

## **Argentina Construction Equipment Market - Strategic Assessment & Forecast 2024-2029**

Market Report | 2024-10-03 | 204 pages | Arizton Advisory & Intelligence

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### **Report description:**

The Argentina construction equipment market by volume is expected to grow at a CAGR of 3.04% from 2023 to 2029.

#### Trends and Opportunities in the Argentina Construction Equipment Market

- In January 2024, the IDB approved a USD 1 billion credit package to fund the construction of a new bridge over the Parana River in Northeast Argentina, which would benefit 870,000 people.
- The funding has also allowed the government to prioritize key areas such as hydrocarbon transport, railway modernization, and power transmission expansion. These projects are essential for enhancing the country's economic competitiveness and addressing long-standing infrastructure deficits.
- Argentina has projected a need for approximately USD 452 billion in infrastructure investments by 2040. This includes critical areas such as rail transport, water infrastructure, and roads, presenting significant opportunities for construction firms.
- The Inter-American Development Bank and World Bank have committed substantial funding for various infrastructure projects. This includes a recent USD 1 billion credit package for a new bridge project, indicating ongoing support for infrastructure development.
- The government aims to achieve the carbon-neutral goal by 2050. Hence, it is increasing its focus on applying renewable energy sources and reducing fossil fuel usage. It promotes the use of electric vehicles in the transportation sector and installs solar panels in buildings for electric generation.
- The current government focuses on smaller infrastructure projects, typically valued at around USD 20 million, which can create opportunities for local companies and stimulate job creation in the sector.

#### Challenges in the Argentina Construction Industry

- Argentina faces severe economic issues, including high inflation and rising poverty. These factors create uncertainty for investors

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and can hinder construction projects due to fluctuating costs and financing challenges.

-□Despite plans for substantial investments, less than 35% of roads in Argentina are paved, indicating a significant infrastructure gap compared to neighboring countries. By 2040, the country will require approximately 1.68% of its GDP annually to meet its infrastructure needs.

## KEY HIGHLIGHTS

-□Material handling equipment accounted for the largest market share of the Argentina construction equipment market in 2023. Forklifts in the material handling segment accounted for the largest share in 2023. Rising investment in housing, port expansion, and public infrastructure projects is expected to drive the demand for forklifts in the Argentina construction equipment market.

-□Argentina is experiencing a residential and commercial construction boom, particularly in urban areas. This drives demand for equipment like forklifts, aerial work platforms, and concrete mixers.

-□Rising interest rates and higher commodity prices may hinder the growth of the Argentina construction equipment market.

-□The growth in infrastructure investment and the surge in civil engineering & housing projects in 2023 are expected to support the demand for excavators in Argentina.

-□The government's dedication to allocating around 5% of GDP each year to infrastructure development is expected to open opportunities for construction companies in the transportation, energy, and water sectors.

-□Argentina is currently witnessing a surge in population, propelling the need for new housing. Furthermore, the expanding economy is fueling heightened requirements for commercial spaces.

-□The demand for various construction equipment increased with investments in transportation projects, such as building roads, bridges, and public transportation networks. Excavators are essential to maintaining and growing the transportation network. As the population increases and urbanization persists, there is still a strong need for effective and well-maintained infrastructure.

-□The rise of electric vehicles (EVs) has led to a surge in investment in battery plants across Argentina. These plants require significant excavation work for site preparation and foundation construction.

## SEGMENTATION ANALYSIS

### Segmentation by Type

-□Earthmoving Equipment

o□Excavator

o□Backhoe Loaders

o□Wheeled Loaders

o□Other Earthmoving Equipment (Other loaders, Bulldozers, Trenchers, Motor Graders)

-□Road Construction Equipment

o□Road Rollers

o□Asphalt Pavers

-□Material Handling Equipment

o□Crane

o□Forklift & Telescopic Handlers

o□Aerial Platforms (Articulated Boom Lifts, Telescopic Boom lifts, Scissor lifts)

-□Other Construction Equipment

o□Dumper

o□Tipper

o□Concrete Mixer

o□Concrete Pump Truck

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## Segmentation by End Users

