

## OPEN VERSION

### EXECUTIVE SUMMARY

#### APPLICATION FOR SUNSET EXPIRY REVIEW Application under Article 11,2 of the Basic EC Anti-dumping Regulation Imports of Ammonium Nitrate and similar Products concerned Originating in Russia

**APPLICANT: Fertilizers Europe** on behalf of over 73% of the "integrated" EU Ammonium Nitrate industry production using calendar year 2018 as the base reference.

Further to a full and comprehensive evaluation of the legal and economic criteria required by the European Union with regard to an sunset expiry review on imports from Russia, the Applicant hereby requests the opening of a full investigation and ultimately the maintenance of the existing anti dumping measures thus preventing the recurrence of definite and damaging injurious dumping to the EU industry.

The Applicant wishes to highlight that two EU/EC interim reviews were completed as recently as November 2018.

**In the interim review limited to dumping** on behalf of the Russian exporter /producer, JSC Russian, ***REF L 285 of 13 November 2018 EC Implementation Decision***, the EC found that there were "*no changed circumstances*" with regard to the domestic gas situation in Russia. The latter has been regularly and directly responsible for the "structural propensity" of the Russian AN industry to conduct "structural dumping" as state fixed Russian natural gas represents up to 50% of local Russian total production costs while in the market economy EU it represents between typically 60 to 80% of EU producers total costs.

**In the interim review limited to injury** on behalf 8 national farmers organisations as users of the product, ***REF OJ L287 of 15 November 2018, Commission Implementing Regulation*** the EC found "certain changed circumstances" but also found that the profound threat of injury presented by the Russian AN industry in terms of massive export capacity, price undercutting and cost underselling truly remained. The net result was a reduction in the EU anti dumping specific duty from a rate of Euro 47/mt to a rate applied typically today of Euro 32.7/mt.

**Up-to-date Evidence is submitted in this Application that shows:**

- **Regular high “structural dumping” rates** over year 2018 which arise from Russian exporter/producers exploitation of artificially low state fixed gas costs in Russia. For example:-
  - The dumping rate found using a constructed value gas adjustment normal value compared with export prices to BRAZIL was 32% or EURO/MT 48 with a profit rate of 8%, and 70% or EURO/MT 104 with a profit rate of 29%;
  - The dumping rate found using a constructed value gas adjustment normal value compared with export prices to EU 28 was 24% or EURO/MT 39 with a profit rate of 8%, and 60% or EURO/MT 95 with a profit rate of 29%.
- **The very likely recurrence of dumping arises from the very definite and permanent continuation of distorted artificially low state fixed gas prices in Russia – probably even up to the year 2035 according to Gazprom’s Capital Markets day in February 2019. The regular result in a permanent “triple threat of injury” for the EU industry.**

**The “triple threat of injury” arising is: -**

**Firstly** there is actual dumping or the permanent menace of dumping campaigns by Russia on the EU market.

**Secondly**, Russia’s domestic gas pricing policy is allied with a deliberate gas dual pricing policy whereby gas is sold on a artificially low state fixed basis in Russia to local UAN industry (US\$2.4 MMBTU in year 2018) while selling at very high export prices to the EU (US\$6.8 MMBTU). Thus the EU nitrogen fertilizer industry is injured by Russia / Gazprom’s sale of high export monopolistic gas prices to Europe under a Russian government run export pipeline monopoly.

**Thirdly**, the low Russian gas pricing provides the Russian exporter/producers with a menacing and dangerous ability to conduct very serious high levels of both price undercutting and underselling.

**The Applicant also submits evidence on price undercutting and underselling. On price undercutting, the Applicant found the continuation of actual price undercutting: -**

Direct EU 28 actual price undercutting over year 2018 into the EU 28 at 37% or EURO/MT 59.3;

Using Brazilian import prices of Russian AN and adjusting them to the EU border there was an actual price undercutting rate of 24% or EURO/MT 42.2.

The level of underselling is an even greater concern for the EU industry as it shows up that the EU industry would be regularly exposed to dangerous level of “cost underselling” - at levels even higher than the existing Euro 32.7/mt specific anti dumping duty.

Also threatening the EU industry is the entry into the EU of Russian export prices typically sold into Brazil. When Russian FOB prices to Brazil are worked and adjusted into an equivalent delivery price to the EU, it was found that the difference between the EU producers' unit cost of production against the Russian FOB to Brazil export price was found to be far higher than the existing typical Euro 32.7/mt.

**The Applicant also submits compelling evidence on the likely recurrence of volume injury arising from: -**

Russia's maintenance of a massive 1.4 million tonnes per annum spare export capacity for year 2018;

Russia's maintenance a massive 4.2 million export volume position for year 2018;

Russia would very likely target the EU as the world's No 1 market which is nearby and a good payment zone; and the applicant / complainant industry consider that Russia would return to exporting over 1 million tonnes per annum to the EU as it has done in the past.

