

# UNITED STATES INTERNATIONAL TRADE COMMISSION

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In the Matter of:	)	Investigation Nos.:
CIRCULAR WELDED CARBON-QUALITY	)	701-TA-549 AND
STEEL PIPE FROM OMAN, PAKISTAN,	)	731-TA-1299-1303
THE UNITED ARAB EMIRATES,	)	(PRELIMINARY)
AND VIETNAM	)	

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1 THE UNITED STATES INTERNATIONAL TRADE COMMISSION  
2 In the Matter of: ) Investigation Nos.:  
3 CIRCULAR WELDED CARBON-QUALITY ) 701-TA-549 and  
4 STEEL PIPE FROM OMAN, PAKISTAN ) 731-TA-1290-1303  
5 THE PHILIPPINES, THE UNITED ) (PRELIMINARY)  
6 ARAB EMIRATES, AND VIETNAM )

7

8 Wednesday, November 18, 2015

9 Hearing Room A

10 U.S. International

11 Trade Commission

12 500 E Street, S.W.

13 Washington, D.C.

14 The meeting commenced, pursuant to notice, at  
15 1:30 P.m., before the United States International Trade  
16 Commission Investigative Staff. Elizabeth Haines,  
17 Supervisory Investigator, presiding.

18

19 APPEARANCES:

20 On behalf of the International Trade Commission:

21 Elizabeth Haines, Supervisory Investigator

22 (presiding)

23 Justin Enck, Investigator

24 Karen Taylor, International Trade Analyst

25 Tana Farrington, Economist

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3 Waleed Navarro, Statistician

4 Peter Sultan, Attorney/Advisor

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6 William R. Bishop, Supervisory Hearings and

7 Information Officer

8 Sharon Bellamy, Program Support

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10 In Support of the Imposition of Antidumping and

11 Countervailing Duty Orders:

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13 On behalf of: Bull Moose Tube Company

14 EXLTUBE

15 Wheatland Tube, a division of JMC Steel Group

16 The United Steelworkers

17 Michael Blatz, President, Bull Moose Tube Company

18 Ted Schulz, Chief Financial Officer, Bull Moose

19 Tube Company

20 John Simon, Vice President of Sales, EXLTUBE

21 David Seeger, President, JMC Steel Group

22 Randy Boswell, President, Wheatland Tube, a

23 division of JMC Steel Group

24 Holly Hart, Legislative Director, United

25 Steelworkers

1 Roger B. Schagrín, Christopher T. Cloutier,  
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4 In Opposition to the Imposition of Antidumping and  
5 Countervailing Duty Orders:

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16 On behalf of:

17 Mervyn D'Cunha, Financial Controller, KHK

18 Scaffolding & Formwork

19 Peter Schrupf, President, UTP Pipe USA Corp, and

20 Prime Metal Corp, USA

21 Jim Dougan, Vice President, Economic Consulting

22 Services, LLC

23 Emma Peterson, Research Assistant, Economic

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On behalf of: Conares Metal Supply Ltd. ("Conares")

Max F. Schutzman, Kavita Mohan - Of Counsel

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1 P R O C E E D I N G S

2 (1:30 p.m.)

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

4 MS. HAINES: Good afternoon, and welcome to the  
5 U.S. International Trade Commission's Conference in  
6 Connection with the Preliminary Phase of the Antidumping and  
7 Countervailing Duty Investigation Nos. 701-TA-549 and  
8 731-TA-1299-1303, Concerning Circular Welded Carbon-Quality  
9 Steel Pipe from Oman, Pakistan, the Philippines, the United  
10 Arab Emirates, and Vietnam.

11 My name is Elizabeth Haines. I am the Acting  
12 Director in the Office of Investigations, and I will preside  
13 at this conference.

14 Among those present from the Commission staff  
15 are, from my far right, Karen Taylor, the industry analyst;  
16 Waleed Navarro, the statistician; Justin Enck, the  
17 investigator; Peter Sultan, the attorney/advisor; Tana  
18 Farrington, the economist; Michele Breaux, the economist;  
19 and that's it.

20 I would remind speakers not to refer in your  
21 remarks to business proprietary information, and to speak  
22 directly into the microphones. We also ask that you state  
23 your name and affiliation for the record before beginning  
24 your presentation or answering questions for the benefit of  
25 the Court Reporter.

1 All witnesses must be sworn in before presenting  
2 testimony. I understand parties are aware of the time  
3 allocations. Any questions regarding the time allocation  
4 should be addressed with the Secretary.

5 Are there any questions?

6 (No response.)

7 MS. HAINES: Mr. Secretary, are there any  
8 preliminary matters?

9 MR. BISHOP: No, Madam Chairman.

10 MS. HAINES: Very well. Mr. Secretary, let us  
11 proceed with the opening remarks.

12 MR. BISHOP: Opening remarks on behalf of  
13 Petitioners will be given by Jordan C. Kahn, Schagrin  
14 Associates.

15 OPENING REMARKS OF JORDAN C. KAHN

16 MR. KAHN: Good afternoon, Ms. Haines, and members  
17 of the Commission staff. I am Jordan Kahn of Schagrin  
18 Associates, representing Petitioners who domestically  
19 produce circular welded pipe, or CWP.

20 There are currently Antidumping Duty Orders on  
21 CWP from eight countries, some of which have been in place  
22 for decades. We represent companies who, four years ago,  
23 petitioned for trade relief against CWP from Oman, the UAE,  
24 and Vietnam.

25 The Commerce Department found that imports from

1 all countries were being unfairly traded. However, the  
2 Commission three years ago narrowly voted negative with two  
3 Commissioners in dissent finding that the domestic industry  
4 was materially injured.

5 There are important differences between that  
6 earlier case and the one we are presenting today. We are  
7 now additionally petitioning for relief on imports from  
8 Pakistan and the Philippines who are new entrants to the  
9 U.S. market.

10 We are now not representing Allied Tube and  
11 Conduit, which in August announced that it would stop  
12 producing CWP after finding itself unable to compete with  
13 unfairly traded imports.

14 This cessation resulted in the loss of 317 jobs  
15 and provides a vivid depiction of the deleterious impact  
16 that Subject Imports have had. The domestic industry has  
17 seen its operating and net losses increase between 2013 and  
18 2014, as well as between the first three quarters of 2014  
19 and those of 2015.

20 In fact, its operating losses more than doubled  
21 between those interim periods. The volume of cumulated  
22 Subject Imports is clearly significant. All Commissioners  
23 found this to be the case three years ago, and it remains  
24 true today.

25 Public import data show that Subject Imports

1 increased in absolute volume by 23 percent from 2012 to 2014  
2 when they approximated 223,000 short tons. They then  
3 increased by nearly 50 percent between the first three  
4 quarters of 2014 and those of 2015, with more Subject  
5 Imports through September of this year than all of last  
6 year.

7 This volume is also significant relative to  
8 consumption and production in the United States, with  
9 Subject Imports grabbing an increasing share of the U.S.  
10 market.

11 Those Commissioners who voted negative three  
12 years ago emphasized that the market share of subject  
13 imports had declined between the most recent data for  
14 consecutive calendar years, but that is not the case now as  
15 Subject Imports have dramatically increased their market  
16 share between the first three quarters of 2014 and those of  
17 2015.

18 With respect to price, the sales data on the  
19 record indicate that subject imports pervasively undersold  
20 the domestic like-product by significant margins. All  
21 Commissioners found this to be the case three years ago, and  
22 it remains true today, with questionnaire responses that  
23 reveal underselling across all countries and all products.

24 In 2015, although demand for CWP improved, the  
25 domestic industry saw its sales decline as a result of the

1 price depression caused by subject imports. Those  
2 Commissioners who voted negative three years ago found that  
3 the domestic industry was able to increase prices to cover  
4 the increasing cost of raw materials.

5 This is no longer the case. Raw material costs  
6 fell in 2015, but the domestic industry was forced to pass  
7 along the entirety of that price decline rather than regain  
8 a degree of profitability as a result of the price  
9 suppression caused by Subject Imports.

10 The record at this nascent stage demonstrates  
11 that the domestic industry has suffered adverse volume,  
12 price, and impact effects because of Subject Imports.

13 There is compelling evidence that the domestic  
14 industry has been materially injured by reason of Subject  
15 Imports which more than satisfies the reasonable indication  
16 threshold for preliminary determinations.

17 We therefore urge the Commission to vote in the  
18 affirmative and allow these investigations to go forward as  
19 it did unanimously four years ago.

20 Thank you.

21 MR. BISHOP: Opening remarks on behalf of  
22 Respondents will be given by Donald B. Cameron, Morris,  
23 Manning & Martin.

24 OPENING REMARKS OF DONALD B. CAMERON

25 MR. CAMERON: Are we all ready to roll here?

1       Okay, thanks. Betsy, and members of the staff, it's good to  
2       see you again. This appears to be--this feels like a  
3       regular occurrence these days.

4                 In 2011, Petitioners filed a case largely  
5       identical to the one against the remaining non-negligible  
6       suppliers that were not already covered by ADCD Orders. To  
7       say that many of those Orders have been in place for many  
8       years? Well, I don't know, try about 30 years.

9                 The Commission has determined that, at the time  
10       in 2012, that imports from India, Oman, UAE, and Vietnam did  
11       not injure or threaten the domestic industry of injury. Two  
12       salient features of that case were, one, the non-subject  
13       imports dwarfed subject imports. And, two, that despite  
14       claims of massive underselling in increased subject imports,  
15       petitioners could not identify one single lost sale to the  
16       subject imports. Not one example where they had to roll  
17       back prices.

18                I mean, that was really curious. In fact, there  
19       was record evidence to the contrary. Petitioners did claim  
20       that the mere fact that subject imports had increased their  
21       market share was in and of itself indicative of lost sales.

22                The Commission properly rejected that theory.  
23       The Commission was correct then, and this case is no  
24       stronger. These imports are neither causing nor threatening  
25       to cause injury to the U.S. producers.

1                   We don't claim that the situation today is  
2                   identical, but there are many striking similarities.

3                   First, domestic shipments have been steadily  
4                   increasing over the POI.

5                   Second, third-country imports continue to be far  
6                   more significant in the market than subject imports.  
7                   Moreover, growth in subject imports has largely been at the  
8                   expense of nonsubject imports. Even so, many of the  
9                   nonsubject suppliers such as Korea have a much stronger  
10                  reputation in the market and have highly developed  
11                  distribution chains. As noted in the previous  
12                  investigation, these imports compete more directly with U.S.  
13                  producers than imports from the subject countries.

14                  Petitioners still have difficulty identifying  
15                  lost sales. Again, an important reason for that is the  
16                  relatively insignificant role that subject imports play in  
17                  this market. What we have discovered in the previous case  
18                  is that lost sales were not being lost to subject imports  
19                  but to nonsubject imports and even to other domestic  
20                  producers. This is not uncommon.

21                  But Petitioners would have this Commission assume  
22                  that any increase in market share by subject imports is, by  
23                  definition, a share that the industry lost to subject  
24                  imports. But that was not correct in 2012 and it's not  
25                  correct today.

1           The data do not support the conclusion that  
2 imports have depressed or suppressed domestic prices, and  
3 the underselling observed in the data reflects the  
4 disadvantages that lesser known imports have competing in  
5 this market.

6           The fact that imports must sell at a discount is  
7 a condition of competition that the Commission has long  
8 recognized, and was even supported by witnesses from  
9 Petitioners' panel in the 2012 case.

10           And, as we will discuss further, subject imports  
11 compete largely in the import market segment. Perhaps this  
12 explains in part Petitioners inability to identify sales  
13 that they have lost to subject imports.

14           In the previous case it was clear the Petitioners  
15 were able to increase prices relative to the cost of  
16 hot-rolled coil, and that was the big issue in the case.  
17 And during this period, hot-rolled coil costs have declined,  
18 which has led to a disadvantageous situation as prices for  
19 pipe decline while producers have comparatively higher  
20 hot-rolled inventory costs. And we understand that.

21           But nevertheless, this record right now also  
22 reflects the fact that the metal margin--i.e., the price of  
23 pipe above the price of the hot-rolled coil--has been  
24 positive throughout the POI and has increased since 2014.

25           Finally, as Mr. Dougan will discuss later, two

1 other factors having nothing to do with subject imports  
2 should also be looked at carefully by this Commission.

3 First, the downturn in the OCTG market as a  
4 result of the oil and gas demand has led to a reduction in  
5 production and sales of OCTG. This has led in turn to  
6 higher factory costs as additional factory overhead and SGA  
7 expenses that are allocated to circular pipe from OCTG.

8 Secondly, the Commission should examine very  
9 closely the financial data of this industry. It appears  
10 that one producer has very different results from others.  
11 And while we recognize that the Commission takes the  
12 industry as it finds it, to the extent that results for one  
13 producer differ significantly from others, it does call into  
14 question the extent to which the issue is subject imports  
15 rather than internal problems of a single producer having  
16 nothing to do with subject imports.

17 We appreciate your time, and we look forward to  
18 discussing this with you. Thank you.

19 MR. BISHOP: Would the first panel, those in  
20 support of the imposition of antidumping and countervailing  
21 duty orders, please come forward and be seated?

22 Madam Chairman, all witnesses on this panel have  
23 been sworn in.

24 (Pause.)

25 MR. SCHAGRIN: Good afternoon, Ms. Haines. For

1 the record, my name is Roger Schagrin of Schagrin  
2 Associates, on behalf of Petitioners. We have a panel of  
3 just three companies today because, as you will learn, there  
4 are not many companies left in this industry. But we do  
5 have three of the largest U.S. companies remaining in the  
6 CWP business.

7 Our first witness today will be David Seeger, the  
8 President of JMC Steel. Mr. Seeger?

9 STATEMENT OF DAVID SEEGER

10 MR. SEEGER: Good afternoon, Ms. Haines, members  
11 of the Commission, my name is David Seeger. I am the  
12 president of JMC Steel, and I am joined today by Randy  
13 Boswell who is the president of our Wheatland Tube Division.

14 JMC Steel was founded by John Maneely in the  
15 1850s, and began producing pipe in the 1900s in Wheatland,  
16 Pennsylvania. JMC purchased other CWP producers, including  
17 the Sawhill Tube Division of AK Steel, and Sharon Tube  
18 Company. So we were major consolidators of the CWP  
19 industry, and we are also the largest producer of CWP in the  
20 United States.

21 At the present time we produce the subject pipe  
22 in Wheatland, Sharon, Pennsylvania, Warren, Ohio, and  
23 Chicago, Illinois. The story of our mill in Sharon,  
24 Pennsylvania, is instructive to put in context the injury  
25 caused by the subject imports, as well as the difficulty in

1 getting relief from unfairly traded imports.

2 In late 2008 because of the major Recession, we  
3 idled the Sharon plant. In 2011, with demand strengthening  
4 and after the preliminary injury determination by the ITC in  
5 the original cases against UAE, Oman, and Vietnam, we  
6 reopened the plant and recalled the workforce.

7 The Sharon plant specialized in making products  
8 below 2 inches in diameter. Operating this plant made our  
9 Wheatland Mill more productive, since it was better suited  
10 to producing larger sizes from 2 to 4 inches.

11 The Commission is now very aware of the massive  
12 import surge from UAE, Oman, and Vietnam that followed the  
13 previous negative finding on threat of material injury. In  
14 addition to the surge in imports from these countries,  
15 imports have also increased significantly from the  
16 Philippines and Pakistan.

17 As a result, in spite of strong market demand  
18 conditions, we sent out notices to over 100 workers at this  
19 plant in June of this year, and closed the plant in  
20 September.

21 During this time we have seen the import share of  
22 the standard pipe market grow tremendously this year, mostly  
23 from the subject countries. Not only are they taking market  
24 share, but also this has had tremendous negative effect on  
25 pricing.

1           Those customers still buying domestic tell us  
2 more and more they cannot compete against their competitors  
3 buying import product. Our mills in Warren, Ohio, and  
4 Chicago, Illinois, are ERW mills. Our mills in Wheatland  
5 and Sharon, Pennsylvania, are continuous weld mills. It is  
6 not cost effective to operate the CW mills at low capacity  
7 utilization rates. Because it is a hot process, you have to  
8 feed gas into the furnaces whether you are operating the  
9 plant or not.

