



April 15, 2026

The Honorable Jamieson Greer
The Office of the United States Trade Representative (USTR)
600 17th St. NW
Washington, DC 20006

Re: Docket ID USTR-2026-0067

Dear Ambassador Greer,

The Battery Materials & Technology Coalition (BMTC) appreciates the opportunity to comment on the Section 301 investigations of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors. We applaud the Trump Administration's ongoing commitment to enacting trade policies that prioritize the American worker and strengthen America's national and economic security.

As a leading voice of the domestic critical mineral and battery industries, our comments will focus on China's overwhelming manufacturing capacity in the critical mineral and battery material industries – both at home and abroad. Via both government and industry efforts, China has employed a variety of demand and supply side policies, subsidies, and other military and economic actions to swell its manufacturing capabilities. Recent data shows China's overcapacity in the battery industry has roiled markets and significantly impacted prices. These factors make China and the countries its companies operate in prime targets for this Section 301 investigation.

About BMTC

BMTC is a coalition of 17 companies across the United States and Canada that produce critical materials that are vital to America's national and economic security, including the materials and components essential to power innovative battery technologies used in defense and space systems, energy storage systems, industrial applications, transportation, and more.

As part of our efforts to spotlight China's dominance over the global battery industry, BMTC commissioned a report, released in October 2024, that outlines China's strategy to dominate the global battery materials market. The report is titled, *The China Hazard – How Beijing Controls the Global Battery Supply Chain*.¹ The report uses Chinese sources to illustrate how the Chinese Communist Party (CCP) has instituted policies to bolster China's production along each node of the critical minerals and battery value chain.

In addition, BMTC's sister coalition, the North American Graphite Alliance (NAGA), commissioned a separate report that specifically outlines China's dominance of the global graphite industry, *Enabling North American Graphite Growth*.² The report presents a variety of data that illustrates China's dominance of the graphite supply chain and delves into how trade protections can help

¹ Horizon Advisory. [How Beijing Controls the Global Battery Supply Chain](#). November 2024.

² Oxford Economics. [Enabling North American Graphite Growth](#). February 2024.

protect North America's graphite producers. Select statistics from the two reports are woven into the comments below to reinforce key points. Both reports are attached as addendums to this letter. We hope that, taken together, the reports successfully convey the severity of the issue at hand.

The Importance of Advanced Batteries

Advanced batteries are foundational to U.S. national security, energy resilience, and economic competitiveness, and are integral inputs across military, industrial, transportation, telecommunications, and AI-related applications. China and its proxies dominate the supply chains for the critical minerals and components that make up these batteries – including **graphite, lithium, manganese, nickel, cobalt, black mass, silicon-carbon anode material, cathode materials, separators, and battery cells, modules, and packs**. To counteract China's dominance, the U.S. must implement trade measures that protect domestic and allied producers and create an environment conducive to establishing independent supply chains. Failing to do so leaves the U.S. beholden to a malicious foreign actor for these materials, posing a grave national and economic security risk.

The comments below use battery materials to illustrate how China has developed overwhelming manufacturing capacity both within its borders and abroad. BMTC urges that the materials below receive the utmost attention in this investigation due to their importance to the battery supply chain, their potential for domestic and allied production capacity, and vulnerability to market interference from the Chinese Communist Party (CCP).

China

China engages in unfair market practices by manipulating the price of products throughout the global battery supply chain. China's production capacity creates more supply than demand, which allows CCP controlled entities to export highly subsidized minerals, derivatives, and other battery materials, driving down prices in a concerted effort to hamper the development of American and allied industries. In addition, China backed battery material projects are not just operated on Chinese soil, as China's strategy to control markets often brings other countries into the fold. China deploys a "Go Out" strategy, where it secures critical mineral mines abroad through ownership and offtakes, and subsequently brings materials back to China for processing. This results in the ever-increasing control over global battery and critical mineral markets by one anti-market actor.³ Furthermore, Chinese companies are increasingly engaged in licensing their technology, which underpins many parts of the battery supply chain in the U.S. and other allied countries, enabling them to control sourcing and procurement decisions that favor and protect China controlled supply chains.

As U.S. market restrictions target China-based production, Chinese companies are also setting up manufacturing and processing capabilities in other countries through strategic investments and partnerships. This includes Chinese state-owned enterprises forming joint ventures in third countries specifically designed to fall outside the scope of U.S. trade rules. These structures allow Chinese-controlled operations to route graphite anode and other battery materials through allied or neutral jurisdictions, circumventing U.S. trade protections.

³ Horizon Advisory. [How Beijing Controls the Global Battery Supply Chain](#). November 2024.

