



**Heavy Walled Rectangular Pipe
and Tube from Mexico, Korea and
Turkey; Inv. Nos. 701-TA- 539,
731-TA-1280- 1282
Hearing**

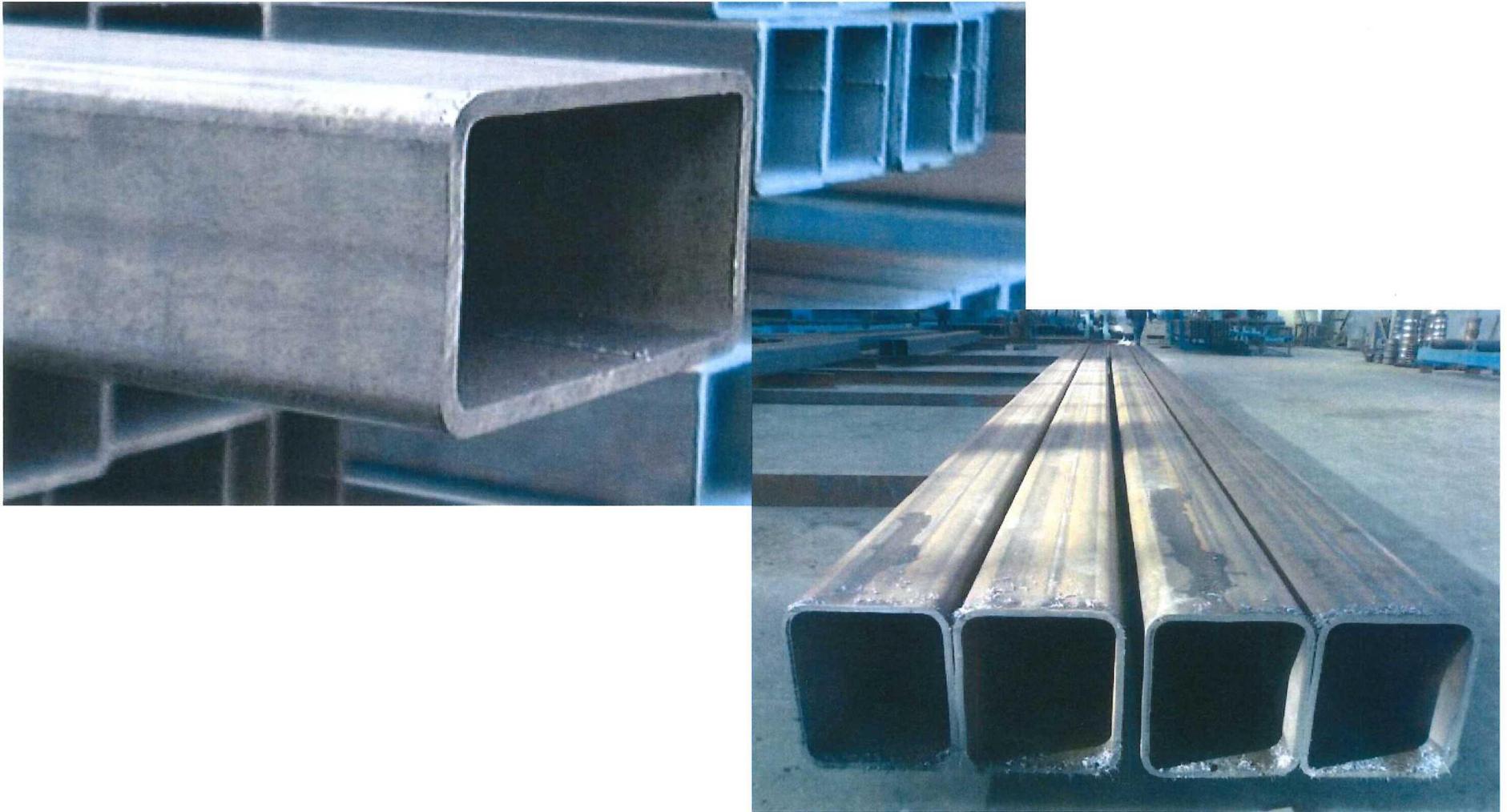
**Presentation For Turkish
Producers**

