



U.S. Bureau of Mines

MINERAL INDUSTRY SURVEYS

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Iron Ore, Monthly

IRON ORE IN MAY 1989

U.S. mine production of iron ore in May was 20% more than that of April, according to the Bureau of Mines, U.S. Department of the Interior. The sharp increase in production reflected a pickup of activity at seven of the country's nine active pelletizing plants. Mine shipments increased by 15% as blast furnace operators moved to rebuild their yard stocks in the wake of a normal late winter drawdown. Shipments from U.S. loading docks on the Great Lakes totaled 6.3 million metric tons for the month, up 16% from April but only slightly higher than those of May 1988. The U.S.-flag fleet on the Lakes had 65 vessels in service by mid-June - the highest number since 1981 - and was operating at more than 97% of carrying capacity. Consumption of ore and agglomerates decreased 7% during May to 6.2 million tons in anticipation of a seasonal weakening of demand for steel from the automotive industry. However, year-to-date consumption was up 9% from the corresponding period of 1988. On May 31, there were 52 blast furnaces in operation, the same number as on April 30.

On June 27, Cleveland-Cliffs Inc. formally appealed the 1989 tax assessment on its inactive Republic Mine to the Michigan Tax Tribunal. In Michigan, mining companies are required to pay a specific ore tax to the local township in lieu of property taxes. In this case, the ore tax is determined by and paid to the Township of Republic. Cliffs claims that the specific ore tax should only be \$206,000, instead of the \$527,000 billed by the township. Republic Township was given 30 days to file a response to the company's appeal.

The outcome of the appeal is important to the mining communities of the Upper Peninsula because Cliffs is challenging the way in which the specific ore tax is computed. A ruling in the township's favor could lead to increased ore taxes on the much larger Empire and Tilden mines. Six of the thirteen local units of government have agreed to pay part of the legal fees incurred by Republic Township. The six include the largest ore tax recipients: four school districts plus Marquette County. The school districts suffered significant losses in tax revenue when Cliffs was forced to cutback production in 1986 during the recent recession.

Cliffs' appeal disputes two items used to compute the ore tax on the Republic Mine - (1) the township's use of a published price to determine the value of Michigan ore, and (2) the rated capacity of the mine, which has been idle since 1981. The company claims that fundamental changes in the North American iron ore market, such as the increased number of spot sales, have made the published price

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inaccurate. In 1987, the State Attorney General upheld Cliff's view. Since then, the other townships have used a prevailing market price provided by the company, based on its actual sales. However, the prevailing values computed by Cliffs have been consistently lower than the published prices, resulting in additional loss of revenues for the school districts.

Another point of contention in the case has been the rated capacity of the mine. Since the Republic Mine is inactive, its rated capacity is used in the tax formula in place of a five-year average of production. When the mining complex was shut down in 1981, the pelletizing plant had two lines and was able to produce 2.7 million metric tons per year of pellets averaging 63.3% Fe on a wet basis. This is the figure that the township supervisor used in his 1989 tax determination. Cliffs, though, moved some of its equipment to other mines several years ago and argues that Republic now has only one operational pelletizing line, limiting production to 1.3 million tons per year.

Update: Inland Steel Mining Co. has obtained the rights to mine a large taconite reserve in the central part of the Mesabi Range. The new property, the Biwabik-West Taconite Reserve, is located near the town of Gilbert, about 6 miles southeast of Inland's Minorca pit. The reserve will provide Inland with at least 15 years of ore, based on Minorca's current capacity of 2.5 million tons per year of fluxed pellets. The adjoining lands not yet under Inland's control contain an additional 25-year supply of ore.

The ore in the Minorca pit is expected to run out in 1992. Mining of the new reserve is contingent upon the company obtaining the necessary environmental permits for the project. The \$20 million capital investment plan is to be submitted to the board of directors of the parent company, Inland Steel Co., later this year. If the project is approved by the board, pre-production stripping could begin within 12 months. The new pit will be known as the Laurentian Mine. Inland is planning to blend the ore from the two pits during the initial stages of development, thus extending the life of Minorca. A 6-mile long haul road is to be built from the existing pelletizing plant to the Laurentian Mine site. Inland is also considering mining two other sites - the Ordean Reserve west of Minorca and the East Rouchleau pit on the outskirts of the city of Virginia.

