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22 February 2021

Mr T King
Assistant Director
Investigations 2
Anti-Dumping Commission
Level 6, 215 Spring Street
Melbourne
Victoria 3001

By email

Dear Tim

EuroChem Group AG

Continuation inquiry - ammonium nitrate from Russia

We refer to your inquiry concerning reference to a “global offtake contract” between EuroChem and Orica in a submission lodged by Glencore Coal Assets Australia Pty Ltd and Mount Isa Mines (“Glencore”) in the abovementioned inquiry (“continuation inquiry”).

We understand that the Commission has obtained the consent of Glencore to disclose the following paragraph from that submission to EuroChem:

[CONFIDENTIAL TEXT DELETED – excerpt from Glencore submission which that party requested not be published on the public record]

The purpose of that disclosure is to provide background for certain matters you wish to address, both with ourselves and with Orica, being matters that are considered to be relevant to the ongoing continuation inquiry.

These inquiries are welcomed. **[CONFIDENTIAL TEXT DELETED – legal commentary]**

[CONFIDENTIAL TEXT DELETED – legal commentary]

EuroChem appreciates the Commission’s intent, which is to assist in the determination of whether the expiration of the measures against JSC Novomoskovsky Azot (“NAK Azot”) and against JSC Nevinnomyssky Azot (“Nevinka”) would lead, or would be likely to lead, as a matter of probability, to a continuation or recurrence of the dumping and the material injury that the anti-dumping measures against exports from the Russian Federation are intended to prevent. The Commissioner must not recommend that the Minister take steps to secure the continuation of the anti-dumping measures unless that satisfaction is reached.

NON - C O N F I D E N T I A L

[CONFIDENTIAL TEXT DELETED – legal commentary]

One of your inquiries is whether, in EuroChem's opinion, any contract, if there is a contract, limits the capacity of EuroChem and/or any of its Russian producers of ammonium nitrate from exporting the goods to Australia to parties other than Orica.

[CONFIDENTIAL TEXT DELETED – information about EuroChem export destinations and customers from 2017 to the end of the inquiry period]

These sales were as follows:

[CONFIDENTIAL TABLE DELETED – detailed information about EuroChem export destinations and customers from 2017 to the end of the inquiry period]

EuroChem's total ammonium nitrate exports, all grades/countries, for the same period, is depicted in the graph below:

[CONFIDENTIAL CHART DELETED – chart shows volumes exported to individual non-CIS country markets over the period]

As we have indicated above, from 2017 to the end of the inquiry period, EuroChem made only the following technical grade ammonium nitrate exports with respect to **[CONFIDENTIAL TEXT DELETED – information about EuroChem export destinations and customers from 2017 to the end of the inquiry period]**

EuroChem is well aware of the fact that Orica is a joint venture partner in its own production facility at Burrup in Western Australia. That facility is ramping up to full production, in an already crowded ammonium nitrate production environment in Australia.

The EuroChem facilities operate at high capacity. EuroChem directs its production capacity to existing customers and markets. Australia is not such a market.

EuroChem is also able to address your general inquiry concerning the Glencore submission, which was to *"provide any other information you may consider relevant to Glencore's submission in relation to this contract"*, without presently disclosing whether there is a contract and what it contains.

The Glencore submission is well-reasoned. It relies on observable data to found its argumentation. EuroChem supports the thrust of those submissions.

One aspect of the Glencore submission we would like to specifically mention is its treatment of the question of comparative gas pricing. EuroChem has been open, transparent and informative in presenting its submissions on the suitability of the economic conditions in Russia. It has provided corporate, financial and contractual evidence to support those submissions.

Further, EuroChem has commissioned and presented a wide-ranging report to the Commission, prepared by The Brattle Group Ltd, on the topic of the market-operation, costs and prices of gas in Russia. Although it does an injustice to the degree of care, consideration and detail that is evident in that report to only cite one of its many cogent conclusions, we note that one such conclusion was the following:

Accordingly, we conclude that there is no systematic evidence of [gas] prices paid by EuroChem being lower than European prices and so, in this sense as well, the Russian prices appear consistent with market principles.¹

That report has been on the public record for ten weeks, and the Glencore submission has been in the public domain for even longer. We see no attempt on the part of any of the applicants to rebut or contest the information and argumentation contained in those documents about costs and profitability in the Russian gas industry and the operation of domestic gas markets in Russia. They must be preferred to the applicants' presentation, which merely consists of opinions of foreign investigating authorities which are outdated, inaccurate, and WTO non-compliant, and are driven by the political imperatives and legal provisions of those jurisdictions and not those of Australia.

EuroChem has invested a great deal of time and effort in cooperating with the Commission's inquiries. It has done so in the interests of ensuring that its own position is properly understood, and is acknowledged by the Commission in the findings to be made. This is to be contrasted with the disinterested or non-cooperative stance of all other Russian exporters.

Please do not hesitate to contact us should you require clarification with respect to any matters dealt with herein.

Yours sincerely



Daniel Moulis
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¹ EPR 565, Doc 10.