



Agricultural Machinery, Agrotechnology and Farm Equipment in Emerging Markets in Europe

A FRD Center Market Entry Services
report example



Introduction

This free analysis is an example of what **FRD Center – www.frdcenter.ro** - one of the pioneer privately owned independent *market entry consulting and M&A advisory firms* in Emerging Europe can research and produce. It is a promotional sample-report.

FRD Center is a Consultant for Business Finland and the Agrotechnology from Finland program. Since 2000, FRD Center offers tailor-made market research and intelligence, B2B matchmaking, supplier qualification 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 FITS (SibFest) - 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)



Emerging Europe– examples of countries in the region



EU member states:

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

Non-EU member states:

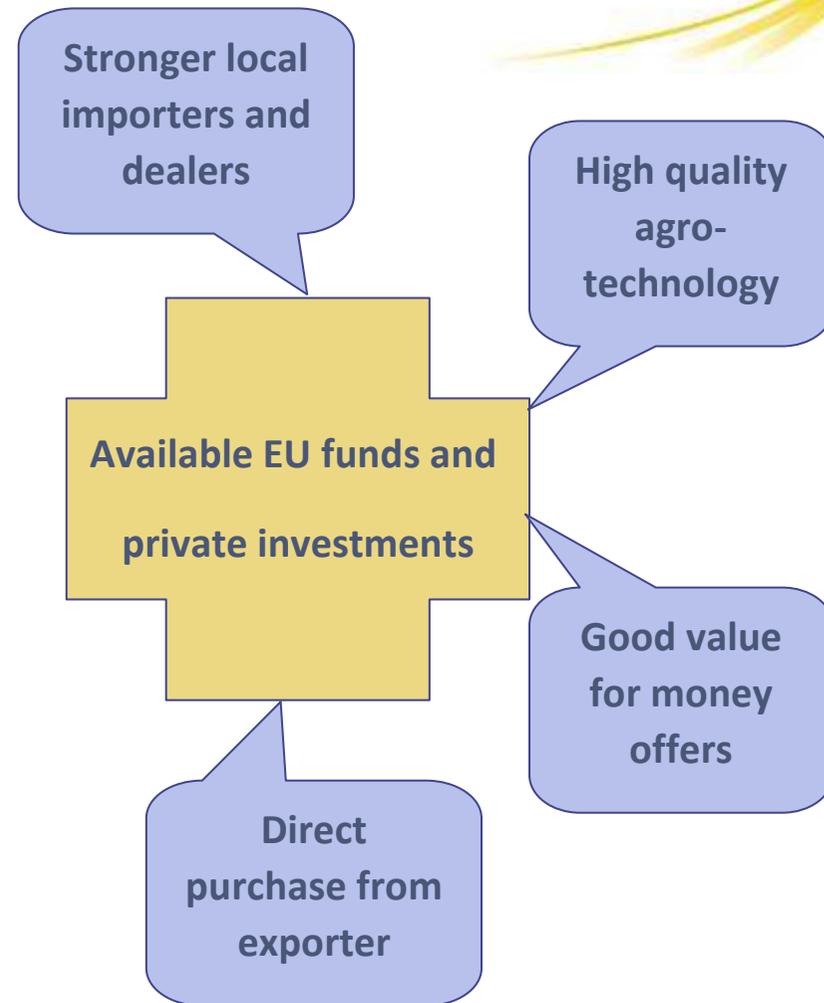
Serbia, Turkey



Key Factors in the Agrotechnology Sector in Emerging Europe

The most important factor in the current stage of the agrotechnology market development in Emerging Europe is the availability of EU funding for rural development and for clean energy as well as private investments in biofuel, storage, logistics, agri-food chain and organic farming.

The local clients are interested to receive good-value offers for high quality agrotechnology machinery and equipment and often are interested to buy directly from the foreign manufacturer to avoid VAT add-on, as well as to receive good offers from local stronger importers and dealers.



Key Factors in the Agrotechnology Sector in Emerging Europe

The agrotechnology market in Emerging Europe is quite competitive, with active presence on the market of both foreign manufacturers and local producers.



A new entrant – foreign manufacturer of agricultural machinery and agrotech - needs to be quite active and visible in order to attract attention. In spite of a competitive market, the foreign manufacturers could enter this sector using the correct strategy.

Most players in the sector are present at international trade fairs taking place in countries such as Romania, Poland etc., such as for example, INDAGRA which takes place in Bucharest every year at the end of October.

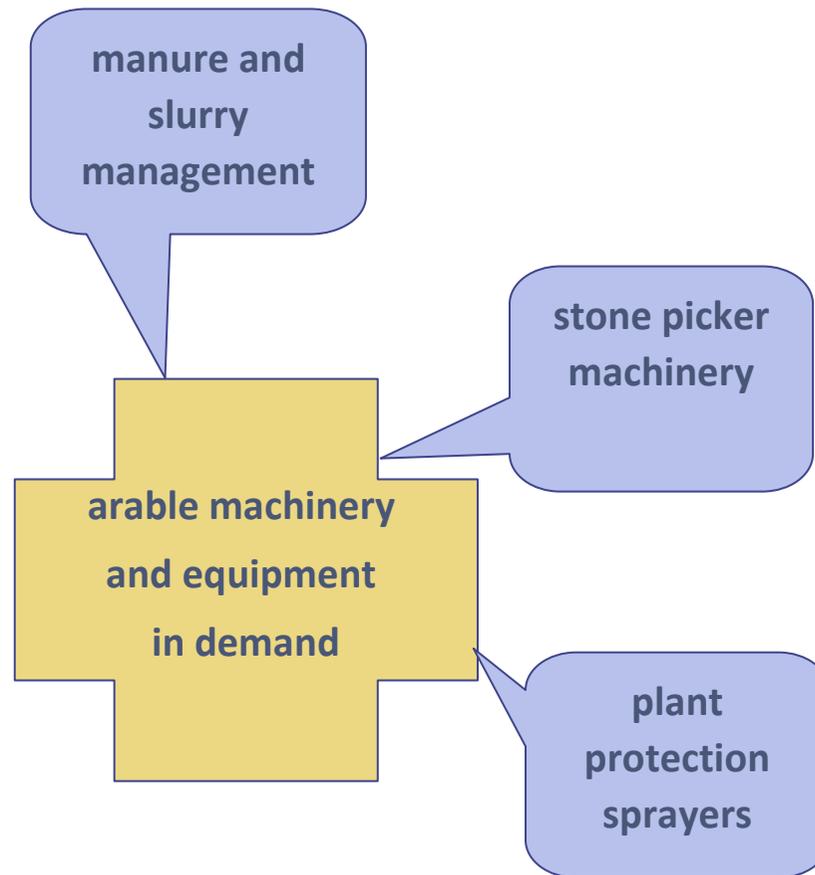
Key Factors in the Agrotechnology Sector in Emerging Europe

