

Testimony of Scott Boos
Senior Vice President, Government Affairs and Policy
Alliance for American Manufacturing (AAM)
Section 301 Hearing on Structural Excess Capacity (Docket USTR-2026-0068)
Panel 19 – Thursday, May 7, 2026

Members of the Section 301 Committee, thank you for the opportunity to testify. My name is Scott Boos, and I am here today on behalf of the Alliance for American Manufacturing, a non-profit, non-partisan partnership between leading U.S. manufacturers and the United Steelworkers.

Structural excess capacity is fundamentally different from normal, cyclical imbalances. When governments intervene to sustain production regardless of demand, excess capacity becomes persistent, export-oriented, and does not correct itself. Where foreign government policies promote production untethered from demand and externalize surplus through exports or third-country manufacturing, the result is sustained price suppression, displacement of U.S. production, distorted investment signals, weakened supply chains, and the shifting of adjustment costs onto American workers and communities.

The steel sector remains one of the earliest and clearest indicators of structural excess capacity. Rather than correcting through market adjustment global steel overcapacity has only intensified, and the OECD Steel Committee now projects global excess steelmaking capacity rising to roughly 721 million metric tons by 2027.

Critically, this expansion is not confined to production within mainland China. Chinese steel producers have increasingly expanded steelmaking through cross-border investment, replicating non-market dynamics offshore. At the same time, structural excess capacity is being maintained across a wide range of U.S. allies and major trading partners. Decades of multilateral engagement, including through the OECD-facilitated Global Forum on Steel Excess Capacity, have failed to deliver durable reforms. Where engagement has failed to change behavior, coordinated use of U.S. trade enforcement tools is necessary.

AAM has consistently backed the administration's Section 232 actions, including expanded coverage to downstream steel "derivative" products. This Section 301 investigation on excess capacity, and any responsive remedies, should reinforce the existing Section 232 steel program and ensure that it remains strong and durable.

The automotive sector illustrates the rapid emergence of large-scale structural excess capacity. China's auto industry, particularly in electric vehicles, has expanded far beyond domestic demand under successive Five-Year Plans. Overcapacity amounts to millions of vehicles annually, with producers relying increasingly on price-destructive exports and third-country assembly operations.

Chinese automakers are actively seeking manufacturing sites outside mainland China to avoid tariffs, gain preferential trade access, embed upstream overcapacity into finished vehicles, and dominate strategic sectors. These developments have triggered bipartisan concern that final assembly within U.S. trading partners or, worse yet, within the United States could funnel excess Chinese capacity of autos and their upstream supply chains into the U.S. market, undermining domestic production and posing economic and national security risks.

AAM urges the administration to use all available tools to restrict U.S. market access to Chinese vehicles, regardless of where they are produced, and to hold accountable countries that facilitate these market-distorting expansions.

Similar foreign government-driven overcapacity dynamics now extend across many other sectors.

- In shipbuilding, state ownership, subsidized finance, and industrial targeting have produced chronic global surpluses, with Chinese yards capturing roughly 60 to 70 percent of global new shipbuilding orders.
- In glass and paper, AAM warned more than a decade ago that billions of dollars in energy, input, and capital subsidies were fueling rapid capacity expansion in China, driving import surges that resulted in U.S. mill closures and widespread job losses.
- The tire sector reflects a similar pattern, as unchecked overcapacity and export surges from China and other markets have displaced U.S. production and led to plant closures.
- In cement, state-directed capacity expansion in economies such as Vietnam, Turkey, Egypt, the UAE, and Algeria has driven production far beyond domestic demand.

Similar dynamics are increasingly evident across aluminum, batteries, solar, and a range of other sectors.

Section 301 is well-suited to address structural excess capacity. When government intervention sustains production untethered from demand and externalizes surplus through exports or third-country manufacturing, the burdens on U.S. commerce are predictable and persistent. Where such acts and practices are found to be unreasonable and actionable, we urge the adoption of robust remedies.

AAM appreciates the opportunity to testify and stands ready to support USTR's efforts to protect the long-term health of American manufacturing.