PUBLIC COMMENTS

Market Impact Committee

Potential Market Impact of Proposed Disposals of Excess Materials from the National Defense Stockpile

65 FR 58731
October 2,2000

Comment No.	Commentor	Date
MIC- 1	Avocet Tungsten, Inc.	October 25, 2000
MIC-2 (with Attachment)	ALCOA	October 27, 2000
MIC-3	The Ferroalloys Association	November 1, 2000
MIC-4	Eramet Marietta	November 1, 2000
MIC-5	RHI Refractories America	------

statements with the Council staff before or after the meeting. Public input sessions will be provided and individuals who made written requests by October 6 will have the opportunity to address the Council at those sessions.

Dated: September 25, 2000.

Robin L. Thompson,

Associate Deputy Chief, State and Private Forestry.

[FR Doc. 00–25185 Filed 9–29–00; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF AGRICULTURE

Forest Service

Opal Creek Scenic Recreation Area (SRA) Advisory Council

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: An Opal Creek Scenic Recreation Area Advisory Council meeting will convene in Stayton, Oregon on Monday, October 17, 2000. The meeting is scheduled to begin at 6:00 p.m., and will conclude at approximately 8:30 p.m. The meeting will be held in the South Room of the Stayton Community Center; 400 West Virginia Street; Stayton, Oregon.

The Opal Creek Wilderness and Opal Creek Scenic Recreation Area Act of 1996 (Opal Creek Act) (P.L. 104-208) directed the Secretary of Agriculture to establish the Opal Creek Scenic Recreation Area Advisory Council. The Advisory Council is comprised of thirteen members representing state, county and city governments, and representatives of various organizations, which include mining industry, environmental organizations, inholders in Opal Creek Scenic Recreation Area, economic development, Indian tribes, adjacent landowners and recreation interests. The council provides advice to the Secretary of Agriculture on preparation of a comprehensive Opal Creek Management Plan for the SRA, and consults on a periodic and regular basis on the management of the area. The tentative agenda includes:

(1) Continuing issue development and describing the desired future condition of the SRA, and (3) discussing the City of Salem's proposal for a water quality monitoring gauging station.

The public comment period is tentatively scheduled to begin at 8:00 p.m. Time allotted for individual presentations will be limited to 3 minutes. Written comments are encouraged, particularly if the material cannot be presented within the time limits of the comment period. Written comments may be submitted prior to the October 17 meeting by sending them to Designated Federal Official Stephanie Phillips at the address given below.

FOR FURTHER INFORMATION CONTACT: For more information regarding this meeting, contact Designated Federal Official Stephanie Phillips; Willamette National Forest, Detroit Ranger District, HC 73 Box 320, Mill City, OR 97360; (503) 854–3366.

Dated: September 26, 2000.

Randy Dunbar,

Acting Forest Supervisor.

[FR Doc. 00-25142 Filed 9–29–00; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF AGRICULTURE

Forest Service

Willamette Provincial Advisory Committee (PAC)

AGENCY: Forest Service, USDA.

ACTION: Action of meeting.

SUMMARY: The Willamette Province Advisory Committee (PAC) will meet on Thursday, October 19, 2000. The meeting is scheduled to begin at 9 a.m., and will conclude at approximately 3 p.m. The meeting will be held at the Salem Office of the Bureau of Land Management; 1717 Fabry Road SE; Salem, Oregon; (503) 375–5646. The tentative agenda includes:

(1) Presentation of Integrated Natural Fuels Assessment, (2) Overview of President's Wildfire Action Plan, (3) County receipts legislation, (4) REO update, (5) Update on PAC rechartering and membership, (6) Roundtable information sharing.

The Public Forum is tentatively scheduled to begin at 10:30 a.m. Time allotted for individual presentations will be limited to 3–4 minutes. Written comments are encouraged, particularly if the material cannot be presented within the time limits for the Public Forum. Written comments may be submitted prior to the October 19 meeting by sending them to Designated Federal Official Neal Forrester at the address given below.

FOR FURTHER INFORMATION CONTACT: For more information regarding this meeting, contact Designated Federal Official Neal Forrester; Willamette National Forest; 211 East Seventh Avenue; Eugene, Oregon 97401; (541) 465-6924.

Dated: September 25, 2000.

Darrel L. Kenops,

Forest Supervisor.

[FR Doc. 00–25141 Filed 9–29–00; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF COMMERCE

Bureau of Export Administration

National Defense Stockpile Market Impact Committee Request for Public Comments

AGENCY: Office of Strategic Industries and Economic Security, Bureau of Export Administration, U.S. Department of Commerce.

