

PUBLIC COMMENTS

Market Impact Committee

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

[66 FR 53981](#)

October 25, 2001

<u>Comment No.</u>	<u>Commentor</u>	<u>Date</u>
MIC-1	U.S. Senator Rick Santorum	November 12, 2001
MIC-2	Energy Unlimited	November 26, 2001
MIC-3	LH Lincoln & Son Inc.	November 21, 2001
MIC-5	Tannex Corporation	November 26, 2001
MIC-6	Howes Leather Corporation	November 21, 2001
MIC-7	SITIZ	November 19, 2001
MIC-8	Squire Sanders	November 26, 2001
MIC-9	Squire Sanders	November 29, 2001
MIC-10 (With Attachment)	Comsup Commodities	November 26, 2001
MIC-11	North American Tungsten	November 21, 2001
MIC-12	JSC	----
MIC-13	Allegheny Technologies	November 20, 2001
MIC-14	Wilmer, Cutler, & Pickering	November 26, 2001
MIC-15	Eramet	November 26, 2001
MIC-16	Anaconda	November 19, 2001

MIC-17	OMG	November 19, 2001
MIC-18	Chambisi Metals	November 13, 2001
MIC-19	SQM	September 21, 2001
MIC-20	SQM	November 14, 2001
MIC-21	CTT	November 30, 2001

Dated: October 19, 2001.

Kenneth M. Ackerman,
Acting Administrator, Rural Utilities Service.
[FR Doc. 01-26836 Filed 10-24-01; 8:45 am]
BILLING CODE 3410-15-P

COMMISSION ON CIVIL RIGHTS

Agenda and Notice of Public Meeting of the Ohio Advisory Committee

Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights, that a meeting of the Ohio Advisory Committee to the Commission will convene at 1200 p.m. and adjourn at 5:00 p.m. on Wednesday, November 14, 2001, at the Hyatt Regency Hotel, 350 North High Street, Columbus, Ohio 43215. The purpose of the meeting is to discuss current events and plan future activities.

Persons desiring additional information, or planning a presentation to the Committee, should contact Constance M. Davis, Director of the Midwestern Regional Office, 312-353-8311 (TDD 312-353-8362). Hearing-impaired persons who will attend the meeting and require the services of a sign language interpreter should contact the Regional Office at least ten (10) working days before the scheduled date of the meeting.

The meeting will be conducted pursuant to the provisions of the rules and regulations of the Commission.

Dated at Washington, DC, October 17, 2001.

Ivy L. Davis,
Chief, Regional Programs Coordination Unit.
[FR Doc. 01-26835 Filed 10-24-01; 8:45 am]
BILLING CODE 6335-01-P

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, Department of Commerce.

ACTION: Notice of request for public comment on the potential market impact of proposed revisions to disposals of excess commodities currently held in the National Defense Stockpile under the Fiscal Year 2002 Annual Material Plan (AMP), and proposed commodity disposals under the Fiscal Year 2003 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. The Fiscal Year 1993 National Defense Authorization Act requires this Committee to consult with representatives of producers, processors and consumers of the types of materials stored in the stockpile.

DATES: Comments must be received by November 26, 2001.

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. Comments submitted via e-mail will not be accepted.

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 (hereinafter "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 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 2002 AMP quantities (previously approved by the Committee), proposed revisions to the FY 2002 AMP quantities for seven materials, and the proposed FY 2003 AMP. The Committee is seeking public comment on the potential market impact of the sale of these materials as proposed in the revised FY 2002 AMP and FY 2003 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 26, 2001 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.

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 Export Administration's FOIA reading room is located on its Web page, which can be found at <http://www.bxa.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 22, 2001.
James J. Jochum,
Assistant Secretary for Export Administration.

ATTACHMENT 1 .-PROPOSED REVISIONS TO FY 2002 ANNUAL MATERIALS PLAN (AMP) AND PROPOSED FY 2003 AMP

Material	Unit	Current FY 2002 quantity	Revised FY 2002 quantity	Revised FY02 notes	Proposed FY 2003 quantity	FY03 notes
Aluminum Oxide, Abrasive	ST	6,000			6,000	
Antimony	ST	5,000			5,000	1
Bauxite, Metallurgical Jamaican	LDT	2,000,000			1,540,000	1
Bauxite, Refractory	LCT	5,000	43,000	1/3	43,000	1/3
Beryl Ore	ST	4,000			3,000	1
Beryllium Metal	ST	40			40	
Beryllium Copper Master Alloy	ST	2,200			1,000	1
Cadmium	LB	1,200,000			1,200,000	
Celestite	SDT	3,600			3,600	
Chromite, Chemical	SDT	100,000		1	100,000	1
Chromite, Metallurgical	SDT	100,000		1	100,000	1
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	21,500		1	21,500	1
Columbium Concentrates	LB Cb	560,000			560,000	
Columbium Metal Ingots	LB Cb	20,000			20,000	
Diamond Stone	ct	510,000	1,300,000	1	600,000	1
Fluorspar, Acid Grade	SDT	12,000		1	12,000	1
Fluorspar, Metallurgical Grade	SDT	60,000			60,000	1
Germanium	Kg	8,000			8,000	
Graphite	ST	3,760			3,760	1
Iodine	LB	1,000,000			1,000,000	
Jewel Bearings	PC	52,000,000	82,051,558	1/3	82,051,558	1/3
Kyanite	SDT	150		1	150	1
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	
Manganese, Ferro	ST	75,000			75,000	
Manganese, Metal, Electrolytic	ST	2,000			2,000	
Manganese, Metallurgical Grade	SDT	250,000			250,000	
Mica, All	LB	4,000,000	8,500,000	1/4	8,500,000	1
Palladium	Tr Oz	600,000			250,000	1
Platinum	Tr Oz	95,000	140,000		30,000	1
Platinum-Iridium	Tr Oz	0	6,000	3	6,000	3
Quartz crystals	Lb	0	216,648	1/3	216,648	1/3
Quinidine	OZ	750,000			750,000	
Rubber	LT	75,000		1	70,000	1
Sebacic Acid	LB	1,000,000			600,000	
Silver (Coins)	Tr Oz	5,000,000	8,000,000	1	5,000,000	1
Talc	ST	2,000		1	2,000	1
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		1	50,000	1
Tantalum Minerals	LB Ta	500,000			500,000	
Tantalum Oxide	LB Ta	20,000			20,000	
Thorium	LB	7,093,464		1/2	7,095,065	1/2
Tin	MT	12,000			12,000	
Titanium Sponge	ST	5,000	7,000	4	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	250	1
VTE, Quebracho	LT	50,000			50,000	
VTE, Wattle	LT	6,500		1	6,500	1
Zinc	ST	50,000			50,000	

Notes:

1. Actual quantity will be limited to remaining sales authority or inventory.
2. 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.
3. Pending Congressional authority.
4. Previously approved by the Market Impact Committee. Revision in process for current FY 2002.

[FR Doc. 01-26910 Filed 10-24-01; 8:45 am]
BILLING CODE 3510-33-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D.101701C]

Endangered Species; Permits

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Receipt of an application for a research permit (1352).

SUMMARY: Notice is hereby given of the following actions regarding permits for takes of endangered and threatened species for the purposes of scientific research and/or enhancement under the Endangered Species Act (ESA): NMFS has received an application for a scientific research permit from Dr. Colin A. Simpfendorfer, of Mote Marine Laboratory (MML).

DATES: Comments or requests for a public hearing on any of the new applications or modification requests must be received at the appropriate address or fax number no later than 5 p.m. eastern standard time on November 26, 2001.

ADDRESSES: Written comments on any of the new applications or modification requests should be sent to the appropriate office as indicated below. Comments may also be sent via fax to the number indicated for the application or modification request. Comments will not be accepted if submitted via e-mail or the Internet. The applications and related documents are available for review in the indicated office, by appointment:

Endangered Species Division, F/PR3, 1315 East West Highway, Silver Spring, MD 20910 (phone: 301-713-1401, fax: 301-713-0376).

FOR FURTHER INFORMATION CONTACT: Lillian Becker, Silver Spring, MD (phone: 301-713-2319, fax: 301-713-0376, e-mail: Lillian.Becker@noaa.gov).

SUPPLEMENTARY INFORMATION:

Authority

Issuance of permits and permit modifications, as required by the Endangered Species Act of 1973 (16 U.S.C. 1531-1543) (ESA), is based on a finding that such permits/modifications: (1) Are applied for in good faith; (2) would not operate to the disadvantage of the listed species which are the subject of the permits; and (3) are

consistent with the purposes and policies set forth in section 2 of the ESA. Scientific research and/or enhancement permits are issued under section 10 (a)(1)(A) of the ESA. Authority to take listed species is subject to conditions set forth in the permits. Permits and modifications are issued in accordance with and are subject to the ESA and NMFS regulations governing listed fish and wildlife permits (50 CFR parts 222-226).

Those individuals requesting a hearing on an application listed in this notice should set out the specific reasons why a hearing on that application would be appropriate (see **ADDRESSES**). The holding of such hearing is at the discretion of the Assistant Administrator for Fisheries, NOAA. All statements and opinions contained in the permit action summaries are those of the applicant and do not necessarily reflect the views of NMFS.

Species Covered in This Notice

The following species are covered in this notice:

Fish

Proposed Endangered Smalltooth Sawfish (*Pristis pectinata*)

New Applications Received

Application 1352

The applicant requests a 5-year permit that would authorize the take of endangered smalltooth sawfish in the state of Florida. The purpose of the research is to develop conduct surveys of habitats where sawfish have historically occurred. All sawfish caught during the surveys will be handled, measured, tagged, genetically sampled, and released. Capture methods include: longline, rod and reel, set lines, gill nets, and beach seines. Tagging methods will include: rototags, plastic-headed dart tags, PIT tags, acoustic tags, PAT tags, and SPOT tags.

Dated: October 19, 2001.

Phil Williams,

Acting Chief, Endangered Species Division, Office of Protected Resources, National Marine Fisheries Service.

[FR Doc. 01-26931 Filed 10-24-01; 8:45 a.m.]

BILLING CODE: 3510-22-B

COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

Exemption of Certain Textile and Apparel Products From Visa and Quota Requirements

October 22, 2001.

AGENCY: Committee for the Implementation of Textile Agreements (CITA).

ACTION: Issuing a directive to the Commissioner of Customs exempting certain textile and apparel products imported in connection with international athletic events from certain quota and visa requirements.

EFFECTIVE DATE: October 25, 2001.

FOR FURTHER INFORMATION CONTACT: Lori E. Mennitt, International Trade Specialist, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-3400.

SUPPLEMENTARY INFORMATION:

Authority: Section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); Executive Order 11651 of March 3, 1972, as amended.

Heading 9817.60.0000 permits the duty-free entry of the certain articles associated with international athletic events held in the United States, such as the Olympics and Paralympics, the Goodwill Games, the Special Olympics World Games, the World Cup Soccer Games, or any similar event as the Secretary of the Treasury may determine. Effective on October 25, 2001, textiles and apparel products not intended for sale or distribution to the public entered into the United States under Harmonized Tariff Schedule of the United States heading 9817.60.0000 shall not be subject to visa and quota requirements.

D. Michael Hutchinson,
Acting Chairman, Committee for the Implementation of Textile Agreements.

Committee for the Implementation of Textile Agreements

October 22, 2001.

