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MINERAL INDUSTRY SURVEYS

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MAGNESIUM IN THE FOURTH QUARTER 1997

Domestic primary magnesium production in the fourth quarter of 1997 was 32,700 metric tons, 2% higher than production in the third quarter, according to the U.S. Geological Survey. Total U.S. production in 1997 was 125,000 tons, 6% lower than 1996 production. Producers' shipments in the fourth quarter of 1997 were 33,600 tons, and inventories decreased slightly to 13,100 tons.

Magnesium exports through November 1997 were slightly lower than those in the same period of 1996. Imports of magnesium were 39% higher than those in the first 11 months of 1996.

Quoted prices of primary magnesium did not change significantly from those at the end of the third quarter. Prices are shown in the following table. Average month-end magnesium prices for 1992-97 are shown in figure 2.

	Units	Beginning of quarter	End of quarter
Metals Week U.S. spot Western	Dollars per pound	$1.62-$1.68	$1.60-$1.70
Metals Week U.S. spot dealer import	do.	1.47-1.50	1.50-1.55
Metals Week European free market	Dollars per metric ton	2,700-2,800	2,750-2,850
Metal Bulletin free market	do.	2,475-2600	2,425-2,625

Magnesium Corp. of America (MagCorp) planned to complete a $46 million program to upgrade its electrolytic cell technology and install a new caster by the end of October 1998. In addition to reducing operating costs and increasing efficiency, the new electrolytic cells are designed to reduce chlorine emissions. This reduction in chlorine emissions should allow MagCorp to comply with new Clean Air Act standards that are expected to be established in 2000. Because of high emissions of chlorine and hydrochloric acid in the past, MagCorp has ranked high on the Environmental Protection Agency's annual Toxic Release Inventory list (Platt's Metals Week, 1998d).

Timminco Metals, Canada's producer of high-purity magnesium, planned to upgrade two extrusion presses and expand extrusion capacity at its Haley, Ontario, plant in early 1998 (Platt's Metals Week, 1997). Also in Canada, Gossan Resources completed an agreement with an investment banking firm to help raise the $3.5 million to complete a feasibility study of an industrial minerals property in Manitoba. Of the $3.5 million, $300,000 is targeted to a feasibility study to produce magnesium metal from dolomite. Gossan Resources announced in 1996 that it completed preliminary studies to construct a 15,000-ton-per-year plant to produce magnesium; operating costs were projected by the company to be $0.80 per pound of magnesium or less (Platt's Metals Week, 1998c).

Dead Sea Magnesium's parent company, Israel Chemicals Ltd., agreed to provide an additional $50 million to the plant for debottlenecking work to be completed in the early part of 1998. The work includes improving the equipment that serves the plant's electrolytic cells to increase capacity from 27,000 to 35,000 tons per year. In 1997, the Sdom, Israel, plant produced 8,000 tons of magnesium, and production for 1998 was projected to be 24,000 tons (Metal Bulletin, 1998). Dead Sea Magnesium also planned to postpone construction of a magnesium diecasting plant for 1 to 2 years because magnesium output at the Sdom plant would not meet the diecasting plant's long-term raw material needs (Platt's Metals Week, 1998b).

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The International Trade Administration completed its administrative review of antidumping duties for new shipper, Taiyuan Heavy Machinery Import and Export Corp. of China. The final results indicated that the company was selling primary magnesium in the United States at less than fair value and established a dumping margin of 69.53% ad valorem for the period May 1, 1996, to October 31, 1996. This rate will remain in effect until the next administrative review. Currently the dumping margin established as a China-wide rate is 108.26% ad valorem (U.S. Department of Commerce, 1998).

On December 24, 1997, a three-judge panel of the U.S. Court of Appeals for the Federal Circuit remanded a case involving appeal of the antidumping duties for pure magnesium from Ukraine back to the Court of International Trade (CIT), finding no evidence that the U.S. industry was injured. The appeal was begun in 1995 by trader Gerald Metals. CIT is expected to consider the remand for several months before issuing a new decision. Antidumping duties were established for pure magnesium from Ukraine at 79.87% to 104.27% in early 1995. The United States has not imported any pure magnesium from Ukraine since May 1994 (Platt's Metals Week, 1998e).

