UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:	**) Investigation Nos.:**
LARGE DIAMETER WELDED PIPE FROM CANADA,	**) 701-TA-593-596 AND**
CHINA, GREECE, INDIA, KOREA, AND TURKEY	**) 731-TA-1401-1406 (PRELIMINARY)**

Pages: 1 - 193
Place: Washington, D.C.
Date: Wednesday, February 7, 2018

Ace-Federal Reporters, Inc.
Stenotype Reporters
1625 I Street, NW
Suite 790
Washington, D.C. 20006
202-347-3700
Nationwide Coverage
www.acefederal.com

UNITED STATES OF AMERICA

BEFORE THE

INTERNATIONAL TRADE COMMISSION

- - - - - - - - - - - - - - - - - - x

IN THE MATTER OF:	:	Investigation Nos.
LARGE DIAMETER WELDED PIPE FROM	:	701-TA-593-596 and
CANADA, CHINA, GREECE, INDIA,	:	731-TA-1401-1406
KOREA, AND TURKEY	:	(Preliminary)

- - - - - - - - - - - - - - - - - - x

Main Courtroom
U.S. International Trade
Commission
500 E Street SW
Washington, DC
Wednesday, February 7, 2018

The Conference commenced, pursuant to notice at 11:29 a.m., before the Investigative Staff of the United States International Trade Commission.

APPEARANCES:

Staff:

William R. Bishop, Supervisory Hearings and Information Officer

Sharon Bellamy, Records Management Specialist

Tyrell Burch, Program Support Specialist

Douglas Corkran, Acting Director, Office of Investigations and Supervisory Investigator

Abu Kanu, Investigator

Gregory LaRocca, International Trade Analyst

Aimee Larsen, International Economist

Joanna Lo, Accountant/Auditor

Michael Haldenstein, Attorney/Advisor

Opening Remarks:

In Support of Imposition (Laura El-Sabaawi, Wiley Rein LLP)

In Opposition to Imposition (Frank Morgan, Trade Law Defense LLC)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Wiley Rein LLP

Washington, DC

on behalf of

Petitioners

Jason Norris, President, Dura-Bond Industries

John P. Stupp, Jr., President and Chief Executive Officer, Stupp Bros.; and Chief Executive Officer, Stupp Corporation

John Clark, Chief Commercial Officer, Stupp Corporation

Robert Griggs, President and Chief Executive Officer, Trinity Products

Laurent De Mey, President, Skyline Steel

Michael Chefren, Vice President of Operations, Skyline Steel

-- continued --

In Support of the Imposition of Antidumping and Countervailing Duty Orders (continued):

Ingo Riemer, President and Chief Executive Officer, Berg Steel Pipe Corp.

Jonathan Kirkland, Vice President, Sales and Logistics, Berg Steel Pipe Corp.

Wesley Hendricks, Director of Operations, Pipe Division, JSW Steel (USA) Inc.

Burton Bluestone, President, Greens Bayou Pipe Mill, LP

Robert Y. Kopf, General Manager, Business Support, United States Steel Corporation

Dr. Seth Kaplan, Senior Economic Advisor, Capital Trade, Inc.

Andrew Szamosszegi, Principal, Capital Trade, Inc.

Timothy C. Brightbill - Of Counsel

Tessa V. Capeloto - Of Counsel

Laura El-Sabaawi - Of Counsel

-- continued --

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Vorys, Sater, Seymour and Pease LLP

Washington, DC

on behalf of

Corinth Pipeworks Pipe Industry S.A.

CPW America Co.

(collectively "CPW")

Apostolos Papavasileiou, Chief Executive Officer, Corinth Pipeworks Pipe Industry S.A.

Alexandra Tzanetopulou, Legal Advisor, Corinth Pipeworks Pipe Industry S.A.

Dianne Burger, President, CPW America Co.

Frederick P. Waite - Of Counsel

Kimberly R. Young - Of Counsel

-- continued --

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Trade Law Defense LLC
Alexandria, VA
on behalf of

Welspun Corp Limited
Welspun Tradings Ltd.
Welspun Global Trade LLC
Welspun Tubular LLC

Russell Fisher, Senior Vice President of Sales and Marketing, Welspun Global Trade LLC
Frank Morgan - Of Counsel

Arent Fox LLP
Washington, DC
on behalf of

The Turkish Steel Exporters Association and its members

Andrew Jaxa-Debicki - Of Counsel

-- continued --

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Cassidy Levy Kent (USA) LLP

Adduci, Mastriani & Schaumberg

Washington, DC

on behalf of

EVRAZ NA

Brian Kristofic, Director of Trade and Government Affairs, EVRAZ NA

Alan Harapiak, Vice President of Operations for the Tubular Division, EVRAZ NA

James R. Cannon - Of Counsel

Christopher Cochlin - Of Counsel

Deanna Tanner Okun - Of Counsel

Rebuttal/Closing Remarks:

In Support of Imposition (Timothy C. Brightbill, Wiley Rein LLP)

In Opposition to Imposition (Frank Morgan, Trade Law Defense LLC, and Frederick P. Waite, Vorys, Sater, Seymour and Pease LLP)

I N D E X

INDEX

P R O C E E D I N G S

11:29 a.m.

MR. BISHOP: Will the room please come to order?

MR. CORKRAN: Good morning and welcome to the International Trade Commission's Conference in connection with the Preliminary Phase of Antidumping and Countervailing Duty Investigation No. 701-TA-593 through 596 and 731-TA-1401 through 1406 concerning large diameter welded pipe from Canada, China, Greece, India, Korea and Turkey.

My name is Douglas Corkran. I'm the acting director of the Office of Investigations and the Supervisory Investigator on these investigations and I'll be presiding at this conference. Among those present from the Commission Staff are from my far right Mr. Abu Kanu, our Investigator; Michael Haldenstein our Attorney Advisor; Aimee Larson our Economist; Joanna Lo our Accountant Auditor and Gregory LoRocca our Industry Analyst.

I understand that parties are aware of the time allocations. Any questions regarding time allocations should be addressed to the Secretary. I would remind speakers not to refer in your remarks to business proprietary information and speak directly into the microphones. We also ask that you state your name and affiliation for the record before beginning your presentation or answering questions for the benefit of the court reporter.

All witnesses must be sworn in before presenting testimony. Are there any questions?

(Silence)

Mr. Secretary, are there any preliminary matters?

MR. BISHOP: Mr. Chairman, I would note that all witnesses for today's conference have been sworn in. I would also remind everyone to please state your name for the record when you speak so the court reporter knows who to attribute the comments to. It is difficult for him to see. There are no other preliminary matters.

MR. CORKRAN: Thank you very much Mr. Secretary and very well. Let us begin with opening remarks.

MR. BISHOP: Opening remarks on behalf of those in support of imposition will be given by Laura El-Sabaawi of Wiley Rein. Ms. El-Sabaawi, you have 5 minutes.

STATEMENT OF LAURA EL-SABAAWI

MS. EL-SABAAWI: Good morning and thank you to Mr. Corkran and all of the Commission Staff. On behalf of petitioning U.S. Producers of large diameter welded pipe and their workers, we greatly appreciate your work on this new investigation. We are here today in an effort to restore fair trade to the large diameter welded pipe market in the United States.

Dumped and subsidized pipe imports from the six

Subject Countries are surging into the U.S. Market severely injuring the Domestic Industry. These imports have damaged the market share, prices and profits of U.S. Producers. They have also forced mills to idle and caused the loss of hundreds of American jobs.

The statutory factors that the Commission normally considers have been easily met in this case. First, the Commission should define a single like product and a single Domestic Industry coextensive with the scope.

The Commission also should analyze all Subject Imports on a cumulative basis. Large diameter welded pipe from all of the Subject Countries is interchangeable, both with each other and with the domestic like product and it competes with the same geographic regions for the same exact products.

Subject Imports and the domestic like product are sold through the same channels of distribution and were simultaneously present in the U.S. during the period. The volumes of these Subject Imports have been high and injurious throughout the POI. Already in 2015 Subject Imports were overwhelming the U.S. Market for large diameter welded pipe.

Since then, Subject Imports have remained at extremely high levels. They grew substantially from 2016 to 2017, reaching more than 750,000 tons. This increase in dumped and subsidized imports exceeded any growth in apparent domestic consumption last year. As a result, Subject Imports took market share from the Domestic Industry with Subject Imports market share reaching its period peak in 2017.

Subject Producers took millions of tons of sales from U.S. Producers and they did so using dumped and subsidized pricing. The average unit values of Subject Imports fell, pushing down Domestic prices throughout the period. The AV data we submitted in the petition showed substantial underselling by Subject Imports and we expect that the pricing product data that the Commission is compiling will show the same.

These price effects have been particularly pronounced because competition in this industry is based on price. It is the only factor that meaningfully distinguishes domestic from Subject Import pipe. The sales, market share and pricing that the Domestic Industry lost to Subject Imports directly harmed its financial performance. Almost all of the industry's trade and financial indicators showed declines over the period. This data does not even fully capture the injury suffered by U.S. Producers.

Because of the nature of the bidding process for pipeline projects and the resulting lag effect some profits made in recent years were tied to projects won well before the period. As those projects have dried up due to unfair Subject Import competition, the Domestic Industry's losses will now extend and without relief will worsen into the future.

Because of the projects that have been lost, U.S. Producers are being forced to idle their mills and lay off shifts. In fact, over the period more than 450 American workers lost their jobs because of Subject Imports. The industry as a whole is producing at less than 35 percent of capacity. This is disastrous for any steel product.

We look forward to providing you with additional information today, which along with the evidence already on the record, will show the Commission that dumped and subsidized imports of large diameter welded pipe from Canada, China, Greece, India, Korea and Turkey are injuring and threaten to injure the Domestic Industry.

We ask the Commission to please make affirmative determinations with respect to all Subject Imports and to restore a level playing field to the U.S. Market for large diameter welded pipe. Thank you.

MR. BISHOP: Opening remarks on behalf of those in opposition to imposition will be given by Frank Morgan of Trade Law Defense. Mr. Morgan, you have five minutes.

STATEMENT OF FRANK MORGAN

MR. MORGAN: Good morning members of Staff.

Thank you very much for the hard work you have done already and that I know you are going to put in the next couple of weeks. My name is Frank Morgan with Trade Law Defense and I am appearing on behalf of the Welspun Group today. My opening remarks are offered on behalf of all the Respondents.

No matter what Petitioners may claim, injury cannot be attributed to an increase in the volume of Subject Imports. And how can I say that with a straight face? I mean, did I fall on the ice on the way in today? No. The 2017 imports from India consisted almost entirely of LDWP in lengths and thicknesses the producers cannot manufacture in the United States.

I know, you've heard that before but today you're going to have testimony on this issue from one of the largest U.S. Producers of LDWP from a witness who has been in the business for 35 years. Not to mention from a U.S. manufacturer who was a Petitioner in the last case against LDWP from Korea and Turkey and who remains deeply committed to the Domestic Industry and its domestic production.

Why is getting to the bottom of this issue so important for assessing whether Subject Imports caused injury even in the preliminary phase? To answer that question I direct you to Exhibit I-8 of the Petition in which Petitioners provide import data for 2015, 2016 and

January through November 2017 and 2018.

The second table in that paragraph provides the quantity of imports in those periods and it shows a 1,098 percent increase in imports from India in interim 2016 relative to interim 2017 and it is on that increase that I suspect the bulk of Petitioners' volume-based injury case rests, but for the sake of argument if you remove the 2017 volume of imports from India and consider the trends, a very different import trend emerges. What is the point?

The Indian imports of 2017 are in the case and if the Commission cumulates this is a mute point. Wrong. The statute directs the Commission to consider the significance of the volume or any increase in that volume. Therefore the point is that if the volume of imports in question is not significant it does not indicate injury by reason of the Subject Imports.

The facts in this investigation will establish that the volume of imports was not significant especially at the end of the Period of investigation. Why is that? Because as you will hear from Welspun, one of the largest U.S. Producers of large diameter welded pipe, U.S. Producers including Welspun do not have the capability in the U.S. to make the lengths and thicknesses in question.

In terms of length, no U.S. Producer can make a 48-inch diameter 60-foot long LSAW pipe. Whether they can is easy to test because they will have production records and technical data showing they made it and to avoid confusion we do not dispute that two 40-foot length pipes with 48-inch diameters can be joined. However we do dispute that they are interchangeable with a single 60-foot pipe that has a 48-inch diameter. But arguing about interchangeability is different than possessing the production capability.

In terms of wall thickness no U.S. Producers can make a 42-inch double random length pipe, which is approximately 40 feet long with wall thicknesses of 1.250, 1.5 and 1.8 inches in grade X70. So why is it important to get to the bottom of those issues? Because the Indian imports at the end of the investigation were almost entirely of those pipes and if the U.S. Producers could not have made those pipes in the United States that volume of Subject Imports cannot be considered significant. Thank you.

MR. BISHOP: Would the Panel in support of the imposition of antidumping and countervailing duty orders please come forward and be seated. Mr. Chairman, this Panel has sixty minutes for their direct presentation.

MR. CORKRAN: Good morning Mr. Brightbill. You may begin when you are ready.

STATEMENT OF TIMOTHY C. BRIGHTBILL

MR. BRIGHTBILL: Thanks Mr. Corkran and Staff.

We appreciate all the work that you have done already on these investigations. We know how busy you are. Thank you for your efforts and your efforts to come.

I'm going to run through an industry overview based in large part on Petition data or the data as we have it coming in right now. As you know, we received our first APO release yesterday and Dr. Kaplan will present more data that we've compiled since that APO release.

Here is the topics that we will cover today and so I'll just start right in. There is a single like product in these investigations, which is large diameter welded pipe. This does include pipe produced to API and ASTM standards and it includes carbon and allow product.

We are happy to run through the like-product factors in more detail but large diameter welded pipe as we have defined it has common physical characteristics, maybe produced by the same producers, the same facilities using the same equipment, has the same distribution channels and meets very similar customer expectations and we will note much of the pipe sold for structural uses was originally produced for oil or gas transmission did not meet those standards.

I would just note that the like product we're recommending is consistent with some of your prior investigations as well. Just specifically on size and production method, the size of large diameter pipe depends on specific applications and the size as a continuum; there is no clear dividing line here.

There are two main processes used to make welded pipe, ERW and SAW including L-SAW and H-SAW and while SAW can produce the larger diameter pipe, both ERW and SAW can and are used to make pipe up to 24 inches in outer diameter. In the recent Sunset Review of large diameter welded pipe from Japan the ITC treated all large diameter line pipe as a single like product regardless of whether it was produced by ERW, L-SAW or the H-SAW methods.

Also, the ITC found all line pipe up to 64 inches to be a single like product. The Commission should cumulate all imports, the Foreign Producers sell the same products and compete for the same projects. This product is largely sold for specific contracts and therefore Foreign Producers may not ship for a great deal of time and then quickly re-enter the U.S. Market in large quantities.

None of the Subject Imports sources are negligible at the time the Petitions were filed. Imports from all of the six Subject Countries had exceeded the 3 percent or 4 percent thresholds for negligibility for the previous 12-month period.

As far as conditions for competition large diameter welded pipe was generally sold to industry-fixed standards, API and ASTM standards. If the product meets that standard it is used for that application. These projects tend to have long lead times of months or even years before the product is delivered. Given this, competition is based on price and as mentioned these products are largely sold to supply individual projects and the loss of a large project can effect a producer for years at a time.

Here is the Subject Import data based on ITC Dataweb. Subject Imports fell in a slow market in 2016 but increased rapidly in 2017 and increased market share. Slide 8 shows one measure of demand which is the Baker Hughes Rotary Rig Count for the period. This isn't perfect. There are other potential measures of demand but this gives you an idea of why, the fact that demand has declined during the period. Subject Imports and market share did not fall as much as demand.

Here you see Petitioners shipments and then Subject and non-Subject Imports. You see a steady decline in Petitioners' shipments during the period. Subject Imports sharply increasing in 2017 to even exceed Petitioners' shipment levels, non-Subject Imports falling throughout the period.

In terms of the volume, apparent domestic consumption that is demand did fall during the period.

Petitioners' shipments fell by more than 30 percent from 2015 to 2017. Subject Imports dropped in 2016 but then increased more than 75 percent in 2017. Non-Subject Imports declined steadily and Subject Imports peaked in terms of market share in 2017 at the end of the period.

Again, market share, this is data from the Petition shows domestic market share declining sharply in 2017 and also over the period and Subject Imports increasing at the expense of the Domestic Industry which of course indicates injury while non-Subject Imports declined. The Petition data appears to be conservative compared to the ITC data coming in that Dr. Kaplan will present later.

We'd also note in terms of underselling and lost sales the average unit values of Subject Imports have been consistently lower than those of the Domestic Product. The publically available data indicates underselling. Dr. Kaplan will comment more on underselling data and we also identified a substantial quantity of lost sales because these sales are made on a project by project basis for the large part.

The estimated dumping margins are substantial. In many cases they are higher today than when the Petition was filed due to adjustments by the Commerce Department. Initiation will happen on Friday.

In terms of the impact of imports, this is from the Domestic Producer Questionnaire Data that we have so far. It's not complete but you see all of the main production and financial indicators for the industry declined across the period; production, commercial shipments, value of those shipments, capacity utilization fell from already dangerously low levels. The number of workers fell, operating income is down and the margin capital expenditures is sharply down.

And again, if anything this is conservative based on our knowledge of who has and has not yet filed Domestic Producer Questionnaires. So we have injury, we also have threat of injury. The Domestic Industry is vulnerable. You will hear about the shockingly low capacity utilization rates of the producers here at the table. Subject Producers have one contract for delivery in 2018 and later so we can see the future injury coming. The threat is already there and the financial condition will continue to deteriorate.

License data shows that Subject Imports in January of 2018 were much higher than in previous months. So we have a single like product that the Commission should cumulate. Subject Imports increased rapidly during the period. In the last year of the POI they've undersold the Domestic Product. The trade and financial indicators declined during the period and because of the large contracts won by Foreign Producers imports also threaten the

Domestic Industry with injury.

We will now here from the Domestic Industry witnesses, starting with Mr. Ingo Riemer from Berg Steel.

STATEMENT OF INGO RIEMER

MR. RIEMER: Good morning. My name is Ingo Riemer.

I'm the president and chief executive officer of Berg Pipe. Thank you for this opportunity to testify today. My comments will focus on the significant injury that Berg has suffered due to unfairly traded large diameter welded pipe imports from the six countries under investigation.

Berg Pipe was founded in 1979 and has pipe manufacturing facilities in both Mobile, Alabama and Panama City, Florida. We produce pipe using both the Saw H and the Saw L method in diameters ranging from 24 to 48 inch. Our guiding principle can best be defined as integrity beyond compliance.

From the creation of a project to its completion, Berg's unwavering dedication to service and its customers is more than a goal. It's the way Berg does business. Berg is continuously investing in new technologies and expanding its production capabilities to meet customer needs.

Quality applies not only to Berg's products, but also to its people. In fact, some of the very employees that joined Berg at its inception are still part of the Berg family today. However, Berg's employment numbers are down dramatically.

In 2015 and through the first half of 2016, Berg employed more 700 workers at its mills. This number dropped down below 400 in 2017. Unfortunately, without much needed trade relief, this number will undoubtedly fall even further. The reason for this is surging, dumped, and subsidized imports. Between 2016 and 2017, unfairly traded imports from the countries under investigation more than doubled, capturing an increasing share of the U.S. market at the direct expense of the domestic industry. They did so by sharply undercutting U.S. prices. Because of this, our sales are down and our production is a fraction of what it was in 2015.

Our capacity utilization is at one of the lowest levels that I have seen in my 20 years in the steel pipe industry.

Our employees and families have been severely impacted as well. In 2016, our Mobile, Alabama mill dropped two one shift and more than 100 employees were furloughed. Then in May 2017, our coating mill was idled, resulting in even more furloughs. Both our pipe and coating mills in Panama City reduced their shifts by half in December 2016, at which time more than 200 employees were permanently furloughed. While we brought the Panama City mill back up to two shifts in the middle of last year, we are being forced to drop back down to one shift later this month.

Unfairly traded imports have continued to enter the U.S. market in greater volumes and at increasingly lower prices, making it impossible to conduct business as usual. The number of project that we have lost to dumped and subsidized imports over the past three years is huge. I will touch on just a few.

In late 2015, we lost a huge 230,000 ton 300 mile pipeline project called Mount Valley in Virginia and West Virginia to Indian producer Welspun. Welspun won the bid by offering a portion of the pipe from the Little Rock facility and averaged down the total cost of their package by supplementing the balance with Indian pipe produced from Korean and Chinese plate.

We continue to feel the impact of the Cheniere midship pipeline that we lost to EVRAZ Canada in May 2017. This 100,000 ton, 220 mile project would have booked our Mobile mill on two full shifts from September 2017 to May '18. Although we aggressively courted this project in order to rehire our furloughed employees, we still lost the business and the injury will continue throughout this year.

Just last week, despite the pending injury investigation, Turkish producer Borusan continued to aggressively pursue the 325,000 ton Gulf Coast Express project in Texas, offering bargain basement prices. We have since learned that Berg was not a successful bidder. Borusan was awarded about half of this project with their dumped and subsidized Turkish imports.

Each of these projects was lost based on price and price alone. At the end of the day, lowest price wins the sale. The domestic large diameter welded pipe industry can supply the entire U.S. market across all grades, sizes, and applications and we would certainly be doing so if not for unfairly traded imports.

Lastly, as the staff is aware, large diameter welded pipe can be produced using either a cut-to-length plate or hot rolled coil as an input. Because of the trade orders recently imposed on both, what we are starting to see is foreign producers moving up the value chain to dump larger diameter welded pipe in the U.S. market. There is simply no part of this market where we are shielded from import competition. We are being injured wherever we turn.

In closing, trade relief is desperately needed by our industry and cannot come soon enough. On behalf of Berg, our workers, and their families, we ask you to help prevent further harm to our industry by making an affirmative determination in this case. Thank you for your time and attention.

STATEMENT OF JOHN P. STUPP

MR. STUPP: Good morning. My name is John Stupp and I'm the president and CEO of Stupp Brothers, Inc. and the CEO of Stupp Corporation, our steel pipe manufacturing division. I appreciate this opportunity to testify.

Stupp was founded in 1856 and has been a U.S. manufacturer of iron and steel products for national security and critical infrastructure applications in the United States ever since. During the Civil War, we supplied iron cladding for ships that helped secure the lower Mississippi. During World War I, Stupp provided fabricated steel sections for maritime vessels. And during World War II, we built bailey bridges and landing craft transports for essential equipment transportation. We began making ordnance products for the Air Force and the Navy in the early 1970s.

Stupp's pipeline involvement dates back to the Michigan Wisconsin pipeline in the late 1940s. In 1952, Stupp began manufacturing pipe to support the Korean War effort, before turning to energy tubular products in Baton Rouge, Louisiana and later added a coating plant to its operations in 1994.

In 2009, Stupp invested at a second pipe making operation, its Saw H mill. Stupp has both HFW and Saw H capabilities to produce welded pipe in diameters ranging from 10 to 60 inches.

