



Herbicides China News

Vol.4 Issue 12 2011

Publication date: 15 Dec. 2011





Contents

■ Company Dynamics	1
Jiangsu Lanfeng favored in weak stock market.....	1
Huaxing Chemical oppugned	2
Shenyang Sciencreat clarified confusion about new constructions	3
Jiangsu Huifeng pushes overseas business	4
Vertellus launches 10,000t/a 3-cyanopyridine production	5
■ Market Analysis.....	6
Only two bifenox registrations in China	6
■ Supply & Demand	7
Thaihot Group: Pesticide production to fluorinated-chemicals business.....	7
Fengshan Group runs trifluralin trial production	8
Acetochlor supply shortage alleviates in Nov.	9
Lier Chemical's glufosinate-ammonium construction always late	10
■ Special Reports.....	11
Fire pushes relocation in Shandong Zhongshi	11
Tianrong group to meet new stage of relocation	11
Hubei Huida runs plant relocation	12
■ Price Monitoring	13
Monthly market prices of main crops in China, Dec. 20	13
Monthly ex-factory prices of key raw materials, Dec. 2011	13
Monthly Shanghai port prices and FOB Shanghai of main herbicides, Dec. 2011	14
Monthly ex-factory prices of main herbicides, Dec. 2011.....	14
■ Pricing.....	15
Review of five popular herbicide prices in 2011.....	15
Glyphosate price in the first eleven months.....	16
■ News in brief	17
China upregulates electricity price.....	17
Nantong Jiangshan runs 20,000t/a amide herbicide production	17
Thaihot Group pushes organofluorine project	17
Hebei Veyong aims at coal industry.....	17
Jiangsu Changqing (Nantong) purchases land.....	17
Noposion vouches for Jiangsu Changlong.....	17



ValoTracer®
Dynamic Database
Finding unlimited
ValoTracer Database in
Agriculture:

- >> Glyphosate Industry Database
- >> Pyridine Pesticides Industry Database
- >> Triazole Fungicides Industry Database

CCM Ready Market Reports:

- >> [Survey of Rice Insecticides in China](#)
- >> [Seed Treatment for Vegetable Seed in China](#)
- >> [Company Profiles of Ten Chinese Agrochemical Manufacturers](#)
- >> [Acephate Survey in China](#)
- >> [Production and Market of Azoxystrobin in China](#)
- >> [Production and market of Dichlorvos in China](#)
- >> [Survey of Mancozeb in China](#)
- >> [Pyrethroids Survey in China](#)
- >> [Production and Market of Paraquat in China](#)
- >> [Merger and Acquisition Research in Pesticide Industry](#)
- >> [Global Commercial Opportunities Derived from Glyphosate Industry](#)
- >> [Company Profiles of Thirty Major Chinese Agrochemical Manufacturers](#)

>> [Survey of Triazole Fungicides in China](#)

CCM newsletters related to Herbicides:

- >> [Crop Protection China News](#)
- >> [Insecticides China News](#)
- >> [Fungicides China News](#)
- >> [Glyphosate China Monthly Report](#)
- >> [China Agriculture Investment Bimonthly Report](#)
- >> [Seed China News](#)

CCM trade analysis related to Herbicides:

- Glyphosate
- Paraquat
- Dicamba
- Clomazone
- Fluroxpyr
- 2,4 D
-



Interact column

Please [click](#) here to send your comments and topics you are interested in.



i-Future, Invest for Your Future
Buy Future Data at Current Price in ValoTracer



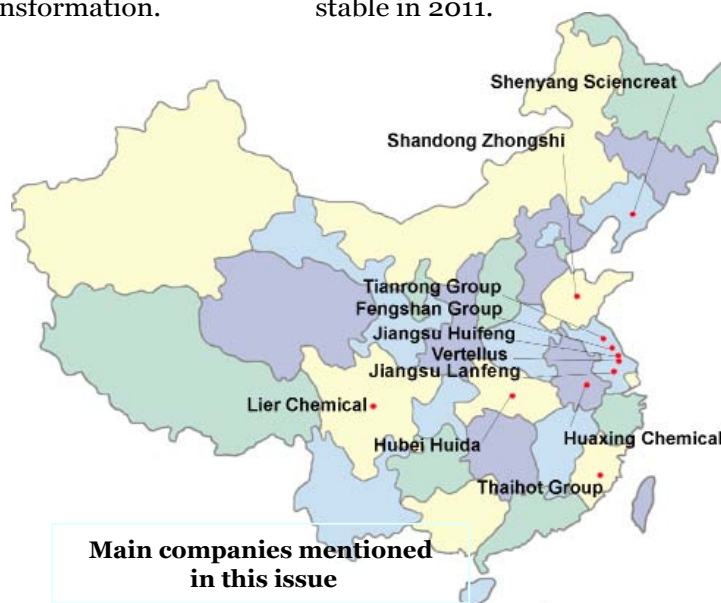
Welcome to Dec. issue of Herbicides China News published by CCM International, a professional consulting company who has been extensively and intently focusing on dynamics of China's herbicide industry.

As the end of 2011 is approaching, the investors in China also behave as seriously as Chinese agrochemical manufacturers, who all rush in the latest month of 2011 so as to achieve a nice annual performance. In the share exchange market, recently, the investors express their favor and blame more aggressively than before. Unfortunately, Huaxing Chemical becomes a spotlight of public's criticism in Dec. 2011 that the investors began to oppugn management and strategy of Huaxing Chemical.

Although Huaxing Chemical is oppugned by the investors and the company blamed cost pressure for its stagnation in 2011, some dark horses like Jiangsu Lanfeng, Noposion, Lianhe Technology and so forth still achieve outstanding performance and gain investors' favor under the same circumstances in the meantime. In order to catch up with these dark horses, other agrochemical companies such as Tianrong Group are in an effort to push their relocations to enhance their competitiveness one by one. No matter how they achieve the relocations, it's confirmed that production in chemical parks has become a trend in Chinese agrochemical industry. Meanwhile, the industrial integration also implies that Chinese enterprises are careful and sensible but more aggressive than before. At last, it shouldn't be neglected the restoring pesticide market in China.

Headlines of Herbicides China News 1112

- Jiangsu Lanfeng is favored by investors in Chinese stock market.
- Huaxing Chemical is oppugned by investors due to the weak performance.
- Shenyang Sciencreat doesn't run any capacity constructions about haloxyfop-R-methyl and diflufenican.
- Jiangsu Huifeng removes capital in two IPO projects for stronger overseas business.
- Vertellus launched 10,000t/a 3-cyanopyridine production unit around early Dec. 2011.
- Bifenox meets a weak situation in production and market in China.
- Thaihot Group establishes an organofluorine project to take place of weak pesticide business.
- Fengshan Group runs trial production of 3,000t/a trifluralin technical which belongs to the first stage of the 5,000t/a trifluralin technical transformation.
- Acetochlor supply shortage in China alleviates in Nov., but the situation still continues.
- Lier Chemical delays the construction of the 600t/a glufosinate-ammonium technical project several times.
- Shandong Zhongshi runs the whole relocation, which initiated immediately after the severe fire accident happened in Dec. 2010.
- Tianrong group's whole relocation will go into the stage of Jiangsu Ruihe and Jiangsu Zhongyi's relocation in a short term.
- Hubei Huida runs plant relocation to meet governmental regulation for safe production.
- Five main herbicides such as glyphosate, paraquat, acetochlor, atrazine and quizalofop-P-ethyl all meet price hike at a slow pace in 2011.
- Glyphosate price keeps relatively stable in 2011.





■ Company Dynamics

Jiangsu Lanfeng favored in weak stock market

Now Jiangsu Lanfeng Biochemical Co., Ltd. (Jiangsu Lanfeng) is being favored by investors in Chinese stock market, thanks to its extraordinary performance in the first three quarters of 2011. Supported by investors' optimism towards Jiangsu Lanfeng's future performance, the company's stock price has kept relatively stable recently. In fact, Jiangsu Lanfeng hasn't met sharp fluctuation in stock price since it got listed on Dec. 6, 2010, though global stock market is not flourishing as expected this year due to the European Debt Crisis.

In the stock price curve of Jiangsu Lanfeng, it's observed that Jiangsu Lanfeng's stock price still floated around the benchmark of USD6.28/share (RMB40/share) without sharp fluctuation before Oct. 1, 2011. Behind this stable state, Jiangsu Lanfeng performed as a dark horse indeed in the first three quarters of 2011. According to the third quarterly report, the company witnessed a year-on-year growth of 27.90% in net profit to USD12.1 million in the first three quarters of 2011.

On the basis of the extraordinary performance in the first half year of 2011, Jiangsu Lanfeng achieved a dividend distribution on Sept. 30, 2011. Thus, the company's stock price nose-dived on the next day, namely Oct. 1, 2011, due to the additional



stock quantity of 59.2 million shares and bonus distribution. After this anticipatory nose-dive, Jiangsu Lanfeng's stock price still keeps stable.

In terms of this dividend distribution on Sept. 30, 2011, it has been mentioned in Jiangsu Lanfeng's relative proposal (issued on Sept. 23, 2011), saying that Jiangsu Lanfeng would distribute 59.2 million additional shares to the company's share holders by consuming capital accumulation fund. In the meantime, Jiangsu Lanfeng's share holders would receive bonus of USD0.047 (RMB0.3) per share.

Now the dividend is over, and Jiangsu Lanfeng finished commercial re-registration on Nov. 9, 2011. In detail, Jiangsu Lanfeng's registered capital revised to USD20.4 million (RMB0.13

billion) from original USD11.63 million (RMB74 million). But investors keep an optimistic attitude towards Jiangsu Lanfeng's performance, as it's predicted that the company will meet a year-on-year growth of about 30% in net profit in the whole 2011.