The offering of **arable machinery and equipment** on the regional market is quite varied, both imported and domestically produced items.

Equipment for manure and slurry management is used increasingly which presents a good opportunity for the foreign manufacturers.

Stone picker machinery is required mainly in Northern areas of Emerging Europe.

Plant protection sprayers are used on a regular basis.



Key Factors in the Agrotechnology Sector in Emerging Europe

The Emerging Markets in Europe aim to improve yield per hectare and therefore, enhance grains production, which presents a good opportunity for the foreign manufacturers of crops and grain handling equipment and machines.



Silos projects and grain storage installations are increasing in SE Europe, both with EU funding and with private funding.

As an example, over 42 mEUR are being invested in the construction of a cereal terminal with a capacity of 200,000 tonnes in the Constanta Port in Romania. The terminal will have and is expected to be finalised in H1 2019.

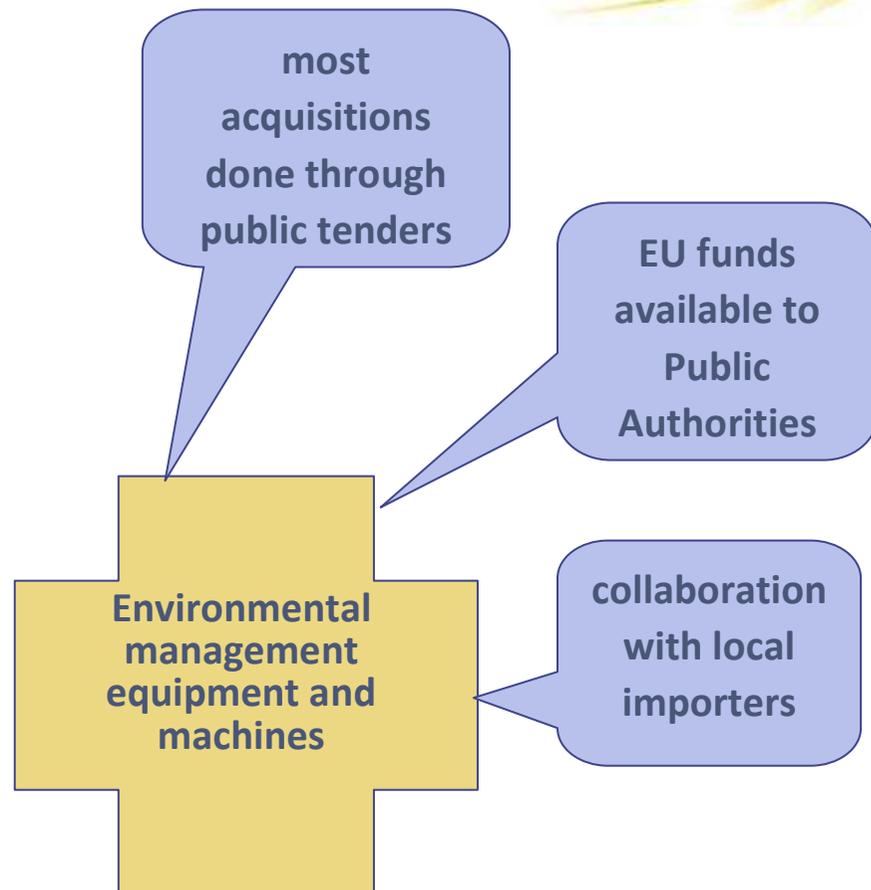
In spite of a competitive market, the foreign manufacturers of crops and grain handling equipment using the correct market entry strategy can achieve their export strategy in Central Eastern and South Eastern Europe.

Key Factors in the Agrotechnology Sector in Emerging Europe

Access to buyers of **Environmental management equipment and machines** can be done via local importers or directly, as most of the acquisitions are done through public tenders.

The greatest majority of buyers are public institutions who use EU funds to purchase Environmental management equipment and machines

There are good opportunities for the foreign manufacturers of Environmental management equipment and machines to sell and export in Emerging Europe.



Key Factors in the Agrotechnology Sector in Emerging Europe

Many large players in the sector are investing and developing their animal facilities – farms, slaughter houses, refrigeration etc. - in order to respond to the increasing market demand for agri-food products.



Breed improvement and artificial insemination, especially in pigs and cows, is a priority for the Romanian animal farmers as well as for the Romanian Government.

Similarly, for other markets in the region.

The offer of Livestock solutions on the in Emerging European markets is quite varied, of both imported and locally produced items.

However, there are good opportunities for the foreign manufacturers should they address the market strategically.

Information about FRD Center

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FRD Center is a Consultant for Business Finland and the Agrotechnology from Finland program.

FRD Center Market Entry Services assists foreign players interested to enter the Emerging 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



Agricultural Output in Emerging Europe 2017 vs. 2016

The two largest agricultural producers in the region are **Poland** with €24.9 bn, or 6% of the UE agricultural output and **Romania** with €17.5 bn, or 4% in 2017.

The highest agricultural output increase in 2017, in relative terms, among the countries in Emerging Europe was recorded in Estonia (+18.2%), Romania (+13.2%) and Poland (+11.1%).

Polish animal output was +15.6%, while the Romanian was +8.8% .

