

Trade in Fertilizers – An Overview

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Outline



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1. Scope and policy context

Today's focus:

- Trade-related climate measures

Public policy goals:

- Environmental...
- ... and social, economic goals (food security, poverty reduction, etc.)

Environmental goals:

- Climate action...
- ... and biodiversity, land and water management, etc.

Climate change goals:

- Mitigation...
- ... and adaptation.

2. MC12: fertilizers in the spotlight



...

“Concerned also that rising prices of food, agricultural products, and production inputs, including **fertilizers**, and associated trade restrictions, as well as increasing energy and transportation costs, could have lasting consequences for global food security in the coming years;”

...

“3. We commit to take concrete steps to facilitate trade and improve the functioning and long-term resilience of global markets for food and agriculture, including cereals, **fertilizers**, and other agriculture production inputs. Particular consideration will be given to the specific needs and circumstances of developing country Members, especially those of least-developed and net food-importing developing countries.”

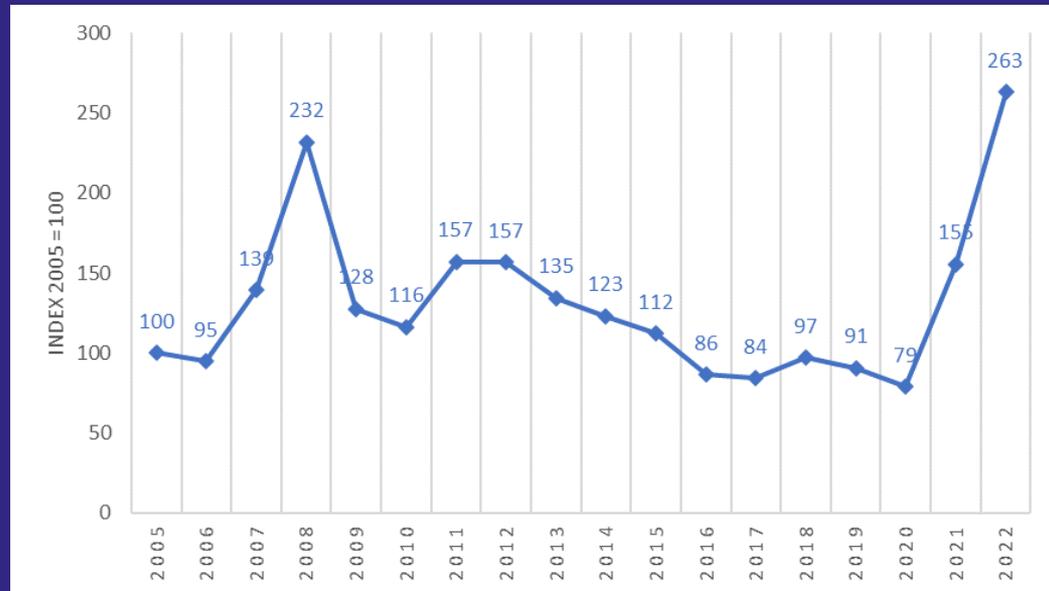
3. Price trends



- Fertilizer prices hit **record highs** in nominal terms in 2022
- They have since **declined** by more than 40%
- **BUT:** prices remain almost **twice** the level they were two years ago

Source: “Rising Food Insecurity: Assessing Policy Responses. A report prepared at the request of the Group of 20 (G-20)”. Food and Agriculture Organization of the United Nations, World Trade Organization, and World Bank Group, April 2023.

Index of fertilizer prices, 2005-2022. (2005 = 100)



Note: includes DAP, Potash, UREA.

Source: IMF commodity prices.

3. Price trends: May 2023



Price trends of main fertilizer products in April:

- **Varied** by region
- **Northern hemisphere:** strong demand pushed prices upward, especially in the US
- **Elsewhere:** prices **softened**

Supply:

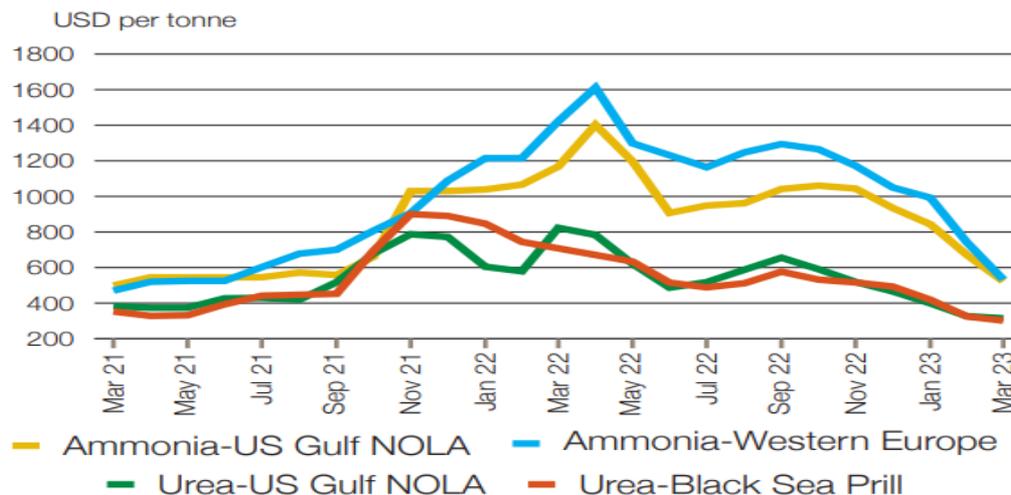
- International markets generally **well-supplied**
- Prices are therefore **well below** levels one year ago