Being a striking phosgene supplier and agrochemical manufacturer, Jiangsu Lanfeng owns stable income structure as well as complete production chain and has a nice reputation. Now the company is also putting effort into developing new business such as a new 4,000t/a diuron technical project (Herbicides China News 1011: Jiangsu Lanfeng to pursue diuron), though Jiangsu Lanfeng's profit mainly comes from fungicide businesses.

After Jiangsu Lanfeng successfully got listed in late 2010, its brand

FIGURE 1: The trend of Jiangsu Lanfeng's stock price, Dec. 6, 2010 - Nov. 22, 2011



Note: Jiangsu Lanfeng got listed on Dec. 6, 2010.
Source: google.com/finance



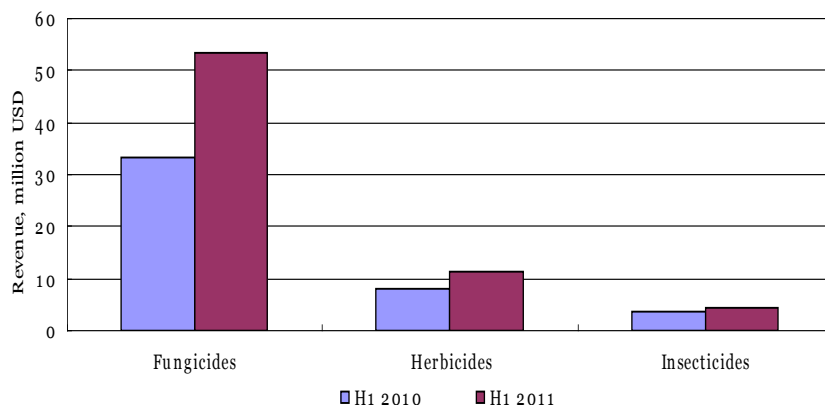
image and reputation have been promoted correspondingly. Under the circumstances, the company's sales value at home and abroad has hit about USD39.42 million and USD53.05 million respectively in H1 2011.

In fact, most product marketing of Jiangsu Lanfeng was oriented towards the overseas market before 2011. For instance, the sales value of its foreign trade was about USD52.96 million in 2010, taking up about 62.98% of the total revenue (about USD143.06 million). However, Jiangsu Lanfeng's sales value (about USD39.42 million) from the domestic market in H1 2011 has increased by 36.13% year on year, taking up 42.63% of the total revenue (about USD92.47 million).

It is therefore not difficult to see that Jiangsu Lanfeng has started to develop its product promotion and sales in the domestic market on the basis of strengthening the foreign business. It is a wise as well as vital strategy to ensure the balanced development of the company's businesses both at home and abroad from now on, which can considerably enhance the ability to resist financial risks and thus improve its overall competitiveness.

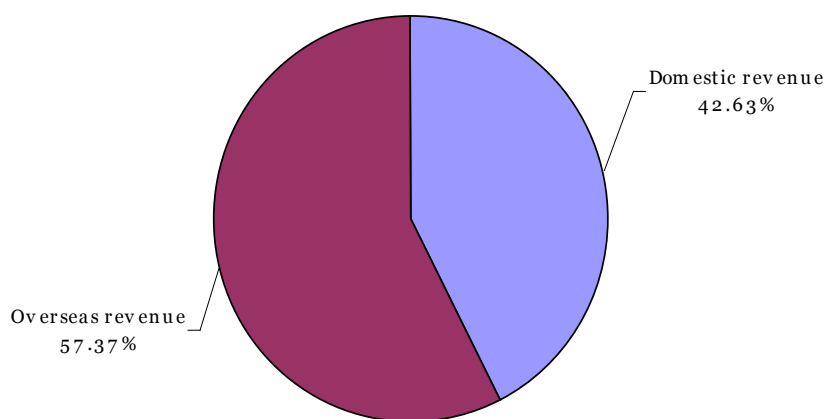
Standing in the limelight, Jiangsu Lanfeng was also recommended by many securities institutions in China. Although it's not sure whether Jiangsu Lanfeng will perform well in 2012 like this year or not, there are great expectations on Jiangsu Lanfeng in Chinese share market.

FIGURE 2: Revenue of Jiangsu Lanfeng's fungicides, herbicides and insecticides, H1 2010 and H1 2011



Source: Jiangsu Lanfeng

FIGURE 3: Structure of Jiangsu Lanfeng's revenue, H1 2011



Source: Jiangsu Lanfeng

Huaxing Chemical oppugned

Triggered by an announcement about subsidiary liquidation issued on Nov. 23, 2011, Anhui Huaxing Chemical Industry Co., Ltd. (Huaxing Chemical) encountered a trouble of being blamed and questioned by investors. In detail, Huaxing Chemical is criticized for acting with unadvisable and mutable strategies. Although the criticism seems subjective to some extent, it's observed that Huaxing Chemical has witnessed constantly weak

performance indeed these years.

Clouded by the shrinkage of company performance in 2009, Huaxing Chemical lost USD20.1 million (RMB127.7 million) in net profit in the whole year of 2010, and witnessed continuously net profit loss of USD4.3 million (RMB27.6 million) in the first three quarters of 2011. As a result, Huaxing Chemical's stock price in the exchange market always appears sluggish and unstable after 2008,

and the global stock market is also impacted by some severe social events such as the European Debt Crisis.

As to the responsibility behind such a weak performance, the investors' fire burns toward Huaxing Chemical's operation and management rather than current unfavorable pesticide market. Take this subsidiary liquidation for example, Huaxing Chemical put its subsidiary, Anhui Huaxing Chemical Industry



Chongqing Co., Ltd. (Huaxing Chongqing), into liquidation because of current unsuitable situation, according to Huaxing Chemical's explanation in the announcement. But some rumors indicated that the liquidation of Huaxing Chongqing, who runs a 34,000t/a IDAN project (initiated in 2009) valued at USD5.6 million (RMB35.5 million), is mainly attributed to the company's unsuccessful investment resulted from the unadvisable decision.

As Huaxing Chemical indicated, owing to the depressed glyphosate market, the whole glyphosate production chain is trapped in dilemma at present. Intense competition and overcapacity lead to many suspensions and stops of the relative productions such as IDAN in China.

In Huaxing Chemical's investments, a 20,000t/a glyphosate technical

transformation initiated in 2009 with accumulative investment of USD4.3 million (RMB27.7 million) is being delayed in the long term. In detail, the construction still stays at the installation stage of main equipments due to the weak glyphosate market.

These vain investments even withdraw Huaxing Chemical's performance instead of enhancing company competitiveness. Huaxing Chemical will probably encounter the problem of deficit in two consecutive years (2010–2011), implying that the company will meet special treatment in stock market if the loss happens again in 2011.

Although Huaxing Chemical acquired local government's subsidy of USD11.8 million (RMB75 million) in total last month, the reduction of deficit risk can't alleviate investors' worries. What's more, recent suspended reorganization of Huaxing Chemical

tenses the investors' nerve further.

According to Huaxing Chemical's bulletin issued on Nov. 11, 2011, Huaxing Chemical resumed stock trade on that day, and declared not to map out the reorganization in the future three months for it isn't at the proper time. On Nov. 7, the company suspended stock trade for laying out company reorganization.

Coupled with industrial integration in Chinese pesticide, Huaxing Chemical will choose reorganization to boost its performance in an estimate. But it can't be predicted who will be the next cooperator of Huaxing Chemical. It can be sure that investors expect Huaxing Chemical to adjust its management and strategy on the right track. However, in fact, Huaxing Chemical's management team witnessed changes of personnel twice in the past eleven months of 2011.

FIGURE 4: The trend of Huaxing Chemical's stock price, Jan. 4, 2008 - Nov. 23, 2011



Source: google.com/finance

Shenyang Sciencreat clarified confusion about new constructions

In CCM International's inquiry about capacity constructions of haloxyfop-R-methyl and diflufenican, Shenyang Sciencreat Chemicals Co., Ltd. (Shenyang Sciencreat) clarified that the company doesn't run these two constructions in fact, and hasn't ever produced haloxyfop-R-methyl. Certainly, Shenyang Sciencreat plans to establish two new workshops in present address, Shenyang Economic & Technological Development Area, but the planned products won't aim at these two herbicides. And Shenyang Sciencreat declined to

release further relative details about the new plan.

The confusion about the two capacity constructions in Shenyang Sciencreat came from a proposal about Sinochem Corporation's IPO. In the proposal, Sinochem Corporation, Shenyang Sciencreat's parent company, introduced the general status of all subsidiaries. And it released that Shenyang Sciencreat has two technical constructions of 500t/a haloxyfop-R-methyl and 800t/a diflufenican

established.

In Shenyang Sciencreat's explanation for this information, the description about the two constructions in Sinochem Corporation's IPO proposal should be a plan which hasn't been achieved now.

Shenyang Sciencreat's Trade Manager surnamed Zhou indicated that the company developed the technology of haloxyfop-R-methyl in the past and caused by some complicated reasons



such as improper time, haloxyfop-R-methyl doesn't appear in Shenyang Sciencreat's product mix. Hence, Mr. Zhou can't confirm if Shenyang Sciencreat will run haloxyfop-R-methyl production in the future.

Subsequently, Mr. Zhou also proved that Shenyang Sciencreat won't expand diflufenican production at present, though this business has been run since 2008. In a multi-products plant, diflufenican capacity is estimated to be about

100t/a–200t/a in Shenyang Sciencreat. In detail, diflufenican production always shares the same production line with other herbicides such as sulcotrione in Shenyang Sciencreat, due to the short season of production (April–May and Sept.–Oct. every year in China). Generally speaking, Shenyang Sciencreat produces diflufenican according to the clients' orders when the supply/demand is not intense.

Thus, it's hard to make sure whether

these two constructions of haloxyfop-R-methyl and diflufenican will be achieved or not. And there are no more relative documents confirming these two constructions in public.

