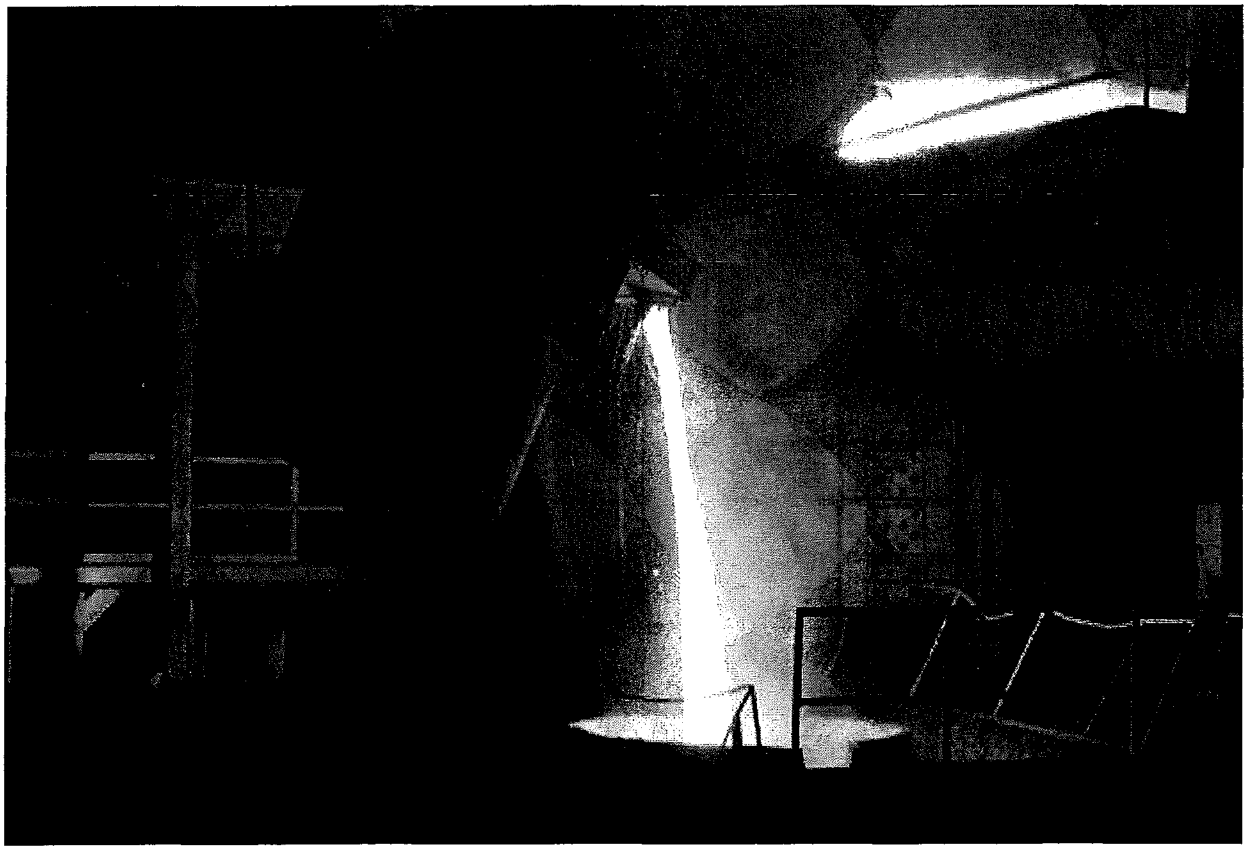

HEARING BEFORE THE
U.S. INTERNATIONAL TRADE COMMISSION

SILICOMANGANESE FROM INDIA, KAZAKHSTAN, AND VENEZUELA
INV. NOS. 731-TA-929-931
(SECOND REVIEW)

JULY 18, 2013

HEARING MATERIALS AND TESTIMONY
IN SUPPORT OF CONTINUATION OF THE ANTIDUMPING DUTY ORDERS

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United States International Trade Commission

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

Testimony of Barry C. Nuss, Chief Financial Officer
Georgian American Alloys, Inc.

