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October 30, 2025

The Honorable Jamieson Greer
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

RE: Comments Regarding Significant Foreign Trade Barriers for the 2026 National Trade Estimate Report [Docket Number USTR—2025—0016]

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 regarding USTR's 2026 National Trade Estimate Report on Foreign Trade Barriers (NTE Report). The foreign government laws, policies, and practices identified below severely distort global trade and are of particular concern to AISI and its members.

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 and stainless steels. These steels are critical to America's national and economic security, including roads and bridges, buildings, the electrical grid, cars and trucks and all clean energy technologies. AISI also represents associate members who are suppliers to or customers of the steel industry.

I. INTRODUCTION

Foreign trade barriers distort international trade and are extremely harmful to U.S. companies, especially those in the American steel industry. Such restrictions act as barriers to U.S. exports and investment, restrict U.S. producers' access to raw materials, and create an unlevel playing field in international competition by unfairly advantaging certain countries' manufacturers to the detriment of U.S. producers and suppliers. In its

[1] *Request for Comments on Significant Foreign Trade Barriers for 2065 National Trade Estimate Report,* 90 Fed. Reg. 44448-50- (Office of the U.S. Trade Rep. Sept. 15, 2025).

annual NTE Report, USTR identifies various foreign trade barriers, including export restrictions, import barriers, investment barriers, subsidies, anticompetitive conduct of state enterprises (SEs),[2] and other forms of government intervention. The discussion below identifies trade restrictions in these categories for USTR's inclusion in its 2026 NTE Report, including those that are among the most concerning to AISI's member companies.

Many of these barriers have been very harmful to domestic steelmakers. Around the world, governments regularly intervene in steel markets to bestow unfair competitive advantages on their domestic industries. In addition to the numerous export restrictions, import barriers, investment barriers, subsidies, and other forms of government intervention that benefit foreign producers at the expense of the American steel industry, AISI encourages USTR to monitor specifically the conferral of transnational subsidies. Given the use of these cross-border subsidies by China through its Belt and Road Initiative, it is critical that the U.S. government closely monitor their effect on the competitiveness of the American steel industry.

AISI also notes that the COVID-19 pandemic caused many countries to impose trade barriers and other measures to combat the health crisis and ensuing economic impacts. As highlighted below, several of these policies may remain in place and impact the ability of the U.S. steel industry to compete fairly and freely in global markets. As USTR monitors these and other issues, it should pay special attention to the barriers erected and advantages conferred in countries such Brazil, China, Korea, India, Indonesia, Russia, and Turkey. As detailed at length in this submission, the barriers imposed in these markets and the subsidies conferred to domestic producers in these countries are particularly problematic for the American steel industry.

Additionally, taken together, market distorting interventions, such as those described above, have created a serious global overcapacity crisis. According to the Organization for Economic Cooperation and Development (OECD) Steel Committee, global excess steel capacity remains substantial, estimated at 602 million metric tons (MT) in 2024, and is expected to increase to 721 million MT by 2027.[3]

In addition, the OECD Steel Committee has noted that Chinese steel exports have doubled since 2020, surging to 118 MMT in 2024, as steel demand in that country has

[2] As noted in a recent OECD paper on *International Trade and Investment by State Enterprises*, the term "state enterprises" includes "state-owned, state-controlled and otherwise state influenced enterprises." Przemyslaw Kowalski and K. Perepechay, *International Trade and Investment by State Enterprises*, OECD Trade Policy Papers, at 7 (Sept. 29, 2015), *available at* http://dx.doi.org/10.1787/5jrtcr9x6c48-en.
[3] OECD 97th Session of the OECD Steel Committee Chair's Statement (April, 2025) available at: https://www.oecd.org/en/about/news/speech-statements/2025/04/97th-session-of-the-steel-committee-statement-by-the-chair.html

dropped but steel capacity and production have continued at elevated levels.[4] Overcapacity at such significant and growing levels has encouraged foreign unfair trade practices and encouraged dumping of excess production on world markets that harms American steelmakers.

AISI appreciates that the Trump administration continues to recognize the challenges that the domestic steel industry faces due to the ongoing global steel excess capacity crisis and has strengthened the remedy put in place under Section 232 of the Trade Expansion Act of 1962 (Section 232) on foreign steel imports to protect our national security. By increasing the Section 232 steel tariffs to 50 percent and removing the countrywide and product specific exemptions, the administration has reaffirmed its commitment to vital domestic industries by acting to prevent injurious surges in imports driven by trade-distorting foreign government policies and practices.

II. IMPORT BARRIERS

Import-restricting policies, such as tariffs and other import charges, quantitative restrictions, import licensing, and customs barriers, can distort trade by protecting a country's domestic producers from import competition to the detriment of foreign producers. Some of the most trade-distortive global import barriers are discussed below.

A. China

The Chinese market continues to be effectively closed to steel imports, despite a commitment in the Phase One deal with China to increase purchases of U.S.-produced steel.[5] Since China acceded to the WTO in 2001, its demand for finished steel has increased by nearly 490 percent, peaking at more than 1 billion MT in 2020.[6] Yet in 2024 as apparent steel consumption in China was estimated to be 856 million MT,[7] China imported only 8.5 million MT of steel, of which the U.S. only accounted for 48,586 MT.[8]

Between 2009 and 2024, China's steel exports increased by 388 percent, its steel imports decreased by approximately 61 percent.[9] China's closed steel market is the result of the

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[4] *Id.*
[5] *Factbox: What's in the U.S.-China Phase 1 trade deal*, Reuters (Jan. 15, 2020), *available at* https://reut.rs/3nTGWUo.
[6] 2025 World Steel in Figures, World Steel Association at 16, available at https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf
[7] *Id.*
[8] International Trade Administration, Global Steel Trade Monitor, available at: https://www.trade.gov/data-visualization/global-steel-trade-monitor
[9], Worldsteel in Figures 2011, at 24, available at: https://worldsteel.org/wp-content/uploads/2011-World-Steel-in-Figures.pdf; Worldsteel in Figures 2025, at 27, available at: https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf

Chinese government's creation of subsidized overcapacity—China produced 1.005.1 billion MT of crude steel in 2024, 856 million MT more than India, the world's second largest producer of crude steel, produced that year—and its support for developing domestic sources for the few steel products that China does import.[10] Significant overcapacity poses a national security risk to the United States, "as cheap Chinese steel and finished aluminum product imports threaten to hollow out the domestic industries and weaken the national defense industrial base."[11] China's steel industrial policies are striking because of the extent to which they attempt to dictate industry outcomes and involve the government in making decisions that should be made by the marketplace.[12] Using these policies, China has implemented a long- standing, *de facto* import substitution scheme that denies foreign producers access to the world's largest steel market.

Unfortunately, promises of resolving excess capacity issues are not new, and any sincere efforts over the past decade to close outdated and excess steel plants have failed. Instead of tackling the causes of growing debt and depressed global prices, the Chinese Communist Party (CCP) has pursued a well-documented strategy of consolidation. In 2024 USTR commented that "China is the world's leading offender in creating nonmarket capacity, as evidenced by the severe and persistent excess capacity situations in several industries, including steel and aluminum.[13]

China's more recent policy initiatives have doubled down on the pursuit of self-sufficiency. Specifically, China's "dual circulation" strategy "envisions a new balance away from global integration (the first circulation) and toward increased domestic reliance (the second circulation)."[14] The policy "sees the continued decoupling of global supply chains as an enduring trend" and "engag{es} international capital, financial, and technological markets when advantages can be gained while simultaneously bolstering indigenous capabilities to avoid overreliance on the global economy—due to national security concerns or the vagaries of global economic cycles."[15] It is thus likely that U.S. companies in industries like steel and other strategic sectors will continue to find

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[10] 2025 World Steel in Figures, World Steel Association at 9, available at https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf

[11] U.S.-China Economic and Security Review Commission Annual Report, Ch. 1, Sec. 2, p. 91, (Nov. 2017), *available at* https://www.uscc.gov/sites/default/files/Annual_Report/Chapters/Chapter%201,%20Section%202%20-%20State-Owned%20Enterprises,%20Overcapacity,%20and%20China's%20Market%20Economy%20Status.pdf.

[12] USTR, *2017 Report to Congress on China's WTO Compliance* (Jan. 2018) at 90.

[13] 2024 National Trade Estimate Report, *available at https://ustr.gov/sites/default/files/2024%20NTE%20Report.pdf*

[14] Jude Blanchette and Andrew Polk, *Dual Circulation and China's New Hedged Integration Strategy*, Center for Strategic and International Studies (Aug. 24, 2020).

[15] *Id.*

themselves cut out of the Chinese market as the CCP aims to satisfy more domestic demand from domestic producers.

Importantly, the growth of China's steel industry over the past four decades is not just a *consequence* of its overall economic development—it is credited as one of the drivers of this economic transformation, and it would be a mistake to overlook the Chinese steel industry's role as an arsenal in the CCP toolkit.[16]

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 historically included: "non-acceptance of U.S. Federal Motor Vehicle Safety Standards certification; 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."[17] However, the Trump administration has made significant progress over the past year negotiating a new trade agreement with Japan, in which the Japanese government agreed to remove longstanding restrictions on U.S. automobiles and committed to accepting U.S. automotive standards.[18] Given that domestic steel producers are major suppliers to the U.S. auto industry, AISI applauds the administration efforts in reducing these barriers.

As in the automotive sector, the Japanese steel market has long been distorted by non-tariff barriers that have significantly limited Japanese consumers from importing steel and many steel-containing goods, thus leading to gross disparities in Japan's steel trade. In 2024, Japan exported 31.2 million MT of steel to the world, ranking second worldwide behind China.[19] Japan's export volume was one third of that of China's, despite Chinese steel production being more than ten times larger than Japanese production.[20] In 2024, Japan had net exports of 25 million MT of steel and its steel exports, as a share of production, were 37.1 percent.[21] In comparison, the United States had net imports of 18.6 million MT of steel, and its steel exports, as a share of

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[16] Chuin-Wei Yap, *How China Built a Steel Behemoth and Convulsed World Trade*, The Wall Street Journal (Dec. 24, 2018), *available at* https://on.wsj.com/2SUK9EM.
[17] USTR NTE Report at 241.
[18] IMPLEMENTING THE UNITED STATES–JAPAN AGREEMENT, Executive Order 14345, 90 Fed. Reg. 43535-38, Sept. 9, 2025, available at: https://www.govinfo.gov/content/pkg/FR-2025-09-09/pdf/2025-17389.pdf
[19] 2025 World Steel in Figures, World Steel Association at 27, available at https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf
[20] *Id.* at 9, 27.
[21] *Id.*

production, were 10.9 percent.[22] According to the Commerce Department's Global Steel Trade Monitor, exports of Japanese steel products to the U.S. market totaled approximately 1.06 million MT in 2024, while U.S. steelmakers only exported 10,877 MT of steel products to Japan.[23] For decades, Japan's market barriers have contributed to numerous instances of dumping by Japanese steel producers into other countries—a direct result of the fact that a closed market makes it easier for Japanese mills to dump their remaining production elsewhere.[24]

C. Indonesia

Indonesia has implemented various import policies that serve to protect its domestic steel industry. In its 2025 NTE Report, USTR explained that "Indonesia's import licensing system continues to be a significant non-tariff barrier for U.S. businesses due to numerous, overlapping import licensing requirements that impede market access."[25] Additionally, over the last decade, Indonesia has periodically increased its applied tariff rates for a range of goods that compete with locally-manufactured products.[26]

Like Japan, Indonesia has enacted barriers to shield its auto industry from foreign competition,[27] thereby limiting the export of U.S. vehicles and automobile parts to the country. For instance, in recent years the Indonesian government enacted regulations

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[22] *Id.*

[23] International Trade Administration, Global Steel Trade Monitor, *available at* https://www.trade.gov/data-visualization/global-steel-trade-monitor.

[24] *See, e.g.*, *Diffusion-Annealed Nickel-Plated Flat-Rolled Steel Products From Japan*, 84 Fed. Reg. 38,001 (Dep't Commerce Aug. 5, 2019) (final results of expedited first five-year sunset review) (finding revocation would be likely to lead to continuation or recurrence of dumping); *Welded Large Diameter Line Pipe From Japan*, 84 Fed. Reg. 1,059 (Dep't Commerce Feb. 1, 2019), (final results of expedited third five- year sunset review) (finding revocation would be likely to lead to continuation or recurrence of dumping); *Certain Carbon and Alloy Steel Cut-To Length Plate From Austria, Belgium, France, the Federal Republic of Germany, Italy, Japan, the Republic of Korea, and Taiwan*, 82 Fed. Reg. 24,096 (Dep't Commerce May 25, 2017) (amended final affirmative antidumping determinations for France, the Federal Republic of Germany, the Republic of Korea and Taiwan, and antidumping duty orders); *Certain Hot-Rolled Steel Flat Products From Australia, Brazil, Japan, the Republic of Korea, the Netherlands, the Republic of Turkey, and the United Kingdom*, 81 Fed. Reg. 67,962 (Dep't Commerce Oct. 3, 2016) (amended final affirmative antidumping deter. for Australia, the Republic of Korea, and the Republic of Turkey and antidumping duty orders); *Certain Cold-Rolled Steel Flat Products From Japan and the People's Republic of China*, 81 Fed. Reg. 45,956 (Dep't Commerce July 14, 2016) (antidumping duty orders); *Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe (Over 4\1/2\ Inches) From Japan*, 79 Fed. Reg. 42,762 (Dep't Commerce July 23, 2014) (prelim. results of the antidumping duty admin. review; 2012-2013) (calculating an antidumping duty assessment rate of 107.8 percent for Sumitomo Metal Industries, Ltd.).

[25] USTR 2025 NTE Report at 213.

[26] *Id.* at 212

[27] Matthew DeBord, *Ford is shutting down operations in Japan and Indonesia*, BusinessInsider (Jan. 25, 2016), *available at*https://www.businessinsider.com/r-ford-to-exit-all-operations-in-japan-indonesia-this- year-2016-1.

that set forth an escalating local content requirement for electric vehicles, currently at 40 percent from 2022-2026 and increasing to 80 percent in 2030 and beyond.[28] These measures support the Indonesian steel industry at the expense of U.S. steelmakers. Additionally, the Indonesian government's National Industrial Development Masterplan for 2015 – 2035 (RIPIN),[29] promotes local content requirements for priority industries, such as the steel industry. To encourage the use of domestic products, the RIPIN states that the Indonesian government will "[p]rovid[e] incentives to private businesses that consistently use local product; [a]udit of compliance with the obligation to increase product use domestic; [e]ncourage products/ goods that are in the Inventory List of Goods/Services Domestic Production."[30] In short, the Indonesian government encourages domestic companies to use domestically sourced products, such as Indonesian steel, through various mechanisms.

As part of the U.S. – Indonesia Framework Agreement on Reciprocal Trade, the administration has made significant strides in reducing many of the barriers mentioned above. Specifically, negotiating an exemption for U.S. companies and originating goods from local content requirements, as well as persuading the Indonesian government to agree to accept U.S. federal motor vehicle safety and emissions standards.[31] As the U.S. government continues its efforts to finalize this deal, AISI urges the administration to ensure that Indonesia upholds its end of the agreement.

III. EXPORT RESTRICTIONS

Many countries have enacted substantial barriers to raw material exports to ensure an abundant domestic supply, at low prices, for their steelmakers and other manufacturers. These export barriers include, but are not limited to, export quotas, taxes, and licensing requirements. Foreign governments use such restrictions to discourage exports of raw materials, promote the development of domestic industries, and subsidize domestic downstream industries.

Many of these trade barriers violate WTO agreements, and all of them adversely impact U.S. manufacturers and the entire global economy. Manufacturing industries in the

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[28] Accelerating Indonesia's Electric Vehicle Industry: Insights into TKDN and Presidential Regulation No. 79/2023, Permitindo, February 18, 2025, available at: https://www.permitindo.com/news/indonesia-ev-industry-regulation#:~:text=2019%E2%80%932021:%20Minimum%20TKDN%20of,:%20Minimum%20TKDN%20of%2080%25.
[29] Ministry of Industry, *Master Plan National Industrial Development 2015 – 2035* (June 2015).
[30] *Id.* at 68.
[31] JOINT STATEMENT ON FRAMEWORK FOR UNITED STATES-INDONESIA AGREEMENT ON RECIPROCAL TRADE, The White House, July 22, 2025, available at: https://www.whitehouse.gov/briefings-statements/2025/07/joint-statement-on-framework-for-united-states-indonesia-agreement-on-reciprocal-trade/

countries that engage in this market manipulation are granted an unfair competitive advantage, while manufacturers in other countries, like the United States, face limited supplies and higher prices for strategic raw materials.[32] The result is an increase in costs throughout the production chain, from intermediate to finished goods, as well as other distortions throughout the global economy. Some of the most restrictive global export barriers, which negatively affect the U.S. and global steel industries, are described below.

A. China

China controls approximately 63 percent of global rare earths mining capacity and 85 percent of global rare earths refining capacity,[33] and for years, the Chinese government has imposed export quotas, export taxes, and other measures to limit the export of raw materials, for the benefit of its domestic industries. These restraints have caused a global scarcity of certain raw materials and have driven up prices of raw materials in global markets. China has moved to strengthen state control over the rare earths industry in a manner that may also result in *de facto* restraints on exports of these raw materials. In December 2021, China approved a merger of three of China's largest rare earth SE's along with two other companies creating the China Rare Earth Group which accounts for 30 percent of China's production of rare earth metals as well as 60-70 percent of China's heavy rare earth metals.[34]

Chinese exertion of state control over its rare earth industry is a vital part of China's plan to develop integrated supply chains.[35] In 2024 China proposed new regulations to

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[32] *See* OECD, *Steelmaking Raw Materials: Market and Policy Developments*, DSTI/SU/SC (2012)1/FINAL (Oct. 11, 2012) at 57 ("OECD, *Steelmaking Raw Materials 2012*"); Presentation of the Secretariat for the 81st Steel Committee Meeting, *Item 4. Developments in Markets for Steelmaking Raw Materials: Assessing the Gains from More Open Export Policies* (Sept. 8, 2016) at 2.

[33] Lara Seligman, China Dominates the Rare Earths Market. This U.S. Mine Is Trying to Change That, Politico, (Dec. 14, 2022) available at: https://www.politico.com/news/magazine/2022/12/14/rare-earth-mines-00071102.

[34] Felix K Chang, China's Rare Earth Metals Consolidation and Market Power, Foreign Policy Institute, (March 2, 2022) available at: https://www.fpri.org/article/2022/03/chinas-rare-earth-metals-consolidation-and-market-power/

[35] In 2016, MIIT also issued a *Rare Earths Industry Development Plan (2016-2020)*, which calls for continuing development of downstream application industries pursuant to Made in China 2025, and for reducing exports of primary rare earth materials 27 percent by 2020. While the plan does identify formal measures to achieve this, it also seeks to "establish a social responsibility report system and credit blacklist system for rare earth exporting enterprises, which could be used to exert political pressure or otherwise coerce potential exporters to reduce exports and channel rare earth resources to domestic strategic industries. It is thus likely that the six state enterprise rare earth groups will not operate on a purely commercial basis and will channel rare earth supplies to favored domestic industries or enterprises to further industrial policy objectives. *Notice of the Ministry of Industry and Information Technology Regarding Publication of the Rare Earths Industry Development Plan (2016-2020)* Gong Xin Bu Gui [2016] No. 319 (Sept. 29, 2016) at 11-12, 27.

further control the supply of rare earth minerals, stating that these resources belong to the government and it will therefore oversee the development of the industry, of which China accounts for roughly 90 percent of the global supply.[36] In February 2024, China released its first batch of quotas for rare earth mining and smelting and separation for 2024, with a rare earth mining quota of 135,000 tonnes, and a smelting and separation quota of 127,000 tonnes, up by 12.5 percent and 10.4 percent from 2023.[37] In 2025 China decreased transparency around its rare earth production, issuing its rare earth quotas for mining and smelting without making that information publicly available.[38] Additionally, in February of this year, China announced they were implementing export controls on several steel making raw materials, including molybdenum, tungsten, tellurium and bismuth.[39]

In recent years, China has increased its use of export controls and designation lists, targeting the supply chains of the U.S. and its allies, to undermine the defense industrial base by reducing the availability of critical minerals that have wide-ranging commercial uses.[40] Supply chain issues during the COVID-19 pandemic highlighted the importance of diversifying Chinese sources for inputs.[41] Since rare earths constitute a small portion of manufacturing costs, individual manufacturers or industries often do not have the means to prioritize developing alternative sources.[42] Experts emphasize that developing alternative sources of rare earths—it can take a decade to develop a sustainable source—may require a level of funding to which only governments have access.[43]

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[36] Reuters, "China issues rare earth regulations to further protect domestic supply" (June 29, 2024), available at: https://www.reuters.com/markets/commodities/china-issues-rare-earth-regulations-further-protect-domestic-supply-2024-06-29/#:~:text=The%20regulations%2C%20issued%20by%20the,world's%20dominant%20producer%2C%20accounting%20for

[37] The Fastmarkets team, China issues first batch of rare earth quotas for 2024, Fastmarkets, (Feb 7, 2024) available at: https://www.fastmarkets.com/insights/china-issues-first-batch-of-rare-earths-quotas-for-2024/

[38] Reuters, "China tightens grip over rare earth supply quotas" August 22, 2025, available at: https://www.reuters.com/world/china/china-tightens-grip-over-rare-earth-supply-quotas-2025-08-22/

[39] Decision to implement export controls on tungsten, tellurium, bismuth, molybdenum and indium related items, International Energy Agency, May 5, 2025, available at: https://www.iea.org/policies/26795-decision-to-implement-export-controls-on-tungsten-tellurium-bismuth-molybdenum-and-indium-related-items

[40] USTR, 2025, NTE Report, at 85, available at: https://ustr.gov/sites/default/files/files/Press/Reports/2025NTE.pdf

[41] Jamie Smyth, *US-China: Washington revives plans for its rare earths industry*, Financial Times (Sept. 14, 2020), *available at* https://on.ft.com/3nObbMr.

