

Record of Comments:

**NATIONAL DEFENSE STOCKPILE MARKET IMPACT COMMITTEE REQUEST
FOR PUBLIC COMMENTS ON THE POTENTIAL MARKET IMPACT OF PROPOSED
STOCKPILE DISPOSALS IN FY 2003 AND FY 2004**

Published in the Federal Register

**[67 FR 63606](#)
October 15, 2002**

Comment No.	Source	Signer(s) of Letter	Date	No. of Pages
1	U.S. Zinc	Bill Jeke, Vice President, Trading Division; and Greg Gill, Sales, Trading Division	November 11, 2002	6 with attachments
2	Camara Argentino - Paraguaya de Productores de Extracto de Quabracho	Ariel Lopez Mato, Secretary	November 12, 2002	3
3	Tannex Corp.	Marcelino Vega	November 13, 2002	2
4	Argentine Government	Diego Ramiro Guelar, Ambassador of the Argentine Republic	November 14, 2002	2
5	Eramet Marietta	Robert N. Pyle, Government Relations	November 14, 2002	2
6	Eramet Marietta	Robert N. Pyle, Government Relations	November 14, 2002	4

alternative" is required, meaning that management will not change the present condition. Alternatives will provide different ways to address and respond to public issues, management concerns, and resource opportunities identified during the scoping process. Scoping comments and existing condition reports will be used to develop alternatives.

DATES: Comments concerning the proposed action should be received in writing by November 9, 2002.

ADDRESSES: Send written comments to: Upper Blue Stewardship Project, Dillon Ranger District P.O. Box 620, Silverthorne, CO 80498.

FOR FURTHER INFORMATION CONTACT: Peech Keller or Sarah Pearson, at (970) 468-5400. For road and trail questions and concerns, contact Angela Glenn (970) 262-3446.

Release and Review of the EIS

The DEIS is expected to be filed with the Environmental Protection Agency (EPA) and to be available for public comment in March 2003. At that time, the EPA will publish a notice of availability for the DEIS in the **Federal Register**. The comment period on the DEIS will be 45 days from the date the EPA publishes the notice of availability in the Federal Register.

The Forest Service believes, at this early stage, it is important to give reviewers notice of several court rulings related to public participation in the environmental review process. First, reviewers of the DEIS must structure their participation in the environmental review of the proposed so that it is meaningful and alerts an agency to the reviewer's position and contentions; *Vermont Yankee Nuclear Power Corp. v. NRDC*, 435 U.S. 519, 533 (1978). Also, environmental objections that could be raised at the DEIS stage but are not raised until after completion of the Final Environmental Impact Statement (FEIS) may be waived or dismissed by the courts; *City of Angoon v. Hodel*, 803 F.2d 1016, 1022 (9th Cir. 1986) and *Wisconsin Heritage, Inc., v. Harris*, 490 F. Supp. 1334, 1338 (E.D. Wis. 1980). Because of these court rulings, it is very important that those interested in this proposed action participate by the close of the 45 day comment period so that substantive comments and objections are made available to the Forest Service at a time when it can meaningfully consider them and respond to them in the FEIS.

To assist the Forest Service in identifying and considering issues and concerns on the proposed actions, comments on the DEIS should be as

specific as possible. It is also helpful if comments refer to specific pages or chapters of the draft statement. Comments may also address the adequacy of the DEIS or the merits of the alternatives formulated and discussed in the statements. Reviewers may wish to refer to the Council on Environmental Quality Regulations for implementing the procedural provisions of the National Environmental Policy Act at 40 CFR 1503.3 in addressing these points.

After the comment period ends on the DEIS, comments will be analyzed, considered, and responded to by the Forest Service in preparing the Final EIS. The FEIS is scheduled to be completed in June 2003. The responsible official will consider the comments, responses, environmental consequences discussed in the FEIS, and applicable laws, regulations, and policies in making decisions regarding these revisions. The responsible official will document the decisions and reasons for the decisions in a Record of Decision for the revised Plan. The decision will be subject to appeal in accordance with 36 CFR part 217.

Responsible Official

Martha J. Kettle, Forest Supervisor, White River National Forest, P.O. Box 948, Glenwood Springs, CO 81602-0948 "As the Responsible Official, I will decide which, if any, of the proposed projects will be implemented. I will document the decision and reasons for the decision in the Record of Decision. That decision will be subject to Forest Service appeal regulations."

Dated: October 7, 2002.

Stephen C. Sherwood,

Deputy Forest Supervisor, White River National Forest.

[FR Doc. 02-25950 Filed 10-11-02; 8:45 am]

BILLING CODE 3410-11-M

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[Docket 8-2002]

Foreign-Trade Zone No. 181: Application for Expansion and Amendment of Application

Notice is hereby given that the application of the Northeast Ohio Trade & Economic Consortium (NEOTEC), grantee of FTZ 181, for authority to expand FTZ 181 in the Akron/Canton, Ohio area (Doc. 8-2002, 67 FR 6679, 2/13/02), has been amended to delete Proposed New Site 6 (43 acres), located within the 143-acre Colorado Industrial

Park, Lorain County. The application otherwise remains unchanged.

Comments on the change may be submitted to the Foreign-Trade-Zones Board, U.S. Department of Commerce, FCB-Suite 4100W, 1401 Constitution Ave., NW., Washington, DC 20230, by October 30, 2002.

Dated: October 4, 2002.

Dennis Puccinelli,
Executive Secretary.

[FR Doc. 02-26180 Filed 10-11-02; 8:45 am]

BILLING CODE 3510-W-P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

[Docket No. 021001228-2228-01]

National Defense Stockpile Market Impact Committee Request for Public Comments on the Potential Market Impact of Proposed Stockpile Disposals in FY 2003 and FY 2004

AGENCY: U.S. Department of Commerce.
ACTION: Notice of inquiry.

