

LEGAL UPDATES

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# U.S. Initiates Section 232 Investigation on Automotive Imports

The U.S. Department of Commerce has announced a new Section 232 investigation into whether imports of cars, trucks and automotive parts from Europe and Asia are eroding the domestic auto industry. This announcement is sending ripples of concern through multiple economic and financial sectors. The move directly affects all U.S. automakers and parts suppliers that use imported components, as well as importers of cars, trucks and SUVs.

The investigation was announced May 23, 2018, under Section 232 of the Trade Expansion Act of 1962. That provision directs the Secretary of Commerce to submit a report to the president advising whether a product “is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.” The investigation will also examine the effect these imports have on research, development and jobs for skilled workers in the industry and cutting-edge industry technologies. Section 232 allows the president to adjust imports without a vote by Congress should Commerce find evidence of a “national security” threat from foreign shipments. The law does not define “national security,” thus providing the president a wide latitude to determine the extent to which imports pose such a threat.

## What This Means to You

Regardless of whether imported autos and automotive parts are harming the American automobile sector, the unexpected Section 232 investigation will affect all U.S. automobile manufacturers and parts suppliers that use imported parts or that import cars, trucks and SUVs. This new trade investigation is also likely to cause prices to rise, in some cases rapidly and sharply.

Details of the investigation are pending. But if this investigation follows the pattern set by the recent steel and aluminum trade investigations, there will be

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a comment period and hearings held, followed by a period of silent investigation by Commerce and the release of Commerce's findings within six to nine months.

Husch Blackwell will provide timely updates as details of the process and the investigation are released.

### **Contact Us**

For more information on how the new investigation may impact your business, contact Nithya Nagarajan, Beau Jackson or another member of Husch Blackwell's International Trade & Supply Chain group.