



July 29, 2020

The Honorable Jeffrey I. Kessler
Assistant Secretary of Commerce for Enforcement and Compliance
U.S. Department of Commerce
1401 Constitution Ave NW Washington, DC 20230

Re: Phosphate Fertilizers from Morocco and Russia Investigation (Inv. No. 701-TA-650-651, Preliminary)

Dear Secretary Kessler:

USA Rice serves as the leading national advocate for rice farmers, millers, merchants, and allied businesses, seeking sound policy at home and in receptive markets abroad. As the leading voice for the rice industry in the United States, USA Rice would like to convey our concerns over a recent petition to impose countervailing duties (CVDs) on imports of phosphate fertilizer from Morocco and Russia. Agriculture in the U.S. has faced a multi-year price downturn. As we describe below, initiation of an investigation by the U.S. International Trade Commission (ITC) could have a deleterious impact on the price of this critical input. Adding unnecessary new costs to a key agriculture input like phosphate fertilizer would only make a bad situation worse.

Nearly 85% of the rice consumed in the U.S. is grown by American farmers. Each year, 18 billion pounds of rice are grown and harvested by local farmers in Arkansas, California, Louisiana, Mississippi, Missouri and Texas. The U.S. rice industry is unique in its ability to produce all types of rice: long, medium and short grain, as well as aromatic and specialty varieties.

Like many crops, phosphate fertilizer is a key nutrient in the production of rice. Its price, like that of other inputs, can be the difference between profit and loss for our grower members, particularly in low commodity price markets. Since the ITC has the authority to retroactively impose tariffs, a decision to begin an investigation will immediately create upward pricing pressures as marketers begin building that risk into their spot and contract prices. In the next few months, rice farmers, like other farmers across the country, will begin placing orders for their spring fertilizer deliveries. So, while an investigation may be concluded by the Spring, its inflationary price impacts will have long been felt, regardless of the outcome.

In commenting to the ITC on this matter, the American Farm Bureau Federation noted the significant role imports from these countries are for U.S. farmers and stated, "An increase in the cost of phosphate fertilizer by the application of between 30.72 and 71.5 percent countervailing duties will add to the production costs for many important agricultural commodities. If these duties are imposed, production costs to farmers across the country for corn, soybeans, cotton, wheat and other crops will increase for the next planting season." We agree.

In regard to currently low phosphate fertilizer prices, the last four years have seen low prices for nearly all crops and their inputs. Back-to-back wet planting seasons have hampered nutrient applications. Given the downward pricing trends for nearly all raw materials and the farm commodities that depend on them, it is unrealistic to single out two countries, Morocco and Russia, for unfair trade practices.

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Considering all these factors, we ask that you reject the petition for an investigation and avoid causing an untimely price increase of a key input for America's rice farmers. Thank you for your attention to this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Mosely".

Ben Mosely

Vice President, Government Affairs

Cc: Steve Censky, Deputy Secretary, U.S. Department of Agriculture
Rob Blair, Director of Policy and Strategic Planning, U.S. Department of Commerce