



The Trend Analysis of China Fertilizers Market



Potential Market & Competitive Market

The Syllabus of My Speech

- ★ **China Fertilizer Market in the First Year of Entering WTO**
Actualize Tariff Quota System, Big Increase in Import
Supply/Demand in Balancing, Market Situation Getting Better
- ★ **China Fertilizers Market in 2003**
Production & Sales Increase, Profit Increased, Structure
Adjusted, Decrease in Import
- ★ **Future Expectation of China Fertilizers Market**
Structure Adjustment Continued, Demand Increasing Steadily

China Fertilizers Market of First Year Entering WTO

1. Production Increased, Product Structure Optimized

CHINA Fertilizers Production Statistic of 2002 (Pure Nutrient) (10,000MT)

	Ammonia (Actual)	Fertilizers	N Fert.	P Fert.	Potassium	Urea
2002	3654.19	3665.72	2742.6	776.05	147.07	1601.9
2001	3407.7	3396.52	2526.72	739.44	130.35	1454.81
Increase(%)	7.23	7.93	8.54	4.95	12.83	10.11

Production increasing, product structure optimized: High concentration fertilizers increased more than low concentration fertilizer; complex fertilizers increased more than single nutrient fertilizers. High concentration nitrogen fertilizers (urea) account for 58.4% of nitrogen fertilizers, increased 1% compared with last year; high concentration phosphate fertilizers(DAP, MAP, NP, TSP and compound fertilizers) account for 45% of phosphate fertilizers, increased 5% compared with last year.

2. Big increase in Import & Decrease in Export

CHINA Imported Fertilizers Statistic in 2002 (Actual)

Unit: 10,000MT

	2002	2001	Compare(±%)
Fertilizers	1681.57	1108.84	51.65
Urea	79.07	0	—
(NH ₄) ₂ SO ₄	1.07	0	—
NH ₄ NO ₃	109.59	0	—
SSP	0.1	0	—
MOP	664.81	512.45	29.73
SOP	30.24	25.72	17.57
NPK	281.97	226.21	24.65
DAP	492.5	329.15	49.63
Others	22.22	15.3	45.23

Main countries of China imported Fertilizers

Main Countries of CHINA Imported Fertilizers

	Countries
Urea	Ukraine 78.28% , Russia 9.18%
DAP	USA 93.26% , Tunis 3.75% , Morocco 2.99%
NPK	Russia 72.87% , Norway 13.06% , Finland 6.2% Belgium 4.78%
MOP	Russia 59.43% , Canada 24.98% , Jordan 6.78% , Israel 6.2%

3. Reasonable Nitrogen Fertilizers Inventory , Compound & Complex Fertilizers kept long Stock

Fertilizers Inventory in January ~ October of 2002

Unit : (10,000MT , Actual)

	2002	2001	Compare (%)		2002	2001	Compare (%)
Fert.	972.92	950.04	2.27	Urea	227.88	215.89	5.55
N Fert.	423.54	439.08	-3.54	ABC	162.87	186.84	-12.83
P Fert.	161.87	201.25	-19.57	DAP	110.26	90.4	21.97
Potassium	71.28	48.21	47.85	Complex			
NPK	316.23	261.5	20.93	Fert.	56.25	59.79	-5.92

4. Nitrogen Fertilizers Price Increased; Others price no big Change

The reasons for urea price increasing:

1. Production cost increase
2. Crops price and farmers' income increase

Wateriness for other fertilizers market

DAP and Compound fertilizers no big change, price stable or small increased

2002-2004 Quota for China Imported Fertilizers

Import Quota from 2002 -- 2004

Unit:(10,000MT)

		2002	Compare(±%)	2003	2004
NPK	Quota	283.5	89%	298	313
	Imported	282	25%	194.4	
DAP	Quota	567	126%	595	625
	Imported	492.5	58%	215.8	
Urea	Quota	130		180	230
	Imported	79.1	220%	13.3	

China Fertilizers Market Situation in 2003

Market Situation in 2003

1、Fast Increase in Production

Total 32.56 million MT, increased 6.9%, thereinto urea increased 4.4% , DAP increased 34% , NPK increased 26%

2、 Because of high price of international natural gas and oil, import decreased & export increased.

Import decrease 31.6%, export increase 58.3%

3、 Because of high speed economic development, Big increase in profit of fertilizers industry increased.

