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## Hynix will close 200mm fab in Oregon

DRAM oversupply takes its toll on older plants

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EUGENE, Oregon — Hynix will close within two months a 200mm DRAM wafer fab in Eugene, Oregon, according to local officials speaking immediately after a visit from Hynix chief executive Jong Kap Kim. The move comes at a time when Hynix and others have been closing older facilities due to a DRAM market that has been in oversupply for months.

Kim declined to comment when leaving Eugene Mayor Kitty Piercy's office Wednesday (July 23). However, Piercy confirmed reports that Hynix will close the fab and is considering selling the facility and significantly scaling back its presence here.

"In the next two months, they are going to shut the plant down and they are looking at their options" for what to do with the plant, Piercy said. "They are very interested in having a long term commitment to Eugene and are looking at ways to have a presence here," he added.

The move comes at a time when market watchers say the DRAM sales will decline as much as nine percent this year as prices fall. The industry has significant overcapacity because 300mm plants are ramping faster than many in the industry expected, making the older 200mm fabs less cost effective and a drain on profits.

"Closing this fab may not be good for Eugene, but it will be good for the DRAM industry," said Jim Feldman, president of market watcher Semico Research (Phoenix.)

"The memory vendors have been in oversupply and have not been making money for as long as two years," said Bob Merritt, memory analyst for Semico.

Hynix has already announced plans to close at least one 200mm facility in Korea. Digitimes [reported Tuesday](#) (July 22) that most DRAM makers in Taiwan will shutter their 200mm plants.

Today's mainstream DRAM, the Gbit device, was launched on 300mm plants and is now the largest seller in terms of units and bits, said Merritt. The previous generation 512 Mbit parts were launched on 200mm fabs then generally shifted to 300mm plants, but are on the decline in the market.

"The boost in efficiency in the 300mm fabs was substantially more than people expected," said Merritt. "This is the same dynamic we saw play out in the shift from 150mm to 200mm DRAM production several years ago," he added.

Hynix employed about 1,100 people in the Eugene plant which is approximately eight years old. It is the largest tax payer and one of the largest employers in the city which is also the home of the University of Oregon. Hynix, the world's second largest DRAM maker next to Samsung, is "doing as well as anyone in the current market," said Merritt.

"Once the industry moves to an under-supply situation, there will be plenty of profits again," he added. "It's brutal but that's how this market works."

Rumors had circulated for weeks in Eugene that the plant might close. Speculation rose when the [local newspaper](#) reported Kim's plan to visit the city Wednesday.

The decision to close its only U.S. manufacturing facility has two interesting legal repercussions for Hynix. The company will no longer have a shield against anti-dumping charges often brought by U.S. regulators against Korean memory makers. However, it will

also not have exposure to injunctions by Rambus in its long-standing feud over memory patents.

A ruling could come down as early as tomorrow (July 24) on whether Rambus will be granted an injunction against Hynix that would prevent the Korean company from shipping DRAMs in the U.S.

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