

# Adequate supplies but higher fertilizer prices for 1980

**BY DICK ANGLESTEIN LANCASTER** — A relatively mild winter here at home and a heat-up in international relations overseas should help in the availability of fertilizer for 1980.

But there will be additional fertilizer price hikes as the year progresses, closely allied to energy costs, particularly natural gas.

These are the essential elements of a fertilizer forecast offered this week by a top representative of the Ortho Fertilizer Division of the Chevron Chemical Company.

Paul L. Rushing, Ortho Manager of Manufacturing, was in Lancaster County to address the annual appreciation night dinner meeting of P. L. Rohrer & Bros., Inc., Smoketown, held Monday night at Willow Valley Motor Inn.

"All in all, the outlook for the availability of fertilizer this year is very favorable," Rushing said. "The mild winter experience in the mid-West has been a great help in the production of nitrogen."

Nitrogen production facilities are on an uninterrupted natural gas supply system in which first priority is given to home heating, Rushing explained. But due to the mild winter and lower demands for home heating, there have been sufficient supplies for both uses, resulting in no curtailment in nitrogen production this winter.

"Natural gas is the first building block in fertilizer production, particularly nitrogen," Rushing explained.

"Since there has been no interruption in this initial stage, the industry has been able to build what should be adequate supplies."

The current slowdown in phosphate exports to the Soviet Union also should improve domestic availability, according to Rushing.

Rep. Tom Harkin of Iowa



**Paul Rushing**

is leading a group in Congress calling for a halt in phosphate shipments to Russia, similar to the grain embargo, until Soviet troops are withdrawn from Afghanistan. The Carter Administration has suspended shipments for a two-week period, which is just now ending, and is requiring a case by case approval of future Soviet exports.

"By March, the fertilizer industry pretty well has its products in the pipeline on the way to dealers," Rushing said. "Therefore, due to the slowdown in the exports of phosphate, I don't anticipate there will be any severe production shortages for the U.S."

As far as the industry is concerned, that portion directly involved in exports naturally will be affected if any appreciable phosphate embargo continues, he said. But phosphate raw materials are in adequate supply to meet U.S. and export needs, he adds.

While overall fertilizer supplies appear to be quite adequate, Rushing is not discounting possible transportation problems.

"The on-going deterioration in railroad facilities and the availability of rolling stock will continue to affect the ability to move these materials and get them exactly where they are needed," he said.

The cost of natural gas will remain the most important question mark in future price increases, according to Rushing.

"A major new determining factor is the two-tier gas pricing system at the well-head," he explained.

Now, gas supplied from wells more than 15,000 feet deep is more costly than that coming from shallow wells. Most of the Gulf Coast gas finds are from deep wells with the higher prices.

"Assuming present forecasts concerning anticipated natural gas costs are accurate, I won't be surprised to see a 10 percent increase in fertilizer prices by the end of 1980," Rushing said.

"The mix in gas supplies, particularly how much must come from the higher-priced deep wells, will have a

significant impact on future prices though."

For 1980, total fertilizer industry shipments may reach 55 million tons, which would make it a record production year.

"For the near term and the long term, prospects for the industry and the availability of fertilizer are very healthy," Rushing said.

He stressed that efforts must continue to encourage a shift of natural gas users to other fuels wherever possible. Thus, availability can be better guaranteed for fertilizer production and other essential uses.

Before approximately 100 guests at the dinner, Rushing reviewed Ortho's present and future manufacturing expansion plans to meet fertilizer demands. Production capacity at a plant in Iowa is

being tripled, along with expansion in the state of Washington. The company's

five-year program calls for new manufacturing facilities in the Southwest.

## CCC to take contract

WASHINGTON, D.C. — The Commodity Credit Corporation has signed agreements with 12 grain exporters to acquire contractual obligation for up to 16,095,029 metric tons of corn, soybeans and wheat which could not be shipped to the Soviet Union due to the imposition of export controls, according to CCC deputy vice president John Gibbs.

This total will be reduced by the volume shipped to reach the 8 million ton level under the US-USSR grain agreement, Gibbs said.

Today was the final day the exporters could accept the CCC offer.

The 12 firms who accepted are Bunge, Cargill Inc., Continental Grain, Louis Dreyfus Corp., Farmers Export, Garnac Grain, Goodpasture Export Corp., Pasternak/Baum, Pillsbury Co., Tidewater Grain Co., Alfred C. Toepfer and Tradigrain Inc.

Gibbs said two firms, Central Soya and Philipp Brothers Grain Corp., declined the offer.

The grain in the acquired contracts includes 10,846,516 metric tons (427 million bushels) of corn, 710,317 metric tons (26 million bushels) of soybeans and 4,538,196 metric tons (167 million bushels) of wheat.

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