

# How Chinese magnesia production can emerge stronger: Liaoning provincial policy responses to reforms

**MAGFORUM**2021

Magnesium Minerals & Markets Conference

Tue-Wed 29-30 June 2021

**ONLINE**

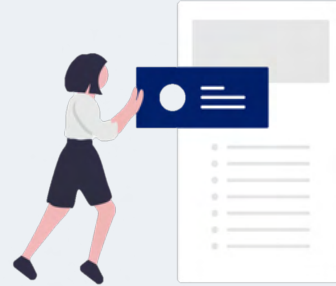


# Replus Business (UK) Limited



## China Magnesia

Producing market reports, breaking news, interviews and in-depth features on Chinese magnesia and graphite industries.

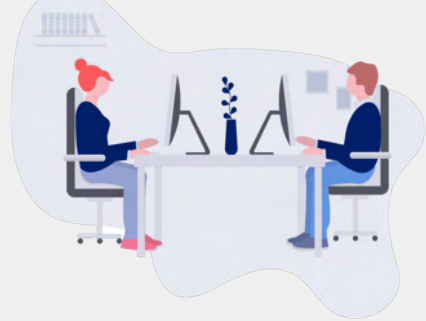


## Magnesia Blog

Articles about the magnesia industry to demonstrate the analysis and insight of micro and macro environment of the sector.



[CLICK ON IMAGE FOR FREE PDF DOWNLOAD](#)



## Research and Report

We also providing reports to deal with B2B information requirements, from pricing and data to market and industry analysis.

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China Magnesia-producing regions