Stupp is strongly committed to producing the highest quality steel pipe in the United States and has been for decades. We hope to be producing pipe here and for many more decades to come.

However, this outcome is far from certain given the continued surge of dumped and subsidized large diameter welded pipe imports into the U.S. market. This import surge has put such extreme pricing pressure on Stupp's operations, that we have found ourselves unable at times to win new projects. We have lost bid after bid on substantial projects to subject imports. This result is not surprising if you consider that Chinese, Turkish, Korean and other large diameter welded pipe has been offered at prices at or below our cost of coil. Imagine, prices at or about or below cost of raw materials.

How is that possible that these products are selling -- that these producers are selling their products in the U.S. market at such bargain basement prices? And we tell you the only logical answer. Their input steel and pipe is being dumped and subsidized.

The impact of these increasing values -- volumes of dumped imports on our business has been and will remain severe unless much needed trade relief is provided. Due to a continuing loss of bids to increasingly aggressive import pricing, our overall capacity utilization in 2016 was a dismal 15 percent and it was not much better for most of 2017. Running our mills at such low capacity utilization rates is unsustainable.

To retain some business, Stupp has been forced to pursue projects with smaller order quantities, requiring quick deliveries. However, this ultimately leads to more changeovers and therefore higher operating costs. I would note that even when we do win some business, many of our customers are using import prices to drive our prices down, resulting in significant lost revenues.

Because of unfairly traded imports, Stupp has failed to make adequate returns on many of its investments. For instance, in 2015, Stupp invested in mill jointing equipment for its Saw H operations, yard expansions, and railroad enhancements to accommodate larger projects and increase operational efficiency.

Despite these significant investments, our Saw H mill was idled in early 2016 and then shut down indefinitely in December of 2016.

Similarly, we were forced to idle our HFW mill for part of 2016 because of projects lost to unfairly traded imports. When it was finally reopened, we could only support one shift per day for roughly a year, not the two shifts that we'd been running previously.

While there are several investments that we would like to make to enhance our product offerings and capabilities, they are simply impossible to justify from a return on investment basis given the current conditions. In fact, we've been forced to slash our capital budget every year since 2016 to conserve cash.

Our USW and white collar workers are harmed as well. We're a family-owned company and have been for over 160 years. Many of our employees have been with us for a long time. While we have tried to move workers around to avoid as many layoffs as possible, when one is producing at only 15 percent of capacity, there's only so much one can do.

We've had to reduce wages and hours and layoff scores of workers. In 2016, our campus wide headcount was reduced 135 employees, a far cry from the 800 workers that we had when we were fully utilized.

In conclusion, Stupp has been an important manufacturer in the United States for more than a century, yet our continued viability is at risk from surging unfairly traded imports of large diameter welded pipe.

On behalf of Stupp and our workers and their families, we urge you to reach an affirmative finding of material injury in this case. Thank you.

STATEMENT OF JASON NORRIS

MR. NORRIS: Good afternoon, my name is Jason Norris and I am the president of Dura-Bond Pipe. Thank you for the opportunity to be here today to discuss how dumped and subsidized large diameter welded pipe imports have harmed my company and its workers.

I wanted to start by giving you some background on my company. Dura-Bond is a family-owned business founded in 1960 by my grandfather Jim Buster Norris, who grew up very poor in rural Alabama. I am the third generation to be involved with the family business. Since its inception, Dura-Bond has always looked ahead, striving to be the best.

In 1983, we acquired a coating mill in Mckeesport, Pennsylvania and formed Dura-Bond Coating. 20 years later, we acquired Bethlehem Steel's abandoned Steelton pipe mill in Steelton, PA, where we now manufacture longitudinal submerged arc well pipe in diameters ranging from 24 to 42 inches.

In 2012, we built a $12 million coating facility and Duquesne, Pennsylvania to support U.S. steel's Mckeesport ERW pipe mill. By 2014, the mill was closed due to the surge of cheap imports and 260 workers lost their jobs.

Most recently in December of 2016, we acquired this mill, which produces electric resistance welded pipe of up to 20 inches to save our Duquesne coating operations.

Over the years, Dura-Bond has invested heavily in its facilities, adding innovative processes and improving its techniques and equipment. This is what allows us to stay on top. Dumped and subsidized imports have been a game changer, however. While we can compete among the best of them, foreign or domestic, we cannot compete against dumped and subsidized imports and we certainly cannot compete against imported pipe that is being sold for less than our raw material costs. Yet this is what has been happening with disastrous consequences for our operations and our workers.

Take our steel ton mill for example. When we purchased the mill in 2003, its equipment was going to be dismantled and sent to China. Dura-Bond was able to intervene and purchase the mill, saving hundreds of high wage jobs. Since 2003, we have invested millions in this facility and its workers, including hiring a second crew in 2015 that were trained for three months alongside the first crew. Increasing volumes of dumped and subsidized imports are under mining these successes. These imports are interchangeable with the large diameter welded pipe that the domestic industry produces as the Commission itself has found in prior welded pipe investigations.

This is true regardless of whether the pipe is manufacturing using an ERW, Saw, or any other welding process. The fact that we have lost so many bids to unfairly traded imports based on price and price alone underscores this point. Many of our projects are long-term bids, which we win and then produce and deliver over the course of one or two years. Until recently, we maintained production-based jobs won in 2014. However, as dumped and subsidized imports have surged into the U.S. market, orders have dried up and we have lost bids to imports and we are no longer able to support a second shift.

In November of last year, we had to do the unthinkable. We had to inform 180 of the hard working men and women of Steelton's second crew, all of which are USW workers, that we could no longer keep them. The news was devastating for these workers and their families, particularly in a town where jobs, good jobs, are far and few in between. And our workers are not just numbers. I personally feel responsible to keep them all fully employed. They work hard for me and it's only right that I do the same for them.

I would stress then when high-paying jobs such as these go, the entire community suffers. Steelton is a small depressed town. I personally sign every check that goes out the door each week and cannot stress enough how many other U.S. businesses and jobs suffer when we are forced to slash our production, wages, and jobs.

We utilize dozens of local machine shops, companies that design, sell, and maintain and repair hydraulic systems, high pressure water systems, electrical control systems, and the like. Our mill is a giant economic machine that supports many other businesses. With our production and capacity down, these purchases take a hit as well. The restaurants and stores that our workers frequent and the schools and libraries that our taxes support also feel the pain.

Because of unfairly traded imports, our recently acquired Mckeesport, Pennsylvania mill is now at risk. When that mill was shut down in 2014, roughly 260 people lost their jobs and the work at our 80-person strong coating mill in Duquesne took a hit as well, with layoffs three years in a row. Towards the end of 2016, prospects for the domestic steel market appeared to be looking up. So when the opportunity arose to purchase the Mckeesport mill and provide a steady supply of steel pipe for our coating mill, we made the purchase.

Since then, we have made a number of repairs and enhancements, including adding two brand new ultrasonic weld testing inspection systems, a new state-of-the art pipe tracking system, and a state-of-the-art pipe stenciling system. All of this has come as significant cost to Dura-Bond.

Without much needed trade relief, Mckeesport's future is bleak. Right now, we only have 20 people working in the entire mill. We should have 200 working on two shifts. However, if unfairly traded imports and are permitted to continue to enter our market unrestrained, this will not happen. We need a level playing field if our mills and our workers are to succeed.

When we announced we purchased the mill, we had over 700 applications for employment. Applications from the forgotten workers that were told that mill jobs would never return to Pittsburgh. In closing on behalf of Dura-Bond, its workers, and their families, we urge you to find the domestic injury is injured and that subject imports are responsible for that injury. Thank you.

STATEMENT OF LAURENT DE MEY

MR. DE MEY: Good morning. My name is Laurent De Mey and I am the president of Skyline Steel. I want to thank the staff for this opportunity to testify about what has happened to the United States large diameter welded pipe industry because of unfairly traded imports.

I started out my career in the steel industry in Europe in 2002 in 2009, I moved to the United States as chief operating officer of Skyline Steel, overseeing its production facilities across the nation.

Shortly thereafter, I became president of the company and in 2012, Skyline Steel was acquired by Nucor Corporation. In total, I've worked in this industry for over 15 years and I'm very familiar with both the American and European markets, as well as other parts of the world.

Based on my experience in this market, I can tell you that the injury to the U.S. producers and workers are now suffering due to surging volumes of unfairly traded large diameter welded pipe imports is unparalleled.

Skyline Steel has facilities throughout the United States in Washington, Illinois, Mississippi, and Pennsylvania, where were produce welded structural pipe in diameters ranging from 16 to 204 inches. Our facilities on both the East Coast and West Coast have been impacted dramatically by dumped and subsidized imports from the very countries subject to this trade case.

Either we are losing sales or losing revenue, but either way, we're losing. The structural industry in which we operate is highly competitive and our customer base heavy civil and marine contractors fight for every penny. So as soon as any other contractors are made aware of import pricing, they will assume that every other competing bidder will use that price in their calculations.

So even with decades of strong relationships based on delivering competitively priced, quality products on time, our customers will expect from us that we match import prices.

Most of the time, those prices are below our cost and we simply lose the business. However in the rare occasions that we can equal the import pricing, there is no profit left. So even for those bids that we ultimately win, we drop our prices and dramatically so in order to get the business. The result has been devastating for Skyline Steel.

As one example, we recently permanently shut down one of the three production lines at our Longview, Washington facility. This came after losing job after job to unfairly traded imports right in our backyard on the Columbia River. We simply could not be competitive even for a project as close as a couple miles away from the plant. Despite being literally next door to the job site, these projects are ultimately awarded to Chinese mills offering pipe for much lower than any company playing by the rules could provide.

Especially given the substantial transportation cost of shipping large diameter welded pipe from China to the United States, the China price simply made no economic sense and can only be explained by unfair dumping and subsidization.

On the East Coast, our Morrisville, Pennsylvania facility has suffered a similar fate. Amongst any other projects, Skyline recently lost the bid for a sizeable Holland Tunnel project located less than two hours away from our facility, again, due to unfairly traded large diameter pipe, this time from Turkey. Again, we simply could not compete with dumped and subsidized imports, nor should we have to. As a result, we were forced for shut down one of the two production lines at our Morrisville mill.

It is important that you note that when one of our production lines go, so do roughly one-third of our production teammates. Our teammates are very important to us and we try as hard as we can to take good care of them, do extensive training and coaching, high wages, exceptional benefits, and a career path for those who aspire to it. However, with each bid we lose to unfairly traded imports, we also lose the ability to support our teammates and are put in jeopardy the opportunity for a team to succeed in life.

Lower production and sales have a harmful effect one the businesses that our pipe mills support. This includes the steel supply chain, as well as local businesses and local communities.

Skyline Steel purchases raw materials from its parent company new core. This means that when skyline loses a bid to dumped and subsidized imports, new core and its teammates lose as well.

We also need to remember that the communities that depend on Skyline Steel, Nucor and their teammates road to Skyline Steel's and Nucor's facilities are located in small rural and often depressed towns with little to no job prospects. And when we are injured, the entire community also suffers.

Unless we can do something about dumped and subsidized imports subject to this investigation and do it quickly, I fear that the domestic industry is going to be pushed to the edge and U.S. manufacturers are going to be forced to close down their businesses permanently. Given the speed at which unfairly traded imports are surging in the United States market and their dumped and subsidized prices, I'm very concerned that domestic manufacturers will simply not be able to add enough projects to stay in business.

In conclusion, I would like to say that Skyline Steel, similar to any other Nucor division, really cares about their teammates. We offer significant medical benefits to our team so that they don't have to worry about paying outrageous medical bills if someone in the family is sick. We offer a program to live a healthier life, including gym membership, smoking cessation programs, and regular medical checkups.

But more importantly, we are relentless in working towards zero work -- zero accident work environment. Safety is our deep-rooted core value and it is for a very simple reason. We care about our team and we want our teammates to come home that night without any injury so that they can continue to provide for their family and realize their dreams. Because at the end of the day, that is what we all come to work for. We want to be able to provide for our families.

So with a team that is ready to work hard and do it in a safe environment, we cannot accept that unfairly traded imports continue to impact our teammates' ability to provide for their families. On behalf of Skyline Steel, our teammates, and our local communities, we encourage you to make an affirmative finding and grant our industry much needed trade relief. Thank you very much.

STATEMENT OF ROBERT GRIGGS

MR. GRIGGS: Good morning, thank you. My name is Robert Griggs. I'm president and founder of Trinity Products. Thank you for the opportunity to be here today and tell our Trinity story. I've worked in the steel pipe industry for practically my entire life. My first job in the industry was back in 1977. In 1979, my business partner and I founded Trinity Products in St. Charles, Missouri.

We began as a pipe broker but soon added fabrication facilities to the mix and in 2000 we adopted a open book management philosophy of running our business, sharing up to 20 percent of the profits with each and every employee. In 2006, we started construction of a new state-of-the art spiral weld mill, and one year later we produced our first piece of pipe.

I have invested everything that I have into Trinity and not just financially. Trinity is a family operation. I work closely with both my sons, and was the one to bring them into the pipe industry in Trinity. I owe it to myself, to my family and to roughly the 160 employees that make up the Trinity family to do everything in my power to make sure that we succeed. That's why I'm here today.

We've always played by the rules, but unfortunately others do not. Dumped and subsidized imports are injuring our industry, and Trinity like other is struggling after 39 years, our 40th year this year in business to maintain a growing and profitable business. Trinity focuses on structural pipe and tubing including piling as well as structural pipe for infrastructure and construction projects.

We are seeing unfairly traded imports from each of the countries under investigation in all diameters, all walls, thicknesses and grades, and using all type of welding processes. The domestic industry competes against all imports large diameter pipe day in and day out, and we are consistently losing on price.

This is particularly true for larger, high value projects, where subject producers have been the most relentless. Let me give you a few examples that we've come up against over the past year. In January of '17, we lost a large diameter dredging job in New Orleans to China. This was a $3-1/2 million project that the Chinese large diameter price producers won by selling their pipe for roughly the cost of the hot-rolled coils. So how is this possible?

A few months later, we lost nearly $8 million pipe project for the Holland Tunnel, which our friends at Skyline also lost. Despite having a transloading facility 70 miles away from the project, we lost the project to Turkish producers who were offering pipe produced from Chinese coils for 12 percent. How is this possible?

Also in 2017 we lost $12.7 million project for LaGuardia Airport to the Canadians. This job was for nearly 6,000 to 12,000 tons of steel pipe, and would have supported our production facility in '17 for three to four months. How is this possible? I tell you how this is possible, because of unfairly traded, dumped and subsidized large diameter steel pipe.

All said and done, in the first six months of 2017 alone we lost roughly $35 million of business to dumped and subsidized imports. This is not total dollars lost;

this reflects only the major projects. This has left us with no choice but to cut production, to let go a large percentage of our workforce we have. Also been forced to cancel planned modernization expansions which would have allowed us to hire more workers.

We struggled through last year even after significantly cutting our expenses in 2016. Losing countless bids to dumped, subsidized imports has become our reality, and it is one that I cannot accept. It is unacceptable to be losing work in our backyard to companies that don't play by the rules.

Trinity supports U.S. jobs and U.S. manufacturing. We want U.S. companies like ours to have a fighting chance. This is why we need the Commission to allow these investigations to proceed. On behalf of Trinity, its workers, I urge the Commission to find that imports have -- from the subject countries have injured our industry and threatened us from further material injury. Thank you.

STATEMENT OF WESLEY HENDRICKS

MR. HENDRICKS: Good morning. My name is Wes Hendricks. I'm the Director of Operations for the Pipe Division of JSW Steel USA, Inc. Thank you for the opportunity to --

MR. BISHOP: Pull your microphone a little bit closer please.

MR. HENDRICKS: I'm sorry. Is that better? JSW Baytown has one of the largest steel mills in North America, which houses both its plate and its pipe divisions. Using high quality plate from JSW and other suppliers, JSW's pipe mill produces desoft pipe in one of the largest mills in the world to service the energy and petrochemical markets, including large diameter line pipe for onshore and offshore uses, heavy duty casing and piling.

Our pipe division has an annual manufacturing capacity of 500,000 tons, and manufactures a broad variety of steel pipe ranging from structural pipe to the highest grades, with the ability to produce pipe with wall thicknesses of one inch and diameters of 48 inches. Located in Baytown, Texas, just 30 miles outside of Houston, we're ideally located to service the needs of the global energy and petrochemical industry.

We have excellent access to port and rail facilities and convenient access to the Gulf of Mexico, intermodal transportation within the continent and marine transport worldwide. Given our high quality products, expansive services, stable plate supply and ideal location, we should be well positioned for success.

Instead like others here today, we're suffering from dumped and subsidized imports. This injury has only worsened during the course of the investigation period, and unfairly traded imports have entered the U.S. market in a greater intensity during the latter half of the period. In fact, U.S. import volumes from the subject countries increased a staggering 76 percent during the 2016-17 period.

We really started to feel the negative effects of the surge last year, and we expect to feel them even more this year. One of the many projects we lost over the past three years due to imports is the Lone Star Express Pipeline Project, which is in Texas, and that project is basically about 20 miles away from our facility. This was an 190,000 ton project.

Ultimately, the project went to Boroson, a Turkish pipe producer. There's only one reason why we're not winning bids like Lonestar Express, and that's price. Roughly 30 end users throughout the United States have approved our line pipe for the use in their projects and replacements. JSW Pipe competes head to head with imported pipe every day. We produce some of the highest quality pipe in the world. However, if forced to compete with dumped and subsidized price, we'll unfortunately lose every single time.

JSW's numbers show this. Because of dumped and subsidized imports, JSW production and sales are down.

Our profitability has fallen and we're operating at a fraction of our capacity utilization. We're now operating at less than 15 percent of our capacity. Most troubling however, we were forced to let go a significant number of our employees.

MR. BISHOP: You need to talk directly into your mic please. Thank you.

MR. HENDRICKS: Yes sir. Most troubling though, however, we've been forced to let a significant number of our employees go. In 2016, our employee count dropped from 110 to 83. We lost more than 20 percent of our workforce to unfair trade and have been unable to rehire these workers back ever since.

JSW is strongly committed to U.S. jobs and manufacturing, as demonstrated by our consistent efforts to improve products and efficiencies and expand our operations. We have a new plate mill under construction to replace our existing plate mill, and expand our capacity and product range. We're also now negotiating the contract for a new hot end and caster. If everything goes as planned, this expansion is expected to create 500 new high wage jobs in Baytown. However, the future of this investment is far from certain, particularly without much needed trade relief.

We cannot continue operating business as usual. We're losing bids left and right to dumped and subsidized imports, and we need the Commission's help to make sure that others play by the rules and are held accountable for their unfair trade. On behalf of my company and its workers, we ask that you find unfairly traded imports from these six countries are injuring the domestic large pipe welded industry. Thank you.

STATEMENT OF ROBERT Y. KOPF

MR. KOPF: Good afternoon. My name is Robert Kopf, and I am General Manager Business Support for United States Steel Corporation. In that role, I am actively involved with our sales team in our efforts to sell hot-rolled steel, the primary input used to manufacture large diameter welded pipe. We actively sell steel to the majority of the producers here today, and for that reason one of my job responsibilities is to monitor developments in the pipe market.

In addition, I have over 29 years of experience in the flat-rolled products industry, and have frequently engaged in company to company market discussions with multiple customers or ours sitting here in this room today. My testimony provides a historic perspective of the U.S. welded pipe industry, as well as some points on the current conditions of competition.

U.S. Steel is no stranger to the effects of unfair trade. We have fought against dumped and subsidized imports of flat-rolled and tubular products for decades. Historically, welded pipe was a significant product for U.S. Steel. For example in 2007, we spent $2.1 billion to buy Lonestar's tubular facilities in Texas, which included a state-of-the-art small diameter welded pipe mill.

In 2011, we assumed operation of a tubular mill in McKeesport, Pennsylvania that had been operated by Camp Hill Corporation. For U.S. Steel, this represented a major commitment to the production of welded line pipe covering up to 20 inches. We believed that increased levels of fracking, particularly in the Marcellus Shale that runs through western Pennsylvania, would provide us a great opportunity to grow our welded line pipe business.

Unfortunately, a wave of imports from various countries put us in position to permanently close those facilities before the Period of Investigation began on this particular case, and U.S. Steel is no longer a producer of this product. We do however still produce hot-rolled steel for domestic welded pipe producers, and fully support them in this latest fight against this surge of dumped and subsidized imports.

U.S. Steel's USA facilities are particularly well-suited to supply hot-rolled steel for welded line pipe, and we are in regular contact with the major domestic players in this industry. As a result, we have a unique insight into this industry's market dynamics, including unfair import competition. For example, in 2016 our sales of hot-rolled coil substrate to our line pipe customers was only 24 percent of what it was in 2015, forcing us to delay tens of millions of dollars of capital investment in our major hot-rolled skelp production facility in Gary, Indiana.

This validates the very simple concept that if our domestic line pipe customers are not able to compete on a level playing field, my company and many other Americans beyond these petitioners here today are also injured, as we lose important orders on mills that thrive producing this product.

I believe the current wave of unfairly traded imports are no different than past waves, in that their fundamental business plan for the U.S. market is to sell dumped and subsidized large diameter pipe to force our domestic customers to adopt untenable and unsustainable business practices just to continue operating.

Given these facts, I have no doubt that subject imports have hurt U.S. producers of welded pipe. In conclusion, on behalf of U.S. Steel, I urge you to provide trade relief to the remaining domestic large diameter welded pipe producers from this latest surge of unfair imports. Thank you and I will be happy to respond to any questions you may have.

STATEMENT OF DR. SETH KAPLAN

DR. KAPLAN: Good afternoon. Seth Kaplan from International Economic Research, here on behalf of Petitioners. I'm going to discuss the conditions of competition in this industry, and then review the injury and threat data that's been submitted up to this point. Some of the questionnaires have come in late and some have yet to arrive. So I will be speaking about in qualitative ways, so as not to poison the final record for what is confidential and not confidential, in terms of what comes in later.

Let me speak to the conditions of competition first. There's three conditions of competition I'd like to discuss. The first is that large diameter welded pipe market is a project-based market, and this is critical for your understanding of how the industry works, and is different from many of the industries that regularly appear before the Commission.

The second is that U.S. producers were and are able to supply the U.S. market with all types of large diameter welded pipe. While it is certainly the case that for the domestic industry to be successful, it does not have to have capacity that's over, equal or over 100 percent of U.S. consumption. But in this case it does, and that lends a certain flavor to the proceedings and the injury as well. Finally, large diameter welded pipe is sold on price and we'll explain that as we go forward.

So competition and sales are project-based. The vast majority of line diameter welded pipe sales are sold through RFPs for specific projects. So unlike a market where there's 20 producers and 1,000 consumers and you sell to a distributor and you don't know who the end customer is, which is typically the case in a lot of products that are seen and typically the case in many markets, here you know who the end customer is.

There's a limited number of projects. They're sold directly to end users or through distributors, but when they're sold through distributors it's for a project that people know about. So unlike a small diameter pipe that sits on the shelf until someone needs it, this goes to a distributor that might be acting as a consolidator of all kinds of parts for the project and then selling it to the final pipeline producer.

