

# China country report

CAMDA

# Trends in agricultural products

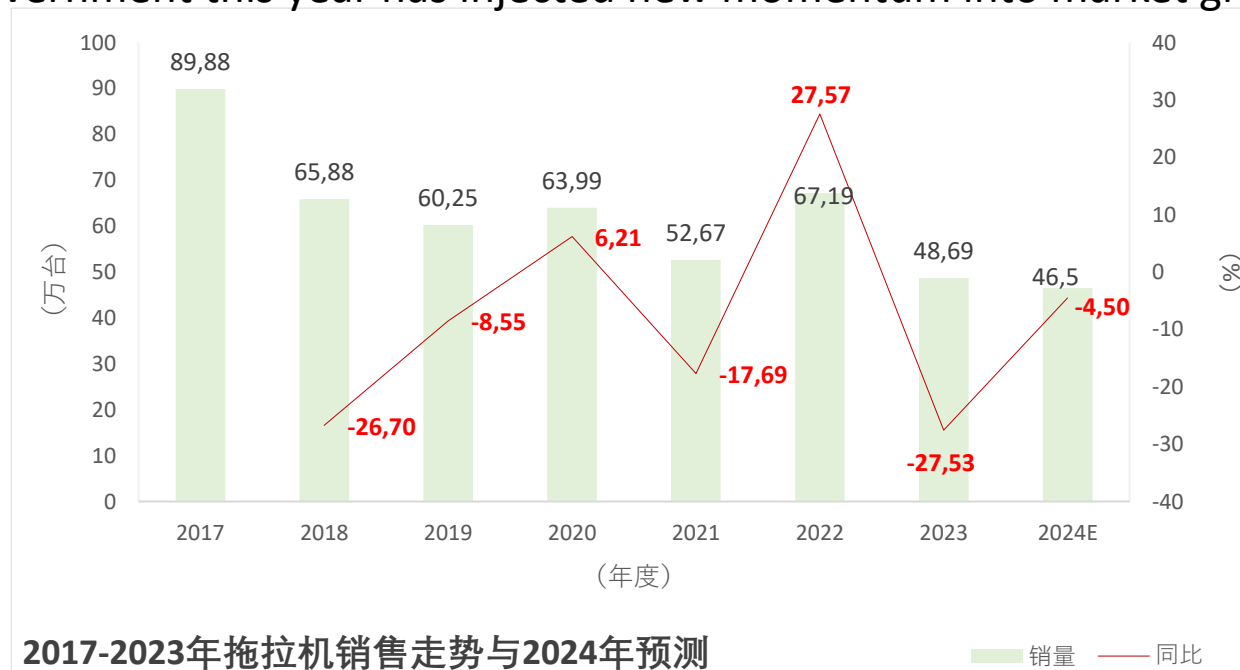
- From the perspective of core markets, China's agricultural products and food processing market accounts for about 20% of the global market share, making it one of the most important consumer markets in the world, with a higher growth rate than the world. The market size in 2023 is approximately 3.3 trillion yuan, with a compound annual growth rate of approximately 6.5% from 2018 to 2023.
- By 2032, it will reach 767 million tons, and the per capita share of grain will increase to 551 kilograms. The demand for grain will continue to show a rigid growth, with an expected consumption of 867 million tons by 2032. The gap between production and demand has been narrowing year by year, falling from 135 million tons in the base period to 100 million tons in 2032.
- In the next 10 years, rice production will remain stable. It is expected that the total rice production in China will be 210.26 million tons in 2023, 210.42 million tons in 2027, and 209.88 million tons in 2032. Compared to the base period, it decreased by 0.6%.
- The wheat sowing area has been steadily decreasing, and the total yield is expected to increase year by year due to the increase in yield per unit area. In 2023, the total wheat production is expected to reach 138.51 million tons; Expected to grow to 141.51 million tons in 2027; By 2032, it will reach 143.9 million tons. The corn yield is expected to continue to increase while maintaining a stable area.

