



UPDATE *Weekly*

July 6, 2012

Edition: 23

IMA Executive Committee:

Karl Kainer	ima.magnesium@hzg.de	Ronald Chang	c.j.chang@foxconn.com
Gunter Franke	guenter.franke@magontec.com	Jan Guy	JGuy@amacor.us
Tom Heider	tomh@tcdcinc.com	Anthony LoCoco	tlococo@cwmtl.com
Joyce Mandel	jmandel@tso.net	Walter Treiber	wtreiber@cwmtl.com
Ken White	ken.white@magnesium-elektron.com		

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

July 8 – 12, 2012

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

August 21 – 22, 2012

Global Automotive Lightweight Materials
Detroit, Michigan, USA
<http://www.global-automotive-lightweight-materials-detroit.com/>

September 27– 29, 2012

Calcium and Magnesium in Groundwater - Distribution and Significance International Seminar
Katowice, Poland
<http://camgseminar.pgi.gov.pl>

September 30 – October 3, 2012

COM 2012
Niagra Falls, Ontario, Canada
<http://www.cim.org/com2012/>

May 19 – 22, 2013

70th Annual IMA World Magnesium Conference (more details coming soon!)
Xi'an, China
www.IMAworldconference.org

Contact IMA

Mike Schultze, Conference Director

E-mail: mschultze@tso.net

Ann Scheible, Director Member Services

E-mail: ascheible@tso.net

IMA staff can also be reached at:
International Magnesium Association
1000 N. Rand Road, Suite 214
Wauconda, IL 60084 USA
Tel: 847-526-2010; Fax: 847-526-3993

E-mail: info@intlomag.org

Website: www.intlomag.org

Asian Director: Shanel Tsai
IMA Asia Representative Office
7F No.12-2 Alley 658 Jinzhong Road
Changning District
Shanghai, China 200335
Phone: +86 (21) 6402 2930
Email : shanel@intlomag.org.cn

European Director: Johan Westman
Krebsmuehlenring 96
96482 Ahorn, Germany
Bus: +49 (173) 5934 383
E-mail: jiwestman@web.de

ASSOCIATION NEWS

Please Join Us for the 70th Annual World Magnesium Conference in Xi'an, China

Steel and Magnesium Improve Applications in Mg Showcase

Articles follow below

INDUSTRY NEWS

Foxconn Reportedly to Invest In Indonesia

www.digitimes.com (3-July-2012)

Japan Mg Users Agree With Chinese Refineries in \$200 Higher Price for Jul-Sep

www.japanmetalbulletin.com (26-Jun-2012)

Morocco Plans New Mining Law to Boost Investment

www.portalangop.co.ao (30-June-2012)

Articles follow below

CHINA'S LATEST

China Magnesium Price Rise Likely, Supply Tight

www.metal-pages.com (2-July-2012)

China Magnesium Industry Market Bulletin

www.chinamagnesium.net (29-Jun-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

Please Join Us for the 70th Annual World Magnesium Conference in Xi'an, China

The World Magnesium Conference is scheduled for May 19-22, 2013. This event is the premier international **magnesium** industry conference that highlights the latest technological advances, innovative applications, and emerging developments in the global marketplace. The conference combines informative technical sessions, exhibits, networking and social opportunities for a well-rounded industry experience.

- Industry Updates
- Technical Program, provide a wealth of information for **magnesium** industry professionals and address topics ranging from an overview of the current state of the **magnesium** industry to **magnesium** process breakthroughs, applications, and business management issues.
- Social Program
- Sponsorship Opportunities
- Awards of Excellence, IMA's competition recognizing outstanding **magnesium** products and innovative manufacturing technologies
- International Environmental Responsibility Awards
- IMA Annual Membership Meeting
- Exhibit Showcase
- Spouse Program
- Tours

Xi'an today sits in the fertile Wei River valley, one of the epicenters of early Chinese civilization. The area was home to the capitals of several major dynasties (historians can count 11), stretching all the way back to the Zhou in the 11th century BC. The remnants of this ancient world are everywhere – from the First Emperor's Terracotta Army to the Muslim influence that still characterizes the city. Many of the city's attractions are unique not only to the city itself, but to all of China.

Click [here](#) for the 2013 IMA Annual World Magnesium Conference flyer.