In 2017, Romanian agricultural outputs reached nine historical records with a total of over 27 million tons of cereals. Romania registered in 2017 the largest wheat production in history: over 10 million tonnes (an average of 4,836 kg/ha.) Similarly, for rapeseed, peas, barley and sunflower.

Romania's 2017 sunflower seeds output increased by 43% to 2.91 million tonnes, the highest in the EU. Maize production in Romania went up 33% to 14.3 million tonnes in 2017 vs. 2016, while the wheat output was 17.2% higher at 9.87 million tonnes. Romanian oilseed crops production increased by 29.5% to 4.65 million tonnes.

Soya beans production rose by 38.8%, while rape output rose by 29.3% to 1.67 million tonnes in 2017 vs. 2016.

Agricultural Output in Emerging Europe 2017 vs. 2016

Bulgaria

crop output: +6.3%

animal output: +2.2%

Czechia

animal output: +13%

Estonia

crop output: +16.1%

animal output: +25.6%

Croatia

animal output: +5.2%

Latvia

crop output: +4.5%

animal output: +18.3%

Lithuania

crop output: +7.3%

animal output: +17.9%

Hungary

animal output: +8.4%

Slovakia

animal output: +9.3%



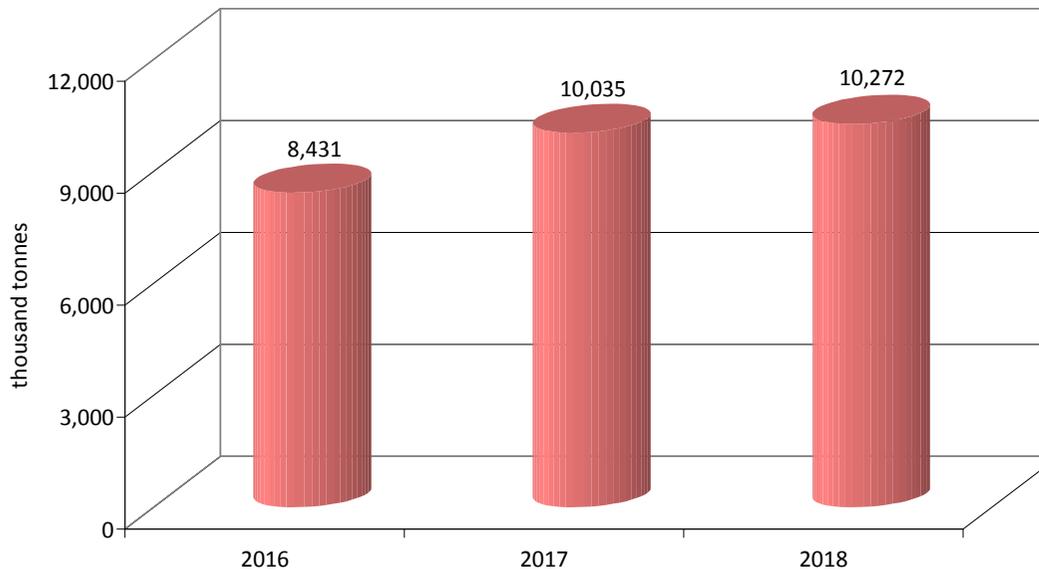
Source: Eurostat



Agricultural Output in Romania 2018 vs. 2017

The wheat production in Romania has recorded 10,272 thousand tonnes in 2018, up by 2.4% compared to 2017. The average wheat production in Romania has reached 4,870 kg / ha in 2018. The barley production in Romania has reached 1,392 thousand tonnes in 2018, up by 9.4% compared to the previous year. The average barley production has recorded 5,204 kg / ha in 2018, this representing an increase of 10% compared to 2017.

Wheat production in Romania

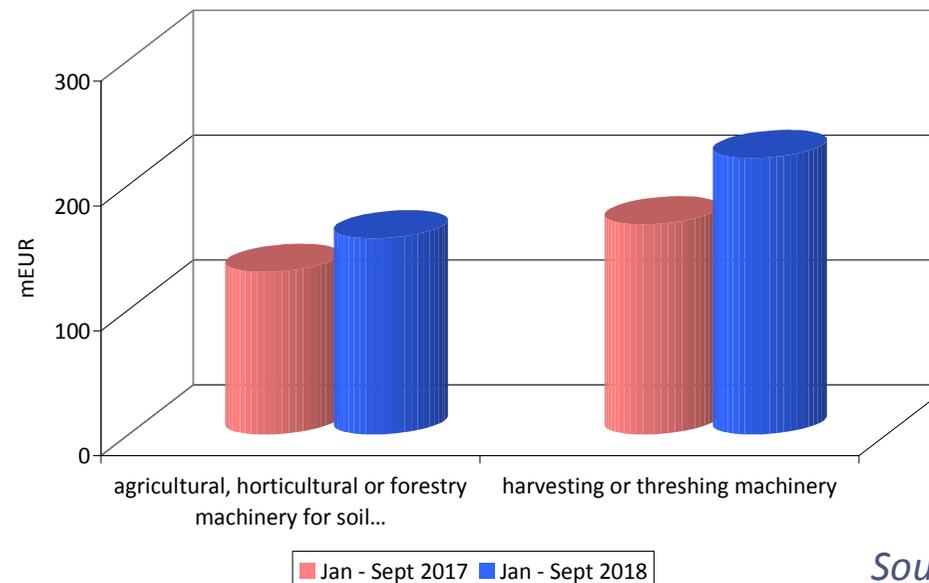


Source: FRD Center, Ministry of Agriculture and Rural Development

Agrotechnology Imports in Emerging Europe 2018

In the first 9 months of 2018, the Romanian imports of agricultural and horticultural watering appliances (TARIC code 84248210) reached 13.45 mEUR, up by 12.4% compared to the same period of 2017. The Bulgarian imports of the same agro-technology recorded 6.74 mEUR in the first 9 months of 2018, up by 65% compared to the the first 9 months of 2017.

