

# Sulfur

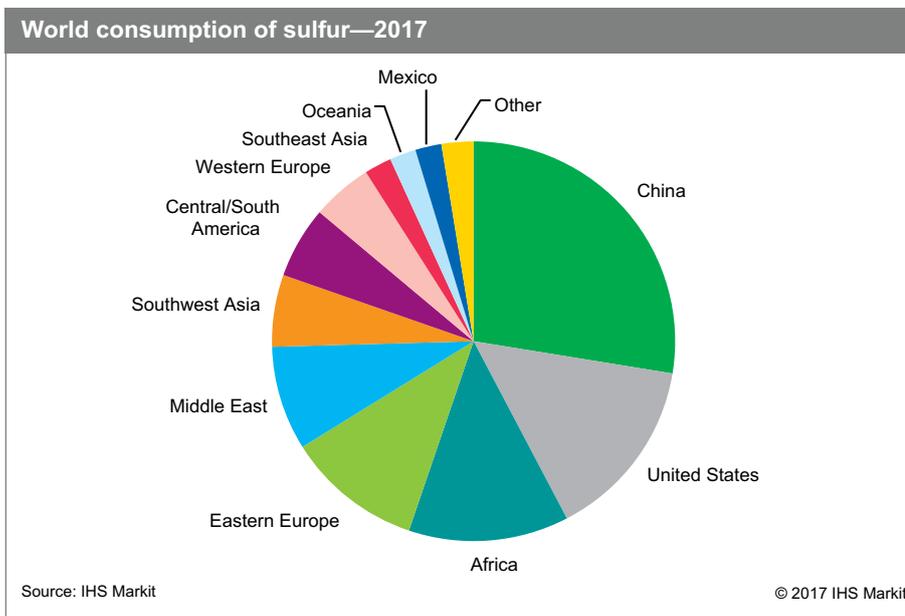
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## Abstract

Sulfur is one of the chemical industry's most important raw materials. It is used principally as the derivative (sulfuric acid) in many chemical and industrial processes and is particularly important in the manufacture of phosphate fertilizers, the single largest end use for sulfur. Other key uses include rubber processing, cosmetics, and pharmaceutical applications. Sulfur's importance to industrial economies and its relative ease of transportation have made it a commodity of major international interest. It is derived as a by-product from operations such as petroleum refining, tar sands recovery, heavy oil and natural gas processing, and from coking and metallurgical plants.

In the past three years, sulfur production has been affected by reduced natural gas processing, a shift in feedstock mixes from sour to slightly sweet crude, depletion of certain natural gas fields, and changes in demand from some types of fuel. However, China's growing coal chemical industry has developed strict environmental standards, which has led to the establishment of many sulfur recovery plants.

The following pie chart shows world consumption of sulfur:



Approximately 90–95% of the elemental sulfur recovered is used to produce sulfuric acid. A new use that is emerging is the use of sulfur as a nutrient through ammonium phosphate derivatives and NPK compounds that are blended with sulfur. Fertilizers are the ultimate use of about 50% of the world's sulfur production. Phosphate fertilizer production

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accounts for about 85% of this total, but ammonium sulfate production is also significant. Thus, the sulfur market is very dependent on the cyclical global phosphate fertilizer market. Global phosphate fertilizer consumption spiked in the mid-2000s; however, it is expected to grow at a nominal rate of about 2.5%. Demand from downstream products such as sulfuric acid-based single superphosphate and potassium sulfate contributes to sulfur demand. There are no substitutes for phosphates in their role as a plant nutrient. After a recent slump, there are indications that sulfur demand is improving, given that the production of di- and monoammonium phosphate in China has been increasing. A similar rise in demand is also happening in India. Though these plants are designed primarily to produce ammonium phosphates, they are often used to produce NPK fertilizers along with sulfur as a nutrient.

Global sulfur supply is expected to continue to grow from both crude refining and natural gas processing operations. Future production will occur mostly in the Middle East, Asia, and Eastern Europe. Regions like Oceania are likely to see reduced production levels while North America and Africa are expected to remain at current levels. Mega projects in Kazakhstan and India, along with Kuwait and Saudi Arabia, are expected to add supplies, which will have a direct bearing on their import needs. Much of the new supplies from the Middle East will satisfy demand from new phosphate production coming up in Saudi Arabia and Morocco. This could lead to production rationalization in regions that export to the Middle East.

Healthy sulfur demand, combined with tight supply, had been keeping prices stable, but with increasing availability, prices have been trending downward in the past three to four years. The recent increase in demand from phosphate-based fertilizers has been keeping demand going. Chinese fertilizer demand also plays an important part in determining sulfur demand. China's sulfur imports decreased in 2017 because of production rationalization; however, they are expected to rise again in the forecast period. But if demand falters or does not meet expectations, it is possible that the current pricing levels will decline further.