10           In 2014, as part of an extension of a four-year  
11 contract with the USW, we announced almost \$50 million in  
12 investments in the Wheatland, Pennsylvania plant. The  
13 biggest portion of these investments was to reduce material  
14 handling expenses, and improve efficiency and throughput in  
15 our galvanizing operations.

16           However, I cannot anticipate how we can obtain a  
17 return on this investment because we see imports of  
18 galvanized pipe from these countries selling at the same  
19 prices as our black pipe. To say that we see the world  
20 upside down is an understatement.

21           JMC Steel is committed to our circular welded  
22 pipe business for the long term. However, given our losses,  
23 that commitment will certainly be challenged. After  
24 considerable consolidation in this industry, the number two  
25 domestic supplier has exited as it could no longer absorb

1 the losses.

2 We are now entering a phase of risk where the  
3 landscape could be bereft of domestic production, and yet  
4 another industry disappears due to unfairly traded imports.

5 So this Commission has to ask itself if it will  
6 allow unfairly traded imports to take advantage of the  
7 tragedy of the second largest producer in this industry  
8 being forced of business.

9 On behalf of all our employees, we ask that you  
10 make an affirmative injury determination. Thank you.

11 STATEMENT OF RANDY BOSWELL

12 MR. BOSWELL: Good afternoon Ms. Haines and  
13 members of the Commission Staff. For the record, my name is  
14 Randy Boswell and I serve as President of Wheatland Tube, a  
15 Division of JMC Steel Group. I only took the Wheatland Tube  
16 role earlier this year. Prior to that and continuing at  
17 present time, I am President of what is left of the Interjex  
18 Tubing Division in charge of our line pipe and OCTG  
19 business.

20 Our USW partners should know that cost-cutting  
21 does not only apply on the factory floor but we have been  
22 doing that as well in the white collar and executive  
23 positions. As part of my new job I have been out visiting  
24 Wheatland's major customers. Because of imports, not  
25 demand, are the problem in our business. I have been trying

1 to get a handle on how our customers approach buying imports  
2 versus buying Wheatland. Let me describe the CWP  
3 Marketplace.

4 First, as to our ASTM A53 products, which are  
5 primarily sold into the market described as the pipe valves  
6 and fittings distribution segment for use by the plumbing  
7 and HVAC industries. Distribution in this industry can be  
8 divided into two main segments. First are national,  
9 regional and local pipe valve and fitting wholesalers. The  
10 largest of these is Ferguson Enterprises which has fourteen  
11 hundred locations nationwide. There are also other  
12 nationwide suppliers such as MRC Global, Kelly Pipe and  
13 State Supply. There are regional suppliers and local  
14 suppliers such as Long Island Pipe and Supply, which serves  
15 primarily the New York City Market and Chicago Tube and Iron  
16 servicing primarily Chicago and Illinois.

17 I certainly do not want to offend a very large  
18 customer, but I believe that Ferguson primarily sells  
19 foreign pipe. That is because they are in the business to  
20 make money and they can buy foreign pipe, which in the case  
21 of these five countries subject to these suites is unfairly  
22 traded foreign pipe at significantly lower prices than they  
23 can buy from Wheatland Tube. Price differences are so  
24 significant that we usually do not get a chance to meet the  
25 import price in order to get the business.

1           The same is true of the other national, regional  
2           and local distributors. The one exception to this rule are  
3           local suppliers in heavily-union construction areas. This  
4           would include Chicago Tube and Iron in Chicago and Long  
5           Island Pipe and Supply in New York City. When they sell to  
6           a union construction site in these major cities, the union  
7           plumbing and HVAC contractors require domestic pipe.

8           Unfortunately for Wheatland and the entire  
9           industry, this segment of the business has been dwindling  
10          for years and we believe more and more construction in big  
11          cities is being done by non-union contractors as compared to  
12          union contractors. Amazingly, Roger tells me that the  
13          Ferguson branch in Washington, DC on Bladensburg Road  
14          normally carries only foreign A53b pipe. When plumbers for  
15          the GSA are doing repair work in Federal buildings, buy  
16          American does not apply. And so it seems most of the pipe  
17          now going into buildings occupied by the U.S. Government  
18          workers, financed with our tax dollars, is foreign pipe.

19          The second major avenue of supply in the market  
20          are the big box retailers. As you know, Home Depot and  
21          Lowe's have literally thousands and thousands of stores. I  
22          don't think you will ever see domestic pipe in either of  
23          these outlets. They generally do annual supply contracts  
24          with the importers who then take care of their supply needs.  
25          Recently, I have noted that all Home Depot stores on the

1 East Coast plumbing sections have universal pipe from the  
2 UAE. Plumbers and sprinkler contractors will then stop at  
3 these stores. Only if the store is not supplied on time by  
4 their contract supply might they go to a master distributor  
5 such as HD Supply or MRC Global and by accident purchase  
6 domestic pipe.

7 In addition, the plumbing section, which serves  
8 the plumbing, HVAC and sprinkler contractors' stores carry  
9 fence tubing utilized by local fence companies. It appears  
10 a company out of Chicago, Illinois; Midwest Air Technologies  
11 has a supply contract with the big box retailers and  
12 supplies the fence tubing from Vietnam. It is not that we  
13 do not have relations or the ability to attach SKU tags and  
14 deliver product on a timely basis to these big box chains.  
15 In fact, we do supply them with electrical conduit under  
16 contracts.

17 You might ask the difference between standard  
18 pipe and conduit? Evidently while many, if not the majority  
19 of plumbers are nonunion, it seems that almost all  
20 electricians are union members. I guess it is okay to have  
21 a leak in your building but you don't want it to burn down  
22 because of an electrical fire. Therefore, virtually all  
23 conduit used in the United States is made of product from  
24 the U.S.

25 Finally, in the fence business, there are a

1 number of national fence companies such as Master Halco,  
2 Stephens Pipe and Merchants Metals. There are also  
3 reasonable fence companies such as Long Fence and Sonco that  
4 are here in the Washington, DC area. These fence companies  
5 buy fence tube from either importers or domestic suppliers  
6 and then make fence by adding other parts such as fence  
7 mesh. However, they are brutal price buyers and will only  
8 buy domestic fence pipe and tube if our prices are fairly  
9 close to the unfairly traded import prices.

10 I feel like I jumped out of the frying pan and  
11 into the fire. I went from the energy tubular business,  
12 where demand is poor and imports are destroying the market  
13 to the circular welded pipe business where demand is good  
14 and imports are still destroying the market. Without import  
15 relief, I am very concerned about the future of our  
16 Wheatland Tube pipe business. Therefore I ask that you make  
17 an affirmative preliminary injury determination. Thank you.

18 STATEMENT OF MICHAEL BLATZ

19 MR. BLATZ: Good afternoon, Ms. Haines and  
20 members of the Commission Staff. For the record, my name is  
21 Michael Blatz and I serve as president of Bull Moose Tube.  
22 I have been in this position for nearly two years and today  
23 I am accompanied by Ted Schultz our Chief Financial Officer  
24 sitting to my left. As way of background I am a graduate of  
25 the United States Military Academy at West Point and then

1 received both an MS in Mechanical Engineering and my MBA  
2 from MIT after I left military service.

3 I spent a number of years in different industries  
4 including the HVAC Industry before I was recruited to run  
5 Bull Moose Tube. Bull Moose makes subject sprinkler pipe as  
6 well as other covered products in plants located in  
7 Illinois, Ohio, Missouri, Georgia and Arizona. You can see  
8 that our geographical coverage is excellent for the entire  
9 United States. The market for sprinkler pipe has  
10 been expanding over the last several years. This is for two  
11 reasons. First, non-residential construction spending has  
12 been rebounding since the end of the great recession. It  
13 appears that more homes for the formation of new family  
14 units are now apartments or condominiums. These  
15 multi-storage buildings consume significant amounts of  
16 sprinkler pipe versus a single family detached home which  
17 are rarely sprinkled.

18 Second, both the fire building codes at the local  
19 level and the insurance industry through reduced insurance  
20 premiums have encouraged the insulation of sprinkler systems  
21 because it has been proven that sprinklers save both lives  
22 and property. As mentioned, early in 2015 Allied Tube and  
23 Conduit, the largest producer of both fence and sprinkler  
24 pipe put these businesses up for sale. Bull Moose, like  
25 presumably several other U.S. and foreign companies looked

1 at purchasing that business.

2           Unfortunately, given the impact of large volumes  
3 of low-priced imports of fence and sprinkler pipe into the  
4 U.S. we could not justify the purchase of that business. In  
5 August of 2015, Allied announced that it was exiting the  
6 sprinkler and fence pipe businesses. This includes the  
7 closure of the North Philadelphia facility as well as  
8 reducing operations at its plant in Harvey, Illinois and  
9 Phoenix, Arizona. They laid off 317 direct employees and  
10 several other indirect employees lost their jobs as well.

11           We're still considering the purchase of some of  
12 the assets, the pipe and tube mills that Allied had for  
13 sale, but the purchase of any of those mills and  
14 installation at our present facilities is largely dependent  
15 on the outcome of these cases. At Bull Moose Tube, we are  
16 certain that the outlook for demand of CWP products is  
17 strong with the continued recovery in the U.S. Economy but  
18 the problem is unfairly traded imports.

19           You might look at our questionnaire response and  
20 wonder what Bull Moose is concerned about in 2015. Well,  
21 Bull Moose Tube is experiencing a strong year driven by  
22 reasonable economic conditions, especially for sprinkler  
23 pipe. What concerns Bull Moose Tube is unfairly traded pipe  
24 being dumped into the United States and filling the supply  
25 hole created by the exit of the number one U.S. Manufacturer

1 of sprinkler pipe.

2 As this Commission is aware since you have cases  
3 on hot-rolled and cold-rolled sheet before you, the price of  
4 steel in the U.S. has been plummeting over the last eighteen  
5 months. However, as president of a company evaluating  
6 operations, I am looking forward to determining whether or  
7 not we can obtain returns on future investments. I cannot  
8 depend on steel prices falling every day to justify our  
9 business decisions.

10 Our parent company is a British company. We are  
11 owned by the Paul family which also owns and operates Caparo  
12 Group, Limited as well as numerous operations in India.  
13 They are based in London and in the UK they have a number of  
14 steel operating businesses including pipe and tube mills,  
15 long product facilities and distribution centers. The UK  
16 Market has been absolutely inundated with imports and very  
17 recently Caparo, our parent, took most of their UK operating  
18 companies into administration. That is equivalent to  
19 Chapter 11 in the United States.

20 While I'm not an expert in EU trade issues, I  
21 understand that producers in the UK cannot file their own  
22 dumping cases but must try and work in conjunction with  
23 producers on the continent to get enough standing for there  
24 to be a case filed with European Union in Brussels. This is  
25 evidently a very cumbersome process. I am certainly glad

1 that our business is based in the United States and not the  
2 EU. However, the experience of my parent company is  
3 certainly a warning sign that the same thing could happen to  
4 Bull Moose Tube if we are not vigilant fighting unfairly  
5 traded imports harming our businesses in the U.S.

6 On behalf of the more than five hundred employees  
7 at Bull Moose Tube, we ask that you make an affirmative  
8 preliminary injury determination as to circular welded pipe  
9 from Oman, Pakistan, Philippines, the UAE and Vietnam.

10 Thank you.

11 STATEMENT OF JOHN SIMON

12 MR. SIMON: Good afternoon, Ms. Haines and  
13 members of the Commission Staff. My name is Joan Simon and  
14 I serve as the vice President of Sales for EXLTUBE. I have  
15 been in the industry for twenty-two years. We are located  
16 in North Kansas City, Missouri where we have our one plant.  
17 We make ASTM A53 standard pipe in O.D.s ranging in 2-inch to  
18 6 5/8-inch O.D. being right in the center of the country,  
19 we can market these products nationwide. However, imports  
20 of A53 seem to own the coasts.

21 In the last year or two, imports from these  
22 subject countries have been arriving at such prices at the  
23 ports that the entire country, including the previously  
24 freight insulated Midwest, is seeing these imports. During  
25 2015, steel prices have been falling constantly.

1       Unfortunately, A53 pipe prices have been falling even faster  
2       and that is why we have gone from profits to losses in our  
3       pipe business.

4               EXLTUBE has invested heavily in our pipe business  
5       over the last seven years, including in some new  
6       technologies. We can only control a small portion of our  
7       costs. Steel is probably eighty percent of our costs and we  
8       try to buy steel as well as we can. Easy and efficient rail  
9       transport to our facility gives us competitive access to  
10      steel all across the U.S.A. However, with the Chinese  
11      Government giving steel away at two hundred and fifty  
12      dollars a metric ton, we are really concerned in terms of  
13      strategic planning at EXLTUBE, that we will have very few  
14      domestic steel suppliers left in a few years.

15              EXLTUBE is a great company with great quality,  
16      good management, a great workforce at an advantageous  
17      location but we are being hammered by the Subject Imports  
18      that are taking about a quarter of the market. Every pipe  
19      company is at risk. That is why I am here to ask on behalf  
20      of our one hundred and three employees for an affirmative  
21      determination. Thank you.

22    STATEMENT OF HOLLY HART

23              MS. HART: Good afternoon, Ms. Haines and members  
24      of the Commission Staff. Sorry once again to be adding to  
25      your workload, which I know is already quite heavy. For the

1 record, my name is Holly Hart and I am the Legislative  
2 Director and Assistant to the President for the United  
3 Steel, Paper, Forestry, Rubber, Manufacturing, Energy,  
4 Allied Industrial and Service Workers International Union  
5 also referred to as the Steel Workers of the USW. The USW  
6 represents workers at the vast majority of America's pipe  
7 companies.

8           Among those we represent, or represented are at  
9 Allied Tube and Conduit, Bull Moose Tube Company, Maverick  
10 Tube Corporation, Mariucci-Levitt Pipe and Tube, TMK Ipsco,  
11 U.S. Steel -- United States Steel Corporation and Wheatland  
12 Tube Company -- A Division of JMC Steel Group. These  
13 companies comprise to the best of our knowledge,  
14 approximately eighty percent of the workforce producing  
15 circular welded pipe or CWP for short, in the United States.

16           Just a little more than three years ago you heard  
17 from my Union's International Vice President Tom Conway who  
18 testified before the Commission at a hearing addressing  
19 imports of the same product from many of the same countries  
20 at issue today. In his testimony, he enumerated the mill  
21 shutdowns and consequent loss of union jobs in Arkansas,  
22 Pennsylvania and South Carolina. He also pointed out the  
23 loss of upstream jobs because domestic pipe mills, as you've  
24 heard, tend to source from Domestic Producers of flat-rolled  
25 product. Whereas imported CWP is made with foreign steel.

1                   Therefore every time an unfairly traded ton of  
2                   imported circular welded pipe edges out a ton of  
3                   domestically produced circular welded pipe for sale in the  
4                   U.S., the U.S. and USW representing workers lose out twice.  
5                   Once for the pipe itself and another time for the steel used  
6                   in input. Unfortunately, the Commission denied relief to  
7                   the Domestic Industry in 2012 but we're back again today  
8                   because things have only gotten worse.

9                   In the earlier investigation, Subject Imports  
10                  totaled just over two hundred thousand tons in 2011. The  
11                  current petition shows Subject Imports totaled approximately  
12                  two hundred and twenty three thousand tons in 2014 and  
13                  imports this year have already eclipsed last year's entire  
14                  total. Subject Imports in just the first three quarters of  
15                  2015 exceeded two hundred thousand twenty-eight short tons  
16                  and the onslaught continues.

17                  Increased market share for imports and lost sales  
18                  for the Domestic Industry have real consequences for  
19                  American workers, their families and their communities. In  
20                  particular, the job losses identified by Vice President  
21                  Conway three years ago continue. Allied Tube and Conduit in  
22                  August announced its exit from the CWP Industry as you've  
23                  heard. Allied was traditionally one of the largest  
24                  producers and now another three hundred and seventeen  
25                  good-paying, family-supportive U.S. jobs are gone.