SUMMARY: This notice is to advise the public that the National Defense Stockpile Market Impact Committee (co-chaired by the Departments of Commerce and State) is seeking public comments on the potential market impact of proposed increases in the disposal levels of excess materials from the National Defense Stockpile under the Fiscal Year 2003 Annual Materials Plan and proposed commodity disposal levels under the Fiscal Year 2004 Annual Materials Plan.

DATES: Comments must be received by November 14, 2002.

ADDRESSES: Written comments should be sent to Richard V. Meyers, Co-Chair, Stockpile Market Impact Committee, Office of Strategic Industries and Economic Security, Room 3876, Bureau of Industry and Security, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; FAX (202) 482-5650; e-mail: rmeyers@bis.doc.gov.

FOR FURTHER INFORMATION CONTACT: The co-chairs of the National Defense Stockpile Market Impact Committee. Contact either Richard V. Meyers, Office of Strategic Industries and Economic Security, Bureau of Industry and Security, U.S. Department of Commerce, (202) 482-3634 or Terri L. Robl, Office of International Energy and Commodity Policy, U.S. Department of State, (202) 647-3423.

SUPPLEMENTARY INFORMATION: Under the authority of the Strategic and Critical Materials Stock Piling Act of 1979, as

amended, (50 U.S.C. 98 et seq.), the Department of Defense ("DOD"), as National Defense Stockpile Manager, maintains a stockpile of strategic and critical materials to supply the military, industrial, and essential civilian needs of the United States for national defense. Section 3314 of the Fiscal Year ("FY") 1993 National Defense Authorization Act ("NDAA") (50 U.S.C. 98h-1) formally established a Market Impact Committee ("the Committee") to "advise the National Defense Stockpile Manager on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile * * *". The Committee must also balance market impact concerns with the statutory requirement to protect the Government against avoidable loss.

The Committee is comprised of representatives from the Departments of Commerce, State, Agriculture, Defense, Energy, Interior, Treasury, and the Federal Emergency Management Agency, and is co-chaired by the Departments of Commerce and State. The FY 1993 NDAA directs the Committee to "consult from time to time with representatives of producers, processors and consumers of the types of materials stored in the stockpile."

The National Defense Stockpile Administrator is proposing (1) revision of the previously approved FY 2003

Annual Materials Plan ("AMP") quantities for three materials, and (2) the new FY 2004 AMP, as set forth in Attachment 1. The Committee is seeking public comments on the potential market impact of the sale of these materials as proposed in revision of the FY 2003 AMP and the FY 2004 AMP.

The AMP quantities are not targets for either sale or disposal. They are only a statement of the proposed maximum disposal quantity of each listed material that may be sold in a particular fiscal year. The quantity of each material that will actually be offered for sale will depend on the market for the material at the time of the offering as well as on the quantity of each material approved for disposal by Congress.

The Committee requests that interested parties provide written comments, supporting data and documentation, and any other relevant information on the potential market impact of the sale of these AMP commodities. Although comments in response to this Notice must be received by November 14, 2002, to ensure full consideration by the Committee, interested parties are encouraged to submit comments and supporting information at any time thereafter to keep the Committee informed as to the market impact of the sale of these commodities. Public comments are an

important element of the Committee's market impact review process.

Public comments received will be made available at the Department of Commerce for public inspection and copying. Anyone submitting business confidential information should clearly identify the business confidential portion of the submission and also provide a non-confidential submission that can be placed in the public file. The Committee will seek to protect such information to the extent permitted by law.

The records related to this Notice will be made accessible in accordance with the regulations published in part 4 of Title 15 of the Code of Federal Regulations (15 CFR 4.1 et seq.). Specifically, the Bureau of Industry and Security's Freedom of Information Act ("FOIA") reading room is located on its web page, which can be found at <http://www.bis.doc.gov>, and copies of the public comments received will be maintained at that location (see Freedom of Information Act (FOIA) heading). If requesters cannot access the web site, they may call (202) 482-2165 for assistance.

Dated: October 9, 2002.

James J. Jochum,
Assistant Secretary for Export
Administration, Bureau of Industry and
Security, Department of Commerce.

ATTACHMENT 1.—PROPOSED REVISIONS TO FY 2003 ANNUAL MATERIALS PLAN (AMP) AND PROPOSED FY 2004 AMP

Material	Unit	Current FY 2003 Quantity	Revised FY 2003 quantity	Revised FY03 notes	Proposed FY2004 quantity	Proposed FY 04 notes
Aluminum Oxide, Abrasive	ST	6,000			6,000	
Antimony	ST	5,000		1	0	
Bauxite, Metallurgical Jamaican	LDT	2,000,000		1	0	
Bauxite, Refractory	LCT	43,000		1	43,000	1
Beryl Ore	ST	4,000			4,000	1
Beryllium Metal	ST	40			40	
Beryllium Copper Master Alloy	ST	1,000	1,200	1	1,200	1
Cadmium	LB	1,200,000			400,000	1
Celestite	SDT	3,600	12,794	2	12,794	1
Chromite, Chemical	SDT	100,000		1	100,000	1
Chromite, Metallurgical	SDT	100,000		1	0	
Chromite, Refractory	SDT	100,000			100,000	1
Chromium, Ferro	ST	150,000			150,000	1
Chromium, Metal	ST	500			500	
Cobalt	LB Co	6,000,000			6,000,000	
Columbium Carbide Powder	LB Cb	21,500		1	0	
Columbium Concentrates	LB Cb	560,000			560,000	
Columbium Metal Ingots	LB Cb	20,000			20,000	
Diamond Stone	ct	600,000	1,000,000	1	600,000	1
Fluorspar, Acid Grade	SDT	12,000		1	12,000	1
Fluorspar, Metallurgical Grade	SDT	60,000		1	60,000	1
Germanium	Kg	8,000			8,000	
Graphite	ST	3,760	4,800	1	2,000	1
Iodine	LB	1,000,000			1,000,000	
Jewel Bearings	PC	82,051,558		1	82,051,558	1
Kyanite	SDT	150		1	0	
Lead	ST	60,000			60,000	
Manganese, Battery Grade, Natural	SDT	30,000			30,000	
Manganese, Battery Grade, Synthetic	SDT	3,011		1	3,011	1
Manganese, Chemical Grade	SDT	40,000			40,000	