[42] *Id.*

[43] *Id.*

B. India

In 2024, India was the world's second-largest steel producer,[44] and Indian steel production increased from 140.8 million MT to 149.4 million MT in 2024.[45] India also ranks among the world's leading producers of many critical raw materials, including coal, iron ore, manganese ore, chromite, zinc, bauxite, and aluminum.[46] The Indian government has been aggressively attempting to make Indian steel more globally competitive, and it set a goal in 2017 to expand its total steelmaking capacity to 300 million MT by 2030.[47] To achieve its goals, the Indian government committed to "ensur[ing] availability of raw materials like iron ore, coking coal and non-coking coal, natural gas[,] etc. at competitive rates."[48] Since 2008, India has imposed restrictions on certain critical raw materials, including iron ore, in the form of *ad valorem* export taxes.[49] Indian iron ore exports peaked at 127 million metric tons (MT) in 2011, causing the government to increase its export duty on iron ore lumps and fines to 30 percent[50] to "conserv[e] iron ore for domestic steel units."[51] The Indian government again raised the export duty to 50 percent in May of 2022[52], however this export duty was repealed in November of 2022.[53] The Indian government continues to signal that export restraints are critical for the development of the Indian steel industry, and the Indian steel sector,

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[44] 2025 World Steel in Figures, World Steel Association at 9, available at: https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf
[45] *Id.*
[46] India Brand Equity Foundation, *Metals and Mining* (Sept 4. 2020), available at https://www.ibef.org/industry/metals-and-mining.aspx.
[47] *See* Draft Steel Scrap Policy (June 28, 2019), *available at* https://steel.gov.in/policies/draft-steel-scrap-policy-seeking-comments-stake-holders; India National Steel Policy 2017 at 4.
[48] *See New Steel Policy to boost domestic products use, invest Rs 10 lakh cr to up capacity to 300 mn t by 2030*, First Post (May 4, 2017), *available at* https://www.firstpost.com/business/new-steel-policy-to-boost-domestic-products-use-invest-rs-10-lakh-cr-to-up-capacity-to-300-mn-t-by-2030-3422828.html.
[49] *See* Unmesh Wagh, Department of Revenue, Government of India Ministry of Finance, *Notification No. 79/2008, and No. 66/2008 – Customs* (June 13, 2008).
[50] USTR 2017 NTE Report at 218. *See also* OECD, *Steelmaking Raw Materials 2012* at 57; Rajesh Roy, *India Raises Iron Ore Export Tax*, Wall Street Journal (Jan. 2, 2012), *available at* https://www.wsj.com/articles/SB10001424052970203462304577136071808492412.
[51] Jayajit Dash, *Iron ore exports to lose steam in FY18 on weak price outlook*, Business Standard (Apr. 21, 2017), *available at* https://www.business-standard.com/article/companies/iron-ore-exports-to-lose- steam-in-fy18-on-weak-price-outlook-117042000920_1.html.
[52] Press Trust of India, *Export Duty On Iron Ore Hiked Up To 50% To Increase Domestic Availability*, NDTV (May 22, 2022) *available at* https://www.ndtv.com/business/export-duty-on-iron-ore-hiked-up-to-50-to-increase- domestic-availability-2997546.
[53] Neha Arora, "India scraps export tax on low-grade iron ore, some steel intermediates", Reuters, November 20, 2022, available at: https://www.reuters.com/markets/commodities/india-scraps-export-tax-low-grade-iron-ore-some-steel-intermediates-2022-11-18/#:~:text=Reuters%20Plus-,India%20scraps%20export%20tax%20on%20low%2Dgrade%20iron%20ore%2C%20some,and%20thereby%20hold%20down%20inflation.

represented by the Federation of Indian Mineral Industries (FIMI), has been quick to advocate for raising export barriers when it thinks its supply is threatened.

India again has been planning on introducing a 30 percent export duty on low-grade iron ore in October of this year, but as of this writing it has yet to move forward with this measure.[54] Additionally, in response to China's efforts to restrict the export of critical minerals, it was reported that the government of India has asked state-run mining company IREL to suspend rare earth exports to Japan.[55] According to data from the OECD, India was one of the top five countries in terms of enacting new export restrictions from 2009 – 2023, accounting for 18 percent of new export restrictions matching only China.[56]

Such restrictions have a significant and troubling effect on exports.[57] "Having shipped just 4 million MT in 2015, India's 2016 iron ore exports [sky]rocketed to 22 million [MT]" when export duties were removed on low grade ore.[58] Similarly, after the export duty increase on iron ore in 2022, exports of iron ore fell by 92 percent.[59] This confirms that India's trade distortive policies are limiting the supply of raw materials to world markets.

C. 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.[60] 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 markets such as the United States and Europe,

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[54] Halina Yermolenko, "India plans to introduce a 30% export duty on low-grade iron ore" GMK Center, September 11, 2025, available at: https://gmk.center/en/news/india-plans-to-introduce-a-30-export-duty-on-low-grade-iron-ore/

[55] Neha Arora and Aditi Shah, "Exclusive: India moves to conserve its rare earths, seeks halt to Japan exports, sources say", June 15, 2025, available at: https://www.reuters.com/world/india/india-moves-conserve-its-rare-earths-seeks-halt-japan-exports-sources-say-2025-06-13/

[56] OECD Inventory of Export Restrictions on Industrial Raw Materials 2025, May 2025, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/05/oecd-inventory-of-export-restrictions-on-industrial-raw-materials-2025_a16b8932/facc714b-en.pdf

[57] *See* OECD, *Export Restrictions on Steelmaking Raw Materials: Examining Changes in the Stance of Policies Since 2009*, DSTI/SU/SC (2014)7 (June 2014) at 5.

[58] *Core connections from mine to market*, Wood Mackenzie (June 20, 2017), *available at* https://www.woodmac.com/ms/metals-mining/the-return-of-indian-iron-ore-exports-blip-or-trend/.

[59] Express Mobility Desk, CII calls for withdrawal of 50 percent export duty on low grade iron ore, Express Mobility (Aug. 23, 2022) *available at* https://www.financialexpress.com/express-mobility/cii-calls-for-withdrawal- of-50-percent-export-duty-on-low-grade-iron-ore/2641703/.

[60] *China's stainless sector facing tough March: Tsingshan*, Fastmarkets AMM (Feb. 28, 2019), *available at* https://www.amm.com/Article/3314585/Chinas-stainless-sector-facing-tough-March-Tsingshan.html.

as Indonesian consumption of stainless steel products is well below the annual production capabilities at this facility.[61] 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.[62] As a result of this action by the Indonesian government, 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.[63] Nevertheless, in 2022, Indonesia's President announced his intent to stop exports of other raw materials from Indonesia, including bauxite ore, gold, and tine ore.[64]

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.[65] 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 U.S. and other world steelmakers. For example, in March 2023, PT Vale Indonesia, a subsidiary of Brazil's Vale mining operation, which is one of the largest iron ore and nickel producers in the world, signed an agreement with Taiyuan Iron and Steel Company (TISCO), which would provide investment for a project to build a Rotary Kiln-Electric Furnace (RKEF) nickel processing plant in the Morowali district of Indonesia with minimum production goals of 73,000 MT of nickel.

[61] In November 2017, a 50-50 joint venture was announced between U.S.-based Allegheny Technologies and an affiliate of the Tsingshan Group to produce stainless steel sheet in North America using Indonesian redi-to-roll slabs, which are then hot rolled into coils in the United States. Grace Lavigne Asenov, *ATI, Tsingshan form stainless sheet venture (update)* Fastmarkets AMM (Nov. 2, 2017), *available at* https://www.amm.com/Article/3763984/ATI-Tsingshan-form-stainless-sheet-venture-update.html. Further, in in February 2019, a Chinese consortium led by Contemporary Amperex Technology Ltd and Tsingshan began working on a lithium battery industrial park in Sulawesi, Indonesia. In July 2020, Tsingshan expanded their investment to $15 billion and shortly thereafter Indonesia re-implemented a complete ban on nickel exports for 2020 through 2022. *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.

[62] Bernadette Christina, "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

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

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

[65] 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*

Construction on the project was expected to begin this year.[66] Additionally, it was recently announced that POSCO, South Korea's largest steel producer would be entering a joint venture in Indonesia with China's Tsingshan Holding Group, the world's largest stainless steel producer.[67]

As part of the U.S. – Indonesia Framework Agreement on Reciprocal Trade, it was announced that Indonesia would be removing export restrictions on all industrial commodities, including critical minerals.[68] However, it was reported shortly after that Indonesia Chief Economic Affairs Minister Airlangga Hartarto, would maintain the nickel ore export ban.[69] AISI is strongly opposed to moving forward with any agreement with Indonesia that maintains its export ban on nickel ore, as this would continue to distort global markets for nickel and strengthen China's position in the global nickel market.

D. Other Global Export Restrictions

The OECD has identified a significant number of export restrictions on raw materials used in steelmaking by various countries.[70] For example:

- China, India, Russia, and Ukraine, and export restrictions on coking coal.[71]
- Malaysia imposed a ban on the export of rare earths metals in August of this year.[72]

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[66] Vale announces seven agreements in China to strengthen its strategic agenda and its relationship with the country, Vale, March 29, 2023, available at: https://vale.com/w/vale-announces-seven-agreements-in-china-to-strengthen-its-strategic-agenda-and-its-relationship-with-the-country
[67] Jin-Won Kim and Woo-Sub Kim, The Korean Economic Daily "POSCO, Tsingshan join forces to turn Indonesia into stainless hub" September 26, 2025
[68] JOINT STATEMENT ON FRAMEWORK FOR UNITED STATES-INDONESIA AGREEMENT ON RECIPROCAL TRADE, The White House, July 22, 2025, available at: https://www.whitehouse.gov/briefings-statements/2025/07/joint-statement-on-framework-for-united-states-indonesia-agreement-on-reciprocal-trade/
[69] Jayanty Nada Shofa, Jakarta Globe, "Indonesia to Ease Mineral Export Restriction for US, But Ore Sale Ban Remains" July 23, 2025, available at: https://jakartaglobe.id/business/indonesia-to-ease-mineral-export-restriction-for-us-but-ore-sale-ban-remains#goog_rewarded
[70] OECD, Inventory of *Export Restrictions in Raw Materials* at 11-12.
[71] *OECD Methodological note to the Inventory of Export Restrictions on Industrial Raw Materials Document* (March 24, 2025), *available at https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/export-restrictions-on-critical-raw-materials/methodological-note-inventory-export-restrictions-industrial-raw-materials_2024.pdf*
[72] Ralph Jennings, "Malaysia flexes rare earth muscle as mineral-hungry US seeks non-Chinese sources", South Morning China Post, August 23, 2025, available at: https://www.scmp.com/economy/global-economy/article/3322810/malaysia-flexes-rare-earth-muscle-mineral-hungry-us-seeks-non-chinese-sources?module=perpetual_scroll_0&pgtype=article

- Vietnam continues to impose a 40 percent export tax on iron ore, and a 22 percent export tax on nickel, cobalt, aluminum, lead, and zinc ores and concentrates.[73] Further, Vietnam imposes a 10 to 15 percent export tariff on coal, which the government has refused to lower.[74]

E. Global Export Restrictions on Steel Scrap

Steel scrap, a raw material in which few countries are self-sufficient despite worldwide production, is subject to more export restrictions than any other steel input.[75] The global steel industry depends on trade in scrap and other key raw materials such as iron ore, coke, coal, and ferroalloys. Free global trade of steel scrap is especially important given the role steel scrap plays in facilitating reduced emissions in both integrated and electric arc furnace steelmaking. Approximately 30 countries restrict scrap exports, which has resulted in market distortions, severe shortages, and increased prices.

1. Effects of Scrap Export Restrictions

Export restrictions on steel scrap have a significant effect on the world market. Reduced international supply can lead to higher global prices. Limits on scrap availability impact all consumers of scrap and negatively impact important manufacturing sectors in the U.S. economy. Because the vast majority of steel scrap is used to make new steel, government restrictions on global scrap supply have adverse effects on those U.S. steelmakers that use electric arc furnaces for production as scrap is a significant input. Other key U.S. industries affected include foundries, construction, automotive manufacturing, and appliances. The problem impacts companies of all sizes, from national manufacturers to small family-owned businesses, and jeopardizes jobs in manufacturing and consuming industries.

While export restrictions depress global steel scrap availability, often causing prices to increase,[76] countries imposing the restrictions can maintain higher stocks of the material at lower prices within their countries, thus subsidizing their downstream industries and giving local producers an unfair competitive advantage. Furthermore, frequent changes

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[73] *See MoF maintains raw iron export tax*, Viet Nam News (July 13, 2017). OECD, *Export Restrictions in Raw Materials* at 29. *See also Vietnam metallurgy association raises alarm over illegal iron ore exports to China*, Tuoi Tre News (Aug. 2, 2014); *Has iron ore been smuggled across the border?*, Vietnam.net (Dec. 2, 2014); 2013 WTO Trade Policy Review Report: Vietnam at 173, Table A3.5; *see also* Trang Nguyen, A Guide to Import and Export Procedures in Vietnam, Vietnam Briefing (Sept. 9, 2021), *available at* https://www.vietnam-briefing.com/news/a-guide-to-import-and-export-procedures-vietnam.html/.

[74] *See Finance Ministry refuses to cut tax rates for coal industry*, Vietnam.net (July 31, 2017).

[75] OECD, *Steelmaking Raw Materials 2012* at 56; Presentation of Eric Harris, OECD/South Africa Workshop on Steelmaking Raw Materials (Dec. 11, 2014) at 9.

[76] *See* K.C. Fung and Jane Korinek, *Economics of Export Restrictions as Applied to Industrial Raw Materials*, OECD Trade Policy Paper No. 155, TAD/TC/WP (2012)23/FINAL (Apr. 26, 2013) at 4.

to these restrictions, coupled with a general lack of transparency, create significant uncertainty over scrap supply and availability, rendering scrap prices highly volatile.

2. Scrap Export Restrictions Imposed Globally

A number of countries have imposed complete bans on scrap exports, including the following: Argentina;[77] Armenia;[78] Guyana;[79] Indonesia;[80] Kazakhstan;[81] Kenya;[82] Nigeria;[83] Sri Lanka;[84] Trinidad and Tobago;[85] and the UAE.[86] Moreover, other countries are considering, or have already implemented, new steel scrap restrictions.

Mexico has also instituted an export ban on scrap metal used in food containers.[87] AISI opposes such restrictions and urges USTR to closely monitor these developments, which would be inconsistent with the goals of USMCA.

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[77] *Argentina extends scrap export restrictions*, *available at* https://www.kallanish.com/en/news/steel/market-reports/article-details/argentina-continues-to-restrict-scrap-exports-1221/.

[78] Gayane Hovsepyan, *Armenia Temporarily Bans Export of Non-Ferrous Scrap*, hetq (Jan. 14, 2021), *available at:* https://hetq.am/en/article/126257.

[79] In February 2017, the Guyana government temporarily resumed scrap trade for "for a limited period of three months." *Scrap metal trade opens for 3 months*, Guyana Times (Feb. 6, 2017), *available at* https://guyanatimesgy.com/scrap-metal-trade-opens-for-3-months/. *See also Scrap metal dealers call on Govt to lift ban on export* (March 18, 2021), *available at* https://guyanatimesgy.com/scrap-metal-dealers-call-on-govt-to-lift-ban-on-export/.

[80] USTR 2019 NTE Report at 293; USTR 2020 NTE Report at 275; DJJ OECD Presentation at 18.

[81] *Kazakhstan introduces a ban on scrap exports from May 6* (April 28, 2022), *available at* https://gmk.center/en/news/kazakhstan-introduces-a-ban-on-scrap-exports-from-may-6/.

[82] *State to lift ban on scrap metal business*, Business Daily (Mar. 16, 2022), *available at* https://www.businessdailyafrica.com/bd/economy/state-plans-to-lift-ban-on-scrap-metal-business-3750198.

[83] WTO, *Trade Policy Review: Nigeria*, WT/TPR/S/356 (May 9, 2017) at 45; DJJ OECD Presentation at 18.

[84] Sri Lanka restricts scrap metal exports Nation's government cites need to boost domestic metals production, Recycling Today (Nov. 17, 2020), available at https://www.recyclingtoday.com/article/sri-lanka-scrap-metal-export-restrictions/.

[85] T&T following Guyana in move to curb metals theft (Aug. 19, 2022), *available at:* https://www.stabroeknews.com/2022/08/19/business/tt-following-guyana-in-move-to-curb-metals-theft/.

[86] *KPMG: UAE: Temporary ban on export and re-export of iron scrap and paper waste* (July 20, 2022), *available at* https://home.kpmg/us/en/home/insights/2022/07/tnf-uae-temporary-ban-on-export-and-re-export-of-iron-scrap- and-paper-waste.html.

[87] Mexico curbs key food exports, cutting red tape and sanitary rules to combat inflation (Oct. 4, 2022), *available at* https://www.foodingredientsfirst.com/news/mexico-curbs-key-food-exports-cutting-red-tape-and-sanitary-rules- to-combat-inflation.html#:~:text=Mexico%20curbs%20key%20food%20exports,sanitary%20rules%20to%20combat%20inflation&text=04%20Oct%202022%20%2D%2D%2D%20Mexico's,down%20its%2014.2%25%20food%20inflation.

The EU has announced proposals aimed at restricting the export of "waste" materials, including metals, as part of its review of the Waste Shipment Regulation.[88] Recycled ferrous metals, including steel, are infinitely recyclable, with the vast majority of the metals in use today having been produced with recycled metals as the raw material input. While branded as an effort to increase recycling within the EU, these proposed revisions fail to distinguish between problematic and non-problematic waste streams, treating steel scrap the same as other wastes (*e.g.*, plastics) that raise real environmental problems. Elements of these proposals appear targeted towards providing European steel manufacturers with a cost advantage and not towards achieving legitimate environmental goals. AISI is concerned that any restrictions on the EU's export of recycled material will have the harmful and trade-distorting effect of restricting the export of scrap and other critical raw materials used in steelmaking. The resulting impacts would be detrimental to the competitiveness of American steelmaking.

Notably, China imposes a 40 percent export tax on scrap, severely restricting its exports of the raw material and benefiting its domestic manufacturers. Depending on global scrap prices, this export tax is at times high enough to amount to a *de facto* export ban. China now produces and uses more steel scrap than any other country, and its scrap reservoir is projected to continue growing rapidly for at least another decade. Restrictions on access to this reservoir of scrap are a major competitive disadvantage for U.S. steel producers and an unfair competitive advantage for Chinese steel producers.

