

World Fertilizer Magazine. PhosAgro supplies Russian farmers with over 3.5 million t of mineral fertilizers

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Russian mineral fertilizer distribution network, PhosAgro-Region, increased its total sales of mineral fertilizers to Russian farmers by 12.1% to 3.54 million t, with PhosAgro accounting for more than 80% of this volume. Compared with the previous year, Russian farmers increased their procurement by 8% to 2.9 million t. Sales of PhosAgro's phosphate-based and complex fertilizers rose 7.4% to 2.36 million t. The companies in PhosAgro-Region's regional network also supplied 640 thousand t of fertilizers made by other producers.

According to the Russian Fertilizer Producers Association, PhosAgro remains the leader in the total volume of supplies of all types of mineral fertilizers to Russian farmers. Russia is the company's largest market and its strategic priority: the Russian market is the recipient of about 30% of PhosAgro's products, which are manufactured to meet the demands of domestic farmers and in line with standards for advanced agricultural products.

CEO of PhosAgro, Andrey Guryev, said: “The main factor behind the increase in sales was the excellent marketability of Russian agricultural products; as a result, farmers had sufficient funds for technological development and for the purchase of mineral fertilizers.

“Furthermore, regional administrations, with the support of the Russian Ministry of Agriculture, made it possible for farmers to apply mineral fertilizers at the best possible time in agronomic terms, even during a pandemic that began almost at the same time as spring field work.

“For our part, we did everything necessary to deliver the required volumes of mineral fertilizers to the regions on time. We were able to meet the growing demand for PhosAgro's mineral fertilizers thanks to the uninterrupted operation of our production subsidiary Apatit and the logistics assets of PhosAgro-Region, where we arranged contactless shipment of our products to end customers.

“In our opinion, these three factors were largely responsible for the record harvests in a number of regions where PhosAgro has a direct presence, even given the unfavourable agrometeorological conditions at the beginning of the year”.

In 2020, the main consumers in PhosAgro-Region's network remained the Black Earth Region and the South and the North Caucasus, which together accounted for more than 70% of sales made by the network's regional companies. The highest growth – over

40% – was seen in the regions of the Volga Federal District. An upward trend was also seen in the Far East, where the use of mineral fertilizers was bolstered by the introduction of preferential railway tariffs for their delivery to the regions of the Far Eastern Federal District.

PhosAgro-Region invested approximately RUB 600 million in 2020 in the development of its distribution network. The company expanded its network of regional offices from 17 to 19: the two new offices, in Ryazan and Samara, began operating in the autumn of 2020. With the launch of a third distribution centre in the Kursk region in the winter of 2020, PhosAgro-Region is now operating 29 warehouse facilities, bringing the company's simultaneous storage capacity to 700 thousand t of granular and liquid mineral fertilizers. There are plans in place to open a new logistics asset in the Rostov region in the spring of 2021.

“Over the past 3 years, we have invested more than RUB 2 billion in the development of our regional network in Russia. In 2021, we plan to focus on expanding our storage and trans-shipment infrastructure for liquid mineral fertilizers. This capacity has already surpassed 50 thousand t, a record for Russia, but we don't think it's enough for productive agriculture in the extreme weather conditions that are typical for our country. The drought that hit parts of southern Russia and Siberia showed that there is no alternative to liquid fertilizers. Last year, PhosAgro-Region increased the supply of PhosAgro liquid complex fertilizers to the regions by 85%,” said Mr Guryev.

One of the main accomplishments in terms of digitalisation was the completion of a pilot project implemented by PhosAgro-Region together with Exact Farming that will deploy a digital system using NFC tags to carry out remote monitoring of the effectiveness of mineral fertilizers. One of the advantages of using NFC technology is the ability to control the delivery and application of PhosAgro mineral fertilizers along the entire logistics chain ‘from factory to farm’ in order to minimise the loss or theft of fertilizers during transportation. The system currently covers more than 23 thousand ha. in 20 regions throughout the country. As part of the partnership agreement, which was signed by PhosAgro-Region and Exact Farming in December 2020, the companies plan to expand the system's coverage to over 100 thousand ha. in 2021.

“PhosAgro has prepared its information resources for the implementation of the federal state system for tracing agrochemicals and pesticides and the unified state system for tracing grain and grain-based products. With digital technology, our solution is able to maintain the required level of traceability of food production along the entire chain: from raw materials for PhosAgro's mineral fertilizers to the consumer's basket. This is also going to be a prerequisite for compliance with high environmental standards in terms of the quality and safety of advanced agricultural products, raw materials and foodstuffs and for putting the Green Standard label on them,” concluded Mr Guryev.

In 2020, PhosAgro Group sold 78 thousand t of its main types of mineral fertilizers on an exchange. According to SPIMEX, PhosAgro accounted for almost 80% of the total volume of exchange sales in 2020, and the company increased its number of supply locations to 87. At the end of the year, the company was awarded the 'Exchange Commodity Market Leader' prize as the biggest seller in the 'Mineral Raw Materials and Chemical Products' section. Seeing trading as a burgeoning channel for electronic sales, PhosAgro plans to increase its volume of exchange sales by 50% in 2021.

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