NATIONAL ASSOCIATION OF
Manufacturers

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July 1, 2026

Ms. Jennifer Thornton
General Counsel
Office of the U.S. Trade Representative
600 17th Street NW
Washington DC 20508

Re: Docket No. USTR 2026-0331 Request for Comments Concerning Proposed Action Pursuant to the Section 301 Investigation of Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation

Dear Ms. Thornton:

The National Association of Manufacturers is the voice of the manufacturing community and the leading advocate for a policy agenda that supports and empowers the 13 million people who do things in America. As the largest manufacturing association in the U.S., the NAM's membership includes businesses of all sizes, across all industrial sectors, and in all 50 states. Manufacturers collectively contribute $2.93 trillion to the U.S. economy and account for nearly 53% of all private-sector research in the nation.[1] In 2025, manufacturers exported $1.7 trillion in U.S. manufactured goods to global markets.

The NAM appreciates the opportunity to comment on the Unites States Trade Representative's notice of determination and proposed actions with respect to the investigation under Section 301 of the Trade Act of 1974 in docket no. USTR-2026-0331.

Proposed Actions Should Not Impair the Competitiveness of Manufacturers in the U.S.

With respect to the Annex of USTR Notice 2026-0331, products that would be exempt from the imposition of *ad valorem* duties on products of Brazil, the NAM appreciates the opportunity for its members to indicate: raw industrial materials that if subject to the proposed additional tariffs could lead to the unavailability of domestic supply; products that could cause economy-wide disruptions if subject to additional tariffs; industrial products that cannot be produced in sufficient quantities or obtained from other sources; and articles for which the additional tariffs may not contribute substantially to the elimination of Brazil's acts, policies and practices cited in the investigation.

[1] National Association of Manufacturers (May 2025), Manufacturing in the United States, https://nam.org/mfgdata/#KeyFacts.

As a general matter, USTR should consider these criteria with a view to avoiding impairment of the competitiveness of manufacturers in the U.S. Manufacturers considering investments in the U.S. require a stable investment environment with predictable costs for equipment and other inputs, including whether these inputs can be sourced in the U.S. and in sufficient quantities. Uncertainties surrounding tariff policies significantly impact manufacturers' ability to commit to long-term capital investments, leading manufacturers in the U.S. to reconsider or halt planned investments.

Annex as Proposed: As an initial matter, NAM members support the products proposed in the Annex. The NAM recommends additional industrial inputs, parts and components and unavailable natural resources be added in consideration of individual NAM member company filings pursuant to docket no. USTR-2026-0331.

ART Commitments: Should the U.S. enter into an Agreement on Reciprocal Trade with Brazil, the U.S. should ensure tariff caps that incorporate any additional Section 301 tariffs are inclusive of the MFN rate. Products granted relief in such an agreement should be included in the Annex.

Unstacking: As the Administration's April 29, 2025 executive order regarding the "unstacking" of automotive-related Section 232 tariffs recognizes, tariff complexity has negative consequences for manufacturers who cannot predict the level of tariffs on essential imports required for the construction and operation of their facilities in the U.S.[2] This long-term unpredictability undermines manufacturers' ability to plan effectively, thereby significantly harming investment prospects in the U.S.

Presidential proclamation, *Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems* issued February 20, 2026, clarifies that "the surcharge imposed in this proclamation shall not apply to … all articles and parts of articles currently or that later become subject to additional import restrictions imposed pursuant to section 232 of the Trade Expansion Act of 1962".[3] The NAM therefore supports USTR's proposed approach that Section 301 and Section 232 tariffs should not stack on one another.

Additionally, should products currently subject to a Section 232 tariff be removed from the relevant Section 232 proclamation, USTR should take that exemption into account and avoid applying a Section 301 tariff to those products.

Maintenance of Existing Framework for Non-Application of Tariffs: USTR should maintain the current framework for non-application of tariffs as contained in the presidential proclamation *Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems*, including for critical minerals, pharmaceuticals, fertilizers, specific agricultural items and aircraft parts.

