

Appraiser Blog

# The Microchip Shortage's Ongoing Impact on the Auto Industry

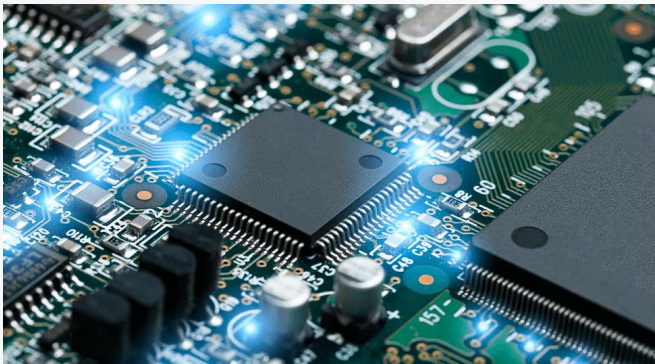


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The global shortage of microchips continues to have far-reaching effects on the automotive industry. According to the latest report by AutoForecast Solutions, nearly one million vehicles have been removed from automakers' production plans due to the shortage so far this year. This marks a significant 13% increase from the previous week, with 110,300 vehicles cut from production schedules last week alone.



While every region has seen schedule cutbacks due to the shortage, Chinese factory plans have suffered the most, with nearly 75% of the lost vehicles coming from China. As a result, China has become one of the hardest-hit areas in the world, as many companies have been forced to halt production due to the lack of microchips.

There are several factors that have contributed to the microchip shortage, including the COVID-19 pandemic, increased demand for electronics, and supply chain disruptions. With more people staying at home and working remotely, demand for electronics has skyrocketed, placing even more pressure on an already-strained supply chain. Furthermore, the pandemic has made it difficult for manufacturers to keep up with production schedules, resulting in delays and interruptions across multiple industries.

The problem has been addressed by some companies by exploring alternative solutions like using older or different types of microchips or negotiating new supply agreements with chip makers. Recently, German supplier ZF Group announced a deal to receive millions of new silicon carbide chips from chipmaker STMicroelectronics over a multi-year period. A new ZF inverter platform for electric vehicles will incorporate these chips.

Despite these efforts, the microchip shortage is unlikely to be resolved soon, and its impact on the automotive industry may continue for some time. AutoForecast Solutions

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has maintained its full-year 2023 forecast for production losses, indicating that the situation is expected to persist in the foreseeable future.

	2023 YEAR TO DATE	2023 PROJECTED
<b>North America</b>	538,300	1,119,000
<b>Europe</b>	217,500	770,000
<b>China</b>	182,400	263,300
<b>Rest of Asia</b>	28,500	539,800
<b>South America</b>	7,700	122,400
<b>Middle East/Africa</b>	6,300	22,900
<b>Total</b>	980,700	2,827,400

Overall, the microchip shortage is a significant challenge that continues to affect the automotive industry, with almost one million vehicles removed from production schedules this year alone. While companies are exploring alternative solutions, the shortage's ongoing impact is likely to be felt for some time, and it remains to be seen when the situation will improve.