

# Developments of the Chinese Nitrogen Industry

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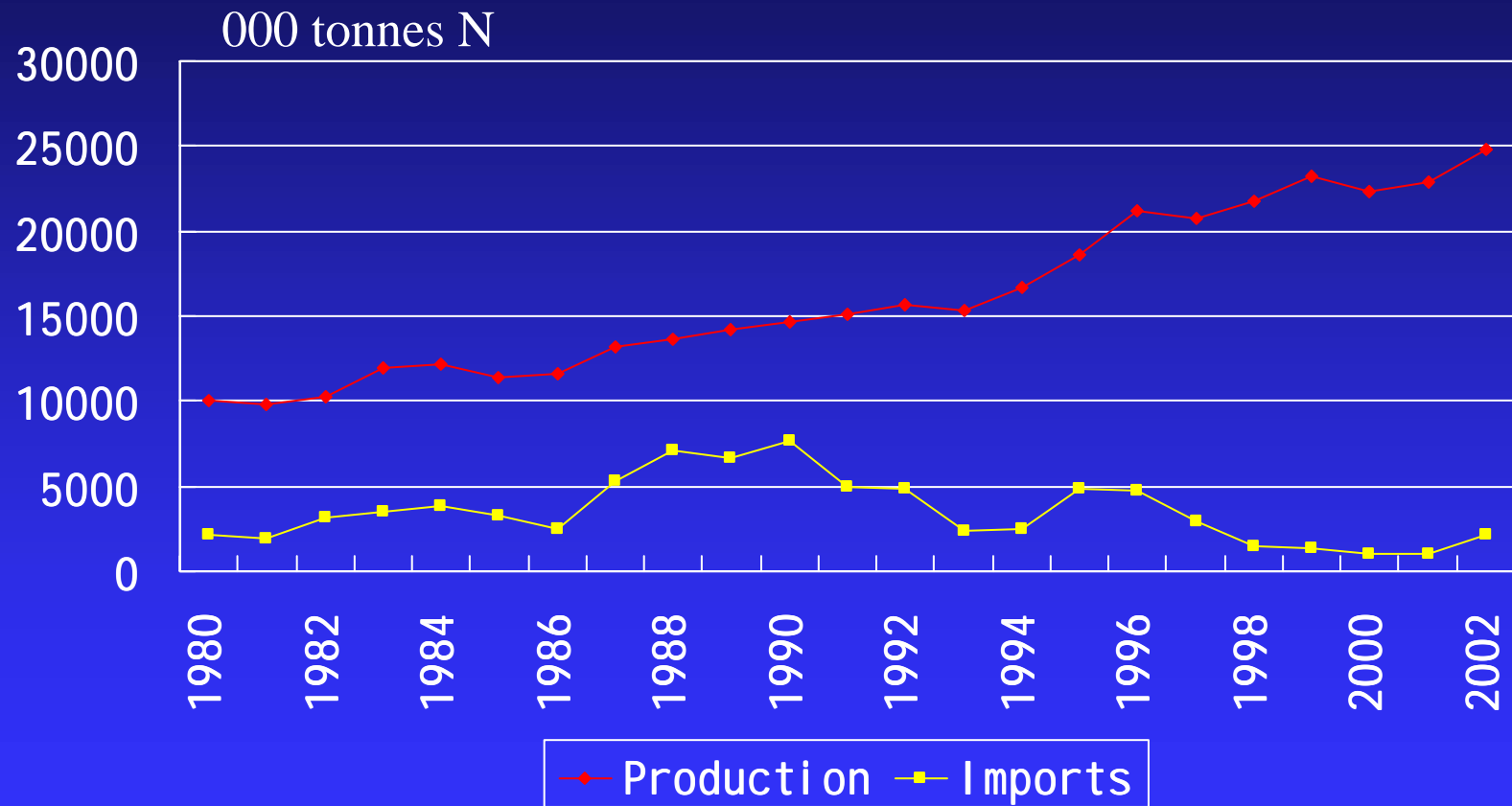
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# Introduction