We know who they are. These projects have multiple bidding rounds. While the bidding rounds differ, end user I've been instructed by the industry here that in these bidding rounds people go back to them and ask for lower prices as they get more information. Finally, the projects typically pick price and quantity, regardless of the future delivery time line. For small projects that time line could be as little as a quarter; for long projects, as has been testified, it could go on for years.

But the domestic industry doesn't take a position. They line up their costs and they know their price that they're going to receive.

Subject imports displace domestic producers, and I think this is very important for both the economist and the attorney, and I'll explain why. As an economic matter, every lost project is a lost sale if the domestic industry bid and has the capacity to supply the project. So we know what the projects are, and we know which ones are lost typically. We're gathering more information on this.

But there's a limited number and there's an RFP, and the lowest price wins. So you know the volume of lost sales because you know the projects. Because of that, lost sales is not only anecdotal evidence in the impact section, but by summing these lost sales it gives you a view of the effect of the imports and their volume and whether they're significant in the import section. So it plays two roles, which is atypical of lost sales.

It implies the absolute volume of imports is injurious, and absolute volumes were lost as a general measure. The statute talks about the absolute volume of imports and any increase relative to production and consumption. I'll talk about those two later. Let me talk about the first one now, and it's the absolute volume in and of itself, whether it rises or falls.

I will contend that that volume is significant in and of itself because it is large, because the projects are bid on price, because the products are produced to spec and are interchangeable, and that the volume is so high it is injurious whether is rising or falling. Given the large volume of imports identified with specific projects, the Commission should conclude that the lost projects demonstrate the absolute volume is significant.

The other effect and another condition of competition in this market is that project-based production is dependent on long runs of one or two types of pipe. Other than other steel, whether they kind of rotate every week or two between different products, in this case they get a big product and they turn the switch.

As people have testified, it could fill up a mill for a quarter. It could fill up a mill for two quarters. Some of these projects are so big they could fill up a mill beyond two quarters and they just run. There's no setup time. They're running the same kind of pipe for a pipeline that could run hundreds of miles. If they are forced to accept smaller projects, even if they're running the mill their costs go up. They are injured by that because of the setup time.

They have to turn it off, set up for a

different size pipe, get a different type of steel, run it again. What happens? There's setup time costs, there's logistical costs, there's input costs, there's inventory costs, all of which even if they're running all the time harms them. So imports that come in in large volumes for large projects are injurious by the fact that it forces inefficiencies into the domestic industry.

Okay, general factors. The domestic industry has the ability to produce virtually all diameters, thicknesses, grades and end uses. I'm sure you'll have questions for the producers here. They produce using all major types of production process, ERW or high frequency welding as it's sometimes called, HSAW and LSAW. So across the board we have the production capacity and the types of production processes and the ability to produce all products.

The domestic industry has excess capacity. You have this on your record. The excess capacity today is extraordinary. This is not only the evidence provided by the producers here today, but also independent steel reports have found this and even in 2015 the largest year of consumption in the POI, there was considerable excess capacity by domestic producers to supply the market.

Large diameter welded pipe is sold primarily on price. It is built to a standard in a spec. The mills that produce pipe for line pipe are qualified for API. There is a book, I'll send you the book. It shows everybody in the world that has API certification. Consequently producers choose suppliers based on price and availability, and since you've seen from the capacity utilization numbers we have the availability, and we have many producers that produce on different lines.

DR. KAPLAN: So if it happens that one of them is full up, there's so much excess capacity that another one is not and they can produce the pipe that is needed.

Let me go through injury quickly. Subject imports have obtained their volume sales through underselling. The domestic industry can supply all, or almost all of the volume of imports. The import sales are significant. They're significant absolutely, and they're significant in the context of both production and consumption.

Imports have increased relative to production and consumption. Overall U.S. shipments are decreasing, indicating a declining market with increasing imports, especially over the last several years.

There is price suppression and depression. The AUVs show a decline in prices. There is a cost/price squeeze which supports a finding of price suppression. And with respect to underselling, there's underselling on the record. We're currently going over things. There's some anomalies in the data, and we'll report this more in the posthearing. But the evidence of underselling that we've seen so far is consistent with the price suppression and depression that's observed in the record.

The capacity utilization is down. Gross margins have declined. Operating margins have declined. PRWs have declined. Total wages have declined. So in the impact data you see negative effects in the trade data, the financial data, and the employment data, if you group those impact factors in those three categories.

Finally, let me turn to threat. First, vulnerability. The Commission should recognize even that firms that have performed well let's say in 2017, they at the end of the Period were not doing well end of the year, and that the industry as a whole has declined.

So there's vulnerability in the industry. You've heard about the layoffs. You've heard about the inability to reopen facilities. Those are all showing vulnerability. The conditions of competition show susceptibility to harm by subject imports because of the project base and the price based nature of the large volume of projects and the interchangeability of the goods.

All the factors other than, I believe, inventories of foreign producers and domestic producers show that the industry is threatened. The U.S. is the preferred market at this point. That can be discussed, and I would encourage you to ask questions about how other markets are doing.

This is the market of choice. Trends would be expected to increase. We know because of one projects that imports will be increasing in the future, or that there's large volumes coming. I would be happy to discuss that in our posthearing brief, as well.

Prices, there's large dumping margins and they're expected to continue to fall. And the impact has been negative, and people talked about the future negative effects going into the next imminent future.

I would be happy to answer any questions. Thank you very much.

MR. BRIGHTBILL: That concludes our direct testimony, so we will reserve any time we have left for rebuttal and we're happy to answer questions. Thank you very much.

MR. CORKRAN: Thank you very much. Thank you very much to the panel. We very much appreciate your testimony today.

I am going to turn to Mr. Abu Kanu to begin our questioning.

MR. ABU KANU: Sure. Good morning. Thank you all for making yourself available to answer questions.

I guess I just want to jump into I guess the issue of sourcing for domestic producers that have related foreign operations. What factors come into play when deciding what to produce domestically, or to import into the market? I wonder if you guys could speak about that?

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. So just to confirm, you're asking about sourcing for companies that have domestic and foreign sourcing capabilities, how they decide to supply?

MR. ABU KANU: Correct.

MR. HENDRICKS: Wes Hendricks, JSW Steel. JSW Steel is an Indian steel producer. The pipe facility is the only pipe facility that it has in the world, and it's in the U.S. So we don't import anything from India. We don't have another pipe mill over there.

MR. BRIGHTBILL: We can give you some more information in the postconference brief on that, but the U.S. operations of these companies act as U.S. companies and therefore they're the ones providing the bids. There's not coordination among the U.S. and foreign entities as to who bids on what. But we'll give more information on that.

MR. ABU KANU: Sure. Thank you. Also, I guess just to expand my knowledge more on the piping industry, I was wondering if you guys can speak specifically to the differences between H-SOL and L-SOL and how does that affect pricing? And also, is there any particular production manufacturing process that has seen the most loss in the industry so far?

MR. RIEMER: This is Ingo Riemer with Berg Pipe. So the difference between H-SOL and L-SOL is that H-SOL uses coil as an input material. It's a hot-rolled coil. Whereas the long-seam process uses sheet plates and forms them into a pipe. So the weld seam is sprayed for Long Seam pipe mill, and it's a spiral weld for an H-SOL pipe mill. So the differences are, the customer usually doesn't distinguish between what production process. They define a dimension, a wall thickness. They have a specification. And no matter what production process you can use for that, you will use.

MR. ABU KANU: I guess also I need some clarification of the scope. I know it was mentioned in the Petition that some products are produced with nongraded materials, and I was just wondering, are nongraded materials within the standard of API or ASTM?

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. I think there was a brief reference in the Petition to nongraded materials, but it's a very small portion of what we're talking about today. I don't know if any of our industry witnesses can elaborate on that, but the vast majority of what we're talking about, the vast, vast majority, is API-graded or ASTM-graded, which is why it is interchangeable, which is why it competes on the basis of price.

MR. CLARK: This is John Clark with Stupp Corp. We haven't made anything during that period of the POI that was not graded.

MR. ABU KANU: And I guess foreign producers also conform to the API or ASTM?

Mr. Clark: That'S correct.

MR. ABU KANU: I guess another point I was looking for clarification is essentially the point of entry. The Petition again also states that I guess the two most popular points are Houston-Galveston, Texas, and North Dakota.

I guess I'm trying to understand how new importers or foreign producers get acceptance into the market. Does it make a difference for a foreign producer in either port of entry?

MR. RIEMER: Ingo RIEMER with Berg Pipe. So we have seen foreign competition in every part of the country. So even in the heartland like in the Dakota, for the Dakota Access Pipeline, there was plenty of foreign pipe that was used for that pipeline.

So there's no certain region that would be spared from foreign imports. It's everywhere.

MR. GRIGGS: Robert Griggs, Trinity Products.

Yes, we've seen imports everywhere. New York, up and down all the Eastern Seaboard. Any location there. Florida, California. Plus it gets into the heartland. On the dredging pipe that I spoke of, they were bringing it into New Orleans, but they would ship it to Virginia, or they would ship it to Chicago. So really there is no place that we don't get touched with it.

MR. DeMEY: Laurent DeMey with Skyline Steel. I would attest to that. You see from all possible countries coming to all different locations. There's no particular import location or particular entry point. I guess it depends really on the project, where the project is, given we only specifically bid projects. So where the project is located, the most convenient entry point would be used. But there's no particular place to do that.

MR. NORRIS: This is Jason Norris, Dura-Bond, and I would concur with all the other statements. That while Houston may be one of the largest ports, a lot of that pipe might be coming in for going into the distribution market. But for a pipeline project, we're in Pennsylvania and we've been beaten by imports that come in through Philadelphia, Baltimore, Albany, Cleveland, Toledo, wherever the nearest port is you can get to on water, they get to.

MR. ABU KANU: Given that line pipe is heavily project specific, I was just wondering what other market indicators do industry expect to use to do budget planning, and also employment--I mean I guess employee growth, expansion or acquisition.

MR. RIEMER: So it's about market indicators?

MR. ABU KANU: Market indicators other than the project itself.

MR. RIEMER: So Ingo Riemer with Berg Pipe. So for the large diameter pipe industry we have several indicators about the market. So first of all, you've got to have energy prices that are relatively high so our customers can make a margin on energy no matter whether it's gas or it's oil.

And then the smaller drilling activity will start first. So OCTG pipes will be coming into demand, and then smaller line pipes, gathering pipelines, will come next. And then line pipe, larger pipelines, trunk pipelines will come last.

And given the current situation where, since the summer of last year energy prices have gone steadily up, there should be a very good market. And the market has recovered compared to '16, but we don't see the project at our end. We see the imports coming in.

MR. GRIGGS: Robert Griggs, Trinity Products. We do see some increases in the construction type industry. But one of the major things that have happened to us on these large key projects, we get people, other countries that come in and take those, which forces us into a situation where again we were speaking of doing many, many changeovers, and it affects our production.

Now I do think the economy is improving on the construction side. But with the large project we lose, it forces us to do some different manufacturing things that cost us jobs and money.

MR. CLARK: This is John Clark with Stupp Corp. We see actually very positive demand increase and potential for growth in the industry. We look at energy prices. We look at drilling rig activity. We also look at the current production in the producing regions, and in the current takeaway capacity and production increasing, we know there's going to be a need for a new takeaway. So we see solid demand going out for the next few years into the future.

Unfortunately, the unfairly dumped imports have come in and just, like in 2017, have taken the largest portion of the market share. And that growth in import market share is continuing to grow, which is making it unsustainable for our business.

MR. STUPP: This is John Stupp of Stupp Corporation. A little bit different take on your question, and hopefully I'm right on this. It's very hard for us to change what we do with our operations, and particularly from a workforce standpoint. We have people that have been trained and have a lot of experience, and we need to maintain that ability.

And even in times when we have to cut way back on our workforce, we have to keep skilled people. And so we need to be focused on what we're actually set up to do.

DR. KAPLAN: This is a commitment industry with long-term commitments to its employees, both unionized and nonunionized. And I think you heard it in the voices of people, especially the family-run companies, the commitment in these small towns. You know, there's not only intergenerational ownership, but there's also intergenerational and family employment that goes in these industries.

So these things are not planned to open and close and lay off people and bring people on quickly and willy nilly to save costs. It's rather to get a pipeline of projects and then to, you know, potentially add another shift when possible. So these things are done, you know, relatively rarely.

And one of the--you know, the biggest concern is there was a decline in demand, as you can see, from '15 to '16. Now it appears that demand is starting to increase again. Although I will note that the trends are significantly down over the Period of Investigation. They are off from '16. But the project wins are not coming, and the increase in imports is coming. And both as you've seen on the record a range of imports from projects that have already been won, and that's a real reason why we're here today, both the injury and the threat. And the threat in this case is much less forecasted. The Commission never speculates, but they have to look into the future, and they're looking at will trends continue and how the market works.

Here you not only have that, but you have a window into actual future shipments of large projects, given the way they're contracted, and given the way that they're arranged for future delivery.

MR. RIEMER: Ingo Riemer with Berg Pipe. I would like to add also, regarding the demand side, that the U.S. market is kind of a unique position compared to other global markets. So if you compare that to European markets, or to Russian markets, or Middle East, or China, those markets are not growing as the U.S. is growing.

And so we are not protected from imports, but those markets are. You don't see any other imports going into Russia. They are self-producing and self-serving their market. China, as well. There's no pipe mill that exports into China. And we here in the U.S., we have to rely only on the U.S. market. We cannot go to our neighbors in the

North, or in the South. They have protected markets. In Mexico, the pipeline operators there, they only allow 50 percent of the bids to be from foreign producers. Fifty percent is a arbitrary line that they set so they protect the domestic industry.

And in the North, so there is even for the largest pipeline operator there, he is not even inviting U.S. companies to bid because they protect completely the monopolist there in Canada, which is Avaros. So we are not invited for bids.

MR. DeMEY: This is Laurent DeMey from Sky. I would like to add on the whole market analysis. The oil and gas business has a major trickle-down effect on many other industries, and we follow oil and gas prices and the rig count and the nonresidential construction market, which really all to together in the same trend. These major waves go together. And every major line pipe ends up somewhere. And where the gas is being processed, those facilities will require major parts of steel to be built on. And the whole structural world around that is heavily impacted by this, too.

So I totally agree, it's all really connected and it is dramatically impacted by what we see here.

MR. ABU KANU: Thank you.

Actually I think it was--Oh, sorry. With U.S.

Steel. You guys mentioned the fracking industry. It's just really interested to know how competitive are U.S. producers in the fracking industry for line pipes, as opposed to foreign producers?

MR, KOPF: Rob Kopf with U.S. Steel. You directed the question to me, I guess. We're a steel producer and not a line pipe producer, so I guess I would really need to defer to my customers here in the room.

MR. NORRIS: This is Jason Norris, Dura-Bond. Fracking is really a method that's used to extract the natural gas from the ground in areas in Pennsylvania and in other areas as well, in Texas, but that's the newer technology now that's used. And we have nothing to do with fracking. We don't supply any pipe that's used to go down the hole. Everything that we do is to transport the energy once it comes up out of the surface. So it's nothing to do with fracking.

MR. STUPP: This is John Stupp, Stupp Corporation. I'll add, though, that the fracking and the horizontal drilling that have been developed by U.S. producers, and particularly in the last 15 years, has created an opportunity for a tremendous amount of transmission of natural resources that wasn't there before. But we don't--we potentially supply some of the gathering of the resources once they're taken out of the ground, but we don't really play into the fracking part of the business.

DR. KAPLAN: Seth Kaplan IER. I think this was discussed earlier when demand was discussed, kind of from the drilling to the small pipe to the large pipe. But if you look at the data recently, I think the United States has become the largest producer of oil in the world. I think we've just passed Saudi Arabia, ten billion barrels.

We've also, because of a lot of production in gas, have generated liquid natural gases in export. So, what happens is that with the development of fracking, that has to go somewhere. And it's not gonna stay in the middle of Pennsylvania. There's only so many people. It's gotta go to supply other folks. You've seen, because of the low price, there's been a large increase in the amount of gas-generated electricity, so there's a lot of things going on and you gotta get it from the point where you extract it to the point where you're gonna use it, export it or store it.

And that's what's been going on here. That is why the U.S. market has been growing faster relative to these foreign markets, the fracking that you talked about, in terms of generating new energy and that is why these guys are kind of beside themselves going, "We're the best market in the world," we open the paper and we see we're the biggest producer of oil in the world. We see the gas prices. We see the shift from coal to natural gas.

And what's been happening? Import penetration has been going up and profits are falling. So that is kind of the relationship between fracking and these guys. It's several steps removed, but it should be generating and has been generating the projects, which should be generating the demand in the profits. And they aren't there. Instead you see imports increasing by nearly ten percentage points in the market, in an industry that could supply the whole U.S. market with its existing capacity.

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. Just to build on that. Whether it's fracking or the other sources of demand that the industry witnesses have talked about, a couple of themes will resonate with other cases that you've worked on.

First, the United States is a large, open, attractive market. And that, unfortunately, that means the imports are free to come in here, whereas our ability to export into other markets as Mr. Riemer said, is limited. Secondly, a lot of these companies have made investments that are predicated on that large market and the demand from the various sources. And those investments are now being undercut.

And third, to the extent the market is starting to grow, our demand, while it's down for the POI, is starting to be stronger, you need to earn a return on investment during those stronger periods, and instead, the opposite is occurring due to the unfairly traded imports.

MR. KANU: I guess, just curious, other than price, what other factors affects the bidding process to gain, on RFP, other than price?

MR. CLARK: This is John Clark from Stupp Corp. The price is almost always the deciding factor. We do have situations where there's a project schedule and a timeline. And, you know, if one of the American producers is booked during the production requirement schedule, there's always two or three others that could fill it.

But there are some times when one of us won't be able to fill an order because two projects happen at the same time. And as you've already heard, these projects take many weeks or months or even you know, quarters to make, so we can't make two projects at once.

MR. STUPP: This is John Stupp, Stupp Corporation. Along with that, price is everything. And when there's a delivery that might drive less competition, the import price still depresses the price that the customer will buy the material for.

MR. DE MEY: Laurent De Mey with Skyline Steel. I would attest to that. So irrelevant whether the project is short-term delivery or long-term delivery; it really comes down to price.

And I think, as Mr. Stupp just explained, the worst of all is, if we are in a unique situation to be able to deliver quicker than most other folks, one's that price of the competing import prices there, even though it's price which is evolving 'cuz they cannot reach it, that becomes a new norm and people expect it and even long-term relationships don't keep that anymore. They expect you to be at that price, and very often, it's just no margin at all, or no sale.

MR. NORRIS: This is Jason Norris from Dura-Bond, and I also say it's mainly about price. And there may be a customer that would prefer to buy a domestic product. And what they do is, they still go out and get foreign prices and then use that to try to make you match it.

And you're forced in that situation to say, do we take an order to keep people working and keep the mill going? Because how much is it gonna cost us to not have the work? What do you do with two hundred and fifty people when you don't have any work? But it always comes down to price.

MR. GRIGGS: Robert Griggs, Trinity Products. It's price. Every single time. And the foreign competition comes in and that's the new norm of price. And we just had a situation in November where we had to take a five-billion dollar order and I went back and looked at it in January, and there was no money made on the order. But we had to run our plant.

And so, you are faced with this every single day. We're an open-book management company as well. And we share the profits with our employees if we had strikes or points on profitability. I've had to spend the last two years standing in front of my employees once a month saying, "We don't make any money, there's no profits to share." Let alone, we've invested over a million dollars here in the last five years to get to a point where we could increase productivity, drive costs down. So, we've done that.

But when you still can't be profitable on that, and we have a training facility seventy miles from New York City, and we can get there for fifty dollars a ton from Missouri, and there is no way anybody should be able to beat us, they beat us by more than 10%. It's impossible. It's unfairly traded, and it happens every single day.

And I ask each of you, if you had to stand up in front of a hundred and sixty people monthly, and when you've said, "I'll share 20% of the profits," and they look at you, and you've been in business for forty years. And they think you know what you're doing, and you go, I think I know what we're doing, but that just means that we stay in business. Doesn't mean that we have enough money to go on, reinvest in ourselves to get better.

So, it's disheartening to all the people that show up every day. They go to work in what we do. And I wrote a letter to Senator McCaskill from Missouri. We went to college together just recently, and I said, you know, I think I've made a mistake. I've gotten involved in the steel business for forty years, and now the mistake is, I've brought my family, my sons into it.

That's a really scary thought when you've spent your whole life doing something, as well as Jason has, and you've come to the point where you're so mad that you can't make enough profit to share with every single employee, and you know you're doing the right thing every single day. And you wanna share the profits and you wanna be profitable and you wanna do those things. And people outside your sphere because they wanna keep people working in their country had total disregard. And that's why we're here today.

MR. RIEMER: Ingo Riemer with Berg Pipe. So, I would like to concur that price is the dominating factor here. And we have seen some customers that even try not only to force us to match foreign prices, that they also try to force us to accept the terms and conditions that foreign companies dare to accept. I mean there is a huge liability if you commit to a pipeline project.

And if you are late with your pipe deliveries, the in-service date of a pipeline could be delayed. There are bigger costs related to that and some customers blackmail us and say, "Look, the Indian competitor, he is accepting any liability, no limit in liability."

We cannot do that because we are an American company, we are going out of business if we are accepting something that is beyond our control and we still have to be liable for that. So, this is in addition a pressure that we feel is unfair. I mean an Indian company can easily make the claim, saying, "I accept any liability." If something happens, good luck in getting the money back out of India.

MR. DE MEY: Laurent De Mey with Skyline Steel. I think that's a perfect example. And I don't wanna just be, you were better for the sake of it. But I think that's something we face as well. So, having to fight major construction jobs with major liquidated damages.

If something happens, we have to accept those terms because the people and wherever, if you're fighting somebody in China, good luck to find somebody in China that you can go chase your money against.

But we're a well-established company. We belong to Fortune 50 steel company in the world. And people will find us. And so, having to match requirements that are totally outrageous is what is imposed on us. So, we may still get the sale, but it's at almost ridiculous conditions sometimes. But it's for the sake of our teams.

We have to be able to keep them so they can provide for their families. And most of all, we don't want to let them go 'cuz the day that something starts up again, we want to be ready for that. And it takes a while to train people, coach people, develop people and have them work together as a team. And it's very disheartening.

MR. KANU: I guess with signs of increase demand going up, is that also translating to employment, increase in employment workforce in the industry?

MR. CLARK: This is John Clark with Stupp Corp. As discussed previously, the increase in demand is not equated to an increase in business, because the imports are taking the market share, so we are not currently looking at hiring more people to match the demand that's increasing because the imports are taking more market share.

MR. NORRIS: This is Jason Norris, Dura-Bond. We, too, see the demand going up, but as I said previously, we had to lay off a hundred and sixty people, which was one shift, in November. So, we are not seeing business levels pick up.

If they were to, and we were to book more orders, since we recently laid off these people, I know they're all ready to come back to work. I could probably have them back to work in one or two weeks, but it's been an inverse effect. The demand's rising, our workforce is going down.

