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Polysilicon Under Pressure: New Section 232 Tariffs Reshape Solar and Semiconductor Supply Chains

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KEY POINTS

- On August 6, 2026, President Trump signed a proclamation imposing a 15% *ad valorem* tariff and minimum import prices on polysilicon and its derivatives under Section 232 of the Trade Expansion Act of 1962, effective December 4, 2026.
- The minimum import price program sets price floors of $21/kg for polysilicon, $100/kg for ingots and wafers, $0.22/W for solar cells, and $0.38/W for solar modules, with materially inaccurate certifications triggering a permanent import ban.
- Raw polysilicon is subject only to the MIP-based duty, while downstream derivatives face both the MIP floor and the 15% ad valorem tariff, incentivizing onshoring of value-added processing.
- Combined duties on Chinese-origin solar derivatives could exceed 65% when the Section 232 tariff is stacked on top of existing Section 301 tariffs (currently 50%) and applicable AD/CVD orders.
- Companies investing in U.S. polysilicon, ingot, wafer, or cell production may negotiate individually tailored onshoring agreements with Commerce for duty-free equipment and covered product imports during construction, provided construction begins by January 20, 2029.

On August 6, 2026, President Trump signed a proclamation (the Proclamation) imposing tariffs and minimum import prices (MIPs) on polysilicon and its derivative products under Section 232 of the Trade Expansion Act of 1962 (Section 232). Section 232 authorizes import adjustments upon a U.S. Department of Commerce (Commerce) finding that imports threaten national security — authority that has been largely upheld by the U.S. Court of International Trade and the Federal Circuit. Effective December 4, 2026 (12:01 a.m. ET), the Proclamation establishes: (1) a MIP program; (2) a flat 15% *ad valorem* tariff on downstream derivatives (with country-based differentiation); and (3) an onshoring incentive program. Downstream derivatives (ingots, wafers, cells, and modules) are subject to both the MIP-based specific duty and the 15% *ad valorem* rate. These measures replace the expired solar safeguard tariff under Section 201 of the Trade Act of 1974 and build on Proclamation 11002 (January 2026), which addressed semiconductors. Notably, the MIP framework represents a model that could be replicated in other sectors where import dependence threatens national security, such as critical minerals.

The Commerce investigation (initiated July 1, 2025, under Docket BIS-2025-0028) found that U.S. polysilicon production collapsed from approximately 50% of global share in 2005 to less than 2% in 2024, while semiconductor wafer fabrication fell from 37% in 1990 to 10% in 2024, leaving the U.S. almost entirely dependent on imports for solar ingots, wafers, and cells.

THE THREE-PART FRAMEWORK

Minimum Import Prices

Under the MIP program, importers must certify to U.S. Customs and Border Protection (CBP) at entry that the first arm's-length U.S. sale will occur at or above the applicable MIP, or that the sale is pursuant to a fixed-term contract entered before August 6, 2026. If no valid certification is submitted, the full MIP amount is applied as an additional duty (see "Duty if No Certification" column below). If the entered value is below the MIP, duty is assessed on the difference.

Product	MIP	HTSUS	Duty if No Certification
Polysilicon	$21/kg	2804.61.0000	+$21/kg (9903.45.33)
Ingots & Wafers	$100/kg	3818.00.0020/ .0040/ .0045/ .0050/ .0091	+$100/kg (9903.45.34)
Solar Cells	$0.22/W	8541.42.0010, .0080	+$0.22/W (9903.45.35)
Solar Modules	$0.38/W	8541.43.0010, .0080	+$0.38/W (9903.45.36)

Critically, if CBP determines that an importer's certification was materially inaccurate, that importer and all of its affiliates will be permanently prohibited from importing polysilicon and polysilicon derivatives into the U.S., in addition to any applicable penalties. The Proclamation does not establish a public registry of barred entities, but CBP is expected to maintain an internal list and enforce the prohibition at the port level.

Notably, the Proclamation does not define "affiliate," which creates uncertainty for companies with complex corporate structures, joint ventures, or related-party supply arrangements. Until CBP or Commerce issues guidance, these entities face heightened uncertainty about the compliance risk they may face. Additionally, the Secretary of Commerce has authority to adjust the MIPs over time to reflect changing market conditions.

15% Ad Valorem Tariff

The 15% tariff applies only to downstream derivatives (ingots, wafers, cells, and modules) — not to raw polysilicon, which is subject solely to the $21/kg MIP. Importantly, per U.S. Note 42(a), derivatives are subject to both the 15% *ad valorem* tariff and the applicable MIP-based specific duty. The 15% rate is flat across all derivative categories; it does not escalate by processing stage. The only differentiation is by country of origin (see table below).

