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## SECTION 232 INVESTIGATIONS PROGRAM SUMMARY

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### The Effects of Imports on the National Security

**U.S. Department of Commerce  
Bureau of Industry and Security (BIS)**

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### Briefing Subject Areas

Background

- **Mission areas, 232 authority and regulations**

Process

- **Procedural description, critical factors in investigation, steel and aluminum**

Application

- **Exclusion process, Portal demonstration, Uranium and Titanium sponge examples**

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## Bureau Mission

*Advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership*

- Export Administration (EA)
  - Office of Exporter Services (OExS)
  - Office of National Security and Technology Transfer Controls (NSTTC)
  - Office of Nonproliferation and Treaty Compliance (NPTC)
  - Office of Strategic Industries and Economic Security (OSIES)
  - Office of Technology Evaluation (OTE) ✓
  - Operating Committee (OC)
  - End-User Review Committee (ERC)
- Export Enforcement (EE)
  - Office of Export Enforcement
  - Office of Enforcement Analysis
  - Office of Antiboycott Compliance

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## OTE Mission

*Focal point within BIS for analyzing trade data, the impact of export controls on U.S. interests, and the capabilities of the U.S. industrial base to support the national defense. OTE works to maintain and enhance national and economic security by:*

1. Administering Technical Advisory Committees (TACs)
2. Analyzing export licensing and trade data
3. Analyzing foreign availability of critical products and technologies
4. Conducting mandatory surveys of defense-related industrial sectors
5. Determining measures needed to protect U.S. from supply shortages
6. Gauging effect of U.S. export control system on U.S. interests
7. Investigating effects of imports on national security

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## Section 232 Investigation—Authority

*Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. §1862), provides the authority for the Secretary of Commerce to initiate investigations to determine the effects on the national security of imports of an article*

- BIS administers Section 232 regulations (15 CFR 705)
- 18 Section 232 investigations since 1980, including:
  - Machine Tools, Crude Oil and Petroleum, Antifriction Bearings, Plastic Injection Moldings, Steel, Aluminum, Uranium, Titanium Sponge
- 232 investigation homepage, sample investigation, Exclusions FAQs:
  - <https://www.bis.doc.gov/index.php/232>
  - <https://www.bis.doc.gov/index.php/232-steel>
  - <https://www.bis.doc.gov/index.php/all-articles/224-232-investigations/1449-232-faq>

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## Section 232 Investigation—Process

*Initiated based on an application from interested party, a request from the head of any department or agency, or may be self-initiated by the Secretary of Commerce*

1. Provide notice to the Secretary of Defense of any initiated investigations
2. Consult with DOD on methodology/policy questions raised in investigation
3. Seek information/advice/consult with USG interagency
4. If appropriate, hold public hearings or afford persons an opportunity to present relevant information and advice
5. By request, DOD will provide DOC an assessment of the defense requirements of any article subject to an investigation

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## Section 232 Investigation—Process *continued*

*Several time bound parameters govern the Secretary's implementation of the 232 investigation, including:*

- The Secretary has 270 days to present the Department's findings and recommendations to the President
- When the Secretary finds that imports threaten to impair the national security, the President generally has 90 days to determine whether he agrees with the findings, and to determine whether to “adjust imports”
- If pursued, the President has 15 days to implement any action to adjust imports
- No later than 30 days after the President makes a determination, the President shall submit to Congress a written statement of the reasons why he has decided to take/refused to take action

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## Section 232 Investigation—Critical Factors

*Section 232 recognizes close relation of the economic welfare of the nation and our national security.*

*Among the criteria are:*

1. Domestic production needed to meet defense requirements
2. Industry's capacity/growth to meet projected requirements
3. Requisite quantity, quality, and availability of imports
4. Impact of foreign competition on domestic industry
5. Displacement of domestic products causing a weakening of the internal economy which may impair the national security:
  - i. Substantial unemployment
  - ii. Decrease in USG revenues
  - iii. Loss of investment, specialized skills, and/or productive capacity
6. Other factors relevant to unique circumstances of case

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## Section 232 Investigation—Steel and Aluminum

*On March 8, 2018, President Trump exercised his authority under Section 232 of the Trade Expansion Act of 1962 to impose a **25 percent tariff on steel imports and a 10 percent tariff on aluminum imports***

- In President Trump's proclamation establishing the tariff under Section 232, as amended, the President authorized the Secretary of Commerce to provide relief from Section 232 duties and quotas on steel and aluminum under specific circumstances, in particular:

“for any [steel/aluminum] article determined not to be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality and is also authorized to provide such relief based upon specific national security considerations. Such relief shall be provided for any article only after a request for exclusion is made by a directly affected party located in the United States.”

