Silicomanganese from India, Kazakhstan, and Venezuela

Investigation Nos. 731-TA-929-931 (Second Review)

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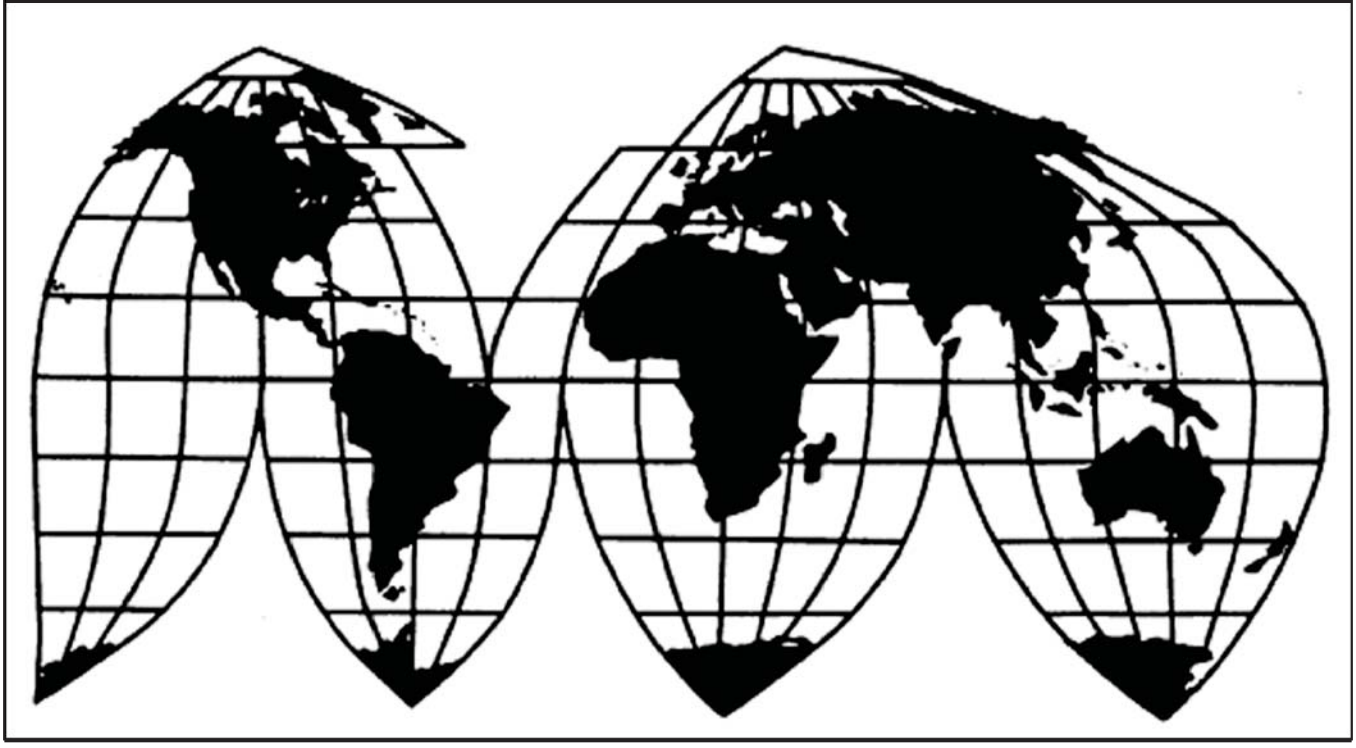
U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-929-931 (Second Review)

SILICOMANGANESE FROM INDIA, KAZAKHSTAN, AND VENEZUELA

DETERMINATION

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty orders on imports of silicomanganese from India, Kazakhstan, and Venezuela would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

BACKGROUND

The Commission instituted these reviews on October 1, 2012 (77 F.R. 59970) and determined on January 4, 2013 that it would conduct full reviews (78 F.R. 4437, January 22, 2013). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on February 21, 2013 (78 F.R. 13380). The hearing was held in Washington, DC, on July 18, 2013, and all persons who requested the opportunity were permitted to appear in person or by counsel.

[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

[2] Commissioner Pearson dissenting with respect to Venezuela.

Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1]

I. Background

Original Investigations: On April 6, 2001, the Commission received a petition filed by Eramet Marietta, Inc. ("Eramet") and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, Local 5-0639, alleging that an industry in the United States was materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of silicomanganese from India, Kazakhstan, and Venezuela. The Commission made final affirmative determinations on May 16, 2002.[2] Commerce published its antidumping duty orders on subject merchandise from all three countries on May 23, 2002.[3]

First Reviews: After conducting expedited reviews of the orders, the Commission reached affirmative determinations in November 2007.[4] Commerce issued a continuation of the orders effective November 30, 2007.[5]

Second Reviews: On October 1, 2012, the Commission instituted these reviews,[6] and on January 4, 2013, determined to conduct full reviews.[7] The Commission received prehearing and posthearing submissions from domestic producers Felman Production, LLC ("Felman") and Eramet. The Commission also received prehearing and posthearing submissions from Venezuelan producer and exporter FerroAtlantica de Venezuela ("FerroVen") and U.S. importer FerroAtlantica S.A. ("FerroAtlantica"). Representatives of Felman, Eramet, the United

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[1] Commissioner Pearson dissents with respect to the order on silicomanganese from Venezuela. *See* Separate and Dissenting Views of Commissioner Daniel R. Pearson. He joins Sections I, II and IV(A), (B) and (C) of these Views.

[2] *Silicomanganese from India, Kazakhstan and Venezuela*, Inv. Nos. 731-TA-929-931 (Final), USITC Pub. 3505 (May 2002) ("*Original Determination*").

[3] 67 Fed. Reg. 36149 (May 23, 2002).

[4] *Silicomanganese from India, Kazakhstan and Venezuela*, Inv. Nos. 731-TA-929-931 (First Review), USITC Pub. 3963 (Nov. 2007) ("*First Review Determination*").

[5] 73 Fed. Reg. 841 (Jan. 4, 2008).

[6] 77 Fed. Reg. 59970 (Oct. 1, 2012).

[7] The Commission determined that the group responses to the notice of institution submitted by domestic interested parties and respondent interested parties from Venezuela were adequate, and therefore determined to conduct a full review of the order on Venezuela. The Commission also determined that the group responses to the notice of institution submitted by respondent interested parties from India and Kazakhstan were inadequate, but decided to conduct full reviews of those orders in order to promote administrative efficiency. 78 Fed. Reg. 4437 (Jan. 22, 2013).

Steelworkers Locals 1-00639 and 5171, FerroVen, and FerroAtlantica appeared at the Commission's hearing accompanied by counsel.

U.S. industry data are based on the questionnaire responses of the two U.S. producers of silicomanganese that account for all known U.S. production of silicomanganese in 2012.[8] U.S. import data and related information are based on the questionnaire responses of 12 U.S. importers of silicomanganese that are believed to have accounted for at least 90.5 percent of total U.S. imports of silicomanganese during the period of review (January 2007 through March 2013).[9] Foreign industry data and related information are based on the questionnaire responses of five subject producers of silicomanganese.[10]

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."[11] The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[12] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.[13]

Commerce has defined the scope of the antidumping duty orders in these five-year reviews as follows:

> all forms, sizes and compositions of silicomanganese, except low-carbon silicomanganese, including silicomanganese briquettes, fines and slag. Silicomanganese is a ferroalloy composed

[8] Confidential Staff Report ("CR") at I-14, Public Staff Report ("PR") at I-11.

[9] CR at I-14, PR at I-11 – I-12. There were no subject imports during the period of review.

[10] The two responding producers in India accounted for *** percent of that country's total production in 2012, the *** responding producer in Kazakhstan accounted for *** percent of that country's total production in 2012, and the *** responding producers in Venezuela accounted for *** 2012 production in that country. CR at I-14, PR at I-12.

[11] 19 U.S.C. § 1677(4)(A).

[12] 19 U.S.C. § 1677(10); *see*, *e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[13] *See*, *e.g.*, *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

> principally of manganese, silicon and iron, and normally contains much smaller proportions of minor elements, such as carbon, phosphorous and sulfur. Silicomanganese is sometimes referred to as ferrosilicon manganese. Silicomanganese is used primarily in steel production as a source of both silicon and manganese. Silicomanganese generally contains by weight not less than 4 percent iron, more than 30 percent manganese, more than 8 percent silicon and not more than 3 percent phosphorous. Silicomanganese is properly classifiable under subheading 7202.30.0000 of the Harmonized Tariff Schedule of the United States (``HTSUS''). Some silicomanganese may also be classified under HTSUS subheading 7202.99.5040.
>
> The low-carbon silicomanganese excluded from this scope is a ferroalloy with the following chemical specifications: Minimum 55 percent manganese, minimum 27 percent silicon, minimum 4 percent iron, maximum 0.10 percent phosphorus, maximum 0.10 percent carbon and maximum 0.05 percent sulfur. Low-carbon silicomanganese is used in the manufacture of stainless steel and special carbon steel grades, such as motor lamination grade steel, requiring a very low carbon content. It is sometimes referred to as ferromanganese-silicon. Low-carbon silicomanganese is classifiable under HTSUS subheading 7202.99.5040.[14]

Silicomanganese is consumed in bulk form primarily by the steel industry as a source of both silicon and manganese, although some silicomanganese is used as an alloying agent in the production of iron castings. Manganese, intentionally present in nearly all steels, is used as a desulfurizer and deoxidizer. By removing sulfur from steel, manganese prevents the steel from becoming brittle during the hot rolling process. In addition, manganese increases the strength and hardness of steel. Silicon is used as a deoxidizer, aiding in making steel of uniform chemistry and mechanical properties. As such, it is not retained in the steel, but forms silicon oxide, which separates from the steel as a component of slag. As an alloying agent, silicon increases the hardness and strength of hot-rolled steel, and enhances the toughness, corrosion resistance, and magnetic and electrical properties of certain steel mill products.[15]

In the original investigations and first reviews, the Commission defined the domestic like product to be coextensive with Commerce's scope.[16] In these second five-year reviews, the

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[14] 78 Fed. Reg. 9034 (Feb. 7, 2013). Effective April 8, 2002, low-carbon silicomanganese was classified in the same HTSUS subheading as standard silicomanganese: 7202.30. Effective July 1, 2003, HTSUS reporting number 7202.99.5040 was eliminated. *See* CR at I-17 n.24, PR at I-14 n.24.

[15] CR at I-18 – I-19, PR at I-14 – I-15.

[16] *Original Determination*, USITC Pub. 3505 at 4-5; *First Review Determination*, USITC Pub. 3963 at 4-5.

record contains no information suggesting that the characteristics and uses of domestically produced silicomanganese have changed since the prior proceedings or that the like product definition should be revisited.[17] In addition, no party argued that the Commission should reexamine its definition of the domestic like product.[18] We therefore find a single domestic like product that includes all silicomanganese, except low-carbon silicomanganese, coextensive with Commerce's scope of investigation ("silicomanganese").

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[19] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic producers of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

There are no related party issues in these reviews.[20] Accordingly, we define the domestic industry to be Felman and Eramet, the only two domestic producers of silicomanganese, except low-carbon silicomanganese.

III. Cumulation

A. Legal Standard

> With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the

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[17] *See generally* CR at I-22. PR at I-17.

[18] Domestic interested parties agree with the Commission's definitions of the domestic like product and the domestic industry from the original investigations and first reviews. Eramet's Response to Notice of Institution at 38; Felman's Response to Notice of Institution at 36; Felman's Prehearing Brief at 7-9. Indian producer Nava Bharat Ventures Limited reserved the opportunity to comment with respect to the domestic like product definition, but never did. Nava Bharat's Response to Notice of Institution at 16. FerroVen had no comments. FerroVen's Response to Notice of Institution at 7. No party requested that the Commission collect data concerning other possible domestic like products in comments on the Commission's draft questionnaires. CR at I-22, PR at I-17.

[19] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

[20] *See* CR at I-24, PR at I-18, CR/PR at Table I-3.

volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[21]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.[22] The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

In the original investigations, the Commission found that there was a reasonable overlap of competition both among the subject imports from India, Kazakhstan, and Venezuela and between the subject imports and the domestic like product. Accordingly, it cumulated subject imports from the three countries.[23]

In the expedited first reviews, the Commission again found that there would likely be a reasonable overlap of competition among subject imports from each subject country and the domestic like product, as well as between subject imports from each country. The Commission did not find that subject imports from India, Kazakhstan, or Venezuela would likely have no discernible adverse impact if the orders were revoked. The Commission also found that there were no significant differences in the conditions of competition between subject silicomanganese from India, Kazakhstan, and Venezuela on the limited record in the expedited reviews. Thus, it exercised its discretion to cumulate the subject imports from all of the subject countries.[24]

In these second reviews, the statutory threshold for cumulation is satisfied, because all reviews were initiated on the same day: October 1, 2012.[25] We consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from any of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among imports from the subject countries

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[21] 19 U.S.C. § 1675a(a)(7).

[22] 19 U.S.C. § 1677(7)(G)(i); *see also*, *e.g.*, *Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

[23] *Original Determination*, USITC Pub. 3505 at 6-8.

[24] *First Review Determination*, USITC Pub. 3963 at 10.

[25] 77 Fed. Reg. 59897 (Oct. 1, 2012).

and the domestic like product; and (3) whether there are similarities and differences in the likely conditions of competition under which subject imports are likely to compete in the U.S. market.

Both domestic producers argue that the Commission should exercise its discretion to cumulate subject imports from all of the subject countries in these second reviews.[26] They assert that imports from each of the subject countries are not likely to have no discernible adverse impact upon revocation because of the ability of the industry in each country to produce and ship injurious volumes of subject merchandise to the United States.[27] They also argue that there is a likelihood of a reasonable overlap of competition with respect to the subject imports and the domestic like product. Accordingly, they argue that the Commission should exercise its discretion and cumulate subject imports as they did in the first five-year reviews.[28] The domestic producers argue that there are no conditions of competition that warrant not cumulating subject imports from all three countries.[29]

Respondents contend that should the Commission revoke the order on imports from Venezuela, there will be no discernible adverse impact on the domestic industry. They maintain that the Commission should exercise its discretion not to cumulate imports from Venezuela with those from India and Kazakhstan because the industry in Venezuela is insignificant both in terms of its size and its competitive impact in relation to both the domestic industry and to nonsubject imports.[30] Respondents also argue that imports from Venezuela would be likely to compete under different conditions of competition in the U.S. market if the order were revoked because of the vast differences in the size, competitive scope and global reach of the Venezuelan silicomanganese industry compared to the industries of India and Kazakhstan.[31]

B. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[32] Neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[33] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a

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[26] Felman's Prehearing Brief at 9-15; Felman's Posthearing Brief at 3-7; Eramet's Prehearing Brief at 12-14; Eramet's Posthearing Brief at 1-2.

[27] Felman's Prehearing Brief at 10-12; Eramet's Prehearing Brief at 13-14.

[28] Felman's Prehearing Brief at 12-15; Eramet's Prehearing Brief at 12-14.

[29] Eramet's Final Comments at 12-15; *see* Felman's Posthearing Brief at 3-7.

[30] Respondents' Posthearing Brief at 10.

[31] Respondents' Prehearing Brief at 13-15.

[32] 19 U.S.C. § 1675a(a)(7).

[33] SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Based on the record of these reviews, we do not find that imports from any of the subject countries would likely have no discernible adverse impact on the domestic industry in the event of revocation.

India. India is the second largest silicomanganese producer in the world.[34] As such, its industry has substantial capacity to produce silicomanganese. Its capacity totaled *** short tons in 2012[35] and capacity utilization was *** percent in that year,[36] leaving ample room for increased production. During the original investigations, the Indian industry exported silicomanganese to the United States that met American Society for Testing and Materials ("ASTM") standards and was competitive with the domestic like product.[37] In 2012, the industry exported *** percent of its total production.[38] Its primary export markets are the European Union ("EU"), to which reported exports declined substantially over the period of review,[39] and Asia. While reported exports to Asia increased from 2007 to 2011, they then declined from 2011 to 2012.[40] Both Indian producers that submitted responses to the Commission's foreign producer questionnaire *** during the period of review, and can switch between production of this product and the subject merchandise in as few as ***.[41] In view of these facts, and the size and attractiveness of the U.S. market,[42] we do not find that subject imports from India would likely have no discernible adverse impact on the domestic industry if the order were revoked.

Kazakhstan. Kazakhstan is the sixth largest silicomanganese producer in the world.[43] Its capacity was *** short tons of silicomanganese in 2012[44] and capacity utilization was *** percent in that year.[45] During the original investigations, the Kazakh industry exported silicomanganese to the United States that met ASTM standards and was competitive with the domestic like product.[46] In 2012, it exported *** percent of its total production.[47] Reported

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[34] CR/PR at Table IV-16.

[35] CR/PR at Table IV-6. This figure, drawn from a *** publication, may be somewhat overstated because it may include nonsubject low-carbon silicomanganese.

[36] CR/PR at Table IV-6.

[37] *See Original Determination* at 6-7, USITC Pub. 3505.

[38] CR/PR at Table IV-6.

[39] CR/PR at Table IV-5.

[40] CR/PR at Table IV-5.

[41] CR at IV-14, PR at IV-10.

[42] The U.S. steel industry is the third largest in the world. *See* Felman's Prehearing Brief, Exh. 7.

[43] CR/PR at Table IV-16.

[44] CR/PR at Table IV-9. This figure, drawn from a *** publication, may be somewhat overstated because it may include nonsubject low-carbon silicomanganese.

[45] CR/PR at Table IV-9.

[46] *See Original Determination* at 6-7, USITC Pub. 3505.

[47] CR/PR at Table IV-9.

shipments to the EU decreased by almost 35 percent during the period of review,[48] while its exports to Asia more than doubled.[49] The largest volume of reported exports was to other markets, which declined over the period of review.[50] The responding Kazakh producer reported that it switches *** between the production of *** and silicomanganese on *** furnaces on which it produces silicomanganese, and that the switch requires approximately one month.[51] In view of these facts, and the size and attractiveness of the U.S. market, we do not find that subject imports from Kazakhstan would likely have no discernible adverse impact on the domestic industry if the order were revoked.

Venezuela. Although the industry producing silicomanganese in Venezuela is smaller than those in India and Kazakhstan,[52] it nevertheless has capacity to produce subject merchandise in significant volumes.

The record contains substantial discrepancies regarding the capacity to produce silicomanganese in Venezuela. According to FerroVen, both producers have reported what they regard as their actual, practical capacity to produce the subject merchandise under the operational conditions that they face. FerroVen states that it has been able to produce a maximum of ten months during the year since electricity usage restrictions were put into effect in 2009. Accordingly, its reported capacity included adjustments for electricity restrictions/shutdowns and downtime for switching products.[53] In addition, FerroVen switches between the production of ferromanganese and silicomanganese on its furnaces and reported its capacity as allocated between the two products based on historical production mixes. However, during the period of review, its production of ***.[54]

Hornos Electricos de Venezuela SA ("Hevensa"), the other reporting Venezuelan producer, reported its capacity based on ***.[55] It states that it has *** furnaces due to an ***[56]*** to minimize the impact of electricity restrictions. Hevensa also reported that ***.[57] Nothing in the record indicates when these ***.[58]

The Commission instructs foreign producers to report their production capacity under normal operating conditions and to assume normal downtime.[59] We find that the Venezuelan

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[48] CR/PR at Table IV-8.

[49] CR/PR at Table IV-8.

[50] CR/PR at Table IV-8.

[51] CR at IV-18 – IV-19, PR at IV-12.

[52] *See* CR/PR at Table IV-16.

[53] CR at IV-29, PR at IV-16.

[54] CR at IV-24 – IV-25, IV-29 n.28, PR at IV-15, IV-16 n.28; FerroVen's Foreign Producer Questionnaire Response at II-7.

[55] Respondents' Posthearing Brief, Responses to Commissioners and Staff Questions at 12-13.

[56] CR at IV-29, PR at IV-16.

[57] CR at IV-29 – IV-30, PR at IV-16; Respondents' Posthearing Brief, Responses to Commissioners and Staff Questions at 12-13.

[58] Hevensa reports on its website that it has four furnaces dedicated to the production of silicomanganese. CR at IV-30, PR at IV-16 – I-17.

[59] *See* Foreign Producer Questionnaire Instructions at 6.

producers' reporting of capacity was not fully consistent with those instructions. The electrical outages were not present throughout the period of review and historical data indicate that these outages have not been a permanent restriction on the Venezuelan industry. Thus, these limitations are not characteristic of "normal" operating conditions. Moreover, the record does not support a finding that outages are likely to continue throughout the reasonably foreseeable future, the timeframe that is the focus of our analysis in a five-year review. Raw material shortages are similarly not a factor that should affect capacity figures, and government policy decisions are also subject to change.[60] Finally, Hevensa reported that the two non-operational furnaces may only continue to be non-operational for a couple of months.[61] Accordingly, although we have considered the capacity reported by the Venezuelan producers in making our findings in these reviews, we find that their capacity to produce silicomanganese is understated, perhaps substantially.

Although published sources vary in their data for the Venezuelan industry's capacity to produce silicomanganese,[62] they indicate that its capacity is substantially more than the *** short tons that the two producers reported for 2012.[63] According to published data, the Venezuelan industry's capacity totaled *** short tons in 2012[64] and its capacity utilization was *** percent in that year.[65] Thus, we find that in the reasonably foreseeable future the industry will likely have excess capacity.

During the original investigations, the Venezuelan industry exported silicomanganese to the United States that met ASTM standards and was competitive with the domestic like product.[66] In 2012, the industry exported *** percent of its total production, whereas it exported only *** percent of its total production in 2007.[67] Its primary export market is the EU, to which reported exports increased substantially over the period of review.[68] In addition, the record indicates that the Venezuelan exports to particular markets have changed considerably on an annual basis, indicating that its producers have the ability to shift large volumes of

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[60] Commissioner Broadbent notes that the unstable economic policy environment in Venezuela, including currency devaluations, government imposed currency controls, a high inflation rate and intermittent electricity outages and restrictions, makes it difficult to rely on the Venezuelan industry's capacity data to inform an estimate of likely production levels in the future. See, e.g., CR at IV-29, PR at IV-16; Eramet's Posthearing Brief at Exh. 14 (for selected examples of Venezuela's unstable economic policy environment).

[61] CR at IV-29 – IV-30, PR at IV-16.

[62] *See* CR at IV-35 n.33, PR at IV-17 n.33.

[63] *See* CR/PR at Table IV-11. We note that in 2000 and 2006, when only Hevensa was producing the subject merchandise, the reported capacity of the Venezuelan industry to produce silicomanganese totaled *** short tons and 71,650 short tons, respectively. *Original Determination* Staff Report at Table VII-3; *First Review Determination* Staff Report at Table I-15.

[64] CR/PR at Table IV-14.

[65] CR/PR at Table IV-14.

[66] *See Original Determination* at 6-7, USITC Pub. 3505.

[67] *Calculated from* CR/PR at Table IV-11.

[68] CR/PR at Table IV-11.

exports from one market to another.[69] As stated above, one of the two responding producers, FerroVen, is capable of switching production between ferromanganese and silicomanganese. Switching production occurs three times per year and requires *** days.[70] In view of these facts, and the size and attractiveness of the U.S. market, we do not find that subject imports from Venezuela would likely have no discernible adverse impact on the domestic industry if the order were revoked.

C. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.[71] Only a "reasonable overlap" of competition is required.[72] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.[73]

Fungibility. The record indicates that all domestic producers considered silicomanganese from all sources to be *** interchangeable. The majority of importers and U.S. purchasers found products to be frequently or always interchangeable in all country comparisons.[74] A majority of responding purchasers rated the U.S. and subject products as comparable on most factors, including discounts offered, extension of credit, lump size, minimum quantity requirements, packaging, and price. While a majority of responding purchasers rated domestically produced silicomanganese as superior to product from India on

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[69] *See* CR/PR at Table IV-15.

[70] CR at IV-24 – IV-25, PR at IV-15.

[71] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[72] *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); *Wieland Werke,* 718 F. Supp. at 52 ("Completely overlapping markets are not required."); *United States Steel Group v. United States,* 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g*., *Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[73] *See generally*, *Chefline Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[74] CR/PR at Table II-10.

delivery time, the majority of purchasers were evenly split between rating domestically produced silicomanganese as superior or comparable to product from Kazakhstan and Venezuela in terms of delivery time.[75]

Channels of Distribution. The large majority of silicomanganese is sold to end users. In 2012, *** percent of domestic producers' U.S. shipments were to end users and 89.2 percent of importers' U.S. shipments imported from nonsubject sources were sold to end users.[76] There is nothing in the record that indicates that there would be a significant change in the distribution pattern of the domestic like product and imports if the orders were revoked.

Geographic Overlap. Domestically produced silicomanganese and imports from nonsubject sources are both sold in all regions of the continental United States, with a particular focus on the Northeast, Midwest, Southeast, and Central Southwest.[77] There is nothing in the record that indicates that, were the orders revoked, there would be a significant change in the geographic overlap of sales of the domestic like product and the subject imports from that observed in the original investigations.[78]

Simultaneous Presence in Market. The domestic like product has been sold in the U.S. market throughout the current period of review.[79] No subject imports have been present since the original investigation period. During the original period of investigation, domestic product was present throughout the period of investigation, while subject silicomanganese was present in approximately one-half of the 45 months for which data were collected.[80]

Conclusion. The record indicates that imports from each subject country are fungible with the domestic like product and with one another. Although there were no subject imports during the period of review, we have previously found that subject imports will likely reenter the U.S. market if the orders were revoked. In this circumstance, there would likely be a reasonable overlap in channels of distribution among the subject imports from each country and the domestic like product, and the geographic pattern of sales of the domestically produced product and subject imports would likely overlap, as they did in the original investigations. Likewise, the record indicates that, if the orders were revoked, the domestic like product and subject imports would likely be present in the market simultaneously. Consequently, we find that there likely would be a reasonable overlap of competition between the domestic like product and imports from each subject country and among imports from each subject country upon revocation.

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[75] CR at II-27, PR at II-17.

[76] CR/PR at Table II-1.

[77] CR/PR at Table II-2.

[78] *See Original Determination* Staff Report at Table IV-4.

[79] *See* CR/PR at Table V-2.

[80] *Original Determination*, USITC Pub. 3505 at 8. Subject imports from Kazakhstan increased their presence in the U.S. market from being imported in only one month in 1998 to being imported in nine months in 2000. *Original Determination* Staff Report at IV-8.

D. Likely Conditions of Competition[81]

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether subject imports from India, Kazakhstan, and Venezuela would be likely to compete under similar or different conditions in the U.S. market if the orders were revoked. We acknowledge some differences exist among the silicomanganese industries in the subject countries, but we find they would be likely to compete under similar conditions of competition if the orders were revoked. Therefore, we reject respondents' arguments that we should exercise our discretion to analyze subject imports from Venezuela separately from subject imports from India and Kazakhstan.

As explained in our discussion of no discernible adverse impact, the silicomanganese industry in each of the subject countries has significant capacity, as well as ample excess capacity, and each industry has shipped to multiple export markets during the period of review.[82] Given the highly fungible nature of silicomanganese and the fact that the industry in each of the subject countries supplied the U.S. market with silicomanganese meeting ASTM standards in the original investigations, we find that silicomanganese from each of the subject

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[81] Commissioner Pinkert concurs in the Commission's determination to cumulate imports of the subject merchandise from India, Kazakhstan, and Venezuela. Where, in a five-year review, he does not find that imports of the subject merchandise are likely to have no discernible adverse impact on the domestic industry in the event of revocation and finds that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, he cumulates them unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. For the reasons discussed in the text and footnotes, he finds no such condition or propensity here with respect to any of the subject countries, noting in particular that the Venezuelan industry has become increasingly export-oriented over the period of review. CR/PR at Table IV-11.

[82] Respondents argue that the Venezuelan industry is more focused on its home market than on exports. *See, e.g.*, Respondents' Posthearing Brief at 7. Evidence in the record indicates that the export orientation of this industry is increasing; the Venezuelan industry exported *** percent of its shipments in 2007 and *** percent of its shipments in 2012, CR/PR at Table IV-11, and there is nothing in the record that indicates that the industry will become significantly less export oriented in the reasonably foreseeable future. Indeed, respondents admit that the decline in steel production in 2012 of the largest steel producer in Venezuela, Siderúrgica de Orinoco C.A. ("Sidor"), accounts for the decline in home market shipments in that year and the increase in export shipments to the EU. Respondents' Prehearing Brief at 17. Although respondents contend that the government of Venezuela has recently made new investments in Sidor, *id*. at 17-18, information in the record indicates that it is not likely that Sidor will rebound significantly in the reasonably foreseeable future, given the recent 14.4 percent decline in its crude steel output and significantly increased imports of steel from China into Venezuela. Felman's Posthearing Brief, Att. 4 at 4.

We also reject respondents' argument that Venezuelan producers are at a competitive disadvantage because they must import manganese ore. Respondents' Posthearing Brief at 4. Indian producers are subject to the same restriction, see CR/PR at V-1, CR at IV-14, PR at IV-10, yet as noted above, the Indian silicomanganese industry is the world's second largest.

countries would likely compete directly with one another and the domestic like product in the event of revocation. Competition in the U.S. market is also likely to be on the basis of price. Accordingly, we exercise our discretion to cumulate subject imports from all three subject countries.

E. Conclusion

For the reasons discussed above, in these second reviews we determine to cumulate subject imports from India, Kazakhstan and Venezuela.

IV. Whether Revocation of the Antidumping and Countervailing Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[83] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[84] Thus, the likelihood standard is prospective in nature.[85] The U.S. Court of International Trade has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[86]

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[83] 19 U.S.C. § 1675a(a).

[84] SAA at 883-84. The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." *Id*. at 883.

[85] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[86] *See NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), *aff'd mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" (Continued…)

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[87] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[88]

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[89] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[90] The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[91]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[92] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than

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(…Continued)
standard is "consistent with the court's opinion;" "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); *Usinor v. United States*, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[87] 19 U.S.C. § 1675a(a)(5).

[88] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." *Id*.

[89] 19 U.S.C. § 1675a(a)(1).

[90] 19 U.S.C. § 1675a(a)(1). Commerce has not issued any duty absorption findings with respect to silicomanganese from India, Kazakhstan or Venezuela. CR at I-15 n.21, PR at I-12 n.21.

[91] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[92] 19 U.S.C. § 1675a(a)(2).

the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[93]

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[94]

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[95] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[96]

B. Findings in the Original Investigations and First Five-Year Reviews

In the original investigations (which covered the period from 1998 to 2000), the Commission found that both subject import volume and market share declined at the beginning of the period, when apparent U.S. consumption declined, then increased sharply at the end of the period. Although the volume of subject imports began to decline when the petition was filed, substantial quantities of subject import inventories remained in the U.S. market. The domestic industry could increase neither its U.S. shipments nor its market share when demand

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[93] 19 U.S.C. § 1675a(a)(2)(A-D).

[94] *See* 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[95] 19 U.S.C. § 1675a(a)(4).

