



UPDATE Weekly

February 3, 2012

Edition: 05

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Below are articles and summaries of **magnesium** related stories. Members are asked to distribute the update to their employees – if their employees wish to receive the IMA Weekly Update, please send their email addresses to the IMA Head Office. We appreciate your company press releases and announcements for inclusion in the Weekly Update.

INDUSTRY CALENDAR

March 28-30, 2012

Asian Metal's World Magnesium Forum
Xi'an, Shaanxi Province, China
<http://www.asianmetal.com/Events>

April 3-5, 2012

U.S. EPA Hardrock Mining Conference 2012:
Advancing Solutions for a New Legacy
Denver, Colorado, USA
<http://www.epa.gov/nrmrl/events/event04032012.html>

April 25-26, 2012

Global Automotive Lightweight Materials Initiative
London, United Kingdom
www.global-automotive-lightweight-materials.com

May 1-2, 2012

Automotive Metals Conference
Dearborn, MI USA
www.amm.com/EventDetail/4259/5th-Automotive-Metals-Conference.html

May 20-22, 2012

IMA 69th Annual World Conference
San Francisco, California, USA
www.imaworldconference.org

July 8-12, 2012

9th International Conference on Magnesium Alloys
and their Applications
Vancouver, Canada
www.magnesium2012vancouver.com/welcome.html

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ASSOCIATION NEWS

IMA 69th Annual World Conference Registration – **Now Open!**

IMA Awards of Excellence – 2012 Call for Entries, *deadline extended to February 29*

IMA Environmental Responsibility Award – 2012 Call for Entries, *deadline extended to February 29*

Articles follow below

INDUSTRY NEWS

US Magnesium Price Tightens Up on Slight Pick Up in Demand
www.metal-pages.com (03-Feb-2012)

Announcing Global Automotive Lightweight Materials 2012, Business Design Centre, London, UK
<http://www.global-automotive-lightweight-materials.com> (03-Feb-12)

Articles follow below

CHINA'S LATEST

China Magnesium Industry and Market Bulletin
www.chinamagnesium.net (03-Feb-2012)

Articles follow below

EDITOR'S NOTE: IMA makes every possible effort to substantiate the articles which appear in the Weekly Update. However, as this is not always possible IMA does not warrant the details nor accuracy of any given article. Please keep in mind that materials are attained through press releases, outside articles from numerous sources and publications. Such materials often contain opinions which are not that of the association nor should they be construed as such. We realize that in the case of some materials, the translations might often lead to less than perfect grammar, etc. It is our position however to print as submitted rather than take upon ourselves the editing of such materials which would entail potential changes unwanted by any given author.

ASSOCIATION NEWS

IMA 69th Annual World Conference Registration – **Now Open!**

Please visit www.imaworldconference.org to:

- Check out the Program!
- Process your online Registration!
- Download the Attendee and Exhibitor/Sponsor Opportunity brochures!
- Reserve your hotel accommodations at a discounted price!

The 69th Annual World Magnesium Conference, “**Magnesium, The Dream Metal,**” will be held in San Francisco, California, USA from May 20 – 22, 2012. The event will take place at The Fairmont, San Francisco. The World Magnesium Conference is the premier international **magnesium** conference that highlights the industry’s latest technological advances, innovative applications, and emerging developments in the global marketplace. The conference combines informative technical sessions, exhibits, networking opportunities, as well as social activities and tours for a well-rounded industry experience. In addition, winners of the 2012 Awards of Excellence—IMA’s competition recognizing outstanding **magnesium** products and innovative manufacturing technologies—will be announced during the World Magnesium Conference. Additionally IMA will recognize environmentally progressive and responsible companies in the 2012 International Environmental Responsibility Award competition.

As information about the 2012 World Conference becomes available, it will be reflected on the website www.imaworldconference.org and proactively sent out via targeted emails and the IMA Weekly Update.

We look forward to seeing you in May!

IMA Awards of Excellence – **2012 Call for Entries**, deadline extended to February 29

Note: If you submitted an award for consideration and have not gotten confirmation from us please email the Head Office at info@intlomag.org.

Established in 1962, IMA's Awards of Excellence program is an annual program open to all companies demonstrating outstanding examples of **magnesium's** use. Nominations are judged by a panel system of peer reviewers.

