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Kevin M. Dempsey
President and CEO

July 10, 2026

The Honorable Jamieson Greer
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

**RE: Request for Comments on the Scope and Operation of a Mechanism to
Promote Reciprocal Managed Trade with China [USTR-2026-0431]**

Dear Ambassador Greer:

In response to a request from the Office of the United States Trade Representative (USTR),¹ the American Iron and Steel Institute (AISI) hereby submits comments on the scope and operation of a mechanism to promote reciprocal managed trade with China. As USTR notes, “[o]ur bilateral relationship has undergone a phased evolution ... requiring special attention and skilled navigation.” AISI agrees about the importance of getting this engagement with the People’s Republic of China (“China” or “PRC”) right and welcomes the opportunity to inform USTR’s approach to managing this critically important relationship.

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

I. Introduction

Any efforts “to optimize bilateral trade in non-sensitive products in order to promote reciprocity and balance in the U.S.-China trade relationship”² must both recognize the fundamental asymmetries between the two nations / economies and the fact that steel is a good subject to significant market distortions and unfair trade practices originating from China and other jurisdictions and therefore should be considered sensitive for purposes of this analysis. The United States is a market-based economy where market forces guide investment and production decisions while Chinese economic policy is state-directed and

¹ *Request for Comments on the Scope and Operation of a Mechanism to Promote Reciprocal Managed Trade with China* (“Fed. Register Notice”); OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE (Jun. 2, 2026) [Docket No. USTR-2026-0431] *available at*:

<https://ustr.gov/about/policy-offices/press-office/press-releases/2026/june/ustr-seeks-public-comment-scope-and-operation-mechanism-promote-balanced-and-reciprocal-trade-china>

² *Id.*

state-subsidized. In the former case, factories expand (and contract) based upon market principles including supply and demand. In the latter, a state-fueled, mercantilist policy operates impervious to market signals – fueling overproduction and creating a chasm between steel demand and production.

In steel and many other sectors, Chinese overproduction serves two purposes: 1) it supports domestic jobs, and 2) enables state-backed companies to undercut foreign competitors.³ Any effort to create a U.S.-China Board of Trade (“BOT”) must recognize this fundamental difference in approaches. Many of the current challenges facing our nation’s manufacturing and innovation economy are due to the misguided belief that “reciprocity and balance” could be achieved given the differing systems and approaches to economic growth.

A. Trade in Steel Products Should Not be Covered by the U.S.-China Board of Trade (BOT)

American steel producers know all-too-well the negative impact Chinese-fueled global excess capacity and production has had upon American steel production. Since China’s accession to the World Trade Organization (WTO), Chinese steel production has grown by nearly 1000 percent and now accounts for over half of global steel capacity and production. Chinese unfair trade practices like subsidies and dumping have repeatedly led to injurious surges of steel into the U.S. and other markets resulting in detrimental impacts on the American steel sector. Factories have been shuttered and communities devastated because of excess steel production that has been dumped into the American steel market.

According to the Organization for Economic Cooperation and Development’s (OECD) Steel Committee, while global steel demand continues to decline, Chinese steelmakers shipped a “a record 131 [million metric tons (MMT)] of steel to foreign markets in 2025, equivalent to around 14% of their annual crude steel production that year, and a 153% surge from 2020.”⁴ Despite declining domestic demand,⁵ Chinese production increased in part due to the fact that “the median Chinese steel firms received 15 times more in subsidies, relative to their asset size, than the median producer elsewhere.”⁶ This administration’s trade and tariff policies have prevented new surges in Chinese steel imports into the U.S. market, allowing American steel makers to grow, invest and hire more workers. Policy continuity is a matter of critical importance as steel is essential for our nation’s economic strength. Clearly, direct trade in steel should not be considered by any U.S.-China BOT.

