

Congress of the United States
Washington, DC 20510

March 17, 2022

The Honorable Jason E. Kearns
Chair
U.S. International Trade Commission
500 E. Street, S.W.
Washington, D.C. 20436

Dear Chair Kearns:

We write to express our concern regarding the supply situation for fertilizers in the United States. Specifically, we urge you to **reconsider the duties placed on phosphate fertilizer products imported from Morocco and suspend the current process to impose new duties on urea ammonium nitrate fertilizer from Trinidad and Tobago.**

The conditions surrounding on-farm expenses in the United States have dramatically changed since the U.S. International Trade Commission's (ITC) determinations in the countervailing duty investigation of phosphate fertilizers from Morocco¹ and the antidumping duty investigation of urea ammonium nitrate (UAN) fertilizers from Trinidad and Tobago.² The U.S. Department of Agriculture (USDA) recently forecasted that farm production expenses will increase by 6.6% from 2021 in 2022.³ Several factors have led to these increased expenses – China's curtailed fertilizer exports⁴; a congested supply chain; increased demand; severe weather; the COVID-19 Pandemic; and general inflationary pressures. Additionally, farmers are seeing fertilizer prices four to five times higher than this time last year.⁵ Given the last several years' unprecedented volatility for farmers and ranchers, it is crucial America avoids imposing unnecessary duties that could further limit the fertilizer supply or raise its cost.

The duties on phosphate fertilizer products imported from Morocco should be reconsidered. Imports currently supply about one-third of all domestic phosphate fertilizer,⁶ and Morocco has been a long-time supplier to U.S. farmers. Currently, only about 35% of the world's traded supply of phosphate fertilizer is not subject to duties for import into the U.S.⁷ This has unnecessarily restricted supply and added costs. Historically, phosphate fertilizer accounts for 15% of total cash

¹ International Trade Administration, *Final Determination in the Countervailing Duty Investigations of Phosphate Fertilizers from Morocco*, <https://www.trade.gov/faq/final-determinations-countervailing-duty-investigations-phosphate-fertilizers-morocco-and>. February 9, 2021.

² International Trade Administration, *Preliminary Determination in the Antidumping Duty Investigation of Urea Ammonium Nitrate Solutions from . . . Trinidad and Tobago*, <https://www.trade.gov/faq/preliminary-determinations-antidumping-duty-investigations-urea-ammonium-nitrate-solutions>. January 27, 2022.

³ U.S. Department of Agriculture – Economic Research Service, *U.S. net farm income is forecast to fall in 2022*, <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=76952>. February 4, 2022.

⁴ Bloomberg News, *China's Curbs on Fertilizer Exports to Worsen Global Price Shock*, <https://www.bloomberg.com/news/articles/2021-10-19/china-s-curbs-on-fertilizer-exports-to-worsen-global-price-shock?sref=q8selhDd>. October 19, 2021.

⁵ Texas A&M University – Agricultural and Food Policy Center, *Economic Impact of Higher Fertilizer Prices on AFPC's Representative Crop Farms*, <https://www.afpc.tamu.edu/research/publications/files/711/BP-22-01-Fertilizer.pdf>. January 2022.

⁶ American Soybean Association, *Economist's Angle: What's Going on With Fertilizer Prices?*, *Figure 3: Phosphate-Related Price Indices*, <https://soygrowers.com/news-releases/economists-angle-whats-going-on-with-fertilizer-prices/>. September 2, 2021.

⁷ U.S. Department of Agriculture – Foreign Agricultural Service, *Global Agriculture Trade System*, <https://apps.fas.usda.gov/gats/default.aspx?publish=1>. Accessed on March 3, 2022.

costs for producers.⁸ Since the U.S. Department of Commerce's decision to impose duties on phosphate fertilizer imports from Morocco,⁹ phosphate fertilizer prices have increased 93%.¹⁰

The preliminary determination to impose duties on UAN imports from Trinidad and Tobago should be suspended, as should the collection of cash deposits on these duties. Since the U.S. Department of Commerce initiated the process of imposing duties on UAN imports from Trinidad and Tobago¹¹, import volume of UAN fertilizers have decreased 97%.¹² Because there is a degree of substitution among nitrogen fertilizer, the impact of the tariffs on UAN is felt across all nitrogen products. Recent predictive modeling studies based on various factors like market fundamentals and inflation indicate that ammonia prices should be around \$1,000 per ton.¹³ The actual price, however, has exceeded \$1,500 per ton.¹⁴ At the end of February, all fertilizer prices were near record high levels.

Eliminating these duties on fertilizer imports provides the most immediate opportunity for a near term, partial remedy to the high costs of fertilizer facing U.S. farmers before the end of the 2022 planting season. Currently, in a time of tight global supply and demand for corn, soybeans, wheat, and other commodities, planting decisions are increasingly being made not on market fundamentals but rather on the cost of production driven by the price and supply of fertilizer. Again, we urge you to reconsider the duties placed on phosphate fertilizer products imported from Morocco and suspend the preliminary duties on UAN products from Trinidad and Tobago.

Sincerely,



Tracey Mann
Member of Congress



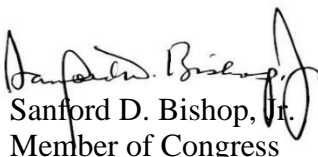
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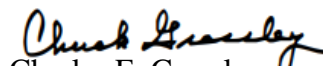
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⁸ American Farm Bureau Federation, *Too Many to Count: Factors Driving Fertilizer Prices Higher and Higher*, <https://www.fb.org/market-intel/too-many-to-count-factors-driving-fertilizer-prices-higher-and-higher>, December 13, 2021.

⁹ International Trade Administration, *Morocco*.

¹⁰ U.S. Department of Agriculture – Agricultural Marketing Service, *Cost of Production Report GX*, <https://www.ams.usda.gov/market-news>, February 24, 2022.

¹¹ International Trade Administration, *Trinidad and Tobago*.

¹² U.S. Department of Agriculture – Foreign Agricultural Service, *Global Agriculture Trade System*.

¹³ Kansas State University – Department of Agricultural Economics, *Fertilizer Prices, A Worst Case Scenario*, https://www.agmanager.info/sites/default/files/pdf/Ibendahl_Fertilizer-WorstCase_02-18-22.pdf, February 17, 2022.

¹⁴ *Id.*



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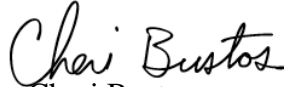
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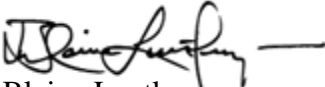
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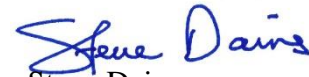
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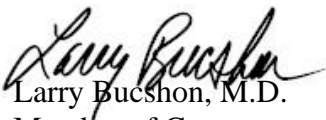
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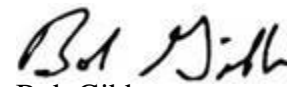
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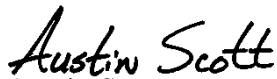
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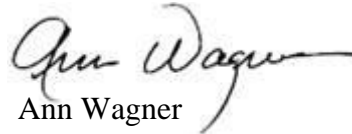
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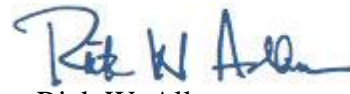
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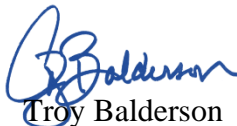
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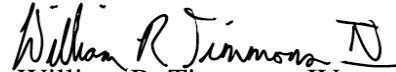
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