Chemical Fertilizer Business

Business Outlook Summary

ISIC: 52201210 Manufacture of fertilizers

Over the next year, the chemical fertilizer industry is projected to carry a **"Neutral (-)"** outlook, with the potential return of El Niño from the second half of 2026 onward representing a key downside risk. The associated weather volatility and uneven rainfall distribution could prompt some farmers to delay expanding their cultivated areas and, in turn, reduce their demand for chemical fertilizers. Compounding this, farmer incomes and purchasing power remain structurally fragile, as prices for several major cash crops continue to offer limited incentives for increased agricultural activity. On the cost side, chemical fertilizer producers face sustained upward pressure stemming from elevated raw material prices in global markets. This is further exacerbated by geopolitical uncertainties — most notably the ongoing conflict in the Middle East — which continues to weigh on energy costs and logistics, while also introducing supply-side risks related to raw material imports from the region.

Nonetheless, several supporting factors offer a degree of resilience. Demand for chemical fertilizers remains relatively robust among certain high-potential cash crops — including sugarcane, oil palm, and feed corn — where cultivation area expansion and field maintenance activities sustain consistent input requirements. Additionally, leading producers are well-positioned to pursue quality-driven competitive strategies, such as developing high-efficiency fertilizer formulations and implementing strategic cost management, enabling them to protect margins even within a market of constrained growth.

Business Overview

Thailand's chemical fertilizer industry operates at the midstream segment of the supply chain. The country lacks the domestic capacity to produce key upstream raw materials — such as ammonia, phosphate rock, and potassium chloride — which serve as the primary feedstocks for manufacturing base fertilizers. As a result, Thai operators are almost entirely dependent on imported inputs. Most of these imports take the form of base fertilizers containing the three primary macronutrients: Nitrogen (N), Phosphorus (P), and Potassium (K). These are then blended domestically into formulations tailored to Thailand's soil conditions and the specific requirements of local cash crops. In addition, finished compound NPK fertilizers are imported for direct distribution, by passing any further domestic processing.

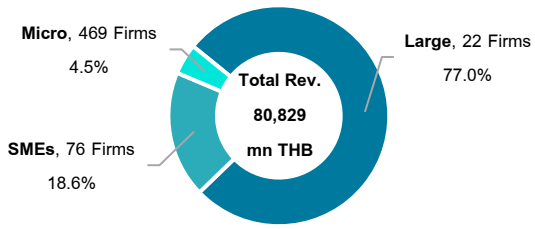
Given this structure, the Thai chemical fertilizer industry's core function lies in blending, packaging, and distribution rather than in upstream production technology or base fertilizer manufacturing. Consequently, domestic producers' cost structures are highly sensitive to fluctuations in global base fertilizer prices — volatility that transmits directly to domestic fertilizer prices. This deep reliance on imported inputs also highlights a long-term vulnerability in raw material supply security and presents a structural barrier to upgrading the industry toward higher value-added production and more advanced manufacturing technologies. In terms of market orientation, Thailand's chemical fertilizer production is primarily oriented toward meeting domestic demand, with exports accounting for only approximately 1-5% of total annual output on average. Key export destinations are predominantly neighboring countries, namely Cambodia, Laos, Myanmar, and Vietnam (CLMV).

According to BOL Enlite data, Thailand's chemical fertilizer market recorded a total market value of approximately THB 80,829 million in 2024, with 567 registered operators. However, the industry's competitive structure is highly concentrated: just 22 large operators — representing roughly 4% of all players — account for a combined market share of 77%. This dominance reflects their structural advantages in production cost efficiency, nationwide distribution networks, and the ability to import base fertilizers directly from overseas. In contrast, micro-operators — numbering 469, or approximately 83% of all players — hold 4% market share. This disparity underscores their limitations in terms of operational scale, production capacity, and bargaining power within the supply chain. Micro-operators typically face higher input costs, as they must procure materials through agents or large importers, and have restricted access to broader markets — resulting in intense intra-segment competition and limited growth prospects and revenue potential.

