



3. The US Embassy has advised us that the entire process may not take more than 30 seconds and that they were taking steps to ensure that the process did not lead to undue hardship and delays.
4. This requirement is based on obligations contained in a legislation passed by the US Congress.
5. In terms of its application, it is universal and no country is exempted fully from these requirements.
6. The exceptions to the new rules would apply only to the following categories :
 - (a) children below the age of 14 and persons above 79 years of age;
 - (b) persons visiting US for official purposes on official and diplomatic passports and eligible for A1, A2 visas (diplomatic visas) and for G1 to G3 visas (UN officials, delegates and employees of International Organisations).
7. Persons holding diplomatic/official passports, but visiting US for personal reasons would have to undergo the process of biometric registration and would be required to visit US Embassies/Consulates for the purpose. They would also have to undergo the same process again at US airports at the time of entry and exit, as would be the case with all other passengers.
8. The US Embassy has clearly stated that it was not possible for them to make any exceptions for any category of persons other than those already mentioned above at para 6.

(Source : Ministry of Commerce, Government of India, New Delhi)

USA Agri-Equipment Business

The US agricultural machinery market is highly consolidated. Euro monitor - an important market research agency in USA, indicates that the top four companies accounted for approximately 87 per cent of the total market in 2002. The major players in the US are : Deere & Company; CNH Global NV; AGCO Corporation and Caterpillar Inc.

The trend towards larger and fewer farms is expected to support growth of the higher horsepower sectors in the long-term, with technological improvements driving future sales. Among recent breakthroughs are monitors that measure yield per acre harvested and global positioning systems to track vehicle location and transmit data to different locations. Value in each sector should be increasingly driven by increases in unit prices rather than increases in volume sales.

Key Products

Major product lines for the industry include wheel tractors, planting and fertilizing machinery, tillage equipment (ploughs, cultivators, and harrows), fertilizer and chemical application equipment, harvesting machinery, (e.g., combines, cotton pickers, root/tuber harvesters), haying and mowing machinery (including balers), milking machines and other farm dairy equipment, poultry equipment (e.g., incubators, brooders, egg collectors), barnyard equipment, sprayers and irrigation equipment, grain dryers and blowers, commercial turf and grounds care equipment, and parts for farm machinery. Because of the rugged construction and long service life of many farm machines (e.g., the median age of a farm tractor in the United States is 19 years), replacement parts represent a significant industry segment. While they are not used in farm agriculture, tractor mowers and some irrigation equipment are used as commercial turf and grounds care equipment and are included in this industry definition.

Characteristics and trends

According to Euro monitor Data, the US market for agricultural machinery increased 2.8 per cent in 2002 over 2001, totalling US\$ 13.6 billion. The leading sector in agricultural machinery was harvesting machinery, growing 33.6 per cent over the 1997-2002 period, and totalling US\$ 5.8 billion in 2002. Harvesting machinery includes a variety of crop harvesting heads and combine tractors.

Tractors represent the second leading value sector, growing 11.4 per cent over the 1997-2002 period and totalling US\$ 2.3 billion in 2002 (Euro monitor). This sector includes compact and utility tractors used in small to medium sized farms, as well as for lawn and garden purposes, and is driven by new product technologies and introductions.

Farm tractor sales for 2003 indicate an upward trend in all categories, with an increase of 1.8 per cent in sales over 2002, according to the Association of Equipment Manufacturers.

The sales of equipment parts continue to remain positive with a forecast for farm field equipment parts at 4.6 per cent for 2003.

Planting, seeding and fertilizing equipment increased 20.4 per cent over the 1997-2002 period and totalled US\$ 1.9 billion in 2002.

Future growth is expected to be around new technologies designed to maximize harvesting speed and efficiencies.

Industry standards

1. American National Standards Institute
<http://www.ansi.org/>
2. US Standards Information Resource
<http://www.nssn.org/>

The two agencies mentioned above contain additional information on localized standards for manufacturing of all types of machinery and agriculture equipment in USA.

