



# The Fertilizer Institute

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## **THE FERTILIZER INSTITUTE TESTIFIES ON THE IMPACT OF CLIMATE CHANGE POLICY ON AGRICULTURE**

### **West tells Congress that U.S. Food Security is at Risk under Contemplated Cap-and-Trade Policies**

Washington, D.C. – The Fertilizer Institute (TFI) President Ford B. West testified today before the House Select Committee on Energy Independence and Global Warming at a hearing called by Rep. Edward Markey (D-Mass.), the committee chairman and co-author of the American Clean Energy and Security Act of 2009. West’s testimony focused on the challenges that the Waxman-Markey climate change legislation may pose to the domestic fertilizer industry, and in turn American farmers, and described some of the opportunities that exist for agriculture to contribute to the reduction of greenhouse gas (GHG) emissions.

Specifically, West explained that the U.S. nitrogen industry is particularly vulnerable to the proposed cap and trade legislation, which would encourage utilities to switch to natural gas to generate energy, resulting in price increases for that commodity. “The nitrogen industry will be impacted by a cap and trade system because it is uniquely sensitive to the price of natural gas, which is an input that is required to make nitrogen,” said West. “As much as 90 percent of the cost of producing a ton of ammonia, the building block for all other nitrogen fertilizers, can be tied directly to the price of natural gas.”

West pointed out that natural gas prices have already taken a toll on the U.S. nitrogen industry, which has closed 26 production facilities since 2000, due primarily to the high cost of natural gas.

During the hearing, West’s concerns were echoed by Rep. James Sensenbrenner (R-Wis.), ranking Republican on the committee. “The U.S. nitrogen fertilizer industry supplied around 85 percent of America’s nitrogen in the 1990’s, but the high cost of natural gas has moved much of

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this production, and its jobs, overseas. Today, just 55 percent of this vital farming resource is made in the U.S. Much of the imported nitrogen is made in places that offer cheap natural gas, like the Middle East, China, Russia, and Venezuela. These countries have no restrictive climate polices like cap-and-tax, and their energy efficiency is generally lower than in the U.S.”

“The fertilizer industry has gone to great lengths to advocate environmental stewardship,” said West. “Between 1983 and 2006, the industry reduced the amount of natural gas used to produce a ton of ammonia by 11 percent and along with that energy efficiency came carbon reductions that are estimated by EPA to have allowed U.S. nitrogen producers to reduce their GHG emissions from 1990 to 2006 by 4.5 million tons of CO<sub>2</sub> equivalent.”

Despite the preemptive efficiency efforts that have been undertaken, West pointed out that there will soon be a time when the industry’s efficiency gains will be limited.

“While our industry is committed to additional energy efficiency projects, there will come a point where, due to the constraints of chemistry, the U.S. fertilizer industry will not be able to achieve additional efficiency gains,” stated West.

However, West explained that there are a number of ways for U.S. farmers and the fertilizer industry to work together to contribute to the reduction of GHG emissions. “In addition to low till and no till farming techniques that help increase the carbon content of soils and reduce erosion, there are also fertilizer best management practices that have the potential to increase agricultural yields and enhance fertilizer use efficiency while simultaneously reducing GHG emissions and improving water quality.”

In closing, West described what is stake for Congress as it proceeds in consideration of the Waxman-Markey legislation.

“Fertilizer is a strategic commodity and U.S. food security cannot be attained without the use of commercial fertilizers. We have already witnessed the impact that high natural gas prices had on our industry during the past decade. The United States needs to maintain its nitrogen production and not allow itself to become completely dependent on foreign sources of nitrogen for our food production.”

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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.*