National Association of Home Builders

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Chief Advocacy Officer

April 15, 2026

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

RE: Comments on the Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors Docket No. USTR-2026-0067 and USTR-2026-0068

Dear Trade Representative Greer:

On behalf of the National Association of Home Builders of the United States ("NAHB"), I am pleased to submit these comments concerning the Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors (the "Investigation"), and for which a request for comment was published in the Federal Register on March 17, 2026. (91 Fed. Reg. 12886).

NAHB is a Washington, D.C.-based trade association of over 140,000 members across affiliated state and local associations based in all fifty states, the District of Columbia, and Puerto Rico. NAHB's members are involved in home building, remodeling, multifamily construction, property management, and other residential construction activities. NAHB's members construct a significant portion of the homes built in the United States each year and are key drivers of economic growth. NAHB supports free and open trade, and opposes trade barriers which will increase the cost to build homes in the United States of America.

I. Investigation Topics for USTR Consideration

Sections 301-310 of the Trade Act of 1974, commonly referenced collectively as "Section 301," allows the United States Trade Representative ("USTR") to investigate and impose trade restrictions if "an act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts United States commerce" and that action is appropriate. This Investigation was initiated on March 11, 2026, as a "discretionary action" under Section 301.

The Investigation covers sixteen countries, and it does not focus on any particular industry. Rather, as described in the Federal Register, the Investigation is premised on "structural excess capacity" that is "untethered from the incentives of domestic and global demand" which has allegedly caused "large or persistent trade surpluses." This alleged "structural excess capacity . . . . can chill production and new investments in the United States." The Investigation "will focus on the following economies that appear to exhibit structural excess capacity in various manufacturing sectors, such as through large or persistent trade surpluses or underutilized or unused capacity[.]"

The Federal Register notice states that structural excess capacity and overproduction *may* be the result of policies and actions of foreign governments, which *may* include "(1) promoting production and export untethered from market drivers of supply, demand, and investment, including through subsidies; (2) suppressing domestic wages; (3) non-commercial activities of state-owned or -controlled enterprises; (4) sustained market access barriers; (5) lax or inadequate environmental or labor protection or social safety net; (6) subsidized lending; (7) financial repression and currency practices; and others."

a. The acts, policies, and practices of our trading partners are not actionable under § 301(b) of the Trade Act

As an initial matter, the Investigation does not identify or allege any acts, policies, or practices of our trading partners. Rather, the Investigation is premised on "structural excess capacity" as evidenced by unused production capacity and goods trade surplus with the United States, which *may* suggest the foreign government has policies or practices which intentionally cause or maintain overproduction. Every prior Section 301 investigation initiation notice identified specific alleged acts, policies, and practices which USTR would be investigating.[1]

In 2017, USTR investigated Chinese "acts, policies and practices . . . directed at the transfer of U.S. and other foreign technologies and intellectual property" which harmed United States commerce.[2] The Federal Register notice for that investigation identified specific Chinese policies and practices being investigated, including China's "Made in China 2025" industrial plan and its associated policies and practices.[3] That investigation focused on the Chinese government's opaque and discretionary administrative processes which regulated or intervened in American companies' operations in China and required those companies to transfer technology and intellectual property to Chinese companies. Many rules for American companies were unwritten and differed depending on location. Overall, the investigation specifically focused on the ways in which the Chinese government forced American companies operating in China to turn over technology and intellectual property.[4]

In 2019, USTR investigated the EU and certain EU member states under Section 301 for its subsidies on large civil aircraft, which allegedly violated a WTO agreement.[5] Similarly, USTR investigated Digital Services Taxes being adopted or considered by eleven countries in 2019 under Section 301.[6] These investigations focused on multiple countries, but were limited in scope to one specific topic each (aircraft subsidies and Digital Services Tax).