MR. KANU: Thank you very much.

MR. CORKRAN: Thank you very much. Now, we'll turn to Mr. Haldenstein.

MR. HALDENSTEIN: Thank you. Michael Haldenstein, Office of the General Counsel. I received some revisions to the proposed scope the other day, and I was wondering if you could comment on the purpose of those revisions.

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. We worked with the Commerce Department just to clarify a few points. I don't think there are any real substance of changes to the scope since we filed it. So, we'd be happy to describe it in the post-conference brief, but there are no major changes to the scope that we've made since the petition was filed. If you have any particular questions about terms, I'd be happy to go through them.

MR. HALDENSTEIN: Thank you. I saw that the products subject to the existing orders on Korea and Turkey is not explicitly excluded. Do you believe that that affects the like product analysis in any way or not?

MR. BRIGHTBILL: No, Commerce just asked us to explicitly state that we did not intend to cover the products that are already covered by the orders on oil country tubular goods.

MR. HALDENSTEIN: Thank you. I believe you said that almost all the products are produced to the API specifications? The product that is used for structural applications, is that rejected product that didn't make the API specification? And how much of the market is for structural?

MR. BRIGHTBILL: So, I think some of the company witnesses can comment, but structural is made to ASTM specifications and a large--as I mentioned in my comments--a large part of the structural market was originally made to API, which is a higher standard, so it can be used for these ASTM applications. But perhaps Skyline or --

MR. GRIGGS: Robert Griggs, Trinity Products. We're a structural mill. We can make ASTM material. But we cannot make API and I think that's what you see mostly is, there's the API mills -- API material could be used in a structural application, but we would not make material that would be used in the API market due to downstream investments, it would have to be made in ultrasonic testing equipment and hydro testers and that sort of thing.

MR. RIEMER: Ingo Riemer with Berg Pipe. So, we are producing both for the structural market and for the line pipe market, so there are projects in the structural business that have decent size and we will produce to a specification like on a line pipe.

We produced, for instance, 40,000 tons for a bridge project over the Hudson River in New York, and we see also that those demands are somehow linked. If you have all the LNG terminals that are currently being built, those LNG terminals need to be fed by line pipe, which we produce, and the terminal itself needs a lot of piling, structural pipe that is used. So, we are providing both.

MR. CLARK: This is John Clark from Stupp Corp. We also provide both API and structural. But as you've stated, it's not -- we're one of the mills that don't intend to make a lot of pipe for structural. We have extra run pipe that's end of a project or whatever that winds up being used in that market. But we're a small portion of the overall structural market the others may get specifically for it. So, there's a variation.

MR. DE MEY: Laurent De Mey From Skyline Steel. I would say that, our machines can make API, but we just don't focus on that market 'cuz we've decided to be broader, I mean, focus on the structural market. But in theory, if we were to install that downstream finishing lines, we could be in the API business as well.

The reverse is, of course, true, too. API mills can easily come into the structural market 'cuz its quality specifications are exactly less than gas transmission line.

But I would say it's all connected. I mean it really is all connected. And I think as BERG, I just explained, the mills really are in that business, too. And so, we see material coming in with API grades that compete easily in the structural market as well.

DR. KAPLAN: So just a quick clarification. Seth Kaplan, IER. Several of the API mills make structural steel as part of their product mix. Several others make API plate which meets the ASTM standard and will sell it for a variety of reasons. But it's not part of their normal part of the mix. And then there's the pier structural producers. So, I think the first part of your question was, "Do the APIs just make it because it's a mistake or because --

The answer is, no. Several mills do that intentionally. Other mills will operate in the way you suggested. And then other mills don't have the back-end facilities, the testing facilities to get API certification, but the regular mills could make pipe to that quality, but it's sold as structural. Hope that's helpful.

MR. HALDENSTEIN: Yeah. So how much of the market is for this structural product? Is it very small? Or is it significant part? Or do you know?

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. It's a substantial part of the market. I think it'll be reflected in the data as it's coming in, but it, obviously, it's a big -- the structural market is a big market as well. Yes.

MR. HALDENSTEIN: In prior investigations, pipe 16-inches or less was described as being used for gathering and distribution versus pipe over 16-inches was described as being used more for transmission. Is that still accurate?

MR. CLARK: This is John Clark for Stupp Corp. That was probably an accurate statement in years past. But we've talked about the fracking business and now the effectiveness of the fracking and the production of the wells and how quickly they can bring on production, we're seeing gathering lines that are 24-inches.

It's common to have them be 20-inches. 16-inches is very common. So, the gathering lines now are increasing in diameter size. Same thing when you look at liquids lines for LPGs and things like that. Used to be, 12-inches was a large LPG line. We just recently built a 30-inch LPG line. So, sizes are increasing with the increased productivity of the fracking gains that you're seeing that are driving the U.S. industry.

MR. NORRIS: This is Jason with Dura-Bond. I also agree with that. A, in the Pennsylvania, in the Marcellus region, the wells -- the pads for drilling are getting larger. There's now some sites I've heard up with up to 40 wells on one site that are vertical and then horizontal of legs up to 17-, 18,000 feet now. So the volume of gas that is going to come out of one well pad requires pipe diameters that are much larger now.

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. Just to reiterate, regardless of diameter, all of the large diameter welded pipe share certain physical characteristics, including shape and materials. Diameter is a function of these project specifications and there's not a clear dividing line. It's a continuum.

All of the diameters are produced using same or similar processes. Some producers produce a full range from 16 inches upward, sold through the same channels of distribution, same or similar prices on a per ton basis. And, of course, the Commission found in the large diameter case from Japan single wide produce for pipe up to 64 inches.

MR. HALDENSTEIN: Thank you. I noticed that there appear to be some related party, domestic producers. Can you please address that in your post-conference position, your position on those?

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. We'll do that in the post-conference brief. Thank you.

MR. HALDENSTEIN: Does production method matter in terms of fungibility for this product and do customers specify a particular product by production method or do they just want it to be, you know, have -- meet the proper specification?

MR. CLARK: This is John Clark with Stupp Corp. It's almost always just for specifications. It's either -- they may have a specification that says it must meet API requirements, or sometimes they have their own customer specifications, but the customer specifications are, you know, particular exact wall thicknesses or tolerances on roundness and that sort of thing. It is -- but their specifications don't dictate which manufacturing process we use.

MR. HALDENSTEIN: Thank you. In Mr. Kaplan's presentation, there was a reference to an API-approved list and I saw in the past Commission investigation in their discussion, they described approved manufacturing list. Is that -- are those both used now or is there just an API-approved list or --

DR. KAPLAN: There's an API-approved list to be able to certify and stencil the pipe API. Sometimes particular end users will certify on top of that. Not for stenciling, but just they'll want a turf facilities and approve the facilities. I think the industry representatives could speak to that, but these mills are supplying all the major end users in the United States. So if anyone wants to step in.

MR. RIEMER: Yeah, Ingo Riemer with Berg Pipe, so I can reiterate that. The customers usually have an internal approved manufacturers list on top of the API certificate. So I guess the API certificate can be seen as a ticket to become a player in the line pipe business, but to be approved then for a specific customer, they have on top of that their internal procedures that you have to qualify on, but those lists are long. And the -- our customers they -- yeah, they know to -- how to play the market and to bring in producers from foreign countries that -- to have a variety and to have the buying power.

MR. CLARK: This is John Clark from Stupp Corp. I can't -- the -- agree with Ingo's comments that they do have approved manufacturer's list, but they are long and they almost always include a large number of domestic and import pipe mills. I can't think of a single customer that we have doesn't have -- that doesn't have multiple import mills on their approved list.

DR. KAPLAN: Yeah, the imports -- Seth Kaplan again, the import statistics speak to the fact that, you know, all the producers are on lists. So your point's well taken, but it's been no barrier as could be seen just by the general numbers to prevent import penetration from increasing. And it also allows them to choose between domestic suppliers as well. So the lists are long.

MR. STUPP: This is John Stupp of Stupp Corporation. I do want to point out that a multinational that does a lot of work in the U.S. however has a frame contract. So they do not go out to a large number of suppliers, particularly not the domestic suppliers.

MR. HALDENSTEIN: Thank you. So when you were discussing these projects and how there's bidding for them, it sounded like maybe there's only one winner of the bid, but aren't the projects received, that you know, have multiple suppliers just for security? Can you comment on --

MR. CLARK: This is John Clark from Stupp. Certainly there are projects where multiple suppliers supply the portion of the project. I don't know whether it's for security. It's usually mostly from my information on schedule. We've talked about how it takes sometimes quarters, or even years, to make some of these projects. So along with their construction schedule, if they're making a project, building a project that's 600 or 700 miles of pipe, they may take it and split it into three or four suppliers and have concurrent construction segments ongoing at the same time. And those project -- those segments being awarded to different manufacturers just to keep with their schedule.

MR. RIEMER: Yeah, Ingo Riemer, Berg Pipe. I can confirm that, their practice. So it's -- it depends on the size of the project, whether they go with one or two or even three suppliers. But I mean, we have supplied -- we have provided also a list of lost projects. So this market is very transparent. We know exactly which projects were lost, because we were also invited to bid on those projects. And then we were not successful. So we were qualified, but we lost due to price.

MR. HENDRICKS: Wes Hendricks, JSW Steel. To top that as well, if there are multiple mills put onto a project, it's almost drawn every time to the lowest bidder. You either have to meet that price of the lowest bidder of that project. And in most cases, we can't come close. So we were pushed out just by that price completely every time. We can't just take the job --

MR. BISHOP: I need you to stick with your microphone, please.

MR. HENDRICKS: Yeah, we just can't take the job and lose money for six, seven, eight, nine months straight. We just -- we have to refuse and go after smaller projects that at least allow us to keep a base business, keep our employees employed, to try and get to the next project that may or may not be valuable to us.

MR. NORRIS: This is Jason Norris with Dura-Bond. And the projects are what puts the base loads on the mill. Our mill in particular as well. We cannot switch sizes that often per month. It breaks the momentum of the mill. It takes long to change the mill over. You have to regain that momentum.

Our mill was designed when they were building a lot of cross country pipelines. And all the pipe in the United States came from the United States. So it's designed to do massive quantities of pipe and the same type of pipe day in and day out every day.

So you need a project -- you need the projects to put the base loads on the mill. And then you can fill in the edges with small jobs, but when you can't get a project and you're forced to just use, you know, take orders of X -- 5000 tons for example, 10,000 tons, whatever the number is, people aren't going to go through the added hassle of dealing with a foreign supplier and worried about the supply chain and then extra risk. And so the domestic mills take that business, because we have to. Meanwhile, the projects go to the foreign mills and, you know, we're left with the scraps basically.

MR. HALDENSTEIN: Is this product ever held in inventory or is it always just produced for a specific product and -- I mean, for a specific project and then delivered pretty much immediately?

MR. CLARK: This is John Clark from Stupp Corp. We don't make any pipe for inventory as a normal part of our business.

MR. CHEFREN: Mike Chefren from Skyline Steel and we make product only for projects.

MR. RIEMER: Ingo Riemer, Berg Pipe, the same for us. We only produce for a project, not for inventory.

MR. NORRIS: Jason Norris, Dura-Bond Pipe, same with us.

MR. HENDRICKS: Wes Hendricks, JSW Steel, the same.

MR. HALDENSTEIN: Can you give a little more information to how this -- the rig count works for this industry? Is it -- does -- do shipments lag the rig count or is that sort of a leading indicator? How does that work?

MR. CLARK: It's John Clark from Stupp Corp. The rig count is definitely a leading indicator. And the amount of time is anywhere from eight to 12 months behind the rig count is when the infrastructure buildout is. And as you've heard before, I think Seth testified that it's -- the shorter lines, the gathering lines are first, and then longer transmission lines come later than that, but it's all a leading indicator.

You'll notice that rig count has become -- it's a changing indicator because as we've talked about, the fracking industry has changed drilling rigs. And so if you go back to only about 2015, one drilling rig's productivity in 2015, today's drilling rigs are about twice that productive. It takes them half the amount of time to complete a well. So they're completing more wells. So really, well completions is probably a more accurate leading indicator, but the industry in general uses both.

MR. HALDENSTEIN: Thank you. That's all the questions I have.

UNIDENTIFIED SPEAKER: Thank you very much, Ms. Larson?

MS. LARSON: Thank you very much. Aimee Larson from Office of Economics. My colleagues have asked quite a few of my questions, but I'm going to -- oh, sorry, China -- circle back onto a couple of the demand questions that we've been talk about.

Would it be fair to say that demand has actually shifted to some degree from the large scale onshore projects to more localized projects for the shale deposits?

MR. CLARK: I don't think that's an accurate statement. It does -- the demand tends to cycle. So you will build out some of the shorter projects for a period of time while they're gathering in a region. And I'll give you an example is a couple of years ago, there were more projects that were kind of that 50 to 75 mile range bringing them to hubs. Right now, there's a huge buildout of long range. Certainly there's -- the west Texas area hadn't been previously connected to the Corpus Christie port. Now there's many major project pipelines that are going 4-, 5-, 600 miles from west Texas down to Corpus Christie and connected Corpus Christie to Houston. Those are long run pipelines.

So as the hubs expand and the distribution network grows, it really kind of -- it changes whether this period of two or three years is mostly 50 or 100 or 70 miles or 200 or 500 or 600 miles.

MS. LARSON: There's been some different perspectives on what -- how to characterize the demand trend for -- during the POI. And I'm looking at some of the demand indicators. I saw the EIA in the FERC compiled state on natural gas pipeline projects that have been either commenced and started or that will be compiled in the really start of the next couple years.

That data shows a large increase in pipeline mile for the year 2017 just to kind of give you a perspective of what the numbers look like. In 2015, it shows 424 miles of pipeline, 2016 went to 537 and then 2017 showed 4006 miles. So quite a large jump.

Similar to Michael's question, how do I interpret this information? When would the purchases and production of this pipe have been -- when would it have begun to -- when I'm looking at this 2017 large increase, would the production and the bidding process have occurred in 2017 or would have that started much earlier?

MR. RIEMER: Ingo Riemer with Berg Pipe. So the construction of the pipeline and when it's getting into service, I guess, are the numbers that are you are -- you're referring to. That is not a mirror of when the production actually take place. And that is important to us.

So the pipe could sit there for a month and even years on the ground before it will be actually put in the ground. There is a lot of permitting going on. Until the permitting is there, pipe operators have to wait until they're allowed to string the pipe and lay the pipe.

So 2015 was a strong year. And we -- for us in production, yes, and construction, yeah. 2016 it went down significantly. And '17, we slight increase.

But those projects, we know already which projects we lost in '16 and in '17. And they will be produced in '18. So we know exactly that those projects are coming in within the next month. Yeah, we know exactly that this is going to -- the imports will continue. We know exactly -- we know even the time frames when they are going to come into the country. And our mills are going down. So we have just this week shut down from two to one shift operation, yes. And in another mill, we will go down completely in the month of March. So that is unfortunate reality.

MR. BRIGHTBILL: Hi, Tim Brightbill, Wiley Rein. I think we should probably look at the EIA and FERC data and will talk in the post-conference brief about why that appears to differ so dramatically from what I think your data is showing and what our data shows, which is strong market in 2015, dropped in 2016, recovered somewhat in 2017. The market is still pretty good in the United States, but we're losing market share and imports are gaining market share throughout that period.

MS. LARSON: Thanks. And that would be helpful especially because it goes out a couple more years. And so is this something that I should be looking as a demand indicator or is not really a reliable source? That would be very helpful.

Excuse me. For -- what is the market share for line pipe used in structural applications? Is this a large end use? We've talked a lot about the large oil projects and the natural gas projects.

MR. GRIGGS: You're asking how much structural pipe gets used in projects --

MS. LARSON: Right.

MR. GRIGGS: -- that have line, right? Well, they'll be building stations along the way. And there is a lot when the -- when it gets going, they'll be building pumping stations. They'll be road crossings. They'll be things that happen. And so there is a part of that that helps the construction industry.

MS. LARSON: Thank you.

MR. CLARK: This is John Clark from Stupp. There's also times when there's the end user of those -- the end of those pipelines, whether it's a power plant or an LNG facility or whatever, obviously, those have a lot of construction as well.

MR. DE MEY: Yeah, Laurent De Mey, Skyline. I'd like to add so on top of all the chemical and petrochemical industry that uses all this, those are all downstream people. People are building buildings and warehouses and everything around it, too. But build LNG terminals, you need to deepen ports. All these have an immediate effect in our -- and so it's really connected to what we do.

MS. LARSON: Thank you. Do the longer lead times on project businesses make the market for LDWP more favorable for imports than markets for other type of pipe?

MR. GRIGGS: Well, the short lead times in the -- on the non-residential construction side tend to allow us to have some, but you'll see the really premiere projects, the Holland Tunnel, you know, there's large bridges in California. So if there is any amount of lead time whatsoever, we're very vulnerable for foreign material.

MR. RIEMER: Ingo Riemer with Berg Pipe. So the long lead times help the foreign producers since they can -- they have the time to produce and ship the pipe over the ocean and that is definitely an advantage for them.

If for smaller projects, where the pipe needed is very quickly, we are in an advantage and usually we supply that, yes. But if the lead time is more than three months, there's always foreign players involved.

MR. GRIGGS: But I will say this. We still have to meet import pricing every time. And even if you sat, in meetings and we sit in meetings, and say, well, we don't think they can make the delivery -- the person that's buying it says, well, they say they can. So no matter whether that happens, we're meeting those prices most of the time, which is reason a lot of us invested in improving our technology and processes to try to be the low cost producer, because it's really the only way to be sustainable, but we're still meeting import pricing.

MR. STUPP: John Stupp, Stupp Corporation. I completely agree with Mr. Riemer's conclusion that yes, the longer lead team certainly helps the imports.

DR. KAPLAN: Seth Kaplan, in case after pipe case, you've seen head to head competition when there aren't the lead times. The Commission has found that there's head competition, price suppression, depression, lost sales and lost revenues. It's worse here because of the reason you said. So it did insulate people in those markets. And now with these lead times, you have the added ability of the foreign producers to plan and supply the U.S. market.

MR. DE MEY: Laurent De Mey from Sky. I'd like to -- so it's definitely not only in the LNG or in the transmission lines that the lead times can be long and therefore imports can be easily accepted. In non-residential construction, there's a -- there's permitting processes. There's final engineering. There's mobilization of cranes. There's finding temporary storage area as for -- they have the equipment they all use. So there's plenty of time and many jobs that definitely open up imports -- opportunities.

MS. LARSON: Okay, thank you, that's very helpful. Do purchasers typically warehouse their own large LDWP or are they typically shipped directly to the job site from the manufacturer?

MR. CLARK: This is John Clark from Stupp. It's almost always shipped directly to a site. It's a collection yard for the project so --

MS. LARSEN: Great.

MR. NORRIS: This is Jason Norris with Dura-Bond. They always ship it to a site.

MS. LARSEN: Okay, thank you. Let's switch gears. I have a couple of questions about pricing. We've talked a lot about bidding and how price is the -- one of the main factors in that. Does it -- does the bidding process itself differ depending on the end use customer? Is the bidding process similar for construction versus the transmission line?

MR. GRIGGS: Robert Griggs, Trinity Products. Yes, there is an RFP put out and we look at specs and we get specs and we look at lead times, and it's really the exact same process.

MR. DE MEY: Yeah, Laurent DeMey with Skyline. I would say yeah, absolutely. It's a bidding process, quality certifications, quality control manuals, these kind of things, all similar to the API world and I would say yeah, it's very similar. Price is a defining factor and as we said before, I mean finished goods have come in at equal or below raw material costs, so impossible to compete.

MS. LARSEN: There's been mention of multiple bidding rounds, and then the impact of import prices on their negotiations. So my -- I just want to make sure I clearly understand. Are purchasers sharing what the -- what the bid prices are and then you go back and you rebid? Are you being told what the other import -- what other suppliers are offering and then you get to renegotiate another price?

MR. RIEMER: This is Ingo Riemer with Berg

Pipe. So in the first round you receive the RFP and you're invited. You don't know who the others are, but you know who they are. And so then you get a feedback from the customer whether you made it to the short list. So they shrink it down based on the responses that they received, and then usually you are invited to a bid clarification meeting.

But they do not tell you what exactly price others have, but I mean they try to or they give you an opportunity to hoe in your bid.

MR. CLARK: This is John Clark with Stupp. They will often -- they don't share with you the details, but they will often say to you at the bid clarification meeting well, the importers came in a whole lot cheaper. You can have one more, one more opportunity for your best and final.

MR. RIEMER: Yeah, so Laurent De Mey with Skyline. It's exactly the same. Usually one-two-three rounds, long list, short list and then without telling me exactly the prices we were told you're dramatically over and we had a chance maybe to cut our price back and maybe try to match your price. We then know after the fact that we didn't get the sale. So our price was not good enough.

MR. NORRIS: This Jason Norris with Dura-Bond. Yeah, the customer never gives you a price to match, and I'm sure, as it was described here, when you're on the short list and they give you another opportunity, they're not just giving you that opportunity. So they're giving everybody, the foreign mills also the opportunity to, you know, that's the game they play of course.

MR. CLARK: This is John Clark. One more thing I think is important is although it's at the bidding stage, we don't get the specific information, we don't get it by named companies afterwards. But oftentimes some operating companies will go back after the fact and say well, you finished third and you were 18 percent off the winning bid, and then of course knowing who the winning bid was because we see the job going on so --

MS. LARSEN: All right. This question might be best directed at Mr. Brightbill and Dr. Kaplan. Can you -- do you have any comments on how the different manufacturing processes affect the price data? Have we seen any price effects with the different manufacturer processing methods?

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. Since we haven't really had a full chance to look at the pricing data, I think I'd rather do that in the brief, if that's all right. But there was for the pricing data you gathered, you asked for method of manufacture to be specified. So we should probably analyze that and put it in writing, if that's all right.

MS. LARSEN: Absolutely, thank you. I think that's it. Thank you very much.

MR. CORKRAN: Thank you very much. Ms. Lo.

MS. LO: Hi. Thank you all for being here and helping me understand your industry. I have sent some questions to specific firms and I will be sending some more. Due to the nature of some of my questions, most of my questions, I understand that they're going to be confidential and can't be shared in this form.

So any question that I ask if you're uncomfortable sharing in this form, please save it for your post-conference brief or in response to my emails. Similar to my colleagues, I was trying to understand the particularly the raw materials for the two -- there are three, I understand three manufacturing processes, and the larger sizes use CTL plate for the input, primary input.

So for those, is there some sort of cost differential for raw material sourcing for coil versus plate, because there's some overlap? I mean I understand that LSAW can make all sizes, and HSAW can make up to 48, correct me if I'm wrong, and ERW can make up to 24 I think? So is there some sort of -- is coil just cheaper as a raw material? Is there any way to kind of -- how do you guys budget for raw material costs?

MR. RIEMER: Ingo Riemer with Berg Pipe. So the ERW process can go down to or up to 26 inch. So that is the upper limit. Some mills only go to 24, but some go to 26. The spiral can go up to 56, if that is necessary and can go down to 18 inch. And the long seam can go also up to -- there's no upper limit, so 56, and could go also down to 16.

