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April 15, 2026

Ambassador Jamieson Greer  
United States Trade Representative  
Office of the U.S. Trade Representative  
600 17th St. NW  
Washington DC, 20508

**Re: Request for Comments on the Section 301 Investigation of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors (Docket ID: USTR-2026-0067)**

Dear Ambassador Greer:

The Consumer Technology Association (CTA) appreciates the opportunity to respond to the Office of the U.S. Trade Representative (USTR) on its investigation with respect to the acts, policies, and practices of certain economies related to structural excess capacity.

As North America's largest technology trade association, CTA is the tech sector. Our members are the world's leading innovators – from startups to global brands – helping support more than 18 million American jobs. CTA owns and produces CES – the most powerful tech event in the world.

CTA members design, manufacture, assemble and distribute products through highly integrated global supply chains. These supply chains support millions of U.S. jobs, enable innovation, and keep costs manageable for U.S. manufacturers and consumers. U.S. manufacturers, particularly those engaged in advanced manufacturing, depend on a globally integrated ecosystem of inputs, technology, and specialized components sourced from trusted trading partners. CTA therefore has a strong interest in how USTR defines the problem under investigation and how it chooses to respond.

CTA supports strong trade enforcement when foreign governments distort markets and harm U.S. commerce. At the same time, CTA believes USTR must apply Section 301 with discipline, transparency, and restraint. Poorly targeted enforcement can raise costs for U.S. manufacturers, disrupt trusted supply chains, and weaken U.S. competitiveness without addressing the underlying conduct.

CTA offers the following considerations as USTR conducts this investigation:

### **1. USTR Should Clearly Explain Its Rationale for Any Determination**

Under 19 U.S.C § 2411 (b)(1), Section 301 of the Trade Act of 1974 requires USTR to identify an “act, policy, or practice” of a foreign country that is “unreasonable or discriminatory *and* burdens or restricts United States commerce.”

The statute targets conduct, not outcomes. A trade surplus, by itself, is not “an act, policy, or practice.” USTR should clearly identify what foreign governments are doing, explain how that conduct harms U.S. commerce, and show why trade action would change behavior. Without that connection, Section 301 does not apply.

This issue is especially clear in semiconductor and electronics supply chains. When economies, such as those in Southeast Asia, use their manufacturing capacity to meet global demand for chips and devices, that is not unreasonable and does not burden U.S. commerce. It does the opposite. U.S. consumer electronics and downstream industries are facing component shortages that are disrupting supply. Additional production helps relieve those shortages and strengthens supply chains with trading partners and allies, which directly benefits U.S. commerce.

Further, multiple legal authorities require USTR to provide reasoned explanation and justification before imposing, expanding, or materially altering remedies. Under 5 U.S.C. § 706(2)(A), courts can overturn agency actions that are: “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” Moreover, 19 U.S.C. § 2411(c) provides that USTR shall publish any determination made under Section 301 investigations in the Federal Register “together with a description of the facts on which such determination is based.” Together, this means that USTR must show its work. A clear, transparent record protects USTR’s credibility, strengthens enforcement, and helps stakeholders understand what behavior USTR expects to change. Throughout this investigation, USTR must also provide meaningful opportunities for public notice and comment before taking action under Section 301.

USTR must therefore explain how the conduct it identifies meets the statutory standard under Section 301. USTR should also define what it means by “structural excess capacity.” The notice uses this term throughout, but its meaning remains unclear. USTR should clarify how it distinguishes structural excess capacity from normal market cycles, innovation-driven scaling, or shifts in global demand. Clear standards will improve the record and strengthen the investigation.

This investigation covers a wide range of economies, including close U.S. partners and advanced market economies. USTR should explain how this breadth will lead to reduced excess capacity rather than broad trade restrictions. USTR should also articulate a clear theory of change. It should delineate how identifying specific practices

will lead governments to reform those practices and how any remedies would encourage compliance. Without that clarity, tariffs risk merely shifting costs across supply chains rather than addressing the underlying conduct.

