



FERTILIZERS PRODUCTION AND CONSUMPTION ANALYSIS AND PROPOSED MEASURES TO STIMULATE THE RUSSIAN DOMESTIC MARKET

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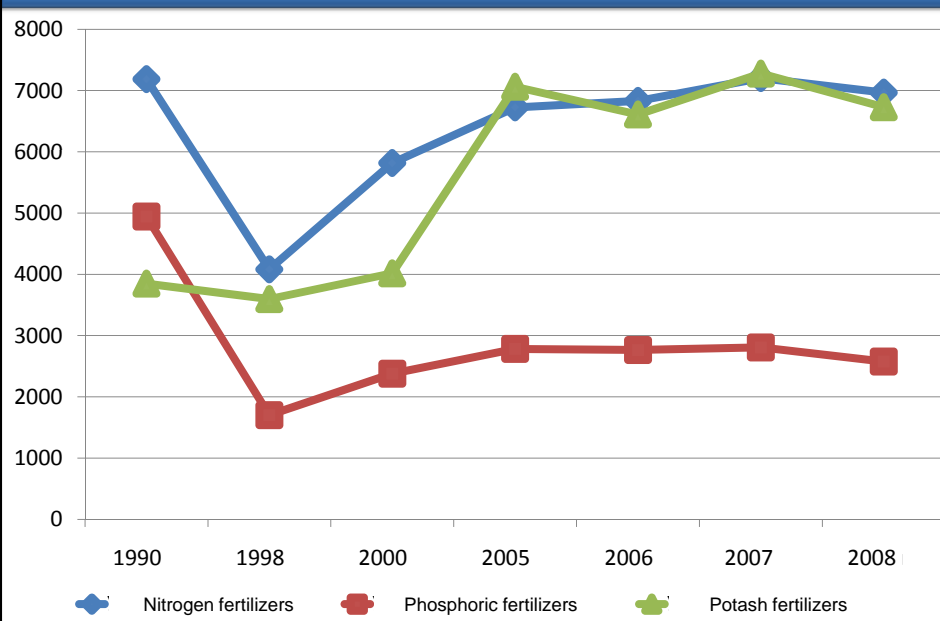
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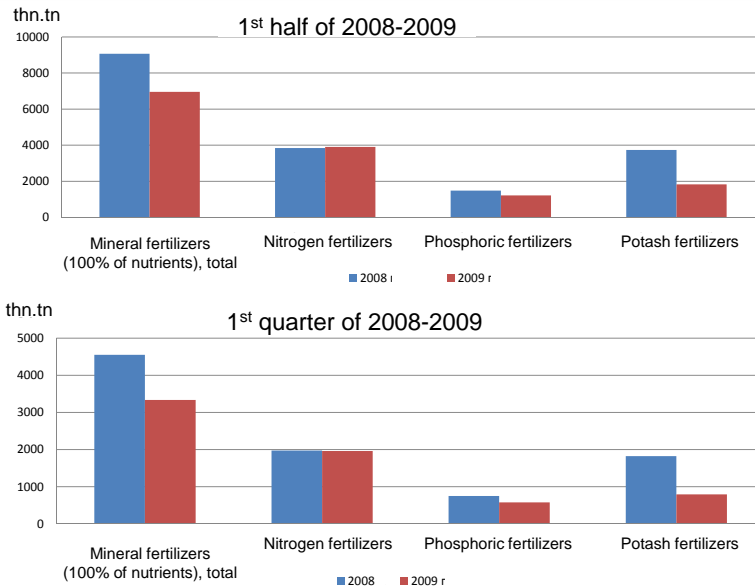
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Volume of mineral fertilizers production, thousand tonne (nutrient)



Production volume of the main kinds of complex fertilizers



Industry segmentation by mineral fertilizer production

Production of ammonia and nitrogen fertilizers

- OJSC "Azot" Berezniki
- OJSC "TogliattiAzot"
- OJSC "KuibyshevAzot"
- OJSC "Minudobrenia" Perm
- OJSC "Azot" Kemerovo
- OJSC "Cherepovetsky "Azot"

