



## FANWOOD CHEMICAL, INC.

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### May Agrochemical Notes

Please join us at the following upcoming trade shows/conferences where we will be making presentations on issues impacting trade in agrochemicals:

- Specialty and Agrochemicals America
  - Savannah, GA: June 19 – 22
- Agribusiness Global Trade Summit
  - Fort Lauderdale/Miami, FL: August 9-10

I participated in the CPDA (Council of Producers and Distributors of Agrotechnology) trade show in Louisville, KY from May 1 – 3, 2023. Terry Kippley and his crew did an outstanding job!

A couple of key take-aways:

- The agrochemical supply chain in the U.S. is “stuffed” with inventory. This situation appears to include everything from AI’s ready to be formulated, to formulated products ready to be shipped into the distribution system, to the “retail’ outlets, and in farmers on site warehouses. It would appear that there will be very little need for new purchases of any significance for any pesticides for the balance of this year.
- No one is willing to consider what the impact on farmers will be if the Biden Administration succeeds in its efforts to largely electrify the transportation sector by 2032, and then add further restrictions for 2035. Secretary Granholm has even suggested that there will be a significant push to electrify military vehicles by 2030! It is well known that at least 40% of the U.S. corn crop is consumed to make Ethanol, and a significant percentage (50%?) of U.S. soybeans likely are being used to make bio-diesel. Therefore, if the Administration get’s its way, there has to be a significant impact on farmers that will also significantly impact the agrochemical industry. I intend to introduce a few slides on this topic during my presentation in Savannah in June and I pressed Eric Davis to try to scope out this issue in real detail in Miami in August. It is important to consider that if the President is re-elected in November of 2024, his Administration will be in office through the end of 2028. At that point, it would be impossible to reverse these policies.
- Food security, and the U.S. dependence on China for a large percentage of our needs for agrochemicals and intermediates was also discussed. Brett Sciotto of AimpointResearch discussed the fact that there is no national strategy for food security. David Li’s presentation on current happenings in China was outstanding. It would suggest that

there will be more capital investment in plant and equipment dedicated to agrochemicals in China this year than occurred in the rest of the world combined over the last 5 years!

- My presentation, copy attached, focused on the tables and other details presented in our recent letters dedicated to import patterns and the impact of the 301 tariffs. An article that we wrote on this subject is in the May edition of Agribusiness Global. The key takeaway from my presentation was that everyone in our industry must be focused on protecting the ability of farmers and ranchers to safely use Glyphosate and Dicamba. Without these two molecules, it would not be possible to kill weeds in the U.S. with a U.S. produced, backward integrated herbicide.
- One presenter noted that “politics” is likely a bigger threat to the future of our industry than “policy”!

CPDA 2024 will be held April 29 – Mat 1, 2024 in Tucson, Arizona. CPDA’s annual meeting will be held in conjunction with CropLife America September 12 – 14, 2023 in Nashville.

**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		11,592 MT	8,972 MT	6,749 MT	3,495 MT	6,333 MT
May		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	46,938 MT	125,103 MT	76,547 MT	71,971 MT	57,511 MT	85,270 MT

Despite a very strong showing in January, the slowdown in import volumes, year on year, noted in September, will be hard to overcome. April 2023 appears to represent the lowest level of imports ever recorded in this chart. At this rate, total imports for the year will be +/- 70,000 MT, less than 60% of what they were last year.

### **News:**

There is not much new to report this month, except for the fact that the Syngenta IPO has been delayed or may be cancelled. There was apparently an ill-defined issue that arose when they applied for the IPO on the Shanghai Stock Exchange. More news when we have it!

In addition, as we reported last month, Ambassador Tai testified before the committees of jurisdiction in both the House and Senate. She was roundly criticized for not seeking new free trade agreements. Jake Sullivan made similar proclamations. Many experienced individuals believe that this Administration's refusal to consider such market opening agreements will leave the U.S. behind, especially as China aggressively works to achieve free trade agreements, most recently with Brazil. There does not appear to be any chance that the Administration will change their approach. There are now at least 3 countries pressing the U.S. to go much further than the IPEF agenda and pursue a full-fledged free trade agreement: UK, Philippines, and Taiwan. When directly pressed on this subject in the Philippines, her reply was "no-thankyou".

It is important to 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. Upon request, we can easily supply a copy of these provisions.

Efforts by USTR and the U.S. Department of Commerce continue concerning the IPEF discussions, Taiwan "IPEF like discussions", "Trade and Technology Council" with the EU, Kenya, and various issues related to the Americas and most importantly critical minerals.

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 news from USTR concerning the China 301 surtax review.

There is a new push in the U.S. Senate to address competition issues with China. It will likely include trade provisions and a focus on limiting U.S. investment in China. In addition, both the House and Senate have passed bills overriding the Biden Administration's delay in imposing dumping duties on solar panels that are imported from several Asian countries that appear to have been trans-shipped from China. This is further evidence that it is highly unlikely that the USTR review of the 301 tariffs will result in any changes.

**General observation:** Overall imports continue to thrive. Please see additional details below in the notes section under "the Index".

**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 March is attached.

Below, please find value information for the month of March as well as totals for the first three 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.

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

	3/2020	3/2021	3/2022	3/2023
3808.91 – insecticides	\$33,859	\$59,832	\$43,187	\$46,478
3808.92 – fungicides	\$52,225	\$71,180	\$80,919	\$88,104
3808.93 – herbicides	\$67,094	\$65,538	\$105,119	\$89,540

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

	2020	2021	2022	2023
3808.91 – insecticides	\$101,309	\$123,151	\$121,996	\$164,277
3808.92 – fungicides	\$133,129	\$161,843	\$229,959	\$248,206
3808.93 – herbicides	\$166,170	\$155,170	\$272,396	\$291,674

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

Very truly yours,

*Jim*

V.M. (Jim) DeLisi

VMJD: me