



# The Fertilizer Institute

Nourish, Replenish, Grow

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## **THE FERTILIZER INSTITUTE TESTIFIES ON CLIMATE CHANGE POLICY**

### **TFI President Ford B. West Outlines Impact of Cap and Trade Policy to Fertilizer Industry, Farmers and the Economy**

Washington, D.C. – The Fertilizer Institute (TFI) testified yesterday evening regarding the impact of proposed climate change policies on the U.S. fertilizer industry at a hearing before the U.S. Senate Republican Conference and the Republican Policy Committee. The hearing was held by House and Senate Republicans to examine how the carbon cap and trade provisions included in President Barack Obama’s budget will impact consumers and businesses. TFI President Ford B. West, who testified on behalf of TFI and its member companies, specifically outlined the serious challenges that cap and trade climate change policy poses to the U.S. fertilizer manufacturing industry, American farmers and the economy.

During his testimony, West explained that the U.S. nitrogen industry sector, which has already experienced significant declines in the past decade due primarily to the high cost of natural gas, is particularly vulnerable to the impacts of a cap and trade system. “Currently the industry operates 27 ammonia plants that are generally located in rural America and that house 100 to 150 jobs that average an annual salary of \$70,000 each,” stated West. “These are good jobs with good benefits and the fertilizer industry has grave concerns that our remaining domestic nitrogen production facilities cannot stay operational through any transition period of a cap and trade system where utilities turn to natural gas as an alternative for generating electricity.”

In addition to explaining that further closures of U.S. nitrogen manufacturing facilities will lead

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to American job losses, West drew attention to the fact that reduced domestic nitrogen fertilizer production is counterproductive in reducing global green house gas emissions. “The United States currently imports 55 percent of our nitrogen needs and 83 percent of that nitrogen is from countries with no climate change policy in place and a majority of these countries are also ones from whom we are striving to gain energy independence.”

West also described how reduced domestic fertilizer supplies may impact American farmers. “Reduced domestic production of fertilizer will only increase costs to farmers since they will be more exposed to price volatility and product availability resulting from importing such a great deal of our plant nutrient needs.” West also shared the findings of a study by Doane Advisory Services that was commissioned by TFI in 2008 to examine the impacts of high energy costs resulting from a cap and trade system. “Using the Lieberman-Warner bill as a baseline, the study found that total crop production costs for eight commodities would increase \$6 to \$12 billion.”

In closing, West emphasized the ramifications of mandating the implementation of a cap and trade system at any cost. “Congress must tread cautiously and consider all implications and unintended consequences of proposed climate change policies including a cap and trade system. It is essential that Congress develop a climate change policy that will preserve the fertilizer industry and many other U.S. manufacturing sectors’ ability to remain viable in a very competitive global market.”

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*The Fertilizer Institute represents the nation’s fertilizer industry. Producers, wholesalers, 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.*