

---

# Study Report on the Development of China's Ternary Compound Fertilizer Industry

---



Beijing Orient Agribusiness Consultants Ltd.

October 2009

## Background

This report is a synthetic market report fully reflecting the development of China's ternary compound fertilizer industry.

This report analyses China's ternary compound fertilizer industrial chain, trade rules, governmental policies, production, import and export, circulation, price fluctuations, end-users' features, agrochemical services, etc, and also analyses the market demand for different kinds of fertilizer for different crop varieties in various regions of China. Last, gives a complete review of the development of China's ternary compound fertilizer industry and predicts future situations.

This report has significant reference value as it can assist professionals in acquiring a broad knowledge of industrial traits and developmental trends for China's ternary compound fertilizer which enables them to formulate correct market development strategy. This report supplies a policy making basis and conclusions from expert analysis for investment and research institutes at the same time.

艾格农业  
CNagri.com

# TABLE OF CONTENTS

<b>Research Background.....</b>	<b>I</b>
<b>Part one: Overview of China's Ternary Compound Fertilizer Industry .....</b>	<b>1</b>
<b>1 Analysis of Ternary Compound Fertilizer Industrial Chain .....</b>	<b>1</b>
<b>1.1 Ternary Compound Fertilizer Upriver Products .....</b>	<b>1</b>
1.1.1 Nitrogenous Fertilizer .....	1
1.1.1.1 Nitrogenous Fertilizer Variety .....	1
1.1.1.2 Raw Material Layout of Nitrogenous Fertilizer .....	1
1.1.2 Phosphate Fertilizer .....	1
1.1.2.1 Phosphate Fertilizer Variety .....	1
1.1.2.2 Raw Material Layout of Phosphate Fertilizer .....	2
1.1.3 Potash Fertilizer .....	2
1.1.3.1 Potash Fertilizer Variety and Layout .....	2
1.1.4 Others .....	3
<b>1.2 Figure of Compound Fertilizer Industrial Chain.....</b>	<b>3</b>
<b>1.3 Ternary Compound Fertilizer Industrial Chain Figure .....</b>	<b>3</b>
<b>1.4 Resources Integration Analysis for Ternary Compound Fertilizer Industrial Chain.....</b>	<b>4</b>
<b>2 Ternary Compound Fertilizer Industrial Regulations and Governmental Supervision.....</b>	<b>5</b>
<b>2.1 Industrial Regulations .....</b>	<b>5</b>
2.1.1 Producing License Issuing .....	5
2.1.2 Quality Test Standards .....	5
<b>2.2 Fertilizer Macro-Control and Governmental Policies .....</b>	<b>6</b>
2.2.1 Fertilizer Limit Prices Cancellation Expect Potash .....	6
2.2.2 Fertilizer Commercial Reserves System in off-seasons .....	6
<b>2.3 Tax Policies .....</b>	<b>6</b>
<b>2.4 Trade Policies.....</b>	<b>6</b>
2.4.1 Import Policies .....	7
2.4.1.1 Import quotas and Import Tariff.....	7
2.4.1.2 Import Channels.....	7
2.4.2 Export Policies .....	8
2.4.2.1 Fertilizer Seasonal Export Tariff System and Export Tariff .....	8
2.4.2.2 Export Channels.....	8

<b>Part Two: Analysis of China's Ternary Compound Fertilizer Output .....</b>	<b>9</b>
<b>3 Analysis of China's Compound Fertilizer Output.....</b>	<b>9</b>
<b>3.1 Production Capacity Overview of China's Compound Fertilizer .....</b>	<b>9</b>
3.1.1 Existing Compound Fertilizer Production Capacity .....	9
3.1.2 Compound Fertilizer Projects During Construction and Aiming Projects .....	9
<b>3.2 Enterprise and Capacity Distribution of Producing Compound Fertilizer .....</b>	<b>9</b>
3.2.1 Compound Fertilizer Producing Enterprise Distribution by Region.....	9
3.2.2 Compound Fertilizer Producing Enterprise Distribution by Province .....	11
<b>3.3 Compound Fertilizer Output Analysis .....</b>	<b>12</b>
<b>3.4 Compound Fertilizer Producing Enterprise's OEM (Original Equipment Manufacturing).14</b>	
<b>3.5 Analysis and Forecast of Compound Fertilizer Capacity and Output .....</b>	<b>14</b>
<b>Part Three: Trade Analysis of China's Ternary Compound Fertilizer .....</b>	<b>15</b>
<b>4 Import Analysis of China's Ternary Compound Fertilizer .....</b>	<b>15</b>
4.1 Downtrend Analysis of Import Volume for Ternary Compound Fertilizer .....	15
4.2 Ternary Compound Fertilizer Import by Original Country.....	15
4.3 Ternary Compound Fertilizer Import by Customers .....	17
4.4 Import Price (CIF) Trends for Ternary Compound Fertilizer.....	18
4.5 Import Enterprise Analysis of Ternary Compound Fertilizer (2008).....	19
4.6 Import Forecast for Ternary Compound Fertilizer .....	20
<b>5 Export Analysis of China's Ternary Compound Fertilizer .....</b>	<b>20</b>
5.1 Trends Analysis of Rising-Falling Fluctuation for Ternary Compound Fertilizer Export Volume .....	20
5.2 Ternary Compound Fertilizer Export by Country of Destination.....	21
5.3 Analysis of Ternary Compound Fertilizer Export by Port and Customers.....	23
5.4 Export Price (FOB) Trends for Ternary Compound Fertilizer .....	24
5.5 Export Forecast for Ternary Compound Fertilizer .....	25
<b>Part Four: Consumption Analysis of China's Ternary Compound Fertilizer .....</b>	<b>26</b>
<b>6 End-User Traits and Agrochemical Service for Ternary Compound Fertilizer .....</b>	<b>26</b>
<b>6.1 Ternary Compound Fertilizer End-User Traits and their Effect on Ternary Compound Fertilizer Industry Development .....</b>	<b>26</b>
6.1.1 Rural Family Size, Family Structure and Farmers' Farmland Size.....	26
6.1.2 Farmers' Cultural Education Degree.....	26

