

15 February 2019

The Director - Operations 2
Anti-Dumping Commission
Industry House
10 Binara Street
Canberra
Australian Capital Territory 2600

Sent by email – investigations2@adcommission.gov.au

Dear Director

473 - Investigation - Ammonium Nitrate exported from China, Sweden and Thailand

AECI Australia Pty Ltd, trading as AEL Mining Services (AEL), is an interested party in this investigation, by reason of the fact that it has imported some ammonium nitrate products from China.

In the investigation period AEL sold [REDACTED] MT of low density ammonium nitrate (LDAN) in the Australian market. In that same period AEL imported [REDACTED] MT of LDAN from China.

[REDACTED]
As to that product, HDAN, see my further comments below.

AEL's LDAN purchases of LDAN in the investigation period are summarised as follows:

Supplier	Volume (MT)	Unit price (AUD/MT)
[REDACTED]		

Accordingly, Australian industry supplied LDAN constituted by far the most LDAN purchased by AEL, in excess of [REDACTED]%. [REDACTED]



Australian AN producers started a price war between each other when the Orica/Yara joint venture at Burrup in the Pilbara region was announced. Volume and throughput is critical to the financial viability and performance of an ammonium nitrate facility. The injection of 330,000 MT per annum of future ammonium nitrate capacity into the Australian market caused producers including the Orica/Yara JV itself to offer long term supply contracts at lower prices and to try to secure blasting services contracts ahead of their competitors. They did this and they keep doing this either themselves or through their favoured independent blasting service providers. A number of announcements by Orica and Incitec Pivot to the ASX with respect to profit impact as a result of the change in AN and emulsion supply and explosives service contracts in Western Australia is proof of this increased competition between the Australian producers, and the deleterious impacts that this competition has had on the financial condition of the Australian industry members.

[REDACTED]

[REDACTED]

[REDACTED] Price trends in the Australian market have nothing to do with imports and everything to do with the severe competition between the Australian AN producers themselves.

[REDACTED]

[REDACTED] The volumes coming on stream at Burrup and the threat that such capacity presents for the future have created strong price competition between the Australian industry members both for ammonium nitrate and, since early 2018, for emulsion. The effect of this competition cannot be blamed on minimal volumes of LDAN imports that come into this country. When I say that these imports are minimal they are truly minimal as the trade statistics show and has been pointed out by others. In addition the Australian industry itself looks to be the major importer which must also disqualify those imports from consideration.

I will not go over the details of the evidence we have given to your investigation team because I believe it is very clear. We have established what our prices for buying and selling LDAN have been and where it comes from. We have shown how an Australian producer with all its advantages of scale and its natural and regulatory protection can easily outbid and exclude independent parties from winning supply rights for mining services tenders.

We contend that the Australian industry is solely responsible for the price conditions in the Australian market. Imports are irrelevant to Australian prices and it is not clear why this investigation has gone this far and for so long without being called off.



Mining Services

Regarding the suggestion that HDAN imports cause injury to the Australian industry we rely upon our letter of 1 August in the exemption inquiry and support the views of the other interested parties who advocate for the exemption. HDAN is a different product from LDAN and ammonium nitrate solution and should be exempted from any measures. No goods that are like HDAN or that are directly competitive with it are offered for sale to us by the Australian industry under equal terms or in like conditions. The historical and ongoing imports of HDAN by the Australian industry participants is evidence that there is no local manufacture of like goods.

Yours sincerely

A handwritten signature in black ink, reading 'A. J. Rawiller' with a long horizontal flourish extending to the right.

Alan Rawiller
Strategic Sourcing Manager - Nitrates