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Arent Fox

Presented by: Matthew M Nolan
Arent Fox LLP

July 14, 2016

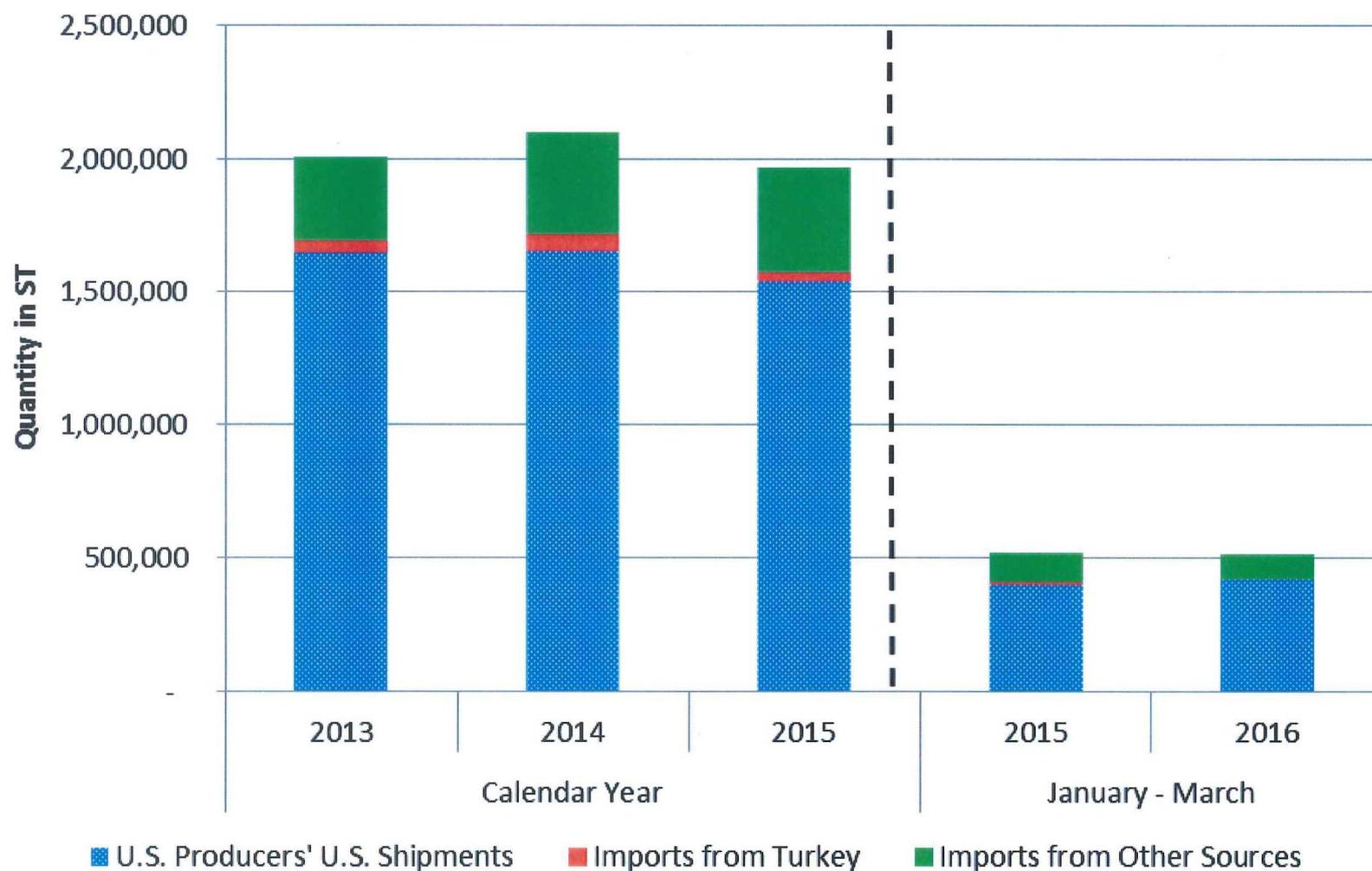
Heavy - Walled Rectangular Welded Carbon Pipe