In a related case, the U.S. magnesium industry and the U.S. Department of Commerce presented oral arguments at the U.S. Court of Appeals for the Federal Circuit in a case involving the 0% antidumping duty on pure magnesium imports from Russia. Currently specific producers and traders have a 0% rate, which was established in 1995, and MagCorp, on behalf of the U.S. magnesium industry, filed a lawsuit to overturn this rate. In 1996, the CIT ruled partially in favor of MagCorp, but the company took the case to the appellate court. The Court of Appeals has no schedule for when its decision is to be made (Platt's Metals Week, 1998a).

Two U.S. auto manufacturers announced decisions to use magnesium alloy diecastings in new automotive applications. Chrysler Corp. plans to replace steel with magnesium in the mounting brackets for the antilock braking systems its front-wheel-drive minivans. The material switch will save 0.8 kilogram per bracket, with the magnesium components weighing 0.4 kilogram each (American Metal Market, 1998). General Motors Corp. will use magnesium diecasting for cam covers in the new premium V-6 engines that will be introduced in the 1999 model of the Oldsmobile Intrigue (American Metal Market, 1997).

References Cited

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———1998b, Dead Sea Mg postpones project: Platt's Metals Week, v. 69, no. 6, February 9, p. 15

———1998c, Gossan receives financing: Platt's Metals Week, v. 69, no. 2, January 12, p. 12.

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———1998e, US court ruling opens door to Ukrainian magnesium: Platt's Metals Week, v. 69, no. 1, January 5, p. 11.

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

(Metric tons)

		1997				
	1996	Jan.-Aug.	September	October	November	Jan.-Nov.
Imports:						
Metal	17,300	10,400	1,630	2,070	2,310	16,400
Waste and scrap	3,340	2,150	570	469	364	3,550
Alloys (magnesium content)	24,600	26,300	3,590	4,270	3,190	37,400
Sheet, tubing, ribbons, wire, powder, and other (magnesium content)	1,280	385	46	7	17	455
Total	46,600	39,300	5,840	6,820	5,880	57,800
Exports:						
Metal	17,000	11,800	1,780	1,170	1,370	16,100
Waste and scrap	8,500	7,300	1,130	1,140	906	10,500
Alloys (gross weight)	6,970	5,280	923	1,240	860	8,300
Sheet, tubing, ribbons, wire, powder, and other (gross weight)	7,970	2,320	112	181	82	2,700
Total	40,500	26,700	3,950	3,720	3,220	37,600

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

Source: Bureau of the Census.

Figure 1.--Magnesium production, shipments, and inventories

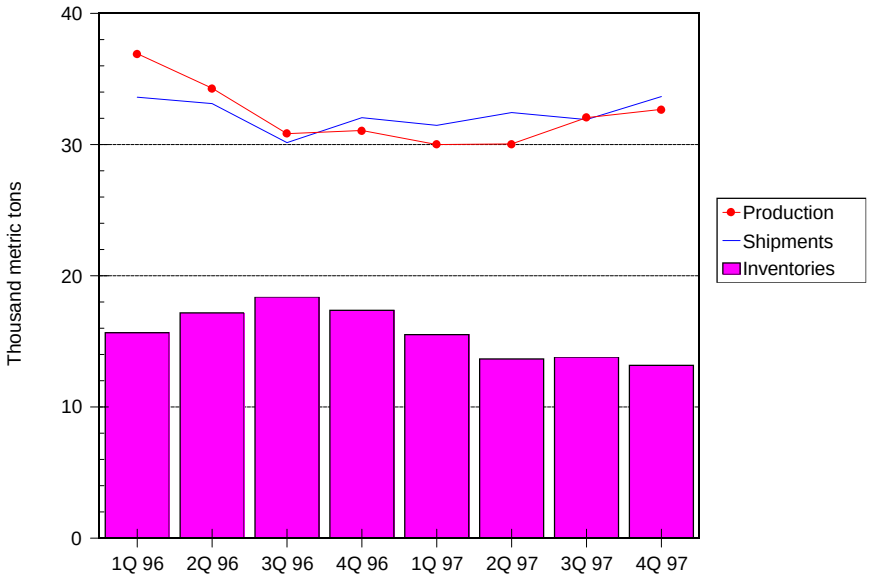

Figure 2.--Average month-end magnesium prices