



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

September 13, 2022

September AgChem 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. Please see below for a further discussion on the potential for this legislation.

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

	21-22	20-21	19-20	18-19	17-18
August 22	6,389 MT	7,847 MT	4,611 MT	5,997 MT	3,364 MT
July 22	8,414 MT	9,178 MT	7,985 MT	2,735 MT	6,562 MT
June 22	11,592 MT	8,972 MT	6,749 MT	3,495 MT	6,333 MT
May 22	12,420 MT	10,110 MT	9,029 MT	4,542 MT	12,307 MT
April 22	16,267 MT	8,067 MT	5,584 MT	3,241 MT	9,836 MT
March 22	12,334 MT	7,302 MT	2,927 MT	6,656 MT	10,711 MT
February 22	11,768 MT	2,311 MT	1,636 MT	3,235 MT	8,601 MT
January 22	8,908 MT	5,660 MT	8,950 MT	6,100 MT	6,081 MT
December 21	7,006 MT	5,200 MT	3,800 MT	8,900 MT	7,477 MT
November 21	9,809 MT	4,700 MT	8,000 MT	6,000 MT	5,900 MT
October 21	9,417 MT	3,200 MT	8,000 MT	8,100 MT	3,800 MT
September 21	10,661 MT	4,000 MT	4,700 MT	8,600 MT	4,298 MT
Total for the year	124,985 MT	76,547 MT	71,971 MT	57,511 MT	85,270 MT

Imports of selected Herbicides, both annual and YTD August are shown below. (note, in this version we have used our best efforts to include Glufosinate AI produced in Alabama by BCS. It has a significant impact on estimated volumes in 2018 – 2020.)

Key Herbicide imports in MT					Jan to	Jan to	Jan to	Jan to	Jan to
	annual	annual	annual	annual	Aug	Aug	Aug	Aug	Aug
product	2018 MT	2019 MT	2020 MT	2021 MT	2018	2019	2020	2021	2022
2,4 D	19,437	20,351	18,352	18,904	13,984	13,798	12,388	11,380	25,869
Atrazine	11,488	11,767	11,454	13,490	4,229	9,729	3,588	3,349	3,457
Clethodim	3,440	3,112	3,414	4,221	1,805	1,645	1,760	2,714	3,939
Clomazone	3,261	3,330	2,451	2,500	1,999	2,899	1,917	712	3,954
Dicamba	26,898	11,433	11,483	17,727	21,594	9,244	8,153	11,959	15,756
Ethephon	13,289	12,745	12,226	9,862	7,751	7,556	8,578	4,797	8,325
Glufosinate, Imp	9,960	9,558	5,969	12,632	6,656	6,862	3,607	8,345	15,806
Est. US GA	2,472	5,101	2,448		1,494	4,077	2,448		
Total GA	12,432	14,659	8,417	12,632	8,150	10,939	6,055	8,345	15,806
Glyphosate	95,325	63,472	61,965	95,911	63,795	38,847	44,179	58,923	89,463
Mesotrione	3,895	3,735	4,717	6,378	2,314	2,638	3,612	3,910	4,647
Metribuzin	4,000	5,134	4,054	5,163	2,849	3,589	2,948	2,745	2,015
Paraquat	21,356	12,718	15,910	14,373	17,043	10,149	12,893	9,215	16,282
S-Moc	26,599	33,786	19,647	42,972	18,701	29,533	15,601	29,478	33,214
Sulfentrazone	2,875	2,061	1,823	3,101	1,589	1,295	930	1,365	1,755
Trifluralin	3,865	1,746	306	864	2,983	1,008	306	648	3,159

As noted in previous reports, we continue to believe that because of the reported concerns over a shortage of Glyphosate, companies reacted by increase their imports of a variety of other herbicides. There may now be larger than prudent amounts of inventory of herbicide active ingredients in the United States waiting to be formulated into end use products.

There may also continue to be issues with obtaining boxes, totes, bottles, and caps.

Going forward, we are hearing of potentially very serious issues in the production of various products coming out of China, but especially Glyphosate, because of water and power shortages.

As noted below where we recount key figures from “the Index”, imports of formulated herbicides are also up significantly over prior years.

If you are involved in the sale of herbicides, you are urged to carefully monitor your inventories. This is especially important since the replacement value for many products, especially from China, is now below the levels that were reached late last year and into early 2022.

MTB (duty suspensions), GSP (Generalized System of Preferences) & 301 Exceptions

Unfortunately, these issues are orphans at this point in time. The best we can hope for is that the MTB and GSP renewal will be handled by voice vote after the November elections. If these items are important to your business, you are urged to let your Congressional representatives know of your concerns.

While there is general agreement on language for the MTB as well as renewal of GSP, in both Houses of Congress, and they are generally considered to not be controversial, there is no agreement on pressing to re-open the China exclusions portal. The Administration remains opposed to this action.

If the MTB is passed after the elections in the “lame duck” session, it will have a serious impact on renewals and/or new requests for the next round. Under normal circumstances, USITC would be soliciting nominations in October/November of this year so that the reviews could be completed prior to the expiration of this round of the MTB on December 31, 2023.

