

A STRATEGIC FERTILIZER RESPONSE:
**POLICY CONSIDERATIONS
FOR U.S. AGRICULTURE**



American Farm Bureau Federation®

BACKGROUND

Fertilizer is one of the most significant costs in crop production and a key driver of margin risk. For corn producers, fertilizer typically accounts for 40% of operating expenses; for wheat, it's closer to 35%. In 2022, those costs reached unprecedented levels, averaging \$216 per acre for corn and \$79 per acre for wheat, more than double the 2010-2019 average. While prices have eased from those peaks, they remain elevated relative to pre-2020 norms. Recent conflict involving Iran further exposed unresolved vulnerabilities in the fertilizer supply chain, raising food and national security concerns.

Prior to the conflict involving Iran, USDA's projected 2026 cost of production for corn stood at approximately \$914 per acre. Following the disruptions, USDA's updated forecast revised total corn production costs to nearly \$936 per acre, an increase of roughly 2%, driven primarily by fertilizer costs rising more than 11% and fuel, lube, and electricity costs surging more than 34% compared to earlier projections. Similar upward revisions were recorded across all major crops, with rice having the largest total dollar increase (\$75 per acre, or 5.6%) and sorghum the steepest fuel cost jump (41%). These price shocks reinforce just how quickly geopolitical disruptions can translate into higher input costs on the farm and inflationary pressure across the broader U.S. economy. Broader consumer price inflation, measured by the not seasonally adjusted CPI-U, also rose sharply

in the months following the conflict. The Bureau of Labor Statistics' Consumer Price Index stood at 326.8 in February 2026 before the Strait of Hormuz disruptions intensified, then climbed to 330.2 in March, 333.0 in April, and 335.1 in May. That 2.5% increase in just three months was one of the sharpest three-month increases since the 2022 post-Ukraine spike.¹ Higher energy and food input costs likely contributed to those inflationary pressures, consistent with the inflationary transmission patterns seen when geopolitical shocks hit commodity markets.

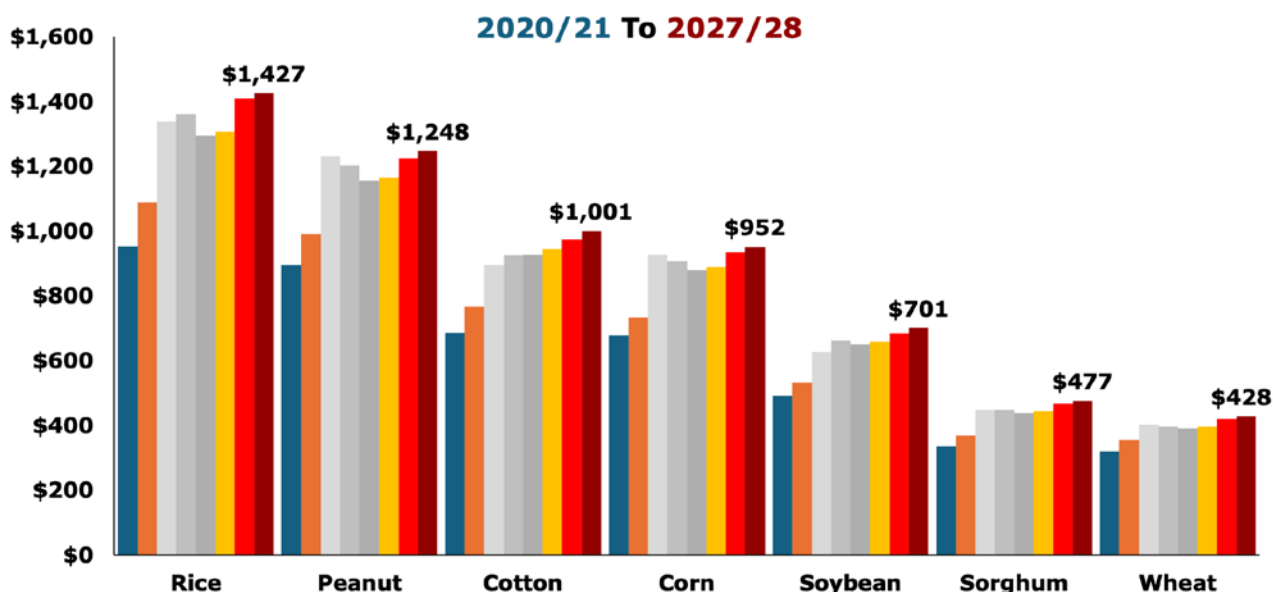
The United States has a meaningful domestic fertilizer industry, but our supply position varies significantly by nutrient, leaving farmers exposed to disruptions well beyond our borders. Fertilizer is a global commodity market, which means supply disruptions, export restrictions, shipping bottlenecks, or geopolitical conflict anywhere in the world can quickly affect availability and prices here at home, regardless of where the product is sourced.

- **Potash (K):** Potash remains the clearest vulnerability. The U.S. imports over 95% of its potash needs, mostly from Canada. Global production and export capacity are highly concentrated, leaving limited alternatives when trade or transportation disruptions occur.

¹ U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCNS), retrieved via FRED, Federal Reserve Bank of St. Louis. AFBF calculation using not seasonally adjusted CPI-U values for February 2026, March 2026, April 2026 and May 2026.

