American Iron and Steel Institute

25 Massachusetts Avenue, NW
Suite 800
Washington, D.C. 20001
Phone 202.452.7100
Fax 202.452.1039

www.steel.org

Kevin M. Dempsey
President and CEO

April 15, 2026

The Honorable Jamieson Greer
United States Trade Representative
100 17th Street, NW
Washington, DC 20508

RE: Request for Comments on the Initiation of Section 301 Investigations: Act, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors [USTR-2026-0067]

Dear Ambassador Greer:

In response to a request from the Office of the United States Trade Representative (USTR),[1] the American Iron and Steel Institute (AISI) hereby submits comments on the initiation of Section 301 investigations regarding the acts, policies, and practices of certain economies relating to structural excess capacity and production in manufacturing sectors. The ongoing problem of global excess capacity and production – often driven by foreign government subsidies and other trade-distorting policies and practices – undermines market disciplines and poses significant headwinds for AISI members as they seek to increase capacity utilization, invest in new and updated mills and create good-paying American jobs. AISI welcomes the opportunity to inform USTR's approach to addressing structural excess capacity and production in steel and other manufacturing sectors.

AISI serves as the voice of the American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI's membership is comprised of integrated and electric arc furnace (EAF) steelmakers, steel pipe and tube manufacturers and steel processors and fabricators, reflecting the production and distribution of both carbon, stainless, and electrical steels. These steels are essential to America's national and economic security, including roads and bridges, buildings, the electrical grid, cars and trucks and all clean

[1] *Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors ("Fed. Register Notice")*; OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE (Mar. 17, 2026) [Docket No. USTR-2026-0067 and USTR-2026-0068] *available at:* https://www.federalregister.gov/documents/2026/03/17/2026-05214/initiation-of-section-301-investigations-acts-policies-and-practices-of-certain-economies-relating

energy technologies. AISI also represents associate members who are suppliers to or customers of the steel industry.

I. Introduction

American steel producers know all-too-well the negative impact global excess capacity and production has upon American iron and steel production. Foreign excess capacity and production in steel have been driven by foreign unfair trade practices, including subsidies and other unfair and discriminatory trade policies and practices, and threaten the viability of domestic industries and their workers. These persistent, on-going actions by numerous foreign governments require continued aggressive enforcement of the Section 232 steel tariffs and additional measures as a result of the current Section 301 investigations.

This administration's forward leaning actions to date under Section 232 with respect to steel and other manufactured goods, as well as the actions taken under Section 301 with respect to China, have helped reduce the flow of steel imports into the United States, providing the American steel industry with much-needed space to grow and invest. But unfortunately, the problem of global excess capacity and production continues to grow due to foreign government interventions around the world.

According to the Organization for Economic Cooperation and Development's (OECD) Steel Committee, while global steel demand has declined for the fourth straight year, global excess capacity "increased to 640 million metric tonnes (mmt) in 2025."[2] The OECD Steel Committee further notes that should "current trends continue, costs will mount, more jobs will be lost, and the long-term viability of this sector and, in turn, the national economic security …may be compromised."[3] According to the Global Forum on Steel Excess Capacity (GFSEC), "[b]ased on new information on project capacity additions and steel demand, global excess capacity is set to increase steadily in the period until 2028."[4] Despite lowering prices, increased costs and excess capacity, capacity expansion continues as "[g]overnment subsidies and other non-market policies and practices can significantly accelerate capacity expansions, regardless of domestic or global steel market conditions."[5]

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[2] *99th Session of the Steel Committee: Statement by the Chair (99th Chair's Statement)*; ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (Mar. 24, 2026); *available at:* https://www.oecd.org/en/about/news/speech-statements/2026/03/99th-session-of-the-steel-committee-statement-by-the-chair.html

[3] *Id.*

[4] *GFSEC Steel Excess Capacity Monitoring Bulletin – February 2026 ("GFSEC Feb. 2026")*; GLOBAL FORUM ON STEEL EXCESS CAPACITY; *available at:* https://www.steelforum.org/content/dam/steel-forum/en/*patublications*/Q1%202026%20GFSEC%20Excess%20Capacity%20Bulletin.pdf

[5] *Steel Market Development Report Q4 2024 ('OECD Q4 Report")*; ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (Feb. 21, 2025); *available at:* https://one.oecd.org/document/DSTI/SC(2024)13/FINAL/en/pdf

Continued excess capacity and production often results in countries with excess production increasing their exports, displacing domestic production in other markets, including in the United States which is "the world's consumer market of last resort."[6] This trend is not abating. Last year, "[s]teel exports from countries with domestic overcapacity remain strong"[7] in the first half of the year, and despite "low domestic demand, some major producers continue to turn toward exports to address their surplus steel."[8] While European exports have decreased, the OECD notes that "[e]xports from the Asian and African/Middle East have increased significantly."[9] These increased exports from Asian, African and Middle Eastern countries are a response to both the surge in Chinese exports they are experiencing and their own increased capacity with the result being that they "in turn increase their own exports particularly to OECD countries, because their own domestic markets are saturated."[10]

Excess capacity and the ensuing exports continue despite the "near-record in new steel trade remedy cases."[11][12] Furthermore, "exporters continue to develop new and increasingly sophisticated methods of evading steel tariffs." In fact, "[e]xporters are increasingly resorting to a widening range of circumvention techniques … including by slightly modifying the products, by investing in steel plants abroad to change the origin of the steel, and by exporting steel in the form of steel-intensive downstream products that are not subject to the trade measures."[13]

These trends make clear that global excess steel capacity continues to remain a multi-faceted problem which requires a multi-faceted response including addressing the inflow of steel-intensive downstream products that evade trade measures. The impact of excess capacity and overproduction upon American manufacturing is profound, displacing production, driving down profitability and decreasing the ability of American steel companies to invest in cost-saving, efficiency-maximizing, and job-creating investments. The time to address the problem is now.

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[6] *Fed. Register Notice* at 4.
[7] *GFSEC Steel Excess Capacity Monitoring Bulletin – October 2025 ("GFSEC Oct. 2025")* at 3; GLOBAL FORUM ON STEEL EXCESS CAPACITY; *available at:* https://www.steelforum.org/content/dam/steel-forum/en/publications/20251002%20-%20GFSEC%20Steel%20Excess%20Capacity%20Monitoring%20Bulletin.pdf
[8] *GFSEC Feb. 2026* at 2.
[9] OECD *Steel Outlook 2025 ("Outlook 2025")* at 10; ORGANIZATION FOR SECURITY AND COOPERATION DEVELOPMENT; *available at:* https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/05/oecd-steel-outlook-2025_bf2b6109/28b61a5e-en.pdf
[10] *Id.* at 19-20.
[11] *Id.* at 5.
[12] *GFSEC Oct. 2025* at 4 ("Trade remedy initiations grew at a fast pace in the first half of 2025.")
[13] *99th Chair's Statement* at bullet 4.

II. Addressing Country-Specific Excess Steel Capacity is an Imperative:

Excess capacity and production are the result of specific, deliberate policy actions and is often fueled by government subsidies and other trade-distorting policies and practices. Import penetration arising from overproducing nations results in decreased capacity utilization creating a vicious cycle whereby nations facing a surge in imports seek to maintain their capacity utilization by increasing their own exports into other markets, particularly into OECD and GFSEC member counties. Examination of country-specific actions is essential for USTR's efforts to address structural excess capacity and production in manufacturing sectors.