Other countries have also imposed new restrictions on steel scrap exports. Moreover, countries such as South Africa[89] enforce licensing requirements on scrap exports, which have the effect of restricting trade. In 2020, South Africa amended its domestic steel scrap regulations, lowering the costs for domestic producers to obtain scrap metal,[90] and later introduced a two month ban on scrap exports.[91] South Africa's restrictions on the export of steel scrap have continued, with its current system described as one that effectively "forces metal recyclers to first offer their scrap to domestic consumers at a

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[88] Revised EU waste shipment rules likely to start in 2024, impacting scrap exporters, S&P Global, 9 April 28, 2023) available at https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/energy-transition/042823-feature-revised-eu-waste-shipment-rules-likely-to-start-in-2024-impacting-scrap-exporters.
[89] *See* International Trade Administration Commission of South Africa, *Export Control*, *available at* http://www.itac.org.za/pages/services/import--export-control/export-control ("The exportation of ferrous and non-ferrous waste and scrap, for example, inter alia, is controlled to assist the local foundries in acquiring ferrous and non-ferrous waste and scrap prior to its exportation.").
[90] *South Africa amends price system for scrap metal to aid industry*, Reuters (Oct. 5, 2020), *available at* https://www.reuters.com/article/safrica-metals-scrap/south-africa-amends-price-system-for-scrap-metal-to-aid-industry-idUSL8N2GW4WD.
[91] South Africa bans scrap metal exports for 2 months, Argus Media (July 7, 2020), available at https://www.argusmedia.com/en/news/2121129-south-africa-bans-scrap-metal-exports-for-2-months.

large discount before they can get a permit to export."[92] South Africa instituted a ban on scrap metal exports last year will remain in effect until at least mid-December.[93] AISI encourages the U.S. government to continue monitoring South Africa's restrictions on steel scrap exports.

IV. SUBSIDIES

Many foreign governments provide their domestic industries with various forms of subsidies, including prohibited export subsidies, giving those industries an unfair advantage in international competition, and creating significant trade barriers for U.S. companies operating globally. Indeed, many subsidies have the consequence of protecting domestic products from foreign competition or artificially stimulating exports of a particular domestic product, thereby displacing U.S. exports in global markets. In addition, heavily subsidized producers introduce market-distorting behavior and other trade and investment imbalances to the global economy. For example, subsidized producers can more easily retain and grow market share in their home markets, making it more difficult for U.S. exporters to compete in those markets. Subsidies also allow producers to sell at below-market prices, allowing these producers to gain market share in the United States and third-country markets at the expense of U.S. producers.

The government subsidies identified below, including energy and environmental subsidies and transnational subsidies, advantage foreign producers to the detriment of American steelmakers, and should be addressed.

A. Energy and Environmental Subsidies

Many countries have implemented environmental and energy policies aimed at reducing greenhouse emissions from the steel manufacturing process and promoting renewable energy production. These measures take various forms, such as export restrictions on raw materials, import tariffs, and various subsidy programs, such as government awards, grants, and preferential loans that are not generally available. While the aim of some of these programs may be laudable, in effect, many of them function as government subsidies that can negatively impact global steel markets. Instead of creating a more sustainable steel industry, these policies may misallocate

[92] Brian Taylor, *South African system seen suppressing scrap prices*, Recycling Today (Aug. 2, 2021), *available at* https://www.recyclingtoday.com/article/south-africa-steel-metal-scrap-export-protection- policy-recycling/.
[93] Brian Taylor, South Africa keeps scrap export restrictions in place, Recycling Today, (June 15, 2023) available at https://www.recyclingtoday.com/news/south-africa-steel-copper-recycling-scrap-export-ban-extension/.

resources, distort competition, exacerbate the ongoing excess capacity crisis, and ultimately increase the carbon footprint of global steel production.

Many of the subsidies that have fueled the ongoing global steel overcapacity crisis have been granted ostensibly for energy and environmental purposes, particularly among Chinese steel producers, where a large percentage of their revenue comes from government subsidies focused on environmental and energy policies.[94] Indeed, a report authored by a coalition of U.S. steel associations concluded that subsidies received by the Chinese steel industry have increasingly been focused on environmental protection and energy-savings programs.[95] For instance, favorable credit is often provided to China's steel companies if the loans are nominally provided for environmental protection.[96] AISI is particularly concerned that many countries have rushed to adopt strategies similar to those embraced by China.

Even where targeted subsidies are provided for legitimate energy or environmental purposes, the financial advantages conferred on steel producers through such subsidies

[94] A recent OECD study found that of Chinese steel subsidies, 28 percent were for green technologies, 13 percent were environmental subsidies, and 8 percent were energy subsidies. Further, 28 percent were described as technology subsidies, which as a practical matter, in many instances may describe technology upgrades related to environmental or energy efficiency related improvements. *See* OECD, Subsidies to the Steel Industry, Insights from the OECD Data Collection, April 2023, at 5, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/04/subsidies-to-the-steel-industry_71693a1e/06e7c89b-en.pdf. What is more, a recent study calculates Chinese steel producers account for more than 54 percent of global carbon emissions from steel production. Ali Hasanbeigi, *Steel Climate Impact: An International Benchmarking of Energy and CO2 Intensities*, Global Energy Efficiency (Apr. 2022), *available at* https://www.globalefficiencyintel.com/steel-climate-impact- international-benchmarking-energy-co2-intensities.

[95] *See generally* Steel Industry Coalition, *Report on Market Research into the Peoples Republic of China Steel Industry Part 1* (June 30, 2016), *available at* https://www.steel.org/-/media/doc/steel/reports/steel-industry-coaliton-full-final-report-06302016.ashx?la=en&hash=A7298A143BC21A914AEC3BBE39CE2E6BA9223F1A. *See also* Fayen Wong, *Steel industry on subsidy life-support as China economy slows*, Reuters (Sept. 18, 2014), *available at* https://www.reuters.com/article/us-china-economy-steel/steel-industry-on-subsidy-life-support-as-china-economy-slows-idUSKBN0HD2LC20140919; USTR, *2019 Report to Congress On China's WTO Compliance*(Mar.2020)atA-17,A-63,*availableat* https://ustr.gov/sites/default/files/2019_Report_on_China%E2%80%99s_WTO_Compliance.pdf; Doug Palmer, *Huge energy subsidies fuel China steel export-study*, Reuters (Jan. 8, 2008), *available at* https://www.reuters.com/article/china-steel-subsidies/huge-energy-subsidies-fuel-china-steel-export- study-idUKN0740849620080108.

[96] *See generally* Steel Industry Coalition, *Report on Market Research into the Peoples Republic of China Steel Industry Part 1* (June 30, 2016), *available at* https://www.steel.org/-/media/doc/steel/reports/steel-industry-coaliton-full-final-report-06302016.ashx?la=en&hash=A7298A143BC21A914AEC3BBE39CE2E6BA9223F1A.

are fungible and may fuel unneeded capacity expansions.[97] AISI encourages USTR to closely monitor the development and expansion of these and other foreign government subsidy programs related to the promotion of greenhouse gas reduction and energy efficiency.

B. Transnational Subsidies

Governments have long provided subsidies to companies in pursuit of policy objectives. Subsides are often one part of larger industrial policies designed to shelter and support domestic industries until they are strong enough to compete internationally. Developing economies, in particular, tend to have detailed plans for the development of specific industries as part of a larger plan for economic development. However, over the last decade, countries have increasingly begun providing transnational subsidies to assist domestic companies' operations abroad. Governments often find willing partners in the governments of other nations with developing economies. Consequently, companies receive an unfair competitive advantage in the form of subsidies from two different governments. Given differing policy objectives of each government, these transnational subsidies are often provided primarily in the form of partnerships or joint ventures to pursue dual policy objectives. Additionally, governments do not always explicitly announce or declare these as subsidies, instead phrasing them as economic partnerships, financing for development, or foreign direct investment.

Perhaps the most well-known transnational subsidy policy is China's One Belt One Road program, also referred to as the Belt and Road Initiative (BRI).[98] As part of these programs, the Chinese government has pledged $1 trillion in investment for overseas economic development. The Belt and Road programs provide a central role for SEs and are pitched to developing nations as an "infrastructure-prioritized development path."[99] 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."[100] The OECD noted in a report on the

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[97] As of August 2025, China constitutes more than 55 percent of the world's crude steel production. World Steel Association, *August 2023 crude steel production* (Sept. 24, 2025), *available at https://worldsteel.org/media/press-releases/2025/august-2025-crude-steel-production/*

[98] Andrew Chatzky & James McBride, *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.").

[99] Jon (Yuan) Jiang, *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/.

[100] *Id.*

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."[101]

In short, China's Belt and Road programs subsidize Chinese overcapacity industries dominated by SEs 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 SEs, 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 SE's establishing joint ventures or subsidiaries abroad, which effectively serve as an indirect conduit of Chinese subsidies to companies in other countries.

Malaysia is a prime example of the Chinese government's BRI transnational subsidies in practice. In February 2013, the Malaysian and Chinese governments jointly launched the Malaysia-China Kuantan Industrial Park (MCKIP) in the Port of Kuantan, Malaysia as a Belt and Road project.[102] The MCKIP is jointly owned 51 percent by a Malaysian consortium (including 30 percent ownership by the Malaysian government) and 49 percent by Chinese SEs under State-owned Assets Supervision and Administration Commission (SASAC) control.[103] The MCKIP One Belt One Road project is a joint effort of both the Malaysian and Chinese governments and is a small piece of a larger BRI project to develop the East Coast Economic Region, including the construction of the East Coast Rail Link railroad.[104]

Transnational subsidies have also had a significant impact in Indonesia. The Indonesian government strongly enforces a mix of local content requirements and export bans as a means of compelling transnational subsidies and foreign direct investment from other countries. Between 2009 to 2014, legislation in Indonesia introduced domestic processing requirements for nickel ore, iron ore, chromium, and coal. Additionally, export licenses are required for exports of many of these materials. Notably, in 2020,

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[101] *The Belt and Road Initiative in the global trade, investment and finance landscape*, OECD Business and Finance Outlook (2018) at 16, *available at* https://doi.org/10.1787/bus_fin_out-2018-6-en.
[102] *See generally* Malaysia-China Kuantan Industrial Park Website, *available at* http://www.mckip.com.my/.
[103] Alice Tsang, *Prospects for the Malaysia-China Kuantan Industrial Park and Kuantan Port*, Hong Kong Means Business (May 16, 2017), *available at* https://hkmb.hktdc.com/en/1X0AA0CO/hktdc-research/Prospects-for-the-Malaysia-China-Kuantan-Industrial-Park-and-Kuantan-Port.
[104] Kate Mayberry, *China signals Belt and Road shift with Malaysia rail project*, Al Jazeera (Apr. 15, 2019), *available at* https://www.aljazeera.com/economy/2019/4/15/china-signals-belt-and-road-shift-with-malaysia-rail-project.

Indonesia stopped all exports of nickel ore.[105] The combined effect of these policies is to mandate a local metals supply chain in Indonesia, with companies agreeing to joint ventures with Krakatau Steel —a major state-owned Indonesian steel producer—to receive export licenses.

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,[106] and Krakatau Osaka Steel (KOS) for long products. Both KOS[107] and KNSS[108] have received preferential financing from the Japan Bank for International Cooperation, and Krakatau POSCO has received substantial ongoing support from the Korean government.[109] 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

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[105] Fransiska Nangoy, *Indonesia to stop nickel ore exports in January 2020-official*, Reuters (Sep. 2, 2019), *available at* [https://www.reuters.com/article/indonesia-mining/indonesia-to-stop-nickel-ore-exports-in-january- 2020-official-idUSJ9N22S04E](https://www.reuters.com/article/indonesia-mining/indonesia-to-stop-nickel-ore-exports-in-january-2020-official-idUSJ9N22S04E).

[106] *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.

[107] *Loan for Construction Steel Manufacturing and Sales Business of Japanese Company in Indonesia*, Japan Bank for International Cooperation (Nov 27, 2015), *available at* https://www.jbic.go.jp/en/information/press/press-2015/1127-44275.html.

[108] *Loan for Construction Steel Manufacturing and Sales Business of Japanese Company in Indonesia*, Japan Bank for International Cooperation (Mar. 4, 2016), *available at* https://www.jbic.go.jp/en/information/press/press-2015/0304-46923.html.

[109] 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. Additionally, both Heads of State signed a "Memorandum of Understanding between the Ministry of Industry of the Republic of Indonesia and the Ministry of Trade, Industry and Energy of the Republic of Korea on Industrial Cooperation." *Id.* The Embassy of Indonesia in Seoul website also indicates that "{i}n 2012, Indonesia and South Korea had agreed to establish the Indonesia-ROK Comprehensive Economic Partnership (IK-CEPA) in order to increase trade and economic relations, in which it based on 3 (three) main pillars, namely...trade and investment facilitation." *Id.* Moreover, in December 2015, the Indonesian Investment Coordinating Board (BKPM) signed a memorandum of understanding with Woori Bank. *BKPM Teams up with South Korean Bank to Boost FDI*, Tempo.Co (Dec. 19, 2015), *available at* https://en.tempo.co/read/729173/bkpm-teams-up-with-south-korean-bank-to-boost-fdi. The Head of the BKPM stated publicly that the goal of the cooperation is to increase foreign direct investment to the industrial sector in Indonesia. MG Noviarizal Fernandez, *BKPM Intensify Promotion to South Korea*, Bisnis.com (Dec. 17, 2015), *available at* https://ekonomi.bisnis.com/read/20151217/9/502746/bkpm-gencarkan-promosi-ke-korea-selatan.

help Krakatau Steel.[110] 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."[111]

These two case studies of China-Malaysia and Korea-Indonesia exemplify how transnational subsidies provide an unfair advantage in international competition and are a significant trade barrier for U.S. companies operating globally. Indeed, as with purely domestic subsidies, transnational subsidies have the consequence of protecting domestic products from foreign competition or artificially stimulating exports of a particular domestic product, thereby displacing U.S. exports in global markets. Given that transnational subsidies increasingly put U.S. steel companies at a competitive disadvantage against foreign producers that are being subsidized by their own and other governments, the U.S. government should take the steps necessary to ensure that appropriate remedies are applied in order to secure a level playing field abroad for U.S. producers and suppliers of steel products. The European Union, for instance, has recently began imposing countervailing duties on imports from third- countries that are subsidized by the Chinese government through the Belt and Road initiative.[112] Notably, the European Union has countervailed subsidies provided by Chinese authorities and through a joint China-Egypt economic cooperation zone in Egypt to Egyptian exporters.[113] In effect, the European Union has attributed Chinese subsidies to Egypt, thus allowing advantages conferred under BRI programs to Egyptian exporters to be remedied under the European Union's countervailing duty law.[114]

The evolving European approach to combatting transnational subsidies afforded foreign producers in third countries through China's Belt and Road program and other initiatives is consistent with WTO law,[115] and it is also replicable under U.S. law. That is, the U.S. government can pursue similar remedies to counterbalance the adverse effects of transnational subsidies stemming from China and other countries. However, the Commerce Department has traditionally taken the position that the agency will not countervail a subsidy if it is funded "{b}y a government of a country other than the

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[110] Putri Adityowati, *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.
[111] *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/.
[112] *See* Gibson Dunn, *European Commission Imposes Countervailing Duties on Imports from Egypt for Subsidies Provided by China* (June 24, 2020), *available at* https://www.gibsondunn.com/european-commission-imposes-countervailing-duties-on-imports-from-egypt-for-subsidies-provided-by-china/.
[113] *Id.*
[114] *Id. See also* Mukesh Bhatnagar, The Indian Review of Corporate and Commercial Laws, *Guest Post: EU Targets China's Belt and Road Initiative in Egypt through Countervailing Duty* (Aug. 22, 2020), *available at* https://www.irccl.in/single-post/2020/08/23/guest-post-eu-targets-china-s-belt-and-road-initiative-in- egypt-through-countervailing-du.
[115] *See id.*; WTO Agreement on Subsidies and Countervailing Measures at Art. 1.1(a)(1).

country in which the recipient firm is located."[116] While the Commerce Department recently repealed the regulatory provision embodying this position,[117] AISI believes that Congress should also act to pass legislation confirming that transnational subsidies are countervailable under U.S. trade remedy law. AISI therefore urges that legislation such as the Leveling the Playing Field 2.0 Act be enacted to accomplish this objective.

In the meantime, AISI encourages USTR to pay special attention to the systemic problem of transnational subsidies and the unfair competitive advantages they provide to foreign steel producers. AISI urges USTR to work with the Commerce Department and other government agencies to collect the information required and take all necessary action to combat the growing problem of transnational subsidies in global steel markets.

C. Other Subsidies

1. China

The Chinese government at all levels (*i.e.*, central, provincial, and local) provides massive government subsidies to Chinese manufacturers, including steel producers. In a recent OECD study, they found that "Steel companies located in developing provinces in the north-eastern and western parts of China often receive financial benefits that support companies' profits, workers, and local investments, while companies located in key economic areas such as the Pearl River Delta or Special Economic zones (SEZs) in the southern Chinese regions often receive subsidies to support their infrastructure system, capacity expansion, and innovation."[118]These subsidies include billions of dollars through preferential loans and directed credit, equity infusions, debt-to-equity swaps, land-use discounts, government-mandated mergers, tax exemptions and rebates, and direct cash grants.[119]

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[116] 19 C.F.R. § 351.527.

[117] *Regulations Improving and Strengthening the Enforcement of Trade Remedies Through the Administration of the Antidumping and Countervailing Duty Laws,* 89 Fed. Reg. 20766 (Department of Commerce, March 25, 2024).

[118] OECD, Subsidies to the Steel Industry, Insights from the OECD Data Collection, April 2023, at 5, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/04/subsidies-to-the-steel-industry_71693a1e/06e7c89b-en.pdf

[119] *See, e.g.*, David O. Shullman, *Protect the Party: China's growing influence in the developing* world, Brookings (Jan. 22, 2019), *available at* https://brook.gs/3ds0WIG; Alan H. Price, Timothy C. Brightbill, Christopher B. Weld, and D. Scott Nance, *Money for Metal: A Detailed Examination of Chinese Government Subsidies to its Steel Industry* (July 2007); Fayen Wong, *Steel industry on subsidy life-support as China economy slows*, Reuters (Sept. 18, 2014) ("A total of 2,235 firms, or 88 percent of Chinese listed companies, received government subsidies totaling 32.2 billion yuan ($5.24 billion) in the first half of 2014…. Most of the subsidies - largely from local governments - were channeled to the steel, cement and property sector in the form of cash, tax rebates or support for loan repayments").

One economist estimates that "China dedicates about 3 percent of its GDP to direct and indirect corporate subsidies."[120]

As a result of such subsidies, China's steel industry has increased production far beyond domestic demand and now accounts for more than half of worldwide crude steel production.[121] The Commerce Department currently maintains 28 countervailing duty orders on steel-related products from China.[122]. Subsidies that the Commerce Department has recently deemed to be countervailable include the provision of inputs for less than adequate remuneration, preferential lending through state-owned commercial and policy banks, and preferential tax treatment for export-oriented and foreign-invested enterprises (FIEs).[123]

In 2015 China introduced the Made in China 2025 initiative, which was established to increase China's competitiveness in global manufacturing by increasing advancements in emerging technologies where there are not already industry leaders.[124] As part of Made in China 2025, the Chinese government sought to use government guidance

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[120] U.S.-China Economic and Security Review Commission Annual Report (Dec. 2020) at225, *available at* https://www.uscc.gov/sites/default/files/2020-12/2020_Annual_Report_to_Congress.pdf.

[121] August 2025 Crude Steel Production, World Steel Association (September 24, 2025) available at https://worldsteel.org/media/press-releases/2025/august-2025-crude-steel-production/

[122] International Trade Administration, Department of Commerce, available at: https://www.trade.gov/data-visualization/adcvd-proceedings

[123] *See, e.g.*, Issues and Decision Memorandum accompanying *Certain Oil Country Tubular Goods from the People's Republic of China*, 85 Fed. Reg. 38,849 (Dep't Commerce June 29, 2020) (final results of the expedited second sunset review of the countervailing duty order); Issues and Decision Memorandum accompanying *Certain Collated Steel Staples from the People's Republic of China*, 85 Fed. Reg. 33,626 (Dep't Commerce June 2, 2020) (final affirmative countervailing duty determination and final affirmative critical circumstances determination); Issues and Decision Memorandum accompanying *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China*, 85 Fed. Reg. 17,533 (Dep't Commerce Mar. 30, 2020) (final results of the expedited first five-year sunset review of the countervailing duty order); Issues and Decision Memorandum accompanying *Non-Oriented Electrical Steel from the People's Republic of China*, 85 Fed. Reg. 11,339 (Dep't Commerce Feb. 27, 2020) (final results of the expedited first sunset review of the countervailing duty order); Issues and Decision Memorandum accompanying *Carbon and Alloy Steel Threaded Rod from the People's Republic of China*, 85 Fed. Reg. 8,844 (Dep't Commerce Feb. 18, 2020) (final affirmative countervailing duty determination); Issues and Decision Memorandum accompanying *Certain Fabricated Structural Steel from the People's Republic of China*, 85 Fed. Reg. 5,384 (Dep't Commerce Jan. 30, 2020) (final affirmative countervailing duty determination); Issues and Decision Memorandum accompanying *Aluminum Wire and Cable from the People's Republic of China*, 84 Fed. Reg. 58,137 (Dep't Commerce Oct. 30, 2019) (final affirmative countervailing duty determination); Issues and Decision Memorandum accompanying *Refillable Stainless Steel Kegs from the People's Republic of China*, 84 Fed. Reg. 57,005 (Dep't Commerce Oct. 24, 2019) (final affirmative countervailing duty determination); Issues and Decision Memorandum accompanying *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China*, 84 Fed. Reg. 52,460 (Dep't Commerce Oct. 2, 2019) (final results of the expedited second sunset review).