- >500 producers
- 2/3 sale revenue, 2/3 assets of fertilizer industry
- 530,000 employees
- Insufficient natural gas
- Chiefly domestic technology and equipment
- 100% nitric acid and 50% methanol prod.
- Contribution to Agriculture

# Present Status

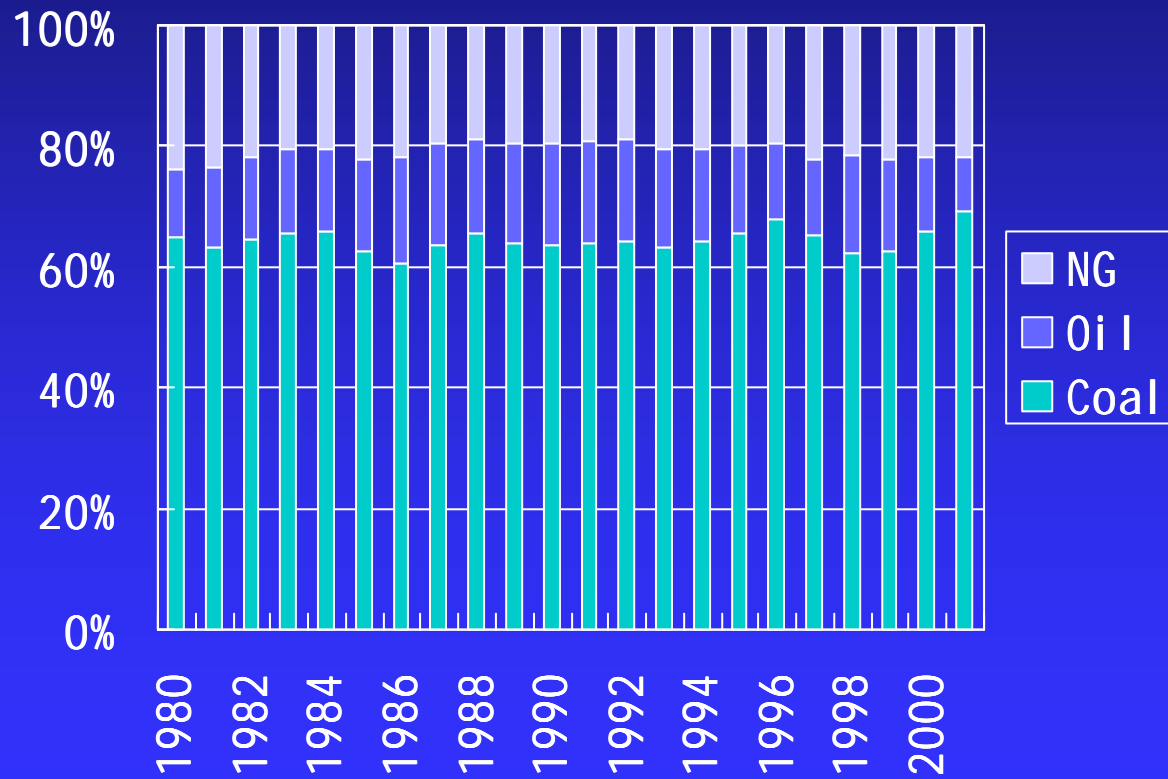


# Present Status

- Production increased by 4.5%/a in past 20 years
- Imports reduced
- Product structure reformed
  - ◆ Urea growth
  - ◆ ABC reduced
  - ◆ Compound increased

