



# TFI advocate

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## Analysts Discuss Agriculture and Fertilizer Outlook

The Fertilizer Institute (TFI), in cooperation with the Fertilizer Industry Round Table, hosted its Fertilizer Outlook and Technology Conference Nov. 11-13 in Charleston, S.C. The conference drew particular interest given the increase in fertilizer prices and the recent downturn in financial markets and attracted a record 185 industry members, financial analysts, business consultants, agricultural and trade press representatives, and government economists.

The conference opened with a look at emerging trends in the world of agribusiness with a keynote address by Dr. Phillip Abbott of Purdue University, who shared highlights from his research

on "What's Driving Food Prices?" Abbott described the extreme price volatility of commodities in 2008 first naming factors that affected food prices up to the month of July, including growing world population and increased world demand for food and improved diets; the declining value of the U.S. dollar; bans on exports; and the use of tariffs by some nations to maintain supplies within their borders. He then described the changes in the downturn in the marketplace that have since taken place. Abbott concluded that food prices are unpredictable in the short-run and long-term dynamics will depend on the world's economic performance.

Discussions about the economic downturn were echoed in experts' individual presentations about agriculture and the N, P, K outlook. All presenters agreed that, at this time, no one can predict the depth and extent of the economic downturn, but all dynamics affecting the long-run fertilizer supply and demand balance remain strong.

### AGRICULTURE OUTLOOK -

While foreign wheat and coarse grain yields were at record highs this year, there will continue to be a need for more production in order to stabilize the grain stocks to use ratio. The world has suffered from a deficit in world grain production since 2000, now short by 222 million metric tons. Demand growth from developing countries will continue to accelerate and in order to continue to meet world demand, we need to add the equivalent of a Canadian wheat crop.

*Continued on page 2*



Industry members and representatives gathered at the Fertilizer Outlook and Technology Conference to receive insight on the agriculture and fertilizer market outlook. Top row from left to right: CF Industries' Glen Buckley; TFI President Ford B. West; Winston Weaver Co.'s Vernon Carlton; and International Raw Materials' Tip O'Neill. Bottom row from left to right: Fertilizer Publications' Keith Stokes; Doane Advisory Services' David Asbridge; U.S. International Trade Commission's Ray Cantrell; Purdue University's Phillip Abbott; Farm Futures Magazine's Bryce Knorr.



## OUTLOOK

### Analysts Discuss Agriculture and Fertilizer Outlook *Continued from page 1*

#### NITROGEN –

N imports will be the key driver in U.S. supply availability. In addition, the lack of Chinese export volumes will continue to keep a tight balance in the market. There are strong planting expectations for 2009 in order to keep up with world demand for grain. In particular, rising demand for meat products requires additional feed. Specifically, the world will need an approximate 57.5 million acres by 2015 – which requires 3.5 million new tons of N.

#### PHOSPHORUS –

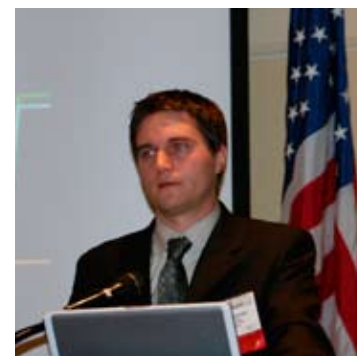
As Brazil and Asian developing nations continue to grow, there will be added demand for P, which should help the market rebound from the current economic downturn. In the medium term, experts project that demand for P will grow by approximately 2.1 percent per year and expansion intentions will help stabilize the markets.

#### POTASH –

Supplies of K are expected to remain

tight. Only 12 countries mine K around the world, versus approximately 60 N producing nations and 40 P producing nations. This year, the industry witnessed record low inventories and launched several expansion projects. In the next five years, we can expect an approximate 5.6 percent increase in demand for K.

