Statement for the Record

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW)

for the

U.S. House Committee on Foreign Affairs' Subcommittee on East Asia and Pacific

hearing on

"Breaking China's Chokehold on Critical Mineral Supply Chains"

July 15, 2025

Chairman Kim, Ranking Member Bera, and members of the House Foreign Affairs' Subcommittee on East Asia and Pacific, the United Steelworkers (USW) is pleased to provide the following statement for the record. As the largest mining and manufacturing union in North America, USW has a significant interest in ensuring quality job creation along with mindful economic competition with the People's Republic of China (PRC). We look forward to working with the Foreign Affairs Committee to ensure the responsibilities of oversight and legislation related to the committee meet, not just our international goals, but also maximize high-wage job creation and the economic potential of our great country.

This statement will focus on a few key items that will ensure sustainable critical mineral development: (1) improving coordination on foreign development tools with our international partners; (2) enhancing accountability on U.S. foreign development, such as through the U.S. International Development Finance Corporation (DFC), to ensure sustainable development that limits PRC content and control of projects; and (3) maximizing domestic high-wage job creation related to U.S. taxpayer dollars deployed globally.

The union has long highlighted the challenges related to the PRC's dominance in critical sectors of the manufacturing supply chain. Previous testimony by USW to the Senate Committee on Banking, Housing and Urban Development highlighted the market concentration of key commodities such as steel, aluminum, rare earths, rail, and fiber optic cables.[1] The union has also led multiple efforts, which seek to ensure transparency and strength in the American critical minerals supply chain, including, but not limited to, non-ferrous critical minerals used in steel alloys, i.e., nickel, copper, chromium, molybdenum, and vanadium. USW efforts include significant participation in the trade remedy provisions designed to ensure a level playing field for American workers and businesses. For example, the union pushes back against excess, artificially low-cost goods as a petitioner or domestic interested party in one out of every ten antidumping and countervailing duty (AD/CVD) cases, where the PRC represents just under one third of all petitions. Further, USW, along with four other unions, successfully sought remedy from the PRC's discriminatory manufacturing and pricing practices in the shipbuilding industry.

Limiting the PRC's chokehold on global supply chains will take new tools and a comprehensive policy approach from the U.S. and international lawmakers. To succeed, we need better accountability in the resources we deploy – so we can reduce the PRC's control over critical minerals and allow companies and foreign countries to escape from its exploitative and anti-democratic model.

Export credit and development finance tools need reform to limit content from the People's Republic of China

[1] United Steelworkers, "Testimony of Roy Houseman for the Subcommittee on Economic Policy hearing on 'Winning the Economic Competition, Part II'", December 16, 2020.

First, it should be the stated goal of the Foreign Affairs and other relevant committees to coordinate with international partners to ensure that foreign development tools are not indirectly benefiting anti-democratic authoritarian governments and U.S. adversaries. Given the strong desire among international partners to facilitate economic development to counter the PRC's dominance in critical minerals, export credit and development finance tools must limit the ability of PRC firms to access U.S. taxpayer supported finance. Recently, global trends point to the opposite direction, with export credit agencies and development finance tools lowering or eliminating content requirements related to development. In fact, a 2023 report by the Export-Import (EX-IM) Bank highlighted that foreign Export Credit Agencies (ECA) have lowered domestic content requirements over the last 20 years.[2] D.C.-based non-profit organizations that partner with corporate interests have already released reports and publications arguing that our own domestic ECAs and development finance tools should similarly reduce domestic content requirements.[3]

However, if there is a goal of limiting the PRC's "chokehold" on critical minerals, there must be limits on PRC-content in projects supported through our economic development tools. Content thresholds ensure that projects are buying and supplying goods that come from markets that support democratic values and do not have undemocratic aims, like supplying Russia's war regime.[4] This requires efforts to hold foreign ECAs accountable when they support projects sourced from the PRC. The dramatic decline of ECA content thresholds in Organisation for Economic Cooperation (OECD) countries means that the PRC has an indirect subsidy from countries who often claim to believe in democratic values and governance.

Specifically, U.S. government policy should hold countries that have artificially low ECA content thresholds accountable through tariff adjustments or restrictions on domestic firms which use foreign ECAs to ensure that U.S. or multi-national firms do not support the PRC's critical mineral supply chain. The Foreign Affairs Committee, along with other relevant committees, should also prepare policy that requires engagement with OECD countries, which have ECAs or development finance tools, to set minimum content thresholds that maximize high-wage job creation for relevant markets.

Second, the Foreign Affairs Committee should make every effort to limit the ability of development finance to supply projects with content from the PRC. This includes our own tax-payer funded financial tools, such as the U.S. International Development Finance Corporation and EX-IM Bank, which are two significant

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[2] U.S. Export-Import Bank, "Comparative Analysis of U.S. and OECD Arrangement Export Credit Agencies", September 29, 2023.

[3] Center for Strategic & International Studies, "The U.S. EXIM Bank in an Age of Great Power Competition", June 18, 2024.

[4] Reuters, "Ukraine confirmed Chinese supplies to 20 Russian military plants, intelligence chief says", May 26, 2025.

federally supported financial tools that have the potential to aid U.S. manufacturers and businesses in international markets.

