International Fertilizer Industry Association

How Tight is World Fertilizer Supply?

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Main world fertilizer demand drivers

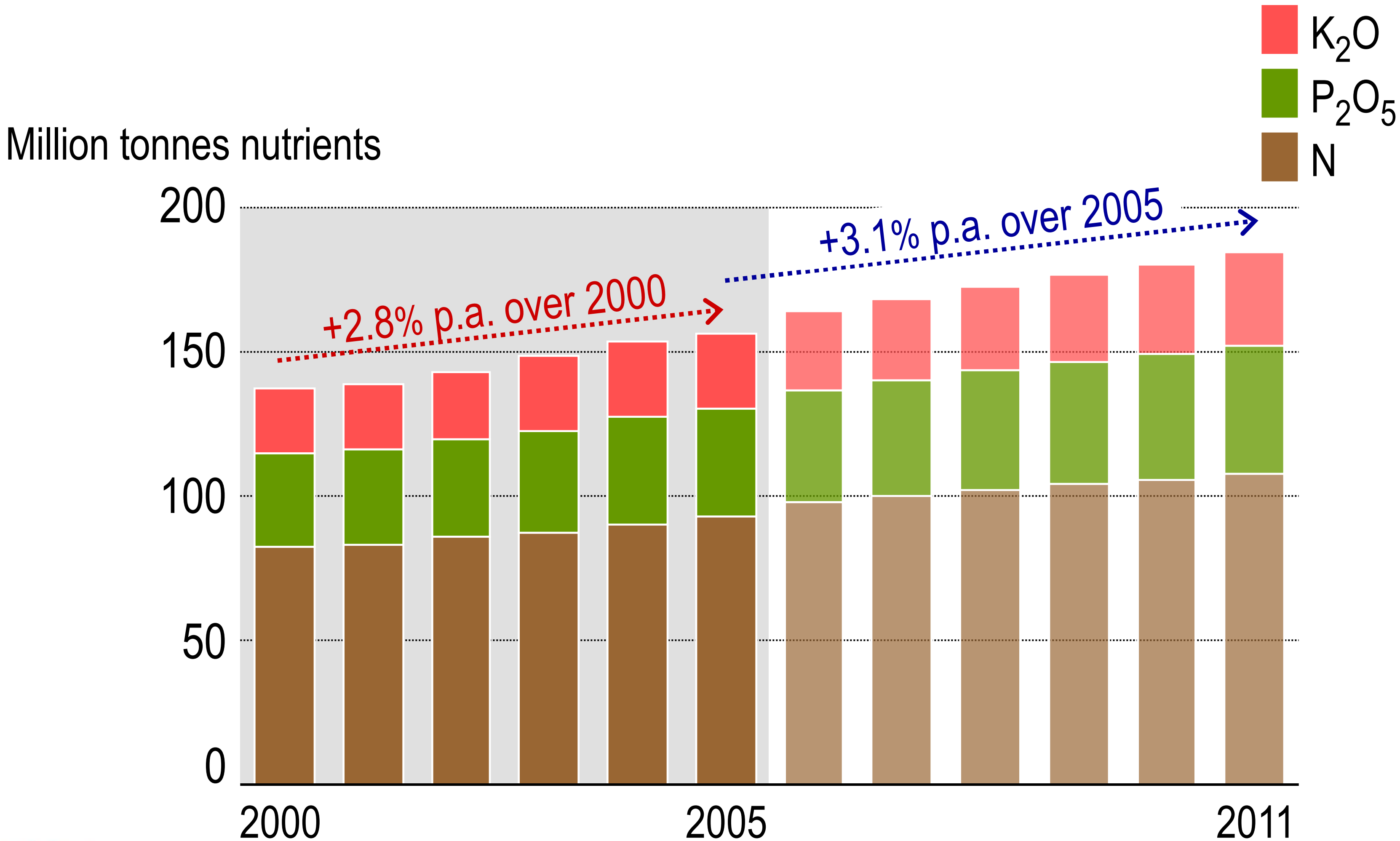
SHORT TERM

1. Corn-based ethanol production in the US
2. Tight food supply and strong agricultural commodity prices

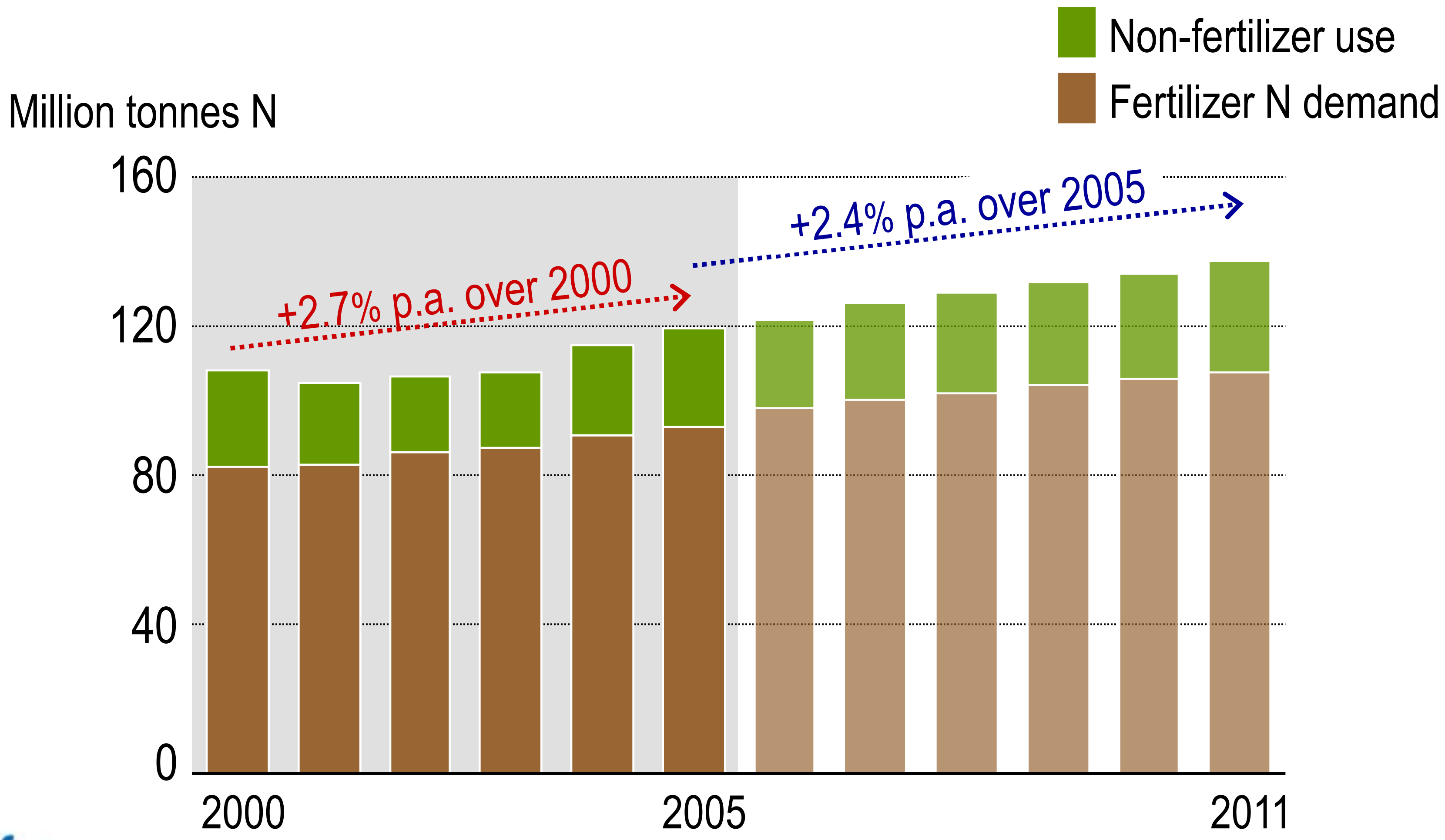
MEDIUM TERM

1. Continued world population growth
2. Income growth in developing countries, changing dietary preferences
3. High energy prices
4. Natural resource constraints (land, water)
5. Growing environmental concerns
6. Improved technologies

