

Americans for Clean Water (A4CW)

April 15, 2026

Office of the United States Trade Representative
Attn: Section 301 Committee
600 17th Street NW
Washington, DC 20508

Re: Docket No. USTR-2026-0067 – Request for Comments on Section 301 Investigation of Industrial Excess Capacity

Dear Section 301 Committee:

Americans for Clean Water (A4CW) respectfully submits this comment regarding the Section 301 investigation into structural excess capacity and production in manufacturing sectors.¹ This submission addresses USTR's requests for input concerning structural excess capacity, the foreign acts, policies, and practices under review, the resulting burden or restriction to U.S. commerce, and additional considerations in the PET/plastics value chain.

PET is directly relevant to this investigation.² USTR's notice expressly references polyethylene terephthalate (PET) in its discussion of China, one of the investigated economies, and identifies plastics and chemicals among the affected sectors. In that context, PET should be evaluated within the inquiry's stated framework for structural excess capacity and for whether the acts, policies, and practices under investigation burden or restrict U.S. commerce.

Federal analyses show that recyclables operate as commodities responsive to supply and demand, that vPET and rPET markets reflect overlapping domestic and import competition, and that circular supply chains support manufacturing resilience.³ Taken together, those observations describe a system whose performance depends on stable market conditions. They also indicate why PET market conditions can bear on USTR's assessment of domestic capacity, investment and expansion, and any resulting burden or restriction to U.S. commerce.

Interest of the Commenter

A4CW focuses on recycling economics, domestic capacity, supply chain resilience, and environmental performance. It submits this comment to address how PET market conditions affect a broader domestic materials system and why those effects bear on USTR's assessment of structural excess capacity.

Federal analyses identify PET as widely accepted in recycling systems and document the economic footprint of recycling in jobs, wages, and tax contribution.⁴ These features make PET

relevant not only as a traded input, but also as part of a broader domestic materials system whose performance depends on market conditions, domestic capacity, and continued investment and expansion.

Executive Summary

PET-related trade conditions matter not only as trade flows, but as market conditions affecting a broader domestic materials system. Federal analyses show that recycling operates within commodity markets and that PET participates in a globally competitive sector where capacity growth has outpaced production.⁵

Where the foreign acts, policies, and practices under investigation contribute to excess PET capacity, the resulting market distortions can weaken end-market stability, reduce domestic capacity utilization, and discourage investment and expansion. Those effects fit USTR's inquiry into whether structural excess capacity creates a burden or restriction to U.S. commerce, particularly where market conditions affect production, utilization, or future investment.

Accordingly, PET should be evaluated through a system-stability lens that connects structural excess capacity, market conditions, domestic capacity, and supply chain resilience. This comment explains why the existing record supports treating PET as relevant to USTR's assessment of structural excess capacity and burden or restriction to U.S. commerce.

Recycling as Market-Dependent Infrastructure

Federal analyses establish that recycling systems are highly sensitive to price signals and demand stability. EPA identifies reduced markets for recycled materials as a core challenge.⁶ These findings support treating recycling as market-dependent infrastructure rather than as a stand-alone waste management function.

PET is widely accepted in recycling programs, and federal estimates identify significant infrastructure and end-market investment needs. These findings are relevant because domestic capacity within recycling systems depends on market conditions that can sustain investment and expansion over time.

In that context, PET market conditions are relevant to USTR's inquiry because a system dependent on functioning markets is vulnerable when structural excess capacity distorts those conditions. The question therefore extends beyond trade flows to whether those distortions weaken domestic capacity and burden or restrict U.S. commerce.

PET Market Structure and Competitive Conditions

Federal trade analysis indicates that domestic and imported PET compete in overlapping markets within a global sector where capacity growth has outpaced production.⁷ This describes a competitive environment in which market conditions are shaped by both domestic and imported

supply. These conditions may also reflect upstream cost advantages in petrochemical feedstocks, where access to lower-cost inputs can contribute to production levels and pricing that are not fully aligned with market-based cost structures.

These conditions align with USTR's framework of structural excess capacity, including production exceeding market-oriented demand and contributing to persistent surpluses or underutilized capacity. In that context, PET is relevant to the investigation not simply because it is traded, but because the sector presents the type of market conditions USTR is examining.

