

**DECEMBER**

**The UN Climate Change Conference adopted a joint declaration by participating countries on food security**

The countries participating in COP28 adopted a joint declaration aimed at strengthening food security worldwide on an equal and voluntary basis and in cooperation with UN organisations and the WTO.

**Russian manufacturers increased fertilizer production in 2023**

In January–November, Russian companies ramped up fertilizer production to 23.6 mt, up 10% y-o-y.



**JANUARY**

**Volume of and revenues from Russian agricultural exports grew in 2023**

In 2023, Russian agricultural exports went up 12% y-o-y to USD 45 bln. In addition, revenue from Russian commodity exports increased by 14%. In 2023, Russia exported food to 169 countries, including key developing economies.



**MARKET OVERVIEW**

**In 2023, the global fertilizer market continued to face strong headwinds from the uncertainty in energy and food markets, which contributed to sustained high price volatility and hindered the recovery of fertilizer consumption worldwide.**

The significant influence of global risks persisted, with the spread of geopolitical tensions leading to disruptions in established maritime trade routes.

The weak outlook for global economic growth, coupled with recession, inflation and interest rate risks, including those in developed countries across Europe and North America, also put a curb on fertilizer consumption growth.

Russian and Belarusian fertilizer producers made a gradual recovery under the heavy pressure of Western sanctions, particularly by shifting their exports to alternative markets in the Global South. This came on the back of intensified competition from other suppliers, driving downward fluctuations in fertilizer prices.

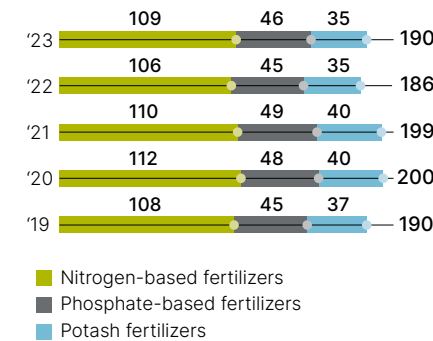
Preliminary estimates by consulting agencies and industry analysts suggest that in 2023<sup>1</sup>, global consumption of mineral fertilizers stood at 190 mt nutrient, a reduction of 2%, or 4 mt nutrient, against 2022. Consumption of nitrogen-based fertilizers was up by 3 mt of N (+2.8%) to 109 mt; for phosphate fertilizers, it increased by 1 mt of P<sub>2</sub>O<sub>5</sub> (+2.2%) to 46 mt, and for potash fertilizers, consumption remained flat y-o-y at 35 mt of K<sub>2</sub>O

In terms of regional trends, fertilizer consumption rebounded in all major regions following a decline in 2022, except for European countries.

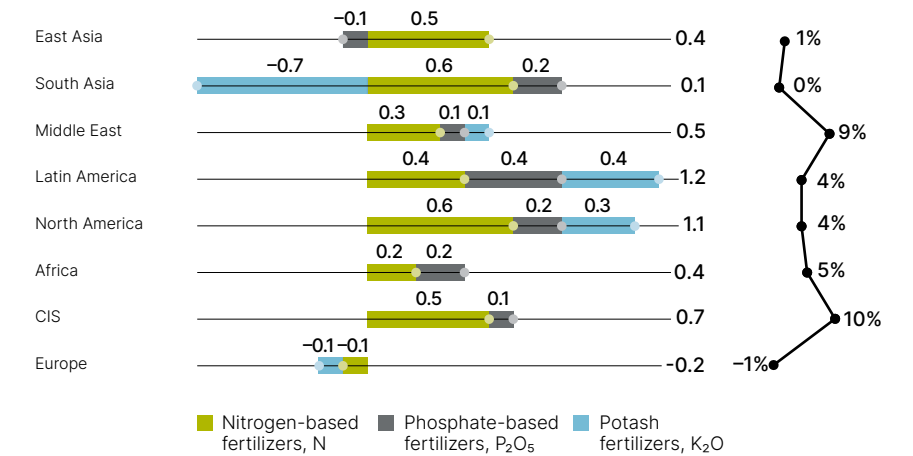
Leading growth rates in fertilizer consumption were observed in former Soviet Union countries (excluding Ukraine and the Baltic states), as well as in the Middle East (primarily driven by Turkey). Africa, North America, and South America experienced growth rates of approximately 4–5%, while markets in South and Southeast Asia demonstrated relatively slower demand resurgence.

The primary driver of fertilizer demand recovery in global markets was the enhanced affordability of fertilizers, particularly following a decline in prices during 2H 2023.

**Global fertilizer consumption estimates, mt nutrient**



**Estimate of changes in consumption by region in 2023, mt nutrient**



<sup>1</sup> Hereinafter based on data by CRU, Argusmedia, Profercy; expert estimates of industry analysts in Russian and international media.

## PHOSPHATE ROCK AND PHOSPHATE-BASED FERTILIZER MARKET

According to preliminary estimates, global production of phosphate rock in 2023 totalled 205 mt, which is 6 mt, or 3%, above the 2022 level.

The increase in production was primarily driven by the gradual recovery in phosphate fertilizer consumption and associated growth in the utilisation of phosphate rock processing capacities. The most notable increase in phosphate rock production was seen in North Africa (Morocco and Egypt, with a combined growth of 7.0 mt) and China (+0.8 mt). At the same time, there was a decrease in production in the USA (-1.2 mt) and Jordan (-0.7 mt).

