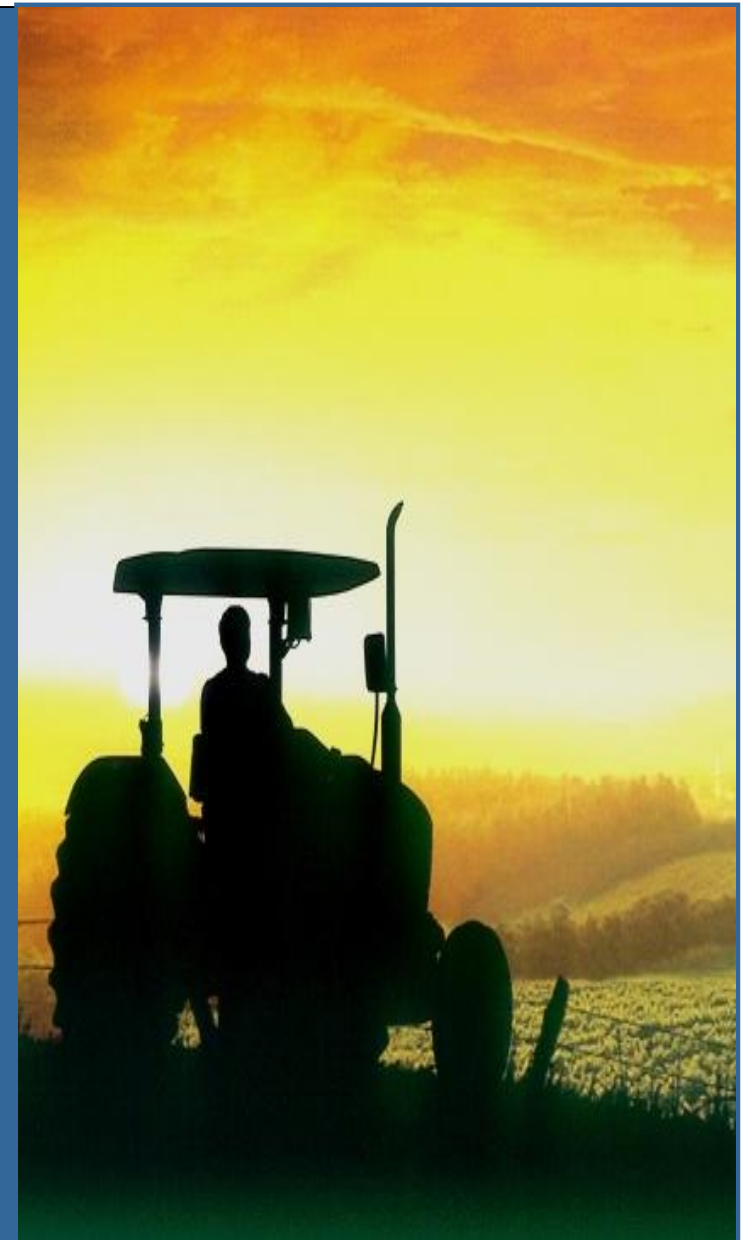


The agricultural machinery markets in Turkey

Annual Meeting
of the Agrievolution Economic Committee
Hannover, 12 November 2013



Section I: Result of Past Harvest

Section II: Income

Section III: Main Agricultural Commodity Price

Section IV: Statistics

Section V: Special Influencing Factors on the Agri Machinery Business, 2013



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According to the second prediction of the year 2013; it is expected that the production amounts for wheat will increase 9.7%, for corn will increase 28%, for barley will increase 11%, for sunflower (oil) will increase 15%, for sugarbeet will increase 8% and for fruit will increase 3%. Last year's wheat production was 20 million tons but this year it increased by 15% and became 22 million tons.

Production amounts for 2012 are realised as about 33.4 million tons for cereals, 27.9 million tons for vegetables and 18.3 million tons for Fruit.

Last year wheat, barley, rye and oat were planted about more than 10.5 hectar area and this year approximately same area was estimated to be planted. 7.5 million of this area is wheat.

