# Mendel Sossonko

**United States International Trade Commission**

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

**Testimony of Mendel Sossonko, Sales Manager**
**Felman Trading, Inc.**

Good morning, Chairman Williamson and Commissioners. My name is Mendel Sossonko, and I am the Sales Manager at Felman Trading, Inc. I began working at Felman Trading in 2010 as Procurement Manager, and I have been in my current position since the beginning of this year. As Sales Manager, I am responsible for all of the company's sales. Felman Trading is Felman Production's sales arm and is the exclusive distributor of the silicomanganese that is produced by Felman Production. We also trade in ferroalloys from Georgia and Ukraine. In addition to the United States, we focus on the markets in North, Central, and South America.

Silicomanganese is a commodity product, and, as is made clear in the prehearing staff report, purchasers make their decisions largely based on price. In fact, the vast majority of purchasers told your staff that purchasing domestic product was not an important factor in their purchasing decisions.

As the report also notes, publications such as *Ryan's Notes* and *Metals Week* make up-to-date price information widely available. Because this pricing data is collected by obtaining information on individual transactions, even small quantities of low-priced silicomanganese sold in the U.S. market will be reflected in the reported prices and can, almost immediately, affect the market price. Accordingly, any given sale will almost always go to the lowest priced supplier, and Felman Trading, as well as other sellers, must follow market prices to remain competitive.

The importance of price in purchasing decisions has contributed significantly to the vulnerable condition of Felman Production. Based on *Ryan's Notes*, the average price for silicomanganese so far this year is about $0.08-$0.10 per pound below the average price in 2012.

As the third largest steel producer in the world, the United States is one of the largest markets for silicomanganese. Thus, given the size of the domestic industry, the United States must import silicomanganese to meet demand. What is critically important, however, is that imports not be sold at dumped prices in what is already a price-sensitive market. As noted in our prehearing brief, the AUVs of imports from India, Kazakhstan, and Venezuela into other countries were consistently and significantly lower than the AUVs of non-subject imports into the United States. There's every reason to believe that if the orders are revoked, imports from the subject countries would return to the U.S. at similarly lower prices, which would wreak havoc on the U.S. market and on Felman Production.

It is of course the case that Felman Trading sells imported silicomanganese from Georgia as well as from Felman Production. Our West Virginia plant cannot supply sufficient quantities of silicomanganese to meet the needs of all of our customers, so our imports from Georgia supplement our domestic production.

In addition, Georgian Manganese produces mainly silicomanganese with a higher manganese content, whereas Felman Production produces standard grade silicomanganese. I should point out, however, that silicomanganese with a higher manganese content is readily replaced with standard grade product. So, if the orders were revoked and one of our customers who is currently using the high grade product were offered standard grade imports from one or more of the subject countries at a deep discount, they would quickly switch to those imports. As I said at the outset, everything in this market is driven by price.

Finally, before closing, I wanted to respond to an argument that Ferroven made in its public prehearing brief. At page 22, the company argues that any imports from Venezuela would only replace non-subject imports, and not domestic products because, and I quote, "domestic producers have . . . logistical advantages when selling to the United States." I fundamentally disagree with that contention. First, Felman Production and Felman Trading compete with imports from non-subject countries every day in our efforts to sell domestically-produced product. If the orders were revoked, we would unquestionably be competing with subject imports as well.

Second, depending on which part of the country product is shipped to, imports from Venezuela would have no logistical cost disadvantages. For example, they could ship product directly to Houston at a comparable price to what it costs us to deliver product there. In fact, Ferroven's website boasts about their plant's location near a river that "facilitates the logistics of exporting the products to Central American and North American markets." And I know for a fact that Indian producers of silicomanganese, who are located much further away than the Venezuelan producers, don't perceive themselves to be at a logistical disadvantage. I get e-mails almost daily from Indian producers offering to sell their silicomanganese at, quote, "best competitive price", unquote.

In closing, revocation of the orders would collapse the U.S. market for silicomanganese and likely put Felman Production out of business. Continuation of the orders is essential for Felman Production's future.

Thank you for listening. I would be pleased to answer any questions.