# Features of the Industry

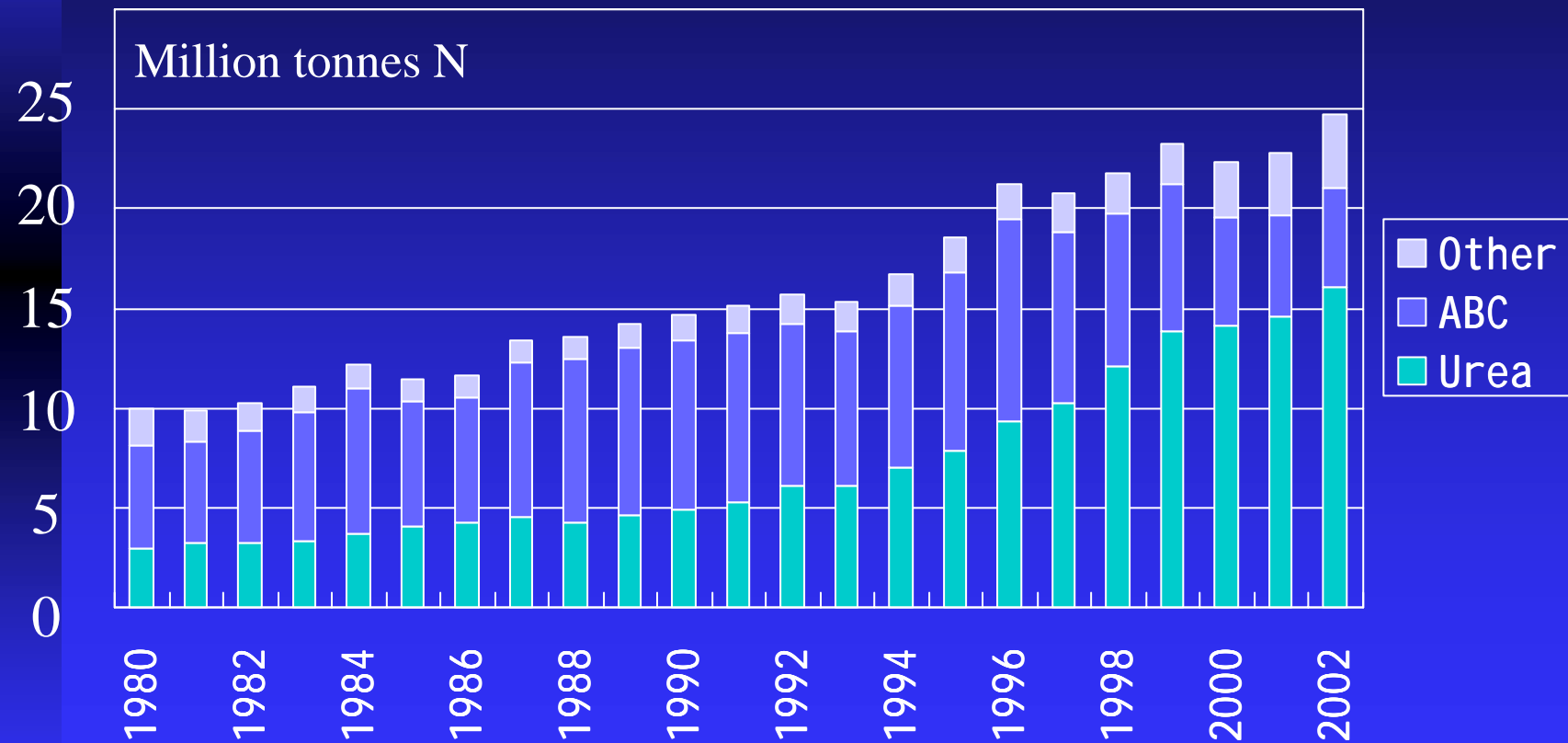
## ■ Coal Based



# Features of the Industry

- Medium and Small Plants Dominated
  - ◆ Improving efficiency and scale
- Low-Analysis and Less Compound Fertilizers

# China Nitrogen Products



# Challenges of the Industry

- Agriculture Situation and Demand
- WTO Entry
  - ◆ Tariff Quota System

Year	2001	2002	2003	2004	2005	2006
Urea	1.3	1.3	1.8	2.3	2.8	3.3
DAP	5.4	5.67	5.95	6.25	6.56	6.90
NPK	2.7	2.83	2.98	3.12	3.28	3.45

# Challenges of Industry

- Environmental Worries
  - ◆ Green Food Concept
- Political Reasons
  - ◆ Ban on AN Use
- Tight Energy Supply
  - ◆ Oil Prices Unacceptable
  - ◆ Natural Gas and Coal Prices Increasing

# Outlook of the Industry

- Reforming the Feedstock
- Expanding Large Plant Capacity
- Building Some Large Scale Plants
- Improvement of Medium and Small Scale Plants



Thank You