Section 232 Comments Submitted by the Coalition for a Prosperous America

The domestic trucking sector underpins U.S. strategic mobility. Ensuring a trusted, domestic industrial base for producing medium and heavy-duty trucks is vital to military readiness, civil emergency response, and infrastructure resilience.

MAY 2025

Section 232 Petition – Submitted by the Coalition for a Prosperous America

I. National Security Risks

The domestic trucking sector underpins U.S. strategic mobility. Ensuring a trusted, domestic industrial base for producing medium- and heavy-duty trucks is vital to military readiness, civil emergency response, and infrastructure resilience. While multiple companies participate in this industry, foreign-controlled OEMs now account for approximately 70% of Class 8 truck sales in the U.S.—a reversal from prior decades when American ownership was dominant. Only one U.S.-headquartered company maintains a high volume of domestic production and ownership.

The United States' ability to respond to crises—whether military, logistical, or civil—depends heavily on its capacity to produce and maintain medium- and heavy-duty trucks domestically. These vehicles are essential for troop mobilization, FEMA deployment, emergency fuel and food distribution, and critical infrastructure repair.

However, the national security foundation of this sector is being steadily undermined by growing foreign control and offshoring—most notably by Volvo Group, a Sweden-based multinational that controls both Volvo Trucks and Mack Trucks, two of the top sellers of Class 8 trucks in the United States.

Volvo's U.S. defense affiliate, Mack Defense, has been awarded hundreds of millions of dollars in Pentagon contracts, including to supply over 100 M917A3 Heavy Dump Trucks to the Army and to develop the next-generation Medium Tactical Truck for the Marine Corps. These contracts make Volvo a key node in the U.S. military logistics chain.

Yet Volvo's operations raise significant national security red flags:

- Volvo Group is significantly influenced by Chinese interests. Geely Holding, a Chinese conglomerate with close ties to the Chinese government, owns nearly 17% of Volvo Group's equity and holds the largest voting share. Geely has secured two seats on Volvo's board of directors and a seat on the audit and finance committee—providing them visibility into sensitive commercial and potentially military-adjacent operations.

  In 2024, Volvo received a $208 million grant from the U.S. Department of Energy to upgrade its domestic truck plants for electric vehicle production, even as it announced a major new investment in a heavy-duty truck plant in Mexico. This juxtaposition raises policy concerns. Federal support intended to strengthen U.S. manufacturing capacity may inadvertently enable the offshoring of production if not paired with strong domestic sourcing incentives.

- Geely remains Volvo's second-largest shareholder despite reducing its equity. In 2024, Geely restructured its stake in Volvo AB, selling off its Class B shares, while retaining approximately 88.5 million Class A shares, which carry 10 times the voting power. Further, in March 2025, Geely secured a €2.4 billion loan reportedly linked to its Volvo investment, indicating a long-term strategic commitment. These developments reinforce concerns about sustained foreign governance exposure within a key supplier to the U.S. defense and transportation base.

- The company is rapidly shifting its production capacity to Mexico. In 2024, Volvo announced Monterrey, Mexico, as the site of its new North American heavy-duty truck plant, which will serve as a major assembly hub for both Volvo and Mack Trucks. This move is strategically positioned to exploit the U.S.-Mexico-Canada Agreement (USMCA) and leverage Mexico's maquiladora programs (IMMEX/PROSEC), which allow components—often from third countries like China—to enter Mexico duty-free for assembly and export. These programs reduce the cost of Mexican-assembled trucks entering the U.S. under USMCA and contribute to a trade structure that further disadvantages U.S-based production.

- China-linked components are re-entering U.S. defense supply chains. Trucks built in Mexico—where enforcement of rules of origin and component sourcing is weaker—often include components of Chinese origin. These parts would be restricted under direct import, but they enter the U.S. indirectly via Mexican-assembled vehicles.

- There is no firewall between commercial and defense business. The same Mack-branded platforms being supplied to the U.S. military are being produced by a corporation with growing production and governance exposure to both Mexico and China.

