AFCOME

12° International Meeting
Toulouse – 14th October 2011

The Italian Fertilizer Market

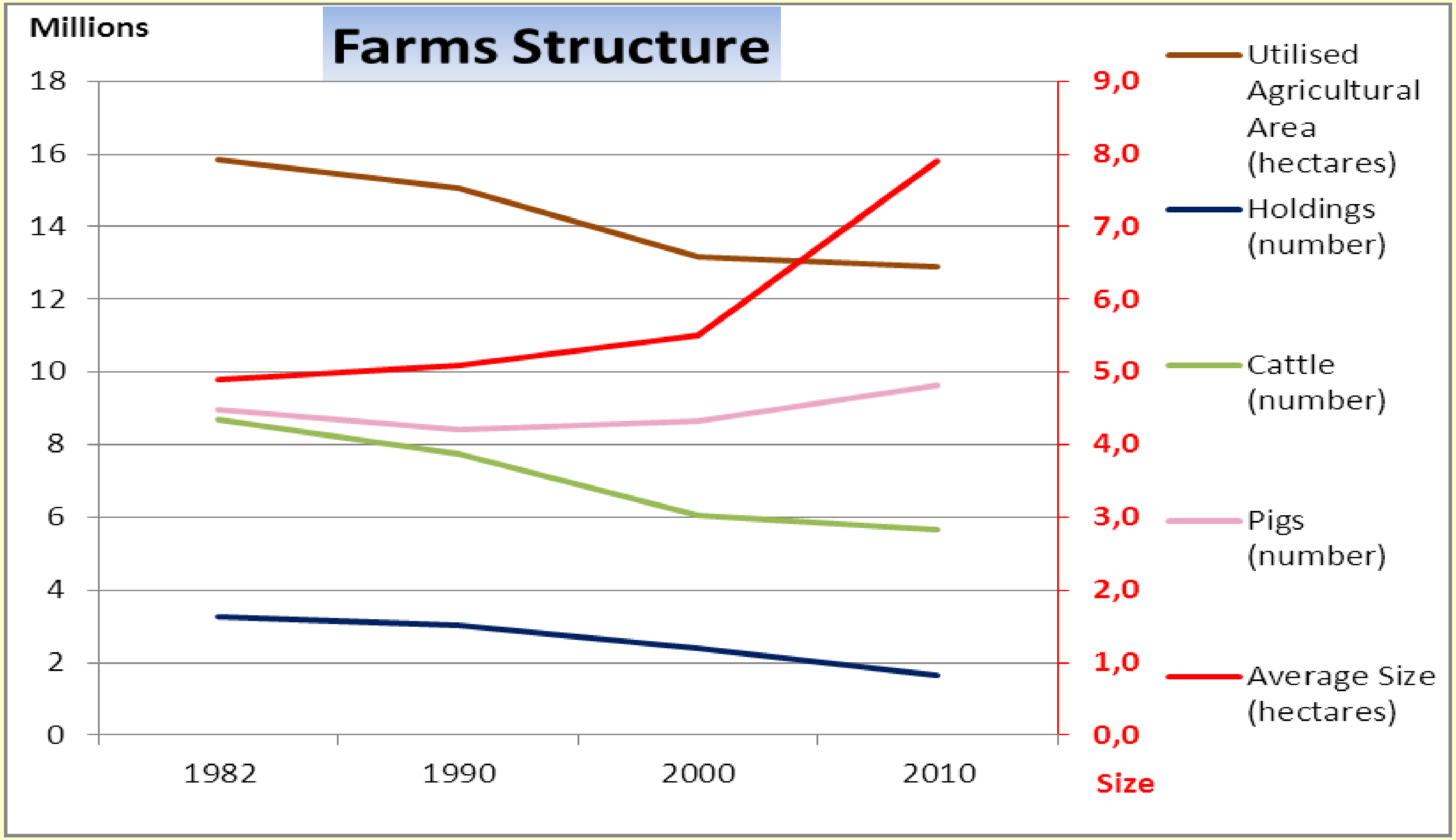
Mariano ALESSIO VERNI'
SILC Fertilizzanti Srl

SUMMARY

- General Agriculture Situation
- Fertiliser Consumption & Imports
- Italian Production
- The Distribution Chain: past, present and future
- Fertiliser Prices
- The *Italian Job*
- Conclusion

Italian Farming

- In 2010: the 6° National Agriculture Census
- The graph shows the Census results from 1982 to 2010
- We stress the Average Size increasing (red right scale)



EU 27 figures

Countries	Total number of holdings (1000)					Change
	2000	2003	2005	2007	2010	2003-2010
Belgium	61.7	54.9	51.5	48.0		
Bulgaria	:	665.6	534.6	493.1	371.13	-44%
Czech Republic	:	45.8	42.3	39.4		
Denmark	57.8	48.6	51.7	44.6	41.00	-16%
Germany	472.0	412.3	389.9	370.5	300.7	-27%
Estonia	:	36.9	27.8	23.3	19.7	-47%
Ireland	141.5	135.6	132.7	128.2		
Greece	817.1	824.5	833.6	860.2		
Spain	1287.4	1140.7	1079.4	1043.9		
France	663.8	614.0	567.1	527.4		
Italy	2153.7	1963.8	1728.5	1679.4	1630.00	-17%
Cyprus	:	45.2	45.2	40.1		
Latvia	140.8	126.6	128.7	107.8	83.0	-34%
Lithuania	:	272.1	253.0	230.3	200.1	-26%
Luxembourg	2.8	2.5	2.5	2.3	2.2	-10%
Hungary	966.9	773.4	714.8	626.3	577.0	-25%
Malta	:	11.0	11.1	11.0	12.9	17%
Netherlands	101.6	85.5	81.8	76.7	72.0	-16%
Austria	199.5	173.8	170.6	165.4		
Poland	:	2172.2	2476.5	2391.0		
Portugal (1)	416.0	359.3	323.9	275.1	305.3	-15%
Romania	:	4484.9	4256.2	3931.4	3856.25	-14%
Slovenia	86.5	77.2	77.2	75.3	74.7	-3%
Slovakia	71.0	71.7	68.5	69.0		
Finland	81.2	75.0	70.6	68.2	63.9	-15%
Sweden	81.4	67.9	75.8	72.6	70.9	4%
United Kingdom	233.3	280.6	286.8	299.8	202.42	-28%
Norway	70.7	58.2	53.0	49.9	46.3	-21%
Switzerland	:	:	63.6	:		
Total EU27	8036.0	15021.4	14482.0	13700.4	7883.1	
Total EU15	6770.69	6238.95	5846.47	5662.41		
12 new MS	:	8782.46	8635.54	8037.99		

Source: Eurostat FSS
(1) PT 2010: final results from Census 2009

	Total UAA (1000 ha)					Change
	2000	2003	2005	2007	2010	2003/2010
Belgium	1393.8	1394.4	1385.6	1374.4		
Bulgaria	:	2904.5	2729.4	3050.7	3620.95	25%
Czech Republic	:	3631.6	3557.8	3518.1		
Denmark	2644.6	2658.2	2707.7	2662.6	2648.36	0%
Germany	17151.6	16981.8	17035.2	16931.9	16772.3	-1%
Estonia	:	795.6	828.9	906.8	938.8	18%
Ireland	4444.0	4298.2	4219.4	4139.2		
Greece	3583.2	3967.8	3983.8	4076.2		
Spain	26158.4	25175.3	24855.1	24892.5		
France	27856.3	27795.2	27590.9	27476.9		
Italy	13062.3	13115.8	12707.9	12744.2	12885.3	-2%
Cyprus	:	156.4	151.5	146.0		
Latvia	1432.7	1489.4	1701.7	1773.8	1786.4	20%
Lithuania	:	2491.0	2792.0	2649.0	2736.4	10%
Luxembourg	127.5	128.2	129.1	130.9	131.1	2%
Hungary	4555.1	4352.4	4266.6	4228.6	4610.9	6%
Malta	:	10.8	10.3	10.3	11.5	6%
Netherlands	2027.8	2007.3	1958.1	1914.3	1873.0	-7%
Austria	3388.2	3257.2	3266.2	3189.1		
Poland	:	14426.3	14754.9	15477.2		
Portugal *	3863.1	3725.2	3679.6	3472.9	3668.1	-2%
Romania	:	13930.7	13906.7	13753.1	13298.18	-5%
Slovenia	485.9	486.5	485.4	488.8	476.6	-2%
Slovakia	2159.9	2137.5	1879.5	1936.6		
Finland	2218.4	2244.7	2263.6	2292.3	2292.2	2%
Sweden	3073.2	3126.9	3192.5	3118.0	3085.3	-1%
United Kingdom	15798.5	16105.8	15957.0	16130.5	15918.04	-1%
Norway	1038.2	1040.4	1035.4	1032.0	1006.8	-3%
Switzerland	:	:	:	:		
Total EU27	135424.4	172794.4	171996.2	172485.1	87760.2	
Total EU 15	126790.81	125981.83	124931.57	124546.08		
12 new MS	:	46812.52	47064.63	47938.97		

