

USICA would earmark \$52B to fund US chip production and reduce dependence on China

Article

The Senate overwhelmingly passed a bill to invest nearly \$250 billion into US manufacturing, technology, and innovation to reduce dependencies on foreign components, per [Bloomberg](#).

The bill, called the United States Innovation and Competition Act (USICA), was heavily supported by the Semiconductors in America Coalition, a [group](#) of tech companies including Apple, Microsoft, Alphabet, and Amazon aiming for more resilient national chip supply chains to maintain innovation at scale. For context, the US share of global semiconductor manufacturing has dropped steadily from 37% in 1990 to about 12% today, [per](#) AP.

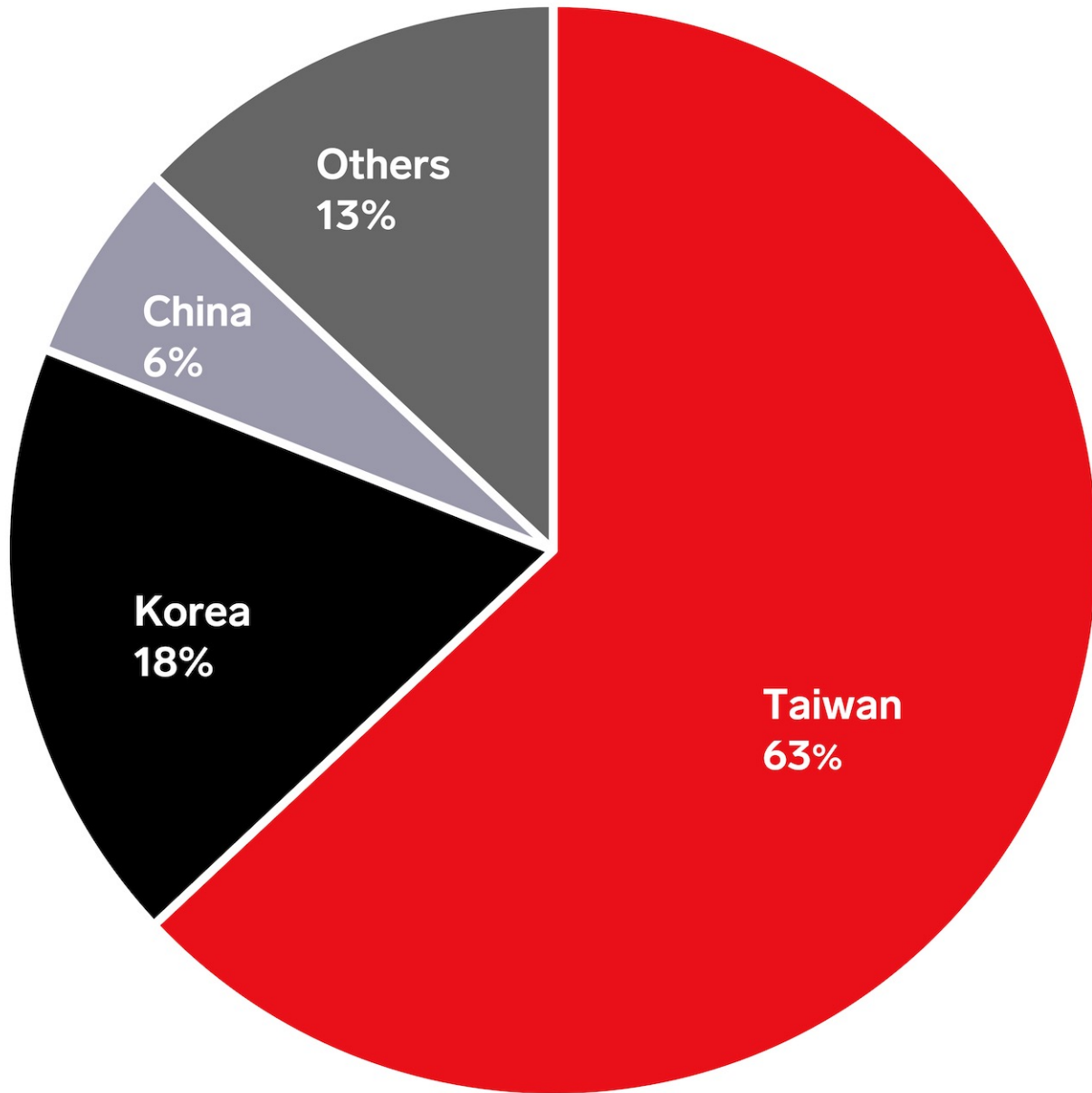
The 68-32 vote was a rare example of bipartisanship in a Senate that is otherwise highly polarized. Indicating that the [current semiconductor shortage](#) and competition with China are high priorities across both political parties. While the bill still has to go through the house of representatives before being delivered to President Biden for signing, it could be a huge bailout for struggling chip fabricators and fill gaps in the current shortage once approved.

Chinese lawmakers urged Congress to “immediately stop” progress on the bill. Foreign ministry spokesperson Wang Wenbin said China has firmly opposed the USICA, [per](#) Xinhua News Agency, and claimed that USICA uses exaggerated “China threat” rhetoric “full of zero-sum cold war mentality” which is detrimental to mutual cooperation between the two countries.

Reducing reliance on foreign components has been a rising trend stemming from the global chip shortage. If successful, the USICA would be the latest and largest effort by a country to decentralize chip production from foreign supply chains while investing in their own fabs. Earlier this week, Bosch [opened](#) a \$1.2 billion chip factory In Germany to supply parts for electric and autonomous vehicles. The EU [has committed](#) to producing 20% of the world’s semiconductors by 2030.

Global Foundry Revenues, by Country, 2020

% of total



Note: Total foundry revenues totaled \$85.13 billion in 2020. Taiwan-based TSMC made up 54% of global foundry revenues.

Source: TrendForce, March 2021

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