

Section 232 of the Trade Expansion Act of 1962

Section 232 allows the President to impose import restrictions based on an investigation and affirmative determination by the Department of Commerce (Commerce) that certain imports threaten to impair U.S. national security. President Trump initiated eight Section 232 investigations, and ultimately imposed tariffs under two investigations on steel and aluminum. Through new bilateral agreements, President Biden is addressing the Section 232 tariff measures taken by President Trump and has initiated a new investigation. Actions under Section 232 have generated debate in Congress and at the multilateral level in the World Trade Organization (WTO). Some in Congress support legislative options to amend the congressional delegation of authority.

Section 232 Process

Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862, as amended) allows any department, agency head, or “interested party” to request that Commerce investigate to ascertain the effect of specific imports on U.S. national security. Commerce may also self-initiate an investigation.

Investigation. Once a Section 232 investigation is requested in writing, Commerce must “immediately initiate an appropriate investigation to determine the effects on the national security” of the subject imports. After consulting with the Secretary of Defense, other “appropriate officers of the United States,” and the public, if appropriate, Commerce has 270 days from the initiation date to prepare a report advising the President on whether the targeted product is being imported “in certain quantities or under such circumstances” to impair U.S. national security, and to provide recommendations based on the findings.

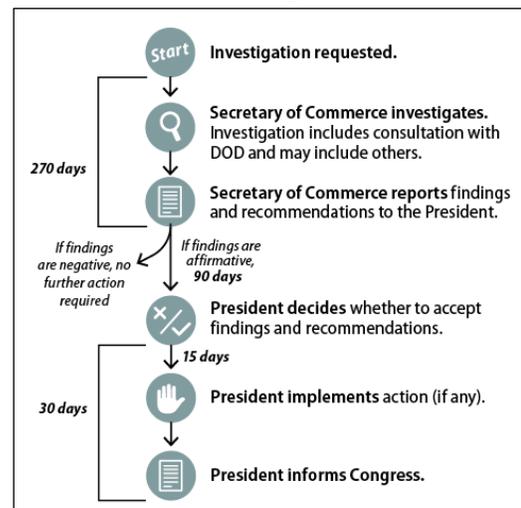
The Bureau of Industry and Security (BIS) at Commerce conducts the investigation (15 C.F.R. §705). In terms of national security, Commerce considers (1) existing domestic production of the product; (2) future capacity needs; (3) manpower, raw materials, production equipment, facilities, and other supplies needed to meet projected national defense requirements; (4) growth requirements, including the investment, exploration, and development to meet them; and (5) any other relevant factors.

On imports, Commerce must consider (1) the impact of foreign competition on the domestic industry deemed essential for national security; (2) the effects that the “displacement of domestic products” cause, including substantial unemployment, decreases in public revenue, loss of investment, special skills, or production capacity; and (3) any other relevant factors that are causing, or will cause, a weakening in the national economy. Commerce may request public comments or hold hearings, if appropriate. An Executive Summary of the final report (excluding any

confidential or classified material) must be published in the *Federal Register*.

Presidential Action and Notification. If Commerce finds in the negative, Commerce informs the President and no further action is required. If Commerce determines in the affirmative, the President, upon receipt of the report, has 90 days to (1) determine whether he/she concurs with its findings; and (2) if so, determine the nature and duration of the action to be taken to adjust the subject imports. The President may decide to impose tariffs or quotas to offset the adverse effect, without any limits on their duration, or take other action. The President may exclude specific products or countries. After a determination, the President must implement the action within 15 days, and submit a written statement to Congress explaining the action or inaction within 30 days (see **Figure 1**). The President must also publish his determination in the *Federal Register*.

Figure 1. Section 232 Investigation Process



Source: CRS graphic based on 19 U.S.C. §1862.

How Does Section 232 Differ from Other Trade Enforcement Tools?

Section 232 is one of several U.S. policy tools addressing imports. Other tools include Section 201 of the Trade Act of 1974 (19 U.S.C. §§2252 et seq.) to potentially impose temporary safeguard measures for import surges of fairly-traded goods, based on U.S. International Trade Commission (ITC) investigations of whether the imports are causing or threaten to cause serious injury. Rather than focusing on national security, however, Section 201 investigations aim to help the U.S. industry return to health and any actions taken are temporary. Similar to Section 232, presidential action is required under Section 201 before tariffs can be imposed.

Other import policy tools include antidumping (AD) and countervailing duty (CVD) actions, provided when a

domestic industry is materially injured, or threatened with material injury, either by sales found to be at less than fair value in the U.S. market (AD) or of products found to be subsidized by a foreign government or other public entities (CVD). Presidential action is not required in these investigations; it is automatic, based on affirmative findings jointly by the ITC and Commerce.

