Samsung Electronic-mechanics and LG Innotek are struggling with their high-density interconnect(HDI) printed circuit board(PCB) component business, due to increasing competition from Chinese rivals amid the stagment global smartphone market, according to company officials Monday.

An HDIPCB is where components for smartphones and other electronic devices such as touchscreen devices, laptop, digital cameras and network equipment are placed closer to each other on a circuit board that has higher circuity density than traditional circuit boards.

Due to a low entry barrier to the business, Samsung and LG have to compete with not only long-standing powerhouses from Japan and Taiwan but also Chinese companies and even small-sized firms here, they said.

To seek a breakthrough, Samsung Electro-mechanics said it will transfer its main HDIPCB production line from Busan to Vietnam to raise its price competitiveness while LG Innotek is also considering reorganizing its HDIPCB business.

Samsung Electro-mechanics has decided to transfer its HDI PCB manufacturing line from Busan to Vietnam. The Busan factory has produced a small number of HDIPCB while concentrating on research and devilment activities of the product. But to improve our competitiveness, the Vietnam factory will be responsible for mass-producing the product, a Samsung EM official said

But the official said Samsung will not give up its business because there will be an increasing number of opportunities in the fast growing industries related to 5G network equipment and components of electronic systems for vehicles.

LG Innotek was also embroiled in the speculation that it would withdraw from the HDIPCB business but denied that, saying it is considering measures to improve its production efficiency.

Regarding the speculation, we notified the Financial Supervisory service on sept. 27 that the company hasn’t decided whether it will close down its HDIPCB business or not. LG Innotek is considering reorganizing its HDOPCB business to improve efficiency, a company official said.

According to an LG innotek half-year report, the company said its global share in HDB PCBs in the first half of 2019 declined from 2.7percent to 1.3 percent year-on-year. The official said the decreased performance may stem from the stagnant smartphone market.

With more manufacturers competing in the business, the average prices of HDIPCBs of Samsung and LG dropped by 16.8 percent and 9.2 percent year-on-year, respectively.