6.1.3 Farmers Engaged in Part Time Business.....	27
6.1.4 Farmers' Income and Consumption .....	27
6.1.5 Farmers' Cognitive Characteristics to Fertilizer Products .....	28
6.1.6 Farmers' Taste for Compound Fertilizer Application Convenience .....	28
<b>6.2 Agrochemical Service for Ternary Compound Fertilizer and Effect on Compound Fertilizer Industry Development .....</b>	<b>28</b>
6.2.1 Agrochemical Service Overview for Ternary Compound Fertilizer Enterprises .....	28
6.2.1.1 Agrochemical Service Concept.....	28
6.2.1.2 Agrochemical Service Status.....	29
6.2.1.3 Agrochemical Service Problems .....	29
6.2.2 Effect of Agrochemical Service on Compound Fertilizer Industry Development .....	30
<b>7 Compound Fertilizer Consumption Analysis for Different Crops in Different Regions .....</b>	<b>30</b>
7.1 Comparison of Total Compound Fertilizer Consumption in Different Regions .....	30
7.2 Comparison of Total Compound Fertilizer Consumption for Different Crops.....	31
<b>Part Five: Analysis of China's Ternary Compound Fertilizer Circulation .....</b>	<b>32</b>
<b>8 Analysis of China's Fertilizer Circulation Entity .....</b>	<b>32</b>
<b>8.1 Agricultural Materials Company of Supply and Marketing Cooperative System.....</b>	<b>33</b>
8.1.1 Sino-agri Group .....	34
8.1.1.1 Nature of Enterprise.....	34
8.1.1.2 Business Scope.....	34
8.1.1.3 Branches.....	35
8.1.1.4 Company Evaluation.....	37
8.1.2 Provincial Agricultural Materials Company .....	37
<b>8.2 Sinofert .....</b>	<b>37</b>
8.2.1 Company Introduction .....	37
8.2.2 Nature of Enterprise.....	37
8.2.3 Business Scope .....	37
8.2.4 Branches.....	38
8.2.5 Company Evaluation.....	39
<b>8.3 Soil &amp; Fertilizer Station, Plant Protection Station and Station for Popularizing Agricultural Techniques .....</b>	<b>41</b>
<b>8.4 Producing Enterprise.....</b>	<b>41</b>
<b>8.5 Postal System.....</b>	<b>42</b>
<b>8.6 Gas Station System.....</b>	<b>42</b>