**ATTACHMENT 1 .-PROPOSED REVISIONS TO FY 2003 ANNUAL MATERIALS PLAN (AMP) AND PROPOSED FY 2004 AMP—
Continued**

Material	Unit	Current FY 2003 Quantity	Revised FY 2003 quan- tity	Revised FY03 notes	Proposed FY2004 quantity	Proposed FY 04 notes
Manganese, Ferro	ST	25,000			50,000	
Manganese, Metal, Electrolytic	ST	2,000			2,000	
Manganese, Metallurgical Grade	SDT	250,000			250,000	1
Mica, All	LB	8,500,000		1	5,000,000	1
Palladium	Tr Oz	350,000		1	200,000	1
Platinum	Tr Oz	50,000		1	25,000	1
Platinum-Iridium	Tr Oz	6,000			6,000	
Quartz Crystals	Lb	216,648		1	150,000	1
Quinidine	o z	750,000	2,211,122	2	2,211,122	1
Rubber	LT	75,000		1	0	
Sebacic Acid	LB	600,000		600,000		
Silver (Coins)	Tr Oz	5,000,000		1	0	
Talc	ST	2,000		1	1,000	1
Tantalum Carbide Powder	LB Ta	4,000			4,000	1
Tantalum Metal Ingots	LB Ta	40,000			40,000	
Tantalum Metal Powder	LB Ta	50,000		1	40,000	1
Tantalum Minerals	LB Ta	500,000			500,000	
Tantalum Oxide	LB Ta	20,000			20,000	
Thorium	LB	7,100,000		1/3	7,100,000	1/3
Tin	MT	12,000			12,000	
Titanium Sponge	ST	7,000			7,000	
Tungsten Ferro	LB W	300,000			300,000	
Tungsten Metal Powder	LB W	300,000			300,000	
Tungsten Ores & Concentrates	LB W	4,000,000			4,000,000	
VTE, Chestnut	LT	250		1	0	
VTE, Quebracho	LT	50,000			50,000	
VTE, Wattle	LT	6,500		1	0	
Zinc	ST	50,000			50,000	

Notes: 1. Actual quantity will be limited to remaining sales authority or inventory. 2. Previously approve by MIC. Submission to Congress pending. 3. The radioactive nature of this material may restrict sales or disposal options. Efforts are underway to determine the environmentally and economically feasible disposition of the material.

[FR Doc. 02-26165 Filed 10-11-02; 8:45 am]
BILLING CODE 3510-DR-P

DEPARTMENT OF COMMERCE

International Trade Administration
[A-588-804]

**BALL BEARINGS AND PARTS
THEREOF FROM JAPAN; AMENDED
FINAL RESULTS OF ANTIDUMPING
DUTY ADMINISTRATIVE REVIEW**

AGENCY: Import Administration,
International Trade Administration,
Department of Commerce.

ACTION: Notice of Amended Final
Results of Antidumping Duty
Administrative Review.

EFFECTIVE DATE: October 15, 2002.

SUMMARY: On August 30, 2002, the
Department of Commerce published in
the **Federal Register** the final results of
the administrative review of the
antidumping duty order on ball bearings
and parts thereof from France, Germany,
Italy, Japan, and the United Kingdom.
The period of review is May 1, 2000,
through April 30, 2001. Based on the
correction of certain ministerial errors,

we have changed the margins for ball
bearings and parts thereof for two
Japanese companies, Koyo Seiko Co.,
Ltd., and NTN Corporation.

FOR FURTHER INFORMATION CONTACT:
Please contact Lyn Johnson at (202)
482-5287 or Dave Dirstine at (202) 482-
4033; AD/CVD Enforcement 3, Import
Administration, International Trade
Administration, U.S. Department of
Commerce, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

The Applicable Statute

Unless otherwise indicated, all
citations to the Tariff Act of 1930, as
amended (the Act), are references to the
provisions effective January 1, 1995, the
effective date of the amendments made
to the Act by the Uruguay Round
Agreements Act. In addition, unless
otherwise indicated, all citations to the
Department of Commerce's (the
Department's) regulations are to 19 CFR
part 351 (2001).

Background

On August 30, 2002, the Department
published in the **Federal Register** the
final results of the administrative
reviews of the antidumping duty orders
on ball bearings and parts thereof (ball

bearings) from France, Germany, Italy,
Japan, and the United Kingdom (67 FR
55780) (*Final Results*).

We received timely allegations from
Koyo Seiko Co., Ltd. (Koyo), and NTN
Corporation (NTN) that we made
ministerial errors in the *Final Results*. In
its September 4, 2002, comments Koyo
alleges that the Department did not use
Koyo's updated databases in the
calculation of the final margin. The
petitioner, The Torrington Company
(Torrington), did not comment.

