

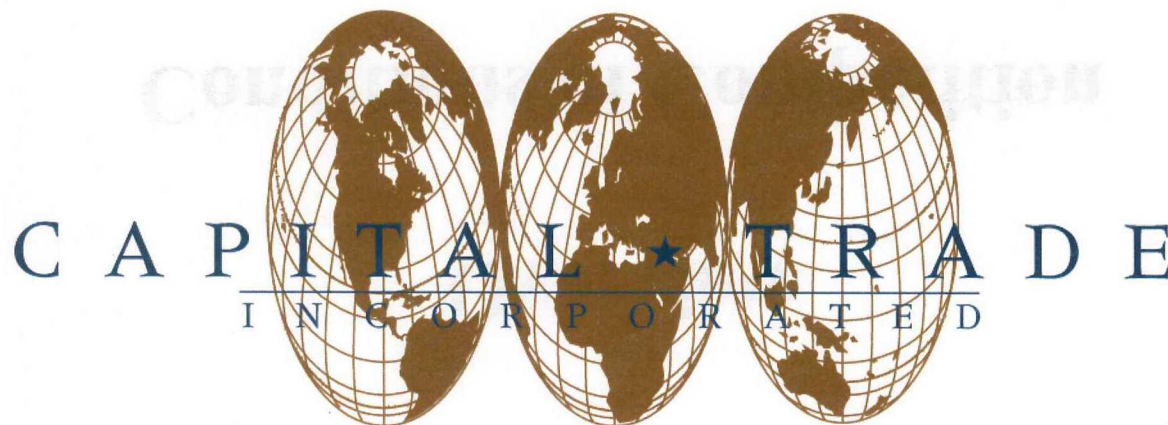
Silicomanganese from Australia

Inv. No. 731-TA-1269 (Final)

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Presentation at the USITC

PUBLIC VERSION



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Overview

Conditions of Competition

Injury

Threat

Overview

Conditions of Competition

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Australian import volumes and pricing are non-injurious.

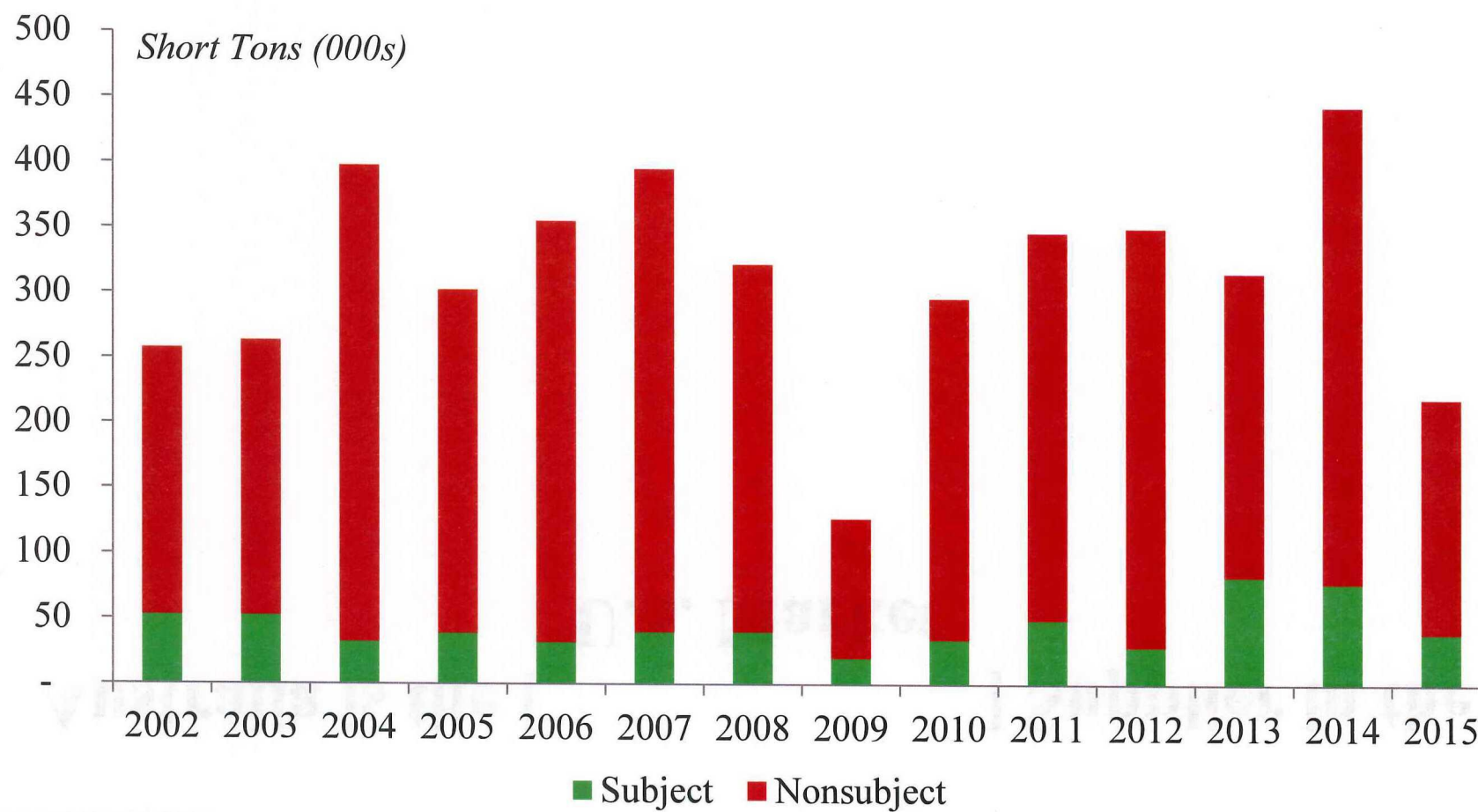
- Australia is the [] supplier in the U.S. market and the third largest source of imports.
- Australia is a long-term, responsible supplier to the U.S. market.
- Australia is the [] supplier to the U.S. market.

