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June 15, 2022

Inv. Nos. 701-TA-668-669 and 731-TA-1565-1566 (Final)

PUBLIC DOCUMENT

VIA ELECTRONIC FILING (EDIS)

The Honorable Lisa R. Barton
Secretary to the Commission
U.S. International Trade Commission
500 E Street, S.W., Room 112A
Washington, DC 20436

Re: Urea Ammonium Nitrate Solutions from Russia and Trinidad and Tobago: Hearing Testimony of National Corn Growers Association

Dear Secretary Barton:

On behalf of my client, the National Corn Growers Association, I respectfully submit the enclosed hearing testimony in relation to the above-captioned investigations. This submission is made in advance of the United States International Trade Commission's June 16, 2022 hearing in accordance with the June 7, 2022 scheduling letter to counsel. ^{1/}

This submission includes the testimony of the following witness:

- Andy Jobman, President, Nebraska Corn Growers Association; and Chair, Stewardship Action Team at the National Corn Growers Association.

^{1/} Letter from Secretary Lisa R. Barton to Counsel, *Urea Ammonium Nitrate Solutions from Russia and Trinidad and Tobago Hearing Procedures* (June 7, 2022).

* * *

Service has been effectuated as required by 19 C.F.R. §§ 201.16 and 207.3(b) and the Commission's Temporary Change to Filing Procedures. 2/

In accordance with 19 C.F.R. § 207.15 and the Handbook on Filing Procedures, we hereby file this submission electronically on EDIS.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Jared R. Wessel

Jared R. Wessel

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Counsel to National Corn Growers Association

2/ *Temporary Change to Filing Procedures*, 85 Fed. Reg. 15,797 (Int'l Trade Comm'n Mar. 19, 2020).

**Public
CERTIFICATE OF SERVICE**

**Urea Ammonium Nitrate Solutions from Russia and Trinidad and Tobago
(Case Nos. 701-TA-668-669 and 731-TA-1565-1566 (Final))**

I, Emma Donahue, hereby certify that on June 15, 2022 a copy of the attached submission was served via EMAIL on the following parties:

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Testimony of Andy Jobman
President of the Nebraska Corn Growers Association
Investigation Nos. 701-TA-668-669 and 731-TA-1565-1566: UAN Solutions from Russia
and Trinidad & Tobago

1. Good afternoon Commissioners, my name is Andy Jobman. Thank you for the opportunity to appear before you today.
2. I am a fifth-generation farmer from Gothenburg, Nebraska. Along with my dad and brother, we raise food-grade white and yellow corn, as well as soybeans, alfalfa, and cattle. I graduated with a Bachelor of Science degree in agronomy and crop science from the University of Nebraska.
3. I currently serve as the President of the Nebraska Corn Growers Association and Chair of the Stewardship Action Team at the National Corn Growers Association.
4. Founded in 1957, the National Corn Growers Association is a farmer-led trade association that works with affiliated state associations to help protect and advance corn growers' interests. The NCGA mission is to create and increase opportunities for corn farmers and our vision is to sustainably feed and fuel a growing world.
5. On behalf of my family and the nearly 40,000 dues-paying corn farmers nationwide and more than 300,000 corn growers who contribute to corn promotion programs in their states, I appear before you today in opposition to the petitions on UAN.
6. This is an incredibly important issue for American farmers. Fertilizer is one of our greatest inputs. Nitrogen fertilizers, including UAN, account for more than 50 percent of fertilizer expenses. Even before the tariffs went into effect in December of last year, we were paying more than 300 percent for UAN year-over-year.
7. It will not surprise you to hear that corn growers are deeply concerned about the steep increase in all fertilizer prices, including UAN.
8. But the problem goes beyond just price. There are shortages in the UAN market and our members are concerned that they are not going to be able to get consistent access to UAN regardless of any duties that might be applied.
9. Simply put, the current supply of UAN does not meet demand.
10. Shortages in UAN are leading to two changes in farmers' behavior, both of which are detrimental to global food supplies and ethanol production.

