ifa GLOBAL MARKETS CONFERENCE

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GCC FERTILIZER MARKET OUTLOOK: CHALLENGES & OPPORTUNITIES

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الاتحاد الخليجي للبتروكيماويات والكيماويات

Agenda

- **Introduction to GPCA**
- Fertilizer Market Overview
- Growth Opportunities
- Products Diversification
- Focus on Sustainability
- Concluding Remarks

Introduction to GPCA…

GPCA was founded in 2006 and has been growing in both its reputation and influence to become the *voice* of the chemical industry in the Arabian Gulf

The Role of GPCA on Industry:

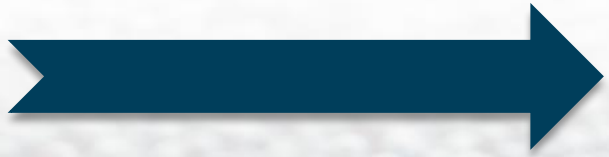
- Platform for knowledge sharing
- Advocating the industry's common position
- Trusted source of information
- Driving HSE excellence
- Fostering the creation of innovation culture

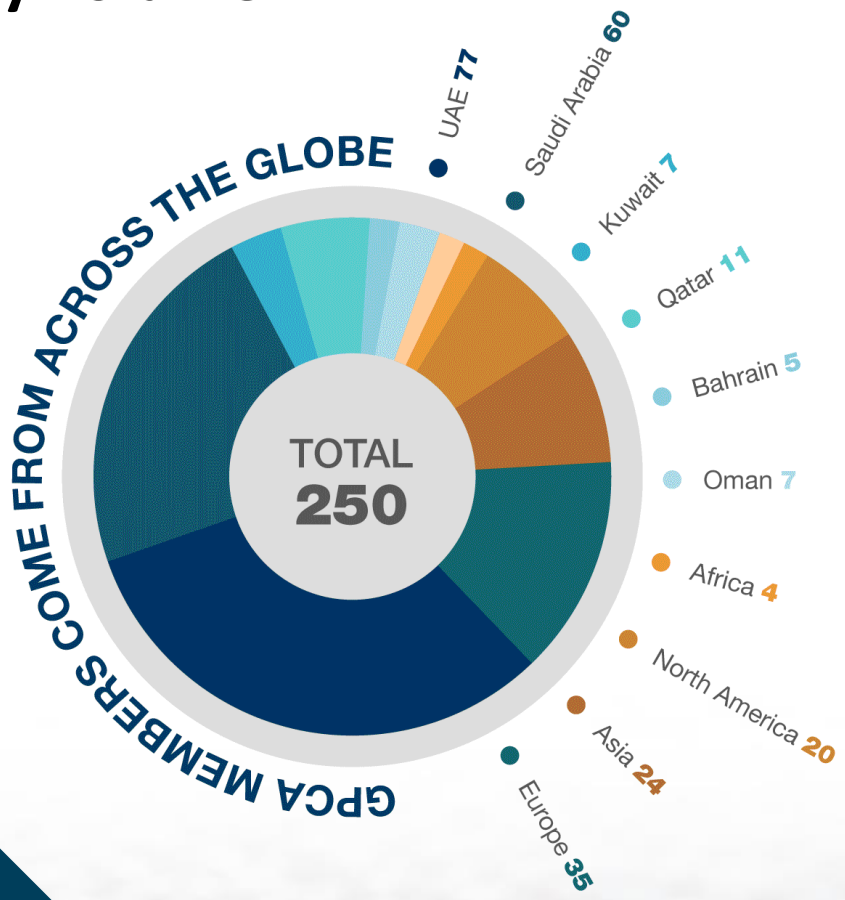
Who GPCA represents…

GPCA's full member companies collectively account for more than 95% of the chemicals output in the Arabian Gulf region by volume

