

## Russian fertilizer makers can't offset potential Iran-related supply crunch

MOSCOW — Fertilizer producers in Russia, the world's largest exporter, will not be able to make up for a potential global shortfall linked to the US-Iran conflict as their ability to boost supply is constrained, industry sources told Reuters.

The war has shut down fertilizer plants in the Middle East and severely disrupted shipping routes via the Strait of Hormuz, conduit for about a third of global trade in fertilizers.

Russia accounts for about one-fifth of global fertilizer trade, but limited capacity, domestic export caps and recent Ukrainian attacks on major plants all constrain its ability to ramp up output, the sources said. New export-oriented plants are not expected to come on stream before 2027, according to one source who spoke on condition of anonymity.

"Higher prices look great on paper, but Russian producers are boxed in by domestic supply obligations, especially ahead of the planting season," said another industry source, who also spoke on condition of anonymity.

"And any windfall profits are likely to draw government attention as it looks for ways to boost budget revenue."

A third source, also speaking on condition of anonymity, said companies are currently focused on meeting domestic demand.

"It may be possible to cover, over a short horizon, the demand left unmet without the Middle East, but in the long term it is too large a volume to replace," the source added.

A Ukrainian drone attack on Drogobuzh, one of Russia's largest fertilizer plants, owned by major producer Acron, on Feb. 25 has temporarily knocked

out about 5% of the country's overall production capacity and killed seven people.

Drogobuzh accounts for 11% of Russia's ammonium nitrate output and 9% of its NPK fertilizer production, a mixture of nitrogen, phosphorus and potassium.

Russia, also the world's top wheat exporter, introduced fertilizer export restrictions in 2021 to ensure sufficient supply on the domestic market.

Andrey Guryev, head of the industry lobby, estimated the gap between lower domestic and higher export prices at about 15% during a meeting with President Vladimir Putin in 2025.

He also told Mr. Putin that Russia is aiming to capture one-quarter of global fertilizer trade by 2030.

Russian fertilizer producers have been spared Ukraine-related Western sanctions in order to ensure global food security, but face payment and logistical difficulties related to sanctions.

Brazil, India and China are the biggest buyers of Russian fertilizer, and it also exports to the US.

Shares in two of Russia's publicly traded producers, Acron and PhosAgro, have risen modestly, by 3% and 4%, respectively, on the Moscow Exchange since the US and Israeli attacks on Iran began on Feb. 28.

"A shortage of phosphate fertilizers, amid China's export restrictions, the shutdown of sulphur production in Qatar, and tensions in the Strait of Hormuz, are powerful drivers for price increases in the market," T-Bank analysts said in a research note.

— Reuters

# 190 farm-to-market roads set for procurement in second quarter

THE DEPARTMENT of Agriculture (DA) said 190 farm-to-market road (FMR) projects are due to be offered for procurement in the second quarter.

"Procurement will start in the second quarter. The DA will jumpstart the implementation of around 190 projects nationwide," Cristy Cecilia P. Polido, director of the Bureau of Agricultural and Fisheries Engineering (BAFE), told *BusinessWorld* via Viber.

This year, the DA is taking over the construction of FMR projects from the Department of Public Works and Highways (DPWH), with BAFE serving as the lead office for the program.

The DPWH was partly defunded because of the 2025 flood control corruption scandal, with FMRs taken away from it and the DA promising to build roads more attuned to farmer needs and more efficiently.

The FMR program was allocated P33 billion in the 2026 national budget to fund more than 1,600 projects, covering over 2,000 kilometers of roads.



DPWH.GOV.PH

With the takeover, the DA expects to accelerate project implementation and reduce the previously estimated cost of around P15 million per kilometer for a five-meter-wide FMR.

According to Administrative Order (AO) No. 4, signed by Agriculture Secretary Francisco P. Tiu Laurel, Jr. on March 6, the DA will identify priority FMR projects based on commodity roadmaps, the location of the majority of

farmers and fisherfolk, and poverty rates.

