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INDUSTRY INSIGHTS FOR
THE AG EXECUTIVE

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Association of Equipment Manufacturers



Ag Executive Advisor

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For questions, comments or to add someone to our distribution list, contact Anita Sennett, Ag & Member Services Manager, at asennett@aem.org

2011 - A Year of Listening, Leading, Advocating for AEM Ag Members

The Association of Equipment Manufacturers has been very busy in 2011 serving our members and actively participating in key industry activities. I would like to take a few minutes to recap some highlights.

AG CONNECT Expo was held in Atlanta in January and, yes, during one of the biggest snow and ice storms ever to hit the region. Not only did AG CONNECT survive the storm, but in its second edition took a very positive step towards becoming the show it is envisioned to be. There were 382 exhibitors and more than 11,500 people attended. It was decided to hold the next show in 2013 in Kansas City. We've already sold 85% of the 2011 footprint and look to fill Bartle Hall with the latest and greatest technologies and product innovations, targeting those producers most interested in what will be impacting their operations in the years to come.

The **AEM Ag Executive Forum** was also held in January collocated with AG CONNECT Expo. Key discussions and panels debated "Global Ag Hot Spots" and what "The Future Supply Channel for Agriculture" may be. The Forum received some of the highest marks ever for content and had over 100 people in attendance. See more on the January 2012 Chicago Forum inside.

We took a lead position in forming the **Coalition to Save our GPS** and diligently continue the fight - with GPS even today still under attack. It is hard to understand why the Federal Communications Commission granted a conditional waiver earlier this year

allowing the implementation of new technology despite potential severe interference with millions of GPS receivers. We continue to be vigilant in our efforts to stave off this threat to a fundamental technology that we depend on in agriculture and, in fact, countless other industries.

Speaking of GPS, in December we launched **four new Ag Precision Field Guidance Product Statistics Programs** for Steering Kits, Activation Upgrades, Receivers and Displays. Overall we had a successful year serving new participants, with 15 companies joining Statistical Reporting Programs for the first time in 2011, most joining AEM as new members.

A new guidebook was developed on **Safe Implementation Hitching: A Guide for Safe Connection of Agricultural Tractors to Implements** and is now available for free download from the AEM Store (<http://shop.aem.org/c-7-free-downloads.aspx>).

This 42-page Guidebook produced in both English and French provides information that farm machinery owners and operators can use to correctly connect agricultural tractors to implements and other towed equipment such as wagons, grain carts. We are also close to finalizing a draft of a second new ag-related safety manual by the end of this year, our **Agricultural Sprayer Safety Manual**.

You can't play if you can't plug in. AEM supports members through the development and promotion of global standards ~Continued on Page 10

AEM Executive Insights



Never be satisfied with the status quo. Act like you are the owner in your daily work activities. Always find a way to make things a bit better today than they were yesterday. These are just some of the secrets to the success of **Jeff Schick, Director, Global Ag & Forestry Sector, Eaton Hydraulics**. And while these are Jeff's personal mantras, he feels they align to Eaton's deeply ingrained company philosophy of "Doing Business Right." In fact, throughout our conversation, it was often difficult to distinguish where Jeff's personal philosophies and achievements ended, and Eaton's began.

Schick attributes much of his approach to both career and life to his childhood experiences working on grandpa's farm in Illinois. He and his brother began helping on the farm "as soon as we could push the clutch," and they still own that farm today. While Schick likes to find time to hop into a combine or tractor during planting or the harvest, his brother

handles the operations and has added more than 2500 acres and a hog operation to the original 400 acre farm.

Tell us about your education and early career path.

From hands-on mechanical learning to common sense problem solving, I think my first real education was on the farm. I didn't intentionally set out for a career in agriculture, but I've always had a passion for it and think I subconsciously migrated towards it. I went to the University of Iowa through a co-op engineering program at Caterpillar. After getting my BS in Mechanical Engineering, I moved on from Cat to Deere and while there, got my Masters in Business, attending University of Iowa at night. I enjoyed a stint teaching an evening course at Drake and I continued on for a Masters in Engineering at Iowa University. I left Deere in 2004 for a Plant Manager position at Eaton.

What are some of the highlights of your career at Eaton as Plant Manager, Director of North American Manufacturing Operations -

Hydraulics Operations' Controls Division, and in your current position?

There are three achievements that stand out in my mind. First is developing a Factory Master Plan. We engaged expert plant personnel to complete a Plan for each factory, which facilitated a clear, concise future direction. Second is implementing a Global Manufacturing and Logistics Strategy to reposition manufacturing capacities worldwide for improved global efficiencies. And third is my role in leading a Global Segment Growth Area, bringing teams of "subject matter experts" into the global planning process.

Eaton is celebrating its 100 Year Anniversary in 2011. What would you say is a hallmark of Eaton's history?

Innovating and adapting. In 1911, Joseph Eaton saw a trend developing in the movement of product and goods across the country. He realized the need for a better truck axle and set about investing in it. Since then, Eaton has recognized and met the needs of global megatrends, evolving from a leader in vehicle technologies to a global ~Continued on Page 9

Going Global: Agritechnica Pavilion



Many AEM members are looking towards global expansion, but find the thought of exhibiting at a large overseas trade show a bit overwhelming. That is why, for the third consecutive show year, AEM has offered a turn-key package to simplify the process, facilitating easy access to the international marketplace through an exhibitor Pavilion at **Agritechnica** in Hanover, Germany. Here's what some exhibitors had to say:

"The meeting rooms, center community area with food and refreshments and interpreter (Ursula was great!) were a GREAT ASSET!"-- Brian Perkuhn, VP Sales, Summers Mfg. Co.