MS. LO: Oh 16.

MR. RIEMER: And regarding the prices, so ERW and spiral, they use coil, hot-rolled coil and long seam uses plate. There is price differences, but it's a different market so since hot-rolled coil is also used in the automotive market, there is other indicators or other drivers for that market than for the heavy plate, which is used also in shipbuilding or in construction and stuff like that. So there are -- they could develop differently, hot-rolled coil prices versus plate prices.

DM Laurent De Mey with Skyline. I'd like to add, spiral you can even go higher than 56 in diameter. Our machines make up to 144 inch, so that's not a problem. I think the limiting factor in some sense, why people would go spiral over straight seam is spiral coils are available up to one inch thick, where a plate can go much higher than one inch thick, simply because of the process of rolling the coil into -- I mean the plate into the coil. So one inch thick would be the maximum commercially available in coil, and plate goes higher. I think that's an important difference.

But the sourcing, as Ingo just said, the markets of plate and coil vary and essentially they're different end user market, and it goes sometimes up, sometimes down compared to each other, and they -- but they all follow the steel industry vigilantly, I would say. ERW is limited by the width of the coil.

So the width of the coil defines the diameter of the pipe, and so there's limited width of the coil you can have, and 26 inches really -- I mean currently what is currently the width of the maximum coil you can get on the market. So that's what defines this limit.

MR. NORRIS: This is Jason Norris with Dura-Bond. There are differences in the raw materials, as you had noted. But there's also a difference in the manufacturing process. For instance, a long seam product has half the amount of weld that a spiral seam does. So you can weld it twice as fast. Also, the type of mill that we have, as I said before was designed when there was large quantities of cross-country pipelines being built, and the production speeds are much higher.

So it generally takes -- it doesn't take us as long with the same amount of labor to make X amount of tons of pipe that it might a spiral weld pipe. Some of that should be reflected in the annual capacity of the mills. So there's other factors beyond material costs that play into the final price of the product.

MS. LARSEN: That's helpful. I just wanted to also invite you to comment on Mr. Morgan's allegation this morning, that the 60 inch plus pipe issue of the -- yeah, the 60 inch, right, sorry, for pipe issue that's being made by imported from India.

MR. BRIGHTBILL: Tim Brightbill, Riley Wein. I think that was the 48 inch, 60 foot long, right? Yeah.

MR. RIEMER: Ingo Riemer with Berg Pipe. So you're referring to the project that Welspun representative was referring to in 2017? So this is a project called Valley Crossing, and that was bid on in 2016. So the gentleman from Welspun said there was no mill that was capable of producing that in the U.S. That is wrong. We bid on this project in March of 2016.

MR. BRIGHTBILL: Tim Brightbill. We'll provide some more information in our brief.

MS. LO: That's very helpful. Thank you. So this is related a little bit to Mr. Haldenstein's question on inventory. For those of you that do show inventory numbers in your responses, are those inventories accounted for -- is it just waiting for shipment? Is it a lost sale?

Is it also able to be used for part of a bid for another project or a smaller project or component? What happens? How do you account for inventory in your data?

MR. GRIGGS: Robert Griggs, Trinity Products. We do have a small amount of inventory that are just standard sizes that as we roll we put in inventory.

MS. LO: So some inventory.

MR. GRIGGS: That would be for some construction items like road boring and that sort of thing, where people come in and call and go I need 80 feet or 100. It's usually less in 20 ton quantities, truckload quantities, and we pick a small amount, 1,000-2,000 tons and it's cycled consistently. When we run out, if we're rolling that size again, we remake it. But out of $100 million in sales, it's accounting for four or five million dollars of our sales.

MR. CLARK: This is John Clark with Stupp. The inventory for the most part, I mean there's some variations, but for the most part our inventory is when we have manufactured as a faster rate than the customer can receive at their location. So it sits on our books in our yard until the shipping can catch up with manufacturing.

MR. CHEFREN: This is Mike Chefren from Skyline Steel. Robert's correct, that we do have residual products that are made from a run that do result in minimal amounts of inventory. Steel is bought in heat lots of 150 tons, so you may have some left over one way or the other. You also have things, cancelled projects. It's not unheard-of to have something just come back to your yard unsold so --

MS. LO: Yeah. So a follow-on to that. Can those pipes from the cancelled projects or the lost sales be reused for another RFP or spec or for another project?

MR. GRIGGS: Sure. That's reasonable.

DR. KAPLAN: Seth Kaplan, IER. I just wanted to clarify between the folks making ASTM steel for construction. I think that's what the last two witnesses spoke to, or the last witness, Mr. Griggs. And on the line pipe side it was more sitting waiting for shipment. So I was asking about the project-based nature of both.

You know, the pipe end use and the construction end use, and the pipe end use was nearly 100 percent project-based, and on the structural side it was in the 90's. That accounts for both the small volumes of inventories you're seeing and primarily seeing them in structurals, where there's some standard sizes that are going to be repeated, where the line pipe is often engineered.

That's another point we go to, is that if you're -- if you're, you know, making a thousand mile pipeline or something, you know, if you could shave off a tenth of an inch on inner diameter, you know, how do we do it? Volume. That adds up. So these folks will be getting RFPs asking for engineered pipe that is slightly off of, you know, a quarter of an inch or a half inch or something, to meet that specific project and meet the engineering requirements and save money.

And that's what all of these guys do. This is a pretty sophisticated industry on the pipe side. I know you've seen others, but you know, you see standard pipes that goes in for sprinkler systems, and that's a lot more generic. Here, you're dealing with something where literally every weld is X-rayed, given what's being carried, you know. This is --

MR. CLARK: This is John Clark with Stupp. I'm going to concur with that. There's very customized pipe, down to everything from the chemistry that the customer orders in many cases is very specific. So if the exact pipe chemistry and diameter and it's down to the thousandth of an inch of a wall thickness that they order it, if it is precisely the same as what another customer needs, absolutely it's reusable.

But the chances of it being exactly the same a lot of times are low, and a lot of times that they'll wind up buying it as a -- maybe it's a discounted price because it's thicker than they need, but okay we can use it or whatever.

On the structural side, the material that we do make that would be for inventory or would be an overrun is ASTM, and it absolutely would go into other projects if that's what was specified on the project.

MR. NORRIS: This is Jason Norris with Dura-Bond. We don't manufacture any pipe for inventory purposes. The only pipe we ever end up that might go into our inventory is generally we talked before about an API, and a customer having requirements above and beyond API.

We might make a piece of pipe that meets API. That's fine, but it might be a slight tolerance difference that doesn't meet their specifications. So that goes into our excess inventory, and it's a small percentage. It is -- most of the time it is engineered wall thickness pipe.

So they have a certain pressure and they calculate the thickness of the pipe given the grade and diameter, how thick the pipe needs to be. They take it down to the thousandths of an inch to save money on steel. So therefore that pipe has very limited applications, and a lot of times it ends up as a structural product.

MR. DE MEY: This is Laurent De Mey from Skyline. I'd like to add that if there is inventory available, I think the example that Mr. Clark gave, the actual wall thickness that may be on the ground may not be exactly what is needed in the next upcoming projects. And then we kind of have to discount the additional steel that is now in the wall thickness that the customer doesn't need.

He's not going to pay for it, so we have to give a discount on those. And also we could have the wrong length of pipe on the ground, because we make pipe to a certain length. Let's say we put a 50 footer on the ground, but the customer needs a 60 footer. Well, you will not remake new 60-footers. You will take the 50 footer and try to reweld it together. So all these additional costs come at the expense of having these additional inventories we have.

But I mean we do that, as Mike explained, because there's overruns or because we have to. So yes, it's certainly not ideal. Projects are a project to have a specific requirement. It's better and easier, more direct to be able to make exactly what the customer needs for that specific project.

MS. LO: And the other question I have, it's more of a larger picture question to Mr. Kaplan or any of the witnesses. The slides on the profit trends, I just want you to address it, if it's confidential, about how much of that, particularly in 2016, is accounted for by plant shutdowns or idling? I don't know if you can discuss it here.

DR. KAPLAN: We'll answer that in the post-hearing. But whenever you get shutdowns or you get extraordinary expenses, or you have, you know, you could have hypothetically a firm that is losing less money shutdown than when operating. So you could get all kinds of things going on with data that require a careful look, that kind of a wooden view of a trend absent the kind of background events that you're -- exactly what you're talking about.

It could be a little bit misleading sometimes. So we'll try to point out circumstances that would give a trend potentially unconventional shape when you look at it and point to what's going on, to give you the idea of whether that thing going on is something in itself injurious or not that could be looked at along with the trend, to understand how this industry's being affected.

MS. LO: Just related to that, several witnesses have testified that they've reduced shifts or had partial shutdowns. In addition to the larger issue, I was referencing whether, how that affects also P&L?

DR. KAPLAN: Right. I was thinking a pretty high level of this.

MS. LO: Yeah.

DR. KAPLAN: We'll go to specifically.

There's one other point I wish to make on this, and you have heard about closures or layoffs or potential closures. In this year, it's after the end of the Period of Investigation but it's certainly for a preliminary part of the record and important to look at, whether there's being injury suffered today, you know, the time of the vote, that extends slightly beyond the POI.

We will put that together. You've heard evidence of that here today, and we think that should be incorporated into your staff report and the Commission should be aware that even after the end of the POI and even how close it is to the end of the POI, there's been more negative effects due to imports since that time. We'll put that in an answer for you and we'll also put a table together of these closures and shutdowns and discuss that in a way that hopefully would make it easy to digest, rather than chasing this around the record.

MS. LO: Great. Thank you so much. That's all my questions for now. Thank you.

MR. CORKRAN: Thank you very much. Mr. LaRocca.

MR. LaROCCA: Good afternoon everybody. Thank you for coming. Can you hear me? Okay. Sure. I just have two questions for the industry people. In the previous report, there's confirmation that OCTG products can be produced on the same materials. Is that still true?

MR. BRIGHTBILL: Your question is whether OCTG can be produced using the same production equipment?

MR. LaROCCA: Yes.

MR. BRIGHTBILL: Okay.

MR. RIEMER: Ingo Riemer with Berg. Not at our facilities.

MR. STUPP: This is John Stupp at Stupp Corporation. We have a license to make a casing product. We don't -- we could make those but we do not make them.

MR. NORRIS: Jason Norris, Dura-Bond Pipe. We do not, cannot make OCTG.

MR. HENDRICKS: Wes Hendricks, JSW Steel. We cannot, do not.

MR. LaROCCA: Okay. I have one more question. This might be best for your post-conference hearing briefs, but in the previous report there was talk about what percentage of pipe of diameter of 16 to 24 was produced by ERG versus the submerged arc welds. Could you please in the post-hearing, post-conference report write down the percentages that are produced by that method?

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. We will do that.

MR. LaROCCA: That's it for my questions.

MR. CORKRAN: Thank you very much. It's a pleasure to be able to ask questions, though my colleagues have asked some very good ones. I wanted to circle back to one that has been asked by nearly everybody at this table in one form or fashion, and so let me see if I can pose it just a little bit differently.

I understand that coil and plate have different drivers, that they are used in different markets. But I think the bottom line question is does plate in general command a price premium over coil, and if so how does that flow through to the prices for pipe that use plate and coil as their input?

MR. NORRIS: This is Jason Norris with Dura-Bond. I'll answer that the same way I answered the other one. There is a difference in cost generally between plate and coil. It depends on the market and how strong the market is for coil, and what the duty situation is at the time. But steel is a part of it. It is a big part of it, but there's also a conversion cost. So there's a conversion cost per ton based upon how many people you require and how many tons you can produce in a day. And generally long-seam mills such as ours can out-produce spiral weld mills with less hours and make the same amount of tons. So it reduces that conversion cost and equalizes the prices.

MR. RIEMER: Ingo Riemer with Berg Pipe. So there are sizes that the customer requests in wall thickness that cannot be produced on spiral because there's limitations on the thickness of hot-rolled coil. There is virtually no limits for heavy plate. So there is a--it depends on the grades, how thick the material could become. But there are products that cannot be produced on spiral mills. So there is long-seam mills that are the only players for a certain product.

MR. STUPP: This is John Stupp, Stupp Corporation. Two things. There are some indexes that will give you a pretty good idea of the relativity of the cost. Historically--which doesn't exactly matter at the moment--there was a significant difference between coil pricing and plate pricing about 10 years ago which drove a lot of people to go into the spiral side of production.

That's really pretty much disappeared today.

MR. CORKRAN: Thank you. And we'll be looking very closely at the Published Price Indexes for those. I think that would be very helpful.

There are some other interesting conditions of competition that have taken place in the market. Can the witnesses talk about antidumping and countervailing duty investigations that have covered both hot-rolled steel and cut-to-length plate during the period for which we're collecting data? And what the impact of that has been not only on prices but on availability of raw materials.

MR. KOPF: This is Rob Kopf for U.S. Steel. I guess if I could just make some general comments to start out with. If there is a suspicion that somehow the antidumping and countervailing cases on hot-roller plate, cut-to-length plate, have somehow played an impact in raising the cost of production here to my customers, I guess I would argue that this market goes through significant cycles within every year. Since the original filing of the hot-rolled case, we actually saw steel prices after the filing go as low as they had been on hot-rolled since 2003.

So there were opportunities for the procurement of hot-rolled and plate prices that were significantly lower in this Period of Investigation. I would also I guess like to point out that there is ample capacity in this country to source hot-rolled and plate products that make all of these applications. Speaking as an industry representative, I know my company has two idle blast furnaces that we would love to be able to turn on if our customers had enough order booked to be able to buy more from us. And I know that I have two competitors that have idle blast furnaces.

All of us have ample hot-rolling capacity, and to my knowledge I don't have a single competitor on the plate or hot-rolled side that is full.

I guess one other point I'd like to point out is, if you look at steel data that goes back the last two years, input prices of hot-rolled in other parts of the world such as Southeast Asia and Turkey, and in the EU, those--since early 2016 to the current time period, hot-roll prices in those regions have gone up over 200 percent. And I'm more than happy to provide that information to Mr. Brightbill for anything that you would want to see after the fact. But there have been some significant hot-roll price inputs that have gone up in other parts of the world that I don't think are being reflected in the price of pipes quoted here today.

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. Just to talk generally about a couple of the things that may address your question.

First, as far as the impact of those dumping orders, we see, as I referred to, and Mr. Riemer referred to, imports moving up the value chain. So if the hot-rolled and plate from some countries cannot come here in that form anymore, it is now coming in pipe form.

And related to that, you've heard testimony of some subject imports being made with hot-rolled and plate from China, again. So if it can't come here from China, it can be used--it can either be made into pipe in the subject country, or sold to another subject country and used there. So there's distortions that result from either of those.

Second, as Mr. Kopf just pointed out, there's been increased investment here in hot-rolled and plate that's expanded the capabilities here for hot-rolled and plate that can be used in domestic large-diameter pipe production. And then I think the last point that Mr. Kopf made was a very good one, that import--that pricing of hot-rolled is up around the world, and we're certainly not seeing that in the prices of the finished product coming here.

And maybe JSW might want to talk about the investment on the plate.

MR. HENDRICKS: Wes Hendricks, JSW. As I spoke to in my testimony, we are in the process. The construction is underway for a newly upgraded plate mill at our facility to supply ourselves as well as to supply the industry with not only plate for pipe, but plate for other markets as well, to ship building to pole tower, things like that. As well as that, I spoke of we're in negotiations right now for the hot end, which is the melt side. He has two furnaces sitting idle right now, two furnaces sitting idle that he'd like to fill up. We want one for ourselves that we're in the process of doing.

So the availability is there for us. And as far as the plate pricing, I concur exactly with what he said. We haven't seen, because of the previous trade cases, we haven't seen a spike in the pricing or anything. We've seen a climb in the raw materials going into it, some of the slab. We manufacture from slab. We don't melt. So we have to roll from slab.

Those pricings have gone up a little bit for what we have to bring in, but otherwise nothing greatly. And it hasn't increased our business in any great way.

MR. NORRIS: Jason Norris, Dura-Bond. I can say that since the, whatever it was, two years ago since the ruling on the cut-to-length plate, that we've seen an increase in investments, fairly large investments in our domestic suppliers to close some of the specification gaps. And right now we do not have any issues sourcing our plates domestically that we would need for any product that we can manufacture.

It wasn't the case maybe two years ago, but since then they have--all three of our suppliers have stepped up and made the investments they needed to make.

MR. DeMEY: Laurent DeMey from Sky. I would like to add, since we are a Nucor Corporation entity, I know that also Nucor has been investing and continues to invest tens of millions of dollars to be able to successfully support the pipe industry as well.

So the industry definitely is investing and has been investing and continues to invest in supporting the industry here with the availability of quality material and required needs.

MR. CORKRAN: One of the reasons why this was of interest to me was that, obviously CTL plate is produced in a variety of different specifications. So recalling some of the testimony presented in the CTL plate investigation not that long ago, I wondered what the importance was of the project that was mentioned this morning, which was inch-and-a-quarter wall, and X-70 plate.

What is the availability of X-70 plate in that thickness in the United States?

MR. RIEMER: So as I said earlier, we have bid on this project back in March. I'm happy to provide the bidding documents. We complied with all the specification of the customer requirements, and we had multiple plate sources for that. And we had also a bid from a domestic supplier, but we also had bids from French and German producers. So I'm happy to provide that.

MR. CORKRAN: French and German producers of plate, or pipe?

MR. RIEMER: Everything was for pipe. The total project was 195,000 tons, and 190,000 tons of that was bid based on the production in Florida, and only 5,000 tons was too thick for us so we included in our package a German producer that would do the rest.

MR. CORKRAN: Thank you. Thank you, very much.

DR. KAPLAN: In discussions with the producers, there have been no availability issues. Sourced from the United States, or in some cases even imported. What--what this question goes to in some respects, if there's any potential cost differentials, the Commission may be investigating that. But we see cost differentials based on the subsidization and the dumping.

The Commerce Department has accepted the allegations as part of the Petition. I know the Commission accepts those at this phase until the final are there. They are large, to very large, given the size of this market.

So we as a group consider those dumping and subsidizations more than even a cause, but as a central cause of the ability of foreign producers to undercut prices on specific projects with specific specifications for the pipe.

MR. CORKRAN: Okay. My next question is: In a January 24th, 2017, Presidential Memorandum regarding the construction of American pipelines, the President of the United States directed the Secretary of Commerce to develop a plan under which all new pipelines, as well as retrofitted, repaired, or expanded pipelines, use materials and equipment produced in the United States.

What is the current status of that initiative? And what does that auger for imported pipe looking into the future?

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. Industry witnesses can comment, as well. We are not aware of the status of the plan. There's been no action taken that we're aware of at this time. We were very excited by that proclamation, but there's been no change since then. So as far as we know, there's no impact on the market. I think that's evidenced by the recent sales lost, including the one lost this week to imports--or last week, to imports, that clearly there's not a lot of concern among the subject importers that that will have any effect, or has had any effect as well.

MR. CLARK: This is John Clark from Stupp Corporation. To second what Mr. Brightbill is saying, the Order, if I remember correctly, was issued in early 2017, and throughout 2017 imports reached an all-time record and have taken now the majority of the U.S. market.

MR. CORKRAN; One other event that has happened relatively recently has been the initiation of a Section 232 Investigation. And at this point I believe the forwarding of recommendations by the Department of Commerce to the President.

Have you seen any impact of either of those actions, either the initiation of that investigation, or as it moves toward a conclusion, have you seen any impact in your market?

MR. RIEMER: Ingo Riemer with Berg Pipe. We have not seen any reaction there. To the contrary, projects are still being placed abroad because nobody really seriously believes that there is going to be real protection.

So I mean you have the list of lost projects, and even since one year ago it was when the Presidential Memo was made, and all Section 232 Investigation was about one year ago when it was launched, and we have seen that there is no scare.

There are some customers who would say, okay, we don't take the risk. But the big customers, they rely on their lobby work, and rely that there is not--that there will be no impact for them whatsoever. So we see just the facts, and the projects are still placed abroad. And also the foreign producers don't take this pending trade case here for serious, and it's still there to book in the middle of an investigation. And this is a pilot, and if one is successful with that, others will follow.

MR. GRIGGS: On the structural--Robert Griggs, Trinity Products--on the structural side, no effect whatsoever. Zero.

MR. CLARK: This is John Clark, Stuff Corp. No beneficial effect. To the contrary, we've actually seen imports accelerated.

MR. NORRIS: Jason Norris, Dura-Bond Pipe. I would say, as we discussed before, that our customers are very risk-averse. And if they had thought that they had any exposure to any of that, they would not be placing orders right now with foreign mills.

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. The single best example of this was the sale of the Cheniere Pipeline, which was taken by Evraz Canada, where--and this was middle of last year--where either Evraz or Cheniere, or some combination, received assurance that, even if there were a 232 it would not cover Canada. And so they could freely proceed, and they booked that over the competing domestic bids.

MR. STUPP: This is John Stupp, Stupp Corporation. I testified to a lot of you in the NAFTA hearing in this room that there was a problem with the Canadians feeling that they were being released from any 232 concerns. And that definitely, as Tim pointed out, had a negative impact.

MR. CORKRAN: Thank you very much. I've got maybe just one or two clean-up questions left. There was testimony today about ERW production up through 26 inches. Can--and I forget who mentioned this--but can you specify whether that is production in the United States, or production outside the United States at that 26-inch level, 26-inch diameter?

MR. RIEMER: Ingo Riemer with Berg. I guess I mentioned that. So there was a general statement that there are ERW mills in the world that can go up to 26 inch. I'm not aware of a U.S. producer that is--I guess the U.S. producers are limited to 24.

MR. CORKRAN: Thank you. That was just a clean-up item I wanted to clarify.

MR. NORRIS: Jason Norris with Dura-Bond. I do want to make the point, though, that there are sawmills that can make 26 inch. We can and do make 26-inch diameter.

MR. CORKRAN: Thank you.

Let me turn to my colleagues to see if there are any additional questions?

MR. ABU KANU: Abu Kanu, Office of Investigation. This question really is to you, Mr. Brightbill. I was wondering if in your posthearing brief maybe you can address the issue if there are any dumping orders in place in subject countries, and what effect that has been.

MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. There are orders in effect, and we will document those in the postconference brief. Thank you.

MR. CORKRAN: Okay, with no further questions I want to very much thank the panel for your presentation here today. It's very much appreciated. And we look forward to continuing to explore this industry. Thank you, very much.

As we prepare to switch panels, we will take a ten-minute recess and we will reconvene at 2:30.

(Whereupon, at recess was taken.)

MR. BURCH: Will the room please come to order?

MR. CORKRAN: Thank you very much, and welcome back to our second afternoon session, and we'll begin with Mr. Morgan.

MR. MORGAN: Thank you Mr. Corkran. Good afternoon. Frank Morgan on behalf of the Welspun Group. Before I introduce our witness and the remainder of the panel, I believe it would be helpful to briefly explain who each member of the Welspun Group is.

