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Brazil Tractors - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 100 pages | Mordor Intelligence

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Report description:

Brazil's tractors market was valued at USD 1.73 billion in the current year and is projected to grow to USD 2.21 billion by the next five years, registering a CAGR of 4% in terms of revenue during the forecast period.

Key Highlights
-Over the medium term, the demand for farm products from expanding populations and technological advancements in agricultural equipment are the primary factors propelling the market growth. Agribusiness is one of the main activities in Brazil and contributes significantly to the Brazilian economy. This has led to more investments, leading to the growth of the market of agricultural machinery and implements in the country.
-The increasing wage of labor and the growing land consolidation created a demand for agricultural mechanization and the Brazilian government's schemes and initiatives to facilitate financing and improve agricultural-related activities, which are expected to boost the sales of tractors.
-Brazil is the second largest exporter of agricultural products globally, behind only the United States. Due to advancements in agricultural technology that benefit farmers all over the world, Brazilian farmers today are creating thriving agricultural operations on land that was considered agriculturally useless for hundreds of years. In addition, these operations are more productive, allowing for more harvest and using less land.
-The key factors contributing to the increase in tractor sales are increasing farm mechanization rates, rising farm labor costs, seasonal labor shortages, and shorter tractor replacement cycles. Growing demand for compact tractors among small farms and a rise in technological advancements, such as integrating telematics with agricultural tractors, are likely to remain major growth factors during the forecast period.

Brazil Tractors Market Trends

Increasing Need for Agricultural mechanization

- Machinery inputs in agriculture by way of mechanization have evolved considerably in recent years in the country. The introduction of internal combustion engines and tractors as power sources brought about a revolution in the agriculture sector by covering large agricultural areas in a short time.
- Labor-saving technologies, particularly in harvesters and tractors, are being increasingly adopted to expand farm operations. The increased liberalization would radically reinforce a structural evolution, which will help bring about increased adoption of advanced agricultural machinery tools in agricultural operations, which in turn is likely to increase the demand for tires during the forecast period.
- The Government of Brazil launched the Agricultural and Livestock Plan that allocates credit lines to farmers with lower interest rates as compared to market interest rates. This is likely to boost agricultural machinery sales across the country, which in turn is anticipated to boost the market during the forecast period.
- Most of the rural areas are usually driven by the urbanization of economies. Thus, an ongoing shift in all rural activities is taking place. Urbanization is spreading into the rural areas around the metropolitan centers, where migration is rampant. With the increase in urbanization, the demand for mechanization of agricultural machinery will increase in the coming years.
- Moreover, governments in several developing nations are providing subsidies and financial aid to help with the automation of key agricultural processes. Furthermore, as a result of different technical breakthroughs, modern tractors with pre-installed GPS and telematics systems have emerged.
- Due to technological breakthroughs that are altering farming and agricultural processes, the industry is also gaining attraction. Agricultural tractors with self-driving capabilities are projected to boost productivity and efficiency in the industry. CNH Industrial NV, Escorts Limited, and Deere and Company have all already released concepts for autonomous and electrified tractors.
- With the above-mentioned development across the country, the demand for tractors is likely to increase during the forecast period.

Below 40 HP Tractors are dominating the market

- The industry trend toward bigger horsepower tractors continues to grow in the country, owing to greater performance in difficult terrain and versatility in farm and non-farm applications. Less than 40 HP tractors are often identical to the term compact tractors. With an engine displacement of not more than 1500 CC, these tractors occupy less space and can be aligned with great flexibility.
- Below 40 HP powered tractors usually weigh less than 1900 kg and have a power rating of less than 40 HP. They are designed to be used with mowers and light-duty material handling equipment. Factors such as compact size, ease of customization, and nearly 50% more price for the next power range of tractors are witnessing major growth during the forecast period.
- Growing agricultural activity across the country is likely to increase the demand for low-power tractors. The low cost of below 40 HP tractors increased the affordability rate among the highly populated small-scale farmers. Brazil is the largest country in terms of arable land, one of the top producers of 34 agricultural commodities, and the largest agricultural net exporter. Manual plowing, harvesting, and other operations are found to be unfeasible and time-consuming. This has led farmers to opt for tractors and other types of machinery, which in turn is likely to enhance the demand for small tractors in coming years.
- Major tractor manufacturers are introducing new models of tractors across the country, which in turn is likely to witness major growth for the market during the forecast period. For instance, In August 2021, Kubota introduced its new LX Series, a range of multi-purpose compact tractors under 40 HP with two different models, namely the 35HP LX-351 Rear ROPS and LX-351 Cab.
- With the above-mentioned development across the country, the below 40 HP tractors are witnessing major growth during the forecast period.

Brazil Tractors Industry Overview

Brazil's tractor market is currently dominated by key players such as AGCO Corporation, Deere and Company, CNH Industrial N.V., Kubota Agriculture Machinery Pvt Ltd., and others. The primary strategies employed by these industry leaders within the country involve launching new products, forming partnerships, and pursuing acquisitions. In addition to these, focusing on innovation, expanding operations, and making substantial investments in research and development to cultivate fresh and diverse product portfolios are expected to be pivotal strategies in the years ahead.

In August 2022, The Vamos Group inaugurated the largest Fendt sales facility in Primavera do Leste, Mato Grosso, Brazil. Fendt, an emerging agriculture machinery manufacturer in Brazil, now boasts this expansive location, encompassing a range of services, including consultation, sales, maintenance, and a dedicated spare parts division exclusively for Fendt products.

In July 2022, Mahindra & Mahindra, one of the world's leading tractor manufacturers, embarked on a significant expansion of its assembly plant in Brazil, aligning with its strategic global growth initiatives. The company aims to double its production capacity for Arjun and Novo tractor models by establishing its latest assembly base in the country.

Additional Benefits:

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

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