

Effects of the Sino-US Trade War on Chinese Pesticides Industry 2020

**The Third Edition
August 2020**

Researched & Prepared by:

Kcomber Inc.

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1. Introduction

Trade frictions between China and the US have been frequently seen since Jan. 2018. The Sino-US trade war started on 6 July, 2018 and the disputes have been escalating. The US imposed extra tariff on products imported from China. As a countermeasure, China imposed tariffs on US commodities. Affected by the extra tariffs, China's imports of agricultural products from the US witnessed a decrease in 2018. Besides, From Jan. to Nov. 2019, China's export value to the US fell, so did the import value from the US, and total trade with the US downed.

On 14 Dec., 2020, China and the US agreed on the text of phase-one trade deal (officially signed on 15 Jan. 2020). Importantly, the agreement suggests the establishment of a dispute resolution system that ensures prompt and effective implementation and enforcement. With this, the US has agreed to modify tariffs in a significant way.

This is CCM's third edition report on the review of the Sino-US tariff war on Chinese Pesticides Industry since 2018, which attaches importance to the following parts:

- ✓ Overview of Sino-US trade war
- ✓ Main products affected for export in the trade war
- ✓ Influences on crops and demand for pesticides by the trade war
- ✓ Challenges and measures amid Sino-US trade war
- ✓ Development of Sino-trade war in 2020 and possible trend

2. Approach for this report

The report is based on data sourced by diverse methods, as follows:

- Desk research

The sources of desk research are various, including published magazines, journals, government statistics, industrial statistics, association seminars as well as information from the Internet. A lot of work has gone into the compilation and analysis of the obtained information.

- Data processing and presentation

The data collected and compiled were sourced from:

- Published articles from Chinese periodicals, magazines, journals, and the third-party databases
- Government statistics & customs statistics
- Comments from industrial experts
- CCM's innovative database
- Professional databases from other sources
- Information from the internet

- Telephone investigation

The interviewees included the following groups:

- Key producers
- Key end users
- Key traders
- Material suppliers
- Associations involved
- Industry experts

The data from various sources have been combined and cross-checked to make this report as precise and scientific as possible. Throughout the process, a series of internal discussions were held in order to analyse the data and draw the conclusions.

3. Executive Summary

The Sino-US trade war started on 6 July, 20XX and since then it has been escalating. With extra tariffs levied, China's imports of agricultural products from the US fell to USDXXX billion in 20XX, a YoY decrease of XXX%. From Jan. to Nov. 20XX, China's export value to the US fell XXX% YoY and the import value from the US fell XXX% YoY.

Affected by the Sino-US trade war, export volume of domestic pesticide has experienced large fluctuations. Take three major pesticides exported to the US from China as examples: glufosinate-ammonium, imidacloprid and azoxystrobin. Compared with previous records, the export volume of glufosinate-ammonium has declined, the export volume of imidacloprid to the US has witnessed consecutive drops, and azoxystrobin export volume to the US met a YoY decline of XXX% in 2019.

Extra tariffs on bulk agricultural products from the US are China's major countermeasure against the US's provocation. Related agricultural products include soybean, cotton, corn, sorghum, wheat, etc. For soybean, planting area expansion is expected in China, considering the gap between supply and demand. Such expansions, plus agricultural structure reform, will benefit domestic pesticide businesses, especially for producers of herbicides on soybean. However, it should also be noticed that in 20XX, China's export volume of dicamba (100% AI), typical herbicide on soybean, to the US dropped by more than XXX% YoY. Therefore, Chinese pesticide enterprises should take measures to minimise damage caused by the trade friction and find substitutes for US customers.

China and the US signed a phase-one trade agreement in Jan. 20XX, which has been gradually implemented. The much awaited second-stage economic and trade consultation has yet to come.

4. What's in this report?

Note: Key data/information in this sample page is hidden, while in the report it is not.

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1 Overview of Sino-US trade war

1.1 Briefing of the trade war

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Figure 1.1-1 Briefing of the trade war, 2018–2019



Source: CCM & China Customs

1.2 Timeline of the Sino-US trade war

July 2018:

✓ **July 6, the US implemented first China-specific tariffs and China responded with retaliatory measures**

- The US Customs and Border Protection (CBP) began collecting a 25% tariff on 818 imported Chinese products (List 1) valued at USD34 billion—giving effect to the first round of tariffs. Meanwhile, the second round of tariffs discussed in List 2 was under review, which proposed implementing a 25% tariff on 284 Chinese products (worth USD16 billion).

- China took retaliatory measures by imposing a 25% tariff on 545 goods originating from the US (worth USD34 billion), including agricultural products, automobiles and aquatic products.

✓ **July 10, the US released second batch tariff list**

- The United States Trade Representative (USTR), released a third list of tariffs (List 3) of over 6,000 commodities originating in China (worth USD200 billion), which would be subject to a 10% tariff.

