

Potash

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WORLD OVERVIEW

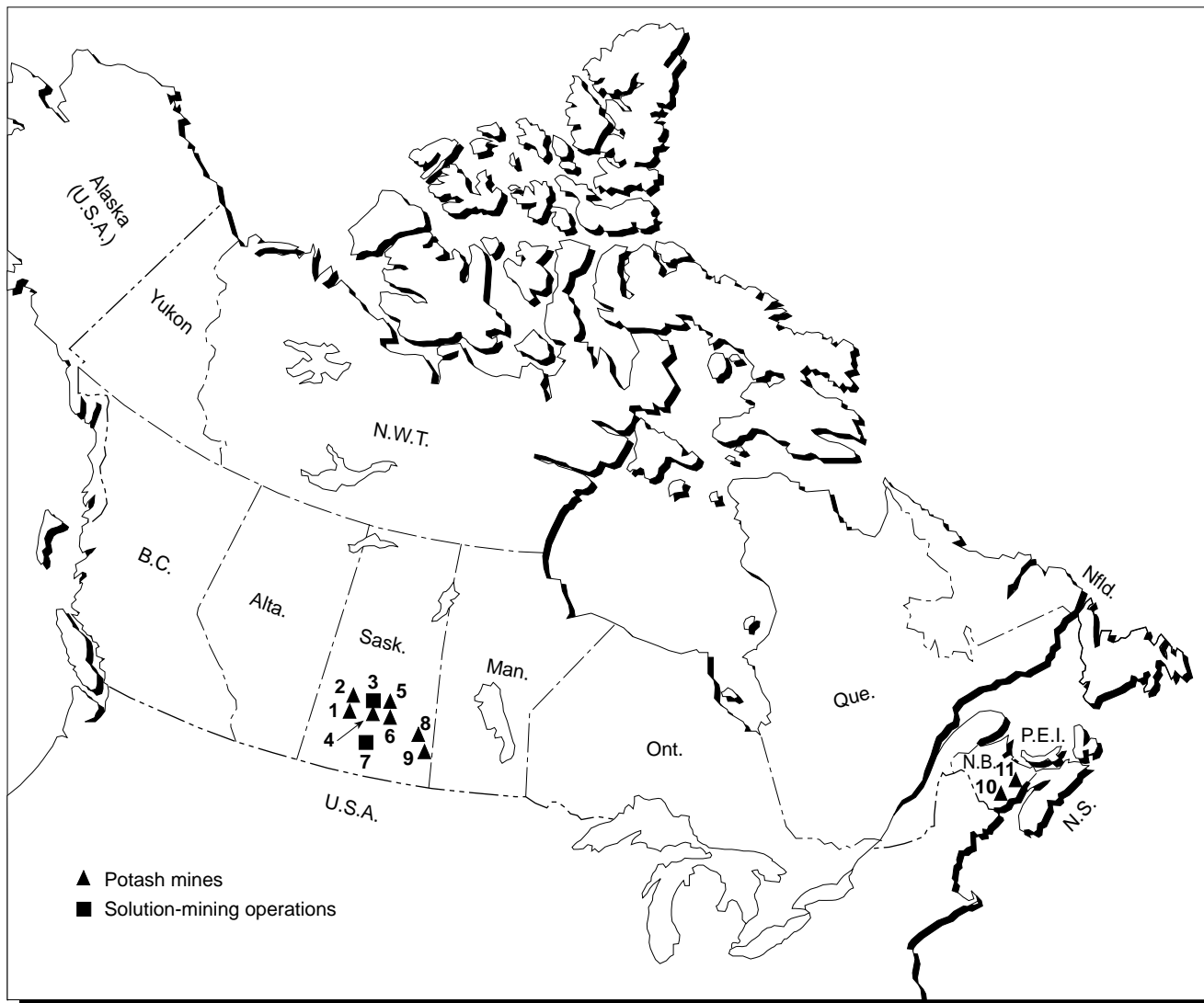
Potash suppliers benefitted from a sustained recovery in demand during 1995. For the second consecutive year, world potash consumption rose, and the relative balance achieved in world markets led to increases in trade volumes and international prices. Major buyers, with the exception of Brazil, had higher consumption of all fertilizers, including potash. China dominated potash offshore imports for another year, resulting in record sales from Canadian exporters. Firm market conditions in 1995 were reflected in higher trade shipments from most exporting countries, particularly Canada and the Commonwealth of Independent States (C.I.S.).

World potash production in 1995 was estimated at 24.3 Mt K₂O, a 7% increase compared to the previous year. Increases in production were recorded in almost all producing countries, but especially in Canada and the C.I.S. Small increases were also registered in Jordan, the United States, Israel, Germany and the United Kingdom, while decreases were reported in Spain, Brazil and France. Globally, potash producers ran at an overall average of 68% of capacity, compared to 64% in 1994. Canadian operations ran at 68% of capacity and the C.I.S. at 48%, while all other major world producers operated at improved levels compared to last year's 70-90% rates. In 1995, potash supply capability continued to exceed world demand. As swing suppliers, Canadian producers managed inventory mine shut-downs to optimize export revenues by achieving a better balance between supply and demand. In 1995, global capacity surplus decreased by 1.3 Mt (or 10%) to reach about 11.7 Mt K₂O, of which Canada and the C.I.S. represented almost 90%. The global surplus was reduced because of improved demand as no major curtailments in capacity were registered in 1995. Capacity was slightly reduced in the C.I.S., while some capacity developments from established produc-

ers were announced for the near future in Canada, the United States, Israel and Jordan. The only significant change in capacity came with a new assessment of Canada's potash capacity, which was upgraded by close to 1.0 Mt K₂O.

World potash demand in 1995 was estimated at around 24 Mt K₂O, a 3% improvement over last year. Demand for fertilizer potash, which accounted for 94% of total potash consumption, rose 3.3% to 21.6 Mt K₂O. Demand for industrial consumption was estimated at 1.3 Mt K₂O. Potash demand increased in most consuming regions with the exception of North America and Latin America. Potash sales in Asia, which accounted for 29% of world potash consumption, rose by 10%, primarily in China and India. In China, the government channelled more resources into the agricultural sector during 1995. While steadily progressing toward economic stabilization, China has been facing a decline in arable land acreage due to industrialization and salinization. Crop yields have been stagnant and crop production has been below the projected targets. For the last two years China has imported massive tonnages of fertilizers, a need triggered by agricultural requirements. Potash imports in 1995 grew by 20% over the previous year. The nitrogen-to-potash ratio still remained deficient at 1:0.12, compared to a target of 1:0.2. In East Asia, potash demand in India continued to recover, rising by 15% to 1.1 Mt K₂O as favourable weather conditions prevailed. In March, the Indian government extended for another fertilizer year its ad-hoc subsidy for potash fertilizers with the objective of restoring some balance in the nitrogen-to-potash application ratio. In 1994/95, the ratio was 1:0.11, while the targeted ratio for the average all-India conditions would be closer to 1:0.25. Potash sales in Latin America, amounting to 11% of world consumption, declined by 4% due to reduced import and consumption levels in Brazil; potash demand dropped 10% to 1.7 Mt K₂O as a result of delays in government policies toward credit support for farmers and weaker prices for exportable crops. Sales to the C.I.S. and Central Europe, accounting for 6% and 3% of world consumption respectively, registered some recovery. In the C.I.S., the Russian government provided financial support to farmers through subsidies for fertilizer purchases. In Central Europe, potash consumption in Poland continued to improve. In Western Europe, potash sales, which accounted for 23% of world consumption, grew by 1%

Figure 1
Location of Potash Mines and Operations in Canada, 1995



Numbers refer to locations on map above.