# Trends in agricultural products

- The demand for corn feed consumption has steadily increased, while industrial consumption has increased. However, overall corn consumption is slower than production growth, and the gap between corn production and demand is gradually narrowing. The import volume will continue to decline. It is expected that corn consumption will reach 29.178 million tons in 2023 and 33.235 million tons in 2032.
- In the next 10 years, driven by a series of policies, soybean production will steadily increase. It is expected to reach 21.71 million tons in 2023 and 36.75 million tons in 2032, and the self-sufficiency rate of soybeans will increase to around 30%. The consumption of soybeans is expected to steadily increase, reaching 111.68 million tons in 2023, 115.4 million tons in 2027, and 119.47 million tons in 2032.
- In the next 10 years, China's oil production capacity will continue to increase, and the import volume of oil and edible vegetable oil will decrease. The self-sufficiency rate of edible vegetable oil will gradually increase. It is expected that the import volume of edible oilseeds will be about 91.94 million tons and 89.31 million tons in 2027 and 2032, while the import volume of edible vegetable oil will decrease to 7.48 million tons and 6.57 million tons, respectively. Looking ahead to the end, the self-sufficiency rate of edible vegetable oil is expected to reach around 43.8%
- In the next 10 years, cotton production will remain stable with a slight decrease. It is expected to reach 5.8 million tons in 2027, a decrease of 1.3% compared to the base period; In 2032, it will be 5.79 million tons. The consumption is showing a downward trend, with an estimated cotton consumption of 7.6 million tons in 2027 and 7.45 million tons in 2032, a decrease of 2.8% compared to the base period.
- In the next 10 years, it is expected that sugar production will continue to increase and consumption growth rate will slow down. With the promotion of high-quality seed and method technology, the promotion of full mechanization of production, and the strengthening of refined production management, the sugar yield per unit area will be increased. It is expected that the sugar production will reach 11.04 million tons by 2032.

