PUBLIC VERSION

www.CASTassociation.com

May 22, 2026

Submitted via USTR Portal

Docket No. USTR-2026-0067

Ambassador Jamieson Greer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Jennifer Thornton
General Counsel
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, D.C. 20230

Re: ***Post-Hearing Comments on the Section 301 Investigations of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors***

Dear Ambassador Greer,

THE COUNCIL ON AMERICAN STEEL TRADE (CAST) provides the below comments to supplement its May 7, 2026, hearing testimony in the Section 301 investigations into the acts, policies, and practices of Bangladesh, Cambodia, China, the European Union (EU), India, Indonesia, Japan, Korea, Japan, Malaysia, Mexico, Norway, Taiwan, Thailand, and Vietnam (investigated economies) relating to structural excess capacity and production in manufacturing sectors.[1] CAST's comments focus on the largest sources of overcapacity and U.S. trade imbalances in the steel and downstream steel derivative sectors of the investigated economies.

[1] *Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors*, 91 Fed. Reg. 12, 886 (Mar. 17, 2026) (*Initiation Notice*).

I. EXECUTIVE SUMMARY

The challenge and threat that foreign steel overcapacity poses market-based steel industries and their countries' national economic security is well established and documented.[1] The next level of trade—downstream steel-intensive goods or steel derivative products—however, has not been as thoroughly examined, particularly related to overcapacity and trade flows. U.S. imports of steel via a steel derivative—autos, appliances, fabricated structural steel, machinery, *etc.*—has the same impact on the American steel industry as a direct steel import: reduced demand, prices, production, and employment. Further, the United States imports more than twice as much steel via indirect steel imports than direct steel imports. Thus, CAST's comments focus on foreign steel and steel derivative overcapacity in the investigated economies. **Figure 1** summarizes steel overcapacity and steel and derivative import data for the top seven investigated economies.

Figure 1: Top 7 Investigated Economies' Steel and Derivative Data

2025 (mmt)	Steel Overcapacity	U.S. (Direct) Steel Imports	U.S. Indirect Steel Imports	Total U.S. Steel Imports
China	437	0.4	13.8	14.2
EU	67	3.5	8.0	11.5
India	39	0.5	2.6	3.1
Japan	75	1.0	4.8	5.8
Korea	52	2.4	4.4	6.8
Mexico	19	2.6	17.6	20.2
Taiwan	13	1.0	1.6	2.6
Total, Top 7	**702**	**11.4**	**52.8**	**64.2**

Source: CAST, Economic Policy Institute (EPI), and SIMA.

[1] *See, e.g.*, the Organisation for Economic Co-operation and Development (OECD), https://www.oecd.org/en/topics/sub-issues/steel.html; the Global Forum on Steel Excess Capacity (GFSEC), https://www.steelforum.org/en.html#publications; The Effect of Imports on Steel on the National Security, U.S. Department of Commerce, January 11, 2018; "Unpacking American Steel Trade, National Security, and Overcapacity with Ben Caryl", Steel Stories by U. S. Steel (Nov. 29, 2023), available on Apple and other podcast platforms: https://podcasts.apple.com/us/podcast/unpacking-american-steel-trade-national-security-and/id1677298121?i=1000636921162.

To put **Figure 1** into context, the U.S. steel market is roughly 100 million metric tons (mmt). The top seven investigated economies have enough steel overcapacity to inundate the U.S. market seven times over without diverting one ton of existing production. The investigated economies included in **Figure 1** have massive steel overcapacity (*see* **Section II** below) and steel and/or indirect steel trade surpluses (*see* **Section III** below). Just below the top seven investigated economies, steel capacity has exploded in Vietnam (+3,361%), Indonesia (+1,204%), and Malaysia (+49%) since 2010, while Thailand has a significant indirect steel trade surplus and the highest rate of increase of indirect steel exports to the United States from 2024-2025.

China exports over a quarter of a billion tons of steel each year, whether via direct or indirect steel. Until 2024, China was the largest source of U.S. indirect steel imports. In 2025, however, U.S. tariffs reduced Chinese indirect steel imports by 17 percent. Other import sources—Mexico, Korea, India, and Thailand—however, quickly filled the void. U.S. imports of steel derivatives from Mexico catapulted to the top of the list, surpassing China. Last year, U.S. imports of steel from Mexico—both direct and indirect—exceeded 20 million tons.

The investigated economies' steel overcapacity and steel and steel derivative trade surpluses are supported by a wide range of foreign government acts, policies and practices that discriminate against, burden, and restrict U.S. commercial interests in the steel and steel derivative industries—to the tune of hundreds of billions of dollars a year. Last year, the United States imported $25 billion of direct steel imports, but imported another $1.4 TRILLION dollars' worth of steel derivatives. CAST's comments in **Section IV** below focus the following acts, policies and practices that fuel steel overcapacity and trade imbalances:

- Nonreciprocal normal tariff rates (India, Indonesia, Mexico, Malaysia, Vietnam, China)
- Value added tax export rebates (China, EU, Japan, Korea, Taiwan, and Thailand)
- Chinese transnational subsidies (India, Indonesia, Malaysia, Mexico, Taiwan, Vietnam)
- Mexican tariff and export tax exemptions and energy monopolies

Based on the overwhelming facts and data, including that summarized below, CAST respectfully requests that the United States impose Section 301 tariffs, quotas, and tariff rate quotas (TRQs) on the worst sources of foreign steel and steel derivative overcapacity and excess production. Smart TRQs of significant tariffs for in-quota imports and hard caps on above-quota volumes are warranted for the worst actors that have continued to sell through existing tariffs via customs undervaluation, circumvention, evasion, and moving further downstream.

II. STEEL OVERCAPACITY

In 1945, following two world wars that decimated most other nations' steel industries, the United States emerged as the predominant steel producer, producing two thirds of the world's iron and three quarters of the world's steel. In 1973, United States steel production peaked at 137 million tons. By 1993, only twenty years later, China surpassed the United States in steel production and China became the top producer in 1996. By 2017, China produced 870 million tons of steel—more than the rest of the world combined (865 million tons). By 2020, China produced 1 billion tons of steel—over ten times the entire U.S. steel market, which today comprises roughly 80 million tons of domestic production and 24-29 million tons of direct steel imports per year.

The OECD estimates 2025 global raw steel capacity to be roughly 2.4 billion tons. The top ten investigated economies account for 79 percent of global steel capacity. ***From 2010 to***

2025, the top ten investigated economies combined for net raw steel capacity expansion of 200 million tons—twice the size of the entire U.S. steel market. **Figure 2** below summarizes raw steel capacity trends for the top ten investigated economies.

Figure 2: Raw Steel Production Capacity (mmt) 2010-2025

	2010	**2021**	**2025**	**2010-2025 Δ mmt**	**2010-2025 Δ %**
China	1,057.9	1,146.5	1,135.5	+ 77.6	+ 7.3
EU	297.7	280.3	280.5	- 17.2	- 5.8
India	84.4	143.9	185.3	+ 100.9	+ 1,195.5
Japan	132.0	122.4	113.6	- 18.4	- 13.9
Korea	76.0	81.6	79.9	+ 3.9	+ 5.1
Taiwan	26.9	29.4	29.4	+ 2.5	+ 9.3
Vietnam	6.5	26.0	29.0	+ 22.5	+ 3,461.5
Mexico	20.3	27.7	27.7	+ 7.4	+ 36.5
Indonesia	10.8	21.3	23.8	+ 13.0	+ 1,203.7
Malaysia	12.9	19.2	19.2	+ 6.3	+ 48.8
TOTAL Investigated Economies			**1,923.9**	**+ 198.5 mmt**	

Source: OECD.

Though Japan and the EU have rationalized their steel capacity recently, India, Vietnam, and Indonesia have massively increased steel capacity, and Mexico and Malaysia have significantly increased steel capacity. The OECD projects that China and India will each add over 30 million tons of additional steel capacity by 2028 in their own countries, and Chinese state-owned enterprises have made 50 million tons of cross-border steel capacity investments in third countries in 2025 and beyond.

Foreign steel *overcapacity* and excess production is generally caused by countries expanding or maintaining uneconomic production capacity, without regard for domestic demand conditions, ultimately producing more steel than can be consumed in the home market. This fuels massive exports, often to the attractive U.S. market. Thus, foreign steel overcapacity facilitates imbalanced and nonreciprocal steel trade, leading to market distortions that negatively

impact U.S. domestic and export sales of competing steel products, as well as downstream steel derivatives. A country's or economy's steel overcapacity is the difference between its installed domestic steel production capacity and its domestic steel demand. To unmask overcapacity in the form of excessive production and exports (*i.e.*, production with no domestic demand), indirect steel trade must be included in the demand factor. This methodology unmasks well over 100 million more tons of Chinese steel overcapacity.

