

**Remarks of Steve Wilson,  
Chairman and CEO, CF Industries Holdings, Inc.  
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National Press Club  
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Washington, D.C. 20045**

My company produces fertilizers used by America's farmers. While I am here as a natural gas consumer, not a gas producer, our fundamental messages are the same: America must increase its domestic supply of natural gas.

We urge the federal government to expedite development of our natural gas resources. Our nation's policy of "encourage natural gas usage but don't drill" understandably has led to increased demand and painfully high prices. While our company is committed to conservation and practices it everyday, we cannot just conserve our way out of this situation. We have to add new domestic supply and we must start now.

My message to you is, of course, on behalf my company, our employees and shareholders – but also importantly on behalf of our ultimate customers, America's farmers.

Our U.S. agriculture, a major export industry, needs a dependable supply of reasonably priced natural gas to make nitrogen fertilizer. Natural gas is the raw material used to make ammonia, the building block of all nitrogen fertilizers. You could say natural gas is to ammonia what flour is to bread. Today it is 90 percent of the cost of production.

Forty percent of U.S. crop production depends on using nitrogen fertilizers. And without nitrogen fertilizers, U.S. corn yields would drop an estimated 40 percent. There is a clear direct linkage of natural gas to fertilizer to our food supply.

Since 2000, the U.S. fertilizer industry has watched natural gas prices rise from \$2.50 per million BTUs in the Gulf to a high of \$15 this past December. Some of our global competitors pay 50 cents to \$1.50 for their gas. Each dollar rise in natural gas prices adds about \$33 to the cost of making a ton of ammonia. So our natural gas cost rose from about \$80 to nearly \$500 per ton from 2000 through last fall.

U.S. producers made 18 million tons of ammonia in 2000. By the end of last year, U.S. producers were operating at an annual rate of 10 million tons; that's a 44 percent drop.

My company has first class globally competitive assets run by highly skilled employees. But high feedstock cost has caused us to look offshore for future nitrogen projects.

Without question, American farmers have felt this blow. Since 2002, the price of ammonia has almost doubled to over \$400 per ton.

The continued loss of U.S. nitrogen fertilizer production due to high natural gas prices has forced farmers to rely to a great extent on imports which are up 80 percent since 2002 – in many cases coming from volatile regions, including such countries as Russia and Venezuela. Putting our food production at risk is not an acceptable option for the United States, a country that prides itself on being the breadbasket for the world.

It is irrational for our government to continue to increase demand for natural gas while restricting access to supply. The free market can solve this problem if government allows it to do so. We urge Congress and the Administration to release more of our natural gas resources for development immediately.

Thank you for listening.