



**American
Iron and Steel
Institute**

**Oral Testimony of Jeremy Hekhuis
Senior Vice President Policy and General Counsel
American Iron and Steel Institute**

At the Hearing Related to China's Compliance with its WTO Commitments
United States Trade Representative
Washington, DC

September 30, 2026

Good Morning. My name is Jeremy Hekhuis, and I am the Senior Vice President for Public Policy and General Counsel of the American Iron and Steel Institute. 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.

I am pleased to appear before you to discuss the China's compliance with its obligations as a member of the World Trade Organization (WTO). This hearing could not be more timely as we are on the eve of the 25th anniversary of China's WTO accession. It is also worth noting this year marks the 23rd time that AISI has commented in response to USTR's statutorily-required request for comments about China's adherence to its WTO commitments.

Sadly, the concerns AISI voiced two decades ago remain as relevant today as they did then. 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.

AISI's concerns have remained consistent throughout. China's steel sector has operated free from market constraints or market demand. In 2009, AISI noted that "fueled by massive government subsidies China has gone from being a net importer of steel to a major net exporter of steel." That is a trend that has continued. Last year, China's steelmaking capacity 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 the face of multiyear declines in Chinese domestic steel demand, Chinese steel exports in 2025 accelerated to 131 million metric tons, as much as all of North America's combined steel consumption.

Addressing steel overcapacity used to be the official policy of the Chinese Government. In its 2009 Steel Industry Revitalization Plan (SIRP) as well as in both the 12th and 13th Five-Year-Plans, the Chinese Government announced plans to reduce steel production and cut steel capacity.

Sadly, this rhetoric did not match reality. By the time the ink was dry on China's Steel Industry Revitalization Plan it had overshot its steel production target by nearly twenty-five percent. Whatever the merits of top-down industrial targets and five-year plans, reducing steel overcapacity is not among them.

However, gone are the day when the Chinese Government paid lip service to the problem created by its steel overcapacity.

Instead, the Chinese Government has now taken a novel approach to this problem, telling the rest of the world: never mind your data, your displaced workers or your shuttered factories – “so-called excess capacity” is a fiction. Official Chinese Communist Party mouthpiece *The Global Times*, suggests that concerns about overcapacity are a “false narrative” while other Chinese commentators have suggested that overcapacity “is a smokescreen for Western protectionism.”

In a system where capital investment fuels a cycle of overinvestment and overcapacity, China's steel overcapacity is a feature, not a bug. 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 AISI has long documented, Chinese steel overcapacity is not a fiction and it remains a serious threat to the American steel industry. China's heavily subsidized steel industry has proven overcapacity. A near doubling of China's steel subsidy rate since 2019 has fueled this oversupply and its inevitable steel export surge. As GFSEC notes "the People's Republic of China remains the principal contributor to global excess capacity."

As AISI has detailed for two decades, China has used massive subsidies and other trade distorting measures that are contrary to its WTO obligations to provide an unfair advantage to its steel industry. Past dialogues between the United States and China regarding these problems have not been successful in bringing China into compliance. Now, when it comes to the problem of Chinese steel overcapacity, the Chinese government has disclaimed years of its own rhetoric and now suggests that overcapacity is a fiction.

AISI therefore supports aggressive action by the administration to press China to end its trade-distorting policies and practices and comply with all of its WTO obligations. As such, AISI urges the administration to use all forums possible 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.

Second, if USTR imposes Section 301 excess capacity tariffs, 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.