Taken together, overlapping competition and capacity growth outpacing production provide an analytical basis for evaluating whether PET-related conditions can burden U.S. commerce by pressuring domestic capacity utilization and weakening the environment for investment and expansion.

Implications for Domestic Recycling Systems

Recycling economics are tied to broader market conditions. OECD indicates that recycled plastics pricing is linked to virgin plastics economics, and that profitability is essential to large-scale recycling.⁸ That relationship means PET recycling cannot be evaluated apart from the broader commodity environment in which it operates.

USTR frames harm as displacement of U.S. production or prevention of investment.⁹ Where structural excess capacity is created or maintained by foreign acts, policies, and practices, the resulting PET market distortions can function as a burden to U.S. commerce. They can weaken domestic capacity utilization, discourage investment, and destabilize end markets for recycled materials. In particular, where imported PET—whether virgin or recycled—is available at sustained price levels below market-aligned conditions, those imports may impair the ability of domestic recyclers and producers to operate profitably, thereby affecting utilization, investment, and capacity formation within the United States.

USTR's inquiry focuses on foreign acts, policies, and practices that may create or maintain structural excess capacity. Where those practices contribute to PET overcapacity, downstream recycling and domestic capacity effects should be understood as part of the same causal chain rather than as isolated outcomes.

In addition to virgin PET (vPET), these dynamics extend to recycled PET (rPET), where policy-supported capacity expansion in certain economies has not always been matched by corresponding domestic demand. Government measures supporting recycling industries—including financial incentives and circular economy programs—may contribute to production levels that exceed local consumption requirements. In such cases, excess rPET may be directed toward export markets, including the United States, underpricing conditions that do not fully reflect underlying market fundamentals. Because rPET pricing is closely linked to virgin PET

markets, these conditions may affect the stability of domestic recycling economics, including end-market demand, capacity utilization, and investment in U.S. recycling infrastructure.

Supply Chain and Manufacturing Considerations

DOE identifies circular supply chains as supporting manufacturing resilience.¹⁰ PET market conditions therefore matter not only for recyclables markets, but also for supply chain performance and domestic capacity within a broader manufacturing context.

These consequences matter because USTR's inquiry extends beyond immediate trade flows. Where circular supply chains support resilience, market conditions that weaken recovery economics or deter investment and expansion can also undermine supply reliability and broader system performance.

In that context, PET should be considered as part of a domestic materials and manufacturing system in which structural excess capacity can have downstream implications for reshoring, supply chain resilience, and the maintenance of domestic capacity.

Environmental Systems Relevance

EPA finds that recycling reduces extraction and diverts waste from disposal pathways.¹¹ OECD finds that recycled content lowers environmental impact.¹² These observations are relevant here because they describe system benefits that depend on functioning recovery and market-supported conditions, not separate or stand-alone policy objectives.

Environmental systems relevance should be understood through the same market conditions addressed elsewhere in this comment. Because recycling outcomes depend on market-supported recovery and reuse, structural excess capacity or related acts, policies, and practices that distort PET market conditions may also impair the systems that deliver those environmental outcomes.

The environmental dimension is therefore relevant not as a separate policy objective, but as further evidence of how disrupted PET markets can affect system performance, domestic capacity, and the broader burden or restriction to U.S. commerce. It does not alter the trade analysis; it helps clarify the full effects of structural excess capacity within the domestic PET system.

Policy Considerations for USTR

This submission is offered to inform USTR's assessment of structural excess capacity and its effects on U.S. commerce. The evidence cited above supports treating PET market conditions as relevant to the inquiry where those conditions bear on domestic capacity, investment and expansion, and supply chain performance.

USTR may consider whether policy approaches support more stable market conditions, including predictable pricing, sustained demand, and conditions supportive of domestic capacity formation. This comment does not prescribe a specific remedy; it identifies considerations relevant to whether structural excess capacity in PET contributes to a burden or restriction to U.S. commerce.

Read together rather than in isolation, the cited analyses suggest that PET market conditions can carry through to domestic capacity and to investment and expansion across connected parts of the system. That system-level perspective may assist USTR in evaluating the significance of structural excess capacity without predetermining a particular policy response.

Conclusion

PET-related trade conditions are relevant within USTR's framework for structural excess capacity. The record described above indicates that distortions in PET market conditions can affect domestic investment, capacity utilization, and overall system performance in ways that bear on a burden or restriction to U.S. commerce.

