Lier Chemical prepares for next agrochemical cycle

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With glufosinate demand holding firm and multiple projects nearing production, Lier Chemical enters a pivotal 12â??18 months of capacity and technology expansion

Chinese agrochemical major Lier Chemical Co., Ltd. is entering the second half of 2026 at a potentially important inflection point, with glufosinate demand remaining resilient, product prices showing early signs of stabilisation and several capacity projects moving towards commercial production.

At its H1 2026 interim results briefing on September 4, management outlined a cautious but increasingly constructive outlook for the companyâ??s core glufosinate and L-glufosinate businesses, while highlighting progress on new projects, a sharp increase in R&D spending and the potential strategic benefits of its acquisition of Huarun Shuangjie.

The companyâ??s H1 revenue rose 6.86 per cent year-on-year, although net profit continued to decline, reflecting pressure across the agrochemical cycle. Management nevertheless indicated that demand for glufosinate and L-glufosinate remains robust and expects prices to improve gradually. The comments point to a market that may be moving beyond its deepest phase of price pressure, although the timing and strength of a sustained recovery remain uncertain.

Glufosinate market waits for a clearer price turn

Glufosinate remains central to Lier Chemicalâ??s earnings outlook. Management said market demand for both glufosinate and L-glufosinate continues to be strong, while product prices are expected to improve. The company stopped short of identifying a specific quarter for a price inflection. However, the combination of resilient demand, an improving pricing environment and relatively stable RMB/USD exchange-rate movements could provide some relief to exporters in the second half of 2026.

Lier is also pursuing cost-reduction and efficiency-enhancement measures, which could become increasingly important if selling prices recover only gradually. The immediate question for investors is therefore not simply whether glufosinate prices have bottomed, but whether a recovery in prices can translate into meaningful margin expansion. With capacity additions also approaching, the balance between demand growth and new supply will determine how durable any improvement becomes.

L-glufosinate expansion faces a process bottleneck

Capacity expansion in L-glufosinate remains one of the companyâ??s most closely watched projects. Lierâ??s Hubei Lituo project, designed to produce 10,000 tonnes/year of L-glufosinate technical material along with supporting facilities, was 51.43 per cent complete. The project, originally scheduled for completion by the end of 2024, has been delayed because of process optimisation requirements.

Management has not yet provided a definitive commissioning date and said the timeline will be disclosed according to the projectâ??s progress. The delay is significant because L-glufosinate represents an important part of Lierâ??s longer-term product strategy. Bringing the project online would materially expand the companyâ??s production capability, but the economics will ultimately depend on process efficiency, production costs and market conditions at the time of commissioning.

A separate Hunan Lier L-homoserine project is progressing as planned and is expected to be completed in the second half of 2026. L-homoserine is a key intermediate in the enzymatic production of L-glufosinate. Its availability could therefore strengthen Lierâ??s internal supply chain and reduce dependence on external sourcing as the company scales its biochemical route.

Management said the biochemical L-glufosinate process remains under optimisation. Further commercial development will depend on whether the technology achieves sufficient competitiveness and whether adequate L-homoserine supply is secured.

New capacity starts to reshape the growth pipeline

Beyond glufosinate, Lier is approaching a period of concentrated capacity additions. At Guang'an Lier, projects covering chlorantraniliprole, L-glufosinate and other products have been completed. At Hubei Lituo, projects involving thiabendazole, flame retardants and other products have also reached completion. Not all of these facilities are at the same stage. Some remain in trial production, while others have moved into normal production.

Taken together, however, the projects create a sizeable pipeline for the next 12â??18 months. The completion of the Hunan L-homoserine project and continued progress on the 10,000-tonne/year L-glufosinate facility could further accelerate this capacity cycle.

That creates both an opportunity and a risk. Additional capacity can support revenue growth if end-market demand absorbs the new production, but it can also prolong pricing pressure if supply expands faster than consumption.

R&D spending jumps as Lier broadens its technology base

One of the more revealing signals from the results briefing was the roughly 50 per cent year-on-year increase in H1 R&D expenditure. Management attributed the increase primarily to two areas: the expansion of its Shanghai R&D centre, including recruitment of high-end talent in fields such as synthetic biology and new materials, and the movement of pipeline projects into pilot-scale validation, which has increased material requirements. The rise in R&D spending suggests that Lier is attempting to build capabilities beyond conventional chemical synthesis.

Synthetic biology is particularly relevant to the company's evolving L-glufosinate strategy, where biochemical production processes could eventually offer a differentiated route if process economics and scale-up challenges are resolved.

Acquisition and ownership transition add another layer

The anticipated synergies from the Huarun Shuangjie acquisition represent another variable in Lier Chemicalâ??s medium-term outlook.

At the same time, the pending entry of a state-owned controlling shareholder could mark a broader strategic transition for the company.

The combination of new ownership, acquisition-related synergies, expanding production capacity and increased investment in advanced R&D places Lier at an unusual juncture. The company is simultaneously trying to defend profitability through a difficult agrochemical cycle while investing ahead of the next growth phase.

The H1 results therefore offer a picture of a company caught between two cycles: the old cycle of commodity agrochemical pricing and capacity expansion, and a new cycle built around higher-value products, biochemical manufacturing and a broader technology portfolio.

The next 12 months will test the strategy

Lier Chemicalâ??s immediate earnings trajectory will depend heavily on whether glufosinate prices can establish a sustained recovery and how quickly newly completed projects move from trial production to stable commercial output. A stronger pricing environment would provide operating leverage, particularly alongside cost-control measures. But the companyâ??s longer-term proposition rests on more than a cyclical rebound.

The successful commissioning of L-glufosinate capacity, completion of the L-homoserine project, commercialisation of new products and conversion of higher R&D spending into scalable technologies will determine whether Lier can turn the current window of market stabilisation into a more durable growth platform.