[124] Made in China 2025 and Industrial Policies: Issues for Congress, Congressional Research Services, IF10964, December 12, 2024 available at: https://www.congress.gov/crs-product/IF10964

funds to increase funding to state owned firm to increase domestic research and development and acquire overseas operations.[125] While China's Made in China 2025 policy singles out ten specific industries for state support, it is intended to upgrade the entire manufacturing sector, including the steel industry.[126]

Moreover, several of the enumerated industries (machine tools, aerospace, maritime transport, rail transport, new-energy vehicles, power equipment, and agricultural equipment) are large consumers of steel products.[127] Recent Chinese steel industry industrial policies have been drafted explicitly to implement the Made in China 2025 plan's objectives.[128] Indeed, in 2021, the Commerce Department assessed one of its highest ever subsidy rates against subsidiaries of Chinese, state-owned manufacturers of intermodal container chassis.[129] While the Chinese government has stopped using the term "Made in China 2025" in response to international criticism, the policy's objectives remain in place under updated terminology.[130] AISI remains concerned that state subsidization of upgraded manufacturing facilities could bestow further unfair competitive advantages on Chinese steel producers vis-à-vis U.S. and other global competitors.

China's subsidy practices continue to evolve in ways that make them more opaque and challenging to address under existing subsidy disciplines. For example, while the government has historically relied heavily on subsidized bank loans from government-owned or controlled banks, it has shifted its emphasis to equity investments through "government guidance funds" that have been established at all levels of government. By the end of 2022 there were reportedly 2,107 of these funds either established or in progress with an actual investment amount of just over $900 billion. While many of them are focused on emerging high-tech sectors, they are also being used to support technological upgrades in traditional industries such as steel pursuant to industrial policies like Made in China 2025.[131]

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[125] *Id.*
[126] *Id.*
[127] *Id.*
[128] *Guidance for the Iron and Steel Industry to Reduce Excess Capacity and Resolve Difficulties for Future* Development, State Council, *available at* http://www.gov.cn/zhengce/content/2016-02/04/content_5039353.htm.
[129] Issues and Decision Memorandum accompanying *Certain chassis and Subassemblies Thereof from the People's Republic of China*, 86 Fed. Reg. 86 Fed. Reg. (Dep't Commerce Mar. 22, 2021) (final affirm. countervailing duty determ.).
[130] *See, e.g.*, Tai Ming Cheung et al., *China's Roadmap to Becoming a Science, Technology, and Innovation Great Power in the 2020's and Beyond: Assessing its Medium- and Long-Term Strategies and Plans*, UC Institute on Global Conflict and Cooperation (July 2022) at 36.
[131] *See, e.g.*, Emily Feng, *China's State-Owned Venture Capital Funds Battle to Make an Impact*, Financial Times (Dec. 23, 2018), *available at* https://www.ft.com/content/4fa2caaa-f9f0-11e8-af46-2022a0b02a6c.

Continued subsidization has propped up excess industrial capacity and prevented reductions that have been promised time and time again. While China continues to claim they are reducing production capacity, its crude steel output is expected again this year to exceed one billion metric tons – for the fifth year in a row.[132]

a. Subsidized Financing & Debt Restructuring

The Chinese government uses the country's financial system as a proxy for state spending to support industrial policy goals. As a result, China has seen an unprecedented explosion in debt nation-wide, much of it concentrated in the corporate sector, especially in labor-intensive industries plagued by overcapacity and uncompetitive enterprises that would go bankrupt in any reasonably competitive commercial environment.[133]

In fact, China's non-financial corporate sector debt alone exceeded 144 percent of GDP at the end of 2024.[134] Widely publicized examples of massive companies on the verge of imminent collapse, such as real estate giant Evergrande, demonstrate how these practices not only allow Chinese companies to grow to unsustainable sizes, but also threaten the global economic system.[135]

The surge in lending to support industrial policy objectives is a primary driver of the Chinese overcapacity problem. As the U.S.-China Economic and Security Review Commission has recognized:

> China's state-owned banks have been instrumental in directing capital to national priorities, exemplified by six state-owned investors together providing one-third of the investment in the latest $47 billion semiconductor fund alongside other SOEs and the Ministry of Finance. China's central government is expected to continue to provide robust support to SOEs involved in national security priorities, including aerospace and defense and policy banks.[136]

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[132] August 2024 Crude Steel Production, World Steel Association (September 24, 2024) available at https://worldsteel.org/media/press-releases/2024/august-2024-crude-steel-production/

[133] *See, e.g.*, U.S.-China Economic and Security Review Commission Annual Report (Nov. 2019) at 56, 29, 138, *available at* https://www.uscc.gov/sites/default/files/2019-11/2019%20Annual%20Report%20to%20Congress.pdf.

[134] International Monetary Fund, Nonfinancial Corporate debt, loans and debt securities, available at: https://www.imf.org/external/datamapper/NFC_LS@GDD/CHN

[135] *See, e.g.*, Takeshi Kihara, *Moody's Drops China Evergrande Rating on Lack of Information*, Nikkei Asia (Oct. 11, 2022), *available at* https://asia.nikkei.com/Business/Markets/China-debt-crunch/Moody-s-drops-China- Evergrande-rating-on-lack-of-information.

[136] U.S. China Economic and Security Review Commission Annuel Report (November 2024) at 178, available at: https://www.uscc.gov/sites/default/files/2024-11/2024_Annual_Report_to_Congress.pdf

In 2017, the Commerce Department found that approximately 40 percent of new debt economy-wide was being used to service existing obligations by firms that lacked the independent financial capability to repay their existing loans.[137]

With the debt burdens of strategically important enterprises becoming unmanageable, the Chinese government has initiated multiple bailout programs using state-directed "creditors' committees," as well as debt-to-equity swaps and mergers akin to the restructurings of the late 1990s. In April 2016, China's central financial regulators issued the *Opinion Regarding Supporting the Steel and Coal Industries in Resolving Overcapacity and Realizing Development Out of Difficulties*, which explained that "banking industry financial institutions should fully recognize the pillar and strategic status of the steel and coal industries" and instructed them to "continue providing credit support" to enterprises in these sectors.[138] The measure also called on banks to support favored steel and coal enterprises in issuing bond products and other direct financing tools, while using other "marketized methods" to increase enterprises' creditworthiness and direct financing capabilities.[139] Finally, the measure explained that, with regard to existing liabilities, banks should "implement debt restructuring measures such as adjusted loan repayment periods and repayment methods to assist enterprises in weathering the crisis."[140]

In September 2016, the China Banking Regulatory Commission (CBRC) issued instructions to Chinese banks to form creditors' committees to restructure corporate debt with the explicit objective of keeping heavily indebted industrial enterprises in business.[141] CBRC's notice instructs the creditors' committees to "support the development of the real economy" and "guarantee the normal operations of enterprises."[142] Also in September 2016, the Chinese State Council issued the *Opinions of the State Council Regarding Actively Stabilizing and Reducing the Enterprise Leverage Rate*, which was accompanied by the *Guiding Opinion Regarding Marketized Bank Debt-to-Equity Swaps*.[143] Among other debt-relief measures, the State Council *Opinions* called on banks to implement debt-to-equity swaps with enterprises "in accordance with national policy direction." These measures triggered a wave of debt-to-equity bailouts, sometimes in combination with state-directed mergers, to rescue heavily indebted industrial enterprises that would otherwise be forced to sell off assets or go bankrupt

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137 DOC China Financial System Memo at 9.

138 *Opinion Regarding Supporting the Steel and Coal Industries in Resolving Overcapacity and Realizing Development Out of Difficulties*, Yin Fa [2016] No. 118 (Apr. 18, 2016).

139 *Id.* at 248.

140 *Id.*

141 Han Yi et al., *Debt Defaults Prompt Call for Creditor Committees*, Caixin (Sept. 12, 2016).

142 *CBRC Promulgates the Notice Regarding Carrying Out Banking Industry Financial Institution Creditors' Committees Work*, CBRC Website (Sept. 9, 2016).

143 *Opinions of the State Council Regarding Actively Stabilizing and Reducing the Enterprise Leverage Rate*, Guo Fa [2016] No. 54 (Sept. 22, 2016).

entirely.[144] Large, overextended companies such as Evergrande continue to rely on government creditor committees to receive reduced borrowing rates, additional financial support, and debt restructuring.[145]

The government "frequently interven[es] in bankruptcy proceedings to help state-owned enterprises [SOEs] restructure instead of allowing them to exit the market, thus perpetuating China's debt problems."[146] A typical transaction in the steel industry was the late-2016 merger of two SOEs, Wuhan Iron & Steel Company (WISCO) and Baoshan Iron & Steel Company (Baoshan), to form the world's second largest steelmaker by capacity.[147] After Baoshan announced its intention to acquire WISCO's shares, state-owned China Construction Bank formed a subsidiary fund to absorb RMB 24 billion of WISCO's debt in a debt-to- equity swap.[148] The deal was then completed in December 2016 after the debt-to-equity swap cleaned up WISCO's balance sheet.[149] In March of 2020, Baoshan announced that it was going to issue bonds worth up to $430 million, in part to repay debt.[150] At the same time, Chinese state-owned steel producer Ansteel Group entered into a merger with Ben Gang as part of a government-backed restructuring.[151] Notwithstanding these state-led efforts to clean up balance sheets in the steel industry, recent reports suggest that as many as one third of China's steel mills could end up in bankruptcy over a five year period.[152] While this would be a welcome

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[144] By the end of 2016, there were nearly 13,000 creditors' committees nationwide examining more than $2 trillion worth of borrowings. In Henan province alone, authorities had set up creditors' committees for more than 1,300 companies accounting for more than half of total provincial debt. In Shandong province, a creditors' committee directed by provincial authorities extended a mining company's loans by eight years at an interest rate below the central bank's benchmark interest rate. Shu Zhang and Matthew Miller, *China Tries Cure by Committee for Corporate Debt Hangover*, Reuters (Mar. 7, 2017), *available at* https://www.reuters.com/article/us-china-debt-restructuring/china-tries-cure-by-committee-for-corporate-debt-hangover-idUSKBN16F0AF.
[145] Clare Jim, *Debt-Laden China Evergrande Warns of Profit Plunge, Restructuring Talk Grows*, Reuters (Aug. 26, 2021), *available at* https://www.reuters.com/world/china/indebted-china-evergrande-expects-h1-profit-plunge-much-39-shares-slip-2021-08-26/.
[146] *Id.* at 54.
[147] Christian Shepherd, *China Deal to Create World's Second-Largest Steelmaker*, Financial Times (Sept. 21, 2016), *available at* https://www.ft.com/content/b01a1d28-7fbf-11e6-bc52-0c7211ef3198 (describing the deal as the "poster child" of the Chinese government's industry restructuring plans).
[148] Yuan Yang, *Chinese Banks Begin Raising Capital for Debt-to-Equity Swaps*, Financial Times (Oct. 24, 2016), *available at* https://www.ft.com/content/08a21370-9775-11e6-a1dc-bdf38d484582.
[149] Wu Yiyao and Yang Ziman, *Big Merger forms No. 2 Steel Giant*, China Daily (Dec. 2, 2016), *available at* https://usa.chinadaily.com.cn/business/2016-12/02/content_27545506.htm.
[150] Min Zhang and Shivani Singh, *China's Baosteel to issue bonds worth up to $430 mln amid coronavirus outbreak*, Reuters (Mar. 3, 2020), *available at* https://reut.rs/3k0UET4.
[151] Tom Daly, *China Steel Firms Start Merger to Create World's Third Biggest Producer*, Reuters (Aug. 20, 2021), *available at* https://www.reuters.com/world/china/china-steel-firms-start-merger-create-worlds-third-biggest-producer-2021-08-20/.
[152] *China's Property Crisis Threatens to Drag Down Its Steel Industry*, Time (Aug. 2, 2022), *available at* https://time.com/6202757/china-property-crisis-steel-industry/.

and necessary adjustment for the global steel industry, it is likely that the Chinese government will not allow this to happen and will instead provide continued financial support through state-directed financial institutions, while Chinese steel firms look to replace sagging domestic demand with dumped and subsidized export shipments.

AISI remains concerned about the Chinese government's continued direction of Chinese financial institutions to support industrial enterprises in overcapacity sectors, especially steel. These interventions frequently take the form of opaque "marketized methods," characterized by broad policy guidance and behind-the-scenes interference in the operations of allegedly commercial firms, to create the appearance of compliance with subsidy rules. Even though these transactions do not show up directly on the government's balance sheet, they support uncompetitive production capacity and bestow unfair competitive advantages on an enormous scale at the behest of the state. Rather than reducing this state-directed lending as part of a necessary economic rebalancing, recent reports suggest that China in recent years has exported its debt-driven development model, primarily to developing countries, under the auspices of the BRI.[153] USTR should both urge China to reveal the nature and extent of state intervention in Chinese financial markets, and work with like-minded allies such as the European Union and Japan to impress upon Chinese authorities that such conduct will not be tolerated by significant trading partners.

b. Export Finance Support

China has made export financing a "focal point" of its export promotion strategy, launching what one expert has called "the most aggressive export credit financing campaign in history."[154] In 2024, although its official medium- and long-term export credits have decreased to half of their pre-pandemic levels, China still increased export support by 50 percent.[155] Furthermore, the true extent of Chinese export support is unknown because its activities are increasingly opaque.

Significantly, China's export financing practices appear to constitute prohibited export subsidies under the WTO rules because much of the financing is contingent on exports and granted at non-commercial terms.[156] The practices are also inconsistent with certain

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[153] Lingling Wei, *China Reins in Its Belt and Road Program, $1 Trillion Later*, Wall Street Journal (Sept. 26, 2022), *available at* https://www.wsj.com/articles/china-belt-road-debt-11663961638.
[154] *See* Stephen J. Ezell, *Understanding the Importance of Export Credit Financing to U.S. Competitiveness*, Information Technology and Innovation Foundation (June 2011) at 7.
[155] Report to U.S. Congress on Global Export Credit Competition (June 2025) at 10, *available at https://img.exim.gov/s3fs-public/documents/EXIM_2024_Competitiveness_Report_508C.pdf?VersionId=VSB7vMk3aoP6LwDYirdKH54iyvR.zWA*
[156] *See The EU may initiate a WTO dispute settlement over Chinese export credits*, Trade Perspectives (May 6, 2011).

aspects of the OECD's Arrangement on Guidelines for Officially Supported Export Credits.[157] There are even some signs that "China's practices may be creating incentives for countries to engage in rate cutting and to offer exceptional terms that the (OECD) Arrangement seeks to limit."[158] For example, "the growth in export credit in a number of OECD nations has significantly outstripped export credit growth in the United States in the past decade."[159]

Following 2015 and 2016 U.S.-China Strategic and Economic Dialogue meetings, the U.S. Department of Treasury (Treasury Department) announced that it had received assurances from China that it would adhere to the international export financing norms that are consistent with global best practices.[160] However, China has consistently refused to join other countries in addressing the aggressive use of export credits.[161] AISI encourages the U.S. government to continue to monitor Chinese export financing practices and takes the steps necessary to defend against China's "opaque and exploitative model of economic development and finance."[162]

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[157] *Id.*

[158] Export Assistance and the China Challenge at 5. *See also* .S.-China Economic and Security Review Commission Annual Report (Nov. 2019) at 373, *available at* https://www.uscc.gov/sites/default/files/2019-11/2019%20Annual%20Report%20to%20Congress.pdf ("China's aggressive and well-coordinated export finance practices are forcing other countries' export credit agencies to defensively change their policies and practices simply to maintain their access to large global markets, let alone expand their share.").

[159] *Id.*

[160] U.S. Department of Treasury, *2015 U.S.-China Strategic and Economic Dialogue U.S. Fact Sheet – Economic Track* (June 25, 2015), *available at* https://www.treasury.gov/press-center/press-releases/Pages/jl0092.aspx *and* U.S. Department of Treasury, *2016 U.S.-China Strategic and Economic Dialogue U.S. Fact Sheet – Economic Track* (June 7, 2016), *available at* https://www.treasury.gov/press- center/press-releases/Pages/jl0485.aspx.

[161] *See, e.g.*, Doug Palmer, *Export credit Talks Collapse Amid U.S.-China Frictions*, Politico (Nov. 19, 2020), *available at* https://www.politico.com/news/2020/11/19/export-credit-talks-us-china-frictions-438318.

[162] *Id.* at 6; *see also* Dr. Christopher Ashley Ford's Remarks to the U.S. House of Representatives China Task Force, *History, Ambition, and Technology: The Chinese Communist Party's Challenges to U.S. Export Control Policy* (July 13, 2020) ("In my view, the U.S. policy community was lamentably slow in waking up to the degree to which the PRC's rise to "great power" status presented at least as much by way of threats as by way of constructive opportunities. That rise was something that many prior U.S. leaders both supported and encouraged, on the naïve assumption that helping the PRC become more powerful would somehow encourage it to become a "responsible stakeholder" in the liberal world order rather than simply further empowering it as a disruptively self-aggrandizing force in the international community. If this was indeed the objective, the West's embrace and assistance was a world-historical failure, and it is to our collective shame that it took the policy community so long to recognize this.") Though Dr. Ford speech was made in regard to U.S. export control policy, it is a helpful reminder that of the CCP's "strategic ambitions and the many ways in which they challenge U.S. foreign policy and national security interests."

c. Currency Manipulation

AISI members, along with other U.S. manufacturers, have long expressed concern over China's policy of controlling the exchange rate between its currency (known as the renminbi (RMB) or the yuan) and the U.S. dollar. Traditionally, China has intervened in the foreign exchange markets to weaken the yuan, to give its exporters a boost and make it more expensive for its trading partners to export.[163] The effects of China's currency manipulation have been profound.[164] China has allowed the value of the yuan to drop significantly once again against the dollar. As a result, the U.S. government officially designated China as a currency manipulator on August 5, 2019,[165] just one day after China's central bank, the People's Bank of China (PBC), allowed the yuan to fall to a new low yuan-to-dollar ratio of 7-to-1.[166] The U.S. and Chinese governments began discussions and negotiations during the fall of 2019 on currency, which led in January 2020 to the Treasury Department removing China from its list of currency manipulators. AISI respectfully disagrees with the decision to remove China's currency manipulator designation, instead moving it to only a Monitoring List where it currently

[163] In 2004, for example, AISI joined a coalition of U.S. industrial, service, agricultural, and labor associations seeking relief under Section 301[a] of the Trade Act of 1974, as amended, from China's manipulation of the renminbi. Petition for Relief under Section 301[a] of the Trade Act of 1974 on behalf of the China Currency Coalition (Sept. 9, 2004), *available at* http://www.aflcio.org. This petition demonstrated that China's exchange-rate policy constitutes a prohibited export subsidy within the meaning of Articles 1, 2, and 3 of the SCM Agreement and Articles VI and XVI of the GATT 1994. *Id.* at 50.

[164] In 2017, C. Fred Bergsten and Joe Gagnon of the Peterson Institute for International Economics published a study, "Currency Conflict and Trade Policy," that estimates that currency manipulation by U.S. trading partners caused the United States to run about $200 billion in higher trade deficits annually, cost more than 1 million jobs during and after the Great Recession, and was a factor in causing the recession and in slowing the recovery from it. China was by far the world's largest currency manipulator and its currency manipulation encouraged other export-dependent economies to manipulate their currencies to keep up. Bergsten and Gagnon wrote that China's currency manipulation accounted for one-third of the U.S. job displacement from the rapid growth in Chinese imports that began when China joined the WTO. C. Fred Bergsten and Joe Gagnon, *Currency Conflict and Trade Policy*, Peterson Institute (June 2017).