Fill out the entry form and submit it along with photos (digital in jpg or tif format, 300 dpi, or printed) of your entry and descriptive, supportive material. Digital materials are preferred. Original parts are not required as part of your entry. Winners will be required to supply samples for the 2012 Annual Conference.

You can download the entry form here or paste the URL in your browser:

http://intlomag.org/assets/pdfs/2012IMA_AwardsExcellBrochure.pdf

IMA Environmental Responsibility Award – **2012 Call for Entries**, deadline extended to February 29

Note: If you submitted an award for consideration and have not gotten confirmation from us please email the Head Office at info@intlomag.org.

IMA recognizes companies that are playing an active role in reducing the **magnesium** industry’s carbon footprint and that exemplify the industry’s commitment to environmental responsibility. The IMA International Environmental Responsibility Award will be presented each year at the IMA Annual World Magnesium Conference.

The award(s) are presented based on the achieved and documented reduction of carbon dioxide equivalents within the calendar year preceding the Annual World Conference. It is intended to include all aspects of the **magnesium** industry from primary production through to end-user industries. Judging will be conducted by an international panel of experts.

You can download the entry form here or paste the URL in your browser:
http://intlmag.org/assets/pdfs/2012IMA_Enviro_flyer.pdf

INDUSTRY NEWS

US Magnesium Price Tightens Up on Slight Pick Up in Demand **www.metal-pages.com** (03-Feb-2012)

The price spread of pure **magnesium** in the US has narrowed slightly amid reports of spotty business activity.

Trade sources said that there had been the odd parcel of metal sold in recent weeks as some consumers look to replenish low stock levels following the year-end rundown.

US spot pure **magnesium** min 99.9% has tightened to a range of \$2.00-2.20/lb. delivered from a previous range of \$1.90-2.20/lb. delivered.

Despite the slight improvement, material flows continue to improve as offers for recently imported metal linger and domestic producer US Magnesium LLC has also ramped-up output over the past several months.

"There have been a couple of loads sold here and there. But it's really minimal and most people are just living off their contracted deliveries," said one trade source.

"I don't think you can get metal under \$2, although I understand some consumers managed to get contracts under that level."

The price of secondary **magnesium** 90/10 material is holding in a range of \$1.75-1.85/lb.

The aluminum industry is expected to buoy the **magnesium** sector this year as volumes steadily improve, largely driven by the burgeoning US automotive industry.

Both Honda and General Motors unveiled plans this week to make further investments in US auto plants to expand production.

"Most of the big aluminum guys are expecting this year to be slightly up on last year so this is obviously good for **magnesium**. With the new vehicle emission regulations, cars are going to get lighter and use more **magnesium**," said the trade source.

"But things can still change because the economy looks fragile. So nothing is a given."

The beleaguered construction sector, however, is expected to continue to dog the **magnesium** sector.

The construction industry is important to the US die-casting sector as it supplies parts for products such as power and hand tools, appliances, building hardware and telecommunications.

"Automotive seems to be booming. But the construction industry probably hasn't seen the bottom yet," said another trade source.

"I think we might get a bit more direction in the spring. Business is okay and most people are taking their deliveries. But there seems to be more material out there from overseas and domestic sources."

The increase of material comes as Malaysia-based CVM Minerals has offered more material in the US market, while US imports from Israel's Dead Sea Magnesium are also understood to have increased.

Trade sources said that a recent decision by the World Trade Organization (WTO) to uphold its ruling on Chinese export restrictions on key raw materials, including **magnesium** metal, is not expected to lead to increased imports of **magnesium** into the US because of anti-dumping duties.

Meanwhile, The US International Trade Commission (ITC) launched a sunset review this week to rule on whether repealing an anti-dumping order on granular pure **magnesium** from China would hurt the domestic industry.

The US Department of Commerce issued an anti-dumping order on imports of pure **magnesium** in granular form from China in November 2001.

Announcing Global Automotive Lightweight Materials 2012, Business Design Centre, London, UK

<http://www.global-automotive-lightweight-materials.com> (03-Feb-12)

IMA has been invited to partner with the Global Automotive Lightweight Materials Initiative that takes place April 25-26, 2012 in Central London, United Kingdom.

Designing and manufacturing a commercially viable lightweight vehicle, whilst maintaining structural performance, remains a top priority for the automotive industry, as they battle to meet stringent carbon emissions targets and fulfill consumer demands for highly fuel efficient vehicles.

