

## Increasing Fertilizer Demand Creates Opportunity for Profit


Facilities can boost production (and spur long-term growth) with investments that prevent unplanned downtime.

By Andrew Parker, President, CDM Systems, Inc.

### THIS WHITEPAPER WILL PROVIDE:

- Data supporting the growth of the fertilizer industry
- Challenges fertilizer operations face to meet production demands
- How the right conveyor system can increase production and profitability





Growers will need more fertilizer  
- which will cause demand and  
prices to stay sky high.

## Introduction

The global fertilizer industry is seeing unprecedented growth and record-setting prices.

And with the global population expected to reach nearly 9.7 billion by 2050, the need for better crop yields will continue to push the demand for fertilizer.

Additionally, growers are facing the diminishing availability of suitable farmland, and arable soil can lose its natural nutrients over time. Those growers will need more fertilizer - which will cause demand and prices to stay sky high.

The upside is significant profits for fertilizer facilities that are able to consistently meet high demand as the global market continues to grow.

To take advantage of the escalated price and demand on products like potash, urea and monoammonium/diammonium phosphates, fertilizer operations must produce higher volumes at a faster pace. That's much more difficult with equipment that's prone to failure.

## FERTILIZER MARKET FIGURES

Annual Market Value

**\$182.2 billion (2021),**

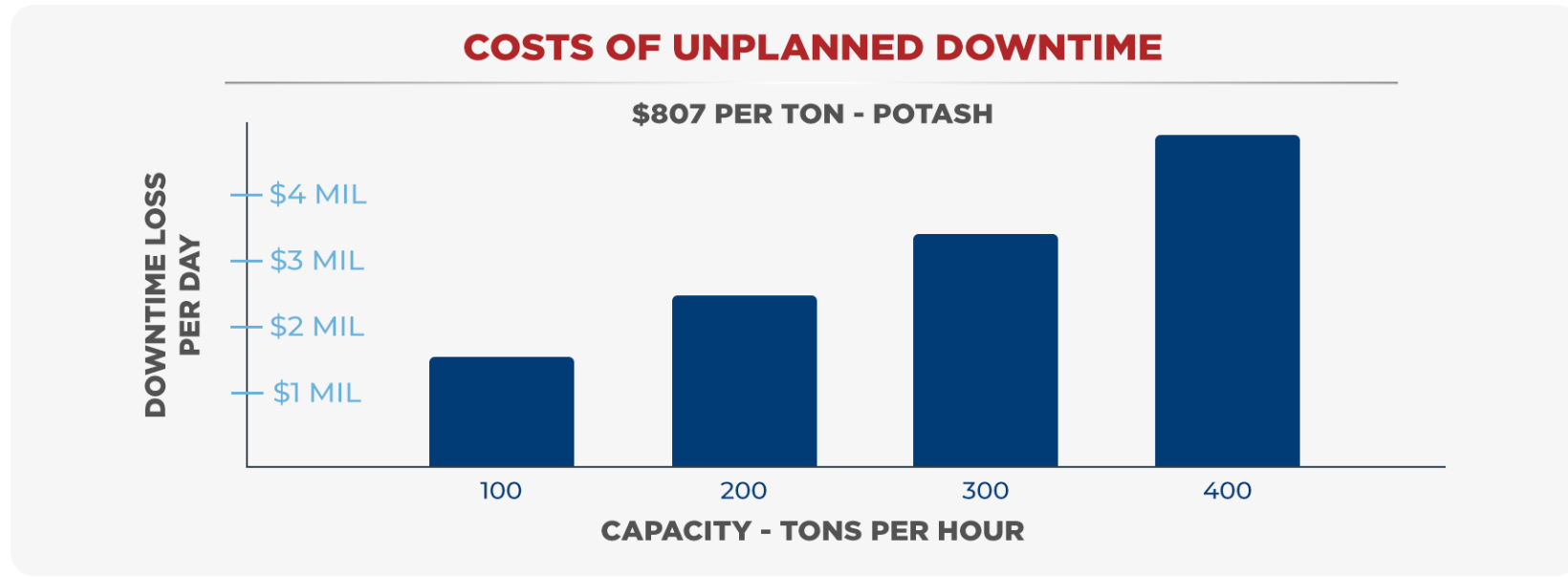
expected to be

**\$254.87 billion by 2030**

Compound Annual Growth Rate (CAGR)

**= 3.89% from 2021-2030**

## Production Interruptions Threaten to Reduce Significant Profits



Older machinery cannot efficiently handle rigorous schedules that ramp up production levels – especially for 24/7/365 operations. Thus, fertilizer facilities are seeking ways to eliminate the threat of costly downtime from failed equipment.

