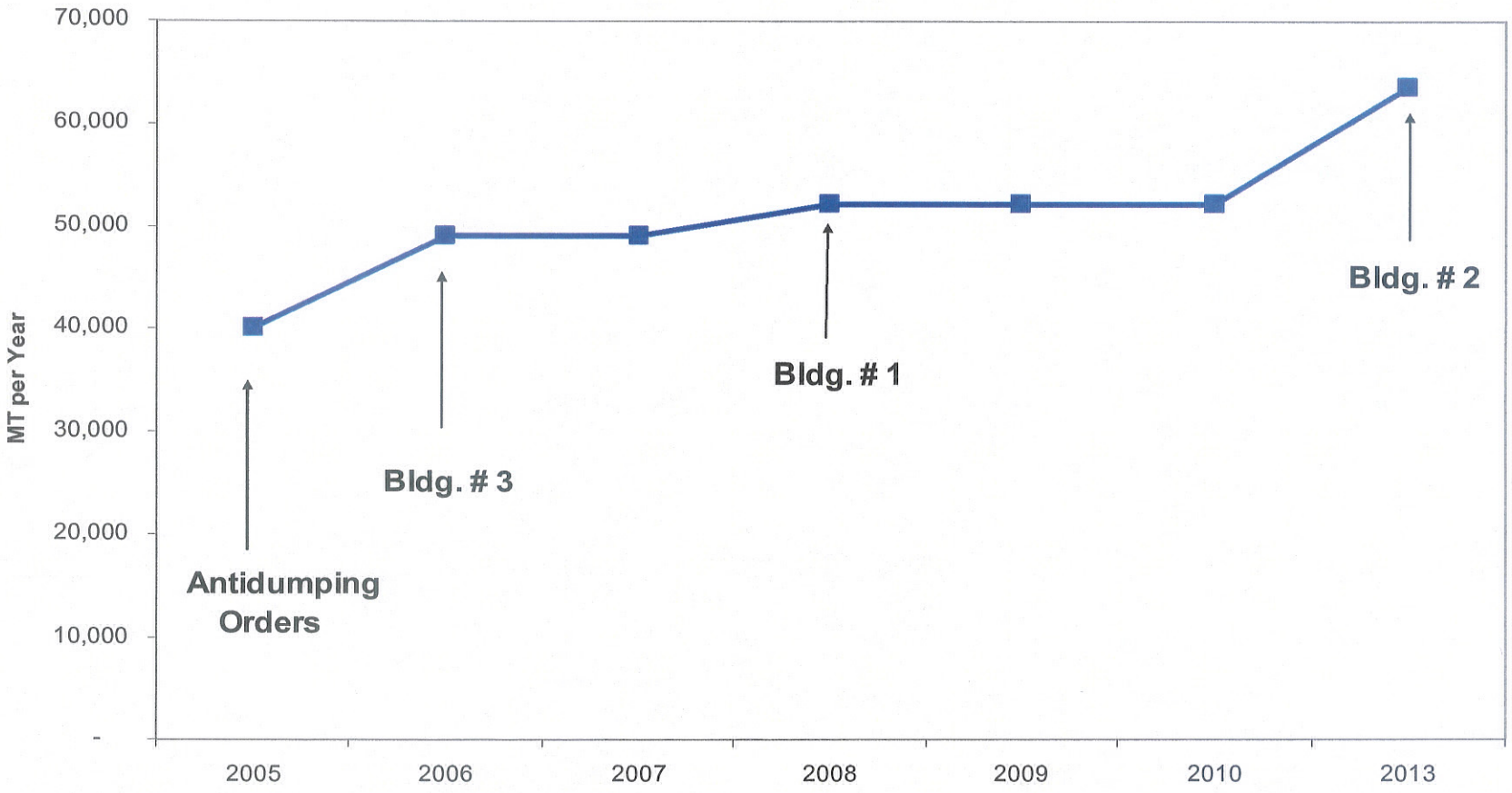
Magnesium from China and Russia

Investigation Nos. 731-TA-1071-1072 (Review)

