

Agritech and Machinery — Dealership View



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Introduction



The Covid-19 pandemic has created severe challenges for Irish businesses. Despite this, throughout the past three months Irish manufacturers have been committed to supporting the agricultural eco-system, helping ensure the continued supply of food to the world.

As the dust settles on the situation and many countries begin to loosen restrictions, our latest Market Watch for the Agri industry provides insights from Enterprise Ireland's markets across the world. Reporting from their assigned areas Market Advisors share case studies taken from importers, distributors and leading dealerships of agricultural equipment. We have interviewed over 20 companies to provide first hand updates of the situation on the ground in the various regions.

Enterprise Ireland is responding to the current global crisis by working with Irish exporters to help them avail of business response supports recently unveiled by the Government. These supports are designed to help businesses stabilise and adapt to the evolving situation, in preparation for getting back on the road to recovery. Further details can be found at the back of this document.

Brian Hourihane

Lead MA

Agritech & Machinery



Who, What & Why?

Who

In this update we speak to agricultural equipment dealers from around the world about their approach to Covid-19 and assess current market sentiment. Our market advisors in each region have undertaken one-to-one interviews with senior management from each company. Dealerships and their sales teams are in regular contact with their local networks and can provide the most up to date feedback directly from buyers in the market.

In some cases the names have been withheld due to relationships or contracts with Enterprise-Ireland clients.

