**Section 232 of the Trade Expansion Act of 1962**

**Background**
The Trump Administration has conducted multiple investigations under Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862, as amended) to determine if certain imports threaten to impair national security. President Trump acted after four separate investigations found potential threats; he has not yet made a determination on a fifth investigation. Prior to the Trump Administration, the last time a president imposed tariffs or other trade restrictions under Section 232 was in 1986, based on a 1983 investigation into imports of machine tools. Recent action under Section 232 has generated active debate in Congress and the multilateral level. Some in Congress favor legislative initiatives to amend the congressional delegation of authority.

**Section 232 Process**
Section 232 allows any department, agency head, or any “interested party” to request the Department of Commerce (Commerce) to initiate an investigation to ascertain the effect of specific imports on the national security of the United States. Commerce may 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 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 based on federal regulations codified in 15 CFR Section 705 (Effect of Imported Articles on the National Security). In terms of national security, Commerce considers (1) existing domestic production of the product; (2) future capacity needs; (3) the 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.

Regarding the subject 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 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 the duration of tariff or quota amounts, or take other action. The President may exclude specific product categories, countries, or provide other exemptions. After making a determination, the President must implement the action within 15 days, and submit a written statement to Congress explaining the actions or inaction within 30 days. The President must also publish his determination in the Federal Register.

**Figure 1. Section 232 Investigation Process**

**Prior Section 232 Actions**
Prior to the Trump Administration, 26 Section 232 national security investigations were initiated, beginning in 1963. Previous investigations of manufactured goods were more tightly focused on specific products, including antifriction bearings and gears and gearing products. Of the 26 cases initiated (excluding Trump Administration investigations), Commerce made negative determinations 62% of the time. Prior to 2018, when Commerce made positive determinations, the President recommended action six times (Figure 2). In one case, the President sought voluntary restraint agreements. Five positive determinations and actions were related to petroleum products or crude oil: one
resulted in a conservation fee, later held illegal by a federal court; two actions were based on the Mandatory Oil Import Program that predated enactment of Section 232; and twice the President imposed an embargo (on crude oil from Iran in 1979 and on crude oil from Libya in 1982). The recent Section 232 investigations and actions raise a number of issues for Congress, including

- What is the economic impact of the tariffs, and retaliatory tariffs, on U.S. producers, downstream domestic industries, and consumers?
- Should Congress consider amending current delegated authorities under Section 232, possibly by requiring congressional consultation or approval, requiring an economic impact study, or by specifying further guidance for the investigation?
- Should Congress consider establishing specific or enhanced new trade agreement negotiating objectives to pursue negotiations to establish multilateral rules that address newer issues such as excess capacity, state-owned enterprises, or anti-corruption?
- What is the potential impact of using unilateral enforcement tools on U.S. allies? Will they be less likely to engage or partner in other negotiations?
- Could U.S. unilateral actions and broad application of the WTO Article XXI undermine the WTO rules and the multilateral trading system?

Rachel F. Fefer, Analyst in International Trade and Finance

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Figure 2. Section 232 Investigations 1963-2019

<table>
<thead>
<tr>
<th>No potential threat: 16</th>
<th>Potential threat: 13</th>
<th>Ongoing: 1</th>
<th>Terminated: 1</th>
</tr>
</thead>
</table>

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