Commissioner of Customs,
Department of the Treasury, Washington, DC 20229

Dear Commissioner: Heading 9817.60.0000 permits the duty-free entry of the certain articles associated with international athletic events held in the United States, such as the Olympics and Paralympics, the Goodwill Games, the Special Olympics World Games, the World Cup Soccer Games, or any similar event as the Secretary of the Treasury may determine. Effective on October 25, 2001, textiles and apparel products not intended for sale or distribution to the public entered into the United States under Harmonized Tariff Schedule of the United States heading

RICK SANTORUM
PENNSYLVANIA

R. Myers

United States Senate
WASHINGTON, DC 20510-3804
202-224-6324

COMMITTEES:
REPUBLICAN CONFERENCE
CHAIRMAN
ARMED SERVICES
CHAIRMAN, SUBCOMMITTEE ON
AIRLAND FORCES
RULES
AGING
BANKING

November 12, 2001

Mr. Richard J. Connelly
Administrator, **Defense** National Stockpile Center
Defense Logistics Agency
8725 John J. Kingman Road
Room 4528
Fort Belvoir, VA 222060-6223

Dear Mr. Connelly:


I write today **concerning** the planned release of as much as 600,000 pounds of sebacic acid from the National Defense Stockpile for sale into the open market.

Under the authority of the Strategic and **Critical Materials Stock** Piling Act, the Department of Defense maintains a stockpile to supply the military, industrial, and essential civilian needs **of the United States** for **national defense**. However, prior to disposal of materials from the National Defense Stockpile, a National Defense Stockpile Market **Impact Committee (MIC)** is **required** to seek **public comment** on the proposed sale of excess materials from the stockpile. In selling and acquiring stockpile materials, the Department of **Defense** has a statutory obligation to **refrain** from causing undue **market disruption**, while at the same time **protecting** the United States **Government** against avoidable loss.

It is my understanding that **International Paper**, through its Arizona Chemical Division, is the **leading domestic producer** of **sebacic acid**. Members of my **staff have** spoken with **members of the forestry products industry** who have **confirmed** that virtually the entire United States forest products industry and related industries, **including** the tree based chemical **industry**, are **in the midst of an economic recession**. **International Paper** alone has eliminated **4,000 positions** since January 2001, and its **sebacic acid business** is down **46% this year**.

International Paper indicates that the proposed disposal of 600,000 **tons of sebacic acid** exceeds more than **22% of the total market** for the **product**. **Therefore, the MIC should take into consideration not only** the **excessive quantity** of sebacic acid proposed for **release** but **also the poor economic health of the forest products industry**, when deciding the size and scope of the year's proposed release.

I appreciate your attention to **this request**. Please do not hesitate to contact me if I can be of **assistance to** you on this **matter**.

Sincerely,

Rick Santorum
United States Senate

MIC 1

Energy Unlimited

P.O. Box 7
4881 CTH YZ
Dodgeville, WI 53533
www.energyunlimited.com

Phone: 608-935-9119
Fax 608-935-9119

Richard V. Meyers
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
F a x 2 0 2 - 4 8 2 - 5 6 5 0

11/26/01

Dear Mr. Meyers,

My company **manufactures** solid fuel **furnaces**. We also install residential fuel pelleting plants,

Both-of these processes use biomass products **that would normally** be a waste product.

The heat **from** our furnace is used to provide the process heat for drying products such as sawdust, wood shavings, **alfalfa**, bakery waste, and paper mill sludge.

The residential **fuel** is primarily wood **waste from** saw-mills **that is manufactured into pellets**.

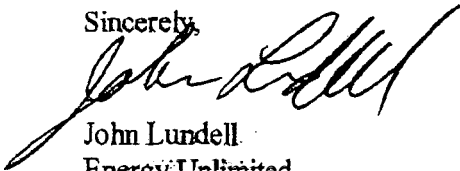
We are currently looking at the viability of using your **Quebracho** as a **fuel** in both our furnaces and as a residential fuel.

The residential fuel market is currently over **100,00** tons short of **meeting** its **needs** for this winter season. The main reason for the shortage is the **lack of** raw material.

If the **Quebracho** could **be used** for **fuel** we could go a long way in helping to keep the residential **fuel** market in **the** North East U.S. **from** a shortage such as we saw last year.

I am therefore requesting that you do not 'reduce **the** proposed sale of Quebracho to **less** than the 50,000 tons that **is set** in your guideline.

Sincerely,



John Lundell
Energy Unlimited

cc: David Warlick

MIC 2

L.H. LINCOLN & SON, INC.

COUDERSPORT, PENNSYLVANIA 16015

Tanning Materials

MANUFACTURERS, IMPORTERS and AGENTS

Area Code 814-274-9200
FAX: 814-274-0681Cable Address:
"LINCO"
Code: BENTLEY'S

November 21, 2001

DEFENSE NATIONAL STOCKPILE CENTER
ATTENTION: MR. DANNY LESTER

I have read and studied your recent proposal to Tannex Corporation. I am dismayed to note that the Stockpile Quebracho may be processed in part by overseas companies. I would question the basis to allow this to happen.

Having owned L. H. Lincoln Corp. and 50% of the B&B Leather Co. has required extensive travel and connections with many foreign companies.

On September 5, 1950, I entered the tanning industry and have been a part of its reversal. Today, we have very little left in the industry.

Yesterday, I watched another problem appear. As you know the Stockpile Chestnut Extract was sold overseas. The prices were not good. I needed Chestnut for a tanner in New York state. My purchase price was 85 cents per pound plus 2 1/2 cents freight. The customer cancelled the order after I ask for 89 cents per pound. There is no other source for Chestnut Extract. The tanner has two choices, either change his formula or stop producing leather.

After spending my life in the Leather Industry, I can only say - Be very careful of the choices you make.

When I hear that you may take Quebracho Extract to the dump for burial, I can only think of the years that tanning extracts were all tagged with a hazardous chemical label which would harm all people.

In closing, I would say that I am the engineer for this project. In reading the latest comments to Tannex, I must stop and wait until the numbers are solid numbers or the entire project will be wrong.

Mr. [redacted] has spent a considerable amount of money in getting properly set up, which will be wasted if the project is scrapped because of a numbers game.

Sincerely,



CARL D. BLISS

cc: David . Warlich via fax
Richa V Meyers via fax
Mr. R k Talbot via fax

i-UC 3

TANNEX CORPORATION

Nov. 26, 2001

To: Market **Impact** Committee
Attn: Messrs Richard Myers and **Terri Robi**

From: **Marcelino Vega**Ref: Allotment of solid quebracho to be **sold** by DNSC:

Further to my fax dated November 21, I would like to reiterate the **importance** of making **available adequate** supplies of vegetable tannin, **quebracho** in particular, to ensure the **continued** economic viability of the **American tannin industry and companies** such as mine. **After many years** of study and analysis, tremendous **efforts**, and great expense, Tannex has offered to buy 7,500 LT of solid **quebracho** per year in order to convert it into a **more** viable product thereby **increasing** its demand **This would** be beneficial to the American tanners by making available needed raw material at reasonable **prices**, the economy by creating jobs, the trade **balance by creating export** revenues, the DNSC by selling what at least up to now has **been** a very slow moving item of **limited demand**. All these benefits. would become a reality provided the **MIC would remove the unstated 7,500 LT limit** and allowed larger quantities of quebracho for sale per year, **Allowing for** the sale of 25,000 LT per year and 25,000 LT for other purposes in **FY02 and FY03** would leave the 50,000 LT **limit** at its current level and still meet the **needs of all** interested parties by allocating more solid **quebracho for sale**.

Thank you for your consideration to this request.

Sincerely,



Cc: David C. Warlick, DNSC
Rick Talbot, DNSC
Danny W. Lester, DNSC
Janet B. Rollins, DNSC
Presad Inanganti, Howes Leather
Earl Bliss, L.H. Lincoln & Son
Greg Denges, Pilar River Plate
Jason Berger, North American Tanning Supply
Antonio Mangione, Tradeways

MIC 5

TELEPHONE: (814) 236.2900
FAX: (814) 236-3074



SALES OFFICE
COOPER ROAD
CURWENSVILLE, PA 16833

HOWES LEATHER CORPORATION

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 & Constitution Avenue NW
Washington, D. C. 20230

Date: November 21, 2001

Pages; 2

F a x : (202)482-5650

From: Prasad V. Inaganti, President
Howes Leather Corp.

Sub: Impact on Military Insole Leather Supply

We have heard that DNSC is on the verge of making a decision to sell ail of the vegetable tanning materials stockpiled for the national defense. This would have an adverse impact on Howes Leather Corporation's ability to meet the military insole requirements on a regular basis, let alone in wartime. Due to the 9-11 terrorist attack, Howes is shipping (three times as much as compared to peace time) insole leather to military contractors (Altama Delta, Belleville. McRae and Wellco) to produce combat boots. In addition, we supply some Canadian military boot manufacturers, The DNSC decision to liquidate the vegetable tanning material (which is the main tannin chemical in producing insole leather) might put us dependent on imports from Argentina and South Africa at a much higher cost.

Howes Leather Corp. uses vegetable tannins in large quantities in the tanning process. In the early 90's we were using 12- 14 million pounds of Quebracho, Mimosa and Chestnut. When DNSC decided to sell in 1994, Howes made the investment in steel liquefying tanks and new boilers to utilize the solid extract, bought large quantities of Quebracho, Mimosa and Chestnut and we are still using a few million pounds a year. If DNSC goes through with the plans to sell, it will hurt us financially like when DNSC sold all of the Chestnut in stockpile to the Italians. The Italians came back with powdered chestnut at an offering of 70 cents per pound.

MIC 6

HOWES LEATHER CORPORATION
Page 2

The DNSC decision could not have **come at** a worse time when the U. S. Tanning Industry is contracting rapidly. In the last three months there were several tannery closures adding woes to our unemployment figures.

- | | |
|-------------------------|--------------------------------|
| 1. A K Salz Leather | Santa Cruz, CA |
| 2. Prime Tanning | Bet-wick, ME and Rochester, NH |
| 3. Flagg Tanning | Sheboygan, WI |
| 4. Badger State Tanning | Milwaukee, WI |
| 5. Elmo | Edison, NJ |

Howes wants to be a viable operation. servicing the U. S. Military needs. The DNSC **decision** will have a major impact on Howes struggle to survive

Thank you,
With regards

КАЗЕННЕ ПІДПРИЄМСТВО

ЗАПОРІЗЬКИЙ
ТИТАНО-МАГНІЄВИЙ
КОМБІНАТ

SITIZ®

REGULATED ENTERPRISE

ZAPOROZHYE
TITANIUM & MAGNESIUM
COMBINE

19.11.01 No. 14/1-758

TO: U.S. DEPARTMENT OF COMMERCE
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
ATT: Mr. Richard V. Meyers
Fax: +1 202 482 5650

Dear Mr. Richard V. Meyers,

We appreciate highly civilized approach of Commerce Department of USA to decisions regarding to interests of business and production of national producers. One can say with certainty that US Congress will reach a decision on sales of titanium sponge from NATIONAL Defense Stockpile in 2002-2003.

In this connection Ukrainian producer (Zaporozhye Titanium & Magnesium Plant) should like to pay attention of the Department that before tragic events in the USA on the 11th of September it was observed favourable period in a sphere of production and consumption of titanium semi-finished products as well as titanium articles. This process of self-regulating favoured prediction in this branch of the industry and accordingly, planning of production development.

Zaporozhye Titanium & Magnesium Plant having national raw materials resources and gaining its place in the world market of titanium products consumers, now in position to settle matter of contracts' conclusion for enlisting of foreign capital for modernization and expansion of titanium production.

Naturally the process of throwing additional quantities of earlier produced goods, of course will entail price decreasing for sales. This is observed already today based on published information made by US Commerce Department on intents, as well as recession in titanium consumption by aircraft companies.