This structure introduces unacceptable risk:

- U.S. government procurement policy should more carefully weigh supplier governance and ownership structures. Contracts involving sensitive military and emergency logistics functions should prioritize firms with clear U.S. governance and domestic production capabilities. Additionally, federal procurement policies should evaluate the risk exposure of firms with substantial international joint ventures, especially in China, given the potential for foreign government influence over proprietary vehicle systems and data infrastructure. This is especially critical given the current involvement of foreign-owned OEMs—some with Chinese board influence—in supplying core defense trucking platforms.

- Shifting future defense procurement away from platforms controlled by foreign or adversarial stakeholders—and toward those with secure, domestic supply chains—would reduce strategic exposure. For example, platforms developed by U.S.-headquartered companies or those with no foreign governance entanglements could provide lower risk profiles in military applications.

- Government contractors with substantial international partnerships or joint ventures, particularly in China, should be subject to enhanced scrutiny. Nearly all the major foreign truck OEMs operating in the U.S. maintain joint ventures or investment ties with Chinese firms, which may heighten systemic risk of espionage or cyber compromise. These affiliations should factor into acquisition decisions for critical logistics assets.

- During a geopolitical conflict, trucks sourced from Mexico or controlled by entities with Chinese board influence could be delayed, reprioritized, or compromised.

- U.S. military and emergency response logistics could be held hostage to foreign policy pressures or subject to export restrictions beyond American control.

- The integrity of Department of Defense contracting could be undermined by reliance on companies with board-level exposure to adversarial regimes.

In a conflict scenario or emergency requiring surge production, domestic truck manufacturing must be free from foreign dependency and influence. Allowing further offshoring and foreign consolidation in this sector presents a clear and accelerating threat to national security.

Cybersecurity Risks in Foreign-Controlled Truck Platforms

In addition to their foreign ownership, most of the major truck OEMs operating in the U.S. maintain active joint ventures or substantial commercial ties with Chinese firms. Volvo Group is partially owned by Geely; Daimler has accepted a strategic stake from Beijing Automotive Group Co. Ltd. (BAIC); and Traton's parent company, Volkswagen, has long operated joint ventures in China through its truck division. These longstanding industrial and strategic partnerships increase the likelihood that sensitive vehicle technologies or data could be exposed to or influenced by Chinese state interests.

Even if these partnerships are not currently operational in the heavy truck segment, they indicate a corporate posture that is permissive of Chinese industrial involvement and could expand with shifting market conditions.

In assessing cybersecurity threats posed by foreign-owned truck manufacturers, it is important to note that all the leading non-U.S. OEMs in the U.S. truck market—Freightliner and Western Star (Daimler, Germany), Volvo and Mack (Volvo Group, Sweden), and International (Traton, a Volkswagen subsidiary, Germany)—are foreign-based. These companies dominate Class 8 sales in the U.S. and increasingly rely on software-defined trucks, over-the-air updates, telematics, and cloud-based diagnostics. While this technology enhances efficiency, it also expands the surface area for potential cyber intrusions, including those that could compromise military or homeland security operations. The foreign domicile and board-level exposure of these firms increases the challenge of oversight and risk mitigation in times of geopolitical tension.

As heavy-duty trucks become increasingly software-defined and connected to the internet through telematics, over-the-air updates, and V2V (vehicle-to-vehicle) communications, new national security threats have emerged. These risks are especially serious in platforms controlled or influenced by foreign adversaries such as China.

Volvo Group, which owns both Volvo Trucks and Mack Trucks, is partially owned by Chinese conglomerate Geely. Chinese law obligates all domestic firms and shareholders to cooperate with state intelligence agencies. This raises serious risks of backdoor access, espionage, and disruption if Chinese-aligned parties can influence telematics software or over-the-air update infrastructure. According to U.S. Commerce Department guidance issued in 2025, connected vehicles with Chinese-controlled data or remote access platforms may be considered cyber-vulnerable under national security standards.

Security researchers have shown that modern trucks can be compromised through unsecured telematics ports, aftermarket fleet management devices, or OTA update pathways. Hackers have demonstrated the ability to send spoofed brake or throttle commands to Class 8 vehicles using known weaknesses in the J1939 CAN-bus standard. Without encryption and secure boot, an entire fleet could be compromised remotely. If such vulnerabilities existed in trucks under foreign control—particularly with Geely's stake in Volvo—they could be exploited to monitor, disrupt, or disable fleets tied to U.S. infrastructure, FEMA operations, or military logistics.