<b>8.7 Other Individual and Private Enterprises .....</b>	<b>42</b>
<b>8.8 Foreign-Funded Enterprises .....</b>	<b>43</b>
<b>9 Analysis of China's Fertilizer Sales Mode.....</b>	<b>43</b>
<b>9.1 Traditional Sales Mode .....</b>	<b>43</b>
9.1.1 Sales Mode Concept .....	43
9.1.2 Detailed Figure of Fertilizer Circulation Channel under Sales Mode.....	44
9.1.3 Example Figure of Fertilizer Price Chain under Sales Mode.....	45
9.1.4 Living Example Fertilizer Price Chain under Sales Mode.....	46
9.1.5 Sales Mode Advantages .....	48
9.1.6 Striking Conflicts Faced by Sales Mode.....	48
9.1.7 Suggestions on Compound Fertilizer Producers and Circulation Traders Adopting Sales Mode .....	48
<b>9.2 Direct Sales Mode of Stagnation Point.....</b>	<b>49</b>
9.2.1 Direct Sales Concept of Stagnation Point.....	49
9.2.2 Direct Sales Mode Figure of Stagnation Point.....	49
9.2.3 Direct Sales Mode Advantages of Stagnation Point.....	49
9.2.4 Running Resistance for Direct Sales Mode of Stagnation Point.....	50
9.2.5 Suggestions on Compound Fertilizer Producers and Circulation Traders Adopting Direct Sales Mode of Stagnation Point .....	50
<b>9.3 Agricultural Materials Chain Mode.....</b>	<b>51</b>
9.3.1 Related Concepts of Agricultural Materials Chain .....	51
9.3.2 Business Mode Figure of Agricultural Materials Chain.....	52
9.3.3 Development Process of China's Agricultural Materials Chain.....	52
9.3.4 Government Promotion to Circulation Mode Development of Agricultural Materials Chain .....	52
9.3.5 Agricultural Materials Chain Advantages .....	53
9.3.6 Running Resistance for Agricultural Materials Chain Business .....	53
9.3.7 Suggestions on Agricultural Materials Chain Business .....	53
<b>Part Six: Analysis of China's Ternary Compound Fertilizer Price.....</b>	<b>55</b>
<b>10 Domestic Price Fluctuations of Ternary Compound Fertilizer .....</b>	<b>55</b>
<b>10.1 Domestic Price Fluctuation and Causes analysis of Ternary Compound Fertilizer .....</b>	<b>55</b>
10.1.1 Price Fluctuation of Ternary Compound Fertilizer .....	55
10.1.2 Causes analysis of Ternary Compound Fertilizer Price Fluctuation .....	56
<b>10.2 Domestic Price Trends of Ternary Compound Fertilizer .....</b>	<b>57</b>



<b>Part Seven: Comment and Forecast on Ternary Compound Fertilizer Industry Development</b> .....	<b>58</b>
<b>11 Present State and Forecast of Ternary Compound Fertilizer Industry Development</b> .....	<b>58</b>
<b>11.1 Present State of Ternary Compound Fertilizer Industry Development</b> .....	<b>58</b>
<b>11.2 Analysis and Forecast of Ternary Compound Fertilizer Industry Development</b> .....	<b>58</b>

## List of Figures & Tables

Figure 1-1, Compound Fertilizer Industrial Chain.....	4
Figure 2-1, Restriction Management Mode on Import Quota.....	7
Figure 2-2, Changes in Export Tax Rate of Ternary Compound Fertilizer .....	8
Figure 3-1, Compound Fertilizer Capacity Distribution Percentage by Region .....	10
Figure 3-2, Compound Fertilizer Capacity Layout by Province .....	10
Figure 3-3, Compound Fertilizer Capacity Distribution Percentage by Province .....	11
Figure 3-4, Compound Fertilizer Producing Enterprise Quantity Layout by Province .....	12
Figure 3-5, Changes in Compound Fertilizer Output Annually (2006-2008) .....	13
Figure 3-6, Changes in Compound Fertilizer Output Monthly (2006-2008) .....	13
Figure 4-1, Import Volume of China's Ternary Compound Fertilizer Annually (1996-2008) .....	15
Figure 4-2, Import Volume Share of China's Ternary Compound Fertilizer by Original Country (2006) .....	16
Figure 4-3, Import Volume Share of China's Ternary Compound Fertilizer by Original Country (2007) .....	16
Figure 4-4, Import Volume Share of China's Ternary Compound Fertilizer by Original Country (2008) .....	27
Figure 4-5, Import Volume Share of China's Ternary Compound Fertilizer by Customers (2006) ....	17
Figure 4-6, Import Volume Share of China's Ternary Compound Fertilizer by Customers (2007) ....	18
Figure 4-7 Import Volume Share of China's Ternary Compound Fertilizer by Customers (2008) .....	18
Figure 4-8, Import Prices Trends (CIF) of China's Ternary Compound Fertilizer (2006-2009).....	19
Figure 4-9, Import Volume Share of China's Ternary Compound Fertilizer by Enterprise (2008).....	20
Figure 5-1, Export Volume of China's Ternary Compound Fertilizer Annually (1996-2008) .....	21
Figure 5-2, Export Volume Share of China's Ternary Compound Fertilizer by Country of Destination (2006).....	22
Figure 5-3, Export Volume Share of China's Ternary Compound Fertilizer by Country of Destination (2007).....	22
Figure 5-4, Export Volume Share of China's Ternary Compound Fertilizer by Country of Destination (2008).....	23