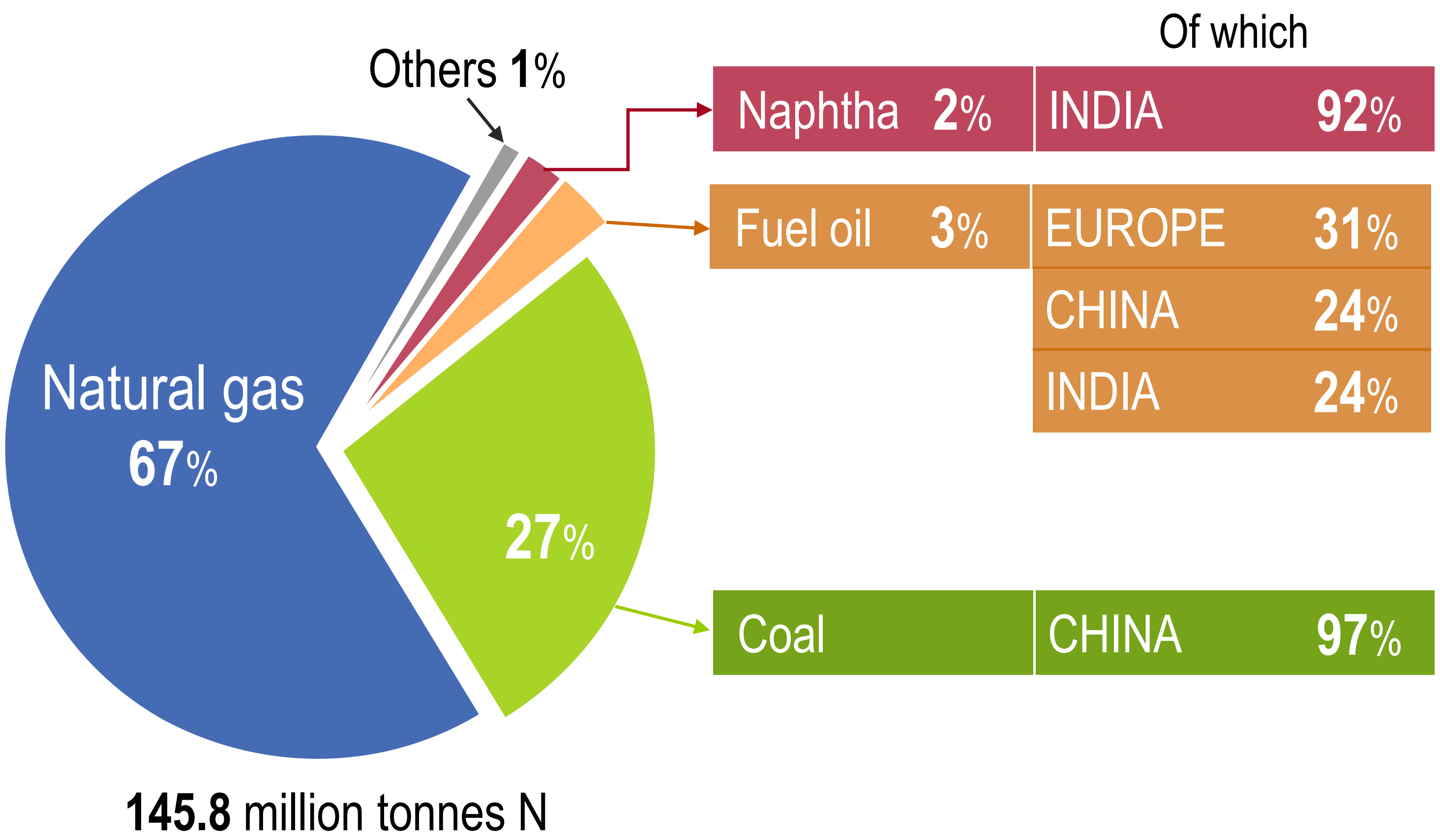
World fertilizer demand: 5-year periods



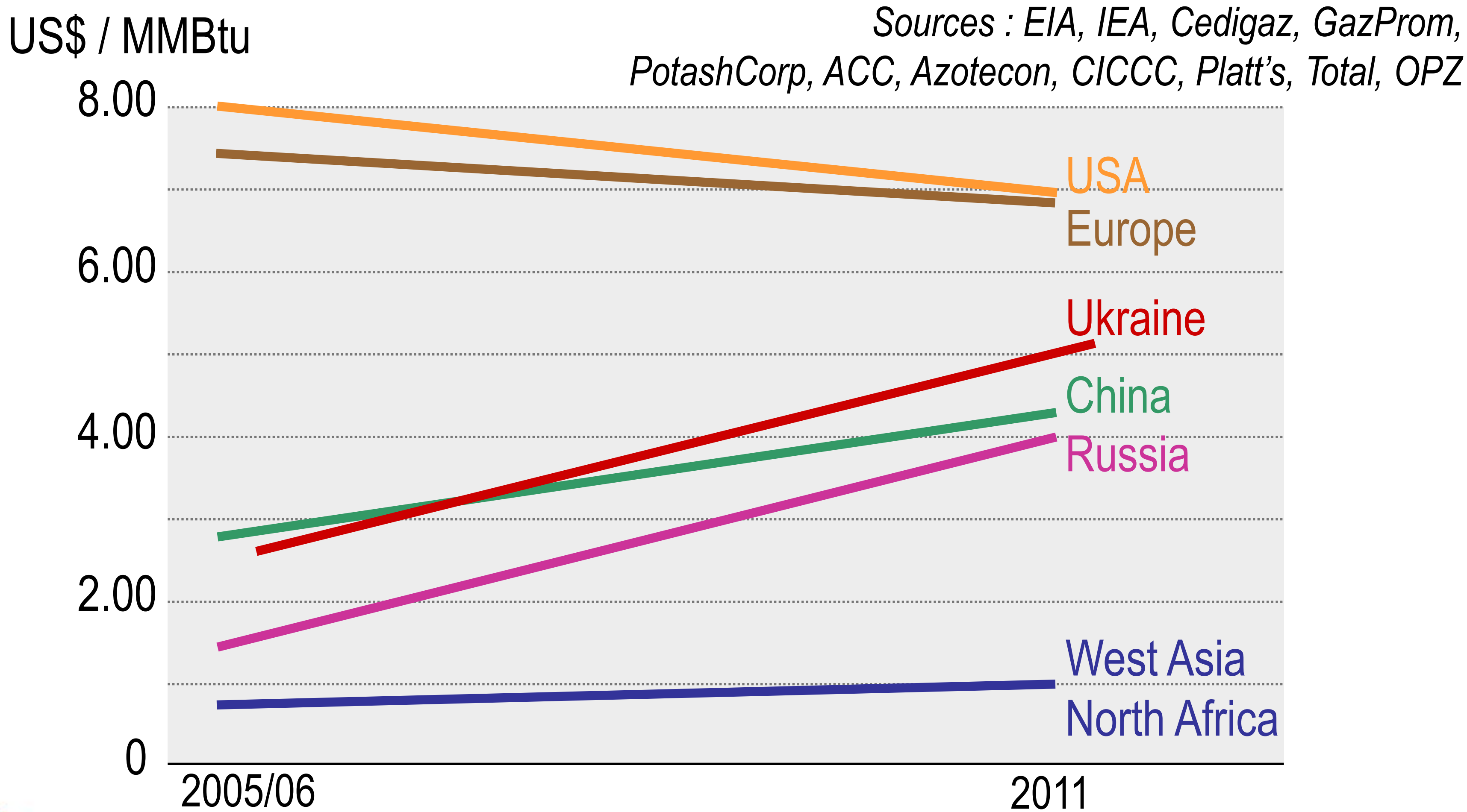
World nitrogen market situation - Ammonia demand



