

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

Circular Welded Carbon-Quality Steel
Pipe from Oman, Pakistan, Philippines,
United Arab Emirates, and Vietnam

Inv. Nos. 701-TA-549 and 731-TA-1299-
1303

**Testimony of Mervyn D’Cunha,
Financial Controller, Universal Group**

1. Good afternoon. My name is Mervyn D’Cunha. I am the Financial Controller of the Universal group, which includes Universal Tube, Universal Pipe, and KHK Scaffolding. KHK Scaffolding does not export standard pipe to the United States. Our foreign producers’ questionnaire, however, provided information on the pipe and tube operations of all three companies.

2. Universal focuses its sales primarily on the UAE and the countries of the Gulf Cooperation Council (“GCC”), which we regard as a second home market, and where we enjoy a natural competitive advantage over other suppliers. Demand within the UAE is strong. In the UAE, private and public developers have regained confidence in Dubai's residential property market after the turmoil of the Arab spring, and relaxed rules in UAE have made Dubai a global tourism and trade hub. This has been further enhanced by Dubai's plans to host the 2020 World Expo, which is expected to attract 25 million visitors and will require significant

investment in the hotel and infrastructure sectors. In addition, demand in the GCC countries is also strong and increasing. In particular, Saudi Arabia and Qatar have plans to further develop their infrastructure and expand their urban areas, with Qatar set to benefit from hosting the 2022 World Cup.

3. Governments in the region therefore continue to spend heavily on new projects, including hotels, commercial and residential apartments, shopping malls, schools, universities, *etc.* These projects all will require standard pipe for plumbing applications, fire fighting systems, chilled water systems, and structural applications. Regional construction growth is expected to continue to grow between now and 2018-20, which should drive demand of steel products.

4. We have seen this growth already in a rapid expansion in demand for finished scaffolding which we produce from internally consumed standard pipe. We have also seen demand grow in the UAE and other export markets for products produced from the same machinery as standard pipe, specifically square and rectangular products. This growth in demand is why KHK Scaffolding has expanded its capacity to produce square and rectangular merchandise in small sizes below 3". As noted, KHK sells to the domestic market and has never exported to the United States. In addition, with its vast oil and gas production, the GCC countries

are among the largest consumers of line pipe in the world. Universal Pipe started commercial production of line pipe, and we are focusing our efforts on exploiting that product sector in the GCC.

5. With respect to export markets, Universal is currently in the process of expanding our sales to third country markets around the world. We are currently expanding our sales to Europe, particularly Germany, Sweden, and Norway, where we are expanding our sales of sprinkler pipe and other customized products. We have also established sales offices and are expanding sales to the United Kingdom, and Australia. We have been expanding our portfolio of certifications for our pipe which makes us more competitive in world markets, particularly Australia, Europe and the Singapore/Malaysia market. The recent weakening of the Australian dollar and the Euro against the US dollar (to which our currency is pegged) has temporarily increased the cost of exporting products to Australia and Europe. However, once these temporary exchange rate issues are resolved and currencies stabilize we are very optimistic about these markets and have our certifications in place to take advantage of them.

6. Although the Universal Group has increased its capacity, the new capacity is at KHK Scaffolding, which, as noted, had no exports of standard pipe to the United States. The new capacity is directed at

producing square and rectangular tubes and small diameter standard and structural pipe for the domestic and GCC markets.

7. Universal holds only a limited share of the U.S. market and sells to only a few customers. For this reason, I am confident that our exports of standard pipe from the UAE are not injuring and do not threaten the U.S. industry.

Thank you.