11. First, shortages of UAN are altering what we decide to plant. Some crops require more UAN, and farmers are electing to plant alternative crops instead of corn.
12. Second, some farmers are electing not to use UAN at recommended rates and, therefore, sacrificing yield, because of the shortages. I know that Mr. Frost recently told a group of Wall Street investors that farmers were “just not that intelligent” if they minimize their application of UAN in light of market shortages. But, as a farmer and agronomist, I can assure you that we study the optimal rate of UAN that should be applied and are cutting back given the shortages in the market.
13. I also want to make clear to the Commission that farmers and our distributors are price takers for UAN. Even the president of the Nebraska Corn Growers Association pays the price for UAN that is set by CF Industries.
14. CF Industries has always been seen in the U.S. market as the price setter. In fact, CF Industries’ pricing power is so great that our members are deeply concerned about anti-competitive behavior. This is why we are participating in investigations by a number of state Attorneys General and the U.S. Department of Agriculture into soaring fertilizer costs.
15. The Commission should also understand that the market needs diversity of supply. Hurricane Ida, and the resulting shutdown of one of CF Industries’ key facilities, led to shortages in the market. Winter storms have often led to market disruptions as well when other domestic producers go off-line. U.S. fertilizer producers also export needed production out of the United States.
16. Having access to imports provides supply diversification against such events.
17. And finally, CF Industries bought back 1 billion dollars worth of shares last year. I am not a trade lawyer – but it seems to me that a company that can buy back a billion in shares is not being injured.
18. Thank you.

* * *

I have read the document, to the best of my knowledge and belief the statements contained therein are true, and I am authorized to sign it.

/s/ Andy Jobman
Andy Jobman

June 15, 2022
Date

Agricultural production

Soaring costs squeeze farmers' returns in North American grain belt

Fertiliser, diesel, herbicides and other inputs offset revenue from higher food prices



Wheat being harvested in Alberta, Canada. The primary challenge for US and Canadian farmers is the price of fertiliser © Reuters

Myles McCormick in New York and **Derek Brower** in Wainwright, Alberta JUNE 2 2022

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Bryan Perkins, whose family has farmed a patch of the Canadian prairie for more than a century, has never seen his costs rise like they have in recent months.

The day-to-day cost of running his operation was already escalating quickly coming into 2022 amid rampant inflation and supply chain bottlenecks: fertiliser, diesel, electricity and freight were all marching higher.

“Russia-Ukraine has exacerbated the whole issue,” the grain and pig farmer said, sitting at his kitchen table outside Wainwright, a town in the western province of Alberta.

Perkins's experience echoes that of many farmers in North America's farming heartlands even as grain prices hit the highest levels in a decade. Russia's invasion of Ukraine is [threatening food shortages](#) in import-dependent nations, but it is also increasing costs for growers based in big agricultural exporters.