Local government units (LGUs), community-based organizations, and farmers' groups may also propose FMR projects, according to AO No. 4, a copy of which was obtained by *BusinessWorld*.

The order assigned FMR projects mainly to the BAFE and DA regional field offices, especially for high-impact commodity projects.

However, the DA may also enter into memoranda of agreement with the DPWH, qualified LGUs, other partners, or resort to public-private partnerships as authorized by the General Appropriations Act.

In cases where the DPWH implements the projects, it will be held to DA standards, specifications, costing, and technical guidelines.

"The DPWH shall utilize the FMR Transparency Portal to ensure transparency, accountability, and public access to project information," according to the order.

LGUs will only be allowed to implement FMR projects if they demonstrate sufficient technical capability, financial capacity, administrative and legal compliance, and a commitment to sustainability.

"The LGU shall likewise provide 10% project counterpart funding, in cash or in kind, which may be utilized to fund expenses identified in the (memorandum of agreement)," the order read. — Vonn Andrei E. Villamiel

## Fertilizer suppliers probed over quality concerns

THE DEPARTMENT of Agriculture (DA) said it has launched an investigation into several fertilizer suppliers with government contracts and suspended the release of their products following reports of substandard quality.

In a statement on Sunday, the DA said Agriculture Secretary Francisco P. Tiu Laurel, Jr. directed procurement and warehouse officials on March 5 to halt the distribution of fertilizer from several suppliers while the DA and the Fertilizer and Pesticide Authority (FPA) undertake a full review of the products.

The DA said the investigation targets suppliers flagged in preliminary FPA quality tests, including Agri-Victorious Trading Corp., DQB Green Agricultural Products

Trading, Valap Inc., Dos Asia Chemical Trading Corp., and Rova Fertilizer Manufacturing.

"We agreed to pay the price they bid, yet they delivered substandard products. That is highway robbery, and we will not allow it. They have no shame," Mr. Laurel was quoted as saying in a statement.

According to the DA, no stocks from the identified suppliers may be released, distributed, or utilized until the review is concluded and formal clearance is issued by the Office of the Secretary.

DA personnel were also ordered to submit reports on pending deliveries, ongoing transactions, and other documentation to aid the assessment, the DA said. — Vonn Andrei E. Villamiel



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## Higher fuel prices seen affecting 1.2M households in off-grid areas

AROUND 1.2 million households residing in off-grid areas face the risk of prolonged power outages as fuel prices rise as a result of the Iran crisis, according to transition and transaction advisory firm Climate Smart Ventures (CSV).

In the latest analysis, CSV said that the energy security of communities in off-grid areas — typically remote or island communities — is at risk because of their reliance on diesel power plants.

"If oil prices continue to escalate and the conflict drags on, this can deplete the Universal Charge for Missionary Electrification (UCME) fund used to subsidize fuel in off-grid areas," CSV Head of Philippine Operations Matthew Carpio said.

Mr. Carpio said the upward pressure on fuel prices could lead to an increase in UCME rates, which are collected from on-grid electricity consumers.

Citing the precedent of the Ukraine-Russia war in 2022, Mr. Carpio warned that a prolonged conflict could trigger blackouts of up to 16 hours in some off-grid areas if fuel subsidies are exhausted and diesel stocks run out.

Iran, currently under attack from the US and Israel, controls the northern shore of the Strait of Hormuz, which about 20% of the world's oil and liquefied natural gas must transit.

Mr. Carpio said increasing the proportion of renewable energy (RE) for power genera-

tion can insulate remote communities against global price shocks.

"This is a reminder why a fast RE transition is not a negotiable but a necessary hedge, especially for off-grid," he said.

Currently, island communities and off-grid areas depend almost exclusively on power plants operated by the National Power Corp.'s Small Power Utilities Group (NPC SPUG).