[96] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

rose in 2000. Although nonsubject imports accounted for the largest percentage of domestic consumption throughout the period, the volume of nonsubject imports declined throughout the period. The Commission found that both the absolute and relative volume of cumulated subject imports, and the increases in subject import volume, were significant.[97]

The Commission found that silicomanganese is a commodity product sold largely on the basis of price. Pricing information was widely disseminated and exerted rapid influence on the market. Cumulated subject imports undersold the domestic like product more at the end of the period than in the beginning. Purchasers confirmed several lost sales and revenue allegations, indicating direct competition between the domestic like product and subject imports and that the domestic industry lost sales on the basis of price. Both the financial data and pricing data suggested that the domestic industry had not been fully able to recoup its costs through sales revenue, despite a rebound in apparent U.S. consumption and generally *** during the period. Accordingly, the Commission found that the increasing volume of subject imports, sold at low and declining prices, played a significant role in preventing price increases.[98]

The Commission also found that the sharp increase in subject imports during the period caused domestic production to decline and inventories to increase, notwithstanding increasing apparent U.S. consumption of silicomanganese. The domestic industry generated an operating profit at the beginning of the period, then sustained an operating loss. The surge in subject imports caused the industry's shipments to decline and depressed prices. When subject import volume began to decline, coinciding with the filing of the petition, inventories remained at high levels. As a result, the domestic industry continued to suffer poor financial performance. The Commission thus found that cumulated subject imports had a significant adverse impact on the domestic industry.[99]

In the expedited first reviews, the Commission found that, with the orders in place, the volume of cumulated subject imports was at very low levels, as imports from each subject country declined sharply following imposition of the orders. Although there was limited information on the record concerning the levels of production capacity in the subject countries, available data suggested the presence of significant capacity in the three countries and significant unused capacity in Venezuela. Total exports from the subject countries increased overall during the period of review. The Commission determined that because the subject producers continued to have substantial capacity and production, significant excess capacity and export orientation, the likely volume of subject imports, both in absolute terms and relative to consumption and production in the United States, would be significant absent the restraining effect of the orders.[100]

The record in the expedited first reviews contained limited pricing data for the U.S. market. Market prices had generally increased since the orders had been in place, although large inventories initially kept prices low. The Commission found that, absent the orders,

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[97] *Original Determination*, USITC Pub. 3505 at 11-12.
[98] *Original Determination*, USITC Pub. 3505 at 13-14.
[99] *Original Determination*, USITC Pub. 3505 at 15-16.
[100] *First Review Determination*, USITC Pub. 3963 at 15-16.

competitive conditions would return to those prevailing prior to the imposition of the orders. Given the fungibility between the domestic and subject silicomanganese, producers in the subject countries would have the incentive to lower their prices to recapture U.S. market share. Thus, increased sales of subject imports likely would be achieved by means of aggressive pricing. The Commission also found that the subject imports would likely enter the United States at prices that would significantly depress or suppress U.S. prices if the orders were revoked.[101]

Given the likely significant increase in the volume of subject imports and the resultant likely intense price competition, the Commission found the domestic industry would likely experience significant declines in output, sales, and income, with eventual losses in employment and capital and research and development expenditures similar to those experienced in the years examined during the original investigations. The limited information on the record was insufficient to enable the Commission to determine whether the domestic industry was vulnerable. Nonetheless, the Commission concluded that revocation of the orders would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time. [102]

C. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[103] The following conditions of competition inform our determinations.

1. Demand Conditions

As the Commission found in prior proceedings, the demand for silicomanganese is tied to demand for steel, which follows general overall economic trends.[104] Silicomanganese accounts for a very small share of the total cost of the final steel product. U.S. producers and purchasers reported that silicomanganese accounted for *** percent of the total cost of steel production for both integrated mills and electric arc furnaces.[105]

Most firms reported that U.S. demand for silicomanganese has decreased or fluctuated since 2007, and attributed these trends to the overall condition of the economy and the decline

[101] *First Review Determination*, USITC Pub. 3963 at 17.
[102] *First Review Determination*, USITC Pub. 3963 at 18-19.
[103] 19 U.S.C. § 1675a(a)(4).
[104] CR at II-16, PR at II-10.
[105] CR at II-16, PR at II-10.

in steel production tied to the recession.[106] Firms' responses regarding future demand for silicomanganese were mixed.[107]

Demand as measured by apparent U.S. consumption declined over the current period of review, but recovered somewhat after the recession along with an increase in the demand for steel; consumption was lower in interim 2013 than in interim 2012.[108]

2. Supply Conditions

Prior to July 1999, Elkem was the sole domestic producer of silicomanganese. Eramet purchased Elkem's production facility in Marietta, Ohio and its silicomanganese assets in July 1999. Subsequently, from 2002 to 2005, Highlander Alloys, LLC attempted to produce silicomanganese; pursuant to bankruptcy proceedings, its assets were sold to Felman in January 2006.[109] While Felman's production increased substantially between 2007 and 2012,[110] it ceased production for three months beginning in June 2013, and in September 2013 plans to determine whether operations will resume or if its plant will remain closed for some additional time.[111] Eramet's production decreased between 2007 and 2012.[112]

Domestic producers supply only a relatively small portion of overall domestic demand, as was the case during the original period of investigation, although their market share *** over the current period of review.[113]

Subject imports exited the U.S. market after the orders were imposed. Nonsubject imports have held the largest share of the U.S. market since the original investigations and

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[106] CR at II-17 – II-18, PR at II-11; CR/PR at Table II-3. Several firms cited the recession in 2009 as causing a decrease in demand for silicomanganese due to the decrease in construction activity and associated decline in demand for steel. *Id*.

[107] U.S. producers anticipate that demand will *** or ***. One-half of responding importers expect U.S. demand for silicomanganese to fluctuate, while others anticipate that demand will increase or not change. Purchasers who expect demand to change reported that it will fluctuate and most foreign producers anticipate U.S. demand for silicomanganese to increase. Most firms attributed these changes to economic recovery and changing demand for steel. CR at II-18, PR at II-11.

[108] Apparent U.S. consumption was *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, and *** short tons in 2012. CR/PR at Table I-1. It was *** short tons in interim 2012 and *** short tons in interim 2013. CR/PR at Table I-6.

[109] CR at I-23, PR at I-17 – I-18.

[110] Felman's production increased from *** short tons in 2007 to *** short tons in 2012. CR/PR at Table III-8.

[111] CR/PR at III-2.

[112] Eramet's production declined from *** short tons in 2007 to *** short tons in 2012. CR/PR at Table III-8.

[113] The domestic industry's share of apparent U.S. consumption ranged from *** percent to *** percent during the original period of investigation, and was *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, and *** percent in 2012. CR/PR at Table I-1.

continue to do so.[114] The leading sources of nonsubject imports during the period of review were South Africa, Georgia, Norway, and Australia.[115]

3. Substitutability

As in the prior proceedings, we find that silicomanganese is a commodity product.[116] All domestic producers reported silicomanganese from all sources to be *** interchangeable. The majority of importers and U.S. purchasers found products to be frequently or always interchangeable in all country comparisons.[117] Eleven of 13 purchasers reported that purchasing domestic product was not an important factor in their purchasing decisions.[118] A majority of responding purchasers rated the U.S. and subject products as comparable on most factors, including discounts offered, extension of credit, lump size, minimum quantity requirements, packaging, and price. While a majority of responding purchasers rated domestically produced silicomanganese as superior to product from India on delivery time, the majority of purchasers were evenly split between rating domestically produced silicomanganese as superior or comparable to product from Kazakhstan and Venezuela in terms of delivery time.[119] Overall, we find a moderate-to-high degree of substitutability among silicomanganese produced in the United States and that imported from subject and nonsubject sources.[120]

4. Other Conditions

Price is an important factor in purchasing decisions. Eleven of 13 responding purchasers ranked price as very important,[121] and reported it to be one of the top three factors in purchasing decisions.[122] Eleven of 13 responding purchasers always or usually buy the lowest-priced product.[123] Publications such as *Metals Week* and *Ryan's Notes* regularly publish information regarding silicomanganese transaction prices. Buyers and sellers use these published prices as benchmarks in determining sales prices. The availability of such published

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[114] Nonsubject imports' share of apparent U.S. consumption was *** percent in 1998, *** percent in 1999, *** percent in 2000, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, and *** percent in 2012. CR/PR at Table I-1.

[115] CR/PR at Table IV-2. Silicomanganese from China and Ukraine are covered by outstanding antidumping duty orders and have only a very small and sporadic presence in the U.S. market. *Id*.

[116] *See, e.g.*, Eramet's Prehearing Brief at 7-8; Respondents' Prehearing Brief at 9.

[117] CR/PR at Table II-10.

[118] CR at II-26, PR at II-17.

[119] CR at II-27, PR at II-17.

[120] *See* CR at II-21, PR at II-13.

[121] CR/PR at Table II-6.

[122] CR/PR at Table II-5.

[123] CR at II-22, PR at II-14.

data and the multiple bids received by purchasers facilitate the rapid communication of price changes throughout the market.[124]

Five of 13 responding purchasers require suppliers to provide ASTM certification and become qualified or certified for all silicomanganese purchases. When qualifying a supplier, purchasers look at the supplier's ability consistently to meet chemistry specifications, product sizing and packaging, price, availability, and capacity.[125] Quality and price are the most highly ranked factors in purchasing decisions.[126] Eleven of 13 responding purchasers reported that they had changed suppliers since 2007 for various reasons, including competitive pricing and supplier flexibility.[127]

Most silicomanganese sales are made pursuant to contracts, although some spot purchases occur. Both producers' ***.[128]

Prices of silicomanganese are related to raw material costs and follow similar trends. Manganese ore and/or high-carbon ferromanganese slag are the primary raw materials used.[129] Other raw materials used include silica, coke, and electricity. Raw material costs as a share of the cost of goods sold ("COGS") increased from *** percent in 2007 to *** percent in 2012, and were slightly higher in interim 2013 (*** percent) than in interim 2012 (*** percent).[130]

Electricity is one of the largest components of the cost of production of silicomanganese and can account for as much as 25 percent of the total cost of production. Electricity prices increased by 14.5 percent from January 2007 to June 2013.[131]

Based on the record of these reviews, we find that current conditions of competition in the U.S. silicomanganese market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions of competition provide us with a reasonable basis on which to assess the likely effects of revocation of the orders in the reasonably foreseeable future.

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[124] Tr. at 28 (Mr. Rochussen).

[125] CR at II-24, PR at II-16.

[126] *See* CR/PR at Table II-5 & n.1.

[127] CR at II-26, PR at II-17.

[128] Felman reported that *** percent of its 2012 sales was sold ***, and that *** percent was sold ***. Eramet reported that *** percent of its 2012 sales was sold ***, and that *** percent was sold ***. CR at V-6 – V-7, PR at V-4.

[129] CR/PR at V-1. Typically, ferromanganese slag is a byproduct recovered in other internal company operations (such as the production of ferromanganese) and is not sold commercially. CR/PR at V-1 n.2.

[130] CR/PR at V-1.

[131] CR at V-3 & n.8, PR at V-2 & n.8.

D. Revocation of the Antidumping Orders Is Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

At the end of the original period of investigation, cumulated subject imports had captured nearly *** of the U.S. market.[132] After the antidumping duty orders were imposed, cumulated subject imports declined sharply, and during the current period of review, there were no subject imports.[133] Based on the available information on the record,[134] we find that there is substantial production and unused capacity in each subject country, as we explained above in our discussion of no discernible adverse impact.[135] Cumulated production of the subject industries was equivalent to *** percent of U.S. apparent consumption in 2012,[136] and cumulated unused capacity was equivalent to *** percent of U.S. apparent consumption in that year.[137]

As discussed above, all of the subject countries are export oriented. In fact, India is the largest global exporter of silicomanganese and Kazakhstan is the sixth largest.[138] Total exports from the subject countries nearly tripled over the period of review.[139] Cumulated subject country exports accounted for a substantial portion of their production throughout the period,

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[132] Cumulated subject import market share was *** percent in 1998, *** percent in 1999, and *** percent in 2000. CR/PR at Table I-1.

[133] CR/PR at Table I-1.

[134] The record contains data from published sources, as well as questionnaire data from one producer in Kazakhstan that accounted for *** percent of that country's total production in 2012, questionnaire data from two producers in India that accounted for *** percent of that country's total production in 2012, and questionnaire data from the *** producers in Venezuela. CR at I-14, PR at IV-11 – I-12. As discussed earlier in our no discernible adverse impact analysis, we have given more weight to published capacity data for Venezuela than to the questionnaire data.

[135] Published data show the capacity of the industry in India to be *** short tons in 2012. CR/PR at Table IV-6. The reported capacity of the industry in Kazakhstan was *** short tons in 2012. CR/PR at Table IV-8. The Venezuelan producers reported their capacity as *** short tons in 2012, CR/PR at Table IV-11, although we find their actual capacity to be higher, as discussed above.

[136] *Compare* CR/PR at Tables IV-6, IV-9 & IV-14 *with* CR/PR at Table I-1.

[137] *Compare* CR/PR at Tables IV-6, IV-9 & IV-14 *with* CR/PR at Table I-1.

[138] CR/PR at Table IV-17 (table appearing at CR p. IV-39. PR p. IV-20). These data may be somewhat overstated because they may include low-carbon silicomanganese. *Id*.

[139] Total exports of silicomanganese from the cumulated subject countries totaled 466,197 short tons in 2007, 515,084 short tons in 2008, 487,019 short tons in 2009, 764,941 short tons in 2010, 996,594 short tons in 2011, and 1,256,284 short tons in 2012. CR/PR at Table IV-17 (table appearing at CR p. IV-39, PR p. IV-20). These data may be somewhat overstated because they may include low-carbon silicomanganese.

and this share rose by 25.6 percentage points between 2007 and 2012. In 2012, the subject countries exported nearly two-thirds of their total production.[140]

Absent the restraining effects of the orders, we find that the silicomanganese industries in these subject countries would likely avail themselves of their unused capacity and/or would likely shift export markets for this commodity product and resume exporting substantial volumes of silicomanganese to the United States. In fact, Indian producer *** reported that if the ***.[141] As a large market with relatively high prices,[142] the U.S. market is an attractive target for exports.

Accordingly, based on the record in these reviews,[143] we conclude that the volume of cumulated subject imports from India, Kazakhstan, and Venezuela, both in absolute terms and relative to production and consumption in the United States, would likely be significant in the reasonably foreseeable future absent the restraining effect of the order.

2. Likely Price Effects

As explained above, price is an important factor in purchasing decisions, although quality and availability were also ranked highly.[144] During the original investigations, the domestic industry and the silicomanganese industries in all subject countries sold subject merchandise meeting ASTM standards in the U.S. market.[145] As explained above, a majority of responding purchasers rated the domestic and subject products as comparable on most factors, including lump size and other quality factors.[146] Given the commodity nature of this product, the interchangeability of the cumulated subject imports and the domestic like product, and the importance of price in purchasing decisions, we find that cumulated subject imports would be likely to compete in the U.S. market based primarily on price if the orders were revoked.

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[140] Cumulated subject exports totaled *** percent of production in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, and *** percent in 2012. We note that these data may include low-carbon silicomanganese. *Calculated from* CR/PR at Tables IV-6, IV-9, IV-11 & IV-17 (table appearing at CR p. IV-39, PR p. IV-20).

[141] CR at IV-13, PR at IV-10. *** also reported that ***. CR at IV-13 – IV-14, PR at IV- 10.

[142] *See* CR/PR at Table IV-18 (table appearing at CR p. IV-41, PR p. IV-21) (showing higher U.S. prices compared to Europe in 15 of 17 months in 2012 and 2013).

[143] We note that none of the U.S. importers reported inventories from any of the subject producers during the period of review. CR at IV-8, PR at IV-6. Inventories reported by the subject producers in India and Kazakhstan were relatively low, CR/PR at Tables IV-5, IV-8, but were fairly substantial in Venezuela in 2012, whether viewed in terms of quantity or as a share of reported production. CR/PR at Table IV-11. No subject silicomanganese producers reported that their exports are subject to trade barriers outside of the United States. CR at IV-17, PR at IV-11; CR at IV-22, PR at IV-13; CR at IV-35, PR at IV-18.

[144] CR/PR at Table II-5.

[145] *See Original Determination* at 6-7, USITC Pub. 3505.

[146] CR/PR at Table II-8.

The record in these current reviews contains limited pricing data.[147] The Commission collected pricing data on sales of two products.[148] Two U.S. producers provided usable pricing data, which represented *** percent of U.S. commercial shipments of U.S.-produced silicomanganese.[149] Because there were no subject imports of silicomanganese from India, Kazakhstan, and Venezuela during the period of review, responding U.S. importers provided no price data for subject imports.[150]

Over the period examined, prices for domestically produced silicomanganese varied between quarters. Overall, prices for domestically produced product 1 increased from first quarter 2007 to first quarter 2013 (they peaked in mid-2008, then declined, then increased again in 2010). Overall, prices for product 2 decreased from third quarter 2008 to third quarter 2012 (they declined from third quarter 2008 to fourth quarter 2009, and fluctuated throughout 2010 to third quarter 2012).[151]

We have found that the likely cumulated volume of subject imports from India, Kazakhstan, and Venezuela would be significant if the orders were revoked. In light of the importance of price in purchasing decisions and the relatively price-inelastic demand for silicomanganese,[152] we conclude that cumulated subject imports would be likely to expand their market share by entering the U.S. market at low prices. Due to the rapid way in which price changes are communicated in this market, the number of instances of underselling, as well as the degree of underselling, by such imports may not be significant or persistent. Nonetheless, the likely significant cumulated volume of subject imports from India, Kazakhstan, and Venezuela entering at low prices would trigger price declines in the U.S. market and likely have significant depressing or suppressing effects on the price of the domestic like product.[153]

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[147] In the original investigations, there were 55 possible price comparisons between the domestic like product and silicomanganese imported from the three subject countries. Subject imports undersold the domestic like product in 18 of those instances at margins that ranged from *** percent to *** percent. *Original Determination* Staff Report at Tables V-1 – V-2. As discussed above, after the antidumping duty orders were imposed, subject imports ceased.

[148] CR at V-8, PR at V-6; CR/PR at Table V-2.

[149] CR at V-8 - V-9, PR at V-6.

[150] CR at V-8 n.17, PR at V-5 n.17.

[151] CR at V-9, PR at V-6.

[152] *See* CR at II-33, PR at II-22.

[153] The Commission found in the original investigations that the increasing volume of subject imports, sold at low and declining prices, played a significant role in preventing price increases. *Original Determination*, USITC Pub. 3505 at 14.

3. Likely Impact[154]

Given the significant increase in the volume of subject imports and the resultant price competition that we have found likely upon revocation of the orders, we also find that after revocation the domestic industry would likely experience significant declines in output, sales, and income, with eventual losses in employment and capital and research and development expenditures, as the Commission found in the first reviews and the original investigations.[155]

During the period of these reviews, the domestic industry's capacity increased,[156] as did its production[157] and capacity utilization.[158] U.S. shipments[159] and market share[160] increased from 2007 to 2012 as well, yet inventories increased over the entire period of review.[161]

The number of production and related workers increased over the period[162] as did their hours worked[163] and wages paid.[164] Their productivity increased over the full-year period.[165]

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[154] Section 752(a)(6) of the Tariff Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887. Commerce found likely weighted-average dumping margins as follows: 15.32 percent (Indian producer Nava Bharat Ventures, Ltd.); 20.53 percent (Indian producer Universal Ferro and Allied Chemicals, Ltd.); 17.74 percent (all others from India); 247.88 percent (Kazakh producer Ally 2000, S.A. and all others from Kazakhstan); and 24.62 percent (Hornos Eléctricos de Venezuela, S.A. and all others from Venezuela). 78 Fed. Reg. at 9035.

[155] *Original Determination,* USITC Pub. 3505 at 14-16; *First Review Determination,* USITC Pub. 3963 at 18.

[156] The domestic industry's capacity was *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, and *** short tons in 2012. It was *** short tons in interim 2012 and *** short tons in interim 2013. CR/PR at Table III-4.

[157] The domestic industry's production totaled *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, and *** short tons in 2012. It totaled *** short tons in interim 2012 and *** short tons in interim 2013. CR/PR at Table III-4.

[158] The domestic industry's capacity utilization was *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, and *** percent in 2012. It was *** percent in interim 2012 and *** percent in interim 2013. CR/PR at Table III-4.

[159] The domestic industry's U.S. shipments totaled *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, and *** short tons in 2012. They totaled *** short tons in interim 2012 and *** short tons in interim 2013. CR/PR at Table III-6.

[160] The domestic industry's market share was *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, and *** percent in 2012. It was *** percent in interim 2012 and *** percent in interim 2013. CR/PR at Table C-1.

[161] The domestic industry's inventories totaled *** short tons in 2007, *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, and *** short tons in 2012. They totaled *** short tons in interim 2012 and *** short tons in interim 2013. CR/PR at Table III-7.

The domestic industry's net sales also rose over the full-year period,[166] as did capital expenditures.[167] However, operating income declined substantially and operating losses were sustained over most of the period of review,[168] resulting in negative operating income margins throughout much of the period of review.[169] As explained above, in June 2013 Felman shut down its operations for a planned three months and reported that in September 2013 it will reevaluate whether market conditions will require it to remain closed for a longer period of time.[170] [171]

Although certain aspects of the domestic industry's performance have improved, in light of financial indicators at the end of the period of review we find the domestic industry to be in

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(…Continued)

[162] The average number of production and related workers was *** in 2007, *** in 2008, *** in 2009, *** in 2010, *** in 2011, and *** in 2012. It was *** in interim 2012 and *** in interim 2013. CR/PR at Table III-9.

[163] Total hours worked were *** in 2007, *** in 2008, *** in 2009, *** in 2010, *** in 2011, and *** in 2012. They were *** in interim 2012 and *** in interim 2013. CR/PR at Table III-9.

[164] Wages paid totaled $*** in 2007, $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, and $*** in 2012. They totaled $*** in interim 2012 and $*** in interim 2013. CR/PR at Table III-9.

[165] Productivity, in terms of short tons per 1,000 hours, was *** in 2007, *** in 2008, *** in 2009, *** in 2010, *** in 2011, and *** in 2012. It was *** in interim 2012 and *** in interim 2013. CR/PR at Table III-9.

[166] Net sales as measured by value totaled $*** in 2007, $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, and $*** in 2012. They totaled $*** in interim 2012 and $*** in interim 2013. CR/PR at Table III-10.

[167] Capital expenditures totaled $*** in 2007, $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, and $*** in 2012. They totaled $*** in interim 2012 and $*** in interim 2013. CR/PR at Table III-14.

[168] Operating income totaled $*** in 2007 and $*** in 2008. The industry sustained operating losses of $*** in 2009, $*** in 2010, and $*** in 2011, and then reported operating income of $*** in 2012. CR/PR at Table III-15.

[169] The operating income margin was *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, and *** percent in 2012. It was *** percent in interim 2012 and *** percent in interim 2013. CR/PR at Table III-10.

[170] Planned maintenance is scheduled to occur during the three-month shutdown. CR at III-2, PR at III-2. Felman explained that it is currently using its inventories, which are considerably higher than its inventories had been for the majority of the period of review, to supply its customers. It *** fully expects that prices will rise and it will resume operations in September 2013. *** Felman's Posthearing Brief, Responses to Commission Questions at Aranoff-5.

[171] Commissioners Aranoff and Pinkert note that because Felman has timed its decision as to whether to restart production for shortly after the Commission's determination, and because no evidence on the record suggests that market conditions have changed since Felman ceased production in June 2013, it is not clear that Felman will return to production any time soon. Their determinations in these reviews would be the same whether the industry consists of both Eramet and Felman, or Eramet alone.

a vulnerable condition.[172] Although there has been some degree of recovery since the recession in 2009, it has been small and the industry continues to perform poorly.

We have found that cumulated subject imports would likely be significant in the reasonably foreseeable future if the orders are revoked. Because subject imports are good substitutes for the domestic like product, any increase in cumulated subject imports would likely lead to declines in the domestic industry's production, shipments, market share, and employment.

We have further found that these additional volumes of cumulated subject imports would be priced in a manner that would likely have significant depressing or suppressing effects on prices of the domestic like product. Consequently, to compete with the likely additional volumes of subject imports, the domestic industry would need to cut prices, forego needed price increases, or lose sales, as it did in the original investigations; the resulting loss of revenues would likely cause further deterioration in the industry's financial performance. Further deterioration in financial performance would result in likely additional reductions in employment and, ultimately, likely additional losses in output and market share. Therefore, we find that revocation of the orders under review would likely have a significant adverse impact on the domestic industry.

We have also considered the role of factors other than subject imports so as not to attribute likely injury from other factors to the subject imports. While nonsubject imports are a factor in the U.S. market, their volume declined by 28.6 percent and their market share declined by *** percentage points from 2007 to 2012, as Felman ramped up its domestic production and sales.[173] Given the high substitutability of silicomanganese from all sources, if the orders were revoked the likely significant volume of cumulated subject imports would likely compete with both the domestic like product and nonsubject imports. The continued presence of nonsubject imports in the U.S. market, which would mirror the circumstances in the original investigations when they comprised the majority of the market, would not preclude subject imports from taking market share from the domestic industry or forcing the domestic industry to lower prices in order to compete. In addition, the limited data in the record indicate that nonsubject imports are not lower-priced than domestic product; nonsubject imports' average

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[172] Although Felman imports silicomanganese from Georgia in order to supplement its domestic production, Tr. at 39 (Mr. Sossonko), information in the record does not support FerroVen's argument that Felman has a competitive advantage as a domestic producer due to its affiliation with a silicomanganese producer in Georgia, Georgian Manganese. Respondents' Posthearing Brief at 14. Felman does not source manganese ore from its affiliate because the quality of the ore mined in Georgia is different than the ore Felman is able to use ***. Moreover, the ore mined by Georgian Manganese is consumed entirely by a silicomanganese plant in Georgia. Felman's Posthearing Brief, Responses to Commission Questions at Williamson-11; Tr. at 79 (Mr. Nuss).

[173] The quantity of nonsubject imports declined from 445,439 short tons in 2007 to 318,239 short tons in 2012. The quantity of nonsubject imports as a share of apparent consumption declined from *** percent in 2007 to *** percent in 2012. CR/PR at Table C-1. In addition, inventories of such imports declined by 10.5 percent between 2007 and 2012. *Id*.

unit values ("AUVs") are significantly higher than those of the domestic like product.[174] Respondents have not presented any persuasive data to demonstrate that nonsubject imports are underselling the domestic product.[175]

As discussed above, we find no persuasive evidence that demand will either increase or decrease by any meaningful amount in the reasonably foreseeable future.[176] Any increase in demand will not preclude the domestic industry from incurring an adverse impact due to the likely significant volume and price effects of the cumulated subject imports.

V. Conclusion

For the foregoing reasons, we determine that revocation of the antidumping duty orders on silicomanganese from India, Kazakhstan and Venezuela would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.

[174] CR/PR at Table C-1.

[175] *See* FerroVen's Posthearing Brief, Responses to Commissioners and Staff Questions at 24-26. While respondents presented data showing that nonsubject imports from Georgia exhibit lower AUVs than other nonsubject imports, Georgia is not a proxy for all nonsubject imports.

[176] CR at II-18, PR at II-11; CR/PR at Table II-3.

ADDITIONAL AND DISSENTING VIEWS OF COMMISSIONER DANIEL R. PEARSON

I. INTRODUCTION

Based on the record in these reviews, I determine, under section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that revocation of the antidumping duty orders on imports of silicomanganese from India and Kazakhstan would be likely to lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. I further determine that revocation of the antidumping duty order on silicomanganese from Venezuela would not be likely to lead to the continuation or recurrence of material injury within a reasonably foreseeable time. Accordingly, I join in the affirmative determinations reached by my colleagues with respect to subject imports from India and Kazakhstan. I write separately because my analysis with respect to India and Kazakhstan is different as I do not cumulate subject imports from Venezuela with subject imports from India and Kazakhstan, and because I reach a negative determination with respect to subject imports from Venezuela.

Consequently, these views consist of: (1) an analysis of why, based on this record, I do not exercise my discretion to cumulate subject imports from Venezuela, (2) my affirmative determinations on subject imports from India and Kazakhstan, and (3) my negative determination on subject imports from Venezuela. I join the discussion of background (section I), domestic like product and industry (section II), legal standards (section IV.A), findings in the original investigations and first five-year reviews (section IV.B), and conditions of competition and the business cycle (section IV.C), as set forth in the majority views.

II. CUMULATION

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[2]

[1] 19 U.S.C. § 1675(c).
[2] 19 U.S.C. § 1675a(a)(7).

Thus, cumulation is discretionary in five-year reviews. The Commission, however, may exercise its discretion to cumulate only if the reviews were initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[3] I note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that subject imports "are likely to have no discernible adverse impact" on the domestic industry.[4]

In these reviews, the statutory requirement that all reviews be initiated on the same day is satisfied as the Commission initiated all the reviews on October 1, 2012.[5] I do not exercise my discretion to cumulate imports of silicomanganese from Venezuela with those from India and Kazakhstan because I find that subject imports of silicomanganese from Venezuela would likely face different conditions of competition in the U.S. market if the orders were revoked. Subject producers in Venezuela are likely to operate differently from those in India and Kazakhstan in the U.S. market based on (1) pre-order differences in volume, along with differences in the subject countries' (2) capacity and production levels, (3) export orientation, and (4) business environments.

As an initial matter, in view of the counterfactual nature of our determinations in five-year reviews, I consider a country's experience during the period examined in the original investigation—the last period during which the country competed free from the restraints of an antidumping duty order—in analyzing the likely volume and pricing patterns of a subject country supplier in the event of revocation of an order.

First, it is significant that, during the original investigations, subject imports from India, Kazakhstan, and Venezuela exhibited substantially different trends in volume and market share. Specifically, while imports for all three countries increased over the three full years, Venezuela's increase was *** slower than the rate of increase for the other two subject countries,[6] and showed a *** decline over the interim periods.[7] Likewise, when comparing total subject import volumes from the three sources over the three full years and interim 2001,

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[3] 19 U.S.C. § 1675a(a)(7).

[4] SAA, H.R. Rep. No. 103-316, vol. I (1994).

[5] 77 Fed. Reg. 59,970 (Oct. 1, 2012).

[6] Subject imports from Venezuela rose irregularly over the three full years of the period from *** short tons in 1998 to *** short tons in 2000, or an increase of *** percent. In comparison, subject imports from India increased irregularly from *** short tons in 1998 to *** short tons in 2000, an increase of *** percent, and subject imports from Kazakhstan increased steadily from *** short tons in 1998 to *** short tons in 2000, an increase of *** percent. 2002 Staff Report at Table C-1.

[7] Subject imports from Venezuela declined *** in the interim period from *** short tons in interim 2000 to *** short tons in interim 2001, a decrease of *** percent. In comparison, subject imports from India declined moderately from *** short tons in interim 2000 to *** short tons in interim 2001, a decrease of *** percent, and subject imports from Kazakhstan actually increased ***, from *** short tons in interim 2000 to *** short tons in interim 2001, an increase of *** percent. 2002 Staff Report at Table C-1.

the total volume of imports from Venezuela was *** smaller than the other two subject countries, amounting to *** percent of total subject imports over the period.[8] The market share held by subject imports from Venezuela, while increasing steadily from *** percent in 1998 to *** percent in 2000, gained *** percentage points, less than did the market shares of the other two subject countries;[9] the Venezuelan market share then declined *** from *** percent in interim 2000 to *** percent in interim 2001, a decline of *** percentage points, whereas the market share of the other two countries both increased.[10]

Second, the Commission's data on the current levels of production and production capacity in the three subject countries bolsters the subject import volume data from the original investigations.[11] In terms of production quantity, while production of the Venezuelan industry declined over the period of review,[12] production in both of the other two countries increased substantially.[13] Likewise, while production capacity in Venezuela declined slightly

[8] Calculation based on 2002 Staff Report at Table C-1. Over the entire period of investigation (three full years plus the interim period), subject imports from Venezuela were *** short tons, while subject imports from India were *** short tons (or *** percent of the total) and subject imports from Kazakhstan were *** short tons (or *** percent of the total).

