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## Grupa Azoty comments on the current situation in the fertilizer market

**For several weeks now, fertilizer prices have been on an upward trend in the main global markets. This is the result of several factors – demand, fertilizer availability, and supply logistics. Fertilizers are becoming moderately more expensive both in countries with low and stable production costs and in countries where costs are high and subject to rapid changes. In light of the trend observed over several quarters of postponing fertilizer purchases until just before the seasonal peak, Grupa Azoty consistently recommends spreading purchases over several batches to reduce the risk of buying products at high prices.**

phosphorus, and potash, as well as energy prices, coal prices, and fees for CO<sub>2</sub> emission allowances. Since the beginning of the year, urea prices in the Baltic have increased by \$85/ton (approximately 340 PLN/ton). Prices of nitrate fertilizers (AN, CAN) at major European producers have also risen by about €60/ton (around 250 PLN/ton) during the same period.

Although natural gas prices at around €45/MWh are slightly lower than at the beginning of the month, they remain high in the context of fertilizer production costs. It should be noted that compared to prices a year ago, they are as much as 50% higher – before the war in Ukraine, they were between €15-20/MWh. The rapid fluctuations in gas prices cause producers to continuously adjust fertilizer prices according to the current raw material situation.

### Availability of Grupa Azoty fertilizers on the domestic market

Recently, there have been reports in the public domain about limited access to Grupa Azoty fertilizers. At the same time, comments have emerged regarding the vast selection of fertilizers from Russian and Belarusian producers. There is, in fact, a very large assortment of Grupa Azoty fertilizers available on the market, so any information regarding alleged shortages of the Group's products should be seen as an attempt at misinformation. In this regard, there is noticeable lobbying activity by those who fear the normalization of fertilizer trade and a reduction in the opportunities to import fertilizers from the East, following recent proposals announced by the European Commission.

*As Grupa Azoty, in January and February of this year, we sold several hundred thousand tons of fertilizers on the domestic market. We executed nearly 100 full-train deliveries and thousands of truck deliveries to 12,500 addresses, with almost 80% being agricultural farms. However, it is also a fact that fertilizers from Russia and Belarus are available on the market, and many farmers choose to purchase them due to their lower prices. We must remember that high gas costs and fees for CO<sub>2</sub> emissions—which Russian and Belarusian producers do not have to bear—play a key role in the final pricing of fertilizers, notes Jacek Zaborowski, Director of the Corporate Trade Department of the AGRO Segment at Grupa Azoty.*

Speaking about competitiveness and comparing the conditions under which EU producers operate versus those from the East, it is worth recalling that both the industry, including our Group, and consumers fully supported the initiative to impose tariffs on grain from Russia and Belarus, which were ultimately implemented on 1 July 2024.

*Just as we prioritized the issue of tariffs on grain for the sake of farmers, the matter of tariffs on fertilizers from those regions is equally a priority for Grupa Azoty. The recent decisions by the European Commission are a step in the right direction. We steadfastly maintain that sustaining fertilizer production within the EU is the guarantee of our fertilizer security. In a scenario without EU producers, it would only be a matter of time before the prices of imported fertilizers increased,* **adds Jacek Zaborowski.**