"...this was our first attempt at exhibiting at a non-US Agricultural trade fair and being able to be part of the US Pavilion through AEM eliminated a lot of the trepidation. We found that the opportunities at the show were greater than we had hoped."

"We made excellent connections and generated many leads. The registration process was simple, and the on-site assistance, internet and other amenities made it easy to exhibit internationally." -Justin Troutd, VP, Global Sales & Brand Manager, Orthman Manufacturing

U.S. Commercial Service was a great new addition in 2011, bringing 9 companies into a shared Pavilion space. USCS is the government's primary export assistance agency and offered Pavilion exhibitors free market research and market entry consulting. Also provided was inclusion in a Pavilion catalog distributed at the show and a pre-show email campaign to a network of Embassies and Consulates around the world.

AEM plans to offer this **Pavilion Service** again at Agritechnica 2013.



Ag Groups Converge at AG CONNECT

Momentum continues to build for AG CONNECT Expo 2013 as key organizations sign on to participate in the show, January 29-31, 2011, in the Kansas City Convention Center.

U.S. Custom Harvesters, Inc. will celebrate their 30th anniversary in 2013 and will co-locate their Annual Meeting with about 1,000 potential equipment buyers at AG CONNECT Expo. According to USCHI President Tracy Zeorian, "We are extremely excited about bringing the USCHI family to Kansas City and to AG CONNECT 2013; in fact, we are planning to sponsor an exhibit pavilion on the show floor. Our members will experience the added benefit of being able to have conversations with senior executives and engineers in addition to their harvest support per-

sonnel. I'm certain they'll appreciate the opportunity to see new harvesting equipment and precision agriculture technologies in one place."

National Farmers Organization will bring their Annual Conference and 250+ attendees to the show. "We made the decision to co-locate our annual meeting with AG CONNECT Expo 2013 for the first time, and we look forward to building business relationships there with national and international commodity buyers with expertise in milk, wheat, corn, soybeans, hog and cattle sales," said Paul Olson, President of National Farmers Organization. "AG CONNECT Expo 2013 will provide our members with one-on-one access to product developers and new technologies that will help them

improve quality and yield."

The American Society of Agricultural and Biological Engineers

will again co-locate its Agriculture Equipment Technology Conference (AETC) and once again the AE50 award winners will be announced at the show. About 250 attendees are expected. "Collocating our AETC conference with AG CONNECT Expo in 2010 and 2011 proved to be a great experience. AETC is an annual event about agriculture equipment technology (see www.asabe.org for the 2012 program); however, we especially look forward to bringing our members to the show again in 2013 to give them the opportunity to share their expertise directly with consumers," said Darrin Drollinger, ASABE's Executive Director.

Chairman Lucas on 2012 Farm Bill



AEM staff had an opportunity for Q&A with Congressman Frank Lucas, House Ag Committee Chair and lead drafter of the 2012 House Farm Bill. He is a fifth generation Oklahoma farmer and graduated Oklahoma State in 1982 with a degree in Ag Economics.

How do you see the failure of the Super Committee impacting the development of the 2012 Farm Bill?

In the coming months, we'll work on reauthorizing the Farm Bill. The House and Senate Agriculture Committee leaders were the only lawmakers who came together to develop a bipartisan and bicameral recommendation for the Super Committee. We agreed to find \$23 billion in cuts, but the Super Committee's failure to reach an agreement ended that effort. So now we'll move forward with the same bipartisan spirit that has historically defined the work of our committees.

What are the biggest challenges facing the Farm Bill reauthorization? Developing a Farm Bill is always

difficult, but this one will be especially challenging because we're operating with a limited budget. So we have to determine the best way to maintain the safety net that supports production agriculture while using fewer funds. We don't spend that much in this country on production agriculture, but we reap huge benefits from it. Part of our job on the Agriculture Committee is educating other Members of Congress on farm policy and how it benefits consumers across the country. We began that work this summer with a series of policy audits on all farm programs.

The ag equipment industry accounts for 250,000+ U.S. jobs. The health of this sector is dependent on farm economy. Do you believe this link between agriculture and industry is overlooked by most lawmakers? When we look at productivity in agriculture over the past century, there's a huge spike that is due in no small part to the development of agricultural equipment. The two industries are very interconnected. By their very nature, farming and ranching are entwined with a wide variety of industries. So our constituents not only care about issues affecting

equipment manufacturers, but also new policies in transportation, trade, and environmental regulations, just to name a few. Agricultural concerns aren't limited to rural districts; jobs in a variety of industries are dependent on agriculture.

There are many EPA issues, but in your opinion what is the number one EPA regulation issue that agriculture needs to be on guard against? There are a variety of regulations and potential regulations that could limit our ability to continue producing affordable food. The sediment limits being proposed for Chesapeake Bay could have implications for waterways across the country. Making the particulate matter standards stricter would have put counties across the southwest out of compliance with Clean Air Act standards just because of tractors kicking up dust on dirt roads. The House Agriculture Committee has been very active on EPA oversight. The EPA has heard from farmers and ranchers and on some level the agency is acknowledging those concerns. But I believe we'll have to keep pushing to ensure that our businesses aren't saddled with overly burdensome regulations.