USTR should also explain how it evaluates evidence. Aggregate indicators such as trade surpluses, export volumes, or capacity use may raise questions about government intervention or policies that encourage inefficient excess capacity, but they do not show causation on their own. USTR should link evidence to specific policies and explain why those policies, rather than market forces, drive the outcomes.

USTR should take a disciplined approach that differentiates among economies, practices, and sectors. This approach should avoid reliance on one generalized theory of harm across economies with diverse legal systems, trade profiles, and capacity. Section 301 demands economy-specific findings, not categorical conclusions. Precision will produce better outcomes, strengthen USTR's credibility, and avoid unnecessary harm to U.S. manufacturers.

## **2. USTR Should Distinguish Between Non-Market and Market Economies**

In non-market economies, governments often direct investment, subsidize production, control prices, or mandate output. These actions can create excess capacity by design. When governments shield producers from market signals, capacity can grow even when demand does not. CTA agrees that these practices warrant close scrutiny. USTR should focus its investigation on identifying these mechanisms and explaining how they distort markets and harm U.S. commerce. Clear identification of the conduct will make any response more effective. If USTR considers remedies, it should tie them directly to the practices that create excess capacity. Targeted enforcement increases the likelihood of behavioral change and reduces collateral harm.

By contrast, market economies operate differently. Firms invest, expand, and contract based on demand, competition, technology, and access to capital. Capacity changes often reflect innovation cycles, shifts in consumer preferences, or comparative advantage rather than government direction. USTR should not presume excess capacity in market economies. If USTR identifies policies that contribute to excess capacity, it should define those policies precisely and explain how they distort normal market behavior. USTR should support its conclusions with detailed, sector-specific evidence. Trade outcomes alone do not meet this standard. Precision matters, especially when this investigation includes close U.S. partners and allies.

Failing to make this distinction risks misidentifying normal market behavior as unfair trade and applying remedies that do not address the underlying issue. Enforcement efforts should focus on clearly documented non-market distortions and state-driven overcapacity.

### **3. USTR Should Consider Alternative Remedies to Tariffs**

USTR should prioritize alternatives to unilateral tariffs to address structural excess capacity. Working with U.S. allies and aligned trading partners can more effectively address imports from non-market economies that generate excess capacity. A coordinated approach increases leverage, aligns enforcement and ensures that actions target the underlying practices rather than shifting trade flows.

Coordination reduces leakage, limits transshipment and strengthens collective pressure on economies that maintain distortive policies. It also avoids fragmenting trusted supply chains that U.S. manufacturers rely on. Unilateral tariffs risk diverting trade to other markets without reducing excess capacity, which weakens their effectiveness.

In its coordination efforts, USTR should use multilateral and plurilateral tools to address systemic drivers of excess capacity. Engagement through the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) forum, and sector-specific initiatives can improve subsidy transparency, promote common standards, and facilitate coordinated responses. These tools can address the root causes of excess capacity, including state support and non-market practices, in ways that unilateral tariffs cannot achieve alone.

USTR should also pursue targeted, cooperative approaches with key partners in affected sectors. Joint monitoring, shared data on capacity and subsidies, and coordinated enforcement actions can improve outcomes while reducing duplication and uncertainty for industry.

By prioritizing coordination and transparency, USTR can increase the effectiveness of its response while minimizing disruption to U.S. manufacturers and supply chains.

### **4. USTR Should Account for Economies' Good-Faith Efforts to Address Identified Practices**

Section 301 exists to change behavior. USTR's use of Section 301 is more effective when governments see a clear path to compliance and a clear reward for reform.

Tariffs imposed despite reform efforts weaken incentives for cooperation and reduce USTR's leverage. Enforcement should reward progress, not ignore it.

The economies featured in this investigation include U.S. allies and trading partners that are deeply integrated into U.S. manufacturing supply chains and play an essential role in supporting production in the United States. USTR should refrain from imposing tariffs on countries that actively address the practices identified in this investigation. When governments take meaningful steps to correct conduct, USTR should recognize that progress.

## **5. USTR Should Avoid Broad-Based Tariffs That Undermine Efforts to Target Structural Excess Capacity**

CTA opposes broad, economy-wide tariffs that lack a clear connection to identified practices. These measures impose high costs on U.S. manufacturers and consumers while delivering limited enforcement benefits.