With respect to all of the above categories, some, but not all, of these products are included in USTR's proposed Annex. To the extent that any articles on this list were not included in the proposed Annex, the NAM recommends adding them to the Annex. For example, palm oil requires tropical growing conditions that do not exist in the U.S., making domestic production commercially unviable yet palm oil and palm kernel oil are not on the proposed exemption list.

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[2] The White House (April 29, 2025), *Addressing Certain Tariffs on Imported Articles*.

[3] The White House (February 20, 2026), *Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems*, paragraph 14(k).

"Speed Pass" Inputs for Expansion: Companies purchasing inputs such as industrial machinery are investing in U.S. production, either by pursuing new investments or making improvements to existing investments. Expansion in both forms is a shared goal between NAM members and the Administration and is a centerpiece of the Administration's policies. Manufacturers should be supported and incentivized toward these activities.

The NAM has proposed the Administration further accelerate U.S. manufacturing investments through issuance of general licenses – or a "manufacturing speed pass" available to any company importing critical inputs **for further manufacturing activity in the U.S.** For example, tariffs should not be applied to chemical raw materials as it both raises the cost of feedstock for a wide variety of manufactured goods in the U.S. and renders finished U.S. chemical products less competitive than comparable imports.

Furthermore, as the NAM initially proposed in the "speed pass," materials supplied through intercompany or related company transfer and subject to further processing and/or usage in the U.S. by the importer or its U.S. customer should not be subject to additional tariffs upon entry, as they remain part of an integrated U.S. manufacturing supply chain.

Manufacturers could be required to provide attestations with regard to end use in manufacturing activities in the U.S. As the Annex is unlikely to foresee all relevant and appropriate products and activities, this approach provides greater ability to make adjustments to Section 301 tariffs.

Capital Equipment Exemption: The NAM does not support additional tariffs on capital equipment for manufacturing expansion. Orders for most industrial machinery are made at least one year before taking delivery. Any new Section 301 tariffs should not be applied to orders made for equipment to be installed within the next 12 to 18 months.

In addition, machinery produced in the U.S. for sale or deployment in plants anywhere in the world may be imported back to the U.S. for recalibration or repair in U.S. factories by U.S. workers that hold the technical expertise and where intellectual property rights are protected. The machinery is then re-exported for reinstallation. These imports should not be subject to Section 301 tariffs.

Goods in an FTZ: Goods that entered an FTZ prior to any additional Section 301 tariff should not incur a Section 301 tariff when removed from the FTZ.

Chapter 98: As has been the case for Section 301 China tariffs, IEEPA tariffs, Section 232 and Section 122 tariffs, any tariffs applied under this Section 301 action should not apply to goods for which entry is properly claimed under a provision of Chapter 98 of the HTSUS pursuant to application regulations issued by CBP.

Unavailable Natural Resources: The NAM supports USTR's inclusion in the Annex of agricultural goods that cannot be grown in the United States due to climate, geography or otherwise, or that cannot be produced domestically in commercially viable quantities. NAM members intend to submit detailed HS codes for a number of key ingredients and inputs to food and beverage production in the U.S. that also meet these criteria.

General Considerations with Respect to Availability of Supply and Disruptions to the Manufacturing Economy

Many NAM members will file comments to specify the HS codes critical to sustaining and growing their production in the U.S. It should be noted, however, that over 90% of manufacturers in the U.S. are small- and medium-sized businesses. These businesses have been overwhelmed with the frequently changing compliance requirements over the past 18 months and often do not have the capacity to file individual comments delineating their specific HS import needs.

The NAM therefore offers broad considerations for USTR in analyzing the potential impacts of additional tariffs on manufacturing inputs across various manufacturing sectors. Given the breadth of NAM membership across the entire manufacturing economy, from food production to the defense industrial base, these recommendations are not exhaustive and should be considered in conjunction with NAM member company comments.

