Agricultural Pesticides in China

Industry Study with Forecasts for 2015 & 2020

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INDUSTRY STRUCTURE
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Demand in China will benefit from increases in agricultural production of sown land, and ongoing gains in the production of pesticides-intensive crops such as fruits and vegetables.

Pesticide demand in China to grow 5.3% annually through 2015

Demand for formulated pesticides in the agricultural market in China is forecast to rise 5.3 percent per annum to 2.3 million metric tons in 2015. In value terms, formulated pesticide demand is expected to rise 7.1 percent per year to 60 billion yuan. Market gains will be driven primarily by increases in agricultural production as measured by the total area of sown land, and ongoing expansions in the production of fruits and vegetables, which are by far the most intensive users of pesticides relative to most other crops.

Farmers will continue to see steadily increasing income, the result of rising crop prices and government subsidies designed to supplement their revenues and reduce their material costs. Subsidies aimed directly at cutting the cost of pesticides will encourage additional use. Furthermore, increased pesticide usage has become more feasible from an investment standpoint, as use of additional pesticides can greatly boost crop yield, which in turn bolsters farmers’ income. The improved revenues attributable to higher crop prices more than compensate for the cost of the pesticides.

Pesticide active ingredient sales will advance 4.8 percent annually through 2015 to 765,000 metric tons. By weight, active ingredients comprised 26 percent of formulated pesticide shipments in 2010. Growth will be heightened mainly by greater exports of pesticide active ingredients, while increased domestic production of formulated pesticides will further stimulate demand.

Insecticides to remain largest market, fungicides to grow fastest

Insecticides will remain the largest product type through 2015 despite a relatively slow growth rate of 3.7 percent per year. Established products will continue to dominate the market going forward while the trend toward using less-toxic insecticides will contribute to the slow rate of growth. Herbicides will see strong growth in both shipments and demand through 2015, driven by a decrease in farming manpower and growth in export markets. Fungicides will post the fastest growth as farmers contend with resilient fungal problems.

Northwest to be fastest growing regional market

The size, growth and composition of pesticide demand in China’s six regions vary considerably. The Central-East and Central-South will remain the two largest regional pesticide markets, together accounting for 70 percent of total demand in 2015. Demand in these regions will be driven by increasing output of high value crops. Growth in sales of pesticides in the Northwest will outpace that of other regions through 2015, benefiting from the Great Western Development Strategy.

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PESTICIDE ACTIVE INGREDIENTS

Herbicides Demand by Class

Herbicides are used to control weeds on farmland. Weeds are relatively easy to control by traditional methods, such as hand pulling, crop rotation and mechanical controls. However, as more farmers leave agriculture for other jobs, herbicide use has become more of a necessity in China, despite the fact that herbicides -- especially patented, imported herbicides such as dicamba and bentazone -- can be quite expensive for many small household farms.

The herbicide active ingredient segment comprises a variety of active ingredients, including glyphosate, chloroacetamide, dinitroaniline, benzoic, triazine and others. Glyphosate is the most widely used herbicide active ingredient product type in China, accounting for nearly 40 percent of overall volume demand in herbicide active ingredients in 2010. Glyphosate will continue to lead the herbicide market in China through 2015, driven by its good performance in weed control and its broad-spectrum applications on crops.

Chloroacetamide is the second most widely used class of herbicide active ingredient. In 2010, chloroacetamide accounted for 22 percent of overall herbicide active ingredient demand due to its comparatively low price. However, through 2015 it will see below average growth.

Demand for dinitroaniline herbicide active ingredients is expected to grow at a faster pace through 2015, driven by increases in formulated dinitroaniline output and its relatively low price. However, highly stringent regulations on their use and its limited spectrum will prevent dinitroaniline demand from growing at a faster pace.

Demand for benzoic herbicide active ingredients is forecast to advance at a faster rate. Product sales will be limited by their high prices. Triazine is the fifth largest herbicide product type and

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Jiangsu Suhua Group Company Limited
208 Tong Yuan Road
Suzhou, Jiangsu 215006
China
86-512-6525-6072
http://www.jsgc.com

Sales: ¥5 billion [about US$740 million] (estimated)
Employment: 2,800 (estimated)

Key Products: insecticides, herbicides, fungicides and pesticide intermediates

Jiangsu Suhua is a manufacturer of agricultural chemicals. Principal products include pesticides, pesticide intermediates, chlor-alkali products, synthetic heat carriers, food additives, rubber auxiliaries and polyvinyl chloride profiles.

