Among the most significant obstacles farmers will face within the coming decades is sustainable food production. Largely due to the notable effects of climate change and population growth hindering food production, the agriculture industry is faced with challenges similar in scope to landing on the moon for the first time or traversing unknown seas.

AEM recognizes the importance of sustainable food production and its role in securing a bright future for ag. That’s why we took a leading role in organizing two days’ worth of demonstrations in June to help better inform and engage with sustainable agriculture stakeholders.

The work conducted by AEM, its members and other partner organizations is all part of what the industry does to equip farmers with what they need to increase production while shrinking their overall environmental footprint. In addition, the collective efforts serve to provide policymakers with a well-rounded understanding of the capabilities of modern equipment and technology.

Starting on Thursday, June 6, at Bunker Hills Farms in Newburg, Maryland, AEM joined with several of its member companies, including John Deere Company, Case IH Agriculture and Farm Equipment, AGCO and Great Plains Manufacturing, to participate in the inaugural Honor the Harvest Forum. Hosted by the Aspen Institute, in partnership with the U.S. Farmers & Ranchers Alliance (USFRA), the forum brought together the entire food value chain to discuss opportunities for system-wide collaboration and shed light on how technology is poised to impact modern agriculture.

The event was attended by farmers, ranchers, input suppliers, packagers, retailers, brands, funders, innovators, government officials, NGOs, and other experts in environmental, social and economic sustainability. Among the notable AEM leaders to participate were AEM Ag Sector Board Chair Jerry Johnson, president of the Farm Ranch & Ag Division (FRAG) of Blount International, Inc., and Darryl Matthews, senior vice president and sector head responsible for Trimble’s Agriculture, Forestry, Positioning Services and HarvestMark Divisions.
Taking the Lead in Advocating for Sustainable Ag

One day later – and again at Bunker Hills Farms – AEM hosted its fifth-annual Demo Day, partnering with member companies John Deere Company, Case IH Agriculture and Farm Equipment, AGCO and Great Plains Manufacturing, as well as leading agriculture associations American Soybean Association, American Seed Trade Association, National Agricultural Aviation Association, the Fertilizer Institute, and the National Corn Growers Association.

This year’s Demo Day featured in-field and aerial demonstrations of modern conservation tillage, precision planting, spraying and harvesting equipment, as well as drones and the latest in seed and fertilizer innovations that play a critical role in agriculture’s long and accomplished history.

The Demo Day was attended by policymakers and other governmental agency representatives from the United States Department of Agriculture (USDA), the United States Environmental Protection Agency (EPA), Occupational Health and Safety Administration (OSHA) and policy staff from the House Committee on Agriculture and the U.S. Senate Committee on Agriculture, Nutrition and Forestry.

AEM will continue as a unifying force for issues important to the future of agriculture.

The Honor the Harvest Forum and Demo Day event serve as examples of just how proud the agriculture equipment manufacturing sector is to share the useful capabilities of modern agriculture equipment technology. They also underscore the idea that the more AEM opens its doors to policymakers and governmental agencies, the more they will see how much modern agricultural equipment and technology already helps with sustainability.

AEM remains committed to using its strong voice to not only advocate on behalf of our members, but also the ag equipment manufacturing industry as a whole. And, under the guidance of our member company representatives on the AEM Board of Directors, we will continue to exercise our leadership role in the industry and act as a unifying force on issues important to the future of agriculture.

Curt Blades
AEM Senior Vice President, AG Services

Learn About Specialty Crop Mechanization at Spain’s Agrievolution Summit

Connect with top leaders in the world of agriculture and gain valuable insights and information regarding the future of the ag equipment industry at the upcoming Agrievolution Summit.

Impactful. Insightful. Interactive. The Agrievolution Summit, slated for Oct. 1-2, 2019 in Madrid, Spain, offers two full days focused on specialty crop mechanization and building your workforce. Featuring thought-provoking educational sessions, impactful demonstrations and numerous networking opportunities, this is one event that’s not to be missed.

The schedule for the 2019 summit is as follows:

**Tuesday, Oct. 1 – Ministry of Agriculture, Madrid**
- All day conference featuring expert industry speakers
- Networking luncheon and coffee breaks
- Gala dinner

**Wednesday, Oct. 2 – Specialty Crop Demo Day, Valencia**
- All day field and demo day
- Local cuisine luncheon
- Round trip speed train to Valencia and shuttle bus between train and fields

Summits are hosted by Agrievolution Alliance members around the world, bringing together ag equipment manufacturing executives, progressive farmers, NGOs, government officials and other stakeholders to gain regional insights from local executives and academics as well as a global perspective from industry experts brought in by the Alliance members from around the world.

