

CE Europe and SE Europe:

Bulgaria, Croatia, Czech Rep, Estonia, Hungary, Latvia,
Lithuania, Poland, Romania, Serbia, Slovakia, Turkey

Agricultural Machinery and Agribusiness Market

A FRD Center Market Entry Services
analysis





Introduction

This presentation is produced by **FRD Center** – www.frdcenter.ro - one of the pioneer privately owned independent *market entry consulting and M&A advisory firms* in Romania.

Since 2000, FRD Center offers tailor-made market research and intelligence, B2B matchmaking and M&A consulting services to foreign organisations interested to enter Romania and the emerging markets in Europe as exporters, consultants, investors or joint-ventures, to relocate their operations, or to source in CE, SE and Eastern Europe.

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As part of the CSR activity, FRD Center endorses the
Sibiu International Theatre Festival SibFest FITS - www.sibfest.ro

The Sibiu International Theatre Festival is the most complex festival in Romania. Internationally, it has become the most important performing arts festival in Europe, judging by its ampleness, dimension, and quality of events, before Edinburgh International Festival (Great Britain) and Avignon Festival (France)



CE and SE Europe Region



EU member states:

**Bulgaria, Croatia, Czech Rep,
Estonia, Hungary, Latvia, Lithuania,
Poland, Romania, Slovakia**

Non-EU member states:

Serbia, Turkey

Bulgarian Agribusiness Sector News

The Agriculture Fund has paid EUR 227m in grants to Bulgarian farmers under the so-called green direct payments scheme in May 2017. Approximately 55,000 farmers have received support for environmental activities.

After the accession of Bulgaria to the EU, the Bulgarian agricultural export to the EU countries has grown from just over EUR 1bn in 2006 to EUR 3.5 – 4bn annually in the period 2013 - 2016, according to the Bulgarian Deputy Minister of Agriculture, Food and Forestry. Since 2007, the sector has seen a 27% growth in gross labour added value and a 13% increase in investments.



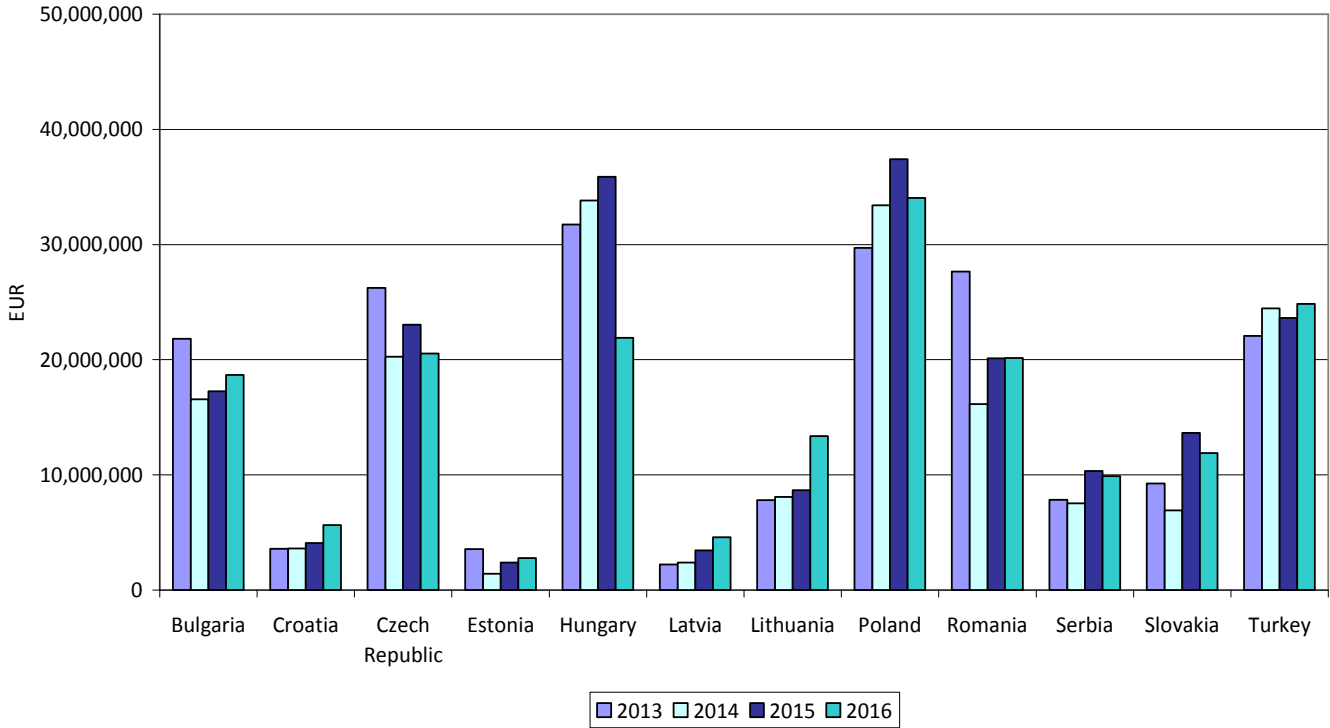
At the unveiling of the harvesting campaign in the town of Karnobat, SE Bulgaria, the Deputy Minister of Agriculture has foreseen a good grain harvest for 2017. Over 5 million tonnes of wheat grain are expected to be gathered and those will be enough for providing the country's grain balance. The weather has been good for the crop in May and in early June, suggesting both the quantity and good quality of the harvest.