At any rate, Shenyang Sciencreat expressed to maintain current herbicide product structure temporarily. In addition, Mr. Zhou indicted that recent diflufenican quotation (98% technical) witnesses upregulation, reaching USD42,400/t in Shenyang Sciencreat.

Jiangsu Huifeng pushes overseas business

Jiangsu Huifeng Agrochemical Co., Ltd. (Jiangsu Huifeng) announced on Nov. 24, 2011 to remove capital from two IPO projects (10,000t/a bromoxynil octanoate technical construction and the basic-level construction of pesticide sales network) to run new investment. In detail, a GLP laboratory and a marketing centre will be established in Shanghai with respective budget of USD16.3 million and USD9.6 million, according to Jiangsu Huifeng's investment proposals. Based on location, commercial function and potential development of the two new projects, it's inspected that Jiangsu Huifeng aims at overseas market in marketing strategy.

As released by Jiangsu Huifeng, a 5,000t/a technical capacity in 10,000t/a bromoxynil octanoate technical construction has been established already with accumulative investment of USD5.8 million, meaning that Jiangsu Huifeng's bromoxynil octanoate technical capacity reached 7,000t/a (Herbicides China News 1110: Jiangsu Huifeng phases 10,000t/a bromoxynil octanoate construction). According to the company's explanation, the other 5,000t/a technical capacity is unnecessary for the time being due to the enough bromoxynil octanoate supply at present. In a move to make full use of the IPO capital, Jiangsu Huifeng will spend the rest of the IPO capital, namely USD9.0 million, to invest in GLP laboratory.

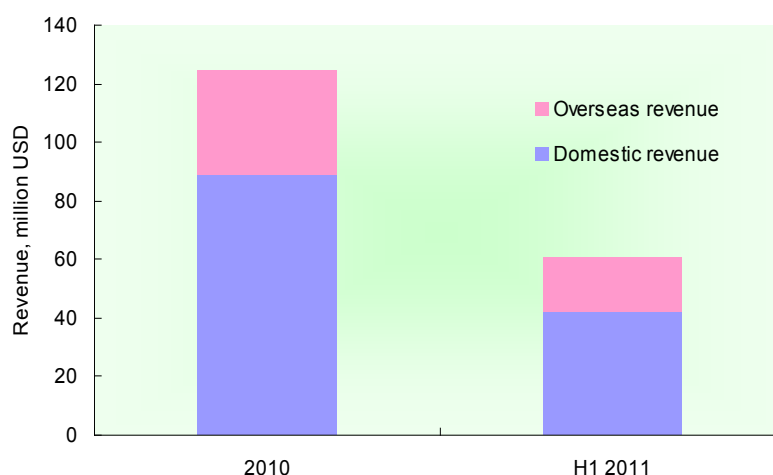
In terms of the basic-level construction of pesticide sales network, Jiangsu Huifeng also explained that huge expense in this project will trigger excessive investment in an estimate which will withdraw the company's performance. Thus, the specialized capital of this construction, USD9.5 million (RMB60.6 million), is all planned to inject into the establishment of a marketing centre so as to enhance Jiangsu Huifeng's sales competitiveness.

What's more important is that, though, the two new projects can step up Jiangsu Huifeng's overseas business to a large degree. Firstly, the new GLP laboratory and marketing centre will be located in Shanghai, implying that they can facilitate

Jiangsu Huifeng's export business; secondly, the potential GLP laboratory won't only enhance Jiangsu Huifeng's research strength but also can help the company's overseas registration in the future; thirdly, the establishment of the marketing centre is better indeed than the construction of the sales network in current China market circumstance where there are various costs jump and stiff competition.

In comparison to Shenzhen Noposion Pesticide Co., Ltd. (an outstanding representative who sets out basic-level sales network in China), Jiangsu Huifeng is late in similar establishments in China. Thus, pressure from stiff competition and flying cost also pushes Jiangsu Huifeng to choose a smarter investment. (Relative information about Noposion

FIGURE 5: Jiangsu Huifeng's revenue structure, 2010–H1 2011



Source: CCM International



is mentioned in Herbicides China News 1105: Noposion performs well in Q1 2011)

In the previous performance report, it's observed that Jiangsu Huifeng has met an unbalance revenue structure in recent two years and a large part of its revenue comes from domestic market. As for sales distribution, Jiangsu Huifeng's overseas and home revenue reached USD18.54 million and USD42.10 million respectively in H1 2011. In order to develop further in

the future, Jiangsu Huifeng is making great efforts on pushing overseas business now.

Jiangsu Huifeng, a leading agrochemical manufacturer in China, got listed in late 2010. In the first three quarters of 2011, Jiangsu Huifeng witnessed net profit of USD8.3 million (RMB52.7 million), descending by 42.42% year on year due to expensive materials and intense competition in 2011.



Vertellus launches 10,000t/a 3-cyanopyridine production

Vertellus Specialties Inc. (Vertellus) has already launched its new 10,000t/a 3-cyanopyridine production unit in Nantong City, China, according to the announcement issued on Dec. 1, 2011 by Vertellus. Recently, this production unit meets normal commercial production under management of Vertellus Chemical (Nantong) Co., Ltd., a wholly-owned subsidiary of Vertellus.

With this 10,000t/a 3-cyanopyridine capacity increase, it's indicated by Vertellus that the company can not only enhance the pyridine production chain but also maintain technology and market leadership position in pyridine chemistry. In the meantime, the production of Vitamin B3, a downstream product of 3-cyanopyridine, will follow immediately the launched 3-cyanopyridine production unit to integrate Vertellus's pyridine production chain in Asia.

Vertellus is quoted as saying that "this startup of new production unit is an important step for Vertellus in Asia and a milestone in Vertellus' plan for continued growth throughout the pyridine value chain". Certainly, as commented by other media in the world, this unit is a continuation of larger effort for Vertellus to expand production capacity in Nantong and a key element of Vertellus' Asian growth strategy.

It can be observed that Vertellus purchase all the remaining shares of Nantong Reilly Chemical Corporation (Nantong Reilly) from Nantong Acetic Acid Chemical Co., Ltd. in Dec. 2010 for further strategic expansion in Asian pyridine industry as well. Early in 1998, Vertellus started its commercial expansion in Asia with an investment in Nantong Reilly, who was the first pyridine production manufacturer in China with pure pyridine capacity of 15,000t/a.

Based on Nantong Reilly's solid pyridine material supply, Vertellus can run the new 3-cyanopyridine production smoothly. In other words, Nantong Reilly will be probably

inclined to supply pyridine material for brother companies' downstream production in the future, rather than has out-sale of pyridine products as main business. In terms of those pyridine-pesticide manufacturers who need imported high-quality-pyridine in China, their material sources will be affected more or less in an estimate.

Even though domestic pyridine production is meeting an upward development now which the self-supply can satisfy domestic demand completely, most pyridine consumers in China may choose to purchase imported pyridine for extraordinary quality demand. In agrochemical industry, only several pesticide manufacturers, such as Nanjing Redsun Co., Ltd., Shandong Luba Chemical Co., Ltd., Weifang Lvganlan Chemical Co., Ltd. and so forth, can have their own supply of pure pyridine now with about 100,000t/a total pure pyridine capacity in China.

Now Vertellus has a sales network covering all over the world. And the price of 3-cyanopyridine is around USD8,800/t (RMB56,000/t), an uniform standard price in the world, according to Vertellus (Shanghai) Trade Co., Ltd., who mainly runs sales business of Vertellus in Asia. It's introduced that all pyridine products of Vertellus from Chinese production facilities would be sold through this trade company.





■ Market Analysis

Only two bifenox registrations in China

Only two bifenox registrations have been achieved in China so far, by Jiangsu Huifeng Agrochemical Co., Ltd. (Jiangsu Huifeng) and Guangdong Yingde Greatchem Chemicals Co., Ltd. (Yingde Greatchem) respectively. Between the two owners, however, only Jiangsu Huifeng produces bifenox products publicly now. And Yingde Greatchem claimed to have no bifenox production, according to CCM International's investigation.

In terms of Jiangsu Huifeng, its bifenox production has been run for a short term. According to the bulletin issued in Nov. 2011 by Yancheng Environmental Protection Agency, Jiangsu Huifeng's first bifenox technical production line with capacity of 500t/a didn't start trial production until Nov. 15, 2011. In detail, the trial production will last for three months to Feb. 14, 2012. Thus, Jiangsu Huifeng is expected to launch this capacity in H1 2012.

Accordingly, Jiangsu Huifeng's bifenox registration in China hasn't been achieved until this Sept. as well. With domestic bifenox registration, however, Jiangsu Huifeng expressed that it reluctantly supplies bifenox outside now due to a contract with a fixed client. As emphasized by Jiangsu Huifeng, its bifenox technical is all supplied to this anonymous client.

TABLE 1: Bifenox registration in China, as of Dec. 2011

Manufacturer	Registration number	Content	Expiration time
Jiangsu Huifeng Agrochemical Co., Ltd.	LS20110259	97% technical	2012.09.26
Guangdong Yingde Greatchem Chemicals Co., Ltd.	LS20110318	97% technical	2012.12.06

Source: CCM International

In Chongqing Huapont Pharmaceutical Co., Ltd. (Huapont)'s acquisition proposal of Nutrichem Company Limited (Nutrichem), CCM International found out that Jiangsu Huifeng's bifenox is supplied to Nutrichem indeed. As described in the proposal, Nutrichem provides support of technology, management and research to its cooperators who supply corresponding products to Nutrichem in return for win-win relationship. And Jiangsu Huifeng is one of its cooperators.

On the basis of Nutrichem's business characteristics, which aims at overseas market, it's speculated that Jiangsu Huifeng's bifenox will be primarily for export to overseas market in the future. But the reliable information is still undercover now.