Crop Input Costs to Set a Record in 2027

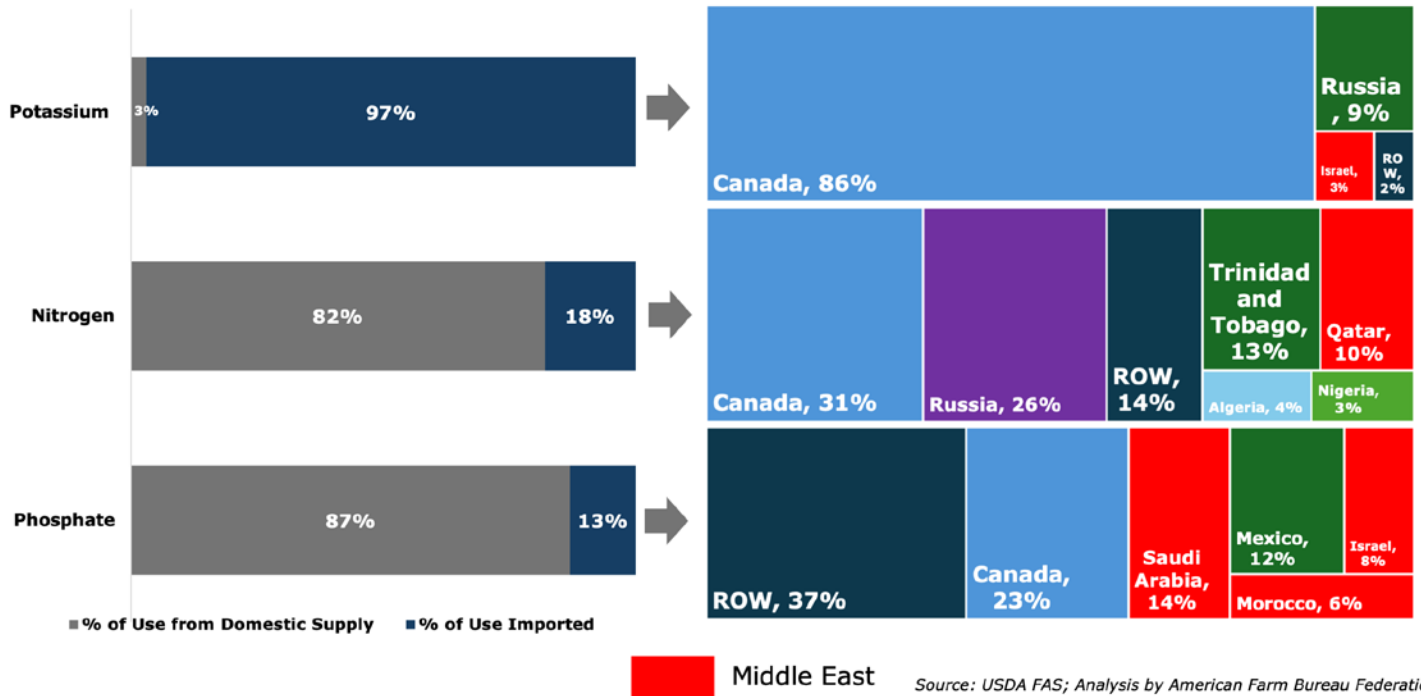
Total Cost of Production, 2020/21 to 2027/28 Projections, Dollars Per Acre



Source: USDA ERS, Analysis by American Farm Bureau Federation

25% of U.S. Fertilizer Use is Imported

Share of use imported by product type, Share of foreign source of imports



• **Phosphate (P):** The U.S. is a major phosphate producer, but supply is increasingly concentrated among a small number of exporting countries. As domestic production capacity has tightened, import reliance has increased, reducing flexibility during periods of market stress.

• **Nitrogen (N):** Nitrogen is where the U.S. is strongest structurally, supported by domestic production and abundant natural gas feedstock. Nitrogen prices are closely tied to global energy markets, however, and major exporters are concentrated in regions vulnerable to geopolitical instability.

Farmers have seen these risks play out repeatedly in recent years. Russia's invasion of Ukraine and the destruction of the Nord Stream pipelines in 2022 disrupted European natural gas markets and drove nitrogen production costs to record levels globally. Those events showed that even U.S. producers, who benefit from lower domestic natural gas costs, are not fully insulated from global energy shocks because nitrogen prices are linked through international markets.

The 2026 conflict involving Iran reinforced this vulnerability. Following disruptions in the Strait of Hormuz, European TTF natural gas prices rose more than 35% to approximately \$14.80/MMBtu, while U.S. Henry Hub prices fell 9%, averaging \$2.94/MMBtu in May.² This nearly five-to-one price differential placed acute pressure on European nitrogen producers and helped push global urea prices higher, even for buyers sourcing outside the

Middle East. With countries in or near the Persian Gulf accounting for nearly half of global urea exports and roughly 30% of global ammonia exports, disruptions to critical shipping corridors can quickly tighten fertilizer supplies and raise input costs for U.S. farmers during narrow planting windows.

In July 2025, the Trump administration's National Farm Security Action Plan directed USDA to identify critical agricultural inputs and supply chain vulnerabilities, including fertilizers. In November 2025, phosphate and potash were added to the U.S. Geological Survey Critical Minerals List.³ USDA has also taken steps to support expanded domestic fertilizer production through targeted grant investments.⁴ While these are important moves in the right direction, increasing domestic capacity will take time, and these actions do little to address the near-term supply risks and price volatility farmers face today.