Agrotechnology imports in Romania



Source: Eurostat, FRD Center

Agrotechnology Imports in Emerging Europe 2018

In regards to the Romanian imports of agricultural, horticultural or forestry machinery for soil preparation or cultivation, lawn or sports-ground rollers (TARIC 8432), according to the FRD Center analysis based on official data, they **increased by 20.6%** in the period January – September 2018 compared to the same period of 2017, **confirming the increasing interest of the Romanian buyers for quality imported agrotechnology and their increasing purchasing power.**

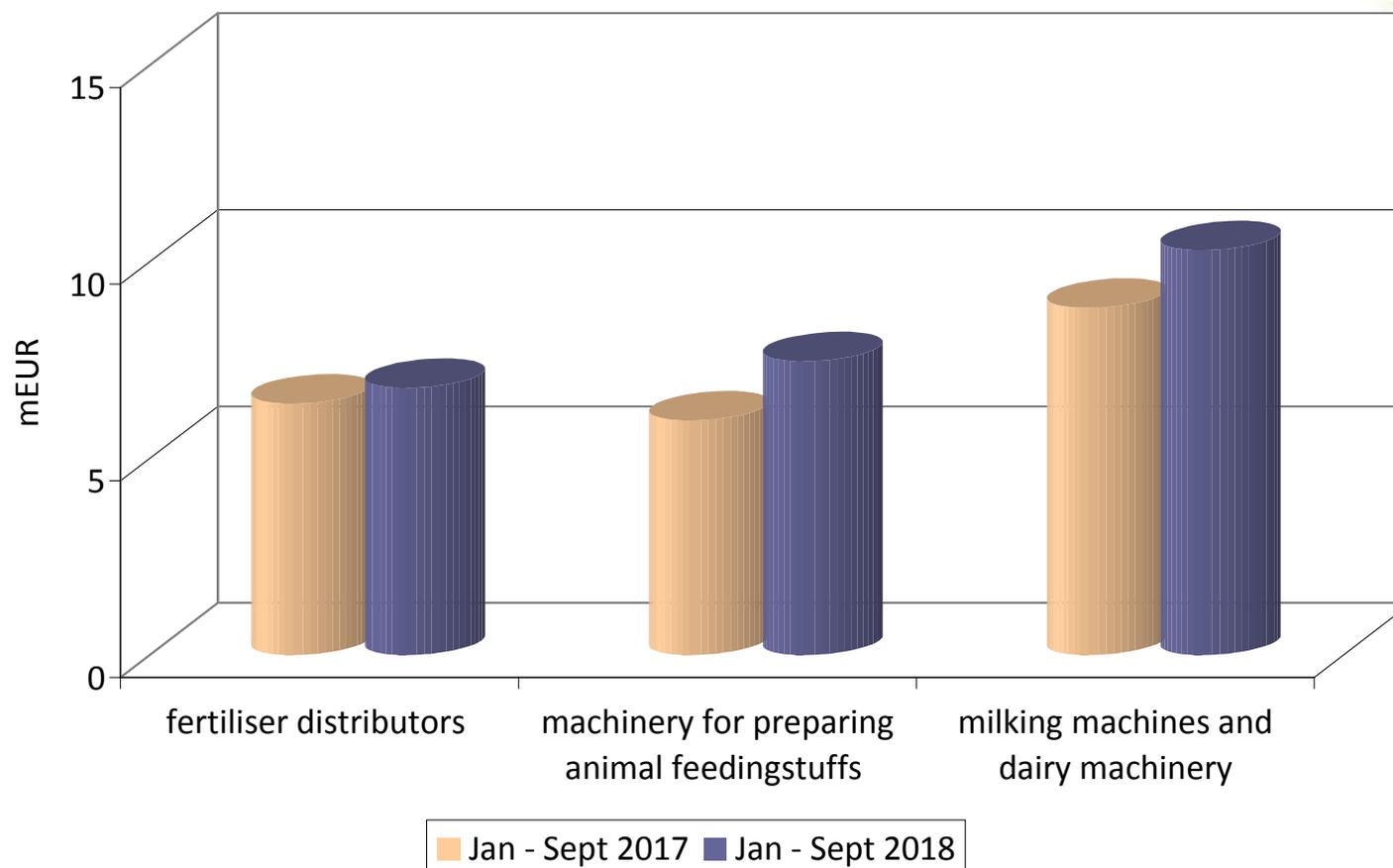
Similarly, the Romanian imports of harvesting or threshing machinery (TARIC 8433) **went up 31.6%** in the first 9 months of 2018 compared to the same period of 2017, according to the FRD Center analysis based on official data.

The Romanian agrotechnology imports in the first 9 months of 2018 compared to the same period of 2017:

- fertiliser distributors: **+6.2%**
- machinery for preparing animal feedingstuffs: **+25.3%**
- milking machines and dairy machinery: **+16.6%**

