

Dutch Fertilizer Makers Look For More Exports

The world fertilizer crunch, which built to epidemic proportions, during 1973, has focused high interest on supplies available from top fertilizer-exporting countries such as the Netherlands - world's third largest exporter of nitrogen fertilizer - the principal fertilizer produced - to about 1.19 million tons in 1974-75, compared with the 1.15 million tons exported in 1973-74. Phosphate exports could also rise to 340,000 tons from the previous year's 330,000.

A large part of Dutch nitrogen exports will go to other West European countries, where fertilizer use per hectare is among the highest in the world. Sizable quantities are also exported to the United States, which took some 125,000 tons in 1973-74. Other important purchasers last season were the People's Republic of China, India, Indonesia, Brazil, and Egypt.

The thriving Dutch fertilizer industry, developed largely in the past 10-15 years, exports about 75 percent of its total output. Some 1.87 million tons of all types of fertilizers were produced for agricultural use in 1973-74, compared with 1.81 million in 1972-73. Fertilizer imports, totaling some 350,000 tons annually, are mainly of potassium fertilizers, which are produced domestically in very small quantities.

As the 1974-75 season began, the only Dutch fertilizer exports already under contract were those to surrounding West European countries and to North America. By contrast, exports to many Asian, African, and Latin American destinations are usually on a spot-purchase, first-come-first served basis.

Before calendar 1972, Dutch fertilizer factories were estimated to be operating at only 60-65

percent of capacity. This was the result of a large expansion of fertilizer production facilities 4 or 5 years ago, at the last upturn of the fertilizer demand cycle. When a global oversupply developed in 1972 and world prices tumbled, Dutch producers agreed to reduce output.

With the onset of energy shortages, exploding demand, and higher profits, producers were able to expand their output without adding new facilities. At present, industry sources report that Dutch fertilizer factories are working at levels of between 85-90 percent of full capacity.

Operating at 100 percent of capacity, Dutch fertilizer plants could produce a potential 2.25 million tons annually. Consequently, no new construction and reportedly no enlargement of present facilities are planned for the next few years. Since 3 to 4 years are required to bring a new plant to full production, capacity is unlikely to enlarge much before the end of the decade. Since production facilities are more than adequate, the only possible constraints on Dutch production of certain fertilizers would be a lack of raw materials, especially of phosphate rock.

More than 80 percent of total Dutch fertilizer production is made up of nitrogen fertilizer. The Dutch produce all their nitrogen fertilizer from domestic supplies of natural

gas, in contrast to other West European producers - West Germany and France - which must import raw materials. Natural gas supplies are well above industry needs, as are other forms of energy. Although the Arab oil embargo was officially in effect for the Netherlands until July 11, Dutch petroleum imports and stocks remain at year-ago levels.

For nitrogen fertilizer production, imported feedstocks include anhydrous ammonia from Belgium and from an affiliated factory of a Dutch company.

Raw material shortages could affect Dutch phosphate fertilizer production, however, which accounts for about 20 percent of total fertilizer output and is very largely dependent on imports of ground phosphate rock. Thirty-three percent of rock imports are from the United States, 25 percent from Morocco, and 3 percent from the Soviet Union. Basic slag for phosphate fertilizers is largely imported from West Germany.

Supplies of phosphate rock have so far been adequate, although prices of these materials have soared. Prices for ground phosphate rock from Morocco have almost tripled in recent months and other suppliers

have followed with substantial price rises.

Inadequate supplies of basic slag will not affect the Dutch industry since these imports are directly used as fertilizer. Basic slag prices for the 1974-75 season from Belgium and Luxembourg increased by 27 percent and from West Germany by 35 percent.

The Dutch produce only a small quantity of potassium fertilizer - 4,110 tons in 1972-73, which was less than 1 percent of the country's total fertilizer output. Domestic production is limited mainly to potassium sulphate, produced mostly from molasses. The molasses is obtained largely from the Dutch sugar-beet industry, although small quantities are imported.