Earlybird registration is open through July 31. For the agenda, more information and registration, check out [www.agrievolution.com](http://www.agrievolution.com) or contact [agrievolutionalliance@aem.org](mailto:agrievolutionalliance@aem.org).

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Case Study in Regulatory Advocacy: What Can AEM Do for You?

At the 2016 Spring AEM Board meetings, we pledged to step up for our milking machine manufacturing members after learning no one in our nation’s capital was addressing a core issue affecting their sector. Namely, the Food and Drug Administration (FDA) didn’t have the right regulations in place to govern modern realities of robotic milking, i.e. Automated Milking Installations (AMI).

The limited number of companies involved meant national attention was unlikely. If AEM couldn’t fill this void, then who could?

Our response was simple and swift: We could help.

And we did.

AEM’s Ag Services, Tech and Safety and Advocacy departments came together and executed a multi-pronged strategy. This included establishment of the Dairy Equipment Leadership Group and Dairy Equipment Engineering Committee to provide necessary member buy-in and guidance while we interacted with the FDA for the first time.

Word got out about AEM’s commitment to help AMI manufacturers, attracting two long-term membership targets to join the joint industry campaign.

AEM can provide additional value to its members by taking the lead in areas ripe for us to leverage our unique expertise.

Make no mistake about it, there was a learning curve. Our first crack at making changes to the Pasteurized Milk Ordinance (PMO), which provides the regulatory framework for milking equipment, at the biennial April 2017 National Conference on Interstate Milk Shipments (NCIMS), was unsuccessful. However, we learned from the experience and applied that knowledge moving forward.

Member company engagement was ultimately the key factor in our first breakthrough.

In August of 2017, under the AEM umbrella, executives and technical experts from the leading AMI manufacturers traveled to Washington, D.C. for a series of meetings with the U.S. Food and Drug Administration, U.D. Department of Agriculture and the National Milk Producers Federation. These visits were directly responsible for two critical developments:

1. That October FDA released regulatory guidance to milk inspectors that gave dairy farmers using AMIs relief while we worked together to update the PMO.

2. An AMI subcommittee within the NCIMS was established to bring together manufacturers, FDA, food processors and state regulators to develop consensus amendments to the PMO.

The fruits of this labor were seen in April when the 2019 NCIMS adopted, with FDAs enthusiastic support, changes to the PMO that will properly oversee AMIs for the first time.

AEM’s work in this area isn’t finished, but tangible benefits have been achieved for our member companies.

Furthermore, the exercise serves as an excellent example of what AEM can do for its members.

Many issues in Washington, D.C. involve large coalitions. However, AEM can provide additional value to its members by taking the lead in areas ripe for us to leverage our unique expertise.

We just need you to bring them to our attention.

After all, if AEM can’t do it…who will?

Nick Tindall, AEM Senior Director of Regulatory Affairs and Ag Policy

Industry Insights for the Ag Executive
Influencing Public Perceptions of Agriculture

What does it mean to honor the harvest in the 21st century? This is the question that Erin Fitzgerald, CEO of United States Farmers & Ranchers Alliance (USFRA), set out to answer in her presentation to AEM’s Ag Sector Board earlier this year.

Fitzgerald discussed public perceptions of agriculture and why industry allies need to join forces to speak with a unified voice.

The two most prominent obstacles that farmers will face within the next 30 years, Fitzgerald claims, is amount of food production and sustainability. With the effects of climate change and population growth hindering food production, farmers are faced with significant – but not insurmountable – challenges.

Food Production

With the issues mentioned above playing a large role in today’s harvest, Fitzgerald said that people must seek out innovative answers. Farmers worldwide must provide the amount of food that’s been produced in the last 8,000 years in the next 40 years. It is a task that has been described by 193 world leaders as the greatest challenge of our time.

To compare the farming industry with something that most people can understand, Fitzgerald broke it down into restaurant terms. In the United States, there have been 1 million restaurant operators and 3,180,074 farmers. Restaurant operators have an exact formula and an exact way to do things to go about their business. The formula does not vary. Conversely, the complexity of farmers and their operations is hyper-specific.

Whether it is the 10,000 different soil types, different weather patterns, or any other inconsistent factor in the farming industry, farmers have to deal with and manage a wildly complex operation. This concept further attests to the fact that farmers have a monumental challenge in front of them, and they cannot be allowed to face it alone.