For more information on the outlook conference, please contact TFI Vice President of Economic Services Dr. Harry Vroomen by telephone at (202) 515-2702 or via e-mail at [hvroomen@tfi.org](mailto:hvroomen@tfi.org).



From left to right, industry experts share outlook predictions on agriculture, N, P and K, respectively: Doane Advisory Services' Rich Pottorff; Terra Industries Inc.'s Doug Stone; CRU International's Andy Jung; and PotashCorp's Jeff Holzman.

## TFI PARTICIPATES IN FARM BROADCASTERS CONVENTION

TFI Director of Communications Estelle Grasset and TFI Public Affairs Specialist Sarah Monke participated in the 2008 National Association of Farm Broadcasters National Convention, which was held in Kansas City, Mo., on Nov. 13. During the convention, TFI responded to broadcaster questions regarding the global supply and demand factors which influence fertilizer prices, specifically emphasizing the continued role of world demand for grains and population growth. Other issues included best management practices based on the application of the right product at the right place, right time and right rate,



and legislative issues of importance to the industry.

*Photographed: TFI's Grasset responding to a farm broadcaster from the Brownfield Network; and TFI's Monke discussing fertilizer supply and demand with a NewsTalk Texas representative.*



## Keeping Up with Fast Paced Changes

On Nov. 4, America took to the polls and voted for change. While many are focusing on the new administration of president-elect Barack Obama, which will be ushered in on Jan. 20, it is clear that a lot of effort and political savvy will be needed to correct the changes which have all ready taken place in America, affecting our economy, our jobs, our wallets and our future.

This year, the fertilizer industry has truly been on a roller coaster ride. For the first time, fertilizer made headlines in the national media, being recognized for its essential role in increasing yields of nutritionally charged crops for a healthy and growing population. These headlines were coupled with discussions of supply and demand in the fertilizer market and acknowledgement of the global nature of the fertilizer industry.

Namely, *The New York Times* published an article on April 30 titled "Cost and Shortages Threaten Farmers' Crucial Tool: Fertilizer." For the first time, the United States, its farmers and its consumers were learning about the factors that affect the production, distribution and trading of essential nutrient inputs - N, P, K - from the mainstream media.

The United States prides itself in being a world leader in agricultural efficiency, productivity and environmental sustainability and in recent years, numerous developing nations requested access to the same resources that would enhance their productivity and efficiency. All of a sudden, as the world population grew and requested greater access to diverse diets rich with meat, fruits and vegetables, U.S. farmers found themselves vying for fertilizer inputs against farmers from India, China,

"In these times of fast-changing markets, it is essential that the entire fertilizer chain, from producers, wholesalers, importers and retailers to our farmer customers, stay plugged in and keep themselves informed about decisions, world markets, adjustments and the ever-changing global fertilizer situation."

Brazil and other rapidly developing nations.

Today, the nation's economic changes and challenges have trickled down through all commodity markets - including fertilizers - weighing on the very base of the nation's food security. Given higher world demand, manufacturers are investing in expanding supplies and production capacity to help meet rising demand for fertilizer nutrients and stabilize the supply and demand balance. With the downturn of the world economy however, chances of any other capacity additions that were not already scheduled are dim. It is clear that we will not make it out of this downturn without some pain.

At The Fertilizer Institute's (TFI) recent outlook conference, experts explained that the dynamics of the fertilizer industry are closely affected by the current economy. While the long-run fundamentals of supply and demand remain strong and stable, companies are responding to fast-paced changes in today's market and negotiating the changes brought about by economic challenges that are occurring in the broader commodity markets. But no matter what the downturn tells us, world demographics aren't going to

change and there will be continued demand for food, and by extension fertilizer.

In these times of fast-changing markets, it is essential that the entire fertilizer chain, from producers, wholesalers, importers and retailers to our farmer customers, stay plugged in and keep themselves informed about decisions, world markets, adjustments and the ever-changing global fertilizer situation.