² U.S. Energy Information Administration, Short-Term Energy Outlook, June 2026, "Natural Gas" and Table 2, "Energy Prices"; U.S. Energy Information Administration, Henry Hub Natural Gas Spot Price (Dollars per Million Btu), released June 17, 2026.

³ U.S. Department of Agriculture. (2025, July). National Farm Security Action Plan. <https://www.usda.gov/sites/default/files/documents/farm-security-nat-sec.pdf>; U.S. Geological Survey. (2025, November 14). Interior Department releases final 2025 List of Critical Minerals. <https://www.usgs.gov/news/science-snippet/interior-department-releases-final-2025-list-critical-minerals>.

⁴ U.S. Department of Agriculture [USDA]. (2025, July 24). USDA announcement regarding fertilizer production investments [Post]. X. <https://x.com/USDA/status/2049228006980251754>

RECENT USDA ACTIONS ON FERTILIZER SECURITY

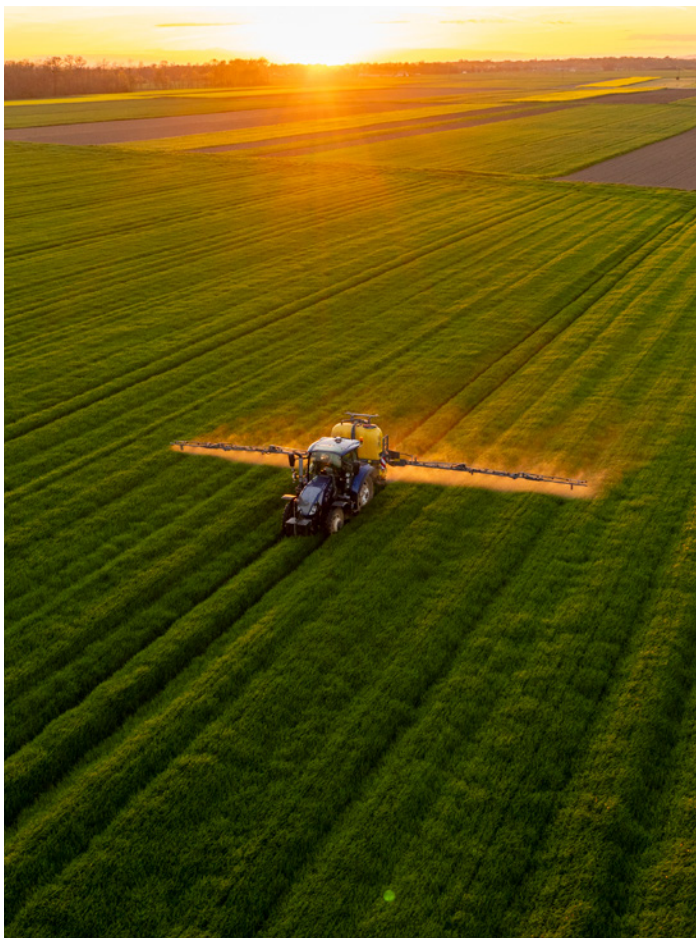
July 2025: National Farm Security Action Plan released, directing USDA to identify critical agricultural inputs and supply chain vulnerabilities, including fertilizers.

April 2026: USDA releases a list of ongoing actions to build long-term capacity for fertilizer production.

Ongoing: USDA's Commodity Cost and Returns data confirm 2026 fertilizer costs were revised 9-13% higher post-conflict start across all major crops, reinforcing the urgency of supply-chain resilience measures.

November 2025: Phosphate and potash added to the USGS Critical Minerals List.

May 2026: USDA announced it is restarting stalled Fertilizer Product Expansion Program projects and re-engaging remaining awardees, with a focus on higher-impact projects. USDA projects these efforts will unlock more than 2 million tons of new annual fertilizer capacity, serving 61,000 producers across an additional 30 million acres.



ONGOING CONGRESSIONAL ACTIONS ON FERTILIZER

Chairman Boozman's *Agricultural Act of 2026* discussion draft includes: ⁵

- Expanding Farm Storage Facility Loan Program eligibility for fertilizer storage and handling infrastructure, including dry storage, fertilizer blenders, liquid tanks, anhydrous ammonia pressure vessels and related equipment (Sec. 1105).
- Establishing a full-time USDA Crop Input Economist to improve reporting on crop input supply, demand, pricing indicators, trade flows, market trends and supply chain risks (Sec. 12301).
- Requiring USDA, in consultation with ERS, to publish a report on the U.S. fertilizer industry, including market size, imports, pricing trends, duties, concentration, regulatory barriers, price reporting and projected risks (Sec. 12302) (modeled after the Fertilizer Research Act).

Fertilizer-related legislated focusing on:

- Increasing fertilizer price transparency through the Fertilizer Transparency Act.
- Expanding domestic fertilizer production and storage capacity through the Homegrown Fertilizer Act.
- Supporting biostimulants, critical mineral designations for phosphate and potash, and tariff relief for imported fertilizer products through additional standalone bills.
- Removing tariffs and countervailing duties on imported phosphate from Morocco.

ONGOING USDA ACTIONS TO BUILD LONG-TERM CAPACITY

- Utilizing the Department of Commerce's Investment Accelerator
- Utilizing the Department of Energy's Energy Dominance Financing Program
- Expediting key USDA Fertilizer Production Expansion Program projects
- Launching the USDA Proving Grounds Network™ for AgTech
- Streamlining Permitting Across Federal Government
- Supporting Future Legislative Efforts

⁵ *Agricultural Act of 2026*, S. ___, 119th Cong., discussion draft, secs. 1105, 12301-12302

HOW DOES THE U.S. COMPARE INTERNATIONALLY?

