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## Pipe Perfection

- Global Pipe Company's MD on the recent visit by Saudi Arabia's Governor of the Eastern Province, progress on MasterGas II, and the firm's impressive expansion plans.



Following the auspicious inauguration of Global Pipe Company (GPC)'s new administration building – attended by no less than the Governor of the Eastern Province – all eyes are now on the Jubail-based company as it moves forward at a pace with its part in one of the Kingdom's most strategically important energy expansion projects, Saudi Aramco's MGS-II. Euroasia Industry learns more about how Saudi Arabia's prudent localisation policies are driving the company's growth ambitions. Sarah Pursey reports.

**The 6th of November 2016** is a date that will undoubtedly go down in history as a defining milestone moment for Global Pipe Company – the GCC's leading producer of Longitudinal Submerged Arc Welded (LSAW) pipes for the oil, gas, petrochemical, power generating and civil engineering industries and markets. Attended by more than 150 guests, the day marked the official grand opening ceremony of a large administration building for GPC – a strategic partnership between Germany's Erndtebruecker Eisenwerk (EEW), Saudi Steel Pipe Co. (SSP), local businessman Mr Ahmed Al Khonaini and Pan Gulf Holding (PGH). While GPC's inception can be traced back to 2009, the grand opening of the new office building in Jubail Industrial City undoubtedly marks a turning point for GPC, and a tremendous source of pride, given the auspicious guests that graced the gathering with their presence.

The GPC team was truly honoured to receive His Royal Highness Prince Saud bin Naif bin Abdul Aziz (Governor of the Eastern Province) and His Highness Prince Saud bin Abdullah bin Thunayan Al-Saud (Chairman of the Royal Commission for Jubail and Yanbu) at the ceremony. The company's management were likewise very proud to welcome His Excellency Engineer Khalid bin Abdulaziz Al-Faleh (the Minister of Energy, Industry and Mineral Resources) and a high-level Saudi Aramco delegation to the momentous event. Indeed, in what will undoubtedly be remembered as a huge milestone for GPC, the inauguration doubled as a celebration of just how far the company has come in a matter of years, while offering GPC the opportunity to recognise those individuals and organisations that have been so crucial to its success.

#### By royal appointment

Accordingly, the royal visit was deemed "of great importance" to GPC by its Managing Director, Mr Ahmed Hamad Al-Khonaini, who extolled the abundance of "moral support" that the presence of the two princes afforded the company, reinforcing GPC's "commitment to work hard" and to continue forward on its "march of success". Certainly, since the Kingdom's very inception, Saudi Arabia's leaders have been highly supportive of the private sector, including via development of essential infrastructure that has helped advance the prospects of a diverse array of investments across the country – not least those in the vital oil & gas industry, noted Mr Al-Khonaini. "This strong support provided to the private sector – endowed by the government of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz – has certainly not slowed down, even in tough economical periods," enthused Global Pipe's MD, addressing the two princes and the energy minister at the ceremony. "This unlimited support has been provided based on the insight of the government about the importance of this sector in securing growth for the country's economy. Your visit to our facility today is the greatest confirmation for this policy."

Clearly, His Royal Highness Prince Saud bin Naif bin Abdul Aziz's admirable efforts to make the Eastern Province highly attractive for investors, alongside the confidence granted by the Royal Commission for Jubail and Yanbu under His Highness Prince Saud bin Abdullah bin Thunayan Al-Saud, have been instrumental factors in Global Pipe Company's tremendous progress over the years. So too has what GPC's MD described as "the inordinate role" that Saudi Aramco has played, and continues to play, in sup-



porting local industry – improving local content and generating growth in the national economy in so doing. In reciprocity, the presence of a high-ranking delegation from the Kingdom's state-owned oil giant – including Mr Abdullah Al-Sugheir (Saudi Aramco's Manager – Project Procurement), Mr Ahmed Al-Zahrani (Head of the Supplier Relation Division), Mr Omar Al-Katheer (Head of the Supplier Support Unit) and Mr Hussam Al-Sendi (Superintendent of the Vendor Inspection Department) – is testament to the important role that GPC itself has grown to play as the pipe-producing partner of choice in Saudi Arabia.