Founding Members

2006





2020

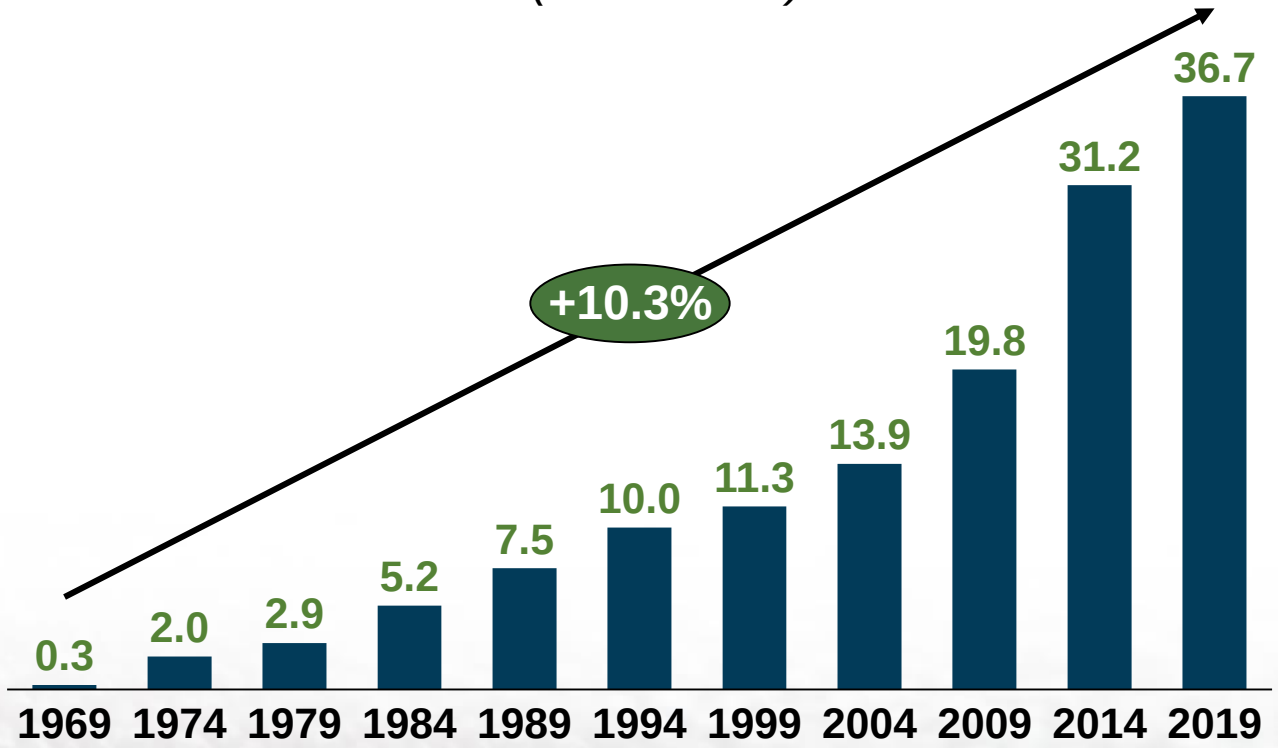
Fertilizer Market Overview

The industry has been growing…

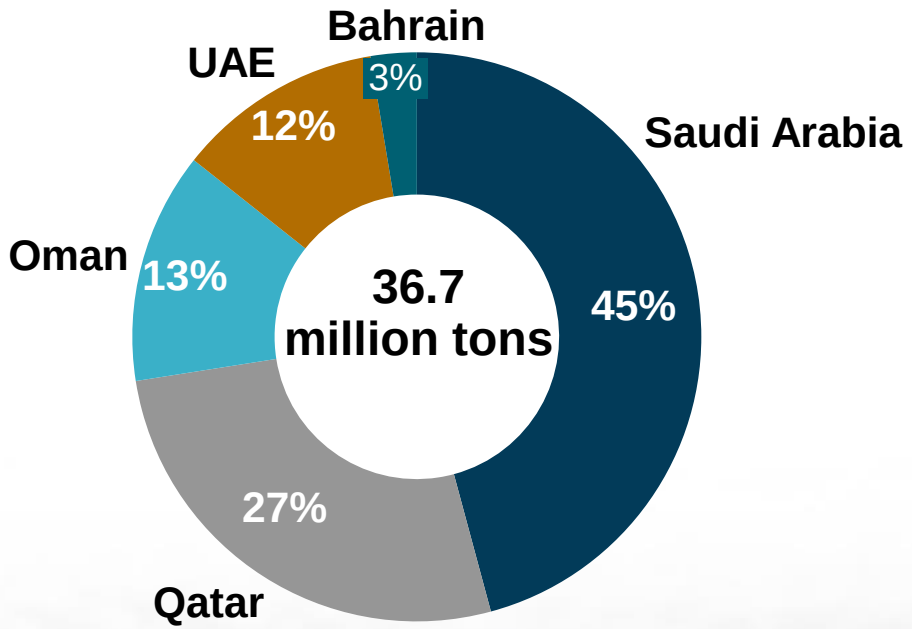
At an annual growth rate of **10.3%** over the past five decades, reaching **36.7** million tons of production capacity in 2019

GCC Fertilizer (N- & P-) Production Capacity

(million tons)

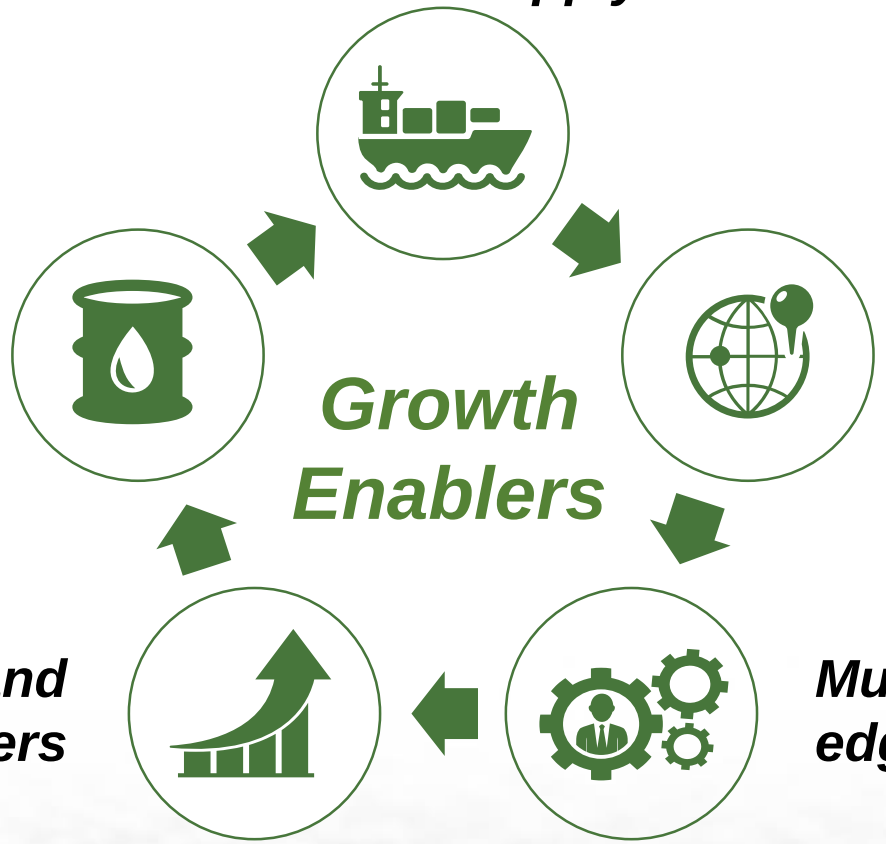


Fertilizer Production by Country – Y2019



Source: GPCA Analysis, 2020
Note: Based on source information from GPCA member companies

