



Development Situation of China Agricultural Machinery Industry

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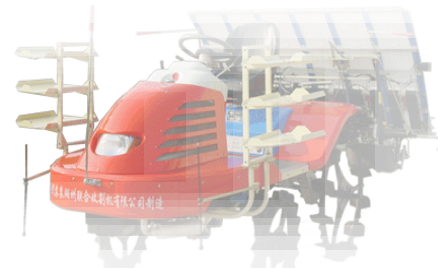
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Part I

Overview of China Agriculture



Overview of China Agriculture

In 2012, the sown area of grain was 111.27 million hectares; the sown area of cotton was 4.70 million hectares; the sown area of oil-bearing crops was 13.98 million hectares; the sown area of sugar crops was 2.03 million hectares.

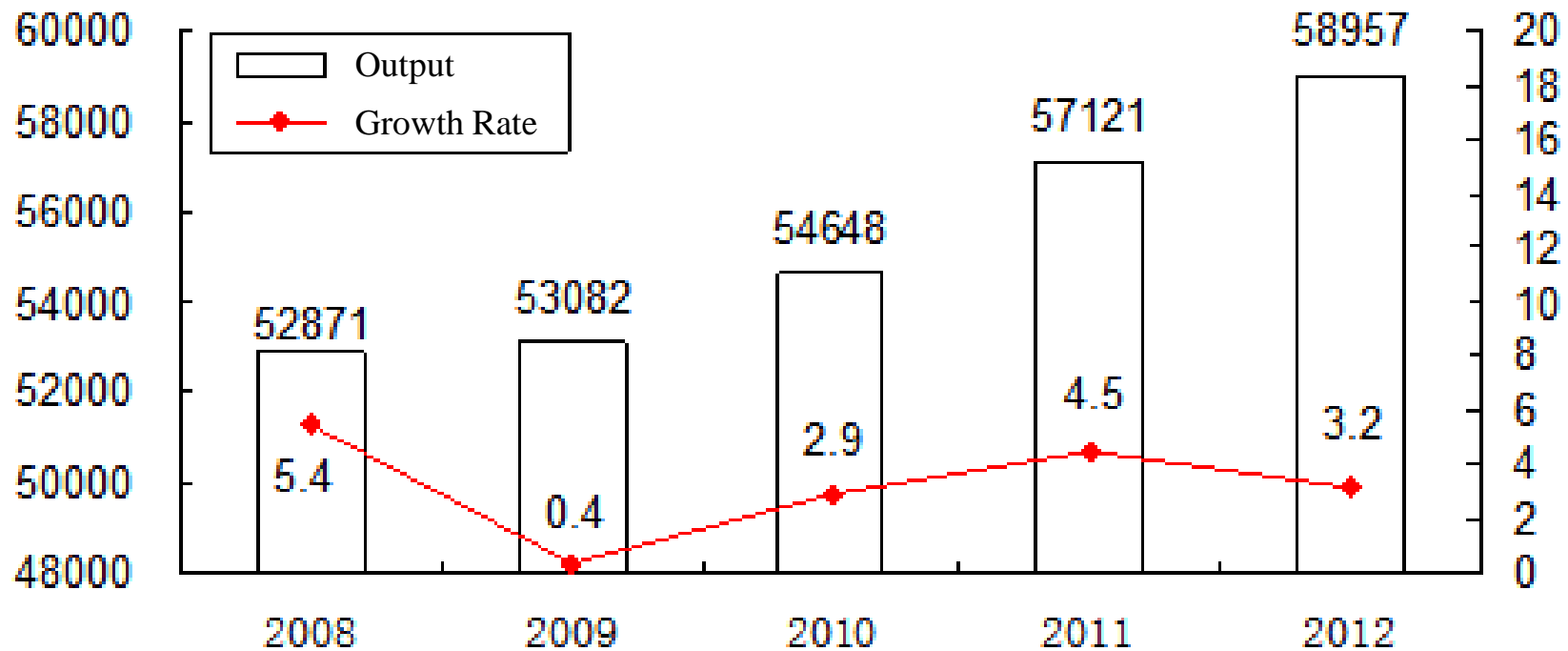
The total output of grain in 2012 was 589.57 million tons, an increase of 18.36 million. Among the main grain crops, the output of rice was 204.29 million tons; that of wheat was 120.58 million tons; and that of corn was 208.12 million tons,.

In 2012, the output of cotton was 6.84 million tons, that of oil-bearing crops was 34.76 million tons, and that of sugar crops was 134.93 million tons.