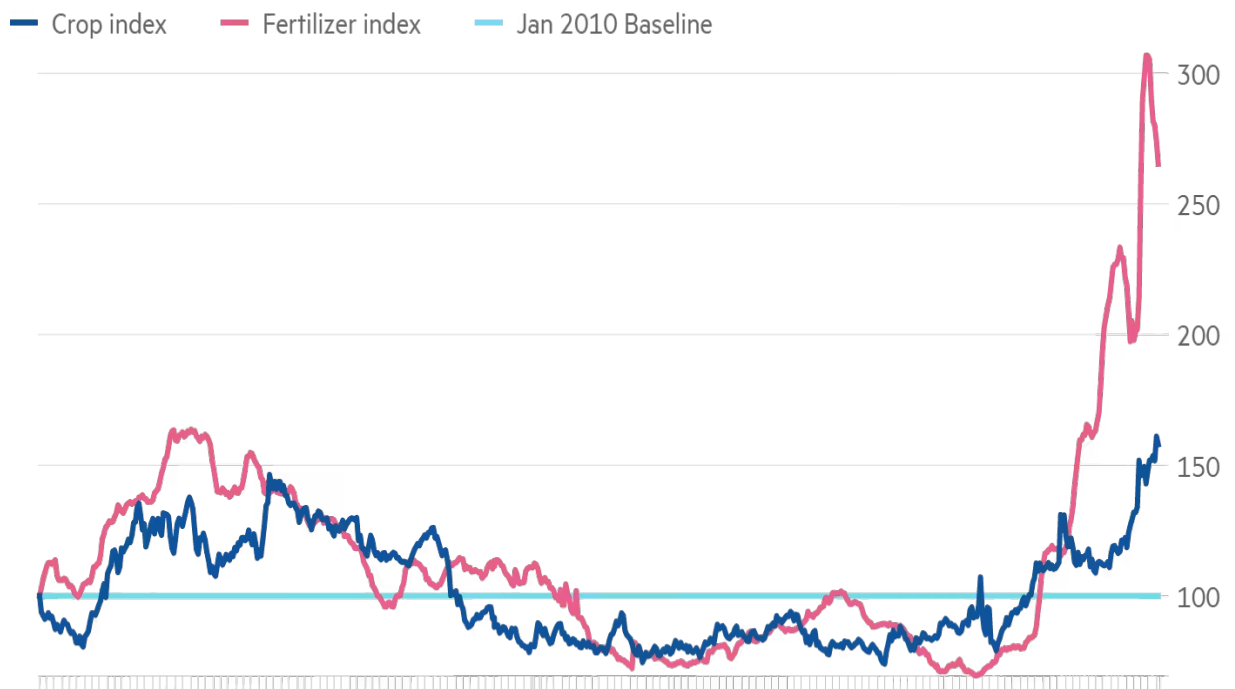
The primary challenge for US and Canadian farmers is the price of fertiliser. Soaring natural gas prices have pushed up the cost of nitrogen-based fertilisers such as ammonia, which jumped from about \$700 a tonne in August to more than \$1,600 in May. The [price of potash](#), rich in potassium, has hit records above \$1,100 a tonne as sanctions curtail supplies from Russia and Belarus, which together account for almost 40 per cent of global supply.

"We're in uncharted territory, in terms of fertiliser costs. At the farm level, we're really at record levels," said Tom Scott, vice-president for agribusiness consulting at S&P Global Commodity Insights. "Moving forward, this is going to be a challenge, especially if crop prices come down."

A [study](#) by academics at the University of Illinois estimated that rising fertiliser costs would cut farm incomes by about a third between 2021 and 2022, even before the invasion of Ukraine began. In the US, the Biden administration has said it will pump funds into domestic fertiliser production in an effort to cut costs, but any results will take time.

Fertiliser price growth is far outstripping that of crops

Indexes to 2010



2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

Source: S&P Global Commodity Insights

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High fertiliser prices have triggered a shift to crops that require less of it: US farmers intended to plant 4 per cent fewer acres with corn this spring, while boosting land for soyabeans, according to the US Department of Agriculture.