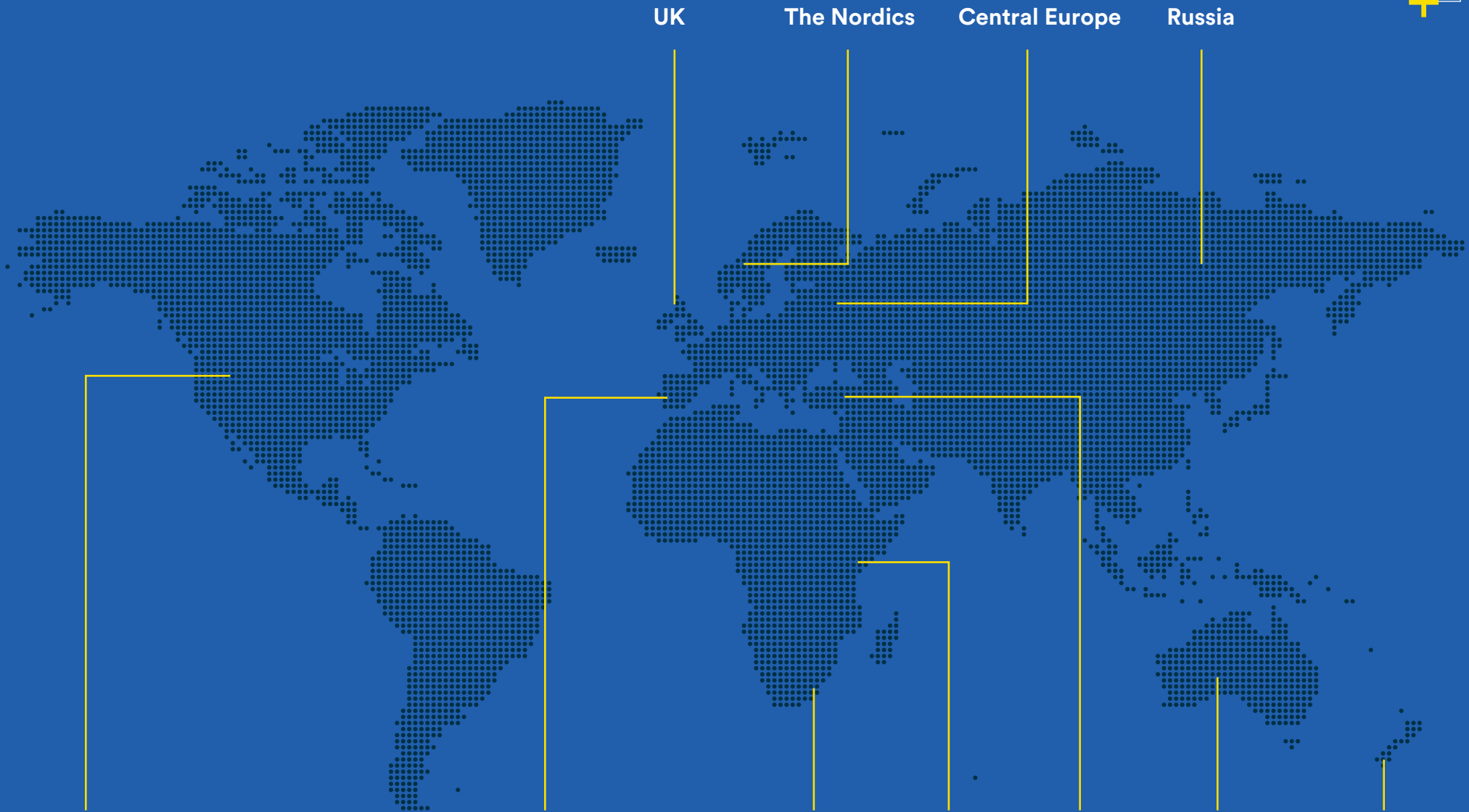


What & Why

The conversations focus on a selection of topics providing a snapshot of buyer sentiment across the globe. Sentiment which can be used by clients when making decisions, planning investments and approaching new or existing markets. Topics covered in each interview are as follows:

1. **Demand** — Current demand levels in the market? What factors are influencing this?
2. **Financing** — How are buyers financing machines? Are new trends developing because of Covid-19?
3. **Stock Strategies** — Are dealers sitting on large volumes of stock? Will they continue to purchase stock?
4. **Pricing** — Are dealerships having to review pricing to close sales? Have dealerships seen price increases from suppliers?
5. **Support** — What can suppliers do to support dealerships during these unprecedented times? Marketing collateral, technical back-up etc.
6. **Approach to Market** — Has Covid-19 changed dealerships approach? New opportunities, digital content, online sales etc.

Locations



North America

Eurozone:
Benelux
France
Germany
Italy
Spain

South
Africa

Kenya

Turkey

Australia

New Zealand

Commentary Summary

Demand

Many regions have seen a slowdown in demand citing; uncertainty, slowed decision making and the trend of customers taking a “wait and see” approach. Other regions have seen little or no impact on sales compared with this time last year. Some dealers have seen increased sales of and interest in used equipment. The impact of Covid-19 has been accelerated in certain countries because of other local issues such as weather and political change. Many countries have experienced extreme weather over the past few months with flooding and drought referenced as major challenges throughout the study. The impact of declined commodity prices due to the closure of the food services sector is a major concern across the globe.

Financing

In some countries getting access to finance is more difficult than others and Covid-19 has increased this challenge. However in leading export regions such as the UK and Europe this wasn't referenced as an inhibiting factor in achieving sales.

Stock Strategies

Dealerships across the globe are monitoring their inventory situation more closely as a result of Covid-19, a number of large dealerships said the fear of a greater slow down is influencing their cautious approach. Stock levels generally seem to be higher than usual but only marginally in many cases.

Pricing

The interviews suggested that pricing pressure and discounts could become more of an issue particularly in the latter half of the year however at the moment it wasn't a defining factor. Exchange rates are a major concern for many importers, see individual cases for more information regarding this.

Support

Improved marketing collateral was continually referenced across the study. Online technical and sales training was another support suggested in many interviews. In general there was a clear acknowledgement that this is an unprecedented situation for stakeholders across the supply chain and clear continued communication between all parties is essential.

Approach to Market

Almost every dealership interviewed said that Covid-19 had caused them to look at their approach to sales. The cancellation of major trade fairs, open days and showcases have reduced the opportunity for face to face interaction with potential clients. Some leading companies have made big efforts to improve their proactive and digital communication. Amongst the areas of investment were: new websites, online sales platforms, video content, technical support programs and increased utilisation of social media. The potential down turn has also led to some dealerships looking at diversifying their customer base perhaps creating opportunity for new product and suppliers.



