

PRESS RELEASE

Targu Mures at
December 17th, 2021

TODAY, AZOMURES TEMPORARILY STOPS FERTILIZER PRODUCTION

Fertilizer production facilities and equipment have started to be shut down on the Azomures platform.

Since December 6 when Azomures made an initial announcement of the preparation to shut down production, the price of natural gas in Romania has continued to significantly increase. For comparison, on December 6, the price for gas delivered in January was 90 Euro / MWh, on December 15, the price for gas delivered in January was 132 Euro / MWh. It should be noted that at European level the price of gas continued to rise, but in Romania the increase was even more pronounced and the gap for Romanian buyers is getting worse. In the first half of 2021, the quotation on the Romanian Commodities Exchange (BRM) was a discount of 3 EUR to the European benchmarks, but in the last months in Romania, the final price was a 9 EUR premium above European benchmarks. Meanwhile, carbon certificates have increased to a level beyond 80 EUR/ton CO₂, after starting the year around 30 EUR.

In the case of Azomures, the resulting fertilizer prices will not be affordable to distributors and farmers. “The combination of effects in the Romanian market means that the price of Romanian fertilizers would be among the highest in Europe, if the local costs of the main raw material, natural gas, were completely transferred to the final product. It is impossible for Romanian farmers to accept such premiums, and therefore it is impossible for Azomureș to operate at such costs”, said Harri Kiiski, CEO of Azomures.

“From a technical point of view, the production facilities on the Azomureș platform will be completely shut down in the next few days. The technical plan for the protection of installations and equipment for the cold period (winterization) is activated, the employees continue to come to work and are ready at any time to restart production if and when market conditions allow it. This stop is not a turnaround stop as some have reported; our only activities will be maintenance backlog and winterization, but otherwise we will be trying to manage our site as best we can until the Romanian market situation improves ” said Harri Kiiski.

Unfortunately, farmers and industrial customers will suffer in the next period. We appreciate the Government's intention to provide subsidies directly to farmers for the purchase of fertilizers to cover very high costs from fertilizers. Farmers should not sacrifice with their fertilizer purchases as a very good crop production, made with the right fertilization, is a correct investment in the context

of high grain prices. Unfortunately, this subsidy will ultimately support imports from other countries as production in Romania will cease.

Currently, there are export restrictions from countries such as Russia, Turkey, Egypt and China. In the regional context, some producers in neighbouring countries (e.g. Hungary) have made announcements to their customers about concentrating sales of products for domestic consumption, thus limiting their exports.

Regarding other forms of support from the Government to get through the current European energy crisis, we must also correct a mistake in the public domain: Azomures did not benefit from any financial aid scheme targeted for 2021. Payment of 2020 aid from ordinance 81/2019 was made at the end of the year 2021. This aid supported the costs of emission certificates and applied to over 30 energy-intensive companies in Romania.

Azomures Targu Mures will continue the dialogue with all stakeholders involved in the management of the energy crisis that affects the supply of fertilizer to Romanian farmers. The spring agricultural campaign (March-April 2022) can be seriously affected by the supply of fertilizers, the consequences will be more visible in the summer of 2022. Fertilizers are part of the European food security recognised by European Commission.

Azomures Press Office

About Azomures:

Azomures is the most important producer of fertilizers for agriculture in Romania. Azomures provides raw materials (Urea and Melamine) for several industrial objectives in Romania. The annual production (under normal operating conditions) is 1.6 million tons of fertilizers, approximately 75% of the production being destined for Romanian farms. The Azomures platform is located in the western part of Targu Mures and provides approximately 2500 jobs.