

The fertilizer industry's contributions to meeting global challenges

Intervention by Mr Thorleif Enger, President of the International Fertilizer Industry Association (IFA), at the Closing Session of the 77th IFA Annual Conference in Shanghai, China, on Wednesday, 27 May 2008

The past two years, and in particular last year, have truly been exceptional in the history of the fertilizer business. We are used to the cyclical nature of our business, but the reduction in demand over the last nine months has been unprecedented. The food crisis – followed by the financial crisis – have caused a lot of pain to many people. It has been estimated that during this short period an additional 64 million people in the world have been added to the total number of those living on less than two dollars a day.

In 2008, prices and profitability were at a level which is not sustainable. To use last year as a benchmark for future performance is simply not realistic.

The major challenge we now face is to achieve a balance between prices high enough to add needed capacity, with a decent profit, and prices which are affordable for farmers, who also need to make a decent profit. Based on historical levels, this will require higher average food prices than the world has been used to over the last 20-25 years.

Our industry must continue to strive for innovation and higher efficiency in our operations along the value chain. I believe strongly in competition and well functioning markets as the primary drivers for improvements. Strong and fair competition among players with a long-term dedication to our business will move our business forward.

When I entered the fertilizer business some ten years ago, at the height of the dot.com fever, the financial market considered our industry very much as a sunset industry. Well, I never believed this and now we are considered very attractive with a bright future.

I also believe it is very important, for the sustainability of our business, to be proactive with respect to the global challenges we face by:

- providing enough healthy food to feed the world,
- conserving water and managing future water scarcity,
- developing enough clean energy to sustain economic development,
- avoiding climate change.

This will require national and global policies and measures that promote:

- a level playing field for industry,
- rules and regulations for improvements, related to the environment and climate change, which stimulate market forces in such a way that best performers are economically rewarded while laggards are punished.

Our industry can provide significant contributions to meet all these challenges. We need to do an even better job of making this understood by policymakers and the public at large.

IFA is working diligently to identify and promote best practices which can help improve businesses and practices that are lagging behind. Being part of IFA represents a commitment to operate in a responsible way, and to work to improve the reputation of our industry. Any single mistake in fair trade, environmental, safety or product stewardship performance can hurt the reputation of the whole industry. This is why it is so important to actively support the good work that IFA and regional and national associations are carrying out to improve and promote our business. I would like to see even broader membership participation in this work.

It has been a pleasure to serve as President of IFA over the past two years. I would like to thank everyone, in particular the IFA secretariat, for their support during this period.

Thorleif Enger