United States Senate Committee on Agriculture, Nutrition, & Forestry

Hearing on

Perspectives on the Fertilizer Industry: Ensuring a Stable and Affordable Supply for American Producers

Tuesday, May 12, 2026

Written Testimony of

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Chairman Boozman, Ranking Member Klobuchar and Members of the Senate Agriculture Committee, thank you for the opportunity to speak here today. My name is Trent Kubik and I'm a farmer from Hamill, South Dakota and President of the South Dakota Corn Growers Association.

I. Impact on Corn Farmer as the Individual Customer

When farmers start to make decisions on purchasing fertilizer, it's important to note that everyone's situation varies greatly, even within the same region. My experience is unique but I also want to add some perspective on other growers from my region to give you a glimpse of the challenges we face, and how increased costs have changed how we make decisions. For our operation, we are diversified both in the types of crops we plant, and the products we produce, for example, livestock. We also farm in an area of the country where the weather varies much more than normal, and more often than not we are threatened by the lack of rainfall. Due to this, we try and limit the amount of fertilizer we purchase and apply at the start of the year and determine if we need more while the crop is growing, which in turn, does not allow us to early book and/or prepay for all of our fertilizer needs. We also cannot write our crop planting intentions in stone as we may need to make changes to the crops we plant to sustain our feed supply for our cattle herd. Those crops require different fertilizer amounts than traditional crops like corn, soybeans or wheat. As an added layer of complexity to the 2026 growing year, we had some organizational changes to our operation in the first few months of the year, and were not in position to book/prepay for any fertilizer. We expected that our costs could be higher as we would be purchasing closer to peak demand season, but are now left with costs almost doubling after the unforeseen circumstances that occurred in the Middle East. As I speak today, much of our fertility is still not purchased as we wait until we absolutely need it in hopes of market stabilization bringing the cost down. It is important to remember that in this instance, I, and thousands of other farmers like me, including producers of almost every

other commodity, are the customers, and as such, the impacts that I've illustrated in my testimony are unique to that position.

II. U.S. Fertilizer Pricing—Different than Before

As the increase in fertilizer prices that began in 2020 has already been well documented, it is more important to note in addition that the fertilizer price increase we are presently facing is not the same as those that occurred prior. The 2020 price increase did not track with an increase in natural gas prices.

A late 2021 study conducted by the Texas A&M University Agricultural and Food Policy Center that examined nitrogen pricing concluded that, "The suggestion that recent increases in the price of natural gas are the primary reason for recent increases in the prices of nitrogen products is highly suspect. For example, the price of Anhydrous Ammonia [sic] increased $688 per ton from the end of 2020 through the end of October 2021. However, the increase in the value of the embedded natural gas accounts for only $102 (or 15%) of that increase.... [O]nce the value of natural gas in a ton of AA has been subtracted from the AA price, the residual tends to closely track the price of corn, albeit on different scales."[1] We believe the difference can be explained by undue concentration levels and associated anticompetitive exclusionary practices, highlighting the need for increased market transparency and antitrust enforcement to increase competition.

In addition, despite the cost of natural gas in the U.S. being relatively cheaper than many fertilizer-producing areas of the world, the price of nitrogen fertilizer in the U.S. has continued to rise in concert with prices in areas with higher cost natural gas. A resulting rise in margins for U.S. manufacturers should, in theory, encourage expansion of production and higher capacity utilization for the industry. Instead, market power has allowed manufacturers to maintain higher prices while also limiting efforts to use existing manufacturing capacity, at the expense of U.S. farmers. If, as the manufacturers suggest, the rise in prices in the U.S. market reflect other contributing factors, we request that they submit information to this Committee on current and historic capacity utilization rates. This would allow us to answer the question of whether manufacturers have indeed increased their production and how that compares with their total available output.

