



Ag Energy Alliance

Representing agriculture as a producer and consumer of energy

Press Release

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Agriculture Coalition Calls on Congress to Increase U.S. Natural Gas Supply Now

WASHINGTON, May 17, 2005-- The Agriculture Energy Alliance, a national coalition of 60 farm groups and agribusinesses, calls on Congress to enact comprehensive energy legislation that integrates the use and development of domestic natural gas and stabilizes natural gas prices.

“Congress must support new legislation to increase the supply of natural gas, lower its price, and provide relief to farmers and other producers in our economy,” says Bob Stallman, president of the American Farm Bureau Federation. “We must diversify our fuel supply, drill in new areas, and allow permits for new port terminals to import liquefied natural gas. Or else we must agree to watch our farm and fertilizer manufacturing sectors continue to erode.”

“Most Americans don’t realize just how much natural gas is used in production of their food, clothing and now their fuel,” says Leon Corzine, National Corn Growers Association president. “Specifically, corn farmers are affected by high natural gas prices because it is the major component of fertilizers, for the drying of the corn and irrigation of the crops. That is why the comprehensive energy bill that gets our country on the path to stabilizing our energy prices is so critically important to farmers.”

Since the 1980s, natural gas has become “the fuel of choice” to meet environmental goals of every class of user. U.S. demand for natural gas is up 40 percent since 1986 and accounts for 25 percent of U.S. energy use. By 2025, U.S. natural gas demand is projected to grow another 40 percent. Production has risen less than 1 percent annually since 1998, and the price has tripled compared to the average of the past decade.

“The United States has already achieved a 50 percent improvement in energy efficiency. We can’t just conserve our way out of this crisis,” says Jean-Mari Peltier, president of the National Council of Farmer Cooperatives. “We can’t just increase domestic production from existing fields enough to meet demand. We can’t wait decades for new technologies. Our agriculture and manufacturing sectors need practical policies to increase supply now. Natural gas alone cannot carry the load. America needs to use all its available energy resources to meet economic and environmental goals.”

High natural gas prices and low-cost imports have forced 20 U.S. fertilizer plants to close in recent years, making U.S. farmers increasingly import dependent. But increasing import dependence has not lowered fertilizer prices. Last year, nitrogen fertilizer prices in the United States reached historic highs – up 80 percent since 1999 – and supply failed to meet demand.