In terms of financial performance, Thailand's chemical fertilizer industry demonstrated an overall growth trend between 2020 and 2024, with total revenue expanding at a compound annual growth rate (CAGR) of 11.4%. This reflects sustained fertilizer demand driven by agricultural sector growth and the ongoing need to improve crop yields per unit area. Revenue reached its peak in 2022, when global fertilizer prices surged in the following supply disruptions following the Russia-Ukraine conflict. From a profitability standpoint, the industry's net profit grew at a CAGR of 14.8% over the same period, with growth largely attributable to large operators and SMEs, which benefited most from elevated global fertilizer prices during this period.

Breaking down performance by business size over the 2020–2024 period, large operators achieved average revenue growth of 12.7% per year and maintained their market positions even as revenues moderated from their 2022 peak — underpinned by their direct import capabilities, efficient inventory management, and extensive nationwide distribution networks. SMEs recorded a relatively healthy average growth rate of 9.3% per year, reflecting their capacity to expand regional market presence and adapt pricing and product strategies with greater flexibility. Micro-operators, by contrast, grew at a modest average of just 2.5% per year over the five-year period and sustained persistent losses — a clear indication of structural constraints in business scale, raw material procurement capabilities, and market access.

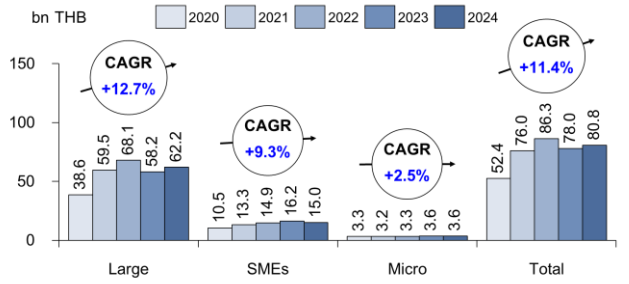
Figure 1 Chemical Fertilizer Market Value Structure 2024



Source: BOL Enlite (TSIC: 20121)

Note: Business size classifications by revenue are based on LHB definitions.
Large > 500 mn THB, SMEs 50-500 mn THB, Micro < 50 mn THB

Figure 2 Total Revenue of Operators in the Chemical Fertilizer Industry



Source: BOL Enlite (TSIC: 20121)

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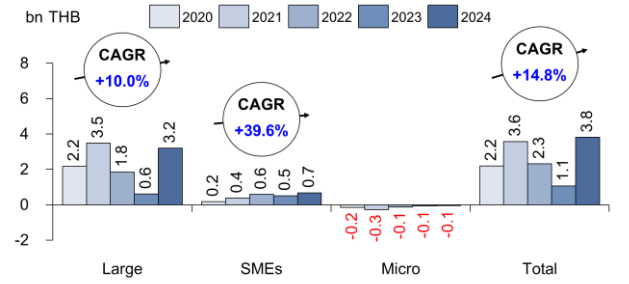
Figure 3 Net Profit (Loss) of Operators in the Chemical Fertilizer Industry

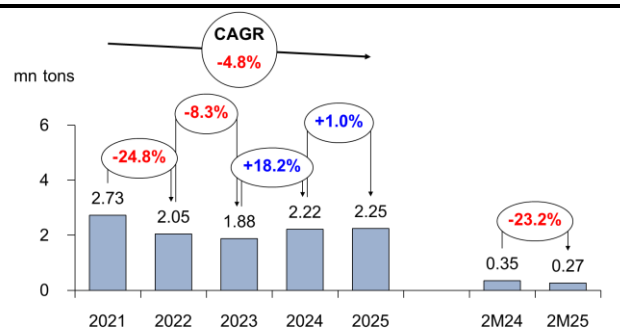


Source: BOL Enlite (TSIC: 20121)

Note: Business size classifications by revenue are based on LHB definitions.
Large > 500 mn THB, SMEs 50-500 mn THB, Micro < 50 mn THB

