

AT A HIGH LEVEL



The John Deere Investment Project

A NEW 80-MILLION-DOLLAR HUB TO BE CONSTRUCTED IN KALUGA

On 1 April the RF Minister of Agriculture Alexey Gordeyev had a meeting with the Management of John Deere Corporation. Among those present at the meeting were the John Deere Corporation the Chairman of the Board of Directors, President and CEO Robert Lane, President of the John Deere Agricultural Division for Europe, Africa and South America Markwart von Pentz, Head of the John Deere Russian Branch Sidney Bardwell, Governor of Kaluga Region Anatoly Artamonov and Rosagroleasing CEO Elena Skrynnik.

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During the meeting, the President of the John Deere Corporation announced a major investment project to be realized in the Kaluga Region, starting in July 2008. According to Robert Lane, Deere & Company are planning to invest 80 million dollars in the construction of a production centre in the Kaluga Region. The Centre will also include a spare parts warehouse, a training centre and a finished products storage facility.

- "This project will be the largest foreign investment in the production of agricultural equipment in Russia", declared Robert Lane. The John Deere Production Centre is expected to open in 2010.

The Kaluga Region Governor pointed out that JD machinery enjoyed unrivalled popularity with the local farmers.

- "Our farmers are looking forward to the construction of this Centre", Anatoly Artamonov

concluded.

In addition, the Governor informed the participants of the plans the Regional Administration had for the opening of a major training centre in the Kaluga Region. The centre will focus on teaching machine operators from different Russian regions to operate foreign farm machinery. The John Deere President offered to supply the new Centre with the necessary training materials.

The Minister noted that once the Production Centre is commissioned, the construction of a combine factory would be the next logical step for the John Deere Corporation in Russia.

- "We are considering this possibility", announced Robert Lane.

On the whole, the RF Minister of Agriculture believes that imported and Russian farm machinery fill various niches in the Russian domestic market.

- "It's the same as with automobiles: there are premium-class vehicles for the most successful and economy cars for the middle class and all of these are in demand", said Alexey Gordeyev.

He also drew the participants' attention to the good relations that have been established between the RF Ministry of Agriculture and the John Deere Company. Alexey Gordeyev emphasized that Russia's Ministry of Agriculture and the John Deere Corporation had one more thing in common - they both were founded in the year 1837.

- "We appreciate our relationship and we are happy to be your partners, the more so because Russia's agricultural industry has a huge potential", noted the President of John Deere.

Source: the RF Ministry of Agriculture Press Service



Announcements

23 May: Opening of the Service Centre
Location: town of Bogoroditsk, Tula Region

Organized by: EkoNiva-Tekhnika
28-30 May: Agroprom-2008 Exhibition with participation of EkoNiva-Chernozemye
Location: Voronezh

Organized by: Voronezh Regional Department for Agricultural Policy, VETA Exhibition Centre

29 May: Kverneland Field Day.
Location: EkoNiva Chernozemye Service Centre in Zaluzhnoye, Liskinsky District, Voronezh Region

Organized by: EkoNiva Group, Kverneland

May: Hands-on training seminar on JCB machines
Location: Village of Zakharovo, Moscow Region

Organized by: EkoNiva-Tekhnika

16 June: Voronezh Field Day with participation of EkoNiva-Chernozemye
Location: Talovsky District, Voronezh Region

Organized by: Voronezh Regional Department for Agricultural Policy, Tsentr Exhibition Company

20-24 June: Russian Field Day-2008
Location: Borisovsky District, Belgorod Region

Organized by: RF Ministry of Agriculture, Belgorod Region Administration, GAO VVC JSC (All-Russian Exhibition Centre)

June: Presentation of new crop varieties for the Non-Black Soil Zone
Location: Zarechye JSC, Kirov

Organized by: EkoNiva-Vyatka, EkoNiva-Semena

June: Hands-on training seminar on the operation of JD grain combine-harvesters
Location: Village of Zakharovo, Moscow Region

Organized by: EkoNiva-Tekhnika

June: Field Day in Kursk Region: New Crop Varieties, Machines and Techniques
Location: Zashchitnoye, Shchigrovsky District, Kursk Region

Organized by: Kursk Region Administration, EkoNiva-Semena, Zashchitnoye

June: Hands-on training seminar on the operation of JCB front loaders
Location: Village of Zakharovo, Moscow Region

Organized by: EkoNiva-Tekhnika

June: Field Day: New Crop Varieties, Machines and Techniques
Location: Sibirskaya Niva, Paivino, Maslyaninsky District, Novosibirsk Region

Organized by: EkoNiva-Semena, Sibirskaya Niva

EVENTS

Last March was marked with a very important event in the life of Russian agrarians. The RF Minister of Agriculture Alexey Gordeyev and the President of Association of Farming Enterprises and Agricultural Cooperatives Vladimir Plotnikov signed an agreement on interaction and cooperation between the RF Ministry of Agriculture and the Association.

