



## FANWOOD CHEMICAL, INC.

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### March Agro Chemical Notes

**New Entries:** NONE

**Comment:** In a “normal” month, we add between 850 and 1,050 lines to our big report that seeks to provide limited details on every biologically active agrochemical import into the U.S. This month, we added over 1,600 lines – perhaps our biggest month ever!

**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  | 10,224 MT | 9,831 MT   | 4,177 MT  | 11,768 MT  | 2,311 MT  | 1,636 MT  | 3,235 MT  | 8,601 MT  |
| January   | 18,556 MT | 16,155 MT  | 10,704 MT | 8,908 MT   | 5,660 MT  | 8,950 MT  | 6,100 MT  | 6,081 MT  |
| December  | 12,345 MT | 11,945 MT  | 4,358 MT  | 7,006 MT   | 5,200 MT  | 3,800 MT  | 8,900 MT  | 7,477 MT  |
| November  | 10,070 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     | 68,911 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. 24/25 is running at an even stronger pace, and even stronger than the “bubble year of 21/22. We’ve heard that much of it is in inventory. Perhaps it was timed to arrive before any new tariffs could be imposed. We will see!

“The Index”, which is also attached, also shows big increases in quantities 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 Donald Trump – Impact on Agrochemicals and China Trade**

While we had been predicting that President Trump would be measured in his actions, especially until he had his full team in place, that has proven to be an incorrect assumption. At this time, while he has a Commerce Secretary and a U.S. Trade Representative, the next two levels of their

organizations, where the work gets done are still vacant. Yet, he continues to take decisive actions, many of which are in direct violation of our agreement with the WTO and now USMCA.

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.

There is now talk of potentially exiting the WTO. The President cannot take this step unilaterally. It would require an act of Congress, which we suspect he would surely endorse.

Below, please find a table showing the full tariff rate on imports of selected active ingredients from China as of March 10, 2025.

| Key Herbicide imports in MT AI basis   |               |                   |                 |               |                   |             |
|--|---------------|-------------------|-----------------|---------------|-------------------|-------------|
| China                                  | Base          |                   | U.S. Production | HTS           | Additional        | China total |
| Surtax                                 | Tariff        | product           | 2022            | Numbers       | China Mar 4, 2025 | Tariff      |
| 7.50%                                  | 6.5%          | 2,4 D             | yes - 1         | 2918.99.20.10 | 20%               | 34.00%      |
| 7.50%                                  | 3.5%          | Atrazine          | no              | 2933.69.60.21 | 20%               | 31.00%      |
| 25%                                    | 6.5%          | Clethodim         | no              | 2930.90.10.00 | 20%               | 51.50%      |
| None                                   | 6.5%          | Clomazone         | no              | 2934.99.15.00 | 20%               | 26.50%      |
| 7.50%                                  | 6.5%          | Dicamba           | yes - 2         | 2918.99.20.50 | 20%               | 34.00%      |
| None                                   | 3.7%          | Ethephon          | no              | 2931.59.00.80 | 20%               | 23.70%      |
| None                                   | 3.7%          | Glufosinate       | no - 3          | 2931.49.00.10 | 20%               | 23.70%      |
| None                                   | 3.7%          | Glyphosate        | yes - 1         | 2931.49.00.20 | 20%               | 23.70%      |
| 25%                                    | 6.5%          | Mesotrione        | no              | 2930.90.10.00 | 20%               | 51.50%      |
| 7.50%                                  | 3.5%          | Metribuzin        | no              | 2933.69.60.21 | 20%               | 31.00%      |
| None                                   | 6.5%          | Paraquat          | no              | 2933.39.23.00 | 20%               | 26.50%      |
| 25%                                    | 6.5%          | Pendimethalin     | no              | 2921.49.50.00 | 20%               | 51.50%      |
| None                                   | 6.5%          | Pyroxasulfone     | no              | 2934.99.90.01 | 20%               | 26.50%      |
| 25%                                    | 6.5%          | S-Moc             | no              | 2924.29.47.00 | 20%               | 51.50%      |
| None                                   | 6.5%          | Sulfentrazone     | no              | 2935.90.75.00 | 20%               | 26.50%      |
| 25%                                    | 6.5%          | Trifluralin       | no              | 2921.43.15.00 | 20%               | 51.50%      |
| Key Insecticide imports in MT AI basis |               |                   |                 |               |                   |             |
| None                                   | Free - K list | Abamectin         | no              | 2932.20.50.50 | 20%               | 20.00%      |
| 25%                                    | 6.5%          | Acephate          | no              | 2930.90.43.95 | 20%               | 51.50%      |
| 25%                                    | 3.7%          | Bifenthrin        | no              | 2916.20.50.00 | 20%               | 48.70%      |
| None                                   | 6.5%          | Imidacloprid      | no              | 2933.39.27.00 | 20%               | 26.50%      |
| 25%                                    | free          | Lambda Cyhalothr  | no              | 2926.90.16.00 | 20%               | 45.00%      |
| 25%                                    | 6.5%          | Oxamyl            | no              | 2930.90.43.95 | 20%               | 51.50%      |
| 25%                                    | Free - K list | Permethrin        | no              | 2916.20.50.00 | 20%               | 45.00%      |
| Key Fungicide imports in MT AI basis   |               |                   |                 |               |                   |             |
| None                                   | 6.5%          | Azoxystrobin *    | no              | 2933.59.15.00 | 20%               | 26.50%      |
| 25%                                    | 6.5%          | Captan            | no              | 2930.90.43.95 | 20%               | 51.50%      |
| None                                   | 6.5%          | Chlorothalonil    | no              | 2926.90.21.00 | 20%               | 26.50%      |
| 25%                                    | 1.4%          | Copper Sulfate    | no              | 2833.25.00.00 | 20%               | 46.40%      |
| 25%                                    | free          | Mancozeb          | no              | 3808.92.24.00 | 20%               | 45.00%      |
| 25%                                    | 5.0%          | Micronized Sulfur | no              | 3808.92.50.80 | 20%               | 50.00%      |
| None                                   | 6.5%          | Propiconazole     | no              | 2934.99.12.00 | 20%               | 26.00%      |
| None                                   | 6.5%          | Tebuconazole      | yes - 4         | 2933.99.22.00 | 20%               | 26.00%      |