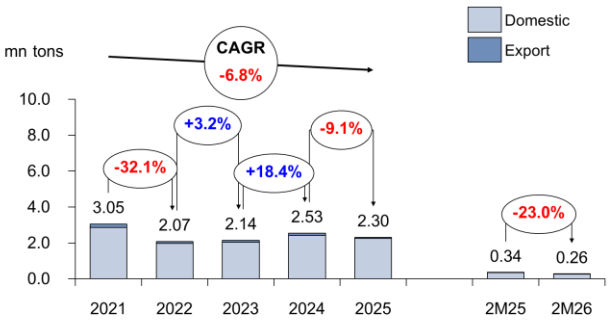
Fertilizer production and consumption in the first two months of 2026 showed a decelerating trend compared to the same period a year earlier. Chemical fertilizer output contracted 23.2% YoY, in line with a 23.0%YoY decline in total consumption, driven by weakness in both domestic consumption and export volumes. This slowdown was primarily attributable to reduced purchasing power among farmers — both domestic and international — stemming from price pressures across key agricultural commodities. According to data from the Office of Agricultural Economics (OAE), Thai farmer income contracted by 7.0% YoY during the first two months of 2026, reflecting significant year-on-year price declines across major crops: rice (-7.9%), sugarcane (-21.2%), rubber (-17.8%), and palm oil (-24.6%). In response, farmers have adjusted their fertilizer usage behavior — either reducing overall application volumes or shifting toward more targeted, precision-based use as a cost-control measure. On the supply side, persistently elevated fertilizer prices continue to act as a demand constraint, particularly for low-return-per-rai crops. Domestic fertilizer prices remain under upward pressure from high imported raw material costs, as supply tightness from major producing countries — notably China and Russia — has limited global availability and kept prices elevated. This has compelled farmers to manage fertilizer applications with greater caution. Additionally, ongoing tensions in the Middle East have exerted further upward pressure on global energy prices and freight costs, which are expected to transit into higher fertilizer production and import costs in the period ahead.

Figure 4 Thailand's Chemical Fertilizer Production Volume



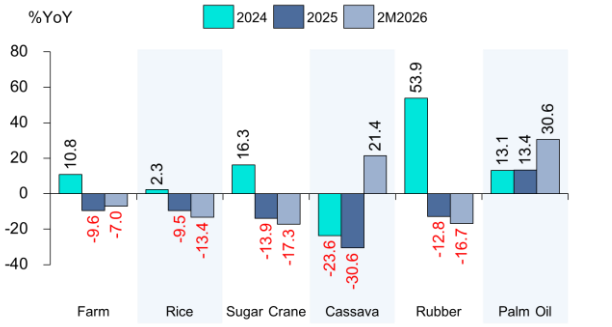
Source: OIE

Figure 5 Thailand's Chemical Fertilizer Sales Volume



Source: OIE

Figure 6 Growth Rate of Thai Farmers' Income, Classified by Major Agricultural Crop



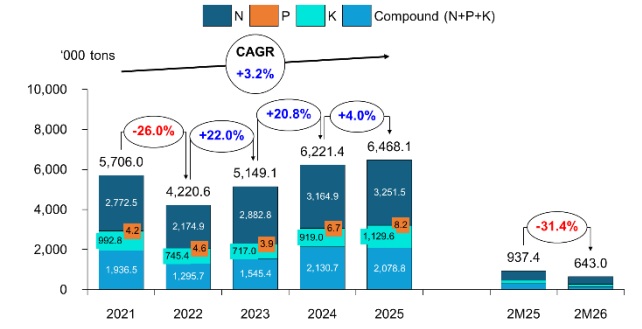
Source: OAE

Import Overview

Thailand's total chemical fertilizer imports in 2025 amounted to 6.47 million tons, an increase of 4.0%YoY, base fertilizer imports (N, P, K) accounted for 4.39 million tons, or 67.9% of overall import volume, with the remaining 32.1% comprising ready-made compound NPK fertilizers. However, momentum shifted markedly in the first two months of 2026, with total chemical fertilizer imports contracting 31.4% YoY, reflecting declines across both base fertilizer and compound NPK categories. The primary driver was persistently high global fertilizer prices, underpinned by tight supply conditions and export restrictions imposed by major producing

nations — most notably China and Russia. In response, Thai importers opted to defer new purchase orders and instead draw down existing inventory accumulated from the elevated import volumes of prior periods. Compounding these pressures, ongoing geopolitical tensions in the Middle East and Europe continue to weigh on global energy markets — particularly natural gas prices, which serve as a critical feedstock in nitrogen fertilizer production. Meanwhile, China's fertilizer export control policies show no signs of easing, with the country maintaining its quota framework and export restriction measures on nitrogen and phosphate fertilizers.