Growth has largely been driven by…

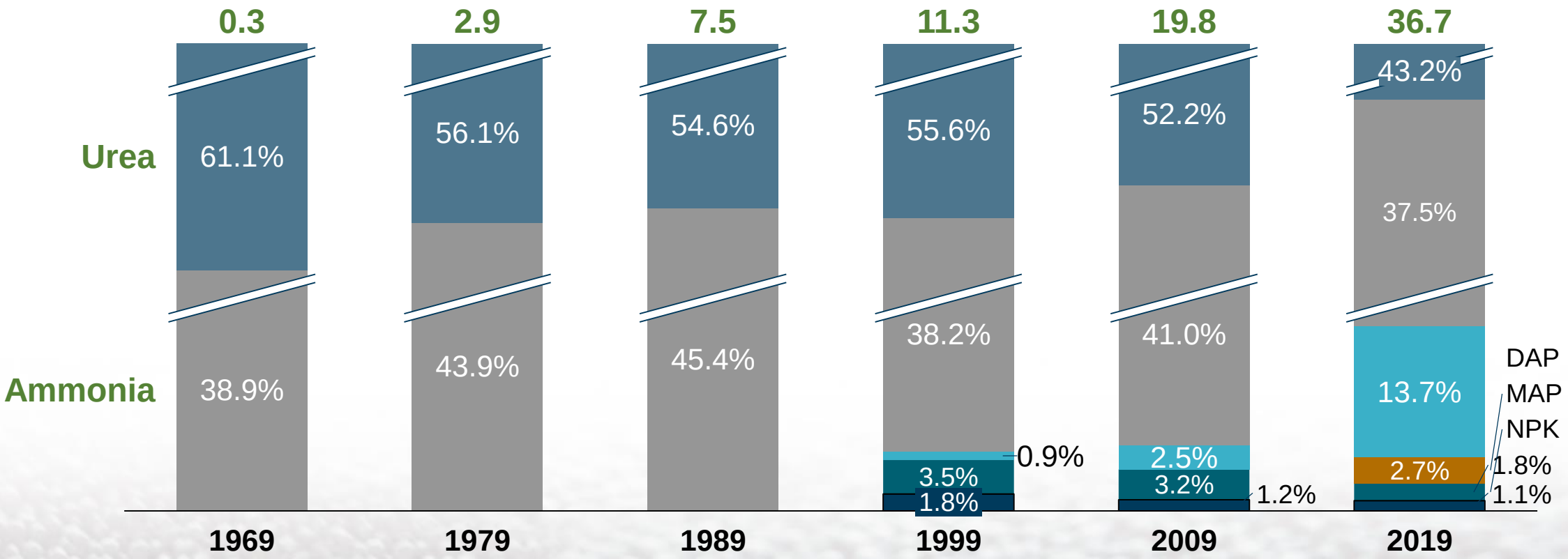


Source: GPCA Analysis, 2020

The product portfolio has also **evolved**…

The GCC fertilizer industry began diversifying in the late 1990s with the addition of phosphate fertilizers

GCC Fertilizer Capacity by Product *(share in total / million tons)*



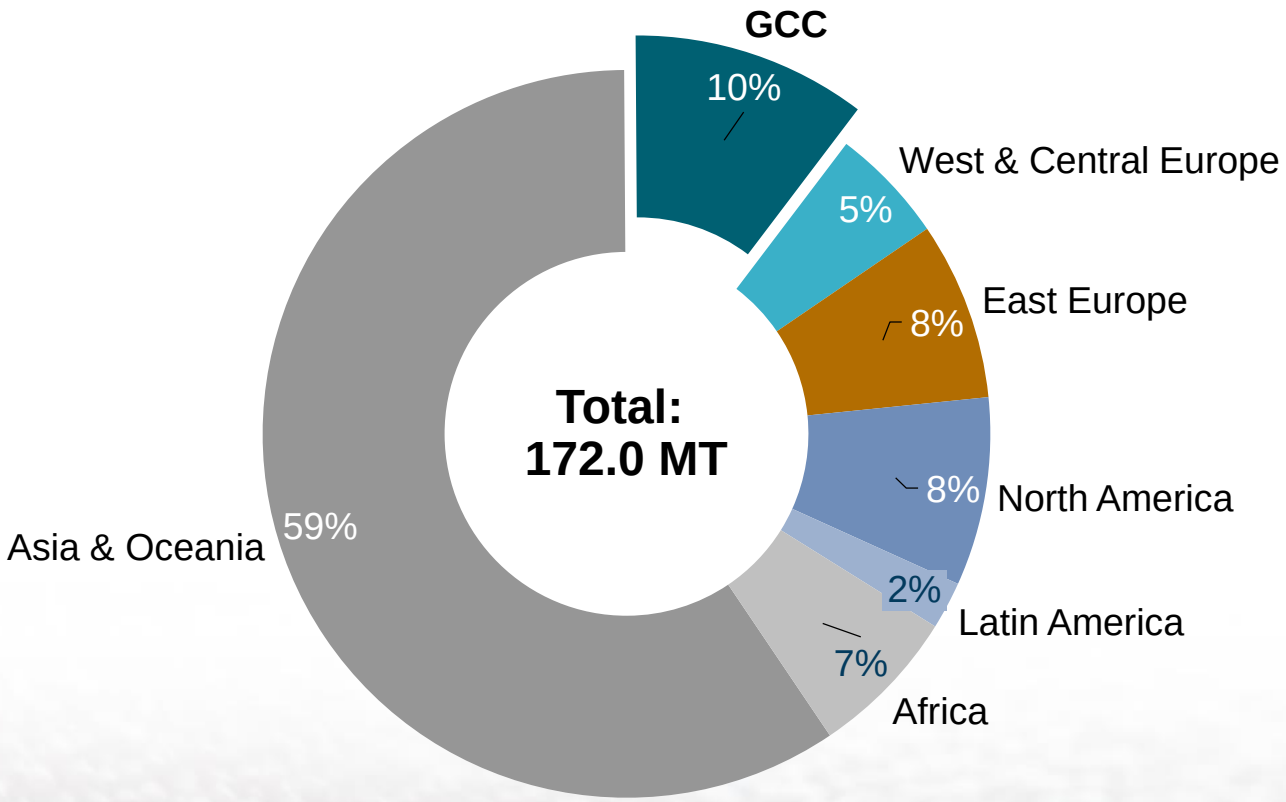
Source: GPCA Analysis, 2020
Note: Based on source information from GPCA member companies