Welspun Tubular is a U.S. producer of LDWP. You'll hear more about that company in a moment. Welspun Corp is an Indian producer of LDWP and the parent of Welspun Tubular. Welspun Trading and Welspun Global Trade are the exporting and marketing arms, respectively.

You'll hear from Rusty Fisher in just a moment, but I'll briefly introduce the rest of the panel, and I'll allow each of them to introduce themselves when they come up to present their testimony. Corinth Pipe will be first, representatives from Corinth Pipe. Next will be representatives from EVRAZ, followed by counsel for the Turkish producers, who will make remarks on behalf of their clients.

That will -- and then we may have some time left, which various members of the panel may choose to take. So we will now proceed. Rusty, whenever you're ready.

STATEMENT OF RUSSELL FISHER

MR. FISHER: Good afternoon. My name is Rusty Fisher, and I am the Senior Vice President, Sales and Marketing for Welspun Global Trade, the marketing arm for Welspun Tubular LLC. We believe that Welspun is the second or third largest U.S. producer of large diameter line pipe. Welspun's USA manufacturing facility is located in Little Rock, Arkansas. Welspun's U.S. operations employ approximately 800 men and women.

So you may be asking yourselves why didn't I appear with the Petitioners during their presentation, and that is an awfully good question because as recently as 2014-2015 case involving 24 inch and smaller welded line pipe from Korea and Turkey, Welspun was a petitioner. Make no mistake: Welspun's primary interest has been and continues to be protecting its domestic production.

But some fairly unique circumstances explain why I'm here today opposing the petition against India. As you can see in our questionnaire responses, Welspun did not import a significant amount of material from India in 2015 or 2016. Further, Welspun has no intention of importing large volumes from India in the foreseeable future, which you also can see in your questionnaire responses.

Two projects essentially explain why Welspun imported the volumes from India in 2017. One of the projects required that pipes from Welspun -- required pipes that Welspun does not have the capability to manufacture in the United States. Having spent 35 years in the business, I'm pretty certain no other U.S. producer can produce most of the pipe that we manufactured on the job.

One U.S. producer, Berg, has a parent company in Germany known as Europipe, and they can produce a pipe in Germany no question. It's a unique circumstance, some of the pipe that was made. The pipes in question are two different types. A significant quantity was 48 inch diameter, triple random linked LSAW pipe, which is approximately 60 foot in length and is produced from a single plate.

The capability to produce such pipe is unique and only produced by a handful of mills in the world with no such mill capability in the United States. Welspun cannot manufacture that pipe in the United States? While I'm sure other mills in the U.S. claim they could manufacture 40 foot pipe links or weld two 40 foot pipes together to make an 80 foot length, that's not what our purchase order called for, and we will provide information on this in our post-conference submission.

The other pipe in this project was significant quantity of 42 inch in double-random links for offshore service. This pipe's approximately 40 foot long, with thicknesses of 1.250, 1.5 and 1.8 X70. Our belief is that neither Welspun nor any other U.S. manufacturer can bend this pipe. That's what we've always been led to believe, and we haven't seen this type of pipe made in the United States.

It typically comes from India, from Germany, from Japan, and there was a case years ago, I might add, with large diameter from Japan, and these all were excluded I believe you'll find from that case. In addition to our ability to supply the required pipes, there was some unusual value-added requirements that we were able to meet.

This was a unique pipeline, as the onshore 48 inch portion was designed to operate at 1,700 psi, which to our understanding has never been done previously in the USA. One unusual requirement consisting of being able to perform the internal machining on every ninth pipe in the onshore section of the pipeline at the pipe mill with precision boring machines, rather than in the field at the construction site less precise and inefficient equipment.

The pipeline in question required that every ninth pipe, which they called a cracker ester pipe, was to have a 1.1 or 1.25 inch wall thickness and the ends of the connecting pipe had to be machined, so that they would match up with the 833 wall mainline pipe. Another unique aspect of that project was the concrete weight coating required for the offshore segment of the pipeline.

The final concrete weight coating requirement was for 210 pound density concrete, to allow the end user to reduce the thickness of the concrete and get the same buoyancy requirement as on the thicker concrete with less density. Our understanding is that 210 pound density has not previously been specified in the U.S. market, and is not applied by U.S. concrete weight coating facilities.

In another instance, Welspun was awarded the bid on a job with the intent to supply the majority of the pipe from the U.S. manufacturing facility. The project was for two years' pipe supply, approximately 50 percent in 2016, 50 percent in 2017. In Year 1, Welspun supplied the vast majority of the pipe from our facility in Little Rock.

We had hoped to continue to supply the majority of the project from Little Rock, but ran into difficulties after anti-dumping duties were imposed on Korean hot-rolled coil, the input Welspun had purchased to manufacture the pipe. Those duties made it cost-prohibitive to import the Korean hot-rolled coil, but at that point there was no turning back.

Welspun was legally obligated to perform under the contract. At that point, we decided to import the pipe from India and fulfill our obligation under the contract. Not to mention, if you fail to honor a contract in this business, you're pretty much out of business. Having some degree of familiarity with the Commission's analysis, in no way could that be considered a sale that other producers lost to imports from India, because as I mentioned Welspun submitted and won the bid based on a plan to supply the majority of the pipe from our U.S. manufacturing facility.

That is the only point at which the sale could have been considered as having been lost to other U.S. producers, but it was lost to another U.S. producer, i.e. Welspun. The fact that subsequent events forced Welspun to change its sourcing of the input to fulfill its contractual obligation did not create an opportunity for another U.S. producer to rebid.

In fact, the only U.S. producer harmed by this unfortunate situation was Welspun's U.S. manufacturing facility. Quite simply, Welspun has no economic incentive to shut down its U.S. facility to bring in pipe from India that it can make in the U.S., which is why Welspun has historically imported very little from India since making an investment in the United States.

Welspun's business model is designed to have imports from India complement its U.S. product range, and not the majority of the supply and not be the majority of supply when the pipe can be produced at Little Rock or in the U.S. Instead, Welspun's business model is to make everything possible in the U.S. market in the United States, and as I just discussed, importing from India is the exception for items not being produced in the USA.

Having participated before the Commission in the past, I understand that one of the things the Commission must decide in certain cases is whether to combine all countries or to consider them separately. I believe there are a number of differences between India and the other countries in this investigation. At the outset, and I believe a comparison of our questionnaire responses to import data you have bears this out, Welspun is the major importer from India to the United States, and has historically been the largest one.

India, and by that we are really talking about Welspun, goes to market in the U.S. in a much different manner than the other subject countries. Of the other countries, India is the only one with two active U.S. manufacturing facilities. As you can see in our questionnaire response, Welspun has invested significantly in the U.S. manufacturing facility, and I believe has invested more and created more new jobs in the U.S. than the other producers in the last several years.

Welspun sells to the U.S. market from its U.S. manufacturing facility absent exceptional circumstances. Further, the majority of Welspun's bids are based on its U.S. manufacturing facility, not its Indian facility. To my knowledge, none of the other countries go to the market in the U.S. in that manner. While EVRAZ has a helical submerged arc welded mill in Portland, Oregon, they rarely market from this facility for sales in the U.S. as their principle manufacturing facility is in Canada.

In recent years, we have rarely seen EVRAZ ship pipe from Portland, Oregon to the U.S. market. Boroson in Turkey markets all of their large diameter from a facility in Turkey. They have a small diameter mill in the U.S., but that facility manufacturers only up through 12-3/4 line pipe, which is not subject material.

Corinth Pipeworks in Greece markets all of their pipe destined to the USA from Greece. Likewise, all Korean mills market their line pipe from facilities in Korea destined for the U.S. market. Last, China sells to my knowledge mostly non-API material which is structural or piling type pipe. In short, not a single one of the manufacturers in the United States or in the other subject countries would have filled the requirements of the unique pipeline I described earlier.

In view of these facts, we respectfully submit that India should be excluded from the investigation.

STATEMENT OF FREDERICK P. WAITE

MR. WAITE: Good afternoon Mr. Corkran and members of the Commission staff. My name is Fred Waite of the firm Vorys Sater, together with my colleague Kimberly Young. We represent Corinth Pipeworks, Pipe Industry SA of Greece, the only producer of subject large walled welded pipe in Greece, and its wholly owned U.S. sales company, CPW America Company. We have two witnesses to speak with you today, Dianne Burger, who is president of CPW America, and Apostolos Papavasileiou, who is the CEO of Corinth Pipeworks. Dianne, if you would start please?

STATEMENT OF DIANNE BURGER

MS. BURGER: Good morning. Thank you for the opportunity to share my thoughts and give you an idea of who we are at CPW America. I've been actively involved in the pipe and steel industry since 1979, both as a domestic and import, distributor and mill supplier of seamless, welded and flat-rolled steel. I started with International Alloys in 1979. Later, our company was bought by the Mannesmann Group, and in 1995 I was transferred to Mannesmann Pipe and Steel. I found my current home with Corinth Pipeworks 18 years ago.

CPW America was founded in 2000 as the wholly owned sales office for the Americas located in Houston, Texas. In 2004, I stepped into the role of president, which has allowed me to lead a small, hard-working group of individuals that are very well respected in the U.S. market, both by our customers and our competitors.

I'm past president of the NASPD, which the National Association of Steel Pipe Distributors and a current board member. I am joined here today by Corinth's CEO, Mr. Papavasileiou, who will give you more details on our parent and our group and how we deliver pipe to the world.

Our pipe mills in Thisvi, Greece are approved by most of the major oil and gas companies around the world, and CPW America works closely with these companies that demand the highest quality standards for large diameter line pipe. We supply pipe and coatings on projects that require strict adherence to their mostly proprietary specifications, and meet or exceed the special delivery and safety requirements needed to the storage and laydown yards inland along the pipeline's right-of-ways.

Our dedicated project team at CPW America is a big part of how we differentiate ourselves by adding value to the U.S. supply chain. Corinth's pipe mill is amongst the most technically advanced in the world, and has continuous improvement programs that have recently moved us into the very demanding offshore markets.

Our business model in the Americas focuses on being a responsible and fair importer to the United States, while ensuring profits to our shareholders. Over the years, we have concentrated on the project driven business, larger ODs such as 26 inch ERW, demanding customer specifications that exceed API specifications, sour service applications and very heavy walls, all products that generally cannot or have not been made by the domestic producers.

We do not participate in the United States in the commodity or structural market for steel line pipe, and we rarely offer commercial grades. As a U.S. corporation we do, however, through our value-added products, support many U.S. companies, family-owned and individuals such as Stevedore's trucking and storage yard facilities all along the supply chain. Our projects and contracts for large diameter pipe used by the major oil and gas companies are based on purchasing decisions that adhere to not only price but strict quality, reliability and safety requirements.

The vetting process for these contracts is very intense and sometimes spans up to six months or a year or more of strenuous qualifications and reviews. This can include reviews of our products, our quality controls and manufacturing processes, our safety procedures and our logistical background.

Demand for line pipe of this nature also can fluctuate significantly from year to year for many reasons, mostly economic or political. Additionally, since Corinth serves very important markets such as Europe, North Africa and Asia, we sometimes at CPW America face constraints of availability to bid on contracts in the United States.

Since this investigation is focused on 2017 subject imports, I would like the panel to note that Greece's imports for 2017 were a mere 1.5 percent of the subject imports. I think this is an important fact you should keep in mind. Once again, thank you for the opportunity to introduce you to CPW America and Corinth Pipeworks to the panel. It's my pleasure to introduce our CEO, Mr. Papavasileiou.

STATEMENT OF APOSTOLOS PAPAVASILEIOU

MR. PAPAVASILEIOU: Thank you, Dianne. Good afternoon. My name is Apostolos Papavasileiou. I am the chief executive officer of Corinth Pipeworks for the last ten years, and I'm also the core CEO of Cenergy Holdings in Belgium, which is our mother company. Let me describe briefly the nature of our business and especially the way we operate in this market.

Corinth Pipeworks is only the producer of large diameter pipes in Greece. In fact, we are the only welded pipe mill of its kind in Southern Europe and the

Balkans. We operate one ERW mill from eight inch to 26 inch, a spiral mill from 28 inch to 100 inch, and LSAW mill from 16 inch to 56 inch. We also have coiling facilities and we have our own port all in one roof, all in one place in Thisvi, Greece.

CPW begun its operations in 1969 and has become a global leader in production of high quality steel pipes for the oil and gas industry. We concentrate our operations in API pipelines, which have very demanding technical specifications for onshore but also for offshore applications. As Ms. Burger emphasized, we operate only on a project basis, and our model is one of make to order. In other words, we don't keep any stock.

We sell our products directly to the end users, and we are not involved in any kind of large diameter commodity pipes. CPW does not produce structural pipes, and we are not interested in selling commodity grades of line API pipes like Grade B. Our main focus is on the high end of the API pipeline market, and on unique applications utilizing state-of-the-art equipment, and this is how we try to differentiate ourselves.

The home market for our products is the European Union, and more specifically countries like Greece, Italy, France, Spain, Austria, Poland and the North Sea region, as well as export markets like the USA, North Africa and the Middle East. In the recent years, most of our capacity was utilized for the construction of major pipeline networks in our home market.

A recent example of these projects include the large diameter pipes for the Trans-Adriatic pipeline in Greece, the Maria offshore pipeline in Norway, and the expansion of gas networks in Poland, Italy, Israel, Algeria and Qatar. We see a growing demand for subject pipes in our home market of the European Union, and in the neighboring regions of North Africa and the Middle East.

These markets absorbed a substantial portion of our production during the Period of Investigation, and we expect they will continue to do so in the future. The U.S. market is clearly an important export market for us, but of course not the only one. Again as Mrs. Burger said before, in 2017 our exports to the U.S. market counted for only five percent of the total capacity of our factory for subject pipes, and for only one percent of the total consumption in the U.S. market, again of subject pipes.

For 2015 and 2016, these percentages were five percent, respectively. For 2018, 60 percent of our capacity for subject pipes is expected to serve our customers outside the U.S. market. However, we do expect to deliver quantities in the U.S. market, but these will be focused on two specific customers, and our products cannot be made by any U.S. line pipe producers based on the technical specification of these customers.

Specific examples about some recent projects we have executed and been awarded in the U.S. market for the subject pipes are as follows: ERW pipes with outside diameter of 26 inch. We heard before that there is no such capacity in the U.S. Offshore pipes using the longitudinal submerged arc welded method; and for sour weight coating and self service applications.

Again for these specific subcategories of large diameter pipes, there is no U.S. capability to cover the demand. What differentiates us from the standard or commodity large diameter producers, apart from the strict and almost tailor-made technical specifications, is the fact that most of our customers in U.S. market and other markets have a very narrow list of approved suppliers. For them, the purchasing criteria mainly focuses on quality, customer service, reliability and not so much on price.

Sometimes the qualification process for this kind of product may last from several months to years, and may involve a significant amount of invested money from our side and the customer for trials, for tests in highly specialized laboratories all over the world. CPW is technically advanced and meet such requirements because we are making continuous investments to upgrade our operations, expand our product range and make our manufacturing processes more efficient.

An example of this is the longitudinal submerged arc welded or LSAW pipe mill in 2015. This mill did not add to CPW's overall capacity to produce large diameter welded pipes, because this mill cannot produce at the same time as our existing helical submerged arc welded mill. However, the addition of the LSAW mill was part of our commitment to our customers to be state-of-the-art producer of pipes and to continue meeting the demand requirements of our customers, especially for the offshore market.

With regards to our pricing policy, I would like to give you in a nutshell an idea about the construction of our products. More than half of the value of our pipes is related with the steel we use to produce them, mainly hot-rolled coils and hot-rolled plates. In order to cover our needs, we are sourcing most of our steel from large European companies which are highly specialized to create high steel grades for API pipes.

In addition, our conversion cost is based on European labor and energy price indices. Since our products and business model involves a significant amount of risk management, we are also obliged to carry a number of extraordinary insurances to cover product liability, environmental liability and customer receivables, just to name a few.

All the above cost elements, together with a decent profit for our shareholders, are always considered when we decide our pricing policies and pricing model, regardless of whether our customers are in Europe or elsewhere. I also want to emphasize that our company has not received subsidies or any other kind of favoritism from the Greek government or the European Union.

Corinth Pipeworks is publicly traded, operates on market-based principles. We operate on arms length basis with our office in the States, and on clearly documented transfer pricing policies that are frequently audited by global and trustworthy auditing firms. In our history, we have never been subject to any kind of trade investigation. In none of the markets where we operate, except the U.S. market. As a privately owned company, we have an obligation to create value and profits for our shareholders, and at the same time to offer superior products and services to our customers.

In addition, we have not increased our capacity to produce subject pipes during the period examined by the Commission, and we have no plans to do so in the future. We continue to dedicate considerable resources and efforts to improve our operations, our efficiencies and the quality of our products.

Based on all the above and given the small size of our operation in this market, that is almost negligible in the recent years, compared with the size of the market but also with the rest of imports of subject pipes, the uniqueness of our products and the transparent and fair pricing policies that we follow, I believe that we do not create in any sense harm to the market or to the U.S. line pipe industry.

On the contrary, I believe that by filling some unique capability and technological gaps existing from time to time in the market, we contribute to the health and the prosperous development of the energy business in the United States. Thank you and I would like -- I would be pleased to answer any of your questions.

MR. CANNON: Good afternoon. This is Jim Cannon with Cassidy Levy Kent. I am accompanied here today by my partner Chris Cochlin and by Deanna Okun. We are representing EVRAZ, and I will let Brian Kristofie take it away.

STATEMENT OF BRAIN KRISTOFIC

MR. KRISTOFIC: Good afternoon, Mr. Corkran and members of the Commission staff. I am Brian Kristofic and I am the Director of Trade and Government Affairs for EVRAZ North America. I am accompanied by my colleague, Alan

Harapiak, Vice President of Operations for the Tubular Division.

First let me tell you about EVRAZ. EVRAZ is a market leader in this industry. We are the largest producer of line pipe in North America, and are also the only integrated producer.

We start with scrap from which we produce our own slab. The large-diameter pipe that we produce is made from the self-produced slab at our own hot-rolled, coil, and other flat steel. We also do the coating at our pipe-coating facility. Because of this, we know the quality of our product at every stage of production.

But even more importantly, our customers, the pipeline companies who buy thousands of tons of pipe for their projects, know this as well. Quality issues cannot be overstated when it comes to large-diameter pipe, particularly when it comes to pipeline safety considerations.

Because EVRAZ is an integrated producer, customers have the benefit of a one-step qualification process. There is no need to qualify separate suppliers' facilities. A pipeline company can purchase our products with confidence, knowing the full production process and the quality of the inputs every step of the way.

As a result, we are on the Approved Manufacturers

List, or AML, for all the major pipeline operators in North America. Because of this, we have had strong relationships with the pipeline companies that have lasted for decades.

Not only do they get to familiarize themselves with the entire process at EVRAZ from scrap to pipe, but they also work with us throughout production. In fact, we even work closely with our customers on research and development, having the only large OD tubular R&D facility in North America, and the technical specifications that they need for their projects.

As a fully integrated producer, we offer a degree of flexibility that other pipe manufacturers do not. The result is a product that can meet or exceed the most demanding customer specifications. We can do this because we control every step of the production process.

Because we are fully integrated, producing slab, hot-rolled coil, and cut-to-length plate, and line pipe, we can be more flexible than other producers. Most of our U.S. and foreign competitors do not produce their own steel for pipes--for large-diameter welded pipes. So if a customer wants to change the delivery times, sizes, quantities, or grades for a given project, U.S. line pipe producers must rearrange their supply schedules to obtain hot-roll coil or cut-to-length plate, whether from domestic or foreign mills.

This can add months to a customer's delivery schedule. Because we aren't order coil or plate from a supplier that may already be in production or on the water, we can adjust our production schedule to meet the needs of a customer.

As for the pipe itself, EVRAZ can roll all sizes of large-diameter line pipe, from 2 inches up to 60 inches, with wall thicknesses up to 1 inch. We offer all the API 5L grades, which typically include X-52, X-60, X-70, X-80, and even X-100. We are the first line pipe producer in North America to manufacture X-80 grade line pipe, and we have X-100 line pipe installed on the ground.

Second, let me address some of the factors that the Commission considers with respect to the like product. In the line pipe market, there is a clear dividing line between line pipe over 24 inches in diameter and line pipe that is 24 inches and under.

Regarding the outside diameter, in the line pipe market there are discrete sizes specified by the end users. Virtually all of our line pipe is 20-inch, 24-inch, 30-inch, 36-inch, 42-inch, or 48-inch.

Regarding the production process, all of the 20-inch and 24-inch line pipe that we produce is ERW pipe. This pipe is produced by electric resistance welding. The process does not actually involve welding. Instead, the edges of the steel strip are heated through electric resistance to around 2400 degrees, and the steel edges are forged together.

To produce line pipe with a 30-inch or greater outside diameter, we use a submerged arc welding process, or SAW. In this process you're actually using a filler material. You're using welder--welding wire shielded with flux to use multi material to join the steel strip edges together. This is a true welding process and is substantially different from the ERW process used to produce smaller diameter line pipe.

Notably, these different processes use entirely different equipment and workers, and generally take place at different locations. At EVRAZ we produce both ERW and SAW pipe in different mills, using different equipment, with different workers. Our domestic competitors, likewise, produce ERW and SAW pipe in different mills, using different equipment, with different workers.

Turning to the end uses and customer expectations, again there is a clear difference between 20-inch and 24-inch line pipe versus 30-inch and over line pipe. A significant volume of 20-inch and 24-inch pipe is sold through distributors. Sales contracts are typically short-term contracts. A majority of the volume sold through distributors is produced in 20-inch or 24-inch outside diameter to API 5-L specifications. In the case of

30-inch, 36-inch, or 42-inch line pipe, the large majority of customers are pipeline operators. These customers are end users and they will issue RFPs to qualified suppliers indicated on an AML.

Customers buying 30-inch and above line pipe will qualify both the steelmaker and the pipemaker to ensure the safety of the finished pipe. The customers buying 30-inch and above pipe will almost always have more demanding specifications above and beyond the API 5-L specifications.

Pipeline operators are extremely concerned about safety and require physical, chemical, and mechanical specifications that exceed the Standard API specifications. Line pipe purchased in these diameters are in essence custom products because they are produced to the specifications of a given pipeline project.

In fact, often the line pipe actually used in the project, pipeline project, is not the line pipe that was specified in the original RFQ. Also, the pipeline operators do not want to stock inventory. Unlike sales to distributors, supply contracts for large pipeline projects also include a delivery schedule. To supply these customers, a producer must manufacture and deliver to a schedule set by the pipeline operators.

For all of these reasons, the Commission should find that line pipe of equal to or less than 24 inches in diameter is one like product, and line pipe over 24 inches is a separate like product.

Third, I would like to address the conditions of competition in the U.S. and world markets. To begin with, demand for line pipe is a function of demand for oil and gas which requires pipe to gather, transmit, and distribute these energy products.

Demand for oil and gas in turn is reflected in oil and gas prices, as well as the drilling rig count. We've presented you with some charts here, the three charts, that demonstrate some important metrics that reflect demand for line pipe products.

