

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:) Investigation Nos.:
LARGE DIAMETER WELDED PIPE FROM CANADA,) 701-TA-593-596 AND
CHINA, GREECE, INDIA, KOREA, AND TURKEY) 731-TA-1401-1406 (FINAL)

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UNITED STATES OF AMERICA
BEFORE THE
INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF:) Investigation Nos.:
LARGE DIAMETER WELDED PIPE FROM) 701-TA-593-596 AND
CANADA, CHINA, GREECE, INDIA,) 731-TA-1401-1406
KOREA, AND TURKEY)

Main Hearing Room (Room 101)
U.S. International Trade
Commission
500 E Street, SW
Washington, DC
Tuesday, November 6, 2018

The meeting commenced pursuant to notice at 9:30
a.m., before the Commissioners of the United States
International Trade Commission, the Honorable David S.
Johanson, Chairman, presiding.

1 APPEARANCES:

2 On behalf of the International Trade Commission:

3 Commissioners:

4 Chairman David S. Johanson (presiding)

5 Commissioner Rhonda K. Schmidlein

6 Commissioner Irving A. Williamson

7 Commissioner Meredith M. Broadbent

8 Commissioner Jason E. Kearns

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22 Aimee Larsen, International Economist

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24 Henry Smith, Attorney/Advisor

25 Douglas Corkran, Supervisory Investigator

1 APPEARANCES:

2 Embassy Appearance:

3 The Embassy of Greece

4 Washington, DC

5 Theodosios Vallas, Minister Plenipotentiary, Head of
6 the Office for Economic & Commercial Affairs

7

8 Opening Remarks:

9 Petitioners (Laura El-Sabaawi, Wiley Rein LLP)

10 Respondents (Deanna Tanner Okun, Adduci, Mastriani &
11 Schaumberg LLP)

12

13 In Support of the Imposition of Antidumping and
14 Countervailing Duty Orders:

15 Wiley Rein LLP

16 Washington, DC

17 on behalf of

18 Petitioners

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20 John P. Stupp Jr., President and Chief Executive

21 Officer, Stupp Bros.; and Chief Executive Officer, Stupp
22 Corporation

23 John Clark, Chief Commercial Officer, Stupp Corporation

24 Robert Griggs, President and Chief Executive Officer,
25 Trinity Product

1 APPEARANCES (Continued):

2 Michael Chefren, Chief Operations Officer, Skyline
3 Steel

4 Ingo Riemer, President and Chief Executive Officer,
5 Berg Steel Pipe Corp.

6 Jonathan Kirkland, Vice President, Sales and Logistics,
7 Berg Steel Pipe Corp.

8 Jon Noland, Division Sales Manager, American Cast Iron
9 Pipe Company

10 Mike O'Brien, Vice President of Sales and Secretary,
11 American Cast Iron Pipe Company

12 Wesley Hendricks, Vice President of Commercial Pipe
13 Sales, JSW Steel (USA) Inc.

14 Burton Bluestone, President, Greens Bayou Pipe Mill, LP

15 Russell Fisher, Senior Vice President of Sales and
16 Marketing, Welspun Global Trade LLC

17 Robert Y. Kopf, General Manager, Business Support
18 United States Steel Corporation

19 Kris Coates, General Manager, Marketing and Business
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21 Dr. Seth Kaplan, Senior Economic Advisor, Capital
22 Trade, Inc.

23 Andrew Szamosszegi, Principal, Capital Trade, Inc.

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3 Countervailing Duty Orders:

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5 Washington, DC

6 on behalf of

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8 CPW America Co. (collectively "CPW")

9 Apostolos Papavasileiou, Chief Executive Officer,

10 Corinth Pipeworks Pipe Industry S.A.

11 Alexandra Tzanetopoulou, Legal Advisor, Corinth

12 Pipeworks Pipe Industry S.A.

13 Dianne Burger, President, CPW America Co.

14 Mark Soloninka, Vice President, CPW America Co.

15 Rebecca L. Woodings, Economic Consultant

16 Frederick P. Waite and Kimberly R. Young - Of Counsel

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6 on behalf of

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8 ICF Incorporated, L.L.C.

9 Conrad Winkler, President and Chief Executive Officer,

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12 Harry Vidas, Vice President, ICF Incorporated L.L.C.

13 James R. Cannon, Jr., Deanna Tanner Okun and Craig A.

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16 Morris Manning & Martin LLP

17 Washington, DC

18 on behalf of

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21 Zafer Atabey, Chief Executive Office, Borusan

22 Mannesmann

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25 Todd Phillips, Vice President, Borusan Mannesmann Pipe

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8 Washington, DC

9 on behalf of

10 Turkish Producers and Exporters

11 Matthew M. Nolan - Of Counsel

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13 Rebuttal/Closing Remarks:

14 Petitioners (Timothy C. Brightbill

15 Wiley Rein LLP)

16 Respondents (Frederick P. Waite, Vorys, Sater, Seymour, and

17 Pease LLP; and Julie C. Mendoza, Morris, Manning & Martin,

18 LLP)

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9:30 a.m.

MR. BISHOP: Will the room please come to order?

CHAIRMAN JOHANSON: Good morning. On behalf of the U.S. International Trade Commission I welcome you to this hearing on the Final phase of Investigation Nos. 701-TA-593 to 596 and 731-TA-1401 to 1406 involving Large Diameter Welded Pipe from Canada, China, Greece, India, Korea and Turkey.

The purpose of these final investigations is to determine whether an industry in the United States is materially injured or threatened with material injury or the establishment of an industry in the United States is materially retarded by reason of imports of Large Diameter Pipe from Canada, China, Greece, India, Korea and Turkey.

Schedule setting forth the presentation of this hearing, notices of investigation and transcript order forms are available at the public distribution table. All prepared testimony should be given to the Secretary. Please do not place testimony directly on the public distribution table.

All witnesses must be sworn in by the Secretary before presenting testimony. I understand that parties are aware of time allocations. Any questions regarding the time allocations should be directed to the Secretary. Speakers

1 are reminded not to refer in their remarks or answers to
2 questions to business proprietary information. Please speak
3 clearly into the microphones and state your name for the
4 benefit of the court reporter.

5 If you will be submitting documents that contain
6 information you wish classified as business confidential
7 your request should comply with Commission Rule 201.6. Mr.
8 Secretary, are there any preliminary matters?

9 MR. BISHOP: No, Mr. Chairman.

10 CHAIRMAN JOHANSON: Very well. Will you please
11 announce our Embassy witness?

12 MR. BISHOP: Our Embassy witness is Theodosios
13 Vallas, Minister Plenipotentiary and the Head of the Office
14 for Economic and Commercial Affairs with the Embassy of
15 Greece.

16 STATEMENT OF MINISTER THEODOSIOS VALLAS

17 MINISTER VALLAS: Good morning, Mr. Chairman and
18 Members of the Commission. My name is Theodosios Vallas.
19 I'm the Minister Plenipotentiary, Head of the Office
20 for Economic and Commercial Affairs of the Embassy of Greece
21 in Washington, D.C.

22 I would like to thank the United States
23 International Trade Commission for the opportunity to
24 participate in this hearing. I am here today to speak in support of
25 Greek Producers of large diameter welded pipe and to urge

1 you to make a negative final determination that imports from
2 Greece do not threaten the United States industry.

3 Greece and the United States share a strong and
4 enduring partnership as reflected by the mutually beneficial
5 economic and trade ties between our two countries. Greece,
6 as a regional hub, facilitates the access of United States
7 companies to markets in South and Eastern Europe and the
8 Middle East.

9 The bilateral trade volume in goods in 2017
10 amounted to 2.2 billion of which 1.24 billion where the
11 Greek exports to the United States, increased by 0.8 percent
12 compared to the previous year. The United States exports to
13 Greece in 2017 were 962 million, an increase by 28.8 percent
14 compared to the year before.

15 According to a recent Select USA report, Greece
16 ranked as the fastest growing source of foreign direct
17 investments in the United States with an annual growth rate
18 of 70.7 percent. Greek-owned firms support approximately
19 3,000 jobs in the United States, mainly in the field of
20 software and IT services, food and tobacco, electronics,
21 consumer products, solar energy and plastics. According to
22 the Bank of Greece, the Greek FDI stocks to the United
23 States are 2.34 billion, almost 5 times higher than the
24 United States' FDIs to Greece.

25 I think this is pretty amazing and we're talking

1 about a country of 10 million people. As already stated by
2 both the United States President and the Greek Prime
3 Minister during the latter's visit to Washington, D.C. last
4 October, our two countries could further enhance their
5 bilateral cooperation in mutually beneficial sectors.

6 To this respect, Greece and the United States are
7 going to inaugurate before the end of this year, the United
8 States Greek Strategic Dialog on key areas of cooperation
9 including various economic and trade sectors. The dynamic
10 in the bilateral economic and trade relations has been
11 demonstrated by the fact that the United States this year
12 was the honored country at the Thessaloniki International Fair, the
13 most important event of its kind in the region of the
14 Western Balkans.

15 The United States' Delegation was led by
16 Secretary of Commerce, Wilbur Ross, who noted the growing
17 role of Greece as an energy hub for Southern Europe and the
18 Eastern Mediterranean Region, mentioning also the importance
19 of Greek projects like LNG Terminals and the Trans Adriatic
20 Pipeline.

21 It is worth mentioning as well that during the
22 Thessaloniki International Fair the United States LNG
23 Company Cheniere and the Greek Public Gas Corporation
24 announced the signing of a contract to supply LNG Spot Cargo
25 due to be delivered this year, while they also confirmed

1 that there are talks for a long-term LNG agreement.

2 At this point I would like to draw your attention
3 to the importance of Corinth Pipeworks to the Greek Economy
4 and to the growing role of Greece in Delivering energy
5 throughout Europe. For example, Corinth Pipeworks supplied
6 pipe for the Trans Adriatic Pipeline which will transport
7 natural gas from the Caspian Region -- where United States
8 companies are greatly involved, across Greece and Albania
9 via the Adriatic Sea to Italy and other energy markets in
10 Europe.

11 This project requires pipe that meet the most
12 demanding specifications and performance requirements. A
13 recent independent study for the European Commission
14 emphasized the essential role of gas pipelines in the growth
15 and security of the European energy market. Estimated
16 expenditures on gas transmission networks will more than
17 double from 2018 to 2019 to almost 6 billion. This is an
18 important and fast-growing market for European Union based
19 companies like Corinth Pipeworks.

20 I would also like to mention that in July of this
21 year the European Commission announced provisional safeguard
22 measures on imports of steel products including the large
23 diameter welded pipes products covered by this
24 investigation. These measures were adopted to prevent the
25 diversion of steel flows into the European Union as a result

1 of the Section 232 Tariffs which the United States has
2 imposed on steel imports.

3 It is expected that these provisional safeguard
4 measures will be extended for the three-year period in
5 February 2019. These safeguard measures will create more
6 opportunities for European companies like Corinth Pipeworks
7 to supply the Growing European Energy Market.

8 Last but not least of all, I want to underline
9 the fact that a review of notifications of antidumping
10 practices by the WTO member countries shows that there are
11 no other antidumping proceedings for steel pipes from Greece.
12 In fact, Greece has been rarely subjected to any antidumping
13 complaints in other countries.

14 On behalf of the Government of Greece I would
15 like to thank you for your attention to my remarks and I
16 urge the Commission to carefully consider the special
17 circumstances of Corinth Pipeworks and to make a negative
18 final determination with respect to Greece. Thank you very
19 much.

20 CHAIRMAN JOHANSON: Thank you, Mr. Vallas for
21 appearing here today. Do any Commissioners have questions
22 for Minister Vallas? There are no questions but thank you
23 again for being here.

24 MR. VALLAS: Thank you.

25 MR. BISHOP: Mr. Chairman, opening remarks on

1 behalf of Petitioners will be given by Laura El-Sabaawi with
2 Wiley Rein. Ms. El-Sabaawi, you have five minutes.

3 STATEMENT OF LAURA EL-SABAAWI

4 MS. EL-SABAAWI: Good morning, Chairman Johanson
5 and Members of the Commission and Staff. On behalf of the
6 petitioning U.S. Producers of large diameter welded pipe we
7 greatly appreciate your continued work on this
8 investigation. We are here today in an
9 effort to restore fair trade to the large diameter welded
10 pipe market in the United States. As the prehearing report
11 clearly shows, dumped and subsidized imports from the six
12 Subject Countries have surged into the U.S. Market
13 underselling U.S. prices and taking key sales and market
14 share from the Domestic Industry.

15 These imports have caused the profits of U.S.
16 Producers to fall, have forced production lines to idle and
17 mills to close and have caused the loss of 1000 American
18 jobs. First, the Commission should define a single
19 like-product and a single Domestic Industry coextensive with
20 the scope.

21 The physical characteristics of structural and
22 line pipe for example are extremely similar and these
23 products are produced on nearly all of the same machinery by
24 many of the same producers in the same facilities. The
25 Commission also should analyze all Subject Imports that are

1 not negligible for material injury purposes on a cumulative
2 basis.

3 Large diameter Welded Pipe from all of the
4 Subject Countries is interchangeable, both with each other
5 and the domestic like product and it competes in the same
6 geographic regions for the exact same projects. Subject
7 Imports and the domestic like product are sold through the
8 same channels of distribution and were simultaneously
9 present in the United States during that period. The
10 volumes of these Subject Imports were high and injurious
11 throughout the POI.

12 Already in 2015 Subject Imports were overwhelming
13 the U.S. Pipe Market. Since then, while demand in the
14 market declined, Subject Imports remained at extremely high
15 levels. As a result, Subject Imports took market share from
16 the Domestic Industry, with Subject Imports market share
17 reaching its period peak last year.

18 In fact, from 2015 to 2017 U.S. Purchasers
19 reported that they purchased 12 percent fewer tons from U.S.
20 Producers while they purchased 11 percent more tons from
21 Subject Producers. This is not a coincidence. Subject
22 Producers took at least a million tons of sales directly
23 from U.S. Producers and they did so using dumped and
24 subsidized pricing.

25 The average unit values of Subject Imports fell,

1 pushing down Domestic prices throughout the period. The bid
2 data collected by the Commission showed that Subject
3 Producers underbid Domestic Producers in 61 percent of
4 reported bids and at 82 percent of the bids that Subject
5 Producers won.

6 They were able to do this because competition in
7 this market is based on price. In fact, and this is key,
8 U.S. Purchasers admitted that they switched more than
9 792,000 tones of purchases from U.S. Product to Subject
10 Product for the primary reason of price. It is the only
11 factor that meaningfully distinguishes domestic and Subject
12 Imports pipe. Even for the projects that
13 the Domestic Industry managed to win, they were forced to
14 lower their prices to compete with Subject Imports. The
15 sales, market share and pricing that the Domestic Industry
16 lost to Subject Imports directly harmed its performance.

17 Almost all of the industry's trace and financial
18 indicators declined over the period. Over the three full
19 years of the POI, until this case was filed, production,
20 shipments and profits dropped substantially. U.S. Producers
21 were forced to idle their mills and lay off shifts. As I
22 mentioned, about a thousand American workers lost their jobs
23 because of Subject Imports.

24 The industry as a whole is producing at less
25 than 30 percent of capacity. This is simply unsustainable.

1 Without relief, the Domestic Industry's losses will extend
2 and will worsen as Subject Imports threaten U.S. Producers
3 with further material injury. For purposes of threat, the
4 Commission should cumulate all Subject Imports.

5 Greek imports, for example are imminently likely
6 to exceed and in fact have already far exceeded the
7 negligibility threshold and thus are eligible for cumulation
8 for threat. The Domestic Industry looks forward to
9 testifying today and answering the Commission's questions.

10 While you will not hear from Chinese or Korean
11 Respondents which have failed to submit briefs or to show up
12 here today, the testimony you will hear will confirm the
13 evidence already on the record. It will show that dumped
14 and subsidized imports or large diameter welded pipe from
15 Canada, China, Greece, India, Korea and Turkey are injuring
16 or threaten to injure the Domestic Industry.

17 We ask the Commission to make affirmative
18 determinations with respect to all Subject Imports and to
19 restore a level playing field to the U.S. Market for large
20 diameter welded pipe. Thank you.

21 MR. BISHOP: Thank you Ms. El-Sabawi. Opening
22 remarks on behalf of Respondents will be given by Deanna
23 Tanner Okun, with Adduci, Mastriani and Schaumberg. Ms.
24 Okun, you have five minutes.

25 OPENING STATEMENT OF DEANNA TANNER OKUN

1 MS. OKUN: Good morning Chairman Johanson and
2 members of the Commission. I'm Deanna Tanner Okun, Adduci,
3 Mastriani and Schaumberg, co-counsel to Evraz. We're
4 presenting the opening on behalf of all those in opposition
5 to imposition of the orders.

6 Well, Halloween might be over, but Petitioners
7 have described a line pipe industry that is as
8 unrecognizable as a child's face with a Shrek mask on.
9 While the masked surface might look quite realistic, when
10 you peel it off you'll discover what is hidden.

11 Our panel will help you peel back the mask of
12 the Petitioners' theory of this case, and this is what
13 you'll find. The U.S. industry was not injured by reason of
14 subject imports. Any declines in industry performance are
15 tightly linked to the boom and bust cycle of energy markets.
16 The U.S. industry fared no worse in this volatile period
17 than it would have if subject imports were absent from the
18 market.

19 We believe the record strongly supports finding
20 line pipe to be a separate like product from structural
21 pipe. Even if you disagree, however, the conditions of
22 competition are different. We will also talk about Section
23 232 duties. These duties are not speculative and their
24 impact is decreasing availability and raising prices, and
25 this must be factored into your analysis of injury and

1 threat of injury to the domestic industry.

2 Let's start with volume. Petitioners describe a
3 surge of subject imports taking sales volume from domestic
4 producers. But imports from every subject country declined
5 over the POI except one, India. The entire increase in
6 subject imports in 2017 cannot be considered volume loss by
7 the domestic industry.

8 For example, one large bid was originally
9 awarded to a U.S. company, Welspun, but then shifted the
10 tonnage to India to obtain raw material. Welspun has
11 apparently changed sides since the prelim, but you have
12 Welspun's sworn testimony from the staff conference,
13 explaining why this volume was not injurious.

14 What about price? In the preliminary
15 determination, you found no evidence of significant price
16 depression or price suppression. You should again find that
17 subject imports did not cause adverse price effects. Any
18 decline in domestic producer prices was a predictable result
19 of a sharp fall in apparent consumption. In addition, raw
20 materials prices declined. The COGS to sale ratio also
21 declined, and the domestic industry had increased operating
22 and net profits as a percentage of sales.

23 What is different from the preliminary? The
24 Commission now has bid data to analyze the project-based
25 competition. Any summary of the bid data, however, masks

1 key points. First, the summary masks the importance of
2 availability and quality. As shown by Table V-4 in the
3 staff report, the winning bid often was not the lowest bid.

4 The 792,000 tons that Petitioners claim are
5 volume the domestic industry would have had but for price
6 are belied by what the purchaser said about availability and
7 other non-price factors. Second, the summary data assumed
8 there was price transparency in describing underselling, but
9 competing prices are not shared during the bid process.

10 Finally, the summary is incomplete without
11 mentioning the narrative data. The narrative data
12 demonstrate that a supplier must meet all the requirements
13 of a project to be selected. This is consistent with the
14 pricing data reported in the prelim. Petitioners won just
15 about as much as they lost, a situation that is consistent
16 with healthy, fair competition, not injury.

17 The lack of availability highlighted in the bid
18 narratives is echoed repeatedly in the purchaser
19 questionnaires. Purchasers were unable to obtain LDWP,
20 particularly line pipe, from domestic producers that could
21 not meet technical specifications, customer delivery and
22 installation schedules. I urge the Commission to read what
23 the purchasers in the major lost sales allegations actually
24 said about what drove their decisions.

25 When these factors are considered, the picture

1 looks very different from what Petitioners portray. The
2 lack of availability reported by purchasers is also
3 inconsistent with the capacity utilization reported by the
4 domestic industry, and in fact the capacity utilization
5 numbers are misleading. As our industry expert will
6 explain, the domestic industry's reported capacity
7 utilization hit its high-water mark in 2015.

8 In your 2015 and 2016 hearings, Berg and
9 Dura-Bond testified the domestic pipe producers' proven mill
10 capacity is constrained by their inability to obtain
11 domestic plate and hot-rolled coil. Perhaps most tellingly,
12 when the Section 232 tariffs were imposed, numerous
13 customers agreed to pay higher prices to cover the duties
14 because they could not get timely delivery from U.S.
15 producers. As between higher prices and timely delivery,
16 timely delivery was more important.

17 For these reasons, the Commission must reach a
18 negative determination because the record does not support a
19 finding that subject imports caused the decline in domestic
20 industry shipments or market share over the POI, or that
21 subject imports had adverse price effects.

22 In closing, I also encourage you to explore like
23 product cumulation and threat with the panelists today.
24 Thank you for your time.

25 MR. BISHOP: Thank you, Ms. Okun. Would the

1 panel in support of the imposition of the anti-dumping and
2 countervailing duty orders please come forward and be
3 seated. Mr. Chairman, all witnesses on this panel have been
4 sworn in, and I would note that this panel has 60 minutes
5 for their direct testimony.

6 (Pause.)

7 STATEMENT OF TIM BRIGHTBILL

8 MR. BRIGHTBILL: Good morning Chairman Johanson,
9 Commissioners and staff. Tim Brightbill from Wiley Rein on
10 behalf of Petitioners and the domestic industry. I'd like
11 to give you a brief overview of some of the trends before
12 you here from our industry witnesses today.

13 First of all, the prehearing staff report
14 demonstrates that there is no clear dividing line between
15 line pipe and structural pipe. There's a single domestic
16 like product in this case, and these are in fact a continuum
17 of products. They share common physical characteristics,
18 they're sold in the same channels of distribution, they are
19 produced using the same manufacturing processes, facilities,
20 equipment and employees and at similar prices.

21 Much -- there's a significant amount of pipe
22 sold for structural uses that is downgraded line pipe, as
23 the Commission has routinely also grouped together products
24 within a domestic like product continuum, even if they're
25 not interchangeable for all specific end uses.

1 The Commission should cumulate all
2 non-negligible imports. All four cumulation factors are
3 met, as the staff report makes clear. The subject imports
4 and the domestic like product are highly fungible and
5 produce to industry standards, sold in similar geographic
6 markets, sold through the same channels of distribution and
7 to many of the same customers, and are continuously present
8 in the U.S. market.

9 With regard to conditions of competition, Large
10 Diameter Welded Pipe is a highly fungible product sold on
11 the basis of price. Also, U.S. producers, importers and
12 purchasers all report a high degree of substitutability
13 between the domestic and subject product, with many
14 purchasers, the vast majority identifying price as one of
15 the top three purchasing factors. They compete in all sizes
16 and grades.

17 Another important condition is the substantial
18 available capacity to meet demand, with capacity utilization
19 reaching an unsustainable low of 30 percent and even in
20 2018. Demand for this product fluctuated but declined
21 overall during the period. Demand is largely
22 project-driven, which means that every lost project is a
23 lost sale.

24 With regard to volume, the apparent -- as
25 mentioned, the apparent domestic consumption of large

1 diameter welded pipe fell across the period. U.S.
2 producers' shipments fell by almost 30 percent from 2015 to
3 2017. Subject imports dropped in 2016 but increased
4 substantially in 2017, while non-subject imports declined
5 steadily. Subject imports reached their greatest market
6 share in 2017.

7 As you can see from these slides, the subject
8 import volume was significant and U.S. producers lost market
9 share to the subject imports.

10 With regard to price effects and underselling,
11 subject producers under-quoted U.S. producers in 61 percent
12 of all bids reported to the Commission. The average amount
13 of underquote was almost 20 percent, and of the projects
14 that subject imports won, the winning subject bid was lower
15 than a U.S. bid more than 80 percent of the time.

16 You have in your record confirmed lost sales
17 totaling more than 792,000 short tons. That's nearly 800
18 million dollars' worth of product lost because of price.
19 That's enough to entirely offset the decline in domestic
20 production over the period.

21 Here our witnesses will tell you about numerous
22 projects that were lost to subject imports due to price.
23 You'll hear about them from the witnesses, so I won't run
24 through them right now. But there are many others that are
25 confidential. A lost project like this can affect a mill

1 for three, six, 12 months. They can take out entire shifts
2 of workers.

3 The preliminary dumping margins on the six
4 countries are high, they are substantial, and there are also
5 countervailing duties on four countries as well. Again, the
6 staff report is unmistakable with respect to the trade and
7 financial indicators, which all declined during the period.
8 This is material injury caused by subject imports.

9 With regard to threat, the Commission should
10 cumulate imports from all countries for threat. Imports
11 from Greece have already exceeded the three percent
12 threshold. In fact, they're well above that in the first
13 half of 2018. This domestic industry is vulnerable to
14 additional injury, with many mills idle or operating at
15 reduced capacities.

16 The subject producers are export oriented.
17 Their capacity and excess capacity is very large, well over
18 the amount of apparent domestic consumption in 2017. So
19 with those notes as background, I'd like to now turn to the
20 testimony of the domestic industry witnesses, starting with
21 Jason Norris from Dura-Bond Industries.

22 MR. BURCH: Can you please pull your mic up?

23 STATEMENT OF JASON NORRIS

24 MR. NORRIS: Thank you for this opportunity to
25 discuss why trade orders on large diameter welded pipe from

1 Canada, China, Greece, India, Korea and Turkey are
2 necessary. I would also like to thank Chairman Johanson and
3 the ITC staff members for touring our mill back in
4 September.

5 It was a real pleasure having you see firsthand
6 how Dura-Bond's team produces some of the highest quality
7 large diameter pipe in the world. Dura-Bond is a family
8 owned and operated mill. Since opening our doors in 1960,
9 Dura-Bond has always looked ahead, striving to be the best.
10 In 1983, we acquired a coating mill in McKeesport,
11 Pennsylvania and formed Dura-Bond Coating.

12 Twenty years later, we acquired Bethlehem
13 Steel's abandoned Steelton, Pennsylvania facilities, where
14 we now manufacture LSAW pipe in diameters ranging from 24 to
15 42 inches. In 2012, we built a \$12 million coating mill in
16 Duquesne, Pennsylvania to support U.S. Steel's McKeesport
17 ERW pipe mill. However, McKeesport closed its doors in 2014
18 because of imports.

19 In December of 2016, we acquired that mill,
20 which produces ERW pipe up to 20 inches, in order to save
21 our Duquesne coating operations. As we noted on the plant
22 tour, Dura-Bond primarily produces line pipe. However, the
23 introduction of a stray metal chip in the forming process
24 that can gouge the steel or an equipment mill function at
25 any point in the production process will result in pipe

1 being sold as structural.

2 It is not surprising, then, that Dura-Bond's
3 structural pipe is similar to line pipe in many respects.
4 Our line pipe can be used for structural applications, and
5 both products share the same physical characteristics.
6 While our production of structural pipe from downgrades is
7 small, it is also very important to support our structural
8 fabrication business and to recover our costs. Both
9 products are also being harmed by dumped and subsidized
10 imports.

11 Over the years, Dura-Bond has invested heavily
12 in its facilities, adding innovative processes and improving
13 its techniques and equipment. This is what has allowed us
14 to meet and exceed the most stringent customer requirements.
15 Investments are critical to stay competitive.

16 While we compete among the best of them, foreign
17 and domestic, we cannot compete against dumped and
18 subsidized imports, and we certainly cannot compete against
19 imported pipe that is being sold for less than our raw
20 material costs. Yet this is what is happening, with
21 disastrous consequences for our operations and workers.

22 Our sales, production and capacity utilization
23 levels are down and nowhere near what they should be in this
24 market. And our employment levels are weak as well. In
25 November of last year, we had to inform 180 of the

1 hard-working men and women of Steelton's second crew, all of
2 which are United Steelworkers that we could no longer keep
3 them. This was the last straw that pushed Dura-Bond to join
4 these trade cases.

5 Our community has also been hit hard. As
6 Commissioner Johanson and the staff likely saw when they
7 were driving to our mill, Steelton is a small, depressed
8 steel town. Many of our businesses are boarded up. Every
9 Friday I personally sign every check that goes out the door
10 each week to our suppliers, and cannot stress enough how
11 many other U.S. businesses and jobs suffer when we are
12 forced to slash our production, our wages and jobs.

13 We utilize dozens of local machine shops,
14 companies that design, sell, maintain and repair hydraulic
15 systems, high pressure water systems and electrical control
16 systems. When our production and capacity are down, these
17 purchases take a hit as well. So too do the restaurants and
18 stores that our workers frequent, and the schools and
19 libraries that our taxes support.

20 These trade cases have given Dura-Bond hope.
21 Back in February, I told the Commission that our recently
22 acquired McKeesport mill had only 20 people working there,
23 but with preliminary duties now in place, McKeesport is fully
24 operational and is up to 80 full-time employees. We
25 recently decided to move forward with a new large capital

1 project of both McKeesport and Steelton, based upon the
2 Commerce's preliminary duties and our ultimate goal is to
3 hire an additional 80 to 100 workers at McKeesport, and hire
4 an additional 160 employees at Steelton to support a two
5 shift operation at both.

6 Dura-Bond is ready, willing and able to produce
7 more. An affirmative final determination in this case will
8 enable it to do so. On behalf of Dura-Bond, its workers and
9 their families, we urge you to find that the domestic
10 industry is injured, and that subject imports are
11 responsible for that injury. Thank you.

12 STATEMENT OF INGO RIEMER

13 MR. RIEMER: Good morning. My name is Ingo
14 Riemer. I am the President and Chief Executive Officer of
15 Berg Pipe.

16 Thank you for this opportunity to testify today.
17 My comments will focus on the injury that Berg has suffered
18 because of unfairly traded large-diameter welded pipe from
19 the six countries under investigation.

20 Berg was founded in 1979 and has pipe
21 manufacturing facilities in both Mobile, Alabama, and Panama
22 City, Florida. We produce both line pipe and structural
23 pipe in diameters ranging from 24 to 56 inches. Berg is
24 continuously investing in new technologies and expanding its
25 production capabilities to meet customer needs.

1 Berg is also continuously investing in its
2 people, because at the end of the day it is employees that
3 make the company. Our employees are tough. Thankfully,
4 none of our Panama City colleagues or their families lost
5 their lives to Hurricane Michael. However, many lost their
6 homes, cars, and priceless possessions.

7 We are doing what we can to help them rebuild.
8 Part of this means ensuring that each of our employees has a
9 good, stable job to come to day after day, which is why I'm
10 here: to do what I can to help prevent dumped and subsidized
11 large-diameter pipe from further harming Berg and its
12 employees.

13 Between 2016 and 2017, unfairly traded imports
14 from the countries under investigation more than doubled,
15 capturing an increasing share of the U.S. market at the
16 direct expense of the domestic industry. They did so by
17 sharply undercutting U.S. prices on projects such as the
18 Cheniere Midship Pipeline, which we lost to Evraz Canada in
19 May 2017. This 105,000 ton project would have booked our
20 Mobile, Alabama, mill on two full shifts from September
21 2017 to May 2018.

22 Although we aggressively quoted this project in
23 order to rehire our furloughed employees, we still lost the
24 business.

25 As a result of this and other significant

1 projects lost to producers of the six countries under
2 investigation, Berg's sales have fallen and our production
3 is a fraction of what it was in 2015.

4 We provided the Commission a confidential list of
5 all these lost projects. Our capacity utilization from the
6 end of 2016 through mid-2018 has been at one of the lowest
7 levels that I have seen in my 20 years in the steel pipe
8 industry. Claims of foreign producers or pipeline operators
9 that the domestic line pipe industry cannot supply the
10 domestic market are simply not credible.

11 Along with its low capacity utilization, Berg's
12 head count is dramatically down. In 2016, our Mobile,
13 Alabama, mill dropped to one shift, and more than a hundred
14 employees were furloughed. Then in May 2017, our coating
15 mill was idled, resulting in even more furloughs. Both our
16 pipe and coating mills in Panama City reduced their shifts
17 by half in December 2016, at which time more than 200
18 employees were furloughed.

19 While we brought the Panama City mill back up to
20 two shifts in the middle of last year, we dropped back down
21 to one shift in February 2018 and had to completely idle the
22 mill for parts of the summer. The harm that Berg has
23 suffered because of unfairly traded imports applies both to
24 its line pipe and structural pipe operations.

25 Berg produces both products in the same facility

1 using the same processes and employees, and sells them
2 through the same channels of distribution. Berg also sells
3 downgraded line pipe as structural pipe. However, Berg has
4 also been unable to get a fair price for its structural pipe
5 due to unfairly traded imports.

6 This has only compounded Berg's losses. Even
7 after these trade cases were filed in January 2018, unfairly
8 traded imports continued to enter the U.S. market in
9 significant volumes and at dumped prices.

10 To give you an example, in January a higher plant
11 operator at Kinder Morgan negotiated with Berg and other
12 domestic producers for pipe for the Gulf Coast Express
13 Pipeline, a 325,000 ton project. After these AD/CVD cases
14 were filed, Turkish Producer Borusan continued to
15 aggressively pursue this project and was awarded half of the
16 project only days before the staff conference.

17 This shows that the purchasing behavior of our
18 customers did not change with the filing of these cases.
19 Similarly, the Section 232 duties on steel products have not
20 shielded Berg from the harmful effects of dumped and
21 subsidized imports.

22 Cheap pipe continues to flow in, and customers
23 continue to place orders abroad after 232 duties were
24 announced. In fact, it was not until preliminary duties
25 were announced this summer that Berg experienced some

1 relief. Berg only recently booked its first substantial
2 project since January 2016, a project that it certainly
3 would have lost to imports if not for these preliminary
4 duties.

5 This job has allowed Berg to rehire its
6 personnel, increase its production, and return to two shifts
7 at its Mobile and Panama City mill. While this is all
8 promising, I cannot stress enough that such gains will
9 quickly and surely disappear unless substantial final duties
10 are imposed.

11 Lastly, because of the trade orders recently
12 imposed on hot-rolled steel and cut-to-length plate, we are
13 seeing foreign producers of these products moving up the
14 value chain to dump large-diameter welded pipe in the U.S.
15 market. There is simply no part of this market where we are
16 shielded from import competition.

17 In closing, trade relief is desperately needed by
18 our industry. On behalf of Berg, our workers and their
19 families, we ask you to help prevent further harm to our
20 industry by making a final affirmative determination of
21 injury in this case. Thank you.

22 STATEMENT OF JOHN STUPP, JR.

23 MR. STUPP: Good morning. My name is John Stupp
24 and I am the President and CEO of Stupp Brothers, Inc., and
25 CEO of Stuff Corporation, our steel pipe manufacturing

1 division. I appreciate this opportunity to testify.

2 Stupp was founded in 1856 and has been a U.S.
3 manufacturer of iron and steel products for national
4 security and critical infrastructure applications in the
5 United States ever since. Our pipeline involvement dates
6 back to the late 1940s.

7 In 1953, Stupp began manufacturing pipe to
8 support the Korean War effort before turning to energy
9 tubular products in Baton Rouge, Louisiana. In 1994 we
10 added a coating plant. In 2008-2009, Stupp invested in a
11 second pipe-making operation.

12 Stupp has both ERW and HSAW capabilities to
13 produce welded pipe in diameters ranging from 10 to 60
14 inches. We focus on line pipe. While Stupp does not
15 currently produce structural pipe intentionally--largely
16 because subject imports have harmed that market as well--we
17 occasionally sell overrun pipe or pipe that does not meet
18 customers' line pipe specifications as structural.

19 Stupp is strongly committed to producing the
20 highest quality steel pipe, and has done so for decades
21 However, our operations have suffered significant losses due
22 to dumped and subsidized imports from the subject countries.

23 These imports have put such extreme pricing
24 pressure on the market that we have been unable to win many
25 projects at a profit. This is not surprising if you

1 consider that Chinese, Turkish, Korean, and other
2 large-diameter welded pipe has been offered at prices at or
3 below our cost of steel. These bargain basement prices are
4 possible because both the input steel and pipe is dumped
5 and subsidized.

6 Too often Stupp has been forced to pursue smaller
7 projects with faster delivery requirements. However,
8 relying on these smaller projects requires more changeovers
9 that lead to higher operating costs and results in less
10 business stability. Regardless of the size of projects won
11 or the speed of delivery required, our customers frequently
12 use import prices to drive down our prices. This results in
13 significant lost revenue and often operating losses for
14 Stupp. These trends are unsustainable.

15 The dumped and subsidized imports took away
16 orders and compelled Stupp to shutter its HSAW mill in early
17 2016 for a quarter, and closed it indefinitely in December
18 2016.

19 While we sat idle, 66 employees lost well-paying
20 jobs. We also lost jobs at our ERW mill, which was forced
21 to close in the second quarter of 2016. When it was
22 reopened, we could only support one shift per day for
23 roughly a year--not the two shifts that we had been running
24 previously.

25 Stupp's campus-wide head count dropped to 135

1 employees--a mere fraction of the 800 when we are fully
2 running our facility. Today we have plenty of available
3 capacity and are seeking orders.

4 Stupp is eager to expand our investment to
5 continue producing the highest quality pipe for our
6 customers. Since 2012, we have regularly updated detailed
7 plans to build a new state-of-the-art pipe manufacturing
8 facility.

9 Each time we update the numbers and rerun the
10 analysis, we come to the same conclusion. We simply cannot
11 uphold our responsibility to our shareholders by building a
12 new pipe mill if there remains a threat of unconstrained and
13 unfairly traded imported pipe into our market. There is
14 risk in every investment, but no mill can succeed in
15 supplying a market where imported products are sold below
16 cost. We urge you to restore the fair competitive market
17 environment that would allow us to reinvest in our company
18 for the long term.

19 Finally, I want to dispel a few myths. The first
20 is that Section 232 tariffs have provided a windfall to
21 domestic pipe producers or have somehow shielded us from
22 import competition.

23 This is false. Because we purchase our steel
24 inputs domestically, our costs have gone up significantly.
25 Further, the 232 tariffs have clearly not slowed down our

1 foreign competitors. Everyone knows that 232 tariffs can be
2 rescinded at any time and are subject to an ongoing
3 exclusion process.

4 The second myth is that trade orders on
5 cut-to-length plate and hot-rolled steel are to blame for
6 the domestic pipe industry's injury. While these orders
7 took dumped and subsidized hot-rolled coil and plate out of
8 the market, Stupp continues to be able to buy the steel that
9 we need domestically. We also see domestic steel producers
10 increasing their capabilities to make hot-rolled coil and
11 plate for large-diameter pipe.

12 In closing, Stupp has been an important
13 manufacturer in the United States for more than 150 years.
14 We hope that remains the case for the next 150 years. On
15 behalf of Stupp and our hundreds of workers who are still
16 out of work, and their families, we urge you to reach an
17 affirmative finding of material injury in this case.

18 Thank you.

19 STATEMENT OF JON NOLAND

20 MR. NOLAND: Good morning. My name is Jon
21 Noland. I am the Division Sales Manager for AMERICAN Cast
22 Iron Pipe Company, also known as ACIPCO. I have been
23 with the company for over 25 years, and in my current role
24 since 2003. As Division Sales Manager, I have
25 responsibility for our steel pipe division, AMERICAN Steel

1 Pipe.

2 I wanted to start off by giving you some
3 background on our company. AMERICAN was founded in
4 Birmingham, Alabama, in 1905 and is an employee-owned
5 company. We manufacture a wide variety of metal products,
6 one of which is ERW steel pipe ranging from 12 inches to 24
7 inches in diameter for the energy and construction
8 industries. In total, we employ about 2,500 workers across
9 the country. Roughly 150 of those hardworking men and women
10 are dedicated to producing ERW pipe at our two mills in
11 Birmingham.

12 AMERICAN is fiercely committed to the well-being
13 of its workforce and ensuring that our employees have a
14 good, stable job to return to each day. Our employees enjoy
15 competitive benefits, including profit sharing, apprentice
16 training in crafts and trades, onsite personal and
17 professional development, and a model wellness program.
18 AMERICAN is also committed to innovation and growth. We
19 are here today because dumped and subsidized large-diameter
20 welded pipe from the countries under investigation threaten
21 both.

22 Like the other domestic producers, AMERICAN has
23 lost countless jobs to dumped and subsidized imports during
24 the Investigation Period, especially in our size range from
25 Korea, Greece, Canada, and China. While the other side may

1 tell you that imports from producers like Greek producer
2 Corinth and Canadian producer Evraz are necessary because of
3 domestic supply limitations, this is simply not true.

4 We have made significant investments to service
5 our customers and are running our ERW mill at well below
6 capacity. We have lost many jobs to subject producers
7 because we have been unable to beat their dumped and
8 subsidized price. But we shouldn't have to. AMERICAN's
9 motto is to do things the right way. We play by the rules
10 of fair trade and expect everyone else to do the same.

11 I started earlier by telling you about AMERICAN's
12 commitment to expansion and growth. One prime example of
13 this is AMERICAN's new 150,000 square-foot processing
14 facility in Birmingham that was completed in early 2015.
15 This \$70 million facility is the length of three football
16 fields and effectively doubled our production capacity.

17 We hired 16 new employees for this facility,
18 which houses the latest in pipe finishing technology and
19 features advanced traceability and upgraded safety
20 technology. We also made significant upgrades to both of
21 our mills during this capital investment and capacity
22 expansion.

23 We are extremely proud of this new facility and
24 the upgrades made, and what they mean for our customers.
25 However, because of dumped and subsidized imports from the

1 subject countries, we have not been able to fully benefit
2 from these and other investments. To the contrary, our new
3 facility opened in April of '15 and one year later we were
4 forced to shut down one of our mills for an entire year. As
5 a result, 20 workers were moved out of our steel pipe
6 operations. In addition, our other mill was forced to
7 reduce its work week from six days to four days per week.

8 These harmful effects should not be happening.
9 But the reality is that they are happening, and it is
10 precisely because of dumped and subsidized imports. More
11 importantly, this harm will continue if not worsen without
12 much needed trade relief.

13 On behalf of AMERICAN and its employee owners, we
14 ask that you find that the domestic industry is being
15 injured by unfairly traded large-diameter welded pipe
16 imports from Canada, China, Greece, India, Korea, and
17 Turkey.

18 Thank you.

19 STATEMENT OF ROBERT GRIGGS

20 MR. GRIGGS: Good morning. My name is Robert
21 Griggs, the founder of Trinity Products. Thank you for the
22 opportunity to be here today, to explain why this trade case
23 is so important to my company and our workers.

24 My first involvement in the steel business dates
25 back to 1977. In 1979, my business partner and I founded

1 Trinity Products in St. Charles, Missouri. We began as a
2 steel pipe broker, but soon added fabrication facilities to
3 the mix. In 2000, we adopted an open book management
4 philosophy of running our business, sharing up to 20% of the
5 profits among each and every one of our 170 employees.

