

**BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION**

In the Matter of:

**CERTAIN MAGNESIA CARBON
BRICKS FROM CHINA AND
MEXICO**

**USITC Investigation Nos.
701-TA-468 and 731-TA-1166-1167
(Final)**

**PUBLIC HEARING EXHIBIT OF RESPONDENTS
RHI-REFMEX S.A. DE C.V., RHI REFRACTORIES LIAONING CO., LTD. AND
VEITSCH-RADEX AMERICA, INC. (COLLECTIVELY, "RHI")**

Counsel:

Ritchie T. Thomas
Peter Koenig
Iain R. McPhie
Christine Sohar Henter
A. Catherine Kettlewell
SQUIRE, SANDERS & DEMPSEY L.L.P.
1201 Pennsylvania Avenue, NW
Washington, DC 20002
Tel: (202) 626-6686

July 27, 2010

Resco Website -- Before Petition

[RESCO Announces Additional Energy Surcharges - 7/1/2008](#)

Company News Archive

[RESCO Acquires UNITED REFRACTORIES Inc. - 5/30/2008](#)

[John Dunn Joins Resco's Board - 3/10/2008](#)

[RESCO Announces Price Increase - 2/29/2008](#)

[Castilano Promoted to Chief Operating Officer - 1/2/2008](#)

[RESCO Announces New IFB Pricing for 2008 - 11/29/2007](#)

[RESCO Reaches Accord at East Canton and Newell Plants - 10/19/2007](#)

[RESCO Reaches Accord With Three Plants - 8/14/2007](#)

[RESCO Announces 90-D Now Available - 6/21/2007](#)

[RESCO Completes Upgrades At Greensboro Plant - 6/5/2007](#)

[RESCO Acquires SHENANGO ADVANCED CERAMICS, LLC - 6/5/2007](#)

[RESCO Oak Hill Operations Achieves 16 YEARS OF "NO RECORDABLE ACCIDENTS" - 5/14/2007](#)

[RESCO Publishes 2007 Price Book - 5/14/2007](#)

[RESCO and Oak Hill Reach Accord - 2/27/2007](#)

[RESCO Announces New Insulating Firebrick Pricing - 3/14/2007](#)

[RESCO Acquires RESCO, INC. - 12/9/2006](#)

[RESCO Acquires NEW CASTLE REFRACTORIES - 12/1/2006](#)

[RESCO Announces Price Increase for 2007 - 11/7/2006](#)

[RESCO and Thermal Ceramics Announce 90-D License Agreement - 10/13/2006](#)

[RESCO's William K. Brown Elected Chairman of The Refractories Institute - 7/7/2006](#)

[RESCO Greensboro Plant Earns ISO 9001:2000 Certification - 6/5/2006](#)

[RESCO Reaches Accord With Marehan Plant - 5/1/2006](#)

[RESCO Acquires WORLDWIDE REFRACTORIES, INC. - 3/17/2006](#)

[RESCO Announces New Shuttle Kiln At Hammond Plant - 2/29/2006](#)

[RESCO Publishes 2006 Price Book - 2/19/2006](#)

[New Minerals Home Page Added - 12/22/2005](#)

[RESCO Announces Brand Name Change - 12/14/2005](#)

[RESCO Products Announces Fuel Surcharge Effective September 26, 2005 - 9/23/2005](#)

[RESCO Management Completes Buyout - 9/20/2005](#)

[Jurczyk, Huegele, and Langenohl are Published in HYDROCARBON ENGINEERING Magazine - 9/14/2005](#)

[RESCO and Hammond Reach Accord - 8/16/2005](#)

[RESCO Adds New Kiln at Santa Fe Springs Plant - 6/15/2005](#)

[RESCO Attends 2005 NCECA - 4/27/2005](#)

[Super Duty List Pricing Announced - 3/23/2005](#)

[RESCO Announces Installation and Start Up Of New Kiln At Greensboro Plant - 3/7/2005](#)

[RESCO 2005 Price Book - 1/17/2005](#)

[RESCO Announces Across the Board Price Increase Due to Unprecedented Raw Material, Energy and Health Care Cost Increases - 11/29/2004](#)

[2004 Marks 40th Anniversary of Universal Ladle Brick Patent - 10/27/2004](#)

[RESCO Reaches New Contract Agreement With East Canton Plant - 10/13/2004](#)

Resco Website -- Current

Company News Archive

[RESCO FILES 'CRITICAL CIRCUMSTANCES' ALLEGATION WITH U.S. GOVERNMENT RELATED TO MAGNESIA CARBON BRICK TRADE CASE - 4/15/2010](#)

