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COUNCIL OF PRODUCERS & DISTRIBUTORS OF AGROTECHNOLOGY
THE BUSINESS COUNCIL FOR AGROTECHNOLOGY

April 15, 2026

Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Submitted via <https://comments.ustr.gov/s/>

Re: Docket Number USTR-2026-0067 and USTR-2026-0068 Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors

Dear Ambassador Greer:

The Council of Producers & Distributors of Agrotechnology (CPDA) appreciates the opportunity to submit comments in response to the Office of the United States Trade Representative's initiation of a Section 301 investigation into structural excess capacity and production.

CPDA is the Business Council for Agrotechnology, representing formulators, distributors, manufacturers, and suppliers of adjuvants, biopesticides, inert ingredients, and post-patent pesticide products. CPDA's members comprise a nationwide network that accounts for nearly 90 percent of the \$15 billion U.S. crop protection market. For nearly four decades, CPDA has worked to advance science-based, predictable policies that protect the environment while ensuring farmers have access to the tools needed to produce safe, affordable food.

CPDA members operate across the crop protection value chain, including significant domestic formulation capacity. These comments address how structural excess capacity, particularly from China, is affecting U.S. manufacturing, formulation, and agricultural supply chains. The agrochemical sector, including pesticide active ingredients and formulated products, is part of the broader chemicals sector identified by USTR as subject to excess capacity concerns.

State-supported excess capacity in China's agrochemical sector is distorting global markets and burdening U.S. commerce. This applies to both active ingredients and finished, formulated pesticide products. China's industrial policies have driven expansion of production capacity well beyond global demand and have encouraged the export of higher-value formulated products. The result is sustained pricing pressure, displacement of U.S. manufacturing, and erosion of domestic formulation capacity.

The U.S. pesticide formulation industry remains a critical part of the agricultural supply chain. It supports domestic manufacturing, ensures regulatory compliance, and provides farmers with reliable access to crop protection tools. These capabilities are under increasing strain as excess foreign capacity and policy-driven export behavior continue to reshape the market.



Section 301 tariffs on formulated products have provided an important counterbalance. Maintaining, and where appropriate strengthening, these measures will be necessary to preserve domestic manufacturing capacity and support a stable agricultural supply chain.

Overview of China's Policies and Resulting Excess Capacity

China's agrochemical sector reflects a pattern of state-directed industrial policy that has produced persistent excess capacity across multiple chemistries. These policies include support for capacity expansion without regard to market demand, preferential financing and other forms of state support, and export incentives that favor shipment of formulated products over technical materials. Production costs are further shaped by regulatory and compliance frameworks that differ materially from those faced by U.S. manufacturers.

These are not market outcomes. They are the result of policies that sustain production and exports irrespective of demand conditions. The effect is chronic overcapacity, downward pressure on global prices, and distortion of trade flows.

Burden on U.S. Commerce

These conditions burden and restrict U.S. commerce in several respects. Excess capacity enables exports at prices that do not reflect market-based cost structures, limiting the ability of U.S. producers to compete on commercial terms. Over time, this has contributed to the contraction or loss of production capacity in key chemistries. Expansion of global glufosinate capacity has coincided with the shutdown of Western production assets. Pricing pressure in glyphosate and other widely used products continues to constrain domestic production decisions.

China's emphasis on exporting formulated products has a direct impact on U.S. manufacturing. Formulated imports compete directly with domestic formulation facilities and shift value-added activity offshore. As domestic capacity erodes, the U.S. agricultural sector becomes more dependent on imports from a concentrated set of foreign suppliers, increasing exposure to disruption and volatility.

These dynamics are not limited to a single country. Excess formulation capacity exists across multiple exporting countries and import patterns can shift quickly in response to changes in tariff treatment. Where measures are applied narrowly, production and trade flows may be redirected through third countries, including through transshipment or reformulation, reducing the effectiveness of those measures. As a result, U.S. formulators may continue to face displaced demand even where targeted trade actions are in place.

These are precisely the types of impacts Section 301 is intended to address, including displacement of domestic production, suppression of investment, and distortion of competitive conditions.

