

Farmers given glimpse of fertilizer future

By DIETER KRIEG
LANCASTER — After a shortage of fertilizers a few years ago, supplies are adequate for the near future. But on a long-range outlook,

some uncertainties remain. That's what Ortho Chemicals representative Harris Carter told a gathering of Lancaster County farmers last week during an Appreciation Dinner hosted by the P.L. Rohrer Co. of Smoketown.

Carter, representing Ortho's California operations, told the group of approximately 100 farmers that the energy crisis "is only a question of time." It's already being felt by the fertilizer industry, he pointed out.

The crux of the problem for the fertilizer industry is the natural gas supply. Carter predicts that if other users of natural gas don't find alternatives to their requirements, then natural



Harris Carter

gas will definitely be in short supply by the year 2000. This is critical to the fertilizer industry since natural gas is a primary resource for the manufacturing of fertilizers. Carter refers to the dilemma as "nitrogen economics."

What we're really doing with natural gas in our fertilizer plants is converting it from BTU's to calories, Carter explained. Natural gas provides the basis for nitrogen fertilizer production.

Fertilizer production and availability at the plant and distribution centers is expected to be well within requirements this year, despite a quadrupling of demand since 1950. Although there was a shortage of fertilizers a few years ago when production couldn't be met with facilities of those years, that situation has turned around completely. The industry has, in fact, over-responded to earlier shortages. New mines and plants have been built all over the world, and U.S. fertilizer prices have been aligned with those of the rest of the world. In previous

years, U.S. fertilizer was priced far under the world market and foreigners found it lucrative to purchase fertilizers here. That helped compound the shortage situation in this country, Carter explained.

Looking ahead, Carter sees American agriculture as not outgrowing its need for commercial fertilizers. Diminishing world resources and growing populations will cause American agriculture to take on different patterns in profitability of food production. Optimizing profitability will continue to be the name of the game.

Spreading fixed costs is the only way Carter sees out of the cost-price squeeze. As a spokesman for the fertilizer industry, he naturally enough suggested that greater profits can be realized through adequate fertilization.

The Californian sees lots of room for increasing yield potentials, citing Western European production figures as proof. Farmers there are getting up to 100 bushels of wheat per acre regularly, and they're doing it with larger amounts of fertilizer, Carter told the group.

On the other hand, Carter acknowledged that American farmers may have been too productive in the past. The country is burdened by surpluses, he admits.

Using printed data and graph illustrations, Carter showed his audience how American agriculture has changed over the past

quarter century. Prices of farm inputs, for example, have followed an upward curve in all phases, except fertilizer. From 1950 to about 1972, fertilizer prices increased relatively little, or have even dropped. Meanwhile, farm real estate values, labor rates, and costs of equipment went up steadily, especially in recent years.

While fertilizer prices went up substantially a few years ago, they have leveled off again and in some cases even dropped.

The energy situation will have a big bearing on how fertilizer is priced in upcoming years. Other factors are mining operations both in the U.S. and in foreign countries such as Canada which supply raw materials.

Fertilizer use in the United States has quadrupled since 1950, Carter revealed. Meanwhile, farm acreage in the United States has dropped. So has the number of farmers and farm laborers. Machines and improved technology in the form of conservation, seeds, etc., have made up for the drop in farms and farmers.

These trends will not change in the foreseeable future Carter assures. He fully expects that fertilizer will continue to be an essential ingredient for adequate world food production. The future stability of the fertilizer industry will depend largely on what other segments of society do with limited conventional energy sources, especially natural gas.

Fuel charge up

ALLENTOWN — The effects of the nearly three month old coal strike are

just starting to be felt in the form of the fuel adjustment charge on electric bills from Pennsylvania Power & Light Company.

In March, the fuel adjustment charge for customers billed every month will be 1.137 cents per kilowatt-hour; about a tenth of a cent more than last month's 1.031 cents per kwh figure. For customers who are billed every two months, the charge will be 1.084 cents per kwh (half of the February plus half of the March charge).

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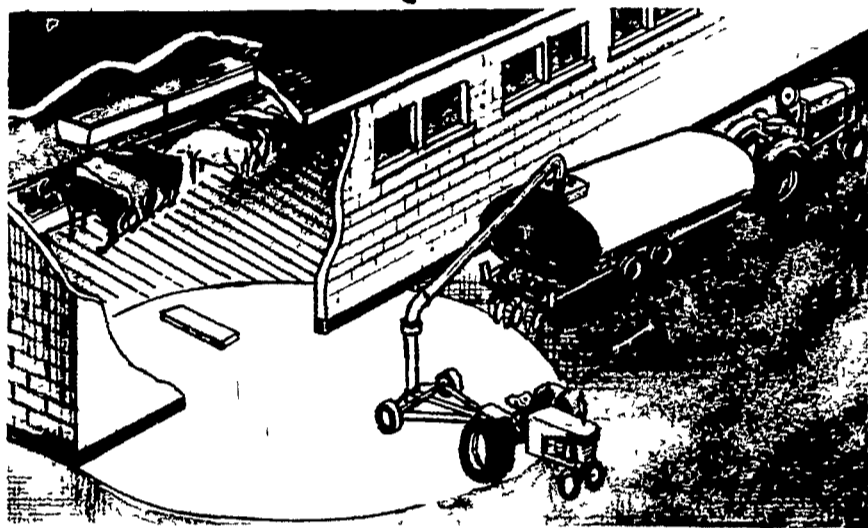
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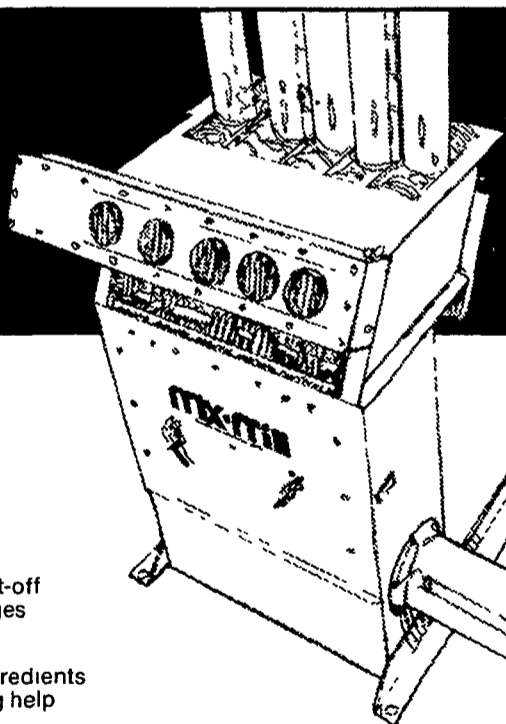
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