


International Fertilizer Industry Association

## Global Fertilizer Outlook with its Implications for the Indian Fertilizer Market

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IFA Secretariat



FAI Annual Seminar 2007  
New Delhi, India, 5-7 December


### Main world fertilizer demand drivers

**SHORT TERM**

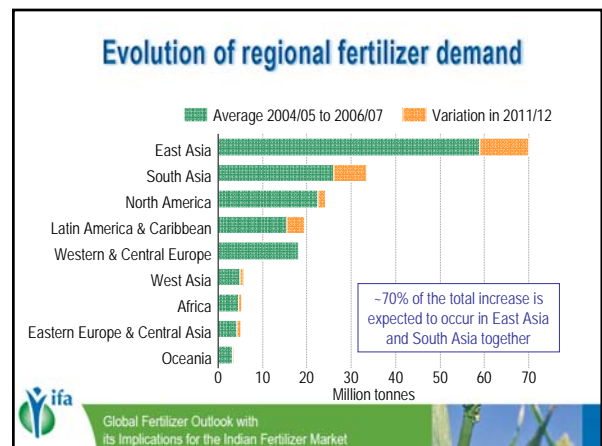
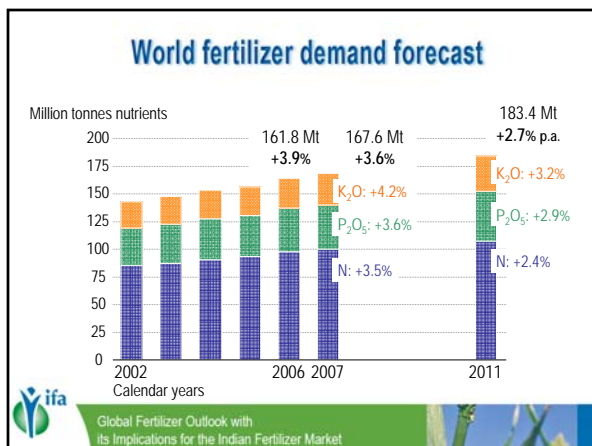
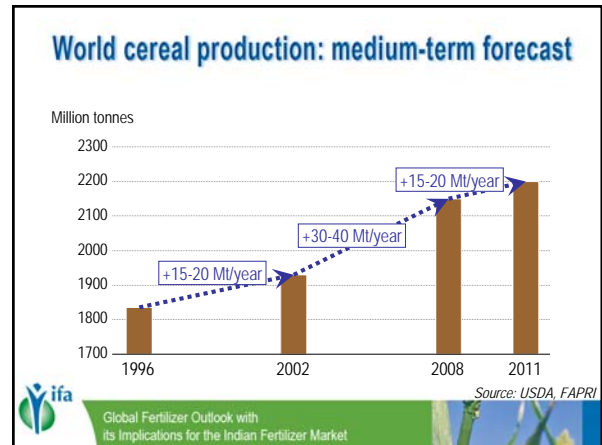
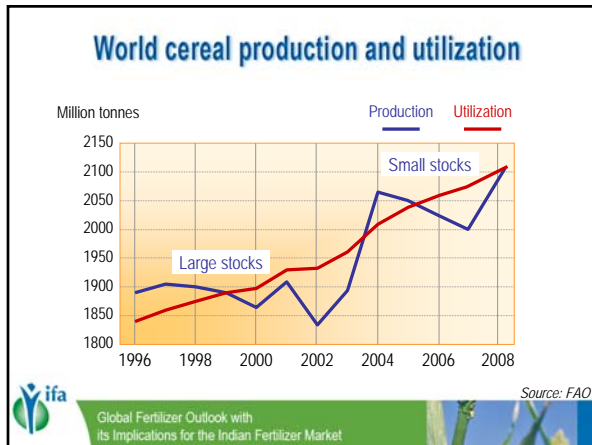
1. Maize-based ethanol production in the US
2. Tight food supply and strong agricultural commodity prices