Source: Eurostat FSS
(1) PT 2010: final results from Census 2009

EU 2007 details

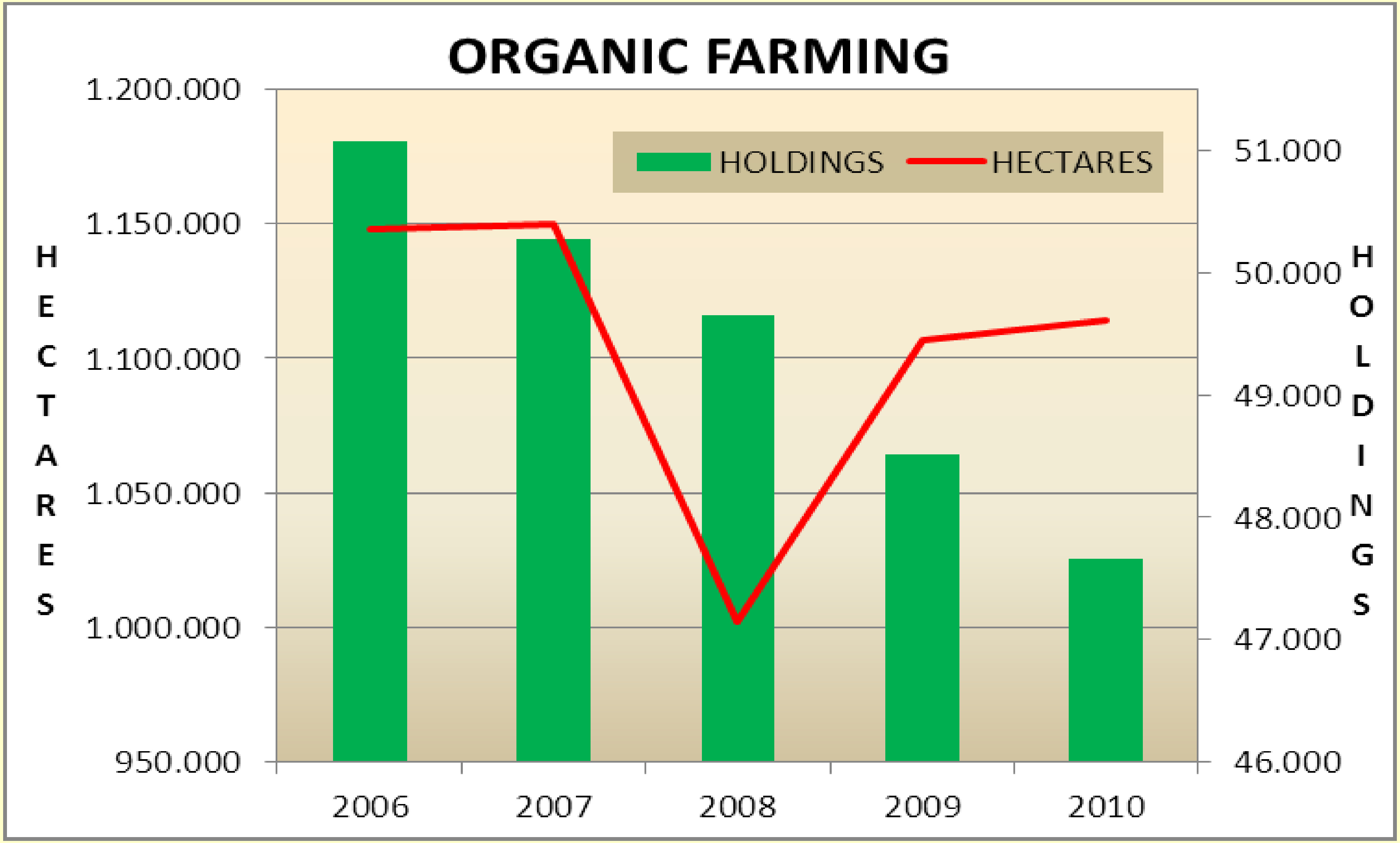
Utilised Agricultural Area (.000 ha)		Holdings Data (.000 n°)	**Avg. Size**
United Kingdom	16.130	300	**53,8**
France	27.477	527	**52,1**
Germany	16.932	370	**45,8**
Spain	24.892	1.044	**23,8**
Italy	**12.744**	**1.679**	**7,6**
Poland	15.477	2.391	**6,5**
Romania	13.753	3.931	**3,5**
Total EU 27	**172.485**	**13.700**	**12,6**
Source: Eurostat FSS - Final results from Census 2007			

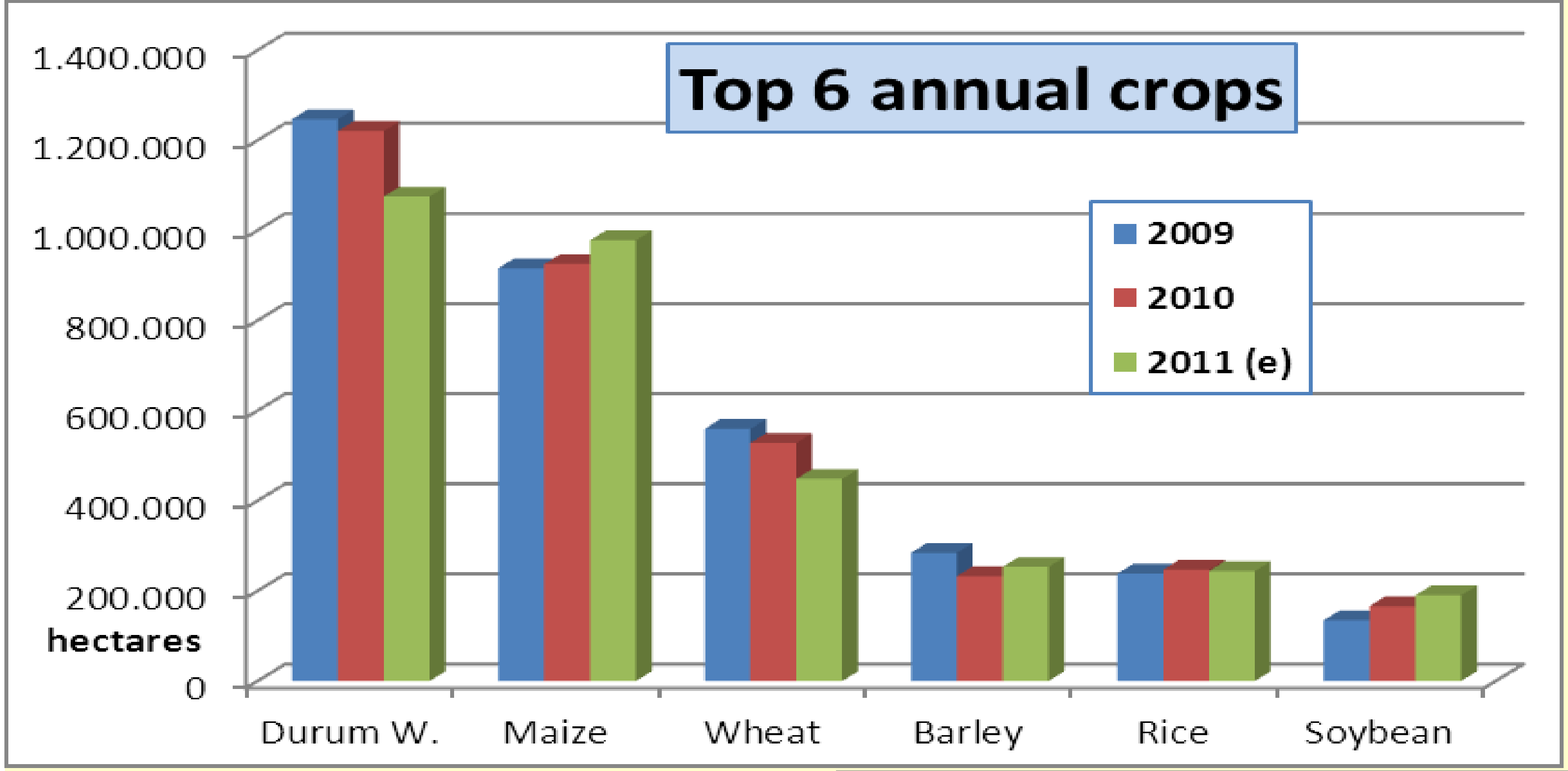
Italian Farm Structure
year 2000 vs. 2010

Farm Size (hectares)	Holdings				Utilised Agricultural Area (hectares)			
	2000		2010		2000		2010	
	n°.000	%	n°.000	%	ha .000	%	ha .000	%
less than 4,9	1.839,5	*76%*	1.122,9	*69%*	2.267,5	*17%*	1.610,5	*12%*
5-29,9	470,4	*20%*	400,1	*25%*	4.322,5	*33%*	3.890,0	*30%*
30-49,9	45,8	*2%*	49,3	*3%*	1.407,0	*11%*	1.546,3	*12%*
more than 50	49,7	*2%*	58,1	*4%*	5.186,4	*39%*	5.838,4	*45%*
Total	2.405,4	*100%*	1.630,4	*100%*	13.183,4	*100%*	12.885,2	*100%*

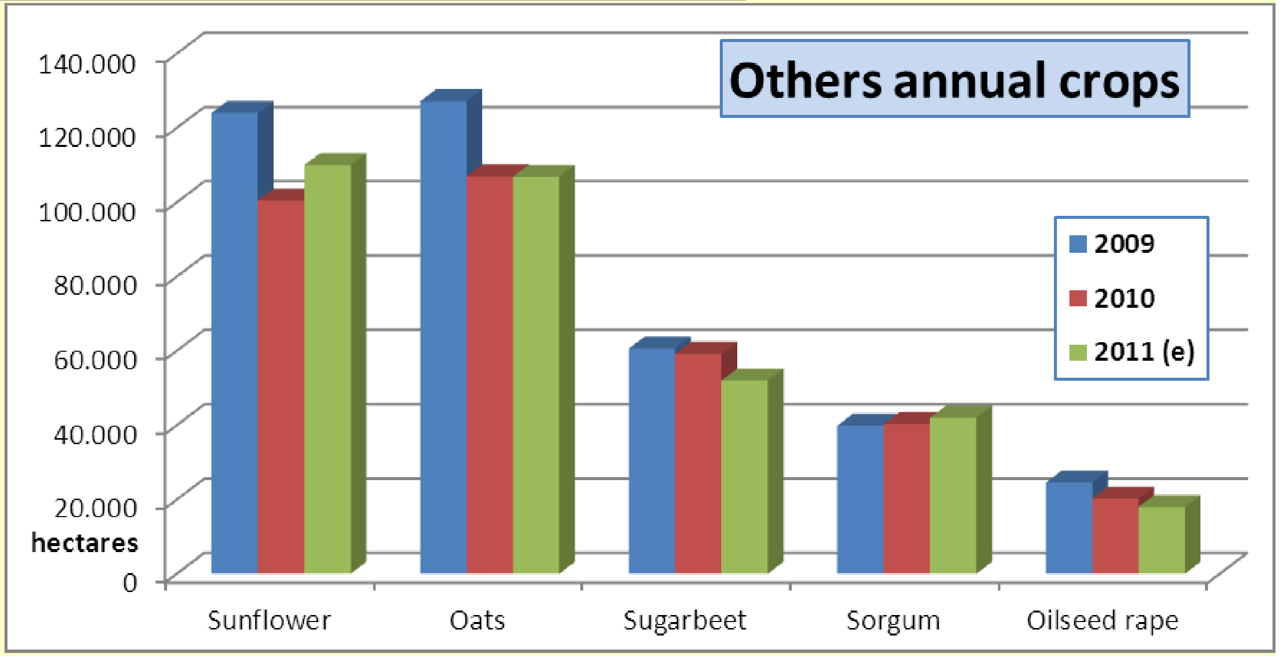
Owned / Rented

(Census 2000)	Hectares (.000)	UAA %
Owned Land	8.353	63,3
Rented Land	1.084	8,2
Both forms	3.769	28,5