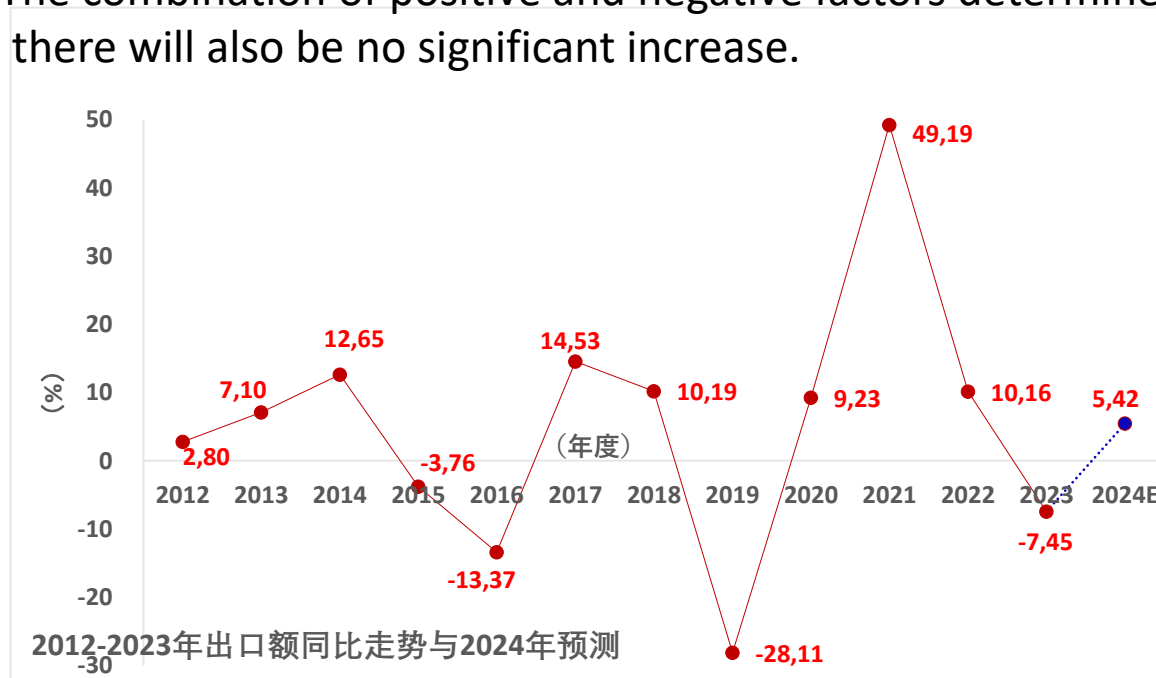
# tractor forecast

The growth of the tractor market this year is mainly based on the following key factors. From the perspective of internal development laws, firstly, last year, tractors were affected by the upgrading of national level three and national level four, showing a decline of less than 30%, forming a market "depression" and setting a lower threshold for growth this year; Secondly, in recent years, the development pattern of the tractor market has shown a cyclical pattern, with a significant decline in one year and a certain increase in the following year. From the analysis of development trends, in recent years, the tractor market has shown a trend of large-scale and intelligent development, with rapid market updates, which has contributed to market growth this year. From the perspective of policy environment, the trade in policy launched by the government this year has injected new momentum into market growth.



## AG machinery export forecast

After experiencing a slight decline last year, agricultural machinery exports are expected to see a slight increase this year. The main reasons are as follows: First, driven by the new market, the the Belt and Road has become a major export area of agricultural machinery market. This year, it may continue to make efforts to provide strong momentum for agricultural machinery exports; Secondly, last year's decline has accumulated significant energy for this year's growth; Thirdly, as key regions for agricultural machinery exports, ASEAN and other countries are expected to recover this year after experiencing a decline last year and become an important force driving exports; Fourthly, the international core competitiveness of China's agricultural machinery has been enhanced, and the trend of large-scale exports has been increasing year by year, becoming the driving force for promoting exports. However, in recent years, due to the deteriorating global trade policy environment, foreign trade risks have increased. International market fluctuations, frequent technical trade measures, and insufficient foreign exchange for imports; The depreciation of currencies in emerging markets, exchange rate fluctuations, and the rapid increase in export costs have increased the difficulty of exports. The combination of positive and negative factors determines that the export market will not decline this year, but there will also be no significant increase.



# Other equipment forecast

## Forecast of Major Agricultural Machinery Markets in 2024

- The year-on-year decrease in cultivated land preparation: 2-5%
- Year-on-year growth of combine harvesters : 10-12%
- YoY growth of rice transplanters : 10%
- YoY growth in plant protection: 5-10%

