

**BEFORE THE  
U.S. INTERNATIONAL TRADE COMMISSION  
WASHINGTON, D.C.**

***CUT-TO-LENGTH CARBON STEEL PLATE FROM  
CHINA, RUSSIA, AND UKRAINE,  
INV. NOS. 731-TA-753, 754, AND 756 (THIRD REVIEW)***

**TESTIMONY OF  
TESTIMONY OF SVITLANA ROMANOVA  
CHIEF LEGAL OFFICER AND EXECUTIVE COMMITTEE MEMBER  
METINVEST HOLDING  
SEPTEMBER 29, 2015**

Chairman Broadbent, Vice Chairman Pinkert, Commissioners, and Staff:

Good afternoon. My name is Svitlana Romanova and I am the chief legal officer and an executive committee member of Metinvest Holding. I am currently based in Kiev, Ukraine, and I assumed my current position in 2012. I thank you for this opportunity to speak with you today.

I would like to briefly discuss how the war in Eastern Ukraine has impacted the Ukrainian people, the Ukrainian economy and Metinvest's operations. The armed conflict and the resulting economic downturn in Ukraine have led to enormous problems for our country and my company. These problems are even more pronounced in the Eastern part of Ukraine, where most of Metinvest's key steel production facilities are located. We have experienced a serious impact on our ability to do business.

I believe it would be helpful for the Commission to see a map of Eastern Ukraine. This map shows the scope of the current conflict and the locations of our steel mills.

Before the fighting started, Metinvest's corporate headquarters were located in Donetsk, which you can see is in the middle of the map behind the demarcation line. As you have undoubtedly seen in the press, Donetsk has been, and continues to be, the target of frequent artillery shelling and fighting that has destroyed the city's brand new airport, closed the central railway station, and caused serious damage to countless other buildings, including civilian apartment blocks. As the conflict escalated, in June 2014, Metinvest made the decision that it was no longer safe for our employees to continue operating in Donetsk and evacuated them to other locations. We don't know when, or whether, we will be able to return.

Metinvest has two mills that are capable of producing subject cut-to-length plate of a quality potentially suitable for export to the United States – Azovstal and Ilyich. Both facilities are located in the port city of Mariupol on the immediate edge of the conflict zone. Mariupol is so close to the front lines that you can hear artillery fire from the center of the city. Even worse, Mariupol has been the target of shelling. Thirty civilians, including two children, were killed in January this year. Metinvest employees were sadly among the dead.

As Mr. Shvetsov will explain in more detail, Metinvest also operates another mill in Ukraine, Zaporizhstal, which does not produce plate that would ever be shipped to the United States. While located outside of the conflict zone, the Zaporizhstal mill, too, has suffered disruptions due to infrastructure and other damage being suffered in the conflict.

Finally, there is a fourth Ukrainian mill that produces cut-to-length plate that is not owned by Metinvest – the Alchevsk Mill. Alchevsk is located squarely in the conflict zone and has been adversely affected by the war, with limited raw material supplies leading to the mill halting production. My understanding is that Alchevsk may now be producing very limited quantities of steel. However, its future is uncertain as the fighting near the plant continues.

The fighting has also directly limited Azovstal and Ilyich's production of steel. Both mills rely on Ukraine's railways to deliver raw materials and ship finished products. These railway lines not only pass through regions outside of Ukrainian Government control, but they also regularly suffer heavy damage from shelling. For example, a railway bridge was destroyed in December 2014, cutting the access to Mariupol's commercial port. Metinvest is paying for and rebuilding the bridge. Tragically, this incident included an armed attack on Metinvest personnel, resulting in the death of a mill plate worker and serious injury to a mechanic-repairman.

Similar tragedies have occurred in other Metinvest facilities since the outbreak of the war. For example, Metinvest's vital coke plant, Avdiivka, has been shelled more than 270 times and has seen production drop to one-third of its pre-war output. Local residents of the city say that not a single building in Avdiivka has escaped shelling.

Metinvest's steel operations across the region have also been repeatedly interrupted by production and supply chain problems resulting from the conflict, including logistical, railway, power, infrastructure, and electricity-related obstacles. As recently as June 2015, for example, artillery shelling damaged a gas pipeline, disrupting gas deliveries to Azovstal and Ilyich. The two mills thus halted steel production for several days.

As a result, Azovstal and Ilyich have not been able to consistently deliver finished products to their customers on schedule. Timely delivery has been particularly problematic because Metinvest is no longer able to export from Ukraine's Crimean ports, and the Mariupol commercial port has been reduced to 30% of normal capacity of raw materials and 60% of normal metal shipments. While the Mariupol port is an important part of Metinvest's transportation network for shipping finished products outside of Ukraine, technical limitations along with war-related safety issues further limit potential shipments out of Ukraine.

Metinvest's production costs also have been substantially higher than normal. For example, last year Azovstal and Ilyich were forced to take on additional costs to transport raw materials due to the fighting near the Yasinovataya railway station in the Donetsk region. The cost increase was also due to growing railway tariffs, natural gas pricing, and the necessity to import coking coal.

Metinvest raw material suppliers - Avdiivka Coke, Krasnodon Coal, and Komsomolskoye Flux Plant – also experience regular artillery shelling and continuous disruptions in production. These facility disruptions continue to compound the major problems confronted by Azovstal and Ilyich.

Because of the ongoing, substantial conflict facing Ukraine, Metinvest is now experiencing perhaps the most difficult period in our history. The war has caused major harm to Metinvest's business, including our production numbers, revenue, and net income. Our output of crude steel fell by 26% in 2014 as compared to 2013, and this downward trend has continued in the first half of 2015. Metinvest also has experienced declines in 2014 of 18% in revenue and 59% in net income. Unfortunately, based on our mid-year 2015 numbers, it is clear that these trends are continuing into 2016. Moreover, steel production in Ukraine as a whole also is in decline. 2014 was the worst year for steel production in Ukraine since the mid-1990s. Production has fallen 28% year-over-year during the first five months of 2015.

Before I conclude my statement to the Commission, I would also like to speak briefly about our main asset - our employees and their families that have suffered as a result of the war. Many employees have left Mariupol to relocate to safer parts of Ukraine. As a result of this, Azovstal and Ilyich have witnessed an unprecedented outflow of skilled personnel and are still struggling to fill these vacancies to date. In the first half of 2015, Azovstal and Ilyich had a net decrease in approximately 2000 employees.

Metinvest headquarters and other Group companies have moved to various locations throughout Ukraine following mass evacuation of our personnel and their families from the sieged regions. I, like my fellow employees, had to urgently leave my home behind taking my 2.5 year old daughter and just a few possessions with me. My husband left Donetsk two months later, only after the airport and railway station were bombed.

But my family is one of the lucky ones that had the opportunity and means to make this move. Millions of other hard-working people, including thousands of Metinvest employees, remain in a region that is racked by fighting and danger, where they are doing their best to maintain a normal life in abnormal circumstances. As a company, we are proud of our employees and their everyday efforts to struggle for stability and safety in their workplaces, as well as in cities they live in.

We are optimistic that the future will ultimately bring a safer, more secure, and more prosperous Ukraine. However, we are also realistic. To date, the parties to the conflict have failed in achieving a lasting cease-fire, and the economy continues to be unstable. As the war is now well into its second year, we remain hopeful that normalcy will return to Ukraine and to Mariupol. But, we do not foresee a major change in the course of the conflict or the resulting economic struggles coming any time soon. So we continue to gather our strength to support our ability to do business in Eastern Ukraine.

Thank you for your time today. I would be pleased to answer any additional questions you may have.