We agree with Koyo that we did not
use its updated databases and, therefore,
we have amended the final results to
correct this error. See the analysis
memorandum from the analyst to the
file dated September 17, 2002, for a
detailed description of the changes we
made to correct our calculations of
Koyo's dumping margin.

In its September 3, 2002, comments
NTN alleges that the Department made
a ministerial error that resulted in the
treatment of all U.S. sales of samples as
zero-priced sales even though there
were non-zero-priced sample sales. We
agree with NTN's assertion that this is
a ministerial error and have removed
only zero-priced sample sales from our
margin calculations for the amended

U.S. ZINC

Going strong with U.S.

A subsidiary of IMCO Recycling Inc.

November 11, 2002

Department of Commerce
Market Impact Committee
Mr. Richard Meyers, Co-Chair
14th & Constitution Avenue
OSIES/BXA, Room 3876
Washington, D.C. 20230

Dear Mr. Meyers:

On November 8, 2002, Mr. Greg Gill and I met with Mr. Cornel Holder and the zinc team to request the DLA to release prime western (PW) zinc slab through a negotiated bid with U.S. Zinc. Spot BOA sales would also be required in order to analyze the quality of the available brands. Mr. Holder advised us that the Market Impact Committee makes the decision to release more metal and a meeting was scheduled for this month. Please place this request on your agenda for the upcoming meeting.

We believe releasing PW zinc would be a timely response by the DLA to a need in the market. Our experiences in the marketplace indicate the main domestic producer is not producing enough prime western slab to service the market. Plus, they are currently operating under Chapter 11, bankruptcy protection, which is cause for consumers to search for other suitable sources. We have enclosed letters from a few concerned galvanizers we have spoken to recently.

The galvanizing companies who prefer prime western zinc, operate their kettles with a lead content of approximately 0.9%. That lead level allows galvanizers to produce the quality coating their customers are accustomed to seeing. Their option to using prime western zinc is to buy high grade, (most likely imported) plus buy lead to alloy themselves (added cost & labor).

We anticipate moving 300-500 tons per month in 2003. This could meet the DLA objective of depleting inventories in a responsible manner while meeting the needs of consumers.

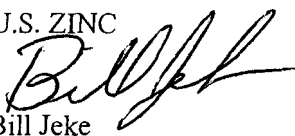
We believe releasing prime western will not affect the LME zinc level for several reasons:

1. The LME pricing is for Special High Grade, not prime western.
2. The volume we anticipate (4-5,000 tons) is not significant enough to impact the LME trading levels.
3. Even though the DLA released only 4,000 tons this year, compared to 46,000 tons in 2000 and 26,000 tons in 2001, the reduced tonnage did not affect market prices.

We appreciate your consideration of our request. Please call either one of us for any further information.

Sincerely,

U.S. ZINC


Bill Jeke
Vice President, Trading Division

Sincerely,

U.S. ZINC

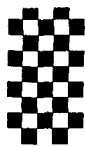

Greg Gill
Sales, Trading Division

Enclosures



1725 Washington Road, Suite 400 • Pittsburgh, PA 15241 • Phone: (412) 854-5220 • Fax: (412) 854-4740





Ohio Galvanizing Corp.

November 11, 2002


Department of Commerce
Market Impact Committee
Mr. Richard Meyers, Co-Chair
14th & Constitution Avenue
OSIES/BXA, Room 3876
Washington, DC. 2023 0

Dear Mr. Meyers:

Ohio Galvanizing has purchased most of our zinc needs **from** U.S. Zinc in **the** past, During that time, we have consumed a steady diet of **DLA** prime western zinc.

As a consumer, we encourage the DLA to release more prime western metal to the marketplace. **U.S.** Zinc has'been a consistent supplier for us, and we intend to continue our relationship with them in the future. Our purchase plans for zinc in 2003 will include U.S. Zinc and we prefer to have prime western available.

Sincerely,


Frank Bellamy
Vice President



Custom Quality Hot Dip Galvanizing

November 11, 2002

Department of Commerce
Market Impact Committee
Mr. Richard Meyers, Co-Chair
14th & Constitution Avenue
OSIES/BXA, Room 3876
Washington, D.C. 20230

Dear Mr. Meyers:

Connecticut **Galvanizing** is a consistent **consumer** of zinc, preferring prime western to high grade or special **high** grade. Our **galvanizing** operation relies on the lead in prime western to produce the desired coating **product**. The current market supply of prime western is inconsistent, forcing us to use imported high grade as a substitution. Furthermore, using high grade increases our cost because we then have extra labor to **alloy** lead ourselves.

We support **U.S. Zinc** in their effort to release **DLA** stockpiled prime western, We are capable of committing a fixed volume per month for all of 2003,

Sincerely,

John Roy
Vice President
Connecticut Galvanizing

BALTIMORE **GALVANIZING** CO., INC.

7110 QUAD AVENUE BALTIMORE, MD 21237 (410) 288-1188 FAX(410)288-1366

November 11, 2002

Department of Commerce
Market Impact Committee
Mr. Richard Meyers, Co-Chair
14 th & Constitution Avenue
OSIES/BXA, Room 3876
Washington. D.C. 20230

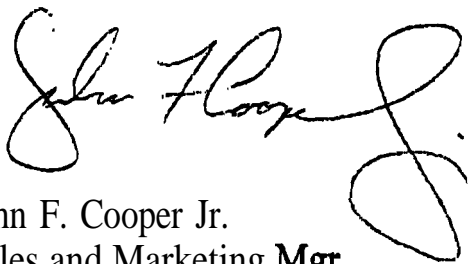
Dear Mr. Meyers:

Baltimore Galvanizing is a hot dip **galvanizer** located on **the** East Coast; that has been in business for over 30 years. Prime western zinc slab availability is of utmost concern to us; and we will support U.S. Zinc as a supplier of this metal

We have been a regular consumer of metal from U.S. Zinc since the late 90's and we will continue to use them as a supply source.

