



May 16, 2025

Mr. Eric Longnecker
Deputy Assistant Secretary for Technology Security
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, D.C. 20230

***RE: Notice of Request for Public Comments on Section 232 National Security
Investigation of Imports of Processed Critical Minerals and Derivative Products***

Dear Deputy Assistant Secretary Longnecker:

Alliance for Automotive Innovation (“Auto Innovators”) submits these comments in response to the Request for Public Comments from the Bureau of Industry and Security (“BIS”) on its investigation to determine the effects on the national security of imports of processed critical minerals and their derivative products. We appreciate the opportunity to provide the auto industry’s perspective on this investigation.

Auto Innovators represents the full auto industry, including the manufacturers producing most vehicles sold in the U.S., equipment suppliers, battery producers, semiconductor makers, technology companies, and autonomous vehicle developers. Our mission is to work with policymakers to realize a cleaner, safer, and smarter transportation future and to ensure a healthy and competitive auto industry that supports U.S. economic and national security. Representing approximately 5 percent of the country’s GDP, responsible for supporting nearly 10 million jobs, and driving \$1 trillion in annual economic activity, the automotive industry is the nation’s largest manufacturing sector.

Auto Innovators is aligned with the Administration in seeking to ensure that the importation of processed critical minerals does not threaten our national security. We are committed to working with the Administration on the development and implementation of focused policies that can promote and maintain a robust and resilient supply of processed critical minerals required for U.S.-based automotive production.

All vehicles sold in the U.S. today incorporate some critical minerals. For example, manganese is used for steel production and can be found in various automotive components, including vehicle bodies, chassis, and engine components. Zinc is used as coating on automotive parts to protect against corrosion. Copper is used in wiring, electrical systems, radiators, heat exchangers, brake lines and hydraulic systems. Rare earth minerals are used in electrical systems, electric starters, and alternators. Vehicles that rely on electrified motors - including full battery electric vehicles, and plug-in hybrid vehicles, and other hybrid vehicles – require significantly more copper and

manganese and also additional critical minerals (including natural and synthetic graphite, nickel, cobalt, and lithium) than other vehicles.

Similar to other sectors, at present, the auto industry is heavily reliant on international sources for critical minerals. The U.S. imports more than half of its required supply of 31 of the 50 critical minerals included in the 2022 Final List of Critical Minerals produced by the United States Geological Survey. For 12 critical minerals, the U.S. is wholly reliant on international sources. While there have been efforts to increase the domestic supply of critical minerals, these efforts have not been sufficient to meet auto industry demand. For example, in March of 2025, Benchmark Minerals noted that the existing U.S. pipeline for domestically mined nickel will meet just 11% of U.S. automotive demand in 2030 on its current trajectory.

In some cases, a sufficient domestic supply of critical minerals is not possible because the minerals are not geographically located in the U.S. For instance, the U.S. has less than 1 percent of the world's nickel, cobalt, and natural graphite and only 1.5 percent of the world's manganese. This means that, even if these domestic resources were completely tapped, the U.S. would still be reliant on international sources to meet full automotive production needs. Auto companies have been actively investing in strategic partnerships and alternative sourcing strategies that mitigate dependence on any single country or region. To support these efforts, the U.S. should be focused on developing and leveraging strong relationships and partnerships with allied nations, including through critical minerals trading agreements, to ensure a secure and reliable source of these critical minerals.

In cases where the U.S. has deposits of critical minerals, the policy and regulatory environment has hindered significant increases in domestic supply of them. We appreciate the clear commitment of this Administration to addressing these policy and regulatory challenges as outlined in President Trump's March 20 Executive Order on "Immediate Measures to Increase American Mineral Production" and April 24 Executive Order on "Unleashing America's Offshore Critical Minerals and Resources." These orders lay out a series of strong and overdue policies that, once fully implemented, will meaningfully increase critical mineral production in the U.S.

It is essential that the Administration also target resources and policies to bolstering the processing of critical minerals in the U.S. Processing is a critical step in the supply chain, converting raw minerals into materials that are functional and suitable for use in advanced technologies. Unfortunately, due to a decades-long critical minerals industrial strategy, China currently controls 80% of the world's critical minerals processing capability and nearly 90% of the processing capability for rare earth elements. This includes the processing of minerals, such as cobalt and lithium, that are mined elsewhere in the world. As a result, it is estimated that China exerts some level of control over 65 to 90 percent of the global supply of key metals. By building a stronger domestic processing capability, the U.S. can reduce its dependence on China.

At the same time, the scale of capital and the lengthy timelines required for operational profitability for the mining and processing of critical minerals necessitates a multi-faceted policy

approach that also focuses on ensuring a steady demand for these minerals in the future. Given China's outsized competitiveness in this area, policies that stabilize and nurture future demand for these minerals can help minimize risks associated with investments in building out new domestic supply chain. For example, policies that support a competitive electric vehicle market in the U.S. can incentivize private sector companies to invest in the development of domestic supply chains for critical minerals that are used in electrified vehicles.

As you know, Section 232 was designed to address acute threats to national security, not industrial competitiveness. Applying Section 232 to critical minerals runs the risk of undermining necessary global partnerships without resolving the root causes of these important supply chain vulnerabilities. Instead, Auto Innovators strongly urges BIS and the Administration to prioritize the implementation of policies to bolster domestic production, where possible, and domestic processing of critical minerals. There is no doubt that it will take time, significant capital resources, and close collaboration between industry and government to realize the full benefits of these critical policies. Until such time that these policies are fully implemented and producing their intended results, we strongly urge the Administration to refrain from implementing tariffs or other restrictive trade actions on critical minerals. Any action that increases costs or constrains supplies will raise overall production costs for automotive manufacturers, could cause production delays or shutdowns, and may result in vehicle shortages and higher vehicle prices on American consumers at a time when new vehicle prices are already at historic highs. Cost increases and supply constraints are also likely to reduce the competitiveness of U.S.-based manufacturing operations relative to foreign producers in markets around the world.

Finally, we reiterate our request for close policy alignment – including clear goals and policy sequencing – on trade-related actions impacting the auto industry in the U.S. Any action related to critical minerals should be closely assessed in the context of existing tariffs on automobiles and automotive parts and potential actions related to semiconductors. As we noted in our May 7 comments to BIS on its national security investigation of imports of semiconductors and semiconductor manufacturing equipment, at this crucial time in the auto industry's transformation amid strong global competition and uncertainty, we strongly encourage BIS and other agencies within the federal government to focus on policies that can reduce uncertainty, avoid adding unnecessary costs, and position the industry for near- and long-term success.

Auto Innovators welcomes the opportunity to work with BIS on this and other matters critical to the auto industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Hilary M. Cain". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Hilary M. Cain
Senior Vice President of Policy