IMPORTS

Imports of mechanical appliances (whether or not hand-operated) for projecting, dispersing or spraying liquids or powders for agricultural or horticultural sectors (TARIC 842481)

Imports of mechanical appliances for projecting, dispersing...(TARIC 842481)



Source: FRD Center, Comtrade

Croatian Agribusiness Sector News

The European Bank for Reconstruction and Development (EBRD) has presented a new initiative to develop and promote local producers of fruits and vegetables and improve their operations in Croatia. The initiative has been launched together with the Food and Agriculture Organization of the United Nations (FAO) and the Ministry of Agriculture and with the support of the Croatian Association of Young Farmers in March 2017.



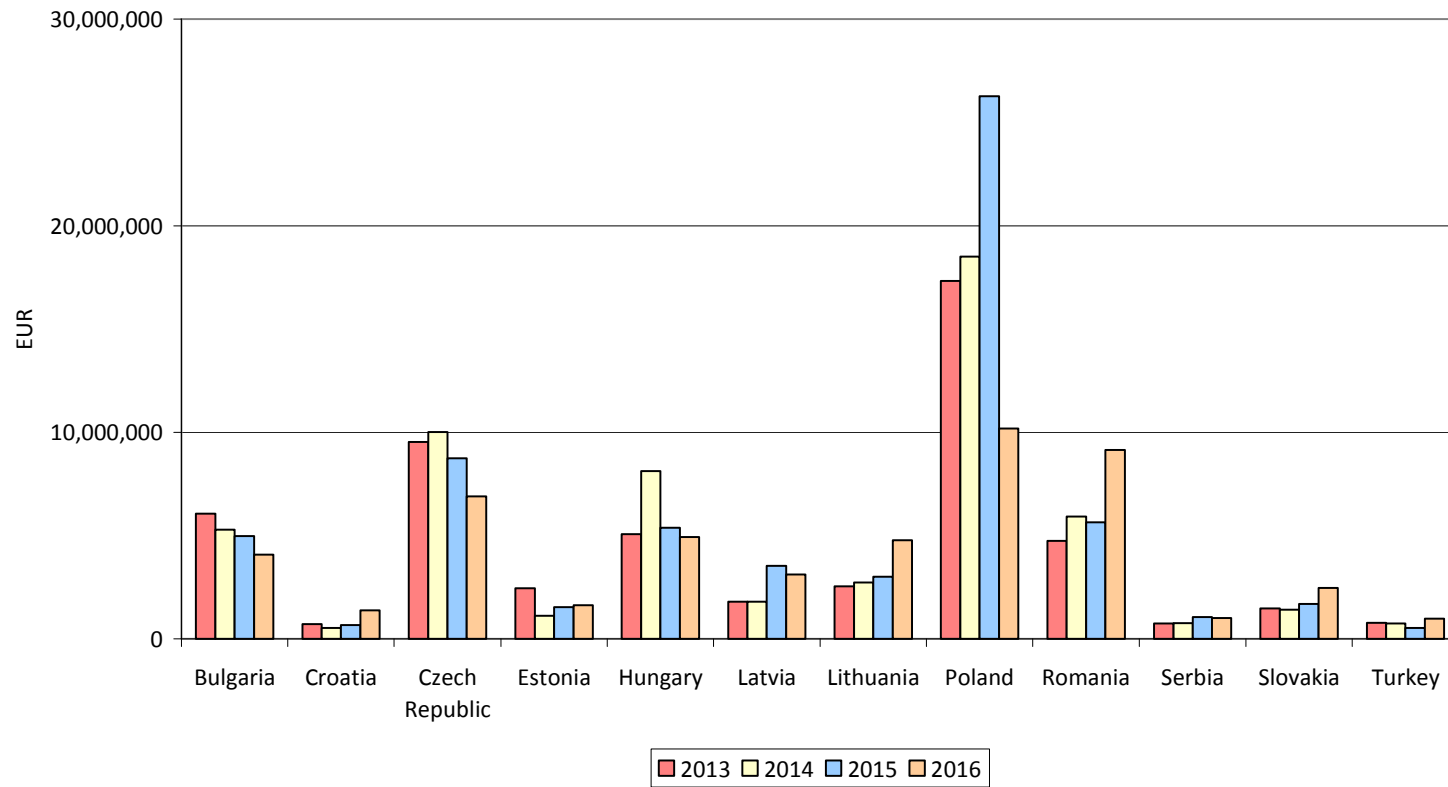
The Croatian investment company Agram Invest has acquired a 9.8% stake in the agricultural conglomerate Vupik, a member of Agrokor Group, in April 2017. Agram Invest has acquired 475,000 ordinary shares in Vupik.



