

## **Alert** | International Trade



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### **Section 232 Investigation Initiated on Imports of Rare Earth Magnets**

To determine whether imports of rare earth magnets (neodymium-iron-boron (NdFeB) permanent magnets) represent a threat to national security, the Biden administration recently **initiated** its first investigation of those imports pursuant to Section 232 of the Trade Expansion Act of 1962, the little-used provision from the Trade Expansion Act of 1962. A positive finding could result in the implementation of additional tariffs on rare earth magnets, such as the additional tariffs imposed on aluminum and steel products by the Trump administration.

Rare earth magnets are essential components of critical infrastructure, including electric vehicles and wind turbines, and national security systems, such as fighter aircraft and missile guidance systems, making the potential consequences of the investigation wide-ranging.

On Sep. 27, 2021, the Department of Commerce released a **Federal Register Notice** inviting interested parties to submit comments pertinent to this investigation. Comments should address the following:

- Quantity of or other circumstances related to the importation of rare earth magnets;
- Domestic production and productive capacity needed for rare earth magnets to meet projected national defense requirements;
- Existing and anticipated availability of human resources, products, raw materials, production equipment, and facilities to produce rare earth magnets;

- Growth requirements of the rare earth magnets industry to meet national defense requirements and/or requirements for supplies and services necessary to assure such growth including investment, exploration, and development;
- The impact of foreign competition on the economic welfare of the domestic rare earth magnets industry;
- The displacement of any domestic rare earth magnets production causing substantial unemployment, decrease in the revenues of government, loss of investment or specialized skills and productive capacity, or other serious effects;
- Relevant factors that are causing or will cause a weakening of our national economy; and
- Any other relevant factors, including the use and importance of rare earth magnets in critical infrastructure sectors identified in Presidential Policy Directive 21 (Feb. 12, 2013).

The deadline to submit comments is **Nov. 12, 2021**.

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