FACT SHEET

THE FARM MACHINERY SECTOR

INDUSTRY OVERVIEW

Tractors and other agricultural equipment are essential to farming today. This equipment represents substantial capital investments for farmers, with single pieces often costing hundreds of thousands of dollars. Consolidation in the industry, however, has eroded competition and left farmers in a precarious situation — with diminishing options and even less bargaining power

HISTORICAL CONTEXT

In the early 1900s, more than 160 tractor companies sold farm machinery.

By 1930, only seven full-line farm equipment companies sold farm machinery: Deere & Company (doing business as John Deere), International Harvester, Case, Oliver, Allis-Chalmers, Minneapolis-Moline, and Massey-Harris.

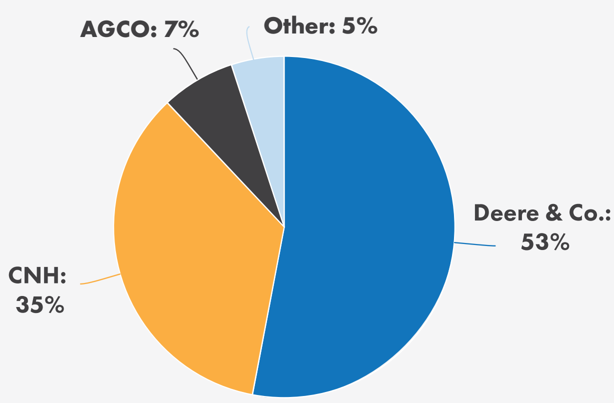
After a series of mergers throughout the 1980s and 1990s, the farm machinery sector consolidated substantially further. Case, International Harvester, New Holland, and Ford all rolled up into a single entity, CNH, while AGCO emerged and absorbed Allis-Chalmers, Minneapolis-Moline, and Massey-Ferguson.

DOMINANT FIRMS

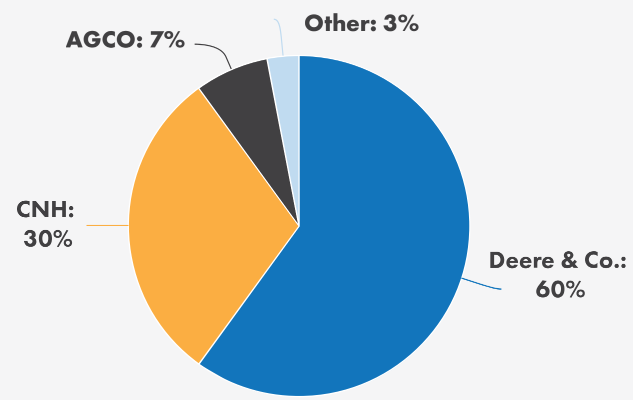
As of 2021, just four companies control more than 60 percent of all agricultural machinery in the U.S. Moreover, a closer look at certain markets reveals even deeper concentration levels. In the U.S., only three companies control 95% of large tractor sales and 97% of combine harvester sales.