China's steel overcapacity is well-documented, with the OECD Steel Committee and Global Forum on Steel Excess Capacity observing earlier this year that in 2025 China accounted for 54 percent of the over 700 million metric tons of global primary steel overcapacity. China continues to export record volumes of steel to offset weak home market demand. CAST estimates 2024 Chinese steel overcapacity to have been 437 million tons in 2024, and even larger in 2025 as China exported record levels of steel and steel derivatives due to weak domestic demand. To put that into context, the entire U.S.A. steel market is roughly 100 million tons. Other investigated economies also have significant steel overcapacity, as demonstrated in **Figure 3** below. CAST calculated steel overcapacities using 2025 capacity data from the OECD Steel Committee, 2024 apparent steel consumption data from [ ], and 2024 indirect steel trade data from [ ]. We have treated the EU as a single economy and removed intra-EU steel trade (by treating such trade as home market demand). CAST can provide USTR estimates for EU country-specific steel overcapacity upon request.

Figure 3: Foreign Steel Overcapacity and U.S. Steel Trade Deficits

(mmt)	**Steel Overcapacity**	**U.S. Imports**	**U.S. Exports**	**U.S. Trade Deficit**
China	437	0.4	0.04	0.36
Japan	75	1.0	0.1	0.9
EU	67	3.5	0.8	2.7
Korea	52	2.4		2.4
India	39	0.5		0.5
Indonesia	20	0.2		0.2
Mexico	19	2.6	3.8	-1.2
Taiwan	13	1.0		1.0
Malaysia	10	0.2		0.2
Vietnam	6	0.8		0.8
Investigated Economies	***738 million tons***	***12.6 million tons***	***4.74 million tons***	***7.86 million tons***

Source: CAST and U.S. Department of Commerce Steel Import Monitor, https://www.trade.gov/steel-import-monitor (SIMA).

The top ten investigated economies have a combined 7.86 million ton steel trade surplus with the United States, as it is essentially a one-way street of the United States receiving 12.6 million tons of direct steel imports and exporting only 4.74 million tons—virtually all to Mexico. Though Mexico currently has steel trade deficit with the United States due to the Section 232 tariffs and antidumping and countervailing duty measures, Mexico maintains a massive, growing, and now the largest (exceeding China last year) indirect steel trade surplus with the United States, as explained below.

In terms of estimated economic impact, ***foreign steel overcapacity has reduced U.S. steel production by over 50 million tons, conservatively worth $40 billion, per year***.[2]

[2] Using an extremely conservative estimate of $800/mt, the rough U.S. average price for hot-rolled coil in 2025. This is conservative because U.S. hot-rolled prices are currently above $1,000/mt and many steel products are much higher priced than hot-rolled coil.

III. STEEL DERIVATIVE OVERCAPACITY

Given how important steel derivative production, demand, and trade is to the steel industry, CAST has partnered with the Economic Policy Institute (EPI) to collect, monitor and analyze U.S. imports of steel derivatives, divided into the following broad product groups for analysis:

- Automotive vehicles and parts ("A");
- Domestic appliances ("DA");
- Electrical equipment ("EE");
- Mechanical machinery ("MM");
- Metal products ("MP"); and
- Other transport (rail, ships, aircraft) ("O").

See **Attachment 1** for the Harmonized Tariff Schedule (HTS) codes for each group. CAST/EPI have developed a methodology to measure the steel-ton equivalent of steel derivatives, *e.g.*, how much steel on average is contained in an auto, appliance, or machine? The methodology is consistent with generally-accepted steel industry estimates for the steel-intensity of such products.

U.S. imports of steel-intensive goods are massive, by any measure: ***U.S imports of steel-derivatives exceeded $1.15 trillion in 2024 and $1.22 trillion in 2025.*** These imports represent 65 million tons of steel that enters the United States every year via indirect steel trade at the direct expense of the American steel industry and American steel derivative producers.

The problem has grown significantly over the past decade with U.S. indirect steel trade deficits growing from **[ ]** million tons in 2014 to more than double that in 2021 (**[ ]** million tons) to the all-time record of **[ ]** million tons in 2022:

[

]

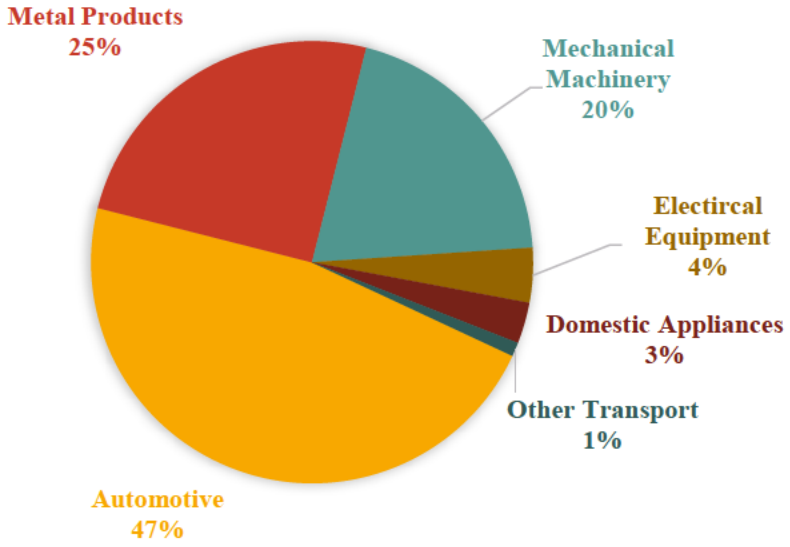
The latest global indirect steel trade data available (2024) estimates the U.S. indirect steel trade deficit was [ ] million tons: [ ] million tons of indirect steel imports, less [ ] million tons of indirect steel exports.[3] CAST/EPI estimate total U.S. indirect steel imports of 65 million tons in 2025, broken down below by product group:

[3] [ ].

Figure 5: U.S. Indirect Steel Imports 2024-2025 (mmt)

	2024	2025
Autos (A)	29.55	30.74
Metal products (MP)	17.64	16.18
Machinery (MM)	12.40	13.22
Equipment (EE)	2.41	2.57
Appliances (DA)	2.28	2.06
Other transport (O)	0.69	0.58
TOTAL	**64.98**	**65.35**

Figure 6: 2025 U.S. Indirect Steel Imports by Group



Source: CAST/EPI.

As the graphics above make clear, U.S. indirect steel imports are heavily focused in autos/parts, metal products, and mechanical machinery.

In the contrast to the United States' chronic indirect steel trade *deficit*, at least eight of the investigated economies have significant indirect steel trade *surpluses* globally, measured by absolute volume and in relation to total domestic steel demand: China, Korea, Japan, the EU, Mexico, Thailand, India, and Taiwan, summarized below in **Figure 7**. China's numbers are

staggering: in 2024, China exported [ ] million tons of steel via steel intensive goods, while it imported less than [ ] million tons, for an indirect steel trade surplus of [ ] million tons, [ ] percent of its apparent steel consumption, compared to Chinese steel exports of [ ] million tons in 2024.[4] ***In other words, China's total 2024 steel exports (direct and indirect) exceeded a quarter of a billion tons of steel ([ ] million tons).***[5] To put that in context, the entire United States steel market is roughly 100 million tons per year.

Figure 7: Indirect Steel Trade 2024

	2024 Net Indirect Steel Trade Surplus (mmt)	Share of Apparent Steel Consumption (%)
China	[ ]	[ ]
Korea	[ ]	[ ]
Japan	[ ]	[ ]
EU	[ ]	[ ]
Mexico	[ ]	[ ]
Thailand	[ ]	[ ]
India	[ ]	[ ]
Taiwan	[ ]	[ ]

Source: [ ].

Focusing on the above top eight investigated economies with significant global indirect steel trade surpluses, CAST/EPI calculated the steel-ton equivalent of U.S. imports for 2024 and 2025, summarized below:

[4] [ ].
[5] [ ].

Figure 8: U.S. Indirect Steel Imports

	2024 (mmt)	2025 (mmt)	2024-2025 Δ %	Derivative Product Group Concentration
China	16.6	13.8	- 17	MP, MM, A, OO, DA, EE
Mexico	14.4	17.6	+ 22	A, O, DA
EU	8.6	8.0	- 7	MM, A
Japan	5.0	4.8	- 4	A, O, MM
Korea	3.9	4.4	+ 13	OT, A, MM
India	2.5	2.6	+ 4	A, MP
Taiwan	1.7	1.6	- 6	MP
Thailand	1.6	2.0	+ 25	A, MM
Investigated Economies	**54.3**	**54.8**	+ 1	
All Others	10.7	10.6	- 1	
WORLD	**64.98**	**65.35**		

Source: CAST/EPI.

Thus, 55 million tons—or 84 percent of total U.S. indirect steel imports—are concentrated in the top eight investigated economies. The Trump Administration's 2025 and 2026 tariffs have begun to reduce U.S. indirect steel imports from China, though U.S. imports of steel-intensive goods from Mexico have surged to become the number one import source, overtaking China. U.S. indirect steel imports from Mexico increased over 22 percent from 14.4 million tons in 2024 to 17.6 million tons in 2025. ***In 2025, Mexican direct and indirect steel exports to the United States exceeded 20 million tons—more than any other investigated economy.***

Drilling even further down to the 8-digit HTSUS level, two examples are illustrative of Mexico's surging imports of steel derivatives into the United States, at increasingly low prices:

- U.S. imports of oil filters (HTSUS 8421.23.00) from Mexico increased by 21 percent by volume from 2024 to 2025, but only 1.7 percent by value—*i.e.*, imports increased significantly with significantly lower prices, likely due to Section 232 tariffs on auto parts exempting USMCA-origin product, as American oil filter manufacturers continue to move operations to Mexico.