UK, Northern & Central Europe

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Ripon Farm Services – UK, Machinery Dealer

Ripon Farm Services received widespread acclaim across the UK industry for their approach and handling of the Covid-19 situation. As part of their response the group released a video for customers and local communities explaining their operational changes and reinforcing the importance of UK farming. The video can be seen here: www.youtube.com/watch?v=SLgw7AhASeI

➤ **Demand** — Covid-19 hasn't had a huge effect on their machinery sales. The weather conditions throughout autumn and winter have made it extremely difficult for customers to get their crop in the ground and caused serious disruption to fieldwork. This has and will have a big effect on the tillage and arable farmers profitability this year. Issues related to Covid-19 such as; commodity prices, exchange rates and suppliers operations have all had a small impact on buyer decisions but nothing in comparison to the impact of the poor weather in the early stages of the year.

➤ **Finance** — Financing has remained unchanged, as a John Deere dealership there has been no issue on this front.

➤ **Stock** — The Covid-19 pandemic has undoubtedly led to dealerships looking closely at stock levels. Ripon edge on the side of caution when it comes to adding stock, if liaising with reps from suppliers they always ask if there is a need for the additional product. As a group they have always tracked stock levels very closely and in times such as this the 'belt and braces' approach is definitely vindicated.

➤ **Pricing** — There has been no change to pricing structures, it's a very competitive market in the UK and pricing is always a factor when it comes to sales. Some suppliers have been effected by exchange rates more so than others particularly smaller machinery manufacturers based in Euro regions.

➤ **Supports** — Large manufacturers are in a position to supply more stock and with extended payment terms. The main supports Ripon look for in suppliers are quality products at competitive prices, delivery on time and as per the order specification. Marketing and advertising support is also helpful for promoting the product.

➤ **Approach** — Covid-19 has highlighted the importance of continuous and effective communication with customers, since lockdown they have proactively communicated with customers. This has involved calling every customer on the books and informing them of how the situation is being handled. As well as the call program, Ripon produced the video referenced above which proved to be very effective.

Covid-19 has also changed their approach to travel, with 12 branches across England the last few weeks have highlighted the advantages of utilising online and digital communication.

'Confidential' – UK, Machinery Manufacturer & Dealer

➤ **Demand** — No slowdown in 'own' produced ranges but a slight drop off in the franchised range.

➤ **Finance** — Customers haven't had any issue getting finance, many still buying outright. Some customers have used government Covid-19 bounce back payments as deposits.

➤ **Stock and Pricing** — No changes.

➤ **Supports** — They receive very little support from franchises with regard to product training and marketing content, this could definitely be of benefit.

➤ **Approach** — The cancellation of national shows and open days is having an impact. To counter this the company has increased its social media content and advertising in traditional industry publications.

Merkanta International – Slovakia, Machinery Dealer

↘ **Demand** — The situation in the Slovak market is currently influenced by several factors.

- **Change in Government** - The new leadership has put a major focus on anti corruption and clientelism, from an agriculture perspective it is hoped that this will ensure the correct and fair distribution of subsidies. The government have also declared its support of small and medium agricultural enterprises producing livestock, fruit and vegetables rather than energy crops (rapeseed, maize), the aim is to strengthen the countries food production efficiency (currently 27-35%). In Merkantas opinion, this will have a positive impact on the sale of equipment and technologies for animal production, which is the scope of business of the company.
- A major negative at the moment is the ongoing drought, this is creating uncertainty regarding the years harvest and as a result some buyers are cautious when it comes to making new investments. Another major concern is the slowdown in financial flows due to Covid-19 measures and the associated economic disruption.

↘ **Finance** — With regards finance, buyers use personal funds and bank loans. The new government has declared support for financing with a state guarantee to mitigate the economic impacts, specific forms are not known yet.

↘ **Stock** — Fears of a slowdown in financial flows may lead to efforts to reduce inventories.

↘ **Pricing** — The above issues will certainly result in downward pressure on prices.