Production of complex fertilizers (phosphoric fertilizers)

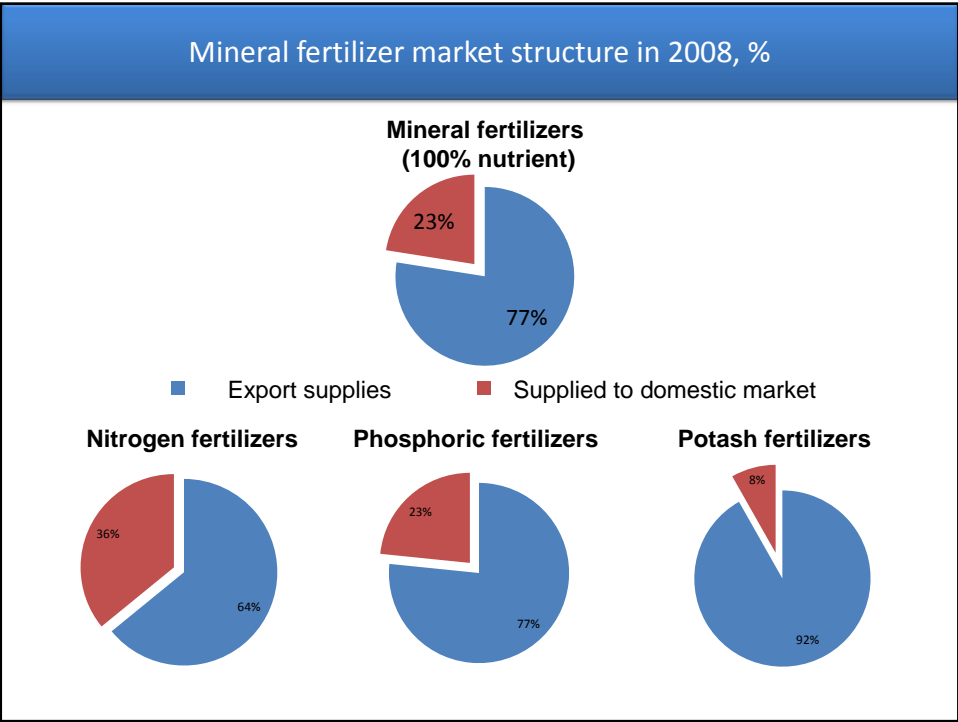
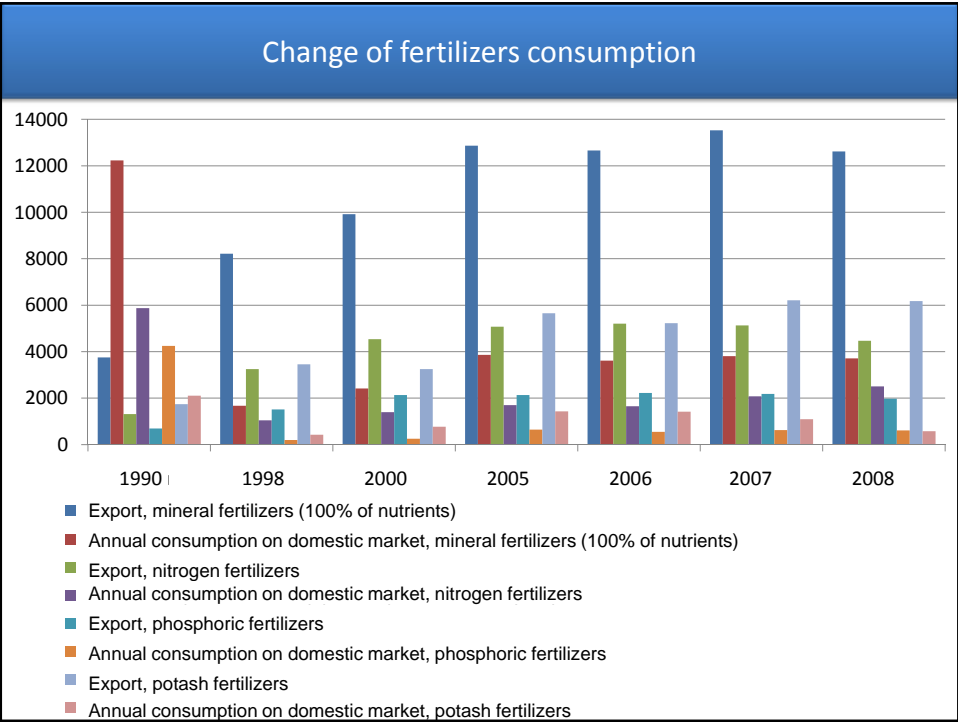
- OJSC "Voskresenskie mineralnye udobrenia"
- OJSC "Ammophose" Cherepovets
- LLC "Balakovskie mineralnye udobrenia"
- LLC "Phosphorit" Kingisepp
- LLCO "Eurochem – Belorechenskie mineralnye udobrenia"

