



FANWOOD CHEMICAL, INC.

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December Agrochemical Notes

Special Note: As you know the MTB has not yet been enacted. This means that some of the granularity that had been the norm in the census statistics is still missing which makes pulling the necessary data for this report more difficult.

Special Comment: It has been widely reported that there are significant shortage of a number of herbicides, especially Glyphosate. The import details do not support this conclusion. However, there has been a significant change in the importer profile on many products, including Glyphosate. Farmer's Business Network has become a substantial direct importer of Glyphosate as well as many other products. Therefore, while there may be shortages in the "traditional" distribution channels, these issues may at least be partially caused by products being diverted into these new distribution systems.

General Update

There is no change to discuss this month in any of the major issues. It is still hoped that the House and Senate will get together before the end of the year and pass the Senate version of the "China Chips Act" so that we can have the MTB, GSP and a vigorous exceptions procedure for the China surtaxes in place before the beginning of 2022. If this does not happen, then it could be well into 2022 before any of these programs are passed into law.

Clearly, the China surtaxes are here to stay for the foreseeable future.

Since there has been very little movement in Washington impacting the trade agenda, this edition of our monthly letter will be truncated.

Therefore, if you need these details repeated, please reference our May report, or we'd be pleased to discuss in detail at your convenience.

Once again, and especially if you are in process of importing inventories for next season, unless they are due to be processed or sold onward shortly after they arrive, you should consider placing incoming imports of China Surtax-able items into a bonded warehouse. Since President Trump imposed these levies by Executive Order, they can be reversed by another Executive Order on very short notice. If this were to occur, you could end out with a warehouse full of very expensive inventory, with little or no chance of receiving any refunds of surtaxes previously paid. This has happened in several instances where similar tariffs were removed against the EU, including over the Boeing/Airbus dispute.

Other issues that need to be considered, include:

- **China Surtax Lawsuit:** This action has now been assigned to a three-judge panel in DC. An order has been issued to require Customs not to liquidate entries that are subject to this suit. The Administration continues to defend the Trump Administrations actions in this area. There has been very limited movement on this case in the last month,
- **Syngenta IPO:** There has not been any further public announcements on the timing of this initiative. As previously noted, the Biden Administration revamped the Trump Administration’s actions concerning Syngenta’s parent organizations, therefore neither Sinochem nor ChemChina, or their parent organization SASAC – State-Owned Asset Supervision and Administration Commission - are subject to trading or investment restrictions in the U.S.

Therefore, at this point in time, it would appear that if they wanted to float all or part of the upcoming Syngenta IPO in the USA or if a USA based company or person wished to invest in the IPO, they would be free to do so under this Executive Order.

It needs to be noted that since they are planning to float significantly less than a controlling interest in Syngenta, it would still be subject to the rules and regulations that many of the world’s leading economies apply to a State-Owned Company.

General observation: We noted a significant up-tick in activity in March. The number of “lines” added to this report was significantly larger than the previous months. October continues this trend where well over 1,100 new lines of data were added to this report. Perhaps March of 2021 marked the turning point for the agrochemical industry. Please see additional details below in the notes section under “the Index”.

The Index: The update version of the “Index” which includes import details for all formulated Agrochemical imports in 3808.91, 3808.92 and 3808.93 for October is attached.

Below, please find value information for the month of October as well as first ten month totals for four years.

It is important to observe, that the value figures are “customs value” which would include materials entered into Free Trade Zones, but not China surtaxes.

October 2021 details are as follows (000):

| | 10/2018 | 10/2019 | 10/2020 | 10/2021 |
|------------------------|----------|----------|----------|----------|
| 3808.91 – insecticides | \$29,297 | \$17,563 | \$16,115 | \$29,240 |
| 3808.92 – fungicides | \$26,038 | \$19,182 | \$24,924 | \$37,438 |
| 3808.93 – herbicides | \$29,649 | \$17,442 | \$30,424 | \$50,059 |

Totals for the first 10 months (000) are shown below:

| | 2018 | 2019 | 2020 | 2021 |
|------------------------|-----------|-----------|-----------|-----------|
| 3808.91 – insecticides | \$362,599 | \$262,300 | \$253,697 | \$358,850 |
| 3808.92 – fungicides | \$341,354 | \$241,641 | \$342,907 | \$557,524 |
| 3808.93 – herbicides | \$542,043 | \$364,604 | \$368,861 | \$427,535 |

Please let us know how we can best be of service.

Very truly yours,

Jim

V.M. (Jim) DeLisi

VMJD: me