ACTION: Notice of request for public comment on the potential market impact of proposed disposals of excess commodities currently held in the National Defense Stockpile under the Fiscal Year 2002 Annual Materials Plan (AMP) and revisions to commodity disposals approved under the FY 2001 AMP.

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 comment on the potential market impact of proposed disposals of excess materials from the National Defense Stockpile as set forth in Attachment 1 to this notice.

DATES: Comments must be received by November 1, 2000.

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, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; FAX (202) 482-5650.

FOR FURTHER INFORMATION CONTACT: Richard V. Meyers, Office of Strategic Industries and Economic 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; co-chairs of the National Defense Stockpile Market Impact Committee.

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."

Attachment 1 lists the current FY 2001 AMP quantities (previously approved by the Committee), proposed revisions to the FY 2001 AMP quantities for 5 materials, and the proposed FY 2002 AMP. The Committee is seeking public comment on the potential market impact of the sale of these materials as proposed in the revised FY 2001 AMP and FY 2002 AMP.

The quantities listed in Attachment 1 are not sales target disposal quantities. 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 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 commodities. Although comments in response to this Notice must be received by November 1, 2000, to ensure full consideration by the Committee, interested parties are encouraged to submit additional 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 comment is 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. Material that is national security classified or business confidential will be exempted from public disclosure. 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. Communications from agencies of the United States Government will not be made available for public inspection.

The public record concerning this notice will be maintained in the Bureau of Export Administration's Records Inspection Facility, Room 4525, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, telephone (202) 482-5653. The records in this facility may be inspected and copied in accordance with the regulations published in Part 4 of Title 15 of the Code of Federal Regulations (15 CFR 4.1 et seq.).

Information about the inspection and copying of records at the facility may be obtained from Ms. Margaret Cornejo, the Bureau of Export Administration's Freedom of Information Officer, at the above address and telephone number.

Dated: September 27, 2000.

Daniel Hill,

Director, Office of Strategic Industries and Economic Security.

ATTACHMENT 1 .-PROPOSED ANNUAL MATERIAL PLANS FOR FY 2001 REVISED AND FY 2002

Material	Units	Currently FY 2001 quantity	Revised FY 2001 quantity	Proposed FY 2002 quantity
Aluminum Oxide, Abrasive	ST	6,000		6,000
Antimony	ST	5,000		5,000
Bauxite, Metallurgical (Jamaican)	LDT	2,000,000		2,000,000
Bauxite, Metallurgical (Surinam)	LDT	[1]1,000,000		[1]1,000,000
Beryl Ore	ST	4,000		4,000
Beryllium Metal	ST	40		40
Beryllium Copper Master Alloy	ST	2,200		2,200
Cadmium	LB	1,200,000		1,200,000
Celestite	SDT	3,600		3,600
Chromite, Chemical	SDT	[1] 100,000		[1] 100,000
Chromite, Metallurgical	SDT	250,000		[1] 100,000
Chromite, Refractory	SDT	100,000		100,000
Chromium, Ferro	ST	150,000		150,000
Chromium, Metal	ST	500		500
Cobalt	LB Co	6,000,000		6,000,000
Columbium, Carbide Powder	LB Cb	21,5001	. . . . .	21,5001
Columbium Concentrates (Minerals)	LB Cb	375,000	450,000	450,000
Columbium Metal Ingots	LB Cb	20,000	. . . . .	20,000
Diamond Stone	ct	1,000,000		[1]510,000
Fluorspar, Acid Grade	SDT	0	[1] 12,000	[1] 12,000
Fluorspar, Metallurgical	SDT	60,000		60,000
Germanium	KG	8,000		8,000
Graphite	ST	3,760		3,760
Iodine	LB	1,000,000		1,000,000
Jewel Bearings	PC	[1]52,000,000		[1]52,000,000
Lead	ST	60,000		60,000
Manganese, Battery Grade Natural	SDT	30,000		30,000
Manganese, Battery Grade Synthetic	SDT	[1]3,011		0
Manganese, Chemical Grade	SDT	40,000		40,000
Manganese, Ferro	ST	50,000	100,000	100,000
Manganese, Metal Electrolytic	ST	2,000	. . . . .	2,000