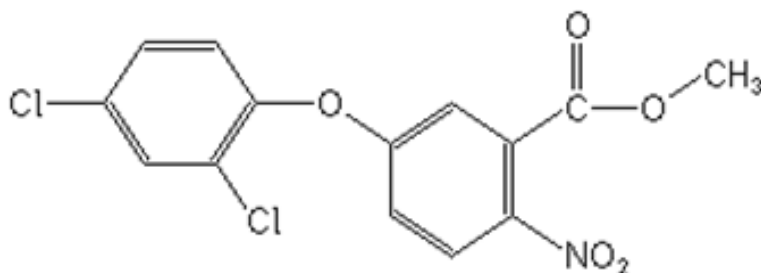
The other active bifenox manufacturer, Xi'an MPC Stock Co., Ltd. (Xi'an MPC), who has technical capacity of about 100t/a, released that its bifenox

is all sold to overseas market as well, because bifenox market in China is too small. According to Xi'an MPC, the quotation of bifenox 95% technical is USD26,700/t (RMB170,000/t) now, higher than the average price of herbicides in China. In the meantime, Xi'an MPC also indicated that bifenox output is very small due to intermittent production. Generally, the company's bifenox production depends on the clients' orders.

After searching for active bifenox manufacturers, CCM International learnt that there are very few bifenox manufacturers in China, which can be counted on the fingers of one hand. It can be concluded that bifenox meets a weak situation in production and market in China. This is not only because of relatively expensive cost of bifenox, but also because of its technology barriers in production. Thus, bifenox will meet a weak prospect in an estimate.

Bifenox, a contacting weed killer aiming at buds of weeds, is usually applied to fields of soybean, corn and rice. With characteristics that its effect should be taken by sunlight and rapid degradation, bifenox is always friendly to the environment.

FIGURE 6: Chemical structure of bifenox



Source: CCM International



■ Supply & Demand

Thaihot Group: Pesticide production to fluorinated-chemicals business

Thaihot Group Co., Ltd. (Thaihot Group)'s pesticide business fades surely, so the company is turning the original aim from this weak business towards fluorinated chemicals industry now. And Thaihot Group explained that fluorinated chemicals business is better than pesticide for the company's development at present.

In Thaihot Group's proposal of an 11,000t/a organofluorine project (issued on Aug. 23, 2011), the explanation was detailed further that the company's pesticide business is too sluggish to keep on running. Thus, Thaihot Group is now in urgent need of new strong products to optimize product structure, as well as to fill in the gap of the stopped pesticide business.

The proposal indicated that Thaihot Group's pesticide plants were all dismantled early this Feb. in the company's whole relocation, but new productions in Huangsha Chemical Industrial Park hasn't met an establishment yet. In the meantime, Thaihot Group must spend large expense in bearing manual cost, which was resulted from the stopped pesticide business.

With a careful choice in the long term, Thaihot Group finally decided to invest in an 11,000t/a organofluorine project, covering ODS substitute, fluororesin, fluoropolymer and so forth. According to the investment plan, Thaihot Group will spend less than USD0.15 billion on this project, which will take up an area of about 13 hectares in Huangsha Chemical Industrial Park.

It's released by Thaihot Group that the company pursues fluorinated chemicals for the first time so some risks (in market supply/demand, material cost, price fluctuation, construction process, capital support, etc.) can't be avoided. In the proposal,

thus, Thaihot Group plans to run only half capacity at first after the project launched (expected in 2014), and will upregulate the operating rate year by year.

Just as a coin has two sides, Thaihot Group also expressed its confidence in this project and believes that the project will have the potential for nice profitable business in the future. In an estimate, this organofluorine project can achieve annual profit of approximately USD74.6 million for Thaihot Group.

Besides, fluorinated chemical is also a hotspot itself in fine chemical industry at present, especially in pesticide market. Take fluorine-containing pesticide for example, fluorine combination can enhance efficiency of those fluorine-containing pesticides to a large degree. What's more important is that almost all these fluorine-containing pesticides are environmentally friendly. Hence, many fluorine-containing pesticides such as cyhalofop-butyl draw consumers and manufacturers' attention.

Even though it's hard to predict whether Thaihot Group will run pesticide business again on the basis of this organofluorine project, it's sure that the company's primary business is inclined mostly to real estate now. As released in its 2010 annual report, Thaihot Group's 92.6% of total revenue in 2010 came from real estate business. As a result, Thaihot Group re-registered its industry, and changed it from Chemical Pesticide Manufacturer Industry to Real Estate Industry in Aug. 2011. (Herbicides China News 1109: "Fujian Sannong" substituted by new name)

Hence, it can be foreseen that Thaihot Group won't resume pesticide business in a short term, which brought trouble

to the company in the past. Caused by the weak competitiveness of pesticide business, original Fujian Sannong (Thaihot Group's previous name) witnessed the continual loss in three consecutive years (2004 - 2006), and was finally forced to accept acquisition of Fujian Taihe Investment Co., Ltd. (Fujian Taihe) as a result. (Herbicides China News 1006: Fujian Sannong counts down to resume stock)

In Thaihot Group's project bulletin issued on Nov. 15, 2011, it's confirmed that Thaihot Group will push fluorinated chemicals business instead of pesticide production in the near future. In detail, the 11,000t/a organofluorine project is still under preparation and waiting for governmental approval now.

Main events about Fujian Sannong (Thaihot Group now)'s acquisition of Fujian Taihe:

1. On June 7 2009, Fujian Sannong's board of directors agreed to the proposal about the reorganization that Fujian Sannong would issue about 780 million shares with strike price of USD0.48/share (RMB3.09/share) to take 100% share of Fuzhou Taihe Real Estate Development Co., Ltd. from Fujian Taihe.
2. On June 26 2009, Fujian Sannong's proposal about the reorganization was approved by general meeting of shareholders.
3. On Feb. 22 2010, China Securities Regulatory Commission approved the reorganization formally.
4. On April 7 2010, the reorganization was finished.

[\(Relative background about this article can be found in Herbicides China News 1105: Fujian Sannong shifts focus from pesticide business\)](#)



Fengshan Group runs trifluralin trial production

Recently, Jiangsu Fengshan Group Co., Ltd. (Fengshan Group) has started trial production of a 3,000t/a trifluralin technical capacity belonging to the 5,000t/a trifluralin technical transformation. As announced by Environmental Protection Agency of Yancheng City, the relative local governmental department, the trial will not stop until Feb. 2, 2012, lasting for three months according to Fengshan Group's plan. It's predicted that this 3,000t/a technical capacity will be launched in Q1 2012, but the other 2,000t/a planned capacity can't be confirmed yet.

Fengshan Group doesn't explain why the company divides the 5,000t/a trifluralin technical transformation into two stages. It can be speculated that Fengshan Group takes some severe factors into account, such as high cost, overcapacity risk and uncertain market. With a careful attitude, Fengshan Group takes more sensible strategy which phases the project in several stages.

In 2011, the domestic inflation and choppy overseas markets lead Chinese agrochemical manufacturers to an unfavorable market circumstance. Threatened by probably weak performance resulted from the unfavorable market, pesticide companies behave conservatively. For example, Jiangsu Huifeng Agrochemical Co., Ltd. also chose to launch partial planned capacity at first like Fengshan Group, and then to re-invest in other new projects. (Herbicide China News 1110 and 1112)

Resulted from jumping production cost and intense competition in China, trifluralin, as a Fengshan Group's dominant herbicide product, also witnesses sharp price hike currently. As of Nov. 2011, trifluralin witnessed growth of USD2,160/t based on July 2011, to current USD7,100/t. (Herbicides China News 1111: Top three price-increasing herbicides in Nov. 2011)

At any rate, Fengshan Group targets at furthering company development in the long term with dominant capacity expansions. Besides the 5,000t/a trifluralin technical transformation, Fengshan Group also runs other constructions such as a 400t/a quizalofop-P-ethyl technical expansion in the meantime.

Fengshan Group chases stronger competitiveness is also because that it wants to get listed in Chinese stock market in the future. It's investigated that the company is preparing for IPO in Chinese share market at present.

With a new 3,000t/a trifluralin technical production line in Dafeng Port Economic Zone, which has been constructed since late 2010, Fengshan Group meets 6,000t/a trifluralin technical capacity, and can maintain its leading position in the rank of Chinese trifluralin manufacturers. In terms of trifluralin production in Fengshan Group, the total capacity 6,000t/a is suitable for the company for the time being. Thus, the company indicated that it would keep the operating rate of trifluralin production high in the future.

"These two main herbicide productions will keep going all the year around except in July and Aug. for the whole company's maintenance and check," Sales Manager surnamed Zhu said, though the operating cost in pesticide production is increasing more and more currently.

In an estimate, Fengshan Group will maintain its plan that trifluralin is inclined to serve overseas business. As usual, Fengshan Group's trifluralin is exported to overseas market mostly.

(Relative background was mentioned in Herbicides China News 1106: Fengshan Group enhances herbicide business)



Acetochlor supply shortage alleviates in Nov.

In Nov. 2011, acetochlor supply shortage in China is not so intense in comparison to that in Sept., because most acetochlor manufacturers have started running acetochlor production by themselves one after another in recent two months (Herbicides China News 1110: Acetochlor supply short in Sept.). For example, Shandong Qiaochang Chemical Co., Ltd. revealed that the company can supply 20 tonnes acetochlor technical per day currently.

According to the further investigation, recently, most of the acetochlor orders can be accepted by the manufacturers. But finish time of the orders will be different from each other, mostly depending on how large the acetochlor order is. Generally speaking, the larger the acetochlor order is, the timelier the manufacturers' acetochlor supply will be.

Some acetochlor manufacturers in China implied that big customers usually have the priority. Those whose purchase demand is more than 15 tonnes can be satisfied earlier than the small customers' in peak season, a period when acetochlor supply is always intense in China. Small deals of acetochlor will be arranged in line that they have queued to late Dec. 2011.