[165] U.S. Department of the Treasury, *Treasury Designates China as a Currency Manipulator* (Aug. 5, 2019), *available at* https://home.treasury.gov/news/press-releases/sm751.

[166] The Treasury Department noted in its press release that the PBC openly acknowledges "that it has extensive experience manipulating its currency and remains prepared to do so on an ongoing basis." *Id.* As a result of the Treasury Department's decision in August, the U.S. government will begin engagement with the IMF on efforts to "eliminate the unfair competitive advantage by China's latest actions." U.S. Department of the Treasury, *Treasury Designates China as a Currency Manipulator* (Aug. 5, 2019), *available at* https://home.treasury.gov/news/press-releases/sm751.

remains.[167] The Chinese government's manipulation of its currency has not ceased. Indeed, in 2021, the People's Bank of China took overt measures to weaken the yuan.[168]

The domestic steel industry encourages USTR to continue to take a hard line with the Chinese government on currency manipulation, particularly as steel production and excess capacity remain a major threat for the American steel industry. We also commend the Commerce Department for amending the application of the countervailing duty law to include countries that undervalue their currencies as a subsidy. AISI has for many years advocated for treating currency manipulation as a countervailable subsidy and applauds the Commerce Department for initiating this important action, which could, particularly on imports of Chinese steel products, allow for American steelmakers to petition for relief.

2. Japan

Like China, Japan has a history of manipulating its currency, the Yen,[169] in a manner that encourages exports and discourages imports.[170] As demonstrated by the American Automotive Policy Council and others, Japanese companies have used this manipulation to gain a competitive advantage.[171] This policy aids Japanese automakers and encourages increased exports of Japanese steel.[172]

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[167] *Report to Congress: Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States*, U.S. Department of the Treasury (June. 2024) at 4-5, *available at https://home.treasury.gov/system/files/136/June-2024-FX-Report.pdf*

[168] *See* Evelyn Cheng, *China Rushes to Pull Back the Yuan form a Three-Year High* (Jun. 2, 2021), *available at* https://www.cnbc.com/2021/06/03/china-sets-yuan-rmb-weaker-vs-us-dollar-for-first-time-in-a-week.html.

[169] *See, e.g.*, Ralph Jennings, *It's Not Quite China, But Japan Is Controlling Currency Prices To Help Exporters*, Forbes (Mar. 7, 2017), *available at* https://www.forbes.com/sites/ralphjennings/2017/03/09/a-case-for- japan-as-asias-other-big-currency-manipulator/?sh=180b05f77545; Chikako Mogi and Hiroko Komiya, *Japan's Three Biggest Banks Declare Yen's Depreciation Is Over*, Bloomberg (Mar. 1, 2016), *available at* https://www.bloomberg.com/news/articles/2016-03-01/japan-s-three-biggest-banks-declare-yen-s-depreciation-is-over (stating that "the yen is the second-most undervalued major currency by a purchasing-power measure").

[170] *See* Silvia Amaro, *Trump does have a point on the Japanese yen being undervalued: Strategist*, CNBC (Feb. 8, 2017), *available at* https://www.cnbc.com/2017/02/08/trump-does-have-a-point-the-japanese-yen-is-undervalued-strategist.html).

[171] American Automotive Policy Council, *U.S. Trade Agreements & Currency Manipulation* at 7 ("Japan has used direct intervention in currency markets – and the threat of intervention – to gain a competitive export advantage").

[172] *See* Silvia Amaro, *Trump does have a point on the Japanese yen Being undervalued: Strategist*, CNBC (Feb. 8, 2017), *available at* https://www.cnbc.com/2017/02/08/trump-does-have-a-point-the-japanese-yen-is-undervalued-strategist.html; Bradford Wernle, *Ford's Hinrichs: Toyota, Japanese unfairly aided by currency manipulation*, www.autonews.com (Feb. 6, 2014), *available at* https://europe.autonews.com/article/20140207/ANE/302079984/ford-s-hinrichs-toyota-japanese-

3. India

The Indian government also heavily subsidizes its domestic industries, including its steel industry.[173] 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,[174] and the government continues to play a large role in the industry. 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."[175] Reflecting the ambitious goals of its National Steel Policies, India's support for its steel industry is direct and massive. AISI applauds USTR for its successful challenge of India's export subsidy schemes at the WTO in November 2019, but it is also aware that India is unlikely to conform with the ruling until it has exhausted the WTO appeals process.

In 2024, India was the world's second-largest steel producer.[176] 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. Among the more significant of these export subsidies are:

- **The Advance Authorization Program (AAP).** The AAP provides exemptions from import duties for various input products used in the production of goods for export from India.[177] The AAP provides benefits well beyond a normal duty

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unfairly-aided-by-currency-manipulation; Yuka Obayashi, *In glum steel market, Abenomics-inspired Nippon Steel is upbeat*, Reuters (Sept. 30, 2013), *available at* https://www.reuters.com/article/steel-nippon/in-glum-steel-market-abenomics-inspired-nippon-steel-is-upbeat-idUKL6N0HQ2V420130930.

[173] USTR 2019 NTE Report at 245.

[174] *See* Import Administration, U.S. Dep't of Commerce, *Report to the President, Global Steel Trade, Structural Problems and Future Solutions* (2000).

[175] *See* Indian Ministry of Steel, *available at* https://steel.gov.in/.

[176] 2024 World Steel in Figures, World Steel Association at 9.

[177] *See* Issues and Decisions Memorandum accompanying *Oil Country Tubular Goods from India*, 84 Fed. Reg. 50,001 (Dep't Commerce Sept. 24, 2019) (final results of the expedited sunset review of the countervailing duty order) at 8-9 ("OCTG from India I&D Memo"), referring to Preliminary Decision Memorandum accompanying *Certain Oil Country Tubular Goods from India*, 81 Fed. Reg. 24,799 (Dep't Commerce Oct. 14, 2016) (preliminary affirmative countervailing duty deter.) at 6–7 (unchanged in final deter.). *See also Report of the Comptroller and Auditor General of India for the year ended March 2015*, Union Government (Department of Revenue – Customs) (2016) at 79 ("The Government may exempt wholly or part of customs duties for import of inputs and capital goods under an export promotion scheme through a notification. Importers of such exempted goods undertake to fulfill prescribed export obligations (EO) as well as comply with specified conditions, failing which the full rate of duty becomes leviable").

drawback system as it lacks a reliable system to determine the type of inputs (and amount) that are consumed in the production of the exported product.[178]

- **Duty Drawback Rebate Program (DDB).** In 2018, the Indian government increased the duty drawback on 102 products, including several traditional exports.[179] The DDB offsets customs duties on inputs used for exported products and is offered at fixed rates independent of tax levied on inputs. The Indian government uses the program as a tool to boost exports.[180]

- **Duty Free Import Authorization Scheme (DFIA Scheme).** In effect since May 1, 2006, the DFIA Scheme exempts companies from paying import duties for inputs used in steel production, such as inputs, fuel, and energy sources.[181] Like the AAP, the DFIA Scheme lacks a reliable system to determine the type of inputs (and amount) that are consumed in the production of the exported product.[182]

- **Export Oriented Unit Scheme (EOU Scheme).** The Indian government provides a number of separate subsidies that are contingent upon export under the umbrella of the EOU Scheme. These include (i) the duty-free importation of capital goods and raw materials; (ii) reimbursement of Central Sales Tax paid on goods manufactured in India; (iii) duty drawback on imported fuel procured through Indian oil companies; and (iv) exceptions from the payment of Central Excise Duty on goods manufactured in India.[183]

- **Export Promotion of Capital Goods Scheme (EPCGS).** The EPCGS provides reductions or exemptions of customs duties and excise taxes for imports of

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[178] *See, e.g.*, OCTG from India I&D Memo at 18-19; Issues and Decision Memorandum accompanying *Welded Stainless Pressure Pipe from India*, 81 Fed. Reg. 66,925 (Dep't Commerce Sept. 29, 2016) (final affirmative deter. countervailing duty investigation) at 14-17.

[179] Kirtika Suneja, *Duty drawback rates increased for 102 products in bid to boost exports*, The Economic Times (Jan 25, 2018), *available at* https://economictimes.indiatimes.com/news/economy/policy/marine-leather-exporters-to-get-higher-duty-drawback/articleshow/62653020.cms?from=mdr.

[180] *Id.* ("'The revised rates of duty drawback will help address the concerns of these export sectors and make India's exports more competitive in global economy,' the finance ministry said in a statement.").

[181] Government of India, Ministry of Commerce and Industry, *Foreign Trade Policy 27th August 2009 – 31st March 2014* (June 5, 2012) at 59; Government of India, Ministry of Commerce and Industry, *Public Notice No. 56 /2015-2020: Procedure to deal with the pending applications for issuance of Duty Free Import Authorizations(s) (DFIA) and their transferability* (Jan. 22, 2016).

[182] Issues and Decision Memorandum accompanying *Polyethylene Terephthalate Film, Sheet, and Strip from India*, 76 Fed. Reg. 30,910 (Dep't Commerce May 27, 2011) (final results of countervailing duty new shipper rev.) at 9.

[183] Government of India, Ministry of Commerce and Industry, *Foreign Trade Policy 27th August 2009 – 31st March 2014* (June 5, 2012) at 81. *See also* Pravakar Sahoo, *The failure of India's EOUs*, East Asia Forum (June 18, 2016), *available at* https://www.eastasiaforum.org/2016/06/18/the-failure-of-indias-eous/.

> capital goods to companies that agree to meet certain export targets.[184] In April 2015, the export obligation under the EPCGS was reduced for capital goods procured from indigenous manufacturers.[185]

In March 2023, India's Commerce Ministry announced the country's latest FTP, which continues to include subsidies targeted at boosting exports. The FTP seeks to increase India's exports to $2 trillion by 2030.[186]

Indian steel producers also receive significant subsidies at the subnational level.[187] 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. 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.[188] 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.[189] When the Goods and Services Tax was instituted in 2017,[190] local governments revised their incentive plans to ensure that "beneficiaries from various sectors, including automobile, steel,

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184 Export Promotion Capital Goods, National Informatics Center, Government of India.

185 Government of India, Ministry of Commerce and Industry, Department of Commerce, *Highlights of the Foreign Trade Policy 2015-2020* at 6.

186 Centre unveils new foreign trade policy, targets $2 trillion, The Times of India, (March 2023) available at: http://timesofindia.indiatimes.com/articleshow/99141527.cms?from=mdr&utm_source=contentofinterest&utm_med ium=text&utm_campaign=cppst.

187 *See, e.g.*, Issues and Decision Memorandum accompanying *Finished Carbon Steel Flanges from India*, 85 Fed. Reg. 18,193 (Dep't Commerce Apr. 1, 2020) (final results of countervailing duty review) at 7 ("State Government of Uttar Pradesh – Exemption from Entry Tax for the Iron and Steel Industry); OCTG from India I&D Memo at 3-4 (listing subsidies provided by the State Government of Maharashtra and Uttar Pradesh).

188 *See, e.g.*, Karnataka Industrial Policy 2020–2025, *available at* https://www.karnataka.com/industry/karnataka-industrial-policy/; State Government of Andhra Pradesh, *Industrial Development Policy 2015-20*, *available at* https://www.apindustries.gov.in/VCIC/Data/PolicyDocuments/Andhra_Pradesh_Industrial_Development_Policy_2015_20.pdf; State Government of Maharashtra, *Package Scheme of Incentives 2013* (Apr. 1, 2013), *available at* https://maitri.mahaonline.gov.in/PDF/PackageSchemeofIncentives2013.pdf; Government of Haryana, Enterprises Promotion Policy-2015, *available at* https://investharyana.in/content/pdfs/Haryana_Book_Final1.pdf.

189 *See, e.g.*, Karnataka Industrial Policy 2020–2025; State Government of Maharashtra, *Package Scheme of Incentives 2013* (Apr. 1, 2013).

190 *See* Saheli Roy Choudhury, *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.

[and] cement" continued to receive "interest and power tariff subsidies apart from the exemption in stamp duty, octroi duty and electricity duty."[191]

4. Turkey

In recent years, the steel industry in Turkey has grown exponentially with the aid of government subsidies, jumping from the seventeenth largest crude steel-producing country in the world in 2000 to the eighth largest steel producer from 2021 through 2024.[192] Last year alone, Turkey exported 17 million MT of steel products,[193] over half of its total crude steel production. This massive increase in Turkish steel production and exports is largely a result of significant government subsidies.

Government-sponsored growth in Turkish steel production has led to an explosion in U.S. steel imports from Turkey, injuring U.S. steelmakers. Since 2014, the Commerce Department has put in place nine countervailing duty orders following investigations on steel products from Turkey.[194] Several of the most significant Turkish government subsidies that contributed to its steel industry's growth are described below.

- **Development Investment Bank of Turkey Loans:** The Development Investment Bank of Turkey (DIBT), a direct extension of the Turkish government,[195] provides strategic and preferential loans based on state policies and national interests, which are used by Turkish steel producers to expand production and capacity. The DIBT was renamed in 2018 and its funding

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[191] *Id.*
[192] 2025 World Steel in Figures, World Steel Association at 9, available at: https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf
[193] *Id.* at 27.
[194] *See Certain Oil Country Tubular Goods from the Republic of Turkey*, 79 Fed. Reg. 53,688 (Dep't Commerce Sept. 10, 2014) (countervailing duty orders and amended affirmative final countervailing duty deter. for India); *Steel Concrete Reinforcing Bar from Republic of Turkey*, 79 Fed. Reg. 68,926 (Dep't Commerce Nov. 6, 2014) (countervailing duty order); *Welded Line Pipe from the Republic of Turkey*, 80 Fed. Reg. 75,054 (Dep't Commerce Dec. 1, 2015) (countervailing duty order); *Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from the Republic of Turkey*, 81 Fed. Reg. 62,874 (Dep't Commerce Sept. 13, 2016) (amended final affirmative countervailing duty deter. and countervailing duty order); *Steel Concrete Reinforcing Bar from the Republic of Turkey*, 82 Fed. Reg. 32,531 (Dep't Commerce July 14, 2017) (amended final affirmative countervailing duty deter. and countervailing duty order); *Carbon and Alloy Steel Wire Rod from the Republic of Turkey*, 83 Fed. Reg. 23,420 (Dep't Commerce May 21, 2018) (amended final affirmative countervailing duty deter. for the Republic of Turkey and countervailing duty orders for Italy and the Republic of Turkey); and *Large Diameter Welded Pipe from the Republic of Turkey*, 84 Fed. Reg. 18,771 (Dep't Commerce May 2, 2019) (countervailing duty order), *Prestressed Concrete Steel Wire Strand From the Republic of Turkey: Notice of Court Decision Not in Harmony With the Final Determination of Countervailing Duty Investigation; Notice of Amended Final Determination,* 87 Fed Reg. 34653 (Dep't Commerce June 7, 2022)
[195] *See* WTO Trade Policy Review Body, *Trade Policy Review Report by the Secretariat: Turkey*, WT/TPR/S/331 (Feb. 9, 2016) at 102 ("WTO Trade Policy Review Report: Turkey 2016").

support to the Turkish economy nearly doubled that same year to TL 13.6 billion, up from a loan volume of TL 7.0 billion in 2017 and TL 5.4 billion in 2016.[196] The bank's loan volume has continued to increase rapidly year over year, reaching TL 11.7 trillion in 2022 and saw a 67 percent increase year on year in 2023, as of 2024 their total loan volume was reported to be TL 16.1 trillion.[197]

- **Turk Eximbank Subsidies:** The Export Credit Bank of Turkey (Turk Eximbank) is a state-owned bank and the sole official export credit agency in Turkey.[198] In 2023, the bank provided export credits worth $49 billion.[199] Trade Minister Omer Bolat announced earlier this year that Turk Eximbank plans to increase its export credits to $52 billion by the end of 2025.[200] Turk Eximbank also offers short-, medium-, and long-term export insurance programs for Turkish companies,[201] which are aimed at further subsidizing costs for domestic producers by reducing the financial uncertainty involved with doing business in foreign countries. Turk Eximbank's Foreign Trade Company loan program was implemented to assist large trading companies with their export financing needs and the program benefits Foreign Trade Corporate Companies (FTCC)[202] and Sectoral Foreign Trade Companies.[203] The Commerce Department has also found this program to constitute a countervailable subsidy.[204] Similar credits are available for smaller companies.[205]

- **Regional Development Subsidies:** Turkey's government has established special zoning programs, including Organized Industrial Zones (OIZ), Free

[196] The Development and Investment Bank of Turkey, *Annual Report* 2018 at 32.
[197] The Development Investment Bank of Turkey, Annual Report 2023 at 36, Annual Report 2024 at 34
[198] WTO Trade Policy Review Report: Turkey 2016 at 87.
[199] Turk ExImBank 2024 Annual Report, at 13 available at: https://eximbank.gov.tr/content/files/19f304af-a007-400d-9b97-46adeb9097dd/annual-report-2024
[200] "Türk Eximbank eyes $52 bln boost for exporters" Hurriyet Daily News, March 19, 2025, available at: https://www.hurriyetdailynews.com/turk-eximbank-eyes-52-bln-boost-for-exporters-207086#:~:text=ANKARA,Central%20Bank%20and%20other%20agencies.
[201] *See* WTO Trade Policy Review Report: Turkey 2016 at 87.
[202] An FTCC is a company whose export performance was at least $75 million in the previous year.
[203] Turk Exim Bank, Corporate, *available at* https://www.eximbank.gov.tr/en/about-us/corporate
[204] Issues and Decision Memorandum accompanying *Certain Welded Carbon Steel Standard Pipe from the Republic of Turkey*, 71 Fed. Reg. 43,111 (Dep't Commerce July 31, 2006) at 6-7 ("Carbon Steel Pipe from Turkey I&D Memo"); Issues and Decision Memorandum accompanying *Carbon and Certain Alloy Steel Wire Rod from the Republic of Turkey*, 67 Fed. Reg. 55,815 (Dep't Commerce Aug. 30, 2002) (final neg. countervailing duty deter.) at 6-7 ("Wire Rod from Turkey I&D Memo").
[205] Carbon Steel Pipe from Turkey I&D Memo at 6-7; Wire Rod from Turkey I&D Memo at 7-8.

Zones, and Technology Development Zones.[206] These programs have been used to subsidize and improve the performance of export companies in Turkey.

- **The Provision of Natural Gas for Less than Adequate Remuneration (LTAR):** Turkish steel producers also generate power with natural gas, which is subsidized by the Turkish government in the form of discounted natural gas prices. As the WTO Secretariat has explained, natural gas prices in Turkey are not determined by the market, but rather by Turkey's Energy Market Regulatory Authority.[207] In addition, the Turkish government has full ownership of petroleum pipeline corporation BOTAS and petroleum corporation TPAO.[208] Significantly, BOTAS controls more than 80 percent of Turkey's entire gas import market.[209] In a recent subsidy investigation of Turkish rebar, the Commerce Department found that the Turkish government has "overwhelming involvement in the Turkish natural gas market," and that Turkey's provision of natural gas for LTAR constitutes a countervailable subsidy. [210]

- **Inward Processing/Duty Drawback:** The Turkish government provides import duty rebates or duty drawback assistance to Turkish manufacturers under the country's Inward Processing Regime.[211] Turkish companies may be issued one of two different types of Inward Processing Certificates: (i) D-1 certificates for imported goods used in the production of exported goods, or (ii) D-3 certificates for imported goods used in the production of goods sold in the domestic market. The Inward Processing Regime encourages Turkish steel producers to export their products rather than selling them domestically.

- **Government-Directed Policy Loans from State-Owned Banks:** The Turkish government provides additional subsidies through government-directed policy

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[206] Laws No. 1319 and 3218 establish benefits for companies operating within specific areas. Investors in OIZs benefit from: an exemption from VAT for land acquisitions; an exemption from real estate duty; low water, natural gas and telecommunication costs; an exemption from the tax for unification and/or separation of plots; and an exemption from municipality taxes for construction and usage of a plant and on solid waste. Various Turkish steel producers are eligible to receive benefits under these programs. Presidency of the Republic of Turkey, Investment Guide – Investment Zones, *available at* https://www.invest.gov.tr/en/investmentguide/pages/investment-zones.aspx. *See also* WTO, *Trade Policy Review Report: Turkey 2016* at 42.

