# Title: **Malaysian floods disrupt semiconductor supply chain; devastates workers**

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Amid the Covid-19 pandemic and a global semiconductor shortage, chipmakers have been hit by another wave of setbacks — this time by the devastating Malaysian floods.

Over the past week, the Southeast Asian nation faced arguably the worst flooding in history in various parts of the country.

Heavy monsoon rainfall besieged peninsular Malaysia’s inadequate drainage systems last weekend, which was especially devastating for people in the state of Selangor.

The floods have displaced over 60,000 people nationwide and have [killed 27 people so far](https://www.malaysiakini.com/news/604036) — the highest since the 2014 major floods.

Inaccessible roads have also disrupted multiple supply chains across the nation.

Port Klang, in the state of Selangor, is Southeast Asia’s second-largest port, located in Klang. Klang also happened to be one of the worst-hit flood areas, together with neighboring township Shah Alam.

The situation on the ground in certain parts of Shah Alam was so bad, that it had driven some victims to [source food and water from closed convenience stores](https://www.malaysiakini.com/news/603855) in the area, while others desperately cried for food and essentials atop the roofs of vehicles and houses.

Shah Alam also happens to be where a number of global semiconductor names have situated factories at.

As workers in these factories tend to live around the area, they have been struggling to either leave or enter their residences and workplaces.

BE Semiconductor, a Dutch supplier of chipmaking equipment had lowered its fourth-quarter revenue outlook on Monday as its main factory in Shah Alam was affected by the floods.

It had halted operations for product assemblies, with losses to the tune of US$28 million.

“First estimates of one-time costs associated with materials and labor necessary to repair or reproduce any systems affected are in the range of 4 — 6 million euros and will be taken as a charge to fourth-quarter earnings,” said the group in a statement.

The company did not disclose which of its clients would be affected by its closure, but a [report by *Reuters*](https://www.reuters.com/markets/europe/be-semiconductor-cuts-q4-revenue-guidance-due-flooding-malaysia-2021-12-20/) showed that Foxconn, STMicroelectronics, ASE, Forehope, Micron, and LG Innotek are among its list of existing customers.

This semiconductor supply chain disruption comes at an inopportune time, and just days after Intel [unveiled its US$7 billion Malaysia chip factory plan](https://techwireasia.com/2021/12/intel-to-invest-us7b-on-a-new-chip-packaging-factory-in-malaysia/).

Malaysia is a [major player in the global electronics supply chain](https://techwireasia.com/2021/10/for-taiwan-malaysia-could-ease-the-global-semiconductor-shortage/) and is a hub for semiconductor packaging — making up a tenth of the sector’s global trade.

However, the global Covid-19 pandemic had led to multiple strict lockdowns by the government over the past two years, preventing chip factories from being able to operate normally.

Additionally, the government’s lockdowns had severely restrained the [manufacture and supply of aluminum capacitors](https://techwireasia.com/2021/09/aluminum-disruption-in-malaysia-adds-a-wrinkle-to-the-global-chip-shortage/) this year. These capacitors are essential chip-related components in consumer and industry electronics such as EVs and computers, which further [strained the global semiconductor shortage](https://techwireasia.com/2021/10/heres-what-the-2021-global-semiconductor-shortage-is-all-about/).

However, things may look up for both affected people and industries — the cargo congestion in Port Klang [appears to be easing up](https://www.thestar.com.my/news/nation/2021/12/21/cargo-congestion-in-port-klang-gradually-recovering-after-floods-says-wee), and lockdowns had ceased since September this year.

Nevertheless, industry experts and watchers are still nervous about the impact of the Omicron variant, which might cause yet another dent in the global semiconductor supply chain.