Source:

AMIS Market Monitor, May 2023

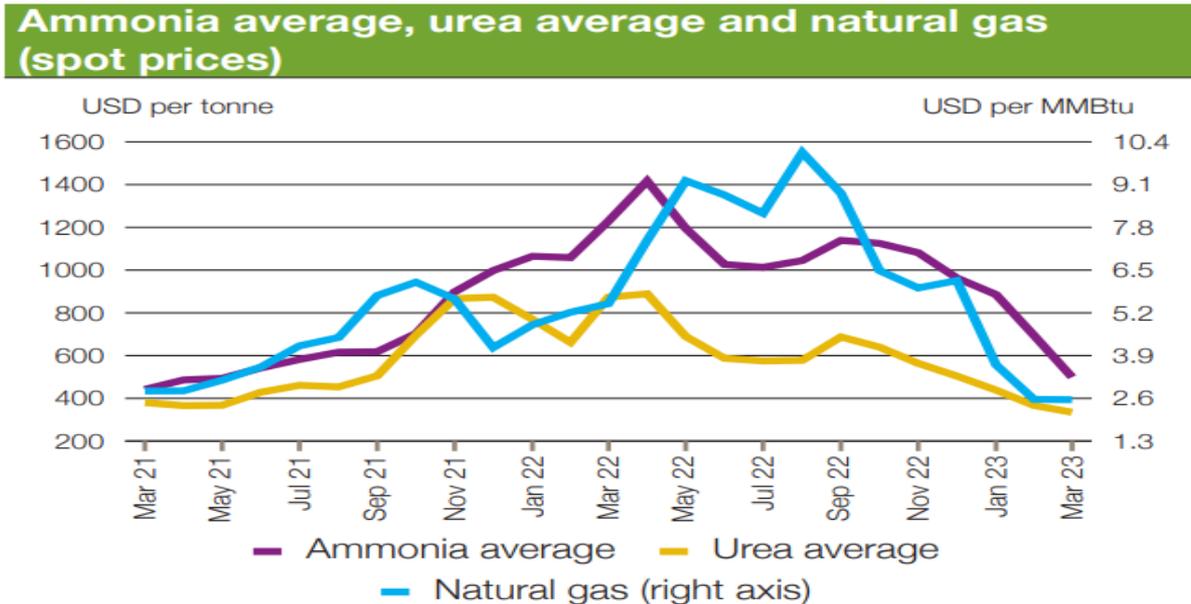
Prices have fallen for all types of fertilizers (1)

Ammonia and urea (spot prices)



Source: AMIS Market Monitor, May 2023

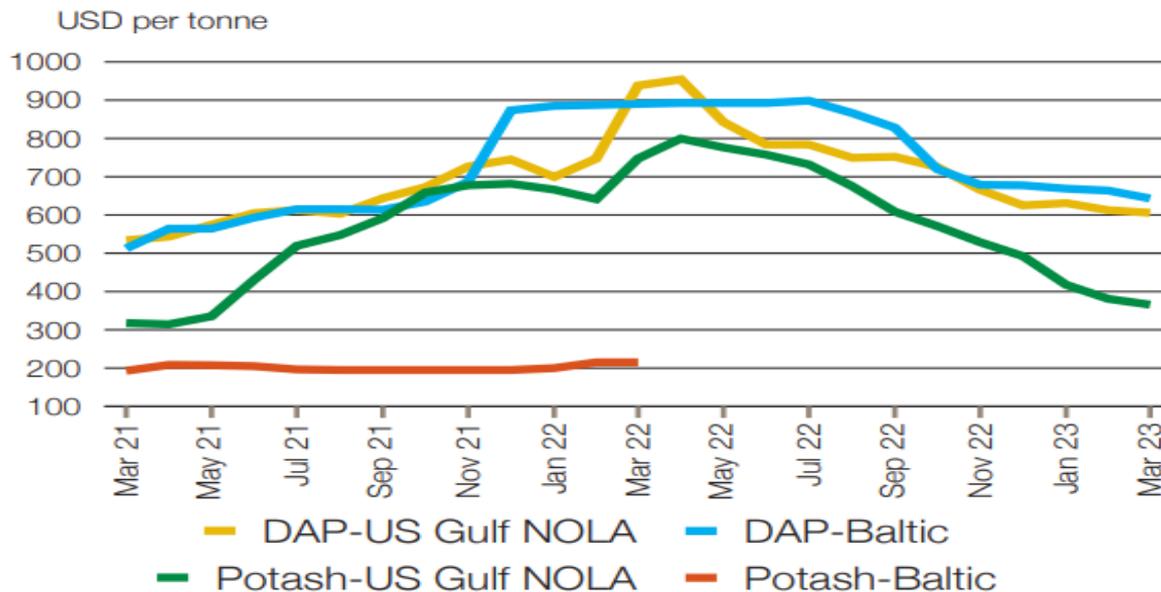
Prices have fallen for all types of fertilizers (2)