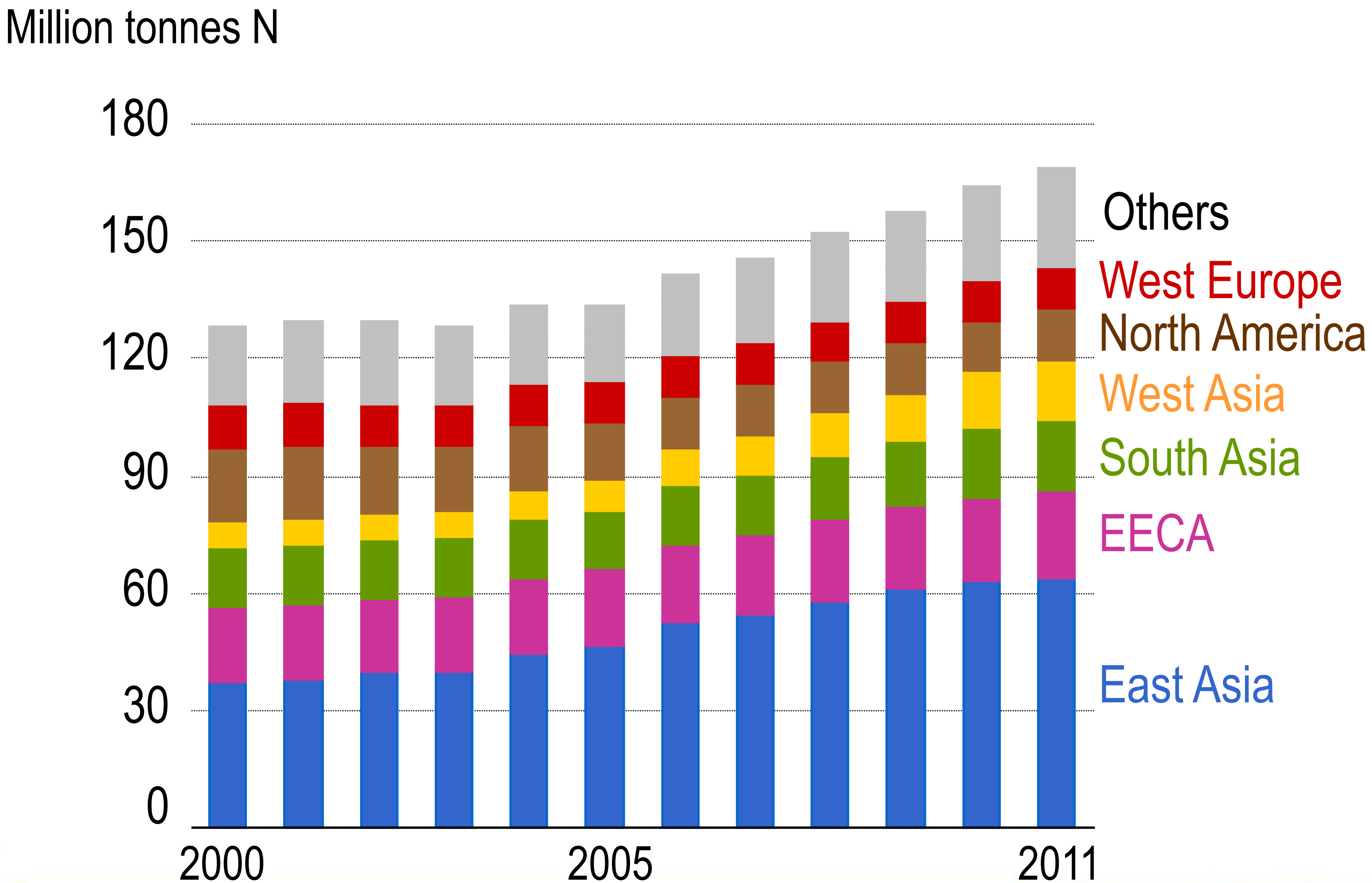
2007 ammonia capacity by feedstock



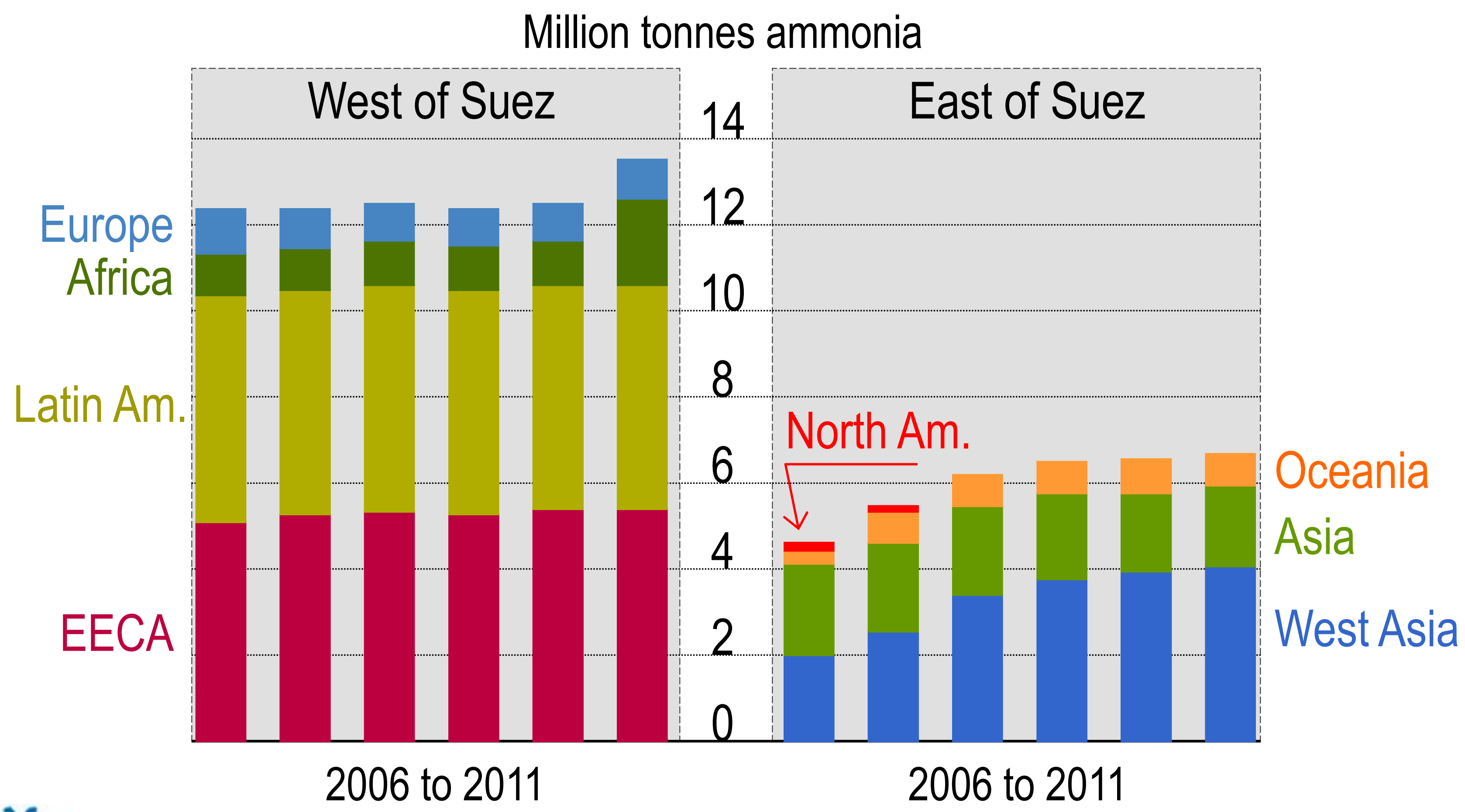
Natural gas price trends



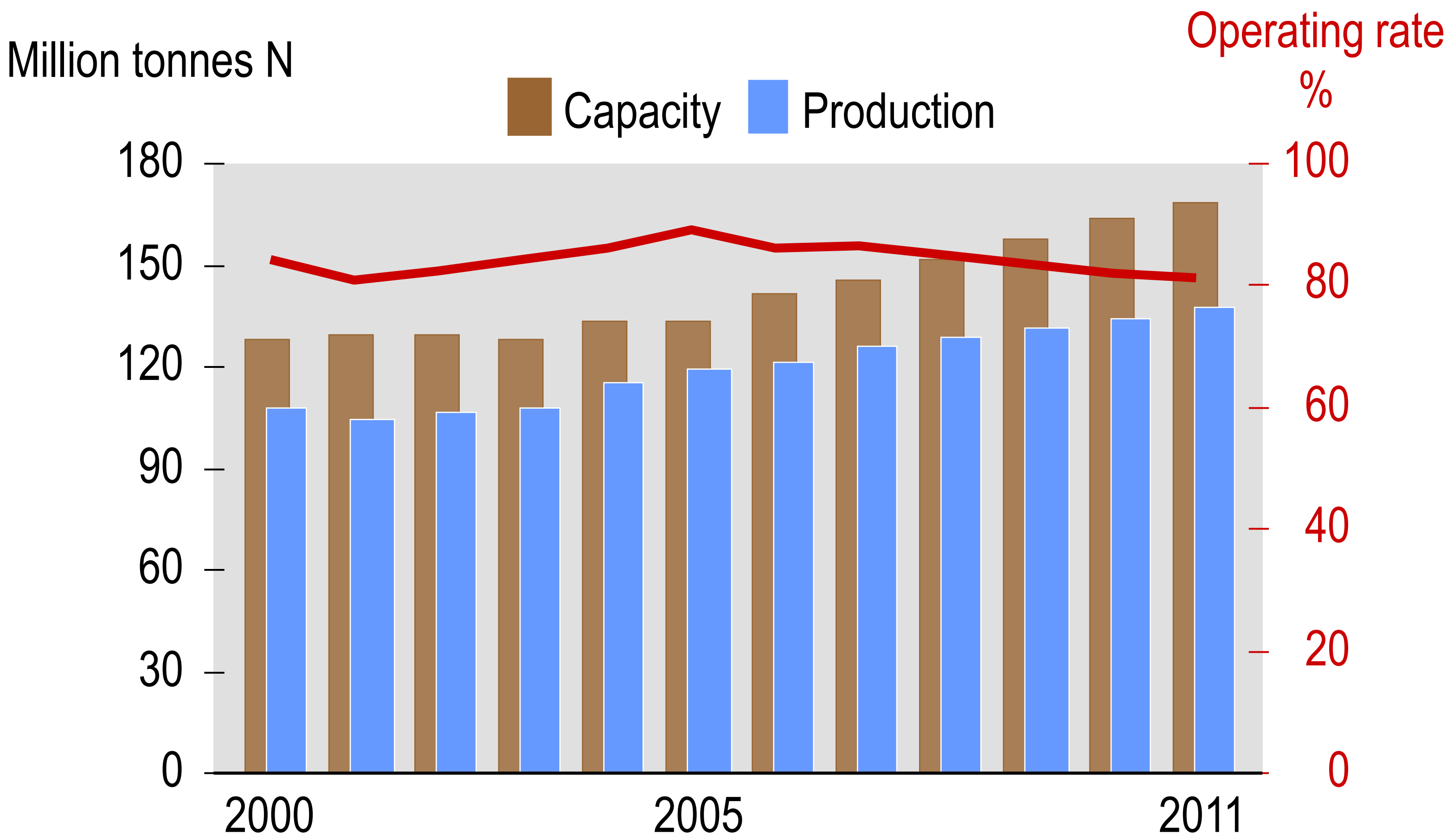
Ammonia capacity trends



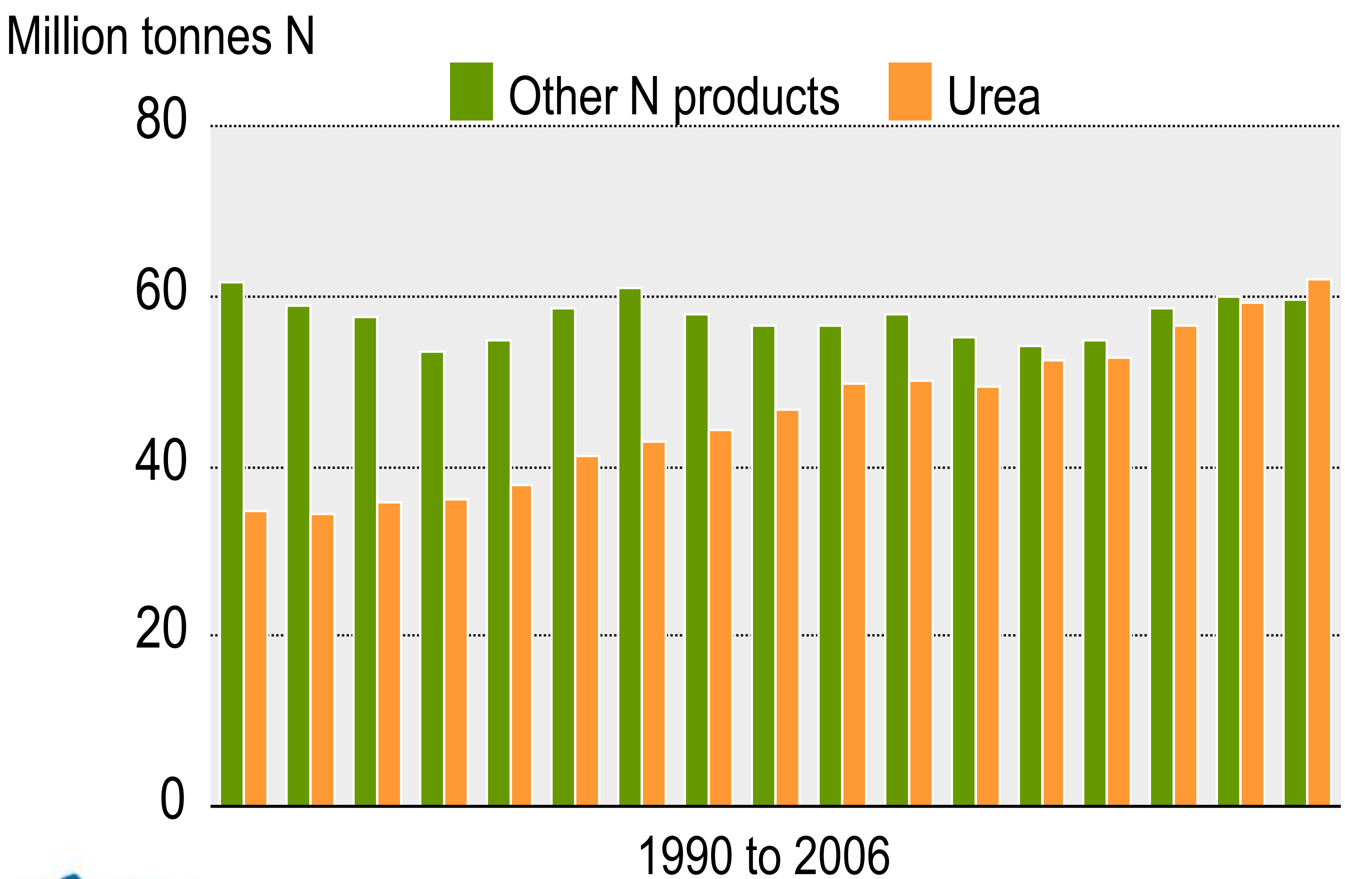
World seaborne ammonia export supply



