

UNITED STATES FERTILIZER INDUSTRY GOALS IN THE FORTHCOMING MILLENNIUM ROUND

I. USTR Should Prioritize Accelerated Fertilizer Tariff Elimination

While The Fertilizer Institute ("TFI") strongly supports USTR's efforts to reduce and eventually eliminate tariff and non-tariff barriers during the upcoming "Millennium Round," The Fertilizer Institute (TFI) urges USTR to prioritize the elimination of all fertilizer tariffs during these negotiations. Though the United States imposes no tariffs on fertilizer products imported into this country, the U.S. fertilizer industry faces significant tariff and non-tariff barriers in a number of export markets, including the European Community ("EC") and certain South American and Asian countries.

USTR should adopt the Canadian APEC proposal as the benchmark for fertilizer negotiations in the Millennium Round. Under the proposal, all of these fertilizer tariffs would be eliminated in six equal stages over a five-year period and bound in WTO schedules at zero. USTR should seek early implementation of a provisional agreement on the Canadian Early Voluntary Sector Liberalization (EVSL) fertilizer proposal in advance of the deadline for the completion of the Millennium Round negotiations. However, this provisional, implemented agreement should be subject to negotiation of a final overall agreement in order to give the U.S. government leverage to ensure progress across all areas.

Adoption of an agreement of accelerated elimination of fertilizer tariffs would have significant benefits for the U.S. fertilizer industry. For example, the European Community is a substantial net importer of fertilizer and, yet, it imposes significant tariffs on U.S. fertilizers, while granting preferential tariff-free treatment to fertilizer imported from the U.S. industry's major competitors (*i.e.*, Morocco, Tunisia, Jordan and Israel). The EC represents an important market for the U.S. fertilizer industry, which has been hampered by these EC tariffs. To deal with these tariff barriers, The Fertilizer Institute is currently seeking support from European fertilizer consumers for an annual EC tariff suspension decision.

II. USTR Must Ensure Full Compliance with Existing Trade Commitments

To achieve further trade liberalization, all countries must adhere to their existing commitments under present GATT/WTO agreements. Therefore, USTR should ensure that the upcoming Millennium Round negotiations are not used as a mechanism to delay or erode already existing commitments. The ultimate benefits from the Millennium Round will be undercut if countries are permitted to treat this new round as an excuse to avoid or delay their prior obligations. In sum, that which was agreed to in the past must be seen as final and binding on all participants, and the new round should be used solely as a means to promote the expansion of international trade opportunities.

The Fertilizer Institute represents, by voluntary membership, more than 90 percent of the nation's fertilizer industry. Producers, manufacturers, retailers, trading firms and equipment manufacturers which comprise its membership are served by a full time Washington, DC staff in various legislative, educational and technical areas, as well as with information and public relations programs.

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