Agrotechnology Imports in Emerging Europe 2018

Agrotechnology imports in Romania



Source: Eurostat, FRD Center

Agrotechnology Imports in Emerging Europe multi-year analysis

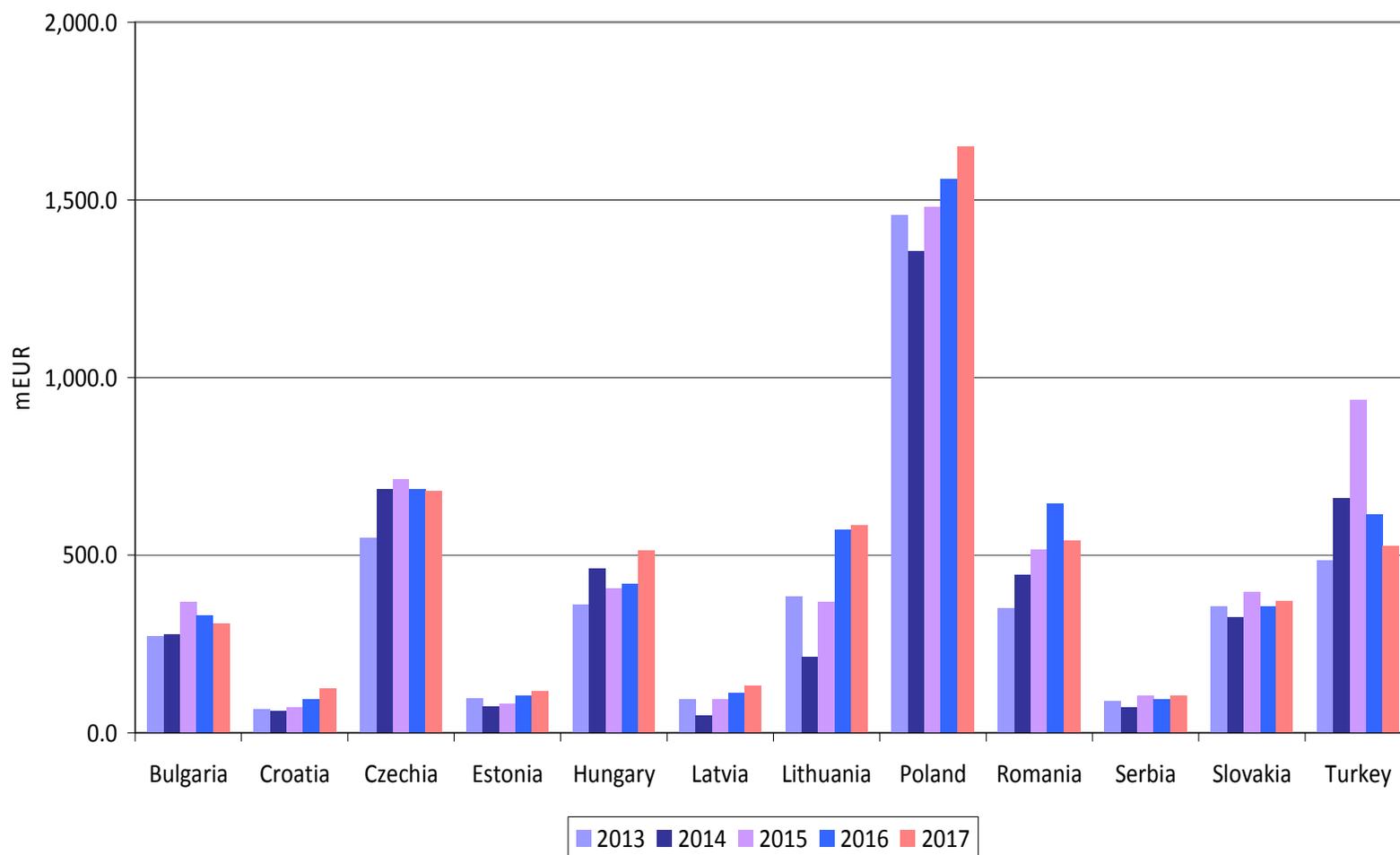
As described in the following slides, FRD Center has been analysing the dynamics of imported Agricultural Machinery, Agrotechnology and Farm Equipment in Emerging Markets in Europe such as:

- Imports of tractors (TARIC 8701)
- Imports of agricultural, horticultural or forestry machinery for soil preparation or cultivation, lawn or sports-ground rollers (TARIC 8432)
- Imports of disc harrows (TARIC 843221)
- Imports of scarifiers, cultivators, harrows, rotovators and others (TARIC 843229)



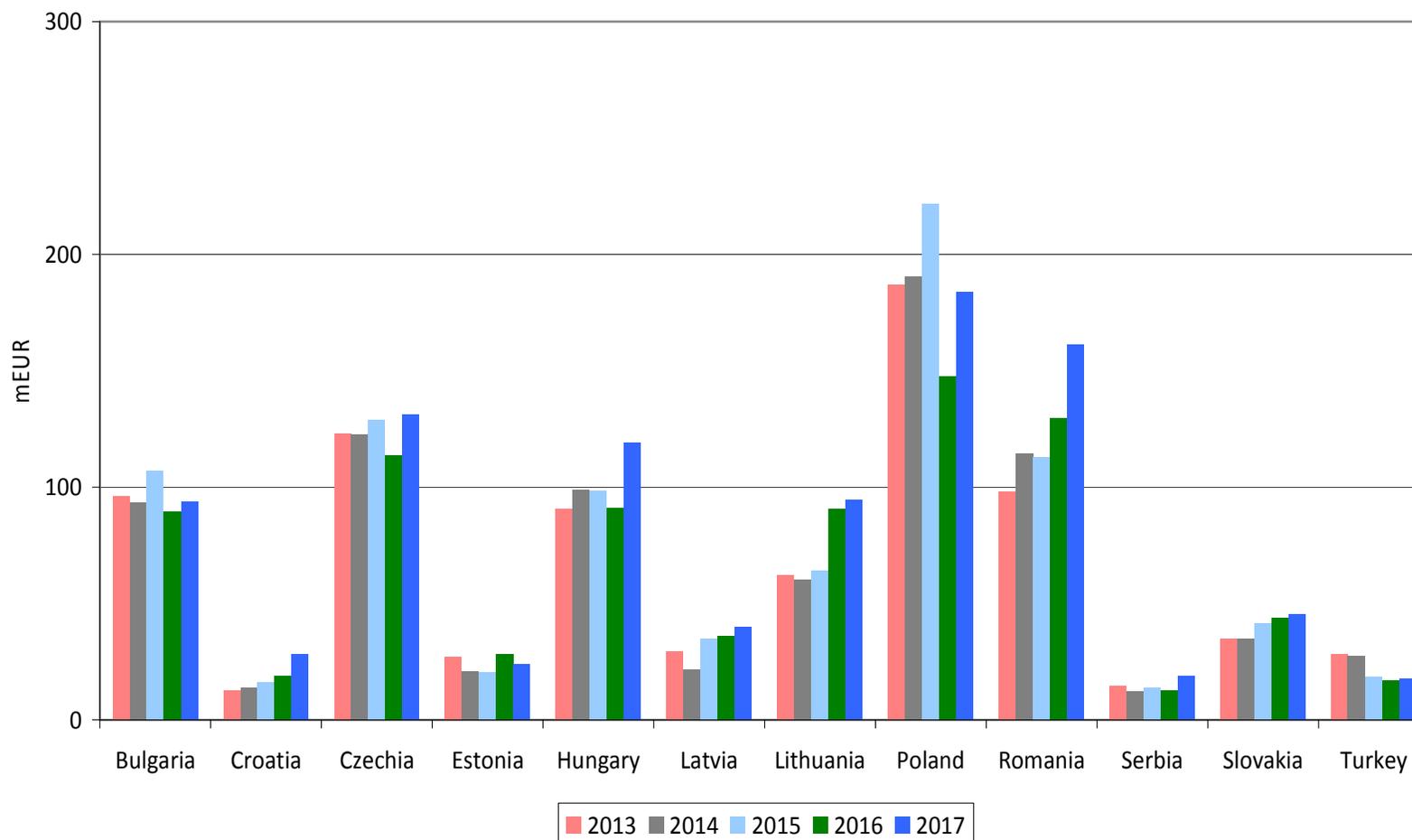
Agrotechnology Imports in Emerging Europe multi-year analysis