ATTACHMENT I.-PROPOSED ANNUAL MATERIAL PLANS FOR FY 2001 REVISED AND FY 2002—Continued

Material	Units	Currently FY 2001 quantity	Revised FY 2001 quantity	Proposed FY 2002 quantity
Manganese, Metallurgical Grade	SDT	250,000		250,000
Mica (All Types)	LB	4,000,000		4,000,000
Palladium	Tr Oz	300,000		300,000
Platinum	Tr Oz	125,000		95,000
Quinidine	oz	750,000		750,000
Quinine	oz	1,000,000		[1] 200,000
Rubber	LT	0	[1] 70,000	[1] 70,000
Sebacic Acid	LB	600,000		600,000
Silver (for coinage)	Tr Oz	10,000,000	13,000,000	5,000,000
Talc	ST	[1] 1,000		[1] 1,000
Tantalum Carbide Powder	LB Ta	4,000		4,000
Tantalum Metal Ingots	LB Ta	40,000		40,000
Tantalum Metal Powder	LB Ta	50,000		50,000
Tantalum Minerals	LB Ta	300,000	400,000	400,000
Tantalum Oxide	LB Ta	20,000		20,000
Thorium Nitrate [2]	LB	[1] 7,093,464		[1] 7,093,464
Tin	MT	12,000		12,000
Titanium Sponge	ST	5,000		5,000
Tungsten, Carbide Powder	LB W	1,000,000		1,000,000
Tungsten, Ferro	LB W	300,000		300,000
Tungsten, Metal Powder	LB W	150,000		150,000
Tungsten Ores & Concentrates	LB W	4,000,000		4,000,000
Vegetable Tannin Extract, Chestnut	LT	[1] 1,100		0
Vegetable Tannin Extract, Quebrac	LT	10,000		10,000
Vegetable Tannin Extract, Wattle	LT	[1] 6,500		[1] 6,500
Zinc	ST	50,000		50,000
Zirconium (Baddeleyite)	SDT	[1] 17,383		0

Notes

[1] FY 2001 entries (current or proposed revision) are an adjustment to available inventory. For FY 2002 entries, actual quantity will be limited to remaining sales authority or inventory.

[2] The radioactive nature of this material may restrict sales or disposal options.

[FR Doc. 00-25233 Filed g-29-00; 8:45 am]

BILLING CODE 3510-33-P

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part

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

ACTION: Notice of initiation of Antidumping and Countervailing Duty Administrative Reviews and requests for revocation in part.

SUMMARY: The Department of Commerce (the Department) has received requests to conduct administrative reviews of various antidumping and countervailing duty orders and findings with August anniversary dates. In accordance with the Department's regulations, we are initiating those administrative reviews. The Department also received requests to revoke two antidumping duty orders in part.

EFFECTIVE DATE: October 2, 2000.

FOR FURTHER INFORMATION CONTACT: Holly A. Kuga, Office of AD/CVD Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, telephone: (202) 482–4737.

SUPPLEMENTARY INFORMATION:

Background

The Department has received timely requests, in accordance with 19 CFR 351.213(b)(2000), for administrative reviews of various antidumping and countervailing duty orders and findings with August anniversary dates. The Department also received timely requests to revoke in part the antidumping duty orders for Cut-to-Length Carbon Steel Plate from Canada and Oil Country Tubular Goods from Mexico.

Initiation of Reviews

In accordance with sections 19 CFR 351.221(c)(1)(i), we are initiating administrative reviews of the following antidumping and countervailing duty orders and findings. We intend to issue the final results of these reviews not later than August 31, 2001.

	Period to be reviewed
Antidumping Duty Proceedings	
CANADA:	
Corrosion-Resistant Carbon Steel Flat Products, A–122–822	8/1/199–7/31/00
Stelco, Inc.	
Continuous Colour Coat, Ltd.	
Dofasco, Inc.	
Sorevco, Inc.	
National Steel Corporation.	

MIC-1

AVOCET TUNGSTEN INC.

Rt. 2 Pine Creek Road, Bishop. CA 93514 Tel 760 387 2501 Fax 760 387 2296'
E-mail; *jhenry@avocet.co.uk* *Website: www.avocet.co.uk*

Richard V. Meyers
Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department of Commerce
14th Street and Constitution Avenue, NW.
Washington, DC 20230

Fax: 202 482 5650

25" October 2000

Dear Mr. Meyers

Further to your request for comments on potential market impact of proposed disposals of excess commodities currently held in the National Defense Stockpile under Fiscal Year 2002 Annual Materials Plan (AMP), we would like to supply you with our concerns and comments with regard to the proposed 2002 AMP for Tungsten Ores and Concentrates:

1. Material supplied during the previous two years has significantly impacted market prices and sentiment. This has been clearly documented in articles over the last two years in trade journals such as the London Metal Bulletin and Ryan's Notes.
2. The majority oftungsten mines outside China have closed over the last ten years as tungsten prices have continued to be at sub-economic levels.
3. Current prices still do not allow start up of any of these operations and prices are likely to have to double from current levels before *companies are* willing to spend capital to bring mothballed mines back into production.
4. The suggested AMP is almost 50 per cent of domestic demand for tungsten ores and concentrates, making the Federal Government the world's largest tungsten supplier and that fact alone would have a severe impact on our industry and world markets.
5. Continued sales from the US stockpile will ensure continued tow pricing with the potential total collapse of tungsten mining capability outside China. This would leave the US exposed strategically with regard to vital tungsten supply.
6. The US stockpile should be held in reserve until the tungsten mining industry both in the US and other non-Chinese countries have regained a reasonable level of output. This would lead to diminished strategic concerns and ***higher*** prices for any sales then deemed appropriate from the US stockpile.
7. Since the Federal Government completed its 2000 sales program in early 2000, the tungsten price has increased by approximately 30 per cent

indicating further constraint may yield higher prices later. Any further releases may affect continued increases in price to economic levels for 'Western" producers.

Avocet Tungsten owns a 50 per cent share of the Pine Creek tungsten *mine in* California, This mine has been on care and maintenance since 1990, as prices had been pushed to sub-economic levels 'from Chinese dumping onto the market. Although the mill has now been permanently shutdown due to unsustainable sub-economic tungsten prices, the mine still presents a sizeable resource of tungsten in the US, however if prices continue to be depressed at current levels the ability to bring the mine back on stream will diminish over time. Let us not forget that during World War XI this mine was of such strategic importance it and its workers were given favoured status.

Our parent company owns 100 per cent of a Portuguese tungsten mine, the second largest producer in the world currently outside China and Russia. This operation has been maintained from government grants and working capital from the parent company. Continuing prices at today's levels are likely to cause this operation also to close. This mine supplies 60 – 80 per cent of its production to US companies on both East and West Coasts of the USA. Closure of the mine may seriously impact those companies.

We urge you to consider these comments and to decrease or remove the proposed AMP for Fiscal 2002 for **Tungsten *Ores* and Concentrates.**

Sincerely

Jonathan Henry
General Manager

ALCOA

MIC-2

Alcoa

Government Affairs
1909 K Street, NW
Suite 750
Washington, DC 20006-I 101 USA
Tel: 1 202 956 5306
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russell.wisor@alcoa.com

Russell C Wisor
Vice President
Government Affairs

October 27, 2000

Richard V. Meyers
Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department of Commerce
1 4th and Constitution Avenue, NW
Washington, DC 20230

RE: NATIONAL DEFENSE STOCKPILE MARKET IMPACT COMMITTEE REQUEST FOR PUBLIC COMMENTS

Dear Mr. Meyers:

Enclosed is the submission (10 copies) of Alcoa regarding the October 02, 2000, notice published in the *Federal Register* seeking comments on the potential market impact of proposed disposals of certain material quantities under the FY 2001 and FY 2002 Annual Materials Plan (AMP) of the National Defense Stockpile. Alcoa's comments will focus only on the disposal levels of Surinam-type bauxite from the National Defense Stockpile.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

Russell C Wisor

COMMENTS OF

Alcoa

SUBMITTED TO THE
OFFICE OF STRATEGIC INDUSTRIES AND ECONOMIC SECURITY
BUREAL OF EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

ON THE
REQUEST FOR PUBLIC COMMENTS
OF THE NATIONAL DEFENSE STOCKPILE
MARKET IMPACT COMMITTEE
RELATED TO DISPOSAL LEVELS OF EXCESS COMMODITIES
FROM THE NATIONAL DEFENSE STOCKPILE

October 27, 2000

Alcoa appreciates the opportunity to comment on the disposal of Surinam-type bauxite from the National Defense Stockpile. Alcoa is the world's leading producer of aluminum and alumina with over 300 operating locations in 36 countries. The Company serves customers in the packaging, automotive, aerospace, construction and other markets with a variety of products.

Alcoa supports the National Defense Stockpile Market Impact Committee's proposed Fiscal Years 2001 and 2002 disposals of Surinam-type bauxite.

Alcoa purchases a significant quantity of bauxite on a yearly basis to supply its Pt. Comfort, Texas refinery. The Surinam-type bauxite is a good fit into the Company's refineries as a blend material along with our normal supply. Alcoa's other domestic refinery, for which we must purchase bauxite, is located in St. Croix, Virgin Islands. Increasing the availability of the Stockpile's Surinam-type bauxite at market prices would allow the Company's two domestic refineries some production flexibility as well as provide additional income to the government.

