



[CLICK TO VIEW](#)

[Table of Contents 2](#)

[List of Tables & Charts 3](#)

[Study Overview 4](#)

[Sample Text, Table & Chart 5](#)

[Sample Profile, Table & Forecast 6](#)

[Order Form 7](#)

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World Agricultural Equipment

Industry Study with Forecasts for **2012 & 2017**

Study #2373 | July 2008 | \$5600 | 280 pages



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Table of Contents

EXECUTIVE SUMMARY

MARKET ENVIRONMENT

General	4
Global Macroeconomic Environment	5
Recent Historical Trends.....	5
Macroeconomic Outlook	7
World Demographic Overview	10
Population	11
Nonurban Population	12
World Agricultural Outlook.....	14
World Arable Land	16
Labor Force Productivity in Agriculture .	18
Relationship between Agricultural	
Output & Agricultural	
Equipment Demand	21
Agricultural Equipment	
Pricing Patterns	23
Agricultural Equipment Technology	24

SUPPLY & DEMAND

General	26
World Agricultural Equipment	
Demand by Region	27
World Agricultural Equipment	
Demand by Type	29
Farm Tractors	30
Harvesting Machinery	34
Planting & Fertilizing Machinery.....	35
Haying Machinery.....	37
Plowing & Cultivating Machinery	38
Other Agricultural Equipment	41
Parts & Attachments.....	43
World Agricultural Equipment	
Production	44
International Trade Flows	46

NORTH AMERICA

General	49
United States	52
Canada	57
Mexico	60

WESTERN EUROPE

General	64
Austria	68
Denmark.....	70
France.....	73
Germany	77
Italy	81
The Netherlands.....	84
Spain	87
United Kingdom.....	90
Other Western Europe	93

ASIA/PACIFIC

General	96
Australia.....	100
China	104
India	109
Indonesia	114
Japan.....	117
South Korea	122
Thailand	125
Other Asia/Pacific	128

OTHER REGIONS

Latin America	133
Argentina	136
Brazil.....	140
Other Latin America.....	143
Eastern Europe	146
Poland.....	149
Russia	153
Ukraine	157
Other Eastern Europe	159
Africa/Mideast.....	162
Iran	166
South Africa	169
Turkey.....	171
Other Africa/Mideast	175

INDUSTRY STRUCTURE

General	179
Industry Composition	
& Market Share	180
Product Development	
& Manufacturing	183
Marketing & Distribution	185
Financial Requirements	191
Mergers, Acquisitions &	
Industry Restructuring	193

COMPANY PROFILES

AGCO Corporation.....	197
Alamo Group	203
ARGO SpA	207
Bucher Industries.....	209
Caterpillar Incorporated	213
CLAAS KGaA mbH	217
Daedong Industrial.....	223
Deere & Company.....	225
Escorts Limited.....	232
Fiat SpA	234
Gehl Company	240
Groupe Exel Industries	241
Iseki & Company.....	244
Kubota Corporation	247
Kukje Machinery	250
Kverneland ASA	252
Mahindra & Mahindra.....	256
Mitsubishi Heavy Industries.....	259
Netafim Limited.....	261
Production Association Minsk	
Tractor Works	264
Same Deutz-Fahr SpA.....	266
Tong Yang Moolsan.....	271
Tractors and Farm Equipment	272
Yanmar Company.....	274
Zaklady Sprzetu Mechanicznego	
Ursus sp zoo	278
ZETOR as.....	279