We have committed a portion of our business this year to U.S. Zinc and we plan to do the same in 2003. We recognize U.S. as a major supplier of prime western metal and we support their work in connection with the DLA.

Sincerely,



John F. Cooper Jr.
Sales and Marketing **Mgr.**
Baltimore Galvanizing Co., Inc.

**young galvanizing, inc.**P. O. Box 334 / Route 551 / Pulaski, Pennsylvania 16143 / Telephone: 724-658-1666
FAX 724-658-1054

November 13, 2003

Department of Commerce
Market Impact Committee
Mr. Richard Meyers, Co-Chair
14th & Constitution Avenue
OSIES/BXA, Room 3876
Washington, DC. 20230

Dear Mr. Meyers:

We, **at** Young Galvanizing, Inc., are a major consumer of prime western zinc within the galvanizing industry. Our consumption of this metal exceeds 3,000 tons annually and we have depended on U. S. Zinc to help supply our zinc needs. Because a portion of that supply has come from DLA purchases, we strongly support U. S. **Zinc's** efforts to continue to make DLA prime western metal available.

Inadequacies in current domestic production of prime western zinc is a concern of ours since shortages in that **metal** could jeopardize our level of galvanizing production. We plan to continue to **use** U. S. Zinc for our needs in that metal, as they have proved to be a reliable supplier of DLA zinc. We would urge the **DLA** to plan additional releases of prime western metal in the upcoming year.

Sincerely,

Michael A. Morgan
Vice President & COO

cc: U. S. Zinc



SHARON TUBE COMPANY/

SHARON, PENNSYLVANIA

November 11, 2002

Department of Commerce
Market impact Committee
Mr. Richard Meyers, Co-Chair
1 4th & Constitution Avenue
OSIES/BXA, Room 3876
Washington, D.C. 20230

Dear Mr. Meyers:

I am writing in support of U.S. Zinc's efforts to supply DLA prime western zinc slab.

As a large tube galvanizer located in Sharon, PA, it is important to us that another supply of prime western zinc remain available. The limited supply of prime western zinc slab is a concern to us, and we welcome an additional source for this metal.

U.S. Zinc has proven to be a reliable outlet for our residues, and we look forward to using them as a supplier for our metal requirements. Our purchase plans for 2003 may include a portion from the DLA if the qualities are confirmed and acceptable.

Sincerely,

SHARON TUBE COMPANY

H. Richard Gilliland
Manager of Procurement

CAMARA ARGENTINO - PARAGUAYA DE PRODUCTORES
DE EXTRACTO DE QUEBRACHO

Paseo Colón 221 - P. Baja
CI 063ACC Buenos Aires
República Argentina

-Business Proprietary Information -

Tel.: 4331-5540 / 47
Fax: 4331-5548 / 5549

November 12, 2002

TO:

- Ms. **Terri L. Robl** (Chief Energy & Natural Resources Division-IJS State Dept.)
- **Mr. Richard V. Meyers** (Defense Priorities & Allocation System-US Commerce Dept)

Dear Sirs,

We understand that on November 21 the MIC will meet to provide recommendations for the DNSC concerning the disposal of Vegetable Tannin Quebracho in FY04. Our Chamber considers the outcome of this meeting of the utmost importance.

The MIC approved on April 23, 2001, a recommendation for the DNSC to bury 80,000 tons of the 100,000 tons of Quebracho currently in the stockpile, disposing of 40,000 tons in FY02 and 40,000 tons in FY03.

The remaining 10,000 tons for FY02 awarded to Unitan (on behalf of our industry) have already been paid for and removed. The 10,000 tons for FY03 are about to be purchased and removed by the same company.

The Chamber has complied with the commitments stated in our January 2002 meetings and in our BAFO submitted to DNSC on February 15, 2002. This was achieved in spite of severe problems and inhibitors. During this period, Argentina defaulted on its debt and underwent an unprecedented devaluation of its currency. Regulations made it very difficult to comply with our payments. No local or international credit was available for Argentina's businesses and 2002 shipments remained approximately 10% lower than the volumes corresponding to the years 1999 and 2000.

Nevertheless, 10,000 tons have already been removed and another 10,000 tons are in the process of being removed as agreed. These materials are warehoused in the USA and the Chamber has no use for them. Except for a very small tonnage that has been sold to local tanneries, most of the tonnage removed or about to be removed represents a substantial loss to our industry (both the price paid to DNSC and the transportation, handling and warehousing costs incurred). As we stated in our BAFO, we have bought these volumes with the sole purpose of preventing a substantial disruption of our markets, were these materials to reach our international markets. As we also stated in our BAFO, it is not feasible to reprocess the materials in our factories and no other disposal options other than the ones recommended by MIC to DNSC seem realistic in the short term. As we also stated, it is not feasible for us to purchase additional material under these circumstances.



CAMARA ARGENTINO - PARAGUAYA DE PRODUCTORES
DE EXTRACTO DE QUEBRACHO

Paseo Colón 221 - P. Baja
C 1063ACC Buenos Aires
República Argentina

- Business Proprietary Information -

Tel.: 4331-5540 / 47
Fax: 4331-5548 / 5549

Our industry has made the above mentioned efforts in the understanding that it gave time to reach a long term solution through alternative uses of the materials, preventing any further sales.

However, we are not aware of any progress that has been made toward burial of the 40,000 tons corresponding to FY02. It was our understanding, as stated in Mr. Cornell Holder's letter of October 22, 2001 (copy attached), that the funds generated by tannin sales would be dedicated to the burial program. Thus, we had assumed that our payment for the FY02 materials would be directed toward burial of a significant tonnage. We also assume that the same applies to the FY03 funds .