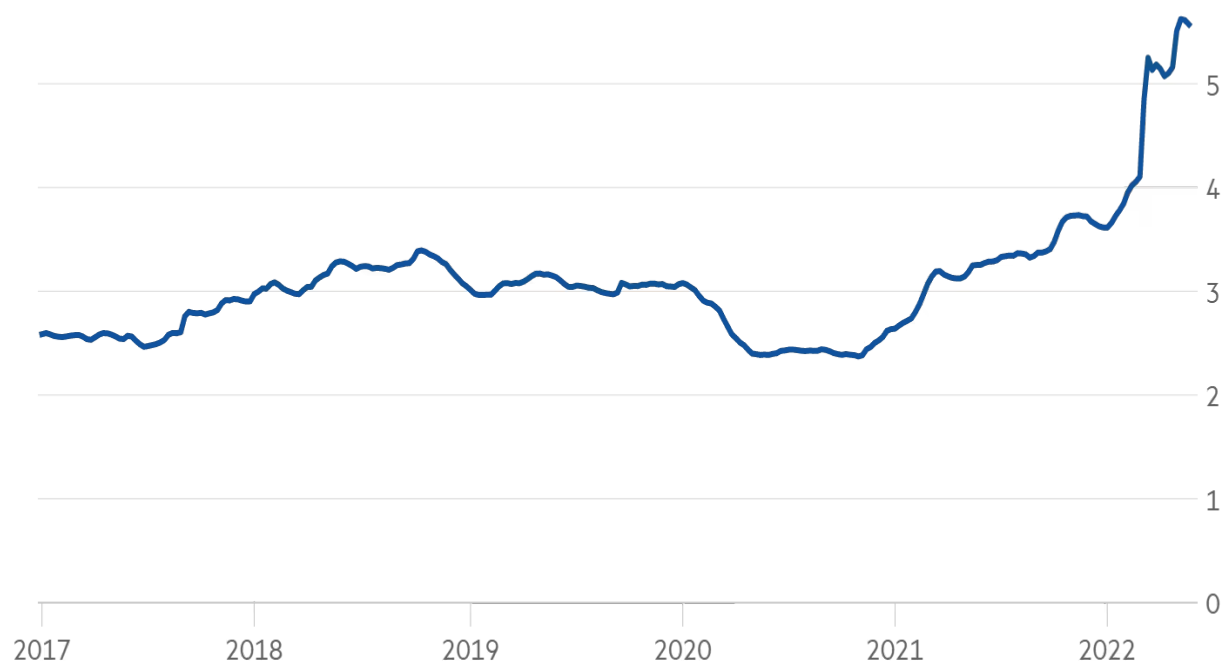
Bert Frost, vice-president of sales at CF Industries, a US-based fertiliser producer, last month said it would be a “mug’s game” for farmers to avoid applying fertiliser to save on costs, given that these were already reflected in higher crop prices.

“If you are not applying maximum nutrients, you’re just not that intelligent, because it’s \$8 corn, it’s \$12 wheat, it’s \$16 soyabeans,” he told an industry conference hosted by BMO Capital Markets. “Every crop that’s out there that needs nitrogen or any nutrient is highly valued, and highly valued because it’s highly needed.”

The price of diesel fuel that powers tractors, harvesters and grain trucks has also soared, with US prices at the pump rising 70 per cent in the past year to record levels of more than \$5.50 a gallon.

US diesel prices are at record levels

On-highway* diesel costs (\$/gallon)



*Off-highway diesel used on farms is not subject to the same taxes as on-highway diesel charted here



Perkins, in Alberta, said local farmers had been paying roughly C\$16 (US\$13) for a litre of glyphosate, a herbicide often used with canola, corn and soyabeans. Last year the weed killer, often known by the brand name Roundup, was selling for just over C\$6 a litre.

In central Illinois, one of the highest-yielding corn and soyabean regions in the world, pesticide costs are expected to be up by a quarter this year versus 2021, according to a University of Illinois study. Machinery repair costs are also set to jump about 20 per cent because of supply chain constraints.

The price pressure comes as the US Federal Reserve raises interest rates, pushing up the cost of borrowing for equipment and crop inputs.

