

American Steel v. China's Production - There is no such thing as free trade

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As American steel production falters, China has begun efforts to dump its excess steel at slashed prices.

According to Thomas J. Gibson, president and CEO of the American Iron and Steel Institute, and Chuck Schmitt, president of SSAB Americas and chairman of the American Iron and Steel's Institute's board of directors, the steel industry is the backbone of American manufacturing.

The United States military has long used steel for their aircraft carriers, nuclear missiles, armor plates for tanks and more, while the steel industry is also necessary to the world's water, food and energy generation.

Unfortunately, with China slashing prices and taxes on its over-produced steel, cheaper steel has become widely available, leading to a decline in American metals industry jobs by 21,500 positions.

According to Daniel R. Pearson, a former member of the U.S. International Trade Commission and who is currently a senior fellow in trade policy studies at the Cato Institute, told Forbes: "Chinese policymakers set their steel sector on a path of continual expansion, which led to an eight-fold increase in that country's steel output over the past 15 years.

"However, Chinese leaders forgot to build an 'off' switch into their steel-making leviathan, which now produces fully half the world's output."

While the United States' steel production suffers, china has taken steps to prepare for the eventual shut down of a significant portion of its steel industry.

It is currently believed that China has over 1,200 million metric tons (MMT) of steel capacity and has produced over 800 million MMT last year.

Over the past four years, American production declined 11 percent, leaving the market hopeful for anti-dumping or countervailing duty restrictions.

Steel import restrictions have created prices that are high enough to give imported goods an advantage in the U.S. market vs. domestic manufacturing firms.

Though the industry specialists are unable to reach a consensus of how to combat China's underhanded methods, one fact remains: U.S. steel is on its way out.