It can be observed that acetochlor supply in China doesn't appear smooth now indeed, but it is relatively stable compared with that in Sept. and Oct. 2011. Reviewing Chinese production of acetochlor technical in Sept. 2011, CCM International reported that most Chinese manufacturers didn't resume acetochlor production immediately, after the regular check and maintenance during July-Aug. this year. It's mainly because these manufacturers took a wait-and-see attitude in Sept., while production cost is jumping sharply.

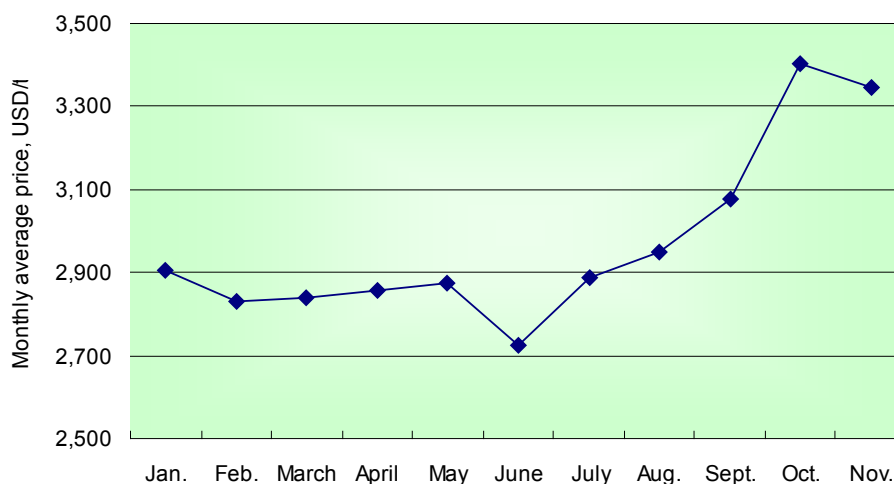
Some acetochlor manufacturers released further that expensive material is mainly responsible for current high price of acetochlor products. What's more, some intermediates in acetochlor production meet supply shortage sometimes (the details of these intermediates weren't disclosed). Thus, acetochlor prices in China meet a flying ascend in this peak season as a result.

In Oct. 2011, price trend of acetochlor 92% technical witnessed an eleven-month high, reaching approximately USD3,400/t. Even though the price falls back to about USD3,350/t this Nov., it still stays at a high level of USD3,330/t recently. Reviewing price trend of acetochlor technical in 2010, CCM International learnt that price level of acetochlor technical this year is about USD100/t–USD200/t higher than that in 2010.

Besides acetochlor, in fact, a number of herbicides in China witness an increasing price trend in 2011 resulted from the inflation and the choppy overseas market. (More information is mentioned in relative reports of Herbicides 1103, 1104 and 1105, etc.)



FIGURE 7: Price trend of acetochlor 92% technical in China, Jan.–Nov. 2011



Source: CCM International



Lier Chemical's glufosinate-ammonium construction always late

The construction process of the 600t/a glufosinate-ammonium technical IPO in Lier Chemical Co., Ltd. (Lier Chemical) is always later than it planned. As of Nov. 2011, the construction of this project is still underway in contrast to the planned launch time—Sept. 2011. In fact, it isn't the first time that Lier Chemical delayed the construction of the 600t/a glufosinate-ammonium technical IPO.

Initiated from late 2007 with total planned investment of about USD14 million, the construction of the 600t/a glufosinate-ammonium technical IPO has lasted for almost four years. In this four-year slow construction, there are several delays compared with the original plan, according to CCM International's statistics.

In terms of the last delay, Lier Chemical didn't disclose any reason for the slow process formally and any predictions of the certain project launch time. However, in CCM International's inquiry, Lier Chemical's salesmen released that the company can meet a small amount of technical output at present. In detail, Lier Chemical is debugging this glufosinate-ammonium production line now. (Herbicide China News 1108: Lier Chemical to run glufosinate-ammonium production in H2 2011)

According to the investigation, the project of glufosinate-ammonium is supposed to be launched after the approaching Chinese Spring Festival (in Jan. 2012) in those salesmen's estimate. It's hard to believe this estimation because the construction reached only 36% of the whole process on June 31, 2011 as indicated in Lier Chemical's semi-annual report. It was reported by CCM International that it takes Lier Chemical much time to apply for the relative governmental approval and run repeating pilot productions.

What's more, unstable status in global economy these years blocks the construction process of the glufosinate-ammonium IPO. As an export-oriented herbicide in China, glufosinate-ammonium in Lier Chemical will meet 80% export in total output. In other words, Lier Chemical's 480t/a glufosinate-ammonium technical capacity will serve overseas market, which is in a period of turbulence now indirectly due to the European Debt Crisis as well as the turmoil in North Africa and Middle Asia. And Lier Chemical has to endure huge cost pressure and stiff competition these years when it runs the company in the wake of the global financial crisis of 2009 and the inflation of 2011 in China. Thus, unfavorable circumstance in home

and overseas markets withdraws Lier Chemical's glufosinate-ammonium construction more or less.

With severe influence of current unfavorable circumstance, in addition, Lier Chemical witnessed a decrease of 15.11% year on year in net profit to USD9.2 million in the first nine months of 2011.

At any rate, Lier Chemical will hold tightly this potential profit growth point. It can be foreseen that Lier Chemical's herbicide business will be enhanced to a large degree by glufosinate-ammonium production, which can further benefit Lier Chemical's performance.

As a leading popular herbicide in the world, glufosinate-ammonium is outstanding indeed with its dominant advantages such as high efficiency and environmental friendliness. What's more important is that technology barriers in its production lead to relatively mild competition in China. It means that Lier Chemical will make profit if the glufosinate-ammonium project can be launched in due time.

[\(More information about Lier Chemical's glufosinate-ammonium project was mentioned in Herbicides China News 1004, 1007 and 1108\)](#)

TABLE 2: Lier Chemical's glufosinate-ammonium project construction, 2008–June 2011

Project	Construction process	Planned launch time	Source
600t/a glufosinate-ammonium technical IPO	1.72%	About 2010	The annual report of 2008
	20.36%	In Aug. 2010	The annual report of 2009
	26.02%	In Dec. 2010	The semi-annual report of 2010
	32.03%	In Sept. 2011	The annual report of 2010
	36.51%	In Sept. 2011	The semi-annual report of 2011

Source: CCM International



■ Special Reports

Fire pushes relocation in Shandong Zhongshi

Shandong Zhongshi Chemical Co., Ltd. (Shandong Zhongshi) is now under the whole relocation into Guyuan County Economy Development Zone of Shandong Province, which initiated after the severe fire accident happened in Dec. 2010.

It was reported last Dec. by local media that Shandong Zhongshi's plant was heavily burned by fire, and only a few wrecks left in some production department as a result (Herbicides China News 1012: Fire accident attacks Shandong Zhongshi). Although Shandong Zhongshi declared later that the aftermath of this fire accident was tackled immediately, the company's production had been impacted more or less.

As an important acetochlor manufacturer in China with technical capacity of 20,000t/a, Shandong Zhongshi explained that spot goods of acetochlor in stock had been sold out in early 2011, but the corresponding production hasn't been resumed yet, in the face of acetochlor orders.

According to the investigation, Shandong Zhongshi set out the whole relocation three months immediately after the fire with

relative governmental announcement appeared in March 2011. Thus, it's sure that the fire stimulated Shandong Zhongshi's whole relocation indirectly, though Shandong Zhongshi didn't comment on this speculation.

As environmental protection is one of the focuses in Chinese pesticide industry, company relocation stands in the public limelight and is pursued by many agrochemical companies. In line with this trend and Chinese government's relative regulations, it is understandable that Shandong Zhongshi grasps this chance to change the whole relocation into a chemical park.

As released by some insiders in Shandong Zhongshi, the whole relocation is divided into three phases as planned and recent relocation still stays at the first stage of the whole relocation. In detail, the first stage covers an acetochlor technical production line, a glufosinate-ammonium technical production line, an herbicide formulation processing plant and an insecticide formulation processing plant, of which capacity reaches 40,000t/a in total.

In an estimate, the first stage will be accomplished in H2 2012, and

can enhance Shandong Zhongshi's main herbicide production such as acetochlor to a large degree, though it's released in the relative EIA announcement that new acetochlor and glufosinate-ammonium production line will be shared by other amide herbicide production (such as alachlor, butachlor, metolachlor and so forth) sometimes.

As a result of the continuous relocation, Shandong Zhongshi can't promise the supply of acetochlor in time, meaning that domestic acetochlor market with the absence of Shandong Zhongshi's output witnesses a little intense supply/demand relationship now, though recent market status is mostly attributed to conservative market circumstance (Acetochlor supply shortage alleviates in Nov. in this issue).

In terms of Shandong Zhongshi, however, temporary withdrawal in Chinese herbicide market can be considered as a coincidence to avoid the flying production cost resulted from the inflation in China. One year after the production resumed, Shandong Zhongshi may meet a comfortable market rather than stiff competition of 2011.

Tianrong group to meet new stage of relocation

Now Jiangsu Tianrong Group Co., Ltd. (Jiangsu Tianrong)'s relocation into Jiangsu Xiangshui Chemical Industrial Park from Liyang City draws to an end gradually, and it is expected to be accomplished around the beginning of 2012. As to the whole Tianrong group, however, Jiangsu Tianrong's accomplishment of relocation only means that the whole relocation in Tianrong group begins to run into a new stage. Subsequently, two subsidiaries of Jiangsu Tianrong, Jiangsu Ruihe

Chemical Co., Ltd. (Jiangsu Ruihe) and Jiangsu Zhongyi Chemical Co., Ltd. (Jiangsu Zhongyi) will join the whole relocation one after another, which is planned to launch in 2012.

Starting with Jiangsu Lvlibai Co., Ltd. (Jiangsu Lvlibai, another subsidiary of Jiangsu Tianrong)'s relocation in 2010 (Relative stories are described in Herbicides China News 1004 and 1009), Tianrong group's whole relocation into Jiangsu Xiangshui Chemical Industrial Park of Xiangshui

County covers all member companies in the group so as to improve its competitiveness and respond to the government's low carbon economy.