The Industry's Global Position

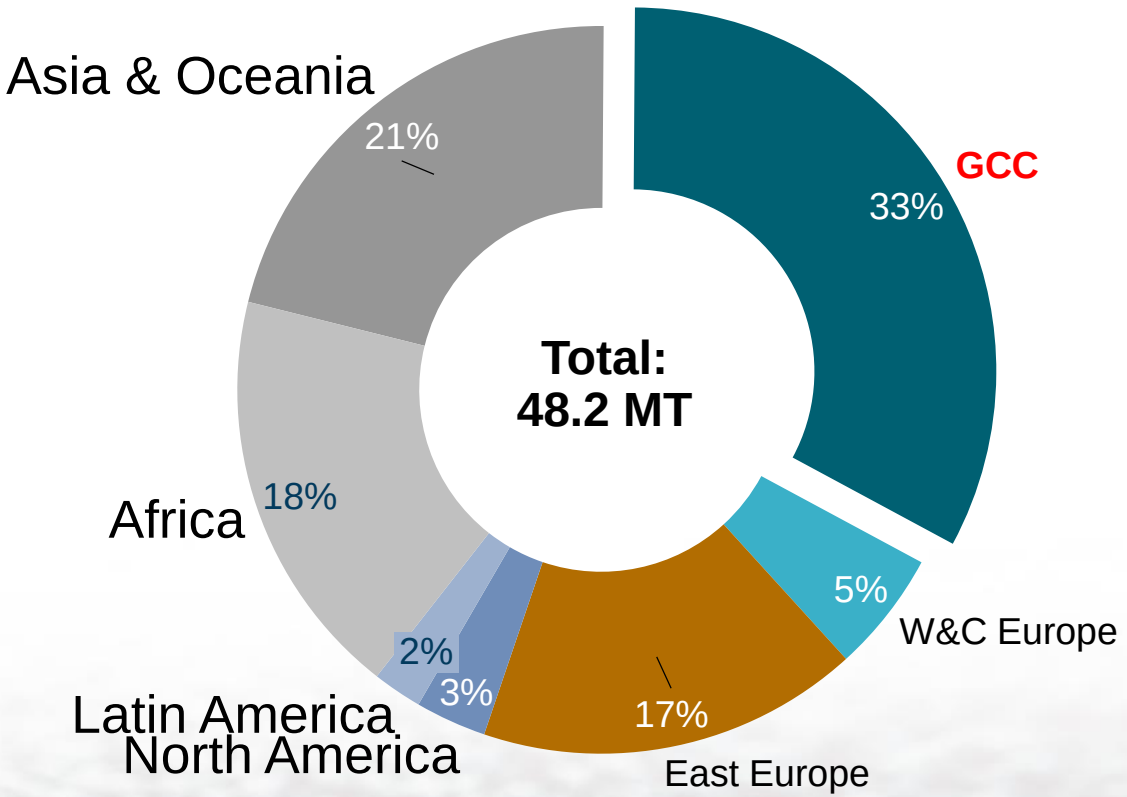
GCC is the largest global urea **exporter**…

Accounting for 33% of global exports and 10% of global production

Global Urea Production by Region – Y2018



Global Urea Export by Region, Y-2020

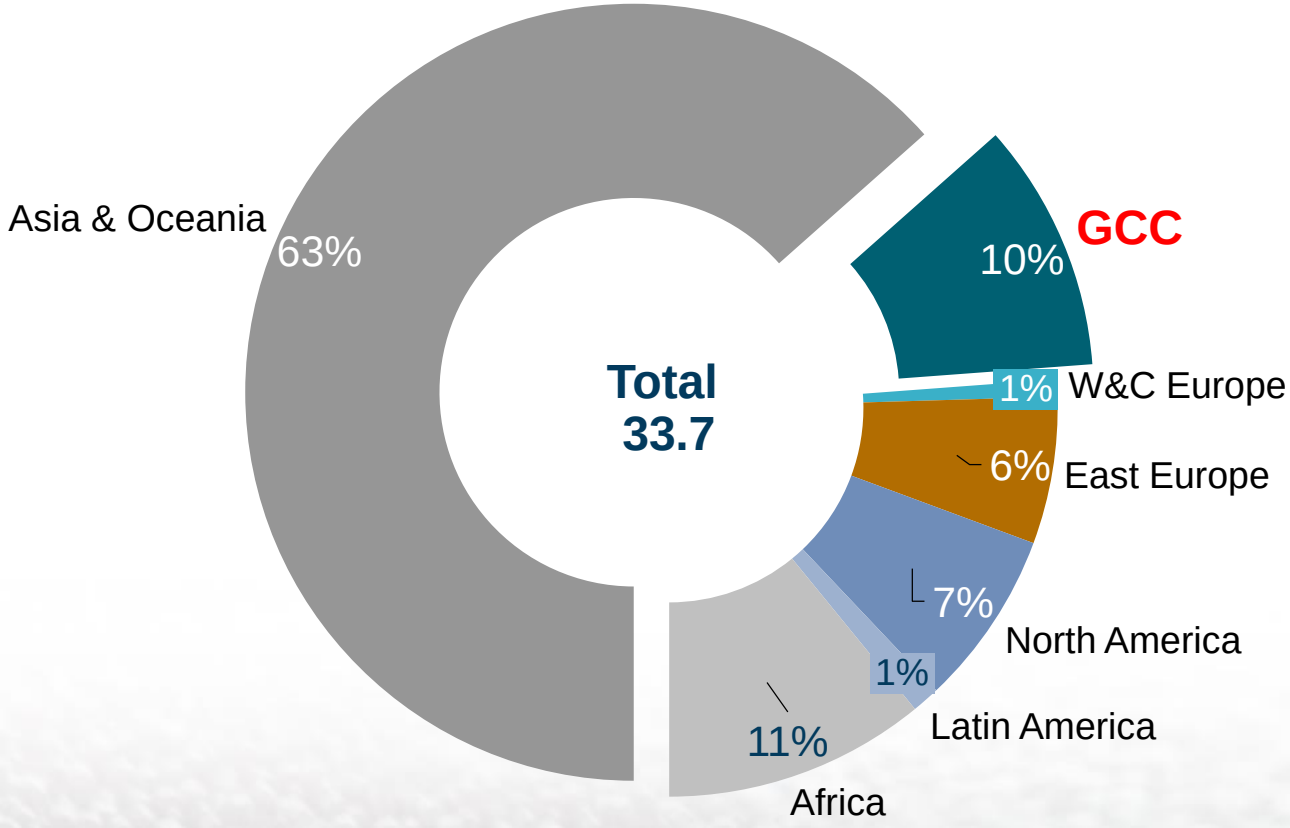


Source: IFA Production & International Trade, GPCA Analysis, 2020
Note: Global share is based on production data

