

The Fertilizer Outlook

Allocation, price controls, foreign demand, availability of components, tight supply, and capacity to produce have drastically changed the fertilizer market in the past 18 months. The forecast for 1974 is not overly encouraging. USDA economists predict a shortage of 1.7 million tons of nitrogen and phosphate fertilizer; other sources closer to the problem forecast the shortage closer to 4 million tons.

A number of factors are responsible for the current situation. 1. About 25 million of 40 million set-aside acres were turned back into crop production this past year. Even more is scheduled for the plow in 1974. 2. Fertilizer manufacturers experienced strong foreign demand. This came about by devaluation of the U. S. dollar and Phase IV price controls. Foreign purchasers realized a comparative advantage and scooped up ton after ton at relative "bargain barn" prices.

3. Capacity to produce phosphoric acid has fallen short of realized demands for the past year or two. New production facilities have not come on-stream as expected. Raw phosphate supplies appear to be adequate to meet anticipated needs; the problem is in manufacturing the end products of ammonium phosphate and concentrated superphosphate. 4. Ammonia production has a funeral outlook. Domestic production has been at near capacity for more than a year. To complicate the situation, curtailments of natural gas, a major component, has forced producers to limit production. This failure to provide the fertilizer industry with an ample supply of natural gas will result in profound effects on our nation's food supply, comments John J. Clarke of Collier Carbon and Chemical Corp.

The single most important factor is natural gas. Whether the Washington political machine will give fertilizer producers the needed allocation is still much in the air. Says George Osburn, sales manager, turf products, Hercules Inc., "Supply of all nitrogen products will revolve around the availability of natural gas and the availability of production capacity for ammonia as well as other nitrogens."

Currently, action is taking place on several fronts. A recent decision by the Cost of Living Council has exempted sale of fertilizer and nutrient materials in producing fertilizer from Phase IV controls. This should help. Additionally, small bulk plants, which previously had terminated fertilizer production capabilities, are being asked by Washington to start up again. Also, with the U. S. dollar stronger abroad, predictions of foot-dragging in foreign markets are to be expected.

The tendency in the past has been to bargain hunt. It's a whole new ballgame now. If it is not already too late, establish an association with a supplier; he may be your best friend in the months to come. Review what your fertilizer needs were for the past few years. Note when you ordered. Could one order made right now take care of the year's requirements? Plan your inventory, but don't stockpile in anticipation of a disaster.

A special word to commercial turfgrass managers. Plan fertilizer programs for the short-range objective. Add as your turf needs it. Split applications of nitrogen fertilizer where potential for loss is high. Irrigate carefully, to prevent excessive losses of nitrogen by leaching.

In summary, many factors have been responsible for the current situation. We are not out of fertilizer. We are short, perhaps critically short. Fertilizer manufacturers are not content with the state of affairs. Efforts have already been taken to ease the pain. A government task force is seeking to raise the priorities for natural gas feedstocks to ammonia producers. The Department of Transportation is working on shipping bottlenecks, particularly rail. Sane thinking by politicians, executives and managers plus identifying needs by planning ahead will see the Green Industry through.