Impact on the U.S. Formulation Industry

The domestic pesticide formulation industry warrants particular attention in this investigation. Formulation is a core manufacturing function. It converts technical active ingredients into finished products that meet U.S. regulatory requirements and are suitable for use in the field. It also supports product consistency, stewardship, and the distribution networks that serve farmers nationwide.

The viability of this sector depends on a workable balance between imports of technical materials and imports of finished products. China's policy approach disrupts that balance by retaining value-added production domestically and exporting finished goods. U.S. formulation capacity is then placed in direct competition with state-supported imports.

This capacity is closely tied to agricultural distribution systems, including retailers and service providers. Loss of formulation capacity therefore has broader implications for the agricultural economy. Domestic formulation drives demand for U.S.-based suppliers, including manufacturers of inert ingredients and other inputs incorporated into finished products. As formulation activity shifts offshore, that demand follows, displacing domestic production and eroding the competitiveness of the U.S. crop protection industry.

Role of Section 301 Tariffs

Section 301 tariffs on products classified under HTS 3808 have played a meaningful role in mitigating these effects. Tariff differentials between formulated products and technical materials directly influence sourcing and production decisions.

Glyphosate provides a clear example. Formulated products classified under HTS 3808 have been subject to significantly higher duties than technical materials classified under Chapter 29. Import behavior has adjusted accordingly, with downstream effects on U.S. formulators and input suppliers.

Paraquat demonstrates a similar dynamic. Import patterns have shifted between formulated and technical products based on tariff exposure and supply chain considerations. These shifts underscore how sensitive formulation decisions are to tariff structure.

The underlying point is straightforward. Tariff policy affects where formulation occurs. When tariffs apply to formulated products, there is a stronger incentive to maintain domestic formulation capacity. When that differential is removed, production is more likely to move offshore.

Industry experience also demonstrates that the effectiveness of tariffs depends on their scope and relative level across competing sources of supply. Where tariff differentials exist between countries, sourcing can shift to alternative suppliers with excess capacity, limiting the intended benefit to U.S. manufacturing. Measures that do not account for substitution effects across

producing countries may therefore provide only limited or temporary support for domestic formulation.

For many companies, U.S.-based formulation facilities are maintained in part to manage tariff exposure. Removing that incentive would place those facilities at risk.

Regulatory Compliance and Product Integrity

Structural excess capacity also raises issues related to regulatory compliance and product integrity. Crop protection products in the United States are subject to detailed requirements governing composition, labeling, and performance. Meeting those requirements depends on consistent manufacturing processes and adequate oversight.

Domestic formulation provides a level of control that supports compliance with those standards. A supply chain that relies more heavily on imported finished products reduces visibility into production practices and increases the potential for variability. Maintaining domestic capacity helps ensure consistency, compliance, and performance in the field.

Supply Chain Resilience and Food Security

Crop protection products are essential inputs for agricultural production. Reliable access to these products is directly tied to farm productivity, crop yields, and food affordability.

As domestic production declines, reliance on foreign supply increases. That reliance introduces risk, whether from geopolitical developments, trade disruptions, or changes in foreign production policy. Preserving domestic manufacturing and formulation capacity is therefore an important component of supply chain resilience.

Recommended Actions

CPDA respectfully recommends that USTR:

1. Maintain and, where appropriate, strengthen Section 301 tariffs on formulated crop protection products classified under HTS 3808.
2. Ensure that tariff structures do not create incentives to shift formulation activity outside the United States.
3. Consider the role of domestic formulation capacity in supporting supply chain resilience when determining appropriate remedies.

State-supported excess capacity in China's agrochemical sector, including policies that promote the export of formulated products, continues to distort global markets and undermine U.S. manufacturing.

Section 301 tariffs have served as an effective countermeasure. Maintaining these measures will be important to preserving domestic formulation capacity, supporting U.S. agriculture, and ensuring a more resilient crop protection supply chain.

CPDA appreciates the opportunity to provide these comments and stands ready to engage further as the investigation proceeds.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Kippley". The signature is fluid and cursive, with the first name "Terry" and last name "Kippley" clearly distinguishable.

Terry Kippley
President & CEO
Council of Producers & Distributors of Agrotechnology