

February 9, 2021

The Honorable Joseph R. Biden Jr.
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Biden:

The continuing COVID-19 pandemic has resulted in a number of unpredictable economic forces colliding in ways that result in the global supply of semiconductors falling increasingly short of the demand for them. Supply chain challenges and increased demand have caused delays to many sectors, including and especially among manufacturers of IT equipment and automobiles. On behalf of member companies that both produce and use semiconductors and microelectronics in a wide array of hardware applications, the Information Technology Industry Council (ITI) respectfully requests that you include substantial funding for the Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America law in your Fiscal Year (FY) 2022 Budget Request to Congress. Doing so will support the swift and effective implementation of the CHIPS initiatives and help to ensure an abundant supply of semiconductors into the future.

Semiconductors are vital to a wide range of products and equipment that have proven essential throughout the pandemic with the need for social distancing, shift to remote work and learning, expansion of telehealth services, and an increased demand for electronics. Chips are critical to the information technology systems that drive healthcare and the government's response to COVID-19, support first responders and caregivers, allow educators and students to connect and continue teaching and learning remotely, and enable the millions of workers who have been forced out of offices to work from home. At the same time, semiconductors are an essential part of increasingly technology-driven passenger vehicles. Shortages of semiconductor chips limit the availability of much-needed equipment and in-demand goods and can cause considerable drag on recovering U.S. and global economies.

Semiconductor producers are working to address supply challenges and ensure that available chips are optimally allocated. Any actions taken by the federal government in response to this short term problem should not pick winners or losers or favor some sectors and applications over others. It is even more important that government support robust increases in domestic chip production to ensure all consumers of these products have ready and ample access to them.

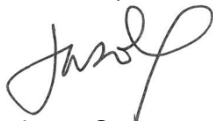
Enacted as part of the FY 2021 National Defense Authorization Act (NDAA), P.L. 116-283, the CHIPS for America provisions establish a grant program at the U.S. Department of Commerce to drive investment and support for increased U.S. semiconductor manufacturing, prototyping, and design. This law is critical to increasing long-term U.S. semiconductor manufacturing capacity and vital for innovation in all sectors of the economy. Advances in semiconductor design will be essential for the adoption of innovative use cases of 5G communications infrastructure, including empowering the Internet of Things (IoT); for the application of Artificial Intelligence to many important tasks; improving cloud services and computing; and to strengthening U.S. competitiveness in quantum computing.

Policymakers should also pair funding for research, development, testing, and evaluation of projects and activities related to semiconductors and other components critical to the high-tech ecosystem with tax incentives to increase domestic manufacturing capacity for semiconductor chips.

By swiftly implementing and fully funding the CHIPS Act, Congress and the Administration can ensure that we meet all public sector and commercial semiconductor consumers' needs beyond the COVID-19 pandemic as demand for these items continues to increase with the evolution of technology.

Thank you for considering our views. We look forward to working with you on this important matter.

Sincerely,



Jason Oxman
President and Chief Executive Officer
Information Technology Industry Council (ITI)

cc: Neera Tanden, Nominee for Director of the Office of Management and Budget (OMB)
Brian Deese, Director of the National Economic Council (NEC)
Susan Rice, Director of the Domestic Policy Council (DPC)
Jake Sullivan, Assistant to the President for National Security Affairs (National Security Advisor)