Market Intelligence Special Report: 2012 U.S. Ag Outlook

Data courtesy:
 Association of Equipment Manufacturers
 Market Intelligence

U.S. Ag Equipment: 2011 Better than expected, Increased optimism for '12, 2013 & 2014 Flat

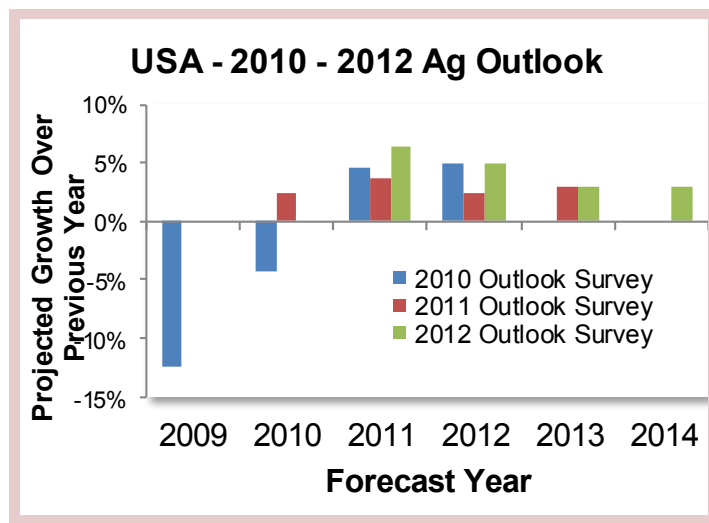
Each year AEM produces a Business Outlook report based on data collected from members. The members are asked to estimate the growth by year for a variety of equipment types for the whole industry. An estimate of the current years' results are requested, along with projections for the subsequent 3 years.

In the graph above right showing projections for the U.S., the blue bars represent the average response for the 2010 Business Outlook (given at the end of 2009) for each of the years shown, while the red bars are the average response given for the 2011 Business Outlook and the green bars are for the 2012 Outlook.

In the 2012 Business Outlook, 2011 turned out much better than projected earlier, moving from a 3.7% to 6.5% increase. Ag equipment manufacturers' views of 2012 improved substantially from last year; however 2013 projected growth remained the same at 3%.

The breakdown chart of equipment categories to the right lists actual 2011 growth figures and the 2012 Outlook predictions. 2011 shows increases across nearly all products, and similar growth is projected for 2012. The sole exception is Combines, which declined slightly this year and are forecast to decline further next year.

Full Outlook results are provided only to those companies who participated in the Survey. Partial "public" results may be found on the AEM website at <http://www.aem.org/MarketInfo/MarketIntel/Reports/AgOutlook/>. For more details, contact Steve Duncan at 414/298-4654 or sduncan@aem.org.



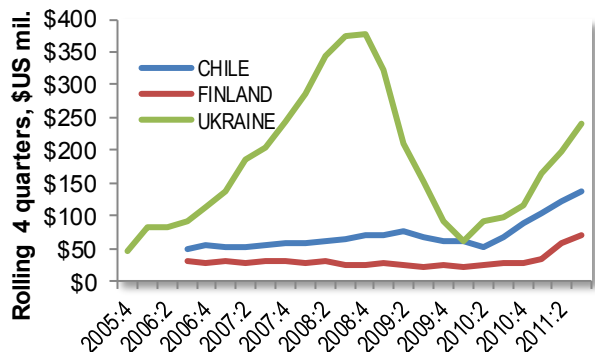
2012 Ag Equipment Business Outlook Results (change in units over previous year)		
Equipment Category	USA	
	2011	2012
2 Wheel Drive Tractors <40HP	1.4%	3.2%
2 Wheel Drive Tractors 100 HP+	2.7%	2.8%
2 Wheel Drive Tractors 40-100 HP	3.3%	3.9%
4 Wheel Drive Tractors (all sizes)	5.4%	0.2%
Air Seeders/Air Drills (all types)	1.7%	5.7%
Balers (Rectangular)	1.3%	6.1%
Balers (Round)	2.1%	7.3%
Box Scrapers	5.4%	18.9%
Chisel Plows (deep tillage, chisel, plow)	8.3%	3.4%
Combines (Self-Propelled)	-0.3%	-4.8%
Disk Harrows (all)	5.1%	2.5%
Farm Loaders (all sizes)	3.0%	3.1%
Field Cultivators (all)	9.7%	1.3%
Forage Harvestors (pull & self propelled)	8.3%	5.3%
Mower Conditioners	3.9%	3.1%
Planters (all)	7.8%	2.8%
Post Hole Diggers	1.5%	3.8%
Powertrains (excluding engines)	8.3%	6.7%
Rotary Cutters	9.6%	4.5%
Self-Propelled Sprayers	9.7%	6.6%
T tractor Backhoes	11.0%	5.3%
Windrowers & Swathers (pull & self propelled)	9.1%	3.0%

AEM U.S. Export Trends and Analysis

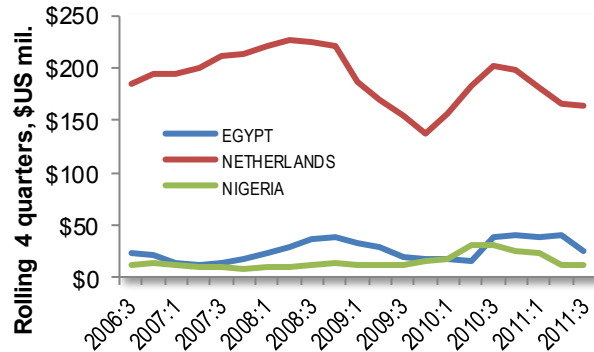
Data courtesy:



US Ag Equipment Exports - Growth



US Ag Equipment Exports - Decline



Ukraine Returns to High Imports

Chile, Finland and Ukraine continue to top the list of countries with solid growth in imports of U.S. equipment, although Finland and Ukraine have seen a significant drop in the last quarter. All three have seen the past four quarters more than double the previous four.