Overview of China Agriculture

Output and Growth Rate of Grain Production 2008-2012

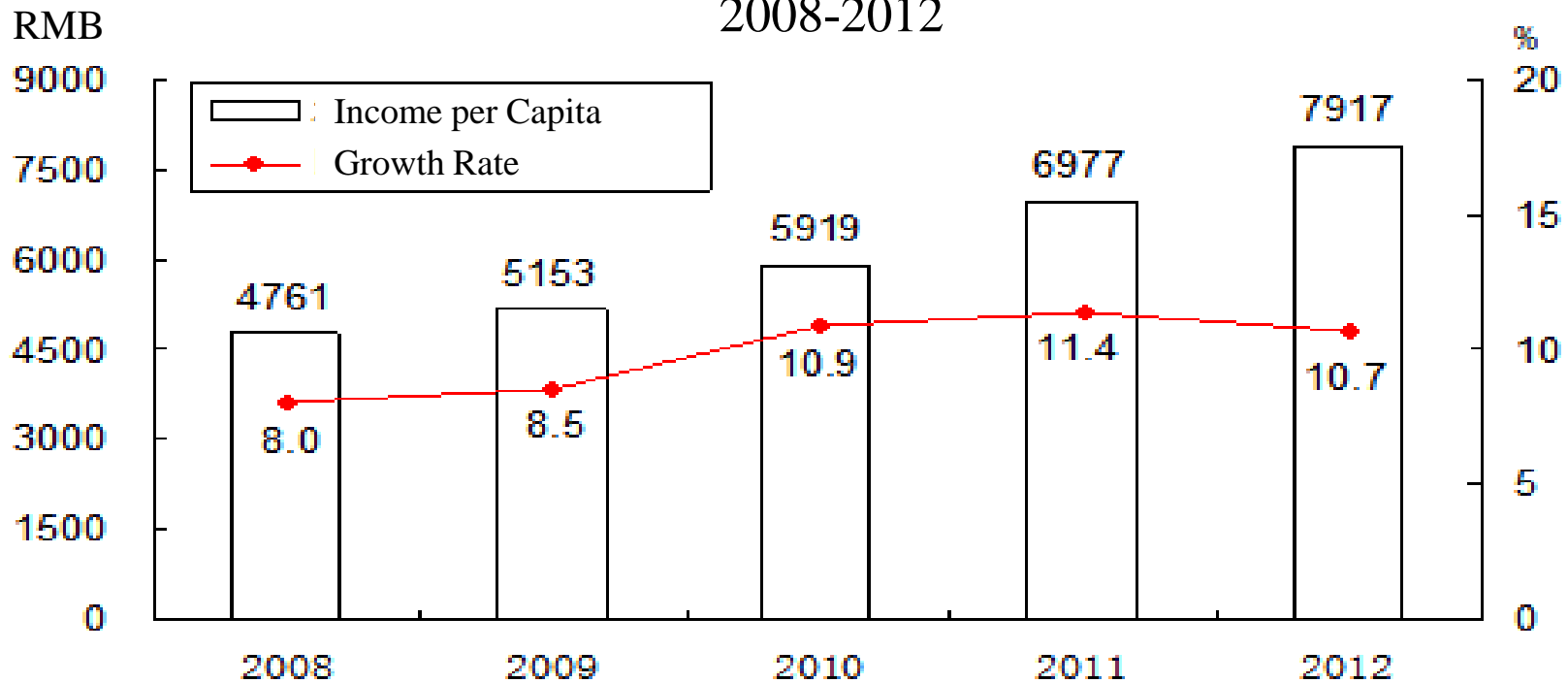
10000 MT



Overview of China Agriculture

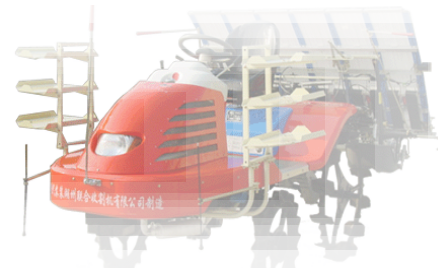
In 2012, the annual per capita net income of rural households was 7,917 RMB Yuan, up by 13.5 percent, or a real increase of 10.7 percent over the previous year when the factors of price increase were deducted.

Income per Capita of Rural Households and Growth Rate
2008-2012



Part II

Development Situation of China Agriculture Machinery Industry



Development Situation of China Agriculture Machinery Industry

“No. 1 Document” of Central Government

The “No. 1 Document” of central government has been a special term for CCPCC’ s concern about farmers, rural areas & agriculture

Policies for development of Agriculture Machinery Industry

Industry policies covered policies objectives, technology policies, development of products, organization structure, administration of permits, market construction, finance & taxation policies, and administration of import & export, etc.

