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Agricultural Machinery in Europe
Situation and Challenges

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EMF Conference
Agricultural Machinery Network
11 June 2010

The network of CEMA

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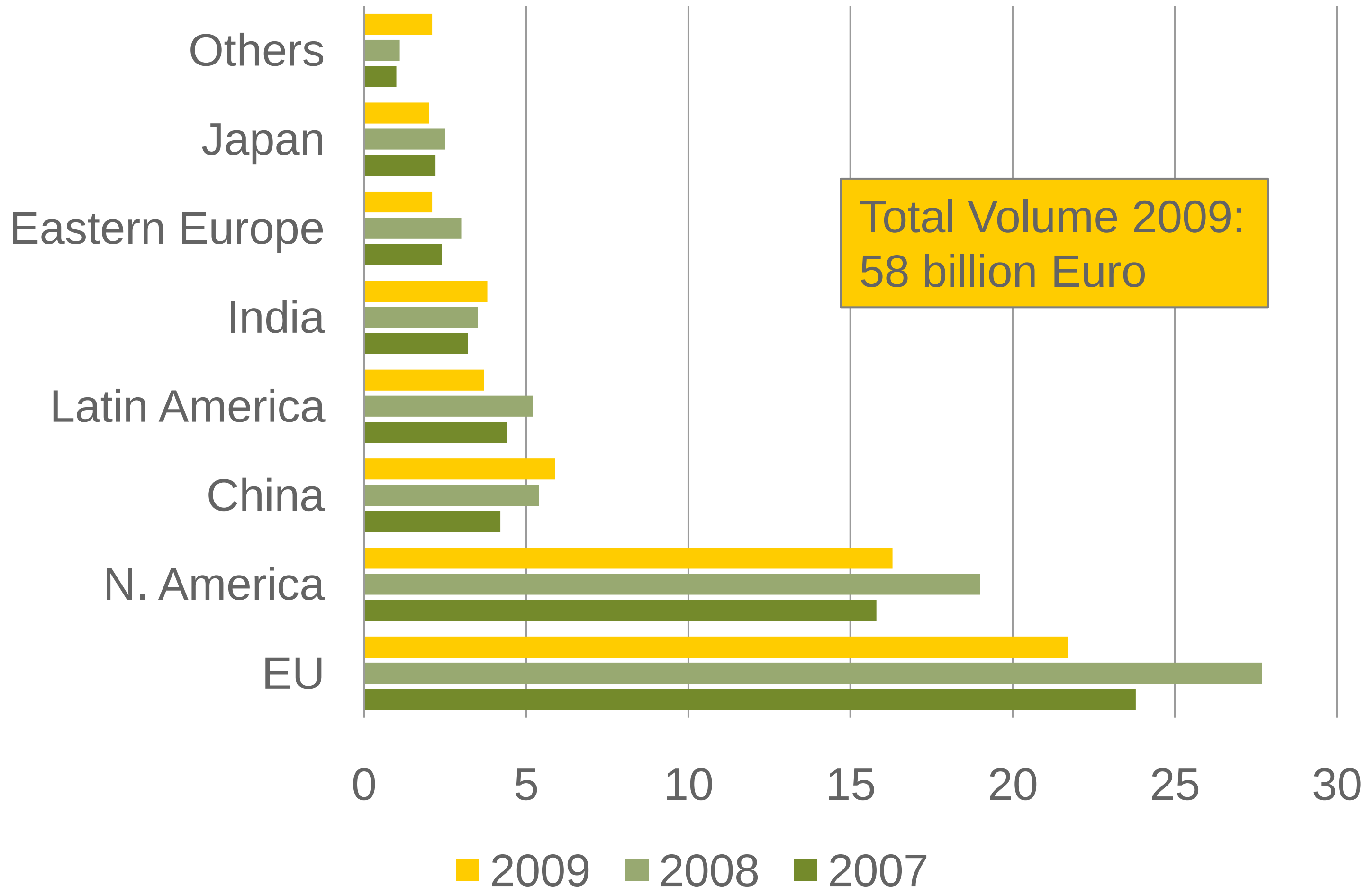
Global Agricultural Machinery Industry
Europe = 38% of the Global Production