1                   It's very clear to us at the Steel Workers that  
2                   if the Domestic Industry fails to obtain relief from  
3                   unfairly-traded imports, we will lose more good-paying,  
4                   family-supportive manufacturing jobs to Subject Imports.  
5                   Consequently, we ask you to reach an affirmative decision on  
6                   behalf of all those U.S. workers whose jobs and livelihoods  
7                   hang in the balance. Thank you very much.

8                   MR. SCHAGRIN: Thank you, Holly and again for the  
9                   record my name is Roger Schagrín. I would like to do two  
10                  things now. First, even though there has been a lot of CWP  
11                  cases, I know there has been changes both at the staff level  
12                  and among the Commissioners so I thought I would just go  
13                  over the scope briefly and it has gotten a little bit more  
14                  complicated as we tend to react to what we have seen in past  
15                  cases of efforts by foreign producers to evade the duties  
16                  while still selling circular welded pipe.

17                  Just to summarize from page seven to ten of the  
18                  Petition, the scope in this case covers all circular welded  
19                  pipe, not greater than sixteen inches in outside diameter,  
20                  whether it is black galvanized, painted, regardless of the  
21                  type of end finish, plain end or threaded and coupled or  
22                  grooved or beveled and these are primarily products that are  
23                  known as standard pipe, fence pipe and tube, sprinkler pipe,  
24                  round structural pipe as distinct from the heavy-wall  
25                  rectangular cases pending before the Commission.

1                   We've redefined carbon so that you can't add a  
2                   little bit of pixie dust of various alloying elements to the  
3                   steel to make the pipe then classified in the alloy grades  
4                   but still meet A53 or A135, A79, 795 specifications or the  
5                   structural specs of 252 or A500 and fences made to a great  
6                   variety of generally proprietary specs but everybody knows  
7                   what fence tubing is because it looks just like fence  
8                   tubing. We cover products that are dual-stenciled. That  
9                   was a problem back in cases early '90s and I spent about a  
10                  decade in court over that issue and so now we cover products  
11                  that are stenciled both in API and ASTM specification.

12                  API keeps tightening their 5L specification  
13                  because of their concerns about reliability and pipeline  
14                  explosions so that it's more and more difficult to dual  
15                  stencil API in anything else. We exclude a number of  
16                  products, even though they are round but everybody knows  
17                  what they are and people that act like they don't get hit  
18                  with massive fines from Customs. So we exclude products  
19                  that are very specialized for boilers, superheaters, heat  
20                  exchangers, et cetera. Finished electrical conduit which we  
21                  had further defined, finish scaffolding which can come in  
22                  kits, redraw hollows, OCDJ, line pipe and mechanical tubing  
23                  and then as to some of these excluded products, particularly  
24                  mechanical where there can be a lot of overlap we basically  
25                  made sure to list all of the general fence specification

1 combinations of O.D. and wall.

2 So that basically does it. We will be happy to  
3 answer your questions about scope during the hearing. I  
4 would like to make a final comment because this particular  
5 conference is a little bit bittersweet for me. The very  
6 first conference I ever appeared at the ITC was in the later  
7 part of 1982. It was my first case. It was on circular  
8 welded pipe from Korea, Taiwan and South Africa. I  
9 represented as an associate another firm. A company called  
10 Allied Tubing Conduit and Don was part of that case. Don's  
11 a part of every case but more on that later.

12 In early 1984 I decided that it was time for me  
13 to move on from the law firm I was at, it wasn't a good fit  
14 and I was probably going to work with either some well-known  
15 names, Skip Harquist, who was then at a firm called Collier  
16 Shannon Allen Wolf who was then at a firm called Verner  
17 Lipford and I talked to the executives at Allied and said "I  
18 am going to be moving on very soon, just wanted to let you  
19 know about it and you have the right to go with me, stay  
20 with the current firm, go to a third firm". They said  
21 "we'll go wherever you go. You're a smart young man, we  
22 like you."

23 So there would not be a Schagrins Associates if  
24 there had not been an Allied Tubing Conduit and a group of  
25 executives who had a lot of confidence in me. So I started

1 Schagrin Associates on May 15, 1984. We're still going  
2 strong and we now have the next generation here so I think  
3 the firm is going to survive me, which is a good thing  
4 although I would like to retire before I do pass on. So I  
5 probably now done about thirty hearings on just circular  
6 welded pipe.

7 We had a lot of cases in the 80's and early 90's  
8 on this product, a lot of them separately. We used to be  
9 able to do one country at a time that had one percent market  
10 share and win because they went from zero to one and we knew  
11 the threat. It was a lot easier to get affirmative injury  
12 decisions in the 80's than in the 2010's. I think that was  
13 a good thing. I guess a lot of Commissioners would disagree  
14 with me.

15 Of course, we lost the last case and that was  
16 very troubling. I think that a lot of Commissioners looked  
17 at the trends in the C-tables. My good, dear-departed  
18 friend John Greenwald participated in the main hearing room  
19 in a SIDPA proceeding back in 2012 and called it the  
20 "tyranny of the C-tables". So I think that's a problem. I  
21 don't think that's the way the statute works and obviously  
22 Congress just changed the statute.

23 I can tell you and we even went to court in that  
24 case, got a remand and I was stunned that the vote didn't  
25 change on remand, extremely stunned. So were the people at

1 Allied Tubing Conduit and I can tell you with one hundred  
2 percent certainty because I worked for that company for 33  
3 years. I know all their plants, probably visited their  
4 plant in Harvey Illinois more than two dozen times, their  
5 plant in Philadelphia more than a dozen times, their plant  
6 in Phoenix several times; that had the Commission gone  
7 affirmative in the last case Allied Tubing Conduit would  
8 still be in the fence and sprinkler business and would not  
9 just have laid off three hundred and seventeen people. So  
10 that's sad to me and I don't think that's the way the law is  
11 supposed to operate.

12 Obviously Congress just changed the law on injury  
13 and I'm urging them to change the law on critical  
14 circumstances because I think this Commission has kind of  
15 committed jury nullification and made it seem like there is  
16 no critical circumstance provision in the statute. Now, you  
17 all know me pretty well here. I can tell you that former  
18 ITC Commissioners and probably the entirety of the Domestic  
19 Bar, my colleagues in Domestic Bar don't accept the fact  
20 that I will engage in constructive criticism of the ITC, the  
21 Department of Commerce, the Customs Service, which I  
22 testified before the Finance Committee about four years ago  
23 and for that matter the U.S. Trade Representative.

24 I think it's how we improve the government and  
25 how we improve ourselves. Of course, constructive criticism

1 is a two-way street. I remember very well at a holiday  
2 party, maybe in 1985 or 1986 at the Commission when a  
3 Commissioner came up to me, he put his arm around me and he  
4 said "Hey Schagrin, you're a pretty smart young man. You're  
5 doing a lot of cases here. But you know, the President  
6 nominates Commissioners and the Senate Finance Committee  
7 endorses us so that we ask questions at the Commission and  
8 you keep asking all these questions during this  
9 cross-examination period. And trust me, even though the  
10 regulations say you can ask questions during cross-ex,  
11 you're not supposed to".

12 So that was very good constructive criticism. I  
13 took it to heart. I don't think I've asked a question in  
14 the past decade. I might have asked one or two in the  
15 decade or two following that. The decades are getting  
16 confusing. I think it's about three and a half decades now  
17 going on four. Don can identify with this. So, I do  
18 believe we should all feel bad. I will take as much of the  
19 blame as anybody for the now over four hundred job losses,  
20 more than a quarter of the jobs in this great industry have  
21 been lost just this year that wouldn't have happened if this  
22 Commission went affirmative.

23 I think the Commissioners and their personal  
24 staffs, not you all, should look in the mirror and decide  
25 did they do the right thing. I hope when they look back at

1        what they see they conclude they didn't. You know, there's  
2        a study that came out recently, you may have read about it,  
3        that the longevity or lifespan of men that are between  
4        forty-five and fifty-five years of age is declining.

5                We're the greatest country in the world. We're  
6        the richest country in the world and this segment of our  
7        population kind of like Russia after the dissolution of the  
8        CIS, is actually seeing their lifespans shortened and the  
9        reasons given were: Alcoholism, drug addiction and suicide.  
10       So all the free trade papers, they just wrote "Oh, this is a  
11       study". Papers who look at trade issues a little bit more  
12       objectively drew the proper conclusion which is this is the  
13       segment of the population that over the past fifteen years  
14       with the massive ballooning of the trade deficit with China,  
15       after China PNTR had suffered the losses of those five  
16       million manufacturing jobs.

17               I can tell you, if you ask any of these people  
18       that are average workforce age, it's going to be forty-five  
19       to fifty-five. You are not going to see a lot of steel  
20       workers in their twenties at these pipe mills. So these are  
21       the blue collar workers, who are members generally of Ms.  
22       Hart's Union and other unions who are losing their jobs and  
23       then what happens? They can't find a job at a comparable  
24       salary. They lose their homes, they lose their cars. They  
25       can't send their kids to college so they turn to alcohol,

1 drugs and sometimes suicide and I think it's tragic.

2 Obviously, we can just do a small part. With the  
3 trade laws I can tell you were meant to, and I know some of  
4 the younger Commissioners hate when us old fogies talk about  
5 the Congressmen and Senators we knew who wrote the '79 act,  
6 how when they really said material injury was anything  
7 immaterial, insignificant, they meant it to be a low  
8 standard. Now it's going way up here and hopefully we  
9 brought it down this past year with the legislation. But  
10 those are the folks that we are "practicing", those of us on  
11 my side of this aisle, to help and it's fine what folks like  
12 Don do.

13 So, you know, I apologize. Like they say. It's  
14 bittersweet. I won't be with Allied Tubing Conduit again.  
15 It's sad. As I said I wouldn't have had the career I had  
16 and my own firm without that company and their confidence in  
17 me and of course I feel like I let them down and that's why  
18 they exited this business that they have been such a big  
19 part of in this country for the last five and a half  
20 decades. They were founded in 1960 and they were founded to  
21 make fence tube and sprinkler pipe and conduit.

22 Anyway, old people like to talk. Nobody likes to  
23 listen to us, as you can tell when Don talks. So I do wish  
24 us all luck and will look forward to your questions and I  
25 hope this time for the sake of the maybe thousand or fifteen

1 hundred remaining workers in this industry that the  
2 Commission gets it right, thank you.

3 MS. HAINES: Thank you very much. Thank you for  
4 the testimony. We'll start the staff questions with Justin  
5 Enck.

6 MR. ENCK: Thanks first to the industry  
7 representatives and counsel for coming out today. I want to  
8 know if we can use the same import data that we used in the  
9 previous case, the 730630 with the exception of Canada and  
10 Mexico? Is there any reason that wouldn't work for the  
11 other countries?

12 MR. SCHAGRIN: I think that's fine, Mr. Enck.  
13 Oh, excuse me, this is Roger Schagrin. I think that's fine,  
14 Mr. Enck. You know, I think in the past case you didn't use  
15 it for Canada. We now find out you shouldn't use it for  
16 Mexico. I think the only other country that would have any  
17 significant imports that would not be subject and would  
18 probably be mechanical might be Japan. But other than that,  
19 we think that you can use the 7306 import data.

20 MR. ENCK: Thank you. Then on to Canada and  
21 Mexico. If you could provide us with some more information.  
22 Now, given the fact that stats can suppress all of their  
23 mechanical pipe data, if you could provide us with some more  
24 information about that.

25 MR. SCHAGRIN: Roger Schagrin. We'll try to do

1 that, Mr. Enck, I do think the best way and I'm sure that  
2 you're going to have more time in the final investigation  
3 than you do in the preliminary would be to get it for the  
4 companies that you get from customs listed as importers of  
5 record and try to find out from them what is mechanical and  
6 what is standard. I think you're going to find that the  
7 overwhelming -- I think we were too conservative against our  
8 client's interests and the estimates we gave in the  
9 petition. I think from what I've seen so far that it's  
10 really overwhelmingly that the imports from both Canada and  
11 Mexico are mechanical and not subject product.

12 MR. ENCK: Thank you.

13 And then for the industry members, if you could  
14 -- could anybody tell me what percentage of mechanical  
15 tubing is subject to this investigation?

16 MR. SEEGER: Dave Seeger. I don't believe  
17 there's any mechanical in the subject goods description.

18 MR. ENCK: Okay. Thank you.

19 The same question for multi-stenciled pipe. What  
20 percentage in fact do you think is subject?

21 MR. BOSWELL: From the energy side, I'm sorry,  
22 Randy Boswell. From the energy side we do see  
23 multi-stenciled product for APIX42 and A53B, all of it that  
24 comes in with that dual stencil would be -- would be subject  
25 goods in a case. Now, the API specification, as Roger

1 pointed out, is trying to limit that from happening. So at  
2 this point anything coming in that's got an A53B stencil and  
3 X42 would be part of the subject goods.

4 MR. SCHAGRIN: And, Mr. Enck, just to clarify,  
5 this is Roger Schagrin, to the extent that you're asking the  
6 panel for domestic and the only one of the three companies  
7 who has an API license as well as producing circular welded  
8 is Wheatland and JMC. The domestic industry does extremely  
9 little multiple stenciling and that's because they know  
10 better who their end users are, the costs of dual stenciling  
11 versus single stenciling, ASTM 53 is about 9 percent more  
12 steel because of the fact that the API specification only  
13 allows you to have a 1.75 percent range on your wall  
14 thickness to the underside. But the ASTM allows you 10  
15 percent and so the domestic industry very rarely produces  
16 and sells a dual stenciled product.

17 MR. ENCK: Thank you.

18 Okay. I have no further questions.

19 MS. HAINES: Next will be Peter Sultan.

20 MR. SULTAN: Mr. Schagrin, just to follow up on a  
21 question that my colleague asked. In the petition you said  
22 that you conservatively deducted certain percentages from  
23 the import data for Canada and Mexico. How did you come up  
24 with those percentage numbers?

25 MR. SCHAGRIN: I have been the person who

1 prepared all these other CWP petitions over the last  
2 30-some-odd years and was able through the last petition  
3 using, I think it was 2010 or '11 data to use information  
4 from Stats Canada. But there's been a lot of changes which  
5 is why Stats Canada no longer publishes any information on  
6 standard pipe exports to the U.S. because several of the  
7 Canadian producers went out of business. So there were  
8 antitrust concerns and I still, being the fair person that I  
9 am, you know, used the same kind of ranges. But now that --  
10 I'll just generally categorize it -- we're seeing data in  
11 questionnaire responses, it appears that it's a much higher  
12 percentage of the reported imports from Canada are  
13 mechanical rather than standard. Higher than that 60  
14 percent.

15 MR. SULTAN: And what about your estimate from  
16 Mexico? I think it was 50 percent.

17 MR. SCHAGRIN: I think that, based on what I've  
18 seen, is also on the high side and it looks like it is a  
19 much higher percentage of those imports from Mexico which  
20 are mechanical rather than subject pipe.

21 MR. SULTAN: Okay. Moving on to the scope, I  
22 think I heard you say, Mr. Schagrin, that you redefined the  
23 term "carbon". Were you saying that you've done so since  
24 the 2012 investigations? Because I just very quickly looked  
25 at the definition in the petition and compared it to the

1 scope in the 2012 investigations and it looked to be the  
2 same to me. I could have misread it, but --

3 MR. SCHAGRIN: I believe that we in some -- go  
4 ahead, I'll let Mr. Cloutier comment.

5 MR. CLOUTIER: This is Chris Cloutier from  
6 Schagrin and Associates. And we were in discussions with  
7 the Department of Commerce after filing the petition and  
8 have indeed submitted a revised version of the scope  
9 definition to the Department which we expect them to adopt  
10 when they initiate the investigations.

11 MR. SULTAN: Okay. Was that filed with us as  
12 well? Is that something I overlooked?

13 MR. CLOUTIER: No, sir, it was not filed with the  
14 ITC, just with the Department of Commerce.

15 MR. SULTAN: Okay. Thank you.

16 Moving on to the definition of the domestic  
17 industry, are you aware of any related party issues among  
18 the domestic producers?