Steel and Magnesium Improve Applications in Mg Showcase

Magnesium's uses in steel applications are highlights in *Desulfurizing Steel: Magnesium is the Reagent of Choice*, the Spring 2012 edition of the *Mg Showcase* produced by the International Magnesium Association (IMA). Sulfur impurities are removed through the use of a catalyst and the best catalyst has proven to be **magnesium**, as it bonds with the most sulfur and rises to the top of hot molten flow, allowing it to be scraped off. The use of **magnesium** to pull the sulfur out of steel is a useful and necessary technique for several modern applications. This process allows desulfurized steel to be used in several high-stress applications in building and construction, design and more. To view the news release in its entirety click here: <http://www.intlmag.org/Spring2012MgShowcaseNews.html>

INDUSTRY NEWS

Foxconn Reportedly to Invest in Indonesia

www.digitimes.com (3-July-2012)

Foxconn Electronics (Hon Hai Precision Industry) is said to be planning to establish manufacturing plants in Indonesia as the minister of Indonesia's Ministry of Industry recently revealed that Foxconn is set to invest US\$1 billion in Indonesia, and the investment is expected to create about one million jobs, during his attendance of Indonesia Taiwan Chambers of Commerce, according to sources from the upstream supply chain.

Foxconn confirmed that the company has been approached about the possibility of making investment in Indonesia; however, the company has not yet started any evaluation for the investment, while the project is also not yet decided.

However, market watchers are taking an optimistic view about the investment in Indonesia since the country has the fourth largest population worldwide. The country also offers Foxconn advantages in transportation to countries in Southeast Asia.

Japan Mg Users Agree With Chinese Refineries in \$200 Higher Price for Jul-Sep

www.japanmetalbulletin.com (26-Jun-2012)

Japanese **magnesium** traders and users concluded quarterly price negotiations with Chinese **magnesium** refineries at around CFR US \$3,180-3,210 per tonne for July-September. The price surged by around US\$ 200 from April-June. Japanese traders and users decreased the purchasing volume when they have inventories or order backlogs under weak economy trend. Chinese **magnesium** refineries in the areas other than Shaanxi Province are apparently suffers worse profitability when the market price remains low.

In Shanxi Province where **magnesium** production had been most active in China until 5-6 years before, many refineries have been shut down or forced much output reduction. Then the refining cost is said at US\$ 3,250 or more. In Shaanxi Province, the current center of Chinese **magnesium** production, the refineries can gain profit even at the recent **magnesium** market price since they produce **magnesium** as by-product of cokes or ferrosilicon.

Japanese major **magnesium** trader source analyzes major refineries in Shaanxi are controlling **magnesium** output volume and market price, cautiously watching production cost of the refineries in Shanxi.

Morocco Plans New Mining Law to Boost Investment

www.portalangop.co.ao (30-June-2012)

Morocco plans to enact a new mining law next year, overhauling rules that are 60 years old, to help attract investors, boost exports and ensure companies respect its labor and environmental laws, official sources told Reuters.

The reform will not affect phosphates, the country's top export earner and a resource that is monopolized by state-controlled Office Cherifien des Phosphates (OCP).

The move follows a surge in Morocco's current account deficit to a three-decade high and a series of protests by residents in mining sites, some of which evolved into riots and threatened to bring local mining operations to a halt.

"The new law is the first step of a national strategy that aims to boost the role of the mining sector in the economy," Mines and Energy Minister Fouad Douiri told Reuters, adding that mining activity, excluding phosphates, contributes less than 1 percent of the country's \$100 billion gross domestic product.

He declined to provide details on the strategy, which he said would be divulged before the end of the summer.

Morocco has the potential for mining activity mostly in **magnesium**, zinc, silver and cobalt, but outdated legislation, a lack of incentives, poor mapping, bureaucracy and the inaccessibility of the most promising sites have hampered development.

"Mining in Morocco needs transparent and even-handed processes and roads," a private industry operator said, who noted that little over 30 percent of the country's area has been mapped for mineral deposits.

CHINA'S LATEST

China Magnesium Price Rise Likely, Supply Tight **www.metal-pages.com (2-July-2012)**

Chinese **magnesium** producers are likely to raise prices in the coming weeks owing to tight supply, industry sources told Metal-Pages on Monday.

Prices of **magnesium** metal 99.9% min are firm at RMB17,250-17,700/tonne, and are expected to move up because stocks are low.