However, significant cost barriers remain across the advanced lightweight materials cycle from procurement and manufacturing processes to end of life recycling. Clearly tackling these costs will be key to mass-market applications, in tandem with resolving the remaining technical challenges to ensure optimal part performance.

At the Global Automotive Lightweight Materials Initiative 2012 you will be able to join the lightweighting community to benchmark your gram strategy, examine best practices and discover innovative, commercially viable solutions for sourcing, integrating and manufacturing advanced lightweight materials.

This is your opportunity to find out actual results being delivered in weight savings, amongst a backdrop of candid debate on collaborative opportunities to enable widespread adoption of advanced lightweight materials and finding the most feasible routes to achieving scale.

Please note that Mr. Alex Markin, Managing Director of IMG (International Magnesium Group, a wholly owned subsidiary of IMA Member China Direct Industries, Inc.) will be among the panel speakers at the event.

As an IMA Member, you can claim a 15% discount on the advertised rates. To claim this offer, please email info@london-business-conferences.co.uk or call ++ 44 (0)20 7033 4970.

CHINA'S LATEST

China Magnesium Industry and Market Bulletin
www.chinamagnesium.net (03-Feb-2012)

Market Focus

The Magnesium Market seen stabilizing after the long Holiday

From Jan. 29th to Feb. 6th, ex-works quotations for 99.9 minimum ingots from leading production bases maintained as indicated in Shanxi from 16,300 – 16,500 yuan, Shaanxi from 15,900 to 16,100 yuan and Ningxia from 16,300 – 16,500 yuan. Export prices stayed at 2,950 - 3,000 US dollars.

This week's market has seen more inquiries and more contracts done in Shanxi. In fugu, one source told Sunlight that after the Spring Festival, there were more inquiries coming, but they had not much deals closed. Fugu's prevailing offers were heard at 16,000 yuan, which is mostly refused by the clients. The source didn't feel optimistic for the future.

Whereas in Shanxi, a producer reported 400 tons of ingot contracts done with price of 16,400 yuan. Right now, his plant is operating at 500 tons per month, so there was no pressure from stocks. " I felt the market is getting hot, the fesi market is quite stable. 75# fesi is quoted at 6,300 yuan.

Many involvers were still watching. The market is expected to be more active for next week.

Industry News

China produced 660.6 kt of primary magnesium for 2011

China produced 660.6 kt of primary **magnesium** for 2011, up by 1.04% year on year. Among the output, Shanxi contributed 293.5 kt, down 2.57% y-on-y; Shaanxi 250.5 kt, up by 28.04%; Ningxia 89.5 kt, up by 13.22% y-on-y; Inner Mongolia 4.1 kt, down by 92.41 y-on-y; and Jilin 3.6 kt, an increase of 100.96%.

Table 1: Chinese **Magnesium** Output by geography in 2011

Region	November	December	Accu. Output Jan.-Dec.	Growth Rate /y-o-y/%
Shanxi	2.30	1.74	29.35	-2.57
Shaanxi	2.22	2.49	25.05	28.04
Ningxia	0.72	0.54	8.95	13.22
Inner Mongolia	0	0	0.41	-92.41
Jilin	0.02	0.01	0.36	100.96
China Total	5.42	4.94	66.06	1.04

Data source: China Magnesium Association

China exported 400.2 kt of magnesium for 2011

For 2011, China's exports of **magnesium** was 400,154.9 tons, an increase of 4.21% from a year ago. For detailed information by items & months, please see the following table.

Unit(t)

Months	Magnesium Unwrought	Magnesium Alloy	Magnesium Scrap	Magnesium Granuls	Magnesium wrought	Magnesium Articles	Total
January	17029.17	9356.56	101.50	7348.53	941.27	260.55	35037.57
February	10429.09	5593.78	40.00	6017.40	756.26	334.82	23171.35
March	20481.72	9956.92	110.00	9096.17	1890.27	1155.80	42690.88
April	17302.86	10991.40	120.00	7437.30	1675.46	1531.78	39058.80
May	15901.86	9528.83	40.00	6300.57	1686.39	865.30	34322.95
June	21038.41	7318.53	20.00	9205.60	454.94	1094.25	39191.73
July	19423.99	9543.66	21.50	8851.50	776.93	1473.75	40091.33
August	15310.96	7323.09	86.00	7490.55	1121.94	1027.37	32359.91
September	13810.01	7323.44	42.00	6148.65	1962.47	976.94	30263.51
October	12537.15	7242.85	0	5658.53	1595.31	1000.59	28034.42
November	8939.39	6112.35	48.00	6069.92	1381.64	670.68	23221.99
December	13674.77	9071.02	20.00	8154.75	865.75	984.15	32770.43
Total	185879.37	99362.42	649.00	87779.45	15108.63	11375.98	400154.85

