



## **AEA: International Trade Strategy 2015**

The AEA was established in 1875 to promote the technical, trade and commercial interests of British manufacturers and suppliers of agricultural machinery. Since then it has championed the cause of the manufacturers of agricultural machinery and more recently outdoor power equipment. Today it's members cover a broad spectrum of manufacturers of land based equipment from secateurs to combine harvesters.

The AEA's mission is to represent the best interests of the UK land and outdoor equipment members, in a globally changing competitive environment.

The AEA's Overseas Department is dedicated to promoting exports of UK manufactured goods and services, and offers advice and assistance to members and also supports non-members in their overseas activities. The AEA has been an Accredited Trade Organisation with UKTI (and its predecessors) for over 30 years and therefore has received funding from UK government to promote UK companies at overseas exhibitions, arrange market visits to potential export markets and arrange for overseas buyers to visit UK events.

The Department responds to members' enquiries for advice and specific export information, and maintains close links with government departments and other Trade Associations and Chambers of Commerce.

### **UK Sector Strengths**

Feeding the growing world populations poses a formidable challenge. By 2050, it is estimated that food production needs to increase by 50-70% to keep pace. Even in the best of circumstances, sustainably satisfying this hugely increased demand for crops and livestock will be an enormous task.

To meet these ever-growing food demands in a sustainable way, we need to produce more with less. To do so, we need to embrace smarter farming technologies and build more sustainable food production systems.

As a sector, we are at the forefront of this challenge with machinery ranging from high tech, high speed tractors to small sprayers for the developing world. This range encompasses a wide array of machinery and equipment including soil engaging, harvesting, crop protection, grassland and landscape maintenance and amenity applications.

### **Current UK export performance and target markets**

Exports of agricultural and outdoor power products rose by 0.9% in 2013 to £1,818.4m. HMRC data for the full year 2013 showed that some 61% of UK agricultural machinery exports and 55% of tractors by value went to the EU-28.

Analysis of the rest of the world shows North America taking 24% of tractor exports, Asia 7%, non-EU Europe 5.5% and Australasia around 3%, whilst 9% of machinery exports were to non-EU Europe, a further 9% to Asia, some 8% to North America, 5% to Australasia and 4.5% to Africa.

The EU took 8% more machinery by value from the UK than in the previous year (up to £306 million) and the other regions showing notable increases were the Middle East (up by 30% to £12m) and North America (up 8% to £38m). In addition, exports to Africa were up 5% at £23m and to Australasia up 1% to £25m.

Analysis of total agricultural engineering trade by country shows that exports were made from the UK to 168 destinations across the world in 2013 with the USA regaining the number one slot.

### **New territories**

The Economics Department within the AEA analyses the sector trade data on a monthly and half-yearly basis. This provides us with information on our sector strengths and the performance of the UK in our sectors. It also gives us indications of any new markets that we should be looking out for and countries that we and our members should be targeting.

We encourage members who are looking at exporting to new markets i.e. China, India etc. to visit the market first as the cost of exhibiting our type of machinery overseas in the first instance is very costly.

### **Barriers to trade**

Most trade barriers work on the same principle: the imposition of some sort of cost on trade that raises the price of the traded products. In theory free trade involves the removal of all such barriers, except perhaps those considered necessary for health or national security. In practice, however, even those countries promoting free trade heavily subsidize certain industries such as agriculture.

Companies may not be fully aware of all these trade barriers and the AEA through its connections with other trade organisations can highlight problems in certain countries.

Homologation continues to be a significant issue for our manufacturers and their export strategies. Individual country requirements for certification make it difficult to ensure competitiveness. The AEA are increasingly involved in the work completed within the European Standards directive and as such continue to advise and guide our exporters through the process of certification and delivery overseas.

### **Advice relevant to export experience**

The AEA assists both experienced and new exporters to expand into new markets and grow their business overseas. The AEA with its sector specific knowledge offers advice on established and new markets and can ascertain whether the market is relevant to the company's products.

In working with UKTI we promote their services including Webinars, Passport to Export, Gateway to Global Growth, Market Visit Support, Business Opportunities etc.

### **Access to distributors and overseas buyers**

Working with UKTI and the TAP scheme, we support UK companies at overseas trade shows where they are able to meet distributors and overseas buyers.

### **Events**

Overseas trade shows are a fundamental part of our export activities. They help UK exporters gain access to overseas markets at events specific to their sector of expertise. Again the TAP scheme is vital to continue this work.

As can be seen from the trade data, Europe and America continue to be our most significant markets. The overseas shows that our members exhibit at are mainly in France, Germany, Italy and the USA where these vents attract a global audience.

**Summary**

The AEA is constantly exploring the potential for agricultural and outdoor power equipment machinery worldwide and our export activities are reviewed by the AEA Board of Directors at their annual budget meeting in the autumn.

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