

Uralkali Sees Possible Return to Belarus

By [The Moscow Times](#)

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A revival of cooperation between Russia's Uralkali, top world potash producer, and Belarus state potash firm Belaruskali could be beneficial to both of them and to the global market, Uralkali's co-owner said.

After Uralkali left a joint venture with Belarus last year, potash markets plunged and the Russian company found itself at the center of a political row with Belarus, which eventually led to a change in its shareholders.

"Uralkali feels comfortable in the current situation, working at full capacity, selling in the market 100 percent of its production and having the lowest cost of production in the industry," Dmitry Razumov, chief executive of Onexim, said in an interview.

"At the same time, if cooperation were to be resumed, it could be beneficial to us and Belaruskali," Razumov said.

It was his first interview since Onexim, an investment vehicle of Russian tycoon Mikhail

Prokhorov, bought a 27 percent stake in Uralkali in late 2013. The other co-owner, businessman Dmitry Mazepin's Uralchem, also acquired a 20 percent stake.

An agreement with Belaruskali could bring stability and predictability to the whole market, Razumov said.

"It is clear that the conditions of such cooperation would have to be mutually advantageous, comply with applicable laws and, in case they are reached, would have to be observed strictly by both parties."

He declined to provide specifics on the terms and conditions on which such an agreement could be reached.

Since the end of the joint venture, Belarus has stepped into Uralkali's home turf. The Belarussian Potash Company, or BPC, agreed to start supplying potash to Russian phosphate and nitrogen fertilizer company Phosagro.

Uralkali is not afraid of competition, Razumov said.

"Concerning the sales of BPC, experience shows that sales at discounted prices cannot last long, so this is most likely a one-time event."

The split between Uralkali and BPC has left North American joint venture Canpotex, owned by producers Potash Corp of Saskatchewan, Mosaic and Agrium, as the dominant potash trader.

Onexim considers Uralkali a long-term strategic investment, is focused on capitalization growth and supports the current dividend policy, Razumov said.

Uralkali is on track to cancel 12.5 percent of treasury shares this year, he added.

"We view the prospects for the potash market as very positive: the market of nitrogen and phosphate fertilizers has been improving, while potash is relatively underpriced," he added. "The price of potash, in my opinion, is set to grow."

Onexim and Uralchem teamed up to buy stakes in Uralkali from tycoon Suleiman Kerimov and his partners.

"Having learned that we were conducting negotiations on the acquisition of Uralkali in parallel, we met [with Uralchem] and decided to share the risks," Razumov said.

The two partners complement each other: Uralchem understands the fertilizer market better, while Onexim will contribute more through Uralkali's board of directors, concentrating on company strategy, he added.

The head of Russian state conglomerate Rostec, Sergei Chemezov, may join Uralkali's board of directors in March, Uralkali said on Feb. 25.

Razumov confirmed that Chemezov, a powerful ally of President Vladimir Putin, may become the chairman of the board.

"He commands authority in the world and in Russia and has relevant experience, which are crucial for the company following all the drama last year," the Onexim CEO said.

He said Onexim and Uralchem have had long-term relations with Chemezov, which also played a role. Chemezov serves on the board of Onexim's bank, MFK, and Uralkali sells its products to a titanium producer controlled by Chemezov's Rostec.

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