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Confédération Européenne des Entrepreneurs de Travaux Techniques Agricoles, Ruraux et Forestiers

European Organisation of Agricultural and Rural Contractors

Europäischer Zentralverband der Lohnunternehmer

(AS\Terragator\20140929\Letter AGCO-EN)

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Brussels, 29 September 2014

Re: restructuring of AGCO Challenger TerraGator customers in Europe

Dear Sir,

we have received news of the announcement that the AGCO Challenger TerraGator brand will be discontinued in Europe. This announcement comes in the wake of last year's 18% increase in catalogue prices. As a result, companies now have serious concerns regarding the reliability of AGCO's commercial strategy and its understanding of the realities of our markets.

On behalf of the European contractors that it represents, CEETAR condemns the closure of the European TerraGator assembly lines at the Grubbenvorst site in the Netherlands.

The companies feel that such closures neglect the interests of European agricultural contractors, even though the latter are its best customers. We work in markets that are developing the precision spreading of environment-friendly organic materials, which help reduce the use of chemical fertilisers. Therefore, it would not be enough simply to meet statutory requirements for the sale of agricultural equipment.

As a result, companies that chose to invest in the TerraGator will suffer far greater damage than that caused by a lack of skilled maintenance services (supply of parts, prices, turnaround times and after-sales service).

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These companies have based their sales strategies on TerraGator and comparisons with companies selling other equipment on the market. Without any prior warning, this strategy has now become obsolete. Companies are being forced to restructure, in order to maintain their commercial credibility. Which bank will support the development of a company that has decommissioned TerraGators in its fleet?

Of course, any decision to continue production of the TerraGator in Europe would meet the expectations of our companies, which are still in shock after this definitive closure was announced. We have no doubts concerning your commitment to this cause. Please let us know if this is not the case.

As things stand, without having any time to prepare, companies will have to reinvest in a project, in order to redevelop a technical precision spreading service, which is not harmful to the soil, water or environment. This will enable them to hold on to the trust of their employees, customers and suppliers.

We consider it vital that your company should immediately enter into an open and constructive dialogue with the contractors, in order to dispel the legitimate concerns of our members who are AGCO Challenger TerraGator customers. CEETAR will be available to facilitate this discussion.

The dialogue should focus on:

- Reaching an agreement on the continued provision of a high quality technical service and supply of replacement parts at reasonable prices and times
- Identifying a European maintenance facility or AGCO partner that could recondition AGCO TerraGators,
- Preparing an indicative quotation for the residual value of TerraGators.

I await your reply with great interest.

Yours faithfully,



Gérard NAPIAS
President