[ITA and DOC Issue Preliminary Mag Carbon Ruling - 3/12/2010](#)

[2009 RESCO Products Price Book - 1/1/2009](#)

[RESCO Acquires UNITED REFRACTORIES Inc. - 5/30/2008](#)

[John Dunn Joins Resco's Board - 3/10/2008](#)

[Castilano Promoted to Chief Operating Officer - 1/2/2008](#)

Sources:

Resco Website -- Before Filing Petition

<http://web.archive.org/web/20080822212219/http://www.rescoproducts.com/>

<http://web.archive.org/web/20080618202513/www.rescoproducts.com/companynews.asp>

Resco Website -- Current

<http://www.rescoproducts.com>

<http://www.rescoproducts.com/companynews.asp>

RICHARD W. COPP
VICE PRESIDENT-SALES AND MARKETING



November 29, 2004

Dear Valued Customer:

In late 2003, the North American refractory industry experienced unprecedented price escalations in raw materials, energy and health care that significantly increased costs in 2004. While the impact of these cost increases in 2004 was severe, in 2005 a number of factors have come together to make a "perfect storm" affecting all global commodities and again significantly escalating costs:

- a. Energy costs are increasing due to the war in Iraq and tighter supplies due to the overall global economic recovery. China's energy consumption is at an all time high and is expected to increase every year for the foreseeable future. Oil prices are hovering at \$50/barrel and natural gas prices for 2005 are on average 35% higher than 2004. Prices for any raw materials or commodities that are based on petroleum have risen exponentially. For example, powdered and liquid resins, key raw materials in certain refractory products, are up 50-75% from 2004 levels.
- b. The explosive growth and economic expansion in China has had a profound impact on all industries around the world. The almost insatiable appetite in China for all kinds of commodities has resulted in short supplies and increased pricing. China's economy has also had a major impact on ocean shipping costs due to a shortage of transport ships to handle both bulk and container shipments into and out of China. A large number of key refractory raw materials used in North America come from China and therefore the shortage of vessels and increased ocean freight rates have a significant impact on overall costs of these raw materials.
- c. The Chinese government has reduced its support for Chinese raw material producers and removed incentives that encouraged producers to export. The producers have passed these costs on to the users by raising prices. Some key Chinese raw materials such as bauxite have increased by over 100% since late 2003.
- d. Consolidation of producers in China due to the government's attempt to shut down small, inefficient producers has also tightened supplies and impacted the overall quality of Chinese raw materials.
- e. Health care costs in the U. S. continue to increase annually in the double digit range and at Resco health care costs for 2005 will be 25% higher than in 2004 but with no increase in benefits or coverage for its employees.
- f. Of great concern is the potential for the Chinese government to revalue its currency against the dollar. Any such upwards revaluation from the current peg against the dollar will increase raw material costs to levels not included in current 2005 pricing.

Resco believes that a financially stable, healthy and viable North American based refractory industry is critical to the long-term best interests of customers in North America. While business today is clearly done on a global basis there is a need for good regional suppliers who can respond quickly to customers needs. The supply of refractories is a strategic purchasing decision that will continue to impact the end-users in this time of worldwide commodity shortages. Obviously Resco, and the rest of the domestic refractory industry, needs their customers' support in these very difficult times of escalating costs.

Some major customer segments, such as the steel industry, have been able to recover increased raw material and energy costs in the marketplace resulting in record financial performance in 2004 after years of struggling against low priced imports and high legacy costs. The refractory industry experienced very lean years during this time also and is hopeful to return to a level of modest profitability in 2005.

Even though Resco has continued to offset cost increases through efficiencies, these 2005 increases are of such magnitude that Resco must announce that prices for all products will increase from 5 to 12% effective on all shipments on or after January 1, 2005. The specific product type and plant location are shown on the attachment and the price increases will impact all products manufactured by Resco.

Resco is continuing to pursue innovative ways in which to control or reduce the impact of these continuing raw material and energy cost escalations and will be contacting specific customers regarding opportunities that might jointly be developed.

Resco sincerely appreciates your business and wants to continue to provide you the service, performance, delivery and quality products that you have come to expect from Resco.

Your Resco representative is prepared to discuss any questions you have regarding specific products that you purchase from Resco or any constructive ideas that you might have to help Resco control these dramatic cost increases.

Very truly yours,

Richard W. Copp
Vice President-Sales and Marketing

Resco Products Inc.

