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29 March 2021

Mr Justin Wickes
Director
Investigations 2
Anti-Dumping Commission
GPO Box 2013

Canberra ACT 2601

SENT BY EMAIL: investigations2@adcommission.gov.au

For Public File

Dear Mr Wickes

Investigation 565 – Orica Australia comments re Glencore Submission dated 25 March 2021

Orica Australia Pty Ltd (“Orica Australia”) refers to the submission by Glencore Coal Assets Australia and Mount Isa Mines (“Glencore”) in response to Statement of Essential Facts No. 565 (“SEF 565”) – refer EPR Document 036.

Glencore has made a number of misrepresentations in its recent submission which Orica seeks to correct in this submission. These are as follows:

- (a) Glencore’s statement that “the industry is seeking to restrict competition in the Australian market” is without substance and therefore lacks credibility. The Anti-Dumping Commission (“the Commission”) should not rely on assertions made by Glencore that are merely highly emotive statements, which are completely inconsistent with domestic industry’s stance on anti-dumping. Indeed, domestic industry welcomes fair trade and competition, including imports. It is dumped prices of imports from Russia that remain contentious and what the domestic industry consider are preventing fair trade and competition domestically if protections are not in place.

- (b) Glencore’s statement that a particular market situation does not exist in Russia and that gas prices are artificially low is unsupported by the evidence submitted. Indeed, the existence of a market situation has been substantiated in the Commission’s assessment and the recent

investigation by the European Commission¹. The Commission's finding as to a particular market situation of ammonium nitrate in Russia is accurate and correct.

- (c) Glencore's assertions concerning the "limited" substitutability between HDAN and LDAN that extends into the type of HDAN and the ability to melt imported HDAN is also incorrect as explained in more detail below.

There exists a range of ammonium nitrate (AN) types that are used in the explosives industry to make various blasting agents and provide customers with the blasting effect they desire. Typical blasting agents are a blend of low density porous prill AN (LDAN) and emulsion phase plus other additives. In Australia, the emulsion component of explosives is estimated at xxxkte p.a. in AN content or about xx per cent of the Australian market, with the balance supplied with LDAN.

Emulsion phase is made primarily from AN solution sourced from domestic plants. However, not all emulsion manufacturers access AN solution (ANSol) and can use the imported HDAN which can be dissolved for the manufacture of the emulsion. The Commission has previously determined (in Investigations 28, 105, 168, 312 and 473) that ANSol is directly substitutable with HDAN. Some emulsion manufacturers have well-established channels for imported HDAN supply – including from Russia even in the recent past.

As demand for blasting products has increased globally, some producers have converted formerly HDAN production processes to LDAN (refer Submission by Government of Russia (GOR) – EPR Document No. 035). Equally, LDAN may be manufactured on a dedicated plant. The conversion of a HDAN plant to an LDAN plant requires some additional capital, but once installed, plants are readily able to swing capacity between LDAN and HDAN manufacture. The GOR submission confirms this situation with small interruptions for cleanouts. The GOR submission also notes that production capacity between fertiliser grades and industrial grade production is the same following conversion.

The Acron Group's Novgorod facility in Russia is one such plant that has made this conversion from which LDAN has been supplied in significant volumes to Latin America and other markets. AN technology providers, such as Casale SA, promote this process capability to convert HDAN processes that already have prilling tower capacity and enable both HDAN and LDAN to operate on the same plant: <https://www.casale.ch/new-plants/nitrates-new-plants/low-density-ammonium-nitrate-ldan>

Furthermore, the critical criteria relating to the suitability of use of LDAN as an emulsion raw material relates to the type of additives used in the LDAN manufacturing process which may impact emulsion stability and quality. Additive technology exists such that LDAN can be used as both a low density component in bulk explosives and as an emulsion raw material. Orica in fact manufactures such a product at its Bontang, Indonesia and Carseland, Canada plants.

Accordingly, contrary to Glencore's contention, it is well established that competitors purchase imported fertiliser grade HDAN for use in emulsion manufacture.

Orica Australia also notes the GOR's expansion of the Kemerovo facility at 250kte p.a. which appears larger than previously acknowledged.

¹ Refer EU Regulation 2020/2100.

The Glencore submission seeks to minimise the impact of imported HDAN supplied into the Australian market. This is not surprising as it is to Glencore's commercial advantage that it has access to the impact of HDAN at dumped prices.

Orica Australia welcomes any questions arising from this submission. I can be contacted on (03) 9665 7309.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Malcolm Hart', with a stylized flourish at the end.

Malcolm Hart

Senior Market Manager AN – APA