Combined production of ammonia, nitrogen and complex fertilizers

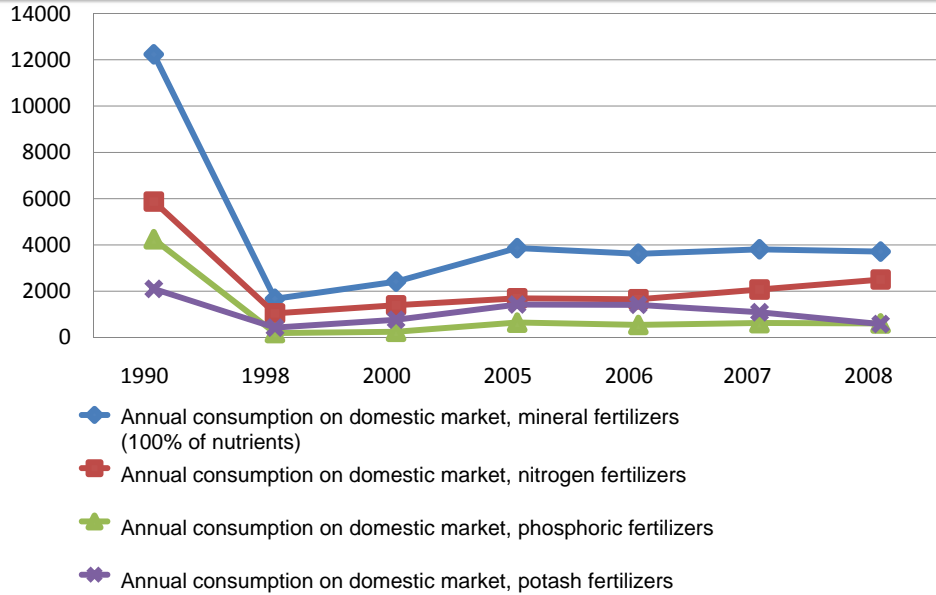
- OJSC "Minudobrenia" Rossosh
- OJSC "Acron" Novgorod
- OJSC "Dorogobuzh"
- LLC "Kirovo-Chepetsk"

Production of potash fertilizers and potash raw materials for complex fertilizers production

