U.S. Chamber of Commerce

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Stephen Astle
Director, Defense Industrial Base Division
Office of Strategic Industries and Economic Security
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

RE: "Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Trucks," Federal Register docket number BIS-2025-0024 (XRIN 0694-XC125).

Dear Director Astle:

The U.S. Chamber of Commerce ("the U.S. Chamber") appreciates the opportunity to respond to the U.S. Department of Commerce's request for comments cited above. The Administration has stated its intent to use these comments as part of its "investigation to determine the effects on the national security of imports of medium-duty trucks, heavy-duty trucks, and medium- and heavy-duty truck parts, and their derivative products."

The U.S. trucking industry plays a vital role in the U.S. economy, transporting approximately 73% of the nation's freight, according to the American Trucking Associations. Approximately two million Americans are employed as heavy and tractor-trailer truck drivers, and many more work as mechanics. The approximately 814,000 trucking firms operating today are largely comprised of locally owned regional operators, with approximately 70% of these firms operating at most one or two commercial trucks. Margins tend to be low in the U.S. logistics system, which is vulnerable to new cost burdens imposed by any unexpected changes in cost.

As discussed below, imports of medium- and heavy-duty commercial trucks (commercial trucks) and parts used in their manufacture are sourced overwhelmingly from U.S. allies and defense partners. The top five import sources (by customs value) are Mexico, Canada, Japan, Germany, and Finland, all of which are allies or close partners of the United States posing no threat to U.S. national security.

Impact of Broad-Based Tariffs on Trucking and Truck Manufacturing

Broad-based tariffs recently threatened and imposed by the administration on approximately $3 trillion of imported goods—including duties on goods from nearly all countries as well as autos, auto parts, steel, and aluminum from all sources—are imposing new burdens on the U.S. economy. Cost increases and changes in tariffs are creating uncertainty for businesses who cannot make long-term decisions and adequately plan for their futures.

As a response to tariffs imposed to date, the U.S. trucking industry is already seeing 700,000 fewer loads per week in shipping freight, causing reported layoffs among logistics companies and trucking carriers. These developments, together with generalized economic uncertainty, have dramatically reduced merchandise imports and led many businesses to cut the capital expenditures and investments that fuel economic growth and business activity. Surveys show that consumers expect rising inflation over the coming months.

The burden imposed by these new tariffs come at a difficult moment for the trucking sector. The American Transportation Research Institute reports that the trucking industry is already operating under record high costs. The cost of operating a truck in 2023 was $2.270 per mile—a new record. While most line items increased moderately in cost, insurance premiums and truck and trailer payments grew at higher rates. With fuel removed, the marginal cost of trucking rose by 6.6%, from $1.610 per mile in 2022 to $1.716 per mile in 2023.

These economic realities facing the trucking industry have a direct bearing on the manufacture of medium- and heavy-duty trucks. As U.S. Chamber member companies have outlined, roughly 10% of a trucking fleet is replaced each year, though this replacement cycle may vary based on the size of the operator. While larger carriers will more frequently cycle out older trucks with new vehicles, smaller carriers will normally buy their trucks on the second-hand market. The impact of the generalized increase in U.S. tariffs to a trade-weighted 18% as of May 14—up from less than 3% at the beginning of the year—on the transportation and logistics sector and the declining demand for trucking services is likely to compel trucking companies to forgo new purchases and keep trucks on the road longer, even as the vehicles start to deteriorate.

Medium- and heavy-duty trucks are generally all custom-made vehicles, with orders initiated 10 months ahead of actual delivery. The uncertainty generated by the generalized increase in tariffs in the year to date and by a number of some major swings upward and downward in these duties has caused some businesses to put new orders on hold until the trade and geopolitical outlook is clearer. Downstream, tariffs will have larger impacts on the trucking industry. Larger carriers may be unable to replace their fleets on the usual cycle, while smaller carriers may find a smaller—and more expensive—second-hand market for "new" trucks. Altogether, fleets of all sizes will likely hold onto trucks longer, increasing repair and maintenance costs.

