

Before the  
United States International Trade Commission

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LARGE DIAMETER WELDED PIPE FROM CANADA,  
CHINA, GREECE, INDIA, KOREA, AND TURKEY

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Inv. Nos. 701-TA-593-596 and 731-TA-1401-1406 (Final)

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Testimony of Conrad Winkler

Good afternoon, I am Conrad Winkler, President and CEO of Evraz North America. I have been in this position since July 2013. Prior to that, I ran the long products division of Evraz North America, which is the largest producer of rail steel in the United States. I am a graduate of MIT. I spent over 15 years as a management consultant at Booz and Co., focused on manufacturing. Prior to that, I was a nuclear submarine officer in the U.S. Navy.

Evraz is a fully integrated steelmaker with operations in the United States and Canada. Our large diameter pipe operations began in 1956. Our business model is built around making energy pipe, from scrap to steel, to coil and plate, and to pipe. We operate four major energy pipe mills in Western Canada.

We believe that our operation is second to none in North America. We were the first to produce helical large-diameter submerged arc welded pipe in North

America. We were the first to produce X-80 helical pipe in North America. We were the first and only pipe mill in North America that's ever produced and put into the ground X-100 pipe.

These accomplishments reflect the fact that we control every aspect of the steelmaking process, as well as our commitment to the energy pipe market. We are the market leader in terms of the production of high-quality line pipe, innovation, and R&D capability to satisfy the most difficult requirements of our customers.

In contrast to our operations, our foreign and U.S. competitors only operate pipe mills. They do not melt and pour steel or roll steel slab into coil and plate. Their business model is to purchase imported hot-rolled coil or plate, that is often imported into the U.S. market.

This business model has two additional major implications for this case: (1) availability and (2) capacity utilization.

Let me first address availability. Our competition requires a long lead time to obtain steel coil or plate, and then verify that the steel and the pipe actually possess the required physical properties. Pipe producers that are not integrated must order the steel coil or plate. That steel will show up in three to six months. Then it will complete a trial, after which the pipe maker will determine whether the

physical properties meet specifications. If not, the pipe maker will send the order back to the producer in Korea or Germany or wherever and ask them to produce more heats. Three to six months later, that heat of coil shows up and then they find out whether or not the properties of the new steel will meet specifications. Our competitors' supply chain negatively impacts their ability to meet customer delivery requirements and is a major reason why customers are so concerned with availability.

Because we make steel slabs, coil, and plate at the same facility, our lead time from steelmaking to pipe making is five days, not three months. If there is any problem with our steel, we do not have to wait for another shipment of coil to be produced in Korea or China, shipped to the United States, and retested.

The domestic industry's name plate capacity data are misleading because they do not reflect their inability to effectively secure raw materials on a project-by-project basis. Additionally, capacity for one product does not equal capacity to produce all products. For example, 24-inch ERW mills cannot produce 36-inch OD HSAW pipe, and vice versa. If a customer cannot get an ordered fulfilled, for the specific order and with the steel requirements, it does not matter what the nameplate capacity says.

Turning to the factors that are important in purchasing decisions, we do not need to compete in the U.S. market by offering the lowest price. Line pipe is not a commodity product. It is a highly engineered and specialized product manufactured to customer specifications that differ with nearly every pipeline.

In fact, we strive to develop partnerships with our customers focused on establishing a long-term relationship. For example, we secured a major project in 2014 pursuant to a long-term contract. We supplied the pipe using a pricing formula tied to the AMM scrap price index. We were still shipping pipe for this project in 2017, and it accounted for approximately one-half of our volume in 2017. No domestic producer can claim that this volume was lost during the period under investigation as a result of unfair trade. We obtained the business as a result of our long relationship, supply flexibility, consistently high-quality product, and proven ability to deliver. We use this approach across all of our businesses in the U.S. and Canada – closely partnering with our customers to provide additional value that reduces our customers' risk of failure.

Another factor that sets Evraz apart is our geographic location. We are located across the border in Saskatchewan. As you will see from our exhibits, for pipeline projects that cross the U.S.-Canadian border, we are perfectly positioned to supply line pipe to the Canadian portion of the project and the U.S. portion.

Projects such as the Enbridge “Line 3” pipe that crosses into North Dakota and Minnesota are in our back yard. This gives us a further advantage in meeting the customer’s delivery schedule, further reducing their lead time, giving the customers more flexibility. Contrast this with a producer that relies on steel coil that is shipped thousands of miles, months before the pipe is even produced.

We are the only subject producer involved in this investigation that ships to the market by rail, not ocean freight. We do not enter the U.S. market through the same ports as the other imported line pipe in this investigation. Most of our sales during the period of investigation were made through ports into the Mountain or Central Southwest region. For these reasons, imports of large-diameter welded pipe from Canada should not be cumulated with imports from other countries subject to this investigation.

In conclusion, Evraz stands apart from the other participants in this investigation. We are not the low-price leader in the market. We are the source of the highest quality line pipe. We are able to meet customers’ specifications, as well as respond rapidly to any changes in our customers’ schedule or product requirements. Our position in the U.S. market is the result of our experience, our continuous improvement and investment, and our customer service. It is not the result of unfair trade. For these reasons, the Commission should find that imports

of large-diameter welded pipe from Canada are not injuring or threatening to injure the domestic industry.