

PRESS RELEASE

European agricultural machinery sales to decline by 5% in 2014

Drop in commodity prices will affect markets in 2015

Bologna, 13 November – Following the boom of the past three years, demand for agricultural machinery in Europe has weakened in 2014, according to the European manufacturers' association CEMA. *“For 2014, we expect the market to be around 5% below last year's level”*, said CEMA President **Richard Markwell** during a press conference held on Thursday at the EIMA trade show in Bologna.

Nonetheless, the overall sales volume for 2014 will still represent the second highest level of machinery investment ever achieved by the European farming sector. With an estimated volume of €26 billion for 2014, the European market will remain at the top position in the world, ahead of the United States (€21 billion) and China (€14 billion).

Great differences across Europe

Within the European Union (EU), market performance differs substantially: compared to last year, more than half (15) of the 28 member countries show a lower demand for agricultural machinery in 2014, among them, the two key markets of France and Germany which, taken together, make up around 40% of the total EU market. The recent decline in both markets has therefore had a major impact on manufacturers' overall business performance in Europe.

Following last year's boom, the market in **France** has performed particularly weakly in recent months, with investment volumes bouncing back to the long-term average. **Italy** remains on fourth position in Europe, yet continues to show a slight, though steady market decline. *“We really hope that the Italian farmers will soon be able to catch up again with their investments in advanced technology in order to remain competitive”*, said Mr. Markwell in light of the persisting low sales levels for new machinery in Italy.

Lower demand for tractors & combine harvesters

Christoph Wigger, Chairman of the CEMA Product Group for large tractors and combine harvesters, and CEMA Secretary General **Ulrich Adam** commented on the specific market situation for tractors and harvesters following the Group's meeting in Bologna.

Tractors make up one third of the total European agricultural machinery market. From January to September 2014, 119,000 new tractors have been registered in the EU, which is 4 percent below the levels observed during the corresponding period in 2013. *“The extraordinary times on the biggest market, France, are over, and the manufacturers strongly feel that”*, said Mr. Adam. *“At the same time, we are glad to see a recovery in **Spain**, a market which had dropped considerably in the past few years, as well as a 'return to normal' in countries such as **Portugal** and **Greece** which had previously gone*

through a deep recession.” Tractor sales in **Germany**, the second largest tractor market, in Europe, remained robust, with an expected sales volume of 35,000 units in 2014.

Combine harvesters represent around 6% of the total agricultural machinery market in Europe. Sales dropped by around 9% to 9,600 units in 2014. *“2014 brought challenging conditions on the field for arable farmers in certain regions”*, resumed Adam. He referred to the wet harvesting conditions in **France** and **Germany**, but also the record harvests in the main crop areas for grains and oilseeds, for instance, in the **UK**. *“There was an intense use of machines on the field, and we observed a higher ‘last-minute demand’ this year”*, summarized Mr. Adam.

2015: a challenging year ahead

Overall market conditions for agricultural machinery in Europe are expected to remain challenging throughout 2015. Manufacturers see the investment climate among customers adversely affected by the recent drop in agricultural commodity prices. In addition, the new rules for EU subsidy payments under the Common Agricultural Policy (CAP) to be introduced in 2015 will add further uncertainties, especially in Central European countries. As a result, CEMA expects the agricultural machinery market to drop by another 5-10% in 2015.

At the same time, the industry believes that worldwide trends – such as global population growth, urbanisation and climate change – will continue to structurally support demand for high-end farm machine technology in the years ahead.

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***CEMA** is the European association representing the agricultural machinery industry. The industry represented by CEMA includes 4,500 manufacturers of agricultural equipment employing directly 135,000 persons and indirectly in the distribution and service network another 125,000 persons. The companies are mainly small and medium-sized manufacturers according to the EU definition and in 2011 had a total turnover of 26 billion euro.*