Total profit 2.34 billion RMB(28.3millionUS\$) from January to September of 2003, increased 43.7%

Market Situation in 2003(continued)

4、 Large scale Joint-Venture Investment Projects have made a big progress

(1) Russian Acron invested 20.85million USD in Redsun (Shandong Hongri Group)and purchased 58% shares state-owned, became biggest shareholder;

(2) 600,000 MT DAP production line of Yunna Sanhuan Sino-Chem and Cargill fertilizers company LTD was put into production at beginning of this year;

(3) China government approved the project of Sino-Canada Yichang Maple Leaf Chemical Company LTD on 13rd of October this year

Market Situation in 2003(continued)

5、 Price of primary products increased, fertilizers market prosperity supported;

6、 Big increase in imported fertilizers since entering 4th quarter of this year;

7、 Macro economic situation getting better and entered raising period;

- Fertilizers industry development facing new opportunity

The reasons for better market situation in 2003:

- 1、 The policy for solving Agricultural problems applied, farmers stimulated to invest more to cultivation;
- 2、 Farming structure adjusted, increase fertilizers application;
- 3、 Fertilizers supply situation improved because of low efficiency fertilizers industry set out;
- 4、 Higher price of imported fertilizers, bigger market space for domestic fertilizers.

Estimated apparent consumption 45 million MT, 1 million MT more compared with last year.



Expectation for China future fertilizers Market

**Opportunity
and
Challenge**

Expectation for future market

China is a big country in fertilizers production and consumption, it has reached 40 million MT (pure nutrient) since 1999, production reached 32 million MT, imported fertilizers reached 7.7 million MT (pure nutrient); China plays very important role in fertilizers import in world trade, especially for phosphate fertilizers import, takes 25% of total fertilizers trade in the world. China fertilizers industry has been paid more attention due to high speed development and high potential market.

Expectation for future market

1、 Fertilizers production increasing continually

It is predicated that China fertilizers production will reach 38 to 41 million MT, thereinto nitrogen fertilizers reach to 26 to 27.5 million MT, phosphate fertilizers reach to 9.5 to 10.5 million MT, potassium fertilizers reach to 2.5 to 3.5 million MT.

2、 Fertilizers consumption continue increasing stably, but high speed increasing period has gone.

3、 China fertilizer products structure continue to be adjusted.

4、 It will appear the effect on fertilizers industry of China entering WTO gradually.

China fertilizers consumption statistic in 1992-2002

CHINA Fertilizers Consumption from 1992-2002

Unit: 10,000MT Pure Nutrient

Year	Total	N	P	K	NPK	Domestic Product %
1992	2930.2	1756.1	515.7	196	462.4	69.6
1993	3151.6	1835	575.1	212.4	529.1	62.1
1994	3318	1881.8	600.6	234.7	600.9	65.9
1995	3594.7	2022.4	632.6	268.5	671.3	69.5
1996	3829.1	2145.4	658.5	289.8	735.3	71
1997	3980.9	2171.7	689.4	322	797.8	71.6
1998	4085.4	2233.5	684.1	345.9	822	70.4
1999	4124.6	2180.9	697	366.3	880.3	72.8
2000	4146	2162	691	377	918	76.8
2001	4253.8	2164.1	705.7	399.6	983.7	79.5
2002	4435.6	2213.7	730.5	416.5	1074.9	80.5

China Phosphate Fertilizers Production and products Structure in 1992-2002

Phosphate Fertilizers Production and Products Structure in CHINA from 1992-2002

Unit: 10,000MT

Year	Total	DAP&NPK	%	TSP	%	NP	%	SSP	%	FMP	%
2002	805	333	41.4	25	3.1	10	1.2	377	46.8	60	7.5
2001	739	268	36.4	18	2.4	10	1.4	373	50.5	70	9.5
2000	663	207	31.2	19	2.8	9	1.4	364	54.9	64	9.7
1999	655	160	24.4	26	4	13	2	373	56.9	83	12.7
1998	663	127	19.2	19	2.9	9	1.4	426	64.2	82	12.3
1997	641	110	17.2	14	2.2	8	1.2	418	65.1	92	14.3
1996	575	90	15.6	12	2.1	7	1.2	385	67	81	14.1
1995	619	77	12.4	10	1.6	6	1	405	65.4	121	19.5
1994	497	54	10.8	8	1.6	6	1.2	342	68.7	88	17.7
1993	417	28	6.7	6	1.4	5	1.2	308	73.9	70	16.8
1992	454	26	5.7	6	1.3	5	1.1	323	71.2	94	20.7

Influences on China fertilizers consumption:

- 1、 Population increasing, life level improving and social development need more foodstuff, fertilizers application is one of the ways to increase crops yield ;**
- 2、 Crops planting structure changing;**
- 3、 Fast growth fertility forest, economic forest, bamboo, nursery developing very fast, and 400 million hectare grass and bleed aquatic product need fertilizers.**

★ CONCLUSION

Conclusion

China fertilizers industry will continue developing, production will continue increasing, consumption will continue increasing stably, but will not increase as fast as used to be; products structure will continue to be adjusted and connected to international track, we will consider worldwide resources , make China fertilizers good future.