



Incitec Pivot Limited
ABN 42 004 080 264
70 Southbank Boulevard
Southbank Victoria 3006
GPO Box 1322
Melbourne Victoria 3001
Tel: (61 3) 8695 4400
Fax: (61 3) 8695 4419
www.incitecpivot.com.au

MEDIA ANNOUNCEMENT – 22 August 2008

Global factors responsible for high fertiliser prices

The Australian Competition and Consumer Commission's conclusion that fertiliser price rises in Australia are mainly a result of global supply and demand will be reassuring to farmers, said chemicals manufacturer Incitec Pivot Limited.

The ACCC found that rapidly increasing international fertiliser prices had been caused by a substantial increase in world demand for fertilisers and rising production costs.

It said the demand for fertiliser was associated with an expansion in agricultural production, particularly grains for food, feed for livestock and bio-fuels.

"This has been occurring in a market where global supply capacity is limited in the short term," the ACCC said in its report today on fertiliser prices.

Incitec Pivot's General Manager Strategy and Business Development, Jamie Rintel, said the company welcomed the ACCC's conclusions.

"We understand farmers' concerns over rising prices, but Australia is only a small player in the international scene, representing less than two per cent of global fertiliser use," he said.

Mr Rintel said high fertiliser prices made it more important than ever for farmers to choose the most cost-effective fertiliser and apply it at optimum rates.

The ACCC report said much of the concern expressed about the operation of fertiliser markets in Australia from late 2007 to early 2008 arose because of a deficiency in short-term supply.

The ACCC found that this shortage followed the unexpected bringing forward of domestic demand by farmers due to improved growing conditions which occurred in the context of rapidly increasing world prices.

In relation to allegations received by the ACCC that industry participants had price gouged, refused to supply, failed to honour supply agreements and refused to commit to prices, the ACCC reported that it had not been provided with any evidence suggesting a likely breach of the Trade Practices Act by any participant in the Australian fertiliser industry.

Media contact:

Neville Heydon
Tel 0408 123 160