A. China

Any comprehensive effort to address global excess capacity must begin with the actions the People's Republic of China (PRC) whose steel production continues to grow despite a notable decline in steel demand in its domestic market.[14] "In 2025, China's steelmaking capacity represents 46 percent of global capacity and more than twice the combined steelmaking capacity of Brazil, Canada, the EU, Mexico, Japan, and the United States."[15] Per the OECD, "China's share of global excess capacity rose during 2025…spurring surges of exports to international markets."[16] According to the GFSEC, China's share of global excess steel now constitutes 54 percent of all global excess capacity.[17][18] This excess capacity and production has fueled a huge surge in Chinese steel exports to the world, totaling 131 mmt in 2025.[19] Unsurprisingly, according to GFSEC, China has the largest trade surplus of the world's economies in flat steel products,[20] long products,[21] semi-finished steel,[22] and steel tubes.[23]

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[14] *Id.* at bullet 1 ("While demand in China is expected to continue its structural decline, albeit at a more moderate pace compared to the estimated 6.5% contraction observed in 2025.")
[15] *2026 National Trade Estimate Report on Foreign Trade Barriers of the President of the United States on the Trade Agreements Program ("2026 NTE")*; Office of the United States Trade Representative; *available at:* https://ustr.gov/sites/default/files/files/Press/Releases/2026/2026%20NTE%20Report%20_%20Final.pdf
[16] *Id.*
[17] *GFSEC Oct. 2025* at 2 ("China's excess edged up to 45% of the world capacity/demand gap, from 38.4% in the first half of 2024.").
[18] *GFSEC Feb. 2026* at 2 ("China's share of global excess capacity increased from 47% to 54% a year earlier.").
[19] *99th Chair's Statement* at bullet 3.
[20] *GFSEC Feb. 2026* at 4 (17.3 mmt).
[21] *Id* (7.6 mmt).
[22] iId (4.7 mmt).
[23] *Id* (3.4) mmt.

The result of this surge in Chinese steel exports is increased import penetration levels in many other markets, which has had profound effects both among GFSEC[24] and non-GFSEC members. China's annual export volume of 131 mmt in 2025 is a new record – "surpassing the combined exports from the rest of Asia for the first time in history."[25] Chinese excess capacity landed most heavily in Southeast Asian countries where Chinese imports met "more than 60% of the region's steel demand."[26]

The ensuing actions taken by other nations in the face of surging Chinese exports are as predictable as they are devastating as "the recent surge of imports from China came alongside a remarkable 54% increase in Southeast Asia's finished steel exports to GFSEC markets."[27] This pattern repeated itself in the Middle East, most notably Saudi Arabia.[28] As the OECD has noted, in the face of trade actions curbing the trade in finished products, "Chinese mills, however, have responded by expanding shipments of semi-finished and lower-value products, which are less exposed to such measures…while leaving less protected markets — particularly in Asia, Africa and Latin America — more vulnerable to displacement and price competition."[29]

Fueling Chinese overcapacity is a complex regimen of state subsidies at the central government, provincial and municipal levels. Taken together, these subsidies have ensured that in 2024 "the median Chinese firm received 15 times more subsidies relative to its asset size than a median firm elsewhere" – a rate that has doubled since 2019.[30] These subsidies have not supported responsible drawdowns in excess capacity but rather have furthered the expansion of capacity.

Compounding matters, Chinese foreign direct investment (FDI) has created 103 mmt of steelmaking capacity outside the PRC – including 59 mmt in new capacity in 2024 alone.[31] Initially, China concentrated its FDI[32] upon investments in India, Malaysia, Vietnam, and Thailand. More recently, however, Chinese investments have also

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[24] Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, the European Union (27), Germany, Greece, Hungary, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, Norway, Poland, Slovak Republic, South Africa, Spain, Sweden, Switzerland, Türkiye, United Kingdom and the United States.

[25] *Chair's Statement* at bullet 3.

[26] *GFSEC Feb. 2026* at 4.

[27] *Id.* at 5.

[28] *Id.*

[29] *98th Session of the Steel Committee: Statement by the Chair (98th Chair's Statement)*; ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (Nov. 5, 2025); *available at:* https://www.oecd.org/en/about/news/speech-statements/2025/11/98th-session-of-the-steel-committee-statement-by-the-vice-chairs.html

[30] *99th Chair's Statement* at bullet 5.

[31] *See World Steel in Figures 2025*; World Steel Association; *available at*: https://worldsteel.org/data/world-steel-in-figures/world-steel-in-figures-2025/#major-steel-producing-countries2023-and-2024 (To put the 103 mmt in capacity produced by Chinese FDI in perspective, that amount of production exceeds the production of all but 2 nations and all but 1 company.)

[32] *GFSEC Oct. 2025* at 6.

included Indonesia, Philippines, and Saudi Arabia.[33] Given the nexus with Chinese FDI, it is unsurprising that imports of semi-finished steel surged into Indonesia, Philippines and Saudi Arabia.[34]

A significant amount of this FDI in the steel sector has been promoted through China's One Belt One Road program, also referred to as the "Belt and Road Initiative" (BRI).[35] As part of this program, the Chinese government has pledged $1 trillion in investment for overseas economic development. The Belt and Road programs provide a central role for state-owned enterprises (SOE) and are pitched to developing nations as an "infrastructure-prioritized development path."[36] Additionally, the Belt and Road Initiative assists China's efforts to reduce industrial overcapacity by "transferring domestic low-end manufacturing industries to the less developed countries along the BRI route."[37] The OECD noted in a report on the Belt and Road program that "[t]he BRI aims to create new markets, facilitate trade as well as investment, including with a shift of production capacity to where there is ready demand (arising, for example, from new infrastructure investment) or where production factors are cheaper."[38]

In short, China's Belt and Road programs subsidize Chinese overcapacity in industries dominated by SOEs, such as steel, in several ways. First and foremost are direct subsidies such as grants or loans. Second, BRI infrastructure projects funded by the Chinese government are often contingent on purchases from Chinese SOEs, artificially creating demand for Chinese products. In effect, these subsidies are Chinese content requirements as opposed to local content requirements. Third, the "[transfer of] domestic low-end manufacturing industries" often takes the form of Chinese SOE's establishing joint ventures or subsidiaries abroad, which effectively serve as an indirect conduit of Chinese subsidies to companies in other countries.

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[33] *Id.*
[34] *GFSEC Feb. 2026* at 7.
[35] Chatzky, Andrew and McBride, James; *China's Massive Belt and Road Initiative*; COUNCIL ON FOREIGN RELATIONS (Jan. 28, 2020) ("President Xi announced the initiative during official visits to Kazakhstan and Indonesia in 2013. The plan was two-pronged: the overland Silk Road Economic Belt and the Maritime Silk Road. The two were collectively referred to first as the One Belt, One Road initiative but eventually became the Belt and Road Initiative.").
[36] Jiang, Jon (Yuan); *The Belt and Road Initiative: A Domestically-Motivated Program Fueling Global Competition*, CHINA BRIEF (May 29, 2020); *available at*: https://jamestown.org/program/the-belt-and-road-initiative-a- domestically-motivated-program-fueling-global-competition/
[37] *Id.*
[38] *The Belt and Road Initiative in the global trade, investment and finance landscape* at 16; OECD BUSINESS AND FINANCE OUTLOOK (2018); *available at:* https://doi.org/10.1787/bus_fin_out-2018-6-en.

B. Taiwan

Taiwan is major steel producer[39] facing a slowing domestic market and excess capacity.[40] These factors have led to a significant decrease in capacity utilization[41] with the gap between domestic capacity and demand widening.[42] As domestic demand has fallen (-11.4 percent), export volumes have risen (+4.2 percent).[43] Taiwan's steel sector is export focused – a trend that has increased as exports relative to total production increased from 62.3 percent to 66.1 percent in the first half of 2025.[44]

C. India

The Indian government also heavily subsidizes its domestic industries, including its steel industry.[45] The Indian steel industry was developed in a highly protected and controlled environment characterized by high tariffs on steel imports, substantial subsidies, government control over prices, and state allocation of resources.[46] The government continues to play a large role in the industry as the Indian Ministry of Steel, a branch of the Indian government, "deals with coordination and planning of the growth and development of Iron and Steel Industry in the country."[47] Reflecting the ambitious goals of its National Steel Policies, India's support for its steel industry is direct and massive.

