

**CANADIAN AGRICULTURAL MACHINERY:  
AN INDUSTRY OVERVIEW**

Do you need sophisticated technology in farm machinery?

Or do you need durability and simplicity of operation?

Canada can meet your needs at the lowest comparable cost in the world market for a wide range of agricultural machinery.

With nearly 200 million acres under cultivation, Canada has one of the most productive agricultural sectors in the world. Its farm machinery industry is a major contributor to this productivity. A billion dollar industry, it is big enough to have access to the latest technology, small enough to be responsive to the ever changing market.

Canada's manufacturers of agricultural machinery are a diverse group, ranging from full line, multinational firms that produce giant tractors and combines, to small, short line companies that supply a variety of implements, attachments and specialized equipment for particular crops. They are without peer in developing the specialized machinery for the dryland prairie farming conditions where much of the world's supply of wheat is grown. Exports, predominantly to the United States, have accounted for more than 80 per cent of their shipments.

Since dryland crop yield is dependent on precipitation, soil management practices exert a great influence on moisture availability and nutrient supply. New tillage procedures have proved effective in controlling erosion and improving water intake. Timing is critical in these farming operations when using power machinery, since breaking the soil can easily deplete moisture. Soil compaction zones can also interfere with the storage of moisture. Canadian equipment manufacturers have successfully addressed these problems by developing the specialized equipment needed and having replacement parts readily available during the short, critical planting seasons.

Price competitiveness is a key strength of the industry. Forty-five years of free trade in North American agricultural equipment have enabled Canadian producers to exploit significant economies of scale. Long term exchange rate movements have conferred them with a price advantage vis a vis foreign competitors, as has a favourable cost structure for inputs of skilled labour and materials. The short-line firms in particular are able to innovate and introduce new product lines with relative ease, while keeping their overhead and wage rates low.

Flexibility in the face of ever changing farm produce market conditions is clearly an important factor in the success of the agricultural machinery industry. Despite depressed world agricultural market conditions, the industry has been able to retain a solid core of skilled workers and innovative engineering support. This has allowed Canada's producers to weather major changes in the economic climate without sacrificing the quality of the products for which they are so well known. Consolidation in the industry has resulted in the emergence of Canadian manufacturers who are not only leaner, but offer more extended product lines and extensive distribution networks than ever before.

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