



May 7, 2025

Stephen Astle  
Director, Defense Industrial Base Division  
Office of Strategic Industries and Economic Security  
Bureau of Industry and Security  
U.S. Department of Commerce  
1401 Constitution Ave NW  
Washington, DC 20230

**RE: Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Semiconductors and Semiconductor Manufacturing Equipment Federal Register Docket No. BIS-250414-0066 (X-RIN 0694-XC121).**

Dear Director Astle:

The U.S. Chamber of Commerce (“the U.S. Chamber”) appreciates the opportunity to respond to the U.S. Department of Commerce’s (“Commerce”) request for comments cited above. The Administration has stated its intent to use these comments as part of its “investigation to determine the effects on the national security of imports of semiconductors and semiconductor manufacturing equipment (“SME”), and their derivative products.”<sup>1</sup>

The U.S. Chamber underscores the importance of a robust semiconductor industry for U.S. manufacturing, technological leadership, economic competitiveness, and national security. As semiconductor supply chains span the globe, the significant challenge non-market economic policies pose to the health and scale of the U.S. semiconductor industry and consequently to U.S. economic and national security is evident.

To address these challenges, the U.S. Chamber calls on Commerce to adopt a highly targeted, carefully calibrated, and strategic approach that is tailored to these concerns. Policy solutions should be carefully scoped to strengthen U.S. semiconductor manufacturing, promote U.S. innovation and research and development (“R&D”), and increase domestic, end-use demand for semiconductors—all while ensuring that foreign non-market economy policies and practices do not harm key segments of the U.S. semiconductor industry.

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<sup>1</sup> <https://www.federalregister.gov/documents/2025/04/16/2025-06591/notice-of-request-for-public-comments-on-section-232-national-security-investigation-of-imports-of>.

If the Administration is to achieve these objectives, it must, at all costs, reject broad-based, one-size fits all approaches, including tariffs on allies and key partners as well as critical inputs that are needed to strengthen U.S. semiconductor manufacturing. The U.S. Chamber and our members stand ready to partner with the Trump Administration on a comprehensive, targeted approach that will strengthen U.S. manufacturing, promote domestic R&D and innovation, and ensure the long-term vitality, scale, and technological leadership of the U.S. semiconductor industry.

**I. The Semiconductor Industry is Core to American National Security, Technological Leadership, and Economic Competitiveness.**

*A. Importance of Semiconductors to National Security.*

A robust and resilient semiconductor sector is critical for national security. First, semiconductors are widely used in defense applications with a market value of around \$25 billion.<sup>2</sup> These uses range from sensor systems, surveillance, cyber and electronic warfare, and missile guidance. Moreover, the need for semiconductors will only increase as the U.S. military focuses more on artificial intelligence (“AI”), autonomy, quantum, and other advanced technologies.

Second, the geographic concentration of semiconductor manufacturing, particularly of legacy semiconductors, in the Peoples Republic of China (“PRC”) and elsewhere in Asia could threaten the supply of semiconductors in the United States in the event of future significant events. More recently, the PRC has advanced considerably in weaponizing its dominant position in critical minerals, rare earths, and unmanned aircraft, while it has also altered rules of origin and export controls to discriminate against U.S.-manufactured semiconductors.

These actions underscore the ongoing and future risks to U.S. national security should the PRC elect to restrict the export of semiconductors or further restrict other critical portions of the semiconductor supply chain.

*B. Semiconductors are Critical to Build the Industries of the Future*

Industries of the future, such as AI, data centers, quantum, unmanned aircraft, autonomous vehicles, and advanced 6G communications rely on semiconductors. It is widely understood that these industries are critical not just for U.S. economic competitiveness and technological leadership, but also our national security.<sup>3</sup> The training for advanced AI models, for example, requires data centers, which are

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<sup>2</sup> <https://www.gminsights.com/industry-analysis/military-and-defense-semiconductor-market>.

