

Commerce agrees \$35m CHIPS terms with BAE Systems, its first CHIPS incentive announcement

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[U.S. Department of Commerce Outlines Potential Funding of Approximately \\$35 Million in Support of U.S. Defense Capabilities, Including F-35 Fighter Jet Program](#)

Today, the Biden-Harris Administration announced that the U.S. Department of Commerce and BAE Systems Electronic Systems, a business unit of BAE Systems, Inc., have signed a non-binding preliminary memorandum of terms (PMT) to provide approximately \$35 million in federal incentives under the CHIPS and Science Act to support the modernization of the company's Microelectronics Center, a mature-node production facility in Nashua, New Hampshire. The project will replace aging tools and quadruple the production of chips necessary for critical defense programs including the F-35 fighter jet program.

The Department's PMT with BAE Systems, Inc., marks the beginning of the next phase of implementation of the CHIPS and Science Act, a key part of President Biden's Investing in America agenda.

"We have been clear since day one that the CHIPS for America Program is about advancing our national security and strengthening domestic supply chains, all while creating good jobs supporting long-term U.S. economic growth. As national security becomes as much about the chips inside of our weapons systems as the weapons systems themselves, this first CHIPS announcement shows how central semiconductors are to our national defense," said Secretary of Commerce Gina Raimondo. "Thanks to President Biden's Investing in America agenda, we have reached preliminary terms to make a substantial investment in New Hampshire's expanding defense industrial base, which will help make our country and supply chains more secure and bolster the economy of the Granite State."

"This announcement delivers on President Biden's commitment to restoring American leadership on semiconductors, advancing our national security, and creating good family-sustaining jobs here in New Hampshire and around the country," said Director of the National Economic Council Lael Brainard.

"This announcement of the PMT with BAE Systems, Inc., demonstrates our vision for the CHIPS for America program to ensure that we have a robust production capacity for the chips vital to U.S. national security," said Under Secretary of Commerce for Standards and Technology Dr. Laurie E. Locascio. "This is the first of many announcements that will enhance our nation's manufacturing capacity and create new jobs and opportunities in communities across the country."

"Microelectronics are at the heart of the technology and products we make for our defense and aerospace customers—from next-generation aircraft and satellites to military-grade GPS and secure communications," said

Tom Arseneault, president and CEO of BAE Systems, Inc. “This funding will help modernize our Microelectronics Center and fulfill the promise of the CHIPS and Science Act by increasing our capacity to serve national defense programs, growing our technical workforce, and helping to strengthen the nation’s onshore supply chain. This initiative is the result of a strong partnership with federal, state, and local government.”

As explained in the Department’s first Notice of Funding Opportunity, the Department may offer applicants a PMT on a non-binding basis after satisfactory completion of the merit review of a full application. The PMT outlines key terms for a CHIPS incentives award, including the amount and form of the award. After the PMT is signed, the Department begins a comprehensive due diligence process on the proposed project and other information contained in the application. After satisfactory completion of the due diligence phase, the Department may enter into final award documents with the applicant. Terms of the final award documents are subject to negotiations with the applicant and may differ from the terms of the PMT.

President Biden signed the bipartisan CHIPS and Science Act into law in August 2022, which is a critical part of revitalizing American semiconductor manufacturing to create jobs, strengthen supply chains, protect national security, and advance U.S. competitiveness.

In a little more than a year since the CHIPS Act was signed into law, the Department has moved quickly to create the CHIPS Program Office and the CHIPS R&D Office and has built a team that represents decades of experience across industry and government. In February 2023, the Department released the first Notice of Funding Opportunity for commercial manufacturing facilities, and then opened it to include large supply chain projects. The Department also released a Notice of Funding Opportunity for smaller semiconductor supply chain projects and expects to launch the National Semiconductor Technology Center (NSTC) in the near future.

About CHIPS for America

The Department has received more than 550 statements of interest and nearly 150 pre-applications, full applications, and concept plans for CHIPS Incentives. The Department is continuing to conduct rigorous evaluation of applications to determine which projects will advance U.S. national economic security, attract more private capital, and deliver other economic benefits to the country.

CHIPS for America is part of President Biden’s economic plan to invest in America, stimulate private sector investment, create good-paying jobs, make more in the United States, and revitalize communities left behind. CHIPS for America includes the CHIPS Program Office, responsible for manufacturing incentives, and the CHIPS Research and Development Office, responsible for R&D programs, that both sit within the National Institute of Standards and Technology (NIST) at the Department of Commerce. NIST promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life. NIST is uniquely positioned to successfully administer the CHIPS for America program because of the bureau’s strong relationships with U.S. industries, its deep understanding of the semiconductor ecosystem, and its reputation as fair and trusted. Visit <https://www.chips.gov> to learn more.

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