[9] The market share held by subject imports from India increased irregularly from *** percent in 1998 to *** percent in 2000, an increase of *** percentage points, while the market share held by subject imports from Kazakhstan increased steadily from *** percent in 1998 to *** percent in 2000, an increase of *** percentage points. 2002 Staff Report at Table C-1.

[10] The market share held by subject imports from India increased from *** percent in interim 2000 to *** percent in interim 2001, an increase of *** percentage points. The market share held by subject imports from Kazakhstan increased from *** percent in interim 2000 to *** percent in interim 2001, an increase of *** percentage points. 2002 Staff Report at Table C-1.

[11] It is worth noting that the Commission questionnaire data covers *** Venezuelan producers. CR at II-10 n.18; PR at II-7 n.18. Coverage of the industries in the other two countries was less comprehensive. The coverage of the Indian industry was *** percent and the coverage of the Kazakh industry was *** percent. CR at I-14; PR at I-11 to I-12. Therefore, when discussing the Venezuelan industry, I will generally refer to data gathered by Commission staff via the questionnaires, whereas when discussing the Indian and Kazakh industries, I will generally refer to data assembled by other organizations (International Manganese Institute (IMI), ***, and Global Trade Atlas).

[12] Quantity produced by the Venezuelan silicomanganese industry declined irregularly from *** short tons in 2007 to *** short tons in 2012. CR/PR at Table IV-11. Although *** indicates that Venezuelan production increased over the period from *** short tons in 2007 to *** short tons in 2011 (then to *** short tons in 2012), CR/PR at Table IV-14, in light of our *** questionnaire coverage of the Venezuelan industry, I give this no more weight than I do to the estimate by IMI that production in Venezuela declined from 57,300 in 2007 to 26,500 in 2011. CR/PR at Table IV-4.

[13] IMI data shows that production in India increased steadily from 870,900 short tons in 2007 to 1,428,600 short tons in 2012; production in Kazakhstan increased steadily from 215,600 short tons in 2007 to 246,400 short tons in 2012. CR/PR at Table IV-4. *** data shows that production in India increased steadily from *** short tons in 2007 to *** short tons in 2012. CR/PR at Table IV-6. *** data shows that production in Kazakhstan increased from *** short tons in 2007 to *** short tons in 2012. CR/PR at Table IV-9.

over the period of review,[14] capacity in the other two countries increased substantially.[15] While Eramet strenuously argues that the Commission should take into account all four of Hevensa's furnaces when considering Venezuelan capacity, I believe that even with an expanded definition of capacity, the size of the Venezuelan industry remains a distinguishing characteristic, as it would still be less than *** percent of the size of the Indian industry and less than *** the size of the Kazakh industry.[16] IMI estimates that, over the period 2007-2011, Venezuela's production accounted for between 0.2 and 0.6 percent of global production of silicomanganese, whereas Kazakhstan's share ranged between 1.9 and 2.4 percent and India's share ranged between 9.4 and 11.8 percent.[17]

Third, the comparative degrees of export orientation among the three countries have been markedly different during this period of review. Using absolute volumes of total exports, the scale of the Venezuelan industry's exports is clearly distinct from that of the other two subject countries: India exported *** short tons over the six-year period 2007-2012, Kazakhstan exported *** short tons, and Venezuela exported *** short tons.[18] Thus, of total exports to the world recorded by all three countries over the six-year period of review, Venezuela accounted for *** percent share (this share is *** percent if *** data are used for Venezuela[19]). As a share of annual production, exports from India ranged between *** and *** percent, exports from Kazakhstan ranged between *** and *** percent, and exports from Venezuela ranged between *** and *** percent.[20] Considered over the six full years of the period of review, export orientation of India was *** percent, that of Kazakhstan was *** percent, and that of Venezuela was *** percent (*** percent if *** data is used for Venezuela).[21] It is true that Venezuela's exports as a share of its production did increase toward the end of the period, especially in 2012,[22] however, my interpretation of the 2012 data

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[14] Production capacity in Venezuela decreased irregularly from *** short tons in 2007 to *** short tons in 2012. CR/PR at Table IV-11. Even if the *** data for Venezuela is used, capacity remained flat at *** short tons. CR/PR at Table IV-14.

[15] *** reports that production capacity in India increased steadily from *** short tons in 2007 to *** short tons in 2012. CR/PR at Table IV-6. *** reports that production capacity in Kazakhstan increased steadily from *** short tons in 2007 to *** short tons in 2012. CR/PR at Table IV-9.

[16] Using *** data for all three countries. CR/PR at Tables IV-6, -9, & -14.

[17] CR/PR at Table IV-4.

[18] CR/PR at Tables IV-6 (based on ***), -9 (based on ***), & -11 (based on Commission questionnaire). There is *** difference between the export totals for Kazakhstan using the *** data versus the Commission questionnaire data. *Compare* CR/PR at Tables IV-8 & -9.

[19] CR/PR at Table IV-14 (*** shows a total of *** short tons of Venezuelan exports).

[20] CR/PR at Tables IV-6 (based on ***), -9 (based on ***), & -11 (based on Commission questionnaire).

[21] CR/PR at Tables IV-6 (based on ***), -9 (based on ***), -11 (based on Commission questionnaire) & -14 (based on ***). For consistency with the other countries, interim period data was not included for Venezuela. The interim period data is included, however, in the section on likely volume below.

[22] Venezuelan exports as a share of production increased steadily from *** percent in 2009 to *** percent in 2012. CR/PR at Table IV-11.

is that it is an anomaly rather than a trend, and that the Venezuelan industry would remain focused on meeting the needs of its home market within the reasonably foreseeable future, even in the event of revocation. My reasons for viewing the 2012 data as an anomaly are closely linked to my findings regarding business conditions in Venezuela, described below as another reason for not cumulating Venezuela with the other two subject countries.

Fourth, and finally, I believe that business conditions in Venezuela provide another sound reason not to cumulate Venezuela with the other two subject countries. As mentioned above, the two Venezuelan producers of silicomanganese were built primarily to serve the Venezuelan home market, and in particular the leading steel producer in Venezuela, Siderúrgica de Orinoco S.A. (or SIDOR).[23] In fact, both Venezuelan producers are located within a short distance of SIDOR's steel plant.[24] Purchases of silicomanganese by SIDOR from the Venezuelan producers declined due to significant production problems experienced by SIDOR in 2012. SIDOR's production capacity is at least 4.2 million tons; it produced 1.8 million tons in 2010, 2.5 million tons in 2011, 1.7 million tons in 2012, and 0.96 million tons in the first half of 2013.[25] The difficulties of SIDOR were blamed on, among other causes, its 2008 nationalization by the socialist government of former president Hugo Chavez,[26] insufficient investment in plant and equipment,[27] strict price controls levied on the steel products sold by SIDOR,[28] frequent changes in management,[29] corruption,[30] customs practices that make it difficult to import replacement parts,[31] electricity outages,[32] labor unrest,[33] and raw material shortages.[34] [35]

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[23] CR at IV-24 to IV-25 nn.18 & 22; PR at IV-15 nn.18 & 22; Tr. at 142 (Mendoza).

[24] Tr. at 161-62 (Salinas); 193-94 (Mendoza); Ferroven's Responses to Commissioners' Questions at 3.

[25] Eramet's Posthearing Brief at Exhibits 5-8 (articles from AMM). SIDOR's output was 4.3 million tons as recently as 2007. Ferroven Prehearing Brief at Exhibit 5 (SBB article dated Jan. 14, 2013).

[26] Eramet's Posthearing Brief at Exhibit 6 (AMM article dated Mar. 29, 2013); Exhibit 11 (El Nacional article dated July 17, 2013).

[27] Eramet's Posthearing Brief at Exhibit 5 (AMM article dated Jan. 6, 2012); Exhibit 13 (BNA article dated June 22, 2012); Felman's Posthearing Brief at Exhibit Williamson Q1-1 (Reuters article dated Feb. 22, 2013); Exhibit Williamson Q1-2 (Platts article dated Jan. 11, 2013).

[28] Eramet's Posthearing Brief at Exhibit 6 (AMM article dated Mar. 29, 2013); Felman's Posthearing Brief at Exhibit Williamson Q1-1 (Reuters article dated Feb. 22, 2013).

[29] Eramet's Posthearing Brief at Exhibit 11 (El Nacional article dated July 17, 2013).

[30] Eramet's Posthearing Brief at Exhibit 11 (El Nacional article dated July 17, 2013).

[31] Eramet's Posthearing Brief at Exhibit 11 (El Nacional article dated July 17, 2013).

[32] Eramet's Posthearing Brief at Exhibit 13 (BNA article dated June 22, 2012); Felman's Posthearing Brief at Exhibit Williamson Q1-1 (Reuters article dated Feb. 22, 2013).

[33] Felman's Posthearing Brief at Exhibit Williamson Q1-1 (Reuters article dated Feb. 22, 2013); Exhibit Williamson Q1-2 (Platts article dated Jan. 11, 2013).

[34] Felman's Posthearing Brief at Exhibit Williamson Q1-2 (Platts article dated Jan. 11, 2013); Ferroven's Posthearing Brief at Exhibit 3 (SBB article dated July 5, 2013).

[35] An argument was made by the domestic interested parties that increased Venezuelan imports of steel from China portend lower production levels of steel in Venezuela. Eramet's Posthearing Brief at 10. I would caution that this is not at all clear because Venezuelan steel producers have the capability to produce only a relatively narrow range of products while Chinese steel producers manufacture a very

These factors are counterbalanced by the obvious interest by the Venezuelan government to invest in SIDOR in order to restore the plant's capabilities, as well as to maintain employment of unionized workers.[36] The net effect is likely to be an improving Venezuelan home market demand for silicomanganese.

The reality that unique and complicated business problems are endemic in the Venezuelan economy is well-captured by the ranking of Venezuela, in the World Bank's 2013 Doing Business Survey, as 180th among 185 countries, and in the Heritage Foundation's 2013 Index of Economic Freedom, as 174th among 177 countries.[37] Many of the challenges facing SIDOR, as enumerated above, have also created serious difficulties for the Venezuelan silicomanganese industry, including maintenance issues, onerous customs procedures, electricity outages and restrictions, and raw material shortages, as well as other challenges not mentioned in the SIDOR context, especially currency controls.[38] Further, FerroVen testified that they perceive themselves to be under risk of nationalization should they not adequately serve the needs of the Venezuelan steel industry.[39] No similar claims regarding the business environment have been made of India or Kazakhstan, and so these conditions contribute to my decision to decline to cumulate Venezuela with the other two subject countries.

Accordingly, based on the information in the record, I find that significant differences exist in the likely conditions of competition that subject imports from Venezuela would face in the U.S. market, as compared to the cumulated imports of India and Kazakhstan. Therefore, I do not exercise my discretion to cumulate subject imports of silicomanganese from Venezuela. Because I find that (1) both the Indian and Kazakh industries had a large and growing presence

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comprehensive range of products. It seems probable that Venezuela's imports of Chinese steel primarily involve items not produced in Venezuela. An article provided by the domestic interested parties states that this increase in imports from China is part of a "progressive strengthening of this trade interrelation" between Venezuela and China and that the Chinese are "evaluating a partnership with" SIDOR to develop "new casting capacity of 550,000 tons." Eramet's Posthearing Brief at Exhibit 1 (Alacero press release of May 15, 2013).

[36] Tr. at 223-24 (Salinas); FerroVen's Prehearing Brief at Exhibit 5 (BNA article from Aug. 21, 2012 noting hundreds of millions of dollars of investment); FerroVen's Posthearing Brief at Exhibit 3 (SBB articles from June and July 2013 noting delivery of new plant equipment) & Exhibit 9 (SBB articles from May and June 2013 noting improving conditions at SIDOR and other Venezuelan steel producers); FerroVen's Responses to Commissioners' Questions at 8-9 & 19-20.

[37] Tr. at 218 (Comm. Pearson) (copies of surveys available on EDIS). FerroAtlantica's representative at the hearing responded in the affirmative when I asked whether these survey results reflect the reality of Venezuela as "a really challenging place to do business." Tr. at 219-20 (Salinas).

[38] Tr. at 171 (Mendoza); FerroVen's Prehearing Brief at 18-19; FerroVen's Posthearing Brief at 4-5 and 11-12; FerroVen's Responses to Commissioners' Questions at 3-4, 16-19, and 21-22. Eramet argued that a statement in the 2012 annual report of Grupo FerroAtlántica, FerroVen's parent company, stating that FerroVen's commercial activities had been "uninterrupted" by Venezuela's socio-economic situation, shows that currency controls and similar conditions were not an issue for FerroVen. Eramet Responses to Commissioners' Questions at 4-5. I find "uninterrupted" to be a bland term that could certainly admit the possibility that it is regularly necessary to overcome significant difficulties.

[39] Tr. at 219 (Mendoza).

in the U.S. market during the original investigations, (2) both are large global producers and exporters of silicomanganese, (3) both were more export oriented than Venezuela, and (4) neither has the problematic business conditions found in Venezuela, I determine to exercise my discretion to cumulate subject imports from India and Kazakhstan.

III. REVOCATION OF THE ANTIDUMPING DUTY ORDERS ON SUBJECT IMPORTS FROM INDIA AND KAZAKHSTAN WOULD LIKELY LEAD TO THE CONTINUATION OR RECURRENCE OF MATERIAL INJURY TO THE DOMESTIC INDUSTRY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Cumulated Subject Imports from India and Kazakhstan

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order were revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[40] In doing so, the Commission must consider "all relevant economic factors" including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of such merchandise into countries other than the United States,[41] and (4) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[42]

Cumulated imports from India and Kazakhstan increased significantly during the period covered by the original investigations. By quantity, U.S. shipments of subject imports from India and Kazakhstan increased irregularly from *** short tons in 1998 to *** short tons in 2000, a *** percent increase. U.S. shipments of subject imports from India and Kazakhstan were *** short tons in interim 2001, as compared with *** short tons in interim 2000.[43] Over the period of the original investigations, the cumulated U.S. market share held by subject imports from India and Kazakhstan increased irregularly from *** percent in 1998 to *** percent in 2000, an increase of *** percentage points, and was *** percent in interim 2001, as compared with *** percent in interim 2000.[44]

Although there were no U.S. imports of subject silicomanganese from India and Kazakhstan in the period of review,[45] the silicomanganese industries in both countries continued to grow. Over the period of this review, cumulated production capacity in India and

[40] 19 U.S.C. § 1675a(a)(2).

[41] Outside of the United States, there are no known trade remedies on silicomanganese from either India or Kazakhstan. USITC, *Silicomanganese from Brazil, China, and Ukraine*, Inv. Nos. 731-TA-671-673, Pub. 4354 (Oct. 2012), at Table IV-20.

[42] *Id*.

[43] 2002 Staff Report at Table C-1.

[44] Id.

[45] CR/PR at Table I-1.

Kazakhstan increased steadily from *** short tons in 2007 to *** short tons in 2012, meaning that *** short tons of capacity has been added,[46] an amount *** total U.S. consumption in 2012.[47] Cumulated Indian and Kazakh exports of silicomanganese grew from *** short tons in 2007 to *** short tons in 2012,[48] an amount about *** as large as total U.S. consumption in that same year.[49]

Given the relative size of the Indian and Kazakh silicomanganese industries, and their export orientation, I find that the volume of subject imports from India and Kazakhstan would likely be significant, both in absolute terms and relative to production and consumption in the United States, if the orders were revoked.

B. Likely Price Effects of Cumulated Subject Imports from India and Kazakhstan

In evaluating the likely price effects of subject imports if the antidumping duty order were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.[50]

In the original investigations, the Commission found that subject imports of silicomanganese were sold in the U.S. market primarily on the basis of price and that the market was highly price competitive.[51] In the original investigations, cumulated subject imports from India and Kazakhstan undersold the U.S. product in 11 of 27 quarterly comparisons in the contract segment and 5 of 16 quarterly comparisons in the spot market segment.[52]

There was no pricing data for either India or Kazakhstan for the period covered by these reviews. However, the record indicates that price continues to remain the most important factor in silicomanganese purchasing decisions. Price was the highest-ranked factor in purchasing decisions,[53] and 11 of 13 purchasers ranked price as very important.[54]

Due primarily to the likely significant volume of imports, but also to the importance of price in purchasing decisions and the general substitutability of subject and domestic product, I find that subject imports from India and Kazakhstan would be likely to expand their market share by entering the U.S. market at low prices. The likely significant volume of subject imports

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[46] CR/PR at Tables IV-6 & -9.

[47] *Compare* CR/PR at Tables IV-6 & -9 *with* Table C-1.

[48] CR/PR at Tables IV-6 & -9.

[49] Compare CR/PR at Tables IV-6 & -9 *with* Table C-1.

[50] 19 U.S.C. § 1675(a)(3). The SAA states that "***onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[51] *Silicomanganese from India, Kazakhstan, and Venezuela*, Inv. Nos. 731-TA-929–931 (Final), USITC Pub. 3505, at 12-13 (May 2002).

[52] *Id*. at V-7.

[53] CR/PR at Table II-5.

[54] CR/PR at Table II-6.

from India and Kazakhstan likely entering at low prices would trigger price declines in the U.S. market and have likely significant depressing or suppressing effects on the price of the domestic like product.

C. Likely Impact of Cumulated Subject Imports from India and Kazakhstan[55]

In evaluating the likely impact of imports of subject merchandise if an antidumping duty order under review were revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including, but not limited to, the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[56] All relevant factors are to be considered "within the context of the business cycle and the conditions of competition that are distinctive to the affected industry."[57] As instructed by the statute, I have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order were revoked.[58]

During the original investigations, most, if not all, performance measures of the domestic industry were lower in 2000 than they had been in 1998,[59] and the domestic industry's financial indicators showed decline. The domestic industry's operating margin declined from *** percent in 1998, to *** percent in 1999, and improved to a *** percent in 2000.[60]

The domestic industry's financial condition has been highly variable since the imposition of the orders. During the period covered by this review, the domestic industry's operating

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[55] Section 752(a)(6) of the Tariff Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. Commerce found likely weighted-average dumping margins as follows: 15.32 percent (Indian producer Nava Bharat Ventures, Ltd.); 20.53 percent (Indian producer Universal Ferro and Allied Chemicals, Ltd.); 17.74 percent (all others from India); and 247.88 percent (Kazakh producer Ally 2000, S.A. and all others from Kazakhstan). 78 Fed. Reg. at 9035.

[56] 19 U.S.C. § 1675a(a)(4).

[57] *Id*.

[58] 19 U.S.C. § 1675a(a)(1)(B),(C).

[59] Apparent U.S. consumption, domestic production, production capacity, capacity utilization, U.S. shipments, inventories, production and related workers, hours worked, total wages, and total compensation were all higher. Original Determinations at I-26 to I-27.

[60] 2002 Staff Report at Table C-1.

margin was *** in *** of the six full years, and was also *** in the interim period.[61] The only years in which the domestic industry performed well was in the ***. For this reason, I find the domestic industry to be vulnerable.

Further, in light of the likely significant volume of subject imports from India and Kazakhstan and the likely significant adverse price effects that they would have in the U.S. market absent the order, I find that subject imports from India and Kazakhstan would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. For these reasons, I conclude that if the antidumping duty orders were revoked, cumulated subject imports from India and Kazakhstan would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.[62]

Accordingly, I determine that revocation of the antidumping duty orders on silicomanganese from India and Kazakhstan would likely lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

IV. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SUBJECT IMPORTS FROM VENEZUELA WOULD NOT LIKELY LEAD TO THE CONTINUATION OR RECURRENCE OF MATERIAL INJURY TO THE DOMESTIC INDUSTRY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Subject Imports from Venezuela

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order were revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[63] In doing so, the Commission must consider "all relevant economic factors" including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of such merchandise into countries other than the United States,[64] and (4) the

[61] CR/PR at Table I-1.

[62] While non-subject imports are a significant presence in the U.S. market, I nevertheless find that, given the high degree of substitutability of silicomanganese from all sources, the large capacity held by cumulated subject producers, and their high degree of export orientation, the likely significant volumes of cumulated subject imports would take market share, not just from non-subject imports, but also from the domestic industry, leading to adverse price effects for the domestic industry.

[63] 19 U.S.C. § 1675a(a)(2).

[64] Outside of the United States, there are no known trade remedies on silicomanganese from Venezuela. USITC, *Silicomanganese from Brazil, China, and Ukraine*, Inv. Nos. 731-TA-671-673, Pub. 4354 (Oct. 2012), at Table IV-20.

potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[65]

During the original investigations, subject imports from Venezuela amounted to *** percent of total subject imports over the period,[66] and only *** percent of total imports over the period.[67] After declining *** from *** short tons in 1998 to *** short tons in 1999, subject imports from Venezuela increased by *** percent between 1999 and 2000, rising to *** short tons.[68] Because U.S. consumption also increased by *** percent between 1999 and 2000, the U.S. market share held by subject imports from Venezuela, while increasing steadily from *** percent in 1998 to *** percent in 2000, gained *** percentage points.[69] The U.S. market share of Venezuelan imports then declined *** from *** percent in interim 2000 to *** percent in interim 2001, a decline of *** percentage points.[70]

(1) Venezuelan production capacity

To gauge likely import volumes from Venezuela in the event of revocation, I consider changes to the Venezuelan industry's production capacity since the period of the original investigations. During the period of the original investigations, only one Venezuelan producer was active, Hevensa. During the three full years of the original period, 1998 to 2000, Hevensa reported its production capacity steady at almost *** short tons.[71] Hevensa also reported that at the end of 2000, one of the electrical transformers at its plant suffered a meltdown and was not expected to be fixed until early 2002.[72] Capacity utilization over the period of the original investigations *** between *** percent (in ***) and *** percent (in 2000) and averaged *** percent.[73]

In their questionnaire response for this review, Hevensa reported its capacity as declining from *** short tons *** to *** short tons ***; capacity was reported at a *** short tons in ***.[74] Hevensa claims that this lower capacity relative to the period of the original

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[65] Id.

[66] Calculation based on 2002 Staff Report at Table C-1. Over the entire period of investigation (three full years plus the interim period), subject imports from Venezuela were *** short tons, while subject imports from India were *** short tons (or *** percent of the total) and subject imports from Kazakhstan were *** short tons (or *** percent of the total).

[67] 2002 Staff Report at Table C-1 (includes interim period).

[68] 2002 Staff Report at Table C-1. Subject imports from Venezuela were *** short tons in 1998, *** short tons in 1999, and *** short tons in 2000.

[69] 2002 Staff Report at Table C-1.

[70] 2002 Staff Report at Table C-1.

[71] 2002 Staff Report at Table VII-3. Hevensa's capacity was *** short tons in 1998, and *** short tons in 1999 and 2000. Hevensa's production ranged between *** and *** short tons.

[72] 2002 Staff Report at VII-6. Production capacity in interim 2001 was reported at an annualized *** short tons, a reduction of about *** percent.

[73] 2002 Staff Report at Table VII-3. Capacity utilization in interim 2001 was *** percent.

[74] CR/PR at Table IV-13. In 2010, Hevensa "worked with one furnace most of the year." FerroVen's Responses to Commissioners' Questions at 13.

investigations (capacity in 2012 was about *** percent lower than in 2000) is due to the fact that, at any given time in the period of review, at least two of its furnaces were shut down due to electricity restrictions, raw material shortages, or maintenance issues.[75] While two of Hevensa's furnaces are ***.[76] Hevensa's production, which averaged *** short tons over the three full years of the period of the original investigations, declined *** to an average of *** short tons over the six full years of the period of this review.[77] Over the period of this review, Hevensa's capacity utilization *** between *** percent (in 2010) and *** percent (in 2007) and averaged *** percent.[78]

FerroVen completed the single furnace that it uses to produce silicomanganese (and ferromanganese) in 2006, just prior to the start of this period of review, and so is a new producer.[79] FerroVen reported its capacity for silicomanganese as constant at *** short tons over the entire period of review.[80] FerroVen reported this based on a typical year in which switches between silicomanganese and ferromanganese production would take place three times per year and which require *** days.[81] These campaigns are, however, of varying lengths based on market demand for the two products.[82] Over the period of this review, FerroVen's capacity utilization *** between *** percent (in 2008) and *** percent (in 2011) and averaged *** percent.[83]

Although Eramet strenuously argues that the Commission should take into account all four of Hevensa's furnaces when considering Venezuelan production capacity,[84] I accept Hevensa's explanations regarding the state of its four furnaces. In particular, I note that ***, with what is essentially ***, has been able to *** in *** of the last *** years of the period.[85] Hevensa also described the ***.[86] Given what the Commission had on the record in the original investigation regarding Hevensa's maintenance problems between 2000 and 2002, and what the Commission has received on the record of this review, I find the Venezuelan production capacity as reported in the staff report to be the most plausible representation of capacity.

Therefore, I accept the staff report's interpretation that Venezuelan production capacity declined from *** short tons in 2007 to *** short tons in 2012[87] and was *** lower (by *** percent)[88] in 2012 than it was in 2000. Capacity utilization by the Venezuelan industry ***

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[75] FerroVen's Responses to Commissioners' Questions at 12-13.

[76] CR at IV-29 to IV-30; PR at IV-16 to IV-17.

[77] *Compare* 2002 Staff Report at Table VII-3 *with* CR/PR at Table IV-13.

[78] CR/PR at Table IV-13 (includes interim period).

[79] Tr. at 179-82 (various).

[80] CR/PR at Table IV-12.

[81] FerroVen's Responses to Commissioners' Questions at 5-6.

[82] Tr. at 182-83 (Salinas). Note that FerroVen produced *** percent *** its capacity in ***. CR/PR at Table IV-12.

[83] CR/PR at Table IV-12 (includes interim period).

[84] CR at IV-30; PR at IV-17.

[85] *Compare* CR/PR at Table IV-12 *with* Table IV-13.

[86] CR at IV-29; PR at IV-16 to IV-17.

[87] CR/PR at Table IV-11.

[88] *Compare* 2002 Staff Report at Table VII-3 *with* CR/PR at Table IV-11.

between *** percent (in 2010) and *** percent (in 2011) and averaged *** percent over the entire period.[89] The Venezuelan industry had *** short tons of excess capacity in 2012,[90] which, if it had all been exported to the U.S. market, would have accounted for *** percent of U.S. consumption in 2012.[91]

(2) Venezuelan inventories

End-of-period inventories held by Venezuelan producers increased *** until *** when they peaked at *** short tons; thereafter they declined *** to *** short tons at the end of interim 2013 (which would be equivalent to *** percent of U.S. consumption in 2012).[92] This same trend in inventories is generally reflected in the ***.[93] No U.S. importers hold any inventories of Venezuelan silicomanganese.[94]

FerroVen offered two explanations for the relatively higher levels of inventory held by the Venezuelan industry in the last half of the period of review. First, they noted that while SIDOR's production declined in 2011 and 2012, SIDOR itself was predicting an imminent recovery in production, thus presenting the possibility of higher demand for silicomanganese by SIDOR. Second, they noted that the production shutdowns that have periodically been necessary in Venezuela due to electricity shortages have made holding a relatively larger amount of inventory a type of insurance against production disruptions.[95]

(3) Potential for product-shifting in Venezuela

Of the two Venezuelan producers, only FerroVen has manufactured products other than silicomanganese.[96] It also produces ferromanganese in the only furnace it uses to produce manganese products. FerroVen stated that it typically switches this furnace between the two products three times per year, but that its production of *** has declined.[97] FerroVen stated that it must produce at least some ferromanganese because the slag necessary to produce

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[89] CR/PR at Table IV-11 (includes interim period).

[90] CR/PR at Table IV-11.

[91] CR/PR at Table C-1.

[92] CR/PR at Table IV-11. In the original investigations, Hevensa's end-of-period inventories declined *** from *** short tons in 1998, to *** short tons in 1999, to *** short tons in 2000, and to *** at the end of interim 2001. 2002 Staff Report at Table VII-3.

[93] CR/PR at Tables IV-12 & -13.

[94] CR at IV-8; PR at IV-6; CR/PR at Table IV-3.

[95] Tr. at 220-22 (Hopkins and Mendoza).

[96] CR at IV-24 to -25 and -29 to -30; PR at IV-15 to -16. Hevensa's questionnaire response indicates that *** during period of review. Hevensa's Questionnaire Response at Question II-6.

[97] CR at IV-24 to -25; PR at IV-15 to -16. This decline in *** production can be observed in FerroVen's capacity utilization data: silicomanganese production ***. CR/PR at Table IV-12. This is because, as mentioned above, FerroVen's capacity was reported *** from year to year. CR at IV-29 n.28; PR at IV-16 n.28.

silicomanganese is a by-product of ferromanganese production.[98] At the Commission's hearing, FerroVen's representative stated that "in today's world . . . ferromanganese is a more profitable product to produce than silicomanganese."[99]

(4) Conclusions on Likely Volume from Venezuela

I do not consider it likely that, were the order against subject imports from Venezuela revoked, that such imports would, within the reasonably foreseeable future, exceed the modest volumes that were observed from Venezuela during the original investigations. First, as described above, production capacity in Venezuela has declined since the period covered by the original investigations. Second, inventories, although relatively larger toward the end of the period (and *** than they were during the original investigations) were explained, as noted above, by the need to keep inventory on hand to meet either unexpected home market demand or to meet demand in the event of electricity outages. Third, total exports from Venezuela exceeded the U.S. subject import volumes observed from Venezuela in the original investigations in *** of this period of review, ***, when they were *** short tons, exceeding subject import volumes from Venezuela in ***.[100] These 2012 exports, about *** percent of which went ***, were sent *** and ***.[101] Finally, despite the domestic industry's allegations that the Venezuelan industry is export oriented, I conclude that, over most of the period of review, it was not.

The two Venezuelan producers of silicomanganese primarily serve SIDOR, Venezuela's leading steel producer.[102] That the Venezuelan industry has succeeded in doing this over the period of this review is confirmed by the fact that over this entire period of review (including the interim period), the share of Venezuelan production that was exported was only *** percent.[103] The home market is attractive to the Venezuelan producers: as pointed out by FerroVen, home market AUVs for silicomanganese were *** higher (between *** percent higher) in *** of the period of review than AUVs for U.S. producers' home market shipments.[104]

It is true that Venezuela's exports as a share of its total shipments did increase toward the end of the period, ***.[105] Hevensa stated that "2012 was a highly unusual year due to the depressed demand in Venezuela."[106] "Depressed demand" refers to the fact that after ***, home market shipments of silicomanganese (mostly to SIDOR) by Venezuelan producers

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[98] CR at IV-25; PR at IV-15.

[99] Tr. at 198 (Hopkins)

[100] *Compare* CR/PR at Table IV-11 *with* 2002 Staff Report at Table C-1.

[101] CR at IV-25; PR at IV-15 to -16. ***. *Id*.

[102] CR at IV-24 to IV-25 nn.18 & 22; PR at IV-15 nn.18 & 22; Tr. at 142 (Mendoza).

[103] CR/PR at Table IV-11. Venezuela exported *** short tons of silicomanganese to the world over the period 2007-QI 2013.

[104] FerroVen's Posthearing Brief at 7. ***. CR at IV-40; PR at IV-20.

[105] Venezuelan exports as a share of total shipments increased *** from *** percent in 2009 to *** percent in 2012. CR/PR at Table IV-11.

