



## 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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### October AgChem Notes

New Entries – none (for the third month in a row!)

**Imports of Glyphosate**, as acid, for the period September through August for the last 7 years as well as YTD appear to be as shown below:

	24-25	23-24	22-23	21-22	20-21	19-20	18-19	17-18
August		12,515 MT	1,706 MT	6,507 MT	7,847 MT	4,611 MT	5,997 MT	3,364 MT
July		6,716 MT	1,179 MT	8,414 MT	9,178 MT	7,985 MT	2,735 MT	6,562 MT
June		6,442 MT	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	7,124 MT	2,920 MT	4,018 MT	10,661 MT	4,000 MT	4,700 MT	8,600 MT	4,298 MT
Total	7,124 MT	102,571 MT	51,893 MT	125,103 MT	76,547 MT	71,971 MT	57,511 MT	85,270 MT

As of the end of August, 2X the amount of Glyphosate, as acid, had been imported into the USA than the entire previous “crop year”. If these import rates continue, by the end of the calendar year, we may hit the levels of the “bubble” year of 2021.

Offsetting this concern is that while both 2,4 D, and Paraquat volumes have increased somewhat, Glufosinate, S-Moc and Dicamba are down on a year-to-year basis, especially compared to 2021.

**Updated Chart of Key imports, including source countries is attached.**

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

We continue to believe that this case is a “game changer”, regardless of the final result. We remain of the opinion that Corteva will prevail.

The US Department of Commerce posted the following Preliminary Determinations in the Countervailing Duty Investigation for China and India:

Jiangxi Tianyu Chemical (CAC)	27.68%
Shandong Rainbow Agrosiences	3.10%

All others in China	27.34%
Atul Limited	5.29%
Meghmani Organics	3.28%
All others in India	4.13%

They further posted the following schedule for the countervailing duty review:

Commerce Final Determination	January 21, 2025
ITC Final Determination	March 7, 2025
Issuance of orders	March 14, 2025

Commerce was supposed to post a determination on preliminary dumping margins on or about September 10, 2024. This has now been delayed until November 6, 2024. A final determination from Commerce should occur within 75 days of this date, on or about January 20, 2025.

It remains the fact that once the preliminary dumping margins are determined, respondents can expect a visit from the U.S. Government to audit their responses. Please prepare accordingly!

We have done a deep dive into China exports of 2,4 D Acid. It appears that Adama in Colombia is purchasing thousands of tons of 2,4 D Acid from China, at very favorable prices. Under the U.S. Colombia Free Trade Agreement, they are permitted to enter the resultant formulated products into the USA duty free as long as they can show that a chemical reaction has occurred in the production of the esters and/or salts in Colombia.

There are a variety of other countries that have this same provision, including Colombia, Mexico, Canada, Australia, Chile, Singapore, South Korea, Peru and DR CAFTA (Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras & Nicaragua). Those considering operations in Mexico need to exercise due care. Please see further details in the USMCA bullet point below.

It will be very interesting to see if the final review of the CVD rates for Rainbow sustains their very low preliminary margin. This rate was a surprise to many “watchers”.

**GSP:** The “trade press” continues to report that there is 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. Recent Senate action suggests that additional protections for Labor and Woman may also be included in the renewal. While it is highly unlikely that this can be handled before the election, it is something that has been done in the past in a “lame-duck” session shortly thereafter.

**MTB:** Jim attended the NAM, ACC and CropLife America event to lobby this issue on Capitol Hill on September 10, 2024, as a representative for CPDA. The goal was to try to encourage more Republican House Members to co-sponsor the existing legislation so that hopefully it can begin moving forward. The impression from the day is that it is highly unlikely that anything will happen this year, but the day effectively help make this issue a priority for 2025. He remains concerned that “the ask” in this instance, which includes the implementation of the 2020 list, with retroactivity, except for China needs to be tempered as it may be more than Congress can reasonably offer to industry, and more than Customs can reasonably administer.

He also pressed for help in allowing for duty drawback within USMCA for the “China surtaxes”.

**USMCA – Mexico:** Relationships with Mexico are fraying as the transition to their new President became effective. Changes made to their constitution, especially concerning judicial “reform” are a cause of great concern in the U.S. These changes could have a significant impact on the USMCA agreement since this treaty needs to be “renewed” by July 1, 2026 – less than two short years from now. Such a review will be conducted by the new administration and will likely begin in early 2025. The outcome of this review will be impacted greatly by the U.S. election.

There are several areas of concern for U.S. Agrochemical Companies, including, but not limited to:

- Sound Science in regulatory actions.
  - This is shown in the dispute over Mexico’s desires to ban the importation of GMO Corn which has not yet been settled.
  - The proposed ban on imports of Glyphosate was only delayed because there was no reasonable substitute.
- The standards for prosecuting Labor and Environmental disputes will likely be weakened. If V.P. Harris is elected, there will likely be a strong emphasis on Woman and Equity added to the agreement.
- Rules of Origin will surely be opened for change. Both political parties are concerned about China’s growing presence in the Mexican Auto Industry, especially as it relates to EVs. Once the rules of origin are opened, there may be a push to go back to NAFTA rules which were much more restrictive. In the case of chemicals, they heavily relied on Regional Value Content test rather than the fairly liberal tariff shift rules and the special rules for Chapters 28 – 40 which include the chemical reaction rule.
  - For instance, if the rules are opened for review, it is highly unlikely the conversion of 2,4 D Acid to the salts and/or esters would still be considered territorial.

**Notes:**

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

Below, please find value information for the month of August as well as totals for the first 8 months 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.

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

	8/2021	8/2022	8/2023	8/2024
3808.91 – insecticides	\$33,914	\$33,004	\$21,564	\$36,484
3808.92 – fungicides	\$35,049	\$59,478	\$41,921	\$31,230
3808.93 – herbicides	\$50,877	\$45,999	\$42,377	\$32,485

First 8 month totals for the period (000) are shown below:

	2021	2022	2023	2024
3808.91 – insecticides	\$301,218	\$338,818	\$302,075	\$316,542
3808.92 – fungicides	\$494,678	\$597,926	\$583,693	\$419,080
3808.93 – herbicides	\$342,887	\$600,985	\$480,553	\$307,540

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

Very truly yours,

*Jim*

V.M. (Jim) DeLisi

VMJD: me