The first is wells drilled in the United States. And we can see that the number of wells drilled has declined through 2016 from a peak in 2014, and has increased and is on an upward trend through 2017, with 45,570 wells drilled in the United States. There are multiple wells drilled per rig, so this is a more--we feel, a more precise indication of drilling activity than simply the number of rigs that are released.

Additionally, oil prices are rebounding. We've seen, similarly to the rig count, a bottoming out of oil prices in 2016, with an increase in 2017 and through estimates in 2018. We see the same type of trend with gas prices as well, with gas prices bottoming out in 2015--2016, and increasing through 2017 and the estimates for 2018 according to the U.S. Energy Information Administration.

So currently we are seeing very high demand for 20-inch and 24-inch ERW pipe in the U.S., and we expect that demand to continue growing in 2018 both in Canada and the United States. We are also seeing an uptick in demand for over 30-inch H SAW pipe as oil prices stabilize. Demand for H SAW line pipe above 30 inches is already stronger in Canada, and we are qualifying pipe to supply pipes in Canada in 2019.

Several factors impact competition for sales, and particularly competition for sales to end users. Pipeline operators are demanding customers, and U.S. and foreign producers must be qualified. To receive the RFP, a producer must be included on the AML.

Next, customers require a high-quality product. Pipeline operators require both the pipe and the steel to be qualified, and will visit the steel-making plant and pipe mill to ensure that the supplier's operations can produce a quality product.

One advantage that we have at EVRAZ is our vertical integration. Customers can visit both our pipe mill and our steel making operations and see our quality. None of our U.S. competitors are fully integrated, so customers will qualify the pipe mill and then separately visit the steel mill supplying hot-rolled coil or cut-to-length plate to the pipe mill. In many cases, the U.S. pipe makers import the steel that is used to produce their pipe.

In the case of large pipeline projects, end users want a reliable source of supply over the duration of the delivery schedule and value the added flexibility any supplier can provide to move production and delivery up or back in terms of scheduling.

End users will typically purchase for more than one supplier to protect their delivery schedule. Customers may also purchase 20-inch and 24-inch ERW pipe from one supplier and 30-inch and over H SAW or L SAW pipe from different producers, particularly because all domestic producers do not offer both types of line pipe.

In fact, for EVRAZ this is a competitive advantage. We have been awarded sole-source contracts because, one, we are fully integrated and can adapt quickly to changes in the delivery schedule; and, two, we produce 24-inch and under ERW pipe, as well as 30-inch and over H SAW and L SAW pipe.

For some customers, we are able to get a price premium because of these advantages. In terms of supply, EVRAZ is the only producer of large-diameter line pipe in Canada, and our market share varies from year to year depending on how many projects are going on in the U.S. market in a given year.

The market itself is dependent on the number of pipeline projects and the size of these projects in any given year.

For example, our shipments to the U.S. market peaked in 2015, and fell by more than 80 percent in 2016. In 2017, our shipments recovered but remained at less than half the volume shipped in 2015. In short, our shipments in any one-year period may be substantially lower or higher than the year before because of success or failure in a very small number of sales opportunities.

Finally, a few words regarding the potential threat of injury. EVRAZ is the only large-diameter line pipe producer in Canada, and Canada is the fifth largest line pipe market in the world.

In the Canadian home market, we are currently qualifying for or bidding several major pipeline projects. As detailed in our Foreign Producer Questionnaire response, we are already booking orders for 2018 and 2019 that will exceed our 2017 Canadian shipments.

In fact, we expect that our domestic shipments in the Canadian market in 2019 will substantially exceed our Canadian market shipments in 2015 or 2016. At the same time, there has also been an increase in activity in the

U.S. market already in 2018.

As I testified, demand in the U.S. market turned the corner in 2017 and is now surging in 2018. In 2016, when U.S. demand hit its low point, our Foreign Producer Questionnaire shows that EVRAZ shipments to the U.S. market also declined substantially.

In fact, we hit our low point in terms of U.S. shipments and market share in 2016. At the same time, though, our domestic shipments in Canada more than offset these declines. These data show that our capacity in Canada does not threaten the U.S. market. In fact, with very high consumption in Canada in 2019 EVRAZ will not be able to increase its shipments to the U.S. market.

Also, earlier we heard mention of a loss to Canada for a structural pipe application, and we believe that that was not an EVRAZ product.

For all of these reasons, the U.S. International Trade Commission should find that imports of large-diameter welded pipe from Canada are not causing material injury, or even threatening material injury, to the U.S. industry producing line pipe. Thank you.

STATEMENT OF ANDREW JAXA-DEBICKI

MR. JAXA-DEBICKI: Good afternoon. My name is Andrew Jaxa-Debicki and I am here on behalf of the Turkish Steel Exporters Association and its membership.

Since we are running late and we are playing catchup and grinding through, I will try and be as brief as I possibly can.

I think our main purpose here is to highlight what we consider to be the important issues before the Commission. These issues have been identified by both sides as being the key issues. And as usual the difference is going to be between how you interpret the data in order to deal with those particular issues.

I think the key ones that we are all looking at are the link between U.S. market demand for large-diameter welded pipe and large pipeline projects. Again, both parties have agreed to that. Adjustments to volume and pricing data that take proper account of the significant lag times between bidding on projects and the delivery dates of the product. The connection between the cost of the principal inputs into the product--hot-rolled steel coil and/or cut-to-length plate, and the prices for large-diameter welded pipe. The extent to which the presence in the U.S. market of large-diameter welded pipe imports is a function of the inability of U.S. producers to satisfy demand, particularly at the high end product end of the spectrum.

At least in the case of Turkey--and I think it's been identified as an issue with other Respondents as well--

there is a concentration of imports in a narrow range of special products with very precise and exacting specifications that are not always available from domestic sources.

And with that said, I will turn it over to you and I will be happy to take any questions.

MR. MORGAN: That concludes the Respondents' presentation, Mr. Corkran.

MR. CORKRAN: Very good. Thank you very much. Thank you all for appearing today. We very much appreciate your testimony and found it very helpful.

I am going to turn first to Mr. Abu for questioning.

MR. ABU KANU: Good afternoon. And thank you again for being available for our questions.

Abu Kanu, Office of Investigations. I guess I have two questions. How would you, as industry export importers, describe the level of competition in your home domestic market. Compare how it is significantly different from the U.S. market, per se.

MR. KRISTOFIC: This is Brian Kristofic from EVRAZ. The Canadian oil and gas market is a very significant market. We have the third largest oil reserves in the world in Canada and, you know, it's the market that we consider the most important for our production.

We serve customers that are sometimes exclusively in Canada, and also customers that cross the border and have kind of are with the Integrated North American Energy supply chain. And so we serve their needs. And as I mentioned, projects can vary from year to year in terms of what customer demands are.

So we see, going into the next few years, a very strong market in our home country in Canada where that will fill a lot of our production capacity.

MR. PAPAVASILEIOU: Apostolos Papavasileiou. As we said before, CPW is the only one of its kind in the south of Europe and the Balkans, and our home market is in the European Union. As we discussed before, in the last two three years most of our capacity was dedicated to serve our home market--our home market being, again, Italy, France, and all the rest of the European Union.

Also, North Africa used to be strong and is coming back, which is also because of the proximity to the market, the key markets for us. And we are expecting in the next years that our home market to be strong. Because with some of the projects in our case it's not only the price, which the price of oil is going up and this is a good indicator, but in our case in Europe there are some political decisions that influence the demand. For example, Europe would like to diversify sources from gas from Russia to other suppliers, and therefore we see at the moment and in the future we see a lot of need for pipe in our region, the south of Europe, connecting to the south of Europe with northern Europe.

And as a result of these political decision. So we're expecting to see quite significant demand for subject pipe in our market in the coming years. Did I answer your question?

MR. ABU KANU: Definitely. Thank you.

MR. FISHER: Rusty Fisher with Wellspun. The business in India is very strong right now, and we also participate. We have operations in the Middle East, and that market is pretty strong right now as well.

MR. ABU KANU: Thank you. Would you consider your firm mainly an export-oriented firm? And if so, what countries are most available to your export orientation?

MR. FISHER: So in the case of Wellspun, we are a global entity. We're in the United States. We manufacture in India. We manufacture in Saudi Arabia. Virtually all over the world we ship pipe. So I would say we're global. And what countries we haven't sold to, we certainly will try to get there at some point if they have a demand for big-diameter pipe.

MR. KRISTOFIC: This is Brian Kristofic with EVRAZ. You know, our mill was built in Regina in the late

1950s to serve the oil and gas market that was burgeoning in Western Canada. And the investments that we've made, you know, recently in our facility have been to upgrade our capabilities to meet the demands of the Canadian market specifically for some of the burgeoning oil and the liquefied natural gas projects that require thicker walls and X-70 or X-80 grades. So I would say that that is our main focus is the home market that we're in.

MR. PAPAVASILEIOU: I think more or less we said before, it's the European Union. The supposed was supposed to be from CPW, sorry, this is the European Union countries, countries like Poland, France, Italy, Greece, and Germany. Since the addition of our Saw mill, which will allow us to go to the offshore market, that's -- as I said before, this is not an additional capacity because we serve the same equipment with the spare line.

We're creating new markets for us. And the recent discovery in Israel and Egypt, there's some hope that in the future, we'll see some big offshore pipelines in our region. We're very optimistic about our home market will be -- will make -- will be very big for us in the coming years and occupy most of our capacity. Thank you.

MR. KANU: Thank you. I'll reserve the rest of my time for follow up questions.

MR. CORKRAN: Thank you very much. Mr.

Haldenstein?

MR. HALDENSTEIN: Thank you, good afternoon, Mike Haldenstein, Office of the General Counsel. For EVRAZ, I mean, you've suggested that there should be a separate like product of below a 24 inch diameter line pipe. I was -- and I heard some discussion of EVRAZ's production and how they produce it. Could you focus your analysis in your post-conference brief on domestic production and how the domestic producers are producing the products differently? Because generally, the Commission focuses on the domestic production.

MR. CANNON: Jim Cannon. Thank you, certainly, we will.

MR. HALDENSTEIN: Also for related parties, can you be sure to address that in your post-conference brief, particularly with respect to Welspun? I wasn't sure if you were suggesting that they should be excluded as a related party or not? So if you could address that.

Also I think I heard that Welspun was arguing that India should be not cumulated. Could you be sure to elaborate on that in your post-conference brief, because I wasn't exactly clear on what the argument was with respect to India.

MR. MORGAN: Yes, thank you. We'll be sure to make that clear. I think it's also conditions of competition point as well. I mean, it's certainly a cumulation point, but it also is relevant to the conditions of competition in which the imports we were talking about are competing in the --

MR. BISHOP: Frank, I need you to talk directly into the mike, please. We can't pick you up.

MR. MORGAN: Sorry about that. It's also a conditions of competition point and we will elaborate that -- on that in our post-conference submission.

MR. HALDENSTEIN: Okay. Thank you. That's all the questions I have.

MR. CORKRAN: Thank you, very much. Ms. Larson?

MS. LARSON: Good afternoon and thank you. Aimee Larson from the Office of Economics. First question for counsel, how well do you believe the pricing products capture the competition and the market? Or if you have any comments on that, that'd be helpful.

MR. CANNON: Jim Cannon. I'll take the APO response, which is that I have to answer that post-hearing, because we only got the APO release yesterday and we haven't lived with the prices very long. And so we really haven't been able to figure out what our position in terms of the way the products are grouped and so forth.

MS. LARSON: Okay, great. And if you could also look to see if you believe there's any price effects with the different manufacturing processing as well and within the price data, that'd be helpful.

MR. CANNON: Thank you.

MS. LARSON: From what I'm hearing, it's -- I'm hearing this argument that the conditions of competition that the imports that are coming in are specialized, they're products that are not produced here domestically in the United States. How do I take that and reconcile it with the lost sale, lost revenue allocations that we have? There's large quantities of lost sale, lost revenue. Are there only certain subject countries that are producing these very specialized products or basically how can I reconcile both pieces of information?

MR. WAITE: This is Fred Waite on behalf of Corinth Pipeworks. Two responses to that question. First of all, the question itself is ambiguous and often difficult for purchasers to understand. It is the standard question that's used in the Commission's questionnaires. We've seen it in other cases. And we've seen where a customer may buy a small amount of material from an imported source in competition with a U.S. source and report that and then say, well, all of the imports we purchased, even when they purchased imports not in competition with the U.S. source, were reported as being purchased from an importer's source and therefore being catalogued as a lost sale.

So I think you need to be very careful in looking at the responses and the confusion that most purchasers have when they address that question.

And then the second point I would make on that is that in this case, because of the unique market conditions and the petitioners discussed it, we've discussed it, I think the Commission staff certainly understands the project-based character of this market, that the questionnaire responses by the purchasers also have narrative in them. And I can't go into it obviously, because they were all under the administrative protective order.

But again, I would urge the staff to look very carefully at those written comments, which try to explain in the context of the questionnaire why a particular customer is purchasing the product from a particular source.

And I think you will see that it is not traditional lost sale scenario, where the decision was made on price, which I think the questionnaire presumes, but was made on other factors. We will address that much further in our post-conference brief obviously.

And on the part of Corinth Pipeworks, we would simply point out as our witnesses did that unlike American mills, Corinth can produce CRW pipe to 26 inch diameter. And I would ask you again to look at purchaser questionnaire responses to see how significant that was in their decisions to purchase pipe for their pipeline projects. Thank you.

MS. LARSON: Thank you. Follow up on that, for these large projects that we saw during the POI, are these projects the large onshore pipeline projects, are these very specific specialized pipe that's going in it, that the U.S. producers can't produce? And so therefore, why were they bidding on a project that they weren't -- that's what I'm trying to understand, not the lost sales side from the purchaser's side, but we have producers saying they bid on these big projects. They were not -- they weren't awarded because of price. And I'm hearing here that basically importers are offering a very specialized higher quality product. And so if you could elaborate a little bit on that, that would be helpful.

MR. KRISTOFIC: Sure, this is Brian Kristofic with EVRAZ. You know, a lot of the products that we make overlap significantly with the capabilities that the U.S. producers have. You know, kind of what I talked about a little bit about, you know, what the customers see as the value that we have in terms of the quality that we have from our full integration traceability back to steel source, so they understand the type of metallurgy that they're getting with the research and development, certainty of supply.

And another one of the topics that we -- another one of the features, you know, even looking at apples to apples products, with what the U.S. producers can make is the flexibility that we offer with having our own steel supply source and making our own steel around delivery time, changes to, you know, in very short order, from when an order is placed, there are often changes to what sized product, quantity, grades, wall thicknesses, that a customer would like. So I think that even when we're looking at, you know, the same types of products, there are a number of those non-price factors that lend customers to want to work with us.

MR. PAPAVASILEIOU: So Papavasileiou from Corinth. So as we discussed before in our case, there are certain product categories that one can claim that there is no capacity in the marketing the form pipe producing or even steel availability. And I would become specific.

26 ERW, 26 diameter ERW pipe, there are specific reasons why the customer would like to have the stuff by -- well, in that case, it will have from best knowledge only two options globally. One is our factory and another is a factory in another market in Japan.

For the LSAW offshore pipes with coating. You know, if you go offshore, you need to have LSAW pipe. You cannot use parallel pipes. You cannot use ERW pipes because you need heavy wall and you can only use plates.

Again, if we see the capacity of the pipe producers in the States, but also the availability of steel for high grade, 670, 680, heavy wall, for the offshore pipelines, again, the capacity is either non-existent or the capacity of steel is very limited.

Now in that cases, honestly, some of our customers, the only option they have is to source that -- to import their product, you know, to cover the dealings they have. And therefore, they have only few options.

And the model we're operating in this market is exactly that. We try to find the niche in the market where that is not sufficient global capacity, whether it's pipe or steel availability, because we'd like to create profit for ourselves for this. We don't want to dump the products. So we're not chasing the commodities. We're not chasing the structural, the low grades there. We know it's not fair and we cannot compete. And it's not fair for ourselves to do that. So the focus of going in this -- always on the hind of the market.

MR. WAITE: If I could add just two minor points as a lay person in this process. First of all, you heard this morning from petitioners or at least I heard from petitioners that the approved suppliers or manufacturers' list was essentially infinite. I mean, first they talked about the APO list. And then later, revised that somewhat to say, well, each pipeline contractor has its own list and they're not necessarily identical.

In the experience of Corinth Pipeworks, those lists are not expansive. Each pipeline company has a number of accepted suppliers that they have qualified on that list, but it's not necessarily a very large list. So starting with the bidding process, you're down to perhaps just a handful of mills.

The second point I would make, and this is more as a citizen than as a participant in his proceeding, and that is what are the consequences to a pipeline contractor, to a pipeline company if there's a failure in the pipe? We all know what those are. It's the first story on the evening news. It's on the front page of "The Washington Post" and "The New York Times" the next morning.

Therefore, these pipeline companies, it has been said repeatedly by this panel, and I believe the preceding panel as well, are very concerned about the reliability and safety of their product. A failure of a pipe can be catastrophic financially as well environmentally and socially.

And therefore, they are very concerned. Safety is an important consideration as Mr. Papavasileiou in his testimony. It is an overriding consideration. The pipeline producer has the confidence in his supplier that the pipe he will be receiving or she will be receiving to install will meet all of the requirements and those can be very demanding requirements, especially for offshore applications. So I think in this market, again, it just emphasizes how unusual, how specific the market is and also the companies participating in this market, how they compete and how they're seen by their customers. Thank you.

MR. FISHER: Rusty Fisher with Welspun. We have a unique perspective, because we make pipe in the U.S. and we make pipe overseas. I want to tell you the honest truth is there's a lot of pipe could be made in the United States, a lot of different pipe. That being said, there are OD wall grade combinations that cannot be made in the United States of America. And sometimes they come up and when a project comes up, you know, it comes up. And it can be a little bitty project or a great big project. We hit a big one last year that we produced and brought in that was very unique product, not made by that many mills in the world. So it works like that.

But don't feel that everything coming in is like that. I mean, we've been very clear and very candid in our response that about a third of our shipments came in last year, where stuff, we can make here in the United States. But because we got cut off on the raw material and we had a contract, we had to shift it to make it and fulfill the contract. So that's the most honest I can be about it.

MS. LARSON: Appreciate that. Thank you. I think -- let me check. I think that's the last of my questions. Thank you very much.

MR. CORKRAN: Thank you very much and now Ms. Lo?

MS. LO: Hi, thank you all for coming. Again, my disclaimer that if anything I ask is confidential, please do not feel like you need to respond in this forum and save it for an email to me or in your post-conference briefs.

And for the -- to the extent possible, please respond to my questions regarding your U.S. operations. I understand many companies are multinational and sometimes a little confusing to keep whether your responses are regarding your U.S. production facility or your North America in general.

With that in mind, this is directed to Mr. Fisher. Is Welspun your production facility in the United States virtually integrated? That is are you the steelmaker as well?

MR. FISHER: No, ma'am, we don't make steel, we just make pipe. Yeah.

MS. LO: So you roll. You don't melt the -- all the --

MR. FISHER: We do not melt steel in Little

Rock. We have two facilities there. We make helical submerge arc weld from 24 to 48. We can make 360. Unfortunately, there's not any demand for 60 for API pipelines in the U.S. Generally, 48's about the biggest. And then we have an ERW mill that makes up through 20 inch, but we strictly make pipe. We don't make steel.

MS. LO: Thank you for that. So now the question's to Mr. Kristofic. The -- I just want to if I characterize your testimony incorrectly, please correct me. When you said that EVRAZ is virtually integrated, you mean your North American operations, correct, not just your U.S. production?

MR. KRISTOFIC: Yes, Brian Kristofic from EVRAZ. We're -- we make our steel in Regina, Canada from scrapyards that we have throughout the United States and Canada. And make that -- make those into steel slabs, which are -- which we then also roll into steel coils, which we use for pipe production.

MS. LO: Is there anything you can expand on your U.S. production operations in this forum or --

MR. KRISTOFIC: Sure. Well, we had -- we have or as was mentioned, you know, the Oregon steel mill that was we announced an idling of that in February of 2016 and the idling of that occurred in April of 2016.

At the time, we had mentioned that, you know, one of the causes for the idling of that was unfairly traded import products. And by no means did we mean that Canadian pipe production of large diameter production was the cause of that, you know, either unfairly traded or in the industry. So we had -- we've idled that operation.

And, you know, most of the demand that we are seeing at that time was geographically in the Northeast United States and better suited for production proximity from -- to try to serve from our Canadian facilities which are farther east.

MR. CANNON: Jim Cannon. So I think Brian, that at least the question I heard, she wanted you to describe the production process in Portland when it was still running. Were you just making pipe or were you making the plate or the hot rolled coil or even the slab?

MR. KRISTOFIC: Oh, Brian Kristofic with EVRAZ again. So in the Portland facility, we -- where -- at the rolling facility, which is adjacent to our Portland facility, we're making -- we're using steel slabs, rolling them into hot-rolled coil, and producing pipe from hot rolled coil that was produced adjacent to the facility in Portland and making helical submerged arc weld pipe.

MS. LO: So the slab was made at a facility in Portland also that you then rolled in your line pipe?

MR. KRISTOFIC: No, the slab was not made in

Portland. We had brought it in from either third parties or affiliated companies. So in that sense, the Portland operation for pipe was -- is not vertically integrated.

MS. LO: Thank you. What about Skyline this morning said they were acquired by Nucor. I understand they're different divisions, but would not consider them vertically integrated with their parent company? Maybe I should get them to answer that.

MR. KRISTOFIC: Right, I'm not as familiar with their supply chain. When we talk about vertical integration of line pipe, we're talking about the API, five L, and the Canadian standards that we produce, too. That is the market that we play in. We don't produce to make structural pipe. So the vertical integration that I'm talking about is the only vertically-integrated producer in North America is for -- is from the scrap to slab to coil to API pipeline pipe.

MS. LO: I'm glad you brought up structural type, because that was my next question about product distinctions. So it seems to me even though everything's under the line pipe, welded line pipe umbrella, some of the distinctions you had mentioned that you believe are -- result in two separate line pipe product, you do not -- you're not including structural pipe in that group, right?

MR. KRISTOFIC: Right, we would also view structural as being a separate category of like goods.

MS. LO: So it would be line pipe up to 24, line pipe 24 plus, plus structural pipe of any size?

MR. KRISTOFIC: Yeah, 24 plus meaning over 24 --

MS. LO: Right, well, no, but --

MR. KRISTOFIC: -- outside?

MS. LO: Yeah, the two line and then the one structural pipe?

MR. KRISTOFIC: Yes.

MS. LO: And terms of terminology, if anybody can pipe in, I believe Mr. Jaxa-Debickers (sic) mentioned that he used the terminology, and I saw this in the petition as well, large diameter welded pipe. I mean, in -- the way we encapsulate the acronym, it's line pipe including structural, including line pipe the way you guys speak of it in the industry. So when the word large diameter welded pipe is used, does that mean line pipe and not the structural type pipe?

