ALLIANCE FOR american manufacturing

July 10, 2026

Honorable Jamieson Greer
United States Trade Representative
Office of the 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 (Document Number 2026-11291)

Dear Ambassador Greer:

The Alliance for American Manufacturing (AAM) appreciates the opportunity to submit comments regarding the Office of the United States Trade Representative's request for comments on the scope and operation of a proposed U.S.-China Board of Trade. AAM is a non-profit, non-partisan partnership between the United Steelworkers and leading U.S. manufacturers dedicated to strengthening American manufacturing and supporting quality jobs.

The proposal to establish a U.S.-China Board of Trade should be informed by more than two decades of unsuccessful efforts to change China's economic behavior through dialogue and engagement. The central challenge in the U.S.-China economic relationship has never been a lack of communication. It has been China's continued reliance on state-directed economic policies that distort markets, fuel industrial overcapacity, undermine competition, and burden U.S. workers and manufacturers. These practices have persisted despite extensive negotiations, WTO commitments, strategic dialogues, working groups, and other engagement mechanisms.

These experiences include the Phase One Agreement, under which China ultimately purchased only 58 percent of the U.S. goods and services exports it had committed to buy during 2020-2021, according to analysis by the Peterson Institute for International Economics.[1] Despite extensive negotiations, formal commitments, and a binding bilateral agreement, China failed to deliver the additional $200 billion in purchases contemplated under the deal. The Phase One experience highlights the importance of evaluating future commitments based on verifiable outcomes rather than expectations alone.

AAM therefore urges the administration to approach the proposed Board of Trade with caution and to ground its design in the lessons learned from previous U.S.-China engagement efforts. The Board must complement existing trade enforcement tools, not weaken them. Most importantly, it should not become a venue for endless discussions while China continues to pursue the same state-directed policies that have fueled chronic overcapacity, growing trade imbalances, and the hollowing out of manufacturing capacity in market-based economies around the world. As AAM observed in its 2024 Shockwaves report, previous U.S. approaches

[1] Chad P. Bown, *US-China Phase One Tracker: China's Purchases of US Goods* (Peterson Institute for International Economics, Feb. 8, 2022).

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too often relied on "endless strategic dialogues and bilateral negotiations" that failed to prevent repeated surges of unfairly traded imports and mounting industrial overcapacity.[2]

The Board of Trade Must Not Undermine Trade Enforcement
AAM strongly supports the continued use of Section 232, Section 301, the Uyghur Forced Labor Prevention Act, and related trade and enforcement authorities. These tools remain necessary because past dialogue-based approaches have failed to address China's systemic market distortions. The administration should reject any consultation requirements, waiting periods, procedural hurdles, or other mechanisms that could interfere with its ability to respond to unfair trade practices or national security concerns. Participation in the Board must not provide a basis for seeking relief from existing or future trade actions. Nor should the Board be permitted to displace, delay, or weaken ongoing enforcement initiatives, including unresolved Section 232 investigations, semiconductor-related trade and national security actions, maritime and shipbuilding enforcement efforts, or other measures intended to address structural distortions and strategic vulnerabilities in the U.S.-China economic relationship.

China Remains a Non-Market Economy and Strategic Competitor
Any evaluation of the proposed Board of Trade must begin with a realistic understanding of China's conduct within the global trading system. China remains a non-market economy characterized by extensive state intervention, industrial subsidies, state-owned enterprises, market access barriers, export-driven industrial planning, and other policies that distort competition and undermine reciprocity. These practices have not meaningfully changed despite decades of international engagement. Nor are those distortions limited to traditional trade concerns. China continues to rely on forced labor supply chains, maintain dominant positions in strategically important industries through state support, and create economic and national security vulnerabilities through excessive dependence on Chinese-controlled production networks, critical inputs, and emerging technologies. These distortions are visible across a range of industries, including steel, aluminum, shipbuilding, automobiles, batteries, semiconductors, and other sectors critical to industrial capacity and national security. Together, these practices reflect a consistent pattern of behavior that undermines fair competition and shifts the costs of adjustment onto market-based economies.

While the Board of Trade may provide a forum for discussing non-sensitive trade issues, its scope appears limited relative to the broader structural challenges posed by China's economic model. It cannot substitute for continued U.S. efforts to address overcapacity, industrial subsidies, state intervention, currency distortions, and other policies that undermine market-based competition.