**Australia is the [] Supplier in the
U.S. Market**

Source: CR Table C-1.

Australia is a Long Term Supplier

Sources of U.S. SiMn Imports



Source: DataWeb for Commodity No. 7202.30. Norway is excluded from Nonsubject.

BHP Billiton/South32 Are Responsible Suppliers

Source: CR at Table C-1; Respondents' Post-Conference Brief, Exhibit 2; Customs Net Import file. See Respondents' Prehearing Brief at 58.

**Australia is the [] SiMn Supplier to
Steel Producers**

**Australia is the [] SiMn Supplier to
the Entire Market**

Overview

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Conditions of Competition

- SiMn is a commodity product.
- Reliability of supply is essential for steel producers.
- The domestic industry cannot or will not reliably supply the market.

SiMn is a Commodity Product

- SiMn is used by long-product steel producers.
- SiMn competes on price and reliability of supply.
- SiMn lacks good economic substitutes.
- 65% and 72% Mn-content SiMn are interchangeable.

65% and 72% Mn-Content SiMn are Interchangeable

- A large majority of U.S. Purchasers stated that Georgian SiMn is “always” or “frequently” interchangeable with SiMn from U.S. Producers, Australia, and South Africa.
- []
- Both 65% and 72% Mn-content SiMn are priced off 65%Mn-content SiMn.
- []

Both 65 and 72 Are Priced Off of 65%Mn-content SiMn

- Felman Production CFO Barry Nuss testified that:
 - “Felman does not charge any different price for the 72 percent product from the standard 65 percent product on a manganese-contained basis, right. So it’s the same- the same pricing, but it is scaled for the fact that it contains more manganese.”
 - Preliminary Conference Transcript at 50
- 72% Mn-content silicomanganese is converted to a contained manganese basis by multiplying the quantity by a ratio of 72/65 to be on a 65% manganese basis.
 - PR at D-13

[Use of 72%Mn Silicomanganese over POI]

Source: CR at D-6.

Reliability of Supply is Essential for U.S. Steel Producers

- Necessary for steel making process as a strengthener and deoxidizer.
- 16 of 17 U.S. purchases describe Reliability of Supply as “very important.”
- Long-term and annual contracts are [].
- The lack of substitutes for SiMn is demonstrated by the constant ratio of silicomanganese consumed to long-product steel produced.

There is a Consistent Ratio Between SiMn Consumption and Long Steel Production

Source: International Manganese Institute Annual Report 2014; Manganese Market Outlook, Oct 2015 Statistical Review.

The Domestic Industry Cannot or Will Not Reliably Supply the Market

- The domestic industry does not have sufficient capacity to supply the market.
- The domestic industry has not produced at its reported capacity.
- Georgian American Alloys' (GAA) interests lie with its foreign operations.

