

Media Release

15/02/07



Global demand drives increasing pressure on glyphosate costs

Substantial global pressure on glyphosate supplies is pushing raw material costs up and resulting in further price rises in markets all around the world.

As Chinese and US manufacturers of glyphosate raw materials struggle to keep pace with the increasing global demand, the price of glyphosate product in Australia continues to increase.

A rapid expansion of glyphosate resistant 'Roundup Ready' crops – particularly in North and South America - and continued adoption of minimum tillage farming practices in the developing agricultural markets of Eastern Europe, China and India is seeing unprecedented pressure on the availability of key raw materials involved in the manufacture of glyphosate.

Nufarm's Australasian Manager, Lachlan McKinnon uses the example of corn plantings in North America, which increased to more than 90 million acres in 2007, as a key influencer.

"This represents an increase of around 20 million acres in corn plantings on the previous year, and is largely driven by new mandated targets for ethanol production," he said

"The two main sources of technical glyphosate are the USA and China due to the necessary supplies of phosphate in those countries. These technical manufacturers are struggling to increase their production capacity and this is resulting in significant demand driven cost increases."

According to Mr McKinnon, the cost of technical glyphosate material from a number of sources has more than tripled in the past 12 months.

"Nufarm, and all glyphosate suppliers in Australia, source material globally and are therefore directly impacted by the dramatic cost increases," he said.

As glyphosate is a critical input in terms of crop protection, Mr McKinnon sympathises with growers' uncertainty regarding future pricing of glyphosate products in Australia.

He does emphasise, however, that 'Roundup' remains the most cost effective option for summer fallow and pre-plant weed control.

“In reality, ‘Roundup’ is only now going back to the price levels that it was 10-12 years ago, following some dramatic price falls in the past decade,” he said.

With global demand for glyphosate rising significantly in the past nine months, Mr McKinnon suggests that in Australia there will be further upward pressure on demand and pricing.

“In the long term, however, production capacity around the world will increase and bring supply back in balance with demand. Nufarm is investing in a number of initiatives to ensure glyphosate supplies are maintained and keep pace with demand.

“But this will take some time,” he said.

ENDS...

Further information:

Katherine Johnston
Marketing Communication Manager
(03) 9282 1477
0400 949 629
katherine.johnston@au.nufarm.com