

JOHN MOOLENAAR, MICHIGAN
CHAIRMAN
ROB WITTMAN, VIRGINIA
ANDY BARR, KENTUCKY
DAN NEWHOUSE, WASHINGTON
DARIN LAHOOD, ILLINOIS
NEAL DUNN, FLORIDA
DUSTY JOHNSON, SOUTH DAKOTA
ASHLEY HINSON, IOWA
CARLOS GIMENEZ, FLORIDA
GUS BILIRAKIS, FLORIDA
YOUNG KIM, CALIFORNIA
NATHANIEL MORAN, TEXAS
ZACH NUNN, IOWA



Congress of the United States
House of Representatives

SELECT COMMITTEE ON THE CHINESE COMMUNIST PARTY

RAJA KRISHNAMOORTHY, ILLINOIS
RANKING MEMBER
KATHY CASTOR, FLORIDA
ANDRÉ CARSON, INDIANA
SETH MOULTON, MASSACHUSETTS
RO KHANNA, CALIFORNIA
MIKIE SHERRILL, NEW JERSEY
HALEY STEVENS, MICHIGAN
RITCHIE TORRES, NEW YORK
SHONTEL BROWN, OHIO
GREG STANTON, ARIZONA
JILL TOKUDA, HAWAII

September 12, 2025

The Honorable Jamieson Greer
United States Trade Representative
600 17th St NW
Washington, DC 20508

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1401 Constitution Ave NW
Washington, DC 20230

The Honorable Howard Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

Dear Ambassador Greer, Secretary Bessent, and Secretary Lutnick:

As Ranking Member of the House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party, I write to express urgent concern about the People's Republic of China's (PRC's) ongoing overproduction and export of goods into the global market and into the United States. The PRC's historic and destructive use of structural overproduction to drive economic growth comes at an indisputable cost to U.S. industry, employment, and the stability of international markets. The US should work with allies and partners, not against them, to create a collective defense against the PRC's most harmful economic practices and I implore you to work to find a durable solution to this pressing issue

The PRC is home to 32 percent of global manufacturing but only about 12 percent of consumption.¹ The PRC has manufactured and exported its way to economic growth over the past five decades, and it has done so without promoting domestic consumer demand.² The

¹ Sachdeva, Mallika and Xiong, Yi. "China's Huge Trade Surplus – Where Next?" flow – Deutsche Bank. 26 Mar. 2025. <https://flow.db.com/trade-finance/chinas-huge-trade-surplus-where-next>.

² de Soyres, Francois and Moore, Dylan. Board of Governors of the Federal Reserve System. "Assessing China's Efforts to Increase Self-Reliance." FEDS Notes, 2 Feb. 2024, Federal Reserve,

Chinese economy manufactures excess capacity and relies on the demand of foreign economies to absorb its overproduction of goods—effectively exporting their unemployment. Independent analysis shows that the PRC’s aggressive expansion of our trade imbalance has resulted in the loss of 3.7 million U.S. jobs between 2001 and 2018. Three-fourths of those jobs lost were in manufacturing.³ Beyond job loss, our imbalanced trading relationship with the PRC has cost the American economy billions in wages, reaching \$37 billion in lost wages each year between 2001 and 2011.⁴ Job loss and forgone wages have a compounding impact in communities across America, decimating local businesses, tax revenue, and economies.

The steel industry is a well-researched example of how the PRC’s state capitalist, mercantilist model negatively impacts the global market. Over the past 20 years, the PRC has increased steel production from 128.5 million metric tons in 2000 to consistently producing over 1 billion metric tons of steel since 2020. Exports of steel from PRC fueled by excess capacity are on track to exceed 120 million tons this year.⁵ The PRC replicated this model with the production of solar panels, investing in their domestic production capacity to a level at which it was producing and exporting the technology at a submarket rate that undercut U.S. solar panel manufacturers.⁶ The 280 manufacturers of electric vehicles in the PRC make around 25 to 27 million vehicles per year despite domestic demand peaking at only 15 to 17 million per year.⁷

In 2020, the PRC launched another wave of supply-side industrial stimulus in the form of tax credits, production subsidies, and interest rate cuts.⁸ This built up domestic production capacity well beyond domestic demand in many industries and resulted in an uptick in loss-making companies in the PRC.⁹ In fact, the PRC was the subject of 198 trade investigations at the WTO for dumping or illegal subsidies in 2024 alone.¹⁰ That’s almost double the number of cases the PRC faced the year prior and a sign that this issues is not abating.

The US is not alone—the PRC’s aggressive overproduction and export model has deep and destructive impacts on other economies as well. Trade deficits among G7 countries grew by a third between 2019 and 2023 and more than three-fold among developing economies.¹¹ The United States, which is the largest single market in the world, has diplomatic allies and partners

www.federalreserve.gov/econres/notes/feds-notes/assessing-chinas-efforts-to-increase-self-reliance-20240202.html.

³ Scott, Robert E. and Mokhiber, Zane. “Growing China Trade Deficits Cost U.S. Jobs.” Economic Policy Institute, 30 Jan. 2020, <https://www.epi.org/publication/growing-china-trade-deficits-costs-us-jobs/>.

⁴ Ibid.