Taken together, the federal record supports treating PET as a sector in which structural excess capacity can have measurable downstream effects on domestic capacity, end-market stability, and investment.

Accordingly, PET should be evaluated through a framework connecting market structure, market conditions, domestic capacity, investment and expansion, and supply chain resilience. Those considerations support including PET within USTR's assessment of structural excess capacity and its effects on U.S. commerce.

Respectfully submitted,

Americans for Clean Water (A4CW)

Endnotes

1. Office of the United States Trade Representative, 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. 12886 (Mar. 17, 2026) (Docket No. USTR-2026-0067 and USTR-2026-0068), <https://www.federalregister.gov/d/2026-05214>.
2. Office of the United States Trade Representative, Fact Sheet: USTR Initiates Section 301 Investigations into Structural Excess Capacity and Production in Manufacturing Sectors (Mar. 2026), <https://ustr.gov/about/policy-offices/press-office/fact-sheets/2026/march/fact-sheet-ustr-initiates-section-301-investigations-structural-excess-capacity-and-production>; Office of the United States Trade Representative, 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. 12886 (Mar. 17, 2026), <https://www.federalregister.gov/d/2026-05214>.

3. U.S. Environmental Protection Agency, National Recycling Strategy: Part One of a Series on Building a Circular Economy for All (2021), <https://www.epa.gov/circulareconomy/national-recycling-strategy>; U.S. International Trade Commission, Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman, Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Review), USITC Pub. 5298 (Mar. 2022), https://www.usitc.gov/sites/default/files/publications/701_731/pub5298.pdf; U.S. Department of Energy, Circularity for Secure and Sustainable Products and Materials: A Draft Strategic Framework (Oct. 2024), <https://www.energy.gov/sites/default/files/2024-10/circularity-for-secure-sustainable-products-materials-report.pdf>.
4. U.S. Environmental Protection Agency, Recycling Needs Survey and Assessment Report to Congress (Aug. 2024), https://www.epa.gov/system/files/documents/2024-12/recycling_needs_report_and_appendix.pdf; U.S. Environmental Protection Agency, 2020 Recycling Economic Information (REI) Report (2020), https://www.epa.gov/sites/default/files/2020-11/documents/rei_report_508_compliant.pdf.
5. U.S. International Trade Commission, Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman, Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Review), USITC Pub. 5298 (Mar. 2022), https://www.usitc.gov/sites/default/files/publications/701_731/pub5298.pdf.
6. U.S. Environmental Protection Agency, National Recycling Strategy: Part One of a Series on Building a Circular Economy for All (2021), <https://www.epa.gov/circulareconomy/national-recycling-strategy>.
7. U.S. International Trade Commission, Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman, Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Review), USITC Pub. 5298 (Mar. 2022), https://www.usitc.gov/sites/default/files/publications/701_731/pub5298.pdf.
8. Organisation for Economic Co-operation and Development, Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options (2022), <https://doi.org/10.1787/de747aef-en>.
9. Office of the United States Trade Representative, USTR Initiates Section 301 Investigations Relating to Structural Excess Capacity and Production in Manufacturing Sectors (Mar. 11, 2026), <https://ustr.gov/about/policy-offices/press-office/press-releases/2026/march/ustr-initiates-section-301-investigations-relating-structural-excess-capacity-and-production>.
10. U.S. Department of Energy, Supply Chain Progress Report (Aug. 2023), <https://www.energy.gov/sites/default/files/2023-08/Supply%20Chain%20Progress%20Report%20-%20August%202023.pdf>; U.S. Department of Energy, Circularity for Secure and Sustainable Products and Materials: A Draft Strategic Framework (Oct. 2024), <https://www.energy.gov/sites/default/files/2024-10/circularity-for-secure-sustainable-products-materials-report.pdf>.
11. U.S. Environmental Protection Agency, National Recycling Strategy: Part One of a Series on Building a Circular Economy for All (2021), <https://www.epa.gov/circulareconomy/national-recycling-strategy>; U.S. Environmental Protection Agency, Sustainable Materials Management: The Road Ahead (2009), https://www.epa.gov/sites/default/files/2015-08/documents/sustainable_materials_management_the_road_ahead.pdf.
12. Organisation for Economic Co-operation and Development, Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options (2022), <https://doi.org/10.1787/de747aef-en>.