#### Aramco approval opens doors

GPC's journey to prominence as a preferred supplier to the mighty Saudi Aramco started back in 2009, although as Mr Christoph Schorge, Vice Chairman of the GPC board of directors and representative of EEW pointed out in his speech at the recent event, the high level of expertise at play throughout the much-praised pipe-making operations in Jubail stretches back far further than GPC's inception. "As a manufacturer of Longitudinal Welded Pipes with more



than 40 years' experience, we have a well-established customer base in the MENA area," reflected Mr Schorge. "When our partner Pan Gulf asked us in 2009 about establishing a pipe mill in Saudi Arabia, we did not hesitate at all, and started developing our business model. Shortly thereafter, Saudi Steel Pipe and Mr Ahmed Al Khonaini joined the co-operation. With that unique partnership in place between those four strong parties, the joint venture agreement was signed in April 2010. From then on, the rapid but most importantly the positive development of EEW Global Pipe Company has been unstoppable."

Mr Schorge noted that the three local partners – Pan Gulf, Saudi Steel Pipe Company and Mr Al Khonaini – made huge strides toward fulfilling the local formalities and management of the construction work, and did an "amazing job" in fulfilling such endeavours. At the same time, EEW was tasked with advancing "production related topics". Mr Schorge said that given the experience EEW had accumulated from establishing four pipe mills prior to the GPC project in Jubail, his team knew they must focus on two core aspects – machinery and human resources. "Based on that, we trusted only in first-class machinery manufacturers, including the companies Gräbener Maschinentechnik and Weldec." Of course, no benefit can be derived from excellent machinery if a company lacks the skills to operate it effectively, noted Mr Schorge, whose team was mindful to develop a detailed training programme for GPC's staff – at EEW's mills in Germany, Korea and Malaysia. "All selected employees, whether machine operator, quality inspector or salesman, had to pass the training program at our EEW mills." The Technical Assistance Agreement between Global Pipe Company and EEW provided the framework for that training programme, the target being to secure the knowledge transfer to GPC's mill in Jubail. With that task accomplished, GPC's mill entered into production in 2012 – in so doing, it became the only steel pipe manufacturer in the Middle East with the capability of producing line pipes with outside diameters up to 62" and wall thicknesses up to 2".

Shortly thereafter, GPC was successful in obtaining the required approval from American Petroleum Institute, after which it applied for Saudi Aramco's approval –

and to the company's surprise and delight, such approval was awarded remarkably swiftly, offering huge benefit in terms of advancing the business, as Mr Schorge's gratitude at the opening ceremony attested. "I would like to take this opportunity to thank Saudi Aramco, especially the Vendor Inspection Department (VID) and Consultancy Service Department (CSD), for the great support we are receiving daily from them," he enthused, going on to note that being added to the oil giant's vendor list had opened "huge doors" in terms of GPC's outlook.

#### **Committed to the Kingdom**

Indeed, following Aramco approval, the company has gone on to undertake sizeable contracts for numerous nationally-critical pipeline developments, including the mighty Shedgum project, whereby GPC delivered 150km for the East-West pipeline, followed by the Al-Fadhli pipeline project, on which the company supplied a further 27km. Now, however, all eyes are on GPC to deliver the lion's share of pipes required to expand the Master Gas System – an enormous contract known as MGS-II. For its part, the Jubail-based manufacturer will deliver 550km of pipes in different thickness and diameter ranges up to 56" on this ambitious project of national importance. GPC's Managing Director Mr Al-Khonaini expressed how "very proud and honoured" his company was to participate effectively in that ambitious project, which, once completed, is expected to significantly boost gas transportation across the Kingdom, extending the pipeline across the Eastern, Western and Central region.

Encouragingly, GPC's General Manager, Mr Maher M. Fkaier, advises that the company is proceeding well with delivering on MGS-II, having successfully ramped up output since last speaking with Euroasia Industry in June 2016. "Even since our previous interview, we have further increased our daily output, to an average of 130. In October, for example, we delivered 52.5km for the project. We are therefore very much working to schedule and are confident that we will finish the project by May 2017," he tells us.

Of course, as both Mr Schorge and GPC's Managing Director Mr Al-Khonaini were keen to elucidate at the inauguration, the considerable resources channelled into advancing Global Pipe Company should be viewed as proof of the four partners' commitment to Saudi Aramco's localisation –

policy. The 'In Kingdom Total Value Add' (IKTVA) programme recently launched by the state-owned oil company to improve local content and to generate growth of the national economy is "the best reference" for that admirable policy, noted Mr Al-Khonaini, who enthused that "Global Pipe Company was and remains one of the beneficiaries of that important programme."

#### Conducive investment environment

Certainly, leading on from that, GPC's MD was keen to highlight the crucial role that the Royal Commission for Jubail and Yanbu has played in supporting the region's industrial sector. "The Royal Commission was and is still the main partner for all our success since the beginning of the project in 2010. Global Pipe Company has now become, thanks to the confidence granted by the Royal Commission for Jubail and Yanbu, the main local supplier for welded steel pipes in the Kingdom," pointed out Mr Al-Khonaini. "We are proud of being one of the most important service providers for the oil & gas sector and refined and liquefied products."