III. U.S. Fertilizer Marketplace

[1] Economic Impact of Nitrogen Prices on U.S. Corn Producers, Joe Outlaw, Bart Fischer, Henry Bryant, J. Marc Raulston, Agricultural and Food Policy Center, Texas A&M University, December 20, 2021, prepared for Texas, Missouri, Colorado, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Carolina, North Dakota, Ohio, South Carolina, South Dakota, Tennessee and Wisconsin Corn Producers Associations and Checkoffs.

a. Concentration is High

Over the past 40 years, fewer and fewer fertilizer firms serve the U.S. farmer due in no small part to industry mergers. 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. By almost any measure these are highly concentrated markets.

b. Vertical Integration is Prevalent

All of the large fertilizer companies have a vertically integrated business model covering most if not all business segments from raw material extraction to logistics and the distribution of final products. As examples, CF Industries controls 42% of ammonia production, Mosaic produces around 60% U.S. phosphate rock, and Nutrien around 25%.

Additionally, the large manufacturers appear to have developed and to own distribution networks. For instance, Nutrien operates the largest direct-to-grower distribution network with distribution points and retail locations. Unfortunately, there is limited publicly available information regarding distributors.

There are three types of distributors—national, regional and buying groups. The "big four" national wholesalers are Tenkoz, Nutrien Ag Solutions, WinField United and Helena Agri-Enterprises. Though information on this type of wholesaler is scarce, one example of a regional distributor is New Century Ag.

Vertical integration has not led to efficiency gains passed on to growers and consumers. Instead, our experience is that this integration has resulted in the largest fertilizer companies locking up and leveraging distribution channels, entrenching their dominant position, and extracting excessive, supracompetitive profits from farmers and consumers. Prices have not yet decreased from their most recent run-up in this concentrated market. With time, it may become apparent again that these integrated companies in highly concentrated markets have successfully insulated themselves from market shock at the expense of farmers and consumers.

c. Exclusionary Practices and Market Power

From my experience, the market power of fertilizer companies gives them the ability to control the price we pay and restrict supply when it suits their financial needs and without regard to competitive pressure.