Product Type	Plant Location	Average \$ Price Increase
60-85% High Alumina Brick	East Canton, OH	5 - 12%
Mortars	"	5 - 12%
AMG Brick	"	5 - 12%
Ceramic Anchors	"	5 - 12%
All Castable Specialties	Greensboro, NC	5 - 12%
Plastics/Ram Mixes	"	5 - 12%
Extruded Block	"	5 - 12%
AMG Brick	Hammond, IN	5 - 12%
Low Cement Castables	"	5 - 12%
MgO – Carbon	"	5 - 12%
Basic Specialties	Marelan, QC	5 - 12%
Fused Grain Mag Chrome	"	5 - 12%
90% Alumina Brick	"	5 - 12%
High Fired Mag-Chrome	"	5 - 12%
Low Fired Mag-Chrome	"	5 - 12%
Burned Magnesite	"	5 - 12%
Ram Mixes	"	5 - 12%
Basic Cement Liners	"	5 - 12%
All Specialty Products	Santa Fe Springs, CA	5 - 12%

RICHARD W. COPP
VICE PRESIDENT-SALES AND MARKETING



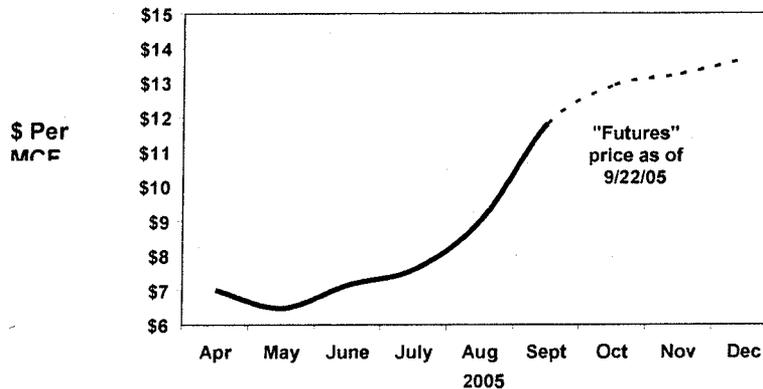
September 22, 2005

Dear Valued Customer,

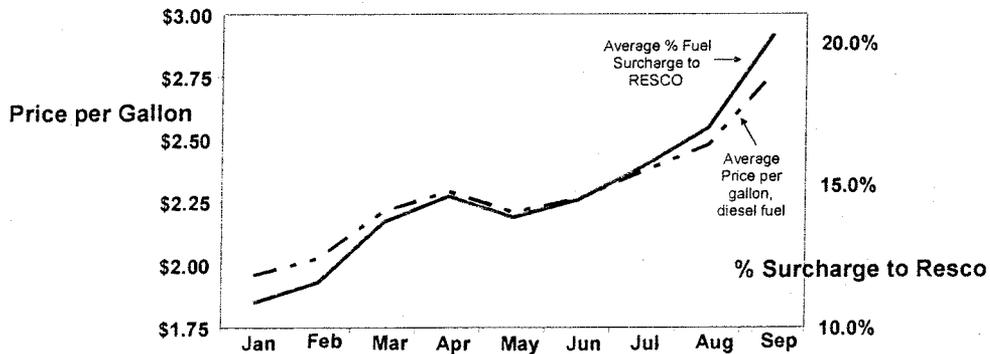
All manufacturing based companies in the U.S., including the refractories industry, have been significantly impacted by the unprecedented rapid escalation of recent fuel and energy cost increases which are currently spiraling upward out of control.

Natural gas pricing has "sky-rocketed" to levels never before seen in the industry! As illustrated by the two charts attached, fuel costs have increased approximately 50% since January and natural gas costs have DOUBLED since May with October and November futures trading at even higher record prices.

Average Natural Gas Price per Month



2005 Diesel Fuel Price and Surcharges



Dear Valued Customer
September 22, 2005
Page 2

Multiple hurricanes including Katrina and now Rita have pummeled the vital gulf energy infrastructure and reduced supplies of gasoline, diesel fuel and natural gas.

Increased incoming freight rates and fuel surcharges for gasoline and diesel fuel impact the cost of raw materials coming into Resco's plants. The kilns used for firing brick products all use natural gas. Electrical power produced by plants using natural gas has also increased due to the rise in natural gas prices.

Resco has attempted to control the impact of these significant fuel and energy costs but can no longer absorb them. Therefore, Resco has no option but to implement a 4% fuel and energy surcharge on "specialties" invoiced on or after September 26, 2005 and a 7.5% fuel and energy surcharge on "brick" items invoiced on or after September 26, 2005.