6 In 2006, we started construction of a new
7 state-of-the-art spiral-welded pipe mill and one year later,
8 we produced our first piece of pipe. I'm happy to say that
9 last month, we produced our 70,000th piece of pipe. Trinity
10 now focuses on structural pipe and tubing, including piling
11 as well as structural pipe for infrastructure and
12 construction projects.

13 Since we last spoke in February, Trinity has
14 continued to lose valuable jobs to dumped and subsidized
15 steel pipe in all diameters, wall thicknesses and grades,
16 using all types of welding processes. The domestic industry
17 competes against all imported large-diameter welded pipe day
18 in and day out, and we are consistently losing on price.
19 This is particularly true for large, high-value projects,
20 where subject producers have been most relentless. We are
21 losing these jobs left and right.

22 Just recently, we lost three big jobs to imports.
23 The first is a Port Canaveral project in Cape Canaveral,
24 Florida. This project was for more than \$8 million worth of
25 pipe ranging from 24 inch in diameter to 60 inch -- and it

1 was right up our alley. Despite our aggressive pricing,
2 this project ultimately went to imports -- we suspect from
3 Turkey. The second is a project in New York for the
4 Metropolitan Transit Authority that we lost to Turkey. We
5 lost this job for no other reason than the other side had
6 the lowest price.

7 Now for some good news. Thanks to your
8 affirmative preliminary determination and the recent
9 imposition of preliminary duties, we are beginning to win
10 jobs back. Back in February, I testified that we lost a
11 large-diameter dredging job in New Orleans to China. This
12 was a \$3.5 million project that the Chinese producers won by
13 selling their pipe for roughly the cost of our raw
14 materials.

15 We just received a new request to quote for a
16 similar project from a marine contractor in New Orleans, and
17 this would be the first inquiry that we've received in the
18 last three years for that material. Although no final
19 decision has been made, this is a positive development.
20 Better yet, we recently received an order for 9,000 tons of
21 structural pipe for an April delivery. This port job on the
22 Delaware River would have surely gone to dumped imports if
23 not for the preliminary duties.

24 As I mentioned at the outset, we have an open
25 book management philosophy for our business. Because of

1 some recent gains made due to these cases, we are on the
2 verge of paying each one of our employees a "profit share"
3 for the first time in three years. It has been very
4 disheartening and difficult to stand in front of our
5 employees month after month and tell them that we haven't
6 made enough profit to share for the past three years.

7 But this new environment has raised their spirits
8 and the faith in our system. For the first time in a long
9 time, we are talking about running a Friday through Sunday
10 crew, which would allow us to produce 18,000 tons of
11 additional pipe per year. This would mean hiring additional
12 workers as well.

13 It's been a rough past few years and we are
14 cautiously optimistic that such positive developments will
15 continue. But trade relief is needed. On behalf of Trinity
16 and its workers, we urge you to find that imports from the
17 subject countries have injured our industry and threaten us
18 with further material injury. Thank you.

19 STATEMENT OF MICHAEL CHEFREN

20 MR. CHEFREN: Good morning. I am Michael
21 Chefren, the Chief Operations Officer for Skyline Steel. I
22 want to thank the Commission for this opportunity to testify
23 on what has happened to the U.S. large-diameter welded pipe
24 industry because of unfairly traded imports and what will
25 continue to happen in the absence of much-needed trade

1 relief. I would also like to thank the Commission staff for
2 touring our Iuka, Mississippi mill a few weeks back.

3 Skyline Steel has facilities throughout the
4 United States. In addition to Mississippi, we produce
5 welded structural pipe in Washington, Illinois and
6 Pennsylvania. We produce our pipe in diameters ranging from
7 16 to 204 inches using the ERW, HSAW and LSAW welding
8 processes. I am here today because our facilities on both
9 the East and West Coast have been dramatically impacted by
10 dumped and subsidized imports from the subject countries.

11 The structural industry in which we operate is
12 highly competitive and our customer base fights for every
13 penny. Once our customers have the import price, that price
14 is used to drive everyone else down. This means that even
15 with decades of strong relationships based on delivering
16 competitively priced quality product on time, our customers
17 expect us to match the import price. In most cases, we
18 can't and we simply lose the business. This is what
19 recently happened with a large construction project in
20 Houston to an oil and gas company. We were unable to beat
21 the dumped and subsidized Turkish price, so we lost the job.

22 On the rare occasion that we can equal the import
23 price, there is no profit left at all. So even for those
24 bids that we ultimately win, we drop our prices dramatically
25 in order to get the business. The impact on Skyline and its

1 workers has been severe.

2 Both our production and capacity have fallen
3 significantly. During the period of investigation, we
4 permanently shut down one of our three production lines at
5 Longview, Washington. On the East Coast, our Morrisville,
6 Pennsylvania facility suffered a similar fate. Unable to
7 compete with dumped and subsidized imports, we were forced
8 to shut down one of two pipe production lines at that mill.
9 At our Iuka, Mississippi mill, we are running at well below
10 capacity.

11 It is important to note that when one of our
12 production lines is shut down, we are forced to let go
13 roughly one-third of our production teammates. Our
14 teammates are very important to us, and we try as hard as we
15 can to take good care of them through extensive training and
16 coaching, high wages, exceptional benefits and a career path
17 for those who aspire to it. When we continue to lose job
18 after job to dumped and subsidized pricing, that becomes
19 difficult to do.

20 To maintain some business, we have been forced to
21 rely on smaller volume projects and more changeovers. This
22 increases our costs and makes us less efficient and is,
23 therefore, yet another form of material injury. If we allow
24 dumped and subsidized large-diameter welded pipe imports to
25 continue entering our market duty-free, these harmful

1 effects will surely continue, if not worsen. Our
2 production, capacity, sales and employment numbers will
3 continue to decline, and a plant closure could become a real
4 possibility.

5 On behalf of Skyline Steel, our teammates and
6 local communities, please help us prevent this from
7 happening. We encourage you to make an affirmative finding
8 and grant our industry trade relief. Thank you.

9 STATEMENT OF RUSSELL FISHER

10 MR. FISHER: Good morning. My name is Rusty
11 Fisher. I'm Senior Vice President, Sales and Marketing for
12 Welspun Global Trade, the marketing arm for Welspun Tubular,
13 LLC. Welspun is one of the largest producers of
14 large-diameter welded line pipe in the United States.
15 Welspun's U.S. manufacturing facility in Little Rock,
16 Arkansas employs roughly 900 hard-working men and women.

17 I wanted to start off by thanking the Commission
18 staff for touring our mill in Little Rock. We enjoyed their
19 visit and hopefully they did, as well. You may have noticed
20 that I am sitting here today with the domestic industry in
21 support of the imposition of duties and not with the foreign
22 producers like I was eight months ago. This is no accident.
23 It is what I told you when I testified back in February --
24 Welspun's primary interest has been and continues to be
25 maintaining strong domestic production. As with the other

1 domestic producers here today, Welspun and its workers
2 continue to be harmed by unfairly traded imports from the
3 countries under investigation. That is why I am here.
4 Welspun firmly believes that trade relief against these
5 countries is necessary to stem the harm.

6 Large-diameter welded pipe is overwhelmingly
7 purchased on the basis of price, and domestic product is
8 easily substitutable with imported product. Welspun
9 produces a wide range of the highest quality line pipe to an
10 API standard. Yet, if the price is low enough, U.S.
11 purchasers will choose imports over domestic product almost
12 every time. This is precisely what has happened in our
13 market. We see competition from Canada, Greece, Korea and
14 Turkey all the time, and China is also a serious concern
15 given its overcapacity. Through dumped and subsidized
16 pricing, producers from each of these countries have won
17 large jobs at the direct expense of the domestic industry.

18 One of the recent jobs that Welspun lost to
19 subject imports was the 100,000 ton-plus Cheniere Midship
20 pipeline project that was awarded to Evraz last year. This
21 large project would have booked our mill for months and
22 would have meant retaining a significant number of
23 production workers in Little Rock that were let go due to
24 lack of business at the time.

25 While Midship Pipeline and other U.S. purchasers

1 have claimed that they bought imports because of quantity,
2 quality or delivery, this is simply not the case. Welspun
3 lost this and other projects to subject imports based on
4 price. Welspun can produce the full range of large-diameter
5 welded line pipe and at the highest quality.

6 Losses like these have hurt our operations and
7 workers considerably. During the investigation period,
8 Welspun's sales and production fell and its capacity
9 utilization tumbled to below 50%. Our HSAW mill was shut
10 down for several months last year and our return on
11 investment is nowhere near where it should be. Our
12 headcount in late 2016, early 2017 was down by more than 500
13 workers. And these harmful effects continue into 2018, when
14 significant projects that could have been produced
15 domestically were awarded to imported line pipe, which is
16 particularly troublesome.

17 Not only was Welspun feeling the pain, so were
18 those around us. Welspun is heavily invested in the Little
19 Rock community. Welspun is noted as one of the largest
20 employers in the City of Little Rock. It has been said that
21 one job at Welspun creates another two to three jobs in
22 Little Rock with vendors and suppliers to our facility. So
23 when we hurt, so does our community and region.

24 In conclusion, we ask the Commission to make an
25 affirmative finding of material injury in this case. Thank

1 you.

2 STATEMENT OF WESLEY HENDRICKS

3 MR. HENDRICKS: Good morning. My name is Wes
4 Hendricks. I'm the Vice President of Commercial Pipe Sales
5 for JSW Steel, Inc. Thank you for this opportunity to
6 testify. JSW has one of the largest steel mills in North
7 America, which houses both our plate and pipe divisions.
8 Using high quality plate from JSW and other suppliers, JSW's
9 pipe mill produces LSAW pipe in one of the largest mills in
10 the world.

11 We manufacture both structural and line pipe and
12 can produce pipe with wall thicknesses of up to an inch and
13 one eighth, and diameters up to 48 inches. Given our high
14 quality products, expansive services, stable plate supply
15 and ideal location, we should be well-positioned for
16 success. Instead, we have lost a number of bids to dumped
17 and subsidized imports.

18 These losses include the Cheniere Midship
19 project to Evraz from Canada, the Lone Star Express project
20 to Borusan from Turkey. Both projects involved substantial
21 tonnage that JSW was ready and willing to supply. We also
22 recently lost the bulk of the Plains All-American Cactus 2
23 pipeline in West Texas. Although we were awarded a sliver
24 of the business, the vast majority of this 140,000 ton
25 project went to Corinth Pipeworks in Greece.

1 Price is the only reason why subject producers
2 are constantly winning major jobs like this. We produce
3 some of the highest quality pipe in the world in many
4 diameters, grades, sizes and thicknesses, and compete head
5 to head with imported pipe day-in, day-out. If forced to
6 compete with dumped and subsidized imports, however, we'll
7 unfortunately lose every time.

8 JSW's data confirms this. Because of subject
9 imports, JSW's production and sales are down, our
10 profitability has fallen, and we're now operating at less
11 than 15 percent of our capacity. In 2016, our employee
12 count dropped from 110 to 83 employees, and stayed in that
13 range throughout the last year. It's only recently because
14 of these trade cases and new investments made that we've
15 been able to increase our head count.

16 JSW is strongly committed to U.S. jobs and
17 manufacturing. I told you back in February that we had a
18 new plate mill under construction at our Baytown campus to
19 replace our existing plate mill, and that we are under
20 negotiations concerning a new hot end, melting and casting
21 mill. I'm proud to say that two weeks ago JSW broke ground
22 on this mill. The most technologically advanced,
23 eco-friendly electric arc furnace, lab caster and plate
24 mill in the world.

25 This mill sets new industry standards for

1 quality, innovation and safety. With this mill, we become a
2 fully integrated pipe producer in the United States. In
3 June of this year, JSW announced a new \$250 million
4 investment in the restart of the electric arc furnace and
5 refurbish the hot strip mill and slab caster of the former
6 Wheeling Pittsburgh steel mill in Mingo Junction, Ohio.

7 If market conditions support it, a second phase
8 will include an additional \$250 million investment for the
9 second EAF, and additional hot strip mill equipment. JSW is
10 extremely excited about the -- excuse me. JSW is extremely
11 excited about the one billion dollar investment into the Texas
12 and Ohio manufacturing facilities.

13 These investments will not only allow us to
14 increase production of X70 plate for large diameter pipe
15 production, but will also produce pipe plate grades in X80
16 through X100. The equipment that we're installing into
17 these facilities will create an additional 1,000 U.S. jobs
18 and will increase production of the highest quality steel
19 plate and coil for use in large diameter welded pipe.

20 However, the future of these and other
21 investments are far from certain without much-needed trade
22 relief. In conclusion, we ask that you make an affirmative
23 finding of material injury in this case. Thank you.

24 STATEMENT OF KRIS COATES

25 MR. COATES: Good morning Chairman Johanson and

1 members of the Commission. For the record, my name is Kris
2 Coates, and I am General Manager, Marketing and Business
3 Information for SSAB Americas. SSAB Americas, formerly
4 IPSCO, invested more than one billion dollars in two
5 state-of-the-art Greenfield electric furnace continuous cast
6 plate mills in Montpelier, Iowa and Mobile, Alabama.

7 We have invested hundreds of millions more in
8 the two plants since they were built. In fact just two
9 weeks, SSAB announced an investment of over \$100 million at
10 our Mobile mill. Part of this investment will be to add
11 accelerated cooling capabilities to improve the quality of,
12 and broaden our product offering for advanced high strength
13 steels, such as those steels used in the manufacturing of
14 line pipe.

15 As well, SSAB is investing in increased
16 finishing capacity to increase the throughput and quality of
17 alloy plate at our mobile mill.

18 SSAB Americas has been a committed supplier to
19 the large diameter welded pipe market since the 1950s,
20 starting with our predecessor company, IPSCO, up through our
21 current operations in Mobile, Alabama and Montpelier, Iowa.
22 Even after the divestiture of our Canadian assets and U.S.
23 tubular assets in 2008, SSAB Americas two plate mills have
24 remained active participants in the large diameter welded
25 pipe market, with a focus on product research, product

1 development and the marketing of plate and coil in cut to
2 length plate for pipe.

3 SSAB has a substantial product offering for the
4 large diameter welded pipe market, including coils of up to
5 .750 inch thick for spiral weld pipe made to the largest
6 diameters, and cut to length plate that can be used for
7 making pipe up to 36 inches in diameter. SSAB can supply
8 product to meet an estimated 80 to 90 percent of the widths
9 and thicknesses specified for the U.S. market.

10 In fact, to improve their access to SSAB's
11 products and reduce their inland freight expenses, producers
12 of spiral weld pipe have increased their capacity near
13 SSAB's mill in Mobile. It's some of the new capacity to
14 enter the market, and was specifically targeted with access
15 to SSAB's cold plate products in mind.

16 In addition to spiral weld producers, SSAB also
17 supplies many of the biggest producers of large diameter
18 welded pipe in the U.S.

19 This Commission witnessed in the hot-rolled cases
20 initiated three years ago and in the cut to length plate
21 cases initiated two years ago, that the U.S. industry lost
22 significant market share to unfairly traded imports,
23 including market share related to specific pipe projects.

24 The same is true of the large diameter welded
25 pipe industry itself, as our customers with whom we work

1 closely lost many of those bids to imported pipes. Your
2 affirmative determinations in the hot-rolled and cut to
3 length plate cases helped SSAB Americas significantly,
4 allowing us to increase operating capacity, increase
5 shipments, improve employee earnings and provided the
6 environment to resume additional capital expenditures.

7 On behalf of our more than 1,100 U.S. employees
8 and our valued large diameter welded pipe customers, we ask
9 that you make affirmative determinations here, so we can
10 compete on a level playing field for the business to supply
11 steel to the U.S. welded pipe market. Thank you.

12 STATEMENT OF ROBERT Y. KOPF

13 MR. KOPF: Good morning. My name is Robert
14 Kopf, and I am General Manager, Business Support for United
15 States Steel Corporation. In that role, I am actively
16 involved with our sales team in our efforts to sell
17 hot-rolled steel, the primary input used to manufacture
18 large diameter welded pipe.

19 We actively sell steel to the majority of the
20 producers here today, and for that reason one of my job
21 responsibilities is to monitor developments in the pipe
22 market. In addition, I have over 30 years of experience in
23 the flat-rolled products industry, all at U.S. Steel, and
24 have frequently engaged in company to company market
25 discussions with multiple customers of ours sitting here in

1 this room today.

2 My testimony provides a historic perspective of
3 the U.S. welded pipe industry, as well as some points on the
4 current conditions of competition. U.S. Steel is no
5 stranger to the effects of unfair trade. We have fought
6 against dumped and subsidized imports of flat-rolled and
7 tubular products for decades. Historically, welded pipe was
8 a significant product for U.S. Steel.

9 For example, in 2007, we spent \$2.1 billion to
10 buy Lone Star's tubular facilities in Texas, which included
11 a state of the art small diameter welded pipe mill. In
12 2011, we assumed operation of a tubular mill in McKeesport,
13 Pennsylvania that had been operated by Camp-Hill
14 Corporation. For U.S. Steel, this represented a major
15 commitment to the production of welded line pipe covering up
16 to 20 inches.

17 We believe that increased levels of fracking,
18 particularly in the Marcellus Shale that runs through
19 western Pennsylvania, would provide us a great opportunity
20 to grow our welded line pipe business. Unfortunately, a
21 wave of imports from various countries put us in position to
22 permanently close those facilities before the Period of
23 Investigation began on this particular case, and U.S. Steel
24 is no longer a producer of this product.

25 We do, however, still produce hot-rolled steel

1 for domestic welded pipe producers and fully support them in
2 this latest fight against this surge of dumped and
3 subsidized imports. U.S. Steel's USA facilities are
4 particularly well-suited to supply hot-rolled steel for
5 welded line pipe, and we are in regular contact with the
6 major domestic players in this industry.

7 As a result, we have a unique insight into this
8 industry's market dynamics, including unfair import
9 competition. For example in 2016, our sales of hot-rolled
10 coil substrate to our line pipe customers was only 24
11 percent of what it was in 2015, forcing us to delay tens of
12 millions of dollars of capital investment in our major
13 hot-rolled skelp production facility in Gary, Indiana.

14 This validates the very simple concept that if
15 our domestic line pipe customers are not able to compete on
16 a level playing field, my company and many other Americans
17 beyond these Petitioners here today are also injured, as we
18 lose important orders on mills that thrive producing this
19 product.

20 Let me add one last point. The opposition in
21 this case is going to argue that the domestic large diameter
22 welded pipe producers, despite their available capacity,
23 cannot obtain the hot-rolled substrate to be able to
24 manufacture the pipe to supply the needs of the USA market.
25 This is simply not true.

1 U.S. Steel has restarted 2.7 million tons of new
2 capacity at our Granite City, Illinois plant since the
3 preliminary hearing earlier this year. While this extra hot
4 rolling capacity in and of itself is material, what is of
5 particular importance to this hearing today is that the
6 rebalancing of our order book across our plants has unlocked
7 hundreds of thousands of tons of hot-rolled substrate at our
8 Gary Works facility that we are planning as hot-rolled to
9 our domestic pipe customers who manufacture heavy wall, API,
10 X70, large diameter welded pipe. We are open for
11 business, have more hot-rolled capacity in 2019 to sell, and
12 we would like nothing more than to sell more hot-rolled to
13 our USA large diameter welded pipe customers sitting here in
14 this room today.

15 I believe these unfairly traded pipe imports are
16 no different than past waves of steel products that have
17 surged into the United States, in that their fundamental
18 business plan for the U.S. market is to sell dumped and
19 subsidized large diameter pipe, to either force our domestic
20 customers to adopt untenable and unsustainable business
21 practices just to continue operating, or eventually idle
22 capacity or even go out of business.

23 Given these facts, I have no doubt that subject
24 imports have hurt U.S. producers of welded pipe. In
25 conclusion on behalf of U.S. Steel, I urge you to provide

1 trade relief to the remaining domestic large diameter welded
2 pipe producers from this latest surge of unfair imports.
3 Thank you and I will be happy to respond to any questions
4 you may have.

5 STATEMENT OF SETH KAPLAN

6 MR. KAPLAN: Good morning. I'm Seth Kaplan on
7 behalf of Petitioners, and I'm going to discuss the
8 economics of the industry and the effect of imports.

9 First I'm going to look at the conditions of
10 competition, followed by injury, and briefly threat. The
11 conditions of competition are littered over the staff
12 report. We're in complete agreement. I noted in the
13 introductory statements by Respondent that they are in
14 opposition to many of the conclusions in the staff report.

15 Let me go over them and explain why the staff got
16 it right. Demand for large-diameter welded pipe is
17 extremely inelastic. This is a bid market which facilitates
18 lost sales revenues, price suppression and depression.
19 Domestic and imported large-diameter welded pipe are highly
20 substitutable and sold on the basis of price. And as you
21 heard, domestic producers are most efficient when producing
22 long runs of the same pipe and operating at high levels of
23 capacity.

24 Let's look at what the staff said about the
25 elasticity of demand. It said the vast majority of

1 responding firms indicated that there were no substitutes
2 for large-diameter welded pipe; that it accounts for a
3 small- to moderate share of the end-use for which it's used.

4 The conclusion of this is that demand is very
5 inelastic. That means when the dumping lowers prices, it
6 doesn't really increase quantity. Demand output doesn't
7 respond to the lower prices. And so what happens is, almost
8 every ton of imported steel in a project that could be
9 supplied by the domestic industry replaces domestic
10 shipments about ton for ton.

11 Next, it's a bid market. As the staff report
12 demonstrates, 94.6 percent of domestic producers' commercial
13 shipments are through bids, and nearly 99 percent of
14 importers' shipments. Every sale involves head-to-head
15 competition. Nearly every sale.

16 Lost bids are typically lost sales. Every lost
17 project is a domestic lost sale. If a domestic producer was
18 underbid, and domestic capacity is available, there is a
19 record of tremendous underbidding on individual projects and
20 there is tremendous amounts of capacity available.

21 Unlike other purchasing methods where
22 head-to-head competition is anecdotal and inferred, what the
23 Commission typically does, looking at average prices in a
24 market where there's many buyers and sellers, here
25 head-to-head competition each time. We know who did it. We

1 know the prices.

2 Finally, it shows that the absolute volume of
3 imports, even if they were declining, can be injurious--and
4 in this case caused injury by taking sales from domestic
5 producers, cutting profits, and causing unemployment.

6 Are they highly substitutable? The staff says
7 so. Based on available data, staff believes that there is a
8 high degree of substitutability. Domestic producers can and
9 do manufacture all products, and purchasers rank these
10 products as comparable.

11 I refer you to page 2-29 of the confidential
12 staff report, and the following four pages do the typical
13 comparisons between superior, comparable, and inferior. You
14 will notice for Canada every single one is comparable. For
15 China, all but two. And one of them is lower prices. For
16 Greece, everyone, but the lower prices of Greece. There is
17 tremendous evidence from purchasers that this is
18 head-to-head competition for a fungible product that is
19 available in the United States market.

20 Are they sold on the basis of price? This is
21 one of the most telling pieces of evidence in the staff
22 report. It says: Of the winning bids by subject producers
23 where the domestic bids were also reported--this is on Table
24 5-4--the subject bid was lower in 23 of the 28 head-to-head
25 competitions--23 of 28 that they won that we had bids for

1 both domestic and import, the imports won. They went on
2 lower prices.

3 Finally, let's return to efficiencies. And this
4 is another area where the domestic industry is injured. As
5 has been testified, large projects are more efficient than
6 small projects. And when importers walk in and take the
7 large projects that have a lot of tons, the domestic
8 producers are forced to become more of a job shop and more
9 of small projects. And when that happens, there's increased
10 set-up costs. There's increased logistical costs for
11 different types of steel. There's increased delivery costs.
12 And for those who have been in the private sector, having
13 one client is demanding. Having 20 clients calling up all
14 the time creates issues with management and logistical
15 issues as well. It's less efficient.

16 And so what we've seen in this case is what
17 subject imports have done, they've effected volume via lost
18 sales. It's about on a ton-for-ton basis because of the
19 elasticity, and the imports have taken market share. On the
20 price, we've seen the staff report's report underbidding. I
21 will show you price suppression and a cost/price squeeze.
22 And finally, we've heard evidence about the cost being
23 raised.

24 So imports lower domestic volume. They lower
25 domestic prices. And they increase domestic costs. And

1 that's what's happened in this investigation.

2 Let me quickly run through injury. What you see
3 here are the shipments. And what you see, the blue line,
4 that's the U.S., it is falling. And what about the red
5 line? It's about the same by the end.

6 So all the losses from the decline in demand,
7 practically all of them, came out of the domestic industry.
8 And you can see the absolute volumes are enormous. The
9 losses were 4- or 500,000 tons. These guys have a million
10 tons.

11 Subject imports increased relative to production
12 and consumption. Imports are significant on a relative
13 basis, as well as an absolute basis.

14 With respect to price, this is the evidence that
15 are recorded where there's head-to-head competition, where
16 the subject producer won the bid they were underneath the
17 domestic price. Price drives the market.

18 How do we know there was price suppression and
19 depression in this investigation? We could look at if
20 there's a cost/price squeeze. That's the Commission's
21 normal practice. What happened in this investigation?
22 Gross profit margins fell. Evidence of a cost/price
23 squeeze. Evidence of price suppression and depression.

24 Finally, this is the amount of lost sales in the
25 pricing section that was reported over the POI. This we

1 think is incomplete, and it's almost 800,000 tons, an
2 enormous quantity in this market.

3 Now let's turn to the effects of injury: U.S.
4 production decline. U.S. shipments declined. U.S. capacity
5 utilization declined. And note that the first VAR is 50
6 percent. So at the best year they were operating at 50.
7 They fell to 30.

8 How about gross profits? Gross profits fell.
9 These are the dollar amounts. The dollar amounts have been
10 crushed. Operating profits, similarly. Let's look at the
11 margins. Operating margins are very low, below 4 percent.
12 And net margins are negative in two of the periods,
13 including the most recent interim period. But these are
14 not margins that could sustain an industry.

15 Let's look at capital expenditures. They've been
16 crushed. They don't have the money to invest. How about
17 return on assets? They are low. And they are low relative
18 to the threshold through which this industry could grow.

19 How about labor? And labor has been particularly
20 affected. Severe declines in the number of workers, and
21 severe declines in the number of wages.

22 Are these good wages? These are great wages.
23 This is an industry that the government of both the last two
24 Presidents, these were the jobs they talked about. What
25 I've done is take a look at the wages at each mill and

1 compare them to the average wages for all workers in that
2 county, and production workers in that county, and
3 aggregate.

4 These guys are making fourteen grand a year more
5 than the average workers in their counties, and they're
6 making sixteen grand a year more than the average production
7 workers in their counties. When these people lose their
8 jobs, these jobs aren't available. They are either
9 unemployed, or they're taking a massive hit.

10 Finally, with respect to threat, all the factors
11 are forward. And I want to make one final comment that
12 struck me. That I've discussed how multinational
13 corporations operate in a way to increase the profits of the
14 corporation as a whole, not country by country. And a case
15 in point in this investigation is Canada.

16 Canada, when demand fell, decided to supply out
17 of Canada and shutter their mill in Oregon. That is on the
18 record. But what is even not on the record and a sure sign
19 of injury is that the Canadians bought a U.S. mill in
20 California. They took that mill apart, piece by piece.
21 They shipped it to Canada. They opened it in 2017.

22 So not only are they shipping production there;
23 they're shipping the factory there. And then they're
24 shipping the product of that factory back into the United
25 States. So there's evidence of injury. There's evidence of

1 threat of injury. And I'd be happy to answer any of your
2 questions. Thank you.

3 MR. BRIGHTBILL: That concludes our presentation.
4 We will hold whatever we have for rebuttal.

5 CHAIRMAN JOHANSON: Alright, thank you all for
6 appearing here today. We will now start with Commissioner
7 questions, beginning with Commissioner Schmidtlein.

8 COMMISSIONER SCHMIDTLEIN: Okay, thank you very
9 much. I'd like to thank all the witnesses for being here,
10 as well, today.

11 I'm going to dive right in. So the Respondents--
12 you argue that the U.S. lost market share to subject
13 imports, but the Respondents argue that all countries except
14 India declined in volume and lost market share, and that the
15 Indian subject product was brought in by one U.S. producer
16 for two different projects. And in one of those projects,
17 which I believe the name is bracketed, the argument was made
18 that other U.S. mills were not capable of fulfilling that
19 project. And for the second project, which is the Mountain
20 Valley Project, that project was supposed to be supplied by
21 the U.S. mill but the U.S. producer, which is Welspun,
22 decided to bring product in from India.

23 And so those two reasons don't have anything to
24 do with price, according to the Respondents. So I wonder if
25 you could respond to that argument.

1 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. Let
2 me just frame it. Clearly here we have lost market share
3 and a declining market. That indicates the injury from
4 subject imports.

5 So you also have the bid data, which you did not
6 have in the preliminary phase, which demonstrates the
7 head-to-head competition nature and the fact that sales were
8 taken from the domestic industry by subject imports.

9 So regardless of the circumstances of any
10 individual sale, the evidence in the staff report
11 demonstrates head-to-head competition, and it demonstrates
12 losses, lost market share due to subject imports.

13 MR. RIEMER: Ingo Riemer with Berg Pipe. So the
14 project that you are talking about is called Valley
15 Crossing, and it was won by Welspun India. They produced
16 that based on Chinese steel, Chinese plate, and Berg Pipe
17 lost this project. We were in the running for this project
18 until the end, and we also have evidence that this was
19 price-based. We have written testimony of the Director of
20 Procurement of that customer back then, Spectra was the
21 customer, and we have written testimony that this project
22 was awarded purely on price and not on other reasons.

23 COMMISSIONER SCHMIDTLEIN: Okay. Have you put
24 that evidence on the record yet?

25 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. We

1 will check, and if it's not we will submit it. I think it
2 has been already, but we'll--in the preliminary phase.

3 COMMISSIONER SCHMIDTLEIN: Okay, yeah.

4 MR. CLARK: This is John Clark with Stupp. I can
5 confirm that we also bid on that project and were capable of
6 making that pipe, and were asked to reduce our prices to
7 match the imported pipe.

8 MR. KAPLAN: Commissioner, this was in the
9 opening and closing statement at the prelim. And now there
10 is an affidavit from the actual purchaser saying what
11 happened. So you have the clearest possible evidence in
12 this investigation regarding that particular sale.

13 With respect to the other points you raised, Mr.
14 Brightbill did talk about the increase in market share, and
15 the increase in market penetration. But this is a bid
16 industry, and I ask you, even with the increase in market
17 share, to look particularly at the absolute level of imports
18 which are very high in this investigation in terms of share,
19 and in volume.

20 And many of those shipments are lost sales.
21 They're based on head-to-head competition. And once again I
22 ask you to look at 2-30, 29 through 2-33 that goes directly
23 to Commissioner Schmidtlein's question about comparability
24 and availability of product.

25 COMMISSIONER SCHMIDTLEIN: Right--

1 MR. KAPLAN: And it shows an extraordinary--

2 COMMISSIONER SCHMIDTLEIN: Sorry to interrupt--

3 MR. KAPLAN: --never seen one quite like this.

4 COMMISSIONER SCHMIDTLEIN: I hear that a lot in
5 these cases.

6 MR. KAPLAN: It's true, though.

7 (Laughter.)

8 COMMISSIONER SCHMIDTLEIN: Before we leave this
9 issue, though, I thought maybe Mr. Fisher from Welspun might
10 want to comment. Because in the Canadian's brief they
11 specifically cite to a Welspun post-conference brief--and
12 this is at page 48, 47 and 48--where it's discussing these
13 two projects, the Valley Crossing Project and the Mountain
14 Valley Project, where Welspun made the argument that for the
15 Valley Crossing Project this was a type of pipe that other
16 U.S. producers were not capable of manufacturing. And for
17 the Mountain Valley Project that Welspun had originally
18 secured the contract on the basis of supplying that pipe out
19 of the U.S. mill, but then because of an increase in raw
20 materials had switched and brought pipe in from India.

21 And since that was not based on, according to
22 Welspun, the price of that Indian pipe, but because of
23 production costs, that wasn't--that broke the causal link.

24 So, Mr. Fisher, do you want to explain what your
25 position was in the prelim, and whether or not you still

1 stand by those statements that were in the postconference
2 brief at the preliminary phase? Or whether your position
3 has changed? I mean obviously the position of Welspun has
4 changed, I think, but can you tell us what exactly has
5 changed?

6 MR. FISHER: So the largest of the projects,
7 known as the Valley Crossing Project, that is a project that
8 we could not make in Little Rock, Arkansas. So we quoted it
9 out of India. And, honestly, I did not think that anyone
10 could make that in the United States when we quoted it.

11 One competitor says that he can make it, and I
12 have to take him at his word that he can make it. So that's
13 basically where that's at.

14 The second order that you referred to, we did
15 originally make that order out of Willow Rock, and due to
16 the hot-rolled trade case that came along that was finalized
17 I think in 2016, we had to shift the production from Little
18 Rock to India. And that's a true statement, and I've said
19 that previously.

20 It is what it is--

21 COMMISSIONER SCHMIDTLEIN: Do you think that
22 those imports that you had to bring in under that Mountain
23 Valley Project were injuring the U.S. industry, then?

24 MR. FISHER: That pipe can be made in the United
25 States. That pipe, for sure, can be made in the United

1 States. We were making it in Little Rock. Several of the
2 competitors could make the same pipe.

3 COMMISSIONER SCHMIDTLEIN: But since you bid it
4 on the basis of supplying it out of the U.S. mill and the
5 project wasn't rebid, and you made a decision internally to
6 source it from a different source, do you think the volume
7 coming in under that contract, then, was that injurious to
8 the U.S. industry?

9 MR. FISHER: I think the U.S. Government
10 considers it an import, and--

11 COMMISSIONER SCHMIDTLEIN: Right, but our
12 question before us is causation, right?

13 MR. BRIGHTBILL: Commissioner, Tim Brightbill,
14 Wiley Rein. Neither one of these break the causal link.
15 The first one because there were other domestic producers
16 that could have made the product, even though Mr. Fisher
17 didn't think so at the time, and as Mr. Reimer has
18 testified. The second one because, you know, the
19 hot-rolled orders and plate orders on AD/CVD orders are not
20 something that break the causal link. They're not an
21 alternative cause of injury. It's a condition of
22 competition that makes this industry vulnerable. And it's a
23 very weak argument to say that subject imports can't be a
24 cause of injury because they can buy dumped and subsidized
25 raw materials and U.S. producers can't.

1 So there's no breaking of the causal link in
2 either one of these two. And to sort of splinter up the
3 individual sales and say did this one cause injury, did this
4 one not? The overwhelming evidence is that subject imports
5 did cause injury from all of these countries.

6 COMMISSIONER SCHMIDTLEIN: Okay, let me shift
7 gears just a little bit. It's a bit of a segue, I think,
8 because a lot of -- we're talking a lot about, obviously,
9 all of these sales are made on a project basis, and so one
10 of the other arguments that the respondent makes is that a
11 three-year period of investigation is not a reliable
12 indicator to observe market shifts, because you have bids
13 being awarded, contracts being awarded, projects being
14 awarded, and the actual volume being delivered some months
15 or years later.

16 So do we have a mismatch here where we are trying
17 to review bid data over the POI, which was from -- we asked
18 for bid data from January, 2015, through 2018, some point in
19 2018, I don't know if it was June or not -- but yet the
20 volumes that we're looking at to determine whether or not
21 there's been a shift and whether that's caused by price,
22 we're obviously -- it's not clear that they are correlated
23 to those bids. So is it not reliable for us to look at just
24 the three-year POI in this case? Given the nature of the
25 bid process?

1 MR. BRIGHTBILL: Your Honor -- Commissioner,
2 sorry.

3 COMMISSIONER SCHMIDTLEIN: That's all right. You
4 can go on.

5 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. You
6 have reliable bid data and you have reliable volume data.
7 It's true that, and our industry witnesses can talk about
8 the delay between when the bid happens and when the steel
9 starts to be made and when the pipe is transmitted. But you
10 have injury in all of those phases.

11 So you have the bid data, which shows the subject
12 imports underbidding the vast majority of instances, and
13 winning projects on that basis. And then you also have the
14 volume and price data showing subject imports taking market
15 share in a declining market.

16 So the POI is appropriate. No party requested an
17 extension of the POI when they could've, for the
18 questionnaires. The data demonstrates injury. We
19 understand why the respondents would want to run away from
20 the staff report, but you have the evidence is compelling on
21 both the bid side and the volume and price side.

22 MR. SZAMOSSZEGI: Andrew Szamosszegi, Cap Trade,
23 if I may quickly -- There are two sources of price
24 competition in this matter and they are the bid data and
25 there's also the lost sale and lost revenue data. And so

1 the lost sale and lost revenue, with regard to purchases,
2 actual purchases, so those I think are more contemporaneous
3 whereas the bid data are more forward-looking because of the
4 lag.

5 But you can reach the same conclusion from both
6 of them. Is that there was underselling and lost sales,
7 both of them yield the same conclusion, so I don't think
8 extending the POI at this late date is appropriate really.
9 Because you have information, both contemporaneous and
10 future.

11 MR. KAPLAN: And I might add -- Seth Kaplan, Cap
12 Trade -- that other steel cases traditionally have a lag in
13 terms of times the orders are met and times the shipments
14 arrive. Some of them here are longer, but some of them are
15 pretty short, too. And I don't believe anyone asked to
16 extend the POI. I don't believe the staff considered that
17 the data that they got was not relevant to the
18 investigation. So I think you have a record here to reach
19 determination on pricing.

20 COMMISSIONER SCHMIDTLEIN: Okay, all right, thank
21 you. My time is expired, thanks.

22 CHAIRMAN JOHANSON: Commissioner Kearns?

23 COMMISSIONER KEARNS: All right, thank you again
24 to all the witnesses for being here today. I had a similar
25 question to Commissioner Schmidtlein's at the end. Not so

1 much about extending the POI, but in any event, seeing a
2 less than 3% decline in U.S. market share, don't we need to
3 kind of take that into account the fact that we have large
4 projects here where, you know, presumably market shares go
5 up and down. It's kind of lumpy.

6 So should we, do we need to discount the fact
7 that we see market share taken from the U.S. industry by
8 subject imports given that it isn't a tremendous amount of
9 market share that's been lost, so we need to discount that,
10 given the fact that we're talking about these very large
11 projects that could, you know -- one project could end up
12 having a very different impact on the overall numbers?

13 MR. RIEMER: Ingo Riemer with Berg Pipe. I
14 confirm that the market is volatile, so we are in the
15 project business, and you either book a project or you don't
16 book a project. So it's very dynamic. But what we have
17 seen in the past three years is not usual. So the last time
18 that we booked a bigger project was in January of 2016, so
19 two and a half years ago we booked the last big project.
20 And that is not usual.

21 We have seen a uptick in inquiry activity, so we
22 were bidding more in the past twelve months. But we have
23 not seen that we were successful. So we lost those bids
24 against the unfairly traded imports. And we provided the
25 Commission an extensive list of lost projects with extensive

1 bid dodgers, at what price we bid, and at what price level
2 we ended the bid process and still lost it.

3 MR. STUPP: This is John Stupp, Stupp
4 Corporation. I've been in the business for forty-four years
5 and I would say this recent period that we've been involved
6 in, is the worst I've seen in terms of the extreme
7 volatility. And I think what really made it worst is the
8 lost projects, particularly in 2016, which I think we see,
9 in the Staff Report, is the largest number of lost
10 projects, which had an effect in '16 and '17 to the extent
11 that our mill and lots of other mills, either were shut down
12 for serious periods of time or idled for long periods of
13 time. And I don't see any of the respondents complaining
14 about having idled facilities, so I feel like they exported
15 unemployment.

16 COMMISSIONER KEARNS: Okay. Okay, so there's a
17 lot of volatility. You all attribute that to subject
18 imports. We also seen in the data though, U.S. producer by
19 U.S. producer, quite a bit of volatility within that, too.
20 Can you speak to that? I mean, if you look at those
21 numbers, it's kind of, fairly shocking how much within the
22 U.S. industry, how much market share shifts from year to
23 year.

24 MR. KAPLAN: Given the -- first the, the
25 gentlemen here can't speak though because it's all

1 confidential. So I'm gonna try to characterize it in a
2 public way. As a preface to that, your first point, what
3 you saw was increasing market share in a market with
4 declining demand, really significant declining demand.

5 And what an economist will tell you is that the
6 home market should be increasing share during that period,
7 not even being even. All the perfect substitute models do
8 that and the imperfect substitute models do that as well,
9 with declining demand and the home market having a
10 transportation advantage and so, it's particularly
11 injurious.

12 With respect to the changing shares within the
13 industry, you had mentioned that projects are lumpy and that
14 certain companies will win or not win any particular project
15 that is bid on. But what you've seen is that in the
16 shrinking market, with so many big projects being taken by
17 the imports, that you get a big shift because it opens up a
18 lot of capacity and takes away a lot of sales because some
19 projects are large.

20 Some people have produced, turned into job shops,
21 producing many small projects. Other ones that are made for
22 high-volume, just missed out. And so they'll get one one
23 year and not another year. But the industry as a whole has
24 been hurt by losing share in a declining market.

25 COMMISSIONER KEARNS: Okay, thank you.

1 MR. NORRIS: This is Jason Norris, Dura-Bond
2 Pipe. I'd also like to reiterate the comments my colleagues
3 made. We have a project mill. Our mill was designed to
4 produce projects and it's important that when these projects
5 come along, that you secure one, because if not, you are
6 relegated to making small runs of distributor pipe, of
7 smaller runs of supporting pipes or bends and things like
8 that that go along with the larger projects.

9 So it's disheartening to see that you have to lay
10 off 180 people that could be working and making pipe when
11 you lose that to a foreign producer that is selling pipe --
12 I know we've said this many times, but it's true -- they're
13 selling their product here for less money than we can buy
14 our raw materials for.

15 So, again, it is a project-based business for
16 some of these large projects. But that makes it all that
17 more important that we don't continue to lose market share
18 to foreign producers that are sucking up these projects and,
19 you know, I've never remembered one time ever when these
20 projects have come out that the domestic mills are filled up
21 before the foreign producers. It's always the other way
22 around.

23 COMMISSIONER KEARNS: Okay, thank you. As I
24 understand it, respondents argue that the U.S. industry
25 cannot produce many of the products we're looking at -- I

1 think it's basically for three reasons.

2 One, regardless of U.S. capacity utilization,
3 some producers are not equipped to produce certain sizes and
4 other kinds of pipe. Two, the CVD orders on hot-rolled coil
5 and cut-to-length plate limit availability. And three,
6 capacity utilization may be understated because large
7 projects make up such a big part of the market.

8 I want to ask a number of questions on this, I'm
9 probably not gonna have to do that now, but can you just
10 begin by responding generally to those, all of those aspects
11 of the availability issue?

