25 Massachusetts Ave., NW
Suite 800
Washington, DC 20001
P: 202.452.7100
F: 202.452.1039

www.steel.org

Kevin M. Dempsey
President and CEO

American Iron and Steel Institute

September 17, 2026

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

RE: Request for Comments and Notice of Public Hearing Concerning China's Compliance with WTO Commitments [Docket Number USTR-2026-0496]

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 to the interagency Trade Policy Staff Committee (TPSC) regarding China's compliance with the commitments it made upon its accession to the World Trade Organization (WTO) in 2001.

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.

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1 *Request for Comments and Notice of Public Hearing Concerning China's Compliance With WTO Commitments* ("*China RFI*"); OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE; 91 *Feds Reg.* No. 158 (Aug. 18, 2026); *available at*: https://www.federalregister.gov/documents/2026/08/18/2026-16841/request-for-comments-and-notice-of-public-hearing-concerning-chinas-compliance-with-wto-commitments

For over two decades, AISI has been sounding the alarm that the growth of China's steel sector is *prima facie* evidence of its unwillingness to both follow market principles and comply with its WTO obligations. During this time, the contours of AISI's submissions to USTR have remained the same. Each has detailed how Chinese policies and procedures have damaged the American steel sector as Chinese steelmakers fueled by ever-increasing government subsidies produce steel far in excess of domestic demand and then export that excess steel production the world over – making a mockery of China's WTO commitments and the nations that rely upon them. Likewise, the devastating results of these policies remain just as clear as when AISI first raised them: Chinese steel production, unimpeded by market disciplines, increases to the detriment of American steel producers, American steelworkers and American steel producing communities.

Prior to China's WTO accession, many believed that trade liberalization would primarily benefit the United States such that our nation "should take the lead in ensuring that the economic benefits China would receive from membership in the World Trade Organization are at least somewhat proportional to the very real costs" of WTO membership.[2] Others were more expansive about what WTO accession could achieve. Former President Clinton stated that "China is not simply agreeing to import more of our products, it is agreeing to import one of democracy's most cherished values, economic freedom."[3] In retrospect, it has imported neither.

Even after accession, optimism was palpable as U.S. exports to China were reaching "new heights" and that USTR could intervene when "China's good intentions on WTO commitments do not translate into positive results."[4]

In its 2010 submission to USTR, AISI noted that the United States government was recognizing what it had been arguing for years:

> China acceded to the WTO in December 2001, and by 2006, USTR had acknowledged that it was 'clear that some parts of the Chinese government did not fully embrace the key WTO principles of market access, non-discrimination and transparency.' By 2008, USTR was viewing a 'trend

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[2] Lardy, Nicholas R.; *China and the WTO*; Brookings (Nov. 1, 1996); *available at*: https://www.brookings.edu/articles/china-and-the-wto/

[3] Clinton, Bill; *Speech on China Trade Bill* (Mar. 9, 2000); *available at*: https://www.iatp.org/sites/default/files/Full_Text_of_Clintons_Speech_on_China_Trade_Bi.htm

[4] Schriver, Randall G.; *Testimony*; U.S.-CHINA ECONOMIC AND SECURITY COMMISSION (Feb. 5, 2004); *available at*: https://2001-2009.state.gov/p/eap/rls/rm/2004/28957.htm

> toward a more restrictive trade regime,' and it made similar observations in 2009. Likewise, the U.S.-China Economic and Security Review Commission found in its November 2009 report that, instead of movement to a full market system, it was seeing 'steps backward to great government control.'[5]

Despite these warnings, the USTR remained optimistic as "China's new leaders in 2013 seem to have embraced many elements of this approach, and the United States will be looking to work with China going forward to help make it a reality."[6]

By 2017, the tone of optimism was in short supply as USTR's Report to Congress remarked that:

> [i]t is difficult to envision this troubling situation changing significantly as long as China continues to remain committed to an economy dominated by the state and built on mercantilist industrial policies designed to promote, guide and support domestic industries while simultaneously and actively seeking to impede, disadvantage and harm their foreign counterparts.[7]

In 2018, *The Economist* stated that China's WTO accession failed and "the illusion had been shattered"[8] regarding its WTO compliance.

