

Afcons to build \$240 mln Jordan terminal

By Suleiman al-Khalidi

AMMAN (Reuters) - Jordan's Phosphate Mines Company, one of the world's largest phosphate suppliers, has awarded India's Afcons Infrastructure Limited a \$240 million contract to construct a new phosphate terminal, the Jordanian firm said on Thursday.

The project, in the southern part of the Red Sea port city of Aqaba, involves building a four million tonne a year terminal as well as trucking, unloading and handling facilities and other marine terminal facilities.

The export terminal will include a 280-metre long berth and the construction is expected to take 25.5 months to complete, Jordan Phosphate Mines Company (JPMC) chairman and CEO Walid al-Kurdi said in a statement.

Financing of the project would come from a \$110 million loan from the World Bank's International Finance Corporation (IFC) and the rest would be covered by the firm's internal sources, Kurdi said.

The IFC loan would be repaid over nine years at an interest rate of 3.5 percent over LIBOR, company officials said.

JPMC will manage the port under a 30-year concession from the Aqaba authorities.

JPMC, which has joint ventures with Indian and Japanese firms with diversified downstream fertiliser operations, depends mainly on Shidiyah mine, in southern Jordan.

Shidiyah, with its high grade phosphate, is easily the lowest cost producer in Jordan and holds 1 billion tonnes of the country's 1.5 billion tonnes of proven reserves.

JPMC produces about 6 million tonnes of rock phosphate annually. It exports some and uses the rest at its fertiliser complex in Aqaba, which produces annually 320,000 tonnes of phosphoric acid, 630,000 tonnes of di-ammonium phosphate and 10,000 tonnes of aluminium fluoride.

Lower prices and higher production costs have cut JPMC's profit margins despite steady demand in India, Japan and Asia, where growing populations and economic growth have led to more use of fertilisers to boost food output, company officials said.

JPMC saw its net revenue from exports of fertilisers and phosphate fall a sharp 46 percent in 2009 to 458 million dinars (\$645 mln) against the previous year.

Last year's phosphate prices fell by almost half from 2008 levels as the global recession took hold.

Unlike many commodities whose prices are determined on futures exchanges, phosphate costs are negotiated directly between producers and industrial users.

Brunei Investment Agency has a 37 percent stake in JPMC. Other major shareholders are Kuwait, which owns 9 percent, and Jordan's government pension fund which holds 16 percent.