According to Jiangsu Tianrong, the whole relocation in Tianrong group will be completed around 2012 in an estimate. In detail, all member companies who run the manufacturing business should be relocated into the chemical park in northern Jiangsu Province, and those divisions or companies about distribution,



sales, research, administrative and financial managements are located in Nanjing City, where is convenient for communication and traffic.

- In 2010, Jiangsu Lvlilai Co., Ltd. relocated into Jiangsu Xiangshui Chemical Industrial Park
- In 2011, Jiangsu Tianrong Group Co., Ltd. relocates
- In 2012, Jiangsu Ruihe Chemical Co. Ltd. and Jiangsu Zhongyi Chemical Co., Ltd. will relocate

It can be foreseen that Tianrong group can not only utilize advanced facilities in the chemical park to heighten the production efficiency, but also decrease waste treatment cost by centralized processing in the chemical park. Based on the improved

production condition, moreover, the centralization of member companies in Tianrong group will benefit the whole group's operation.

On one hand, the manufacturing companies into the chemical park are more convenient in the future cooperation because production chains will be closer; on the other hand, some costs of management, transportation and so forth can be reduced to some extent.

Hence, Jiangsu Tianrong also takes full use of this whole relocation to push its IPO plan. As Jiangsu Tianrong confirmed, Jiangsu Tianrong is running its listing plan at present though the relative details are still undercover.

In terms of Jiangsu Tianrong's relocation, main production plants have been relocated into new location and they have witnessed normal production already. And the subsequent work which remains to be done is old factory cleaning and new workshop launching. In the meantime, the relocation of Jiangsu Ruihe and Jiangsu Zhongyi is in the preparation stage and will start in a short term.

[\(Some backgrounds about this story can also be found in Herbicides China News 1102: Jiangsu Tianrong relocates\)](#)

Hubei Huida runs plant relocation

In a move to meet governmental regulation for safe production, Hubei Huida Technology Development Co., Ltd. (Hubei Huida) prepares for plant relocation of several products such as bispyribac-sodium currently. In detail, the appointed plants in the relocation cover a 200t/a bispyribac-sodium technical capacity as well as four herbicide intermediate plants with capacity of 6,900t/a in total. According to the plan, these plants will be relocated into another land behind the current address of Hubei Huida, Guanyin Country (in Jiangling County of Jingzhou City, Hubei Province).

And Hubei Huida emphasized that it's just a small relocation. "The land where the plants will be re-established on is behind the current location," one insider of Hubei Huida said, "There is only a wall between the new location and the existing plants."

In the further inquiry, it's learnt that Hubei Huida's relocation is mainly attributed to potential safety hazard in these plants whose safe guarding area covers 35 households who will probably be threatened by Hubei Huida's production. But Hubei Huida

gives no comment on the reason for the relocation because it is sensitive to it.

It's reported by local media of Hubei Province in mid-2011 that Hubei Huida had been demanded to avoid potential dangers by local government, due to a large number of complaints from the surrounding residents. And relative production was called for suspension in the meantime, according to the reports.

Interestingly, CCM International found out Hubei Huida still has relative products such as bispyribac-sodium to supply in H2 2011. But Hubei Huida avoided explaining whether that's the stock goods.

At any rate, Hubei Huida's business is impacted by governmental regulation more or less. It's observed that Hubei Huida's main capacities lie in these relocated plants. Furthermore, Hubei Huida only has bispyribac-sodium as its primary pesticide product. It's speculated that Hubei Huida will run relocations of these plants one by one so as to guarantee its normal business operation.

In terms of the company's bispyribac-sodium, its production has been launched since Oct. 2010, implying that Hubei Huida has run this business for only a short term. According to ICAMA, the company achieved registration of bispyribac-sodium 95% technical (PD20110795) on July 26, 2011. And Hubei Huida indicated that bispyribac-sodium sales will both aim at overseas and domestic markets in the future.

Now a few active bispyribac-sodium technical manufacturers exist in China with only six registrations, according to the rough statistics. It's sure that bispyribac-sodium is a small-breed herbicide though it's believed to have promising market in the future.

Absorbed by leaves or roots of plants, bispyribac-sodium has excellent effect on controlling grass, sedge and broad-leaved weeds, especially barnyard grass. It's reported that barnyard grass in the first to the seventh growth period could be controlled effectively by bispyribac-sodium with dosage of only 15g ~ 45g per hectare.

[\(A table about Bispyribac-sodium registration in China is displayed bellow\)](#)



TABLE 3: Bispyribac-sodium registration in China, as of Dec. 2011

Manufacturer	Registration number	Content	Expiration time
Kumiai Chemical Industry Co., Ltd.	PD20040014	100g/L SC	2014.09.01
Jiangsu Agricultural Cultivation Biochemical Co., Ltd.	PD20040014F110013	100g/L SC	2012.05.10
Kumiai Chemical Industry Co., Ltd.	PD20040015	93% technical	2014.09.01
Jiangsu Institute of Ecomones Co., Ltd.	PD20092131	95% technical	2014.02.23
Jiangsu Institute of Ecomones Co., Ltd.	PD20092237	20% WP	2014.02.24
Jiangsu Institute of Ecomones Co., Ltd.	PD20096247	30% WP	2014.07.15
Jiangsu Agrochem Laboratory	PD20096883	95% technical	2014.09.23
Jiangsu Flag Chemical Co., Ltd.	PD20110506	96% technical	2016.05.03
Hubei Huida Technology Development Co., Ltd.	PD20110795	95%	2016.07.26
Shandong Luba Chemical Co., Ltd.	PD20111161	97%	2016.11.07

Source: ICAMA

■ Price Monitoring

Monthly market prices of main crops in China, Dec. 20

Crop	Dec. 11		Nov. 11		Dec. 10		2010	
	USD/t	RMB/t	USD/t	RMB/t	USD/t	RMB/t	Planting area (10 ³ ha.)	Chinese output (10 ³ tonnes)
Indica rice	538	3,416	533	3,372	480	3,200	30,667	197,000
Japonica rice	623	3,955	598	3,786	581	3,870	-	-
Wheat	331	2,105	335	2,118	307	2,045	24,400	114,000
Rapeseed	716	4,545	731	4,629	591	3,941	7,370	13,082
Corn	343	2,180	350	2,219	291	1,940	31,400	165,000
Soybean (oil)	638	4,052	626	3,963	603	4,020	8,000	15,000
Soybean (food)	645	4,098	691	4,374	653	4,350	-	-
Peanut	1,543	9,800	1,721	10,900	1,126	7,500	4,527	15,644
Broomcorn	430	2,730	399	2,525	339	2,260	N/A	N/A

Source: CCM International

Monthly ex-factory prices of key raw materials, Dec. 2011

Raw materials/intermediates	Dec. 11		Nov. 11		Dec. 10	
	USD/t	RMB/t	USD/t	RMB/t	USD/t	RMB/t
Phosphorus trichloride (99%)	790	5,000	837	5,300	870	5,800
Glycine (98%)	1,698	10,750	1,785	11,300	1,951	13,000
Iminodiacetonitrile (92%)	1,714	10,850	1,753	11,100	1,876	12,500
Chloroacetic chloride (99%)	1,374	8,700	1,342	8,500	1,246	8,300
Pyridine (99.9%)	4,266	27,000	4,343	27,500	4,502	30,000
Cyanuric chloride (> 99.3%)	2,054	13,000	1,974	12,500	1,876	12,500
Paraformaldehyde (95%)	822	5,200	869	5,500	-	-
Dimethylamine (40%)	585	3,700	569	3,600	-	-
Isopropylamine (99%)	1,722	10,900	1,895	12,000	-	-

Source: CCM International



Monthly ex-factory prices of main herbicides, Dec. 2011

Technical	Dec. 11		Nov. 11		Dec. 10	
	USD/t	RMB/t	USD/t	RMB/t	USD/t	RMB/t
Glyphosate (95%)	3,820	24,180	3,819	24,180	3,479	23,180
Paraquat (42%)	2,193	13,880	2,240	14,180	2,203	14,680
Acetochlor (92%)	3,346	21,180	3,345	21,180	2,849	18,980
Atrazine (97%)	3,583	22,680	3,266	20,680	3,029	20,180
Tribenuron-methyl (95%)	17,802	112,680	18,112	114,680	18,712	124,680
Metolachlor (97%)	4,294	27,180	4,293	27,180	3,854	25,680
Butachlor (92%)	3,504	22,180	3,424	21,680	3,329	22,180
Pendimethalin (95%)	9,429	59,680	9,426	59,680	7,606	50,680
Trifluralin (95%)	7,059	44,680	7,057	44,680	3,854	25,680
Quizalofop-P-ethyl (95%)	25,227	159,680	24,903	157,680	23,965	159,680
Fenoxaprop-P-ethyl (95%)	33,126	209,680	33,116	209,680	32,970	219,680
Oxyfluorfen (97%)	24,121	152,680	24,114	152,680	19,163	127,680
Nicosulfuron (95%)	32,336	204,680	32,326	204,680	-	-
Bensulfuron-methyl (96%)	21,277	134,680	21,429	135,680	-	-
Fluroxypyr (96%)	23,647	149,680	23,640	149,680	-	-
Clomazone (95%)	18,118	114,680	18,112	114,680	-	-
Fomesafen (95%)	14,958	94,680	14,953	94,680	-	-