- Construction
- Mining
- Manufacturing
- Others (Power Generation, Utilities Municipal Corporations, Oil & Gas, Cargo Handling, Power Generation Plants, Waste Management)

## MARKET TRENDS & DRIVERS

### Increased Mining Projects Necessitate the Application of Fuel-Efficient and Flexible Equipment in the Argentina Construction Equipment Market

- Investments in mining projects in Argentina are on the rise, driven by the growing global demand for commodities like gold, coal, silver, and lithium. However, these developments have resulted in significant environmental protests across several states. The Argentine government is committed to achieving net-zero emissions by 2050 and eliminating net deforestation by 2030, prompting a focus on environmental sustainability in its policies.
- The mining industry is increasingly adopting fuel-efficient and flexible construction equipment. Companies can optimize equipment efficiency and reduce fuel consumption using advanced data analytics, connectivity, and IoT technologies. As Argentina primarily imports construction equipment from manufacturers in China, like XCMG and SANY, which prioritize fuel efficiency, this trend is expected to grow significantly during the forecast period.

### High Investments in Construction and Mining Projects Prompting IoT & AI-Enabled Equipment

- The adoption of automated technology like IoT and AI in the Argentina construction equipment market is rising. These advanced systems offer numerous benefits to operators, including the ability to detect and store faults, enhancing safety, production, and overall efficiency. Key OEMs such as XCMG, SANY, Caterpillar, and Volvo Construction Equipment are focusing on automating their processes to maintain competitiveness in the market.
- AI facilitates greater automation in construction equipment, with XCMG and SANY developing autonomous excavators and dozers requiring minimal human intervention. These machines leverage AI algorithms to navigate terrain, detect obstacles, and execute tasks precisely, boosting job site safety and productivity. Amid economic recovery efforts, increased investments in the construction and mining sectors are propelling the use of cutting-edge construction equipment. Emerging companies like LiuGong and Hyundai are also expected to adopt similar strategies to remain competitive.

### Investment Under the National Public Infrastructure Plan

- Infrastructure investments surged in 2023. The government allocated USD 2.8 billion in funds for transport and water management projects in its national budget for 2023. The National Highways budget rose 21% to USD 820 million in 2023.
- In 2023, about USD 220 million was allocated for road construction projects. In addition, USD 200 million in funds were directed to rehabilitating and maintaining roadways and highways. The government plans to invest USD 533 million in seven infrastructure projects nationwide in 2023.
- The Argentina government also planned several railway line modernization, reconstruction & maintenance of road projects in 2023. Therefore, a rise in investments in public infrastructure projects under the National Public Infrastructure Plan is expected to drive Argentina construction equipment market during the forecast period.

### Multi-Modal Transport Infrastructure and Regional Development Support the Argentina Construction Equipment Market

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-□Multi-modal transport systems integrate various transportation modes-such as road, rail, air, and maritime-into a cohesive framework that enhances connectivity and efficiency. Developing such infrastructure in Argentina is crucial for improving access to domestic and international markets. This integration allows for seamless transitions between different transport modes, facilitating the movement of goods and services across regions.

-□The National Road Network Plan of Argentina, a long-term initiative with a USD 35 billion allocation, aims to enhance road capacity and safety. The plan includes constructing 2,800 km of new highways, about 2,500 km of safe roads, rehabilitating 13,000 km of existing roads, and paving 2,000 km of new surfaces, totaling 250 new engineering projects. These projects will be executed under Public-Private Partnership (PPP) arrangements, with the government investing USD 7.4 billion-USD 5.5 billion for construction and USD 1.9 billion for operation and maintenance in the first stage in 2023.

-□The synergy between multi-modal transport infrastructure and regional development in Argentina is expected to create robust growth for the Argentina construction equipment market, catalyzing economic growth and enhancing regional competitiveness, leading to increased investments and construction activities.