Source: VDMA Estimations

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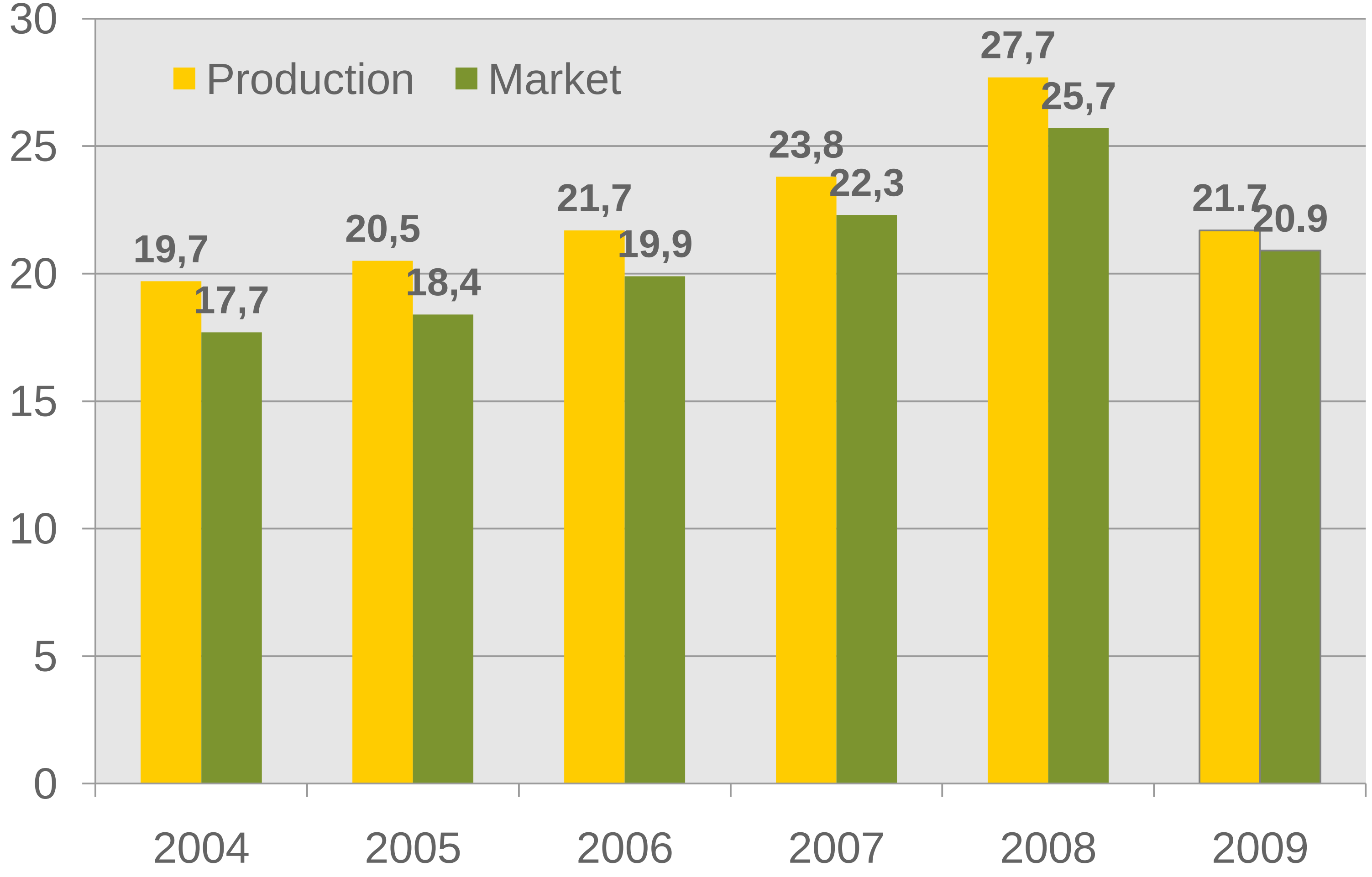
The European Market for Agricultural Machinery



