

Africa Agricultural Tractor Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 105 pages | Mordor Intelligence

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Report description:

The African agricultural tractor market is expected to register a CAGR of 9.6% during the forecast period (2022-2027).

As the pandemic was spread across the world, African farmers have faced transport issues in transporting their agricultural machinery from the dealer points to their fields due to the whole continent and nationwide lockdowns as a result of the COVID-19 pandemic. Furthermore, the farm machinery industry has been affected by new regulations implanted across Africa amid the pandemic. This restrained farmers from purchasing new agricultural machinery and investing huge capital in the ongoing season.

As per the research survey conducted by the Agri Evolution Alliance, Africa holds a great market potential for agricultural tractors. The increasing support by the governments to develop the agricultural sector is expected to drive this sector. For instance, the government of Ghana provides tractors at subsidized rates to entrepreneurs who run 89 centers that rent out and service tractors. In major parts of Africa, tractor sales were affected due to uncertainty regarding crop yields and exchange rates. Additionally, issues with respect to land restitution and farmworkers' shares in farms added to the uncertain conditions of the farmers. According to the South Africa Agricultural Machinery Association, the sales of tractors in 2018 increased by 10.4% compared to 2017. The sales of tractors were 3,930 units by July 2018 compared to 3,557 units by July 2017.

Africa Agricultural Tractor Market Trends

Increasing Focus on Sustainable Agricultural Mechanization

Agriculture plays a crucial role in the economic development of Africa. However, the sector is performing below its potential. As Africa has the highest area of uncultivated arable land in the world, its productivity lags far behind other developing regions.

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Moreover, crop yields are only reaching 56% of the international average. Thus, there is a dire need to increase crop yields in the coming decades to keep pace with the food demand driven by population growth and rapid urbanization in Africa. Therefore, the mechanization through tractors can, directly and indirectly, bridge the yield gap. According to the Food and Agriculture Organization of the United Nations (FAO), agricultural mechanization in Africa is still at its initial stages. The studies undertaken by FAO also revealed that the level of mechanization in the country is slowly moving from hand-driven technology to power sources. However, as stated in the sustainable development goals indicated in agenda 2063, the African Union Commission (AUC) and the Food and Agriculture Organization of the United Nations (FAO) view agricultural mechanization as an immediate indispensable action for attaining the Zero Hunger vision by 2025. Such initiatives toward sustainable agricultural mechanization are likely to boost the market for agricultural tractors in the near future.

South Africa Dominates the Market

The South African market for agricultural tractors was valued at USD 461.3 million in 2018, and it is expected to register a CAGR of 8.8% during the forecast period. The South African agricultural economy has witnessed a paradigm shift from food aid to domestic production in the form of the green revolution, which was first started by the World Food Program of the United Nations. South Africa now has major potential for the growth of the agriculture and agriculture machinery market, including tractors. The tractors market in South Africa has been reinvigorating from the standstill brought to the market due to extremely dry weather conditions since 2014. Major players in the global tractor industry, like Deere & Company and Mahindra & Mahindra, are planning to make South Africa the hub for manufacturing and exports, given the high potential that the farm equipment market holds in South Africa. The South African Crop Estimate Committee reported that farmers intend to increase the area plantings for summer grains and oilseeds in the next cropping season, thereby giving a boost to the tractor market during the forecast period.

Africa Agricultural Tractor Market Competitor Analysis

The market is consolidated, with international players accounting for a higher market share. Deere & Company, Kempston Agri, and Kubota SA are the few key players in the African agricultural tractor market. Companies compete not only on equipment quality and promotion but also on strategic moves to attain larger market shares.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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