[106] FerroVen's Responses to Commissioners' Questions at 4.

declined steadily to their lowest level in 2012 (falling by *** percent), largely due to significant production problems experienced by SIDOR.[107]

SIDOR produced 4.3 million tons as recently as 2007, but it produced only 1.8 million tons in 2010, 2.5 million tons in 2011, 1.7 million tons in 2012, and 0.96 million tons in the first half of 2013.[108] SIDOR's problems have been variously blamed on: its 2008 nationalization by the socialist government of former president Chavez, insufficient investment in plant and equipment, price controls levied on the steel products sold by SIDOR, frequent changes in management, corruption, customs practices that make it difficult to import replacement parts, electricity outages, labor unrest, and raw material shortages.[109] Such problems are common in Venezuela and have earned the country poor rankings in the World Bank's 2013 Doing Business Survey (180th among 185 countries), and in the Heritage Foundation's 2013 Index of Economic Freedom (174th among 177 countries).[110]

These factors are counterbalanced by the obvious interest by the Venezuelan government to invest in SIDOR in order to restore the plant's capabilities, as well as to maintain employment of unionized workers.[111] The net effect is likely to be an improving Venezuelan home market demand for silicomanganese.

Many of the challenges facing SIDOR, as enumerated above, have also created serious difficulties for the Venezuelan silicomanganese industry,[112] including maintenance issues, onerous customs procedures, electricity outages and restrictions, and raw material shortages, as well as other challenges not mentioned in the SIDOR context, especially currency controls.[113] Further, FerroVen testified that they perceive themselves to be under risk of nationalization should they not adequately serve the needs of the Venezuelan steel industry.[114] These business conditions make it unlikely that any investment (other than basic maintenance) in the silicomanganese industry in Venezuela will be forthcoming; certainly no plans for expansion were revealed by either producer.

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[107] CR at IV-25 n.22; PR at IV-15 n.22.

[108] Eramet's Posthearing Brief at Exhibits 5-8 (articles from AMM); FerroVen Prehearing Brief at Exhibit 5 (SBB article dated Jan. 14, 2013).

[109] See cumulation section for supporting citations.

[110] Tr. at 218 (Comm. Pearson) (copies of surveys available on EDIS). FerroAtlantica's representative at the hearing responded in the affirmative when I asked whether these survey results reflect the reality of Venezuela as "a really challenging place to do business." Tr. at 219-20 (Salinas).

[111] Tr. at 223-24 (Salinas); FerroVen's Prehearing Brief at Exhibit 5 (BNA article from Aug. 21, 2012 noting hundreds of millions of dollars of investment); FerroVen's Posthearing Brief at Exhibit 3 (SBB articles from June and July 2013 noting delivery of new plant equipment) & Exhibit 9 (SBB articles from May and June 2013 noting improving conditions at SIDOR and other Venezuelan steel producers); FerroVen's Responses to Commissioners' Questions at 8-9 & 19-20.

[112] Tr. at 171 (Mendoza) ("not only is the economy a problem for SIDOR, it's a problem ***or Ferro Ven and H***vensa also. And it results in them really not being very competitive and not being able to produce anything.")

[113] FerroVen's Prehearing Brief at 18-19; FerroVen's Posthearing Brief at 4-5 & 11-12; FerroVen's Responses to Commissioners' Questions at 3-4, 16-19, and 21-22.

[114] Tr. at 219 (Mendoza).

In view of the foregoing, I conclude that the volume of subject imports from Venezuela, both in absolute terms and relative to production and consumption in the United States, is not likely to be significant in the reasonably foreseeable future if the order is revoked.

B. Likely Price Effects of Subject Imports from Venezuela

In evaluating the likely price effects of subject imports if the antidumping duty order were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.[115]

In the original investigations, the Commission found that subject imports of silicomanganese were sold in the U.S. market primarily on the basis of price and that the market was highly price competitive.[116] In the original investigation, subject imports from Venezuela undersold the domestic product in only 2 of 12 quarterly comparisons (***), with underselling margins of 2.9 and 7.1 percent.[117] This suggests that, in the event of a revocation of the order on Venezuela, subject imports from Venezuela would not be likely to enter at prices likely to cause significant price depression or suppression.

There was no pricing data for Venezuela for the period covered by these reviews. However, the record indicates that price continues to remain the most important factor in silicomanganese purchasing decisions. Price was the highest-ranked factor in purchasing decisions,[118] and 11 of 13 purchasers ranked price as very important.[119]

Prices for U.S. producers show a familiar pattern for commodity products, peaking in the commodity boom in mid-2008, falling steeply in early 2009, rebounding steadily through 2009 and early 2010, and then leveling off, with *** decline noted in the *** segment beginning in late 2010.[120] The trend for U.S. silicomanganese prices is not unlike the price trend for the primary raw material, manganese ore.[121]

Domestic interested parties pointed often to AUVs of exports into the EU market, noting that Venezuelan import AUVs were often lower than those of both India and Kazakhstan.[122] I

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[115] 19 U.S.C. § 1675(a)(3). The SAA states that "***onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[116] *Silicomanganese from India, Kazakhstan, and Venezuela*, Inv. Nos. 731-TA-929–931 (Final), USITC Pub. 3505, at 12-13 (May 2002).

[117] *Id*. at V-7.

[118] CR/PR at Table II-5.

[119] CR/PR at Table II-6.

[120] CR/PR at Table V-2 and Figure V-3 (figure appearing at CR at V-11; PR at V-6).

[121] CR/PR at Figure V-1. Raw materials accounted for at least *** percent of total COGS over the period of review. CR/PR at Table III-12.

[122] Eramet's Prehearing Brief at 42 & Exhibit 33; Tr. at 61-62 (Salonen); Eramet's Posthearing Brief at 14-15; Eramet's Responses to Commissioners' Questions at 26; Eramet's Final Comments at 4.

have doubts about the probity of this comparison due to the presence of currency controls in Venezuela.[123] Respondent interested parties testified that currency controls are necessary in Venezuela because the government cannot allow traders to "freely bring in and out dollars and to arbitrage that relationship that people are going to make a lot of money on that in the country, and frankly the government wants to make that money . . . ."[124] FerroVen's representative added that "{i}f you open up your ability to take money out of the country easily those with means will do so in let's say less than certain times . . . ."[125] Given that under-invoicing exports is one conceivable method to arbitrage within a system of currency controls, I do not find it surprising that Venezuelan export AUVs into the EU might be sometimes lower than those of countries without currency controls.

Domestic interested parties argued that Venezuelan imports would have to undersell domestic producers' prices to regain U.S. market share.[126] Before I could credit that argument, I would first need to receive a credible explanation for the relative differences between non-subject import AUVs and U.S. producers' commercial shipments AUVs over the period of review. Domestic interested parties themselves presented a table showing that non-subject import AUVs were consistently higher (between *** and *** percent higher) than those of U.S. producers' U.S. shipments.[127] This would appear to show that underselling is not required to maintain U.S. market share.

I find that the likely insignificant volume of subject imports from Venezuela would not likely lead to price declines in the U.S. market and have likely significant depressing or suppressing effects on the price of the domestic like product.

[123] I would also note that in the first three years of the period (2007, 2008, and 2009), U.S. export AUVs into the EU were significantly lower than Venezuelan export AUVs into the EU. Only in interim 2013 were U.S. export AUVs into the EU higher than Venezuelan export AUVs into the EU, and that figure was calculated based on only 60 short tons of U.S. exports to the EU. Eramet's Prehearing Brief at Exhibit 33.

[124] Tr. at 233 (Mendoza).

[125] Tr. at 234 (Hopkins).

[126] E.g., Felman's Posthearing Brief at 9.

[127] Felman's Prehearing Brief at 51.

C. Likely Impact of Subject Imports from Venezuela[128]

In evaluating the likely impact of imports of subject merchandise if an antidumping duty order under review were revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including, but not limited to, the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[129] All relevant factors are to be considered "within the context of the business cycle and the conditions of competition that are distinctive to the affected industry."[130] As instructed by the statute, I have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order were revoked.[131]

During the original investigations, most, if not all, performance measures of the domestic industry were lower in 2000 than they had been in 1998,[132] and the domestic industry's financial indicators showed decline. The domestic industry's operating margin declined from *** percent in 1998, to *** percent in 1999, and improved to a *** percent in 2000.[133] Although the impact of subject imports from Venezuela was not evaluated on a decumulated basis in the original investigations, I nevertheless note that between 1998 and 1999, when the domestic industry's operating margin was declining ***, subject imports from Venezuela were actually declining.

The domestic industry's financial condition has been highly variable since the imposition of the orders. During the period covered by this review, the domestic industry's operating margin was *** in *** of the six full years, and was also *** in the interim period.[134] The only years in which the domestic industry performed well was in the ***. For this reason, I find the domestic industry to be vulnerable.

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[128] Section 752(a)(6) of the Tariff Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. Commerce found likely weighted-average dumping margins as follows: 24.62 percent (Hornos Eléctricos de Venezuela, S.A. and all others from Venezuela). 78 Fed. Reg. at 9035.

[129] 19 U.S.C. § 1675a(a)(4).

[130] *Id*.

[131] 19 U.S.C. § 1675a(a)(1)(B),(C).

[132] Apparent U.S. consumption, domestic production, production capacity, capacity utilization, U.S. shipments, inventories, production and related workers, hours worked, total wages, and total compensation were all higher. Original Determinations at I-26 to I-27.

[133] 2002 Staff Report at Table C-1.

[134] CR/PR at Table I-1.

I note that Felman's domestic production facility currently is closed down. It is unclear whether it will be reopened. Although this plant closure underscores the vulnerability of the domestic industry, the closure clearly was not caused by subject imports, which were nonexistent during the period of review.

Nevertheless, because I found above that, in the event of a revocation of the antidumping duty order on Venezuela, subject import volumes from Venezuela would not likely be significant,[135] and because I found that, in the event of a revocation of the antidumping duty order on Venezuela, significant adverse price effects would not likely be caused by relatively small volumes of subject imports from Venezuela, I therefore conclude that subject imports from Venezuela would not likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry producing silicomanganese.[136] For these reasons, I conclude that, if the antidumping duty orders were revoked, subject imports from Venezuela would not be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

Accordingly, I determine that revocation of the antidumping duty order on silicomanganese from Venezuela would likely lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

V. CONCLUSION

For the above-stated reasons, and those set forth in the sections of the majority views that I join, I determine that revocation of the antidumping duty orders on imports of silicomanganese from India and Kazakhstan would be likely to lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time and that revocation of the antidumping duty order on silicomanganese from Venezuela would not be likely to lead to the continuation or recurrence of material injury within a reasonably foreseeable time.

[135] I would also expect that, in the U.S. market, which was at no time over the period of review served by less than a *** percent share of non-subject imports, CR/PR at Table C-1, whatever small volumes were imported from Venezuela would likely displace, in large part, non-subject imports rather than domestic production.

[136] *** market participant predicted a decrease in anticipated future demand. While most foreign producers predicted an increase in future demand, at least a plurality of U.S. producers, importers, and purchasers predicted fluctuating demand. CR/PR at Table II-3.

PART I: INTRODUCTION

BACKGROUND

On October 1, 2012, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act")[1], that it had instituted reviews to determine whether revocation of the antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On January 4, 2013, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. [4] The following tabulation presents information relating to the background and schedule of this proceeding:[5]

[1] 19 U.S.C. 1675(c).

[2] *Silicomanganese from India, Kazakhstan, and Venezuela; Institution of Five-Year Reviews Concerning the Antidumping Duty Orders on Silicomanganese from India, Kazakhstan, and Venezuela* ,77 FR 59970*,* October 1, 2012. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Review,* 77 FR 59897, October 1, 2012*.*

[4] *Silicomanganese from India, Kazakhstan, Venezuela: Notice of Commission Determination to Conduct Full Five-Year Reviews,* 78 FR 4437, January 22, 2013*.* The Commission found that the domestic interested party group response to its notice of institution was adequate, as was the respondent interested party group response of Venezuela. The Commission found that the respondent interested party group responses of India and Kazakhstan were inadequate. The Commission concluded that it would conduct full reviews pursuant to section 751 (c)(5) of the Act to promote administrative efficiency.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B presents the witnesses appearing at the Commission's hearing.

Effective date	Action
May 23, 2002	Commerce's antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela (67 FR 36149)
November 30, 2007	Commerce's continuation of antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela (73 FR 841, January 4, 2008)
October 1, 2012	Commerce's initiation of five-year reviews (77 FR 59897)
	Commission's institution of five-year reviews (77 FR 59970)
January 4, 2013	Commission's determinations to conduct full five-year reviews (78 FR 4437, January 22, 2013)
February 7, 2013	Commerce's final results of expedited second five-year reviews of the antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela (78 FR 9034)
February 21, 2013	Commission's scheduling of the reviews (78 FR 13380)
July 18, 2013	Commission's hearing
August 23, 2013	Commission's vote
September 18, 2013	Commission's determinations

The original investigations

The original investigations resulted from petitions filed by Eramet Marietta Inc. ("Eramet"), Marietta, Ohio, and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, Local 5-0639, on April 6, 2001, alleging that an industry in the United States was materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of silicomanganese from India, Kazakhstan, and Venezuela. Following notification of a final determination by Commerce that imports of silicomanganese from India, Kazakhstan, and Venezuela were being sold at LTFV, the Commission determined on May 16, 2002 that a domestic industry was materially injured by reason of LTFV imports of silicomanganese from India, Kazakhstan, and Venezuela.[6] Commerce published the antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela on May 23, 2002.[7]

Subsequent five-year reviews

In November 2007, the Commission completed expedited five-year reviews of the subject orders and determined that revocation of the antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela would be likely to lead to continuation

[6] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Final)*, USITC Publication 3505 (May 2002).

[7] *Notice of Amended Final Determination of Sales at Less than Fair Value and Antidumping Duty Orders: Silicomanganese from India, Kazakhstan, and Venezuela*, 67 FR 36149, May 23, 2002.

or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[8] Following affirmative determinations in the first five-year reviews by Commerce and the Commission,[9] Commerce issued a continuation of the antidumping duty orders on imports of silicomanganese from India, Kazakhstan, and Venezuela, effective November 30, 2007.[10]

RELATED INVESTIGATIONS

The Commission has conducted one other grouped investigation and related five-year reviews on silicomanganese with respect to Brazil, China, Ukraine, and Venezuela. Following a petition filed on November 12, 1993, by Elkem Metals Co. ("Elkem") (predecessor firm to Eramet) and the Oil, Chemcial and Atomic Workers ("OCAW") Local 3-639, the Commission conducted antidumping duty investigations on silicomanganese from Brazil, China, Ukraine, and Venezuela.[11] On October 31, 1994, Commerce made final affirmative LTFV determination regarding silicomanganese from Brazil, China, and Venezuela. In addition, on October 31, 1994, an agreement was signed suspending the antidumping investigation on silicomanganese from Ukraine.[12] On December 14, 1994, the Commission completed its original investigations concerning silicomanganese from Brazil, China, Ukraine, and Venezuela. It determined that an industry in the United States was materially injured or threatened with material injury by reason of LTFV imports of silicomanganese from Brazil, China, and Ukraine. The Commission further determined that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially retarded, by reason of LTFV imports from Venezuela.

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[8] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Review)*, USITC Publication 3963 (November 2007).

[9] *Silicomanganese from India, Kazakhstan, and Venezuela: Final Result of Expedited Five-Year ("Sunset") Reviews of the Antidumping Duty Orders*, 72 FR 42393, August 2, 2007; *Silicomanganese from India, Kazakhstan, and Venezuela*, 72 FR 67965, December 3, 2007.

[10] *Continuation of Antidumping Duty Orders on Silicomanganese from India, Kazakhstan, and Venezuela,* 73 FR 841, January 4, 2008.

[11] *Silicomanganese from Brazil, the People's Republic of China, Ukraine, and Venezuela, Inv. Nos. 731-TA-671-674 (Final)*, USITC Publication 2836, December 1994, p. I-3.

[12] Commerce suspended its investigation based on an agreement by the Government of Ukraine to restrict to volume of direct or indirect silicomanganese exports to the United States and to sell such exports at or above a "reference price" in order to prevent the suppression or undercutting of price levels of domestic silicomanganese in the United States. 59 FR 60951, November 29, 1994. On December 2, 1994, Commerce notified the Commission that it had continued its investigation on silicomanganese from Ukraine. Accordingly, pursuant to section 207.42 of the Commission's Rules of Practice and Procedure (19 CFR 207.42), the Commission continued its investigation on silicomanganese from Ukraine. *Silicomanganese from Brazil, the People's Republic of China, Ukraine, and Venezuela*, 59 FR 65788, December 21, 1994.

After receipt of the Commission's final determinations, Commerce issued antidumping duty orders on imports of silicomanganese from Brazil and China.[13]

On November 2, 1999, the Commission instituted the first five-year reviews of the antidumping duty orders on imports of silicomanganese from Brazil and China and the suspended investigation on silicomanganese from Ukraine. In January 2001, the Commission completed its full first five-year reviews and determined that revocation of the antidumping duty orders on silicomanganese from Brazil and China and termination of the suspension agreement on silicomanganese from Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within the reasonably foreseeable time. Subsequently, Commerce issued a continuation of the antidumping duty orders on silicomanganese from Brazil and China and the suspended antidumping duty investigation on silicomanganese from Ukraine. On July 19, 2001, the Government of Ukraine submitted a memorandum to Commerce officially requesting termination of the suspension agreement on silicomanganese from Ukraine and, effective September 17, 2001, Commerce issued an antidumping duty order.[14]

On January 3, 2006, the Commission instituted the second five-year reviews of the antidumping duty orders on imports of silicomanganese from Brazil, China, and Ukraine. In August 2006, the Commission completed its expedited second five-year reviews and determined that revocation of the antidumping duty orders on silicomanganese from Brazil, China, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Subsequently, Commerce issued a continuation of the antidumping duty orders on silicomanganese from Brazil, China, and Ukraine.[15]

On August 1, 2011, the Commission instituted the third five-year reviews of the antidumping duty orders on imports of silicomanganese from Brazil, China, and Ukraine. In October 2012, the Commission completed its full third five-year reviews. It determined that revocation of the antidumping duty order on silicomanganese from Brazil would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time and that revocation of the antidumping duty orders on silicomanganese from China and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[16]

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[13] *Notice of Antidumping Duty Order: Silicomanganese from Brazil*, 59 FR 66003, December 22, 1994 and *Notice of Antidumping Duty Order: Silicomanganese from the People's Republic of China*, 59 FR 66003, December 22, 1994.

[14] *Silicomanganese from Brazil, China, and Ukraine, Inv. Nos. 731-TA-671-673 (Third Review)*, USITC Publication 4354, October 2012, pp. I-2-I-3.

[15] *Silicomanganese from Brazil, China, and Ukraine, Inv. Nos. 731-TA-671-673 (Third Review)*, USITC Publication 4354, October 2012, p. I-3.

[16] *Silicomanganese from Brazil, China, and Ukraine, Inv. Nos. 731-TA-671-673 (Third Review)*, USITC Publication 4354, October 2012, pp. 1.

Subsequently, Commerce issued a continuation of the antidumping duty orders on silicomanganese from China and Ukraine.[17]

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations, expedited reviews, and the current full five-year reviews.

[17] *Silicomanganese from the People's Republic of China and Ukraine: Continuation of Antidumping Duty Orders*, 77 FR 66956, November 8, 2012.

Table I-1
Silicomanganese: Comparative data from the original investigations, first expedited reviews, and current reviews, 1998-2000 and 2006-12

(Quantity *in short tons*, value *in 1,000 dollars*, share/ratios *in percent*)

Item	1998	1999	2000	2006
U.S. consumption quantity:				
Amount	***	***	***	***
U.S. producers' share	***	***	***	***
U.S. importers' share:				
India	***	***	***	0.0
Kazakhstan	***[1]	*** [1]	*** [1]	0.0
Venezuela	***	***	***	0.0
Subtotal, subject:	***	***	***	0.0
All other sources	***	***	***	***
Total imports	***	***	***	***
U.S. imports from:				
India:				
Quantity	***	***	***	0
Value	***	***	***	0
Unit value	***	***	***	(2)
Kazakhstan:				
Quantity	2,927	30,585	73,189	0
Value	1,237	11,444	29,633	0
Unit value	423	374	405	(2)
Venezuela:				
Quantity	19,511	18,604	26,565	0
Value	8,608	6,994	11,315	0
Unit value	441	376	426	(2)
Subtotal, subject:				
Quantity	***	***	***	0
Value	***	***	***	0
Unit value	***	***	***	(2)
All other sources:				
Quantity	***	***	***	440,972
Value	***	***	***	310,157
Unit value	***	***	***	703
Total:				
Quantity	***	***	***	440,972
Value	***	***	***	310,157
Unit value	***	***	***	703

Table continued on next page.

Table I-1--*Continued*

2007	2008	2009	2010	2011	2012
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
0	0	0	0	0	0
0	0	0	0	0	0
(2)	(2)	(2)	(2)	(2)	(2)
0	0	0	0	0	0
0	0	0	0	0	0
(2)	(2)	(2)	(2)	(2)	(2)
0	0	0	0	0	0
0	0	0	0	0	0
(2)	(2)	(2)	(2)	(2)	(2)
0	0	0	0	0	0
0	0	0	0	0	0
(2)	(2)	(2)	(2)	(2)	(2)
445,439	365,423	172,392	274,070	309,964	318,239
572,547	726,203	176,641	335,694	358,457	388,576
1,285	1,987	1,025	1,225	1,156	1,221
445,439	365,423	172,392	274,070	309,964	318,239
572,547	726,203	176,641	335,694	358,457	388,576
1,285	1,987	1,025	1,225	1,156	1,221

Table I-1--*Continued*
Silicomanganese: Comparative data from the original investigations, first expedited reviews, and current reviews, 1998-2000 and 2006-12

(Quantity in *short tons*, value in *1,000 dollars*, share/ratios *in percent*)

Item	1998	1999	2000	2006
U.S. producers:				
Capacity quantity	***	***	***	([3])
Production quantity[4]	***	***	***	***
Capacity utilization	***	***	***	([3])
U.S. shipments:				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	***	***	***	***
Export shipments:				
Quantity	***	***	***	8,151[5]
Value	***	***	***	8,091[5]
Unit value	***	***	***	993[5]
Ending inventory quantity	***	***	***	(3)
Inventory/total shipments	***	***	***	(3)
Production workers	***	***	***	(3)
Hours worked (*1,000*)	***	***	***	(3)
Wages paid (*1,000 dollars*)	***	***	***	(3)
Hourly wages	***	***	***	(3)
Productivity (*short tons per 1,000 hours*)	***	***	***	(3)
Net sales:				
Quantity	***	***	***	(3)
Value	***	***	***	(3)
Unit value	***	***	***	(3)
Cost of goods sold	***	***	***	(3)
Gross profit or (loss)	***	***	***	(3)
SG&A	***	***	***	(3)
Operating income or (loss) (*$1,000*)	***	***	***	(3)
Unit cost of goods sold	***	***	***	(3)
Unit operating income or (loss)	***	***	***	(3)
Cost of goods sold/sales (*percent*)	***	***	***	(3)
Operating income or (loss)/sales (*percent*)	***	***	***	(3)

[1] Figures for Kazakhstan were calculated using U.S. importers' U.S. shipments of imports.
[2] Undefined.
[3] Not available.
[4] In the original investigations, Eramet accounted for virtually all U.S. production of silicomanganese. In the expedited reviews, Eramet and Felman estimated that together they accounted for all U.S. production of silicomanganese in 2006. For 2006, Eramet reported ***.
[5] USITC DataWeb. Includes re-exports.

Table I-1--*Continued*

2007	2008	2009	2010	2011	2012
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
$***	$***	$***	$***	$***	$***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***

Note.—U.S. import data for 1998-2000 were adjusted to exclude U.S. imports of low-carbon silicomanganese produced in India as reported in Commission questionnaires received in the original investigations. No U.S. importers reported that they imported low-carbon silicomanganese from either Kazakhstan or Venezuela.
Note.—U.S. import data for 2006 are based on official Commerce statistics and may include small volumes of low-carbon silicomanganese.
Note.—U.S. import data for 2007-12 are based on U.S. Importers' U.S. shipments of silicomanganese reported in response to Commission questionnaires.

Source: Data for 1998-2000 are compiled from confidential staff report Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Final), Memorandum INV-Z-047, April 16, 2002, table C-1; data for 2006 are compiled from confidential staff report Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Review), Memorandum INV-EE-158, October 29, 2007, tables I-3, I-4, and I-8; and data for 2007-2012 are compiled from data submitted in response to Commission questionnaires.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
>
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
>
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
>
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
>
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
>
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*
>
> *(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

> *(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*
> *(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.*

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

> *(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*
> *(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*
> *(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for silicomanganese as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of two U.S. producers of silicomanganese that accounted for all known domestic production of silicomanganese in 2012. U.S. import data and related information are based on the questionnaire responses of 12 U.S. importers of silicomanganese that are believed to have accounted for at least 90.5 percent of the total U.S. imports during

the period of review.[18] Foreign industry data and related information are based on the questionnaire responses of five producers of silicomanganese. Two producers in India accounted for *** percent of total production in 2012,[19] one producer in Kazakhstan accounted for *** percent of total production in 2012,[20] and two producers in Venezuela accounted for *** production submitted questionnaire responses in 2012. Responses by U.S. producers, importers, purchasers, and foreign producers of silicomanganese to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation of such orders are presented in appendix D. A table and discussion of responding producers' electrical capacity is presented in appendix E.

COMMERCE'S REVIEWS

Administrative reviews[21]

Commerce has completed no administrative reviews of the outstanding antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela.[22]

Five-year reviews

Commerce has issued the final results of its expedited reviews with respect to all subject countries.[23] Table I-2 presents the dumping margins calculated by Commerce in its original investigations, first reviews, and second reviews.

[18] Calculated by comparing questionnaire data to official Commerce statistics for the period of review.

[19] Calculated by comparing questionnaire data to *** reported production.

[20] Calculated by comparing questionnaire data to *** reported production.

[21] Commerce has not issued any duty absorption findings with respect to silicomanganese from the India, Kazakhstan, and Venezuela.

[22] For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

[23] *Silicomanganese from India, Kazakhstan, and Venezuela: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*, 78 FR 9034, February 7, 2013.

Table I-2
Silicomanganese: Commerce's original, first five-year, and second five-year dumping margins for producers/exporters in India, Kazakhstan, and Venezuela

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
	India		
Nava Bharat Ferro Alloys, Ltd.	15.32	15.32	15.32
Universal Ferro and Allied Chemicals, Ltd.	20.42	20.53	20.53
All others	17.69	17.74	17.74
	Kazakhstan		
Alloy 2000, S.A.	247.88	247.88	247.88
Kazakhstan-wide	247.88	247.88	247.88
	Venezuela		
Hornos Electricos de Venezuela, S.A.	24.62	24.62	24.62
All others	24.62	24.62	24.62

Source: Silicomanganese from India: Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Critical Circumstances Determination, 67 FR 15531, April 2, 2002; Notice of Final Determination of Sales at Less Than Fair Value: Silicomanganese from Kazakhstan, 67 FR 15535, April 2, 2002; Notice of Final Determination of Sales at Less Than Fair Value; Silicomanganese from Venezuela, 67 FR 15533, April 2, 2002; Silicomanganese from India, Kazakhstan, and Venezuela: Final Results of Expedited Five-year ("Sunset") Reviews of the Antidumping Duty Orders, 72 FR 42393, August 2, 2007; and Silicomanganese from India, Kazakhstan, and Venezuela: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders, 78 FR 9034, February 7, 2013.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:

> *For purposes of these orders, the products covered are all forms, sizes and compositions of silicomanganese, except low-carbon silicomanganese, including silicomanganese briquettes, fines and slag. Silicomanganese is a ferroalloy composed principally of manganese, silicon and iron, and normally contains much smaller proportions of minor elements, such as carbon, phosphorous and sulfur. Silicomanganese is sometimes referred to as ferrosilicon manganese. Silicomanganese is used primarily in steel production as a source of both silicon and manganese. Silicomanganese generally contains by weight not less than 4 percent iron, more than 30 percent manganese, more than 8 percent silicon and not more than 3 percent phosphorous. Silicomanganese is properly classifiable*

under subheading 7202.30.0000 of the Harmonized Tariff Schedule of the United States (''HTSUS''). Some silicomanganese may also be classified under HTSUS subheading 7202.99.5040[24].The low-carbon silicomanganese excluded from this scope is a ferroalloy with the following chemical specifications: Minimum 55 percent manganese, minimum 27 percent silicon, minimum 4 percent iron, maximum 0.10 percent phosphorus, maximum 0.10 percent carbon and maximum 0.05 percent sulfur. Low-carbon silicomanganese is used in the manufacture of stainless steel and special carbon steel grades, such as motor lamination grade steel, requiring a very low carbon content. It is sometimes referred to as ferromanganese-silicon. Low-carbon silicomanganese is classifiable under HTSUS subheading 7202.99.5040.[24]This scope covers all silicomanganese, regardless of its tariff classification. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope remains dispositive.[25]

Tariff treatment

Silicomanganese is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 7202.30.00 as "ferrosilicon manganese." The normal trade relations rate of duty for silicomanganese under HTS subheading 7202.30.00 is 3.9 percent *ad valorem.* Imports of silicomanganese from India, Kazakhstan, and Venezuela enter the United States duty-free under the Generalized System of Preferences.

THE PRODUCT

Description and applications

Silicomanganese, a metallic silvery ferroalloy,[26] is composed principally of manganese, silicon, and iron. It is produced in a number of grades and sizes. Most, but not all, silicomanganese is manufactured and sold to ASTM International[27] specification A 483, which covers three grades, designated "A," "B," and "C" and differentiated by their silicon and carbon

[24] Effective April 8, 2002, low-carbon silicomanganese was classified in the same Harmonized Tariff Schedule of the United States ("HTS") subheading as standard silicomanganese: 7202.30. Customs Bulletin and Decisions, vo. 36, No. 6, February 6, 2002. Effective July 1, 2003, HTS statistical reporting number 7202.99.5040 was eliminated and HTS statistical reporting number 7202.99.8040 was added and designated the "other" category. HTS (2003) (Supplement 1), July 1, 2003. Where noted import data are based on official Commerce statistics and derived only from HTS subheading 7202.30.00, which is consistent with past Commission practice regarding silicomanganese.

[25] *Silicomanganese from India, Kazakhstan, and Venezuela: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*, 78 FR 9034, February 7, 2013.

[26] A ferroalloy is an alloy of iron containing one or more other elements. It is used to add these other elements to molten metal, usually in the manufacture of steel or cast iron.

[27] ASTM International, formerly known as the American Society for Testing and Materials (ASTM), is a developer of international voluntary consensus standards.

contents.[28] Most silicomanganese produced and sold in the United States conforms to the specification for grade B. Silicomanganese is sold in small pieces of fairly uniform sizes. A typical size of silicomanganese is 3 inches by 1/4 inch.[29] [30]

Silicomanganese is consumed in bulk form primarily by the steel industry as a source of both silicon and manganese, although some silicomanganese is used as an alloying agent in the production of iron castings.[31] Manganese, intentionally present in nearly all steels, is used as a steel desulfurizer and deoxidizer. By removing sulfur from steel, manganese prevents the steel from becoming brittle during the hot rolling process. In addition, manganese increases the strength and hardness of steel. Silicon is used as a deoxidizer, aiding in making steels of uniform chemistry and mechanical properties. As such, it is not retained in the steel, but forms silicon oxide, which separates from the steel as a component of the slag. As an alloying agent, silicon increases the hardness and strength of hot-rolled steel mill products, and enhances the toughness, corrosion resistance, and magnetic and electrical properties of certain steel mill products.