We also have no knowledge of any progress made by DNSC toward other options for disposal mentioned in our January 2002 meeting and in our letters both to MIC and DNSC authorities (namely incineration for disposal, incineration as a fuel or disposal to other non tanning industries). Nor are we aware of any progress toward preparation of an economic analysis of the market effects of disposal of 10,000 tons of stockpile material that we understood the MIC would conduct, given the additional information and concerns we conveyed during the January meeting and the following weeks. It was our understanding that the MIC would prepare an economic analysis prior to considering further sales

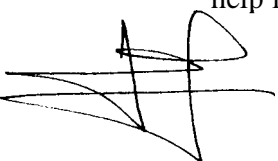
We remain very concerned at the possibility of any disposal beyond the tonnages we have committed to take.

The Chamber has done its share to solve this problem by absorbing, albeit at a substantial cost, the tonnage dedicated to be sold by DNSC. We cannot afford to take any more. Additional sales at prices below market would cause substantial market disruption. The documents attached to this letter (which have been sent through courier) provide ample support for these statements.

Not less important, any further sales would be contrary to the spirit of recent bilateral agreements with the Argentine Government. The US Government has recently provided ample support to Argentina within the context of the Bilateral Council of Trade and Investment. Any sale of Quebracho Tannin would only worsen every aspect of the deplorable situation of the region with the highest poverty levels of Argentina.

As Mr. Holder states in his letter of February 19, 2002, we also hope that through continued dialogue with the MIC and DNSC, we will be able to come to a mutually satisfactory solution that will take into account both the need of the Chamber and the mission of the DNSC.

Through this continued dialogue, we are most interested in learning of any progress on the disposal of the remaining 80,000 tons in stock on April 23, 2001. The Chamber is ready to help in every way in this endeavor.



CAMARA ARGENTINO - PARAGUAYA DE PRODUCTORES
DE EXTRACTO DE QUEBRACHO

Paseo Colón 221 - P. Baja
C 1063ACC Buenos Aires
República Argentina

- *Business Proprietary Information*

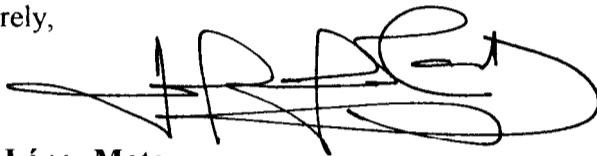
Tel.: 4331-5540 / 47
Fax: 4331-5548 / 5549

We would also be interested in learning about the MIC's progress in the economic analysis of the market effect of the disposal of 10,000 tons in any given year. The Chamber is also ready to share the results of a similar economic analysis, which the Chamber has recently commissioned and which concludes that the sale by DNSC of 10,000 tons at very low prices would result in:

- Total annual industry revenues falling 36.2%
- Total annual industry earnings drop by US\$ 12.4 million, with a loss of approximately US\$ 10 million only in the first year

We are confident that through continued contacts, sharing of information and experience on every aspect and flexibility, we will reach a mutually satisfactory solution in a reasonably short time frame.

Sincerely,



Ariel López Mato
Secretary

P.S. We have chosen to label this letter a Business Proprietary Information because it has some sensitive business data. However, if this might affect how the MIC gives consideration to it, please let us know and we will reconsider its labeling.

Attachments:

- # 1 – Chamber letter & attachment ; January 24, 2002**
- # 2 - Attorney-for the Chamber letter & memorandum; January 31, 2001**
- # 3 -Industry BAFO submitted to DNSC; February 15,2002**
- # 4 -Attorney-for the Chamber letter; March 26, 2002**
- # 5 - MIC letter to Argentine Ambassador; April 25, 2001**

c. c. William Ostick (Argentina Desk Officer-US State Dept)
Eduardo Mallea (Director of USA Affairs-Foreign Office)
Cecilia Barrios Baron (Argentina Embassy in USA)

TANNEX CORPORATION

November 13, 2002

Mr. Richard Meyers
Croup OSIES
U.S. Department of Commerce
Room 3876
Washington, D.C. 20230

Dear Mr. Meyers:

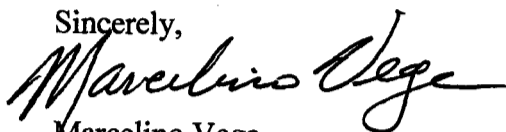
Mr. Peter Mory suggested I make known to you my concerns regarding the award of all available solid quebracho by the DNSC to a foreign entity, and comment on the economic impact this decision has had on the American **tanning** industry in general and Tannex in particular. Our concerns are detailed in the attached exchange of correspondence.

I would like to make the following brief comments regarding the direct (without getting into the substantial ancillary consequences) adverse economic impact on the U.S. economy and citizens that this decision which shuts out supply to the U.S. manufacturers has.

This award puts in danger of bankruptcy three (3) U.S. corporations. Two are engaged in manufacturing, and the other in export. The manufacturing concerns employ 280 persons, U.S. jobs that would be lost. These firms generate revenue of excess of **\$20,000,000.00** per year. One of them, and perhaps both, are engaged in contract work for the U.S. military. The other is the main employer for the region, and should it have to shut its doors it would be another blow to an already high unemployment rate in the area. The project Tannex contemplated required an additional 17 employees, and would have generated **\$2,000,000.00** per year in export revenue. A line of credit at its bank had been secured as well as an equipment leasing loan. Additional investors were on hold until the merchandise was secure. It had a trucking firm awaiting confirmation to move as many truckloads as logistically possible, and had firm orders for 13 FCL per month from its long time customers etc. . .

