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Ingo Riemer
President & CEO

May 24, 2018

The Honorable Wilbur L. Ross, Jr.
Secretary of Commerce
Regulatory Policy Division, Bureau of Industry and Security
U.S. Department of Commerce, Room 2099B
14th Street and Pennsylvania Avenue NW
Washington, DC 20230

Re: Plains All-American Pipeline, L.P. request for exclusion for 26" HFW pipe
HTS Code 7305121060

Dear Mr. Secretary:

Berg Pipe (Berg) is a domestic manufacturer of large diameter welded pipe and is writing to object to Plains All-American Pipeline, L.P.'s (Plains) request for exclusion from the Section 232 tariffs for 26" High Frequency Welded (HFW) pipe from Greece. Plains' request for exclusion is based on the following claims:

1. "The lack of U.S. manufacturing capability for this particular product.
2. Our focus on constructing a safe, reliable pipeline transportation system meeting our specifications.
3. Our interest in the timely construction of a crude oil pipeline network to meet the nation's energy independence and national security needs."

Plains claims that no mill in the United States is capable of producing 26" HFW as specified in their RFQ. While it is true that no U.S. mill can produce 26" pipe in HFW, 26" pipe can be made domestically from a variety of sources via the DSAW (Double Submerged Arc Welded) process in both longitudinally welded (DSAWL) and helically welded (DSAWH) pipes. The DSAWL and DSAWH products are not only readily available in the United States, they are a fully interchangeable and widely accepted substitute to 26" HFW. Domestic producers of 26" DSAWL for API products include Berg, Dura-Bond, and JSW. Domestic producers of 26" DSAWH for API products include Berg, Jindal, Stupp, and Welspun.

In its exclusion request, Plains cited Berg CEO Ingo Riemer's testimony during a U.S. International Trade Commission hearing on February 7, 2018. While it is correct that Berg

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confirmed 26" HFW cannot be produced in the USA (full discussion begins on page 121 line 19 through page 122 line 5 of the transcript), Mr. Riemer did also state the production range of DSAW during the hearing as 18" to 56" for spiral and 16" to 56" for long seam (page 99, lines 1-7). Additionally, Mr. Jason Norris of Dura-Bond also advised of his capability: "there are SAW mills that can make 26 inch. We can and do make 26 inch diameter" (page 122; lines 8-10).¹

Plains proceeds to claim that they selected HFW due to safety and quality reasons. There is no basis for this claim. Pipe produced through the DSAWH or DSAWL process is widely known to be fully substitutable and equal or better in quality compared to HFW pipe. Unlike DSAWH/L pipes (submerged arc weld), the HFW pipe weld is produced without the use of filler metal (autogenous weld) and therefore lacks the beneficial effects of rich alloys that give the weld additional strength and toughness. There is simply no technical justification for the quality concerns advanced by Plains.

While the RFQ for this project stated HFW, Plains did send their RFQ to Berg Pipe (which Plains knew does not produce HFW pipe), and Berg responded to their inquiry with a quote for 26" DSAW pipe. This quote was obviously acceptable to Plains, as they then proceeded to send Berg additional changes to the scope of the RFQ and asked Berg for a refreshed quote. The ultimate decision by Plains to purchase HFW pipe from Greece was based on price, not quality or safety.

The next argument by Plains is that if an order was placed today, domestic mills could not meet the project's delivery requirements. Plains' Purchase Order was placed in December 2017 for delivery starting in June 2018 through February 2019. If the order had been placed domestically in December 2017, there would have been no issue with domestic mills supplying within the delivery timeframe. Even if the order was placed today, production could begin within two to three months with continuous, regular deliveries of pipe until completion of production for the project. This timeframe for the start of production is typical for projects in the large diameter welded pipe industry.

Plains then claims that DSAWL is only available in 40ft DRLs (Double Random Lengths). While it is true that domestic mills produce 40ft DRLs, it is a normal and accepted part of the process for domestic mills to girthweld two 40ft DRLs into one 80ft QRL (Quadruple Random Length) pipe. This standard and routinely accepted girthwelded pipe provides the same result of savings thousands of costly welds in the field. Pipe that has been girthwelded into 80ft pipe has been frequently and safely used in many U.S. pipelines, and certainly could have been used for the Plains All American project. Domestic pipe producers therefore can, and do, meet the claimed 70-76ft length range required for the Plains project. With regard to SAWH pipe (another product that

¹ The hearing transcript referenced is for USITC Investigation Numbers 701-TA-593-596 and 731-TA-1401-1406 on February 7, 2018.



is fully substitutable for the Greek HFW pipe at issue here), the domestic mills can produce 40-, 60-, and 80-ft lengths directly off of the production line.

Finally, Plains claims that the domestic producers do not provide an adequate warranty. Warranty is often a topic that is addressed during the normal course of discussion and negotiations of the Terms and Conditions. Berg was not contacted by Plains to further discuss the Terms and Conditions or warranty needed by Plains. Additionally, Plains' RFQ states that general exceptions to the RFQ, including references to the supplier's standard Terms and Conditions, will not be accepted and will be rejected in their entirety.

In conclusion, 26" HFW and 26" DSAW (L or H) are interchangeable products and fit for use in the same applications. Plains made a business decision to purchase 26" HFW pipe from Corinth Pipeworks in Greece based on price and price alone. As such, there are readily available domestic substitutes for the products subject to Plains' request for an exclusion from the Section 232 tariffs, and its request should be denied.

Sincerely,



Ingo Riemer

President and CEO
Berg Steel Pipe Corp./Berg Spiral Pipe Corp.