August 2018:

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2 Main products affected for export in the trade war

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2.2 Major pesticides exported to the US from China

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2.2.1 Glufosinate-ammonium

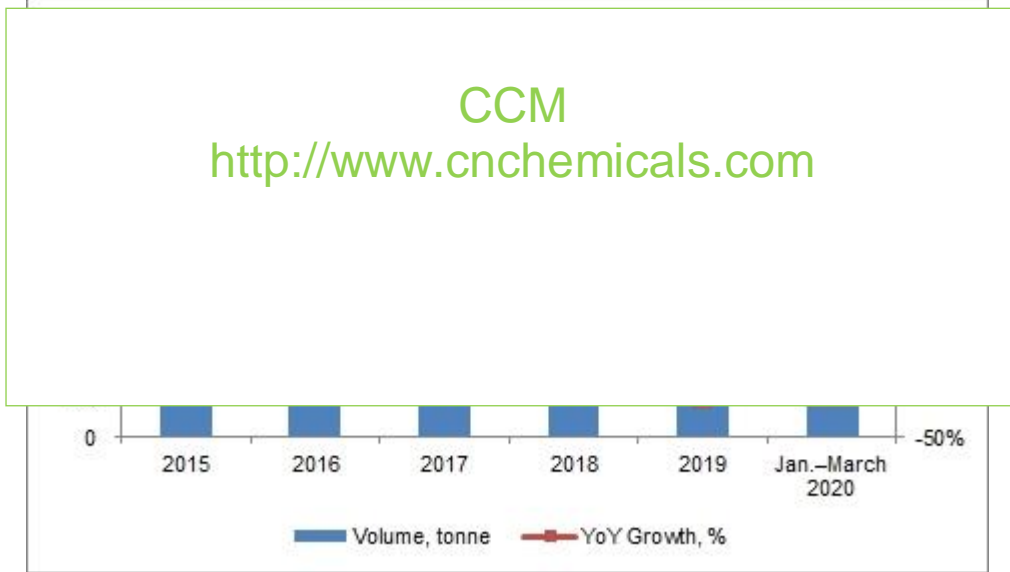
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Figure 2.2.1-1 China's top 10 glufosinate-ammonium export destinations, 2019



Source: CCM & China Customs

Figure 2.2.1-2 China's export volume of glufosinate-ammonium to the US, 2015–March 2020



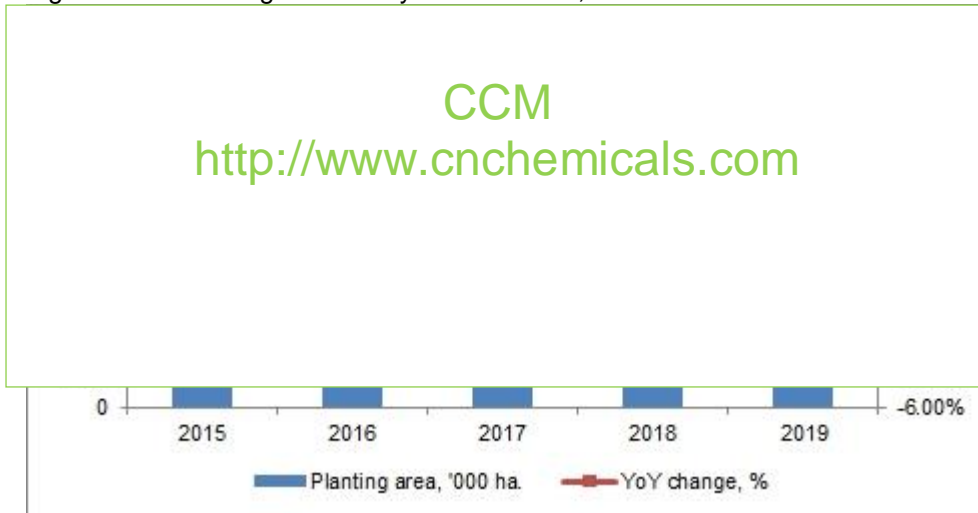
Note: Converted to 100% AI.
Source: CCM & China Customs

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3 Influences on crops and demand for pesticides by the trade war

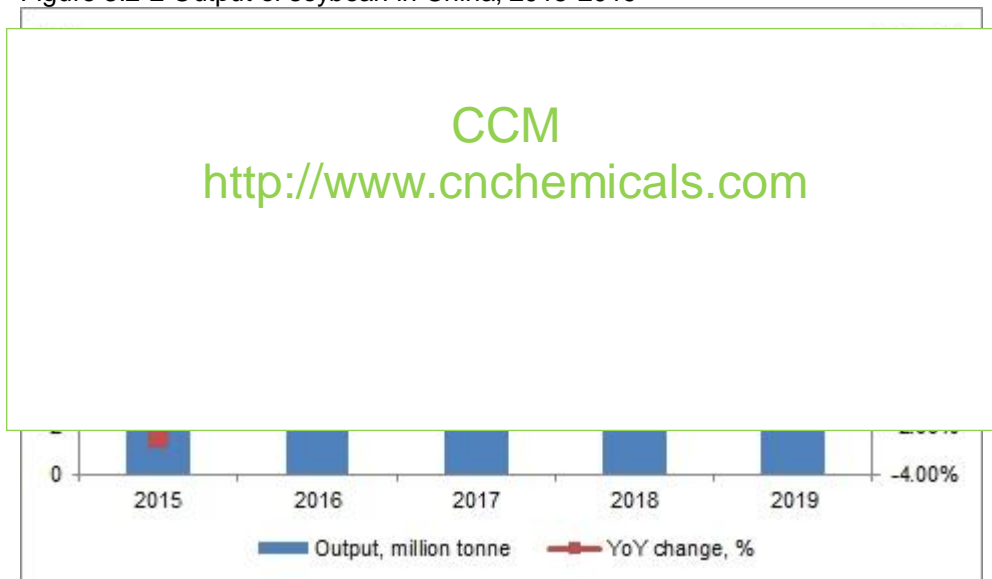
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Figure 3.2-1 Planting area of soybean in China, 2015-2019



Source: CCM & National Bureau of Statistics

Figure 3.2-2 Output of soybean in China, 2015-2019



Source: CCM & National Bureau of Statistics

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If you want more information, please feel free to contact us

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