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**For Immediate Release:
June 2, 2008**

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NEW STUDY REVEALS CLIMATE CHANGE LEGISLATION WILL HAVE A MULTI-BILLION DOLLAR IMPACT ON THE U.S. FARM ECONOMY

American Farm Bureau Federation Commends Doane Advisory Services' Analysis of Lieberman-Warner Bill

Washington, D.C. – U.S. farmers' cost of doing business could increase by 6 to 12 billion dollars as a result of new climate change regulations and rising energy prices according to a study conducted recently by Doane Advisory Services (Doane). The study, which was conducted by Doane for The Fertilizer Institute (TFI), analyzed the energy price impacts of S.3036 (formerly S.2191), "America's Climate Security Act" (Lieberman-Warner) on eight major U.S. crops and indicates that if enacted, the legislation will lead to a significant decline in farm income.

"Despite having experienced the largest operating price increases in history during the last seven years, farmers may be in for a surprise when they learn of the impact this legislation would have on their bottom lines," said TFI President Ford B. West. "While some growers may have an opportunity to receive payments for sequestering carbon if they use specific farming practices, the costs of this legislation appear to far outweigh any potential benefits."

"We commend TFI for undertaking this important study on climate change, which could not come at a more critical time with the pending Lieberman-Warner bill in Congress," said American Farm Bureau Federation President Bob Stallman. "This study is very helpful to Farm Bureau in assessing the impacts of the Lieberman-Warner legislation on our producers."

The Doane study indicates that S.3036 will further exacerbate the problem of rising production

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costs for U.S. farmers. Due to increasing energy prices, operating costs for corn are forecast to rise by an additional \$60.14 per acre by 2020. Potential climate change legislation will add up to \$78.80 in operating costs per acre of corn, resulting in a total increase of well over \$100 per acre by 2020. As a share of total production costs, results for the others crops considered are equally significant.

“The better something than nothing attitude that seems to have ruled the climate change debate up until now, needs to be replaced by a measured look at solutions that do not threaten such a vital sector of the economy, said West. “Particularly, as the world experiences a food crisis, it is important that steps to control climate change do not penalize farmers in the world’s most efficient food production system.”

Senate debate is scheduled to begin today on the Lieberman-Warner bill, which calls for about a 70 percent reduction of emissions below 2005 levels by 2050. Estimates indicate the bill would cost the U.S. economy 6.7 trillion dollars over fifty years.

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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.