Industrial Machinery and Robotics: Much of the highly specialized machinery and advanced robotics that are increasingly in demand in America's factories is not produced domestically at all or in sufficient quantity. Neither are the specialized parts and components needed to produce, maintain and repair them in the U.S. According to NAM members, imported machinery is specialized for precision applications. Companies have worked with their suppliers to ensure this capital equipment meets their exact standards and is tailored to their production needs, including to meet quality and safety standards.

Today, capacity utilization is around 80% for domestic machinery production in the U.S. If domestic machinery production were running at 100% of capacity utilization, production in the U.S. could only meet 55% of today's demand. It would require years of sustained investment in domestic production merely to meet today's demand levels. **To avoid disruption across the manufacturing base in the U.S., industrial machinery and related components in HS Chapters 84 and 85 should be included in the Annex.**

Semiconductors: Similarly, semiconductors are essential to all modern manufacturing in America. In addition to their many applications in finished products, semiconductors are embedded in manufacturing and supply chain management equipment to capture data about all aspects of operations. They are deployed in data servers to analyze operational data. Robotics and other forms of automation depend heavily on a mix of leading edge and legacy semiconductors. Predictable supply of the semiconductors that are embedded into or control this equipment is critical to the continued modernization and expansion of manufacturing in the U.S. As such, they should be included in the Annex. Additionally, as the Trump Administration seeks to support ongoing efforts by manufacturers to expand semiconductor production in the U.S., the inputs including machinery necessary to expand, upgrade and operate semiconductor manufacturing facilities should be included in the Annex.

Critical Minerals: Critical minerals are necessary to produce technologically advanced industrial and consumer products made in America, including aircraft and defense systems, automotive parts and vehicles, electric grid components, robotics and industrial automation, personal electronics, and much more. While endowed with a wide array of natural resources, the U.S. has finite domestic supply of critical minerals and growing, but limited, midstream processing capabilities. Today, the U.S. is at least 50% import reliant for 33 out of 58 critical minerals—including 13 for which the U.S. is 100% dependent on imports.

The NAM strongly supports the administration's efforts to reshape and rebalance global critical mineral supply chains through comprehensive actions domestically and with international partners. The NAM recommended in its public comments in May 2025 that USTR negotiate an innovative sectoral trade agreement for the critical minerals sector with like-minded partners designed to support U.S. investments and secure U.S. access to inputs. As these negotiations get underway, the NAM supports inclusion of a full array of critical minerals and related equipment to process critical minerals in the Annex. The Annex should also include key inputs for domestic critical mineral extraction and production. For example, aluminum hydroxide is a critical material that enables aluminum refining and high-temperature metals processing for rare earths, copper, nickel and zinc and is not produced in sufficient quantities in the U.S. to meet domestic demand. Brazil presents a consistent, high-quality alternative supplier of hydroxide to reduce U.S. dependence on China and does not supplant current domestic sources.

Civil Aircraft: The NAM supports the provisions on civil aircraft in the Japan, European Union and other ART deals and recommends their inclusion in ongoing and future negotiations with Brazil. The Annex should be expanded to include all parts and components of civil aircraft.

Parts and Components for Additional End Uses: The cost of tariffs on inputs to industrial parts and components are largely borne first and directly by U.S. suppliers to OEMs. U.S. suppliers in many industries must meet stringent safety and quality standards and have worked for years to develop safeguards against substandard manufacturing practices, inadequate testing or unauthorized parts from entering their supply networks. These investments into supply chain integrity and supplier compliance could be disrupted by tariffs on imported inputs or risk unavailability of highly specialized parts and components for which domestic suppliers are either not readily available or that require years to build the capability and acquire certification. The NAM therefore recommends that parts and components exempt for civil aircraft be exempted for **additional manufacturing end uses**.

