

## US Chip Manufacturing Capacity Projected to Triple by 2032, Fueled by CHIPS Act: Industry Leader, Yahoo

US chip manufacturing capacity is projected to triple by 2032, according to a new report published by the Semiconductor Industry Association (SIA), signaling progress nearly two years after President Biden signed the CHIPS and Science Act into law.

That increase is expected to grow the US's share of global semiconductor production to 14% by 2032 from 10% today, marking growth in the country's manufacturing footprint for the first time in decades, according to the SIA.

"It's going to take us years to climb back," John Neuffer, president and CEO of SIA, said to Yahoo Finance. "But with the CHIPS Act and with all these private sector investments, we absolutely turned the corner and are heading now in the right direction."

The report card, conducted in partnership with Boston Consulting Group, comes amid a global push to expand chipmaking capacity to address growing demand, particularly in advanced semiconductors used for artificial intelligence.

The US has maintained its lead in chip design and research and development, led by companies like Intel (INTC) and Nvidia (NVDA), but it manufactures just 10% of the global chip supply. Meanwhile, 100% of all advanced chips are developed overseas, mostly by TSMC (TSM) in Taiwan.

That reality and fear of a supply disruption prompted the Biden administration to pass the \$50 billion CHIPS Act in 2022,

aimed at bringing manufacturing back to the US. The incentives included in that package have attracted nearly half a trillion dollars in investments to build fabrication facilities in the US, according to Neuffer.

Intel, which has received \$8.5 billion in federal grants, has been the biggest beneficiary. The company has invested more than \$100 billion to expand manufacturing operations in Arizona, New Mexico, and Oregon.

US subsidies have set off a type of global race to incentivize chip manufacturing. Europe is attempting to attract fab development with its own \$47 billion package. Japan has pushed to reclaim its position as a semiconductor powerhouse by extending \$17.5 billion in grants to industry leaders, including TSMC and Micron (MU). And China, largely limited by US export controls, has looked to build out its own chipmaking capabilities with more than \$150 billion in investments.

Furthermore, the SIA estimates that private investments in wafer fabrication will total \$2.3 trillion by 2032.

### Supply-demand imbalances

Neuffer said the scale of investments made since 2022 has put the US in a stronger position to compete for advanced chip manufacturing, with the country set to capture 28% of the market for chips below 10 nanometers by 2032. A smaller nanometer size indicates a more powerful chip.

