

## **Argentina Construction Equipment Market - Strategic Assessment and Forecast 2022-2028**

Market Report | 2022-07-06 | 110 pages | Arizton Advisory & Intelligence

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### **Report description:**

Argentina's construction equipment market is expected to grow at a CAGR of 8.16% during 2022-2028

The Argentina construction equipment market is expected to grow significantly due to increased funds by Inter-American Development Bank and World Bank for new roads, rail, ports, and utilities. Foreign companies are investing in the mining sector in Argentina; for instance, the Canadian Lundin Group invested \$3,000 million in its Josemaria copper, gold, and silver mine in San Juan province.

Argentina Economy: Pandemic Repercussions and Recuperation

Argentina's economy declined for the third year in a row in 2020, this time due to the impact of the COVID-19 outbreak, which severely impacted private consumption, investment, and exports. According to the recent data from the IMF, the country's GDP rose by 25.6% in 2021, owing to a recovery in investments and private consumption and the exports favored by high commodity prices.

The government implemented increased health spending, financial support for workers and vulnerable groups, price controls for food and medical supplies, and credit guarantees for bank lending to SMEs to produce foods and essential supplies in 2021 to counteract the economic crisis caused by the COVID-19 pandemic.

Argentina's economy, the second-largest in South America, is likely to continue to develop, though at a slower pace. The IMF has estimated Argentina's GDP growth by 2.5% in 2022 and 2% in 2023. Due to planned investments in the mining and manufacturing sectors and ongoing infrastructure projects, Argentina's demand for construction equipment is expected to grow.

### **KEY HIGHLIGHTS OF THE ARGENTINA CONSTRUCTION EQUIPMENT MARKET**

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- The material handling equipment market was the largest segment in Argentina construction equipment market, followed by earthmoving and road construction equipment. The rise of the manufacturing industry has boosted the demand for forklifts.
- Due to the "National Road Network Plan," "National Public Investment Plan," and "Recovering The Freight Network By 2030" programs, the construction industry is expected to generate the highest demand for construction equipment during the forecast period.
- The construction equipment market in Argentina is shifting to a more innovative industry by switching to intelligent systems driven by IoT and data analysis for service, networking, and sustainability.
- In Argentina, construction equipment rental companies are expected to account for a significant market share. Because 99.8 % of Argentina's companies are micro, small, and medium-sized organizations, rental companies are predicted to have higher demand than non-rental enterprises because end-users are primarily concerned with price.

#### Earthmoving Equipment:

- Excavator
- Backhoe Loaders
- Motor Graders
- Other Earthmoving Equipment (Other loaders, Bulldozers, Trenchers)

#### Road Construction Equipment

- Road Rollers
- Asphalt Pavers

#### Material Handling Equipment

- Crane
- Forklift & Telescopic Handlers
- Aerial Platforms (Articulated Boom Lifts, Telescopic Boom lifts, Scissor lifts)

#### End Users

- Construction
- Manufacturing
- Mining
- Others

Multimodal transport infrastructure and regional development spur Argentina's demand for construction equipment.

Argentina's "National Road Network Plan" (long-term plan for 2027) is \$35 billion worth. This plan includes 2,800 km of new highways, 2,500 km of safe roads, 13,000 km of rehabilitated roads, and 2,000 km of new paving, including 250 new engineering projects. These projects will be Public-Private Partnership (PPP) Projects, in which the government will invest \$7.4 billion in the first stage in 2022.

Additionally, to improve the industry competitiveness, the government plans to invest \$2.8 billion in 2022 to modernize ports and waterways. Similarly, in 2022, the government will be investing \$14.2 billion to improve the rail network by expanding the railway lines.

Under the plan "Recovering The Freight Network By 2030", the government plans to invest \$15 billion from 2022 to 2030. These long-term plans to improve the logistics and public transport will add to the Argentina construction equipment market growth.

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Growth of the e-commerce sector to push the demand for forklifts & telescopic handlers.

With an average growth of ~1% annually in population and simultaneously introducing advanced technology (such as the 5G Network), Argentina has a considerable number of internet users (~36 million users with a growth rate of 3.5% from 2020 to 2021), which has spurred the expansion of the country's e-commerce sector.