Change: the new norm



How Chinese Magnesia production can emerge stronger



# China Magnesia-producing regions

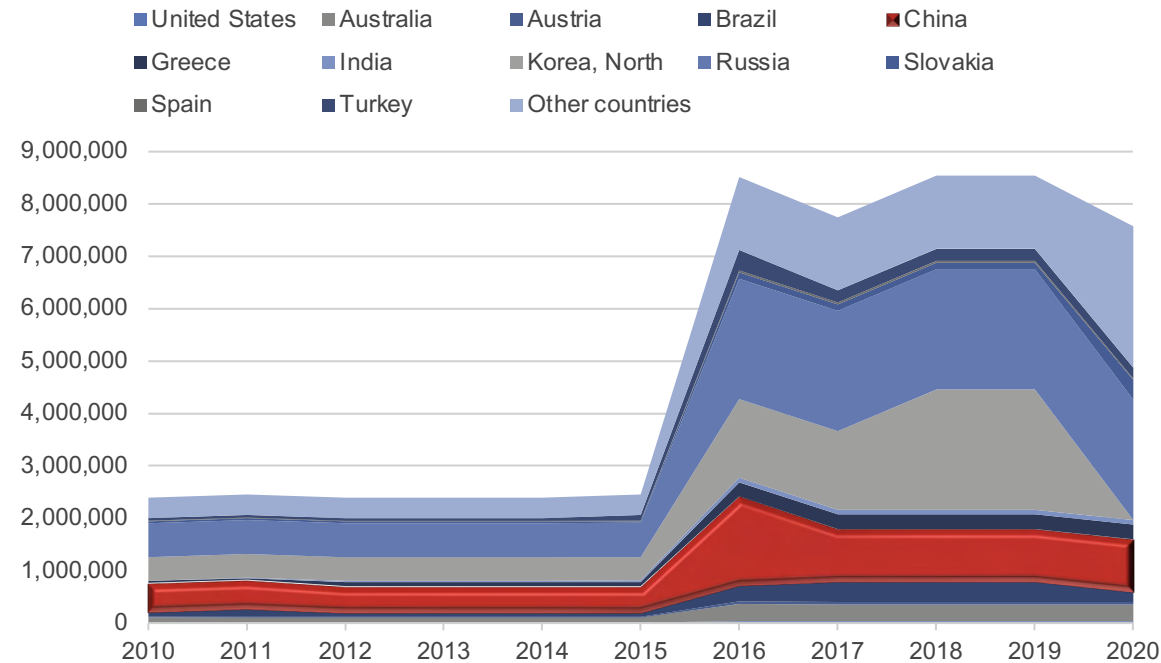
# The global role of China Magnesite



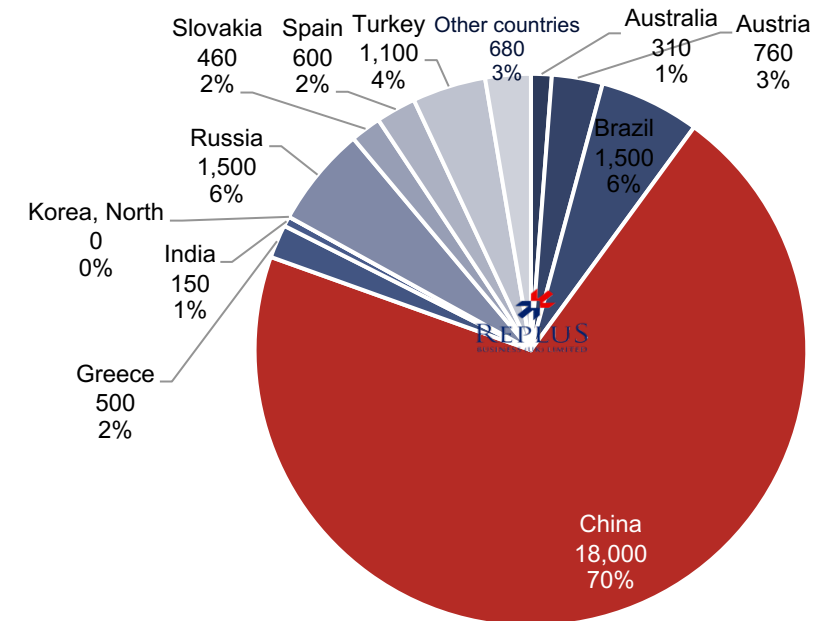
According to the USGS, the estimated reserves of magnesite in China is more than 1 billion metric tons in 2020.

Total annual production of magnesite, in 2020, is about 18 million metric tons.