## Fertilizer Industry Hosts Facility Security Tours

In an effort to educate representatives from the Department of Homeland Security (DHS) about ammonium nitrate production, distribution and sale in advance of rulemaking on ammonium nitrate regulation, several members of The Fertilizer Institute (TFI) hosted briefing sessions and facility tours, which were also attended by staff members from the House Homeland Security Committee. The tours were held at Terra Nitrogen's ammonium nitrate facility in Yazoo City, Miss., and Gavilon Fertilizer's wholesale warehouse in Vicksburg, Miss.

Congress passed the Secure Handling of Ammonium Nitrate Act in December 2007 and DHS has recently issued an Advanced Notice of Proposed Rulemaking to begin the regulatory process to implement the provisions in the law.

"The tour provided an excellent opportunity for the industry to show DHS and Hill staff the process of producing ammonium nitrate, and the safety and security measures taken at our facilities," said TFI President Ford B. West. "Ammonium nitrate regulation will help build upon ongoing voluntary efforts undertaken by the fertilizer industry and help create a uniform national system for tracing sales and securing this beneficial product from those with criminal intent."

While at Gavilon, tour participants were able to observe how other fertilizers are unloaded from a port facility, stored in bulk and transported out by truck.

For more information on ammonium nitrate legislation, please contact TFI Vice President of Member Services Pam Guffain by telephone at (202) 515-2704 or via e-mail at [pguffain@tfi.org](mailto:pguffain@tfi.org). For more information on security related

matters, please contact TFI Director of Government Relations Kris Ballweg by

telephone at (202) 515-2701 or via e-mail at [kballweg@tfi.org](mailto:kballweg@tfi.org).



*Above: Representatives from DHS and the House Homeland Security Committee were briefed about some of the fertilizer industry's security practices at Gavilon Fertilizer's facility in Vicksburg, Miss.*

*Below: During a tour of Terra Nitrogen's Yazoo City, Miss., plant, Hill and DHS staff learn more about ammonium nitrate, its production and distribution.*



## TFI Hosts American Farmland Trust

The Fertilizer Institute (TFI) held a meeting with John Scholl, president of the American Farmland Trust (AFT) and Jimmy Daukas, AFT's Managing Director of Agriculture and the Environment. During the meeting, the two organizations discussed their shared interest in best management practices to promote the use of nutrients in an economically and environmentally sustainable manner. AFT shared highlights of its best management practices (BMP) program - the BMP Challenge - which, as currently administered, incentivizes farmers to reduce fertilizer use. TFI took the opportunity to discuss some top line results from its recent BMPs survey of 2,000 farmers, which was conducted in coordination with the Conservation Technology Information Center.



*Pictured at the American Farmland Trust meeting from left to right: AFT's Jon Scholl; TFI Vice President of Scientific Programs Bill Herz; TFI President Ford B. West; TFI Vice President of Public Affairs Kathy Mathers; AFT's Jimmy Daukas; and TFI Director of Government Relations Bob Tadsen.*

## UTAH MEMBER VISITS



TFI Vice President of Scientific Programs Bill Herz travelled to Utah to meet with TFI member companies Dyno Nobel and Great Salt Lake Minerals, respectively pictured left and right. While at Dyno Nobel, Herz met with TFI Board of Directors member Bill Barnett and his senior staff to discuss regulatory and legislative issues of interest to the nitrogen manufacturing industry including climate change, carbon sequestration and the rail transportation of ammonia. While at Great Salt Lake Minerals, Herz toured the company's evaporative potash production facility in Ogden.

## MEMBERSHIP

### Member Visits

#### KENTUCKY MEMBER VISITS



TFI Director of Government Relations Bob Tadsen was in Louisville, Ky., Nov. 5 to participate in the 46th annual meeting of the Agribusiness Association of Kentucky. Tadsen provided a presentation at the meeting regarding the fertilizer supply and demand situation. While in Kentucky, Tadsen also traveled to Owensboro to visit TFI member companies the Asmark Institute and Miles Farm Supply, respectively pictured from left to right.