POTASH UNDERGROUND MINES

1. Agrium Inc. (formerly Cominco Fertilizer Ltd.); Vanscoy, Saskatchewan
2. Potash Corporation of Saskatchewan Inc., Cory Division; Saskatoon, Saskatchewan
4. Potash Corporation of Saskatchewan Inc., Allan Division; Allan, Saskatchewan
5. Central Canada Potash Inc. (owned by Kalium Chemicals Company Limited); Colonsay, Saskatchewan
6. Potash Corporation of Saskatchewan Inc., Lanigan Division; Lanigan, Saskatchewan
8. International Minerals & Chemical Corporation (Canada) Limited; Esterhazy, Saskatchewan
9. Potash Corporation of Saskatchewan Inc., Rocanville Division; Rocanville, Saskatchewan
10. Potacan Mining Company; Sussex, New Brunswick
11. Potash Corporation of Saskatchewan Inc. (formerly Potash Company of America, a Division of Rio Algom Limited), New Brunswick Division; Sussex, New Brunswick

SOLUTION-MINING OPERATIONS

3. Potash Corporation of Saskatchewan Inc. (formerly Potash Company of America, a Division of Rio Algom Limited); Patience Lake Division, Saskatchewan
7. Kalium Chemicals Company Limited; Belle-Plaine, Saskatchewan

to 5.4 Mt K_2O ; this increase was the result of a reduction in the mandatory set-aside rate for arable land, which fell from 15% to 12%; improved farm income and higher crop prices provided sufficient incentives for a small increase in fertilizer demand.

In the United States, overall potash sales declined by 2% to 5.7 Mt K_2O due to a decrease in the fertilizer sector. Fertilizer demand declined because of a combination of damp and cold weather conditions in the spring, which delayed the planting season, and a 7.5% set-aside rate under the 1995 Acreage Reduction Program (ARP) established by the U.S. Department of Agriculture (the 1994 ARP was 0%). The higher ARP level and some shift from corn to soybean planting led to a 10% decrease in corn acreage, which dropped by 8 million acres to 71.4 million acres. The average weather conditions in the growing season resulted in significantly reduced yields and a 25% decrease in corn production. Potash shipments were weak in early fall, but picked up in mid-November with the emergence of strong expectations for higher potash consumption and higher grain prices for 1996. Potash consumption for fertilizer in the United States was estimated at around 4.8 Mt K_2O , of which 60% was consumed in the Corn Belt states.

THE CANADIAN INDUSTRY

The potash industry in Canada is comprised of five companies that together employ more than 3800 workers. Production occurs at eight underground mines and two solution mining operations in Saskatchewan, and in two underground mines in New Brunswick, with the latter accounting for 10% of Canadian capacity. The potash industry in Canada was first developed in the early 1960s with the opening of potassium chloride mines in Saskatchewan. As a result of a series of expansions in the 1970s and 1980s, the Canadian potash industry now ranks as the world's largest producer and exporter of potash.

Major Developments

In 1995, Canadian production rose by 10% to 9.0 Mt K_2O . Increases in output were registered in both New Brunswick and Saskatchewan. New Brunswick's potash production accounted for about 12% of the total Canadian output in 1995. Canadian potash shipments rose by 4% to 8.7 Mt K_2O as a result of very robust sales to offshore markets and sustained shipments to the United States. Domestic sales were static at around 0.4 Mt K_2O , while exports grew 3% to 8.3 Mt K_2O . In offshore markets, sales increased, most notably to China where the level of exports surpassed the record level of the previous year. Canada's total potash sales in 1995 were estimated at \$1.46 billion compared to \$1.29 billion in 1994. Canadian inventories rose by 0.2 Mt to 1.5 Mt K_2O .

The strong performance of the Canadian potash industry over the first six months of 1995 has highlighted its capability and its logistical and productive potential. A re-evaluation of the production and capacity for each Canadian potash operation was carried out in 1995 to reflect the strong performance of the industry. In 1994, total Canadian potash capacity was estimated at 12.3 Mt K_2O . In 1995, the revised capacity was calculated at 13.2 Mt/y, a 10% increase. Of this capacity, about 1.48 Mt K_2O consist of idle milling units at the Cory, Lanigan and Patience Lake operations in Saskatchewan. New Brunswick accounts for slightly less than 1.3 Mt/y K_2O , or 10% of Canada's total capacity. In 1995, the Canadian potash industry had the immediate capability to produce about 11 Mt K_2O , or 18 Mt KCl.

In 1995, total mine shut-downs amounted to 88 mine-weeks, a 17% decrease over last year. Most of these shut-downs occurred in Saskatchewan; Potash Corporation of Saskatchewan Inc. accounted for 83% of these temporary closures. Winter shut-downs in the first quarter of 1995 were limited to 4 mine-weeks compared to 27 mine-weeks in the same period of 1994 due to the resurgence of potash exports to China. Summer shut-downs occurred mostly in August and lapsed into September; fall shut-downs were greater due to a slowdown in both U.S. and offshore shipments.

In 1995, the average unit value of potash shipped by Canadian producers was C\$100.97/t KCl (f.o.b. mines), a C\$8.57/t increase over the previous year. For the first nine months of 1995, the average unit value of exports at port of exit (e.g., Vancouver, Saint John, or a border crossing to the United States) was C\$129.70/t KCl. For the same period in 1994, this value was C\$124/t. In 1995, potash exports totalled 13.8 Mt KCl valued at about C\$1.8 billion.

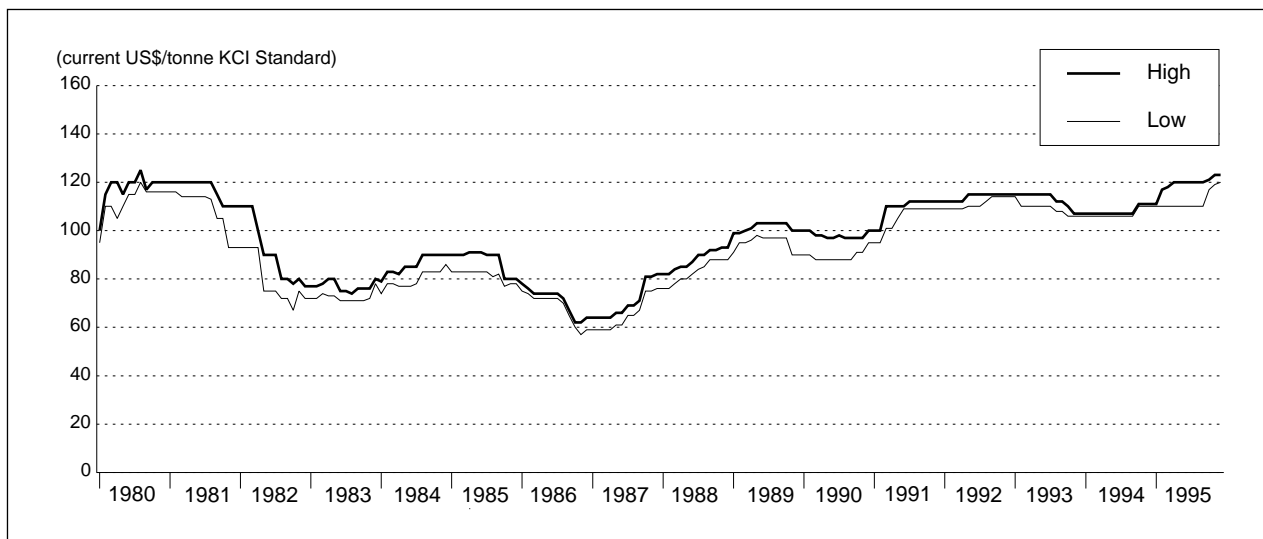
In March 1995, the International Trade Administration of the U.S. Department of Commerce extended for another year the suspension agreement between U.S. and Canadian potash producers. During the year, investigations continued into allegations of price-fixing in North America by several U.S. and Canadian potash exporters. The investigations are related to a class-action lawsuit consolidated in the U.S. District Court of Minnesota and a U.S. Grand Jury investigation. A trial date for the anti-trust lawsuit has been tentatively set for early 1996.

