

MIDLANDS ENGINE OBSERVATORY ACADEMIC INSIGHTS

Will Intel save Europe's struggling semiconductor industry?



This article summarises [this article](#) in The Conversation.

Theme:

Investment into the European semiconductor manufacturing industry and supply chain.

Area of Focus:

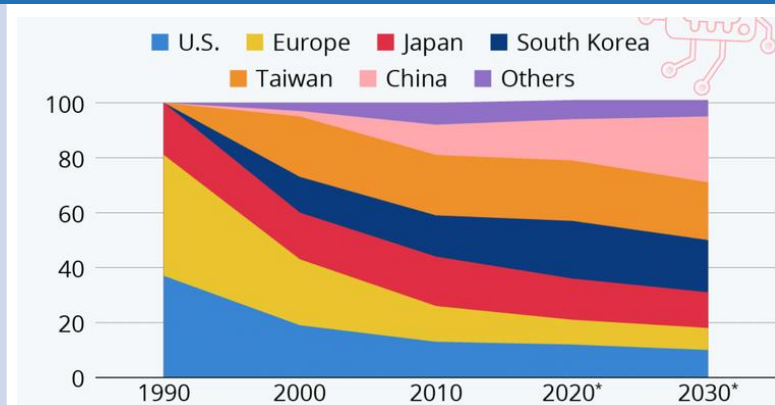
The article focuses on Intel, a US-based semiconductor giant, looking to invest in semiconductor manufacturing in Europe.

Key Findings:

Intel has proposed a \$30bn (£23bn) investment in semiconductor manufacturing capacity across Europe which has potential to significantly boost the continent's struggling chip industry. The US giant is poised to invest an initial \$17bn to build a cutting-edge semiconductor factory in Germany, alongside R&D facilities to develop new generations of chips in France, Ireland, and Poland.

If the proposals come to fruition, the overall investment could top \$80bn and create over 3,000 high-tech jobs and many more across the digital supply chain. Intel, relevant national governments, and the European Commission argue that these investments will transform Europe's semiconductor supply chain and make it more competitive. The role of national governments and the European Commission is important as Intel's investment is likely to be underpinned by billions of Euros worth of public subsidies.

Chip production has been high on Europe's agenda as many high-tech companies have been struggling to source chips due to COVID-19 supply chain disruptions, particularly hindering Europe's [automotive industry](#). This has further been intensified by Russia's invasion of Ukraine as the industry [relies on both nations](#) for neon, a resource vital for the lasers used to cut state-of-the-art chips. The move would ease Europe's dependency on sourcing chips from afar and revitalize the continent's increasingly uncompetitive operations, with [nearly two-thirds](#) of chips manufactured in Asia, coming at a cost to European producers. Principally, as a result of heightened geopolitical instability, the EU has become more concerned about "digital sovereignty" as shown in its recent [European Chips Act](#).



Midlands Engine Impact:

- The Midlands, especially the West Midlands, is heavily reliant on semiconductors within its largely dominant automotive advanced manufacturing sector including firms like Jaguar Land Rover, GKN Driveline, Aston Martin, and the London Electric Car. An increased supply of semiconductors would encourage sector growth, increased production, and lower costs due to economies of scale.
- This increased growth and production in the sector is bound to create jobs, and thus have a knock-on effect in reducing unemployment within the Midlands.
- A larger supply of semiconductors is more likely to support innovation and thus support the sectors transition to low carbon through electric vehicles.
- An increased supply of semiconductor chips will directly impact consumers by reducing the price of vehicles and other electronic devices.
- Domestic European manufacturing will return resilience and stability into electronic supply chains, hence increasing consumer and business confidence.

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Article:

[Will Intel save Europe's struggling semiconductor industry? \(theconversation.com\)](#)

