

Congress of the United States
Washington, DC 20515

February 26, 2021

The Honorable Brian Deese
Senior Advisor to the President of the United States
The White House
1600 Pennsylvania Ave. NW, Washington, DC 20500

Dear Mr. Deese:

As members of the House Auto Caucus and who hail from districts with a significant American auto industry presence, we write to express our deep concerns regarding the ongoing global shortage of automotive-grade semiconductors. This shortage poses risk to the entire U.S. auto and trucking industry and the over 15 million American jobs the industry supports. We seek your assistance in finding a swift and workable solution to the shortage by working closely with government and industry officials in the U.S. and abroad, where these semiconductor wafers are predominantly produced.

Semiconductors are used in a wide variety of automotive electronic components to perform critical vehicle control, safety, emissions, and driver information functions. The manufacturing of these electronic components rely heavily upon a global semiconductor industry that, in turn, relies on the silicon wafer foundry industry. The recent shortage of automotive-grade semiconductors is a direct result of capacity reallocation of semiconductor wafer supplies from the automotive sector to the consumer electronics sector in the wake of COVID-19 this past spring. Unfortunately, there was a disconnect between automotive assembly and auto parts production and auto-grade wafer production following the May 2020 reopening of facilities in North American.

The recent announcements of U.S. shutdowns and curtailments of vehicle production, resulting in temporary layoffs and shift reductions, has heightened concern on the scope, scale and direct impact of the looming automotive grade semiconductor shortage. These vehicle production reductions will have cascading negative consequences on suppliers, auto and truck dealers, and their workers. Risks to the supply chain that underscores the extent of the economic collateral damage caused by the current semiconductor shortage. Given the overall economic impact of the auto industry in communities across the nation, the shortage – if left unaddressed – will place a serious drag on efforts to revive the economy, at a time when the country can least afford it.

Governments from other auto-producing countries (e.g., Germany and Japan) have already engaged officials in Taiwan – where the majority of auto-grade semiconductor wafers are produced – on behalf of their respective auto industries. Although supportive of existing efforts

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from the Department of Commerce and the State Department to engage key semiconductor wafer suppliers and government officials in Taiwan, more is required. We wish to express our support for additional, senior level Administration engagement to ensure that adequate quantities of semiconductors are allocated to U.S. auto and heavy truck manufacturing companies and their part suppliers. To encourage the allocation of production to auto-grade wafers, many American automakers have taken the unprecedented step of guaranteeing every order placed with automotive semiconductor producers and wafer fabricators through the end of 2021.

Thank you for your attention to this critical issue. We appreciate your consideration of our request and offer our support to engage in crafting an appropriate strategy to address the semiconductor shortage. Our combined efforts will ensure our American automotive industry that continues to drive a robust and sustained recovery for our nation's economy.

Sincerely,



Mike Kelly
Member of Congress
Auto Caucus Co-Chair

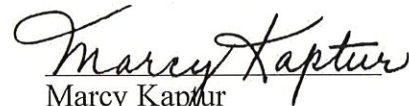


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CC: The Honorable Wynn Coggins
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