Source: AMIS Market Monitor, May 2023

Prices have fallen for all types of fertilizers (3)

Potash and phosphate (spot prices)



4. Production of fertilizers



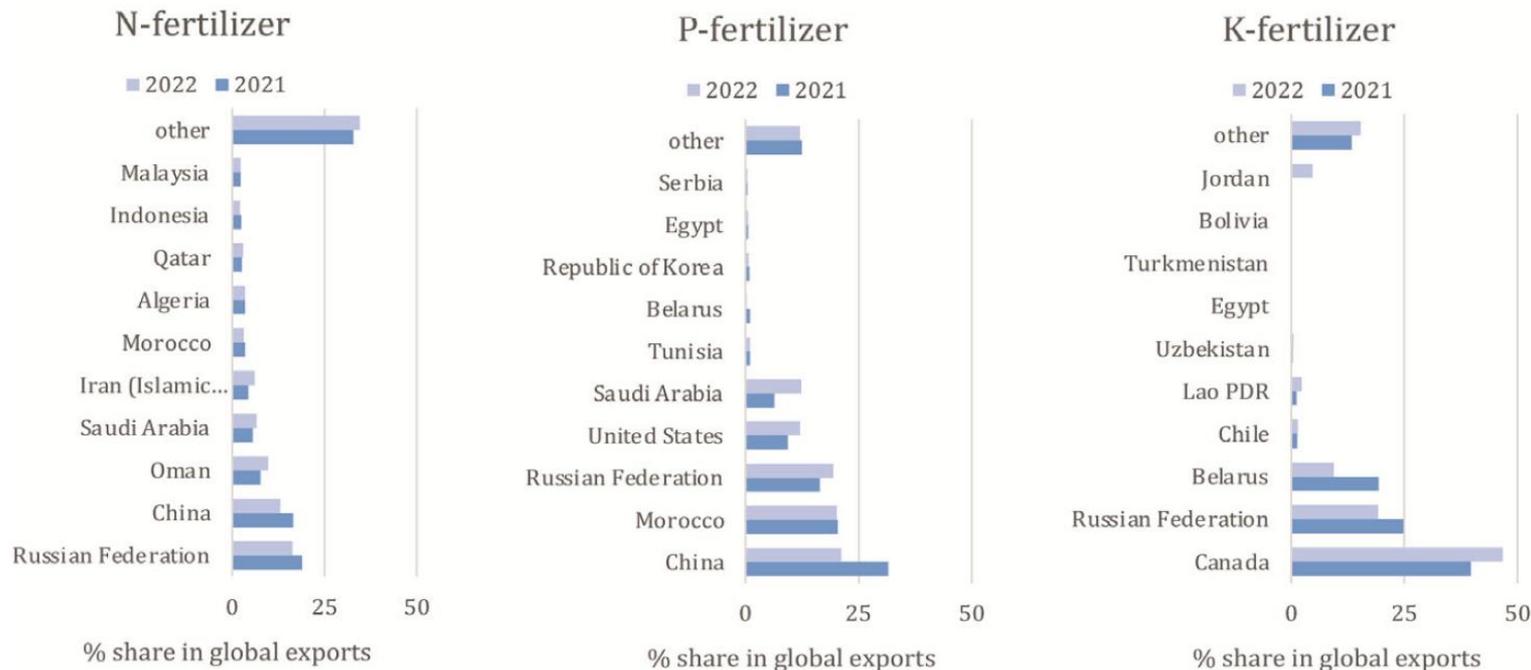
Production:

- Relatively few countries export fertilizers
- Concentration of supply means fertilizers markets are vulnerable to shocks

Source:

*"Rising Food Insecurity: Assessing Policy Responses. A report prepared at the request of the Group of 20 (G-20)".
Food and Agriculture Organization of the United Nations, World Trade Organization, and World Bank Group, April 2023.*

Global fertilizer supply is highly concentrated



Note: N = nitrogenous fertilizer; P = phosphorous fertilizer; K = potassic fertilizer

Source:

“Rising Food Insecurity: Assessing Policy Responses. A report prepared at the request of the Group of 20 (G-20).
Food and Agriculture Organization of the United Nations, World Trade Organization, and World Bank Group, April 2023.