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Despite global crisis and drought, agricultural sector grew in the 8 of the last 9 years and reached the most sustainable period of the last 50 years, and became the “buffer” sector of economy and the “locomotive” sector of Turkey.

In 2002, agricultural GNP was 23.7 billion USD, whereas it reached to 62.5 billion USD. In 2002 Turkey was the 11th largest agricultural economy in the world but in 2012, it was the 7th. As it is seen from these numbers, Turkey is a large market for agricultural machinery with its large agricultural areas, number of agricultural companies, product variety and production capacity.

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1. Wheat (Type of Anatolia Red Hard 1st rank): 0,32 €
2. Barley (White 1st): 0,23 €
3. Milk: 0,35 € (Raw Milk)
4. Veal: (Skeleton) 5,9 €

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Tractor Production

- **Average Production (2003-2012)**
 - 40.203 pcs
- **Limit Values in Production (2003-2012)**
 - 17.762 pcs (2008)
 - 63.557 pcs (2011)

- **Current Situation**

The first 9 months of the year, nearly 41.000 tractors have been produced and producing has been decreased by 6% when compared to the same period of the last year.

Tractor Import

- **Average Import (2003-2012)**
 - 6.725 pcs, 154,8 million USD
- **Limit Values in Import (2003-2012)**
 - 3.803 pcs, 90,8 million USD (2008)
 - 14.961 pcs, 345,2 million USD (2011)

- **General Situation**

In 2012, top ten countries to which we have made import are as follows: Italy, India, France, Germany, South Korea, USA, England, Mexico, Japan and Austria. In the first half of the 2013, tractor import has been decreased by 25% and realised as 259 Million USD.

- **Current Situation**

The first 8 months of the year, tractor import has been realized as 143 Million USD.

Tractor Market

- **Market Average (2003-2012)**
 - 34.295 pcs
- **Limit Values in the Market (2003-2012)**
 - 13.758 pcs (2009)
 - 60.466 pcs (2011)

- **Current Situation**

The first 8 months of the year, approximate 30.000 tractors have been sold, and sales have been decreased by 16% when compared to the same period of previous year.

Tractor Export

- **Average Export (2003-2012)**
 - 10.766 pcs, 187,5 million USD
- **Limit Values in Export (2003-2012)**
 - 8.361 pcs, 123,9 million USD (2008)
 - 16.191 pcs, 324,8 million USD (2011)

- **General Situation**

In 2012, the highest export rates for tractors have been achieved by USA, Iraq, Morocco, Italy and Poland. The sector makes the highest tractor export to USA, which is the homeland of tractors. In 2012, one of every three tractors has been exported to USA.

Tractors are the most exported agricultural machines. In general, half of the export in sector is composed of tractor export.

- **Current Situation**

The first 8 months of the year, tractor export has been realized as 208 Million USD.

Equipment Import

- **Average Import (2004-2012)**
 - 224,2 million USD
- **Limit Values in Import (2002-2012)**
 - 105,9 million USD (2009)
 - 381,4 million USD (2012)

- **General Situation**

In 2012, the countries from which we make import mostly are Italy, Poland, Germany, USA, China, Spain, Belgium, France, Saudi Arabia and Holland.

- **Current Situation**

The first 8 months of the year, equipment import has been realized as 362 Million USD.

Equipment Export

- **Average Export (2003-2012)**
 - 131,2 million USD
- **Limit Values in Export (2003-2012)**
 - 32,2 million USD (2008)
 - 237,5 million USD (2012)

- **General Situation**

Most of export in 2012 has been made to Sudan, Iraq, Italy, Iran, USA, Bulgaria, Azerbaijan, Russia, Mexico and Romania. Most of such export includes parts and components.

- **Current Situation**

The first 8 months of the year, equipment export has been realized as 173 Million USD.

Total Export

In 2012, agricultural machinery export has been made to nearly 120 countries, at the level of 620 million USD.

In this scope, the export made to top ten countries (USA, Iraq, Italy, Poland, Azerbaijan, France, Bulgaria, Germany, Morocco and Sudan) constitutes 60% of total export.

