



May 7, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Room H-305, The Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Room H-204, The Capitol
Washington, D.C. 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Room S-221, The Capitol
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Room S-230, The Capitol
Washington, D.C. 20510

Dear Speaker Pelosi, Leader Schumer, Leader McConnell and Leader McCarthy:

The undersigned organizations – representing America’s motor vehicle companies, auto workers, and supplier partners – are writing to express our support for your ongoing efforts to secure and strengthen America’s supply chains, particularly our nation’s semiconductor supply chain. Together, we manufacture and sell the majority of the cars, light- and heavy-duty trucks, and motor vehicle components produced in the United States. We also wish to share our recommendations regarding potential funding for the construction of U.S. semiconductor production facilities and the need to ensure that U.S. taxpayer dollars promote both U.S. innovation leadership as well as supply chain resiliency.

The auto industry in the U.S. supports the President’s proposal to include \$50 billion in funding to expand U.S. semiconductor manufacturing capacity, but these or other public funds made available to incentivize semiconductor reshoring must also provide additional production capacity for automotive-grade chips. New U.S. semiconductor facilities can – and should – be capable of making the most advanced chips on the most advanced nodes. But we will have failed to achieve one of the fundamental goals of this policy initiative – developing a resilient U.S. supply chain that secures American manufacturing jobs – if these significant investments of public dollars do not result in some additional production capacity for automotive grade wafers.

As America’s largest manufacturing sector, the motor vehicle sector contributes \$1.1 trillion to the U.S. economy annually, and it represents 5.5 percent of the country’s GDP. Our industry is a significant driver of U.S. employment and economic growth, responsible for 10.3 million jobs and \$650 billion in paychecks for our workers each year. No other manufacturing sector generates as many American jobs as the motor vehicle industry.

Over the past several months, the light- and heavy- duty motor vehicle sectors – more than any other – have been severely impacted by the pandemic-driven shortage of automotive-grade semiconductors. Production at numerous U.S. plants has been idled, tens of thousands of workers

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laid off, with ripple effects across the automotive value chain. In fact, according to the latest IHS report, the U.S motor vehicle industry is estimated to have lost over 330,000 production units, representing 16 percent of lost units globally – up from 14 percent in the previous week’s report. As a result, the trajectory of the industry’s recovery from the economic impact of the COVID-19 pandemic has been adversely impacted, with negative consequences for U.S. manufacturing jobs and the economy as a whole.

These significant investments of public dollars must also result in some additional production capacity for the range of motor vehicle grade wafers. The capability to produce cutting-edge chip technology is one side of the global competitiveness equation; the other is supply chain resiliency that will adequately safeguard America’s manufacturing jobs (including the motor vehicle sector), as well as our economic and national security.

So long as auto-grade chip production continues to be concentrated in foreign markets and demand for these chips increases as projected, American workers will face further layoffs due to future chip shortages. In our view, the most effective way to mitigate that risk would be to include specific funding for semiconductor facilities that commit to dedicating a portion of their capacity to motor vehicle-grade chip production. This will ensure that automakers have a fair share of the chips needed to meet consumer demand. The majority of the production capacity at these facilities would be available to fulfill orders from any sector.

Congress routinely and appropriately places conditions on taxpayer-funded programs. Such conditions are needed to help ensure the American taxpayer and American workers will benefit from initiatives like this multibillion-dollar effort to increase U.S. production capacity. The ongoing crisis and its profoundly negative impact on tens of thousands of American workers is proof positive that it is reasonable to ensure that the significant federal investment proposed in the American Jobs Plan results in some expansion of U.S. motor vehicle wafer production capacity.

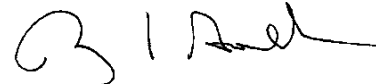
We stand ready to work with each of you and the Congressional committees of jurisdiction to include semiconductor incentive funding that will benefit, not only chip makers, but also the U.S. automotive industry, our workers, and the U.S. economy generally. We look forward to hearing your thoughts on our proposal.



Matt Blunt
President
American Automakers



Bill Long
President and CEO
Motor & Equipment
Manufacturers Association



Rory L. Gamble
President
United Auto Workers