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July 13, 2023

July Agrochemical Notes

Please join us at the upcoming trade shows/conference where we will be making a presentation on issues impacting trade in agrochemicals:

- Agribusiness Global Trade Summit
 - Fort Lauderdale/Miami, FL: August 9-10

Jim was “on stage” twice in Savannah at the Specialty and Agrochemicals Trade Show. Tom Leahy and his crew did an outstanding job in their new Savannah venue. There were more than 1,800 in attendance, with 253 exhibitors! Jim’s first presentation was a general review of current U.S. trade policy impacting chemicals. The second presentation was in conjunction with Alex Polinsky and focused on trade issues directly impacting Agricultural Chemicals. Both presentations are attached for your review. Please let us know if you are interested in a personal review of these slides either in person or via TEAMS.

This show will return to Savannah from June 25 – 27, 2024. This show needs to be added to your “must attend list” for 2024.

We are also pleased to announce that we have been accepted into membership of CPDA (Council of Producers & Distributors of Agro Technology), led by Terry Kippley. CPDA is the voice in Washington for this important part of the Agrochemical supply chain. We are looking forward to further engagement with this interesting group. If you are unfamiliar with CPDA and it’s mission, please visit <https://cpda.com> for more information.

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. At this point in time, while the new Chairman of the House Ways & Means Committee’s subcommittee on Trade has signaled his support for this legislation, there is no apparent vehicle for getting this done.

Imports of Glyphosate, as acid, for the period September through August for the last 5 years as well as year-to-date are at least as much as shown below:

	22-23	21-22	20-21	19-20	18-19	17-18
August		6,507 MT	7,847 MT	4,611 MT	5,997 MT	3,364 MT
July		8,414 MT	9,178 MT	7,985 MT	2,735 MT	6,562 MT

June	1,721 MT	11,592 MT	8,972 MT	6,749 MT	3,495 MT	6,333 MT
May	344 MT	12,420 MT	10,110 MT	9,029 MT	4,542 MT	12,307 MT
April	2,295 MT	16,267 MT	8,067 MT	5,584 MT	3,241 MT	9,836 MT
March	8,142 MT	12,334 MT	7,302 MT	2,927 MT	6,656 MT	10,711 MT
February	4,177 MT	11,768 MT	2,311 MT	1,636 MT	3,235 MT	8,601 MT
January	10,704 MT	8,908 MT	5,660 MT	8,950 MT	6,100 MT	6,081 MT
December	4,358 MT	7,006 MT	5,200 MT	3,800 MT	8,900 MT	7,477 MT
November	8,521 MT	9,809 MT	4,700 MT	8,000 MT	6,000 MT	5,900 MT
October	4,713 MT	9,417 MT	3,200 MT	8,000 MT	8,100 MT	3,800 MT
September	4,018 MT	10,661 MT	4,000 MT	4,700 MT	8,600 MT	4,298 MT
Total	52,003 MT	125,103 MT	76,547 MT	71,971 MT	57,511 MT	85,270 MT

Last month we wrote about our concerns about the accuracy of the import details on Glyphosate for May. The data now appears to have been confirmed as correct. June imports continue the downward trend. At this time, it appears that total imports for the year will likely be significantly less than +/- 60,000 MT, significantly less than 50% of what they were last year, back to the levels of 2018-2019.

It is also clear that imports of many other herbicides, with the exception of S-Metolachlor, took a dive in May and June. Up to that time, most were on a par with last year. The below table includes first half imports for a variety of key insecticides, fungicides, and herbicides. Unlike last year when we were warning about a supply bubble, especially in herbicides, importers need to be mindful that short inventories can be equally costly in “lost sales” and higher replacement costs as everyone “hits the go peddle” at the same time.

Key Herbicide imports in MT AI basis								
China		annual 2018	annual 2019	annual 2020	annual 2021	annual 2022	1st H 2023	U.S. 2022
Surtax	product	MT	MT	MT	MT	MT		
7.50%	2,4 D	19,437	20,351	18,352	18,904	43,721	17,927	yes
7.50%	Atrazine	11,488	11,767	11,454	13,490	14,896	898	no
25%	Clethodim	3,440	3,112	3,414	4,221	6,726	1,920	no
None	Clomazone	3,261	3,330	2,451	2,500	5,879	756	no
7.50%	Dicamba	26,898	11,433	11,483	17,727	23,482	6,493	yes
None	Ethephon	9,392	9,811	9,564	7,894	9,359	None	no
None	Glufosinate, Imp	9,960	9,558	5,969	12,632	28,743	11,016	
	Est. US GA	2,472	5,101	2,448	0	0		
None	Total est GA	12,432	14,659	8,417	12,632	28,743	11,016	no
None	Glyphosate	95,325	63,472	61,965	95,911	111,790	27,495	yes
25%	Mesotrione	3,895	3,735	4,717	6,378	6,418	2,105	no
7.50%	Metribuzin	4,000	5,134	4,054	5,163	3,651	1,296	no
None	Paraquat	21,356	12,718	15,910	14,373	29,254	3,935	No
25%	Pendimethalin	2,000	1,475	1,835	3,721	5,701	2,489	No
25%	S-Moc	26,599	33,786	19,647	42,972	57,429	31,792	No
None	Sulfentrazone	2,875	2,061	1,823	3,101	3,612	1,085	no
25%	Trifluralin	3,865	1,746	306	864	3,816	1,352	no
	Key Insecticide imports in MT AI basis							
None	Abamectin	218	286	379	466	328	203	no