Subsidies for Purchase of Agriculture Machinery

Total subsidies of 74.47 billion RMB from central government from 2004 to 2012. Estimate of 21.75 billion RMB in 2013 for subsidies.

Plans for Development of Agriculture Machinery Industry

To achieve total industrial production value of 400 billion RMB by 2015, total export of 12 billion USD which captures 20% of total revenues of the industry.

The Programmatic Document Issued by State Council

The State Council issued the “State Council’s Advice for Promoting Quality & Rapid Development of Agriculture Mechanization & Agriculture Machinery Industry” in 2010.

Development Situation of China Agriculture Machinery Industry

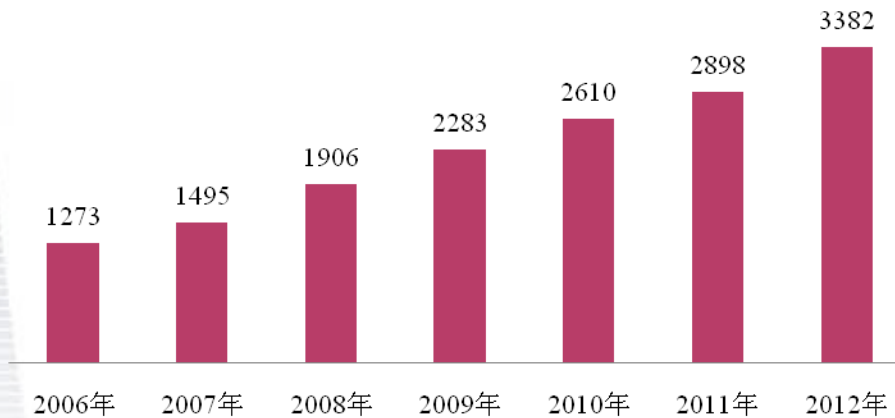
Key Indicators of the Agriculture Machinery Industry

- Total industrial production value of agriculture machinery enterprises above designated size has been growing rapidly & steadily for many years. It was expected that total demand of agriculture machinery would continue to grow in the next couple of years, while development of new technologies & products would be facilitated.
- Key agriculture machinery enterprises invested actively in 2012. Total of 102.322 billion RMB was invested in fixed assets in the industry, with growth rate of 38.01%.
- Growth for output of main agriculture machineries varied from product to product. Large agriculture machineries continued to grow rapidly, with higher growth rate for output of corn harvesters, processing machinery after harvesting & large tractors.

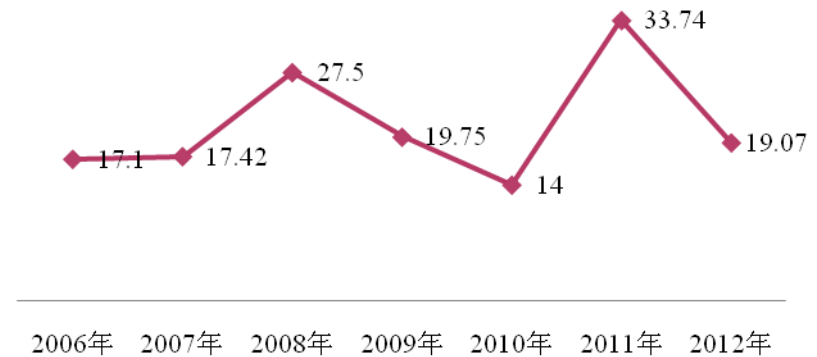
Development Situation of China Agriculture Machinery Industry

- Rapid growth of total industry production value & profit, prosperity of the market with strong demand & sufficient supply

Total Industry Production Value (100 Million RMB)



