

## Comments by the Government of Japan

1. The Government of Japan submits to the Department of Commerce of the United States of America the following comments pertinent to the Department's national security investigation to determine the effects of imports of neodymium-iron-boron (NdFeB) permanent magnets (referred to as neodymium magnets), initiated under Section 232 of the Trade Expansion Act of 1962 as amended (19 U.S.C. 1862):

The U.S. trade relationship with Japan, an ally, contributes not only to the economic prosperity and the international competitiveness of the U.S., but also to its national security. Establishing stable supply relationships between the U.S. and Japan of neodymium magnets and products using them also supports the national security of the United States.

From this perspective, the leaders of Japan and the United States agreed to collaborate on fostering and protecting supply chains of those two countries in the U.S.- Japan Joint Leaders' Statement: "U.S. – JAPAN GLOBAL PARTNERSHIP FOR A NEW ERA" in April of this year, and Japan and the United States are now collaborating to build a more resilient supply chain by harnessing each other's knowledge, technology, and resources. In this way, Japan is making a deep contribution to the resilience of the entire U.S. supply chain.

2. In the investigation on neodymium magnets under Section 232 of the Trade Expansion Act, we acknowledge that the U.S. has expressed its concerns about (1) the fact that numerous critical national security systems rely on neodymium magnets, including fighter aircraft and missile guidance systems, and (2) the fact that neodymium magnets are essential components of critical infrastructure, including electric vehicles and wind turbines. Japan's high-grade neodymium magnets and the products using them are widely used in industrial factory automation systems and medical equipment, in addition to the above mentioned applications, which support the lifelines and supply chains of the American people.
3. The facts above show the high demand in the U.S. supply chain for Japan's high-grade neodymium magnets and products using them. In this regard, Japan has deeply contributed to the U.S. economy, including its economic security, as an important supplier of neodymium magnets and products using them.
4. Whereas Section 232 of the Trade Expansion Act states that the President shall take necessary actions to adjust the imports of certain article that threatens to impair national security, imports of neodymium magnets and the products using them from Japan have never posed a threat to the national security of the United States. On the contrary, as an important ally and partner of the U.S., Japan has

profoundly contributed to the resilience of the entire U.S. supply chain. Therefore, securing a stable supply of high-grade neodymium magnets and products from Japan is an important area of Japan-U.S. cooperation.

5. As mentioned above, the trade relationship with Japan, an ally, contributes not only to the economic prosperity and the international competitiveness of U.S., but also to its national security. Establishing a stable supply relationships between the U.S. and Japan of neodymium magnets and the products using them supports the national security of the United States. From this perspective, Japan would like to advance discussions on strengthening cooperative relations with the United States, including in this field.
6. It's to be noted that it is practically difficult to completely eliminate neodymium magnets manufactured in specific countries and the products using them from the supply chain.

It should also be noted that any trade measures should be consistent with the WTO Agreement, as trade restrictive measures may lead to a decline in the industrial competitiveness of U.S. users of neodymium magnets and their products.