Figure 5-5, Export Volume Share of China's Ternary Compound Fertilizer by Customers (2006) ....	24
Figure 5-6, Export Volume Share of China's Ternary Compound Fertilizer by Customers (2007) ....	24
Figure 5-7, Export Volume Share of China's Ternary Compound Fertilizer by Customers (2008) ....	24
Figure 5-8, Export Prices Trends of China's Ternary Compound Fertilizer Monthly (2006-2009)....	25
Figure 7-1, Ternary Compound Fertilizer Consumption by Province (2008) .....	31
Figure 8-1, Fertilizer Circulation Management Entity.....	33
Figure 8-2, Agricultural Materials Company Types of Supply and Marketing Cooperative System..	34
Figure 8-3, Sino-agri Group Branches .....	37
Figure 8-4, Sinofert Group Branches .....	40
Figure 9-1, Fertilizer Sales Mode .....	44
Figure 9-2, Fertilizer Circulation Channel Details under Sales Mode .....	45
Figure 9-3, Fertilizer Price Chain under Sales Mode.....	46
Figure 9-4, Profit Allocation Proportion of Fertilizer Circulation Link (Living Example 1) .....	47
Figure 9-5, Profit Allocation Proportion of Fertilizer Circulation Link (Living Example 2) .....	47
Figure 9-6, Profit Allocation Proportion of Fertilizer Circulation Link (Living Example 3) .....	48
Figure 9-7, Direct Sales Mode of Fertilizer Stagnation Point .....	49
Figure 9-8, Business Mode Figure of Agricultural Materials Chain.....	52
Figure 10-1, Factory Price Trends of 45%CL (15-15-15) Compound Fertilizer (2007-2009) ) .....	55
Figure 10-2, Factory Price Trends of 45%S (15-15-15) (2007-2009).....	56
Table 2-1, Fertilizer Reserves Scale in Off-Seasons Annually (2004-2008).....	60
Table 2-2, Fertilizer Import Tax Quota Quantity Annually (2002-2009) ) .....	60
Table 2-3, Fertilizer Import Tax Rate Annually (2002-2009) .....	60
Table 2-4, Enterprise Distribution for Compound Fertilizer Import Tax Quota (2009).....	61
Table 3-1, Compound Fertilizer Projects During Construction and Aiming Projects (2009-2010) ....	64
Table 3-2, Quantity and Capacity of Compound Fertilizer Enterprises by Region.....	65
Table 3-3, Quantity and Capacity of Compound Fertilizer Enterprises by Province.....	65
Table 3-4, Compound Fertilizer Enterprise Capacity in Each Region and Province (2009).....	66
Table 3-5, Changes in Compound Fertilizer Output Monthly (2006-2008).....	71
Table 4-1, Import Value of China's Ternary Compound Fertilizer Annually (2006-2008) .....	71
Table 4-2, Average Import Price of China's Ternary Compound Fertilizer Annually (2006-2009) .....	72
Table 4-3, Import Volume of Ternary Compound Fertilizer by Original Country (2006-2008) .....	72
Table 4-4, Import Value of Ternary Compound Fertilizer by Original Country (2006-2008) .....	73
Table 4-5, Import Volume of China's Ternary Compound Fertilizer by Customers Annually (2006-2008) .....	73



Table 4-6, Import Value of China's Ternary Compound Fertilizer by Customers Annually (2006-2008)	74
Table 4-7, Import Price of China's Ternary Compound Fertilizer (2006-2009)	75
Table 4-8, Import Volume of China's Ternary Compound Fertilizer Enterprise (2008)	76
Table 5-1, Export Value of China's Ternary Compound Fertilizer Annually (2006-2008)	77
Table 5-2, Average Import Price of China's Ternary Compound Fertilizer Annually (2006-2008)	77
Table 5-3, Import Volume of Ternary Compound Fertilizer by Country of Destination (2006-2008)	77
Table 5-4, Import Value of Ternary Compound Fertilizer by Country of Destination (2006-2008)	80
Table 5-5, Import Volume of China's Ternary Compound Fertilizer by Customers Annually (2006-2008)	82
Table 5-6, Import Value of China's Ternary Compound Fertilizer by Customers Annually (2006-2008)	83
Table 5-7, Export Price (FOB) China's Ternary Compound Fertilizer (2006-2009)	84
Table 7-1, Comparison of Total Compound Fertilizer Consumption in Different Regions (2004-2008)	85
Table 7-2, Comparison of Total Compound Fertilizer Consumption for Different Crops (2004-2008)	86
Table 8-1, Top 20 Enterprises of China's Agricultural Materials Circulation and Sale in 2007	87
Table 9-1, China's Ternary Compound Fertilizer Price Chain in Circulation	87
Table 10-1, Changes in Factory Price of Domestic Compound Fertilizer (2007-2009)	88

CNagri.com