

United States Senate

WASHINGTON, DC 20510

August 3, 2020

The Honorable Wilbur Ross
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

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

Dear Secretary Ross and Chairman Kearns,

We write in opposition to the countervailing duty (CVD) petition filed on June 26, 2020 against the import of phosphate fertilizers from Morocco and Russia, and urge the Department of Commerce and U.S. International Trade Commission to reject the imposition of duties in its preliminary injury determination (Inv. No. 701-TA-650-651).

U.S. farmers depend on affordable phosphate fertilizers to produce a variety of crops, including corn, soybeans, cotton, wheat, sorghum, sugar beets, and fruits and vegetables. Phosphorous accounts for approximately 20 percent of fertilizer usage and 15 percent of total cash costs for producers. The imposition of duties between 30.72 and 71.50 percent on phosphate fertilizers, as sought by the petitioner, would result in higher input costs for U.S. farmers.

Agricultural producers have faced multiple years of low commodity prices and declining farm income. The Food and Agricultural Policy Research Institute estimates net cash farm income will decrease from \$120.4 billion in 2019 to \$102.2 billion in 2020. The analysis forecasts net cash farm income to fall even further, to \$95.1 billion, in 2021. It is especially important during this downturn in the agricultural economy to avoid imposing unnecessary duties that will limit fertilizer supply options and raise the cost of production for farmers.

Severe weather events in 2019, including historic floods, reduced planted acres and fertilizer applications compared to previous years. This decrease in demand for phosphate fertilizer, coupled with large inventories carried over from 2018, pushed the price of fertilizer down. The decrease in fertilizer prices, which has been driven by market forces, has been helpful to U.S. farmers and does not warrant intervention into the market by imposing duties that will have long term consequences.

Given the financial harm duties on phosphate fertilizers will cause U.S. farmers, we urge the Department of Commerce and U.S. International Trade Commission to deny this petition.

Thank you for your efforts to fairly enforce U.S. trade laws and for your consideration of our views.

Sincerely,

/s/ Jerry Moran
Jerry Moran
United States Senator

/s/ John Cornyn
John Cornyn
United States Senator

/s/ John Boozman
John Boozman
United States Senator

/s/ Todd Young
Todd Young
United States Senator

/s/ Ben Sasse
Ben Sasse
United States Senator

/s/ Deb Fischer
Deb Fischer
United States Senator

/s/ Joni K. Ernst
Joni K. Ernst
United States Senator

/s/ Roger F. Wicker
Roger F. Wicker
United States Senator