Source: CCM International

Monthly Shanghai port prices and FOB Shanghai of main herbicides, Dec. 2011

Technical	Shanghai Port Price						FOB (Shanghai)	
	Dec. 11		Nov. 11		Dec. 10		Dec. 11	Nov. 11
	USD/t	RMB/t	USD/t	RMB/t	USD/t	RMB/t	USD/t	USD/t
Glyphosate (95%)	3,871	24,500	3,869	24,500	3,527	23,500	3,965	3,964
Paraquat (42%)	2,243	14,200	2,290	14,500	2,251	15,000	2,293	2,339
Acetochlor (92%)	3,397	21,500	3,396	21,500	2,897	19,300	3,418	3,417
Atrazine (97%)	3,634	23,000	3,317	21,000	3,077	20,500	3,650	3,340
Tribenuron-methyl (95%)	17,852	113,000	18,163	115,000	18,760	125,000	17,521	17,824
Metolachlor (97%)	4,345	27,500	4,343	27,500	3,902	26,000	4,343	4,342
Butachlor (92%)	3,555	22,500	3,475	22,000	3,377	22,500	3,573	3,494
Pendimethalin (95%)	9,479	60,000	9,476	60,000	7,654	51,000	9,352	9,349
Trifluralin (95%)	7,109	45,000	7,107	45,000	3,902	26,000	7,040	7,038
Quizalofop-P-ethyl (95%)	25,278	160,000	24,954	158,000	24,013	160,000	24,765	24,449
Fenoxaprop-P-ethyl (95%)	33,177	210,000	33,166	210,000	33,018	220,000	32,471	32,461
Oxyfluorfen (97%)	24,172	153,000	24,164	153,000	19,211	128,000	23,686	23,679
Nicosulfuron (95%)	32,387	205,000	32,377	205,000	-	-	31,701	31,691
Bensulfuron-methyl (96%)	21,328	135,000	21,479	136,000	-	-	20,912	21,059
Fluroxypyr (96%)	23,698	150,000	23,690	150,000	-	-	23,224	23,216
Clomazone (95%)	18,168	115,000	18,163	115,000	-	-	17,829	17,824
Fomesafen (95%)	15,009	95,000	15,004	95,000	-	-	14,747	14,742

Note: Shanghai port price = ex-factory price plus transport fee from production plant to Shanghai port
Shanghai FOB price = port price + handling and THC + trading companies' profit - export rebate
Source: CCM International



■ Pricing

Review of five popular herbicide prices in 2011

Reviewing 2011 price curves of five popular herbicides in China, namely glyphosate, paraquat, acetochlor, atrazine and quizalofop-P-ethyl, CCM International learnt that the five herbicides all meet price hike at a slow pace. Especially in Dec. 2011, the five herbicides almost all meet relatively high price level among the twelve months of 2011.

The inflation in China is mainly responsible for the price hike in 2011. Forced by the cost pressure, it's observed that recent prices of the five popular herbicides are also stimulated by overwhelming demand in the peak season of China. As a result, five herbicide prices witnessed a jump after Oct. 2011, the beginning of the peak season in China generally.

In fact, in the first ten months of 2011, the five main herbicides met a stable price status. They didn't drop sharply in the slack season because of deficit threat from the whole low prices which struggle on the cost lines.

Besides, a large number of herbicide manufacturers in China take a conservative attitude towards current domestic market now. In detail, the constructions of herbicide capacities or product outputs were controlled strictly. Take acetochlor for example, its supply meets shortage after this Oct. due to the manufacturers' wait-and-see attitude. (Herbicides China News in this issue: Acetochlor supply shortage alleviates in Nov.)

As to these five popular herbicides in China, CCM International roughly analyzed their price trends separately:

■ Glyphosate

In Oct. 2011, glyphosate encountered the top monthly price of 2011, about USD3,900/t for 95% technical. Although recent price (Dec. 2011) of glyphosate 95% technical meets a slight drop to USD3,800/t, it can be predicted that its price will increase again in 2012 due to the upregulation of electricity price in Dec. 2011 in China as well as the

further industrial integration in Chinese pesticide market. In addition, it's noteworthy that glyphosate price remains stable all the year (2011) around without sharp fluctuation, implying that there is little bargain room in domestic glyphosate sales market now.

■ Paraquat

Although paraquat prospect is threatened by The Rotterdam Convention, it seems that its price hasn't been impacted accordingly and still remains stable in 2011. Floating around price benchmark of USD2,300/t, paraquat 42% technical price didn't witness a sharp increase or a sharp drop in 2011. But it can't sure that whether this status will continue in 2012, because China plans to regulate paraquat SL now and the relative formal documents will come out accordingly.

■ Acetochlor

Similarly, acetochlor also witnessed a gradual price hike in 2011. But what attracts CCM International is that acetochlor witnesses supply shortage after Sept. 2011. Now this intense supply/demand relationship alleviates to some extent, but this situation will continue in Q1 2012 in an estimate.

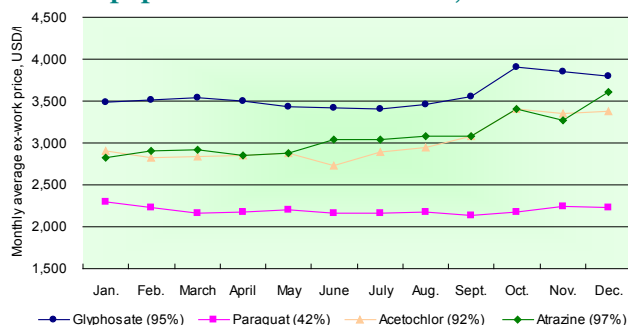
■ Atrazine

As an ordinary herbicide in China, atrazine price is pushed by the expensive intermediates such as cyanuric chloride in 2011. Especially in the recent peak season, the price hike of cyanuric chloride drives up atrazine price to about USD3,600/t. (Relative background is mentioned in this issue of Herbicides China News)

■ Quizalofop-P-ethyl

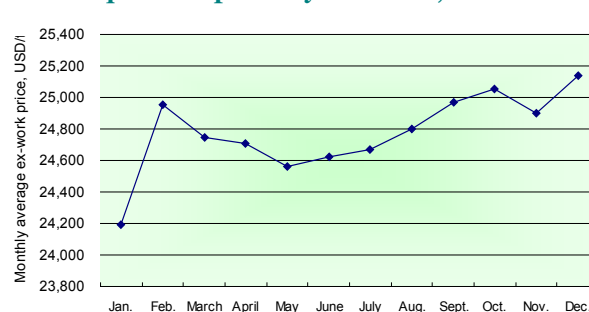
In comparison with the other four herbicides, quizalofop-P-ethyl price met relatively frequent fluctuation in 2011. However, it can be said that the price fluctuates in a small range, staying in between USD24,200/t and USD25,100/t. With the whole uptrend of domestic herbicides, quizalofop-P-ethyl price will increase further.

FIGURE 8: Monthly ex-work technical prices of four popular herbicides in China, 2011



Source: CCM International

FIGURE 9: Monthly ex-work technical prices of quizalofop-P-ethyl in China, 2011



Source: CCM International



Glyphosate price in the first eleven months

In the first eleven months of 2011, the prices of glyphosate products experienced upturn that the whole price level keeps relatively stable instead of meeting sharp fluctuation like 2009 or 2010 (Herbicides China News 1101: Overview of Chinese glyphosate price in 2010). Furthermore, the price uptrend of glyphosate products also appears gradually in China.

In detail, as to glyphosate 95% technical, its price fluctuated stably around USD3,500/t in the first nine months of 2010, and then jumped and stayed at a price level of about USD4,000/t during Oct.–Nov. 2011 as a result of the peak sales season (Oct.–next March generally) in Chinese pesticide industry. Similarly, other glyphosate formulations, such as 62% IPA, 41% IPA, 10% SL and so forth, witnessed a stable price trend as well in the first eleven months of 2011. It's predicted that the stable situation of glyphosate prices will maintain until Dec. 2011.

Several reasons are attributed to the stable situation of glyphosate prices this year:

- Cost pressure is the leading force to stimulate glyphosate price in 2011. Forced by the inflation in China this year, almost all prices of materials and energies were upregulated. Accordingly, glyphosate manufacturers in China hold on to keeping their quotation level and try to not let it drop too

much in the slack season.

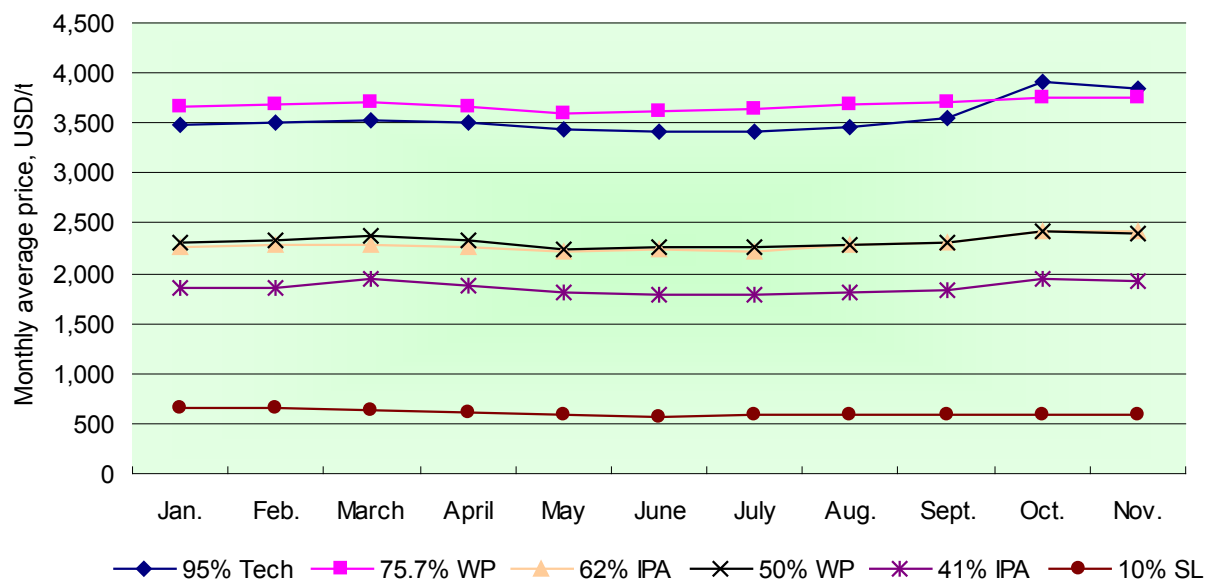
- Industrial integration in Chinese pesticide market also contributes indirectly to the relatively stable glyphosate prices. With the elimination of redundant glyphosate capacity, glyphosate supply/demand relationship will come back to balance gradually, so the domestic manufacturers own stronger pricing power in the future.

