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MINUTES

Meeting of the Expert group EU Fertilisers Market Observatory

05.06.2024

Chair: AGRI E.1

1. Approval of the agenda

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

3.1. Opening remarks

The chair opened the meeting with a welcome message and a short reminder of the rules of conduct for hybrid meetings.

3.2. Fertilisers markets with Baltic Sea Region perspective

Mr Kyosti Arovuori from REINU_econ provided a presentation on issues specific to the fertilisers market in Baltic Sea area. Baltic region Fertilisers market is split into two sectors: Nordic sector (FI, SE, DK) and Continental Europe sector (Baltic Countries, DE, PL). The EU market is retail/demand-driven, concentrated on Ammonium Nitrate and Urea and with only a low share of mixed NPK fertilisers (14%); while the Nordic market is supply driven, concentrated on mixed NPK fertilisers (e.g. in FI, 70-80% of applied fertilisers are mixed fertilisers). The Baltic region market was affected in a similar way by price increases at the end of 2021 and in 2022. However, the costs of production of nitrogen incorporated in NPK mixed fertilisers is higher than that for straight nitrogenous fertilisers, and this resulted in a higher increase of price for farmers in the Baltic region.-.

Market information on NPK fertilisers is limited, REINU recommended to increase the collection and availability of data on prices and volumes available for mixed fertilisers..

3.3. EU Fertilisers market analysis

DG AGRI presented an analysis of developments of the fertiliser market at EU level covering production, trade, and prices. DG AGRI also presented the preliminary result of

a balance sheet for nitrogen fertilisers. COPA and FE complemented the analysis from their respective perspectives.

Concerning **production**, short-term statistics on production of fertilisers and nitrogen compounds for Q1-2024 show an increase compared to the same period in 2023 while the index is still below previous year's levels. FE confirmed that EU production resumed but would not reach previous years proportion as some plants permanently closed in 2022/23 (e.g. in Ludwigshafen, Germany). FE stated that natural gas prices remain high relative to EU's main competitors, Russia in particular, with some volatility reflecting nervousness on the sourcing of gas.

Trade of nitrogen fertilisers remain well-above the 5 years average for the first five months of 2024 (+6%), but imports are slowing down in the tree last months: since March nitrogen fertilisers imports are below the five-year average; main suppliers are Egypt (30%), Russia (29%) and Algeria (12%). Such slowdown of imports may reflect more a temporary slowdown of demand more than a structural trend. Representatives of Farmers organisations noted that demand, of all type of fertilisers, was significantly affected by bad weather conditions such as excessive rain in Ireland or in the southern part of Germany. Although industry recommends seasonal stocking to prevent supply chain disruptions, farmers argue that climate change creates unpredictability and stockpiling has a cost at farm level, which results in more just-on-time orders than in the past. Exports of nitrogen fertilisers moderately recovered but still below latest years' averages. Phosphates, phosphatic and potassic fertilisers imports show an increase attributable to resumed demand driven by concern on soil fertility.

EU fertilisers **prices** were compared with global prices; in EU prices remain quite stable and show a slight decreasing trend.

The Commission also presented a first draft of **EU Nitrogen balance sheet**; preliminary results seems to indicate a gap between calculated availability of nitrogen and actual consumption data an environmental indicator published by Eurostat. Members agree the latter is a good indication of consumption. The years 2022 and 2023 show a different pattern with higher availability of nitrogen, reflecting a probable stockpiling in the EU. FE however consider there are not much stocks available on the market: the ones accumulated over the two last years have been mostly already sold; this illustrates that the methodology should be further improved. Concerning consumption, members agreed with data based on the gross nutrient balance. The Commission called for support from members in such improvement. It will share with members a methodological paper with this view to improve the preliminary version.

3.4. AMIS's work on fertilisers

The Agricultural Market Information System (AMIS) was created in 2011 as part of the G20 Action Plan on Food Price Volatility and Agriculture. Its principal objectives are to enhance international food market transparency and to promote policy coordination in times of market uncertainty (focusing on wheat, maize, rice, and soybeans). In 2023, AMIS has expanded its monitoring work to other markets and sectors, including fertilisers. AMIS countries account for 80% of global fertiliser supply and 92% of usage. Global fertiliser trade experienced a rebound in 2023, with notable adaptation of trade flows, particularly of imports of MOP (potash) from Canada, Russia, and Belarus by AMIS countries. There is an anticipated return of Chinese exports on the market after years impacted by export restrictions. Global demand is expected to slow down in the

third quarter of 2024. AMIS also reports relative price stability in the fertiliser market for the year 2023/24.

3.5. Plant biostimulants for efficient nutrient use and food security in Europe

EBIC explained that biostimulants play a crucial role in preventing crop failures due to harsh weather conditions by preventing waste of nutrients and enhancing plant's pest resistance. The biostimulants market in Europe is significant, with non-microbial products being predominant in major markets like Spain, Italy, and France. There is significant potential for market growth, but some regulatory challenges, particularly for novel types of biostimulants not covered yet by the Fertilising Product Regulation; compared to nutrient based fertilisers, biostimulants' efficiency needs to be proven with trial tests before accessing the EU single market. EBIC stresses the challenges of data collection on biostimulants and voiced for efforts to be made in statistics on agricultural inputs and outputs (SAIO) and in statistical classification of products by activities, in order to improve the knowledge on such products.

3.6. AOB

EurEau informed about upcoming delegated act on phosphorus recycling target and proposed to discuss the regulatory framework alongside the current capacity in a next meeting of the FMO.

4. Next meeting

Next hybrid meeting is planned on 4th of September

5. List of participants

All member organisations and observers were represented, except: Cooperl, (observer). Two ad-hoc invited experts were present. (See details in Annex).

List of participants– Minutes
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05.06.2024

ORGANISATIONS
Asociation Producteurs Européennes de Potash (APEP)
Assemblée des Régions Européennes Fruitières, Légumières et Horticoles (AREFLH)
Comité du commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofouritures de l'U.E (COCERAL)
European agri-cooperatives (COGECA)
European Compost Network ECN e.V. (ECN)
European farmers (COPA)
European Consortium of the Organic-based Fertilizer Industry (ECOFI)
European Fertiliser Blenders Association (EFBA)
European Biostimulants Industry Council (EBIC)
Fertilisers Europe (FE)
OBSERVERS
Growing Media Europe (GME)
Hellenic Fertilizers' Association (SPEL)
Polska Izba Przemysłu Chemicznego (PIPC)
Związek Pracodawców Business & Science Poland (BSP)
Ad Hoc expert
Ms. Delphine Leconte-Demarsy (AMIS) Mr Kyosti Arovuori (REINU econ)