IMPORTS

Imports of manure spreaders and fertiliser distributors (TARIC 843240)

Imports of manure spreaders and fertiliser distributors



Source: FRD Center, Comtrade

Estonian Agribusiness Sector News

The Estonian exports of agricultural products and food preparations have increased by EUR 17m in March 2017 compared to March 2016.

The value of the Estonian agricultural output has reached EUR 767m in 2016. The value of the crop output in Estonia has recorded EUR 309m in 2016, accounting for 40% of the total value of the agricultural output. The output of the livestock farming has amounted to EUR 356m in 2016, accounting for 46% of the total agricultural output in Estonia. A total of 781,000 tonnes of milk has been produced in Estonia in 2016. The average milk output per cow has increased by 391 kilograms over 2015 to an all-time high of 8,833 kilograms in 2016.

The support for the Estonian agriculture, food industry and rural development paid from the budgets of the EU Union and Estonia has amounted to EUR 251m in 2016, EUR 25m more than in 2015.

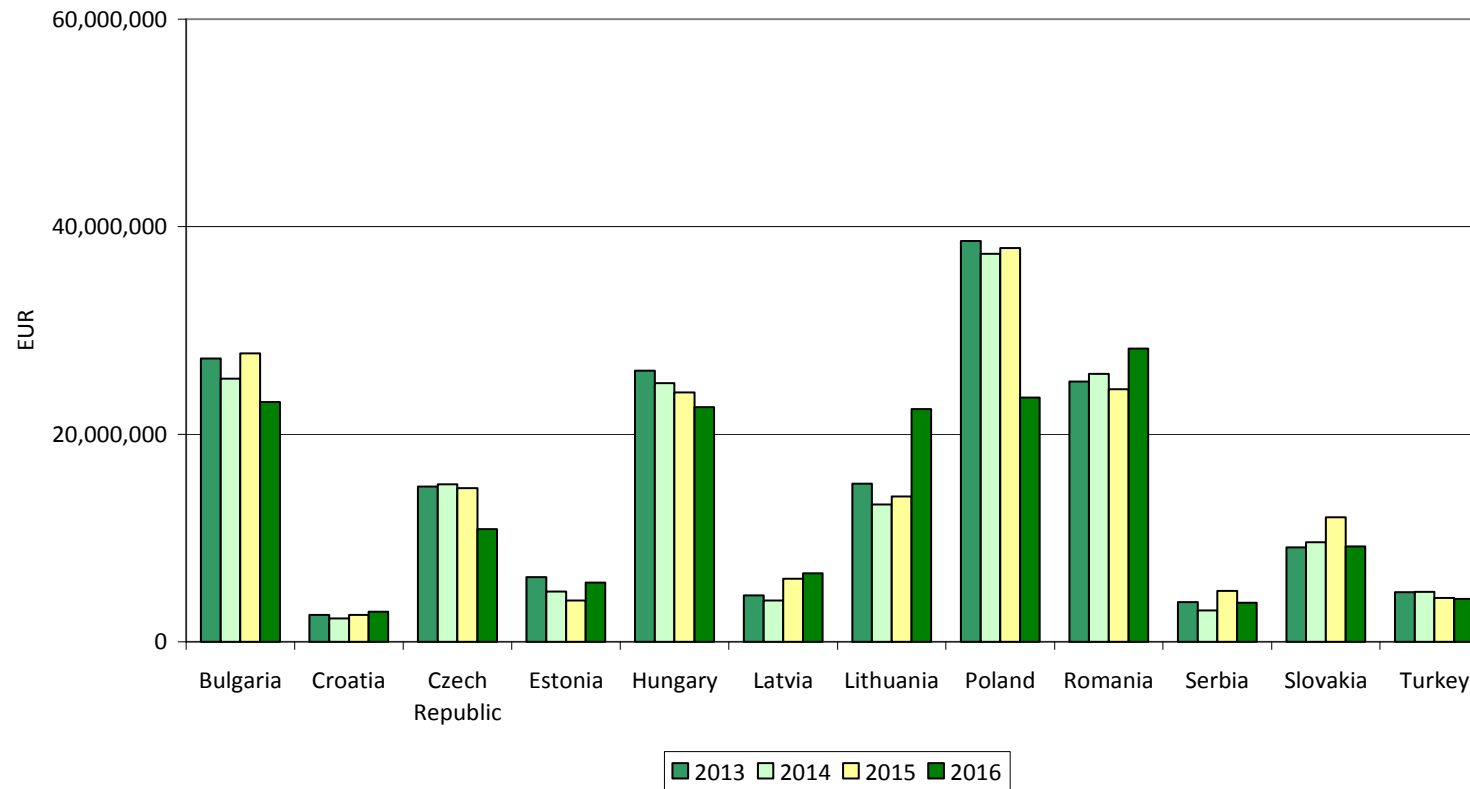




IMPORTS

Imports of seeders, planters and transplanters (TARIC 843230)

Imports of seeders, planters and transplanters



Source: FRD Center, Comtrade

Hungarian Agribusiness Sector News

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The agriculture has expanded by approximately 18% in 2016 in Hungary. The rising agricultural and investment support, special help to labour-intensive and bigger value-added-producing branches as well as a cut of VAT and labour market measures have played a significant part in the improving performance in Hungarian Agricultural sector.

Recently, Hungary has hosted the World Seed Congress 2017. The event has taken place in Budapest and has attracted 1,680 delegates from 68 countries around the world.



