

Senate State Government Committee

June 14, 2022

Thank you, Mr. Chairman, and members of the committee for inviting me to speak on behalf of Pennsylvania Farm Bureau regarding Senate Bill 1203. I want to clarify that I am not here to offer an official position on this proposed legislation but to offer a few comments on its potential impact to the farmers and ag industry in our state.

As strong advocates of fair and open world trade we understand the importance of our global economy. But as you might imagine, we are strongly opposed to any agreement that would increase the cost of fuel, fertilizer and other agricultural materials. What has happened in Ukraine over the past four months has been unsettling for all of us, and the effects of a foreign war have funneled down to the agriculture industry in our Commonwealth.

This information is probably nothing you haven't heard before, but it remains important when considering this legislation. Russia exports 17% of the world's wheat supply and while it's hard to quantify, Pennsylvania is likely the recipient of a portion of that. The United States also receives nine percent of its total fertilizers from Russia; and along with Belarus, Russia provided 12 percent of our potassium chloride in 2021. Our global dependence on nitrogen and phosphorous is much smaller, but we do import 83 percent of our potassium chloride from Canada who in turn receives 30 percent of its nitrogen from Russia. So regardless of the amount of fertilizer America itself imports, the costs here will likely be connected to the global prices and impact of trade. The cost of nitrogen is also dependent on the price and availability of natural gas as it is needed in the production of ammonia and urea-based fertilizers.

While the USDA recently announced it will provide \$250 million through a new grant program to support independent and sustainable American fertilizer production, those funds are unlikely to impact this year's availability and price of fertilizer, and the impacts may not be seen for several years. While we are grateful for this new program, it is unclear how far \$250 million will go in increasing the processing and production of fertilizer domestically. It is, nevertheless, a positive gesture.

Pennsylvania is home to a few smaller fertilizer companies, but the question is also how this legislation might affect out-of-state companies doing business in the state. But as stated earlier, while we understand the intent and purpose of this legislation, Pennsylvania Farm Bureau will not at this time be offering an official position. Our intent today was to ensure that the committee understands the potential implications for the agriculture industry and to increase awareness of our current dependency on foreign materials.

Thank you again for allowing me to speak this afternoon and I will do my best to answer any questions you may have.