Saskatchewan

Saskatchewan produced about 88% of Canada's potash in 1995. During the year, several temporary shut-downs were carried out by mine operators in Saskatchewan for inventory control and, to a lesser extent, for maintenance and vacation.

Potash Corporation of Saskatchewan Inc. (PCS Inc.) is the largest publicly held potash producer in the world. In 1995, PCS Inc. operated five mines in

Figure 2
Canada, Offshore Potash Price Quotations, 1980-95
 f.o.b. Vancouver Contract



Source: Compiled by Natural Resources Canada from trade magazines and specialized subscriptions.

Saskatchewan and one in New Brunswick. PCS Inc. also owns reserves at Esterhazy, which are mined by International Minerals & Chemical Corporation (Canada) Limited (IMC Canada) under a long-term agreement by which PCS Inc. is entitled to 25% of production. All PCS Inc. mines, except the Patience Lake solution mine, use conventional underground mining techniques. In 1995, potash production from all of PCS Inc.'s operations, including tonnage on PCS Inc.'s account from IMC Canada, was estimated at 5.9 Mt KCl, an 11% increase over 1994. PCS Inc.'s operating rate rose to 49%, compared to a revised level of 43% in 1994. Throughout 1995, PCS Inc. continued to pursue its policy of strict inventory control with intermittent shut-downs at all of its operations. PCS Inc.'s production capacity is estimated at 7.4 Mt/y K_2O , equating to 56% of Canada's total potash capacity. According to the company, the replacement value of its potash operations would total US\$4 billion. During 1995, PCS Inc. extended for another year its offshore marketing agreements with three U.S. potash producers in New Mexico. Also in 1995, PCS Inc. made two major acquisitions in the phosphate industry in the United States: in March the company purchased Texasgulf Inc. from Elf Aquitaine Inc. and Williams Acquisition Holding Company Inc., and in November the company acquired White Spring Agricultural Chemicals Inc. from Occidental Chemical Corporation. As a result of these purchases, which total US\$1.1 billion, PCS Inc. has become the second largest phosphate fertilizer producer in North America.

IMC Canada, which is wholly owned by IMC Global Inc. (formerly IMC Fertilizer Group Inc.), extracted potash ore from two interconnected underground

mines, K1 and K2, at Esterhazy in southeastern Saskatchewan. In 1995, IMC Canada's production rose by 7% and ran at rates above 80%. During the year, IMC Canada continued to manage its incurring water inflows at the K2 mine; inflow rates have been steadily creeping up in the last two years. Late in 1995, its parent company, IMC Global Inc., and Vigoro Corporation of Chicago signed an agreement to merge both enterprises in a deal worth US\$1.4 billion. Pending government regulatory approvals, the merged company would hold 30% of North America's capacity and would be the second largest North American producer; globally, the new company would become the third largest potash producer with a 13% share of the world market.

Kalium Chemicals Company Limited operated one large potash solution mine at Belle-Plaine, west of Regina. During 1995, potash production rose by 5% and, according to the company, ran at close to capacity. The operation is designed to run continuously 24 hours per day, 365 days per year; by-product salt brine is shipped to a nearby salt evaporation plant operated by Canadian Salt Co. Ltd. During the year, Kalium announced some future developments that will expand the capacity of its Belle-Plaine operation by 6% to close to 1.5 Mt/y K_2O by 2000.

In early January 1995, Kalium's parent company, Vigoro Corporation, completed the C\$138 million acquisition of Central Canada Potash (CCP), a potash operation previously owned by Noranda Inc. The 0.9-Mt/y K_2O operation is a conventional underground mine located at Viscount in the Saskatoon area. Under the new corporate structure, Kalium owns and operates the CCP operation. In 1995,

potash production at CCP rose by 16%, operating at rates that surpass its design capacity.

Agrium Inc. (formerly Cominco Fertilizers Ltd.) produced 1.3 Mt KCl in 1995 at its Vanscoy mine, a 10% increase over 1994. The operation ran on a seven-day-per-week schedule throughout the year except for four weeks in August, and ran at 87% of capacity, compared to a revised 79% in 1994. During 1995, Agrium announced a \$32 million plan for expanding its production capacity by 15% to close to 1.0 Mt/y K_2O ; this program will allow an increase in the production of coarse and granular grades of potash by 1997. The company also reported that its capacity could reach 1.1 Mt/y at a modest capital cost. Late in 1995, Agrium completed a merger with Nu-West Industries Inc., a major producer of phosphate fertilizers in the United States.

Big Quill Resources Inc. produced potassium sulphate from sodium sulphate brine from Big Quill Lake and from purchased potassium chloride. The company, located in Wynyard, has a production capacity of 11 000 t/y of potassium sulphate (K_2SO_4) and seeks to expand this to 50 000 t/y in the near future. Potassium sulphate products are used in the chemical and wallboard sectors.

In 1995, Canpotex Limited entered into a joint venture with Hall-Buck Marine Inc. for the construction of a new potash terminal on the Willamette River in the Port of Portland, Oregon, on the U.S. west coast. The US\$47 million project includes the construction of potash-handling and berth facilities for exporting to offshore markets with an ultimate capacity of 5 Mt/y of products. A 100 000-t KCl storage warehouse is expected to be built along with supporting facilities such as a new railcar dumper pit and double-rail loops. Construction, which started in late 1995, is expected to be completed in 1997. Shipments will be diverted from Vancouver Wharves Limited beginning in 1997.

New Brunswick

In New Brunswick, potash was mined at two underground operations located in the Sussex area in Kings County. Potash products for export are hauled 60-80 km from the Sussex area to the Barrack Point potash terminal in Saint John. The terminal, which is operated by Furncan Marine, has a storage capacity of 165 000 t of potash. The shipping port, equipped with a 2700-t/h shiploading facility, can accommodate cargo sizes between 3000 and 50 000 t.

The New Brunswick division of PCS Inc. operated the Penobsquis underground mine about 5 km east of Sussex. Production in 1995 was about 700 000 t KCl, a 20% increase over 1994. The mine operated throughout the year at high capacity and was shut down for 2.5 weeks in August. It operates on a seven-day-per-week schedule. Mining is carried out by cut-and-fill along with the use of a room and pillar

layout. Salt tailings, slimes and excess brine are stored underground as part of an integrated closed loop mining system. Potash sales declined marginally in 1995, resulting in a small increase in inventories. Common salt is also co-produced at a rate of 400 000 t/y and sold commercially through a sales agent as de-icing material on North American markets.

Production by Potacan Mining Company (PMC) rose slightly in 1995 compared to 1994. The operation ran at about 82% of capacity during the year. The company extracted potash at the Cloverhill mine located 20 km southeast of Sussex. PMC is owned by Potash Company of Canada Limited, which in turn is owned jointly by Entreprise Minière et Chimique (EMC) of France, and Kali und Salz AG (K&S) of Germany.

In 1995, the Government of New Brunswick announced that it had selected IMC Canada to explore another large potash deposit near Sussex. The Millstream deposit was formerly leased to BP Resources Canada Limited and has been inactive for the last five years. The mining rights were acquired by IMC Canada, who is expected to spend C\$0.6 million on a three-year exploration program that will begin in early 1996. The program includes seismic surveys, a feasibility study and a geological reassessment of the Millstream deposit where initial research identified about 250 Mt of potash grading 20.6% K_2O . Potash occurrences are located in zones with a thickness varying between 6 and 38 m at depths between 950 and 1050 m. The initial development plans in the early 1990s called for an investment of C\$500 million for a 0.6-Mt/y K_2O potash operation.

