



FERTILIZER PRODUCERS & SUPPLIERS ASSOCIATION OF NIGERIA

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JUSTIFICATION FOR BANNING IMPORTATION OF FINISHED NPK FERTILIZERS **PRESENTATION TO THE NATIONAL SECURITY ADVISOR (NSA)**

NATIONAL FERTILIZER DEMAND - SUPPLY SCENARIO

The agronomic demand for fertilizer was estimated at over 7 million tons while the economic demand was estimated to be around 3.5 million tons. However since 2010 consumption of fertilizers has been estimated to be an average of 600 -700,000 metric tons, the bulk of which (over 50%) are finished NPK fertilizers, and are majorly imported into the country despite the availability of local blending capacity and local raw materials. As a result of the preference to importation of NPK fertilizers over the years under various government programs, many of the actors have resorted to importation of substandard fertilizers rather than investing in local fertilizer production to supply quality fertilizers.

It is estimated that fertilizer demand is going to keep increasing in response to the diversification Agenda of President Muhammadu Buhari, as there have been significant increase in farming activities, a good example is the anchor borrowers program which has attracted more people into rice production, giving the indication that Nigeria will be self-sufficient in rice production by 2018. The increase in food production would also increase the demand for fertilizers.

FEPSAN has estimated that fertilizer demand in Nigeria will grow above 4 million metric tons in the next 3 - 4 years.

FERTILIZER NUTRIENTS RAW MATERIALS

Fertilizers are chemicals or natural substances added to soil to increase its fertility for improved crop productivity. They include macro nutrients (Nitrogen N, phosphorus P and Potassium K), secondary nutrients (Sulphur, calcium and magnesium), micro nutrients (Molybdenum, Zinc, Copper, Manganese, Boron, chlorine and Iron) and fillers (e.g. granular limestone).

NPK fertilizers are a blend of these nutrients according to different formulations based on recommendations after soil tests and assessment of crops needs.

Nigeria's abundant natural gas can be harnessed to produce large quantities of nitrogenous (N) fertilizers (ammonia, urea). Today, Nigeria is almost self-sufficient in Urea production with current annual production output of more than 2 million tons from Indorama Eleme Fertilizer & Chemicals and Notore Chemicals Industries Limited. With Dangote Group joining the nitrogen fertilizer producers, will raise urea production to over 4 million tons by 2019.

Commercial quantities of rock phosphate deposit abound in Sokoto, Niger, Kwara, Oyo and Ogun States axis that can be mined and used for the production of phosphate (P) fertilizers. With investments still being made in phosphate exploration, there is a great potential for local sourcing of the product for phosphates fertilizer production.

The only raw material that is not found in substantial quantities in Nigeria is potassium (K).

NEGATIVE IMPACTS OF IMPORTED NPK FERTILIZERS

The National Fertilizer Technical Committee (NFTC) the highest advisory body on fertilizer in Nigeria has indicated concern on the massive importation of fertilizers into Nigeria because it has a dampening effect on domestic production, and is dangerous to and hinders crops productivity because these fertilizers are mostly generic i.e. they are not suited for Nigerian soils and crops conditions and requirements.

In 2016 the Federal Ministry of Agriculture released a detailed list of key fertilizer recommendations approved by the National Council of Agriculture, to be blended for Nigeria based on an extensive national soil survey and analysis. The type mostly imported i.e. NPK 15:15:15 was not recommended.

According to the Minister of Agriculture and Rural Development, finished NPK 15:15:15 fertilizers which are usually imported into the country are poisonous to our soils because of their blanket formulation and are not designed for our specific crops and soil conditions.

Statistics available to FEPSAN show an average of about 380,000 metric tons of this NPK 15:15:15 fertilizers are imported yearly and sold in the Nigerian market.

Importation of fertilizer constitute a drain in foreign reserve.

Importation of fertilizer repels investment and constrains development of local capacity

CAPACITY OF LOCAL BLENDING PLANTS TO MEET DEMAND

Before now, most of the blending plants in the country (with total installed capacity of about 3 million metric tons) were underutilized due largely to importation as well as inconsistent government policies. The inability of these blending plants to function at optimal levels was due to the unhealthy competition of substandard NPK fertilizers imported from other countries.

With the advent of the Presidential Fertilizer Initiative (PFI), 15 blending plants have been revived and are now actively producing fertilizers. The 15 blending plants have the capacity to produce 1.2 million tons per annum and have produced about 400,000 metric tons of NPK 20:10:10 fertilizers for the 2017 rain fed season in just 6 months of production. Another 380,000 metric tons were imported in 2017 making total available NPK to less than 800,000 in 2017.

FEPSAN is screening more blending plats to participate in the PFI hopefully to bring the blending plants to 20 by January 2018 with capacity to produce well over 1.5 million tons of

NPK which will be tailored toward soil and crop specific requirements of various ecologies in the country. This will almost double the NPK supplied in 2017, under PFI and import.

These developments clearly demonstrate the capacity of the blending plants to meet local demand of NPK fertilizers.

BENEFITS OF BANNING IMPORTATION OF FINISHED NPK FERTILIZERS

Apart from achieving the very noble goal of Mr. President's Agricultural policy direction and vision, banning the importation of finished NPK will bring the following benefits and advantages:

1. Over 20 fertilizer blending plants will be revamped to produce the appropriate NPK blends suited to Nigerian soils and crops
2. There will be increased patronage and utilization of local raw materials
3. It will ensure that quality fertilizer gets to farmers on time and at an affordable price
4. Over 500,000 direct and indirect jobs will be created along the fertilizer value chain
5. Numerous economic activities will be stimulated in other sectors such as the bagging, logistics and transport sectors among others.
6. It will result in substantial saving in foreign reserve, money used to import NPK fertilizers annually can be ploughed back within the industry or in other economic activities

Therefore the ban on importation of finished NPK will bring a lot of benefits into the country.

CONCLUSION

A considerable quantity of substandard NPK fertilizer is imported into Nigeria and sold at exorbitant prices, for example while PFI fertilizer sold at N5, 500 to the farmer, the lesser quality imported NPK fertilizer sold for as high N9, 000 per 50kg bag during 2017 rain fed season. One of the major downfalls of this action is the fact that jobs that would have been created in Nigeria were created in the countries where this substandard fertilizer was manufactured.

The country currently has the potential of blending over 2 million metric tons of NPK fertilizer. With the plan to bring and refurbish more plants on board the quantity and number of jobs can be substantially increased. Therefore there is the need to stop the importation of finished NPK to strengthen the local fertilizer blending plants for domestic production of good quality fertilizer which is in line with the objective of this government's policy and strategic plan. Only importation of raw materials and micro nutrients for fertilizer blending that are not available locally should be allowed.

In the light of all the above, we humbly request the National Security Adviser to kindly consider imposing **TOTAL BAN ON IMPORTATION OF FINISHED NPK** into Nigeria to take effect **from 1st January 2018**. This will assure and encourage local producers to continue investing in the industry and sustain the production and distribution of high quality fertilizer in line with the

policy direction and strategy of Mr. President particularly under the Presidential Fertilizer Initiative (PFI) program.

Please accept the assurances of our highest regards.