

# Green Markets

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FERTILIZER NEWS, PRICING, REGULATION AND SUPPLY CHAIN

## Industry shocked by Baumgertner arrest

The fertilizer industry was already reeling from the international attention resulting from the July 30 break-up of Belarusian Potash Co. (BPC). The Aug. 26 arrest by Belarusian authorities of OAO Uralkali CEO Vladislav Baumgertner in Minsk upped the ante. He was arrested at the airport following a meeting with Belarus Prime Minister Mikhail Myasnikovich.

Baumgertner was charged with abuse of office as chairman of BPC. Baumgertner's Russian lawyer, Alexei Basistov, who cannot represent him in Belarus, told *The Voice of Russia* that based on public information it appears he will be detained for two months. He termed the arrest as purely political. Russia has demanded the immediate release of Baumgertner. Basistov said a Belarusian legal team has been assembled to represent Baumgertner.

Belarus authorities were also reported to be looking for four other Uralkali executives, *see Uralkali, page 15*

## Co-op to buy 17 outlets from Viterra

Federated Co-operatives Ltd. (FCL), Saskatoon, on behalf of the Co-operative Retailing System (CRS), has entered into an agreement to purchase 17 fertilizer, seed, and agriculture chemical supply centers from Viterra Inc., Regina, Sask.

"This agreement enhances our federation's agri-business presence across the Prairies," says FCL's Ron Healey, associate vice president, ag and home products. "We are pleased to be acquiring these assets and look forward to acquainting new employees and customers with the CRS and the benefits it has to offer."

The deal includes eight sites in Saskatchewan (Canwood, Cupar, Leoville, Lloyminster, North Battleford, Prince Albert, Strasbourg, White Star), eight in Alberta (Barons, Claresholm, Crossfield, Grimshaw, High River, Manning, Stettler, Viking), and one in Manitoba (Roblin).

The purchase is a two-step transaction for FCL: first, to acquire the 17 sites from Viterra; and, second, to transfer ownership and operations to local retail Co-ops. *see Co-op, page 15*

## CSB calls for stronger AN regulations; fire marshal meets resistance to inspections

In response to its ongoing investigation into the April 17 fire and explosion at the West Fertilizer Co. facility in West, Texas, the Chemical Safety Board (CSB) on Aug. 20 issued a safety message regarding the storage of ammonium nitrate, and called for expanded regulatory coverage of reactive chemicals such as ammonium nitrate.

The CSB video alert was aired on the agency's website and on YouTube. Reiterating some of the remarks it made in testimony before the U.S. Senate Committee on Environment and Public Works in June (*GM* July 1, p. 1), CSB said in the video that ammonium nitrate storage in the U.S. falls under a patchwork of standards and guidelines that "do not prohibit or discourage many of the conditions that likely contributed to the disaster in West, Texas."

CSB said West Fertilizer stored approximately 60 tons of ammonium nitrate *see CSB, page 15*

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### SPOT BARGE PRICES St/FOB U.S. Gulf

Ammonia	440
Urea (g)	285-305
Urea (p)	330-335
DAP	377-392

\*All prices, see pages 4-5

will be down from last year's strong earnings. Cooperative-wide, Growmark estimated unaudited, estimated pre-tax income for the fiscal year to be \$220 million on sales of \$10.3 billion. Growmark said it was one of the best years in company history. An estimated \$135 million in patronage refunds will be returned to member cooperatives and farmer owners. Comparable numbers for the year ending Aug. 31, 2012, were pre-tax income of \$295 million on sales of \$10 billion, with patronage of \$158.1 million. For the year ending Aug. 31, 2013, record sales volume for the Crop Protection division was reported, the result of sales growth in all major product categories and emphasis on nutrient management and weed resistant challenges. Total crop protection sales increased 28 percent. The Seed segment reported increased unit sales of corn and soybeans, with seed sales dollars up eight percent over 2012. Sales of Deere, AGCO, and Case IH tractors and equipment exceeded the threshold of \$100 million for the first time. All of Growmark's retail divisions reported solid years. Total retail division sales are estimated at \$ 1.7 billion, which includes record sales at East Coast subsidiaries, Growmark FS LLC, and Seedway LLC. Several acquisitions, efficiency improvements, target marketing, and enhanced people resources added to this year's success. The Energy division recorded another record year for total product volume. Total volume was nearly 10 percent higher than last year, driven by market share increases and an expanded marketing footprint. Gasoline, diesel fuel, propane, and lubricants all posted gains. Growmark continues to grow its grain business in nearly every territory segment. Despite the drought going into this year, the grain business performed better than expected, originating 130 million bushels of grain. Risk management services, including Mid-Co Commodities, and AgriVisor LLC, reported continued strong demand for the products and services offered.