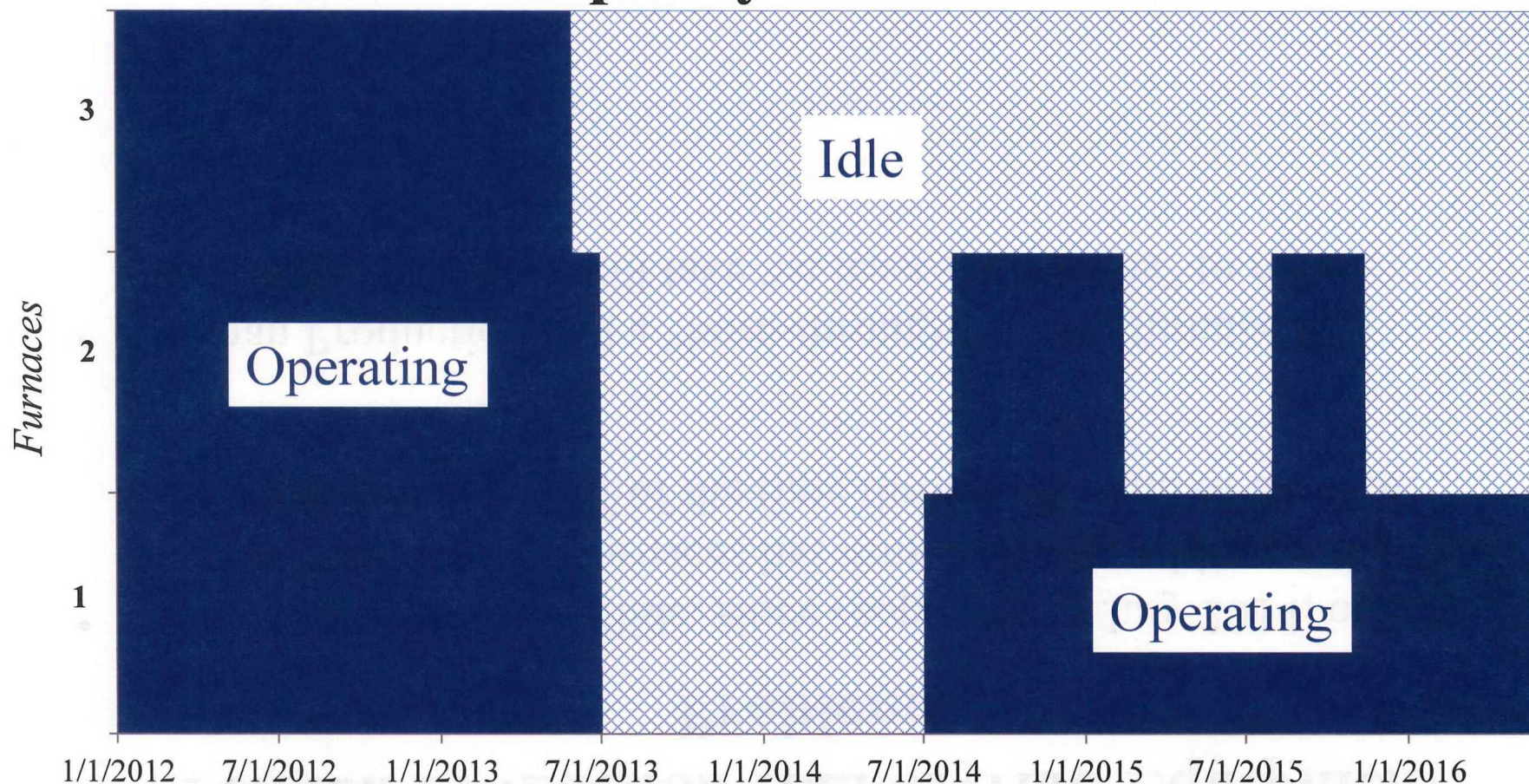
The Domestic Industry's Reported Capacity is Insufficient to Supply the Market

Source: CR at Table C-1

Eramet's Capacity is Small and [

]

Felman's Capacity Often Remained Idle



Source: "Felman Production, LLC Announces Strategic Cost Reduction Measures." GAA. (May 17, 2013); "Felman Ceases Operations at SiMn Plant." (July 2, 2013); "Felman to Restart One Silicomanganese Furnace, Second Furnace in August." Platts (June 30, 2014); "Felman Starts Second WV SiMn Furnace." Platts. (August 4, 2014); "Production 'stabilized' at Felman SiMn plant: USW." Platts. (Nov 5, 2014); "Felman Down to One Furnace at West Virginia Silicomanganese Plant." Metals Daily. (Jan 8, 2016); "Felman Production eyes Aug West Virginia silicomanganese No. 2 furnace restart: USW Official." Platts. (June 26, 2015); "Felman down to one furnace at West Virginia silicomanganese plant." Metals Daily. (Jan 8, 2016);

Note: Only major closures and re-openings (lasting at least months) are shown. Does not include temporary closures for routine maintenance.

Felman Production Had Myriad Equipment Problems

- As shown in the prior slide, since reopening in July 2014, one of Felman Production's furnaces has remained idle while another was idle approximately half of the time through the end of the POI.
- Felman Production had a "burn-through" in one furnace in November 2015 that will take "at least six months" to repair.

Source: PR at III-3; Felman Production U.S. Producers' Questionnaire at Attachment 1. Metals Daily, "Felman down to one furnace at West Virginia silicomanganese plant," Vol. 5, Issue 5, Jan 8 2016.

