

# TARIFFS ON CHIP IMPORTS WOULD HARM U.S. MANUFACTURING

## 1. While the vast majority of U.S. semiconductors are designed and manufactured in the U.S., 83% of our sales are to customers overseas, making semiconductors the nation's 5th largest export.

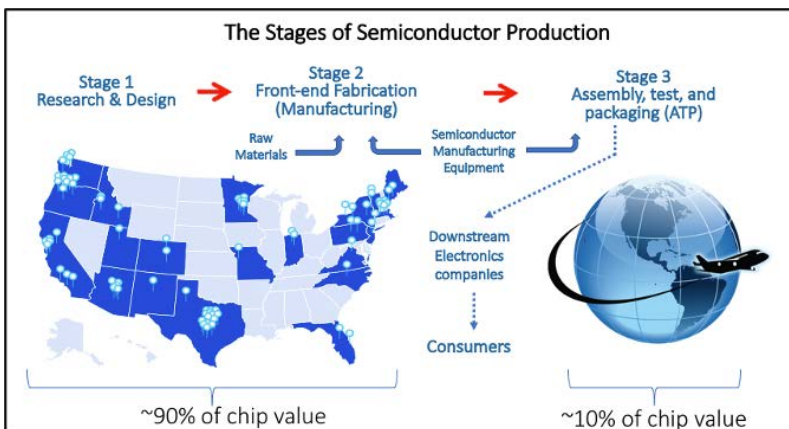
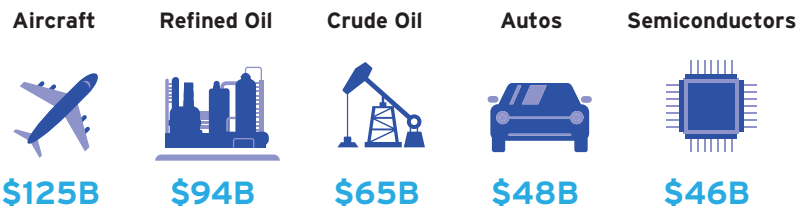
Overseas manufacturing and low-value assembly, packaging and test (ATP, <10% of the value of a chip) have occurred in 3rd countries for decades, allowing U.S. semiconductor companies to be more competitive through greater proximity to their largest and fastest-growing markets, and by allowing them to focus on highly advanced, high-value-added design and manufacturing (>90% chip value). Retaliatory tariffs would greatly harm U.S. access to and competitiveness in these important overseas markets.

## 2. Building a semiconductor fab isn't cheap. A state-of-the-art fab costs \$18-27 billion to build and operate, and depends on tens of thousands of global suppliers for key inputs, including equipment and materials.

U.S. semiconductor companies have invested significant time and resources in developing their operations and supply chains. No amount of tariffs will equal the costs of ripping apart the efficient supply chains that that has enabled current U.S. global leadership in semiconductors. Semiconductors tariffs will in fact do the opposite, further driving manufacturing - in both semiconductors and sectors that rely on semiconductor technology- away from the U.S. due to increased costs to key inputs and less available capital to invest in R&D and CAPEX.

U.S. policymakers can best incentivize manufacturing in the U.S. through federal grants, R&D funding, and tax credits

### TOP U.S. EXPORTS IN 2019



## 3. The U.S. can attract semiconductor manufacturing through incentives, not tariffs

Many countries (i.e. Taiwan, Singapore, Korea) are outpacing the U.S. in semiconductor manufacturing growth because they offer major financial incentives to attract high-tech manufacturing. With the exception of a few U.S. states, the U.S. does not offer comparable incentives, which has cost the U.S. in terms of attracting new fabs. The most effective way to attract semiconductor manufacturing is not tariffs, but federal grants and R&D funding to build fabs and research facilities as envisioned by the proposed CHIPS Act and the Infrastructure Investment and Jobs Act. The total cost of these proposed bills to the American taxpayer would be \$25 billion, which is significantly less than the \$37-185 billion price tag of 10%-50% tariffs on U.S. semiconductor imports over the next 10 years.

### COST TO U.S. TAXPAYER: INCENTIVES VS TARIFFS

CHIPS ACT	10% TARIFF	25% TARIFF	50% TARIFF	Tariffs on \$37 B in U.S. chip imports over 10 years
\$5 B	\$5 B	\$5 B	\$15 B	\$37-185 B