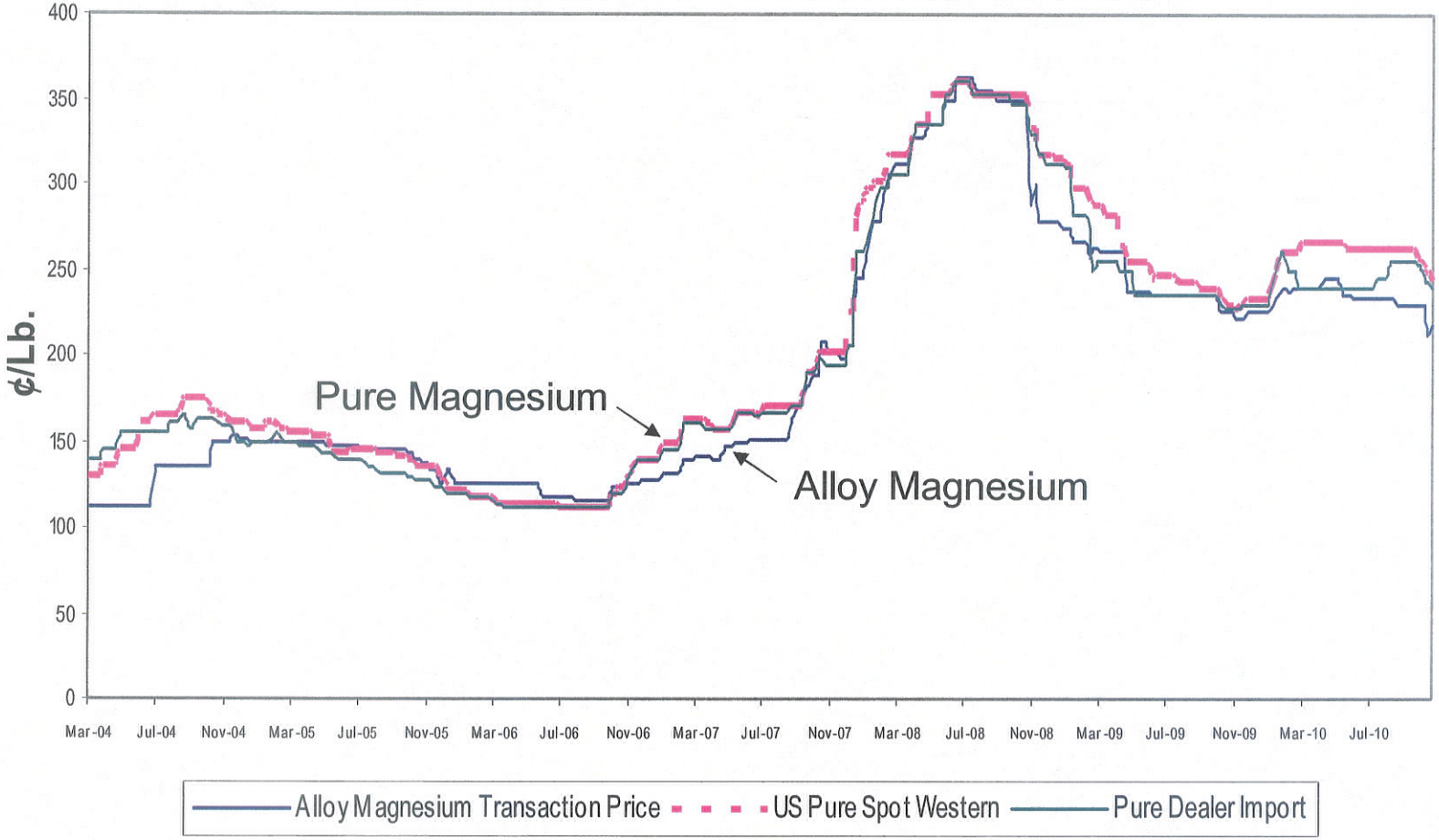
Public Exhibits for the Testimony of
US Magnesium, LLC
December 7, 2010

