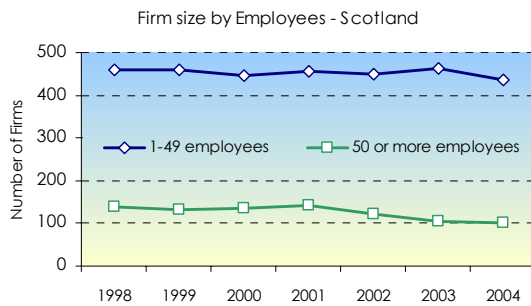


Source: Annual Business Inquiry

Since 2000 full-time employment in both Fife and Scotland has decreased within the Electronics sector. However, the decline of full-time jobs has been slower in Fife compared to the Scottish rate and the number of full-time jobs in Fife actually increased in 2004. In 2004 around 4% of workers employed in the electronics sector in Fife worked part-time, the Scottish rate is 5%. Fife has consistently had a lower proportion of

people working part-time in the Electronics Sector compared to Scotland. The number of people working part-time is more volatile when compared to full-time work. It can be seen that in Fife full-time employment fell in 2003 while part-time employment increased dramatically in the same year. It is likely that firms created more part-time positions around this time to meet demand more efficiently.

## Company Size

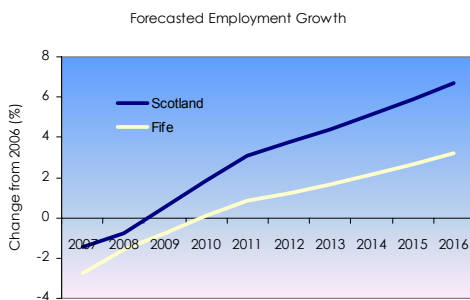


Source: Annual Business Inquiry

In Scotland there has been little change in the number of firms operating within the Sector when compared to Fife. Scotland has been relatively stable while Fife has seen significant changes in recent years. In 2002 the gap between firms employing less than 50 and those employing over

50 was at its narrowest after a period of convergence. However, this changed in 2003 as the number of Firms employing over 50 fell while the number employing less than 50 increased. This change coincided with a large decrease in employment in 2003.

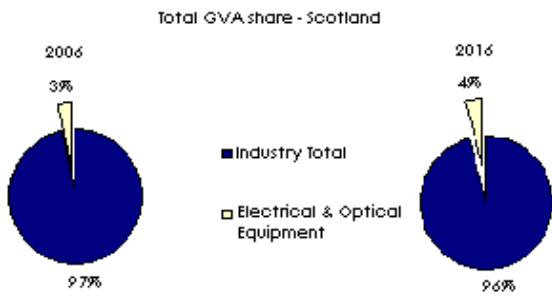
## Employment projections



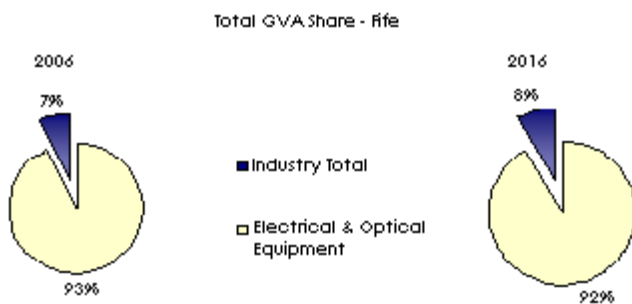
Source: Experian

Employment in the Electrical and Optical Equipment sector is forecasted to increase in both Fife and Scotland. However, it is predicted that this increase will come after a decrease in the first few years following 2006.

## GVA Value of Electronics GVA



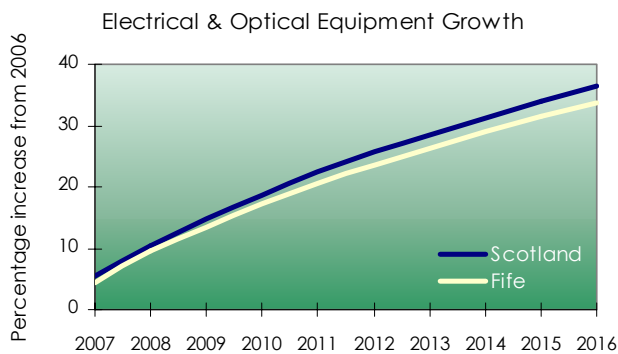
The Electrical and Optical sector is forecasted to increase by one percentage point compared to all industries in Scotland from 2006 to 2016. It is expected that the electrical and optical equipment sector will grow to 4% of all Scotland's GVA.



The electrical and optical equipment sector currently accounts for 7% of Fife's GVA. This is expected to grow to 8% by 2016. The electrical and optical equipment sector is an important sector in Fife and accounts for a higher percentage of GVA in Fife than it does in Scotland.

