

Fertilizer Prices: Impacts of Market Consolidation

Market consolidation hurts farmers:

Fertilizer alone accounts for 34% of total operating costs for America's corn growers. The cost to grow corn is near a record high, and corn prices cannot support these expenses. Over the past 40 years, fewer and fewer fertilizer firms serve the U.S. farmer due in no small part to industry mergers.



Industry Consolidation

- For nitrogen fertilizer—CF Industries, Nutrien, Koch, and Yara US have a combined 75% market share in the United States. For phosphate fertilizer—The Mosaic Company (Mosaic) controls 70% - 80% of the market in the United States as well as 60% of phosphate rock production. For potash fertilizer—Nutrien and Mosaic are the only two major potash suppliers and control 90% - 100% of the U.S. market. This level of high concentration means reduced competition where a small number of companies are in control of setting prices.
- Additionally, the large manufacturers appear have developed and own their own distribution networks. Some companies operate massive direct-to-grower distribution network with distribution points and retail locations. Unfortunately, there is limited publicly available information regarding distributors.
- Vertical integration has not led to efficiency gains passed on to growers and consumers. Instead, farmers are negatively affected by this integration: the largest fertilizer companies lock up and leverage distribution channels, entrenching their dominant position, and extracting excessive, supracompetitive profits from farmers and consumers.
- As the number of plants decreased, so did capacity utilization. All of this evidence that points to harmful levels of concentration and control by just a few players. The playing field must be leveled by ensuring that the industry provides greater transparency to reduce the chances of manipulation and noncompetitive practices and measures enacted to support new entrants into the market to restore competition.

The underlying structural issues in the fertilizer subsector should be addressed with increased competition through more participants in the marketplace.

We call upon Congress and the federal government to act upon solutions that increase transparency, enforce federal antitrust laws, expand domestic supply and take measures to support new entrants in the market.

NCGA supports the following legislation and requests Congress take action:

Fertilizer Research Act (S. 2808/H.R. 6192)

Sens. Grassley, Warnock, Baldwin
Reps. Hinson, Budzinski, Feenstra, Perez, etc.

Fertilizer Transparency Act (S.4152/H.R. 8104)

Sens. Thune, Klobuchar, Grassley, Baldwin
Reps. D. Johnson, Craig, Davids, Miller-Meeks, etc.

Homegrown Fertilizer Act (S.4148/H.R. 8457)

Sens. Klobuchar, Marshall
Reps. Sorenson, Hinson, Budzinski, Mann, Craig, etc.

Lowering Input Costs for American Farmers Act

(S.4418/H.R. 8583)

Sens. Marshall, Grassley, Hyde-Smith, Ernst
Reps. Miller-Meeks, Hinson