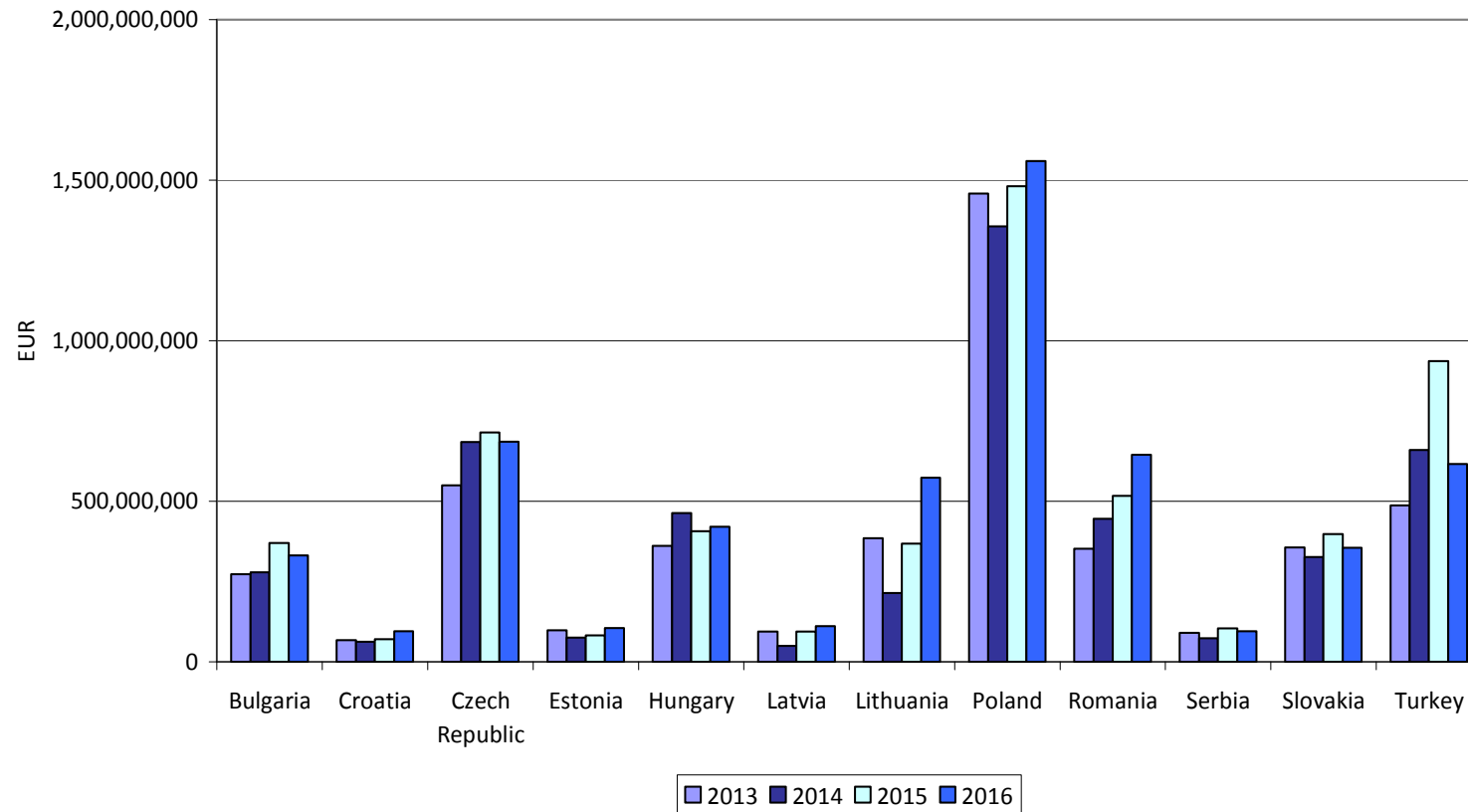
Hungary exports 30% of its seed production, which amounts to approximately 100,000 tonnes a year. The main export markets are France, Germany, Italy, Poland and Slovakia. The annual revenue of the Hungarian seed industry is around HUF 100bn (EUR 324m).



IMPORTS

Imports of tractors (TARIC 8701)

Imports of tractors



Source: FRD Center, Comtrade

Polish Agribusiness Sector News



The Polish firm Ursus has recently signed a USD 100m deal with Zambia's Industrial Development Corporation to supply 2,694 tractors and 2,506 agricultural machines such as trailers and ploughs. Under the contract, an assembly plant will be built in the capital, Lusaka, along with 10 service points throughout Zambia. The project is expected to be completed within a year of the start of its implementation.