Among major agricultural producers, the United States occupies a middle ground. The country maintains substantial domestic production capacity, particularly for nitrogen and phosphate fertilizers, but remains heavily dependent on imports for potash and exposed to global market disruptions across all major nutrients.

Other major agricultural economies face similar challenges but have adopted different approaches to managing fertilizer supply risk. **These approaches generally fall into four categories:**

Notably, formal long-term fertilizer reserves remain rare. Unlike petroleum, fertilizer products can degrade over time, require specialized storage, present handling and safety challenges, and involve significant maintenance costs. As a result, no G7 country currently maintains a fertilizer reserve comparable to its strategic petroleum reserve.

1 Buffer Stock Systems

Governments maintain fertilizer inventories that can be released during planting seasons or periods of disruption. Stocks are typically rotated regularly to avoid product degradation and reduce storage costs.

2 Export Controls and Trade Restrictions

Rather than building reserves, some major fertilizer-producing nations use export restrictions to manage domestic supply and price stability. Russia and China, both major fertilizer exporters, have imposed periodic export bans or quotas to prioritize domestic availability during periods of high demand or price volatility. These actions show how import-dependent countries, including the United States for potash, remain exposed to foreign government decisions regardless of market conditions.

3 Production and Storage Integration

Rather than stockpiling large volumes of fertilizer, governments focus on maintaining domestic production capacity, warehousing infrastructure, and regional inventories that can provide supply security during disruptions.

4 State-Controlled Supply Chains

Governments play a central role in purchasing, importing, storing, and distributing fertilizer. While these systems may not maintain large strategic reserves, centralized control allows governments to redirect supply during shortages.

INTERNATIONAL PRECEDENTS



The concept of government involvement in fertilizer security is not novel. Several major agricultural economies use reserve-like systems, government-managed inventories, subsidies, or domestic production strategies to manage fertilizer risk. China, India, and Brazil together account for more than a third of global wheat and coarse grain production, according to USDA data – meaning that what happens to their harvests, and to the fertilizer that makes those harvests possible, has consequences for food prices and food security well beyond their borders. China is the largest grain producer among the three; India is a dominant wheat and grain producer; and Brazil has become one of the world’s largest corn producers. Disruptions to fertilizer access in any of these countries – or policy decisions by their governments to restrict fertilizer exports – can move global food and feed markets quickly.

China

China maintains the world’s largest fertilizer reserve system through a government-directed model that combines state oversight with commercial storage and distribution. China is also a major fertilizer producer, giving it greater flexibility than many importing nations. In fact, China is the world’s largest fertilizer producer – producing roughly twice as much as Russia, the next-largest producer, and more than twice U.S. output. That

combination of large reserves and dominant domestic production gives China significant tools to manage its own supply during global disruptions. But it also gives China the ability to restrict what the rest of the world can access, and it has used that leverage repeatedly.

Since 2021, China has repeatedly restricted fertilizer exports during periods of tight domestic supply or rising prices, prioritizing its own farmers over global markets. In late 2023, China effectively stopped urea exports for months. In 2024, it imposed further controls that cut exports dramatically. In March 2026, as the Strait of Hormuz disruption was already squeezing the global fertilizer supply, China banned exports of key fertilizer types at the exact moment other countries were hoping China would help fill the gap.

In March 2026, as conflict in the Middle East disrupted fertilizer flows through the Strait of Hormuz, China released nitrogen, phosphate, and compound fertilizers from national commercial reserves at least 15 days earlier than normal to stabilize prices and ensure supply during spring planting.⁶ The system demonstrates how fertilizer

⁶ <https://www.reuters.com/world/asia-pacific/china-taps-fertiliser-reserves-hormuz-closure-disrupts-global-supply-2026-03-13/> U.S. Department of Agriculture [USDA]. (2025, July 24). USDA announcement regarding fertilizer production investments [Post]. X. <https://x.com/USDA/status/2049228006980251754>

reserves can function as an active market stabilization tool rather than solely as an emergency stockpile. In short, China used its reserves to protect its own farmers while simultaneously restricting what the rest of the world could buy, a dual use that illustrates both the power and the limits of a reserve-based approach to fertilizer security.

India

India relies heavily on imported phosphate and potash despite maintaining substantial domestic fertilizer production. To manage this vulnerability, the government actively oversees fertilizer inventories, subsidizes fertilizer purchases, and negotiates long-term supply agreements with major exporters. In practice, this means the Indian government acts more like a buyer and price-setter than a regulator, absorbing global price increases through subsidies so that Indian farmers never feel the full impact of market volatility.

As of early 2026, government officials reported fertilizer inventories well above prior-year levels, including substantial stocks of urea, DAP, and NPK fertilizers. When the Strait of Hormuz crisis hit, India moved quickly: it organized a government-backed buying group to secure fertilizer supplies at scale and approved approximately \$5 billion in additional subsidies to hold farmer prices steady despite global costs surging nearly 40%.⁷ India's approach reflects a broader strategy of combining strategic inventories, government oversight, and import diversification to improve supply security.

Brazil

Brazil is one of the world's largest agricultural producers but remains highly dependent on imported fertilizer, sourcing roughly 85% of its fertilizer needs from abroad. That makes Brazil one of the world's most important agricultural exporters – a top supplier of corn and soybeans to global markets – yet simultaneously one of the most exposed countries to fertilizer supply disruptions, facing the same risks as U.S. farmers but on an even larger scale.

