



# The Fertilizer Institute

Nourish, Replenish, Grow

**For Immediate Release:  
June 19, 2008**

**Contact: Kathy Mathers  
(202) 515-2703**

## **THE FERTILIZER INSTITUTE TESTIFIES ON CLIMATE CHANGE LEGISLATION AND ENERGY POLICY**

### **West Urges Congress to Tread Cautiously on Policies that Could Lead to Fuel Switching**

Washington, D.C. – The Fertilizer Institute (TFI) today testified before the House of Representatives Subcommittee on Energy and Air Quality regarding the potential impact of climate change legislation on the fertilizer industry and its farmer customers. TFI President Ford B. West outlined the serious threat posed by bills (H.R. 1590, Safe Climate Act of 2007 and H.R. 6186, Investing in Climate Action and Protection Act) that have been introduced in the House to U.S. farmers and all food consumers in the United States and around the world.

Specifically, West explained that nitrogen fertilizer manufacturing is dependent on a reliable supply of natural gas, and told subcommittee members that the United States has already lost almost one-half of its nitrogen fertilizer production capacity. He expressed extreme concern that the projected fuel switching brought about by climate change legislation would “cause the price of natural gas to skyrocket, even causing additional U.S. production to shut or move offshore.”

“Currently only 30 nitrogen plants are operating in the U.S. and more than one-half of this imported fertilizer is from countries with weaker environmental standards, no climate change policies and the majority of these countries are those from whom we are striving for energy independence,” said West.

Citing farmers’ role in resolving the world food crisis, West urged legislators to exercise caution when considering policy that would have such a broad impact on the economy. “The current record demand for food and fuel has resulted in record demand for fertilizer. This surge in world demand has meant that U.S. farmers and farmers around the world are paying the highest prices

- more -

Union Center Plaza  
820 First Street, NE Suite 430  
Washington, DC 20002

202.962.0490  
202.962.0577 fax  
www.tfi.org

## **TFI Testifies on Climate Change Legislation**

**June 19, 2008**

**Page 2**

for their fertilizer inputs in history. With food demand levels predicted to stay high, Congress must tread cautiously and consider all ramifications and unintended consequences of such sweeping policies as climate change. Any climate change policy must take into account essential industries, such as fertilizer, that could be severely challenged if this policy does not address our unique situation.”

West’s testimony also cited a third party study of the impacts of high energy costs resulting from climate change legislation on American farmers. “Using the Lieberman Warner bill, the Doane Advisory Service study measured the production cost increases for eight commodities. Doane economists found that the Lieberman Warner legislation would add \$6 - \$12 billion to total crop production costs, leading to a significant decline in farm income. These estimates are conservative since they are based on energy price forecasts from the Energy Information Administration of the Department of Energy, which have been roundly criticized for being too low.”

In a related effort, on Wednesday of this week, West participated in a House Natural Resources Committee roundtable chaired by Rep. Steve Pearce (R-N.M.) on U.S. energy policy. West told roundtable members that “Congress must recognize that the current U.S. natural gas supply/demand balance is an artificial one, created by public policy. The demand for natural gas to produce electricity increased dramatically after the passage of the Clean Air Act Amendments in 1990 and is growing with new efforts to reduce green house gas emissions. On the supply side, Congress has limited the ability to drill for natural gas in areas where there are significant known supplies.” West urged members to expand the area in the Outer Continental Shelf where drilling could occur. “Any increase in the U.S. supply of natural gas will help to keep the remaining nitrogen plants in the United States operating and help to ensure a domestic source of nitrogen remains available to our nation’s farmers.”

-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.*