

Lithuania's phosphate fertilizer producer Lifosa. Road to nowhere

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Lithuania's Kedainiai-based phosphate fertilizer producer Lifosa suffers great losses. AB Lifosa is one of the largest and most modern fertilizer manufacturers in Europe. The company is situated in Kedainiai, the geographical center of Lithuania. Lifosa mainly produces phosphate fertilizers for soil enrichment and fertility.

From the end of 2014, the shares of AB Lifosa are controlled by EuroChem Group.

According to Andrey Savchuk, Chief Executive Officer, Lifosa lost more than 100 million euros as a result of sanctions that have been in place for more than a year.

According to his words, in particular, because of the sanctions, the plant is forced to work at reduced capacity, experiences a shortage of raw materials and interruptions in the supply of raw materials. "The status of the company subject to sanctions means that Lifosa is constantly faced with disruptions in the supply chain and a shortage of raw materials, which leads to reduced capacity and unplanned shutdowns," Savchuk said.

On June 9, the management of Lifosa met for the first time with Gintaras Adomonis, the head of Valnetas company which is the new temporary administrator. "We expressed our position and expectations to Mr. Adomonis and we hope that a solution will be found. It is very important for us to have the opportunity to inform our dedicated employees as soon as possible about the future plans of the company," Savchuk said.

Adomonis noted that uninterrupted activity of Lifosa is

possible only under the condition of strict compliance with sanctions. At the end of May, it was announced that Lifosa was suspending work for an annual scheduled repair. There is no information about the terms of resumption of work. In March 2022, the European Union introduced sanctions against the then beneficiary of Lifosa – Russian businessman Andrey Melnichenko. Soon, Melnichenko ceased to be a beneficiary of EuroChem Group, and also left the board of directors of the company. Since May 2022, Lifosa has been under the control of a temporary administrator who monitors the company's activities in accordance with international sanctions. In the middle of October, the temporary administrator of the company approved the appointment of Andrey Savchuk, the former top manager of EuroChem, as the head of Lifosa. During the work of the temporary administration, Lifosa repeatedly stopped and then resumed its activities.

Most likely, the resumption of the company's activities and the preservation of more than 900 jobs are doubtful in near future. Gintaras Adomonis made it clear that he did not intend to fight for the removal of sanctions from the company. This automatically means that the company will not be able to operate at full capacity, and its employees will most likely be forced to quit in order to feed their families.

Chair of the Labour Party Parliamentary Group, Viktoras Fiodorovas also [criticizes](#) the inactivity of state institutions in solving problems with Lifosa. "They are not looking for opportunities for people who work there could receive salary and work," he said. The politician noted that the main goal is to ensure that the shareholders of this sanctioned company do not benefit. At the same time, a similar company operating in Belgium does not have such restrictions as the one in Lithuania.

So, the future of the company and employees depends only on the political will, which, unfortunately, is lacking.

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