³ 2025 Report to Congress; U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION (“U.S.-CHINA COMMISSION”) (“The world is facing the threat of a China Shock 2.0, whereby overproduction in key industries across China’s highly subsidized manufacturing sector floods outward, causing major harm to industries in other countries.”) (Nov. 2025) (p. 430); available at: www.uscc.gov/sites/default/files/2025-11/2025_Annual_Report_to_Congress.pdf

⁴ OECD Steel Outlook 2026 (Outlook 2026), ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (Mar. 24, 2026); available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2026/06/oecd-steel-outlook-2026_a79fb861/99ab9b0c-en.pdf

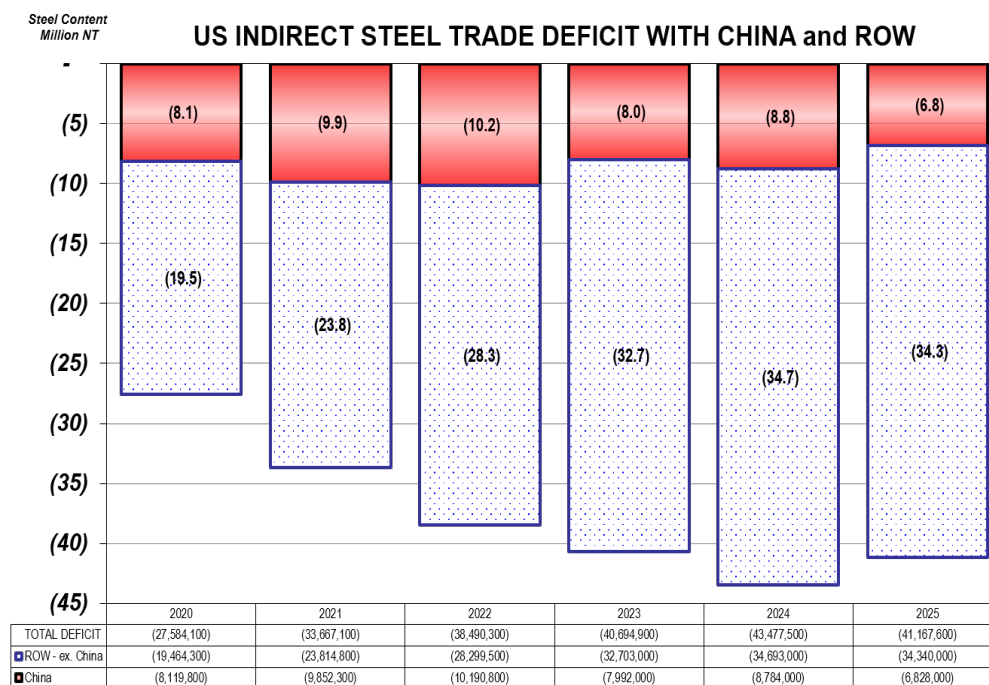
⁵ 99th Chair’s Statement. at bullet 1 (“While demand in China is expected to continue its structural decline, albeit at a more moderate pace compared to the estimated 6.5% contraction observed in 2025.”)

⁶ Outlook 2026 at 8.

B. The U.S.-China BOT must be Mindful of the Harmful Role of Indirect Steel Imports

The U.S.-China BOT must recognize that indirect steel imports threaten to erode American steel capacity utilization leading to the continued loss of manufacturing jobs. “China’s global indirect steel exports — steel embedded in manufactured goods — have exceeded direct steel exports since 2017” with a key structural shift up the value chain to “higher-value automotive and mechanical machinery products.”⁷ Nothing better exemplifies China’s approach to indirect steel exports than the growth of its automotive sector. Chinese vehicles are also highly subsidized and just like in the steel sector, the Chinese government has been clear about its goal to expand its automotive footprint across the globe.

Despite this administration’s imposition of both section 232 steel tariffs and Section 301 China tariffs, China is the largest single source of indirect steel imports into the United States. From 2020 to 2025, China’s portion of our nation’s annual indirect steel deficit ranged from 17 to 29 percent. Below is a table produced from AISI data noting the U.S. indirect steel trade deficit with China and the rest of the world (ROW).