ORGANIC FARMING
HOLDINGS
HECTARES
HECTARES
HOLDINGS
1.200.000
1.150.000
1.100.000
1.050.000
1.000.000
950.000
51.000
50.000
49.000
48.000
47.000
46.000
2006
2007
2008
2009
2010



2009-2010
2011 (estimated)



Most Profitable Annual Crops

Annual Crop (Area)	Harvest (t)	GSP	Expenses	**Net Income**	Break Even Point (t/ha)
Maize (North of Po river)	13,0	€ 2.730,00	€ 1.376,00	**€ 1.354,00**	6,60
Soybean (North-East)	4,5	€ 1.800,00	€ 875,00	**€ 925,00**	2,20
Wheat (South of Po river)	7,5	€ 1.785,00	€ 875,00	**€ 910,00**	3,70
Durum Wheat (Tuscany)	5,5	€ 1.716,00	€ 864,00	**€ 852,00**	2,80
Durum Wheat (South)	4,0	€ 1.248,00	€ 803,00	**€ 445,00**	2,60
Oilseed rape (South)	3,0	€ 1.212,00	€ 782,00	**€ 430,00**	1,90
Sunflower (Center)	3,5	€ 1.330,00	€ 904,00	**€ 426,00**	2,40

Indicator of the income from agricultural activity

index 2005=100

year	2000	2010 (e)
Bulgaria	105,1	158,7
Poland	61	145,2
Estonia	40,5	138,2
Belgium	118,7	134,3
Latvia	41,1	127,8
Germany	90,1	124,6
Hungary	75,1	123,3
Netherlands	124,5	122,1
Lithuania	60,8	121,8
Sweden	85	121,7
United Kingdom	80,8	121,3
France	111,5	116,3
Slovakia	82,4	115,2
Malta	78,7	114,4
Czech Republic	66,4	113,9
Norway	122,9	113,4
Portugal	94,8	109,2
Finland	94,6	107,8
Austria	90,8	106,2
Switzerland	103	103
Spain	104,2	101,7
Slovenia	71,5	92,8
Cyprus	95	92
Romania	66,9	89,1
Greece	118,5	86,5
Ireland	95,8	85,3
Italy	**117,9**	**83,6**
Denmark	104,9	78,7
Luxembourg	104,3	70,2
European Union 27	*94,9*	*111,1*
e=Estimated value - Source:Eurostat		

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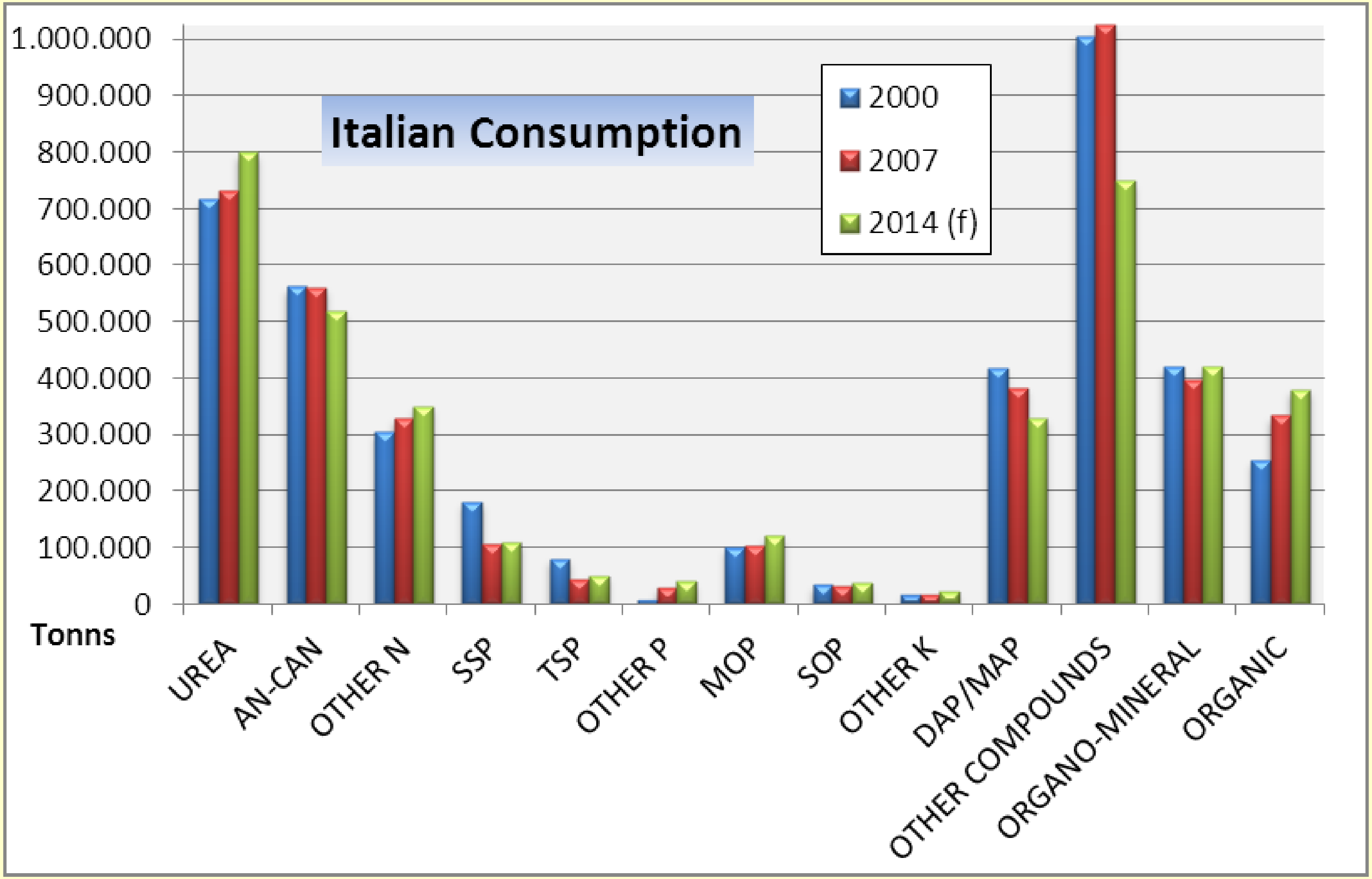
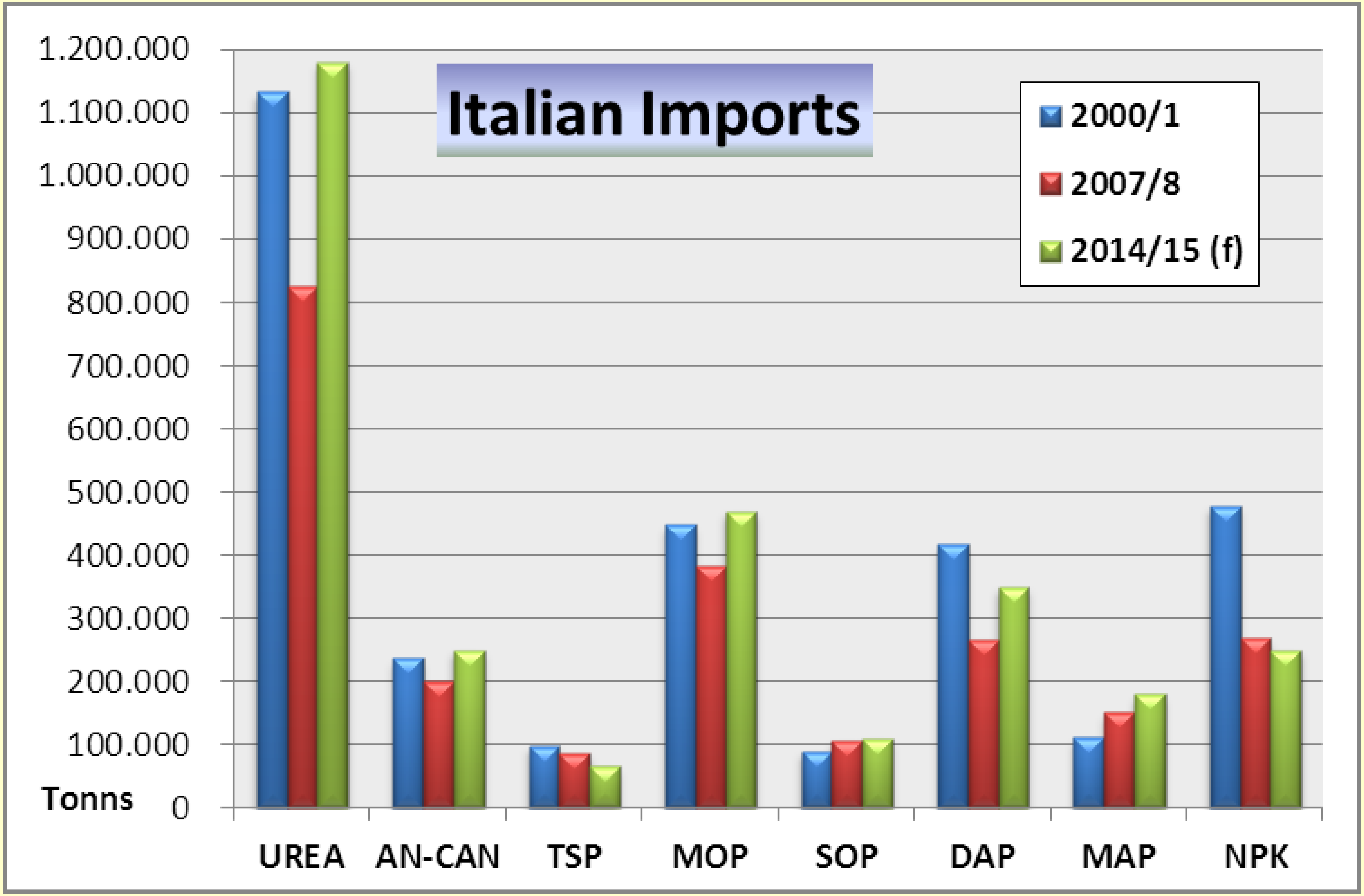
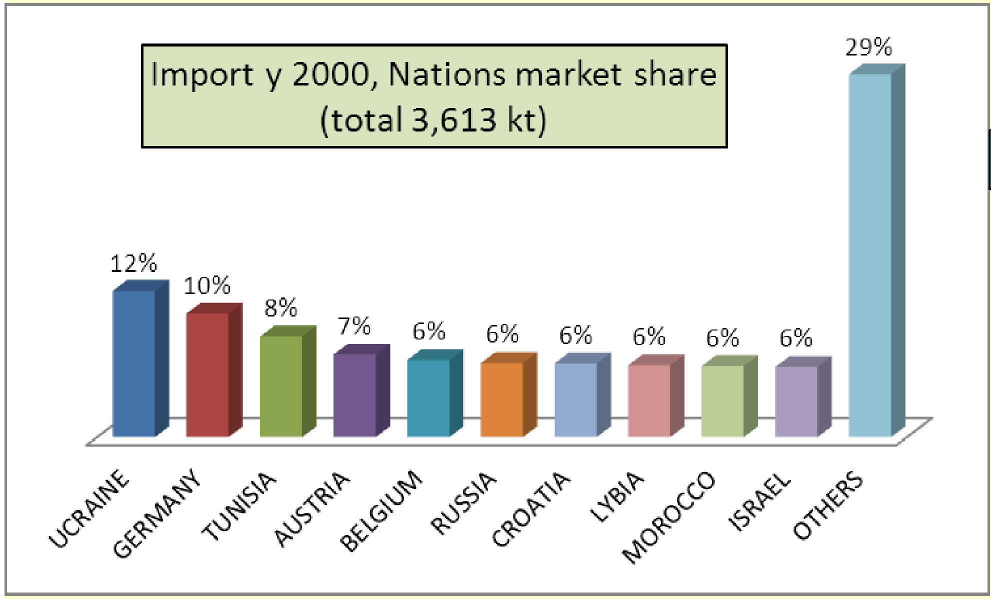
2000-2007-2014 Consumption