U.S. Agricultural Equipment Concentration

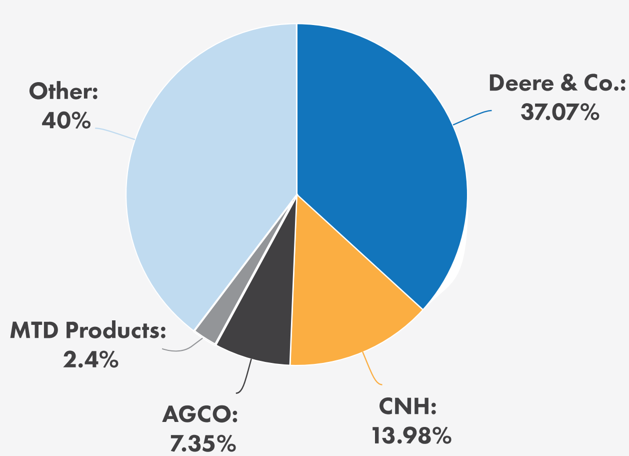
Large Tractors CR3: 95%



Combines CR3: 97%



All Agricultural Machinery CR4: 60%

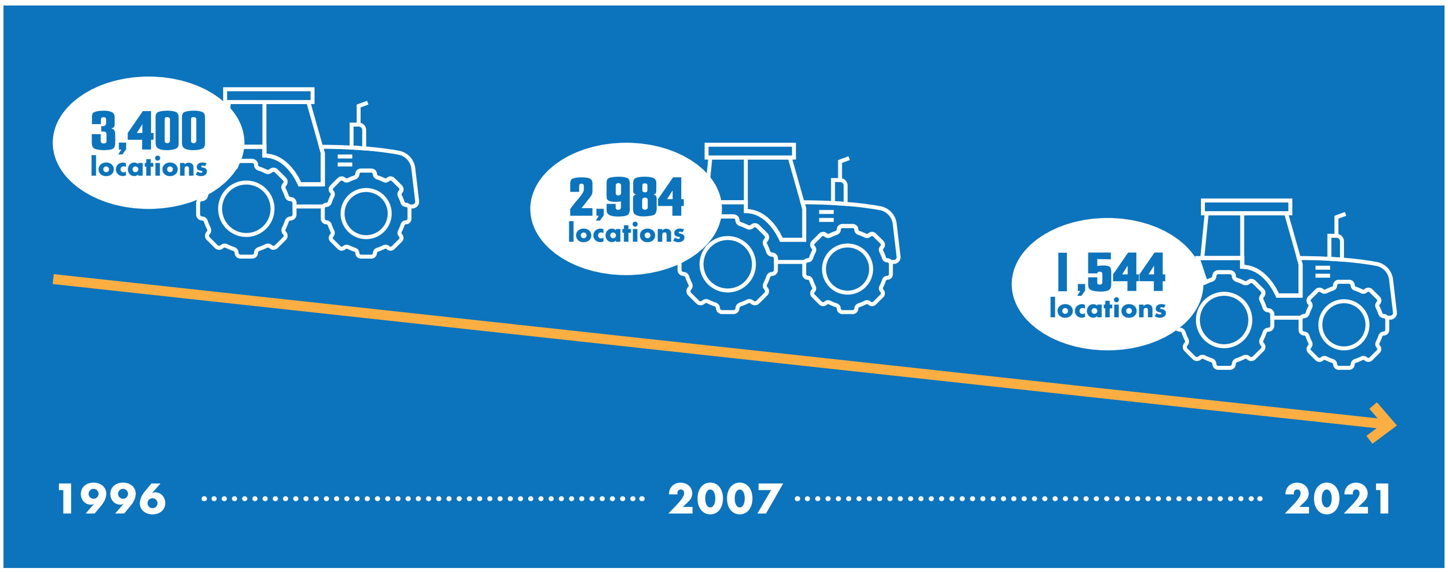


DIGGING DEEPER

In addition to manufacturer consolidation, dominant equipment manufacturers, like Deere & Co. and CNH, have pushed consolidation among their dealership owners to eliminate local competition for sales, repairs, and other dealer services. Dealerships are nominally independent of manufacturers, but Deere & Co. and CNH exercise substantial control over these firms and derive profits from their operations.

Starting in the early 2000s, manufacturers began mandating that dealerships sell their products exclusively and pressuring dealerships to consolidate. These strategies have been immensely successful for the manufacturers, while greatly limiting farmers' options. For example, between 1996 and 2021, Deere & Co. has consolidated more than 50% of its dealerships.

Deere & Co. Dealership Consolidation



WHAT THIS MEANS FOR FARMERS AND THEIR COMMUNITIES

RIGHT TO REPAIR

It is essential that farmers have control over the maintenance and repair of agricultural equipment. Tractor failures can cost farmers tens of thousands of dollars in delays — severely impacting a farm's output and economic viability.

A lack of competition in the farm machinery sector has empowered equipment manufacturers to restrict repair access — forcing farmers to rely exclusively on licensed dealers for repair. From tractor design to contractual tactics, equipment manufacturers have robbed farmers of the ability to repair their own equipment and driven independent repair shops out of business. These tactics have rewarded equipment manufacturers with booming returns on their service and parts departments, but at a significant cost to farmers.

Fed up, farmers have turned to law enforcement. Deere has been hit with a slew of private antitrust actions from farmers across the country. In 2022, a nationwide coalition of farm organizations, including Farm Action, petitioned the FTC to open an antitrust investigation into Deere & Co's repair restrictions.

Other advocates have focused on legislative opportunities. Colorado has passed Right to Repair legislation, and several more states seem poised to do the same. Passing Right to Repair legislation would save farmers an estimated $4.2 billion annually.