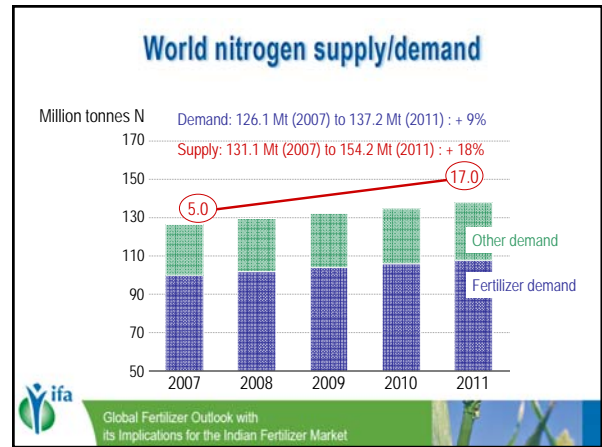
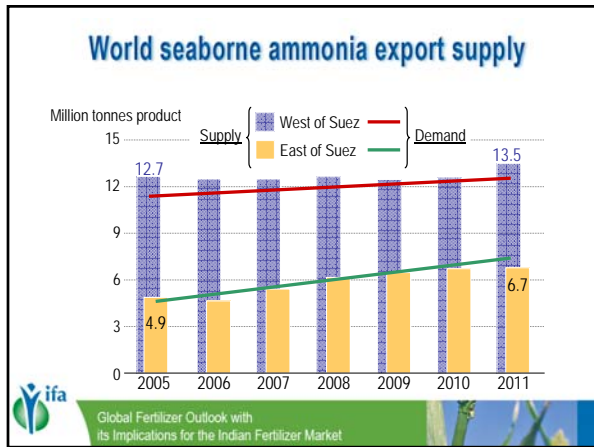
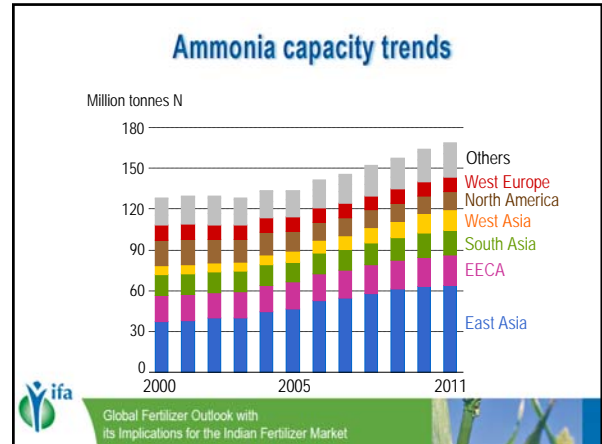
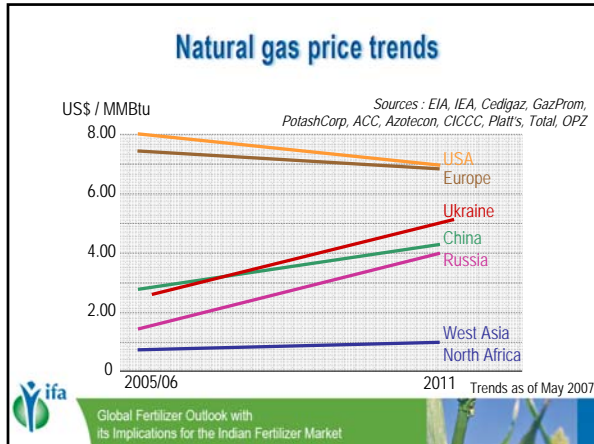
**MEDIUM TERM**

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



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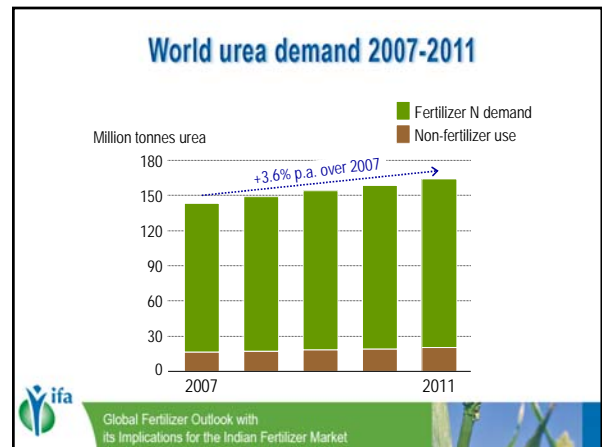


