

## Executive summary of the interim review request relating to the current anti-dumping measures on ammonium nitrate from Russia

### **1. The product concerned**

This request relates to the anti-dumping measures on ammonium nitrate ("AN") from Russia, which have been extended by Regulation (EU) No 999/2014 (OJ L 280/19, 24.9.2014), following an expiry review initiated pursuant to Article 11(2) of the then applicable Council Regulation (EC) No 1225/2009 (OJ L 343/51, 22.12.2009).

The product concerned by this request is solid fertilisers with an ammonium nitrate content exceeding 80% by weight, currently falling within CN codes 3102 30 90, 3102 40 90, ex 3102 29 00, ex 3102 60 00, ex 3102 90 00, ex 3105 10 00, ex 3105 20 10, ex 3105 51 00, ex 3105 59 00 and ex 3105 90 20 and originating in Russia.

The main raw material used in the production of AN is gas, which accounts for 70% to 80% of the total production costs. Phosphorus and/or potassium nutrients may be added to this AN, as a result of the extension of the product scope covered by the current measures by the European Commission in 2005.

The product concerned includes AN used for industrial purposes (such as the production of explosives) as well as AN used for agricultural purposes (as a fertiliser).

### **2. Summary of the case**

European AN producers continue to enjoy prolonged protection from third-countries competition since 1994. Currently, imports of AN from the Russian Federation into the European Union are subject to anti-dumping duties ranging from €28.88 to €47.07 per tonne.

However, in light of the non-injurious situation of the Union industry and looking back at the developments of the market following the adoption of Council Regulation (EC) No 658/2002 ("2002 Regulation"), setting the current level of the measures, as amended by Council Regulation (EC) No 945/2005 ("2005 Regulation"), such prolonged protection is no longer warranted.

In particular, we believe that there have been several significant changes in the European Union AN market, which call for a review of the injury situation of the European Union producers, in accordance with Article 11(3) of the EU's basic anti-dumping Regulation:

Despite the more burdensome environmental regulatory framework, consumption of AN on the European Union market has increased in absolute volumes since the 2002 Regulation. This implies that both the volume and value mix of the European Union ammonium nitrate market has substantially changed.

- Increased concentration and re-structuring of the European Union industry has improved its competitiveness making it a price maker rather than a price taker
- The European Union industry is now capable of reflecting the evolution of gas costs. The inversion of the gap between the evolution of natural gas costs and ammonium nitrate [and by extension calcium ammonium nitrate (CAN)] prices has reversed the injury situation of the European Union ammonium nitrate producers.
  - Whereas previously, such producers were unable to recoup the full increase in raw material costs they now can and more. The imposition of anti-dumping duties and customs tariffs over an unusually long time span has eliminated any meaningful competition thus enabling European Union producers to pass through unwarranted price increases which do not reflect the evolution of raw material costs such as natural gas.
  - The EU ammonium nitrate market and by extension the calcium ammonium nitrate market are dysfunctional and do not obey the normal laws of supply and demand. Supply management has enabled manufacturers to achieve unusually high profit levels.
  - The scope of the anti-dumping measures was amended. This constitutes a change in circumstances, to the extent the Union producers benefitting from the anti-dumping measures consist in a much broader set of producers compared to the investigation period during which the current level of the measures was set, whereas the injury margin should be based on the situation of the Union industry producing the product concerned, defined as a whole, i.e., including an analysis of the situation of the Union industry in respect of the eight additional CN codes.

We believe that these changes in circumstances, linked to structural changes on the European Union AN market relating to consumption, market concentration and the evolution of the costs/prices balances, are of a lasting nature since:

- The pattern of consumption has changed, with increased consumption and a change in the product mix sought by downstream users, including farmers, in the European Union, which now favour more efficient products.
- The European Union ammonium nitrate industry has rationalised and increased concentration leading to greater economies of scale which are delivering greater cost efficiencies.

European Union ammonium nitrate producers by virtue of the imposition of anti-dumping duties have been able to disconnect AN (and CAN) prices from the

evolution of raw material, particularly gas and associated production costs. This has enabled them to achieve unusually high double-digit profit margins

- The extension of the scope of the product concerned implies that, for part of the product concerned subject to anti-dumping duties, the applicable rate is not based on an assessment of the situation of the European Union ammonium nitrate producers.
- Russian imports, due to increased consumption on the Russian market and high capacity utilisation, are unlikely to jeopardise the lasting nature of the changed circumstances.

Finally, as a result of these changes, the anti-dumping measures have a trade distortive effect on the European Union AN market and by extension the CAN market, to the extent the latter over-protect the European Union ammonium nitrate producers, which are currently able to implement unfair pricing practices which are detrimental to downstream users, particularly farmers.

### **3. List of known parties to the investigation**

#### **3.1 Producers in the European Union:**

- AB Achema,
- Agrofert,
- Borealis,
- CF Industries,
- Fertiberia,
- Grupa Azoty,
- Interagro,
- OCI Nitrogen,
- Yara.

#### **3.2 Representative associations of importers/Users in the European Union:**

- Association Générale des Producteurs de Blé,
- Confederazione Italiana Agricoltori,
- Confagricoltura,
- Coop de France - Métiers du Grain,
- Irish Farmers' Association,
- Maa- ja metsätaloustuottajain Keskusliitto,
- National Farmers' Union,
- Union de Pequenos Agricultores y Ganaderos.

#### **3.3 Exporting producers in Russia:**

- Acron,

- EuroChem,
- UralChem,
- OJSC SBU Azot.