MR. KRISTOFIC: Brian Kristofic from EVRAZ. I would say that, you know, the overall the term large diameter welded pipe would include very -- two very distinct uses of the product. When I've talked about our production and our markets and our -- the uses of our products in talking about line pipe pipeline pipe that is used to convey the media of oil and gas and very separately from that, there -- which I'm saying we're not actively participating or producing pipe for would be the A252 and some of the ASTM standards for structural pipe.

MS. LO: So just to clarify, line pipe -- the way industry witnesses have been characterizing it means pipeline pipe, correct -- okay thank you, thank you, that's helpful.

MR. CANNON: Jim Cannon, so let me just make sure there's clarity here. We don't think of a product called welded pipe. Our view of the market is line pipe, we're line pipe producers -- that means API standard.

Structural pipe has been bolted on to this case. It was also included in the Japan case many years ago even before we built a spiral weld mill in the U.S. -- we were the first one for line pipe.

So, in our view that is a different industry. You saw those are different producers. Any line pipe producers here only sort of make it when they have an off-spec product or it doesn't meet API grade and they sell it into that market.

So in our view, these are actually two separate products -- like products and industries and in our brief we'll go through that very quickly. Structural pipe is a different physical characteristic -- for one thing the spec is different. It's ASTM, it's not API.

It has a very different end use. It's sold to different customers and perhaps most startling is the price. If you look at your pricing data, the average price per ton is very different for the structural pipe versus the line pipe and we think there's a clear dividing line.

So we in the EVRAZ case don't really participate in that market to any great degree and we believe that therefore our focus is on line pipe where we think there's also a clear line over and under 24 inches based on the U.S. producers, right?

The U.S. producers go up to 24 so I'm not talking about foreign producers who may go to 26, but we're talking about the U.S. industry and we think that's a clear dividing line as well which is what Brian was addressing in his testimony.

But I think for the same logic that we've explained it will carry over that we think there should basically be three like products.

MS. LO: Relate it to that -- oh I'm sorry.

MS. BURGER: Definitely, we at Corinth agree with that statement that there's vast differences between the customer base, the market base and the way the product is actually made.

You alluded to the price -- it has a lot to do with the pre-material that these products are made from. The stringent grades that are required for API are not that but there are other characters within the structural market that are stringent as well but they have a different focus.

You're comparing a line pipe that's got high pressure oil or gas going through it versus a pipe that is used for a bridge. So they have equal importance but they're two totally different products -- totally different products, different markets, different customers, different grades, different specs.

MS. LO: I'm not the technical expert here so I'll let Greg take some of those later but if you could help me understand post-conference or in the email response -- the percentage of API certified line pipe that then gets sold to the structural market, that would be helpful because I think there's some testimony that API specs can be sold for ASTM customers or ASTM use and --

MR. CANNON: So Jim Cannon, so I think in your final staff report -- well in the questionnaire responses that's Table II-10 will tell you the answer to that.

MS. LO: Okay great, thanks. And just really quickly on the Japan case -- I know we're not here for that. The scope in that case was 16 inches to 64 and there was no distinction made between -- correct me again if I'm incorrect, line pipe and structural pipe.

So could you help me understand or respond to that?

MS. OKUN: Deanna Okun -- forever as -- we will certainly address this post-hearing or in post-conference in detail but I think if you look, as we have, at the record of the Japan case there were -- actually it was a close call on whether there should have been a division and we think that the record when it's developed in this case will support the clear dividing line that my colleagues have referenced.

MR. FISHER: Rusty Fisher with Welspun. I have always thought and always heard that large diameter starts 18 inch and above and the only reason that you change from an ERW pipe a 24 say to a submerged arc-weld pipe is you simply can't get the coil wide enough to make 30 inch ERW and so they went to a different route, originally they went plate so they could get a wider plate to make the bigger diameter pipe.

And then subsequently the helical came into the pattern over time but it's kind of like that. It's more -- it just changes because of the width of the steel that you can get in coil.

MR. MORGAN: I think that the question currently on the record was, was in the earlier case there was no distinction between -- they didn't find a separate like product for structural and line pipe and I know Welspun, like the other companies have testified, does not intentionally go out to produce structural tubing if they don't hit the spec for line pipe but they're a line pipe manufacturer not a structural tubing manufacturer.

I think Rusty's point was more to the other question that was kind of submerged in the case about the Japan case but not the like product question that I think you were asking.

MS. LO: And related to the manufacturing process distinctions just maybe Greg will have a follow-on. Are there other products that can be made using the ERW process beyond structural and line pipes?

MS. BURGER: Yes, Diane Burger with CPW. OCTG, old country tubulars can be made with that product, what else? Hollow sections -- which is a type of structural, that's pretty much it.

MS. LO: What about for the saw processes, SAW, sorry.

MS. BURGER: SAW?

MR. HARAPIAK: Sorry.

MS. BURGER: Go ahead.

MR. HARAPIAK: Alan Harapiak, EVRAZ. Just to step back quickly for you -- in the ERW process you asked about like product so an ERW mill can create structural, it can create API, it can create OCTG, it can create a shaped pipe but the, you know, to take the line pipe off of that mill there's many more processes required over and above structural that make it -- you won't take a structural mill in a short period of time turn it into a line pipe mill.

There's an also lot of requirements testing from the testing site that are required including hydro-testing so including physical testing, including non-destructive testing and including your -- excuse me, your entire quality management system that needs to be validated to make line pipe, so.

And then I guess you were asking about on the SAW side -- again and just to be clear EVRAZ does not go out and we don't purposely manufacture structural. We're always manufacturing line pipe to API or CSA specifications and if we have an off quality product it often meets ASTM.

We don't have a lot of that but that's in that case we would sell it as structural. But you know, again the welding system or the forming system to make spiral pipe -- you could use that to make structural as well, is that what you were asking?

MS. LO: Sort of just to kind of get further at the manufacturing distinctions because there's three possible production processes in the scope and ERW has been discussed a lot this afternoon, the SAW had been discussed a lot in the morning as well as ERW.

I just want to make sure there's some improvements to both processes that have been discussed that may have changed the limitations -- not the 26 inch that Mr. mentioned -- but I was just trying to understand further distinctions whether API is only made by ERW or can the Helical process -- the SAW process also make API standards if that's even a road we need to go down but since you guys had mentioned -- I'm sorry this afternoon mentioned the distinctions among the various manufacturing processes.

MR. HARAPIAK: So, Alan Harapiak again, EVRAZ -- so ERW, RERW are LSAW longitudinal and are HSAW the helical, all can be manufactured to API specifications.

MS. LO: Okay, that's all I'm going to say for now thank you so much I think I'll let Greg take it over.

MR. CORKRAN: Thank you very much, Mr. LaRocca?

MR. LAROCCA: Hi, my first request is for Welspun. Could you please include some information regarding your deed, the pipe you guys are importing from India? Particularly I'm looking for what kind of standards, you guys are meeting in terms of product and what kinds of specifications U.S. producers cannot meet.

Back to the discussion of ERW, LSAW and HSAW, can foreign producers also include what forms or specifications you guys are meeting by each process? So for example I know that the Greek producer goes up to 26 inch on ERW, can you just make a list for us?

That we can clearly understand it and have it for our records, hmm, I think Joanna did a good job on my questions so that's the end of my requests.

MR. CORKRAN: Thank you very much and again thank you very much to the panel and I think we've gotten some clarity I believe on the like product argument. Let me ask -- I'd like to ask a question given the producers that are represented here today and the domestic producers that are represented here today.

Can you give me a sense of whether and to what extent you encounter imports from China and Korea in your sales in the U.S. market?

MR. KRISTOFIC: So this is Brian Kristofic with EVRAZ. When we're talking about our market we're looking at API 5L pipe that we're selling into the United States for pipeline purposes and we haven't seen China in that area very much if at all. I would probably defer about Korea to our post-hearing brief. I apologize I don't know enough about the market conditions for Korean large diameter but we'll make sure we can get something to you about that.

MS. BERGER: Dianne Berger with CPW. I can say that in the 20 years that I've been with the Green company we never faced any competition from the Chinese in the U.S. Market. It's primarily because of the products that we sell. I don't ever run into them.

Most of our customers -- even we talked a little bit earlier about the AML's that the customers have. A lot of them say in there very strictly, no Chinese. So it's -- I don't even think it's an issue.

Korean is different. We have -- we face Korean competition in the U.S. market every day. I would say that it's quite often. And many times because of the nature of the business they are a strong importer -- you can see by the import stats that they bring in a lot of tons into our market -- I say our market.

But they don't bring the value add, the extra things and they can't make some of the products that we offer as we mentioned the 26 inch ERW they can't make. On the heavy, heavy walls and the larger OD's I don't believe that they can make them to the very higher grades.

We never see them in competition for that so that's pretty much the way I viewed the Korean competition.

MR. FISHER: So Rusty Fisher with Welspun. Much like Dianne said I've not seen a lot of the Chinese in the market. I used to see a lot of them in 16 inch and under ERW pipe prior to the case that was held.

I haven't seen them a lot in the large diameter in API and I have to preface that we're not -- we're not selling the structural, we're selling API line pipe.

In terms of the Koreans it's every day in ERW for sure up through 24. They're in the market every day. If you're not seeing them you're not looking, it's like that so.

MR. KRISTOFIC: Brian Kristofic with EVRAZ. I would agree with Mr. Fisher in terms of Korea up to the 24 inch ERW. Also Japan and Germany are also sources that we encounter quite a bit in that market as well.

MR. CORKRAN: Thank you very much. I'm going to ask about the well -- in a January 24, 2017 Presidential memorandum regarding the construction of American pipelines, the President of the United States directed the Secretary of Commerce to develop a plan under which all new pipelines, as well as retro-fitted, repaired or expanded pipelines use materials and equipment produced in the United States.

Have you seen any impact from that action and looking forward in the next two years do you anticipate any impact in your planning for sales to the United States?

MR. PAPAVASILEIOU: Apostolos Papavasileiou from Corinth. You know again when it comes to the high end products those that we discussed before that you cannot easily find from any local U.S. pipeline producer.

I think you know, in those cases as I said the customers have very limited options where to go so if they don't change completely the design of the pipeline or the spec, which is -- this has happened -- this does not happen very often to be honest.

Then, you know, for this kind of products with -- it's quite a niche, we don't expect to see any dramatic impact of this makeup. But what we see happening is that for over for the other API products and that can be produced by local producers in the states.

We have seen already an impact, especially discussed before 2017. If you see our imports in the states accounted only as we discussed before for 1% of the local consumption for levels that we did in subject pipes.

And I think one of the reasons because we said before by the local industry that 2017 local producers say an increase. This is what -- they said it was a recovery or started to see some recovery of the local market.

In our case we saw a significant drop of our imports in 2017 and I think one of the reasons might be telling more customers, maybe they are concerned about the possibility of undertaking duties or the possibility that it is Buy America will close the borders and so on and so forth and they would rather to go buy from local suppliers they come to if they have the capacity that is, the quality and the service in order to avoid to take any kind of risk.

So the answer is yes, we've seen that working already in our place in the market.

MS. BERGER: And also I'll add to that -- Dianne with CPW. We have very risk adverse customers and so it's not just the impact but it's a daily discussion and it has been since Mr. Trump made that statement.

So yes, it definitely has affected and there's been times that we have been specifically told and a couple of those projects have been discussed today, that we were told that we were not going to be able to be at the final table because we were an importer, simple as that, now.

MR. FISHER: So Rusty Fisher with Welspun. When it first came out there was a lot of angst in the industry but there's really -- I mean honestly the discussion is there's not a lot of teeth behind it.

I think it's given people more pause a little bit but it doesn't seem to change if they were buying import before they're typically buying import now. If they weren't buying import before they aren't buying import now, that's my assessment.

I mean it's not a scientific assessment it's just kind of what I've seen, so.

MR. CORKRAN: Okay I wanted to circle back on one of my previous questions about how you see or imports from China and Korea. I heard a lot of discussion about the presence of imports from Korea but I should have been more specific in my question that I'm referring to imports from Korea that are greater than 24 inches in diameter so if anybody wants to amend their characterization based on that please do so.

MS. BURGER: I will amend the majority of our competition again with Korea is 24 inch and under.

MR. CORKRAN: Okay thank you. I think in the interest of time I'm going to ask simply that if you would in your brief to the extent that you have seen any developments in the market surrounding the anti-dumping duty and countervailing duty orders on hot rolled study and cut to length plate, if you would please discuss that in your brief.

And also if you have seen any impact from the announcement of the 232 investigation or the transmittal of recommendations to the President and then with that I will reserve any further questions and turn to the panel to see if there are any additional questions -- no, okay.

With that I want to thank you all very much for coming today. I appreciate your testimony. This panel will be dismissed and five minutes we'll begin closing statements.

(Break 4:03 p.m.)

MR. BISHOP: Will the room please come to order.

MR. CORKRAN: Mr. Bishop, do we have any preliminary matters before we turn to closing statements?

MR. BISHOP: No, Mr. Chairman. We will turn directly to rebuttal and closing remarks. Rebuttal and closing remarks on behalf of those in support of imposition will be given by Timothy C. Brightbill of Wiley, Rein. Mr. Brightbill, you have ten minutes.

CLOSING REMARKS BY TIMOTHY C. BRIGHTBILL

MR. BRIGHTBILL: Thank you. Thanks Commission staff for your time this afternoon. I'll make a few rebuttal and closing points, in no particular order. With regard to Korea, line pipe greater than 24 inch we have a price list from an importer that includes plenty of Korean diameters greater than 24 inch and we'll submit that in our post-conference brief.

On the issue of demand, demand may be up as we said in 2017, although if you look closely at Respondent's charts from Cassidy Levy, demand is still very low compared to 2013 and 2014, and just before the Period of Investigation. What we do know is there have been many, many lost sales as were referenced this afternoon, lost sales that will be made and will be delivered in the next year.

Corinth, for example, recently booked over a 100 -- sorry, I'm not reading my own units here -- a very substantial quantity of ERW pipe for the Plains All American project for 2018 delivery. EVRAZ for the Cheneer project that we talked about, also for 2018 delivery. Boroson estimated a huge project booked last week, again for 2018 delivery. These are all things that we know are coming. So it's injury and it's threat.

Looking at -- the Greek producers talked quite a bit about specialty products that the U.S. industry can't make. If you look at their own website, you see a number of products and sales that they talk about, sales here in the United States that are right within our range. A 16 inch diameter project for Red River in the USA. Another U.S. project 20 to 24 inch diameter. Both of these occurred during the Period of Investigation.

The Welspun representative also confirmed that a lot of these products can be made in the U.S. So we appreciate the confirmation of that. We have lost millions of tons of sales during the period and are losing more, including just last week.

With regard to home markets, Canada talked somewhat about their home market. One thing they didn't mention is they do have duties on Chinese line pipe. So China obviously is a presence in line pipe. Bao Steel was very active there and we'll document that in our post-conference brief.

I believe I heard the EVRAZ representative confirm why Oregon was shut down due to unfairly traded imports, and so that's further confirmation of injury to this industry. With regard to structural manufacturing, there are many U.S. producers here today that would like to have the opportunity to make more structural and piling, even though they primarily focus on API grades.

In the past, some of these U.S. producers have booked tens of thousands of tons on jobs for piling and structural, and they would like to have more of those. We also heard references to Korea by the other producers here today. Corinth confirmed we face competition in the market every day. Similarly, Welspun said every day if you're not seeing them, you're not looking. So thank you for confirming the injurious effects of Korean imports of subject merchandise.

Similarly, the Welspun representative confirmed on the like product issue that you're looking at, that they view a single like product for sizes 18 and above, and that's what you found in the past. That's what we're recommending here. You also heard confirmation from EVRAZ and from Corinth that ERW mills can make structural and hollow bar and line pipe. So there's overlap there as well. There's overlap in diameters.

Mr. Waite referenced safety. Of course, pipeline safety is extremely important. That's why we have a API 5.0 specification. Once those requirements are met, it's a price competition and price carries the day, as you heard from our panel. Ms. Larsen asked why would U.S.

producers bid on some of these projects if they couldn't make it? That's a very good point.

If you have the bid evidence. You don't always have that in steel cases. That's not how many steel and many steel products are sold. But you have that here. It's particularly compelling evidence of lost sales and of injury. You also -- Ms. Larsen also asked how do you reconcile the claim of specialized products with all of the lost sales evidence. That's another very good point.

Your question about lost sales is not a confusing question. It's a standard question. Because of the bid process and the project-based nature of these sales, we know that they are lost sales. So the lost sales are particular relevant here, and there are quite a few of them.

EVRAZ talked a lot about its vertically integrated production process. They do have vertical integration. They also have the capability to use Russian slab, and so you might want to keep that in mind as you weigh their claims and the importance of vertical integration into the process, and it's advertised on their website.

So with that, I'll just turn to a brief closing. The information on the record that we've discussed today shows that the domestic industry producing large diameter welded pipe has been materially injured by subject imports. On the like product question, large diameter welded pipe is a single like product. There are no clear dividing lines between structural and line pipe, or between pipe of different diameters or different production processes.

It all generally competes with each other, and all types are struggling to compete and are unable to compete with dump and subsidized imports. On cumulation, subject imports should be cumulated. There is a reasonable overlap of competition here between imports from each of the subject countries including India and the domestic like product.

The volume was significant throughout the period. There was an initial decrease in 2016, a strong recovery in 2017, up over 75 percent. Subject imports increased substantially and in terms of market share reached their highest levels over the period in 2017.

In terms of price, subject imports have had adverse price effects on the like product, as you heard from our industry witnesses. This means subject imports have been able to take sales from the domestic industry using dumped and subsidized prices. They've pushed down U.S. prices in this bidding process that we've focused on so much today. U.S. producers are forced to drop their prices to try and meet the subject import bids.

There has been a severe adverse impact on domestic producers. All of the industries trade and financial results show declines over the period. Hundreds of jobs have been lost, more than 450 U.S. jobs, and you've seen disastrously low capacity utilization levels for this industry, unlike what you've seen I imagine in just about any other case. The U.S. industry can produce virtually all of the pipe demanded here in the U.S. market.

It's operating at less than 35 percent capacity. We are not restricted by the availability of raw materials. As you heard, they have access to the raw materials, the hot-rolled and the plate that they need. They just don't have the orders, because they're being taken by imports. This industry as a whole can produce all sizes and types of pipe at the highest quality. As our lost sales data show, we bid on the exact same projects and we lose them due to price.

So we ask the Commission to find that there's a reasonable indication that the domestic industry is injured by reason of subject imports from these six countries. Thank you very much.

MR. BISHOP: Rebuttal and closing remarks on behalf of those in opposition to imposition will be given by Frank Morgan of Trade Law Defense, and James R. Cannon of Cassidy Levy Kent. Gentlemen, you have ten minutes.

CLOSING STATEMENT FREDERICK P. WAITE

MR. WAITE: Thank you and thank you for your patience at the staff conference today, and thank you for the very telling questions which you presented to our panel, as well as enabling us to make a presentation as to the nature of our respective industries and our participation in the United States market.

Again, my name is Fred Waite on behalf of Corinth Pipeworks of Greece, and as I mentioned in my testimony and the witnesses for my company mentioned, Corinth Pipeworks is the only producer of large diameter welded or line, if you prefer, pipe in Greece. It operates ERW, LSAW and HSAW lines. It can produce ERW pipe in diameters of up to 26 inches, something that the U.S. mills cannot do.

Mr. Brightbill just mentioned some projects where Corinth was able to provide pipe to American contractors that was less than 26 inches. They was 24 inches or less. I would just point out that those examples are well outside the Period of Investigation. Corinth has not added any capacity to its operations during the Period of Investigation and has no plans to do so.

As we mentioned, it did add an LSAW line in 2015, but this only increased their capabilities, not their capacity. As Mr. Papavasileiou mentioned, the LSAW and HSAW lines cannot operate at the same time. So there is no capacity increase as a result of that addition to their operations and their ability to meet the very demanding requirements of their customers.

Corinth Pipeworks' home market is the European Union, and it also serves neighboring markets in North Africa and the Middle East. These are growing markets. This morning the Petitioners' panel talked about markets that were contracting or not predicted to be growing. But these markets are growing markets, and they are predicted to continue to grow into the future.

Corinth Pipeworks has never been accused of dumping or any other unfair trade practice in any market in which it has participated. This morning five of the Petitioners identified projects which they allegedly lost to foreign suppliers. I would note that Greece was not mentioned in that list. Thank you very much.

CLOSING REMARKS BY FRANK MORGAN

MR. MORGAN: This is Frank Morgan on behalf of the Welspun Group. First, I'd note that the only producer who responded to the questions about being able to produce certain specifications that Welspun believes cannot be produced in the U.S. was Berg. So that's one issue we'd like you to pay close attention to when the domestic industry submits their post-conference brief, to see if any other producers make such claims.

The other point is that I didn't hear Berg say they could actually make the specifications that I referenced in my opening statement. What I heard them say is they bid on projects. Our position is very much that you can bid on a project. That doesn't mean you're bidding with the exact same pipe that someone else may be bidding with. You may be bidding with two 40 foot lengths of pipe, and another person may be bidding with a 60 foot length of pipe.

That doesn't make them the same product. It doesn't mean you have the capability of making that product. It means you have the capability of bidding on the project. But let's be sure we're talking about the apples to apples point. The point is if they want to argue that their products are interchangeable, let's have that argument. We're happy to have that argument.

But we want to be arguing on equal footing. We want to know can they make those products, and if they can make those products, not only will they have bid documents, but they'll have technical data showing a record of making those products in the United States. Berg has a parent in Germany. Undoubtedly it can produce those products. But whether they can make those products in the United States, they will have documentation, production and quality records showing production of those products, and that is a separate and important question from whether they can provide an interchangeable product in a bid that certainly meets the qualifications of the bid, but is not the product that we're talking about.

So if we're going to have an argument about interchangeability with different products, let's have that argument. But let's make sure the record is clear about what argument we're having, and thank you very much for your time and your efforts. Have a great afternoon.

MR. CORKRAN: On behalf of the Commission and the staff, I'd like to thank the witnesses who came here today, as well as counsel, for helping us gain a better understanding of the product and the conditions of competition in the large diameter welded pipe industry. Before concluding, please let me mention a few dates to keep in mind. The deadline for submission of corrections to the transcript and for submission of post-conference briefs is Monday, February 12th. If briefs contain business proprietary information, a public version is due on Tuesday, February 13th.

The Commission has tentatively scheduled its vote on these investigations for Friday, March 2nd, and it will report its determinations to the Secretary of the Department of Commerce on Monday, March 5th. Commissioner's opinions will be issued on Monday, March 12th. Thank you all for coming. The conference is adjourned.

(Whereupon, at 4:23 p.m., the conference was concluded.)

CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Large Diameter Welded Pipe from Canada, China, Greece, India, Korea, and Turkey

INVESTIGATION NOS.: 701-TA-593-596 and 731-TA-1401-1406

HEARING DATE: 2-7-18

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: 2-7-18

SIGNED: Mark A. Jagan
Signature of the Contractor or the
Authorized Contractor's Representative

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceedings of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker identification and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceedings.

SIGNED: Duane Rice
Signature of Proofreader

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceedings.

SIGNED:

Larry Flowers
Signature of Court Reporter