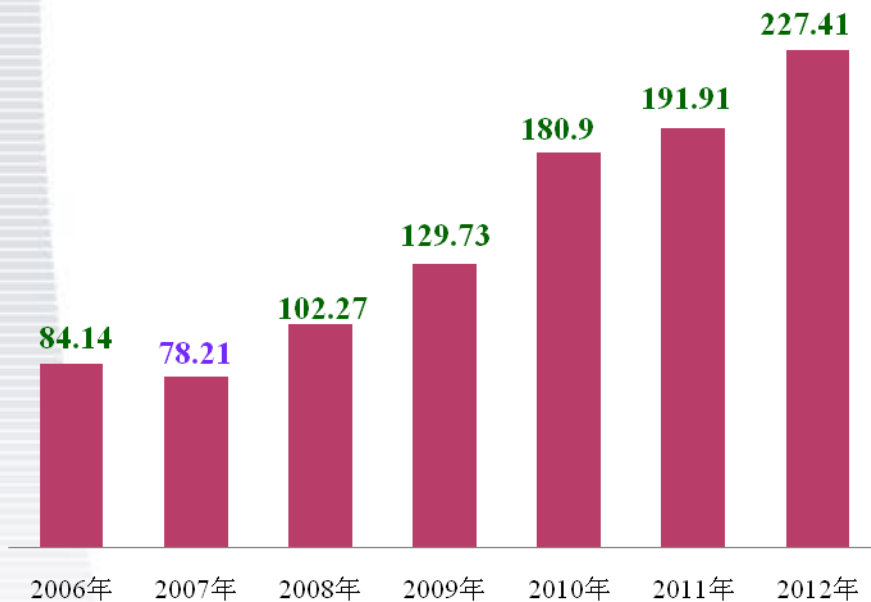
Growth Rate of Total Industry Production Value (%)



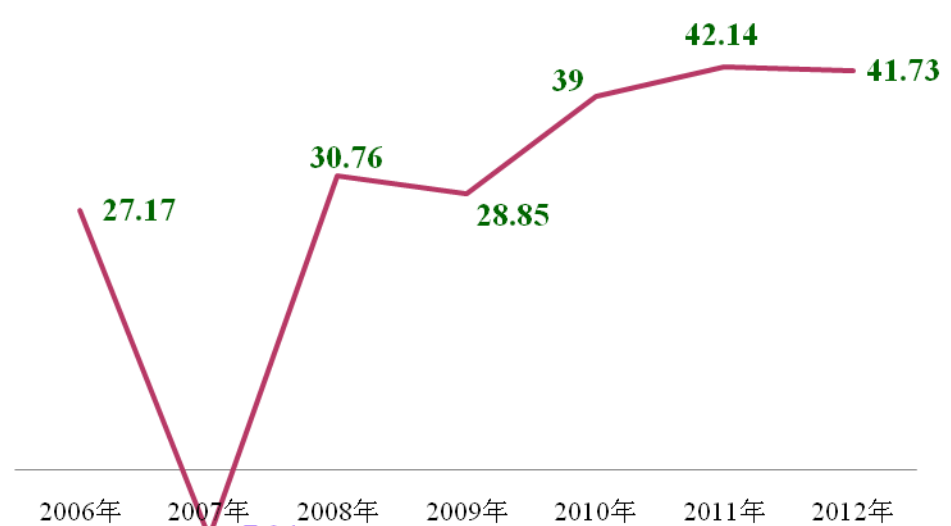
Development Situation of China Agriculture Machinery Industry

- Rapid growth of total industry production value & profit, prosperity of the market with strong demand & sufficient supply

Total Profit (100 Million RMB)



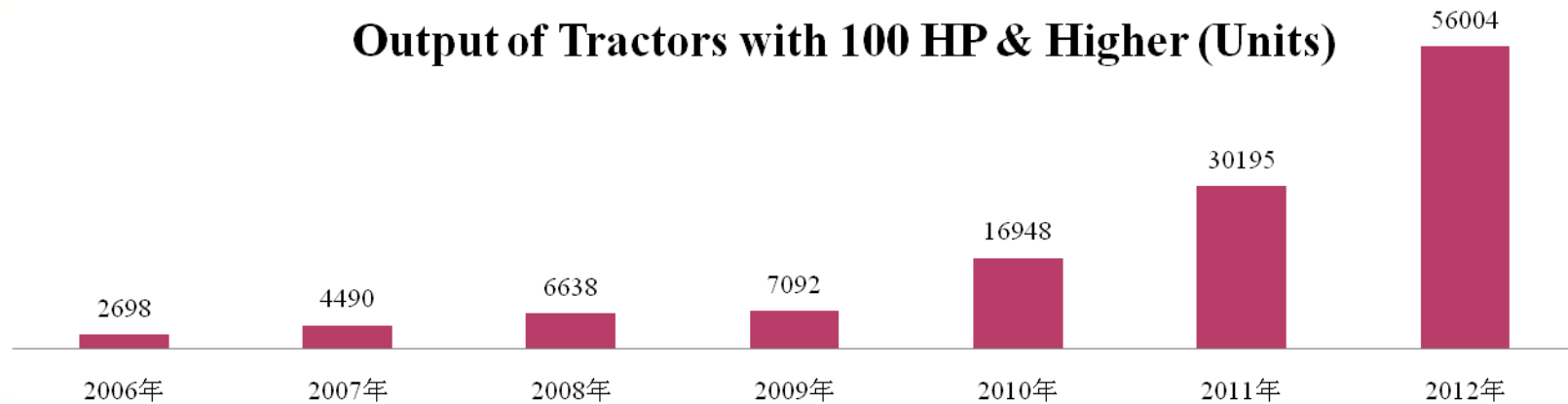
Growth Rate of Total Profit (%)