Use depends upon the steelmaking practices of a given producer. Silicomanganese may be introduced directly into the steelmaking furnace or added as a chemistry addition/deoxidizer to molten steel at a separate ladle metallurgy station. As a furnace addition, it is typically used in lump sizes and melted along with other steelmaking raw materials; as a ladle addition, silicomanganese is used in smaller sizes. Silicomanganese is mostly consumed by electric furnace steelmakers in the production of long products, including bars and structural shapes. This use in long products may be due to less restrictive specifications for silicon for these products than for flat-rolled carbon steel mill products, such as sheet and strip.[32]

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[28] According to the ASTM standard specification, each of the three grades must contain 65 to 68 percent manganese, a maximum of 0.20 percent phosphorus, and a maximum of 0.04 percent sulfur, by weight. Grade A contains 18.5 to 21.0 percent silicon and a maximum of 1.5 percent carbon. Grade B contains 16.0 to 18.5 percent silicon and a maximum of 2.0 percent carbon. Grade C contains 12.5 to 16.0 percent silicon and a maximum of 3.0 percent carbon. Additionally, the content of minor elements arsenic, tin, lead, chromium, nickel, and molybdenum, is limited. See ASTM A 483-04 (approved 2004), *Standard Specification for Silicomanganese*, tables 1 and 2 (chemical requirements).

[29] The dimensions refer to the diameters of the openings used in the standard screens or sieves that are used to size silicomanganese. The first number refers to the screen through which the material must pass, and the second number refers to the screen on which the material is retained, with smaller particles passing through to be recycled or sold as a smaller size. Silicomanganese is a friable product, susceptible to appreciable reduction in size by repeated handling. This generates small lumps and fines (the diameter of small lumps may be one-half that of regular-sized pieces, but there is no specified minimum diameter for fines).

[30] The discussion in this section is based on information from the following sources: Staff Report, December 20, 2000 (INV-X-256), pp. I-11-I-12; and *Silicomanganese From India, Kazakhstan, and Venezuela, Investigations Nos. 731-TA-929-931 (Final)*, USITC Publication 3505, May 2002, p. I-4.

[31] Other elements are carbon, which is the principal hardening element in steel, and phosphorus and sulfur, which are impurities in steel that cause brittleness and cracking.

[32] Producers of flat-rolled steel mill products reportedly tend to use a combination of ferromanganese and ferrosilicon, which allows them greater control of each individual element.

Silicomanganese is believed to account for only a small share of the total cost of end-use steel mill products.[33]

A low-carbon grade of silicomanganese containing around 60 percent of manganese with around 30 percent of silicon and less than 0.10 percent carbon is also available and is used primarily in the production of stainless steel, not in the applications of the more common standard grade silicomanganese.[34] Low-carbon silicomanganese is not a subject product in these reviews. Low-carbon silicomanganese is produced by upgrading standard grade material by the addition of silicon wastes from the ferrosilicon industry.[35] It is produced primarily in Norway by a firm related to Eramet, and ***.[36]

Manufacturing Process

Silicomanganese is produced by smelting together in a submerged arc furnace sources of silicon, manganese, iron, and a carbonaceous reducing agent, usually coke.[37] The reducing agent and the other items are combined in a "charge" (which may include wood chips, dolomite, and a fluxing agent) and electrically heated. Impurities from the ore or other manganese sources are released and form slag, which rises to the top of the furnace and floats on top of the molten silicomanganese. Following smelting, molten metal and slag are removed or "tapped" from the furnace. The molten silicomanganese is poured into large molds (called "chills"), where it cools and hardens. Once the alloy has hardened, the chills are emptied and the alloy is crushed into small pieces and screened to fairly uniform sizes.

Domestic producer Eramet produces silicomanganese at a plant in Marietta, OH, that it purchased in July 1999 from Elkem. Eramet also produces other manganese ferroalloys as well as other alloying agents at that plant. Silicomanganese is manufactured in the same or similar facilities as those used to produce high carbon ferromanganese, although switching from one grade or type of manganese ferroalloy to another involves costs in terms of lost production, reduced productivity, or possible contamination of the higher grade product.

Domestic producer Felman Production, LLC ("Felman") produces silicomanganese at a plant in New Haven, WV that was once dedicated to the production of silicon alloys. Felman reopened the plant as a producer of silicomanganese in September 2006. On its web site,

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[33] See p. II-15. For both integrated mills and electric arc furnaces, U.S. producers reported that silicomanganese accounted for *** percent of the total cost of steel production. Purchasers reported that silicomanganese accounted for 1 percent of the total cost of steel produced in integrated mills and less than 3 percent of costs for steel produced with electric arc furnaces.

[34] Eramet Comilog product data sheet, *Low Carbon SilicoManganese*, http://www.eramet.fr/fr/PRODUCTION_GALLERY_CONTENT/DOCUMENTS/Nos_metiers/Manganese/LC_SiMn_Aug05.pdf, accessed Aug. 28, 2012.

[35] Olsen, S.E. and M. Tangstad, *Silicomanganese Production-Process Understanding, in Proceedings*: Tenth International Ferroalloys Congress, 2004, p. 231.

[36] Email from ***, June 17, 2013.

[37] For a discussion of inputs, see *Silicomanganese From Brazil, the People's Republic of China, Ukraine, and Venezuela, Investigations Nos. 731-TA-671-674 (Final)*, USITC Pub. 2836, December 1994.

Felman describes both silicomanganese and high-carbon ferromanganese as products it produces ***.

In general, little difference appears to exist between the production processes in the domestic industry and those used abroad to produce silicomanganese. This fact reflects the maturity of the industry, and may be attributed to the diffusion of process technology, techniques, and equipment on a world-wide basis; the similarity of steelmaking techniques; and the commonality of steel recipes.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission defined the domestic like product as a single like product consisting of all forms, sizes, and compositions of silicomanganese, except low-carbon silicomanganese.[38] It also found the relevant domestic industry to consist of all domestic producers of silicomanganese, excluding low-carbon silicomanganese.[39] In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[40] Domestic interested parties Eramet and Felman agree with the Commission's definitions of the domestic like product and domestic industry.[41] Indian producer, Nava Bharat Ventures Limited ("Nava Bharat") reserved the opportunity to comment with respect to the domestic like product definition.[42] Venezuelan producer, FerroAtlantica de Venezuela ("FerroVen"), did not have any comments.[43] No party requested the collection of like product information in the questionnaires.

U.S. MARKET PARTICIPANTS

U.S. producers

Eramet Marietta, Inc. is located in Marietta, OH and is wholly-owned by Eramet Holding Manganese of France. Prior to July 1999, the Marietta, OH, facility was operated by Elkem Metals Co.[44] In July 1999, Eramet SA of France purchased the production facility in Marietta, OH, which included all of Elkem Metals Co.'s silicomanganese assets, from Elkem S/A, and

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[38] *Silicomanganese from India, Kazakhstan, and Venezuela*, Inv. Nos. 731-TA-929-931 (Final), USITC Publication 3505, May 2002, p. 5.

[39] Ibid.

[40] *Silicomanganese from India, Kazakhstan, and Venezuela; Institution of Five-Year Reviews Concerning the Antidumping Duty Orders on Silicomanganese from India, Kazakhstan, and Venezuela*, 77 FR 59970, October 1, 2012.

[41] Substantive response of Eramet, p. 38 and substantive response of Felman, p. 36.

[42] Substantive response of Nava Bharat, p. 16.

[43] Substantive response of FerroVen, p. 7.

[44] *Silicomanganese from India, Kazakhstan, and Venezuela*, Inv. Nos. 731-TA-929-931 (Final), USITC Publication 3505, May 2002, p. III-1.

created the U.S. company Eramet Marietta, Inc.[45] From 2002 to 2005, Highlander Alloys, LLC ("Highlander"), attempted to produce silicomanganese at a silicon and silicon alloy facility in New Haven, WV, but was beset by a number of problems ranging from financial woes, service cutoffs, strikes by unpaid workers, and production difficulties resulting in only sporadic production of silicomanganese.[46] In January 2006, Felman purchased the silicomanganese assets out of Highlander's bankruptcy proceedings.[47] Eramet and Felman account for all known U.S. production of silicomanganese in the period under review.

Table I-3 presents information on the two U.S. producers of silicomanganese, each company's position on continuation of the orders, production location, related and/or affiliated firms, and share of reported production of silicomanganese in 2012.

Table I-3
Silicomanganese: U.S. producers, positions on orders, U.S. production locations, related and/or affiliated firms, and shares of 2012 reported U.S. production

Firm	Production location	Position on continuation of orders	Related or affiliated firms	Share of reported production in 2012 (*percent*)
Eramet	Marietta, OH	Supports all three orders[1]	***	***
Felman	New Haven, WV	Supports all three orders	***	***

[1] In response to question I-3 of the Commission's U.S. producers' questionnaire, Eramet indicated that "***."

[2] Georgian American Alloys, Inc. also owns CC Metals & Alloys LLC (a silicon ferroalloys producer located in Calvert City, KY). *American Metal Market,* "Felman Production to halt W. Va. operations," June 28, 2013.

Source: Compiled from data submitted in response to Commission questionnaires.

As indicated in the table above, no U.S. producers are related to subject foreign producers of the subject merchandise and none are related to U.S. importers of the subject merchandise. Both U.S. producers reported importing silicomanganese from ***. Additional details regarding these imports are found in part III (see table III-8).

U.S. importers

In the original investigations, 12 U.S. importers supplied the Commission with usable information on their operations involving the importation of silicomanganese, accounting for 54.5 percent of U.S. imports of silicomanganese in 1998 and 50.1 percent of subject U.S.

[45] Ibid.

[46] *Silicomanganese from India, Kazakhstan, and Venezuela*, Inv. Nos. 731-TA-929-931 (Review), USITC Publication 3963, November 2007, p. I-17.

[47] Ibid, p. I-17-I-18.

imports of silicomanganese in 1998.[48] Of the responding U.S. importers, one was a domestic producer: Eramet.

In the current proceedings, the Commission issued U.S. importers' questionnaires to 12 firms believed to be importers of silicomanganese. Usable questionnaire responses were received from all 12 firms, representing at least 90.5 percent of total imports from all sources for the period of review. There were no subject imports during the period of review. Table I-4 lists all responding U.S. importers of silicomanganese, their locations, their related or affiliated firms, and their shares of U.S. imports in 2012.

Table I-4
Silicomanganese: U.S. importers, location, related or affiliated firm(s), and shares of imports in 2012

Firm	Location	Related or affiliated firm(s)	Share of total imports in 2012 (*percent*)
Allegheny Alloys, LLC[1]	Pittsburgh, PA	***	***
Alloy Sales Co.	Weirton, WV	***	***
Asia Minerals, Ltd.	Sewickley, PA	***	***
BHP Billiton Marketing Inc.	Houston, TX	***	***
CCMA, LLC	Amherst, NY	***	***
Eramet Marietta, Inc.	Marietta, OH	***	***
Felman Trading, Inc.	Miami, FL	***	***
Glencore, Ltd.	Stamford, CT	***	***
Grupo FerroAtlantica[2]	Madrid, Spain	***	***
Minerais US, LLC	Hillsborough, NJ	***	***
Nizi International, S.A.	Akron, OH	***	***
The David J. Joseph Company	Cincinnati, OH	***	***

[1] ***.
[2] ***.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. purchasers

The Commission received 13 purchaser questionnaire responses from firms that have purchased silicomanganese since January 1, 2007. These purchasers reported purchasing more than 412,000 short tons of silicomanganese in 2012[49], which accounted for 87.2 percent of

[48] *Silicomanganese from India, Kazakhstan, and Venezuela*, Inv. Nos. 731-TA-929-931 (Final), USITC Publication 3505, May 2002, pp. IV-1-IV-2.

[49] Purchasers reported that 42.3 percent of their 2012 purchases were of silicomanganese produced in the United States and 57.7 percent were of silicomanganese produced in nonsubject countries

2012 U.S. silicomanganese consumption. The two largest reporting purchasers were ***. Ten firms reported that they were steel producers that use electric arc furnaces, 2 distributors, 1 integrated steel producer that uses a basic oxygen furnace, and 1 trading company.[50]

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of silicomanganese during the period for which data were collected in this proceeding are shown in table I-5.

(Australia, Bahrain, Georgia, Indonesia, Italy, Macedonia, Mexico, Norway, Romania, Russia, South Africa, South Korea, Spain, and Ukraine).

[50] Purchaser *** reported that it is an integrated mill that also produces steel in an electric arc furnace.

Table I-5
Silicomanganese: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2007-12, January-March 2012, and January-March 2013

Item	Calendar year						January-March	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (short tons)							
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from--								
India	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Subject sources	0	0	0	0	0	0	0	0
Nonsubject sources	445,439	365,423	172,392	274,070	309,964	318,239	93,210	82,999
All import sources	445,439	365,423	172,392	274,070	309,964	318,239	93,210	82,999
Apparent U.S. consumption	***	***	***	***	***	***	***	***
	Value (1,000 dollars)							
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from--								
India	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Subject sources	0	0	0	0	0	0	0	0
Nonsubject sources	572,547	726,203	176,641	335,694	358,457	388,576	108,443	88,118
All import sources	572,547	726,203	176,641	335,694	358,457	388,576	108,443	88,118
Apparent U.S. consumption	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. MARKET SHARES

U.S. market share data are presented in table I-6.

Table I-6
Silicomanganese: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

Most silicomanganese is sold directly to the end user, steel producers, for use as a deoxidizer in the production of steel. It is mostly used in production of long products (rods, bars, and sections) in electric arc furnace mini-mills, which have increased their share of raw steel production in the United States.[1] Silicomanganese is also used, although to a lesser extent, in steel plate production.[2] Demand for silicomanganese follows the trends of the steel industries as well as overall economic conditions.[3] Purchasers reported that their main customers are foundries and steel mills.[4]

CHANNELS OF DISTRIBUTION

The large majority of silicomanganese is sold to end users.[5] As shown in table II-1, *** percent of U.S. producers' U.S. shipments of silicomanganese in 2012 were to end users, and 89.2 percent of importers' U.S. shipments of silicomanganese imported from nonsubject sources was sold to end users.[6] The share of importer shipments of silicomanganese from nonsubject sources sold to distributors fluctuated during 2007-12, and was higher in January-March 2013 (19.9 percent) than in January-March 2012 (3.4 percent).

[1] Eramet's posthearing brief, p. 28 of responses of Eramet Marietta, Inc. to Commission questions and exhibit 21, and hearing transcript, pp. 109-110 (Rochussen).

[2] Hearing transcript, pp. 109 (Rochussen).

[3] Hearing transcript, p. 52 (Button).

[4] Three purchasers indicated that they competed with their suppliers for sales to their customers.

[5] Eramet's prehearing brief, p. 13.

[6] There were no subject imports during the period under review.

Table II-1
Silicomanganese: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2007-12, January-March 2012, and January-March 2013

Item	Period							
	Calendar year						January-March	
	2007	2008	2009	2010	2011	2012	2012	2013
	Share of reported shipments (*percent*)							
U.S. producers' U.S. shipments of silicomanganese:								
Distributors	***	***	***	***	***	***	***	***
End users	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of silicomanganese from nonsubject countries:								
Distributors	7.0	10.7	14.6	10.4	7.9	10.8	3.4	19.9
End users	93.0	89.3	85.4	89.6	92.1	89.2	96.6	80.1

Source: Compiled from data submitted in response to Commission questionnaires.

GEOGRAPHIC DISTRIBUTION

Silicomanganese produced in the United States and imported from nonsubject sources is sold in all regions of the continental United States, with a particular focus on the Northeast, Midwest, Southeast, and Central Southwest (table II-2). U.S. producer Felman reported selling silicomanganese ***, and U.S. producer Eramet reported selling ***. Four responding importers, ***, reported selling silicomanganese throughout the continental United States, while the remaining six responding importers reported selling in particular regions.

Table II-2
Silicomanganese: Geographic market areas in the United States served by U.S. producers and importers

Region	Number of firms	
	U.S. producers	Importers
Northeast	***	9
Midwest	***	10
Southeast	***	10
Central Southwest	***	9
Mountain	***	5
Pacific Coast	***	4
Other[1]	***	0

[1] All other U.S. markets, including AK, HI, PR, and VI, among others.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. silicomanganese producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced silicomanganese to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the availability of unused capacity, some ability to use inventories to increase shipments, and the ability to produce alternate products.

Both U.S. producers reported *** in the factors affecting supply. Felman reported that ***. U.S. producer Eramet reported that ***.

U.S. producer Felman anticipates *** in the availability of U.S.-produced silicomanganese in the U.S. market in the future. Eramet anticipates *** in the availability of U.S.-produced silicomanganese in the U.S. market. Eramet reported that ***.

Six of ten responding purchasers reported changes in factors affecting supply of U.S. produced silicomanganese. Two purchasers reported that one U.S silicomanganese producer routinely switches production between silicomanganese and high-carbon ferromanganese, which causes short-term supply fluctuations in the U.S. silicomanganese market, and one purchaser (***) reported that Felman has refurbished furnaces and increased production capacity in the United States.

Industry capacity

U.S. producers have some unused capacity with which they could increase production of silicomanganese in the event of a price change.[7] Both U.S. producers reported an increase in capacity utilization during 2007-12, with Felman reporting ***. Felman's reported capacity utilization increased from *** percent in 2007 to *** percent in 2012, and Eramet's reported capacity utilization increased from *** percent in 2007 to *** percent in 2012. Felman's capacity and production *** during 2007-12, with production *** by *** percent, and capacity increasing by *** percent. During 2007-12, Eramet's capacity and production ***, with capacity *** by a larger amount than production.

Alternative markets

U.S. producers have limited ability to divert shipments to or from alternative markets in response to changes in the price of silicomanganese. Exports by U.S. producers, as a share of

[7] Eramet accounted for *** percent of 2012 total U.S. production and *** percent of U.S producers' total capacity for silicomanganese. Felman accounted for *** percent of 2012 total U.S. production and *** percent of U.S producers' total capacity for silicomanganese.

total shipments, decreased from *** percent in *** to *** percent in 2012.[8] U.S. producer Eramet reported that ***. Felman reported that Felman Trading exports silicomanganese to Canada.[9]

Inventory levels

U.S. producers have some ability to use inventories as a means of increasing shipments of silicomanganese to the U.S. market. The ratio of end-of-period inventories to total shipments for U.S. producers fluctuated during 2007-12, with the ratio of 2012 end-of-period inventories at *** percent, close to the same level as 2007.

Production alternatives

U.S. producer Eramet reported ***. Eramet reported that ***. U.S. producer Felman reported that ***.[10]

Subject imports from India

The Commission received two questionnaire responses from Indian producers, Sarda and Nava Bharat.[11] Based on available information, Indian producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of silicomanganese to the U.S. market. Supply responsiveness is increased by the availability of unused capacity, existence of alternate markets and availability of production alternatives, but is constrained by the limited inventories.

There were no U.S. imports of silicomanganese from India during the period under review, and both responding Indian producers reported that there have been *** in factors affecting the supply of silicomanganese from subject countries in the U.S. market. Nava Bharat reported that it anticipates *** in the availability of silicomanganese from subject countries in the U.S. market in the future, while Sarda reported that it anticipates *** but ***.

[8] U.S. producers reported *** export shipments in ***.

[9] Felman's posthearing brief, p. Broadbent-4.

[10] John Konrady of Felman reported that silicomanganese and ferrosilicon are both produced in submerged arc furnaces, and that a submerged arc furnace that is capable of producing ferrosilicon can be converted to produce silicomanganese. He stated that this process can be completed in 24 to 36 hours. Felman's posthearing brief, p. 6 and exhibit 3.

[11] Sarda and Nava Bharat accounted for *** percent of 2012 total silicomanganese production in India. For additional information, see Part I and Part IV of this report.

Industry capacity

Indian producers have unused capacity with which they could increase production of silicomanganese in the event of a price change. Indian producers' capacity utilization fluctuated during 2007-12 and decreased overall from *** percent in 2007 to *** percent in 2012.[12] During 2007-12, the Indian producers' capacity *** while production ***.

Alternative markets

Indian producers may have the ability to divert shipments to or from their home market and alternative markets in response to changes in the price of silicomanganese. The two responding Indian producers reported *** shipments to the U.S. market. Shipments to the home market accounted for approximately *** of Indian total shipments in 2012, shipments to Asia accounted for *** percent, with the remainder exported to the European Union and all other markets.[13] Both Indian producers reported that ***.

Inventory levels

The ratio of end-of-period inventories to total shipments for reporting Indian producers fluctuated during 2007-12, and decreased overall from *** percent in 2007 to *** percent in 2012.[14]

Production alternatives

Both Indian producers reported that ***. Sarda reported that ***, and Nava Bharat reported that ***.

Product and marketing trends

Both Indian producers reported that the product range, product mix, or marketing of silicomanganese in India *** from that of the silicomanganese sold in the United States or third-country markets. Nava Bharat reported that silicomanganese sold in India *** with silicomanganese produced and sold in the U.S. market because ***. Nava Bharat reported that silicomanganese ***. Although it reported ***, Sarda reported that the silicomanganese sold in India *** with silicomanganese produced and sold in the U.S. market.

[12] Indian producers' capacity utilization was higher in January-March 2013 than in January-March 2012.

[13] Indian producers reported that their primary export markets in Asia were ***.

[14] The ratio of end-of-period inventories to total shipments were lower in January-March 2013 than in January-March 2012.

Subject imports from Kazakhstan

The Commission received one questionnaire response from Kazakh producer, Kazchrome.[15] Based on available information, Kazchrome has the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of silicomanganese to the U.S. market. The main contributing factor to the moderate-to-large degree of responsiveness of supply is the existence of alternate markets; supply responsiveness is constrained by the limited ability to use inventories, the limited availability of unused capacity and the absence of alternate products.

There were no U.S. imports of silicomanganese from Kazakhstan during the period under review, and Kazchrome reported that it *** changes in the availability of silicomanganese from Kazakhstan in the U.S. market.

Industry capacity

Kazchrome has very limited unused capacity with which it could increase production of silicomanganese in the event of a price change. Kazchrome's capacity utilization increased from *** percent in 2007 to *** percent in 2012. During this period, Kazchrome's capacity fluctuated, but was nearly the same in 2012 as in 2007, while Kazchrome's production increased by *** percent.

Alternative markets

Kazchrome may have the ability to divert shipments to or from its home market and alternative markets in response to changes in the price of silicomanganese. Kazchrome exported *** during 2007-2012. Kazchrome's shipments to its home market during this period were ***. Kazchrome reported that ***,[16] ***.

Inventory levels

The ratio of end-of-period inventories to total shipments for Kazchrome fluctuated from *** percent during 2007-12, and was *** percent in 2012.[17]

Production alternatives

Kazchrome reported that ***. Kazchrome reported ***.

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[15] Kazchrome accounted for *** percent of 2012 total production of silicomanganese in Kazakhstan. For additional information, see Part I and Part IV of this report.

[16] Kazchrome reported that its primary export market in Asia is ***, and its primary export markets in the European Union are ***. Kazchrome also reported exporting silicomanganese to ***.

[17] Kazchrome's ratio of end-of-period inventories to total shipments was lower in January-March 2013 than in January-March 2012.

Product and marketing trends

Kazchrome reported that the product range, product mix, or marketing of silicomanganese in Kazakhstan *** from that of silicomanganese exported to the United States, as it produces and sells silicomanganese ***.

Subject imports from Venezuela

The Commission received two questionnaire responses from Venezuelan producers, FerroVen and Hevensa.[18] Based on available information, Venezuelan producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of silicomanganese to the U.S. market. The main factor contributing to the moderate-to-large degree of responsiveness of supply is the existence of alternate markets, availability of unused capacity, and availability of inventories; supply responsiveness is somewhat constrained by the absence of alternate products.

There were no U.S. imports of silicomanganese from Venezuela during the period under review, and both responding Venezuelan producers reported that they *** in the availability of silicomanganese produced in subject countries in the U.S. market.

Industry capacity

Venezuelan producers have some limited unused capacity with which they could increase production of silicomanganese in the event of a price change. Venezuelan producers' capacity utilization decreased from *** percent in 2007 to *** percent in 2012.[19] Both capacity and production decreased during the period, with production decreasing by a greater amount.[20]

Alternative markets

Venezuelan producers may have the ability to divert shipments to or from their home market and alternative markets in response to changes in the price of silicomanganese. However, FerroVen asserts that Venezuela is not export oriented and has no incentive to divert

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[18] FerroVen and Hevensa accounted for *** production of silicomanganese in Venezuela in 2012. For additional information, see Part I and Part IV of this report.

[19] Venezuelan producers' capacity utilization was higher in January-March 2013 than in January-March 2012

[20] FerroVen and Hevensa assert that Venezuela's capacity is constrained by supply shortages, electricity shortages, and equipment failures that have prevented the industry from producing at its installed capacity. FerroVen's prehearing brief, pp. 14 and 16 and posthearing brief, pp. 12-14 of responses to Commissioners and staff questions. See also, ***. Electricity outages can last from a few days to several weeks, and in extreme cases, months. FerroVen's posthearing brief, p. 13 of responses to Commissioners and staff questions.

domestic shipments of silicomanganese to the United States.[21] Shipments to the home market and exports to the European Union accounted for most of Venezuelan producers' shipments of silicomanganese during 2007-12.[22] Venezuelan producers' shipments of silicomanganese to their home market declined from *** percent in 2007 to *** percent in 2012 while export shipments to the European Union increased from *** percent in 2007 to *** percent in 2012. FerroVen asserts that the decline in shipments of silicomanganese to the home market and increase in export shipments to the European Union are due to a decrease in steel production by SIDOR, Venezuela's largest steel producer, which is government-owned.[23]

Inventory levels

The ratio of end-of-period inventories to total shipments for Venezuelan producers fluctuated during 2007-12, and increased overall. Venezuelan producers' end-of-period inventories to total shipments were *** percent in 2007, increased to *** percent in 2011, and fell to *** percent in 2012.[24]

Production alternatives

Venezuelan producer Hevensa reported that *** produce other products on the same equipment used to produce silicomanganese. Hevensa reported that ***. FerroVen reported that it operates a single furnace that is dedicated to the production of silicomanganese and ferromanganese.[25] FerroVen reported that ***.[26] FerroVen reported that ***; Hevensa reported that it ***.

[21] FerroVen's prehearing brief, p. 17, FerroVen's posthearing brief, pp. 6-7, and hearing transcript p. 142 (Mendoza).

[22] Venezuelan producers identified *** as their primary export markets in the European Union. In its posthearing brief, FerroVen reported that its only exports of silicomanganese to the European Union during the period of review were a very small quantity to its parent company, FerroAtlantica, in Spain during 2012. FerroVen's posthearing brief, p. 4 of response to Commissioners and staff questions.

[23] FerroVen's prehearing brief, p. 17. FerroVen also reported that the Venezuelan government has made new investments in SIDOR, and that SIDOR's domestic steel production increased sharply in the first quarter of 2013. FerroVen's prehearing brief, p. 22, and hearing transcript, p. 162 (Salinas).

[24] The ratio of end-of-period inventories to total shipments for Venezuelan producers was lower in January-March 2013 than in January-March 2012.

[25] Hearing transcript, p. 150 (Hopkins).

[26] FerroVen reported that it typically switches production between silicomanganese and ferromanganese three times per year, which results in loss of about one month of commercial production. FerroVen's posthearing brief, pp. 5 and 11 of responses to Commissioners and staff questions.

Product and marketing trends

Both Venezuelan producers reported that the product range, product mix, or marketing of silicomanganese in Venezuela is *** that of silicomanganese exported to the United States.

Nonsubject imports

Both U.S. producers reported that the availability of nonsubject silicomanganese *** since 2007. Domestic producers reported ***. The largest sources of nonsubject imports of silicomanganese in 2012, by quantity, were Georgia (which accounted 32.7 percent of 2012 nonsubject imports), South Africa (31.7 percent), Norway (8.5 percent), Mexico (7.8 percent), and Australia (7.6 percent).[27]

New suppliers

Six of 12 responding purchasers indicated that new suppliers had entered the U.S. market since 2007. Most purchasers identified U.S. producer Felman.[28] Other purchasers identified: Transalloy, Camelot, and Specialty Super Alloys. One purchaser (***) mentioned new Chinese and Indian producers, but did not specify firm names. Another purchaser (***) reported a new Asia Minerals facility in Malaysia and stated that it expects this facility to begin supplying the U.S. market in late 2014-early 2015.

U.S. demand

Based on available information, overall U.S. demand for silicomanganese is likely to experience small changes in response to changes in price. Silicomanganese accounts for a very small share of the total cost of its end uses.[29]

Apparent U.S. consumption of silicomanganese, by quantity, decreased during 2007-09 and increased during 2010-12.

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[27] Data compiled from official import statistics for HTS 7202.30.00. Note that this HTS subheading also includes imports of low-carbon silicomanganese, which is excluded from the scope of this review. See Part IV of this report for additional information on nonsubject imports.

[28] Felman purchased Highlanders Alloys LLC's facility in January 2006, and began production of silicomanganese at this facility in September 2006. *Silicomanganese from India, Kazakhstan, and Venezuela*, Inv. Nos. 731-TA-929-931 (Review), USITC Publication 3963, November 2007, pp. I-16 n. 52, I-17-I-18; and *Silicomanganese from Brazil, China, and Ukraine*, Inv. Nos. 731-TA-671-673 (Third Review), USITC Publication 4354, October 2012, table III-1.

[29] At the hearing, Dr. Button stated that the demand for silicomanganese is inelastic, and that the quantity of silicomanganese demanded will not increase as a result of a decline in prices for silicomanganese. Therefore, if silicomanganese prices were to decline, the steel industry is not going to use more silicomanganese because it is such a small component of the overall cost of production to make a ton of steel. Hearing transcript, pp. 135-136 (Button).

End uses

Silicomanganese is primarily used to produce steel. Nine responding purchasers reported using silicomanganese to produce steel in electric arc furnaces, and one purchaser (***) reported that it is an integrated mill that also produces steel in an electric arc furnace. Foreign producers reported that the end uses for silicomanganese sold in their home markets are the same as the end uses identified for the U.S. market.

U.S. producers, most importers (10 of 11), most purchasers (11 of 12), and all 5 responding foreign producers reported no changes in the end uses of silicomanganese since 2007. One purchaser (***) reported an increase in ***, and importer *** reported an increased use of silicomanganese compared to ferromanganese.

All responding U.S. producers, purchasers, and foreign producers and almost all responding importers anticipate no changes in the end uses of silicomanganese. One importer (***) reported that it expects a continued shift toward greater use of silicomanganese in steel products.[30]

Cost share

U.S. producers and purchasers generally reported a very small share for silicomanganese as a percentage of the total cost of end-use products. For both integrated mills and electric arc furnaces, U.S. producers reported that silicomanganese accounted for *** percent of the total cost of steel production. Purchasers reported that silicomanganese accounted for 1 percent of the total cost of steel produced in integrated mills and less than 3 percent of costs for steel produced with electric arc furnaces.