<sup>3</sup> <https://www.govinfo.gov/content/pkg/CMR-PREX23-00185928/pdf/CMR-PREX23-00185928.pdf>.

powered by several different types of semiconductors including compute, memory, and logic chips, and derivative semiconductor products.<sup>4</sup>

Advanced semiconductors are also utilized in industrial AI systems that are used to optimize production, supply chain management, predictive maintenance, and for digital twins.<sup>5</sup> Autonomous vehicles utilize semiconductors for core technologies such as LiDAR, camera, and radar systems, as well as to process the data necessary to operate the vehicle.<sup>6</sup> Further, quantum technologies will require unique semiconductors.<sup>7</sup>

### *C. Semiconductors are Crucial for the U.S. Economy and Our Global Competitiveness*

Advanced and legacy semiconductors are foundational for numerous industry sectors and products including automotive, manufacturing and industrial machinery, consumer electronics, communications infrastructure, and medical technology. Legacy semiconductors alone enable \$10.8 trillion of economic activity across the U.S. economy.<sup>8</sup> As the world and the U.S. economy becomes more digitized, more semiconductors will be necessary. Given the substantial use of semiconductors across the U.S. economy, geographic diversity of supply should be part of a broader strategy to mitigate economic security risks.

- **Manufacturing:** Industrial products and requirement necessary for manufacturing and industrial automation utilize a wide range of legacy and advanced semiconductors, including programmable logic controllers, motors, drives, robotic systems, and other types of hardware. Manufacturing accounts for 14% of the total global semiconductor market.<sup>9</sup>
- **Communications Infrastructure:** Broadband, data centers, and other communications infrastructure depend on semiconductors. Thirty-two percent of the global semiconductor market is for the communications industry.<sup>10</sup> For example, every consumer and networking device found in the home—modems, routers, mobile base stations and more—depends on multiple semiconductor

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<sup>4</sup> <https://www.icdrex.com/surge-in-data-centers-drives-semiconductor-market-growth/>.

<sup>5</sup> [https://democrats-energycommerce.house.gov/sites/evo-subsites/democrats-energycommerce.house.gov/files/evo-media-document/Testimony\\_Oxman.pdf](https://democrats-energycommerce.house.gov/sites/evo-subsites/democrats-energycommerce.house.gov/files/evo-media-document/Testimony_Oxman.pdf).

<sup>6</sup> <https://www.y-mobility.co.uk/the-role-of-semiconductors-in-autonomous-vehicles/>.

<sup>7</sup> <https://www.azoquantum.com/Article.aspx?ArticleID=447>.

<sup>8</sup> <https://www.semiconductors.org/wp-content/uploads/2025/02/USTR-2024-0024-00109674-CAT-5016-Public-Document.pdf>.

<sup>9</sup> <https://www.semiconductors.org/wp-content/uploads/2024/05/SIA-2024-Factbook.pdf>.

<sup>10</sup> <https://www.semiconductors.org/wp-content/uploads/2024/05/SIA-2024-Factbook.pdf>.

chips to manage operational control, power supply, and network connections, and ultimately to provide connectivity to households and businesses.

- **Consumer Electronics:** Personal computers, smartphones, gaming consoles, household appliances, and many other consumer electronics goods rely on semiconductors of all types. In fact, more than one-third of the global semiconductor market is focused on computers and consumer electronics.<sup>11</sup>
- **Automotive:** The automotive industry uses many types of semiconductors for powertrains, navigation and guidance, infotainment and telematics, and safety features like automatic braking and airbag control.<sup>12</sup> The automotive sector accounts for a 17% share of global semiconductor sales.<sup>13</sup> Moreover, as the automotive sector continues to become more automated and connected, the need for semiconductors only increases.<sup>14</sup>
- **Medical Technology:** The advanced medical equipment industry uses semiconductors in all kinds of medical devices - imaging devices, diagnostic devices, implantable devices and wearable sensors. Semiconductors power, control and process the large amounts of data these devices generate, enhance sensing capabilities to detect small changes in biological systems, and enable wireless communications for remote monitoring and transmission of health data and patient records. America's modern health infrastructure relies on a thriving semiconductor supply chain.