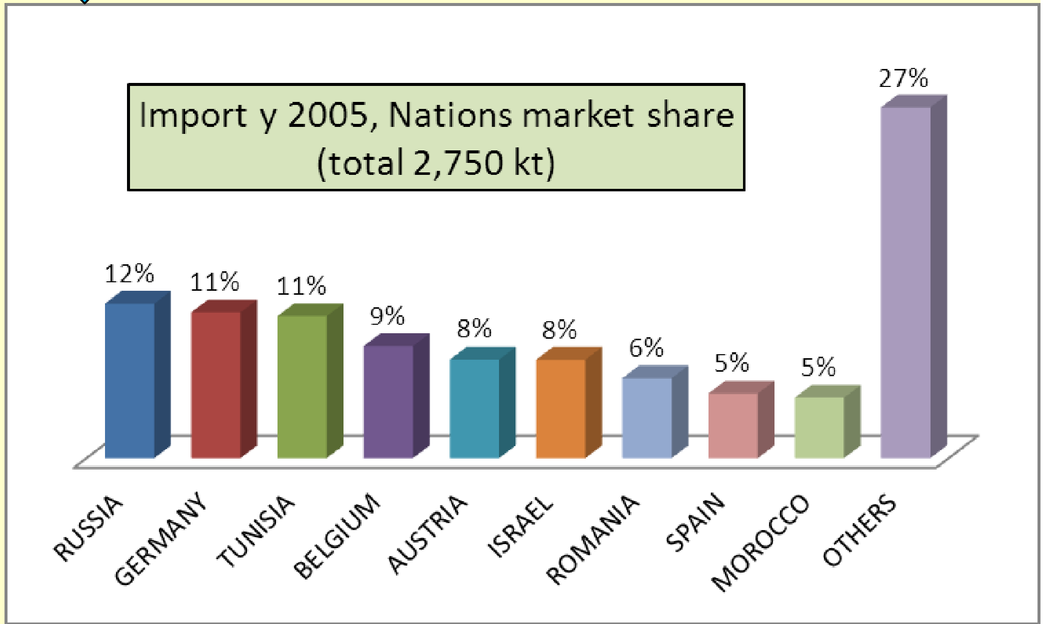


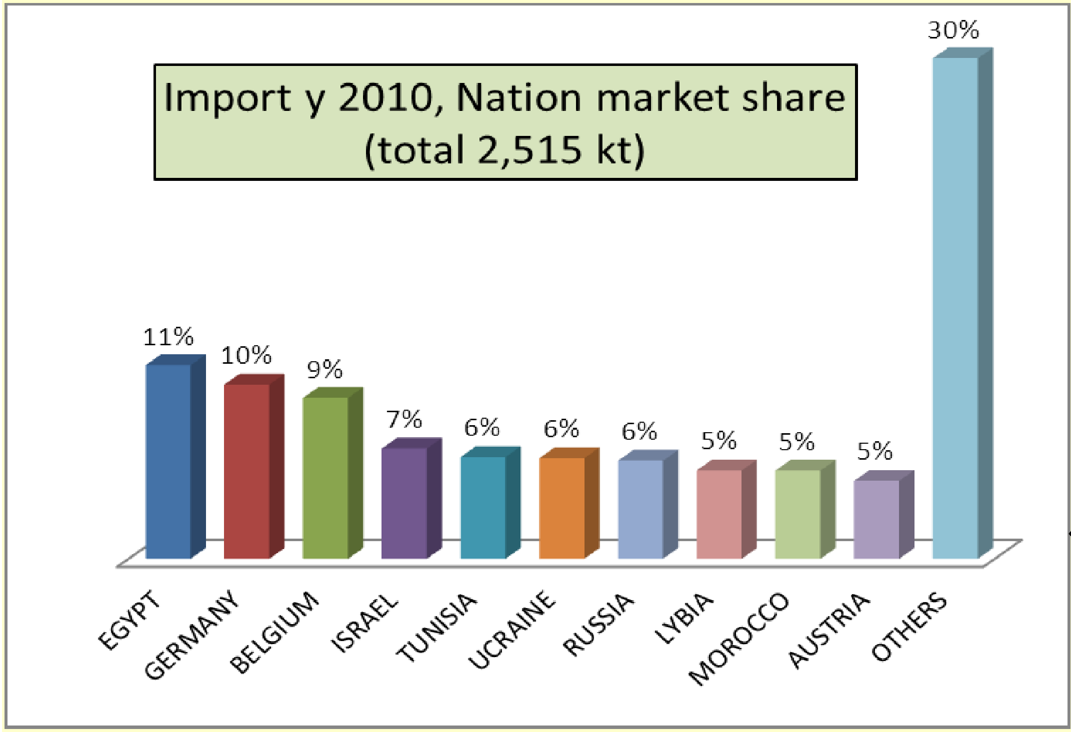
2000-2007-2014 Imports



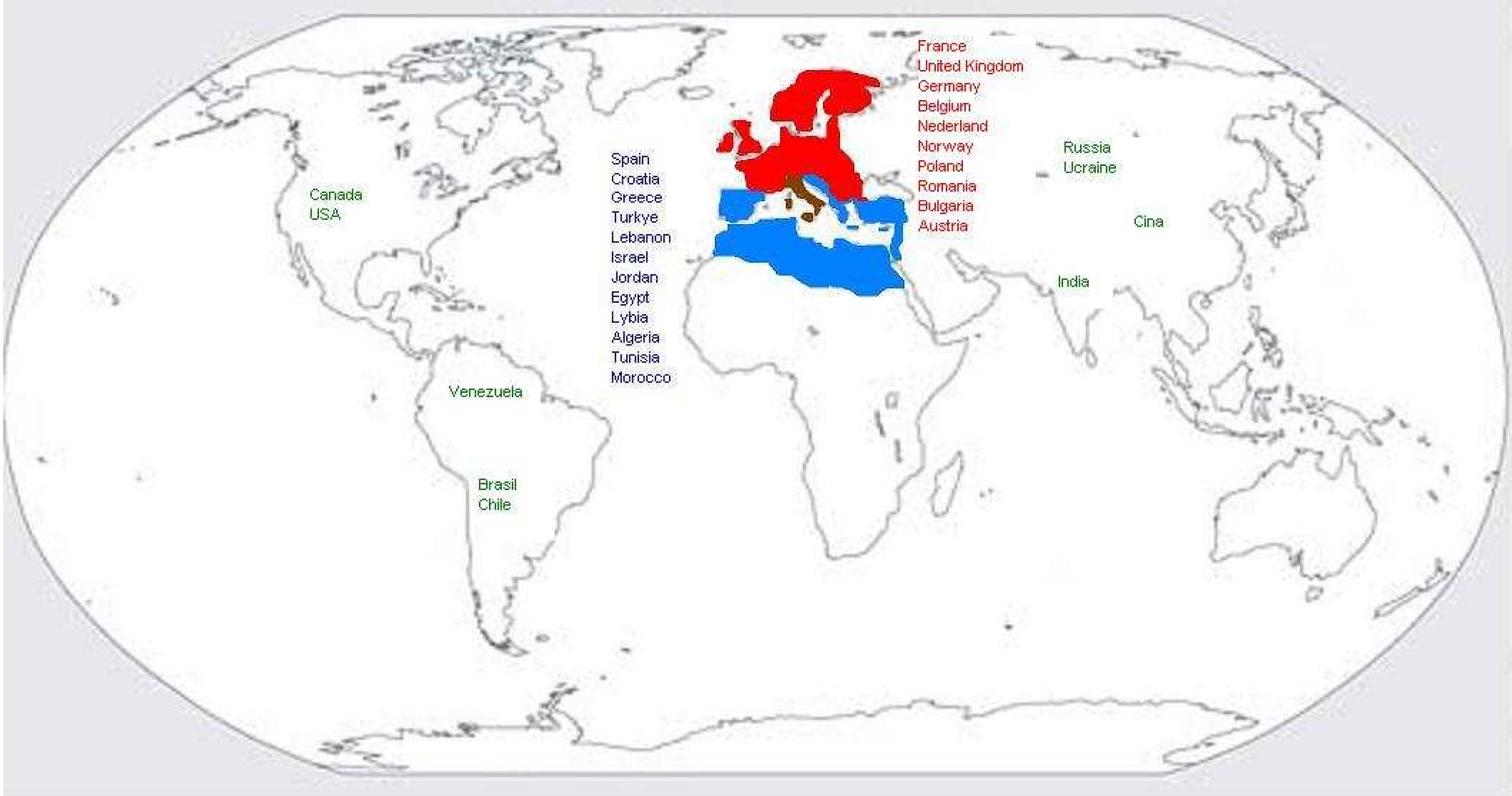
Import Details by Nation (2000/5/10)



