USGS
science for a changing world

Mineral Industry Surveys

For information, contact:
Deborah A. Kramer, Magnesium Commodity Specialist
U.S. Geological Survey
983 National Center
Reston, VA 20192
Telephone: (703) 648-7719, Fax: (703) 648-7722
E-mail: dkramer@usgs.gov

Jesse Inestroza (Data)
Telephone: (703) 648-7968
Fax: (703) 648-7975

MINES FaxBack: (703) 648-4999
Internet: http://minerals.er.usgs.gov/minerals

MAGNESIUM IN THE FIRST QUARTER 1998

Domestic primary magnesium production in the first quarter of 1998 was 32,200 metric tons, slightly lower than production in the fourth quarter of 1997, according to the U.S. Geological Survey. Producers' shipments in the first quarter of 1998 were 29,400 tons, and inventories increased by 22% to 16,000 tons.

Magnesium exports in the first 2 months of 1998 were about 10% lower than those in the same period of 1997. Total exports for 1997 were the same as those in 1996.

Imports of magnesium were 45% higher than those in the first 2 months of 1997. This increase primarily resulted from an increase in primary magnesium imports. In May, the United States began receiving imports of primary magnesium from the new plant in Israel, and these have steadily risen as the plant increased its operating capacity. Total imports in 1997 were 40% higher that those in 1996, mainly because of a significant increase in imports of magnesium alloys from Canada.

Quoted prices of primary magnesium declined slightly from those at the end of the fourth quarter 1997. Prices are shown in the following table.

	Units	Beginning of quarter	End of quarter
Metals Week U.S. spot Western	Dollars per pound	$1.60-$1.70	$1.60-$1.65
Metals Week U.S. spot dealer import	do.	1.50-1.55	1.42-1.49
Metals Week European free market	Dollars per metric ton	2,750-2,850	2,700-2,800
Metal Bulletin free market	do.	2,425-2,625	2,400-2,600

In order to stabilize the Chinese export market, officials from the China Magnesium Association and the China Chamber of Commerce of Metals, Minerals, and Chemicals plan to establish a committee before June to control export prices. Although a minimum price has been established, the two groups declined to reveal the figure for now, but said it would be higher than current export prices, which are at $2,100 to $2,300 per ton. This minimum price would be made part of government regulations, and producers who sell below the minimum price would be penalized (Platt's Metals Week, 1998b). Chinese exports to the United States have been subject to an antidumping duty of 108.26% ad valorem since November 1994 because of material that was imported at a low value.

The European Commission (EC) is expected to impose provisional antidumping duties on 99.9%-pure magnesium from China with a decision scheduled for May 21. The investigation, which began in August 1997, is expected to result in a minimum import price of about $3,000 per ton established for Chinese magnesium. In 1996, the EC established minimum import prices for magnesium from Russia and Ukraine that are effective until 2001 unless there is another review (Platt's Metals Week, 1998c). India also has proposed antidumping duties on imports of magnesium from China. At a request from Southern Magnesium & Chemicals Ltd., the Ministry of Commerce has recommended an antidumping duty of Rs 27.5 per kilogram (about $680 per ton at current exchange rates). The duty will take effect when the Ministry of Finance accepts commerce's recommendation (Metal Bulletin, 1998a).

Iceland Magnesium Corp. reported that all tests in a feasibility study were completed successfully. The company plans to construct a 50,000-ton-per-year magnesium facility near Reykjavik. A final decision on plant construction is expected this year (Light Metal Age, 1998).

Construction of Magnola Metallurgy Inc.'s 58,000-ton-per-year magnesium facility began in April in Asbestos, Canada. Final governmental approval was received on April 8, and plant

construction began immediately afterward. Commercial production at the plant, which is using new technology to recover magnesium from asbestos tailings, is expected to begin in 2000 (Metal Bulletin, 1998b). A detailed description of the new magnesium recovery process was published in February (Brown, 1998).

The Wenxi Yin Guang Magnesium Industry Group in Shanxi Province, China, announced that it would increase production of magnesium ingot, alloys, and powder in 1998. Ingot production was expected to be increased to 4,500 tons in 1998 from 4,000 tons in 1997. Magnesium alloy production was expected to be increased by 200% to 3,000 tons by installing a production line that was imported from the United States. Powder production was expected to be increased by 50% to 1,500 tons. About 90% of the company's production is sold in China (Platt's Metals Week, 1998a).

Geo Tech Surveys Inc. submitted a plan to the Newfoundland, Canada, government to construct a new plant to extract magnesium from the asbestos tailings at the defunct Baie Verte mine. If the plan is approved, a new firm called Canadian Magnesium Corp. plans to complete a feasibility study a build and pilot plant at the site before a decision on commercial production is made (Platt's Metals Week, 1998d).

Solikamsk Magnesium Works of Russia reportedly is in talks with General Motors Corp. about financing an expansion at its plant. German auto manufacturer Daimler-Benz already has committed to suppling some cash for the upgrade, which is planned to increase magnesium production capacity from 16,800 to 42,000 tons per year. In return for its investment, Daimler-Benz was seeking a guaranteed source of magnesium (Platt's Metals Week, 1998e).

Luxfer Group Ltd., the British owner of U.S. firm Reade Manufacturing Co., acquired the U.S. firm Hart Metals Inc. in April. Hart Metals, which manufactures magnesium powder, will be merged with Reade Manufacturing, which makes magnesium chips, granules, and powders. The new company is expected to concentrated on developing new applications for magnesium particulates in organometallic and flare applications (Luxfer Group Ltd., 1998).

References Cited

Brown, R.E., 1998, Magnola—The Noranda magnesium process: Light Metal Age, v. 56, nos. 1, 2, p. 60-63.

Light Metal Age, 1998, Icelandic Magnesium Corporation: Light Metal Age, v. 56, nos. 1, 2, p. 53.

Luxfer Group Ltd., 1998, Luxfer acquires Hart Metals: Manchester, England, Luxfer Group Ltd. press release, April 3, 1 p.

Metal Bulletin, 1998a, India proposes anti-dumping duty on Chinese Mg: Metal Bulletin, no. 8269, April 16, p. 10.

———1998b, Magnola construction is underway: Metal Bulletin, no. 8270, April 20, p. 11.

Platt's Metals Week, 1998a, China producer expands Mg: Platt's Metals Week, v. 69, no, 18, May 4, p. 6.

———1998b, China to set minimum Mg price: Platt's Metals Week, v. 69, no. 18, May 4, p. 6.

———1998c, Europe to impose duties on Chinese magnesium: Platt's Metals Week, v. 69, no. 17, April 27, p. 9.

———1998d, Newfoundland magnesium plant planned: Platt's Metals Week, v. 69, no. 18, May 4, p. 6.

———1998e, Solikamsk seeks auto influx: Platt's Metals Week, v. 69, no. 18, May 4, p. 6.

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

(Metric tons)

		1998		
	1997	Jan.	Feb.	Jan.-Feb.
Imports:				
Metal	19,700	2,960	2,830	5,790
Waste and scrap	3,990	589	527	1,120
Alloys (magnesium content)	41,000	3,600	3,640	7,240
Sheet, tubing, ribbons, wire, powder, and other (magnesium content)	509	175	65	240
Total	65,100	7,330	7,060	14,400
Exports:				
Metal	17,100	803	1,120	1,920
Waste and scrap	11,200	882	1,190	2,070
Alloys (gross weight)	9,180	979	854	1,830
Sheet, tubing, ribbons, wire, powder, and other (gross weight)	2,960	72	98	170
Total	40,500	2,740	3,250	5,990

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

Source: Bureau of the Census.