Healthcare Products and Technologies: As the NAM has noted in an extensive submission to the Commerce Department in response to its Section 232 investigation, increased tariffs on medical technologies, personal protective equipment and other medical products risk serious supply chain disruptions and/or short supply of critical healthcare products.

Manufacturers in the U.S. source inputs and equipment from an array of global suppliers, often through decades-long partnerships with suppliers that meet the required FDA and National Institute for Occupational Safety and Health (NIOSH) certification processes. All imported medical devices must adhere to rigorous U.S. requirements to ensure product safety, including the conditions for device manufacturing. For example, surgical respirators require FDA 510(k) standard compliance and NIOSH certification. Any changes to device sourcing would trigger a new certification and registration process for the new supplier which can take up to 3-4 years to complete, depending on the device classification. Essential inputs for some ubiquitous health care products are not produced in the U.S. or in sufficient quantity, such as the raw material for rubber gloves. Additional tariffs on these items could reduce product availability while jeopardizing patient access to essential healthcare supplies and technologies.

Similarly, some inputs to pharmaceutical manufacturing are not produced in the U.S. or in sufficient quantity or quality. Secure and consistent availability and access to these key inputs is imperative for these manufacturers to continue producing these products in the U.S.

The NAM recommends the inclusion of medical technologies and products and chemical inputs to pharmaceutical manufacturing in the Annex.

Energy-Related Inputs: Energy-related inputs are essential to advancing the Administration's energy agenda and U.S. energy dominance. These inputs, such as engines, turbochargers, gas turbine parts, generator sets, aftertreatment systems and electric motors (located in Chapters 84 and 85), among others are critical to the production, reliability and expansion of energy systems that underpin U.S. manufacturing and infrastructure. These necessary materials face limited domestic supply or lack of availability at scale. Imposing additional tariffs on energy-related products would risk supply chain disruptions, extend lead times for critical energy and industrial applications, and increase costs across the U.S. manufacturing base. The NAM recommends that energy-related inputs in Chapters 84 and 85 be included in the Annex.

Issues Under Investigation

Section 301 is intended to achieve negotiated outcomes that remedy policies and practices that unfairly burden U.S. commerce. In situations where Brazil has undermined the competitiveness of or unfairly discriminated against U.S. companies, the NAM recommends the administration undertake actions focused on effective remedies for Brazil's policies and practices and avoid unintended consequences for manufacturers and consumers in the U.S.

Intellectual Property for Pharmaceuticals: The NAM agrees with USTR's findings that Brazil has failed to address the unreasonable length of time for examination of patent applications, particularly biopharmaceutical patents, with an average examination timeline of over 9 years. In addition, Brazil lacks regulatory data protection for innovative biopharmaceutical products and denies RDP for human medicines while granting it for agricultural, veterinary and pesticide products, reflecting a deliberate and discriminatory policy that favors its domestic industry. As remedies, Brazil should implement a patent term adjustment mechanism that restores time lost due to unreasonable administrative delays and establish effective RDP for biopharmaceuticals.

Digital Payment Infrastructure: The rapid adoption of Pix by Brazilian consumers has expanded market access for U.S. manufacturers by bringing over 70 million previously unbanked Brazilians into the formal financial system. U.S. companies now serve these consumers directly through Pix's instant payment infrastructure. We encourage USTR to take this into consideration and ensure any proposed changes to Pix are very narrowly defined.

Conclusion

The Administration has rightly pursued a comprehensive manufacturing strategy. Implementing the President's tax reforms, embracing an all-of-the-above energy strategy, delivering permitting reforms, investing in infrastructure, modernizing regulations and strengthening the American manufacturing workforce are all vital to achieving a renaissance in American manufacturing. Manufacturers need complementary trade policies that lower, not raise, the cost of doing business in the U.S. Trade policy should therefore address these unfair trade practices while ensuring any remedies to do not impair the competitiveness of manufacturers in the U.S.

Sincerely,

Andrea Durkin
Vice President, International Policy