According to Dutch officials, large potassium chloride deposits have been discovered in the northern part of the Netherlands. Since these deposits are reportedly at great depth, no plans have yet been made to exploit them. Should world market prices rise, however, the Dutch might decide to open the fields, which are said to be sufficient to meet


Dutch needs for many decades.

Dutch farmers already use about the maximum feasible volume of nitrogen fertilizer on their crops, so that marginal increase or decrease in use would not affect yields much. Because only about 6 percent of Dutch farmlands irrigated, changes in the volume of nitrogen applied depend on the weather.

In 1973-74, Dutch consumption of fertilizers was estimated at 625,000 tons. This was applied principally to grasslands, followed by wheat, potato, and sugarbeet crops.



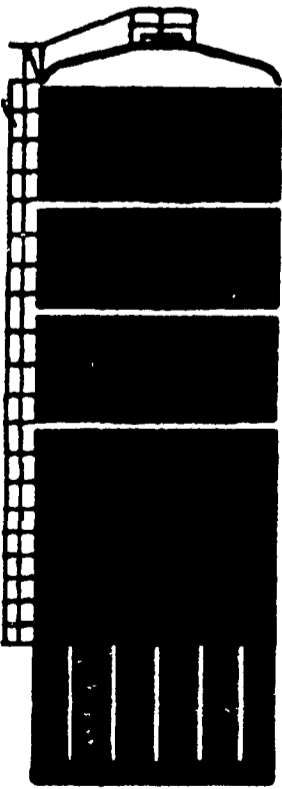

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There is something about the Christmas season that brings out the best in us. Perhaps the tremendous love vested in a babe in a manger and the rays of a bright star shining in the heavens still casts its magic spell over a troubled world. Too often we tend to dwell on the troubles, and forget the blessings we take so much for granted. As I look back over the past year and think about all the good things that have happened, and all the new friends we've made at Lancaster Ford, I can't help but feel very grateful to all you fine people who helped make it happen. My sincere wish for all of you is that the Christmas spirit will be with you throughout the new year.



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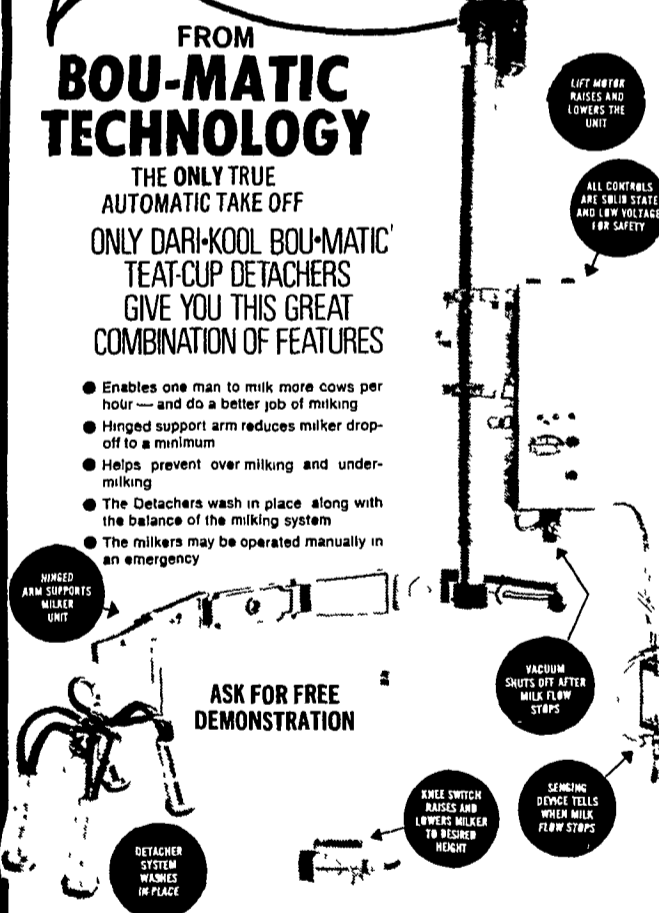
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