CTA recognizes that narrow, evidence-based remedies may be appropriate in limited circumstances. USTR should design any remedy to address the specific conduct at issue and calibrate it to minimize collateral harm. Targeted remedies work better than blunt tools. They preserve supply chains, protect downstream industries, and focus pressure where it matters.

Modern manufacturing, particularly in sectors such as automotive technology, electronics, and industrial equipment, depends on deeply integrated global supply chains. Many of the advanced components, specialized materials and inputs used in U.S. production are sourced from trusted trading partners and allied economies.

If this investigation leads to broad trade restrictions affecting these supply chains, it could unintentionally increase manufacturing costs for U.S.-based production, undermine export competitiveness, and discourage future manufacturing investment in United States. This would undermine the core objective of the contemplated Section 301 action by exacerbating, rather than remedying, the displacement of U.S. domestic production and the deterrence of investment in U.S. manufacturing.

For many manufacturers, access to globally competitive inputs is not a substitute for U.S. manufacturing — it is a prerequisite for it. Foreign sources of inputs or components are needed in situations where there is insufficient capacity to source exclusively in the U.S., when the U.S. source is not price competitive, or when the U.S. source has quality defects affecting product safety. Trade actions that increase input costs ultimately weaken domestic production. USTR should conduct rigorous downstream impact analysis before imposing new trade measures.

USTR should also consider mitigation measures and avoid stacking Section 301 tariffs on top of other trade remedies. Cumulative tariffs raise input costs for U.S. manufacturers, weaken domestic competitiveness, and discourage investment. USTR should assess the combined impact of overlapping measures before acting.

If USTR imposes tariffs, it should limit them to products where evidence shows structural excess capacity driven by non-market practices. Broad product coverage increases collateral harm and reduces effectiveness. In contrast, narrow scope improves targeting, strengthens durability, and aligns remedies with USTR's findings.

## **6. USTR Should Exercise Caution When Using Modification Authority Under Section 307**

CTA cautions USTR against using Section 307 modification authority to raise tariff rates, expand product coverage, or create new tariff regimes without public notice and comment.

Section 307 allows USTR to modify existing actions, not to bypass the procedural requirements of Section 301. USTR should not use modification authority to make significant changes that would effectively create new measures without following the full statutory process.

In prior instances, USTR has relied on Section 307 to increase tariff rates and expand their scope without undertaking the full notice-and-comment process associated with Section 301. This approach risks circumventing the procedural safeguards that Congress established to ensure transparency, public participation, and reasoned decision-making.

Material changes to tariffs carry real economic consequences. USTR should treat these changes as substantive actions, not administrative adjustments. That means seeking public input and explaining how any modification responds to specific findings from the investigation.

USTR should not use Section 307 to make substantial changes to tariff levels or coverage that would effectively create new actions. Instead, any significant expansion of tariffs should proceed through the full Section 301 process, including notice, comment, and a clear explanation of the basis for the action.

USTR must be mindful that the United States has successfully attracted global manufacturing investment in large part because companies can operate within open and predictable trade frameworks. Abusing the Section 307 modification authority introduces uncertainty and supply chain risks.

Respecting these guardrails protects the integrity of the Section 301 process, reduces legal risk, and strengthens confidence among stakeholders.

### **Conclusion**

CTA supports strong, lawful trade enforcement. Section 301 can play an important role when USTR applies it carefully and with discipline.

USTR should build a clear and transparent record, distinguish between economies and practices, and reserve remedies for cases where they address identified problems directly. Overly broad measures, procedural shortcuts and tariff stacking would undermine U.S. economic interests and weaken the credibility of the trade enforcement system.

CTA appreciates the opportunity to provide these comments and looks forward to continued engagement with USTR.

Sincerely,

Handwritten signature of Ed Brzytwa in black ink.

Ed Brzytwa  
Vice President of International Trade  
Consumer Technology Association

Handwritten signature of Michael Petricone in black ink.

Michael Petricone  
Senior Vice President of Government Affairs  
Consumer Technology Association