



August 6, 2025

The Honorable Howard W. Lutnick
Secretary of Commerce.
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

RE: Comments on Section 232 National Security Investigation of Imports of Polysilicon
and its Derivatives (90 Fed. Reg. 31955, July 16, 2025 [XRIN 0694-XC128](#))

Dear Mr. Secretary:

The National Foreign Trade Council (“NFTC”) appreciates this opportunity to provide input as part of the Department of Commerce’s (“the Department”) investigation to determine the effects on national security of imports of polysilicon and its derivatives under section 232 of the Trade Expansion Act of 1962, as amended (Docket No. 250709-0121, XRIN 0694-XC128).

Polysilicon is the foundational material used to manufacture semiconductor chips and solar panels. It is the first step in the value chain for both of these critical supply chains. The manufacture of polysilicon is capital intensive and requires highly specialized manufacturing expertise. High quality semiconductor-grade polysilicon is typically produced at purity levels of at least 11 nines (99.99999999%), whereas solar-grade polysilicon requires slightly less purity levels at least 9 nines (99.9999999%). Importantly, to achieve the necessary economies of scale, polysilicon producers depend on high-volume production of both semiconductor-grade and solar-grade polysilicon. NFTC would be pleased to provide additional information about the U.S. polysilicon industry and its importance to the U.S. defense industrial base upon further request.

The global polysilicon industry is dependent on sales of solar-grade polysilicon to support and sustain the manufacturing of semiconductor-grade silicon. The manufacturing of solar-grade polysilicon is dominated by Chinese suppliers. By contrast, the sourcing and purification of semiconductor-grade silicon, a highly purified form of silicon essential for manufacturing semiconductor applications, is concentrated in the United States, Germany, and Japan. These leading global suppliers from U.S. and allied country providers continue to set the benchmark for high purity (e.g., ~9N -11N) standards required for use in critical infrastructure, defense, and cloud computing sectors. However, even with U.S., German, and Japanese leadership in semiconductor-grade polysilicon production, the downstream processing of slicing this material into ingots and wafers is still predominantly in foreign countries, including Germany, Japan, and South Korea.

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As the Department evaluates the quantity and circumstances of imports of derivative and downstream polysilicon products, NFTC urges the Department to take a strategic approach to these products. Competitively priced and otherwise compliant semiconductor-grade polysilicon sourced from U.S. and allied polysilicon producers is essential for U.S. firms that design and deploy advanced semiconductors at the forefront of the AI race. These firms rely on semiconductor-grade polysilicon as it is integral to semiconductors used in servers, cooling systems, power equipment, and other data center hardware. Developing domestic facilities to produce the volume of electronics-grade polysilicon sufficient to meet domestic AI and data center applications, crucial to winning the AI race, will take time. Therefore, imposing broad restrictions on non-Chinese origin and non-Chinese linked sources of semiconductor-grade polysilicon would increase costs to the U.S. cloud and semiconductor industry, risk supply chain shortages, and hamper America's ability to win the AI race against foreign adversaries.

We support the U.S. government's efforts to build a resilient domestic polysilicon supply chain, while maintaining the U.S. industry's access to the essential raw and processed polysilicon and associated derivative products. We note and support the administration's broad alignment with the Mineral Security Partnership and encourage further measures consistent with this approach. We also request consideration of the following actions: (i) negotiating strategic critical mineral trade agreements and partnerships with semiconductor-grade polysilicon producers in like-minded countries to secure long-term access to this critical input; (ii) establishing a strategic polysilicon reserve of semiconductor-grade polysilicon to safeguard against supply chain disruptions in critical sectors, including cloud computing, AI infrastructure, and defense; and (iii) investing in domestic wafer and ingot processing through a mix of incentives such as tax credits and grants to develop U.S. infrastructure for converting raw inputs into purified polysilicon ingots and wafers.

Specifically, we recommend excluding products containing semiconductor-grade polysilicon from non-Chinese origin and Chinese-linked sources from any import restrictions resulting from this investigation. This recommendation is particularly important given that semiconductor-grade polysilicon derivatives are already subject to review under existing Section 232 investigations covering semiconductors and critical minerals. Implementing overlapping trade restrictions and stacking tariffs could inadvertently disrupt the deployment of critical cloud infrastructure - a key component of U.S. national security and technological competitiveness. Moreover, such measures risk disincentivizing domestic production when tariffs on multiple inputs cost more than tariffs on a finished good. This concern is especially relevant given the limited domestic manufacturing capacity for these products. Additionally, we request that the Department exempt "used" derivative products containing polysilicon from any potential restrictions. These products are commonly traded through small and micro-businesses, and their exemption would not significantly impact the Administration's national security objectives.

In our view, derivative products should be chosen carefully and strategically with the goal of including only those derivative products whose imports threaten national security, including vis-à-vis circumvention of any proposed remedy. At the same time, the Department should ensure any remedies allow continued access to polysilicon produced by trusted allies such as Germany that do not engage in unfair and distortive trade practices that are the source of the national security threat, and whose production is necessary to meet U.S. demand.

About NFTC

The NFTC, organized in 1914, is an association of U.S. business enterprises engaged in all aspects of international trade and investment, including maintaining competitiveness and

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technological leadership. Our membership covers the full spectrum of industrial, commercial, financial, and service activities, accounting for over \$6 trillion in revenue and employing nearly 6 million people in the United States.

Thank you for your consideration of our comments. We welcome the opportunity to provide additional information and address any questions you may have. Please contact us at jchu@nftc.org, (703)225-8519 or Tiffany Smith tsmith@nftc.org, (703)966-1670.

Sincerely,



Jeannette L. Chu
Vice President, National Security Policy and
Executive Director, Alliance for National
Security and Competitiveness



Tiffany Smith
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cc: Jeffrey Kessler
Under Secretary of Commerce for Industry and Security

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