Source: Eurostat, VDMA estimations

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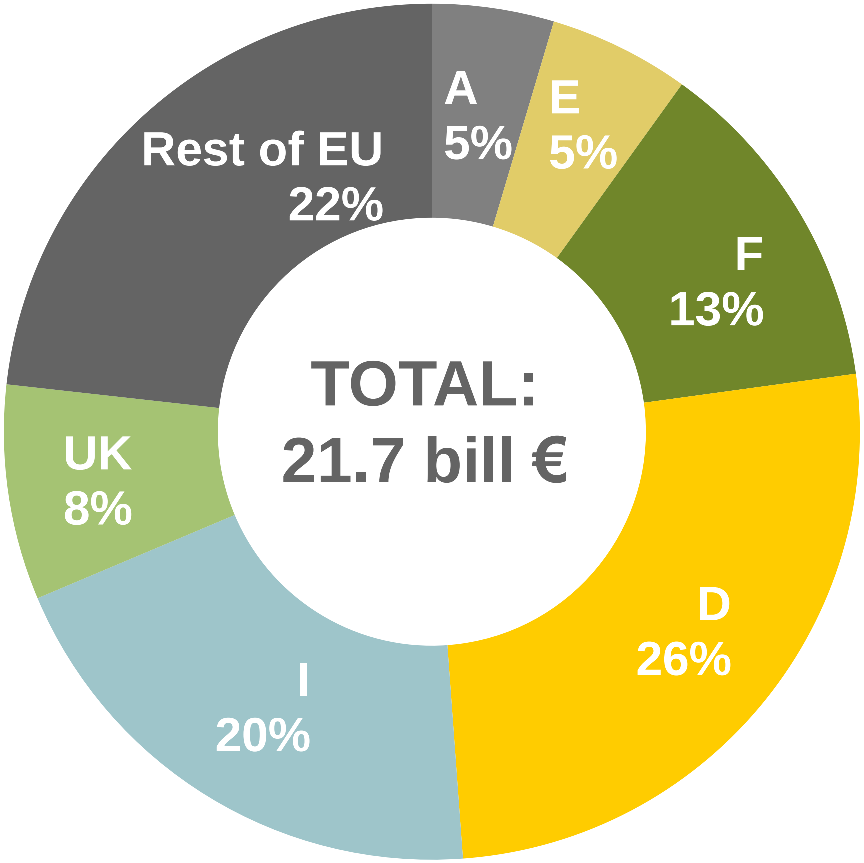
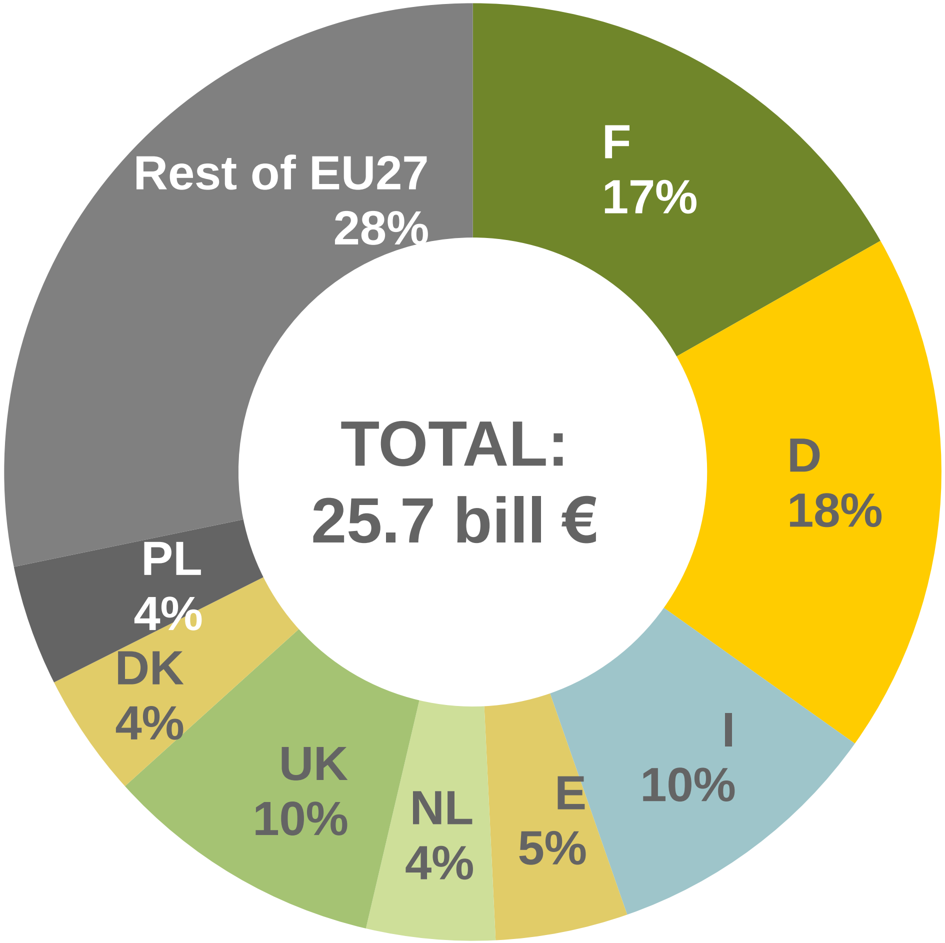
European Production Agricultural Machinery 2009



Source: CEMA, Eurostat

European Market for Agricultural Machinery 2009



Source: Eurostat, VDMA estimations

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Development of the Western European Tractor Markets