By Oksana PROTONINA



Green Light Given to the Development of Farming Enterprises

19th MOSCOW CONGRESS OF ASSOCIATION OF FARMING ENTERPRISES AND AGRICULTURAL COOPERATIVES



Today Russia counts 285 thousand farming enterprises and peasant holdings. They cultivate up to 20 million hectares of land. The farmers grow 16-18 million tons of grain. Their share in the national grain production has reached 20% and is annually increasing by 1-1.5%. Today, farmers account for 30% of the total yield of sunflower seeds and 10% of the total sugar beet production.

“For the first time in all the years of the reforms we have worked out an articulate and complex long-term policy to ensure support for the development of farming units and private households”, remarked Alexey Gordeyev.

The Minister emphasized the important political and strategic character of this agreement, which is explained by the fact that the Association is the only public organization in Russia to represent the interests of small agricultural businesses.

Today, within the framework of the National Programme, the Ministry is developing a departmental programme for the improvement of the production efficiency and stability of peasant-holdings and farming enterprises for the period of 2008-2012. The programme aims at improvements in the system of small businesses administration and support on the part of the State. The improvement of land

relations and land rotation is one of the main issues of this document.

Interestingly, the agreement was signed just before the opening of the Congress. The discussion of the draft Programme, which the Minister offered to the attention of the delegates, became the main item on the Congress Agenda.

The forum was attended by the representatives of 65 regions of Russia. It was opened by the RF Minister of Agriculture Alexey Gordeyev. In his opening address, the Minister touched upon the burning issues of the agricultural industry. The main point addressed was on the return of land relations to the jurisdiction of the Ministry of Agriculture. He also told the delegates about changes that would be introduced into the terms of land leasing. According to the Minister, under the new terms, the minimum lease term will be 25 years.

PARTNERSHIP

German Quality for Russian Milk

In March, *EkoNiva* became the official dealer of *WestfaliaSurge* – a leading German manufacturer of dairy farm equipment. Now *EkoNiva* will supply *WestfaliaSurge* milking equipment, coolers, and spare parts to the Russian market.



In the near future *EkoNiva* is planning to organize training workshops for service engineers that will be responsible for the operation of the new equipment. *WestfaliaSurge* equipment was first introduced in one of *EkoNiva*'s cattle-breeding complexes in the Voronezh Region one year ago and has already proved its efficiency. *WestfaliaSurge* equipment will be installed in the new cattle-breeding facilities that are now under construction in Kursk and Novosibirsk Regions.

STATISTICS

The RF Ministry of Agriculture forecasts for 2008 call for the production of 85 million tons of grain crops.

“This is 3 million ton increase from the previous year”, said the RF Minister of Agriculture Alexey Gordeyev. The Minister believes that Russia's grain export potential will remain at the 15 million ton level.


OVER THE OCEAN


EkoNiva is expanding its global presence. The company's plans for the near future include the opening of a subsidiary in the USA.

The implementation of this plan will make John Deere machines even closer and more available to Russian farmers.


PREMIER NEWS IN BRIEF

EkoNiva has launched the construction of a Farm Machinery Sales and Service Centre in Kaluga. The Centre will occupy a territory of five hectares and accommodate a farm machinery warehouse, repair shops equipped to meet the most advanced requirements, administration offices and a spacious demonstration area. The total area of the indoor facilities will come to 2,000 square meters. The company is planning to complete the construction by the end of 2009.

In April, representatives of *EkoNiva* Russian agricultural business partners visited the UK at the invitation of JCB within the framework of the project 'JCB in Agriculture – the World of Innovations' to get first-hand knowledge of agricultural loaders and tractor manufacturing.

By Natalia DELITSINA

JCB – a Road to the World of Innovations

Implementation of new technologies in manufacturing processes is one of JCB's key competitive advantages. Representatives of dealer delegations from Russia, Poland, Italy, France and other countries could see this for themselves. A trip to Eastern Staffordshire, where they visited a plant that produces loaders, and made another visit to a spare parts factory which made an especially lasting impression on the visitors. They could not hide their admiration for the computer-integrated manufacturing, which employed state-of-the-art

equipment for laser-beam metal cutting, stamping and welding, cutting-edge software-controlled metalworking machines and advanced moving assembly lines. The day ended with an extremely spectacular show, organized for the demonstration of JCB machines and a visit to the exhibition of JCB farm machinery.

