

PRESS RELEASE

FERTILIZERS EUROPE CALLS ON EU TO USE ALL APPROPRIATE COMPETITION AND TRADE INSTRUMENTS TO CORRECT GAZPROM'S GAS DUAL PRICING

Brussels, 28 May 2018: Fertilizers Europe acknowledges Commission's commitment to impose binding obligations on Gazprom, while stressing the importance of applying other enforcement tools and instruments to the reform of Russian domestic gas prices in order to ensure the level-playing field for European businesses, including the fertilizer industry.

As the single largest industry sector consumer of natural gas, the European Union's fertilizer manufacturers acknowledges the commitment announced on May 24 by the European Commission's Competition authority to continue to assure Gazprom's free and fair pricing of gas sales into the Internal Market. Effective enforcement of these competition commitments which are legally binding on Gazprom must now be done.

However, the Commission's other enforcement tools and instruments must be applied to the reform of Russian domestic gas prices. These remain at artificially low state fixed price levels and starkly contrast with the still high export monopolistic export prices of Gazprom to Europe. This enables Russian producers of downstream products, like fertilizers, to compete at unfair cheap prices on the EU market, putting EU fertilizer producers at major disadvantage.

"We call upon the EU to insist that Russia meets its WTO Accession gas commitment whereby local gas must be priced to cover total costs of production, a normal profit and a future investment allocation" stated Jacob Hansen, Fertilizers Europe Director General.

He also underlined the fact that *"the anti-trust case does not provide for the correction of Russian gas dual pricing and equal competitive gas price conditions. Our Russian competitors continuously gain competitive advantage using the artificially low domestic gas prices. This must stop. The EU has the solutions in the form of the WTO gas commitment and the continuation of the existing antidumping measures currently under review by the Commission's trade defence services"*.

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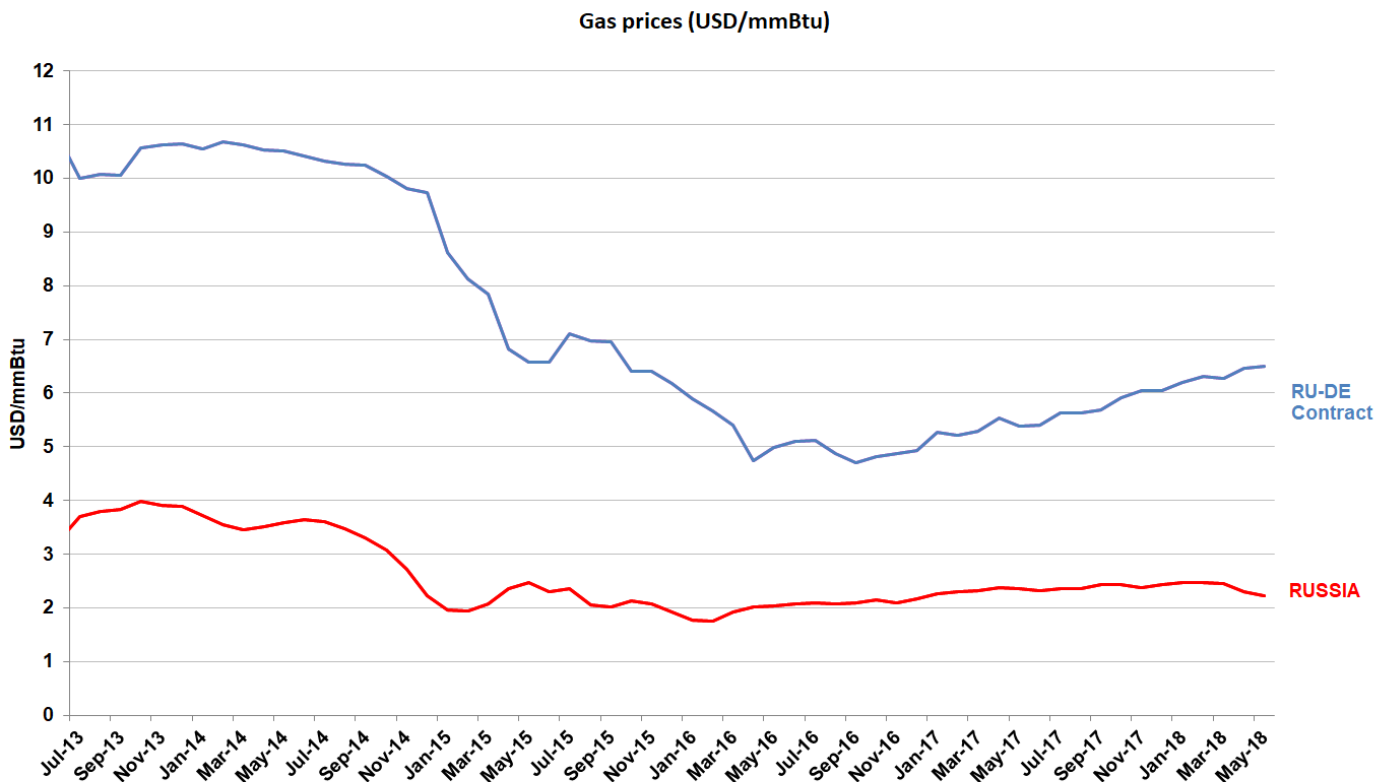
About Fertilizers Europe

Fertilizers Europe represents the majority of fertilizer producers in Europe and is recognized as the dedicated industry source of information on mineral fertilizers. The Association communicates with a wide variety of institutions, legislators, stakeholders and members of the public who seek information on fertilizer technology and topics relating to today's agricultural, environmental and economic challenges.

Notes for editors:

Nitrogen fertilizers are the dominant production and trade activity of the EU industry and typically 60% to 80% of production costs are natural gas costs.

Fig.: Russian dual pricing



Source: Russian Federal Tariff Service, ICIS Heren EGM