# TESTIMONY OF THE GLOBAL ELECTRONICS ASSOCIATION

Public Hearing of the Office of the U.S. Trade Representative
Section 301 Investigation: Structural Excess Capacity
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Good morning, members of the Section 301 Committee. Thank you for the opportunity to testify today.

I am Chris Mitchell with the Global Electronics Association. We represent 3,200 companies across the electronics manufacturing ecosystem, including PCB fabrication, component manufacturing, semiconductor packaging, electronics assembly, and advanced systems integration. 1,700 are headquartered in the United States. The U.S. electronics sector accounts for 1.3 million jobs and $802 billion in output, and it underpins American innovation, defense readiness, and industrial competitiveness.

We share the Administration's concern about state-directed industrial policy that distorts global markets. But we ask the Committee to draw a clear line between capacity that exists because of unfair government intervention, and capacity that exists because electronics manufacturing requires scale, forward investment, and surge capability as baseline operating conditions.

Without that distinction, the finding becomes circular. Capacity exists, therefore it is structural, therefore it is distortive.

Three realities of our industry are worth highlighting.

First, investment comes first, and revenue years later. Fabrication facilities require billions in capital committed long before the first product ships. Qualification

cycles for automotive, aerospace, and medical applications run 18 to 36 months. Firms must build ahead of demand or forfeit market position. This is not overcapacity. It is the cost of entry. A finding that treats standard industry economics as evidence of distortion sets a precedent that could be turned against any capital-intensive sector, including the U.S. semiconductor buildout under the CHIPS Act.

Second, cyclicality is not excess. Utilization rates in PCB fabrication, memory, and advanced packaging routinely move 20 or more points in a single cycle.

Third, concentration often reflects specialization. East Asia's prominence in PCB fabrication and semiconductor packaging developed over decades of compounding investment and learning-curve effects. That concentration lowers costs for every U.S. company that sources from it. Rebuilding these supply chains in the U.S. will require time and a commitment of resources from both industry and government.

Our 2025 Trade Flow Study underscores the broader point. Export champions are also import powerhouses. The United States and the European Union are among the largest importers of inputs and the largest suppliers of finished goods. Severing global linkages risks slowing innovation, raising costs, and redirecting trade through less efficient channels often without meaningful benefits to economic or national security.

We respectfully urge three things.

First, set a rigorous evidentiary standard. A finding of structural excess capacity should rest on concrete evidence of non-commercial support that sustains capacity beyond plausible commercial justification and is deployed to suppress prices or foreclose U.S. market entry.

Second, do not treat allies as interchangeable with state-directed competitors. Allied capacity in Japan, South Korea, Taiwan, and Europe exists within market economies, often developed in partnership with U.S. firms. Penalizing it fractures the coalitions necessary to address genuine distortions, and it cuts against the friend-shoring strategy this Administration has championed.

Third, scope remedies to strategic priorities. The United States has allowed domestic capacity in advanced PCB and substrate fabrication to erode to near-total foreign dependence. Rebuilding those capabilities is urgent. But tariffs on commodity-grade components and mature-node production without clear near-term plans and industry demand signals to onshore will raise costs without advancing any strategic objective.

Finally, tariffs alone cannot solve the real constraints on U.S. competitiveness. We need a skilled manufacturing workforce, modern production facilities, and regulatory timelines that match competitor economies. The CHIPS Broad Agency Announcement and the AI Export Program reflect the administration's commitment to those efforts. That commitment must be sustained, paired with a clear statement that electronics manufacturing is a strategic national priority.

Capacity concentration is a hallmark of specialization and scale. Effective policy favors targeted investment, allied coordination, and regulatory predictability over blunt instruments that raise costs without building capacity.

The Global Electronics Association and our members stand ready to provide data and technical expertise to support this investigation.

Thank you. I welcome your questions.