In addition, Alcoa believes the quantities of Surinam-type bauxite being offered for sale would have minimal impact on other world bauxite sales. The excess quantities to be offered by the government represent less than two percent of total yearly global bauxite production. Bauxite is usually purchased on long-term contracts so the additional Suriname-type tonnage would offset spot purchases by the consuming locations. The additional bauxite would also help the disadvantaged U.S. plants that are dependent on high priced, imported bauxite. It should also be easier for the government to sell the bauxite at a good price at this time due to the high demand for alumina at the present time.

In terms of the effect this proposed change might have on Surinam, Alcoa does not believe that disposals of Surinam-type bauxite will have any negative effects because bauxite is no longer exported from the country.

In summary, Alcoa commends and supports the Market Impact Committee's proposal to sell all Surinam-type bauxite from the National Defense Stockpile.

MIC-3

The Ferroalloys Association
900 2ND STREET, N.E., SUITE 201; WASHINGTON, D.C. 20002
Telephone: (202) 842-0292 • *Telefax:* (202) 842-4840
EDWARD J. KINGHORN, JR.; *President*

Comments of

The Ferroalloys Association

Washington, DC

Submitted to the

National Defense Stockpile Market Impact Committee

Pursuant to 65 FR 58731

November 1, 2000

Contact: Edward J. Kinghorn, Jr.
President
The Ferroalloys Association
900 2nd Street, NE
Suite 201
Washington, DC 20002
Phone: 202-842-0292
Fax: 202-842-4840

On behalf of The Ferroalloy Association (TFA) and its members, we write in opposition to the Department of Defense proposed modifications to the Fiscal Year (FY) 2001 Annual Materials Plan (AMP) and proposals for the year 2002 AMP. The proposed AMP would increase sales of Defense National Stockpile (DNS) High Carbon Ferromanganese (HCFeMn) from 50,000 short tons to 100,000. TFA is concerned for the economic survival of the last domestic manganese smelter, especially in light of the recent loss of the last domestic ferrochromium producer.

The Ferroalloys Association is an industry advocacy group made of the producers of chromium, manganese, silicon, vanadium ferroalloys and related basic alloys/metals in the United States. Founded in 1971, TFA represents over 20 companies with facilities in 25 different states.

Approximately 100 years ago, the U.S. ferroalloy industry emerged with the introduction of the electric arc furnace and rapidly expanded to meet the United States' domestic needs for projectiles and armor plates during the Spanish American War. Today, the U.S. ferroalloy industry continues to make products vital to U.S. national security and economic interests, such as steel, iron, and aluminum, available to the American economy, due to ferroalloys such as ferrochrome, manganese metal, and silicon metal, as well as specialty inoculants and graphitizers.

However, in recent years, the domestic ferroalloy industry has sharply declined, largely due to foreign import penetration and rising environmental standards. From 1970 to 1990, the annual domestic production of alloys

decreased from 2,340,000 to 645,000 net tons per year, while imports increased from 350,000 to 1,490,000 net tons per year. Foreign competitors flooded the U.S. market at significantly lower costs, resulting from foreign government subsidization of electricity costs, capital investments, transportation, and taxes. As a result, U.S. producers faced high operating costs and declining prices, which forced them to reluctantly lay off workers and shut down plants at an alarming rate. These closings resulted in plants abandoning vital research and development programs, in order to remain in business. Simultaneously, the U.S. government imposed strict environmental standards on metals producers, forcing companies to direct large amounts of capital to environmental control equipment.

Despite such gloomy statistics, the American ferroalloy industry is emerging from previous years smaller and leaner, and, through cooperation with the government, can become more prepared to compete in the global economy.

The U.S. domestic ferroalloy industry and TFA have enjoyed a long standing, mutually beneficial relationship with the DNS Market Impact Committee. A continued and improved relationship is vital to everyone concerned as the industry manages transition, while attempting to retain this critical capacity at a time when imported products exceed 80% of the market.

An indispensable domestic ferroalloy industry is critical to our economy as a required ingredient for steel production, dry cell batteries and many other products crucial to a high standard of living and national security. DoD's assurance of a responsible disposal process consistent with the Strategic Critical Materials Stockpilling Act (50 U.S.C. 98 et seq) is imperative to ensure continued

domestic production of ferroalloys, including HCFeMn. This capability would be critical during future global shortages and national emergencies.