Kazakhstan, Nigeria, Poland see Largest Declines

Kazakhstan, Nigeria and Poland have seen the largest declines in US exports, with Nigeria declining 58+%, comparing the last four quarters with the previous four quarters, dropping from \$30 million to \$12.6 million

Overall, however, not many countries are showing a decline in trade.

Trade Data courtesy US Census Dept.

THE BELOW CHARTS ILLUSTRATE A ROLLING 4 QUARTERS VS. PREVIOUS 4 QUARTERS

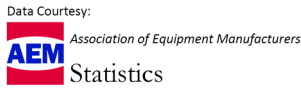
Top 10 Growth Countries - US Ag Equipment Exports			
Country	Last 4 Qtrs	Prev 4 Qtrs	% Change
FINLAND	\$ 70,210,470	\$ 29,048,059	141.7%
UKRAINE	\$ 239,824,355	\$ 99,354,100	141.4%
CHILE	\$ 137,585,882	\$ 66,689,325	106.3%
BRAZIL	\$ 503,341,508	\$ 277,527,628	81.4%
CZECH REPUBLIC	\$ 50,481,594	\$ 30,090,716	67.8%
SOUTH AFRICA	\$ 179,156,861	\$ 117,352,436	52.7%
ARGENTINA	\$ 202,092,174	\$ 133,269,990	51.6%
VENEZUELA	\$ 172,041,600	\$ 118,127,751	45.6%
RUSSIA	\$ 196,341,150	\$ 136,013,831	44.4%
ECUADOR	\$ 42,281,606	\$ 30,696,532	37.7%
Global Total	\$ 10,410,643,030	\$ 8,616,870,929	20.8%

Bottom 10 Growth Countries - US Ag Equipment Exports			
Country	Last 4 Qtrs	Prev 4 Qtrs	% Change
NIGERIA	\$ 12,506,679	\$ 30,262,317	-58.7%
EGYPT	\$ 25,488,040	\$ 37,984,757	-32.9%
NETHERLANDS	\$ 163,496,946	\$ 201,518,886	-18.9%
POLAND	\$ 62,909,640	\$ 73,542,819	-14.5%
JAPAN	\$ 108,289,298	\$ 115,211,297	-6.0%
ITALY	\$ 94,222,244	\$ 96,920,483	-2.8%
KAZAKHSTAN	\$ 30,382,366	\$ 30,660,795	-0.9%
URUGUAY	\$ 48,338,557	\$ 48,532,591	-0.4%
UNITED KINGDOM	\$ 254,658,663	\$ 244,843,663	4.0%
FRANCE	\$ 300,751,162	\$ 285,519,665	5.3%
Global Total	\$ 10,410,643,030	\$ 8,616,870,929	20.8%

Top 10 Countries - US Ag Equipment Imports			
Country	Last 4 Qtrs	Prev 4 Qtrs	% Change
JAPAN	\$ 1,289,704,960	\$ 1,051,626,380	22.6%
CANADA	\$ 1,101,302,493	\$ 1,010,957,002	8.9%
CHINA	\$ 1,093,266,784	\$ 906,485,829	20.6%
GERMANY	\$ 989,226,043	\$ 718,858,060	37.6%
MEXICO	\$ 830,428,694	\$ 765,642,352	8.5%
ITALY	\$ 463,427,414	\$ 349,320,110	32.7%
UNITED KINGDOM	\$ 332,726,347	\$ 292,907,541	13.6%
FRANCE	\$ 316,416,838	\$ 163,609,327	93.4%
INDIA	\$ 293,950,005	\$ 297,089,097	-1.1%
BRAZIL	\$ 234,870,201	\$ 181,632,287	29.3%
Global Total	\$ 8,109,619,934	\$ 6,642,153,453	22.1%

Top 10 Countries - US Ag Equipment Exports			
Country	Last 4 Qtrs	Prev 4 Qtrs	% Change
CANADA	\$ 3,283,587,420	\$ 3,079,240,318	6.6%
AUSTRALIA	\$ 911,900,316	\$ 674,197,311	35.3%
MEXICO	\$ 759,685,420	\$ 687,462,633	10.5%
BRAZIL	\$ 503,341,508	\$ 277,527,628	81.4%
GERMANY	\$ 430,594,161	\$ 353,473,896	21.8%
CHINA	\$ 318,828,765	\$ 298,171,927	6.9%
FRANCE	\$ 300,751,162	\$ 285,519,665	5.3%
UNITED KINGDOM	\$ 254,658,663	\$ 244,843,663	4.0%
UKRAINE	\$ 239,824,355	\$ 99,354,100	141.4%
ARGENTINA	\$ 202,092,174	\$ 133,269,990	51.6%
Global Total	\$ 10,410,643,030	\$ 8,616,870,929	20.8%

Ag Flash Equipment Sales Data

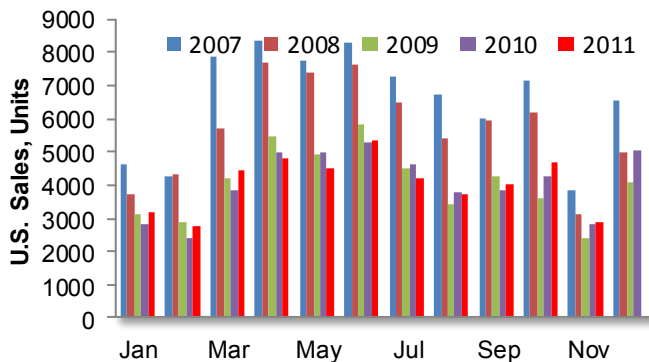


U.S. Unit Retail Sales

	November			YTD - November			Beginning Inventory November 2011
	2011	2010	% Chg.	2011	2010	% Chg.	
	2WD Farm Tractors						
< 40 HP	4,249	4,244	0.1	78,188	78,094	0.1	48,609
40 < 100 HP	2,869	2,802	2.4	44,547	43,352	2.8	23,096
100+ HP	1,956	1,685	16.1	24,161	24,029	0.5	6,982
Total 2WD Farm Tractor	9,074	8,731	3.9	146,896	145,475	1.0	78,687
4WD Farm Tractors	380	316	20.3	5,456	5,158	5.8	1,072
Total Farm Tractors	9,454	9,047	4.5	152,352	150,633	1.1	79,759
Self-Prop Combines	532	545	-2.4	8,973	9,351	-4.0	1,203