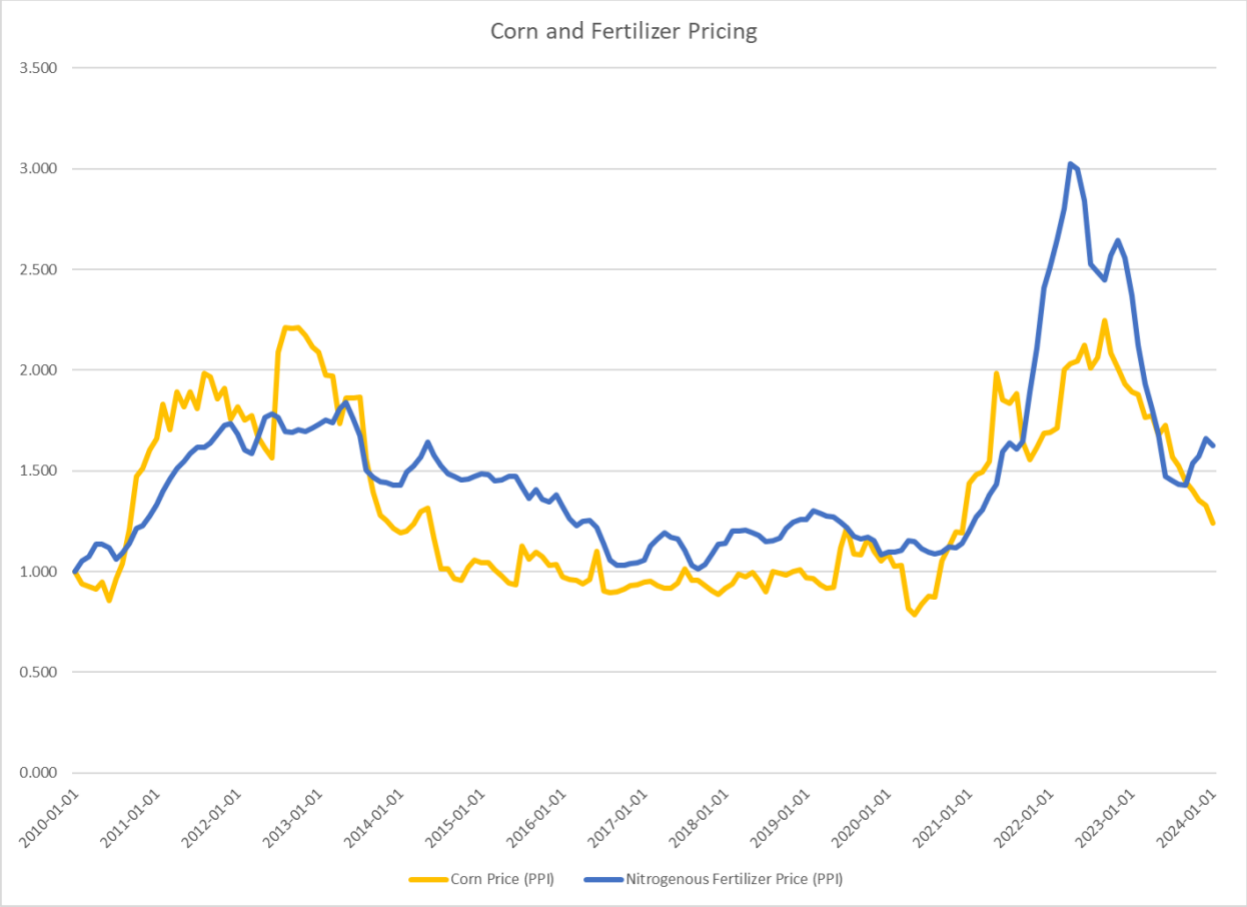
As a farmer, I am aware of credible examples of practices that are endured when trying to secure fertilizer. These experiences are likely not unique to the past 75 days, nor corn farmers only. As an example, a corn farmer recently had a fertilizer contract cancelled not once, but twice after signing a new, second agreement. In this instance, the third time was not the charm. While the product was offered again, it was priced at approximately $200/ton more. As a practical matter, farmers do not have a choice but to accept these practices. When it benefits those upstream to honor a contract, it is honored. When it does not, it is easily broken. Put differently, we, as farmers, cannot unilaterally alter a fertilizer contract when the circumstances change in our favor. Nor can we shop around for better contract terms with other suppliers.

Who is responsible for this type of occurrence? Anti-competitive vertical integration must be closely examined to address these questions. It is unclear whether a retailer has a meaningful way to lock in future product at a price premium that is not cost prohibitive. While farmers can't be completely sure of the answers to these questions, we strongly suspect that years of consolidation and the resulting market power in the hands of these companies lies at the root cause that aids and abets these practices that are pushing producers' margins past the breaking point.

Are there other indications of the use of market power to directly impact fertilizer pricing? In an analysis conducted in 2024, nitrogen fertilizer showed elevated prices when tested with indicator variables for years going back to 2018 and for any block during the years 2018-2023.[2] Table 1 below illustrates the producer price index measuring the change in the price of goods sold, both for corn and nitrogen—indicating that nitrogen fertilizer prices nearly precisely track increases in corn prices.

[2] Fertilizer Preliminary Analysis, April 1, 2024, McClave + Associates, Statistical and Economic Consulting.

Table 1.