TFA member, Eramet - Marietta, is the sole domestic producer of HCFeMn and high purity VG chromium metal. TFA agrees strongly with Eramet - Marietta that HCFeMn sales will disrupt world manganese markets, undermine international trade agreements, and end the practice of Federal support for this critical domestic industry. TFA requests the DNS 50,000 ton increase requested in the revised FY 2001 AMP for HCFeMn disposals be denied, and that once sales of off-grade HCFeMn are completed in September 2003, all HCFeMn sales be suspended indefinitely.

MIC-21

ERAMET
MARIETTA

the MANGANESE SOURCE

November 1, 2000

Richard V. Meyers, Co-Chair
Defense National Stockpile Interagency Market Impact Committee
Office of Strategic Industries and Economic Security
United States Department of Commerce
14th Street and Constitution Avenue #3876
Washington, DC 20230

Terri L. Robl, Co-Chair
Defense National Stockpile Interagency Market Impact Committee
Office of International Energy and Commodity Policy
United States Department of State
FAX: (202) 647-8758

Comments to the Defense National Stockpile Interagency Market Impact Committee -
FY 2001 Annual Material Plan (AMP) Revisions and FY 2002 AMP Proposals
Federal Register Notice October 2, 2000

Eramet Marietta Inc. is the sole domestic producer of High Carbon Ferromanganese (HCFeMn) listed in the October 2, 2000 Federal Register notice. The company, located in Marietta, Ohio submits comments to the Market Impact Committee (MIC) in objection to the Department of Defense proposed modifications to the Fiscal Year (FY) 2001 AMP and proposals for the FY 2002 AMP. The proposed AMP would increase sales of Defense National Stockpile (DNS) HCFeMn from 50,000 short tons to 100,000.

This statement details three reasons for Eramet's objections to additional Sales of DNS HCFeMn. The proposed DNS increases in HCFeMn sales will disrupt world manganese markets, undermine international trade agreements and end the practice of Federal support for a critical domestic industry. We call your attention to several factors regarding the inferior grade of manganese content in the DNS HCFeMn material and the quantities offered. These points lead into how increased disposals could serve to undermine pending ITC and Department of Commerce decisions involving import penalties and duty' suspension agreements for manganese ferroalloys. Finally there is a discussion of how proposed sales of stockpile grade HCFeMn would violate long-term understandings between Congress, the domestic Ferroalloy industry and the Paper, Allied-Industrial, Chemical and Energy Workers International Union (PACE), Eramet's representative labor union at the Marietta, Ohio facility.

ERAMET **MARIETTA** P.O. BOX **299** MARIETTA, **OHIO** 45750-0299
TELEPHONE: (740) **3741000** **TELECOPIER:** (740) 374-1386

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Eramet Marietta Inc.

In July 1999, the industrial assets of COMILOG and ERAMET MANGANESE ALLIAGES (the assets of the Elkem Mangan KS and the Manganese Division of Elkem Metals Company, LP, including the Marietta plant) were consolidated to form Eramet Manganese. The company employs 5,800 people internationally with Eramet Marietta Inc. presently employing 480. Eramet Manganese holds mining reserves in the Moanda mine located in Gabon, West Africa with a production capacity of 2.5 million tons per year and reserves for more than 100 years. The mine source allows the vertical integration necessary to guarantee long term security and competitiveness. Prior to the acquisition, the Marietta furnaces looked predominantly to DNS as a key supplier of manganese ores. The Marietta Plant has nearly exhausted the supply of commercially viable manganese ores from the stockpile, and will complete obligations under current procurement contracts in 200 1.

Eramet Manganese leads the world in manganese fen-o-alloys production with an annual capacity in excess of 1.1 million tons. The company produces and sells the full range of manganese products to the steel industry: Mn Ore, HCFeMn, MCFeMn, LCFeMn, SiMn, LCSiMn and Nitrided MCFeMn and LCFeMn. In addition to manganese, Eramet produces and sells a variety of manganese compounds: Mn-Al briquettes, EMD, MnO, MnS04, Mn304, MnChloride and other chemical compounds. Non-manganese products from company affiliates include Chrome Metal, LC Ferrochrome, Molybdenum, Vanadium, Carbon Black and Aluminum Hardeners. Eramet Manganese also engages in the recycling of petroleum catalysts, batteries and copper.

Eramet's facilities for producing manganese ferro-alloys are in close proximity to world steel and aluminum markets. Materials are dispatched from nine sites in Europe, America and Asia. The production of other manganese compounds is dispatched from four sites in Europe and in the United States, and additional activities are based in five plants in Europe and the US. The geographical distribution ensures prompt distribution worldwide.