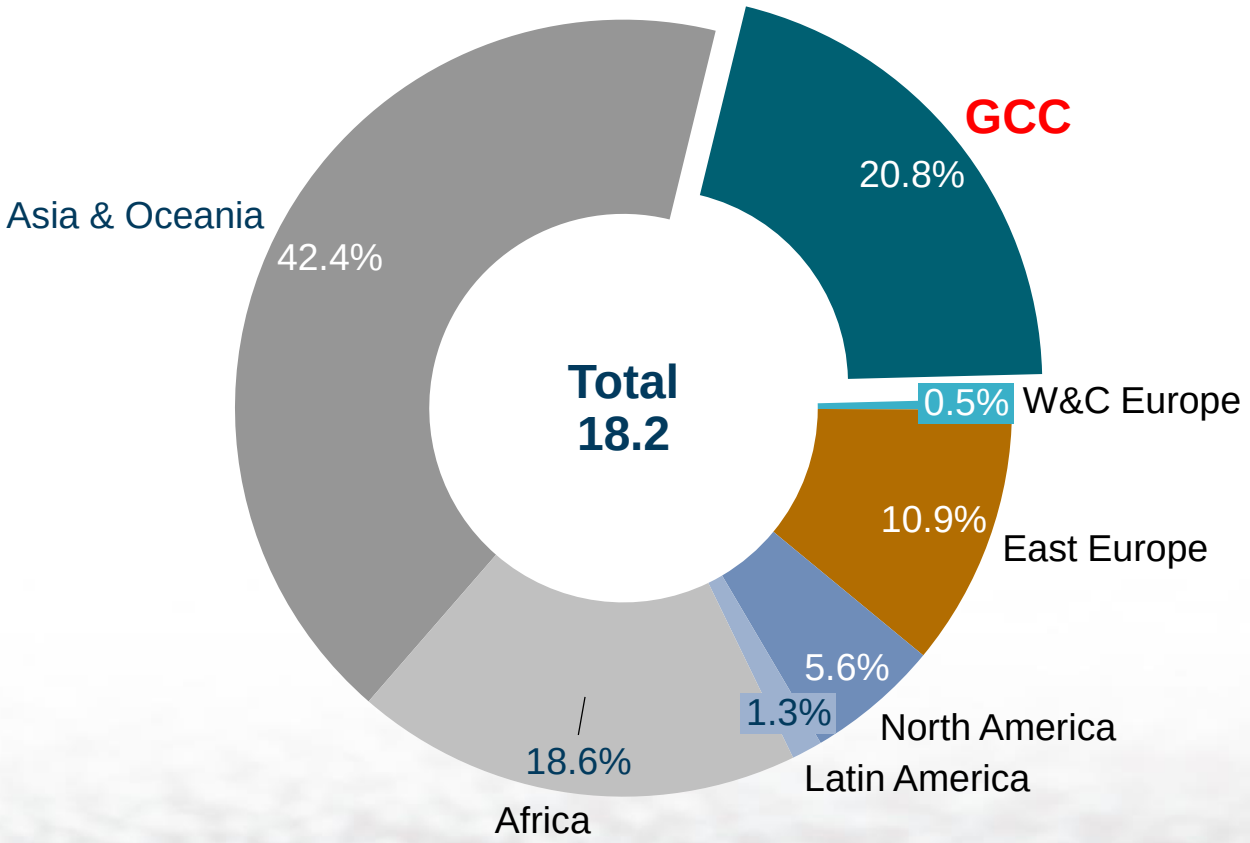
And is the second leading DAP **exporter**…

Accounting for 20.8% of global exports and 10% of global production

Global DAP Production by Region



Global DAP Export by Region

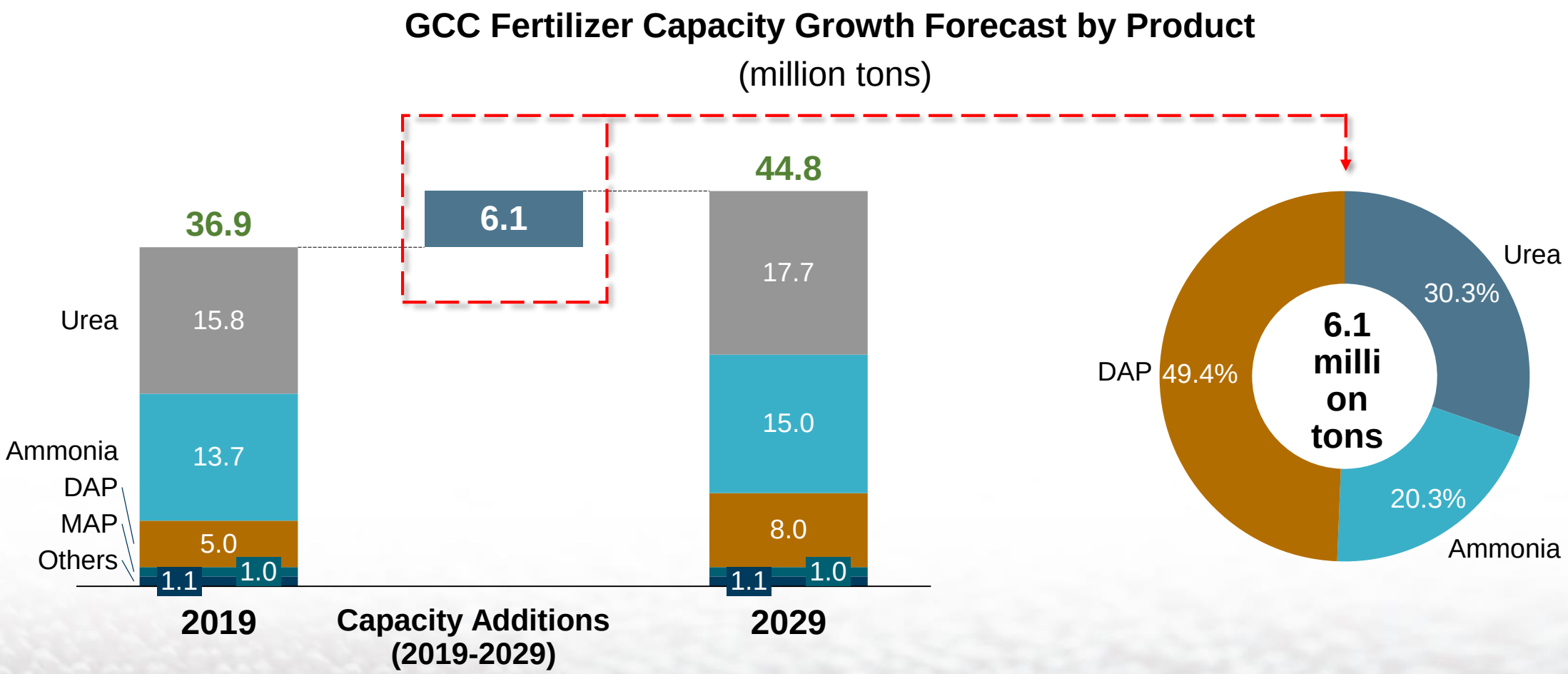


Source: IFA Production & International Trade, GPCA Analysis, 2020
Note: Global share is based on production data