5. Consumption of fertilizers



Consumption:

- Most large food-producing countries have secured their fertilizer needs for the 2022/23 season
- BUT: many LDCs have unmet import needs, especially in sub-Saharan Africa

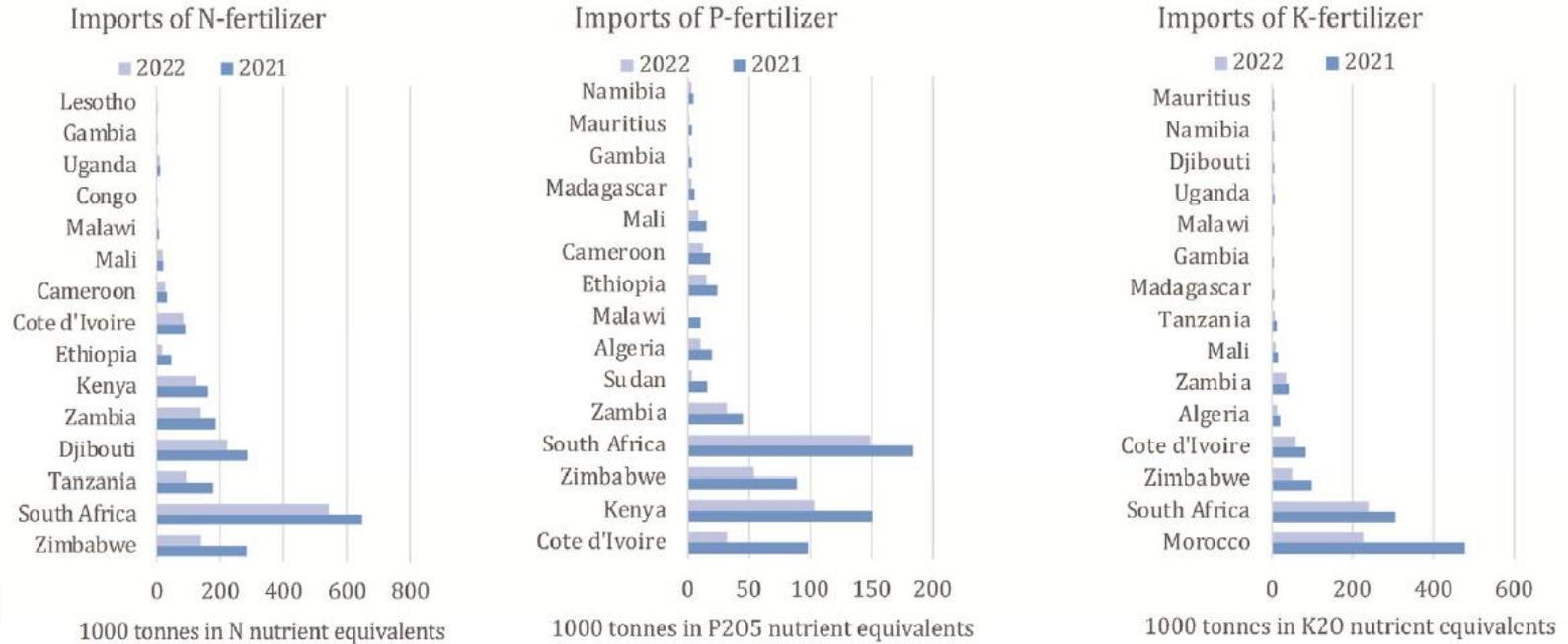
Impacts:

- Higher agricultural input prices translate into higher farm production costs, lowering use of inputs, yields, and quality, and eventually pushing up food prices

Source:

*"Rising Food Insecurity: Assessing Policy Responses. A report prepared at the request of the Group of 20 (G-20)".
Food and Agriculture Organization of the United Nations, World Trade Organization, and World Bank Group, April 2023.*

Consumption: Many African countries face fertilizer import deficits



Source:

“Rising Food Insecurity: Assessing Policy Responses. A report prepared at the request of the Group of 20 (G-20)”.
Food and Agriculture Organization of the United Nations, World Trade Organization, and World Bank Group, April 2023.