[207] *See* WTO, *Trade Policy Review Report: Turkey 2016* at 96.

[208] *See id.* at 102.

[209] *See* USTR 2018 NTE Report at 457.

[210] *See* Issues and Decision Memorandum accompanying *Steel Concrete Reinforcing Bar From the Republic of Turkey*, 82 Fed. Reg. 23,188 (Dep't Commerce May 22, 2017) (final affir. countervailing duty deter.) at 9, 12.

[211] *See, e.g.*, Inward Processing, Website of the Ministry of Customs and Trade, Republic of Turkey, *available at* https://www.ticaret.gov.tr/gumruk-islemleri/sikca-sorulan-sorular-frequently-asked-questions/english/inward-processing.

loans available to the Turkish manufacturing sector and steel industry. In June, 2025, three of the four largest banks in Turkey, by total asset value, were State-Owned Banks (SOBs): Türkiye Cumhuriyeti Ziraat Bankası, Türkiye Vakıflar Bankası T.A.O and A.Ş., Türkiye Halk Bankası A.Ş..[212] These three SOBs account for 38 percent of Turkey's deposit banks total assets in 2024,[213] and they provide financing to Turkish steel producers at discounted rates and with preferential terms in accordance with the Turkish government's stated policy objectives.

5. Brazil

The Brazilian government also grants significant subsidies to its domestic industries, including its steel industry, which boost Brazilian exports, give Brazilian producers an unfair advantage in global trade competition and make it more difficult for U.S. producers to compete in Brazil and in third-country markets.

In August of this year the Brazilian government adopted the Sovereign Brazil Plan through Provisional Measure No. 1,309/2025, which was a package of measures to establish support mechanisms for Brazilian exporters in an effort to combat the 50 percent tariffs imposed by the U.S. As part of this plan Brazil would authorize R$ 30 billion in funding for the Export Guarantee Fund to provide coverage for guarantees provided by the government in export credit insurance transactions. This measure also extends the tax suspension period under their duty draw back regime by a year, allowing Brazilian exporters to defer or exempt import duties and other taxes on imported products used to manufacture products for export. Additionally, this would provide national support for micro and small enterprises, guaranteeing up to 100 percent of the value of a transaction and creating new lines of credit to affected entities that focus on working capital; investments for adapting productive activities; investments aimed at strengthening production chains to expand export capacity; technological innovation; and adaptation of products, services and processes.[214]

6. Korea

For several years, the Korean government has provided subsidies for favored local industries,[215] 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-

[212] *See* The Banks Association of Turkey, Turkish Banks – Ranked by Total Assets (2024), available at: https://www.tbb.org.tr/en/istatistiki-raporlar/2024-march-turkish-banks-ranked-total-assets-euro .
[213] *See* The Bank Association of Turkey, *Banks in Turkey 2024*
[214] Brazil - Aid Package Introduced to Support Businesses Affected by US Tariffs, BDO Global, August 26, 2025, available at: https://www.bdo.global/en-gb/insights/tax/world-wide-tax/brazil-aid-package-introduced-to-support-businesses-affected-by-us-tariffs
[215] *Id.* at 321.

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.[216] These subsidies include: preferential loans from government banks, export loans, equity infusions, tax exemptions, and grants.[217]

The subsidies have had significant effects, ranging from contributing to the global steel overcapacity crisis to distorting downstream industries. For example, Korea produces almost no oil or gas,[218] yet through government subsidies has developed and sustained a pipe and tube production industry as an offtake for its excess hot-rolled coil capacity.[219] 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 goods (OCTG) to the U.S. market.[220] Commerce Department data shows that Korea through July of 2025 has exported over 1 million MT of pipe and tube products, more than half of which has made its way to the U.S. market.[221] 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.[222]

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. According to the Commerce Department's Global Steel Trade Monitor, China exported over 8.2 million MT of steel to Korea in 2024.[223] In 2024, Korea imported 14.2 million MT of steel, while at the same time

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216 International Trade Administration, Department of Commerce, ADCVD Proceedings, *available at* https://www.trade.gov/data-visualization/adcvd-proceedings

217 *See* Issues and Decision Memorandum accompanying *Certain Hot-Rolled Steel Flat Products from the Republic of Korea*, 81 Fed. Reg. 53,439 (Dep't Commerce Aug. 12, 2016) (final affirmative determination) at Section VII.

218 U.S. Energy Information Administration, International Data, *Total Petroleum and Other Liquids Production 2015 – 2019*, *available at* https://www.eia.gov/ petroleum/data.php.

219 *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.

220 *Drilling Down*, Fastmarkets AMM (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.

221 International Trade Administration, Global Steel Trade Monitor, U.S. Department of Commerce, last accessed September 30, 2025, available at: https://www.trade.gov/data-visualization/global-steel-trade-monitor

222 Don Yanchunas, *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.

223 International Trade Administration, Global Steel Trade Monitor, *available at* https:// https://www.trade.gov/data-visualization/global-steel-trade-monitor

exporting 28 million MT of steel, resulting in Korea becoming the third largest net exporter of steel at 13.8 million MT last year.[224]

The Trade Preferences Extension Act of 2015 (TPEA) amended the Tariff Act of 1930 to allow Commerce to disregard a respondent's actual cost of an input when the "particular market situation" (PMS) in the country of production "does not accurately reflect the cost of production in the ordinary course of trade." During Senate debate on the TPEA, then Senator Sherrod Brown identified the Korean OCTG and steel industries as examples of industries where government subsidization enables foreign competitors to dominate overseas markets.[225] In 2016, in the 2014 – 2015 administrative review of OCTG from Korea, the Commerce Department confirmed that unfairly-traded Chinese hot-rolled flat products and subsidies from the Korean government had contributed to the creation of a PMS in regards to the production of OCTG in Korea. The Commerce Department has made similar findings in subsequent Korea steel pipe administrative reviews.

Another source of subsidization by the Korean government is the state-owned Korea Electric Power Corporation (KEPCO), which was created to "satisfy the nation's electric power supply and demand."[226] According to the WTO's 2016 Trade Policy Review of Korea, "there is a direct subsidy in place in the form of the sale of electricity at prices below costs," and, because "the electricity price varies widely between sectors," there are significant cross-subsidies between consumers.[227] The Korean government, through KEPCO, also purchases electricity from steel producers for more than adequate remuneration, only to sell it back to them at subsidized prices.

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."[228] 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

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[224] 2025 World Steel in Figures, World Steel Association at 27, available at: https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf

[225] *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)).

[226] KEPCO Overview, *available at* http://home.kepco.co.kr/kepco/EN/A/htmlView/ENAAHP001.do?menuCd=EN010101

[227] Republic of Korea, Trade Policy Review (2016), WT/TPR/346 at 93.

[228] Republic of Korea, Trade Policy Review (2016), WT/TPR/346 at 89-90.

> 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.[229]

Counter to its efforts to develop a greener industry, the government also provides carbon emissions credits for free or at subsidized prices to steel companies.[230] In September 2016, the Korean government issued a detailed industrial policy plan to support the modernization and "price competitiveness" of the domestic steel industry.[231] 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.[232] In an administrative review of the countervailing duty order on Certain Corrosion-Resistant Steel Products from Korea, the Commerce Department found that Korean steel company Dongbu received long-term loans from the Korea Development Bank and benefited from the restructuring of debt despite being uncreditworthy.[233]

The Korean government also 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.[234] In November 2018, the government of Japan requested consultations with Korea over the subsidization of its shipbuilding industry and the European Union joined in the consultations[235] and filed an additional complaint in 2020, however neither of these

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[229] *Id.* at 131.
[230] *Korea Emissions Trading Scheme*, International Carbon Action Partnership (updated Sept. 15, 2020), *available at* https://icapcarbonaction.com/en/?option=com_etsmap&task=export&format=pdf&layout=list&system s []=47; Asia Development Bank, *The Korea Emissions Trading Scheme: Challenges and Emerging Opportunities* (Nov. 2018) at 15, *available at* https://www.adb.org/sites/default/files/publication/469821/korea-emissions-trading-scheme.pdf.
[231] Government of the Republic of Korea, *Proposal for Strengthening the Competitiveness of the Steel Industry* (Sept. 30, 2016).
[232] *Id.*
[233] Issues and Decision Memorandum accompanying *Certain Corrosion-Resistant Steel Products from the Republic of Korea*, 81 Fed. Reg. 35,310 (Dep't Commerce June 2, 2016) (final affirm. deter., and final affirm. critical circumstances deter., in part) at 26-34.
[234] Government of the Republic of Korea, Ministry of Trade, Industry and Energy, *Gov't provides five measures to increase competitiveness of shipping industry*, Press Release (Oct. 31, 2017).
[235] WTO, *DS571: Korea – Measures Affecting Trade in Commercial Vessels (Japan)*, *available at* https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds571_e.htm.

cases ever moved past consultations.[236] In August of 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.[237]

In addition to these subsidies, the Korean government manages its currency, providing a benefit to domestic manufacturers. The Treasury Department assessed that the Korean "won depreciated 12.6 percent against the dollar in 2024, and 6.7 percent on a real effective basis."[238] AISI agrees with the Treasury Department that as a country with well-developed institutions and markets, Korea "should continue to limit currency intervention to only truly exceptional circumstances of disorderly market conditions."[239]

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 and encourages the U.S. government to prioritize resolving the overarching issue of the Korean government's interference in its steel industry in international diplomatic fora.

7. Russia

Notwithstanding its invasion of Ukraine, Russia remains in the top ten largest exporters of steel mill products to the global steel market, ranking tenth in 2024.[240] Russia exports globally approximately 17 percent of its crude steel production and, in 2024, was the world's fourth largest net-exporter of steel mill products worldwide.[241]

a. Natural Gas Subsidies

According to the U.S. Energy Information Administration, Russia maintains the largest proven reserves of natural gas in the world.[242] As USTR noted in its 2021 NTE Report, Open Joint Stock Company Gazprom (Gazprom), a Russian state-owned company, "has

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[236] WTO, *DS594: Korea-Measures Affecting Trade in Commercial Vessels (second complain) (Japan), available at: https*://www.wto.org/english/tratop_e/dispu_e/cases_e/ds594_e.htm

[237] Certain Hot-Rolled Steel Flat Products From the Republic of Korea, 90 Fed. Reg 39,181-83 (Dep't Commerce Oct. 9, 2020) (final results of countervailing admin. review).

[238] U.S. Department of the Treasury, *Foreign Exchange Policies of Major Trading Partners of the United States* (June 2025) at 24, 25, *available at https://home.treasury.gov/system/files/136/June-2025-FX-Report.pdf*

[239] *Id.*

[240] 2025 World Steel in Figures, World Steel Association at 27, available at https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf

[241] *Id.*

[242] U.S. Energy Information Administration, EIA Beta, *International Energy Statistics*, *available at* https://www.eia.gov/beta/international.

a monopoly on exports of pipeline natural gas produced in Russia and charges higher prices on exports of natural gas than it charges to most domestic customers."[243] Before joining the WTO in 2012, Russia implemented a trade-distortive dual pricing system for natural gas, requiring international purchasers to pay a premium for natural gas.[244] This dual pricing system remains in place and acts as a trade-distortive energy subsidy to Russian industrial producers.[245] In particular, this subsidy provides Russian steel producers with a low-priced source of energy, giving them an unfair competitive advantage in the international market. In fact, Russia has been recognized as one of the world's top providers of subsidies for natural gas consumption,[246] and the Commerce Department has determined that the Russian government provides natural gas to steel producers for less than adequate remuneration.[247]

Moreover, while Russia's WTO accession agreement generally allows it to maintain a dual pricing system, Russia did commit to alter its pricing system by basing natural gas prices for industrial users on "normal commercial considerations," *i.e.*, recovery of costs and profit.[248] However, as USTR has said, Russia's progress in even meeting this modest commitment has been "modest and uneven."[249] Natural gas in Russia continues to be sold at below cost today. Russia's largest natural gas producer, Gazprom, has admitted that domestic "prices remained below the economically viable level" to

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[243] USTR 2020 NTE Report at 425.

[244] *Id.* at ¶ 120 (expressing concern that State controls on the pricing of energy for domestic consumption has created trade distortions). The effect of these controls was to depress prices for domestic industrial users, which could lead to a very wide differential between the price paid by domestic industrial users and the price paid by export customers, as well as the world market price"); *see also* David G. Tarr, *Export Restraints on Russian Natural Gas and Raw Timber: What are the Economic Impacts?*, Centre for Energy Policy and Economics Working Paper No. 74 (Mar. 2010) at 2.

[245] Russia Working Party Report at "Pricing Policies;" *see* USTR, *2016 Report on the Implementation and Enforcement of Russia's WTO Commitments* (Dec. 2016) at ¶ 120. *See also* Anton Orlov, *An assessment of optimal gas pricing in Russia: A CGE approach* (Apr. 29, 2015) ("Domestic gas prices in Russia are administratively regulated, and they are substantially lower than export netback prices. The administrative price regulation operates as an implicit subsidy on domestic gas consumption").

[246] Ambrus Barany and Dalia Grigonyte, *Measuring Fossil Fuel Subsidies*, ECFIN Economic Brief (Mar. 2015) at 10.

[247] *See* Issues and Decisions Memorandum accompanying *Cold-Rolled Steel Flat Products from the Russian Federation*, 81 Fed. Reg. 49,935 (Dep't Commerce July 29, 2016) (final affirmative countervailing duty determination and final negative critical circumstances determination) at cmt 1. Note that no countervailing duty order was imposed on Russian cold-rolled steel due to a negative final determination by the U.S. International Trade Commission. *See* Peg O'Laughlin, *USITC Announces Determinations Concerning Cold-Rolled Steel Flat Products from Brazil, India, Korea, Russia, and the United Kingdom* (Sept. 2, 2016).

[248] *See* Russia Working Party Report at 132; USTR, *2016 Report on the Implementation and Enforcement of Russia's WTO Commitments* (Dec. 2016) at 32.

[249] *See* USTR, *2019 Report on the Implementation and Enforcement of Russia's WTO Commitments* (Feb. 2020) at 33.

support Russia's economy,[250] including for its steel producers, which heavily consume natural gas.[251]

USTR should continue to monitor Russia's actions and confirm whether Russia is complying with its commitment to base the price of natural gas for industrial users on "commercial considerations."[252]

b. Preferential Loans

In 2020, Russia implemented a new "Corporate Competitiveness Program" from the Russian Export Center to support exporters by subsidizing their interest rates on bank loans for exports that meet certain performance standards.[253] The Russian Ministry of Industry and Trade announced that it planned to increase support for exporters under the program from 2 billion rubles ($27.3 million) in 2020 to 19 billion rubles ($259.4 million) in 2021 and 86 billion rubles ($1.17 billion) in 2022. Funding for the program was expected to reach 286 billion rubles ($3.9 billion) in 2021-24. In June 2021, the Russian government extended this program until 2030.[254] While the Russian government did not name specific projects, it indicated it had entered into agreements with the metals industry.[255]

The Russian steel industry and related industries have historically received preferential loans from state-owned and -controlled banks such as VTB Bank, Vneshecomobank and Sberbank, which have provided billions of dollars in loans to Russian steel producers.[256]

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[250] *See Setting fair gas prices in Russia to boost domestic economy*, Gazprom (Apr. 22, 2014) ("Gazprom, the biggest gas supplier to the domestic market, sold gas at regulated prices that remained below the economically viable level, thereby supporting the domestic economy"). *See also* Murat Basboga, *Russia Mulls Market Liberalisation*, Natural Gas World (May 27, 2016), *available at* https://www.naturalgasworld.com/russia-mulls-liberalization-of-domestic-gas-markets-analysts-cautious-29824.

[251] *See* Management Report, PJSC Gazprom 2015 (2015) at 18 ("Moreover, natural gas is heavily used in the steel-making...industry").

[252] *See* Russia Working Party Report at ¶ 132; USTR, *2016 Report on the Implementation and Enforcement of Russia's WTO Commitments* (Dec. 2016) at 32.

[253] Russia Export Center, *Corporate Competitiveness Program* (Aug. 2020), *available at*https://www.exportcenter.ru/kppk/.

[254] Made in Russia, *Cabinet To Extend Support For Enterprise Competitiveness Programmes Until 2030* (June 15, 2021), *available at* https://madeinrussia.ru/en/news/4061.

[255] Anastasia Lvova, *The Ministry Of Industry And Trade This Year Sharply Reduced State Support For Exports*, Vedomosti (Aug. 18, 2020)., *available at* https://www.vedomosti.ru/business/articles/2020/08/17/836923-minpromtorg-sokratil (Google Translate from Russian).

[256] *See 2017 Russia Investment Climate*; *see, e.g.*, *BRIEF – Russia's Mechel says Vnesheconombank agrees to restructure $190 mln loan*, Reuters (Sept. 28, 2017), *available at* https://www.reuters.com/article/brief-russias-mechel-says-vnesheconomban/brief-russias-mechel-says-vnesheconombank-agrees-to-

Many of these state loans have been granted to support the restructuring of foreign debt. Although Russia committed to ensuring that subsidies provided at the federal and sub-federal level are consistent with its WTO obligations,[257] state-controlled banks have made significant loans to Russian manufacturers despite their declining credit ratings. For example, since at least 2012, state-sponsored funds from Sberbank and other state-controlled banks have essentially kept Russian mining and metals company, Mechel, from defaulting on its loans by using state-sponsored funds to repeatedly restructure its short-term debt.[258]

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restructure-190-mln-loan-idUKR4N1IX00L; *VTB has provided "daughter" of the "Eurasia" credit line in the amount of $300 million for a period of seven years*, News For Traders (May 12, 2016); Yuliya Fedorinova and Anna Baraulina, *Russian Banks Awash in Dollars Make Loans Company Debt of Choice*, Bloomberg (Nov. 4, 2015), *available at* https://www.bloomberg.com/news/articles/2015-11-04/russian-banks-awash-in-dollars-make-loans-company-debt-of-choice ("Steelmaker Novolipetsk Steel OJSC said Nov. 3 it borrowed $400 million of pre-export financing from banks"). *See also* Alexander Kolyandr, *Russia Mulls Helping Refinance Debts of Metals, Mining Giants*, The Wall Street Journal (Nov. 26, 2013), *available at* https://www.wsj.com/articles/SB10001424052702304465604579221281285987854.

[257] *See* Russia Working Party Report at ¶ 686 (stating that "the subsidies provided both on Federal and Sub-Federal levels were consistent with the national legislation and international commitments of [Russia]" and referring to "the conformity of the subsidies, granted by the regional governments, with all Federal legislation and the obligations under international treaties of the Russian Federation").

[258] *See, e.g.*, *BRIEF – Russia's Mechel says Vnesheconombank agrees to restructure $190 mln loan*; *Mechel Wins Sberbank Loans*, GTR (Oct. 17, 2012), *available at* https://www.gtreview.com/news/europe/mechel-wins-sberbank-loans/. After years of declining credit ratings, in March 2015, at the company's request, Moody's withdrew Mechel's credit rating of Caa3 and a probability of default rating of Ca-PD/LD. *Moody's withdraws Mechel's ratings*, Moody's Investors Service (Mar. 24, 2015), *available at* https://www.moodys.com/research/Moodys-withdraws-Mechels-ratings--PR_321374?WT.mc_id=AMRG93X0pvbmVzX05ld3NSb29tX1NCX1JhdGluZyBOZXdzX0FsbF9Fbmc%3D20150324_PR_321374; Mechel PAO 2015 Form 20-F at 13 ("In March 2015, following Mechel's request, Moody's Investors Service withdrew our corporate family rating of Caa3, probability of default rating of Ca-PD/LD and long-term national scale rating of Caa2.ru"). Despite the absence of an international credit rating, Sberbank restructured $446 million of Mechel's debt on April 18, 2016. Mechel PAO 2015 Form 20-F at 13 ("Downgrade and further absence of international rating may reduce our opportunities to raise necessary debt financing (including by accessing the debt capital markets), as well as potentially negatively impact the terms of such financing"). Moreover, state-owned banks, including Sberbank, Gazprombank and VTB, negotiated a $5.1 billion debt restructuring deal with Mechel in 2016. *See Update1-Mechel signs debt restructuring deal with Sberbank*, Reuters (Apr. 18, 2016), *available at* https://www.reuters.com/article/russia-mechel-sberbank rossii/update-1-mechel-signs-debt-restructuring-deal-with-sberbank-idINL5N17L3PJ; Yuliya Fedorinova, *Mechel's Foreign Lenders Seek Collateral for Restructuring*, Bloomberg (July 21, 2016), *available at* https://www.bloomberg.com/news/articles/2016-07-21/mechel-s-foreign-lenders-seek-more-collateral-for-restructuring-iqvzzrl3. In 2017, Venesheconombank agreed to restructure a loan for up to $190 million for Elagaugol, part of Mechel's mining division. *BRIEF – Russia's Mechel says Vnesheconombank agrees to restructure $190 mln loan*; *Mechel Reports Restructuring Debt With Vnesheconombank*, Nasdaq GlobalNewswire (Sept. 28, 2017), *available at* https://www.globenewswire.com/news-release/2017/09/28/1134480/11345/en/Mechel-Reports-Restructuring-Debt-With-Vnesheconombank.html.