AEM Ag Flash Sales Trends and Analysis

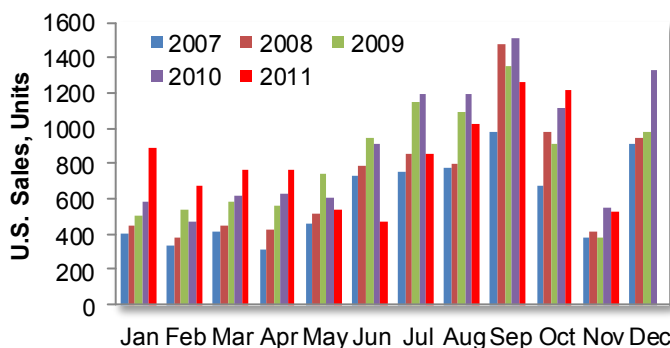
2WD Farm Tractors 40 < 100 HP



Mid-size Tractors see small bump

Tractors between 40 and 100 HP have enjoyed a modest increase of 2.4% over last November, and 2.8% year to date. Most of the increased sales came early in the first three months of the year and again in October and November. In general sales of these tractors has not yet returned to 2008 levels.

Self-Prop. Combines All Sizes

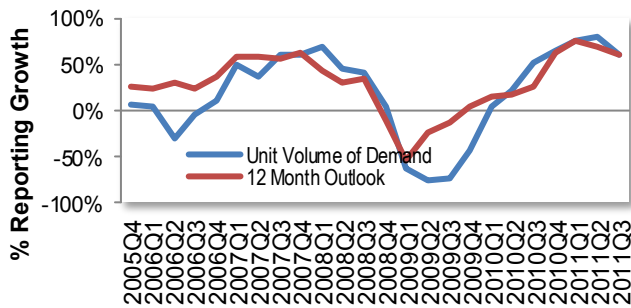


Combine sales decline

While self-propelled combine sales were strong the first four months of the year, from May through September they were down significantly from last year, and down 4% overall year to date. While October was positive, November saw a return to the trend set in the prior months.

Surveys & Economy

AEM Industry Conditions Survey Results



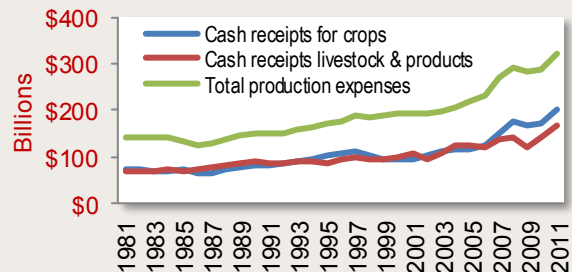
Demand Still in Strong Growth Territory

Demand for ag equipment continued to increase during Q3, although the pace subsided compared to the first half of the year. For whole goods, two thirds said demand was up compared to 2010 while less than 7% said demand was down, yielding a net rising index reading of +60.0. That is down from a record +79.3 in Q2 and +74.1 in Q1. For components/ attachments, almost 57% said demand was up while just under 7% said demand was down, for a net rising index of +50.0.

Net Farm and Net Cash Income Rising

The USDA is forecasting a rise of 16% in cash receipts from sales of farm commodities. Crop sales are expected to exceed \$200 billion for the first time in U.S. history, with record or near-record levels across different crop categories. Livestock sales are predicted to rise almost 17%, with double-digit increases across most categories, especially red meats. The USDA's estimate of the increase in total expenses for 2011 went from \$32.5 billion in August to \$34.4 billion in November, at a record \$320 billion.

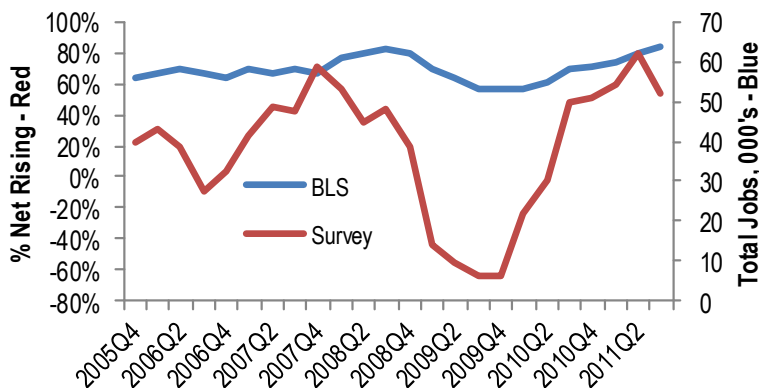
Cash Receipts vs. Total Production Expenses



Farm Income data courtesy USDA

BLS Employment and AEM Survey Data Show Continued Increase In Employment

BLS Employment, Farm Machinery and Equipment vs. AEM Survey



Part of AEM's quarterly industry conditions survey asks members whether employment at the member company is increasing, decreasing, or staying the same. The percentage of those saying 'falling' is subtracted from those saying 'rising', and the result is the net rising index, shown as the red line on the graph at left.