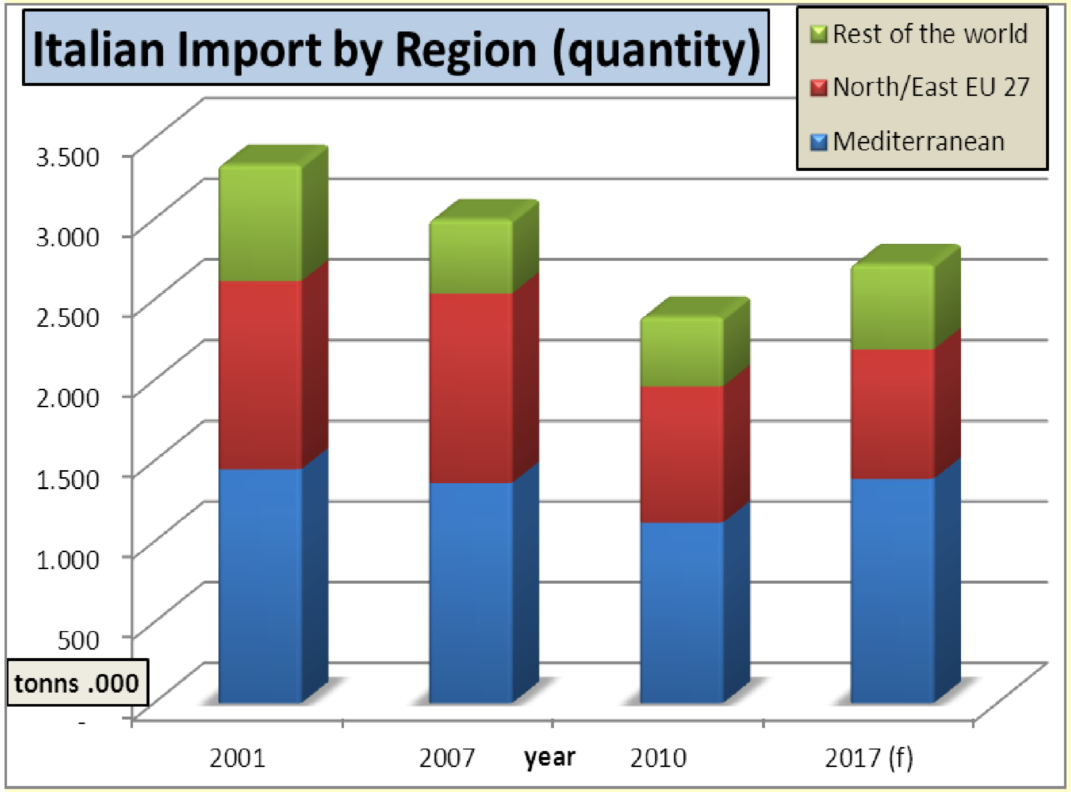


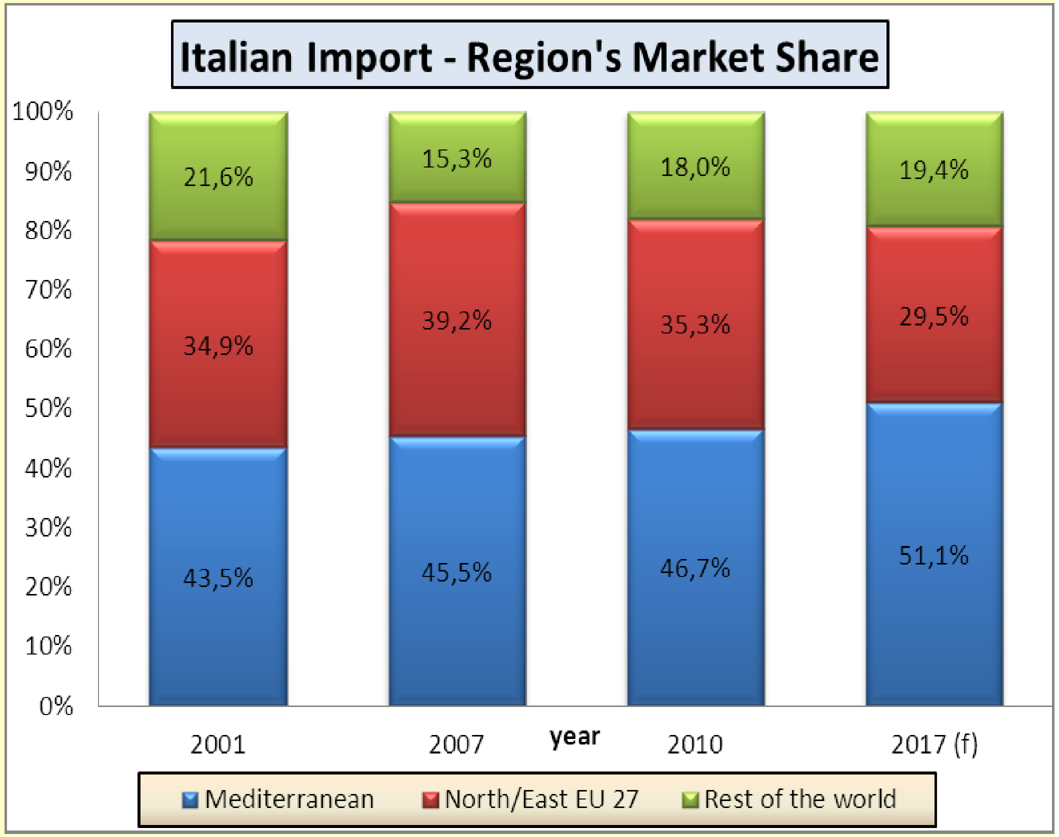


Regions' Details
(Main Partners)



Quantities and Market Shares





Market Share & Quantity Details

YEAR / Product	N based	P based	K based	DAP/MAP	Compounds	TOTAL
2001						
Mediterranean	36,3%	63,0%	35,8%	77,2%	25,0%	43,5%
North/East EU 27	32,9%	33,3%	49,1%	1,1%	63,5%	34,9%
Rest of the world	30,8%	3,7%	15,1%	21,7%	11,5%	21,6%
TOTAL (t .000)	**1.460**	**270**	**530**	**557**	**520**	**3.337**
2007						
Mediterranean	34,5%	93,8%	43,6%	90,3%	20,7%	45,5%
North/East EU 27	39,3%	5,7%	48,5%	6,9%	73,6%	39,2%
Rest of the world	26,2%	0,6%	7,9%	2,8%	5,7%	15,3%
TOTAL (t .000)	**1.450**	**176**	**505**	**432**	**435**	**2.998**
2010						
Mediterranean	47,4%	88,4%	28,0%	90,4%	21,5%	46,7%
North/East EU 27	33,3%	10,5%	37,6%	6,4%	68,1%	35,3%
Rest of the world	19,3%	1,1%	34,4%	3,2%	10,5%	18,0%
TOTAL (t .000)	**1.140**	**95**	**465**	**313**	**382**	**2.395**
2017 (f)						
Mediterranean	52,0%	89,0%	32,0%	87,0%	20,0%	51,1%
North/East EU 27	26,0%	9,0%	35,0%	3,0%	72,0%	29,5%
Rest of the world	22,0%	2,0%	33,0%	10,0%	8,0%	19,4%
TOTAL (t .000)	**1.400**	**120**	**450**	**390**	**360**	**2.720**

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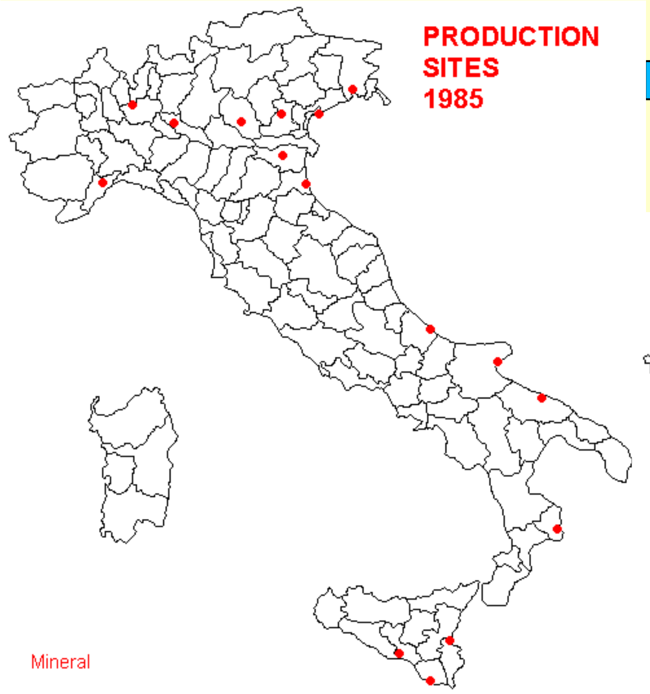
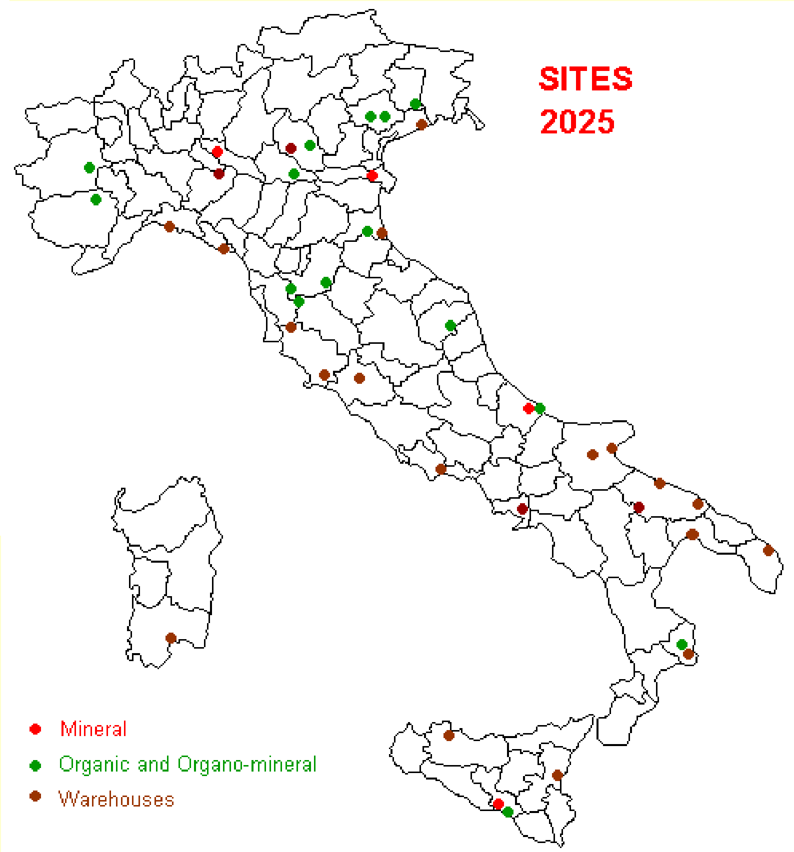
National Production