Figure 7 Thailand's Import Volume of Chemical Fertilizers



Source: MOC

In 2025, Thailand remained heavily reliant on chemical fertilizer imports. Nitrogen (N) base fertilizers accounted for the largest share at approximately 50.3% of total import volume, sourced primarily from Saudi Arabia (33.0%), Malaysia (13.2%), and Oman (11.2%). Phosphate (P) base fertilizers represented a minimal 0.1%, with Egypt supplying 91.8% of that category. Potassium (K) base fertilizers made up around 17.5% of total imports, drawn mainly from Canada (32.9%), Laos (20.7%), and Jordan (15.5%). The remaining 32.1% consisted of ready-made compound NPK fertilizers, imported predominantly from China (30.6%), Russia (27.8%), and South Korea (15.6%).

This import structure reveals that Thailand's base fertilizer supply chain carries a considerable degree of exposure to Middle Eastern geopolitical risk. Nitrogen fertilizers, in particular — sourced in large volumes from Saudi Arabia and Oman — tie Thailand's input costs directly to the volatility of regional conflict and geopolitical uncertainty, which, in turn, affects natural gas prices (the principal feedstock for urea and ammonia production), broader energy costs, and international freight rates. Should tensions escalate to the point of disrupting key shipping lanes or energy infrastructure, export volumes from affected countries could contract or face delivery delays, pushing global base fertilizer prices higher and amplifying price volatility. Nevertheless, despite Thailand's ongoing exposure to supply and price disruptions stemming from instability in major fertilizer-exporting regions, the country has little alternative but to maintain its dependence on these imports. As an agrarian economy with a large farming population and an agricultural sector that requires substantial fertilizer inputs to sustain both crop yields per unit of land and overall produce quality, continued reliance on imported base fertilizers remains a structural necessity.

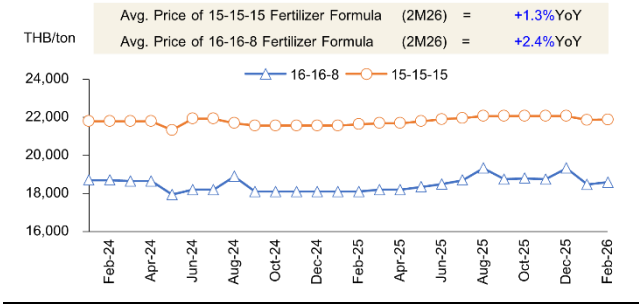
Table 1 Thailand's Major Chemical Fertilizer Import Market in 2025, by Volume

	%Share	Major Source
Nitrogen (N)	50.3	Saudi Arabia (33.0%), Malaysia (13.2%), Oman (11.2%)
Phosphorus (P)	0.1	Egypt (91.8%), China (3.7%), USA (2.8%)
Potassium (K)	17.5	Canada (32.9%), Loas (20.7%), Jordan (15.5%)
Compound Fertilizer (Compound NPK)	32.1	China (30.6%), Russia (27.8%), S. Korea (15.6%)

Source: MOC

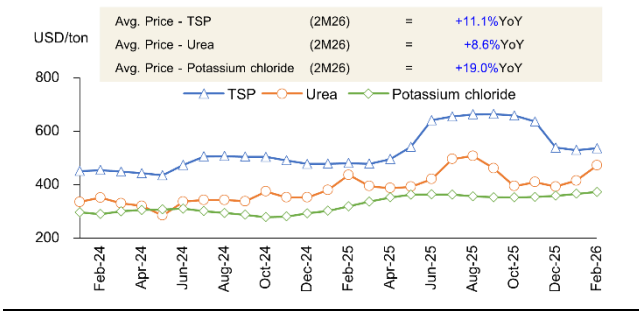
Chemical fertilizer prices trended upward in both domestic and global markets during the first two months of 2026. According to OAE data, domestic compound fertilizer prices rose across key formulations — the 15-15-15 formula averaged approximately THB 21,800 per ton, up 1.3%YoY, while the 16-16-8 formula averaged around THB 18,000 per ton, increasing 2.4% YoY — reflecting higher import costs in line with global market price movements. On the global stage, World Bank data shows that prices for major base fertilizers accelerated amid tightening worldwide supply conditions, with Triple Superphosphate (TSP), Urea, and Potassium Chloride rising by 11.1%YoY, 8.6% YoY, and 19.0%YoY, respectively. Compounding these supply-side pressures, geopolitical uncertainty in the Middle East has driven up logistics costs — particularly insurance premiums and freight rates along routes transiting the Strait of Hormuz — keeping these elevated at levels that have held domestic chemical fertilizer prices well above their five-year historical averages.