"There is not enough spot material in warehouses, so we are not accepting lower bids," a Shaanxi-based producer source said.

The source is unable to produce more to meet orders owing to insufficient gas supply caused by poor coke sales. "We are going to offer RMB17,350/tonne, about RMB50/tonne higher than last week's price."

In Shaanxi province, **magnesium** is a by-product of coal production. Exhaust gas from coke production provides the heat needed for **magnesium** production, which means lower production costs compared with **magnesium** producers in other provinces.

A Shanxi-based trader reported that producers in Wenxi county, Shanxi province are holding prices firm. "I bought a truckload last week at RMB17,700/tonne and prices remain strong this week," he said.

An exporter from Guangdong told Metal-Pages that the export business is stagnant. "We are offering \$3,150/tonne FOB in line with domestic prices, but deals are thin," he said.

Mainstream export offers in China are in the range of \$3,120-3,180/tonne FOB. The price limit in June was \$3,120/tonne FOB, but the new limit for July has not been released by China Customs.

China Magnesium Industry and Market Bulletin **www.chinamagnesium.net (29-Jun-2012)**

Market Focus

Magnesium market increased slightly this week on lower stocks

Ex-works quotations for 99.9 minimum ingots from leading production bases slightly increased as indicated in Shanxi from 17,600–17,750 yuan, Shaanxi from 17,300–17,400 yuan and Ningxia from 17,600–17,650 yuan. Export prices stayed at 3,100–3,150 US dollars.

In Yuncheng, Shanxi, one source told us that price increased a little following with Fugu. This week's quotation for regular ingot has gone up to 17,800 yuan (acid cleaning planted, packaged). Most of the deals were done at 17,700-17,750 yuan. "The demand is normal, but stock is low, so price went up a little." the source said. "I think it won't increase dramatically, but will be slowly climbing, due to the low stocks. In Shanxi, many plants are producing high purity ingot."

In Ningxia, a producer said that this week they quoted for 17,500 yuan (ex-planted, packaged). This year's overseas market was really weak, and his business was mainly for domestic demand. "I think the price will continually rise in July. We now don't have much stocks and July's production will be further lower due to the hot weather."

In Fugu, producers adjusted 100 higher than the previous week at 17,300-17,400 yuan.

Industry News

First group of companies accessible to magnesium industry approved by MIIT

According to the *Entry conditions for Magnesium Industry and Interim provision for smelting companies accessible to magnesium industry*, the first group of companies that qualified was approved by the Ministry of Industry and Information Technology as followed hereafter:

No	Province	Company
1	Shaanxi	Shaanxi Weinan Xinqin Magensium
2		Fugu Tianyu Magnesium Alloy
3		Fugu Yufeng Magnesium Alloy
4		Yulin Tianlong Magnesium
5		Fugu Xintian Magnesium
6	Shanxi	Yinguang Huasheng Magnesium
7		Shanxi Jinyang coal and coke group
8		Jiang County Hengtian Magnesium
9	Ningxia	Ningxia Taifeng Magnesium
10		Ningxia Huiye Magnesium
11	Jilin	Lijiang Dongfeng Nonferrous Metal

Zhejiang Wanfeng Auto Wheel Acquired 68.8% Shares of Wanfeng Magnesium

Wanfeng Auto Wheel announced the proposal for acquiring 68.8% of shares of Wanfeng Mangesium has passed the approval of the board with a price of 38.7832 million yuan.

Wanfeng Auto Wheel, the best professional supplier for the automobile aluminum alloy wheels in the word, has three production bases respectively in Xinchang Zhejiang, Beilun Ningbo and Weihai Shandong. The company mainly matches with the global OEM automobile group and international top grade after-sales service market, whose products are best sellers in China. It has entered the global purchasing system like General Motors, Ford, Volkswagens, Toyota, PSA, Hyundai and other international automobile giants. For 2011, company revenue contributed by the overseas market accounted for 56.6% of its total.

As one of the earliest manufacturers carrying out research in **magnesium** alloy and auto parts, especially wheels, Wanfeng Auto Wheel has made great breakthroughs. The company undertook quite a few state-level science and technology plans including the "863" scheme, international cooperation project, innovation funding program for small-scale companies, Torch Plan, the 12th Five Year Plan program, playing a role of a drafter for industry and national standard, from **magnesium** castings form auto wheels, and **magnesium** alloy castings for both auto and electric bike. So far, Wanfeng Magnesium has applied 32 patents in which 14 are granted with 4 inventions. Research and test for **magnesium** alloy wheels has gone through, and affirmative voices have come from General Motors and Toyota.