#### CALGARY AND ALABAMA MEMBER VISITS



*TFI President Ford B. West (left) joined International Plant Nutrition Institute President Terry Roberts (second from right) in Calgary, AB, Canada, to visit TFI member company Agrium on Nov. 6. West provided a presentation highlighting the fertilizer industry's role in feeding a growing world and depicted how the world would be impacted if fertilizers were not a part of the equation in world food production. Following his presentation, West meets with Agrium's Ron Wilkinson (second from left) and Doug Beever (right).*



*TFI Vice President of Member Services Pam Guffain (center) traveled to Ozark, Ala., on Nov. 5-6 to meet with Frit Industries' President Gene Allred (right) and senior vice president David Benefield (left), who serves on TFI's Board of Directors. During the visit, Guffain had the opportunity to tour the Ozark facility where Frit produces micronutrients and water-soluble fertilizers for agricultural crops, and the turf and nursery industries.*

## Register to Attend 2009 Fertilizer Marketing and Business Meeting

Registration is now open for The Fertilizer Institute's (TFI) 2009 Fertilizer Marketing and Business Meeting, which will be held Feb. 2-5 at the Manchester Grand Hyatt in San Diego, Calif. This venue features significant opportunities for industry members to conduct business and this year will foster considerable information sharing and discussions on the key issues of importance to the industry under the new administration, just days after the inauguration of the 44th President of the United States.

Delegates at the conference will be treated to a keynote address on Tuesday morning by distinguished veteran broadcast journalist Chris Wallace. Wallace is the host of *FOX News Sunday with Chris Wallace (FNS)*, Fox Broadcasting Company's Sunday morning public affairs program. He also contributes to the network's political and election news coverage. He joined the *Fox Network* in 2003. As a previous moderator of *Meet the Press*, Wallace is the only person to date to have served as host/moderator of more than one of the major Sunday political talk shows.

As host of *FNS*, Wallace has secured interviews with numerous presidential candidates and leading newsmakers, including all the leading contenders for the 2008 Presidential campaign, and top national and international figures. Based on his coverage of political and election news throughout the years, Wallace will share his insider's view of Washington, D.C., politics and the new administration.

On Wednesday morning, delegates will hear from former Congressman Charlie Stenholm. Stenholm is a senior policy advisor at Olsson Frank representing various agricultural interests. He

served the constituents of the 32-county, 17th District of Texas in the U.S. House of Representatives over the course of 13 terms, from 1979 to 2005, expressing specific interest in agriculture and budget matters.



Chris Wallace



Charlie Stenholm

Stenholm was a member of the House Committee on Agriculture throughout his 26-year congressional career, serving as the committee's ranking democrat for his last eight years until 2004. Notably, he worked closely with Committee Chairman Larry Combest to shepherd the 2002 Farm Bill and earned a reputation on Capitol Hill for building bipartisan alliances in areas as diverse as agriculture, resource conservation, food safety, Social Security, energy, health care and budget.

Stenholm was co-chair of the Blue Dog Coalition, the Public Pension Reform Caucus, the Sound Dollar Caucus, and the U.S.-Mexico Business Caucus. During his keynote address, Stenholm will share insight on the domestic agriculture outlook.

Plan to join TFI and industry members at the 2009 Fertilizer Marketing and Business Meeting. Conference registration materials can be found on TFI's Web site

at [www.tfi.org](http://www.tfi.org). For more information, please contact TFI Manager of Member Services Valerie Sutton by telephone at (202) 515-2709 or via e-mail at [vsutton@tfi.org](mailto:vsutton@tfi.org).



## PERSON OF THE MONTH



**DAN WALTERS,**  
Manager of Security  
& Environmental Risk,  
Terra Industries

**YEAR HIRED:** 1983

### JOB PHILOSOPHY

My philosophy is that we should take each task and improve upon the performance of yesterday. I conduct multiple compliance audits annually in Security, and Environmental Risk areas at each Terra manufacturing site and terminal. During each audit, I look for methods to improve the normal mode of operation over that of the previous year, while meeting the requirements of the regulation on which the facility is being audited.