Following the fertilizer disruptions triggered by Russia's invasion of Ukraine, Brazil encouraged private-sector stockpiling, expanded efforts to diversify import sources, and launched its National Fertilizer Plan (PNF). The PNF is a long-term strategy to reduce import dependence, with some scenarios targeting roughly 60% by 2050. The plan focuses on attracting private investment to build new domestic production capacity for all three major nutrients: nitrogen, phosphate, and potassium. Progress will be gradual; meaningful new capacity is expected to take decades to come online.⁸

Russia and Belarus

Russia is one of the world's largest exporters of all three major fertilizer types – nitrogen, phosphate, and potash – and has a history of restricting those exports when it suits its interests. When Russia invaded Ukraine in 2022, it imposed informal export controls on fertilizers, contributing to the global price spike that pushed U.S. fertilizer costs to record levels that year. Belarus, another major potash exporter, had its exports significantly disrupted by Western sanctions imposed in 2021. Together, Russia and Belarus account for roughly 40% of global potash exports – a reminder that a single geopolitical event involving either country can remove a significant portion of a critical nutrient from world markets, with immediate consequences for American farmers who import nearly all of their potash.

THE CASE FOR A U.S. STRATEGIC FERTILIZER RESERVE

When considering the potential for a U.S. strategic fertilizer reserve, the comparison to the Strategic Petroleum Reserve (SPR) is instructive. Established in 1975 following the Arab oil embargo, the SPR was designed to provide a federal response mechanism when geopolitical disruptions threatened access to critical petroleum and fuel supplies. Fertilizer presents a similar strategic challenge: concentrated global supply, exposure to geopolitical conflict and transportation chokepoints, limited short-term substitutes, and highly time-sensitive demand tied to food production.

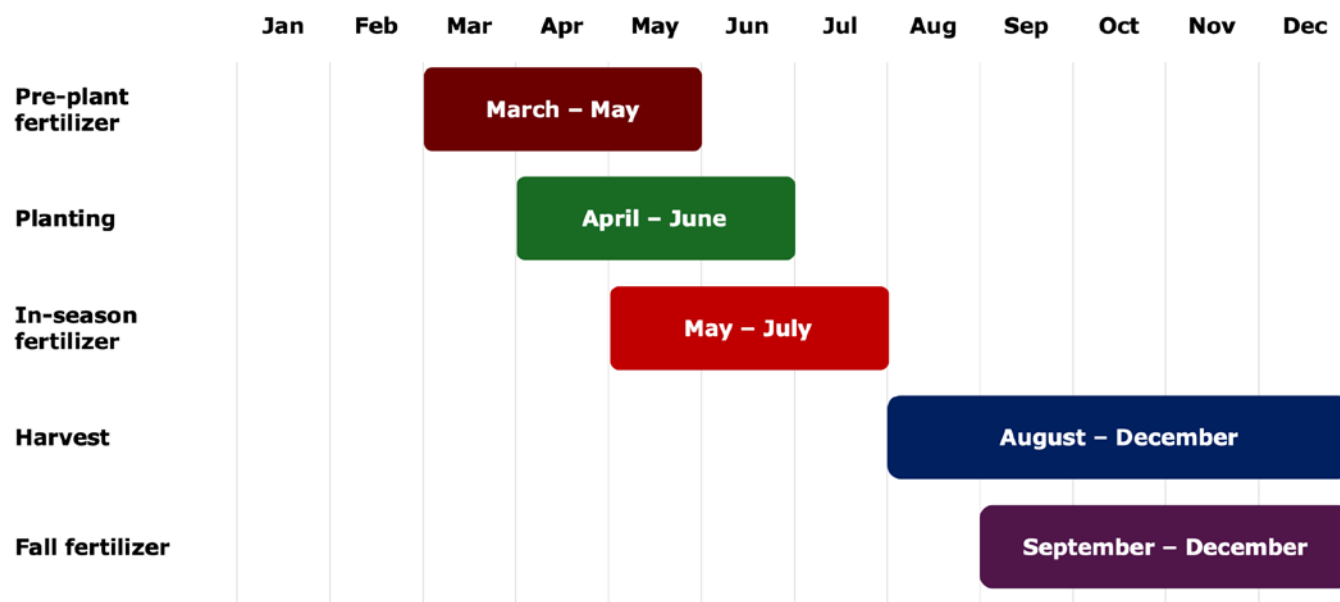
Unlike many industrial inputs, fertilizer demand cannot be easily deferred. For major row crops, nutrient applications occur in narrow seasonal windows, particularly during spring planting. A significant disruption between late winter and early spring can directly affect fertilizer availability, input costs, planting decisions, and ultimately crop production. Once those windows close, producers have limited ability to adjust.

⁷ <https://www.reuters.com/world/india/indias-fertiliser-ministry-seeks-double-subsidy-fund-cost-iran-war-mounts-2026-06-09/> U.S. Department of Agriculture [USDA]. (2025, July 24). USDA announcement regarding fertilizer production investments [Post]. X. <https://x.com/USDA/status/2049228006980251754>

⁸ USDA Foreign Agricultural Service. (2022, March 6). Brazil Agriculture Seeks Remedies for Potential Fertilizer Disruptions. GAIN Report No. BR2022-0017. https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Brazil%20Agriculture%20Seeks%20Remedies%20for%20Potential%20Fertilizer%20Disruptions_Brasilia_Brazil_BR2022-0017

Fertilizer Timeline for Major Row Crops

Approximate Annual Timeline for Corn, Soybeans, Cotton, and Winter Wheat, by Activity; Regional Timing May Differ



Analysis by American Farm Bureau Federation

A strategic fertilizer reserve would not eliminate market volatility or replace commercial supply chains. However, it could serve as a targeted risk management tool to provide temporary supply stability during severe disruptions while broader efforts to strengthen domestic production capacity continue.