Due to the fact that sales of the materials from US National Defense Stockpile are supposed, we consider it necessary to make some proposals which permit to avoid collapse price decreasing in some way:

1. Evenness of distribution of sales volumes within 2002-2003 should be kept.
2. Determination of prices for titanium sponge per grade should be no lower than quotation fixed on London Metal Exchange effective current year.

Ignorance of above measures will inevitably deform market and cause damage not only producers but as well foreign companies engaged in investment programs in Ukraine

Best regards

V. T. [Signature]
General Director



SQUIRE, SANDERS & DEMPSEY L.L.P.

SQUIRE SANDERS

LEGAL COUNSEL WORLDWIDE

201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 200444407
Office: +1.202.626.6600
Fax: +1.202.626.6780
Preferred Fax: +1.202.626.6288
If Problems: +1._____

November 26, 2001

PLEASE DELIVER THESE PAGES IMMEDIATELY

No. of Pages (including cover): 18

To: Richard V. Myers

Facsimile No: 202-482-5650

Company: U.S. Department of Commerce, Office of Strategic Industries and Economic Security

Confirmation No: 202-4823634

From: Anne K. Shukis

Direct Dial No: +1.202.626.6288

E-mail: ashukis@ssd.com

Re: Comments on the Proposed Increases in Disposal Quantities of Titanium Sponge under the FY 2002 and FY 2003 Annual Materials Plans

MIC 8

CONFIDENTIALITY NOTICE:

The attached information is LEGALLY PRIVILEGED AND CONFIDENTIAL and is intended only for the use of the addressee named above. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient, please be aware that any dissemination, distribution or duplication of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the address above via the postal service. Thank you.

Sender No: 06116 30411.00005 ashukis
Job No: Account No. Return to Office



SQUIRE, SANDERS & DEMPSEY L.L.P.

1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20044-0407

Office: +1.202.626.6600
Fax: +1.202.626.6780

Direct Dial: +1.202.626.6686
rthomas@ssd.com

November 26, 2001

PUBLIC DOCUMENT

VIA FACSIMILE

Mr. Richard V. Myers
Co-Chair, Stockpile Market **Impact** Committee
Office of Strategic Industries and Economic Security
Room 3 876
U.S. Department of Commerce
14th St. and Constitution Ave., N.W.
Washington, D.C. 20230
Fax (202) 482-5650

Re: **Comments on the Potential Market Impact of Proposed Increases in the Disposal Quantities of Titanium Sponge National Defense Stockpile under the FY 2002 and FY 2003 Annual Materials Plans**

Dear Mr. Myers:

JSC Ust-Kamenogorsk Titanium and Magnesium Plant (UKTMP), the sole titanium sponge producer in Kazakhstan, and Specialty **Metals** Company, S.A. of Belgium, the majority owner of UKTMP, respectfully submit these comments regarding the potential economic effects of proposed increases in the disposal quantities of titanium sponge **from** the National **Defense** Stockpile under the Fiscal Year (FY) 2002 and FY 2003 Annual Materials Plans, pursuant to the National Defense Stockpile Market Impact Committee's Request for Public Comments. See 66 Fed. Reg. 53891 (Oct. 25, 2001). UKTMP's comments are intended to assist the Market Impact Committee in **fulfilling** its mandate to "advise **the** National Defense Stockpile Manager on **the**

CINCINNATI • CLEVELAND • COLUMBUS • HOUSTON • JACKSONVILLE • LOS ANGELES • MIAMI • NEW YORK • PALO ALTO • PHOENIX • SAN FRANCISCO • WASHINGTON DC
BRATISLAVA • BRUSSELS • BUDAPEST • KYIV • LONDON • MADRID • Moscow • PRAGUE
ALMATY • BEIJING • HONG KONG • TAIPEI • TOKYO
ASSOCIATED OFFICES: DUBLIN • MILAN

projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile” Sec 50 U.S.C. § 98(h)(1) (emphasis added).

The disposal of 7,000 short tons of titanium sponge in FYs 2002 and 2003 – as envisioned under the amended FY 2002 Annual Materials Plan (AMP) and the proposed FY 2003 AMP – will have a detrimental impact on the United States titanium sponge market, and on the titanium sponge producers who regularly supply that market, including UKTMP.

The events of September 11, 2001 and their fallout dramatically changed the outlook for the U.S. titanium market in 2002. In the months leading up to September 11th, the forecast for U.S. titanium metal and titanium sponge demand in 2002 was strong. The tragic events of September 11th, however, seriously weakened titanium and titanium sponge demand – primarily due to the projected decreases in commercial aircraft production.’ The International Titanium Association predicted at its recent annual conference that demand for titanium products will drop by fifteen to twenty percent in 2002 as a result of the September attacks, Frank Haflich, “Timet Sees 40% Aircraft Titanium Falloff,” American Metal Market, (Oct. 22, 2001) (Ex. 1).

The sole significant U.S. producer (and a major U.S consumer) of titanium sponge, Titanium Metals Corp. (Timet), believes this prediction is too optimistic and instead predicts as much as a thirty to forty percent decline in titanium demand in 2002, “resulting from a combination of reduced aircraft production rates and excess inventory in the supply chain.” Id. Timet further stated that although there was little excess inventory prior to Sept. 11, this would obviate as a sharp decline in demand causes stocks of titanium products to accumulate. Id. For the remainder of this year (2001), deliveries continue to be made on the basis of pre-

¹ The demand for titanium sponge is directly tied to the demand for finished titanium products. Titanium sponge is an intermediate product used to produce titanium ingot, which in turn is used to make slab, billet, bar, plate, sheet, and other titanium mill products used in a wide variety of applications including aerospace applications.

September contracts, resulting in increasing inventories. In light of these predictions, Timet announced plans to reduce melting rates at its Henderson, Nevada plant by forty percent. See "Timet Slashing Production at Facilities in Two States," American Metal Market, (Oct. 24, 2001) (Ex. 2).² Reduced demand and cutbacks in production of finished titanium products necessarily will lead to reduced demand and cutbacks in production of titanium sponge.

Against the background of forecasts of sharply falling demand, increasing the disposal quantities of sponge to 7,000 short tons in FYs 2002 and 2003 would be precisely the wrong action to take. An increase in disposal quantities at a time of significantly declining demand will distort the market by causing an excess of domestic supply, forcing producers such as UKTMP to cut back production even further than the drop in demand otherwise would require.

The US. market is critical to UKTMP, which has no domestic demand for its sponge, and, in the years since the dissolution of the Soviet Union, gradually has been building customer bases in Western Europe and United States. A principal objective of UKTMP has been to establish itself as a reliable, long-term. supplier of high-quality titanium sponge to U.S. titanium melters, such as Timet, Allegheny Teledyne, and RMI Titanium Company. As a major exporter to the U.S., UKTMP will be directly affected by any adverse economic impact resulting from disposal of titanium sponge from the U.S. national stockpile.

A loss of market share to the Defense National Stockpile Center would have serious economic consequences for UKTMP and Kazakhstan. It would aggravate the impact of the post-September 11" downturn in demand by requiring additional production capacity to be idled and possibly forcing layoffs in UKTMP's workforce. This would make it all the more difficult for

² Foreign titanium producers such as Verkhnyaya Salda Metallurgical Production Association (VSMPO) in Russia have also announced cutbacks in production for titanium products by as much twenty percent in response to falling demand. "Russian Titanium Cutback of 20% May Deepen," American Metal Market, (Oct. 26, 2001) (Ex. 3).

UKTMP to respond quickly to future increases in demand by U.S. consumers and the U.S. in&g&& that rely on imports of UKTMP's sponge. As a now fully integrated part of the U.S. titanium supply chain, UKTMP's capacity, and the continued ability of that capacity to respond to demand fluctuations, is of great importance to the U.S. titanium industry.

The adverse economic effects of an increase in the disposal quantities for FYs 2002 and 2003 would be further aggravated by the below-market prices at which the surplus sponge typically is sold. A comparison between Department of Defense titanium sponge sales in 2001 and world market prices for titanium reveals that the Department of Defense has been selling off the stockpile surplus at prices far below the world market price.

For example, on March 30, 2001, the Defense National Stockpile Center announced the sale of 6.5 million pounds of titanium sponge with a provisional market value of \$10.4 million and an average unit value of \$ 1.60 per pound, or \$3.52 per kilogram. See Defense National Stockpile Center News Release, "Stockpile Awards Titanium Sponge," (Mar. 30, 2001) (Ex. 4). This value was roughly one-half the average world market price on March 28th of \$3.05 - \$ 3.18 per pound, or \$6.70 - \$7.00 per kilogram. See Metal Bulletin Prices & Data, Titanium Sponge, (Nov. 15, 2001) (Ex. 5).³

On November 1, 2001, the Defense National Stockpile Center announced the sale of 7.1 million pounds of titanium sponge with a provisional market value of \$10.8 million and thus an even lower average unit value of \$ 1.52 per pound, or \$3.34 per kilogram. See Defense National Stockpile Center New Release, "Stockpile Awards Titanium Sponge," (Nov. 1, 2001) (Ex. 6). This value was again well below the world market price of \$ 3.05 - \$ 3.09 per pound, or \$ 6.70 - \$6.80 per kilogram, on November 1, 2001, and the average monthly price for October of \$ 3.00

³ Located at <http://www.metalbulletin.com/level3/prices/mbprices/pdhtmluntitled00000402.asp>.

- \$ 3.13 per pound, or \$ 6.60 - \$6.90 per pound. See Metal Pages Titanium Sponge Prices & Monthly Averages 2001 (Ex. 7); Metal Bulletin Prices & Data, Titanium Sponge, (Nov 15, 2001) (Err. 5).⁴

Such below-market sales adversely **affect** titanium sponge prices generally, and this effect will grow if the quantity sold increases, as currently proposed. While the stockpile sponge attracts a lower price in part because of its age, it still displaces higher quality sponge in the market, and therefore has an effect on the price of that sponge. Lower sponge prices will further damage sponge producers, including UKTMP; lowered revenues will mean, among **other things**, cutbacks in facilities maintenance and upgrade plans.

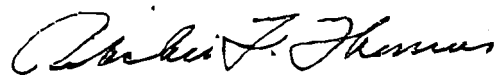
In view of the **significantly** changed outlook *for* titanium demand, the **disposal quantity** should **not be** increased from 5,000 short tons in FY 2001 to 7,000 short tons in FY 2002, or set **as** a target of 7,000 tons in FY 2003. To the contrary, the proper response to falling demand would for the U.S. Government to decrease the disposal quantity below 5,000 short tons until such time as demand appears to have returned to a significantly higher level.

Please call us if you have any questions about this submission, or **if we** can be of any further assistance to the Committee.

⁴ <http://www.metalbulletin.com/level3/prices/mbprices/pdhtmluntitled00000403.asp>.

SQUIRE, SANDERS & DEMPSEY L.L.P.

Respectfully submitted,



Ritchie T. Thomas
Anne K. Shukis
SQUIRE, SANDERS & DEMPSEY L.L.P.
*Counsel for JSC Ust-Kamenogorsk
Titanium and Magnesium Plant and
Specialty Metals Company, S.A.*



LEGAL
COUNSEL
WORLDWIDE

NOV 29 PM 3:57

SQUIRE, SANDERS & DEMPSEY L.L.P.