Sustainability

Of all the land in the United States, 48 percent of it is in the hands of farmers and ranchers. While climate change and sustainability are issues that affect the entire world, people look to farmers and ranchers for a solution. Fitzgerald suggested that farmers are perhaps the change-makers that everybody has been looking for, saying, “You can’t have a sustainable development goal if it doesn’t start with stewardship.”

Additionally, Fitzgerald said, farmers need to own sustainability and teach the rest of the world what it means. While it is up to the general population to help, farmers must take initiative and enact innovative solutions today to provide for a better and healthier planet tomorrow. This must be achieved by aligning the goals with the 5 P’s of sustainability: People, Planet, Prosperity, Peace and Partnership.

U.S. Farmers & Ranchers Alliance 2.0

In order to address the current issues facing farmers and ranchers, several prominent leaders in the industry came together and formed the U.S. Farmers & Ranchers Alliance 2.0. The alliance is founded on the idea that every acre, farmer and voice matters. By doing this, the industry will be better positioned to face the challenges together and use farmers and ranchers as the conduit “to bring the rest of the hive together.”

With this agricultural organization and its partners, Fitzgerald believes that the future is bright for our planet. Sustainability for a better tomorrow starts with farmers, but ends with the world. As Fitzgerald said in her closing remarks, “One voice can be as strong as 50.” Figuring out how to honor the harvest today is crucial so we can honor the harvest in 30 years.

The next meeting of AEM’s Ag Sector Board will be held Aug. 6-7 in Indianapolis. For more information about the Ag Sector Board, please contact Curt Blades cblades@aem.org.
It’s Time: 2019 AEM Annual Conference to Celebrate the Past and Explore the Future

It’s time.
History and technology are converging. New innovations are maturing, interacting and connecting, with the promise of a better tomorrow. And there’s no better place to learn about what it all means for the future of the equipment manufacturing industry than the 2019 AEM Annual Conference.

Slated for Nov. 18-20 at the JW Marriott in Marco Island, Florida, this year’s Annual Conference is an especially notable one for AEM, as it marks the association’s 125th anniversary by celebrating the past and exploring the future of connected technologies.

Registration for the 2019 AEM Annual Conference is open. In addition to providing a unique opportunity for networking with industry peers, attendees can expect to learn just how their business will be affected by the ever-changing and increasingly-digital future of the industry. More importantly, however, they will be equipped with the requisite knowledge to create value for themselves and their customers.

Attend this year’s Annual Conference and hear from:
• Samuel R. Allen, chairman and chief executive officer, Deere & Company
• Jim Umpleby, chief executive officer, Caterpillar Inc.
• Hubertus M. Mühlhäuser, chief executive officer, CNH Industrial N.V.

For More Information
To learn more about the 2019 AEM Annual Conference, visit www.aem.org/annual.

AEM, EDA and FEMA Team Up to Support Ag Teacher Scholarship Program

Inspiring the next generation to consider working toward a career in equipment manufacturing continues to be one of the greatest challenges for the manufacturing industry.

However, a joint industry initiative led AEM aims to change that fact by increasing the number of equipment-specific courses taught in high schools today, to help expand awareness of and enthusiasm for the equipment manufacturing industry.

With help from the Equipment Dealers Association (EDA) and Farm Equipment Manufacturers Association (FEMA), 36 educators from 12 states were awarded partial scholarships for certification in equipment courses starting this summer. The courses, offered through the Curriculum for Agricultural Science Education (C.A.S.E.), will qualify teachers to begin teaching the courses this coming fall with the potential of reaching more than 1,500 students in the 2019-2020 school year.

Last year, AEM and EDA awarded 32 scholarships to teachers across the country. Those teachers impacted more than 1,000 students. In a subsequent survey, 100 percent of teachers responding believe the course sparked interest in the equipment sector. An average of 10.9 students per school indicated an interest in pursuing a career in the equipment sector as a direct result of this course.

The teacher certification initiative is just one piece of AEM’s broader, comprehensive workforce development initiative crossing the agriculture equipment and construction industries.

To emphasize local workforce development, AEM, FEMA and EDA members located near the scholarship recipients have an opportunity to connect directly with the teachers and their students. Manufacturers and dealers are encouraged to bring the teachers and students to their facility for hands-on experiences beginning this fall. This supports long-term relationship building with the teachers and the students and develops a sustainable grassroots effort to increase the number of qualified service technicians and technologists entering the workforce.