**Russia is also very likely to re-direct its exports to the EU** if there are further restrictions or closures in key markets arising from safety / security issues or in the case of Ukraine and India, the imposition of anti dumping duties. Russia's exports to the Ukraine have been near non-existent for the past 5 years.

The EU AN industry considers it imperative that the existing measures remain and thus fair market conditions allowed to continue to prevail on the EU market free of Russian "structural dumping" – "structural underselling" and definite price undercutting.

Fertilizers Europe and the Union complainant industry are totally convinced of the justification and the need for the EC to open a review investigation and both are fully committed to total co-operation with the Commission and its investigation.

A. EUROPEAN UNION PRODUCERS ON WHOSE BEHALF THE APPLICANT IS ACTING	
AB ACHEMA	
ANWIL SA	
AZOMURES	
BOREALIS Agrolinz Melamine GmbH (Corporate address)	
PEC-Rhin	
FERTIBERIA S.A.	
GRUPA AZOTY S.A.	
NEW KARVALI FERTILIZERS	
NITROGENMUVEK Rt.	
YARA S.A.(Corporate Office in Brussels)	
YARA FRANCE	
YARA ITALIA SpA	
Yara Benelux B.V	
Yara AB	
YARA Rostock	
C. NAMES & ADDRESSES OF OTHER "INTEGRATED" EUROPEAN UNION PRODUCERS	
AGROPOLYCHIM	
NEOCHIM PLC	
CF FERTILISERS UK LIMITED	
MAXAM	
PETROKEMJA	
4. EXPORTERS/PRODUCERS IN THE COUNTRY OF ORIGIN	
Closed JSC Mineral Chemical Company Eurochem	Russia
JSC NOVOMOSKOVSK AZOT (NAK Azot)	Russia
JSC NEVINNOMYSSKY AZOT	Russia
Joint Stock Company ACRON	Russia
Acron is the holding company of two plants: Novgorod and Dorogobuzh.	Russia
Joint Stock Company Dorogobuzh	Russia
JSC "KUIBYSHEVAZOT"	Russia
Phosagro Cherepovets	Russia
MINUDOBRENIYA JSC	Russia
URALCHEM	Russia

<b>6. IMPORTERS INTO THE UNION</b>	
INTERNATIONAL ORE ET FERTILIZER BELGIUM	Belgium
TESSENDERLO CHEMIE SA	Belgium
Tessengerlo Chemie NV/SA	Belgium
Agrium Europe	Belgium
INTERORE BELGIUM S.A.	Belgium
AMEROPA FRANCE S.A. (closed)	France
CHAMPAGNE FERTILISANTS S.A.	France
EVERTRADE	France
FERTILORE S.A.	France
FRANCEFERT S.A.	France
HELM ENGRAIS FRANCE	France
LITFERT (SC Achema Distribution subsidiary)	France
PANGEE (closed)	France
Trammo	France
SCPA (Societe Commerciale des Potasses et de l'azote)	France
NCAA (Union National des Cooperatives Agricoles d'Approvisionnement)	France
UNIFERT FRANCE S.A.	France
UNION EST AGRO	France
WITTRACO France	France
HELM ENGRAIS FRANCE	France
LITFERT (SC Achema Distribution subsidiary)	France
UNION INVIVO SCA	France
KOCH FERTILIZER PRODUCTS SAS	France
EUROCHEM AGRO FRANCE	France
OCI AGRO FRANCE	France
EuroChem Agro GmbH	Germany
HELM Dungemittel GmbH	Germany
CARGILL BV Fertiliser Division	The Netherlands
CARGILL	The Netherlands
TRANSAMMONIA	The Netherlands
OCI Nitrogen BV	The Netherlands
CARGILL ESPANA	Spain
TRANSAMMONIA AG	Spain
ACRON AGRONOVA SWITZERLAND	Switzerland
AMEROPA A.G.	Switzerland
Trammo AG	Switzerland
Keytrade AG	Switzerland
<b>7. MAJOR USER ORGANIZATIONS IN THE MAJOR EU AN MARKETS</b>	
COPA COGECA	
AGBP	
FNSEA – Fédération Nationale des Syndicats d'Exploitants Agricoles	
NFU – National Farmers' Union	
MAGOSZ budapesti központja	
Krajowy Związek Rolników, Kólek i Organizacji Rolniczych KZRKIOR	
<b>8. NATIONAL FERTILIZER ASSOCIATIONS</b>	
AIC - Agricultural Industries Confederation	
ANFFE - Asociación Nacional de Fabricantes de Fertilizantes	
BELFERTIL	
ASSOFERTILIZZANTI FEDERCHIMICA	
PIPC - Polish Chamber of Chemical Industry	
UNIFA - Union des Industries de la Fertilisation	