↘ **Supports** — Suppliers can support dealers with fair prices, flexibility in the supply of equipment & technologies and assistance with the financing.

↘ **Approach** — The current situation brings many unknowns, the ability to adapt to situations will be important. In general, they believe the future for Slovak agriculture is positive. However, at this moment it is not quite clear what the immediate future holds so its important to be able to respond to the challenges in a calm and effective manner.

‘Confidential’ – Poland, Mid Sized Machinery Dealer

↘ **Demand** — Customers buying decisions have been put on hold in recent weeks due to the uncertainty around Covid-19. A halt to the processing of EU subsidies by state agencies, severe drought and the devaluation of the Polish Zloty (7-8%)

have also had a big impact on the sales of imported machinery.

↘ **Finance** — In 90% of cases the buying decision is determined by ability to get EU subsidy (typically accounts for 50% of the machine cost). The remaining 50% is financed by bank loans (or partially cash) — They offer financing from one specialised bank, No new trends are developing as a result of Covid-19.

↘ **Stock** — Stock levels are slightly higher than usual however this isn't an issue as most equipment has been imported for specific orders (subject to obtaining subsidy).

↘ **Pricing** — In general there is no trend of price reduction. Machines imported prior to the Covid-19 pandemic are sold according to old price lists and the 'old' (lower) exchange rate. Some European manufacturers are in the process of changing price lists with 2–3% increases in EURO terms.

↘ **Supports** — Some larger manufactures offer financing packages (with specialised banks). Farmers having liquidity issues may get a 3 months repayment relief.

↘ **Approach** — The Government has lifted social security payments for individual famers and micro-enterprises for 3 months. Micro companies can get loans improving their liquidity. Large companies can also get guaranteed loans up to PLN 800K (ca. €200K). There is no such offer for medium size companies.

ASC LLC – Russia, Machinery Dealer, Alexander Karpeykin (MD)

↘ **Demand** — The demand for equipment and technology is adequate, however financing of the demand is poor due to the very low bank and economic activity during the Covid-19 pandemic. The high Rouble rate has also had a part to play in the decrease of activity.

↘ **Finance** — Most clients still refer to credit and leasing schemes for financing. They believe that post quarantine challenges will force new trends to be developed.

↘ **Stock** — Companies do not carry large stocks — it is too expensive in the current low economic situation.

↘ **Pricing** — The activity and competition between companies has increased due to the reduction in potential customers and projects. That leads of course to more discounts and the lowering final prices for customers and consequently to less margin for dealers.

↘ **Supports** — Better payment conditions can be very helpful. Many big companies from Germany, Sweden, France and UK are offering improved terms to sell their equipment.

↘ **Approach** — The customers are mainly focused on price and payment conditions at the moment, quality is currently the 3rd factor.

Möre Maskiner – Sweden, Machinery Dealer

↘ **Demand** — The order sum for March 2020 is the same as March 2019. April 2020 ca 80% compared to April 2019. Customers seem to be looking for cheaper solutions such as upgrading and servicing current fleets rather than buying new machines. Möre Maskiner are undertaking less visits and less meetings. Meetings which do take place tend to be outdoors and they have implemented new hygiene routines. Their Chinese suppliers sent 600 face masks which they hand out to visitors and customers.

↘ **Financing** — They have seen a 50% increase in leasing and part-payments.

↘ **Pricing** — They have not increased or decreased prices, but have been more generous on offering free delivery during the Covid crisis.

They have not undertaken any currency adjustment

↘ **Approach** — The pandemic has brought the agricultural sector into focus in Sweden, 'self-sufficiency' and 'food security' have become important and topical issues.

↘ **Other Updates** — Freight is taking 1 month longer than usual.

The reduced freight volumes mean transport companies are making 12 stops rather than the usual 4.

YstaMaskiner – Sweden, Machinery Manufacturer & Distributor

↘ **Demand** — The market is slow at the moment. Many farmers are waiting to see what will happen.

↘ **Financing** — It seems like most of their dealership partners are providing leasing loans (the large tractor brands have good options).

