

BHP Taking Long View on Potash in Wake of Uralkali Move

By [The Moscow Times](#)

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MELBOURNE — BHP Billiton's new boss Wednesday shrugged off Russian potash producer Uralkali's exit from one of the world's two big potash cartels, saying BHP was taking a long-term view on its planned entry into the industry.

In the wake of Uralkali's surprise move, there has been speculation it may make more sense for BHP to take over U.S. potash producer Mosaic Co. instead of building a \$14 billion potash mine in Canada, up for a decision this year.

"We think very long-term. This is something that's happened short-term," BHP CEO Andrew Mackenzie told reporters, when asked whether the company might delay development of Jansen with potash prices expected to slump.

"We've always said that potash is a business which will lose some of its cartel-like structure and become in time globally traded like everything else, so we, to some extent, predicted

what's happened," he said.

Mackenzie said he would have more to say about the outlook for potash and Jansen at the company's results on Aug. 20.

Uralkali's break from a cartel with Belaruskali last week sparked the prospect of a potash price war and hammered the shares of the world's main producers, including Mosaic, whose stock has slumped nearly 25 percent to \$17.3 billion.

At that price, its market value is not much more than the estimated cost of building the 8 million tons a year Jansen potash mine in Saskatchewan.

"In our view, Mosaic could be an interesting alternative to building Jansen," Bank of America Merrill Lynch analysts said in a report Monday.

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