World ammonia market outlook 2000-2011

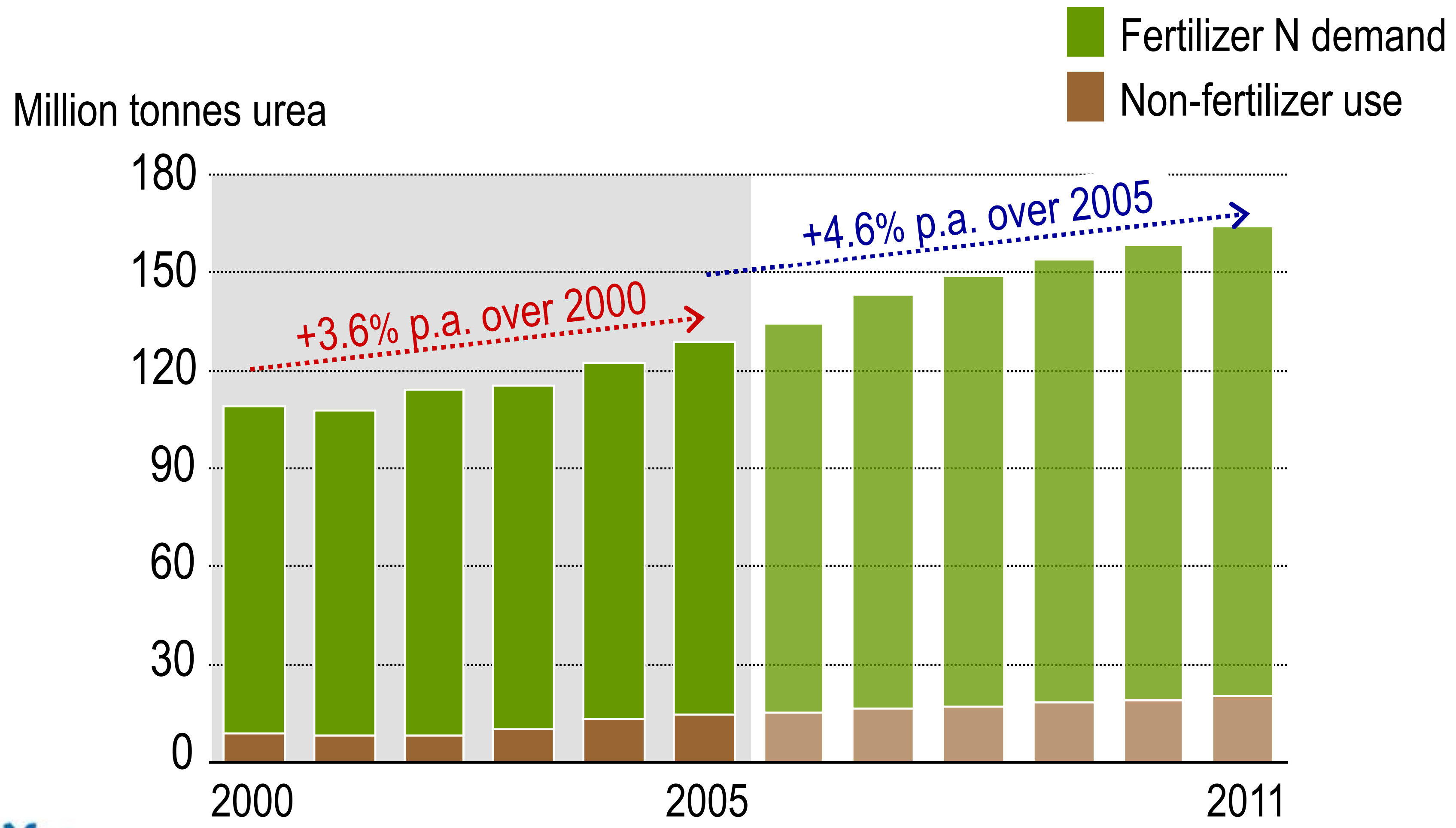


World nitrogen and urea production



- Urea production share rose from 36% to 51%
- Total growth of urea production: 70% (or 4% per year)
- Total growth of other N products: 0%

