

European Commission
Directorate General for Trade
Directorate G, CHAR – office 04/039
B-1049 Brussels, BELGIUM

NON-CONFIDENTIAL VERSION

Brussels, September 30, 2021

Subject: **Anti-dumping proceeding concerning the imports of Aluminium flat-rolled products originating in People's Republic of China, AD668**

Dear Mr Hoffmeister,
Dear AD668 investigation team,

Magnesium is a component that is being used for about 3% in the manufacturing process of aluminium alloys such as the 3 and 5 series. These are very important alloys, especially 5754 for the automotive industry and 5005 for construction. Magnesium is also being used in the production of stainless steel.

For your information, please find attached hereto the copy of a letter distributed by [REDACTED], explaining to its customers that *"the Chinese local government has urged suspension of parts of its magnesium mining and production until probably the end of 2021. Since about 80 % of the world's magnesium production stems from China, this is not unlikely to result in a market shortage. Alternative sources are scarce and prices are increasing."*

[REDACTED]

[REDACTED].

These letters end with the same worrying wording: *"However, in the event that supply constraints persist we cannot rule out the potential risk of impacts on production and supplies, in particular from early 2022 onwards"*.

Besides, on the website of the IMA (International Magnesium Association), the president of IMA, Mr Rick McQueary posted the following message on Friday, September 17, 2021:

<https://www.intlimg.org/news/580559/Magnesium-Market-Update-Magnesium-Prices-.htm>

"As many of you are aware, magnesium prices in China have increased more than 100% over the past year. We also have received further industry news that capacity may be restrained in the Shaanxi Province for the balance of the year due to new energy policies being implemented. The

reduction of capacity and increases in pricing are almost unprecedented, and our industry has not experienced such rapid market changes since the 2008 Beijing Olympics."

The aluminium industry is now experiencing soaring prices of raw material, many of them originating from China.

Just to give you an idea, the table below shows the price increases of some of its components:

- Mg (price up + 293%)
- Si (price up + 209%)
- Mn (price up + 100%)

The above 3 components are essential to manufacture the semi-finished aluminium products, no matter in what form: extrusions, flat rolled products, or foils. They are also being used in the production of stainless steel.

ALLOY	UNIT PRICE (4 th , Jan. 2021) (RMB/MT)	UNIT PRICE (22 th , Sept 2021) (RMB/MT)	Increase Value (RMB/MT)
Cu	58055	69290	11235
Si	14200	44000	29800
Mn	14550	30500	15950
Mg	15700	61750	46050

When the main access to one of these components is to be suspended, not only will the prices of the semi-finished aluminium products keep on climbing but the European producers of aluminium products will find themselves restricted in their own production capacity.

Needless to add that in EURANIMI's opinion, such exceptional market circumstances amply justify exceptional measures, such as the suspension of anti-dumping measures on aluminium semi products. It will not solve the whole of the procurement problem faced by the EU manufacturing industry, but at least it will give it some relief...

Yours sincerely,

Rob Greve

Christophe Lagrange