Quality and Quantity Concerns

Eramet objects to any sales of "stockpile grade" HCFeMn as defined in Public Law 104-106. Furthermore, Eramet strongly recommends the balance of in-grade material in the DNS inventory never be offered and should be held in inventory indefinitely for war mobilization steel making and to preserve the last U.S. facility capable of smelting manganese ferroalloys. The quality of the DNS material as established in law is stipulated to have a Mn content not to exceed 78%. Current purchase specifications from major steel companies generally mandate a minimum Mn content of 78%. Although the deficiency is slight, it is enough that Eramet Marietta Inc. is concerned the DNS material will lead to significant market discounting and shifting of domestic manganese unit demand away from higher grade products.

In addition to quality concerns, the amounts set for disposals suggested in the revised AMP for FY 2001 and FY 2002 are too great. The North American market for HCFeMn is approximately 322,000 short tons average for the years 1997 to 1999. Adding 100,000 tons of supply from the DLA represents 3 1% of the North American market. Eramet is deeply concerned with DLA

entering the market for the first time seeking a 3 1% market share. This will result in significant downward pressure on domestic and international manganese alloy prices. Sales of HCFeMn from Eramet Marietta to the North American market in 2000 will be roughly 38,000 short tons, or approximately 10% of the total market.

Manganese Alloy International Trade Dispute

Eramet, and previously Elkem Metals, is involved in manganese dumping cases against emerging democracies of the former Soviet Union, China and Brazil. The United States Department of Commerce and the Ukrainian Government are presently negotiating the continuation of duty suspension agreement for Silicomanganese (case A-823-805). A similar product to HCFeMn, Silicomanganese is also produced in Marietta and is a critical component of steel making. The goals of the present negotiations are to set annual export volume limits and prices that will prevent undercutting of the prices of U.S. produced Silicomanganese and to require the Ukrainian Government to provide timely reporting and bring up to date long overdue reporting. Both of these goals are a matter of statutory obligation and provide the only allowable remedy to dumping violations of the past and prevent future circumvention. Increased DNS sales of HCFeMn will undermine relief from Ukrainian dumping and shift markets to low-grade DNS materials. The HCFeMn and SiMn are semi-fungible products used primarily for their Mn content. Steel producers will shift the steel recipe to accommodate low-grade material if the price is right.

Clearly the reaction time between injury and remedy through international trade actions is not a timely process. We are concerned that the level of the proposed increase in DNS sales and fierce competition from the former Soviet Union satellites might force Eramet Marietta Inc. to suspend US manganese smelting. Eramet Marietta Inc. in September closed its Electrolytic Manganese facility due to market factors including increased import penetration and DLA material sales at a cost of 80 jobs. Eramet Marietta Inc., and formerly Elkem, in conjunction with the Kerr McGee Chemical Company of Oklahoma, have spent significant resources in a continuing, but unsuccessful, fight against Electrolytic Manganese dumping from the Peoples Republic of China.

Congressional Ferroalloy Support

The Marietta, Ohio operations that produce HCFeMn have completed the transition process from being a defense contractor to commercial production. The transition success is demonstrated by the shift to a private sector client base. The success in making the transition at Marietta is in part due to the Defense Logistics Agency (DLA) policy of selling off-grade HCFeMn to Elkem and successor Eramet Marietta Inc. The disposal policy is stipulated in Public Law 104-106. In entering into the Ferroalloy Upgrade Program (FRUP) following the 232 Trade Investigation determinations in the 1980's that it is in the United States' National Defense interest to maintain a domestic ferroalloy smelting capacity, **the company was advised the Stockpile would hold the HCFeMn produced under FRUP indefinitely.** Congress continues to strictly limit the quantity and quality nature of HCFeMn material allowed for disposal in favor of preserving that same domestic capacity. The plant's five-year Operating Plan for ownership transition from Elkem to Eramet Marietta is based on disposals of off-grade HCFeMn for remelting through December 2003, and no sales of other

than off-grade HCFeMn from DNS stockpiles. NDS sales of stockpile grade HCFeMn will be disruptive to domestic markets. In two cases, industries have closed after losing Congressional support. It should be noted that the longtime HCFeCr ferroalloy producer MacAlloy, also a participant in the FRUP, closed operations. Second, the commencement of stockpile sales of tungsten concentrates led United Kingdom owners of the last United States integrated tungsten mine and mill to close operations and auction off the plant and equipment.