Development Situation of China Agriculture Machinery Industry

- Trend to larger agricultural machinery

Output of Tractors with 100 HP & Higher (Units)



Output of Tractors & Self-propelled Combine Harvesters (10,000 Units)

Year	2006	2007	2008	2009	2010	2011	2012
Small Tractors	191.5	213.8	187.8	189.2	228.5	205.9	178.7
Large & Medium Tractors(25hp up)	19.9	20.3	21.7	31.2	34.1	32.15	34.6
Self-propelled Combine Harvesters	11.4	5.8	6.9	10.87	15.8	15.0	15.0

Development Situation of China Agriculture Machinery Industry

Import&Export of Agriculture Machinery

- With implementation of internationalization development strategies in the agriculture machinery industry in China, product categories for export have increased. Total volume and revenue of export have been increasing rapidly, while products for export have shifted from focus on small agriculture machineries to combination of large, medium & small agriculture machineries. It would depend on both domestic & international markets to develop the agriculture machinery industry. It would bring large potential for development of the agriculture machinery industry during the process of internationalization.

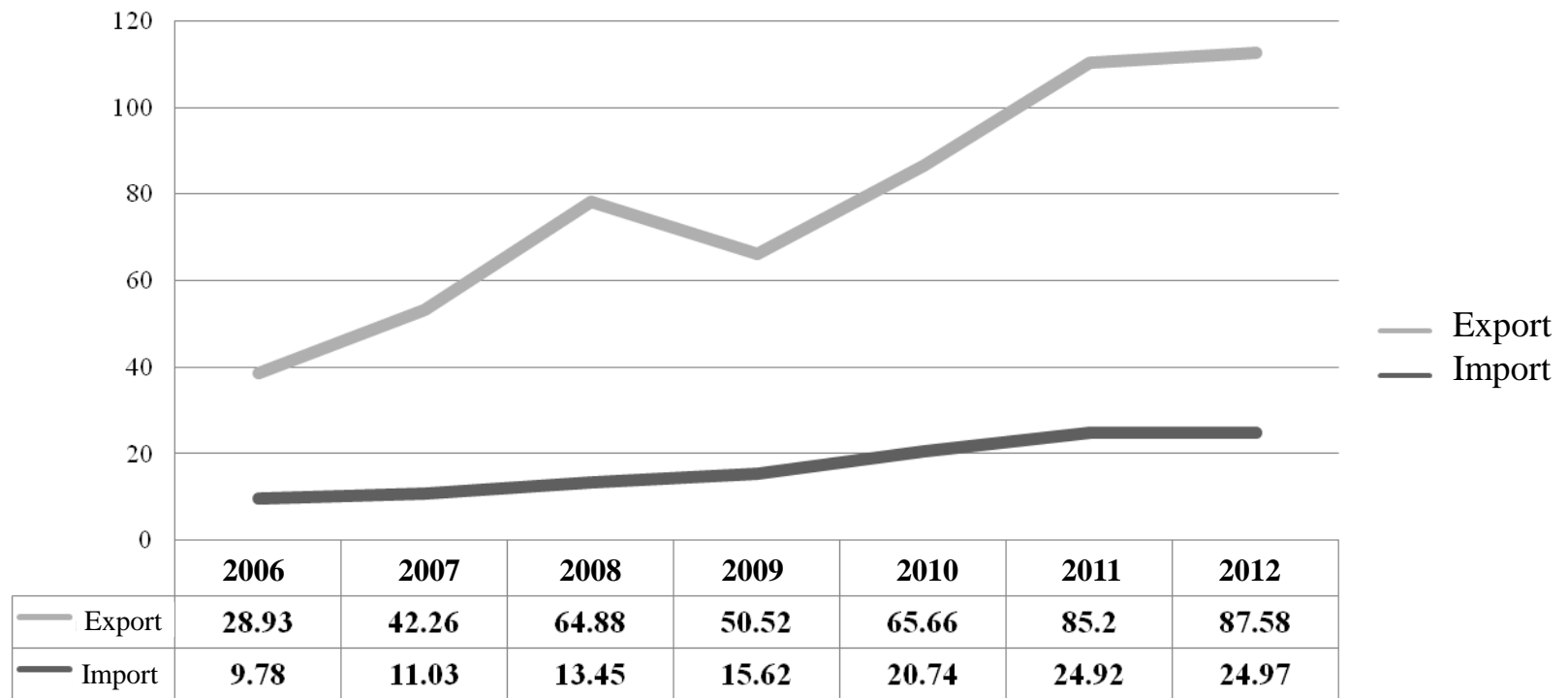
Import&Export of Agriculture Machinery 2006-2012 (Excluding Pump & Diesel Engine)

