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In celebration of a milestone 30th anniversary, Paragon Steel is featured in the latest Metro Los Angeles Santa Barbara edition of The Who’s Who in Building & Construction. The article spotlights the successful team and philosophy behind Paragon Steel. Visit www.paragonsteel.com to view the complete article.

Jim Stavis’ new book is about overcoming all the odds. It is achievement paired with loss, and accomplishment paired with adversity. It is having faith that in all things, even the most challenging and heartbreaking, you can learn and gain something important. It begins with the hope and belief that you can get through anything, even if it’s your only option.

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THE STEEL TARIFFS
Separating Fact From Fiction

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President Donald Trump has certainly raised the level of awareness of the plight of the domestic steel industry for all the world to see. Considering all of the other matters he has on his plate, it is almost comical that he has chosen the steel industry to plant his flag in the ground. Particularly for those of us on the west coast who depend on import steel, this presidential stand has had a big impact, particularly on pricing.

To quote Trump, "What’s been allowed to go on for decades in the United States has been disgraceful. And when it comes to a time when our country can’t make steel and aluminum, our country is not the same. And we need it." It’s such rhetoric and talk about the future of your country that has many concerned that they might lose their jobs and their way of life. 

Myth #1: The U.S. doesn’t make steel anymore. Fact: The U.S. produced 80.9 million metric tons (mt) of steel in 2017. That only trails three other steelmaking countries worldwide—behind China (832 mt), Japan (105 mt) and India (101 mt).

Myth #2: America’s steel sector is getting decimated by imported Chinese steel. Fact: In 2017, the U.S. imported 34.5 million mt of steel from total from all countries. China’s direct share of that was just 3.6% (760,126 mt). In 2016, the U.S. imported 30 million mt of steel from all countries of which China accounted for 2.6% (791,133 mt). These are not staggering amounts.

The confusion comes when muddled with this fact: China is the world’s largest steelmaking country and exports 100 million mt to the world. Often times, Chinese steel is shipped to one country and then is shipped to another country or into the U.S. Still, it is factual to say that Chinese steel peaked in 2014 and 2015 at 2.9 million mt and 2.2 million mt, respectively.

Myth #3: The U.S. has not faced its steel trade problem. Fact: Steel companies in the U.S. have a long history in litigating the unfair steel trading practice of other countries, especially in recent years. Industry producers, after petitioning the Commerce Department, have received many favorable rulings, claiming they have been injured by illegal trade. As a result, there are 142 steel trade cases and remedies now in place by the U.S. International Trade Commission.

Myth #4: Steel imports are detrimental to the U.S. Fact: The U.S. relies on steel imports to meet the overall demand of steel. The domestic producers are incapable of keeping up with American demand, especially on the west coast where manufacturing costs are being reduced, which is swelling profit margins at the production level.

Myth #6: The forthcoming tariffs will surely lead to trade wars, higher prices, etc. Fact: There’s too much confusion to say at this point. The dust needs to settle. Much of the President’s dialog is for negotiating purposes. He is posturing for an improved NAFTA agreement with Canada and Mexico. He is trying to extract better trade agreements with countries around the globe on a variety of commodities. While the President postures, it has created a panic amongst steel users across countries around the globe on a variety of commodities. While the President postures, it has created a panic amongst steel users across the country. Will the prices continue to increase? Will shortages occur? It is doubtful, but only time will tell. Based on the Commerce Department’s recommendations, the goal is to reduce total steel imports by about 13 million mt. In a world that consumes 1.5 billion mt of steel, 13 million mt seems fairly small, but those tons will need to find a new home elsewhere—other than the USA.

Myth #5: The steel industry in the U.S. is uncompetitive. Fact: The labor to manufacture steel has shrunk from 10.1 man hours per finished ton in 1980 to 4.4 in 2015. There are some mills that boast an average of 0.5 man hours per ton. So while prices are increasing, manufacturing costs are being reduced, which is swelling profit margins at the production level.

Hopefully, this analysis will help you understand what is happening with all the Trump tariff talk. We are hoping there is some truth to what is being said soon because it is the uncertainty that has caused the markets to roil. No one likes uncertainty—especially the stock markets. Stay tuned...