The same foreign competition and import sensitivity, which precipitated the lo-year FRUP for ferromanganese, continues to impact the plant's operation. Import penetration for HCFeMn still stands at approximately 90% of domestic consumption. Eramet Marietta Inc. continuously seeks to lower labor, raw material and electric power costs. The Marietta plant's infrastructure includes three relatively small-capacity furnaces located in separate buildings. Furnace capacity is a limiting factor to expanding "through-put," the amount of alloy produced, without increasing fixed costs. Utilizing off-grade or non-specification grade ferroalloys from the Defense National Stockpile, Eramet Marietta Inc. has improved melt yields and furnace throughput. Eramet Marietta Inc. will continue remelting off-grade HCFeMn alloy in conjunction with smelting of manganese ores until December, 2003. Once the sale of off-grade HCFeMn remelting is completed, the company will request the DNS discontinue all sales of HCFeMn.

A viable domestic ferromanganese industry is vital to the United States economic security. Manganese is an essential ingredient in the production of steel. Steel cannot be produced without ferromanganese. The Eramet Marietta Inc. facility is the only operating ferromanganese production plant in the U.S. and Canada. A closure of the Marietta Plant would make the United States steel industry totally dependent on imports to supply this essential and strategic component of steel production. This could be critical during future global shortages and national emergencies. In addition, the United States industrial base would be further weakened and the unique technology and specialized human skills necessary to produce ferromanganese lost forever.

Labor Agreement

The company is in the first year of a three-year labor contract with Union Local 5-0639 of PACE (Paper, Allied-Industrial, Chemical and Energy Workers International Union), signed in August 2000. The agreement insures continuing operations at the Marietta plant. The company and the union negotiated significant enhancements to improve cost and quality at the facility. Union and management accept the challenge of working together to help sustain the facility's commercial viability.

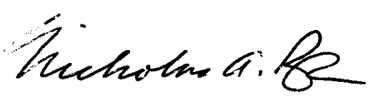
Planning for the Future and Conclusion

A comprehensive strategic plan has been developed for the facility through the year 2005. The plan includes cost improvements, market/sales objectives, capital expenditures, new product development and other elements necessary to maintain a successful operation in the commercial market. A key component of the success of Eramet Marietta's strategic plan is the cooperation of the DNS in managing the stockpiled HCFeMn to not allow a dramatic impact on the supply and price of manganese alloys. Eramet Marietta Inc. appreciates the Market Impact Committee's

support of its transition from being a defense contractor to a commercially viable producer, while still maintaining a core segment of the nation's vital industrial base. We need continued assurance that the DNS sales will not dramatically disrupt our ability to supply manganese alloys to the North American market. We need this assurance for the future viability of the Marietta Plant.

In conclusion, in this paper Eramet Marietta Inc. demonstrated its concerns with quality and quantities of HCFeMn disposals; how this will serve to undermine current international trade dispute resolutions; and ends Federal support for a critical industry. We request the DNS 50,000 ton increase proposed in the revised FY 2001 AMP and the FY 2002 AMP for HCFeMn disposals be denied and sales of all stockpile grade HCFeMn be suspended indefinitely.

Sincerely,



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Richard Meyers
Co-Chair
Department of Commerce
14th & Constitution Ave.
OSIES/BXA, Room 3876
Washington, D.C. 20230

Dear Mr. Meyers,

I work in the purchasing department for RHI Refractories America. I deal mainly with the purchasing of imported strategic raw materials for our company. Our company formed by the recent merger of Harbison-Walker Refractories and North American Refractories has positioned us as the world's largest refractory producer.

I have recently been talking with our contacts at the Defense Logistics Agency in Ft. Belvoir, VA concerning a Refractory Bauxite Stockpile in Somerville, NJ whose origin was British Guiana. We purchased 15,000LCT of this stockpile in May of 1999 and come November our stockpile award will be depleted.

After speaking with our contacts in Virginia they have informed us that there is approximately 45,000LCT left in Somerville, which is currently not for bid. I was told that 40,000LCT has requirements made for strategic purposes and is not for sale and 43 19LCT is authorized for disposal, but has not been put up for bid. We would be most interested in amending our current contract that will expire in April of 2002, but will be depleted in November 2000 to include this tonnage (43 19LCT).

Our company is currently experiencing supply problems with Guyana for this material. Due to the limited supply and delayed shipments we have heavily relied on our government stockpile to eliminate possible run-out situations. In November, we will no longer have a back up that is desperately needed.

I am sending this letter today in hope that the 43 19LCT (authorized for disposal) will be put up for bid or amended into our current contract. We do realize this is a relatively low tonnage, but could provide RHI America with a 2-3 month supply if needed.

We look forward to your reply to our request and your acknowledgement of the situation.

Sincerely,

Kimberly L. Klein

Kimberly L. Klein