

Vietnam Agricultural Tractor - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Vietnam Agricultural Tractor Market size is estimated at USD 623.83 million in 2024, and is expected to reach USD 798.46 million by 2029, growing at a CAGR of 5.06% during the forecast period (2024-2029).

Key Highlights

- More than 70% of the cultivated area in Vietnam is mechanized. The rapid adoption of mechanization in the agriculture industry is driving the market growth. Agricultural machinery has played a crucial role in increasing agricultural productivity and efficiency in Vietnam. With the increasing shortage of laborers in rural areas, farmers have turned to mechanization to overcome this challenge and improve their yields. The increasing shortage of laborers in rural areas of Vietnam has been a driving force behind the growth of the agricultural machinery market. Farmers can improve productivity and efficiency, reduce production costs, and increase their yields by adopting agricultural machinery.
- The government initiatives to promote the mechanization of farms to increase the cost and time efficiency of crop production are one of the major drivers of the market. The agriculture sector of Vietnam has witnessed a substantial decline in the use of animal and human power in the agriculture sector. About 53% of agricultural tractors in the country have a capacity of less than 12 HP, and 35% have 12 to 35 HP, while 12% have a capacity of more than 35 HP.
- Tractors in the country are mainly used in mechanized land preparation for crop production of rice, corn, and sugarcane. In the Mekong Delta of Vietnam, wetland rice is the most important crop. The increasing farm mechanization rates, rising costs of farm labor, and shorter replacement cycles of tractors are the major factors attributing to the growth of tractor sales.

Vietnam Agricultural Tractor Market Trends

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Shortage of Agricultural Labor

- In Vietnam, people prefer industrial jobs over agriculture, as agricultural production is declining. This situation is leading to a shortage of agricultural labor in Vietnam during the farming season. With the decline in family farm workers, farmers have been hiring labor. But since the labor supply is low, wages have crept up, increasing the cost of farming, so this is another factor shifting farmers towards mechanization.
- The Vietnamese market is facing challenges due to an overproduction of low-quality products and increased competition for exporting these products. As a result, prices for crops have decreased, which is negatively impacting farmers who are struggling to cover their labor costs and see a return on their investments.
- There is a continuous decline in the labor force that depends on agriculture in Vietnam. By considering these factors, the government is promoting the mechanization of farms with an aim to rank among the world's top 15 most developed agricultural countries and become a global hub for agricultural logistics and processing. Thus, the shortage of agricultural labor is acting as a primary driver for the growth of the tractor market, as the laborers' efforts can be replaced with tractors.

Less than 35 HP Dominates the Market in terms of Revenue

- Farm mechanization is increasing due to a need for more farm laborers in Vietnam. Farmers prefer small and customized tractors for agricultural purposes due to small farmland sizes. Additionally, lesser fuel consumption by small tractors helps to empower small and marginal farmers. In this segment, consumer bargaining power is high compared to high-powered tractors due to the availability of a wide range of options and substitutes.
- Tractors with less than 35 HP are compact with a mass of fewer than 3,500 lbs and use less than 35 PTO HP to run the attachments and serve multiple functions, including mowing, landscaping and gardening, horticultural practices, animal management, and other activities because of their compact size and ability to carry different cultivation practices due to this the farmers mostly prefer compact tractors.
- Crop production in Vietnam is carried out easily with the help of tractors having less than 35 HP. Crop production volume increased in 2021, depicting the country's demand for tractors. According to Food and Agriculture Organization (FAO), the total production volume of the crop was 108 million metric tons in the year 2021. Less than 35 HP tractors occupy less space and can be used flexibly. The ease of customization makes the farmers more amenable to experimentation, and consequentially. Therefore, manufacturers are willing to try new components and technologies in this segment before moving on to high-powered ones. Hence, these factors lead the less than 35 hp tractors to hold the major market share in the country.

Vietnam Agricultural Tractor Industry Overview

The Vietnamese agricultural tractor market is consolidated with the presence of global players in the country. Kubota, CLAAS, Yanmar, CNH Industrial, and VEAM are some of the major players operating in the industry. These companies are expanding their business activities by focusing on new product launches, partnerships, and investments. However, more than 70% of the tractors in Vietnam are imported for domestic use in agriculture.

Additional Benefits:

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

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