25%	Acephate	5,950	1,678	3,803	4,935	4,875	2,723	no
25%	Bifenthrin	1,560	2,246	1,994	2,686	4,938	1,041	no
None	Imidacloprid	3,324	2,448	2,298	2,082	2,570	1,239	no
25%	Lambda Cyhalothrin	1,721	2,020	1,893	2,562	3,240	1,261	no
25%	Oxamyl	1,255	330	410	645	953	542	no
25%	Permethrin	1,348	1,336	935	1,680	1,677	1,062	no
	Key Fungicide imports in MT AI basis							
None	Azoxystrobin	2,097	2,092	2,179	3,434	4,725	2,215	no
25%	Captan	1,787	1,333	1,002	1,374	1,602	1,185	no
None	Chlorothalonil	8,805	11,401	6,326	7,786	7,563	3,363	no
None	Copper Sulfate	52,722	61,080	57,625	56,158	40,119	16,736	no
25%	Mancozeb	8,766	5,316	8,698	10,225	8,740	3,182	no
25%	Micronized Sulfur	9,539	10,306	9,172	7,818	5,942	5,568	no
None	Propiconazole	2,741	2,058	2,742	3,276	4,547	2,199	no
None	Tebuconazole	1,525	1,084	1,178	2,326	2,137	614	yes

News:

There is not much new to report this month, except for the fact that the **Syngenta IPO** has been “green lighted” by the Shanghai Stock Exchange. In terms of USD, it likely will amount to at least \$9.1 B. There are still a couple of more hurdles that need to be crossed before the IPO can actually take place. Once completed this IPO will likely be by far the largest of 2023, worldwide, and perhaps the largest ever in China. One of the stated objectives of the IPO is to raise money to allow Syngenta to make acquisitions, do more R & D, and to reduce debt.

It would be anticipated that if they choose to acquire companies in China that there will be little or no impediments. However, if they seek to acquire companies outside of China, it is possible that various anti-trust authorities could “get in the way” since Syngenta would still be considered a Chinese State-Owned Enterprise (SOE).

While we are aware that financial details covering Syngenta’s performance have been released, the only copies we have seen are in Chinese. Hopefully, an English version will eventually be released so that everyone can see and review any financial disclosures which accompany this IPO. It also will be interesting to see if this IPO can be accomplished before restrictions on U.S. investments in Chinese companies that are being contemplated in Washington kick in.

Taiwan: The U.S. and Taiwan have closed several chapters under the “early harvest” provisions: Trade Facilitation, Services, SME’s (Small, Minority Enterprises), GRP (Good Regulatory Practices), and anticorruption. This was not a complete surprise since these subjects were considered “low hanging fruit” as they are not controversial. It is important note that the U.S. still supports a “one China” policy. There has been no change in this position. Therefore, any agreement with Taiwan will actually be between the U.S. and the “The American Institute of Taiwan”. This Institute was created by the Public Law 96-8, the Taiwan Relations Act of April 10, 1979 which still governs relations between the U.S. and Taiwan. Interestingly, though the Administration did not seek it, both houses of Congress have passed legislation to approve this pact. This is Congresses way of exerting it’s presence in trade negotiations since if signed into law, this legislation requires more direct consultation with Congress in the remaining pillars.

IPEF: Negotiations continue. The “Supply Chain Pillar” is said to be essentially closed. This pillar sets up a series of committees to stay abreast of these issues with the goal of avoiding significant breakdowns in the supply chain as occurred during the COVID Pandemic.

It remains the case that the most the Chemical industry can hope for in any of these negotiations is agreements on sound science and transparency in regulatory decision-making processes, acceptance of GMO crops, improvements and less corruption in cross border flow of goods and services. There is no market opening tariffs discussion being undertaken under this, or any other discussions by this Administration.

USMCA – Mexico – GMO Corn & Glyphosate: The US has now requested that a dispute resolution panel be set up to resolve this issue. If something is not done, exports of U.S. GMO corn will be suspended on January 1, 2024. Mexico is the U.S.’s largest corn market, most of which goes to animal feed. Canada has also asked to be part of this panel. Mexico appears to be self-sufficient for white corn that is consumed for tortillas and other human consumption purposes.

China section 301 tariffs (25% surtaxes): USTR continues to diligently work on their review of this program. There is no definitive date for the review’s conclusion, nor is there any word on a hoped for exceptions procedure. We continue to believe that it is highly unlikely that there will be a change in position by the Administration prior to the 2024 election.

Electric Vehicles (EVs): We remain fascinated by the impact that the push to convert our transportation infrastructure to electric vehicles will have on the farm community. Clearly, more than 40% of US Corn and Soy is used to power vehicles. I have yet to find any literature directly related to this subject. Please let us know of your thoughts.

General observation: With the notable exception of S-Metolachlor, overall imports appear to have slowed significantly in April, across the board. This trend continued in May and looks to have extended into June. The updated version of the “Index” which includes import details for all formulated Agrochemical imports in 3808.91, 3808.92 and 3808.93 for May is attached.

Below, please find value information for the month of May as well as totals for the first four months year of 2020, 2021, 2022 and 2023.

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.

May 2023 details, as well as the previous 3 years are as follows (000):

	5/2020	5/2021	5/2022	5/2023
3808.91 – insecticides	\$25,612	\$40,212	\$54,776	\$25,905
3808.92 – fungicides	\$36,711	\$83,775	\$89,235	\$88,229
3808.93 – herbicides	\$35,009	\$38,123	\$61,492	\$34,744

First four-month totals for the period (000) are shown below:

	2020	2021	2022	2023
3808.91 – insecticides	\$155,144	\$201,370	\$222,206	\$226,681

3808.92 – fungicides	\$211,467	\$332,634	\$369,735	\$403,113
3808.93 – herbicides	\$247,349	\$220,234	\$462,157	\$385,709

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

Very truly yours,

Jim

V.M. (Jim) DeLisi

VMJD: me