About 99% of the 79 SPUG power plants operating across 70 islands run on diesel fuel, leaving them exposed to global price shocks, according to CSV.

CSV cited NPC programs, such as the Accelerated Hybridization Program (AHP), which seeks to launch hybrid plants powered by a combination of diesel, solar, and battery, as holding promise for cushioning communities from the impact of oil price shocks.

Through AHP, NPC aims to reduce diesel consumption by at least 20% in the power plants, with the end goal of fully transitioning all SPUG areas to RE by 2030.

Mr. Carpio said electric cooperatives operating in island communities and off-grid areas being serviced by SPUG plants can develop their own RE plants to reduce dependence on diesel.

He said the "rapid decline" in the cost of RE and energy storage systems has made them more competitive than diesel on a per kilowatt-hour basis, especially in off-grid locations. — **Sheldeen Joy Talavera**

## Labor, consumer groups call for tax relief

LABOR AND CONSUMER groups are urging the government to relieve their tax burdens and raise wages, citing the high cost of living made worse by the attacks on Iran.

"Prices remain high. The government claims that inflation has only slightly increased, but in the public markets the reality is different," Renna Joy F. Lasmarias, representative of the Promotion of Church People's Response (PCPR) within the SUKI Consumer Network, said in a statement on Sunday.

Ms. Lasmarias noted that retail prices for staples remain elevated, with onions at about P165 per kilo, chicken P196, and *galunggong* (round scad) P326.

The Federation of Free Workers (FFW) Women's Network said gasoline prices have hit P80 per liter in Tacloban.

Vilma Garcia, a board member of FFW, said that women bear the brunt of the crisis as they manage dwindling family budgets against uncontrolled price increases.

The statements were issued as part of the observance of Women's Month.

"While a living wage is being denied to families and public funds intended for social protection are being lost to corruption, the suffering endured by women workers only intensifies," Ms. Garcia added.

President Ferdinand R. Marcos, Jr. said last week that the March 10-16 forecast for fuel includes gasoline price increase of P7.48 per liter. Diesel was to rise P17.28 per liter, and kerosene P32.25 per liter. — **Erika Mae P. Sinaking**

### FULL STORY

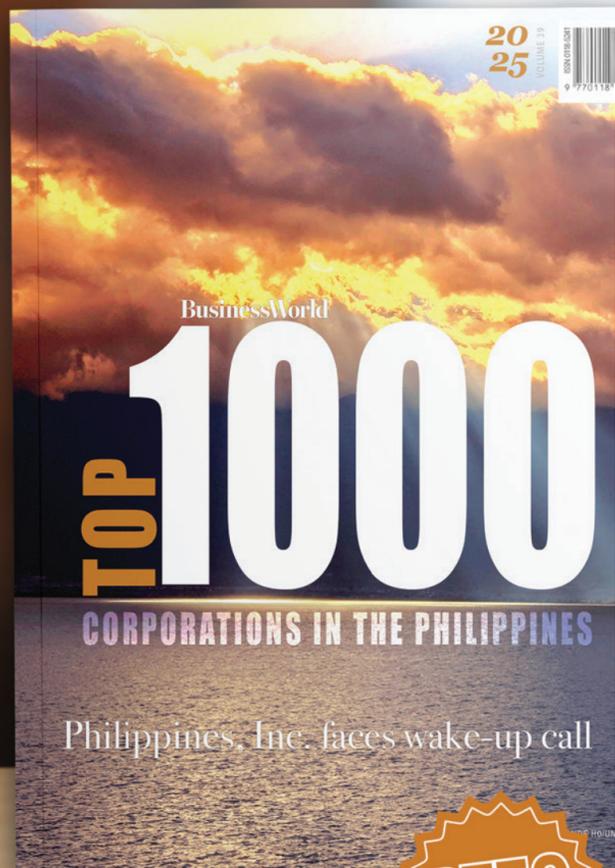


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