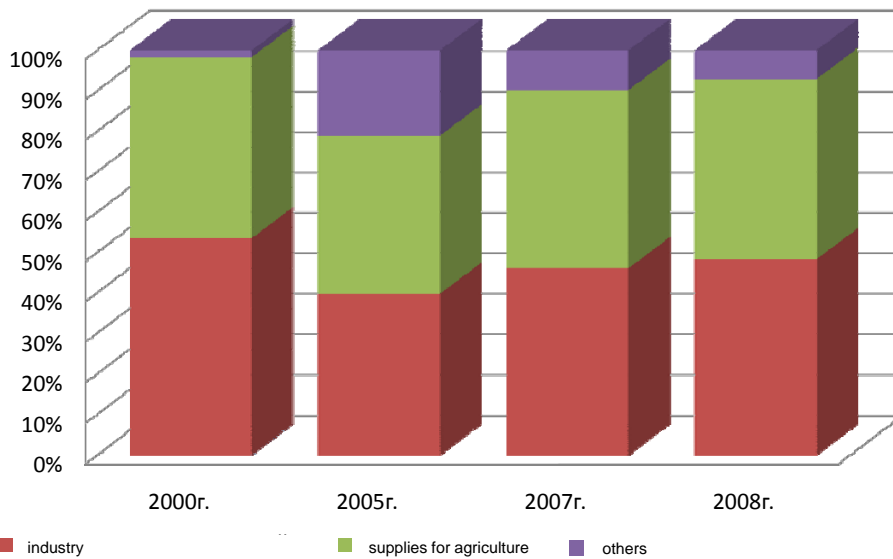
- OJSC "Silvinit"
- OJSC "Uralkalij"



Domestic market development, thousand tonne nutrient



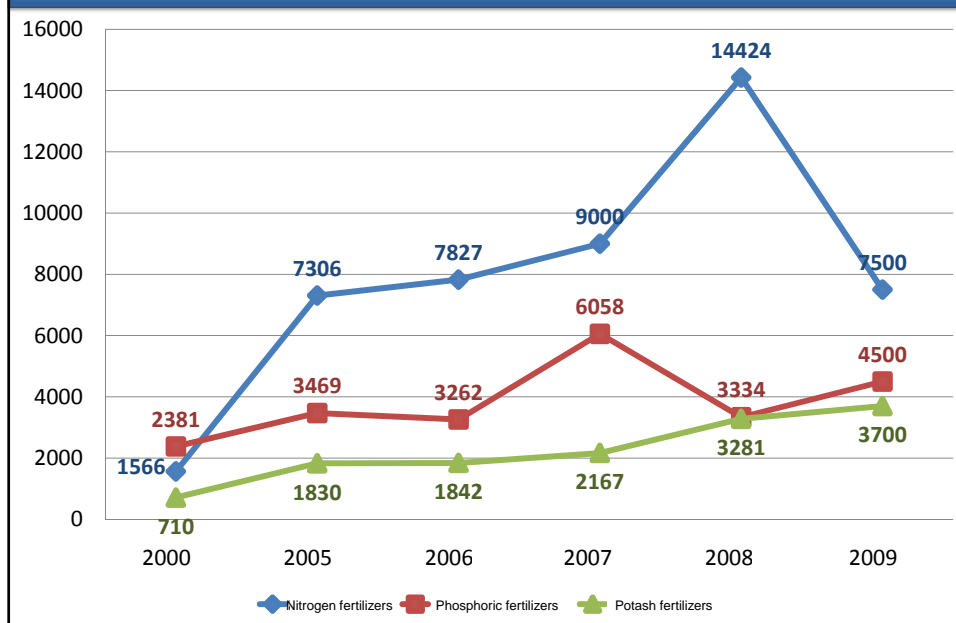
Domestic market developments in thousand tonne nutrient