That’s why dependable conveyors are so critical for fertilizer operations.

The more reliably they function, the more material – whether dry, caustic or wet – can be transferred from one part of the facility to another. This improved efficiency helps crank up production – and sends profitability soaring.

Certain planned downtime is expected. Whether it’s preventative maintenance, hardware updates or anything else that requires your attention, facilities can plan for those types of minimal production interruptions. But unplanned outages can be costly.

Even catastrophic.

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## Production Interruptions Threaten to Reduce Significant Profits

As of December 2022, potash has an average per-ton cost of \$807. At this price, a small to midsize operation could easily lose more than \$100,000 per hour and potentially millions in lost profits per day if equipment failures occur.

*Millions.*

Therefore, it is crucial conveyors are designed specifically for fertilizer and the problems that come with the corrosive nature of material like potash.

The Right Conveyor Design Should Include:

- Components built to handle increased fertilizer volume
- Optimal operation and design parameters
- Thorough material and environmental data analysis
- Built to handle the stress of increased capacity

The design-to-task efficiency of the individual components is what leads to dependable conveying. Poorly designed or ill-equipped systems will cost you more in the long term because of the increased frequencies of maintenance and downtime. To keep production strong, operations must successfully manage this threat.



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## Reliable Conveyors Contribute Directly to Expansion and Profitability

Facility and maintenance managers understand the need for a conveyor built for fertilizer. With prices high, successfully boosting production capacity helps a business to expand. But how do you get there?

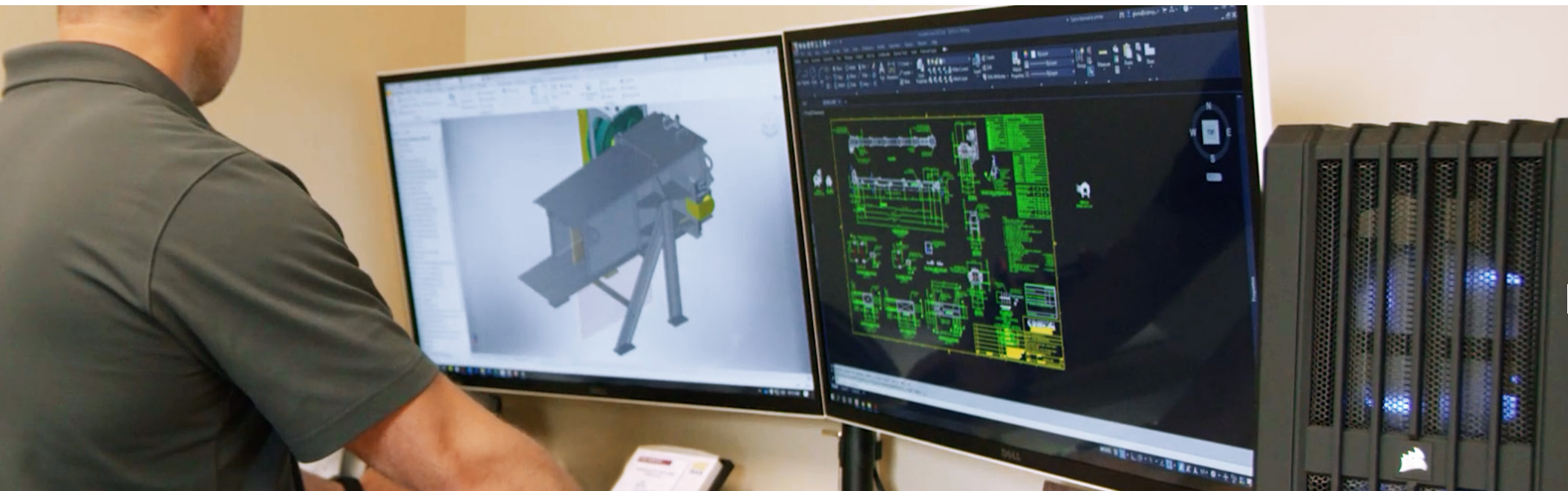
One-size-fits-all conveyor systems may seem like a budget-friendly answer for expanding capacity. But often, such systems are not purpose-built for the application – whether that’s the level of capacity, the characteristics of fertilizer or the intricacies of a site’s layout. This inevitably leads to equipment failures. Given the symbiotic relationship between unplanned breakdowns and profit loss, a present-day investment in the right conveyor is key to “big picture”

profitability and growth.

This is where the conveyor manufacturer is an important partner.