6. Fertilizers: trade flows

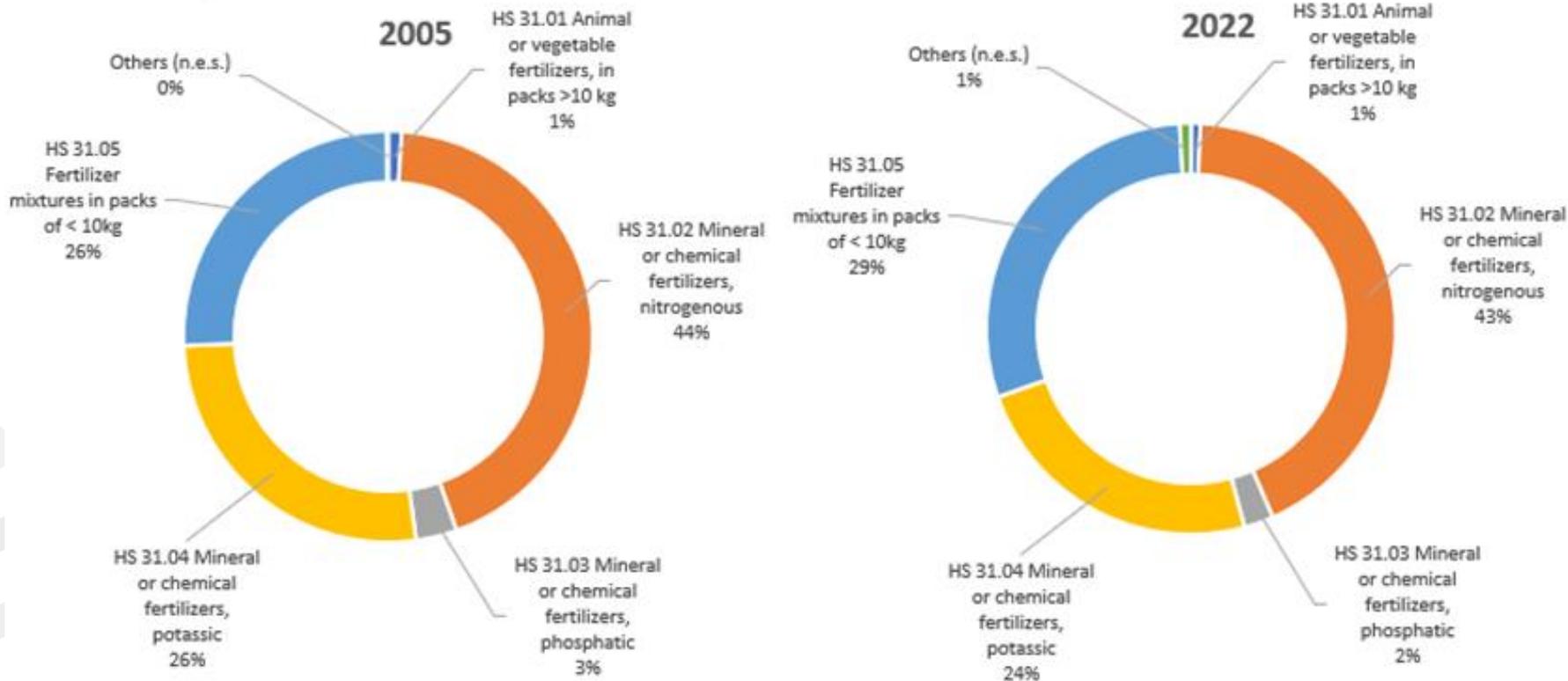
Trade in fertilizers has grown significantly since 2005



Note: preliminary estimate based on importer data.

Source: WTO estimates based on data from UN Comtrade (2005-2021) and Trade Data Monitor (2022).

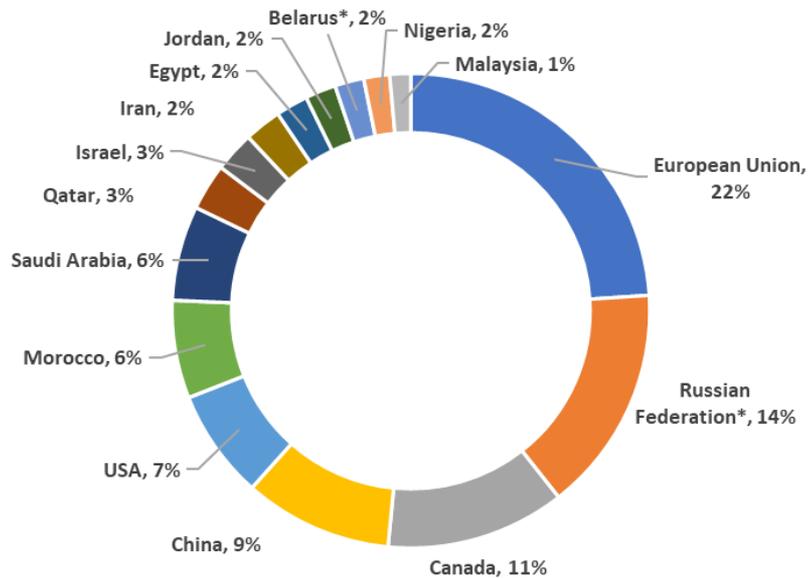
Nitrogenous fertilizer is the most traded type