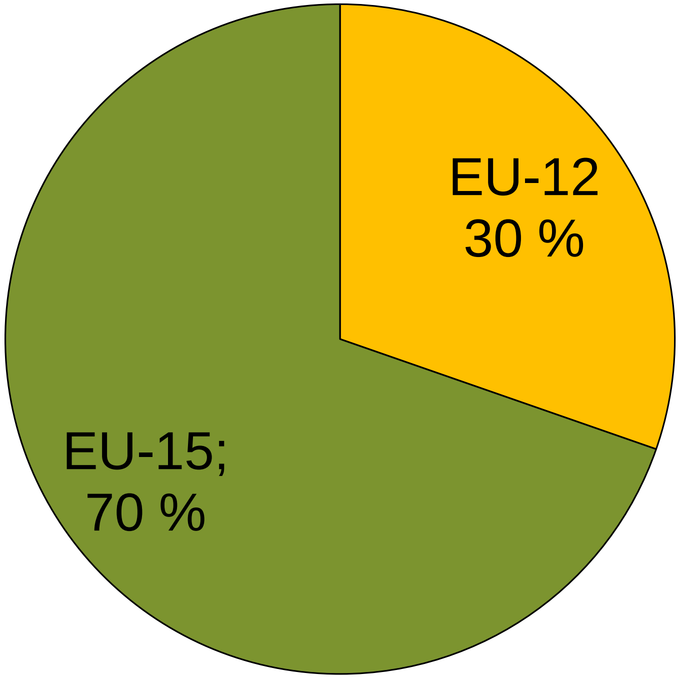
	2007	2008	2009	Change	Share 09	1-3 2010	Change
France*	35.083	40.716	36.800	-10%	23,7%	6.546	-28%
Germany	28.451	31.250	29.465	-6%	19,0%	5.233	-26%
Italy	26.836	27.264	27.074	-1%	17,4%	5.319	-17%
United Kingdom	17.089	18.564	16.326	-12%	10,5%	3.618	-14%
Spain	17.250	15.826	11.796	-25%	7,6%	2.268	-22%
Austria	7.558	7.722	7.735	0%	5,0%	1.808	-11%
Finland	4.245	4.491	4.036	-10%	2,6%	1.323	-22%
Sweden	4.634	4.462	3.609	-19%	2,3%	751	-20%
Portugal	4.199	4.129	2.983	-28%	1,9%	674	-5%
Belgium	3.472	3.897	2.909	-25%	1,9%	844	-13%
Netherlands	4.568	4.520	2.782	-38%	1,8%	731	-25%
Switzerland	2.591	2.590	2.653	2%	1,7%	674	-1%
Norway	4.187	3.708	2.631	-29%	1,7%	585	-25%
Denmark	3.961	3.427	1.878	-45%	1,2%	474	-33%
Ireland	5.029	4.531	1.748	-61%	1,1%	664	-33%
Greece	3.002	2.610	745	-71%	0,5%	80	-73%
Luxembourg	224	206	197	-4%	0,1%	54	-13%
Iceland	368	133	29	-78%	0,0%	6	100%
Total	172.747	180.046	155.396	-13,7%	100,0%	31.652	-22%