Manitoba

In 1995 the Manitoba Potash Corporation, held 51% by EMC of France and 49% by the Government of Manitoba, continued its evaluation of a proposed 1.2-Mt/y K_2O potash mine near Russell at the Manitoba-Saskatchewan border. The Government of Manitoba is actively looking for private companies to purchase its 49% interest to bring the project on stream. According to government reports, the potash project would be as competitive as potash operations in Saskatchewan, and would have prevalent natural market advantages to supply both the United States and Europe. Proven reserves at Russell have been estimated to be a minimum of 25 Mt K_2O at depths between 800 and 900 m from the surface; the ore grade ranges between 23% and 25% K_2O .

CANADIAN POTASH TRADE

Canada is the world's largest potash exporter with a 40% share of international trade. The C.I.S. is the second largest, followed by Germany. Canada exports potash to more than 35 countries, although only 6 countries account for close to 80% of Canada's total potash exports.

In 1995, Canadian potash was shipped mostly to the United States (55%) and Asia (30%), with the remainder being sent to Latin America (9%), Oceania (4%), and Western Europe (2%). Exports to Latin America originated mostly from New Brunswick (66%); 54% of Canadian shipments to Western Europe originated in the province. Saskatchewan accounted for more than 95% of Canada's exports to Asia, the United States and Oceania.

In 1995, data compiled by Statistics Canada indicated that Canadian potash exports were valued at C\$1.8 billion with tonnages totalling 13.8 Mt KCl (or 8.4 Mt K₂O), a 3% increase compared to the previous year. The United States remained the dominant destination with exports at 7.5 Mt KCl, of which 93% was for agriculture. Offshore sales rose by 8% to 6.3 Mt KCl. Canadian potash exports to almost every region increased in 1995, with the exception of Western Europe. Exports to Asia increased significantly due to the continuing record level of sales to China. Shipments to India, Malaysia and the Philippines decreased, while some improvements were reported in South Korea, Thailand and Taiwan. Canada's exports to Asia accounted for 65% of off-shore sales. Shipments to Latin America rose by 16%, with higher sales notably to Cuba. Strong exports were also reported to Costa Rica. Sales to Latin America accounted for 21% of Canada's off-shore exports. Sales to Western Europe declined due to significantly reduced shipments to Belgium, Denmark and France during the year; however, higher levels of exports were registered in the United Kingdom, Italy and Ireland. Exports to Oceania rose by 10%.

INTERNATIONAL DEVELOPMENTS

In 1995, world production of potash increased for the second consecutive time since 1988, reaching 24.3 Mt K₂O. Most of the 1.6-Mt increase occurred in Canada and the C.I.S. North America was the major producing region with a 43% share of world potash output, a 1% increase over the previous year. Canada contributed 37% to world production in 1995. The C.I.S. was second with a 24% share, compared to 23% in 1994. Western Europe accounted for 22% (2% lower than in 1994). The Middle East accounted for 10%, the same as in 1994.

Americas

In Argentina, CRA Limited of Australia entered into an option agreement with Potasio Rio Colorado S.A., a subsidiary of Minera Tea S.A. of Buenos Aires, to acquire an 80% interest in the development of a new 150 000-t/y K₂O solution mine in the southern Mendoza Province. CRA Exploration Argentina S.A. is to carry out a feasibility study to be completed in early 1997. Reserves are reported at close to 60 Mt of sylvinitic grading 27-28% K₂O at a depth of 1100 m. In Brazil, Companhia Vale do Rio Doce (CVRD) pro-

duced 225 000 t of K₂O, a small decrease over 1994 due to technical problems encountered in the mine's production shaft during late summer. CVRD is expected to increase its potash production to 0.3 Mt K₂O by 1996 and to bring the production capacity at the Sergipe mine to 0.4 Mt/y K₂O by 1997. In 1995, the Government of Brazil indicated its intention to privatize a 51% stake in CVRD during 1996. In Chile, potash production was estimated at 65 000 t K₂O, a 25% increase over 1994 following completion of Phase I of the Minsal potash project in northern Chile by Sociedad Quimica y Minera de Chile SA (SQM). The US\$65 million Phase I brought a new solar potash operation on stream with a capacity of 180 000 t/y K₂O; a US\$140 million Phase III, which is expected to be completed in 1998, will include a new 250 000-t/y potassium sulphate facility with an additional capacity of 40 000 t/y K₂O of by-product potash. Early in 1996, SQM acquired the remaining 18% stake in the Minsal project from Corporacion de Fomento de la Produccion. In 1995, Kap Resources Ltd. of Vancouver obtained the necessary financing for a new US\$85 million potassium nitrate plant in northern Chile. The 255 000-t/y KNO₃ facility is to be completed in early 1997 and will be operated by Minera Yolanda S.A.; a long-term potash supply agreement has been negotiated with Canpotex Limited.

In the United States, potash production in 1995 rose by 5% to 1.47 Mt K₂O. The value of production of marketable potash was about US\$300 million. Potassium sulphate and potassium-magnesium sulphate together accounted for 25% of U.S. potash production, with the remainder being potassium chloride. Apparent consumption was estimated at close to 5.7 Mt K₂O, of which 4.7 Mt were imported. Inventories at year-end were flat at 0.28 Mt K₂O. Total employment was 1740 jobs. In 1995, the U.S. potash industry ran at 96% of capacity, compared to 93% in 1994. During the year, Kalium Chemicals Company Limited announced a major US\$43 million expansion at its pilot solution mine in Hershey, Michigan, that would increase its capacity from 30 000 to 90 000 t/y K₂O by mid-1997. In acquiring the assets of Texasgulf Inc., PCS Inc. became the new owner of the 55 000-t/y K₂O potash mine of Moab Potash in Utah. In the United States, the government is considering a new farm policy that would result in savings from existing federal agricultural programs. The new Farm Bill would provide farmers with more flexibility in crop planting by eliminating the Acreage Reduction Programs (ARPs), and could result in higher fertilizer consumption.

Commonwealth of Independent States

Potash production in the C.I.S. in 1995 was estimated at 5.7 Mt K₂O, an 11% increase over last year. The operating rate in the C.I.S. was close to 48% of capacity, compared to 43% in 1994. Russian potash production rose 13% with an overall operating rate of 45%; potash was produced at Uralkali Ltd. and

Silvinit Ltd. Lower potash extraction was registered at Silvinit's Solikamsk 2 mine, which was affected by a nearby earthquake in early January. In Belarus, potash production increased by 11%; PO Belaruskali operated at 51% of capacity.

C.I.S. potash deliveries increased by 6% in 1995 due to strong exports while total domestic sales within the C.I.S. dropped 30% in the first half of 1995. The Government of Russia provided some financial support to farmers with a 981 million rouble program (US\$225 million) for the purchase of fertilizers and agricultural chemicals; support to fertilizer manufacturers was also provided in the form of privileged railway tariffs, fixed energy prices and credit guarantees. Despite such support, agricultural output has further deteriorated as application rates continued to decline and planted areas were reduced. Consequently, grain yields decreased and estimates for grain and cereals production in 1995 were 14-18% lower than last year.

Exports rose 16% to 4.3 Mt in 1995. In March, the Government of Russia tentatively applied new export tariffs on fertilizers (for potash, European currency unit (ECU) 3/t, or US\$4/t), but rescinded them shortly after. In October, the Government also eliminated the prevailing ECU 0.7/t (or US\$0.93/t) duty on potash exports. A new fiscal policy to limit inflation growth was implemented in early 1995 with the establishment of a "currency corridor" constraining the fluctuation of the rouble against the U.S. dollar, a measure that affected the profitability of Russian potash exporters. Late in 1995, the rouble stabilization program was extended until mid-1996 with a 4% devaluation in the Russian currency. In 1995, exports were mostly shipped from Venstpils (Latvia) and, in part, from the Russian port of St-Petersburg and the Ukrainian ports of Ilyichevsk, Kherson and Mariupol on the Black Sea. Late in 1995, one shipment was made through the Port of Najin in North Korea for sales to Japan. Rail rates rose during 1995 and are expected to further increase by 20% in early 1996.