IV. Market Transparency is Needed

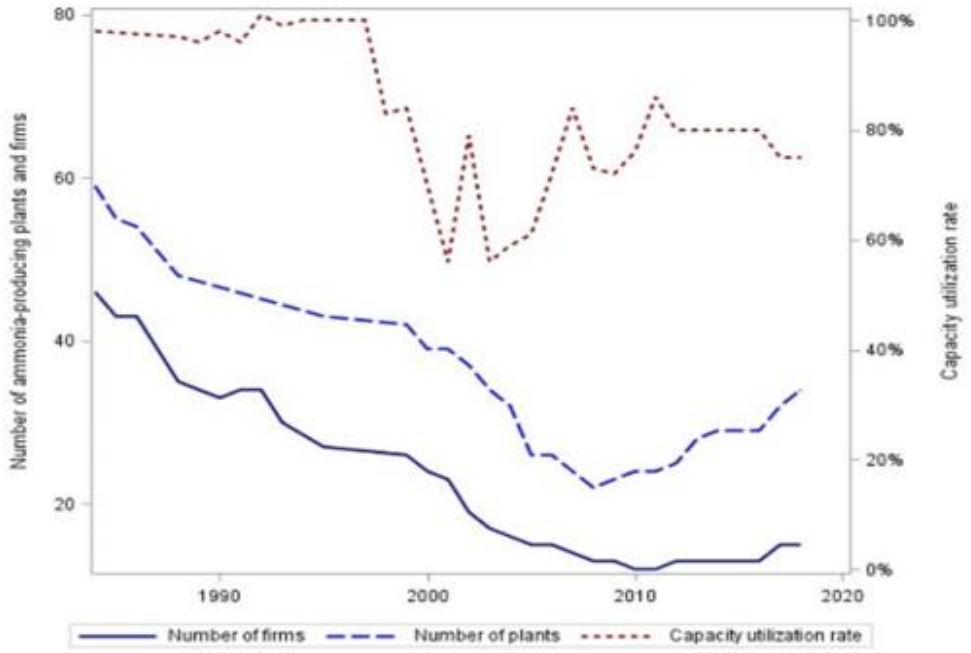
Publicly available information suggests lower capacity utilization. For instance, a past Mosaic Market Position document stated, "Mosaic production has averaged around [sic] 73% utilization since the CVD filing vs. historical run-rates of around [sic] 87%". U.S. Geological Survey mineral reports also include annual capacity production figures. For example, a 2018 mineral report states, "CF Industries Holdings, Inc.; Nutrien Ltd.; Koch Nitrogen Co., LLC; and Dyno Nobel Inc., in descending order of production capacity, accounted for 72% of total U.S. ammonia production capacity."

Table 2 illustrates that as the number of plants decreased, so did capacity utilization.[3] Information on pricing and margin data would be required to definitively determine whether market control was used to limit supply. All of this evidence that points to dangerous levels of concentration and control by just a few players in the fertilizer industry and also points to

[3] Fertilizer Preliminary Analysis, April 1, 2024, McClave + Associates, Statistical and Economic Consulting.

the need to level the playing field by ensuring that the industry provides greater transparency to reduce the chances of manipulation and noncompetitive practices.

Table 2. Fertilizer Production Firm Numbers, Plant Numbers, and Capacity Utilization, 1980-2018.



Two key pieces of legislation would be helpful to begin to provide the type of data needed to assess the use of market output control. S. 4152, the Fertilizer Transparency Act of 2026, would increase the data available to help improve market signals by providing public access to meaningful pricing data and give farmers a tool to help plan for these costs. Ultimately, this legislation will make the market for key farm inputs more transparent and therefore represent a step toward making the market more competitive. We greatly appreciate Senators John Thune and Amy Klobuchar for introducing this much-needed step towards market transparency.

In addition, S. 2808, the Fertilizer Research Act, authorizes a study on fertilizer competition, trends and pricing. This bill also increases transparency and would provide much needed information to better assess the marketplace and we thank Senators Chuck Grassley and Tammy Baldwin for introducing the bill.

V. Increased Competition is Needed

Simply put, farmers need more competition in this marketplace. We thank U.S. Department of Agriculture Deputy Secretary Stephen Vaden for his significant interest in

this arena and call upon the federal agencies that signed the September 2025 Memorandum of Understanding (MOU) to take meaningful steps towards solutions to concentration in this subsector. The MOU illustrated those agencies' "shared commitment to ensuring effective antitrust enforcement that promotes free market competition, lowering input costs and benefitting farmers, ranchers and consumers." The federal antitrust laws exist for precisely this reason—to promote/sustain competition, the lifeblood of our economy.