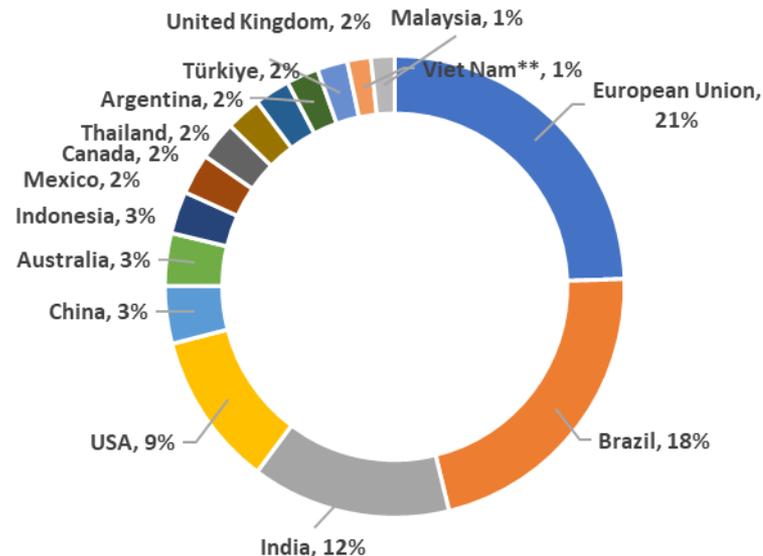
Source: WTO estimates based on data from UN Comtrade (2005) and Trade Data Monitor (2022; importer data).

Top 15 traders of fertilizers, 2022

Exports (share in world trade, %)



Imports (share in world trade, %)



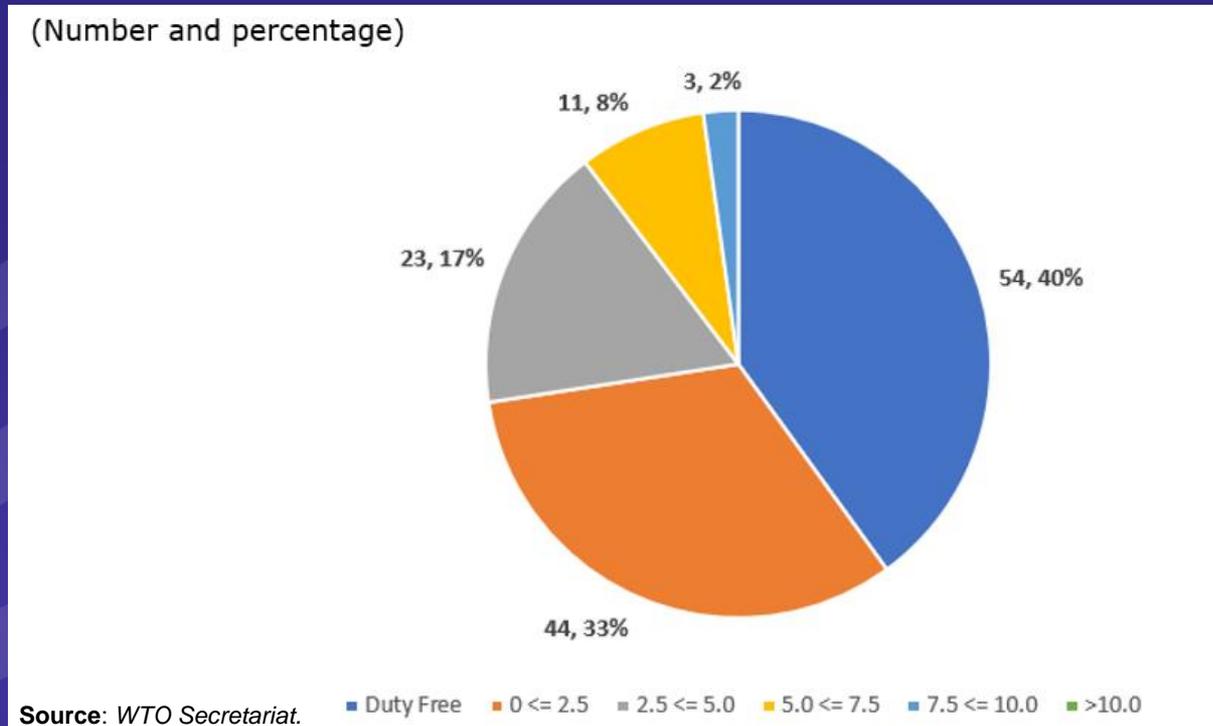
* Estimate based on partner data.

