

Intel zeroes in on EU chip manufacturing plants as it pivots toward EV market

Article

The news: Intel announced it is investing **\$19 billion** in a new chip plant in Magdeburg, Germany, as part of a more comprehensive European expansion plan in its pivot to supplying

chips for EVs.

Why Europe? The leading American chip manufacturer is making inroads in Europe and has investments in **France, Ireland, Italy, Poland, and Spain**, where it expects to spend **\$90 million** in funding over the next 10 years, [per](#) The New York Times.

- Intel's German factory is expected to employ **3,000 permanent employees** and will require **7,000 workers** to complete the construction, which could commence in 2027, [per](#) TechCrunch.
- "Today, 80% of chips are produced in Asia," said Intel CEO **Pat Gelsinger**. "Our pan-European investment addresses the global need for a more balanced and resilient supply chain."
- Gelsinger noted that various EU plants could help meet Europe's target of providing 20% of the world's processors by 2030.
- Intel's European aspirations mirror its **\$20 billion chip hub** in Ohio, as well as a **\$7 billion facility** in [Malaysia](#).
- The company is looking to take advantage of significant EU subsidies for building chip plants. Europe is aiming to [legislate \\$49 billion into chip funding](#) but with the caveat that governing bodies have a say in which industries companies can prioritize.

It all leads to EVs: Intel's EU fixation is strategic since it's clearly creating new profit centers, like becoming a [chip fab for other manufacturers](#) and catering to an EV industry whose reliance on chips will only grow in the next decade.

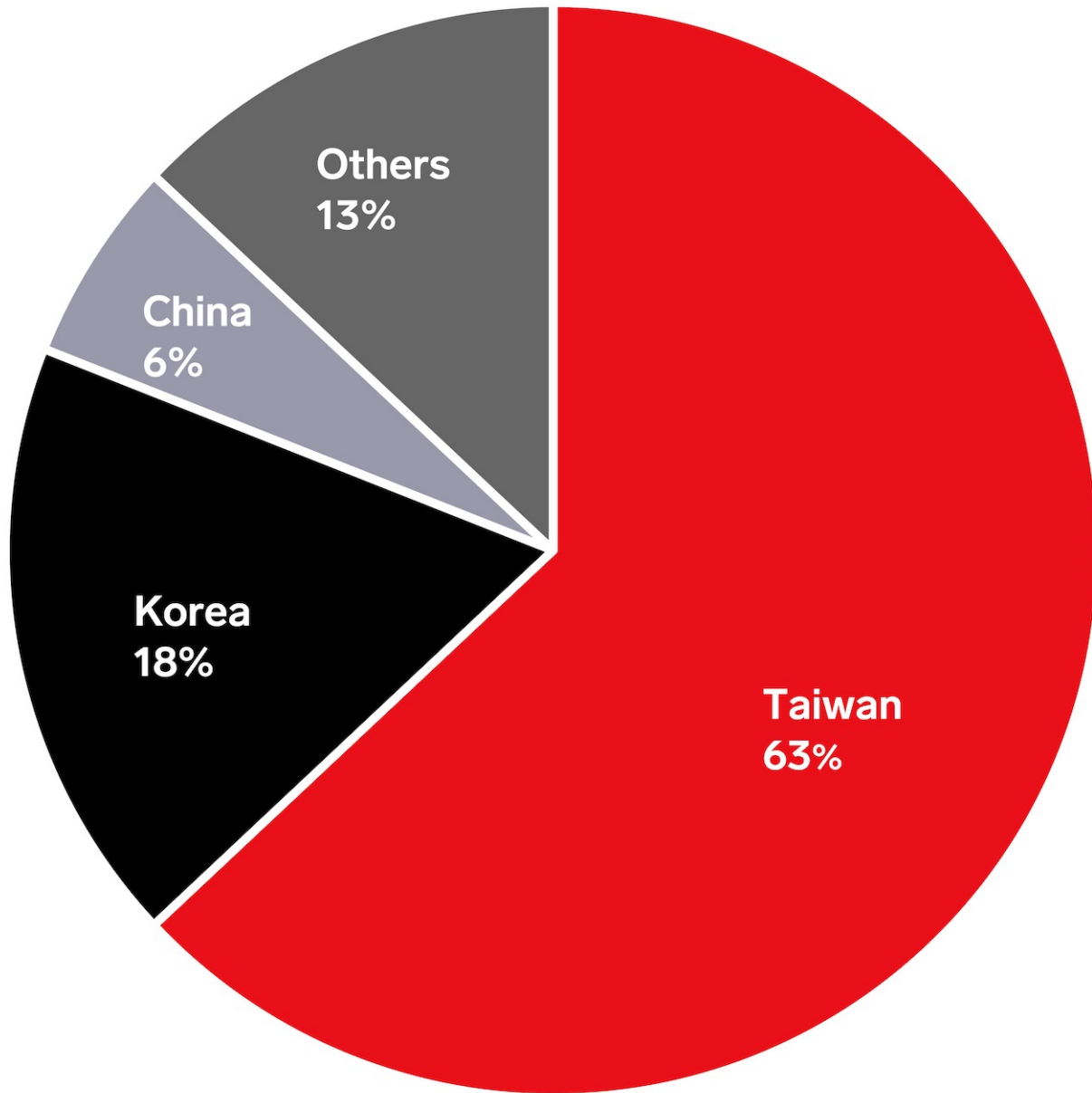
- Germany is a key automotive manufacturing hub with brands like the **Volkswagen Group, Mercedes-Benz Group, BMW**, and many others looking for more centralized chip sources as they pivot to EVs.
- Intel is looking to become an automotive components supplier in the same vein as **Bosch, Infineon, and GlobalFoundries**.

Why this could succeed: Diversifying its future plants across the US, Asia, and Europe gives Intel flexibility in catering to various industries.

Establishing a European presence makes it possible to focus on producing automotive and EV chips and help cut down on importation and transportation costs, thus making Intel the preferred chip supplier in the region.

Global Foundry Revenues, by Country, 2020

% of total



Note: Total foundry revenues totaled \$85.13 billion in 2020. Taiwan-based TSMC made up 54% of global foundry revenues.

Source: TrendForce, March 2021

1042381378601

[InsiderIntelligence.com](https://www.insiderintelligence.com)