Changes to the Mineral Industry Surveys for Iron Ore: Congress enacted the Omnibus Trade and Competitiveness Act (Public Law 100-418) on August 23, 1988, to enhance the competitiveness of the Nation's industries and to improve the management of U.S. trade strategy. This comprehensive act, included among other items, provisions modifying U.S. customs laws and tariff schedules. Subtitle B of the new law requires that all tariff schedules after January 1, 1989, conform to the nomenclature of the internationally established Harmonized System. All of the iron ore trade statistics collected by the Bureau of Census are now being compiled and published in metric units. To avoid confusion, the Bureau of Mines has decided to also present all of its iron ore production and consumption statistics in metric units. To convert from metric tons to long tons, multiply the published number by 0.984207.

The May tables dealing with foreign trade and domestic consumption will appear in a subsequent issue.

U.S. IRON ORE

MONTHLY PRODUCTION AND SHIPMENTS

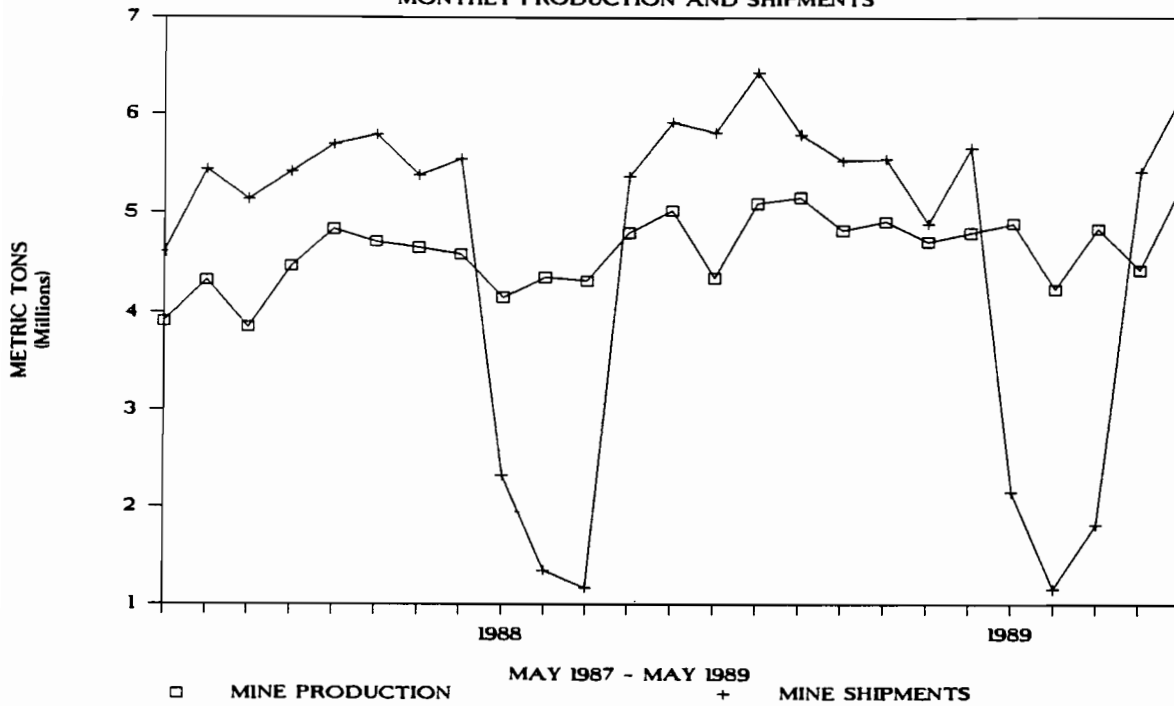


Table 1. - U.S. production and shipments of iron ore, by districts 1/
(Exclusive of ore containing 5% or more manganese)
(Thousand metric tons)

Period	Lake Superior	Other U.S.	Total 2/	
			1989	1988
Production:				
1988 p/-----	55,651	793	--	56,444
1989:				
1st Quarter-----	13,750	210	13,960	12,809
April-----	4,340	87	4,426	4,793
May-----	5,230	95	5,325	5,020
Shipments:				
1988 p/-----	54,986	815	--	55,801
1989:				
1st Quarter-----	4,957	174	5,131	4,846
April-----	5,295	123	5,418	5,367
May-----	6,115	128	6,243	5,919

p/ Preliminary.

1/ Excludes byproduct ore, except where noted.

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

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

District	Production May		Shipments May		Mine Stocks May 31	
	1989	1988	1989	1988	1989	1988
Lake Superior:						
Michigan-----	1,490	1,189	1,581	1,395	2,976	2,120
Minnesota-----	3,740	3,747	4,534	4,452	7,079	6,743
Other U.S.-----	95	83	128	72	158	229
Total <u>2/</u> -----	5,325	5,020	6,243	5,919	10,213	9,092

1/ Excludes byproduct ore.