1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20044-0407

Office: +1.202.626.6600
Fax: +1.202.626.6780
Preferred Fax +1.202.626.6288
If Problems: +1._____

November 29, 2001

PLEASE DELIVER THESE PAGES IMMEDIATELY

No. of Pages (including cover): 4

To: Richard V. Myers

Facsimile No: 202-482-5650

company: U.S. Department of Commerce, Office of
Strategic Industries and Economic Security

Confirmation No:

From: Anne K. Shukis

Direct Dial No: +1.202.626.6288

E-mail: ashukis@ssd.com

Re: Supplemental Comments regarding FY 2002 and 2003 Annual Materials Plans

Message:

MIC 9

CONFIDENTIALITY NOTICE:

The attached information is LEGALLY PRIVILEGED AND CONFIDENTIAL and is intended only for the use of the addressee named above. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient, please be aware that any dissemination, distribution or duplication of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the address above via the postal service. Thank you.

Sender No.: 06116

30411.00005
Account No.

ashukis
Return to Office

Job No: _____

www.ssd.com

SQUIRE, SANDERS & DEMPSEY L.L.P.

1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20044-0407

Office: +1.202.626.6600
Fax: +1.202.626.6780

Direct Dial: +1.202.626.6686
rtthomas@ssd.com



November 29, 2001

PUBLIC DOCUMENT

VIA FACSIMILE

Mr. Richard V. Myers
Co-Chair, Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3 876
U.S. Department of Commerce
14th St. and Constitution Ave., N.W.
Washington, D.C. 20230
Fax (202) 482-5650

Re: Comments on the Potential Market Impact of Proposed Increases in the Disposal Quantities of Titanium Sponge National Defense Stockpile under the FY 2002 and FY 2003 Annual Materials Plans

Dear Mr. Myers:

The following brief comments supplement **the** comments filed on November 26, 2001 on behalf of JSC Ust-Kamenogorsk Titanium and Magnesium Plant (UKTMP) and Specialty Metals Company, S.A., with respect to the market impact of the proposed increases in the disposal quantities of titanium sponge under the FY 2002 and FY 2003 **Annual** Materials Plans.

We understand **that** the Market Impact Committee will meet **this** Friday, December 30, 2001, to consider the proposed increases. In its deliberations, it is critical that the Committee understand just how significant a force the Defense National Stockpile Center would be **if it** were to dump the proposed quantities of sponge on the United States titanium sponge market.

As noted in our previous submission, although titanium demand was high for much of 2001, that situation changed abruptly following **the** events of September 11. It is now widely

predicted that the market will be off sharply in 2002. Estimates of the degree of demand drop range from 20 to 40 percent. The lower end of this range would put 2002 sponge consumption slightly above consumption in 2000 (20,062 short tons as reported by the U.S. Geological Survey (USGS)) and the higher end **would** put consumption well below the 2000 level. **See** USGS, Mineral Industry Surveys, Titanium in the Second Quarter 2001. It therefore seems reasonable to use 2000 sponge consumption as a conservative estimate of the level to which consumption in calendar 2002 is likely to **fall**.

The proposed disposal of 7,000 short tons of titanium sponge in FY 2002 would supply approximately 35 percent of this projected 2002 United States titanium sponge consumption. It would make the Defense National Stockpile Center a major player in the market, a player whose below-market pricing would have a very damaging impact on other suppliers to the market, including **UKTMP** and Specialty Metals.

We therefore again urge the Committee to withdraw the proposed increase in the target disposal quantities, and instead decrease sales from the Stockpile during the current market **downturn**.

Please call us if you have any questions about this submission, or if we can be of any further assistance to the Committee.

, Respectfully submitted,



Ritchie T. Thomas
Anne K. Shukis
SQUIRE, SANDERS & DEMPSEY L.L.P.
*Counsel for JSC Ust-Kamenogorsk
Titanium and Magnesium Plant and
Specialty Metals Company, S.A.*

ROBERT N. PYLE & ASSOCIATES
PUBLIC RELATIONS

1223 POTOMAC STREET, NW
WASHINGTON, D.C. 20007-3212

TELEPHONE: (202) 3334190
FAX: (202) 3373809

FACSIMILE COVER SHEET
1223 POTOMAC STREET, N. W.
WASHINGTON, D.C 2007-3212
(202) 333-8190
Fax: (202) 337-3809

PLEASE DELIVER THE FOLLOWING PAGES TO:

RICHARD MEYERS

ADDRESSEE FACSIMILE NUMBER:

202-482-5650

FROM:

NICK PYLE

We are transmitting a total of 5 pages, including this cover sheet.

Special Instructions:

If you do not receive the correct number of pages, or they are not legible, please call us as soon as possible at (202) 333-8190

COMSUP COMMODITIES, INC.

ONE BRIDGE PLAZA NORTH
FORT LEE, N.J. 07024
TELEPHONE (201) 947-9400

FAX (201) 461-7377

TELEX 179415 COMSUP UT

November 26, 2001

Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
United States Department of Commerce
14th Street and Constitution Avenue #3 876
Washington, DC 20230

Terri L. Robl, Co-Chair
Stockpile Market Impact Committee
Office of International Energy and Commodity Policy
U.S. Department of State

Comments to the Defense National Stockpile Interagency Market Impact Committee -
RE: Federal Register Notice October 25, 2001,

Tungsten Ores and Concentrates

In March 2001 COMSUP Commodities, Inc. was awarded a one year DLA Solicitation for Tungsten Ores and Concentrates - 002 (TOC-002). The award committed COMSUP to purchase Tungsten in FY 2001 and provides options for the subsequent four years to purchase additional offerings from the DLA. We write today in regard to the possible 4,000,000 LbW levels of disposals for the first "option" year FY 2002, pursuant to the Federal Register Notice above.

COMSUP would like to call the Market Impact Committee's attention to the market collapse for tungsten despite the long-term nature of TOC-002. The release amount is no longer consistent with present market requirements and may jeopardize the restart of North American Tungsten's CANTUNG Mine in Canada. Certainly any additions to the FY 2002 and proposed FY 2003 AMP for tungsten concentrates could upset the mining start of this vital commodity. A graph illustrating the collapse of tungsten concentrate pricing is attached. Declines in real spot market quotations lag in the graph reporting by almost 20%. The current free market price for W Concentrates is \$45.00 and Ammonium Paratungstate (APT) is trading for \$65.00.

(Cont'd.....)

MIC 10

11/27/01 TUE 08:08 FAX 805 588 9700

COMSUP SANTA BAR 002

Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee

- PAGE2 -
November 26th, 2001

COMSUP recognizes several factors impacting down stream manufacturers of tungsten products. Kennametal Industries will shortly close three facilities an electronics facility in Chicago, and the Industrial Product Group's facilities in Pine Bluff, Arkansas, and Monticello, Indiana. The two other leading consumers of tungsten Osram Sylvania and Teledyne have taken recent layoffs. Understanding the possible impact of adding an additional 4 million LbW to the market in FY 2002, COMSUP recommends along with industry that DLA should not sell material in FY 2002. COMSUP will pass on the FY 2002 option, only if the material is not retendered and that 2003, 2004 and 2005 options remained in force. An alternative would be to delay 2002 sales one year and push the option years to 2006.

COMSUP does also request that MIC reconsider the revised increase to levels of Tungsten Powders taken in FY 2001 and 2002 and requests DLA limit sales of Tungsten Metal Powders to a level of 150,000 lbs W. The decline in oil well drilling requirements for tungsten hard facing on drill pipe, an important consuming downstream industry for tungsten products hurts upstream pricing for tungsten concentrates. The world market cannot absorb 300,000 lbs Without foreign suppliers dropping prices to keep production levels and market sham. The attached graph of APT illustrates the collapse of downstream products like tungsten powder pricing in recent months and 20% in November spot prices.

On behalf of COMSUP we welcome a chance to answer any questions members of the Market Impact Committee may have about TOC-002 or the impact of the increase in tungsten powders to domestic and world tungsten markets. Please contact me directly at 805-898-3770. Thank you for considering these requests as you deliberate the FY 2003 AMP.

Sincerely,

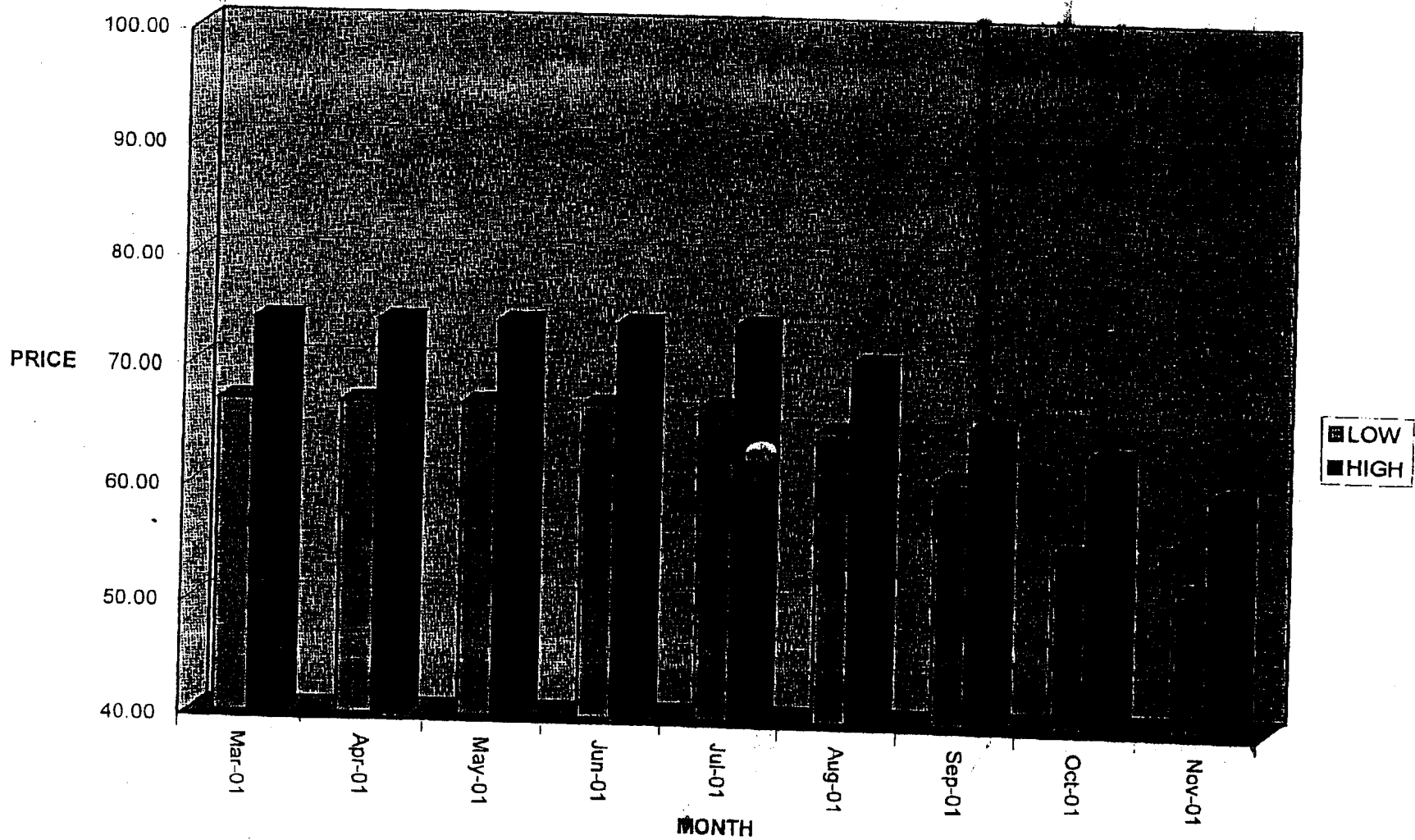


Michael Bollag, President
COMSUP Commodities, Inc.
Seven East Mission Street - Suite B
Santa Barbara, California 93101

Attachments (2)