World urea demand 2000-2011

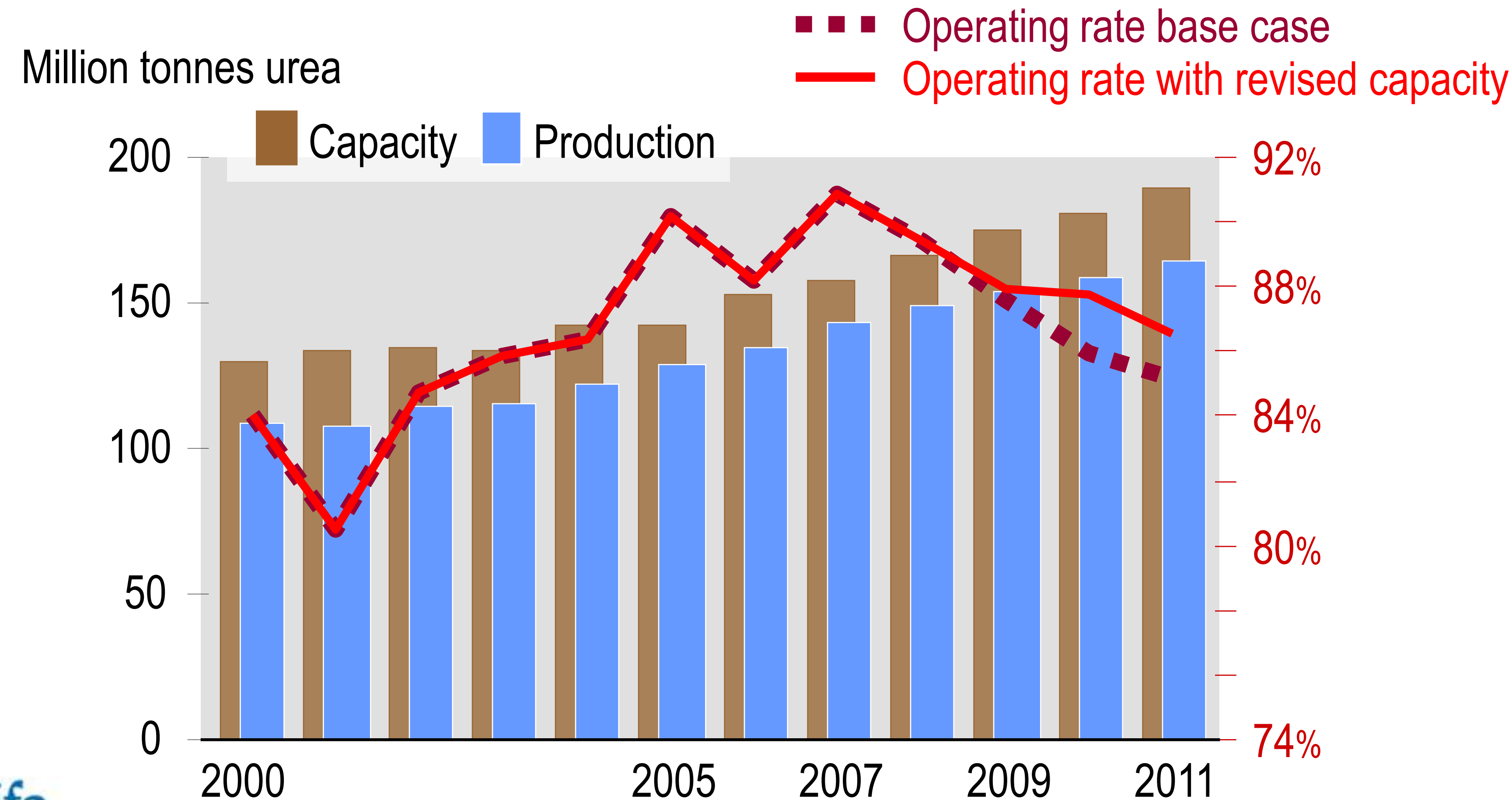


World urea capacity developments

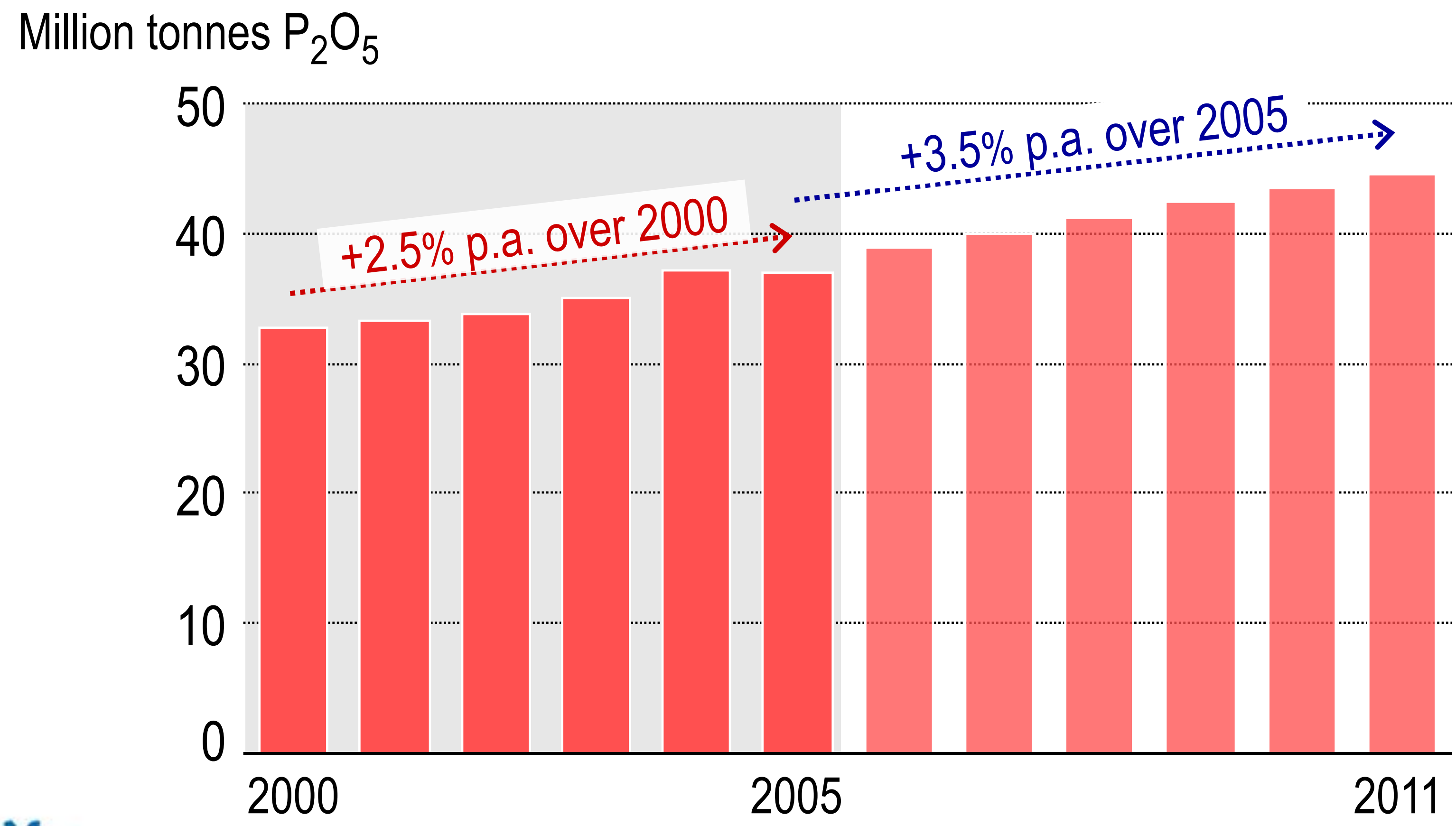
	2007	2011
East Asia	31.4	**38.5**
South Asia	13.0	**15.2**
West Asia	7.0	**10.9**
EECA	6.0	6.9
North America	5.1	4.9
Europe	4.6	4.7
Africa	2.6	**4.3**
Latin America	2.6	3.1
Oceania	0.2	0.2
Total	**72.5**	**88.7**

Million tonnes N

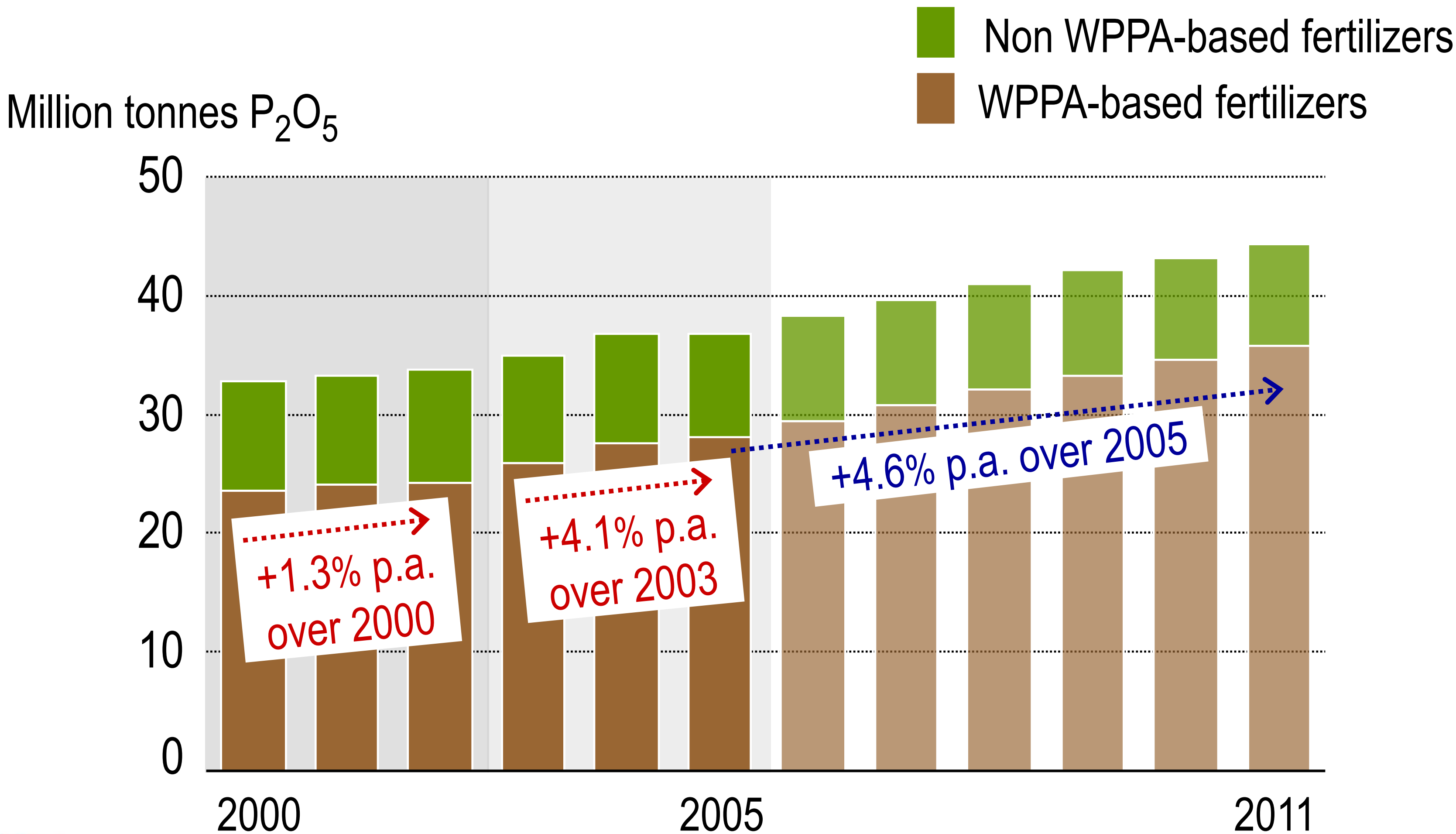
World Urea Market Outlook 2000-2011 with scenario of delayed projects