It is highly unlikely that if the MTB is enacted in the “lame duck” session that they will be able to extend the termination date from 12/31/2023 to 12/31/2024 to provide time for renewals to be processed. The USITC report that was produced to create the list would not cover this additional time-period. Our best hope is that the retroactive provisions will be increased from 120 days to something larger, hopefully at least 180 days, perhaps a full year. NAM (The National Association of Manufactures), the lead lobbying group on this issue, is pushing for full retroactivity back to 1/1/2021. It remains to be seen how the renewal process for 2024 is handled.

It remains highly likely that once GSP is re-enacted that it will be retroactive to its expiration on 12/31/2020. Refunds should be “almost” automatic for properly recorded entries. Even if India is allowed back into this program, it is highly unlikely that there will be any retroactivity for India.

Uyghur region – Forced Labor Initiative: No update – and there has been very little news in the trade press suggesting that Customs has been aggressively enforcing these provisions, except in the case of certain silicones and perhaps solar panels that contain these chemicals.

However, if you are importing from China, please visit www.dhs.gov/UFLPA-EntityList for complete details on this program

Importers of products from China need to have complete documentation on file so that they can respond rapidly to defend themselves against an allegation that forced labor played a role in their shipment.

Syngenta IPO: No update – though we are continuing to carefully monitor this situation.

Ukraine/Russia: No update – though we are continuing to carefully monitor this situation.

General Update

Taiwan: No update – but there likely will be movement during the month of September.

IPEF – Indo-Pacific Economic Framework: 14 IPEF partners met in LA to discuss the four pillars that are led by the U.S. Department of Commerce: Trade, Supply Chain, Clean Economy, and Fair Economy. The meeting ended on September 9. All but India signed onto all four pillars. India deferred on the trade pillar. The final press release from USTR included the following details:

- Pillar I ([Trade](#))

In the Trade Pillar, the IPEF partners will seek high-standard provisions in areas that are foundational to resilient, sustainable, and inclusive economic growth, including labor, environment, digital economy, agriculture, transparency and good regulatory practices, competition, inclusivity, trade facilitation, and technical assistance and economic development. The United States and the IPEF partners will seek high-standard provisions that benefit workers and ensure free and fair trade that contributes to promoting sustainable and inclusive economic growth and that meaningfully contribute to environmental protection. We intend to advance inclusive digital trade by building an environment of trust and confidence in the digital economy, by addressing discriminatory practices, and by promoting trusted and secure cross-border data flows. We will seek to advance food security and sustainable agricultural practices and the benefits of good regulatory practices in supporting good governance and will work towards harnessing best practices with respect to facilitating trade.

- Pillar II ([Supply Chain](#))

In the Supply Chain Pillar, the countries will seek to coordinate actions to mitigate and prevent future supply chain disruptions and secure critical sectors and key products for our manufacturers. The United States will work with IPEF partners to identify sectors and products critical to our national security, economic resilience, and the health and safety of our citizens – and then act collectively to increase the resilience of these sectors, creating jobs and economic opportunities in key industries of the future. Partners will identify sole sources and choke points in critical supply chains, and work collaboratively to address them by promoting and supporting investments in new physical and digital infrastructure. Partners will use data to improve supply chain logistics and invest in new training and development opportunities to upskill workers and ensure that all citizens share in the benefits of increased supply chain resilience. Finally, the countries will seek to ensure that the work promotes the labor standards that underpin fair, sustainable, and resilient supply chains.

- Pillar III ([Clean Economy](#))

In the Clean Energy Pillar, the countries will seek to expand investment opportunities, spur innovation, and improve the livelihoods of citizens as the partners unlock the region's abundant clean energy resources and substantial carbon sequestration potential. The partners aim to advance cooperation on clean energy and climate-friendly technologies, as well as mobilize investment and promote usage of low- and zero-emissions goods and services. This work will be part of a future-oriented effort to enhance energy security and reduce overall greenhouse gas emissions. The partners seek to promote just transitions with the active participation of our stakeholders, including the private sector, workers, and local communities.

- Pillar IV ([Fair Economy](#))

In the Fair Economy Pillar, the countries will seek to level the playing field for businesses and workers within partner countries by preventing and combatting corruption, curbing tax evasion, and enhancing transparency, recognizing the importance of fairness, inclusiveness, the rule of law, accountability and transparency. By innovating and strengthening shared approaches to implementing anticorruption and tax measures, the countries will seek to improve the investment climate and boost flows of commerce, trade, and investments among our economies while advancing a free, open, and prosperous Indo-Pacific region.

In May 2022, Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, the United States, and Viet Nam began the process to establish the Indo-Pacific Economic Framework for Prosperity. Ambassador Tai and Secretary Raimondo held the first virtual Ministerial in May shortly after the official launch. They also held a virtual Ministerial in July, which reaffirmed their collective goal to pursue ongoing and intensified engagements with IPEF partner countries.