19 MR. SCHAGRIN: I am not.

20 MR. SULTAN: Thank you.

21 And just to follow up on something which you  
22 said, Mr. Boswell, I think you were explaining that union  
23 contractors require the use of domestic pipe but I think I  
24 heard you say that this was a declining part of the market,  
25 sales to union contractors, can you get a little bit closer

1 to quantifying that? I mean, how significant has the  
2 decline been?

3 MR. BOSWELL: Yes, this is Randy Boswell. You  
4 know, we saw -- have seen in areas outside of the major  
5 urban areas where some of the cities in D.C., for example,  
6 even up into Philadelphia where it was primarily union  
7 contractors within the cities for HVAC and plumbing. Those  
8 areas are tending more towards non-union and open labor  
9 agreements for those contractors. Really the strongholds  
10 and the only areas that we really see consistently and all  
11 the time are in the New York City area and the Chicago area,  
12 in the city limits, the union contractors are the only ones  
13 doing work in those areas and they are really domestic only  
14 in terms of the ability. So have we seen it decline? You  
15 know, 10 percent, 15 percent, I couldn't really quantify  
16 that at this point. I can get with Roger and talk a little  
17 bit about some of that for our post-hearing brief if you'd  
18 like.

19 MR. SULTAN: That might be of interest. Thank  
20 you very much.

21 That's all I have.

22 MS. HAINES: Next will be Tana Farrington.

23 MR. FARRINGTON: Thank you all for coming this  
24 afternoon.

25 I will be asking some questions that generally go

1 into our part two, while my colleague Michele Breaux will be  
2 asking more pricing questions. First I was wondering what  
3 factors influence demand? I think someone had mentioned  
4 non-residential construction, but if there are other factors  
5 that we should be taking into consideration.

6 MR. BLATZ: This is Michael Blatz.

7 Non-residential construction is one of the primary drivers  
8 of the sprinkler market. The other is the moving regulation  
9 in commercial buildings that as commercial buildings are  
10 getting built -- new ones -- that they retrofitted or  
11 include sprinkler pipe.

12 MR. FARRINGTON: Thank you.

13 And what data sources do you typically look at to  
14 determine where those industries are going?

15 MR. SEEGER: This is David Seeger. We would use  
16 the Dodge Report. There are several other ones, but Dodge  
17 is probably the main one.

18 Yeah, the one area that I might add is the  
19 apartment buildings are categorized separately from  
20 non-residential for some reason. It's kind of in between  
21 residential and non-res. So they have a separate category  
22 for that which is also a big consumer of this product.

23 MR. FARRINGTON: Great. Thank you.

24 Does the demand for CWP fluctuate with demand for  
25 the inputs?

1 MR. SEEGER: Dave Seeger, no, it does not.

2 MR. FARRINGTON: Moving on to end use. I think  
3 we've mentioned funds and sprinklers, our pricing product  
4 four specifies fenced tube, but what are the specific end  
5 uses for our products one, two, and three? And  
6 specifically, does the finishing black or galvanized, or the  
7 diameter ultimately affect what the product is used for?

8 MR. BOSWELL: You know, black and galvanized will  
9 be for different applications of the same product. That's  
10 kind of straightforward. In corrosives environments or in  
11 freezer type environments you'll use galvanized. In a  
12 standard building you will use black products. The same  
13 function in terms of what they're carrying water or natural  
14 gas through for a building, but it's in different external  
15 environments.

16 MR. FARRINGTON: Thank you.

17 Are there any substitutes for CWP? And if so,  
18 what substitute -- what end uses do those -- are those  
19 substitutes appropriate for?

20 MR. BOSWELL: This is Randy Boswell again. It's  
21 determined what's used is determined oftentimes by the  
22 building codes as far as what's acceptable or what's not  
23 acceptable. There are some PVC products for low pressure  
24 applications that are acceptable substitutes in certain  
25 codes.

1 MR. FARRINGTON: Great. Thank you.

2 Now, on to interchangeability with the subject  
3 products. Are there advantages or disadvantages to  
4 purchasing U.S. produced CWP or that in each of the  
5 respective subject countries?

6 MR. BLATZ: This is Michael Blatz. The products  
7 in this industry are made to the same specification and it's  
8 really a factor price.

9 MR. FARRINGTON: Great. Thank you.

10 As you said, they're made to specification. What  
11 conformity assessment procedures or certification processes  
12 do U.S. products go through and if you know any of the  
13 subject country procedures?

14 MR. BLATZ: For sprinkler pipe there's UL and FM  
15 certifications, for the others it's self-regulating.

16 MR. FARRINGTON: Great. That's all of my  
17 questions.

18 MS. HAINES: Michel Breaux.

19 MS. BREAUX: Good afternoon. And thank you so  
20 much for coming over here and testifying for us. My  
21 questions will deal mostly with the pricing data and also  
22 raw materials. So I will start there.

23 So I want to know, and we understand that  
24 hot-rolled steel plays a big part in your -- in circular  
25 welded pipe, but we wanted to know if there are any other

1 primary inputs that go into circular welded pipe?

2 MR. SEEGER: You've got the steel portion of --  
3 I'm sorry, Dave Seeger. There's probably 70, 75 percent of  
4 the cost is the steel itself. The only other significant  
5 component would probably be zinc for the galvanized portion  
6 of those pipe products, and then labor would be the third  
7 one.

8 MS. BREAUX: And you mentioned earlier in your  
9 testimony that energy costs also contribute. We wanted to  
10 know that if it's either -- how much does it contribute to  
11 the cost, and do you generally use gas or electricity and  
12 finally if you can in the post-conference possibly provide  
13 us with any more data about this?

14 MR. SEEGER: Yeah, I wouldn't be able to tell you  
15 that off the top of my head, but certainly we could provide  
16 you that.

17 MR. BLATZ: This is Michael Blatz. Energy costs  
18 would be about 3 to 5 percent.

19 MS. BREAUX: All right. My next question about  
20 raw materials deals with how you purchased your raw  
21 materials. Do you purchase raw materials in the spot market  
22 or through contracts and are those contracts long- or  
23 short-term?

24 MR. SEEGER: For JMC I could tell you probably 98  
25 percent of it is in the spot market.

1                   MR. BLATZ: Michael Blatz. I'd prefer not to  
2 answer it because of competitive issues.

3                   MS. BREAUX: Perfectly understandable.

4                   MR. SIMON: Don Simon, we purchase on longer-term  
5 contracts, however the pricing is established monthly.

6                   MS. BREAUX: So my next question -- set of  
7 questions deal with pricing data. And at any point if you  
8 need to refer or delay answering this question to the  
9 post-conference, feel free to say that.

10                  MR. SCHAGRIN: Ms. Breaux, unless you're asking  
11 about the pricing products, I would say that for antitrust  
12 reasons, we would just -- because these are competitors,  
13 that we would probably answer all the pricing questions you  
14 might have in the post-conference brief.

15                  MS. BREAUX: Okay. All right. So what is -- we  
16 want to know more about the negotiation process for -- for  
17 your different sales for each of the products.

18                  Next, we want to know what are factors other than  
19 price, if any, that are significant -- that significantly  
20 affect sales of circular welded pipe from the United States  
21 and other countries particularly the --

22                  So what factors are -- what factors other than  
23 price significantly affect sales of circular welded pipe  
24 from the United States?

25                  MR. BOSWELL: All the other factors that we see

1 -- oh, Randy Boswell, sorry. All the other factors that go  
2 into the sale process really have to be given in terms of  
3 your product quality and your workmanship in terms of being  
4 in the business. It's price that is the vast majority all  
5 the time determining factor.

6 MS. BREAUX: Next question. So we have product  
7 one that is black pipe and product two that is galvanized  
8 pipe, but the diameter is pretty much -- is the same, should  
9 we be -- should we expect to see a price difference between  
10 the two? And if so, how exactly does galvanizing affect the  
11 price?

12 MR. BOSWELL: There is a price difference. This  
13 is Randy Boswell. Sorry. There is a price difference  
14 between the two. Galvanizing is an additional value added  
15 downstream process to black pipe essentially. So black pipe  
16 is essentially the raw material going into the galvanized  
17 product.

18 MS. BREAUX: All right. Thank you very much.

19 And the last question I have to deal with price  
20 data and we wanted to make sure that we are getting the  
21 pricing products right, that given the historical precedence  
22 of this case, are the four pricing products still valid for  
23 this industry?

24 MR. SCHAGRIN: This is Roger Schagrin. Yes.  
25 Those are very popular product size ranges and we -- they've

1 always been popular and that hasn't changed. It's just the  
2 nature of the construction. Those are all very popular  
3 product size ranges and finishes that mix of black and  
4 galvanized. And so we'll be making some comments in our  
5 post-conference brief. There are some issues with level of  
6 trade which has nothing to do with the scope of the product,  
7 the pricing products, but we will bring those up in our  
8 post-conference brief.

9 MS. BREAUX: And my last question and goes off of  
10 the testimony that was said today, if you could elaborate  
11 more on how buy-American affects the demand for your  
12 product, whether it's the actual law itself or just customer  
13 preferences, that would be great.

14 MR. SEEGER: I don't want to overemphasize that,  
15 but -- I'm sorry, David Seeger. The buy-American portion is  
16 probably in the 5 to 7 percent of the total demand. It had  
17 a little stronger play after 911, but it has since then  
18 dwindled quite a bit. So, it's almost an insignificant  
19 amount as we sit here today, at least from our perspective  
20 it's mid to low single digits as far as percentage of it.

21 MR. SCHAGRIN: I think everyone agrees with that  
22 on the industry panel.

23 MS. HAINES: Okay. Next will be Karen Taylor.

24 MS. TAYLOR: Good afternoon. This is Karen  
25 Taylor, the industry analyst. And first of all I would like

1 to thank all of the industry representatives here today. We  
2 realize you're very busy and we appreciate that you took the  
3 time to come here.

4 I have a question concerning the scope. I've  
5 looked at the scope of CWP in previous cases brought before  
6 the Commission. And the scope of this case is pretty  
7 similar except for one -- a few changes, one of which is the  
8 minimum diameter that was noted in previous cases is no  
9 longer within the scope. So my question is, is that because  
10 a really small diameter is a growing part of the market?

11 MR. SCHAGRIN: Ms. Taylor, this is Roger  
12 Schagrin. No, I think, you know, once again we work in  
13 conjunction with Commerce and Customs as we're fashioning or  
14 refashioning or massaging scope from case to case. And I  
15 think given the way the HTSs are done that we just decided  
16 to drop any minimum size. But I don't think there's been  
17 any change over the past 30 years in the usage of different  
18 sizes in the marketplace.

19 MS. TAYLOR: All right. Thank you.

20 And building on to a question asked by Mr. Enck  
21 concerning which HDS codes we should include when we are  
22 looking at imports, because this product can come into the  
23 United States covered by many different codes. And in  
24 previous investigations we have looked at imports coming  
25 into one subheading, 7306-30, because that seems to be, if

1 you will, relatively clean. What about the other HTS  
2 statistical reporting numbers that this product -- under  
3 which this product can be imported? Should we be including  
4 some of those or not?

5 MR. SCHAGRIN: This just shows -- Ms. Taylor,  
6 this is Roger Schagrin. This shows what age does to you.  
7 So I used to have the HTS --

8 [SIMULTANEOUS CONVERSATION]

9 MR. SCHAGRIN: -- memorized.

10 MS. TAYLOR: -- 19.

11 MR. SCHAGRIN: Yeah, I know there's the 19s and  
12 the 50s.

13 MS. TAYLOR: Yeah.

14 MR. SCHAGRIN: So let me just clarify in the  
15 post-conference brief.

16 MS. TAYLOR: All right.

17 MR. SCHAGRIN: So I sit down with it in front of  
18 me and I do the work.

19 MS. TAYLOR: Okay.

20 MR. SCHAGRIN: So we'll do that in the  
21 post-conference.

22 MS. TAYLOR: All right. And forgive me for this  
23 very basic question, in looking at the exclusions and as  
24 noted in the scope, one of which is finished electrical  
25 conduit, and forgive me, at what point is it considered

1 finished as opposed to unfinished?

2 MR. SCHAGRIN: Again, this is Roger Schagrin.  
3 It's considered finished when you affix your UL stamp that  
4 you must apply to the Underwriters Laboratory to be  
5 essentially a licensee of UL. And no electrician can  
6 install conduit unless it has a UL stamp on it. You can't  
7 put the UL stamp on it until you're completely finished. So  
8 you've galvanized it, you've cut it, you've threaded both  
9 ends and you've attached a thread protector. Then you can  
10 attach your UL, assuming that you're a licensee.

11 MS. TAYLOR: All right. So at that point it is  
12 excluded, you're saying?

13 MR. SCHAGRIN: That's correct.

14 MS. TAYLOR: Okay. Okay. All right. I have no  
15 further questions at this point.

16 MS. HAINES: Thank you very much.

17 I have -- Mr. Schagrin, in your testimony -- this  
18 is Elizabeth Haines -- you had mentioned that with Allied  
19 leaving the market that it was 300 jobs lost. But then you  
20 also made mention of 400 total. The other 100 is that just  
21 the broad industry downsizing or is that one producer in  
22 particular that --

23 MR. SCHAGRIN: That's 100 percent the recent  
24 closure of the Sharon plant by Wheatland Tube.

25 MS. HAINES: Okay.

1                   MR. SCHAGRIN: That was approximately 100  
2 employees.

3                   MS. HAINES: Okay.

4                   MR. SCHAGRIN: I think just took place in August.  
5 September.

6                   MS. HAINES: And I know it was in the petition,  
7 but please remind me where -- are there any other closures  
8 since the last case was filed?

9                   MR. SCHAGRIN: You know, the other closures,  
10 there have been other closures. So there were a number of  
11 plants where standard pipe was produced and probably some  
12 line pipe. So, for example, to the best of my knowledge  
13 U.S. Steel which had a number of plants, really just made  
14 ASTMA53 of McKeesport. So when they shut down that plant,  
15 they would have probably ceased making circular welded pipe.  
16 There have been a number of probably more plant idling than  
17 closures by TMKIPSCO, by Maverick Tube, and it's  
18 interesting, the respondents may raise this. In the old  
19 days, because circular welded pipe is considered a more --  
20 let's say -- stable industry that tends to go up and down  
21 slightly except for the great recession because it goes  
22 along with nonresidential construction which, you know,  
23 doesn't have gigantic ups and downs like the energy area and  
24 so I could say throughout my history in the pipe and tube  
25 industry, very often when things got bad in energy that some

1 of the energy tubular producers would look to make more  
2 circular welded pipe.

3 Now, import market share has grown so much over  
4 the past 20, 30 years in circular welded pipe that -- and  
5 the ability to make any money in this area is so bad, I  
6 think the mills that are suffering in the energy area  
7 because of reduced demand don't even bother to think about  
8 making circular welded pipe before they idle their plant  
9 because they would go out with their sales staff and say,  
10 well, what's the market for A53 like? Oh, my God, I can't  
11 turn steel in A53 and sell it at a profit, so I might as  
12 well idle my plant.

13 So those have been the primary idlings. And if I  
14 can think of any others, we'll put it in the post-conference  
15 brief.

16 MS. HAINES: Thank you. When plants are idled  
17 like that, how long does it take to bring them back up on  
18 line?

19 MR. SEEGER: I'm sure it varies company to  
20 company, but for us it would probably be about three months  
21 to get the workforce back and get everybody retrained and so  
22 forth.

23 MS. HAINES: Thank you.

24 Historically this has been an industry where you  
25 keep high level of inventories? Is that an accurate -- or

1 do you keep high levels of inventories, I guess is the --

2 MR. BOSWELL: Historically -- this is Randy  
3 Boswell -- historically there is a large percentage of the  
4 market that is serviced out of inventories. You know, high  
5 levels would be different for different companies, as far as  
6 number of days on hand. I think in the recent past, the  
7 risk of inventory with price declines and price pressure  
8 from the imports, inventories have been a little bit lower  
9 in the last, say, six months.