### SQM 2Q income off 44 percent

**Santiago**—Lower commodity prices had a major impact on Sociedad Quimica y Minera de Chile S.A. (SQM), with net income before minority interest falling 44 percent for the second quarter ending June 30, 2013, to \$109 million on revenues of \$566.5 million, compared to the year-ago \$193.9 million on revenues of \$683.3 million. Second-quarter Specialty Plant Nutrient (SPN) revenues were down at \$181.8 million from the year-ago \$194.8 million, while Potassium/SOP were down as well to \$164.1 million from \$191.7 million. Revenues were also down in other segments – Iodine, Lithium, and Industrial Chemicals. Six-month income was \$261.6 million on revenues of \$1.19 billion, down from \$345.6 million and \$1.21 billion, respectively. “We saw higher revenues in our SPN business line and similar revenues in our Potassium business line during the first half of the year, when compared to the first half of 2012,” said SQM CEO Patricio Contesse. “As anticipated, fertilizer prices declined when compared to the first half of 2012, but we were able to partially offset lower prices with higher sales volumes in both the SPN and Potassium business lines.” Six-month SPN volumes were \$378.6 million, up from \$353.9 million, while volumes were

457,700 mt versus 403,000 mt. Potassium revenues were down slightly, to \$317 million from \$325.3 million, while volumes were up, at 681,300 mt from 643,200 mt.

### OCI 2H income off 72.2 percent

**Amsterdam**—OCI NV reported a 72.2 percent drop in net income for the first half ending June 30, 2013, to \$56 million on revenues of \$3.1 billion, versus the year-ago \$201.7 million and \$2.63 billion, respectively. Excluding one-time charges, net income was off 38.2 percent, to \$124.7 million. OCI cited natural gas curtailments in Egypt, which significantly reduced production, though it says that gas quantities have now resumed due to amended contracts. It estimated that it lost some 365,000 mt of urea and 247,000 mt of ammonia versus budgeted production. Lost production was partially offset by an increase in traded volumes; however, those have lower margins versus self-produced tons. First-half sales volumes were put at 2.86 million mt of nitrogen-based fertilizer, versus the year-ago 2.59 million mt. First-half traded volumes were 352,400 mt for urea and 776,700 mt for ammonium sulfate, versus the year-ago 21,000 mt urea and 239,200 mt AS.

### Michigan is N.M. untapped, says junior K company

**Hersey**—Michigan Potash Co. LLC (mipotash.com) is seeking to develop some 14,500 acres of potash reserves surrounding the current Mosaic Co. solution mine at Hersey. The company said that for the past three years it has been quietly assembling the leasehold and working to make sure that the mine could be established. “This is the U.S.’s only shovel ready potash project,” said Ted Pagano, Michigan Potash general manager. “Michigan is New Mexico untapped.” Back when the Hersey mine was developed, he said plans were for some 1 million st/y production in the area. Mosaic currently produces about 100,000 st/y at the Hersey mine, as well as salt. The mine was formerly owned by Vigoro Corp., then IMC Global Inc., and then eventually Mosaic. Earlier owners had big expansion plans for the Hersey mine, but the property eventually became a small part of a very large Mosaic portfolio. Pagano touts the location in the Cornbelt

## The Week in Fertilizer Stocks

	Symbol	Price	Week Ago	Year Ago
<b>Producer</b>				
Agrium	AGU	86.09	86.91	99.18
CF Industries	CF	189.33	193.92	207.50
CVR Partners	UAN	18.79	18.87	26.32
Intrepid Potash	IPI	12.41	12.34	22.40
Mosaic	MOS	41.54	41.29	57.81
PotashCorp	POT	29.60	29.66	40.90
Rentech Nitrogen	RNF	25.50	25.70	33.84
Terra Nitrogen	TNH	212.99	210.76	215.29
<b>Distribution/Retail</b>				
Andersons Inc.	ANDE	67.01	67.37	40.28
Deere & Co.	DE	83.80	83.25	74.32
Scotts	SMG	52.78	54.79	41.56

and said his venture has been approaching local cooperatives and buyers about its potential. He said the reserves are the purest and highest grade, nearing 60 percent KCI, which would be 600 percent greater than New Mexico and 200 percent greater than Canada and Russia. While the reserves are some 7,500 feet underground, Pagano said that technology has advanced to the point that that is no problem. Pagano said the company has no association with Michigan Potash Co. Inc., a Toronto-based junior exploration firm operating in Michigan as Purus Potash Inc.