* for the total years excluding telescopic handlers

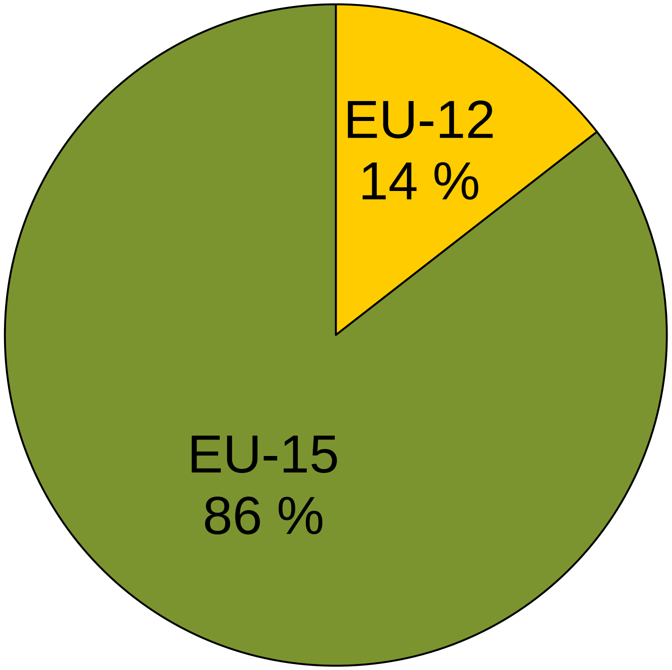
Source: CEMA Statistical Group, VDMA

Potential in the newer EU Member States in Central & Eastern Europe

Arable Land



Equipment Sales



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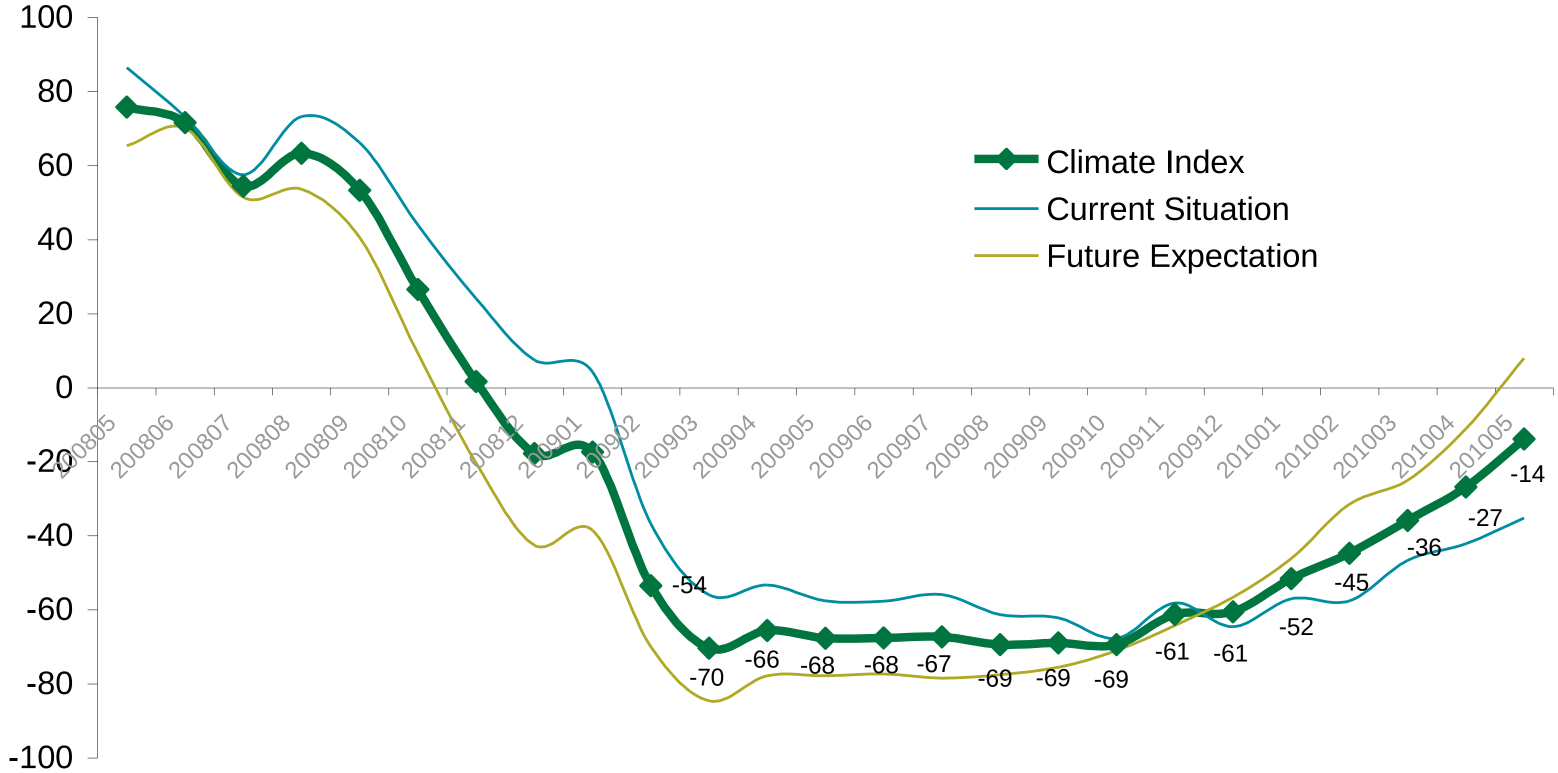
Business Climate
Index Development