Tariffs, regulations and quotas

Tariffs and quotas can vary according to product and service, and change frequently. Tariffs can be between zero and 50 per cent or more.



EEPC INDIA

Please refer to the tariff schedules available through US Customs www.customs.gov website for different agricultural equipment as per their H S codes. Please note that India enjoys a Normal Trade Relation status in USA as well as GSP status on many of its products. EEPC's office in Chicago can provide more information on these aspects. Further, Indian exporters for this category should seek advice from US law firms for product liability insurance issues.

Market entry strategies

Typically the market entry strategy into US agribusiness equipment industry will require a solid business and marketing plan, which includes local presence plus warehousing. It is advisable to visit the market prior to finalizing your plan.

There are a variety of potential market entry strategies that can vary according to the product and service incorporating such elements :

- regulatory
• pricing
• competition
• positioning
• promotion
• after-sales-service (very important in the agribusiness equipment industry)

Attendance at major trade shows in the USA is a very good initial step, where industry contacts and distribution opportunities can be established.

One of the main agribusiness equipment shows in USA is the World Ag Expo.

Other recommended shows in this sector are :

World Dairy Expo

http://www.world-dairy-expo.com/gen.theatre.cfm

Canadian International Farm Equipment Show

http://www.torontofarmshow.com

New York Farm Show

http://www.newyorkfarmshow.com/

Sunbelt Agricultural Exposition

http://www.sunbeltexpo.com

Marketing your products and services

Marketing and promotion are extremely important in order for products to sell in the US. Competition is strong and US buyers will consider a range of issues including :

- price
• quality and uniqueness of offering
• availability of supply at short notice
• high technology features
• availability of a product range
• promotional activities
• customer service and training

Secondhand sales are also growing as a way for farmers to finance their upgrades - Machine Finder Ads http://www.machinefinderads.com/ is one website for a very industry specific information for this sales channel. It is expected that Indian manufactured machines due to their competitive price and good quality would be quite attractive to the US farmers at cost which are almost same as some local second hand machines. Exporters can visit the portal to get a good overview of prices and types of machines sold in the local market.

Distribution channels

The continued preference of many customers to rent rather than purchase equipment continues to shape the distribution channels in this industry. The expansion of renting will continue, where the trend toward consolidation has been shaped by the users demand for flexibility, cost reduction and the latest technology, particularly in specialized equipment.

The main issues to be addressed regarding the distribution of equipment are :

Price - the cost of shipping heavy equipment, mark-ups along the distribution chain, warehousing, etc, often increase the costs beyond the competition.

Delivery - unless warehoused locally, delivery times are unacceptable if being sent from overseas.

After-sales-service - repair, replacement, maintenance issues to be handled locally, within a short time frame.

Compatibility and warranty - is the product completely compatible and will it void the warranty of new equipment?

Buyers, whether they are distributors, dealers, rental companies, end users, etc, are generally hesitant to purchase directly and feel more comfortable working with a known entity, that is, someone who is from the industry and is available to handle any issues that might arise.

Indian companies will need a local representative/master distributor to make regular in-person contact and follow-up visits to potential, existing and new customers. This could be an employee sent from India or it could be someone hired locally. As a rule, it is unlikely that significant sales will be attained, or sustained over a long period of time without some sort of local presence.

Industry news

Agribiz - www.agribiz.com is a good resource on agri-business in USA and exporters are recommended to visit it for varied and detailed information on this sector.

Useful websites

American National Standards Institute - www.ansi.org

Association of Equipment Manufacturers - www.aem.org

Machine Finder Ads - www.machinefinderads.com

US Customs - www.customs.ustreas.gov

US Standards Information Resource - www.nssn.org

North American Equipment Dealers Association - www.naeda.com

Farm Equipment Manufacturers Association - www.farmequip.org

Machinery Dealers National Association - www.mdna.org

National Agricultural Library - www.nalusda.gov

(Compiled by EEPC, Chicago Office Source : Credit Euromonitor)