



Press Release

Hold the CHIPS: The Private Sector Is Fixing the Semiconductor Shortage

PAULINA ENCK | JULY 25, 2022

The fallout from the COVID-19 pandemic left global supply chains in disarray, resulting in a shortage of semiconductors. In a new insight, Competition Economics Analyst Fred Ashton demonstrates why private sector efforts to boost semiconductor production render Congress's CHIPS Act of 2022 wasteful, unnecessary, and counterproductive.

Key points:

- Chip manufacturers and end-users quickly began to address the pandemic-related semiconductor shortage by diversifying supply chains and preparing for future shortages.
- To date, the private sector has announced plans to spend more than \$830 billion globally over the next decade to expand semiconductor capacity.
- Nevertheless, Congress is moving forward with the CHIPS Act of 2022, with \$52 billion in grants aimed at boosting domestic chip production.
- As CHIPS would subsidize domestic producers that are already investing a tremendous amount of capital, the bill is an unnecessary intervention that would disincentivize companies from making their own investments and incentivize them to overproduce semiconductors.

[Read the analysis](#)