#### Surge in Lithium & Copper Extraction Projects in Argentina

-□In 2023, the Argentine government significantly increased its focus on copper and lithium extraction projects, planning six large-scale copper extraction projects expected to yield 1.2 million tons annually. Strategically located within the "Lithium Triangle" alongside Bolivia and Chile, Argentina boasts substantial lithium reserves, ranking third globally, and around 75.5 million tonnes of copper reserves, positioning the nation as a pivotal player in the global copper market.

-□Major investments include McEwen Mining's USD 82 million allocation for copper projects in regions like El Pachon, Los Azules, Josemaria, and Filo del Sol. Additionally, Chinese company Zijin Mining plans to invest in lithium projects. With global lithium demand rising due to the electric vehicle market, Argentina aims to increase its lithium production from 40,000 tons in 2023 to 120,000 tons by 2025, supported by a decade-long concession for extraction projects. These developments are expected to significantly drive the Argentina construction equipment market, reflecting Argentina's mining sector potential and broader economic growth prospects.

#### INDUSTRY RESTRAINTS

##### High Building Material Costs Hampering Mining & Construction Industry Growth

-□The high building material costs significantly impact the growth of Argentina's mining and construction industry. These rising costs are causing challenges and constraints within the industry, affecting various sectors such as commercial, industrial, infrastructure, energy, utilities, institutional, and residential construction.

-□According to Argentina Construction Cost Index data, construction costs in June 2023 increased by 5.6% from May 2023. A construction cost surge is expected to adversely impact Argentina's construction industry. Several projects are expected to be delayed due to a surge in construction costs across the country in 2023.

-□The escalating costs of building materials in Argentina pose obstacles to the growth of the mining and construction industry. This impacts various sectors, leading to developers' challenges, reduced profits, and higher consumer prices.

##### High Demand for Rental Construction Equipment to Hinder the Argentina Construction Equipment Market Growth

-□The high prices of new construction equipment oblige construction companies in Argentina to rent it. Therefore, many contractors opt to rent because of the high expenses of owning and maintaining heavy equipment.

-□The global pandemic and geopolitical crises have resulted in supply chain disruptions for manufacturing construction equipment, ultimately driving prices upwards. For example, the semiconductor chips required for equipment engines have recently risen manifold times.

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-□The booming rental equipment will hamper the sales of new construction equipment during the forecast period.

## VENDOR LANDSCAPE

-□The Argentina construction equipment market leaders are Caterpillar, Komatsu, John Deere, LiuGong, and CNH Industrial. These companies have strong market share and offer diverse sets of equipment.

-□The Argentina construction equipment market is highly competitive and characterized by a mix of local and international players. These players offer a wide range of construction equipment, including excavators, loaders, and cranes, catering to various segments like residential, commercial, and infrastructure development.

### Key Vendors

-□Caterpillar

-□Komatsu

-□Liebherr

-□Xuzhou Construction Machinery Group Co. Ltd. (XCMG)

-□Volvo Construction Equipment

-□Hitachi Construction Machinery

-□Zoomlion Heavy Industry Science&Technology Co., Ltd.

-□CB

-□SANY

-□HD Hyundai Construction Equipment

### Other Prominent Vendors

-□Kobelco

-□LiuGong

-□John Deere

-□Yanmar

-□CNH Industrial

-□Toyota Material Handling

-□Bobcat

-□Wacker Neuson

-□Tadano

-□SAKAI HEAVY INDUSTRIES, LTD

-□Shantui Construction Machinery Co., Ltd.

-□Bomag

-□AMMANN

-□Sunward Intelligent Equipment Group

-□Hangcha

-□Romanelli

-□AIMIX Group

### Distributor Profiles

-□Gruas San Blas

-□Tecmaco Integral SA

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#### KEY QUESTIONS ANSWERED:

- 1.[]How big is the Argentina construction equipment market?
- 2.[]What is the growth rate of the Argentina construction equipment market?
- 3.[]Which are the major distributor companies in the Argentina construction equipment market?
- 4.[]Who are the key players in the Argentina construction equipment market?
- 5.[]What are the trends in the Argentina construction equipment market?

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