

## **Pasture renewal highly profitable despite global cost increase of herbicide active ingredient**

Despite global increases of 50% in the cost of glyphosate acid, the active ingredient in Roundup and glyphosate products, it is still highly profitable for farmers to renew pastures using these herbicides, says Patrick Clement, Country Manager for Nufarm NZ.

Nufarm supplies the country's market leading glyphosate, Roundup TRANSORB®.

Clement says New Zealand farmers are now beginning to see the effects of the sharp wholesale cost increase of raw glyphosate since May. The retail price of a number of glyphosate-based herbicides on the local market has already been raised.



“One must view these recent increases against the background of the longer term trend. The price of glyphosate products has come down over last ten years and I don't believe it will get back to the levels of ten years ago,” he says.

“In real terms, the returns that farmers can get from using Roundup keep going up, especially for dairy farmers.”

The higher demand for Roundup and glyphosate products the world over is one of the factors that caused the sharp cost increases in recent months. This demand is driven in part by the big lift in crops being grown for biofuels, as well as the increase of genetically modified crops that are Roundup tolerant. This allows farmers to combat weeds without risk of affecting their crops.

At the same time, there is less glyphosate raw material coming out of China, which has been a major source of the chemical in recent years.

According to Clement, China now exports less glyphosate because the Chinese government has removed earlier export incentives and the country's growing agricultural production demands more product for local use. At the same time, China's production of glyphosate has been reduced, as a number of chemical plants were closed as part of China's efforts to address environmental concerns.

“In New Zealand, there is still some older, lower priced stock in the retail system, but as newer stock comes through, farmers can expect increases of over 20 per cent,” says Clement.

In the case of Roundup TRANSORB®, Nufarm has managed to keep the price at the pre-increase levels.

“With Roundup, a significant part of its value is in the advanced surfactant, so the glyphosate component of the price is relatively lower than that of other products,” says Clement.

“We’ve also been able to use reserves of glyphosate of the particular type we use for Roundup. We don’t expect to have to increase the price of Roundup TRANSORB® for a while yet.”

He believes the industry will act to relieve the current situation and that the price pressure on manufacturers and farmers will only last until increased production of glyphosate brings supply and demand back in balance. “I think the farmer will be paying more for at least two years.”

Because of Nufarm’s long-standing and strong relationship with suppliers, Clement is confident that his company will be in a good position to continue supply to meet the growing local demand.

“We don’t foresee that New Zealand farmers will suffer the shortages of glyphosate that is already affecting farmers in Australia and other countries.”

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