The Bureau of Labor Statistics produces the total number employed in farm machinery manufacturing, which is represented by the blue line.

As you can see, the data matches up pretty well. The red line crosses zero in first quarter of 2009, which is two quarters after the Q3 2008 peak of 63,000 employees, but clearly the member response had begun moving out of growth mode much earlier. Likewise, membership indicated employment growth starting 3Q 2010, one quarter after the BLS data showed an increase. Currently BLS shows employment at 62,000 employees.

Global Monitor

Wheat Production-Thousands of Metric Tons						
	2008	2009	2010	2011	2012	2013
TOTAL	672,189	668,602	633,400	663,107	672,017	680,346
North America	100,627	91,514	87,170	91,404	89,729	88,647
Latin America	20,017	21,035	23,371	22,999	23,550	23,991
Western Europe	151,122	138,051	136,706	140,218	142,529	144,342
Eastern Europe	115,453	113,839	81,341	103,156	107,667	111,224
Middle East & Africa	50,665	61,706	59,838	61,590	63,441	65,130
Asia-Pacific	234,305	242,457	244,974	243,741	245,101	247,012

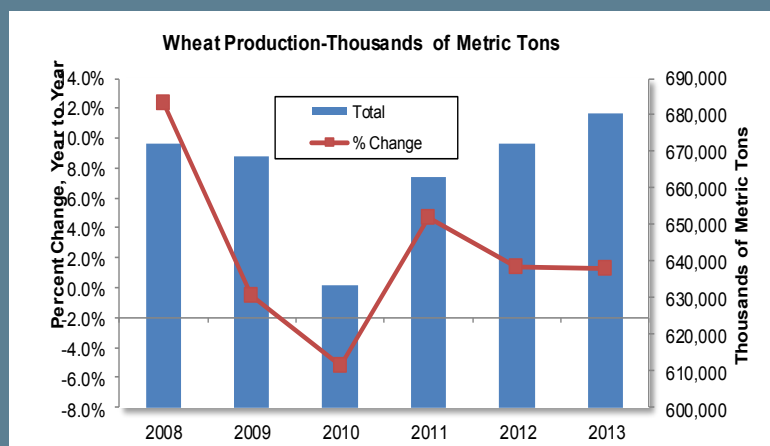
Wheat Production-Year over Year Change						
	2008	2009	2010	2011	2012	2013
TOTAL	12.4%	-0.5%	-5.3%	4.7%	1.3%	1.2%
North America	26.6%	-9.1%	-4.7%	4.9%	-1.8%	-1.2%
Latin America	-21.3%	5.1%	11.1%	-1.6%	2.4%	1.9%
Western Europe	25.8%	-8.6%	-1.0%	2.6%	1.6%	1.3%
Eastern Europe	24.9%	-1.4%	-28.5%	26.8%	4.4%	3.3%
Middle East & Africa	-12.3%	21.8%	-3.0%	2.9%	3.0%	2.7%
Asia-Pacific	5.1%	3.5%	1.0%	-0.5%	0.6%	0.8%

NORTH AMERICA — Commodities Growth Rates						
Percent Change, Year-on-Year						
Item	2008	2009	2010	2011	2012	2013
Corn Production	-6.7%	6.0%	-2.8%	10.9%	3.6%	2.5%
Wheat Production	26.6%	-9.1%	-4.7%	4.9%	-1.8%	-1.2%
Soybean Production	11.4%	12.8%	0.0%	1.1%	2.4%	1.8%
Cotton Production	-33.3%	-4.9%	50.3%	9.3%	-2.1%	-6.6%
Livestock Production	2.8%	-2.4%	1.5%	0.0%	0.1%	1.0%
US Ethanol Production (millions gallons)	43.6%	58.1%	4.4%	33.7%	5.4%	3.2%
US Ethanol Price (\$/gallon)	3.6%	-22.1%	-2.8%	15.8%	-4.9%	-2.2%
US Biofuels Price (\$/gallon)	-27.3%	-0.2%	44.4%	-3.1%	0.7%	-0.1%

From AEM's Global Monitor

The data on this page was compiled from the AEM Global Monitor, Powered by Global Insight found on the AEM website under "[Market Intelligence](#)" - open to members only.

The Global monitor provides market intelligence on all global regions where AEM member companies conduct business.



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power management company, focusing on energy efficient solutions in hydraulics, electrical and mechanical power. We were ranked among the Top 100 Global Innovators by Thompson Reuters for products like our LifeSense™ Hose introduced at ConExpo/IFPE this year. The LifeSense Hose actually detects when a hose is nearing the end of its useful life and sends an alert to the user so that the assembly can be replaced, preventing downtime.

Eaton has been an Associate Member at AEM for 58 years. You serve on the Ag Board, sponsor our Ag Executive Forum, exhibit each year at AG CONNECT and your staff

serve on various committees. Could you comment on your continued strong engagement?

AEM allows Eaton to contribute as a trusted industry advisor while benefitting from the collective knowledge of other members. AEM also offers pertinent industry data and organizes great industry exhibitions like AG CONNECT which are a big part of our marketing strategy and are excellent market intelligence gathering opportunities. We enjoy the exposure at the Ag Executive Forum, a great event to learn about market needs and to talk directly with industry leaders. It's important to us to be part of industry technical and

safety standards developments and advocacy. And my involvement with AEM personally allows me to develop deeper working relationships with others who share a common aspiration to further the success of the industries we serve.

At work, Schick lives his credo: Serve the customer, do it profitably and teach others to do the same. At home, most of his spare time is devoted to watching his two girls' (16 and 13) and two boys' (9 and 8) sporting events together with his wife of 19 years. Jeff also occasionally coaches their teams and teaches their Sunday school classes and still finds time to do some fishing.