## II. Countries of Concern Present Challenges to Key Semiconductor Segments and Technological Leadership

The U.S. Chamber agrees that there are pressing challenges for key segments of the industry that must be addressed by the U.S. government in partnership with U.S. industry.

A growing set of national security concerns with the PRC have the potential to adversely impact the commercial environment for the U.S. semiconductor industry, including military-civil fusion and more intricate dual-use technology, overcapacity, unprecedented state subsidies, targeting and discriminatory treatment of American firms, and the overall absence of rule of law and transparency.

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<sup>11</sup> <https://www.semiconductors.org/wp-content/uploads/2024/05/SIA-2024-Factbook.pdf>.

<sup>12</sup> <https://assets.kpmg.com/content/dam/kpmgsites/es/pdf/2021/03/automotive-semiconductors-2021.pdf.coredownload.inline.pdf>.

<sup>13</sup> <https://www.semiconductors.org/wp-content/uploads/2024/05/SIA-2024-Factbook.pdf>.

<sup>14</sup> <https://www.semiconductors.org/wp-content/uploads/2024/05/SIA-2024-Factbook.pdf>.

The PRC constitutes 33% of legacy semiconductor manufacturing capacity and 1% of advanced semiconductor capacity, and those numbers are poised to rise over the coming years.<sup>15</sup> Also, over the last five years, the PRC has rapidly increased capacity in memory chip manufacturing, increasing from a 0% market share to 5%.<sup>16</sup> Currently, PRC memory chip manufacturers have the capacity to nearly triple their current market share.<sup>17</sup>

China's rapid capacity expansion in fabrication and supply chains is intentional and the result of substantial subsidies, import substitution, and protectionism. Semiconductor production and technologies are key components of the PRC's Made in China 2025 plan and scoped into other industrial policy plans designed to achieve self-sufficiency and global semiconductor leadership. Importantly, the PRC has adjusted its focus from assembly, testing, and packaging to include design and manufacturing, which will allow the PRC to capture more value of semiconductor manufacturing and increased control over the supply chain.

To operationalize these objectives the PRC has pursued regulatory processes to discriminate against U.S. and foreign firms, provided direct state subsidies of more than \$100 billion, subsidized facilities for its semiconductor firms, raised capital on behalf of key manufacturers, engaged in intellectual property theft, statements from PRC-affiliated industry organizations discouraging the procurement of U.S. chips, and crafted market access restrictions such as discriminatory procurement policies and replacement of American technologies.<sup>18</sup>

The current environment is a culmination of a decades'-long PRC strategy by the PRC to dominate the global semiconductor supply chain and undermine the competitiveness of the key segments of the U.S. industry. Indeed, that ambition was clearly articulated in the PRC's Made in China 2025 plan and related semiconductor and AI policies and is an essential part of the PRC's overall vision for achieving technological self-reliance.<sup>19</sup>

Further, China's aggressive strategy in semiconductors and broader efforts to dominate global supply chains are not limited to one industry. China has pursued—

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<sup>15</sup> <https://fortune.com/asia/2024/07/05/china-poised-take-over-legacy-chips-mature-nodes-us-semiconductor-export-controls/>.

<sup>16</sup> <https://asia.nikkei.com/techAsia/China-s-memory-breakthrough-and-Apple-s-first-U.S.-chips>

<sup>17</sup> <https://technode.com/2025/02/08/china-the-future-memory-powerhouse/>.

<sup>18</sup> <https://www.semiconductors.org/wp-content/uploads/2025/02/USTR-2024-0024-00109674-CAT-5016-Public-Document.pdf>.