"Thanks to this visit we now have a clear idea of the goals that we should aspire to in the organization of production and of the machinery we ought to buy," says Aleksandr Savushkin, Agro-S Director from Voronezh Region. "We have been



EVENTS

JCB is the world's fifth largest manufacturer of construction equipment and agricultural machinery with annual sales exceeding 1 billion pounds sterling. It has 17 plants in 4 continents: 10 in the UK, three in India, and the rest in the USA, Brazil, China, and Germany.

shown the capabilities of multi-functional JCB loaders, which apart from loading agricultural products can be used for cleaning the premises and even for snow removal. And these are only a few of their functions. We were also impressed by the storage management: all operations, including storage and selection of spare parts, are computerized".

EkoNiva – Now in Brazil



A group of *EkoNiva* specialists visited Brazil on dealer visit. The delegation was warmly received at a John Deere plant, which manufactures JD grain combine-harvesters.

By Oksana PROTONINA

The John Deere plant in Horizontina, Brazil, manufactures JD-1450 and 1550-CWS grain combine-harvesters and John Deere 1100 and 2100 row crop planters, which are widely used by Russian farmers. These machines are simple to operate and have an exceptionally reliable design, which guarantees them a long service life together with high performance. The combine harvesters are equipped with a new cleaning system and a universal header – a feature, especially important for work on Russian fields.

- "Thanks to the special attention paid at John Deere to R&D activities, the plant produces reliable and high-performance farming machinery", says Mikhail Solovyev, *EkoNiva-Tekhnika's* service engineer. "It was interesting to see how these combine-harvesters 'are born'. Trouble shooting becomes easier after you have seen the whole assembly process."

LEGAL GUIDE

A New Law on Cadastral Registration

Cadastral registration of land plots is the basis for all land-based economic activities. A properly organized cadastral registration enables a successful development of mortgage lending against the pledge of land as security, including farmland. This type of mortgage is the source of additional funding for agricultural producers.

By Olga ROMANOVA

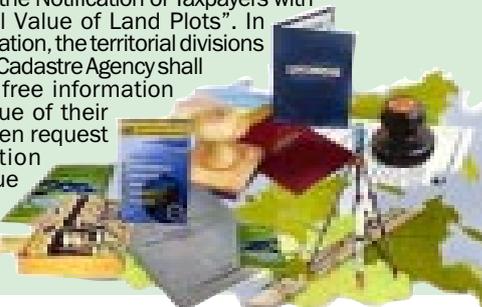
Federal Law 221-FZ "On the Federal Real Estate Cadastre" dated 24 July 2007 came into force on 1 March 2008. The law was adopted with the goal of unifying the systems of cadastral registration and the technical inventory of lands.

A unified system for cadastral registration of land plots, buildings, constructions, indoor facilities, and incomplete-construction properties is currently being created in Russia. The RF Government has to appoint the agency responsible for the state cadastral registration of real estate properties.

The law calls for the replacement of the existing network of Technical Inventory Bureaus with cadastral engineers, who will be responsible for the preparation of all documents required for cadastral registration of real estate properties.

The new system will be introduced after the expiration of the transition period on 1 January 2010.

On 7 February 2008, the Russian Government issued Regulation No. 52 "On the Procedure for the Notification of Taxpayers with Regard to the Cadastral Value of Land Plots". In compliance with this regulation, the territorial divisions of the Federal Real Estate Cadastre Agency shall provide taxpayers with free information about the cadastral value of their land plots upon the written request of taxpayers. Information about the cadastral value of land plots will also be available on the Agency's official website at www.kadastr.ru.





Summer-planted alfalfa needs weed-free, well-levelled and properly prepared soil.

FIRST-HAND EXPERIENCE

In EkoNiva, alfalfa is an essential component of a high-yield cow diet. This year, the farmers have planned a further increase of the acreage planted with this crop.

By Willie DREWS, PhD in Agronomy

The Queen of Feed Crops

Alfalfa, which is one of the oldest and one of the best feed crops with a high yield potential, is often referred to as the 'Queen of Feed Crops'.

Alfalfa has been granted this title not only because it boosts the fodder protein content, but also because it improves the health of the animals. In diets with high corn-silage content, alfalfa hay ensures better fodder digestion and stimulates rumination due to the high content of crude fibre, which normally must constitute at least 1.8% of an animal's diet.

Numerous research results show that feeding alfalfa hay leads to higher fodder intake and increases an animal's productivity. In addition, being rich in vitamins, carotene and micro-elements - alfalfa improves an animal's diet.

