



MINERAL INDUSTRY SURVEYS

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON, D. C. 20241



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Iron Ore, Monthly

IRON ORE IN MAY 1986

U.S. mine production and shipments of iron ore continued to increase in May, according to the Bureau of Mines, U.S. Department of the Interior. However, mine production was 17% less than that in May 1985 as a result of the closure of the Butler Taconite project and extended cutbacks elsewhere in the Lake Superior District. U.S. imports of ore were significantly higher than those of the previous month and almost double those of a year ago. Stocks at consuming plants and U.S. receiving/transfer docks increased 13% during the month to 12.4 million long tons. Consumption was slightly lower than that of April. On May 31, 49 blast furnaces were in operation, 1 more than on April 30.

The iron ore industry of the United States and Canada underwent a major restructuring in May aimed at lowering pellet costs and improving the financial health of several members.

Bethlehem Steel Corp. became the largest shareholder in Iron Ore Company of Canada (IOC) after exchanging equity interests with LTV Steel Co. The exchange raised Bethlehem's interest in IOC from 20.26% to 32.84%. M. A. Hanna Co., National Steel Corp., and four other companies retained their previous interests in IOC, but modified their existing pellet contracts by extending terms and amending volume and price provisions. IOC is the largest iron ore producer in Canada and owns mining and pelletizing facilities in Newfoundland and Quebec, a 360-mile railway in the two provinces, and a shiploading terminal at Sept-Iles, Quebec.

Bethlehem Steel and Stelco Inc. split LTV's 16% interest in the Hibbing Taconite Co. of Minnesota, raising Bethlehem's share in that company to 70.3%. Stelco's share rose to 14.7%, while Pickands Mather & Co. retained its original 15%. Hibbing Taconite employs about 550 at its mine and pelletizing plant in St. Louis County. At the same time, LTV became full owner of the Erie Mining Co., which has mining and pelletizing operations 40 miles away at Hoyt Lakes. Erie had been a joint venture between Bethlehem (45%), LTV (35%), Stelco (10%), and Interlake, Inc. (10%).

Update: Erie began a production cutback on May 18, laying off 95 of 1,100 workers and shutting down 4 of its 16 active furnaces. The cutback was followed by a summer shutdown that lasted from June 15 to July 19. The mine's schedule for the second half of 1986 was suddenly revised when LTV Steel's parent company, LTV Corp., filed for bankruptcy on July 17.

LTV Corp.'s bankruptcy filing is expected to have serious repercussions for mining operations in the Lake Superior District. On July 21, Reserve Mining Co., a joint venture between LTV and Armco, Inc., shut down indefinitely its operations at Babbitt and Silver Bay, MN. Three days later, on July 24, LTV announced plans to triple the annual production rate at Erie to 6 million tons of pellets. That same day, Pickands Mather & Co., the managing company for Erie, Reserve, and Hibbing Taconite, was put up for sale by its parent, Moore McCormack Resources Inc.

Prepared in the Division of Ferrous Metals, August 21, 1986.