Given Volvo and Mack's substantial market share in both commercial and defense contract trucking, any control by entities beholden to foreign intelligence services must be treated as a national security vulnerability. U.S. law has already banned federal purchases of Chinese-made buses and railcars due to the risk of surveillance and sabotage. That same logic must be extended to networked heavy trucks.

For these reasons, the digital trustworthiness of truck platforms must be weighed alongside physical manufacturing capacity in a Section 232 assessment. A domestic truck platform free from adversarial influence is critical to ensuring secure supply chain mobility in both peacetime and crisis.

II. Tariff Asymmetry and Risk Exposure

Current U.S. trade policy creates a significant competitive disadvantage for U.S.-based producers. For example, such trucks have been incurring a $7,000–$12,000 cost penalty due to Section 301 tariffs on Chinese parts, Section 232 tariffs on steel and aluminum, International Economic Emergency Powers Act (IEEPA) tariffs on Mexico, Canada, and China, along with reciprocal tariffs and the lack of effective drawback mechanisms. Meanwhile, trucks assembled in Mexico using the same inputs are imported tariff-free under USMCA.

Foreign OEMs such as Daimler and VW have structured supply chains to exploit this asymmetry. They route parts through Mexico under duty-free maquiladora programs (e.g., IMMEX/PROSEC), assemble trucks using U.S. engines to meet the regional value content threshold, and re-export them to the U.S. without paying the tariffs that U.S. builders must bear. This undermines the intent of U.S. trade enforcement. Daimler previously accepted a nearly 10% stake from Beijing Automotive Group Co. Ltd. (BAIC) in 2021, reflecting its openness to state-linked capital. While Geely divested its earlier stake in Daimler in 2023 to refocus on Mercedes-Benz passenger vehicles, such positions can easily be re-established. These developments demonstrate that major truck manufacturers are increasingly integrated with Chinese industrial networks.

Without correction, these dynamics will continue to shift truck production out of the U.S., hollowing out domestic supply chains and further weakening strategic capacity.

III. Market Share and Industrial Footprint

The U.S. heavy-duty truck manufacturing base is increasingly concentrated among foreign-controlled OEMs, two of which have moved the bulk of their U.S.-market production to Mexico. While several companies still operate U.S. factories, the majority of Class 8 trucks sold in the U.S. are now produced outside the country—primarily in Mexico—and reimported tariff-free under USMCA. Only one U.S.-headquartered company (PACCAR) and one European-owned company (Volvo) currently maintain the practice of building nearly all of their U.S.-market trucks domestically, but they are penalized by tariff structures that OEMs assembling trucks in Mexico are able to bypass.

Figure 1: U.S. Production and Registrations of Heavy-Duty Trucks, 2023 by Company