Depending on its design, a reserve could also potentially support domestic production by providing a predictable purchaser for fertilizer produced by new or expanding facilities. Similar approaches have been used in other sectors where government procurement helped reduce market uncertainty for strategic industries. However, using a reserve to support domestic production would move beyond emergency preparedness and into a form of industrial policy, raising questions about market intervention, program costs, and whether alternative tools such as grants, tax incentives, loan guarantees, or regulatory reform would more effectively expand long-term domestic capacity. The Strategic Petroleum Reserve offers an instructive parallel: when the U.S. and allied nations announced a coordinated SPR release in late 2021, crude oil prices fell within days of the announcement alone – before a single barrel was physically delivered – demonstrating that the signaling effect of a credible strategic reserve can itself stabilize markets independently of any physical release.

PROS AND CONS OF A STRATEGIC FERTILIZER RESERVE

Arguments in Favor

Supply Shock Protection

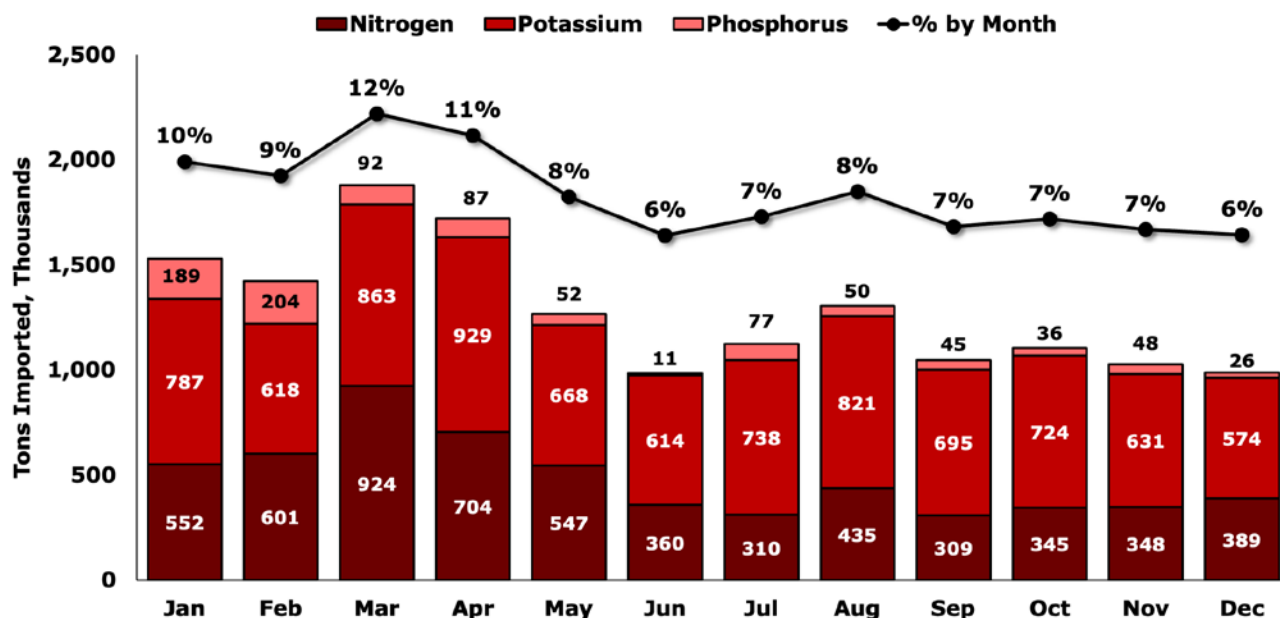
A reserve could provide temporary relief during acute supply disruptions caused by geopolitical conflict, trade disputes, export restrictions, or transportation bottlenecks. Strategic inventory could reduce the immediate concerns over price and availability farmers face when commercial supply channels are disrupted during critical fertilizer application periods.

Price Stabilization

The existence of emergency reserve capacity may help moderate panic-driven purchasing, speculative price escalation, and price gouging during supply shocks. Strategic reserves in other sectors have demonstrated value not only through physical supply availability, but also through their signaling effect during periods of uncertainty. As referenced above, when the U.S. and allied nations announced a coordinated release from strategic petroleum reserves in late 2021, oil prices fell within days – before a single barrel was physically delivered. Conversely, when the Strait of Hormuz closed in early 2026, oil and gas prices spiked across Europe and Asia in anticipation of supply shortages, even in regions that had not yet experienced any actual supply

23% of U.S. Fertilizer Imports Arrive in March and April

Monthly U.S. Fertilizer Imports by Nutrient and Share of Total Annual Imports, 2025 (Tons), All Countries



Source: USDA AMS; Analysis by American Farm Bureau Federation

loss. A credible fertilizer reserve could send similar signals: the knowledge that emergency supply exists may itself dampen the panic buying and price spikes that compound the harm of a disruption.