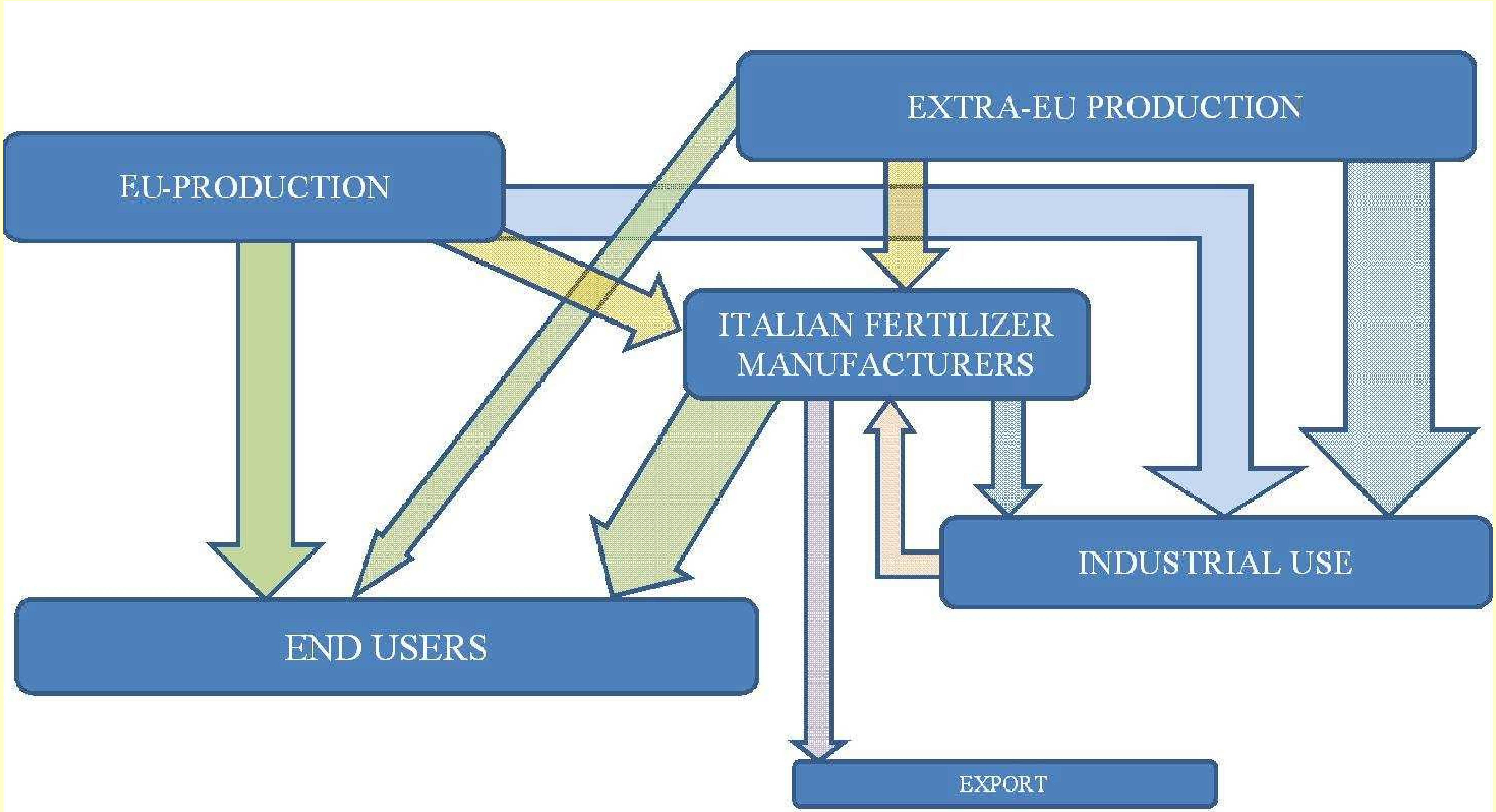


Raw Materials

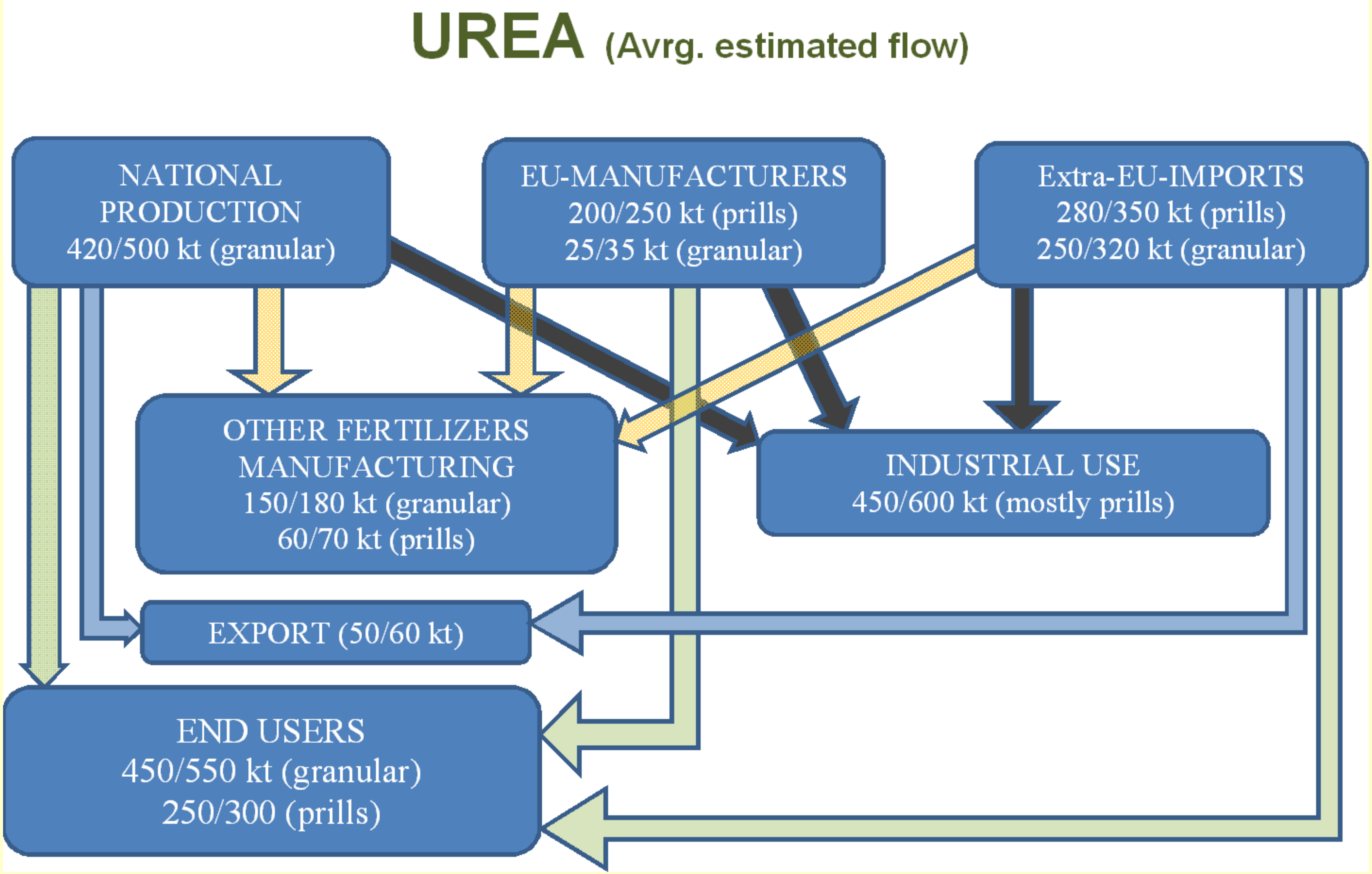
Import (tonns)

Product / period	2007-2009 avg.	2010
Magnesium sulphate	13.678	24.634
Peat	485.970	549.280
Phosphate Rock	197.198	231.860
Phosphoric Acid	193.878	137.336
Ammonia	84.263	62.846