World magnesite reserves in the past 10 years



World magnesite production is 26m in 2020  
,000 metric tons

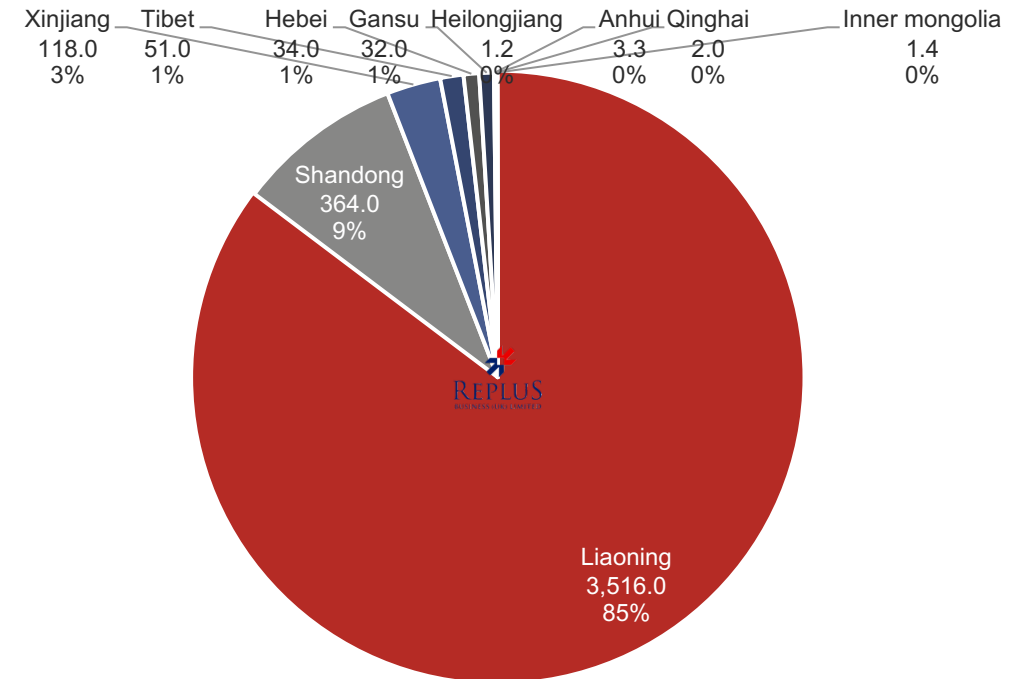


# China magnesite distribution



Liaoning province hold the largest magnesite resource in China, around 3.52 billion tons, which take up around 85% of China's total reserves and 22% of the world's reserves.

China magnesite distribution, *billion tons*



Proportion of world reserves

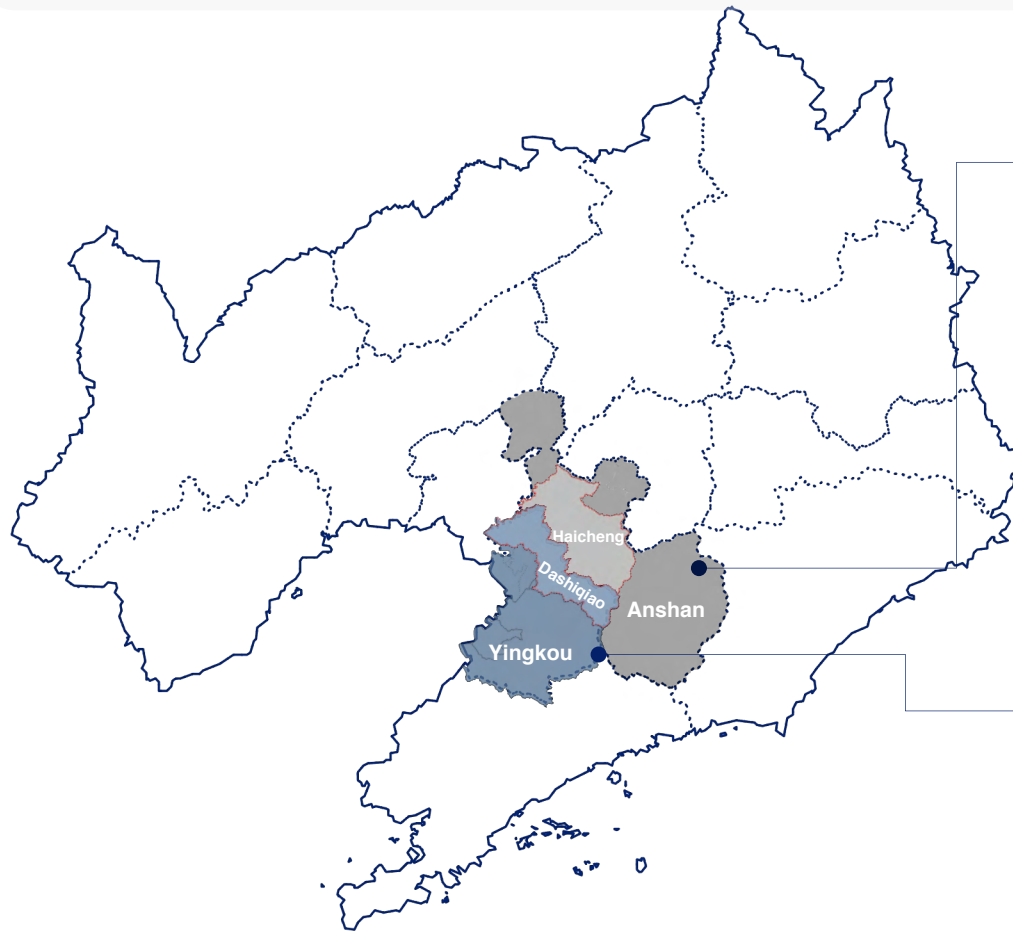
**22%**

Data source: cindmin.com 2020

# Liaoning magnesia-producing regions



The main magnesia-producing region within Liaoning province is split between **two hubs**:



**Haicheng** in Anshan has larger magnesite resources and primary processing companies.

Anshan's share of **Liaoning's** reserves

86%

Haicheng's share of **Anshan's** reserves

70%

**Dashiqiao** in Yingkou has less magnesite resources but more processing companies.



**1300**

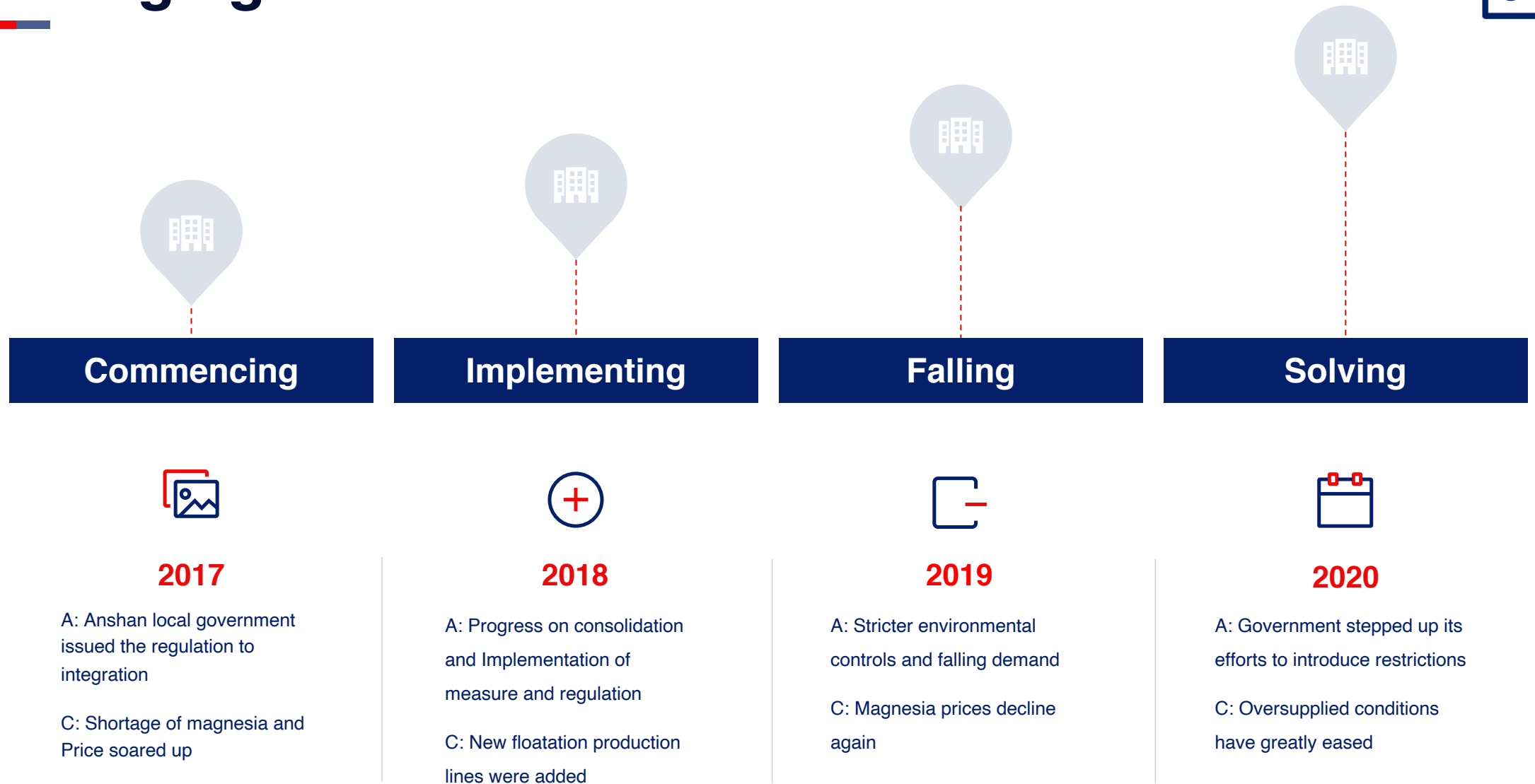




# Change: the new norm



# Challenging of the new norm





# How Chinese Magnesia production can emerge stronger

# How magnesia production can emerge stronger



## 4 Key Priority areas



### MORE CONSOLIDATION

Improving the consolidation of magnesia industry, and increasing vertical integration supply of critical materials



