



## FANWOOD CHEMICAL, INC.

219 MARTINE AVENUE, NORTH • P.O. BOX 159 • FANWOOD, NEW JERSEY 07023-0159  
(908) 322-8440 • FAX (908) 322-8494 • e-mail: info@fanwoodchemical.com

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### June Agrochemical Notes

Jim DeLisi will be speaking at the Specialty and Agricultural Chemicals America trade show on Wednesday, June 26 and Thursday, June 27, 2024, at 2:00 PM both days, in Savannah, Georgia. The first presentation will cover general issues impacting international trade. The second session will drill in and cover issues that directly impact Agrochemicals. Copies of the slides will be made available, upon request, after the show.

Joan Hardin will be with Jim at the show. If you are there, please “say hi”!

He will also be speaking at the Agribusiness Global Trade Summit on August 8, 2024, in Orlando, Florida at 1:30 PM.

New Entries in the big pivot table:

- Corteva Agriscience imported 8 MT of Curzate 60DF® from Italy. The active ingredient of this fungicide is Cymoxanil.

**Imports of Glyphosate**, as acid, for the period September through August for the last 6 years as well as YTD appear to be as shown below:

	23-24	22-23	21-22	20-21	19-20	18-19	17-18
August		1,706 MT	6,507 MT	7,847 MT	4,611 MT	5,997 MT	3,364 MT
July		1,179 MT	8,414 MT	9,178 MT	7,985 MT	2,735 MT	6,562 MT
June		1,736 MT	11,592 MT	8,972 MT	6,749 MT	3,495 MT	6,333 MT
May	7,837 MT	344 MT	12,420 MT	10,110 MT	9,029 MT	4,542 MT	12,307 MT
April	6,108 MT	2,295 MT	16,267 MT	8,067 MT	5,584 MT	3,241 MT	9,836 MT
March	8,193 MT	8,142 MT	12,334 MT	7,302 MT	2,927 MT	6,656 MT	10,711 MT
February	9,831 MT	4,177 MT	11,768 MT	2,311 MT	1,636 MT	3,235 MT	8,601 MT
January	16,155 MT	10,704 MT	8,908 MT	5,660 MT	8,950 MT	6,100 MT	6,081 MT
December	11,945 MT	4,358 MT	7,006 MT	5,200 MT	3,800 MT	8,900 MT	7,477 MT
November	10,965 MT	8,521 MT	9,809 MT	4,700 MT	8,000 MT	6,000 MT	5,900 MT
October	2,944 MT	4,713 MT	9,417 MT	3,200 MT	8,000 MT	8,100 MT	3,800 MT
September	2,920 MT	4,018 MT	10,661 MT	4,000 MT	4,700 MT	8,600 MT	4,298 MT
Total	76,898 MT	51,893 MT	125,103 MT	76,547 MT	71,971 MT	57,511 MT	85,270 MT

As of the end of May, more Glyphosate, as acid, had been imported into the USA than the entire previous “crop year” by more than 30%. It looks like imports for this crop year will top all previous years, except 22-23 by a significant amount. If you calculate the average for the last three months for the last 6 years, the total imports for the remaining period could be as much as

17,500 MT. If this happens, total imports for the year would be well over 94,000 MT. You are urged to be cautious to protect against another inventory bubble!

It is also interesting to note that for the third month in a row, formulated Glyphosate, assumed to be 41% is being imported from Canada, duty free, into Pembia under the USMCA. For this transaction to be legally classified in this manner, a chemical reaction would need to take place in Canada. Therefore, if they are making the Amine in Canada, it could come from anywhere in the world, including China. We do not know who has this capability.

### **2,4-D Dumping Case:**

- The USITC voted on May 17 to continue the case.
  - This affirmative vote strongly implies that Corteva will win the case. It also shows that:
    - The scope for the dumping determination is 2,4 D Acid.
    - Corteva has been injured by imports.
- The US Department of Commerce is scheduled:
  - To announce preliminary Countervailing duty margins on or about June 27, 2024.
  - A determination on preliminary dumping margins is due on or about September 10, 2024.