Year	Export			Import		
	Export Revenues (100 Mn USD)	Percent in Total Revenues (%)	Growth Rate (%)	Import Revenues (100 Mn USD)	Percent in Total Revenues (%)	Growth Rate (%)
2006	28.93	17.2	40.44	9.78	5.8	7.59
2007	42.24	20.4	46.01	11.03	5.3	12.78
2008	64.88	23.5	53.60	13.45	4.88	21.94
2009	50.52	15.47	-22.13	15.62	4.78	16.13
2010	65.66	15.71	29.97	20.74	4.96	32.78
2011	85.18	19.11	29.73	24.93	5.59	20.22
2012	87.58	16.50	2.81	24.97	4.70	0.16

Development Situation of China Agriculture Machinery Industry

- Rapid growth of export with entering international markets

Import & Export of Agriculture Machinery 2006-2012 (100 Million USD)



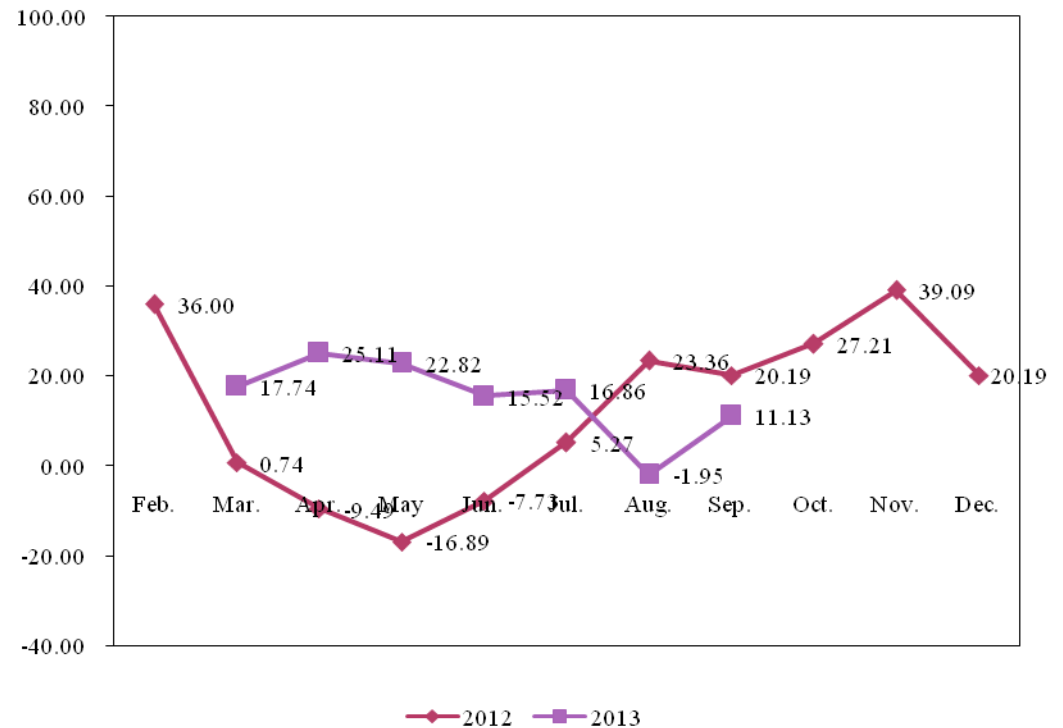
Total Revenue of Import & Export for Agriculture Machinery (Excluding Diesel Engines & Pumps)