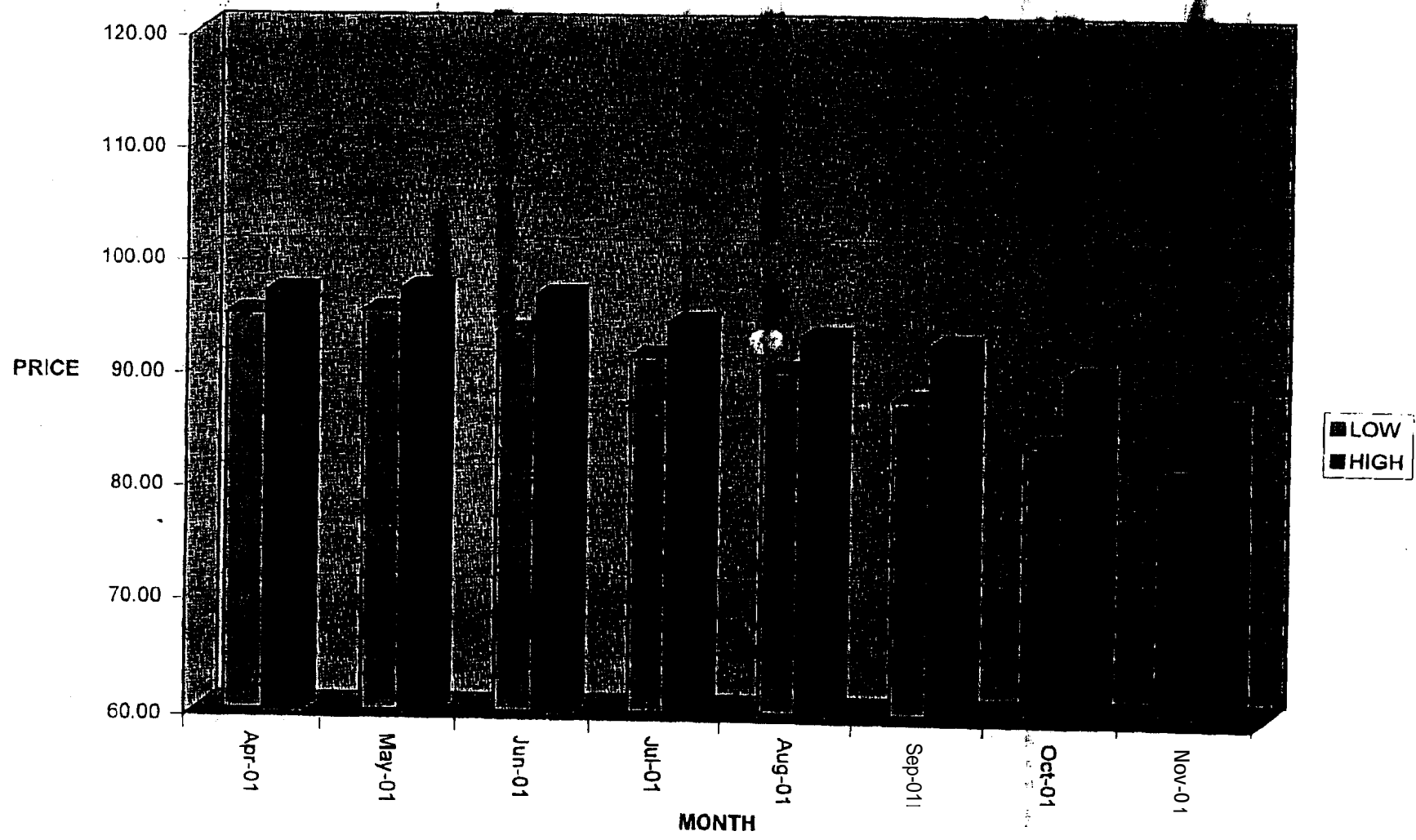
* Sent Via Fax - Original Via U.S. Mail

METAL BULLETIN - TUNGSTEN ORE - AVERAGE PRICE BY MONTH



MIC 10 Attachment

METAL BULLETIN - APT - AVERAGE PRICE BY MONTH



**NORTH AMERICAN TUNGSTEN
CORPORATION LTD.**

November 21, 2001

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

And to:

Terri L. Robl, Co-Chair
Stockpile Market Impact Committee
Office of International Energy and Commodity Policy
U.S. Department of State

**RE: Comments to the Defense National Stockpile Interagency Market Impact Committee -
Federal Register Notice October 25, 2001, Tungsten Ores and Concentrates**

Dear Sirs:

North American Tungsten is a Canadian public company, which owns approximately 15% of the World's known tungsten resources through its ownership of the CANTUNG mine and the MACTUNG deposit, both located in northern Canada. The CANTUNG Mine is:

- A world class tungsten mine currently being readied for restart
- Mine site consists of town site, concentrating facility and plant buildings
- Contracts in place to sell 900,000 MTU's over a 3 year period
- Scheduled to be in production by year-end 2001

In March 2001 COMSUP Commodities, Inc. was awarded a one year DLA Solicitation for Tungsten Ores and Concentrates - 002 (TOC-002). The award commits COMSUP to purchase Tungsten in FY 2001 and provides options for three years to purchase additional offerings from the DLA. We write today to request a reduction in the Drowsed 4,000,000 LbW levels of disposals for FY 2002 and 2003, pursuant to the Federal Register Notice above.

We are concerned that following through on the committed level of sales or any additions to the proposed FY 2003 AMP of tungsten concentrates could adversely impact our operation which produces this vital commodity. With termination of the Bishop California operations of AVOCET, the CANTUNG Mine is the only producer of tungsten ores in North America.

P.O. Box 19, #1400 - 1188 WEST GEORGIA STREET, VANCOUVER, BC - V6E 4A2
PHONE: 604-684-5300 • FAX: 604-684-2992
www.northamericantungsten.com

Page 1 of 2

MIC II

North American Tungsten also does rquesr that MIC reconsider the revised increase to levels of **Tungsten Powders** taken in FY 2001 and 2002 and requests **DLA** limit sales of Tungsten Metal Powders to a level of 150,000 (**W**). The **decline** in oil well drilling requirements **for** tungsten hard **facing** on drill pipe, an important consuming downstream industry for **tungsten** products **hurts** **upstream pricing** for **tungsten** concentrates. The world **market** cannot absorb 300,000 **lbs** without **foreign** suppliers dropping prices to keep production **levels** and **market** share.

On **behalf** of North American Tungsten we welcome a chance to answer any questions members of the Market Impact Committee may have about tungsten powders to domestic **and world** tungsten markets.

Please contact me directly at 604-684-5300' or vondochren@natungsten.com. **Thank** you for considering these requests as you deliberate the FY 2002 AMP Revisions and the 2003 **AMP**.

Yours very **truly**,


Donald Dohren
President
North American Tungsten Corporation Ltd.

cc. The Board of Directors

JSC "ORE-MINING COMPANY "A&IR"

692 183, v.Primorye, Krasnoarmeysk region, Primorsky area
Tel. + 7 (4232) 260692 Fax +7 (42359) 2 1427 e-mail jscair@mail.primorye.ru

TO: Co-Chair Stock Pile Market Impact Committee
Office of Strategic Industries and Economic Security
United States Department of Commerce
14th Street and Constitution Ave. #3876
Washington DC 20230

Attn: Mr. Richard V.Meyers

CC: TO: Ca-Chair Stock Pile Market Impact Committee
Office of International Energy and Commodity Policy
US Department of State
Attn: Mr. Terri L.Robl

Dear Gentlemen,

JSC "Ore-Mining company "A&IR" is the biggest tungsten ore and concentrate producer in the Russian Federation and over the whole group of CIS countries. We are operating the Primorsky GOK mine at the Far East of Russia and producing each year nearly 300000 dry metric ton units W03 contained in different tungsten concentrates.

Our mine and factory are the only real industrial enterprises in between few small cities of Krasnoarmeysk region of the Russian Far East and the majority of population have an occupation with our company.

In the mid 90s we faced the very **difficult** time with our work due to tremendous market fall resulted because of various Releases of tungsten products from the different Stock Piles in the world. Mainly it was Russia who released significant volumes to the free market, but also the considerable quantities were sold by Ukraine, Kazakhstan, Poland, Uzbekistan and few other countries. At that time due to the low prices and decreasing demand for W concentrates worldwide our company was to stop the production and shut down the mine.

We have put great efforts to reduce the outputs of the Stock Pile tungsten products from the Russian Federation and almost achieved the situation when the releases started to be in a small portions and only for particular needs and programs.

As a result we managed to start up our production in 1997 and develop it further in 1998-99 years. By that we improved social situation in our region, increased an employment and improved the living standard. When the world prices for tungsten moved up last year we managed to get a few million US Dollars investments which came also from several Western companies and used that financing for purchasing and installation of equipment and improving the whole technology of our production.

We are the members of the International Tungsten Industry Association and are well known among tungsten companies of the world. Recently we have heard that the United States System of the State Reserve had announced an additional...

MIC 12

for the next year of different tungsten products, including tungsten powders and concentrates. We decided to react on that and to write this letter addressing to you with our kind request to the Stock Pile Market Impact Committee to stop sales of tungsten products including concentrates and to suspend and reduce the current sales which were announced already. At today's economy situation all over the world when the demand for tungsten finished products is falling down from day to day, which is a result of oil prices decrease and other reasons, we fairly believe that such a big tungsten concentrates and tungsten powders releases from your country will bring again very hard time to survive for all tungsten ores, concentrates and powders producers worldwide.

Please kindly re-consider your current plans for releases as your positive reaction to stop and suspend further sales of tungsten products will definitely help to many of International tungsten producers. Few other Russian minor tungsten ores and concentrates producers, including Lermontovskaya Ore Mining company, Solnechny GOK are fully agreeing with us on that letter and supporting us in our request. If you would like to contact us for more questions and take our opinion on the issues which we might not put into the present letter please contact myself using telephone/fax numbers shown below:

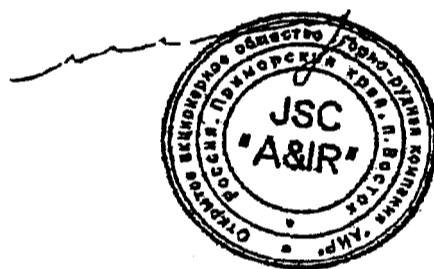
Tel. + 7 (4232) 260692

Fax + 7 (42359) 21427

Thank you in advance and best regards,

Ivan S.Shepeta

General Director



11/26/01 MON 07:43 f h x 805 898 3768
11/28/01 MON 10:41 FAX 201 481 7577
Sent by: PURCHASING CGA MWF

cc CALIFORNIA
COMSUP
2567214115;

→→→ CAMPANIL 4001
→→→ COMSUP SANTA BAR 4001
11/26/01 9:39AM; JetFax #801; Page 1/2

November 20, 2001

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

**RE: Comments on the Disposal of Tungsten Products from the
National Defense Stockpile**

Dear Mr. Meyers:

On behalf of Allegheny Technologies Incorporated (ATI), I am pleased to submit comments on the market impact of the proposed disposal of Tungsten products currently held in the National Defense Stockpile. These comments are submitted in response to the Federal Register notice of October 25, 2001.

ATI is a group of technology-based manufacturing companies with significant concentration specialty metals, complemented by aerospace and electronics, industrial and consumer products. One of these companies, Alldyne Powder Technologies, manufactures Tungsten and Tungsten-based products, including superhard cutting tools. Alldyne Powder Technologies is concerned about the adverse market impact that resulted from the disposal from the stockpile of Tungsten products in 2000 and 2001, as set forth in the revisions to the FY 1999 Annual Materials Plan (AMP). Alldyne Powder Technologies further believes, given current market conditions, that it is necessary to curtail Tungsten concentrate and metal powder sales disposals in 2002 and 2003.