### MORE SUSTAINABLE

Accelerating the development and deployment of 'green' processes and production



### MORE INNOVATIVE

Rejuvenating existing industries and developing emerging ones and keep up with China's New Infrastructure Plan (新基建)



### MORE STANDARDIZED

Formulating policies for standardized management, unify application and review standards, and strengthen supervision

# Government's action plan



Most of these measures are new, but a common approach was to leveraging policy instruments by conducting centralized management and restricting the market mechanism.



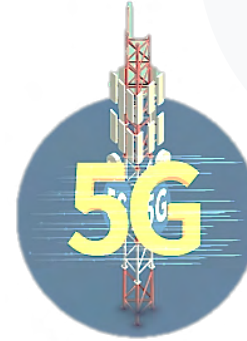
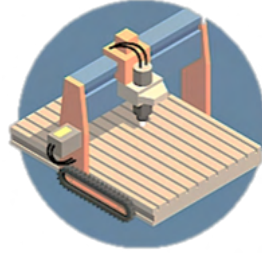
**The China's New  
Infrastructure Plan**



**'The Opinion of promoting  
the Sustainable and Healthy  
Development of Magnesite  
Industries'**

# China's New Infrastructure Plan

**Investment:** 17.5 trillion Yuan (US\$2.51 trillion) for the next five-year period until 2025



Led by new development concepts, **driven by** technological innovation and based on information networks.



