

# BRETTBART

## U.S. Protectionist Policies Help Few, Hurt Many (Magnesium Industry Reveals How Anti-dumping Policies Sabotage Jobs, Competitiveness, and Trade)

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DEERFIELD BEACH, Fla., Feb. 21, 2012 /PRNewswire-USNewswire/ -- At a time when U.S. trade relations with global partners are under the microscope, often overlooked are those (anti-dumping) domestic policies that are a further hindrance to U.S. competitiveness globally and job creation.

Obama's historic 2025 CAFE Standards (to lower emissions and raise a fleet's fuel economy to 54.4mpg) has thrust Magnesium into the spotlight. Its lighter, more structurally sound properties make it a necessity for many industries, but especially U.S. auto -- now clamoring to incorporate it more into their vehicles. For example, Ford has set an aggressive lightweight plan this year calling for 250 pounds of magnesium content per vehicle -- reducing load immensely, thereby improving fuel economy.

CD International Enterprises (NASDAQ: CDII), who owns one of the largest magnesium producers in the world, International Magnesium Group (IMG), highlights two crucial challenges: a limited supply of affordable magnesium in the U.S. and the inability to compete globally against the backdrop of cheaper Magnesium sources available abroad. This directly tarnishes the US job market in auto, technology, and manufacturing.

"Dumping" is when foreign countries flood markets with goods at prices lower than market value. Anti-dumping laws are import taxes that are set to protect domestic companies against unfair foreign competition. Where Mg is concerned, these laws have had the inverse effect -- suffocating access to Mg, "the green metal of the 21st century," and wiping out important US manufacturing jobs in the process.

### MAGNESIUM DEMAND

To reach 2025 CAFE standards, the auto industry will largely rely on magnesium to improve aerodynamics and weight reduction. Other important US industries like die-casting and parts manufacturing look to Magnesium to lighten their products, strengthen materials and evolve their designs to advance market standards.

The technology industry also relies on magnesium to make sleek, easily portable electronics. Nikon's new D4 DLSR is a photographer's dream, and the durable nature of its magnesium body helps block out dirt and particles from entering the casing. Likewise, Acer recently released the world's thinnest ultrabook, the S5, which weighs less than three pounds thanks to its magnesium frame.

IMG Director Alex Markin says, "High artificial import taxes, like those imposed on solar and steel and imported magnesium, simply detract from the ability of USA downstream manufacturers to be globally competitive. We hope our government will ease and remove these constraints."

### COMPETITION and US JOBS

The Cato Institute states, "President Obama claims to support America's exporting and so-called 'green jobs' industries, but he also likes rules that restrict the importation of critical inputs to those industries. Anti-dumping rules are supposed to protect American manufacturers and, by extension, American jobs. But it doesn't work out that way."

To put this into perspective, the North American Die Casters Association estimates that 1,875 direct jobs and 8,000 supporting jobs have been destroyed since the 2005 anti-dumping orders took effect. Contrast this with the 400 jobs "protected" by one small Mg company in Utah, owing their existence to the aegis of Senator Orrin Hatch.

The U.S. is forced to pay over \$5,500 per ton for magnesium, while Europe only has to pay \$3,200 per ton -- nearly twice the amount. This makes competition nearly impossible for US industries vying for business on global scale. US products become prohibitively expensive, while European competitors innovate through cheaper means; setting U.S. manufacturing back even further at a time when the administration needs it to grow.

### OUTLOOK

Should a precedent continue to be set for magnesium, other industries are likely to fall prey to these oppressive protectionist policies that undermine our economy and make it impossible to compete globally. Lifting antidumping tariffs on Mg alone would pave the way for a more robust American manufacturing industry.

IMG is one of the largest producers of magnesium in the world, and is in the process of laying the groundwork for a broad-based coalition to fight against anti-dumping measures in the metal industry. This is akin to the solar industry's Coalition for Affordable Solar Energy (CASE) and they both will hope to raise awareness and combat these counterintuitive trade policies.

About CD International Enterprises, Inc.

CD International Enterprises, Inc. (NASDAQ: CDII), is a U.S. based company that produces, sources, and distributes industrial commodities in China and the Americas and provides business and financial consulting services. Headquartered in Deerfield Beach, Florida with corporate offices in Shanghai, CD International's unique infrastructure provides a platform to expand business opportunities globally while effectively and efficiently accessing the U.S. capital markets. For more information about CD International, please visit <http://www.cdii.net>.