# Factors affecting the agricultural machinery market in 2024

- The impact of the ecological environment of the agricultural machinery market on the annual market trend.
- The strong resilience of our economy has been tested and proven through various "stress tests". Although the external environment is complex and severe, and there are many new difficulties and challenges, from the analysis of the external ecological environment and endogenous dynamics of China's agricultural machinery market, we can still see various favorable factors facing the agricultural machinery market this year.
- Firstly, favorable policies convey clear signals. This year, the agricultural machinery market is still facing a favorable policy environment. The central government's No.1 document continues to send a signal of emphasizing agriculture and strengthening agriculture, including the implementation of the grain yield improvement project and the integration and promotion of good farmland, good seeds, and good methods. Increase subsidies for sugar cane seedlings and machine harvesting. Vigorously implement the action of supplementing the shortcomings of agricultural machinery and equipment, improve the subsidy policies for the purchase and application of agricultural machinery, and open up a green channel for urgently needed application of agricultural machinery appraisal. Exploring the potential for reducing losses in grain harvesting, promoting policies such as bulk grain transportation and new storage equipment, has laid a solid foundation for the healthy development of the agricultural machinery market this year. The combination of multiple benefits such as agricultural machinery subsidies, protective tillage policies, and agricultural subsidies that have been boosting the agricultural machinery market for many years has created a favorable policy environment for the market. Especially with the launch of large-scale agricultural machinery equipment updates and the policy of exchanging old for new this year, it will become a cornerstone to promote the stable development of the agricultural machinery market.
- The large-scale exchange of old for new empowers the agricultural machinery market this year. The fourth meeting of the Central Committee of Finance and Economics, held on February 23, 2024, emphasized the implementation of large-scale equipment updates and the exchange of old for new consumer goods. On March 14th, the National Development and Reform Commission announced that two actions involve agricultural machinery. The large-scale scrapping and renewal of agricultural machinery and the exchange of old for new play a very important role in breaking through the bottlenecks in the agricultural machinery industry, expanding domestic demand, and promoting the breaking of the agricultural machinery market in 2024, providing good development opportunities for the revival of the agricultural machinery market.
- firstly,Becoming a new driving force in the agricultural machinery market will play an important role in driving market demand. The implementation of the policy of updating agricultural machinery equipment and exchanging old for new encourages users to purchase new machinery at the policy level, which will free up more demand space for the agricultural machinery market and effectively stimulate users' enthusiasm to purchase new machinery.

# Factors affecting the agricultural machinery market in 2024

- Secondly, policies drive the market. The State Council has issued the Action Plan for Promoting Large scale Equipment Renewal and Consumer Goods Exchange, which clearly proposes to combine the differentiated needs of various types of equipment and consumer goods updates, and increase policy support in finance, taxation, and other areas. This determines that this measure will not only accelerate the pace of updating agricultural machinery, stimulate market demand, but also ensure the smooth implementation of the measure through supporting incentive policies, thereby benefiting the market.
- Thirdly, stimulate capital to enter the agricultural machinery remanufacturing industry. As the world's largest manufacturer and consumer of agricultural machinery, it possesses a variety of agricultural machinery with trillions of levels, including power, tillage, sowing, plant protection, harvesting, straw treatment, drying, etc., providing abundant resources for large-scale agricultural machinery equipment renewal and trade in. It will inevitably attract more capital to join this industry, provide guarantees for the high-quality development of agricultural machinery equipment and the exchange of old for new, further stimulate agricultural machinery investment, and inject new momentum into the agricultural machinery market.
- Fourthly, promote the high-quality operation of the agricultural machinery market. The updating of agricultural machinery and the implementation of the policy of exchanging old for new will inevitably accelerate the elimination of outdated agricultural machinery, freeing up more development space for large, high-end, and intelligent agricultural machinery, and thereby promoting the high-quality and green development of China's agricultural mechanization level.
- Fifth, drive the upgrading of the agricultural machinery industry. The policy of updating agricultural machinery and exchanging old for new requires promoting the updating and technological transformation of various production and service equipment, upgrading the level of agricultural machinery manufacturing and services, which is of great significance for promoting the high-quality development of China's agricultural machinery industry.
- Secondly, the agricultural machinery market has strong resilience, and endogenous momentum remains an important support for the market this year.



# Factors affecting the agricultural machinery market in 2024

The endogenous driving force of the agricultural machinery market in 2024 is relatively strong, providing strong support for steady market growth, with outstanding performance in the following aspects.

Firstly, the trend pattern is inevitable. From the perspective of the inherent development law of the agricultural machinery market, the market trend in recent years has shown a characteristic of one year high and one year low. This year's agricultural machinery market is established on the basis of last year's significant decline in the agricultural machinery market, forming a market "depression", objectively setting a lower threshold for the growth of this year's agricultural machinery market.