MORE  
INNOVATIVE

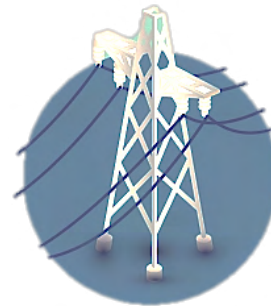
**ROTEC**

2018

**MADE IN CHINA 2025:**

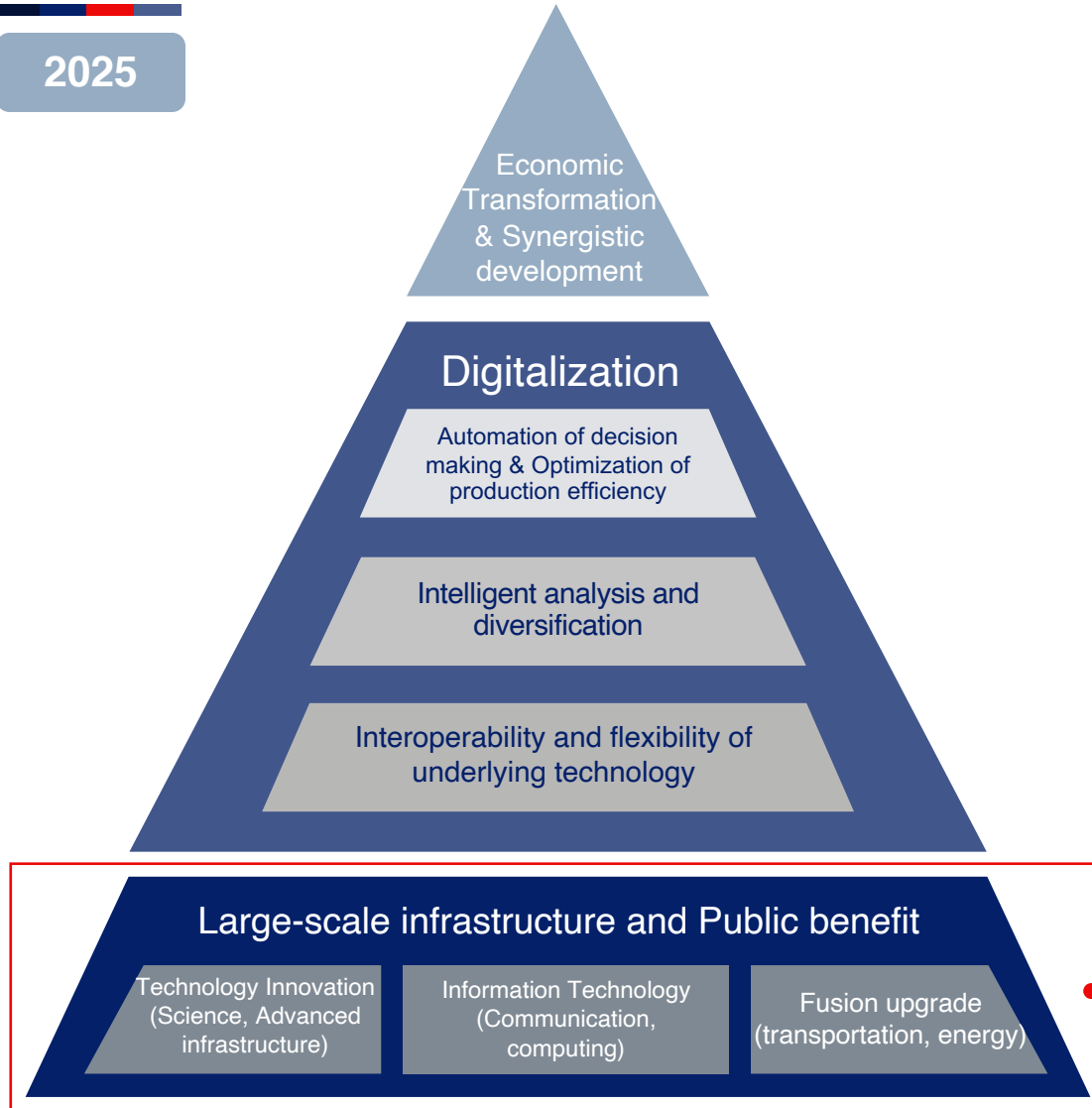
GLOBAL AMBITIONS BUILT ON LOCAL PROTECTIONS

U.S. CHAMBER OF COMMERCE



# China's New Infrastructure Plan

2025



## Three broad aspects

**Innovative infrastructure** forms the basis of research and development

**Information infrastructure** are the tools to help to improve ICT

**Integrated infrastructure** is the large-scale and integrated application of these technologies



MORE  
INNOVATIVE



# Liaoning's Sustainable and Healthy Development



MORE  
SUSTAINABLE

## Vision



- From Extensive growth to **Intensive growth**
- From Uncontrolled to **Stricter control**
- From Individual to **Industrial Cluster**
- From Traditional to **Modern and Green**

## Policy

2+3+5



## Mapping for 2021 to 2030



The "Opinions on Promoting the Sustainable and Healthy Development of Magnesite Industry"

2

Within 2 years (2021-2022) - Supply side structural reforms

3

Within 3 years (2023-2025) - Green mining and transformation

5

Within 5 years (2026-2030) - Sustainable and Healthy Development

Sources: Liaoning Provincial Policy: "Opinions on Promoting the Sustainable and Healthy Development of Magnesite Industry"



# Liaoning Guideline: Within 2 years

2

## To achieve fundamental market equilibrium

- Minimum mining scale must achieve to 300,000 tons per year
- the new-built open-pit magnesite mines are prohibited

## The measures for total control

- Total control is applicable to all kind of magnesite ore ( $\text{MgCO}_3$ ) mining (rich and poor ore)
- Overcapacity will be strictly controlled with capacity replacement ratio

## Provincial comprehensive service online platform

- Linked with cities and countries' platform to keep up with the pace of new infrastructure plan change



MORE  
STANDARDIZED

# Liaoning Guideline: Within 3 years

3



MORE  
CONSOLIDATION



## By 2025

- Green mining transformation
- Promoting industry clusters
- Integration of mining enterprise to mining groups in the City and Country

Production capacity by  
the top 5 mining  
enterprises take up to

80%

## Cluster industries

New projects are encouraged to join in industrial park.



