

PUBLICATION

Commerce Seeks Comments By November 12 On Rare-Earth Magnet Section 232 Investigation

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The Department of Commerce (Commerce) has initiated an investigation under Section 232 of the Trade Expansion Act of 1962 on neodymium-iron-boron permanent magnets (neodymium magnets) to determine the effect of imports on the national security. Past Section 232 investigations have resulted in tariffs and quotas, for example, on steel and aluminum products. Users of neodymium magnets should ensure that their positions are heard and file any comments by November 12, 2021.

Products and industries likely affected by this investigation include fighter aircraft, electric vehicles, missile guidance systems, EV batteries, renewable energy, and electronics.

Neodymium Magnets in National Security Systems and Civilian Products

Neodymium magnets are a strong, compact permanent magnet made of an alloy of neodymium, iron, and boron ($\text{Nd}_2\text{Fe}_{14}\text{B}$). They are the strongest type of rare-earth magnet and used in numerous applications. In its [press release](#), Commerce explained that "(c)ritical national security systems rely on (neodymium magnets), including fighter aircraft and missile guidance systems." In addition to these national security systems, neodymium magnets are used in civilian products such as electric vehicles, electric power steering, electric motors, wind turbines, computer hard drives, audio equipment, and MRI devices. Any action regarding imports of neodymium magnets will affect both national security and civilian uses of this product.

Section 232 Investigations Can Result In Tariffs Or Quotas

This Section 232 investigation will determine the effect of neodymium magnets on the national security of the U.S. During the investigation, the Secretary of Commerce will determine whether neodymium magnets are entering the country in such quantities or under such circumstances as to threaten to impair national security. If Commerce determines that these imports represent such a threat, the Secretary of Commerce will advise the President of these findings and offer recommendations to address them.

The President can concur or not with the Secretary's recommendations and take action to adjust the imports of neodymium magnets and their derivatives or take other non-trade-related actions. Recommendations from past Section 232 reports have included tariffs, quotas, stockpile expansion, domestic initiatives, and multilateral negotiations.

Commerce has [invited](#) interested parties to submit written comments, data, analyses, or other information to the Bureau of Industry and Security by November 12, 2021. Users of neodymium magnets should participate in the investigation and ensure that their positions are heard.

Please contact [P. Lee Smith](#), of Baker Donelson's [International Trade and National Security](#) practice, with any questions or for further information.