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August 6, 2025

Hon. Jeffrey Kessler
Under Secretary of Commerce for Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Re: Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Polysilicon and its Derivatives, Docket No. BIS-2025-0028 (XRIN 0694-XC128)

Dear Under Secretary Kessler:

The Consumer Technology Association ("CTA") appreciates the opportunity to provide comments to the Bureau of Industry and Security ("BIS") regarding its Section 232 investigation into the effects of imports of polysilicon and its derivatives.[1]

CTA represents more than 1,200 companies in the $537 billion U.S. consumer technology sector, including manufacturers, software developers, retailers, and supply chain providers—80 percent of which are startups or small- and medium-sized enterprises ("SMEs").

CTA also owns and produces CES®—the most influential technology event in the world—which showcases and serves as a forum for discussion of international policies concerning existing and new technologies, international technology trade and investment, and global opportunities and challenges facing the consumer technology industry. Over 141,000 people attended CES 2025, including over 50,000 from outside the United States. Companies from across the world demonstrated innovative new products for the consumer marketplace, many of which contained products derived from polysilicon.

CTA supports the Administration's goals of strengthening U.S. industrial resilience and technology leadership. However, we urge BIS to ensure that any resulting actions are narrowly tailored, evidence-based, and designed to avoid causing unintentional damage to downstream manufacturers and consumers.

The Strategic Importance of Polysilicon in U.S. Innovation and Technology Supply Chains

CTA acknowledges the critical role polysilicon plays in the production of both semiconductors and solar panels. The demand for electronics-grade polysilicon is

[1] *Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Polysilicon and its Derivatives*, 90 Fed. Reg. 31,955 (July 16, 2025).

particularly vital to our industry, as it is the foundation of silicon wafers used in the manufacture of microchips embedded in a vast range of modern consumer technology products. These chips are integral to smartphones, laptops, monitors, televisions, connected devices, and many other consumer technology products. They are also critical inputs to U.S. cloud service providers and semiconductor firms whose investments are essential to winning the AI race with China and ensuring that American consumers have secure cloud services and AI tools to rely upon.

As BIS evaluates the national security implications of imports of polysilicon and its derivatives, it should consider not only the increasing demand from chipmakers and cloud service providers but also the deeply integrated nature of the global semiconductor and electronics supply chains that rely on it.

Limited Domestic Production Capacity

The United States does not currently have the capacity to meet national demand of polysilicon. Supply shortage is further exacerbated as electronics-grade silicon is primarily used in semiconductors. U.S. polysilicon manufacturing capacity remains limited due to several factors.

First, the construction of polysilicon manufacturing facilities would take years even with strategic investments. Scaling up domestic manufacturing to a commercially viable level meeting national demand would take even longer.

Second, even after construction, the polysilicon must be produced at certain levels that meet the customer's specifications. For example, recently, REC Silicon was forced to shut down production because it faced difficulties producing polysilicon at purity levels required by its sole customer, Hanwha Qcells.[2]

Lastly, the high costs of building production facilities and the burden of achieving the technological levels required by customers necessitate thoughtful and facilitative policies to ensure that polysilicon activity in the United States can be cost-competitive with other markets, such as China, Japan, Germany, South Korea, and Singapore. Any restrictive measures, such as tariffs or import restrictions, would increase costs of producing in the United States, harming ongoing efforts to grow the U.S. polysilicon industry.

Global Supply Risks Are Real But Must Be Met with Targeted and Smart Policy

While BIS rightly notes the risks of concentrated foreign supply and potential economic coercion through export controls or pricing manipulation[3], any remedial action must account for practical enforceability and the cascading effects across the supply chain.

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[2] *Solar Market Insight Report 2024 Year in Review*, Solar Energy Industries Association (Mar. 11, 2025), https://seia.org/research-resources/solar-market-insight-report-2024-year-in-review/.

[3] The global production of polysilicon is highly concentrated, with China alone accounting for approximately 72 percent of global capacity as of 2021. *See* U.S. Department of Energy, *Solar Photovoltaics Supply Chain Review Report*, Office of Energy Efficiency & Renewable Energy (Feb. 2022), https://www.energy.gov/eere/solar/solar-photovoltaics-supply-chain-review-report.

CTA believes BIS should prioritize non-tariff approaches to achieving national security goals. These include

- accelerating permitting for domestic wafer facilities;
- establishing a strategic reserve of electronics-grade polysilicon to safeguard against supply chain disruptions;
- strengthening supply chains between the United States and its allies by negotiating strategic supply agreements with electronics-grade polysilicon producers in Germany, Japan, and South Korea; and
- increasing R&D investment in alternative materials.

CTA also supports international coordination with trusted partners to diversify sourcing and reduce dependence on any single region. We urge the Administration to deepen trade agreements that enable shared investments, offtake arrangements, and secure material flows in the semiconductor and solar sectors.

Section 232 Should Not Serve as Industrial Policy

Tariffs and other restrictive measures are neither necessary nor helpful to address U.S. security interests in the polysilicon sector. Rather, they are likely to cause harm to the U.S. economy and to ongoing efforts to grow the polysilicon and related industries in the United States.

Trade restrictive measures, such as tariffs, will be costly and burdensome for both the Administration and U.S. companies. One of the most significant concerns for the consumer technology sector is traceability. Once polysilicon is processed into wafers, fabricated into semiconductors, and embedded into devices, its original source becomes impossible to detect. Tariffs applied to finished goods containing transformed polysilicon would require businesses to undertake burdensome tracking efforts that are not technically or commercially feasible — especially for SMEs that lack robust customs compliance infrastructure. This is particularly problematic in fabless production models where component sourcing is indirect and globally distributed.