12 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. I
13 can start, but I definitely want the industry witnesses to
14 respond. In terms of sizes, this industry, and grades and
15 so forth, this industry makes the overwhelming majority of
16 sizes that are required. They bid head-to-head, their bids
17 have been accepted in the past. They've lost these
18 projects. But they can produce almost everything that is
19 needed.

20 COMMISSIONER KEARNS: Mr. Brightbill -- maybe I
21 should go into my more specific questions on that. Because
22 I do have very specific questions on this.

23 MR. BRIGHTBILL: All right.

24 COMMISSIONER KEARNS: So we see -- I'm looking
25 at, I think it's Borusan's brief, they have a number of

1 claims from purchasers that the U.S. industry cannot produce
2 26 inch pipe. They focus on that. There's a few that
3 suggest larger sizes, but can you tell me, during the POI,
4 first, I guess my first question is, how many of you did
5 produce 26-inch pipe during the POI?

6 MR. NORRIS: Jason Norris, Dura-Bond Pipe. We do
7 produce 26-inch and have just a few weeks ago.

8 COMMISSIONER KEARNS: Okay, so three of you?

9 MR. KIRKLAND: Jonathan Kirkland, Berg Pipe. We
10 produced 26-inch earlier this year.

11 COMMISSIONER KEARNS: Okay, you're both Berg. So
12 two of you produce 26 --

13 MR. HENDRICKS: JSW Steel, Wes Hendricks, we do
14 produce 26-inch. That's what I spoke about for supplying
15 the Plains All American project that Greece also supplied.

16 COMMISSIONER KEARNS: Okay. So you can produce
17 it and you have produced it during the POI?

18 MR. HENDRICKS: Yes, sir.

19 COMMISSIONER KEARNS: Okay. And how significant
20 do you think 26-inch -- well, first 26-inch, what about
21 greater? What about 42 inches? Has anyone produced that?
22 Or can anyone produce that?

23 MR. FISHER: Rusty Fisher with Welspun. We're
24 producing 42-inches as I speak in Little Rock.

25 COMMISSIONER KEARNS: Okay.

1 MR. NORRIS: Jason Norris, Dura-Bond. Yes, we've
2 produced hundreds of thousands of tons of the 42-inch.

3 MR. CLARK: This is John Clark with Stupp. We
4 can produce 42-inch X70 pipe and have for some of the
5 projects they claim they couldn't get it, or some of the
6 customers who operated the projects who claimed they
7 couldn't get it domestically.

8 COMMISSIONER KEARNS: Okay. And I was gonna ask
9 similar questions and maybe you can cover some of this just
10 in your post-hearing brief. So I just kind of wanna know
11 systematically, you know, can you produce that larger pipe?
12 Same with thickness? I think three-quarters of an inch
13 seems to be something that a lot of purchasers have
14 suggested the U.S. industry maybe cannot produce.

15 So maybe in your post-hearing brief, if you can
16 just, as a whole, kind of systematically address that issue
17 and also grade X70 and above, I think has come up a lot.
18 And also, if you think the welding process matters, and I
19 have a few minutes left. Maybe you guys can speak to that
20 now.

21 I think you had said somewhere that it doesn't
22 matter that purchasers don't care, but I think we've seen in
23 some of the bidding materials from them, we have seen
24 references to ERW, for example. So can you speak now to
25 whether or not the welding process matters to purchasers and

1 whether or not you produce -- what kinds of welding
2 processes you use?

3 MR. RIEMER: Ingo Riemer with Berg Pipe. So
4 there are three welding processes, ERW, HSAW and LSAW. So
5 they have a great variety of overlapping, so they're
6 overlapping with their capabilities, what kind of pipe you
7 can produce, ERW is limited to 26-inch, that is the upper
8 limit, while spiral and LSAW could go down to 16-inch.

9 And for the 26-inch project that is of concern,
10 that is the Plains project that was booked by JSW and by
11 Corinth. That is a product that almost everybody can do.
12 It's possible on spiral pipe, on HSAW. It's possible on
13 long-seam and the difference is the pre-material, so the
14 HSAW and the ERW are using both hot-rolled coil. The LSAW
15 uses plate.

16 If you have both capabilities, like we have HSAW
17 and LSAW, we can take advantage of the raw material costs,
18 which one is cheaper, so sometimes it's coil, sometimes it's
19 plate. And we play that into -- so ERW is a long-seam
20 process like also LSAW. The disadvantage of ERW is they
21 have limitations on the widths of the coil that they can
22 use, if they're producing out of coil. And there's no
23 producer in the U.S. that can produce a 26-inch wide for a
24 wide coil that can be used for 26-inch ERW. But there is,
25 of course, LSAW and HSAW that could produce a 26-inch pipe.

1 COMMISSIONER KEARNS: Thank you. My time is up,
2 but just to clarify, then welding only matters to the extent
3 it has an impact on diameter? The welding process?

4 MR. NOLAND: Jon Noland with American Steel Pipe.
5 We're an ERW-only manufacturer and I think, maybe the
6 question is, is ERW superior to LSAW? And it's not. It's
7 interchangeable. So the fact that the respondents said that
8 26-inch ERW is not available in the U.S. is irrelevant,
9 because it's available in LSAW which is completely
10 substitutable for ERW pipe.

11 COMMISSIONER KEARNS: Okay.

12 MR. NORRIS: Jason Norris, Dura-Bond Pipe. Like
13 to say one more thing, also. There's an overlap of sizes
14 where two methods of manufacture can be used for certain
15 diameters. 26 inches is one of those sizes where you have
16 three choices of manufacturer. And when you get up into the
17 large diameters, it narrows down to two. Smaller diameters,
18 it's generally one. So that's where there's an overlap.
19 And that might be part of the confusion.

20 COMMISSIONER KEARNS: Okay.

21 MR. KAPLAN: Commissioner, there are RFPs that do
22 not distinguish between the type of weld, and there's one
23 particular project that's been discussed and Mr. Hendricks
24 in the back, I think, could discuss it and address that
25 issue.

1 MR. HENDRICKS: Just real quickly. Wes
2 Hendricks, JSW Steel. This specific 26 inches you're
3 talking about, they did ask for, or they did purchase an
4 ERW, they did also purchase from us, the U.S. manufacturer
5 for the induction bends, a very small sliver of the complete
6 project -- I believe the project was 140,000 tons. I think
7 we supplied about 1,800 tons of that, if it were for the
8 induction bends now, so they took an ERW welded pipe and
9 they took an LSAW pipe for the bends in it and so they are
10 completely interchangeable. That's what we're trying to
11 discuss here.

12 MR. CLARK: This is John Clark with Stupp. It is
13 quite common for operating companies to use both welding
14 technologies on the same pipeline that they're operating.

15 COMMISSIONER KEARNS: Okay.

16 MR. KAPLAN: And the RFP in that particular one
17 said, asked him to bid LSAW for the project. They ended up
18 purchasing ERW. He didn't volunteer that bid. The way the
19 bid process works, by the way, is firms are typically
20 contacted. It's not like an open bid where you read it in
21 the paper, like a government bid and everybody shows up.

22 So Mr. Hendricks' firm was contacted specifically
23 to bid on that project with an LSAW. And they went to India
24 to buy with ERW, I'm sorry Greece with ERW. But then came
25 back to him to do the bends, the small part of the project,

1 which connects to the straight part, using LSAW. So it
2 shows that both could've been used for the whole project.
3 They're interchangeable and then they could be used together
4 in the same project.

5 COMMISSIONER KEARNS: Okay.

6 MR. KAPLAN: If that helps.

7 COMMISSIONER KEARNS: Thank you. My time is more
8 than up. Thank you.

9 CHAIRMAN JOHANSON: All right. I'd like to thank
10 you all for being here today. I would like to also thank
11 Dura-Bond for showing me around their plant in September. I
12 appreciate it. When I was up in Steelton, Pennsylvania.

13 I'm gonna go back to something which was raised
14 by Commissioner Schmidtlein. I'm going back to Welspun.
15 What role should Welspun's position in the preliminary
16 phase, and its testimony at the preliminary conference this
17 February, play in our consideration of injury?

18 Also, to the extent that Welspun represented
19 during the preliminary phase that it ran into difficulties
20 after antidumping duties were imposed on Korean hot-rolled
21 coil, how are we to attribute harm to Welspun to subject
22 imports? And this can --

23 This is can all be seen at pages 126-127 of the
24 preliminary conference transcript.

25 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein.

1 Before Rusty talks, Mr. Fisher's not changing any of his
2 testimony from the prelim, but he's here today because he's
3 a part of the domestic industry, an important part of it,
4 and because they're injured by subject imports. In
5 particular, he's named five of the six countries. But I'll
6 let him take the rest of that.

7 MR. FISHER: Rusty Fisher, Welspun. So again,
8 I'm, you know, the original testimony we made stands. Like
9 I say, I have been advised that on the one large project,
10 that it could have been made in the United States, and I
11 didn't realize that at the time, and honestly that was my
12 position. We certainly couldn't make it at Little Rock.

13 On the other hand, I mean honestly I would tell
14 you that we were hurt in Little Rock. We actually had to
15 shut the mill down in Little Rock when this all occurred,
16 and we probably lost a good six months of production at
17 Little Rock, 2016-2017. So this actually did occur.

18 CHAIRMAN JOHANSON: Is the market not
19 transparent enough that you would know that the product is
20 available in the United States?

21 MR. FISHER: Candidly, you don't see a project
22 like that every day, you honestly don't. You don't see that
23 many projects that require 48 by 1.125 X70, 48 by -- 42 by
24 1.250 X70. You just don't see those every day. Those
25 aren't the majority of the imports coming in. They aren't

1 those types of projects. They're products that are thinner
2 wall and we can all make, and they're made by the subject
3 imports that are coming in.

4 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein.
5 You know, there's not perfect knowledge in the market. All
6 of these companies, you heard about the investments they're
7 making to expand their capabilities into different types of
8 pipe and sizes and diameters and so forth, and as was
9 testified, there was the ability to make this product at the
10 time, even though Mr. Fisher wasn't aware of that.

11 MR. RIEMER: Ingo Riemer with Berg Pipe. So
12 this project, Valley Crossing, is we bid on this project.
13 We were invited to bid, we bid on this and we lost it based
14 on price, and that is -- that is stated and confirmed with
15 signature by the former procurement manager of Spectra, who
16 was responsible for that procurement.

17 CHAIRMAN JOHANSON: Okay. Thank you all for
18 your responses on that. I'm going to now move to something
19 which I don't think has been covered yet today. The
20 Commission has conducted previous investigations of large
21 diameter welded or LDW line pipe and always determined by
22 the like product was co-extensive with the scope. That is,
23 limited to line pipe of a type used in oil and gas
24 transmission. Why is the scope here broader to include LDW
25 structural pipe?

1 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. I
2 can start, and then the industry can fill in with some of
3 the discussion of the specific factors. I went through in
4 my opening presentation, there are great similarities
5 between line pipe and structural pipe in terms of all other
6 factors that you look at.

7 In terms of physical characteristics and uses,
8 the vast majority of producers reported that they're either
9 fully, mostly or somewhat comparable with respect to that
10 factor. When we toured Dura Bond, Dura Bond demonstrated
11 that any chip in the production process will cause that
12 material to be downgraded. So there's overlap between line
13 pipe and structural there.

14 In terms of channels of distribution they're
15 extremely similar, sold for specific projects as you saw in
16 Dr. Kaplan's presentation. Channels of distribution, also
17 very similar. Manufacturing processes, equipment and
18 employees, same types of facilities, same employees and so
19 forth.

20 So for all of those reasons, when we put the
21 scope together, we felt it made the most sense to bring a
22 case comprehensively, covering both line and structural
23 pipe, and knowing that if one was left out, that subject
24 imports would switch to the other and overwhelm the market,
25 just as if any one country is left out, subject imports from

1 that country will surge in. So maybe the industry can talk
2 about that.

3 MR. NORRIS: This is Jason Norris with Dura Bond
4 Pipe, and as you saw in our process, when we were making
5 line pipe, the structural material is made on the same line,
6 as Tim said. It's the same equipment, everything is the
7 same. Same amount of people. The pipe has expanded with
8 water. The only thing that would be different is that you
9 don't do a hydro test. We may not do an inspection on the
10 weld that's as thorough as on API.

11 We bid structural projects. We have a steel
12 fabrication division, Dura Bond Steel Corporation, and we do
13 a lot of fabrication for piers and other structural
14 applications in marine environments, and we combine that
15 with our coating.

16 Trinity and Skyline are some of my customers,
17 and we constantly lose bids in New York City and New Jersey
18 for pier work to Chinese and Turkish pipe, and we haven't
19 purposely made structural pipe during the POI because of
20 some of those reasons, but we do make it as part of our
21 process.

22 And it's important because not only does it
23 supply our fabrication business, but it also helps us reduce
24 our costs. So we have to try to get revenue for that, for
25 those lost products to minimize our cost of steel.

1 MR. GRIGGS: Robert Griggs, Trinity Products.
2 I'm a structural manufacturer, and the reason that I'm
3 involved in this today is we've been harmed for the last
4 three to four years with dumped, subsidized steel. In my
5 testimony the last time, I list three projects that we lost
6 over the last two years. We lost the Holland Tunnel. We
7 lost 8,000 tons of the Holland Tunnel of structural pipe.

8 We have a transloading facility 75 miles from
9 the Holland Tunnel, and we lost that project by over 20
10 percent. So I'm involved in it because the families of
11 Trinity and the people that are here, we've been damaged for
12 the last three years. We've had layoffs. We haven't been
13 able to invest in our business. We haven't made a profit so
14 we're capable of sharing.

15 Now there's tons of similarities between API and
16 structural, and the reason that structural is a product
17 today is so that we use less cost. It won't be
18 hydro-tested. It won't have extensive ultrasonic testing
19 because it's used in a structural application. But our
20 equipment in St. Louis, Missouri could make API pipe.

21 It's really a back end finishing, okay, and it's
22 hydrotesting and a little bit more comprehensive welding
23 process. But the same equipment that I have today. And
24 secondly today, we are making structural pipe to API
25 standards and tolerances, okay, and we've been injured. I

1 can't tell you the number of jobs we have lost.

2 In '16, we lost 25,000 tons of pipe. Dredging
3 pipe in New Orleans, 4,000 tons, Chinese pipe shipped to the
4 dock that is cheaper than my hot-rolled coils. I got prices
5 from U.S. Steel and I could not make that pipe, right.
6 That's why we're here. We've been damaged. Our families
7 are hurt.

8 MR. BRIGHTBILL: And if you could also say about
9 how you face competition from foreign line pipe producers as
10 well, you and --

11 MR. GRIGGS: Exactly, and the reason we get into
12 structural, the foreign line pipe producers are going dual
13 stencil pipe. They're going to bring it into the United
14 States, and we're going to compete against it every day.
15 When they don't have an X42 order, what they're going to do
16 is sell it into the piling market and affect my business.

17 So that's why we're here and it's injurious, and
18 it's affected our whole families. I sat here at the last
19 testimony. I'm 42 years in the steel business. Both my
20 sons are in it. If we don't get some protection, there
21 isn't any reason another Griggs needs to be in the pipe
22 business, I'll tell you that.

23 Sometimes I fear that I've actually bought my
24 two sons into this business, because we're being harmed by
25 subsidized pipe. They're exporting unemployment, and those

1 are the reasons.

2 MR. KIRKLAND: Jonathan Kirkland, Berg Pipe. As
3 Ingo testified earlier, we produce both line pipe and
4 structural pipe in the same facilities, same equipment, same
5 employees. As a matter of fact, we produced approximately
6 50,000 tons for the Tappan Zee Bridge in New York City.
7 It's a structural pipe. It was pilings for the bridge.

8 We also have certain customers who place orders
9 for both line pipe and structural pipe production from Berg.
10 I just want to --

11 MR. CHEFREN: This is Mike Chefren from Skyline
12 Steel. We also produced pipe for the Tappan Zee Bridge
13 project, as well as Greens Bayou, who's sitting in the room
14 today too. So we had all three of us were in that same
15 project.

16 CHAIRMAN JOHANSON: Okay. Thank you for your
17 response. I have one quick question, just very quick, but
18 my time's expired. Do you all know what percentage of LW
19 line pipe produced by domestic industry is used for
20 structural support or load-bearing purposes and not for the
21 purposes of oil and gas transmission? If you don't know,
22 could you follow up in the post-hearing brief with that?

23 MR. STUPP: Could you repeat the question
24 please?

25 CHAIRMAN JOHANSON: About what percentage of

1 U.S.-produced pipe is used for structural purposes, as
2 opposed for oil and gas transmission.

3 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein.
4 We'll check and we'll put it in the post-hearing brief.
5 We'll coordinate among everybody here.

6 CHAIRMAN JOHANSON: That would be helpful.
7 Thank you, Mr. Brightbill. My time's expired. Commissioner
8 Williamson.

9 COMMISSIONER WILLIAMSON: Thank you Mr.
10 Chairman. I do want to thank all the witnesses for coming
11 today and presenting their testimony. Just to follow on
12 Chairman Johanson's question, I know some of you used the
13 word "downgraded line pipe" when talking about structural.
14 So I was -- what is the significance of that? Does that
15 mean you start making the line pipe and if something doesn't
16 meet specs or something, you'll use it as structural?

17 MR. NOLAND: John Noland with American Steel
18 Pipe. Yes. If the pipe doesn't meet the line pipe
19 specification, then instead of scrapping that pipe we can
20 move it to another grade, a structural grade and sell that.

21 MR. GRIGGS: Robert Griggs, Trinity Products.
22 But we also have foreign producers who are bringing in X42
23 line pipe, and because of their cost, because of the cheap
24 substrates that they use, because of the cheap labor and
25 subsidization, they bring it in and use it in the structural

1 market. If they don't sell it for some transmission type of
2 application, they just bring it right over in our industry
3 and sell it, and we compete with it every single day.

4 COMMISSIONER WILLIAMSON: Okay, and I was going
5 to say, when you say "they," is it really some distributor
6 who has some imported line pipe that might be cheap --

7 MR. GRIGGS: No. There's a distributor model
8 yes, and that is how a lot of pipe does get distributed from
9 the people that are in this room as well. It's not every
10 project, and it's part of the system, the chain we have in
11 it. Yes, it could be distributors.

12 COMMISSIONER WILLIAMSON: Okay, thank you.

13 MR. RIEMER: Ingo Riemer with Berg Pipe. That's
14 exactly what's happening. So distributors would import it
15 on the HTS code that shows line pipe, and they will sell it
16 then as structural. There's no conflict for them. They can
17 just sell it into a structural market and there's no record
18 of that in the import statistic.

19 MR. KIRKLAND: Jonathan Kirkland, Berg Pipe.
20 Just to add to Ingo's statement. While we do have
21 downgraded from our production, we also intentionally
22 produce structural pipe for orders for projects, for
23 instance the Tappan Zee Bridge that I mentioned and Mike
24 Chefren mentioned as well.

25 COMMISSIONER WILLIAMSON: Okay.

1 MR. STUPP: This is John Stupp from Stupp
2 Corporation. In previous to this period, we have produced a
3 lot of structural pipe primarily for piling in the Gulf
4 Coast area. But there are times in our process where if a
5 customer wants an X60 or X65 or X70, and the steel through
6 the pipe forming process does not meet up with that
7 specification, we will downgrade that pipe and either sell
8 it as line pipe or we can sell it as structural pipe.

9 COMMISSIONER WILLIAMSON: Okay, thank you.

10 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein.
11 That's why -- hearing all of these similarities and all of
12 this overlap, that's why we brought the case the way we did.
13 You can't bring a case on a single segment of the industry.
14 If any portion of that is left out, the subject imports are
15 going to come in and take it over, just as if any country is
16 left out we'll face the same problem, and the relief will be
17 unavailing for this industry.

18 COMMISSIONER WILLIAMSON: Okay, thank you. This
19 may have to be for post-hearing. Are there differences in
20 the COGS operating profits and other financial indicators of
21 companies that are only making structural, and those who are
22 making both line pipe and structural, that might affect the
23 overall statistics regarding the industry's profitability
24 and financials?

25 As I said, it may be more appropriate for

1 post-hearing.

2 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. We
3 can look, but I mean I think the percentages in terms of the
4 raw material going into the finished product should be
5 relative similar I would think. But we'll check and we can
6 cover it in post-hearing.

7 COMMISSIONER WILLIAMSON: Okay. I was just
8 wondering if there was.

9 MR. GRIGGS: Robert Griggs, Trinity Products.
10 Their products are similar going in. What you're hearing
11 today is there's a lot of X60 and X70 that's going into line
12 pipe and oil and gas transmission, and then the structural
13 industry it tends to be 45,000 and 50,000 yield. So the costs
14 are relatively similar, except when you get into high end
15 line pipe where there's more processes involved and more
16 scrutiny, because it's handling high pressures.

17 COMMISSIONER WILLIAMSON: Okay. But for the
18 bulk of the pipe, the cost of making the line plus the
19 structural is similar enough that you're not going to get
20 different financials for the structural, people who are only
21 making structural?

22 MR. GRIGGS: Well the differences in selling
23 that is that they have different, the prices itself are a
24 lot different sell price, because there's additional steps
25 to make line pipe. There's hydrotesting and additional,

1 more scrutiny on the weld testing.

2 MS. EL-SABAAWI: This is Laura El-Sabaawi from
3 Wiley Rein. Commissioner Williamson, you asked about the
4 financial indicators for the two products. In general, if
5 you look at the C tables in the staff report, I think what
6 you see is that the trends are extremely similar for both
7 line pipe and structural pipe producers, in that they're
8 all, you know, having production decline. They're all
9 losing shipments. They're all losing out to subject
10 imports. So the general trends and financial indicators
11 are the same.

12 COMMISSIONER WILLIAMSON: Okay, thank you for
13 that. Since the Respondents have raised questions about
14 given the nature of the bid process and how long these
15 contracts last, about the data through the Period of
16 Investigation. Without getting into the question of
17 expanding the Period of Investigation, was there anything
18 going on in terms of the nature of the bid process or the
19 types of projects that were available or that got bid before
20 the POI, that would inform the conditions of competition
21 now?

22 MR. RIEMER: Ingo Riemer with Berg Pipe. There
23 is no change in the bidding process. Compared to three or
24 four years ago, it's the same bidding process. Head to head
25 against the competition.

1 COMMISSIONER WILLIAMSON: What about the nature
2 of the foreign participation in that?

3 MR. CLARK: I think that -- this is John Clark
4 from Stupp. I think the nature of the foreign participation
5 has changed. The bidding process hasn't changed. However,
6 what we've seen is that the foreign mills have taken more
7 and more of the more desirable larger projects, versus just
8 supplying the distribution market.

9 That's what's contributed to them taking a
10 significant portion of the market share. As you saw from
11 the purchasers' responses, in this environment the products
12 are very similar and the significant selection criteria is
13 price. Where the subject imports are allowed to participate
14 in those bidding process for those large projects and price
15 is the deciding factor, that's why we've been harmed. It's
16 very difficult for the domestic suppliers to survive an
17 environment like that.

18 COMMISSIONER WILLIAMSON: And this phenomena of
19 the foreign suppliers getting some of the big bids, that
20 started before the Period of Investigation; is that correct?

21 MR. CLARK: It started before the Period of
22 Investigation I think would be accurate. But it's
23 definitely gotten significantly worse during that POI.

24 MR. KAPLAN: I might add not only is there lost
25 sales, but especially for the large contracts, there's

1 multiple rounds of bidding, either formally or informally.
2 So I had asked the industry yesterday on the big projects,
3 do you -- do people come back to you and say, you know,
4 could you match this price or lower a price or give you
5 another shot?

6 I'd like them to relay what they said yesterday
7 about projects they even won, whether they had to lower
8 their prices on large projects.

9 MR. CLARK: This is John Clark from Stupp. It's
10 exactly accurate. I mean we have multiple rounds of bidding
11 in many cases, and it's more common than not that we are
12 asked to come back and give us our best and final or give
13 some more pass-through savings, because they've been able to
14 analyze the bids and, you know, the domestic suppliers are
15 here and the imports are here and you're still 12 percent
16 off. I'm making up that number, but roughly something along
17 there. So can you match that price or what are you going to
18 do about being more costly than the import cluster? So it's
19 impacted us in a big way recently.

20 MR. RIEMER: Ingo Riemer with Berg Pipe. I
21 would like to concur with my colleague, with Stupp. So on
22 the price side, we are pressured by the customer in the
23 final bid round, and not only on the price but also on the
24 terms and conditions of a bid. So for instance foreign
25 competitors tend to offer more risk and take over more risk

1 than we are doing, and we hear that all the time.

2 MR. NORRIS: Jason Norris, Dura Bond Pipe. I
3 can also confirm that. We've bid against multiple, multiple
4 foreign producers on a single bid, and they do use that
5 information to come back and ask you to lower your price,
6 and in many cases you can't. You can't get close to those
7 numbers that they're asking for.

8 COMMISSIONER WILLIAMSON: Did I hear correctly
9 from someone that often the purchasers will sort of ask
10 specific companies, as opposed to putting out a general
11 notice about a project?

12 MR. NORRIS: Jason Norris, Dura Bond Pipe. Yes,
13 I can say that in some cases that's true. They narrow down.
14 They have a group of bidders that they go out to, then they
15 short list those bidders and they might have, you know, half
16 of what they did originally.

17 COMMISSIONER WILLIAMSON: Is that on the basis
18 of pre-qualification or just -- why do -- there are no
19 purchasers on this panel so --

20 MR. NORRIS: It could be on the basis of
21 pre-qualification or it could be a basis of this, you know,
22 the six best bids that they may have had out of 12 or
23 something like that.

24 MR. RIEMER: Ingo Riemer with Berg Pipe. So the
25 list of lost projects that you have received from us and I

1 guess also from the other Petitioners, that is evidence.
2 These are the projects that we were invited to bid, that is
3 approved, that we were qualified and they were accepting our
4 pipe for this project. We still lost it, or if we won it,
5 then at a much reduced price than initially bid.

6 MR. CLARK: This is John Clark from Stupp. And
7 although it's a bidding process, it's not like a government
8 bidding process where it's a sealed bid and it's open and
9 it's all public information. It's a bidding process.

10 They don't commonly share a named competitor and
11 exactly their price. But it is very common for them to come
12 back and tell you where you stand versus the competition,
13 and what do you want to do about that, obviously asking us
14 to squeeze this and bring your price down.

15 MR. KAPLAN: The evidence that the staff
16 collected about winning bids for the importers showed that
17 they were below the domestic price. So what you had is
18 getting dumped and subsidized imports that might even have
19 access to hot-rolled that we don't have because of the
20 orders and the prices, and on top that they dump.

21 So it's not like that's a condition of
22 competition that affected the market. If they didn't dump
23 and subsidize on top of that, we wouldn't be here. But
24 there's significant margins above that which allow them to
25 undercut the domestic industry, forcing us to rebid on

1 projects we win, and undercutting us and then winning all
2 those projects, because price is essentially the driving
3 factor, as it was for 24 of those 29 projects that the
4 Commission investigated in Table V-4 I believe.

5 COMMISSIONER WILLIAMSON: Okay, okay. Thank
6 you.

7 Thank you for those answers.

8 CHAIRMAN JOHANSON: Commissioner Broadbent?

9 COMMISSIONER BROADBENT: Thank you. I want to
10 welcome the witnesses today and thank you for your
11 participation. Mr. Fisher in particular, I appreciate your
12 participation. It's not usual, as you know, for a
13 corporation to make an importing decision that accounts for
14 a lot of the market share shift, and then jump the line and
15 come back and be part of the domestic industry to complain
16 about the import penetration and the injury.

17 So I'm just trying to kind of make sure that we
18 go to ground on what you were saying during the preliminary
19 investigation. You provided briefing on pages three to
20 eight of your post-conference brief with respect to a
21 specific bracketed project, saying that while Berg was
22 capable of supplying 48 inch outside diameter pipe with the
23 specified wall thicknesses for that project, it could not do
24 so using the LSAW process and a 60 foot length in the United
25 States, and this the reason that Welspun won the project.

1 Do you stand by your previous sworn testimony
2 that when this bid occurred, the request was for pipe that
3 was 48 inch outside diameter produced using the LSAW
4 process, with specified wall thicknesses for that project in
5 60 foot length?

6 MR. FISHER: We supplied in 60 foot lengths
7 because that's what we could supply.

8 COMMISSIONER BROADBENT: But that -- go ahead,
9 sorry.

10 MR. FISHER: That's what we could supply. It
11 could have been supplied probably in 80 foot lengths if you
12 double-joined it. That wasn't what we supplied. We
13 supplied 60 foot lengths.

14 COMMISSIONER BROADBENT: Right, but it was using
15 the LSAW process and the specifications were very detailed
16 in the request for the bid.

17 MR. KAPLAN: Commissioner, I would ask that you
18 take a look at the confidential record, and look at the
19 original RFP and then look at the circumstances surrounding
20 the winning bid.

21 I'll brief that, it's confidential, but I think
22 it's very telling. The domestic industry could supply the
23 same diameter and wall thickness, and with respect to the
24 length I would ask you to look at the record. We will brief
25 this for you, about the original RFPs and any changes

1 afterwards, and that's as far as I could go.

2 MR. RIEMER: Ingo Riemer with Berg Pipe. So we
3 offered that project in 40 or 60 or 80 foot lengths, since
4 we can produce it in any of those lengths. So we are using
5 the double-joined process, which is an integral part of our
6 manufacturing process, and we have bid this project on 40
7 and on 80 foot lengths, and the decision was just based on
8 price and of course the Indians tried to make an argument
9 here that we don't produce it out of one plate in 60 foot
10 lengths. But that doesn't matter, since we have a double
11 joining that is part of our manufacturing process. And
12 again, we have the written statement of the procurement
13 manager of that time that was it was purely on price.

14 MR. STUPP: This is John Stupp at Stupp
15 Corporation. Just an additional thought. The mill joining,
16 the double-joining that's done in a mill is actually a
17 better quality than the field joint that connects pipelines
18 together. So a mill joining process actually provides a
19 superior product than what's actually put in process in the
20 field.

21 COMMISSIONER BROADBENT: Okay. Mr. Riemer, can
22 you comment on whether Berg had or currently has capability
23 to produce 40 inch LSAW pipe in 60 foot lengths, with wall
24 thicknesses of .833 inches and 1.125 inches?

25 MR. RIEMER: Ingo Riemer with Berg Pipe. We can

1 produce that, and we're happy to answer on any inquiries.

2 COMMISSIONER BROADBENT: Did Berg offer products
3 to these exact specifications and made using the LSAW
4 process in bids for any large projects during the Period of
5 Investigation?

6 MR. RIEMER: Let me look into that, and I will
7 add it to the post-hearing brief.

8 COMMISSIONER BROADBENT: Yeah, because we really
9 need some evidence. That would be helpful.

10 MR. RIEMER: I understand.

11 COMMISSIONER BROADBENT: And then the other
12 producer that bid on that project, can you provide evidence
13 that you can produce to those specifications?

14 MR. BRIGHTBILL: Could you say the
15 specifications again? I'm sorry.

16 COMMISSIONER BROADBENT: Sure. 48 inch LSAW
17 pipe in 60 foot lengths, with wall thicknesses of .833
18 inches and 1.125 inches, using the LSAW process.

19 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. I
20 think we should probably check and do it in the post-hearing
21 brief, if that's all right.

22 COMMISSIONER BROADBENT: Yeah, definitely, okay.
23 Can anybody provide contemporaneous evidence from the bid
24 request that the company making the request for the Valley
25 Crossing evidence was willing to accept pipe made using any

1 process, or made using 40 or 80 foot lengths?

2 MR. RIEMER: Yes. We provided this evidence by
3 this affidavit of the procurement manager of the customer
4 who actually bought this product.

5 COMMISSIONER BROADBENT: Yeah, but that's not
6 contemporaneous. Anything happen at the time.

7 MR. RIEMER: I mean we were invited to bid and
8 we had multiple rounds, and we improved our bids. So and
9 then we were told we were not chosen. So that is the
10 evidence that we have from -- at that time, and with this
11 trade case here, we asked to get an affidavit from that
12 procurement department of the customer, to confirm that it
13 was price-based, which we received.

14 COMMISSIONER BROADBENT: Right. But I think the
15 issue here is the process that the pipe was made by. They
16 wanted the LSAW process, and you weren't offering that.

17 MR. RIEMER: No. We are producing LSAW.

18 COMMISSIONER BROADBENT: You're now.

19 MR. RIEMER: We are.

20 COMMISSIONER BROADBENT: But right, right. At
21 the time of the bid.

22 MR. RIEMER: Since '79 we are producing based on
23 LSAW and since --

24 COMMISSIONER BROADBENT: But were you offering
25 that to the bid?

1 MR. RIEMER: Yes, we were offering that.

2 COMMISSIONER BROADBENT: And then where can we
3 see that?

4 MR. RIEMER: In the quotation, yes. So this is
5 process that we use, that we have been using for decades.

6 COMMISSIONER BROADBENT: Okay. Mr. Fisher, you
7 stated today that line pipe is easily substitutable and that
8 price is frequently the driver in purchasing decisions. But
9 in Welspun's preliminary post-conference brief, you stated
10 that large diameter weld to line pipe is not a commodity
11 product, and that it is not sold merely on the basis of
12 price as Petitioners would have the Commission believe.

13 This brief also stated that a domestic producer
14 making a bid does not mean that the producer has the
15 capability to produce the pipe specified by the purchaser,
16 and the brief provides examples of this that are consistent
17 with your sworn conference testimony.

18 Finally, it stated that under those
19 circumstances, even if a responsive bid was lower priced,
20 the Commission cannot find that the sale was lost to a lower
21 priced bid. Instead, the sale was lost because the domestic
22 producers were not meeting the purchasers' specifications.

23 With this in mind, do you agree that the simple
24 evidence of subject import bids being lower than U.S.
25 producer bids does not itself prove that subject imports won

1 sales due to price?

2 MR. FISHER: I'm sorry, you said a lost. Rusty
3 Fisher with Welspun. I apologize. You said a lot there. I
4 don't really know the question. I apologize.

5 COMMISSIONER BROADBENT: I mean the question is,
6 we're talking here on whether we're losing these sales
7 because of specifications or price, and there's a lot that
8 you said in your conference testimony earlier during the
9 preliminary phase, that indicated that there was a lot more
10 than went into a bid than just price, and I just wanted you
11 to confirm that.

12 MR. FISHER: Rusty Fisher with Welspun. So
13 there is a lot more -- there is -- certainly you have to
14 qualify. You have to have quality and you have to qualify.
15 They have approved manufacturers' lists which generally are
16 long, and generally on these manufacturers' lists, approved
17 manufacturer's list most of the domestic industry is there.

18 Certainly the importers that are here today,
19 they are on those lists, and so we compete based on that.

20 MR. CLARK: This is John Clark with Stupp. You
21 mentioned that just because you bid on a project it doesn't
22 mean you can necessarily make it. I can't foresee any
23 scenario.

24 I think I would lose my job if I bid on a
25 project that we couldn't make. So in our confidential

1 submission, we did provide significant details on some of
2 the questions of the purchasers being selected based on
3 specifications. But we can certainly make everything we've
4 bid on.

5 MR. KAPLAN: Commissioner, unlike some of the
6 other piped products the Commission is familiar with, where
7 there's standard sizes and they're stocked at a distributor,
8 and you know, if you're going to put in a sprinkler system,
9 you don't special order that. But in this industry,
10 everything is specified with special orders.

11 So it's that difference. It's not the commodity
12 in the sense you could pull it off the shelf and they make
13 these big runs of, you know, the generic stuff.

14 COMMISSIONER BROADBENT: Right.

15 MR. KAPLAN: But it is a commodity in the sense
16 that if you could make the product and you could meet the
17 specification, then it's sold on price. And no one will bid
18 a project or be invited to bid a project unless they think
19 they could make the product that's being asked for. If you
20 look at the responses about product availability and product
21 range and product specification and product everything, in
22 the staff report it shows overwhelming evidence of
23 comparability.

24 So you have other cases where, you know, it is a
25 generic product but you've still got to be API or you've

1 still got to be ASTM, and then everybody says could you make
2 it, and you go yeah, we're all ASTM. Well with these bids,
3 it's kind of like that. You're invited.

4 You could meet the spec, and what we have here
5 are producers of LSAW forever, for 40 years in large
6 diameters, ERW producers, helical producers making all sizes
7 and ranges, all diameters, and all wall thicknesses with the
8 exception of a very tiny part of the market, and that's why
9 they're invited to bid every time.

10 And why are they losing every time? They're
11 losing because of prices, and that's what the evidence
12 shows. Of all those instances where there was head to head
13 competition and the importer won the product that we have in
14 the staff report, the vast majority of them were won by the
15 imports on price.

16 And getting into the production process, the
17 Canadians had a mill they closed down in Portland with a
18 production process they use now to send the stuff out of
19 Canada. They bought a mill that was in California that made
20 spiral weld, and they just reopened it in Regina Canada
21 again.

22 COMMISSIONER BROADBENT: Okay, thank you.

23 MR. KAPLAN: Thanks.

24 CHAIRMAN JOHANSON: Commissioner Schmidtlein.

25 COMMISSIONER SCHMIDTLEIN: Okay. I have a

1 couple more questions. Mr. Kaplan has referred a couple of
2 times to the bid data that's compiled in Table IV-5 or V-4,
3 excuse me, Roman numeral V-4. So my question is what are we
4 to make of this, where of the bids that were submitted, the
5 number of winning bids, we have 40 for the U.S., 45 for
6 subject sources.

7 Of those bids, the winning bid was not the
8 lowest price, where the U.S. won 18 bids where it wasn't the
9 lowest price, and subject sources won of their 45 12 bids
10 where it wasn't the lowest price. Does that suggest that
11 these bids aren't really awarded just based on price? Why
12 are these companies winning bids when they're not the
13 lowest?

14 MR. CLARK: This is John Clark from Stupp.
15 Sometimes the absolute lowest price may be within tenths of
16 percents or very few dollars per ton, very small amounts but
17 it was technically the lowest price, and let's say a
18 producer has no track record with that particular purchaser.

19 If it's only going to be a few thousand dollars'
20 difference for, you know, 50,000 or 100,000 tons of pipe,
21 they may not go with a new supplier just to meet that lowest
22 price. But so although it may technically not be the lowest
23 price, there's certainly nobody paying a premium for spec
24 for spec pipe. MR. KAPLAN: Commissioner, if you
25 look at the subject source line, it may well be the price or

1 the case that the -- that the import won the bid, but they
2 didn't chose the lowest priced import. So you had domestic
3 producers were undersold or underbid by multiple foreign
4 importers, and they chose one that was, you know, the
5 second lowest price.

6 But nonetheless, they're typically choosing on
7 price and you could see, you know, kind of dramatically in
8 that subject sources line, the last two columns, where the
9 winning bid was lower than the United States in 23 cases,
10 and the winning bid was higher.

11 Those were the 28 instances where you had bids
12 from both the importers and the domestic. In other of those
13 cases, you didn't have two bids reported. So that's why I'm
14 concentrating on that, and it's particularly telling, that's
15 the import advantage.

16 COMMISSIONER SCHMIDTLEIN: So when the --

17 MR. STUPP: This is John Stupp, Stupp
18 Corporation. I'd also like to add that the numbers in here
19 are not inclusive of all costs on a project. So if you had
20 quoted prices that were very close and there's an inspection
21 cost. So if you have to send inspectors to a pipe mill in
22 Turkey, for instance, to watch their process, that's a cost
23 that's not put in by the pipe supplier. That's a cost that
24 the end user incurs.

25 So there are other costs that would make a

1 decision that's not necessarily covered in the bid price.

2 MR. NORRIS: This is Jason Norris, Dura Bond
3 Pipe. I'd also like to say keep in mind about what we said
4 earlier, about how this bid process works. So you're asked
5 to provide a price, and then you're asked to lower your
6 price to meet a competitive situation from a foreign
7 producer, and some of these are probably the result of that,
8 where the customer would like to buy a domestic product
9 because of cost savings, as John had mentioned, supply
10 chain risks, things like that.

11 So they use the foreign prices to drive your
12 price down. So that's probably reflected in those numbers
13 as well, where we're not the low bidder, but we've been
14 pushed down to the point where they're willing to do
15 business.

16 COMMISSIONER SCHMIDTLEIN: So are U.S. companies
17 winning business sometimes not just based on price though?
18 If they're willing to do business with you at a higher
19 price, does that mean it's not always on the basis of price?

20 MR. RIEMER: Ingo Riemer with Berg Pipe. The
21 problem is that this is not transparent. The procurement,
22 the purchasing department of the customer won't tell you
23 where you are.

24 They just pressure you and say look, you've got
25 to go and offer me a better price if you want this project,

1 and if you're desperate, you offer that price and then you
2 win the project. But they will not tell you that you are
3 the lowest or that you are not the lowest, because yeah.
4 They will not make that transparent. I don't like that.

5 COMMISSIONER SCHMIDTLEIN: Do you know whether
6 you're bidding against imports versus other domestic
7 companies?

8 MR. RIEMER: That is conveyed of course
9 confidentially by the procurement department. They tell you
10 maybe not the name, but they tell you it's foreign or it's
11 domestic, and usually it's foreign that we are competing.

12 MR. BRIGHTBILL: Commissioner, Tim Brightbill,
13 Wiley Rein. Sometimes this is asked in the way of is there
14 a price premium for a domestic product, and I think these
15 witnesses could tell you that there -- because it's a
16 bidding process and very pure, it's overwhelmingly
17 price-based. To the extent there's any premium, it's
18 extremely small and it's also decreased over the period.

19 MS. EL-SABAAWI: This is Laura El-Sabaawi from
20 Wiley Rein. I would also just mention again that what we do
21 have that's been transparently reported as the purchaser's
22 switched from buying domestic to subjects over the period,
23 and for 792,000 tons, and they've admitted that that was
24 because of price.

25 COMMISSIONER SCHMIDTLEIN: Okay, okay. Thank

1 you for those answers. Shifting gears, one topic I haven't
2 asked a question on is this like product issue, and I'm not
3 sure if anybody else -- I know there have been other
4 questions.

5 But I'm not sure if you've addressed directly
6 the information that was compiled in this final
7 investigation. In the prelim we said that, you know, there
8 was a limited record regarding producer and customer
9 perceptions and channels of distribution.

10 So now we have a fuller record, and specifically
11 at Table Roman numeral I-6, where we ask for purchasers'
12 views on comparability, and that's not confidential. So
13 when you look at that table, you see the overwhelming
14 numbers in terms of when purchasers view line pipe versus
15 structural pipe to be comparable, they've answered never
16 with regard to physical characteristics.

17 I mean there are a few that answered somewhat,
18 and a few. But the vast majority are in the never category
19 for physical categories, interchangeability, manufacturing.
20 Manufacturing is a little more evenly split, channels of
21 distribution. But then you get to perceptions and price,
22 and those were overwhelmingly never.