List of Tables/Charts

EXECUTIVE SUMMARY

1 Summary Table.....3

MARKET ENVIRONMENT

1 World Gross Domestic Product
by Region 10

2 World Population by Region 12

3 World Nonurban Population
by Region 13

4 World Agricultural Value Added
by Region 16

5 World Arable Land by Country..... 18

6 Labor Force Productivity in
Agriculture for Selected
Countries, 2007..... 20

Cht World Agricultural Equipment/
Agricultural Output
Relationship, 2007 22

SUPPLY & DEMAND

1 World Agricultural Equipment
Demand by Region..... 28

Cht World Agricultural Equipment
Demand by Region, 2007..... 29

2 World Agricultural Equipment
Demand by Type..... 30

3 World Tractor Demand by Region.... 32

Cht World Four-Wheel Tractor Demand
by Country, 2007..... 33

4 World Harvesting Machinery
Demand by Region..... 35

5 World Planting & Fertilizing
Machinery Demand by Region..... 36

6 World Haying Machinery
Demand by Region..... 38

7 World Plowing & Cultivating
Machinery Demand by Region..... 41

8 World Other Agricultural Equipment
Demand by Region..... 42

9 World Parts & Attachments
Demand by Region..... 44

10 World Agricultural Equipment
Shipments by Region 46

11 World Agricultural Equipment
Net Exports by Region..... 48

NORTH AMERICA

1 North America -- Agricultural
Equipment Supply & Demand..... 52

2 United States -- Agricultural
Equipment Supply & Demand..... 57

3 Canada -- Agricultural Equipment
Supply & Demand 60

4 Mexico -- Agricultural Equipment
Supply & Demand 63

WESTERN EUROPE

1 Western Europe -- Agricultural
Equipment Supply & Demand..... 67

2 Austria -- Agricultural Equipment
Supply & Demand 70

3 Denmark -- Agricultural Equipment
Supply & Demand 73

4 France -- Agricultural Equipment
Supply & Demand 77

5 Germany -- Agricultural Equipment
Supply & Demand 81

6 Italy -- Agricultural Equipment
Supply & Demand 84

7 The Netherlands -- Agricultural
Equipment Supply & Demand..... 87

8 Spain -- Agricultural Equipment
Supply & Demand 90

9 United Kingdom -- Agricultural
Equipment Supply & Demand..... 93

10 Other Western Europe -- Agricultural
Equipment Supply & Demand..... 95

ASIA/PACIFIC

1 Asia/Pacific -- Agricultural
Equipment Supply & Demand.... 100

2 Australia -- Agricultural Equipment
Supply & Demand 103

3 China -- Agricultural Equipment
Supply & Demand 109

4 India -- Agricultural Equipment
Supply & Demand 114

5 Indonesia -- Agricultural Equipment
Supply & Demand 117

6 Japan -- Agricultural Equipment
Supply & Demand 121

7 South Korea -- Agricultural
Equipment Supply & Demand.... 125

8 Thailand -- Agricultural Equipment
Supply & Demand 128

9 Other Asia/Pacific -- Agricultural
Equipment Supply & Demand.... 132

OTHER REGIONS

1 Latin America -- Agricultural
Equipment Supply & Demand.... 136

2 Argentina -- Agricultural Equipment
Supply & Demand 139

3 Brazil -- Agricultural Equipment
Supply & Demand 143

4 Other Latin America -- Agricultural
Equipment Supply & Demand.... 146

5 Eastern Europe -- Agricultural
Equipment Supply & Demand.... 149

6 Poland -- Agricultural Equipment
Supply & Demand 152

7 Russia -- Agricultural Equipment
Supply & Demand 156

8 Ukraine -- Agricultural Equipment
Supply & Demand 159

9 Other Eastern Europe -- Agricultural
Equipment Supply & Demand.... 162

10 Africa/Mideast -- Agricultural
Equipment Supply & Demand.... 166

11 Iran -- Agricultural Equipment
Supply & Demand 168

12 South Africa -- Agricultural
Equipment Supply & Demand.... 171

13 Turkey -- Agricultural Equipment
Supply & Demand 175

14 Other Africa/Mideast -- Agricultural
Equipment Supply & Demand.... 178

INDUSTRY STRUCTURE

1 Selected Agricultural Equipment
Manufacturers -- Revenue
Data, 2007 182

Cht World Agricultural Equipment
Market Share by Company, 2007 183

2 Selected Cooperative Agreements. 188

3 Selected Acquisitions
& Divestitures..... 194

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The accelerating mechanization of farms in developing regions will help support gains, as farmers there replace less productive older equipment, draft animals and workers lost to cities.

Global demand to rise 3.8% yearly through 2012

World demand for agricultural equipment is forecast to rise 3.8 percent per year through 2012 to \$112 billion. Gains will be paced by the accelerating mechanization of the agricultural sectors in large markets such as China and India. Farm sectors in these countries are still significantly unmechanized and inefficient in comparison to those found in more developed markets. Other large developing nations with sizable agricultural sectors such as Brazil, Indonesia, Russia and Thailand will also post healthy gains as a result of increasing mechanization. Besides benefitting from rising incomes, farmers in developing regions will continue to strive to increase productivity through further automation and replacement of older equipment and of draft animals used during various stages of the farming process. In addition, rising wages in many of these countries, as well as large scale migration to urban areas, will necessitate the replacement of human capital with fixed capital.

