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Mineral Industry Surveys

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MAGNESIUM IN THE FOURTH QUARTER 2009

Magnesium exports for 2009 were 36% higher than exports in 2008. Magnesium imports for consumption in 2009 were about 43% less than those in 2008. Israel (72%) and China (23%) were the principal sources of imported magnesium metal. Israel (22%) and Canada and Mexico (14% each) were the principal sources of imported alloys.

Quoted magnesium prices for the fourth quarter are shown in the table at the bottom of the page. In general, Chinese and European prices inched higher, and U.S. prices fell slightly. In response to the weak global economy and weak magnesium demand, yearend 2009 prices were significantly lower than those at yearend 2008. Press reports indicated that several significant aluminum buyers in Europe settled first quarter 2010 contracts for Chinese origin magnesium for $2,600 to $2,650 per metric ton. U.S. contracts with the leading aluminum producers, however, were not completed, although offers at $2.20 per pound were reported (McBeth, 2009).

In December, the U.S. Department of Commerce, International Trade Administration (ITA), published its final antidumping duty administrative review for pure magnesium imported from the Chinese firm Tianjin Magnesium International Co. Ltd. (TMI). According to the ITA, TMI withheld information and provided information that could not be verified during the investigation. TMI's suppliers reportedly lacked documentation of payment, had discrepancies in record keeping, and had altered requested documents. One supplier reportedly threw accounting records out of a window while ITA investigators were locked out of the suppliers' office. As a result, the ITA set a punitive antidumping duty of 111.73% ad valorem on magnesium imported from TMI (Jenneman, Tom, 2009; U.S. Department of Commerce, International Trade Administration, 2009). TMI reportedly planned to appeal the decision before the U.S. Court of International Trade.

The World Trade Organization Dispute Settlement Body set up a panel in December in response to a U.S. complaint that China improperly restricts exports of materials in order to to help its own manufacturers. One of the materials included in the complaint was magnesium. The panel was scheduled to complete its report of findings and recommendations within 9 months of being established (Office of the United States Trade Representative, 2009). Several other nations, including Canada, were expected to participate in the panel.

U.S. Magnesium LLC will recover up to $1 million during 5 years under a Surface Transportation Board ruling that Union Pacific Railroad charged the company unreasonably high rates to ship chlorine. The Surface Transportation Board allowed Union Pacific to charge more than 300% of its variable costs on the shipping lanes, but said the railroad's rates of $13,396 per tank car to ship from Rowley, UT, to Eloy, AZ, and $10,410 to ship to Sahuarita, AZ, far exceeded allowed levels. Union Pacific planned to appeal the ruling (Boyd, 2010).

Hart Metals Inc. (Tamaqua, PA) received $1.6 million in Federal funding to design magnesium components for military vehicles. The funds will be used to construct and install an atomizer, which was expected to be installed by the end of 2010. Hart Metals will then start developing alloys and adjusting their

	Units	Beginning of quarter	End of quarter
Platts Metals Week U.S. spot Western	Dollars per pound	$2.30-$2.50	$2.20-$2.40
Platts Metals Week U.S. spot dealer import	do.	2.20-2.50	2.25-2.40
Platts Metals Week European free market	Dollars per metric ton	2,600-2,700	2,700-2,800
Platts Metals Week China	do.	2,570-2,620	2,630-2,700
Metal Bulletin European free market	do.	2,700-2,800	2,700-2,750
Metal Bulletin China free market	do.	2,650-2,700	2,700-2,780

properties to find the right mix for the military. Hart Metals currently manufactures magnesium flares for the military (Pangonis, 2010).

The municipal government of Anshan in Liaoning Province, China, secured investment, through Magnesium Resources Corp. of China Ltd., to build a magnesium plant in the city's Haicheng district. Magnesium Resources was expected to invest up to $1.5 billion in the construction of the facility, which would have an annual capacity of 200,000 metric tons per year (t/yr) of magnesium metal and 50,000 t/yr of magnesium alloys. The first phase of the project was expected to be completed in mid-2010 (Metal-Pages Ltd., 2010). According to the China Nonferrous Metals Industry Association, China produced 500,000 metric tons of magnesium in 2009, 5% lower than that produced in 2008 (China Magnesium Industry & Market Bulletin, 2010).

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

(Metric tons)

		2009				
	2008	January-September	October	November	December	January-December
Imports:						
Metal	44,300	17,800	1,060	1,330	1,270	21,400
Waste and scrap	24,100	14,700	2,420	1,570	2,160	20,900
Alloys (magnesium content)	13,000	3,270	487	466	572	4,790
Sheet, tubing, ribbons, wire, powder, and other (magnesium content)	1,970	110	16	23	55	204
Total	83,300	35,900	3,980	3,380	4,060	47,300
Exports:						
Metal	3,100	3,500	1,180	696	748	6,120
Waste and scrap	2,600	1,940	173	124	42	2,280
Alloys (gross weight)	6,760	5,850	1,100	1,010	1,230	9,190
Sheet, tubing, ribbons, wire, powder, and other (gross weight)	1,950	1,590	216	131	116	2,050
Total	14,400	12,900	2,660	1,970	2,140	19,600

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

Source: U.S. Census Bureau.