As the years have passed, AISI has remained constant in both raising concerns about the fact that "China continues to produce record amounts of steel" and in urging the U.S. government to "hold China accountable for its trade-distorting policies and practices."[9] AISI continues to strongly urge the administration to take

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[5] American Iron and Steel Institute; *Public Comments on China's Compliance with Commitments Made in Connection with its Accession to the World Trade Organization* (Oct. 6, 2010); TRADE POLICY STAFF COMMITTEE, UNITED STATES TRADE REPRESENTATIVE; available at: https://www.regulations.gov/document/USTR-2026-0496-0001

[6] *2013 Report to Congress on China's WTO Compliance*; UNITED STATES TRADE REPRESENTATIVE (Dec. 2013); *available at*: https://www.ustr.gov/sites/default/files/2013-Report-to-Congress-China-WTO-Compliance.pdf

[7] *2017 Report to Congress on China's WTO Compliance*; UNITED STATES TRADE REPRESENTATIVE (Jan. 2018); *available at*: https://ustr.gov/sites/default/files/files/Press/Reports/China%202017%20WTO%20Report.pdf

[8] *How the West got China wrong*; THE ECONOMIST (Mar. 1, 2018); *available at*: https://www.economist.com/leaders/2018/03/01/how-the-west-got-china-wrong

[9] American Iron Steel Institute; *Request for Comments Concerning China's Compliance with World Trade Organization (WTO) Commitments – Docket Number USTR-2020-0033* (Sept. 16, 2020); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2020/09/23222731/AISI-2020-Comments-on-China-Compliance-with-WTO-Obligations.pdf; *Request for Comments Concerning China's WTO Compliance, Docket No. USTR-2015-0010* (Sept. 23, 2015); *available at*: https://steel-

all actions necessary to hold China accountable for its trade-distorting policies and practices that adversely impact U.S. steelmakers.

However, it is not only American policy makers who in the face of continued steel overproduction and excess capacity have changed their views about China's commitment to its WTO obligations. If WTO membership was a signal of "China's willingness to play by international rules and to bring its often opaque and cumbersome governmental apparatus into harmony with a world order that demands clarity and fairness,"[10] its subsequent rhetoric and actions reveal a nation unwilling to reduce steel overcapacity and conform with the demands of WTO membership.

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media.s3.amazonaws.com/wp-content/uploads/2020/08/23222828/AISI-Comments-Regarding-China-WTO-Compliance-092315.pdf; *Request for Comments Concerning China's WTO Compliance, Docket No. USTR-2016-0011* (Sept. 21, 2016); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2020/08/23222829/AISI-2016-Comments-Regarding-China-WTO-Compliance.pdf; *Request for Comments Concerning China's Compliance with WTO Obligations Docket Number USTR-2018-0030* (Sept. 19, 2018); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2020/08/23222841/091918-China-WTO.pdf; *Request for Comments Concerning China's Compliance with World Trade Organization (WTO) Commitments – Docket Number USTR-2020-0033* (Sept. 16, 2020); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2020/09/23222731/AISI-2020-Comments-on-China-Compliance-with-WTO-Obligations.pdf; *Request for Written Comments Concerning China's Compliance with WTO Commitments – Docket Number USTR-2021-0015* (Sept. 15, 2021); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2021/09/23222425/AISI-2021-Comments-on-China-Compliance-with-WTO-Obligations-Final.pdf; *Request for Written Comments Concerning China's Compliance with WTO Commitments – Docket Number USTR-2022-0012* (Sept. 28, 2022); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2022/09/23222309/AISI-2022-Comments-on-China-Compliance-with-WTO-Obligations-Final.pdf; *Request for Comments and Notice of Public Hearing Concerning China's Compliance with WTO Commitments – Docket Number USTR-2023-0008* (Sept. 20, 2023); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2023/09/23222056/AISI-20223-Comments-on-China-Compliance-with-WTO-Obligations-Final-092023.pdf; *Request for Comments and Notice of Public Hearing Concerning China's Compliance with WTO Commitments – Docket Number USTR-2023-0008* (Sept. 20, 2023); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2023/09/23222056/AISI-20223-Comments-on-China-Compliance-with-WTO-Obligations-Final-092023.pdf; *Request for Comments and Notice of Public Hearing Concerning China's Compliance with WTO Commitments – Docket Number USTR-2024-0012* (Sept. 10, 2024); available at: https://steel-media.s3.amazonaws.com/wp-content/uploads/2024/09/23221910/AISI-20224-Comments-on-China-Compliance-with-WTO-Obligations-09102024-Final.docx.pdf; *Request for Comments and Notice of Public Hearing Concerning China's Compliance with WTO Commitments – Docket Number USTR-2025-0015* (Sept 24, 2025); *available at*: https://steel-media.s3.amazonaws.com/wp-content/uploads/2025/09/23221649/AISI-2025-Comments-on-China-Compliance-with-WTO-Obligations-09242025.pdf

[10] Panitchpakdi, Supachai and Clifored, Mark; *China and the WTO: Changing China, Changing World Trade* (John Wiley and Sons, 2012) 2-4.