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

Table 3. - Canada: Shipments of iron ore
(Thousand dry metric tons)

Period	Newfound- land	Quebec	Ontario	British Columbia	Total <u>1/</u>	
					1989	1988
1988 <u>p/</u> -----	20,395	16,446	2,941	59	--	39,840
1989:						
1st Quarter-----	2,679	2,448	870	11	6,008	7,052
April-----	2,001	1,437	268	4	3,710	3,251
May-----	1,931	1,497	316	8	3,753	3,648

p/ Preliminary.

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

Source: Energy, Mines, and Resources Canada.

Table 4. - U.S. consumption and stocks of iron ore and agglomerates
at consuming plants and production of pig iron
(Thousand metric tons)

State or Region	Consumption			Stocks		
	April	Year to date 1/		April 30		
	1989	1989	1988	1989	1988	
Alabama, Kentucky, Tennessee, Texas, and Missouri-----	625	2,083	1,310	795	712	
California, Colorado, and Utah-	143	655	NA	96	NA	
Delaware, Maryland, and West Virginia-----	761	2,934	2,835	1,198	1,235	
Illinois and Indiana-----	2,389	9,582	9,383	2,978	3,217	
Michigan and Minnesota-----	610	2,377	2,021	2,581	2,495	
New York, Ohio, Pennsylvania, New Jersey, and Rhode Island-	2,150	8,377	7,684	1,662	2,081	
Total 2/-----	6,677	26,008	23,231	9,310	9,739	
Stocks at U.S. receiving/transfer docks-----				704	1,039	
	Consumption by process			Pig iron produced		
Consuming Sector	April	Year to date 1/		April	Year to date 1/	
	1989	1989	1988	1989	1989	1988
Blast furnaces-----	5,710	22,306	20,573	4,527	17,821	16,934
Steel furnaces-----	39	119	89	--	--	--
Agglomerating plants 3/--	928	3,580	2,569	--	--	--
Miscellaneous 4/-----	1	2	(5/)	--	--	--
Total 2/-----	6,677	26,008	23,231	4,527	17,821	16,934

NA Not available.

1/ Includes revisions for previous month.

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

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

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

5/ Less than one-half unit.

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

Table 5. - U.S. exports of iron ore and agglomerates, by country of destination
(Thousand metric tons)

Period	Canada	Mexico	Other	Total 1/	
				1989	1988
1988 p/-----	5,193	1	8	--	5,201
1989:					
1st Quarter-----	346	(2/)	2	348	340
April-----	606	--	1	606	557

p/ Preliminary.

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

2/ Less than one-half unit.

Source: Bureau of the Census data reported under heading 2601 of the export classification system (Schedule B).

Table 6. - U.S. exports of iron ore and agglomerates, by type
(Thousand metric tons)

Period	Pellets	Concentrates	Direct shipping ores	Other	Total 1/
1988 p/-----	NA	NA	NA	NA	5,201
1989:					
1st Quarter-----	1	347	(2/)	(2/)	348
April-----	472	125	(2/)	9	606

NA Not Available.

p/ Preliminary.

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

2/ Less than one-half unit.

Source: Bureau of the Census data reported under heading 2601 of the export classification system (Schedule B).

Table 7. - U.S. imports for consumption of iron ore and agglomerates, by country
(Exclusive of ore containing 20% or more manganese)

Country of origin	April 1989		Year to date 1989			Year to date 1988 (thousand metric tons)
	Thousand metric tons	Value <u>1</u> / (thousand dollars)	Thousand metric tons	Value <u>1</u> / (thousand dollars)	Value <u>1</u> / (dollars per ton)	
Australia-----	--	--	119	1,860	15.60	372
Brazil-----	585	10,380	1,319	23,695	17.96	1,241
Canada-----	823	27,946	2,137	74,382	34.81	2,522
Chile-----	--	--	--	--	--	55
Liberia-----	--	--	131	1,936	14.77	128
Mauritania-----	--	--	131	2,099	15.97	133
Norway-----	--	--	40	693	17.24	--
Peru-----	--	--	45	740	16.51	79
Philippines <u>2</u> /--	--	--	66	1,622	24.49	--
Sweden-----	--	--	--	--	--	(<u>3</u> /)
Venezuela-----	191	5,477	1,057	26,349	24.92	514
Other-----	(<u>3</u> /)	1	(<u>3</u> /)	11	156.32	56
Total <u>4</u> /-----	1,599	43,804	5,046	133,387	26.43	5,100

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

2/ Sinter made from raw materials supplied by Australia, Brazil, and other countries.

3/ Less than one-half unit.