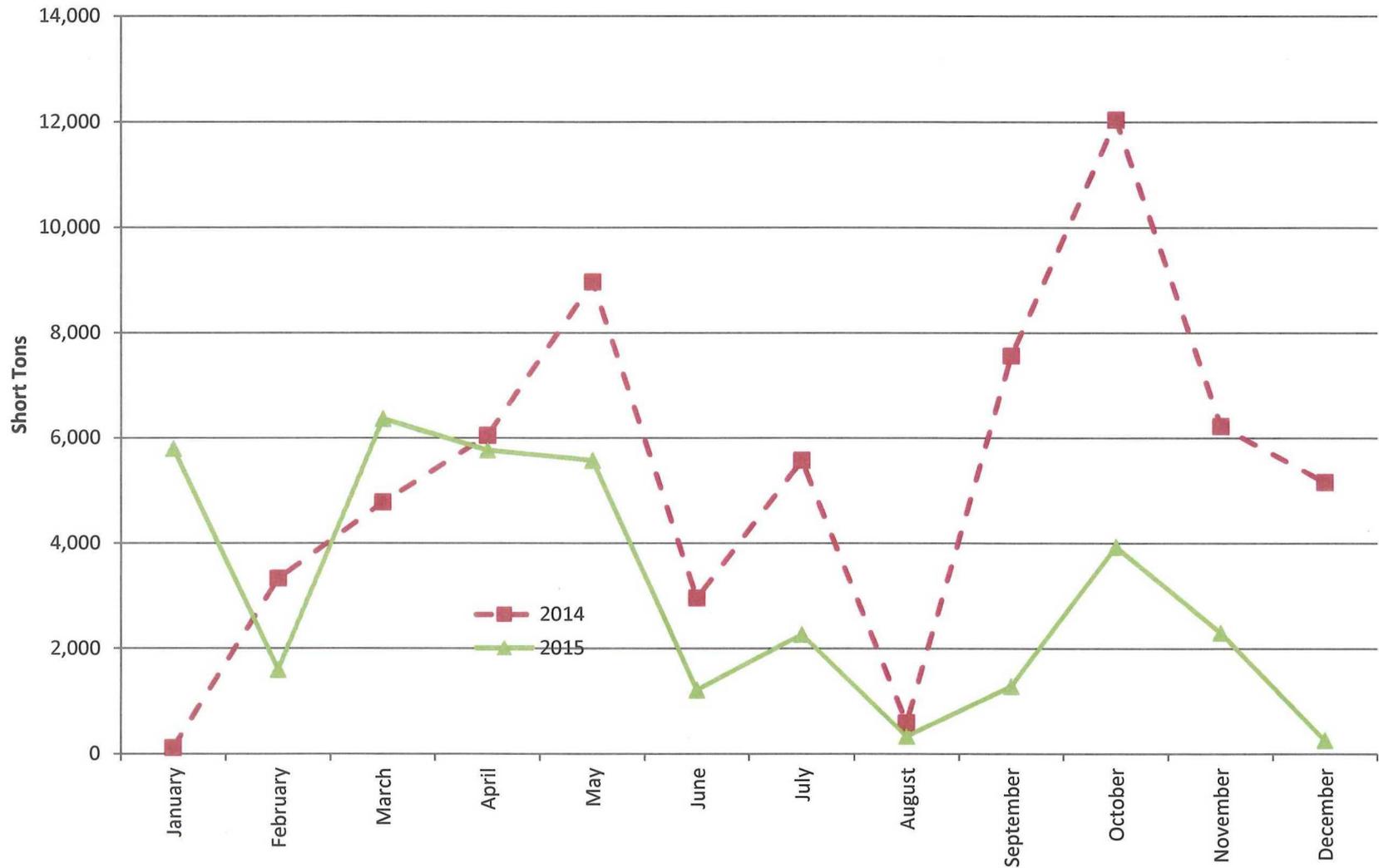
Turkish Imports Are Not Significant

- **Market share: 2013 -- 2.1%; 2015 –1.7%, 2014- 2.5%.**
- **Total increase 2013 -2014: 15,230 tons or 0.7% of demand.**
- **Turkey accounts for the least amount of U.S. imports when compared to other subject producers.**
- **In 2015, Turkey accounted for 8.5% of U.S. imports, by quantity, compared to 10.9% from Mexico, and 17.7% from Korea 49.4% from Canada.**
- **Turkey's imports are projected to decrease even further**
- **Imports from Canada accounted for 49.4% of U.S. imports**

