

Hi Patrick,

The impact on the profitability and injury to the local industry is due to:

1. CSBP (at Kwinana) and Orica (at Burrup) bringing on additional capacity when it was not required.
2. Essentially Australia is over capacity by 1.5 world scale AN plants once the Orica / Yara Burrup plant is commissioned (late Q1/2016).
3. Mothballing of the Orica Yarwun plant is due to its cost position – it is the only Australian AN plant that does not manufacture Ammonia on site and as such is not competitive in the Queensland explosives market. With reference section 5.4 - significant volumes of AN have been shipped from CSBP's low cost plant in WA, post capacity expansion, into the Queensland market via Port Alma and this has been the major contributor to Orica scaling back production at its Yarwun AN plant in Queensland (because it is the highest cost producer in Australia). The "prohibitive cost of transport" has not inhibited this movement!
4. Orica EBIT to Revenue (as per the 2015 annual financial report) – in Australia ~27% and for rest of Orica global business <14%. Most other global AN producers struggle to earn "confidential number". With reference section 9.3 graph – revenue flat whilst cost to make and sell (CTMS) has dropped in the period 2013 - 2015 – therefore producers margin has increased over this period so where is the injury?
5. Imports from Russia have had minimal impact on Australian profitability. Less than 1% of market is Russian (direct or via Malaysia) and most of this was imported by Incitec Pivot Ltd a local AN producer.
6. "Confidential publication" is a reputable independent organization and their reports are used throughout the fertilizer and explosives industry. Orica and CSBP specifically use "Confidential publication" data in their customer sales contracts, therefore cannot understand how the numbers in "Confidential publication" cannot provide reference to the world market prices and not be considered a reputable publication.
7. With reference section 9.6.1 - If gas costs increase in Australia margins will not diminish as the AN producers contracts with end users are constructed so that prices escalate if gas prices rise – end users accept these clauses in AN supply contracts.
8. 16 years since injury proof – if no significant imports since then and the industry is not suffering injury or cannot prove injury why does the industry and the department want to maintain import measures.
9. Australia's mining industry is being placed at risk at a time when commodity prices are depressed and the mining industry is not allowed access to lower cost inputs.

To conclude, hope that Parliamentary Secretary will exercise her discretion and will apply a lesser amount of duty, being the Non-Injurious Price to the CSBP & Orica, local producers., since my understanding would be/hope I am correct in saying, that the whole anti-dumping procedure/investigation, considering the profit margins of local producers, would be to protect the Australian industry from material injury, not to destroy/kill "healthy" competition on the Australian market.

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