China's Internal Rhetoric Regarding Overcapacity:

Emerging from the global economic crisis, the Chinese government seemingly recognized that steel overcapacity was a problem that required action. In March 2009, the Chinese government unveiled its Steel Industry Revitalization Plan (SIRP) which would constrain Chinese "steel output to 460 million tons in 2009, 8% lower than 2008, and to gradually increase production to 500 million tons in 2011."[11]

Building upon the SIRP, in 2010[12] and 2011,[13] the Chinese government laid out plans to restrict steel overcapacity and halt the approval of new steel production. Building upon the prior 12th Five-Year plan, the 13th Five-Year plan set "the target of cutting crude steel capacity by a ***net*** of 100 million to 150 million tons over the next five years and raising the capacity utilization rate to 80 percent by 2020."[14]

In reality, "China's reported steel production in 2009 was over 567 million tons, already 23% over the planned 460 million tons, and already surpassing the production goal for 2011."[15] The unfettered growth of Chinese steel excess capacity continued as an additional 96 million tons of annual capacity was brought online by 2012.[16] Furthermore, "[f]rom 2000 through 2020, annual Chinese raw steel production increased by 930 million metric tons (MT) – a volume nearly 15 times greater than the total crude steel production in the United States in 2020."[17]

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[11] Tang, Rachel; *China's Steel Industry and Its Impact on the United States: Issues for Congress* ("*CRS Report*"); CONGRESSIONAL RESEARCH SERVICE (Sept. 21, 2010); *available at*: https://www.everycrsreport.com/files/20100921_R41421_6bd1825e40cb6e7fdfefdb87f7ea4e34fd173b18.pdf

[12] *Id. at* 16 (Noting that the State Council Circular's goals include plans to "[r]ein in steel capacity expansion," and "[e]xpedite capacity closures.")

[13] Lu, Zhiyao; *China's Excess Capacity in Steel: A Fresh Look*; PETERSON INSTITUTE FOR INTERNATIONAL ECONOMICS (Jun. 29, 2017); *available at*: https://www.piie.com/blogs/china-economic-watch/chinas-excess-capacity-steel-fresh-look ("Chinese premier Li Keqiang delivered the *Report on the Work of the Government* at the Fifth Session of the 12th National People's Congress. In his report, Li stated: "particular priority was given to cutting overcapacity in the iron, steel, and coal sectors. Over the year, iron and steel production capacity was cut by more than 65 million tons…, going beyond annual targets.")

[14] *Id.*

[15] *CRS Report* at 19.

[16] United Steel Workers; *Chinese Steel Overcapacity: a Legacy of Broken Promises* (Oct. 6, 2013); UNITED STATES INTERNATIONAL TRADE COMMISSION; *available at*: /https://www.usitc.gov/press_room/documents/testimony/701_534_012.pdf

[17] *Request for Written Comments Concerning China's Compliance with WTO Commitments – Docket Number USTR-2021-0015* (Sept. 15, 2021); *available at*: https://steel-media.s3.amazonaws.com/wp-

Whatever the merits of top-down industrial targets and five-year plans, reducing steel overcapacity is not among them.

China's Bi- and Multilateral Rhetoric Re: Steel Overcapacity

Despite continual and growing overcapacity, China's expressed willingness to address steel overcapacity in bi- and multilateral forums. Following high-level, bilateral meetings, the United States and China noted as early as 2014 that China sought "to establish mechanisms that strictly prevent the expansion of crude steelmaking capacity and that are designed to achieve, over the next five years, major progress in addressing excess production capacity in the steel sector."[18] Steel excess capacity remained a shared focus at the 26th U.S.-China Joint Commission on Commerce and Trade where:

> the U.S. and Chinese governments and industry representatives agreed to hold discussions in 2016 regarding capacity, production and trade in the steel sector, including updates on progress made with regard to China's July 2014 U.S.-China Strategic and Economic Dialogue (S&ED) commitment to establish mechanisms that strictly prevent the expansion of crude steelmaking capacity and that are designed to achieve major progress in addressing excess production capacity in the steel sector within five years. The two sides will exchange information on steel capacity developments in each economy through the JCCT's U.S.-China Steel Dialogue.[19]

