

## Report on Supply Chain Compliance Volume 3, Number 6. March 19, 2020

### US seeks to balance national security concerns and business regarding China

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A new report by the Boston Consulting Group, issued March 9, 2020, addresses the affect the Sino-U.S. trade war is having on the United States semiconductor industry.<sup>[1]</sup> The report, commissioned by the US-based Semiconductor Industry Association, modeled global supply and demand dynamics and found that the U.S. restrictions on Chinese purchases of U.S. semiconductors and components will result in a loss of market share for U.S. companies. The question is, how much loss?

Under current restrictions, the U.S. semiconductor industry could lose up to eight percentage points and 16% of revenues; if restrictions increase, the market share loss could rise to 18 percentage points with a 37% loss in revenue. These predictions, if they came true, would result in a decoupling from China, the rise of South Korea and China as leaders in the semiconductor market, and a loss of anywhere between 15,000 and 40,000 highly skilled direct jobs in the U.S. semiconductor industry.

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