

Division of Marketing
Agricultural Development and Diversification (ADD) Program

1992 Grant Final Report

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ADD Grant Project Final ReportExport of Secondhand Agricultural Machinery Project

I. Summary of Original Proposal

Our original intent in applying for ADD Grant funds was to explore the possibilities for marketing Wisconsin's secondhand agricultural machinery in foreign markets. Our main focus was on the Eastern European region, where we hoped to capitalize on the changing political and agricultural environment; the advent of privatization in the former Eastern Bloc countries seemed to promise an opportunity for the sale of agricultural equipment of all types. The choice of secondhand machinery as an export commodity was partly due to the recognition that the recently de-collectivized farmers of Eastern Europe were in need of quality machinery at affordable prices. At the same time, we realized that the changing agricultural scene in Wisconsin had generated a large pool of serviceable used equipment which was largely sitting on the lots of agricultural machinery dealers. This large stock of secondhand machinery is a by product of the trade-in system which had benefitted both dealers and farmers. Unfortunately, due to the domestic unsaleability of the trade-in units, the trade-in system and ultimately the profitability of dealerships is in jeopardy. Our hope was that by finding a market for Wisconsin's used agricultural machinery we would strengthen farm equipment dealerships and the trade-in system; this would also benefit Wisconsin farmers by making the newest, up-to-date machinery more accessible.

II. Summary of Grant Projects Achievements.

Because of the nature of the this project, we did not anticipate any quick or easy results. The grant funds we received were sufficient to underwrite some of the groundwork needed to make a project of this type possible. Grant funds were used to conduct a couple exploratory missions to Eastern Europe during which several promising business connections were made; these connections will be essential to any future exporting success.

However, no overseas sales have yet been expedited by the Arnold's Implement, and we can make no claims to have materially benefitted the competitive position of Wisconsin agriculture at this point. We still believe that the secondhand exportation project can succeed, but it is taking a considerable amount of time to establish a reliable method of marketing used machinery in the Eastern European region.

If successful, the sale of Wisconsin's secondhand trade-in agricultural units abroad would help to create and maintain jobs in the agricultural industry and improve the competitive position of Wisconsin agri-business. Agricultural machinery dealerships are currently bogged down with a vast overstock of used equipment acquired as trade-ins. Opening an export market for these items would provide machinery dealerships with a much needed additional source of income, and would benefit farmers by increasing the value

of trade-in units. Given the precarious financial position of many dealerships, this project could save many jobs by providing the dealerships with a new source of income. By revitalizing the trade-in system, the project would also assist Wisconsin farmers in acquiring the newest, most advanced machinery appropriate to the needs of modern agricultural methods.

III. Educational Materials Developed with Grant Funds

ADD Grant funds were used to develop and distribute a catalog of used machinery available for export. A catalog has turned out to be essential as it alerts potential foreign customers to the wide-range of used agricultural units available to them. A picture is actually worth a thousand words in this case.

IV. Future Projections

As indicated in section II above, our outlook for the future of this project is very hopeful. There are many difficulties still to be overcome, but ADD Grant funds have aided us in taking some critical first steps. By funding exploratory missions to Eastern Europe and a catalog, the ADD Grant project has put the Arnold's Implement in a good position to make sales in the region and realize the potential benefits the project entails for Wisconsin agribusiness.

IV. Assessment of the Project

As the Arnold's Implement has not yet expedited a sale in Eastern Europe, we must conclude that our original hopes for the export of secondhand agricultural machinery project have not yet been realized. However, the project has been successful in establishing that there is a market for used agricultural equipment in Eastern Europe. Obviously, a new business opportunity such as this can take some time to develop, and we simply underestimated the time it would take between the beginning of the project and its eventual realization. The work that has been done in Eastern Europe and in the preparation of a catalog has been successful in advancing us toward the completion of the project and we hope to continue to make progress in that direction.