Secondly, new momentum is driving the improvement of the agricultural machinery market. The continuous cultivation and growth of new driving forces and advantages, on the one hand, with the transformation and upgrading of the traditional agricultural machinery market, the new quality productivity represented by large-scale, intelligent, and green agricultural machinery is gradually increasing, becoming the driving force for the growth of the traditional agricultural machinery market. On the other hand, with the continuous promotion of policies to address weaknesses and strengthen weak areas, small machinery represented by hilly and mountainous areas will usher in a spring of development, which will also help boost the market's recovery this year.

# Factors affecting the agricultural machinery market in 2024

- Thirdly, emerging markets and new entities have become the main drivers of market growth this year. On the one hand, emerging markets represented by intelligent agricultural machinery and economic crop machinery will become an important driving force in the market; On the other hand, the flourishing development of new entities, including agricultural service organizations, family farms, agricultural (agricultural machinery) cooperatives, planting professionals, and agricultural machinery giants, is becoming the main force driving the high-quality development of the agricultural machinery market, greatly enhancing the purchasing power of users and providing strong guarantees for the high-level operation of the agricultural machinery market this year.
- Fourthly, the rigid demand generated by the uneven development of agricultural mechanization has become an important force driving the development of the agricultural machinery market. Low end products still occupy a large share, and the mechanization level of some operational processes is relatively low, which determines that there is still a large rigid demand in the weak links of China's agricultural machinery market

# Factors affecting the agricultural machinery market in 2024

But the unfavorable factors facing the agricultural machinery market this year are still very stubborn. This includes the increasingly prominent structural contradictions in the agricultural machinery market and the deep adjustment of demand structure; Incremental to stock and conversion of old and new kinetic energy, new kinetic energy is still in the cultivation period, and demand kinetic energy is insufficient; The slowdown in growth rate has become a new normal. These factors make it difficult for the current agricultural machinery market to return to the golden development period from 2004 to 2013. From this, we can conclude that the basic characteristic of the agricultural machinery market this year is still that the market has fluctuations, but the fluctuations are relatively small.

Despite the turbulent and unpredictable market environment this year, positive factors are still the driving force behind the market. We predict that the agricultural machinery market is expected to emerge from its low point this year, which is worth looking forward to

Steady progress, In the complex and variable market situation, the development process of this year's agricultural machinery market may have twists and turns, but the market fundamentals and the probability of slight year-on-year growth still show strong performance

# Factors affecting the agricultural machinery market in 2024

From the analysis of mainstream segmented markets, uneven heating and cooling remains its prominent feature. From the perspective of the growth market, it includes the following levels. One is a market with cyclical growth. The market, including the large and medium-sized tractor market, the three major grain crop harvesters, balers, livestock machinery, feed harvesters, transplanters, etc., has experienced a significant decline last year and has formed a "depression" in the market. This year, it is expected to emerge from the trough and experience cyclical growth. However, due to weak rigid market demand, the market growth rate is relatively small. The second is that the market supported by rigid demand is not subject to market cyclical changes and may continue to rise. A niche market represented by intelligent machinery (such as automatic navigation devices), economic crops, orchard machinery, etc. The third is that the wind market still maintains a strong growth momentum, and the "one big and one small" machinery benefiting from policies may continue to maintain growth momentum with the help of policies. Large machinery markets include large tractors, harvesters, and small machinery markets in hilly and mountainous areas. On the contrary, the markets for seeders, plows, and dryers have experienced varying degrees of growth last year, forming a "highland" in the market. This year, they may enter a cyclical downward trend.

From the perspective of regional market analysis, markets in the Huang Huai Hai region, Northeast region, Northwest region, and other regions are expected to emerge from their lows and show signs of recovery after experiencing a decline last year. The mechanization level is relatively low, and the southern regional market, which has been on the rise in recent years, may continue to maintain a growth momentum.

From the analysis of market competition, the core competitiveness of the current agricultural machinery market is highlighted in the competition for product quality supported by advanced technology. With the increasingly prominent role of large-scale, high-end, and intelligent in competition, increasing market concentration year by year will become an inevitable trend in market development, especially in mainstream markets such as tractors, planting machinery, and harvesters.