

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

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Circular Welded Carbon-Quality)
Steel Pipe from India, Oman, United)
Arab Emirates, and Vietnam)
_____)

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

**Testimony of Peter Schrumpf,
President, Prime Metal Corp. USA,**

1. Good afternoon. My name is Peter Schrumpf, President, of Prime Metal Corp. USA. Prime metal the exclusive U.S. importer of circular welded pipe from the UAE produced by Universal Tube.

2. Prime Metal USA was formed in 2000, but I have been in the pipe and tube business in some capacity for the past 30 years. In that time, I have seen the domestic pipe and tube industry bring literally dozens of trade cases against imports of standard pipe from virtually every supplier country. I would like to share with you today my understanding of the U.S. standard pipe market, and the role of imports from the UAE in this market.

3. I have been an importer and distributor of standard pipe from the UAE since 2000. However, imports fromm the UAE were very small until 2008, when China exited the U.S. market due to antidumping. Prior to 2008, we were not interested in competing with Chinese pricing. At that

time, pricing, which had been depressed due to China, improved, and we were able to pursue a modest amount of the void left by China at prices that were commercially acceptable. As a relatively recent entrant to this market, we have a limited customer base and a limited number of products that we distribute. A significant portion of the pipe we distribute is A-53A, hydrostatically tested pipe in sizes of between ½ and 2 inches in diameter. We currently have 7 to 10 customers.

4. It is important to understand that, although most imported standard pipe is physically interchangeable and of comparable quality with domestic standard pipe, there is nevertheless a bifurcated market. Purchasers have a strong preference for domestic product over imports because U.S. producers are located closer to the market and are normally able to ship from inventory. This results in much shorter lead times and lower inventory costs when purchasing domestic product. This built-in customer preference for domestic supply allows domestic producers to command a price premium over imports. Our lead times are 90 to 120 days from order placement to delivery to the customer in the United States

5. The customer preference for domestic supply also means that most purchasers are only willing to purchase a limited volume of imports, because they are unwilling to assume the costs and risks associated with

holding large inventories. In addition, domestic producers offer a much broader range of products, including specialty products that are only available from domestic producers. In many cases, purchasers make a point of buying at least some significant percentage of their regular products from the domestic industry in order to ensure that they have access to these specialty products.

6. The preference for domestic supply, and the domestic price premium have been in place so long that today they are a structural feature of the market and are understood by all buyers and sellers. I know from personal experience that I rarely, if ever, find myself in competition with domestic mills. My competitors are other importers. A customer will typically determine a balance among domestic and import sources, and we compete for the import portion of their purchases.

7. Among import sources, there are established suppliers such as Korea, Turkey, and Thailand, which have a well-deserved reputation for quality, and tend to have greater market reach because they have well-established distribution networks and offer a wider range of sizes and products. Then there is a second group of suppliers, including the UAE, Oman, Vietnam, and India, but also countries such as Malaysia, the Philippines, and Indonesia. These suppliers tend to be more limited in the

scope of their distribution networks and product offerings. Prior to 2008, there was China, which was a category in itself, and was priced much lower than all other import sources. Since Chinese standard pipe was removed from the U.S. market, the market has stabilized, with most import sources priced similarly, and a significant price premium for domestic product.

8. Given the wide variety of imports sources in the market, I have built my business by emphasizing reliability and consistency in both pricing and service. I have done this by building long-term customer relationships rather than trying to be the cheapest guy on the block. We have built our business slowly, and have focused on products and sizes that are not always available from other suppliers. For these reasons, I am confident that my imports of standard pipe from UAE are not causing material injury or threat to the domestic industry.

Thank you.