In 2020, USTR investigated Vietnam under Section 301 for importing illegally harvested timber to make wooden furniture that was then exported to the United States.[7] USTR also investigated Vietnam in 2020 under Section 301 for alleged currency manipulation, which impacted trade with the United States.[8]

In 2022, USTR investigated Mexico under Section 301 for engaging in an alleged export targeting scheme for seasonal and perishable agricultural products.[9] Here, the investigation was initiated as a result of a petition, which alleged that Mexico subsidized its seasonal agriculture industry, allowing the industry to expand exports to the United States.[10] The petition also alleged that the low wages in Mexico gave the country an unfair advantage.[11]

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[2] Initiation of Section 301 Investigation; Hearing; and Request for Public Comments: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 82 Fed. Reg. 40,213 (Aug. 24, 2017).
[3] *Id.*
[4] *Id.*
[5] Initiation of Investigation; Notice of Hearing and Request for Public Comments; Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute, 84 Fed. Reg. 15,028 (Apr. 12, 2019).
[6] Initiation of Section 301 Investigations of Digital Services Taxes, 85 Fed. Reg. 34,709 (June 5, 2020).
[7] Initiation of Section 301 Investigation: Vietnam's Acts, Policies, and Practices Related to the Import and Use of Illegal Timber, 85 Fed. Reg. 63,639 (Oct. 8, 2020).
[8] Initiation of Section 301 Investigation: Vietnam's Acts, Policies, and Practices Related to Currency Valuation, 95 Fed. Reg. 63,637 (Oct. 8, 2020).
[9] Section 301 Petition on Mexico's Acts, Policies, and Practices Concerning Seasonal and Perishable Agricultural Products, 87 Fed. Reg. 65,280 (Oct. 28, 2022).
[10] *Id.*
[11] *Id.*

Finally, the petition alleged that the subsidies and low wages created a surge of agricultural exports that harmed Florida producers.[12]

In 2024, USTR investigated China under Section 301 for various policies aimed at dominating the maritime industry.[13] This investigation was initiated as a result of a petition from five domestic labor unions, which alleged that the Chinese government engaged in numerous unfair practices and policies aimed at dominating the maritime shipping industry.[14] The acts alleged included directing mergers and anticompetitive activities, providing non-market advantages to Chinese firms to dominate upstream imports to shipbuilding, providing advanced and advantageous financing mechanisms, tolerating intellectual property theft and industrial espionage, and controlling shipping freight rates and capacity allocations.[15]

In 2024, USTR investigated Nicaragua under Section 301 for human rights violations, including political-motivated arrests and imprisonments, extrajudicial killings, forced labor, human trafficking, and other harmful acts.[16] These acts were alleged to be unreasonable and discriminatory to United States commerce.[17] In 2025, USTR investigated China under Section 301 for failing to comply with the Economic and Trade Agreement Between the Government of the United States of America and the People's Republic of China.[18]

In 2025, USTR investigated Brazil for numerous acts and policies which undermined companies from the United States.[19] Specifically, Brazilian courts found American social media companies liable for postings made by their users; these courts also issued orders to American social media companies to censor postings on a broad range of topics.[20] The notice alleged that many such practices against American companies by the Brazilian government raised risks and costs for American businesses that restricted their ability to engage in normal business operations.[21] The notice also stated that Brazil imposed disadvantageous tariffs on the United States while lowering tariffs on other nations.[22] The notice also identifies alleged corruption within the Brazilian judicial system, which resulted in negative outcomes for American businesses.[23]

In every prior investigation, USTR identified specific policies, acts, and practices of the foreign governments being investigated. In this Investigation, USTR has identified a characteristic of numerous foreign economies ("structural excess capacity"), which it claims is the result of unspecified policies, acts, or practices. The acts of foreign governments are not explained or identified in any way. The Investigation does not focus on one allegedly problematic industry; instead, each investigated country's entire economy seems to be under investigation. By failing to identify any act, policy, or practice of a foreign government, USTR has failed to comply with the minimum requirements of Section 301.

