

الاتحاد العربي للأسمدة



32 Years Serving the Arab Fertilizer Industry

32 عاما في خدمة مجتمع صناعة الأسمدة



AFA: A Force in the World of Fertilizers Market

Presented by:

Dr. Shafik Ashkar

Secretary General

B.S. Conference : Nitrogen + Syngas 2007

25-28 February 2007-Bahrain

Presentation Contents:



Part I. AFA in Brief

- Establishment
- MISSION
- Goals

Part II. Role of Fertilizers and Marketing Challenges.

Part III. New Capacities in Arab Region Balance.

Part IV. Supply and Demand (Targeted Markets).

Part V. Conclusion.



AFA is a Non- governmental Arab International Organization established in 1975 by Arab Mineral Fertilizer Producers in: Egypt, Kuwait, Tunisia, Syria, Libya and Iraq. At present, AFA has 167 member companies in 28 countries around the world.

AFA operates under the Council of Arab Economic Unity.

AFA Organizational Structure

- General Assembly**
- Board of Directors**
- General Secretariat**
- Executive Committees**
 - Technical Committee**
 - Economical Committee**
 - Health, Safety & Environment Committee**



MISSION

- A forum for its members for discussing effective fertilizer use.
- Promoting the latest clean technology.
- Maintaining safe and environmentally-sound practices.
- Emphasizing the major role of fertilizers in feeding the world.
- Supporting national efforts in addressing: Food Security Issues.

FERTILIZERS FEED THE WORLD

Goals

AFA is setting global standards in terms of employing best available technology (BAT) in order to:

- **Increase Fertilizer production and improve its quality.**
- **Promote national fertilizer industries and enhancing regional integration.**
- **Encourage agricultural research aiming at efficient fertilizer use.**
- **Enhance Crop production.**



Role of Fertilizers and Marketing Challenges

Global:

- Enhancing agricultural output has been recognized and documented by FAO (to be 55% during the last 3 decades).
- More than 800 million people are facing hunger and malnutrition.

Regional :

- The Arab Region been an arid/semi arid area is characterized with a limited resource base in terms of water and arable lands and facing serious cereal gap (50% of total demand).
- By giving such conditions, the obvious option for more food production would be the vertical expansion. (where fertilizer use becomes a must).
 - Fertilizer use in the Arab Region is 70.5 kg/ha of NPK
 - World average 120 kg/ha NPK.
- Therefore by reaching the global average rate of 120 Kg/ha of NPK it will result in increase of 21% of overall wheat production narrowing the food gap.



Role of Arab Fertilizers in Fulfillment Deficit in Targeted Markets



Thanks to the abundance of a range of raw materials, including natural gas, phosphate rock, potash and Sulphur, the Arab region has established it self as a major fertilizer industry hub.

In board terms, the Arab region accounts for around one third of the world's remaining gas reserve and 75% of its phosphate reserves.



The Arab fertilizer industry mainly operates for export to the international market, where production caters principally for the local market, Arab countries export more than 95% of their fertilizer production. With the increased globalization of fertilizer production, there has been a clear trend towards the production of exported ammonia and nitrogen fertilizers in countries where gas is plentiful and relatively with low cost. The recent upsurge in natural gas prices, if sustained, will undoubtedly accelerate this trend.

Arab Fertilizer Production & Exports Share (2006):

Product	Arab Production % against World Production	Arab Exports % against World Exports
Ammonia	7	14
Urea	11	34
Phosphate Rocks	32	75
Phosphate Acid	18	72
TSP	25	67
DAP	16	21
Sulphur	8	21
Potash	4	4

Arab Fertilizer Production Development:

During the 20th century the Arab Fertilizers industry witnessed a great production leap for all kind of fertilizers (Phosphates, Nitrogenous, Potash) and by 2010 the production capacities will be as follows:

Product	Production 1980	Production 2006	Production 2010
Ammonia	2	11.8	17.5
Urea	2.5	13.5	20
Phosphate rock	31	51.1	54
Phosphoric acid	1.3	6	6.5
TSP	0.9	1.8	2.2
DAP	0.9	3.7	7.2
Potash	0	1.9	2.5
Ammonium Nitrate	0.8	1.8	1.8

Total Deficit on Nitrogenous Fertilizer (Supply / Demand) Balance in target Markets - 2010

Unit : (000 Metric Tones N)

