

**BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION**

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Certain Oil Country Tubular Goods from	)	Inv. Nos. 701-TA-499-500 and
India, Korea, Philippines, Saudi Arabia	)	731-TA-1215-1223
Taiwan, Thailand, Turkey, Ukraine and	)	
Vietnam	)	
	)	

**Testimony of Kirk Murray**

Good afternoon, my name is Kirk Murray. I am the Vice President and General Manager of Pan Meridian Tubular. Pan Meridian is an importer and a Master Distributor of OCTG and is affiliated with Seah Steel Corporation, a major producer of ERW OCTG in Korea and Vietnam.

1. Pan Meridian competes in the OCTG market every day. Our primary competition is with other imports. This is not to say that we don't compete with domestic producers, but imports and domestic production compete on different levels. There is a preference in the marketplace for domestically produced product and that preference results in price premiums for the domestic producers compared to imports. This has always been the case. Purchasers also prefer the imported product produced by foreign affiliates of US mills such as Tenaris, Vallourec, and TMK because those

imports are sold right alongside US production. That market dynamic has to be considered when evaluating whether subject imports are underselling and injuring US producers.

2. OCTG is not a commodity. Quality varies considerably among suppliers, and quality has increased tremendously in importance with the increase in horizontal drilling. US producers, quite understandably, focus on high alloy OCTG with premium/proprietary connections. I would estimate that this market is about 25 percent of the U.S. market. Neither Seah Steel nor any Korean producer can produce premium proprietary connections, which is an increasingly important market segment. High alloy OCTG also doesn't compete with J-55 OCTG, a lower value and low profitability pipe . We are supplemental suppliers compared to domestic mills, and that is reflected in the pricing. We also supply smaller independent operators who buy conventional J-55 products on the spot market. But the most important factors in analyzing the market are quality of the OCTG and availability of the product required. Price is important-- but not as important as quality and availability.

3. The domestic industry claims to be injured by subject imports, yet domestic capacity and production has increased along with employment. Many domestic mills have been turning away requests from their customers

for more OCTG. How can that be if the market is in over supply?

Investments in new capacity by U.S. mills have been substantial, and domestic producers compete head to head with other domestic producers. This head to head competition has created a fight for market share among domestic mills. Put simply, these investments were not made because the investing producers considered the market injured, and the decisions were made when imports were still at their traditional 50% market share. So what has changed?

4. From our vantage point, a couple of things have occurred. First, raw material prices declined, and that fact is widely known. When raw material prices decline, purchasers demand that prices reflect those declines -- whether from imports or the domestic industry. Another major market factor has been the substantial increase in domestic capacity. Some investments in new pipe mills have been more successful than others. Many of the newer mills have struggled with poor logistics, high financing costs, and poor construction. None of these factors are the result of subject imports. But all that new capacity competes head to head with other domestic producers, so prices and profits naturally take a temporary dip as the market absorbs the new capacity. That is the way the market works.

5. But demand is strong and growing. And not coincidentally, domestic producers are announcing price increases. I have been told by one of my customers-- who is a distributor for these domestic mills—that they need more pipe but that they cannot get more allocation. This fits with the boom and bust nature of this business and it has happened time and again. But these producers are not injured by imports.

6. Thank You.