1. High-value semiconductor design and manufacturing already occurs in the United States

The vast majority of U.S. semiconductors are already designed and manufactured in the U.S. 44% of U.S. company front-end manufacturing capacity is located in the U.S., but 82% of our sales are to customers overseas, making semiconductors the nation’s 5th largest export. After raw wafers are produced in the U.S., most companies ship them abroad for the last stage of assembly, packaging and test. This low-value ATP (~10% of the value of a chip) has occurred in 3rd countries for decades, allowing U.S. chipmakers to be more competitive by allowing them to focus on advanced, high-value-added design and manufacturing (~90% chip value). Imposing tariffs on chip imports would cause U.S. chipmakers to pay tariffs on their own goods, and the risk of retaliatory tariffs would greatly harm U.S. access to and competitiveness in these important overseas markets.

2. Tariffs will not “reshore” chip manufacturing, but will drive away other advanced manufacturing sectors

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 tariff amount will equal the costs of ripping apart these investments and efficient supply chains that have enabled current U.S. industry leadership. Moreover, chip tariffs will drive away manufacturing in advanced sectors that rely on semiconductor technology, such as aerospace, AI, robotics, next generation networks and autonomous vehicles. If the cost of key inputs like semiconductors is too high, tech manufacturers will relocate out of the U.S., costing jobs and further eroding U.S. manufacturing and technological competitiveness.

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. The U.S. does not offer comparable federal incentives, which has hurt the U.S. in terms of attracting new fabs. The most effective way to attract semiconductor manufacturing is not tariffs, but financial incentives like federal grants, R&D funding, and tax credits to build fabs and research facilities as envisioned by the proposed CHIPS for America Act and the American Foundries Act. The total cost of these proposed bills to the American taxpayer would be roughly $29.8 billion (without tax credits), which is significantly less than the $93-185 billion price tag of 25%-50% tariffs on U.S. semiconductor imports over the next 10 years.