<sup>19</sup> [https://image.uschamber.com/lib/fe3911727164047d731673/m/1/Was-MIC25-Successful-final.pdf?utm\\_source=sfmc&utm\\_medium=email&utm\\_campaign=&utm\\_term=MIC2025+Report+Release+Announcement&utm\\_content=5/5/2025](https://image.uschamber.com/lib/fe3911727164047d731673/m/1/Was-MIC25-Successful-final.pdf?utm_source=sfmc&utm_medium=email&utm_campaign=&utm_term=MIC2025+Report+Release+Announcement&utm_content=5/5/2025).

and is continuing to pursue—a similar policy mix in other sectors,<sup>20</sup> as the Rhodium Group recently highlighted in a new report on Made in China 2025. Regardless of the sector, China's has pursued a similar policy cocktail to strengthen its competitiveness and alter comparative advantage of massive domestic supports, domestic procurement preferences, national preferential standards policies for domestic champions, pretextual use of antitrust and security investigations, legal and illegal acquisition of foreign technology, and export subsidies are prevalent. This wholistic approach, which is now manifesting in the PRC semiconductor industry, has the potential to make it impossible for U.S. companies to compete in the PRC market.

While China produces a modest number of advanced semiconductors at present, the PRC is positioning resources to lead in advanced semiconductor manufacturing. Because of those efforts, the costs of building and running advanced fabrication facilities for analog, memory, and logic are substantially lower in China compared to the United States,<sup>21</sup> and the PRC is continuing to prioritize these segments.

China's industrial policies have not only provided undue advantage to its domestic industries; they have also allowed China to become the dominant source of downstream products in critical advanced manufacturing sectors, which in turn fuels the demand for semiconductors. For example, China produces 36% of the world's electronics.<sup>22</sup> This outsized market share in electronics not only allows China to determine which semiconductors are used in locally-manufactured end-products, but gives it both *de facto* and *de jure* discretion to exclude U.S.-made semiconductors from its market, as it may already be trying to do through its recent change in rules of origin for semiconductors. Similar to other industries, there is a growing risk that China may also at some point mandate sole-sourcing from domestic semiconductors once China has achieved a competitive position in a particular segment of the industry, most likely in legacy nodes to start.

The combination of continually evolving PRC policies with the unprecedented buildout of legacy chip manufacturing and rapid growth in memory chip manufacturing have the potential to substantially undermine the economies of scale, efficiency, innovation, and ultimately the viability of important legacy and memory semiconductor manufacturers in the United States.

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<sup>20</sup> <https://www.semiconductors.org/wp-content/uploads/2025/02/USTR-2024-0024-00109674-CAT-5016-Public-Documents.pdf>.

<sup>21</sup> [https://www.semiconductors.org/wp-content/uploads/2021/07/Taking-Stock-of-China%E2%80%99s-Semiconductor-Industry\\_final.pdf](https://www.semiconductors.org/wp-content/uploads/2021/07/Taking-Stock-of-China%E2%80%99s-Semiconductor-Industry_final.pdf).

<sup>22</sup> [https://www.semiconductors.org/wp-content/uploads/2021/07/Taking-Stock-of-China%E2%80%99s-Semiconductor-Industry\\_final.pdf](https://www.semiconductors.org/wp-content/uploads/2021/07/Taking-Stock-of-China%E2%80%99s-Semiconductor-Industry_final.pdf).

### III. Commerce Should Take a Targeted and Strategic Approach to Address Trade Concerns in the Semiconductor Industry

#### *A. Total Near-term Onshoring of the Semiconductor Supply Is Not Feasible*

The complete onshoring of all semiconductor supply chain elements is not feasible, much less in a short period of time. Instead, the United States requires a targeted approach that minimizes harm to U.S. industry, U.S. national security, and limits disruption.

The semiconductor ecosystem spans the length of the production chain (e.g., research and development, design, manufacturing, and assembly, testing, and packaging) and incorporates a significant upstream supply chain (e.g. raw materials, critical minerals, equipment and component manufacturing, and other inputs).<sup>23</sup> The semiconductor sector also includes multiple end products including legacy and advanced semiconductors that can be used for different functions including logic, memory, analog, and others. Semiconductors themselves are intermediate products destined for end markets in sectors such as consumer electronics, automotive, defense, industrial automation, medical equipment, aerospace, and telecommunications. The typical semiconductor production process often involves steps in multiple countries, with inputs and products often traversing back and forth.