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[12] *Id.*
[13] Initiation of Section 301 Investigation: China's Acts, Policies, and Practices Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance, 89 Fed. Reg. 29,424 (Apr. 22, 2024).
[14] *Id.*
[15] *Id.*
[16] Initiation of Section 301 Investigation, Hearing, and Request for Public Comments: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law, 89 Fed. Reg. 101,088 (Dec. 13, 2024).
[17] *Id.*
[18] Initiation of Section 301 Investigation: China's Implementation of Commitments Under the Phase One Agreement; Notice of Hearing; and Request for Public Comments, 90 Fed. Reg. 48,733 (Oct. 28, 2025).
[19] Initiation of Section 301 Investigation: Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation; Hearing; and Request for Public Comments, 90 Fed. Reg. 34,069 (July 18, 2025).
[20] *Id.*
[21] *Id.*
[22] *Id.*
[23] *Id.*

A second procedural shortcoming in this Investigation is the sheer multitude of countries and industries under investigation. Most prior Section 301 investigations focused on one specific country; this Investigation groups together sixteen separate countries spread across the entire world. In the two investigations where more than one country was being investigated, the investigations were limited to one particular industry or common practice. Here, there are no unifying characteristics of the countries being investigated, nor is the Investigation focused on one industry that exists in every country identified.

The text of Section 301 is singular; the statute talks about "***a*** foreign country." While statutes are often interpreted to read singulars as plurals, the language plus past practice indicates that each Section 301 investigation must focus on one country, as every country has its own set of laws, regulations, customs, and economic norms. Moreover, it is unreasonable to subject these countries to a shared investigation, if only from a clarity standpoint.

Substantively, even if there is "structural excess capacity" in foreign economies, it does not necessarily indicate any unfair, discriminatory, or unreasonable government act, policy, or practice. The excess capacity to create goods for export does not necessarily exist because of some intentional scheme by a foreign government; it may well arise simply because of comparative or competitive advantages of the firms located in that country. For example, natural resources are not evenly distributed throughout the world; some goods require specific natural resources, so companies that make that good would naturally form around that good to reduce transportation costs. Similarly, some economies have specialized in making certain goods over long periods of time, such that they produce higher quality items than can be purchased domestically. It follows, then, if some companies can manufacture goods faster, cheaper, or better than others, they may, over time, develop more capacity than they need. This could be because they continue to improve manufacturing efficiency or speed or they earn sufficient profits to invest in additional production. Traditional economics suggests that the people who can produce goods with an advantage, or at a lower opportunity cost, should do so, because it benefits both the producer and the ultimate consumer, either because the good is cheaper or better.

Without knowing what acts, policies, or practices USTR is interested in, or even what industries USTR is focused on, it is impossible to comment on every single industry in each of the sixteen countries being investigated.[24] However, NAHB opposes barriers to free and fair trade, as it ultimately harms consumers and the very commerce USTR claims it is protecting.

b. The acts, policies, and practices of our trading partners do not burden or restrict domestic commerce and are, in fact, necessary for American commerce to thrive

To impose tariffs or other trade remedies under Section 301, USTR must find both that a policy of a foreign country is unreasonable or discriminatory and that it negatively impacts domestic commerce. Essentially, if a foreign country has unreasonable or discriminatory trade practices that do not negatively impact domestic commerce, USTR is not permitted to take action. Home builders purchase imported products that ultimately help improve domestic commerce; as such, USTR cannot take action under Section 301.

The service sector, rather than goods manufacturing, makes up most of the economic activity in the United States.[25] Though homes are tangible and comprised of goods, home building is a service industry which depends on a reliable

[24] "The process of notice and comment rule-making is not to be an empty charade. It is to be a process of reasoned decision-making. One particularly important component of the reasoning process is the opportunity for interested parties to participate in a meaningful way in the discussion and final formulation of rules." *Connecticut Light & Power Co. v. Nuclear Regul. Comm'n*, 673 F.2d 525, 528 (D.C. Cir. 1982).
[25] Nicholas Ledden, *How Important Is the Services Sector to the U.S. Economy?* Federal Reserve Bank of St. Louis (Feb. 11, 2026), https://www.stlouisfed.org/open-vault/2026/feb/how-important-is-the-services-sector-to-the-us-economy

supply of materials. The instability in trade has rippled through the economy, and home construction has been affected.