Subject Import Volume From Turkey Was Very Small Compared to Volume From Other Sources



Monthly Import Volumes From Turkey Were Lower in 2015 Than in 2014 – Even Before the Petition Was Filed

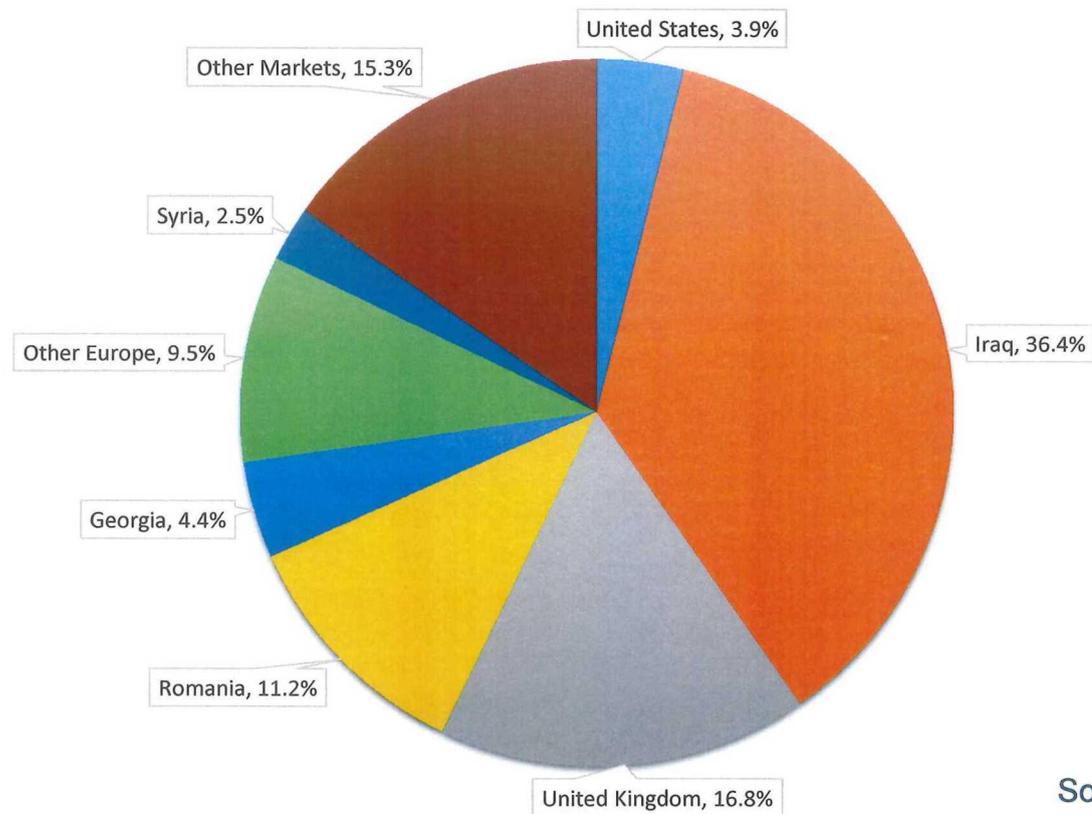


Decline In Domestic Operating Margin Is Attributable To Increase In Costs

- Drop in consumption in 2015 triggered by HRC fall. High cost Raw material and finished inventory.
- Domestic industry's operating margin declined 3.4%, between 2013-2015
- “Other factory costs” increased 2.5%
 - Attributable to the fact that there is a decrease in production and sales of HWR pipe, but no corresponding decrease in factory costs.
- “SG&A” expenses increased 1.8%
 - SG&A expenses increased while demand, industry production, and HWR pipe's share of production on same equipment declined
- Subject imports not responsible for decline in operating margin

There Is Strong Demand For Turkish HWR From Other Countries

2015 TURKEY EXPORT OF
HEAVY WALLED RECTANGULAR WELDED CARBON PIPE
(SHORT TON)



Source: Table VII-13

Strong Demand In Other Countries Will Limit Imports To The U.S.