While we appreciate the recent actions and announcements by the Administration to help facilitate increased fertilizer production and supply by current industry players, it is imperative to have increased competition in the fertilizer production marketplace. Only through more market participants in this space can farmers expect to see true competition for their business. Increased competition from more participants in the fertilizer manufacturing space is the only thing that can deliver meaningful and durable price relief.

In addition, S. 4148, the Homegrown Fertilizer Act, would help to expand domestic fertilizer production and storage capacity. We thank Senators Amy Klobuchar and Roger Marshall for introducing legislation that would improve the existing fertilizer supply chain.

Finally, new entrants into the marketplace could be facilitated by removing import barriers to imports. An extremely relevant example is the countervailing duty (CVD) currently imposed by the Commerce Department on imports of phosphate fertilizer from Morocco. A recent report by the Agricultural and Food Policy Center at Texas A&M University found that the CVD increased the price of diammonium phosphate (DAP), a common phosphorus fertilizer, by 28.6% during the period when the CVD was imposed at its full initial level of 19.97%.[4] The Texas A&M study also found that the CVD has increased the cost of phosphorus fertilizers for U.S. producers of a subset of major crops by an estimated $6.9 billion for the 2021 through 2025 growing seasons.[5] A CVD would make sense if the domestic industry were competitive and if those foreign imports were harming that industry. Instead, the CVD in this scenario is just increasing costs for American farmers.

VI. 2026 and 2027 Corn Crops

Finally, I would be remiss without highlighting some impact to the 2026 and 2027 corn crops because of the price of fertilizer. As an example, according to recent nationwide surveys conducted by the National Corn Growers Association, 36% of corn farmers had not fully purchased or secured their 2026 phosphate fertilizer, illustrating the significant

[4] Increased Costs of Phosphate Fertilizers in the United States due to Countervailing Duty on Imports from Morocco, Agricultural and Food Policy Center, Texas A&M University, January 14, 2026.
[5] Id.

potential negative impact on corn farmers that is yet to be determined for this year. The potential negative impact for the 2027 crop has been acknowledged across agribusiness and farmers alike. In August, South Dakota farmers will begin to seriously plan and make decisions regarding the 2027 corn crop, however it is nearly impossible for them to know what will these market conditions will look like at that time. The majority of corn farmers are therefore concerned about fertilizer price and availability as they look forward.

Thank you again for the opportunity to be here and thank you to Chairman Boozman and Ranking Member Klobuchar for taking up the critical issue of fertilizer. I look forward to answering any questions.

Markets

Fertilizer Makers See Earnings Windfall as War Disrupts Supplies

A tractor drips nitrogen fertilizer onto rows of romaine lettuce at a farm near Gonzales, California, in April. *Photographer: Nic Coury/Bloomberg*

By Ilena Peng
May 6, 2026 at 5:54 PM EDT

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Takeaways by Bloomberg AI

- CF Industries Holdings Inc. and Nutrien Ltd. each reported nearly 20% jumps in sales for the latest quarter due to the Iran war's upheaval on supply chains for key crop nutrients.
- The North American producers have benefited from higher prices for nitrogen fertilizers, which are applied across US corn and soy fields to support crop yields.

- Nitrogen-based fertilizers faced the most dramatic price increase following the closure of the Strait of Hormuz, a key passageway for the nutrients.

Fertilizer makers CF Industries Holdings Inc. and Nutrien Ltd. each reported nearly 20% jumps in sales for the latest quarter, showing the extent of the Iran war's upheaval on supply chains for the key crop nutrients.