In an attempt to put this matter to rest, I made the following proposal to Ms. Deister:
Supply **Tannex** with 3,000, 000 pounds of solid quebracho and 1 ,000,000 of wattle in order to insure the continued operation of the businesses involved, thereby salvaging the jobs of the workers whose very livelihood is been threatened. I feel that given the high stakes in human misery that could result to U.S. citizens, and the adverse economic impact on our economy, this very modest proposal deserves consideration and approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcelino Vega". The signature is written in a cursive style with a long, sweeping tail.

Marcelino Vega
President

Cc: Mr. Peter Mory
Ms. Cheryl Deister

RICHARD MEYERS - Quebracho - Comments by the Argentine Government

From: "Economic and Commercial Section" <cew.dc@verizon.net>
To: <rmeyers@bis.doc.gov>
Date: 11/14/2002 3:42 PM
Subject: Quebracho - Comments by the Argentine Government

Washington, D.C., November 14, 2002

Mr. Richard V. Meyers
Co-Chair, Stock Pile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876, Bureau of Industry and Security
US Department of Commerce
14th Street and Constitution Av., N.W.
Washington DC 20230

Re: National Defense Stockpile Market Impact Committee request for Public Comments on the Potential Market Impact of Proposed Stockpile Disposals in FY 2003 and 2004 (Federal Register, Vol. 67, No. 199, pages 63606-63608) – Docket No. 021001228-2228-01.

Dear Mr. Meyers:

On behalf of the Government of the Argentine Republic, I have the pleasure to refer to the Federal Register Notice dated October 15, 2002, requesting public comments on the potential market impact of proposed disposal levels of excess material from the National Defense Stockpile under FY 2003 and 2004, including Vegetable Tannin (Quebracho).

As you are aware, the Argentine quebracho extract (tannin) industry, though small, remains vital for employment and the regional economic and social stability in the Northeastern Provinces of Argentina -**Chaco** and **Formosa**- which rank among the lowest per capita income regions in the Country. This industry, which directly employs 1,000 people and indirectly sustains 5,000 to 10,000 people, is the main industrial activity and private source of employment of the Chaco-Formosa region.

The industry and the regional economies concerned are highly vulnerable to international market trends and have undergone a dramatic adjustment to changing patterns in demand in the recent years. Markets for vegetable tanned leather have consistently declined in the recent decades, due to changing consumption patterns (rubber soles vs. leather soles) and the existence of substitute products, either from vegetable or synthetic origin, which makes for a very demanding and competitive market.

A direct consequence of the events described is that a significant number of establishments have been forced to close down, and only 3 remained opened at the present.

Furthermore, the situation has been greatly exacerbated by the dire economic

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and social circumstances that the Argentine Republic is undergoing. Economic activity is virtually paralyzed, with unemployment close to 25%.

As both our Government and our industry have expressed on numerous occasions over the last decade, the physical disposal of the obsolete reserves of this material held by the DNSC is the only cost-efficient solution for all parties involved.

For several years the Argentine government has repeatedly requested the DNSC and the Market Impact Committee to review both the volume and prices of the stockpile releases, in order to avoid their disruptive market impact. Finally, in 2002 an "understanding" was reached to look for a long-term solution through the disposal of the remaining stock for alternative uses of the material (burial, incineration for disposal, incineration as a fuel or disposal to other alternative non tanning industries)

Within this context, in a public bid in February 2002, the Argentine Chamber purchased the 10.000 tons of quebracho available for sale in FY 2002, with an option to purchase the 10,000 tons to be released in FY 2003. This option has been executed precluding any further sale in FY 2003. Such decision, although very costly to the industry, was essential to its survival, to avoid disastrous consequences for the region and constitutes the industry's contribution to a long term solution.

The purchase by the Argentine Chamber was made within the above mentioned understanding by which, following the recommendation made by the Market Impact Committee in 2001 and further consultations with the US authorities, the remaining 80,000 tons would be buried, sell for burning or disposed off for non-tanning related uses. Although the purchase imposed a tremendous financial burden upon the industry, it was instrumental in providing the time to pursue the agreed non-tanning related alternatives for disposal. This understanding was a core aspect in the industry's decision-making process.

Since the proposal published in the Federal Register of October 15 only provides a legal framework for the maximum amount available for disposal during the fiscal year under consideration, but it does not constitute an obligation to sell any volume, it is our understanding that no further burden will be imposed on the weakened Argentine socio-economic situation and that non tanning related solutions are being pursued.

In any event, assurances that the remaining stock will be disposed off in the non-tanning market will clearly served the need to avoid market disruption.

We are fully aware of the need to find a medium term comprehensive solution. The Argentine Government is making great efforts to overcome the critical social and economic situation in the country. American authorities have had a very understandable attitude towards that point and we would like to remark the progress reached on different topics discussed in the Bilateral Council of Trade and Investment. We are confident that the same cooperative attitude will prevail in this matter, and that no decision that might deepen the industry and the regional crisis even further will be taken.

Sincerely yours,

Diego Ramiro Guelar
Ambassador of the Argentine Republic

Statement of **Eramet** Marietta Inc.