REGISTER NOW!

www.aem.org/Education/Conferences/AgExecutiveForum/

- Global Economics/Ag Outlook - *Jim Wiesemeyer, Informa*
- Will Legislation Drive us out of Business? - *Panel*
- Emerging Markets - *Peter Viehan, Stratfor Global*
- Pivotal Ag Challenges in the Next Five Years - *Panel*

Jan. 31 & Feb. 1, 2012 ~ Hilton Hotel, Chicago
Collocated with Farm Journal's Top Producer Seminar

Sales Opportunities: Southern Africa

The global market for agricultural equipment is projected to exceed \$100 billion by 2017 with developing economies such as those in Southern Africa and the Asia-Pacific offsetting sluggish progress in the U.S. and EU. Rising standards of living and increasing disposable incomes are expected to boost the demand for ag products. Therefore in September 2010, the USAID Southern Africa Trade Hub (SATH) began delivering targeted technical assistance to Southern African and American agricultural trade associations advancing productivity by increasing the trade of equipment into Southern Africa, especially Zambia, Mozambique, Malawi, and South Africa. This has become a significant part of a four-year project involving regional and international experts based in Gaborone, Botswana; Johannesburg,

South Africa; and Washington, DC.

Beyond SATH's unmatched market trend information and market intelligence on Southern Africa and country-level framework assessments, SATH can assist American equipment manufacturers in developing custom approaches to doing business in Southern Africa using grant funding, technical consultants, and/or activities funding. Its emphasis on partnerships with U.S. companies, trade associations, and financial intermediaries has boosted the sale of American agricultural equipment in Southern Africa.

SATH is pursuing a number of projects, including a study cataloging ownership, structure size, condition, type of storage, and management capabilities of grain storage facilities in the region, which can be shared with AEM members in January 2012.

This study will identify investment and trade opportunities, develop training programs in grain storage and post-harvest handling, and proffer a database of local agents and service providers to guide American agricultural equipment companies in the region.

Equipment companies hoping to expand distribution channels or penetrate Southern Africa markets can receive expert advice and guidance on finding the most suitable local partner and on international trade shows including NAMPO Harvest Day, Southern Africa's largest ag trade show. SATH can support an agricultural equipment trade mission. We welcome the opportunity to assist ag equipment manufacturers in expanding into Southern Africa. For more information, please check out www.satradehub.org or contact Daniel Wolf | dwolf@satradehub.org.

Standards Updates

The American Society of Agricultural and Biological Engineers (ASABE) has initiated projects to nationally adopt the below international standards on agricultural equipment safety.

ISO 3776-1:2006, Tractors and machinery for agriculture - Seat belts - Part 1: Anchorage location requirements.

ISO 3776-3:2009, Tractors and machinery for agriculture-Seat belts-Part 3: Requirements for assemblies.

ISO 4252:2007, Agricultural tractors—Operator's workplace, access and exit—Dimensions.

ISO 4254-6:2009, Agricultural machinery—Safety-Part 6: Sprayers and liquid fertilizer distributors.

ISO 4254-11:2010, Agricultural machinery—Safety-Part 11: Pick-up balers.

ISO 26322-1:2008, Tractors for agriculture and forestry—Safety—Part 1: Standard tractors.

ISO 26322-2:2010, Tractors for agriculture and forestry-Safety-Part 2: Narrow-track and small tractors.

The adoptions, if approved, will increase the visibility and use of the standards and benefit international trade. They will also further harmonize national and international standards, a goal that facilitates manufacturing, safety advancements and product marketing worldwide.

ASABE has revised:

-one of its five recently completed ISO adoptions pertaining to PTOs on agricultural tractors, ANSI/ASABE AD500-1:2004 W/Cor. 1 OCT2011, Agricultural tractor – Rear-mounted power take-off types 1, 2 and 3 – Part 1: General specifications, safety requirements, dimensions for master shield and clearance zone. The revision corrected an error in the Forward section of the standard.

-the material and safety references cited in its standard for destructive testing of rotary mower blades. The revised standard, ANSI/ASAE S483.2, Rotary Mower Blade Ductility Test, corrects outdated references.

For ASABE standards information, contact Scott Cedarquist at cedarq@asabe.org. A listing of ASABE standards projects is located at <http://www.asabe.org/media/52623/projects.pdf>



2011 - A year of Listening, Leading, Advocating

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for electronics between tractors and smart implements. AEM is an active participant and one of the founding associations of the **Agricultural Industry Electronics Foundation (AEF)**. This year AEF held two "Plug fests", one in Europe and one in Nebraska. Both were very successful with participants traveling from around the globe to have an opportunity to test the compatibility of their equipment with other industry leaders' products. AEF's launch of the **Service and Diagnostics Database** was their #1 achievement of 2011.

It's the economy!!! Everyone's talking about jobs, or the lack of them. We intensified our **I Make America** campaign to generate more noise about the importance of manufacturing to job creation and U.S. economic growth. The campaign has pushed for meaningful long-term infrastructure investment and export-friendly policies, including free trade agreements. Many AEM members proactively got in the game, promoting I Make America as a positive grassroots effort promoting the needs of the industries we serve.

The Farm Bill will take a leading role in the focus of the I Make America campaign in 2012.

This year, 19 companies took advantage of the **U.S. Pavilion at Agritechnica** in Hannover, Germany. The pavilion provided a turnkey opportunity for companies to explore growing their distribution outside the confines of the United States and to display at the largest agricultural trade show in the world, organized by AG CONNECT Expo partner DLG. Look for additional details in the newsletter about this successful pavilion.

