



# [www.commerce.gov/issues/section-232-investigation](https://www.commerce.gov/issues/section-232-investigation) target="\_blank" rel="noopener noreferrer">Section 232 and Semiconductors: Tariff Risk Across the Stack

*The April 2025 Section 232 investigation into semiconductor imports signals a major tariff wave.*

By Sayari Analyst Team . Published July 2025 . [sayari.com](https://sayari.com)

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## EXPORT CONTROLS

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The Department of Commerce initiated a Section 232 national security investigation into semiconductor imports in April 2025—the same month the tariff pause was announced. This investigation covers chips, semiconductor manufacturing equipment, and derivative products. Section 232 is a Cold War-era mechanism allowing Commerce to investigate whether imports threaten U.S. national security, often resulting in tariffs, quotas, or restrictions.

The semiconductors investigation is part of a broader wave. In March 2025, Commerce launched a Section 232 probe into copper imports, resulting in a 50% tariff effective August 1, 2025. Copper is essential for semiconductor interconnects. In July 2025, a Section 232 investigation into polysilicon was initiated—the raw material from which silicon wafers are made. These investigations represent a coordinated re-examination of critical mineral and material inputs to U.S. semiconductor production. For procurement teams and supply chain leaders, the question is no longer whether tariffs will return, but when, and whether your supply chain is visible enough to manage impact.

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## Why Semiconductors Are in the Tariff Crosshairs

Semiconductors represent the fourth-largest industry globally by value creation in 2024. Chips and manufacturing equipment underpin consumer electronics, automotive systems, medical devices, telecommunications, and national defense. The U.S. is one of the largest importers of semiconductor end products, so tariffs on chips and equipment will touch consumer device prices, automotive production costs, and the competitiveness of U.S. manufacturers.

Trade policy now explicitly measures import decisions against national security criteria. The U.S. government will use tariff authority to reshape semiconductor supply chains, reduce dependencies on specific countries, and encourage onshore manufacturing. For companies in the semiconductor ecosystem, tariff risk is now a structural feature of the business environment. Supply chain planning must account for it.

## The Section 232 Investigations: A Triple Threat

Section 232 investigations examine whether product categories pose national security risks if sourced from abroad. The Secretary of Commerce recommended a 50% tariff on copper imports, effective August 1, 2025. Copper is essential to semiconductor interconnects and PCB fabrication. A 50% tariff will ripple through the entire semiconductor value chain and downstream consumer electronics supply chains.

The polysilicon investigation carries different implications. Polysilicon is the refined material from which silicon wafers are manufactured. The U.S. imports significant polysilicon, with China controlling dominant global market share. A Section 232 finding would constrain access to raw materials needed for chip fabrication, raising production costs.

The semiconductor investigation covers the broadest scope: chips, semiconductor manufacturing equipment, and derivative products. Preliminary signals suggest potential tariffs could be applied differentially by chip type, market application, or country of origin under Section 232. The outcome depends partly on convergence with Section 301 actions targeting China. If Section 232 and Section 301 recommendations align, the result could be multi-layered tariffs: base Section 232 tariffs supplemented by Section 301 tariffs on Chinese-origin chips. The specific tariff rates have not been finalized, as the Section 232 investigation is still ongoing.

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## Section 301 and the China Dimension

Section 301 of the Trade Act of 1974 grants the U.S. Trade Representative authority to investigate unfair trade practices and impose countermeasures. The USTR has initiated a Section 301 investigation targeting China's trade practices as they relate to semiconductors. This assesses whether China's policies create barriers to market access, facilitate IP theft, or force technology transfer.

Section 232 is ostensibly country-agnostic-it applies based on national security risk. But if investigations identify a particular country as dominant supplier, tariffs can be calibrated to affect that country most heavily. Section 301 tariffs are explicitly country-specific. The combined effect could result in Chinese semiconductors and equipment facing base Section 232 tariffs plus additional Section 301 tariffs, while semiconductors from other countries face only Section 232 tariffs or perhaps exemptions.

For supply chain practitioners: companies sourcing from China face potentially the highest tariff exposure. But companies sourcing from non-Chinese suppliers face risk too. The Section 232 investigations signal tariffs will apply broadly across the semiconductor value chain. Planning requires identifying the full spectrum of sourcing exposure.

## Building Resilience: Supply Chain Mapping and Monitoring

Supply chain mapping means achieving visibility into the full scope of semiconductor and component sourcing-direct suppliers and indirect suppliers (vendors who supply your vendors). It means understanding country of origin and where manufacturing, assembly, and testing occur. It means identifying which suppliers or products will be affected by tariffs on copper, polysilicon, or semiconductors.

This work is resource-intensive but essential. Many companies lack complete visibility beyond the first or second tier. Tariffs on third-tier or fourth-tier suppliers ripple backward, raising costs. Once you've mapped your supply chain, continuous monitoring of tariff developments and supplier alternatives follows. As Section 232 and Section 301 investigations conclude, tariff rates and product coverage will clarify. You need to quickly identify which suppliers and products are affected and what alternatives exist.

Supply chain mapping creates the foundation for proactive tariff risk mitigation. If a particular supplier will face high tariffs, you can qualify alternates in lower-tariff jurisdictions, work with

suppliers to relocate production, or restructure sourcing to minimize impact. Companies that wait until tariff announcements will face compressed timelines and higher switching costs. Visibility and planning are the primary tools to manage tariff risk.

Semiconductor supply chains now operate in a durably elevated tariff environment. The April 2025 pause was a reprieve, not a reset. The Section 232 investigations underway in copper, polysilicon, and semiconductors represent the opening wave of a multi-year reshaping of import policy around national security. For procurement and trade compliance teams, map supply chains now, identify tariff exposure across suppliers and products, and develop contingency plans for substitution and geographic reallocation. Organizations that do this work early will have lower switching costs than those that wait.

Sayari's platform helps supply chain and trade compliance teams achieve visibility into supplier networks and identify tariff and sanctions risk. Sayari Map includes a dedicated Tariff Feature that tracks Section 232, Section 301, and other tariff investigations, flags affected products and suppliers, and helps procurement teams model sourcing scenarios. Request a demo or visit Sayari's sourcing and procurement solution.

Please visit [sayari.com](https://sayari.com) to learn more.

*This blog is for informational purposes and isn't intended to be legal advice.*