Graphite

Between 2021 and 2023, China's supply of graphite-based anode material surpassed global demand, causing global graphite prices to decrease. After peaking in 2022, the price of natural graphite AAM fell 18% in 2023 and is expected to fall by 27% from its peak by the end of 2026. The price of synthetic graphite AAM fell even more, by 24% in 2023, and is expected to fall by 38% by the end of 2026.⁴ China's ability to manipulate the price of graphite is made possible by its overwhelming share of global production: in 2025, it produced 92% of the world's anode material, 79% of global natural graphite and 97% of synthetic graphite.⁵ In addition, China has enacted several protective trade measure to curb graphite exports - a step that can only be interpreted as a tool to squeeze graphite supply with the goal of wielding geopolitical influence in a global market that is completely dependent upon China.

Manganese

China produces over 90% of the world's manganese-based products, including stainless steel additives and battery-grade materials. Three years ago, in a move to consolidate its global processing capability, dozens of Chinese manganese processors joined a state-backed "manganese innovation alliance" to exert control over supply and coordinate prices and stockpiling. The alliance has abused its overwhelming market share by manipulating supply and prices of manganese sulfate, a critical component of battery cathodes, as well as electrolytic manganese, which is a steel-strengthening additive.⁶

Prices for manganese sulfate have exhibited sustained downward pressure in recent years, largely reflecting China's dominant position in production and export markets. Benchmark data show that manganese sulfate prices in China declined significantly from peaks in 2022, when prices exceeded approximately \$1,465 per metric ton, to levels closer to \$731 per metric ton through 2023 and into 2024, as supply outpaced demand. This decline coincided with rapid capacity expansions in China's high-purity manganese sulfate (HPMSM) sector, where producers increased output in anticipation of electric vehicle demand that materialized more slowly than expected.²

Lithium

Three years ago, China publicly stated that lithium prices should be lowered. Throughout 2023, lithium prices plummeted 81%⁷, forcing companies around the world to lay off workforce, shed assets, and reconsider future output. The lithium market has not recovered since. China achieved this in part by overmining and processing lepidolite, a low-grade lithium ore. Despite the U.S. having significant lithium deposits, including the Smackover Formation in Arkansas and Texas and the Tin Spodumene Belt in North Carolina, it has proven incredibly difficult for domestic lithium projects to rapidly build and scale due to artificially low lithium prices. The U.S. produces only 5,000 tons of lithium per year – from the Silver Peak mine in Nevada – and imports over 90% of lithium to meet demand.

Silicon-Carbon (Si/C) Anode Material

China has rapidly developed dominant global production of silicon-carbon (Si/C) anode material, with estimated capacity reaching 410,000 metric tons in 2025 – or about 98% of global capacity -

⁴ Oxford Economics. [Enabling North American Graphite Growth](#). February 2024.

⁵ Oxford Economics. [Enabling North American Graphite Growth](#). February 2024.

⁶ The Wall Street Journal. [China Hones Control Over Manganese, A Rising Star in Battery Metals](#). May 2021.

⁷ Reuters. [Piedmont Lithium lays off 27% of workforce amid weak prices](#). February 2024.

following sustained expansion driven by state-supported investment and industrial policy.⁸ As is the case with the other materials listed, the velocity of this buildout indicates that capacity growth is increasingly untethered from underlying demand. Industry reporting notes intensifying competition and oversupply conditions within China's anode sector, reflecting structural excess capacity dynamics.

Black Mass

Black mass production is a critical step in the battery supply chain because it concentrates valuable materials like lithium, nickel, and cobalt recovered from scrap and recycled batteries. Establishing black mass production in the U.S. strengthens domestic supply chain resilience, lowers exposure to geopolitical risks, and supports national energy security goals. It also enables the U.S. to capture more economic value from batteries.

Today, China controls 70% of global black mass production and 82% of the refinement of that black mass.⁹ The refined material is used for the creation of precursor cathode active material or cathode active material (also known as pCAM or CAM). It is expected that China will develop a fully closed-loop system of battery production, battery recycling, and re-production. The China Resources Recycling Group (CCRG) is a state-owned entity established in 2024 to implement a comprehensive recycling platform, and Chinese battery material producers BYD, CATL, Tianqi, and Ganfeng have already established formidable recycling subsidiaries.¹⁰

Currently, the U.S. produces over 77,000 tons of black mass per year, and it is increasing that capacity. BMTC member Cirba Solutions was the first domestic company to commercially scale lithium-ion processing and has increased capacity by 600% in the past few years to enhance global competition and recover these valuable resources. However, it is all exported abroad for refinement, and much of it will ultimately make it back into the Chinese state-backed supply chain. Standing up strong domestic capabilities for black mass and refinement are key to diversifying sourcing and increasing access to critical minerals.