The Indian government provides benefits to Indian steel producers through a number of subsidy programs, including export incentives, debt forgiveness, preferential loans, captive mining rights and controls over raw material prices, all of which adversely impact the ability of U.S. steelmakers to export to India.

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[39] *See World Steel in Figures 2025 ("World Steel 2025")*; WORLD STEEL ASSOCIATION; *available at:* https://worldsteel.org/data/world-steel-in-figures/world-steel-in-figures-2025/#major-steel-producing-countries2023-and-2024

[40] *Taiwan steel sector faces tough times amid demand slowdown and price pressure*; STEEL RADAR (Oct. 13, 2025); *available at:* https://www.steelradar.com/en/taiwan-steel-sector-faces-tough-times-amid-demand-slowdown-and-price-pressure/

[41] *GFSEC Oct. 2025* at 2 (capacity utilization declined from 66.7% to 58.7% in in the first half of 2025).

[42] *Id.*

[43] *GFSEC Feb. 2026* at 2.

[44] *GFSEC Oct. 2025* at 3.

[45] *2019 National Trade Estimate Report on Foreign Trade Barriers of the President of the United States on the Trade Agreements Program* ("*USTR 2019 NTE Report*") at 245; OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE; *available at*: https://ustr.gov/sites/default/files/2019_National_Trade_Estimate_Report.pdf

[46] *See Report to the President, Global Steel Trade, Structural Problems and Future Solutions* (2000); IMPORT ADMINISTRATION, U.S. DEP'T OF COMMERCE.

[47] *See* INDIAN MINISTRY OF STEEL; *available at*: https://steel.gov.in

In March 2023, India's Commerce Ministry announced in its Foreign Trade Policy (FTP), which includes subsidies targeted at boosting exports. The FTP seeks to increase India's exports to $2 trillion by 2030.[48] Indian steel producers also receive significant subsidies at the subnational level. Individual Indian states, including Maharashtra, Gujarat, Haryana, Karnataka, Jharkhand, Orissa, Andhra Pradesh, and Chhattisgarh, have ambitious plans to leverage government support into an enormously expanded steel industry.[49] These include state-level "industrial policies" that provide packages of incentives, including tax reductions and rebates, grants, preferential loans and goods and services for less than adequate remuneration.[50] Many of these policies explicitly call for Indian state governments to provide customized subsidies to certain sectors or large companies (including in the steel industry) at the discretion of state officials.[51] When the Goods and Services Tax was instituted in 2017,[52] local governments revised their incentive plans to ensure that "beneficiaries from various sectors, including automobile, steel, [and] cement" continued to receive "interest and power tariff subsidies apart from the exemption in stamp duty, octroi duty and electricity duty."[53]

As the world's second largest steelmaker, India's production growth has been robust.[54] It is expected that this growth will result in an additional 30.4 mmt of capacity by the end 2027.[55] While much of India's increased production capacity is domestically based, its exports have increased and GFSEC lists it among the "[s]ources of excess capacity."[56] Notably, India experienced "robust export growth in

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[48] *Centre unveils new foreign trade policy, targets $2 trillion*; THE TIMES OF INDIA (Mar. 2023); *available at*: https://timesofindia.indiatimes.com/business/india-business/centre-unveils-new-foreign-trade-policy-targets-2-trillion-exports-by-2030/articleshow/99141527.cms

[49] *See, e.g.*, *Issues and Decision Memorandum accompanying Finished Carbon Steel Flanges from India*; U.S. DEP'T COMMERCE (Apr. 1, 2020); 85 Fed. Reg. 18,193 (final results of countervailing duty review) at 7 ("State Government of Uttar Pradesh – Exemption from Entry Tax for the Iron and Steel Industry.")

[50] *See, e.g.*, KARNATAKA INDUSTRIAL POLICY 2020–2025; available at: https://www.karnataka.com/industry/karnataka-industrial-policy/; I*ndustrial Development Policy 2015-20*; STATE GOVERNMENT OF ANDHRA PRADESH; *available at*: https://www.apindustries.gov.in/VCIC/Data/PolicyDocuments/Andhra_Pradesh_Industrial_Development_Policy_2015_20.pdf; *Package Scheme of Incentives 2013* (Apr. 1, 2013); STATE GOVERNMENT OF MAHARASHTRA; *available at*: https://maitri.mahaonline.gov.in/PDF/PackageSchemeofIncentives2013.pdf; *Enterprises Promotion Policy-2015*; GOVERNMENT OF HARYANA; *available at*: https://investharyana.in/content/pdfs/Haryana_Book_Final1.pdf.

[51] *Id.*

[52] *See* Choudhury, Saheli Roy; *India rolls out its biggest tax reform in 70 years. Here's what it means*; CNBC (June 30, 2017); *available at*: https://www.cnbc.com/2017/06/30/india-gst-to-bring-short-term-implementation-challenges-and-uncertainty.html.

[53] *See World Steel in Figures 2024*; WORLD STEEL ASSOCIATION; *available at*: https://worldsteel.org/data/world-steel-in-figures/world-steel-in-figures-2024/

[54] *GFSEC Oct. 2025* at 2 (First half of 2025 "capacity has increased at a rapid pace in India (11.4%, 18.3 mmt)".)

[55] *Id.*

[56] *GFSEC Feb. 2026* at 9 ("For ease of reference, the term 'excess capacity' in this bulletin is an estimate of the gap in capacity and demand at the country/group level. Sources of excess capacity refers to non-

finished steel" of 35.8 percent in the third quarter of 2025 – a troubling trend for a market that purports to be focused on internal, domestic demand.[57]

D. Southeast Asia/ASEAN Countries[58]

In their reports, the GFSEC and OECD analyze regional and national steel trends in the region and as individual nations. This submission examines regional trends and then individual nations of Southeast Asia in turn. The region is "witnessing a rapid expansion in integrated mega-mill development" as regional governments "are generally optimistic about their future economic growth."[59] The region's production growth accounts for a significant portion of global excess capacity and is "fueled by market-distorting subsidies and other non-market practices"[60] including "cross-border investments involving Chinese steel companies." This Chinese FDI is capacity focused as "almost three-quarters of future global cross-border investments will be directed towards the construction of blast furnace/basic oxygen furnace (BF/BOF) steelmaking."[61][62] Countries in the region often welcome Chinese investment, and their government subsidies incentivize these investments and as a result it is "often Chinese steel firms which benefit from the scheme."[63]

In Malaysia, Vietnam, and Indonesia, tax incentives support their domestic steel industries. Malaysia's tax code provides both direct and indirect subsidies, while the Vietnamese government supports its steel industry via "tax incentives, import duty exemptions, and land rental subsidies."[64]

Despite increased investment in capacity, the region – as previously noted – saw significant import penetration with 60 percent of its steel demand "met by imports from China."[65] The result is that countries in the region received semi-finished billets from China and "exported more finished steel to GFSEC markets."[66] Comparing the

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member countries where capacity was found to exceed domestic demand based on the data available. This group includes Bahrain, China, Egypt, **India**, Iran, Kazakhstan, Morocco, Pakistan, Qatar and Chinese Taipei.") (emphasis added).

[57] *Id.* at 4.

[58] *GFSEC Feb. 2026* at 10 (GFSEC lists the following nations in its definition of "Southeast Asian countries": Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste and Viet Nam. All but Timor-Leste belong to the Association of Southeast Asian Nations (ASEAN).)

[59] *OECD Q4 Report* at 21.

[60] *Outlook* 2025 at 16.

[61] *Id.* (noting that "Asian economies are expected to account for 60% of the new capacity, led by substantial increases in China, India and the Association of Southeast Asian Nations.")

