



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

February 14, 2025

February AgChem Notes

New Entries:

- ADAMA imported 13 MT of a herbicide known as Mainline® from Colombia. It is said to be a combination of Imazapic and Flumioxazin.
- UPL imported 13 MT of a fungicide known as Rancona Trio® from Argentina. It is said to be a combination of Carboxin, Ipconazole, and Metalaxyl.

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	18,452 MT	16,155 MT	10,704 MT	8,908 MT	5,660 MT	8,950 MT	6,100 MT	6,081 MT
December	12,248 MT	11,945 MT	4,358 MT	7,006 MT	5,200 MT	3,800 MT	8,900 MT	7,477 MT
November	10,001 MT	10,965 MT	8,521 MT	9,809 MT	4,700 MT	8,000 MT	6,000 MT	5,900 MT
October	9,693 MT	2,944 MT	4,713 MT	9,417 MT	3,200 MT	8,000 MT	8,100 MT	3,800 MT
September	8,023 MT	2,920 MT	4,018 MT	10,661 MT	4,000 MT	4,700 MT	8,600 MT	4,298 MT
Total	58,417 MT	102,571 MT	51,893 MT	125,103 MT	76,547 MT	71,971 MT	57,511 MT	85,270 MT

23/24 “crop year” imports were very high, especially compared to the average of the previous 6 years. The new year is starting off at an even stronger pace, and even stronger than the “bubble year of 21-22. It’s hard to believe that all of this material is being sold to customers. It is likely that much of it is in inventory timed to arrive before any new tariffs could be imposed.

In general, AI imports for many products were very high in the 4th Q, and now into January, as companies anticipated higher tariffs in 2025. This implies that there may be a significant amount of inventory in the channel.

“The Index”, which is also attached, also shows big increases over previous months in all three categories of formulated products likely for the same reasons.

Therefore, 2025 looks like it might be a very difficult year for trade with China (and everywhere else) for Agrochemicals. Farmers had a difficult 2024, and likely will be looking to cut costs in any way possible in 2025.

President Elect Donald Trump – Impact on Agrochemicals and China Trade

We're delighted to report that another article we authored has been published by Agribusiness Global. It can be found at the below address:

<https://www.agribusinessglobal.com/special-sections/the-u-s-china-trade-relationship/>

For the last several months, We have been predicting that President Trump would be measured in his actions, especially until he had his full team in place. At this time, he still does not have a Commerce Secretary or a U.S. Trade Representative. Yet, he continues to take decisive actions, many of which are in direct violation of our agreement with the WTO. However, since the Biden Administration did not re-constitute the appellate division of the WTO, there is nothing that this organization can do to “hurt” the U.S. and his efforts.

Across the board 10% tariffs are now in effect for China. We never believed that he would impose across the board tariffs because of the impact that such levies will have on the cost of Pharmaceuticals and the Federal budget. These levies would be added on top of both the base tariff rates as well as any surtax that is collected on the product. China has retaliated with tariffs against U.S. goods. President Trump has stated that he will increase the tariffs further under this scenario.

In the case of Mexico and Canada, discussions occurred very quickly with their leadership and the levies were postponed for at least 30 days.

In the case of China, despite the fact that China appeared willing to negotiate, President Trump stated that he was in no hurry to talk, so it remains to be seen when and if there will be a negotiated settlement.

This week he declared 25% tariffs on all steel and aluminum imports.

He is also expected to seek reciprocity in tariffs. This may include “counting” value added taxes as tariffs. If he takes this step, it will be especially painful for India since it has very high external tariffs. It will also be very painful for the EU. While the EU has fairly low tariff rates in most sectors, it has a high VAT rate, as well as a regulatory system that effectively bans the importation of many products.

President Trump has also signaled that he might be interested in pursuing sectoral tariffs, most pointedly for cars and pharmaceuticals. While we were not surprised to see automobiles on the hit list, we remain very surprised about potential aggressive action on pharmaceuticals because of the obvious effect on the cost of living as well as the solvency of Medicare, Medicaid and the Veterans Administration.

We've had numerous calls from individuals that believe that agrochemicals are or should be exempt from these efforts. It is highly unlikely that this would even be considered. Agrochemical will likely continue to be considered as “Chemicals” since all of the previous actions and all of the recent discussions have been based on 8 digit harmonized tariff codes. If “sectoral” discussions proceed, and a Chemical sectoral is created, Agrochemicals will be in this basket as it likely will include all of HTS chapters 28, 29, 32, 33, 34, 35, 36, 37, 38, and likely 39.

We need to take this opportunity to remind all of our readers that the formulation of an agrochemical is not a substantial transformation under U.S. Customs definitions. Therefore, if you import a product into the U.S. from a third country that contains a Chinese active ingredient, for labeling purposes that material is likely properly classified as to where it was formulated, **but for tariff purposes, that product is likely still Chinese and therefore subject to the 25% surtax, now plus 10%! When in doubt, you are urged to seek a binding customs ruling.**

As a long-term participant/observer of the U.S. trade policy agenda, it is very difficult to predict (or understand) his actions, especially since his lieutenants have not yet been confirmed.

2,4-D Dumping Case:

There clearly is a lot going on at both Commerce and USITC, but most of it is confidential. Therefore, please see last month's letter for the current state of affairs. We expect that there will be plenty to report in our next monthly update letter.

MTB & GSP: no news

USMCA:

- No update on when discussions will start in earnest for the renewal of the agreement. Deadline remains July 1, 2026
- Mexico agreed to abide by the arbitration panel's decision and delete the impending ban on the importation of GMO corn. This is a big victory for sound science!

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 December 2024 is attached.

Below, please find value information for the month of December as well as totals for the full calendar years 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.

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

	12/2021	12/2022	12/2023	12/2024
3808.91 – insecticides	\$35,746	\$48,706	\$46,051	\$46,371
3808.92 – fungicides	\$62,366	\$80,902	\$59,649	\$79,901
3808.93 – herbicides	\$59,501	\$128,009	\$38,787	\$59,849

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

	2021	2022	2023	2024
3808.91 – insecticides	\$428,038	\$498,399	\$440,288	\$480,265
3808.92 – fungicides	\$677,835	\$833,876	\$729,082	\$676,455
3808.93 – herbicides	\$543,863	\$944,602	\$644,522	\$530,934

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

Very truly yours,

Jim

V.M. (Jim) DeLisi

VMJD: me