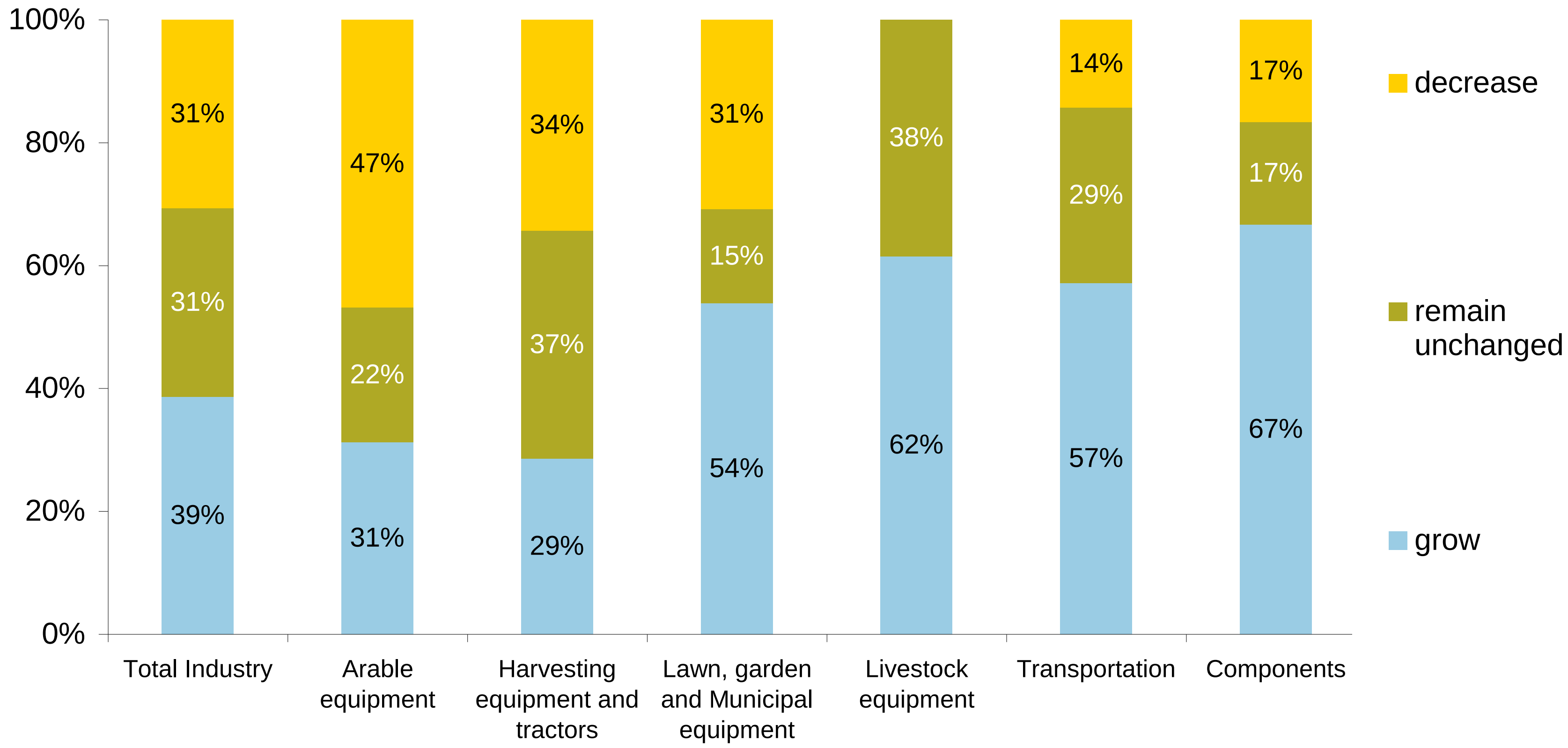
CEMA Business Climate Index



Source: CEMA Business Barometer
Index = sum of 1) evaluation of the current business situation and 2) turnover expectation

Business Expectations
Turnover according to Sectors

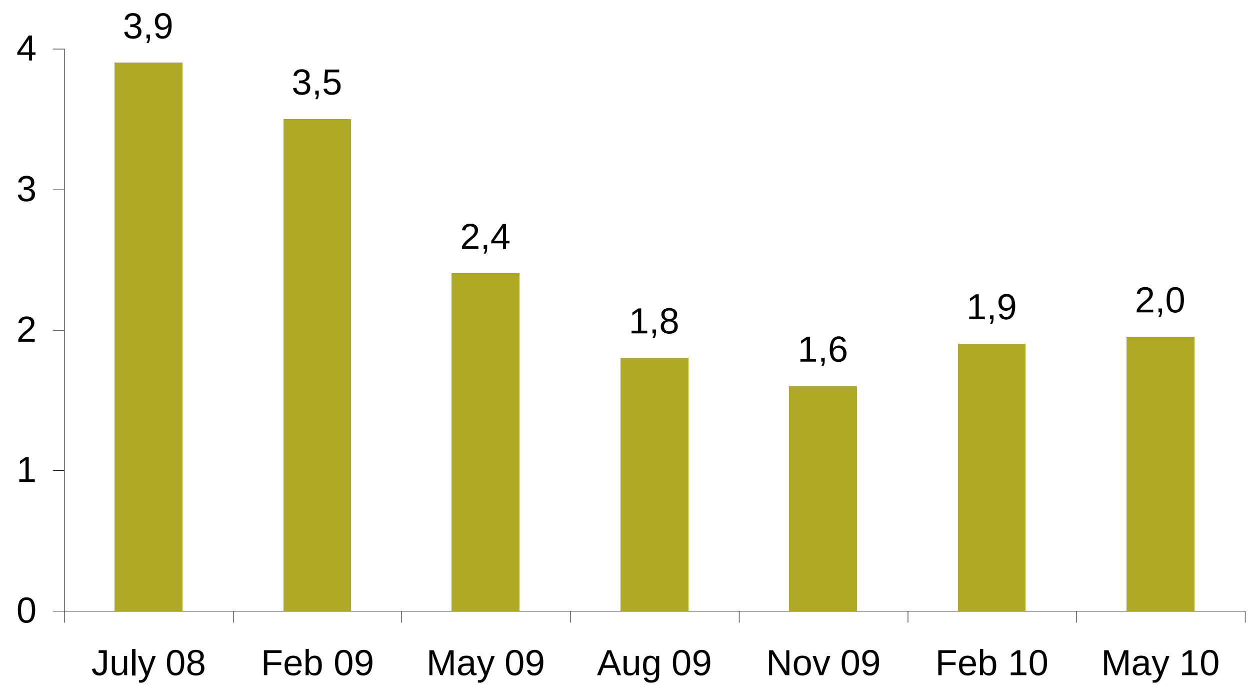
Question: We expect our volume of **turnover** within the next 6 months to