Precursor Cathode Active Materials (pCAM) and Cathode Active Materials (CAM)

As highlighted by the International Energy Agency (IEA) in their Global Critical Minerals Outlook 2025, 98% of Lithium-Iron-Phosphate cathode materials (LFP CAM) are sourced from China, due to their lithium refining advantages and iron phosphate precursor production that relies mainly on a supply of low-cost and high-volume phosphoric acid and iron sulfate feedstock that is unique to Chinese production. Similar supply chain concentrations exist for Nickel-Manganese-Cobalt (NMC) CAM, pCAM and their lithium, nickel, manganese and cobalt sulphate inputs. These are bottlenecks and monopolistic chokepoints in the supply chain for LFP and NMC batteries that have created disproportionate market imbalances controlled by Prohibited Foreign Entities (PFEs). Furthermore, China's Ministry of Commerce (MOFCOM) has implemented bans and restrictions on the export of technology, equipment and knowhow, specifically protecting their LFP supply chain. These measures when combined with artificially low pricing have created extremely challenging barriers to entry for American producers and supply chain participants.

⁸ Mysteel. [China's Silicon Carbon Anode Capacity](#). May 2025.

⁹ Fastmarkets. Battery Recycling 10-Year Forecast. Q4 2025.

¹⁰ Horizon Advisory. [How Beijing Controls the Global Battery Supply Chain](#). November 2024.

Separators

Chinese manufacturers account for roughly 90 percent of global lithium-ion battery separator shipments, with output continuing to expand rapidly alongside energy storage demand.¹¹ This production is supported by a highly developed domestic ecosystem of leading firms—such as Shanghai Semcorp, Senior Technology Material, and Sinoma—that are closely integrated with China’s battery cell giants, including CATL and BYD. As a result, China not only supplies its own vast domestic battery industry but also exports significant volumes of separators to global markets, embedding itself at a critical upstream node of the battery value chain. Given that separators are an essential safety and performance component in lithium-ion batteries, China’s dominance confers significant pricing influence and supply-chain leverage, reinforcing broader dependencies on Chinese battery materials and components worldwide.

A key challenge facing U.S. battery separator manufacturing is the cost advantage held by Chinese competitors that produce polyolefin base film in China—often at subsidized or non-market pricing—and then export that material for downstream coating in the United States. By contrast, U.S. manufacturers producing base film domestically must compete against inputs whose pricing reflects state-supported scale, integrated supply chains, and structural excess capacity. This dynamic allows Chinese producers to retain significant cost advantages even where final processing occurs outside China, limiting the effectiveness of existing trade remedies and complicating efforts to establish fully integrated domestic supply chains.

Similar dynamics are also observed where Chinese-owned or Chinese-affiliated firms establish base-film production and coating capacity in third countries, while continuing to rely on upstream inputs, technology, and scale advantages originating in China, raising questions about whether the underlying market distortions are being effectively addressed.

Battery Cells, Modules, and Packs

China’s global dominance of the downstream of the battery sector—encompassing cells, modules, and packs—exhibits clear characteristics of structural excess capacity driven by state-directed industrial policy rather than market-based demand. Over the past decade, China has rapidly expanded battery manufacturing capacity through subsidies, preferential financing, and coordinated industrial planning. As a result, China now dominates global battery production, accounting for approximately 85 percent of global manufacturing capacity and hosting more than 3 terawatt-hours (TWh) of installed capacity.¹²

This expansion has significantly outpaced demand. Recent estimates indicate that China’s domestic battery manufacturing capacity exceeded 2 TWh in 2024—approximately 60 percent higher than total demand, with planned capacity expansions surpassing 6 TWh, enough to meet projected global demand through at least 2035.¹³

Indonesia

Graphite

Chinese battery material maker BTR has been heavily invested in graphite facilities in Indonesia. In September 2024, BTR began at a graphite active anode material (AAM) plant in the Central Sulawesi

¹¹ U.S. Department of Energy. [Four Year Review of Supply Chains for the Batteries Sector](#). December 2024.

¹² Szas Power. [How China Is Shaping Global Lithium Battery Markets 2025](#). March 2025.

¹³ CRU Group. [China’s Overcapacity: Will Its Battery Industry Consolidate?](#). August 2025.

province of Indonesia. The \$478 million plant will eventually produce up to 80,000 metric tons of AAM per year. BTR has also invested in an 80,000 tpa anode plant at Kendal Industrial Park (Phase 1), expanding to 160,000 tpa, the largest anode facility outside China — which was launched with senior Indonesian government endorsement. This extends China's non-market cost advantages into a third country, as BTR Indonesia retains Chinese upstream supply relationships, technical ecosystems, and capital while benefiting from Indonesian government incentives

Since operations began, Indonesian exports of AAM to the U.S. now average above 1,000 tons per month – an increase from zero exports at all. At the same time, Chinese BTR has greatly decreased AAM exports from China. This is indisputable evidence that BTR has deliberately begun exporting more material from Indonesia instead of China to evade trade restrictions. Indonesia reinforces this dominance through aggressive resource nationalism policies, including bans on raw mineral exports and strict domestic processing requirements.