China 301 Surtaxes Review: The only news here is that the Administration published a notice in the federal register on Friday, 9/2/2022 stating that the first stage of the review suggested that there was no need for any changes in the tariffs. This review only included comments from U.S. that benefit from the surtaxes. It remains the case that China has not yet incentivized the U.S. to remove the surtaxes.

China Surtax Lawsuit: USTR filed its response to the court on August 1, as required. It does not appear that this response contains anything new or unknown. The ball is back in the hands of the court. It remains highly unlikely that this effort will result in the revocation of these duties. You can be assured that this dispute will eventually land at the U.S. Supreme Court, so we are likely at least two years away from any final determination.

U.S./China Trade relationship: It is important to repeat the following, especially because USTR is in process of reviewing this entire subject and there is public pressure from some parts of the Administration to significantly alter these levies.

The U.S./China phase one deal that was signed in January 2020 has now expired. Clearly, China did not meet, and in fact was significantly below, its purchase commitments under this deal. Ambassador Tai has publicly stated her dismay over the significant shortfalls and pledged to push China to keep its commitments. So far, no plan has been announced to try to make this happen. Technically, since this part of the agreement has expired, China no-longer has any remaining purchase commitments to the U.S.

As part of the phase one deal, and in anticipation that a phase two deal could be successfully negotiated, the U.S. held off on increasing the 301 tariffs against China as described below. Clearly USTR would have the authority to immediately increase all of the tariffs in these tranches if they believed that it would help “encourage” China to agree to U.S. requests.

- Tranche 3: 25%. This rate was scheduled to be increased from 25% to 30% on October 15, 2019. That increase was put on hold pending the signing of the phase one deal. There are at least a hundred agricultural chemical active ingredients, as well as all formulated agrochemicals included in this tranche, with the exception of Paraquat that is under an exemption through the end of 2022.
- Tranche 4a: On September 1, 2019, tariffs of 15% were imposed for products on this list. The 15% tariff in this tranche was cut to 7.5% on February 14, 2020, as part of the phase one deal. There are at least 18 active ingredients on this list, including some big volume products where China has a sizable presence, including but not limited to 2,4-D, Atrazine, Bromoxynil, Dicamba, and Metribuzin.
- Tranche 4b: On December 15, 2019, tariffs of 15% were scheduled to kick-in. These tariffs were held in abeyance because of the agreement on a phase one deal. There

are at least 11 active ingredients on this list, including some of the biggest herbicides imported from China, including Chlorothalonil, Glufosinate, Glyphosate (acid and 62%), Oxyfluorfen, and PMIDA.

Once again, if you are in process of importing materials for inventory, unless they are due to be processed or sold onward shortly after they arrive, you should consider placing such 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:

- **U.S. – EU:** No update.
- **U.S. – UK Free Trade Agreement:** Clearly, the UK wants to complete the Free Trade Agreement negotiations that were started under the previous administration. The election of Liz Truss to replace Boris Johnson will have an impact. It has been stated that she expects to visit with President Biden, sooner rather than later. Clearly, since the UK is scheduled to have new elections in less than 2 years, she needs to “hit the ground running”! Additionally, a visit by some high-level officials from the U.S. to the UK suggested that they may be considering restarting these talks. It is unlikely that the U.S. would offer the U.K. any market access considerations if they do re-engage. Such discussions would likely be limited to an agenda similar to the “IPEF”.
- **India:** Recent bi-lateral discussions suggested that the U.S. India relationship may be “on the mend”. However, it remains unlikely that the U.S./India relationship will improve in the short term to the point where renewing India’s participation in the GSP program could be entertained. This could change quickly if India appears to be cooperating with the “IPEF” agenda and more importantly supporting the “western” position vis-a-via Russia.
- **US – Kenya Free Trade Agreement:** Kenya has been offered a deal similar to the IPEF agenda – again – no market access. It will be interesting to see how these talks progress. If successful, these discussions would likely lead to an attempt to promote this agenda throughout the rest of Africa.

General observation: Imports continue to arrive at a blistering pace. Please see additional details below in the notes section under “the Index”.

Notes:

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

Below, please find value information for the month of July as well as totals for the first seven of each year.

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

July 2022 details are as follows (000):

	7/2019	7/2020	7/2021	7/2022
3808.91 – insecticides	\$21,416	\$22,333	\$30,515	\$34,267
3808.92 – fungicides	\$19,619	\$24,164	\$41,696	\$44,355
3808.93 – herbicides	\$14,307	\$13,444	\$34,297	\$39,572

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

	2019	2020	2021	2022
3808.91 – insecticides	\$217,432	\$201,567	\$267,304	\$305,813
3808.92 – fungicides	\$192,963	\$274,442	\$459,629	\$538,437
3808.93 – herbicides	\$304,994	\$297,668	\$292,010	\$554,986

- Detailed reports, including our best efforts to determine values are available for most if not all of the materials included in this report. (If we don't already have them, they surely can be created!)

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

Very truly yours,

Jim

V.M. (Jim) DeLisi

VMJD: me