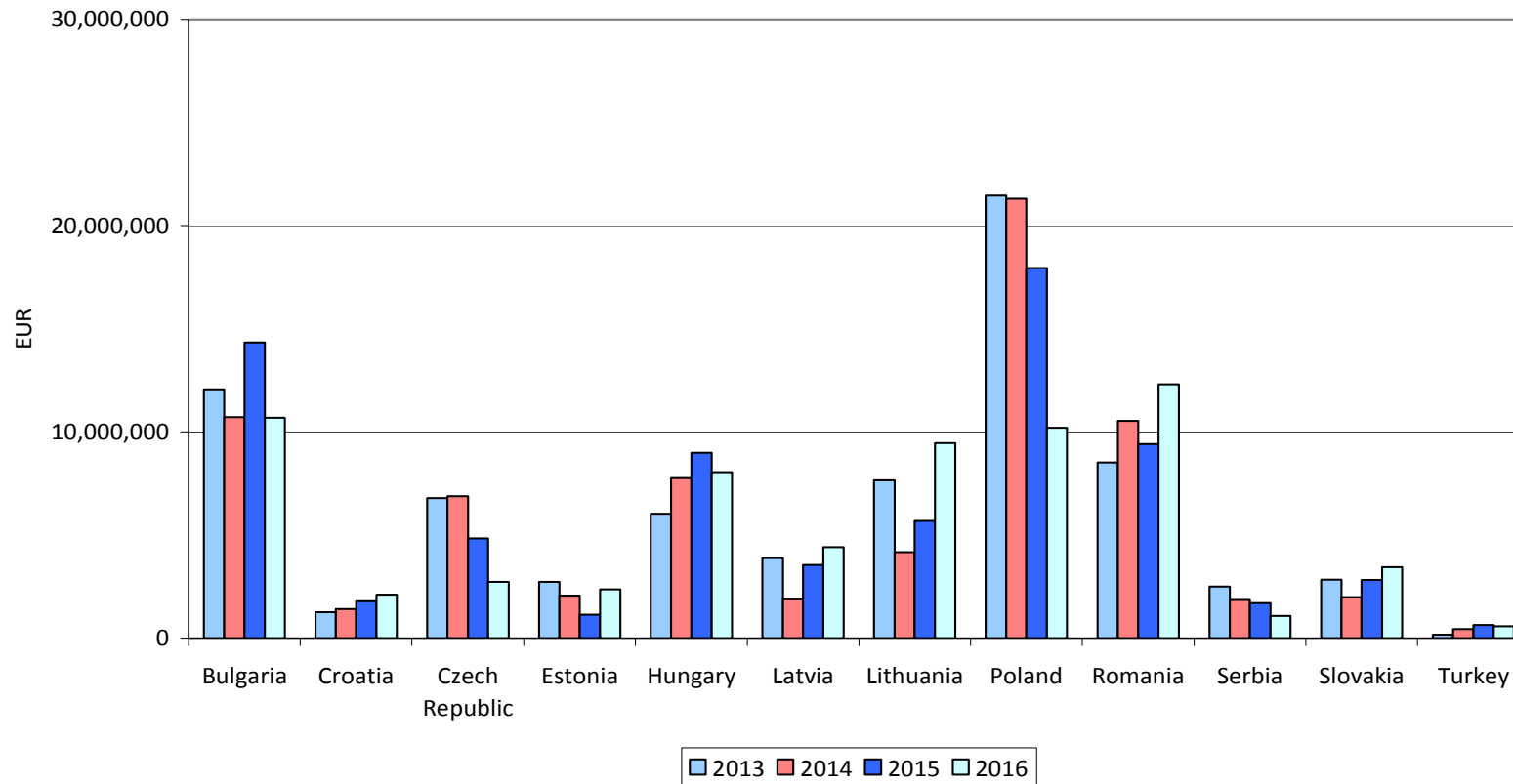
The Polish farmers have received PLN 13bn (approx. EUR 3bn) in direct payments in 2016 under the EU Common Agriculture Policy Program. That figure amounts for 88% of all funds allocated for that purpose. Approximately 1.2 million farmers have received the money, which is 89% of all applicants.



IMPORTS

Imports of ploughs (TARIC 843210)

Imports of ploughs



Source: FRD Center, Comtrade

Romanian Agribusiness Sector News

According to the National Institute of Statistics, the production of wheat and rye in Romania has totalled 8.457 million tonnes in 2016, up by 6% compared to 2015. Furthermore, the domestic production of barley has recorded 1.268 million tonnes in 2016, up by 18% compared to the previous year. The production of maize grains has registered 10.746 million tonnes in Romania in 2016, up by 19% compared to 2015. In 2016, Romania has ranked 5th in the EU for both the wheat cultivated area and the wheat production. Furthermore, in 2016, Romania has ranked 1st in the EU in terms of the area cultivated with maize and 2nd place in the EU in terms of the maize production.

Within the Sub-Measure 4.1 - “Investments in Agricultural Holdings” of the National Rural Development Programme 2014 – 2020, 1,280 projects with the value of approximately EUR 538m have been selected in Romania by 29 June 2017.