Imports Did Not Cause the Closure: Renegotiated Electricity

- “Felman stated in its Petition that electricity was one of the largest costs in the production of SiMn, and without a special rate it could no longer justify producing SiMn and would have to close the New Haven plant... **The plant has not, however, been profitable since at least 2010, was shut down in July 2013 and would not reopen unless Felman was granted a special rate for electricity.**”

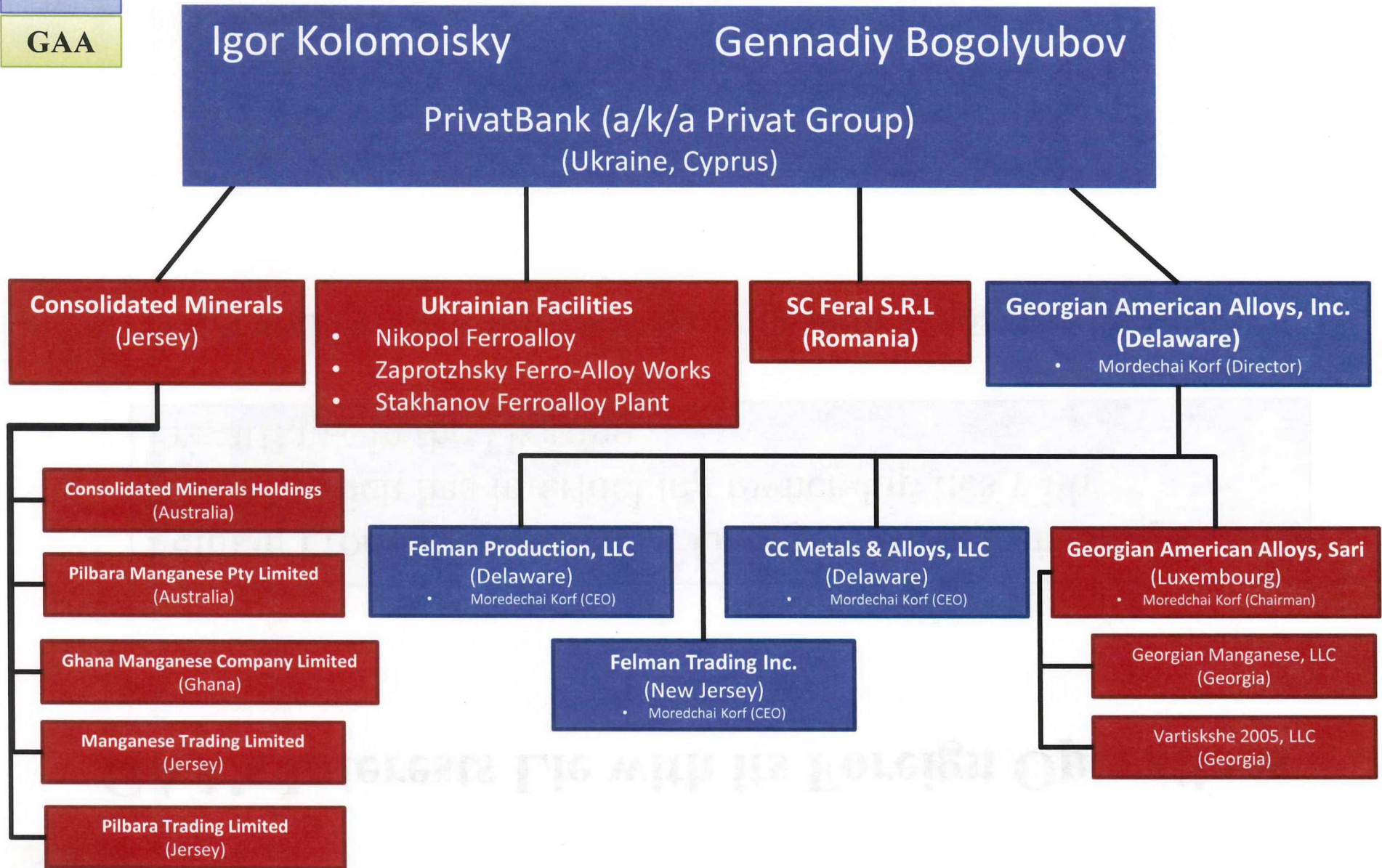
- Public Service Commission of West Virginia: Management Summary Report 2014, at 24-25.

GAA's Interests Lie with its Foreign Operations

- Felman Production is part of Georgian American Alloys (GAA) which has interlocking ownership ties with PrivatBank in the Ukraine.
- GAA and Privat's interests lie with their Georgian facility.