Demand characteristics

Demand for silicomanganese is driven by the demand for steel, which follows general overall economic trends. Real GDP growth in the United States fluctuated during first quarter 2007 to second quarter 2013 (figure II-1). Real GDP growth was 0.3 percent in first quarter 2007, fell to -8.3 percent in fourth quarter 2008, and increased through 2009. Real GDP fluctuated from 2010 to the end of 2012, and then increased in the first two quarters of 2013. Blue Chip Economic Indicators forecasts that real GDP will *** percent in 2013 and *** percent in 2014.[31] [32]

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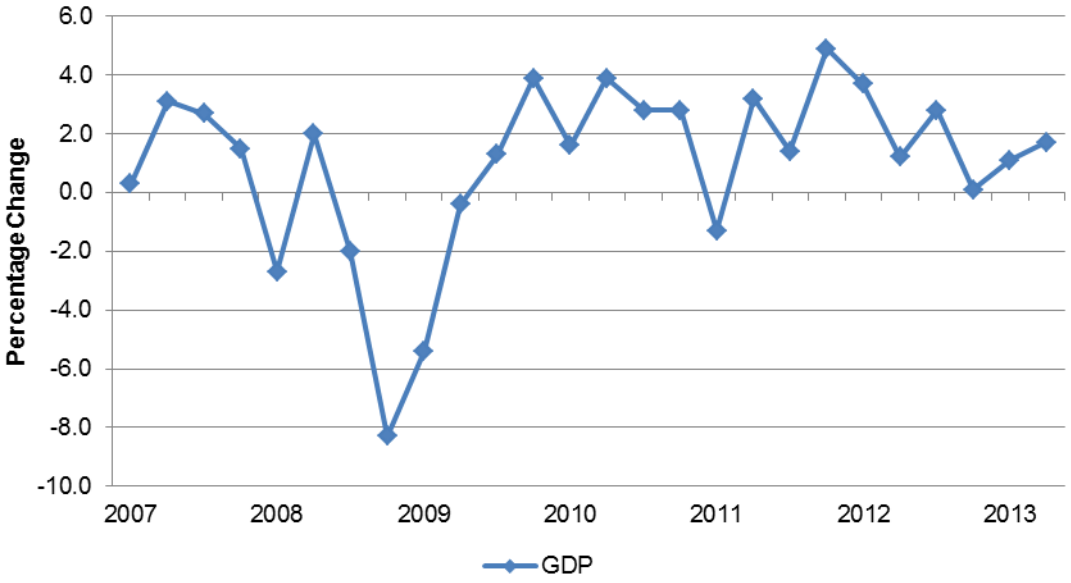
[30] In its prehearing brief, Eramet reported that the silicomanganese intensity of steel produced in the United States (i.e., the average consumption of silicomanganese per ton of steel output) is increasing. Eramet's prehearing brief, p. 30. In its posthearing brief, Eramet added that the silicomanganese intensity of steel in the United States is projected to continue to increase over the next several years. Eramet's posthearing brief, p. 28 of responses of Eramet Marietta, Inc. to Commission questions.

[31] Blue Chip Economic Indicators, Vol. 38, No. 5, May 10, 2013.

Figure II-1
Real U.S. GDP growth: Percentage change, quarterly, first quarter 2007-second quarter 2013



Source: National Income and Product Accounts, Table 1.1.1, Percent Change from Preceding Period in Real Gross Domestic Product, Bureau of Economic Analysis, http://www.bea.gov/national/nipaweb, retrieved August 7, 2013.

Demand trends

Most firms reported that U.S. demand for silicomanganese since 2007 decreased or fluctuated (table II-3). Most firms attributed the decreases or fluctuations in demand to the overall condition of the economy and the decline in steel production. Several firms specifically cited the recession in 2009 as causing a decrease in demand for silicomanganese due to the decrease in construction activity and associated decline in demand for steel.

Firms' responses regarding future demand for silicomanganese were mixed. U.S. producers anticipate that demand will *** or ***. One-half of responding importers expect U.S. demand for silicomanganese to fluctuate, while others anticipate that demand will increase or not change. Purchasers who expect demand for silicomanganese to change reported that it will fluctuate, and most foreign producers anticipate U.S demand for silicomanganese to increase. Most firms attributed these changes to economic recovery and changing demand for steel.

(…continued)

[32] The World Bank projects U.S. GDP to grow by 1.9 percent in 2013, 2.8 percent in 2014, and 3.0 percent in 2015. FerroVen's prehearing brief, Exhibit 2.

Table II-3

Silicomanganese: Firms' responses regarding U.S. demand, by number of responding firms

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand since 2007[1]				
U.S. producers	***	***	***	***
Importers	2	2	2	6
Purchasers	1	1	2	9
Foreign producers	1	0	1	3
Demand for purchasers' final products since 2007[2]				
U.S. purchasers	4	2	1	5
Anticipated future demand[3]				
U.S. producers	***	***	***	***
Importers	3	3	0	6
Purchasers	0	3	0	6
Foreign producers	3	1	0	1

[1] U.S. producer and importer Eramet and purchasers *** and *** reported that demand in the United States since 2007 ***.
[2] Purchaser *** reported that demand for its end use products ***.
[3] U.S. producer and importer Eramet reported that it anticipates future demand will ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Most purchasers reported that demand for their end-use products incorporating silicomanganese had increased or fluctuated since 2007. Eight of ten purchasers reported that demand for their end-use products affected their demand for silicomanganese. Most purchasers reported that their demand for silicomanganese closely follows the demand for the steel products they produce.

Business cycles

Both responding U.S. producers reported that the silicomanganese market *** subject to business cycles or conditions of competition distinctive to silicomanganese, and most responding importers (8 of 12) reported that silicomanganese is subject to business cycles or conditions of competition distinctive to silicomanganese. Firms reported that demand for silicomanganese tracks certain industry demand, such as construction, which heavily impacts the demand for steel.[33] On the other hand, most purchasers (9 of 12) reported that the

[33] In its questionnaire responses, U.S. producer and importer Felman stated, ***. Felman's U.S. producer questionnaire response, section IV-21, and Felman Trading's importer questionnaire response, section III-21. In its posthearing brief, Felman clarified that the silicomanganese market is cyclical, not seasonal, and reported that prices usually increase in the beginning of the year as purchasers are deciding on the volume of silicomanganese needed for the coming year, then decline in the third quarter before increasing again at the beginning of the following year. Felman's posthearing brief, p. Pearson-5, and exhibit 4. Eramet reported that there is no seasonality in the production, consumption, or pricing of silicomanganese. Eramet's posthearing brief, p. 47 of responses of Eramet Marietta, Inc. to Commission questions.

silicomanganese market is not subject to business cycles or conditions of competition distinctive to silicomanganese.

Both U.S. producers indicated that the distinctive business cycles or conditions of competition for silicomanganese *** since January 2007. All eight responding importers and two purchasers reported that the distinctive business cycles or conditions of competition for silicomanganese *** since January 2007. Most firms identified the economic downturn of 2008-09 as a factor affecting business cycles of silicomanganese. Several firms also noted an increased supply of silicomanganese in the U.S. market due to ramping up of Felman's production facility.

Substitute products

Both domestic producers, 9 of 12 importers, 6 of 13 purchasers, and 2 of 5 foreign producers reported that high-carbon ferromanganese and ferrosilicon could be substituted for silicomanganese in steel production.[34] Almost all responding firms reported that the substitutes for silicomanganese have not changed since 2007, and that they do not anticipate changes in the future.

U.S. producer and importer Felman reported that changes in the price of the identified substitutes *** the price of silicomanganese ***, and U.S. producer and importer Eramet reported that ***. Six of nine importers and four of seven purchasers reported that the price of identified substitutes affected the price of silicomanganese and reported that firms will switch to substitute products if the price for silicomanganese is too high.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported silicomanganese depends upon such factors as relative prices, quality (e.g., levels of silicon and manganese, levels of other chemicals, consistency, and lump size), and conditions of sale (e.g., discounts, lead times, payment terms, etc.). Based on available data, staff believes that there is a moderate-to-high degree of substitutability between domestically produced silicomanganese and silicomanganese produced in India, Kazakhstan, and Venezuela.

Knowledge of country sources

Twelve purchasers indicated they had marketing/pricing knowledge of domestic silicomanganese, 2 of silicomanganese from India, 1 from Kazakhstan, 1 from Venezuela, and 8 of nonsubject sources.[35]

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[34] One purchaser, ***, reported medium-carbon ferromanganese and ferrosilicon could be used as substitutes for silicomanganese.

[35] Purchasers identified these nonsubject sources as Australia, Brazil, China, France, Georgia, Italy, Macedonia, Mexico, Norway, Romania, South Africa, Spain, and Ukraine.

As shown in table II-4, most purchasers and their customers "never" make purchasing decisions based on country of origin.[36] Purchasers had mixed responses on whether or not they make their purchasing decisions based on the producer, but most purchasers reported that their customers "never" make purchasing decisions based on the producer.

Table II-4
Purchasing decisions based on producer and country of origin

Purchaser / Customer Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	4	2	3	4
Purchaser's customers make decision based on producer	0	1	1	8
Purchaser makes decision based on country	0	1	5	7
Purchaser's customers make decision based on country	0	1	0	9

Source: Compiled from data submitted in response to Commission questionnaires.

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for silicomanganese were price (12 firms), quality (11 firms), and availability (9 firms) as shown in table II-5. Quality was the most frequently cited first-most important factor (cited by 5 firms); price was the most frequently reported second-most important factor (6 firms); and availability was the most frequently reported third-most important factor (6 firms).

Table II-5
Silicomanganese: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by number of reporting firms

Factor	First	Second	Third	Total
Price	5	6	1	12
Quality[1]	5	4	2	11
Availability	2	1	6	9
Other[2]	0	1	3	4

[1] Purchasers defined quality as meeting ASTM or customer specifications, producer certification, chemistry (phosphorus, carbon, manganese, silicon, sulfur, and/or boron content), and lump size.
[2] Other factors include contracts, reliable delivery, and stability of supply.

Source: Compiled from data submitted in response to Commission questionnaires.

The majority of purchasers (11 of 13) reported that they "always" or "usually" purchase the lowest-priced product for their purchases. Three purchasers reported purchasing

[36] Most purchasers are indifferent as to the source of the silicomanganese as long as it meets standard specifications and is usable in their process. Felman's posthearing brief, p. 11, and hearing transcript pp. 13-14 (Kramer).

silicomanganese from one source although a comparable product was available at a lower price from another source and cited reasons including chemistry (lower sulfur and phoporous content), availability, reliability of supply, customer's history with supplier, and nature of the quoted price (e.g., fixed annual price or monthly/quarterly indexed price). Two of 11 purchasers reported that certain types of product were only available from a single source. Purchaser *** reported that 72 percent manganese grade, higher phosphorous products is only available from the country of Georgia, and purchaser *** reported that low phosphorous silicomanganese is only available from South Africa.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 16 factors in their purchasing decisions (table II-6). The 13 responding purchasers most often selected availability, reliability of supply, product consistency, delivery time, lump size, price, and quality meets industry standards[37] as "very important" factors.

Table II-6
Silicomanganese: Importance of purchase factors, as reported by U.S. purchasers, by number of responding firms

Factor	Number of firms responding		
	Very important	Somewhat important	Not important
Availability	12	1	0
Delivery terms	9	2	2
Delivery time	11	1	1
Discounts offered	7	5	1
Extension of credit	4	6	3
Lump size	11	2	0
Minimum quantity requirements	6	4	3
Packaging	8	3	2
Price	11	1	1
Product consistency	11	2	0
Product range	1	7	4
Quality exceeds industry standards	2	8	3
Quality meets industry standards	10	3	0
Reliability of supply	12	1	0
Technical support/service	4	7	2
U.S. transportation costs	8	3	2

Source: Compiled from data submitted in response to Commission questionnaires.

[37] While 10 purchasers characterized quality meets industry standards as "very important," only two purchasers characterized quality exceeds industry standards as "very important."

Supplier certification

Five of 13 responding purchasers require their suppliers to both provide an ASTM certification and become qualified or certified for all silicomanganese purchases. Four purchasers only require that their suppliers become certified or qualified for all of their silicomanganese purchases, and two purchasers only require that their supplier provide an ASTM certification for all silicomanganese purchases.[38] When qualifying a supplier, purchasers look at the suppliers' ability to consistently meet chemistry specifications, product sizing and packaging, price, availability, and capacity. Several purchasers reported requiring third-party product testing while others test materials themselves. Several purchasers also reported that they prefer the supplier to have an ISO certification.

Seven purchasers reported it took less than 30 days to qualify a new supplier, whereas two purchasers reported qualification times of 60 to 120 days. All 13 purchasers reported that no domestic or foreign suppliers had failed attempts to qualify product, or had lost approved status since 2007.

Lead times

U.S. producer Eramet reported that *** percent of its sales were ***. U.S. producer Felman reported that *** percent of its sales were *** and *** percent were ***. ***.[39]

Changes in purchasing patterns

Purchasers mostly reported that their purchases of domestic silicomanganese have fluctuated or increased since 2007, and purchases from nonsubject countries have fluctuated (table II-7). Reasons reported for fluctuations included fluctuations in demand for silicomanganese, changes in price, and economic fluctuations. The few purchasers that reported increased purchases of domestic product cited a new supplier in the U.S. market (Felman), market price changes, and availability.

[38] Two purchasers (***) reported that they do not require their suppliers to provide an ASTM certification or to become qualified or certified for any of their silicomanganese purchases. *** also reported that 100 percent of its purchases are from its U.S.-based affiliate ***.

[39] No importers reported lead times.

Table II-7

Silicomanganese: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States[1]	1	0	4	1	8
India	11	0	0	0	0
Kazakhstan	11	0	0	0	0
Venezuela	11	0	0	0	0
Other	1	1	1	2	7

[1] Purchaser *** reported that its purchases of U.S.-produced silicomanganese both increased and fluctuated due to increased availability of U.S.-produced silicomanganese in the market and economic fluctuations.

Source: Compiled from data submitted in response to Commission questionnaires.

Eleven of 13 purchasers reported that they had changed suppliers since 2007, and identified a wide variety of reasons for these changes. A number of responding firms indicated that competitive pricing and supplier flexibility were factors in switching suppliers. Several purchasers noted that their firms regularly switch suppliers (e.g., two-three times per year, annually, or every two years). Purchasers also reported switching purchases due to a new domestic supplier and the closure of a silicomanganese production facility in South Africa.

Importance of purchasing domestic product

Eleven purchasers reported that purchasing domestic product was not an important factor in their purchasing decisions.[40] Two purchasers reported other reasons for purchasing domestic product. Purchaser *** reported that 100 percent of its purchases are from its U.S.-based affiliate ***; and purchaser *** reported that 60 percent of its purchases are of U.S.-produced silicomanganese in order to avoid sole supplier risk and because it prefers to purchase from "producers" rather than "traders."

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked for a country-by-country comparison on the same 16 factors (table II-8) for which they rated the importance. A majority of responding purchasers rated the U.S. and subject products as comparable on most factors, including discounts offered, extension of credit, lump size, minimum quantity requirements, packaging, and price. However, a majority of responding purchasers rated U.S.-produced silicomanganese as superior to product from India on delivery time. The majority of responding purchasers were evenly split between rating U.S.-produced silicomanganese as superior or comparable to product from Kazakhstan and Venezuela on delivery time.

[40] One purchaser (***) reported that it is not required to purchase U.S.-produced silicomanganese, but that it prefers to purchase U.S.-produced silicomanganese.

Table II-8

Silicomanganese: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. India			U.S. vs. Kazakhstan			U.S. vs. Venezuela		
	S	C	I	S	C	I	S	C	I
Availability	2	3	0	1	3	0	1	3	0
Delivery terms	1	4	0	1	3	0	1	3	0
Delivery time	3	2	0	2	2	0	2	2	0
Discounts offered	0	5	0	0	4	0	0	4	0
Extension of credit	0	5	0	0	4	0	0	4	0
Lump size	0	5	0	0	4	0	0	4	0
Minimum quantity requirements	0	5	0	0	4	0	0	4	0
Packaging	0	5	0	0	4	0	0	4	0
Price[1]	0	5	0	0	4	0	0	4	0
Product consistency	2	2	1	1	2	1	1	2	1
Product range	1	4	0	0	4	0	0	4	0
Quality exceeds industry standards	2	3	0	1	3	0	1	3	0
Quality meets industry standards	2	3	0	1	3	0	1	3	0
Reliability of supply	2	2	1	1	2	1	1	2	1
Technical support/service	2	2	1	1	2	1	1	2	1
U.S. transportation costs[1]	0	5	0	0	4	0	0	4	0
Factor	**U.S. vs. nonsubject**			**India vs. Kazakhstan**			**India vs. Venezuela**		
	S	C	I	S	C	I	S	C	I
Availability	2	6	0	0	2	0	0	2	0
Delivery terms	1	7	0	0	2	0	0	2	0
Delivery time	2	6	0	0	2	0	0	2	0
Discounts offered	0	8	0	0	2	0	0	2	0
Extension of credit	0	8	0	0	2	0	0	2	0
Lump size	0	8	0	0	2	0	0	2	0
Minimum quantity requirements	0	8	0	0	2	0	0	2	0
Packaging	0	8	0	0	2	0	0	2	0
Price[1]	0	7	1	0	2	0	0	2	0
Product consistency	0	8	0	0	2	0	0	2	0
Product range	0	8	0	0	2	0	0	2	0
Quality exceeds industry standards	0	7	0	0	2	0	0	2	0
Quality meets industry standards	0	8	0	0	2	0	0	2	0
Reliability of supply	1	7	0	0	2	0	0	2	0
Technical support/service	0	8	0	0	2	0	0	2	0
U.S. transportation costs[1]	1	7	0	0	2	0	0	2	0

Table continued on the following page.

Table II-8--C*ontinued*

Silicomanganese: Purchasers' comparisons between U.S.-produced and imported product

Factor	India vs. nonsubject			Kazakhstan vs. Venezuela			Kazakhstan vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	0	2	1	0	2	0	0	2	0
Delivery terms	0	3	0	0	2	0	0	2	0
Delivery time	0	3	0	0	2	0	0	2	0
Discounts offered	0	3	0	0	2	0	0	2	0
Extension of credit	0	3	0	0	2	0	0	2	0
Lump size	0	3	0	0	2	0	0	2	0
Minimum quantity requirements	0	3	0	0	2	0	0	2	0
Packaging	0	3	0	0	2	0	0	2	0
Price[1]	0	3	0	0	2	0	0	2	0
Product consistency	0	2	1	0	2	0	0	2	0
Product range	0	2	1	0	2	0	0	2	0
Quality exceeds industry standards	0	2	1	0	2	0	0	2	0
Quality meets industry standards	0	2	1	0	2	0	0	2	0
Reliability of supply	0	2	1	0	2	0	0	2	0
Technical support/service	0	2	1	0	2	0	0	2	0
U.S. transportation costs[1]	0	3	0	0	2	0	0	2	0

Factor	Venezuela vs. nonsubject		
	S	C	I
Availability	0	2	0
Delivery terms	0	2	0
Delivery time	0	2	0
Discounts offered	0	2	0
Extension of credit	0	2	0
Lump size	0	2	0
Minimum quantity requirements	0	2	0
Packaging	0	2	0
Price[1]	0	2	0
Product consistency	0	2	0
Product range	0	2	0
Quality exceeds industry standards	0	2	0
Quality meets industry standards	0	2	0
Reliability of supply	0	2	0
Technical support/service	0	2	0
U.S. transportation costs[1]	0	2	0

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note: S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

Three purchasers provided responses regarding specific nonsubject countries. *** compared silicomanganese from Georgia to U.S.-produced silicomanganese, and reported that silicomanganese from Georgia is superior to U.S.-produced silicomanganese on all factors except extension of credit, product range, and technical support and service. For these factors, *** reported that product from Georgia is comparable to U.S.-produced silicomanganese. *** compared U.S.-produced silicomanganese with product from Australia and with product from Mexico, and rated them as comparable on all factors. *** reported that silicomanganese from South Africa is comparable to silicomanganese from Mexico and to silicomanganese from Australia.

The large majority of purchasers reported that domestic product either "always" or "usually" met their minimum quality standards (table II-9).[41] Most firms also reported that nonsubject sources either "always" or "usually" met minimum quantity standards.[42]

Table II-9
Silicomanganese: Ability to meet minimum quality specifications, by source

Source	Number of firms reporting[1]			
	Always	Usually	Sometimes	Rarely or never
United States	7	6	0	0
India	1	0	1	1
Kazakhstan	1	1	0	0
Venezuela	1	0	1	0

[1] Purchasers were asked how often domestically produced or imported silicomanganese meets minimum quality specifications for their own or their customers' uses.

Source: Compiled from data submitted in response to Commission questionnaires.

As shown in table II-10, both U.S. producers indicated that silicomanganese produced in the United States and imported from India, Kazakhstan, Venezuela, and nonsubject countries are *** used interchangeably. Almost all responding importers and purchasers indicated that silicomanganese produced in the United States and imported from India, Kazakhstan, Venezuela, and nonsubject countries are "always" or "frequently" used interchangeably. Four of five foreign producers reported that the silicomanganese they manufacture and sell in their home market is not interchangeable with silicomanganese sold in the United States or third-country markets.

[41] The majority of responding purchasers reported that they did not have knowledge of the minimum quality specifications of silicomanganese from subject countries.

[42] Purchasers identified the following nonsubject countries: Australia, Georgia, Macedonia, Mexico, Norway, and South Africa.

Table II-10

Silicomanganese: Interchangeability between silicomanganese produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. India	***	***	***	***	5	3	1	0	2	3	1	0
U.S. vs. Kazakhstan	***	***	***	***	5	3	1	0	2	3	0	0
U.S. vs. Venezuela	***	***	***	***	5	3	0	0	2	3	0	0
Subject countries comparisons:												
India vs. Kazakhstan	***	***	***	***	6	2	0	0	2	3	0	0
India vs. Venezuela	***	***	***	***	5	3	0	0	2	3	0	0
Kazakhstan vs. Venezuela	***	***	***	***	5	3	0	0	2	3	0	0
Nonsubject countries comparisons:												
U.S. vs. nonsubject	***	***	***	***	6	4	1	0	4	5	0	0
India vs. nonsubject	***	***	***	***	5	4	0	0	2	4	0	0
Kazakhstan vs. nonsubject	***	***	***	***	5	4	0	0	2	4	0	0
Venezuela vs. nonsubject	***	***	***	***	5	4	0	0	2	4	0	0

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

As indicated in table II-11, almost all responding U.S. producers, importers, and purchasers reported that differences other than price between silicomanganese produced in the United States and imported from India, Kazakhstan, Venezuela, and nonsubject sources were “sometimes” or “never” a significant factor in their sales.

Table II-11

Silicomanganese: Significance of differences other than price between silicomanganese produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. India	***	***	***	***	2	1	3	1	0	0	5	1
U.S. vs. Kazakhstan	***	***	***	***	2	1	3	1	0	0	3	1
U.S. vs. Venezuela	***	***	***	***	2	1	3	1	0	0	3	1
Subject countries comparisons:												
India vs. Kazakhstan	***	***	***	***	2	1	3	1	0	0	3	1
India vs. Venezuela	***	***	***	***	2	1	3	1	0	0	3	1
Kazakhstan vs. Venezuela	***	***	***	***	1	1	3	2	0	0	3	1
Nonsubject countries comparisons:												
U.S. vs. nonsubject	***	***	***	***	1	1	4	3	0	0	7	1
India vs. nonsubject	***	***	***	***	1	1	4	2	0	0	4	1
Kazakhstan vs. nonsubject	***	***	***	***	1	1	4	2	0	0	4	1
Venezuela vs. nonsubject	***	***	***	***	1	1	4	2	0	0	4	1

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

ELASTICITY ESTIMATES

U.S. supply elasticity

The domestic supply elasticity for silicomanganese measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of silicomanganese. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced silicomanganese. Earlier analysis of these factors indicates that the U.S. industry has a moderate ability to increase or decrease shipments to the U.S. market given a price change. Staff estimates that the supply elasticity is between 5 to 7.

U.S. demand elasticity

The U.S. demand elasticity for silicomanganese measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of silicomanganese. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the silicomanganese in the production of any downstream products. Based on the available information, the demand elasticity for silicomanganese is likely to be in the range of -0.4 to -0.7.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[43] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance) and conditions of sale (e.g., availability, sales terms, discounts). Based on available information, the elasticity of substitution between U.S.-produced silicomanganese and subject imported silicomanganese is likely to be in the range of 3 to 6.

[43] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

Information in this section is based on the questionnaire responses of two U.S. producers and accounts for all known U.S. production of silicomanganese. Table III-1 summarizes important industry events that have taken place in the U.S. industry since 1999.

Table III-1
Silicomanganese: Important industry events, 1999-06

Period	Company	Event
July 1999	Eramet Marietta Inc.	Eramet S.A. acquired Elkem Metals and Elkem ASA (of Norway) and created Eramet Marietta, Inc.
February 2002	Highlanders Alloys LLC	Began sporadic production of silicomanganese.
January-March 2005	Globe Metallurgical Inc.	In early 2005 in Beverly, OH silicomanganese production began, but by March 2005 production was shut down.
May 2005	Highlanders Alloys LLC	Declared bankruptcy.
January 2006	Felman Production LLC	Purchased Highlanders Alloys LLC's facility.
September 2006	Felman Production LLC	Began production of silicomanganese.

Source: Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Final), USITC Publication 3505, May 2002, p. III-1; Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Review), USITC Publication 3963, November 2007, pp. I-16 n. 52, I-17-I-18; and Silicomanganese from Brazil, China, and Ukraine, Inv. Nos. 731-TA-671-673 (Third Review), USITC Publication 4354, October 2012, table III-1.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of silicomanganese since 2007. Both domestic producers indicated that they had experienced such changes; their responses are presented in table III-2.

Table III-2
Silicomanganese: Changes in the character of U.S. operations since January 1, 2007

* * * * * * *

On June 28, 2013, Felman announced that it had ceased operations at its New Haven, West Virginia facility for three months. In the next "two months," Felman intends to reevaluate market conditions to determine whether operations will resume earlier or if the plant will remain closed for additional time.[1] At the hearing, a representative from Felman explained that both the current silicomanganese market conditions and planned maintenance at the facility were factors in deciding to shutdown for three months.[2] In its posthearing brief, Felman further explained that it is committed to producing silicomanganese in the United States as evidenced by its significant investment in maintenance for its facility and its retention of all employees during the shutdown.[3]

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of silicomanganese. Their responses appear in table III-3.

Table III-3
Silicomanganese: Anticipated changes in the character of U.S. operations

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 presents U.S. producers' production, capacity, and capacity utilization data for silicomanganese.

Table III-4
Silicomanganese: U.S. producers' production, capacity, and capacity utilization, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

[1] *American Metal Market, "*Felman Production to halt W. Va. operations," June 28, 2013.
[2] Hearing transcript, pp. 120-122 (Konrady).
[3] Felman's posthearing brief, p. Aranoff-3.

Constraints on capacity

Both responding U.S. producers reported constraints in the manufacturing process. ***. ***.

Production and product shifting

Eramet operates *** electric-arc furnaces that were used to produce silicomanganese over the period. Eramet indicated that approximately *** total furnace hours of these *** furnaces is typically dedicated to silicomanganese production. The other product that Eramet produced on its silicomanganese furnaces over the period was ferromanganese. The slag that comes from Eramet's ferromanganese production is one of the main by-products that is used in its production of silicomanganese.[4] According to Eramet, it takes approximately *** to switch production from silicomanganese to ferromanganese. Eramet also reported that it has ***. Given the costs associated with the re-tooling of the furnaces between silicomanganese and ferromanganese production, Eramet produced *** of its silicomanganese on *** over the period.[5] The *** furnace was used *** in the production of ferromanganese, but was converted to silicomanganese for ***.

Felman has *** electric-arc furnaces that were used to produce silicomanganese over the period. Felman indicated that *** of its furnaces *** to the production of silicomanganese.[6]

Table III-5 presents information on U.S. producers' total furnace capacity and production of silicomanganese and ferromanganese over the period.

Table III-5
Silicomanganese: Overall furnace capacity, production, and capacity utilization, 2007-12, January-March 2012 and January-March 2013

* * * * * * *

U.S. PRODUCERS' SHIPMENTS

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments.[7] At the hearing, there was a good deal of discussion concerning U.S. producers' U.S. commercial shipments' average unit values ("AUVs") as compared to nonsubject U.S. importers'

[4] Hearing transcript, p. 104 (Willoughby).

[5] This furnace was used *** to produce silicomanganese throughout the period, but was converted to the production of ferromanganese for *** days in 2010, *** days in 2011, *** days in 2012, and *** days in the January to March 2013 period.

[6] Felman indicated that ***

[7] ***. Email from ***, June 5, 2013.

U.S. shipments' AUVs.[8] According to Felman, the fact that nonsubject imports AUVs (compare table III-6 to table IV-2) were consistently higher than domestically produced AUVs indicates that nonsubject imports are not likely to prevent subject imports from causing injury to the domestic industry if the orders were revoked.[9] Eramet agrees with Felman's discussion of AUVs and added that in the most recent periods nonsubject imports coming from Georgia contained a high-manganese content that sells at a premium.[10] However, FerroVen compared ***[11]. [12]

Table III-6
Silicomanganese: U.S. producers' shipments, by types, 2007-12, Jan.-Mar. 2012, and Jan.-Mar. 2013

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments over the period examined**.**

Table III-7
Silicomanganese: U.S. producers' inventories, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-8 presents data on individual U.S. producers' U.S. production and U.S imports of silicomanganese from subject sources over the period examined. Both U.S. producers reported importing silicomanganese from ***.[13] In 2011, *** reported *** of *** short tons of silicomanganese it had ***. ***.

Felman Trading is the sales arm for Georgian American Alloys (Felman's parent company). Georgia American Alloys has a plant in Kentucky that produces ferrosilicon and a plant in West Virginia that produces silicomanganese. Felman Trading also imports additional

[8] Hearing transcript, pp. 82-88 (Pearson, Button, and Salonen).
[9] Felman's posthearing brief, pp. Pearson-1-Pearson-3.
[10] Eramet's posthearing brief, pp. 41-42 of responses of Eramet Marietta, Inc. to Commission questions.
[11] Felman's posthearing brief, pp. Aranoff-16-Aranoff-17.
[12] FerroVen's posthearing brief, p. 25 of response to Commissioners and staff questions.
[13] ***. Felman imported from a related producer in Georgia. Hearing transcript, p. 39 (Sossonko).

quantities of ferroalloys to meet its customers' needs.[14] Felman Trading's increasing share of nonsubject imports from Georgia is due a particular customer that requires a higher manganese content which is produced in Georgia and not produced in the United States.[15]

Table III-8
Silicomanganese: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 shows U.S. producers' employment-related data during the period examined. *** U.S. producers *** increased employment in their U.S. silicomanganese operations over the period review. By 2012, employment in silicomanganese was nearly *** percent greater than in 2007, largely reflecting ***. The union representative for Felman's production employees explained that he has seen Felman's commitment to production at the plant with the investments it has made to make the furnaces reliable.[16] The union representative from Eramet stated that a new four-year labor agreement had been reached in February.[17]

Table III-9
Silicomanganese: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

[14] Hearing transcript, p. 69 (Nuss).
[15] Hearing transcript, p. 79 (Nuss).
[16] Hearing transcript, p. 73 (Martin).
[17] Hearing transcript, p. 47 (Brown).