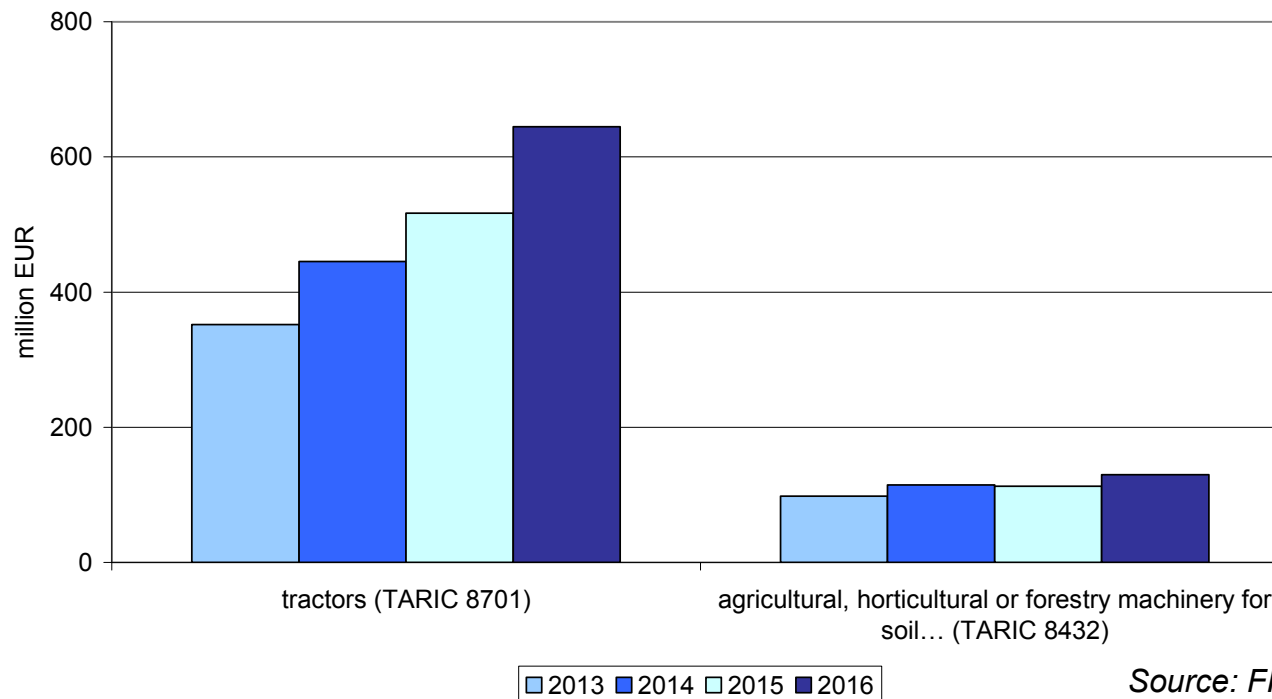




IMPORTS

According to a FRD Center analysis, the Romanian imports of Tractors (TARIC 8701) and of Agricultural, horticultural or forestry machinery for soil preparation or cultivation, lawn or sports-ground rollers (TARIC 8432) have been registering constant growths for the last 4 years.

Imports of agricultural machinery in Romania, 2013 - 2016



Source: FRD Center, Comtrade

Serbian Agribusiness Sector News



The Serbian authorities are discussing with China Road and Bridge Corporation (CRBC) the potential construction of an irrigation tunnel connecting the Danube River to Srem region in Vojvodina province, to run parallel to the future Fruskogorski Corridor road. In this way, in addition to improving the transport connections in the area, the Fruskogorski Corridor project would solve irrigation problems in Srem and would further contribute to the development of Serbia's agriculture.

The European Bank for Reconstruction and Development (EBRD) has exited its equity investment in Agri Europe in February 2017. Agri Europe is one of the largest vertically-integrated agribusiness companies in SEE. It consolidates Serbian producer and trader of agricultural commodities MK Group, meat producer Carnex, sugar maker Sunoko and Ukrainian agricultural production firm AgroInvest. The EBRD became a shareholder in Agri Europe with a 7% stake in 2013 through a EUR 50m investment to support the expansion of its farming and meat processing operations through investment in silo infrastructure, agriculture equipment and working capital financing.

Market Entry into the CE and SE Europe Agrotechnology and Agribusiness Sector



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Entry onto the CE and SE European market of agricultural equipment and farm machinery can be done via **acquisition of a local player** (e.g. specialised importer-distributor or local manufacturer with own distribution network).

Also, market entry can be done through **commercial collaboration** with a well-established specialised multi-brand dealer or an importer-distributor of agricultural machinery.

For all market entry options it is recommended that a trusted local **Market Entry Adviser** should be involved.

FRD Center Market Entry Services assists foreign players interested to enter the markets in CE, SE and Eastern Europe with:

- Market opportunity assessment and research
- Deal Origination
- Target Search and Selection
- B2B Matchmaking
- Background checks, In-Depth analysis of Players
- Follow-up, Pursuit of Targets
- Local support and on the ground assistance
- Trade Missions and Commercial Visits
- 1-2-1 liaison with local players and KOLs
- Support for Trade Fairs participation

For tailored Market Research, B2B Matchmaking with local players in the sector, Deal Origination and M&A assistance feel free to contact

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