

United States Senate

WASHINGTON, DC 20510-3203

May 19, 2020

The Honorable Wilbur L. Ross
Secretary
Department of Commerce
1401 Constitution Ave, NW
Washington, DC 20230

The Honorable Mark Esper
Secretary
Department of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Secretaries Ross and Esper:

The security of our nation's microelectronics supply chain is critical to our national defense. Assuring that microelectronics purchased by the U.S. Government are not security risks is a tremendous challenge for our nation. The current COVID-19 pandemic has demonstrated the threat of supply chain disruptions to the medical world. A similar disruption in the microelectronics market or a loss of confidence in the security of equipment for the U.S. military, intelligence, or other governmental agencies would prove devastating.

We strongly support your efforts to protect the microelectronics supply chain, including efforts to support leading-edge "on shore" semiconductor fabrication plants in the United States. We are writing today, however, to express our concern at the recent announcement that the Department of Commerce and Department of Defense have been in negotiations with Taiwan Semiconductor (TSMC) to build a facility in the United States, a project which may include the use of federal subsidies. We have serious questions as to how this project takes into consideration national security requirements and how it aligns with a broader strategy for building a diverse U.S. semiconductor manufacturing supply chain. We ask that you cease any such negotiations or discussions until you have briefed the relevant authorization and appropriations committees with your plans, including any commitments you have made to funding, tax breaks, licensures, or other incentives.

The Department of Defense and Department of Commerce efforts to increase "on shore" semiconductor capabilities should be focused on a coordinated plan to partner with the broad semiconductor industry, including with companies that already have built a significant presence in the U.S. and been through a rigorous security screening process. Furthermore, American taxpayers should be investing in companies that meet our security needs, particularly as it relates to sensitive technologies that we know competitors such as China are actively trying to steal. An "on shore" fab without such protections defeats the purpose of building a secure domestic production capability. Before further actions are taken, we want clarity on how such security standards are being considered by the Administration in their negotiations with TSMC.

We also want to stress that a one-off investment like the proposed TSMC facility is inadequate to rebuilding U.S. manufacturing capacity in microelectronics, which is essential to our national and economic security. Unfortunately, there is no evidence that the Administration has a comprehensive, integrated plan for achieving this. While reporting indicates that a different part of the government, within the Defense Department, has been in separate discussions with Intel

on broadening access to domestic semiconductor production, a comprehensive plan should also include working with other industry leaders like Micron, GlobalFoundries, and Cree, among others, that have significant investments already in U.S. facilities, in order to develop the R&D and workforce capabilities and diverse manufacturing supply chain required for U.S. leadership in semiconductor manufacturing.

Thank you for your service to our country. We look forward to hearing your response with an update on your current plans to invest in the semiconductor industry and protect our microelectronics supply chain.

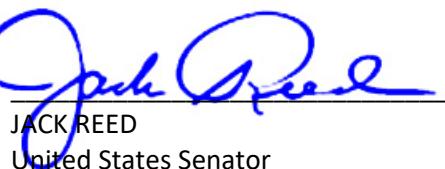
Sincerely,



CHARLES E. SCHUMER
United States Senator



PATRICK LEAHY
United States Senator



JACK REED
United States Senator