Organizations wishing to contribute or match a teacher scholarship, which currently covers about half of the teacher’s total certification expenses, should contact AEM’s Brian Voss at bvoss@aem.org or 414-298-4108.
AEM Perspective

Are You Ready for Commodity Classic 2020?

We’re heading back to farmer-favorite San Antonio next February when the industry comes together for Commodity Classic 2020.

Commodity Classic is AEM’s ag show – it’s the one ag trade show that our members tell us time and again that they see the highest ROI because every attendee is a potential customer. Registered, verified, farmer attendees from across the country eliminate the need for filtering through the crowd, and badged lead retrieval makes follow-up a snap.

The show floor is almost completely sold out again this year. If you haven’t yet secured your booth space for Commodity Classic 2020, contact Kristi at 636-745-3008 or tradeshow@commodityclassic.com.

Education is one of the top reasons that farmers attend Commodity Classic—and keep coming back. Classic’s “What’s New” sessions put your new product in the spotlight at the show, giving you the mic to tell what’s new and exciting in your product line. Applications are due October 18. For full details, contact Abby Podkul at apodkul@soy.org or 314-517-5971.

Market Intelligence

Attention Members: Identify Which Indicators are Affecting Your Niche Markets

Need help in accurately identifying what leading indicators are impacting your market performance? AEM can help.

The association’s Market Intelligence Department is pleased to announce the availability of its AEM MI Leading Indicator Service. What’s more, prior to officially launching the service, AEM is excited to offer 50 free licenses – valued at $3,500 each – to beta test the program through Dec. 1, 2019.

“AEM is thrilled to be able to offer this new member benefit,” said AEM Director of Market Intelligence Benjamin Duyck. “The MI Leading Indicator Service helps members better understand events impacting their company through richer data inputs, increase their internal forecasting accuracy, benchmark their success metrics against the market, as well as enrich their marketing initiatives. Offered through AEM partner company ITR, a leading economic research firm, the MI Leading Indicator Service serves to benefit participating members by creating a clearer view of where their business fits within specific markets and the economy as a whole.

Those members interested in participating in the beta test should reach out to Duyck at bduyck@aem.org. For those who are unable to obtain a free license, the service will officially launch in Q1 of 2020.
In June 2019, all reported categories of 2WD and 4WD Farm Tractors, as well as Self-Propelled Combines were down compared to the same period in 2018. The largest declines could be found in the larger production ag machinery.

Year-to-date 2019, however, U.S. sales of farm tractor are up 4.3%. While small 2WD <40HP farm tractors are still coming in above their 5 year average and in line with sales during the same period in 2018, the larger 2WD 100+HP, 4WD farm tractors and self-propelled combines are underperforming 2018 and their 5 year average.
AEM and Agrievolution are happy to announce the launch of four new Ag Indexes available for free for AEM members for internal usage only. The new indexes track forage harvesters, balers, combines and tractors across 10 regions and 19 countries on a quarterly basis. The information is currently available in an easy-to-download Microsoft Excel format on the AEM website under the Agrievolution Industry Reports page of the Market Data segment. In Q1 2019, the worldwide aggregated index showed that all four product categories have experienced strong growth since mid-2016. The index for tractors, combines and foragers have all decreased from the previous quarter. The baler index grew slightly. Overall, we expect that these indexes have reached their local peak or are close to it. The Agrievolution Alliance is a global coalition of agriculture equipment manufacturing organizations whose mission is to advocate for global mechanization on behalf of its 6000+ collective member companies, from 15 worldwide organizations. Indices are published quarterly and business indicators twice annually.

### April 2019 Agrievolution Ag Barometer

After deterioration in autumn from high levels, the global business climate index for agricultural machinery seems to stabilize at a significantly lower, but still positive, range. According to the survey, there is globally still a majority of industry representatives expecting turnover increases within the next six months. However, further increases in growth rates appear unlikely.

In Europe, the order volume is at a very high level compared to previous years, while expectations for the coming order intake are now predominantly negative. In the U.S. and Brazil, on the other hand, survey participants report comparatively low order volumes, but expect mostly a rising order intake.