Source: Experian

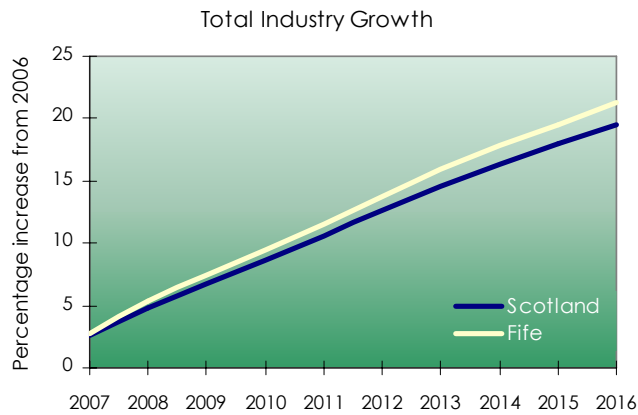
## Projected growth in GVA – Sector



Gross Value Added is expected to increase year on year in the Electrical and Optical Equipment sector in both Fife and Scotland. However, growth in Fife is expected to be lower than the Scottish rate. It is unlikely that the growth will be as constant as it is here. It will most likely follow a more cyclical pattern similar to employment as the sector is affected by changes in the world economy.

Source: Experian

## Projected growth in GVA –Total Industries

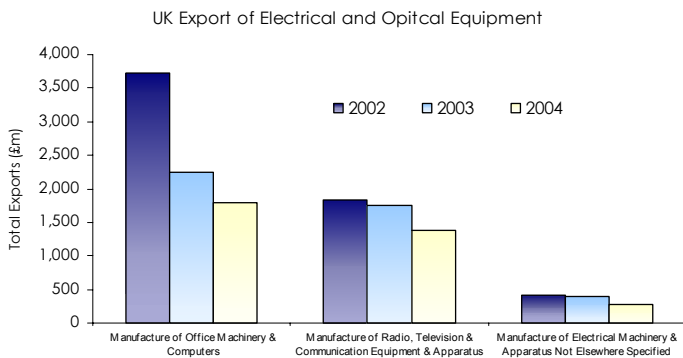


Gross value added for all industries in both Fife and Scotland has been forecasted to increase year on year. Fife's GVA growth across all industries is expected to be higher than the Scottish rate.

Source: Experian

## Exports

### Value of exports (UK)

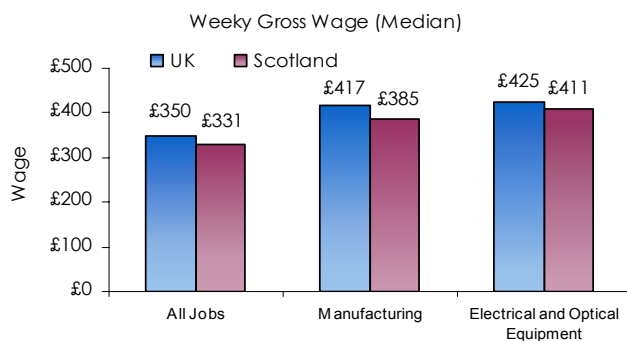


Total UK exports within the Electrical and Optical sector have declined from 2002. The biggest decline has been in the manufacture of office machinery and computers. Total exports from this market have nearly halved in just 2 years. No data is available down to Fife level.

Source: Scottish Executive

## Wages

### Average weekly earnings



The Median wage within the Electrical and Optical Equipment sector is lower in Scotland than the United Kingdom. Jobs within the Electrical and Optical Equipment sector are higher paid than both the manufacturing sector as a whole and the total for all sectors. This is the case in both Scotland and the United Kingdom. No data is available down to Fife level.

Source: Office of National Statistics



## Employment & Investment activity in the last 12 months

Glenrothes-based **CRC Ltd** was awarded a £1 million RSA business grant which allowed the business to expand creating 271 jobs. The company repairs and overhauls electronic equipment from mobile phones through to digital set-top boxes.

Glenrothes-based semi-conductor manufacturer, **Reel Service**, won orders from the Far East to supply their 'MicroTape' product. Development of the revolutionary packing medium for wafer thin microchips was assisted by a £115,000 Regional Selective Grant from the Scottish Executive. The company, which predominantly trades with Europe, currently employs 75 staff at its Glenrothes site.

Computer cable manufacturer, **Brand Rex**, has been bought over by American company Gores Group, securing employment of its 400 workers. The company plans to invest between £5-6million at the Glenrothes HQ in the next few years.

**Vibration Technology Ltd**, secured £240K in RSA funding, creating 13 jobs and securing 3 more at the Dalgety Bay site.

Computer printer firm **Lexmark** closed its manufacturing plant in Rosyth with the loss of 700 jobs. The company which has been based in Scotland for

10 years, cut 1,400 jobs globally following a decline in demand for inkjet cartridges. The complete closure of the Rosyth plant has been blamed on high production and maintenance costs compared with overseas.

Eyecare technology firm **Optos** has announced it will be floated on the Stock Exchange. The floatation is likely to generate around £30 million for the Dunfermline company, allowing it to expand into new overseas markets. The company which was founded in 1992 has already grown into a major international business, currently employing 170 in Dunfermline and has a number of satellite offices in the USA, Canada and France.

Glenrothes semi-conductor technology firm, **Semefab**, has joined forces with the Institute for System Level Integration, in a project that will produce 21st century microchip technology. Semefab will undertake the production and qualification of Micro-Electro Mechanical Systems (MEMS) miniture sensors, machines, pumps and detectors, which will drive major advances in medicine, drug discovery, security and defence. The project has been awarded funding of £15 million from Scottish Enterprise and the DTI, to allow companies open access to the design and fabrication facilities, to foster development in the micro and nanotechnology sectors.

If you have any comments or queries regarding this report please contact Graham Hatton on 01592 416320 [Graham.Hatton@fife.gov.uk](mailto:Graham.Hatton@fife.gov.uk).

## **Fife Local Economic Forum Members**

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