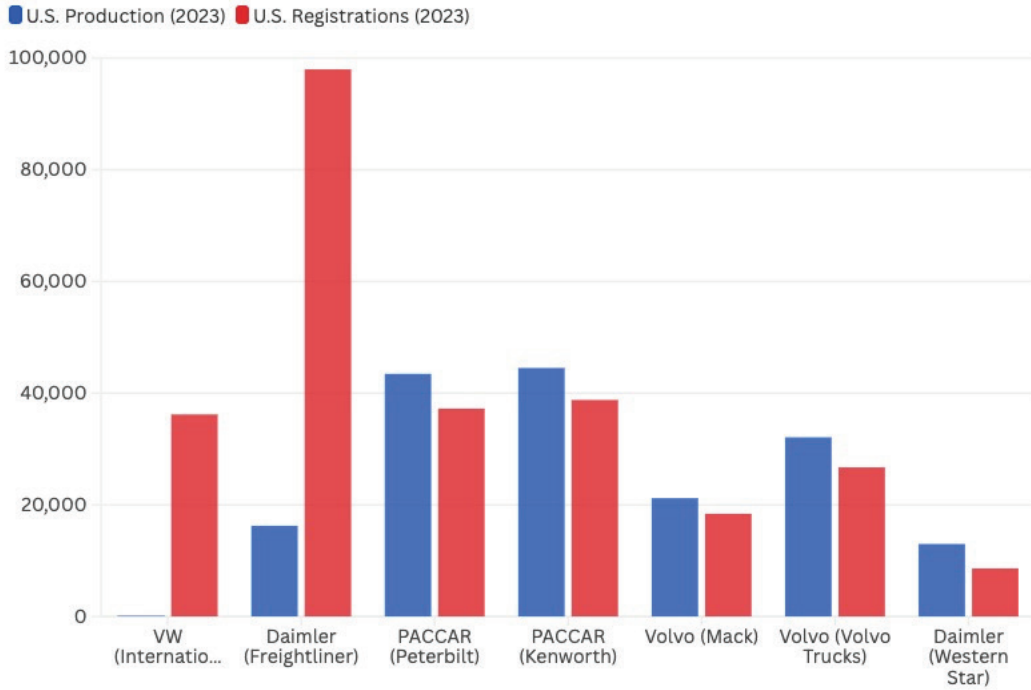
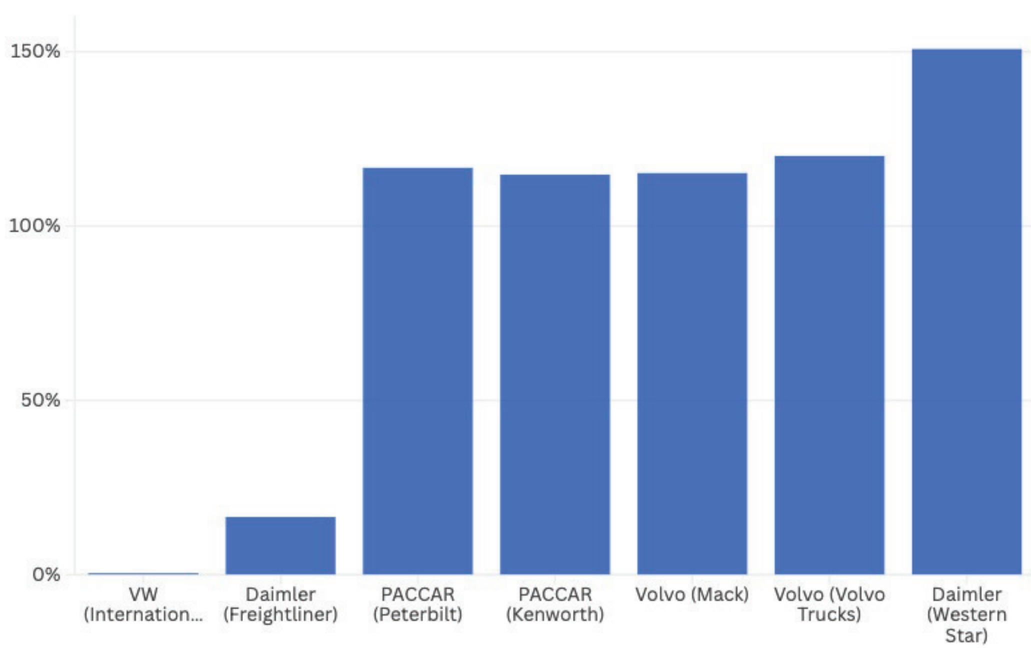