- U.S. imports of AC motors greater than 148.2 kW (HTSUS 8503.00.75 and 8501.53.80) from Mexico increased by 386 percent by volume from 2024 to 2025, but only 12 percent by value—*i.e.*, imports surged by slashing prices to the detriment of U.S. steel and motor producers.

U.S. indirect steel imports from Thailand and Korea also increased significantly from 2024 to 2025.

Upon request, CAST can provide USTR with additional details of trends in volume and average prices for the specific steel derivative groups (and drill down further if that is helpful).

In terms of economic impact, indirect steel imports have reduced U.S. steel demand by 65 million tons, conservatively worth $52 billion, per year.[6]

IV. ACTS, POLICIES, AND PRACTICES THAT CREATE OR MAINTAIN STEEL AND STEEL DERIVATIVE OVERCAPACITY

There are many unreasonable and discriminatory acts, policies, and practices that the investigated economies deploy to create and maintain structural steel and steel derivative overcapacity and excess production that burden and restrict U.S. commerce. These unfair trade acts, policies and practices include not only traditional subsidies, monopolies, and government assistance, but also structural regimes such as nonreciprocal most-favored national (MFN) tariffs on steel and steel derivatives, and value added taxes and export rebates. Advanced transnational subsidies and import and export tax and tariff exemptions are used to circumvent and evade trade measures in the United States and elsewhere. The OECD and GFSEC have issued report after report on subsidies and government measures that contribute to global steel overcapacity. Below

[6] *See* note 2, $800/mt x 65 mmt.

CAST summarizes additional measures vis-à-vis the United States and global steel and derivative markets that annually burden and restrict tens of billions of dollars of U.S. commerce.

A. Nonreciprocal "Most-Favored Nation" Tariff Rates

After signing on to the General Agreement on Tariffs and Trade (GATT) in 1947 (*i.e.*, the predecessor to the current World Trade Organization (WTO)), the United States unilaterally disarmed most of its normal (most-favored nation or MFN) tariffs, with average U.S. normal tariffs dropping from 25 percent in 1946 to less than 5 percent when the United States joined the WTO in 1995.[7] Since then, U.S. bound MFN rates for most steel products have been zero percent and the U.S. bound MFN rate for steel-intensive passenger vehicles is only 2.5 percent. Meanwhile, many of our largest trading partners have much higher bound and applied MFN rates, enabling them to ratchet up or down as needed based on market conditions.[8] This has left the United States with disproportionately less access to other markets and exposed to normal tariff-free steel imports from most countries with only special and remedial measures like antidumping and countervailing duties, Section 232 national security actions, Section 301 tariffs, and safeguards, many requiring extensive processes, frequent reviews, and expensive litigation to secure limited product- and/or country-specific duties. Low nonreciprocal normal tariff rates also diminish the value of U.S. free

[7] "Price Deflation and Real Tariff Rates: The United States, 1903 to 1940," Mario J. Crucini, Institute for Empirical Macroeconomics Federal Reserve Bank of Minneapolis and University of Rochester, June 1991, *available at* https://www.minneapolisfed.org/research/dp/dp42.pdf; World Bank, World Integrated Trade Solution, United States Trade Summary 1995, *available at* https://wits.worldbank.org/CountryProfile/en/Country/USA/Year/1995/Summarytext#:~:text=Tariffs%201995&text=The%20simple%20average%20tariff%20across,items%20share%20was%2039.39%20percent.

[8] For example, in 2024, both Brazil and Mexico increased their applied MFN rates on steel to 20-35%. *See* Decree Amending the Tariff of the General Import and Export Tax Law (Apr. 22, 2024), *available at* https://www.dof.gob.mx/nota_detalle.php?codigo=5724207&fecha=22/04/2024#gsc.tab=0; Ministry of Development, Industry, Trade and Services, Note on Gecex Deliberation for Steel Products (Apr. 23, 2024), *available at* https://www.gov.br/mdic/pt-br/assuntos/noticias/2024/abril/nota-sobre-deliberacao-do-gecex-para-produtos-de-aco.

trade agreements (FTAs) for the United States and its FTA partners.[9] **Figure 9** below compares the average bound and applied MFN rates for steel for the United States and many of the economies under investigation, revealing acts, policies, and practices that fuel those economies' steel overcapacity and excessive production and exports, specifically India, Indonesia, Mexico, Malaysia, Vietnam, and China. CAST recommends that USTR perform a similar analysis to compare MFN rates for the steel derivative product groups for the United States and the economies under investigation. *See* **Attachment 1.**

Figure 9: United States and Trading Partner MFN Steel Tariffs

Country	Avg. Bound MFN Steel Tariff	Avg. Applied MFN Steel Tariff
India[2]	40.0	9.0
Indonesia[2]	35.2	9.8
Mexico[1]	34.4	18.1
Brazil[1]	33.9	11.4
Malaysia[2]	29.7	8.4
Turkey[2]	22.1	11.6
Vietnam[3]	10.9	3.8
China[1]	5.9	5.3
Russia[3]	5.6	5.3
Canada[1]	0.1	0.0
Korea[1]	0.1	0.0
Japan[2]	0.0	0.0
EU[2]	0.0	0.0
Taiwan[2]	0.0	0.0
USA[1]	0.0	0.0

Source: *WTO Tariff Download Facility* . Includes all steel-producing countries with at least 10mmt of production in 2022. Tariff data covers the 29 tariff headings that were subject to the United States' 2018 Section 232 order. The most recent tariff data available for each country is used: [1] 2025 data; [2] 2024 data; and [3] 2023 data.

[9] For example, the tariff benefit of U.S.-Mexico-Canada Agreement (USMCA) origin for autos is as low as 2.5%.

B. Foreign Value-Added Tax Export Rebates

USTR has included problematic value-added tax (VAT) policies in past editions of the National Trade Estimate Report and President Trump's Executive Memo on Reciprocal Trade and Tariffs indicates a continued intent to examine the role of VAT policies as a barrier to U.S. exports.[10] Obviously, the United States does not have a VAT system. **Figure 10** below presents a summary of the VATs of the investigated economies. Though foreign VATs provide yet another obstacle to U.S. exports, CAST's comments focus on the most distortionary impact of foreign VATs on the U.S. market: rebates on VAT for exports.

Unrestrained subsidization is one root of the overcapacity problem, with an OECD Steel Committee analysis concluding that "the use of subsidies per unit of steel producing capacity in the form of cash grants has increased fivefold in non-OECD economies that are not members of the Steel Committee from 2005 to 2021."[11] In those non-OECD countries, each $1 million of grants is associated with capacity increases of 5,000 to 15,000 MT.[12] Over the same period, non-OECD economies also doubled their "subsidies in the form of below-market financing (soft loans)."[13] These subsidies allow steel companies to ignore market signals and add or maintain unnecessary and distortive capacity, all of which reverberates throughout the U.S. steel and steel derivative supply chains. Changes in VAT rebate rates also affect exports from the rebating

---

[10] *See, e.g.*, "2025 National Trade Estimate Report on Foreign Trade Barriers," Office of the U.S. Trade Representative (Mar. 31, 2025) at 5 (Algeria), 14-15 (Argentina), 52 (China); Presidential Memo re "Reciprocal Trade and Tariffs," (Feb. 13, 2025), https://www.whitehouse.gov/articles/2025/02/reciprocal-trade-and-tariffs/.

[11] Statement by Mr. Ulf Zumkley, Chair of the OECD Steel Committee (Mar. 25-26, 2024); *see also* A. de Carvalho, et al., "Impacts of Global Excess Capacity on the Health of GFSEC Steel Industries," *Global Forum on Steel Excess Capacity* (Mar. 2024) at 26 (Figure 4, depicting growth in share of Chinese steel firms' revenue attributable to government grants and soft loans); M. Pettis and E. Hogan, "Trade Intervention for Freer Trade," *Carnegie Endowment for International Peace* (Oct. 2024) at 5 (Table 1 listing examples of other systemic forms of indirect trade subsidies employed by China and other countries).

[12] "The Drivers and Impacts of Subsidies to Steel Firms," OECD Policy Paper No. 184 (Oct. 2025) at 7.

[13] Statement by Mr. Ulf Zumkley, Chair of the OECD Steel Committee (Mar. 25-26, 2024).

country.[14] Such actions have the further effect of displacing exports from third countries, such as the United States.[15]

VAT export rebates serve to boost their domestic firms' competitiveness in third countries. The cost offsets that foreign firms enjoy through these and many other export subsidies present a substantial competitive disadvantage to U.S. manufacturers in both the U.S. and third-country export markets.

