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Mineral Industry Surveys

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MAGNESIUM IN THE THIRD QUARTER 2004

Exports of magnesium through August 2004 were about 41% lower than those in the same period of 2003. Magnesium imports through August 2004 were about 16% higher than those in the corresponding period of 2003. Primary metal represented about 34% of U.S. magnesium imports through August 2004. Russia (67%) and Israel (19%) were the principal sources of imported metal. Alloys were about 52% of the magnesium imports through August. Canada (43%) and China (41%) were the principal sources of imported alloys.

Quoted magnesium prices are shown in the table at the bottom of the page. In general, European magnesium prices fell slightly in the second quarter and U.S. and Chinese magnesium prices increased. Several factors contributed to the increase in U.S. prices: large aluminum producers, such as Alcan Inc. and Alcoa Inc., began negotiating contracts for their 2005 magnesium needs, anticipation of a decision in the antidumping duty case on imports of magnesium from China and Russia, and the absence of low-cost Chinese magnesium in the U.S. market. Magnesium from China was sold mostly in Europe in the second quarter, and as a result, prices in Europe have declined slightly.

On September 24, the U.S. Department of Commerce, International Trade Administration (ITA) announced preliminary results of its dumping investigation of magnesium metal and alloy from China and Russia. Based on its investigation and information submitted by several Chinese magnesium producers, the ITA established the following antidumping duties for magnesium alloy classified under the Harmonized Tariff Schedule (HTS) codes 8104.19.00 and 8104.30.00: China National Nonferrous Metals Import/Export Corp., Jiangsu Branch, 117.41% ad valorem; RSM companies, 128.11% ad valorem, Beijing Guangling Jinghua Science & Technology Co. Ltd., 140.09% ad valorem; and Tianjin Magnesium International Co. Ltd. and China-wide, 177.62% ad valorem (U.S. Department of Commerce, International Trade Administration, 2004b). For Russia, the ITA established the following rates for magnesium classified under HTS codes 8014.11.00, 8104.19.00, 8104.30.00, and 8104.90.00: Solikamsk Magnesium Works, 21.49% ad valorem; JSC Avisma Magnesium-Titanium Works, 10.62% ad valorem, and all others, 12.36% ad valorem (U.S. Department of Commerce, International Trade Administration, 2004a). Final determinations on both sets of duties are scheduled for the first quarter of 2005.

In September, the ITA published the final results of its countervailing duty administrative review of pure and alloy magnesium from Canada for calendar year 2002. The rates were the same as those established in the preliminary review—1.07% ad valorem for pure magnesium from Norsk Hydro Canada Inc., 1.07% ad valorem for magnesium alloy from Norsk Hydro, and 1.84% ad valorem for magnesium from Magnola Metallurgy Inc. (U.S. Department of Commerce, International Trade Administration, 2004c).

U.S. Magnesium LLC planned to begin construction of a third set of electrolytic cells that would increase its capacity to 51,000 metric tons per year (t/yr) from the current level of 45,000 t/yr at its Rowley, UT, plant. The company would start bringing the new cells online in June 2005 and reach full capacity in 2006. The company planned an additional expansion to 73,000 t/yr if market conditions warrant (Platts Metals Week, 2004).

	Unit	Beginning of quarter	End of quarter
Metals Week U.S. spot Western	Dollars per pound	\$1.50-\$1.70	\$1.70-\$1.80
Metals Week U.S. spot dealer import	do.	1.50-1.60	1.60-1.65
Metals Week European free market	Dollars per metric ton	1,950-2,100	1,950-2,050
Metal Bulletin free market	do.	1,950-2,100	1,900-2,000
Metal Bulletin China free market	do.	1,720-1,750	1,860-1,900

Magnesium recycler Halaco Engineering Co. decided to close its Oxnard, CA, plant because of its involvement in a number of Federal and State environmental lawsuits. Halaco had considered moving its operations to Tennessee, but decided to close the plant instead. The company had been operating under Chapter 11 bankruptcy since 2002 (Metal Bulletin, 2004).

References Cited

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U.S. Department of Commerce, International Trade Administration, 2004a, Notice of preliminary determination of sales at less than fair value and postponement of final determination—Magnesium from the Russian Federation: Federal Register, v. 69, no. 191, October 4, p. 59197-59204.

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TABLE 1

U.S. IMPORTS FOR CONSUMPTION AND EXPORTS OF MAGNESIUM[1]

(Metric tons)

		2004				
	2003	January-May	June	July	August	January-August
Imports:						
Metal	27,300	12,200	3,760	3,810	1,580	21,400
Waste and scrap	16,200	5,600	947	409	817	7,770
Alloys (magnesium content)	38,800	19,300	4,620	4,550	4,470	32,900
Sheet, tubing, ribbons, wire, powder, and other (magnesium content)	1,160	478	170	38	107	793
Total	83,400	37,600	9,500	8,810	6,980	62,900
Exports:						
Metal	8,770	986	64	143	58	1,250
Waste and scrap	5,040	2,080	455	324	465	3,330
Alloys (gross weight)	2,320	1,160	192	90	55	1,500
Sheet, tubing, ribbons, wire, powder, and other (gross weight)	4,260	1,870	414	157	249	2,690
Total	20,400	6,100	1,130	714	827	8,760

[1]Data are rounded to no more than three significant digits; may not add to totals shown.

Source: U.S. Census Bureau.