### **BioNitrogen reports county approval, name change**

**Doral, Fla.**—BioNitrogen Corp., which plans to build biomass-to-urea plants in Florida and Louisiana, said Aug. 27 that in Florida, the Hardee County Planning and Zoning Board unanimously approved the site development plan for the BioNitrogen Plant FL I project in Hardee County. The company said this is the final approval required through that board for project development and establishes the framework to complete the final design. In other news, BioNitrogen reported that it will be changing its name to BioNitrogen Holdings Corp. to more accurately reflect the company's plans for future growth. It has also received a new CUSIP number of 09072R104. Both changes are slated to go into effect immediately. The company's stock symbol will not change.

### **Iowa puts up \$1M to bolster nutrient reduction**

**Des Moines**—Due to strong support from the state's farmers, Iowa Secretary of Agriculture Bill Northey has announced that an additional \$1 million in cost share funds have been made available to help farmers implement nutrient reduction practices. According to Northey, farmers have already submitted applications for the initial \$1.8 million in funding that was made available on Aug. 8 for water quality practices. "We are extremely pleased by the overwhelming response we have received from farmers and believe this shows their commitment to water quality," Northey added. "Farmers are matching all these funds, so they are putting up at least \$1.8 million of their own money to implement these voluntary, science-based practices to protect water quality." The practices that are eligible for this funding are cover crops, no-till or strip-till, or using a nitrification inhibitor when applying fertilizer. Any farmer not already utilizing these practices can apply for assistance. Farmers are eligible only for cost share on up to 160 acres. The cost share rate for farmers planting cover crops is \$25 per acre, and for farmers trying no-till or strip till is \$10 per acre. Farmers using a nitrification inhibitor when applying fall fertilizer can receive \$3 per acre. Farmers can contact their local Soil and Water Conservation District office to apply. To date, more than 700 farmers in 85 of the 100 Soil and Water Conservation Districts in Iowa have applied to participate in the program. Farmers have submitted applications for 71,023 acres of cover crops, to use nitrification inhibitor on 4,019 acres, 770 acres of no-till, and 466 acres of strip-till. At the same time, The Agribusiness Association of Iowa (AAI) announced a

partnership with the 4R Nutrient Stewardship Program to help growers optimize fertilizer inputs. "AAI's members are proactive, environmentally responsible professionals," said Allyson Perry, AAI Board of Directors Chair. "The AAI board of directors' decision to become a 4R Nutrient Stewardship partner reflects our members' commitment to land and water stewardship through using best management practices in order to maintain a sustainable agricultural system." The 4R framework takes an innovative, science-based approach that provides stakeholders with educational tools, advocacy support, and implementation recommendations for crop nutrient stewardship. The program advocates management practices to increase production, boost farmer profitability, enhance environmental protection, and improve sustainability.

### **Arclin to market nitrogen urease inhibitor**

**Roswell, Ga. and High Point, N.C.**—Arclin, Roswell, and Eco Agro Resources, High Point, said Aug. 28 that Arclin will be the exclusive seller of Eco Agro's nitrogen urease inhibitor in the U.S. Arclin will offer it as a part of its NitroGain™ suite of products. It says NitroGain UI will reduce nitrogen loss from urea-based fertilizers, giving crops more time to absorb nutrients and less to runoff into groundwater or streams. The NitroGain suite also contains a slow-release nitrogen fertilizer. The UI product will be available at select agricultural distributors across the U.S., initially on a limited basis. Blended with UAN fertilizers, Arclin says UI reduces nitrogen loss by hindering the conversion of nitrogen to ammonia and carbon dioxide. The patent is pending on the n-butyl triphosphoric triamide (NBPT)-based technology. Arclin says the product has a low toxicity and is non-carcinogenic, making it considerably safer than other commercially available urease inhibitors. It can be used to either coat urea granules or mixed with UAN systems. Its most common applications are nitrogen-focused crops like corn, cotton, rice, coffee, wheat, and turf grasses. Arclin is a provider of resin-based systems and surface overlays for the building, design, energy, agriculture, and other industries. Eco Agro is a maker of agricultural nutrient products.

### **Syrian crisis prods action on Haifa NH3**

**Tel Aviv**—Israel's Environmental Protection Ministry has ordered a reduction in the amount of ammonia stored at the Haifa Chemicals storage facility in Haifa. The decision was taken as a precaution in light of the tension in the region and the possibility of an American-led operation against Syria in response to the use of chemical weapons by the regime of President Bashar Assad. The 12,000 mt ammonia storage facility is located in Haifa Bay and is close to heavily populated areas. The Israeli government has already agreed in principle to move the facility to southern Israel. However that is not expected to occur before the end of 2015 or 2016 at the earliest. A report by the Zalul Environmental Association in February called on the Israeli government to speed up the process of moving the facility and estimated that any accident, missile attack, or earthquake in the Haifa region could lead to the death of up to 17,000 people and the injury