23 How should we consider this additional
24 information, and then in addition to that, in the next
25 table, Table I-7, where we have the channels of distribution

1 here with regard to whether they're going to distributors,
2 oil and gas end users or other end users, and those numbers
3 are confidential. But you can see they are pretty different
4 when you look at line pipe versus structural pipe.

5 MR. GRIGGS: Robert Griggs, Trinity Products,
6 and I'm looking at this today, and it says "physical
7 characteristics." If you're talking to a line pipe producer
8 that's going to be using material from gas transmission, the
9 physical characteristic could be the yield and tensile of
10 the steel. So all the gentlemen here, most of the gas
11 producers here use X60 and X70 and that's been documented,
12 and the reason they would say it was different is because
13 when we're selling structural, we're selling at 45,000
14 yield.

15 So that is -- that is they would say every time
16 no, I'm buying 70,000 yield and I'm not buying 45,000 yield
17 that's in the structural process. That's the raw material
18 and it is physical difference.

19 Secondly, the equipment that I have and also
20 Skyline has can make API pipe and make line pipe, and we
21 make it to those physical tolerances of diameter,
22 percentages of modality. We do it to welding
23 specifications. But most of the people you're talking to,
24 we had a smaller number of structural people that you all
25 would have contacted.

1 These would have been oil and gas people that
2 would think of structural pipe totally differently because
3 they're buying high end pipe.

4 COMMISSIONER SCHMIDTLEIN: Okay.

5 MR. CHEFREN: This is Mike Chefren from Skyline.
6 We also produce pipe like Robert, but have also bought pipe
7 from every, almost every supplier and every other company in
8 here to use on structural applications.

9 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. I
10 would just say the way you approach like products is you
11 look at all of these characteristics, and we've been through
12 the fact that there is an overlap on many of them. We're
13 not saying that you would transmit oil or gas through an
14 ASTM-approved pipe. But you've heard that API pipe can be
15 used in structural, that primarily structural manufacturers
16 are making to API specifications, even if they don't test it
17 at the end.

18 So there's overlap on a variety of these
19 characteristics, and I think what you see in the purchaser
20 is sort of an oversimplification that one is API and the
21 other ASTM, and then the two never come together. You see
22 -- I look at this data and I see an overlap in what
23 producers said, and even in what some purchasers said.

24 Of course, as the Commission knows, you have
25 routinely grouped together products within a domestic like

1 product continuum, even if they're not interchangeable for
2 end uses.

3 COMMISSIONER SCHMIDTLEIN: Okay, thank you very
4 much.

5 CHAIRMAN JOHANSON: Commissioner Kearns?

6 COMMISSIONER KEARNS: That's a great segue for
7 me. I'm looking at page I-40 of the prehearing report,
8 which shows the average unit values of line pipe and
9 structural pipe. I was surprised to see that in a couple of
10 instances, actually maybe in more instances than not,
11 structural pipe has a higher AUV than line pipe. Can you
12 comment on that?

13 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. The
14 data's confidential, so I don't think we can go too far on
15 this.

16 COMMISSIONER KEARNS: Okay.

17 MR. BRIGHTBILL: But I do think there's probably
18 some product mix issues. We can try and explain. But
19 ultimately, you do see an overlap where, again, perception
20 may be that there's a huge difference, but depending on
21 certain characteristics, the AUVs may be very comparable.
22 So that supports our single-like product point.

23 COMMISSIONER KEARNS: We don't have on the record
24 any, you know, apples to apples comparison of same-diameter,
25 same-grade, structural versus line, I don't think. Because

1 as you said, there probably is product mix issues here. But
2 any way of estimating what the price difference would be?

3 MR. BRIGHTBILL: I think we should probably check
4 with the group and put it in confidentially.

5 COMMISSIONER KEARNS: That'd be helpful.

6 MR. BRIGHTBILL: In a lot of situations, there
7 would be a difference, based on the testing requirements,
8 but if the manufacturing process is dominated by the raw
9 materials and the raw materials are the same for both, or
10 can be the same for both, it's not surprising that there's
11 some overlap.

12 COMMISSIONER KEARNS: Right. Especially if we're
13 talking about structural pipe that you didn't know was
14 structural until you've finished producing the line and it
15 didn't turn out quite the way you wanted it to. So it's the
16 exact same pipe, you just have to decide its --

17 MR. BRIGHTBILL: Absolutely. That determination
18 is not made until the finishing stage and the testing stage,
19 exactly.

20 COMMISSIONER KEARNS: And have we covered -- I
21 don't know if this question's been asked before. Apologies
22 if it has -- but, do we have any estimate on what percentage
23 of structural pipe in the market is, you know, flawed line
24 pipe, or flawed line pipe or line pipe that was sitting in
25 inventory and so you sold it in structural. Any estimates

1 on that?

2 Or to ask it the opposite way, what percentage of
3 U.S. producers are producing structural pipe, intending to
4 produce structural pipe when they produce it?

5 MR. BRIGHTBILL: There are a large number,
6 including some that are primarily line pipe producers, but
7 have produced or, during the POI or before, for structural
8 applications like the Tappan Zee bridge that you heard
9 about, and then others. So, I think you probably have in
10 the confidential data. The percentages of production from
11 some of the individual producers that would shed some light
12 on that --

13 COMMISSIONER KEARNS: Okay.

14 MR. BRIGHTBILL: -- and discuss it, but --

15 COMMISSIONER KEARNS: Okay. This --

16 MS. EL-SABAAWI: This is Laura El-Sabaawi from
17 Wiley Rein. Just wanted to say quickly, back on the price
18 point between structural and line pipe, the prices
19 themselves may be confidential, but you do see publicly
20 that, again, the trends are very similar for structural and
21 line pipe, where they were both, for U.S. producers, pushed
22 down over the period of investigation, because of subject
23 imports. So, it's all in the same time.

24 COMMISSIONER KEARNS: Okay.

25 MR. STUPP: This is John Stupp from Stupp

1 Corporation. We also have a structural steel fabricating
2 business and there are times when we buy a pipe product from
3 a distributors, a truck-load price of a structural commodity
4 can be very different than a 40- or 50,000 ton negotiated
5 pipeline product. So it's kind of hard to know what this
6 data is without some sort of idea of the quantities.

7 COMMISSIONER KEARNS: Okay, okay. Thank you.

8 MR. CLARK: This is John Clark with Stupp. I
9 just also -- you asked which of the domestic manufacturers,
10 you know, of line pipe put that focus on line pipe, but also
11 made structural. I think most of us, if not all of us, have
12 intentionally made structural pipe. When there's a project
13 out there, we certainly have at Stupp, on numerous
14 occasions. But the volume, the demand in volume for the
15 structural is much smaller than the line pipe. So it's a
16 smaller portion of what we do just because the demand is
17 smaller for that.

18 COMMISSIONER KEARNS: Sure, okay, thanks. And
19 then, more of a legal question. And apologies. I think,
20 maybe Chairman Johanson asked a question along these lines.
21 But, you know, I'm trying to understand what would the
22 precedential impact be if we find one like product here,
23 line and structural, given that we haven't in the past -- I
24 think we have reviews coming up -- you know, it seems to me
25 that the difference between this case and those cases is the

1 scope. That you've got a different scope here and we need
2 to start with the scope. But can you comment on that?

3 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein.
4 Yes, and we'll add some more in the post-hearing brief. But
5 yes, every scope is different and that informs the like
6 product determination. Your like product determinations can
7 evolve over time as well. That's not -- you're not required
8 to maintain the same approach across cases, over years.

9 And I think when, in particular, when you look at
10 the growth of the competition from the subject imports, the
11 nature of the bidding, the ability of foreign producers to
12 do both if needed, to do both line or structural if needed.
13 And also the issues we see in the market with regard to
14 evasion and circumvention and so forth.

15 All of those could inform a like product decision
16 that might not be the same as what you've done in the past.

17 COMMISSIONER KEARNS: And just to follow up on
18 that. In the past, the scope has been limited to line, I
19 think, and sometimes structural, but in general, line. If
20 that's right, is there anything you can point to
21 post-hearing that would show that, when you brought it just
22 on line, that the countries that were covered by the order
23 on line, ended up producing and selling into the U.S. more
24 structural? And which is what you had said earlier is the
25 concern here. If we didn't cover structural in the past,

1 it'd be good to know what happened in the past.

2 MR. BRIGHTBILL: We'll look at in the
3 post-hearing. And of course, there's not that many
4 countries under order for large-diameter line pipe. Japan
5 is under order, and then certain sizes for Korea and Turkey.
6 So it's a -- this is not an area where there are lots and
7 lots of trade remedy orders on many, many countries.

8 COMMISSIONER KEARNS: Okay, thank you. Turning
9 back to the bidding process, Dr. Kaplan, I think you had
10 said that sometimes maybe the reason why the lowest bid
11 didn't necessarily win--or actually I'm not sure whether it
12 was Dr. Kaplan, maybe it was one of the industry
13 witnesses--but it could've been that it's just slightly
14 lower.

15 But if we look at the data on Page 5-9, I think
16 we can see overquoting there. And it doesn't seem like, you
17 know, at least in the aggregate that we're talking about,
18 small differences in pricing. It seems like it's a pretty
19 wide range. Can you speak to that?

20 DR. KAPLAN: Yes, I believe it was Mr. Clark was
21 talking about --

22 COMMISSIONER KEARNS: Okay.

23 DR. KAPLAN: -- the market changes, but this -- I
24 did address the issue in response to Commissioner
25 Schmidlein with Table 5-4 where you could see two import

1 bids that are both lower than domestic bid. And one import
2 bid that's the higher one wins. It's still the import that
3 won due to price, because they're below the domestic
4 producer. And that is consistent in the data that the
5 Staff Report shows.

6 COMMISSIONER KEARNS: Okay.

7 DR. KAPLAN: I'll address this in the
8 post-hearing.

9 COMMISSIONER KEARNS: Okay, thank you. I'd
10 appreciate that. And then going back again to market share,
11 I mean I think what I heard is, you know, we had asked,
12 well, if less than 3% market share is lost to subject
13 imports, given the kind of lumpy market here, you know, how
14 seriously should we take that?

15 And I think one response was, you know, that
16 would be a good reason to look at the lost sales to show
17 that, you know, there are situations where subject imports
18 are taking sales from the U.S. Can we use that same data?
19 Because it would be wrong, of course, to just look at lost
20 sales and not look at gained sales.

21 I mean if we have the situation where overall,
22 you know, you may be gaining market share over, say, Canada,
23 even though there might be some lost sales with respect to
24 Canada, what should we do? Do we need to also look at
25 gained sales in order to get a better idea of the overall

1 impact of what's happening? Trends?

2 DR. KAPLAN: Commissioner, I think in a big case,
3 especially in a declining market, the absolute volume,
4 irregardless of whether share is increasing or decreasing,
5 that you could point to, especially when it's head-to-head,
6 especially when the record shows products are
7 interchangeable, especially when the record shows an
8 individual project they picked up share, they picked it up
9 because of price, that is enough by far.

10 As I said, the idea that over a period of
11 investigation, if the imports are entitled to some share
12 when they're dumping in a declining market, is a
13 head-scratcher for me. The shares do tell you something
14 about relative prices in a more commoditized market with
15 lots of buyers and sellers.

16 Here you could, in essence, dig deep and look at
17 an individual sale and say, when we add those up, are they
18 injurious to the domestic industry, whether they won or lost
19 other ones? If those are won or lost due to dumping, and
20 there's a big volume of them, and we're sitting with a lot
21 of empty capacity, and the record shows that they're winning
22 them on lower prices, I'm shaken --

23 And you know that both the Indians and the
24 Canadians decided, as a multinational company to produce in
25 their home countries and dump in the United States, rather

1 than produce domestically with facilities they have here, it
2 tells you, I think, more than you need to know, about
3 whether there's injury coming from these imports.

4 COMMISSIONER KEARNS: Okay.

5 DR. KAPLAN: There's a volume effect, there's a
6 price effect and a cost effect.

7 COMMISSIONER KEARNS: Okay, thank you. My time
8 is up.

9 DR. KAPLAN: You're welcome.

10 CHAIRMAN JOHANSON: How do you respond to the
11 statement of the respondents that price is considered only
12 after specifications, quality, delivery schedule and other
13 concerns are met. And do these factors apply equally in
14 both LW line pipe and LDW structural pipe?

15 MR. GRIGGS: I'm sorry? Would you just repeat
16 that one more time.

17 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. I
18 can start. I mean, price plays a role when it -- once
19 everyone is qualified, once someone meets the minimum
20 specification or the minimum requirements in the bid, then
21 price is what's determinative. And so, you know, everything
22 is produced to specification that the domestic producers can
23 meet and the subject importers. And it's produced to a bid
24 package that specifies other things that have to be met.
25 And after those things are met, which they can be met by a

1 lot of people that are on the approved manufacturers list,
2 and price is determined. But --

3 MR. GRIGGS: Robert Griggs, Trinity Products. On
4 the construction end and infrastructure side, prices,
5 because we have totally similar products, it's 36 by one-half, it's
6 24 by five-eighths, it's all these things that are in this bid. It's
7 always price. It can be delivery, but over the past
8 thirty-six months, we've all had capacity. So it can't be
9 capacity-driven.

10 We always get down to price. And our customers,
11 the same as the line these gentlemen sell, they don't tell
12 us the price of the import. They simply say to me when I
13 lost La Guardia, my customer said to me, "You're 18% off."
14 And I was the low domestic producer. So I can backtrack and
15 find out my price and they just don't give you a number.
16 And it always get to price with a similar product.

17 MS. EL-SABAAWI: This is Laura El-Sabaawi from
18 Wiley Rein. I would also just look at Table 2-6 of the
19 Staff Report where we have what purchasers actually reported
20 to the Commission as their most important purchasing factors
21 and far more purchasers reported price as one of their top
22 three purchasing factors than any other factor, including
23 quality, availability, delivery. Prices, by far, reported
24 as the most important.

25 MR. GRIGGS: Because it is a similar product,

1 because we're all producing the product who I compete
2 against. It just gets to price. That's the determining
3 factor.

4 DR. KAPLAN: I would add, if you look at the
5 product specification line on Tables 2-29, that for example,
6 the first one's Canada, the U.S. is found superior by two,
7 and then the other twenty-two find it comparable. With
8 respect to China, the United States is superior. Eleven
9 found it comparable, and I think if you go
10 country-by-country you see that.

11 So this data is kind of inconsistent with, I
12 think, the attempt to cherry-pick a project or two. And I
13 think, in particular, the lie was put to the affidavit about
14 a major project that was said to be on specification and no
15 price, and the person that bought the damn thing said it was
16 on price. I mean, so I'm trying to square the circle. Your
17 staff report seems relatively definitive on these issues.

18 And the individual projects that were pointed
19 out, we've tried to address them specifically, and have, I
20 think, you know, the best evidence you could get, the person
21 buying it saying why he did it.

22 So we're a bit flummoxed here as we talked
23 yesterday about this, given the high quality of the
24 producers, the types of projects they've supplied, the fact
25 that they're asked to bid on projects where no one would

1 invite them if they couldn't make it, the fact that they
2 wouldn't show up and waste their own time if they couldn't
3 think they would make it to win the bid.

4 So, yeah, you need to meet specification, but
5 that's true in pipe that is in the sprinkler system, too.
6 And we do, in these projects. Thank you.

7 MR. NOLAND: Commissioner, the line pipe buyers
8 specifically, they're typically only going to invite those
9 manufacturers that they have an awareness can meet the
10 specification. And they're going to ask you that question
11 in the bid, but they have an approved manufacturers' list.
12 Most of these subject importers are on that list, along with
13 the domestics.

14 So that doesn't mean that everybody is invited to
15 bid. And there're certainly mills around the country that
16 can't meet their specification. But once you get on their
17 AML and you say in your quotation that you'll meet their
18 specification, or maybe meet their specification with one
19 small exception here or there, then it comes down to price
20 at that point.

21 CHAIRMAN JOHANSON: Okay. Thanks for your
22 responses there. I'm gonna move on to something else now.
23 Have any of your firms made changes to your operations as a
24 result of the Section 232 measures? And what has been the
25 overall effect of Section 232 on your operations?

1 MR. GRIGGS: Robert Griggs, Trinity. 232 has
2 done nothing for us. I will tell you what it has done. Our
3 customers are paying a little bit more attention to us,
4 giving us a little bit more attention and possibly quoting
5 more. But it hasn't helped. What you all have done in the
6 preliminary is the real thing that's helped the structural
7 business with Trinity Products. The 232 is a net neutral
8 for us.

9 MR. NOLAND: Jon Noland with American Steel Pipe.
10 Because our raw material prices, once the -- even before the
11 232 went into effect, when there were rumors that it would
12 go into effect, you saw a rapid increase in steel prices and
13 our raw material prices.

14 So I would say at best, for the pipe
15 manufacturers, the 232 is a push, because the predominant
16 part of our costs is our steel, our raw material. And those
17 prices have gone up at least 25% as a result of the 232. So
18 yes, pipe is part of the 232 and imported pipe is subject to
19 the 25% tariff, but because our raw material prices have
20 risen at least that or more, then there's been no advantage
21 to the pipe factors.

22 CHAIRMAN JOHANSON: So price has gone up for
23 everything then? It's increased your raw material costs.

24 MR. NOLAND: That's right.

25 CHAIRMAN JOHANSON: Okay.

1 MR. RIEMER: Ingo Riemer with Berg Pipe. I can
2 concur here with my colleague. So the 232 was announced in
3 early March and it took until June until we booked a major
4 order, we were able to book a major order, although our
5 capacity was sitting idle or on one-shift operation. So
6 despite the 232 efforts, we still kept losing projects to
7 subject countries.

8 MR. STUPP: This is John Stupp. I would concur
9 with my colleagues. The 232 has had no impact on our
10 business. The advent of the trade cases is much more
11 powerful and would be much more potentially permanent.

12 MR. CLARK: This is John Clark. I'm also with
13 Stupp. I would like to add to John Stupp's comment. You
14 know, it hasn't changed our operation. It really couldn't
15 change our operation because of the volatility of 232, the
16 stability is just not really there. It could change at any
17 moment. As a matter of fact, there was an article in the
18 AMM that the 232 for Turkey may be changed from 15 back to
19 the 25.

20 So changing our operation just wouldn't seem
21 prudent, given the volatility of the 232s. But what may not
22 have been clear from John Noland's comments where he was
23 saying that the cost of our raw materials went up, they did.
24 But the cost of our raw materials went up where the cost of
25 the imported subject imports' raw materials did not go up.

1 So the cost of our raw materials went up about
2 the same as the 232 duties coming in. So it's about a wash.
3 That's why people are saying it's a wash. As our costs went
4 up, the imported products' raw material costs did not.

5 MR. NORRIS: This is Jason Norris, Dura-
6 Bond Pipe. 232s have also been a net neutral for us. Our
7 raw material costs have gone up in pretty much lockstep. If
8 it's a temporary--we view it as a temporary measure--it
9 could disappear at the whim of the Administration.

10 Some countries have agreed to quote us. Others
11 have to pay a tariff. Those also could disappear. There's
12 a lot of uncertainty.

13 What has provided stability that we feel building
14 is the preliminary decisions made on the trade case for
15 large-diameter pipe. And we feel it's a much more permanent
16 and accountable situation.

17 MS. EL-SABAAWI: This is Laura El-Sabaawi from
18 Wiley Rein. Just one more note on the 232. There are a
19 significant number of exclusion requests for subject import
20 large-diameter welded pipe that are currently pending in
21 front of the Department of Commerce. Almost none of them
22 have been ruled on.

23 So for a lot of the subject imports we don't even
24 know if they will ultimately end up paying the tariffs or
25 not.

1 MR. BRIGHTBILL: And, Tim Brightbill, Wiley
2 Rein, one more note is, in addition to the article about
3 Turkey and the duties going down, clearly Canada is in
4 negotiations relating to the U.S.-Mexico-Canada Trade
5 Agreement, as far as a reduction or modification of the 232
6 tariffs, as well.

7 MR. RIEMER: Ingo Riemer with Berg Pipe. I
8 would like also to add, a prominent project that Borusan
9 brought up in their brief, it's about a Kinder Morgan
10 project that was booked by Borusan in January of this year.
11 So despite the trade case that was going on here, the
12 customer dared to place the order in Turkey.

13 We bid on this project. And then in February
14 there was the report coming out from DOC about the Executive
15 Order on 232 proposals for 12 countries being a tariff of 53
16 percent, including Turkey.

17 And at that time when this report came out,
18 immediately the customer came to us and said we're
19 considering your rebidding. Please bid again. We are
20 contemplating to pull it from Turkey again, and please
21 rebid. So we did everything again to bid it again. And
22 then on early March when then the decision was made, no,
23 it's not going to be option B as proposed by the DOC. We're
24 going to go with option A, which is the flat tariff of 25
25 percent.

1 That same day we received from Kinder Morgan the
2 information, don't worry, we'll leave it in Turkey. The 25
3 percent is something that we can handle.

4 CHAIRMAN JOHANSON: Ms. El-Sabaawi, you brought
5 up the exclusion requests. Have there been any exclusion
6 requests granted?

7 MS. EL-SABAAWI: Not to large-diameter welded
8 pipe.

9 CHAIRMAN JOHANSON: Okay.

10 MS. EL-SABAAWI: But most of them, again, are
11 still pending. So we don't know yet.

12 CHAIRMAN JOHANSON: Okay, thank you for your
13 responses. My time has expired.

14 Commissioner Williamson?

15 COMMISSIONER WILLIAMSON: Thank you. I have a
16 number of questions, so I don't want to dwell too long on
17 any of them, but this is one of the few cases where we've
18 actually had suppliers come in to testify. And I was
19 wondering--and I was particularly impressed with the
20 investments that the suppliers have made, the fact that
21 their prices are firmer. And I'm thinking about the
22 Respondents' complaints that, you know, the domestic
23 industry couldn't meet all the demand because of say not
24 being able to get the raw material.

25 So I was wondering whether or not--what the

1 suppliers would say about their ability to provide their
2 customers, say prior to the improvements in conditions in
3 the market and the earlier periods in the Period of
4 Investigation.

5 MR. KOPF: Yeah, this is Rob Kopf with U.S.
6 Steel. So we have had ample capacity in our network of
7 hot-rolling mills to be able to supply a great deal of
8 product.

9 I would call this group of customers of ours
10 sitting here a very strategic industry for us. In August,
11 we actually announced at our Gary Works Facility, which is
12 where we make a lot of the heavy wall X-70 substrate for
13 X-70 line pipe, we've announced \$750 million of investment
14 at our Gary Works Facility, and many of those dollars are
15 going to be earmarked for projects that will directly
16 impact this customer base here and our ability to actually
17 make more of the product.

18 With that said, we have never been constrained on
19 our ability to supply this industry product. We have, in
20 many instances in our history--their customers have waited
21 until the last minute to award them a job. They've come to
22 us asking for help, and we've melted and rolled steel in
23 three weeks, four weeks' time, breaking into existing
24 schedules.

25 We've had ample idle capacity at our Granite City

1 Plant in Illinois, 2.7 million tons of raw steel capacity
2 that we had to shut down partly because of imported line
3 pipe that was coming in, and structural pipe that was coming
4 in, taking their business.

5 We would have liked nothing more than to have
6 orders from this group of customers here that would have
7 allowed us either to not take it down originally, or to
8 restart it early.

9 I guess I'd like to make more comment. When you
10 look at the overall steel industry, there are those that are
11 going to argue that the 2016 hot-roll case was a cause for
12 their inability, our customers' inability to get product.
13 That is completely false.

14 The industry has operated at capacity utilization
15 rates in the 60s and 70s all the way through last year, and
16 through the first half of this year. We have never once
17 through June operated--

18 COMMISSIONER WILLIAMSON: Which--I'm sorry--
19 which industry?

20 MR. KOPF: I'm sorry, the steel-producing
21 industry that would supply them steel that they need to make
22 pipe. We have never once, through June of this year,
23 operated at an 80 percent capacity utilization rate.

24 So we have had ample capacity in our network to
25 supply them vast amounts of tons in the past, and we're

1 making room to make more for them in the future.

2 COMMISSIONER WILLIAMSON: Okay.

3 MR. CLARK: This is John Clark with Stupp.

4 Throughout the POI and since then we have had no difficulty
5 getting the materials that we need to make our customer's
6 requests.

7 We have, traditionally and still buy almost
8 exclusively domestic steel. U.S. Steel is one of our key
9 suppliers. And additionally, the majority of product that
10 we make is the high-specification X-70 steel. So we've had
11 no limitations or restrictions to get the steel that we need
12 to make our customers' requests.

13 MR. NOLAND: Jon Noland, American Steel Pipe. I
14 echo Mr. Clark. During the POI we had no problems getting--
15 and we buy almost exclusively domestic steel from U.S. Steel
16 and their competitors, and we've had no issues getting steel
17 in the time frame that we needed them to make the pipe.

18 COMMISSIONER WILLIAMSON: Okay, thank you--

19 MR. COATES: Kris Coates with SSAB, if I could
20 make a comment?

21 COMMISSIONER WILLIAMSON: Um-hmm.

22 MR. COATES: Our position--and we've always
23 maintained that we can supply the product to the market.
24 We've been pretty consistent in that. I would say that in
25 our testimony we referenced the additional capital

1 expenditure investment at our Mobile mill, specifically
2 related to the accelerated cooling technology and capability
3 that is primarily directed at this large-diameter welded
4 pipe market. And it's a key market for us and one that we
5 are enthusiastic about and happy to support.

6 COMMISSIONER WILLIAMSON: Thank you for those
7 answers. Before I forget, since this has always been a big
8 thing with me, thank you for this very well put together
9 book where everybody's testimony is right there and easy to
10 find. It is very helpful, as we're listening to the
11 witnesses testify.

12 And also, I think AMERICAN was--when I first
13 joined the Commission in 2007 we had a trip to Birmingham,
14 and I think AMERICAN was the first steel manufacturing
15 operation that I saw, so I want to thank you for that.

16 Just quickly, on demand going forth, with the--
17 from the increasing price of steel and all that--are you
18 seeing any projects that are not going forth because of the
19 changes in the market?

20 MR. CLARK: This is John Clark with Stupp. So
21 I've seen--we're bidding on the majority of the projects out
22 there and haven't seen any projects cancelled for the cost
23 of the steel. As a matter of fact, I was at an industry
24 conference just last week where they acknowledged that not a
25 single project has been cancelled because of the cost of

1 steel.

2 COMMISSIONER WILLIAMSON: Okay, thanks. That
3 answers my question.

4 MR. KAPLAN: And that's consistent with what the
5 staff said about the inelasticity of demand in the
6 information they collected, and my own analysis as well. So
7 the theory and the facts seem to fit together well on this
8 one.

9 COMMISSIONER WILLIAMSON: Good. Okay, thank
10 you--

11 MR. KOPF: Commissioner Williamson--this is Rob
12 Kopf with U.S. Steel--I'd like to make one more point,
13 please. I don't recall in 2008 when the price of hot-rolled
14 coil was materially higher than the peak it was earlier this
15 year that the cost of steel drove the welded line pipemakers
16 down to less than 30 percent capacity utilization. So
17 clearly the cost of steel is not the cause for the plate
18 that they're in today.

19 COMMISSIONER WILLIAMSON: Okay, thank you.

20 Mr. Griggs, since I grew up in St. Louis, I've
21 been fascinated by your testimony, but I was curious--
22 because you talked about things like the Tappan Zee bridge
23 and other public projects. To what extent does public
24 infrastructure projects where they might demand domestic
25 steel develop in this market? And would it change if we

1 ever had an investment infrastructure project as people have
2 talked about?

3 MR. GRIGGS: Well the domestic requirements tend
4 to be more smaller jobs. They're not--we're involved in
5 LGA, the Laguardia Project. That was not domestic. The
6 Port Authority in New York, we lost that to Turkish
7 material. So it tends to be more smaller projects that tend
8 to have the domestic content item.

9 We've been very successful in St. Louis. In St.
10 Charles we're on the N.S. Raw Road and we ship pipe from St.
11 Louis into the old U.S. Steel Plant at Fairless Hills at a
12 reasonable rate. And so we've been able to work in that
13 market up there and have become a sizeable force on the
14 construction side.

15 We hope infrastructure is going to happen. There
16 hasn't been a gas tax increase since 1983 or '86. So we
17 hope that happens. And we will rebuild all the bridges and
18 roads that need to be built in America.

19 COMMISSIONER WILLIAMSON: Thank you.

20 MR. CLARK: This is John Clark with Stupp. The
21 vast majority of volume that is consumed domestically is
22 from privately held companies, and I'm not aware of any of
23 the privately held companies that have any Buy American or
24 Domestic requirements with their supply.

25 COMMISSIONER WILLIAMSON: Okay, thank you. Let

1 me ask a couple more questions about the bid process.
2 Respondent Borusan state in its prehearing brief that
3 purchasers request U.S. producers to provide detailed
4 delivery schedules. What types of information are provided
5 in these detailed delivery schedules? And if you want to do
6 it posthearing, I could take it then, since I'm getting
7 blank looks.

8 MR. KIRKLAND: Jonathan Kirkland, Berg Pipe. We
9 can provide an example in the posthearing brief. However,
10 generally schedules will include sizes, the quantity, the
11 total quantity, and then the quantity produced for a week
12 throughout the duration of our production of that project.

13 COMMISSIONER WILLIAMSON: Okay. Yes?

14 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. We
15 can say some more in the posthearing brief.

16 COMMISSIONER WILLIAMSON: Okay, thank you. How
17 are purchasers aware of U.S. producers' existing capacity
18 when reviewing bids? And how is this information gathered
19 or evaluated? And do they take that into account?

20 MR. STUPP: This is John Stupp. Most of the
21 purchasers have had a long-term relationship with the
22 suppliers, and they know from any one project to another, a
23 mill's ability to supply the total product needed will
24 change, but that's why there are multiple bidders on the
25 approval list.

1 COMMISSIONER WILLIAMSON: Okay, thank you. And
2 if a producer is--you know, given the lumpy nature of
3 projects, would a producer at any specific point in time
4 decide maybe not to bid on a project because he says, well
5 I've got so much capacity here and I don't want to bid on
6 these small projects? So how does that fact that you want
7 the big projects, does that affect what people might bid on
8 and what they might not bid on?

9 MR. RIEMER: Ingo Riemer with Berg Pipe. I wished
10 we had a situation like that where we can pick and choose
11 the orders that we take on. We have not seen a situation
12 like that in years.

13 COMMISSIONER WILLIAMSON: Okay, thank you. And
14 the last question on capacity. In the context of the bid
15 cycles, project schedules, and produced to order product,
16 what is a healthy capacity utilization rate for this
17 industry?

18 MR. RIEMER: Ingo Riemer with Berg Pipe. So the
19 capacity utilization rate must be seen in connection with
20 the prices. If you receive an order at reasonable and fair
21 prices, you are not forced to go on two or three shifts just
22 to cover your fixed costs. And in the situation that we
23 are, we are forced to increase capacity utilization because
24 the margins are so thin due to the unfairly traded imports.

25 MR. STUPP: This is John Stupp. I'm not sure my

1 answer is going to be quite where your question was going,
2 but our capacity utilization has been, and actually
3 continues to be so low that it makes the business hard to
4 sustain. And the yo-yoing of work force is really
5 challenging in a low-unemployment era. So we need to build
6 up our capacity utilization to really stabilize the whole
7 business, well above where we are today.

8 MR. CLARK: This is John Clark, also with Stupp,
9 and just to add further to what Mr. Stupp said, even during
10 the period of 2015 when there was injury, we were operating
11 at a industry as a 50 percent capacity utilization. At
12 Stupp we've certainly operated at well more than twice where
13 we are today. So I don't know exactly what the desired
14 capacity range is, but it's significantly higher than it is
15 right now.

16 MR. KAPLAN: And, Commissioner, with respect to
17 labor, as obviously the capacity utilization increases the
18 amount of labor used increases. So from labor's perspective
19 as well, these levels of capacity utilization are highly
20 injurious with both shutterings and excess capacity.

21 So significantly higher than they are now. It
22 depends on the profitability of the projects, and it depends
23 on the size of the projects as well. So we'll address this
24 more in the posthearing brief, but it's well below anything
25 sustainable at this point. And they were injured--if you

1 can look at the financial data in the first year of the
2 Period of Investigation when capacity utilization was about
3 50 percent.

4 COMMISSIONER WILLIAMSON: Okay. Thank you for
5 those answers.

6 CHAIRMAN JOHANSON: Commissioner Broadbent?

7 COMMISSIONER BROADBENT: Okay. Let's see. This
8 would be for Mr. Noland, or--and Mr. Norris, and Mr. Stupp.
9 In your testimony you've been pointing out a number of
10 delayed capital investments, and less than expected returns
11 on capital investments during the POI. But this is a market
12 where apparent consumption fell by
13 25-1/2 percent between 2015 and 2017, and where the domestic
14 industry had capacity well over demand levels. What would
15 have justified these investments in the first place?

16 MR. STUPP: This is John Stupp. Speaking to the
17 pricing levels and the imports, the pricing has been driven
18 down so much in our industry that it's very hard to justify
19 making any sort of capital investment, not knowing if you're
20 going to be able to have a market price that's above your
21 cost of steel.

22 So there's just so much uncertainty, it's very
23 hard to justify continued investments. And we've all made
24 significant investments to this point in our businesses and
25 not seen any sort of decent return.

1 MR. NORRIS: This is Jason Norris of Dura-Bond
2 Pipe. As I stated in my opening statement, these
3 investments are necessary to be a viable business. One
4 thing's for certain with line pipe projects, the
5 specifications aren't getting any easier. Customers'
6 demands are increasing. Federal scrutiny and quality
7 standards are ever increasing, and you have to maintain your
8 facilities. You have to continually make investments in
9 your facilities with the latest inspection equipment and
10 processing equipment to remain viable and try to remain
11 competitive.

12 And as John has stated, it's almost impossible to
13 do when you don't know--when there's this much uncertainty
14 right now in the marketplace. And as I said, we've been
15 seeing some light at the end of the tunnel with the
16 preliminary decision. It's hopeful. Again, Section 232s we
17 think are going to go away. So for the first time in a long
18 time for us we see some much-needed help on the horizon and
19 we plan to move forward with those investments.

20 MR. NOLAND: Jon Noland with AMERICAN Steel
21 Pipe. The capital expansion that we made that we opened in
22 2015, we actually made that decision in early 2013. This
23 was after a period of 2011 and '12 where we had higher
24 demand. We had success, and we were operating at 80, 90
25 percent capacity utilization at that point.

1 So we were doing that in response to our
2 customers who said we need you to be on time. We need
3 faster deliveries. We--and so we made the investment to
4 respond and felt like when the next business cycle came that
5 we would be able to take advantage of that. But because of
6 dumped and subsidized imports, we haven't been able to
7 realize that investment.

8 So we spent \$70 million to double our capacity,
9 and then over the Period of Investigation our production
10 actually went down. So maybe in retrospect it wasn't a good
11 idea, but we felt like at the time that it was the right
12 thing to do.

13 COMMISSIONER BROADBENT: Okay, thank you. Let's
14 see. For Mr. Brightbill and Mr. Kaplan, in our preliminary
15 determination the Commission noticed that we'd have to
16 reconsider whether Evraz and Welspun should be excluded from
17 the domestic industry in the final phase.

18 Based on Table 3-10, should any U.S. producer be
19 excluded from the domestic industry as a related party,
20 given their primary interest in importation of the subject
21 merchandise during the Period of Investigation?

22 I know you had a pretty dramatic picture of the
23 factory being taken apart piece by piece and going to
24 Canada, so I wondered if we ought to exclude Evraz in
25 particular.

1 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. I
2 think we should address that in the posthearing brief, if
3 that's alright?

4 COMMISSIONER BROADBENT: Okay. This is for Mr.
5 Riemer, you argue that the first point at which the industry
6 experienced relief was not in January when the Petitions
7 were filed, or March when the Section 232 tariffs were
8 imposed, but this summer when provisional duties were
9 imposed.

10 Does this mean that we should take the first half
11 of 2018 into account when conducting our analysis of whether
12 the domestic industry was injured?

13 MR. RIEMER: Ingo Riemer with Berg Pipe. That
14 is correct. So the effect, or relief of--the relief, or the
15 protection from imports we have seen and felt only in June
16 of this year where we were able to book our first bigger
17 project since two-and-a-half years. There's never been
18 before that long. And it just shows that the customers did
19 not change their purchase behavior due to the filing of the
20 trade case, nor on the 232. Only when the preliminary
21 duties were announced and customers are scared about admin
22 reviews, they said, okay, now the uncertainty is great and
23 we'd rather place orders domestically.

24 I'm pretty sure we would have lost this order
25 also to foreign unfairly traded imports if it wasn't for the

1 preliminary duties.

2 MR. CLARK: This is John Clark from Stupp. I
3 would like to add that, although there was certainly a
4 bigger, more significant impact after the preliminary
5 determinations were communicated, we did see some initial
6 benefit over concern and speculation of what was going to
7 happen when the trade case was initially announced early in
8 2018.

9 So there was kind of a step change. One impact
10 very early on when it was announced, and then another one
11 when the preliminary determinations, because we had quite a
12 few of the manufacturers in the subject countries going
13 around telling all their customers, "Don't worry, this is
14 not gonna impact us. We're a friendly country. It's not
15 gonna be a problem." So there was a lot of questions of
16 what was actually gonna happen, and then were surprises with
17 the preliminary determinations.

18 COMMISSIONER BROADBENT: Okay. Let's see. Ms.
19 El-Sabaawi. Why did the domestic injury gain market share
20 and subject imports lose market share from 2015 to 2016?

21 MR. BRIGHTBILL: Tim Brightbill. While Laura is
22 looking at that, I think what we're looking at is the period
23 of investigation. And so over the period of investigation,
24 you see declining demand and you see imports taking greater
25 share.

1 So I think as the industry can testify, this
2 doesn't fall into, you know, neat increments of one year by
3 one year. I think you have to look at the period as a
4 statutory requirement is there, and that demonstrates the
5 harm in terms of the lost market share taken by the subject
6 imports.

7 MR. SZAMOSSZEGI: Andrew Szamosszegi, Capital
8 Trade. Another factor, and I think everybody here would
9 agree that, you know, in 2016, you're kind of wondering
10 what's going on, but in 2017, it's pretty clear that you
11 have an import surge coming into the market while your
12 capacity utilization is going down. So I think that a lot
13 of the injury that you see isn't just in 2016, but also
14 accelerated in 2017 when the import share is up from the
15 prior year, and when you get a lot of imports coming in.

16 If you look in, I believe, it's Table 7-24 at
17 what happened to the foreign exporters, you see that in
18 2016, their home market shipments are a lot higher. They
19 drop in 2017 and, lo and behold, their exports to the United
20 States increased by 200,000 tons. So I think, I mean, in a
21 lot of ways, 2017 is where the rubber hits the road for
22 these guys and a lot of the losses accelerate in terms of
23 capacity shutdowns and the like.

24 MS. EL-SABAAWI: This is Laura El-Sabaawi from
25 Wiley Rein. I think this is along the same lines of what

1 Andrew was saying. But I do think that some of the increase
2 in 2016 was likely due to projects that were, you know, bid
3 out prior to the period of investigation. And you saw the
4 effect then. But at the same time, I mean, in 2016, the
5 domestic industry was then losing substantial bids to the
6 subject imports, and then you see that later on in the
7 period.

8 COMMISSIONER BROADBENT: Okay, thank you. I'll
9 come back again later.

10 CHAIRMAN JOHANSON: Commissioner Schmidtlein?
11 Commissioner Kearns?

12 COMMISSIONER KEARNS: Thank you. Just one last
13 question. It does seem to some extent that what happened
14 is, I guess it was at the end of 2016 is when the hot-rolled
15 antidumping countervailing duty order went into place. So
16 I'm trying to determine, first of all, whether or not, you
17 know, we need to be thinking about a cost-price squeeze
18 after that point and what was happening in the market.

19 And I think, given the quotes we have in the
20 record, both from, I think this is in the first paragraph of
21 Borusan's brief, quoting you, Mr. Riemer. And then also
22 what we have in the record, a quote, I think from, from
23 Welspun about the impact of that order. You know, it does
24 seem like the costs went up. You weren't able to increase
25 your prices accordingly because you were facing unfairly

1 traded imports from the subject countries.

2 But, I guess, what I'm really trying to figure
3 out is, we've been talking, I think both sides responded.
4 Some petitioners have been talking about an increase in raw
5 material costs over the POI, but our data, I'm looking at
6 the Table, the C Table, it shows that our unit Cost of Goods
7 Sold, are dropping from 2015 to 2016, 2016 to 2017, and it's
8 only in 2018 that they start going up.

9 Can you speak to that? What, yeah, I guess it'd
10 be Mr. Kaplan. When did costs start to go up? Is there
11 something wrong with these data? What do you think?

12 DR. KAPLAN: Well, part of it is the issue with
13 when you book costs and you typically book costs when you
14 book the revenues. And so to the extent that there is a lag
15 between the order and the purchase of the steel and booking
16 it, you're gonna get some shifting going on. I mean in case
17 after steel case, the effects of the imports were showing
18 up, you know, six to nine months later.

19 You get inherent lags here, which makes it, I
20 think sometimes a bit of a fool's errand, to go year by
21 year by year and data point by data point. You can, but
22 there's lot of noise going on, because of these lags. And
23 it could be a three-month lag, but if it moves it from the
24 fourth quarter to the first quarter, it affects the whole
25 yearly data, because it's collected on a yearly data.

1 What you did see and it's on my Slide 15, is
2 you're correct. You saw gross profits fall, which is the
3 indicator of a cost-price squeeze difference between price
4 and COGS, and then it went up a big in '17, but over the
5 whole period it went down. And the little improvement you
6 did start to see was it's still below '15, because this is
7 on percentage terms. This isn't, you know, a aggregate
8 dollar amount. It's still below '16.

9 We're seeing a little bit of improvement in '18
10 that might have to do with the initiation of the cases. It
11 might have to do with the lags. It's all below '15. And so
12 there has been a cost-price squeeze and in a situation where
13 you don't have this type of underselling data with
14 head-to-head with an individual product across all sales,
15 this is a good indicia of the price effects.

16 So I would put more liability than normal on the
17 cost-price squeeze because you don't have pricing product
18 data to look at that more directly. And then you have the
19 bid data to look at individual, say, so that's where I'd go
20 here, in terms of evidence.

21 COMMISSIONER KEARNS: Okay. Thank you. I have
22 no further questions.

23 CHAIRMAN JOHANSON: What role should the Section
24 232 measures play in our consideration of threat of material
25 injury in these investigations? Do these measures serve as

1 a barrier to the U.S. market as respondents contend?

2 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. I
3 can just start. Again, some of the things we highlighted
4 earlier. These remedies are unknown duration, they could
5 disappear at any time. There are exclusions that have been
6 requested that are pending and they cover many of these
7 large projects that we've discussed throughout the day.