US Magnesium LLC
Nameplate Production Capacity



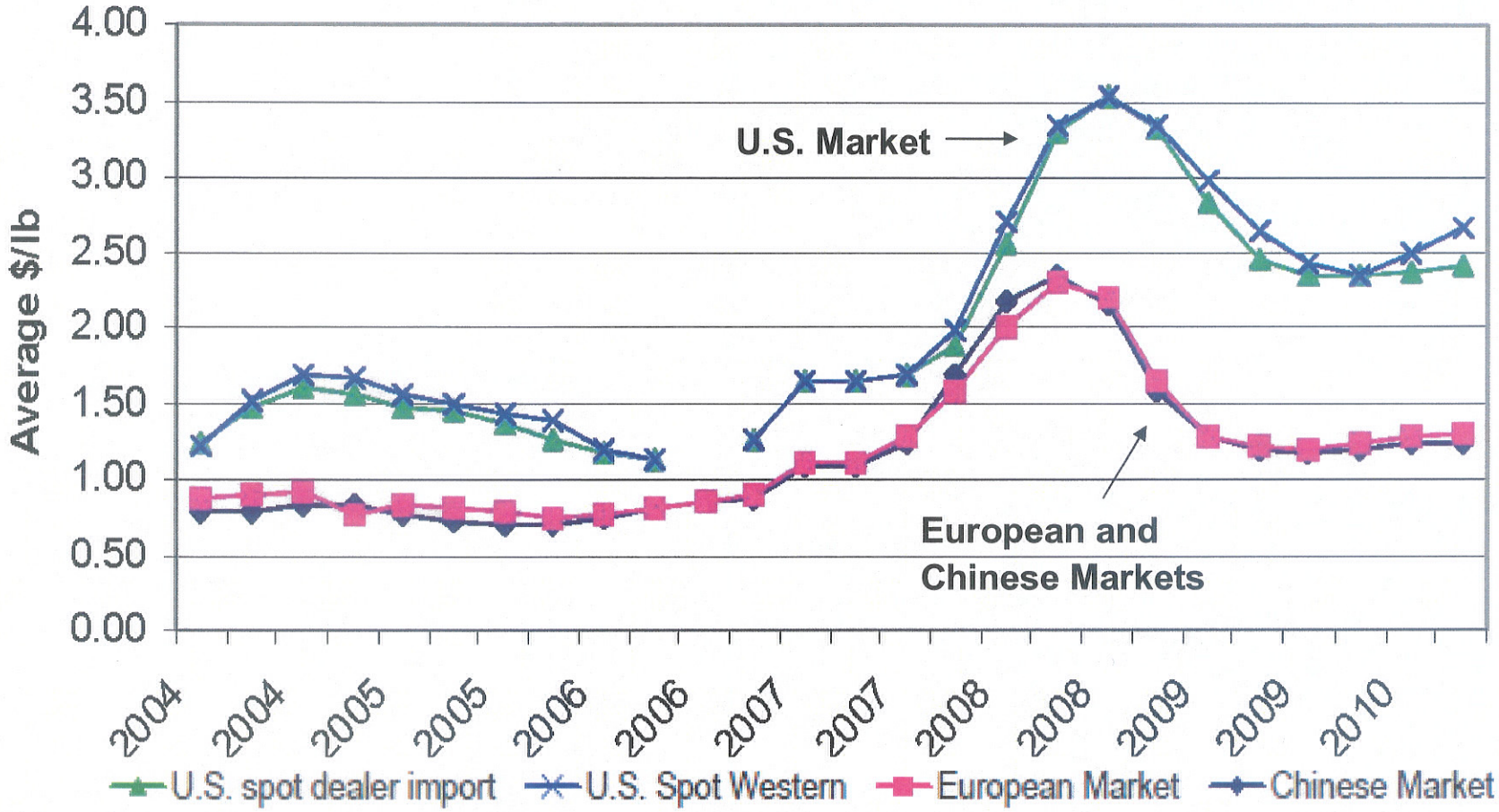
Source: US Magnesium. US Magnesium's Prehearing Brief, Exhibit 12.

Platts Metals Week Spot Prices for Pure and Alloy Magnesium March 2004 - November 2010