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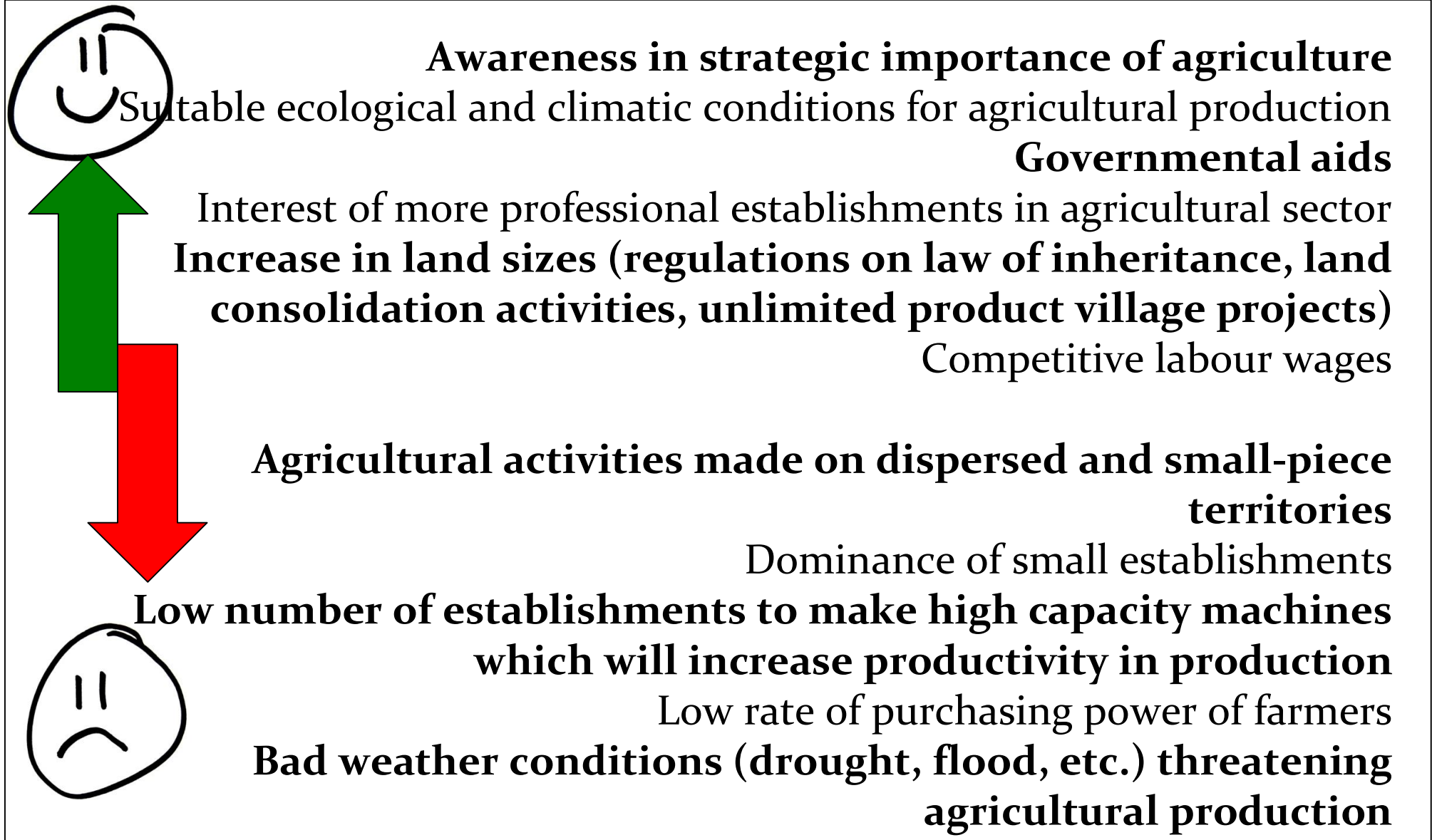
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Opportunities - Threats



Scenarios for the Future of Turkish Agricultural Machinery Sector

- **Agriculture will be carried out with higher capacity machinery**
Land consolidation activities in our country has gained speed. The draft resolution, which will prevent separation of lands by means of inheritance, has been currently submitted to the parliament, and pilot activities have been initiated in unlimited village projects (virtual elimination of abuttal). As a result, it is an undeniable fact that agriculture will be made by machines with higher capacity by increase of average land sizes in our country.

