

Global Electronic Components Shortage

Why global shortage of electronic components? A guide to the chip shortage might be mitigated by 2025

Land Baden-Wurttemberg, Germany May 6, 2022 ([IssueWire.com](https://www.issuewire.com)) - UCC INDU GmbH newly established in 2015, is an independent distributor of electronic components located in Ladenburg, Germany. As a branch of Union Component Technology, UCC INDU GmbH achieved more than 20 years of experience in the market of electronic components purchase, research, and development. As a trading company, we know no limits to our range of products. UCC INDU GmbH has professional purchase teamwork with overseas official distributors, Avnet, Arrow, WPG, EBV Elektronik, and Rutronik.

As demand continues to rise for consumer electronics, chip-heavy vehicles, and smart appliances, semiconductor manufacturers across the globe are continuing to feel the pressure.

Now, fresh rounds of COVID-related shutdowns overseas, mixed with the increased demand for consumer electronics, and an incredible bottleneck in the shipping industry has many worried we may see fewer products on the shelves in 2022. Electronic component shortages have been a hindrance to booming electronics marketplaces since 2018. While new orders roll in and production remains steady, there simply haven't been enough capacitors, resistors, and other parts to go around. After tariffs were imposed on imported Chinese goods and factories were shut down due to the coronavirus, OEMs raced to understand what was ahead for their already-constrained inventory. But, COVID-19 was not the only culprit -- it's actually exposed pre-existing cracks in the supply chain. The COVID-19 pandemic certainly threw everyone for a loop, but electronics manufacturers especially suffered thanks to supplying chain disruptions and component shortages.

The pandemic shut down a lot of avenues for raw materials and bulk electronic components, leaving manufacturers with half-finished products and idle capacity. Many components come from supply chains in Asia, and since China was ground zero for the coronavirus, the shortages started to affect U.S. manufacturers before the virus hit American soil. Chip shortage is affecting more than just the auto industry. Shortages are now reaching across all manufacturers, industries, and products. Shortages aren't the only problem -- so are rising prices. As demand for electronic components rises, the supply dwindles, and costs increase.

When will it end?

The comeback from the semiconductor shortage will not be quick. Some factories that were shut down by natural disasters are still repairing the damage and trying to reopen production. But as the demand is staying high, there will need to be new facilities created to cater to the increase in demand.

The time, expertise, and money needed to start a new factory will be too much for smaller firms to manage, so then the hole in the market needs to be filled by larger corporations like Intel and Samsung. Both companies currently have plans to open new fabs in America, but it will be a while before they can start production. Intel's ambitious plan to construct one of the largest chip factories ever in Ohio would alleviate demand but is not due to start production until 2025. Similarly, Samsung's Texas fab will not be operational until 2024.

Despite smaller factories opening, the substantial backlog will not be solved by these alone. There will need to be a combination of an increase in production, time efficiency, and, with the pandemic in mind, automation to decrease person-to-person contact. There will also need to be a stock of chips

manufactured to avoid shortages in the future. Europe and America have both put an emphasis on increasing their domestic chip production in the next decade, in the hopes that this will prevent importation issues in the future. The speed at which technology is currently being developed also puts manufacturers in a tight spot. Not only are more electronic devices being produced all the time, but the technology of the components within them is also advancing quickly.

While it is difficult to forecast entirely, experts say the shortage could last a few more years. Hopefully, with the opening of the larger plants estimated for approximately the same time, the chip shortage might be mitigated by 2025.

About us

UCC INDU is your global stocking distributor of Electronic Components. Founded in 2015 and headquartered in Ladenburg, Germany, we convince with high standard products, quality inspection, great customer service, and 20+ years of industry experience.

A source of information is from:

<https://www.cyclops-electronics.com/news/blog/?tag=sony>

<https://blog.matric.com/electronic-component-shortages-update>

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