

July 24, 2020

The Honorable Nancy Pelosi
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Schumer
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer:

On behalf of the Semiconductor Industry Association (SIA), representing 95 percent of the semiconductor industry in the U.S., I am writing to urge you to include incentives for semiconductor manufacturing and increased investments in semiconductor research in the upcoming COVID-19 emergency relief bill. As you address the urgent and significant challenges facing families in America, the health care system, and the economy as a whole resulting from the pandemic, we call on you to set the stage for long-term economic growth and strengthened national security by adopting measures to grow semiconductor manufacturing and research investments in the U.S.

The House and Senate have both recognized the vital importance of this industry in the pending National Defense Authorization Act, underscoring “the leadership of the United States in semiconductor technology and innovation is critical to the economic growth and national security of the United States.” Semiconductors are a key enabling technology for our economy ranging from health care and communications to transportation and energy. Semiconductor technology will be pivotal in the “must win” industries of the future, including AI, quantum computing, and 5G/6G telecommunications. U.S. leadership in these fields will be essential to our national security and technology leadership for decades to come.

Importantly, these actions will facilitate our response to the pandemic. Semiconductors are key components in medical devices treating and monitoring COVID-19 and other patients, play an important role in medical research to discover new vaccines and cures and power the AI systems and super computers that will advance medical research in future decades. Semiconductors also drive the networks, computers, and data centers enabling remote learning and work during the pandemic. The industry employs 250,000 workers, generates over one million indirect jobs, and semiconductors are America’s fifth largest export. In short, maintaining U.S. leadership in this crucial industry and strengthening supply chain resiliency for the long term is essential to America’s post-pandemic future.

The U.S., however, faces challenges to its manufacturing base and technology leadership as China and other global competitors are investing heavily in this industry. As outlined in an SIA white paper, "[Strengthening the U.S. Semiconductor Industrial Base](#)," global competitors offer generous subsidies to attract semiconductor manufacturing and the U.S. lacks comparable incentives to maintain our industrial base. Additionally, while U.S. semiconductor companies invest nearly 20 percent of revenue into research and development to maintain their technology leadership – among the highest of any industry sector – federal investments in research have failed to keep pace with funding by China and other global competitors.

Reversing these trends should be a national priority. To do so, Congress should advance funding for measures included in bipartisan legislation (S. 3933; H.R. 7178 and S. 4130) to incentivize semiconductor manufacturing and promote increased research investments as part of the pandemic recovery package. Specifically, we call on Congress to take action on the following:

1. Enact a refundable investment tax credit for expenditures for qualified semiconductor manufacturing equipment or semiconductor manufacturing facility investment expenditures;
2. Fund federal grants of \$15 billion to advance semiconductor manufacturing in the U.S.; and
3. Fund an increase in investments in semiconductor research of \$15 billion over 10 years.

Securing American leadership in semiconductor manufacturing and technology will position America to succeed in our post-pandemic future. The time for action is now, and we urge you to include measures to accelerate U.S. semiconductor manufacturing and research investments as part of the COVID-19 emergency relief legislation.

Sincerely,



cc: Sen. John Cornyn
Sen. Mark Warner
Sen. Tom Cotton
Rep. Doris Matsui
Rep. Michael McCaul