Nearly 17% of the 2025 total United States indirect steel trade deficit was with one country – China. China’s portion of the indirect deficit declined after 2022. The U.S. indirect deficit is estimated at over 41 million net tons.

Accordingly, the U.S.-China BOT should also exclude Chinese indirect steel exports – especially consumer vehicles – from its purview.

⁷ Alacero Summit 2025: John Lichtenstein highlights the growing challenge of China’s indirect steel exports; EUROMETAL (Dec. 15, 2025); available at: <https://eurometal.net/alacero-summit-2025-john-lichtenstein-highlights-the-growing-challenge-of-chinas-indirect-steel-exports/>

C. The U.S.-China BOT must not Undermine our Tariff Regime or Trade Laws

Our nation's ability to withstand China's mercantilist, market-distorting policies is due in no small part to this administration's aggressive, on-going utilization of its Section 232 and Section 301 authorities. Consistent application of both Section 232 steel tariffs and Section 301 China tariffs have helped to shield the steel sector from the negative consequences of Chinese market-distorting policies – preserving domestic capacity and encouraging additional investment in U.S. steelmaking and downstream manufacturing. The U.S.-BOT should not take any action that undermines the administration's ability to either maintain or expand the current steel tariff regimes.

While much of the steep drop in the U.S. trade deficit with China⁸ is due to the administration's proactive actions, the fact remains that the PRC constantly endeavors to violate our nation's trade laws via dumping, transshipment and circumvention.⁹ The American steel sector has long relied upon our nation's trade remedy laws as a key tool for mitigating the harm caused by unfairly traded imports. These laws help prevent plants from being idled and workers from losing their jobs. Since the PRC entered the WTO in 2001 it has systematically worked to evade our trade laws. The U.S.-China BOT should not be a forum where our nation's trade laws are weakened – leaving American industry without the tools necessary to address dumping, illegal transshipment and circumvention.

D. Public Input and Visibility into the U.S.-China BOT is Essential.

The Federal Register notice regarding the U.S.-China BOT makes clear the long-running, complicated nature of U.S.-Chinese economic relations. USTR is to be commended for seeking careful, detailed input about the both the establishment and scope of the U.S.-China BOT. AISI and its member companies view this as a welcome and necessary first step in any process for engaging the PRC. It is critical that the proposed U.S.-China BOT continue this approach of public engagement regarding its makeup, structure, and potential actions. Engagement and transparency will be critical to its success.

II. Conclusion

We commend USTR for its leadership in protecting and promoting American manufacturing, particularly in the steel sector. AISI and its members urge USTR to proceed with clarity as it implements any potential U.S.-China BOT. As a result of its market-distorting policies and practices, China is a leading source of global excess capacity and steel overproduction. Given this fact, the U.S.-China BOT should not consider granting relief to either direct or indirect

⁸ *Federal Register Notice* at 7.

⁹ CTPAT Alert *Illegal Transshipping*; U.S. CUSTOMS AND BORDER PATROL (Dec. 18, 2025); *available at*: https://www.cbp.gov/sites/default/files/2025-12/ctpat_alert_-_illegal_transshipping_12_18_2025_508.pdf (“Here is an example: Country A (e.g., China) faces high U.S. tariffs on wooden bedroom furniture. A Chinese furniture manufacturing company ships its product to Vietnam instead of shipping it directly to the U.S. Once in Vietnam, the product is re-labeled as “Made in Vietnam”, and it may be lightly processed or repackaged. The goods are then exported to the U.S. as Vietnamese goods to avoid U.S. tariffs. Evading Section 301 or Section 232 Tariffs – Especially relevant for goods from China, where exporters try to relabel Chinese-origin products as originating from nations without such tariffs.”)

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steel imports from China. Furthermore, the U.S-China BOT should not serve as a forum to undermine Section 232 steel tariffs, Section 301 China tariffs or our trade remedy laws.

Thank you for the opportunity to provide these comments.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Dempsey". The signature is written in a cursive, flowing style with a large initial 'K' and a distinct 'M'.

Kevin M. Dempsey
President and Chief Executive Officer