

GFA Agrochemical Buying Group

Membership Business Strategy

SUMMARY

1. Author the strategy: Billy Tiller in collaboration with farmers. Many great ideas came from members.
2. Purpose: To create a regional business in an area around Lubbock, Texas for the building of a supply chain of certain off patent agrochemicals. The agrochemicals will be produced by a partner firm, Vulpes Corp, at a manufacturing site in Lubbock, Texas. The chemicals will be sourced and distributed by a new company, Grower Freedom Alliance (GFA).
3. Method: GFA will use a “Buying Group Company” or “Group Purchasing Organization” to create a purchasing group for the agrochemicals. No one is yet trying to re-shore manufacturing in a regional model to take advantage of a short distribution chain in both number of participants and distance to end customer. GFA will use the membership fees to fund Vulpes Corp with a series of secured loans for equipment, operating expenses, and working capital. The strategy is to get a chemical manufacturing facility operational, buy the manufactured chemicals from Vulpes through GFA, collect payment from members, and deliver these chemicals to the members. This partnership expects to be able to deliver most chemicals at greater than 20% discount to the current prices for other generic brands, and in addition Vulpes is confident that they can deliver a much purer product which is significant for the environmental stewardship. It is widely known that some offshore generics have impurities such as heavy metals and/or PFAS. Our hope is that the higher purity will bring greater efficacy to the produced generics. This onshoring also bring security to the supply chain so our members are not disrupted by a pandemic or conflict near current production in China and India.
4. Why will this be a real benefit: Farmers are at the end of the road in accepting a continual steady rise of chemical prices. Farmers have yet to see any significant reduction in the cost of off patent/generic chemicals. GFA and Vulpes can lower the cost, below the current prices from ag retail, of the targeted products that are off-patent agrochemicals produced at the Lubbock site. Vulpes has done a tremendous amount of modeling for variable costs of manufacturing in the United States, also the difference in overhead. In the beginning our goal is 20% reduction in prices, but our aspirations with scale could be over 40% reduction in cost of many products. This is an exciting time working with Vulpes and their goal to partner with the farmer.

5. Barriers to entry:

- a. A shorter distribution chain can only be created if we have onshore manufacturing. I have found formulators that import active ingredient from China and India, then formulate and package on U.S. soil. I have searched for lean manufacturing alternatives and have not found a workable way. Vulpes Corp is the only real choice, and the best possibility I could have found.
- b. There is much anti-competitive behavior from the large ag firms toward generic chemicals being sold at the ag retailers. These big companies have a deep relationship with ag retail and that is why we will go direct to our buying group members in most cases. See this link to learn more about an FTC action major manufacturers:
<https://www.ftc.gov/legal-library/browse/cases-proceedings/191-0031-syngenta-corteva-ftc-v>

6. Work completed to date:

- a. Due diligence with Vulpes Corp.
 - i. I was introduced by American Farm Bureau at their annual conference in January 2022. Vulpes and I went to work on understanding if Vulpes could onshore a business that they are familiar with in China. My due diligence included receiving product from their Chinese plant in 2022 and doing small block testing on my fields as well as 2 other farmers. These were recorded with EPA permission.
 - ii. I have spent time with Rick Shang, Dihui Yu, and others with Vulpes Corp. I also consulted chemists that are knowledgeable of the processes in manufacturing chemicals. The lead interviews were with Dr. Werner Kuhr of Texas Tech University, who was extremely helpful.
- b. I completed the testing of a plant growth regulator and a pre-plant herbicide, both produced by Vulpes Corp. The quality of both products was clear from their efficacy in the field testing and the purity tests from Vulpes was over 99%.
- c. Vulpes Corp and GFA have located and are retrofitting a site at the former Reese AFB near Lubbock, Texas.
- d. Registration of several products is now in the hands of EPA for 2025. GFA and Vulpes are actively moving forward on the facility. Equipment is ordered and we have the plant up and running in 2024.

7. Conclusion: There is not a better time to launch GFA and partner with Vulpes Corp.