

TECH

Samsung plans to build a \$17 billion chip plant in Texas

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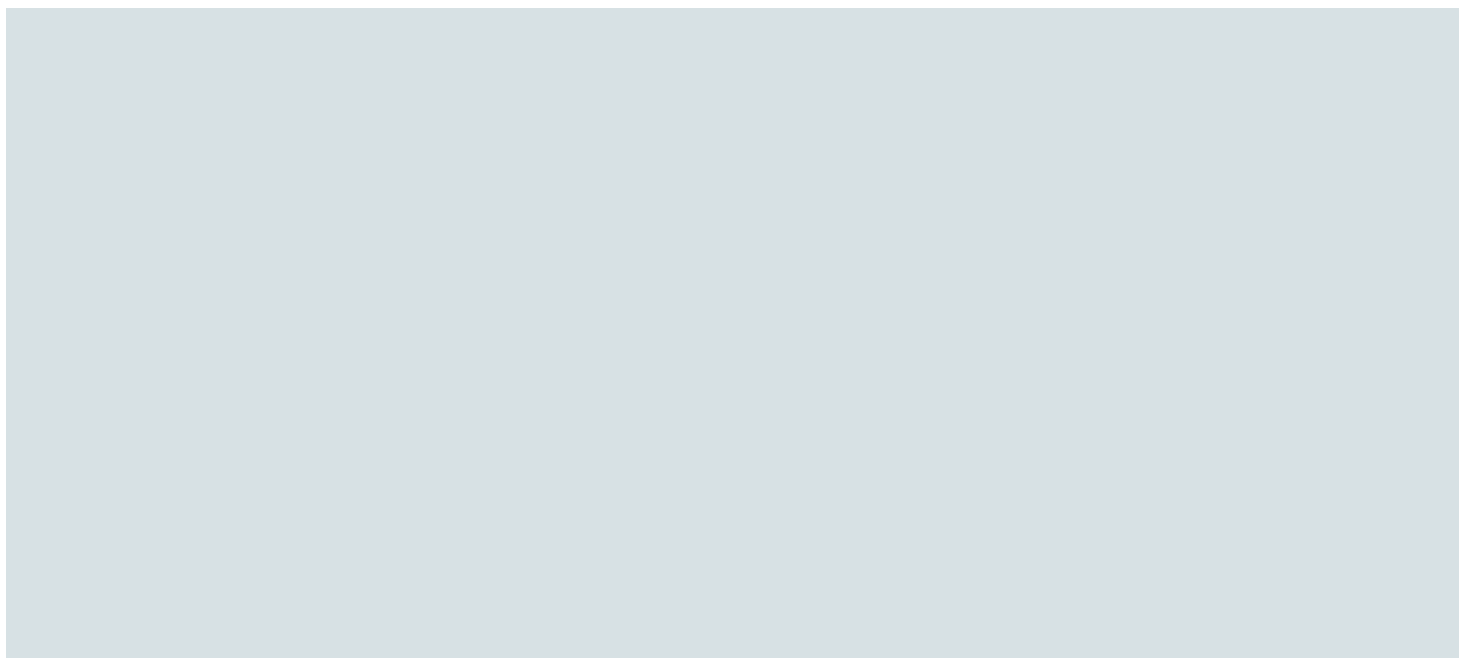
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KEY POINTS

- The factory will aim to help boost production of advanced logic semiconductors, which are used in phones and computers.
- Samsung said it expects building work to commence in the first half of 2022 and it hopes to have the site in operation by the second half of 2024.
- The total expected investment of \$17 billion will be the largest investment Samsung has ever made in the U.S.
- The figure includes buildings, property improvements, machinery and equipment.



Semiconductors are seen on a circuit board.

Justin Sullivan | Getty Images

[Samsung](#) is planning to build a \$17 billion semiconductor factory in Taylor near Austin, Texas, over the next three years as part of an effort to increase its manufacturing capacity and alleviate the global chip shortage.

The South Korean tech giant [announced the 5 million square meter facility](#) Tuesday, a day after [The Wall Street Journal broke the news](#).

The factory will aim to help boost production of advanced logic semiconductors, which are used in phones and computers.

“Like other chipmakers, Samsung badly needs more capacity,” Glenn O’Donnell, vice president and research director at analyst firm Forrester, told CNBC Tuesday. “It is following Intel, TSMC and others to build more production.”

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Samsung began operations in the U.S. in 1978 and it employs over 20,000 people across the country. The latest investment will bring Samsung's total investment in the U.S. to more than \$47 billion, the company said.

O'Donnell said the new factory "helps expand the geographic diversity from Asia," adding that a lack of diversity was "a problem we saw glaringly as the pandemic hit."

In February, President Joe Biden said domestic semiconductor manufacturing is a priority for his administration. His administration hopes to fix ongoing chip shortages and address lawmaker concerns that outsourcing chipmaking had made the U.S. more vulnerable to supply chain disruptions.

Kinam Kim, vice chairman and CEO of the Samsung Electronics Device Solutions Division, said in a statement that the factory will help Samsung to better serve the needs of its customers and "contribute to the stability of the global semiconductor supply chain."

Kim added that he was grateful for support from the Biden administration and partners in Texas.

Greg Abbott, the governor of Texas, said the factory will bring opportunities for Central Texans and their families.

Alan Priestley, vice president of emerging technologies and trends at analyst firm Gartner, told CNBC that Samsung already has a well established ecosystem of partners and suppliers in Texas because it already has a factory in Austin.

"A lot of semiconductor companies have development sites in Austin so it's a good pool of resource," he said.

"As with any major investment like this there were no doubt local incentives (tax breaks, financing etc) to encourage Samsung to build in Texas," Priestley added.

O'Donnell said: "U.S. semiconductor manufacturing has waned over the past decades and Washington rightly sees this as a national security risk. Texas has the right weather and

VIDEO 22:41

The global chip shortage will probably hit your everyday life

Samsung's two main rivals in the semiconductor manufacturing market are [Intel](#) and [TSMC](#).

In March, [Intel announced](#) that it is spending \$20 billion to build two new chip plants in Arizona. Meanwhile, [TSMC is also building a new factory](#) in Arizona.

The vast majority of the world's chips are currently made in Asia, with Taiwan and South Korea being particular hotbeds of activity. The U.S. and Europe want to start making more of their own chips.

Headquartered in Hsinchu, Taiwan, TSMC was responsible for 24% of the world's semiconductor output in 2020, up from 21% in 2019, according to the company.

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