Silicomanganese from Australia

Inv. No. 731-TA-1269 (Final)
February 11, 2016
Presentation at the USITC
PUBLIC VERSION

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Overview

Conditions of Competition

Injury

Threat
Overview

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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.
Overview

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

Source: CR Table C-1.
Overview

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

Source: See Respondents' Prehearing Brief, Exhibit 21, Attachment 6.
Overview

Conditions of Competition

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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.

Source: PR at II-17-18.
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.

Source: PR at II-22, PR at I-11-12, CR at D-6.
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

Source: Preliminary Conference Transcript at 50 and PR at D-13.
CoC
Commodity

] 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.

Source: PR at II-18.
There is a Consistent Ratio Between SiMn Consumption and Long Steel Production

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 [ ]

Source: Eramet's U.S. Producers Questionnaire response at II-8, [ ]
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 furance restart: USW Official.” Platts. (June 26, 2015); "Felman down to one furance 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.

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."

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

Created by Capital Trade, Inc.
GAA's Interests Lie with its Foreign Operations

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- 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.
<table>
<thead>
<tr>
<th><strong>Georgian Manganese, LLC</strong></th>
<th><strong>Felman Production</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ferroalloy Facilities</strong></td>
<td>12 electric-arc furnaces</td>
</tr>
<tr>
<td><strong>Mine</strong></td>
<td>7 mines</td>
</tr>
<tr>
<td></td>
<td>Capacity of 441,000 ST Mn concentrate per year.</td>
</tr>
<tr>
<td><strong>Hydropower Plant</strong></td>
<td>800,000 MW per year</td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td>220,000 ST in 2013</td>
</tr>
<tr>
<td><strong>Workers</strong></td>
<td>6,000 total (The majority are miners)</td>
</tr>
<tr>
<td><strong>Hourly Wages</strong></td>
<td>&lt;$4 per hour</td>
</tr>
<tr>
<td><strong>World Shipments</strong></td>
<td>236,423 ST from 2012-2014</td>
</tr>
<tr>
<td><strong>World Sales</strong></td>
<td>$693.9 million from 2012-2014</td>
</tr>
<tr>
<td><strong>U.S. Shipments</strong></td>
<td>[ ] ST over POI</td>
</tr>
<tr>
<td><strong>U.S. Sales</strong></td>
<td>$[ ] over POI</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>$76 million from 2013 through 2015</td>
</tr>
<tr>
<td><strong>Valuation</strong></td>
<td>$186.4 million in 2005</td>
</tr>
</tbody>
</table>

Source: Respondents Prehearing Brief, Exhibit 21, Attachment 5.
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Georgian Manganese [ ] Felman Production

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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 [ ] Supplier in the U.S. Market

Source: CR Table C-1.
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Australia is the [ ] SiMn Supplier to Steel Producers.

Australia is the [ ] SiMn Supplier to the Entire Market

Source: CR Table IV-3 (Also shown in CR Table C-1)
Purchasers Confirm Felman is a Price Leader

- [ ] stated that:

- [ ] and stated that:

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## Statutory Factors Do Not Indicate Threat

<table>
<thead>
<tr>
<th>Factor</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increases in production capacity, or existing unused capacity, in the exporting country likely to result in increases in imports to the U.S.</td>
<td></td>
</tr>
<tr>
<td>Rate of increase of the volume or market penetration and likelihood of further increases in subject imports.</td>
<td></td>
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<tr>
<td>Whether prices are likely to cause significant price depression or suppression and increased demand for further imports.</td>
<td></td>
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<tr>
<td>U.S. inventories of the subject merchandise.</td>
<td></td>
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<tr>
<td>Potential for product-shifting</td>
<td></td>
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<tr>
<td>Information regarding the countervailable subsidy and whether imports are likely to increase.</td>
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</tr>
<tr>
<td>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).</td>
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</tbody>
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