The Industry's Future Growth

The Industry is expected to add **6.1 million tons**

With phosphates driving the majority of capacity additions



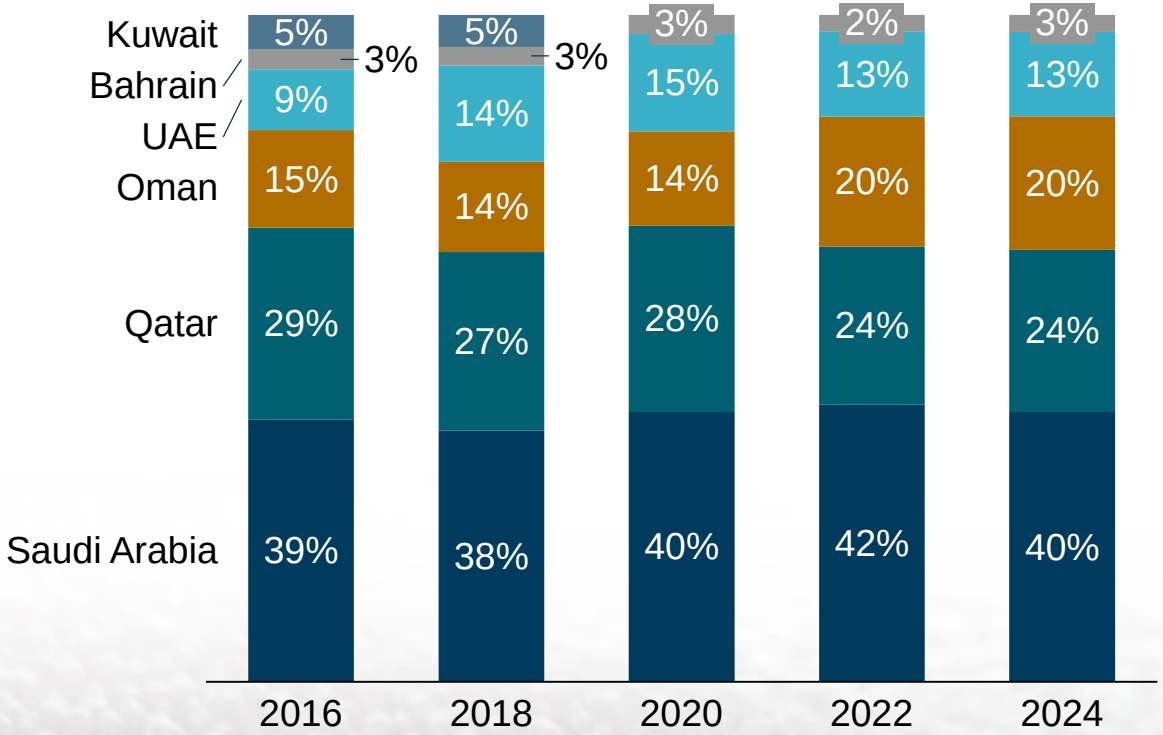
Source: GPCA Analysis, 2020
Note: Based on source information from GPCA member companies

Ammonia and Urea **Market Share…**

Major production hubs of ammonia and urea are Saudi Arabia and Qatar, with DAP production only in Saudi Arabia

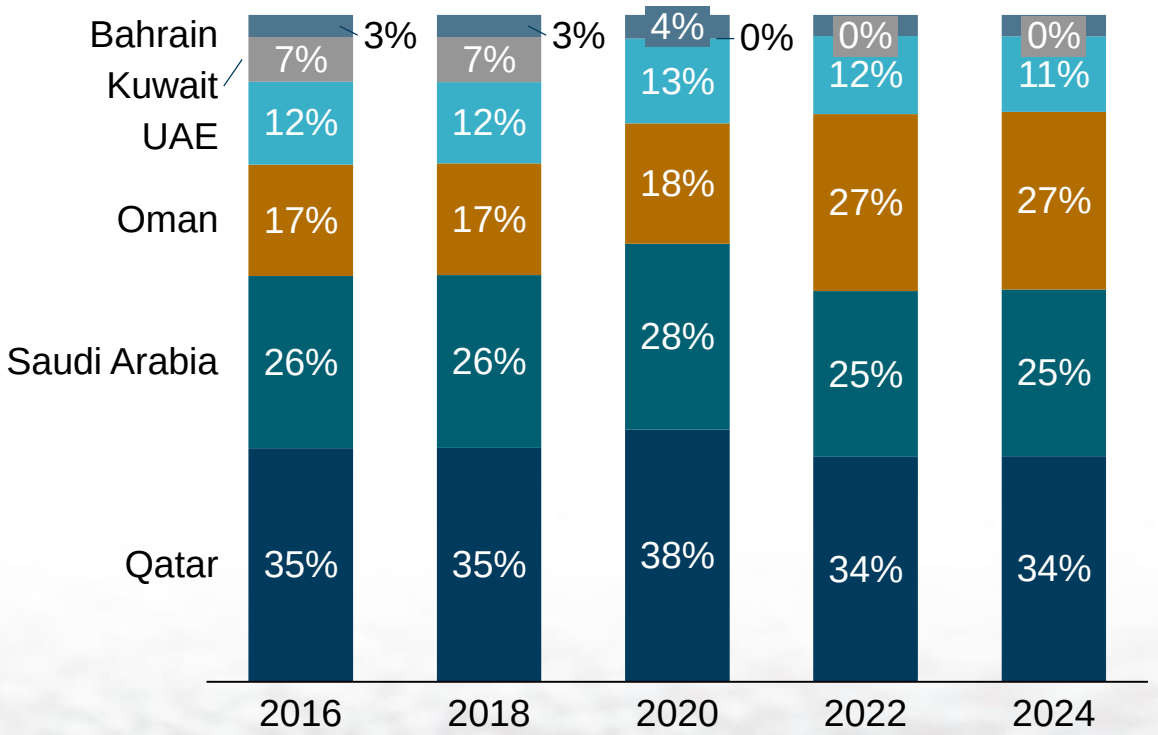
GCC Ammonia by Country

Market Share (%)