Furthermore, some e-commerce companies are considering expanding their operations in the country. For instance, Paypal recently invested \$750 million in MercadoLibre, an Argentinian e-commerce start-up, to help it develop its platform and improve its logistical infrastructure. In addition, MercadoLibre intends to build a new distribution center in Argentina to expand its logistical capacity, which will raise the demand for forklifts. The Argentina forklift market benefits from the rise of Argentina's e-commerce sector.

Increased trade at seaports is fueling the demand for forklift and telescopic handlers. Forklifts and telescopic handlers are used for loading and unloading and material handling at seaports. Due to the increased cargo flow at the ports, the need for forklifts has increased. Hence, forklifts and telescopic handlers constitute the largest Argentina construction equipment market share.

The national public investment plan attracts investors.

Argentina's National Public Investment Plan attracts investors from other countries; for instance, Argentina's government officials and business leaders have attracted Chinese investment and finance into renewables and different types of energy.

These investments are supporting the growth in demand for construction equipment in Argentina. For instance, China's investment in mining and construction has triggered the need for hydraulic excavators. Additionally, Middle East countries have also invested in construction projects worth \$1 billion in Argentina. These investments from other countries also support the demand for all types of construction equipment and boost Argentina's industrial production over the forecast period.

High inflation rate to make import of construction equipment in Argentina costlier

Argentina's construction equipment market is dependent on imports rather than manufacturing them in the country. Inflation in Argentina worsened in 2021, due to which Argentine Peso lost its value against the US dollar and led to supply chain disruptions and raw material shortages.

The Argentine Peso's depreciation against other currencies due to rising inflation makes imports more expensive and adversely impacts the demand for construction equipment. Argentina's inflation rate was ~51% in 2021, according to the INDEC. The increase in inflation is expected to restrict construction equipment imports, slowing construction projects and, as a result, adversely affecting the demand for construction equipment in Argentina.

The rise in investment across construction and mining projects drives the need for IoT and AI-enabled equipment.

In Argentina, automated technology such as IoT and AI in construction equipment has increased. The system provides operators with several advantages, including detecting and storing faults. Increase the operator's safety, increase production, and increase efficiency.

Several OEMs in the country, including XCMG, SANY, Caterpillar, and Volvo, are working on automating their processes to get a competitive advantage over their competitors.

As part of the economic recovery strategy, investment in the construction and mining industries encourages the use of the latest

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technology and construction equipment, allowing projects to be completed on time and efficiently. In the Argentina market, other emerging construction equipment companies such as LiuGong and Hyundai are also expected to follow the same trend.

#### VENDOR LANDSCAPE

- The construction equipment market is consolidated, with XCMG the leader, followed by SANY Group, Komatsu Group, Caterpillar, and Volvo Construction Equipment. In 2021, these companies will have nearly ~45% share of the total Argentina construction equipment market.
- Hitachi Construction Machinery has served the customers of the Argentina region for more than 65 years. However, it lags behind SANY in innovations though SANY has less than ten years of experience. In early 2022, SANY introduced its first 300-ton electric-drive front shovel.
- Import statistics indicate that Argentina imported construction equipment primarily from China in 2021. Hence, Chinese companies such as XCMG and SANY have a significant share in the market.
- Tecmaco, Bramaq SRL, Gruas San Blas, Centro Vial SRL, Cowdin SA, Repas are the key distributors in Argentina.

#### Key Vendors

- Komatsu
- Caterpillar
- Hitachi
- Volvo Construction Equipment
- XCMG
- SANY
- LiuGong
- Liebherr
- Zoomlion

#### Other Prominent Vendors

- John Deere
- CB
- Hyundai Construction Equipment
- Kobelco
- CNH Industrial

#### Distributors Profile

- Tecmaco
- Bramaq SRL
- Gruas San Blas
- Centro Vial SRL
- Cowdin SA
- Repas

#### KEY QUESTIONS ANSWERED

1. HOW BIG IS THE ARGENTINA CONSTRUCTION EQUIPMENT MARKET?
2. HOW MANY UNITS OF CONSTRUCTION EQUIPMENT WILL BE SOLD IN ARGENTINA IN 2028?
3. WHAT IS THE GROWTH RATE OF THE ARGENTINA CONSTRUCTION EQUIPMENT MARKET?
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