Food and National Security Considerations

Fertilizer is a foundational input in agricultural production. As geopolitical events increasingly spur supply disruptions, fertilizer availability has implications beyond farm profitability, extending to food production resilience and broader national security considerations. If fertilizer applications are reduced and crop nutrient needs are not met, yields could decline, tightening supplies and raising prices for grains, oilseeds, cotton, specialty crops, and other agricultural products.

Bridge to Expanded Domestic Capacity

Federal and private-sector efforts to expand domestic fertilizer production are underway, but meaningful capacity additions will require time, capital investment, and infrastructure development. A reserve could serve as an interim safeguard during this transition period while broader domestic supply initiatives mature. These efforts include USDA grant investments announced in July 2025, the addition of phosphate and potash to the USGS Critical Minerals List, and ongoing permitting reform discussions. Regulatory and permitting barriers represent one of the most significant near-term constraints on domestic capacity expansion – new ammonia, urea, and phosphate production facilities require complex multi-

agency environmental permits that can span years, and mining operations face additional land use and water quality review processes. The Trump administration has made streamlining these processes a priority, including through executive orders on energy permitting and the Army Corps of Engineers expediting the Blue Point ammonia plant review, but meaningful new capacity remains years away, regardless of pace. A reserve could serve as a critical bridge during that interval.

Arguments Against

Storage and Product Management Challenges

Fertilizer presents greater storage complexity than commodities such as petroleum. Certain products degrade over time, require specialized storage conditions, or pose safety and handling challenges. Nitrogen products, in particular, may be more operationally difficult and costly to maintain in reserve. Unlike petroleum, fertilizer consists of multiple nutrient products and formulations that serve different agronomic needs and are not easily interchangeable.

Significant Infrastructure Requirements

Maintaining a meaningful fertilizer reserve would require substantial storage infrastructure, including warehouses, tanks, transportation assets, and inventory management systems. Existing commercial storage capacity is often heavily utilized during seasonal demand periods, raising questions about whether additional dedicated storage

capacity would need to be constructed and how those investments would be financed and maintained over time.

Market Distortion Risk

Fertilizer is traded in a global commodity market, meaning prices are influenced not only by domestic supply and demand but also by production, trade flows, transportation costs, energy markets, and purchasing activity around the world. Unlike many agricultural inputs, fertilizer prices are often established through international benchmark markets, and significant purchasing decisions by major buyers, like the U.S., can affect market conditions well beyond their borders. Even discussion of a U.S. strategic fertilizer reserve could have near-term price implications.

As a result, the creation of a strategic fertilizer reserve could influence market behavior before any product is physically acquired. Large-scale government purchasing programs may alter expectations among producers, traders, and exporters, potentially contributing to higher prices or increased market volatility as market participants adjust to anticipated demand. The extent of these effects would depend on the size, timing, and structure of procurement activities, but policymakers may wish to consider how reserve acquisition could interact with global fertilizer markets and affect input costs for farmers.

Potential Impacts on Competition

A reserve program that relies on existing storage and distribution networks could unintentionally favor larger, vertically integrated firms that possess substantial storage and logistics capacity. Policymakers may need to consider how reserve participation could affect fertilizer retailers, cooperatives, and independent distributors throughout the supply chain.

Cost and Administrative Complexity

Establishing and maintaining a meaningful reserve would require substantial capital investment, including product acquisition, storage infrastructure, maintenance, inventory rotation, insurance, and administrative oversight. Policymakers would also need to determine how inventory is managed, when product is released, how stocks are replenished, and which entities would be responsible for day-to-day operations. A key threshold question is how the reserve itself would be financed, whether through direct appropriations, loans, grants, public-private partnerships, or other mechanisms, each of which carries different costs and administrative requirements.

Addressing Symptoms Rather Than Causes

Many fertilizer disruptions originate from broader challenges including market concentration, trade restrictions, transportation bottlenecks, energy market volatility, and insufficient domestic production capacity. A reserve may help mitigate short-term disruptions but may do little to address the structural factors that contribute to long-term vulnerability. Regulatory and permitting requirements can also affect the ability of domestic producers to expand capacity or develop new production, storage, and transportation infrastructure. Fertilizer manufacturing facilities often require significant capital investment and lengthy permitting processes, which can delay projects for years before production comes online. As a result, even if a reserve provides temporary supply during a disruption, it does not necessarily resolve the underlying constraints that limit long-term domestic production and supply chain resilience. Policymakers may wish to consider whether efforts to streamline permitting, encourage investment in domestic production, and improve transportation infrastructure could address some of the root causes of supply vulnerability more directly.

CONCLUSION

Recent years have demonstrated the vulnerability of fertilizer markets to geopolitical shocks, trade disruptions, and supply chain bottlenecks. The central policy question is not simply whether the United States should establish a strategic fertilizer reserve, but how such a reserve would complement broader efforts to expand domestic production, diversify supply chains, and strengthen long-term fertilizer security.

International experience suggests there is no single model for fertilizer security. While China and India maintain the most extensive reserve systems, most countries rely on a combination of seasonal inventories, government-managed distribution systems, strategic storage, and domestic production initiatives. Whether a U.S. fertilizer reserve would provide a practical and cost-effective addition to those efforts remains an open policy question, but growing concerns about fertilizer availability and geopolitical risk have ensured the discussion is likely to continue.

