

Congress of the United States
Washington, DC 20510

April 8, 2005

Ms. Shirley M. Smith
Administrator
U.S. Department of Labor
Employment and Training Administration, Office of National Response
200 Constitution Ave., N.W.
Washington, D.C. 20210

RE: Agrium U.S. Inc. Kenai Nitrogen Operations
TAA Petition T-AW 56,668

Dear Administrator Smith:

We are writing in support of a petition for Trade Adjustment Assistance (TAA) recently submitted by Agrium U.S. Inc., the operator of a nitrogen (fertilizer) facility in Nikiski, Alaska. The company is currently scheduled to shut down its Kenai Nitrogen Operations effective November 1, 2005, causing the direct loss of more than 200 high paying/specialized skilled jobs. Additionally, the firm's contractors and vendors will be affected, likely causing impacts on more than 500 workers on the Kenai Peninsula of Alaska, according to an economic study by the McDowell Group. (Please see the State of Alaska's petition support letter).

At first glance, the closure of the plant may seem simply to be a reaction to increases in the world price of natural gas – the key ingredient in nitrogen fertilizer (urea) production. But on closer inspection, the cause of the closure is significantly impacted by trends to shift fertilizer production overseas to take advantage of more economical supplies of natural gas and also to offset rising feedstock prices through lowered wage costs.

Proof for the trend can be found from increasing imports of nitrogen fertilizers into the United States. During the past six years, 20 ammonia plants have closed in the United States, representing a drop of 20 percent in total U.S. production capacity. American production has fallen from 17.85 million tons in FY 1998-99 to 11.70 million tons in FY 2003-04. U.S. nitrogen imports have correspondingly risen to 10.36 million tons from 6.11 million tons during the same period. This trend has already claimed about 1,000 American jobs, according to The Fertilizer Institute.

These are factors that we understand fit the criteria needed to approve the granting of TAA assistance and benefits to workers affected by the Alaska plant's announced closure. We urge immediate

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approval of the petition because Agrium workers will need access to TAA benefits, both health care and especially job training, search, relocation aid, and Trade Readjustment Allowances and

Alternative Trade Adjustment Assistance, given the shortage of plentiful manufacturing jobs on the Kenai Peninsula. The area's unemployment rate in January stood at 12.6 percent, more than four percent higher than Alaska's overall rate and some 6 percent higher than the national average for that month.

Thank you for your consideration and recognition of the importance in helping Alaska mitigate the devastating impacts this closure will have on Alaska's economy, workers and families.

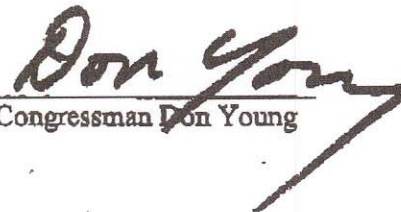
Sincerely,



Senator Lisa Murkowski



Senator Ted Stevens



Congressman Don Young

Delegation TAA Letter