However, now that the scope has been published, it confirms that the intent of the petitioner is to be sure that if a producer in a third country were to convert Chinese or Indian 2,4 D Acid to salt, ester, or formulated product it would be covered by the order. This would likely be the case in lands in which the U.S. does not have a Free Trade Agreement, or if an agreement is in place and has relatively weak GSP style rules of origin. However, the U.S./Colombia Free Trade Agreement clearly defines the fact that a chemical reaction that produces a new molecule is origin transforming. Therefore, for Colombia, Mexico, Canada, Australia, and several other countries that have agreements with the U.S. that include the chemical reaction rule, such third country production may “skirt” the order if it is imposed.

**Paraquat Exception:** The exception from the 301 25% surtax was extended to 6/14/2024, at which time it will end. The reasoning was that there did not appear to be any efforts to find alternate sources to China.

**NBPT Exception:** The exception for NBPT was extended for a year.

**China section 301 tariffs (25% surtaxes):** USTR did not extend about 100 products, some of which will increase the costs of healthcare. They added several products to the list and included a 100% surtax on electric vehicles. They provided many exceptions for equipment required to produce “green devices”. Copies of the complete report, which is a public document, are available upon request.

**GSP:** The “trade press” is reporting that there may be progress in re-instituting this program, and renewing AGOA (African Growth and Opportunity Act) in the near term. We continue to believe that if GSP is re-authorized that India will be allowed back into this program shortly thereafter. It is likely that the rule of origin will be strengthened by moving it up from 35% value content to 50% or more.

**MTB:** Duty suspension legislation has not been enacted. We've now gone four years without this program and all of the work we did as an industry in 2018 and 2019 in anticipation of receiving these benefits is no longer valid.

- There is proposed legislation in the House that is unlikely to get through the Senate (or perhaps even the full House) that if enacted would in effect implement the 2020 list through 2025 and allow for full retroactivity. It would ban imports from China that are subject to the 301 surtaxes from taking advantage of the reduced rates. We don't believe that this is a practical proposal, since:
  - It would cost the Treasury an ill-defined amount of money.
  - Can't imagine how Customs could handle the burden it would place on them to calculate and then process all of the refunds.
- Hopefully, legislation can be enacted this summer to renew the authorization for the USITC to begin collecting new details for duty relief. If they began the process late in 2024, it is unlikely that such relief could be in place before July 1, 2026.

**USMCA – Mexico – GMO Corn & Glyphosate:** Knowledgeable individuals believe that this issue will be required to wait for the installation of a new President in Mexico. The election occurred on June 2, 2024, with the new administration taking power in October. We now need to wait and see.

The updated version of the "Index" which includes import details for all formulated Agrochemical imports in 3808.91, 3808.92 and 3808.93 for April 2024 is attached.

Below, please find value information for the month of April as well as totals for the first quarter of 2021, 2022, 2023 and 2024.

It is important to observe, that the value figures are "customs value" which would include materials entered into Free Trade Zones, but not any freight, forwarding, duty expenses, or China surtaxes.

April 2024 details, as well as the previous 3 years are as follows (000):

	4/2021	4/2022	4/2023	4/2024
3808.91 – insecticides	\$38,007	\$45,434	\$36,498	\$43,011
3808.92 – fungicides	\$87,015	\$50,541	\$66,678	\$77,252
3808.93 – herbicides	\$36,930	\$128,268	\$59,291	\$39,411

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

	2021	2022	2023	2024
3808.91 – insecticides	\$161,158	\$167,430	\$200,776	\$169,037
3808.92 – fungicides	\$248,858	\$280,500	\$314,885	\$257,445
3808.93 – herbicides	\$192,101	\$400,665	\$350,965	\$184,752

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

Very truly yours,

*Jim*

V.M. (Jim) DeLisi

VMJD: me