

# Samsung plans flash chip line in China

Hyunjoo Jin, Reuters

Samsung Electronics said on Tuesday it plans to build a flash memory chip plant in China, seen costing some \$4 billion, as a boom in smartphones and tablet computers is set to fuel the \$22 billion chip industry's growth next year.

The plant, if approved, would be Samsung's second overseas chip manufacturing site and reflects the growing importance of Chinese market. Samsung, the world's top maker of memory chips and flat screens, is also planning to build a flat-screen production base in China.

The new line "will enable us to meet fast growing demand from our customers and at the same time strengthen our overall competitiveness in the memory industry," the president of Samsung's memory business, Jun Dong-soo, said in a statement. The company said it hoped to have the new line operating by 2013.

The global NAND memory chip market is seen growing 20 percent next year to \$26 billion, according to chip price tracker DRAMeXchange.

"China is expected to overtake the United States as the top market for electronics products with its income levels growing," said Kim Young-chan, an analyst at Shinhan Investment Corp.

Samsung, whose flash chips are used in Apple's iPhone and iPad tablet, said it had yet to decide the exact amount of investment or a site for the plant.

Kim estimated Samsung would invest between 4 trillion won (\$3.5 billion) and 5 trillion won to build the new facility.

The move is widely seen aimed at catering to Chinese manufacturers such as Huawei Technologies Co and ZTE Corp, which have been steadily raising their global smartphone and tablet market share.

Flash memory stores data even when power is turned off and is widely used in devices such as smartphones, tablets, digital music players and portable USB memory devices. It is also increasingly replacing hard drives as a main memory storage in laptops because it has much faster boot times.

The new production line would use cutting-edge 20-nanometer-class processing technology.

Samsung is aggressively boosting production of flash chips. In September, it started mass production at a new \$10 billion chip line in South Korea.

Samsung said it had filed an application for the foreign production base with the South Korean government, which requires firms to make such requests for fear of

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leakages of the country's prized high technology.

Samsung is the world's biggest NAND flash memory maker with around 40 percent of the market. It competes with Japan's Toshiba Corp, Hynix Semiconductor Inc of Korea and Micron Technology Inc of the United States.

Samsung's sole foreign chip plant in Austin, Texas, has also raised production to full capacity ahead of schedule for logic semiconductors, such as the processing chips used to power mobile devices, after a \$3.6 billion investment, it said in a separate statement on Tuesday.

Shares in Samsung closed down 2.1 percent prior to the announcement, lagging a 1.0 percent drop in the wider market.

(Additional reporting by Miyoung Kim; Editing by Ken Wills, Jonathan Hopfner and Matt Driskill)

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