U.S. IRON ORE MONTHLY PRODUCTION AND SHIPMENTS

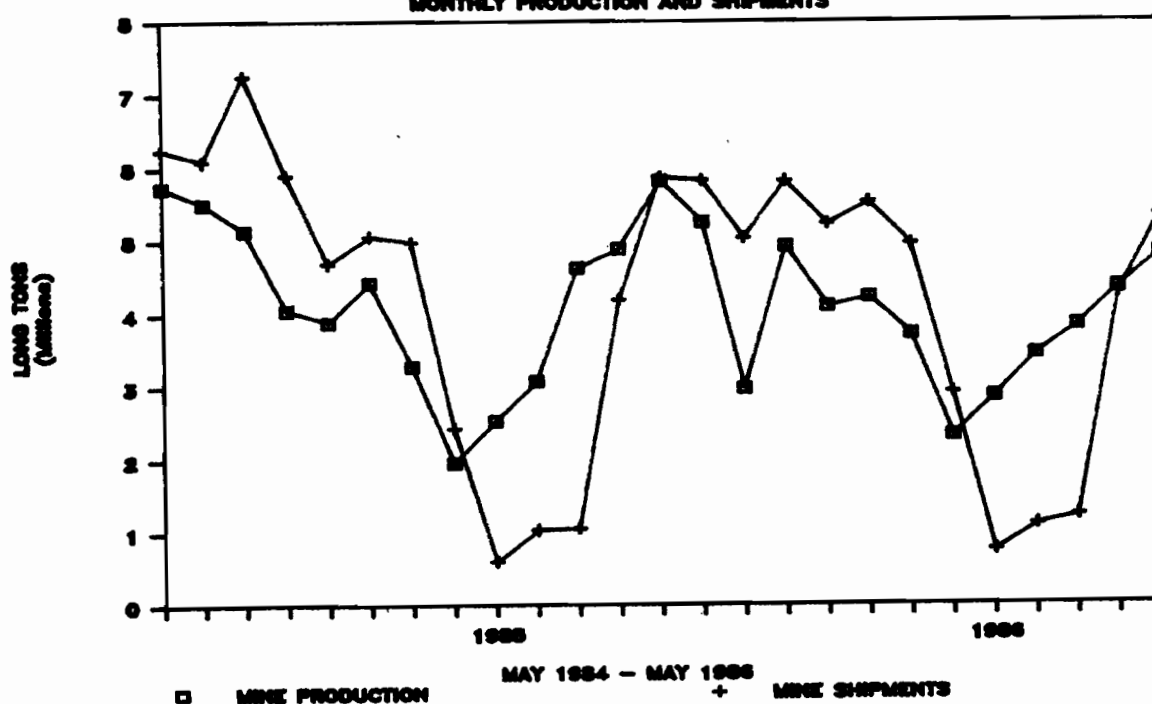


Table 1.--U.S. production and shipments of iron ore, by districts 1/
(Exclusive of ore containing 5% or more manganese)
(Thousand long tons)

Period	Lake Superior	Other U.S.	Total <u>2/</u>	
			1986 <u>3/</u>	1985
Production:				
1985 p/-----	47,394	1,105	--	48,499
1986:				
1st Quarter-----	9,853	292	10,144	10,246
April-----	4,309	54	4,363	4,894
May-----	4,776	61	4,838	<u>r/5,824</u>
Shipments:				
1985 p/-----	46,709	1,408	--	48,114
1986:				
1st Quarter-----	2,832	257	3,087	2,718
April-----	<u>r/4,209</u>	68	<u>r/4,277</u>	4,197
May-----	5,295	59	5,354	<u>r/5,868</u>

r/ Revised.

p/ Preliminary.

1/ Excludes byproduct ore, except where noted.

2/ Data may not add to totals shown because of independent rounding.

3/ Includes estimated data.

Table 2.—U.S. mine production, shipments, and stocks of iron ore 1/
 (Exclusive of ore containing 5% or more manganese)
 (Thousand long tons)

District	Production May		Shipments May		Mine Stocks May 31	
	1986	1985	1986	1985	1986	1985
Lake Superior:						
Michigan-----	927	1,473	1,187	1,524	3,918	4,398
Minnesota-----	3,849	<u>r/4,316</u>	4,109	<u>r/4,304</u>	8,427	<u>r/8,574</u>
Other U.S.-----	61	34	59	42	290	393
Total <u>2/</u> -----	<u>3/4,838</u>	<u>r/5,824</u>	<u>3/5,354</u>	<u>r/5,868</u>	<u>3/12,635</u>	<u>r/13,366</u>

r/ Revised.

1/ Excludes byproduct ore.

2/ Data may not add to totals shown because of independent rounding.

3/ Includes estimated data.

Table 3.—U.S. exports of iron ore
 (Thousand long tons)

Period	Canada	Other	Total <u>1/</u>	
			1986	1985
1985 <u>p/</u> -----	5,034	1	--	5,034
1986:				
1st Quarter-----	156	(<u>2/</u>)	156	276
April-----	218	(<u>2/</u>)	218	198
May-----	<u>3/532</u>	<u>3/1</u>	<u>3/533</u>	545

p/ Preliminary.

1/ Data may not add to totals shown because of independent rounding.

2/ Less than one-half unit.

3/ Part being questioned.

Source: U.S. Bureau of the Census.

Table 4.—Canada: Shipments of iron ore
(Thousand dry long tons)

Period	Newfound- land	Quebec	Ontario	British Columbia	1986 Total <u>1/</u>	1985 Total <u>1/</u>
1985-----	20,229	14,723	4,220	42	--	39,215
1986:						
1st Quarter---	1,470	3,100	1,027	8	5,606	<u>r/</u> 6,000
April-----	<u>r/</u> 2,060	1,423	<u>r/</u> 284	2	<u>r/</u> 3,769	<u>r/</u> 3,380
May-----	2,389	1,200	284	2	3,874	4,588

r/ Revised.