- **Iraq accounted for greater than 33% of Turkish exports of HWR pipe, by quantity, since 2013**
- **Countries in Europe accounted for greater than 33% of Turkish Exports of HWR since 2013**
- **Iraq and European countries accounted for 71%-78% of Turkish exports from 2014-2015**
- **U.S. accounted for 10.5% its height in 2014 and was 3.9% in 2015 and is expected to be lower**

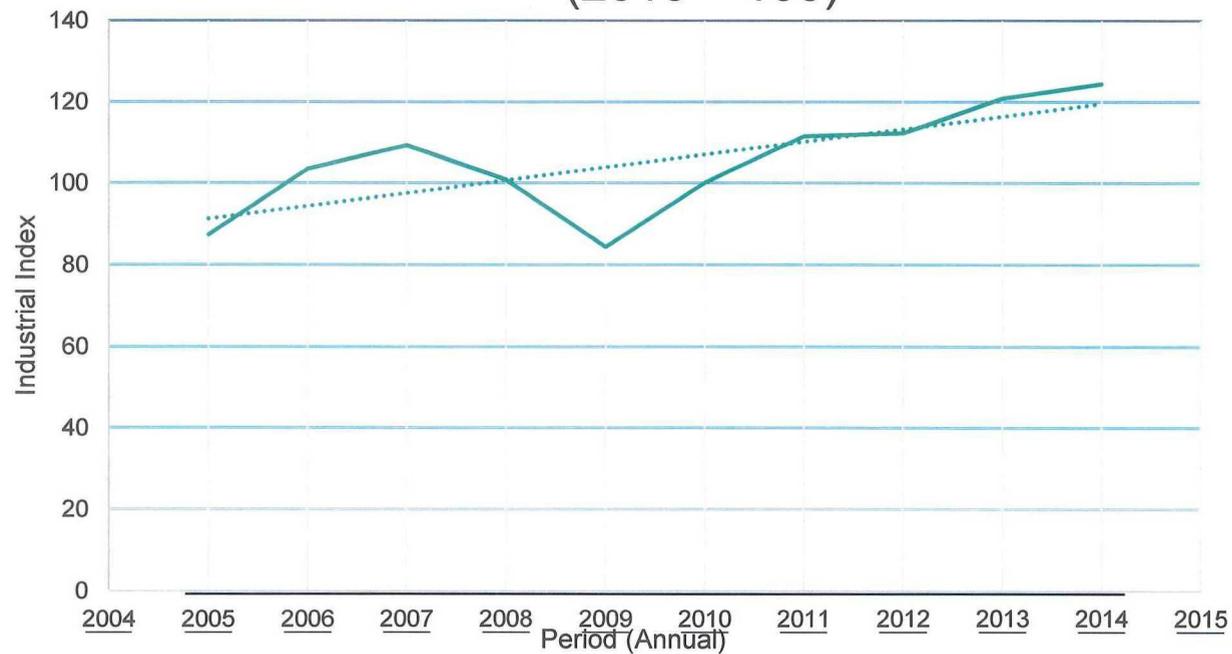
Demand In Iraq Fueled By Construction Projects

➤ Diwaniya Airport and Aerotropolis

- Construction of airport and related facilities on 1,750 ha of land. \$1.35 billion project
- Includes construction of free trade zone
- Construction of hotels, an entertainment district, exposition center, public plaza, shopping center, hospital, sports complex, industrial parks, university campus, manufacturing facilities and mixed use commercial and residential facilities
- Project expected to take at least five years

