

International Trade Alert

Akin Gump
STRAUSS HAUER & FELD LLP

Section 232 National Security Investigation on NdFeB Permanent Magnets Initiated by Commerce

September 24, 2021

Key Points:

- The Department of Commerce initiated a Section 232 national security investigation into NdFeB permanent magnets, which are used in fighter aircraft, missile guidance systems, electric vehicles, wind turbines, computer hard drives, audio equipment and MRI devices.
- The Department of Commerce has requested comments on the Section 232 investigation no later than November 11, 2021.

On September 21, 2021, the U.S. Department of Commerce (“Commerce”) initiated a new Section 232 national security investigation to determine the effects on U.S. national security from imports of neodymium-iron-boron (“NdFeB”) permanent magnets. This action was initially recommended in June 2021 as part of the Biden-Harris administration’s 100-day [supply chain review report](#). That report detailed the administration’s research into potential vulnerabilities in the NdFeB permanent magnet supply chain, noting that only China maintains all essential supply chain tiers for the magnets while only “nominal capacity” exists in certain tiers in a limited number of other countries. The investigation into NdFeB permanent magnets is the first Section 232 investigation of the Biden-Harris administration.

The investigation targets NdFeB permanent magnets as a result of their use in “[n]umerous critical national security systems . . . including fighter aircraft and missile guidance systems.” In addition, Commerce noted that NdFeB permanent magnets are “essential components of critical infrastructure, including electric vehicles and wind turbines” and may also be found in computer hard drives, audio equipment and MRI devices. The 100-day supply chain report also identified the use of NdFeB permanent magnets generally in industrial motors and motor vehicle parts. If Commerce finds that NdFeB permanent magnets are being imported into the United States in such quantities or under such circumstances as to impair or threaten to impair the national security, the Secretary shall so advise the President in her report on the findings of the investigation.

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Accordingly, on September 24, 2021, Commerce issued a [pre-publication notice](#) requesting public comments on the Section 232 investigation. Specifically, Commerce requests comments on the following items:

- Quantity of or other circumstances related to the importation of NdFeB permanent magnets
- Domestic production and productive capacity needed for NdFeB permanent magnets to meet projected national defense requirements
- Existing and anticipated availability of human resources, products, raw materials, production equipment and facilities to produce NdFeB permanent magnets
- Growth requirements of the NdFeB 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
- The impact of foreign competition on the economic welfare of the domestic NdFeB permanent magnets industry
- The displacement of any domestic NdFeB 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
- Relevant factors that are causing or will cause a weakening of our national economy
- Any other relevant factors, including the use and importance of NdFeB permanent magnets in the [16 critical infrastructure sectors](#) identified in Presidential Policy Directive 21, which was issued on February 12, 2013.

The comment period will be open for 45 days, beginning when the *Federal Register* notice is published on Monday, September 27, 2021. The deadline for comments is therefore expected to be November 11, 2021. Akin Gump is available to assist with any comments or policy outreach on the Section 232 investigation.

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