So, while the (still) mostly positive turnover expectations for the coming six months among the industry representatives in Europe are based on actual incoming orders from the past, the representatives in the USA and Brazil are apparently speculating on an increase in incoming orders in the future. On a global average, the business climate indicators are thus rated better than the agricultural environment. Above all, the profitability of agriculture is still predominantly evaluated negatively by representatives of all industry locations (with the exception of Russia).
**USDA: 2019 Farm Income Forecast**

According to the USDA, net farm income is forecast to increase $6.3 billion (10%) from 2018 levels to $69.4 billion in 2019. This follows a $12.0-billion (16%) decline forecast for 2018. Cash receipts for all commodities are forecast to increase $8.6 billion (2.3%) to $381.5 billion in 2019 in nominal terms. Total animal/animal product receipts are expected to increase $4.6 billion (2.6%) following expected increases in milk and cattle/calf receipts. Every resource region of the country is forecast to see farm business average net cash farm income increase by 5 percent or more. Farm business average net cash farm income is forecast to increase $6,400 (9.3 percent) to $75,000 in 2019. Although this is the first increase since 2014, it is also the third-lowest average income recorded since the series began in 2010. Every resource region of the country is forecast to see farm business average net cash farm income increase by 5 percent or more.

**US-China Trade: Is a Deal Really Likely?**

Since the trade ceasefire agreed between the U.S. and China in December 2018, both sides have held successive rounds of negotiations with coverage on these talks being largely positive. Analysts at Fitch Solutions believe that there are now upside risks that both countries will be able to agree to some type of deal over the coming months, but we remain less optimistic over the longer term. Both countries have an incentive to strike a deal, and the lengthy negotiations suggest that both sides are committed to one. However, they think that a wide gulf remains between what the US is demanding and what China can concede, and combined with questions over enforcement, they believe that longer-term risks remain.

- **American demand unlikely to be accepted:** China ending state support for state-owned enterprises; China rolling back ‘Made in China 2025’.

- **What could China concede:** Narrowing Beijing’s trade surplus with Washington, strengthening intellectual property risk protection.

Should a deal be struck, U.S. agricultural markets, especially grains (soybean, corn) and cotton, will see the most benefit, as they are most exposed to changes in Chinese import demand, while the U.S. energy market will also benefit to a degree. A deal could also result in a significant increase in U.S. meat exports to China, especially pork if the ongoing African Swine Fever outbreak continues.
Commercial Drones: Know the Risks and Rewards

Unmanned air systems (UAS) – otherwise known as drones – are everywhere these days, and for good reason.

Less expensive, more flexible and more easily scalable than employing aircrafts or operating cranes, drones have seen a meteoric rise in popularity in recent years and are now being used in a variety of recreational and commercial applications.

Whether they are being utilized for photography and videography, facility inspection and maintenance, security or marketing purposes, drones offer incredible functionality and are quite effective as a means for carrying sensor technology.

At AEM’s most recent Product Safety & Compliance Seminar, Jason Stanley, digital risk officer and assistant general counsel for data solutions at John Deere, outlined the benefits and risks of employing drone technology and shed light on some of the regulatory and operational considerations equipment manufacturers serving the agriculture and construction industries need to keep in mind, as well as how Deere has established and enforced a corporate policy for use of unmanned air systems.

A record-breaking 357 attendees gathered in Des Moines, Iowa this spring to share business strategies that focus on safety.

AEM’s Product Safety & Compliance Seminar delivers industry focused education on product design, standard and regulation compliance, and hazard communication processes, and spreads the message that product safety adds value.

“It’s a really good learning experience,” said Jim Waldron of AEM member company Skyjack Inc. “I just wish there were three of me so I could attend the three different education tracks.”

Several networking opportunities were available over the course of the three-day seminar, including a new event just for women in product safety. Dozens of women in all stages of their career came together to share experiences, build relationships and plan for future events. The industry assembled seminar fosters an environment of open communication and peer-to-peer learning about product safety challenges and innovations.

“The networking is fantastic, and is probably the thing I look forward to the most,” said Karen Hensley of AEM member company Argos Multilingual. “You really get a chance to meet different people from different companies and learn what their challenges are, what their solutions are and take them home and apply them.”

The seminar is developed by a planning committee of product safety professionals from AEM member companies. It is the only place for the industry to come together and share best practices among companies of all sizes. All attendees and presenters have one goal in mind: preparing today to protect the end-users of tomorrow.

Join Us Next Year
The 2020 Product Safety & Compliance and Product Liability seminars will be held April 27-30 in Itasca, Illinois.

For more information, contact Nathan Burton, AEM technical and safety services manager (nburton@aem.org, tel: 414-298-4126).

2019 Product Safety & Compliance Seminar a Record-Breaking Success

Leading-edge information and insights on equipment manufacturing industry standards, regulations and best practices were shared with a record-breaking number of AEM member company attendees at the 2019 Product Safety & Compliance. To watch a video recap of this year’s event, visit www.aem.org/news/video-product-safety-compliance-seminar-prepares-members-to-face-safety-challenges.