- **Informatics factor and mechatronics practices**

As in most of the products we touch in today's world, electronic devices covers a larger area in our lives day by day. In developed countries informatics sector in agricultural machinery has gradually become widespread. With respect to systems such as ISOBUS, organisations on company-association basis are available. Manufacture and use of smart agricultural machinery, which includes delicate agricultural practices and related issues (software and hardware) will increase gradually.

- **Importance of R&D, innovation and university-industry cooperation is increasing**

Under these circumstances, R&D activities in agricultural machinery has become more important. With the enforcement of new patent law, copy making will decrease. For competitiveness in global markets, cooperation between university-industry and technology centres is required.

- **Number of companies will decrease**

In line with all such developments, only companies that have high added value, include technological elements, manufacture and export competitive agricultural machinery will be able to survive.

Scenarios for the Future of Turkish Agricultural Machinery Sector

- **Small family establishments will be replaced by medium and large size establishments**

These establishments will be able to survive by adopting modern techniques. Medium size establishments will continue to get construction service for certain agricultural works.

- **Employment of agricultural population which is out of agriculture**

Agriculture is being made by more professional establishments day by day. As a result of abandon of small farmers that cannot compete, it is important to determine a sustenance model for survival of farmers left out of the sector, as in Poland model.

- **Specialised establishments making mass production in field agriculture will emerge**

Establishments specialized in certain products and making competitive production in large areas with high production technologies will grow their structures and become widespread.

- **Number of professional animal husbandry establishments will increase**

Animal production mechanism will be developed, roughage production and accordingly roughage production technologies will gain importance.

Grant Support for Agricultural Machinery:

1. Interest-free agricultural credit in irrigation project and dairy equipment
2. 50% subsidized agricultural credit in tractor and other equipment
3. Grant support for some agricultural machinery (Direct support, Rural Development Programs)
4. IPARD EU Rural Development Grant Support (Indirect support, In this type of support, agricultural machinery are supported as expenditure items included by a project, not directly)



Negative and Positive Impact of Grant Support (Rural Development Program & IPARD Program)

The budget for Granted Agricultural Machinery (Rural Development Programs) increased by 130% when compared to the previous year. It's good news but the Grant Program declared too late, so the farmers had the sales stopped until Program starting time because they were waiting for the support. The negative effect of the grant program also reflected to the machinery which is not in the scope of the support. Grant support in Rural Development Programs made the farmers lazier in buying machinery

This year tractors are also added to the scope of IPARD program but this was mislaunched as “there is grant support for tractors” and therefore this affected normal sales negatively. After the program explained to the farmers correctly, it affected the sales positively.



There was a big tractor stock in the sector, so they tried to sell these tractors at the beginning of the year and as a result production amount declined.



At the beginning of the year because of an item that was in the tractor type acceptance regulations, importation of Stage 3A tractors was stopped. This affected the sales during the first half of the year negatively.



Since the credit requirements of the state bank, which is a monopoly in credit sales, are not stable and its slow bureaucracy, private banks are taking more place in the sector. Moreover, the interest rates of private banks are higher. And this causes a slow increase in their market share.



Due to the possibility of war and internal political events, farmers' purchase request decreased.



Strong rise of foreign currency at the beginning of the summer, reflected in domestic market directly or indirectly or has been absorbed to be implemented in the following season.



This year, the rainfall, efficiency and product quality has been better compared to last year. It is expected that higher yields of cotton and corn will reflect positively to the sales of tractors and equipment in the final months of the year.



Due to the shortage of hay last year, combine harvester sales increased this year. Another reason for this high demand is high increase in demand from the GAP region.

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