Imports of tractors



Agrotechnology Imports in Emerging Europe multi-year analysis

Imports of agricultural, horticultural
or forestry machinery for soil preparation or cultivation

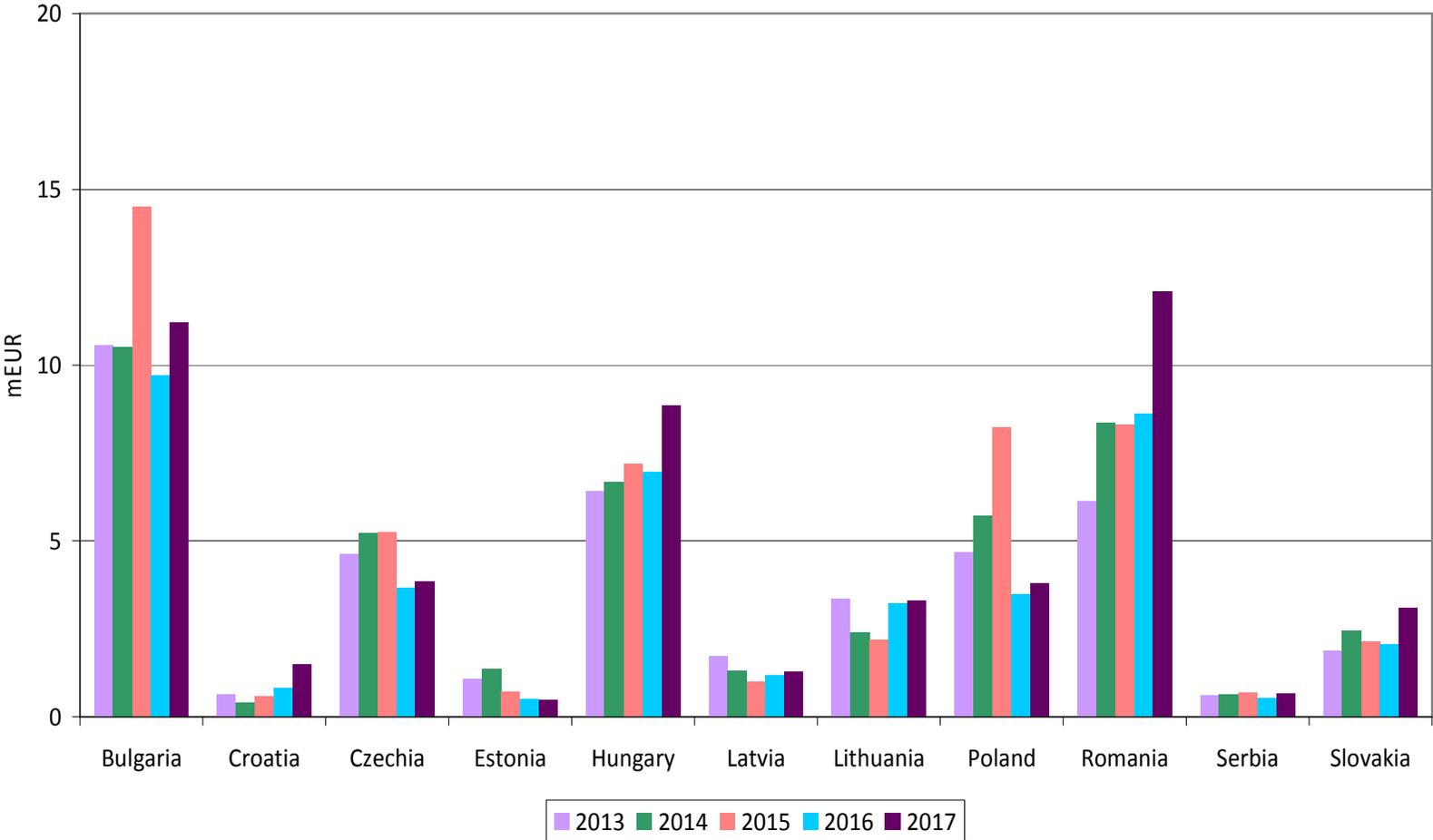




Agrotechnology Imports in Emerging Europe multi-year analysis



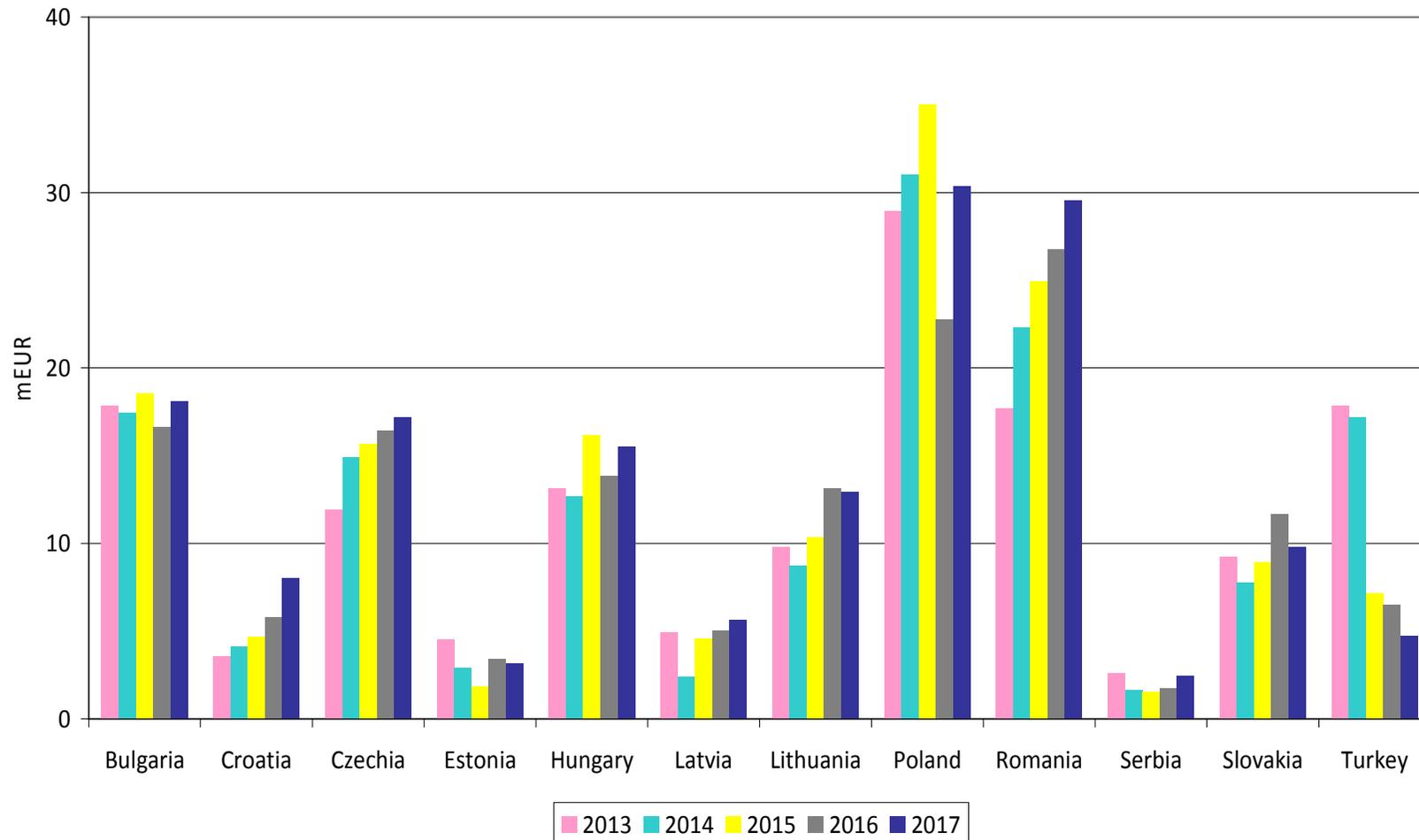
Imports of disc harrows





Agrotechnology Imports in Emerging Europe multi-year analysis

Imports of scarifiers, cultivators, harrows, rotovators, others



Romanian Agricultural Investments examples

Comvex invests over 42 mEUR in the construction of a cereal terminal in the Constanta Port in Romania.

The terminal will have a capacity of 200,000 tonnes and is expected to be finalised in H1 2019.

It will be able to load ships with a total capacity of up to 120,000 tdw, thus linking the Constanta Port with the most important export markets for cereals.

The construction works have started in May 2017.

SIFI TM Agro manages the largest agricultural hub in Western Romania - Siloz Carani. The company has invested 1 mEUR in 2018 to increase the grain logistics and storage capacity. As the result of this investment, the company's representatives estimate a turnover increase of 40% in 2018 compared to 2017.

The Romanian Group Kosarom intends to invest 80 mEUR in the next five years in order to triple its pig farming capacity. Currently, Kosarom has three pig farms with the total capacity of 142,000 heads per year, located in the NE region of Romania.

Romanian Agricultural Investments examples cont.

The Swiss Group Clariant has started in September 2018 to build a plant near Craiova, SW Romania for the production of cellulosic ethanol from agricultural residues using the sunliquid technology, with an investment of 140 mEUR, out of which 40 mEUR from EU funds.