Like much of the developed world, the United States is experiencing an acute housing crisis. While estimates differ, NAHB estimates that the United States is short approximately 1.2 million residential units.[26] The Department of Housing and Urban Development ("HUD") estimated that there were approximately 771,480 homeless people in the United States in 2024.[27] This is the highest number of people experiencing homelessness ever recorded in the United States.[28]

The housing crisis also affects housed individuals. Nearly one in four homeowner households are considered "cost-burdened," meaning they spend more than 30% of their household income on housing and utilities.[29] Worse yet, half of all renter households are cost-burdened.[30] Becoming or remaining a homeowner has rarely been less affordable. 65% of households in the United States could not afford a median-priced new home ($513,595) in 2026, meaning that 88.2 million households are being priced out.[31] Moreover, over half of all American households could not afford to buy a $300,000 house, which is less than the median price for a new home.[32] Each additional $1,000 increase in the median price of a new home would price an additional 156,405 households out of the market.[33] While many factors contribute to rising costs, economists agree that America needs to build more housing to address this issue. Housing construction requires an available, affordable supply of building materials, which occasionally come from overseas.

While many industries are highly import-dependent, residential construction relies primarily on domestically sourced materials.[34] Approximately 7% of building materials are imported.[35] As relevant to this Investigation, several of the countries being investigated are exporters of materials and equipment essential to residential construction and housing. The following chart[36] illustrates the relevant imports from investigated countries:

Good Imported (NAICS Code)	Share of Imported Value (in USD)	Current Effective Duty Rate
European Union		
Construction Machinery (333120)	26%	10.3%
Iron and Steel Products (331110)	29%	18.5%
Motors and Generators (335312)	20%	7.7%
Switzerland		
Motors and Generators (335312)	2%	14.5%
Air and Gas Compressors (333912)	4%	13.9%
Saw Blades and Handtools (332216)	4%	12.9%

[26] Natalia Siniavskaia, *The Size of the Housing Shortage: 2024 Data*, Eye On Housing (Feb. 6, 2026).
[27] Tanya de Sousa and Meghan Henry, Dept. of Housing and Urban Development, Office of Community Planning & Development, *The 2024 Annual Homeless Assessment Report (AHAR) to Congress* 2-3 (2024).
[28] *Id.*
[29] Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2025*, 5 (2025).
[30] *Id.* at 6.
[31] Na Zhao, *How Rising Costs Affect Home Affordability*, Eye On Housing (Feb. 17, 2026),
[32] Na Zhao, *Affordability Pyramid Shows Over Half of U.S. Households Cannot Buy a $300,000 Home*, Eye On Housing (Feb. 26, 2026).
[33] Zhao, *supra* note 31.
[34] Paul Emrath, *Despite Exemptions and Delays, Tariffs are Already Affecting Builders*, Eye On Housing (Apr. 15, 2025).
[35] *Id.*
[36] U.S. Census Bureau, https://api.census.gov/data/timeseries/intltrade/imports/naics (API Query for the NAICS Codes and countries listed above, from December 2025) (last visited Apr. 7, 2026).

