World Potash Outlook

William J. Doyle - President and CEO, PotashCorp

53rd Annual Meeting
The Fertilizer Industry Round Table
Winston-Salem NC
Oct 27-29, 2003
Potash is an Essential Nutrient

- North America (2)
- West Europe (19)
- Central Europe (8)
- FSU (15)
- Asia (29)
- Middle East (11)
- Africa (49)
- Oceania (6)

Source: Fertecon

Potash has Limited Economical Reserves

- North America (2)
- Canada
- US
- Europe (3)
- UK
- Germany
- Spain
- FSU (2)
- Belarus
- Russia
- Middle East (2)
- Israel
- Jordan
- China
- Brazil
- Chile

Source: Fertecon
Rationalization and Consolidation in Canada

Rationalization and Consolidation in the US
Rationalization and Consolidation in Europe

Capacity - Million Tonnes KCl

- SCPA (France) (closed)
- Ercos (Spain) (closed)
- INI (Spain)
- Cleveland (UK)
- WSR
- GDR
- K&S (Germany)
- DSW (Israel)

Rationalization in the FSU

Capacity - Million Tonnes KCl

- Belaruskali
- Uralkali
- Syvazh

Source: Fertecon, NRCanada & PotashCorp
World Potash Supply/Demand Balance

- **Demand**
- **Surplus Capacity**

Rationalization and Consolidation

Source: Fertecon, NRCanada, IFA & PotashCorp

Industry Structure - Ownership Type

- **1980**
  - Government Ownership: 34%
  - Publicly Traded or Jointly Held Stock Companies: 66%

- **2003**
  - Government Ownership: 19%
  - Non-government Ownership: 81%

Source: PotashCorp
**US Annual Trade Deficit**

Billion US$

Source: IMF

**Selected Foreign Exchange Rates**

% Change from January to October 2003

Percent

Source: X-rates.com
**US vs Brazil - Soybean Production Costs**

<table>
<thead>
<tr>
<th></th>
<th>US Corn Belt</th>
<th>Brazil Avg 98</th>
<th>Brazil Late 02</th>
<th>Brazil Late 03</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US$/Acre</strong></td>
<td>290</td>
<td>190</td>
<td>140</td>
<td>150</td>
</tr>
</tbody>
</table>

**Real/US$**
- 1998: 1.16
- Oct 2002: 3.81
- Present: 2.70

Source: Andre S.M. Pessoa (Agroconsult) and Marcos S. Jank (University of Sao Paulo, PotashCorp)

**Global Meat Consumption**

![Global Meat Consumption Image]
US Soil Potassium is Low

Developing Nations Potential Potash Growth

Million Tonnes KCl

Source: PPI-PPIC
**Potash Cost-Price Squeeze**

*Tax Cost Index 1988-2002*

---

**Russian Potash Costs are Increasing**

- Gas prices to rise to market values
- Electricity costs also increasing
- Labor costs under pressure
- Rail costs up sharply
- Terminal costs being boosted

---

Source: Green Markets, PotashCorp
**Canadian/US Dollar Exchange Rate**

Cdn$ per 1US$

- Jan Mar May Jul Sep Nov Jan Mar May Jul Sep Nov Jan Mar May Jul Sep
- 2001 2002 2003

Source: X-rates.com

**World Potash Trade is Large**

- Million Tonnes Potash Product
- 80% of Potash production is exported

Source: Fertecon
**Ocean Freight Cost Index**

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>0</td>
</tr>
<tr>
<td>2002</td>
<td>5000</td>
</tr>
<tr>
<td>2003</td>
<td>96%</td>
</tr>
</tbody>
</table>

Source: BHI - Baltic HandyMax Ocean Freight Index

**EU Growth to Alter World Trade**

More German Production to Stay Closer to Home, Offshore Exports to Markets Outside Europe Could Decline

FSU Producers May Have to Look Further Abroad if the Doors Are Closed on Exports to Former East European Markets
Demand to Outstrip New Potash Capacity
Cumulative Growth

Million Tonnes KCl

Source: Fertecon, PotashCorp

Food Comes from the Land
Fertile Minds Facts

- Fertilizers are drawn from nature - they are not man-made.
- Farmers are not adding fertilizers to the ground. They are replacing nutrients that are lost at each harvest.
- The world has no choice but to use fertilizers. Without them, 2 billion people would starve.
- Fertilizers are responsible for the greatest land conservation achievement in human history, making recreational land and wildlife habitats possible.
- Farmers are the best-qualified environmentalists.

Fertile Minds – www.fertile-minds.org