Did I mention that **AEM added 91 new members** this year and 46% or 400+ members participate in Ag? We initiated **Regional Orientation Sessions** in 2011 to help members maximize the value of their membership. We held the sessions together with council and committee meetings in Bloomingdale, Illinois and San Antonio, Texas. Each company received a personalized report of the programs and services - especially the new market intelligence reports, survey information, and market trend

information - that might be a good fit for their specific needs to help with management of their business. More sessions will be held in 2012.

This is only a brief sample of the activities undertaken on behalf of our members in 2011. So if you think AEM is just about networking and supporting a few companies, don't be surprised to find that we work hard to support all of our members regardless of size, and to provide quality services to all. In today's fast-paced world and the current economy, people expect a great deal more from their own companies, the people they employ, their suppliers and certainly their associations. Our **Member Survey** conducted in 2011 is just one tool we'll use to continue to improve upon our offerings. We are always re-evaluating and evolving to ensure we remain relevant and serve the needs of our membership today and in upcoming years.

I wish you a Happy Holiday Season and a Prosperous 2012~

Charlie O'Brien, AEM VP Agricultural Services



REACH and Other Challenges Ahead

REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances,) European Regulation (EC) N° 1907/2006, is a regulation which requires the registration and eventual elimination of hazardous chemicals from products in the EU and has been progressively phased in since 2008. **Failure to comply with this regulation could result in an organization being banned from marketing their products in the EU.**

Additional hazardous materials regulations are being developed around the world, including Conflict Mineral regulations, passed into law

as section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010.

Full compliance with these regulations will be extremely complex and costly. Twelve industry experts representing Ag, Construction, Heavy-duty Trucks, and Aviation met December 1 to explore multi-sector/multi-industry methods to efficiently comply with this growing list of regulations. Discussions included the need for training, overall industry awareness, common compliance tools, the development of tools and methods enabling suppliers to report the content of their products with a minimal number of errors and

duplicate entries and the need for a set of scalable tools that can be expanded to accommodate other materials used as product components or consumables in the production process. The goal of accuracy and efficiency in compliance was an agreed upon theme along with the general lack of awareness for many North American manufacturers.

This meeting was very successful and will be followed up with additional meetings. Industry experts are welcome. For more information, go to <http://www.aem.org/SRT/Regulatory/REACH/> or contact Michael Pankonin 414-298-4128 | mpankonin@aem.org.

Canadian Import Disruption Avoided

AEM and the Grain Growers of Canada (GGC) have been working collaboratively with the Canadian government to avoid a disruption of access to new combines and tractors. Both groups are pleased that newly-approved temporary import standards for "Tier 4 flexibility" diesel engines will accomplish this.

The approval by the Cabinet of

the new temporary standards will fill a gap resulting from regulations that expired on November 29, 2011. This prevented a situation which would have disrupted the importation of combines and tractors into Canada during a critical time of year for equipment delivery.

The temporary standards are part of the "Regulations amending the off-

road compression-ignition engine regulations" which govern exhaust emissions created by the diesel engines used to power tractors and combines, as well as other off-road construction and forestry equipment. Environment Canada has been working with industry stakeholders to ensure that regulations are consistent with those of the U.S. EPA.



AEF Receives Special Award

This year's Agritechnica proved it again: new developments in electronics and sensor technology today largely determine the degree of innovation of agricultural machinery and systems. Within this context the Agricultural Industry Electronics Foundation (AEF) has received the "Machine Of The Year – Category Special Award". This award is presented by the Ag tech editorial committee of an important German agricultural publishing house at each Agritechnica show. AEF was honored for its extraordinary contribution towards the enhanced use of electronics in the farming sector.

Neue Landwirtschaft editor Jörg

Möbius headlined his awards presentation "grassroots democratic standardization work". He pointed out that the proposition of awarding the AEF had found the immediate consent of all technical editors of the dlV Deutscher Landwirtschaftsverlag. "Governmental... bodies are not able to cast the rapid progress in electronics to standards", he said. "Therefore the initiative of the industry to take the further development of the ISO 11783 standard into its own hands and then make aligned propositions to ISO represents dramatic progress."

Carsten Hühne, AEF spokesman Europe, emphasized that the industry now starts speaking to their

customers with one voice as far as electronics is concerned. Never before has there been such an exact match of interests, even between strong competitors, he said.

The AEF ISOBUS Database (www.aef-isobus-database.org) the first and only tool for ascertaining compatibilities of Tractors/ ISOBUS Universal Terminals and implements, was launched at the show. A new promo piece explaining ISOBUS functionalities and other important facts helps non-ISOBUS-experts understand the standard. A new ISO-BUS conformance test tool for use by manufacturers helps them develop ISOBUS compatible products.

AG CONNECT 2013 EXHIBIT SPACE IS GOING FAST!



With early sales at almost 85% of the 2011 show footprint, Bartle Hall is expected to sell out.

International exhibitors checked out the Floor Plan at a DLG –hosted event at Agritechnica (*photo left*).

More than 50 exhibitors attended an Exhibitor Meeting to pick their space, tour the KC venue, learn about the available Free Pre-Show Marketing Tools and about the groups holding their Annual Meetings at the show.

SIGN UP NOW - www.agconnect.com/exhibitors/

WELCOME NEW AEM AG MEMBERS!

(THIRD QUARTER 2011)

AmFor Electronics
Baldwin Filters
Goldman Equipment L.L.C.
Olympic Steel
Scania
SETCO Automotive (NA), Inc
SPAL AUTOMOTIVE

Superior Gearbox Company
Thermal Dynamics Corporation
Thunder Creek Equipment
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