Alldyne Powder Technologies is a consumer of ammonium Paratungstate (APT), which is produced from Tungsten ores and concentrates. APT is used in the production of high quality Tungsten powders and other downstream products, including Tungsten-based cutting tool. Pricing in these downstream markets is directly tied to the pricing in the upstream markets for Tungsten ores and concentrates and APT. When pricing levels for Tungsten ores and concentrates and APT were depressed, the market price for downstream value added products are similarly affected.

Currently, the National Defense Stockpile contains approximately 70 million pounds of Tungsten ores and concentrates. Smaller amounts of Ferro tungsten and Tungsten metal powder are also contained in stockpile inventories. The FY 2002 revised AMP, published in the Federal Register, calls for the release of 4.0 million pounds of Tungsten ores and concentrates, and the release of the same amount for FY 2003. These are not insignificant quantities given the current level of domestic demand.

In light of today's depressed market conditions, as well as existing supply uncertainties worldwide, Allegheny Technologies opposes the release of any Tungsten ores and concentrates in FY 2002 and 2003. Current market conditions have declined to a decade low, energy down 20%, electronics down 50%, die and wear down 20% and metal cutting down 25%. Also, a reduction in force of 20% industry wide has been seen in the last four (4) months. All of the markets have suffered great losses since September and will continue to slide if additional material is brought to the market. Additional releases will depress prices

MIC 13

11/26/01 YON 07:44 FAX 805 898 3768
11/26/01 MOE 10:42 FAX 201 461 7577
Sent by: PURCHASING CGA MWF

CC CALIFORNIA
COMSUP
2567214115;

--- CAMPANI L 002
--- COMSUP SANTA BAR 002
11/26/01 9:40AM; JotFax #801; Page 2/2

throughout the distribution chain, ultimately injuring basic U.S. manufacturing interests, who consume and further process primary Tungsten products downstream in their manufacturing operations. Allegheny Technologies also believes that, given current market conditions, it is necessary to revise future AMP levels. Uncertainties remain in the market place, including the existence of additional Russian stockpiles, as well as the existence of significant inventories in China, which manage to make their way into the United States.

Congress made it abundantly clear in amending the Defense Authorization Act that the Market Impact Committee must evaluate market conditions and consult with representatives of producers, processors and consumers of Tungsten group materials prior to making recommendations regarding the disposal of Tungsten from the stockpile. As a major consumer of APT and a processor of high quality downstream products, Allegheny Technologies urges the Committee to take into account the depressed pricing and oversupply of Tungsten that has affected the U.S. market. Offering Tungsten ores and concentrates from the stockpile at this time is a shortsighted step that would cause further disruption to the U.S. Tungsten market.

Representatives of Allegheny Technologies would be pleased to meet with members of the Market Impact Committee to discuss these matters further.

Sincerely,



John Johnson,
Vice President
Alldyne Powder Technologies

WILMER, CUTLER & PICKERING
2445M STREET, N.W.
WASHINGTON, D.C. 20037-1420

520 MADISON AVENUE
NEW YORK, NY 10022
TELEPHONE (212) 230-8800
FACSIMILE (212) 230-8888

100 LIGHT STREET
BALTIMORE, MD 21202
TELEPHONE (410) 986-2800
FACSIMILE (410) 986-2828

1650 TYSONS BOULEVARD
SUITE 950
TYSONS CORNER, VA 22102
TELEPHONE (703) 251-9700
FACSIMILE (703) 251-9797

4 CARLTON GARDENS
LONDON SW1Y 5AA
TELEPHONE 011 44 201 7872-1000
FACSIMILE 011 44 201 7839-3537

RUE DE LA LOI 15 WETSTRAAT
B-1040 BRUSSELS
TELEPHONE 011 3221 285-4900
FACSIMILE 011 3221 285-4949

FRIEDRICHSTRASSE 95
D-10117 BERLIN
TELEPHONE 011 49301 2022-6400
FACSIMILE 011 49301 2022-6500

NEIL J. KING
DIRECT LINE (202) 663-6061
NJKING@WILMER.COM

TELEPHONE 120216636000
FACSIMILE (202) 663-6363
WWW.WILMER.COM

November 26, 2001

Mr. 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, N.W.
Washington, D.C. 20230

Re: Request for Public Comment on Proposed Revision to the Fiscal Year
2002 Annual Material Plan and Proposed Disposals under the Fiscal
Year 2003 Annual Material Plan, 66 Fed. Reg. 53981 (Oct. 25, 2001)

Dear Mr. Meyers:

I am writing on behalf of the International Metals Reclamation Company, Inc. ("Inmetco") to express the company's views on the proposed maximum disposal quantity of cadmium under the Fiscal Year ("FY") 2002 and FY 2003 Annual Material Plans. The Stockpile Market Impact Committee specifically "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 [the] notice." For cadmium, the FY 2002 quantity shown in Attachment 1 is **1,200,000 pounds—or roughly 544 metric tons**—and the quantity proposed for FY 2003 is the same. As one of the largest cadmium producers in the United States, Inmetco is very concerned about the impact that disposals of this magnitude would have on the market price for cadmium. We hope the Stockpile Market Impact Committee will reconsider its recommendation and establish a much lower level as the maximum disposal quantity.

Inmetco plays a uniquely important role in the production of cadmium—because it does not produce the metal through a primary refining process. Instead, the company employs a pyrometallurgical recovery process to produce cadmium from waste material—primarily spent nickel-cadmium ("Ni-Cd") batteries—that otherwise would be disposed of in landfills (where the waste potentially would pose a variety of environmental risks). As far as we are aware, Inmetco is the only U.S. **recycler** of cadmium from spent batteries and from Ni-Cd battery production scrap. **Inmetco's** cadmium recovery facility located in Ellwood City, Pennsylvania produces several grades

¹ 66 Fed. Reg. at 53981.

MIC 14

of the metal, including cadmium of 99.99% and 99.95% purity. Last year, Inmetco processed almost 2,800 tons of used Ni-Cd batteries-from which it recovered approximately 220 tons of cadmium and 300 tons of nickel for reuse in industrial applications. The company's throughput of Ni-Cd batteries will be significantly greater this year. By providing a recycling/reuse alternative to the landfilling of Ni-Cd batteries, Inmetco promotes important environmental objectives. In so doing, the company helps to preserve and expand the market for cadmium by enabling the industry to offer an environmentally sound product stewardship program. This enhances the societal acceptability of cadmium-based products, thereby increasing demand for the metal and helping to support the market price for cadmium.

As you probably know, the cadmium market was in an over-supply situation for most of the last half dozen or so years. As a result, from about the third quarter of 1998 until the spring of this year, cadmium prices were at historically low levels-ranging from about **\$0.16-\$0.24** per pound for 99.95% grade cadmium. To put this in perspective, averaged over the past 55 years, the price of cadmium has been about \$2.00 per pound. Thus, as you can appreciate, for the last several years, it has been very difficult for Inmetco to sell the cadmium it produced, and when it could be sold, the price was below the cost of producing it. Needless to say, such a situation makes the recycling of cadmium problematic from a business perspective. In fact, when the price of cadmium is that low, it is cheaper to send cadmium-containing wastes for landfilling than for environmentally responsible recycling.

In the last six to eight months, we have begun to see signs that a more stable supply-demand relationship is being re-established-with prices for 99.95% grade cadmium rising from a range of about **\$0.17-\$0.19** per pound in March of this year to about **\$0.28-\$0.33** per pound in recent months. While this is encouraging, there is a very substantial risk that supply and demand could be thrown seriously off balance once again if anything approaching 1.2 million pounds of cadmium per year were released into the market from the National Defense Stockpile in FY 2002 and FY 2003, particularly if large lots were sold in short periods of time. An oversupply situation not only would have a serious adverse impact on cadmium producers like Inmetco, it also would drive down the price at which sales from the Stockpile could be made, thereby causing the Government to realize less revenue from its sales of cadmium than would be the case if a smaller annual quantity were sold and the sales were made on a more gradual basis. Such an approach would be more responsive to the statutory requirement that the sales be made in such a way as to protect the Government against avoidable loss.²

In this regard, it is worth noting that in the year 2000, an estimated 1,878 metric tons of refined cadmium was produced in the United States.³ Accordingly, the 544 metric tons authorized for disposal from the National Defense Stockpile represents approximately 30% of annual refined cadmium production in the U.S. It is easy to see

² See 66 Fed. Reg. at 53981.

³ Source: World Bureau of Metal Statistics.

how the release of this much additional cadmium into the market could create an over-supply situation, driving down prices. The problem is compounded by the fact that the Defense Logistics Agency ("DLA") uniformly sells cadmium from the Stockpile at below-market **prices**—sometimes at prices that amount to fire-sale **discounts**.⁴ This exerts ~~even~~ greater downward pressure on market prices. Alternatively, the traders that purchase the metal may decide to hold it for future sales when prices have risen—in which case, the traders may profit handsomely at the expense of U.S. taxpayers.

In sum, by disposing of large quantities of cadmium at below-market prices, the DLA not only would be engaging in unfair competition and injuring cadmium producers, it also would be causing the Government to incur losses that could be avoided by following a more prudent course of action. Moreover, sales from the Stockpile at an aggregate level anywhere near the maximum disposal quantity of 1.2 million pounds per year would depress market prices and create a financial disincentive to the recycling/reuse of cadmium. That, in turn, would undermine our national environmental policy in favor of metals recycling and would have the effect of dampening future demand for cadmium in the bargain.

Accordingly, Inmetco respectfully requests that the National Defense Stockpile Market Impact Committee revise the Fiscal Year 2002 and 2003 Annual Material Plans for cadmium by reducing the maximum disposal quantity to no more than 500,000 pounds. **In** addition, we urge the Committee to recommend that future sales from the National **St**ockpile be made at prevailing market prices for **the grades** of cadmium involved (except to the extent a volume discount is allowed for sales of lots in excess of 100,000 pounds).

Thank you for your attention to this matter.

Very truly yours,



Neil J. King
Counsel for Inmetco

cc: Richard J. Connelly – Administrator, Defense Logistics Agency
The Honorable Arlen Specter
The Honorable Rick Santorum
The Honorable Melissa A. Hart
Kenneth L. Money - President of Inmetco

⁴ For example, in May and June of 2000, the DLA sold in excess of 400,000 pounds of cadmium to Hall Chemical Company and Phoenix International at a price of 12¢/lb and 12½¢/lb, respectively, at a time when the market price for 99.95% grade cadmium was 17¢/lb - 19¢/lb. Thus, the sales were made at a discount of roughly 30% from the prevailing market price.



ERAMET
M A R I E T T A

the
MANGANESE
SOURCE

Statement of Eramet Marietta Inc.

Marietta, Ohio

submitted to the

National Defense Stockpile

Market Impact Committee

Pursuant to

Chromium Metal

November 26, 2001

Contact:

Robert N. Pyle, Government Relations

Eramet Marietta Inc.

1223 Potomac Street, NW

Washington, DC 20007-32 12

Telephone: 202-333-8190

Facsimile: 202-337-3809

Eramet Marietta Inc. (EMI), 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 high purity (vacuum degassed) chromium, we object to the proposal in the revised FY 2002 and 2003 Annual Materials Plan to sell up to 500 tons per year of high purity chromium metal from the Defense National Stockpile.

The current inventory of chromium metal in the Defense National Stockpile is one of the last four items in deficit. A portion, estimated to be 3800 to 4900 NT, is high purity (degassed chrome), a strategic metal and a major component of gas turbine engines essential in several aircraft and aerospace applications. It is estimated that current inventories of high purity chromium material could accommodate the U.S. aerospace and aircraft industries for two years.