Given the complexity of the semiconductor manufacturing process, supply chains have evolved over decades and cannot be rearranged overnight or even within a decade. Currently, it takes 38 months (from design to construction completion) to build a fab in the United States compared to 19 months in Taiwan and potentially less in China.<sup>24</sup> That does not account for time needed to build supporting facilities and then qualify products at each fab—a process that can add at least six months to a year.

While many manufacturers at all levels of the supply chain are pursuing steps to onshore production to the United States, these efforts are difficult to expedite. These plans are highly complex, and require significant advanced planning, including the management of thousands of inputs from numerous companies and countries around the world. Companies within the semiconductor ecosystem, like other manufacturers, have carefully developed long-term investment strategies and committed to lengthy U.S. buildouts based on previously announced policies. Policy

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<sup>23</sup> <https://cset.georgetown.edu/wp-content/uploads/The-Semiconductor-Supply-Chain-Issue-Brief.pdf>; Critical inputs directly involved in semiconductor manufacturing include specialty chemicals, ultra-pure metals, gases, and semiconductor substrates.

<sup>24</sup> “Building a chipmaking fab in the US costs twice as much, takes twice as long as in Taiwan”; <https://www.tomshardware.com/tech-industry/building-a-chipmaking-fab-in-the-us-costs-twice-as-much-takes-twice-as-long-as-in-taiwan>.

uncertainty and instability will adversely impact existing onshoring plans, which negatively impacts the stated objective to onshoring the semiconductor supply chain.

Moreover, the U.S. semiconductor industry faces a significant shortage of qualified workers. The Semiconductor Industry Association (“SIA”) estimates that 67,000 new jobs across manufacturing and design will risk going unfilled by 2030, and that is under current projections, including in occupations that require significant education such as computer scientists and engineers.<sup>25</sup> Faster reshoring would result in a larger workforce gap, with Deloitte and SEMI projecting a need to fill over one million additional semiconductor jobs by 2030.<sup>26</sup> Reshoring manufacturing will simply not work if the workforce is too small and lacks the requisite skills to achieve semiconductor manufacturing at scale.

Absent a focus on the material, equipment, and workforce infrastructure necessary to compete globally, implementing broad-based tariffs would upset supply and demand balances harming the U.S. semiconductor industry, sectors that utilize semiconductors, and potentially broader national security objectives.

*B. Commerce Should Reject Broad-Based Tariffs on the Semiconductor Supply Chain*

The Investigation is wide ranging and covers nearly the entirety of the semiconductor supply chain and all product types. The Chamber encourages Commerce to reject calls for broad-based tariffs given the harm such measures would impose on the U.S. semiconductor industry and other American businesses, as well as on our ability to collaborate internationally on achieving key national security objectives.

First, a broad-based approach will harm the American semiconductor industry itself. Broad-based tariffs on semiconductors, semiconductor equipment, and other inputs would increase costs and make American domestic production objectives more difficult, if not impossible, to achieve. All announced U.S. fabrication projects have a total capital expenditure of \$540 billion. SIA estimates that each 1% duty rate increase will increase the cost to construct and equip a fab by 0.64%. Therefore, each 1% duty rate increase will increase the capital costs for announced projects by up to \$3.5 billion. Single projects will face billions in additional construction and operation costs. These costs, unknown at the time of announcements, could delay or jeopardize

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<sup>25</sup> <https://www.semiconductors.org/chipping-away-assessing-and-addressing-the-labor-market-gap-facing-the-u-s-semiconductor-industry/>.

<sup>26</sup> <https://www.prnewswire.com/news-releases/synopsys-teams-up-with-semi-foundation-to-drive-workforce-development-initiatives-in-semiconductor-industry-302377429.html>;  
<https://www2.deloitte.com/us/en/pages/technology/articles/global-semiconductor-talent-shortage.html>.

construction plans in their entirety as the costs will far exceed those to build elsewhere. Even if projects move forward at the original speed, scale and scope, additional costs will reduce demand for end market products, which further undercuts domestic semiconductor manufacturing. In the long-term, this also may reduce investments in semiconductor R&D leading to technological stagnation and future adverse impacts to U.S. semiconductor leadership.

