

Samsung starts new chip line to boost flash memory

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Samsung Electronics, the world's largest memory chip maker, said Thursday it has begun mass production at a new line to raise production of flash memory chips used in tablets and smartphones.

The South Korean firm also announced it has started mass production of advanced DRAM (dynamic [random access memory](#)) chips, which use 20-nanometer process technology.

It said in a statement these offer significant improvements in productivity and cut [energy consumption](#).

The flash memory chip market is robust thanks to growing demand for mobile devices such as tablet computers and smartphones.

But demand is weak for [DRAM chips](#) used in personal computers, pushing prices down and giving makers an incentive to adopt more advanced technology.

"The global semiconductor industry is in a period of fierce cyclical volatility," said chairman Lee Kun-Hee in a ceremony at the new plant at Hwaseong south of Seoul.

"We must prepare for an intensifying storm in the semiconductor industry by further enhancing our technological capabilities and expertise in order to maintain our leadership position."

Samsung said it has invested 12 trillion won (\$10.4 billion) in building the new plant since work started in May last year.

Samsung had a market share of 41.6 percent in the global DRAM market in the second quarter, according to research firm IHS iSuppli.

Its share of the world market for NAND flash chips was also 41.6 percent in the second quarter, ahead of Toshiba's 28.7 percent.

The company said it would raise production of NAND flash chips to meet growing demand, and would begin production of more advanced flash chips using 10-nanometer process technology next year.

"The latest technology migration by Samsung means a wider [technology gap](#) with its rivals in Taiwan and they may even exit the market sometime early next year," Kiwoom Securities analyst Lee Jae-Yun told Dow Jones Newswires.

"Demand for NAND chips will remain healthy due to brisk sales of smartphones and tablets, while supply has significantly shrunk due to production cuts by some chipmakers."

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