



Commerce seeks info on chip shortage; White House calls on Congress to act

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The Commerce Department is calling for foreign and domestic companies throughout the semiconductor supply chain to provide detailed information about their production practices, capacity, inventory and product demand as it seeks to address the continuing global semiconductor shortage.

The White House, meanwhile, is calling on Congress to help address the issues that led to the shortage by funding the Creating Helpful Incentives for Producing Semiconductors in America Act as well as creating and funding a new program within Commerce focused on supply chain resiliency.

Commerce's information solicitation follows the White House's June release of a 100-day supply chain review that directed the department "to partner with industry to facilitate information flow between semiconductor producers and suppliers and end-users to address the current semiconductor shortage," according to a [draft Federal Register notice](#) scheduled to be published on Friday.

"With the goal of facilitating the flow of information across the various segments of the supply chain, identifying data gaps and bottlenecks in the supply chain, and potential inconsistent demand signals, the Department is seeking responses from interested parties (including domestic and foreign semiconductor design firms, semiconductor and microelectronics manufacturers, materials and equipment suppliers, as well as semiconductor product intermediate and end-users) to the questions set forth in this notice," it says.

One set of questions is directed at semiconductor product designers, front- and back-end manufacturers, microelectronics assemblers and their suppliers and distributors. Commerce wants those entities to provide sales and inventory information from recent years as well as a 2021 estimate; information on semiconductor products with the largest order backlogs and sales of backlogged products; and data on where products are fabricated, as well as the top three customers for those products.

Commerce is even asking companies for lists of their top products, their current inventories of those products, an "explanation for any changes in inventory practices" and ratios of received orders to units shipped.

On the other side of the supply chain, semiconductor users are being asked what products they are struggling to acquire, information on their 2019 purchases of those products as well as 2021 monthly orders, and how much of those products they would purchase over the next six months "barring any production constraints." Commerce also wants to know the primary disruptions and bottlenecks that have prevented companies from providing products to customers, whether production has been limited due to the semiconductor shortage, the specifics behind those limitations, the typical lengths of purchase commitments, and other factors.

Information from the Commerce survey could "provide a clear demand signal that can attract more private investment to expand capacity to resolve the shortage," White House Deputy National Economic Council Director Sameera Fazili and National Security Council Senior Director for International Economics and Competitiveness Peter Harrell wrote in [a White House blog post](#) on Thursday.

The Commerce survey, which is voluntary, is only one step the administration has taken to address the semiconductor crisis. According to Fazili and Harrell, the administration also has "been working with foreign governments in Southeast Asia and elsewhere to keep critical factories up and running."

The administration is setting up "a new early alert system for COVID-related shutdowns to microelectronics manufacturing around the world" that "will allow us to detect potential disruptions earlier, and support faster problem solving and coordination with our trading partners and the private sector," they added.

How Congress can help

The White House wants Congress to help alleviate the semiconductor supply shortage by first funding the CHIPS for America Act. The CHIPS Act, which became law in January, creates incentive programs for domestic semiconductor manufacturing and investments. Congress has not yet funded those programs. The Senate, however, did include \$52 billion in CHIPS funding in the “U.S. Innovation and Competition Act,” which it passed in June, but which has not seen any movement in the House. Deputy Commerce Secretary Don Graves earlier this month suggested Congress could pass CHIPS funding when it took up [budget and infrastructure bills](#) that are immediate priorities for both chambers.

Congress also should establish the Critical Supply Chain Resiliency Program in Commerce, as called for in the president’s Build Back Better plan, the officials wrote. The new office could map supply chains for critical industries that would allow for stress tests and enable the government to better respond to potential supply chain shocks, they contend.

Fazili and Harrell also claim the office would help grow domestic clean energy supply chains by providing low-cost financing for new U.S. factories; they also write that it would help to expand supply of trusted and secure hardware by providing direct loans to companies that want to scale up production in the U.S.

The president’s budget, released in May, also called for the creation of the new Commerce office and suggested [it receive \\$50 billion in funding](#) over five years. -- *Brett Fortnam* (bfortnam@iwnews.com)

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