⁵ Lv, Amy and Jackson, Lewis. “China steel exports rise in July despite protectionist backlash.” Reuters, 7 Aug. 2025, <https://www.reuters.com/markets/commodities/china-steel-exports-rise-july-despite-protectionist-backlash-2025-08-07/>.

⁶ Meltzer, Joshua P. and Pearson, Margaret M. “How the U.S. Should Address Chinese Overcapacity and Its Impact on International Trade.” Brookings Institution, 4 Mar. 2025, Brookings, <https://www.brookings.edu/articles/how-the-us-should-address-chinese-overcapacity-and-its-impact-on-international-trade>.

⁷ “China’s Overcapacity Ignites Trade Tensions With U.S., Europe.” Udumbara, 18 Apr. 2025, <https://www.udumbara.net/chinas-overcapacity-ignites-trade-tensions-with-us-europe>.

⁸ Boullenois, Camille; Kratz Agatha; and Rosen, Daniel H. “Overcapacity at the Gate.” Rhodium Group, 26 Mar. 2024, <https://www.rhg.com/research/overcapacity-at-the-gate/>.

⁹ Ibid.

¹⁰ McMorrow, Ryan and Ding, Wenjie. “China’s export boom sparks record number of trade challenges.” Financial Times, 30 Mar. 2025, <https://www.ft.com/content/c4bce44e-9c66-4d74-bebd-0f35f0ea007f>.

that have repeatedly stated a willingness and enthusiasm for working with the United States to combat the nonmarket practices of the PRC.^{12, 13, 14} Balancing this enthusiasm with results requires a more balanced tariff approach that is targeted and will not muddy the waters of cooperation.

It is painfully clear that the existing structure of the global economy and the trade laws of other nations are insufficient to reign in the PRC's economic malfeasance. The United States can and should pursue a two-pronged approach to address this issue. The United States should directly address this with the PRC under the structure of current bilateral trade negotiations by creating binding requirements that require the PRC to reduce structural overcapacity and restrict distortive pricing practices. In addition, United States should lead a coordinated international effort to curb PRC overproduction and structural overcapacity. The United States' partners and allies share a common adversary in this struggle. As the world's most advanced economy and foremost democracy, the United States should leverage current negotiations and political will to work toward the shared goal of containing the PRC's nonmarket behavior.

In order to understand how the United States Trade Representative, the Department of the Treasury, and the Department of Commerce are approaching this issue, I respectfully request answers to the following questions by September 8, 2025.

1. To what extent is the Department of the Treasury engaging with multilateral financial institutions and creditor nations to discourage industrial policies and financing practices that contribute to chronic overcapacity (e.g., the use of state-backed financing to build export-oriented capacity that displaces foreign producers)?
2. What efforts have your agencies undertaken, or plan to undertake, with the European Union, the United Kingdom, Japan, Korea, India, and other Southeast Asian partners to develop joint remedies for excess capacity (including, where appropriate, joint safeguard measures, coordinated antidumping investigations, or market-based adjustment assistance for affected workers)?
 - a. How are your agencies addressing the issue of PRC structural overcapacity through the application of tariffs, duties, and/or quotas on allies and partners?
3. How are your agencies using the recently announced 90-day extension of the deadline for a trade deal with the PRC to pursue progress on curbing PRC overcapacity?

Addressing overcapacity is not merely an economic policy choice; it is a strategic imperative. When state-enabled production scales far beyond domestic demand and is exported at prices that domestic firms cannot meet, the result is concentrated market share, weakened competition, and the hollowing out of productive capabilities—especially in industries that have

¹¹ Boullenois, Camille; Kratz Agatha; and Rosen, Daniel H. "Overcapacity at the Gate." Rhodium Group, 26 Mar. 2024, <https://www.rhg.com/research/overcapacity-at-the-gate/>.

¹² "U.S.-EU Joint Statement of the Trade and Technology Council." Office of the United States Trade Representative, 31 May 2023, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/may/us-eu-joint-statement-trade-and-technology-council>.

¹³ "Trends in International Trade: A Conversation With Valdis Dombrovskis." Council of Foreign Relations, 18 Apr. 2024, <https://www.cfr.org/event/trends-international-trade-conversation-valdis-dombrovskis>

¹⁴ "Statement of the G7 Foreign Ministers' Meeting in Charlevoix." U.S. Department of State, 14 Mar. 2025, <https://www.state.gov/statement-of-the-g7-foreign-ministers-meeting-in-charlevoix>.

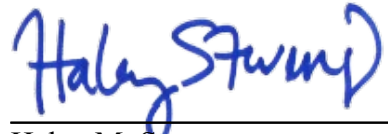
historically provided stable, unionized jobs with strong wages and benefits. The United States must both defend its workers and work proactively with allies to establish enforceable norms that prevent excess capacity dumping from becoming a tool of geopolitical advantage.

Thank you for your attention to this important matter.

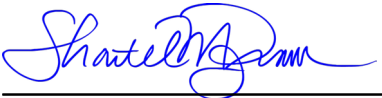
Sincerely,



Raja Krishnamoorthi
Ranking Member



Haley M. Stevens
Member of Congress



Shontel M. Brown
Member of Congress