Source: CEMA Business Barometer May 2010

New Order Level Still Low
European Average

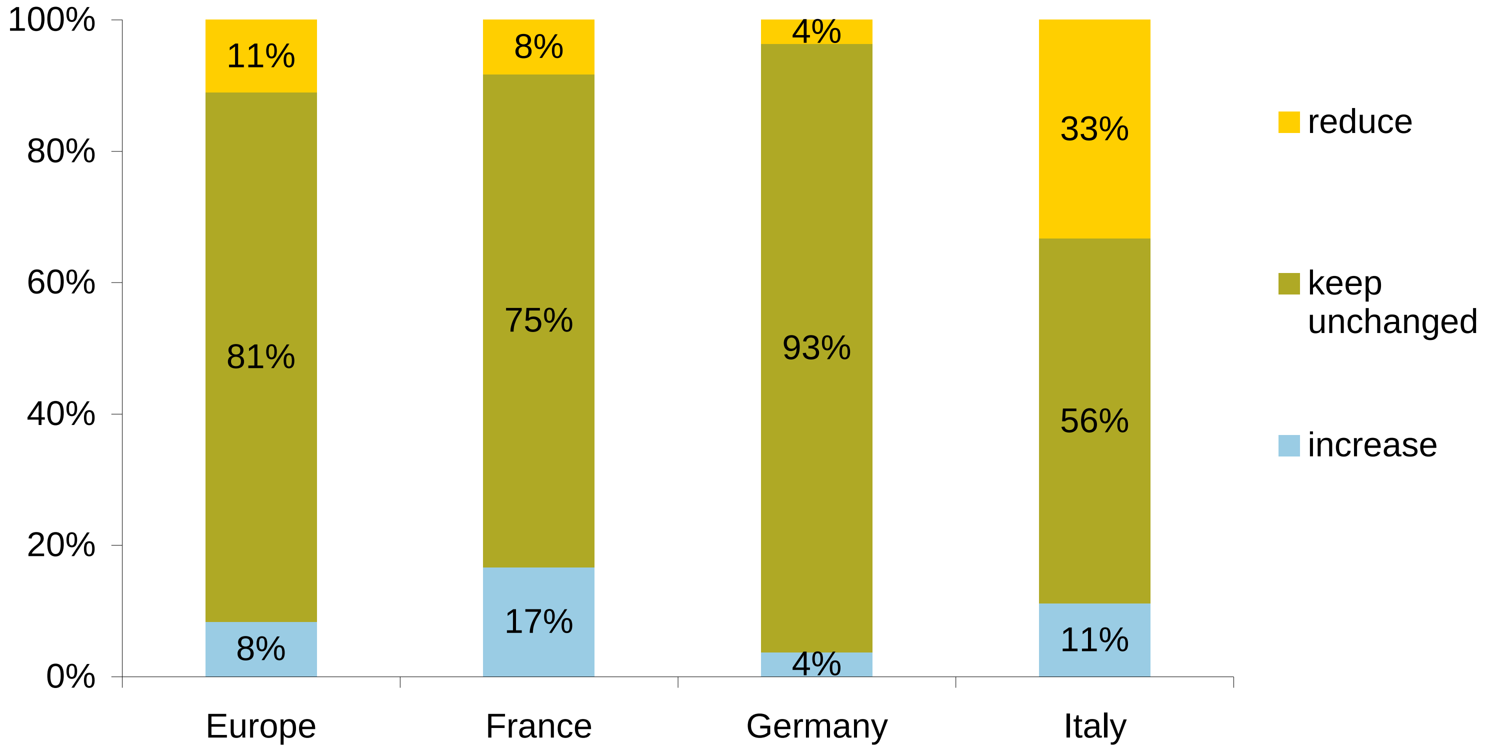
Question: Our volume of orders corresponds currently to a production period of … months.



