

BEFORE THE  
UNITED STATES INTERNATIONAL TRADE COMMISSION  
IMPORT ADMINISTRATION  
Washington, DC, USA

**NONCONFIDENTIAL DOCUMENT**

In the matter of –

CIRCULAR WELDED CARBON-QUALITY  
STEEL PIPE FROM INDIA, OMAN, THE  
UNITED ARAB EMIRATES, AND  
VIETNAM

Inv. Nos.  
701-TA-482-485  
and  
731-TA-1191-1194 (Final)

**STATEMENT OF INDRANIL CHOWDHURI  
ON BEHALF OF  
AL JAZEERA STEEL PRODUCTS CO. SAOG**

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**Mr. Chairman and members of the Commission,**

**My name is Indranil Chowdhuri, and I am the Chief of International Marketing of Al Jazeera Steel Products Company of Oman. I have a university degree in law and a post-graduate degree in economics, and have held marketing positions in the steel industry for nearly 30 years. I am accompanied by Mr. Bejoy John, who is a chartered accountant and the Financial Comptroller of the company.**

**We have come here today to explain Al Jazeera's practices and policies, particularly in the U.S. steel pipe market.**

**Our company was founded in 1996, and it began commercial production of pipes in 1998. We produce ERW circular pipes and tubes and square and rectangular profiles on the same lines, and we sell principally to Oman and our neighbors in the Gulf Cooperation Council. Our raw material is hot-rolled coil, which we purchase on international markets. We also have a bar mill where we produce merchant bar from billets that we purchase on the local and international markets. The bar mill was inaugurated in late 2009. Our tube mill and bar mill are both located in Sohar, Oman, and we have an additional sales office in Sharjah, UAE.**

**Regarding ownership, 51% of our shares are owned by a Kuwait investment house, and the balance are publicly traded on the Muscat, Oman stock exchange. We publish quarterly financial statements audited by international auditors.**

**From our location in Oman, our local selling area is not only Oman but the GCC area as a whole. In fact, we sell about 80% of our output to Oman and the GCC. These pipes are produced to the British/European Norm specifications and are sold in 6-meter lengths. For the most part, we make these sales from inventory and ship in truckload volumes within a few days of receiving an order.**

**As for the U.S., we have had a consistent presence in the United States almost from the beginning of our commercial life. I can speak personally to our sales policies beginning from 2007, when I joined the company as chief of international marketing. We work with a very small number of U.S. customers, located in various regions of the country, to ensure that our product enters the market in an orderly way. We have a strong sense of mutual loyalty with our customers, and have worked with them through good times and bad in order to maintain our reputation as a reliable and trustworthy supplier.**

**Our U.S. sales are done very differently from our Oman/GCC sales. We do not hold stock of the ASTM pipes required for the U.S. market, and so our U.S. sales are produced to order. When an inquiry from one of our established U.S. customers comes into our office, we base our pricing decisions on the cost of HR coil at the time, and we do not book our purchase of coils until we have a confirmed purchase order from our customer. Our lead time for coil purchase is typically 1 to 3 months – more often on the long side of the range. When you add in our rolling schedule, our lead time from order to shipment may be 4 months or even more. Then, for shipment, the structure of freight rates enables us to ship all our pipes by container, so we no longer ship by break-bulk or charter party. This has been a real revolution in freight service. In our case, we fill the containers in Sohar, and they are loaded onto smaller feeder vessels. For our U.S. East Coast shipments, the feeder vessels go to Jabel Ali in the UAE, where containers are transferred to a mother ship that carries them to the United States via the Suez Canal. For our sales to the West Coast, containers are again loaded onto feeder vessels to Jabel Ali, where they are transferred for shipment to one of the big ports in China, typically Shanghai, where they are transferred to larger container ships for the Pacific crossing. These roundabout routes are necessary because large-scale container vessels do not call at the Port of Sohar.**

**We have explained this to the Department of Commerce, and they have verified it.**

**I would like to draw your attention to two important facts:**

***First*, our lead times to delivery for U.S. sales are relatively long and highly variable.**

***Second*, our pricing into the U.S. market is a direct reflection of coil cost at the time the order is placed. Our lead times obscure this cost/price linkage, but is it very apparent when you analyze our sales on a PO basis. In this way, we are much like the American producers, who we understand also price their sales according to coil cost. The difference is that the American producers are able to sell to their American customers directly from inventory on immediate turnaround, while we always have a significant lag between order date and the arrival of our goods at the U.S. port of entry.**

**I have been selling steel products to the United States and other export markets for my entire career, and I would like to share my understanding with you. Foreign producers have their advantages and disadvantages in the U.S. market.**

- **Our advantages are access to lower-cost raw material and the fact that transformation costs abroad are much lower than the United States. At Al Jazeera, for example, we buy our coils from China, India, and Russia, and our workforce is not nearly as well-paid as American workers.**
- **Our disadvantages include much longer lead times, larger minimum order quantities, and all the uncertainties that go with international trade: exchange rate fluctuations and so forth.**

**These circumstances create a two-tier market in the United States: The domestic producers compete against each other but generally not against imports, and imports compete against each other but generally not against domestic producers.**

**I would like to close by addressing a few specific points made by the petitioners in this case.**

**The petitioners claim that export capacity in Oman is understated. Their claim is based on the fact that Gulf Pipe did not answer the Commission's questionnaire. However, I can tell you from my personal knowledge that Gulf Pipe has never exported to the United States, and produces only in a size range above 8 inches in diameter. Furthermore, their production is in high-pressure pipes for the energy sector, and not the commodity pipes subject to this investigation.**

**As for Al Jazeera's capacity, most of our sales are directed to Oman and the GCC, and we have operated at over 90% utilization for the past several years. We simply do not have the practical capacity to sell more tonnage to the U.S. even if our customers were to request substantial increases in volume. While our annual report lists our capacity as 300,000 metric tons/year, in fact our practical capacity is considerably less. The difference arises because we have a bottleneck at our slitting capacity, and we do not expect to see that limitation changed in the foreseeable future.**