



TECH

Lutnick says Intel has to give government equity in return for CHIPS Act funds

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KEY POINTS

Commerce Secretary Howard Lutnick told CNBC that the U.S. government must receive an equity stake in Intel in exchange for CHIPS Act funds.

The potential deal would convert the grants into equity and wouldn't come with governance rights in Intel, Lutnick said.

President Donald Trump has called for more reshoring of U.S. manufacturing to reduce the country's reliance on foreign chipmakers.

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INTC -0.10 (-0.34%)



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U.S. Commerce Secretary Howard Lutnick: Intel has to give gov. equity in return for CHIPS funding

Commerce Secretary [Howard Lutnick](#) said Tuesday that [Intel](#) must give the U.S. government an equity stake in the company in return for [CHIPS Act](#) funds.

“We should get an equity stake for our money,” Lutnick said on CNBC’s “[Squawk on the Street](#).” “So we’ll deliver the money, which was already committed under the Biden administration. We’ll get equity in return for it.”

Shares of the struggling chipmaker climbed nearly 7% on Tuesday, continuing to rally on recent [reports](#) that the Trump administration is weighing different ways to get involved with the company.

[Bloomberg](#) reported Monday that the White House was discussing a 10% stake in Intel, in a deal that could see the U.S. government become the chipmaker’s largest shareholder.

Intel and [SoftBank](#) announced Monday that the Japanese conglomerate will make a \$2 billion [investment](#) in the chipmaker. The investment, equal to about 2% of Intel, makes SoftBank the fifth-biggest shareholder, according to FactSet.

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Lutnick said any potential arrangement wouldn't provide the government with voting or governance rights in Intel.

"It's not governance, we're just converting what was a grant under Biden into equity for the Trump administration, for the American people," Lutnick said. "Nonvoting."

Intel declined to comment.

Lutnick also suggested that President [Donald Trump](#) could seek out similar deals with other CHIPS recipients.

Intel [said last fall](#) that it had finalized a nearly \$8 billion grant from the law to build its factories. [Taiwan Semiconductor Manufacturing Co.](#) was awarded \$6.6 billion under the legislation to boost chip fabrication at its [Arizona](#) facilities.



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‘Silicon Heartland’

Trump has called for more reshoring of U.S. manufacturing to reduce the country’s reliance on companies like Samsung and TSMC to manufacture chips.

Intel has been spending billions near Columbus, Ohio, to build a series of chip factories that the company previously called the “[Silicon Heartland](#).” Intel has said that the factory complex would be able to produce the most advanced chips, including AI chips.

But [in July](#), Intel CEO Lip-Bu Tan said in a memo to employees that there would be “no more blank checks,” and that it was slowing down the construction of its Ohio factory complex, depending on market conditions.

The first factory is now scheduled to start operations in 2030.

The Ohio factory was one of the most public projects funded by the CHIPS and Science Act, which became law in 2022. The law committed the U.S. government to fund chip research and development and was estimated to cost about \$53 billion.

“The Biden administration literally was giving Intel for free, and giving TSMC money for free, and all these companies just giving them money for free,” Lutnick said. “Donald Trump turns that into saying, ‘Hey, we want equity for the money. If we’re going to give you the money, we want a piece of the action.’ ”

Intel has struggled to capitalize on the artificial intelligence boom in advanced semiconductors and has spent heavily to stand up a manufacturing business that’s yet to secure a significant customer. Intel tapped Lip-Bu Tan to be its CEO [in March](#) after his predecessor, Pat Gelsinger, was [ousted](#) in December.

Tan met with Trump at the White House last week after the president [called](#) for his resignation, alleging he had ties to China.



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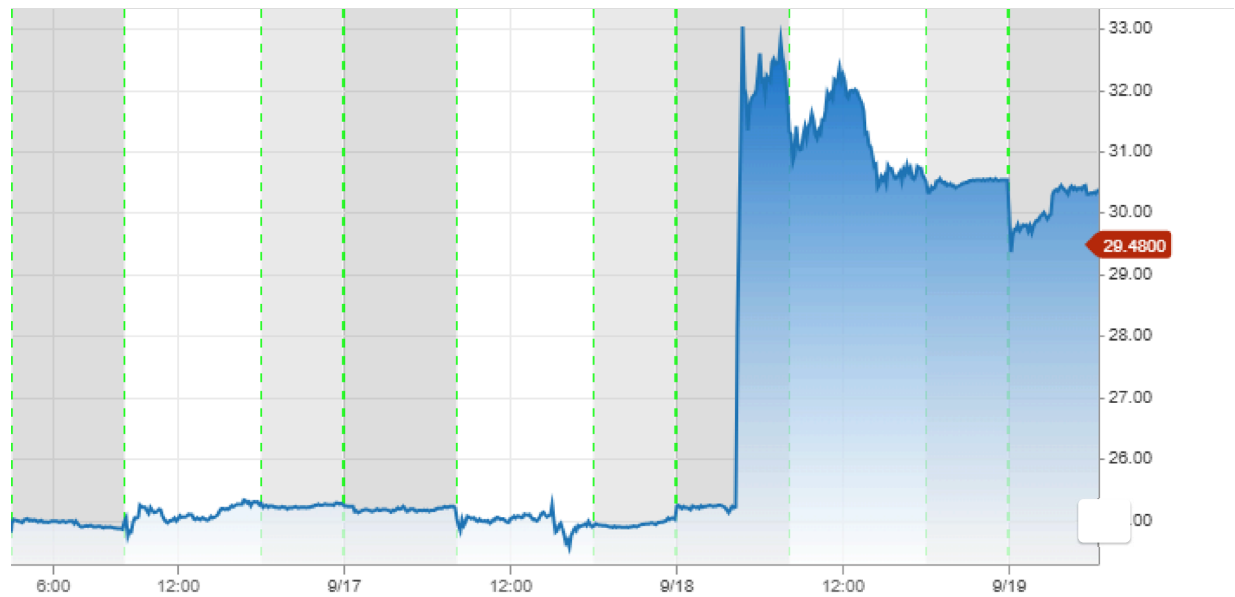
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29.48 ▼ -0.10 (-0.34%)

29.58 ▼ -0.99 (-3.24%)

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 1D **5D** 1M 3M 6M YTD 1Y 5Y ALL Comparison


Intel 5-day stock chart.

— CNBC's KifLeswing contributed to this report.

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