Country/Region	Rate Structure	HTSUS
Japan, Korea, Taiwan, Switzerland, Liechtenstein, EU	Column 1 + Section 232 tariff = 15% total	9903.45.31
United Kingdom	Column 1 + 10%	9903.45.32
All others (including China)	Column 1 + 15% (additive)	9903.45.30

This structure is strategically significant: raw polysilicon receives price protection only (no *ad valorem* layer on feedstock), while downstream derivatives face both the MIP floor and the flat 15% tariff — incentivizing onshoring of value-added processing. For allied partners (Japan, Korea, Taiwan, EU, Switzerland, and Liechtenstein), total *ad valorem* duty is capped at 15%. The UK receives a preferential 10% Section 232 rate. For all other countries (including China), the full 15% applies additively on top of Column 1 duties, tariffs imposed under Section 301 of the Trade Act of 1974 (Section 301) (currently 50% on Chinese solar cells and modules), and any AD/CVD orders — meaning combined duties on Chinese-origin derivatives could exceed 65% before considering other applicable tariffs. The Proclamation does not expressly address interaction with other Section 232 duties (*e.g.*, steel and aluminum tariffs), though this is likely a limited practical concern because polysilicon derivatives generally do not contain sufficient metal content to trigger those duties independently.

Onshoring Incentive Program

Notably, the Secretary of Commerce is authorized to enter into company-specific agreements with onshoring applicants — these are individually negotiated deals, not standardized applications. Terms will vary based on factors including anticipated production volumes, project timelines, cost projections, and how benefits are allocated among onshoring plan applicants.

- **Requirements:** Commit to build, refurbish, or expand a U.S. facility producing polysilicon, ingots, wafers, or cells; begin construction by January 20, 2029; and demonstrate commercially reasonable timelines, milestones, and production projections.
- **Benefits:** Duty-free import of “necessary production equipment” and Covered Products (defined as polysilicon, ingots, wafers, cells, and modules classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheadings listed above) in volumes commensurate with investment during construction. Benefits may vary depending on whether imports incorporate U.S.-produced polysilicon feedstock (creating incentives for domestic vertical integration). *Open question:* “Covered Products” is defined, but “necessary production equipment” is not. Whether equipment with significant steel, aluminum, or copper content faces metals Section 232 duties (currently 25% on steel/aluminum) notwithstanding the polysilicon Section 232 exemption will require Commerce clarification. Section 301 tariffs on Chinese-origin equipment and AD/CVD orders may also apply to otherwise exempt equipment.
- **Enforcement:** Fraud results in retroactive rescission of all benefits, tariff collection, and fines.

OTHER KEY PROVISIONS

- **Anti-Stockpiling:** The Secretary of Commerce may restrict imports before December 4 if stockpiling is detected. Companies should document the commercial basis for any volume increases above historical averages.
- **Foreign Trade Zones:** Covered products must enter under “privileged foreign status” (19 C.F.R. § 146.41) and cannot use foreign trade zone (FTZ) procedures to avoid duties. Companies should reassess existing FTZ strategies immediately.
- **Drawback:** Separately from the duty-free imports available under the onshoring incentive program above, manufacturing drawback is available only for products from the Proclamation’s designated Trade Agreement Partners (UK, EU, Japan, Korea, Switzerland, Liechtenstein, Mexico, and Canada — an exclusive list) that contain polysilicon sourced entirely from a Trade Agreement Partner and are not subject to AD/CVD orders. Any Chinese-origin polysilicon content disqualifies the product from drawback eligibility.
- **Reciprocity:** Partners adopting substantially equivalent MIPs may receive altered applicability via determination by the Secretary of Commerce and the U.S. Trade Representative.

NEXT STEPS

Importers

- Identify pre-existing contracts qualifying for MIP relief; assemble documentation.
- Confirm that pricing meets MIP thresholds, and scrutinize related-party transactions for arm’s-length documentation.
- Build certification protocols with quality controls commensurate with the permanent-ban risk.
- Map all affiliates to understand full ban exposure.

- Calibrate import volumes during the 120-day window to avoid the appearance of stockpiling.

Solar/Semiconductor Manufacturers

- Assess onshoring program eligibility; prepare plan submissions to Commerce.
- Evaluate sourcing shifts to preferential-rate countries (Japan, Korea, Taiwan, EU, Switzerland, Liechtenstein, UK).

Solar Developers

- Revise project economics for MIP-driven cost floors ($0.38/W modules; $0.22/W cells).
- Review engineering, procurement, and construction (EPC) contracts, supply contracts, and power purchase agreements (PPAs) for force majeure or material adverse change provisions triggered by tariff increases.

For questions about the Proclamation or how these measures may affect your supply chain and compliance obligations, contact a member of Troutman Pepper Locke's Tariff + Trade Task Force.

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