

Memorandum on the Effects of Titanium Sponge Imports on National Security
February 27, 2020

Memorandum for the Secretary of Defense, the Secretary of Commerce, the Director of the Office of Management and Budget, the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy, and the Director of the Office of Science and Technology Policy

Subject: The Effect of Titanium Sponge Imports on the National Security

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862) (the "Act"), it is hereby ordered as follows:

Section 1. The Secretary of Commerce's Investigation into the Effect of Titanium Sponge Imports on the National Security.

(a) On November 29, 2019, the Secretary of Commerce (Secretary) transmitted to me a report on his investigation into the effect of imports of titanium sponge on the national security of the United States under section 232 of the Act.

(b) The Secretary advised me of his finding that titanium sponge is being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States as defined under section 232 of the Act. The Secretary noted that imports of titanium sponge, which accounted for 68 percent of all titanium sponge consumed in the United States in 2018, threaten to impair the national security by placing the remaining U.S. titanium sponge producer's operation under severe financial stress. The Secretary found that low-priced titanium sponge imports, as well as low-priced titanium scrap imports, depress the price of U.S. titanium sponge and discourage recapitalization and modernization of the remaining active producer's aging production facility. The Secretary concluded that if the remaining facility ceases operation, the United States will have no active domestic capacity to produce titanium sponge for national defense and critical infrastructure needs. The Secretary advised that, absent domestic titanium sponge production capacity, the United States will be completely dependent on imports of titanium sponge and scrap, and will lack the surge capacity required to support defense and critical infrastructure needs in an extended national emergency.

(c) I have also considered the Secretary's finding that 94.4 percent of titanium sponge imports in 2018 were from Japan. The United States has an important security relationship with Japan, including our shared commitment to eliminating the North Korean nuclear threat; our decades-old military alliance; and our strong economic and strategic partnership.

(d) I concur in the Secretary's finding that titanium sponge imports threaten to impair the national security of the United States as defined under section 232 of the Act.

(e) I also agree with the Secretary's recommendation that actions to adjust imports under section 232 not be taken at this time. The Secretary has advised me that measures apart from the adjustment of imports are more likely to be effective to address the threatened impairment of the national security, and such measures are set forth in section 2 of this memorandum.

Sec. 2. Measures to Address the Threatened Impairment of the National Security.

(a) The Secretary of Defense and the Secretary of Commerce are directed to form a working group, along with the heads of other executive departments and agencies as the Secretaries deem

appropriate, and invite their counterpart agencies in Japan to participate in discussions with the working group in order to agree upon measures to ensure access to titanium sponge in the United States for use for national defense and critical industries in an emergency.

(b) The Secretary of Defense is directed to take all appropriate action, including using his delegated authorities under the Defense Production Act (50 U.S.C. 4501 *et seq.*) and seeking new appropriations as necessary, to increase access to titanium sponge for use for national defense and critical industries and to support domestic production capacity for the production of titanium sponge to meet national defense requirements.

(c) The Secretary of Defense and the Secretary of Commerce shall provide periodic updates to me on the progress of these efforts.

Sec. 3. General Provisions. (a) Nothing in this memorandum shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP

NOTE: An original was not available for verification of the content of this memorandum.

Categories: Communications to Federal Agencies : Titanium sponge imports, effects on national security, memorandum.

Subjects: Business and industry : Domestic investment, promotion efforts; Commerce, international : Titanium sponge imports; Economy, national : Economic concerns; Japan : Relations with U.S.; Japan : Trade with U.S.; North Korea : Nuclear weapons development.

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