

Sibur Sees PhosAgro as Merger Candidate

By [The Moscow Times](#)

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Sibur Holding, the chemicals affiliate of Gazprom, said Thursday that it was considering a merger of its fertilizer business with PhosAgro, Russia's largest maker of phosphate fertilizers.

Sibur supports the consolidation of fertilizer makers and is considering various options for its business, Sibur spokesman Rashid Nureyev said. "There are different options," and a merger with PhosAgro "is one of them," he said, declining to comment further.

PhosAgro has been considering various options for a merger with another fertilizer company, and discussions have been held with Sibur, said a PhosAgro official, who declined to be identified because of the confidential nature of the talks. PhosAgro spokesman Timur Belov said he could not comment immediately when contacted on his cell phone.

Russian fertilizer companies, including Silvinit, the largest potash maker, and Uralkali, have

been studying merging to expand production as shrinking arable land and rising world food demand spur consumption of their products.

Sibur may exchange its fertilizer unit, Sibur–Mineral Fertilizers Holding, for a stake of 20 percent or more in PhosAgro, Vedomosti reported Thursday, citing two unidentified people involved in the discussions.

PhosAgro said Nov. 16 that it was seeking talks with the Canadian government about a potential bid for Potash Corp. of Saskatchewan. Canada earlier this month rejected Melbourne–based BHP Billiton’s \$40 billion bid for Potash Corp.

PhosAgro is studying a joint bid for Potash Corp. with domestic competitors and held “intensive consultations” with the Russian government as well as local and foreign banks, it said Nov. 4.

PhosAgro is valued at about \$7 billion to \$9 billion, brokerage Troika Dialog said in a note Nov. 3.

A sinkhole formed near Uralkali’s main potash mine in Russia, threatening a rail link used to ship the soil nutrient, the Emergency Situations Ministry said Thursday.

The depression occurred under a railroad track near Berezniki in the Ural Mountains region at 7:29 a.m. local time Thursday, swallowing a railcar and halting passenger traffic, the local administration said in a statement.

Uralkali confirmed that a 20–by–10–meter sinkhole formed under a rail link used to ship potash, Russia’s second–biggest producer of the soil nutrient said in a regulatory filing Thursday.

Uralkali is using trucks and an alternative rail link to transport potash from its mine in Berezniki, it said. The company “does not anticipate any changes in its production plan,” the statement said.

Uralkali had to write off about 20 percent of its potash reserves after a flood at its Mine 1 in Berezniki in October 2006 caused a larger sinkhole consumed buildings. Uralkali and Silvinit, which mines potash in the same region, built a 53–kilometer rail link bypassing Berezniki after the 2006 accident. Uralkali also paid 2.8 billion rubles (\$89 million) to relocate local residents and repair infrastructure, according to the company.

Billionaire Dmitry Rybolovlev sold Uralkali in June to Suleiman Kerimov, a senator in the Federation Council.

Silvinit’s shipments haven’t been affected by Thursday’s accident, company spokesman Anton Subbotin said by phone from the Perm region.

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