On the multilateral front, the 2016 G20 summit in Hangzhou, China, was a short-lived high-water mark in the effort to combat global steel overcapacity. At the Summit's outset, President Xi Jinping stated that "[w]e will cut down production capacity of crude steel by another 100 million to 150 million tons in the next five years."[20] Building on these remarks, one of the most promising, multilateral efforts

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[18] *UPDATED: U.S.-China Joint Fact Sheet Sixth Meeting of the Strategic and Economic Dialogue*; UNITED STATES DEPARTMENT OF TREASURY (Jul. 11, 2014); *available at*: https://home.treasury.gov/news/press-releases/jl2561

[19] *U.S.-China Joint Fact Sheet on the 26th U.S.-China Joint Commission on Commerce and Trade*; United States Trade Representative (Dec. 2015); *available at*: https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2015/December/US-China-Joint-Fact-Sheet-26th-JCCT

[20] Jinping, Xi; *A New Starting Point for China's Development: A New Blueprint for Global Growth*; G20 SUMMIT (Sept. 3, 2016); *available at*: https://www.g20.utoronto.ca/2016/160903-xi.html

to rein in steel overcapacity emerged from the Hangzhou Summit: the establishment of the Global Forum on Steel Excess Capacity (GFSEC). GFSEC was charged "with addressing the causes of excess capacity in the global steel market at multilateral level, and with pointing out ways in which this excess capacity could be reduced."[21]

Chinese engagement with GFSEC was brief as the Chinese government withdrew from GFSEC in 2019 saying it had "done more than its share to cut steel production."[22] Condemnation of the Chinese Government's unilateral withdrawal was swift as European Commissioner for Trade Cecilia Malmstrom stated that "[t]here are no excuses: those who walk out on the Forum are turning their backs on multilateralism and on solving global problems through cooperation – and give cover to damaging and unacceptable unilateral actions. We call on China to exercise leadership, participate in the Forum and deliver on its commitments."[23]

As the rest of the world continues to confront the challenges of steel overcapacity, the Chinese government has taken a novel approach, telling the rest of the world: never mind your data, your displaced workers or your shuttered factories – "so-called excess capacity" is a fiction. In the Chinese government's telling, countries harmed by China's heavily subsidized mercantilist industrial policy simply need to view matters "objectively" instead of "[h]yping the so-called excess capacity of China. . . as an excuse to ramp up restrictions on China."[24] Official Chinese Communist Party mouthpiece *The Global Times*, doubled down stating that, "some economies, anxious about their own industrial competitiveness and market position, have politicized economic and trade issues, taking turns to hype false narratives such as 'China overcapacity' and a 'China Shock 2.0,' and using them as

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[21] *Factsheet "Global Forum on Steel Excess Capacity" and figures for the global steel market*; GERMAN FEDERAL MINISTRY FOR ECONOMIC AFFAIRS AND ENERGY (Nov. 30, 2017); *available at*: https://www.bundeswirtschaftsministerium.de/Redaktion/EN/Downloads/factsheet-global-forum-on-steel-excess-capacity.pdf?__blob=publicationFile

[22] Xin, Zhou; *China says it has done more than its share to cut steel production as global forum is scrapped*; SOUTH CHINA MORNING POST (Oct. 19, 2019); *available at*: https://www.scmp.com/economy/china-economy/article/3034753/global-steel-forum-scrapped-china-says-it-has-done-more-its

[23] *European Commission welcomes continuation of Global Forum on Steel Excess Capacity work*; EUROPEAN COMMISSION (Oct. 29, 2019); *available at*: https://policy.trade.ec.europa.eu/news/european-commission-welcomes-continuation-global-forum-steel-excess-capacity-work-2019-10-29_en

[24] *China's Position on the So-called Excess Capacity Issue*; STATE COUNCIL INFORMATION OFFICE (Jul. 2026); *available at*: https://insidetrade.com/sites/insidetrade.com/files/documents/2026/jul/wto2026_0790a.pdf

pretexts to roll out protectionist measures." Other Chinese commentators have suggested that overcapacity "is a smokescreen for Western protectionism."[25]

As AISI has documented, Chinese steel overcapacity is not a fiction. Excess capacity in the global steel industry has been extensively documented by the Organization for Economic Cooperation and Development (OECD) and remains a serious threat to the American steel industry. According to the latest OECD analysis, global steel overcapacity is projected to surge to 745 million metric tons (MMT) by 2028, up from 640 million metric tons in 2025. China is one of the leading sources of overcapacity in the steel sector, although other nations are also a threat. In fact, China's steelmaking capacity in 2025 represented almost half of total global capacity and more than twice the combined steelmaking capacity of Brazil, Canada, the EU, Mexico, Japan and the United States. In 2025, in the face of multiyear declines in Chinese domestic steel demand, Chinese steel exports accelerated to 131 million metric tons, totaling as much as all of North America's steel consumption combined.[26]