China plans ten percent growth of CAGR in 12th five year plan for non-ferrous industry

Jan. 30th, the Ministry of Industry and Information Technology released a development plan for non-ferrous metal industry during the 2011-2015 period and a sub-plan for aluminum industry. The plan forecasts a 10% annual growth of industrial added value for non-ferrous industry, eyeing on the adjustment of industrial structure and upgrading while emphasizing on developing of the mining resources and new materials precision & deep processing.

The plan predicts the demand for major ten metals. By 2015, the **magnesium** annual consumption will be 750 kt, representing an annual growth rate of 26.7%, the highest rate among the ten metals. Comprehensive energy demand will drop to 4t standard coal per ton of **magnesium**.

For **magnesium** precision & deep processing sector, china will focus on large cross-section profiles, sheet and large-scaled die-castings for automobiles, fast trains, rail transit vehicles, electronic information, defense technology and power tools. Through improving innovation capability and construction of demonstration projects, china tends to speed up the technology development for high-performance and low cost **magnesium** alloy and its deep-processing.

Realize the obvious breakthrough in key technology, build the integrated industrial system focusing **magnesium** alloy casting, profile, forging and sheet but also with complete facilities related.

Some **magnesium** products will be focused, including heat-resistant **magnesium** alloy, low-cost extrusion, high-performance **magnesium** alloy extrusion, large-section hollow profile, wide-width **magnesium** alloy sheet, **magnesium** sheet, **magnesium** alloy sheet, **magnesium** casting hub and **magnesium** alloy casting. **Magnesium**-smelting technical update will focus on the vertical kiln and heat-accumulative vertical reduction kiln.

To fulfill the need from large airplane, rail transit vehicles, energy-saving& new energy automobiles and electronic information fields, the precision & deep processing sector, by 2015 is to make breakthrough for key new alloy product, forming 200 kt of high-end aluminum alloy profiles for automobiles, 150 kt of high-strength die-casting & sheet, profiles, 20 kt of high-end titanium alloy profiles.

The plans says that china is to push forward the industrialization of low cost AZ, AM series **magnesium** alloy and AZ **magnesium** alloy extrusion profiles and sheet, as well as to start the application demonstration projects for **magnesium** alloy rim, large section profiles, wide-width sheets over 1500 mm and high-performance forging and casting.

The first enterprises qualified for magnesium production were released

Lately, based on the Entry conditions for **magnesium** industry and Temporary guild on the entry of **magnesium**-smelting enterprises, a list of **magnesium** enterprises qualified for the **magnesium** industry were released by the Raw Materials Department of Ministry of Industry and Information Technology, inviting for the public supervision.

There are three enterprises in the list, including Linjiang Dongfeng Non-Ferrous corporation Limited, Ningxia Taifeng Magnesium and Ningxia Huiye Magnesium.

China regrets over WTO ruling on raw material exports

China Daily - Chinese officials regret that the World Trade Organization (WTO) has upheld its ruling against China in a raw materials export case, the Ministry of Commerce (MOC) said Tuesday.

China welcomed the WTO's support for China's appeal on major issues in the case, under a process which allows the ruling body to correct some false judgements. But at the same time, it is regretful that the ruling has been upheld, the ministry said in a statement on its website.

In 2009, the United States, the European Union and Mexico filed a complaint to the WTO, claiming China's export restrictions on nine raw materials including zinc, coke and **magnesium** inflated global prices and gave an unfair advantage to the country's domestic producers.

China contended the restrictions that were placed on the materials on the basis of protecting the environment and exhaustible resources.

Last July, the WTO ruled China's export quota broke trade rules. China filed a complaint two months later, asking to cancel part of the ruling.