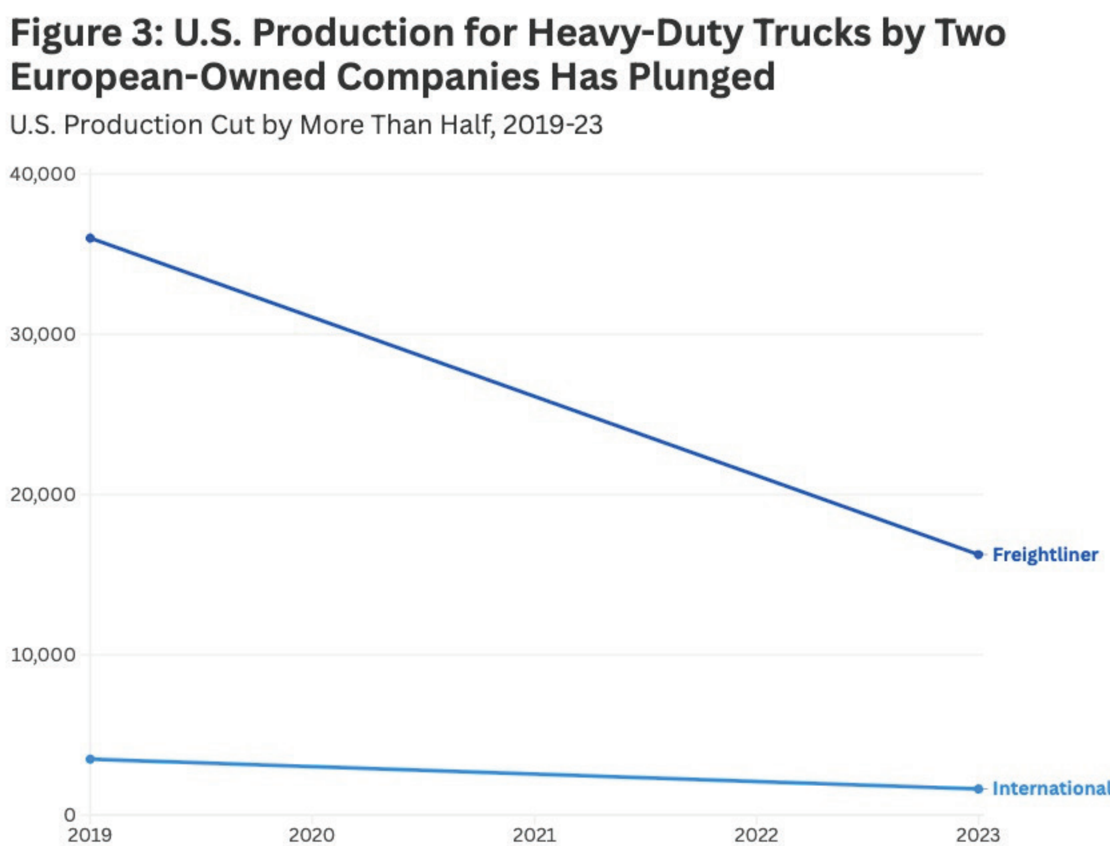
Figure 2: Percentage of U.S. Built Heavy-Duty Trucks

Numbers that exceed 100% suggest the presence of exports



In contrast, Freightliner and International have offshored the majority of their U.S.-destined production to Mexico. Freightliner built only 16,250 trucks in the U.S. in 2023 while registering nearly 98,000 for sale. International produced just 169 trucks domestically but registered over 36,000 units sold. The difference was made up entirely by Mexican-built vehicles.

These trends are not driven by a lack of U.S. capacity. Truck plants in Ohio, Pennsylvania, Texas, Virginia, and other states could be expanded with the right incentives or relief. The shift to Mexico is a choice—enabled by trade loopholes, wage differentials, and the erosion of tariff protections.



In addition to tariff avoidance, another key driver is Mexico's significantly lower labor costs. Average manufacturing wages in Mexico are considerably below that of of comparable U.S. wages for automotive and truck assembly roles. These cost differentials incentivize OEMs to offshore production—even when domestic capacity exists—simply to maintain margin competitiveness. The result is a growing reliance on Mexican labor to supply the U.S. truck market, at the direct expense of American workers and industrial reinvestment.

