



# 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 JULY 1986

U.S. mine production of iron ore was about the same as that in June, according to the Bureau of Mines, U.S. Department of the Interior. Mine shipments rose slightly, causing stocks at U.S. pelletizing plants to drop back to mid-February levels. Production and shipment totals for the first 7 months of 1986 were 13% and 7% lower, respectively, than those for the comparable period in 1985. Both imports and exports showed moderate declines in July. Monthly iron ore consumption decreased 13% to its lowest level since February 1983. On July 31, only 40 blast furnaces were in operation, 5 less than on June 30. This was the lowest number of furnaces operating in more than 3 years. Since December 1982, the total number of available furnaces has plummeted from 124 to 51.

LTV Corp., the parent of LTV Steel Co., filed for chapter 11 bankruptcy on July 17. LTV Steel is the second largest domestic steel producer and LTV Corp. is the largest industrial corporation ever to file for bankruptcy. Continuing weak demand for steel, especially for oil country tubular goods, led to increased financial losses and an insufficient cash flow to meet corporate needs. While in bankruptcy, the corporation will try to reduce costs by gaining additional labor concessions, by eliminating or renegotiating high-cost long-term supply contracts, and by eliminating certain pension liabilities.

The bankruptcy proceeding forced the Reserve Mining Co., a joint venture in Minnesota between LTV Steel and Armco, Inc., to cancel plans to restart its operations after a 5-week vacation and maintenance shutdown. Because of the way the Reserve ownership is structured, the company and its employees are now considered creditors of LTV. On July 21, Reserve closed both its Peter Mitchell Mine near Babbitt, MN, and its pelletizing plant at Silver Bay on the north shore of Lake Superior for an indefinite period.

On July 24, LTV Steel announced that it would triple the annual production rate of its wholly-owned Erie Mining Co. at nearby Hoyt Lakes to 6 million long tons in order to compensate for the closure of Reserve. That same day, Pickands Mather & Co., the managing company for both Erie and Reserve, was put up for sale by its parent, Moore McCormack Resources Inc. of Stamford, CT. Pickands Mather also manages and has ownership interests in the Hibbing Taconite Co. of Minnesota (15%), the Savage River Mines of Australia (36%), and the Wabush Mines of Newfoundland and Quebec (5.2%).

Moore McCormack said that it had decided to divest all of its iron ore, coal, silicon metal, and shipping businesses. However, the firm will retain its operations in cement and concrete products as well as oil and gas. The businesses to be sold include Pickands Mather (a company based in Cleveland, OH, that also manages coal mines), Interlake Steamship Co. (a Great Lakes shipping company also based in

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Prepared in the Division of Ferrous Metals, November 5, 1986

Cleveland), Moore McCormack Bulk Transport Inc. (an ocean transport firm based in Stamford, CT), and Globe Metallurgical Inc. (a producer of silicon metal and ferro-alloys based in Beverly, OH). Roughly one-half of Interlake's shipping volume has been iron ore, coal, and limestone destined for LTV's blast furnaces in Indiana, Ohio, and western Pennsylvania. Moore McCormack officials said the shrinking capacity of the steel industry has permanently reduced the profitability of its steel-related assets, and LTV's bankruptcy filing accelerated the firm's decision to sell these assets.

Update: On August 7, First Taconite Co., a wholly-owned subsidiary of Armco, filed a petition in New York City to place Reserve Mining Co. in chapter 11 bankruptcy.

**MONTHLY PRODUCTION AND SHIPMENTS**

**LONG TONS (Millions)**

**1985** **1986**

**JULY 1984 - JULY 1986**

**□ MINE PRODUCTION** **+ MINE SHIPMENTS**

Month	Mine Production (Millions)	Mine Shipments (Millions)
Jul 84	5.2	7.2
Aug 84	4.1	5.9
Sep 84	3.9	4.7
Oct 84	4.4	5.1
Nov 84	3.3	5.0
Dec 84	2.0	2.4
Jan 85	2.5	0.6
Feb 85	3.1	1.0
Mar 85	4.6	1.0
Apr 85	4.9	4.2
May 85	5.8	5.8
Jun 85	5.3	5.8
Jul 85	3.0	5.1
Aug 85	4.9	5.8
Sep 85	4.1	5.3
Oct 85	4.2	5.5
Nov 85	3.7	5.0
Dec 85	2.4	2.9
Jan 86	2.9	0.8
Feb 86	3.4	1.1
Mar 86	3.8	1.2
Apr 86	4.3	4.3
May 86	4.8	5.3
Jun 86	3.1	4.5
Jul 86	3.1	4.8