Furthermore, the U.S. Customs and Border Protection (“CBP”), which is already struggling with resource constraints, would similarly face significant challenges in enforcing the tariffs. Detailed disclosures and tariff calculations on each of thousands of products processed from polysilicon to determine derivative value in each end-product would create a substantive administrative burden on both companies and the U.S. government. Higher costs due to tariffs will likely pass through the supply chain until they reach the end consumers.

Finally, we note that the Section 232 statute is designed to address direct national security threats, not general industrial competitiveness. As such, BIS must distinguish between legitimate vulnerabilities — such as coercive foreign export controls — and broader trade imbalances that are more appropriately addressed through multilateral tools or Section 301 authorities. As we stated in previous comments on critical minerals and semiconductors, overbroad and frequent use of Section 232 not only strains

relationships with allies but can also provoke retaliatory trade measures that reduce market access for U.S.-based exporters.

Stacking of Tariffs Would Harm U.S. Competitiveness

CTA strongly urges BIS to avoid the "stacking" of any potential Section 232 tariffs actions, adding yet another layer to an increasingly complex and overlapping tariff regime. While the Administration has taken some steps to address tariff stacking, as outlined in the April 29 Executive Order[4], CTA remains concerned about the effects of compounding tariffs. The Administration is simultaneously considering or has already imposed Section 232 tariffs on semiconductors, critical minerals, copper, and other manufacturing inputs. CTA has filed comments in response to each of these investigations.[5]

If a tariff on polysilicon is stacked atop those measures without a clear hierarchy of application, it could result in multiple tariffs being applied to the same underlying material at different stages of transformation. For example, a product containing a chip fabricated from polysilicon and bonded with copper interconnects could face tariffs under three or more overlapping authorities. According to a CTA whitepaper, roughly $433 billion in consumer technology imports could be subject to multiple, compounding tariffs under current and proposed trade actions.[6] This would distort sourcing decisions, elevate compliance risks, and disproportionately harm smaller firms. It would also impede U.S. AI advancement, as electronics grade polysilicon is ultimately used in servers and other data center equipment.

The cumulative impact of such layered tariffs would be economically harmful, both to U.S. industry and American consumers. The consumer technology sector is highly cost sensitive. Even modest increases in component costs can be passed through the supply chain and ultimately borne by end users. Tariffs on inputs like polysilicon and semiconductors could raise the prices of everyday technology products used in every U.S. household and business. These price hikes would hit low- and middle-income households the hardest — especially as many rely on these devices for work, education, and healthcare access. Without domestic production able to meet U.S. demand, tariffs only serve to increase cost and undermine increasing U.S. production as the costs of manufacturing inputs are greater than the cost of importing a finished

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[4] Presidential Actions, *Addressing Certain Tariffs on Imported Articles*, The White House (Apr. 29, 2025), www.whitehouse.gov/presidential-actions/2025/04/addressing-certain-tariffs-on-imported-articles/.

[5] *See* Letter to Hon. Jeffrey Kessler from CTA, *Preliminary Comments of the Consumer Technology Association on the Section 232 National Security Investigation of Imports of Semiconductors and Semiconductor Manufacturing Equipment, Docket No. 250414-0066 (XRIN 0694-XC121)* (May 7, 2024), www.cta.tech/media/po1psqoj/final-cta-comments-on-bis-section-232-investigation-on-semiconductors-20250507.pdf; Letter to Hon. Jeffrey Kessler from CTA, *Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Processed Critical Minerals and Derivative Products (Docket No. 250422-0070; XRIN 0694-XC124)* (May 16, 2025), www.cta.tech/media/vz5nwamo/final-cta-comments-on-bis-section-232-critical-minerals-investigation-20250516.pdf; Letter to Stephen Astle from CTA, *Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Copper (X-RIN 0694-XC116, BIS-2025-0010)* (Apr. 1, 2025), www.cta.tech/media/1m3ntdng/final-draft-cta-comment-to-bis-on-section-232-copper-investigation.pdf.

[6] *Exclusions from the Reciprocal Tariffs and Future Section 232 Tariffs*, CTA (May 2025), https://drive.google.com/file/d/1l687uOQxVJSzRTgYwb6w8LIXnYcMeHU-/view?usp=sharing.

good of foreign origin. BIS should be mindful that blanket tariff remedies risk undermining the Administration's own stated objectives of combating inflation and expanding affordable access to technology.

Clear Scope, Safe Harbors, and Practical Enforcement Are Essential

To mitigate these risks, CTA strongly urges BIS to clearly define the scope of any potential tariff remedy. Specifically, tariffs—if imposed—should be limited to raw polysilicon imports and should explicitly exclude finished consumer products, semiconductors, or other derivatives that have undergone irreversible chemical transformation. BIS should also establish *de minimis* thresholds to exempt products with incidental polysilicon content, ensure any remedy can be implemented by SMEs with limited resources, and articulate a clear non-stacking rule to ensure that multiple Section 232 tariffs are not applied cumulatively to the same material across the supply chain. Exemptions should also be made for any materials, components or finished goods imported for consumer repair and warranty obligations. Additionally, we recommend the creation of simplified compliance frameworks, along with technical assistance for small firms that lack in-house customs capacity.

Conclusion: Targeted, Transparent Action Will Best Support National Security

In conclusion, CTA supports the goal of strengthening domestic supply chain resilience, including for polysilicon and semiconductors. However, Section 232 actions must be highly targeted, commercially practical, and strategically coordinated with other policy tools. We urge BIS to limit the scope of this investigation to raw materials with direct national security applications and avoid measures that would harm downstream technology producers and American consumers. We appreciate your consideration of these views and stand ready to provide technical insights, industry data, and further dialogue as this investigation proceeds.

Sincerely,

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