Development Situation of China Agriculture Machinery Industry

Growth Rate for Output of Large & Medium Tractors Jan. - Sep. 2013

Large & Medium Tractors		
	Growth Rate Comparison (%)	
	2012	2013
Feb.	36	
Mar.	0.74	17.74
Apr.	-9.49	25.11
May	-16.89	22.82
Jun.	-7.73	15.52
Jul.	5.27	16.86
Aug.	23.36	-1.95
Sep.	20.19	11.13
Oct.	27.21	
Nov.	39.09	
Dec.	20.19	

Comparison of Growth Rate for Output of Large & Medium Tractors, 2012 vs. 2013

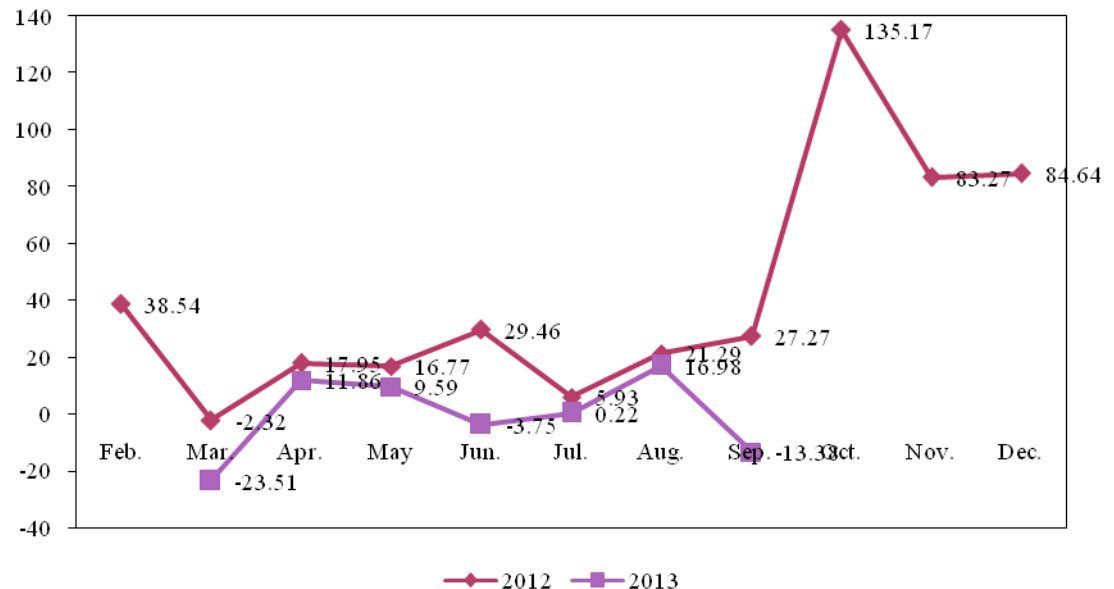


Development Situation of China Agriculture Machinery Industry

Growth Rate for Output of Harvesters Jan. - Sep. 2013

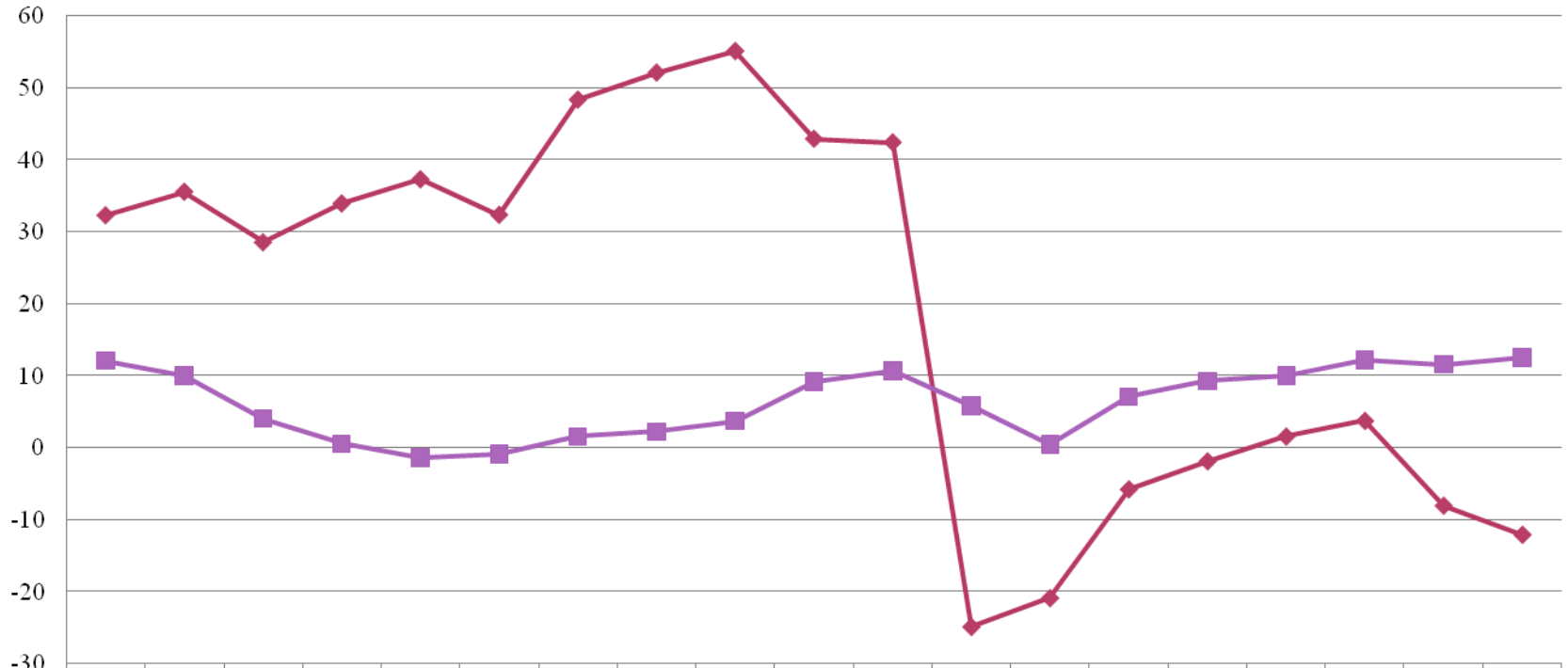
Harvesters		
	Growth Rate Comparison (%)	
	2012	2013
Feb.	38.54	
Mar.	-2.32	-23.51
Apr.	17.95	11.86
May	16.77	9.59
Jun.	29.46	-3.75
Jul.	5.93	0.22
Aug.	21.29	16.98
Sep.	27.27	-13.38
Oct.	135.17	
Nov.	83.27	
Dec.	84.64	

Comparison of Growth Rate for Output of Harvesters 2012 vs. 2013



Development Situation of China Agriculture Machinery Industry

Growth rate of Large & Medium tractor for 2012 and 2013(%)



	2012 年1-2 月	1-3月	1-4月	1-5月	1-6月	1-7月	1-8月	1-9月	1-10月	1-11月	1-12月	2013 年1-2 月	1-3月	1-4月	1-5月	1-6月	1-7月	1-8月	1-9月
Large	32.3	35.57	28.54	33.94	37.3	32.36	48.36	52.13	55.12	42.93	42.44	-24.9	-20.9	-5.79	-1.89	1.55	3.72	-8.06	-12.1
Medium	12.13	9.99	4.07	0.59	-1.39	-0.86	1.57	2.23	3.72	9.18	10.68	5.88	0.47	7.11	9.3	10.03	12.17	11.63	12.57

