

SOS - AdBlue is not widely available anymore!

In recent weeks and months there has been an obsessive search to find AdBlue supply all over Europe. Final users and distributors were ready to pay the product at any price to avoid running out of it and being forced to stop their fleets of trucks, cars, agricultural machines or even worse - their diesel generators. AdBlue prices reached record prices, partially due to the increase of the gas prices, but mostly due to speculation and fear of remaining without product.



A lot of companies have increased their AdBlue reserves to guarantee future demand, but what has really happened and why? And what will be the situation in 2022?

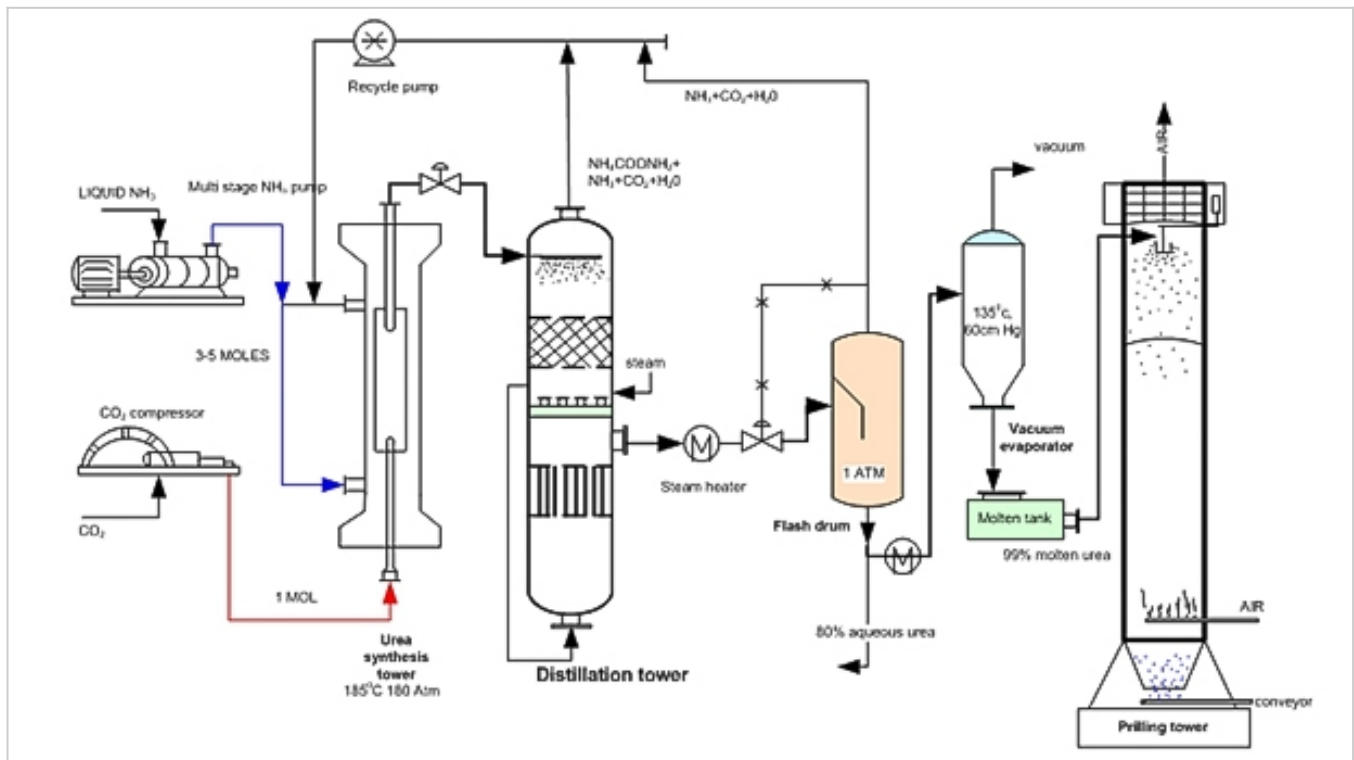
Let's start from the beginning of the story and see how AdBlue is produced as a part of the ammonia and urea chain. Natural gas is the feedstock of the process and the fuel to supply all energy demand for the production process.

The production of ammonia (NH₃) from natural gas is conducted by reacting methane (CH₄-natural

gas) with steam and air (steam reforming), coupled with the subsequent removal of water and carbon dioxide (CO₂) produced. The products of this process are hydrogen and nitrogen, which are the feedstock for the main ammonia synthesis.

In the ammonia synthesis process, both nitrogen and hydrogen are compressed to relatively high pressure to be fed to the synthesis reactor (Haber-Bosch process). The produced ammonia is then cooled down for ammonia condensation to separate the ammonia from the other gases.

Following the ammonia production and storage, Urea (NH₂CONH₂) is produced from ammonia and gaseous carbon dioxide at high pressure and high temperature. The components of this mixture are then separated, usually by stripping off gaseous ammonia followed by carbon dioxide, to yield urea.



The last part of the process and the production of AdBlue is the simplest. From the liquid urea stream AdBlue can be produced:

- **directly** adding demineralized water to the liquid stream till the right concentration of 32,5% is reached (AdBlue produced by direct ammonia synthesis)
- **indirectly** producing urea prills (solids) and transporting them close to the final users where they are mixed again with hot water in right concentration to produce AdBlue (AdBlue obtained by urea mixing)

Without going into details about the quality and risks of the different AdBlue production processes, it is clear that natural gas is the main driver for ammonia, urea and AdBlue prices.

It is also important to say that in the value chain described above, urea is the key product - mostly used during the fertilizer period (second and third quarters of the year) - followed by AdBlue.

In the last months, natural gas prices rose sharply and consequently all its derivatives such as ammonia, urea and AdBlue. Due to the new high costs of natural gas and derivatives and a contraction of urea demand in the weak fertilizer season, a lot of producers decided either to reduce the production or stop the production for maintenance thus also affecting the production volumes of AdBlue and ammonia. The supply reduction combined with a price increase generated the fear of the market players, which started to stock more product than needed increasing the prices and shortening the supply and availability of AdBlue.

BASF as a producer and RESNOVA as a distributor, due to their commitment and responsibility towards their customers, decided to keep the full production and distribution chain running and continued supplying the market to support the demand and to reduce speculation. Volumes have been given preferentially to the historic customers according to their previous monthly demand, freeing quantities for new customers when in difficulties.

All customers at contractual prices have been preferred, instead of falling into speculation and supplying new customers at high spot prices. In this complex situation, it is important to be connected with serious suppliers and to have in place long lasting contracts in order to buy AdBlue at market price and to continue the activity.

AdBlue by BASF availability has been guaranteed in this difficult situation to all our wholesalers, direct customers, OEMs, oil stations, supermarket chains at a fair price and we will continue to do so.

What can we expect in the next months or in 2022? We can only guess, and it is not easy even to do so, but

It will be very important to have in place long term contracts with serious AdBlue producers like BASF to guarantee the AdBlue availability constantly and at a fair market price. A lot of AdBlue manufacturers starting from urea prills will not restart the production or they will be very limited in capacity.

What can RESNOVA guarantee to all their customers and to the new ones?

"We will have plenty AdBlue availability, but we will need to have long term contracts in place with our customers to improve and optimize our logistic.

Prices will certainly continue to rise if methane and electricity continue to rise. The important thing is to manage the market conscientiously, regulating logistics as best as possible to avoid supply peaks and guarantee a constant flow of goods".

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