

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

_____)	Inv. Nos. 701-TA-524-225
Welded API Line Pipe from Korea and)	and 731-TA-1260-1261
Turkey)	(Preliminary)
_____)	

STATEMENT OF HOPE SNOW, TRIDENT STEEL

Good afternoon. My name is Hope Snow. I am the Vice President, Line Pipe at Trident Steel, a major distributor of Line Pipe and OCTG located in St. Louis, MO. I have worked for Trident Steel in charge of line pipe sales for 17 years and I've been in the steel distribution business for 40 years. Trident purchases line pipe from a number of different importers, including imports from Korea. Trident also purchases line pipe from some US producers.

Many US end-users of line pipe, including most gas companies, have an Approved Manufacturers List (AML). If the line pipe we are quoting is not on the AML of the end user, they generally will

not purchase our line pipe. Most domestic producers are on the AMLs of most end users. End users typically prefer to purchase line pipe from domestic mills for a number of reasons:

- Lead times: Lead times from order to delivery for imports of line pipe from Korea are roughly 120 to 150 days. This is a significant delay. Sometimes we will have inventory of the product they are seeking, but often we do not. We can get the line pipe, but with a significant delay. In the case of US producers, they do not have the same delays.
- Liability issues: Many US purchasers feel more comfortable knowing that the producer is in the US if they have quality claim issues.
- AMLs: One reason that end users turned to AMLs for line pipe is that unlike OCTG, there is no intermediate US processor that will inspect the pipe. There were some quality problems with Chinese Line Pipe when it began coming in, and as a result, many end users started to pre-qualify their purchases using AMLs. Most, but not all, US

producers are on the AMLs of the major end users. Most but not all Korean producers are on several end user AMLs. But the reality is that many end-users do not accept imports on their AMLs. But one reason that imports from Korea have generally increased relative to imports of line pipe from non-subject countries is that imports of line pipe from many non-subject countries are not accepted by end users like imports from Korea are. So we have seen growth in imports from Korea relative to other imports in part due to this preference.

Depending on my customer's needs, I try to source line pipe from domestic suppliers. Most domestic producers will not sell to Trident and other distributors outside of their distributor network. This is a long standing policy and part of the structure of the domestic market. The reason is simple: domestic producers have their own distributors and do not want to supply steel to other distributors outside of their networks. That, of course, is their

choice. But the fact is that I try to purchase from US mills and I can't because they will not supply me. And it isn't a matter of the price-- it is because of the way US mills have structured their business.

A couple of US mills do supply Trident on a spot basis, and we value the relationship. But it is no secret that they charge us higher prices because we are not their stocking distributors -- we are spot purchasers and they charge a premium to us.

Depending on our customer's needs, our customer may be willing to pay that premium for the line pipe. And if we were able to source more line pipe from domestic mills, we would. But the fact is that we can't because the mills will not even quote to us, much less sell to us.

When I place an order for imported line pipe from Korea, I do so based on prevailing prices at the time I place the order. The lead time from Korea is roughly 120 days from the time I place the

order. As you can imagine, a lot of things can happen in 120 days. When you look at 2012 and 2013, demand dropped significantly. Prices dropped as well. When prices decline, this is a very real problem for us. We lose money, because we essentially buy a forward position, so you can bet that when we sell the line pipe into the down market, we try to obtain the highest price that we can in order to minimize our loss.

Trident Steel purchases line pipe from Korea and other countries. Because of the AMLs, Korean line pipe generally has greater acceptance in the market than imports from other sources. In addition, the prices at which we sell Korean line pipe can be the same or higher than the prices of other imported line pipe.

Trident purchases primarily line pipe under 16". These line pipes are used primarily as gathering lines for Natural Gas wells to transport the natural gas from the well head to the storage tank or facility. The market for under 16" line pipe is different from the

market for the over 16” line pipe, which is used less as gathering pipe and more in transmission lines. Historically, 16” – 24” has not been a very prevalent size range, and it was historically sourced overseas because there was limited domestic capacity to produce it.

My view of the line pipe market is very different from what you heard from the US producers. Between 2011 and 2012, the market was pretty good. Imports were up, but so were domestic shipments by US producers. But between 2012 and 2013, domestic demand declined significantly. I’m not sure what the reason was; it may be related to the decline in Natural Gas wells. But whatever the reason, the market turned down-- both volumes and of course prices. During this time, there was nothing different going on between US producers and imports-- everyone felt the decline in the market.

The market appears to be changing for the better. Right now, U.S. mills are quoting orders for January-February. This tells me that domestic order books are full and out several months. This was not the case at this time last year.