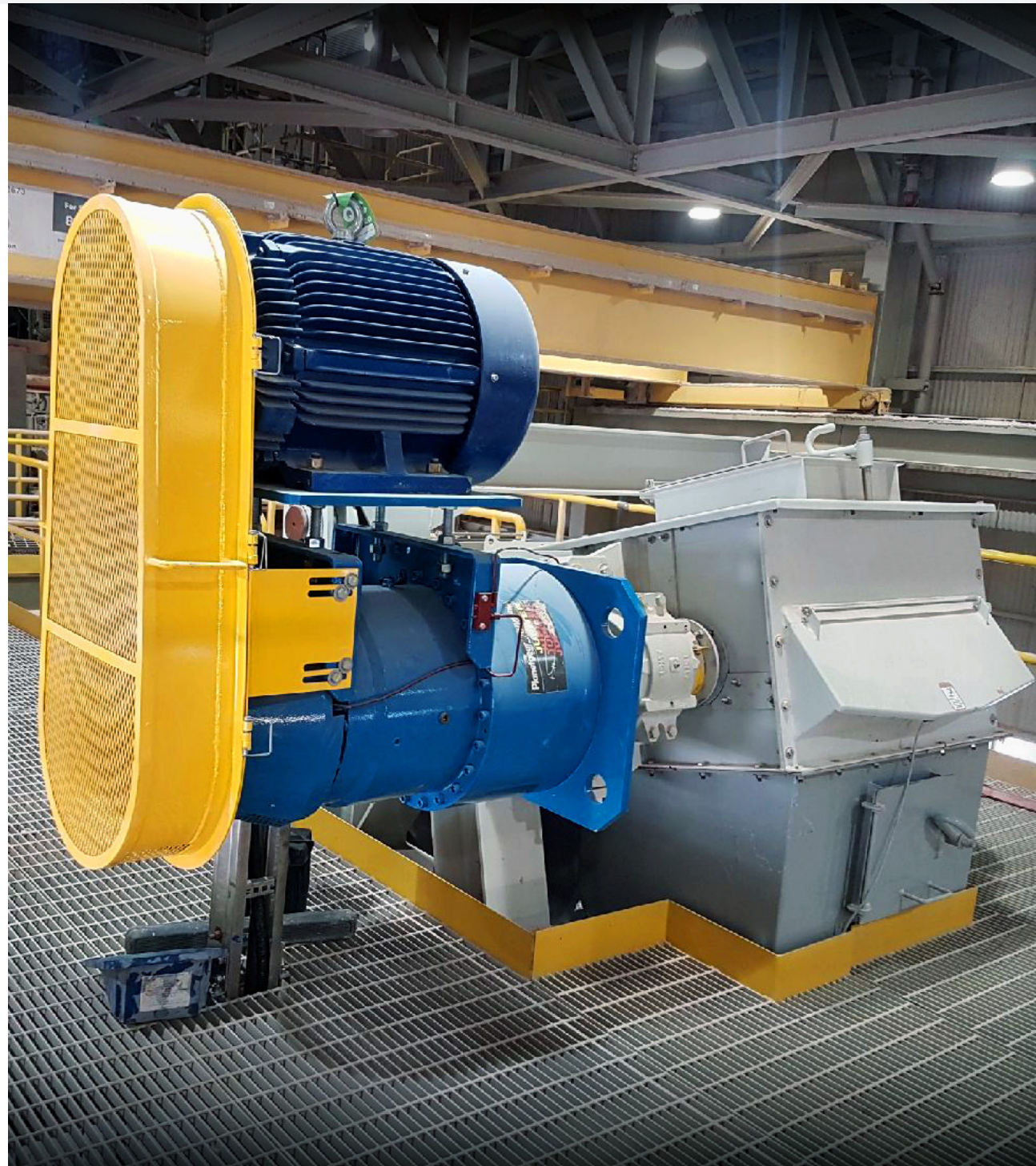
It is essential to thoroughly understand the properties of an operation to spec out the right equipment for the job. Custom-engineered conveying systems with flexible chain formulas and durable construction mean your operation is set-up for the long haul.

This gives managers peace of mind. That’s because they have a conveyor built to eliminate downtime and keep production – and profits – flowing.



## Summary

- Global agricultural markets are increasingly dependent on fertilizers
- Fertilizer demand continues to rise, creating major profit opportunities
- High fertilizer output required to meet demand will put stress on handling equipment
- Customized conveyors built for fertilizer are key to meet increased production goals



Do you have questions or want more information on how the right equipment can help you meet your production goals?

Visit [cdmsys.com](http://cdmsys.com) or call 763-762-9965.

The proof is in the capacity.

See how this fertilizer operation got the boost they needed.



## About the Author

Andrew Parker is President for CDM Systems, Inc. He has more than 20 years of experience in the bulk material handling industry. He oversees operations including conveyor design and development.

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