** Estimate based on price developments.

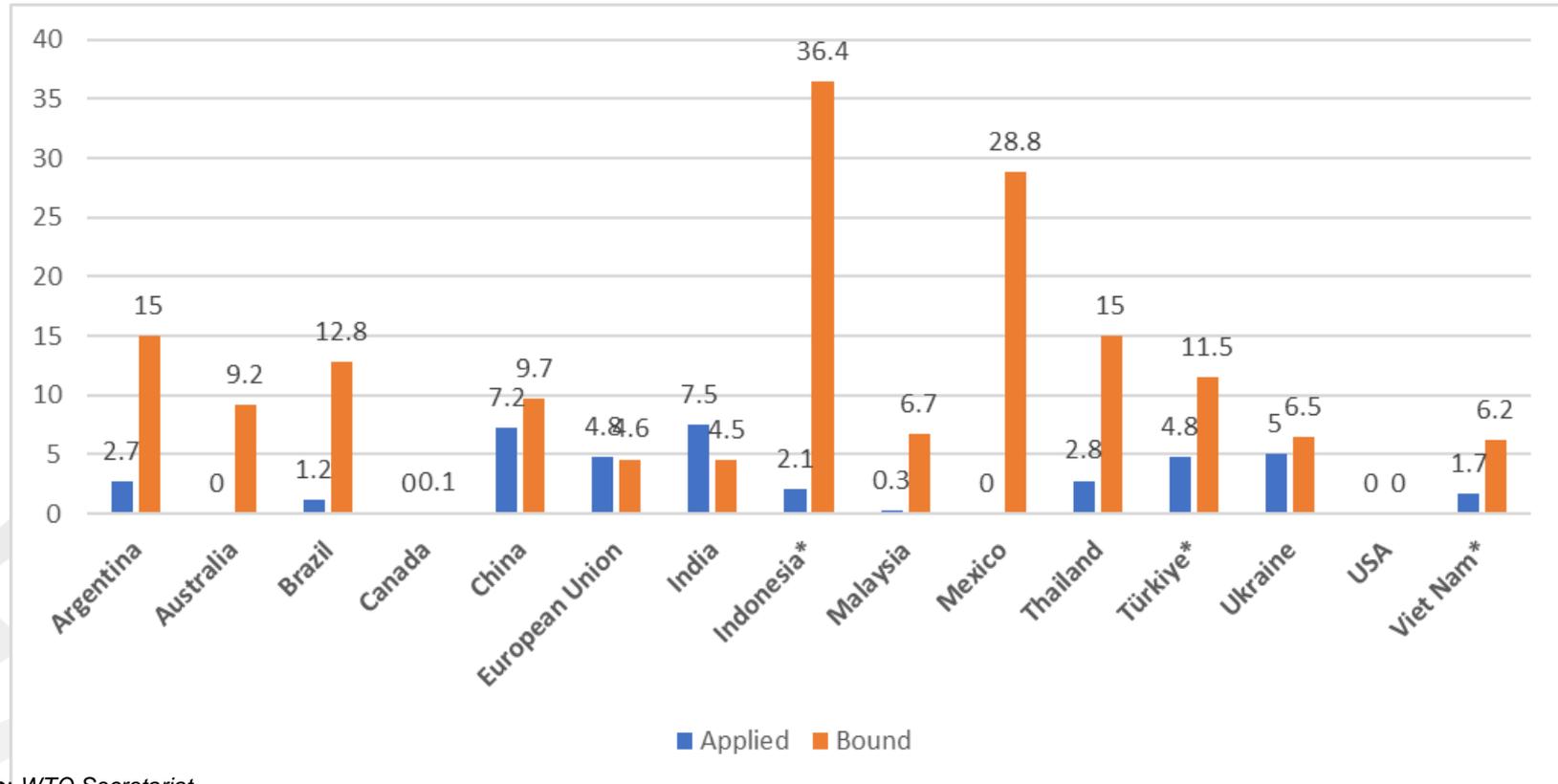
Source: WTO estimates, based on data from Comtrade and Trade Data Monitor.