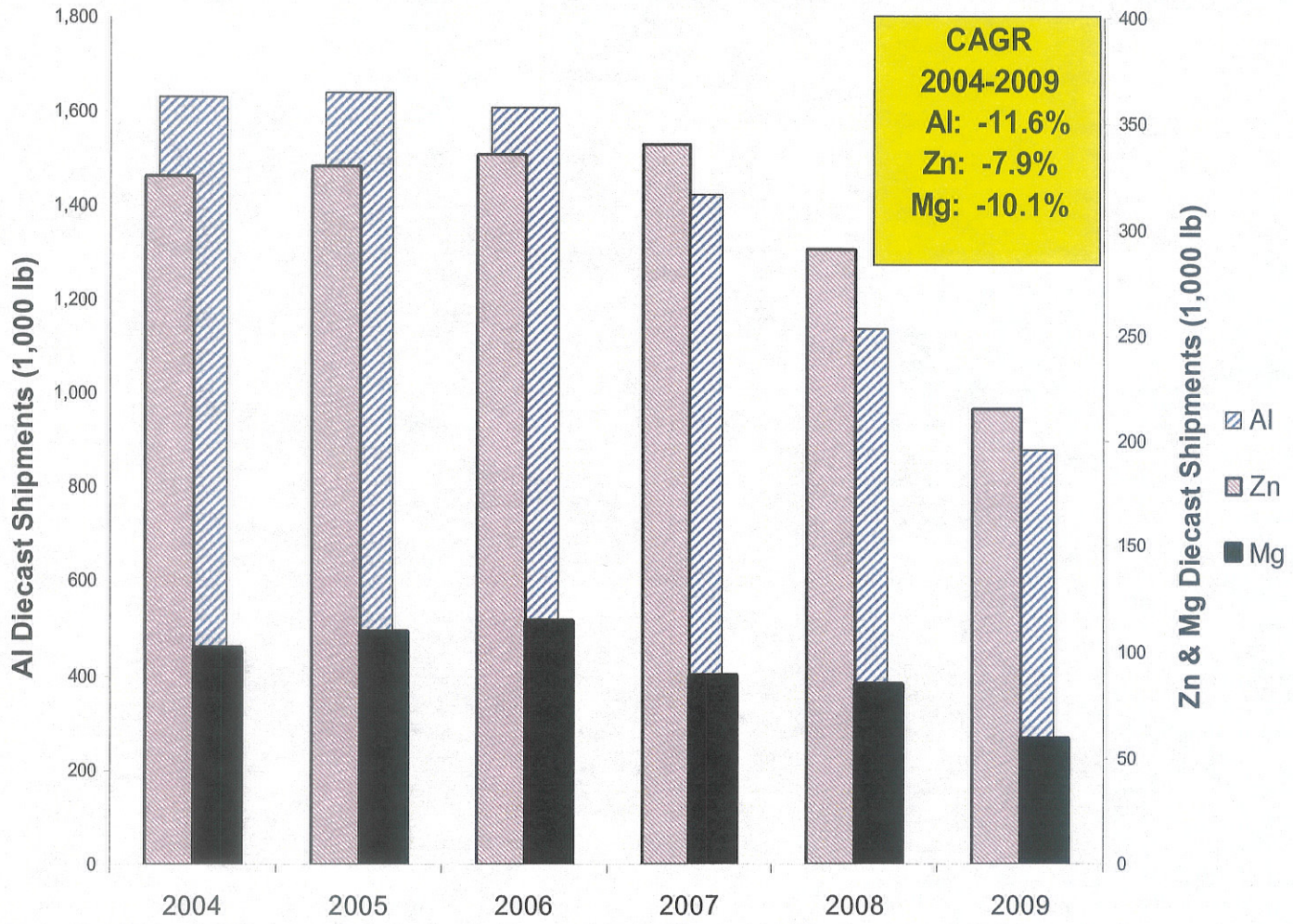
Source: Platts Metals Week, Alloy Magnesium Transaction Price (Alloy), US Spot Western (Pure), Dealer Import (Pure).

Magnesium Prices
U.S. Market Prices vs. European and Chinese Market Prices
Prehearing Report Figure V-5



Source: US ITC, Prehearing Report Figure V-5 at V-18, Average quoted quarterly magnesium prices, by data source, January 2004-June 2010.

NADCA Data: Magnesium, Aluminum, and Zinc Die Casting All Follow the Same Trend 2004-2010.



Source: North American Die Casting Association, Die Casting Shipments Report 2010, Attached as Exhibit 6 to US Magnesium's Prehearing Brief