4/ Data may not add to totals shown because of independent rounding. Unit values shown above are calculated from unrounded data.

Source: Bureau of the Census data reported under heading 2601 of the Harmonized Tariff Schedules of the United States.

Table 8. - U.S. imports for consumption of iron ore and agglomerates, by type
(Exclusive of ore containing 20% or more manganese)

Type of product	April 1989		Year to date 1989			Year to date 1988 (thousand metric tons)
	Thousand metric tons	Value <u>1</u> / (thousand dollars)	Thousand metric tons	Value <u>1</u> / (thousand dollars)	Value <u>1</u> / (dollars per ton)	
Concentrates-----	131	2,082	172	2,938	17.06	NA
Coarse ores-----	25	638	129	2,568	19.96	NA
Fine ores-----	860	23,060	2,890	71,355	24.69	NA
Pellets-----	486	15,974	1,639	52,424	31.99	NA
Briquettes-----	--	--	--	--	--	NA
Other						
agglomerates---	96	2,050	96	2,062	21.37	NA
Roasted pyrites--	--	--	121	2,038	16.92	NA
Total <u>2</u> / -----	1,599	43,804	5,046	133,387	26.43	5,100

NA Not Available.

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

2/ Data may not add to totals shown because of independent rounding. Unit values shown above are calculated from unrounded data.

Source: Bureau of the Census data reported under heading 2601 of the Harmonized Tariff Schedules of the United States.

Table 9. - U.S. imports for consumption of iron ore and agglomerates
in April 1989
(Exclusive of ore containing 20% or more manganese)
(Thousand metric tons)

Country of origin	Type of Product						Total <u>1</u> /
	Concentrates	Coarse ores	Fine ores	Pellets	Briquettes and other agglomerates	Roasted pyrites	
Brazil-----	130	--	342	61	51	--	585
Canada-----	(<u>2</u> /)	--	472	351	--	--	823
Venezuela-----	--	25	46	74	46	--	191
Other-----	--	--	--	--	(<u>2</u> /)	--	(<u>2</u> /)
Total <u>1</u> /-----	131	25	860	486	96	--	1,599

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

2/ Less than one-half unit.

Source: Bureau of the Census data reported under heading 2601 of the Harmonized Tariff Schedules of the United States.

Table 10. - U.S. imports for consumption of pellets, by country

Country of origin	April 1989		Year to date 1989			Year to date 1988 (thousand metric tons)
	Thousand metric tons	Value <u>1</u> / (thousand dollars)	Thousand metric tons	Value <u>1</u> / (thousand dollars)	Value <u>1</u> / (dollars per ton)	
Brazil-----	61	1,823	245	7,076	28.91	NA
Canada-----	351	11,491	891	30,998	34.78	NA
Peru-----	--	--	19	400	21.38	NA
Venezuela-----	74	2,660	484	13,951	28.81	NA
Total <u>2</u> /-----	486	15,974	1,639	52,424	31.99	NA

NA Not Available.

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

2/ Data may not add to totals shown because of independent rounding. Unit values shown above are calculated from unrounded data.

Source: Bureau of the Census data reported under item 2601.12.00.30 of the Harmonized Tariff Schedules of the United States.

Table 11. - U.S. imports for consumption of iron ore and agglomerates,
by customs district
(Exclusive of ore containing 20% or more manganese)
(Thousand metric tons)

Customs district	April 1989	Year to date	
		1989	1988
Baltimore-----	491	1,659	2,485
Charleston, SC-----	23	104	120
Chicago-----	422	580	229
Cleveland-----	210	210	152
Detroit-----	26	27	31
Houston-----	--	(1/)	--
Mobile-----	160	625	347
New Orleans-----	3	518	482
New York-----	--	(1/)	(1/)
Philadelphia-----	264	1,251	1,248
San Juan, PR-----	(1/)	(1/)	(1/)
Other-----	(1/)	2/71	5
Total 3/-----	1,599	5,046	5,100

1/ Less than one-half unit.

2/ Part being questioned.

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

Source: Bureau of the Census data reported under heading 2601 of the Harmonized Tariff Schedules of the United States.

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Table 12. - U.S. imports for consumption of pellets, by customs district
(Thousand metric tons)

Customs district	April 1989	Year to date	
		1989	1988
Baltimore-----	61	228	NA
Charleston, SC-----	23	69	NA
Chicago-----	85	198	NA
Cleveland-----	79	79	NA
Philadelphia-----	238	1,066	NA
Total 1/-----	486	1,639	NA

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

Source: Bureau of the Census data reported under item 2601.12.00.30 of the
Harmonized Tariff Schedules of the United States.