7. Fertilizers and trade policy

Around 40% of Members do not levy any tariffs on fertilizers

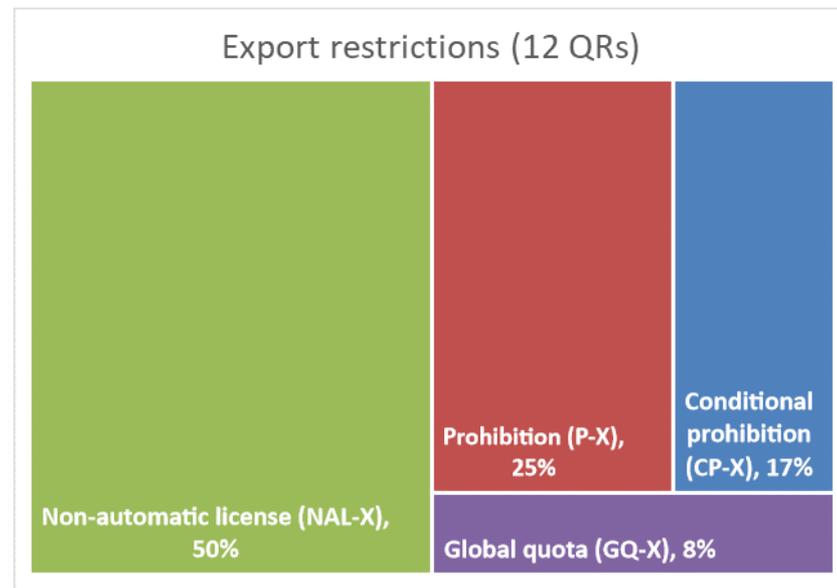
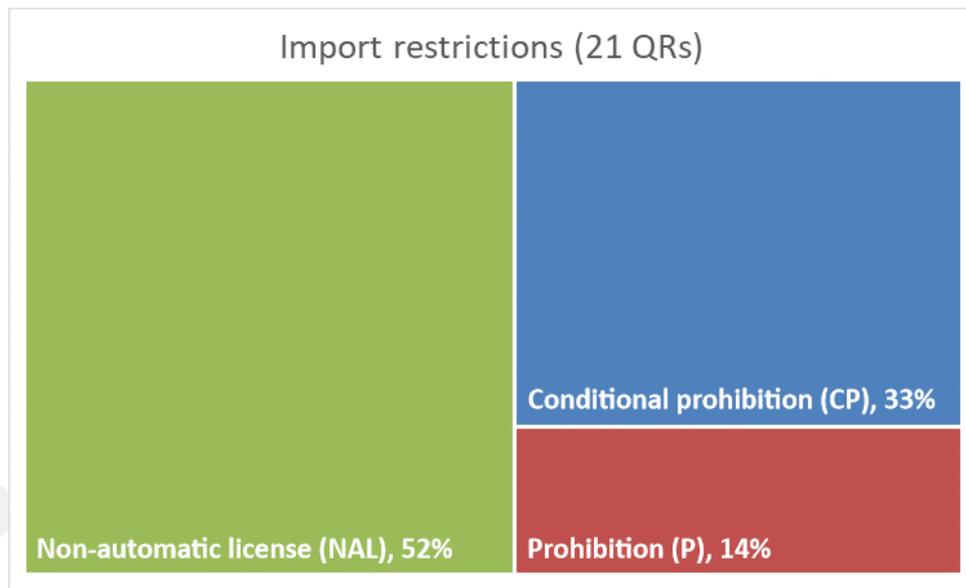


Tariffs on fertilizers tend to be relatively low



Source: WTO Secretariat.

Notified import and export restrictions, 2020-2023



According to WTO Trade Monitoring Mechanism, 8 measures on fertilizers introduced since February 2022, 5 measures are currently in place; three measures were notified to the WTO

8. WTO work with others on fertilizers



1. UN SG's Global Crisis Response Group on Food, Energy, and Finance:

- Participation in the Fertilizer Working Group
- <https://news.un.org/pages/global-crisis-response-group/>

2. Joint study with FAO on fertilizers:

- November 2022
- https://www.wto.org/english/news_e/news22_e/igo_14nov22_e.htm

3. Joint report with FAO, World Bank Group on food security:

- April 2023
- https://www.wto.org/english/news_e/news23_e/agri_13apr23_e.htm

9. FAO-WBG-WTO food security report: recommendations



1. Facilitate access; increase *investment*

- Urgent action is needed to facilitate access to fertilizers for farmers in vulnerable areas, while also increasing investment in long-term solutions.

2. Improve fertilizer use *efficiency*

- Efforts must also be deployed to improve fertilizer use efficiency, for instance by investing in and using soil nutrient maps, and reduce dependency on mineral fertilizers.

3. Africa Fertilizer and Soil Health Summit: support *outcomes*

- The Africa Fertilizer and Soil Health Summit will be key to set priority actions for the continent, and its outcomes should be supported with concrete actions.

4. Trade: strengthen *AMIS*

- AMIS (Agricultural Market Information System) should be provided with adequate support to enable it to monitor world fertilizer markets and assess global supply chain logistical constraints.

Thank you!

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