10 MS. HAINES: Thank you. So, a company that is  
11 shutting their plant, or like Allied. What does a company  
12 do with those inventories? Do they just slowly bring them  
13 down or do they sell them to another company? What would a  
14 company do?

15 MR. BLATZ: This is Michael Blatz. Allied, when  
16 they went out of business, they sold their inventory at  
17 highly discounted prices into the market, which put an  
18 additional strain on us because that put a flood of product  
19 into the market that caused us to slow down our plant  
20 production.

21 MS. HAINES: Thank you. Is --

22 MR. SEEGER: This is David Seeger. Can I answer  
23 that? I don't think the impact of that is under the period  
24 of review, though. That happened in October, so I don't  
25 think that would be relevant in the numbers that you've seen

1 so far.

2 MS. HAINES: Okay. Thank you. So is the  
3 industry fairly export oriented? Has that also been a  
4 historical trait of the industry? Or currently?

5 MR. SEEGER: We export into Canada and very  
6 little elsewhere.

7 MS. HAINES: Okay. Is that a function of the  
8 foreign market demand, or --

9 MR. BLATZ: Similar to what Mr. Seeger said, we  
10 do also in Canada, but a little bit into Mexico. But the  
11 hardest issue for us is freight costs. You know, this is a  
12 heavy product, which again, when you put it in the context  
13 of imports, is hard to wrap your head around how they can be  
14 able to ship across oceans at a price lower than sometimes  
15 we can buy steel.

16 MR. SIMON: This is John Simon. I would agree.  
17 Based on our position in the center of the country, it makes  
18 export very difficult given the freight consideration.

19 MS. HAINES: Thank you. In regards to the  
20 foreign producers of the subject countries, has there been a  
21 growth in the producers in those countries? Or is that, as  
22 far as you know, has that been sort of stable, or --

23 MR. SCHAGRIN: This is Roger Schagrin. Yes,  
24 there has been, particularly Vietnam. Let's see what  
25 happens if we have TPP, because some of us know that Vietnam

1 will just become a massive export platform for China. And  
2 so there's certainly been some additional mills in Vietnam  
3 since the last investigation and we'll have to follow up in  
4 the post conference brief as to other countries.

5 MS. HAINES: Thank you. And is the technology  
6 used for this product, has there been any innovation in  
7 that? Or is that still what it's been for quite a while,  
8 or --

9 MR. SCHAGRIN: I think that the method of  
10 welding pipe by electric resistance welding is pretty well  
11 been settled for the past 20, 30, 40 years and it hasn't  
12 changed. And in this country, we have had the number of  
13 continuous-weld mills, I think referencing that 1982 case,  
14 there were probably about fifteen continuous-weld mills,  
15 which is a different process.

16 It's great when you can make massive amounts of  
17 product and it's horrible when you're only operating at  
18 low-capacity utilization, because it is a hot process, so  
19 it's almost the pipe equivalent of a steel blast furnace.  
20 You got to keep it warm all the time and it doesn't work if  
21 you're not using it all the time.

22 So now Wheatland is down to the last one, so  
23 over just 33 years, we've gone from fifteen to one and  
24 what's amazing is, I think actually the number of ERW mills  
25 in the United States has been reduced.

1                   I mean, back in the time of the start of the ERA  
2 programs in '84, where the industry was given some pretty  
3 significant relief, once that ended in the early '90s,  
4 imports have continued just creeping or increasing by big  
5 chunks their market share, so we've had a big decline in the  
6 number of ERW mills as well.

7                   But the technology, the ERW welding technology  
8 to galvanizing, except for inline galvanizing, which  
9 Allied's founder invented, it's much the same worldwide,  
10 same production method.

11                  MR. SEEGER: If I could add to that, the core  
12 welding process is probably the same, but we have invested,  
13 as I mentioned in my testimony, fifty million dollars into  
14 upgrading that galvanizing process and the material handling  
15 flow of it and the end-finishing, so there are considerable  
16 secondary steps that we certainly have -- the technology has  
17 gotten better.

18                  MS. HAINES: Thank you. I have no further  
19 questions, as this is a product that we've dealt with a fair  
20 amount, so we greatly appreciate your coming to testify and,  
21 thank you.

22                  MR. SCHAGRIN: Well, we thank you, Ms. Haines,  
23 and we're glad that this is the Commission's favorite  
24 product as it is. Thank you.

25                  MS. HAINES: The next panel please. Thank you.

1                   MR. BISHOP:  Would the panel in opposition to  
2                   the imposition of antidumping and countervailing duty orders  
3                   please come forward and be seated.  Madam Chairman, all  
4                   witnesses on this panel have been sworn in.

5                   (PANEL CHANGING)

6                   MS. HAINES:  You may begin.

7                   MR. CAMERON:  Ms. Haines and members of the  
8                   staff.  Thanks very much.  We are not going to be taking our  
9                   full time this afternoon.  Let me just give you a brief  
10                  introduction.

11                  First we're going to start out with Mervyn  
12                  D'Cunha, who comes from Universal and the UAE in Dubai,  
13                  Peter Schrupf, who is the President of UTP Pipe importer.  
14                  Jim Dougan is going to provide some economic analysis, which  
15                  will contradict much of what you heard this morning, and  
16                  then we're going to hear from Bernd Janzen, who is going to  
17                  testify with respect to imports from Pakistan, is that  
18                  correct?  And that should be it.  Thank you, and with that,  
19                  Mervyn, why don't you start?

20                  STATEMENT OF MERVYN D'CUNHA

21                  MR. D'CUNHA:  Good afternoon.  My name is Mervyn  
22                  D'Cunha, and I am the Financial Controller of the Universal  
23                  Group, which includes Universal Tubes, Universal Pipes and  
24                  KHK Scaffolding.  KHK does not export standard pipes into  
25                  the United States.  Our foreign producers' questionnaire,

1       however, provided information on pipe and tube operations of  
2       all the three companies.

3               Universal focuses its sales primarily in the UAE  
4       and the countries of the Gulf Corporation Council, the GCC,  
5       which we regard as a second home market. And where we enjoy a  
6       natural competitive advantage over the other suppliers.

7               Demand within the UAE is strong. In the UAE,  
8       private and public developers have regained confidence in  
9       Dubai's residential property market after the turmoil of the  
10      Arab spring, and relaxed rules in the UAE have made Dubai a  
11      global tourist and trade hub.

12              This is further enhanced by Dubai's plan to host  
13      the 2020 World Expo, which is expected to attract 25 million  
14      visitors and would require a significant investment in the  
15      hotel and infrastructure sectors.

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

21              Governments in this region, they will continue  
22      to spend heavily on new projects including new hotels,  
23      commercial and residential apartments, shopping malls,  
24      schools, universities, etcetera. These projects will all  
25      require standard pipe for plumbing applications, firefighting

1 systems, chilled water systems and structural applications.

2 Regional construction growth is expected to grow  
3 significantly between now and 2018 and 2020, which should drive  
4 demand for steel products. We have seen this growth already  
5 in a rapid expansion in the demand for finished scaffolding,  
6 which we produce from internally consumed standard pipes.

7 We have also seen demand growth in the UAE and  
8 other export markets for products produced from the same  
9 machinery as standard pipe, especially square and  
10 rectangular products. This growth is why the KHK  
11 Scaffolding has expanded its capacity to produce square and  
12 rectangular merchandise in small sizes below 3".

13 As noted, KHK sells to domestic markets and has  
14 never exported to the United States. In addition, with the  
15 vast oil and gas production, the GCC countries are among  
16 the largest consumers of line pipe in the world. Universal  
17 Pipe has started commercial production of line pipe and we  
18 are focusing our efforts on exploiting that product sector  
19 in the GCC.

20 With respect to export markets, Universal is  
21 currently in the process of expanding our sales to third  
22 country markets around the world. We are currently  
23 expanding our sales to Europe, particularly Germany, Sweden  
24 and Norway where we will be expanding our sales of sprinkler pipes  
25 and other customized products.

1                   We have also established our sales' offices and  
2                   are expanding sales in the United Kingdom and Australia. We  
3                   have been expanding our portfolio of certifications for our  
4                   pipes which makes us more competitive in the world,  
5                   particularly Australia, Europe and the Singapore/Malaysia  
6                   market.

7                   The recent weakening of the Australian dollar  
8                   and the Euro against the U.S. dollar to which our currency  
9                   is pegged has temporarily increased the cost of exporting  
10                  the products to Australia and Europe. However, once these  
11                  temporary exchange rates issues are resolved and currency  
12                  stabilizes, we are very optimistic about these markets  
13                  and have our certifications in place to take advantage of  
14                  them.

15                  Although Universal Group has increased its  
16                  capacity and new capacity is that KHK scaffolding, which, as  
17                  noted, has no exports of standard pipe to the United States.  
18                  The new capacity is directed at producing square and  
19                  rectangular tubes and smaller diameter standard and structural  
20                  pipes for the domestic and GCC markets.

21                  Universal holds only a limited share of the U.S.  
22                  market, and sends to only few customers. For this reason, I  
23                  am confident that our exports of standard pipe from the UAE  
24                  are not injuring and does not threaten the U.S. industry.  
25                  Thank you.

1 STATEMENT OF PETER SCHRUMPF

2 MR. SCHRUMPF: Good afternoon, my name is Peter  
3 Schrumpf, President of UTP Pipe USA Corp, and Prime Metal  
4 Corp. USA. UTP and Prime Metal are the exclusive U.S.  
5 importers of circular welded pipe from the UAE produced by  
6 Universal Tube. Prime Metal USA was formed in 2000, but  
7 I've been in the pipe and tube business in some capacity for  
8 the past 35 years.

9 We opened UTP Pipe in 2012. As a result of  
10 opening UTP Pipe, we import from Universal primarily through  
11 UTP, while Prime Metal remains a distributor that both  
12 imports from Universal and purchases pipe from domestic  
13 producers as well.

14 This case is basically a refiling of the  
15 unsuccessful petition in 2012. In that case, petitioners  
16 claimed they were injured by subject imports even though a  
17 third country imports dwarfed subject imports. That  
18 condition remains true today as third country imports  
19 continue to dominant the import segment of the market.

20 I'd like to share with you today my  
21 understanding of the U.S. standard pipe market and the role  
22 of imports from the UAE in this market.

23 I have been an importer and distributor of  
24 standard pipe from the UAE since 2000. Universal has a  
25 limited customer base and a limited number of products that

1 we distribute. A significant portion of the pipe that we  
2 distribute is A-53A, hydrostatically tested pipe in sizes  
3 between half and two inches in diameter.

4 We also export hot-dipped galvanized pipe as  
5 well. There is only one producer of hot-dipped galvanized  
6 pipe in the United States. It is important to understand  
7 that although most imported standard pipe is physically  
8 interchangeable and of comparable quality with domestic  
9 standard pipe, there is nonetheless a bifurcated market.

10 Purchasers have a strong preference for domestic  
11 products over imports, because U.S. producers are located  
12 closer to the market and are normally able to ship from  
13 inventory. This results in much shorter lead times and  
14 lower inventory costs when purchasing domestic product.

15 In addition, many customers choose domestic  
16 production over imports because of access to technical  
17 services and warranties and product liability concerns.  
18 This built-in customer preference for domestic supply  
19 allows domestic producers to command a price premium over  
20 imports.

21 Our lead time is 90 to 120 days from the order  
22 placement to delivery to a customer in the United States.  
23 The customer preference for domestic supply also means that  
24 most purchasers are only willing to purchase a limited  
25 volume of imports because they are unwilling to assume the

1 costs and risks associated with holding large inventories.

2 In addition, domestic producers offer a much  
3 broader range of products, including specialty products that  
4 are only available from domestic producers. In many cases,  
5 purchasers make a point of buying at least some significant  
6 percentage of their regular products from the domestic  
7 industry in order to insure that they have access to these  
8 specialty products.

9 The preference for domestic supply and the  
10 domestic price premium have been in place so long that today  
11 they are a structural feature of the market and are  
12 understood by all buyers and sellers.

13 I rarely find myself in competition with  
14 domestic mills. My competitors are other importers. A  
15 customer will typically determine a balance among domestic  
16 and import sources and we compete for the import portion of  
17 their purchases.

18 Among import sources that are established  
19 suppliers such as Korea, Turkey and Taiwan, which have a  
20 well-deserved reputation for quality and tend to have  
21 greater market reach because they have well-established  
22 distribution networks and offer wider ranges of sizes and  
23 products.

24 Then there is a second group of suppliers, such  
25 as the UAE, Oman and Vietnam, but also countries such as



1 in, and the staff is doing its best to get them out to us.  
2 Nevertheless the data record is not yet complete, but I can  
3 make some observations based on what we know so far.

4 First, it is clear that whether stated explicitly  
5 or not, petitioners' injury case rests primarily on part year  
6 2015. As shown at slide one, while subject import volume  
7 increased from 2012 to 2014, it was modest relative to what  
8 appears to be an overall increase in apparent consumption.  
9 Now for purposes of this discussion I'm referring to the  
10 consumption in market share calculations provided in the  
11 petition at page 16.

12 The growth in subject import market share was  
13 likewise modest occurring entirely at the expense of  
14 non-subject imports as the domestic industry market share  
15 increased from 2012 to 2014. The only period in which  
16 subject imports appear to have gained market share at the  
17 expense of the domestic industry is in part year of 2015.

18 Domestic producers may have lost market share  
19 over the POI, but the questionnaire data available thus far  
20 which cover an additional quarter of 2015 indicate that  
21 their production and shipments were steady to increasing.

22 The petition at page 16 as shown in the chart  
23 paints a much gloomier picture for the part-year periods,  
24 but the questionnaire data thus far do not support that  
25 picture. But even if we accept the petitioners' calculation

1 for the purposes of argument, it is clear from those data  
2 though not shown explicitly by petitioners that between  
3 the interim periods non-subject imports increased by more in  
4 absolute terms and in terms of market share. As shown at  
5 slide 2, this increase came in a market where nonsubject  
6 import volume was far greater than subject import volume  
7 throughout the POI.

8 Respondents note also that the petition claims  
9 that subject imports created an inventory overhang. The  
10 questionnaire data do not support this claim. Not only is  
11 it not true for the domestic industry as a whole, it's not  
12 even true for the questionnaire data of the petitioners  
13 themselves. Whatever inventory overhand may or may not have  
14 existed at the end of the first half of 2015, it appears to  
15 have worked itself out by the end of September, long before  
16 this petition was filed.

17 Moreover, based on the record data so far, the  
18 industry's inventory to shipments ratio over this POI  
19 compares favorably to the same data from the 2012 case.

20 For all of these reasons, inventories cannot be  
21 used as evidence of subject imports adverse volume effects.

22 In summary there's no causal relationship between  
23 subject import volume and market share and any adverse  
24 effects that may have been experienced by the domestic  
25 industry during the POI.

1           The absence of any causal link between subject  
2 imports and the domestic industry's condition is further  
3 illustrated by the absence of any adverse price effects.

4           First, with respect to lost sales and lost  
5 revenues, in its determination in the 2012 case the  
6 Commission found that lost sales and lost revenues were not  
7 significant in large part because petitioners did not  
8 provide the detailed information and purchaser contacts  
9 necessary to investigate lost sales and revenue allegations.

10           Respondents submit that they have not done so  
11 properly in this case either, for reasons that are  
12 confidential but will be clear upon a close examination of  
13 the allegations summarized at petition exhibit 1-9. I  
14 encourage the staff and the Commission to look closely at  
15 the lost sales and lost revenue allegations contained in  
16 petition exhibit 1-9 because they are representative of  
17 petitioners' case both on the material injury front and on  
18 the causation front.

19           First, the Commission should look at the sales  
20 quantities at issue and compare them to overall domestic  
21 industry sales quantities when assessing their  
22 materiality. That is, any possible contribution they  
23 could make to what would constitute material injury.

24           Respondents submit that even if all of these  
25 allegations were confirmed, they would not meet that

1 threshold.

2 Second, and even more important, the Commission  
3 should examine the country of origin column. That column  
4 speaks directly to the issue of causation and to the issue  
5 of non-attribution raised in the 2012 case.