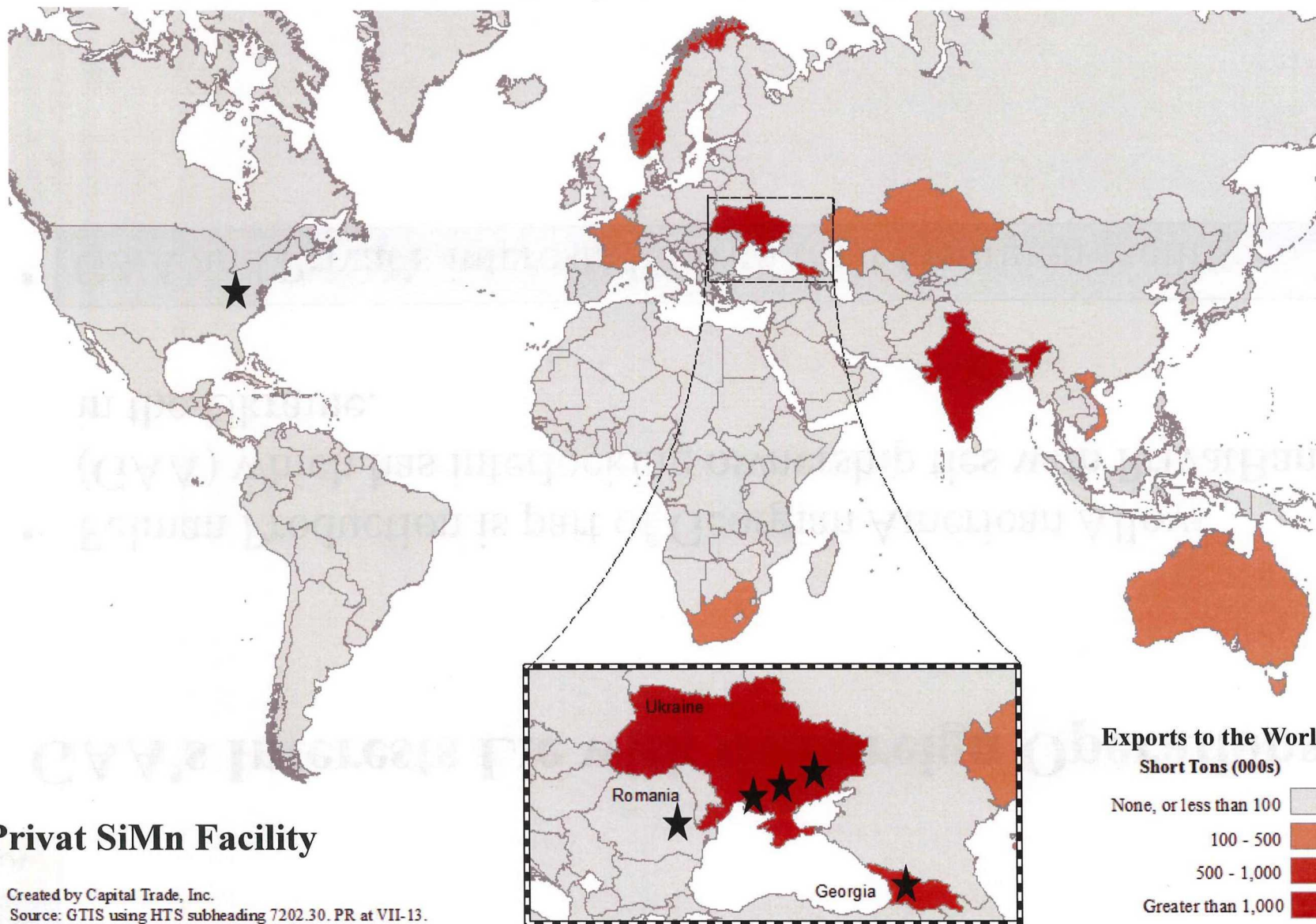
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Source: Felman Production LLC's Public Response to Consumer Advocate Division's First Request for Information. Public Service Commission of West Virginia. (October 10, 2013) at Attachment 9; "Mineral Industry Surveys." USGS. (April 2015); "Consolidated Minerals Holdings (Australia) Pty Limited – Profile Company Report. Ibis World. (December 31, 2014); Consolidated Minerals Report for the 1st Quarter Ending 31 March 2015. ConsMin. (May 19, 2015); "2012 Minerals Yearbook." USGS. October 2014. at 47.5; "PrivatBank Group." Money to Metal. (November 30, 2014). GAA et. al vs White & Case. England Wales High Court Decisions Claim No. 2013 Folio 1485. (January 31, 2014).