1/ Data may not add to totals shown because of independent rounding.

Source: Energy, Mines, and Resources Canada.

Table 5.—U.S. imports for consumption of iron ore by countries
(Exclusive of ore containing 10% or more manganese)

Country of origin	May 1986		Year to date 1986			Year to date 1985 (thousand long tons)
	Thousand long tons	Value <u>1/</u> (thousand dollars)	Thousand long tons	Value <u>1/</u> (thousand dollars)	Value <u>1/</u> (dollars per ton)	
Brazil-----	430	8,168	1,705	32,851	19.26	943
Canada-----	<u>2/</u> 940	<u>2/</u> 35,270	2,988	115,379	38.61	2,196
Chile-----	<u>2/</u> 36	<u>2/</u> 872	36	872	24.22	84
Liberia-----	<u>2/</u> 130	<u>2/</u> 1,919	635	9,300	14.65	823
Peru-----	20	590	37	1,116	30.16	--
Sweden-----	--	--	35	746	21.31	--
Venezuela <u>3/</u> --	102	1,461	1,288	21,931	17.03	298
Other-----	<u>2/</u> 67	<u>2/</u> 2,738	67	2,738	40.87	. 38
Total <u>4/</u> ----	1,725	51,018	6,791	184,932	27.23	4,383

1/ Customs value. Excludes international freight, insurance, and other c.i.f. charges.

2/ Part being questioned.

3/ Data for Venezuela includes some shipments of direct-reduced iron reported as iron ore. Verification has been requested.

4/ Data may not add to totals shown because of independent rounding.

Source: U.S. Bureau of the Census data reported under item 601.24 of the Tariff Schedules of the United States.

Table 6.—U.S. consumption and stocks of iron ore and agglomerates
at consuming plants and production of pig iron
(Thousand long tons)

State or Region	Consumption			Stocks	
	May 1986	Year to date		May 31	
		1986	1985	1986	1985
Alabama, Kentucky, Tennessee, Texas, Missouri-----	354	2,144	2,555	710	958
California, Colorado, Utah-----	163	789	794	177	179
Delaware, Maryland, West Virginia-----	566	2,687	2,524	1,596	1,465
Illinois, Indiana-----	2,110	10,344	9,998	4,221	4,863
Michigan, Minnesota-----	473	2,227	2,520	1,289	1,245
New York, Ohio, Pennsylvania, New Jersey, Rhode Island-----	1,681	8,787	9,259	3,380	5,697
Total 1/-----	5,347	26,979	27,650	11,373	14,406
Stocks at U.S. receiving/transfer docks-----				1,040	1,277

Consuming Sector	Consumption by process			Pig iron produced		
	May 1986	Year to date		May 1986	Year to date	
		1986	1985		1986	1985
Blast furnaces-----	4,635	23,456	23,807	3,825	19,049	19,300
Steel furnaces-----	31	118	75	--	--	--
Agglomerating plants 2/--	678	3,357	3,518	--	--	--
Miscellaneous 3/-----	3	48	251	--	--	--
Total 1/-----	5,347	26,979	27,650	3,825	19,049	19,300

1/ Data may not add to totals shown because of independent rounding.

2/ Iron ore and iron ore concentrates consumed in agglomerating plants not located at the mine site.

3/ Sold to nonreporting companies or used for purposes not listed.

Source: American Iron Ore Association (consumption of iron ore).
American Iron and Steel Institute (production of pig iron).

Table 7.--U.S. imports for consumption of iron ore, by customs district
 (Exclusive of ore containing 10% or more manganese)
 (Thousand long tons)

Customs district	May 1986	Year to date	
		1986	1985
Baltimore-----	<u>1</u> /492	2,102	1,069
Buffalo-----	<u>1</u> /(<u>2</u> /)	(<u>2</u> /)	(<u>2</u> /)
Charleston-----	20	86	38
Chicago-----	<u>1</u> /213	291	354
Cleveland-----	290	572	457
Detroit-----	69	92	77
Houston-----	--	7	105
Mobile-----	<u>1</u> /209	1,265	1,059
New Orleans-----	<u>3</u> /125	750	254
Philadelphia-----	306	1,627	908
Other-----	(<u>2</u> /)	(<u>2</u> /)	64
Total <u>4</u>/-----	1,725	6,791	4,383

1/ Part being questioned.

2/ Less than one-half unit.

3/ Excludes 17,223 long tons of sponge iron reported as iron ore.

4/ Data may not add to totals shown because of independent rounding.