

EU Potash Producers Give Russia Warning

By [The Moscow Times](#)

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BRUSSELS — Potash producers in Spain, Germany and Britain will ask the European Union executive body to keep in place trade barriers to limit rival imports from Belarus and Russia, an industry official said Friday.

German minerals firm K+S and the Spanish and British operations of Israel Chemicals — represented by a European producers' group — will say keeping import duties in place on Russian and Belarussian potash rather than letting them expire is essential to protect Europe's remaining producers from unfair export pricing.

Soaring global demand for crops to be used for food and bio-fuels has made potash fertilizer a sought-after commodity and triggered an international scramble for secure supplies.

"The European Potash Producers Association is in the last stage of writing the request for an [import duties] extension and will certainly lodge it by next Wednesday," K+S spokesman

Michael Wudonig said.

The European Commission must decide whether to accept the request and then has up to 15 months to make a decision on extending the duties, which would otherwise expire in July. The tariffs would remain in force while it considered the matter.

Though EU output is dwarfed by mines in Canada, Russia, Brazil and Australia, producers have raised concerns that closing European mines could make the continent dependent on foreign supplies of an essential farm input.

A five-year extension would keep in place the duty-free ceiling and tariffs of up to 27.5 percent until at least 2016. EU producers say an extension is crucial to prevent a flood of the fertilizer drowning their own production.

EU importers campaigning for an end to the duties say there is no prospect of expanding domestic potash production to meet rising demand, and that maintaining the tariffs would increase input costs for farmers.

"The availability of imports at a fair price is a big, big concern for the farming industry," said John Scollay, managing director of Fintec, which distributes potash from Belarus.

"I doubt lifting the measures would immediately result in lower prices, but it may mitigate price increases, because this potash market is going to stay very tight," Scollay said.

Tariffs have been in place on potash imports from Belarus and Russia since 1992, countering what the EU says are illegal price discounts that threaten EU production.

The measures were softened in 2006 with the introduction of a duty-free allowance of about 1.5 million tons.

Prices of potash soared over the last decade to more than \$1,000 per ton from less than \$150, but eased last year to about \$500 as the credit crisis and falling grain prices cut farmers' spending.

Defying European industry's anti-trust concerns, Russia's anti-monopoly watchdog last week approved the merger of producers Uralkali and Silvinit.

European producers are likely to argue that the fusing of Russia's largest producers — and the fact that Silvinit already owns Belarus' main producer — creates a powerful exporter whose market share ambitions in Europe should be checked.

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