



# The Fertilizer Institute

Nourish, Replenish, Grow

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**Contact: Harriet Wegmeyer  
(202) 515-2720**

## **THE FERTILIZER INSTITUTE RELEASES FERTILIZER PRICES BROCHURE**

### **Fertilizer Prices Impacted by Global Demand, Ethanol Boom, Natural Gas Prices**

Washington, D.C. – The Fertilizer Institute (TFI) today released its fertilizer prices brochure, “Supply & Demand, Energy Drive Global Fertilizer Prices,” which has been developed as a tool for better understanding the dynamics affecting fertilizer prices. The document cites global demand, increased demand for corn used in ethanol production and natural gas prices as the primary drivers behind fertilizer prices. Average prices paid by U.S. farmers reached the highest level on record in April of this year.

“Fertilizer is a world market commodity, and being that the United States is a net importer of fertilizer, our nation’s farmers must compete against farmers from around the world for fertilizer,” said TFI President Ford B. West. “In addition, farmers in the United States planted 92.9 million acres of corn – a 19 percent increase from the 78.3 million acres planted last year – putting upward pressure on fertilizer demand and prices.”

Overall, world nitrogen demand grew by 14 percent, phosphate demand grew by 13 percent and potash demand grew by 19 percent from fiscal year 2001 to 2006. China, India and Brazil are the three largest contributors to the growth in world nutrient demand.

The U.S. fertilizer market is being driven by the demand for ethanol. The annual capacity of the U.S. ethanol sector stood at 5.6 billion gallons in February 2007. Ethanol plants under construction are expected to add another 6.2 billion gallons of capacity. According to the U.S. Department of Agriculture, U.S. ethanol production could easily reach 11 billion gallons in 2011.

U.S. ammonia production costs have risen 172 percent since 1999 due to the extreme price increase in natural gas. Consequently, the U.S. fertilizer industry, which typically supplied 85 percent of farmers’ domestic nitrogen needs from U.S. based production during the 1990s, now relies on net nitrogen imports for half of new nitrogen supplies.

TFI is making this brochure available to its members for use at state and regional meetings with state legislatures, local councils and others. TFI’s fertilizer prices brochure can be viewed on TFI’s Web site at [www.tfi.org](http://www.tfi.org).

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*The Fertilizer Institute represents the nation’s fertilizer industry. Producers, retailers, trading firms and equipment manufacturers which comprise its membership are served by a full time Washington, D.C., staff in various legislative, educational and technical areas as well as with information and public relations programs.*