Industrial Use



Some Numbers



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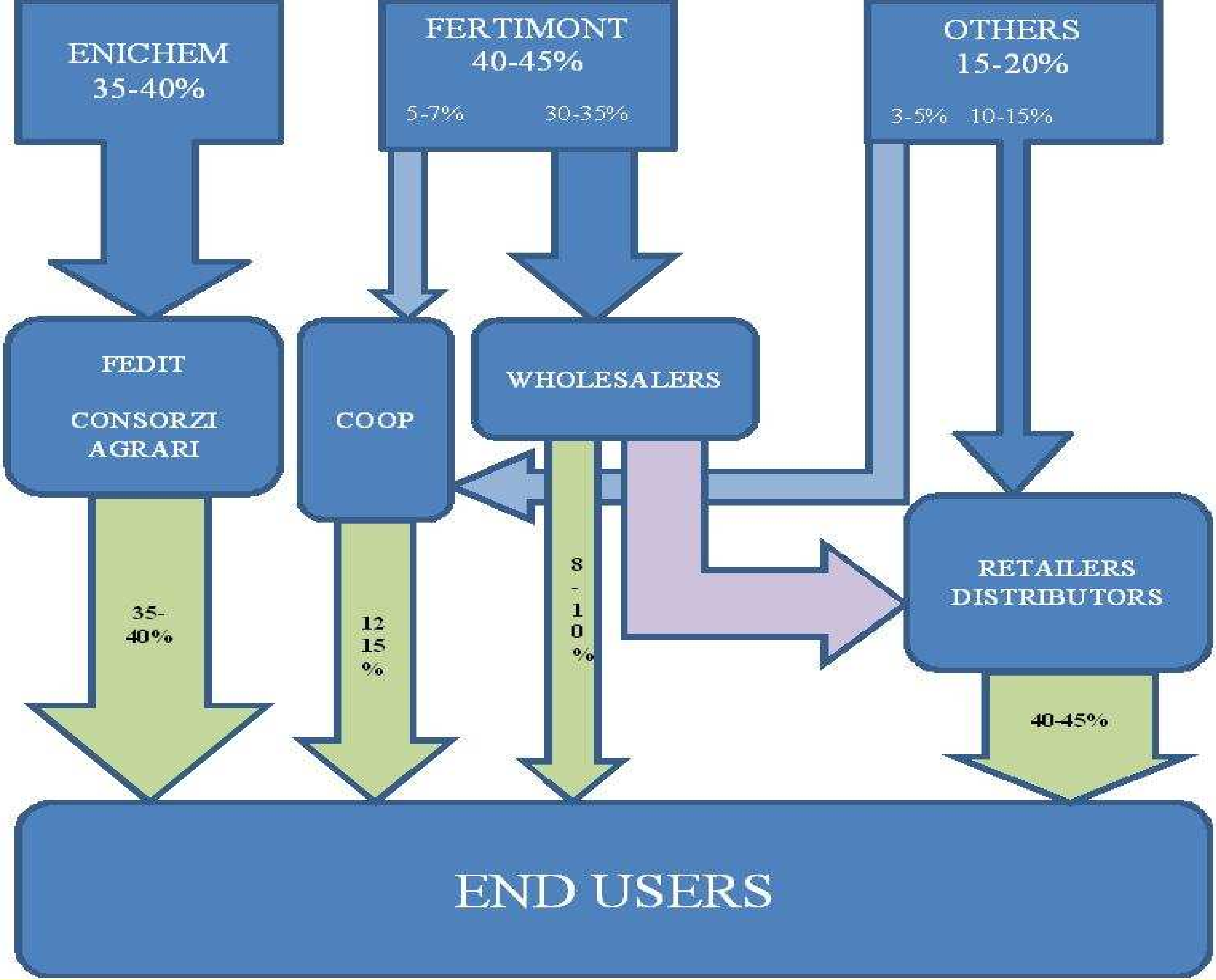
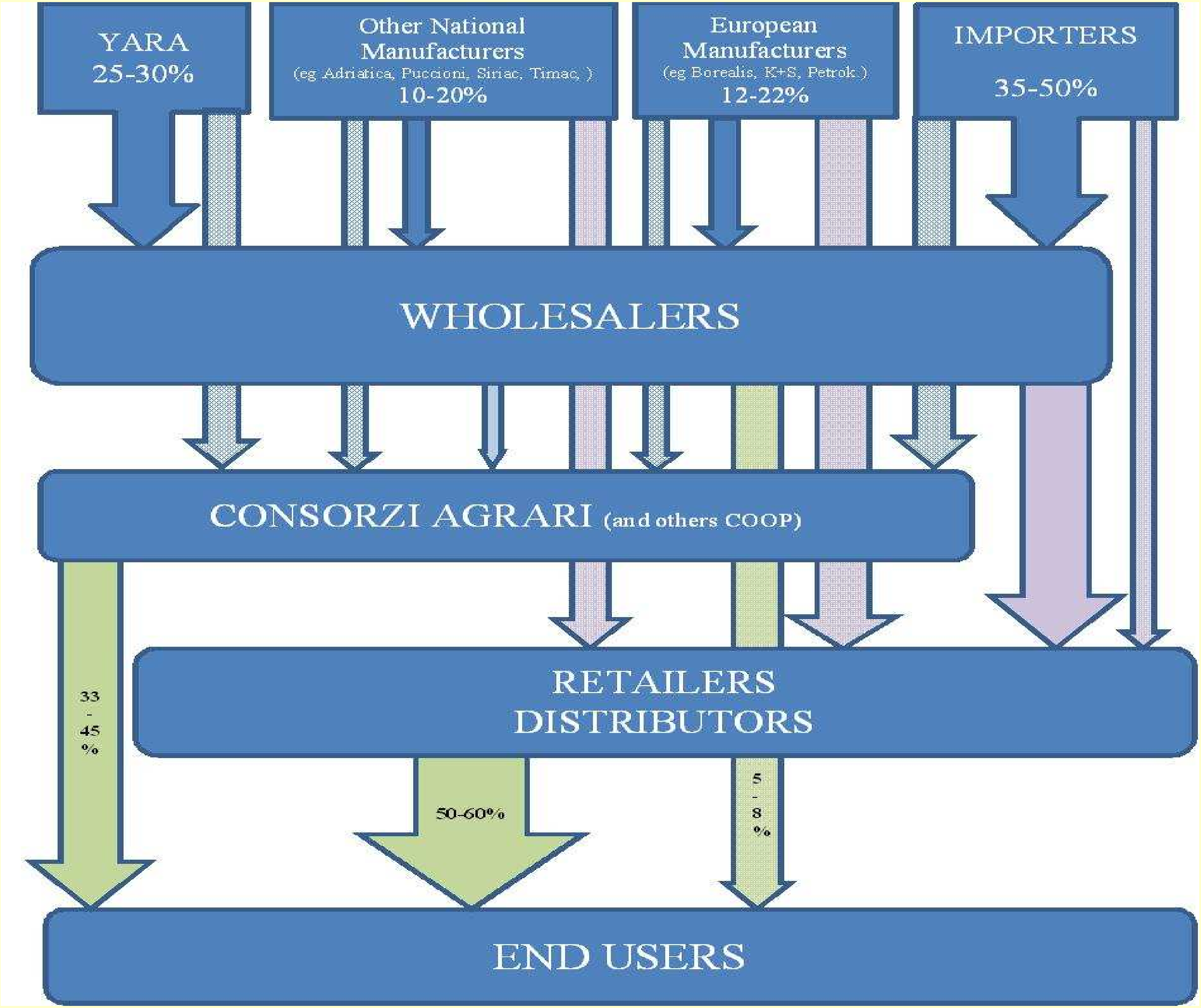
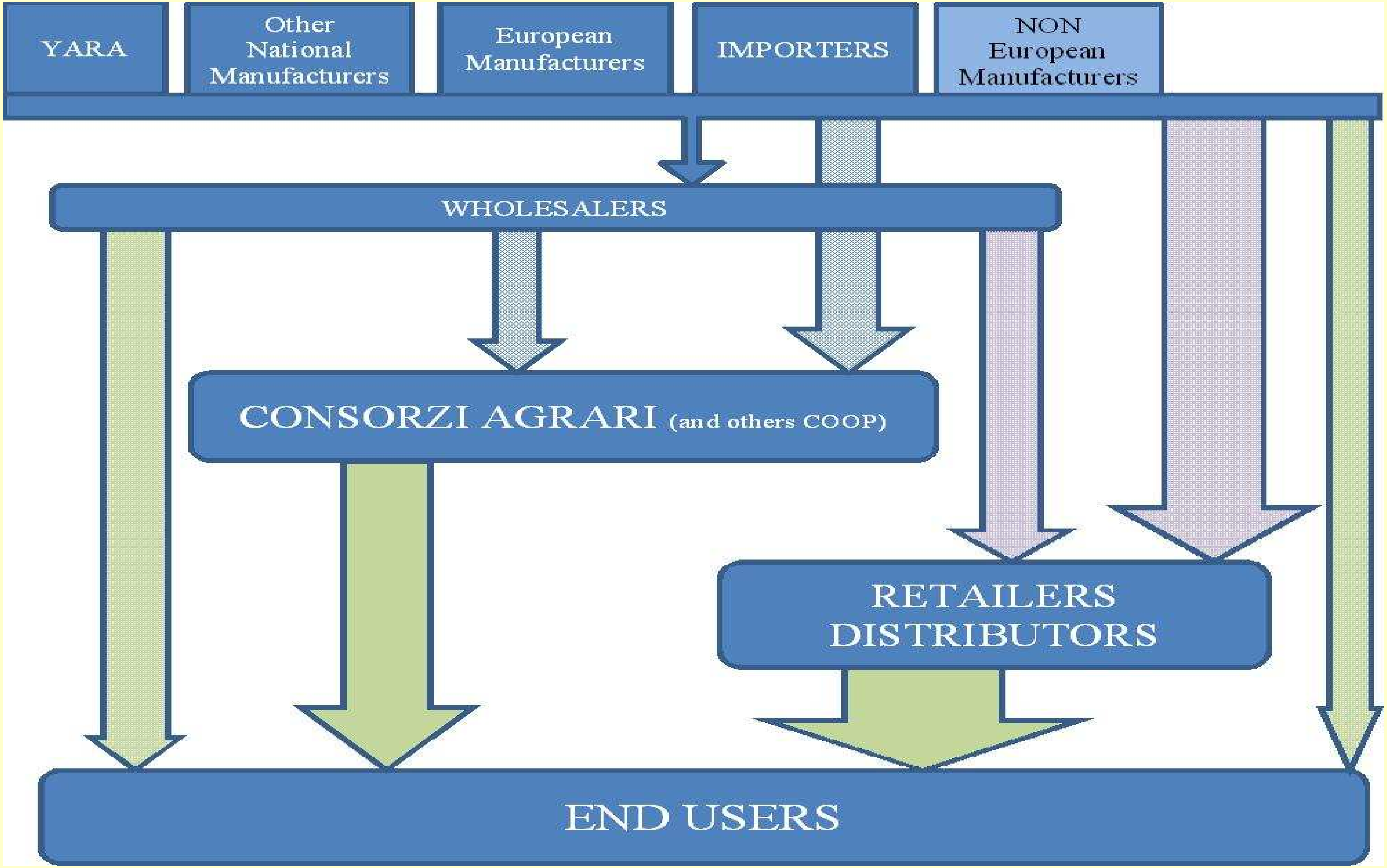
1985