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 20%! When in doubt, you are urged to seek a binding customs ruling.**

It needs to be noted, except in instances where there are dumping margins, in countries where the U.S. has an existing free trade agreement, that agreement defines what is a substantial transformation.

The “all in” tariff rate on formulated agrochemicals from China now stands at 51.5% for Aromatic or Modified Aromatic products and 50% for non-Aromatic materials.

Canada: The U.S. has again suspended for 30 days the collection of 25% tariffs on all imports from Canada, except those that do not qualify under USMCA (except for energy products at 10%) to try to force them to take further actions to address the Fentanyl crisis. Canada has responded with 25% tariffs on a range of U.S. imports, with a larger list scheduled to kick-in in about 3 weeks, also suspended. This action is a clear-cut violation of USMCA. This level of retaliation has been put on hold. However, on March 12, 2025, they announced that they would collect 25% tariffs on approximately \$20.7 B in US imports over the Steel and Aluminum levies. It does not appear that the list includes any chemicals.

Mexico: The U.S. has again suspended the collection 25% tariffs on all imports from Mexico except those that do not qualify under USMCA for 30-days.

EU: EU announced on Wednesday, 3/12 that they would begin retaliating on April 1, 2025 in retaliation for steel and aluminum levies on about \$28 B in U.S. imports to be followed in mid-April by an additional 25% on about \$19 B line items. At this time, this action does not appear to hit any chemicals but does significantly target agriculture.

Reciprocal tariffs are due to be announced on April 2, 2025 that likely will impact imports from the rest of the world. It is said that these rates will not only offset tariffs, where a trading partner has a higher tariff rate than the U.S., but also seek to offset VAT (Value Added Taxes) as well as technical barriers to trade. In the case of the EU and India, it appears that tariff rates in chapter 29 (AIs) and section 3808 (formulated pesticides) of the HTS are similar to the U.S. Each collects VAT taxes on imports and they both maintain technical barriers. How all of this will be calculated into an already complex tariff schedule is anyone’s guess!

President Trump has announced that he is in advanced negotiations with India that could lead to an arrangement whereby India would reduce tariffs for U.S. imports which are much higher than they are for Chemicals, in an effort to avoid the imposition of significant U.S. tariffs by the Trump Administration.

We’ve attached a paper as a historical reference for those that want such detail. We can easily supply copies of the “phase one agreement with China” as well as the “4-year mandatory review of the 301 tariffs” for further reference. The last paragraph is important: **“In short, anybody that claims to know what will happen next is lying to themselves and to anyone that listens to them! We are in completely uncharted waters. No other President has used tariffs in this way for the last 100 years.”**

**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 months letter for the current state of affairs. We expect that there will be plenty to report in our next monthly update letter. We note that Commerce has again granted an extension of rebuttal briefs, this time until March 11, 2025.

**MTB & GSP:** No news but it is likely that both of these programs are dead for 2025 and maybe for ever!

**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 January 2025 is attached.

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

January 2025 details, as well as the previous 3 years are as follows (000):

|                        | 1/2022   | 1/2023    | 1/2024   | 1/2025   |
|------------------------|----------|-----------|----------|----------|
| 3808.91 – insecticides | \$38,546 | \$61,638  | \$40,709 | \$34,094 |
| 3808.92 – fungicides   | \$76,432 | \$72,691  | \$52,171 | \$81,665 |
| 3808.93 – herbicides   | \$79,242 | \$113,412 | \$46,172 | \$75,464 |

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