Development Situation of China Agriculture Machinery Industry

Forecast of China agriculture machinery industry in 2013

Total output value: 380 billion CNY, year-on-year growth around 10-15%

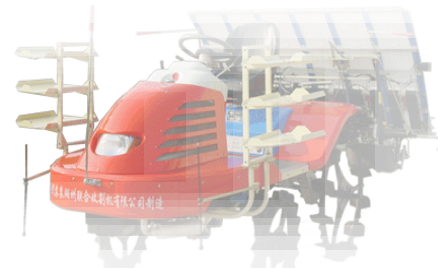
Sales value: 370 billion CNY, year-on-year growth 14% .

production of above 25hp tractor:380,000 pieces

production of self-propelled combine harvester:180,000 pieces

Part III

Development prospect of China Agricultural Machinery Industry



Future expectations of China Agricultural Machinery Industry

Opportunities



Transformation of Traditional agriculture into modern agriculture



Industrialization facilitates rural labor transfer



Overall mechanization of agriculture, forestry, husbandry and fishing



Socialized management over agricultural machinery operation



Ever-rising farm product price



Improved international agriculture machinery market



Strong support from the national policy.

The next 10 years will become another golden decade for China agriculture machinery industry.

Future expectations of China Agricultural Machinery Industry

Challenges



Advanced technology and upgraded products



Higher manufacturing capacity



Optimized industry structure



Intensified competition

The next 10 years will become another golden decade for China agriculture machinery industry.

Thank you!

**China Association of Agricultural
Machinery Manufacturers**

November, 2013