[62] *GFSEC Oct. 2025* at 6 (noting Chinese FDI in steelmaking in Thailand, Vietnam, Malyasia, Philippines, and Indonesia).

[63] *OECD Q4 Report* at 21.

[64] *OECD Q4 Report* at 21.

[65] *GFSEC Feb. 2026* at 1.

[66] *Id.*

first nine months of 2024 with the same period in 2025, the rate of Chinese semi-finished exports to the region nearly quadrupled. Indonesia, Philippines, Thailand, Malaysia, and Singapore were the primary recipients of this steel. Unsurprisingly, a "remarkable" 54 percent increase in Southeast Asian exports of finished steel to GFSEC nations followed this surge of Chinese semi-finished steel into the region.[67]

While various subsidy and investment schemes result in increased capacity for the region, they also harm to the global market as the combination of state incentives and Chinese FDI "artificially lower costs and encourage expansion beyond what the market can sustainably absorb."[68] Malaysian steel capacity increased "at a rapid pace" in 2023 (+37.0 percent, 11.3 mmt), and Vietnamese utilization increased to over 92 percent.[69]

The combined factors of imports to and exports from the region, continued Chinese FDI, robust state subsidies, and strong internal growth (particularly in Vietnam) has resulted in the initiation of numerous trade remedy investigations against – and to a lesser extent by – nations in the region. While suits against the PRC are the most common trade remedy cases, from March 2024 through December 2025, Southeast Asia accounts for the bulk of trade remedy initiations with a significant number of matters filed against Vietnam, Thailand, Indonesia, Malaysia, and the Philippines.[70]

1. Malaysia

Examples of joint collaborations with Chinese enterprises abound. The Malaysia–China Kuantan Industrial Park (MCKIP) in Pahang, Malaysia, targets several industries including steel.[71] One of the anchor companies of the MCKIP is Alliance Steel, a newly-created Chinese SOE that is a joint venture of Guangxi Beibu Gulf International Port Group Co. Ltd. and Guangxi Shenglong Metallurgical Co. Ltd., which are "jointly established by the two governments."[72] As a Chinese SOE, Alliance Steel benefits from a combination of subsidized lending and grants from the Chinese government. Similarly, the Malaysian government has announced subsidies for investors in MCKIP ranging from 15 years of corporate tax exemption to preferential land prices, all of which could benefit Alliance Steel. These subsidies have bestowed a substantial competitive advantage to Alliance Steel, both in the domestic Malaysian steel market and for export sales. In 2019, the Malaysian Iron and Steel Industry

[67] *Id.* at 5.
[68] *Outlook* 2025 at 16.
[69] *GFSEC Oct. 2025* at 3.
[70] *See GFSCE Feb. 2026* at 11-2 ("Monthly summary of trade remedy initiations.")
[71] MALAYSIA-CHINA KUANTAN INDUSTRIAL PARK (MCKIP); *available at*: https://thepeoplesmap.net/project/malaysia-china-kuantan-industrial-park-mckip/
[72] Alliance Steel Website, Company Profile; *available at*: http://alliancesteel.com.my/articleList_6_1.html

Federation blamed Alliance Steel for tanking the local steel market, resulting in losses for the Malaysian steel industry.[73]

2. Indonesia

In addition to indirect subsidies, via the tax code, Indonesia has engaged in policies directly supporting their industries. The Indonesian government helped Krakatua Steel, its largest steel producer and a SOE restructure its debt "with the help of government-backed guarantees," the use of state-owned banks, and direct investment.[74] For nearly a decade, Indonesia has provided tax relief – ranging from 50-100% – for foreign firms making large investments in the country. This has benefited Chinese (Dexin), Korean (POSCO), and Japanese (Osaka Steel and Nippon Steel) steelmakers who have expanded operations in the country including with Krakatau Steel.[75] Critically, over the past decade, Krakatau Steel has created several joint ventures with foreign companies: Krakatau-POSCO for slab and hot rolled plate, Krakatau Nippon Steel Sumikin (KNSS) for cold rolled and galvanized steel products,[76] and Krakatau Osaka Steel (KOS) for long products. Both KOS and KNSS have received preferential financing from the Japan Bank for International Cooperation, and Krakatau POSCO has received substantial ongoing support from the Korean government.[77]

In short, Indonesia and Korea have a relationship going back at least to 2012 that includes industrial cooperation and, in the case of Krakatau POSCO, transnational subsidization. Silmy Karim, the CEO of Krakatau Steel explained in an interview that POSCO invested $3.5 billion in Krakatau POSCO and that the Korea Exim Bank restructured the debt to help Krakatau Steel.[78] At approximately the same time, at the request of Indonesia, the Korean Exim Bank announced that it "intends to provide untied soft loans under the name of the Economic Development Partnership Facility."[79]

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[73] Ee Ann Nee, *Misif blames China-owned Alliance Steel for Malaysian industry's losses*, THE SUN DAILY (Oct. 24, 2019); *available at*: https://www.thesundaily.my/business/misif-blames-china-owned-alliance-steel-for-malaysian-industry-s-losses-CX1527411.
[74] *World Steel* 2025 at 41.
[75] *Id.* at 39.
[76] *KNSS, Joint Venture Manufacturing and Selling Automotive Flat Steel Products in Indonesia, Holds Opening Ceremony*; NIPPON STEEL (Aug. 8, 2018); *available at*: https://www.nipponsteel.com/en/news/20180808_100.html.
[77] The Embassy of Indonesia in Seoul, Korea highlights the close ties between the Republic of Korea and Indonesia, which now includes a "special strategic partnership…that would not merely {be} transactional but must be based on the spirit of mutual assistance" as of November 2017. Embassy of Indonesia in Seoul, Korea; *available at*: https://kemlu.go.id/seoul/en/pages/hubungan_bilateral/558/etc-menu.
[78] Adityowati, Putri; *At Least We Can Breathe Now*; TEMPO MAGAZINE (Feb. 4, 2020); *available at*: https://magz.tempo.co/read/36370/at-least-we-can-breathe-now.
[79] *South Korea KIND Explores Potential Investment in Indonesia*; THE INSIDER STORIES (Sept. 23, 2019); *available at*: https://theinsiderstories.com/south-korea-kind-explores-potential-investment-in-indonesia/

Indonesia has imposed a number of export restrictions on various raw materials that are important to steel production, such as nickel. For example, it initially implemented a full ban on the export of nickel ore in 2014 to ensure ample supply of raw materials at below cost for a newly-established stainless steel producer.[80] In response, one Chinese company, Tsingshan, built a 3.0 to 3.5 million MT production stainless steel facility in Indonesia, almost exclusively for export to the United States and Europe, as Indonesian consumption of stainless steel products is well below the facility's annual production capabilities.[81] While the government of Indonesia in January 2017 announced a partial lifting of the export ban, a new ban on nickel ore exports went into effect in January 2020, two years earlier than originally planned.[82] As a result of the Indonesian government's action by, in November 2019, the European Union filed a complaint at the WTO on Indonesia's export bans and policies on nickel ore in particular, as well as scrap, coal and coke, iron ore and chromium, and in November 2022 the WTO ruled in favor of the European Union.[83] In 2022, Indonesia's President announced his intent to stop exports of other raw materials from Indonesia, including bauxite ore, gold, and tine ore.[84]

The restrictions on nickel exports are particularly troubling given that Indonesia has the largest nickel ore mining reserves in the world. According to a report by S&P Global, Indonesian nickel production dominated the world market in 2023 accounting for 40.2 percent of the world's nickel.[85] Notably, Indonesia's nickel export restrictions have encouraged foreign steelmakers to invest heavily in Indonesia to take advantage of these restrictions at the expense of American and other world steelmakers. For example, in August 2020, the second largest Chinese stainless steel producer, Taiyuan Iron and Steel (TISCO) announced that it plans to develop an integrated stainless steel

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[80] *China's stainless sector facing tough March: Tsingshan*, FASTMARKETS AMERICAN METAL MARKET (Feb. 28, 2019); *available at*: https://www.amm.com/Article/3314585/Chinas-stainless-sector-facing-tough-March-Tsingshan.html.

