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**NINA MOINI:** The war in the Middle East is driving up fertilizer prices as the spring planting season approaches. The war has closed the Strait of Hormuz, which is a critical shipping route for fertilizer. Joining me to talk about the impact to Minnesota farmers is Dan Glessing, the president of the Minnesota Farm Bureau and a farmer in Waverly, Minnesota. It's about an hour west of the Twin Cities. Thank you very much for your time this afternoon, Dan.

**DAN GLESSING:** Thank you.

**NINA MOINI:** For folks who may not know, can you start by explaining how farmers in Minnesota typically get their fertilizer and how the war is impacting that supply or may begin to?

**DAN GLESSING:** So typically, this time of year, you're looking at your inputs for growing your crop in the upcoming year. And in my case, I buy from a local cooperative that buys from a bigger cooperative. And we get it on our fields and to help feed and feed the planet, really. And so the fact that there's a concern of fertilizer availability, it does have an effect on the price here.

Now, the Middle East fertilizer typically doesn't make its way to the United States. There is some, but we rely heavily on Canada. But when there's a drain on the supply globally, that obviously affects our prices because it is a global economy.

**NINA MOINI:** Sure, and gas prices climbing as well, is that impacting farmers at this point?

**DAN GLESSING:** Yeah, absolutely. When you look at especially the row crop side of farming, we're coming into a high-use season, trying to get that crop in. For a great season, you need it in early. And in order to do that, timeliness is key.

So we'll be using a lot of fuel trying to get that crop in the ground so that it can start growing. So the fuel prices are concerning as well. It's kind of like a double whammy, if you will.

**NINA MOINI:** It seems like a lot of whammies, Dan, I hate to say, over the past a handful of years, right? Tariffs have had an impact, unpredictable weather, climate change. People have really been struggling in the farming community. Is that right? What other concerns are you hearing from farmers now kind of adding this into the mix with the war?

**DAN GLESSING:** Yeah, we're facing our third year of negative profit margins. And it looks like this year is going to be no different. When you look at depressed trade over the last several years, like you had mentioned, the tariffs didn't help that trade situation. Higher input prices-- I really do think, if we're going to see some profitability on farms, we need a three-legged approach on that.

Number one, increased domestic use for our products; Number two, increased trade; but number three is that input price, a little bit more transparency there so that we know why, for instance, our fertilizer prices are significantly higher than the global price and what goes into that and why are we seeing that here and not other parts of the world.

**NINA MOINI:** Could you put that into perspective a little bit for us? It's probably different for everyone, but are people at the point where they're calculating how much more they would have to spend on fertilizer at this point? And can you give a range of how big of a hit that is and in somebody's budget?

**DAN GLESSING:** So quite honestly, I think most people are just thinking, hopefully, this doesn't go on a whole lot longer.

Hopefully, the Straits of Hormuz will open up, and that this was just a little blurb on the radar. But the longer it goes on, it could be significant.

I reached out to my cooperative that I buy fertilizer from. And so far, they had booked enough in advance that they really didn't see an increase in their prices yet. Now, having said that, I was visiting with somebody from South Carolina, and his supplier wouldn't even price it yet without knowing what's going to go on and how long. And so at some point, obviously, when the planters are rolling, we need that fertilizer so that the plants can utilize that.

And so yeah, I can't give you a range yet, because I haven't even heard the numbers yet.

**NINA MOINI:** Sure.

**DAN GLESSING:** It's just we're all so new into this. And it could be substantial, though.

**NINA MOINI:** And in the long run, we don't what's going to happen if things did continue longer than a week or just a few weeks, the long-term impacts could be a lower output at the end of the day, less revenue, maybe people shifting away from crops that require more fertilizer. But how big of a piece of the equation is fertilizer? Most crops, like 50% or more, are going to require this? Is there a way that there could be a shift away from using fertilizer? Is that helpful?

**DAN GLESSING:** Not necessarily, when you look at your return on investment. You've got a lot of other expenses within that when you look at, let's say, an acre of corn. You've got a lot of other expenses beside the fertilizer. And so if you're going to cut yourself on the fertilizer use, you're really not maximizing your return on investment on the rent, the insurance, the seed, all of the things that go into raising that crop.

So typically, I mean-- and we have, we've got variable rate technology, so you're using just as much as the plant will use in a year. And so to try and cut that even more, it's not suggestible. But at the end of the day, you're hoping for a better price. We're hoping that markets turn, and maybe we can get year-round E15 to help with the domestic use side on the corn.

So that would be one of those things where you're kind of slitting your own throat, if you will, if you do cut that fertilizer rate substantially. But like I said, we know exactly what the crops are taking out. We've got great research from our universities and other partners to what the plants use in a year. And so we're not overapplying right now. So that's one of those things that you have to keep in mind.

**NINA MOINI:** Yeah, it seems like everyone is just frozen right now, trying to see what comes next, but in general because there have been so many other factors and struggles impacting our farmers. I know last year, President Trump announced I think it was \$12 billion in these one-time payments to help farmers hit by some of the lower crop prices, the trade uncertainty, tariffs, those types of issues. What do you think about just the supports that are out there for farmers right now? Do you like the one-time payment type of method to just give people a bit of a buffer? Or what do you think would be helpful?

**DAN GLESSING:** Yeah, I mean, the payments are fine, but quite honestly, farmers want to sell into the market and have that. And don't get me wrong, we appreciate that they're helping to get to the increased reference prices, let's say, in the farm bill that was passed in July as part of the reconciliation process. So it's the bridge payment that was authored here a few months ago is starting to-- you could sign up for it here in late in February, and so that's starting to go out.

So that will help, if nothing else, keep the bankers happy so that we can afford to put in another crop and that they see that we have some solvency there. And so I just think that the domestic use side of things and the trade, along with the input prices, are really the three-legged approach that we're going to need to see some profitability. But like I said earlier, farmers like to sell into a market, and markets ebb and flows.

And with the trade having been null for the last several years and us being in a depressed economy for the last four-- this is going to be the fourth year-- it's going to be tough on farmers and ranchers trying to make it because you only have so much equity that you can borrow against. And at the end of the day, a few years of negative profit margins, and that eats up a lifetime of equity, really.

**NINA MOINI:** Dan, I want to thank you so much for coming on the show and putting this into perspective. And I hope you'll join us again maybe in a month or so and just check in.

**DAN GLESSING:** Yeah, absolutely. I'd love to. Hopefully, it's all behind us by then.

**NINA MOINI:** Thank you so much, Dan. Thanks for your time, Dan Glessing is the president of the Minnesota Farm Bureau.