### WHAT DOES FERTILIZER MEAN TO YOU?

The first thing that comes to mind is food. I have always wanted to have a group, perhaps regulatory, count off by threes and have all the threes sit down. That is how many people would be left out of the food chain without adequate supply of fertilizer to feed the crops, which in turn feed the world's population.

### WHAT COMMUNITY ACTIVITY DO YOU TAKE MOST PRIDE IN?

When you say community, I think family. Being there to support my family in their activities and to watch my kids grow into young adults gives me a tremendous sense of accomplishment. (When my children were younger I coached and was an assistant coach for several different soccer teams in the youth divisions. They quickly were able to learn far more skills than I could coach.)

Dan Walters was elected to serve as vice chairman of the Chemical Sector Coordinating Council (CSCC). Walters will serve a three-year term on CSCC's Executive Committee, first as vice chair, followed by one-year terms as chair and previous past chair. The CSCC is recognized by the Department of Homeland Security and other federal agencies as a focal point for any activities related to chemical sector security.

### JOB DESCRIPTION

As Corporate Security Officer, I spearhead Terra's efforts to identify and evaluate risks posed by security threats and events related to chemical production which could adversely impact people, property, productivity and profitability, and develop Best Management Practices to address such risks and threats. I develop policies, plans, and procedures that ensure Terra complies with applicable Federal and State regulations and general industry standards regarding Security, DHS Chemical Facility Anti-Terrorism Standards (CFATS), Maritime Transportation Security Act (MTSA), EPA Risk Management Planning, and OSHA Process Safety Management requirements.

I oversee Terra's Root Cause Analysis process and ensure that all Terra North American plants and terminals comply with the TFI Security Code of Management Practices. I am also Terra's security and risk management association, governmental and public representative.

### WHAT IS THE MOST CHALLENGING ASPECT OF YOUR JOB?

My first job with Terra was as an operator in the ammonium nitrate plant at Port Neal, and I've been fortunate to have the opportunity to work my way up the ladder to my present position. In my previous position as Environmental, Health & Safety Manager, my biggest challenge was to ensure that my boss was never surprised by a new development in the environmental regulatory world. My biggest current challenge is keeping those who could be impacted by any new security or environmental regulation informed on the subjects they truly need to know about, rather than just passing along to them every e-mail that comes along.

### WHAT ASPECT OF YOUR JOB DO YOU ENJOY MOST?

I most enjoy meeting people and working together to solve problems.

### WHAT DO YOU HOPE TO BRING TO THE TABLE AND WALK AWAY WITH DURING YOUR THREE YEAR TERM WORKING WITH THE CHEMICAL SECTOR COORDINATING COUNCIL?

There are many issues and new regulations facing the chemical industry in the next few years. I am hoping to work with DHS to insure we are doing two things:

- ♦ As an industry, take on enough security measures to insure no foreseeable terrorist activity occurs at one of our chemical sites or at any chemical site across the country.
- ♦ Make sure we are not overreacting. Money spent on frivolous security measures is money not going into the advancement of technology or betterment of the production process.

## TFI advocate

*TFI Advocate* is published monthly for members of The Fertilizer Institute. For more information about the items appearing in the newsletter, please contact: TFI President Ford B. West or Vice President of Public Affairs Kathy Mathers.

Estelle Grasset, Editor

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## CALENDAR

**Dig It! The Secrets of Soil Opens**  
Open through January 2010  
Washington, D.C.

**TFI Fertilizer Outlook and  
Technology Conference**  
Nov. 11-13  
Charleston, S.C.

**TFI Fertilizer Marketing  
Business Meeting**  
Feb. 2-5, 2009  
San Diego, Calif.