6 Petitioners must be able to demonstrate a direct  
7 causal link between subject imports and injury that the  
8 domestic industry may have suffered. And in making its  
9 injury determination, the Commission must not attribute any  
10 injury from non-subject imports to subject imports.

11 Petitioners have failed to meet that standard and the  
12 Commission must not fill in the blanks for them.

13 The record on underselling is also far from  
14 complete at this stage, but it will not be surprising to  
15 observe underselling in the record. U.S. producers command  
16 a price premium because of a stated customer preference as  
17 found in the 2012 case and significantly shorter lead times  
18 and they hold the dominant market share. Subject and  
19 non-subject imports sell for lower prices and battle over  
20 the remains of the market.

21 This bifurcation of the market is supported by  
22 the testimony you heard earlier from Mr. Schrupf but it was  
23 also supported by the testimony of witnesses on the domestic  
24 industry panel at the hearing in 2012. As you can see from  
25 the quotes on slide three.

1                   Moreover, the mere presence of observed  
2                   underselling does not mean that subject imports caused  
3                   adverse price effects to the domestic industry. In the 2012  
4                   case, the Commission found underselling to be significant,  
5                   yet found overall that subject imports caused no adverse  
6                   price effects. This was in part because the Commission  
7                   found no price depression or suppression by reason of  
8                   subject imports with regard to price depression.

9                   Slide four provides an illustration of the  
10                  domestic producers for pricing products on an indexed basis  
11                  over the POI. As you can see, while prices were lower at  
12                  the end of the POI than at the beginning, essentially all of  
13                  this decline occurred in the last 12 months, that is, at a  
14                  time period concurrent with the precipitous decline in  
15                  prices for hot-rolled sheet which is the principal raw  
16                  material used in the production of CWP. As noted by the  
17                  Commission in the 2012 case and by the testimony of  
18                  witnesses from earlier today, raw materials account for  
19                  approximately 75 percent of the production costs of CWP.

20                  Considering that hot-rolled sheet prices declined  
21                  on the order of 30 percent, and CWP prices declined by  
22                  significantly less, it's difficult to believe that it was  
23                  subject import prices having the depressing effect.

24                  This slide also demonstrates that there was no  
25                  price suppression by reason of subject imports. As you can

1 see from the chart, the cost of the key raw material fell by  
2 substantially more than the price of CWP. You would expect  
3 this to result in two things, one an increased metal margin  
4 and a lower COGS to sales ratio.

5 The data available thus far bear out the former.  
6 The metal margin for the domestic industry increased between  
7 the interim periods. You can actually see it on the graph.  
8 This is telling. In my view the metal margin is the place  
9 where one would most reasonably expect the impact of  
10 external competitive forces to be felt. It is the  
11 difference between the price one can charge a third-party  
12 customer for one's product and the price one must pay a  
13 third party supplier for the key raw material input. Price  
14 depression and or suppression would logically result in a  
15 narrowing of this margin as domestic producers are forced by  
16 import competition to reduce the price they charge while the  
17 raw material costs remains the same or increases.

18 Since the metal margin has increased, it's clear  
19 that the cause of any injury suffered by the domestic  
20 industry results from internal rather than external factors  
21 such as competition from imports.

22 We understand that the Commission will take the  
23 industry as it finds it, and as a whole. However, for  
24 purposes of assessing causation the Commission must take  
25 care not to attribute injury from other factors to the

1 impact of subject imports.

2 In particular, if the metal margin has increased,  
3 all else being equal, one would expect a similar decline in  
4 the COGS to sales ratio. However, one may not observe that  
5 in this case because movements in the other components of  
6 COGS specifically other factory costs or OFC.

7 Another contributor to decreased profitability is  
8 an increase in unit SG&A expenses. This is very relevant.  
9 Both of these are very relevant because what we don't have  
10 here is the common situation where domestic production of  
11 subject merchandise plummets and the industry is forced to  
12 spread its fixed costs over a lower sales base.

13 Thus far the industry's production appears to  
14 have been steady if not increasing slightly over the POI and  
15 in particular between the interim periods. So that cannot  
16 explain the situation you see in the profitability.

17 However, according to questionnaire responses, at  
18 least some of the U.S. producers also produce OCTG on the  
19 same machinery and equipment. As the Commission is aware,  
20 there was a precipitous drop in demand for OCTG as oil and  
21 gas prices collapsed beginning in late 2014 and continuing  
22 into 2015. This led to a similarly sharp drop in OCTG  
23 production such that the production of CWP then accounted  
24 for a larger share of total production in 2015 than it did  
25 in 2014 as you can see on slide five.

1                   With this shift came a reallocation of certain  
2 expenses like factory overhead in SG&A which can be  
3 allocated on the basis of production or sales. This  
4 reallocation resulted in a shifting of expenses from the P&L  
5 of OCTG to the P&L of CWP. For reasons having nothing to do  
6 with subject imports of CWP or indeed anything at all to do  
7 with the conditions of competition in the CWP market.

8                   This is essentially collateral damage from the  
9 implosion of the OCTG market and it blew up on the CWP  
10 business. Any harm attributable to this phenomenon should  
11 not be attributed to subject imports and we encourage the  
12 Commission to look closely at the impact of this issue on  
13 the performance of the domestic industry. And it may not  
14 cause a large swing in profitability, but from what we're  
15 seeing, you're not seeing large swings in profitability. So  
16 the degree to which this can explain the significant or entire  
17 portion of that, it's relevant to the Commission's  
18 consideration.

19                   Finally, we encourage the Commission to examine  
20 the industry's financial performance data closely because  
21 one producer has very different results than the others.  
22 And in fact is solely responsible for driving the adverse  
23 results observed in the data. Again, we recognize the  
24 Commission will make its determination on the basis of the  
25 industry as a whole and will take the industry as it finds

1 it.

2 But when one producer exhibits very different  
3 results than the others and when the remaining producers  
4 collectively show little, if any, indicators of injury it  
5 undermines the causal link between subject import behavior  
6 and domestic industry performance.

7 If subject import competition were the cause of  
8 the domestic industry's poor performance, it stands to  
9 reason that it would have the same or similarly adverse  
10 impacts on all producers. The data on the record thus far  
11 do not support that position.

12 For all of the foregoing reasons, the domestic  
13 industry is not suffering current material injury by reason  
14 of subject imports.

15 With regard to threat, we will address the  
16 statutory criteria in detail in the post-conference brief.  
17 But when the Commission views the claims made by the  
18 domestic industry with regard to the source of their injury  
19 and the threat of future injury, we remind them that similar  
20 claims were made in the 2012 case. And history proves that  
21 the Commission got it right in determining that this  
22 industry was not threatened with injury by reason of  
23 imports, most of which came from the same collection of  
24 countries named in the current case.

25 In the hearing for the prior case, Mr. Schagrin

1 testified that -- as shown at slide six -- if you find no  
2 injury and no threat you will force the closure of numerous  
3 pipe mills producing these products in the United States  
4 with the direct loss of hundreds of jobs and the indirect  
5 loss of thousands of jobs. This didn't happen.

6 Now, in fact, not long after the Commission's  
7 negative determination one of the petitioners even reopened  
8 a plant that had been idled and added to its workforce. I'm  
9 sure they would argue that this has happened in 2015 but  
10 that's hardly within the imminent period that was considered  
11 by the Commission for threat purposes in the 2012 case.

12 And also statements of petitioners panel this  
13 morning -- or earlier today notwithstanding contemporaneous  
14 statements of Allied management about the closing didn't  
15 mention imports, let alone subject imports as a factor in  
16 the closure.

17 Second quote, Mr. Vaughn representing U.S. Steel  
18 said, "the threat from subject countries is virtually  
19 unlimited." Also, not true. After that determination  
20 import volume declined and domestic industry market share  
21 and financial performance both improved. The Commission was  
22 correct to make a negative determination then and it will be  
23 correct to make a negative determination now.

24 Thank you.

25 STATEMENT OF BERND G. JANZEN

1                   MR. JANZEN: Good afternoon, Ms. Haines and  
2 members of the Commission staff. My name is Bernd Janzen of  
3 Aiken, Gump, Strauss, Hauer and Feld appearing today on  
4 behalf of International Industries Limited or IIL. With me  
5 here today is Samar Abbas, IIL's divisional manager for  
6 international sales and marketing, right over here. And my  
7 co-counsel Mohammad Syed of the Syed Law Firm, PLLC, right  
8 over here.

9                   We appreciate the opportunity to make a few brief  
10 comments. I would like to focus on a single issue today.  
11 The statutory negligibility threshold. Our conclusion is  
12 straightforward. The Commission should terminate this case  
13 with respect to Pakistan because properly examined the  
14 import and shipment data before you indicate that Pakistani  
15 origin imports fall below the negligibility threshold.  
16 Simply put, IIL which accounts for virtually all of  
17 Pakistan's exports of subject merchandise in this case, is a  
18 small niche player in the massive U.S. market and it should  
19 not be in this case. Here's why.

20                   First, petitioners have unreasonably limited the  
21 denominator of the negligibility calculation based on  
22 assumptions that they characterize as conservative, but that  
23 are more accurately described as self-serving or even  
24 plucked from thin air. And in fact, Mr. Enck and Mr. Sultan  
25 already put their fingers on that problem earlier today.

1                   Specifically as the petitioners state at pages 17  
2                   and 18 of the petition, the Commission should just assume  
3                   that 60 percent of Canadian origin imports and 50 percent of  
4                   Mexican origin imports have to be excluded from the  
5                   denominator. Because Canada and Mexico are major suppliers  
6                   of CWP to the U.S. market, petitioners' supposed  
7                   conservative denominator exclusion nudges Pakistan up to  
8                   just above the negligibility threshold as petitioners would  
9                   have you interpret the data.

10                   We believe the Commission should reject this  
11                   proffered denominator exclusion which the petitioners have  
12                   not bothered to support with any meaningful data or  
13                   analysis. A fundamental tenant of U.S. trade remedy  
14                   practices that a party seeking to benefit of a data  
15                   adjustment must support the claimed adjustment. Here the  
16                   petitioners have not tried to do so even though the result  
17                   is to drag a country into the case that U.S. law says  
18                   shouldn't be in it.

19                   So if the unreasonable denominator exclusions  
20                   claimed by petitioners are rejected, as we believe is  
21                   appropriate, Pakistan falls from the 4 percent import market  
22                   share claimed by petitioners down to 3 percent. And with  
23                   the availability of U.S. -- official U.S. import data for  
24                   September 2015 now available, this analysis can be performed  
25                   for the one-year period ending the month prior to the filing

1 of the petition as required by statute. And we will provide  
2 these data post-hearing.

3 Moreover, in conducting the negligibility  
4 analysis for Pakistan, the Commission should give effect to  
5 the statutory requirement that negligibility for Pakistan as  
6 a designated developing country be defined as 4 percent  
7 rather than 3 percent.

8 The Philippines, by the way, is also so  
9 designated and together U.S. imports of CWP from these  
10 countries fall below well below the statutory negligibility  
11 cap of 9 percent of U.S. import share.

12 Second, in this preliminary phase investigation  
13 the Commission has before it an unusually complete picture  
14 of Pakistani origin imports. IIL is aware of no other  
15 Pakistani producer of CWP that exports to the U.S. market in  
16 commercial quantities and believes that its shipments should  
17 represent virtually all Pakistani origin shipments recorded  
18 in official U.S. import data.

19 When negligibility is evaluated using IIL's  
20 export shipments to the U.S. during the relevant one-year  
21 period, the result is even lower than 3 percent. And we  
22 will provide these data as well, post-conference.

23 Third, as we will explain further in our  
24 post-conference brief nothing in the record with respect to  
25 IIL's participation in the U.S. market suggests any looming

1 changes that might warrant a disregard of the negligibility  
2 threshold for threat of injury purposes. IIL's confidential  
3 questionnaire response supports this conclusion. As it  
4 shows, a substantial majority of IIL's output serves  
5 domestic and third-country customers. And to the very  
6 limited extent that IIL does participate in the U.S. market  
7 it does not compete head to head with any of the  
8 petitioners. Rather it markets only a hot-dipped,  
9 galvanized pipe product for exclusive use in fencing  
10 applications in a lower-end segment of the market that the  
11 petitioners are barely attempting to serve.

12 From the perspective of the massive U.S. CWP  
13 market as a whole, IIL is on the periphery. Pakistan's  
14 exports of CWP to the U.S. do not injure petitioners. They  
15 do not pose a threat of injury and they are negligible.  
16 Pakistan does not belong in this case.

17 Thank you.

18 MR. CAMERON: Ms. Haines, just two more things.  
19 First, also on this panel not making statements, but  
20 available for questions are Alexander Salzman representing  
21 HLD Clark of the Philippines and Max Schutzman and Kavita  
22 Mohan representing Conares Metal Supply and they are  
23 available for questions.

24 Secondly, I just wanted to make a comment with  
25 respect to -- I mean, we've heard an awful lot today about

1 Allied. And it's interesting because I haven't seen a  
2 questionnaire response for Allied. So it would be nice if  
3 we could actually get a questionnaire response from them on  
4 the record. If we can't get one from them on the record,  
5 then what I would suggest to this Commission is that you  
6 look at the response that they filed in the last  
7 investigation because it may cast some doubt upon some of  
8 the statements made here today. But just to reiterate the  
9 comments that were made by Mr. Dougan, none of the  
10 contemporaneous statements that we have seen either in the  
11 press releases or in the -- in other statements made  
12 attributed anything to subject imports, imports in general,  
13 much less subject imports.

14           So, I mean, these statements are very nice and  
15 they are -- I understand why they're being used and I think  
16 that it's nice to be able to take advantage of these  
17 circumstances if you're in their position. That doesn't  
18 make them true and it does not mean that the subject imports  
19 had anything whatsoever to do with import -- with the Allied  
20 decision. And the idea that somehow the Commission is the  
21 one who was actually responsible for having closed Allied  
22 because the Commission had the gall to actually vote  
23 negative in the last case. Oh my God.

24           No, I would suggest to you that the Commission  
25 made exactly the right decision. I would suggest to you

1 that when it came back on remand the Commission had -- two  
2 more Commissioners had a separate opportunity to look at  
3 that case and they made the right decision that time and  
4 part of the reason they made the right decision is because  
5 the data on the record supported that decision. So with  
6 that, we would like to close and we are available for  
7 questions and we appreciate your listening to us.

8 Thanks.

9 MS. HAINES: Thank you for coming. Thank you for  
10 the helpful testimony. We'll start with Justin Enck.

11 MR. ENCK: To the extent that you haven't covered  
12 it already, same question as far as using 730630 and your  
13 concerns or adjustments that we have to make?

14 MR. CAMERON: For our point of view we will look  
15 at the data, but actually I don't think we had any  
16 disagreement with Mr. Schagrin on that. But others may have  
17 other views.

18 MR. DOUGAN: Mr. Enck, this is Jim Dougan from  
19 ECS. I know that you may -- or may be attempting to refine  
20 those data with some of the questions in the questionnaire  
21 about those two questions, I believe, one which is are there  
22 import volumes that you're reporting that -- subject  
23 merchandise that isn't included in these five or six codes,  
24 and then are there imports that you're bringing in under  
25 these codes that wouldn't be considered subject merchandise.

1 And I think that's a good approach. I think how close you  
2 get to quote/unquote the truth is going to depend on the  
3 coverage of questionnaires that you get. But, I mean, I  
4 don't disagree with that approach.

5 MR. ENCK: Thank you. For the countries  
6 represented here, UAE, Philippines, Vietnam, Pakistan, could  
7 you let us know about any other major importers -- or  
8 producers in your country so that maybe we could attempt to  
9 get data from them in this, in the preliminary or at least  
10 in the final?

11 MS. MENDOZA: We'd be happy -- this is Julie  
12 Mendoza on behalf of the UAE producers. We'll be happy to  
13 verify that. We believe that right now you have pretty  
14 complete coverage of all the exports from the UAE. But  
15 we're happy to provide that information in our brief.

16 MR. ENCK: Thank you.

17 MR. JANZEN: This is Bernd Janzen for IIL. We  
18 can certainly address this issue post-conference. But as I  
19 mentioned before, IIL is the only producer that participates  
20 to any meaningful degree in the U.S. market that we know of.