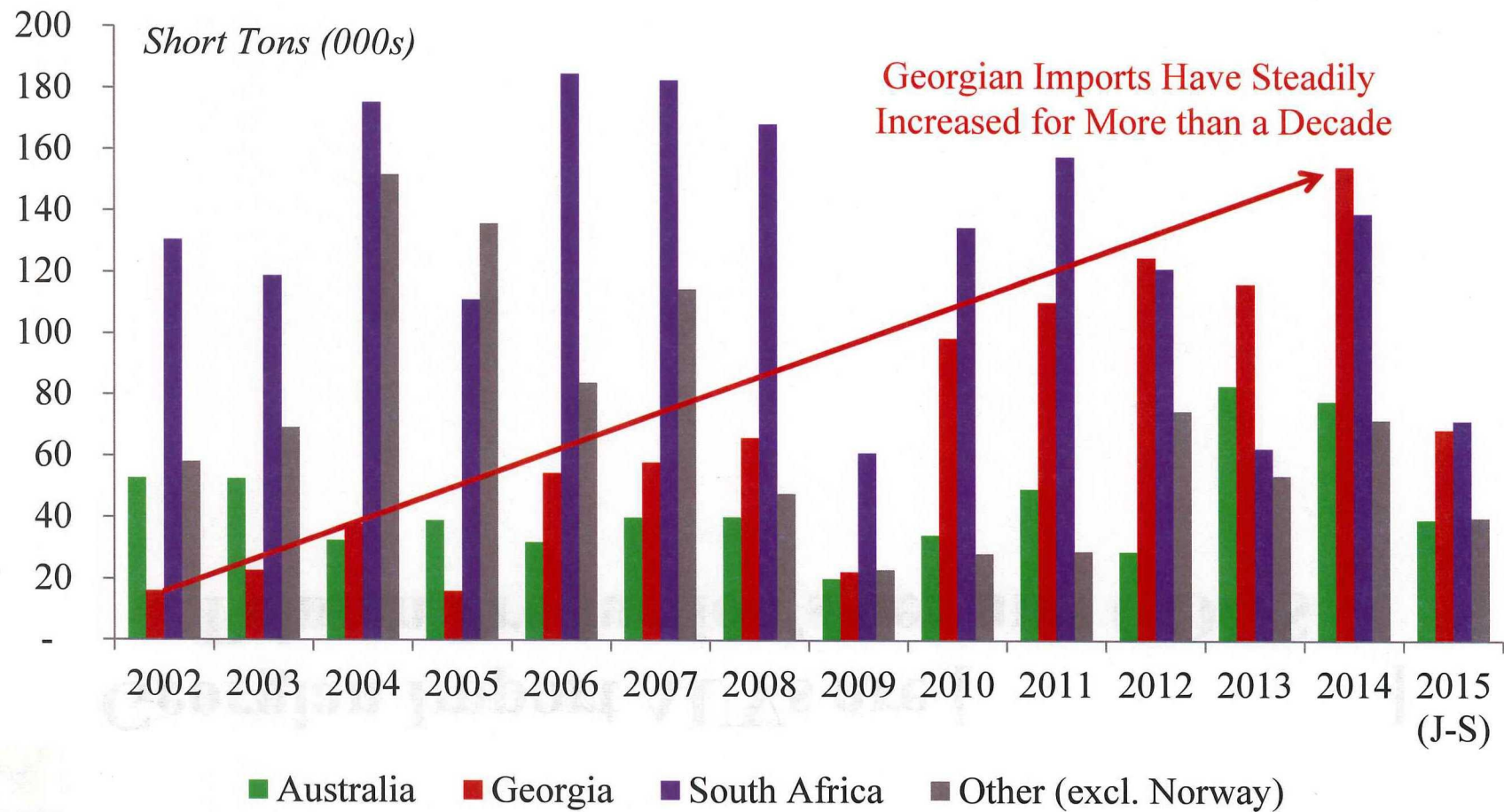
Privat Has Ties to SiMn Facilities in Georgia, Romania, the United States, and Three in the Ukraine



GAA's Interests Lie with its Foreign Operations

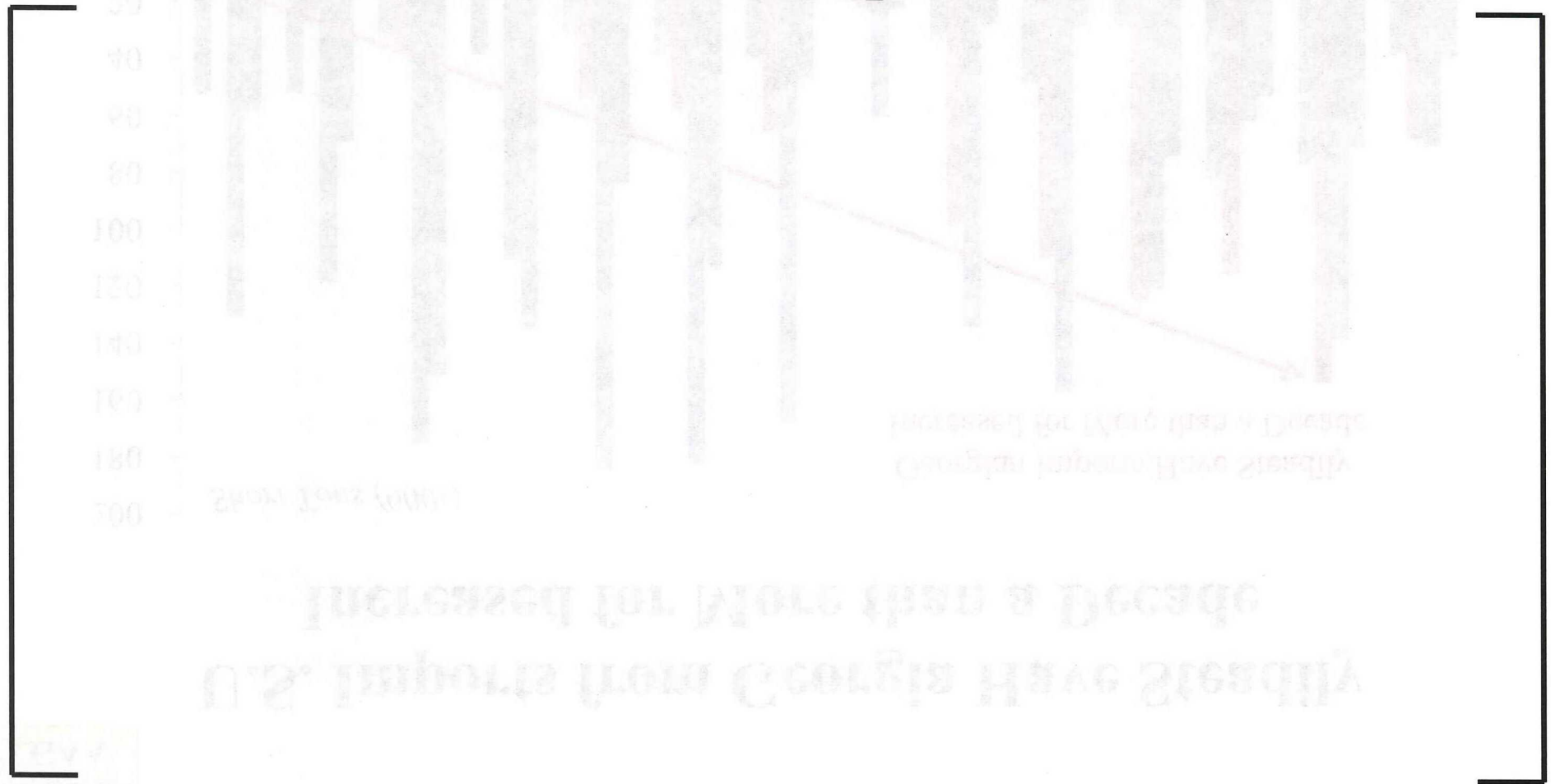
- Felman Production is part of Georgian American Alloys (GAA) which has interlocking ownership ties with PrivatBank in the Ukraine.
- GAA and Privat's interests lie with their Georgian facility.