Orders invoiced prior to September 26, 2005 will not be affected by these surcharges. We are hopeful the surcharges will be temporary and plan to remove them when natural gas and fuel prices return to more normal levels.

We appreciate the opportunity to continue to supply your refractory needs and look forward to working together to be your supplier of choice.

Very truly yours,

Richard W. Copp
Vice President Sales & Marketing

RWC/krw

RICHARD W. COPP
VICE PRESIDENT-SALES AND MARKETING



October 31, 2006

Attention Purchasing Manager,

Resco continues to encounter increased costs in labor, energy, raw materials, transportation and healthcare. Despite efforts to control these cost increases, Resco finds it necessary to institute a price increase on all product lines effective on shipments after January 1, 2007. The product lines affected and their list price percent of increase are:

- High Alumina Brick Products 5 – 8 %
- Specialty Products (Basic and Alumina-base),
All Castables, Plastics and Ram Mixes
Gunning Mixes, Mortars 4 – 7%
- MgO-based Brick Products 4 – 7%
(MgO-C, MgO-Cr, MgO Spinel, AMC)
- Dolomite Products 4 – 7%
- Paco Car Tops and Minerals 5 – 7%

Your Resco representative will be working with you regarding specific pricing for items you purchase from Resco.

We thank you for your support and look forward to working with you in the future.

Sincerely,

Richard W. Copp



RESCO ANNOUNCES NEW PRICES DUE TO RAW MATERIAL COST INCREASES

Pittsburgh, PA, February 29, 2008— Resco Products, Inc., Pittsburgh announced today that it will implement a price increase effective April 1, 2008.

Resco, and the entire refractory industry, continues to experience unprecedented price increases and volatility from its raw material sources. This instability in raw materials pricing and availability can be linked to the following economic factors:

- a) Increase in the price of raw materials from the source.*
- b) Availability and volatility of supply of key raw materials and limited ability to substitute alternative raw materials for these key raw materials.*
- c) Currency exchange issues complicated by the weakening U.S. dollar.*
- d) New and/or increased export taxes on these key raw materials imposed by the Chinese government effective 1/1/08.*
- e) Limited export licenses issued by the Chinese government and the trading of export licenses as a commodity. An export license allows the quantity of raw material covered by the license to be exported. The Chinese government sells these license agreements for "x" and the buyers have now learned they can resell them to exporters at 4 to 5 times "x", making more money on the sale of the export licenses than they could ever make on the raw material. This export licensing is in violation of China's obligations under the WTO.*
- f) Increased costs for both inland and ocean freight from China to US and Canadian ports.*

Several key raw materials have caused the refractory industry major concerns regarding price and availability moving forward into 2008:

BAUXITE

China controls an overwhelming share of the world's supply of refractory grade bauxite. The other major source is in Guyana, South America, but this source was purchased by the Chinese government through a state owned mining company in 2007. China not only has control of the world's bauxite supply but is also consuming their bauxite reserves at a high rate for their internal manufacture of aluminum metal and refractory grade products. Internal demand in China has driven growth rates for metallurgical and refractory grades bauxite to over 35% in 2007 resulting in a shortage of tons to supply under the Chinese export licenses. The increased internal demand coupled with the government's direction to reduce the production of bauxite to lessen pollution and electricity shortages/allocations in China, makes bauxite a "very scarce and high-priced raw material" according to mineral suppliers. The upcoming summer Olympic Games in Beijing in July is also expected to exacerbate the issue of availability as the Chinese government has indicated they will force high-polluting industries such as bauxite and brown fused alumina (BFA) which cause air pollution to cease operations during the July games.

The landed cost of bauxite increased 68% in 2007. The Chinese government also announced in late 2007 that they will impose a 15% Export Tax on all bauxite shipments from China effective January 1, 2008. There was no Export Tax on refractory grade bauxite in 2007. New pricing being quoted for bauxite is now over 100% higher than the end of 2007!!

BROWN FUSED ALUMINA (BFA)

July 2007 prices of BFA were in the range of \$365 - \$375/ton and escalated to \$380 - \$400/ton in August 2007. By early September, price levels had reached \$550 - \$600/ton. It is being reported that by the second quarter of 2008, prices will escalate to \$750 - \$775/ton range, an increase in price of 112% since July of 2007 to June of 2008.