At full capacity, the new plant will produce 50,000 tonnes of cellulosic ethanol annually by processing approximately 250,000 tonnes of wheat straw and other cereal straw, which will be sourced from local farmers.

The new plant is expected to start production in 2020. The sunliquid pioneering process demonstrates the production of efficient and sustainable advanced biofuels and has great potential as a technology platform for a variety of bio-based materials.

The UAE-based Al Dahra has acquired in August 2018 the Romanian agricultural farm Agricost for around 230 mEUR.

In the next five years, Al Dahra intends to invest 500 mEUR in Romania in various projects: to develop a grain collection point with the capacity to manage two million metric tonnes of cereals, to acquire an operating point at the Constanta Port to facilitate grain exports, to modernise the existing portfolio of agricultural machinery and technologies, to purchase additional agricultural land etc.

Romanian Agricultural Investments examples cont.

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Cooperativa Tara Mea will invest 6 mEUR in a sheep slaughterhouse with the capacity of 50 tonnes per day.

It has signed a partnership with three federations and 10 associations in Romania, which cumulate around 95% of the domestic sheep meat production.

The Romanian farmers can access funds of 200 mEUR in Q1 2019 through the Sub-measure 4.3 "Investments for development, modernization or adaptation of agricultural and forestry infrastructure – irrigation" within the National Rural Development Program 2014 – 2020.

Valentino Land has inaugurated in June 2018 a tomato hydroponic greenhouse in Bihor county, NW Romania, following an investment of 729 thousand EUR, out of which 489 thousand EUR of EU funds.