↘ **Stock** — As an importer, they feel they have too much stock due to a slow start to the year. Their dealers don't want to take on stock and many are only purchasing machines as deals are closed.

↘ **Pricing** — Prices have reduced. It looks like many dealers are having to sell off machinery to generate income, this could lead to big problems for some dealers.

Exchange rates are causing issues in Sweden, the SEK is low and making imports more expensive.

↘ **Supports** — YstaMaskiner feel manufacturers have to look at their overall costs and offer the best price possible. They are seeking commitment from

suppliers. Some franchises of theirs have started selling direct online at lower prices. They believe that these companies will lose out when the market returns to normal. Importers will be slow to take on these products because of the low price point.



Eurozone

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Lhermite Agri – France, Machinery Dealer

↘ **Demand** — Demand has remained unchanged, the Normandy and Brittany regions haven't been badly impacted. Large and mid-size Agri Dealers such as Lhermite remained partially open even if no clients could have been welcomed to the showroom. The fear of loan rates increasing has accelerated the decision making process for some co-ops and farmers.

↘ **Financing** — Financing remains unchanged, deals are mostly financed by specific bank programs (Credit Agricole) or manufacturer financial partners (Ex: John Deere). Loan rates are still low (only + 0,4% from the beginning of the Covid crisis).

↘ **Stock** — They are still purchasing stock.

↘ **Pricing** — Pricing of machines hasn't been affected, discounts have been offered mainly to cover the manufacturers delay in delivery.

↘ **Supports** — Manufacturers can support by introducing specific promotions, hosting online trade events and delivery time reduction.

↘ **Approach** — Lhermite have invested in digital tools (more in the last 2 months than over the past 10 years), they have seen the opportunity for promotional videos and technical assistance support online.

'Confidential' – France, Leading Agri-Tech & Animal Care Distributor.

↘ **Demand** — Most of their Agri shops remained open throughout but some regions were severely impacted by the pandemic (East of France and Île de France). They have experienced a moderate (in this context) but serious loss of turnover (between 15% and 20%).

↘ **Stock** — They are still purchasing stock of top products only.

↘ **Pricing** — For seasonal products they have made discounts to avoid stock immobilization.

↘ **Supports** — Manufacturers can support by staying in touch with and working on delivery time reduction.

↘ **Approach** — They have made the decision to invest in developing online sales and digital tools (interactive catalogue, promotional videos) in the coming months. They are also being contacted by end users more often (hobby farmers), currently they only sell to the professional industry but will consider diversification in the coming months if required.

'Confidential' – Germany, Agricultural Importer (Dairy & Housing Specialist)

↘ **Demand** — Most projects have a long lead time, stables have to be planned and permits have to be obtained, they are still working to capacity. Installations are taking place as planned and there has not yet been any postponement of commissioned projects. However, there is a lack of new enquiries as farmers are uncertain about future developments leading to concern that there will be a reduction in orders and projects over the next year. The regional trade fairs, which are important for reaching out to new customers, would normally take place in summer but have been cancelled. Also 'open days' cannot be organised because bigger events are prohibited.

Currently the only new orders being received are for repairs. The recent drought hasn't played a role in the reluctance of farmers to invest but Covid-19 has made a big impact.

↘ **Financing** — There are no apparent changes in the financing of plants and machinery as farmers are working with their banks as usual.

↘ **Stock** — With regards stock, orders are placed with suppliers as equipment is sold, the nature of the work means that the orders are specific to individual projects.

↘ **Pricing** — They are seeing some of their competitors offering systems at a price level which they cannot match. They are looking further afield to approach new customers. If a leading dealer is active in the area it is very difficult to win new business.

↘ **Supports** — They are always looking for new ideas to engage the markets. PR only helps if it is targeting & reaching farmers in their region. Articles and updates in the regional farmers journals, TopAgrar and MilchPur can help provide exposure to the brand.

ZHE Group – Benelux, Agricultural Dealer (Netherlands South)

↘ **Demand** — Overall ZHE Group have seen a decline in demand. Branches are seeing a waiting trend, buyers are delaying their purchase.

