

## Fertilizer industry advises farmers to adopt balanced fertilization practices including all nutrients

**Paris, France: 10 December 2009** - The International Fertilizer Industry Association (IFA) released publicly today its **Short-Term Fertilizer Outlook 2009-2010**. The Association is concerned with the current predominance of nitrogen in fertilization practices and the potential yield impact of currently low application rates for phosphorus and potassium. The industry encourages farmers to adopt good agricultural practices, including balanced fertilization for optimum nutrient use efficiency.

IFA's fertilizer consumption data indicates that farmers in a number of countries have been **postponing their applications of phosphorus and potassium because of the current volatility of agricultural commodities and input prices**. Aggregate consumption in 2008/09<sup>1</sup> is assessed as down 6.7%, to 156.4 Mt nutrients (for the 3 main nutrients NPK<sup>2</sup>). Consumption is estimated to have contracted much more sharply for P and K fertilizers (-10.5 and -19.8%, respectively) than for N (-1.5%). Demand increased in South Asia and Eastern Europe and Central Asia, while it remained fairly stable in Africa and declined in all other regions. The largest changes in volumes occurred in South Asia (+2.1 Mt) on the positive side, and in Western and Central Europe (-4.3 Mt), North America (-3.4 Mt), East Asia (-3 Mt) and Latin America (-2.4 Mt) on the negative side.

Despite application rates well below crop requirements, farmers in the United States are expected to harvest a bumper maize crop, and farmers in France have enjoyed record wheat yields. However, by doing so they are **mining their soil nutrient reserves**. Such practice is not sustainable in the long-term. The return to sustainable fertilization practices will probably be triggered by more stable and predictable crop prices.

Due to the persistent depressed context in 2009, and in anticipation of a progressive recovery in 2010, tentative forecasts for global fertilizer consumption in 2009/10 point to **a small rebound of 1%, to 158 Mt**. Projections indicate a full recovery for N (+1.6%), a small rebound for P (+3 %) and a further decline for K (-4.5%). Total fertilizer demand is anticipated to continue its rise in South Asia, and to rebound in North America and West Asia. Projections to 2010/11 are very speculative. Providing the recovery of world economic activity and positive changes in agricultural market fundamentals, **global fertilizer demand in 2010/11 could come back to positive growth rates (+4.9%)**. Demand for K would strongly rebound (+13.5%), while demand for N and P would continue its recovery (+2.6 and +6.2%, respectively).

Global fertilizer supply in 2009 is still affected by the volatile conditions that prevailed in 2008. This year, global nutrient production and sales dropped to very low levels, due to **the important inventory carry-overs in the worldwide distribution systems**. For the second consecutive year, total world nutrient production in 2009 appeared to exceed sales and consumption, translating into a significant build-up of inventories at producers' ends. This weakness in demand impacted global nutrient production and

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<sup>1</sup> Or in 2008 for countries with fertilizer consumption statistics in calendar years.

<sup>2</sup> Nitrogen (N), phosphorus (P), potassium (K).

industry's operating rates, but at a different intensity between the nutrients. In the nitrogen sector, ammonia production was rather stable while urea output expanded moderately. Phosphate acid production declined marginally in 2009, while that of phosphate rock dropped. The world potash market collapsed in 2009, as international import demand dropped to its lowest level of the past 30 years. Potash production plunged in 2009, due to a combination of depressed demand worldwide and large stock carry-overs in key importing countries.

International trade levels in 2009 reflected trends in nutrient uses and the shift in imports between raw materials and finished products. The main changes in international imports were the collapse of potash shipments to China, firm sales of DAP to India, and a significant decline in urea import demand into the United States. **India featured predominantly in the international markets in 2009, as the world's largest importer of urea, potash and DAP.**

Trade prospects in 2010 for ammonia and potash are very positive. Cost pressure will persist on Ukrainian nitrogen exporters. Strong urea and phosphate import demand is expected in the United States, South Asia and Latin America. By the end of 2009, global nutrient consumption exceeded overall sales and would leave the supply pipeline rather empty. The situation in 2010 would see a major reversal trend, compared with 2009, with a significant 4% growth in global demand and a strong 7% rebound on the total sales of the mainstream products. Urea, DAP and potash trade demand in 2010 is projected to expand 5%, 5% and 50% respectively.

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**The International Fertilizer Industry Association (IFA)** is a not-for-profit trade association representing the global fertilizer industry. IFA member companies represent all activities related to the production and distribution of every type of fertilizer, their raw materials and intermediates. IFA's membership also includes organizations involved in agronomic research and training. IFA has some 525 members in about 85 countries. The global fertilizer industry produces some 170 million tons of fertilizer nutrients annually. These are used in every corner of the globe to support sustainable agricultural production and food security. [www.fertilizer.org](http://www.fertilizer.org)

**The International Fertilizer Industry Association (IFA)** releases every year medium-term and short term outlook reports (in May/June and in November/December respectively). This short-term outlook presents an overview of world agriculture and fertilizer demand, as well as the global fertilizer supply and trade situation in 2009 and 2010. Unabridged reports are available only to IFA members and the Fertilizer Outlook, a summary of the main findings, is available to the public.

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