
Alcoa to reopen Northwest Alloys magnesium plant - Report

Thursday, 22 May, 2008

Purchasing.com reported that Alcoa is studying the possible restart of its former Northwest Alloys primary magnesium plant at Addy in Wash as magnesium prices have jumped to an average USD 3.35 per short ton in May 2008 from USD 3.03 in April 2008.

Mr Kevin Anton president of Alcoa Materials Management said that “We are evaluating and investigating at what point it would make sense to restart the facility.”

Mr Anton said that “Alcoa is looking at reopening Northwest Alloys because magnesium is used in primary aluminum smelting, so “we are if not the largest then one of the largest buyers of magnesium in the world.”

Northwest Alloys closed in the autumn of 2001 due to high Pacific Northwest power costs from the Bonneville Power Administration.

Northwest Alloys had a projected operating rate of 30,000 tons per year of magnesium in 2001. Back then, spot magnesium sold for USD 1.21 while it is annualized for 2008 at USD 2.89.

According to Roskill Information Services in London, prices are up because magnesium demand has surged globally. In 2007 purchases totaled 860,000 tons that reflected a 60% increase in buys by China to 250,000 tons. Analysts believe China will source almost 30% of global supply of oxide and metallic magnesium again this year to fuel its aluminum smelters, steel furnaces and metal-processing plants.

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