Norway		
Switchgear and Switchboards (335313)	1%	11.8%
Iron and Steel Products (331110)	0.5%	1.4%
Nitrogenous Fertilizers (325311)	2%	2.8%
Indonesia		
Miscellaneous Electrical Equipment and Components (335999)	4%	9.8%
Tires and Tire Parts (326211)	4%	17.2%
Small Electrical Appliances (335210)	4%	13.1%
Korea		
Iron and Steel Products (331110)	9%	24.1%
Major Household Appliances (335220)	10.7%	6.8%
Power, Distribution and Specialty Transformers (335311)	17.6%	6.1%
Vietnam		
All Other Plastic Products (326199)	11%	13.1%
Miscellaneous Electrical Equipment and Components (335999)	8%	14%
Small Electrical Appliances (335210)	12%	12.5%
Mexico		
Air-Conditioning and Warm Air Heating Equipment (333415)	44%	3.3%
Miscellaneous Electrical Equipment and Components (335999)	24%	3.6%
Switchgear and Switchboard (335313)	38%	3.6%
Japan		
Construction Machinery (333120)	22%	12.8%%
Motors and Generators (335312)	13%	13.9%
Other Miscellaneous General Purpose Machinery (333998)	10%	11.1%
India		
Carpets and Rugs (314110)	39%	16.9%
Iron and Steel Products (331110)	3%	13.2%
Motors and Generators (335312)	4%	15.7%

While NAHB supports efforts to increase domestic production of these materials, those efforts will take time and significant investment to develop. Trade should not be restricted while domestic industry grows, as trade barriers, such as tariffs, generally increase prices across the board for both imported and domestically produced goods, which would in turn exacerbate the housing crisis. Most of these materials are already subject to tariffs imposed under other authorities. The tariff costs have mostly been passed on to the ultimate consumer, which here means that it has increased the cost of a new home. These materials also affect the price of home improvements and remodels. Home improvements are necessary in the United States, as the average age of an existing home is 42 years.[37] These homes need more maintenance, which requires materials, and renovations are costly.[38]

i. Construction Machinery (333120), Motors and Generators (335312), and Other Miscellaneous General Purpose Machinery (333998)

Construction relies upon machinery. The goods included within these NAICS codes include bulldozers, off-highway trucks, post hole diggers, road graders, hydraulic and pneumatic jacks, welding and soldering equipment, and industrial and general purposes filters, among other items. This equipment is frequently utilized throughout construction. While many home builders rent or lease this equipment, if the price of equipment goes up, costs associated with leasing will go up. Those higher costs will drive up the price of construction.

[37] Na Zhao, *The Age of Housing Stock by State*, Eye On Housing (March 25, 2026).
[38] Veronica Dagher, *The Typical U.S. Home Is 44 Years Old – And Needs Tons of Work*, Wall St. Journal (Apr. 4, 2026).

ii. Iron and Steel Products (331110)

Iron and steel are critical components in many systems and appliances in the home. This NAICS code includes stainless steel, which is a popular finish for home appliances. If the cost of steel and iron increase, the cost of the finished products that utilize steel and iron increase. Those higher costs will be passed on to consumers, including home buyers.

iii. Power, Distribution and Specialty Transformers (335311) and Switchgear and Switchboards (335313)

These NAICS codes include all the items needed to provide electricity to a home, from substation transformers to circuit breakers and fuses. The United States has been experiencing a transformer shortage since 2020, when Covid-related supply chain issues began.[39] Wait times for transformers are now two to four years, when they used to be mere months.[40] This comes at a time when electricity demand is increasing and as the existing electrical grid infrastructure is aging.[41] Additionally, many state and local governments are forcing their communities away from natural gas and coal, towards electrification for all appliances, which further burdens the electrical grid. While increasing domestic transformer production is the best option available, increasing the costs of imported transformers and other electrical components before there is a viable domestic source would exacerbate an already dire situation. American homes depend on electricity and cannot withstand additional restrictions on transformer acquisition.

i. Major Household Appliances (335220), Small Electrical Appliances (335210), Miscellaneous Electrical Equipment and Components (335999), Carpets and Rugs (314110), and Air-Conditioning and Warm Air Heating Equipment (333415)

The importance of appliances, electrical equipment, carpets and rugs, and HVAC equipment to residential construction is self-evident. These items are critical to completing housing production.