Individual  
mining  
enterprises

Integration



Mining  
groups

Sources: Liaoning Provincial Policy: "Opinions on Promoting the Sustainable and Healthy Development of Magnesite Industry"

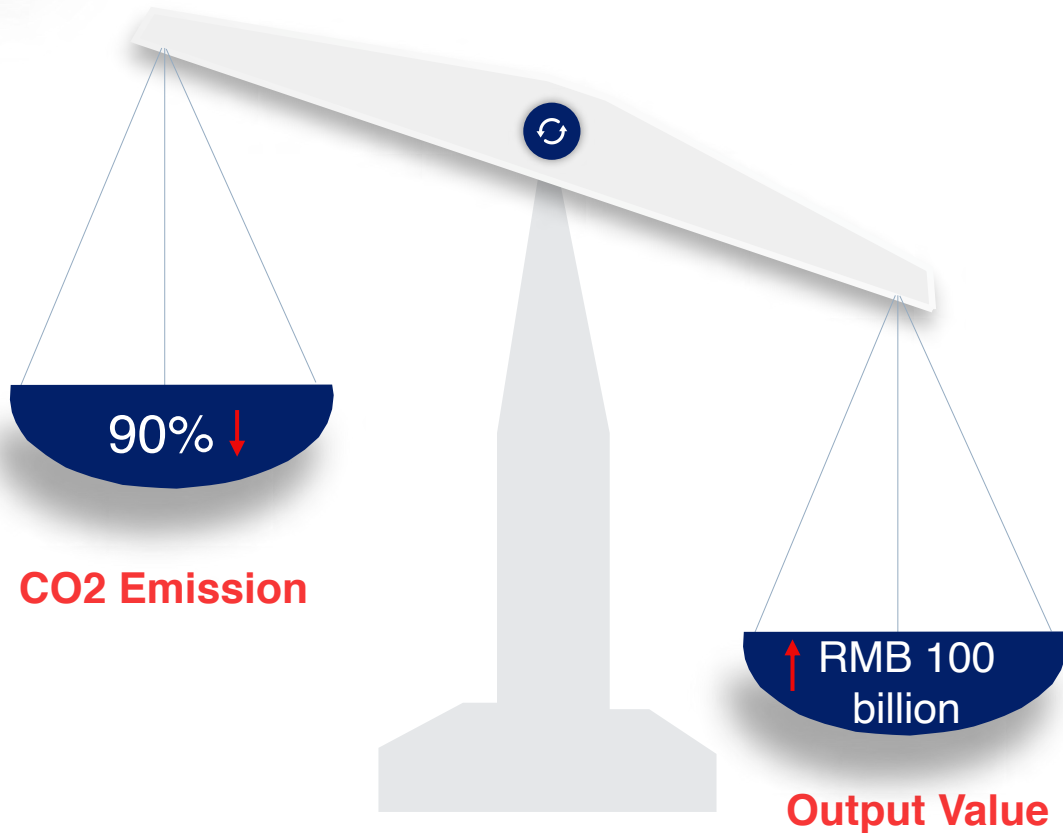


# Liaoning Guideline: Within 5 years

5



MORE  
SUSTAINABLE



By 2030

- Only 2-3 Mining groups in the province
- Eco-friendly development pattern
- Gross industrial output value will go beyond RMB 100 billion yuan



