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Mr Tim King  
Case Manager  
Investigations 2  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

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## Public File

Dear Mr King

### Investigation 565 – Submission by Eurochem Group

#### I. Introduction

I refer to the recent submission made on behalf of the Eurochem Group companies JSC Novomoskovsky Azot (“NAK Azot”) and JSC Nevinnomyssky Azoy (“Nevinka”) concerning the 3 February 2021 meeting of parties (EPR Document 021).

The Eurochem representations predictably argue that the measures on ammonium nitrate (“AN”) exported from the Russian Federation (“Russia”) should be allowed to expire as it considers that material injury to the Australian industry will not “recur”.

#### II. Eurochem assertions

The Eurochem submission contends that “*amongst the Russian exporters, they [i.e. NAK Azot and Nevinka] are the least likely to partake in dumping and the causation of injury*”. These assertions are general in nature and non-specific. Reference is made to “*highly profitable ....existing commercial conditions*” and “*commitments to “specific international customers through established supply routes.....under stable long term contracts*”. These statements do not address the central issue in this continuation of measures investigation – whether the expiration of the measures will result in a recurrence of material injury that the measures are intended to prevent.

The Australian applicant industry does not agree with Eurochem’s hollow assertions.

The export prices for Russian AN to countries such as Latin America have been at dumped prices with margins as high as 100 per cent (refer Australian Industry submission in response to the Ministry of Economic Development, Government of Russia submission). Russian AN producers could alter supply and direct to Australia in the absence of the measures at prices that – whilst still at dumped levels – would permit higher returns than historical supply to countries including Latin America destinations.

The claims that the Eurochem companies are at high utilisation rates (i.e. not 100 per cent) does not eliminate the possibility of increasing production to supply the expanding Australian AN market.

Further, the two cooperative Eurochem companies are not the only AN producers of AN in Russia. There have been announcements by Russian AN industry players about expanding capacity of ammonia, nitric acid and ammonium nitrate in coming years as noted in the briefing by the Australian Industry<sup>1</sup>. There exist a number of other AN producers in Russia that will undoubtedly seek to export AN to Australia should the measures expire due to the attractiveness of a growing market and increased demand. The Australian Industry draws the Commission's attention to the fact that ammonium nitrate imported into Australia covers a range of applications and the capacity to produce those products in Russia is not running at maximum capacity with some producers able to swing production across product lines to meet market demand.

Eurochem relies upon the Brattle Report as evidence that gas prices in Russia are determined on a competitive basis. This is not the case. The Government of Russia ("GOR") determines pricing for the consumer and industrial sectors and is able to enforce the pricing via its ownership in Gazprom. Counter to Eurochem's assertions, the Russian gas industry does not operate free from GOR influence and prices for AN sold in Russia are lower than they otherwise would be.

The recent EC decision (EU Regulation 2020/2100) is relevant as to the concerns held by it that should EU measures expire it is likely that the EU industry would suffer a recurrence of material injury.

The Australian applicant industry does not consider that the Eurochem submission demonstrates that the GOR has changed its position over the last five years such that gas prices in Russia are free of influence. Whilst Eurochem claims that the two producers NAK Azot and Nevinka "*have no capacity to randomly by engaging in sales to a country like Australia*", this does not mean that the two Eurochem exporters could supply to the Australian market at a more attractive return (albeit still at a dumped price) than via some of its current supply channels.

### III. Conclusion

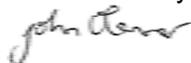
The unenforceable statements that the Eurochem cooperative exporters would not export at dumped and injurious prices cannot be relied upon. NAK Azot and Nevinka benefit from GOR influenced artificially low gas prices that afford all Russian AN producers and exporters with an advantage on global markets.

The anti-dumping measures applicable to AN exported from Russia are considered essential to address the unfair advantage that arises from the GOR's influence and enables Russian AN exporters to undercut producers in markets free from government-influence.

The applicant industry therefore requests the Commissioner to recommend to the Minister that the measures on AN exported to Australia by all Russian AN exporters not be allowed to expire on 24 May 2021.

If you have any questions concerning this submission, please do not hesitate to contact me on (07) 3342 1921.

Yours sincerely



John O'Connor  
Director  
On behalf of the Australian AN industry<sup>2</sup>

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<sup>1</sup> Refer EPR Document No. 014.

<sup>2</sup> Supporting members CSBP Limited, Orica Australia Pty Ltd and Queensland Nitrates Pty Ltd.