IV. Responses to Section 232 Questions

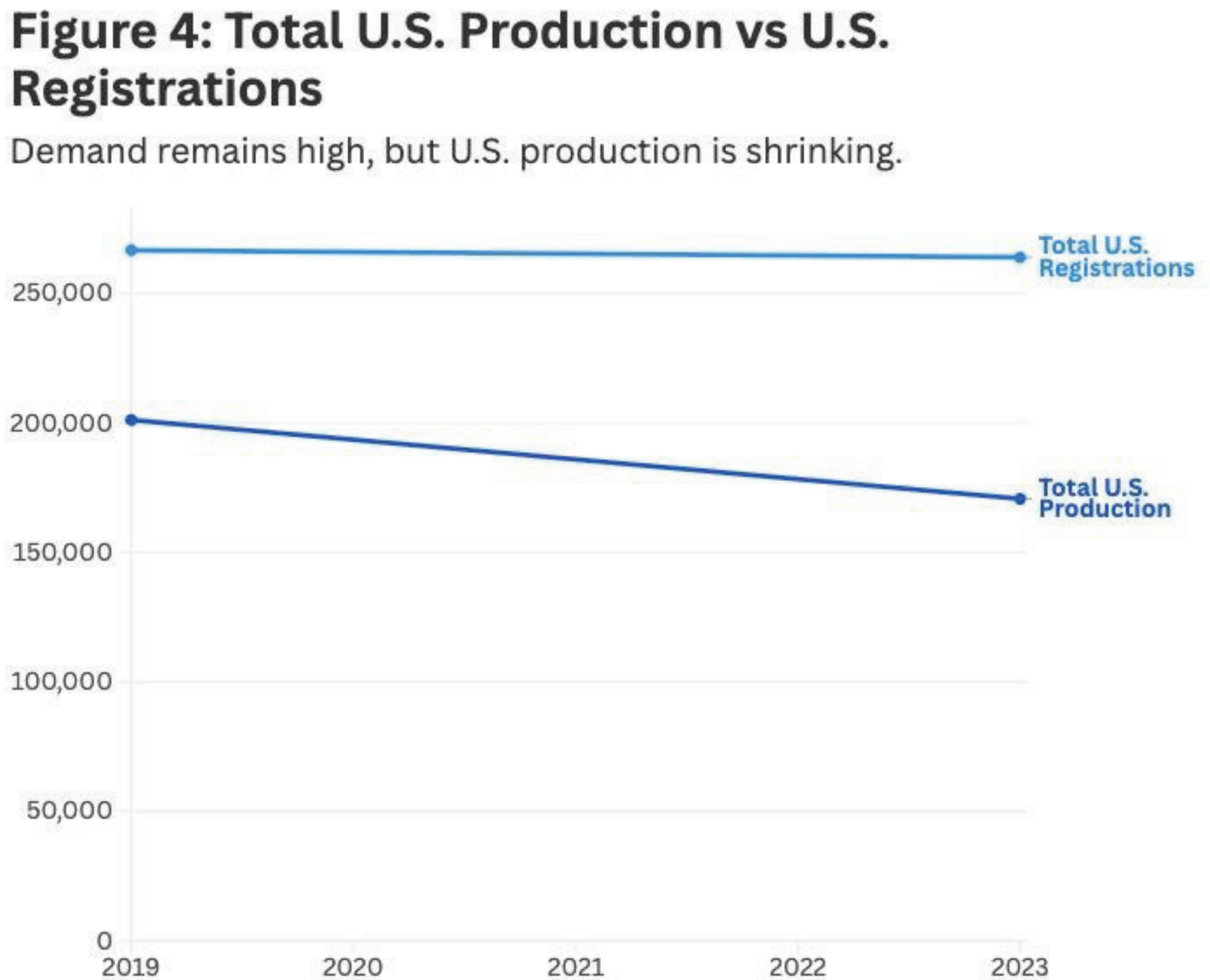
If action is not taken promptly, the employment consequences could be severe and irreversible. U.S. heavy-duty truck manufacturing directly supports hundreds of thousands of jobs ranging from assembly, to supplier networks, to dealership operations, and logistics services. As foreign-built trucks displace U.S.-made vehicles, and as production shifts to Mexico, this skilled workforce is placed at immediate risk. Further erosion of domestic production will likely trigger layoffs across the industrial base—from welders and machinists to engineers and technicians—and undercut future investment in workforce development and apprenticeship programs that sustain America's manufacturing competitiveness.

In addition to the national security implications of foreign control, cyber vulnerabilities, and production offshoring, stakeholders across the U.S. manufacturing sector have raised concerns that current tariff policy penalizes domestic producers. Companies that choose to build trucks in the United States report being disadvantaged by cumulative tariffs on non-USMCA components, while competitors assembling in Mexico avoid these costs entirely. This distorts investment decisions and puts high-quality U.S. jobs at risk.

The industrial base faces chronic shortfalls in component capacity. These include parts such as axles, transmissions, forgings, electronics, sensors, wiring harnesses, and steel castings—segments where the U.S. supply chain is thin and vulnerable. Compounding the problem are shortages in critical materials like aluminum, copper, and rare earth elements, and gaps in skilled labor for manufacturing roles.