21 MS. SALZMAN: Alexandra Salzman for HGL Clark.  
22 Similar to the situation with -- in Pakistan, most of -- a  
23 comparison of HLD Clark's questionnaire response to the  
24 import statistics would show that most of the imports are  
25 from HLD Clark, so you're getting a reasonable and full

1 picture of the Philippines.

2 MR. SCHUTZMAN: Mr. Enck, Max Schutzman for  
3 Conares Metal from the UAE. We believe the statement by Ms.  
4 Mendoza is correct. We have pretty well covered the market,  
5 but we will address it in our post-conference brief just to  
6 confirm.

7 MR. ENCK: Thank you, everyone.

8 Mr. Schrupf, you mentioned specialty products  
9 provided only by the domestic industry. Could you let us  
10 know what type of products those are, describe those in more  
11 detail?

12 MR. SCHRUMPF: Because of the proximity of the  
13 domestic mills to the marketplace -- I'm sorry. Because of  
14 the proximity to the marketplace and rail, their ability to  
15 ship by rail to many of the major distributors, they can  
16 ship longer lengths than we can ship from overseas. And if  
17 a client wants to buy longer lengths of 60 or 80 or a  
18 specialty length, that's one of the markets that they can go  
19 after for structural grade and primarily structural or API  
20 pipe. But also in addition to that, if a customer needs a  
21 specialty cut-to-length product, they can order more quickly  
22 from a domestic mill.

23 Other specialty products may include some  
24 specialty coatings that they put on in the United States to  
25 propriety their product, and -- pardon me?

1                   We'll address more -- I can get more information.

2                   MR. ENCK: Thank you. I have no further  
3 questions.

4                   MS. HAINES: Peter Sultan?

5                   MR. SULTAN: This is a question for respondent's  
6 counsel generally. Do you agree with the proposed  
7 definition of the domestic-like product in the domestic  
8 industry of the petition?

9                   MR. CAMERON: We don't have any objections to it.  
10 We agree.

11                   I believe that it's been the same for several  
12 proceedings and we don't have any objections to it.

13                   MR. SULTAN: Okay. A question for Mr. Schruppf.  
14 In your statement you said that customers will typically  
15 determine the balance among domestic -- pardon me -- among  
16 domestic and import sources. What sort of considerations go  
17 into that determination?

18                   MR. SCHRUMPF: I'm Peter Schruppf. What factors  
19 going into consideration between import and domestic -- you  
20 had asked before about the specialty products and different  
21 lengths that they need or different qualities that they need  
22 so the domestics -- the distributors need to maintain a  
23 presence with the domestic sources and there's -- we believe  
24 a bifurcated is a different market between imports and  
25 domestic product and we really do compete only for the

1 import end of the product.

2 But it is also the sizes of the warehouses, it's  
3 the locations, its several factors of finances and so forth  
4 that are involved in this as well. Right the need for  
5 supply quicker -- I'm being a little vague I'm sorry.

6 MR. CAMERON: In the prior proceeding I mean one  
7 of the things that came was identified as a fairly important  
8 condition of competition is a general preference and you saw  
9 it in the purchaser questionnaires but a general preference  
10 for buying domestic steel. Now, as the witness this morning  
11 testified Buy American per se is not all that significant.  
12 I mean I think he said 5 to 7% he said, okay so 5 to 7% but  
13 that's not really a significant part of the -- plus the  
14 union.

15 But that's not, it's not just about Buy American,  
16 it's about the fact that number one a lot of these jobs do  
17 have union workers on the job on construction jobs and those  
18 jobs the construction company is using or likes to use  
19 domestic pipe. Why? Because it minimizes disruptions on  
20 the job and therefore there is a preference there. There  
21 are preferences for domestic pipe because of lead times.  
22 You can get that pipe a lot quicker when you order it from a  
23 domestic mill, especially if they are selling it out of  
24 inventory rather than ordering it through long lead times  
25 and that's a matter of record both on this record and in the

1 record before.

2           So I mean there are a number of reasons that go  
3 into why many distributors prefer to have a good slug of  
4 domestic product on the ground and why they buy domestic and  
5 why they want to make sure that they have a domestic  
6 supplier and that was one of the reasons that in the last  
7 hearing two domestic distributors came and testified on  
8 behalf of the domestic industry and in that same testimony  
9 that they gave at the last hearing, what they also said was,  
10 "Well yes of course there's a difference in pricing between  
11 imports and domestic because I can turn my inventory over a  
12 lot quicker with domestic supply."

13           Financing costs et cetera, so I mean we can  
14 develop this more in the post-hearing brief but there should  
15 be some of the information in some of the questionnaires and  
16 obviously there was a lot in the final determination in the  
17 last case.

18           MR. SULTAN: Thank you for that answer. A  
19 question for Mr. Janzen, you spoke about the way in which  
20 the denominator would be calculated for the negligibility  
21 determination -- how would you have us adjust the import  
22 data from Canada and Mexico to account for non-subject  
23 product in those data?

24           MR. JANZEN: Our argument Mr. Sultan is that at  
25 this point in the absence of support, empirical support or

1 analytical support for the claimed adjustment that no  
2 constriction or no reduction of that denominator is  
3 warranted. We of course understand that the narrative  
4 description of the subject merchandise does not correlate  
5 cleanly with what is covered by the HGS numbers.

6 But to the extent there is a disparity or a  
7 disjunct there the burden really needs to be on the  
8 Petitioners to explain precisely which imports need to be  
9 captured and our position is they have not done that and so  
10 for purposes of this preliminary phase investigation in the  
11 absence of such support there should not be an adjustment  
12 made.

13 MR. SULTAN: Thank you very much that's all I  
14 have.

15 MS. HAINES: Tana Farrington?

16 MS. FARRINGTON: Thank you all for coming this  
17 afternoon, I just have a few questions to also kind of get  
18 your opinion on the questions I asked the panel earlier.  
19 What types -- this might go to Mr. Schrumpf -- what types of  
20 data do you look at to see how demand is going in the U.S.  
21 industry?

22 MR. SCHRUMPF: We -- I'm Peter Schrumpf -- how do  
23 we look at demand figures? I stay in contact with our  
24 customers and listening to them and also examining you know  
25 the overall consumption figures that are given out by

1 economists on a regular basis. We happen to be members of  
2 many different associations such as the American Fence  
3 Association, the American Water Well Association where we go  
4 to meetings and we converse with our clients and we find out  
5 what is going on in the marketplace.

6 MS. FARRINGTON: Okay, great, thank you. We have  
7 been talking about this import market versus a U.S. market  
8 for purchasers. What advantages do purchasers seem to  
9 choose between a subject product and a non-subject product  
10 if they are only in a -- if they are looking to fill their  
11 import business?

12 MR. CAMERON: Just to clarify before we go  
13 forward, I think you are talking not about between -- you  
14 are talking about between domestic product and imported  
15 product?

16 MS. FARRINGTON: Yes.

17 MR. CAMERON: She wants to know okay so what are  
18 the things that they look at, that a purchaser would look at  
19 in terms of purchasing domestic and import. In other words,  
20 what are the considerations and this gets into part of what  
21 we were talking about in terms of the tiers, you know, the  
22 Korean imports versus for instance imports from UAE and that  
23 gets into quality issues because there are real perceptions  
24 in the marketplace with respect to what is the quality of  
25 pipe and tube.

1                   And I mean you face that on a daily basis when  
2                   you are selling so talk about that.

3                   MR. SCHRUMPF:  It's I think price, product,  
4                   delivery you know and promotion and just following up with  
5                   your client and the -- there's -- it's very hard for me, I'm  
6                   sorry.

7                   MR. CAMERON:  Maybe we can explain this in the  
8                   post-hearing brief if that would do it but I think that what  
9                   she's really, part of what we were talking about was there  
10                  are perceptions of quality differences in the market between  
11                  different products and that does play a role.  The other  
12                  role that is played is in lead times and we will go into  
13                  that in the post-hearing brief and describe it in more  
14                  detail.

15                  MS. FARRINGTON:  That would be great,  
16                  particularly if you could talk about the perceived quality  
17                  issues, if they are all made to a particular standard and  
18                  supposedly interchangeable because of the standard, what are  
19                  those perceived quality issues then?

20                  MR. CAMERON:  Fair enough but yeah we will be  
21                  glad to discuss that.

22                  MR. DOUGAN:  Miss Farrington if I -- Jim Dougan,  
23                  ECS -- there was a statement from someone on the panel  
24                  earlier today and I don't recall exactly who said something  
25                  about -- that was implicit about quality issues where it

1 said that you know for purposes of you know the electrical  
2 applications you don't want the building to burn down so  
3 they have more stringent requirement and you don't want to  
4 maybe take a risk on an untested supplier or an importer  
5 that you are not familiar with, so it wasn't said  
6 specifically but there is an implication that the domestic  
7 product would be safe and that an import would be unsafe.

8 MS. FARRINGTON: Okay thank you. I'll ask this,  
9 do you go through the same certification processes or  
10 conformity assessment to put on the UL?

11 MR. CAMERON: UL has -- in order to qualify for a  
12 UL or ASTM or any of those certification requirements those  
13 are not -- those are requirements that apply to everybody  
14 whether you are domestic or not and actually for the  
15 post-hearing brief we will also submit Universal's product  
16 brochure which has -- as Mervyn was discussing earlier they  
17 have expanded the number of products that they are certified  
18 to produce but yes these are the same certifications that  
19 everybody does it's just that not everybody has all of the  
20 same certifications.

21 MS. FARRINGTON: I believe that's the end of my  
22 questions.

23 MS. HAINES: Michele Breaux?

24 MS. BREAUX: Good afternoon, my first set of  
25 questions deals with raw materials and particularly how have

1 the prices of raw materials in the subject countries  
2 affected the price of circular welded pipe?

3 MR. CAMERON: The prices of raw materials  
4 globally -- the price of hot-rolled globally has gone down.  
5 The price of -- Mervyn can talk about this but the price of  
6 raw material, hot-rolled coil has gone down, that's a matter  
7 of record globally and it's largely been driven by China.

8 MR. D'CUNHA: Prices of hot-rolled coil have  
9 fallen down basically prices have fallen down but not in  
10 proportion to the fallen hot-rolled coil.

11 MS. BREAUX: All right thank you very much. My  
12 next question deals with the pricing data. As I previously  
13 stated and the questionnaires have been filled out if you  
14 are part of the importing component, the pricing product one  
15 deals with the black pipe and pricing product two deals with  
16 the galvanized pipe, what type of price differential shall  
17 we expect to see from these two and what exactly is driving  
18 that with the galvanizing?

19 MR. CAMERON: Galvanized pipe is always going to  
20 be more expensive than black pipe because it has zinc on it  
21 and zinc is also a commodity product that has its ups and  
22 down but galvanized pipe is going to be priced differently.  
23 You are also going to be seeing differences I suspect  
24 between hot galvanized and electro-galvanized as well in  
25 part because well because of the application.

1           Hot-dipped galvanized will coat both the inside  
2           and the outside of the pipe because when you do a hot-dipped  
3           galvanized, you literally drop the pipe into a batch of zinc  
4           right, into a vat whereas electro-galvanizing is generally  
5           speaking on the outside of the pipe that doesn't apply to  
6           the inside. As a result the amount of surface area that is  
7           going to be covered by the zinc is going to be less and as a  
8           result it will be cheaper even for the same outside  
9           thickness of zinc. You would agree with that Mervyn?

10           MR. D'CUNHA: Yes.

11           MR. CAMERON: Thank you.

12           MS. MENDOZA: This is Julie Mendoza, I would just  
13           like to add that the charts that you saw today did not  
14           include zinc pricing but zinc pricing has also been  
15           extremely erratic over the period and has definitely had an  
16           effect on the price gap between galvanized and black pipe.

17           We will submit in the post-hearing brief -- you  
18           remember the series I showed you about the raw materials,  
19           well put zinc on there so you could see it's really kind of  
20           a wild factor so all of these commodities have had very you  
21           know, unusual and major fluctuations due to demand  
22           conditions and competition conditions and all of the things  
23           that we hear about with steel but it is also true of  
24           commodities so I think it's hard to talk about a specific  
25           gap between galvanized and black during this period of time

1 just because of the fluctuations in zinc costs, vis- -vis  
2 other costs.

3 MR. CAMERON: I will say that if you were looking  
4 at your charts you probably saw it better on the chart that  
5 we handed out and the one that we tried to put up there.

6 MS. BREAUX: All right thank you very much. And  
7 my last question and we have asked this of the producers.  
8 Given the historical precedence of this case are the four  
9 pricing products still valid for this industry?

10 MR. CAMERON: We would like to look at that. I  
11 think that's a good question. I mean the pricing products  
12 are usually selected by the domestic industry because they  
13 are the ones who say these are the products in which we have  
14 the most competition. And yet when you look at the data  
15 sometimes you wonder okay so you chose that product why? So  
16 we would like to look at that question and respond in the  
17 post-hearing brief.

18 MS. BREAUX: All right thank you very much that's  
19 all for me.

20 MS. HAINES: Karen Taylor?

21 MS. TAYLOR: Good afternoon this is Karen Taylor,  
22 industry analyst and first of all I want to thank all of the  
23 representatives from the foreign industries for taking time  
24 to come here and provide their testimony, we are most  
25 appreciative. Just very quickly I just want to confirm with

1 you the assertion from the domestic interested parties that  
2 the manufacturing process for CWP is pretty much the same in  
3 the United States and in the subject countries, I mean would  
4 you disagree with that?

5 MR. CAMERON: Except only to one extent and that  
6 is that continuous weld is not and has not been a  
7 manufactured -- the way that foreign production has been  
8 constituted, it never has been. Foreign production of  
9 welded pipe and tube was based upon ERW and all of the mills  
10 that are you talking to here are ERW mills, they are not  
11 continuous weld and I mean it sounds to me from the  
12 description by Petitioners that there are pluses and minuses  
13 to these two ERW versus continuous weld but continuous weld  
14 does sound like a higher cost operation just from the  
15 description we heard this morning and I would suspect it is  
16 not a co-incidence that the other investment that Wheatland  
17 has made in their other production facilities has been an  
18 ERW but basically I believe that Wheatland is the only  
19 continuous weld manufacturer in the United States, the rest  
20 are all ERW as well in terms of standard pipe.

21 MS. TAYLOR: All right thank you. I would like to  
22 direct the next question to Mr. forgive me if I mispronounce  
23 your name, Shrumpf, thank you. Looking at your testimony,  
24 listening to your testimony and forgive me if I am not  
25 interpreting what you said correctly -- it sounds like you

1 are implying that there are certain niches if you will in  
2 the U.S. market that at least your company fills that the  
3 domestic market does not fill.

4 For example you mentioned this hot-dipped  
5 galvanized pipe and noted that there is only one U.S.  
6 producer. Is that a market niche that is not adequately  
7 served by the United States producers that you fulfill?

8 MR. SCHRUMPF: This is Peter Schrupf, yes.  
9 There is only one manufacturer of a hot-dipped galvanized  
10 tube and the question I mean many people ask me in my  
11 personal life what is the difference between black pipe and  
12 hot-dipped galvanized. It's basically taking a strawberry  
13 and dipping it in chocolate.

14 MS. TAYLOR: That's understood.

15 MR. SCHRUMPF: And the domestic market they have  
16 the electro-static process which is a patented process that  
17 is only owned by Western Tube and Conduit, by Allied Tube  
18 and Conduit and maybe one or two other companies so there is  
19 a difference in that the electrostatic galvanization product  
20 to the customer and there's also -- there's many, two or  
21 three mills that have opened up in the USA that we are  
22 purchasing from now that manufacture a pre-galvanized  
23 product so there has been I mean new suppliers domestically  
24 coming to the market and we are buying from them  
25 domestically as well.