Europe

The European Court of First Instance in Luxembourg dismissed in September 1995 an action brought in May by Ferchimex SA of Belgium against the Council of Ministers of the European Union for the elimination of anti-dumping duties on potash imports from the C.I.S. The Commission of the European Union announced that it will review the current anti-dumping measures against the C.I.S. at the request of the International Potash Company of Moscow, which claimed change of circumstances.

In France, potash production in 1995 decreased 3% to 0.82 Mt K_2O ; the decline in production was offset by increased imports. Both French mines are forecast to close in the early 2000s. In Germany, potash production remained static at 3.3 Mt K_2O . Kali und Salz

GmbH continued its restructuring program, which involves an expansion at Zielitz where potash capacity is to increase from 1.08 to 1.25 Mt K_2O by 1996. The Niedersachsen-Riedel mine closed in 1995 while the Bergmanssegen-Hugo mine is to shut by mid-1996. Overall German potash capacity is expected to decline by 5% and to reach 3.7 Mt/y K_2O in late 1996. Italian potash operations were idle again in 1995 with no potash extraction reported for the last three years. In Spain, potash production dropped by 5% to 0.65 Mt K_2O ; higher output is expected by 1996 with improvements at Llobregat where a new access ramp was completed in 1994. The 0.2-Mt/y K_2O Subiza mine in Navarra is expected to close in 1997 due to depleting reserves. In the United Kingdom, Cleveland Potash Ltd. produced 0.6 Mt K_2O , a 3% increase over 1994.

Middle East

In Israel, Dead Sea Works Ltd. produced 1.3 Mt K_2O in 1995, a slight increase from the previous year. Fertilizer and Chemicals of Israel will close two of its five potassium sulphate plants in 1996. In Turkey, Dead Sea Works and Alkim Alkali Kimya announced plans for a new 200 000-t/y potassium sulphate operation; a demonstration facility will first be constructed at Lake Acigol in Turkey. In Jordan, the Arab Potash Company Ltd. (APC) produced 1.06 Mt K_2O , a 14% increase over 1994. APC started the construction of a new dike and a new carnallite pond to expand production capacity at Ghor Al-Safi by 0.2 Mt K_2O by 1998. APC is also planning to build a US\$79 million potassium sulphate facility at Aqaba with a capacity of 75 000 t/y K_2SO_4 .

Asia

In China, potash production in Qinghai was estimated at 90 000 t K_2O . The Chinese-Israeli joint venture for a new 480 000-t/y K_2O potash operation near Golmund is reportedly to become firmly approved by early 1996 following two years of delays due to financing difficulties. Construction of the US\$474 million project is expected to start in mid-1996 for completion in late 1999. The facility will use the cold crystallization technology of Dead Sea Works to extract potash from shallow carnallite brines.

In northeastern Thailand, the Asean Potash Mining Co. (APMC) successfully completed its deep-well injection tests for injecting future waste brines into porous sedimentary formations underneath the potash orebody at Bamnet Narong. The extension of the existing decline to reach salt formations is to be contracted in early 1996 for completion by late summer. Proposals for an environmental study are being reviewed. A long-term deep well injection project is being considered starting in 1996. (Ultimately, APMC's plans are for the construction of a new 0.6-Mt/y K_2O underground potash mine.) In northern Thailand, the Vancouver-based Asia Pacific Resources Limited (APR) completed a 57-hole drilling

program in the Somboon area, and started a new 50-hole reconnaissance program in the northern part of its Udon Thani concession to be completed by mid-1996. In 1995, APR obtained a 62.5% equity position in Asia Pacific Potash Corporation (APPC), and Thai Central Chemical Co. Limited increased its interest to 27.5% from 20%. According to an APPC report, initial mineable potash reserves were estimated at 160 Mt of sylvinitic averaging 25.5% K_2O . During the year, APR began a feasibility study for the construction of a 1.2-Mt/y K_2O potash mine to be operational by 1999.

PRICES

The price of potash quoted on a free on board (f.o.b.) Vancouver basis (in U.S. dollars) is considered the major pricing indication for most Canadian international offshore sales. In many markets, prices are also quoted on a delivered basis, c.i.f. (cost, insurance and freight) national ports. Canpotex Limited, representing all Saskatchewan potash producers, sells both f.o.b. Vancouver or c.i.f. foreign ports, or out of warehouses in Southeast Asia.

Offshore potash price quotations rose by an average of 7% in 1995, continuing a trend that was initiated in the fall of 1994. Entering 1995, f.o.b. Vancouver potash prices were quoted at between US\$110 and \$111/t KCl for standard grade. During the first quarter, price increases were achieved in most Asian markets with the notable exception of China; quotations rose by US\$6/t to \$9/t and ranged between US\$110 and \$120/t, reflecting a strong demand and sustained trade for potash in the global market between April and September. In October 1995, a major contract was settled between Canpotex and China for the fourth quarter of 1995 and the first quarter of 1996 with the same increase that had been achieved in the first half of 1995 with most other buyers. Late in 1995, f.o.b. Vancouver prices were quoted at US\$120-\$123/t. In offshore business, C.I.S. potash prices were quoted at US\$72-\$75/t f.o.b. Baltic in early 1995 and fluctuated between US\$68 and \$85/t until April. In May, prices rose US\$5/t to US\$73-\$85/t, and reached US\$75-\$90/t by September and remained at that level for the rest of the year.

In North America, quotations for f.o.b. Midwest on coarse-grade potash started at US\$101-\$110/short ton (st) in January 1995. A relatively tight supply situation emerged in the spring with strong offshore potash exports, a prevalent rail strike in Canada, and the peaking of U.S. demand. The combination of these factors led to a short-term price increase of US\$4/st to reach US\$105-\$114/st. By July, seasonal corrections and soft market conditions brought prices down to US\$96-\$106/st. During the fourth quarter, prices fluctuated at the US\$98-\$106/st level, realizing a net US\$5/st loss in 1995. On average, Midwest price quotations returned to the same level that prevailed in December 1993 while, during the same period, offshore prices rose US\$14/t, or 13%.

OUTLOOK

For the near term, key agricultural indicators point to an increasing demand for fertilizers, including potash. Following the poor world grain production during 1994/95, the total world grain inventory was estimated at the very low level of 229 Mt, which represented a ratio of 13% of world grain inventory relative to consumption (this ratio had never been below 15% during the previous 35 years). World grain consumption has also been exceeding production for the last five years. Demand has risen steadily over the past decade, driven by increased population and gains in per capita income in developing countries. The direct relationship between an improvement in grain production, higher crop yields, and balanced fertilizer application calls for increases in global fertilizer consumption. With a fragile situation for grain at year-end 1995, a strong demand for fertilizers and potash is expected in 1996.

The total world demand for potash in 1996 is projected at 24.5 Mt K_2O . Potash usage is mostly in fertilizers, with a 93% share of total potash consumption, and the remainder is used in industrial chemicals. World demand for fertilizer potash is forecast to increase by 3% to 22.2 Mt K_2O in 1996. Consumption of potash is expected to increase in the United States, Latin America and Asia, while marginal growth is expected in Western Europe and the C.I.S. Improvements in demand are projected to continue in Poland. In the United States, potash consumption is set to increase by 5% as planted acreage for corn is expected to grow by 13% to 82 million acres. The 1995/96 Acreage Reduction Program rate for corn has been lowered to 0% from 7.5%. Low crop yields in 1995 and higher corn prices convey additional considerations for an increase in the application rate per hectare. U.S. consumption of fertilizer potash is forecast to grow to 5 Mt K_2O in 1996. In Western Europe, potash consumption will benefit from higher crop prices and a further 2% reduction in the set-aside rate for arable lands. In Asia, China is expected to continue its goal of self-sufficiency in agriculture; higher fertilizer production, imports and consumption will be needed to increase application rates, redress nutrient imbalance, and raise crop yields in order to ultimately meet grain production targets. An improvement in the domestic distribution system remains a challenge to better serve the agricultural sector.