Location Year	West Europe			North America			Africa			Asia			Oceania			Total
	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	
2005	6561	8842	(2281)	6396	13154	(6759)	821	1636	(815)	18452	21749	(3298)	574	1474	(900)	(14053)
2006	6508	8762	(2254)	5200	13209	(8009)	821	1667	(846)	18694	22213	(3519)	927	1534	(607)	(15235)
2007	6454	8685	(2231)	4998	13263	(8265)	821	1728	(907)	19113	22654	(3541)	959	1582	(623)	(15567)
2008	6396	8608	(2212)	4796	13317	(8521)	834	1787	(953)	19634	23094	(3460)	962	1629	(667)	(15813)
2009	6338	8532	(2195)	4594	13368	(8774)	1192	1829	(638)	19691	23538	(3847)	944	1676	(731)	(16185)
2010	6279	8456	(2177)	4392	13319	(8927)	1542	1871	(329)	19748	23978	(4230)	944	1723	(779)	(16442)

Source :IFA Statistical

**Total Deficit on Phosphatic Fertilizers as 100% P2O5
(Supply / Demand) Balance in target Markets-2010**

Unit : (000 Metric Tones P2O5)

Location Year	West Europe			Latin America			Asia			East Asia			Oceania			Total
	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	
2005	500	2364	(1864)	296	3666	(3370)	2392	6100	(3708)	5480	6924	(1444)	461	917	(456)	(10842)
2006	500	2334	(1835)	413	4172	(3760)	2398	6314	(3916)	6686	7274	(588)	489	939	(450)	(10549)
2007	500	2305	(1805)	406	4406	(4000)	2413	6521	(4108)	7176	7425	(249)	497	958	(461)	(10623)
2008	500	2317	(1818)	574	4601	(4028)	2413	6730	(7317)	7910	7695	215	537	973	(436)	(13384)
2009	500	2247	(1747)	912	4789	(3874)	2563	6944	(4381)	8016	7864	152	542	989	(477)	(10327)
2010	500	2247	(1747)	912	4789	(3874)	2563	6944	(4381)	8016	7864	152	542	989	(477)	(10327)

Total Deficit on Potash (Supply / Demand) Balance in Target Markets - 2010

Unit : (000 Metric TonesK20)

Location Year	Europe			Latin America			Africa			Asia			Oceania			Total
	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	Supply	Demand	Balance	
2005	0	677	(677)	857	4695	(3837)	0	476	(476)	0	5033	(5033)	0	433	(433)	(10456)
2006	0	689	(689)	857	5098	(4241)	0	481	(481)	0	5181	(5181)	0	450	(450)	(11042)
2007	0	701	(701)	857	5300	(4443)	0	492	(492)	0	5332	(5332)	0	464	(464)	(11432)
2008	0	713	(713)	857	5501	(4643)	0	503	(503)	0	5492	(5492)	0	477	(477)	(11828)
2009	0	728	(728)	857	5695	(4838)	0	507	(507)	0	5492	(5492)	0	489	(489)	(12054)
2010	0	743	(743)	857	5869	(5012)	0	511	(511)	0	5649	(5649)	0	500	(500)	(12415)

Source :IFA Statistical

**Total Deficit in Nitrogenous Fertilizers
(Supply / Demand) Balance in Target Markets - 2010**

000 tones N

Oceania	Latin America	Asia	Africa	North America	West Europe	Total
(779)	2138	(4230)	(329)	(8927)	(2177)	(18580)

**Total Deficit in Phosphatic Fertilizer
(Supply / Demand) Balance in target Markets -2010**

000 tones P₂O₅

Oceania	Asia	Latin America	West Europe	Total
(477)	(4381)	(3874)	(1747)	(10479)

**Total Deficit in Potasic Fertilizer
(Supply / Demand) Balance in target Markets -2010**

000 tones K₂O

Oceania	Asia	Africa	Latin America	Europe	Total
(500)	(5649)	(511)	(5012)	(743)	(12415)



As Arab producers reap the benefits of exceptionally availability of raw material, low energy cost, and strategic location are playing an ever more critical role in international markets.

This is acknowledged by fertilizer buyers elsewhere in the world. Therefore we believe that more demand will be addressed toward fertilizer producer in this region, resulting in a high world market share for Arab Fertilizer producers than the 2006.

Supply/Demand Balance in Arab Region 2010:

Unit: MMT/product

	Supply	Regional Consumption	Surplus
Ammonia	17.5	15	2.5
Urea	20	3.1	16.9
P2O5	6.5	3.5	3.0
DAP	7.2	0.7	6.5
TSP	2.2	0.6	1.6



We, at AFA sees ourselves representing the collective interest of fertilizer industry in this region and working toward such mandate by promoting, encouraging free and transparency market polices, use of best available technologies and enhance members to act as guard rail to health, safety and environment.

AFA international conferences firmly marked on the calendar of the global fertilizer industry, and attract delegates from around the world.



Thank You