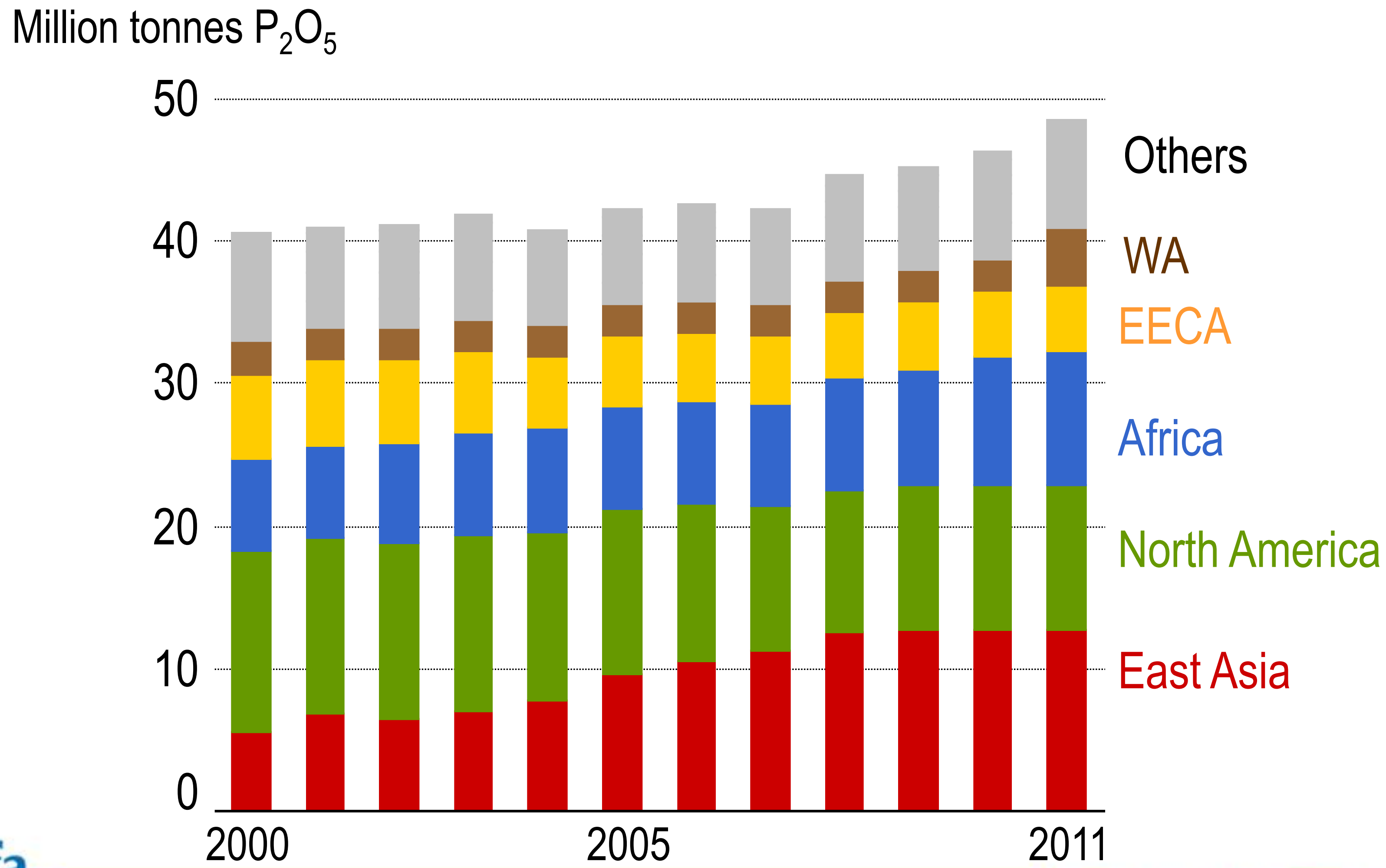
World phosphate fertilizers demand



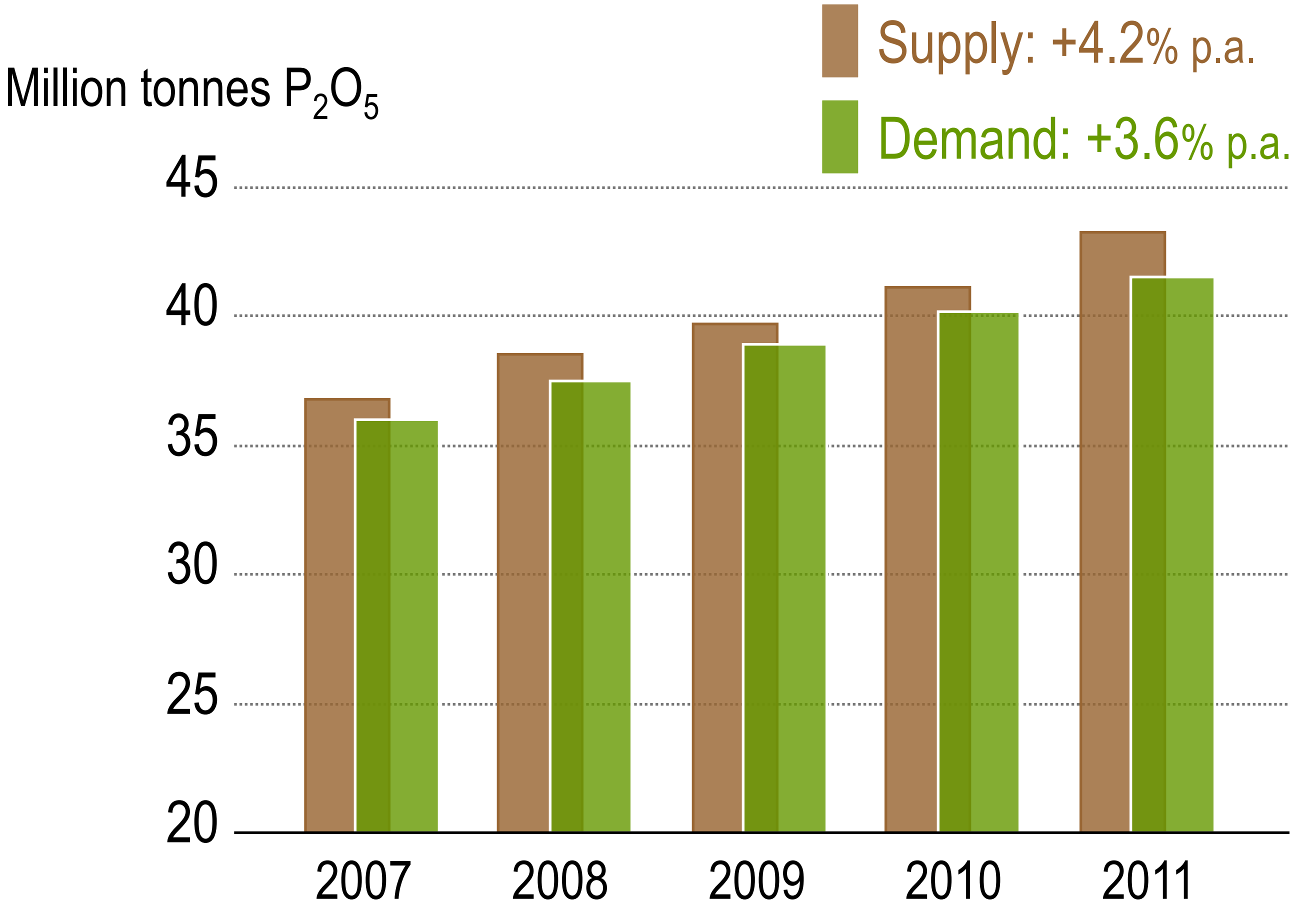
World demand for phosphoric acid-based fertilizers