Long-term fertilizer potash demand is expected to continue to recover. According to the International Fertilizer Industry Association (IFA), based on IFA estimates for 1995 of 19.8 Mt K_2O , fertilizer potash demand for the period 1995-2000 is forecast to grow at an annual rate of 3.3% to around 23 Mt/y by 2000. (However, this level could reach 24 Mt K_2O when considering fertilizer sales data.) Increases are anticipated in Asia, Central Europe, the C.I.S., and North America. An annual growth rate of 4% is projected in

Asia; however, this rate could be much higher if both China and India pursue their target of balanced fertilization by improving their respective nitrogen-to-potash ratios. A more balanced fertilization in both countries would result in additional demand for potash of more than 1.4 Mt/y by 2000. According to the World Bank, world demand for industrial potash is forecast to reach 1.4 Mt/y K_2O in 2000. Taking into account growing industrial uses, distribution losses, and an optimistic approach to fertilizer consumption, total world demand for potash is projected at close to 26.5 Mt/y K_2O by 2000.

On the supply side, for the rest of the decade further rationalization and closures are projected in Western Europe, the United States, and possibly the C.I.S. It is expected that these closures will more than offset any additional expansion or new capacity to come on stream between 1995 and 2000. Expansions in capacity are anticipated in Canada, Latin America (Brazil and Chile), and the Middle East. Consequently, world potash capacity is forecast to register a net decrease of 0.4 Mt K_2O to 35.7 Mt/y by 2000. The current world potash capacity is more than adequate to cover the forecast growing demand. Between 1995 and 2000, the world potash demand/supply balance will continue to face a lagging but gradually declining surplus. Based on capacity projections and demand forecasts, this surplus is expected to decline from 11.7 Mt K_2O in 1995 to 9.2 Mt by the year 2000 (or to 26% of world capacity, compared to 33% in 1995). Based on capability (which refers to achievable production when considering technical and logistical constraints), the current global surplus of 7.5 Mt K_2O is forecast to decline to 4.5 Mt K_2O .

Beyond the year 2000, the supply/demand situation is much more difficult to forecast. Projected growth rates for the period 1995-2000 may not be sustained, and world supply could expand rapidly as several prospective projects have been announced. Many of these projects are concurrent and may likely compete against each other; moreover, their completion may not be synchronized with forecast increases in potash demand. Most of these will likely come on stream after the year 2000. Additional capacity of close to 2.0 Mt/y (equating to 5% of world capacity) may come from new projects being evaluated in Thailand, China and Argentina, and from another expansion in Jordan. Many of these projects are being developed in major consuming regions and they would therefore have an immediate impact on Canada's competitiveness. Other projects that are being considered would be developed to either offset diminishing production or to expand overall production. Known projects include prospective new mines in Canada and Thailand. The incremental capacity from these latter projects would result in another 3.0 Mt/y, adding about 8% to the world's capacity. In the medium to long term, the world potash balance is forecast to continue to be in a surplus position until 2003-2005, with annual global surpluses ranging between

1.7 and 5.8 Mt K_2O . However, a potential deficit might develop in the latter part of that period if demand growth continues to be strong and if unforeseen events impact on current production or on projects with a medium probability of occurrence.

The current indicators call for much optimism in the near future: demand has been recovering, economic and agricultural policies in consuming countries are being implemented, strong growth is projected in developing (major potash-consuming) countries, and further rationalization is being implemented by marginal suppliers.

The short-term prospect for a potential deficit or balance is not foreseen. In the next five years it is expected that demand will continue to grow in concert with the continuation of supply management and decreasing overall capacity, together leading to a firmer marketplace. The current global surplus will likely decline. This reduction would translate into higher utilization rates for all producers, including Canada, in line with its role of swing supplier. This residual surplus would be split between Canada (45%), the C.I.S. (33%), and the remaining producers (22%).

The long-term forecast offers many possibilities ranging from a potential deficit to a sustained surplus. The likely possibility would lead to a further reduction of the global surplus through 2005, with a potential deficit developing beyond that year. The numerous prospective capacity developments that have been announced for start-up in the period 2000-2005 may, however, face the risk of convergence if all intended projects are commissioned in the early 2000s.

Notes: (1) For definitions and valuation of mineral production, shipments and trade, please refer to Chapter 70. (2) Information in this review was current as of January 24, 1996.

TARIFFS

Item No.	Description	Canada			United States
		MFN	GPT	USA	Canada
3104.20	Potassium chloride	Free	Free	Free	Free
3104.30	Potassium sulphate	Free	Free	Free	Free
3104.90.00.10	Magnesium-potassium sulphate	Free	Free	Free	Free
3104.90.00.90	Other	Free	Free	Free	Free

Sources: Customs Tariff, effective January 1996, Revenue Canada; Harmonized Tariff Schedule of the United States, 1996.

TABLE 1. CANADA, POTASH PRODUCTION, SHIPMENTS AND TRADE, 1994 AND 1995

Item No.	1994		1995P		
	(tonnes)	(\$000)	(tonnes)	(\$000)	
PRODUCTION, Potassium Chloride					
Gross weight	13 379 716	..	14 623 546	..	
K ₂ O equivalent	8 181 946	..	8 932 141	..	
SHIPMENTS					
K ₂ O equivalent	8 517 206	1 287 086	8 847 917	1 462 435	
IMPORTS, Fertilizer Potash					
3104.20	Potassium chloride, in packages weighing more than 10 kg				
	United States	4 811	579	5 023	685
	France	74	9	335	43
	Germany	42	5	259	33
	United Kingdom	23	2	35	4
	Total	4 950	597	5 651	766
3104.30	Potassium sulphate, in packages weighing more than 10 kg				
	United States	13 753	4 028	10 268	3 250
	Germany	8	14	5	12
	United Kingdom	2	5	2	5
	Other countries	-	-	..	0
	Total	13 763	4 049	10 276	3 268
3104.90.00.10	Magnesium potassium sulphate				
	United States	55 886	9 623	51 526	8 572
	Germany	74	14	-	-
	Mexico	65	13	-	-
	Other countries	-	-	23	4
	Total	56 026	9 651	51 549	8 576
3104.90.00.90	Other potassic fertilizer				
	United States	1 177	591	1 151	603
	France	-	-	190	141
	Mexico	20	13	95	57
	Other countries	18	11	16	2
	Total	1 216	615	1 452	805
Potash Chemicals					
2815.20	Potassium hydroxide (caustic potash)	9 887	6 265	15 003	9 182
2834.21	Potassium nitrate	6 468	3 875	6 238	3 947
2835.24	Potassium phosphates	892	1 015	808	865
2836.40	Potassium carbonates	2 075	1 536	2 345	1 702
2839.20	Potassium silicates	643	532	1 197	714
	Total potash chemicals	19 966	13 224	25 591	16 412

TABLE 1 (cont'd)

