

7. Agricultural Equipment

a) The Opportunity

Planned expansion of the Australian grain industry presents Canadian agricultural equipment exporters with a prime market. For example, Australia hopes to increase its exports of wheat from 15 million tonnes in 1980 to 24 million tonnes by 1990. To accomplish that increase, major changes will have to take place in Australian grain production. New and more marginal agricultural land will have to be brought into production, and that will necessitate new methods for the control of soil erosion and conservation of moisture. More effective use of the land will be important. While the grazing cycle was used in the past to protect the land from soil erosion, a new method will be needed. The Canadian dry-land farming method, Stubble Mulch Farming, is one solution.

In addition to the need for specialized types of Canadian implements, the increase in production will affect demand for tractors and combine harvesters. The Australian market for agricultural equipment is already substantial, and Canadian companies are highly respected and have a good share of the market. In the year ending June 1980, approximately \$266 million (manufacturers' costs) of tractors were sold in Australia. Imports represented 25 per cent of the implements and 75 per cent of the tractors sold.

b) The Canadian Industry

The Canadian farm machinery industry consists of approximately 200 companies, including the multinational companies with manufacturing plants in Canada and the "shortliners" or smaller, more specialized firms. The industry is concentrated in Ontario, Manitoba, Saskatchewan and Alberta. The North American market is generally rationalized. In that regard, of the \$1 billion produced in Canada, more than 80 per cent is exported, while more than 80 per cent of the domestic market is supplied by imports.

The four multinationals with manufacturing facilities in Canada are Massey-Ferguson, John Deere, International Harvester and White Farm Equipment. Those firms account for more than 60 per cent of total agricultural farm equipment production. Major products include combines, harvesters, grain drills, hay balers, forage harvesting and tillage equipment, and manure spreaders. Production has been rationalized to the extent that the Canadian