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## Effect of Remedies on U.S. Steel/Aluminum Capacity

- U.S. steel and aluminum capacity has improved since the Department imposed trade remedies (tariffs and quotas) following the Section 232 investigations.
- Since 2018, at least 30 companies have announced plans to modernize, expand, reopen or build new steel production facilities in the United States. The value of this investment in steel production facilities is approximately \$10 billion.
- In 2018, the U.S. imported 30.6 million metric tons of steel mill products from the world. This was an 11.6 percent decrease from the 34.6 million metric tons of steel mill products imported by the U.S. in 2017.
- In 2018, the U.S. imported 6.2 million metric tons of aluminum products from the world. This was a 10.2 percent decrease from the 6.9 million metric tons of aluminum products imported by the U.S. in 2017.
- Section 232 remedies have provided U.S. steel and aluminum producers with needed stability and opportunity to revive and expand capacity and production to face global market distortions.

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## Steel and Aluminum Exclusion Processing Data

- Total exclusion requests submitted: 109,317
- Objection rate: 17%
- Total requests processed: 74,490
  - Exclusion granted: 39,923
  - Exclusion denied: 16,073
  - Rejected submissions: 18,494
- Total active cases (in queue): 34,827

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## Section 232 Investigation—Exclusions Portal

### *232 Exclusions Portal Demonstration*

- Randall Oliver, ITA
- Derek Zoock, Tenica
- Jack Ulses, Tenica

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## Uranium 232 Investigation—Petitioners

- U.S. uranium producers Energy Fuels Resources (US) Inc. and UR-Energy USA Inc. petitioned the Secretary of Commerce on January 28, 2018 to conduct 232 investigation into uranium imports
- Petitioners produce half of all uranium mined in U.S., but operate at between 9-14% of their operating capacity
- Both companies laid off half their workforce in the last two years
- Three other U.S. companies with uranium mining operations have been idled due to market conditions

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## Uranium 232 Investigation Timeline

- **July 18, 2018:** Secretary Ross accepts the petition and initiates the Section 232 investigation. Secretary of Defense James Mattis is notified by letter from Secretary Ross as required by statute
- **July 25, 2018:** Federal Register notice announcing both the investigation and start of the public comment period is published
- **September 25, 2018:** The public comment period is closed. The Department received 1,019 written submissions and, after grouping representative samples, posts 837 for review
- **February-March 2019:** Survey instruments deployed. Completed responses were analyzed and included in the investigation
- **April 14, 2019:** Department transmitted its completed report of investigation to President Trump

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## Titanium Sponge 232 Investigation—Petitioner

- Titanium Metals Corporation (TIMET) submitted a petition to the Secretary requesting an investigation into the effect of Ti sponge imports on the national security under Section 232
- Titanium sponge is the primary form of titanium metal
- Titanium metal is used in the production of strategic articles including military aircraft, space vehicles, satellites, naval vessels, missiles, and munitions
- Ti sponge is difficult to stockpile because it degrades
- Imports account for more than 60% of U.S. Ti sponge consumption

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## Titanium Sponge 232 Investigation Timeline

- **March 4, 2019:** Secretary Ross formally initiates investigation and notifies Acting Secretary of Defense Patrick Shanahan
- **March 8, 2019:** Federal Register notice announcing the initiation of the investigation and opening of public comment period is published
- **April 22, 2019:** Public comment period closes with the Department receiving 16 comments; these comments were posted on Regulations.gov
- **May 22, 2019:** Rebuttal period closes; rebuttals received and posted
- **November 29, 2019:** Secretary Ross has until this date to transmit completed investigation report to the President

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<http://www.bis.doc.gov/DIB> (Industrial Base Assessments)  
<http://www.bis.doc.gov/232> (Section 232 Investigations)

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