

\$52B bill to help boost chip R&D and manufacturing passes in House

Article

The news: The **US House of Representatives** passed a bill last week to accelerate chip production in America and make it a stronger competitor to China.

More on this: The **America Competes Act of 2022**, which includes **\$52 billion** to help build new factories and fund R&D, has long been anticipated by various technology companies and chip manufacturers, [per](#) the Register.

- **\$45 billion** is being earmarked for a new Supply Chain Resilience Program (SCRP) to boost supply chain issues related to the chip shortage disrupting the consumer electronics and automotive industries.
- The automotive industry **lost \$210 billion** in 2021 attributed to the chip crisis.
- The next steps include reconciliation with the US Senate's version of the bill, the **US Innovation and Competition Act**, which was passed in June.
- "I look forward to the House and Senate quickly coming together to find a path forward and putting a bill on my desk as soon as possible for my signature. America can't afford to wait," **President Joe Biden** said in a statement Friday.

The bigger picture: There is a lot of pressure from the White House, as well as from technology [companies](#), to get this bill passed as soon as possible. This is especially true for leading chipmakers [TSMC](#), [Intel](#), and [Samsung](#), which are investing heavily on new chip fabs in the US.

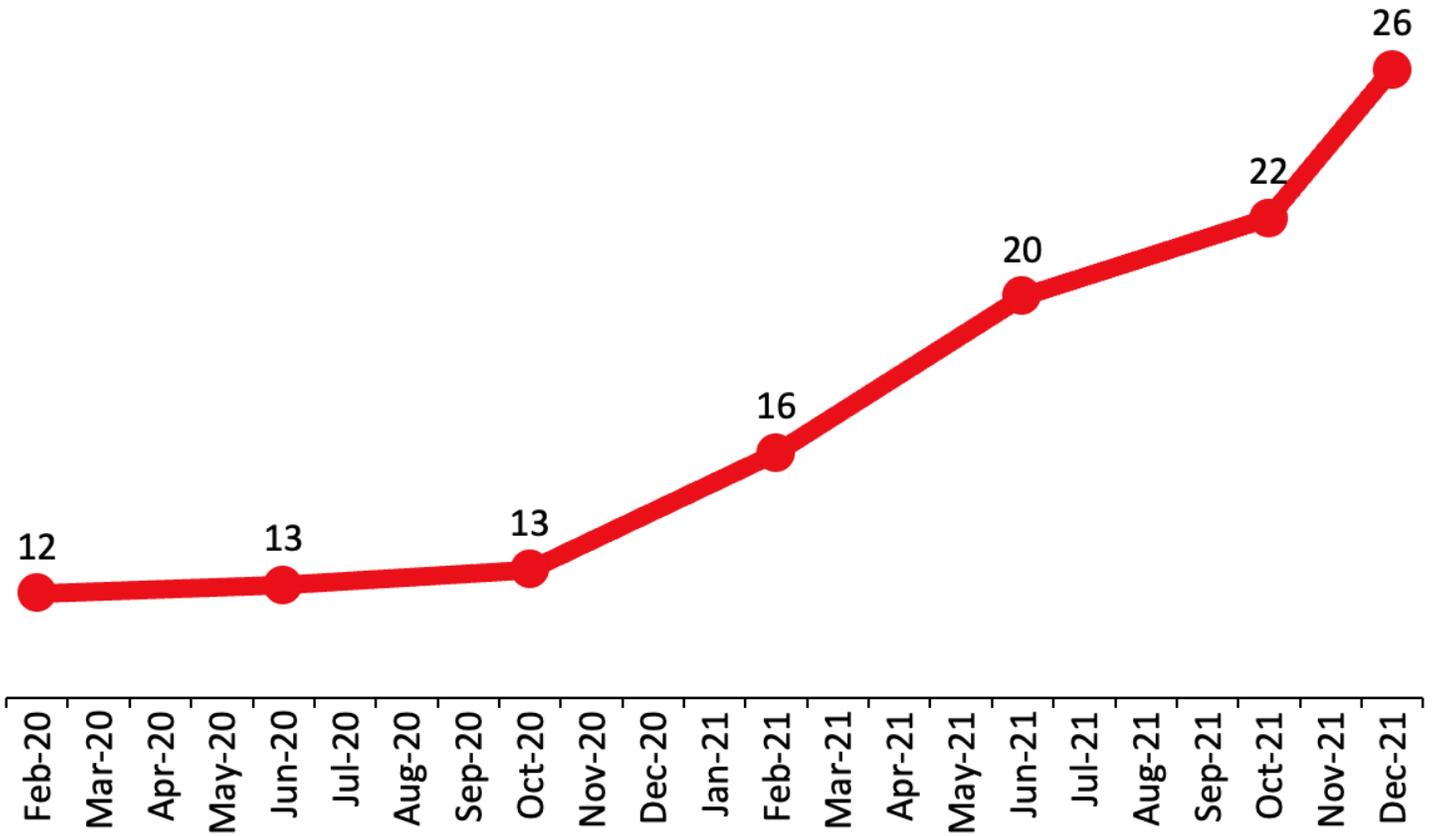
- Voting on passage of the [America Competes Act](#) was split 222-210, with support from Democrats and opposition from Republicans. Reconciling the bill and budget with the Senate could take time if party lines come into play.
- A similar Chips Act in the EU is [facing problems](#), namely that the \$48 billion required to fund various processor production efforts can't be secured without disrupting state aid projects.
- Countries worldwide are focusing on funding new and localized chip fabrication, which has the potential to change the landscape of global chip production and diminish reliance on importation and foreign supply chains.

The big takeaway: With the [global chip crisis](#) nowhere near over and affecting various industries, the global race to decentralize chip production and invest in local chip fabs will only intensify.

- Countries that can support funding chip plants faster will be better positioned to be self-sufficient sooner. They can then shift from covering their immediate chip needs to supplying other countries.

- Chip manufacturers are looking for the best available incentives and locations for planning their chip fabs, so providing opportunities now can ensure long-term investments.

Gap Between Ordering a Chip and Delivery (In weeks)



Source: Susquehanna Financial Group, 2022

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