8 You have indications that the level of duties
9 might change on Turkey, or that they might be switched to
10 something else for Canada. So, in terms of threat, we think
11 the statutory threat factors are met in terms of all of the
12 things that have been put forward and Section 232 is not
13 going to prevent that threat from occurring absent trade
14 relief.

15 And as raised by all the participants here, they
16 haven't seen the benefit from that. So because it raises
17 input costs, as well as raising the price of the final
18 product, that doesn't, you know, diminish their
19 vulnerability and they are vulnerable given the low
20 profitability rates and the low capacity utilization rates.

21 And that also is consistent with the effects of
22 increased activity from the orders of people asking them to
23 bid again. It's on the final product. It's not on the
24 input as we hear today. So the foreign producers don't get
25 an advantage with the 232 where they don't have their home

1 market input costs go up, where we do. So it's important to
2 have this order in place to offset those benefits and the
3 dumping.

4 MR. NOLAND: Jon Noland, American Steel Pipe.
5 The 232 is in place for the benefit of the steel
6 manufacturers. It's only in place on pipe to keep us from
7 being at a disadvantage.

8 So the 232 is not relevant in this case because
9 it gives no real advantage to the domestic pipe mills,
10 because whether you buy imported steel or domestic steel,
11 those prices have gone up at least 25% since the
12 announcement of the 232. So our input costs have gone up
13 and it's true that the importer pipe has gone up 25 -- they
14 have the 25% tariff, but it's a net neutral at the end of
15 the day.

16 MR. BRIGHTBILL: In our brief, we also, and I
17 can't find the page right now, I'm sorry. We addressed how
18 the Commission has dealt with 232 recently and similar sort
19 of forward-looking situations like Sunsets. And I would
20 point out that threat requires you to make a forward-looking
21 determination and for those reasons, you would reach the
22 same result that -- you look at the threat factors, but 232
23 is not one that's going to radically change your analysis.

24 CHAIRMAN JOHANSON: All right. Thank you for
25 your responses. Commissioner Williamson? Commissioner

1 Broadbent?

2 COMMISSIONER BROADBENT: Yeah, I just had one
3 more question for Mr. Riemer of Berg and Mr. Norris of
4 Dura-Bond. I'm just trying to square some of the testimony
5 that you gave us during the CTL plate hearing. Mr. Riemer,
6 on behalf of Berg, I think you talked about injury instead
7 of coming from large-diameter line pipe, coming from being
8 cut off from your raw material.

9 And you said customers will abandon Berg and will
10 seek foreign pipe producers who have access to qualified
11 plate, severed from Arson and this goes on, "Severed from
12 our supply chain, we have been unable to participate in
13 several large pipeline projects of total quantity of more
14 than one million tons. We, you know, sent out notices to
15 cut our workers down to around 400 in December," etcetera.

16 And then Mr. Norris, you had sort of similar
17 testimony related to Dura-Bond's experience and access to
18 POSCO as a plate supplier. You said being cut off "would
19 severely damage Dura-Bond by causing us to lose orders to
20 offshore producers of large-diameter line pipe that have
21 access to U.S. markets and will buy the steel from foreign
22 sources. This would place in jeopardy 450 good-paying U.S.
23 manufacturing jobs."

24 So this was the injury you were seeing during the
25 CTL plate hearing and now, you've put it onto the imports of

1 pipe. And I just wondered if you could square that for me.
2 Thanks.

3 MR. RIEMER: Ingo Riemer with Berg Pipe. So what
4 I testified three years ago, described the situation of the
5 POI at that time, which is four, five, six years from today,
6 the situation has changed in the meantime.

7 So my main concern was two-fold. It was
8 allocation that we felt that allocation and the steel
9 industry was not proper for the API industry that we are in.
10 And that foreign producers would have allocated more. And
11 the second was that we had quality concerns in some
12 instances.

13 So in the meantime, this was three years ago, we
14 are in the very intensive discussion and communication with
15 our steel suppliers, and they have heard us. So this
16 embarrassing situation where you testify against your
17 supplier, your supplier testifies against you as a customer,
18 that, of course, led to and closer corporation.

19 So everybody understood that we had a point here.
20 SO the result is, as we heard today, also from U.S. Steel or
21 from SSAB, there are multiple major investments made. Since
22 then, we also consulted our suppliers in what we need, and
23 they heard us. So that is with regard to quality and
24 quality control and with regard to allocation, we heard all
25 through today and we know that the allocation for the API

1 business has increased.

2 So the steel can be formed in a lot of products
3 and our claim back then was that they do not allocate enough
4 for the API business and use it for yellow goods or for
5 automotive or whatever. And insisted on them giving us a
6 bigger share of their production or even expand their
7 capacity. Both has been done.

8 MR. NORRIS: This is Jason Norris, Dura-Bond
9 Pipe. I concur with Mr. Riemer. We were very afraid at
10 that time that the steel that we could use to make pipe, we
11 were buying domestic and we were buying offshore at that
12 time for this particular project, would just be shifted down
13 the supply chain. Where the pipe now would come in with the
14 same steel. It would be tariffed if it came into the United
15 States.

16 That's exactly what happened. So the domestic
17 manufacturers of API plate for us and hot-rolled coil, did
18 make investments in their facilities. They had claimed that
19 they were gonna do that during that hearing. And they did.
20 So both of our suppliers, one of them which is here today,
21 has made significant investments, and we've shifted all of
22 our raw material purchased to domestic sources.

23 U.S. Steel talked about the opening of the
24 Granite City facility. We are purchasing hot-rolled coils
25 off of that facility for our newly opened McKeesport tubular

1 mill in X grades for API pipe. So, you know, that's --
2 again, that's the 232 tariffs have also -- that's been one
3 of the positive effects is that the domestic industry has
4 stepped up to the plate to provide us with the materials
5 that we're gonna need to make our pipe.

6 COMMISSIONER BROADBENT: Okay. Just one more
7 question for Mr. Riemer. Just to kind of square this
8 testimony that we had. You were talking about this in April
9 of 2016 and then you said, you know, the problems on the
10 plate were plaguing you in November 2016 and then you lost
11 your sale and this wasn't really three or four years ago.
12 This was much more recently in 2017 that you lost that
13 sale.

14 MR. RIEMER: So in November was Berg Pipe. So,
15 but it's now almost three, or two years ago with the
16 situation that I described back then was describing the
17 situation from three years of period of investigation, from
18 that point. And as I said, the domestic steel industry has
19 understood and they did the measures and in the period of
20 investigation of the Cut to Length trade case, we did lose
21 orders because we did not have the allocation needed for
22 projects. That is still true.

23 COMMISSIONER BROADBENT: Okay. Well, just on the
24 timing, your quote is, "This is what I predicted in my April
25 testimony and here's what happened during the past eight

1 months," and that was November, 2016. But you can just take
2 a look at that for the post-hearing.

3 MR. RIEMER: Okay. I will look into that.

4 COMMISSIONER BROADBENT: Thank you.

5 MR. RIEMER: And respond in the post-hearing
6 brief.

7 MR. BRIGHTBILL: Tim Brightbill, Wiley Rein. The
8 sales that were lost on large-diameter pipe were not lost
9 because of these raw material conditions. They were lost
10 because what was dumped, hot-rolled and plate, is now coming
11 in as dumped, large-diameter welded pipe and causing the
12 harm that you've seen.

13 COMMISSIONER BROADBENT: And he was saying it was
14 something different in November of 2016.

15 MR. BRIGHTBILL: I don't think there's
16 inconsistency there, but we'll look at it and put it in the
17 brief.

18 COMMISSIONER BROADBENT: Okay, thank you.

19 CHAIRMAN JOHANSON: Commissioner Schmidtlein?

20 COMMISSIONER SCHMIDTLEIN: I just had one more
21 question. I know there's been some discussion of the
22 exclusion request for 232s, I believe a little bit, but I'm
23 not sure if it was asked directly. How should the
24 Commission consider any exclusion requests from U.S.
25 purchasers that are based upon statements that they are

1 unable to get certain grades or sizes from U.S. producers?

2 MR. CLARK: This is John Clark from Stupp. I
3 think how you should consider the 232 requests or consider
4 some of those responses, because many of those assertions
5 that they were unable to get the product, are just flatly
6 refuted by the domestic producers. And in our confidential
7 submission, there is quite a few specific examples where
8 we've made exactly the same pipe that they're saying they
9 can't get on this exclusion request. We've made that same
10 pipe for that exact customer in the past.

11 COMMISSIONER SCHMIDTLEIN: Okay.

12 MR. STUPP: This is John Stupp. I would add to
13 Mr. Clark's comments that I take in a lot of these exclusion
14 requests, price was the whole driver. But the companies are
15 trying to come up with excuses to justify having the
16 exclusion request.

17 MR. BRIGHTBILL: The producers here at the table
18 have put a lot of effort into refuting those exclusion
19 requests where they're unwarranted and so we submitted some
20 of that material in our pre-hearing brief and we can do some
21 more in the post-hearing and detail exactly why the
22 exclusions, if they should be denied by, and why the
23 domestic industry can supply those products.

24 COMMISSIONER SCHMIDTLEIN: Okay, all right.
25 Thank you.

1 CHAIRMAN JOHANSON: Do any other Commissioners
2 have questions for this panel? Do staff have any questions
3 for this panel?

4 MR. CORKRAN: Douglas Corkran, Office of
5 Investigations. Staff has no additional questions.

6 CHAIRMAN JOHANSON: Do respondents have any
7 questions for this panel?

8 MR. CANNON: We do not.

9 CHAIRMAN JOHANSON: Okay. Mr. Cannon says they
10 do not. So at this point, we're going to take a recess for
11 lunch. Let's come back here at 2:00 and I would like to
12 remind staff and parties not to leave confidential business
13 information in the room because the hearing room is not
14 secure. And we'll see you back here at 2:00.

15 (Whereupon a lunch recess was taken to reconvene
16 this same day.)

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1 A F T E R N O O N S E S S I O N

2 MR. BURCH: Will the room please come to order?

3 CHAIRMAN JOHANSON: Mr. Secretary, are there any
4 preliminary matters?

5 MR. BURCH: Mr. Chairman, I would like to note
6 all witnesses on this panel have been sworn in and are
7 seated, and they have a total of 60 minutes for their
8 testimony.

9 CHAIRMAN JOHANSON: Thank you. Y'all may
10 proceed.

11 STATEMENT OF JULIE MENDOZA

12 MS. MENDOZA: Good afternoon. I'm appearing on
13 behalf of Borusan. Before turning the stage over to Mr.
14 Atabey, the CEO of Borusan, Emma Peterson will discuss the
15 material injury factors, and Mr. Planert will give the
16 statutory requirements for evaluating bid data in this case.

17 I would like to address some key conditions of
18 competition in the line pipe industry, which will be the
19 focus of our testimony. As we said, it is a separate like
20 product. So Slide 1 is a discussion about all the parties
21 to this investigation agree that new pipeline projects dried
22 up once oil and gas prices in 2014.

23 By mid-2017, when demand started to pick up, the
24 U.S. industry was suffering a serious challenge to their
25 competitiveness. U.S. producers were cut off from their

1 traditional sources of high grade imported hot-rolled coil
2 and CTL plate due to the very high AD and CVD duties. What
3 did that mean? It meant that domestic line pipe producers
4 could not obtain sufficient quantities of high quality X70
5 and above substrate from either domestic or imported
6 sources.

7 U.S. domestic substrate producers simply could
8 not produce enough of the high grade substrate to go around,
9 and they can only produce up to certain wall thicknesses.
10 Mr. Riemer of Berg told the Commission exactly this during
11 the cut to length plate case. I would also point out that
12 he said in June of this year exactly the same thing, which
13 will be our last slide today. And of course Dura Bond, Berg
14 and Welspun have all told you that this had a dramatic
15 effect on them, and there was not a question of price.
16 These comments are all up on the board. And in the
17 preliminary phase of this investigation, Welspun testified
18 that it had no choice but to shift a major order that it won
19 from its U.S. mill to its Indian parent company, because AD
20 and CVD duties prevented them from importing. That was
21 confirmed again today in their testimony.

22 Against this history, Petitioners would have the
23 Commission believe that this is just another commodity grade
24 pipe case. I must have heard a hundred times this morning
25 it's all about price. Now did counsel even read all of

1 those purchaser questionnaires, because they adamantly
2 contradict this statement. I recommend reading all 44 of
3 them.

4 In fact, the line pipe purchaser questionnaires
5 are remarkably detailed about the nature of the industry,
6 what drives purchasing decision and we urge the Commission
7 to read them in detail, although it's obvious from this
8 morning's questions that in fact you have. You've probably
9 noticed that none of the pipeline operators are on either side
10 today. I certainly understand their desire to remain
11 neutral. But this makes the purchaser questionnaires all
12 the more important.

13 Fortunately, we do have some public statements
14 from the 232 tariff exclusion process. I would call your
15 attention to what one of the largest independent energy
16 pipeline operators had to say about a recent major project
17 in this industry that was bid out at the beginning of this
18 year.

19 At issue is the Kinder Morgan Gulf Coast Express
20 GCX pipeline project that was partially awarded to Welspun
21 and partially to Borusan. Kinder Morgan, which transports
22 about 40 percent of the natural gas in this country
23 according to its website, is seeking an exemption from the
24 232 tariffs on the grounds that for the GCX pipeline, it
25 could not obtain the material from a domestic source.

1 Mr. Riemer testified at the preliminary
2 conference and again today that Berg lost this project to
3 Borusan solely "on the basis of price." Kinder Morgan
4 adamantly disagrees. We have reproduced Kinder Morgan's
5 Section 232 product exclusion rebuttal submission in the
6 handout which is public and provided in Exhibit 16 in our
7 prehearing brief, and I would encourage you to read it in
8 full.

9 Kinder Morgan's exclusion request demonstrates
10 that there is a significant deficit in the U.S. market of
11 substrate needed for domestic LDW line pipe production.

12 Slide 2. As you can see, not a single domestic
13 bidder other than Welspun was actually able to secure a
14 commitment for the hot-rolled coil substrate necessary to
15 produce the pipe for this project. We all know that's
16 extremely important.

17 Slide 3. With regard to the GCX pipeline
18 project specifically, you can see that there's a lengthy
19 explanation by Kinder Morgan regarding the technical
20 requirements of the project, and the request also contains a
21 detailed explanation of why Welspun and Borusan won the
22 project. Also interesting is the next set of slides, which
23 discuss the bid of each of the U.S. producers and why none
24 of them qualified. Please note that there are affidavits
25 attached to Kinder Morgan's request, and they evaluated the bid.

1 Slide 4. Dura Bond. Why did Kinder Morgan
2 reject them? There was 36 technical exceptions requested.

3 Slide 5. The next slide is Stupp. Stupp,
4 Kinder Morgan said, could not meet the delivery time line
5 due to its construction constraints, and that they fell
6 short on several technical specifications.

7 Slide 6. Berg apparently asked -- was asked on
8 five separate occasions to complete KM's technical
9 qualifications, yet Berg has not completed such
10 qualification. In fact, what they've done is they've
11 repeatedly asked KM to deviate from its internal company
12 controls.

13 Okay. So Slide 7, American Steel Pipe, they're
14 unable to produce pipe greater than 24 inches in diameter.
15 Given the seriousness of the technical evaluations and the
16 considerations that went into the selection,
17 Petitioners' attempt to categorize line pipe as highly
18 fungible sold on the basis of price is, with all due
19 respect, ridiculous.

20 Kinder Morgan's public comments are echoed
21 throughout the confidential purchaser
22 questionnaires, of which we have provided extensive excerpts
23 in our brief.

24 Slide 8. Here's Mr. Riemer talking this past
25 June of 2018. They have said exactly the same thing in June

1 that they said before the Commission in November of 2016.
2 They're saying it's not fine. They used to be fine, they're
3 not fine now because they can't get the substrate they need.
4 Thank you. With that, I'll turn it over to Emma.

5 STATEMENT OF EMMA PETERSON

6 MS. PETERSON: Good afternoon Commissioners. I
7 am Emma Peterson from Morris, Manning and Martin, and I will
8 touch on a few key points from the Commission's data that
9 demonstrate that there has been no material injury by reason
10 of subject imports. First, there have been no adverse
11 volume effects. As shown in Slide 1, Petitioners' entire
12 volume case rests on the increase in subject import market
13 share between 2015 and 2017 because, as shown in the C
14 tables, they have no other evidence of adverse volume
15 effects.

16 Subject import volume declined over the three
17 full years of the POI, and subject import volume and market
18 share declined between the interim periods. However, this
19 increase in market share between 2015 and 2017 is not
20 demonstrative of injury because, as shown on Slide 2,
21 virtually the entire increase is attributable to imports
22 from Welspun, a Petitioner in this case, who informed this
23 Commission at the preliminary phase that these imports from
24 India, which were for two projects, were not injurious to
25 the domestic industry for several reasons.

1 Petitioners have made no mention of one of the
2 projects which Welspun explained had to be sourced from
3 India due to extremely high AD/CVD duties that were imposed on
4 hot-rolled steel that Welspun had already purchased.
5 However, Petitioners do contend that the other project
6 caused them injury.

7 But there is now clear evidence on the record
8 that this project was not a sale lost to the domestic
9 industry, and it was not made on the basis of price. The
10 details are confidential, but we urge the Commission to
11 examine the purchasers' narrative responses, including the
12 response that appears in Exhibit 21 to Borusan's prehearing
13 brief, which we will provide further detail on in
14 post-hearing.

15 There were also no adverse price effects by
16 reason of subject imports. The Commission's bid data for
17 LDW line pipe demonstrate that purchasers rarely award bids
18 on the basis of price. But the Commission must conduct a
19 thorough analysis of the bid data, including the narrative
20 responses.

21 We take issue with the analysis that calculates
22 an underquoting margin from lower bids, even if those bids
23 were not the winning bid, and in a moment, my colleague Mr.
24 Planert will address the statutory reasons why the
25 Commission must not rely upon that analysis. But first, I

1 want to provide you with a few insights from our examination
2 of the bid data.

3 As shown in Slide 3, the lowest bid won in only
4 about half of all instances. This fact alone is remarkable,
5 as the entire point of a bidding event in this industry is
6 to be able to compare suppliers on an apples-to-apples
7 project-specific basis. The fact that the lowest priced bid
8 won only half the time suggests that this market is not
9 price-driven, especially given that all accepted bids must
10 comply with a host of technical and delivery requirements.

11 Furthermore, there is no evidence that subject
12 imports were taking sales away from the U.S. industry,
13 because the lowest-priced bids that won were approximately
14 evenly split between U.S. producers and subject imports, as
15 shown on Slide 4. However, from there the Commission must
16 look to the narrative responses to understand the reason for
17 the purchase, as this context is absolutely necessary for
18 the Commission's causation analysis.

19 As you can see in Slide 5, the small fraction in
20 blue is the only portion of the bid data that represents bids won
21 by subject imports that were priced lowest, for which price
22 was the only reason reported for purchase. This clearly
23 demonstrates that there was not significant underselling.

24 There was also no price depression or
25 suppression, as the Commission already determined in the

1 preliminary phase. Despite what Petitioners have asserted
2 with no support, purchasers report that they do not share
3 competing bids, so there is no price transparency. In other
4 words, the mere existence of a lower-priced bids from
5 imports is irrelevant.

6 U.S. producers cannot adjust their prices
7 relative to subject imports because they are not aware of
8 those prices. Again, this is not a market where decisions
9 are made on the basis of price, but rather are based on
10 technical specifications and delivery schedules, among other
11 non-price factors.

12 If Petitioners' theory of the case were correct,
13 then the lowest bid would have always won. This is not the
14 case. Therefore, Petitioners' hyperbole that every bid
15 lost to the domestic industry constitutes a lost sale should
16 not be accepted by the Commission.

17 The Commission should also find that there has
18 been no adverse impact by reason of subject imports. U.S.
19 producers' operating margin tracked demand trends, decreasing
20 with apparent consumption in 2016 and then increasing with
21 apparent consumption in 2017. U.S. producers' operating
22 margin was flat during the interim periods, which is
23 consistent with the slight decrease in apparent consumption.

24 Importantly, U.S. producers' financial data
25 moved in the same direction of subject import volumes, as

1 can be seen by the blue bars and red line moving in the same
2 direction. In other words, when U.S. producers' operating
3 margin declined in 2016, so did subject import volume, and
4 when subject import volume increased in 2017, U.S.
5 producers' profitability improved.

6 This severs any causal link between subject
7 imports and the condition of the domestic industry. For all
8 these reasons, we believe the Commission should make a
9 negative injury determination. I look forward to your
10 questions, and I now turn it over to Mr. Planert to discuss
11 the Commission's analysis of the bid data in further detail.

12 STATEMENT OF R. WILL PLANERT

13 MR. PLANERT: Good afternoon. Will Planert,
14 Morris Manning on behalf of Borusan. In view of the bid
15 project nature of the LDW line pipe industry, the Commission
16 has requested bid data from purchasers in lieu of quarterly
17 weighted average sale prices provided by domestic producers
18 and importers. The bid data will allow the Commission to
19 more accurately evaluate the price effects of subject
20 imports by focusing on the point at which competition
21 actually takes place: contracts that supply LDW line pipe
22 for specific energy infrastructure projects.

23 Bid quotations, however, are not the same thing
24 as actual prices. They therefore do not lend themselves to
25 the same quantitative analysis used for the weighted average

1 quarterly prices the Commission usually examines. In the
2 prehearing staff report, staff has evidently attempted to
3 recreate a version of the underselling analysis normally
4 used with quarterly prices, by tallying up instances of
5 underquoting by imports and calculating margins for
6 underquoting.

7 Staff's analysis goes astray, however, by
8 counting all reported quotations the same, without taking
9 into account whether the bid won or lost. Thus, in the case
10 of a project with three bidders, if a domestic mill bids
11 1,000 and two imports suppliers bid 950 and 900
12 respectively, this would be counted as two instances of
13 underbidding by subject imports, even if the contract is
14 awarded to the domestic producer at the higher price.

15 As Ms. Peterson has discussed, this scenario is
16 far from hypothetical, as the bid data on record indicate
17 that the lowest bid only wins approximately half the time.
18 The statute directs the Commission to consider the effect of
19 subject imports on prices in the United States for domestic
20 like products, by evaluating whether there has been
21 significant price underselling by the subject merchandise,
22 and whether imports of such merchandise otherwise depress
23 prices or prevent price increases which otherwise would have
24 occurred.

25 The term "price underselling" clearly

1 contemplates an examination of prices for actual sales.
2 Unsuccessful bid quotations which do not result in a project
3 being awarded are not prices, and they do not result in any
4 sales within the meaning of the statutes. Underquotes
5 resulting from unsuccessful bids are therefore legally
6 irrelevant to a consideration of whether imports are
7 underselling the domestic like product, and margins of
8 underquoting that are calculated with reference to
9 unsuccessful bids are equally irrelevant.

10 Underquotes from unsuccessful bids are also
11 legally and analytically irrelevant to the issue of price
12 depression or suppression. The record indicates that bids
13 to supply line pipe for oil and gas pipeline projects are
14 submitted confidentially, and purchasers normally do not
15 provide opportunities for second bids.

16 Thus, a lower quotation in one bid will not
17 affect the prices quoted by other bidders, either in that
18 project or future projects because losing bids are not
19 disclosed, and do not result in anyone getting a sale. Only
20 the import price quotes in winning bids, those that actually
21 result in sales of subject merchandise, have the potential
22 to depress or suppress domestic prices.

23 We applaud the Commission's decision to examine
24 bid data in its consideration of price effects in this
25 investigation, but the Commission must not be diverted from

1 the analysis required by the statute by calculations of
2 underquoting that fail to distinguish between losing bids
3 that actually result in a sale being awarded and those that
4 do not. Thank you.

5 STATEMENT OF ZAFER ATABEY

6 MR. ATABEY: Good afternoon. My name is Zafer
7 Atabey, and I am the CEO of Borusan Mannesmann. I have been
8 with Borusan for more than 25 years. With me today is Ugur
9 Onbasi, who is our executive VP for pipeline projects and
10 Todd Phillips, who is our vice president for Business
11 Development. Large diameter line pipe requires specialized
12 raw materials and a sophisticated production process which
13 are far in excess of the requirements of API 5L.

14 Pipeline projects are large infrastructure
15 projects that typically require several years to complete.
16 When we are awarded a contract, we purchase the raw
17 materials from steel suppliers which have to be approved by
18 our customers. A major energy pipeline project can consume
19 100,000 tons or even much more of larger diameter welded line
20 pipe. While our theoretical capacity would permit us to get
21 a certain share from one or two projects a year, we can't be
22 over-committed on our capacity due to strict delivery
23 schedule and major penalties for any delays.

24 Project planning requires time to execute, and
25 we must also take into account necessary changeover and

1 scheduled maintenance at the mill. The pipe for these large
2 projects is sold directly to end users. The pipeline
3 operators that employ technical advisors to develop the bids
4 and evaluate the bids received.

5 The pipeline operators send a request for
6 proposal that defines the quantity and technical
7 specifications required. Because of the regulatory and
8 safety issues involved, pipeline operators only consider
9 suppliers with an established track record of quality and
10 reliability, and a strong safety record.

11 Our customers are committed to projects with
12 values in the billions of dollars, and their major concerns
13 are getting the pipeline built on time. Because of this,
14 supply contracts typically include liquidated damages
15 clauses for late delivery. In view of the customized
16 project-driven nature of this market, other than the
17 delivery schedule requirements, there are a number of
18 factors that pipeline operators must consider in selecting a
19 bid before they even get to price. Some suppliers have
20 technical limitations in the pipe production, together with
21 certain inabilities to secure the necessary raw material.
22 It's well-known that there's a very limited supply of X70
23 and above grade hot-rolled coil and plate available in the
24 United States for heavy gauges.

25 In order to ensure consistency and uniformity,

1 pipeline operators prefer to award the entire project to a
2 single supplier, or in the case of some very large projects,
3 split the order among two suppliers. As a result, the large
4 diameter line pipe business tends to be feast or famine.
5 When we have a major project to work on, we are very busy.
6 But when the project is completed, we may have significant
7 idle capacity until we get the next project.

8 Low capacity utilization is normal in this
9 business. As the demand for new project grows especially in
10 the last year, we believe many domestic line pipe producers
11 are fully committed through at least mid-2019. All these
12 factors related to the supplier selection are best
13 illustrated with a concrete example.

14 In 2017, Kinder Morgan, one of the country's
15 leading developers of energy infrastructure, announced plans
16 to construct the Gulf Coast Express pipeline, a 512 mile
17 natural gas pipeline from the Permian Basin in West Texas to
18 the Gulf Coast. Kinder Morgan ultimately awarded Borusan a
19 contract to supply 47 percent of the specialized X70 pipe
20 required for the GCX pipeline.

21 The remainder of the project was awarded to
22 Welspun's U.S. mill in Arkansas. GCX's project
23 specifications called for 42 inch X70 grade high strength,
24 high toughness HSAW line pipe. Kinder Morgan's
25 specification requires strict tolerances in the chemical

1 composition of the steel, tensile properties, weld seams
2 and out-of-roundness acceptance criteria.

3 These properties are critical in order to
4 produce high quality welds employing mechanized welding
5 processes. Mr. Riemer of Berg testified at the preliminary
6 conference that Berg lost this contract to Borusan over
7 price, and he made similar claims this morning. The reality
8 is quite different.

9 As Julie showed you, Kinder Morgan responded to
10 the domestic industry's objections to its 232 tariff
11 exclusion request. Kinder Morgan stated in no uncertain
12 terms that Welspun was the only domestic producer that was
13 qualified to supply this project, and Welspun was not able
14 to supply the entire volume required.

15 Kinder Morgan has explained that it evaluated
16 the bids for this project based on the quality of the
17 proposed coil plate provider, including ability to meet the
18 technical specifications, the ability to meet a strict
19 delivery schedule, the logistics plan, terms and conditions
20 deviations, coating abilities and the cancellation
21 schedules. Based on this criteria, Welspun and Borusan were
22 selected.

23 In response to claims by Berg and others that
24 they would have been able to supply this project and lost
25 the bid on account of price, Kinder Morgan explained the

1 basis for rejecting each domestic producer, as Julie showed
2 you a few minutes ago. It would be absurd to suggest that a
3 pipe producer is in a position to second guess the decisions
4 of the pipeline operators as to which specifications are
5 important or critical.

6 Of course, I think Borusan is the best and
7 should always be awarded the bids. But it's the pipeline
8 operator that has the expertise in this industry and actual
9 experience in building pipelines. I can't really argue with
10 its technical advisors, and if I did, I certainly cannot win
11 those debates.

12 As Kinder Morgan says in its rebuttal, "we know
13 what our requirements are and no pipe producer is going to
14 tell us our business." I would encourage the Commission to
15 read it in full, as I believe it sheds a great deal of light
16 on the basis on which Borusan won the GCX pipeline project.
17 Thank you.

18 STATEMENT OF CONRAD WINKLER

19 MR. WINKLER: Good afternoon. I'm Conrad
20 Winkler, president and CEO of Evraz North America. Prior to
21 that, I ran the Long Products Division of Evraz, which is
22 the largest producer of rail steel in the United States.
23 I'm a graduate of MIT. I spent over 15 years as a
24 management consultant at Booz and Company, focused on
25 manufacturing.

1 Prior to that I was a nuclear submarine officer
2 in the U.S. Navy. In fact, one might say I used to live in
3 a pipe and now I make pipe.

4 Evraz is a fully integrated steelmaker with
5 operations in the United States and Canada. Our large
6 diameter pipe operations in began in 1956. Our business
7 model is built around making energy pipe from scrap to steel
8 to coil and plate, and to pipe.

9 We believe that our operation is second to none
10 in North America. We were the first to produce helical
11 large diameter submerged arc-welded pipe. In North America,
12 we were the first to produce X80 helical pipe in North
13 America. We were the first and only pipe mill in North
14 America that has ever produced and put into the ground X100
15 pipe.

16 These accomplishments reflect the fact that we
17 control every aspect of the steelmaking process, as well as
18 our commitment to the energy pipe market. We are the market
19 leader in terms of the production of high quality line pipe,
20 innovation and R&D capability to satisfy the most difficult
21 requirements of our customers. In contrast to our
22 operations, our foreign and U.S. competitors only operate
23 pipe mills. They do not melt and pour steel or roll steel
24 slab into coil and plate.

25 Their business model is to purchase imported

1 hot-rolled coil and plate, usually from Asia. Their
2 business model has two additional implications for this
3 case. One, availability and two capacity utilization. Let
4 me first address availability. Our competition requires a
5 long lead time to obtain steel coil or plate, and then
6 verify that the steel and pipe actually possess the
7 required physical properties.

8 Pipe producers that are not integrated must
9 order the steel coil or plate. That steel will show up in
10 three to six months. Then it will complete a trial, after
11 which the pipemaker will determine whether the physical
12 properties meet specifications. If not, the pipemaker will
13 send the order back to the producer in Korea or China or
14 wherever and ask them to produce more heats.

15 Three to six months later, that heat of coil
16 shows up and then they find out whether or not the
17 properties of the new steel will meet specifications. Our
18 competitors' supply chain negatively impacts their ability
19 to meet customer delivery requirements, and is a major
20 reason why customers are so concerned with availability. By
21 the way, the steel suppliers in the U.S. that reference
22 capacity and capability were not a factor during the period
23 of interest.

24 Because we make steel slabs, coil and plate at
25 the same facility, our lead time from steel making to

1 pipemaking is five days, not three months. If there's any
2 problem with our steel, we do not wait for another shipment
3 of coil to be produced in Korea or China, shipped to the
4 United States and retested.

5 Let's discuss utilization. The domestic
6 industry's main plate capacity data are misleading, because
7 they do not reflect their inability to effectively secure
8 raw material on a project by project basis. Additionally,
9 capacity for one product does not equal capacity to produce
10 all products. For example, 24 inch ERW mills cannot produce
11 36 inch helical pipe and vice-versa.

12 If a customer cannot get an order fulfilled for
13 the specific order with the steel requirements, it does not
14 matter what the name plate capacity says. Turning to the
15 factors that are important in purchasing decisions, we do
16 not need to compete in the U.S. market by offering the
17 lowest price. Line pipe is not a commodity product. It is
18 a highly engineered and specialized product manufactured to
19 customer specifications that differ with nearly every
20 pipeline.

21 In fact, we strive to develop partnerships with
22 our customers focused on establishing a long term
23 relationship. For example, we secured a major project in
24 2014 pursuant to a long-term contract. We supplied the pipe
25 using a price formula tied to the AMM Scrap Price Index. We

1 were still shipping pipe for this project in 2017, and it
2 accounted for approximately one-half of our volume in 2017.

3 No domestic producer can claim that this volume
4 is lost during the period under investigation as a result of
5 unfair trade. We obtained the business as a result of our
6 long relationship, supply flexibility, consistently high
7 quality product and proven ability to deliver. We use this
8 approach across all our businesses in the U.S. and Canada,
9 closely partnering with our customers to provide additional
10 value that reduces our customers' risk of failure.

11 Another factor that sets Evraz apart, as you
12 can see on the screen, is our geographic location. We are
13 located across the border in Saskatchewan, towards the west,
14 towards the northern part of -- just north of the border.
15 As you will see from our exhibits, for pipeline projects
16 that cross the U.S.-Canadian border, we are perfectly
17 positioned to supply the line pipe to the Canadian portion
18 of the project and to the U.S. portion.

19 Projects such as Embridge's Line 3 pipe that
20 crosses into North Dakota and Minnesota are in our backyard.
21 This gives us a further advantage in meeting the customers'
22 delivery schedule, further reducing their lead time, giving
23 the customers more flexibility. Contrast this with a
24 producer that relies on Chinese steel. That steel is
25 shipped thousands of miles, months before the pipe is even

1 produced, and then the pipe needs to be railed from the U.S.
2 if it comes from the U.S. Southeast, where the domestic
3 pipe producers sit.

4 We are the only subject producer involved in
5 this investigation that ships to the market by rail, not
6 ocean freight. Most of our sales during the Period of
7 Investigation were shipped into the Mountain or Central
8 Southwest region. For these reasons, imports of large
9 diameter welded pipe from Canada should not be cumulated
10 with imports from other countries subject to this
11 investigation.

12 In conclusion, Evraz stands apart from the other
13 participants in this investigation. We are not the
14 low-priced leader in the market; we are the source of the
15 highest quality line pipe. We are able to meet customer
16 specifications as well as respond rapidly to any changes in
17 our customers' schedule or product requirements.

18 Our position in the U.S. market is as a result
19 of our experience, our continuous improvement and investment
20 in our customer service. It is not the result of unfair
21 trade. For these reasons, the Commission should find that
22 imports of large diameter welded pipe from Canada are not
23 injuring or threatening to injure the domestic industry.
24 Before I conclude, I would like to address our acquisition
25 of equipment from the shutdown USP mill in Pittsburg,

1 California.

2 First, that mill in Pittsburg, California, to my
3 knowledge never produced any significant orders for energy
4 pipe. Why? Because that brand new mill had no track record
5 and no one would buy from them. Second, we moved and
6 upgraded that shutdown facility, because we needed that
7 capability to meet the one inch heavy wall capability
8 associated with Canadian LNG pipelines going from Alberta to
9 Tidewater.

10 Not upgrading our finishing capacity, but just
11 focusing on making heavy wall pipe for these large LNG
12 pipelines. Thank you, and I look forward to your questions.

13 STATEMENT OF DAVID COFFIN

14 MR. COFFIN: Good afternoon. My name is Dave
15 Coffin and I am Vice President of Large Diameter and ERW
16 Pipe Sales at Evraz. I oversee all commercial aspects
17 relating to Evraz's large diameter business in North
18 America, and have been with the company for over 20 years.

19 To start, I'd like to address the bid process
20 for large diameter welded pipe. For many pipelines,
21 particularly large projects, the bid process occurs in
22 stages. First, there is the preliminary inquiry. That
23 allows customers to figure out who has availability and the
24 capability to make the pipe they need.

25 After that, the customer narrows the

1 specifications and characteristics it requires, which helps
2 them to determine who really -- who's really qualified, who
3 has the capability and who has the availability. Then they
4 will ask for specific dates for start of production, as well
5 as look for evidence that the producer has made particular
6 sizes and grades of pipes before.

7 At this stage, customers will narrow down the
8 list to a handful of suppliers and issue a formal RFP. This
9 could be up to 250 pages of specifications. Every customer
10 has the supplemental specification to API, which will entail
11 changes to dimensional tolerances, yield strength, chemistry
12 and other factors.

13 At Evraz, this prompts a technical review by our
14 R&D and operations teams, and we'll have a technical
15 discussion with the customer. Also at this stage, we will
16 supply a delivery schedule, identify which mills would
17 produce the pipe and where, and our pricing schedule. This
18 is our one bite at the apple. We won't get a chance to
19 discount our price, nor do we know who is on the approved
20 manufacturer list, nor do we know what prices they are
21 quoting.

22 As you can see from the input customers seek at
23 various stages of the process, the availability and
24 capability to produce the specs that the customers need are
25 critical elements of a bid. This makes sense, given

1 installation of a pipeline is a major undertaking and there
2 are almost always financial penalties if the project is
3 delayed. Delivery time could vary from two months up to a
4 year and a half, depending on whether a project already has
5 its permits in place and the time it takes to make the line
6 pipe for the project.

7 A five mile project will take us about a week to
8 make, whereas a 1,200 mile project would take a year and a
9 half. Customers need to know that their suppliers have the
10 availability and that the pipe will be ready on schedule.
11 In fact, customers will regularly call me to ask when I can
12 start production. The customers will ask, for example, how
13 long it will take to make 120 miles of 30 inch pipe or 250
14 miles of 36 inch pipe.

15 The customers are planning their own schedules,
16 and also deciding who should get the RFQ. Once we have the
17 award, the pipeline operators hire independent auditors to
18 come to our steel and pipe mill and inspect the quality of
19 the steel and pipe as it is being produced. They want to
20 know that we will be making steel for their project on a
21 specific schedule. They do not want to pay inspectors to
22 sit around at our plant, waiting for us to start producing
23 their pipe.

24 It is more efficient for them and for us to
25 manufacture their requested pipe at once, not interrupting

1 the production to manufacture other pipe specifications.
2 It's also possible that we will get orders from customers
3 for 24 or 30 inch because they not know what OD they're
4 going to go with. For example, a customer placed a purchase
5 order for 36 inch, and about six weeks prior -- six weeks
6 before we started, they informed us that they'd signed up
7 additional natural gas shippers and wanted us to change to
8 42 inch.

9 Because of the bidding process, they knew we
10 were not only -- they knew we not only had the availability,
11 but we also had the capability to change. Our competitors
12 are not fully integrated and have to purchase coil and ship
13 it to their pipe mill, and then ship the finished product to
14 the U.S. market. They simply cannot be flexible as we are
15 --

16 They can't be as flexible as we are to
17 accommodate the changing needs of our customers. In other
18 words, availability is the key factor in the selection of a
19 pipe supplier. This is evident from the application of
20 Section 232 tariffs to line pipe. When the 232 tariffs were
21 applied earlier this year, we were already shipping our had
22 already won a number of projects.

23 The customers were willing to pay higher prices
24 to cover the 232 duties because they were unable to find an
25 alternative domestic pipe mill to meet their delivery

1 schedule. I think that the rise and fall of prices in this
2 market is a function of raw material costs and availability.
3 Our customers are extremely knowledgeable about and closely
4 monitor our raw material prices, such as the Chicago No. 1
5 busheling.

6 We also have to take demand into account. We
7 closely watch oil and gas prices, rig count statistics and
8 other indicators of demand. When demand is increasing, we
9 know that our capacity may fill up with only a few large
10 projects, so we bid projects accordingly.

11 Finally, the Commission should take note that
12 our shipments to the United States will decline in the very
13 near term, particularly with the imposition of 232 tariffs.
14 We've seen an upswing in our Canadian shipments, due to the
15 large number of projects in Canada, especially after the
16 imposition of safeguard measures by the Canadian government.

17 In my declaration, I listed several projects
18 that we have already secured, and other projects that were
19 likely in Canada. But since I submitted the declaration
20 last week, we were awarded one of the projects in Canada
21 that I listed as likely. We've reached a final agreement,
22 we have a price and Exhibit A in our confidential exhibit
23 shows this award.

24 In sum, for the reasons I've discussed, the
25 large diameter pipe produced in Canada by Evraz is not

1 injuring the U.S. industry, and is not a threat to the U.S.
2 industry going forward. We are a high quality producer that
3 competes in the U.S. market on the basis of our production
4 process and technical capability. In those respects, Evraz
5 stands apart from other producers in this investigation.
6 Thank you very much.

7 STATEMENT OF HARRY VIDAS

8 MR. VIDAS: Thank you Commissioners for this
9 opportunity to speak on the subject of market dynamics for
10 large diameter line pipe in the U.S. My name is Harry
11 Vidas. I am the Vice President at ICF's energy practice.
12 I've been working on matters related to oil and gas markets
13 and structure since 1979.

14 As you may know, ICF is a Washington, D.C.-based
15 consulting company with over 5,000 employees in 65 offices
16 in 12 countries around the world. Slide 3 references the
17 information sources that I used for my report. Importantly,
18 one of my sources was a series of interviews done with the
19 pipeline operators who are the purchasers in this industry.

20 The main points made by my prehearing brief and
21 shown starting on Slide 4, can be summarized as follows. In
22 line with what you've already heard this morning, I conclude
23 that the market for line pipe is distinct from the market
24 for structural steel in many ways.

25 One important difference for the market dynamics

1 is that the demand for line pipe is driven by oil and gas
2 drilling and production, which in turn are chiefly
3 influenced by oil and gas prices. Another important
4 distinction is that the demand for line pipe is influenced
5 strongly by upstream technology advances and the emergence
6 of new oil and gas plays that require new pipelines to
7 bring new and larger hydrocarbon production sources to
8 market.

9 Because of the ongoing development of new plays,
10 primarily the Permian Basin tide oil and Marcellus-Utica gas
11 shale plays, with growing production U.S. market for line
12 pipe is expected to remain robust for the next three years
13 or more. Another point I bring out in my prehearing brief
14 is that there are important distinctions among the different
15 kinds of line pipe related to the dimensions, method of
16 construction, the quality of hot-rolled plate used as
17 inputs, the quality assurance and quality control processes
18 they require. This means there are submarkets where
19 competition and market dynamics are dissimilar. Slide 5.
20 Many companies request line pipe with specifications that go
21 beyond API 5L standards, particularly for large diameter
22 line pipe large, many mile long projects. The above 5L
23 standards include the quality of the product itself and the
24 testing protocols to ensure that quality. This move to
25 greater quality and more rigorous testing standards is

1 driven by concerns for ensuring long-term pipeline integrity
2 to comply with stricter PHMSA regulations for testing and
3 repair, and to address public concerns regarding pipeline
4 safety and environmental protection.