Period	Lake Superior	Other U.S.	Total 2/	
			1986 3/	1985
<b>Production:</b>				
1985-----	47,388	1,363	--	48,751
1986:				
1st Quarter-----	9,853	292	10,144	10,246
2nd Quarter-----	12,122	174	12,297	15,976
July-----	3,027	59	3,086	2,974
<b>Shipments:</b>				
1985 4/-----	47,606	1,804	--	49,411
1986:				
1st Quarter-----	2,832	257	3,087	2,718
2nd Quarter-----	13,953	205	14,158	15,893
July-----	4,733	66	4,799	5,037

4/ Includes byproduct ore.

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 July		Shipments July		Mine Stocks July 31	
	1986	1985	1986	1985	1986	1985
Lake Superior:						
Michigan-----	1,008	647	1,126	1,342	3,621	3,473
Minnesota-----	2,019	2,226	3,607	3,558	5,625	6,918
Other U.S.-----	59	100	66	137	264	346
Total <u>2/</u> -----	<u>3/3,086</u>	2,974	<u>3/4,799</u>	5,037	<u>3/9,511</u>	10,737

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-----	5,033	1	--	5,033
1986:				
1st Quarter-----	156	1	157	276
2nd Quarter-----	1,339	1	1,340	1,412
July-----	393	--	393	586

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

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	1,041	8	5,619	6,000
2nd Quarter---	6,450	3,293	853	6	10,600	12,039
July-----	2,169	1,073	175	2	3,419	3,442

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	July 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-----	284	5,090	2,077	39,641	19.09	1,326
Canada-----	982	34,396	<u>2/</u> 5,226	<u>2/</u> 190,405	36.43	3,984
Chile-----	--	--	36	872	24.22	84
Liberia-----	132	1,942	838	12,286	14.66	857
Peru-----	--	--	55	1,640	29.82	38
Sweden-----	--	--	35	746	21.31	--
Venezuela <u>3/</u> ---	237	4,487	<u>2/</u> 1,982	<u>2/</u> 34,688	17.50	642
Other-----	65	1,158	167	4,606	27.58	84
Total <u>4/</u> ----	1,700	47,073	10,414	284,884	27.36	7,015

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 July 31	
	July 1986	Year to date		1986	1985
		1986	1985		
Alabama, Kentucky, Tennessee, Texas, Missouri-----	309	2,797	3,602	882	891
California, Colorado, Utah---	125	1,059	1,131	138	185
Delaware, Maryland, West Virginia-----	500	3,702	3,552	2,097	1,890
Illinois, Indiana-----	1,382	13,524	14,112	5,680	6,468
Michigan, Minnesota-----	461	3,114	3,424	1,559	1,537
New York, Ohio, Pennsylvania, New Jersey, Rhode Island---	1,290	11,503	12,476	3,993	6,277
Total <u>1</u> /-----	4,066	35,699	38,296	14,350	17,248
Stocks at U.S. receiving/transfer docks-----				1,079	1,582

Consuming Sector	Consumption by process			Pig iron produced		
	July 1986	Year to date		July 1986	Year to date	
		1986	1985		1986	1985
Blast furnaces-----	3,426	30,888	32,830	3,148	25,509	26,766
Steel furnaces-----	30	177	115	--	--	--
Agglomerating plants <u>2</u> /---	594	4,551	4,969	--	--	--
Miscellaneous <u>3</u> /-----	16	84	382	--	--	--
Total <u>1</u> /-----	4,066	35,699	38,296	3,148	25,509	26,766

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	July 1986	Year to date	
		1986	1985
Baltimore-----	764	3,378	1,648
Buffalo-----	--	(1/)	(1/)
Charleston-----	26	152	62
Chicago-----	221	702	507
Cleveland-----	83	921	1,045
Detroit-----	23	138	299
Houston-----	--	7	141
Mobile-----	115	1,798	1,472
New Orleans-----	81	931	469
Philadelphia-----	384	2,384	1,305
Other-----	<u>2/4</u>	4	67
Total <u>3/</u> -----	1,700	10,414	7,015

1/ Less than one-half unit.

2/ Being questioned.

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