

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

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Certain Welded Carbon-Quality Steel)	Inv. Nos. 701-TA-549 and
Pipe from Oman, Pakistan, the United Arab)	731-TA-1299-1300, 1302, and
Emirates, and Vietnam)	1303 (Final)
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Testimony of Riyaz Chinoy

Mr. Chairman and Members of the Commission:

Good afternoon.

1. My name is Riyaz Chinoy and I am the CEO of International Industries Ltd. (IIL), Pakistan's largest and only publically listed manufacturer of steel, stainless steel and plastic pipes and tubes. IIL is one of the oldest pipe manufacturers in Pakistan and is by far the quality leader in the market. IIL was incorporated in Pakistan in 1948 and is part of a group of companies that manufacture diverse products including steel products, electric cables, and plastic pipe.

2. IIL is the only producer of circular welded pipe in Pakistan that is capable of exporting to the United States. The other producers of circular welded pipe in Pakistan are focused almost exclusively on the domestic market, producing pipe products to domestic specifications, on locally made machinery and equipment. Their facilities are small and undeveloped and they are located too far

from the port to make it viable for them to import raw material to produce pipe for export.

3. Our participation in the U.S. market is very limited. Although IIL has exported to the United States for the past nine years, since 2012 IIL has awarded exclusive market rights to a single U.S representative, Connectors, Inc. Through Connectors, IIL exports hot-dipped galvanized pipe in sizes of ½ inch to 6 inches. As my colleague from Connectors Mr. Blair will explain, this product is sold only as commercial fence pipe. This is a relatively low value added product compared to other types of circular welded pipe. We have exported small and relatively stable quantities of this product on a made to order basis to the United States every year since 2012.

4. IIL also produces and sells a wide variety of steel pipe and tube products in the Pakistani domestic market, including circular welded pipe and tubes, square pipes and tubes, and, increasingly, tubing made of plastic. Over 65 percent of IIL's sales are in the domestic market, and, another 25 percent are to nearby export markets such as Afghanistan, Sri Lanka and the Middle East. There is a huge potential for growth in Pakistan's domestic market where steel consumption is only 45 kg per capita, while the average globally is over 210 kg signifying that our market should grow by 4 times. Economic forecasts for Pakistan have been generally very positive, especially in the steel pipe sector

which has been growing over the last 5 years at over 12 percent. The forecasts for the next 5 years shows a growth trend upwards of 22 percent based on the TAPI, PI and LNG pipe lines, which are now being constructed. The China Pakistan Economic Corridor, which is a 46 billion dollar investment in infrastructure, is another factor supporting the strong demand outlook in IIL's home market.

5. The increasing use of pipe made of plastic in the domestic market has led us to concentrate our capital investments in the area of plastic pipe, not steel. This allows us to retain our leadership position in the domestic water pipe market. We have only last month commissioned Pakistan's largest plastic pipe plant at a cost of over 2 million dollars. Furthermore expansion projects worth over 4 million dollars to produce plastic pipe and fittings are now under execution.

6. The galvanized fence pipe IIL exports to the United States, is significantly different from the CWP sold by the U.S. producers. All IIL fence pipe does not have its internal weld bead removed nor is it lead-free, nor hydro tested. As such each mill test certificate clearly states the product is suitable for commercial fence pipe applications only.

7. IIL has been steadily exporting to the United States market and has no plans to increase our exports to the United States in the future. Like all Pakistani companies, we face challenges in exporting related to supply constraints, including security issues around its production facility, serious electricity shortages, gas and

water supply, inadequate road infrastructure and unavailability of a locally produced raw material which needs to be imported with a 90 day lead time. All of these factors have limited IIL's spare production capacity and we cannot make any further commitments to the U.S. or other export markets beyond the low levels we have supplied historically. Strategically we are concentrating on expanding our sales and product range in our domestic and neighboring export markets in order to take advantage of the growth in the local construction markets and economic growth in Pakistan generally.

8. Thank you.