Likewise, speaking as a foreign investor, Mr Schorge was most enthusiastic in describing the conducive business climate created from a raft of progressive policies set forth by the Kingdom's leaders. "Your Highness, please let me express to you our satisfaction with the investment environment in the Kingdom of Saudi Arabia," he began. "The political stability of the country, the great projects and opportunities that the Saudi economy is offering, and the high qualification and motivation of young Saudi graduates is making the Kingdom of Saudi Arabia a very attractive location for foreign investors. Vision 2030 is making the Kingdom even more attractive. We are proud to be part of that vision."

#### New line, new opportunities

Supported by Saudi Arabia's astute and private-sector-friendly government, GPC's advancement has certainly been impressive in terms of resource mobilisation and production capacity expansion. Looking ahead, the firm sees myriad opportunities for growth across the Kingdom and the wider GCC region – and, enthused by the momentous royal visit and the most valuable support demonstrated by Saudi Arabia's leaders, the company is investing accordingly. "In the Board Meeting the day after the inauguration of GPC's new facility, our Board made the decision to go for a

second manufacturing line," reveals Mr Fkaier. "The pre-bending machine that we intend to add will substantially improve our position, given the heavy thickness pipes that are often required for the local market." GPC's new investment will see it developing a completely new line – a move set to offer greater flexibility, asserts the GM. "At the moment, we only have one line – designed to cover the whole size range required in our target market. That existing line is able to provide all sizes in our capacity matrix, although some limitations exist to provide the output required for our projects. Following implementation of our expansion plan, we will have two lines – one dedicated for heavy-thickness pipes with smaller diameters and one dedicated for the manufacturing of large-diameter pipes with lower thicknesses. In doing so, we will not only double our output but will also ensure that we roll each size on the suitable machines and improve the quality accordingly." Moreover, a full second line will enable the company to run two orders simultaneously. "As well as added flexibility, this approach will allow us to deal with smaller orders, as is often required by international players. We are currently losing out on such opportunities as our single line is busy with bigger projects."

Having received Saudi Aramco approval earlier in 2016, there is clearly much for GPC to be positive about, as Mr Al-Khonaini outlined at the recent event. "We look forward to providing greater services for all the new projects – not only in the field of pipelines, but also in the field of drilling," enthused the MD, whose company was recently approved by Saudi Aramco for manufacturing Well Casings used in the drilling and operation of wells for oil & gas exploration.

Of course, Saudi Aramco's approval not only opens the door for further projects in Saudi Arabia but also in the wider GCC region. "We currently have Aramco approvals for non-sour material, sour material, and well-casings – meaning that we can provide not only traditional pipes but also value-added and high-end products for sour service lines and transmission activity," informs Mr Fkaier, who goes on to advise that while those approvals relate specifically to Saudi's state-owned oil giant, they are good references for the wider GCC where the same technology and approach are being implemented on projects of a similar nature in terms of size and material. ➤





**Celebrating valuable support**

Without question, Global Pipe Company has come a long way since its formation and the recent inauguration event offered GPC's management an opportunity to express their sincere gratitude to the key players that have been so vital to the firm's swift progress. This took the form of an award ceremony at the close of the ceremony, with an award bestowed on Mr Khaled Al-Faleh (the country's Minister of Energy); Saudi Aramco; GPC's German business partner EEW; the company's financial partners SIDF, SABB and BSF; and its steel supplier for the MGS-II

project, Baosteel. Global Pipe Company's Board of Directors collectively presented a special award to His Royal Highness Prince Saud bin Naif bin Abdul Aziz (Governor of the Eastern Province) for his continuous and most valued support.

As an extension of that valuable support, GPC's rise to prominence can be seen as an outcome of the country's forward-thinking leadership – specifically, Vision 2030. An ambitious yet achievable blueprint, Vision 2030 expresses Saudi Arabia's long-term goals and expectations, while reflecting the country's strengths and capabilities. The nation's determina-

tion to become a global investment powerhouse – to hold strong investment capabilities, which its leaders will harness to stimulate KSA's economy and diversify its revenues – will be crucial to fulfilling that. Moreover, Vision 2030 will see Saudi Aramco transformed from an oil-producing company into a global industrial conglomerate. And Global Pipe Company remains resolutely committed to supporting such an endeavour – supplying quality products to strategically significant projects, and enhancing infrastructural advancement across the Kingdom in so doing. □



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