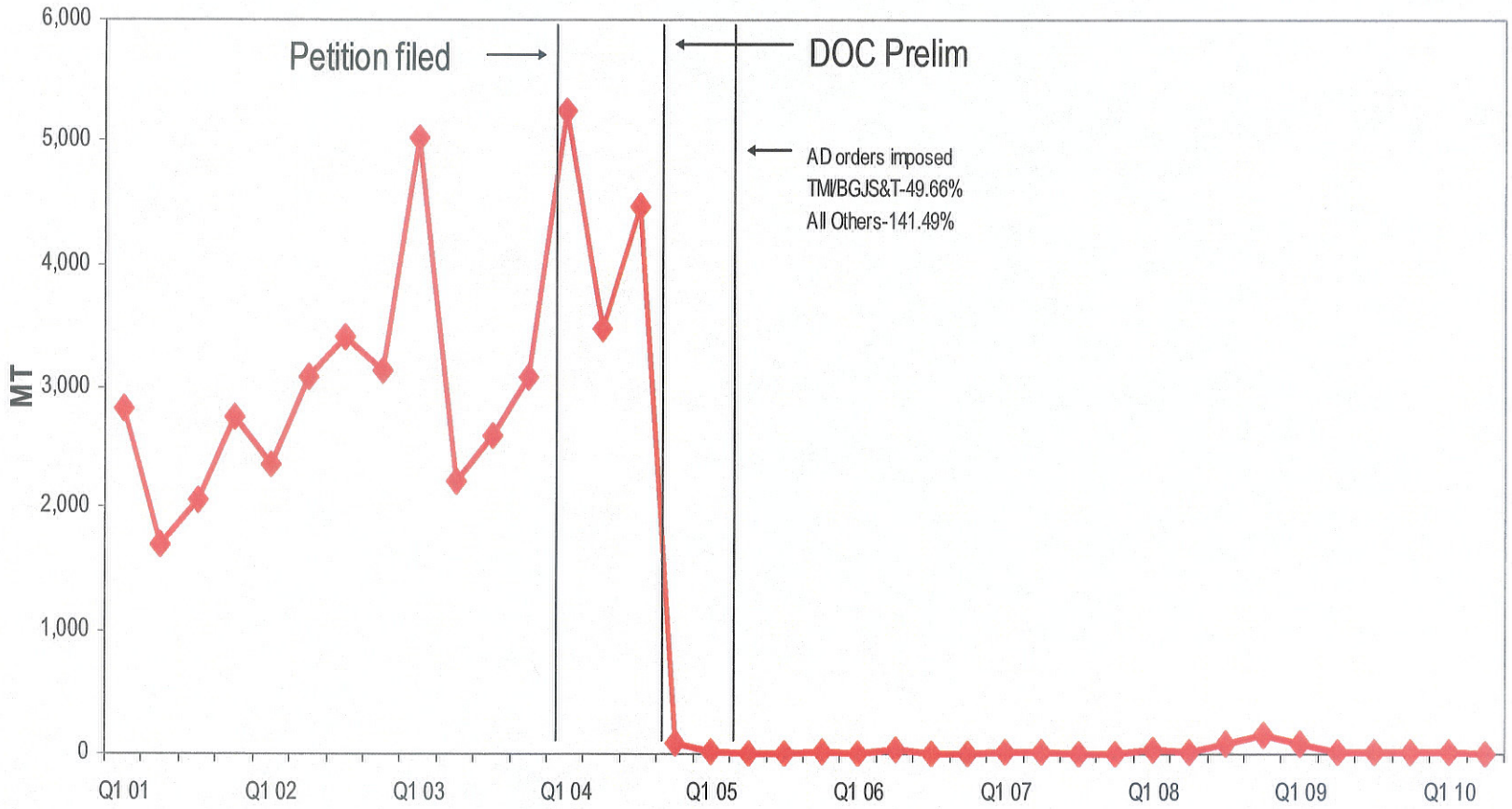
U.S., Russian, and Chinese Magnesium are Interchangeable

Number Agreeing "Always" or "Frequently" Interchangeable

Comparison	U.S. Producers	Purchasers	Importers
U.S. vs. Russian	5 of 5	20 of 22	8 of 11
U.S. vs. Chinese	4 of 5	22 of 24	7 of 12
Chinese vs. Russian	4 of 4	18 of 19	6 of 8