↘ **Financing** — In general, machinery is being financed via payment plans, so far there has been no change due to Covid-19.

↘ **Stock** — Dealers are seeing higher stock levels in comparison to last year. If they can delay receiving new stock, they will do so, but this dependent on contracts and forecasts.

↘ **Pricing** — So far, it seems that pricing in the sector has remained unchanged.

↘ **Supports** — New Holland have been a big help with regards stock support & their general positive approach towards the pandemic.

‘Confidential’ – Benelux, Agricultural Dealer (Netherlands North)

↘ **Demand** — No real impact, it is peak season. Business continues. The region wasn't badly affected by the crisis and they were able to accommodate client visits to the showroom and undertake demonstrations.

↘ **Financing** — Financing methods have remained unchanged, either via the financial support of manufacturing partners or via payment plans.

↘ **Stock** — Stock is at a normal level, although machinery is being delivered with slight delays.

↘ **Pricing** — There has been no change to pricing aside from the normal promotions they undertake.

↘ **Supports** — Quicker delivery of machinery would be helpful. More

marketing material and PR delivered by the manufacturer would also support their advertising.

‘Confidential’ – Germany, Agricultural Dealer

↘ **Demand** — Current sales are fine, they have not yet experienced a slump in sales. However, farmers are only buying the machinery that they really need. A farmer who bought a machine earlier this year commented that if he had to make the decision now, he would postpone it. They expect that sales and turnover next year will be reduced. Milk processors have also announced that the milk price will fall below 30 cents. They cancelled their open day in March, which is normally attended by about 10,000 people — the potential interest and generated business at this event is of course lost. They usually present at the regional trade fairs Norla and Mela, which is a good opportunity to meet customers and maintain relationships. As restrictions ease they are planning to hold an evening event to undertake machine demonstrations. This will allow potential customers to visit whilst adhering to social distancing and hygiene rules.

↘ **Financing** — The financing of machinery hasn't changed. Farmers either pay directly or use their bank.

↘ **Stock** — Large stocks were purchased in times of high demand late last year. They will review existing stock in the second half the year and decide how best to proceed.

↘ **Pricing** — Pricing hasn't been changed. Farmers always try to buy machinery at the best price possible. However, there were no requests for price reductions due to the Covid crisis. Price reductions or special offers would have to come from the manufacturers in which case usual margins would be applied and savings passed to customers.

↘ **Supports** — It is always of great importance that there is a close contact between supplier and dealer, and while customers are presently patient if something, e.g. the delivery of a spare part takes a bit longer than normal, it is important that assistance is provided quickly. While people are working from home it is important that the communication continues without delays. Professionally produced videos, which show technical detail and clearly demonstrate the advantages of the machine, are beneficial. It's also a big advantage if a manufacturer has a demonstration machine in a region which dealers can use to show or trial with potential buyers.

‘Confidential’ – Spain, Agricultural Dealer

↘ **Demand** — The Agri Machinery market is growing as the weather this year has been good and it looks set to be a good season. High yields of grass and legumes has seen forage machinery in particular having a good season in Spain. Dealers are more concerned about 2021 due to the potential recession and drop in consumption of meat, and the price of milk and cereals. All regions are performing well with the exception of Aragon & Catalonia (slightly down).

Tractors — There has been a big drop in sales of tractors due to the fact that a tractor is not seasonal equipment and farmers are delaying the purchase decision until there is less uncertainty. However, it is believed that once subsidies from the Spanish government start in the next month tractor sales will improve.

↘ **Financing** — Buyers use international financing companies, some of which have increased interest rates due to uncertainty around Covid-19. This has led to buyers using local banks for loans or also accessing government loans available for Covid-19 supports which have lower interest rates than leasing and international financing firms.

↘ **Stocks** — Dealers are not sitting with large stock levels of ag-machinery or forage equipment and will continue to purchase stock.

↘ **Pricing** — Some dealers are reducing prices, especially suppliers of big multinational brands.

↘ **Supports** — Suppliers of machinery whose factories in Europe had been closed during lockdown are now experiencing delays in fulfilling orders placed from dealers in February / March.