MAGNESITE

China has been a supplier of intermediate grade fused and sintered magnesites for many years to the refractory industry. Because of the demand for magnesite now in the world, as well as their own internal increased demand, prices have risen dramatically and all the same issues exist for magnesite that apply to bauxite. Material volatility and potential shortage of supply, high energy costs to produce fused magnesite and allocation of electricity have decreased production in the last 18 months. Export taxes, export license fees and availability, and currency manipulation have all played a role in this raw material escalation. Magnesite pricing for fused materials has increased 40 – 80% in the last 12-month period and is expected to increase again by mid-2008. Price levels for sintered magnesite have also increased 66% over the last 12-month period and are expected to increase again by mid-2008. As with bauxite, the Chinese government increased the Export Tax on magnesites to 10% effective January 1, 2008, from the 2007 5% level for all shipments made after January 1, 2008.

For your review, attached are raw materials that are common to the refractories industry. These charts illustrate the pricing volatility that the refractory industry has seen in the last 12-month period and moving forward into 2008.

Resco continues to review alternative raw materials, where and if available, to reduce the impact of these increases; however, the impact of these raw material cost increases are too severe to offset, and therefore Resco must announce a price increase effective April 1, 2008, on its products which contain bauxite, brown fused alumina and magnesite. This price increase will be effective on all shipments after April 1, 2008.

The following brands and points of manufacture will be affected by the price increase:

<i>Hammond, IN</i>	<i>MgO-C; AMG; MgO</i>	<i>8-15%</i>
<i>East Canton</i>	<i>All High Alumina Products and Specialties brands</i>	<i>8-15%</i>
	<i>AMG</i>	<i>8-15%</i>
<i>Tarentum</i>	<i>AMG, Basic Specialties</i>	<i>8-15%</i>
<i>Greensboro</i>	<i>All castable products</i>	<i>8-15%</i>
<i>Marelan</i>	<i>All basic brick/Specialties</i>	<i>8-15%</i>
<i>Wellston</i>	<i>All Precast/Specialty Plastic, etc.</i>	<i>8-15%</i>
<i>Santa Fe Springs</i>	<i>All castable products</i>	<i>8-15%</i>

RICHARD W. COPP
VICE PRESIDENT-SALES AND MARKETING



In late 2005, in the aftermath of Katrina, our economy began to see the effects of escalating energy costs. Natural gas pricing, for example, was less than \$4-\$5/mcf and sky-rocketed to \$10-\$11/mcf in a two-month period. Resco was forced at that time to implement an "energy surcharge" of 7 ½% for brick shapes and 4% for specialties.

Today we continue to be impacted by increasing energy costs. Crude oil is at \$140/barrel, gasoline at the pump is \$4+/gallon while natural gas, fuel oil and electric costs escalate for home use at an alarming rate. In fact, natural gas costs have doubled since February of 2008. We are now facing natural gas rates of \$13-\$14/mcf with continuing increases weekly.

Diesel fuel is approaching \$5/gallon and truck load freight rates have been increased to capture these costs. The fuel surcharges from truckers are now in the 50% range. Resco is impacted by trucking rates both on incoming freight for raw materials for its plants and outgoing freight on shipments to customers, warehouses and consignment locations.

We can no longer ignore the snowball effect of energy price escalation on our cost of refractory products. In order to offset these cost escalations, Resco will immediately:

1. Implement an "additional" energy surcharge on all quoted products after July 1, 2008. An additional 5% for brick shapes and 3.5% for specialties for energy surcharge will be added effective July 1, 2008. This increase is in addition to the current surcharge of 7.5% on brick and 4% on specialties.
2. In addition, we will implement an energy surcharge to apply to the following product lines that were excluded from the 2005 surcharge. The product lines and locations of manufacture will have the increases indicated below effective July 1, 2008:

Insulating Fire Brick	Massillon	10%
Clay-Graphite Products	Newell	10%
Recrystallized Silicon Carbide	Shenango	5%
Dolomite	WRI	10%
Precast Shapes	Wellston	10%
Specialties	Wellston	3 ½%
Purchased Products		3 ½%

This surcharge will go into effect on all quotes after July 1, 2008.

For both items above 1 and 2, we will implement the surcharges on all orders accepted to be manufactured in our production schedule after July 1, 2008. Therefore, all orders placed after July 1 will be subject to the surcharges. We are asking that our Customer Service Representatives and Salespeople handling each account to notify you of these surcharges as they apply to resolve any issues prior to manufacture of the order.

We realize that the timing of this announcement is immediate, but due to the increasing conditions of energy on our products, we are forced to make these changes effective July 1, 2008.

We thank you for your continued support of Resco Products, as we know you have a choice for your Refractory needs.