Marietta, Ohio

Submitted to the

National Defense Stockpile

Pursuant to

High Carbon Ferromanganese (HCFEMn)

November 14, 2002

Contact:

Robert N. Pyle, Government Relations

Elkem Metals Company

1223 Potomac Street, NW

Washington, DC 20007-3212

Telephone: 202-333-8190

Facsimile: 202-337-3809

ROBERT N. PYLE & ASSOCIATES
PUBLIC RELATIONS

1223 POTOMAC STREET, N.W.
WASHINGTON, DC. 200074212

TELEPHONE: (202) 333-8190
FAX: (202) 337-3809

Eramet Marietta Inc., formerly, Elkem Metals Company; Marietta, Ohio is one of the world's leading suppliers of metals and materials. As one of the largest producers of High Carbon Ferro Manganese (HCFeMn), the company has a great stake in the metal's sale and the potential market impact of the National Defense Stockpile clearance. Upon reviewing the proposed increases in the disposal levels of excess materials from the National Defense Stockpile under the FY 2003 Annual Materials Plan, Eramet Marietta has determined the 2003 sales of 25,000 tons do not warrant protest at this time.

Throughout FY 2003, Eramet will conduct studies evaluating the market impact of the increased sales. Comment on proposed commodity disposal levels under the FY 2004 Annual Materials Plan will be made upon the studies' completion. Should observations reflect a negative impact, requests will be submitted to the Market Impact Committee to reduce or eliminate the 2004 HCFeMn sales of 25,000 tons.

In summary, Eramet Marietta Inc. has no cause for opposition of the proposed Stockpile Disposals for FY 2003. However, we wish to observe the market impact caused by the 25,000 ton disposals prior to supporting the same disposal amount for FY 2004.

MAILING ADDRESS: POST OFFICE BOX 3731, WASHINGTON, D.C. 20007

Statement of Eratnet Marietta Inc.

Marietta, Ohio

submitted to the

National Defense Stockpile

Marker Impact Committee

Pursuant to

Chromium Metal

November 14, 2002

Contact:

Robert N. Pyle, Government Relations

Elkem Metals Company

1223 Potomac Street, NW

Washington, DC 20007-3212

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TELEPHONE: (202) 333-8190
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Framet Marietta Inc., formerly, Elkem Metals Company, Marietta, Ohio is the sole producer of high purity chromium metal in the United States. As the only U.S. producer of Electrolytic Chrome (ElCr) and a vacuum degassed (Vacuum Grade - VG) chrome, we object to the proposal in the revised FY 2003 and 2004 Annual Materials Plan to sell up to 500 tons per year of chromium metal from the Defense National Stockpile. Incidentally, it was Elkem supplied a great portion of the current inventory of Vacuum Grade electrolytic chrome metal to the stockpile. The DNS added approximately 788,031 pounds of VG in I Y 1991, 2,157,571 pounds in FY 1992, 1,598,826 pounds in FY 1993 and the last acquisition was for 1,841,851 pounds in FY 1994;

The current inventory of Chromium Metal in the Defense National Stockpile was one of the last four items in deficit. VG is a critical and strategic metal that is a major component of gas turbine engines and essential in several aircraft and aerospace applications.

The National Materials Advisory Board, Commission on Engineering and Technical Systems and the National Research Council, a branch of the National Science Foundation issued a report in 1995 which concluded that the U.S. should maintain its reserves of Chromium Metal. The general conclusions and recommendation of NRC

report (NMAB-480) is summarized as follows "the Committee recommends that the National Defense Stockpile maintain and continually upgrade to industry standards a sufficient quantity of high purity chromium metal to meet the industry's needs in the event of an emergency." The report cites the lack of domestic alternatives, supplier reliability and several scenarios for the disruption of supplies. A copy of the study was included in Elkem's submission in 1997 to the Market Impact Committee.

Current inventories of chromium metal in the Defense National Stockpile could accommodate the U.S. aerospace and aircraft industries for approximately 2 years. The committee report suggests this material is available in sufficient quantities to allow for start-up of new production facilities in the advent of an emergency. We find exception with the quality assumptions and applicability of the lower grade chrome metal containing sulfur greater than 50 parts per million and nitrogen greater than 60 parts per million.

World demand for high purity chromium languishes at approximately 14,000 metric tons per year. The majority of this demand is met with aluminothermic (AT) production of 11,000 tons of AT from various foreign sources. Elkem produces about 3,000 tons of high purity chromium metal a year, of this less than 600 is degassed vacuum grade. The ElCr VG market is down nearly 50% from past good years, with the market peak occurring in 2000. This reflects a severe downturn in the chrome metals market, resulting from a very weak call for chrome metals in the aerospace and power generation, primarily for use in gas turbine engines, both in the vital US market and worldwide. We are very concerned that our limited market share would be severely

impacted by proposed sales of up to 500 tons, or half of the sole U.S. producer annual output of VG or the equivalent of one sixth of its production of high purity Chrome.

Should the Market Impact Committee allow sale of high purity chromium metals
 we suggest that sales of Vacuum Grade material be limited to 100 tons per year, about
 10% of domestic production. We would prefer that no chromium be sold, or that
 alumino-thermic (AT) materials be sold first. Quantities for total annual sales should be
 limited to not more than 300 tons and that it be restricted to not more than 1/3 VG (100
 tons) and 2/3rds (200 tons) be AT Chromium. We would also recommend that the
 DNSC sell poorer quality material with high sulfur and nitrogen first. Finally, we would
 request an option for the right of first refusal for the purchase of any sales in order to
 prevent market disruption by the DLA.

Our comments in conclusion have illustrated the limited scope of the proposal to sell this material given the findings of the National Research Council, the potential harm to the domestic industry and our concerns about the DLA's ability to sell materials into a severely depressed global market. We have stated terms with which the sole U.S. producer could live with the direct competition from sales by the Federal Government. We and the Market Impact Committee to reject the request for disposal authority to sell chromium metal unless the domestic industry's requests are accommodated.

Eramet Marietta Inc. welcomes an opportunity to meet with the Market Impact Committee to discuss chromium metal disposal from the Defense National Stockpile.