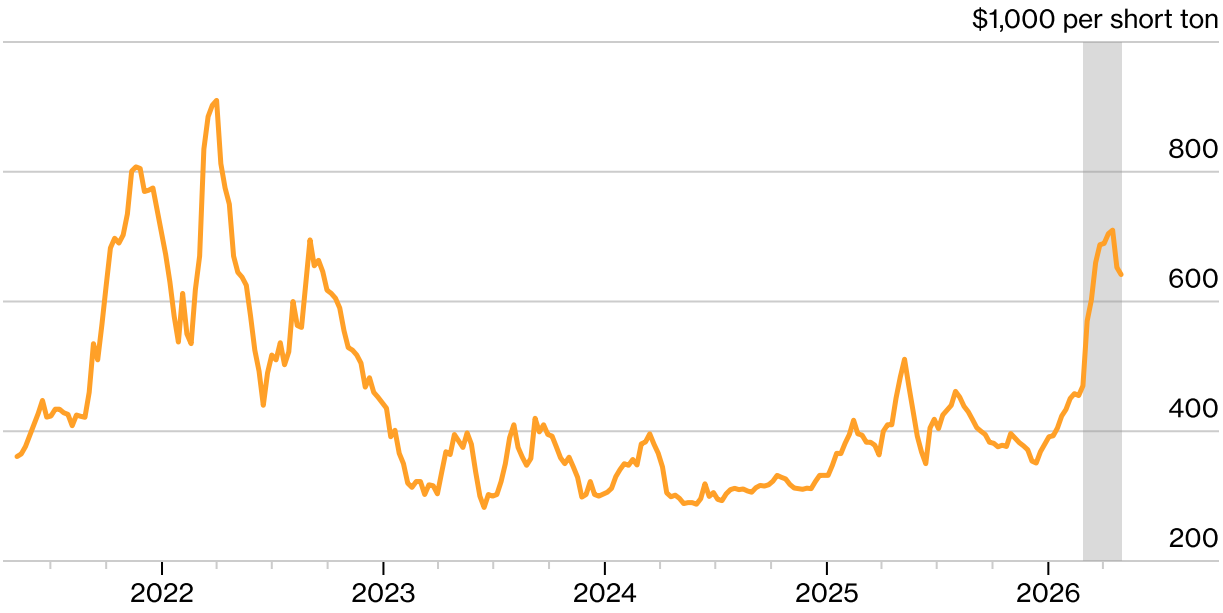
The windfall comes as the North American producers have benefited from higher prices for nitrogen fertilizers, which are applied across US corn and soy fields to support crop yields. Illinois-based CF Industries reported earnings per share that more than doubled from a year ago. Canada-based Nutrien's adjusted per-share earnings more than quadrupled, though they fell short of analyst estimates.

Prices for the inputs were already elevated prior to the start of the war due to a tight supply balance, prompting concerns from farmers and antitrust scrutiny from the Trump administration.

CF Industries's performance comes "against a backdrop of strong global nitrogen demand and tight global nitrogen supply as we entered the year," Chief Executive Officer Chris Bohn said in a statement. "The conflict with Iran has further constrained global nitrogen supply and exposed the fragile nature of the global nitrogen supply chain."

US Urea Prices Elevated as Middle East Conflict Continues

US Gulf granular urea spot price



Source: Bloomberg Green Markets

Nitrogen-based fertilizers faced the most dramatic price increase following the closure of the Strait of Hormuz, a key passageway for the nutrients.

Nitrogen can't be skipped, so farmers who delayed its use will likely buy the nutrient once supply is available, according to a note from Bloomberg Intelligence senior analyst Alexis Maxwell. Meanwhile, prices for natural gas – which is a necessary input – have not surged as much in the US as in other markets, positioning the producers to capture higher ammonia margins, Maxwell said.

Read More: Subzero Gas Prices Show US Energy Edge as Iran War Chokes Supply

CF primarily produces nitrogen fertilizers, while Nutrien also manufactures phosphate and potash crop nutrients. Phosphate prices have increased as the strait is a route for both the nutrients and the sulfur needed to manufacture it.

Granular urea prices in New Orleans are up about 36% since the conflict began in late February, while prices in Egypt have jumped more than 70%, according to Bloomberg Green Markets data as of May 1.