



The Fertilizer Institute

Nourish, Replenish, Grow

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THE FERTILIZER INSTITUTE ADDRESSES POTENTIAL IMPACT OF CLIMATE CHANGE POLICY ON U.S. FOOD SECURITY

Washington, D.C. – The Fertilizer Institute (TFI) spoke out today regarding the potential impact that climate change policy being considered by Congress may have on the nation’s food security. Since the introduction of the American Clean Energy and Security Act of 2009 (H.R. 2454) in the House, TFI has expressed serious concerns with the impact that this legislation may have on the fertilizer industry, its farmer customers and the U.S. food supply.

“During the past decade, high natural gas prices have had a devastating impact on the U.S. nitrogen fertilizer industry,” stated TFI President Ford B. West. “We are particularly concerned that a consequence of this legislation will be higher energy prices, which will drive the remaining U.S. nitrogen production offshore to countries with low cost supplies of natural gas, and result in U.S. food production relying solely upon our ability to secure fertilizers from the countries of the Arab world, Venezuela, China and Russia.”

TFI’s membership, which is comprised of producers, distributors, wholesalers and retailers of fertilizer, supplies nitrogen, phosphate, potash and other plant nutrients to farmers who grow food for America’s dinner tables. Fertilizers replenish our soils harvest after harvest to promote healthy and abundant crops for food production. Those nutrients are removed with the harvested crop and help provide nutritional value to the foods we eat. These nutrients must be replaced to ensure each year’s crop grows a nutritious supply of food.

“Although food news no longer dominates news reports, the global food supply remains precariously low with global cereal consumption surpassing demand during seven of the last nine years,” said West. “Food riots in Asia and grain hoarding elsewhere in the world defined the food crisis of 2008 and demonstrate why food security is in fact an issue of national security.”

TFI Draws Link Between Food Security and National Security

July 30, 2009

Page 2

Fertilizer nutrients help feed the world by increasing farmer's yields by as much as 60 percent and providing nutrients in a form growing plants can easily use requires significant amounts of energy. As an energy intensive industry, nitrogen fertilizer production will be significantly impacted by a cap and trade system because it is uniquely sensitive to the price of natural gas which is required in the production process and accounts for as much as 90 percent of the cost of producing a ton of ammonia, the building block for all other nitrogen fertilizers. In 2008, the nitrogen fertilizer industry spent \$3 billion on natural gas. Each \$3 MMBtu increase in the cost of natural gas raises nitrogen fertilizer production costs by \$1 billion.

Since 2000, the U.S. nitrogen industry has closed 26 nitrogen fertilizer production facilities, due primarily to the high cost of natural gas. Currently, only 29 nitrogen plants are still operating in the United States and today over 55 percent of the U.S. farmer's nitrogen fertilizer is imported. Of this imported fertilizer, 82.7 percent comes from countries without climate change policies in place to regulate carbon and a majority of these countries are those from whom we are striving for energy independence.

“We urge the Senate to ensure that any future climate change policy does not harm America's remaining nitrogen fertilizer production,” said West. “Specifically, we ask that the Senate ensure that we do not outsource our nitrogen fertilizer industry and in doing so, risk the nation's food security and in turn U.S. national security.”

-30-

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.