5 Because of the differences in the required
6 manufacturing and quality assurances of the 12 processes for
7 different kinds of line pipe and the API 5L standards,
8 manufacturing capacity for large diameter line pipe and
9 structural pipe is not fungible. Starting on page -- Slide
10 6, I want to show you some analysis that I've done related
11 to pricing dynamics. I was asked to look into the pricing
12 of line pipe and for that matter all large diameter pipe, to
13 answer three basic questions.

14 Number one, what portion of the unit value,
15 which is the price, is made up of raw material cost. Number
16 two, what effect does the level of demand have on pricing,
17 and number three, is there any discernible effect of the
18 import market share on price.

19 Starting on Slide 7, these are the conclusions I
20 related to the material costs. As you can see from this
21 slide, the item with the red line shows the raw material
22 costs, which is to say the cost of the plate and the plate
23 coil going into the line pipe. Makes up 68 percent on
24 average of the unit value of domestic line pipe
25 manufacturers.

1 The other thing you can see from the last column
2 on this chart is that among the different components that go
3 into the line pipe costs, you can see that the cost of the
4 material by far is highly correlated with the price of the
5 line pipe, a 91 percent correlation factor.

6 Another conclusion on Slide 8 is that the slide
7 shows that the changes in the level of demand explain a very
8 large portion, almost 99 percent of the change in the unit
9 value excluding the raw material cost. In other words, this
10 is net value added by the pipe manufacturer. 90 percent of
11 that number can be explained by how much the demand is for
12 that line pipe.

13 And then the final slide, Slide 9, asks the
14 question can we discern any relationship between the import
15 market share and the average selling price of line pipe, and
16 the answer seems to be no. Number one, it shows you that
17 the relationship, as shown by the R squared value, is very
18 low when one tries to do an analysis of the influence of
19 market share.

20 And the other thing this shows kind of
21 interestingly is that the relationship, to the extent that
22 you can claim that one even exists, is in the wrong
23 direction from the point of view from the Petitioners,
24 because what it shows you is that the higher line pipe
25 prices, once you correct for the value of the input steel,

1 actually goes up when imports go up, and the reason for that
2 is simply because when the market grows, the importers come
3 in and fill some of the gap in capacity needed to meet the
4 demand. Thank you.

5 STATEMENT OF APOSTOLOS PAPAVALSILEIOU

6 MR. PAPAVALSILEIOU: Good afternoon. My name is
7 Apostolos Papavasileiou. I am the Chief Executive Officer
8 of Corinth Pipeworks Pipe Industry, S.A. and I have held
9 this position for eight years. I am also a Director of CPW
10 America, our U.S. Affiliate in Houston, Texas.

11 Corinth Pipeworks is the only producer of large
12 diameter pipes in Greece. In fact, we are the only welded
13 pipe mill of its kind in Southern Europe and the Balkans.
14 Corinth began its operation in 1969, and it has become a
15 global leader in the production of high quality steel line
16 pipe for demanding onshore and offshore applications in the
17 oil and gas industry.

18 Corinth sells line pipe on a project-by-project
19 basis which means our line pipe is made-to-order. As a
20 result, we carry no inventory of line pipe in Greece or in
21 the United States. Any pipe Corinth has reported as
22 inventory is committed to a specific customer for a specific
23 project and is waiting to be shipped.

24 All our line pipe is sold globally to oil and gas
25 customers for pipeline projects. We differentiate ourselves

1 by focusing on the high end of the API pipeline market and
2 on unique applications including: ERW line pipes with an
3 outside diameter of up to 26 inches, line pipes for onshore
4 pipelines with a heavy wall thickness greater than 0.7
5 inches; line pipes for offshore applications including a
6 reeling technique for ERW pipes which significantly reduces
7 the installation time of the pipeline; ERW line pipes for
8 sour service applications utilizing the most advanced
9 anti-corrosion steel.

10 These are some of the unique products Corinth
11 produces and to the best of our knowledge, U.S. mills have
12 no or at most only very limited capability to make these
13 products. These products account for up to 70 percent of our
14 sales in the U.S. Market for 2018.

15 Corinth does not market or sell structural pipe
16 in the U.S. Market. The home market for our line pipe is
17 the European Union. We also serve customers in the nearby
18 markets like North Africa, the Middle East and the
19 Mediterranean, as well as in the United States and elsewhere
20 in the Americas.

21 For the foreseeable future, most of our capacity
22 will be utilized for the construction of major pipeline
23 networks in Europe and nearby regions. We have identified
24 these specific projects in our prehearing brief. These
25 pipeline projects -- all of which are outside of the United

1 States -- will absorb nearly all of Corinth's capacity for
2 large diameter line pipe through the end of 2019.

3 As a result, we will have almost no spare
4 capacity in our mill for the next year or more. Further, we
5 have no plans to increase our capacity. In fact, Corinth's
6 five-year plan does not allocate any funds for increasing
7 the mill's capacity to produce large diameter line pipe.

8 Corinth's production lines are technically
9 advanced with state-of-the-art equipment and we can meet our
10 customer's demanding requirements because we are making
11 continuous investments to upgrade our operations, expand our
12 production range and make our manufacturing processes more
13 efficient.

14 An example of this is the addition of the LSAW
15 pipe mill installed in 2015. However, this did not add to
16 Corinth's overall capacity to produce large diameter welded
17 pipes because the LSAW mill cannot produce at the same time
18 as our existing HSAW mill which shares some of the
19 same equipment for certain production processes.

20 The addition of the LSAW mill was part of our
21 commitment to our customers to be a state-of-the-art
22 producer of line pipe and to continue meeting the
23 requirements of our customers, especially for the offshore
24 pipeline market.

25 More than half of the value of our line pipes is

1 related to the steel used to produce them -- that is
2 hot-rolled coils and plates. Corinth sources most of its
3 steel from modern and technologically advanced mills in the
4 European Union, which specialize in high steel grades and
5 heavy gauge steel for API pipe.

6 The EU's safeguard measures on imported steel
7 products do not affect our ability to continue sourcing
8 steel imports from our traditional EU suppliers, such as
9 ArcelorMittal, ThyssenKrupp, Dillinger and Voestalpine.

10 The EU's safeguard measures will however cover
11 imports of large diameter welded pipe from most countries
12 including Canada, China, Korea, and Turkey. These measures
13 have been in effect since July 2018 and they will create
14 more opportunities for us to increase our sales and
15 production in our home market.

16 In our history, Corinth has never been subject to
17 any kind of trade investigations in any of the markets where
18 we sell. Corinth is a privately owned company. We have an
19 obligation to create value and profits for our shareholders
20 and at the same time to offer superior products and services
21 to our customers. Corinth's customers have complimented our
22 company on its quality line pipe and outstanding service.

23 Based on all of the above, we believe that our
24 shipments of subject pipes do not pose a threat of injury to
25 the U.S. Industry. On the contrary, by filling unique

1 capability and technology gaps that exist in the U.S.
2 market, we contribute to the healthy and prosperous
3 development of the energy business in the United States and
4 to the energy independence objectives of the U.S.
5 Government.

6 Thank you and I will be pleased to answer your
7 questions.

8 STATEMENT OF DIANNE BURGER

9 MS. BURGER: Good afternoon. My name is Dianne
10 Burger and I'm the President of CPW America since late 2007.
11 I have been actively involved in the pipe and steel industry
12 for over 40 years, both as a domestic and import distributor
13 and mill supplier of seamless and welded pipe and
14 flat-rolled steel products. I'm a past president and
15 current board member of the National Association of Steel
16 Pipe Distributors.

17 At CPW America we work closely with many of the
18 major oil and gas pipeline companies that demand the highest
19 quality standards for large diameter line pipe. We supply
20 pipe and coatings for projects that require strict adherence
21 to our customers' specifications.

22 Our number one goal is always to meet or exceed
23 our customers' special delivery and safety requirements.
24 CPW America based in Houston Texas also arranges for
25 inspection, storage and transportation of the line pipe to

1 our customers' lay down yards along the right of way.

2 Our dedicated project team is a big part of how
3 we differentiate ourselves by adding value to the U.S.
4 Supply Chain. Our project team is led by Mark Soloninka,
5 our Executive Vice President of Sales and Business
6 Development who is here with me today. Our business model
7 in the Americas is always focused on being a responsible and
8 fair importer while ensuring profits to our shareholders.

9 Over the past 18 years we have concentrated on
10 the project-driven line pipe business for larger OD pipe
11 such as 26 inch ERW/HFI and on meeting demanding customer
12 specifications that exceed API specifications.
13 Additionally, Corinth can offer ERW in heavy walls and high
14 grade combinations and we are well-known for our sour
15 service solutions both here and abroad.

16 These are all products that generally are not
17 made or cannot be made by the U.S. line pipe mills. Because
18 the pipe we sell is for specific customers and specific
19 projects, our line pipe is produced to order and normally
20 CPW America does not maintain inventory. However, we did
21 have a small amount, 1800 tons imported in 2015. This is
22 not a part of our normal business model and we sold the
23 balance of this material in early 2018.

24 As Mr. Papavasileiou mentioned, Corinth will be
25 very busy for 2019 because of the numerous projects in the

1 EU and nearby markets. We at CPW America have only two
2 carryover contracts for the delivery of limited quantities
3 of line pipe in the first quarter of 2019.

4 All of the pipe that we have delivered in 2018
5 was pursuant to contracts signed at the end of 2017 before
6 these petitions were filed. Almost 70 percent of the pipe
7 delivered under these contracts has been 25-inch OD for
8 onshore and offshore projects.

9 Briefly, I want to explain why Corinth's ability
10 to produce 26-inch ERW is so important to customers here and
11 around the world. First, Corinth is one of only three
12 international ERW mills worldwide that has this capability.
13 Most ERW mills including all of the U.S. line pipe mills max
14 out at 16 to 24-inch outside diameter.

15 The 25-inch ERW pipe has significant performance,
16 production and safety advantages over 25-inch pipe made with
17 a spiral weld. Although nearly all ERW mills are limited to
18 24-inch OD, Corinth can produce a 26-inch OD on its ERW HFI
19 mill. This gives the customer the ability to move a much
20 larger volume of product and still have the straight seam of
21 an ERW product. From a production standpoint, the ERW
22 process is much faster and more efficient than the HSAW and
23 LSAW processes.

24 Lastly, we have U.S. line pipe customers who
25 prefer ERW/HFI pipe because it has a straight seam, because

1 we can achieve heavier walls and because the customers'
2 construction programs are aligned with this process. For
3 example, Plains All American stated in testimony before the
4 House Ways and Means Committee earlier this year that
5 manufacturing technique is a critical factor and HFI pipe
6 has been the backbone of their pipeline construction for
7 over 20 years.

8 Plains also pointed out HFI/ERW 26-inch pipe has
9 nearly 20 percent more capacity for product flow than
10 24-inch pipe. In addition, LSAW 26-inch line pipe is only
11 available in max 40-foot lengths from the U.S. mills whereas
12 26-inch ERW pipe from Corinth can be made in lengths up to
13 76-feet.

14 This means the ERW pipe represents significant
15 cost savings and risk reduction in pipelines of 100's of
16 miles or more as Plains has stated. As you might expect,
17 safety considerations are of the utmost importance when it
18 comes to the construction of pipelines that transport oil
19 and gas under pressure.

20 Therefore, the pipeline companies' ability to
21 focus on their experience and history is key as we have all
22 seen that the consequences of a pipeline failure can be
23 catastrophic. I would like to address the question of U.S.
24 demand projections for line pipe over the next several
25 months and into 2019.

1 We have prepared a table of the U.S. Oil and Gas
2 Pipeline Projects that have already been awarded in 2018 or
3 are expected to be bid and awarded in 2019. Some of these
4 projects are currently under way but most will begin
5 construction in 2019.

6 You can see on the screen that the number of
7 pipeline projects increased significantly from 2018 to 2019
8 and the volume of line pipe required for the projects in
9 2019 is more than double the volume of 2018. Our data shows
10 that line pipe demand has increased dramatically since
11 January of 2018.

12 Finally, market intelligence confirms that the
13 domestic mills are heavily booked and in some cases fully
14 booked for 2019. We have been told by our customers that
15 they are very concerned based on current lead times about
16 mill space availability in 2019.

17 Once again, thank you for the opportunity to
18 speak with you today. Mark and I will be pleased to answer
19 your questions.

20 STATEMENT OF REBECCA WOODINGS

21 MS. WOODINGS: Good afternoon. My name is
22 Rebecca Woodings. My testimony will focus on cumulation for
23 threat for the subject imports from Greece.

24 We look first at the factors that the Commission
25 considers for cumulation for present injury. The first of

1 these is fungibility. Commission practice, as affirmed by
2 the Federal Circuit, refers to the language that we're all
3 very familiar with, on this slide. But that goes on to
4 include a reference to considerations for specific customer
5 requirements and other quality-related questions.

6 Our company witnesses have identified four types
7 of products that Greece supplies to the U.S. market that are
8 either not available at all from U.S. producers--and we do
9 stand by that statement--or where there may be limited
10 technical capability but that U.S. producers cannot satisfy
11 the testing or certification requirements of U.S.
12 purchasers.

13 In other words, domestic producers do not meet
14 specific customer requirements for products that account for
15 nearly 70 percent of recent imports from Greece.

16 Two more considerations with overlap of
17 competition. The evidence will show that the channels of
18 distribution and geographic markets for the Greek imports
19 are extremely focused. In fact, the majority of our sales
20 over the 2017-2018 period have been to one purchaser in one
21 U.S. State.

22 Finally, the statute tasks the Commission with
23 examining whether imports of the like product were
24 simultaneously present in the market. Here I would note
25 that the imports from Greece were largely absent from the

1 U.S. market during 2017, and when they re-entered in 2018,
2 it has been--as has been described--to supply limited markets
3 and customer-specific requirements. The record in fact
4 suggests at most a minimal overlap of competition by the
5 imports from Greece.

6 Now if the Commission were to find that this
7 minimal overlap is sufficient, we proceed to the second
8 stage of the cumulation analysis. Because under threat the
9 Commission has the discretion to cumulate or not and may
10 consider whether it is practical--the practicability of
11 cumulating the quantity and volume data for different
12 countries.

13 Slide 7 depicts the trends and the volume of
14 imports from Greece and all other subject imports over
15 2015-2017. The data are indexed due to confidentiality.
16 Whereas Petitioners emphasize the increase in imports
17 overall, and particularly in 2017, clearly that is not the
18 case with the imports from Greece. In fact, no other
19 country shows the same trend in the volume of imports as do
20 the imports from Greece.

21 The pricing data on the record continue to be
22 difficult to assess, much less compare. Despite the best
23 efforts of the Commission staff, I note the bid data simply
24 do not lend themselves to summary presentation. But what
25 this information does tell you is that bids most frequently

1 fail for either technical or logistical reasons.

2 The subsidiary role of price gets lost in the
3 staff compilation of the purchase criteria, because this
4 compilation conflates structural and line pipe, distributors
5 and end users. But most large-diameter welded pipe is
6 line pipe, and most large-diameter welded line pipe is sold
7 to end users in the oil and gas industry. For that group of
8 purchasers, quality-related factors are clearly the most
9 important purchase criteria. Availability is second. And
10 price, or cost, is clearly third.

11 Finally, the Commission's cumulation decision in
12 the preliminary investigation was premised on the fact that
13 imports from Greece and other subject countries would
14 compete under similar conditions of competition going
15 forward.

16 But if the record tells you nothing more, it's
17 that there have been drastic changes in the market since
18 then. The Commission is directed, for example, to continue
19 to consider the business cycle. Unrelated completely to
20 import competition is recovery in demand that is evident
21 already in 2018 and is projected to continue through 2019.

22 In fact, demand in 2020 continues to look quite
23 strong. Meanwhile, supply is clearly contracting. The
24 record is replete with references to tight supply, domestic
25 capacity constraints, no-quote bids from U.S. producers, and

1 extended delivery timeframes for projects going forward.

2 There is even talk of project delays, which would
3 be extremely costly, despite a political climate that should
4 favor energy development.

5 We have addressed the factors for threat for
6 Greece in our brief, and are pleased to take any questions
7 the Commission or staff may have.

8 MS. MENDOZA: That completes our presentation--
9 Julie Mendoza.

10 CHAIRMAN JOHANSON: Thank you all for appearing
11 here today. We will begin Commissioner questions with
12 Commissioner Kearns.

13 COMMISSIONER KEARNS: Thank you. Thank you all
14 for appearing here today.

15 Going to the issue of availability, you have
16 argued that the U.S. producers cannot produce the larger
17 diameters of pipe and cannot produce the thick-walled pipe.
18 I guess I'd like to ask counsel to take a look at Exhibit 2
19 of Petitioner's brief.

20 As we discussed this morning, it is an affidavit
21 from a purchaser. The purchaser admits that a U.S. producer
22 could supply very wide pipe with thick walls in Grade X-70
23 in very substantial quantities.

24 Doesn't this contradict your assertion that
25 product is not available by U.S. producers?

1 MR. CANNON: Jim Cannon. I think the--as you
2 asked us to look at it, it's because of the protective
3 order, and so we would have to respond in our posthearing
4 brief. But I would ask you to question the timing of that
5 supply availability vis-a-vis the Period of Investigation in
6 this case.

7 You heard discussion this morning about all these
8 investments that are being made by the substrate suppliers,
9 and in those, too, there's clearly an issue of the timing
10 that they're being made.

11 We heard about \$750 million being invested right
12 now to expand, which I think shows pretty clearly that
13 during the Period of Investigation there were availability
14 problems. And that's why you see the purchasers,
15 particularly in your Part 5, Table 5-7, over and over
16 talking about lack of availability.

17 MS. PETERSON: Emma Peterson, Morris, Manning.
18 Can I ask you to clarify? Did you say Exhibit 2 of
19 Petitioners?

20 COMMISSIONER KEARNS: I thought it was Exhibit 2,
21 or B, maybe. I'm not sure if there is a B-2? I might be
22 wrong. Let me look--

23 MS. PETERSON: You're talking about the
24 confidential exhibit, correct?

25 COMMISSIONER KEARNS: Yes.

1 MS. PETERSON: Is it Exhibit 1?

2 COMMISSIONER KEARNS: I thought it was 2, but
3 maybe it's--let me see. No, it's Exhibit 2.

4 MS. PETERSON: Are you talking about the
5 declaration?

6 COMMISSIONER KEARNS: Yes.

7 MS. PETERSON: Okay, I think we're talking about
8 the same thing.

9 COMMISSIONER KEARNS: Oh, I'm sorry, from the
10 Prelim. I'm sorry.

11 MS. PETERSON: Ah, okay. So I think it's
12 reproduced in their prehearing from last week at Exhibit 1.
13 Sorry for the confusion.

14 So I think we do have a response to that, and
15 that's at Exhibit 21 to our prehearing brief.

16 COMMISSIONER KEARNS: Okay.

17 MS. PETERSON: And as Jim said, it's all
18 confidential so we'll go into this further in post-hearing.
19 But we think that what is shown in that exhibit of ours is
20 more relevant--Borusan's Prehearing Brief is more relevant
21 to your analysis than what's shown in this declaration.

22 COMMISSIONER KEARNS: Okay.

23 MS. PETERSON: And we'll go into that further
24 post-hearing.

25 COMMISSIONER KEARNS: Okay, thank you.

1 MR. PAPAVASILEIOU: Apostolos Papavasileiou from
2 Corinth. When you're a steel mill producer you may report
3 capacity and the capability to produce heavy walled, but as we
4 all know, and based on our experience working with our own
5 suppliers, only 10 percent, even less of their capacity is
6 dedicated to the API pipeline business. These mills are
7 competing with the automotive, the construction, the yellow
8 goods. So it's another thing for a mill to declare we can
9 produce a heavy walled, and it's a different thing if they
10 will actually do, because we are limited because most of the times
11 that goes to other products as automotive, as construction.

12 So we should not rely only if there is
13 capability, but which capacity can be allocated in the API
14 business.

15 COMMISSIONER KEARNS: Okay. I'm sorry? You were
16 referring to the suppliers of hot-rolled?

17 MR. PAPAVASILEIOU: Yes. Exactly, yes.

18 COMMISSIONER KEARNS: Okay, thank you.

19 Turning to bidding, I guess, Ms. Peterson, I'm
20 looking at your slide on page 6--is that page 6? I've got
21 my numbers all wrong today. Try page 4. Page 4. I mean it
22 seems to me that one way of reading this would be to say on
23 that blue quarter there, those are all instances of
24 underselling in the U.S. market. Whereas subject imports
25 were lower priced and they won the bid over U.S. product,

1 and this is, you know, maybe not the entire market, but
2 thi9s indicates that a quarter of all sales there's
3 underselling, which would seem to be pretty significant.

4 Why shouldn't I read it that way?

5 MS. PETERSON: Emma Peterson, Morris, Manning.
6 So I think the first thing that really needs to be
7 considered here is the narrative responses and the reasons
8 why these purchasers are awarding these bids to the subject
9 imports.

10 If it's not on the basis of price, if the U.S.
11 producers can't make it, which they've said throughout the
12 bid data and we've elaborated on that at Exhibit 13 to
13 Borusan's Prehearing Brief, we've gone line by line, bid by
14 bid and showed you all of the reasons that purchasers said
15 that they are buying subject imports over U.S. produced LDWP.
16 And I think our position is that if it's lower priced but
17 the U.S. producers can't make it, it doesn't really matter,
18 how is that relevant to your analysis?

19 COMMISSIONER KEARNS: Okay, that gets me to my
20 next question, though, because if the U.S. producers can't
21 make it, why were the purchasers asking the U.S. producers
22 to bid on it? And why did the U.S. bidder--why did the U.S.
23 producers respond, yes, we can make it? You know, is all
24 of that wrong? So it seems to me like the whole--all of
25 the bidding information seems to kind of undercut the whole

1 argument that, you know, that the U.S. producers can't make
2 these products.

3 MR. PAPAVALASILEIOU: Apostolos Papavasileiou from
4 Corinth. I believe that some of these U.S. companies when
5 they bid, they believe that they can pass some of the
6 deviations that they're asking. We discussed an example
7 before that it was a tender, and one U.S. producer was
8 asking 36 technical deviations to be excused by the
9 customer, which is not happening, as was discussed with
10 Borusan.

11 So they are bidding, but together with the bid
12 there is a host of different deviations on the technical
13 side that they are asking the customers to accept, and most
14 of the time the customers won't accept.

15 MR. CANNON: This is Jim Cannon. I'd just like to
16 make a comment about some testimony that we heard this
17 morning. And that is, it was pretty well conceded by the
18 end of the panel under your questioning that there really
19 isn't transparency. Most of the time the way this works,
20 your table shows it, Table 5-7 shows it, virtually all the
21 time you only get to give one bid. So it will be the case
22 in that kind of scenario that occasionally an import might
23 be the lowest bid.

24 But you don't stop there. You don't just, as a
25 Commission, look at the pricing data and say is there

1 underselling? You have to go a step further. You do go a
2 step further by law, Joe Medals. The Federal Circuit tells
3 you you look for causation. So you see, because of the
4 underselling, was there price depression? Or was there
5 price suppression?

6 And in the Preliminary Determination you found
7 that there wasn't. There was no price depression. There
8 was no price suppression. The cost ratio improves. There
9 is no cost/price squeeze. So there are in fact no price
10 effects.

11 And so I think you can't just isolate this blue
12 square, which is a piece of a piece, right? This circle
13 (indicating) doesn't represent all the volume. This is a
14 fraction of a fraction of the volume. You can't isolate
15 that and say that on these sales where there was no
16 transparency of prices, someone bid lower. That
17 establishes material injury unless you find price effects.

18 COMMISSIONER KEARNS: Well, sure. I mean I
19 wouldn't stop here. We would also look at whether the
20 cost/price squeeze, as we talked about this morning, and so
21 forth. But--but, you seem to suggest this is, eh. But, you
22 know, I mean that quarter--I mean, this is a representative
23 sample, isn't it? Or do you not think so? Do you think
24 our bidding data isn't really representative of the market
25 as a whole?

1 MS. MENDOZA: First of all, I think that you
2 can't assume that the reason they won the bid was because of
3 price, right? I mean--

4 COMMISSIONER KEARNS: Right, although again I
5 mean all of our staff report seems to suggest pricing does
6 matter a lot. And I know you all push back against that,
7 and, you know, you have some good reasons to do so to make
8 us take a closer look, but it does seem like price is a
9 pretty significant factor in these bids.

10 MS. MENDOZA: Well, I mean I would suggest,
11 though, that if you go back and you look at the bids, and
12 you see what the purchasers say about why they bought it, I
13 don't think anybody is suggesting that price is not a factor
14 at all. I think what we're suggesting is that the decisions
15 are made on the basis of, you know, availability, the
16 ability to produce to a technical specification. I'm not
17 saying they can't produce it at all, but obviously some
18 producers are better at it. They've got a better track
19 record.

20 I mean when you submit a bid, you have to provide
21 to the pipeline operator your history of producing that
22 product. Okay? So it's not like you can just walk in and
23 say I can produce it. Okay? You've got to give them your
24 production history so that they can actually see it. And
25 then they can look at the project and see how that went.

1 Because at the end of the day, it's just not
2 credible to suggest that a pipeline operator who is looking
3 at penalties of \$75 to \$80 million a month, okay, for a
4 delay, is really going to make a decision about what pipe to
5 purchase based solely on the price. And in fact that's what
6 all the purchasers are saying.

7 So I'm not saying it's never the case that
8 somebody had the lowest bid and they won. I mean we know
9 U.S. producers did. We know subject imports did. But
10 what's kind of amazing, actually is that once you get down
11 to this very narrow group of companies that can produce this
12 product, right, on a comparable basis, that even there price
13 only succeeds half the time.

14 COMMISSIONER KEARNS: Let me just follow up on
15 this because my time is out, but a related question: I take
16 your point we can't necessarily assume that on that quarter
17 that we're looking at there, that they won because it was
18 lowest priced, but--and I'd like Petitioners also to address
19 this--what about the other half, where lowest bid did not
20 win? Should we just assume that there cannot injury there
21 from subject imports? Or could that other half also be
22 injurious, either because they were, you know, competing on
23 other factors besides price, or price was still a factor
24 even though it may not have been the lowest bid?

25 MS. MENDOZA: I think the answer really comes,

1 and when you heard Mr. Brightbill this morning testify under
2 extensive questioning that if they lost the bid for any
3 reason, that's material injury by subject imports.

4 That's not what the law says, okay? The law says
5 that you have to find evidence that there were volume or
6 price effects on this industry.

7 So if it's the case that U.S. producers, because
8 they can't get high-quality substrate, can't compete on the
9 on the basis of quality, then by definition that's not
10 injury by subject imports. That's injury by virtue of the
11 fact that they can't get substrate that meets the
12 qualification requirements.

13 I mean you heard these guys say, you know, if
14 you--when you get a bid, you've got to tell them who's going
15 to produce the raw material; where you're going to get it;
16 when you're going to get it; when it's going to be
17 delivered; and when you're going to produce it.

18 So I mean at the end of the day, all of that
19 suggests that there are some very big issues with this
20 industry that have nothing to do with price. And it's not
21 price driving the decision-making.

22 COMMISSIONER KEARNS: Thank you.

23 MR. SOLONINKA: Mark Soloninka, CPW America.
24 One other comment. When it comes to the Plains order, there
25 is not a U.S. producer that can produce 26-inch ERW pipe.

1 COMMISSIONER KEARNS: Thank you all. I'll ask
2 more questions about that later, thanks.

3 CHAIRMAN JOHANSON: Alright, thank you all for
4 appearing here today.

5 I am going to go back to Welspun, which is a
6 subject we spoke about this morning. What do you make of
7 Welspun's testimony of today that its position in terms of
8 injury is consistent from the Preliminary Phase to the Final
9 Phase of this Investigation?

10 MS. MENDOZA: Julie Mendoza. What I take from it
11 is that the facts haven't changed; it's just the
12 presentation that's changed.

13 I think that the facts are the facts as they
14 stated them. I think their testimony here today suggested
15 that they were unwilling to depart from the statements that
16 they had made originally, and they were going to stand by
17 them as they should because those were sworn statements.
18 And all I would take from it is that, you know, they have
19 basically tried to suggest that on every other order that
20 didn't involve them it was all about price. But I don't
21 think they walked away from what they factually told the
22 Commission and the truth of it.

23 I understand that they suggested that perhaps one
24 producer had shown them the light with respect to their
25 ability to produce it, but I think one of the things that's

1 really important here, and I think it's something to ask
2 them for, is: Let's see that production history report that
3 you have to provide in your bids. Let's see what you've
4 actually told people you can make, and have made, and have
5 sold.

6 I mean everybody's got to present those
7 production reports when they bid on a project. So if
8 they're saying, oh, we can provide that project, let's see
9 what their production history is on that, and who they've
10 actually sold it to.

11 MR. CAMERON: Excuse me, Commissioner, Don
12 Cameron. I think she's referring to Berg who said that they
13 actually could produce it. So let's see their history.
14 We'll be glad to produce ours, but they have to be asked to
15 produce theirs, and we will be glad to put it on the record.

16 MR. CANNON: So this is Jim Cannon, and I just
17 want to make one observation. When they answer the
18 questions about the testimony, they've focused along the
19 Mountain Valley job, which was the largest job. So we put
20 the facts on table 6, on page 47 of our brief, that shows
21 the size of the two jobs that they were talking about. And
22 what they focused on arguing was that the product in that
23 job, what was it, the 60-foot plank, that issue.

24 What they did not really address was the Mountain
25 Valley project. This is the one they got a lot of

1 questioning from Commissioner Schmidtlein on, this is the
2 project where they started shipping from a U.S. mill. They
3 won the job with a U.S. mill. They shipped from their U.S.
4 mill in 2016, and in 2017 because their costs went up, they
5 stopped shipping from the U.S. and started importing from
6 India. No U.S. mill got to bid against that volume.

7 So you cannot say that volume was lost on
8 unfairly traded imports. It wasn't bid. It was won by a
9 domestic producer. And they acted as if, because it wasn't
10 the largest volume, it wasn't significant. You can see on
11 page 47 of our brief, Table 6, how significant that volume
12 is. That volume alone, if you take it out, means there's no
13 market share shift.

14 So I think that's important to know.

15 CHAIRMAN JOHANSON: Thanks to all of you for your
16 responses. Petitioners argue that the U.S. market began
17 seeing the effects of the January, 2018 filing of this case
18 in interim 2018 with subject imports declining by 46% and
19 this is in their brief -- the Petitioner brief at page 48.

20 Why shouldn't we review import trends in interim
21 2018 as evidence of post-Petition effects? Why did imports
22 decline after the Petitions were filed?

23 MS. MENDOZA: Julie Mendoza, just to clarify some
24 dates here -- in June the CVD Order was published, other
25 than China and India and Korea, Greece had no CVD case. We

1 had a very tiny, tiny margin. Canada didn't have a CVD case
2 so it really wasn't until August that the AD prelim came
3 out. So prior to that date nobody had any idea of what
4 those margins were going to look like.

5 So I would suggest that that makes no sense at
6 all. I mean if the 232 duties had no effect on the imports
7 in the market as they said and we agree with because it's
8 not about price, then why would a CVD margin of either zero
9 or de minimis have any effect on who was going to purchase
10 projects? We just didn't see it.

11 MR. PLANERT: Yeah Will Planert, I mean you're
12 correct that the Petitioners made that argument in their
13 brief but their witness this morning, Mr. Riemer, pretty
14 much said the opposite and said that he saw no benefit from
15 the filing of the Petition and that things didn't begin to
16 get better until August when the preliminary duties came in.
17 So I think even on the Petitioner's side there's a little
18 bit of a conflict over how much post-Petition effect there
19 really was.

20 MR. CANNON: So Jim Cannon, so I think logically
21 from the record the bids take place first, so the product
22 that was shipped in the first half of 2017 -- that was
23 awarded pursuant to a contract back in '17 and so the
24 Petitioner's filed -- people still shipped because those
25 contracts have already been awarded so the Petitioner had no

1 effect on the decline in imports in 2017 -- in 2018.

2 CHAIRMAN JOHANSON: Thanks for your responses.
3 And I'm getting back to the 232 which Mannesmann doesn't
4 mention -- would you respond to the domestic industry's
5 testimony today that the Section 232 measures have been
6 essentially a wash, a neutral given any benefits in imposing
7 import duties measured against increased raw material costs?

8 MR. PAPAVASILEIOU: Apostolos Papavasileiou, and
9 the 232 in our case as an importer affects 100% of the value
10 of the pipe. So for the local producer that affects only
11 maximum 60% of the value of the pipe because that affects
12 only the cost of the steel to make the pipe.

13 So those two cannot be -- cancel each other, this
14 is obvious.

15 MR. SOLONINKA: Mark Solonika, CPW America. To
16 me it's simple math. If you sell a ton of pipe for \$1,000,
17 or bringing in pipe at \$1,000, 25% is \$250 a ton. If you're
18 buying coil or plate for \$600, at 25% it's \$150 so there is
19 a partial disparity.

20 MR. WAITE: Mr. Chairman, Fred Waite, counsel for
21 Corinth. There's also almost a conflating I think of
22 various factors here. This morning Petitioners said that
23 the 232 tariff as we just discussed as a group here have had
24 little effect, no benefit for them -- that's a 25% tariff on
25 imports of large diameter welded line pipe from Greece, but

1 the dumping determinations by the Commerce Department had
2 the teeth -- they had the impact.

3 Our dumping margin is 7.45%. I don't understand
4 how a 7.45% figure is something that impacts them whereas a
5 25% figure does not. That just -- I'm not an economist, I'm
6 not a business person, but I think I do have the ability to
7 count from 1 to 100 and as far as I can see 7.45 is much
8 lower than 25% and therefore would have -- I would imagine,
9 less of an impact on the imports coming in from Greece.

10 MR. COFFIN: Dave Coffin, Evraz. And you know as
11 I stated in my opening statement is you know, because our
12 customers weren't able to buy pipe, you know, they -- we had
13 orders, you know, when the 232 announcements were made and
14 our customers were willing to pay that additional tariff
15 because they were unable to supply the pipe, so that's on
16 the near term.

17 On the long-term it's a big factor because as
18 others stated, they're paying 25%. They're looking at us on
19 the 25% basis including coating so that will have an effect.

20 MR. NOLAN: This is Matt Nolan for the Turkish
21 steel exporters -- just to add one piece to that last
22 comment. The current 232 duties on Turkey are now 50% so
23 while you can say yes, a contract was entered into say six
24 months or a year ago is still running now, and you need that
25 pipe and so you have to deliver that pipe -- 50% is an

1 awfully big number to overcome.

2 And so in the longer term I cannot see how
3 outside imports coming in at a 50% duty rate could survive
4 that and I take issue with the idea that well they can turn
5 the duties off tomorrow. It's been 8 months since those 232
6 duties have been put in place. I see no evidence to suggest
7 that this administration is anywhere close to taking them
8 off.

9 MR. ONBASI: Ugur Onbasi, Borusan Mannesmann.
10 On the Section 232 subject I would like to respond to Mr.
11 Riemer because you know we have won the contract from
12 Kinder Morgan in January 2018 for the Gulf Coast Express
13 project and a month later the U.S. government announced that the
14 Section 232 tax is going to be imposed soon.

15 And at that period our customer, Kinder Morgan,
16 decided, we learned later, to go to the U.S.
17 customers, U.S. suppliers to rebid. And during that period
18 -- even during that period Berg and other U.S. suppliers
19 could not confirm the technical specifications of Kinder
20 Morgan.

21 At the end of that process Kinder Morgan decided
22 to continue with Borusan even if the Section 232 tax was
23 going to be imposed and at the end of the day it was imposed
24 as 25%. And then during that period Kinder Morgan is still
25 paying the Section 232 tax even today at 50%, so it is just

1 proving that it is not about the price, but this is about
2 the technical reliability and the confirmation.

3 MR. ATABEY: Zafer Atabey, Borusan Mannesmann,
4 it's something very critical on that topic because on
5 Friday in the Section 232 timeframes, it was explained that it was
6 50% first for Turkey and then it was decided to be 25% --
7 Monday we gave the option to the customer to cancel the
8 order without any penalty because we said okay, this is an
9 extraordinary situation and you may consider to cancel it
10 and we will manage with our coil suppliers because it was
11 just a month before that we had been awarded.

12 And doing that probably they tried to reconsider
13 other options but if the price or if the cost was that
14 important, why they wouldn't do that? So they decided to stay
15 with us just because of the reasons they explained in the
16 rebuttal letter in the exclusion process.

17 CHAIRMAN JOHANSON: Mr. Atabey could we get a
18 copy of that -- do you have any documentation to that
19 effect?

20 MS. MENDOZA: Julie Mendoza, you mean to the
21 effect that they offered Kinder Morgan to cancel the
22 contract?

23 CHAIRMAN JOHANSON: Right and Kinder Morgan
24 decided not to due to specifications that could be met by
25 Borusan.

1 MR. ATABEY: Confidentially we can.

2 CHAIRMAN JOHANSON: If you can do --

3 MS. MENDOZA: Yes.

4 CHAIRMAN JOHANSON: Okay, I'd appreciate that.

5 MS. MENDOZA: We would be happy to do that.

6 MR. COFFIN: And this is Dave Coffin with Evraz,
7 just quickly -- we also went to our customers and let them
8 know that they could cancel their orders. We know they did
9 go out to the market and look for bids and then they came
10 back and said we're -- that we did not find availability and
11 we'll work with you on the price so they were willing to pay
12 the additional fee.

13 CHAIRMAN JOHANSON: Likewise Mr. Coffin, if you
14 have any documentation on that that would be -- we would
15 appreciate it and it could of course be confidential, okay.

16 MR. SOLONINKA: Mark Soloninka, CPW America, also
17 on the Plains Cactus II Project, 26 inch -- we did approach
18 Plains and advised that we had a certain amount of coil
19 produced, that we would produce it in 26 inch ERW and if
20 they felt the need to cancel the remaining project with us,
21 we would not expose them to cancellation charges if they
22 could find a replacement in the U.S.

23 Again, there's not a U.S. producer of 26 inch
24 ERW. They thanked us, carried on work with us and we're
25 delivering the pipe today.

1 CHAIRMAN JOHANSON: Okay, one more time Mr.
2 Soloninka, do you have any written documentation you can
3 present that'd be helpful.

4 MR. SOLININKA: Yes.

5 CHAIRMAN JOHANSON: Okay, my time has well
6 expired, Commissioner Williamson?

7 COMMISSIONER WILLIAMSON: Thank you Mr. Chairman
8 and thank you to all the witnesses for coming and presenting
9 their testimony today. I noted some of you have been
10 talking about the bid process -- this gets to the question
11 of the transparency process.

12 We're saying that whose light goes on its one
13 time, you submitted your bid and that was it there was no
14 discussion after that with potential bidders. And I got the
15 impression from Petitioners this morning they were talking
16 about often the purchaser might come back to them and say
17 you're -- this group of suppliers or other suppliers are
18 offering me something, can your price come down.

19 So it sounds to me like you are all describing
20 quite a different process and I'm wondering if someone could
21 address that.

22 MS. PETERSON: Emma Peterson, Morris Manning.
23 I'm sure our industry witnesses can speak to their
24 experience but I do just want to point out that in your
25 staff report -- and it's at V-6 the purchasers

1 overwhelmingly have reported that they do not share bids
2 and I think that's pretty important evidence for you all to
3 take into consideration but I'll let Ugur speak.

4 COMMISSIONER WILLIAMSON: Go ahead.

5 MR. ONBASI: Okay thank you, Ugur Onbasi, Borusan
6 Mannesmann, I would like to give you the information -- some
7 information -- on the bid process. I mean it's a process that
8 can take even a month or more after that RFQ is received.
9 It's a very detailed and complicated process.

10 The first thing we do after receiving the RFQ is
11 reviewing the technical specification which is very
12 important and other requirements in the project and starting
13 the -- sending inquiries to our hot-rolled coil suppliers
14 and this is very, very critical and during that process
15 afterwards we complete all the preparation of the bid we
16 send to the customer.

17 And after sending it, the transparency -- there
18 is, I mean, there is no transparency during that period so
19 we -- it is even sometimes not possible to see, to visit the
20 customers to ask how is it going. So we have to wait until
21 the deadline ends in our bid.

22 So it's sometimes two months, three months,
23 sometimes more. So there is no -- yeah, so there is no
24 discussion, there is no knowledge about the price, who is
25 bidding and what is the price of the others and et cetera.

1 So it is even, you know, in the pipeline industry there
2 are very big companies and to abide by their rules are very,
3 very important and they cannot even talk about it. So how
4 come the Petitioners can know the price of us and Mr. Riemer
5 has said that, "Oh, there is no transparency," and how come
6 then they know our price?

7 So I just wanted to -- thank you.

8 MR. PAPAVALASILEIOU: Apostolos Papavasileiou,
9 unless you meet the technical specification and the U.S.
10 schedule the price will be taken into account and then if
11 you make those two requirements, then there is no way to
12 know who are the other competitors and of course there's no
13 way to know what are their prices.

14 And sometimes you don't have a second chance for
15 a second bid -- sometimes you have maybe, at least and even
16 then you don't know who makes this sort of -- it might be
17 three companies, five companies, but you don't know the
18 names, you don't know their prices, they just ask you to rebid
19 and that's it.

20 And if there are negotiations sometimes, the
21 pricing won't be considered.

22 MR. WINKLER: Conrad Winkler from Evraz, if I
23 could just add a little nuance to that. What our approach
24 and our vision as a company is to be a partner with our
25 customers and so for us, I mean, it starts often years

1 before projects occur. We often do joint R&D with some of
2 our customers.

3 We talk to them about our capabilities. In some
4 cases, especially for the customers that are really in our
5 back yard, we actually spend time with them working on what
6 should the specification be. We often actually even work
7 with their engineering firms at times if appropriate in
8 order to -- in order to help support that whole process to
9 get the safest possible solution for our customers.

10 So that's all before any kind of bidding or RFQ
11 even happens and then as for the actual bidding and RFQ I'm
12 going to, if you don't mind, turn it over to Mr. Coffin to
13 talk about it but suffice it to say we're pretty
14 sophisticated I think as suppliers and our buyers are very
15 sophisticated to and so there are some things we know, some
16 things we don't know right up until you get into that full
17 bid.

18 MR. COFFIN: And we -- you know, as we mentioned
19 in one of our -- Dave Coffin, Evraz, in our slide, you know,
20 it is a very geographical market and you'll see on our slide
21 that most of the projects that we were awarded were in and
22 around or close to our mill and it's very important.

23 So we would know if we were looking at say the
24 Ambridge Line 336 inch project -- it started in Canada and
25 ended in the U.S. we were a natural fit for that project and

1 you know, and we would look at our other suppliers and
2 understand that they're a little bit further away.

