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Thread: [Samsung Signs Largest Chip Supply Deal in Its History with Tesla: Over \\$16.5 Billion](#)

JoseMar - July 29, 2025, 2:03 pm

Samsung Signs Largest Chip Supply Deal
in Its History with Tesla: Over \$16.5 Billion

Okay, so this one's a biggie.

Samsung has just signed what's being billed as its largest single-customer chip contract ever – \$16.5 billion to supply Tesla with advanced AI6 chips. This is not some side project; it's their major foothold in AI chip manufacturing for the next several years.

This deal runs from about mid-2025 all the way to the end of 2033. That's eight, nine years, depending on how you count it. Samsung will be supplying Tesla's AI6 chips, their next-gen silicon, for everything Tesla builds: self-driving cars, humanoid bots, even data centers.

Why does this matter?

Samsung's foundry business has been bleeding, like, \$3.6 billion in losses during the first half of 2025.

This Tesla contract is a dramatic lifeline, and also a statement that they can play at that next-level chip game. But to be honest, some analysts caution it's not enough to close the gap with giants like TSMC, which dominates the market with over 60 % share.

Tesla's chip production will happen at Samsung's Texas fab in Taylor, slated to begin setup in 2026, with volume around 2027–28.

Musk even joked on X that the plant is conveniently close to his house, and he'll personally oversee process efficiency.

This matters because the facility was mostly empty before, no major clients, delays in getting equipment from ASML. Tesla suddenly becomes its anchor tenant.

Tesla's broader strategy

Tesla is doubling down on its own in-house silicon strategy. They've had Samsung produce its AI4 chip before, but now they're moving forward with TSMC for AI5 in Taiwan & Arizona, and AI6 at Samsung's Texas fab.

Musk's basically saying the \$16.5 bn is just a floor. He expects actual value to be "several times higher." Siri's not quoting him, but it's hard not to think this could stretch even beyond 20 bn.

Okay, it's high-profile. Stocks jumped, Samsung up ~6–7 % on the news, but then cooled off by ~1 % the following day.

Analysts remain cautious: Samsung still has to prove it can deliver at scale and lure other big clients. One deal with Tesla isn't a complete transformation.

Geopolitical context

South Korea and the U.S. are currently in trade talks. Samsung Chairman Jay Y. Lee actually flew to Washington right after this deal. Some coverage suggests this may feed into broader negotiations on tariffs and tech partnerships.

This deal is headline-worthy, no doubt. Tesla ensures more control over its AI chip supply chain. Samsung gets its biggest foundry win ever. But let's be honest, an optimistic forecast isn't a guarantee. Timelines, yields, global competition, Tesla's own market spot, there's a lot that could affect the outcome.

If you're nerdy about chips, it's exciting. If you're cynical, you see one client, one deal, can Samsung scale beyond Tesla? We'll see. I'd keep an eye on the Taylor fab ramp, yield reports, whether Samsung lands other customers. That's where the real test begins.

The Pact - August 1, 2025, 5:50 am

Makes me wish I hadn't chosen Samsung for my last three phones.