China's heavily subsidized steel industry has proven overcapacity, which no amount of ramping up of domestic demand could absorb. In fact, according to the OECD, Chinese steel firms in 2024 received 15 times as much in subsidies relative to their asset size as steel firms in the rest of the world.[27] A near doubling of China's steel subsidy rate since 2019 has fueled Chinese oversupply and its steel export surge. As GFSEC notes "the People's Republic of China remains the principal contributor to global excess capacity rose from 54% in Q3 2025 to 56.6% in Q4 2025."[28] Exports continued even though "the Chinese steel sector significant

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[25] Xiaoming, Zhou; *China 'overcapacity' is a smokescreen for Western protectionism*; SOUTH CHINA MORNING POST (Jun. 16, 2026); *available at*: https://www.scmp.com/opinion/china-opinion/article/3356907/china-overcapacity-smokescreen-western-protectionism

[26] Groeneweg, Sheryl; *Steel market pressures mount as global capacity reaches new high and trade circumvention accelerates*; OECD STEEL COMMITTEE (Mar. 24, 2026); *available at*: https://www.oecd.org/en/about/news/speech-statements/2026/03/99th-session-of-the-steel-committee-statement-by-the-chair.html

[27] *Id.*

[28] *GFSEC Steel Excess Capacity Monitoring Bulletin*; GLOBAL FORUM ON EXCESS STEEL CAPACITY (Jun. 2026); *available at*: https://www.steelforum.org/content/dam/steel-forum/en/publications/GFSEC%20Steel%20Excess%20Capacity%20Monitoring%20Bulletin%202026%20Q2.pdf

deteriorated in the final quarter of the year, with demand falling significantly, against the background of net capacity additions."[29]

Conclusion

The Chinese government once paid lip service to the problem of its steel overcapacity. Those days are gone. This reversal portends challenges for American steelmakers and policymakers alike. For American steelmakers, the Chinese's government's flouting of market principles reiterates the need for clear, concerted action to address steel overcapacity. Policymakers outside China must recognize that steel is the tip of the spear in China's mercantilist policy of overinvestment and overcapacity. Steel is fundamental and, given its essential nature, Chinese steel overcapacity helps fuel unfettered growth in other industries. For Chinese policymakers, the refusal to acknowledge economic reality and global commitments amounts to a calculated gamble that its current pattern of subsidization, overinvestment and overcapacity is preferable to changing course and following market principles. In sum, steel overcapacity and involution is preferable to free markets.

China's steel overcapacity is a feature, not a bug in a system where capital investment fuels a cycle of overinvestment and overcapacity. Chinese steel overcapacity exports China's domestic problems onto other nations. The Trump administration's leadership in implementing Section 232 steel tariffs helped stanch the flow of Chinese steel into the American market. However, the fundamental problem of Chinese overproduction remains and will not be confined to the steel sector. Market-based, steel-intensive industries including the automotive, construction and clean energy sectors will find it increasingly difficult to compete with Chinese manufacturers utilizing subsidized Chinese steel.

As such, AISI urges the administration to take clear steps to address steel overcapacity.

First, GFSEC should be a powerful tool for collective action not a debating society. It is imperative that a "coalition of the willing" emerge to jointly tackle the problem of Chinese steel overcapacity. Under American leadership, the upcoming GFSEC meeting in Milwaukee provides an opportunity for the forum to take meaningful action to combat steel overcapacity.

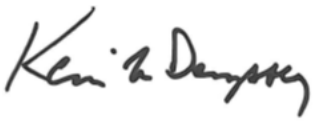
[29] *Id.*

Second, Section 232 steel tariffs have helped stabilize and grow the American steel sector. If Section 301 excess capacity tariffs are imposed, the worst actors should have these tariffs stacked on top of Section 232 steel tariffs.

Third, both GFSEC and USMCA member nations should coordinate to confront Chinese subsidization, overinvestment and overcapacity in other critical, steel-intensive sectors. Starting with automotives, transformers and clean energy would be a prudent step.

Thank you for the opportunity to present the views of American steelmakers on this important issue.

Sincerely,



Kevin M. Dempsey
President and CEO