

Rep. Shelley Moore Capito  
Testimony to the U.S. International Trade Commission  
July 18, 2013  
Silicomanganese from India, Kazakhstan, and Venezuela.  
Inv. Nos. 731-TA-929-931 (Second Review).

Chairman Williamson and Members of the Commission:

Thank you for giving me the opportunity to appear before you today in support of the jobs of hundreds of workers in my home state of West Virginia. I have been privileged to testify before the Commission during past cases impacting West Virginia's steel industry. I also wrote to the commission when you considered a similar case related the dumping of silicomanganese from Brazil, China, and the Ukraine last year. I appreciate very much the important role that this Commission plays in making sure that American businesses are allowed to compete on a fair playing field against international competitors.

I am testifying today in strong support of the antidumping duty orders on imports of silicomanganese from India, Kazakhstan, and Venezuela. One of the two U.S. producers of silicomanganese is Felman Production, LLC, which is located in Letart, Mason County, West Virginia. When I wrote to the Commission last year, the facility was in my congressional district. While this year's redistricting has left the facility just outside of my district, many Felman employees remain my constituents.

Felman Production employs over 270 hardworking West Virginians, whose jobs could be permanently lost if the antidumping orders are not renewed. After reviewing the data, I am convinced that revocation of the antidumping duty orders on silicomanganese from India, Kazakhstan, and Venezuela would lead to material injury to Felman Production.

Felman Production began operations in 2006, and has grown to become a major local employer in Mason County, West Virginia. A recent study by the College of Business and Economics of West Virginia University concluded that Felman Production has contributed significant revenue to both Mason County and the State. Between 2011 and 2012, the number of Felman's workers increased from 256 to 273. In Mason County, Felman's operation generated a total business volume impact of over \$165 million. It is also worth noting that the 273 workers Felman employs account for about 41 percent of all manufacturing workers within Mason County. Felman Production alone accounts for three percent of the total property taxes in Mason County. In West Virginia's economy as a whole, Felman's operation generated over \$187.2 million that supported 524 direct and indirect jobs and \$31.2 million in employee compensation.

In addition, it is evident that Felman played an important role in attracting the Armstrong World Industries, which produces mineral wool, to establish a manufacturing plant in neighboring Jackson County, West Virginia. Armstrong is investing around \$40 million in the Jackson County plant and providing approximately 200 construction jobs. Once the plant is fully operational, it will hire 45 permanent employees. Armstrong requires slag product to produce mineral wool. Felman, located about 10 miles from Armstrong, has the opportunity to become

Armstrong's main supplier of slag, which Felman produces as a by-product. Felman's proximity to Armstrong would not only allow just-in-time delivery but also lower transportation costs.

If the jobs generated by Felman Production were lost, it would likely increase Mason County's unemployment rate to around 14 percent, which would leave Mason County with one of the highest unemployment rates in the state and nearly double the current national rate.

The low price of silicomanganese has had a significant negative impact on Felman's West Virginia operations. In June the company was forced to idle its operations for three months. I fear that the end of antidumping orders could lead to an even longer idling of the facility that would multiply the harm to Felman's workers and their families, as well as the Mason County community. Therefore, it is of the utmost importance to protect the jobs offered by domestic manufacturers like Felman Production against unfair trade.

The evidence in the public record compiled by your staff makes it clear that India, Kazakhstan, and Venezuela are focused on growing their silicomanganese exports. In the past five years India's exports have grown from 254,286 short tons to 1,024,597 short tons. From 2011 to 2012 exports from Kazakhstan grew from 126,176 short tons to 209,200 short tons. While Venezuela has exported a smaller amount of silicomanganese, its exports increased significantly between 2007 and 2012. Production in all three countries became more export driven over that five year period. There is little to prevent an influx of silicomanganese to the domestic market if the anti-dumping orders are not renewed.

A domestic company like Felman Production is especially vulnerable to injury from unfair imports because silicomanganese is a fungible commodity product. As one would assume with a fungible commodity product, price is of critical importance to purchasers. Consequently, a flood of unfairly-priced imports would very likely decimate domestic producers who would be forced to lower their prices to unsustainable levels, or cease production entirely. Therefore, there is a large monetary incentive for the silicomanganese producers in India, Kazakhstan, and Venezuela to inundate the U.S. market with cheap imports. The Commission recognized these facts when it imposed antidumping duty orders. In order to protect domestic business the antidumping duty orders on imports must be continued.

When dumping of a foreign product into our market is offset by the imposition of an antidumping duty order, market conditions which had been distorted by the dumping are restored, and domestic industries can thrive. In the case of Felman, the success of the domestic industry means hundreds of jobs and substantial investment in a rural part of West Virginia. On the other hand, the failure of the domestic industry would deal a catastrophic blow to West Virginia families and the surrounding communities.

I respectfully submit that these orders continue to be necessary to maintain conditions of fair competition and pricing in this important industry to West Virginia and the overall domestic economy. I very much appreciate the role that the International Trade Commission has played in continuing to ensure that West Virginia's companies and workers are treated fairly when facing illegal trade practices. I am confident that you and your colleagues will carefully review the

record that has been compiled and arrive at the conclusion that these anti-dumping orders remain necessary.

Again, thank you for the opportunity to appear before the Commission today.