GCC Urea by Country

Market Share (%)



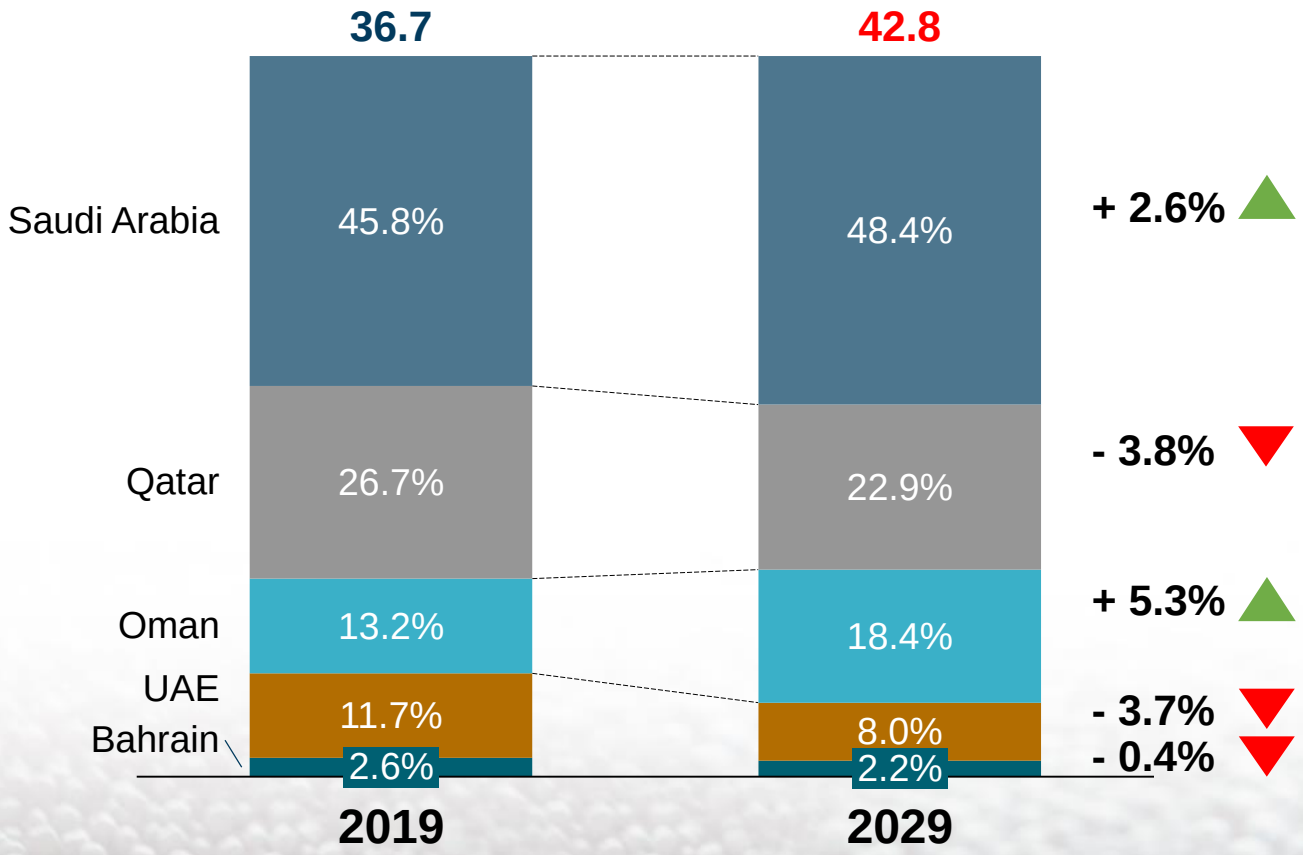
Source: GPCA, 2019

The GCC country balance will remain **stable…**

With modest market share gains by Saudi Arabia and Oman

GCC Fertilizer Capacity Growth Forecast by Country

(share in total)



Source: GPCA Analysis, 2020

Note: Based on source information from GPCA member companies only

Key GCC Fertilizer Projects

Project	Investment	Capacity	Status
Saudi Arabia			
Maaden Waad Al Shamal	USD 8 billion	3 million tons of phosphate fertilizers	Completed in 2017
Maaden Phosphate 3	USD 6.4 billion	3 million tons of phosphate fertilizers	Under Construction
Oman			
Salalah Ammonia plant	USD 750 million	1,000 metric tonnes per day of ammonia	Under Construction

