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# Agricultural machinery in Brazil

Room for significant further growth



<b>Title</b>	Agricultural machinery in Brazil Room for significant further growth
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# Introduction

Agricultural machinery plays a significant role in contributing to the development of agriculture

Brazilian agriculture is highly dynamic and is an important element of the country's economy. Agricultural machinery, which comprises tractors, combines and implements, plays a significant role in contributing to the development and efficiency of the agribusiness industry in general and agriculture in particular.

Declining sales but turnaround expected

The agricultural machinery sector started growing in Brazil as early as the 1960s, reaching its sales peak in the 1970s. Since then sales have decreased and every fall has been greater than the last. It is expected that following a drop in sales in 2005 and possibly 2006, 2007 will see the upward trend resume. If this is confirmed, it will mark a break with the existing pattern of decline and may indicate the start of a sales momentum that grows year on year, supported by existing technology and know-how in the sector, as well as the sector's export performance.

Enabled by agriculture growth and the competitiveness of its agricultural machinery industry, Brazil has been revamping its fleet and industry prospects. Manufacturing and total sales of tractors and combines increased in terms of unit numbers by 76% and 87% respectively from 1995 to 2005. But despite the recent investments by farmers, the sector still is undercapitalised.

Brazil's more diversified portfolio of crops and increased exports, as opposed to decades earlier, are likely to mitigate the cyclical nature of the domestic machinery sector in the longer term.

This review provides an overview of the agricultural machinery sector in Brazil, its drivers, dynamics, strategic issues, as well as its outlook.

This study has been published in line with Rabobank's long-term commitment to the international food and agribusiness. It is one of a series of publications undertaken by the global department of Food & Agribusiness Research and Advisory.