Item No.	1994		1995P		
	(tonnes)	(\$000)	(tonnes)	(\$000)	
EXPORTS, Fertilizer Potash¹					
3104.20	Potassium chloride, in packages weighing more than 10 kg				
	United States	7 341 355	899 172	7 529 829	863 656
	People's Republic of China	1 722 384	214 510	2 090 598	307 194
	Brazil	789 092	97 794	834 906	108 417
	Japan	518 298	73 517	616 722	94 900
	Malaysia	470 397	61 901	495 498	72 858
	South Korea	373 872	49 326	418 728	61 731
	Australia	249 079	32 794	286 146	42 020
	Taiwan	164 417	22 888	215 207	32 250
	New Zealand	126 509	16 680	197 795	29 164
	Cuba	46 250	5 273	165 650	21 345
	Indonesia	79 065	10 541	144 268	21 063
	France	211 531	24 976	99 408	11 913
	India	226 301	28 431	93 559	13 679
	Belgium	152 377	19 842	80 273	11 505
	Chile	82 230	10 979	78 957	11 860
	Thailand	43 512	5 771	60 191	8 825
	United Kingdom	90	59	50 106	6 449
	Costa Rica	–	–	42 553	6 149
	Philippines	57 850	7 683	39 606	5 951
	Colombia	90 280	10 622	38 020	4 541
	Italy	10 060	1 391	34 495	2 928
	Ecuador	7 000	834	21 951	2 498
	Guatemala	27 440	3 204	18 000	1 975
	Ivory Coast	–	–	17 850	2 184
	Jamaica	16 037	2 454	17 210	2 072
	Spain	–	–	15 872	1 780
	Denmark	45 750	5 038	15 750	1 737
	Argentina	14 479	1 932	14 089	2 059
	Mexico	–	–	13 200	1 488
	Honduras	–	–	11 000	908
	South Africa	22 000	2 880	9 000	1 318
	Dominican Republic	23 850	2 897	7 100	829
	Ireland	16 813	2 181	7 000	882
	Singapore	5 000	664	5 534	925
	Fiji	5 823	882	4 181	626
	Uruguay	1 679	226	4 000	589
	Vietnam	5	.. .	502	75
	Oman (Muscat)	–	–	480	126
	Pakistan	675	89	108	74
	Surinam	–	–	23	3
	Iran	–	–	21	7
	Bangladesh	15 750	2 085	–	–
	Netherlands	25 726	2 584	–	–
	El Salvador	500	40	–	–
	Nigeria	9 999	1 115	–	–
	Trinidad and Tobago	10	1	–	–
	Martinique	5 500	645	–	–
	Total	12 998 986	1 623 919	13 795 386	1 760 575
3104.30	Potassium sulphate, in packages weighing more than 10 kg				
	United States	11 094	7 149	5 306	2 658
	Australia	22	7	200	71
	France	80	48	71	63
	Paraguay	–	–	20	24
	Total	11 196	7 205	5 596	2 818

Sources: Natural Resources Canada; Statistics Canada.

– Nil; . . Not available or not applicable; . . . Amount too small to be expressed; P Preliminary.

¹ Countries are ranked in descending order of value, based on 1995 data.

Note: Numbers may not add to totals due to rounding.

TABLE 2. CANADA, POTASH PRODUCTION AND TRADE, FERTILIZER YEARS ENDED JUNE 30, 1976/77-1994/95

	Production ²	Imports ¹	Exports ¹
(tonnes K ₂ O equivalent)			
1976/77	4 803 015	24 289	4 175 473
1977/78	6 206 542	26 095	5 828 548
1978/79	6 386 617	21 819	6 256 216
1979/80	7 062 996	20 620	6 432 124
1980/81	7 336 973	35 135	6 933 162
1981/82	6 042 623	25 437	5 400 662
1982/83	5 378 842	21 846	4 864 219
1983/84	7 155 599	17 934	6 730 733
1984/85	7 283 509	17 396	6 784 178
1985/86	6 519 777	12 837	6 479 678
1986/87	7 031 586	12 122	7 100 135
1987/88	7 839 625	14 486	7 315 318
1988/89	8 088 748	18 604	7 075 122
1989/90	6 773 019	20 714	6 387 857
1990/91	7 520 235	23 714	6 727 678
1991/92	7 011 915	22 437	6 464 897
1992/93	7 286 620	27 581	6 450 457
1993/94	7 260 773	24 375	6 866 310
1994/95	9 087 262	21 978	8 351 584

Sources: Natural Resources Canada; Statistics Canada; Potash and Phosphate Institute; Canadian Fertilizer Institute.

¹ Includes potassium chloride, potassium sulphate, potassium-magnesium sulphate, except that contained in mixed fertilizers. ² Potassium chloride only.

TABLE 3. CANADA, POTASH PRODUCTION AND SALES IN 1994 AND BY QUARTERS, 1995

	Total 1994	1995				Total
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
(000 tonnes, K ₂ O equivalent)						
Production	8 089.6	2 533.6	2 679.5	1 615.8	2 121.1	8 950.0
Sales						
North America	4 943.7	1 450.5	1 200.6	1 022.2	1 206.0	4 879.3
Offshore	3 535.5	1 192.1	1 143.8	637.1	821.5	3 794.5
Total	8 479.2	2 642.6	2 344.4	1 659.3	2 027.5	8 673.8
Ending Inventories						
Mine site	612.3	596.6	844.9	804.3	845.7	n.a.
Off site	671.2	631.8	671.0	648.6	697.4	n.a.
Total	1 283.5	1 228.4	1 515.9	1 452.9	1 543.1	n.a.

Source: Potash and Phosphate Institute.
n.a. Not applicable.

TABLE 4. CANADA, POTASH SALES BY PRODUCT AND AREA, 1993 AND 1994

Destination		Agricultural				Total	Industrial			Total Sales
		Standard	Coarse	Granular	Soluble		Standard	Soluble	Total	
British Columbia	1993	16	13	5 593	666	6 287	522	12	534	6 822
	1994	—	850	4 688	886	6 424	399	44	443	6 867
Alberta	1993	792	332	33 904	2 015	37 043	1 332	445	1 778	38 821
	1994	15	4 163	35 455	2 362	41 995	1 778	448	2 226	44 221
Saskatchewan	1993	47	671	10 576	160	11 454	4 323	1 926	6 248	17 702
	1994	259	2 492	11 952	297	14 999	7 007	2 961	9 968	24 967
Manitoba	1993	145	3 473	22 588	1 274	27 480	10	5	15	27 495
	1994	3 722	4 531	20 880	1 282	30 416	375	20	395	30 811
Ontario	1993	—	70 429	76 247	246	146 922	8 492	488	8 980	155 902
	1994	—	89 564	77 862	—	167 426	6 627	1 072	7 700	175 125
Quebec	1993	—	3 103	67 726	3 921	74 749	1 198	48	1 246	75 996
	1994	—	4 136	58 748	2 110	64 994	1 814	276	2 090	67 084
New Brunswick	1993	—	8 299	5 565	—	13 864	—	—	—	13 864
	1994	—	9 380	6 045	37	15 463	—	—	—	15 463
Nova Scotia	1993	—	3 570	1 619	—	5 189	—	13	13	5 202
	1994	—	3 476	1 286	—	4 762	—	—	—	4 762
Prince Edward Island	1993	980	1 556	11 825	—	14 361	15	—	15	14 377
	1994	—	4 078	10 147	—	14 224	—	—	—	14 224
Newfoundland	1993	—	116	—	—	116	—	—	—	116
	1994	—	—	410	—	410	—	—	—	410
Total	1993	1 981	91 563	235 641	8 282	337 467	15 893	2 936	18 829	356 296
	1994	3 997	122 669	227 473	6 974	361 113	17 999	4 821	22 820	383 933

Source: Potash and Phosphate Institute.

— Nil.