The ability to move freight across the country is critical to the competitiveness of a wide range of sectors of the U.S. economy, from manufacturing and technology firms to food and agriculture. One U.S. Chamber member company noted it is expecting the return of pandemic-era "paralysis" within the freight industry due to lack of capacity because of the chilling effect the tariffs imposed to date are having on the industry. Indeed, the nation's economic health is tied to that of the trucking and logistics sector and to the manufacturers that produce these trucks.

This is also true for off-road and off-highway trucks operating in construction and mining sectors. Such trucks are specially designed for demanding applications and usage, often involving high durability hauling. At a time when the United States is heavily investing in infrastructure and seeking to expand mining capabilities to increase access to and processing of critical minerals, adding further to sourcing costs for these trucks and truck parts would hamper activity in an industry integral to U.S. national security.

Supply Chain Issues for Medium- and Heavy-Duty Truck Manufacturing

The medium- and heavy-duty truck manufacturing sector and the associated parts supply chains depend on an ecosystem of suppliers and distributors. A large majority of the imported parts and vehicles in the scope of this investigation are imported under the U.S.-Mexico-Canada Agreement (USMCA). This agreement includes strict rules of origin that act as a powerful incentive to source parts manufactured in the United States.

The U.S. Chamber contends that manufacturers should not be penalized with tariffs on imports from Mexico and Canada after making significant investments and adjustments to overcome these challenges. Not only are Mexico and Canada top sources for parts used in the manufacture of medium- and heavy-duty trucks—accounting for 53% of total U.S. imports in the sector last year—many such trucks built in Mexico have U.S. powertrains, which is a huge part of the overall vehicle cost. Preserving and extending the USMCA during the upcoming review will be essential for truck manufacturers as well as American consumers and businesses benefitting from the deal's high-standard rules facilitating trade and investment in North America.

More broadly, low-volume, high complexity vehicles like medium and heavy-duty trucks and their parts are difficult to source. Industry experience indicates that complete localization of parts suppliers into a single geography—domestic or otherwise—is impractical and would result in the loss of economies of scale and competition within the industry, making parts more expensive. Continuing to work with reliable partners is essential to efforts aimed at fostering investment in the United States and onshoring manufacturing.

Industry's Goal: Domestic and Global Competitiveness

The U.S. Chamber urges the administration to engage closely with industry on the relevant time horizons, resources, and workforce demands associated with stimulating more domestic production. Putting in place a pro-competitive economic environment with appropriate tax policies, legal and regulatory certainty, and workforce and training programs should be the focus of such efforts over the use of disruptive tools such as broad-based tariffs.

Standards represent another area the administration should examine. The European Union has worked diligently to convince other governments to accept vehicles certified to the United Nations Economic Commission for Europe (UNECE) regulatory standards. U.S. efforts to achieve similarly broad acceptance of U.S. Federal Motor Vehicle Safety Standards (FMVSS) have achieved some success but not on the same scale. The administration should dedicate greater attention and resources to achieving acceptance of U.S. Federal Motor Vehicle Safety Standards (FMVSS) by other governments, especially in key export markets.

In collaboration with Congress, the administration could also consider eliminating the 12% Federal Excise Tax (FET) on new Class 8 trucks. The FET provides an impediment for companies modernizing their fleets by imposing a financial burden to purchasing safer, new trucks. The consideration of eliminating this tax, however, should only be part of a broader discussion of its role in providing revenue for the Highway Trust Fund (HTF) and consideration of broader HTF reform in Congress, and not as a standalone action.

It is industry's goal to make the U.S. truck manufacturing sector more competitive, which is shared by the administration. To build on the impressive strengths of the United States as a platform for auto and trucking manufacturing—to serve the domestic market and for export—the administration should also focus on opening new markets and striking enforceable trade deals. To that end, administration should continue to address foreign trade barriers that shut out world-beating U.S. products in foreign markets, many of which are outlined in the U.S. Chamber's recent submissions to the Office of the U.S. Trade Representative on unfair foreign trade practices.

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The U.S. Chamber appreciates the opportunity to share these comments and looks forward to further discussion to address these important issues.

Sincerely,

John Murphy
Senior Vice President and
Head of International
U.S. Chamber of Commerce