



Agrievolution News Release

For Immediate Release

Agrievolution Secretary General Charlie O'Brien and Chair Ignacio Ruiz Review Future Ag Equipment Trends during Agritechnica 2023

Hanover, Germany – November 14, 2023 – Agrievolution, a coalition of 13 trade associations, today hosted a news conference at Agritechnica where Agrievolution Secretary General Charlie O'Brien and Chair Ignacio Ruiz highlighted important equipment trends shaping the future of agriculture.

Key Takeaways

- The evolution of agricultural commodities trade flow over the past two decades has grown from USD \$405 billion to \$1.2 trillion, changing mechanization.
- Critical influences are shaping global agricultural regions, and these factors are directly impacting the sales of agricultural equipment.
- Dynamic changes in the global supply chain are still having serious implications for suppliers of agricultural components.

Agricultural Machinery Market Trends in Key Global Markets

Argentina

The Argentina agricultural machinery market size is estimated at USD \$1.26 billion in 2023, and is expected to reach USD \$1.67 billion by 2028, growing at a compound annual growth rate (CAGR) of 5.80% during the forecast period (2023-2028).

- Since November 2022, Argentina has been in the grips of one of the worst droughts in its history.
- The large drop in crop production has negatively affected the country's macro economy.
- The sales and production of machinery have been minimized due to the economic context and political uncertainty.
- The participation of banks with financing at trade fairs helped to maintain activity in the first half of the year.

Japan

The agricultural machinery market will remain sluggish in 2024, as farmers' investment appetite will be low due to rising prices of fertilizers and pesticides, etc.

- Extreme weather is adversely affecting stable harvests of agricultural crops.

- Although the COVID-19 pandemic has subsided, farmers' incomes have not increased, so farmers' desire to purchase agricultural machinery remains low.
- Food security is a critical issue for the government, so strong policy support for the agricultural sector will be expected.

France

Expect to see further robust growth in 2023, inherited from the 2022 order book. The market will break the \$9 billion Euro barrier for the first time

- Orders decreased 21% in the first half of 2023 (-25% in Q1 and -16% in Q2). After rebounds in May and June, the Axema activity index fell in July and August to its lowest level since December 2017.
- At the end of the first six months of the year, the agricultural equipment market remains very buoyant (up 23% compared to the same period in 2022), despite a sharp drop in orders.

Italy

The equipment market experienced a decrease of 8.5% for tractors (10,117 units registered in the first six months) and 4% for trailers (4,160 units), while growth was recorded for combine harvesters (+30.6% for 282 machines), tractors with loading platforms (+21.9% for 339 vehicles) and telehandlers (+16.6% for 647 units).

- The first nine months of the year were the hottest ever recorded on the planet with an average temperature 0.52 degrees higher than the historical average.
- Extreme weather events negatively affected agricultural production, leading to a decline in agricultural GDP of 1.4% on a cyclical basis and 1.3% on a trend basis in the second quarter of the year.
- The country experienced production decreases in the following crops: rice -15%, grain -10%, cherries -60%, pears -63% and grapes -12%.

Turkey

During the January-September period of 2023, there were 69,496 tractors produced, an increase of 25% compared to the same period last year. There were 1,594 tractors exported in September 2023, a decrease of 25.3% compared to the previous year. Considering the September data of the past 2 years, the change in 2023 was a decrease of 37.6%.

- There is a lack of confidence in governmental policies and policy makers.
- More stable inflation prices.
- Low, fixed prices for commodities such as milk and meat prices.
- There is low support for investments, a fear of stagflation and insufficient financial loans.

Russia

Production of agricultural machinery increased for combine harvesters and self-propelled forager harvesters but decreased for tractors and balers.

- Production of agricultural machinery January-August 2022 versus January-August 2023:
 - Tractors - 3,868 units decreased 3.5%
 - Combine harvesters - 4,766 units increased 59.1%
 - Self-propelled forage harvesters - 286 units increased 60.7%
 - Balers - 1,203 units decreased 7.5%

United Kingdom (UK)

The value of farm machinery imports and exports remain strong with March posting a record month for trade. Industry sentiment worsened but there is still a positive balance though turnover is set to fall in the coming months.

- UK farming has experienced two good years, but the market is looking more difficult for 2023 and beyond, especially for arable and dairy.
- The machinery market is still negatively affected by the supply chain disruptions of 2021 and 2022, although now is returning to normal.
- New orders for farm machinery have reduced but are still within range seen in previous years
- The economic and political environment is difficult – with volatile prices, shortage of labor and heightened uncertainty all affecting investment decisions.

United States of America (US)

Net farm income in 2023 is expected to fall 15.9% from last year's record high, according to a USDA forecast. Profitability is expected to be significantly weighed down by rising production expenses, falling commodity prices and lower domestic and international demand.

- Macro economy: Inflation/recession risk, increasing interest rates and the exchange rate. A strengthened dollar hurts exports.
- Drought is affecting the Mississippi River water level causing increased logistical and transportation risks and costs.
- The lack of a Farm Bill is negatively affecting the ag economy and there is increased uncertainty in the market caused by the bill being delayed.

Conclusion

“The agricultural machinery market in key global markets is facing numerous challenges, including high input costs, extreme weather events, and economic uncertainty,” said Ruiz.

“However, there are some positive signs, such as strong demand for certain types of machinery and government support for the agricultural sector. Agritechnica exhibitors can play a key role in helping farmers overcome these challenges and adapt to the changing market landscape. By highlighting innovative and efficient machinery that can help farmers reduce costs and increase yields, exhibitors can help farmers stay profitable and productive.”

Visit the [Agrievolution](#) website to download a copy of the full report.

About Agrievolution

[Agrievolution Alliance](#) is a coalition of 13 trade associations located in critical agricultural regions of the world and represents more than 6,000 agricultural equipment manufacturers.

About the Presenters

Charlie O'Brien: Serves in a global leadership role as Secretary General to the Agrievolution Alliance. From 2007 to 2017 he served as Senior Vice President of the Association of Equipment Manufacturers. He is a former president of FPC Financial, a banking division of John Deere Financial, and has held various management positions in sales, marketing, business development and risk management.

Ignacio Ruiz: Has served as the Chair of the Agrievolution Alliance since 2019. Today, he also serves as the Secretary General of National Association for Agricultural, Forestry and Landscaping Machinery (ANSEMAT), Spain and oversees the strategic direction and operation of all ANSEMAT programs. These programs include market information, public policy advocacy and exhibitions. Ruiz started his professional career in year 2000, working as a Technical

Manager and spent his entire career working in the Spanish association of agricultural machinery manufacturers and importers.

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Editorial Contact

Eric Hodson
Account Director
Mod Op
+1 913-449-6260
Eric.Hodson@ModOp.com

Onsite Contact

Leigh Ann Cleaver
Executive Vice President
Mod Op
+1 913-269-4676
LeighAnn.Cleaver@ModOp.com