PART III: CONDITION OF THE U.S. INDUSTRY

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Two U.S. producers of silicomanganese provided useable financial data.[18] Neither producer reported internal consumption or transfers to related firms of silicomanganese.[19] The financial data of Felman for ***.[20]

Operations on silicomanganese

The results of the responding U.S. producers' silicomanganese operations are presented in table III-10.[21] While net sales quantity and value generally increased between 2007 and 2012, operating income (loss) fluctuated significantly during the same period, especially an operating income of $*** in 2008 changed to an operating loss of $*** in 2009. The domestic producers (data combined) incurred operating losses in 2009, 2010, 2011 (though losses decreased over the period), January-March 2012, and January-March 2013, while a small amount of operating income was reported in 2012. From 2011 to 2012, despite a decrease in average unit value ("AUV") (by $*** per short ton), a decrease in per-unit total costs (by $*** per short ton), *i.e.,* cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses combined, resulted in a small operating income in 2012 (from an operating loss of $*** per short ton in 2011 to an operating income of $*** per short ton in 2012). The operating loss margin of a *** percent in 2011 changed to a *** percent in 2012. Between 2010 and 2012, all three financial measures improved, both net sales quantity and value increased while an operating loss of over $*** in 2010 changed noticeably to an operating income of over $*** million in 2012, due mainly to a substantial decrease in per-short ton total costs (from $***), while per-short ton selling price decreased slightly (from $***). The largest change in the operating income occurred between 2008 and 2009, when an operating income of $*** in 2008 changed to an operating loss of $*** in 2009, due primarily to a substantial decrease of AUV (a 45 percent decrease in AUV from $*** per short ton in 2008 to $*** per short ton in 2009, in spite of somewhat lower total costs per short ton in 2009. The ratio of the domestic industry's operating loss to net sales in interim 2013 was a *** percent, while its operating loss ratio in interim 2012 was a *** percent. Per-short ton net sales values decreased in interim 2013 (by $***) from interim 2012, while per-unit total costs increased by $***, resulting in an operating loss of $*** per short ton in interim 2013 compared to an operating loss of $*** per short ton in interim 2012, a deterioration of $*** per short ton in terms of profitability.

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[18] Both producers, Eramet and Felman, have their fiscal years ending on December 31.

[19] ***.

[20] ***. E-mails from ***, May 23, 2013.

[21] ***.

Table III-10
Silicomanganese: Results of operations of U.S. producers, fiscal years 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Selected company-by-company data are presented in table III-11. Total net sales (quantities and values), per-unit values (sales, COGS, SG&A, and operating income), operating income (loss), and the ratio of operating income (loss) to net sales are presented in this table on a firm-by-firm basis. Both producers experienced ***. ***.[22] Both producers reported ***. ***. ***.[23] ***.[24] ***.

Table III-11
Silicomanganese: Results of operations of U.S. producers (by firm), fiscal years 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Selected cost data of the producers on their silicomanganese operations are presented in table III-12. As indicated in this table and in the previous tables, producers exhibited somewhat different patterns of change in unit sales value and profitability during the period reviewed. Per-unit raw material costs fluctuated during the period reviewed (increased from 2007 to 2010, then decreased in 2011). The per-unit conversion cost (direct labor and factory overhead costs combined) also decreased slightly from 2010 to 2011. Per-unit SG&A expenses decreased slightly over the period (except an increase in 2010 due to *** as explained above). Per-unit total costs increased substantially in 2010 and decreased in 2011 and 2012, due primarily to the changes of raw materials cost per short ton.

Table III-12
Silicomanganese: Average unit costs of U.S. producers, fiscal years 2007-12, January-March 2012, and January-March 2013

* * * * * * *

A variance analysis showing the effects of prices and volume on the producers' sales of silicomanganese, and of costs and volume on their total cost, is shown in table III-13.[25] The

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[22] ***. E-mail from ***July 22, 2013. Further, ***. E-mail from ***, May 23, 2013.

[23] E-mail from ***, May 23, 2013.

[24] E-mail from ***, May 23, 2013.

[25] The Commission's variance analysis is calculated in three parts: sales variance, COGS variance, and SG&A expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a volume variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the respective tables, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and

information for this variance analysis is derived from table III-10. The analysis is summarized at the bottom of the table. The variance analysis indicates that the decrease in operating income of $*** between 2007 and 2012 resulted from the combined positive effects of higher average price ($***) and increased sales volume ($***), which were offset by the negative effect of higher costs/expenses ($***).

Table III-13
Silicomanganese: Variance analysis of operations of U.S. producers, between fiscal years 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Capital expenditures and research and development expenses

The U.S. producers' capital expenditures and research and development ("R&D") expenses are presented in table III-14. Capital expenditures fluctuated between 2007 and 2012, while they increased substantially in 2008 and 2010 from the previous years, due mainly to ***.[26] ***.[27] *** reported R&D expenses and they were small and remained relatively the same throughout the period.

Table III-14
Silicomanganese: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Assets and return on assets

U.S. producers were requested to provide data on their assets used in the production and sale of silicomanganese during the period for which data were collected to assess their return on assets ("ROA"). Data on the U.S. producers' total net assets and their ROA are presented in table III-15.

Total assets utilized by the U.S. producers in their operations to produce and sell silicomanganese generally increased between 2008 and 2011, due to ***.[28] Since the U.S. producers' operating income (loss) fluctuated considerably between 2007 and 2012, their ROA also changed from a ratio of *** percent in 2007 to a ratio of *** percent in 2012. The trend of ROA over the period was the same as the trend of the operating income margin shown in table III-10.

Table III-15
Silicomanganese: Value of assets and return on assets of U.S. producers, fiscal years 2007-12

* * * * * * *

SG&A volume variance. All things being equal, a stable overall product mix generally enhances the utility of the Commission's variance analysis.

[26] E-mail from ***, May 23, 2013.

[27] E-mail from ***, May 23, 2013.

[28] E-mail from ***, May 23, 2013.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 12 firms believed to have imported silicomanganese between January 2007 and December 2012, and all twelve firms provided data and information in response to the questionnaires. Based on official Commerce statistics for imports of silicomanganese, importers' questionnaire data accounted for at least 90.5 percent of total U.S. imports during the period for which data were collected. There were no subject imports during the period of review.[1]

In light of the data coverage by the Commission's questionnaires, import data in this report are based on questionnaire responses for silicomanganese, unless otherwise noted.[2] One importer, ***, reported entering or withdrawing silicomanganese from bonded warehouses.

Imports from subject and nonsubject countries

Table IV-1 presents information on U.S. imports of silicomanganese from India, Kazakhstan, Venezuela, and all other sources over the period examined. There were only imports from nonsubject countries during the period of review. Nonsubject imports peaked in 2007 and declined by over half in 2009. After 2009, imports increased, but not to the levels seen in 2007.

FerroVen's parent company FerroAtlantica reported ***. According to FerroVen's questionnaire response, ***.

[1] Initially, according to proprietary Customs' data ***. The importer of record, ***, reported that those imports had actually been misclassified and were not subject to the antidumping duty order. The imports were ***. *** provided U.S. Customs' documentation which showed that these imports entered the United States without being assessed an antidumping duty. Email from ***, May 22, 2013.

[2] Where noted, import data are based on official Commerce statistics for HTS statistical reporting number 7202.30.0000. The HTS statistical reporting number also includes imports of low-carbon silicomanganese, which is specifically excluded from the scope of these reviews. Therefore, data reported based on the HTS statistical number are somewhat overstated.

Table IV-1
Silicomanganese: U.S. imports by source, 2007-12, January-March 2012, and January-March 2013

Item	Calendar year						January-March	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
India	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Subtotal, subject	0	0	0	0	0	0	0	0
All others	447,852	389,940	123,240	306,247	333,300	309,596	71,770	78,209
Total U.S. imports	447,852	389,940	123,240	306,247	333,300	309,596	71,770	78,209
	Value (*1,000 dollars*)[1]							
India	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Subtotal, subject	0	0	0	0	0	0	0	0
All others	524,561	707,528	121,120	348,511	354,157	346,453	72,677	77,123
Total U.S. imports	524,561	707,528	121,120	348,511	354,157	346,453	72,677	77,123
	Unit value (*per short ton*)							
India	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Kazakhstan	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Venezuela	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Average, subject	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All others	1,171	1,814	983	1,138	1,063	1,119	1,013	986
Average, total imports	1,171	1,814	983	1,138	1,063	1,119	1,013	986
	Share of quantity (*percent*)							
India	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Subtotal, subject	0	0	0	0	0	0	0	0
All others	100	100	100	100	100	100	100	100
Total U.S. imports	100	100	100	100	100	100	100	100
	Share of value (*percent*)							
India	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Subtotal, subject	0	0	0	0	0	0	0	0
All others	100	100	100	100	100	100	100	100
Total U.S. imports	100	100	100	100	100	100	100	100

[1] Landed, duty paid.
[2] Undefined.

Note.—Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Leading nonsubject sources of imports

During the period of review, imports of silicomanganese entered the United States from a variety of sources. Table IV-2 presents leading nonsubject country suppliers and identifies whether a country is currently covered by an antidumping duty order in the United States. Over the period of review the leading nonsubject country suppliers, by quantity (from largest to smallest) were: South Africa, Georgia, Norway, and Australia. For 2012, the leading nonsubject country suppliers, by quantity, (from largest to smallest) were: Georgia, South Africa, Norway, Mexico, and Australia.

Table IV-2
Silicomanganese: U.S. imports by source, 2007-12, January-March 2012, and January-March 2013

Item	Calendar year						January-March	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
	Covered by antidumping duty orders							
China	38	2	591	38	1	11	0	0
Ukraine	0	0	0	0	0	0	0	0
Subtotal	38	2	591	38	1	11	0	0
	Not covered by antidumping duty orders							
Australia	40,050	40,211	20,235	34,384	49,382	29,083	3,232	18,503
Austria	0	0	0	0	0	0	0	0
Brazil[1]	0	0	0	0	0	0	0	0
Georgia	57,928	65,921	22,403	87,318	110,460	125,151	17,329	41,537
Korea	8,186	4,211	7,812	0	331	1,235	22	6,228
Mexico	17,295	18,126	1,764	13,746	13,944	30,067	2,226	6,702
Norway	61,392	79,876	16,790	42,209	36,892	32,725	9,391	3,227
Romania	41,625	2,582	0	0	8,254	0	0	0
Russia	7,894	2,284	3,059	2,254	0	6,837	3,509	0
Saudi Arabia	3,906	5,673	9,658	2,800	0	0	0	0
South Africa	182,652	168,328	61,076	134,798	157,917	121,436	32,859	22,127
All others	35,668	14,964	322	9,552	6,632	36,644	4,327	8,794
Total, imports not covered by antidumping duty orders	456,594	402,176	143,119	327,062	383,812	383,179	72,895	107,118
Grand Total	456,632	402,178	143,711	327,100	383,813	383,190	72,895	107,118

Table continued on next page.

Table IV-2--*Continued*
Silicomanganese: U.S. imports by source, 2007-12, January-March 2012, and January-March 2013

Item	Calendar year						January-March	
	2007	2008	2009	2010	2011	2012	2012	2013
	Value (*1,000 dollars*)2							
	Covered by antidumping duty orders							
China	120	7	999	56	3	12	0	0
Ukraine	0	0	0	0	0	0	0	0
Subtotal	120	7	999	56	3	12	0	0
	Not covered by antidumping duty orders							
Australia	42,009	71,784	19,865	37,585	51,351	30,436	2,949	19,022
Austria	0	0	0	0	0	0	0	0
Brazil[1]	0	0	0	0	0	0	0	0
Georgia	71,435	121,193	16,609	103,643	126,880	127,434	14,484	39,604
Korea	11,417	8,290	7,179	0	625	1,753	26	7,085
Mexico	13,519	23,006	1,761	15,505	14,702	33,697	2,134	6,538
Norway	79,251	146,786	24,123	66,444	59,747	54,867	15,095	5,073
Romania	54,393	5,465	0	0	8,270	0	0	0
Russia	10,837	3,978	3,043	2,437	0	8,813	4,440	0
Saudi Arabia	3,493	11,650	8,003	3,185	0	0	0	0
South Africa	188,890	297,806	64,095	152,059	169,369	135,736	31,060	22,335
All others	42,692	29,238	238	16,380	13,646	47,269	5,963	10,176
Total, imports not covered by antidumping duty orders	517,936	719,196	144,915	397,239	444,590	440,005	76,151	109,834
Grand Total	518,056	719,203	145,915	397,295	444,593	440,017	76,151	109,834

Table continued on next page.

Table IV-2--*Continued*
Silicomanganese: U.S. imports by source, 2007-12, January-March 2012, and January-March 2013

Item	Calendar year						January-March	
	2007	2008	2009	2010	2011	2012	2012	2013
	Unit value (*per short ton*)							
	Covered by antidumping duty orders							
China	3,170	3,134	1,690	1,467	2,196	1,131	(2)	(2)
Ukraine	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Subtotal	3,170	3,134	1,690	1,467	2,196	1,131	(2)	(2)
	Not covered by antidumping duty orders							
Australia	1,049	1,785	982	1,093	1,040	1,046	913	1,028
Austria	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Brazil[1]	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Georgia	1,233	1,838	741	1,187	1,149	1,018	836	953
Korea	1,395	1,969	919	(2)	1,891	1,420	1,175	1,138
Mexico	782	1,269	998	1,128	1,054	1,121	959	976
Norway	1,291	1,838	1,437	1,574	1,620	1,677	1,607	1,572
Romania	1,307	2,117	(2)	(2)	(2)	(2)	(2)	(2)
Russia	1,373	1,742	995	1,081	(2)	1,289	1,266	(2)
Saudi Arabia	894	2,054	829	1,137	(2)	(2)	(2)	(2)
South Africa	1,034	1,769	1,049	1,128	1,073	1,118	945	1,009
All others	1,197	1,954	741	1,715	2,058	1,290	1,378	1,157
Total, imports not covered by antidumping duty orders	1,134	1,788	1,013	1,215	1,158	1,148	1,045	1,025
Grand Total	1,135	1,788	1,015	1,215	1,158	1,148	1,045	1,025

[1] Imports on silicomanganese from Brazil were subject to an antidumping duty order until September 14, 2011. *Silicomanganese from Brazil: Revocation of Antidumping Duty Order*, 77 FR 66798, November 7, 2012.
[2] Undefined.

Note.—Because of rounding, figures may not add to the totals shown.
Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: Compiled from official import statistics for HTS 7202.30.00.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO MARCH 31, 2013

The Commission requested importers to indicate whether they had imported or arranged for the importation of silicomanganese from India, Kazakhstan, and Venezuela for delivery after March 31, 2013. *** importer reported arranging for the importation of silicomanganese from India, Kazakhstan, and Venezuela.

U.S. IMPORTERS' INVENTORIES

None of the U.S. importers reported inventories of silicomanganese from India, Kazakhstan, or Venezuela. Nearly all U.S. importers reported inventories of silicomanganese from all other sources during the period of review. Table IV-3 presents data for inventories of U.S. imports of silicomanganese from all other sources held in the United States.

Table IV-3

Silicomanganese: U.S. importers' end-of-period inventories of imports, by source, 2007-12, January-March 2012, and January-March 2013

Item	Calendar year						January-March	
	2007	2008	2009	2010	2011	2012	2012	2013
Imports from nonsubject sources	447,852	389,940	123,240	306,247	333,300	309,596	71,770	83,705
Inventories (short *tons)*	102,116	124,093	62,453	82,838	103,256	91,392	86,106	92,366
Ratio to U.S. imports (percent*)*	22.8	31.8	50.7	27.0	31.0	29.5	30.0	27.6
Ratio to U.S. shipments of U.S. imports from nonsubject sources (percent*)*	22.9	34.0	36.2	30.2	33.3	28.7	23.1	27.8

Source: Compiled from data submitted in response to Commission questionnaires.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. There is little new information on

the record in these five-year reviews in relation to these traditional factors and subject imports.[3]

Fungibility

In the original investigations and first expedited five-year reviews, the Commission found that domestic and all imported silicomanganese were fungible.[4] [5] One domestic interested party argued that domestic and all imported silicomanganese continue to be fungible.[6] Additional information on end uses and interchangeability of domestic and imported silicomanganese is provided in part II of this report.

Geographic markets

In the original investigations and first expedited five-year reviews, the Commission found that domestic and subject imported silicomanganese were present to a significant degree in the same geographic markets.[7] [8] No new information is available in relation to the presence of subject imports in the U.S. market because, as previously stated, there were no subject imports during the period of review. U.S. producers reported serving every geographic market of the contiguous United States.

Channels of distribution

In the original investigations and first expedited five-year reviews, the Commission found that domestic and subject imported silicomanganese used the same channels of distribution, and most of the production was sold directly to end users.[9] [10] In these five-year reviews, U.S. producers indicated *** percent of their shipments went to end users in 2012, while importers (all nonsubject) reported 89.2 percent of their shipments went to end users in 2012.

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[3] There were no subject imports of silicomanganese from India, Kazakhstan, or Venezuela during the period examined in these second reviews.

[4] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Final)*, USITC Publication 3505 (May 2002), p. 8.

[5] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Review)*, USITC Publication 3963, November 2007, p. 9.

[6] Eramet's response to the notice of institution, p. 8.

[7] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Final)*, USITC Publication 3505 (May 2002), p. 7

[8] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Review)*, USITC Publication 3963, November 2007, p. 9.

[9] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Final)*, USITC Publication 3505 (May 2002), p. 8

[10] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Review)*, USITC Publication 3963, November 2007, pp. 9-10.

Simultaneous presence in the market

In the original investigations and first expedited five-year reviews, the Commission found that domestic and subject imported silicomanganese were simultaneously present in the U.S. market.[11] [12] With the discipline of the orders, there were no subject imports, and therefore no new information is available in relation to the presence of subject imports.

SUBJECT COUNTRY PRODUCERS

Table IV-4 presents information on production and apparent consumption in each of the subject countries between 2007 and 2011 (public data are not available for 2012). Subject countries accounted for a larger share of global production in 2011 than in 2007, although India accounted for nearly all of this growth. Over that same period, India's silicomanganese production became more export-oriented as measured by the ratio of the country's production to its apparent consumption, as did the export-orientation of Venezuela. Between 2007 and 2011, the export-orientation of Kazakhstan increased by almost two-thirds and remained the highest of the three subject countries.

[11] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Final)*, USITC Publication 3505 (May 2002), p. 8

[12] *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Review)*, USITC Publication 3963, November 2007, p. 10.

Table IV-4

Silicomanganese: Global production, apparent consumption, and ratio of apparent consumption to production 2007-11

Country	Calendar year				
	2007	2008	2009	2010	2011
	Production (*short tons*)				
India	870,900	935,500	965,100	1,102,300	1,428,600
Kazakhstan	215,600	189,500	197,800	233,700	246,400
Venezuela	57,300	57,300	50,500	18,200	26,500
Subject countries	1,143,800	1,182,300	1,213,400	1,354,200	1,701,500
All other countries	8,106,400	8,061,700	6,940,300	8,255,300	11,260,900
World total	9,250,200	9,244,000	8,153,700	9,609,500	12,962,400
	Share of global production (*percent*)				
India	9.4	10.1	11.8	11.5	11.0
Kazakhstan	2.3	2.0	2.4	2.4	1.9
Venezuela	0.6	0.6	0.6	0.2	0.2
Subject countries	12.4	12.8	14.9	14.1	13.1
All other countries	87.6	87.2	85.1	85.9	86.9
World total	100.0	100.0	100.0	100.0	100.0
	Apparent consumption (*short tons*)				
India	626,700	621,300	750,500	660,200	750,300
Kazakhstan	44,600	13,200	4,700	104,600	31,000
Venezuela	43,100	47,600	47,800	14,800	13,900
Subject countries	714,400	682,100	803,000	779,600	795,200
All other countries	8,397,100	8,272,100	7,440,700	8,936,400	12,134,200
World total	9,111,500	8,954,200	8,243,700	9,716,000	12,929,400
	Ratio of production to apparent consumption (*percent*)				
India	139.0	150.6	128.6	167.0	190.4
Kazakhstan	483.4	1,435.6	4,208.5	223.4	794.8
Venezuela	132.9	120.4	105.6	123.0	190.6
Subject countries	160.1	173.3	151.1	173.7	214.0
All other countries	96.5	97.5	93.3	92.4	92.8
World total	101.5	103.2	98.9	98.9	100.3

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: International Manganese Institute, Annual Market Research Report-2011

THE INDUSTRY IN INDIA

Overview

Four firms provided questionnaire data in the original investigations.[13] The first five-year reviews were expedited and one Indian producer, Nava Bharat, responded to the Commission's notice of institution and provided the Commission with data concerning its silicomanganese production in India. In the current reviews, the Commission received questionnaire responses from two producers in India, Nava Bharat and Sarda.[14]

Operations on silicomanganese

Table IV-5 presents data provided by the two responding Indian producers. The two responding Indian producers primarily supply their home markets and Asia. *** reported that its primary export markets in Asia are ***. *** reported that its primary export markets are ***.

*** reported that it has ***. It reported that for ***. *** reported that if the ***. *** also reported that it expects ***.

*** reported that it experienced a ***. *** reported that *** constrain its ability to produce silicomanganese. *** listed constraints that may arise, ***.

Both reporting Indian producers reported ***. *** reported it takes approximately ***. *** reported that it takes approximately ***.

Table IV-5
Silicomanganese: Nava Bharat and Sarda's capacity, production, shipments, and inventories, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Table IV-6 presents data on India's silicomanganese capacity, production, and exports for 2007-12.

[13] The responding Indian firms were Ispat Alloys Ltd., Nava Bharat, Universal Ferro & Allied Chemical Ltd., and Indisil Electrosmelts Ltd. ("Indisil"). Indisil reported that it only produced nonsubject low-carbon silicomanganese.

[14] In response to the notice of institution, Sarda provided ***. Staff emailed questionnaires to all of these producers. The Commission received two usable questionnaire responses and one unusable questionnaire response.

Table IV-6
Silicomanganese: Industry in India, 2007-12

Item	Calendar year					
	2007	2008	2009	2010	2011	2012
	Quantity (*short tons*)					
Capacity	***	***	***	***	***	***
Production	***	***	***	***	***	***
Exports	254,286	330,289	295,969	605,008	862,521	1,024,597
	Shares and Ratios (*percent*)					
Capacity utilization	***	***	***	***	***	***
India's exports as a share of production in India	***	***	***	***	***	***

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: *** and Global Trade Atlas.

Table IV-7 presents data on India's silicomanganese exports by top ten markets for 2007-12. The two responding producers in India reported that their exports of silicomanganese are not subject to trade barriers outside of the antidumping duty order in the United States.

Table IV-7
Silicomanganese: Exports from India, by partner country, 2007-12

Partner Country	Quantity (*short tons*)					
	2007	2008	2009	2010	2011	2012
Japan	18,111	30,220	40,250	140,839	177,038	154,262
Italy	82,973	87,166	52,078	101,474	116,157	140,365
Netherlands	60,015	73,845	27,182	48,688	85,642	118,961
Taiwan	5,164	6,395	20,276	35,901	76,244	106,877
Turkey	0	6,964	9,405	56,561	62,453	78,383
Korea	19,708	32,087	13,652	45,484	50,089	51,230
Thailand	7,105	8,385	16,575	17,162	37,128	43,829
Bulgaria	0	661	0	2,425	8,202	32,794
Malaysia	1,653	1,954	10,253	923	23,557	26,050
Ukraine	0	401	9,634	21,002	56,851	20,212
All other	59,555	82,209	96,665	134,549	169,161	251,634
World total	254,286	330,289	295,969	605,008	862,521	1,024,597

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: Global Trade Atlas.

THE INDUSTRY IN KAZAKHSTAN

Overview

One response was provided in the original investigations.[15] The first five-year reviews were expedited and no producer in Kazakhstan responded to the Commission's notice of institution. In these current reviews, the Commission received one questionnaire response from Kazakh producer, Joint-Stock Company Transnational Company Kazchrome ("Kazchrome").

Operations on silicomanganese

Table IV-8 presents data provided by the responding Kazakh producer. The responding Kazakh producer (Kazchrome) accounted for *** percent of Kazakhstan's reported silicomanganese exports to the world. Kazchrome exports ***. Kazchrome reported that its primary export markets in Asia are ***, in the EU are ***, and in all other markets are ***.

Kazchrome reported that it has *** furnaces operating at its production facility. *** of these furnaces produced silicomanganese at various points during the period of review.[16] *** is the other product produced on these furnaces. According to Kazchrome it does ***. It takes a month to switch production from ***. Kazchrome further explained that ***. Its key product is *** and it is one of the leading world producers.

Kazchrome explained that its silicomanganese production is driven by ***. Given Kazakhstan's geographical location, it is not able to source ***. It produces silicomanganese from its ***. Kazchrome reports that its ***. Additional production of silicomanganese is ***. Its strength in the ***.

Declines in production of silicomanganese from ***. Kazchrome reported that it plans to produce approximately *** short tons of silicomanganese in 2013 and *** short tons of silicomanganese in 2014. Kazchrome reported *** of silicomanganese which it explained is the ***. It also reported that its inventories do not reconcile because Kazchrome tracks its ***. ***.

[15] OJSC Transnational Co. and Aksu Ferroalloy Plant, collectively known as Kazchrome.

[16] Kazchrome's production facility also produces ***. From 2007-09, *** furnaces were producing silicomanganese and *** furnaces were producing ***. In September 2009, *** of the *** furnaces was switched to produce ***. These *** furnaces produced *** until ***, when *** furnace was switched back to the production of ***.

Table IV-8

Silicomanganese: Kazchrome's capacity, production, shipments, and inventories, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Table IV-9 presents data on Kazakhstan's silicomanganese capacity, production, and exports for 2007-12.

Table IV-9
Silicomanganese: Industry in Kazakhstan, 2007-12

Item	Calendar year					
	2007	2008	2009	2010	2011	2012
	Quantity (*short tons*)					
Capacity	***	***	***	***	***	***
Production	***	***	***	***	***	***
Exports	196,534	183,494	191,050	154,421	126,176	209,200
	Shares and Ratios (*percent*)					
Capacity utilization	***	***	***	***	***	***
Kazakhstan's exports as a share of production in Kazakhstan	***	***	***	***	***	***

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: *** and Global Trade Atlas.

Table IV-10 presents data on Kazakhstan's silicomanganese exports by top ten markets for 2007-12. The responding producer in Kazakhstan reported that its exports of silicomanganese were not subject to trade barriers outside of the antidumping duty order in the United States.

Table IV-10

Silicomanganese: Exports from Kazakhstan, by partner country, 2007-12

Partner Country	Quantity (*short tons*)					
	2007	2008	2009	2010	2011	2012
Japan	28,085	17,526	12,635	41,733	56,845	107,030
Germany	0	0	7,098	27,163	29,648	40,341
China	1,664	0	56,721	6,536	36,694	31,931
Czech Republic	0	0	0	0	150	19,014
Turkey	0	0	0	0	1,142	6,473
Netherlands	38,705	36,138	0	0	0	2,213
Ukraine	0	654	6,188	3,660	1,328	1,560
Uzbekistan	421	0	141	209	371	638
Russia	122,735	119,450	105,633	74,378	0	0
Latvia	0	0	432	740	0	0
Other	4,924	9,727	2,205	0	0	0
World total	196,534	183,494	191,050	154,421	126,176	209,200

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: Global Trade Atlas.

THE INDUSTRY IN VENEZUELA

Overview

At the time of the original investigation, the only producer in Venezuela was Hornos Electricos de Venezuela SA ("Hevensa") and it provided a questionnaire response. The first five-year reviews were expedited and no producer in Venezuela responded to the Commission's notice of institution. In these current reviews, the Commission received two questionnaire responses from Venezuelan producers, Hevensa and Ferroatlantica de Venezuela S.A. ("FerroVen"). They are believed to account for *** Venezuelan silicomanganese production.

Operations on silicomanganese

Table IV-11 presents data on Venezuela's silicomanganese capacity, production, shipments, and inventories, for 2007-12, January-March 2012, and January-March 2013. Venezuelan producers reported electricity outages and limitations on use which resulted in decreased production.[17] [18] [19] *** also reported that it was *** which explains the fluctuations and decrease in capacity.

FerroVen reported that it produces both silicomanganese and ferromanganese at its production facility, and during the period of review its production of *** declined. Production of silicomanganese requires silicon and more energy while the production of ferromanganese requires less energy and no silicon. The production of silicomanganese requires ferromanganese slag.[20] FerroVen reported that it produces silicomanganese and ferromanganese in "campaigns" in which it discontinues the production of one product to produce the other. The switch between silicomanganese and ferromanganese typically occurs three times per year. The switch takes *** days, including production that cannot be sold due to quality issues that arise when making the switch, and costs ***.[21]

Venezuelan producers primarily provide silicomanganese to their home market or export silicomanganese to the EU.[22] During most of the period of review, *** sold ***. Early in

[17] Hearing transcript, pp. 20, 139 (Mendoza) and 159-161 (Salinas).

[18] *** reported it ***.

[19] *** reported it ***.

[20] Hearing transcript, pp. 181-182 (Salinas).

[21] FerroVen's posthearing brief, pp. 5-6 of responses to Commissioners and staff questions.

[22] The largest steel producer in Venezuela is Siderurgica de Orinoco S.A. ("SIDOR"). In 2012, its steel production was only 1.7 million metric tons which is the lowest in the company's history. SIDOR has received new commitments to improve its operations from the Government of Venezuela and has committed to supplying rebar to the government's national housing plan. FerroVen's posthearing brief, pp. 8-9 of responses to Commissioners and staff questions. U.S. producers provided information that in the first half of 2013, SIDOR produced 960,940 metric tons, and is, therefore, on track to produce less than 2 million tons for the whole year. U.S. producers also reported that imports of steel from China

the period of review, ***. EU exports were to ***. *** reported that its exports ***. It also stated that given its ***.[23] *** also reported exports to ***. *** reported *** of exports ***. *** reported ***.[24]

FerroVen's parent company FerroAtlantica has import operations in the United States that markets other products (silicon metal, ferrosilicon, low carbon silicomanganese, and high carbon ferromanganese) outside the scope of these reviews.[25] FerroVen explained that it does have the ability to enter the U.S. market, but would not do so at a loss.[26] According to FerroAtlantica's company representative, the company will shut down a furnace or curtail production before it will operate at a loss, which is evidenced by FerroAtlantica's shutdown of its South African silicomanganese production and its curtailed production of silicon metal in Europe.[27]

Table IV-11
Silicomanganese: Venezuela's capacity, production, shipments, and inventories, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Tables IV-12 and IV-13 present data on FerroVen and Hevensa's silicomanganese capacity, production, shipments, and inventories, for 2007-12, January-March 2012, and January-March 2013, respectively. In 2011 and January-March 2013 FerroVen's ***.[28]

According to FerroVen, both producers in Venezuela have reported what they regard as their actual, practical capacity to produce silicomanganese under the operational conditions that they face. FerroVen is able to produce a maximum of 10 months out of a year since the electricity restrictions were put in place in 2009. FerroVen's reported capacity data are adjusted for electricity restrictions/shutdowns and switching products.[29] Eramet argues that FerroVen's reported capacity does not account for its ability to shift production among silicomanganese and ferromanganese.[30]

For Hevensa, the electricity restrictions have caused ***. Hevensa explained that its ***. ***. Hevensa reported it ***. Hevensa also reported that ***.[31] Eramet argues that

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into Venezuela have increased significantly. Eramet's posthearing brief, pp. 16-18, exhs. 8 and 15 of responses of Eramet Marietta, Inc. to Commission questions and Felman's posthearing brief, p. Williamson-2, exhs. Williamson Q1-3 and Williamson Q1-4.