This also will place American-made semiconductors at a competitive disadvantage considering our global competitors are not necessarily making the same manufacturing commitments and will not face analogous tariff costs for raw materials and manufacturing equipment and other integral inputs. Tariffs on equipment would be particularly impactful considering the primary cost driver for semiconductor manufacturing facilities is equipment costs, which have gotten more expensive as the complexity and capability of that equipment continues to improve. Also, many inputs such as specialty chemicals and substrates are imported, and any disruption would significantly hinder semiconductor production. Finally, a sufficient quality or quantity of domestic alternatives may not be available, which also puts cost pressures on manufacturers.

Second, a broad-based approach will negatively impact end-users of semiconductors and their workforces. As discussed earlier, industries ranging from industrial automation to automotive utilize semiconductors in their products. Broad-based tariffs across the semiconductor supply chain will aggregate and present significant cost increases for end-users and potentially shortages given the shock to the supply chain. In turn, this will drive up the costs of end products. This is particularly important to businesses and manufacturers that plan long-term investments and depends on policy and price stability. Further, it may undermine U.S. national security objectives. The defense industry is a major end user of legacy and advanced semiconductors, and significant price increases and shortages would adversely impact the defense industrial base. Similarly, semiconductors are essential to critical and emerging technologies core to American technological leadership and national security, such as AI, quantum, and advanced communications. Finally, the workforces of these businesses will also see harmful effects as businesses adjust to higher prices and a more constrained supply chain.

Third, a broad-based approach will adversely impact the ability of the United States to cooperate internationally and address other national security concerns pertaining to the PRC. Broad-based tariffs will push key U.S. technology partners and others to deepen their ties with the PRC to hedge against uncertain U.S. trade policies. Already we have seen the PRC state that buying U.S. chips is no longer safe and that

Chinese semiconductor companies buy locally up and downstream.<sup>27</sup> A stronger, more robust Chinese ecosystem could result in traditional U.S. allies increasing their use of Chinese equipment and inputs. This would harm the U.S. government's focus on mitigating PRC national security concerns.

*C. A Strategic, Carefully Targeted Approach is Needed to Address Trade Concerns from Countries of Concern*

The Chamber opposes the broad-based imposition of tariffs or non-tariff trade measures on the semiconductor industry given adverse impacts to business, workers, and consumers. However, if Commerce, based on the investigation, makes a determination that the import of certain semiconductors or semiconductor-related products threatens to impair national security, the Secretary should consider a strategic and targeted approach that addresses national security risks and is in concert with related policy solutions.

First, any measures should be focused exclusively on countries of concern, including the PRC, and scoped narrowly and scoped to address specific national security concerns in the legacy and memory segments. As discussed in an earlier section, the PRC's industrial policy has prioritized securing an insurmountable market share of legacy and advanced semiconductors and now accounts for 20% of the front-end and 40% of the back-end semiconductor manufacturing capacity.<sup>28</sup> It is now the largest market for semiconductors globally at 24%. Further, the PRC has taken active measures to limit market competition.

Second, should the investigation find the need for action under Section 232, Commerce should impose measures on a narrow and escalating basis to allow the semiconductor industry and end users to gradually adapt to restrictions and in consideration of negative economic impacts of trade measures. Commerce should differentiate among logic, memory, and legacy semiconductors given the substantial technological and marketplace distinctions among the product types and considering the areas where China's industrial policies are most likely to impact U.S. industry. Further, Commerce should recognize that many semiconductors are utilized in a wide range of supply chains outside of semiconductors, so close consultation with industry is important to appropriately score any restrictions.

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<sup>27</sup> [https://www.reuters.com/technology/chinese-firms-should-diversify-chip-sources-internet-society-china-says-2024-12-03/#:~:text=BEIJING%2C%20Dec%203%20\(Reuters\),Washington's%20curbs%20on%20Chinese%20chipmakers.](https://www.reuters.com/technology/chinese-firms-should-diversify-chip-sources-internet-society-china-says-2024-12-03/#:~:text=BEIJING%2C%20Dec%203%20(Reuters),Washington's%20curbs%20on%20Chinese%20chipmakers.)