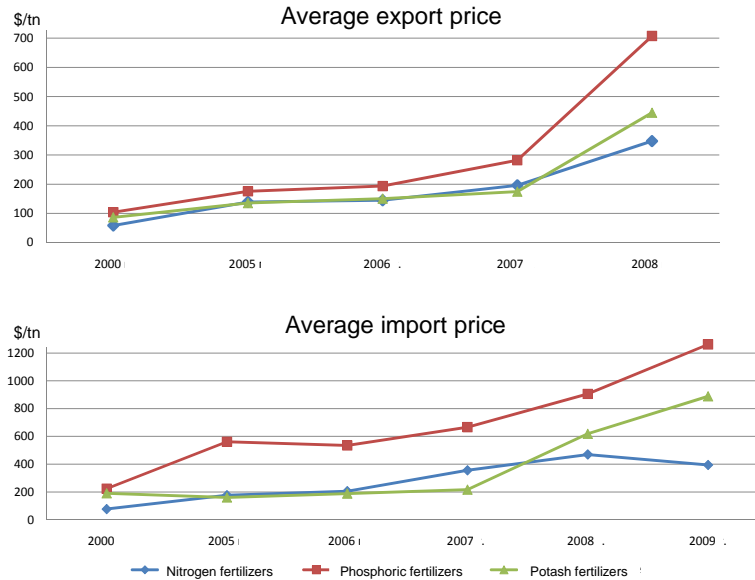
Mineral fertilizer consumption in the RF agrarian sector during past years

	1990r	1998-2001r	2002r	2003r	2004r	2005r	2006r	2007r	2008r
Mineral fertilizers application for crops, total	9923	1276	1479	1324	1375	1419	1500	1700	1324
Fertilized area, %	66,3	26	30	29	31	32	34	39	44
Mineral fertilizers application for crops, per 1 hectare	84	15	21	21	23	25	27	32	36
Mineral fertilizers application for crops, kg									
grain-crops without corn	81	19	25	24	26	29	31	35	40
sugar-beet	431	114	166	177	223	252	245	271	274
long-fibred flax	172	49	49	49	45	51	38	44	47
sunflower	85	6	12	13	14	15	16	19	22
Vegetables, melons and gourds	163	84	92	97	115	114	131	136	139
potato	265	146	160	186	184	181	213	242	243

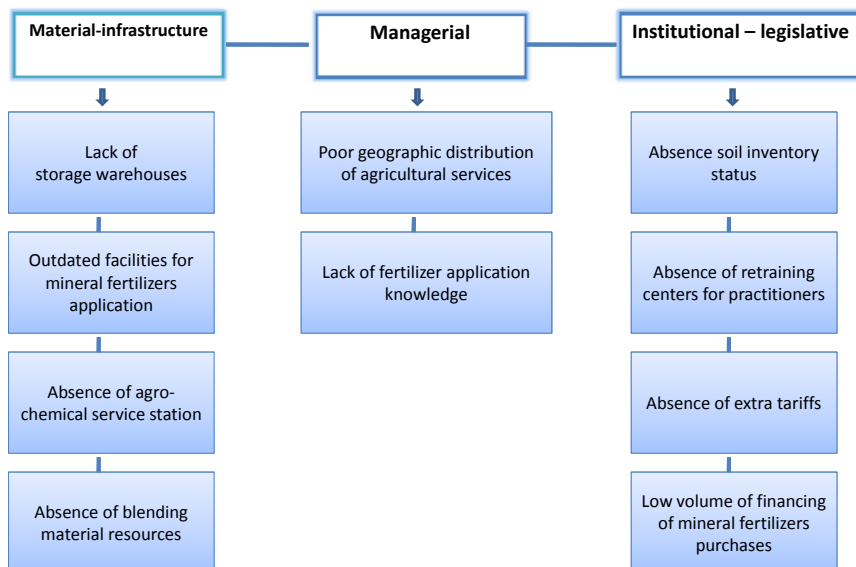
Average annual wholesale prices for mineral fertilizers, RUB/tn



