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# Mineral Industry Surveys

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## MAGNESIUM IN THE SECOND QUARTER 2009

Magnesium exports in the first half of 2009 were 59% higher than exports in the first half of 2008. Magnesium imports for consumption through June 2009 were about 41% less than those in the first half of 2008. Israel (62%) and China (34%) were the principal sources of imported magnesium metal. Canada (16%) and Israel (15%) were the principal sources of imported alloys.

Quoted magnesium prices are shown in the table at the bottom of the page. Prices continued to fall, but the declines were not as large as those in the past two quarters. Press reports indicated that consumers had significant quantities of magnesium left in their 2009 contracts and were not negotiating contracts for 2010 yet, and that spot magnesium sales were almost nonexistent (Jennemann, 2009).

The U.S. Department of Commerce, International Trade Administration (ITA) (2009a), published final results of its administrative review of antidumping duties on pure magnesium imported from Russia, which did not change from the preliminary results (see Magnesium in the First Quarter 2009).

In June, the ITA announced the preliminary results of its 2007-08 antidumping duty review of pure magnesium from China from Tianjin Magnesium International Co. Ltd. (TMI). The ITA established a dumping margin of 9.1% for TMI for the May 1, 2007, to April 30, 2008, period of review; final results were expected within 120 days (U.S. Department of Commerce, International Trade Administration, 2009c).

Also in June, the ITA began a new shipper review for Tianjin Xiangghaiqi Resources Import & Export Trade Co., Ltd. (TXR), which was representing Pan Asia Magnesium Co. Ltd., as subsidiary of U.S.-based China Direct Inc. (Deerfield Beach, FL). TXR and Pan Asia Magnesium certified that, since the initiation of the investigation, both have never been affiliated with any exporter or producer that exported pure magnesium to the United States during the period of investigation, May 1, 2008, through April 30, 2009. TXR also certified that it was not controlled by the Chinese Government. Preliminary results were expected by yearend 2009 (U.S. Department of Commerce, International Trade Administration, 2009b). Pan Asia Magnesium, which was 51% owned by China Direct, has about 18,000 t/yr of primary magnesium production capacity in Shanxi Province.

Timminco Ltd. (Toronto, Ontario, Canada) completed the divestiture of its magnesium business in July. The company merged its remaining extrusion businesses with the magnesium operations of China-based Winca Tech Ltd., to form Applied Magnesium International Ltd. Timminco's facility in Nuevo Laredo, Mexico, and Winca's facilities in Hebi, Henan Province, and Linyi, Shandong Province, China, were included in the new company. Former managers and employees of Timminco's magnesium business were expected to form the core management team of its North American operations, based in Denver, CO, where Timminco's magnesium extrusion facility is located. In connection with the sale, Timminco received a 19.5% equity interest in Applied Magnesium; Winca holds the remaining equity (Timminco Ltd., 2009).

SilMag D.A., a 50:50 joint venture between Norsk Hydro ASA (Oslo, Norway) and AMG Advanced Metallurgical Group

| | Units | Beginning of quarter | End of quarter |
|---|---|---|---|
| Platts Metals Week U.S. spot Western | Dollars per pound | \$2.70-\$2.95 | \$2.35-\$2.55 |
| Platts Metals Week U.S. spot dealer import | do. | 2.50-2.60 | 2.20-2.50 |
| Platts Metals Week European free market | Dollars per metric ton | 2,650-2,780 | 2,550-2,650 |
| Platts Metals Week China | do. | 2,700-2,750 | 2,520-2,570 |
| Metal Bulletin European free market | do. | 2,550-2,750 | 2,600-2,700 |
| Metal Bulletin China free market | do. | 2,680-2,750 | 2,470-2,540 |

N.V. (Amsterdam, Netherlands), planned to postpone secondary magnesium alloy production, which was originally scheduled to start in 2009 in Porsgrunn, Norway. The company cited the drop in magnesium consumption and price since autumn 2008 and difficulty in magnesium scrap collection. SilMag still planned to start magnesium metal production from olivine as originally scheduled in 2011. A pilot plant was expected to be constructed in 2009 (Metals Place, 2009).

In July, Israel Chemicals Ltd. (ICL, Tel Aviv, Israel) and Volkswagen AG (Wolfsburg, Germany) reached a compromise regarding Volkswagen's demand to pull out of its partnership in Dead Sea Magnesium Ltd. Under the accord, Volkswagen will provide $30 million to the 35,000-metric-ton-per-year (t/yr) primary magnesium plant and transfer its 35% share in the company to ICL, which owns the other 65%. At the same time, ICL will provide $55.7 million in funds to Dead Sea Magnesium (Reuters, 2009). The companies had been negotiating Volkswagen's withdrawal from the venture since December 2008.

The National Statistics Bureau of China reported that magnesium production in the country in the first half of 2009 was 215,000 metric tons, 47% lower than production in the first half of 2008 (China Magnesium Industry & Market Bulletin, 2009).

Also in China, Ningxia Huiye Magnesium Co. Ltd. completed its magnesium ingot expansion project in June, increasing its production capacity to 66,000 t/yr from 40,000 t/yr. The company, which has five plants in Ningxia and Shanxi Provinces, had originally planned to finish the expansion project before yearend 2008, but this was delayed by rapidly falling magnesium prices and the global economic crisis (Metal-Pages Ltd., 2009).

Quad City Die Casting Co. (Moline, IL), a manufacturer of aluminum and magnesium diecastings, was scheduled to close on July 12, but employees were informed that layoffs would be delayed and that, with the current workload, the company expected to remain in operation until the end of August 2009 (Schorpp, 2009).

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

(Metric tons)

| | | 2009 | | | | |
|---|---|---|---|---|---|---|
| | 2008 | January-March | April | May | June | January-June |
| Imports: | | | | | | |
| Metal | 44,300 | 7,490 | 1,100 | 1,600 | 2,270 | 12,500 |
| Waste and scrap | 24,100 | 5,180 | 1,970 | 1,330 | 1,480 | 9,960 |
| Alloys (magnesium content) | 13,000 | 1,510 | 197 | 319 | 281 | 2,310 |
| Sheet, tubing, ribbons, wire, powder, and other (magnesium content) | 1,970 | 40 | 12 | 12 | 18 | 81 |
| Total | 83,300 | 14,200 | 3,280 | 3,260 | 4,050 | 24,800 |
| Exports: | | | | | | |
| Metal | 3,100 | 993 | 293 | 195 | 329 | 1,810 |
| Waste and scrap | 2,600 | 947 | 241 | 20 | 143 | 1,350 |
| Alloys (gross weight) | 6,760 | 1,720 | 760 | 661 | 821 | 3,960 |
| Sheet, tubing, ribbons, wire, powder, and other (gross weight) | 1,950 | 675 | 184 | 155 | 119 | 1,130 |
| Total | 14,400 | 4,340 | 1,480 | 1,030 | 1,410 | 8,250 |

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

Source: U.S. Census Bureau.