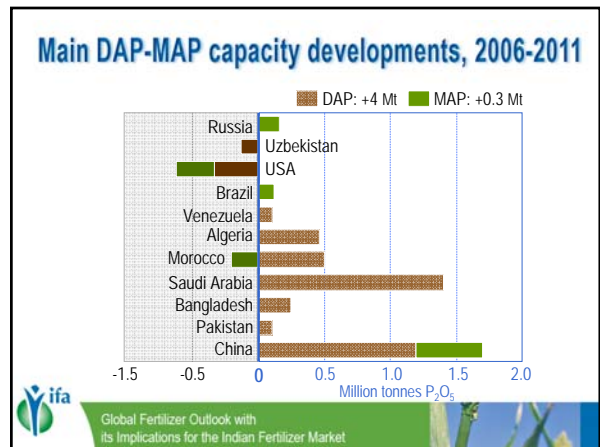
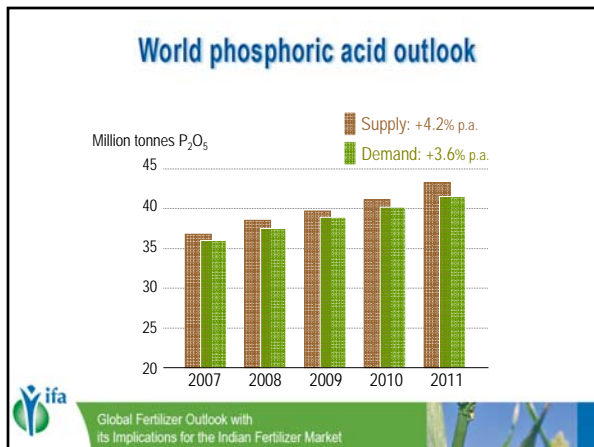
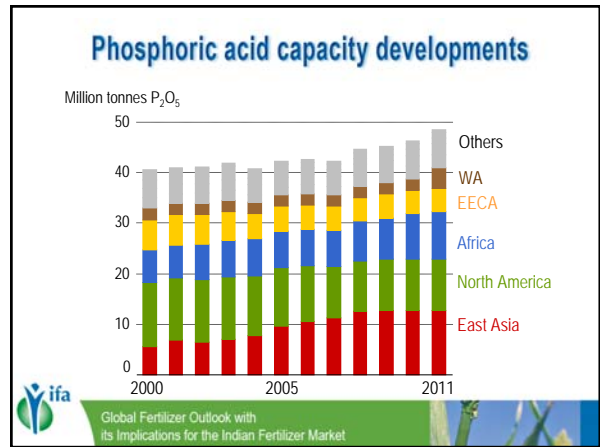
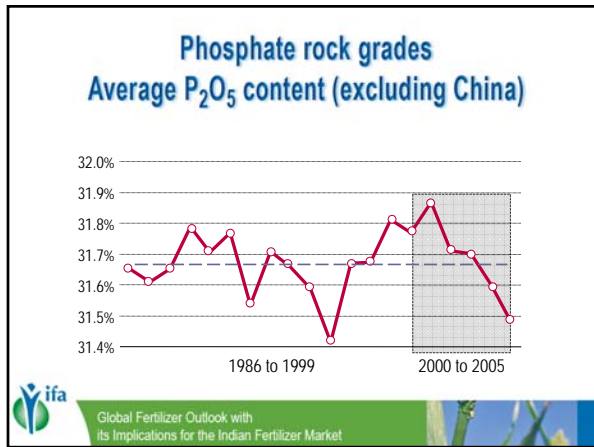
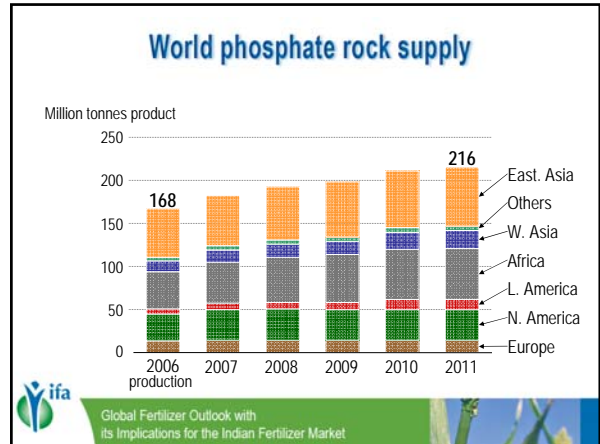
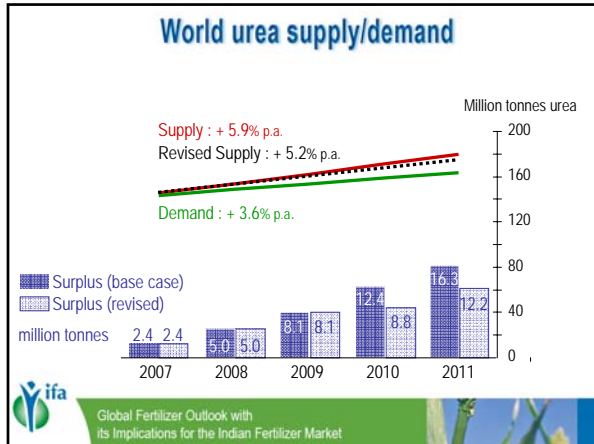
### World urea capacity developments

