

Israel grants Intel multibillion-dollar grant for new \$25 billion chip plant

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Tel Aviv, December 27 (RHC)-- Israel's government has agreed to give Intel Corp a \$3.2 billion grant for a new \$25 billion chip plant it plans to build in southern Israel, both sides have said. The news on Tuesday comes as Israel remains locked in an intense war of aggression on the Gaza Strip, which has killed close to 21,000 Palestinians since October 7, and ushered global calls to boycott Israel and companies that

benefit from its occupation of Palestinian lands.

Israel's deal with Intel is a big show of support by a major U.S. company and a generous offer by the Israeli government at a time when Washington – which is Israel's biggest supporter – has increased pressure on Tel Aviv to take further steps to minimise civilian casualties in Gaza.

In addition to the grant that amounts to 12.8 percent of the total investment, the chipmaker also committed to buying 60 billion shekels (\$16.6 billion) worth of goods and services from Israeli suppliers over the next decade, while the new facility is expected to create several thousand jobs.

In June, Israeli Prime Minister Benjamin Netanyahu publicised news of the deal – which remained unconfirmed by Intel until now – heralding the decision to build a new chip plant as “unprecedented”, adding that “this is the largest investment ever in the State of Israel”.

Intel operates four development and production sites in Israel, including a manufacturing plant in Kiryat Gat, 42 km (26 miles) from the Gaza Strip.

An expansion plan for the Kiryat Gat site is an “important part of Intel's efforts to foster a more resilient global supply chain, alongside the company's ongoing and planned manufacturing investments in Europe and the United States”, Intel said in a statement.

The plant produces Intel 7 technology, or 10-nanometer chips, and employs nearly 12,000 people in the country while indirectly employing another 42,000 more.

Israel's finance and economy ministries said Intel's investment, especially in this period and in light of the global competition to attract significant investments in the field of chips, is a significant expression of confidence in the country's economy. They said the investment has direct fiscal benefits for Israel that will be significantly higher than the state's grant.

“This investment, at a time when Israel wages war against utter wickedness, a war in which good must defeat evil, is an investment in the right and righteous values that spell progress for humanity,” Israeli Finance Minister Bezalel Smotrich said.

Intel first established a presence in Israel in 1974. At some \$9 billion, Intel's exports account for 5.5 percent of total high-tech exports.

Intel, one of around 500 multinationals in Israel and which bought Israeli self-driving auto technologies firm Mobileye for \$15.3 billion in 2017, declined to say what technology will be produced at the new Fab 38 plant where Intel says construction has already begun.

The Fab 38 plant is due to open in 2028 and operate through 2035.

Under CEO Pat Gelsinger, Intel has invested billions in building factories across three continents to restore its dominance in chipmaking and better compete with rivals AMD, Nvidia and Samsung. The new Israeli plant is the latest investment by the chipmaker in recent years.

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