Figure 10: Value Added Tax (VAT) Export Rebates

Country	VAT Rate (%)	Export Rebate Rate (%)
Belgium	21%	86% — 88.25%
China	13%	0% – 13%
Czechia	21%	84% — 88%
Finland	25.5%	83% — 86.75%
France	20%	100%
Italy	22%	85% – 87%
Japan	10%	100%
Netherlands	21%	85% —89%
Poland	23%	83.64% — 85.7%
Slovak Republic	23%	87% — 88.75%
South Korea	10%	100%
Spain	21%	87.25% – 94.7%
Sweden	25%	83% — 87%
Taiwan	5%	100%
Thailand	7%	100%
Austria	20%	—
Bangladesh	15%	—

[14] *See, e.g.*, B. Lu and H. Ma, "The 'Matthew Effect' in Rebates: How Does VAT Rebate Allocation Affect Firm Export Performance," 225 *J. Pub. Econ.* 104982 (Sept. 2023), *available at* https://www.sciencedirect.com/science/article/abs/pii/S0047272723001640; J. Gourdon, et al., "Export Management and Incomplete VAT Rebates to Exporters: The Case of China," *FERDI Working Paper 117* (Dec. 2014), *available at* https://ferdi.fr/dl/df-k5prkRk53FZoDgYm4x4KxaaB/ferdi-p117-export-management-and-incomplete-vat-rebates-to-exporters-the.pdf (undertaking a study of changes in China's export tax rebates and concluding that such changes have "significant export repercussions: eligible export quantity for a given city-HS6 pair rises by 6.5% following a one percentage-point increase in the VAT rebate."); J. Gourdon, et al., "Estimating the Repercussions from China's Export Value-Added Tax Rebate Policy," 124:1 *Scandanavian J. Econ.* 243 (Jan. 2022) (updated study concluding "that a 1 percent decline in the export VAT tax leads to a 7.2 percent relative increase in eligible export values at the city level."), *available at* https://onlinelibrary.wiley.com/doi/10.1111/sjoe.12453.

[15] S. Ledyaeva, "Trade Diversion Effects of China's VAT Export Rebates," *Open Economies Review* (May 2024), *available at* https://link.springer.com/article/10.1007/s11079-024-09769-2 ("on average, a 1% increase in the {VAT} rebate {upon export} leads to a 2.62% reduction in third-country exports").

Country	VAT Rate (%)	Export Rebate Rate (%)
Germany	19%	—
India	18%	—
Indonesia	12%	—
Malaysia	10%	—
Mexico	16%	—
Vietnam	10%	—

Source: PricewaterhouseCoopers Worldwide Tax Summaries, available at https://taxsummaries.pwc.com/quick-charts/value-added-tax-vat-rates (last accessed May 18, 2026).

Despite the inherent market distortionary nature of VAT export rebates, the WTO explicitly condones their use. The negative effects of export subsidies have long been recognized in the international trading system. Article 3.1(a) of the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement) specifically prohibits export-contingent subsidies, and any such subsidies identified in the course of a countervailing duty investigation under the Tariff Act of 1930, as amended, are deemed to be specific on that basis.[16] Under WTO rules, however, "indirect tax rebate schemes can allow for exemption, remission or deferral of prior-stage cumulative indirect taxes {such as VAT} levied on inputs that are consumed in the production of the exported product,"[17] up to the "amount of such taxes actually levied on inputs that are consumed in the production of the exported product,"[18] even when such taxes are "not exempted, remitted or deferred on like products when sold for domestic consumption."[19] Not surprisingly, export subsidies (including export-contingent tax rebates) persist in practice,

[16] 19 U.S.C. § 1677(5A)(B).
[17] Agreement on Subsidies and Countervailing Measures, Apr. 15, 1994, Marrakesh Agreement Establishing the WTO, Annex II, Art. I(1), 1869 U.N.T.S. 14.

[18] *Id.* at Annex II, Art. I(2).
[19] *Id.* at Annex I, Art. (h).

accounting for 6 percent of steel sector subsidy measures in a 2023 OECD study.[20] The U.S. Government has concluded that certain trading partners manipulate such VAT export rebate schemes by, for example, increasing, decreasing, or removing rebate rates in order to meet trade-distorting policy objectives. According to USTR, China has "caused tremendous disruption, uncertainty and unfairness in the global markets… particularly {for} downstream products for which China is a leading world producer or exporter, such as products made by the steel, aluminum and soda ash industries" by "raising or lowering the VAT rebate available upon export."[21]

Given the varying measures and markets at issue, it is difficult to precisely estimate the benefit removing such foreign export rebates would have on U.S. industry. A rough estimate based on a recent example, however, indicates that the potential value is likely measured in the multiple billions of dollars.[22]

---

[20] "Subsidies to the Steel Industry: Insights from the OECD Data Collection," Policy Paper No. 147, DSTI/SC(2022)21/FINAL (Apr. 2023) at 5; *see also, e.g.*, S. Layek, "India Extends Export Incentive Scheme to Steel," *Argus Media* (July 12, 2022).

[21] "2024 Report to Congress on China's WTO Compliance," USTR (Jan. 2025) at 55.

[22] The Government of India valued its Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, which was limited to certain strategic sectors, at roughly USD $1.6 billion. *See* "Government Provides Big Boost to Exporters Release of Rs. 56,027 crore under various Export Promotion Schemes," Government of India: Department of Commerce (Sept. 9, 2021), available at https://www.commerce.gov.in/press-releases/government-provides-big-boost-to-exporters-release-of-rs-56027-crore-under-various-export-promotion-schemes/ (valued at Rs 12,454 crore at a September 2021 exchange rate of 0.013 USD per INR); *see also* A. Sen, "Two Major Export Promotion Schemes Likely to Get Extension," The Hindu Business Line (Aug. 18, 2024) (discussing likely extension of RoDTEP past September 30, 2024, expiration date). A recent IMF study of the effects of Chinese subsidization of its exports concludes that exports of products in a major strategic sector are 7% higher after China's subsidies, which generally have an effect "not statistically different from that found for other countries." *See* L. Rotunno and M. Ruta, "Trade Implications of China's Subsidies," International Monetary Fund, Doc. WP/24/180 (Aug. 2024) at 5 (discussing the example of electrical machinery); *see also id.* at 13 (Figure 2, showing that "electrical machinery" accounted for the third-highest number of subsidy programs). Applying this proportion to the total value of the Indian export subsidy, over $113 million dollars' worth of the subsidy would facilitate exports that otherwise would not have occurred (and for which U.S. producers could otherwise compete). Given that export taxes are generally only a fraction of the value of the corresponding export sale, the value of exports supported by the $113 million subsidy expenditure likely amounted to over $500 million. That this example is limited to one export subsidy program in one country underscores the magnitude of the trade barrier when export rebates are considered as a whole.

C. Transnational Subsidies

During the May 7, 2026, Section 301 hearing, the State Department requested that CAST provide addition information on transnational subsidies that contribute to structural overcapacity. Facing overcapacity at home, China now has a well-honed program of transnational subsidization. This involves heavily subsidized state-owned enterprise overseas investment and the provision of loans in service of China's "going out" strategy (走出去战略) to develop overseas production platforms and more centralized "Belt and Road Initiative" (BRI) grand strategy. It also involves direct exports of upstream products from China to nearby economies who then process the cheap inputs into finished goods for final export to the United States and elsewhere. Both patterns extend China's reach of domestic overcapacity and contribute to overcapacity in the production of steel and steel derivative products in India, Indonesia, Malaysia, Mexico, Taiwan, and Vietnam. *See below* **Figure 11** for details.

Figure 11: Chinese Transnational Subsidies

Country	Program	Description	Source
India	Chinese inputs for less than adequate remuneration (LTAR)	Steel imports from countries like Vietnam, which benefit from zero customs duty under the India-ASEAN FTA, may actually originate from China. Reports suggest that Chinese metal is being routed through ASEAN countries or steel mills in South Asia with direct Chinese investments. Notably, nearly 40% of China's steel exports are destined for ASEAN countries, Korea, and Japan—nations that enjoy FTA benefits with India. This creates a backdoor for cheaper Chinese steel to flood Indian markets.	"Steel industry under siege: Why India must raise import duties," *Policy Circle Bureau* (Dec. 27, 2024).