The National Materials Advisory Board, Commission on Engineering and Technical Systems and the National Research Council (NRC), a branch of the National Science Foundation issued a report in 1995 which concluded that the U.S. should maintain its reserves of high purity 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.

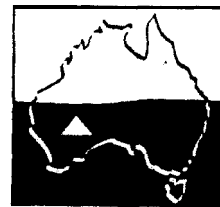
World capacity to produce chromium metal is currently in excess of 45,000 net tons per year and the present consumption is approximately 25,000 net tons. The global consumption includes many grades of chromium metal where the chromium content varies from 98.5% for most metallurgical applications to ultra high purity 99.995% material consumed in the electronics market. The majority of this demand is met with the lower grade aluminothermic (AT) and intermediate quality electrolytic production estimated to be approximately 21,900 tons. This material is obtained from EMI and various foreign producers. Eramet produces about 3,000 tons of electrolytic chromium metal per year of which approximately 1,200 net tons is degassed to high purity grade. EMI is very concerned that our limited market share would be severely impacted by the proposed sale of up to 500 net tons of high purity chrome metal. This would be nearly half of the sole U.S. producer EMI's annual output of this material approximately 20% of the world's high purity (degassed) production.

We would prefer the aluminothermic (AT) material be sold first as this disposal policy would entail little or no market disruption. We would also recommend that the DNSC sell the lower quality materials containing higher levels of unwanted impurities prior to the sale of the higher purity materials deemed critical to the stockpile. Finally, in the event of disposal EMI requests an option for the right of first refusal on the sale any material they produce in order to prevent market disruption by the DLA.

In conclusion, our comments 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 disruption by selling materials into currently depressed markets. We have stated conditions that are necessary to allow the sole U.S. producer to compete with sales from the DNS. We ask the Market Impact Committee to ~~reject the request for disposal authority~~ to sell high purity chromium metal unless the domestic industry's requests are accommodated.

Eramet welcomes an opportunity to meet with the Market Impact Committee to discuss the disposal of any portion of the chromium metal in the Defense National Stockpile.

Date: 19 November 2001



Anaconda

Mr. Richard Meyers
Co-chair Market Impact Committee
U.S. Department of Commerce
14th & Constitution Avenue
BXA/OIRA, Room H-3876
Washington, DC 20230
Fax: 202 482 5650
E mail rmeyers@bxa.doc.gov

copy to:

Mr. **Cornel A. Holder**
Deputy Administrator
Defense National Stockpile Center
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6223
Fax: 703 767-5538
E mail agricola@hq.dla.mil

Dear Sirs

Anaconda Nickel Ltd is an Australian publicly listed company which produces nickel and cobalt metal at our 60% owned Murrin Murrin integrated mining and process facility in Western Australia. The plant is currently ramping up to full production and when reached next year Anaconda's share of production will be 27,000 tonnes per annum of nickel and 1,800 tonnes per annum of cobalt.

Our cobalt product is a briquette which we guarantee at 99.8 % Co purity and is low in impurities.

We regard the current cobalt market conditions precarious to say the least with extremely weak demand. **Furthermore** we do not see this situation changing over the next 6 to 9 months. Unfortunately these views are held by the vast majority of the cobalt industry players, from producers to end-users as well as traders and distributors.

This is clearly indicated by the Metal Bulletin price which has seen the 99.3 % low (our reference price) fall to the latest quote of **USD6.65/lb**. This is from a price of USD14.44 in April 2000 and USD12.08 as recently as March this year.

Our outlook is for a global cobalt market surplus next calendar year of approximately

MIC 16

Anaconda Nickel Limited
ABN/ACN 23 060 370 783
Level 12, Quayside Bldg
2 Mill Street, Perth WA 6000
Tel: 61 8 9212 8400
Fax: 61 8 9212 8401

Anaconda Nickel Limited
PO Box 7512
Perth WA 6850

[DLAletter.docDLAletter](#) |

3,000tonnes (6,500,000lbs) out of a total market of approximately 40,000 tonnes. Obviously a more balanced market would be good for all industry players as this would stabilise the market and put an end to the large disruptive swings in prices and illogical price situations which we have seen recently (such as the 99.3 % price greater than the 99.8 % price!).

We note that this market excess is similar to the amount of cobalt which your agency is planning to sell from strategic stockpiles next calendar year. We therefore suggest that you consider delaying the release of this material as it would help to not disrupt the overall market but more importantly see the price rise back to sustainable levels. As discussed above price stability at higher levels is favourable for all industry players. More specifically, historic market prices would suggest that selling into a stable market in 2003 (with increased demand in line with overall global economic recovery) could double the revenue per tonne received by the DLA for their current cobalt inventory.

We respectfully ask you to consider our arguments above. If you would like to discuss further then please do not hesitate to contact me by telephone (+61 8 9212 8446) or via **email** (rmonti@anaconda.com.au).

Regards

A handwritten signature in black ink, appearing to read 'RM L.', with a stylized flourish at the end.

Richard Monti
General Manager Marketing
Anaconda Nickel Ltd



OM GROUP, INC.

Inorganic Metallic Salts
Metal Powders
Metal Carboxylates

November 19, 2001

Mr. Richard Meyers
Co-Chairman
U. S. Department of Commerce
14th and Constitution Avenues
BXA/OIRA, Room H-3876
Washington, D.C. 20230

Dear Mr. Meyers:

OM Group is, the world's largest refiner of cobalt and producer of cobalt-containing chemicals. We believe that cobalt is of critical, strategic importance to the United States. Because of this we have an intense interest in the long-term health and viability of the cobalt industry. However, we are very concerned about the industry and about protection of the strategic current and long-term cobalt supply.

We recommend that the DLA discontinue the monthly sales of cobalt and simultaneously begin to upgrade the quality of the remaining stockpile. We also recommend that during the summer of 2002 you re-evaluate the status of the industry. Our view is the earliest the DLA should resume sales of cobalt is **FY2003**. ✓

The tragic and unsettling events of September 11, 2001 provide a new and urgent reason to review the decision to dispose of the remaining cobalt stockpile. Cobalt continues to be a critical and irreplaceable component of jet engines, information management, machining tools, specialty alloys, tires, high quality magnets, catalysts for many industrial processes, etc. The attempts to replace cobalt have been intensive for many years. Cobalt remains critical and irreplaceable to these and many more applications. Cobalt is principally a by-product of copper and nickel mining and issues from areas that cause concern for continued supply: Africa, Cuba, and Russia for example. No cobalt is mined or produced in the United States. The only totally North American producer is in Canada and refines about 3.3 million pounds per year. The United States demand alone is over 18 million pounds. Recent, major fluctuations in the price of cobalt show clearly that in a time of crisis the availability and price of cobalt can be severely manipulated.

MIC 17

The Defense National Stockpile should hold on to the **cobalt** it has left for security reasons.

Additionally, the current and long-term health of the cobalt industry is also in jeopardy. The slow down in the economy over the past several quarters, exacerbated by the recent terrorist's attack, has significantly reduced the demand for cobalt. A market that for several years has been in supply-demand balance is now in oversupply. The Cobalt Development institute documented increases in cobalt supply through June 2001 and described increases expected to continue at least until December 2002 adding more to the oversupply. In the present economic environment, internet auctions are not supported and the price of cobalt is 50 % of what it was 1 year ago and down to almost 30 % of its value during the summer of 1999. When cobalt is \$7.00 per pound selling price, many producers can not cover the cost and risks of the necessary investment, buying raw material feed, and refining cobalt. These metal producers are in serious trouble. At this very low selling price, the DLA sale of cobalt might result in an "avoidable loss to the US."

Throughout most of the 1990s, the sale of **cobalt by the DLA had a very positive impact on the cobalt market. When the price of cobalt threatened to increase dramatically due to perceived shortages in supply, sales by the DLA keep the price down. Now, however, sales by the DLA are contributing to cobalt prices that we believe are below cost for some producers. Very low prices drive suppliers out of the business and begin the cycle back to very high prices. This price volatility is very unhealthy for the industry because consumers realize that they can't predict costs and do not look for new uses for cobalt. We understand that it is not the DLA charter to be a "swing supplier" of cobalt. On the other hand, the DLA has identified problems with other metal markets and has discontinued sales of metals such as zinc and tin. Six million pounds is 30 % of the United States total market.**

The Defense National Stockpile should discontinue the sale of cobalt for the long-term health of the industry, as well as national security.

We would be pleased to come to Washington to discuss these issues in more details if you feel that it would help you decision process.

Sincerely,



Edward Kissel
President & COO

cc: Mr. Richard Conneliy, Defense Logistics Agency

November 13, 2001

Mr. Richard Meyers – Committee Co-Chair
U.S. Department of Commerce
14th & Constitution Avenue
BXA/OIRA, Room H-3876
Washington, DC 20230

Dear **Mr** Chairman:

Subject: **Appeal to the Market Impact Committee.**

This letter will serve as our petition to your committee regarding the current DNSC sales methodology for cobalt metal and request your examination and review of the impact these sales are having on the long term viability of the cobalt supply chain.

Chambishi Metals plc is a Zambian refiner & producer of cobalt metal. We have made a commitment to produce a substantial amount of cobalt into the future and have identified reserves extending out 30 years. We have followed with great interest your strategic stockpile liquidation program directly and through our U.S. agent, Phoenixx International, L.P., Pittsburgh, PA. We have not always agreed with your methodology but for the most part respect the recent consistency you have applied to your policy. Our conclusion, given your role in the supply chain, is that the DLA is not directly concerned with the **long-term** ramifications of your short-term actions on this industry.

In today's US economic climate coupled with continued dismal economic projections for CY 2002 the resulting prognosis for the cobalt industry **finds** few positive indicators. Therefore, we would urge the stockpile to recognize all of the above factors **and** request that the market impact committee consider the following sales modifications:

1. Suspend the sale of cobalt through April **30, 2002 and** cut the scheduled monthly solicitation by 50% commencing May **2002,through** the balance of your current FY.
2. Offer for sale only the material purchased in the 1950's and **1960's**, (granules and rondelles) as they are of less strategic value.
3. Restrict the sale of the higher quality cobalt, by placing a review mandate on the remaining 7 million pounds prior to its liquidation.

We support the above with the following reasoning:

1. The price of cobalt has rapidly declined to a level at or below the cost of production in many cases. Other based metals such as copper, nickel, zinc and tin have experienced major production cutbacks and will see continued adjustments for the dramatic imbalance of supply and demand.

A suspension or significant reduction in the cobalt auctions for the time period suggested will help avoid the potential collapse of the cobalt supply chain.

2. By suspending or reducing the amount of cobalt auctioned to the market the DLA will actually be positioning itself to re-enter the marketplace at a time when most expert analyst forecast the beginning of a potential economic recovery. This avoids the potential economic crippling of the cobalt supply chain and a disservice to the American taxpayer.
3. Once the DLA chooses its course of action, either suspension of sales for a defined period or reduced monthly quantities for the balance of FY 2002, the issue of quality surfaces. The lower quality material should be disposed of **first in** any scenario with the remaining

FAX FORM

Date: 14 November 2001

Fax # 1202 **482-5650**

#Pages 3 -

To: Mr. Richard Meyers
Co-chair, Market Impact Committee
U.S. Department of Commerce

From: Ed Kielty
Phone **718-** 8166116 Fax 718-816-6241
E mail - **macgoblin@aol.com**

Re: Letter to the Market Impact Committee

Message:

Hello Rick,

Please find attached, **Chambishi** Metals, letter of appeal to the Market Impact Committee regarding cobalt sales by the DLA. We **feel** strongly regarding this matter and hope the committee will review its merits at your **forthcoming** meeting.