Nickel

Indonesian nickel producers, many of which are owned or controlled by China, continue to dump into the market even as prices plunged 45% in the last year. In 2023, global nickel surplus reached 220,000 tons, almost entirely due to Indonesia's oversupply. Indonesia now produces more than half of the world's nickel and has become so confident in its ability to control the global market that its government recently stated prices will not rise beyond \$18,000 per ton on the London Metal Exchange (LME).¹⁴ This intentional domination of the market has forced other producers to shutter operations, most notably in Australia.

Consideration of Allies When Implementing Section 301 Actions

USTR should carefully calibrate any potential trade remedies to avoid undermining trusted partner countries that are essential to building resilient, market-based supply chains. The U.S. should prioritize the development of supply chains anchored by high labor standards, transparency, and shared market principles, while reducing dependence on jurisdictions that engage in non-market or distortive practices. Strategic cooperation with allied and partner economies is important in complex sectors such as critical minerals and battery technologies, where production is highly specialized and globally integrated. Plurilateral programs with trusted partners, such as FORGE (Forum on Resource Geostrategic Engagement) and Pax Silica, help create a more level playing field in the market and should be considered.

USTR should distinguish between countries that contribute to supply chain vulnerabilities and those that serve as strategic partners. **Japan, South Korea, and Mexico** play indispensable roles in advancing a U.S.-aligned battery ecosystem, particularly through their leadership in battery manufacturing, materials processing, and component production. U.S. and allied companies in these jurisdictions produce essential interim battery components—including cathode and anode materials, separators, electrolytes, and advanced materials—as well as non-cell components such as battery management systems and thermal controls. Moreover, their involvement in programs such as FORGE and Pax Silica that counter supply chain vulnerabilities and market manipulation are vital to strengthening supply chains in these critical areas. These contributions are vital to scaling domestic manufacturing capacity in the U.S. and should be exempted from, or addressed separately in, any tariff measures to avoid disrupting critical supply chain development.

¹⁴ Bloomberg. [Indonesia Says Its Nickel Supply Will Keep Global Prices Low](#). February 2024.

Close allies such as **Canada** and **Finland** provide highly specialized and integrated capabilities that directly support U.S. industrial objectives – for instance, Canada has leading technologies that can help break China’s global control of supply chains and be deployed in the United States. Furthermore, American and Canadian battery recycling operations are deeply interconnected, with significant cross-border flows of recyclable materials; imposing tariffs on batteries designated for recycling would disrupt these established logistics, increase costs, and reduce recycling throughput. In addition, **Norway**, along with other Nordic partners, supplies specialized equipment and expertise essential for battery recycling and critical mineral processing. Access to such technology is necessary to expand U.S. domestic processing capacity, and tariff measures on these inputs would risk slowing investment and deployment of critical minerals infrastructure.

BMTC is currently monitoring policy, regulatory, and trade developments in Canada that could impact the cross-border movement of batteries for recycling. Given integrated operations between the U.S. and Canada, any future changes implemented by Canada to transportation, environmental, or import/export requirements could affect material flow. Currently, BMTC has not identified specific Canadian policies that are negatively impacting U.S. operations but are closely tracking developments to assess potential risks. BMTC is also monitoring evolving policies and market dynamics within the **European Union** that could affect access to specialized battery recycling and critical mineral processing equipment.

Conclusion

For the foregoing reasons, USTR should focus its Section 301 actions on those economies whose acts, policies, and practices sustain structural excess capacity, enable forced labor risks, and distort global markets to the detriment of U.S. commerce. In the critical mineral and advanced battery sectors, these distortions—driven by non-market policies and insufficient labor safeguards—undermine investment in domestic production, suppress prices, and increase U.S. dependence on concentrated foreign supply. Targeted remedial measures to address these market-distorting actions are necessary to restore market-based conditions and support the development of resilient U.S. industrial capacity.

At the same time, any action taken should be carefully calibrated to avoid unintended consequences for trusted partners that play a constructive role in U.S.-aligned supply chains. Close allies with strong labor standards and advanced technological capabilities are essential to building secure, diversified, and transparent supply networks in critical minerals and battery technologies. Disrupting these partnerships through broad or undifferentiated tariff measures would risk slowing investment, fragmenting supply chains, and undermining shared strategic objectives.

Accordingly, USTR should adopt a targeted, balanced, and partner-aware approach that distinguishes harmful non-market actors and strategic collaborators. By combining enforcement against distortive practices with strengthened cooperation among allied economies, the United States can reduce supply chain vulnerabilities, promote fair competition, and advance a durable, high-standard framework for global trade in critical materials and advanced manufacturing.

Sincerely,

Ben Steinberg
President
BMTC