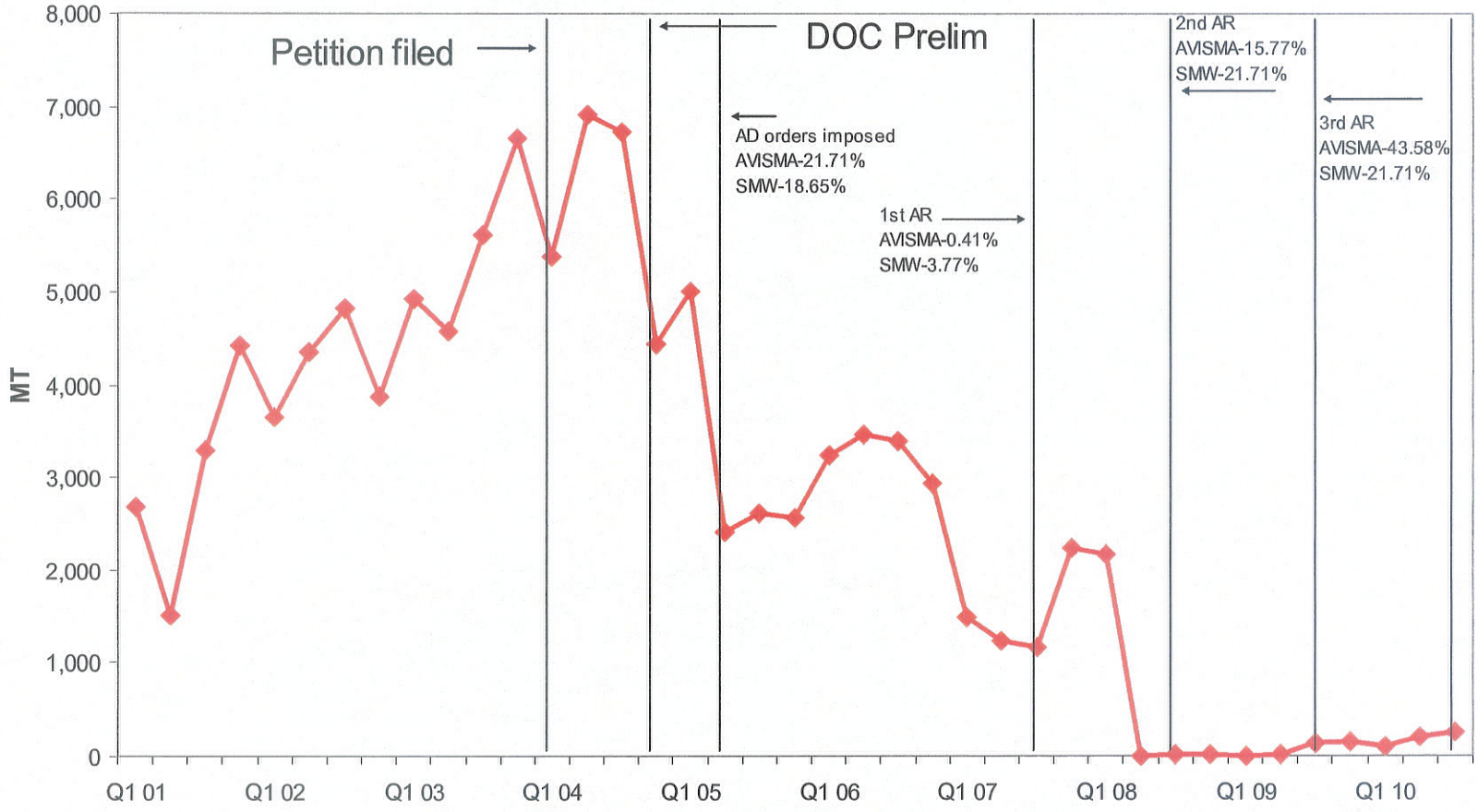
Source: U.S. ITC, Public Prehearing Report, Table II-10 at page II-34

China
U.S. Imports of Alloy Magnesium from China



Source: USITC Dataweb, U.S. Imports for Consumption, HTS Number 8104.19; Prehearing Report at I-2 and I-18.

Russia
U.S. Imports of Magnesium from Russia



Source: USITC Dataweb, U.S. Imports for Consumption, HTS Numbers 8104.11, 8104.19, and 8104.30; Prehearing Report at I-2 and I-18.

Russian Exports of Pure Magnesium

(Quantity in MT, AUV in $US/lb.)

	2009		2010 Annualized /1/	
	Quantity	AUV	Quantity	AUV
Russian Exports to:				
European Union	9,303	1.12	12,546	1.03
Brazil	881	1.47	7,374	1.44
All Other Countries	527	1.76	801	1.28
Total Exports	10,711	1.18	20,721	1.19
Note:				
Total U.S. Imports	21,433	1.84	15,189	1.93

/1/ Part-year data used in annualization:

	Jan.-June 2009		Jan.-June 2010	
	Quantity	AUV	Quantity	AUV
Russian Exports to:				
European Union	2,623	1.15	3,538	1.06
Brazil	141	1.46	1,184	1.44
All Other Countries	234	1.93	537	1.28
Total Exports	2,999	1.23	5,259	1.17
Note:				
Total U.S. Imports	12,454	1.90	8,826	2.00

Source: GTA, Official Russian Export Statistics, HTS Number 8104.11; USITC Dataweb, U.S. Imports of HTS Number 8104.11 (Customs value).