[81] Lavigne Asenov, Grace; *ATI, Tsingshan form stainless sheet venture* (update); FASTMARKETS AMERICAN METAL MARKET (Nov. 2, 2017); *available at*: https://www.amm.com/Article/3763984/ATI-Tsingshan-form-stainless-sheet-venture-update.html; *see also A Chinese Steel Giant Is Upsetting the Global Nickel Market*; BLOOMBERG (Nov. 1, 2019); *available at*: https://www.bloomberg.com/news/articles/2019-11-01/the-chinese-steel-giant-that-s-roiling-the-global-nickel-market

[82] Christina, Bernadette; *Indonesian nickel miners consider selling ore locally ahead of 2020 ban*; REUTERS (Nov. 12, 2019); *available at*: https://www.reuters.com/article/us-indonesia-nickel/indonesian- nickel- miners-consider-selling-ore-locally-ahead-of-2020-ban-idUSKBN1XM1QS

[83] *WTO backs EU in nickel dispute, Indonesia plans appeal*; REUTERS (Nov. 30, 2022); *available at*: https://www.reuters.com/markets/commodities/indonesia-plans-appeal-after-losing-wto- nickel-dispute-with-eu- 2022-11-30

[84] Huang, Jo-Ann; *Turning nickel into EV batteries: Indonesia wants to take its mining industry to the next level*; CNBC (Apr. 13, 2022); *available at*: https://www.cnbc.com/2022/04/14/indonesia-wants-to-stop-exporting- minerals-make- value-added-products.html.

[85] *Indonesian nickel production dominated commodity market*; S&P GLOBAL (Feb 6, 2024); *available at*: https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/indonesian-nickel- production-dominates-commodity-market-80242322

operation in Indonesia.[86] More recently, in March 2021, the Indonesian government issued a press release regarding Chinese steel producer Nanjing Iron & Steel Group Co., Ltd.'s plans to invest in the Indonesian steel industry.[87]

3. Vietnam

The Vietnamese government provides subsidies to select industries, in an effort to support the development of the domestic economy. In 2020, the U.S. Commerce Department found in its investigation of Vietnam's wind tower industry that the Vietnamese government provides import duty exemptions on imports of raw materials used in exported goods.[88] Under Decree No. 75/2011/ND-CP, the Government of Vietnam provides investment credit and export credit to companies participating in eligible projects, such as producers of cold-rolled steel.[89] The Vietnamese government also supports small and medium-sized enterprises through payment for consulting services and training programs.[90] In 2024, the U.S Commerce Department denied Vietnam's request for market economy status, citing the Vietnamese government's continued interference in the economy.[91] Additionally, on August 29, 2025, Commerce made an affirmative determination finding that the Socialist Republic of Vietnam had subsidized the production of Corrosion-Resistant steel products that were ultimately imported into the U.S., and on September 25, 2025, the USITC voted in the affirmative to allow Commerce to proceed with countervailing duty orders on corrosion-resistant steel products from ten countries including Vietnam.

E. Mexico

While Mexico saw rapid capacity growth in steel between 2000 and 2019, increasing steel imports from outside North America into Mexico since 2013 have resulted in significant underutilized capacity in the country.

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[86] Anderson, Jack; *Nickel: TISCO signs contract for integrated Indonesian stainless-steel project*; ROSKILL (Aug. 20, 2020); *available at*: https://roskill.com/news/nickel-tisco-signs-contract-for-integrated- indonesian-stainless-steel-project/.

[87] NISCO's Investment Development Plan in Indonesia (March 12, 2021), available at https://kemlu.go.id/beijing/en/news/11644/niscos-investment-development-plan-in-indonesia

[88] *See* Memorandum from Davina Friedmann, Senior Case Analyst, AD/CVD Operations, Off. VI to Erin Kearney Program Manager AD/CVD Operations, Off. VI, re: *Final Determination of Countervailing Duty Investigation of Utility Scale Wind Towers from Vietnam: Calculation Memorandum for CS Wind Vietnam Co., Ltd.* (June 29, 2020) at 5.

[89] *See Statement of Reasons Concerning the Final Determinations with Respect to the Dumping and Subsidizing of Cold-Rolled Steel from China, South Korea, and Vietnam*; CANADA BORDER SERVICES AGENCY (Nov. 15, 2018) at Appendix II.

[90] Samuel, Pritesh; *Government Incentives for SMEs in Vietnam – 2 New Circulars*, VIETNAM BRIEFING (Sept. 3, 2019); *available at: https://www.vietnam-briefing.com/news/government-incentives-smes-vietnam-2-new-circulars.html/*

[91] *Raw Honey From the Socialist Republic of Vietnam: Initiation of Antidumping Duty Changed Circumstances Review*; INTERNATIONAL TRADE ADMINISTRATION, U.S. DEP'T COMMERCE (Aug. 7, 2024); 89 Fed Reg. 64411-12

Mexico has yet to take adequate actions to stem the surge of global steel overcapacity into its home market. As a result, imports take a much larger share of the steel market in Mexico than they do in the United States. The vast majority of these imports are from outside the USMCA region. Based on data provided by the Mexican steel industry, AISI estimates that approximately 75 percent of the steel imports into Mexico are from outside North America. It is thus unsurprising that Mexican steel production declined in 2025[92] due in no small part to the fact that "a flood of cheap Chinese-origin steel is arriving through indirect routes." [93] The result is that 40 percent of Mexican steel consumption comes from imports.[94]

This increasing volume of imports of steel products from outside North America into Mexico has had several negative consequences for the American steel industry. First, to the extent these offshore imports have been utilized by downstream manufacturers in Mexico to build steel-intensive products, they have reduced opportunities for American steel manufacturers to increase their exports to these markets and undercut efforts at building stronger North American steel supply chains that would benefit all three North American countries. Second, these imports from outside North America have displaced a portion of domestic steel production within Mexico, driving Mexican steel producers to increase their exports of steel products to the U.S. market to make up for lost sales in their home markets. Third, in at least some cases, the increased steel imports into Mexico from outside North America have been used not for further manufacturing in those markets but rather have been redirected after minor or no further processing to the U.S. market to circumvent and evade U.S. tariffs on steel from other regions of the world.

F. Korea

The Korean steel sector is heavily export oriented. In 2019, over 40 percent of Korea's steel production was destined for export.[95] As domestic utilization has stagnated[96] and the European and American markets have become less attractive,[97] Korean

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[92] Mares, Fernando; *Mexican steel output drops 8.5%; Chinese share grows in Mexico*; MEXICO BUSINESS NEWS (Feb. 25, 2026); *available at*: https://mexicobusiness.news/mining/news/mexican-steel-output-drops-85-chinese-share-grows-mexico

[93] Martinez, Sofia Gabriela; *Mexico's steel output falls as Chinese imports rise ("Mexico's Steel Output")*; THE RIO TIMES (Feb. 25, 2026); *available at*: https://www.riotimesonline.com/mexicos-steel-output-falls-as-chinese-imports-rise/

[94] *Id.*

[95] *Steel Exports Report: South Korea;* INTERNATIONAL TRADE ADMINISTRATION, U.S. DEP'T COMMERCE (Sept. 2019); *available at:* https://legacy.trade.gov/steel/countries/pdfs/2019/q2/exports-korea.pdf#:~:text=Exports%20to%20South%20Korea's%20top%2010%20steel,(932%20thousand%20metric%20tons)%20in%20YTD%202019.