3 But going back to the transparency, I mean we're
4 in a bid process right now with Plains All-American and we
5 can't even get a meeting or a lunch with them until the bid
6 process is over because they do not want to talk to us until
7 the make a decision. So those are the type of bid
8 integrities that our customers have.

9 MR. SOLONINKA: Mark Soloninka, CPW America.
10 Just to follow-up on the technical aspect we do agree with
11 Mr. Norris's testimony this morning from Dura-Bond that he
12 testified that the specifications are increasingly becoming
13 more demanding and challenging and complicated.

14 So we all face those and during the bid process
15 because of our technology in our mill, often times we offer
16 enhanced properties to a specification -- things that are
17 most important to the customer when it comes to dimensional
18 properties and characteristics.

19 So we do agree that they are becoming more and
20 more and increasing the specs and complicated and you could
21 see where the previously slide -- 36 exceptions into a
22 specification is hard for a customer then to go ahead and
23 award a supplier that is going to take that many exceptions.

24 MR. CANNON: This is Jim Cannon, I was just going
25 to observe quickly that apart from the anecdotal or episodic

1 testimony from both panels -- the morning and afternoon, if
2 you look at Table 5-9 in your staff report, page 520, if you
3 just look down the column, you've got maybe 40 purchasers.

4 When they're asked the question did the producer
5 bidding reduce their price they say they don't know. They
6 don't know whether they reduced their price. Now why
7 wouldn't they know -- because they only ask for one price,
8 they don't ask for two. When you see the amount of time
9 somebody said they had a competition right, you can see it
10 in the comments its right there additional information.

11 You can see their comments when they did know.
12 It's so few times so it's remarkable to me and in fact this
13 is the uniform answer of the purchaser questionnaires.
14 Uniformly they said in the industry it's almost like a point
15 of pride or integrity with the purchasers. We only give
16 them one shot.

17 COMMISSIONER WILLIAMSON: I'm sorry Mr. Cannon,
18 I'm looking at page 5-6 and it seems to me there's some
19 variety in the way the different purchasers handle this
20 question so maybe post-hearing would you folks take another
21 look at that paragraph and --

22 MR. CANNON: I'm sorry, Table --

23 COMMISSIONER WILLIAMSON: Page 5-6, I forget
24 someone here in the beginning referred me to that page and
25 if you look at it there's some variety in those answers so

1 it may be best to take a look at it post-hearing and
2 Respondents and Petitioners can take another shot at this.

3 MS. PETERSON: Sure Emma Peterson, Morris
4 Manning, I'm referring to the last sentence of that
5 paragraph that says, "The majority of purchasers indicated
6 that they never discussed with suppliers the bids of
7 competing firms."

8 COMMISSIONER WILLIAMSON: Okay but then you have
9 others before that and two or three sentences before that so
10 it's -- there is some variety there.

11 MR. COFFIN: Dave Coffin, Evraz. I would say
12 that it's extremely, extremely rare when you get into that
13 situation and again it's mainly, you know, we have our bids
14 will be due at 2 p.m. on a Thursday and if they're not in by
15 2 p.m. on a Thursday, you're out of the running.

16 We had a bid that for Spectra Energy, we turned
17 it in after the 2 p.m. deadline and our bid was rejected.
18 So those types of examples show that it's -- you have to
19 meet the -- you have to turn it in on time and if you don't
20 get it in on time you're rejected.

21 If it was like this every time and you could
22 always bring in new prices, you wouldn't see those types of
23 -- that type of language.

24 COMMISSIONER WILLIAMSON: Okay well.

25 MR. PHILLIPS: Mr. Williamson.

1 COMMISSIONER WILLIAMSON: Yes?

2 MR. PHILLIPS: Todd Phillips with Borusan
3 Mannesmann. If I could add -- when you put these bid
4 packages together they are extremely detailed. You've got
5 the manufacturing procedures, coating procedures, quality
6 programs, safety, logistics plan, all these are included in
7 your past history, mill schedule, coating schedule, the
8 whole 9 yards.

9 When you put them together it's about a 3 or 4
10 inch thick package if you print it up. So when we submit
11 those -- I mean customers typically go into lock-down
12 mode to review this. There are so many different factors
13 that they have to take a look at.

14 You know listening to this morning it sounds like
15 we turn in a piece of paper and oh the low price, here's an
16 offer, that's not the case.

17 COMMISSIONER WILLIAMSON: Okay. I'm not sure
18 what to say but if anything -- if anyone could present
19 post-hearing either in terms of documentation to verify what
20 the case is here.

21 MS. MENDOZA: Julie Mendoza, we could submit a
22 picture of what we submit and all the tabs that are in it,
23 if that might be helpful just so you can see how complex it
24 is. I mean it kind of belies the whole idea you know, it's
25 all about price because why do they ask for all of that

1 material if they're just at the end of the day going to look
2 at that number at the bottom of the page, so.

3 COMMISSIONER WILLIAMSON: I think what's most
4 frequently said is okay, got to meet -- there's a certain
5 minimum and then you might get into the question of price.
6 If you don't meet that -- if you don't meet all those
7 requirements, it's different.

8 MS. MENDOZA: But minimum also includes
9 being able to deliver exactly on time and having huge
10 penalty clauses. These guys have liquidated damage clauses
11 that are unbelievable right? So I mean I don't think it's
12 about like another industry like you just made the minimum
13 and now you're ASTM qualified you can go for it, I don't
14 know --

15 COMMISSIONER WILLIAMSON: I understand how
16 important these -- how large these projects are the risks it
17 involves and all that.

18 MS. MENDOZA: Yeah.

19 COMMISSIONER WILLIAMSON: That's clear.

20 Oops I'm out of time again so thank you.

21 CHAIRMAN JOHANSON: Commissioner Broadbent?

22 COMMISSIONER BROADBENT: Yes thank you Chairman
23 Johanson. A kind of big picture question -- how do
24 Respondents react to the Petitioner's statements this
25 morning that ERW HSAW and LSAW production processes yield

1 sort of essentially interchangeable products?

2 MS. MENDOZA: Julie Mendoza. I'd leave it to the
3 others -- the industry witnesses to respond but I think
4 again this is another over-simplification by them right? I
5 mean if there's one thing that these guys always say to me
6 when we talk about this product is don't talk to me just
7 about one thing like weld -- talk to me about all the
8 characteristics that somebody's going to require right --
9 because that's really what determines it.

10 You know different people can have different
11 opinions about whether one type of weld is better than
12 another type of weld but the answer is that it depends on
13 the project right? It depends on the demands, it depends on
14 the thickness, it depends on what else -- I mean length, I
15 mean it's not like anybody goes in and says okay, let's just
16 look at the weld.

17 I mean that's why you have these very detailed,
18 sorry -- you know, specification books to go through all
19 that. So I think it's not possible to sort of isolate one
20 characteristic and say oh yeah, those are comparable,
21 because they may or may not be.

22 MR. PHILLIPS: Quite -- Todd Phillips with
23 Borusan Mannesmann. Quite frequently, and it's starting to
24 change a little bit but the customer may have a spec for
25 ERW, a spec for HSAW and a spec for LSAW, there's three

1 different specifications.

2 MR. WINKER: Conrad Winkler of Evraz, just to you
3 know, technically put it out there. So basically L Saw and
4 H Saw in general is a submerged arc welded process so
5 there's actually flux and material added as part of that
6 welding whereas ERW is actually a forged process where the
7 steel is heated and forged together and there are different
8 physical properties as a result of that and for some
9 customers it's really important and for some customers it's
10 less important and then of course the difference between
11 Helical and straight seam again for some customers this is
12 an important differential and others.

13 And there's also a big difference in the cost and
14 process since we do all three of these processes we can talk
15 to that and for example we make an L Saw product, we tend to
16 make 40 foot lengths and then attach those 40 foot lengths
17 together into 80 foot lengths in general.

18 And then when we make Helical we tend to make 80
19 foot lengths and then when it comes to ERW we actually roll
20 it off a single coil and we can make a variety of different
21 lengths in order to produce that pipe -- so the process is
22 actually quite different.

23 MR. COFFIN: Dave Coffin, Evraz, and also if you
24 look at you know, the -- if you look at specifically from
25 straight seam either L Saw or ERW and Helical pipe, you

1 know, the weld is proportioned in a different way. You have
2 the straight seam pipe and then Helical -- it's like a --
3 it's going this way. So if somebody is going to do a road
4 bore or they're going to bore underneath a river and you're
5 -- you know, often they want the straight seam pipe because
6 there's less friction on the weld because it's in -- it's
7 on the -- it's orientated on the straight seam.

8 If it's Helical they're pulling the pipe through
9 a hole and the weld is hitting on the rock so it's a very --
10 I mean I don't want to get too technical but it's very
11 important that, you know, straight seam ERW or L Saw or
12 straight seam, our examiner pipe is -- you know there are
13 technical differences and preferences for applications.

14 MS. BURGER: Hi Dianne Burger with CPW America.
15 If you could put on the slide that I had during my speech,
16 the one that says "Other manufacturing processes have
17 limitations that affect quality." It clearly states
18 there -- and one of the big factors that haven't even been
19 pointed out here are on the lengths -- the difference in the
20 lengths between an ERW product which we can make up to 76
21 foot length versus LSAW which is usually 40 foot max.

22 But the amount of field welds that are required
23 by the end user can be huge, especially when you're talking
24 about a 1,000 mile pipeline. So those type things need to be
25 taken into consideration, so it's not just the -- I would

1 say technical aspects, this is just a portion of it but the
2 part that is key to our customers is the fact that the
3 lengths and the number of welds that they have to address.

4 MR. SOLONINKA: Mark Soloninka, CPW America. We
5 also heard this morning a lot about on the HSAW process
6 that you heard about downgrading into structural grades.
7 We've never heard that you could take structural and upgrade
8 it to line pipe.

9 COMMISSIONER BROADENT: Okay, good, thank you
10 very much. Ms. Okuu, on the related parties question in its
11 preliminary determinations the Commission noted that it
12 would reconsider whether Evraz and Welspun should be
13 excluded from the domestic industry in the final phase.

14 Based on Table 3-10 should any U.S. producer be
15 excluded from the domestic industry as a related party given
16 their primary interest in importation of the subject
17 merchandise during the period of investigation?

18 MR. CANNON: Jim Cannon, standing in for Deanna.
19 No, we'll do the same thing the Petitioners did, we'll
20 address it in the post-hearing.

21 MS. OKEE: Man I was going to give you credit for
22 doing it.

23 MR. CANNON: You were going to give me credit?

24 MS. OKEE: I will say I do just want to make one
25 point or I do want Mr. Winkler to make one point because I

1 think part of what you heard from Mr. Brightbill was somehow
2 because of Evraz taking this plant that was in California
3 and moving it that that somehow was relevant to that
4 question and I'm not sure if you caught what he said that
5 Mr. Winkler if you could tell him like what actually
6 happened with that plant in Lititz, we wouldn't consider
7 that to be relevant.

8 MR. WINKLER: And we're talking about the U.S.P.
9 mill that -- so that mill wasn't -- it wasn't operating, it
10 was a joint venture between three companies mostly U.S.
11 steel and POSCO if I'm not mistaken and the equipment had
12 been completely idled and it was essentially very nice
13 equipment but it was -- it failed startup.

14 And they were unable to secure any large pipe
15 orders, any large energy pipe orders I believe they made
16 some structural orders and maybe some very small energy pipe
17 but couldn't get qualified.

18 And so at the same time we had a situation in
19 Canada where there was -- we knew on the horizon in the
20 market there were some very large LNG -- some liquid natural
21 gas projects coming up and those require extremely heavy
22 walled pipe which the type of mill that we had in Regina
23 were not capable of producing.

24 So we purchased that mill so that we could make
25 that heavier walled pipe to serve that LNG market and we put

1 that mill together there but we kept largely our finishing
2 capacity pretty similar in that whole process so there was
3 no -- again, you know, that was not a transfer of anything
4 but idle, non-operating equipment.

5 I think they also had a lot of problems getting
6 some of their joint venture partners to supply them with
7 steel and to get it qualified as well.

8 COMMISSIONER BROADBENT: Okay, thank you very
9 much. Miss Peterson, related to conditions of competition.
10 Oil and gas prices increased in 2017 as did the rotary rig
11 count, the miles of pipeline completed and the number of
12 pipeline projects according to page 2-14 through 2-17 of the
13 staff report.

14 Why is it that we didn't see a more substantial
15 increase in apparent U.S. consumption?

16 MS. PETERSON: Emma Peterson, Morris Manning, the
17 reason that you don't see that immediately in 2017 as some
18 of our witnesses have mentioned earlier is that these bids
19 are awarded far in advance of when they actually show up in
20 the apparent consumption data so it's shipped in 2017 for
21 something that was booked in 2015 or 2016, so there is a bit
22 of a lag between demand and when the imports actually arrive
23 and the same goes for U.S. producer shipments as well.

24 MR. COFFIN: Dave Coffin, Evraz and I believe you
25 mentioned the rig counts am I correct? We say the -- so

1 typically from on line pipe, you know, line pipe usually
2 lags about a year after the rig count so you don't just
3 start drilling oil and natural gas and then immediately need
4 to move it to market. You have to build all the
5 infrastructure to, you know, to start you know, drilling the
6 oil and gas and then there's always a lag between that and
7 you know, kind of the industry rule of thumb is you know,
8 we're always one year behind the rig count.

9 MR. WINKLER: And Conrad Winkler from Evraz, you
10 know if I could just add, I mean this was not your average
11 energy downturn. You know in January of 2015 in Evraz,
12 North America we had 4,700 employees. By the middle of 2016
13 as oil dropped to \$28 a barrel we were down to 2,200
14 employees.

15 We'd idled four different mills and taken two
16 other mills down by 50% and cut over 40% of our
17 headquarters, people in Chicago as well -- so this was a
18 massive downturn and I can tell you the market was dead.

19 I mean what we were producing was largely from
20 earlier periods during that and so now we've actually got to
21 get the chill needed to completely come off the market.
22 People had to believe oil prices were actually going to go
23 up and then they started to say okay, it looks like
24 drilling's picking up, let's get some pipelines in.

25 And then of course there was also the getting in

1 place all the various FERC folks to actually approve the
2 pipelines too, it was a big part of that. So demand you
3 know, really did start to take off and that's the big story
4 of what happened in 2016 was there was no demand, it was
5 dead.

6 COMMISSIONER BROADBENT: Thank you very much.

7 CHAIRMAN JOHANSON: Commissioner Schmidtlein?

8 COMMISSIONER SCHMIDTLEIN: Okay, thank you. I'd
9 like to thank all the witnesses for being here as well. I
10 want to go back to this question about Welspun and the two
11 different projects that were discussed and I thought I
12 understood you all to say I think you have a response to the
13 declaration that was put on the record in the prelim that
14 relates to the Valley Crossing Project that you're going to
15 discuss in the post-hearing, okay.

16 So with regard to the Mountain Valley Project, we
17 heard the witness from Welspun this morning testified that
18 they shifted that production from the U.S. mill to the mill
19 in India and as Mr. Cannon pointed out that is a large
20 percentage of what was coming in from India.

21 So in the prelim in the staff conference, excuse
22 me, in the staff conference the same witness made the
23 statement that -- and again he was making the point at that
24 point, same point as here that production costs had gone up
25 and that's why they shifted and in the staff conference he

1 said the only U.S. producer harmed by this unfortunate
2 situation was Welspun's U.S. manufacturing facility because
3 of course it wasn't rebid.

4 So my question is -- isn't that injury to the
5 U.S. industry if we -- assuming we don't exclude Welspun as
6 a related party?

7 MR. CAMERON: Don Cameron, I think that would be
8 impossible because you're really saying that Welspun injured
9 itself. They're the ones that made the shift and the reason
10 that they made the shift from the U.S. to India is exactly
11 the reason that they said -- that if they had carried it out
12 by importing the hot coil at a 60% countervailing duty from
13 Korea, that that would have injured the U.S. producer i.e.
14 Welspun, therefore they transferred it to India.

15 COMMISSIONER SCHMIDTLEIN: But they did have to
16 lay off people and so if the reason they brought it is that
17 the price was going to -- it was a better price.

18 MR. CAMERON: It can't be injury by reason of
19 imports -- that's injury by reason of the fact that they
20 couldn't access the raw material without going bankrupt,
21 that's not injury by reason of imports from India which they
22 themselves transferred to another one of their own
23 facilities, so that would be a difficult reach.

24 COMMISSIONER SCHMIDTLEIN: Are you arguing that
25 they can't injure themselves -- that's the argument?

1 MR. CAMERON: That's exactly what I'm arguing.

2 MS. MENDOZA: I think that's what -- this is
3 Julie Mendoza, but I think what I would add Commissioner
4 Schmidtlein is this which is that -- and we can address this
5 in our confidential brief but you know, the question there
6 is sort of who's paying the duties right?

7 So is it Welspun or is POSCO right? So I mean at
8 some point that shipment was on its way and it got diverted
9 by POSCO to India. And so the question is who
10 decided to do that and who decided that it couldn't be
11 imported? I don't think it was a matter of price, I think
12 it was a matter of just a prohibitive level of duties that
13 really prevented them -- POSCO from bringing that material
14 into the United States.

15 Now you know, they --

16 COMMISSIONER SCHMIDTLEIN: Well they were just
17 going to lose more money right? They'd have already
18 contracted for the project and raw materials costs were
19 going to go up because of the duties, they'd just lose more
20 money unless they bought it -- unless they brought the pipe
21 in from a source that was cheaper.

22 MS. MENDOZA: Well I think the point though there
23 is it's POSCO itself right who is the importer so if POSCO
24 decides we don't want to pay that right -- then they're
25 going to divert that material to another market so that

1 means that Welspun can't get it -- I mean that's in essence
2 what they testified to at the hearing was it wasn't a matter
3 of them making a decision about whether they wanted to pay
4 this exorbitant tariff, it was the question of whether that
5 material could even -- would even come into the United
6 States under those conditions.

7 And I think that you know, at some level of
8 duties and I think we'd all agree with this -- at some level
9 of duties you just can't bring products in because the cost
10 of that to the importer is so high.

11 MR. CANNON: So Commissioner Schmidtlein, this is
12 Jim Cannon. I've a subtly different way of looking at this.
13 The original bid was put out to bid and it was won and
14 awarded to Welspun USA and so there's no evidence that
15 Welspun India undersold U.S. producers or that the bid
16 ultimately was switched to India because of underselling or
17 because of even a low price or -- in fact the implication in
18 this scenario is that Welspun USA actually could produce it
19 cheaper than its Indian affiliate until the dumping duties
20 were put on the Korean substrate and drove the prices up.

21 So since there's no evidence of underselling by
22 imports, you can't conclude that that shift in volume right
23 -- is due to underselling. And usually what you look for is
24 underselling and volume effects -- in other words, a market
25 share shift due to lower prices. You don't have that

1 because that Indian Welspun volume didn't undersell.

2 That project was bid out of the U.S. using Korean

3 --

4 COMMISSIONER SCHMIDTLEIN: I understand that --

5 MR. CANNON: You just don't have that element.

6 COMMISSIONER SCHMIDTLEIN: Ms. Mendoza's argument
7 but it's all just a matter of money right? You're saying
8 POSCO flat out refused to bring it -- to pay the duties and
9 therefore literally they couldn't access it but it's really
10 just a matter of money so did it -- wasn't the Indian
11 product underselling what was going to be the price or the
12 cost of that product Welspun was going to have to use the --

13 MS. MENDOZA: One second though, I mean Julie
14 Mendoza, consider this -- the bid's already done. The
15 sale's made, the only question is how much profit is Welspun
16 going to make on the sale? That's what we're talking about
17 right?

18 So that bid was set. And they got it as a U.S.
19 producer so the fact that Welspun made an internal decision
20 to maintain its reputation right and continue to provide
21 this project, they made the decision that for internal
22 profit purposes they were going to take a loss.

23 But I don't see how that's injury. I mean I
24 don't see how that's injury from imports -- that's just a
25 business decision about where you would -- whether you want

1 to take, whether you want to just cancel the order, whether
2 you want to produce it somewhere where you can get the
3 material and that's just an internal decision but I don't
4 see that really had any effect on Welspun or that we could
5 rethink Welspun's own reasoning because it's their internal
6 corporate decision how they want to react to a situation
7 that was totally unexpected.

8 You know those margins were not predicted. I
9 mean they were caught unaware and they had to make a very
10 quick decision about what they were going to do. So I don't
11 think it affected the bid price, I think it just affected
12 their profit on the sale.

13 COMMISSIONER SCHMIDTLEIN: Okay, alright the other
14 part of this case I wanted to ask you about is the bid data
15 in the pricing chapter. And I know you all have submitted a
16 different exhibit -- Exhibit 13 which either Ms. Mendoza, or
17 Miss Peterson or Mr. Cameron where you re-calculate the bid
18 data that was submitted via questionnaires, correct?

19 MS. PETERSON: So, Emma Peterson, Morris Manning.
20 We're not recalculating anything. One of the differences
21 between our numbers and staff's is that we've pulled out
22 anything that had only one bid just because it doesn't make
23 sense from a comparative purpose but all we're doing in
24 Exhibit 13 is laying out the reasons for each of these
25 purchases and we've tried to demonstrate to you that you

1 know, in contrast to what Petitioners are arguing that every
2 time the U.S. industry loses a bid, it's all about price.

3 The purchasers responses and the narrative
4 responses that we've provided in that exhibit actually
5 demonstrate that other factors such as delivery schedule,
6 availability, ability to meet the technical specifications
7 are what's driving these purchases, but it's all based
8 on the same data that's in the staff report, all we've done
9 is added that narrative response to it.

10 COMMISSIONER SCHMIDTLEIN: Okay so can you --
11 what is your response to the argument when you look at Mr.
12 Kaplan's slides and in particular Slide 8 and this is not
13 confidential. And this slide was put up as evidence that
14 LVWP is sold on the basis of price.

15 And so when you look at the bid data that we've
16 collected which is reproduced in the staff report at Table
17 V-4 -- let's just look at that for now because I think your
18 exhibit is bracketed.

19 Page -- and then page V-10 where it shows that
20 when a subject source won the bid right, which for all of
21 LVWP was 28 instances where and of those 23 of those winning
22 bids -- the bid was lower than the U.S. bid, so 23 out of
23 28.

24 MS. PETERSON: Emma Peterson, Morris Manning, so
25 I --

1 COMMISSIONER SCHMIDTLEIN: How should we
2 interpret this data because I think the Petitioners would
3 say that's not a coincidence right? No matter what you say
4 about the transparency to Commissioner Williamson's point
5 you've got about half of the purchasers saying that they get
6 to rebid half of them saying they don't -- is it just a
7 coincidence that in so many of the -- that so many of the
8 times where subject imports won the bid it was lower?

9 MS. PETERSON: So first of all what Dr. Kaplan is
10 showing here is when the subject bid was lower but not
11 necessarily the lowest and I think that's an important
12 distinction because if we're following Petitioner's theory
13 of the case, the lowest bid would win every time because
14 it's all about price.

15 COMMISSIONER SCHMIDTLEIN: No but I think what it
16 is is that the subject bid -- the winning bid was lower than
17 the U.S. bid right?

18 MS. PETERSON: Right.

19 COMMISSIONER SCHMIDTLEIN: But the winning bid
20 wasn't necessarily the lowest bid that was submitted.

21 MS. PETERSON: Right.

22 COMMISSIONER SCHMIDTLEIN: Meaning there could
23 have been a different subject bid that was lower, but in
24 those -- in all of these cases, in 23 of the 28 they are
25 lower than the U.S. do you see what I'm saying?

1 MS. PETERSON: Right well again I think it's
2 important to consider that it's not the lowest because I
3 think that contradicts other arguments they've put
4 before you. But the second thing is that we're not
5 considering here at all when the U.S. bid was lower and
6 that's not shown in your staff report and that's something
7 we can do.

8 We've tabulated on my Slide 5 I believe it is
9 when the U.S. was the lowest and that's about even with when
10 subject import prices were the lowest but we can go ahead
11 and provide you with a count of when U.S. prices were lower
12 than subject prices as well.

13 And I would imagine we'd come up with a fairly
14 similar result as what's shown in this slide which is that
15 sometimes subject imports are priced lowest, sometimes U.S.
16 producer's product is priced lowest but A -- these bids are
17 not transparent at all. The other members, the other
18 suppliers that are participating in this bid process can't
19 see the other bids so they don't know where they're at
20 relative to the other suppliers.

21 And B -- the decisions aren't generally made on
22 the basis of price and that's what I've shown
23 on my next slide, that these purchasers are telling you that
24 whether it's lower, whether it's not, we're making decisions
25

1 based on technical specifications, availability and delivery
2 schedule.

3 MS. MENDOZA: Commissioner Schmidtlein, this is
4 Julie Mendoza, the only thing I'd also add if we're talking
5 about page 8 is you know, this is based on underquoting.
6 They say underselling but it's really underquoting right?

7 So they're analyzing bids whether or not those
8 bids were won by the lowest bid right?

9 COMMISSIONER SCHMIDTLEIN: Well actually I'm just
10 looking at when they were won. I'm looking at the -- so if
11 you look at Table 5-4 there's a different table that goes
12 through of all the bids submitted, you know, were subjects
13 underquoting U.S. -- that's a different table.

14 What I'm looking at it where they break out how
15 many winning bids the U.S. had, how many the subject had,
16 when those winning bids was the lowest, when it wasn't the
17 lowest, when the subject was lower than the U.S. bid
18 regardless, right, so, okay I think I understand your
19 answer, alright my time is up thank you.

20 CHAIRMAN JOHANSON: Commissioner Kearns?

21 COMMISSIONER KEARNS: Thank you just going back
22 to Welspun here for a second that was an interesting back
23 and forth. I think I kind of hear you all -- assuming they
24 simply could not get the product that was cost prohibitive
25 to get the hot-rolled, I guess it's hot-rolled coil, after

1 the order was put in place, but I mean couldn't they have
2 sourced it domestically?

3 In other words how do we know the product -- the
4 input was not available versus just higher price -- not just
5 from Korea but possibly from another source?

6 MR. CAMERON: Excuse me Commissioner, Don
7 Cameron. Actually they'd already purchased the hot rolled
8 coil it's not like this is something that okay that went
9 into effect -- I'll go and find another source. They'd
10 already purchased it -- the steel was on the water so this
11 wasn't like it was an open choice, multiple choice question
12 where oh okay, A is foreclosed, I'll go to B. It's done --
13 they've already paid for it.

14 COMMISSIONER KEARNS: Okay so then it came into
15 the U.S.

16 MR. CAMERON: It didn't come into the U.S. the
17 ship was diverted to India.

18 COMMISSIONER KEARNS: Okay, but isn't the
19 question still couldn't they have sourced the product that
20 they said they were going to sell from the U.S. as Mr.
21 Cannon said, they said it was going to be a U.S. sale,
22 couldn't they have taken hot-rolled in the U.S. market?

23 MS. MENDOZA: I mean at that point in the process
24 right I mean the answer to that would clearly be no. I mean
25 if you're talking about going out, getting another source of

1 supply right that can meet the exact same requirements and
2 can have the hot rolled coil produced and ready to go, you
3 know, I mean there would be all kinds of logistical
4 reasons why they would not be able to --

5 COMMISSIONER KEARNS: Shipping it from Korea?

6 MS. MENDOZA: Well it's already on the water,
7 it's already coming it's already on the route.

8 COMMISSIONER KEARNS: I'm sorry, diverting the
9 ship to India then having it made India.

10 MR. CAMERON: Commissioner there's another factor
11 which is that there are a limited number of mills that could
12 actually produce this quality of hot coil. You look at his
13 testimony if you look at the record you'll see that they
14 said that actually I don't believe that this was accessible
15 in the United States.

16 So there are a limited number of places and
17 exactly what are they going to do with the steel of however
18 many hundred thousands of tons that they've already
19 purchased and paid for. So I get the question but I don't
20 think that what you're suggesting is a realistic solution.
21 It certainly isn't a commercial solution.

22 MR. PAPAVASILEIOU: Apostolos Papavasileiou from
23 Corinth. I would like to call attention to this specific
24 order from Welspun, but what I can tell you since our mill
25 is based in Europe and the European supply for API

1 of course continue to be one of the best globally.

2 It was only last month that there was one mill
3 sitting here at this table from the U.S. calling our best
4 supplier in Europe asking to commit capacity allocation for
5 2019 and the reason -- and I know that because we are
6 working with this mill for more than 30 years now in Europe
7 and they called and say that one of the competitors in the
8 U.S. approached us asking for an allocation for next year. The
9 reason being they cannot find the quality of coil in the
10 United States.

11 COMMISSIONER KEARNS: Okay that gets me to my
12 next questions actually.

13 MR. CAMERON: Just one more thing on that. It
14 might be useful when you look at the bid data but when the
15 bid data is submitted the other thing that is already
16 submitted along with the fact that you are supplying the
17 ultimate product, is the supplier of the hot coil that you
18 were using to make it because the people that are making the
19 determination on the bid are also judging whether or not
20 they are going to agree to that supplier, so it's not just
21 -- you have a free shot.

22 COMMISSIONER KEARNS: Okay, thank you.

23 MS. MENDOZA: Commissioner Kearns could I just
24 add really quickly, it's Julie Mendoza.

25 COMMISSIONER KEARNS: Yeah.

1 MS. MENDOZA: In the testimony by U.S. Steel and
2 SSAB today I think you need to look really carefully at that
3 testimony. I think they switched back and forth between
4 structural grade and API grade hot coil that they're talking
5 about.

6 And also -- and that's certainly true with SSAB,
7 I mean, it looks to us like what they're really saying is
8 that they can produce structural grades, not API grades.

9 And the second thing is on the U.S. Steel, all of
10 those things talk about their -- now they're planning to do
11 it, they have the ability now to do it, they've made the
12 investment to do it but we're talking about the period of
13 investigation and that's the period when we're saying these
14 alternatives were not available from U.S. producers.

15 COMMISSIONER KEARNS: Okay, so availability once
16 again it comes to that. That gets me to my next question
17 though -- if we could look at Table 2-9 beginning on page
18 229 of the pre-hearing report, what I'm seeing here is just
19 really hard to square with all of your testimony.

20 If you look at availability 22 out of 24
21 purchasers say U.S. is comparable or superior to Canada?
22 You know, across the board here if you look at China, Greece
23 on availability, if you look at India, if you look at Korea,
24 if you look at Turkey, like the vast majority say they're
25 comparable or superior and if you look -- you guys say well

1 it's the bigger pipe, it's 26 inches and so forth --
2 availability of size greater than 24 well again, not to keep
3 going back to Canada but it's right there -- 19 out of what
4 23 say comparable or superior in the U.S.

5 I think Miss Peterson just talked about how it's
6 all about tech specs, availability and delivery schedules so
7 we just talked about availability now let's look at project
8 specifications and to get from a different -- talking about
9 Canada, it just doesn't matter what country you talk about
10 on here if you look at project specifications well okay,
11 again, Canada's right here -- 24 -- all of them say U.S. is
12 either comparable or better than Canada on tech specs. Same
13 goes for delivery schedules.

14 If you look at that it says delivery time -- you
15 know, you've got 21 of 24 for Canada saying U.S. is better
16 or comparable and again I'm not picking on Canada -- that's
17 true across the board. So, but then there is one category
18 that doesn't seem to always be you know, U.S. superior or
19 comparable and that's price and that's true for China and
20 that's true for Greece and what's interesting about Greece
21 -- we were just talking about the 26 inch ERW, you know,
22 that's 70% of the Greek product.

23 U.S. can't make it at all and yet if you look at
24 that category for availability people don't seem to care.
25 11 says U.S. is superior or comparable to Greece on

1 availability of 24 or greater inch product, 2 say inferior
2 -- maybe they care about the 26 inch ERW pipe, but 2 out of
3 you know, that many doesn't seem like that much so how do
4 you guys respond to this.

5 MR. WAITE: Commissioner Kearns, Fred Waite for
6 Corinth. Since you singled out Greece, I would just urge
7 you to read the narrative responses. It's very easy just to
8 tick off boxes and we do that in our daily lives but when
9 you get to the narrative responses of these companies they
10 make it very clear that there are distinct differences and
11 that these differences unrelated to price are driving their
12 decisions.

13 We cited that chapter and verse exhaustively in
14 our pre-hearing brief as did the other Respondents in this
15 case and I think if you just look at the chart it doesn't
16 tell you a lot. It tells you that when the purchasers were
17 filling it out under a time deadline probably, they were
18 just checking it.

19 And then when the questions were on this sale why
20 did it go to Greece and you will see in one of those that
21 the box that was checked would lead to the conclusion that
22 you believe this table is taking you to but then you read
23 the very expansive narrative response and it completely
24 contradicts what that purchaser checked in that box when he
25 explained why he purchased from Greece.

1 COMMISSIONER KEARNS: Okay.

2 MR. PAPAVASILEIOU: Apostolos Papavasileiou,
3 Corinth, and just to add and you know the 26 ERW pipe is
4 quite unique and to my understanding in this particular
5 examination it was more or less one of the Plains -- such as
6 26 ERW.

7 COMMISSIONER KEARNS: Sorry planes?

8 MR. PAPAVASILEIOU: Yeah Plains.

9 COMMISSIONER KEARNS: Okay.

10 MR. PAPAVASILEIOU: And I think we saw what
11 Plains said about why they went with Greece and Corinth
12 instead of going with a local.

13 COMMISSIONER KEARNS: Yeah.

14 MR. PAPAVASILEIOU: So this is I think more
15 powerful than, you know, a table that has no -- you know, is
16 not of big value.

17 COMMISSIONER KEARNS: Okay well let me turn to
18 the purchaser's questionnaires because in the Borusan brief
19 at page 50 they excerpted some of the responses here and I
20 don't have much time so I'll be pretty short here and I
21 don't want to get into the BPI but it looks to me like --
22 well I think that some of these questionnaire responses do
23 get into the 26 inch ERW from Greece, but in general I don't
24 see anything in here that really suggests they can only get
25 -- the purchasers can only get certain product from Turkey

1 or Canada even though this is the Borusan brief.

2 So can you all answer that -- like how much of
3 this is about things other than the 26 inch ERW from Greece
4 and how much of this really impacts the supply of product
5 from the other subject countries?

6 MS. MENDOZA: I'm mean we'd be happy to address
7 that. I mean I think you can look at the purchasers. I mean
8 you know the nice thing about this right is that you have a
9 limited number of bids here which really cover everything,
10 so you can look at those bids and see what they say.

11 I mean we're not saying that for example Welspun
12 U.S.A. can't make the same product we did. I mean that's
13 why Kinder Morgan gave the project to Welspun and to us
14 right? And I think the one thing I'd say about the sort of
15 summary of factors -- I mean first of all it's not specific
16 to line pipe right?

17 Secondly, it's not -- I mean distributors and end
18 users have very different views and distributors are a very
19 small part of the market so you just count them up, but if
20 you count them up you know, you're giving them the same
21 weight as these very big oil and gas projects right.

22 So yeah, maybe in theory when people were looking
23 at this and all those different you know, oil and gas, and
24 structural pipe and all this, maybe this is the way they
25 answered this question but we actually have the data on the

1 bids that tells us by disinterested third parties exactly why
2 they purchased what they did.

3 So I'd suggest that that evidence
4 in this case is a lot more relevant than this table which
5 mixes up a whole bunch of different people who may view
6 things in very different ways. I mean this is always my
7 problem with mixing structural and line pipe.

8 You know you've got two -- if you have things on
9 two extremes and you say here's the average, does it mean
10 anything -- no. So I think that that's an important thing
11 when we analyze these kind of general data because we have
12 more specific data.

13 COMMISSIONER KEARNS: So as you said at the start
14 go back and look at all the purchaser's questionnaires.

15 MS. MENDOZA: Yeah I mean I think you have to
16 look at those and see what they say because, you know,
17 really they are the disinterested third parties. I mean
18 they're the ones who are not here, they're not testifying
19 for anybody, you know, they just want to get their pipe.

20 But you know that's all they care about and so I
21 think that that's a lot more informative, thank you.

22 COMMISSIONER KEARNS: Thank you.

23 MR. CANNON: So this is Jim Cannon, I just want
24 to add there is another way to look at this table. It's
25 saying we're all comparable in things like availability and

1 delivery. It's because we all have comparable challenges.
2 We all have the same issues. When our mill is full, running
3 a very large project for one pipeline, we don't have
4 capacity for another one, right -- nor do the U.S.
5 producers.

6 So in that sense yes, we are all comparable.
7 That doesn't mean that availability or delivery isn't a
8 problem and that's what we're all saying you see in the
9 purchaser's questionnaires, over and over, availability is a
10 big issue. We all have the same problem so in that sense
11 yes, we're comparable and if you look at the data that way,
12 that's -- you know, take off the Shrek mask, that's what's
13 going on, sorry thanks.

14 COMMISSIONER KEARNS: Thank you.

15 CHAIRMAN JOHANSON: In the Turkish joint
16 producers and exporter's pre-hearing brief, they make an
17 argument that subject imports did not displace U.S.
18 producers but were drawn in by demand for products not
19 available from domestic sources. However, what should the
20 Commission make of the decline in subject imports since the
21 Section 232 measures were imposed?

22 What if anything, does this tell us about the
23 importance of price versus filling a need in the U.S.
24 market?

25 MR. NOLAN: Thank you Commissioner Johanson, I'm

1 happy to be here. Excuse my frog throat I'm suffering from
2 a bit of a cold but I'll be brief. So I think we're already
3 talked about this some already for products or projects that
4 have already been bid out, you have to get the product --
5 you have to bring it in.

6 It doesn't matter if you're going to pay 25%
7 duties right? You've already contracted for it, you can't
8 find alternative sources of supply, there's no other place
9 to get the material so you're going to bring that in and pay
10 the piper. That's the instant part of this.

11 The longer term aspects of this are what happens
12 to the market a year out from now or two years out from now
13 if those 232 duties are still in place? How far do they
14 bite? Why is it that we have 190 exclusion requests pending
15 before the Commerce Department on this category of products
16 right now and why have 30 plus of those exclusion requests
17 been granted on the basis of not availability of U.S.
18 product -- because it's not available.

19 There are a lot of them have been denied but are
20 being reviewed again because the Commerce Department has
21 changed its process for doing rebuttals and surrebuttals
22 and we're all at this table, all the lawyers are suffering
23 through this process now.

24 But the fact of the matter is that most of the
25 large purchasers of this product are all petitioning the

1 Commerce Department for exclusions for the stuff they need
2 to get because they can't get it and the 232 is going to put
3 a big damper on their ability to build new pipeline
4 ultimately.

5 You are changing that we are changing the demand
6 equation in this country in the long-term, not the
7 short-term, but in the medium to long-term, a year out from
8 now. What is going to happen at that point? I have no idea
9 exactly what's going to happen but you have to state with
10 what's in front of you right now.

11 The Commission has in front of it 25% duties
12 across the board and 50% duties on Turkey and then some
13 quotas on other countries. For the foreseeable future,
14 those things are going to stick. That's your assumption
15 going forward right now and you have to factor that into
16 your equation when you're considering both injury and threat
17 going forward.

18 CHAIRMAN JOHANSON: Thanks Mr. Nolan.
19 Petitioners have argued that the domestic industry's
20 financial performance has plummeted with its production and
21 shipments during the period of investigation. Reduced
22 profits at this time when demand is recovering is
23 particularly injurious according to Petitioners because of
24 the longer term impact on returns over the course of the
25 business cycle and they argue this at page 60 of their

1 brief. What is your position on the condition of the
2 domestic industry?

3 MS. MENDOZA: We believe -- Julie Mendoza, given
4 sort of the bust and boom cycle and the fact that projects
5 are bid out now, you know, as the market recovers, projects
6 are bid out now right? So the full effects of the value of
7 those projects are going to be felt over a number of years.

8 I'd say given all of those situations I think
9 that their profit levels -- and we're talking about 2017 and
10 2018, are very reasonable for this industry. I mean I have
11 no basis to compare it but the fact of the matter is that
12 they weren't suffering a cost price squeeze, they were able
13 to increase their prices and their profits consequently went
14 up and I'd say that that's a pretty good indication
15 particularly when you come from a year like 2016 that
16 everyone testified was a disaster.

17 I mean it was the lowest price of gas in 20 years
18 and so when you come out of a cycle like that and you're
19 able to pick up and make profits at a time when the market's
20 just starting to come back, I would say that that's a pretty
21 good indication of a strong industry.

22 MR. COFFIN: Dave Coffin, Evraz, and we do know,
23 you know, because we are on a very -- the U.S. market is in
24 a major boom time now and we do know that mills like Welspun
25 they received the Kinder Morgan Gulf Coast Express Project.

1 We also know that Welspun received the Kinder Morgan
2 Permeian Highway Project so that's going to give them some
3 very good business for the long-term. We know that Stupp
4 received some work from Epic Pipeline Company and Epic has
5 also placed other orders with the U.S. mills and we know
6 that the ERW mills are also very American so American and
7 Stupp also have ERW mills and we know that they're getting
8 very busy as well. So in my opinion the U.S. market is
9 doing well.

10 MS. PETERSON: Emma Peterson, Morris Manning,
11 sorry.

12 MS. OKUN: Go ahead Emma.

13 MS. PETERSON: I think you also have to look at
14 causation here as well and EJ if you wouldn't mind putting
15 up my last slide. I mean I don't think anybody on this
16 panel would characterize their profits as plummeting.
17 They've earned positive operative profits throughout the POI
18 but when you look at this red line right that represents
19 their operating margin and I've just removed all labels
20 from this just to be cautious.

21 But you can see that their profits are going down
22 in 2016, but demand declined then and so did subject
23 imports. 2016 is when U.S. producers had the largest share
24 of the market. And similarly in 2017 their profits are
25 improving but that's when they're claiming subject imports

1 increased and injured them so I think you really have to
2 look at the correlation here and see if Petitioners have
3 actually made a case for causation and our position is that
4 they have not.

5 MS. OKUM: And Chairman Johanson, I have just
6 one other -- I agree with all the points that were made
7 including Miss Peterson's just showing on the chart, but
8 also with respect to capacity utilization which was one of
9 the points that you heard from Petitioner's panel and
10 looking at this POI and what had happened.

11 And I think what you see in capacity utilization
12 both with respect to the conditions of competition here
13 where we know it's a lumpy boom or bust, they get large
14 projects and then they go away and they have to have mills.

15 They have to be able to compete when they go into
16 bid so they have more capacity and the producers talked
17 about more specifically but also just from a historical
18 perspective, Mr. Vidas who was an industry expert might give
19 some perspective on how to think about capacity utilization
20 in this market that I think is helpful in evaluating the
21 impact.

22 MR. VIDAS: In general what I've done in my
23 pre-hearing brief was to look at historically what was the
24 proven or the demonstrated capacity to build line pipe in
25 the U.S. and what I did is I looked both in terms of the

1 last 10 years and the levels of production and also in the
2 -- using the confidential data the individual producers
3 look at what their peak production was in the period of
4 interest.