[23] Email from ***, July 31, 2013.

[24] ***.

[25] Hearing transcript, p. 187 (Hopkins).

[26] Hearing transcript, p. 176 (Hopkins).

[27] Hearing transcript, p. 177 (Hopkins).

[28] ***. ***'s revised questionnaire response, questions II-7 and II-15.

[29] FerroVen's posthearing brief, pp. 11-12 of responses to Commissioners and staff questions.

[30] Eramet's posthearing brief, p. 20 of responses of Eramet Marietta, Inc. to Commission questions.

[31] FerroVen's posthearing brief, pp. 12-13, 21-22 of responses to Commissioners and staff questions.

Hevensa clearly states on its website that it has 4 furnaces dedicated to the production of silicomanganese and that its ***.[32]

Table IV-12

Silicomanganese: FerroVen's capacity, production, shipments, and inventories, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Table IV-13

Silicomanganese: Hevensa's capacity, production, shipments, and inventories, 2007-12, January-March 2012, and January-March 2013

* * * * * * *

Table IV-14 presents data on Venezuela's silicomanganese capacity, production, and exports for 2007-12.[33]

Table IV-14
Silicomanganese: Industry in Venezuela, 2007-12

	Calendar year					
Item	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
	Quantity (*short tons*)					
Capacity	***	***	***	***	***	***
Production	***	***	***	***	***	***
Exports	1,299	7,251	198	7,826	4,043	13,466
	Shares and Ratios (*percent*)					
Capacity utilization	***	***	***	***	***	***
Venezuela's exports as a share of production in Venezuela	***	***	***	***	***	***

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: *** and Global Trade Atlas.

[32] Eramet's posthearing brief, p. 19 of responses of Eramet Marietta, Inc. to Commission questions.

[33] Felman argues that the production and capacity data for Venezuela are *** by FerroVen and Hevensa when compared to published data by ***. Felman's posthearing brief, p. Williamson-8. FerroVen is unaware of what sources *** uses to compile its information, but states that third-party data sources vary widely. FerroVen compares data reported by International Manganese Institute ("IMI") data with *** data. IMI reported Venzuelan production of 26,500 short tons , while *** reported *** short tons for 2011. FerroVen also noted that *** data overstates U.S. silicomanganese production data and understates its capacity data. FerroVen's posthearing brief, pp. 1-2 of responses to Commissioners and staff questions.

Table IV-15 presents data on Venezuela's silicomanganese exports by top nine markets for 2007-12.[34] The Venezuelan producers reported that their exports of silicomanganese were not subject to trade barriers outside of the antidumping duty order in the United States.

Table IV-15
Silicomanganese: Exports from Venezuela, by partner country, 2007-12

Partner Country	Quantity (*short tons*)					
	2007	2008	2009	2010	2011	2012
Netherlands	0	5,182	0	5,512	2,205	8,267
Spain	0	0	0	2,205	0	2,756
Mexico	0	0	0	110	717	2,315
Colombia	33	949	198	0	130	128
Germany	0	0	0	0	992	0
Brazil	719	325	0	0	0	0
Canada	547	0	0	0	0	0
Chile	0	243	0	0	0	0
Peru	0	551	0	0	0	0
World total	1,299	7,251	198	7,826	4,043	13,466

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: Global Trade Atlas.

GLOBAL MARKET

Production

Table IV-16 presents world production of silicomanganese by selected country. China accounts for over half of the world's production of silicomanganese, followed by India which accounted for about 10 percent of the world's production for 2007-11. For the same time period, Kazakhstan accounted for about two percent of the world's production of silicomanganese, while Venezuela accounted for less than one percent of the world's production of silicomanganese.

FerroAtlantica (FerroVen's parent company) has silicomanganese plants in Spain and South Africa. The plant in South Africa is currently idle.[35] Felman reported that there are silicomanganese facilities (unrelated to their firm) in Romania which are idle.[36] Eramet reported

[34] The data reported in table IV-15 do not reconcile with the data reported in table IV-11. Both Venezuelan producers confirmed that the data they reported to the Commission concerning their exports is accurate and neither is aware of how export data is reported by the Government of Venezuela. FerroVen's posthearing brief, p. 20 of responses to Commissioners and staff questions.

[35] Hearing transcript, pp. 157-158 (Hopkins). Mr. Hopkins reported that the South African plant remains idle rather than ship silicomanganese to the United States. Id.

[36] Hearing transcript, pp. 88-89 (Nuss).

that there were shutdowns of silicomanganese plants in South Africa last year, as well as production capacity changes in Australia.[37]

Table IV-16
Silicomanganese: World production by country, 2007-11

Country	2007	2008	2009	2010	2011
	Quantity (*short tons*)				
China	4,688,100	5,109,200	4,723,400	5,236,000	8,233,300
India	870,900	935,500	965,100	1,102,300	1,428,600
Ukraine	1,213,400	934,200	688,800	926,700	748,500
South Africa	328,900	261,400	148,900	302,500	345,700
Norway	336,900	289,200	255,000	274,100	293,200
Kazakhstan	215,600	189,500	197,800	233,700	246,400
Korea	120,400	94,600	166,600	182,700	210,500
Brazil	235,300	236,600	88,500	185,800	187,300
Russia	75,500	81,700	135,900	151,600	165,100
Spain	122,700	122,800	70,700	147,900	156,900
United States	115,700	111,200	122,100	89,800	137,000
Venezuela	57,300	57,300	50,500	18,200	26,500
All other	869,300	820,800	540,500	758,200	783,500
World	9,250,200	9,244,000	8,153,700	9,609,500	12,962,400
	Share of production (*percent*)				
China	50.7	55.3	57.9	54.5	63.5
India	9.4	10.1	11.8	11.5	11.0
Ukraine	13.1	10.1	8.4	9.6	5.8
South Africa	3.6	2.8	1.8	3.1	2.7
Norway	3.6	3.1	3.1	2.9	2.3
Kazakhstan	2.3	2.0	2.4	2.4	1.9
Korea	1.3	1.0	2.0	1.9	1.6
Brazil	2.5	2.6	1.1	1.9	1.4
Russia	0.8	0.9	1.7	1.6	1.3
Spain	1.3	1.3	0.9	1.5	1.2
United States	1.3	1.2	1.5	0.9	1.1
Venezuela	0.6	0.6	0.6	0.2	0.2
All other	9.4	8.9	6.6	7.9	6.0
World	100.0	100.0	100.0	100.0	100.0

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Source: International Manganese Institute, Annual Market Research Report-2011.

[37] Hearing transcript, p. 89 (Schaefermeier and Rochussen).

Exports

Table IV-17 presents exports from all countries for 2007-12.

Table IV-17
Silicomanganese: Exports from all countries, 2007-12

Reporting Country	Quantity (short tons)					
	2007	2008	2009	2010	2011	2012
India	254,286	330,289	295,969	605,008	862,521	1,024,597
Ukraine	964,035	694,928	617,327	810,011	720,527	600,636
Norway	308,678	284,114	220,770	270,171	272,059	305,417
Georgia	-	-	-	225,841	219,435	250,919
Netherlands	92,780	136,848	122,321	163,865	190,780	242,213
Kazakhstan	196,534	183,494	191,050	154,421	126,176	209,200
Spain	37,076	37,818	28,502	64,041	73,928	72,863
Korea	12,272	22,645	78,393	39,659	69,366	69,536
Brazil	74,115	66,542	24,944	56,886	73,790	60,758
France	45,316	46,584	45,552	56,582	59,550	56,293
South Africa	611,708	597,972	133,879	224,192	191,577	51,471
Venezuela	1,299	7,251	198	7,826	4,043	13,466
United States	21,549	30,114	44,629	25,575	15,335	11,331
China	930,557	816,413	126,959	79,527	19,006	4,007
All other	262,729	232,855	186,878	233,277	241,021	220,682
World total	3,812,933	3,487,866	2,117,373	3,016,882	3,139,115	3,193,388

Note.—The dash indicates that data are unavailable.

Note.—The data are somewhat overstated because they include low-carbon silicomanganese.

Note.—The data for the United States is for total exports; and therefore, includes re-exports of silicomanganese.

Source: Global Trade Atlas.

Prices

Producers and importers were asked to compare prices of silicomanganese in U.S. and foreign markets. U.S. producer Eramet reported that ***. Felman reported that ***. Responding importers reported that prices for silicomanganese in the U.S. market are higher than prices for silicomanganese in other markets, and foreign producers reported that prices for silicomanganese are based on international commodity prices.

Venezuelan producer FerroVen reported that ***. Indian producer Nava Bharat reported that ***.

Metal Bulletin provides published price data for silicomanganese. Data for silicomanganese prices in the United States and Europe are presented in table IV-18 and figure IV-1. Since January 2007, ***.[38]

Table IV-18
Silicomanganese: Average monthly prices, January 2007-May 2013

* * * * * * *

Figure IV-1
Silicomanganese: Average monthly prices, January 2007-May 2013

* * * * * * *

Foreign demand

Firms' responses regarding demand outside the United States since 2007 and anticipated future demand are summarized in table IV-19. The majority of firms reported that demand has increased or fluctuated since 2007, and indicated that they expect these trends to continue.

[38] In its prehearing brief, Eramet provided price data published by ***, which showed *** for the United States and European Union. Eramet's prehearing brief, p. 29, and exhibit 18.

Table IV-19

Silicomanganese: Firms' perceptions regarding demand outside of the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand since 2007[1]				
U.S. producers	***	***	***	***
Importers	6	1	1	4
Purchasers	2	0	0	5
Foreign producers	3	0	0	2
Demand in home markets since 2007				
Foreign producers	1	1	0	3
Anticipated future demand[1]				
U.S. producers	***	***	***	***
Importers	6	1	0	4
Purchasers	1	1	0	4
Foreign producers	3	1	0	1
Anticipated demand in home markets				
Foreign producers	2	2	0	1

[1] U.S. producer Eramet reported ***.

Source: Compiled from data submitted in response to Commission questionnaires.

In additional comments, firms stated that demand outside of the United States also depends on the demand for steel, with infrastructure and construction being the main destination market segments. Firms also noted the impact of the global economic downturn and indicated that demand for silicomanganese in Europe is still at levels lower than before the economic crisis, but that they expect consumption to increase. Firms anticipate future growth in some markets and stated that the steel industry is still developing in China, India, Russia, South Africa, and the Middle East.

Foreign producers reported that since 2007, demand in their home markets followed the demand for steel. FerroVen reported that the steel industry in Venezuela has experienced a number of problems in recent years, including raw material and equipment shortages, electricity restrictions, and problems arising from the nationalization of SIDOR.[39] FerroVen also reported that due to operational difficulties, SIDOR's steel output has declined, but added that, over the last year, the Venezuelan government has made new investments in SIDOR, which improved SIDOR's production.[40] One foreign producer (***) reported that it expects demand in its home market (***) to increase 4 to 5 percent annually.

[39] FerroVen's posthearing brief, p. 19 of responses to Commissioners and staff questions.

[40] Hearing transcript, p. 162 (Salinas).

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Silicomanganese prices are related to the costs of raw materials and tend to follow similar trends. Raw materials used in the production of silicomanganese include manganese ore, silica, coke, and electricity.[1] Domestic producers indicated that raw material costs for silicomanganese ***. U.S. producers reported that raw materials costs as a share of cost of goods sold increased from *** percent in 2007 to *** percent in 2012. Raw materials as a share of cost of goods sold were slightly higher in January-March 2013 (*** percent) than in January-March 2012 (*** percent).

The primary raw materials used to produce silicomanganese are manganese ore and/or high-carbon ferromanganese slag.[2] [3] Felman reported that it imports manganese ore from Australia, South Africa, and Gabon, and Eramet reported sourcing manganese ore from Gabon and South Africa.[4] [5] Prices for manganese ore increased from January 2007 to July 2008, then

[1] Hearing transcript, p. 33 (Nuss), pp. 65-66 (Willoughby), and p. 178 (Hopkins).

[2] Typically, ferromanganese slag is a byproduct recovered in other internal company operations (such as the production of ferromanganese) and is not sold commercially. Eramet reported that ferromanganese slag, the main byproduct of its high-carbon ferromanganese furnace, is one of the main inputs in its silicomanganese production. Hearing transcript, p. 104 (Willoughby).

[3] Eramet's posthearing brief, p. 45 of responses of Eramet Marietta, Inc. to Commission questions, and FerroVen's posthearing brief, p. 1.

[4] Hearing transcript, p. 78 (Nuss and Willoughby). Manganese ore is not produced in the United States. South Africa accounts for about 75 percent of the world's identified manganese resources. FerroVen's prehearing brief, p. 11 and Exhibit 3.

[5] FerroVen asserts that Felman has access to the Chiatura manganese ore mine through its parent company Georgian American Alloys, and the CEO of Georgian American Alloys stated he expected it to reduce production costs at Felman's U.S. operations through costs synergies associated with the relationship. Hearing transcript, p. 145 (Mendoza) and p. 156 (Hopkins), and ***. See also, "Ryan's Notes," Georgian American Alloys "GAA in the Media," May 16, 2013, http://gaalloys.com/index.php/news/33-news/100-ryan-s-notes-05-16-2013. However, at the hearing, a representative from Georgian American Alloys asserted that Felman does not utilize ore from Georgia (Felman has only sampled trial quantities), and that the Georgian manganese ore is totally consumed in Georgia. Hearing transcript, p. 79 (Nuss) and p. 102 (Salonen). See also Felman's posthearing brief at Exhibit 4, and p. Williamson-11.

declined through 2008 and mid-2009, and then fluctuated through March 2013 (figure V-1). Overall, prices for manganese ore increased by *** percent from January 2007 to March 2013. According to ***, demand for manganese ore is ***, and *** projects that prices for manganese ore will *** in 2013.[6]

Figure V-1

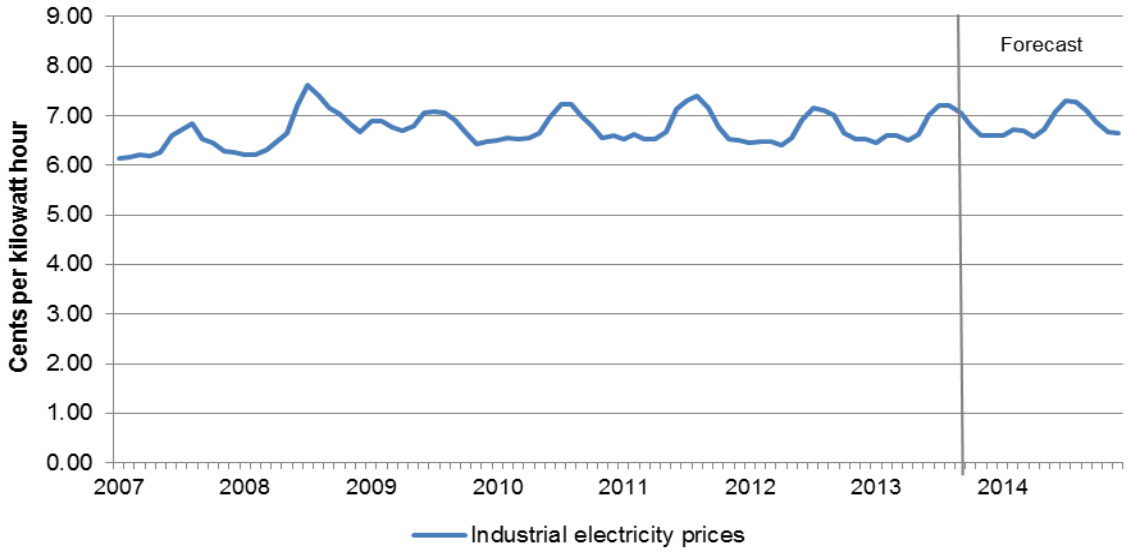
Manganese ore: Monthly average prices of manganese ore with 44 percent manganese content, January 2007-March 2013

* * * * * * *

At the hearing, representatives from Georgian American Alloys and Eramet stated that electricity costs are also a significant cost in producing silicomanganese.[7] [8] A representative from Georgian American Alloys added that electricity accounts for approximately 25 percent of their total cost of production and is their second most costly input in producing silicomanganese.[9] Electricity prices follow an annual cycle and increased by 14.5 percent from January 2007 to June 2013 (figure V-2).

Figure V-2

Industrial electricity: Monthly average U.S. prices, January 2007-June 2013, and July 2013-December 2014 (forecast)



Source: *Short Term Energy Outlook*, Energy Information Administration, www.eia.gov, July 22, 2013.

[6] Asia Minerals' importer questionnaire response, ***.

[7] Hearing transcript, p. 33 (Nuss) and pp. 65-66 (Willoughby).

[8] In their posthearing brief, FerroVen also stated that electricity was one of the largest components of the cost of production of silicomanganese. FerroVen's posthearing brief, p. 1.

[9] Hearing transcript, p. 33 (Nuss).

U.S. producer Eramet reported that ***. U.S. producer Felman also reported that ***. Responding importers reported that prices are more market driven than cost driven and changes in raw material costs have no effect on selling prices of silicomanganese. Foreign producers reported that manganese ore and electricity prices are the most important raw materials used to produce silicomanganese. Most responding foreign producers reported that prices of silicomanganese are directly related to the cost of raw materials and that the prices of silicomanganese will respond to changes in the price of raw materials.

U.S. inland transportation costs

U.S. producers reported that their U.S. inland transportation costs ranged from *** percent, and both U.S. producers reported that they ***. Both U.S. producers reported that most of their customers are "within a day's drive" from their plant locations, and that the majority of their silicomanganese is shipped via bulk truck.[10] U.S. producers reported that about *** percent of their 2012 U.S. commercial shipments were shipped *** miles from their facilities, approximately *** percent were delivered *** miles from their facilities, and nearly *** percent was delivered *** miles from their facilities.[11]

PRICING PRACTICES

Pricing methods

Price determination

U.S. producers and importers reported using a variety of methods for determining their sales prices for silicomanganese (table V-1). Both U.S. producers reported using *** for determining the prices they charge for sales of silicomanganese. U.S. producer and importer Felman also reported using ***, and U.S. producer and importer Eramet also reported using *** to determine the prices for their silicomanganese sales. All eleven responding importers reported using transaction-by-transaction negotiations, and five indicated that they use at least one other price determination method (e.g.,contracts, set price lists or published prices).

[10] Hearing transcript, p. 96 (Willoughby and Konrady).

[11] Data for transportation costs and shipping distances were requested for subject imports; however, there were no subject imports during the period under review.

Table V-1

Silicomanganese: U.S. producers and importers reported price setting methods

Method	Number of firms[1]	
	U.S. producers	Importers
Transaction-by-transaction	***	11
Contract	***	5
Set price lists	***	1
Other	***	1

[1] The sum of responses down will not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

Negotiations

Of the 13 responding purchasers, 6 purchase quarterly, 4 purchase annually, 3 purchase monthly, 2 purchase under two-year contracts, 1 purchases under a one-year contract, and 1 purchases as needed.[12] Only two purchasers indicated that they expect their purchasing pattern to change in the next two years.

Nine of 12 responding purchasers reported contacting no more than 8 suppliers before making a purchase; four purchasers reported contacting eight suppliers or more. Twelve of 13 purchasers reported negotiating with the supplier when purchasing silicomanganese, and seven purchasers indicated that the negotiations are based on price, among other factors. Several purchasers stated that negotiations are also based on delivery terms, payment terms, availability, and quality. The majority of purchasers (8 of 13) reported that they do not vary their purchases from a given supplier within a specified time period based on the price offered for that period.

Contract and spot sales

U.S. producer Felman reported that *** percent of its 2012 sales of silicomanganese were sold ***, and that *** percent were sold ***.[13] Felman reported that its *** were ***.[14] U.S. producer Eramet reported that *** percent of its 2012 silicomanganese sales were sold ***, and that *** percent were sold ***. Eramet reported that its ***. Eramet reported that ***.[15] [16]

[12] *** reported that ***; *** reported purchasing ***; and *** reported purchasing ***.

[13] Felman reported that it is not currently selling on the spot market due to the recent shutdown that was announced in late June 2013. Felman's posthearing brief, p. Aranoff-5, and exhibit Aranoff Q2-1.

[14] Although Felman ***.

[15] *Metals Week* and *Ryan's Notes* are industry publications that regularly publish pricing information for silicomanganese. Both U.S. producers reported that their spot and contract prices ***. Eramet's prehearing brief, pp. 8-9, and Felman's prehearing brief, pp. 39-40. See also, FerroVen's prehearing brief, p. 9.

Sales terms and discounts

Both U.S. producers reported quoting prices for silicomanganese on *** all eleven responding importers reported quoting prices on a delivered basis.

Both U.S. producers reported offering sales terms of *** all responding importers reported offering sales terms of net 30 days. U.S. producer and importer Eramet also reported offering sales terms of ***.

U.S. producer Felman reported offering ***, and U.S. producer Eramet reported offering ***. Most responding importers reported offering no discounts; however, three importers reported offering both quantity and total volume discounts.

Price leadership

Purchasers were asked to identify price leaders in the silicomanganese market. Seven of 13 purchasers reported price leaders and listed one or more suppliers, including Felman (reported by 4 firms), BHP Billiton (4 firms), Felman Trading (2 firms), Eramet (2 firms), and Minerais (1 firm).

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following silicomanganese products shipped to unrelated U.S. customers during January 2007-March 2013.

Product 1.-- ASTM grade B bulk silicomanganese sold to steel producers under quarterly requirement contracts

Product 2.-- ASTM grade B bulk silicomanganese sold to steel producers as spot sales

Two U.S. producers provided usable pricing data for sales of both products, although not all firms reported pricing for all products for all quarters.[17] By quantity, pricing data for

(…continued)

[16] Data for contract provisions were requested for subject imports; however, there were no subject imports during the period under review.

[17] Since there were no subject imports during the period of review, no price data were provided for silicomanganese from subject countries. In the original investigations, subject imports from India were priced lower than domestic product in 3 of 20 comparisons, with underselling margins ranging from 3.0 to 7.3 percent; subject imports from Kazakhstan were priced lower than domestic product in 13 of 23 comparisons, with underselling margins ranging from 1.3 to 14.9 percent; and subject imports from Venezuela were priced lower than domestic product in 2 of 12 comparisons, with underselling margins ranging from 2.9 to 7.1 percent. *Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Final)*, USITC Publication 3505, May 2002, p. V-7.

January 2007-March 2013 accounted for *** percent of U.S. producers' U.S. commercial shipments of silicomanganese.

Price trends and comparisons

Price data for products 1 and 2 are presented in table V-2 and figure V-3. Price trend summary data are presented in table V-3. Available data show that prices for product 1 peaked in mid-2008 then declined, increasing again in 2010. Overall, prices for product 1 increased from first quarter 2007 to first quarter 2013. Prices for product 2 declined from third quarter 2008 to fourth quarter 2009, and fluctuated throughout 2010 to third quarter 2012. Overall, prices for product 2 decreased from third quarter 2008 to third quarter 2012.

Table V-2

Silicomanganese: Weighted-average f.o.b. prices and quantities of domestic product 1[1] product 2[2], by quarters, January 2007-March 2013

* * * * * * *

Figure V-3

Silicomanganese: Weighted-average prices and quantities of domestic product 1[1] and product 2[2], by quarters, January 2007-March 2013

* * * * * * *

Table V-3

Silicomanganese: Summary of weighted-average f.o.b. prices for products 1-2 from the United States

* * * * * * *

Purchasers' perceptions of relative price trends

Purchasers were asked how the price of silicomanganese from the United States had changed relative to the prices of product from subject countries since 2007. Four of six responding purchasers reported that prices had changed by the same amount, two purchasers reported that the prices of U.S.-produced product had not changed relative to prices of silicomanganese from subject countries, and one purchaser (***) reported that U.S prices for silicomanganese are now higher than prices for product from India, Kazakhstan, and Venezuela. Purchaser *** reported that, although it has not purchased silicomanganese from any of the subject countries, the price of U.S.-produced silicomanganese has increased since it first purchased from a U.S. producer.

APPENDIX A

***FEDERAL REGISTER* NOTICES**

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, Federal Register notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
77 FR 59897 October 1, 2012	*Initiation of Five-Year ("Sunset") Review*	http://www.gpo.gov/fdsys/pkg/FR-2012-10-01/pdf/2012-24099.pdf
77 FR 59970 October 1, 2012	*Silicomanganese From India, Kazakhstan, and Venezuela; Institution of Five-Year Reviews Concerning the Antidumping Duty Order on Silicomanganese From India, Kazakhstan, and Venezuela*	http://www.gpo.gov/fdsys/pkg/FR-2012-10-01/pdf/2012-23794.pdf
78 FR 4437 January 22, 2013	*Silicomanganese From India, Kazakhstan, and Venezuela; Notice of Commission Determination To Conduct Full Five-Year Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2013-01-22/pdf/2013-01089.pdf
78 FR 9034 February 7, 2013	*Silicomanganese From India, Kazakhstan, and Venezuela: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*	http://www.gpo.gov/fdsys/pkg/FR-2013-02-07/pdf/2013-02822.pdf
78 FR 13380 February 27, 2013	*Silicomanganese From India, Kazakhstan, and Venezuela; Scheduling of Full Five-Year Reviews Concerning the Antidumping Duty Orders on Silicomanganese from India, Kazakhstan, and Venezuela*	http://www.gpo.gov/fdsys/pkg/FR-2013-02-27/pdf/2013-04503.pdf
Note.–The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at http://www.usitc.gov/press_room/news_release/2013/er0104ll1.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11525. The Commission's explanation of its determinations can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11526.		

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Silicomanganese from India, Kazakhstan, and Venezuela
Inv. Nos.:	731-TA-929-931 (Second Review)
Date and Time:	July 18, 2013 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

CONGRESSIONAL APPEARANCE:

The Honorable Shelley Moore Capito, U.S. Representative, 2nd District, West Virginia

OPENING REMARKS:

In Support of Continuation of Orders (**William D. Kramer**, DLA Piper LLP (US))
In Opposition to Continuation of Orders (**Julie C. Mendoza**, Morris Manning & Martin LLP)

In Support of the Continuation of Antidumping Duty Orders:

Stewart and Stewart
Washington, DC
on behalf of

Felman Production, LLC

Barry C. Nuss, Chief Financial Officer, Georgian American Alloys, Inc.

Mendel Sossonko, Sales Manager, Felman Trading Inc.

John S. Konrady, Plant Manager, Felman Production LLC

In Support of Continuation of
Antidumping Duty Orders (continued):

Roy F. Martin, Jr., Vice President, USW Local 5171,
Felman Production, LLC

Robert L. Powell, Jr., Vice President, Secretary; *and*
General Counsel, Felman Production LLC

Eric P. Salonen)
Jumana M. Misleh) -- OF COUNSEL
Stephanie R. Manaker)

DLA Piper LLP (US)
Washington, DC
on behalf of

Eramet Marietta, Inc. ("Eramet")

John A. Willoughby, Chief Executive Officer, Eramet

Peter Rochussen, Vice President, Eramet North America, Inc.

Steve Brown, President, United Steelworkers, Local 1-00639

Dr. Kenneth R. Button, Senior Vice President, Economic
Consulting Services, LLC

Jennifer Lutz, Senior Economist, Economic Consulting
Services, LLC

William D. Kramer)
) -- OF COUNSEL
Martin Schaefermeier)

In Opposition of the Continuation of
Antidumping Duty Orders:

Morris Manning & Martin LLP
Washington, DC
on behalf of

FerroAtlantica de Venezuela ("Ferro Ven")
FerroAtlantica S.A. (collectively "FerroAtlantica")

Antonio Salinas, Export Manager, FerroAtlantica

Edward Hopkins, General Manager, FerroAtlantica North America

Julie C. Mendoza)
) -- OF COUNSEL
R. Will Planert)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders **(William D. Kramer**, DLA Piper LLP (US);
and **Eric P. Salonen,** Stewart and Stewart)
In Opposition to Continuation of Orders **(R. Will Planert** and **Julie C. Mendoza**, Morris Manning & Martin LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Silicomanganese: Summary data concerning the U.S. market, 2010-12, January to March 2012, and January to March 2013
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data								Period changes						
	Calendar year						January to March		Calendar year						Jan-Mar
	2007	2008	2009	2010	2011	2012	2012	2013	2007-12	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
India	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Kazakhstan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Venezuela	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All others sources, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
India	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Kazakhstan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Venezuela	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All others sources, nonsubject	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of Imports from:															
India:															
Quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Kazakhstan:															
Quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Venezuela:															
Quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Subtotal, subject sources:															
Quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All other sources:															
Quantity	445,439	365,423	172,392	274,070	309,964	318,239	93,210	82,999	(28.6)	(18.0)	(52.8)	59.0	13.1	2.7	(11.0)
Value	572,547	726,203	176,641	335,694	358,457	388,576	108,443	88,118	(32.1)	26.8	(75.7)	90.0	6.8	8.4	(18.7)
Unit value	$1,285.35	$1,987.29	$1,024.65	$1,224.85	$1,156.45	$1,221.02	$1,163.43	$1,061.68	(5.0)	54.6	(48.4)	19.5	(5.6)	5.6	(8.7)
Ending inventory quantity	102,116	124,093	62,453	82,838	103,256	91,392	86,106	92,366	(10.5)	21.5	(49.7)	32.6	24.6	(11.5)	7.3
Total imports:															
Quantity	445,439	365,423	172,392	274,070	309,964	318,239	93,210	82,999	(28.6)	(18.0)	(52.8)	59.0	13.1	2.7	(11.0)
Value	572,547	726,203	176,641	335,694	358,457	388,576	108,443	88,118	(32.1)	26.8	(75.7)	90.0	6.8	8.4	(18.7)
Unit value	$1,285.35	$1,987.29	$1,024.65	$1,224.85	$1,156.45	$1,221.02	$1,163.43	$1,061.68	(5.0)	54.6	(48.4)	19.5	(5.6)	5.6	(8.7)
Ending inventory quantity	102,116	124,093	62,453	82,838	103,256	91,392	86,106	92,366	(10.5)	21.5	(49.7)	32.6	24.6	(11.5)	7.3
U.S. producers':															
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (short tons per hour)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Net Sales:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

(1) Report data are in percent and period changes are in percentage points.
(2) Undefined.
Source: Compiled from data submitted in response to Commission questionnaires.

APPENDIX D

COMMENTS BY U.S. PRODUCERS, IMPORTERS, PURCHASERS, AND FOREIGN PRODUCERS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

All responses in appendix D contain information that would reveal confidential operations and therefore have been deleted from this report.

APPENDIX E

Electrical Capacity Table

Respondents were asked to report the electrical capacity ratings of their furnaces used to produce silicomanganese so that these ratings could be related to their reported capacities in quantity of silicomanganese. The comparisons are shown in table appendix E-1.

The common unit of measure of the electrical capacity of a ferroalloy furnace is the MVA of the furnace transformer that supplies electrical power to the furnace. MVA stands for mega-volt-amperes, and represents the limit of the electrical load that can be safely input to the furnace.

The reported capacity per MVA of FerroVen, Kazchrome, Sarda, and Felman are *** short tons. The reported capacities of Nava Bharat and of Eramet are *** short tons respectively. It appears that ***. In this connection, it is noted that ***.

The reported capacity of Hevensa is *** short tons per MVA, because Hevensa reported the capacity of *** furnaces. Based upon the capacity of its ***, being a combined ***, Hevensa's reported capacity is *** short tons per MVA.

Table Appendix E-1
Silicomanganese: Responding producers' electrical capacity

* * * * * * *