*Press release*

**Production up, but the 'cost' variable weighs heavily**

***The value of Italian production of machinery for agriculture, green care and related components will grow to EUR 13.7 billion in 2021. The made-in-Italy production is driven largely by foreign demand, which leads to a growth in our exports of 20.5% in 2021, and 9.7% in the first quarter of this year. Soaring production costs, however, risk slowing down current production rates and also affecting the list prices of machinery on the market.***

Production is up in 2021 for the Italian agricultural machinery industry. Tractors "made in Italy" will close the year with a total of 59 thousand units produced, for a value of 2.1 billion euros and an increase of 18.7% compared to 2020, while equipment and other types of agricultural machinery will see the value of production rise to 6.2 billion euros (+19.9%). The production segment relating to "tractor parts" and "spare parts" also shows substantial growth (+21%) and exceeds 1.1 billion. If we add to these figures those relating to the broad sector components segment, which is estimated to have reached a value of 3.3 billion euros in the year, and those relating to gardening machinery and equipment (970 million), the overall value of production in the Italian agro-mechanical sector in 2021 will reach 13.7 billion euros.

Approximately 30% of national production - it was explained during the FederUnacoma annual general meeting held this afternoon in Varignana (Bologna) - is absorbed by the domestic market, which had a particularly positive trend last year, while a majority share, about 70% of the total, is destined to satisfy demand from foreign markets. ISTAT data on foreign trade (referring to the tractor, tractor parts and agricultural machinery categories) indicate that at the end of 2021 the value of our exports will exceed 6.2 billion euros (+ 20.5% compared to the previous year), maintaining a trade balance surplus of 4.4 billion. Tractors and agricultural machinery produced in Italy - it was recalled during the meeting - are exported for the most part to European Union countries (66% of exports of tractors and 50% of exports of other machinery) and a substantial share is directed to non-EU European countries (12% of the tractor item and 15% of the items relating to other types of machinery). Outside the continent, the main destination market remains the USA, which absorbs 7.5% of our tractor exports and 12.7% of exports of other agricultural machinery and equipment. The good performance in 2021 also continued in the first few months of this year, as the slight decrease in exports of tractors (-3.14% in value) was offset by the increase recorded for other types of machinery (+15% in value), so that in the first quarter of 2022 our exports grew by 9.72% compared to the same period in 2021.

In a landscape characterised by a high demand for agricultural machinery, however, variables relating to production costs are weighing heavily, as they become increasingly higher due to soaring energy supplies, ferrous raw materials and plastics. From April 2021 to date - it was noted during the meeting - the price index for raw materials has recorded an impressive overall increase (+72%), and the costs of agricultural production are also rising sharply. Although the prices of agricultural commodities have risen in recent months, compensating, to a certain extent, for the increase in agricultural production costs - FederUnacoma President Alessandro Malavolti commented in his speech to the General Meeting - the price rises still threaten to damage the machinery market: over the course of the year farms may have less margin to invest in the purchase of new vehicles, and at the same time the industry may be forced to adjust price lists to absorb the substantial increase in its production costs.

**Varignana (BO), 28 June 2022**

****