The US will experience gains that lag the world average due to decelerating growth in economic and agricultural sector output in the country. Western Europe will post particularly anemic growth, coming off a strong 2007 when demand (in dollars) was bolstered by a strong Euro and several other less significant factors such as Germany's biofuel boom-related forage harvester



purchases. In the short-term (2008 and 2009), the West European farm machinery market should continue to register strong growth as a result of rising farmer incomes due to high global crop prices. Farmers in both the US and Western Europe will be adversely impacted by continuing trends in favor of free trade and against protectionist measures such as subsidies for domestic farmers and tariffs on agricultural product imports.

Replacements, technology upgrades to boost demand

Throughout the industrialized world, demand will largely be replacement oriented in nature, as the farming sectors of most countries are not growing in

terms of number of farms, acreage harvested and similar physical variables. Demand will also be aided by the development and growing use of nascent higher value "precision agriculture" products that make extensive use of modern technologies such as Global Positioning Satellite (GPS) systems and wireless sensors. Given the widespread diversity and often interrelation of applications, growth prospects for specific types of farm machinery -- tractors, combines, planting and fertilizing, plowing and cultivating, and haying machinery, etc. -- do not vary substantially when viewed at the global level.

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Sample Text, Table & Chart

ASIA/PACIFIC

increases in mortgage borrowing. Through 2012, however, growth is expected to be slightly better than the 1997-2007 average. Fixed investment spending will continue to increase, but it is expected to increase housing supply. Over the long term, the prospect of an aging labor force, a shift in the service sector, and labor market changes will encourage term contracting of labor rather than full-time employment with the North Korean dictatorship. The December 2007 election of Lee Myung-bak as South Korea's president may result in some modification of policy toward the regime in North Korea and its nuclear weapons program.

South Korea comprised a \$2.1 billion market for agricultural equipment in 2007, fourth largest in the Asia/Pacific region behind China, India and Japan. The country's agriculture sector went from almost zero mechanization in the late 1950s to almost complete mechanization in the early 1990s. Recent growth has been aided by the use of higher-end products even though growth in agricultural value added in the country has remained stagnant over the past decade. Rice, barley, tobacco and soybeans are all extensively grown in South Korea, along with fruits and vegetables; livestock (cattle, pigs, poultry) and dairy farming are also well represented in the country.

With shipments of \$2.1 billion in 2007, South Korea is also the fourth largest producer of agricultural equipment in the Asia/Pacific region, and holds a small trade surplus in these products. The US is by far the largest export market, with China, Japan and Australia also important. Japan is the largest source for imports, with the US, Germany and Italy also significant. Even though South Korea's agriculture sector is highly mature and mechanized, the country does not produce many types of higher-end products. For example, tractors over 80 horsepower (hp) and five-row combines have to be imported from Japan.

123

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**SAMPLE
TEXT**

TABLE III-3

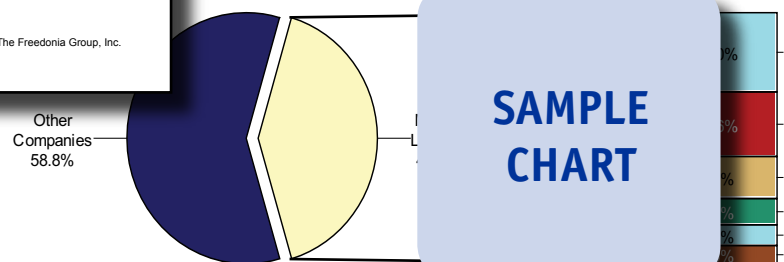
WORLD TRACTOR DEMAND BY REGION
(million dollars)

Item	1997	2002	2007	2012	2017
World Tractor Demand	176	180	200	200	200
North America:					
United States	100	100	100	100	100
Canada & Mexico	76	80	100	100	100
Western Europe	5	5	5	5	5
Asia/Pacific:					
China	0	0	0	0	0
India	0	0	0	0	0
Japan	5	5	5	5	5
Other Asia/Pacific	5	5	5	5	5
Other Regions:					
Latin America	0	0	0	0	0
Eastern Europe	0	0	0	0	0
Africa/Mideast	100	100	100	100	100

**SAMPLE
TABLE**

CHART VIII-1

WORLD AGRICULTURAL EQUIPMENT
MARKET SHARE BY COMPANY, 2007
(\$93.2 billion)



**SAMPLE
CHART**

Sample Profile, Table & Forecast

COMPANY PROFILES

Escorts Limited

15/5 Mathura Road
 Faridabad 121 003
 Haryana INDIA
 91-129-2250222
<http://www.escortsgroup.com>

Revenue
 Employe

Key Pro

Escorts Limited is a leading Indian industrial conglomerate. The Company operates through various divisions: Auxiliary, Railway Equipment, Construction Equipment, Others and Unallocated.