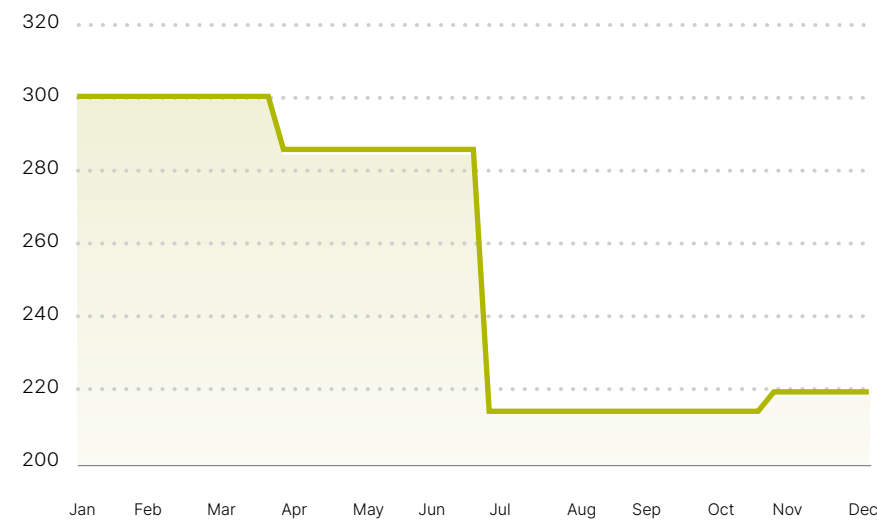
Pricing in the phosphate rock market has the traditional time lag associated with changes in price indices in phosphate-based fertilizer markets. In 1H 2023, prices for key types of phosphate rock remained relatively high before price correction kicked in during the second half of the year, following the trend for phosphate-based fertilizers.

According to preliminary estimates, global production of complex phosphate-based fertilizers (DAP + MAP) in 2023 reached 62 mt, a 3 mt (+5%) increase y-o-y that reflects temporary recovery of demand for phosphate fertilizers in general in 2023. The growth in production of these fertilizers came primarily from China, Morocco, and Saudi Arabia.

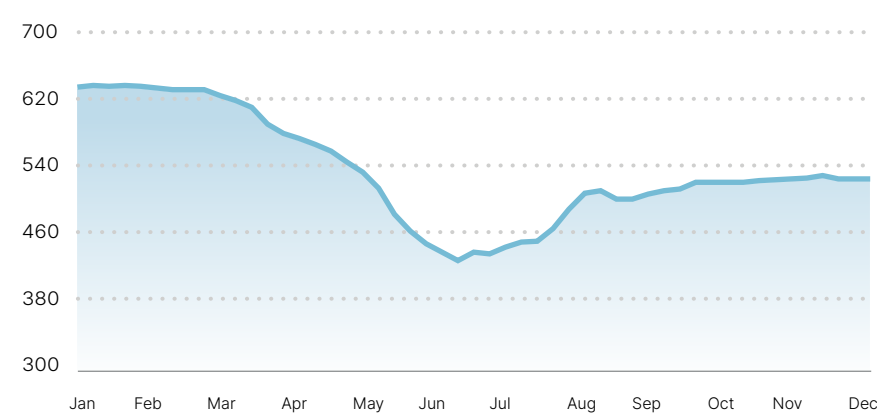
Global trade in DAP/MAP in 2023 was up by 3.2 mt, or 12%

to **30** mt. y-o-y

Phosphate rock prices, FOB Morocco (31–33% P<sub>2</sub>O<sub>5</sub>), USD/t



Global DAP/MAP prices in 2023, FOB Baltic, USD/t



Noticeable import growth was recorded in Latin America, where MAP imports increased by 25% to 5.5 mt. While India maintained a stable level of DAP imports and North America posted an import growth, in Europe a recovery in phosphate fertilizer imports was still not happening.

During 1H 2023, prices in the phosphate-based fertilizer market faced downward pressure due to weak

demand from major sales markets and an increase in supply, partly attributed to the easing of export restrictions in China. However, prices gradually began to recover in the second half of the year, stabilising at above USD 500/t, FOB Baltic (for DAP/MAP) by Q4 2023. The price rebound in 2H 2023 was primarily driven by the seasonal demand uptick in India, Brazil, and North America.

## NITROGEN-BASED FERTILIZER MARKET

In 2023, the global nitrogen-based fertilizer market remained highly volatile, with prices experiencing significant fluctuations of up to 30–50% in both ways within short timeframes. This volatility was attributed to various factors, including continued uncertainty and high prices in energy markets, supply chain disruptions in key regions, trade restrictions, and unscheduled technical shutdowns at major production facilities.

Preliminary estimates indicate a 3.5% or 6.3 mt increase in global urea production in 2023, reaching a total of 182 mt. India and China saw the strongest production growth, driven by increased utilisation of new capacities commissioned between 2021 and 2022. Conversely, countries in the Middle East and Southeast Asia faced production reductions due to technical shutdowns. After a considerable

Global urea prices in 2023, FOB Baltic, USD/t



decline in 2022, European urea production only managed to recover by a quarter.

Global urea trade volumes in 2023 stayed virtually flat at some

**53** mt

## POTASH FERTILIZER MARKET

Unlike the phosphate and nitrogen-based fertilizer markets, the global market of potash fertilizers saw no recovery in demand in 2023. The increase in potassium chloride imports to China and Brazil was offset by weak demand and reduced imports in other key consumption markets, including Southeast Asia, South Asia, Europe, and other regions.

Against this backdrop, exports from Russia and Belarus exceeded forecasts by a significant margin. Coupled with increased production and exports from Laos following the launch of new capacities in 2021 and 2022, this resulted in an oversupply in the global market and a downward price pressure throughout 2023.

Potassium chloride prices in 2023, FOB Baltic, USD/t

