

Mineral Industry Surveys

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MAGNESIUM IN THE FOURTH QUARTER 2006

Exports of magnesium from January through November 2006 were about 31% higher than those in the same period of 2005. Magnesium imports through November 2006 were about 12% less than those in the corresponding period of 2005, mainly as a result of a decrease in imports of magnesium alloy from China. Russia (41%), Canada (28%), and Israel (24%) were the principal sources of imported magnesium metal, and Canada (75%) and Israel (11%) were the principal sources of imported alloys.

Quoted magnesium prices are shown in the table at the bottom of the page. U.S. quoted prices increased significantly during the fourth quarter after Norsk Hydro ASA announced that it would close its primary magnesium plant in Canada in 2007.

Another factor that contributed to a price increase was a supply interruption at the VSMPO-Avisma Corp. primary magnesium plant in Berezniki, Russia. OAO Uralkali, the major supplier of carnallite to VSMPO-Avisma had to shut down one of its mines in October because of flooding. The company reportedly reached an agreement with OAO Silvinit, a potash mining plant 30 kilometers from VSMPO-Avisma's plant, to supply the company with carnallite in sufficient quantities to operate the magnesium plant at full capacity (Russia Newswire, 2006§¹).

By the beginning of February, American Metal Market reported that spot magnesium prices had increased to \$1.55 to \$1.60 per pound because of the limited supply (McDonnell, 2007§).

¹References that include a section mark (§) are found in the Internet References Cited section.

After Norsk Hydro's plant closes, Dead Sea Magnesium Ltd. plans to ship more magnesium to the United States and less to Europe, which is expected to result in higher prices in Europe in 2007 (Metal Bulletin, 2006).

After the U.S. Department of Commerce, International Trade Administration (ITA) determined that pure magnesium from Tianjin Magnesium International Ltd. (TMI), China, would not be subject to any antidumping duty, U.S. Magnesium LLC filed an appeal of the 0% duty with the Court of International Trade. In addition to what it said were erroneous calculations, U.S. Magnesium said that the ITA did not apply TMI's cash deposit rate solely to TMI and the Chinese producer that supplied TMI with the pure magnesium. U.S. Magnesium requested that the Court order the ITA to restrict the 0% rate to TMI and the one supplier so that other magnesium producers in China do not take advantage of TMI's rate to ship magnesium to the United States (Platts Metals Week, 2006).

After conducting an expedited 5-year ("sunset") review concerning the antidumping duty order on imports of pure granular magnesium from China, the ITA determined that the duties would remain at the level of 305.56% ad valorem that was established in 2001 (U.S. Department of Commerce, International Trade Administration, 2007).

In November, Timminco Ltd. announced that it would restructure its magnesium operations in Haley, Ontario, Canada. The restructuring involves outsourcing the production of some of the company's specialty metals products to China to reduce manufacturing costs. This move would result in the elimination of 45 positions and the idling of some equipment (Timminco Ltd., 2006§). Timminco was not specific about which operations would be moved to China.

	Unit	Beginning of quarter	End of quarter
Metals Week U.S. spot Western	Dollars per pound	\$1.10-\$1.15	\$1.35-\$1.45
Metals Week U.S. spot dealer import	do.	1.09-1.15	1.35-1.42
Metals Week European free market	Dollars per metric ton	1,850-2,000	2,020-2,080
Metal Bulletin European free market	do.	1,950-2,050	2,000-2,100
Metal Bulletin China free market	do.	1,900-1,930	1,900-1,930

Meridian Technologies Inc., which claims to be the world's largest magnesium diecasting company, was to be acquired for \$175 million by a consortium of investors led by the Norwegian entrepreneur Jostein Eikeland through his Swiss holding company Estatia AG. Current owners of Meridian—Teksid SpA of Italy (a subsidiary of Fiat Group) and Norsk Hydro—agreed to sell 100% of the equity of the company to the consortium in an all-cash transaction financed through a combination of debt and equity. Meridian Technologies operates magnesium diecasting facilities in Canada, China, Italy, the United Kingdom, and the United States (Burgert, 2006).

References Cited

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Metal Bulletin, 2006, European Mg consumers see higher prices in '07 as market tightens: Metal Bulletin, no. 8973, December 4, p. 10.

Platts Metals Week, 2006, US Magnesium appeals Commerce ruling: Platts Metals Week, v. 77, no. 48, November 27, p. 9.
U.S. Department of Commerce, International Trade Administration, 2007, Pure magnesium in granular form from the People's Republic of China—Final results of the expedited sunset review of the antidumping duty order: Federal Register, v. 72, no. 24, February 6, p. 5417-5418.

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Russia Newswire, 2006 (October 31), Vladislav Tetyukhin, general director of VSMPO – AVISMA Corporation announces the company's development program through 2012, accessed January 25, 2007, at URL http://www.russiannewswire.com/releases_headlines_details.php?id=5965.
Timminco Ltd., 2006 (November 14), Timminco announces third quarter 2006 results, accessed January 23, 2007, at URL <http://www.timminco.com/press/3q06.pdf>.

TABLE 1
U.S. IMPORTS FOR CONSUMPTION AND EXPORTS OF MAGNESIUM¹

(Metric tons)

	2006					
	2005	January- August	September	October	November	January- November
Imports:						
Metal	28,700	21,000	2,650	2,590	2,890	29,200
Waste and scrap	14,700	10,800	1,190	1,740	2,020	15,800
Alloys (magnesium content)	40,300	18,500	1,570	1,880	1,790	23,700
Sheet, tubing, ribbons, wire, powder, and other (magnesium content)	1,040	531	72	100	105	808
Total	84,700	50,900	5,480	6,310	6,810	69,500
Exports:						
Metal	732	2,740	662	236	301	3,940
Waste and scrap	5,630	2,520	338	280	340	3,480
Alloys (gross weight)	1,200	1,670	111	241	180	2,200
Sheet, tubing, ribbons, wire, powder, and other (gross weight)	2,080	1,720	122	110	99	2,060
Total	9,650	8,650	1,230	866	920	11,700

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

Source: U.S. Census Bureau.