	Investment in steel derivative production by Chinese SOEs (SAIC Motor Corp. Ltd.)	MG's Chinese owner SAIC Motor and India's JSW Group have launched a joint venture, JSW MG Motor India, to build and sell MG-brand electric vehicles in India, with plans to invest up to $5 billion by 2030 while increasing local sourcing of steel, batteries, and R&D to cut costs. The partnership reflects India's push for domestic EV manufacturing amid restrictions on Chinese investment, as the country's EV market begins to accelerate despite still accounting for a small share of vehicle sales.	"MG's Chinese owner and Indian steelmaker JSW team up to build electric vehicles," *Financial Times* (May 12, 2026).
	Investment in steelmaking by Chinese SOEs (Xingxing Cathay International Group)	India was an early target of Chinese foreign direct investment in other countries' steel industries. This was, in part, due to investments by heavily subsidized Chinese SOEs, such as Xingxing Cathay International Group.	"GFSEC Steel Excess Capacity Monitoring Bulleting," *GFSEC* (Oct. 2025); *see also* OECD, 99th Session of the Steel Committee: Statement by the Chair (Mar. 2026) (concerning level of subsidization of Chinese steelmakers generally); "Indian and Chinese Firms in $2.2 billion steel venture," *LiveMint* (Feb. 28, 2008); "About Company – Xindia Steels," Xindia Steels (last accessed May 12, 2026) (JV in which Xingxing Cathay International Group is participating).
Indonesia	Preferential Lending and Financing Programs	Both the U.S. Department of Commerce (DOC) and the European Commission have found GOC-affiliated banks to provide preferential lending and financing to Indonesian producers, including BRI Capacity Cooperation Projects and GOC Supply Chain Financing.	*Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules From Indonesia: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Antidumping Duty Determination*, 91 Fed. Reg. 9,564 (Feb. 26, 2026); "EU counters steel subsidies resulting from export restrictions on raw materials and transnational

			subsidies from China" *European Commission* (Mar. 15, 2022).
	Chinese Inputs for LTAR	DOC has previously determined that Chinese inputs for LTAR to Indonesian producers qualify as a transnational subsidy and Indonesia has otherwise increased its imports of semi-finished steel from China while increasing its own exports of finished steel products, contributing to oversupply through the use of low priced Chinese inputs.	*Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules From Indonesia: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Antidumping Duty Determination*, 91 Fed. Reg. 9,564 (Feb. 26, 2026); "GFSEC Steel Excess Capacity Monitoring Bulletin," Global Forum on Steel Excess Capacity (Feb. 2026) at 5, 7.
	Investment in steelmaking by Chinese SOEs (Tsingshan; Taiyuan Iron and Steel Co.; and Nanjing Iron & Steel Group Co., Ltd.)	Indonesian crude steel production capacity increased by roughly 65% from 2016-2021, a period of declining or flat steel demand. This growth was, in part, due to investments by heavily subsidized Chinese SOEs such as Tsingshan, Taiyuan Iron and Steel Co., and Nanjing Iron & Steel Group Co., Ltd.	"Global Forum on Steel Excess Capacity (GFSEC): Steel exports, trade remedy actions and sources of excess capacity," *OECD* (May 2024), at 7-8; *see also* OECD, 99th Session of the Steel Committee: Statement by the Chair (Mar. 2026) (concerning level of subsidization of Chinese steelmakers generally); G. Lavigne Asenov, "ATI, Tsingshan form stainless sheet venture," *FastMarkets American Metal Market* (Nov. 2, 2017); J. Anderson, "TISCO signs contract for integrated Indonesian stainless-steel project," *Roskill* (Aug. 20, 2020); "Nanjing Iron and Steel Group invested in Indonesia to build iron-steel and coke industries," *Ferro-Alloys.com* (Dec. 17, 2020); "POSCO, Tsingshan join forces to turn Indonesia into stainless hub," *The Korea Economic Daily* Sept. 26, 2025).

Malaysia	Investment in steelmaking by Chinese SOEs (Alliance Steel; Eastern Steel)	Malaysian crude steel production capacity increased by roughly 35% from 2016-2021, a period of declining or flat steel demand. This growth was, in part, due to investments by heavily subsidized Chinese SOEs such as Alliance Steel, located in the Malaysia-China Kuantan Industrial Park, and Eastern Steel.	Global Forum on Steel Excess Capacity (GFSEC): Steel exports, trade remedy actions and sources of excess capacity, OECD (May 2024), at 7-8; *see also* OECD, 99th Session of the Steel Committee: Statement by the Chair (Mar. 2026) (concerning level of subsidization of Chinese steelmakers generally); "Alliance Steel Targets another 6.5mty capacity in 2026," *South East Asia Iron and Steel Institute* (Dec. 13, 2023); "OECD Steel Outlook 2025," *OECD* (2025) at 31; "Malaysia-China Kuantan Industrial Park (MCKIP)," *The People's Map of Global China* (Apr. 16, 2025).
	Chinese Inputs for LTAR (Primary steel imports)	Malaysia has increased its imports of semi-finished steel from China while increasing its own exports of finished steel products, contributing to oversupply through the use of low priced Chinese inputs. In other contexts, Commerce has determined that Chinese inputs for LTAR to Malaysian producers qualify as a transnational subsidy.	"GFSEC Steel Excess Capacity Monitoring Bulletin," *Global Forum on Steel Excess Capacity* (Feb. 2026) at 5; *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From Malaysia: Final Affirmative Countervailing Duty Determination*, 90 Fed. Reg. 17,384 (Apr. 25, 2025).
	Transnational Loan Programs (Belt and Road Initiative Policy Lending)	Commerce has found Policy Lending from Chinese Banks for BRI Capacity Cooperation Projects to be cross-border subsidies from China to Malaysian producers. Such lending is usable by a variety of industries, including steel and steel derivative industries.	*Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From Malaysia: Final Affirmative Countervailing Duty Determination*, 90 Fed. Reg. 17,384 (Apr. 25, 2025); *Float Glass Products From Malaysia: Final Affirmative Countervailing Duty Determination*, 91 Fed. Reg. 5,720 (Feb. 9, 2026).
Mexico	Investment in steel derivative production by Chinese SOEs (likely FAW Group)	A Mexico–China joint venture will invest $350 million to build a new automotive assembly plant in Hidalgo, Mexico, to produce vehicles for the Chinese brands Hongqi and Bestune, likely linked	"Joint venture Mexico-China will invest $350 million in a new automotive plant in Hidalgo," *SteelOrbis* (June 30, 2023); "SAAG plans Mexico factory to meet demand and cut tariffs,"

		to FAW Group. The plant is to be located in Zapotlán de Juárez.	*Mexican Chamber Commerce in China* (Mar. 31, 2026).
	Chinese inputs for LTAR (Hengli's hydraulic cylinder production facility)	Even when investments are by nominally private enterprises, such as Hydraulic cylinder producer Hengli's $325 million investment in a Mexican hydraulic cylinder production facility, the resulting operations will use uneconomically priced steel inputs from China, *e.g.*, cold-finished bars. This is just one example of a wider phenomenon.	"Hengli Hydraulics Opens US$325 Million Plant in Nuevo Leon," *Mexico Business News* (June 13, 2025); *see also* S. Martinez; "Mexico's steel output falls as Chinese imports rise," *The Rio Times* (Feb. 25, 2026) (concerning Mexico's imports of primary steel products from China generally)
	Chinese inputs for LTAR (Automotive Processing of Chinese inputs)	Chinese OEMs or their subsidiaries establish vehicle assembly or parts manufacturing operations in third countries, import Chinese-origin components and sub-assemblies in semi-knocked-down or completely knocked-down form, perform limited processing or assembly, and then seek to claim USMCA regional value content status to access the U.S. market at preferential tariff rates.	"Written Comments on Section 301 Investigation into Structural Excess Capacity and Production in Key Manufacturing Sectors," Automotive Parts Manufacturers' Association (Canada), USTR Doc. No. USTR-2026-0067-00127413-CAT-15479 (Apr. 15, 2026) at 3.
Taiwan	Transnational Loan Programs	DOC has found certain loan programs to be cross-border subsidies from China to Taiwanese producers, including Policy Loans, Preferential Export Loans from Chinese State-Owned Banks, Export Seller's Credit, Export Buyer's Credit, and Export Credit Guarantees. These programs are usable by a variety of industries, including steel and steel derivative industries.	*Certain Monomers and Oligomers From Taiwan: Preliminary Affirmative Countervailing Duty Determination*, 90 Fed. Reg. 42,184 (Aug. 25, 2025).
	Transnational Grant Programs	DOC has found certain loan programs to be cross-border subsidies from China to Taiwanese producers, including the Special Fund for Energy Saving Technology Reform, Grants for Energy Conservation and Emission Reduction, Environmental Protection Special Fund, and Foreign Trade Development Grants. These	*Certain Monomers and Oligomers From Taiwan: Preliminary Affirmative Countervailing Duty Determination*, 90 Fed. Reg. 42,184 (Aug. 25, 2025).