Owing to its well-developed root system, which penetrates the soil to the depth of over 4 metres, and to the accumulation of nitrogen by the root nodule bacteria, alfalfa is a perfect first crop.

Which factors concerning alfalfa cultivation need special attention?

Because of a high level of weed infestation, we recommend to plant alfalfa in summer without a cover crop. At the beginning of summer the fields should be weeded with the help of a glyphosate herbicide treatment and zero tillage, and alfalfa should be seeded between the 15th and 30th of June.

The recommended seeding amount for pure alfalfa crops is 15-18 kg/hectare.

The optimum stand density is: 350 – 400 plants/m² in the seeding year;

200 – 220 plants/m² after the first wintering;

120 – 150 plants/m² after the second wintering;

80 – 120 plants/m² after the third wintering

What mistakes are to be avoided in the process of alfalfa crop tending and use?

The first mowing must not be attempted before the blooming period. This phase is characterized



Only the first alfalfa regrowth needs mowing during the blooming period when the root depth growth rate reaches 5 cm a day. In subsequent mowings the cutting time is determined by the yellowing of the two bottom leaves.



by the maximum growth rate of the alfalfa root system (up to 5 cm daily).

All subsequent mowings must be done when the lower 2-3 leaves turn yellow, generally during the bud-forming phase, but not later than the beginning of the blooming period. Normally, alfalfa crops need 3-4 mowings per year.

To ensure good wintering, it is

necessary to observe a 7-week interval between the last two mowings. In this way, the plants will store enough food to last them through the winter.

It is necessary to avoid close cutting of the plants, especially directly before wintering. Reproduction buds, which are normally found at the height of 10 cm from the ground, must not be damaged during the mowing.

Is it better to cultivate alfalfa together with grasses or strictly by itself?

The recommended mixtures of alfalfa (70%) with fescue grass (25%) and timothy grass (5%) have a number of advantages:

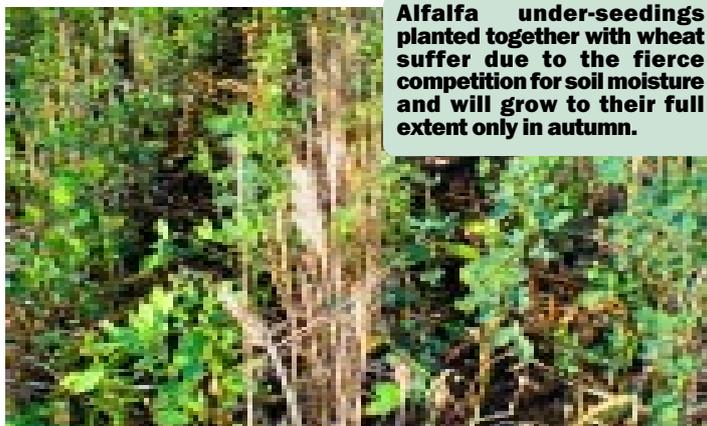
The three-component mixtures of grasses with different periods of regrowth ensure stable yield throughout the whole vegetation period.

The grass components contribute to the production of quality silage (due to a better sugar-protein ratios)

However, alfalfa mixtures have a number of shortcomings:

In many cases, the difference in the biological development of alfalfa and grasses impedes the selection of the optimum tending technique and harvest.

Alfalfa under-seedings planted together with wheat suffer due to the fierce competition for soil moisture and will grow to their full extent only in autumn.



Because of its high competitive ability, alfalfa forces out the grass components and their share reduces, especially during dry conditions.

Considering the above, the selection of alfalfa-grass mixtures should be carried out individually in each particular case depending on such factors as climatic and soil conditions, intensity of land-use, etc.

Quite a few mistakes are made when preparing alfalfa hay. Alfalfa has a high protein-sugar ratio, which makes silaging somewhat slow and complicated.

However, compliance with the following advice can considerably improve this process:

Pre-drying of the green material to 35-40% of the dry matter is the only way to ensure the optimal fermentation in the haylage bunker.

Because of the uneven moisture emission rates of the stalk and the leaves, it is necessary to use a moderate harvesting regime in order to reduce the losses of the leaf material.

Haylage bunkers should be filled in even layers, each not more than 30 cm thick, to provide continuous and thorough compacting of the green material. The whole haylage preparing chain, from cutting alfalfa with harvesting machines to compacting hay with the help of heavy-duty tractors must be coordinated with regards to the final output.

It is important to protect the bunker from mud, dust and debris, all of which impair fermentation.

Alfalfa silaging can be improved by adding molasses or lactic acid bacteria preservatives.

Compliance with the above recommendations for harvesting and haylaging will provide high quality alfalfa hay, which makes an ideal fodder for high-yielding cattle.



