



ALERTS

Section 232 Investigation Launched On U.S. Imports Of Rare Earth Magnets, Biden's First Under Supply Chain Reviews

September 30, 2021

Highlights

The U.S. Secretary of Commerce recently initiated a Section 232 investigation on imports of rare earth permanent magnets

Rare earth magnets play a key role for national security systems, critical infrastructure, and other industrial commodities

U.S. importers and other interested parties may submit written comments pertinent to the investigation no later than Nov. 12, 2021

U.S. Secretary of Commerce Gina M. Raimondo recently initiated a Section 232 investigation on imports of neodymium-iron-boron (NdFeB) permanent magnets (more commonly referred to as rare earth magnets, neodymium magnets or neo magnets). Section 232 of the Trade Expansion Act of 1962 is a U.S. trade law that authorizes the president to impose import restrictions based on national security concerns.

As the first Section 232 investigation initiated under the Biden administration, the [investigation encompasses](#) rare earth magnet imports from all countries of origin. Its purpose is to “determine whether U.S.

RELATED PEOPLE



Linda M. Weinberg

Partner
Washington, D.C.

P 202-408-6902
F 202-289-1330
linda.weinberg@btlaw.com



Clinton K. Yu

Partner
Washington, D.C.

P 202-371-6376
F 202-289-1330
clinton.yu@btlaw.com



Luis F. Arandia, Jr.

Partner
Washington, D.C.

P 202-408-6909
F 202-289-1330
Luis.Arandia@btlaw.com

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reliance on imports for this critical product is a threat to our national security.”

The U.S. Department of Commerce is inviting interested parties to [submit written comments, data, analyses, or other pertinent information](#) to the investigation no later than Nov. 12, 2021.

Rare earth magnets are vital components for defense, infrastructure, electronic equipment, and other industries. For example, numerous critical national security systems rely on these magnets, including fighter aircraft and missile guidance systems, and such magnets are essential components of critical infrastructure such as electric vehicles and wind turbines. They also are used in computer hard drives, audio equipment, and MRI devices.

The Department of Commerce is particularly interested in receiving comments addressing the following:

1. Quantity of or other circumstances related to the import of rare earth permanent magnets
2. Domestic production and productive capacity needed for rare earth permanent magnets to meet projected national defense requirements
3. Existing and anticipated availability of human resources, products, raw materials, production equipment, and facilities to produce rare earth permanent magnets
4. Growth requirements of the rare earth permanent magnets industry to meet national defense requirements and/or requirements for supplies and services necessary to assure such growth including investment, exploration, and development
5. The impact of foreign competition on the economic welfare of the domestic rare earth permanent magnets industry
6. The displacement of any domestic rare earth permanent magnets production causing substantial unemployment, decrease in the revenues of government, loss of investment or specialized skills and productive capacity, or other serious effects
7. Relevant factors that are causing or will cause a weakening of our national economy
8. Any other relevant factors, including the use and importance of rare earth permanent magnets in critical infrastructure sectors identified in Presidential Policy Directive 21 (see this [listing of those sectors](#)).

If Secretary Raimondo finds that rare earth magnets are being imported into the U.S. in such quantities as to threaten an impact to national security and domestic production, then President Biden may implement tariffs or other import restrictions.

Accordingly, U.S. importers, producers and purchasers of rare earth magnets, as well as other interested parties, may want to consider submitting written comments before the November deadline for consideration.

To obtain more information, please contact the Barnes & Thornburg attorney with whom you work or Linda Weinberg at 202-408-6902 or linda.weinberg@btlaw.com, Clinton Yu at 202-371-6376 or

clinton.yu@btlaw.com, or Luis Arandia at 202-408-6909 or luis.arandia@btlaw.com.

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