The Company is involved in the Chinese pesticide industry through the production of formulated pesticides and pesticide active ingredients, including insecticides and herbicides. In 2010, sales of formulated pesticides to China accounted for ¥120 million [US$18 million] of Jiangsu Suhua’s total sales, and the Company shipped 6,000 metric tons of pesticide active ingredients in China. Specific pesticides from the Company include a variety of insecticides. Among Jiangsu Suhua’s insecticides are acephate, parathion and dimethoate varieties. For example, acephate types are used to protect rice, cotton, fruit tree, vegetable, tobacco and dry crops against various insect pests. Herbicides from the Company include glyphosate for preventing weeds in sugarcane, tea, mulberry, rubber and other crops; glyphosate-isopropylammonium for the prevention of crabgrass, green bristlegrass, chickweed,
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Other Studies

Home & Garden Pesticides
US demand for home and garden pesticides is projected to increase 3.2 percent per year to $2.3 billion in 2016. Insecticides and fungicides will be the fastest growing types. Household applications will outpace lawn and garden uses, promoted by increased awareness of pest-borne diseases and by continued problems with aggressive insects. This study analyzes the $2 billion US home and garden pesticide industry, with forecasts for 2016 and 2021 by product, application and raw material. The study also evaluates company market share and profiles industry players.

#2947 .................. October 2012 .................. $4900

World Agricultural Pesticides
World demand for formulated agricultural pesticides is forecast to increase 3.8 percent annually through 2016 to $59 billion. The fastest growth is expected in developing countries of Eastern Europe, South America, and Asia. Product demand will benefit from more value-added pesticide formulations with multiple active ingredients. This study analyzes the $49 billion world agricultural pesticide industry, with forecasts for 2016 and 2021 by product, market, world region and for 43 countries. The study also evaluates company market share and profiles industry participants.

#2902 .................. August 2012 .................. $6200

Lawn & Garden Consumables
US packaged lawn and garden consumables demand will rise 3.3 percent yearly to $8.8 billion in 2016. Pesticides and fertilizers will remain the top segments, with fertilizers, seeds and growing media the fastest growing. Organic formulations will outpace conventional types, but from a much smaller base. This study analyzes the $7.5 billion US lawn and garden consumables industry, with forecasts for 2016 and 2021 by product, formulation, market, application, end user and US region. The study also evaluates company market shares and profiles industry players.

#2891 .................. May 2012 .................. $5100

Pesticides
US demand for formulated pesticide products is forecast to increase 2.6 percent per year to $12.1 billion in 2016. Gains will be driven in part by rising demand for new formulations used in multiple settings. Herbicides will remain the largest product segment and show the strongest growth. The agricultural market will remain dominant and grow the fastest. This study analyzes the $10.7 billion US pesticides industry, with forecasts for 2016 and 2021 by product and market. The study also evaluates company market share and profiles industry competitors.

#2877 .................. April 2012 .................. $4800

Fertilizers in China
Demand for fertilizers in China is forecast to increase 3.3 percent per annum through 2015 to 262 million metric tons. Sales will be supported by growth in the amount of sown areas and rising rural incomes. Single-nutrient fertilizers will remain the dominant type, while multi-nutrient fertilizers will grow much faster. This study analyzes the 222.5 million metric ton agricultural fertilizer industry in China, with forecasts for 2015 and 2020 by product, crop and region. The study also evaluates company market share and profiles industry participants.

#2870 .................. June 2012 .................. $5400

About The Freedonia Group

The Freedonia Group, Inc., is a leading international industry market research company that provides its clients with information and analysis needed to make informed strategic decisions for their businesses. Studies help clients identify business opportunities, develop strategies, make investment decisions and evaluate opportunities and threats. Freedonia research is designed to deliver unbiased views and reliable outlooks to assist clients in making the right decisions. Freedonia capitalizes on the resources of its proprietary in-house research team of experienced economists, professional analysts, industry researchers and editorial groups. Freedonia covers a diverse group of industries throughout the United States, the emerging China market, and other world markets. Industries analyzed by Freedonia include:

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