Figure 8 Domestic Chemical Fertilizer Prices



Source: OAE

Figure 9 Global Chemical Fertilizer Prices



Source: World Bank Commodity

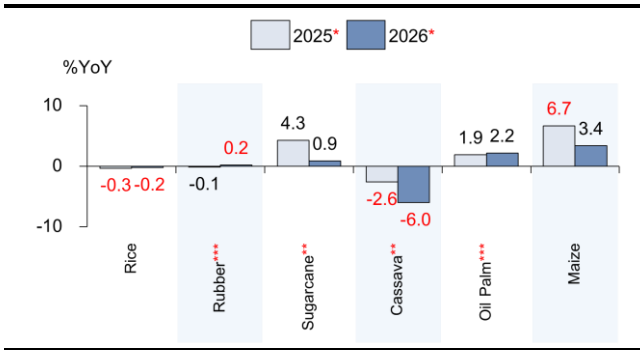
Business Outlook

The chemical fertilizer industry is expected to face several key risk factors, most notably the potential return of the El Niño phenomenon from the second half of 2026 onward. The associated weather disruptions, including irregular rainfall distribution and tightening water reserves in key storage catchments, could prompt farmers to scale back cultivated area expansion or reduce production volumes, thereby dampening fertilizer demand. Compounding this, farmer incomes and purchasing power are expected to remain structurally fragile, as uninspiring prices across several major cash crops are pushing farmers to prioritize cost containment over increased investment. This shift in mindset is already manifesting in more cautious fertilizer application behavior — including reduced application rates per unit of land and limiting usage to critical growth stages only.

On the cost side, chemical fertilizer producers face sustained upward pressure from globally elevated base fertilizer prices, which remain high relative to historical averages. This reflects supply normalization challenges among major producing nations, alongside persistent geopolitical uncertainties that continue to weigh on energy and logistics costs. Ongoing conflict in the Middle East carries the additional risk of pushing oil prices and freight rates higher, while simultaneously threatening the security of raw material and base fertilizer imports from the region — a critical global production hub. Any further disruption to trade routes or transportation costs could tighten Thailand's supply chain considerably. These dynamics keep import costs for Thai operators structurally elevated, yet the constrained purchasing power of farmers limits their ability to pass cost increases through to retail prices in full — compressing margins and making full cost transfer to end consumers largely unachievable.

Nonetheless, several supporting factors provide a degree of resilience. Certain high-value cash crops — including sugarcane, oil palm, and feed corn — continue to drive relatively robust fertilizer demand through ongoing cultivation area expansion and field maintenance requirements. A broader trend toward improving crop yields per unit of land and enhancing produce quality over the long term also means that a meaningful segment of farmers will continue to use chemical fertilizers, even if at reduced volumes relative to normal conditions. Furthermore, as an agrarian economy, Thailand retains a fundamental baseline demand for fertilizer inputs, given that crop cultivation cannot entirely forgo plant nutrients. Chemical fertilizers remain an indispensable production input for sustaining both yields and farmer incomes, even in periods of high input costs or weaker crop returns. Large operators with strong procurement capabilities, cost management expertise, and well-established distribution networks are also well-positioned to deploy strategic tools — including inventory management, forward purchasing contracts, and the development of high-yield, cost-efficient fertilizer formulations — to effectively serve farmer needs in the period ahead. The government has also implemented complementary measures, including fertilizer price controls and strategic stock management, alongside farmer cost subsidies and initiatives to promote efficient fertilizer use and alternative fertilizer adoption — all aimed at mitigating the impact of rising input costs and sustaining the growth trajectory of the domestic chemical fertilizer industry.

Figure 10 Projected Cultivation Area Growth of Thailand's Major Economic Crops



Source: OAE

Note: *Forecast data as of November 2025, **Harvested area, ***Planted area

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