		programs are usable by a variety of industries, including steel and steel derivative industries.	
	Chinese Inputs for LTAR (surge in HRC, CRC imports)	DOC has found that Chinese inputs for LTAR to Taiwanese producers qualify as a transnational subsidy. Separately, Taiwan has seen a recent surge of low-priced steel inputs from China, including hot-rolled and cold-rolled coil.	*Certain Monomers and Oligomers From Taiwan: Preliminary Affirmative Countervailing Duty Determination*, 90 Fed. Reg. 42,184 (Aug. 25, 2025); H. Yermolenko, "Taiwan has imposed temporary anti-dumping duties on Chinese hot-rolled steel," *GMK Center* (Jun. 30, 2025); E. Huang, "Pending AD investigation triggers wave of Chinese CRC imports to Taiwan," *Yieh* (May 12, 2026).
Vietnam	Investment in steelmaking by Chinese SOEs	Vietnamese crude steel production capacity increased by roughly 95% from 2016-2021, a period of declining or flat steel demand. This growth was, in part, due to investments by heavily subsidized Chinese SOEs.	Global Forum on Steel Excess Capacity (GFSEC): Steel exports, trade remedy actions and sources of excess capacity, OECD (May 2024), at 7-8; *see also* OECD, 99th Session of the Steel Committee: Statement by the Chair (Mar. 2026) (concerning level of subsidization of Chinese steelmakers generally)
	Chinese Inputs for LTAR (surge in steel imports)	Vietnam has increased its imports of upstream steel from China while increasing its own exports of finished steel products, contributing to oversupply through the use of low priced Chinese inputs. In other contexts, DOC has found that Chinese inputs for LTAR to Vietnamese producers qualify as a transnational subsidy.	"Vietnam's Steel Imports Surge 14.8% in April 2026; YTD Imports Up 46% Year-on-Year," *Shanghai Metal Market* (May 11, 2026); "Vietnam's 2025 crude steel output hits 5-year high," *The Investor Vietnam* (Feb. 10, 2026); *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination, in Part*, 90 Fed. Reg. 17,399 (Apr. 25, 2025); *Thermoformed Molded Fiber Products From the Socialist Republic of Vietnam: Final Affirmative*

			Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination, 90 Fed. Reg. 46,805 (Sept. 30, 2025)
	Transnational Loan Programs	DOC has found Policy Lending from Chinese Banks for BRI Capacity Cooperation Projects to be cross-border subsidies from China to Vietnamese producers. Such lending is usable by a variety of industries, including steel and steel derivative industries.	*Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination, in Part*, 90 Fed. Reg. 17,399 (Apr. 25, 2025)

D. Mexican Acts, Policies, and Practices

1. Mexico's IMMEX Import and Export Tax Exemptions

Mexico's *Industria Manufacturera, Maquiladora y de Servicios de Exportación* (IMMEX or Maquiladora system) re-export program allows Mexican manufacturers to import raw materials and components tariff-free as long as the downstream products are exported.[23] This program was designed to promote foreign investment in Mexico.[24] On its face, exemptions from Mexico's import tariffs and 16 percent VAT are the primary benefits;[25] but IMMEX also creates a valuable *U.S. tariff loophole* for Mexican manufacturers—many foreign-owned or having significant foreign investment—that prioritize dumped and subsidized inputs imported from overseas then ship lower-priced finished goods made from these non-North American materials to the United States. More specifically, whereas overseas firms would ordinarily face higher normal customs

[23] The Spanish term "maquiladora" translates to "factory" or "manufacturing plant" in English.
[24] *See* U.S. Department of Commerce, International Trade Administration, *Mexico Country Commercial Guide*, "Temporary Entry," *available at* https://www.trade.gov/country-commercial-guides/mexico-temporary-entry.
[25] *Id*.

duties (*i.e.*, not preferential rates under USMCA), Section 301 duties, Section 232 steel tariffs, and/or antidumping and countervailing duties on shipments directly to the United States from their home countries; they can instead leverage the IMMEX program to perform low-cost processing/assembly operations in Mexico such that Mexico becomes the resulting downstream product's country of origin. Finally, the now-Mexican-origin product may be exported to the United States with—in many cases—reduced U.S. tariff exposure.

This is a key contributor to the United States $197 billion trade deficit with Mexico, as well as the recent surge in U.S. imports of steel derivatives from Mexico. *See above* at **Section III.**

These circumstances—especially when Mexican manufacturers use low-cost, often dumped or heavily subsidized, input materials imported from overseas (*e.g.*, from China or Vietnam) instead of available North American suppliers—undermine U.S. trade measures and USMCA rules of origin and put U.S. manufacturers at a competitive disadvantage. Comparatively low labor costs and less-stringent environmental restrictions give Mexican IMMEX manufacturers an additional edge over their U.S. counterparts.[26]

[26] CAST recognizes that earlier this year, Mexico implemented certain steps that would begin to address the issues described above, including increasing tariffs up to 50% on many products, including steel, from China and other countries with which Mexico does not have a free trade agreement and tighter IMMEX controls related to VAT. Temporary imports under IMMEX, however, continue to defer Mexican duties and, when the final product is exported to the United States, circumvent U.S. tariffs.

This dynamic can be addressed with stricter enforcement of existing and additional tariff measures, including Section 301 tariffs, quotas, and tariff rate quotas (TRQs). To the extent any Mexican-origin goods entering the United States were made using substantially non-North American materials and benefitted from IMMEX tariff and VAT exemption, they should ***not*** qualify for USMCA preferential normal duty rates and, furthermore, they should be subject to additional U.S. tariffs equivalent to any special U.S. trade measures (*e.g.*, Section 301 tariffs, quotas, or TRQs) that would have been paid on upstream materials/components if shipped directly to the United States.

The impact of Mexico's IMMEX system on the U.S. steel industry, vis-à-vis lost domestic demand from the U.S. indirect steel deficit with Mexico is conservatively estimated at $16 billion per year.[27]

2. Mexico's Preferential Energy Trade Policies and Monopoly Treatment for PEMEX

As recently observed by USTR, Mexico continues to "pursue an energy policy centered on reinstating the primacy of its state-owned…oil and gas company, Mexican Petroleum (PEMEX)," and these policies have caused multiple U.S. companies to exit Mexico's energy market.[28] Indeed, Mexico has delayed, denied, suspended, or revoked permits for most private energy companies and blocked them from operating in Mexico.[29] PEMEX was also—to the direct detriment of U.S.

---

[27] *See* note 2. $800/mt x 20.2 mmt steel exports to the United States in 2025.

[28] U.S. Trade Representative, "2025 National Trade Estimate Report on Foreign Trade Barriers" (Mar. 31, 2025) at 267.

[29] *See, e.g.*, K. Dilge, "CRE Rejects 34.3% of Permit Requests in 2023," *Mexico Business News* (Jan. 16, 2024), (The Comisión Reguladora de Energía "rejected 34.3% of the permits requested for various activities in the oil market in 2023… During a session in August 2023, CRE greenlit only 13 permits from a pool of over 7,000 requests. A comprehensive discussion of 23 topics took place, with merely one pertaining to oil products. Despite the mounting backlog persisting month after month, no permits for the public sale of oil products were approved.").

suppliers—granted a five-year extension to comply with Mexico's own heightened fuel standards.[30] Absent this extension, PEMEX would have been forced to "purchase ultra-low sulfur diesel imported from the United States or upgrade its facilities."[31] Such actions frustrate U.S. businesses' efforts to compete in Mexico's oil and gas sector and effectively foreclose U.S. export opportunities throughout the energy supply chain, including opportunities related to steel tubular products used in oil and gas drilling and transmission pipelines. Mexico's policies likely also fail to comport with USMCA standards established by Articles 2.3, 2.11, 14.4, 22.5.2, and 29.3, as evidenced by the July 2022 requests for consultations registered by the United States and Canada.[32]

The magnitude of the impact of these non-reciprocal actions is difficult to estimate, but PEMEX reportedly held 82% of the Mexican fuel market in 2023,[33] whereas the oil and gas market was valued at USD $190.17 billion.[34] Thus, even a swing of a few percentage points implicates potentially billions of dollars.

V. RECOMMENDED REMEDIES

CAST respectfully urges the United States to impose new Section 301 tariffs, quotas, and TRQs on the worst sources of foreign steel and steel derivative overcapacity, excess production and trade imbalances—on top of current Section 232 tariffs, antidumping and countervailing

---

[30] *Id.*
[31] *Id.*
[32] *See* "United States Requests Consultations Under the USMCA Over Mexico's Energy Policies" (July 20, 2022), *available at* https://ustr.gov/about-us/policy-offices/press-office/press-releases/2022/july/united-states-requests-consultations-under-usmca-over-mexicos-energy-policies; "Request for consultations – Certain measures in the electricity sector" (July 20, 2022), *available at* https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/electricity-sector-secteur-electricite.aspx?lang=eng.
[33] P. Velasco, "PEMEX to Push for Greater Fuel Market Share," *Mexico Business News* (Jan. 10, 2024).
[34] *See* "Mexico Oil and Gas Market Size, Share, and COVID-19 Impact Analysis, By Operation (Upstream, Midstream, and Downstream), By Application (Commercial and Residential), and Mexico Oil and Gas Market Insights, Industry Trend, Forecasts to 2033," *Spherical Insights*, Report No. SI8621 (Mar. 2025).

duties, and (for China) existing Section 301 tariffs, to bring back the full steel supply chain—from iron mines to finished steel derivative production—in the U.S.A. For countries that continued to *increase* exports of steel and steel derivatives to the United States from 2024 to 2025—*despite increased tariffs*—the Administration should consider smart TRQs of significant tariffs for in-quota imports and a hard volume cap prohibiting above-quota imports. This includes the below investigated economies:

- **Steel imports increased from 2024-2025:**
  - Semi-finished steel from Mexico, Japan, Indonesia, and Germany. Vietnam should also be included as it shipped its first boats full of semi-finished steel to the United States in March 2026.
  - Hot-rolled steel from Vietnam
  - Cold-rolled steel from Korea
  - Corrosion-resistant steel from Japan and Indonesia
  - Tin mill steel products from Germany, China, Taiwan, Japan, Korea, Spain, Vietnam, and India.
  - Oil country tubular goods from Korea, Taiwan, Austria, and Vietnam.[35]

- **Indirect steel imports increased from 2024-2025:** Mexico, Korea, India, and Thailand.[36]

Smart TRQs are justified and necessary as these countries have demonstrated the ability and willingness to sell through existing tariffs. The degree of subsidization and export dependence of the steel and steel derivative industries in these countries is so significant that the current tariffs are not sufficient to eliminate the negative impact of these acts, policies, and practices on the U.S. steel and steel derivative industries.

