



Defense National Stockpile Center



Ryan's Notes ~ Ferrochrome

New York Athletic Club ~ June 16, 2004



Ferrochromium Sales Program

- ◆ Fiscal Year 2004 AMP (ceiling level):
110,000 ST Ferrochromium
- ◆ Based on import/consumption statistics from the USGS, AMP level represents 2.1% of world production
- ◆ Inventory is in bulk piles or 55 gallon steel drums



High carbon ferrochrome, Curtis Bay, Maryland



Ferrochrome Inventory

as of 5/31/04 (Short tons)

HC Ferrochromium

476,008.710 ST



LC Ferrochromium

230,164.45 ST



Current Ferrochrome Sales Strategy

- ◆ Offered under BOA
- ◆ Some pre-negotiated terms
- ◆ Only registered companies may participate
- ◆ Interactive submittals accepted
- ◆ Material type & quantity posted online Tuesday by 11:30am
- ◆ No distinction made for domestic vs. export status
- ◆ Quotes are due on Wednesday by 11:30 am
- ◆ Awards made by Friday at 11:30 am

NO CHANGE



Advantages - BOA

- **Allows flexibility**
- **Responsive to the market**
- **Material offered weekly**
- **Fill a “Spot” need in the marketplace**



- **DNSC selects quantity and quality of material being offered.**
- **Pre-qualification and established negotiated special terms and conditions**





Updated Sales Method

Negotiated Format

- ◆ Offers not opened publicly
- ◆ Price & other factors are negotiable
- ◆ Material offered by category
 - ◆ Category A: Domestic Consumption Only (North American continent)
 - ◆ Category B: Export (outside North American continent)
 - ◆ Customer will be required to certify destination of material
 - ◆ Categories evaluated separately
- ◆ Pricing expectations separate for each category
- ◆ Provisional information published
- ◆ Draft Solicitation target issue date: June 24, 2004



Consider the Advantages – **Negotiated Sales**

- Custom designed terms complement various business needs, and
- Removal schedules conform with production/consumption requirements.
- Enable long range forecasting.
- Relative value of inventory known for budget purposes as set formula for pricing material is established in the contract.
- Material quantity/quality of choice set aside, available when needed,
- Eliminates need to store large amounts of material and insures “just in time” inventory.
- Conforms with long term arrangements offered by commercial suppliers.

➤ *Convenient, reliable domestic source of material*



Ferrochrome Sales by Type

as of May 31, 2004 (Short Tons)

	AMP	FY 2003 <u>Sales</u>	FY2004 <u>Sales</u>
High Carbon FeCr	110,000	67,594	58,497
Low Carbon FeCr	↓	17,376	11,503
TOTAL		84,970	70,000

FY 03 Revenues \$43,211,906

FY 04 Revenues \$57,710,000

*Through
May31, 2004*

Important Note: As of May 2004 the AMP amount changed to 110,000 ST



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