

**Before the International Trade Commission
Washington, D.C.**

**TESTIMONY OF
FADI HRAIBI
CHIEF COMMERCIAL OFFICER
INTERPIPE**

Good afternoon. My name is Fadi Hraibi. I am the Chief Commercial Officer at Interpipe.

This investigation comes at a political turning point for Ukraine. We hope that out of this will come better government, and a proper path for our country between the West and Russia. The United States has been extraordinarily supportive. We in Ukraine thank you for this support.

I would like to tell you about Interpipe's place in the U.S. market, and to puncture some myths about the effect of political developments.

The obvious point about the U.S. market is that our share is tiny. Our market share is less than 2%. I find it very hard to believe these small quantities have any effect on U.S. market prices or U.S. producers.

The argument seems to be that political uncertainty will cause us to increase shipments to the United States. That is plausible, but it has not proved true. Since the start of the political unrest, we have not lost sales in the home market, we have not lost sales in Russia, and we have not lost sales in the EU.

Let me start with Ukraine. Political uncertainty does not encourage drilling, but two other factors have outweighed political uncertainty. First, Russia's manipulation of gas exports has driven gas prices high. Natural gas in Ukraine now sells for around \$100 more than in December. This creates a great incentive to drill, and drilling has been active.

Second, Russia recently stopped gas supplies to Ukraine. This created urgency for Ukrainian energy independence. The United States has been very supportive in that. As a result, we are looking for increased drilling, stability in our home market sales, and growth in the future.

Next, Russia. Russia is a very large market for OCTG, and drilling is very active. It is a strong market for Interpipe. Russia imposed additional tariffs on pipe products, including OCTG. And Ukraine's political relations with Russia are challenging, to say the least. However, I have put a great deal of effort into our Russian marketing, and I can report that nothing has collapsed. To the contrary, our OCTG exports to Russia have been increasing. In particular, we have seen very good growth in our sales of OCTG to the large Russian energy companies – some of them state-owned. Despite all the speculation, we are not seeing a decline in our OCTG sales to Russia.

Finally, the European Union. While there are antidumping measures in the EU, Interpipe has held its market position in OCTG, and is growing exports of

other types of seamless pipe. Ukraine and the EU just recently signed an historic free trade agreement, which will support our growth

We produce seamless pipe on the same equipment as OCTG. So growth in seamless pipe sales means we make less OCTG.

When you put this all together, you see that we are not dependent on the U.S. market. We want to stay in the U.S. market, but we do not have an incentive to ship massive new volumes, and we do not have the capability to do that. Because our OCTG capacity is tied to serving our home region, the allegations that Ukraine will ship massive new volumes to the United States are simply wrong.

Thank you. I would be pleased to answer any questions you may have.