In the statement on the MOC's website, an official with the legal and treaty department of the ministry reiterated China has tightened the administration of energy-consuming and highly polluting resources in recent years.

"The WTO should not only uphold free trade but also allow members to take necessary steps to protect the environment and natural resources," according to the statement.

China will carefully evaluate the WTO's ruling and continue to enhance scientific administration of resource products based on WTO rules to realize sustainable development, it said.

Currently, china places 10-percent exports tariff from Jan. 1, 2008. Since the ruling comes into effect, it is still uncertain whether the tariff will be cancelled or new restriction measures be issued, according to Sunlight Metal Consulting which visited the Ministry of Industry and Information Technology of the PRC and other related departments. However, Mr Dong Chunming, president of Sunligh stated that the situation of **magnesium**, within 9 related raw materials, is different. First, China is rich in **magnesium** resources. Second, the energy consumption for **magnesium** production dramatically decreases due to the utilization of semi coke gas for nearly 60% production of **magnesium**. So the view "export of **magnesium** means the export of energy" is unpractical. In Sep., 2011, he suggested central government to lower or cancel off the export tariff on **magnesium** & its alloy, and met related support from over 20 **magnesium** producers.

In 2009, Mr Pan Fusheng, director of CCmg, together with 2 scientists put forwarded the same proposal to the government. Mr Dong stated that even if the export tariff on **magnesium** is cancelled, the exports won't increase greatly. However, the price gap between china and the overseas will narrow. So for the long term, it would benefit the application of **magnesium**.

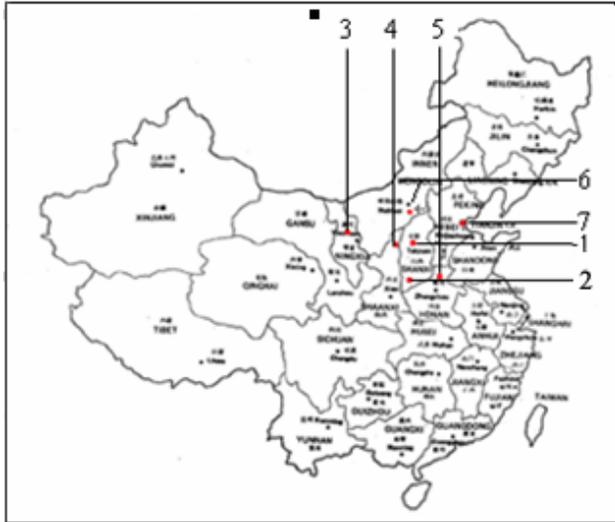
Price Indicators

Sunlight's Price, pure magnesium(>99.8%) and aluminium

Item		Magnesium Price	Unit
Shanxi Province	Taiyuan City,ex-works ¹	16300-16500	RMB yuan/ton
	Yuncheng City,ex-works ²	16400-16600	RMB yuan/ton
Ningxia Autonomous Region, ex-works ³		16300-16500	RMB yuan/ton
Shaanxi Province, ex-works ⁴		15900-16100	RMB yuan/ton
Henan Province, ex-works ⁵		None	RMB yuan/ton
Inner Mongolia Autonomous Region, ex-works ⁶		None	RMB yuan/ton
FOB Xingang, Tianjin ⁷		2950-3000	USD/ton
CIF, Rotterdam Port		3030-3080	USD/ton
CIF, Toronto Port		3070-3120	USD/ton
Date	SHFE Spot Aluminium	Unit	
30-Jan.-2012	16085/	RMB yuan/ton	
3-Feb.-2012	15985/	RMB yuan/ton	

SHFE: Shanghai Future exchange

(Exchange Rate of USD versus RMB is 6.2988 on Feb. 3^h based on <http://www.boc.cn/>. We place a Chinese map here to mark the major production bases and Xingang Port of Tianjin for your reference.)



Note:

1. All the ex-works price is VAT-paid.
2. The FOB price is based on ex-works basis, plus inland freight and miscellaneous expenses at Xingang Port of Tianjin. Because the distance from these six production bases to Xingang Port is different, their land freights also vary. FOB price includes 10-percent exports tariff from Jan. 1, 2008.
3. CIF prices are based on FOB price plus ocean freight and insurance, which will also vary time by time.
4. When getting ex-works price and FOB price, we give some weight numbers to each respondent and then get the weighted average prices.



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