[96] *World Steel 2025* at 25 (See Table 2.1 Steelmaking capacity, by largest economy, 2020-24) (noting Korean steel capacity held constant at 81.6 mmt).

[97] Kim, Dae-Jun and Kim, Joo-Wan and Ahn, Si-Ook; *Korea's steel industry set to suffer further as EU plans to cut import quotas, double tariffs*; THE KOREA ECONOMIC DAILY; *available at*: https://www.kedglobal.com/steel/newsView/ked202510080003#:~:text=The%20nation%20exported%2

steelmakers have sought new markets. These efforts have been met with varying degrees of success. Korean steel exports to Vietnam totaled nearly $1.5 billion in the first 10 months of 2025, but they have resulted in the imposition of "anti-dumping duties of up to 15.67% on certain Korean galvanized steel products, citing harm to its domestic steel sector."[98]

Korean domestic steel demand in 2024 was expected to be roughly 10 percent below the prior year[99] and has declined from its 2021 peak (70.42 mmt) to 56.1 mmt in 2025.[100][101] A prominent Korean academic noted that "[a]t the core of the steel market's current situation is a mismatch between our companies' production capacity and demand."[102]

The mismatch between Korean steel capacity and domestic demand is further exacerbated by significant levels of Chinese steel imported into Korea. The OECD notes that "exports to Korea…have experienced notable increases" from China.[103] In fact, Korea has historically[104] been the largest national market for Chinese exports which increased by more than 33 percent in 2023[105] and surged 46 percent in 2024.[106] While "Korean steelmakers are facing strong competition in foreign markets from Chinese exporters,"[107] it has shown "resilience with export increases of 5.9%."[108]

0$4.48%20billion,July%202024%20to%20June%202025 ("Korea will face a double blow as the EU is set to follow the US, which has already eliminated duty-free quotas and raised tariffs on steel products from 25% to 50%.")

[98] *Korea's steel industry faces dual shock: High U.S. tariffs and Vietnam's anti-dumping duties*; KOREA TECH DESK; *available at*: https://koreatechdesk.com/koreas-steel-industry-u-s-tariffs-vietnams-anti-dumping-duties#:~:text=Trade%20Pressures%20Mount%20on%20Korean,as%20global%20steel%20oversupply%20intensifies.

[99] *OECD Q4* Report at 47.

[100] Young-kwan, Lee and Soon-chan, Park; *South Korea's Steel Crisis: Major Plants Shutter. POSCO, Hyundai Steel Close Plants Amid Chinese Imports, U.S. Tariffs*, THE CHOSUN DAILY (Nov. 19, 2025); *available at:* https://www.chosun.com/english/industry-en/2025/11/19/CWIULLR2LZCODAZKK6ILW7JJO4/m

[101] Eun-im, Jo; *Korea steel industry faces triple shock from structural slump, tariffs, and weak construction ("Triple Shock")*; THE CHOSUN DAILY (Jan. 5, 2026); *available at:* https://biz.chosun.com/en/en-industry/2026/01/05/3DZRG5TYKVB57LQZMJRZMGCGMA/

[102] *Id.*

[103] *Steel Market Development Report Q2 2024 ('OECD Q2 Report")* at 36-7; ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (Feb. 21, 2025); *available at:* https://one.oecd.org/document/DSTI/SC(2024)1/FINAL/en/pdf

[104] *See Steel Import Report: South Korea*; INTERNATIONAL TRADE ADMINISTRATION – GLOBAL TRADE MONITOR (Apr. 2018); *available at:* https://legacy.trade.gov/steel/countries/pdfs/2017/annual/imports-korea.pdf (noting that China was the largest source country for Korea's steel imports at 58%); *see also See Steel Import Report: South Korea*; INTERNATIONAL TRADE ADMINISTRATION – GLOBAL TRADE MONITOR (May 2019); *available at:* https://legacy.trade.gov/steel/countries/pdfs/2018/annual/imports-korea.pdf (noting that China was the largest source country for Korea's steel imports at 49%)

[105] *Id.* at 37 (*see* table 7. Major Chinese steel export destinations (2023).

[106] *See Triple Shock*.

[107] *OECD Q4* Report at 47.

[108] *Id.* at 37-8.

Korea exports in flat products increased to India, Canada, Brazil and Turkey. Brazil and Turkey also saw increased Korean imports in long products, and Canada saw increased imports of Korean steel tube.[109]

Continued high levels of steel exports from China to Korea further encourage Korean government subsidies to its steel producers to assist them in their exports of steel to other markets, including the U.S. market. For several years, the Korean government has provided subsidies for favored local industries,[110] including its steel industry. Over the past several years , the United States government issued a number of countervailing duty orders on Korean steel exports, including but not limited to: (i) corrosion-resistant steel; (ii) cold-rolled steel; (iii) hot- rolled steel; (iv) carbon and alloy cut-to-length steel plate; (v) large diameter welded pipe and (vi) seamless carbon and alloy steel standard, line, and pressure pipe in response to several of these subsidies.[111] These subsidies include: preferential loans from government banks, export loans, equity infusions, tax exemptions, and grants.[112]

It is inevitable given the volume of Chinese steel entering Korea that some of it finds its way to exports. In 2016, in the 2014 – 2015 administrative review of oil country tubular goods (OCTG) from Korea, the United States Commerce Department confirmed that unfairly-traded Chinese hot-rolled flat products and subsidies from the Korean government had contributed to the creation of a "particular market situation" regarding the production of OCTG in Korea. The Commerce Department has made similar findings in subsequent Korea steel pipe administrative reviews.[113]

Korean OCTG highlights the role that exports and subsidies play in supporting the Korean steel sector. Korea produces almost no oil or gas,[114] yet through government subsidies has developed and sustained a pipe and tube production industry as an offtake for its excess hot-rolled coil capacity.[115] Given the lack of domestic demand for these downstream products, they are almost entirely exported and frequently end up in the U.S. market. Korea continues to be the largest exporter of oil country tubular

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[109] *Id.* at 38.
[110] *USTR 2019 NTE Report* at 321.
[111] *See ADCVD Proceedings*, INTERNATIONAL TRADE ADMINISTRATION, U.S. DEP'T COMMERCE; *available at*: https://www.trade.gov/data-visualization/adcvd-proceedings
[112] *See Issues and Decision Memorandum accompanying Certain Hot-Rolled Steel Flat Products from the Republic of Korea*, U.S. DEP'T COMMERCE (Aug. 12, 2016); 81 Fed. Reg. 53,439 (final affirmative determination) at Section VII.
[113] *See Issues and Decision Memorandum accompanying Oil Country Tubular Goods from the Republic of Korea*, 85 Fed. Reg. 41,949 (Dep't Commerce July 13, 2020) (final results of antidumping duty admin. review) at cmt. 1-B (citing Congressional Record-Senate, S2899, S2900 (May 14, 2015)).
[114] *Total Petroleum and Other Liquids Production 2015 – 2019*; INTERNATIONAL DATA, U.S. ENERGY INFORMATION ADMINISTRATION; *available at* https://www.eia.gov/petroleum/data.php
[115] *See Issues and Decision Memorandum accompanying Oil Country Tubular Goods from the Republic of Korea*; DEPARTMENT OF COMMERCE; 85 Fed. Reg. 41,949 (July 13, 2020) (final results of antidumping duty admin. review) at cmt. 1-B.

goods (OCTG) to the U.S. market.[116] The Korean pipe industry is further distorted by price fixing—six Korean pipe producers were found by the Korean government to have colluded to fix prices from 2003 to at least 2013.[117]

The WTO's trade policy review of Korea notes that, in addition to provision of below-cost inputs to industrial consumers like the steel industry, "tax incentives are used extensively as an instrument of industrial policy to encourage investment" and "state-owned financial institutions have a major role in assisting Korea's industrial development."[118] With respect to the steel industry:

> The government has been providing funds to raise the competitiveness of the steel sector in producing high-end products: 30 steel products are selected over a period of 10 years (3 products per year). Financial support of W100 billion is to be provided until 2019, with the aim of manufacturing the world's best eco-friendly smart steel plates under the World Premier Materials project. To establish a "green steel industry," the Government is to provide W150 billion, representing 60 percent of the firm's total R&D costs (possibly from 2012) for eight years, to develop CO2-free technologies for the iron and steel sector.[119]

Despite numerous affirmative countervailing findings, the Korean government has demonstrated a firm resolve to subsidize its steel industry through all available channels. AISI emphasizes the heightened threat that such pervasive subsidization poses to the U.S. industry in the face of excess capacity. In September 2016, the Korean government issued a detailed industrial policy plan to support the modernization and "price competitiveness" of the domestic steel industry.[120] The plan calls on the government to provide capital to steel producers for R&D, acquisitions, and investment in new facilities for producing high value-added products, including through the Korea Development Bank and the Ministry of Trade, Industry, and Energy.[121] In an administrative review of the countervailing duty order on Certain Corrosion-Resistant Steel Products from Korea, the Commerce Department found that

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[116] *Drilling Down*, AMERICAN METAL MARKET (Mar. 2020) at 10, *available at*: https://www.amm.com/pdf/2020/Fastmarkets_STP_March2020.pdf; *see also US OCTG imports up 2.6% in December*, STEEL ORBIS (Feb. 9, 2022) *available at*: https://www.steelorbis.com/steel-news/latest-news/us-octg-imports-up-26-percent-in-december-1232897.htm?searchKey=octg%20korea&sc=article.
[117] Yanchunas, Don; *S. Korean pipe producers fixed prices: US mills*; AMERICAN METAL MARKET (July 12, 2018), *available at:* https://www.amm.com/Article/3820339/S-Korean-pipe-producers-fixed-prices-US-mills.html
[118] *Id.* at 89-90.
[119] *Id.* at 131.
[120] *Proposal for Strengthening the Competitiveness of the Steel Industry*; GOVERNMENT OF THE REPUBLIC OF KOREA (Sept. 30, 2016).
[121] *Id.*

Korean steel company Dongbu received long-term loans from the Korea Development Bank and benefited from the restructuring of debt despite being uncreditworthy.[122]

G. Japan

For decades, the United States has had a large, persistent trade deficit with Japan since the mid-1980s with a deficit totaling nearly $70 billion in 2024. In the steel sector, the United States has consistently had massive trade deficits with Japan, with the annual average during 2022-2024 running to $1.8 billion – despite the presence of the antidumping duty orders on Japanese exports discussed in more detail below. As a result, Japan consistently exports far more to the United States than it imports from the United States.

Japan's steel industry is highly dependent on exports. Japan is the world's fourth-largest steel producer (after China, India, and the United States), with 117.8 million metric tons of production capacity in 2023.[123] That capacity far exceeds both Japanese steel production and consumption. Japan's steel production far exceeds its domestic consumption, which in turn led the Japanese industry to export between 33 to 41 percent of its steel production from 2015 to 2024.[124] According to the Japan Iron and Steel Federation, in 2024, Japan produced 84 million metric tons of steel despite apparent domestic consumption being only 56.7 million metric tons; Japanese producers exported 34.4 million metric tons of steel; and Japan's steel trade surplus stood at 27.3 million metric tons.[125] A significant portion of those 2024 exports – 1.1 million metric tons – were shipped to the United States, while Japan imported only 10,864 metric tons of American steel.[126] Given this disparity, it is worth noting that the United States has 15 steel-related antidumping orders on imports from Japan – some of which have been in place since the 1970s and all of which remain in place to prevent American steelmakers from being injured by unfairly priced/dumped Japanese steel exports.[127]

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[122] *Issues and Decision Memorandum accompanying Certain Corrosion-Resistant Steel Products from the Republic of Korea*, U.S. DEP'T COMMERCE (June 2, 2016); 81 Fed. Reg. 35,310 (final affirm. deter., and final affirm. critical circumstances deter., in part) at 26-34.
[123] *Latest developments in steelmaking capacity and outlook until 2026* at 52-56; OECD DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INNOVATION – STEEL COMMITTEE (June 12, 2024); available at: https://one.oecd.org/document/DSTI/SC(2024)3/FINAL/en/pdf
[124] *Steel Exports Report: Japan*; U.S. DEP'T OF COMMERCE; *available at*: https://www.trade.gov/data-visualization/japan-steel-exports-report
[125] *Monthly Steel Statistics Reort (JISF, selected pages)*; JAPAN IRON AND STEEL FEDERATION; *available at*: https://www.jisf.or.jp/en/statistics/report/index.html
[126] *Global Steel Trade Monitor*; U.S. DEPARTMENT OF COMMERCE; *available at*: https://www.trade.gov/data-visualization/global-steel-trade-monitor
[127] *Data Visualization: ADCVD Proceedings*; INTERNATIONAL TRADE ADMINISTRATION, U.S. DEP'T COMMERCE; *available at*: https://www.trade.gov/data-visualization/adcvd-proceedings

III. Addressing Indirect Trade in Steel is an Economic Imperative:

As the OECD has noted, "[e]xporters are increasingly resorting to a widening range of circumvention techniques in response to OECD countries' trade measures, including…exporting steel in the form of steel-intensive downstream products that are not subject to the trade measures.[128] Indirect trade of steel is the import and export of goods containing steel. For the ten years ending in 2024, indirect exports of steel increased by 26 percent and was "equivalent in volume to 93% of direct exports in 2024."[129]

As the market of choice, the United States remains the market of choice. Without addressing this imbalance and the sectors most impacted the United States will witness an erosion in steel capacity utilization and the continued loss of manufacturing jobs.

A. China

Indirect steel exports are playing a critical role in utilizing China's excess steel capacity as indirect steel exports "have almost doubled" in the decade from 2015-25 totaling 72 mmt in 2025 – an 11 percent increase from 2024.[130] According to some experts, "China's global indirect steel exports — steel embedded in manufactured goods — have exceeded direct steel exports since 2017" with a key structural shift up the value chain from basic metal products to "higher-value automotive and mechanical machinery products."[131] This influx of Chinese indirect exports into Latin America coincided with the region's manufacturing value add showing "virtually no growth" and some have surmised that Chinese indirect steel export are clearly a major contributing factor to the stagnation of regional manufacturing."[132]

Chinese overproduction serves two purposes: it supports domestic jobs and enables state-backed companies to undercut foreign competitors.[133] Perhaps nothing better

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128 *99th Chair's Statement* at bullet 3.

129 Press release; *Worldsteel releases indirect trade in steel date 2014 – 2024*; WORLD STEEL ASSOCIATION; *available at*: https://worldsteel.org/media/press-releases/2026/worldsteel-releases-indirect-trade-in-steel-data-2014-2024/

130 Guarana, Juliana and Jie Ong, Ying; *CRU: China's indirect steel exports find new destination markets*; STEEL MARKET UPDATE (Oct. 10, 2025); *available at*: https://www.steelmarketupdate.com/2025/10/10/cru-chinas-indirect-steel-exports-find-new-destination-markets/

131 *Alacero Summit 2025: John Lichtenstein highlights the growing challenge of China's indirect steel exports*; EUROMETAL (Dec. 15, 2025); *available at*: https://eurometal.net/alacero-summit-2025-john-lichtenstein-highlights-the-growing-challenge-of-chinas-indirect-steel-exports/

132 *John Lichtenstein: China's indirect steel exports are reshaping Latin American manufacturing*; STEELORBIS (Dec. 17, 2025); *available at*: https://www.steelorbis.com/steel-news/latest-news/john-lichenstein-chinas-indirect-steel-exports-are-reshaping-latin-american-manufacturing-1424962.htm

