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September AgChem Notes

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

Key predictions for future U.S. Trade Policy, revised:

- A Harris Administration will double down on the Biden Administrations trade policy agenda, with a likely larger focus on climate change, labor and environment. It is a sure bet that she will not seek traditional market opening free trade agreements.
  - She will continue to promote economic policies of the current administration that are not friendly to business, especially in the areas of tax and regulation, likely with the goal of making the tax structure much more progressive.
- A Trump Administration would likely work to complete the traditional format free trade agreements that were just about done as he left office for the UK, Japan and Kenya. He might also look for other FTA opportunities, and likely try to negotiate a "phase two" deal with China. Any such deals will likely include revised rules of origin, especially as they relate to the auto industry. He will downplay global warming concerns, which will be problematic for many western countries.
  - He will continue to promote economic policies of his past administration that are friendly to business, especially in the areas of tax and regulation.
- In either event, "tough on China" will likely continue, as will the "301 China tariffs". The only way that these levies could be modified is for the U.S. and China to hammer out a robust "Phases II" agreement.

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	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	2,920 MT	4,018 MT	10,661 MT	4,000 MT	4,700 MT	8,600 MT	4,298 MT

Total	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.

The chart detailing imports of formulated products found at the end of this letter would confirm that this is not a good year for the crop protection industry in all three categories.

Next month, we will be able to update our key ingredients spreadsheet with 3rd Q figures which should prove to be enlightening.

2,4-D Dumping Case:

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

The US Department of Commerce has re-scheduled the date to announce preliminary Countervailing duty margins to on or about September 3, 2024. They may have let a deadline pass to claim "critical circumstances", so there may not be a 90-day look back period for these pending levies. The following are the CVD rates, which are lower than anticipated:

- India
  - Atul: 5.29%
  - Meghmani: 3.28%
  - All others: 4.13%
- China
  - Jiangxi Tianyu (CAC): 27.68%
  - Rainbow: 3.1%
  - All others: 27.34%

It is important to note that the final margins might be higher or lower, but in the interim period these levies need to be paid.

They were supposed to post a determination on preliminary dumping margins on or about September 10, 2024. This has now been delayed until November 6, 2024. Any levies posted on or about this date will be in addition to the above.

It remains the fact that once the preliminary 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. Please ask for a list.

<u>GSP:</u> 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 pass in a "lame-duck" session shortly thereafter.

<u>MTB</u>: 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 it day effectively help make this issue a priority for 2025.

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

<u>USMCA – Mexico</u>: Relationships with Mexico are fraying as we near the transition to their new President because of changes pending in Parliament now that they have a "super majority". These changes could have a significant impact on the U.S./Mexico trading agreement since the entire agreement needs to be "renewed" in July of 2026 – two short years from now. Such review will be conducted by the new administration. The outcome of such review will be impacted greatly by this upcoming election.

<u>Notes</u>:

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

Below, please find value information for the month of July 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.

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

	7/2021	7/2022	7/2023	7/2024
3808.91 – insecticides	$30,515	$34,267	$26,451	$40,371
3808.92 – fungicides	$41,696	$44,345	$42,444	$30,621
3808.93 – herbicides	$34,297	$39,571	$33,411	$26,146

First 7 month totals for the period (000) are shown below:

	2021	2022	2023	2024

3808.91 – insecticides	$267,304	$305,813	$280,511	$280,058
3808.92 – fungicides	$459,629	$538,447	$541,772	$387,850
3808.93 – herbicides	$292,010	$554,986	$438,175	$275,054

- 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