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MAGNESIUM IN THE THIRD QUARTER 1997

Domestic primary magnesium production in the third quarter of 1997 was 32,100 metric tons, 7% higher than production in the second quarter, according to the U.S. Geological Survey. Producers' shipments in the third quarter of 1997 were 31,900 tons, and inventories increased slightly to 13,800 tons.

Magnesium exports through August 1997 were 3% lower

than those in the same period of 1996. Imports of magnesium were 36% higher than those in the first 8 months of 1996. Magnesium alloy imports remained at twice the level of 1996.

Quoted primary magnesium prices continued to increase slowly through the third quarter. Quoted magnesium prices are shown in the following table.

	Units	Beginning of quarter	End of quarter
Metals Week U.S. spot Western	Dollars per pound	\$1.62-\$1.68	\$1.62-\$1.68
Metals Week U.S. spot dealer import	do.	1.42-1.49	1.47-1.50
Metals Week European free market	Dollars per metric ton	2,550-2,675	2,700-2,800
Metal Bulletin free market	do.	2,475-2,550	2,475-2600

The trade press reported that Dow Chemical Co. was considering sale of its magnesium division. The company retained Salomon Brothers as a financial advisor to help Dow determine the best option for the magnesium operations. Sale of the division is only one of a number of options that the company is considering; a more definitive idea of the division's future is expected to be determined in 6 to 9 months, according to a company spokesperson (Platt's Metals Week, 1997a).

Noranda Inc. approved the construction of a \$513 million, 58,000-ton-per-year primary magnesium plant in Asbestos, Quebec, Canada, after operating a 250-ton-per-year pilot plant for more than 1 year. Plant construction is scheduled to begin in 1998, with commercial production to begin in mid-2000. The plant will produce magnesium and magnesium alloys for the aluminum and automotive diecasting industries using asbestos mine tailings as a raw material (Platt's Metals Week, 1997d).

At the end of October, Canadian firms Congo Minerals and Clavos Enterprises Inc. merged to form a new company, Magnesium Alloy Corp. Once this merger is completed, the new company plans to begin a prefeasibility study on

magnesium production in Congo (Brazzaville). The study, including drilling and analysis of samples, is expected to be completed within 12 to 18 months. The firm eventually plans to construct a 50,000-ton-per year plant in Congo (Brazzaville), but at this early stage of planning, no timeframe has been announced (Platt's Metals Week, 1997e).

China announced plans to increase annual capacity at the Minhe Magnesium Plant from 7,000 tons to 10,000 tons by early 1999. Investment for the upgrade will be \$12 million. Minhe recently completed a 3,000-ton-per-year expansion, which began operating in July 1997 (Platt's Metals Week, 1997c).

Final results of two separate administrative reviews by the International Trade Administration (ITA) resulted in the establishment of countervailing duties covering magnesium imports from Norsk Hydro Canada Inc. In the first review, which covered the calendar year 1993, countervailing duties for pure and alloy magnesium were determined to be 7.34% ad valorem (U.S. Department of Commerce, 1997c). The second review, covering the 1995 calendar year, established

Prepared in the Industrial Minerals Section and the Data Collection and Coordination Section, December 2, 1997.

PRINTED ON RECYCLED PAPER

countervailing duties at 3.18% ad valorem for pure and alloy magnesium (U.S. Department of Commerce, 1997b). Imports of pure and alloy magnesium from Norsk Hydro Canada currently are subject to countervailing duties only; the antidumping duty rate for pure magnesium was established at 0% ad valorem in August.

As a result of requests, the ITA will conduct administrative reviews of magnesium imports from Norsk Hydro Canada. The period covered under the antidumping duty review will be August 1, 1996, to July 31, 1997, and the period for the countervailing duty review will be January 1, 1996, through December 31, 1996. Final results of the reviews were expected to be issued by August 31, 1998 (U.S. Department of Commerce, 1997a).

In response to a request from Taiyuan Heavy Machinery Import and Export Corp., the ITA conducted a new shipper administrative review of the antidumping duty order for pure magnesium from China. Preliminary results of the review established a dumping margin of 83.92% for the company (U.S. Department of Commerce, 1997d).

In September, the European Commission (EC) officially began an investigation into the dumping of unwrought, unalloyed magnesium from China. The complaint, originally filed on behalf of Pechiney in July, alleges that magnesium from China was dumped from the end of 1996 to the beginning of 1997 at an estimated margin of 50%. The EC requested that all parties who could show that they were likely to be affected by the investigation file written documentation by October 1. The EC will use Norway as an appropriate country to establish fair market value for the magnesium (Platt's Metals Week, 1997b).

Automotive industry analysts estimated that the average unit content of magnesium diecastings in North American-built cars and light trucks will increase by 0.7 pound per vehicle from the 1997 model year to the 1998 model year. This increase represents an increase of 10 million pounds in total usage. The total magnesium content of each vehicle would average 6.5

pounds (Wrigley, 1997a).

General Motors Corp. (GM) announced that it would convert the steel instrument panel support beams to magnesium in the next generation models of its standard size Buick, Oldsmobile, and Pontiac cars, beginning in the summer of 1999. This application represents a total annual consumption of 4 million pounds of magnesium. The magnesium alloy for this application, AM60, will be supplied by Norsk Hydro Canada with which GM has a long-term purchase agreement. Meridian Technologies Inc. will produce the one-piece castings at its plant in Strathroy, Ontario, Canada (Wrigley, 1997b).

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TABLE 1
U.S. IMPORTS FOR CONSUMPTION AND EXPORTS OF MAGNESIUM 1/

(Metric tons)

	1996	1997				
		Jan.-May	June	July	August	Jan.-Aug.
Imports:						
Metal	17,300	5,730	1,360	2,070	1,270	10,400
Waste and scrap	3,340	1,320	236	256	342	2,150
Alloys (magnesium content)	24,600	16,000	3,720	2,830	3,790	26,300
Sheet, tubing, ribbons, wire, powder, and other (magnesium content)	1,280	240	74	46	25	385
Total	46,600	23,300	5,390	5,200	5,430	39,300
Exports:						
Metal	17,000	6,750	1,390	2,170	1,480	11,800
Waste and scrap	8,500	4,640	866	795	1,000	7,300
Alloys (gross weight)	6,970	3,330	641	619	689	5,280
Sheet, tubing, ribbons, wire, powder, and other (gross weight)	7,970	1,570	266	368	116	2,320
Total	40,500	16,300	3,160	3,950	3,290	26,700

1/ Data are rounded to three significant digits; may not add to totals shown.

Source: Bureau of the Census.