Prior Section 232 Actions

Prior to the Trump Administration, Commerce initiated 26 Section 232 national security investigations, beginning in 1963 (Figure 2). Five positive findings addressed petroleum products or crude oil, resulting in actions that included two embargos (on crude oil from Iran in 1979 and on crude oil from Libya in 1982). Before the Trump Administration, a president last imposed tariffs or other trade restrictions under Section 232 in 1986.

Recent Use of Section 232

The Trump Administration opened eight Section 232 investigations. Commerce initiated two investigations, into *steel* and *aluminum* imports, in April 2017. In each, Commerce analyzed current and future requirements for national defense and 16 specific critical infrastructure sectors. The agency determined that the quantities and circumstances of the imports threatened to impair U.S. national security and recommended presidential action.

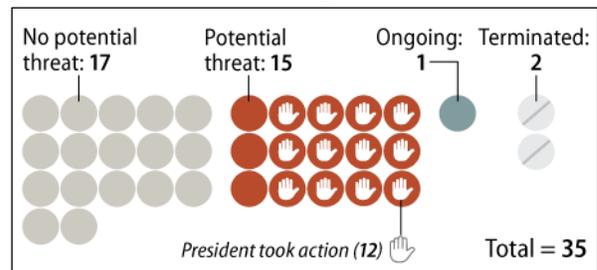
President Trump concurred with Commerce's findings, and in March 2018, applied tariffs of 25% and 10% on certain imports of steel and aluminum, respectively, covering most U.S. trading partners. In January 2020, he expanded the scope of the tariffs to include certain derivative goods. Permanent exemptions were granted to Brazil and South Korea for steel and to Argentina for steel and aluminum in exchange for quotas. Australia was exempted from both tariffs. President Trump later lifted the tariffs on imports from Canada and Mexico and announced a joint monitoring and consultation system. More recently, under the Biden Administration, the United States reached separate agreements with the European Union (EU), Japan, and the United Kingdom (UK) to replace the U.S. tariffs with tariff-rate quota systems. Under these agreements, U.S. trading partners agreed to remove their retaliatory tariffs and jointly establish monitoring and cooperation efforts to restore market-oriented conditions globally while addressing overcapacity and greenhouse gas emissions. The agreements contain provisions on market-specific circumstances, such as audits of UK producers under Chinese ownership. Japan chose to exclude aluminum from its agreement.

Under President Trump, Commerce initiated six more Section 232 investigations. Commerce concluded that imports of *automobiles and certain automotive parts* posed a national security threat—President Trump did not act. President Trump did not concur with the Commerce finding that imports of *uranium ore* and related products threatened to impair national security, but did establish a working group to address the issue. President Trump agreed with the finding of a national security threat posed by imports of *titanium sponge* and instructed officials to negotiate with Japan to ensure U.S. access, rather than to restrict imports.

Three Commerce investigations focused on imports used in certain critical infrastructure sectors and national defense applications. Commerce found *grain-oriented electrical steel for transformers* imports pose a threat to impair national security. Mexico set up a monitoring system to avoid potential tariffs on exports of these items. The petitioner for *mobile crane* imports withdrew its request; Commerce ended the investigation. The *vanadium* imports probe found no national security threat.

Following recommendations in the Biden Administration's supply chain review, in September 2021, Commerce launched an investigation into *neodymium magnets* used in some defense and critical infrastructure systems.

Figure 2. Section 232 Investigations 1963-2022



Source: CRS graphic based on BIS data (<https://www.bis.doc.gov/>).

WTO Implications

Under WTO agreements, Article XXI of the General Agreement on Tariffs and Trade (GATT) allows WTO members to take measures in order to protect “essential security interests.” Several WTO trading partners, such as China and India, have challenged the current Section 232 tariffs by alleging that they violate GATT Article I, which obligates WTO members to treat one country’s goods no less favorably than another member’s; and GATT Article II, which generally prohibits members from placing tariffs on goods above the upper limits to which they agreed. India, Russia, Turkey and China have also asserted that the U.S. actions violate the WTO Agreement on Safeguards and have imposed counter tariffs on U.S. imports without WTO authorization, which also may raise questions about whether those members are upholding similar WTO commitments. The EU suspended, but did not cancel, its case after negotiating the tariff rate quota.

Issues for Congress

The Biden Administration continues to maintain certain Section 232 tariffs on steel and aluminum imports from several U.S. trading partners and may consider new actions. The recent investigations and actions may raise a number of issues for Congress, including

- Should Congress consider amending current delegated authorities under Section 232, such as by requiring an economic impact study or congressional consultation?
- Have the Section 232 tariffs achieved the stated goals?
- How should Congress work with the Administration to review the existing Section 232 tariffs and actions?
- How do U.S. unilateral actions impact the multilateral trading system and could they encourage similar actions by other trading partners?

•
Rachel F. Fefer, Analyst in International Trade and Finance

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.