‘Confidential’ – Italy, Agricultural Dealer, Managing Director

↘ **Demand** — Demand levels are decreasing, investment in new machinery has been deferred. It is still unclear what the real consequences of the crisis will be in the sector however a negative impact is expected and they are seeing this in the deferral of non essential new purchases

↘ **Financing** — New financial supports to the sector are being put in place and these will be used by the farmers to help with the liquidity issues.

↘ **Pricing** — There hasn't been a need to reduce prices in order to make sales — the usual discounts have been granted.

↘ **Stocks** — At the moment machines are being sold from existing stock. Some of suppliers stopped production for 2 months during the lockdown. The volumes of machinery produced by many suppliers will be significantly

reduced due to the implementation of safe social distancing at factory level. The slowed supply will coincide with reduced demand from the dealer side therefore this isn't causing issue at the moment.

↘ **Supports** — It is very important to keep the communication alive between suppliers and dealers, understanding how situation is developing on both sides.

↘ **Approach** — Regarding future trade shows — EIMA Bologna in November is the most important show in the sector, big changes to the format are expected. It is most likely that the show will be postponed until 2021 but there will be an online preview event held this year.

Online sales are a new option to be taken into consideration but mainly for spare parts and small machinery. It is felt that the whole way of doing business even in this sector will need to change going forward and that it will not be possible to go back to pre Covid conditions.



IMEA & Turkey

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Rovic Leers – South Africa, Agricultural Equipment Distributor

↘ **Demand** — The dairy market is small, shrinking and extremely competitive. The factors that place the dairy market under strain are environmental challenges (drought), decline in investment, exchange rates, reduced demand for implements, Covid-19 and government related concerns.

↘ **Finance** — Finance is generated via commercial bank loans, international companies provide a measure of support that they secure via their local banks. Interest rates have lowered, however financing is a challenge and debt levels are high due to environmental and other challenges previously mentioned.

↘ **Stock** — Stock in general is moving slower and certain dealers are thus suffering because of reduced cash flow.

↘ **Pricing** — Pricing varies monthly due to the rand dollar exchange rate. Machinery prices have been rising over the past two years and this has increased again

throughout the Covid outbreak.

↘ **Approach** — Online marketing is utilised within the sector. Sales of machinery particularly high value equipment via online platforms is low, however online sales of spares and replacements are growing.

Rebello – South Africa, Agricultural Machinery Dealer

↘ **Demand** — Demand levels have not changed drastically however there is a slight dip because of increased pricing, uncertain global markets and farmers, although still operating, have had to adjust their budgets due to the challenges.

↘ **Financing** — Payment is mainly carried out either by cash transactions or bank loan. Banks are tightening regulations regarding loans, and leasing or renting is not foreseen.

↘ **Stock** — Stock levels are constant and stock is also acquired when there is a need.

↘ **Pricing** — Prices will increase based on how the market reacts and depends on exchange rates.

↘ **Supports** — They receive very little support from franchises with regard product training and marketing content, this could definitely be of benefit.

↘ **Approach** — Equipment is mainly purchased face to face due to the value and complexity of the product. Farmers and buyers prefer to 'touch, feel & test' equipment and therefore the volume of online sales is low.

Erdvark – South Africa, OEM – Cultivation Equipment

↘ **Demand** — Demand remains unchanged for silage equipment within the dairy sector. Dealers have been reluctant to hold stock and have been purchasing machinery as sales with customers are agreed. Pricing is looking set to increase due to the Rand Dollar exchange. Larger farmers tend to transact in cash.

↘ **Finance** — Banks are providing loans via their Agri departments. Companies such as Senwes, VKB, Afgri and Agri finance hub also provide financing.

↘ **Supports** — Suppliers should only engage with dealers that are financially suitable to be a partner e.g. Bonded warehouses for stock, experience in the market etc.

Dairy Africa – Kenya, Machinery Distributor and Consultant

↘ **Finance** — Bank loans are the popular finance method here however the Covid situation and other environmental challenges have placed strain on buyers finances. Post Covid, it is predicted that leasing of equipment will be required to allow dairy farmers to access much needed implements.

