

Yunnan Fertilizer Plant Construction Project (I)(II)(III)



Yunnan Fertilizer Plant

Outline of Loan Agreement

Loan Amount / Disbursed Amount	14,068 million yen /14,066 million yen
Loan Agreement	November 1990 - August 1993
Terms & Conditions	Interest rate 2.5% / 2.6%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	December 1995 - October 2000

Project Outline

The project covered construction of a triple super phosphate (TSP) fertilizer plant with an annual output capacity of 400,000 tons in order to meet increased demand for chemical fertilizers and contribute to improved food productivity.

Results and Evaluation

Of the ten chemical fertilizer plants nationwide that were targeted for development (of which 6 were covered by Japan's ODA loans) under China's eighth five-year development plan (1991-95), this project was assigned high priority. The plant was completed in the planned scope, with commercial operation commencing in June 1997. However, soaring power purchase costs, which accompanied the transition to a market economy, reduced the economic viability of fertilizer production, and TSP output has remained at the low level of around 10% of the target figure.

Food production volumes and productivity have increased throughout China and the Chinese government's policy targets have been accomplished, but since the output of phosphate fertilizers at the project plant has been low, its contribution to increased agricultural productivity is considered to have been limited.

Yunnan Phosphate Fertilizer Factory (YPFF), the project's executing agency, is planning to convert the plant's current production method to wet phosphate facilities, which have low power consumption, however, since the market environment for TSP remains severe, it will be necessary to monitor future developments carefully.