Turkey Construction Industry Strong

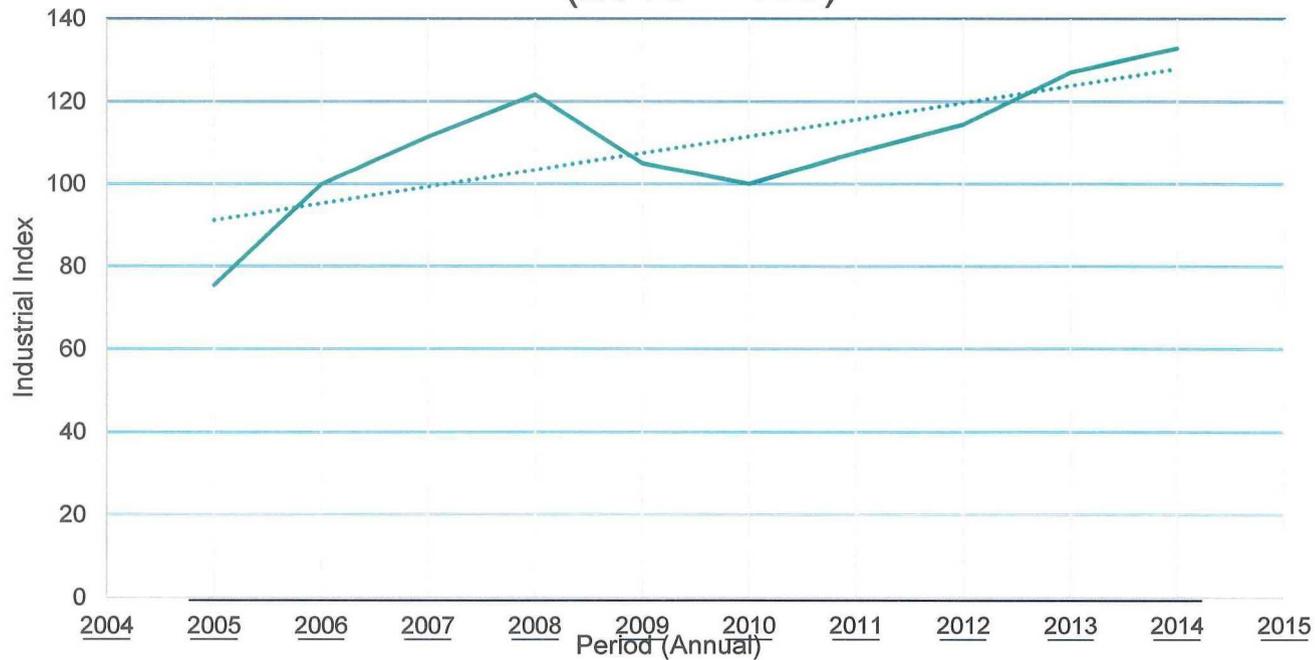
Construction Production Index Annual
(Source:TUIK)
(2010 = 100)



Source: Turkish Statistics Institution

Turkey Construction Industry Strong

Construction Turnover Index Annual
(Source:TUIK)
(2010 = 100)



Source: Turkish Statistics Institution

Urban Transformation Law

- Urban Transformation law requiring strengthening and rebuilding of certain structures in earthquake risk areas implemented in May 16, 2012
- 7 million residences to be renewed/strengthened
- Annual new building capacity 250,000 concrete, 70,000 steel structural
- Period required 22-28 years
- Impact in structural steel demand 300,0000 tons annually

Major Turkish Construction Projects

- **New Istanbul Airport – 150 million passengers annually World's Largest Airport 26 billion Euros**
- **Third Bosphorus Bridge**
- **Izmit Bay Bridge and Highway connecting Izmir and Istanbul**
- **Tubular products required for 1800 km pipeline will be supplied by Turkish producers Tosçelik, Borusan Mannesmann, Erciyas Boru, Emek, Umran and Noksel**

U.S. Producers Expect A Strong Market For Their Product

- **Demand in construction and manufacturing are showing positive trends**
- **U.S. industry invested new facilities, updated current mills and announced investment plans to take advantage of positive trends**
- **U.S. producers' decision to expand production capacity demonstrates high level of confidence in U.S. market**