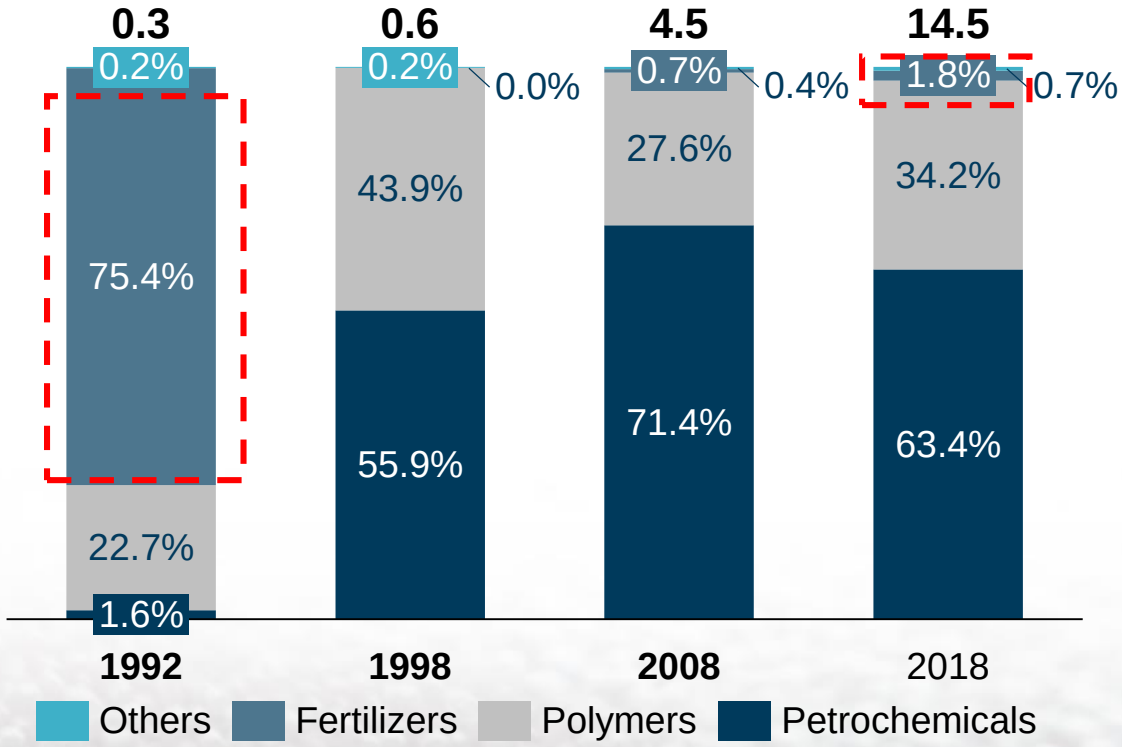
Change in Export Landscape

Key export markets will be **impacted**…

Fertilizers was previously the main export product from the GCC to China, but as China targeted self-sufficiency this trade structure virtually disappeared

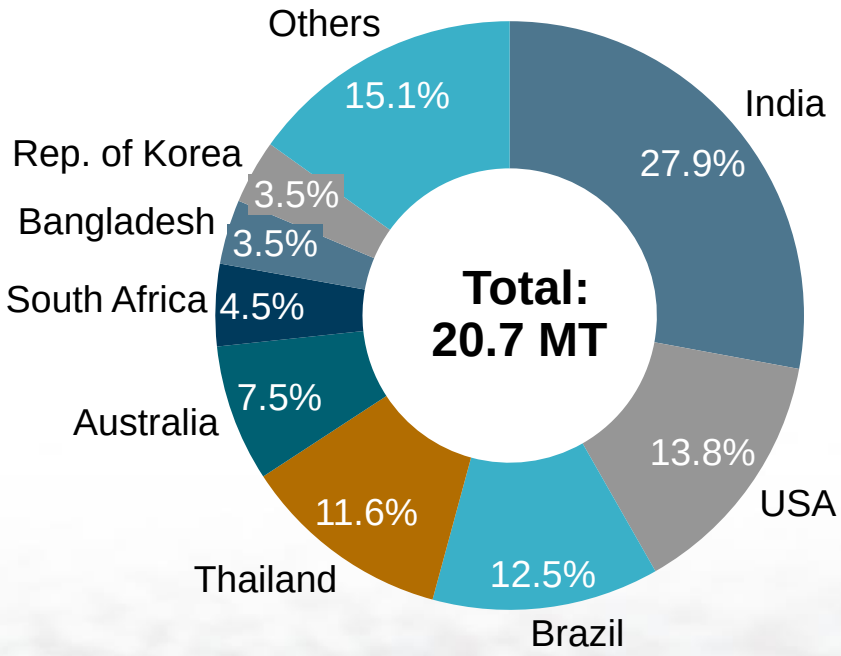
China's Chemical Import from the GCC

million tons / % share (1992-2018)



GCC Fertilizer Export in 2018

Top destinations



Source: UN Comtrade, 2019

Growth Opportunities

Focus on growth in **Africa**…

Development of new markets is critical for GCC fertilizer producers, particularly in Africa where robust fundamentals are present for fertilizer market development

Fastest Growing Population

40% of global population growth by 2050

Consumption Growth

Government target improvement of fertilizer consumption

Natural resources

Availability of natural gas and phosphate for new projects

Source: GPCA Analysis, 2020

Product Portfolio Diversification

Capturing **Opportunities**…

GCC producers have begun market penetration in the African market, establishing joint ventures with fertilizer producers and investing in the fertilizer supply chain

Ma'aden acquired African distribution Company *(2019)*

Ma'aden acquired 85% in Meridian Group to have a distribution network in southern Africa (Mauritius, Malawi, Mozambique, Zimbabwe and Zambia)

Fertil formed JV with OCI *(2019)*

Fertil formed JV with OCI's producers in Egypt and Algeria, making it the largest nitrogen-based fertilizer company in the Middle East and North Africa

Source: GPCA Analysis, 2020

The Industry's Sustainable Approach

Turning **waste** into **value…**

Driven by sustainability agendas and waste reduction, GCC fertilizer producers are capturing CO2 emissions to use as feedstock in production

Fertil	GPIC	QAFCO	SABIC
CO2 Recovery	***CO2 Recovery***	***CO2 Recovery***	***SAFCO 5 Urea***
2009	2010	2010	2015
100,000 tons/year	***100,000 tons/year***	***100,000 tons/year***	***500,000 tons/year***
Captures 400 tpd of CO2 recovered from natural gas boiler system and converts to urea	*Captures 450 tpd of CO2 and converts to ammonia and methanol*	*Captures 500 tpd of CO2 and converts to urea*	*(World's largest plant) Captures 1500 tpd of CO2 and converts it to urea*

Source: GPCA Analysis, 2020

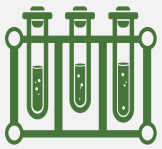
Concluding Remarks

Concluding Remarks…

The GCC fertilizer industry is evolving and continues to grow as regional producers are capturing new growth opportunities within and outside the region

The GCC fertilizer Industry is **growing** with an increase in **production capacity** and an evolving **product portfolio**

A changing **export landscape** is impacting regional exports, however producers are targeting **new markets** in **Africa** to foster fertilizer development



GCC producers are venturing further **downstream** into new **product areas** to **drive growth** and **diversify production**

The region is focusing on **sustainability** to support energy conservation through **waste reduction** and **carbon management**

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