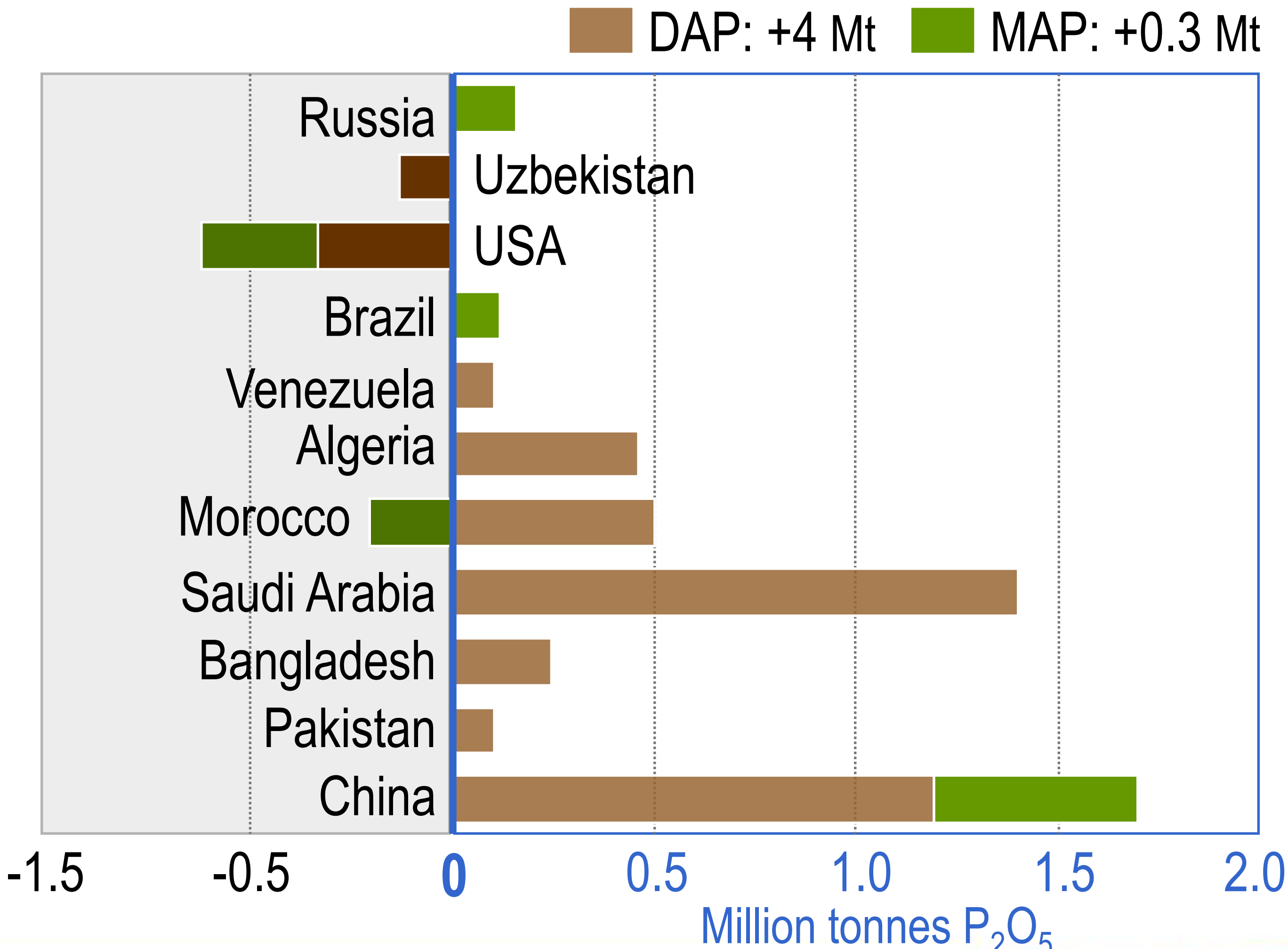
Phosphoric acid capacity developments



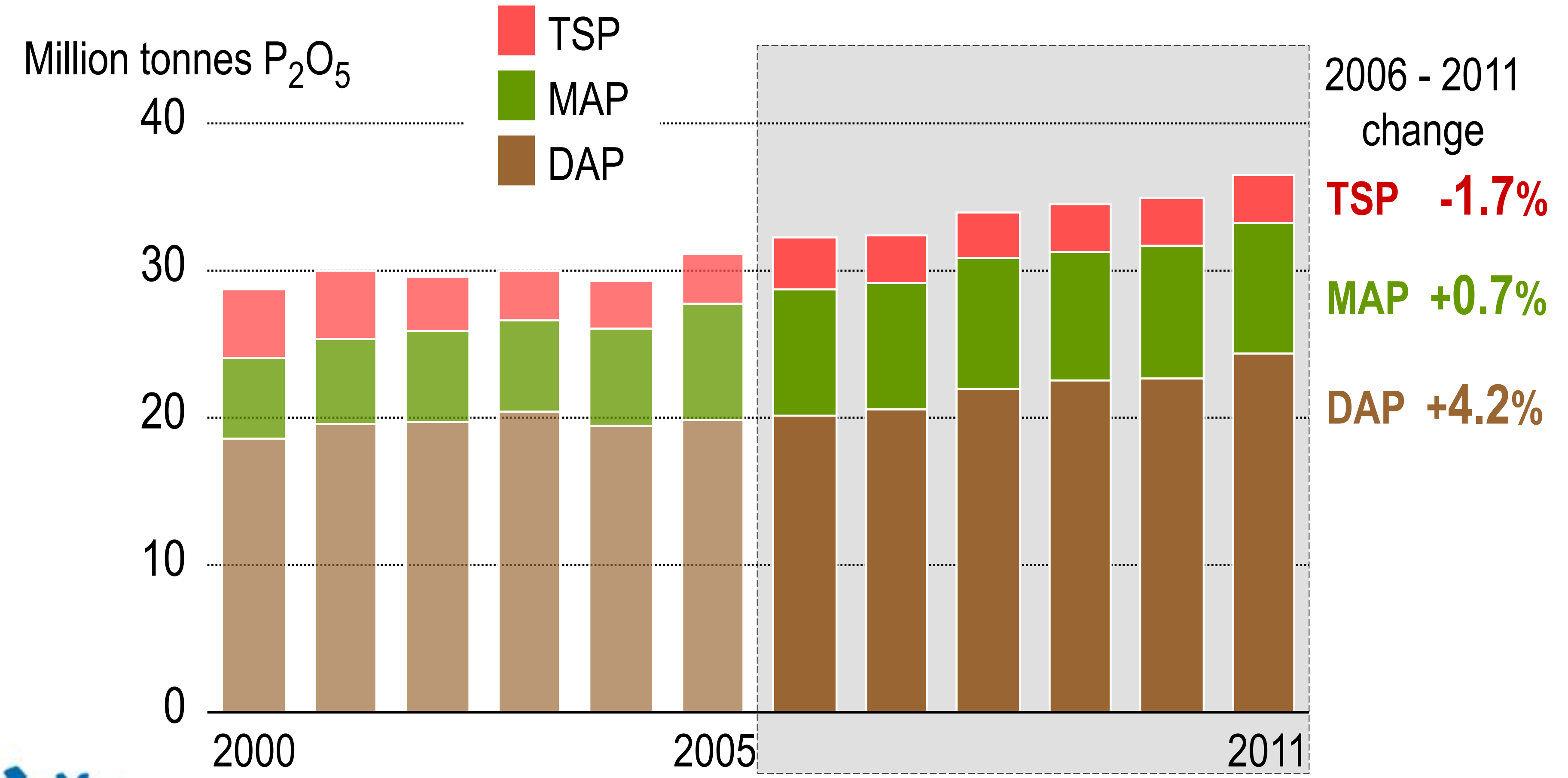
World phosphoric acid outlook



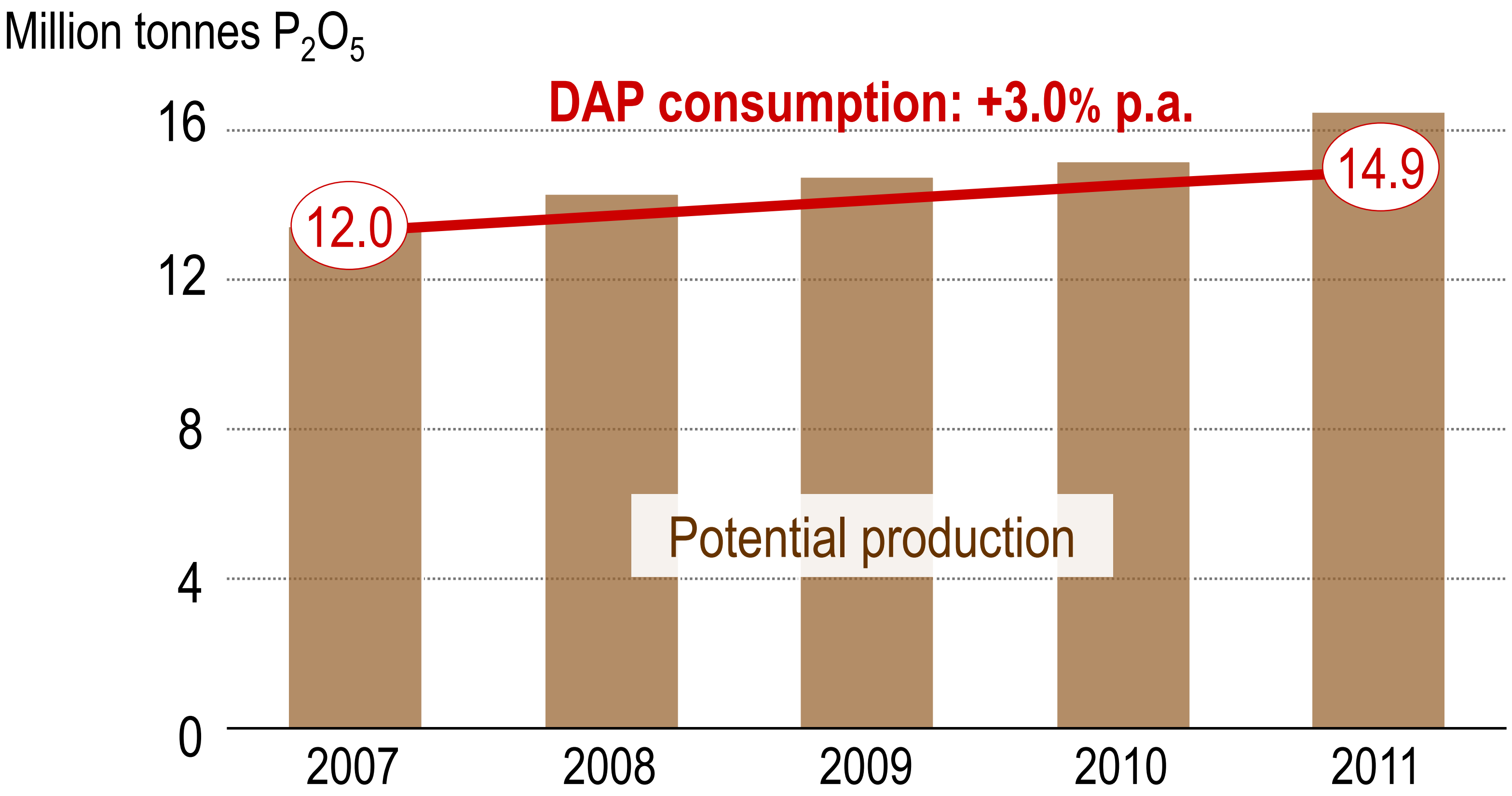
Main DAP-MAP capacity developments, 2006-2011



