

# Mineral Industry Surveys

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## MAGNESIUM IN THE FIRST QUARTER 2007

Exports of magnesium from January through March 2007 were about 6% lower than those in the same period of 2006. Magnesium imports through March 2007 were about 15% less than those in the first quarter of 2006. Israel (49%) and Russia (28%) were the principal sources of imported magnesium metal, and Canada (69%) was the principal source of imported alloys.

Total U.S. exports in 2006 were 28% higher than those in 2005. Canada, with 64% of the total, was the principal destination. U.S. magnesium imports in 2006 were 11% less than those in 2005. Canada, Israel, and Russia combined to supply 84% of the total. Canada was the source of 74% of the magnesium alloys imported, and Russia was the source of 41% of the total pure metal imports.

Quoted magnesium prices are shown in the table at the bottom of the page. U.S. quoted magnesium prices continued to rise because of the uncertainty in supply. Norsk Hydro ASA closed its primary magnesium plant in Becancour, Quebec, Canada, on April 13; magnesium production had ended on March 10. The company planned to supply existing contracts from inventories that were held for that specific purpose (Platts Metals Week, 2007). In 2005, Canada supplied 53% of total United States magnesium imports, so loss of this production was expected to tighten the supply of magnesium in the United States, leading to increased prices. Magnesium prices in China increased in anticipation of a potential export tax levy. Although China did introduce export taxes for a variety of metals, beginning June 1, magnesium products were not included.

In a review of the antidumping duty order on magnesium from Russia, the U.S. Department of Commerce, International

Trade Administration (ITA) preliminarily determined that the duty rates for the two Russian magnesium producers were lower than those in the original order established in April 2005. The ITA evaluated imports of pure and alloy magnesium metal from Russia between October 4, 2004, and March 31, 2006, and determined that for VSMPO-AVISMA Corp. (formerly JSC Avisma Titanium-Magnesium Works), the dumping margin was 2.34% ad valorem, and for Solikamsk Magnesium Works, the dumping margin was 3.77% ad valorem. The 2005 antidumping duties were 21.71% ad valorem for AVISMA and 18.65% ad valorem for Solikamsk (U.S. Department of Commerce, International Trade Administration, 2007).

According to China's National Bureau of Statistics, China produced 613,000 metric tons (t) of magnesium in 2006, about 32% more than that in 2005. China imported only about 3,300 t of magnesium and exported nearly 350,000 t in 2006 (Beijing Antaika Information Development Co., Ltd., 2007b).

Fushun Titanium Industry Co. Ltd. planned to build a new 5,000-metric-ton-per-year (t/yr) magnesium production line to provide magnesium for a new 5,000-t/yr titanium sponge production line that it also planned to build. Construction was expected to begin sometime in 2007 (Beijing Antaika Information Development Co., Ltd., 2007a).

In Russia, the country's Federal Anti-Monopoly Service gave permission for Rusal Magnesium Ltd. to acquire 50% of the voting shares in Solikamsk. The Solikamsk plant reportedly exported about 60% of the magnesium and magnesium alloys it produced, and shipped 20,253 t of magnesium and alloys in 2006 (Metals Place, 2007a). The total volume of magnesium

	Unit	Beginning of quarter	End of quarter
Metals Week U.S. spot Western	Dollars per pound	\$1.35-\$1.45	\$1.55-\$1.70
Metals Week U.S. spot dealer import	do.	1.35-1.42	1.50-1.70
Metals Week European free market	Dollars per metric ton	2,020-2,080	2,150-2,300
Metal Bulletin European free market	do.	2,000-2,100	2,040-2,120
Metal Bulletin China free market	do.	1,900-1,930	2,130-2,200

produced by VSMPO-AVISMA in 2006 was reported to be 15,800 t compared with the 2005 output of 23,900 t (Metals Place, 2007b).

After being unable to find financing for its proposed magnesium plant, Magnesium International Ltd. placed the Egyptian Magnesium Co. project on maintenance, closed its office in Egypt, and released the staff (Magnesium International Ltd., 2007). Instead of building a plant, the company was proposing to joint venture or license the processing technology, which was originally purchased from Dow Chemical Co.

### References Cited

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

(Metric tons)

	2007				
	2006	January	February	March	January- March
<b>Imports:</b>					
Metal	31,900	2,130	1,310	1,780	5,220
Waste and scrap	17,200	1,460	1,520	1,480	4,450
Alloys (magnesium content)	25,200	2,660	1,520	2,120	6,300
Sheet, tubing, ribbons, wire, powder, and other (magnesium content)	927	152	115	160	427
<b>Total</b>	<b>75,300</b>	<b>6,400</b>	<b>4,460</b>	<b>5,540</b>	<b>16,400</b>
<b>Exports:</b>					
Metal	4,170	452	412	350	1,210
Waste and scrap	3,680	142	170	33	345
Alloys (gross weight)	2,290	239	218	355	812
Sheet, tubing, ribbons, wire, powder, and other (gross weight)	2,180	135	101	75	311
<b>Total</b>	<b>12,300</b>	<b>968</b>	<b>901</b>	<b>813</b>	<b>2,680</b>

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

Source: U.S. Census Bureau.