



Records:4015403-01 C-714-001 INV - Investigation

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Investigation

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July 28, 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:

The National Cotton Council writes to express our concerns regarding the petition for an investigation of phosphate fertilizers from Morocco and Russia.

The National Cotton Council's mission is to ensure the ability of all U.S. cotton industry segments to compete effectively and profitably in the raw cotton, oilseed and U.S.-manufactured product markets at home and abroad. The Council serves as the central forum for consensus-building among producers, ginner, warehouses, merchants, cottonseed processors/dealers, cooperatives and textile manufacturers. The organization is the unifying force in working with the government to ensure that cotton's interests are considered.

Among the inputs our producer members rely upon is phosphate fertilizer, a key nutrient. The price of fertilizers, herbicides, fungicides, seeds and other crop inputs have a direct bearing on the cost of production and our competitiveness in the global fiber market.

Because the U.S. International Trade Commission has authority to impose retroactive duties, a decision to advance to the next stage in the process will likely drive up phosphate prices immediately as sellers price in that risk, creating new pressures on already financially stressed farmers at the worst time.

In recent years, a number of factors have converged to depress commodity prices, impacting both input and crop prices. In particular, weather effects and associated supply chain dynamics have driven down all nutrient prices, including phosphate. New low-cost overseas producers like Saudi Arabia have also entered the market, adding new supply. Given the downward pricing trends for nearly all raw materials and the commodities that depend on them, it is unrealistic to single out two countries, Morocco and Russia, for unfair trade practices, as was done in the petition.

In comments to the ITC, the American Farm Bureau Federation 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 with this assessment. Furthermore, contracts for spring delivery of phosphorous fertilizer and other crop nutrients will be signed this fall, so any price increase will be felt sooner rather than later.

For these reasons, we respectfully ask that you spare America’s cotton producers and other farmers the unnecessary input cost increases that will follow.

Sincerely,

A handwritten signature in cursive script that reads "Gary M. Adams".

Gary Adams
President & CEO
National Cotton Council

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