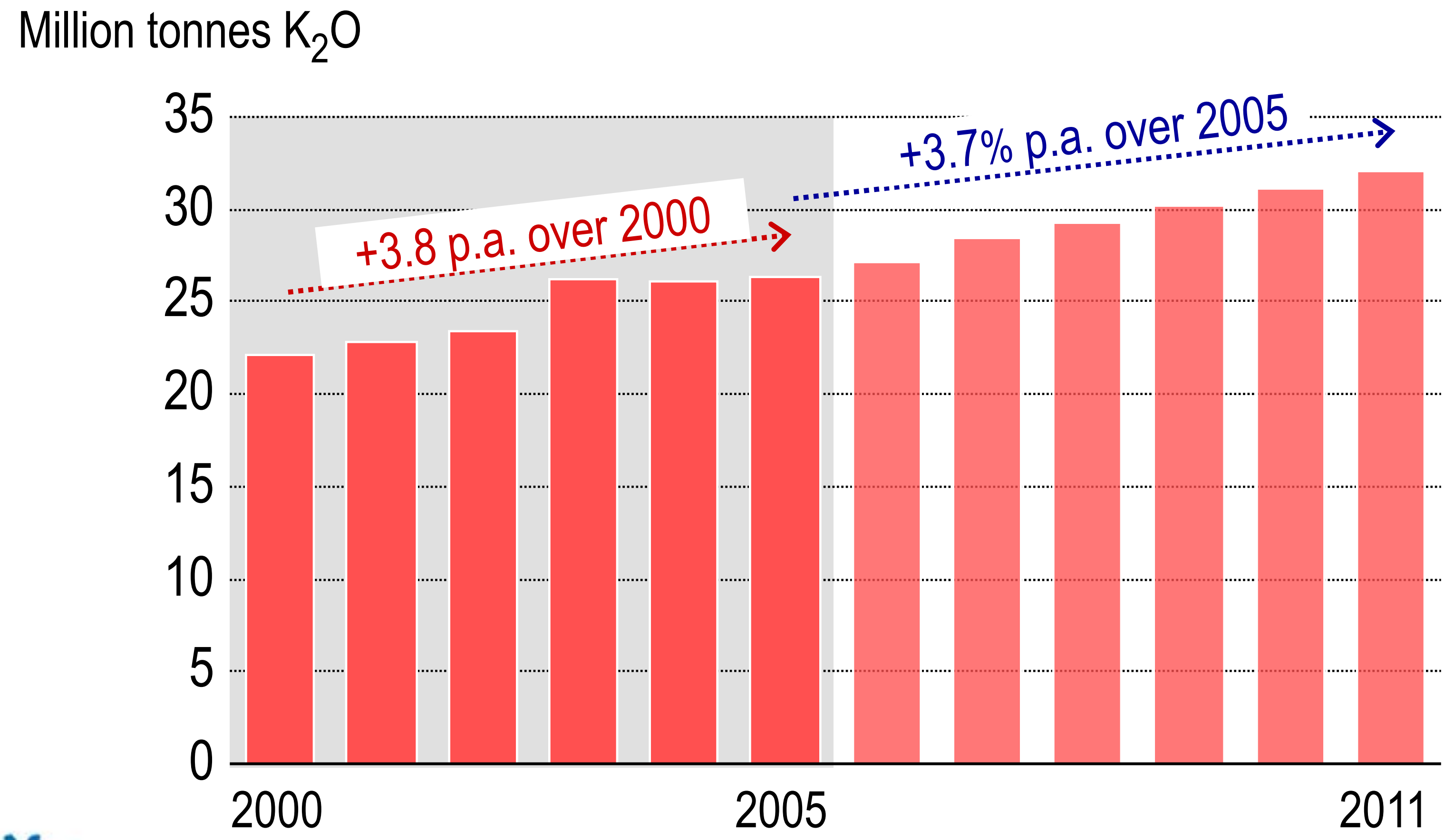
World DAP-MAP-TSP supply



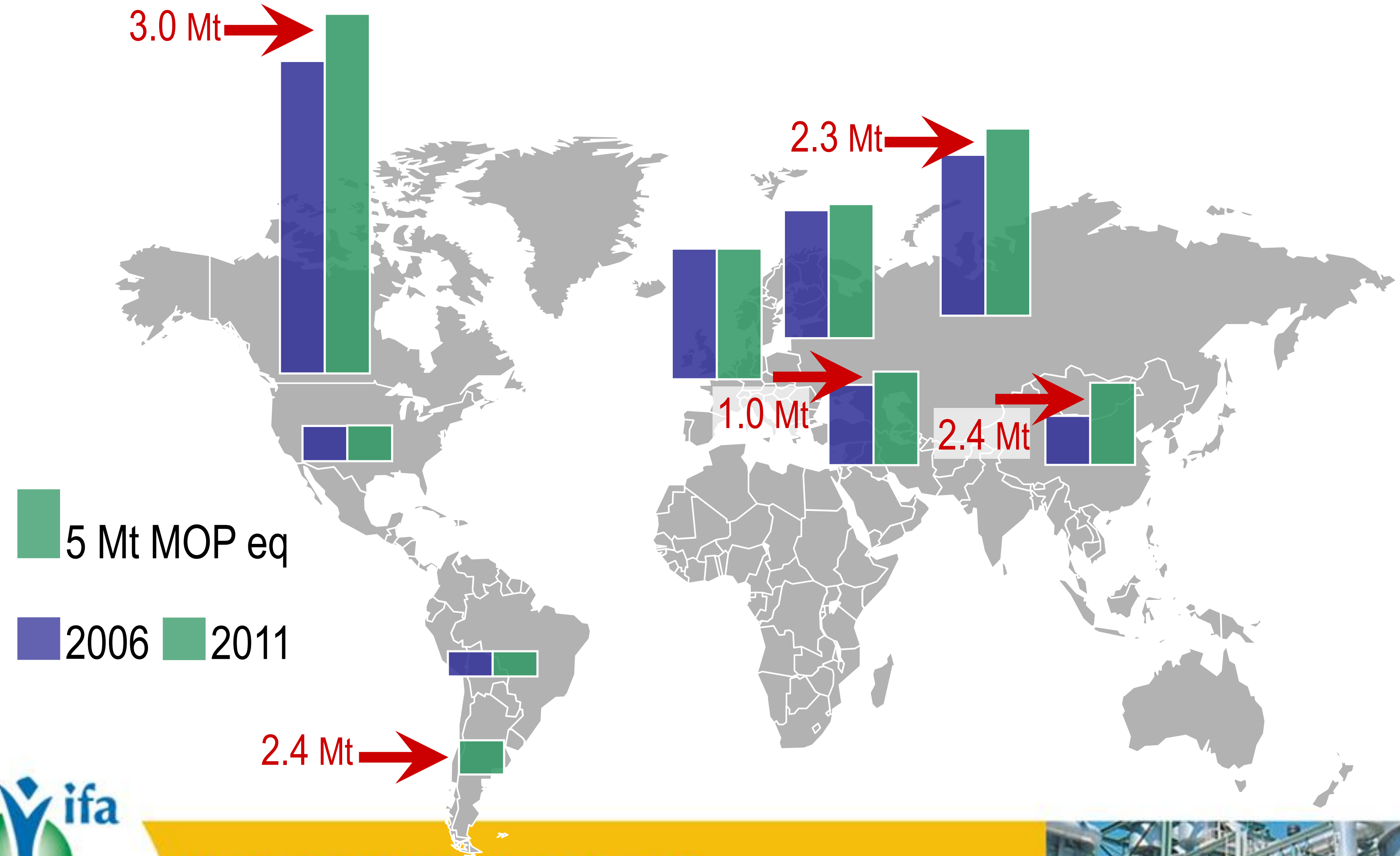
World DAP outlook



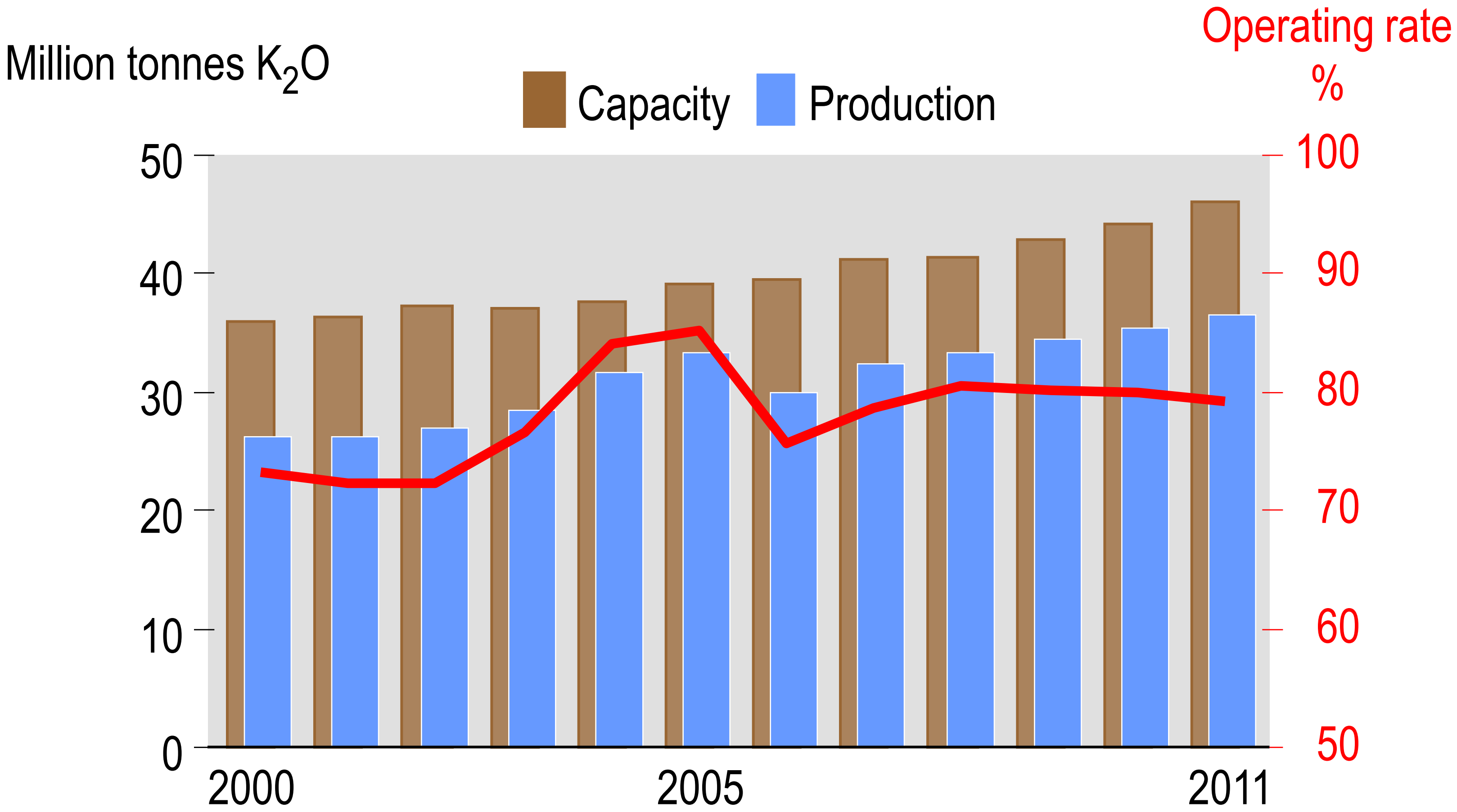
World fertilizer potassium demand



New potash capacity: 2006-2011



World potash market outlook



CONCLUSIONS

- All nutrient markets will be tight until 2009 as demand has expanded more rapidly than was expected a few years ago.
- With regard to merchant ammonia, there will be a sharply different picture east and west of the Suez Canal, with a merchant ammonia deficit to the east.
- While urea supply is projected to grow rapidly, the supply/demand balance will likely remain tight in 2008, easing slightly in 2009. A surplus would emerge during 2010.

CONCLUSIONS

- Exportable phosphoric acid will remain very tight in light of the few projects planned in the short term. Moreover, no new merchant capacity is under construction.
- The DAP, TSP and MAP market will be balanced throughout most of the forecast period. Very few producers have some available swing capacity for export.
- Potash supplies will increase in most exporting countries. Because of a shift towards more balanced fertilizer use, no significant potash surplus will develop before 2011, at the earliest.