Stakeholders have also highlighted potential policy solutions that merit consideration: a "net U.S. exporter credit" could reward manufacturers who build more trucks in the U.S. than they sell domestically. A targeted rebate or exclusion for U.S.-built trucks using non-U.S. components—especially while the investigation is underway—could prevent job losses and avoid distorting consumer pricing. These measures would align with past Section 232 remedies for passenger vehicles and ensure that any new tariffs reinforce, rather than undermine, reshoring efforts.

(i) Current and Projected Demand: Demand for Class 6–8 trucks remains strong. According to the Bureau of Transportation Statistics (BTS), trucks are the dominant freight mode in the U.S., moving nearly 73% of goods by weight and more than 60% by value. The majority of this freight—especially high-frequency, short-distance shipments—relies on the operational availability of medium- and heavy-duty trucks. As of 2022, 54% of all truck shipments by weight were moved less than 250 miles, underscoring the importance of a regionally available, secure, and resilient truck supply. Trucks support over 70% of U.S. freight movement. Modernization and fleet turnover are constrained not by lack of need, but by cost asymmetries introduced by policy.



(ii) Domestic Capacity: Existing capacity is sufficient to meet domestic demand will continue to grow with proper investment. At least one manufacturer has made significant U.S. investments and could scale further, while other firms could shift production back to the U.S. if cost pressures were equalized.

(iii) Foreign Supply Chains: In April 2025, Mexican heavy-duty truck exports to the U.S. accounted for 95.3% of Mexico's total truck exports, highlighting the U.S. as the primary destination for these vehicles. Mexican built trucks now comprise 42.4% of the U.S. market for class 8 sales in Q1 2025 according to Ward's automotive. These vehicles often incorporate non-USMCA parts and benefit from duty-free access despite bypassing U.S. tariff regimes. China's influence is indirect but significant—many components are Chinese-made and enter the U.S. via Mexican assembly.

(iv) Import Concentration Risks: Mexico has become the primary source of U.S. heavy truck imports. The U.S. now depends on foreign-based firms producing in Mexico for the majority of new truck sales.

(v) Foreign Subsidies and Practices: Germany, Sweden, and Japan provide direct and indirect support to their truck industries—including R&D funding and export facilitation. China heavily subsidizes its own truck sector and could exploit Mexico's trade status to re-enter the U.S. market in the future.

(vi) Artificial Price Suppression: Trucks assembled in Mexico enjoy a structural price advantage of $7,000–$12,000 due to tariff avoidance. This distorts the market and penalizes U.S.-based manufacturers that produce domestically.

(vii) Export Restrictions and Strategic Leverage: U.S. military and emergency response capabilities depend on commercial trucking. Overreliance on imports exposes these systems to disruption during crises, including potential political pressure from foreign parent companies.

(viii) Feasibility of Increasing Capacity: U.S.-based manufacturers have idle or underutilized plant capacity. Production can be scaled quickly if trade policy restores competitive neutrality. Even short-term incentives would unlock long-term investment.

(ix) Current Trade Policy Impact: USMCA's rules of origin allow producers to qualify for duty-free access despite heavy use of foreign content. Trucks built in Mexico for the U.S. market are fully exempt from applicable component tariffs under USMCA, despite including significant non-North American content. This undermines the effectiveness of U.S. trade enforcement mechanisms and distorts sourcing decisions.

(x) Other Relevant Factors: This issue is not just economic—it is strategic. The Department of Defense depends on domestic trucking for logistics support. FEMA and state emergency systems rely on truck manufacturing and serviceability during crises. Reducing U.S.-based production impairs readiness.

V. Remedy Requested The Coalition for a Prosperous America respectfully requests:

1. A temporary exclusion from tariffs for select components used to build trucks in the United States.
2. Retroactive duty drawback on qualifying imports dating back to March 4, 2025.
3. Affirmation in the Section 232 investigation that medium- and heavy-duty truck manufacturing is essential to national security.
4. Consideration of a Section 232 tariff on fully assembled trucks imported from countries that benefit from trade distortions, including Mexico.