↘ **Stocks** — Generally, stock orders are made based on market demand.

↘ **Pricing** — Pricing will need to change. Kenya trades in dollars which is slightly lower than the Euro, and thus purchasing in Euro's will be more expensive.

Graftek – Turkey, Agricultural Equipment Distributor

↘ **Demand** — Graftek deal with a network of exclusive distributors in Turkey, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, Algeria, Morocco, Tunisia, all these countries are in lock-down at the time of speaking.

Many business transactions have been postponed. Turkey will start the normalisation process in late May so it is expected that business activities reopen then.

↘ **Stock** — Most partners have/will continue to purchase stock. The exchange rate instability in Turkey will effect businesses.

↘ **Pricing** — Most dealers have a niche product offering and do not need to offer discounts.

Several outlets have started to ask for better payment conditions. Graftek do not recommend this in developing countries as risks are high.

↘ **Approach** — They are attempting to re-contact some older businesses and hope to get some results from this project. However when they speak about Turkey, the exchange range of the Turkish Lira is 7,80 : €1 which is dramatically effecting business in these new conditions. Similar exchange rates in the past have lead to sales of some imported equipment reducing by up to 70%.



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Giltrap Agrizone – New Zealand, Machinery Importer and Distributor

↘ **Demand** — New Zealand is slowly returning to normality and lockdown restrictions are starting to be relaxed. Dealerships are reopening, subject to social distancing being maintained. Despite the fall in activity, some sales have continued over the past few months. It is expected that a lot of farmers have held off their purchases until after lockdown has finished. Spring is the key buying period, so it is hoped that recovery will be seen from September through to November.

↘ **Pricing** — The fall in the New Zealand Dollar has posed the most immediate challenge with 1 NZD trading at 0.55 euro. This puts pressure on the margin being earned on European machinery.

↘ **Stocks** — Stock is still being imported to a certain degree with a reduction in shipping costs aiding importers.

➤ **Supports** — Suppliers should be conscious of reduced cashflow on the part of importers and be prepared to lengthen payment terms on machinery as necessary.

Farmtech – Australia, Machinery Importer and Distributor

➤ **Demand** — Dealerships across rural Australia have remained open and in business throughout the past few months with sales of fertilising equipment and wrappers remaining quite strong.

In response to Covid19 the Australian government have increased the instant asset write-off threshold for machinery purchases from \$30,000 to \$150,000 and this had a significant impact on farm machinery purchases by farmers.

➤ **Stocks** — Shipping has flowed fairly unrestricted for the past few months with no significant impact on stock levels.

➤ **Pricing** — The fall in the Australian dollar is posing a challenge for importers with some price adjustments being made as a result. The dollar has regained most of its strength over the past month but is still trading lower than its 2019 average.



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‘Confidential’ – North America, Machinery Dealer

➤ **Demand** — Current demand for equipment has been keeping pace with expectations. Early planting opportunities and government subsidies have helped in these times. They have continued to watch Covid-19 concerns but remain optimistic.

➤ **Finance** — They have seen a healthy mix between leasing and instalment for financing equipment. As suppliers offer better rates due to Covid they expect customers to take advantage of the opportunity.

➤ **Stocks** — Stock levels have been keeping pace with expectations.

➤ **Pricing** — Product pricing has remained static.

➤ **Supports** — Keeping inventory available to eliminate product supply wait times is key.



For a list of Enterprise
Ireland supports, please visit:

www.enterprise-ireland.com/businessresponse

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MIDDLE EAST, AFRICA & INDIA

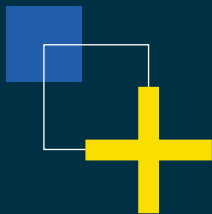
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Enterprise Ireland is the government organisation responsible for the development and growth of Irish enterprises in world markets. We work in partnership with Irish enterprises to help them start, grow, innovate and win export sales in global markets. In this way, we support sustainable economic growth, regional development and secure employment.

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