The greenhouse has the surface of 2,688 sqm. The project has been financed through the Sub-measure 4.1 "Investments in agricultural holdings" within the National Rural Development Program 2014 – 2020.

Agricultural Investments in Emerging Europe examples

The grower Veresi Paradicsom has started in March 2018 the construction of the first Hungarian greenhouse with artificial lighting. The company grows mainly specialties, like Marzano, cocktail on the vine and very small cherry tomatoes and does business directly with retailers.

The US biotech company Sweetwater Energy and the Estonian wood pellet producer Graanul Invest build in Estonia a commercial-scale integrated bio-refinery that will produce clean cellulosic sugars and highly pure lignin from 50,000 tonnes of local hardwood each year.

The project is expected to be operational by November 2019.

Norwegian company Croatia REN AS invests 18.7 mEUR in a biomass-fueled power and heating plant on an area of 23,000 sqm in the industrial zone Žakanje in Croatia.

The investment includes the construction of a plant for the biomass – pellet production and a plant for the production of heating and electrical power. The company has signed contracts with private forest owners for the operation of the cogeneration plant and raw materials for pellet production. For this project, the Ministry of Agriculture has approved a subsidy of approximately 1 mEUR.

Importers of Agrotechnology

How to find the most relevant local importers and distributors, local buyers and dealers of Agrotechnology, Agricultural Equipment and Farm Machinery in Emerging Europe?



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How to contact Importers of Agrotechnology

FRD Center is monitoring the market opportunities on the Agrotechnology, Agricultural Machinery and Farm Equipment market and the export opportunities for international manufacturers of machinery and equipment for the Agricultural Sector.

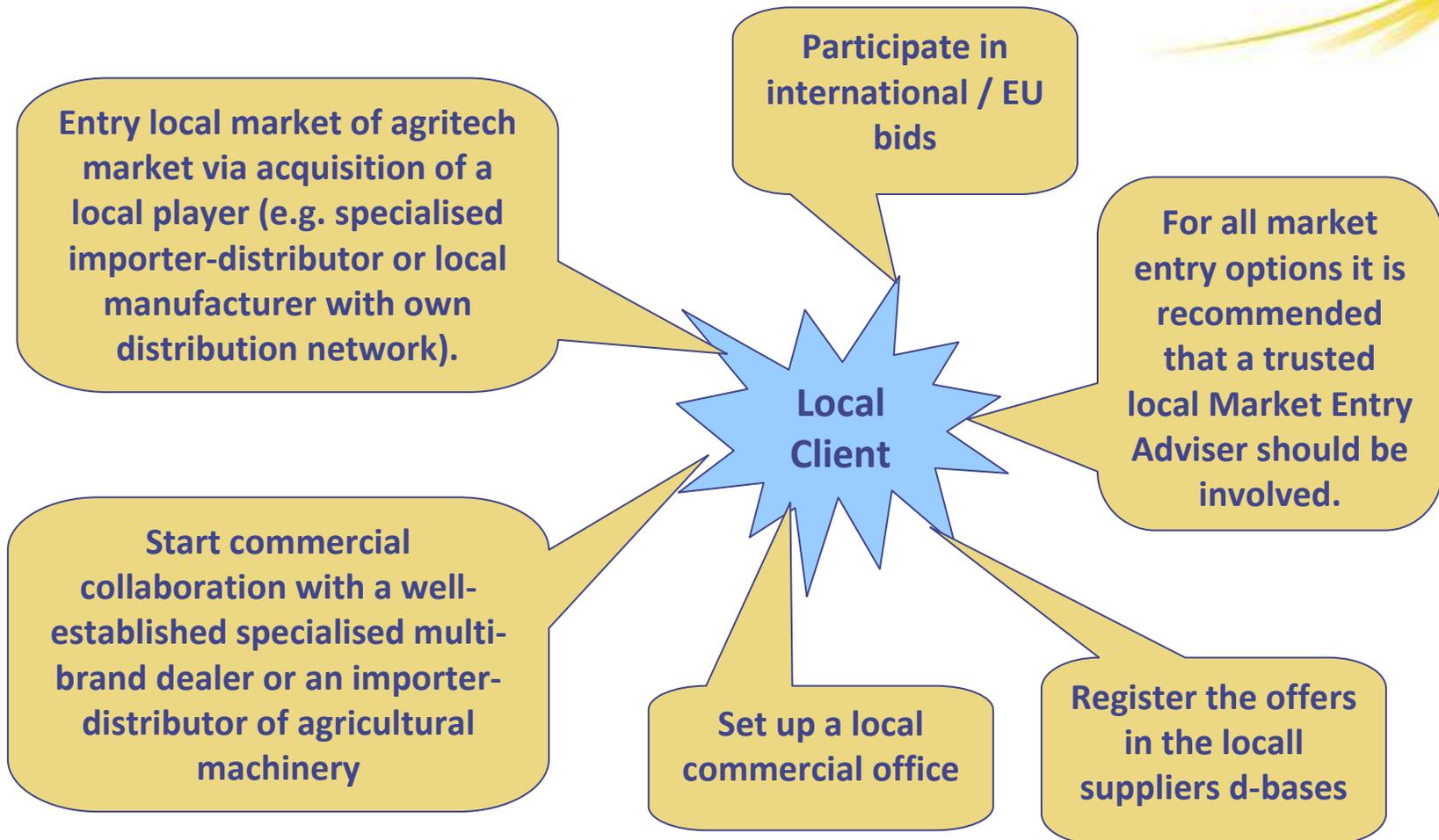
For over 18 years, FRD Center facilitates commercial relations between foreign manufacturers, investors, exporters with local key decision makers and provides B2B matchmaking, Trade Missions, Inward Buyer Missions, Roundtables etc.

FRD Center operates with an exhaustive proprietary d-base of players in the Agricultural Sector:

- Importer-distributors and dealers of machinery, equipment, installations, feeds, chemicals etc.
- Key-decision makers in large farms and agricultural groups
- Agricultural experts, authorities



Recommendations for Market Entry into the Emerging Europe Agritech Sector



Market Entry with FRD Center





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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