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July 1, 2026

The Honorable Marco Rubio
Secretary
U.S. Department of State
2201 C Street, NW
Washington, DC 20520

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Pete Hegseth
Secretary
U.S. Department of War
1000 Defense Pentagon
Washington, DC 20301

The Honorable Howard Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

RE: Demand-Driven Memory Chip Shortage and Recommended Federal Actions to Accelerate Domestic Memory Production

Dear Secretary Rubio, Secretary Bessent, Secretary Hegseth, and Secretary Lutnick:

We write to you on behalf of SEMI, the leading global trade association representing over 3,000 member companies across the semiconductor manufacturing supply chain, including chip manufacturers, equipment makers, advanced materials and chemical suppliers, and other enabling technology providers, regarding the current demand-driven shortage of memory chips. Given SEMI's unique vantage point over the entire semiconductor value chain, we offer our support in addressing this shortage.

SEMI members ardently support the Trump Administration's efforts to ensure American leadership in artificial intelligence (AI). This technology has the potential to revolutionize biomedical technology, healthcare delivery, transportation, and energy generation, among countless other facets of daily life benefiting the United States and the American people.

The memory chip industry has historically experienced cyclical changes in pricing and supply, and while overall bit-output from the memory chipmakers is projected to steadily grow at 19 percent on an annual basis, the growing demand for AI infrastructure is placing unprecedented pressure on the underlying supply chain and outpacing the current production of memory chips. This demand surge simultaneously strains the upstream supply of advanced materials, specialty chemicals, high-purity gases, and contamination control solutions on which fabrication depends. As memory chipmakers reallocate wafer capacity from commodity DRAM to HBM to meet the needs of data centers, the supply of memory chips used in consumer-facing products such as laptops, smartphones, and tablets will be further constrained. The automotive, appliance, and defense and aerospace sectors are likewise impacted by the DRAM supply constraint. Addressing this dynamic now, before shortages propagate through consumer and industrial supply chains, will be essential to realizing the full economic benefits of America's AI leadership.

Industry Responses to Market Constraints

Memory producers are responding to this historic demand inflection point by maximally utilizing their existing fabrication facilities and expanding investment in new production facilities as quickly as possible.

SEMI data help illustrate the scale of this proactive approach:

- Worldwide 300mm fab equipment investment in the memory sector is projected to surpass $50 billion for the first time in 2026, rising 29 percent to $52 billion before increasing another 11 percent to $57 billion in 2027.
- Projecting out further, global 300mm fab equipment spending in the memory sector is expected to grow at a 19 percent compound annual growth rate from 2024 to 2029.
    - DRAM equipment spending is expected to grow 29 percent to $37 billion in 2026, supported by strong HBM and DDR5 demand for GPUs and other AI accelerators.
    - 3D NAND equipment spending is projected to rise 28 percent to $14 billion in 2026, supported by increasing data storage requirements tied to AI deployment.[1]

Memory producers are also leveraging long-term agreements and structural allocations to critical end sectors to manage the supply constraint. These mechanisms aim to stabilize volume forecasting and secure predictable supply pipelines. Memory fabs are not the only segment of the semiconductor ecosystem investing rapidly to meet demand. Chemical suppliers, advanced materials producers, subsystem makers, and equipment manufacturers are similarly scaling operations and making significant capital investments to keep pace with the current dynamic in the memory chip market. Notably, a significant portion of upstream manufacturing equipment production occurs in the United States, forming the bedrock of global expansion.

SEMI Policy Recommendations

Government policies should advance diversified and resilient supply chains across the full semiconductor ecosystem, from advanced materials and chemicals to finished chips. While targeted policies can support accelerating domestic supply resilience, interventions that distort pricing or capacity decisions risk prolonging the demand downturn. Current market conditions are being addressed through investments in American manufacturing and an increasing focus on long-term purchase agreements. Government leaders can help speed this process by enacting policies that allow chip companies to invest in expanding manufacturing capacity. The Administration should consult with industry to develop clear, targeted, and trade-related regulations that are calibrated to protect national security while reinforcing U.S. technological leadership and global competitiveness. Further, constraints to critical inputs for semiconductor manufacturing equipment can slow fab capacity expansion, increase costs, and tighten global memory supply. Accordingly, SEMI urges the Administration to consider taking the following actions to maintain the nation's technological edge and accelerate the production of memory chips:

- Leverage bilateral and multilateral trade agreements with allies and partner nations to increase the aggregate supply of global memory resources and address challenges related to sourcing, processing, and traceability of critical minerals, chemicals, and other materials to strengthen supply chain resilience and ensure consistency of essential manufacturing inputs.
- Consult with industry to understand whether and how certain regulations hinder the growth of memory capacity domestically and take targeted actions to reduce regulatory burden to accelerate memory chip production.
- Work with Congress to extend the 48D Advanced Manufacturing Investment Credit (AMIC) beyond 2026 and maintain a sufficiently robust credit level to match or exceed incentives offered

[1] https://www.semi.org/en/semi-press-release/semi-projects-300mm-memory-equipment-investment-to-surpass-50-billion-dollars-in-2026

by other leading economies to give domestic semiconductor manufacturers and their critical upstream suppliers a competitive edge.

- Revisit the regulations implementing the AMIC to include semiconductor design, advanced materials and component suppliers, and packaging facilities to fortify the manufacturing supply chain that underpins memory chip production.
- Work with Congress to develop other short-term tax-related measures designed to help specific industries compensate for the effects of supply-related price change. Such measures could include consumer-facing credits or deductions to offset increased costs of certain electronics, or other business-focused tax measures to ensure increased equipment and materials costs do not diminish capital expenditure budgets.
- Promote federal-state alignment to mitigate fragmented regulatory rules and consider executive actions that would ease environmental permitting and other compliance requirements that hinder the construction of new fabs or the production of critical end-use products. For example, the Administration could help alleviate memory supply bottlenecks by directing the Food and Drug Administration to streamline the approval process for medical devices that rely on newer, more readily available memory chip architectures.

SEMI members appreciate the Administration's continued leadership and vision for a more secure and innovative American economy. Please count on our support as we work together to address this evolving supply chain disruption and achieve our shared goals of technology excellence and domestic prosperity.

Sincerely,

Joseph Stockunas
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SEMI

Royal Kastens
Vice President, Global Public Policy and Advocacy
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