U.S. Purchasers' Description of the Likely Effects of Revocation on the Future Activities of Their Firm:

- "The effect would be reduced prices…."
- "Allow more competition."
- "The effect would be reduced magnesium alloy prices…."
- "Likely importation of material depending on availability and price."
- "Consider importation of mag from China and Russia."
- "The revocation of the antidumping order would increase the supply of magnesium to the U.S. market allowing us more options to secure our mag requirements at world competitive prices."
- "Reduced cost of imported Magnesium….."
- "We would have to arrange marketing agreements with new firms."
- "Revocation of the antidumping duty order would allow our firm access to pricing that is currently available outside the United States…."
- "We would expect revocation of the duty to immediately lower our costs by bringing U.S. domestic prices in line with global levels."
- "Within a year or less, magnesium cost would equalize…."
- "Would expect that U.S. prices would decline, and at that time we would consider purchasing from U.S. suppliers."
- "Improved profitability due to lower cost…."

Source: U.S. ITC, Public Prehearing Report at D-17 through D-19.

U.S. Purchasers' Description of the Likely Effects of Revocation on the Entire U.S. Market:

- "The effect would be reduced prices…."
- "Allow more competition."
- "The effect would be reduced magnesium alloy prices…."
- "I believe magnesium prices would immediately decrease."
- "Likely importation of material depending on availability and price."
- "The revocation of the antidumping order would result in lower prices for magnesium in the U.S. market."
- "Would increase competition and lower prices."
- "Prices in the U.S. should become more competitive with global markets."
- "Much reduced domestic production as will create greater reliance on off-shore supplies, thus more and more the supply source will control price and availability of product.
- "There will be a significant drop in U.S. pricing. We expect a large influx of non-U.S. produced metal."
- "We would expect all U.S. magnesium users to welcome revocation of duties and the consequent magnesium price reduction."
- "Would lower domestic prices."
- "Within a year or less, magnesium cost would equalize…."
- "It would be bad for primary metal producers."
- "Potentially a decrease in price."
- "A lower price…."
- "Expect business would increase in the U.S. due to the decrease in magnesium price."
- "Improved profitability due to lower cost…."
- "Increased competition would benefit U.S. market and U.S. consumers by increasing supply and thereby reducing artificially high prices."

Source: U.S. ITC, Public Prehearing Report at D-20 through D-22.

U.S. Importers' Description of the Significance of the Orders:

- "Costs and selling prices rise."
- "We believe they are very significant to our firm's imports. We feel confident that if these orders were not in place, the Chinese and Russian producers would be dumping material in the US market, hence making it very difficult for [***] to compete with imported material from [***]."
- "Eliminates a potential source of pure magnesium."
- "We stopped importing material once duty was put into place. Because US customer cannot buy high duty material."
- "Soon after the antidumping duty order went into effect, Russian magnesium producers halted shipments to the United States. [***] has been unable to secure large commercial supplies from those producers."

Source: U.S. ITC, Public Prehearing Report at D-13 through D-14.

U.S. Importers' Description of Anticipated Changes in the Event of Revocation:

- "Yes, we may purchase a pure magnesium ingot from Russia if the magnesium met our quality specifications."
- "Yes. We believe that lots of dumped material from these two countries would enter the US market and our company would lose the small share of the market that we currently have."
- "Yes. We would investigate US sources as we would anticipate a price reduction."
- "Yes. Potentially we could begin sourcing again and look for opportunities to sell into US market."
- "Yes, we would investigate qualifying US magnesium suppliers anticipating a cost decrease of alloy magnesium."
- "Yes, we would look for new opportunities in North America…."
- "Yes. Will give us another potential source of material – we may not significantly change our buying behavior – but it will most like give us a market-driven price."
- "Yes, we would expect imports to increase given the higher price of magnesium in the US vs. Europe and Asia."
- "Yes….we believe the Chinese and Russian producers would be dumping material in the US market if these orders were to be revoked. In addition, both countries have lots of unused capacity, which could be easily brought back and diverted to the US market making things even worse."

Source: U.S. ITC, Public Prehearing Report at D-11 through D-16.