Good morning, Chairman Williamson and Commissioners. I am Barry Nuss, Chief Financial Officer for Georgian American Alloys, Inc., the parent company of Felman Production and Felman Trading. I joined Felman Production in January 2011 and took on my current title in 2012. Prior to that, I worked for 30 years as a finance executive in the metals industry, including 23 years with a multinational ferroalloy producer.

Last year when I appeared before you, I told you about how the production of silicomanganese is highly capital intensive and the importance of operating our submerged arc furnaces as close to full capacity as possible. I also spoke about how the market for silicomanganese is intensely price-driven, such that we cannot automatically pass along increases in our raw material and electricity costs in the form of higher prices. I told you that just as silicomanganese is a commodity product, so too are the inputs used to make it, including manganese ore, silica, and coke, and that we have little control over the prices we must pay for these raw materials. I explained that electricity is our second most costly input, accounting for roughly 25 percent of our total cost of production. None of these facts have changed since last year's review.

As you may recall from last year's review, our production facility in West Virginia is over 60 years old. In fact, we celebrated the plant's 60th anniversary last year. Because of its age and the fact that the plant had gone through a number of bankruptcies, we have had to deal with challenging operational reliability issues that required significant capital investment. As you can see from our questionnaire response, Felman Production has invested many millions of dollars in our plant and equipment during the period of review. Just this year, we completed installation of a slag processing facility that has reduced our costs and provides an income stream from sales of the processed slag to companies that use it as an input.

In last year's sunset review, the Commission found that the domestic industry was vulnerable to material injury. That is even more the case today. As you know, Felman Production announced at the end of June that it was shutting down all three of its furnaces for a period of three months. The company made this difficult decision due to a combination of depressed market conditions, increased costs of production, and a build-up of inventory. Quite simply, prices for silicomanganese have declined while our production costs have increased to the point that the only rational business decision was to temporarily shut down production. Indeed, since the end of the first quarter of 2013, our financial difficulties have worsened. The average unit value of our sales in 2013 are almost as low as they were in 2009, during the Great Recession. Our operating losses for the two months of April and May of this year were nearly 15 percent larger than what we reported for the first three months of this year in our questionnaire response.

As all of this information plainly demonstrates, Felman Production is extremely vulnerable to material injury should the orders be revoked. As noted in the announcement of the plant shutdown, we will re-evaluate market conditions over the course of the next two months. We are seeing forecasts that steel demand is expected to pick up in the foreseeable future. That should lead to recovery in the silicomanganese market in the form of higher prices. Higher prices and reduced production costs such as the cost of electricity should enable Felman Production to resume production of silicomanganese.

But no such recovery will be possible if the orders are revoked. As the public prehearing staff report notes, each of these countries have the ability to respond to changes in demand with moderate-to-large increases in exports to the United States. They also all have incentives to do so since, even in the current depressed market, prices are still higher in the U.S. compared to other markets such as Europe. The very likely return of dumped imports from these countries will simply put additional downward pressure on domestic prices. The result will be nothing less than the permanent closure of Felman Production, the loss of hundreds of jobs, and the waste of tens of millions of dollars in investment.

Before closing, I want to respond to an argument made by Ferroven in the public version of its prehearing brief. At page 4, Ferroven states: "It is clearly the case that Felman has determined that it will rely increasingly on imported silicomanganese to satisfy domestic demand." That is completely false. Felman Production is firmly committed to being a domestic producer of silicomanganese. Felman Trading's imports of silicomanganese have not displaced any production or sales of silicomanganese by Felman Production. As our questionnaire response shows, our production and U.S. commercial shipments increased throughout the period of review through full year 2012, irrespective of the volume of non-subject imports brought in by Felman Trading. During the shutdown, we are continuing to supply U.S. made product to our customers from inventory.

As I reviewed earlier, the decision to temporarily shut down the furnaces was a business decision that was made in response to a market environment that rendered continued production financially untenable. That decision is wholly unrelated to Felman Trading's imports of silicomanganese. Any suggestion to the contrary is simply wrong. Even with the shutdown, we are continuing to invest resources in the plant as the furnaces and other equipment undergo maintenance and repairs. While no one can predict how soon market conditions will improve and by how much, it is a certainty that revocation of the orders will make any improvement impossible. Continuation of the orders is vital to Felman Production's and this industry's survival.

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