U.S. Imports from Georgia Have Steadily Increased for More than a Decade



Source: USITC DataWeb for HTS code 7202.30.

Georgian Import AUVs are [] Felman Production's per unit COGS



Source: Felman Production's U.S. Producers Questionnaire response at III-9a; USITC DataWeb.

Georgian Manganese, LLC**Felman Production**

	Georgian Manganese, LLC	Felman Production
Ferroalloy Facilities	12 electric-arc furnaces	3 electric-arc furnaces
Mine	7 mines Capacity of 441,000 ST Mn concentrate per year.	No mine
Hydropower Plant	800,000 MW per year	No hydropower plant
Production	220,000 ST in 2013	[] ST in 2013
Workers	6,000 total (The majority are miners)	Between [] and [] over the POI
Hourly Wages	<\$4 per hour	\$[] per hour
World Shipments	236,423 ST from 2012-2014	[] ST from 2012 to 2014
World Sales	\$693.9 million from 2012-2014	\$[] from 2012-2014
U.S. Shipments	[] ST over POI	[] ST over POI
U.S. Sales	\$[] over POI	\$[] over POI
Investments	\$76 million from 2013 through 2015	[] over POI
Valuation	\$186.4 million in 2005	\$20 million in 2006 \$[] in 2014

CoC

GAA

Public Version

Georgian Manganese [] Felman Production

Source: Prices: CR at Pricing Tables V-4, D-2 and D-6. See Respondents' Prehearing Brief, Exhibit 21, Attachment 6.
Events: See Respondents' Prehearing Brief, Exhibit 21, Attachment 5.

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Australian Imports Have Not Injured the Domestic Industry