China Produced Primary Magnesium of 259.9 kt for Jan.-May, Down 6.41%

For the past five months of 2012, China produced primary **magnesium** of 259.9 kt, down 6.41% year on year. Among the output, Shaanxi produced 120.9 kt, up 38.36% y-on-y; Shanxi 80.7 kt, down 38.47 y-on-y; Ningxia 30.2 kt, down 22.21% y-on-y; Xinjiang 10.2 kt, up by 104.36% y-on-y; and Jinlin 2.2 kt, up by 46.55% y-on-y.

Passes Approval of Experts the JV of Shanxi United Magnesium, Jinmei Group and BAIC

A feasibility report examination and appraisal meeting for the joint project, “Integrated and economic cyclic industry park for both **magnesium** and **magnesium alloy**” by Shanxi United Magnesium, Jinmei Group and BAIC was held in Beijing. The three partners entrusted an expert team from the **magnesium** industry for appraisal work joined by Shanxi United Magnesium, Jinmei Group, BAIC, Xi’an Nonferrous Metal, etc.

The integrated chain, embedded by United Magnesium, Jinmei Group and BAIC with coal, electricity, ferrosilicon, dolomite, coal gas, **magnesium** smelting, **magnesium** and **magnesium alloy** for both auto and coal mining industries, organically links all sections of **magnesium** industry. The expert team concluded that the JV, feasible through efficient and integrated cyclic chain, and playing to the full the strong points of three partners in energy, market, technology and management, will meet the weight light trend in the auto industry, innovative commercially and industrially, and further in cooperative idea which is smart in design, updated in technology, firmly steady in market, practicable in design, and win-win operation in cooperation.

Pricing Indicators

Sunlight’s Price, Pure Magnesium (>99.8%) and Aluminum

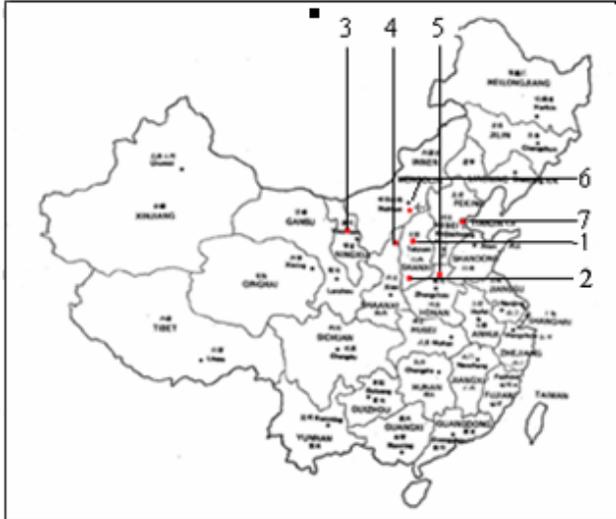
Item		Magnesium Price	Unit
Shanxi Province	Taiyuan City,ex-works ¹	17600-17750	RMB yuan/ton
	Yuncheng City,ex-works ²	17700-17800	RMB yuan/ton
Ningxia Autonomous Region, ex-works ³		17600-17650	RMB yuan/ton
Shaanxi Province, ex-works ⁴		17300-17400	RMB yuan/ton
Henan Province, ex-works ⁵		None	RMB yuan/ton
Inner Mongolia Autonomous Region, ex-works ⁶		None	RMB yuan/ton
FOB Xingang, Tianjin ⁷		3100-3150	USD/ton
CIF, Rotterdam Port		3150-3230	USD/ton
CIF, Toronto Port		3220-3290	USD/ton
Date	SHFE Spot Aluminium		Unit
25-Jun-2012	15590/		RMB yuan/ton
29-Jun-2012	15520/		RMB yuan/ton

Shanghai Future Exchange

(Exchange Rate of USD versus RMB is 6.3353 on Jun. 29h based on <http://www.boc.cn/>. We placed a Chinese map here to mark the major production bases and Xingang Port of Tianjin for your reference.)

Note:

1. All the ex-works prices are 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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