Indeed, it is the mandate of each of these institutions to counter authoritarian and non-market economy countries, like the PRC, through export credit. It is the established policy of the DFC to "provide countries a robust alternative to state-directed investments by authoritarian governments and United States strategic competitors using best practices…"[5] As for the EX-IM Bank, Congress has expressly directed the bank to neutralize Chinese export subsidies and advance U.S. leadership in key sectors against unfair Chinese competition.[6]

Given the significant financing authority granted to these two organizations, the funding should be accountable to stated U.S. policy. Combined, the DFC and EX-IM programs in provided over $20 billion in U.S. backed financial support in 2024 and retain hundreds of billions in financing authority for international projects. In 2024, the EX-IM Bank authorized over 1,400 transactions totaling more than $8.4 billion, supporting approximately 38,000 good-paying jobs. In 2024, DFC set a record with commitments of over $12 billion across 181 transactions.[7] As of January 20, 2025, the EX-IM Bank had obligated $34 billion of its $135 billion in financing authority as set by the U.S. Congress.[8] Meanwhile DFC's portfolio is now approaching $50 billion and includes investments that span 114 countries.

Finally, it should be the goal of the Foreign Affairs and other relevant committees to maximize domestic high-wage job creation when U.S. taxpayer dollars are deployed globally. Unfortunately, the DFC and EX-IM Bank have vastly different approaches toward procurement policies, shipping standards, and job quality. The EX-IM Bank has a long-standing procurement standard that requires at least 51 percent content for short-term programs — export credit insurance and Working Capital Guarantee.[9] Medium and long-term transactions require 85 percent of the value of all eligible goods and services in the U.S. export contract with certain exceptions.[10] Meanwhile, the DFC appears to have very little oversight on project procurement and the impact of economic activity on U.S. employment or regional environmental quality. While the mission of the DFC is to aid economically developing countries, development finance appears to permit broad latitude into projects that may not meet domestic or foreign relations goals related to the PRC.

In fact, the DFC has recently granted funding that violates its own statement of policy. As an example, the Lobito Atlantic Railway S.A. received a DFC award of

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[5] The BUILD Act Statement of Policy establishes eight policies driving the legislation and the establishment of the DFC: 22 U.S.C. 9611; § 1411.
[6] 12 U.S.C. § 635.
[7] U.S. International Development Finance Corporation, "Annual Report 2024", Accessed July 23, 2025.
[8] U.S. Export-Import Bank, "EXIM Board of Directors Votes to Proceed with $4.7 Billion LNG Equipment and Services Transaction After Four-Year Delay", March 19, 2025.
[9] U.S. Export-Import Bank, "EXIM Bank Policies – Content – Short-Term Content Policy", Accessed July 23, 2025.
[10] U.S. Export-Import Bank, "EXIM Bank Policies – Content – Medium- and Long-Term", Accessed July 23, 2025.

$553,000,000 in 15-year senior secured loans.[11] The loan authority provided support for the rehabilitation of a railway considered important to U.S. mineral competition with the PRC. Public reporting indicates that companies benefiting from rail and port improvements since the DFC award have procured PRC-built unloading cranes[12] and railcars procured in South Africa.[13] Import records in South Africa indicate a history of firms using steel procured from the PRC and India to build the railcars.[14]

The Committee should stand firm against neoliberal policy advocates and the international banking industry which continue to press for reductions in the domestic content thresholds of the EX-IM Bank and to eliminate shipping requirements.[15] Their arguments focus on the EX-IM Bank loan amounts relative to other export credit agencies, but do not take into consideration development finance efforts nor the net domestic economic benefit of a project. Nor do their arguments consider the ability of PRC-based firms to access funds through the supply chain. What's more, given the close relationship between development finance and ECA policies, efforts should be made to update and ensure development finance efforts are not supplanting U.S. ECA funding, which has content standards.

Simply out, U.S. tax dollars, through DFC financing, should not be used to procure content from the PRC. In addition, DFC financing should provide opportunities for U.S. workers to benefit in addition to U.S. multi-national firms. Frankly, the lack of any procurement standards by the DFC raises serious questions about the current net economic benefit at all for U.S. workers.

In addition to these three overarching goals, subsequent efforts should be made to ensure that projects meet or exceed U.S. labor and environmental standards. As an example, DFC financing recently supported a project in Turkey related to the production of polypropylene.[16] Currently the country's particulate matter (PM) regulations permit pollution at a dramatically higher rate than U.S. environmental requirements.[17] It is unclear if the project will ensure that pollution from the facility will meet or exceed U.S. environmental standards, meaning U.S. production of polypropylene will face further economic headwinds for export, and the community surrounding the facility could face significantly higher pollution standards as compared to U.S. facilities.

Breaking the PRC's "chokehold" on critical mineral supply chains requires a whole-of-government approach. That means holding our allies to higher standards,

[11] U.S. International Development Finance Corporation, "Lobito Public Information Summary", Accessed July 23, 2025.
[12] Energy Capital & Power, "AD Ports to Upgrade ROC, Angola Ports with Advanced Cranes", September 13, 2024.
[13] International Railway Journal, "Lobito Atlantic Railway orders 275 container wagons", May 21, 2024.
[14] Volza, "Galison Manufacturing (pty) Ltd, Industria, South Africa Company Profile", Accessed July 23, 2025.
[15] Center for Strategic & International Studies, "Moving Forward: An Ex-Im Bank for the Twenty-First Century", March 2, 2021.
[16] U.S. International Development Finance Corporation, "Ceyhan Polipropilen Public Information Summary", Accessed July 23, 2025.
[17] Bianet, "Turkey should comply with WHO's new air quality limit values", March 30, 2022.

strengthening guardrails on our own development finance and export credit programs – like the DFC and the EX-IM Bank – and ensuring that U.S. taxpayer dollars support democratic values, not authoritarian supply chains, by maximizing content thresholds and limiting content from the PRC. USW urges the Foreign Affairs Committee to prioritize reforms that promote transparency, accountability, and domestic job creation. We look forward to working with you and other relevant committees to build a more resilient critical mineral supply chain and a worker-centered approach to global economic competition. Thank you for the opportunity to submit this statement.