- The worldwide planting of glyphosate-tolerant crops bears up Chinese glyphosate export more or less.

At any rate, it can be observed that glyphosate price in China still keeps at a low level at present. Thus, the potential danger in glyphosate pursuers' finance still exists, meaning that consecutive deficit risk and unpredicted factors always threaten glyphosate manufacturers in China. Reviewing the main glyphosate companies' performance in the first half year of 2011, CCM International concluded that weak situation is still shadowing Chinese glyphosate on the whole.

Nevertheless, it's sure that glyphosate in China recovers now, so the higher price of glyphosate can be expected in 2012.

FIGURE 10: Ex-factory pricing trend of glyphosate products in China, Jan.– Nov. 2011



Note: The prices in this figure are monthly average values from CCM International's price monitoring, and may be different a little from the quotations in Herbicides China News which comes out around 15th every month.
Source: CCM International



■ News in brief

China upregulates electricity price

On Dec. 1, 2011, China achieved nationwide upregulation of electricity price, which increased by average RMB0.03 per kilowatt in non-resident areas. And residential electricity price remains unchanged temporarily.

According to the governmental announcement, this price upregulation covers almost all basic material productions in China, meaning that high-energy consuming industries such as yellow phosphorus production will be impacted. In addition, water price will also meet nationwide upregulation in an estimate, but relative governmental document hasn't been promulgated yet. Thus, it can be foreseen that pesticide production as a downstream industry of basic material will encounter the increasing cost pressure in the future.

Nantong Jiangshan runs 20,000t/a amide herbicide production

On Dec. 25, 2011, Nantong Jiangshan Agrochemical & Chemicals Co., Ltd. (Nantong Jiangshan) held a news conference to declare the accomplishment of the 20,000t/a amide herbicide project, which is expected to enhance the company's performance in the future with methylene-technology in the production. (Herbicides China News 1111: Nantong Jiangshan launches 20,000t/a amide herbicide plant)

Thaihot Group pushes organofluorine project

In early Dec. 2011, Thaihot Group Co., Ltd. (Thaihot Group)'s 11,000t/a organofluorine project gained the approval of the Sanming Economic and Trade Commission. Subsequently, the establishment of this project still needs other relative governmental department's approvals. According to Thaihot Group, this 11,000t/a organofluorine project covers ODS substitute, fluororesin, fluoropolymer and other relative products. (Relative background is mentioned in this issue of Herbicides China News)

Hebei Veyong aims at coal industry

Hebei Veyong Bio-chemical Co., Ltd. (Hebei Veyong) announced on Nov. 30, 2011 that the company's share trade which initiated on Oct. 26, 2011 won't be resumed until Jan. 3, 2012, due to the potential reorganization between Hebei Veyong and ENN Mining Industry Co., Ltd. (ENN Mining). It's investigated that ENN Mining, a brother company of Hebei Veyong, is mainly engaged in coal business, implying that Hebei Veyong is planning to explore coal business.

Jiangsu Changqing (Nantong) purchases land

In late Nov. 2011, Jiangsu Changqing Agrochemical (Nantong) Co., Ltd., the wholly subsidiary of Jiangsu Changqing Agrochemical Co., Ltd. (Jiangsu Changqing), purchased a land (Number: G1112-1) successfully in Yangkou Chemical Park of Rudong County, Nantong City. Subsequently, the company will set out the construction of a new production base on this land, which covers several pesticide production lines, such as S-metolachlor, cyhalofop-butyl, difenoconazole and so forth. (Please refer to Herbicides China News 1109 and 1110 respectively: Jiangsu Changqing plans new production base and New subsidiary of Jiangsu Changqing gains commercial instrument)

Noposion vouches for Jiangsu Changlong

Shenzhen Noposion Pesticide Co., Ltd. (Noposion) issued bulletin on Dec. 9, 2011 to vouch for Jiangsu Changlong Chemicals Co., Ltd. (Jiangsu Changlong)'s credit of USD23.58 million (RMB150 million) in bank, so as to alleviate the capital pressure of Jiangsu Changlong whose 35% share is held by Noposion at present.



Interact column

Please [click](#) here to send your comments and topics you are interested in.

Correction Statement

We are sorry that we found a mistake in the story of Nantong Jiangshan launches 20,000t/a amide herbicide plant in last issue (Herbicides China News 1111). This 20,000t/a amide herbicide plant in Nantong Jiangshan Agrochemical & Chemicals Co., Ltd. was invested with about "USD31.3 million (RMB200 million)" in fact, instead of "USD200 million" (page 2, the second line from the bottom).

We apologize honestly for any inconvenience caused!

CCM International Co., Ltd.

Choose Type of Subscription:

- Single user license: 1 year CNY 19,530 USD2,790
 2 years CNY 33,201 USD4,743
- Corporate license: 1 year CNY 48,825 USD6,975
 2 years CNY 83,003 USD11,858

Print

Send

***All the above prices exclude tax, and additional 8% of each price should be charged as tax.**

* The price is based on CNY. CCM reserves the right to adjust the rate of other currencies if the exchange rate fluctuation exceeds 3%.

Your Details:

First Name: _____ Surname: _____
Job Title: _____ Department: _____
Company: _____
Address: _____
Postcode/Zip Code: _____ E-mail: _____
Telephone: _____ Fax: _____

Payment Method:

Wire Transfer

Bank Account:

A/C NO.: 3602008109200235331 (CNY) 3602008129200315969(USD)
BENEFICIARY NAME: CCM
BANK NAME: ICBC GAOXIN SUB-BR

BANK ADDRESS: NO.41, West ZhongShan Ave, Tian He, Guangzhou, China
BANK SWIFT CODE: ICBKCNBJGDG

Please send your completed order to us by

Online at www.cnchemicals.com

Post to Guangzhou CCM Information Science & Technology Co., Ltd. : 17th Floor, Huihua Commercial & Trade Building, No.80, Xianlie Zhong Road, Guangzhou 510070, P.R.China

Tel: +86-20-37616606

Fax: +86-20-37616968

E-mail: econtact@cnchemicals.com

CCM's legal disclaimers

1. CCM guarantees that the information in the report is accurate and reliable to the best of its knowledge and experience. CCM defines the report as a consulting product providing information and does not guarantee its information is completely in accordance with the fact. CCM shall not have any obligations to assume any possible damage or consequences caused by subscribers' any corporate decisions based upon subscribers' own understanding and utilization of the report.
2. The complete copyright of the report is and will be held by CCM. Subscribers shall not acquire, or be deemed to acquire the copyright of the report.
3. The report provided by CCM shall be only used as source of subscriber's internal business decisions and shall not be used for any other purposes without CCM's prior written consent, unless stated and approved in license contract signed by both parties. Subscribers shall not distribute, resell and disclose the whole report or any part of the report to third parties and shall not publish any article or report by largely or directly copying or citing the information or data based on CCM's report without the prior written consent of CCM.
4. Single User License means that there shall be only ONE person to receive, access and utilize the report. Subscriber can present the content of the report that marked the source from CCM to their internal colleagues for their internal communication and utilization, but cannot share the whole report to other individuals. Any citation, distribution, reselling and disclosure of the report as well as its partial content to any third party are prohibited, including but not limited to their parent companies or subsidiaries.
5. Corporate License means that subscriber shall not cite, distribute, resell the report or disclose information of the report to any third party without CCM's prior written consent, except subscribers' affiliates controlled with ownership of more than 50% of shares.

Signature : _____

Date: _____

Journalist: Bobby Liu

Editor: Karen Xu

Chief Editor: Norman Lai, Hongxiang Du

Publisher: CCM International Limited

CCM International's legal disclaimers:

1. CCM International guarantees that the information in the report is accurate and reliable to the best of its knowledge and experience. CCM International defines the report as a consulting product providing information and does not guarantee its information is completely in accordance with the fact. CCM International shall not have any obligations to assume any possible damage or consequences caused by subscribers' any corporate decisions based upon subscribers' own understanding and utilization of the report.
2. The complete copyright of the report is and will be held by CCM International. Subscribers shall not acquire, or be deemed to acquire the copyright of the report.
3. The report provided by CCM International shall be only used as source of subscriber's internal business decisions and shall not be used for any other purposes without CCM International's prior written consent, unless stated and approved in license contract signed by both parties. Subscribers shall not distribute, resell and disclose the whole report or any part of the report to third parties and shall not publish any article or report by largely or directly copying or citing the information or data based on CCM International's report without the prior written consent of CCM International.
4. "Single User License" means that there shall be only ONE person to receive, access and utilize the report. Subscriber can present the content of the report that marked the source from CCM International to their internal colleagues for their internal communication and utilization, but cannot share the whole report to other individuals. Any citation, distribution, reselling and disclosure of the report as well as its partial content to any third party are prohibited, including but not limited to their parent companies or subsidiaries.
5. "Corporate License" means that subscriber shall not cite, distribute, resell the report or disclose information of the report to any third party without CCM International's prior written consent, except subscribers' affiliates controlled with ownership of more than 50% of shares.

CCM International Limited

17th Floor, Huihua Commercial & Trade Building, No.80 Xianlie Zhong Road

Guangzhou, 510070, P.R.China

Tel: +86-20-37616606

Fax: +86-20-37616968

E-mail: econtact@cnchemicals.com

Website: www.cnchemicals.com