
Exhibits to Testimony
on Behalf of Eramet Marietta, Inc.

Silicomanganese from India, Kazakhstan, and Venezuela
Inv. Nos. 731-TA-929-931 (Second Review)

U.S. International Trade Commission
Commission Hearing
July 18, 2013

Conditions of Competition

- Silicomanganese is a commodity product
 - Ferroven states that “Silicomanganese is very close to a ‘pure,’ undifferentiated commodity product produced to common industry standards and is sold largely on the basis of price.” (FerroVen Prehearing Brief at 9, emphasis added.)
 - Silicomanganese from all sources is interchangeable
 - Silicomanganese is sold on the basis of price
 - Ferroven states that “...pricing data on silicomanganese are widely and rapidly available through the publication *Ryan’s Notes* which is used to set contracts.... Together with the commodity nature of the product, the ready availability of price information means that the market will adjust rapidly to any price changes....” (FerroVen Prehearing Brief at 9, emphasis added.)
 - The U.S. market is highly competitive
 - Demand for silicomanganese is a derived demand
 - Demand for silicomanganese is cyclical
 - Demand for silicomanganese is price inelastic
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The Industry In India

The Prehearing Report states:

“...Indian producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of silicomanganese to the U.S. market.”

Factors cited:

- India has significant unused capacity
- India ships large amounts of silicomanganese to other markets
- India produces large amounts of ferromanganese
- From 2007 to 2011, India’s industry became more export-oriented

The Industry In Kazakhstan

The Prehearing Report states:

“...Kazchrome has the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of silicomanganese to the U.S. market.”

Factors cited:

- Kazakhstan ships large amounts of silicomanganese to other markets
- From 2007 to 2011, the export-orientation of Kazakhstan increased by almost two-thirds

The Industry In Venezuela

The Prehearing Report states:

“...Venezuelan producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of silicomanganese to the U.S. market.”

Factors cited:

- Venezuela has significant unused capacity
- Venezuela ships large amounts of silicomanganese to other markets
- Venezuela has inventories available
- From 2007 to 2011, Venezuela’s industry became more export-oriented
- FerroVen produces both silicomanganese and ferromanganese on the same production equipment. Thus, it is not only capable of product shifting, but it does so in the normal course of business

The Industry In Venezuela Competes Under The Same Conditions of Competition as India and Kazakhstan

FerroVen Claims:

FerroVen claims that Venezuela would compete under different conditions of competition because:

- Venezuela is a marginal producer of silicomanganese
- Capacity is limited by persistent supply disruptions
- The industry is not export oriented
- Venezuela enjoys a protected home market and constraints on exports
- Venezuela has no history of underselling

FerroVen's Claims Are Not Supported by the Record

Claim: Venezuela is a marginal producer of silicomanganese

- **Fact:** Venezuela has added a supplier since the investigation and has significant production capacity

Claim: Capacity is limited by persistent supply disruptions

- **Fact:** Despite claimed supply disruptions, Venezuela has increased its exports over the POR

Claim: The industry is not export oriented

- **Fact:** The Prehearing Report states that Venezuela's export orientation increased over the POR

Claim: Venezuela enjoys a protected home market and constraints on exports

- **Fact:** Venezuela's home market is too small to absorb the country's silicomanganese production, and the claimed constraints on exports have not prevented exports of silicomanganese from increasing over the POR

Claim: Venezuela has no history of underselling

- **Fact:** In the investigation, the Commission found little underselling. In its determination, it stated, "Under these market conditions, underselling is likely to be transitory as producers and sellers quickly adjust to price changes."

Crude Steel Production

(in thousands of MT)

| | 2011 | 2012 | Percent change |
|---------------|-----------|-----------|----------------|
| World | 1,428,711 | 1,490,060 | +4.3% |
| Venezuela | 3,070 | 2,555 | -16.8% |
| EU 27 | 177,431 | 169,430 | -4.5% |
| United States | 86,247 | 88,598 | +2.7% |
| Japan | 107,595 | 107,235 | -0.3% |

Source: World Steel Association.