ii. Saw Blades and Handtools (332216), Tires and Tire Parts (326211), and All Other Plastic Products (326199)

Saw blades and hand tools are necessary to complete production. Tires and tire parts, while not building materials, are necessary to transport building materials and labor to site. Plastic products include items used during construction, such as paint wells, brush handles, and floor coverings, and items that will stay in the home, like plastics hardware and some sidings.

iii. Nitrogenous Fertilizers (325311)

While fertilizer seems to have only a tenuous connection to residential construction, fertilizers with nitrogen are frequently used in growing softwood lumber. Over 90% of single-family homes are wood-framed, and the southern yellow pine grown in the southern United States is the strongest softwood structural lumber species, making it ideal for trusses and roof systems. While southern yellow pine is not used to build the entire house, it is a critical material for residential construction, and it is an industry that does not have a high margin for cost increases. NAHB supports

[39] National Infrastructure Advisory Council, *Addressing the Critical Shortage of Power Transformers to Ensure Reliability of the U.S. Grid* 3 (2024).
[40] *Id.*
[41] *Id.*

efforts to increase domestic lumber and timber production; we do not grow enough harvestable timber in the United States to satisfy housing demand. Now is simply not the time to do anything which would stunt domestic timber growth.

c. Additional considerations

Doing business in the United States has been complicated in the last year by changing trade policies. Prices have changed rapidly, making it difficult for home builders to know whether any individual project will be profitable. If builders cannot determine that they can recoup their costs on a project, they cannot reasonably build. Single-family home starts in 2026 have been low due to elevated construction costs and affordability concerns.[42]

The most impactful trade policy for the American housing industry would be stability so builders can plan their projects accordingly. This year, the United States, Mexico, and Canada Agreement ("USMCA") is being renegotiated. Mexico and Canada are the biggest trading partners to the United States, and they supply many critical building materials. Mexico is one of the countries identified in this Investigation. At a minimum, Mexico should be removed from this Investigation, because the USMCA renegotiation would be the ideal forum in which to discuss Mexico's alleged excess structural capacity and how it affects United States commerce. Instead of approaching their production capacity in an adversarial way, through tariffs or other trade remedies, addressing it through USMCA renegotiation could be more effective and friendly. Moreover, solidifying our trade relations with Mexico and Canada could encourage nearshoring some of the import-dependent industries, which is the best option while we rebuild American manufacturing.

Similarly, many of the countries included in this Investigation have entered into or negotiated trade agreements with the United States. Could alleged excess structural capacity not be discussed with those countries individually in the context of compliance with our free trade agreements?

Section 301 is not the appropriate mechanism to attempt to address harms to United States commerce because of "excess structural capacity;" the existing antidumping and countervailing duties ("AD/CVD") process conducted at the Department of Commerce is the appropriate, established mechanism to address foreign government subsidies and foreign industry dumping into the United States. The AD/CVD process is detailed and requires a specific, quantitative finding of how much the domestic industry is harmed, which this Investigation lacks. Rather than use Section 301 in a novel way, perhaps this alleged "excess structural capacity" is an issue for the Department of Commerce to address in a more established forum.

II. Conclusion

Thank you for considering NAHB's comments. NAHB strongly urges the United State Trade Representative not to impose any additional trade barriers due to their negative impacts on the ongoing housing crisis. NAHB would be pleased to provide further information as needed. Please direct any questions or requests for additional information to Mackenzie Payne, Staff Attorney (mpayne@nahb.org), Jesse Wade, Director, Tax & Trade Policy Analysis (jwade@nahb.org), or Alex Strong, Senior Director, Federal Legislative Affairs (astrong@nahb.org).

Sincerely,

Ken Wingert
National Association of Home Builders of the United States

[42] Robert Dietz, *Single-Family Starts Remain Soft in January on Affordability Concerns*, Eye On Housing (March 12, 2026).