In the medium to long term, sulfur supply will be affected by the emergence of abundant shale gas. An increase in shale gas production could lead to a decrease in production from current sulfur sources, resulting in lower production from oil and natural gas sources. This could lead to increased prices. However, increasing extraction from poorer-quality gas and crude oil, along with oil sands production, is expected to lead to increased sulfur production, mitigating the supply situation. Additionally, with stringent standards coming into force in Asia on low-sulfur gasoline and diesel, along with IMO regulations on bunker fuel sulfur content, sulfur production may increase. Bunker fuel demand has been growing at around 3% per year for quite some time, and an increase in bunker fuel consumption with minimal sulfur content could increase sulfur availability. Total demand, however, is not expected to change. Sulfur content in bunker fuels used in seaborne vessels will be reduced to 0.5% in 2020, significantly lower than the current level of 3.5%.

World phosphate fertilizer consumption is forecast to grow at a moderate average annual rate of about 2.0% during the next three years, driven primarily by the growth in Asia and Latin America. Little growth will occur in most developed countries where the agricultural economies are mature. In most developing regions, crop yields and fertilizer application rates are well below the world average and the phosphate/nitrogen fertilizer-use ratio is low, which is generally believed to have an adverse effect on crop yield. Thus, phosphate fertilizer consumption growth is being stimulated not only by population growth but also by a need to increase phosphate application rates relative to the use of nitrogen.

Global consumption of sulfur is forecast to grow at an average annual rate of just over 1.5% during 2017–22.

# Contents

<b>Executive summary</b>	<b>5</b>
<b>Summary</b>	<b>6</b>
<b>Introduction</b>	<b>12</b>
<b>Properties and grades</b>	<b>13</b>
<b>Sources and recovery</b>	<b>14</b>
Reserves and resources	14
Recovery	14
– Elemental	14
– Elemental sulfur from salt domes and evaporites (Frasch)	14
– By-product sulfur recovered from hydrocarbons	15
– Volcanic deposits	16
– Contained sulfur	16
– Other and potential sources	16
– Coal and shale	16
– Gypsum	17
– Other	17
<b>Environmental issues</b>	<b>18</b>
<b>Supply and demand by region</b>	<b>22</b>
World	22
– Capacity	22
– Salient statistics	22
– Consumption	23
– Price	24
– Trade	25
United States	27
– Producing companies	27
– Salient statistics	31
– Consumption	33
– Sulfuric acid	34
– Pulp and paper	34
– Carbon disulfide	35
– Phosphorus pentasulfide	35
– Rubber vulcanizing	35
– Sulfur dioxide	35
– Other	36
– Direct agricultural applications	36
– Sulfur trioxide for surface-active agents and chlorosulfonic acid	37
– Sulfur polymer cement concrete	37
– Miscellaneous	37
– Price	38
– Trade	39
Canada	40
– Producing companies	40
– Salient statistics	43
– Consumption	45

– Price	45
– Trade	47
<b>Mexico</b>	<b>47</b>
– Producing companies	47
– Salient statistics	48
– Trade	50
<b>Central and South America</b>	<b>51</b>
– Producing companies	51
– Salient statistics	52
– Trade	55
<b>Western Europe</b>	<b>56</b>
– Producing companies	56
– Production capacity	60
– Salient statistics	62
– Production	63
– Apparent consumption	64
– Sulfuric acid	64
– Sulfur dioxide	65
– Carbon disulfide	65
– Hydrogen sulfide	65
– Phosphorus compounds	65
– Other	65
– Price	66
– Trade	66
<b>Central Europe</b>	<b>69</b>
– Producing companies	69
– Production capacity	71
– Salient statistics	72
– Production	73
– Apparent consumption	73
– Trade	73
<b>Eastern Europe</b>	<b>76</b>
– Producing companies	76
– Production capacity	80
– Salient statistics	81
– Production	82
– Apparent consumption	83
– Trade	84
<b>Middle East</b>	<b>86</b>
– Producing companies	86
– Production capacity	93
– Salient statistics	95
– Production	95
– Apparent consumption	96
– Price	96
– Trade	97
<b>Africa</b>	<b>100</b>
– Producing companies	100

– Production capacity	102
– Salient statistics	103
– Production	104
– Apparent consumption	104
– Trade	105
China	107
– Producing companies	107
– Salient statistics	120
– Production	122
– Consumption	123
– Sulfuric acid	123
– Miscellaneous use	123
– Rayon fibers	123
– Rubber vulcanizing	123
– Sugar processing	124
– Direct agricultural applications	124
– Pesticides	124
– Sodium hydrosulfite	124
– Chlorosulfonic acid	124
– Other uses	124
– Price	125
– Trade	125
Japan	127
– Producing companies	127
– Salient statistics	128
– Consumption	130
– Trade	131
Southwest Asia	132
– Producing companies	132
– Salient statistics	133
– Production	134
– Consumption	134
– Trade	134
Northeast Asia	136
– Producing companies	136
– Salient statistics	137
– Trade	137
Southeast Asia	138
– Producing companies	139
– Salient statistics	139
– Trade	140
Oceania	142
– Producing companies	142
– Salient statistics	143
– Production	144
– Trade	144
<b>Bibliography</b>	<b>146</b>

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