

Fertilizer industry warns governments against a rebound in agricultural commodity prices

Paris, France: 24 November 2008 - During the meeting of the governing Council of the International Fertilizer Industry Association (IFA) in Ho Chi Minh City, key players raised concerns over the potential rise in food prices similar to what happened in 2008. The financial crisis and the decline in agricultural commodity prices should not divert the policymakers' attention from the reality of agricultural markets and food security worldwide. Improper agricultural policies and financial practices have created a high level of volatility in food costs. Another "food crisis" may be around the corner.

A report on "Short-Term Prospects for World Agriculture and Fertilizer Demand, 2007/08-2009/10" was presented at the Council meeting last week. It highlights that two main factors are at play with regard to food prices in 2009.

First, in many countries, distributors and farmers are predicting difficulties in accessing credit to purchase agricultural inputs, including fertilizers. In addition, the fast changing prices of agricultural commodities and inputs make it risky for farmers to invest in fertilizers. In this context, farmers tend to reduce fertilizer application rates, in particular phosphate and potash. Many also postpone their fertilizer orders in anticipation of a possible further decline of input prices and in expectation of more predictable crop prices.

Second, the world grain stocks remain at a record low. Despite two consecutive good harvests in 2007 and 2008, projections by the Food and Agricultural Organization of the United Nations (FAO) and the US Department of Agriculture (USDA) point to a modest recovery in 2008/09. With such low inventories and a steadily growing population, a small 2009 harvest could raise grain prices considerably.



FOR IMMEDIATE RELEASE

The 70 high-level executives of leading fertilizer companies from 26 countries who attended the event called on governments to keep food security as a priority on the international agenda and to invest in agricultural production. A new surge in food prices would dramatically raise the number of undernourished people, leading to political unrest in many countries.

The fertilizer industry has an important role to play in providing the right nutrients needed to grow more plentiful and high quality crops to meet the world demand for food, feed, fuel and fiber. Population growth, changing dietary habits, limitations to cropping area expansion and climate change put agriculture under a severe strain. Fertilizers are a central component of a sustainable agricultural intensification system, which relies on the optimal use of nutrient sources to maintain soil fertility and increase yields, while minimizing the impact on the environment.

###

The International Fertilizer Industry Association (IFA) is a not-for-profit trade association representing the global fertilizer industry. IFA member companies represent all activities related to the production and distribution of every type of fertilizer, their raw materials and intermediates. IFA's membership also includes organizations involved in agronomic research and training. IFA has some 525 members in about 85 countries. The global fertilizer industry produces some 170 million tons of fertilizer nutrients annually. These are used in every corner of the globe to support agricultural production and food security.

FOR MORE INFORMATION, PLEASE CONTACT

Ms. Morgane Danielou-Doumbouya
Head of Information and Communications IFA
Telephone: +33 1 53 93 05 33
General: +33 1 53 93 05 00
Mobile: +33 6 27 39 39 15
Fax: +33 1 53 93 05 47
mdanielou@fertilizer.org
www.fertilizer.org