AFBF supports:

- The increased domestic production of agricultural chemicals and fertilizers and streamlining regulatory approval (Policy 339, 1.1.1).
- The use of industry developed Best Management Practices (BMPs) for ensuring the safe and responsible holding, storage, transportation and use of all fertilizers (Policy 339, 1.1.2).
- Continued research into the discovery of alternative sources of plant nutrients (Policy 339, 1.1.3).
- The expansion of existing mines and development of new mines and production facilities (Policy 339, 1.1.4).
- The creation of a USDA-led, inter-agency working group to develop specific strategies or actions to help address and alleviate shortages and excessive price increases for fertilizer (Policy 339, 1.1.5).
- Increased research in nutrient use and stewardship (Policy 339, 1.1.7).
- Free trade of the input commodities used in all U.S. agriculture crops for the protection of profitability of U.S. agriculture (Policy 339, 1.1.9).
- Continued research and development of agricultural biologicals (Policy 339, 1.1.10).
- USDA ensuring competition is considered by the Federal Trade Commission and Department of Justice when it comes to the approval of mergers and acquisitions that would affect supply chains in the fertilizer industry (Policy 339, 1.1.11).

AFBF Recommends:

- Recommends Congress investigate the phosphate fertilizer supply chain outages and high prices created by tariffs placed on imports by the International Trade Commission (Policy 251, 4).

AFBF opposes:

- Any further regulations of fertilizer for agricultural use and government classification of properly used nitrogen fertilizers as pollutants, including any attempt to limit proper use of nitrogen, in any form, especially for fertilizers (Policy 339, 3.1–3.2).
- Tariffs on fertilizer imports, including the antidumping duties placed on solid urea imports (Policy 252, 6.5).
- Tariffs and regulations that would limit supply or increase the prices of agricultural production inputs (Policy 252, 6.6).
- AFBF supports biannual review of countervailing duties on imported fertilizer products (Policy 252, 13.1.4).



CALL TO ACTION FOR GRASSROOTS MEMBERS:



Farm Bureau grassroots leaders and farmers are encouraged to review the policy considerations and analysis presented in this white paper and to adopt priorities, principles, and positions to guide the organization as policymakers consider new approaches to strengthen the fertilizer supply chain. Upon the development of new policies, the American Farm Bureau Federation will partner with fertilizer industry stakeholders, domestic producers, and members of Congress to advance farmer priorities on fertilizer supply

security, domestic production, and input cost relief. Our goal is to better position U.S. farmers and ranchers against geopolitical supply shocks and structural cost pressures by strengthening America's fertilizer supply chain and reducing dependence on foreign sources.

POLICY QUESTIONS FOR CONSIDERATION

International experience demonstrates that there is no single model for fertilizer security. Countries have pursued a range of approaches, including strategic reserves, seasonal buffer stocks, government-managed distribution systems, domestic production incentives, supply diversification and export controls. As policymakers consider ideas to address fertilizer affordability, availability and supply chain resilience, several key questions may help guide the discussion. These questions fall into four broad categories: the overall strategic response, including whether the focus should be on inventory, production or both; the design and operation of a potential fertilizer reserve; the role of market transparency and data collection; and how international trade, competition and supply diversification should factor into long-term fertilizer security.

Fertilizer Strategic Response: Should the focus be on inventory, domestic production or both?

Many countries have emphasized domestic production capacity, warehousing infrastructure and diversified sourcing rather than maintaining large strategic stockpiles. Policymakers may wish to consider whether a reserve, expanded domestic production, storage infrastructure, permitting reform, transportation improvements or some combination of these tools would best strengthen long-term fertilizer security.

Fertilizer Reserve: What problem should a strategic fertilizer reserve be designed to solve?

Policymakers may wish to consider whether the primary goal of a reserve would be to address short-term supply disruptions, reduce fertilizer price volatility, improve food security, support domestic production or enhance preparedness for geopolitical conflict. The answer would significantly shape how a reserve is designed, managed and triggered.

Fertilizer Reserve: What products should be included?

Fertilizer is not a single commodity. Nitrogen, phosphate and potash each have different supply chains, storage requirements and import dependencies. Policymakers would need to determine whether a reserve should focus on finished fertilizer products, individual nutrients or upstream raw materials.

Fertilizer Reserve: How would fertilizer be stored, managed and distributed?

A reserve would only be effective if product could reach farmers when and where it is needed. Policymakers may wish to consider whether inventory should be held by the federal government, managed through commercial partners or integrated into existing retailers, cooperatives and distributors. Questions also remain about how product would be rotated, replenished and released during a disruption.

Transparency: What information is needed to improve market transparency?

Policymakers may wish to consider what information farmers need to make better input purchasing decisions, including data on fertilizer prices, imports, trade flows, market concentration, duties, regulatory barriers and supply chain risks. Any policy should balance the value of transparency with the potential burden of new reporting requirements.

International Trade: How should trade, competition and supply diversification fit into fertilizer security?

Because U.S. farmers rely on global fertilizer markets, policymakers may wish to consider how tariffs, countervailing duties, export restrictions, import disruptions and foreign market concentration affect fertilizer affordability and availability. Policy development may also consider how to strengthen competition across the supply chain while preserving access to reliable and affordable imported products.

All Policy Proposals: What would success look like?

Policymakers may wish to establish clear metrics for evaluating fertilizer-related policy efforts. Success could be measured by lower price volatility, improved availability during disruptions, expanded domestic production, greater storage capacity, reduced import dependence, stronger competition, better market transparency or improved preparedness during geopolitical shocks.



**American Farm
Bureau Federation®**

600 Maryland Avenue SW Suite 1000W,
Washington, DC, 20024

www.fb.org