In 2015, the Russian government created a list of 199 companies deemed to be strategic firms eligible for state assistance.[259] The list included steelmaker Severstal, aluminum producer Rusal, and the mining company Norilsk Nickel.[260] Russia's Ministry of Economic Development indicated that it would provide state-backed guarantees for loans and bonds worth up to 200 billion rubles to companies on the list for investment projects and other purposes such as debt restructuring.[261] Russia expanded this group to more than one-thousand companies in response to the COVID-19 pandemic.[262] The Russian government announced that these companies would receive state support, including loans at subsidized rates, state subsidies, debt restructuring, and other measures deemed necessary.[263]

The Russian government's provision of loans, on what appear to be preferential terms, to Russian manufacturers unfairly distorts international competition, especially when Russian producers use these funds to increase production capacity.

8. Vietnam

The Vietnamese government provides subsidies to select industries, in an effort to support the development of the domestic economy. In 2020 the 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.[264] 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.[265] The Vietnamese government also

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[259] *See also* Gabriela Baczynska, *Russia lists 199 firms eligible for state support amid crisis*, Reuters (Feb. 8, 2015), *available at* https://www.reuters.com/article/us-russia-crisis-companies/russia-lists-199-key-firms-eligible-for-state-support-amid-crisis-idUSKBN0LC0NU20150208.
[260] *Id.*
[261] Paul Whitfield, *Russia Offers Aid to 'Strategic Companies' to Ease Lender Jitters*, The Street (Feb. 9, 2015), *available at* https://www.thestreet.com/markets/emerging-markets/russia-offers-aid-to-strategic-companies-to-head-off-lender-jitters-13039179.
[262] TASS, *Systemic Companies to Receive Preferential Loans, Says Putin* (Apr. 15, 2020), *available at*https://tass.com/economy/1145425.
[263] *Id.*; Vasilisa Strizh, Jennifer A. Josefson, Bela Pelman, Alexandra Rotar, Valentina Semenikhina, *Russia Covid-19 Response: State Support For Large Businesses*, White & Case (Apr. 6, 2020), *available at* https://www.morganlewis.com/pubs/russia-covid-19-response-state-support-for-large-businesses-cv19-lf.
[264] *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.
[265] *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.

supports small and medium-sized enterprises through payment for consulting services and training programs.[266] In 2024 Commerce denied Vietnam's request for market economy status, citing the Vietnamese government's continued interference in the economy.[267] 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.

The Vietnamese government also manipulates its currency – the Vietnamese dong – as a means of subsidizing its domestic exporters, which include Vietnamese steel producers. Indeed, in 2021, USTR published a report detailing the findings of its investigation under Section 301 of the Trade Act of 1974 concluding that "Vietnam's acts, policies, and practices with respect to currency valuation, including excessive foreign exchange market interventions and other related actions, taken in their totality, are unreasonable and burden or restrict U.S. commerce."[268] Specifically, the USTR found that "Vietnam manages its exchange rate based on its interest in achieving certain economic goals; that the acts, policies, and practices it has chosen with respect to the exchange rate have contributed to undervaluation of the exchange rate; that Vietnam uses FX market interventions as a key tool to manage the exchange rate in a manner that has contributed to persistent undervaluation; and that this undervalued exchange rate is accompanied by substantial current account and trade imbalances (including with the United States)."[269] This investigation followed a determination from the Treasury Department that the Vietnamese currency was undervalued in 2019 by approximately 4.7 percent, due in part to interventions from the Vietnamese government.[270] Likewise, the Commerce Department has countervailed the undervaluation of the Vietnamese dong as a subsidy in the agency's ongoing investigation of Passenger Vehicle and Light

[266] Pritesh Samuel, *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/.
[267] Raw Honey From the Socialist Republic of Vietnam: Initiation of Antidumping Duty Changed Circumstances Review, 89 Fed Reg. 64411-12 (International Trade Administration August 7, 2024)
[268] USTR, *Section 301 Investigation: Report on Vietnam's Acts, Policies, and Practices Related to Currency Valuation* (Jan. 15, 2021), *available at* https://ustr.gov/sites/default/files/files/Press/Releases/Vietnamcurrency301report.pdf.
[269] *Id*. at 1.
[270] David Lawder, *U.S. Treasury says Vietnam currency was undervalued in 2019 in tire probe assessment*, Reuters (Aug. 25, 2020), *available at* https://www.reuters.com/article/us-usa-trade-vietnam/u-s-treasury-says-vietnam-currency-was-undervalued-in-2019-in-tire-probe-assessment-idUSKBN25L24X.

Trucker Tires from Vietnam, finding that currency was undervalued both in the POI, *i.e.*, 2019, and in the years immediately preceding the POI .[271]

In July 2021, the Treasury Department reached an agreement with the State Bank of Vietnam (SBV) that recognized that Vietnam is bound under the Articles of Agreement of the IMF to avoid manipulating its exchange rate to prevent effective balance of payments or gain an unfair competitive advantage and that it will "refrain from any competitive devaluation of the Vietnamese dong."[272] The joint statement also states that the SBV is "making ongoing efforts to further modernize and make more transparent its monetary policy and exchange rate framework."[273]

As highlighted above, when a country intervenes in its currency markets to weaken its domestic currency it can have a profound and adverse effect on its foreign trading partners. Accordingly, AISI encourages USTR to ensure that Vietnam implements the agreement to ensure that it does not manipulate its exchange rate for the benefit of Vietnamese exporters and to the detriment of U.S. companies seeking to do business in Vietnam.

9. Indonesia

Indonesia provides fiscal and non-fiscal incentives to companies, ranging from tax incentives, land assistance, and discounted electricity. Indonesia's largest steel producing SE is Krakatau Steel, which is heavily subsidized. The Indonesian government bailed out Krakatau Steel by restructuring $2.2 billion in debt.[274] Other subsidies to Krakatau Steel include equity infusions,[275] local content requirements, and provision of iron ore and coal for LTAR because of export bans on minerals. Further as discussed below, Krakatau Steel has created several joint venture steel companies, which are also subsidized both by the Indonesian government and other governments through transnational subsidies.

Additionally, foreign owned SEs such as China's Tsingshan Holding Group, receives subsidies from Indonesia in the form of tax holidays, energy subsidies and low nickel

[271] *See Issues and Decisions Memorandum for the Final Determination in the Countervailing Duty Investigation of Passenger Vehicle and Light Truck Tires From the Socialist Republic of Vietnam*, DOC Case No. C-552-829 (Inv.) at 24 (May 21, 2021).

[272] U.S. Department of the Treasury, *Joint Statement from the U.S. Department of the Treasury and the State Bank of Vietnam* (July 19, 2021), *available at* https://home.treasury.gov/news/press-releases/jy0280.

[273] *Id.*

[274] *Krakatau Steel will finish the restructuring of its US$ 2.2 billion debt by the end of 2019*, IDN Financials (Dec. 13, 2019), *available at* https://www.idnfinancials.com/news/30791/krakatau-steel-finish- restructuring-debt.

[275] *Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia*, 64 Fed. Reg. 40,457, 40,462 (Dep't Commerce July 26, 1999) (preliminary affirmative countervailing duty determination and alignment of final countervailing duty determination with final antidumping duty determination).

ore prices, driven by Indonesia's export restriction on nickel ore.[276] Since 2015 Tsingshan has invested $10 billion in Indonesia and benefited from tax exemptions for the last 20 years. In 2018 Tsingshan ranked 44th in steel production globally, but due in large part to the benefits the Chinese SE receives in Indonesia it has risen to 25th in global steel production as of 2024.[277]

V. STATE ENTERPRISES AND GOVERNMENT INTERVENTION

Foreign governments are increasingly using state enterprises (SEs)[278] and other methods of government intervention to unfairly tilt the commercial playing field, both within a country's borders and in global markets. The OECD notes that while "state enterprises are relatively low in numbers compared to private enterprises, they account for an important share of global crude steel production. In 2024 China had 27 companies in the top 50 steel producing companies in the world, many of which are state enterprises (SEs).[279]The rise of SEs and other government intervention into industry represents a growing threat to fair trade and the ability of private steel producers to compete globally. SE investment at home and abroad forces companies to compete directly against foreign governments in markets around the world, creating significant imbalances that harm workers and private companies competing in those markets. As detailed below, policies enacted by foreign governments to reduce carbon emissions and promote the development and use of renewable energy technologies may have the potential to adversely impact the competitiveness of U.S. steel producers in foreign markets. Taken together, these distortions impact U.S. and global steel markets and related upstream and downstream markets, as well as other global industries.

A. Trade Distortions and Anti-Competitive Effects Caused by SEs and Other Government Intervention in Commercial Activities

SEs often receive massive subsidies and other benefits from their governments, which provide an unfair competitive advantage to SEs in their worldwide operations. As the OECD has noted, the main concern regarding state-ownership for the trade community

[276] Ahmad Syarif, "The Nickel-based Industrial Paradox: Indonesian Resources, Chinese Profits" February 18, 2025, available at: https://thediplomat.com/2025/02/the-nickel-based-industrial-paradox-indonesian-resources-chinese-profits/#:~:text=Unnecessary%20Incentives,years%20of%20income%20tax%20exemptions.
[277] World Steel in Figures 2019, World Steel Association, available at: https://worldsteel.org/wp-content/uploads/2019-World-Steel-in-Figures.pdf; World Steel in Figures 2025, World Steel Association, available at: https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf
[278] As used in these comments, "state-owned enterprises" includes "state-supported enterprises" and other government-backed entities.
[279] Worldsteel, Top steel-producing companies 2024/2023, available at: https://worldsteel.org/data/top-steel-producers/

is the "anti-competitive effects of advantages granted to SEs."[280] Some of the most significant ways in which governments benefit their SEs and distort the global marketplace include: direct subsidies in the form of cash grants and/or capital infusions;[281] preferential loans and access to finance;[282] tax reductions and exemptions; preferential access to raw materials and other inputs; and preferential regulatory treatment.[283]

Because SEs are frequently subsidized and otherwise advantaged by their home governments,[284] they often do not operate based on market principles and therefore introduce market-distorting behavior and other trade and investment imbalances when they enter the commercial arena.[285] These distortive effects essentially cause market-based U.S. steelmakers to compete in global markets against foreign governments, rather than against similarly situated foreign companies. The resulting effects create unfair conditions experienced by companies in markets around the globe.

As a result, SEs can act as a barrier to trade in several ways. First, government support for SEs protects a particular domestic producer and its product and makes it more difficult for foreign companies to compete in that market. For example, subsidies and other benefits artificially lower SEs' costs and enhance their ability to sell at lower prices than their private sector competitors. Additionally, some unprofitable SEs, which in a free market would be driven out of business, "may enjoy outright exemptions from bankruptcy rules."[286] The ability to sustain losses for longer periods of time and not having to earn a commercial rate of return provide SEs with a significant competitive

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[280] Przemyslaw Kowalski, Max Büge, Monika Sztajerowska and Matias Egeland, *State-Owned Enterprises: Trade Effects and Policy Implications*, OECD Trade Policy Paper No. 147, TAD/TC/WP (2012)10/FINAL (Mar. 22, 2013) at 9 ("OECD, *SOEs: Trade Effects and Policy Implications*"). *See also* Hans Christiansen and Yunhee Kim, *State-Invested Enterprises in the Global Marketplace: Implications for a Level Playing Field*, OECD Corporate Governance Working Papers No. 14 (July 30, 2014) at 13 ("OECD, *SIEs in the Global Marketplace*"); *OECD Guidelines on Corporate Governance of State-Owned Enterprises* (July 2015).

[281] *See* Andrew Szamosszegi and Cole Kyle, *An Analysis of State-owned Enterprises and State Capitalism in China*, U.S. China Economic and Security Review Commission (Oct. 26, 2011) at 49.

[282] *See* OECD, *SIEs in the Global Marketplace* at 13; Stephen Lacey, *How China Dominates Solar Power*, The Guardian (Sept. 12, 2011).

[283] *See* Antonio Capobianco and Hans Christiansen, *Competitive Neutrality and State-Owned Enterprises*, OECD Corporate Governance Working Papers No. 1 at 6-7, 20 ("Competitive Neutrality"); OECD, *SOEs: Trade Effects and Policy Implications* at 5, 16.

[284] *See, e.g.*, Scott Cendrowski, *China's Global 500 companies are bigger than ever—and mostly state-owned*, Fortune (July 22, 2015), *available at* https://fortune.com/2015/07/22/china-global-500-government-owned/ ("With the government as their largest shareholders, China's [SOEs] enjoy massive state support, which fosters growth and insulates them from competition").

[285] OECD, *SIEs in the Global Marketplace* at 13; OECD, *SOEs: Trade Effects and Policy Implications* at 5. *See also* OECD, *Broadening the Ownership of State-Owned Enterprises: A Comparison of Governance Practices* (Feb. 4, 2016) at 27 ("OECD, *Broadening the Ownership of SOEs 2016*") (referring to the "other social objectives" of OECD).

[286] Competitive Neutrality at 6. *See also* OECD, *SIEs in the Global Marketplace* at 14.

advantage over their private sector counterparts.[287] These advantages may prevent U.S. producers from exporting to a market dominated by SEs.

Second, government support for SEs can artificially stimulate exports of a particular domestic product, displacing U.S. exporters in global markets. The Chinese government, for example, selects specific SEs to receive subsidies and other assistance to be internationally competitive and to export products abroad. In addition, as a major purchaser of goods and services, the Chinese government could, for example, "encourage" its SEs to buy a given input from one country over another or to buy domestically. In any event, the rise of SE investment abroad, and government intervention more generally, represents a significant barrier to trade in home and third country markets.

B. State Enterprises by Country

Of the 126 SEs included in the Fortune Global 500 list, 86 of them are Chinese owned companies.[288] Other countries with significant SEs include Argentina, Belgium, Colombia, Czech Republic, France, Germany, India, Italy, Korea, Mexico, Netherlands, Norway, Saudi Arabia, South Africa, Spain, Sweden, Thailand, and Turkey.[289] Additional country-specific information on SEs is provided below.

China: Nowhere is the rise of state capitalism more evident than in China. SEs continue to dominate the Chinese economy in terms of assets and resource allocation despite being relatively inefficient and accounting for a small share of industrial value added.[290] With respect to the steel industry, the Chinese government has ownership interests in 18 of the 20 largest steel producers in China.[291] The CCP is at odds with the majority of the world in terms of how it views its approach to economic development, and its actions during the COVID-19 pandemic demonstrated that the government has no intention of transitioning to a market economy.[292] Instead, over the past few years, the CCP has continued to take new steps to increase its influence over SEs.[293]

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[287] *See, e.g.*, S&P Global, *Italy Likely to take majority stake in ArcelorMittal Italia: sources* (Oct. 7, 2020).
[288] OECD, Ownership and Governance of State-Owned Enterprises 2024, at 15, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/06/ownership-and-governance-of-state-owned-enterprises-2024_136e9151/395c9956-en.pdf
[289] *See generally* OECD, *Ownership and Governance of State-Owned Enterprises: A Compendium of National Practices* (2018); OECD, SIEs in the Global Marketplace.
[290] *See, e.g.*, DOC China Financial System Memo at 9.
[291] OECD State Ownership Report at 6-7.
[292] Lingling Wei, *China's Coronavirus Response Toughens State Control and Weakens the Private Market*, The Wall Street Journal (Mar. 18, 2020), *available at* https://www.wsj.com/articles/chinas-coronavirus-response-toughens-state-control-and-weakens-the-private-market-11584540534.
[293] U.S.-China Economic and Security Review Commission Annual Report (Nov. 2021) at 173, *available at* https://www.uscc.gov/sites/default/files/2021-11/2021_Annual_Report_to_Congress.pdf.

Since 2015, the share of private companies investing in factories and major projects in China has declined.[294] During the 13th Five Year Plan period, the Chinese government relied heavily on the concept of "mixed ownership reform" in its attempts to reform the state sector.[295] Mixed ownership reform seeks to draw additional non-state investment into Chinese SEs, purportedly to promote market-orientation by giving private investors a greater say in SE operations.[296] The policy has not, however, been coupled with necessary corporate governance reforms, so that it has become "little more than an attempt to receive private sector payments without offering anything in return – an empty box with nice wrapping paper."[297] The CCP has in fact moved to expand and formalize its influence over the operations of firms of all ownership structures,[298] while also promoting investment by the state sector in non-state firms in key emerging industries.[299] As a result, in response to CCP policies, the Chinese government continues to promote, subsidize, and expand the state sector despite warnings from the IMF that effects from a large wave of SE defaults could ripple through the global economy.

As illustrated above, China has embarked on a campaign to expand state influence past country borders, providing financial support for enterprises "going out" and building capacity in foreign countries.[300] As of 2025, China either owns or has a

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[294] U.S.-China Economic and Security Review Comission Annual Report (Nov. 2019) at 130, *available at https://www.uscc.gov/sites/default/files/2019-11/2019%20Annual%20Report%20to%20Congress.pdf.*

[295] *See, e.g.*, Ann Listerud, *MOR Money MOR Problems: China's Mixed-Ownership Reforms in Practice*, CSIS (Oct. 1, 2019).

[296] *Id.*

[297] *Id.*

[298] *See, e.g.*, Federica Russo, *Politics in the Boardroom: The Role of Chinese Communist Party Committees*, The Diplomat (Dec. 24, 2019), *available at* https://thediplomat.com/2019/12/politics-in-the-boardroom-the-role-of-chinese-communist-party-committees/.

[299] *See, e.g.*, Iris Leung, *China Rolls Out "Government Guidance Funds to Boost Tech Startups*, Techwire Asia (May 23, 2017), *available at* https://techwireasia.com/2017/05/china-rolls-govt-guidance-funds-boost-tech-startups/.

[300] David Stanway and Ruby Lian, *China looks overseas in bid to slim down bloated steel sector*, Reuters (Apr. 20, 2016). Chinese manufacturers receive hundreds of billions of dollars of state support to build and purchase plants on foreign soil, through money provided by institutions such as China Development Bank, Bank of China and funds like China Investment Corp. Chinese SEs, backed by below-market financing and state support, have become dominant players in China's outbound investment. .S.-China Economic and Security Review Commission Annual Report (Nov. 2019) at 181, *available at* https://www.uscc.gov/sites/default/files/2019-11/2019%20Annual%20Report%20to%20Congress.pdf. The Chinese government encourages strategic partnerships and investments between its steelmakers and overseas interests to increase exports of steel. For instance, Indonesia has repeatedly manipulated its nickel ore export market in recent years, including a complete ban on exports at the beginning of 2020, so the largest Chinese producer of stainless steel, Tsingshan, built a 3.0 to 3.5 million MT production stainless steel facility in Indonesia, almost exclusively for export markets to the United States and Europe. Maytaal Angel, *Stainless steel glut builds in China as Indonesia ups output*, Reuters (May 3, 2018), *available at*

majority control in 17 ports globally, however China has invested in as many as 129 port projects across the world, much of which comes through the form of Chinese SEs.[301] Because of the expansive control of the Chinese government over Chinese firms, even decisions by "private" Chinese companies "may be guided by national security or industrial policy objectives beyond the economic return sought by private actors."[302]

While the Chinese government continues to emphasize the centrality of formally state-owned enterprises to advancing the state's strategic objectives, it has expanded the reach of the party-state into state-owned and nominally private enterprises alike. As "the CCP has created a robust set of formal and informal mechanisms that induce connectivity (of varying intensity) between state-owned and nominally private Chinese firms," any practical distinctions between state-owned and private firms in strategic sectors have become increasingly blurred.[303] While state ownership historically may have provided a convenient way to identify firms operating in the state's interest as a opposed to pursuing commercial objectives, China's model of state capitalism has rendered it virtually useless. This is true with respect to both economic distortions, "from the inherent propensity to unleash waves of industrial and technological overcapacity that undercut U.S. firms," and national security concerns like "the crucial role SOEs and state-backed firms play in supporting the Chinese military's modernization and overseas expansion.[304]

Iran: Backed by the Iranian government, the steel industry in Iran is growing rapidly and is increasingly export-oriented. Iranian steelmaking capacity more than doubled between 2010 and 2020.[305] In 2025 Iran ranked 10th in crude steel production with production of 31.4 million MT,[306] and is expected to climb to seventh place by 2025.[307]

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https://www.reuters.com/article/us-stainless-glut-nickel/stainless-steel-glut-builds-in-china-as-indonesia-ups-output-idUSKBN1I412C.