TABLE 5. CANADA, POTASH INVENTORY, PRODUCTION, DOMESTIC SALES AND EXPORT SALES, 1995

Month	Beginning Inventory	Production	Domestic Sales				Export Sales				Canadian Total Sales
			Agriculture		Non-Agriculture		United States		Non-United States		
January	1 283.5	793.1	14.4	1.0	15.4	405.0	34.0	439.0	307.2	746.2	761.6
February	1 310.9	785.5	14.5	1.3	15.8	523.8	29.1	552.9	440.6	993.5	1 009.3
March	1 123.4	955.0	15.2	1.5	16.7	374.6	36.1	410.7	444.3	855.0	871.7
Subtotal, 1st quarter		2 533.6	44.1	3.8	47.9	1 303.4	99.2	1 402.6	1 192.1	2 594.7	2 642.6
April	1 232.1	948.8	37.2	1.6	38.8	467.2	31.1	498.3	475.1	973.4	1 012.2
May	1 140.3	948.2	130.3	1.4	131.7	319.6	44.1	363.7	292.8	656.5	788.2
June	1 290.7	782.5	18.7	1.4	20.1	107.8	40.2	148.0	375.9	523.9	544.0
Subtotal, 2nd quarter		2 679.5	186.2	4.4	190.6	894.6	115.4	1 010.0	1 143.8	2 153.8	2 344.4
July	1 515.6	480.7	7.4	1.5	8.9	119.9	31.0	150.9	189.9	340.8	349.7
August	1 638.9	454.0	12.1	1.5	13.6	334.3	37.3	371.6	188.1	559.7	573.3
September	1 512.9	681.1	22.3	1.5	23.8	415.8	37.6	453.4	259.1	712.5	736.3
Subtotal, 3rd quarter		1 615.8	41.8	4.5	46.3	870.0	105.9	975.9	637.1	1 613.0	1 659.3
October	1 452.9	653.6	27.9	1.8	29.7	392.0	40.7	432.7	158.2	590.9	620.5
November	1 489.7	789.7	13.2	2.0	15.1	332.7	37.4	370.1	343.3	713.4	728.5
December	1 550.0	677.8	15.4	1.9	17.3	289.4	51.8	341.2	320.0	661.2	678.5
Subtotal, 4th quarter		2 121.1	56.5	5.7	62.1	1 014.1	129.9	1 144.0	821.5	1 965.5	2 027.5
Total		8 950.0	328.6	18.4	346.9	4 082.1	450.4	4 532.5	3 794.5	8 327.0	8 673.8

(000 tonnes K₂O)

Source: Potash and Phosphate Institute.

- Nil.

Note: Stocks at year-end: 1.54 Mt.

TABLE 6. WORLD POTASH PRODUCTION, 1989-95

	1989	1990	1991	1992	1993	1994	1995 ^e
	(000 tonnes K ₂ O)						
Brazil	109	98	101	85	173	242	225
Canada	7 333	7 002	7 405	7 270	6 850	8 182	9 005
Chile	20	20	38	35	35	52	65
China	32	46	60	60	60	90	90
C.I.S.	10 232	9 126	8 510	6 948	4 667	5 112	5 730
France	1 195	1 292	1 129	1 141	890	870	820
Germany	5 386	4 850	3 902	3 525	2 860	3 286	3 300
Israel	1 273	1 311	1 270	1 296	1 309	1 259	1 300
Italy	154	68	31	86	—	—	—
Jordan	792	841	818	808	822	930	1 060
Spain	741	686	585	594	661	684	650
United Kingdom	463	488	494	530	555	580	600
United States	1 580	1 654	1 692	1 658	1 525	1 400	1 465
Total	29 310	27 452	26 035	24 036	20 407	22 687	24 310

Sources: Natural Resources Canada; International Fertilizer Industry Association Ltd.; U.S. Bureau of Mines.
C.I.S. Commonwealth of Independent States.
— Nil; ^e Estimated.

TABLE 7. CANADIAN POTASH, CURRENT SITUATION AND FORECAST, 1989-96

	Actual							Forecast
	1989	1990	1991	1992	1993	1994 ^r	1995 ^p	1996 ^e
	(000 tonnes K ₂ O)							
Capacity ^r	12 045	12 045	12 045	12 180	12 180	12 235	13 220	13 310
Production	7 333	7 002	7 402	7 270	6 850	8 182	9 005	8 950
Capacity utilization ^r (%)	61	58	61	60	56	67	68	67
Sales	7 124	7 190	7 056	7 025	6 863	8 517	8 670	8 970
of which: Domestic	315	396	350	370	356	385	345	370
United States	3 886	3 630	3 610	3 945	4 048	4 560	4 530	4 700
Offshore	2 923	3 164	3 096	2 710	2 459	3 535	3 795	3 900
Year-end stocks	1 596	1 272	1 585	1 785	1 726	1 285	1 545	1 530
World production	29 310	27 452	26 035	24 036	20 407	22 687	24 312	24 600
World capacity	37 751	37 991	37 069	36 579	36 678	35 820	36 115	36 285
Canada/world production ratio (%)	25.0	25.5	28.4	30.2	33.6	36.1	37.0	36.4
Capacity ratio (%)	31.9	31.7	32.5	33.3	33.2	34.2	36.6	36.7

Sources: Natural Resources Canada; Phosphate and Potash Institute.
^e Estimated; ^p Preliminary; ^r Revised.

TABLE 8. CANADA, POTASH MINES, CAPACITY PROJECTIONS, 1987-97

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
	(000 tonnes K ₂ O)										
Potash Corporation of Saskatchewan Inc.	575	575	575	960	960	960	960	960	1 150	1 150	1 150
Allan	830	830	830	830	830	830	830	830	830	830	830
Cory	580	580	580	580	580	580	580	580	580	580	580
Esterhazy (25% of IMC)	1 740	2 090	2 090	2 090	2 090	2 090	2 090	2 090	2 335	2 335	2 335
Lanigan	—	—	—	—	—	—	630	630	630	630	630
Patience Lake ²	1 160	1 160	1 160	1 160	1 160	1 160	1 160	1 160	1 400	1 400	1 400
Rocanville	4 885	5 235	5 235	5 620	5 620	5 620	6 250	6 250	6 925	6 925	6 925
Subtotal											
Agrium Inc. (formerly Cominco Fertilizers Ltd.)	815	815	815	815	815	830	830	830	930	1 020	1 110
Vade											
International Minerals & Chemical Corporation	1 745	1 745	1 745	1 745	1 745	1 745	1 745	1 745	1 745	1 745	1 745
K1 and K2, Esterhazy (75%)											
Kalium Chemicals Company Limited	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 300	1 410	1 410	1 410
Belle-Plaine	—	—	—	—	—	—	—	830	930	930	930
Central Canada Potash Inc.	1 245	1 245	1 245	1 245	1 245	1 245	1 245	2 130	2 340	2 340	2 340
Subtotal											
Central Canada Potash (a division of Noranda Inc.) ¹	830	830	830	830	830	830	830	—	—	—	—
Colonsay											
Potash Company of America, Inc. ²	630	630	630	630	630	630	—	—	—	—	—
Patience Lake											
Saskaterra Fertilizers Ltd. ³	385	385	385	—	—	—	—	—	—	—	—
(Allan)											
Total Saskatchewan	10 535	10 885	10 885	10 885	10 885	10 900	10 900	10 955	11 940	12 030	12 120
Potacan Mining Company	650	780	780	780	780	810	810	810	810	810	810
Clover Hill (Sussex)											
Potash Corporation of Saskatchewan Inc.	—	—	—	—	—	—	470	470	470	470	470
Penobscuis (Sussex)	380	380	380	380	380	470	—	—	—	—	—
Potash Company of America, Inc. ²											
Penobscuis (Sussex)	1 030	1 160	1 160	1 160	1 160	1 280	1 280	1 280	1 280	1 280	1 280
Total New Brunswick	11 565	12 045	12 045	12 045	12 045	12 180	12 180	12 235	13 220	13 310	13 400
Total Canada											

Source: Natural Resources Canada.

— Nil.

¹ Sold to Kalium Chemicals Company Limited in 1994. ² Sold to Potash Corporation of Saskatchewan Inc. in 1993. ³ Sold to Potash Corporation of Saskatchewan Inc. in 1990.

Note: Capacity means "rated" capacity; under normal conditions, Canadian mines can operate comfortably at about 95% of their rated capacity.