ENICHEM 35-40%
FERTIMONT 40-45%
5-7%
30-35%
OTHERS 15-20%
3-5%
10-15%
FEDIT
CONSORZI AGRARI
COOP
WHOLESALERS
RETAILERS DISTRIBUTORS
35-40%
12 15 %
8 - 10 %
40-45%
END USERS

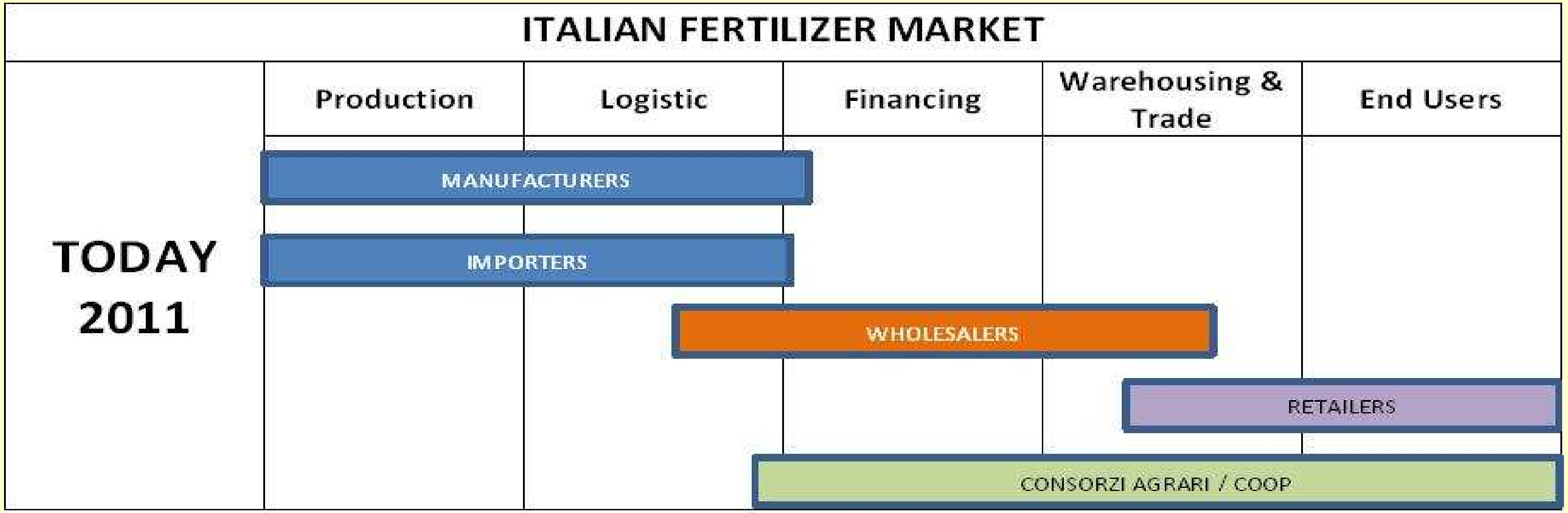

YARA
25-30%
Other National
Manufacturers
(eg Adriatica, Puccioni, Siriac, Timac,)
10-20%
European
Manufacturers
(eg Borealis, K+S, Petrok.)
12-22%
IMPORTERS
35-50%
WHOLESALERS
CONSORZI AGRARI (and others COOP)
RETAILERS
DISTRIBUTORS
33-45%
50-60%
5-8%
END USERS

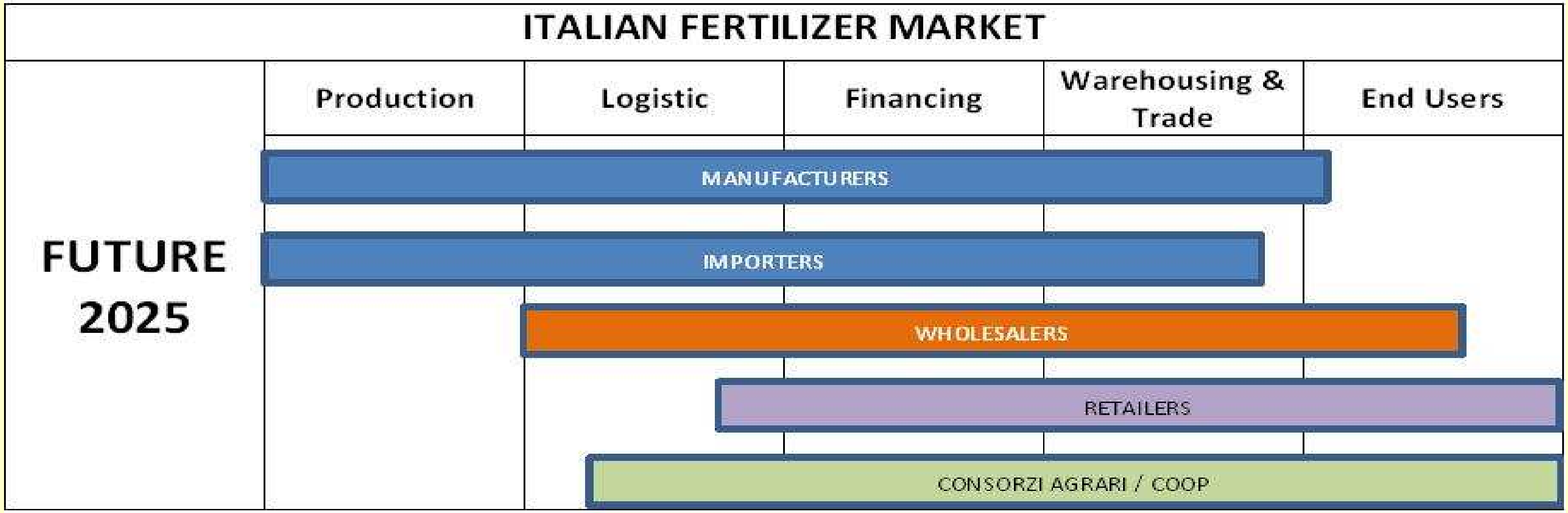
2005

2020


YARA
Other National Manufacturers
European Manufacturers
IMPORTERS
NON European Manufacturers
WHOLESALERS
CONSORZI AGRARI (and others COOP)
RETAILERS DISTRIBUTORS
END USERS

Operators' Functions





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To Clarify

1. Italian price refers to «free on truck» fertilizer
2. Generally in 50 kg bags or (in particular North of Italy) 500-600 kg big bags
3. Huge differences between North-South and East-West (cheaper prices in North-East)
4. Ravenna Port receives more than 50% of Italian Imports (ar. 85% of sea imports)
5. The discount for bulk fertilizer ranges from 12 to 16 €/t (starting from 50 kg bag)
6. 33-34% Ammonium Nitrate: logistic and commercial difficulties
7. The liquid fertilizer sector (eg UAN) represents 3-5% of the whole market
8. Truck transports account for more than 95% of all fertilizer deliveries

1985-2005-2015
Price Evolution

- Until 1993 the national prices were managed from a Government Office (CIP)
- eg: in 1985, the DAP 18/46 price was ar. 116 €/t while the NP 15/30 was ar. 119 €/t
- The aim was to limit the DAP imports (from USA) to promote the national production
- In 2000s the national prices were cheaper than West-European Imports
- In the future we expect the same level

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Italian «Fertilizers» Export

- Italy depends on *imports* for the most common fertilizers and all raw materials
- Within **exports** (ar. 900 kt/y), more than 43% are organic fertilizer (ar. 390 kt/y)
- But the national production amounts to ar. 600 kt, including local consumption
- Looking at other EU Countries market share and other custom codes, the numbers are worrying
- Looking at destinations, some fears have arisen

Custom Code 23011000
FLOURS, MEALS AND PELLETS, OF MEAT OR OFFAL, UNFIT FOR HUMAN CONSUMPTION …

Export to:	From:	2008	2009	2010
PHILIPPINES	**EU27**	**37.899**	**64.309**	**61.657**
	Italy	**185**	**0**	**0**
THAILAND	**EU27**	**118.597**	**142.951**	**189.457**
	Italy	**9.837**	**8.651**	**1.014**
VIET-NAM	**EU27**	**34.758**	**111.094**	**107.440**
	Italy	**8.613**	**17.668**	**6.944**
Source: Eurostat - Quantity: tonnes				

Custom Code 31010000
ANIMAL OR VEGETABLE FERTILISERS …

Export to:	From:	2008	2009	2010
PHILIPPINES	**EU27**	**29.157**	**31.703**	**54.548**
	Italy	**25.953**	**31.651**	**54.421**
THAILAND	**EU27**	**18.171**	**41.491**	**52.405**
	Italy	**18.020**	**41.201**	**50.119**
VIET-NAM	**EU27**	**66.182**	**191.557**	**165.331**
	Italy	**57.044**	**180.374**	**157.927**
Source: Eurostat - Quantity: tonnes				

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CONCLUSION

North of Italy is developing in line with the rest of Europe: is it a problem for South of Italy?

MAP import will increase (raw material), while DAP will decrease (as such consumption)

Urea consumption will increase and will displace «other nitrogen» (CAN, AN, UAN, etc.)

Organic Farming is stable, cultivated land declines, average farm size increases

New Actors: extra-EU manufacturers and Traders

The supply-chain will be shorter

Local Mineral Fertilizer Production is declining

The FUTURE: Specialities, Niche Fertilizers, High Efficency Nutrients, Organic and Organo-mineral fertilizers

THANKS FOR THE ATTENTION

Mariano ALESSIO VERNI' – SILC Fertilizzanti srl