1                   MR. CAMERON: But they are not hot-dipped  
2                   galvanized.

3                   MR. SCHRUMPF: There are not galvanized I'm  
4                   sorry.

5                   MR. CAMERON: We are not suggesting that there is  
6                   no production of hot dipped nor are we suggesting that we  
7                   are the only alternative if people want to buy hot-dipped  
8                   galvanized however what we are suggesting is that there is  
9                   limited U.S. production and hot-dipped galvanized does fill  
10                  -- is used for some different things than for instance  
11                  electro-galvanized product because it is not galvanized in  
12                  the center so to the extent that you want full galvanization  
13                  of the entire product, yes we want hot-dipped and yes there  
14                  is only one U.S. producer of that so that there is -- there  
15                  are market opportunities there as a result of that.

16                  But that was -- it doesn't go beyond that, we are  
17                  not suggesting that there is a niche that is only being  
18                  filled by imports and that the domestic industry does not do  
19                  that, we have not said that.

20                  MR. SCHRUMPF: I was just trying to say there are  
21                  alternatives.

22                  MS. TAYLOR: All right what kind of applications  
23                  are we talking about for hot-dipped galvanized? Different  
24                  from electro-static galvanized pipes or are there any?

25                  MR. SCHRUMPF: My understanding I mean I'm a pipe

1 salesman, we sell galvanized pipes for different usages.  
2 Hot-dipped galvanized pipe can be used for fencing, it can  
3 be used for plumbing and those are the two primary usages  
4 for steel, the hot-dipped galvanized steel pipe but they can  
5 also use in some cases the electro-statically galvanized  
6 pipe for the fencing but not so much for the hydrostatically  
7 tested, there is not a hydrostatically tested  
8 electro-galvanized producer.

9 MS. TAYLOR: All right thank you very much for  
10 your responses I have no additional questions.

11 MS. HAINES: Thank you, Eliazabeth Haines. A  
12 majority of the Respondents who have indicated that your  
13 clients represent the majority if not all of the exports to  
14 the United States, is there any data that you can provide us  
15 about the entire domestic or foreign industry in your  
16 countries in your post-hearing brief so that we can get a  
17 sense of how large?

18 MS. MENDOZA: We can definitely do that for the  
19 UAE.

20 MS. HAINES: Okay.

21 MR. JANZEN: And for Pakistan we will try as well  
22 and I think answering that question will also help get at  
23 Mr. Enck's question of earlier on, yeah we will try.

24 MS. SALZMAN: Alexandra Salzman again, for HLD  
25 Clark and we will be elaborating on that as well in our

1       brief.

2                   MS. HAINES:  Thank you.  Talking about the U.S.  
3       firms that make some of the specialty, like the long-length  
4       pipe -- I should has asked this earlier but are you aware of  
5       Allied for instance, or the Sharon plant that was closed  
6       down?  Were those plants making more of the specialty pipe  
7       or were they making a broad range of  --

8                   MR. SCHRUMPF:  I toured the Sharon plant -- this  
9       is Peter Schrupf -- I had the opportunity to tour the  
10      Sharon plant back in 1981 when I was actually selling them  
11      product many years ago and their machinery was one of the  
12      oldest.  When the salesman took me through I was at about 22  
13      years of age at that time many years ago and he was a little  
14      older than me, about 24 and he said this is one of the  
15      oldest operating mills in the United States of America and  
16      they had a single line of production and they had some  
17      re-drawing lines.

18                   Yes they do manufacture some specialty items in  
19      small sizes.  They are able to draw down sizes down to as  
20      low as a quarter inch and ERW that's more difficult to  
21      manufacture so there are different technology changes  
22      overseas that I see that the U.S. is implementing as well as  
23      we see more foreign producers coming to the United States to  
24      produce product so there has been I think an increase in  
25      employment in the industry.

1           I don't have data to critique it but from what I  
2           see. We are seeing more of a globalization of the steel  
3           industry. So I hope that answered your question.

4           MS. HAINES: Yes, can you just elaborate a little  
5           bit on you mentioned some of the newer technology abroad,  
6           could you just elaborate a little bit on that?

7           MR. SCHRUMPF: The technology is universal, in  
8           today's world the exchange of technology is instantaneous.  
9           Any of the technology that is offered in different countries  
10          is available here in the United States and if the domestic  
11          producers chose to implement that they could.

12          But they have an advantage because they are here  
13          in the United States, they can ship to the customer quicker  
14          so the customer has to -- can well utilize a domestic  
15          supplier and there is a need for both, domestic and imports  
16          in my opinion.

17          MS. HAINES: Okay thank you. I think that's all  
18          I have, thank you very much you can be dismissed.

19          MR. SCHRUMPF: Thank you.

20          MS. HAINES: We will continue with closing  
21          remarks, please.

22          CLOSING REMARKS OF CHRISTOPHER T. CLOUTIER

23          MR. CLOUTIER: Good afternoon. If we're ready I  
24          will proceed. I'm Chris Cloutier from the law firm Schagrin  
25          Associates and it's been a pleasure to participate in this

1 unusually late staff conference. The evidence of material  
2 injury before you I think easily exceeds the reasonable  
3 indications standard so I don't think I'm going to have to  
4 take long to go through this. I would point out that CWP is  
5 a standardized product. It's made to industry  
6 specifications that are exacting and as a result it is a  
7 commodity and basically sold on price.

8           There has been a significant increase in imports  
9 of the subject merchandise over the period of investigation  
10 with a particular spike in 2014 and then interim 2015. All  
11 told, Subject Imports increased from about one hundred  
12 eighty thousand to two hundred twenty-eight thousand tons.  
13 That's twenty-seven percent. That is significant. The  
14 Subject Imports have had both volume and price effects and  
15 the Domestic Industry has been unable to keep pace with  
16 growth in apparent consumption.

17           We have in fact been losing market share and that  
18 loss has been more substantial toward the end of the period  
19 of investigation, especially in interim 2015. I would also  
20 point out that in the petition we show that average unit  
21 values for Subject Imports are significantly below those of  
22 both the average unit values of Domestic Industry shipments  
23 and also non-Subject Imports from countries other than those  
24 currently under investigation.

25           So the effect of this increase has been to

1       depress and suppress prices which the Commission will see in  
2       the sales data reported for the four comparison products.  
3       This is in fact different than the last time the CWP  
4       Industry petitioned for relief because prices are trending  
5       downward and when you look at import values from the Subject  
6       Countries, it is quite clear why domestic prices are  
7       decreasing.

8                     I would also like to turn just briefly to the  
9       presentation made this afternoon rather by the Economic  
10      Consultants to the Respondent Industries. There are a  
11      couple of slides that I would like to revisit with you and  
12      discuss. In particular, I would like to turn your attention  
13      to slide four in the presentation. This shows Domestic  
14      Producer prices declining by less than hot-rolled sheet  
15      prices. This is obviously only the staff conference and the  
16      data were only recently released and in fact are still  
17      coming in.

18                    But the Commission now has better information  
19      before it than A&M pricing data, which are not really useful  
20      because obviously Domestic Producers do not purchase at A&M  
21      published prices in the morning and then produce that same  
22      afternoon using the product that they bought the same day.  
23      There is in fact a lag between purchases and consumption.  
24      So there is a shift that is not adequately represented in  
25      this table.

1                   I would also point out that the difference  
2           between the hot-rolled sheet and circular welded pipe prices  
3           increases substantially in 2015. This should be a relief to  
4           my clients because they now should be immensely profitable.  
5           The information reported to you, however, will show that the  
6           Domestic Industry's operating losses increased significantly  
7           during the period of time that this table indicates should  
8           be one of substantial profit for the Domestic Industry.

9                   If you could also turn with me to slide 5, this  
10          is a slide that indicates that many of the expenses formally  
11          associated with the production of OCTG have now been  
12          transferred to CWP which would have the effect of making the  
13          Domestic Industry look less profitable. This is a red  
14          herring. Based on my understanding, perhaps one quarter of  
15          domestic CWP producers actually produce or did produce in  
16          the near term OCTG. So this affects very few, if any of the  
17          companies that are my clients that have petitioned for  
18          relief.

19                  I would also like to say that unfairly traded  
20          imports have had a particularly bad effect on the workers in  
21          this industry. I think the data that had been reported to  
22          you will show that the number of production related workers  
23          has decreased over the period of investigation, especially  
24          in 2015. I am therefore really intrigued by slide six in  
25          the presentation from Economic Consulting Services that

1 quotes Mr. Schagrin, the founder of my law firm saying that  
2 in the 2011-12 investigation, if the Commission were to  
3 decline to find injury that there would be the loss of  
4 hundreds of jobs and the indirect loss of thousands of jobs.

5 I will tell you not just because I work for Mr.  
6 Schagrin that he is prescient apparently because that is  
7 exactly what happened. You heard today about Allied, who no  
8 longer employs three hundred and seventeen people to produce  
9 circular welded pipe. You also heard that MC has laid off a  
10 hundred individuals recently. It's telling that in 2011-12  
11 the petitioners included Allied and U.S. Steel. U.S. Steel  
12 is not here today.

13 In 2007-08, the petitioners included in the case  
14 on China, Ipsco Northwest and Sharon. They're not here  
15 today. Some of their production facilities have been taken  
16 over or have merged into others but the fact of the matter  
17 is that this is coming true. The Subject Imports, well  
18 unfairly traded imports are damaging the Domestic Industry  
19 and are causing the loss of jobs and the closure of  
20 factories. That's all I have for you this afternoon and  
21 thank you very much.

22 MS. HAINES: Thank you very much.

23 CLOSING REMARKS OF DONALD B. CAMERON

24 MR. CAMERON: This is going to be a new record  
25 for a hearing. Congratulations to all of you for doing

1 that. I just have a couple of things, Julie may or may not  
2 have anything else. You know, first of all as I listened to  
3 the testimony this morning I found it quite interesting and  
4 I'll look over it again when I look at the transcript, but  
5 there was very little discussion of Subject Imports.

6 There is a lot of discussion of imports, that I  
7 agree in, but there is very little discussion of Subject  
8 Imports and the impact of Subject Imports and there was very  
9 little discussion I guess when the question was raised about  
10 foreign industries that Roger referred to. Vietnam and the  
11 TPP and then he said he would look at everything else.  
12 That's interesting since this Petition has been filed by  
13 these people and obviously the imports from these countries  
14 have been causing grave injuries.

15 As a matter of fact from what I heard, they were  
16 actually killing people or something like that. I think  
17 that was the testimony that we heard. I'll get to that in a  
18 minute. But it's very interesting that we're having this  
19 discussion in this inquiry and there's very little  
20 discussion of the actual Subject Imports that are at issue  
21 here. There's a reason for that. The reason for that is  
22 that these Subject Imports are as tenuous in terms of their  
23 relationship to what's been going on in this industry today  
24 as they were in 2012 when this Commission last looked at  
25 this issue and voted negative.

1           These imports are the remainder of the remainder  
2           of the remainder of what happened after China and this is  
3           what is not covered by dumping orders and of course there is  
4           an inalienable right, I think that it's in article two of  
5           the Constitution along with the right to bear arms, that  
6           pipe and tube producers must be able to get protection from  
7           imports. Alright, and if it's not in the Constitution, I'm  
8           sure there is going to be an amendment or there will be a  
9           movement for an amendment because I know there are counsel  
10          here that have better connections with Congress than I do.

11           Secondly, you know, I heard that discussion this  
12          morning about how the Commission is ruled by the tyranny of  
13          the C Tables. Now I happen to be one of the participants at  
14          that particular CITBA discussion with Mr. Greenwald and I  
15          was amazed then and I'm amazed now to hear it. So, yes, so  
16          the Commission is really supposed to determine, make its  
17          determination based upon the data, if the data don't come to  
18          the same conclusion that counsel would like that data to  
19          come to. I guess what this Commission is supposed to do is  
20          act as a rubber stamp for the Domestic Industry. "Hey,  
21          we're here. It's a petition. You've got to give it to me."

22           I've seen that in the past. I'm glad to say that  
23          this Commission does not behave that way and vote that way.  
24          I understand we win and lose cases up here but the nice  
25          thing about it is at least we win and lose cases based upon

1 the data and the evidence in the record. Which then brings  
2 us back, which is the legal standard. This is written in  
3 the law, not in Article two of the Constitution but it is  
4 written in the law.

5 That does bring us back to Allied. Again, we  
6 hear in rebuttal about how Allied lost all these jobs and  
7 it's the Commission's fault because the Commission made a  
8 negative determination in 2012. That is absolutely  
9 outrageous and I would recommend that this Commission go  
10 back and look at the questionnaire responses of Allied in  
11 that investigation and ask yourself whether you believe that  
12 because there is no way in God's green earth that that comes  
13 even close to the truth.

14 So, get a questionnaire from them. That would be  
15 a lot better than speculating about well, it's all everybody  
16 else's fault. I mean, I've heard this before. I've been in  
17 this business for a long time too and it's always the guy  
18 behind the tree. Let's talk about evidence and in the case  
19 of Allied that is not even close to being correct.  
20 Especially with respect to the 2012 determination. I'm very  
21 serious about that, go back and look at the record in that  
22 case.

23 With respect to the critique about the charts by  
24 ECS, we will be glad to defend them in the post-hearing  
25 brief because we have no apologies to make for them. We

1 will say that these are based upon public versions that  
2 doing the best you can in a public forum trying to summarize  
3 data in a way that is going to be something that can be  
4 visual, make it understanding and yet be correct. Which, by  
5 the way, these charts are. Now I realize you couldn't have  
6 seen it on the screen because that part of it didn't really  
7 work but the charts themselves do work and we will defend  
8 them in our post-hearing brief.

9           Finally, I just got to say, and I say this as  
10 somebody who actually has a very high tolerance for the  
11 shock level. I mean I have to given my own particular  
12 quirky personality. I was wondering where counsel was going  
13 this morning when we were talking about the recent study and  
14 the mortality rate in this country. I wondered exactly how  
15 that was going to be relevant and how we were going to bring  
16 that back to Subject Imports.           Now, I grant you he  
17 didn't quite bring it back to Subject Imports, which is what  
18 I was talking about originally but to suggest that, that  
19 actually this is imports are the cause for twenty to thirty  
20 years are the cause of this predicament, honestly, I like  
21 counsel. He is a friend of mine but this goes too far even  
22 for him. I mean, that is absolutely outrageous. We're here  
23 defending Subject Imports from these countries and the  
24 question is an issue of causation. Are these imports the  
25 cause of what has been going on in this market?

1           One of the reasons we're asking that is when we  
2           look at the data, the tyranny of the C Tables, we do see  
3           disparities within the Domestic Industry and some of those  
4           disparities do suggest that what is happening in this  
5           industry, may or may not be a result of Subject Imports and  
6           we think that there are significant questions being raised  
7           as to why actually Subject Imports have nothing to do with  
8           it.

9           I would suggest to you that that, rather than a study  
10          about the mortality of males in this country, may be more  
11          relevant. So with that, I would like to say thank you,  
12          unless Julie has anything to add. Thank you very much, we  
13          appreciate your time and you're out of here before 4:30.

14          MS. HAINES: Thank you very much. On behalf of  
15          the Commission and the staff, I would like to thank the  
16          witnesses who came here today as well as counsel for helping  
17          us gain a better understanding of the product and the  
18          conditions of competition in the circular welded carbon  
19          quality steel pipe industry. Before concluding, please let  
20          me mention a few dates to keep in mind. The deadline for  
21          submission of corrections to the transcript and for  
22          submission of post-conference briefs is Monday November  
23          23rd. If briefs contain business proprietary information, a  
24          public version is due on Tuesday November 24th.

25          The Commission has tentatively scheduled its vote

1 on these investigations for Friday December 11th and it will  
2 report its determinations to the Secretary of the Department  
3 of Commerce on Monday, December 14th. Commissioners'  
4 opinions will be issues on Monday December 21st. Thank you  
5 all for coming. This conference adjourned.

6 (Whereupon, at 4:18 p.m., the meeting adjourned.)

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## CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Circular Welded Carbon-Quality Steel Pipe from Oman, Pakistan, the Philippines, the United Arab Emirates, and Vietnam

INVESTIGATION NOS.: 701-TA-549 and 731-TA-1299-1303

HEARING DATE: 11-18-15

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary

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: 11-18-15

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: Christopher Weiskircher  
Signature of 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  
Signature of Court Reporter

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