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Grupa Azoty PUŁAWY to up production

Grupa Azoty Zakłady Azotowe Puławy S.A. will increase production of fertilizers and chemicals starting from June 1st 2023. From the beginning of June, the company's output of ammonium nitrate (PULAN®), urea-ammonium nitrate solution (UAN®) and urea intended for liquid solutions (UAN® and NOXy®) will be raised by more than 100% compared with current levels. The decision was prompted by an improvement of market situation on the product demand side and in terms of raw materials

Reduction of the operating rates of the company's production units in the first months of 2023 was linked directly to the then prevailing market conditions, i.e. significantly weaker demand across all application industries and the cost of gas purchase.

The company's competitive position, as that of the entire fertilizer and chemical industry in the EU, was affected by the EU's climate policy, working to the benefit of non-EU producers, as well as duty-free imports of urea and ammonia from Asian and African countries following temporary suspension of tariffs on those products by the EU Council in December 2022. Another factor was the elevated prices of key production feedstocks, including electricity and coal, used by the company mainly for the production of process steam.

For more than a year, the European fertilizer and chemical industry has been struggling under the impacts of Russia's armed aggression against Ukraine, involving unprecedented turbulence in the energy prices and a collapse of demand across many branches of the economy. As a result, a great number of European fertilizer and chemical producers, including Grupa Azoty PUŁAWY, were forced to adjust production to the prevailing market conditions by temporarily cutting output.

"The situation of Grupa Azoty PUŁAWY is stable. A few days ago we resumed melamine production and now, thanks to a drop in natural gas prices on the market, we can increase the production volumes of fertilizers and offer them to farmers at acceptable prices. We hope that the turmoil in the raw materials and energy markets will ease off and we will be able to return to pricing cycles that are predictable to our customers," says Marcin Kowalczyk, President of the Management Board of Grupa Azoty PUŁAWY.