Potassium Marketing System

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Much information is generated annually about the production and consumption of potash, the fertilizer containing the world’s third most important fertilizer nutrient, K. Considerably less information is available about the various commercial and institutional relationships that constitute the K marketing system. The wide range of government involvement in the industry and the diverse nature of agricultural markets contribute to marketing systems that are diverse, complex, and highly imaginative.

The perspective presented in this chapter is that of a North American producer who serves both the North American and offshore markets and who competes with other world producers for those markets. The purpose of the chapter is to describe the main elements of the K marketing system, including the origin and nature of demand and the distribution systems required for demand to be met.

The chapter is structured as follows. First, world supply and demand are presented to set the scene for the discussion on K marketing. Then, distribution patterns and systems in North America and offshore are outlined. Finally, the key issues and opportunities facing the K marketing system are identified.

I. WORLD POTASSIUM SUPPLY AND DEMAND

At the present time, K is produced in 12 countries and principally three regions—Eastern Europe, Western Europe, and North America. In contrast, K is consumed in over 100 countries throughout the world. This geographical dispersion of supply and demand provides a setting for a rather unique marketing and distribution system.

The three major producing regions—Eastern Europe, North America, and Western Europe—are currently also the largest consumers. The two largest, Eastern Europe and North America, are the only real net exporters.

Of some 26 million tons1 of K production, about 95% originates from three separate and identifiable trading groups: (i) Eastern Europe (the USSR and the German Democratic Republic [GDR]), which accounts for 40%; (ii) Western Europe (the Federal Republic of Germany [FRG], France, the United Kingdom, Spain, and Italy), which supplies 20%; and (iii) North America (Canada and the USA), which supplies approximately 35%. The other major producing area, which is expanding in importance, is the Dead Sea. In 1982, Jordan joined Israel as a major

1Ton throughout the chapter refers to metric ton, or tonne.