Industrial Overcapacity Remains a Defining Feature of China's Economic Model

No issue better illustrates China's exploitation of the global trading system than industrial overcapacity. As AAM observed in its *Shockwaves* report, overcapacity is "a feature, not a bug" of China's state-directed economic model. Government support, industrial planning, subsidized

[2] Alliance for American Manufacturing, *Shockwaves: The Ripple Effect of China's Industrial Overcapacity on American Manufacturing and Factory Workers* (June 2024), available at https://www.americanmanufacturing.org/wp-content/uploads/2024/06/Shockwaves-Chinese-Overcapacity-Report.pdf.

financing, and weak market discipline have created production levels far beyond domestic demand. The resulting surplus is exported into global markets, depressing prices, discouraging investment, and harming manufacturers and workers operating under market conditions. China's excess capacity affects industries ranging from steel and aluminum to automobiles, batteries, shipbuilding, and semiconductors. Previous international discussions on overcapacity have produced little success because they rarely address the underlying policies that create excess production. The Board of Trade must not become another forum for discussing overcapacity while avoiding meaningful action to confront it.

Currency Manipulation and Financial Distortions Undermine Trade Enforcement

Currency policy remains an important but often overlooked source of trade distortion. AAM has repeatedly identified currency manipulation and exchange rate misalignment among the practices that burden U.S. commerce. Recent analysis by economist Brad Setser notes that China's trade surplus has tripled since 2018 as weak domestic demand, industrial subsidies, and a depreciating currency have pushed the country toward even greater reliance on exports. Rather than rebalancing its economy toward domestic consumption, Beijing has increasingly depended on foreign markets to absorb excess production.[3]

Setser further notes that the renminbi has depreciated roughly 15 percent in real terms since the pandemic despite China's productivity gains and expanding trade surplus. Such developments can offset the effects of Section 301 tariffs, Section 232 measures, and other trade actions intended to counter market distortions. He also observes that Chinese producers increasingly route intermediate goods through third countries for final assembly before export, redistributing distortions rather than resolving them.

Accordingly, AAM urges that the administration conduct robust monitoring and public reporting regarding exchange rate developments, capital market interventions, reserve accumulation, and other financial practices that undermine U.S. trade enforcement objectives. Such monitoring should strengthen the United States' ability to identify and respond to unfair practices and ensure that exchange rate policy does not become a backdoor means of undermining otherwise effective trade enforcement measures.

Transparency, Accountability, and Measurable Outcomes

The proposed Board of Trade should be structured around transparency and measurable outcomes. Public reporting should assess trade balances, overcapacity trends, exchange rate developments, compliance with commitments, and other relevant metrics. Success should be measured by tangible results, not by the number of meetings, statements, or working groups generated by the process. The United States has already accumulated considerable experience with dialogue-based mechanisms, and the administration should continue to focus on whether specific distortions are reduced and whether U.S. workers and manufacturers experience measurable improvements in market conditions.

The Federal Register notice suggests that the Board's practical focus may be limited to managing trade in certain non-sensitive products. Yet even in this narrower context, questions

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[3] Brad W. Setser, *The Real Problem With Global Trade*, Foreign Affairs (June 2026), available at https://www.foreignaffairs.com/china/real-problem-global-trade.

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of credibility cannot be ignored. Given that China failed to fulfill major commitments under the Phase One Agreement, policymakers should not assume that future commitments involving even ostensibly non-sensitive products will necessarily produce a different outcome. Any new mechanism must therefore be built around verification, transparency, and accountability rather than assumptions of compliance.

Additionally, any tariff modifications negotiated under the Board of Trade must rest on a rigorous and durable definition of "non-sensitive." Under no circumstances should the Board of Trade mechanism ever result in reduced tariffs for products that implicate U.S. national or economic security, critical supply chain resilience, or sectors in which domestic production capacity is significant or strategically important.

Conclusion
More than two decades of engagement have failed to produce fundamental changes in China's economic behavior. China's continued reliance on industrial overcapacity, exchange-rate distortions, state intervention, forced labor, and strategic supply-chain dependencies demonstrates that strong trade enforcement remains necessary. The proposed Board of Trade must reinforce accountability and transparency while preserving the full effectiveness of Section 301, Section 232, and other enforcement tools. Any new mechanism should be judged not by the volume of dialogue it produces, but by whether it advances concrete U.S. interests and addresses the underlying distortions that continue to undermine American workers, manufacturers, and industrial capacity.

Thank you for the opportunity to provide these comments.

Sincerely,

Scott N. Paul
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