

**BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION**

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Silicomanganese from India, )	Inv. Nos. 731-TA-929-931
Kazakhstan, and Venezuela )	(Second Review)
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**Testimony of Antonio Salinas  
Export Manager, FerroAtlantica**

1. Good afternoon. My name is Antonio Salinas. I am the Export Manager for Ferroatlantica. I have been with FerroAtlantica for more than six years. Unfortunately, the head of Ferroven is not able to be here today but I am familiar with our plant in Venezuela and if I don't know an answer to your questions, I will work with our people there to get you an answer.

2. The silicomanganese industry in Venezuela is very small, and has extremely limited capacity and global reach. Frankly, given the enormous difficulties we have faced due to the political situation in Venezuela, our investment there only makes sense if we intend to serve the Venezuelan market. We have found that our investment has been significantly diminished by government controls over electricity and the sourcing of raw materials. These policies have significantly impeded our production and capacity utilization

because we have lacked raw materials, electricity and access to parts and components to keep our plant operating. Frankly, the policies of the current government of Venezuela have imposed a number of hardships on our investment.

3. There are only two producers of silicomanganese in Venezuela, FerroVen and Hevensa. Together, we and Hevensa account for only a tiny fraction of worldwide capacity and production. The public staff report estimates that as of 2011, Venezuela accounted for two tenths of one percent of world production. I would estimate that, if anything, the number is even smaller in 2013. In this regard, the industry in Venezuela is very different from that of India, which is the second largest global producer and is estimated by the staff to have accounted for 11 percent of world production, and of Kazakhstan, whose industry is also at least five times larger than that of Venezuela. Both of those countries are global suppliers.

4. It is also important to understand that the practical capacity of the industry in Venezuela is substantially less than the nameplate capacity that you may find listed on company websites or in estimates of CRU and similar sources. In the case of FerroVen, we have experienced frequent periodic shut downs over the past five years due to electricity shortages. The government in Venezuela regulates and limits electricity usage, and during times of shortage we are sometimes forced to shut down the furnaces.

5. We have also faced limitations and shortages of manganese ore and of auxiliary materials. As my colleague Ed Hopkins noted, FerroVen is not integrated into the production of manganese ore, and there is no domestic supply of manganese ore in Venezuela. This means that we must obtain our ore on the open market, primarily from suppliers in South Africa and Australia. The currency controls operated by the government makes the process of importing these materials difficult and costly, and as a result there have been times when we had shortages of ore that limited our production.

6. While I am not privy to the details of Hevensa's operations, Hevensa is also not integrated into ore production, and it is well known in our industry that Hevensa has also experienced shortages of electricity that have forced periodic shutdowns of its furnaces. We are also aware that Hevensa has experienced chronic breakdowns and other problems in keeping its furnaces operational. Over the past 5 years, I would estimate that Hevensa has rarely, if ever, had all of its furnaces up and running at the same time.

7. The only offsetting factor has been our proximity to our customers and the fact that import restrictions make it difficult to import silicomanganese into Venezuela. We have therefore a competitive advantage over foreign suppliers in serving these Venezuelan steel producers. As a result, prices for

silicomanganese in Venezuela are higher than in the United States or most other export markets.

8. Our biggest home market customer is Sidor, the government-owned steel company in Venezuela, which is located only a few kilometers from our plant. Over the past few years, Sidor has experienced chronic operational difficulties, and as a result its output of steel declined. Under these conditions, we have made some limited exports to customers in Mexico and Colombia. However, the prices in those markets are not as attractive as in Venezuela and we face substantial obstacles in exporting to those markets due to currency exchange controls. Therefore, our tonnage has been very limited. Our strong preference remains to supply the domestic market in Venezuela.

9. Over the past 12 months the government of Venezuela has made significant new investments in Sidor, and as a result, Sidor's production has improved dramatically in 2013 compared to recent years. In May of this year, Sidor's production was 50 percent higher than in 2012, and the outlook for the remainder of the year is positive. With this improvement in domestic demand for silicomanganese, we anticipate increasing our domestic shipments in 2013.

10. Under no circumstances do we anticipate exporting to the U.S. market at any time in the reasonably foreseeable future. First, as Ed Hopkins described, prices are at a low level worldwide and the U.S. market for

silicomanganese is very competitive. We would be at a large competitive disadvantage compared to Felman and Eramet due to their geographical proximity. Moreover, major non-subject suppliers such as Georgia, have big competitive cost advantages due to their ownership of manganese mines. Venezuela also suffers from some particular disadvantages due to the fact that the Government of Venezuela imposes significant foreign currency controls that make exporting difficult.

11. Finally, I would like to reiterate the point made by Ed Hopkins at the beginning of his remarks. FerroVen has never exported silicomanganese to the United States, let alone sold it at less than fair value. We are also far too small a participant in the silicomanganese markets to have any possible impact. We are confident that our company, and the silicomanganese industry in Venezuela, pose no competitive threat to the United States. We therefore urge the Commission to revoke the antidumping order on silicomanganese from Venezuela.

12. I would be happy to answer any questions you have.