VI. Annex – HTS Codes Requested for Exclusion

The following HTS codes represent the component parts that CPA requests tariff exclusion for under Section 232:

HTS Code	HTS Description		HTS Code	HTS Description
391990	OTHER SELF ADHES PLTS,SHT,NSPF		848310	CAMSHAFTS AND CRANKSHAFTS
392630	PLAST,FITTINGS,OTHER		848330	BUSHING
392690	PLSTS,GSKTS, WASHERS, OTHER		848340	GEARS AND GEARING
400911	RUB,VULC,TUBES ETC.N/REINFORCE		848350	FLYWHEELS, OTHER
400932	HOSE ASSEMBLIES		848360	CLUTCHES & SHAFT COUPLINGS,OTH
401033	ENGINE BELTS		848390	CAMSHAFTS AND CRANKSHAFTS
401120	TIRES		848410	GASKETS/SIM JNT OF METAL SHEET
401693	OTH CHT.87 AUTO.N/O-RNG/OIL SE		848490	GASKETS OTH AND SIM JOINTS OR
401699	OTHR ART. NOT NAT RUBBER,OTH		850440	INVERTERS

630790	STRAPS	851140	STARTER MOTORS
730729	PIPE FIT,STAINLESS,N/NIPLS,OTH	851150	GENERATORS (ALTERNATORS)
730791	PIPES	851220	LIGHTS
730792	TUBES OR FITTINGS	851230	HORNS
730799	PIPE FIT,OTH:NO NIPPLES,STEEL	851240	WIPERS
731815	OTHER HEX SCREWS:THR DIA >=6MM	851829	SPEAKERS
731822	OTHER WASHERS OF I/S, N/THREAD	852721	RADIO
731824	COTTERS & COTTER PINS OF I/S	852910	ANTENNAS
731829	OTHER NONTHREADED ART. OF I/S	853340	OTHER RESISTORS
732010	SPRINGS AND LEAFS	853650	SWITCHES F/ELEC CIRCUITS, OTHR
732290	OTH AIR HEATERS.N/ELEC HEATED	853669	LAMP-HOLDERS,PLUGS,SOCKETS,OTH
732690	ARTICLES OF IRON/STEEL:NSPF	853710	BOARDS ETC, <=1000V, OTHR,OTHR
830230	OTH MNTNGS,FR CARS,IR/ST/AL/ZN	854370	ELECTRIC MACHINE,APPARTUS
830249	METAL BRACKETS	854430	IGNITION WIRE:VEHICLE,SHIP,AIR
840999	ENGINE PARTS	854442	WIRING HARNESS
841330	FUEL WATER PUMP	870829	BODY PART,ACCESS:OTH 8701-8705
841350	REC POS DISPL PMPS , OTHER	870830	BRAKES
841360	OTHER HYDRAUL FLUID PWR PUMPS	870840	GEAR BOX: OTHER
841391	PUMP PARTS,OF FUEL INJ, F/COMP	870850	DRIVE AXLE:OTHER MOTOR VEHICLE
841480	AIR COMPRESRS,TURBO/SPR CHARGE	870870	WHEELS
841490	CMPRSSR PRTS OTH,NSPF,	870880	SHOCK ABSORBER:OTH MOTOR VEHIC
841590	AIR CONDITIONING PARTS	870891	RADIATOR:OTHER MOTOR VEHICLE
841950	HEAT EXCHANGER	870892	EXHAUST OUTLET
842123	OIL/FUEL FILTER,F/INT COMB ENG	870893	CLUTCH & PARTS:OTHER VEHICLE
842129	FIL/PURIF EQ F/LIQ,N/OILSP,OTH	870894	STEERING COLUMNS
842131	AIR FILTERS F/INT COMB ENG	870899	DRIVE SHAFTS
842132	DPF/SCR, CATALYTIC CONVERTER	902519	OTHER THERMOMETERS:N/INFRARED
842139	FILTERS/FILTRATION	902620	ELECT PRESSURE MEASUR INST&APP
842199	FUEL FILTER	902710	ELECT GAS/SMOKE ANALYSIS APP
848120	PNUEMATIC VALVES	902789	OTH ANL INSTR & AP:N/ELEC:NSPF
848130	STEEL CHECK VALVES	902920	OTHR SPEEDOMETERS & TACHOMETER
848140	SAFETY OR RELIEF VALVES	903210	THERMOSTATS,O/T WALL MOUNTING
848180	THERMOSTATS	903290	PRESSURE SENSORS
848299	MAIN BEARING		

Respectfully submitted,

JON TOOMEY

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