

US to give Micron \$6.1 bn for American chip factories

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US lawmakers have approved billions of dollars to support the onshoring of semiconductor production.

Micron is set to receive up to \$6.1 billion in grants from the US government to help build its semiconductor plants in New York and

Idaho, President Joe Biden said on Thursday.

The announcement came as he traveled to Syracuse, New York, marking the latest in a series of efforts by Washington to bring semiconductor production back to the country.

"We used to have 40 percent of this market. Over time, we stopped making them," Biden said.

Recounting how the COVID-19 pandemic shut down chip factories overseas, triggering a semiconductor shortage and fueling inflation and long wait times for products, Biden vowed never to let the United States "be vulnerable" like that again.

The United States has been working to ensure its lead in the chip industry, especially with regards to the development of artificial intelligence—both on national security grounds and in the face of competition with China.

The investment will help Micron "bring back leading-edge memory chip manufacturing to the United States for the first time in 20 years," Chuck Schumer of New York, the Senate majority leader, told reporters.

The \$6.1 billion in direct funding comes under the CHIPS and Science Act, a major package of funding and tax incentives passed by Congress in 2022 to boost research and US semiconductor production.

The White House said the funds will go to supporting construction of two facilities in Clay, New York, and one in Boise, Idaho, where Micron is headquartered.

The US Commerce Department will also make up to \$7.5 billion in proposed loans available under a preliminary deal.

Micron is set to invest up to \$125 billion across both states over the next two decades "to build a leading-edge memory manufacturing ecosystem," according to the White House.

The US chipmaker's total investment is due to create more than 70,000 jobs, including 20,000 direct construction and manufacturing roles.

Supply chain shocks

While semiconductors were invented in the United States, the White House noted that the country makes just around 10 percent of the world's chips now—and "none of the most advanced ones."

Micron CEO Sanjay Mehrotra called the step a "historic moment" for US semiconductor manufacturing, saying its US investments will "create many high-tech jobs."

"Leading-edge memory chips are foundational to all advanced technologies," said Commerce Secretary Gina Raimondo.

She added that returning the development and production of advanced memory semiconductor technology to the country is "crucial for safeguarding our leadership on artificial intelligence and protecting our economic and national security."

Chips are needed to power everything from smartphones to fighter jets, and are increasingly in demand by automakers, especially for electric vehicles.

But the global chip industry is dominated by just a few firms, including TSMC in Taiwan and California-based Nvidia.

The United States is dependent on Asia for chip production, making it

vulnerable to supply chain shocks, such as during the COVID-19 pandemic or in the event of a major geopolitical crisis.

"We're already seeing AI revolutionize our world and grow at an unprecedented pace," said Schumer.

"We cannot, cannot have these chips made overseas, especially by competitors like China. We cannot have them be the only supplier," he added.

Apart from the grants to Micron, Biden is also expected to announce four new "workforce hubs" in the Upstate New York region, the state of Michigan, as well as the cities of Philadelphia and Milwaukee.

According to senior government officials, such hubs are a way to spur more commitments from employers and educational institutions.

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