<sup>28</sup> <https://www.semiconductors.org/wp-content/uploads/2025/02/USTR-2024-0024-00109674-CAT-5016-Public-Documents.pdf>.

Third, the United States Trade Representative in December 2024 initiated a Section 301 investigation into whether the PRC's acts, policies, and practices to the semiconductor sector are "unreasonable or discriminatory and burden or restrict U.S. commerce."<sup>29</sup> The Section 301 investigation likely overlaps with the Section 232 investigation given the significant national security implications of the semiconductor industry and market distortionary impacts of PRC policies and financial supports. There should be coordination between these two investigations to ensure a clear, consistent, and non-duplicative U.S. government approach to addressing the concerns identified in both investigations.

Fourth, on April 15, President Trump's Executive Order directed the Secretary to initiate a Section 232 investigation into processed critical minerals imports.<sup>30</sup> The E.O.'s and investigation's scope covers semiconductor fabrication inputs (i.e. wafers, anodes, and cathodes) and finished products including microprocessors and electronics.<sup>31</sup> Where there is crossover, the Chamber encourages Commerce to maintain a consistent approach between the two investigations and prevent contradictory, overlapping, or compounding policy outcomes.

Fifth, Commerce, in conjunction with other relevant federal agencies, should continue to focus on other trade policy tools such as tailored export controls and inbound and outbound investment restrictions that can serve as an appropriate and complementary role in protecting national security. The Chamber encourages any restrictions to be narrowly tailored, focused on specific national security concerns, implemented in a transparent, predictable, and efficient manner, drafted with input from industry, and pursued multilaterally in concert with key allies.

#### **IV. Commerce and the Administration Should Pursue Other Policies to Strengthen the Semiconductor Sector and Supply Chain**

The Administration should pursue additional policies to bolster the semiconductor sector and its supply chain, including tax, investment, regulatory, and trade policies. These will help ensure the United States is a leader in semiconductor manufacturing and technology while not imposing substantial costs and risks on private industry.

##### *ASupport Federal Investments in the Semiconductor Industry*

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<sup>29</sup> <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-chinas-targeting-semiconductor-industry-dominance>.

<sup>30</sup> <https://www.whitehouse.gov/presidential-actions/2025/04/ensuring-national-security-and-economic-resilience-through-section-232-actions-on-processed-critical-minerals-and-derivative-products/>.

<sup>31</sup> <https://www.whitehouse.gov/presidential-actions/2025/04/ensuring-national-security-and-economic-resilience-through-section-232-actions-on-processed-critical-minerals-and-derivative-products/>.

Federal investments in the U.S. semiconductor ecosystem are important for U.S. national security and economic growth. This is intended to reduce the cost differential between manufacturing in the United States and across other jurisdictions to encourage the semiconductor industry to invest domestically and will strengthen the broader domestic semiconductor supply chain and workforce. Commerce and the Administration should maintain and fully implement existing programs to spur investments in semiconductor manufacturing and supply chain, including the CHIPS and Science Act incentives program, where many companies have acted in good faith to expand domestic capacity in reliance on potential support to offset the higher costs of building in the U.S. As such, we commend the Administration for initiating the Investment Accelerator, which will ensure that it is economically feasible for critical parts of the semiconductor supply chain to reshore in the United States.<sup>32</sup>

In addition, strengthening the resiliency of America's semiconductor industry will take time and policymakers must consider the long term. Commerce programs such as National Semiconductor Technology Center and the National Advanced Packaging Manufacturing Program are critical to ensuring future U.S. leadership in semiconductor technology and manufacturing.

#### *A. Advance Pro-Growth Tax Policies*

Congress should also pursue pro-growth tax policies to bolster the U.S. semiconductor sector. This includes extending the advanced manufacturing investment credit in section 48D of the Internal Revenue Code ("Code"), which provides a 25% investment tax credit for investments in semiconductor manufacturing and semiconductor manufacturing equipment.<sup>33</sup> This incentive should be enhanced by increasing the size of the credit from 25% to 35% and expanding its scope to include materials and supplies essential to semiconductor manufacturing.<sup>34</sup> Furthermore, Congress should permanently restore the immediate deduction for research and experimental expenditures under section 174 of the Code, which include costs associated with the development, testing, and improvement of products and services.<sup>35</sup> All three policies would provide significant incentives for companies to invest in semiconductor research and manufacturing activities in the United States.

