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Importance of Fertilizers and Supplements

The agriculture and food industry is one of the most important and innovative sectors of the Canadian economy. From primary production on farms across the country to food processing and manufacturing, it accounts for one in eight jobs in Canada and eight percent of the economy. These numbers are likely to increase as more agricultural producers diversify into producing feedstock for emerging biofuels and bioproducts companies.

The food processing and manufacturing industry employs about 350,000 Canadians, representing the single largest component of Canada's manufacturing sector. The industry produces more than \$80 billion worth of products annually and buys about half of the food grown in Canada.

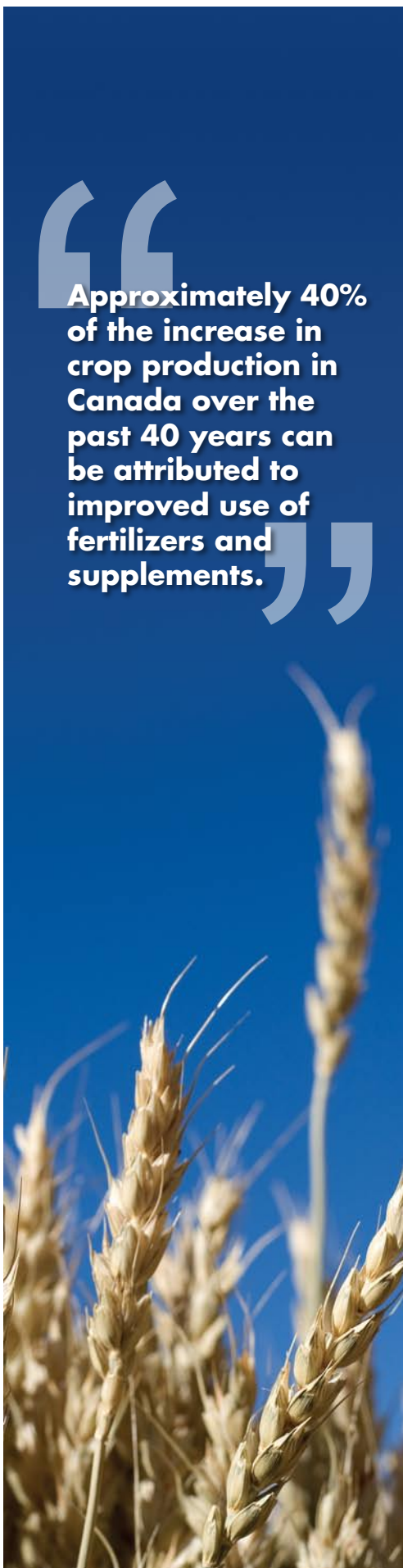
A recent report from the Department of Agriculture and Agri-Food Canada noted that agriculture has led the Canadian economy in productivity growth. The real value of production has tripled over the last 45 years. "Through the adoption of new technologies, superior products and novel methods of production, agricultural productivity growth has outstripped even that of the manufacturing and business sectors over this period."

Helping propel the increased output from our farms is the ready availability of modern fertilizers and supplements that agricultural producers can use to keep the country's farmland healthy and productive. Producers purchase \$2.6 billion worth of fertilizers and supplements annually, more than is spent on pesticides, seeds, fuel and other items needed to raise crops.

Agricultural producers have access to a wide array of fertilizers and supplements that enable them to fine-tune the application of nutrients to meet the specific requirements of the different soils on their farm. Whether a farm is growing wheat, corn, canola, lentils, peas, vegetables or forages for livestock, fertilizers and supplements are a vital ingredient in getting a good crop.

It is estimated that 40% of the increase in crop production in Canada over the past 40 years can be attributed to improved use of fertilizers and supplements that have helped make up for farmland lost to expanding cities and wildlife habitat protection zones.

Agricultural producers have also learned how to be more efficient in the use of fertilizers and supplements. For example, corn production in the United States increased by 74% between 1980 and 1990 with only a 3% increase in nitrogen application and with 20% less phosphate and 24% less potash. In part, producers were able to do that by applying fertilizers at the right rate, right time and right place.





Two emerging trends indicate that fertilizers and supplements will continue to play an important role in the future. One is the move to require minimum levels of ethanol and biodiesel in North American fuel. Ethanol can be produced from corn and wheat. Wild grasses, straw, corn stalks and wood waste will likely become commercial sources of ethanol in the near future. Canola and soybean oil will likely be the leading North American sources of biodiesel.

To meet the demands of the food and fuel industries, agricultural producers will need higher yielding crop varieties. That will require growers to be even more attentive to the nutrient needs of their lands, which will make the role of fertilizers and supplements even more important. In time, the bioproducts industry, using chemicals extracted from plants to make a variety of green renewable products for the automotive, construction and home supply sectors, will likely be an even bigger customer for agricultural producers than biofuel companies. Meeting this demand will also require help from the fertilizer and supplement industry in preserving soil fertility and productivity.

Agricultural producers will also be under increasing pressure to be good environmental stewards of the land making sure their products do not harm air quality, watersheds and wildlife habitat. For many of them, this will mean a continuation of what they are already doing. When it comes to preserving

critical wildlife habitat and fragile lands, a variety of fertilizer and supplement products will likely be relied on to assist producers.

In fact, Canada produces enough food that we can export about 40% of our production, up from 32% in 1990. At the same time, North Americans enjoy the lowest food prices in the world because of the productivity of the agri-food industry.

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Agriculture and Agri-Food Canada (AAFC) is pleased to participate in the production of this publication. AAFC is committed to working with our industry partners to increase public awareness of the importance of the agri-food industry to Canada. Opinions expressed in this document are those of the Canadian Fertilizer Products Forum and are not necessarily those of the Department.