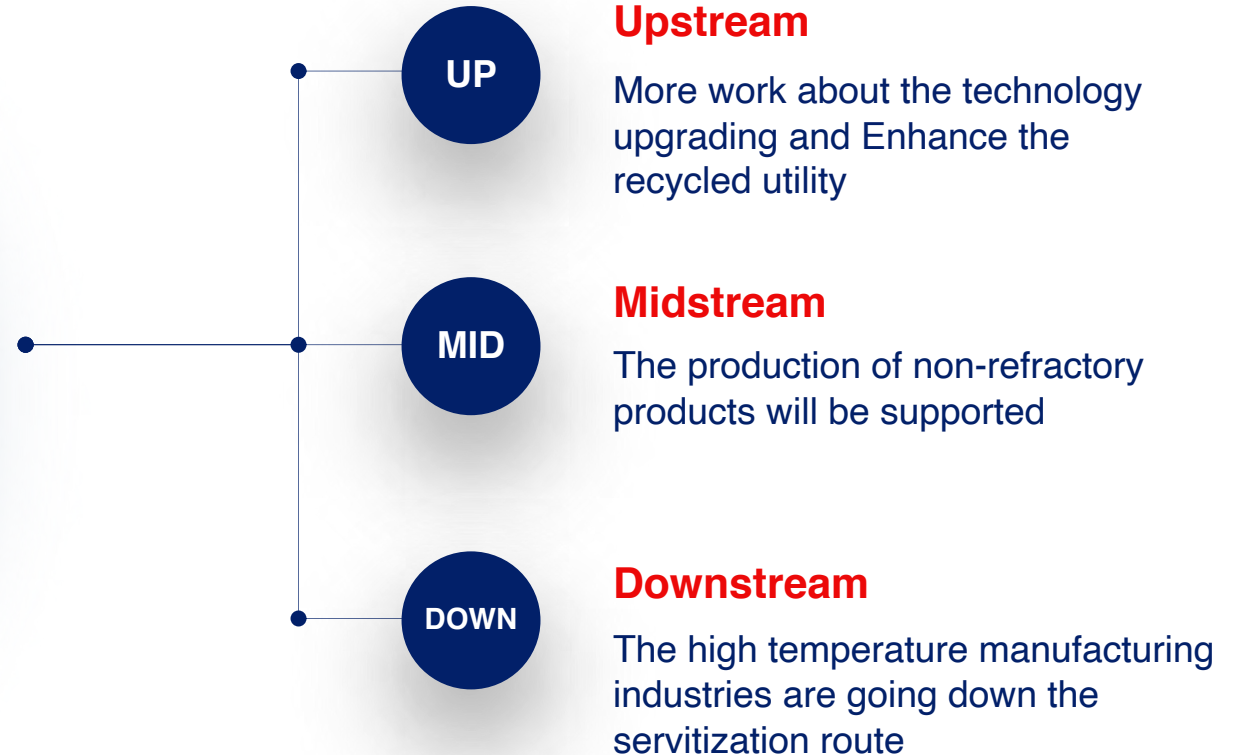
Individual  
mining  
enterprises

Integration



Mining  
groups

# Magnesia production can emerge stronger if...



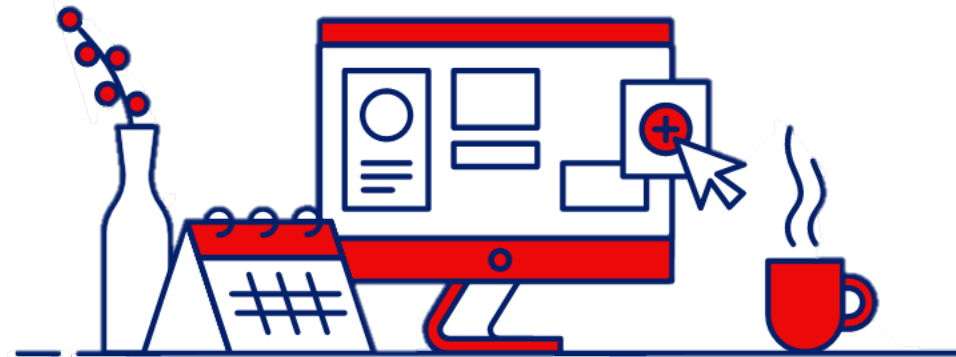
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