133 *2025 Report to Congress*; U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION ("U.S.-CHINA COMMISSION") ("The world is facing the threat of a China Shock 2.0, whereby overproduction in key industries across China's highly subsidized manufacturing sector floods outward, causing major harm to

exemplifies China's approach to indirect steel exports better than the growth of its automotive sector. Chinese EV production has increased rapidly in no small part due to the nation's mercantilist policies including robust government support. "From 2009 to 2023 alone, China channeled $230.9 billion in new subsidies and other support to its domestic EV sector."[134] "While production efficiencies and supply chain control are important, it is impossible to ignore the role of government support in enabling Chinese automakers to keep their costs low" including by means of long-term loans at below-market rates.[135]

Given the existence of these subsidies, it is little surprise that China's automotive production vastly exceeds its domestic consumption, and the result is increased export of cars the world over – including those powered by internal combustion[136] and electrical engines. Some industry experts expect that BYD's overseas sales will increase by more than 500,000 units this year, a greater than 50% increase.[137] Chinese vehicle sales are increasing in Europe, South American, and Latin America leading to an increasing global market share of nearly 70% in just five years.[138] While the arrival of Chinese-made cars into Canada has made news, their presence is greater in Mexico where 1-in-5 cars sold in Mexico last year was made in Mexico. "Five years ago, sales of Chinese-branded vehicles accounted for less than 1% of total sales in Mexico…Mexico is now the world's top importer of vehicles made in China."[139]

B. Japan

A variety of non-tariff barriers have traditionally impeded access to Japan's automotive market by U.S. automakers and auto parts suppliers. These barriers include: "nonacceptance of U.S. Federal Motor Vehicle Safety Standards certification;

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industries in other countries.") (Nov. 2025) (p. 430); *available at*: www.uscc.gov/sites/default/files/2025-11/2025_Annual_Report_to_Congress.pdf

[134] Ezell, Stephen; *Don't let Chinese EV makers manufacture in the United States*; INFORMATION TECHNOLOGY & INNOVATION FOUNDATION; *available at*: https://itif.org/publications/2025/09/17/dont-let-chinese-ev-makers-manufacture-in-the-united-states/

[135] Helven, Yves; *Subsidies or innovation: why are Chinese vehicles cheaper?*; GLOBAL FLEET THE EXECUTIVE NETWORK; *available at*: https://www.globalfleet.com/en/manufacturers/asia-pacific/analysis/subsidies-or-innovation-why-are-chinese-vehicles-cheaper?a=YHE11&t%5B0%5D=China&t%5B1%5D=Car%20Manufacturers&t%5B2%5D=electric%20vehicle&curl=1

[136] Carey, Nick; *China Floods the world with gasoline cares it can't sell at home*; REUTERS (Dec. 2, 2025); *available at*: https://www.reuters.com/investigations/china-floods-world-with-gasoline-cars-it-cant-sell-home-2025-12-02/

[137] Winton, Neil; *BYD Profit Slip but European Sales Onslaught Gathers Pace*; FORBES (Apr. 7, 2026); *available at*: https://www.forbes.com/sites/neilwinton/2026/04/07/byd-profit-slips-but-european-sales-onslaught-gathers-pace/

[138] Wayland, Michael; *How America's EV retreat in increasing China's control of global markets*; CNBC (Feb. 6, 2026); *available at*: https://www.cnbc.com/2026/02/06/automakers-ev-china-ford-gm.html

[139] Morris, Charles; *Chinese-made vehicles now make up nearly 20% of cars sold in Mexico*; CHARGED ELECTRIC VEHICLES MAGAZINE (Jan. 26, 2026); *available at*: https://chargedevs.com/newswire/chinese-made-vehicles-now-make-up-nearly-20-of-cars-sold-in-mexico

unique standards and testing protocols; unique spectrum allocation for short-range vehicle communications systems; an insufficient level of transparency, including the lack of opportunities for input by interested persons throughout the process of developing regulations; and hindrances to the development of distribution and service networks."[140] Given that domestic steel producers are major suppliers to the U.S. auto industry, barriers that limit U.S. auto shipments to Japan hurt American steel producers as well. AISI therefore urges the U.S. government to continue pressing Japan to address the full range of barriers currently facing the U.S. auto industry.

C. Korea

The Korean government heavily subsidizes the domestic shipbuilding industry, one of the key demand drivers for steel, both by purchasing from the industry and providing financial benefits to companies that will make purchases.[141] In November 2025, the government of Korea announced plans to invest $139 million as part of a "package to overhaul its steel industry" as part of a government restructuring proposal that would provide subsidies for companies transitioning to the production of higher grade steel.[142] In early October 2020, in an administrative review of the countervailing duty order on Certain Hot-Rolled Steel Products from Korea, the Commerce Department found that the Korean government had provided subsidies to Hyundai Steel in the form of free port usage rights and the right to collect fees from third-party users.[143]

D. Mexico

As discussed previously in Section II. E., cheap imports have displaced a significant of Mexico's domestic production.[144] Just as direct steel flows into Mexico have increased, so too has the value of indirect steel imports.

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[140] *2025 National Trade Estimate Report on Foreign Trade Barriers of the President of the United States on the Trade Agreements Program* at 237-8; OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE; *available at*: https://ustr.gov/sites/default/files/files/Press/Reports/2025NTE.pdf

[141] Jin, Moyoun; *Shipbuilding budget soars 40% as South Korea commits to industry growth*; Lloyds List (Feb. 13, 2025); *available at*: https://www.lloydslist.com/LL1152568/Shipbuilding-budget-soars-40-as-South-Korea-commits-to-industry-growth ("The South Korean government has announced a Won258.6bn ($178m) investment this year to enhance the competitiveness of its shipbuilding industry, marking a 40% increase from last year's budget.")

[142] Ha, Ji-Eun and Kim, Woo-Sub and Kim, Dai-Hun; *Korea to overhaul steel industry, pledges $139 million in specialty steel and R&D subsidies*; THE KOREA ECONOMIC DAILY (Nov. 4, 2025); *available at*: https://www.kedglobal.com/corporate-restructuring/newsView/ked202511040010

[143] Issues and Decision Memorandum accompanying *Certain Hot-Rolled Steel Flat Products From the Republic of Korea;* U.S. DEP'T COMMERCE (Oct. 9, 2020); 85 Fed. Reg 64,122 (final results of countervailing admin review).

[144] *See Mexico's Steel Output.*

IV. Conclusion

Together, excess capacity and production create a vicious global race to the bottom. Excess capacity and overproduction are maintained by government subsidies and other policies that are unmoored from either market disciplines or demand. Over production in one nation fuels exports that displace production and undermine capacity utilization elsewhere – repeating and reinforcing a manufacturing cycle that is unmoored from market demand and protected by government subsidies. This pattern undermines innovation and profitability in market-based economies – particularly in the United States, the world's consumer market of last resort.

Market-based nations have attempted to address excess capacity and overproduction individually and collectively. These well-meaning but inadequate trade enforcement measures have spurred nations with excess capacity and production to engage in rampant dumping and tariff circumvention of steel products as well as the export of manufactured, steel-intensive goods that are not subject to trade enforcement measures.

We commend USTR for its recognition of the damaging effects of sectoral excess capacity and overproduction, in particular in steel, and urge USTR to take the strongest steps possible to get countries with non-market excess capacity to eliminate the discriminatory trade practices they are utilizing and are highlighted throughout this submission which are the root causes of this crisis. We also encourage USTR to evaluate the worst actors, those whose steelmaking excess capacity continues to increase, along with their steel exports, and consider what additional remedies may be necessary and appropriate, including cumulative tariffs, to help curb the market damaging effects global excess capacity is causing for American steel producers and workers.

Sincerely,

Kevin M. Dempsey
President and Chief Executive Officer