

Media statement 23 May 2008

## **REASON FOR UREA PRICE RISE**

A recent surge in the price of urea is the result of a new export tax on fertilisers imposed by the Chinese Government to ensure adequate crop nutrients are available to maintain domestic food supplies.

"As an internationally traded fertiliser, urea is subject to global supply and demand pressures," said a spokesman for Australian fertiliser supplier Incitec Pivot.

"The recent spike followed the imposition of an additional 100% export tax on fertilisers imposed by the Chinese Government, taking the total export tax to 135%."

This had the immediate effect of virtually stopping urea exports from China, which represented 15% of the amount of urea traded in the world. Taking this amount of product out of the market forced up global prices at a time of increasing fertiliser demand to meet the world food shortage.

Last year China exported almost six million tonnes of urea.

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