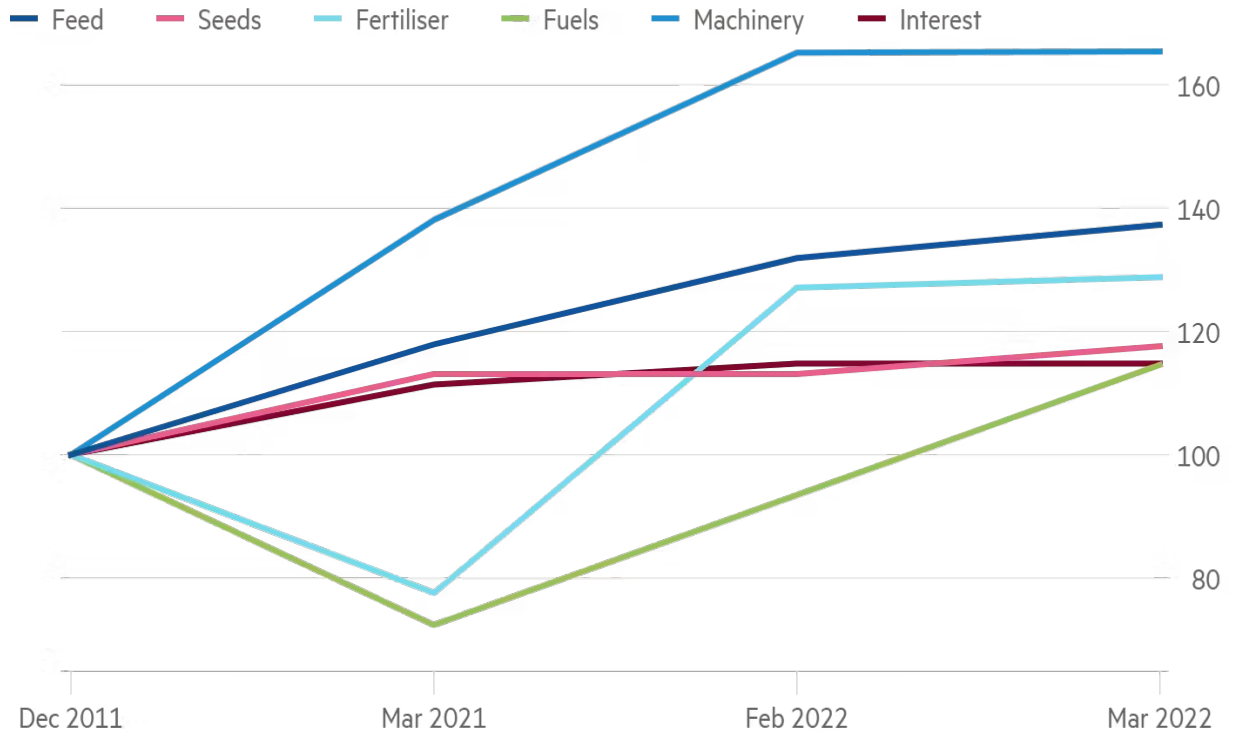
“Drought, increased fertiliser, chemical and fuel costs and rising interest rates are the primary concerns in our area,” one south-west Nebraska agricultural banker told Federal Reserve Bank of Kansas City researchers in a survey published last month.

Consumers are unlikely to directly feel the pinch from rising production costs alone. The bulk of the increase in food prices is driven by costs beyond the farm gate, including transport and packaging, analysts said. Farmers received 16 cents for every dollar spent on food in 2020, according to the USDA.

Elevated crop prices mean many farmers will be able to weather higher costs for now. Early estimates suggest that should crop prices remain high, returns for corn and soy will be down on last year but remain well above previous years.

Farmers' costs are soaring

Prices Paid index (2011 = 100)



Source: USDA National Agricultural Statistics Service

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“If those [crop] prices stay up there farmers will absorb those prices and be profitable,” said Gary Schnitkey, a professor at the University of Illinois at Urbana-Champaign. “But the minute they come down . . . we’re looking at very large losses. The returns are still there, but those risks are high.”

In parts of the developing world, however, the situation is direr. High costs could force some South American and African farmers to leave crops unfertilised, or abandon planting altogether.

“The US farmer is not going to stop growing crops because of high fertiliser prices,” the S&P’s Scott said. “But there are other parts of the world where it may be difficult to put in a crop.”

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