Average annual export and import prices on mineral fertilizers, \$/tn

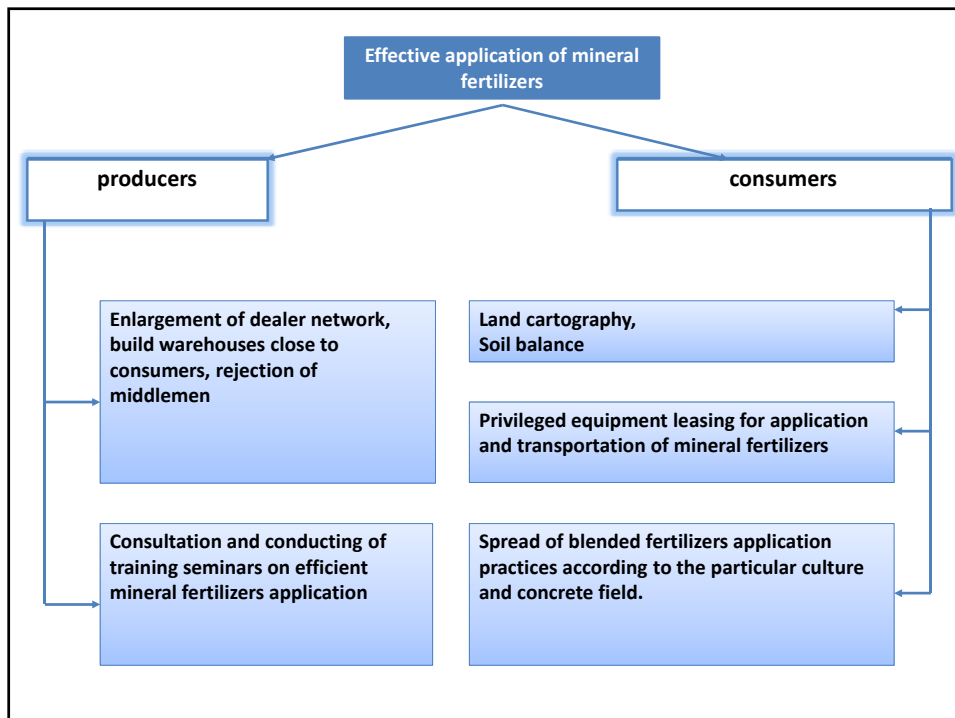


Main restrictions on mineral fertilizers supplies to the domestic market



Measures for increasing the domestic market :

- **Government evaluation** of mineral fertilizers supplies on domestic market.
- **Effective cooperation through the** Russian Association of Fertilizers Producers Association (RAPU) regarding market measures and stimulus.
- **Enlargement of direct distribution network** for price reduction and delivery conditions to the end user.
- **Balanced state financing system** for the agriculture.
- **Tariff reduction system** on railway transportation for supplies to agricultural producers.
- **Compensation for domestic agricultural producers**
- **Financing R& D** for developing domestic blending equipment.
- **Assistance with balanced fertilization**



Roles of mineral fertilizers producers to help expand the domestic market

1. **Enlarge raw materials sources** = new deposit development, traditional and non-traditional kinds of raw materials
2. **Increase competitiveness:**
 - reduction of material and energy use, change to own energy;
 - Re-vamping and de-bottlenecking; constructing modern facilities, application of energy- and resource-saving technology
3. **Develop** regional representative offices and blending equipment
4. **Improve logistics** (building of own bulk stations at the ports, purchasing of transport equipment, etc.)
5. **Improve environmental performance**

Investment stimulation

- **Providing of favorable investment climate**
- **Improving of normative legal base**
- **Development of support mechanism** for long-term investment projects
- **Improving investment insurance schemes for** commercial and non-commercial risks

Prospects for fertilizer market development

- **Toughening of global competition** = market shrinkage and emergence of new players. One of the tasks – keeping export on the existing level.
- **Domestic market will need time** to adapt to the new market conditions. Government support should greatly help its development.
- Nitrogen fertilizer production will increase by 2020 (compared to 2008) - by 43,5%; phosphoric by 63%; potash by 56%. Domestic market should double in size.



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“NIITEKHIM” is always ready for cooperation!

Thank you for your attention!

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