Source: CEMA Business Barometer

Employment

Question: Our plans regarding the workforce (permanent staff):



Source: CEMA Business Barometer May 2010

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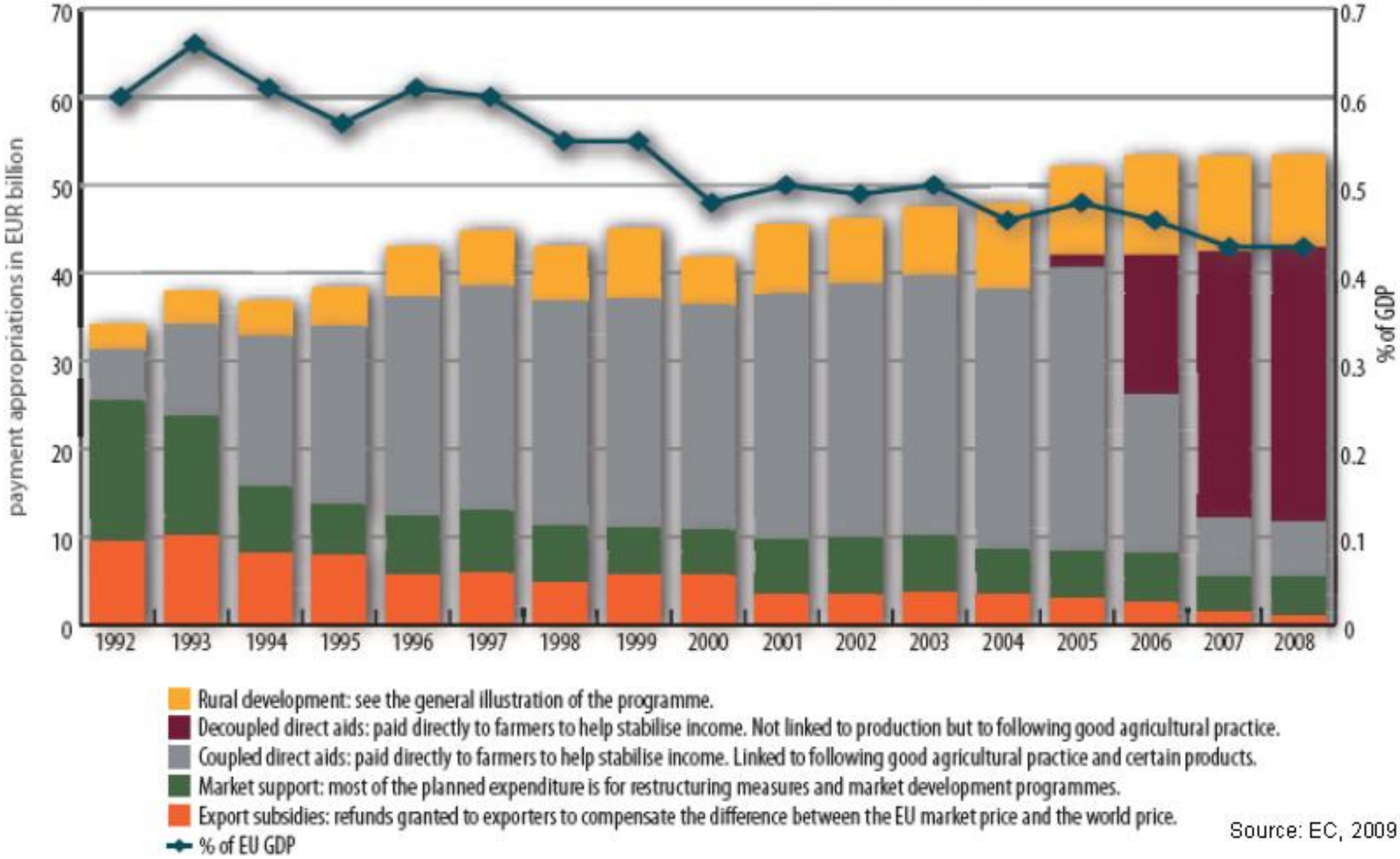
Factors Influencing Future Equipment Demand in Europe

- European Agricultural Policy (CAP)
- Environmental Policy
- Climate Change
- Food & Energy Supply
- Price of agricultural land and labor

Upcoming challenges:
European Common Agricultural Policy (CAP) after 2013

Where is the CAP reform going?



Source: EC, 2009

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Upcoming challenges for the agricultural equipment business: Common Agricultural Policy or the CAP reform

What to be expected after 2013

- Decreasing EU budget for agricultural policy
- Further cutting of direct payments
- “Sustainability” as criteria to receive financial support
- Abolition of export subsidies + Reduction of external protection
- Higher price volatility + continuing dynamics at commodity markets and adaptable competitors

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Environmental Legislation will have a strong influence

- Machine-related requirements
  - Engine emissions incl CO_2
  - Energy and water efficiency
  - Eco-Design
- Input-related:
  - Less pesticides / ban of certain pesticides by 2011
  - Less fertilizer
  - documentation requirements
- Resources-related
  - Soil protection
  - Less water pollution
  - CO_2 in agriculture

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Some Consequences

- Trend in 2 different directions:
  - Large high-yield commodity farming
  - Specialized smaller scale farming
- Minimizing labor input
- Reducing soil compaction
- Limits in machine growth: public roads
- Electronics
  - Interchangeable
  - Documentation
  - Minimizing input/ environmental damage
- Engine
  - Fuel efficiency
  - Hybrid / electrical drive
  - Alternative fuels

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