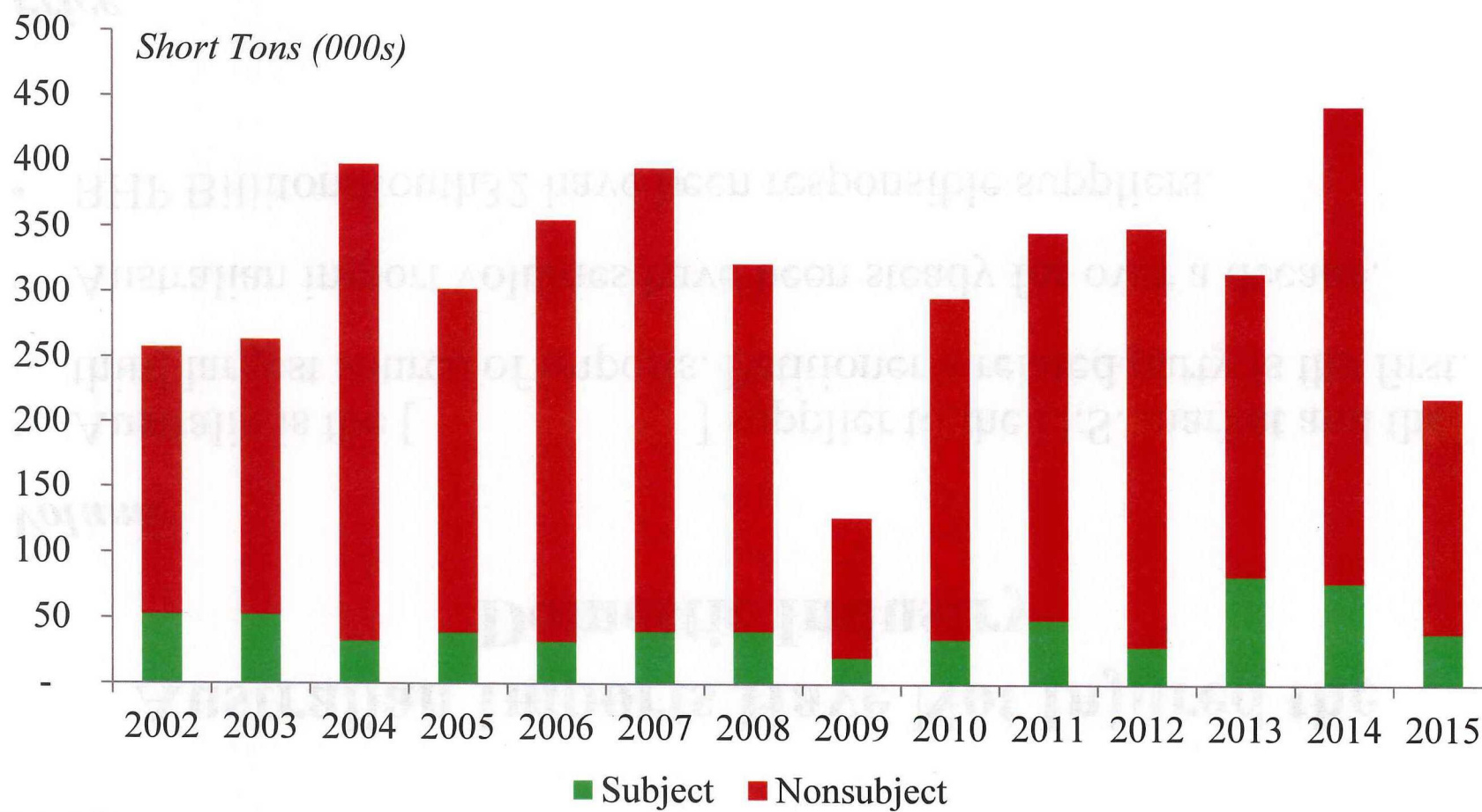
Volume

- Australia is the [] supplier to the U.S. market and the third largest source of imports. Petitioner's related party is the first.
- Australian import volumes have been steady for over a decade.
- BHP Billiton/South32 have been responsible suppliers.

Price

- Australia is the [] supplier in the U.S. market.
- Australian imports [] U.S. producers.

Australia Represents a Small Share of Imports



Source: DataWeb for Commodity No. 7202.30. Norway is excluded from Nonsubject.

BHP Billiton/South32 Are Responsible Suppliers

Source: CR at Table C-1; Respondents' Post-Conference Brief, Exhibit 2; Customs Net Import file. See Respondents' Prehearing Brief at 58.

Australia is the [1st] Supplier in the U.S. Market

Source: CR Table C-1.

Injury

Price

Public Version

**Australia is the [] SiMn Supplier to
Steel Producers**

Source: CR at Pricing Tables V-4, D-2 and D-6. See Respondents' Prehearing Brief, Exhibit 21, Attachment 6.

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Injury

Public Version

Price

**Australia is the [] SiMn Supplier to
Steel Producers**

Source: CR at Pricing Tables V-4, D-2 and D-6. See Respondents' Prehearing Brief, Exhibit 21, Attachment 6.

Injury

Price

Public Version

**Australia is the [] SiMn Supplier to
the Entire Market**

Source: CR at Pricing Tables V-4, D-2 and D-6. See Respondents' Prehearing Brief, Exhibit 21, Attachment 6.

Injury

Price

Public Version

Shipment AUVs []
Australian []

Source: CR Table IV-3 (Also shown in CR Table C-1)

Purchasers Confirm Felman is a Price Leader

- []
- [] stated that:
 - []
 - []
- [] and stated that:
 - []

Overview

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Statutory Factors Do Not Indicate Threat

Increases in production capacity, or existing unused capacity, in the exporting country likely to result in increases in imports to the U.S.		No
Rate of increase of the volume or market penetration and likelihood of further increases in subject imports.		No
Whether prices are likely to cause significant price depression or suppression and increased demand for further imports.		No
U.S. inventories of the subject merchandise.		No
Potential for product-shifting		No
Information regarding the countervailable subsidy and whether imports are likely to increase.		No
Any other demonstrable adverse trends indicating the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).		No

request on changes (whether or not it is actually being imposed in the future) that is to be material solely to reason of imports (or sale of a combination) of the product identified and concerns indicating the propriety that there is likely to increase.		No
information regarding the commercial strategy and whether imports are potential for product shifting.		No
U.S. manufacturers of the product in question.		No
and increased demand for further imports.		No
Whether prices are likely to cause significant price depression or suppression and there is significant imports.		No
Rate of increase of the volume or market penetration and likelihood of further sales likely to result in increases in imports to the U.S.		No
increases in product sales capacity or existing unused capacity in the exporting country.		No

Statutory Factors Do Not Indicate Threat