The Company participates in the world agricultural equipment industry through the Agri Machinery segment, which recorded sales of \$480 million in FY 2007. The segment operates as Escorts Limited Agri Machinery Group (AMG), a wholly owned subsidiary. Escorts AMG produces and sells tractors, farming implements and diesel engines. The company makes three series of tractors: FARMTRAC, POWERTRAC and ESCORT. Designed for use in medium- and heavy-duty agricultural applications, FARMTRAC and POWERTRAC tractors feature three-cylinder diesel engines, dual-clutch power-take-off transmissions, ten-speed mechanical gearboxes, disc brakes, hydraulic instrument controls with ergonomic designs and electrical instrument panels. The company makes FARMTRAC tractors in eight models and POWERTRAC tractors in four models. These tractors are equipped with engines that have power outputs ranging from 34 to 60 horsepower (hp).

TABLE VI-7
SOUTH KOREA -- AGRICULTURAL EQUIPMENT
SUPPLY & DEMAND
(million dollars)

Item	1997	2002	2007	2012	2017
Population (millions)	44	45	46	47	49.7
\$ GDP/capita	10	11	12	13	10
Gross Domestic Product (bil 2006\$)	100	110	120	130	70
% agriculture	10	10	10	10	9
Agricultural Value Added (bil 2006\$)	10	11	12	13	14.1
\$ ag eqp/000\$ ag value added	10	11	12	13	75
Agricultural Equipment Demand	1	1	1	1	45
Farm Tractors					50
Harvesting Machinery					65
Planting & Fertilizing Machinery					85
Haying Machinery					90
Plowing & Cultivating Machinery					35
Other Agricultural Equipment					60
Parts & Attachments					60
net exports					35
Agricultural Equipment Shipments	1	1	1	1	2580

**SAMPLE
TABLE**

“Shipments of agricultural equipment from South Korea are forecast to rise 2.1 percent per year through 2012 to \$2.3 billion, a similar pace as projected demand growth over the same period, and therefore sufficient to enable the country to remain a net exporter of these products. Fueling gains will be upgrading and expansion of local farm machinery manufacturing capabilities, as capital generated from a strong economic expansion is invested in the country’s industrial sector.”
 --Section VI, pg. 123-4

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OTHER STUDIES

World Material Handling Products

This study analyzes the world material handling product industry. It presents historical demand data for 1997, 2002 and 2007 and forecasts to 2012 and 2017 by product (e.g., industrial trucks and lifts; conveying equipment; hoists, cranes and monorails; automated storage and retrieval systems; software and services); market (e.g., durable goods manufacturers, nondurable goods manufacturers); world region and major country. The study also considers market environment factors, evaluates market share and profiles industry players.

#2392 08/2008..... \$5700

Construction Machinery in China

Construction machinery demand in China will grow 12.7% annually through 2011, driven mainly by strong gains in construction activity and a shift to less labor-intensive techniques. Excavators and cranes will remain the most commonly used types while loaders, mixers and related equipment grow the fastest. This study analyzes the ¥100 billion market for construction machinery in China, with forecasts for 2011 and 2016 by product, market and region. It also evaluates market share and profiles major players.

#2333 04/2008..... \$5100

World Mining Equipment

Global demand for specialized mining machinery and equipment will grow 5.9% annually through 2011. Gains will be fueled by continued demand for commodities such as iron ore and copper, and an ongoing boost in coal output. China and India are the fastest growing markets. This study analyzes the \$25.2 billion world mining equipment industry, with forecasts for 2011 and 2016 by type, application, world region and for 33 countries. It also evaluates company market share and profiles major players.

#2308 03/2008..... \$5700

Drilling Products & Services

US drilling product and service demand will reach \$48.4 billion in 2012. Rising oil prices have made more projects profitable, and drilling them often involves higher costs (e.g., horizontal and directional drilling, deepwater fields). Services and fluids will be the fastest growing areas, while the Southern and Western regions lead gains. This study analyzes the US drilling product and service industry, with forecasts for 2012 and 2017 by type and region. It also evaluates market share and profiles major players.

#2288 03/2008..... \$4500

World Power Lawn & Garden Equipment

World power lawn and garden equipment demand will grow 3.2% yearly through 2011. North America and Western Europe will stay the top markets while developing Asian countries grow the fastest. Lawn-mowers will remain the largest segment while turf and grounds equipment lead gains. This study analyzes the \$16 billion world power lawn and garden equipment industry, with forecasts for 2011 and 2016 by product, world region and for 22 nations. It also evaluates market share and profiles major players.

#2246 10/2007..... \$5500

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