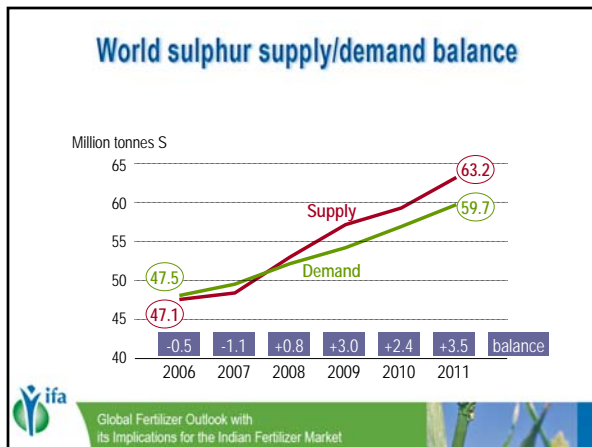
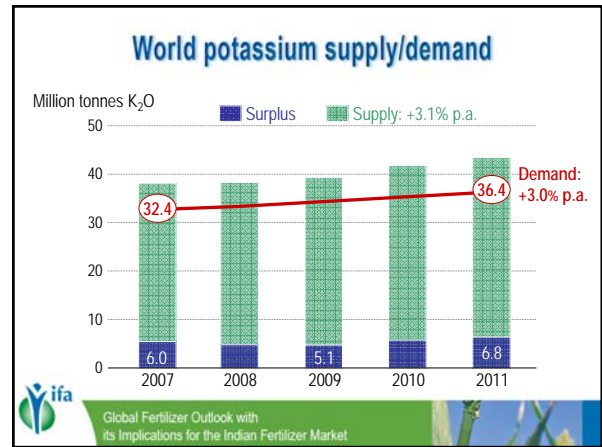
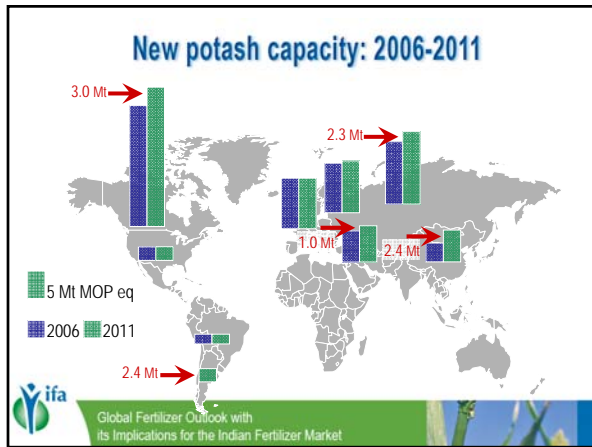
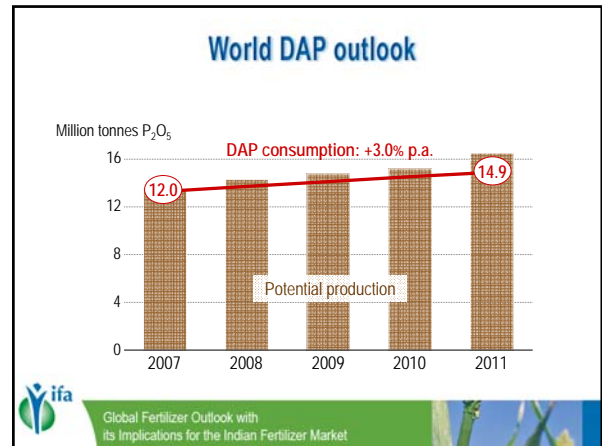
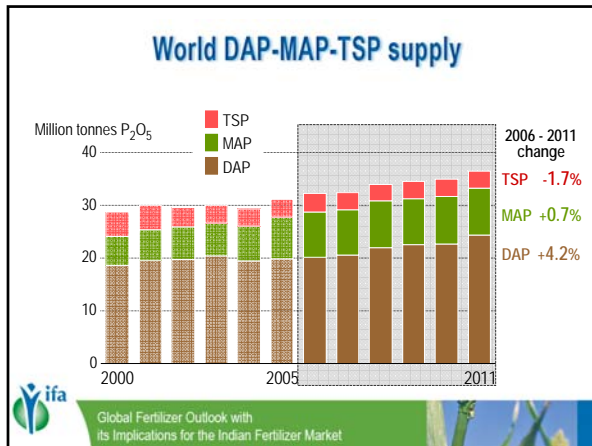
	2007	2011
East Asia	31.4	38.5
South Asia	13.0	15.2
West Asia	7.0	10.9
EECA	6.0	6.9
North America	5.1	4.9
Europe	4.6	4.7
Africa	2.6	4.3
Latin America	2.6	3.1
Oceania	0.2	0.2
<b>Total</b>	<b>72.5</b>	<b>88.7</b>