#### *B. Reduce Regulatory Red-Tape*

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<sup>32</sup> <https://www.whitehouse.gov/presidential-actions/2025/03/establishing-the-united-states-investment-accelerator/>.

<sup>33</sup> <https://www.irs.gov/credits-deductions/advanced-manufacturing-investment-credit>.

<sup>34</sup> <https://tenney.house.gov/media/press-releases/congresswoman-tenney-introduces-legislation-stimulate-investments-american>.

<sup>35</sup> <https://www.uschamber.com/taxes/congress-should-restore-immediate-r-d-expensing-for-u-s-businesses-heres-why>.

The Administration has pursued a broad effort to reduce regulatory burdens across the economy. The Chamber commends the Administration on these efforts and is actively working with federal agencies to address key regulatory concerns. The semiconductor sector faces many of the same regulatory burdens faced by other sectors, such as regulations restricting the use of PFAS, requiring reporting that is not based on sound science, duplicative state and federal environmental reviews, and overly restrictive reporting and notification requirements.

The previous Administration's implementation of the CHIPS incentives program imposed unnecessary and burdensome mandates on program recipients that were never contemplated by Congress, are not based on statutory language and are not connected to the underlying goals of the CHIPS and Science Act, which is to build a strong and resilient domestic semiconductor ecosystem. These extraneous mandates include requiring the provision of childcare facilities, use of project labor agreements, community investments, extra statutory restrictions on stock buybacks, excess profit sharing, burdensome reporting requirements and others.<sup>36</sup> Commerce should provide relief from these requirements to ensure final CHIPS incentives agreements and projects remain on track and are successful in strengthening the American semiconductor ecosystem.

### *C. Remove Trade and Export Barriers and Focus on Friendshoring*

As the Administration seeks to mitigate geopolitical risk through targeted trade actions, the Administration should also focus on friendshoring global semiconductor supply chains between and among trusted allies and partners. Doing so will bolster the market for American semiconductor sector products and diversify supply chains and minimize geopolitical risk by reducing the single points of failure.

The Administration should also focus on expanding U.S. exports of semiconductors and semiconductor-related products to friendly and allied countries. This should include identifying and reducing tariff and non-tariff barriers to trade through enforceable trade agreements, leveraging U.S. government facilities such as the U.S. Export-Import Bank, maintaining and improving economic security cooperation programs such as the International Technology Security and Innovation fund, and continuing to explore areas of supply chain diversification and resilience in adjacent areas such as critical minerals, rare earths, chemicals and processing facilities for such.

### *D. Address Domestic Semiconductor Demand*

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<sup>36</sup> <https://www.uschamber.com/technology/letter-to-department-of-commerce-on-implementing-the-chips-semiconductor-incentives-program>.

In partnership with U.S. industry, the Administration should consider options to boost domestic, downstream demand for U.S.-manufactured semiconductors to ensure that U.S. industry maintains sufficient scale and competitiveness in the face of intensifying PRC industrial policies and other non-market practices designed to artificially boost PRC industry and displace U.S. technology leadership.

## **V. Conclusion**

The Chamber appreciates the opportunity to share these comments, and we would welcome the opportunity to meet with Commerce to discuss our submission and as government and industry work to address these crucial issues to American national security and economic competitiveness. For further questions, please contact Matt Furlow, Senior Director and Policy Counsel ([mfurlow@uschamber.com](mailto:mfurlow@uschamber.com)) or Isabelle Icso, Executive Director, International Policy ([iicso@uschamber.com](mailto:iicso@uschamber.com)).

Sincerely,

A handwritten signature in black ink, appearing to read "John Murphy", with a stylized, flowing script.

John Murphy  
Senior Vice President and Head of  
International  
U.S. Chamber of Commerce