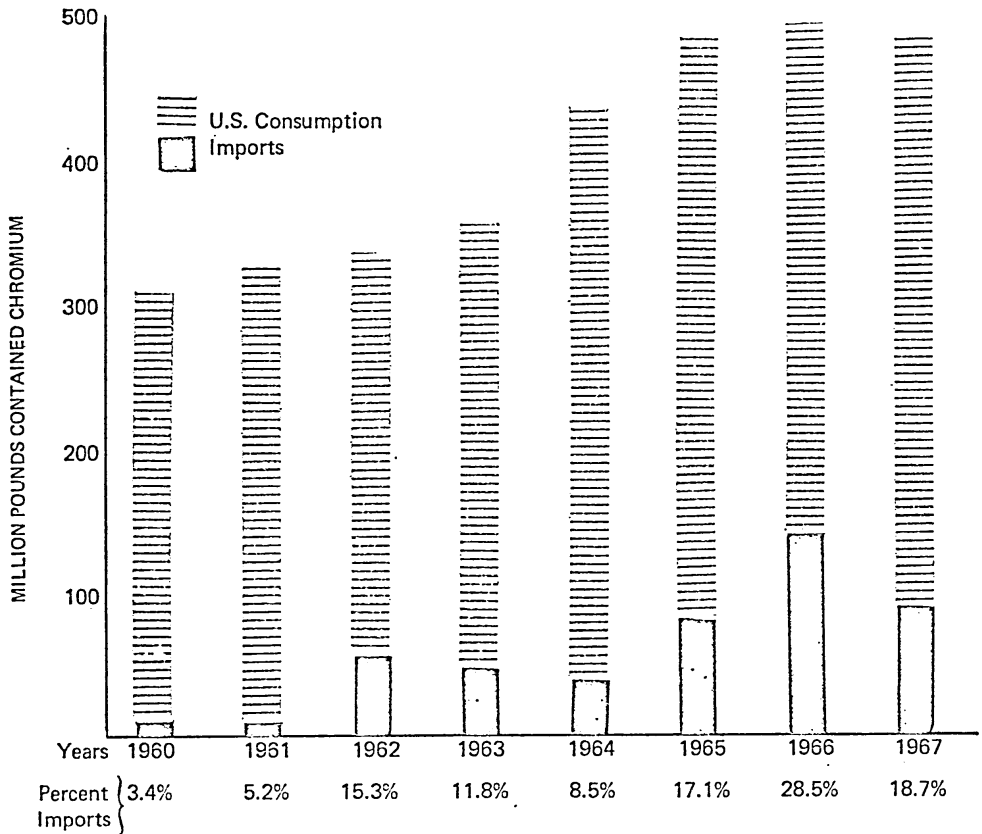


CHROMIUM FERROALLOYS
U.S. Consumption, Imports for Consumption,
and Percent Imports to U.S. Consumption



Furthermore, many of these imports are coming increasingly from low-cost countries such as South Africa, India and the Scandinavian countries, which makes it that much easier for such imports to exert injurious price pressure upon the domestic market.

Another factor enhancing this pressure is the rising tide of steel imports, which naturally contain foreign-produced ferroalloys. This development obviously serves to restrict even further the domestic market for U.S.-produced ferroalloy products.

Despite the substantial price reductions in ferroalloys by the domestic producers, however, there remain price differentials between many domestic and imported alloys of from \$15 to \$25 per ton. It is thus clear that domestic producers in most cases cannot sell at the current prices of the imported products and maintain anything approaching a reasonable margin of profit.

DECLINING PROFITABILITY

This invasion of low-cost foreign ferroalloys, together with the depressed domestic price levels, have had a predictably drastic effect upon the earnings and future prospects of the domestic producers.

The average profitability, after taxes, of the domestic industry as a whole has declined from about 7.7% of sales in 1965 to an estimated 5% in 1967—which is not an acceptable return in this industry. Several individual producers actually suffered losses on their ferroalloy production during one or more of the past 8 years. (See Exhibit C.)

For the manganese alloy segment, the industry's average profitability figures are even more alarming; from 7.1% in 1965 to an estimated net loss of 0.5% in 1967.

This serious decline in earnings has been due in large part to increasing costs of wages, related services, and supplies—along with the uneconomic prices which,