[301] Bob Brewer, China's Global Port Investments – It's About Control and the Reshaping of Trade Flows, Braumiller Law Group, available at: https://www.braumillerlaw.com/chinas-global-port-investments-its-about-control-and-the-reshaping-of-trade-flows/#:~:text=China%20owns%20outright%20or%20has,which%20includes%20direct%20port%20investment.

[302] *Id.* at 181.

[303] *See, e.g.*, Jude Blanchette, *Confronting the Challenge of Chinese State Capitalism*, Center for Strategic and International Studies (Jan. 22, 2021), *available at* https://www.csis.org/analysis/confronting-challenge-chinese-state- capitalism.

[304] *Id*.

[305] OECD Steel Committee, *Latest Developments in Steelmaking Capacity* (Sept. 2021) at 5.

[306] 2025 World Steel in Figures, World Steel Association at 9, available at: https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf

[307] Hellenic Shipping News: Iran's August steel output grows 64% yr/yr: WSA (Sept. 27, 2022), *available at* https://www.hellenicshippingnews.com/irans-august-steel-output-grows-64-yr-yr-wsa/.

Indeed, the Iranian government announced plans in 2022 to increase steel capacity to 55 million MT by 2025, of which 20 million MT is earmarked for export.[308] The growth of the Iranian steel industry is critical to Iran. By value, steel represented 8.7 percent of Iran's total exports in 2018.[309] In 2017, the top three steel producers in Iran were all state-owned companies and accounted for 64 percent of Iran's total steel production in 2017.[310]

The growth of the Iranian steel industry is supported by China. China has strategically supported the growth of the Iranian steel industry by providing Iranian steel producers with the investment, equipment, and strategic advice necessary to grow the industry.[311] Chinese-financed developments in the Middle East are also often viewed as a way for China to transfer its steel overcapacity.[312] The Chinese government has sought to develop a closer, strategic relationship with Iran as part of its Belt and Road Initiative, and the Chinese Metallurgical Group Corporation, a Chinese state-owned company, has announced plans to finance some of Iran's steel capacity building projects.[313] In 2020, Iran and China signed a 25-year strategic partnership treaty, covering economic, security, and trade issues.[314]

Russia: The Commerce Department notes that "[b]urdensome regulations, the preponderance and strength of state-owned enterprises, and government policies encouraging localization present challenges to U.S. exporters" in Russia.[315] Indeed, Russia has "reasserted direct state control over 'strategic' industries," including oil, gas, and transportation,[316] which are important to the steel industry. According to the

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[308] *Id.* at 19.
[309] U.S. Int'l Trade Administration, *Global Steel Trade Monitor, Steel Exports Report: Iran* (Mar. 2019) at 1.
[310] *Id.* at 6.
[311] *Persian Iron and Steel ambition: What investment opportunities are there for Chinese companies entering the Iranian steel industry?*, China Steel News Network Editor (Jan. 25, 2019).
[312] Afshin Molavi, *Enter The Dragon: China's Belt And Road Rising In The Middle East*, Hoover Institution (Oct. 2, 2018), *available at* https://www.hoover.org/research/enter-dragon-chinas-belt-and-road-rising-middle-east.
[313] OECD, *Recent developments in steelmaking capacity*, DSTI/SC (2018)2/FINAL (2018) at 9; Abdul Kerimkhanov, *China seeks to develop comprehensive strategic ties with Iran*, AzerNews (Feb. 21, 2019), *available at* https://www.azernews.az/news.php?news_id=146100&cat=region.
[314] Alam Saleh and Zakiyeh Yazdanshenas, *Iran's Pact With China Is Bad News for the West*, Foreign Policy (Aug. 9, 2020), *available at* https://foreignpolicy.com/2020/08/09/irans-pact-with-china-is-bad-news-for-the-west/; Farnaz Fassihi, *Defying U.S., China and Iran Near Trade and Military Partnership*, The New York Times (July 11, 2020), *available at* https://www.nytimes.com/2020/07/11/world/asia/china-iran-trade-military-deal.html.
[315] *See* U.S. Department of State, *2021 Investment Climate Statements: Russia*.
[316] *Something old, something new*, The Economist (Jan. 21, 2012), *available at* https://www.economist.com/special-report/2012/01/21/something-old-something-new; Heli Simola and Laura Solanko, *Overview of Russia's oil and gas sector*, Bank of Finland, BOFIT Institute for Economies in Transition, BOFIT Policy Brief 2017 No. 5 (May 19, 2017) at 6 ("An effort is also made to control the

U.S. State Department, "[t]he Russian government and its SOEs dominate the economy."[317] The Russian government still maintains a list of 136 SEs with "national significance" whose privatization is only permitted with a special government decree.[318] Further, while Russia has made some privatization efforts, "most large SOEs remain in state hands and 'large scale' privatization…is not keeping up with implementation plans."[319]

India: The Indian government owns or "controls interests in key sectors with significant economic impact, including infrastructure, oil, gas, mining, and manufacturing," including steel manufacturing.[320] The Heritage Foundation noted that "the state maintains an extensive presence in many areas through [SEs]" with public debt accounting for 70 percent of gross domestic product (GDP) in 2019.[321] In 2017, 65 percent of India's investments in SE's were concentrated in the manufacturing, energy, and mining sectors, which are critical for steel manufacturing and raw materials.[322] To this end, India's National Steel Policy 2017 states that the steel industry will require capital investments of 10 lakh crore in order to reach the government's production target of 300 million MT by 2030.[323] In July of 2024 it was reported that India was

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structure of oil sector production through taxation."). *See also 2014 Index of Economic Freedom: Russia*, The Heritage Foundation, *available at* http://www.heritage.org/index/country/russia ("The state has reasserted its dominance in the aerospace, mining, and oil and gas industries"); *OECD, SOEs: Trade Effects and Policy Implications*, OECD Trade and Agriculture, Working Party of the Trade Committee (Mar. 2013) at 6.

[317] *See 2021 Russia Investment Climate*. The State Department did not publish an Investment Climate Report for Russia in 2022, given "Russia's unjustified, full-scale invasion of Ukraine since February 24, 2022." According to the State Department, the invasion has "resulted in a dramatic downturn in the Russian economy's outlook and has led the Government of Russia to rapidly introduce policies fundamentally harmful to foreign investors and the private sector."

[318] *Id*

[319] *Id*

[320] *See* U.S. Department of Commerce, *India – 7-State-Owned Enterprises* (Aug. 2, 2017); *see also* Global Subsidies Initiative: Opportunities for State-Owned Enterprises in India's Clean Energy Future, available at https://www.iisd.org/gsi/news-events/webinar-opportunities-state-owned-enterprises-indias-clean-energy-future.

[321] *2017 Index of Economic Freedom: India*, The Heritage Foundation, *available at* http://www.heritage.org/index/country/india.

[322] U.S. Department of Commerce, *India – 7-State-Owned Enterprises* (Aug. 2, 2017); *see also* OECD, *Broadening the Ownership of SOEs* 2016 at 63; OECD *Progress Report, SOEs: Trade Effects and Policy Implications* at 6.

[323] Ten lakh crore rupees is approximately $136.52 billion at the time of this submission. *See also* India National Steel Policy 2017 at 2 (explaining that after 2004, the "Indian steel sector witnessed a wave of investments…funded by banks.").

considering providing subsidized low interest loans for capital intensive green steel projects.[324]

Indonesia: As of January 2024, Indonesia has 47 state-owned enterprises, which operate in almost all sectors of the economy, including mining, energy, manufacturing, steel, and logistics.[325] According to the State Department, twenty six Indonesian Ses were publicly listed on the stock exchange as of April 2025, and held $572 billion in assets as of 2023 accounting for roughly 42 percent of the country's GDP.[326] In 2015, the Indonesian government injected $3 billion into various SEs.[327] Recipients of the funds include Aneka Tambang, which plans to build an alumina refinery, and Krakatau Steel, which plans to modernize its plants.[328] In 2018, the Indonesian government issued a plan to use state-owned holding companies as a way to stimulate sluggish economic growth in the country by putting large sums of capital towards supporting the expansion of SEs.[329] In 2020, Krakatau Steel benefited from a government orchestrated debt restructuring.[330]

Malaysia: Most of Malaysia's larger companies are either government-linked investment companies with partial government ownership or government investment companies wholly owned by the government. Government-linked investment companies are primarily corporations that received a government debt-for-equity swap because of the 1997 Asian Financial Crisis. Government officials are appointed to the board of the companies and can control companies to pursue government policies. The Ministry of Finance lists 107 SEs on its website, including among others Malaysia Development Berhad,[331] Export-Import Bank of Malaysia, and Petroliam Nasional

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[324] SteelOrbis, India mulls scheme to offer interest subsidy loans to green steel projects, (July 29, 2024) available at: https://www.steelorbis.com/steel-news/latest-news/india-mulls-scheme-to-offer-interest-subsidy-for-loans-to-green-steel-projects-1350808.htm

[325] U.S. Department of State, Bureau of Economic and Business Affairs, *2025 Investment Climate Statements: Indonesia* (2025) available at:: https://www.state.gov/wp-content/uploads/2025/09/638719_2025-Indonesia-Investment-Climate-Statement.pdf

[326] *Id.*

[327] *Id.*

[328] Wataru Suzuki, *Indonesia's growth strategy: Inject cash into state companies*, Nikkei Asian Review (Feb. 5, 2015), *available at* https://asia.nikkei.com/Business/Indonesia-s-growth-strategy-Inject-cash-into-state-companies; *Indonesia's Antam-Inalum's alumina smelter delayed to 2024*, Reuters (March 21, 2022), *available at* https://www.reuters.com/article/indonesia-aluminium/indonesias-antam-inalums-alumina-smelter-delayed-to-2024-idUSL3N2VO1LY.

[329] Kyunghoon Kim, *Indonesia's state-owned predicament*, Asia & the Pacific Policy Society (June 26, 2018), *available at* https://www.policyforum.net/indonesias-state-owned-predicament/.

[330] *House of Representatives approves Rp 3 trillion government loan for Krakatau Steel*, IDN Financials (July 16, 2020), *available at* https://www.idnfinancials.com/news/35212/house-representatives-approves-government-loan-krakatau-steel.

[331] Malaysia, Ministry of Finance, Government Investment Companies Division (GIC), *Frequently Asked Questions* (Oct. 13, 2022), *available at https://www.mof.gov.my/portal/pdf/bahagian/gic/faq-en.pdf*

Berhad. Through its government-linked investment companies, the government owns approximately 42 percent of the value of firms listed on Malaysia's stock market.[332] As the 2025 USTR NTE Reported noted, "Malaysia generally invites international tenders only when domestic goods and services are not available."[333] Given the dominating presence of government-linked investment companies and government investment companies, these policies are prevalent and prevent the U.S. steel industry from competing on a level playing field in Malaysia.

Vietnam: Vietnamese SEs operate in pillar industries of the Vietnamese economy, including "electricity, minerals, petroleum, finance, food, and telecommunications."[334] There are approximately 2,200 SEs that are owned by the central government, and an additional 1,100 at the subnational level.[335] Meanwhile Vietnamese SEs account for 29 percent of Vietnam's GDP.[336] Vietnam has made some efforts to reform its SE sector, including plans released in recent years to divest hundreds of SEs by the end of 2020. However, the restructuring program appears to have been unsuccessful. Of the 183 enterprises originally approved for equitization in 2016 under Decision 58/2016/QD TTg, only 39 were equitized by June 2021.[337] On September 30, Deputy Prime Minister Mguyen Chi Dung held a meeting on a draft resolution in Vietnam with the intent of strengthening the role and performance of SEs, while the draft resolution also called for achieving 100 percent application of OECD governance principles across all SEs, the Deputy Prime Minister concluded the meeting by affirming "the central role of the State economy, saying that SOEs must continue to serve as pioneers and leaders in driving national economic growth."[338]

Actions taken by the Vietnamese government and steel industry also allow and promote the circumvention of U.S. trade orders. To illustrate, in March 2023, the Commerce Department determined that certain stainless steel sheet and strip (SSSS) that had undergone processing in the in Vietnam was covered by the scope of the

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[332] *See* U.S. Department of State*, 2021 Investment Climate Statements: Malaysia.*
[333] 2025 USTR NTE at 259, available at: https://ustr.gov/sites/default/files/files/Press/Reports/2025NTE.pdf
[334] *State-Owned Enterprise Reform in Viet Nam: Progress and Challenges*, Asian Dev. Bank Inst. (Jan. 2020) at 1-2, *available at* https://www.adb.org/sites/default/files/publication/562061/adbi-wp1071.pdf.
[335] *Multi-dimensional Review of Viet Nam: Towards an Integrated, Transparent and Sustainable Economy, OECD* (July 1, 2020) at 174.
[336] 2025 Investment Climate Statements: Vietnam, U.S. State Department, available at: https://www.state.gov/reports/2025-investment-climate-statements/vietnam
[337] Anh, Kim, *Gov't approves new plan for restructuring SOEs*, The Socialist Republic of Viet Nam: Government News (March 18, 2022), *available at* https://en.baochinhphu.vn/govt-approves-new-plan-for-restructuring-soes- 111220318160510498.htm.
[338] Voice of Vietnam, Deputy PM urges reforms to boost State-owned enterprises, October 1, 2025, available at: https://english.vov.vn/en/economy/deputy-pm-urges-reforms-to-boost-state-owned-enterprises-post1234269.vov

antidumping and countervailing duty orders on SSSS from China.[339] Similarly, in November 2023, the Commerce Department completed its investigation into the circumvention of circular welded pipe (CWP) from Vietnam.[340] In that investigation, the Commerce Department concluded that CWP completed in Vietnam using hot rolled steel that originated in China, and was then exported to the United States was circumventing existing antidumping and countervailing duty orders.[341] This problem is not unique to the steel industry, In July of 2023 the Commerce Department made an affirmative final determination of circumvention of antidumping and countervailing duty orders on shipments of Chinese hardwood plywood that are completed in Vietnam before being shipped to the United States.[342]

Brazil: The Brazilian government owns or controls a variety of SEs at both the federal and state levels,[343] with a contributor in Forbes recently calling Brazil "the China of Latin America."[344] Public reports indicate that the Brazilian government has 122 SEs, of which 44 are directly controlled by the government and 78 are indirectly controlled.[345] SEs in Brazil are prominent in the oil and gas, electricity generation and distribution, transportation, and banking sectors.[346] Notably, several of the governments identified above have pursued ownership and control of the steel industries within their borders. For example, in India, the government owns 65 percent of SAIL, one of the country's largest steel producers,[347] while the Vietnamese government owns 93 percent of its largest steel producer, Vietnam Steel.[348] In addition, the following governments own

[339] U.S. Department of Commerce, International Trade Administration, "Stainless Steel Sheet and Strip From the People's Republic of China: Final Scope Ruling and Final Affirmative Determination of Circumvention for Exports From the Socialist Republic of Vietnam," 88 Fed. Reg. 18521 (March 29, 2023)
[340] Circular Welded Carbon Quality Steel Pipe From the People's Republic of China: Final Affirmative Determination of Circumvention of the Antidumping Duty and Countervailing Duty Orders, 88 Fed. Reg. 77287-91, (Dep't Commerce November 9, 2023) available at: https://www.govinfo.gov/content/pkg/FR-2023-11-09/pdf/2023-24806.pdf
[341] *Id.*
[342] U.S. Department of Commerce, International Trade Administration, "Certain Hardwood Plywood Products From the People's Republic of China: Final Scope Determination and Affirmative Final Determination of Circumvention of the Antidumping and Countervailing Duty Orders" 88 Fed. Reg. 46740-44
[343] *See* U.S. Department of State, *2024 Investment Climate Statements: Brazil, available at: https://www.state.gov/reports/2024-investment-climate-statements/brazil/*
[344] Kenneth Rapoza, *When It Comes to State-Owned Companies, Brazil is the China of Latin America*, Forbes (Nov. 3, 2018), *available at* https://www.forbes.com/sites/kenrapoza/2018/11/03/when-it-comes-to-state-owned-companies-brazil-is-the-china-of-latin-america/#44892c1d53da.
[345] *OECD Review of the Corporate Governance of State-Owned Enterprises in Brazil*, OECD (Dec. 14, 2020) at 19.
[346] U.S. Department of State, *2025 Investment Climate Statements: Brazil*.
[347] *About Us*, Steel Authority of India, *available at* https://www.sail.co.in/company/about-us ("The Government of India owns about 65% of SAIL's equity and retains voting control of the Company"); Charlotte Rao, *Indian Steel Surges Ahead But Needs Demand to Catch Up*, S&P Global (Mar. 8, 2017).
[348] State Capital Investment Corporation, *Business Activities*, http://www.scic.vn/index.php/en/business-activities/portfolio.

significant shares of the large (if not the largest) steel companies in their countries: Indonesia (PT Krakatau Steel); Libya (Libyan Iron and Steel Company); Venezuela (Siderúrgica del Orinoco and Siderúrgica del Turbio SA); Pakistan (Pakistan Steel Mills Corporation); Saudi Arabia (Saudi Basic Industries Corporation); the United Arab Emirates (Emirate Steel Industries PJSC); and Algeria (IMETAL); and Italy (ILVA).[349] In fact, in 2024, four of the ten largest steel companies in the world were SEs.[350]

In addition to intervening in the market through ownership, many governments around the world have significantly subsidized the growth of their steel industries and prevented permanent capacity closures in the industry, leading to significant overcapacity in the industry.[351] Governments often will prevent steel mill closures in order to maintain employment levels and for other non-commercial purposes.[352] In a purely market-based system, "the power of the market alleviates excess capacity, by forcing inefficient producers that incur profit losses to eventually exit the market."[353] However, government intervention artificially prevents the market from self-correcting in this manner. Thus, in the steel industry, government impediments to capacity closure, combined with legitimate market-based barriers to exit, have led to the accumulation of persistent and growing excess capacity.

[349] *Algeria: State-Owned IMETAL Takes over ArcelorMittal's Shares in Three Companies*, The North Africa Post (Aug. 8, 2016), *available at* https://northafricapost.com/13358-algeria-state-owned-imetal-takes-arcelormittals-shares-three-companies.html; *The changing face of Europe's flat steel industry*, S&P Globals (Sept. 23, 2016); Massimiliano Di Giorgio, Maytaal Angel, *Italy takes full control of troubled Ilva steel plant*, Reuters (Jan. 21, 2015), *available at* https://www.reuters.com/article/italy-steel-ilva/italy-takes-full-control-of- troubled-ilva-steel-plant-idUSL6N0V03LQ20150121, *but see* Matteo Meneghello, *Italian government hands IlVA to AM Investco* (June 6, 2017) (indicating that the Government of Italy will own Ilva for at least another 12 months).

[350] World Steel in Figures 2025, World Steel Association, at 8, available at: https://worldsteel.org/wp-content/uploads/World-Steel-in-Figures-2025-3.pdf

[351] OECD Steel Outlook 2025, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/05/oecd-steel-outlook-2025_bf2b6109/28b61a5e-en.pdf

[352] *See* Bethany Allen-Ebrahimian, *Chinese Steel Output Hits All-Time High*, Foreign Policy (July 19, 2017); *Zombie firms and China's economic woes*, East Asia Forum (Nov. 21, 2016).

[353] 503 OECD Excess Capacity Report at 2. *See also Statement on Global Steel Excess Capacity by the Governments of Canada, Mexico and the United States*, OECD Steel Committee Meeting (June 5-6, 2014).

VI. CONCLUSION

The trade barriers described in this submission distort global trade and international competition, and harm U.S. industries, including the U.S. steel industry. USTR should include the trade restrictions identified above in its 2026 National Trade Estimate Report on Foreign Trade Barriers and continue to work toward the elimination of these and other trade barriers worldwide.

Sincerely,

Kevin M. Dempsey
President and Chief Executive Officer