These new Section 301 measures should remain in place until the above acts, policies, and practices are addressed to remove discrimination and burden to the United States economy

[35] *See* Commerce SIMA at https://www.trade.gov/data-visualization/sima-import-monitor.
[36] *See above* at **Figure 8**.

and commercial interests. Objective progress could also be measured during mandatory four-year reviews of any Section 301 action in the form of changes in the investigated economies' steel overcapacity as well as steel and steel derivative trade surpluses, all which CAST will continue to closely monitor and update policymakers accordingly.

Respectfully submitted,

Ben Caryl

Benjamin Blase Caryl
President, THE COUNCIL ON AMERICAN STEEL TRADE
Associate General Counsel—International Trade and Customs Compliance, UNITED STATES STEEL CORPORATION

Roy Houseman
Vice President, THE COUNCIL ON AMERICAN STEEL TRADE
Assistant to the President and Legislative Director, UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION

Mickey McNamara
Vice President, THE COUNCIL ON AMERICAN STEEL TRADE
President, ZEKELMAN INDUSTRIES, INC.

Attachment 1

CAST

ATTACHMENT 1:

6-digit Harmonized Tariff Schedule Classifications for Steel Derivative Groups

Automotive vehicles and parts ("A"): 3056.32, 4011.10, 4011.20, 4011.30, 4011.40, 4011.50, 4011.61, 4011.62, 4011.63, 4011.69, 4011.70, 4011.80, 4011.90, 4011.91, 4011.92, 4011.93, 4011.94, 4011.99, 4029.11, 4029.17, 4029.91, 4029.94, 8407.31, 8407.32, 8407.33, 8407.34, 8408.20, 8409.91, 8409.99, 8415.20, 8701.20, 8701.21, 8701.22, 8701.23, 8701.24, 8701.29, 8701.30, 8701.91, 8701.92, 8701.93, 8701.94, 8701.95, 8702.10, 8702.20, 8702.30, 8702.40, 8702.90, 8703.10, 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.40, 8703.50, 8703.60, 8703.70, 8703.80, 8703.90, 8704.10, 8704.21, 8704.22, 8704.23, 8704.31, 8704.32, 8704.42, 8704.43, 8704.52, 8704.60, 8704.90, 8705.10, 8705.20, 8705.30, 8705.40, 8705.90, 8706.00, 8707.10, 8707.90, 8708.10, 8708.21, 8708.22, 8708.29, 8708.30, 8708.39, 8708.40, 8708.50, 8708.70, 8708.80, 8708.91, 8708.92, 8708.93, 8708.94, 8708.95, 8708.99, 8709.11, 8709.19, 8709.90, 8716.10, 8716.20, 8716.31, 8716.39, 8716.40, 8716.80, 8716.90

Domestic appliances ("DA"): 8418.10, 8418.21, 8418.29, 8418.30, 8418.40, 8422.11, 8450.11, 8450.12, 8450.19, 8450.20, 8450.90, 8508.10, 8508.11, 8508.19, 8508.20, 8509.10, 8509.40, 8509.80, 8509.90, 8510.10, 8510.20, 8510.30, 8510.90, 8516.10, 8516.21, 8516.29, 8516.31, 8516.32, 8516.33, 8516.40, 8516.50, 8516.60, 8516.71, 8516.72, 8516.79, 8516.80, 8516.90

Electrical equipment ("EE"): 8501.10, 8501.20, 8501.31, 8501.32, 8501.33, 8501.34, 8501.40, 8501.51, 8501.52, 8501.53, 8501.61, 8501.62, 8501.63, 8501.64, 8501.71, 8501.72, 8502.11, 8502.12, 8502.13, 8502.20, 8502.31, 8502.39, 8502.40, 8503.00, 8504.10, 8504.21, 8504.22, 8504.23, 8504.31, 8504.32, 8504.33, 8504.34, 8504.40, 8504.50, 8504.90, 8505.11, 8505.19, 8505.20, 8505.90, 8507.10, 8507.90, 8508.60, 8508.70, 8508.80, 8511.10, 8511.20, 8511.30, 8511.40, 8511.50, 8511.80, 8511.90, 8512.10, 8512.20, 8512.30, 8512.40, 8512.90, 8515.11, 8515.19, 8515.21, 8515.29, 8515.31, 8515.39, 8515.80, 8515.90, 8530.10, 8530.80, 8530.90, 8541.90, 8543.10, 8543.19, 8543.20, 8543.30, 8543.70, 8543.89, 8543.90

Mechanical machinery ("MM"): 7322.11, 7322.19, 7322.90, 8401.10, 8401.20, 8401.30, 8401.40, 8405.10, 8405.90, 8406.10, 8406.81, 8406.82, 8406.90, 8407.90, 8408.90, 8411.81, 8411.82, 8411.99, 8412.10, 8412.21, 8412.29, 8412.31, 8412.39, 8412.80, 8412.90, 8413.11, 8413.19, 8413.20, 8413.30, 8413.40, 8413.50, 8413.60, 8413.70, 8413.81, 8413.82, 8413.91, 8413.92, 8414.10, 8414.20, 8414.30, 8414.40, 8414.51, 8414.59, 8414.60, 8414.80, 8414.90, 8415.10, 8415.81, 8415.82, 8415.83, 8415.90, 8416.10, 8416.20, 8416.30, 8416.90, 8417.10, 8417.20, 8417.80, 8417.90, 8418.50, 8418.61, 8418.69, 8418.91, 8418.99, 8419.11, 8419.19, 8419.20, 8419.31, 8419.32, 8419.39, 8419.40, 8419.50, 8419.60, 8419.81, 8419.89, 8419.90, 8420.10, 8420.91, 8420.99, 8421.11, 8421.12, 8421.19, 8421.21, 8421.22, 8421.23, 8421.29,

ATTACHMENT 1:

6-digit Harmonized Tariff Schedule Classifications for Steel Derivative Groups

8421.31, 8421.39, 8421.91, 8421.99, 8422.19, 8422.20, 8422.30, 8422.40, 8422.90, 8423.10, 8423.20, 8423.30, 8423.81, 8423.82, 8423.89, 8423.90, 8424.10, 8424.20, 8424.30, 8424.41, 8424.49, 8424.81, 8424.82, 8424.89, 8424.90, 8425.11, 8425.19, 8425.31, 8425.39, 8425.41, 8425.42, 8425.49, 8426.11, 8426.12, 8426.19, 8426.20, 8426.30, 8426.41, 8426.49, 8426.91, 8426.99, 8427.10, 8427.20, 8427.90, 8428.10, 8428.20, 8428.31, 8428.32, 8428.33, 8428.39, 8428.40, 8428.60, 8428.90, 8429.11, 8429.19, 8429.20, 8429.30, 8429.40, 8429.51, 8429.52, 8429.59, 8430.10, 8430.20, 8430.31, 8430.39, 8430.41, 8430.49, 8430.50, 8430.61, 8430.69, 8431.10, 8431.20, 8431.31, 8431.39, 8431.41, 8431.42, 8431.43, 8431.49, 8432.10, 8432.21, 8432.29, 8432.30, 8432.31, 8432.39, 8432.40, 8432.41, 8432.42, 8432.80, 8432.90, 8433.11, 8433.19, 8433.20, 8433.30, 8433.40, 8433.51, 8433.52, 8433.53, 8433.59, 8433.60, 8433.90, 8434.10, 8434.20, 8434.90, 8435.10, 8435.90, 8436.10, 8436.21, 8436.29, 8436.80, 8436.91, 8436.99, 8437.10, 8437.80, 8437.90, 8438.10, 8438.20, 8438.30, 8438.40, 8438.50, 8438.60, 8438.80, 8438.90, 8439.10, 8439.20, 8439.30, 8439.91, 8439.99, 8440.10, 8440.90, 8441.10, 8441.20, 8441.30, 8441.40, 8441.80, 8441.90, 8442.30, 8442.40. 8442.50, 8443.11, 8443.12, 8443.13, 8443.14, 8443.15, 8443.16, 8443.17, 8443.19. 8443.21, 8443.29, 8443.30, 8443.31, 8443.32, 8443.39, 8443.40, 8443.59, 8443.90, 8443.91, 8443.99, 8444.00, 8445.11, 8445.12, 8445.13, 8445.19, 8445.20, 8445.30, 8445.40, 8445.90, 8446.10, 8446.21, 8446.29, 8446.30, 8447.11, 8447.12, 8447.20, 8447.90, 8448.11, 8448.19, 8448.20, 8448.31, 8448.32, 8448.33, 8448.39, 8448.42, 8448.49, 8448.51, 8448.59, 8449.00, 8451.10, 8451.21, 8451.29, 8451.30, 8451.40, 8451.50, 8451.80, 8451.90, 8452.10, 8452.21, 8452.29, 8452.30, 8452.40, 8452.90, 8453.10, 8453.20, 8453.80, 8453.90, 8454.10, 8454.20, 8454.30, 8454.90, 8455.10, 8455.21, 8455.22, 8455.30, 8455.90, 8456.10, 8456.11, 8456.12, 8456.20, 8456.30, 8456.40, 8456.50, 8456.90, 8456.99, 8457.10, 8457.20, 8457.30, 8458.11, 8458.19, 8458.91, 8458.99, 8459.10, 8459.21, 8459.29, 8459.31, 8459.39, 8459.40, 8459.41, 8459.49, 8459.51, 8459.59, 8459.61, 8459.69, 8459.70, 8460.11, 8460.12, 8460.19, 8460.21, 8460.22, 8460.23, 8460.24, 8460.29, 8460.31, 8460.39, 8460.40, 8460.90, 8461.20, 8461.30, 8461.40, 8461.50, 8461.90, 8462.10, 8462.21, 8462.29, 8462.31, 8462.39, 8462.41, 8462.49, 8462.91, 8462.99, 8463.10, 8463.20, 8463.30, 8463.90, 8464.10, 8464.20, 8464.90, 8465.10, 8465.20, 8465.91, 8465.92, 8465.93, 8465.94, 8465.95, 8465.96, 8465.99, 8466.10, 8466.20, 8466.30, 8466.91, 8466.92, 8466.93, 8466.94, 8468.10, 8468.20, 8468.80, 8468.90, 8469.00, 8469.20, 8470.10, 8470.21, 8470.29, 8470.30, 8470.50, 8470.90, 8471.30, 8471.41, 8471.49, 8471.50, 8471.60, 8471.70, 8471.80, 8471.90, 8472.10, 8472.30, 8472.90, 8473.10, 8473.21, 8473.29, 8473.30, 8473.40, 8473.50, 8474.10, 8474.20, 8474.31, 8474.32, 8474.39, 8474.80, 8474.90, 8475.10, 8475.21, 8475.29, 8475.90, 8476.21, 8476.29, 8476.81, 8476.89, 8476.90, 8477.10, 8477.20, 8477.30, 8477.40, 8477.51, 8477.59, 8477.80, 8477.90, 8478.10, 8478.90, 8479.10, 8479.20, 8479.30, 8479.40, 8479.50, 8479.60, 8479.71, 8479.79, 8479.81, 8479.82, 8479.89, 8479.90, 8480.10, 8480.20, 8480.30, 8480.41, 8480.49, 8480.50, 8480.60, 8480.71, 8480.79, 8481.10, 8481.20, 8481.30, 8481.40, 8481.80, 8481.90, 8482.10, 8482.20, 8482.30, 8482.40, 8482.50, 8482.80, 8482.91,

ATTACHMENT 1:

6-digit Harmonized Tariff Schedule Classifications for Steel Derivative Groups

8482.99, 8483.10, 8483.20, 8483.30, 8483.40, 8483.50, 8483.60, 8483.90, 8484.10, 8484.20, 8484.90, 8485.10, 8485.90, 8486.10, 8486.20, 8486.30, 8486.40, 8486.90, 8487.10, 8487.90, 8514.10, 8514.11, 8514.20, 8514.30, 8514.32, 8514.40, 8514.90, 8701.10, 8701.90

Metal products ("MP"): 1601.00, 1602.10, 1602.32, 1602.39, 1602.41, 1602.5, 1602.90, 1604.11, 1604.13, 1604.14, 1604.16, 1605.10, 1605.30, 1605.56, 1902.20, 1902.30, 1904.20, 2005.51, 2005.70, 2005.99, 2008.97, 2008.99, 2009.50, 2009.89, 2309.10, 7216.61, 7216.69, 7216.91, 7216.99, 7228.70, 7301.10, 7301.20, 7307.92, 7307.93, 7307.99, 7308.10, 7308.20, 7308.30, 7308.40, 7308.90, 7309.00, 7310.10, 7310.21, 7310.29, 7311.00, 7312.10, 7312.90, 7313.00, 7314.12, 7314.14, 7314.19, 7314.20, 7314.31, 7314.39, 7314.41, 7314.42, 7314.49, 7314.50, 7315.11, 7315.12, 7315.19, 7315.20, 7315.81, 7315.82, 7315.89, 7315.90, 7316.00, 7317.00, 7318.11, 7318.12, 7318.13, 7318.14, 7318.15, 7318.16, 7318.19, 7318.21, 7318.22, 7318.23, 7318.24, 7318.29, 7319.20, 7319.30, 7319.40, 7319.90, 7320.10, 7320.20, 7320.90, 7321.11, 7321.12, 7321.13, 7321.19, 7321.81, 7321.82, 7321.83, 7321.89, 7321.90, 7323.10, 7323.93, 7323.94, 7323.99, 7324.10, 7324.29, 7324.90, 7325.10, 7325.91, 7325.99, 7326.11, 7326.19, 7326.20, 7326.90, 8201.10, 8201.20, 8201.30, 8201.40, 8201.50, 8201.60, 8201.90, 8202.10, 8202.20, 8202.31, 8202.39, 8202.40, 8202.91, 8202.99, 8203.10, 8203.20, 8203.30, 8203.40, 8204.11, 8204.12, 8204.20, 8205.10, 8205.20, 8205.30, 8205.40, 8205.51, 8205.59, 8205.60, 8205.70, 8205.80, 8205.90, 8206.00, 8207.13, 8207.19, 8207.20, 8207.30, 8207.40, 8207.50, 8207.60, 8207.70, 8207.80, 8207.90, 8208.10, 8208.20, 8208.30, 8208.40, 8208.90, 8209.00, 8210.00, 8211.10, 8211.91, 8211.92, 8211.93, 8211.94, 8211.95, 8212.10, 8212.20, 8212.90, 8213.00, 8214.10, 8214.20, 8214.90, 8215.10, 8215.20, 8215.91, 8215.99, 8301.10, 8301.20, 8301.30, 8301.40, 8301.50, 8301.60, 8301.70, 8302.10, 8302.20, 8302.30, 8302.41, 8302.42, 8302.49, 8302.50, 8302.60, 8303.00, 8304.00, 8305.10, 8305.20, 8305.90, 8306.10, 8306.21, 8306.29, 8306.30, 8307.10, 8307.90, 8308.10, 8308.20, 8308.90, 8309.10, 8309.90, 8310.00, 8311.10, 8311.20, 8311.30, 8311.90, 8402.11, 8402.12, 8402.19, 8402.20, 8402.90, 8403.10, 8403.90, 8404.10, 8404.20, 8404.90, 8410.11, 8410.12, 8410.13, 8410.90, 8467.11, 8467.19, 8467.21, 8467.22, 8467.29, 8467.81, 8467.89, 8467.91, 8467.92, 8467.99, 8609.00, 9403.10, 9403.20

Other transportation products ("O"): 8407.10, 8407.21, 8407.29, 8408.10, 8409.10, 8411.11, 8411.12, 8411.21, 8411.22, 8411.91, 8601.10, 8601.20, 8602.10, 8602.90, 8603.10, 8603.90, 8604.00, 8605.00, 8606.10, 8606.30, 8606.91, 8606.92, 8606.99, 8607.11, 8607.12, 8607.19, 8607.21, 8607.29, 8607.30, 8607.91, 8607.99, 8608.00, 8711.10, 8711.20, 8711.30, 8711.40, 8711.50, 8711.60, 8711.90, 8712.00, 8713.10, 8713.90, 8714.10, 8714.11, 8714.19, 8714.20, 8714.91, 8714.92, 8714.93, 8714.94, 8714.95, 8714.96, 8714.99, 8801.00, 8801.90, 8802.11,

CAST

ATTACHMENT 1:

6-digit Harmonized Tariff Schedule Classifications for Steel Derivative Groups

8802.12, 8802.20, 8802.30, 8802.40, 8802.60, 8803.10, 8803.20, 8803.30, 8803.90, 8804.00, 8805.10, 8805.20, 8805.21, 8805.29, 8901.10, 8901.20, 8901.30, 8901.90, 8902.00, 8903.10, 8903.91, 8903.92, 8903.99, 8904.00, 8905.10, 8905.20, 8905.90, 8906.00, 8906.10, 8906.90, 8907.10, 8907.90, 8908.00

* * *