Million tonnes N

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### Crop production prospects in India

	2006/07 E	2011/12 F	Change
Rice	91.0	99.1	+8.9%
Wheat	68.0	76.9	+13.1%
Maize	14.5	16.0	+10.3%
Cotton	4.6	5.4	+17.4%

Million tonnes

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## Fertilizer consumption in India

	2004	2005	2006	2011 F	Growth in 2011 over 2004-06
-----Million tonnes nutrients-----					
Nitrogen	11.2	12.0	13.1	15.6	+4.4%
Phosphate	4.2	4.7	5.3	7.0	+6.5%
Potash	1.7	2.1	2.4	3.1	+7.1%
<b>Total</b>	<b>17.1</b>	<b>18.8</b>	<b>20.8</b>	<b>25.7</b>	<b>+5.3%</b>

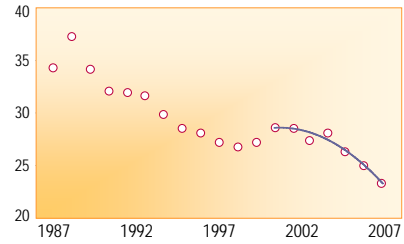
Source: IFA, 2007, with information from the FAI



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## Fertilizer N use efficiency trend for cereals in India

Kg cereals / kg N applied



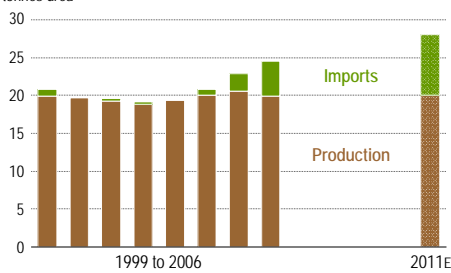
Calculated using IFADATA and FAOSTAT under the assumption that two thirds of the fertilizer used domestically is applied to cereals



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## INDIA - Urea supply

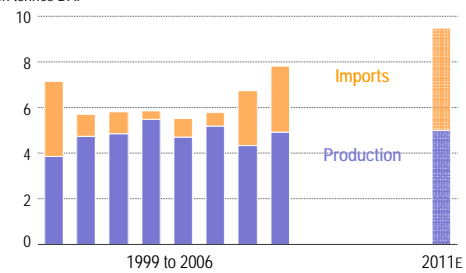
Million tonnes urea



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## INDIA - DAP supply

Million tonnes DAP

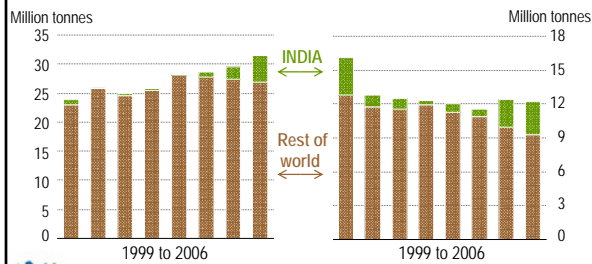


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## India's share of global imports

### UREA

### DAP



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## CONCLUSIONS

- All nutrient markets will be tight until 2009 as demand has expanded more rapidly than was expected a few years ago.
- A deficit of seaborne ammonia supply will emerge in the region east of Suez.
- 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.



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## 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 markets 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.



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## CONCLUSIONS

- In the near future, India will remain in a net import position for most fertilizer raw materials and may significantly expand its imports of urea and DAP.
- Only the urea sector could see some capacity developments as a result of conducive government policy toward subsidies and feedstock supply.
- The need for balanced fertilization will favour phosphate and potassium nutrient consumption, pending the adequate application of secondary and micronutrients.



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