5 And generally what you will see is that their
6 demonstrated capacity is quite a bit below the main plate
7 capacity or the stated capacity that they believe they could
8 do and there's several different reasons why there's a big
9 difference between the two.

10 One is this issue of how many shifts and how many
11 -- one of the big differences why the demonstrated proven
12 capacity to build line pipe is lower than the nominal
13 capacity that's reported in their survey answers is this
14 issue about how many shifts they're counting toward their
15 capacity and how many days per week they're working.

16 In reality often do work just a single shift and
17 that's a much lower capacity than the nominal capacity.
18 Number two is we've noted that there are a certain number of
19 maintenance days that are required, the other thing that
20 we've noted is that the projects tend to be very large
21 projects which will have a boom bust cycle.

22 Number three is they have to be ready to be able
23 to produce these large projects so it's very unlikely that
24 they can commit and actually schedule all of their capacity
25 at one time because it's impossible to design when --

1 determine when the projects will begin and end.

2 So that's why when we look at the actual
3 demonstrated capacity it's a little bit under two million
4 tons per year which is much lower than the nominal capacity
5 and this is why when we were doing our survey of the
6 producers and asked them about ability to buy pipe in 2015,
7 although the nominal capacity was much lower than you would
8 think would have a lot of availability, we were told over
9 and over again by the pipelines is that they couldn't get
10 the producers to expand deliveries, it took a lot of delays
11 in order to get their line pipe.

12 And it's a combination of the line pipe capacity
13 construction ability, but it's also an issue with regard to
14 the plate and plate coil and we heard a lot of discussion
15 about why that is in terms of prior to scheduling the
16 production of plates. So those things together suggest to
17 me based on what we have demonstrated the capacity to be and
18 what we think is going to happen over the next couple of
19 years is that there's -- even if you tried to actually stop
20 all imports of line pipe into the U.S. you wouldn't be able
21 to do it.

22 You wouldn't be able to meet the demand we're
23 going to see in the next three years.

24 MR. CANNON: Jim Cannon. If I could just add, we
25 filed a letter with the Commission asking you to, after I

1 spoke with Harry, asking you to collect additional data on
2 capacity. And it's because of his point that he's making
3 that if you have ERW, HSAW and LSAW capacity as does Evraz,
4 and there's demand in the U.S. for 24-inch ERW pipe, your
5 LSAW capacity is not relevant.

6 So there's no projects that need that capacity.
7 We idled it. We didn't count it in our capacity data. But
8 I don't think that's what the Petitioners did. And if you
9 look at our exhibit, the very last page of our public
10 exhibits, they showed the 10-year capacity utilization for
11 this industry based on your hearings and your data in the
12 welded large-diameter pipe from Japan and the data in this
13 case. And what you see is that this--these companies
14 routinely report 43, 51, 20 percent in 2009; then it jumps
15 up to 35. All of these numbers are--this is not your steel
16 melt, hot-rolled, corrosion-resistant, that is not this
17 industry at all.

18 What they are showing you in these numbers, they
19 are not meaningful without more detail. And if you look at
20 their profitability, which is why we got into this, it's
21 actually you asked the question often of industries, what do
22 you consider break-even? And you hear companies tell you,
23 oh, 70, 80 percent.

24 They're making money at 30 percent capacity.
25 That right there tells you something that it's about the

1 structure, and that we need more detail.

2 CHAIRMAN JOHANSON: Okay, my time has expired
3 but, Commissioner Williamson, I'm just going to ask one more
4 question, or just bring up one more matter, and then I think
5 I'm going to be done with questions.

6 But, Mr. Coffin, you mentioned that we're in a
7 boom period right now, and I think that's true. I mean
8 actually I flew from El Paso--from Galveston to El Paso just
9 a few days ago, and I flew over the Permian Basin, and it's
10 just covered with drilling pads. I mean everywhere you
11 look. The lady next to me on the plane, I told her what
12 they were and she said: Oh, wow, that's strange. Because
13 she's just like, everywhere you look, like there's no
14 people, but you can tell there's a lot of activity down
15 there just looking at the soil.

16 And so we are in a boom cycle, but the R&D
17 indicia of performance--poor performance on behalf of the
18 domestic parties here, and some of this might be BPI, but if
19 you all look at the C Table, it's pretty apparent. And so
20 something is not--they are having--they are not doing that
21 well.

22 MR. COFFIN: So, Dave Coffin, Evraz..

23 CHAIRMAN JOHANSON: I'm curious why that would be
24 the case during this boom period.

25 MR. COFFIN: Sure. Well, it's the beginning of

1 the boom period. And as I mentioned earlier, you know,
2 there's about a year lag time from drilling to major
3 pipeline projects. So these projects need to file for--you
4 know, they started drilling. They need to go to the FERC.
5 They need to get permits. They need to get state permits.

6 So, you know, again there's--from the time they
7 start drilling until when the pipelines are going to be
8 produced is about a year. So you'll see, you know, like I
9 said, there's all of the U.S. manufacturers are getting very
10 busy. Welspun, if I was to guess, with what they just
11 received, the Kinder Morgan Permian Highway, which was over
12 300,000 tons. It's probably a year's worth of business for
13 them.

14 So I would think that they're probably booked
15 well into 2020. Ingo Reimer mentioned today that he
16 received a very large order in June. We know that Epic gave
17 an order to Stupp's Spiral, which is going to have them
18 booked until August of 2019.

19 So, you know, I think if--of course they didn't
20 talk about that this morning, but, you know, there's very
21 large orders being placed with the U.S. industry.

22 MR. WINKLER: Conrad Winkler with just one more
23 add-on to that. You know it's important to remember that,
24 you know, when you compare--when you look at one of these
25 pipe mills in a say a spiral mill, it's about \$80 million of

1 equipment. And then if they're purchasing the steel from
2 somewhere else, that's all variable cost.

3 And that's why they operate--they can operate at
4 a variety of utilizations and still be quite profitable.
5 And I would expect that if we could look into the future and
6 had a crystal ball, all those numbers we were looking at
7 before for operating margin and operating income, they're
8 going to go shooting up big time over the next six months to
9 a year based on what Mr. Coffin just said.

10 MS. PETERSON: Emma Peterson, Morris, Manning.
11 Just quickly, to the extent that you're interested in the Permian
12 Basin: We did a little writeup on it at the end of our
13 brief at pages 91 to 92 of Borusan's brief.

14 CHAIRMAN JOHANSON: Okay, thanks. I appreciate
15 it--

16 MR. SOLONINKA: Mark Soloninka, CPW America. One
17 thing you may have seen out there in the Permian was a lot
18 of green pipe that was put at Plains All American Cactus 2.

19 CHAIRMAN JOHANSON: I didn't see the pipe. I
20 just saw the drilling pads.

21 MR. SOLONINKA: But you may have seen a lot of
22 pipe, too, but maybe you didn't notice it. But the one
23 thing, when you say about missing out, when we're talking
24 about awards of project, the--what the end users are asking
25 for today is a change from yesteryear. Yes, we're an importer

1 of pipe. We bring pipe into a port of entry here that's
2 closest to the project right-of-way as possible. As a
3 value-add service to the end user, we go out and find
4 staging yards to take the pipe to, offload and stockpile it
5 for them as an added value service. Alone, this year, with
6 that, when I calculate the man-hours that we have spent to
7 put U.S. workers to work, approximately 200,000 in the
8 first--200,000 man-hours in the first 10 months of this
9 year, almost 10,000 truckloads of pipe. So this is people
10 at the ports of entry around the U.S. that we're using.

11 So we're also employing a lot of U.S. customers,
12 even though we are an importer of pipe. And the numbers
13 would equate to approximately 85 to 100 employees that we
14 have worked steadily 7 days a week throughout the whole
15 year..

16 CHAIRMAN JOHANSON: Okay. Yes?

17 MS. BURGER: And if I can draw your attention
18 again to our slide that we put up earlier, it shows you
19 clearly that we're in a boom period. It shows in 2018 and
20 what we expect to see in 2019 and beyond..

21 CHAIRMAN JOHANSON: Okay, thanks for your
22 responses. I might add, just for full disclosure, I went to
23 the University of Texas, which is funded largely by the
24 Permian Basin.

25 (Laughter.).

1 CHAIRMAN JOHANSON: It's absolutely amazing. At
2 least when I went there, the tuition was low. But despite
3 record drilling right now, the tuition is not getting any
4 lower. That's a whole other matter, due to state politics.

5 Anyway, thank you for appearing here today.
6 Commissioner Williamson.

7 COMMISSIONER WILLIAMSON: Before we talk about
8 other matters, I worked for the Port Authority in New
9 York-New Jersey for nine years, and I know how you can show
10 how much local employment imports contribute. I used to run
11 those tables all the time. So I got the point about when
12 you're importing the pipe and stock and you're employing a
13 lot of local jobs.

14 But let's get back to this question of capacity.
15 Mr. Nolan, I guess the question I had asked the Petitioners
16 this morning was what is a good capacity utilization number
17 for this industry. And of course what they said was, you
18 know, it's too slow. And I did look at the capacity
19 utilization in 2015, which was much higher than it was at
20 any other period, during the Period of Investigation, and I
21 was wondering, was that coming off--I think--I guess--I
22 think prices were high in '14, '15, that period, so does
23 that explain why they had higher capacity utilization than
24 they did all during the rest of the POI?

25 MR. NOLAN: This is Matt. Nolan. I'll just start

1 us off, because I actually have the West Texas Intermediate
2 Crude prices in front of me. In late 2014, oil prices
3 peaked at over \$104 a barrel. So we're going into 2015 at
4 very high prices.

5 Then in 2014-2015 they dropped like a stone. So
6 by January of 2015, they're down to \$44 a barrel. \$104 to
7 \$44. They then take another drop in early 2016 to \$29 a
8 barrel. So what you have is the West Texas Intermediate
9 prices way up here--

10 COMMISSIONER WILLIAMSON: Yeah, I get the
11 picture. Okay--

12 MR. NOLAN: --down again, and that causes
13 everything to seize up for a while. The closest I can come
14 to is if you look at the Japanese, we've talked about the
15 Japanese pipe review statistics. In 2009 we had a freeze
16 because of the credit freeze. Remember that Recession thing
17 that we all survived in a very close call?

18 COMMISSIONER WILLIAMSON: Yes, um-hmm.

19 MR. NOLAN: Similar, not exactly the same type of
20 condition because that was a credit-induced crisis, but the
21 crisis here was nobody is ordering anything because nobody
22 knows what's going to happen in this industry for awhile.

23 So basically everything goes on shutdown mode.
24 That's my view of it. And then I'll defer to our industry
25 witnesses.

1 MR. CANNON: So this is Jim Cannon. So in the
2 last page of our public exhibit, the 10-year history, the
3 top line shows apparent consumption. And what you see in
4 apparent consumption is that 2015 was the largest year in
5 the entire period, a period in which you had 3.1 million
6 tons of capacity--I mean, of sales.

7 COMMISSIONER WILLIAMSON: Okay--

8 MR. CANNON: So the domestic industry was running
9 at 50 percent, which is their high-water mark. As various
10 studies show, that's the highest they've ever achieved in
11 terms of their production.

12 So in 2016, demand fell by a million tons.
13 Imports left the market. They fell even more. So the
14 domestic producers' capacity utilization goes down. But
15 that's a function of demand. It's not a function of
16 unfairly traded imports. In fact, if it was a function of
17 unfairly traded imports, you would expect the imports to
18 maintain their market share, and they didn't.

19 Imports left in 2016. And imports start coming
20 back in 2017 as the market now is starting to turn up again.
21 And so the U.S. producers' capacity utilization, and indeed
22 its profitability, its revenues, its performance, its
23 average unit values, are all explained. Harry's
24 Correlation shows it. Its average unit values and prices
25 correlate to demand, which is what you found in the

1 preliminary phase--

2 COMMISSIONER WILLIAMSON: In terms of--in terms
3 of their earnings and profits, going to the C Table--

4 MR. CANNON: Well on the C Table the earnings
5 turn up in 2017.

6 COMMISSIONER WILLIAMSON: Yes, but I mean the
7 turn up isn't very great compared to what we see in a lot of
8 other industries before us here.

9 MR. CANNON: So in part that goes to Conrad's
10 point. Conrad's point was that this is an industry with a
11 high variable cost. In other words, there's half their cost
12 is their coil. So if you look at the value they add, the
13 conversion cost on their \$80 million investment, or if you
14 look at it the way Harry did, just look at the money they
15 spent to make the pipe, not the plate, which they're
16 selling straight through at whatever the CRU price is that
17 their customer knows. If you just look at that cost, the
18 profit percentage is actually pretty healthy. It's not at
19 all bad. And that's their business model, right?

20 They take their processors. They take a raw
21 material that is, what, 68 percent of their finished price,
22 and then where they make their money is on that value add
23 piece. So you wouldn't expect in your cases to see a high
24 profit margin. And, frankly, when you see the trends the
25 way they move, there's no indication from that that the

1 reason for the trend is the movement in imports.

2 COMMISSIONER WILLIAMSON: Okay, thank you--

3 MS. MENDOZA: Can I just add one thing,
4 Commissioner Williamson?

5 COMMISSIONER WILLIAMSON: Sure.

6 MS. MENDOZA: This is Julie Mendoza, very quick.
7 So here's what we're suggesting. We're saying, okay, so oil
8 and gas prices start going up in 2017, okay? Pipeline
9 projects are going, hey, looks like prices are going up. We
10 should start thinking about whether we want to build more
11 pipelines, right?

12 So they're in the planning phase. And as Todd
13 said, by the end of 2017 you're starting to see these
14 projects come out and ask for bids, okay? So you're not
15 going to see the profit from those bids for a while, right?

16 You're not going to see it until you actually sell them the
17 pipes.

18 So as the bid projects are coming out and you bid
19 on it, and then the bid is considered for three or four
20 months. Minimum. And then after the three or four months,
21 then they decide who to give it to, right? And then you've
22 got to start producing. You've got to get the hot-rolled
23 coil--

24 COMMISSIONER WILLIAMSON: There's a lag, yes.

25 MS. MENDOZA: Really, it's a big lag, though. I

1 mean you wouldn't expect to see it in 2017, is what I'm
2 saying, I guess. I mean you'd only begin to see a little
3 bit of recovery, given those.

4 COMMISSIONER WILLIAMSON: Okay, thank you. Thank
5 you for those answers.

6 Let's go to the question of the 26-inch pipe that
7 I guess is pretty specialized. Can you give us a sense of
8 how large of a market this is? And how often do projects
9 request this pipe size and welding process? And the reason
10 I'm asking this question is often people will come in and
11 talk about, well, you know, the domestics don't produce.
12 And then you find out this is a tiny bit of the market.

13 So how relevant is it in the overall picture?

14 MR. SOLONINKA: Mark Soloninka with CPW America.
15 Mr. Papavasileiou testified there are three mills in the
16 world that manufacture the 26-inch ERW pipe. And CPW is one
17 of them.

18 Here in the U.S. it is an uncommon size for a
19 pipeline. However, we have sold 26-inch ERW to three
20 customers here in the United States. And when they're
21 building the pipeline, as Ms. Burger mentioned and Plains
22 testified to, going from a 26-inch to a 24-inch, they can
23 produce an additional percentage of capacity.

24 Well if they're only able to sell to consumers of
25 the product at capacity of 26-inch as opposed to going up to

1 a 30, which would add a lot more cost to the overall
2 pipeline infrastructure, they will choose a 26-inch pipe.

3 COMMISSIONER WILLIAMSON: So, I'm sorry? Are
4 you saying there are certain niche products where this makes
5 the most economic sense?

6 MR. SOLONINKA: This is more or less a niche
7 product.

8 COMMISSIONER WILLIAMSON: I'm sorry, niche
9 projects where it makes sense?

10 MR. SOLONINKA: Yes, sir.

11 COMMISSIONER WILLIAMSON: Okay, I just wanted to
12 get an idea of how significant it was.

13 MR. SOLONINKA: For example, in the seven years
14 that I have been with CPW we have sold I believe four
15 projects that were 26-inch ERW.

16 COMMISSIONER WILLIAMSON: Okay. I guess you've
17 argued that Greece should not be cumulated with other
18 subject countries. And I was just wondering what the basis
19 for that was? And I assume this only becomes relevant if
20 this is a threat case.

21 MR. WAITE: Fred Waite for Corinth Pipeworks,
22 Commissioner Williamson. Yes, it is a threat case for
23 Greece because as the Commission found in its Preliminary
24 Determination, and as there has been no evidence developed
25 since then which would change the basis for that

1 determination, Greece is negligible.

2 So we would automatically qualify for a threat
3 analysis if the Commission were to conduct a threat analysis
4 of Greece. We offered two very different arguments in our
5 prehearing brief as to why Greece should not be cumulated.
6 And if it is not cumulated, why the Commission should find
7 no threat.

8 I think those are set out in detail in our
9 prehearing brief. If you'd like me to review them now, I'd
10 be pleased--

11 COMMISSIONER WILLIAMSON: No, that's okay.

12 MR. WAITE: Okay. Good. Thank you.

13 COMMISSIONER WILLIAMSON: Good. Okay, thank you.
14 Given the discussion we've had about the, I guess the
15 Welspun imports from India that I guess started out as plate
16 in Korea, Mr. Cameron's argument that they can't injure
17 themselves, what do we make of the volume data if we take
18 those out?

19 MS. PETERSON: Emma Peterson, Morris, Manning.
20 EJ, if you wouldn't mind pulling up my slide, I mean Welspun
21 told you in the Preliminary Phase, which they have said
22 today they stand by, that the entire volume case rests on
23 these imports from India. And as you can see, if you take
24 those out, imports decreased fairly significantly over the
25 POI. The same goes for market share, and the fact that they

1 are also saying subject import volume and market share are
2 decreasing between the interim period, I mean if you take
3 out these imports from Welspun there is absolutely no
4 evidence of adverse volume effects, which Welspun argued in
5 the preliminary.

6 COMMISSIONER WILLIAMSON: Petitioners can address
7 this post-hearing, too.

8 MR. CANNON: So this is Jim Cannon. With all due
9 respect to Don, I don't think this is a case where Welspun
10 injured itself. I think this is a case where they saved
11 themselves from injury by switching the product to India and
12 they were able to, I presume, avoid like huge losses.

13 Our point about that sale isn't that Welspun
14 shifted. It's really that that bid originally was won by a
15 U.S. producer. It was never rebid. It was never offered to
16 us or any other foreign producer. So you cannot conclude
17 that that volume was linked to an offer by any unfairly
18 traded imports. That's all.

19 COMMISSIONER WILLIAMSON: Okay, thank you for
20 those answers. I'm way over my time.

21 CHAIRMAN JOHANSON: Commissioner Broadbent?

22 COMMISSIONER BROADBENT: Thank you. I just had
23 a couple more random ones. For Mr. Winkler from Evraz,
24 Petitioners point out that in 2016 when Evraz shuttered its
25 Portland, Oregon, Mill, it cited, quote, "the influx of

1 unfairly traded and subsidized imported large-diameter pipe
2 to the U.S." Unquote.

3 Do you agree that Evraz made that statement? And
4 if so, do you attribute the closure of the Evraz to subject
5 import competition?

6 MR. WINKLER: So yes, we did make that statement.
7 I made that statement. And just to give a little bit of
8 background on that, a couple of things.

9 First of all, as I talked about before from a
10 demand standpoint, at that moment in time demand was going--
11 it was really starting to go dead. And oil prices were
12 extremely low, and we didn't see any orders coming up--any
13 new orders coming up on the horizon. And so that was a huge
14 portion of that decision.

15 The other portion, which I think we also may have
16 mentioned, was that at the time Mexico placed a 55 percent
17 tariff on all U.S. producers of large-diameter pipe going
18 into Mexico. And part of our plan within Portland was we
19 did expect we would be exporting pipe to Mexico, especially
20 given the huge boom that was going to happen in natural gas
21 that we fully expected.

22 And once we had this 55 percent tariff in place--
23 because Portland is right on the water, so we could go right
24 via barge, right into Mexico. So it was a very efficient
25 location for that, and that option was shut off.

1 The other thing that I--

2 COMMISSIONER BROADBENT: Just out of curiosity,
3 why did Mexico do that? Why did Mexico put those duties on?
4 Was that a trade remedy thing?

5 MR. WINKLER: Well some sort of dumping process
6 that they went through, even though we hadn't even bid on
7 any projects at that time.

8 But I guess--yeah. So the other thing was, you
9 know, we didn't have--at the time we had just finished the
10 Korea-related trade case in which, you know, quite frankly
11 we were pretty disappointed with the results, and it was
12 definitely on my mind, and put that out there. That's not
13 to say that has no impact; it's just to say that that was,
14 you know, that was a big part of it. But the truth is, we
15 didn't have orders to go fill the mill that we saw. We bid
16 zero new orders that we could look at to source into that
17 mill at that time that were located in the region in which
18 that would make sense.

19 And then just in contrast, as, you know, a couple
20 of things have happened. One, with 232 coming into play,
21 and us getting a lot more interest from our customer base,
22 we restarted the mill. And between the large increase in
23 demand and 232, we're getting that mill up and running and
24 in December we'll be producing to customer orders.

25 COMMISSIONER BROADBENT: Mr. Vidas from ICF to

1 what extent does the domestic industry normally have the
2 ability to transfer raw material cost changes onto the
3 customer?

4 MR. VIDAS: One of the things that has been
5 noted is that the demand for line pipe is relatively
6 inelastic. I believe that is a true statement. If you look
7 at the percent of a typical cost of a pipeline made up by
8 the line pipe it's a relatively small amount, about 15
9 percent. Most of the cost relates to construction costs,
10 other kinds of material, rights-of-way, engineering,
11 permitting, all that sort of thing makes up most of the cost
12 of a pipeline. So, the cost of the line pipe itself is a
13 relatively small amount. So, therefore, if you sort of
14 think from the point of view of derived at demand it's a
15 small portion of it.

16 The other thing, of course, is that most of the
17 pipeline projects that have been built and are planned to be
18 built in the next few years are all driven from new supply
19 sources. If you look at where all the big pipe has come
20 from in the last several years, it's come from the growing
21 of gas shale production where the growing, in the case of
22 Canada, oil sands production or in the case of the U.S. now
23 the Permian Basin tidal well, which is not only the crude
24 oil, but also natural gas liquids and the natural gas.

25 And if you think about the economics of

1 producing oil, you're getting somewhere between now about
2 \$75 a barrel. If you don't produce that oil and move it
3 out, you're getting zero dollars. So, the cost of a
4 pipeline, which is typically anywhere from two to four to
5 five dollars, at most, the economics are that you need to
6 have that pipeline in place in order to produce that oil,
7 unless you have a truck or a rail option; so therefore, the
8 producers are going to want that pipe as a way of
9 transporting. Therefore, the demand -- and that's why you
10 heard all these stories this afternoon about people who had
11 ordered pipe and when the 232 tariff came on they had to pay
12 for it because they had really no other choice within the
13 timeframe because anything of cancelling those orders and
14 having to re-bid them is going to take months because right
15 now you can't go out and buy pipe oil. It's at least a
16 three to six-month delay because everybody's booked.

17 COMMISSIONER BROADBENT: Okay, great. Alright,
18 I'd like to thank the witnesses. That concludes my
19 questions.

20 CHAIRMAN JOHNSON: Commissioner Schmidtlein?

21 COMMISSIONER SCHMIDTLEIN: I guess I just had a
22 couple questions having to do with the lost sales
23 information; in particular, with the Respondent's brief. On
24 page 62 of that brief, you all call out a document that was
25 -- well, you've got most of it bracketed, but this part

1 isn't bracketed where in talking about the first column in
2 the lost sales chart, which is whether or not imports were
3 purchased instead of domestic product.

4 And in the brief, you spend about a paragraph
5 talking about what appears to be a staff interpretation that
6 any purchase imports is necessarily a purchase instead of
7 U.S. produced product. And I just wonder if you could
8 expand on what exactly the point is there.

9 MS. MENDOZA: I think we'd rather do that in our
10 post-hearing brief because I think it relates also to some
11 of these other confidentiality issues that we said we're
12 going to address, so I think it would be more appropriate to
13 do it in that context.

14 COMMISSIONER SCHMIDTLEIN: Okay.

15 MS. MENDOZA: I think the broader point we were
16 making is that oftentimes people -- purchasers can interpret
17 "instead of" as meaning if I bought in one bid domestic and
18 then another bid a year later I bought imports that I
19 purchased imports instead of the domestic product and I
20 think our point was it's not very relevant in a bid-driven
21 industry to say that one bid with all these specifications
22 and all that we used a producer and then in another bid
23 where we had a whole new set of requirements we awarded the
24 bid to an import. I'm not sure you can really say that's
25 "instead of" you know a domestic producer because I think

1 the question really is did you substitute one for the other.
2 I'm not sure how relevant it is, but we'll go into the
3 details here about what we meant exactly on that question
4 and why we think in this particular case that question --
5 the answers to that question really can't be relied on to a
6 great extent by the Commission.

7 COMMISSIONER SCHMIDTLEIN: Okay, well, I think
8 you went into a fair amount of detail in the brief on that.
9 Correct?

10 MS. MENDOZA: We did do some and I think we have
11 a little bit more to add.

12 COMMISSIONER SCHMIDTLEIN: Okay. So, let's
13 assume for a second that these companies know how to read a
14 questionnaire and they've answered as they've answered it
15 what does that do -- what should the Commission do if we
16 find that there's you know roughly 800,000 tons of confirmed
17 lost sales.

18 MS. PETERSON: I don't think we can assume that
19 they have answered the question in the way that they're
20 meaning to answer it or that they've understood it
21 correctly. And we've gone through, systematically, each of
22 the purchasers' responses and we're not just saying this
23 based on nothing. We've gone through their bid data. We've
24 gone through their other responses to other questions in
25 their questionnaire and there's a lot of conflict there that

1 demonstrates that their responses to this question are not
2 actually representative of purchases of imports instead of
3 domestic product. And Exhibit 22 of Borusan's prehearing
4 brief summarizes those quantities and demonstrates that the
5 quantity that's left over simply is not material.

6 COMMISSIONER SCHMIDTLEIN: But back to my
7 question, if we found that these were confirmed lost sales.
8 I mean, Ms. Peterson, you can shake your head, but if the
9 Commission is faced with 800,000 tons of confirmed lost
10 sales, right, in a market where apparent consumption over
11 the four years of the POI was, what, six million tons or
12 something less than that, right? If that's what the
13 Commission -- I mean is that injury? I mean is that game
14 over or not? I mean that's my question.

15 MS. MENDOZA: Yes, I mean if you were able to
16 demonstrate that those sales were lost because of price,
17 yes, I agree with you. But the problem, again, this is the
18 same thing that Commissioner Kearns and I were discussing,
19 which is in this case, uniquely, right, you have bid data
20 that covers a lot of sales and you have very detailed
21 purchaser questionnaires that tell you exactly what they did
22 consider. So, I think tallying up the people that said that
23 they switched without looking at all the evidence on the
24 record in its entirety and seeing what they said I don't
25 think it would be proper to rely on that data alone without

1 putting it in that context of the record as a whole.

2 And I think once you do that and you look at the
3 particular instances that all of use are dealing with here,
4 right, which are the bids and why people were awarded
5 certain things, then I think that that tells you a lot.

6 And I just wanted to also very, very quickly
7 address another point, which is this discussion about
8 whether U.S. producers can make these products -- I mean the
9 hot rolled and plate producers can actually make these
10 specifications I would refer the Commission to Exhibit 18 of
11 our response, which was submitted by a man who's very
12 respected in the line pipe industry named Malcolm Gray, who
13 submitted -- there was a consideration of whether to force
14 Buy American for all pipeline projects and Malcolm Gray, on
15 behalf of the line pipe industry submitted a discussion.

16 He even has a chart on page 2 of his submission
17 which basically tells you exactly what each producer is
18 capable of producing, so I think that that is very
19 worthwhile to look at. And again, this is our same
20 point. I mean there's a lot of information in this case
21 because it is a very complicated product. It's not
22 something that you can just go out there and understand and
23 easily take a chart and add up the amount of times people
24 say yes or no. I think it's really a complex industry where
25 a lot of things go into the decision-making, so I mean it

1 would be the same point.

2 COMMISSIONER SCHMIDTLEIN: So, in the lost
3 sales/lost revenue chart, right, it has a number of columns.
4 The first column is did you purchase subject imports instead
5 of domestic product. And then it has a second column
6 "Imports priced lower; yes or no?" And then if you answer
7 yes, it has a third question "If purchased subject imports
8 instead of domestic was price a primary reason." There's a
9 column that says "Yes or No" and then if yes, you're asked
10 to list the quantity that that "Yes" applies to, right? So,
11 it's trying to drill down to exactly what the quantity is
12 that you're saying you purchased instead of domestic product
13 because price was a primary concern, right, that's what it
14 says. Is there any -- has the Commission ever taken the
15 answers where fairly big companies have completed this and
16 said notwithstanding what you said in your -- in response to
17 your questions, we're going to change your answer.

18 MS. MENDOZA: Well, what I would suggest is that
19 if you look at what they really said there, there were a lot
20 of very confused answers, okay. Because you are right they
21 said was price a primary factor they said yes. Sometimes
22 they said no and they still listed the quantities. But they
23 also sometimes said yes and the next side panel says "If you
24 said no, please describe what factors went into your
25 decision."

1 Now what you're going to see when you look at
2 those is there's a lot of people that say, yes, and yet they
3 filled in those notes. And what they said in those notes
4 was -- actually contradicts the fact that it was solely or
5 primarily on the basis of price. So, if you really want to
6 understand that, you can look at every single purchaser's
7 response in their bid data and see what they really said
8 about each of those bids.

9 And I think to the extent there's a
10 contradiction then the more specific information has to be
11 given more weight. I guess that's what we're saying. I
12 mean I don't expect perfection -- I mean people aren't
13 lawyers. I mean they don't look at things the way that all
14 of us do. I mean they don't understand questions to be
15 precise as we may intend them to be and I guess all I'm
16 trying to say is I think if people say yes and they still
17 fill in the column that says only answer this if you said no
18 that suggests that more inquiry is required.

19 MR. CANNON: I'd like to comment on that too,
20 Commissioner Schmidtlein. If you look, for example, at page
21 517 and right in that table and you scan down and you look
22 at the single largest volume, which is about halfway down,
23 that's this Mountain Valley Project, which now we're
24 assigning it to India instead of to Welspun, but that is a
25 very large quantity. And not only does the purchaser answer

1 the question yes or no, they plainly state like right there,
2 they went out of their way to say it isn't just price.

3 And if you turn the page and you look at the
4 very last one, the next largest quantity in the whole table,
5 the purchaser goes out of their way to explain there are
6 other issues, right? And if you look throughout the table
7 there are essentially 18 times that a purchaser says yes to
8 the question was price (A) primary reason and yet, they do
9 exactly what Julie said. They identify issues such as the
10 need to meet specs, the need to meet delivery schedules, the
11 need to have capacity to supply me. They mention
12 availability maybe 16 out of the 18 times, but over and
13 over.

14 And so, I would go a little beyond that and say
15 to you that the Federal Circuit in -- Meadows said that any
16 session -- mandates a showing of a causal connection
17 between the less than fair value sales and the material
18 injury and so you never have just stopped with this table
19 and said we have a volume here, which is essentially Seth's
20 argument, right? It's a big volume, imports captured it.
21 You've never stopped with that.

22 The last time you had a table like this, I
23 think, is large power transformers. You had the same
24 arguments. It's a bid market. Bids matter. It's project
25 based. But in that case what you found was a substantial

1 market share shift and you found price affects. So, you
2 still have to connect those dots. Those are your
3 fundamental issues. And here you have found at the
4 preliminary stage, and I think the record is unchanged, they
5 aren't price affects. Demand and raw materials explain the
6 trend in prices and demand and raw materials explain why
7 there's no cost price squeeze.

8 And it makes sense because the purchasers are
9 smart. They subscribe to CRU too. They know what the hot
10 rolled coil price is. They know what Harry is talking about
11 that hot rolled coil is hard to get right now. Likewise, on
12 the market share shift, I submit there isn't one because the
13 only sale -- well, there's more than one. There's at least
14 three or four. We can add our sale, Embridge, right?
15 Embridge wasn't up for bid in the period of investigation.
16 We won that business in 2013 and we're still shipping a huge
17 volume in 2017. So, the whole basis for this notion that
18 somehow there's a surge of imports is a handful of sales
19 which were clearly non-price sales. So, on that record, you
20 don't have the glue to connect the causal nexus from this
21 table we're talking of bid data -- the bid data, which are
22 hedged as they are, every large purchaser who purchased a
23 quantity wasn't content to just say yes. They had to
24 explain, expand because that's not the only factor.

25 You don't have the glue to connect that with

1 your normal causation analysis. Are there price affect?

2 Are there volume affects? And analytically that's it.

3 Thank you.

4 COMMISSIONER SCHMIDTLEIN: Alright, thank you.

5 My time is up.

6 CHAIRMAN JOHANSON: Do any other Commissioners
7 have questions for the panel? Do staff have any questions?

8 MR. CORKRAN: Staff has no additional questions.

9 CHAIRMAN JOHANSON: Do Petitioners have any
10 questions for this panel?

11 MR. BRIGHTBILL: No question.

12 CHAIRMAN JOHANSON: Okay, then we will now
13 prepare for Petitioners' rebuttal and then closing and the
14 Respondent's rebuttal and closing. I would like to note
15 that the Petitioners have a total of five minutes and the
16 Respondents have a total of five minutes. Thank you. Not
17 much.

18 MR. BURCH: Closing and rebuttal remarks on
19 behalf of Petitioners will be given by Timothy C. Brightbill
20 of Riley Wein and Dr. Seth Kaplan of Capital Trade.
21 Gentlemen, you have five minutes.

22 MR. KAPLAN: Thank you. Respondents presented a
23 legal theory about how multinational firms can't injure
24 their U.S. operations. It's not an economic theory. What a
25 multinational company does is rationalize across countries.

1 And oftentimes one country gets hurt and another country is
2 better off. In this case, Evraz moved a pipe mill to
3 Canada and shuttered a pipe mill in the United States to
4 product in Canada.

5 Welspun moved orders to India. Both of those
6 negatively affected U.S. shipments and U.S. production.
7 More importantly, they put 240 workers out of work in Oregon
8 and they didn't hire workers in California where they moved
9 the mill. That alone is material injury by those factors to
10 labor and production, irregardless of the other things that
11 happened. And I'll let Tim take over now.

12 CLOSING STATEMENT OF TIMOTHY C. BRIGHTBILL

13 MR. BRIGHTBILL: Lots of rebuttal. Little time.
14 Respondents' claim we're booked for 2019. We took a poll in
15 the room. Everyone said, no, they're not booked for 2019 and
16 most are open for the vast majority of 2019. As Chairman
17 Johanson noted, we are not doing well. We are not doing
18 well in the Permian Basin. Subject imports are taking that,
19 not anywhere else. And if these trade cases go away, it'll
20 be a disaster.

21 On Greece, a 26-inch product is a very small
22 part of the market, but we make it. There were imports of
23 26-inch pipe that JSW Berg and DuraBond confirmed today all
24 three have produced 26-inch product this year and JSW
25 produced 26-inch for the same product that Greece produced

1 for and imported into the USA. That's injurious.

2 In terms of threat from Greece look at the
3 arranged import data. Look at the projected export
4 shipments. That is threat. With regard to India, Dr.
5 Kaplan addressed it already on Welspun. Welspun sent it
6 to India at undersold levels. That is injury to the U.S.
7 And Welspun was here today because they're also injured by
8 the other five subject companies. They have to compete
9 against those countries every day. They had to lay off 500
10 workers during the period, so please don't forget that.

11 As Commissioner Kearns noted, all of the bidding
12 seems to undercut that the U.S. industry can't make these
13 products. We agree. Also, price is a pretty significant
14 factor in these bids. We agree. It's not a factor. It's
15 the first factor, as demonstrated by your staff report.

16 In terms of the bid process, Commissioner
17 Williamson flagged this. Respondents' claims that no one is
18 aware of who's bidding or what the bids are, but what we
19 just told you this morning that is incorrect and the
20 Commission knows this. You've seen other industries that
21 use bidding processes and there's no doubt that it makes
22 price the deciding factor and lower prices and creates
23 leverage to drive prices down. Whether or not there are
24 multiple rounds that underbidding by subject imports is
25 substantial and injurious.

1 Three of the six subject countries are not here
2 before you today and did not submit briefs to the
3 Commission. No China. No India. No Korea. The Commission
4 can and should take this into account. Respondents' counsel
5 also seemed to indicate that the Commission's staff analysis
6 somehow violates the statute. We couldn't disagree more.
7 Staff did a thorough analysis. The data is not
8 comprehensive, but it alone demonstrates price affects and
9 material injury. And in our brief we highlighted other
10 purchasers who failed to respond to the bid data as well.

11 Respondents also claim that due to a boom and
12 bust cycle unused capacity is normal and our profits are
13 reasonable. That is completely wrong, wildly overstated.
14 As you heard, capacity utilization fell from already low
15 levels. It's at unsustainable levels today. No industry
16 plans to carry these levels of unused capacity. They can't
17 survive it.

18 So, to wrap up, on like product, the Commission
19 should analyze a single domestic-like product. There are no
20 clear dividing lines here. Cumulation, all non-negligible
21 subject imports should be cumulated. All these are produced
22 at the relevant grades and specifications together. Staff
23 report table 2.9 demonstrates this beyond a doubt. On
24 volume you have 800,000 tons of subject product purchased
25 instead of domestic product because of price. The

1 purchasers answered the question. It's a good question.
2 The data is accurate and it is a causal nexus. On price you
3 have the underbidding and the winning bids also compelling.

4 The impact, look at production, shipments,
5 operating income, capital expenditures. It's not a
6 coincidence. It is injury. And on threat all subject
7 imports should be cumulated. All the threat factors are
8 met. This industry is injured and threatened. All six
9 countries are doing this. We lost bids. The harm and the
10 losses are staggering. A thousand workers are out of work.
11 So, please keep that in mind and please keep the staff
12 report data in mind as you consider this case. Thank you
13 very much.

14 MR. BURCH: Rebuttal remarks on behalf of
15 Respondents will be given by Frederick P. Waite of Vorys
16 Sater Seymour & Pease and Julie C. Mendoza of Morris Manning
17 and Martin and Jim Cannon, Jr. of Cassidy Levy Kent. You
18 all have five minutes.

19 CLOSING STATEMENT OF FREDERICK P. WAITE

20 MR. WAITE: Thank you. Mr. Chairman and members
21 of the Commission, Fred Waite on behalf of Corinth
22 Pipeworks.

23 First, to respond to Mr. Brightbill's comments
24 about 26-inch pipe, we never said the U.S. industry cannot
25 make 26-inch pipe. What we said is that they cannot make

1 26-inch ERW pipe and that has been a niche and very
2 important market for Corinth, even though it's not a large
3 share of the overall U.S. market and the majority of
4 Corinth's imports during the period in which you're looking
5 were of these unique products that Corinth makes.

6 I'd just like to touch on some of the threat
7 points that Commissioner Williamson raised during the last
8 round of questions. As Mr. Papavasileiou, CEO of Corinth
9 testified, Greece is the only -- I'm sorry. Corinth is the
10 only producer of large diameter welded line pipe in Greece.
11 It's operating at a very high capacity utilization rate and
12 his company has no plans in their five-year plan to increase
13 its capacity; therefore, no capacity increases in the
14 foreseeable future.

15 He also explained that Corinth has a very strong
16 home market in the European Union as well as in nearby
17 geographic areas. These are markets that are growing and
18 demand very substantial quantities of the products that
19 Corinth produces. We included a detailed set of information
20 in our brief regarding Corinth's projects in 2019. All of
21 these are in markets outside of the United States.

22 Notably, Corinth expects to have almost no spare
23 capacity for the next year or more because of these
24 projects. He also testified that Corinth does not maintain
25 inventory of subject merchandise in Greece and Ms. Burger,

1 President of Corinth's sales subsidiary in the United States,
2 confirmed that CPW America does not keep inventory in the
3 U.S.

4 For these and other reasons that we detailed in
5 our brief, we would respectfully urge you to make a negative
6 determination of threat with respect to Greece.

7 CLOSING STATEMENT OF JULIE MENDOZA

8 MS. MENDOZA: I'd just like to say that I think
9 Mr. Brightbill is a very good lawyer, but I think his panel
10 went right over the cliff today on credibility when they
11 started talking about like product. And I think there's an
12 easy way to settle this question of can you produce it, have
13 you produced it. Every one on of these producers has to
14 submit a production history when they bid on a project and
15 it has to be by size and grade and all other features. So,
16 if everyone were perfectly willing to put that on the
17 record, I think that will answer the question of whether
18 they have ever actually supplied a project that has those
19 characteristics.

20 Secondly, I'd just say that we are not
21 criticizing the way in which bid data is put on the record.
22 The Commission does not deal with bid data very frequently.
23 It's a very unusual thing. I think we're suggesting that in
24 large power transformers the approach was quite good and
25 certainly lack of time understood, but you know it's really

1 important to understand what was in these bids and exactly
2 what people said because it really does cover such a
3 sizable percentage of the industry. Thank you.

4 CLOSING STATEMENT OF JAMES R. CANNON, JR.

5 MR. CANNON: Three things quickly, so Evraz
6 purchased the U.S. mill that was shutdown. We gave its
7 equipment new life in Canada to make pipe for Canadian
8 projects. We didn't ship it here. Secondly, when the
9 market went down by a million tons in 2016, we laid off
10 2,000 workers too. We have a great deal of sympathy for
11 the U.S. industry. We faced the same thing because we are
12 part of North America. We sell our pipe in our backyard.
13 We don't injury the United States industry. We are part of
14 that industry. Thank you.

15 CHAIRMAN JOHANSON: Thank you again for
16 appearing here today. I will now make the closing
17 statement. Post-hearing briefs, statements responsive to
18 questions and requests of the Commission and corrections to
19 the transcript must be filed by November 13, 2018. Closing
20 of the record and final release of data to parties occurs on
21 November 29, 2018 and final comments are due on December 3,
22 2018. This hearing is adjourned.

23 (Whereupon the meeting was adjourned at 5:21
24 p.m.)

25

CERTIFICATE OF REPORTER

TITLE: In The Matter Of Large Diameter Welded Pipe from Canada, China, Greece, India, Korea, and Turkey

INVESTIGATION NOS: 701-TA-593-596 and 731-TA-1401-1406

HEARING DATE: 11-6-18

LOCATION: Washington, D.C.

NATURE OF HEARING: Final

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: 11-6-18

SIGNED: Mark A. Jagan
Signature of the Contractor or the
Authorized Contractor's Representative

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceedings of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker identification and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceedings.

SIGNED: Duane Rice
Proofreader

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceedings.

SIGNED: Gaynell Catherine
Court Reporter