



Media release  
4 July 2007

### **Significant global fertiliser cost increases impact New Zealand farmers**

As a result of the combined effect of soaring international raw material and shipping costs Ballance Agri-Nutrients has today increased the price of its core fertiliser products.

Superten has increased by 12% to \$218 per tonne, urea by 5% to \$595 per tonne, and DAP by 24% to \$833.

'As a co-operative, Ballance is committed to providing its shareholder farmers with their nutrients at the lowest sustainable economic cost, and to assisting them to maximise the production benefits from their investment in fertiliser,' said Chief Executive Larry Bilodeau.

These soaring prices are being fuelled by the same forces that have recently driven up dairy returns – global economic growth and subsequent demand for agricultural products, and the focus in the United States and Brazil on growing crops to convert into biofuels.

This global demand for fertiliser has seen international phosphate rock prices increase by 50% and sulphur prices double over the past six months. DAP prices are at a global record high, increasing by more than 70% over the same timeframe.

Mr Bilodeau said that the company has also had to increase the price of urea to absorb the higher cost of raw materials for the manufacture of this product as well as the increased costs of importing urea to supplement their local supply.

Prices are being further impacted by the continued increase in global shipping costs as demand for bulk shipping capacity continues to exceed the ship-building industry's ability to supply new vessels.

The strong New Zealand dollar has helped offset these cost increases, however, the benefits have been lost when compared to the magnitude of the international price movements.

'Unfortunately, in the second half of the year we are anticipating further increases and a weakening of the New Zealand dollar would only further exacerbate these.

'International nutrient raw material costs are now at an all-time historical high, and the situation is unlikely to ease in the foreseeable future,' said Mr Bilodeau.

'More than ever before, farmers need to be conscious of the economic necessity of matching fertiliser use to production gains, and employing every means possible to ensure efficient use of nutrients.

'Farmers should see the price increases as a reason for them to re-consult with our technical sales representatives to reassess their nutrient budgets and fertiliser inputs.'

Listed below are new prices of key products.

<b>Product</b>	<b>Price per tonne as of 2 July 2007</b>	<b>Increase</b>
Superten	\$218	12%
Serpentine Super	\$204	10%
Sulphur Super	\$222	14%
Potash	\$455	3%
Urea	\$595	5%
DAP	\$833	24%
SOA	\$433	9%

A full list of price changes can be viewed at [www.ballance.co.nz](http://www.ballance.co.nz)

Mr Bilodeau says that in the event that costs ease, Ballance will reduce prices at the earliest opportunity.

'Ballance remains committed to supplying the best possible-priced fertiliser and will continue to look for opportunities to reduce costs.'

To assist shareholder farmers with their cashflow planning and budgeting, Ballance announced in April 2007 that it would be paying out a minimum combined rebate and dividend of \$22 per tonne for fully paid-up shareholders in July 2007 for the year ending 31 May 2007.