If there is any problem in transmission or **clarity** of the letter, please advise and I **will** send the letter via E **mail**.

We look forward to your response and **remain** available to you at **the** above contact numbers. A copy of this letter has also been **faxed** to Mr. **Cornel A.** Holder of the **DLA**.

Regards.


Edward **R.** Kielty



CHAMBISHI METALS Plc

Incorporated in the Republic of Zambia
, Registration No. 41151

13 November 2001

Mr. Richard Meyers - Committee Co-Chair
U.S. Department of Commerce
14th & Constitution Avenue
BXAOIRA, Room H-3676
Washington, DC 20230

Dear Mr Chairman

RE : APPEAL TO THE MARKET IMPACT COMMITTEE

This letter will serve as our petition in your committee regarding the current DNSC sales methodology for cobalt metal and request your examination and review of the impact these sales are having on the long term viability of the cobalt supply chain.

Chambishi Metals plc is a Zambian refiner & producer of cobalt metal. We have made a commitment to produce a substantial amount of cobalt into the future and have identified reserves extending out 30 years. We have followed with great interest your strategic stockpile liquidation program directly and through our U.S. agent, Phoenix International, L.P., Pittsburgh, PA. We have not always agreed with your methodology but for the most part respect the recent consistency you have applied to your policy. Our conclusion, given your role in the supply chain, is that the DLA is not directly concerned with the long-term ramifications of your short-term actions on this industry.

In today's US economic climate coupled with continued dismal economic projections for CY 2002 the resulting prognosis for the cobalt industry finds few positive indicators. Therefore, we would urge the stockpile to recognize all of the above factors and request that the market impact committee consider the following sales modifications:

1. Suspend the sale of cobalt through April 30, 2002 and cut the scheduled monthly solicitation by 50% commencing May 2002 through the balance of your current FY.
2. Offer for sale only the material purchased in the 1950's and 1980's, (granules and rondelles) as they are of less strategic value.
3. Restrict the sale of the higher quality cobalt, by placing a review mandate on the remaining 7 million pounds prior to its liquidation.

We support the above with the following reasoning:

1. The price of cobalt has rapidly declined to a level at or below the cost of production in many cases. Other base metals such as copper, nickel, zinc and tin have experienced major production cutbacks and will see continued adjustments for the dramatic imbalance of supply and demand.

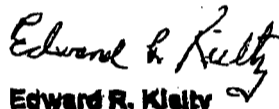
A suspension or significant reduction in the cobalt auctions for the time period suggested will help avoid the potential collapse of the cobalt supply chain.
2. By suspending or reducing the amount of cobalt auctioned to the market the DLA will actually be positioning itself to re-enter the marketplace at a time when most expert analyst forecast the beginning of a potential economic recovery. This avoids the potential economic crippling of the cobalt supply chain and a disservice to the American taxpayer.
3. Once the DLA chooses its course of action, either suspension of sales for a defined period or reduced monthly quantities for the balance of FY 2002, the issue of quality surfaces. The lower quality material should be disposed of first in any scenario with the remaining higher quality product preserved for critical military and civilian application should the need arise.
4. We support and encourage an announcement by the DLA that it intends to reserve a minimum of 7 million pounds of the higher quality product specifically for strategic concerns of the military and critical civilian applications.

The DLA has already demonstrated market recognition of certain distressed metals, some of which have far less importance to the strategic needs of your country, such as tin, zinc and beryllium.

We are not implying nor requesting that your sales program cease, but rather your program recognize the reality of the quality and quantity issues in line with the prevailing economic and market indicators on both the global and U.S. markets. Unnecessary market disruption can and does lead to unhealthy market behavior and both must be avoided. We are convinced that DLA will continue to demonstrate prudent fiscal responsibility toward the cobalt industry and the numerous domestic markets it serves within your country.

We thank you for your consideration and are prepared to meet at your earliest convenience after your November 28th meeting to discuss this matter in more depth.

Sincerely yours,



Edward R. Kielty
Vice President Marketing & Sales


Edward Munnik
Chief Operating Officer

cc: Mr. Cornel A. Holder
Defense National Stockpile Center.

Postal Address: P O Box 23151 Kitwe Zambia Tel: +260 2 744 555 Fax: +260 2 744 033
Registered Office: Kitwe - Chingola Rd Opp Chambishi Township Turn-off: Subdiv L and M of Lot no 10/M Chambishi, Zambia
Directors: AB Chilonda (Chairman), DN Campbell, RP Menell, EJ Munnik, GJ Rabbartse, M Mulwafwa, W Sweta
Company Secretary: AM Mwanza



NORTH AMERICA

September 21, 2001

Mr. Cornel A. Holder
Deputy Administrator
Defense Logistics Agency
Defense National Stockpile Center
8725 John J. Kingman Road, Suite 4616
Fort Belvoir, Virginia 22060-6223

Cc: Mr. Richard V. Meyers, Mr. Richard Connelly

RE: DNSC-M

Dear Mr. Holder:

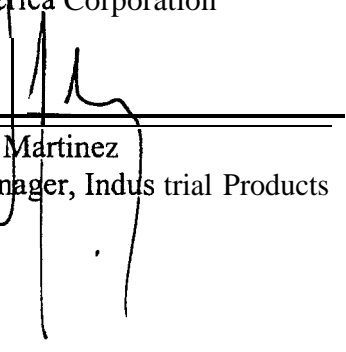
Thank you for your letter dated September 12, 2001 responding to our earlier letter regarding the Defense National Stockpile Center's projected sales of iodine over the next several years. Your explanation of how the Annual Materials Plan operates was particularly instructive.

While we still harbor some concern that the current AMP authorizes sales of up to 1,000,000 pounds of iodine per fiscal year, we are pleased to hear that AMP authority does not intend to change the regulations related to the carry over of the volume from year to year. We concur with your analysis that, given the rate of sales during the recent past, it will probably be a lengthy period of time before the Government sells its remaining inventory of iodine.

Again, we sincerely appreciate your prompt response to our inquiry and look forward to continuing our dialogue in the future.

Very truly yours,

SQM North America Corporation

By: 
Name: Eduardo Martinez
Title: Senior Manager, Industrial Products

SQM NORTH AMERICA CORP.
3101 Towercreek Parkway, Suite 450
Atlanta, GA 30339 U.S.A.
Tel: (770) 916-9400
Fax: (770) 916-9401
www.sqm.com

MIC 19



NORTHAMERICA

November 14, 2001

Mr. Richard V. Meyers
Program Manager/Compliance Officer
c/o SIES, Room 3876
U.S. Department of Commerce
14th and Constitution Avenue, N. W.
Washington, DC 20230

Mr. Richard Connelly
Administrator of Defense National
Stockpile Center
8725 John J. Kingman Road, Suite 3339
Fort Belvoir, Virginia 22060-3223

RE: Iodine Solicitation Program

Dear Gentlemen:

The latest sale of stockpile iodine to West Agro/H&S Chemical on September 7 of this year for 30,000 pounds caused us to reflect further on the continued effects of the sale of iodine on the marketplace. Our observations described below are in no way intended to be a criticism of the sales program itself or the Government administrators; rather, they are intended to provide you with information about what we think are the "real world" effects on the marketplace.

Our review of the sales of iodine for the last ten years or so reveals an interesting fact. It has been over three years (September of 1998) since a company other than West Agro and H&S Chemical or one of their affiliates has purchased any iodine from the Government. For whatever reason, although the Government sends out its solicitations to the entire industry, the fact remains that only a few companies have purchased iodine from the Government. We think it is important for all of us to keep in mind that, even though the universe of actual purchasers of Government iodine is incredibly small, the mere fact that bid solicitations are made industry-wide sends a strong price signal to the entire industry, particularly those users who probably will not be buyers. (This is not the Government's fault; it is doing what it can to make iodine available to all users.) Generally, that signal, as we perceive it and experience it, is that prices are going down. While the bid solicitation process has benefited only two companies and their affiliates in the recent past, we and other producers deal with the ripple effects of the price signal on the rest of the industry. Typically, the first ripple effect of each bid solicitation that we perceive is a growing gap between what the market price of iodine had been and what the market perceives it will be.

SQM NORTH AMERICA CORP.
3101 Towercreek Parkway, Suite 450
Atlanta, GA 30339, U.S.A.
Tel: (770) 916-9400
Fax: (770) 916-9401
www.sam.com

MIC 20



NORTH AMERICA

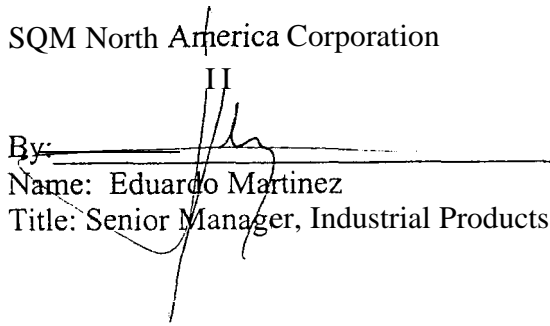
As a result, we believe that the Government unintentionally acts as a “market maker” rather as a “market follower.” This is not a criticism or a complaint, but a recognition on our part of the reality in the marketplace. We acknowledge and agree that the DLA must follow its instructions and policies.

However, we believe there are things that the Government can do to act more like a “market follower” than a “market maker”, and we are certainly open to discuss, in person, SQM’s ideas in this regard.

Thank you for this opportunity to present you with our views and we welcome your feedback. As always, we appreciate your understanding and consideration.

Very truly yours,

SQM North America Corporation

By: 
Name: Eduardo Martinez
Title: Senior Manager, Industrial Products

SQM NORTH AMERICA CORP.
3101 Towercreek Parkway, Suite 450
Atlanta, GA 30339 U.S.A.
Tel: (770) 946-9400
Fax: (770) 946-9401
www.sqm.com



Marrakech, 30 novembre 2001

Mr Richard Meyers
Co-chair Market Impact Committee

U.S. Department of Commerce
14th & constitution Avenue
BXA/OIRA, Room H-3876

Washington, DC 20230

Dear sir,

The following letter that we are keen to address you is meant to raise your attention regarding the cobalt market situation ; impacted by the DLA program and sales methodology.

This situation where prices have been driven down drastically since last September will endanger the Cobalt producers, and especially those who made important capital investments to insure a diversified and significant cobalt metal production.

CTT (Compagnie de Tifnout Tiranimine), exploiting the Bou-Azzer mine since 1929, has launched since 1996 an important geological research program to insure ore reserves for its activity and injected noticeable capital investments to valorize the ore and produce cobalt cathodes. Nowadays, we are having and securing ore reserves for the next 15 years, with an important growth potential. Indeed, we are producing 1200MT of Cobalt Cathodes per year.

We are operating in a country, well know for its long standing and historical relationship with the United States of America, and appreciated for its political stability. This makes us in a position allowing us being devoted for insuring a stable production over time. The availability of our material in the market, is in fact, a guarantee for a loyal competition and an access for the diversification of raw material procurement worldwide.

We think that it is on the consumers' interest and particularly the American ones that our operations is worth being kept and preserved to meet the market requirements.

.../...
MIC - 21



For this, we view it important that the DLA reformulate its Cobalt sales method during this economic recession period for not worsening the actual situation.

We are confident that, for the producers and consumers interests, you will be pioneering a redefinition of the Cobalt sales policy, aiming to avoid the disappearance of some producers from the market. If being the case, this will drive the cobalt market over the appearance quasi-monopolistic cases concerning this metal.

We are thanking you for your attention and are ready to give you more information as required.

General Manager

Rachid BENYAKHLEF