

**Testimony of Charles Johnson**  
**President & CEO, The Aluminum Association**  
**Section 301 Investigation on Structural Excess Capacity**  
**Panel 16**  
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Good morning and thank you for the opportunity to testify today.

My name is Charles Johnson, president and CEO of the Aluminum Association, which is the leading voice for the aluminum industry in the United States. Our association represents more than 125 companies throughout the full industry value chain, ranging from primary production to value added products to recycling, as well as industry suppliers and service providers. Our member companies produce roughly 70 percent of the aluminum and aluminum products shipped in North America and support nearly 700,000 good paying jobs in communities across the country.

We appreciate USTR's leadership in examining structural excess capacity in global manufacturing. For the aluminum industry, this issue is not theoretical—it is a persistent and well-documented challenge that continues to distort markets, undermine investment and threaten U.S. manufacturing competitiveness.

The U.S. aluminum industry can compete on merit with any company in the world, but it cannot compete with their governments. State capture and non-market behavior, especially in China, continue to drive structural excess capacity within the global aluminum industry—undermining companies that play by the rules and threatening critical industrial sectors. That is why this investigation, and the thoughtful use of Section 301 remedies, is so important to restoring fair competition in the global aluminum market.

There are three main topics our industry sees as critical to your investigation:

**First, not all excess capacity is the same.**

It is critical to distinguish between market economy and non-market economy behavior. In market economies, excess capacity may arise due to normal business cycles, the comparative advantages of extractive industries and power generation, but production decisions are still governed by market principles.

By contrast, non-market economies—particularly China—have excess capacity as the direct result of state intervention. Massive government subsidies, below-market financing and state ownership allow producers to maintain uneconomic production and flood global markets. OECD analysis shows that state-supported firms, especially those in China, dominate aluminum production in these systems and receive support that far exceeds any similar measures seen in market-based competitors.

This non-market excess capacity has real consequences. It suppresses global prices, distorts trade flows and undermines U.S. producers that operate under market conditions.

**Second, U.S. policy must focus squarely on these non-market distortions and close existing gaps.**

Existing trade enforcement tools and tariff regimes have helped to stabilize the U.S. aluminum industry and enabled more than \$11 billion in domestic investment over the past decade.

But they do not fully capture the systemic, state-driven distortions that define non-market economies today.

Chinese producers and other non-market actors are increasingly shifting exports into downstream and aluminum-intensive products or routing them through third countries to circumvent existing measures. Without comprehensive coverage and effective enforcement, current trade remedies won't be enough.

For this reason, we urge USTR to ensure that any Section 301 remedies:

- Apply to non-market economies and address circumvention and transshipment;
- Cover aluminum and aluminum-intensive downstream products; and
- Stack with existing Section 232 tariffs when applied to non-market economies, consistent with current precedent.

At the same time, it is equally important that Section 301 tariffs do not stack on imports from market economy countries, including key allies and trading partners. These countries operate under market principles and are essential to integrated global supply chains that support U.S. manufacturing and national security.

**Lastly, aluminum scrap must remain exempt from any new tariffs.**

Scrap is not a product of excess capacity—it is a critical manufacturing input generated through recycling and production processes. There is no structural oversupply of scrap that distorts global markets.

The U.S. aluminum industry depends on reliable access to scrap, particularly from Canada and Mexico, which supply an enormous amount of the U.S. scrap supply. Under conditions today in the United States, characterized by low consumer recycling rates and inadequate sorting infrastructure and technology, we cannot meet our scrap needs domestically. Maintaining tariff-free access to scrap material is essential to sustaining domestic production, supporting new investments and advancing circular manufacturing.

Recent investments in two new rolling mills for the first time in nearly 50 years will only increase demand for aluminum scrap. Preserving the free flow of this material within

North America – while controlling the export of scrap to China and other non-market actors – will support these generational investments.

Taken together, these steps will help ensure that U.S. aluminum producers can compete on a level playing field, continue investing in local communities and strengthen America’s supply chain resilience.

Thank you again for the opportunity to testify. I look forward to your questions.

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