TECHNICAL INSPECTION

Today the Kverneland Group offers a wide range of efficient top quality farming machines for fodder conservation and distribution, including disk and cylinder mowers with crushers, haymakers and hay forks, round balers with fixed and variable chambers, big square balers, bale shredders, bale winders, bale cutters and distributors, and corn choppers.

Kverneland: New Ideas about Fodder Conservation

The new 4200 Series mowers can be fitted out with equipment for even mass distribution across the mowing width and also with a roller conveyor. This design ensures maximum flexibility. Other unique features include an innovative crushing solution, an all-welded cutter-bar frame and an improved thinner cutter-bar.

3532F mowers with forward mounting and the working width of 3.2 metres ensure ideal gauging and excellent field of vision from the tractor operator's cabin.

Haymakers of the 763 Series are in great demand due to their highly durable teeth, vibration absorber and geared engine fitted out with an oil-lubrication system, which account for the most advanced performance standards of these machines.

The 1103/1133 Series haymaker with the working width of 11 metres is the largest of its kind. All operations are hydraulically controlled from the tractor operator's cabin.

Windrowers are used for optimally clean raking of the green material. The drivers and the reducing gear are specially designed for heavy-duty continuous operations and

require only the minimal routine maintenance. The windrowers are provided with a full set of rakes ranging from 3.2 to 15 metres.

Round Balers of the RF2125 Series. Hay conservation is often carried out under changing weather conditions and turns into a race against time. To make the utmost use of the short sunny spells farmers need



high-efficiency professional balers. RF2125 balers combine reliability and maximum efficiency. They can press hay with or without preliminary chopping and wind the rolls with baler twine or in baler net.

Square balers of the LB 8200 and 12200 Series are best suited for farming units with high demands. The Power Density

"Before a new machine appears on the market, it undergoes rigorous tests under extremely severe testing conditions," says Matts Tukesson, Director General of the Kverneland Group CIS. "Our customers are our most reliable assistants. Farmers do practical testing of all new farm machinery. Highly valuable feedback from the farmers is thoroughly collected and analysed by our engineers."



System provides even filling of the compression chamber, and consequently, always uniform bales.

Bale winders are ideal for wrapping bales both in the field and in the hay

storage facility. The three-dimensional winding technique creates a new vision of bale wrapping. As compared to the traditional technique, the new three-dimensional winding system ensures improved hay quality.

Fodder-mixers of the 600 Series with horizontal augers ensure mixing of dry forage, wet mash, minerals and vitamins in any combination. An accurate weighing system helps the

operator to measure the exact amount of the mixed ingredients (with the accuracy of up to 1 kg).

Bale shredders of the 800 Series completely replace manual labour required for shredding hay bales and mixing and distribution of the fodder delivered to the feeding table or used in fodder beds.

Kverneland Siloking vertical fodder-mixers ensure the mixing of a more homogeneous fodder mixture. They are extremely wear-resistant and fuel efficient. You can choose a configuration which best meets your needs from a wide range of options, including a self-propelled model, a model with 2 or 3 vertical auger devices (for the farming units with a large cattle population or for farms with narrow passageways) and premium heavy-duty models.

SPECIAL GUEST

Heavy investment in pedigree livestock, cutting-edge machinery, and innovative technologies will lead to losses in the hands of people who have no idea how to make use of them, thinks the Head of *Manager Moloko Consulting Company* Konstantin Udaltsov. He agreed to give us an interview on the challenges being faced and the future of Russia's milk industry.

Oksana PROTONINA



For reference:

Manager Moloko is a company of expert cattle-breeding consultants, which was set up in 1999 within the framework of the Russian-German project for the encouragement and support of dairy farming in the Moscow Region. During its years of work in the dairy business the company has accumulated great experience in the implementation of innovative dairy farming techniques.

Konstantin Udaltsov:

"THE TIME WILL COME WHEN RUSSIA WILL EXPORT FOOD TO EUROPE"

- How did the implementation of the 'Agro-Industrial Complex Development' national project influence the situation in cattle-breeding industry at large and in dairy farming in particular?

- "The National Project has given an impulse to the development of the cattle-breeding industry. Although there is still a decrease in livestock population, the figures are far less shocking. Despite the existing problems, milk farming has become a profitable business. In addition, farmers today have better opportunities for buying pedigree livestock and upgrading their herds. The volume of milk production has increased. Unfortunately the cattle breeders often lack knowledge to work with pedigree cattle. Animals of high-productive breeds feel fine in the Western Europe, but in Russia they come into a stressful environment. Mismanagement and poor feeding entail serious problems: the cows often fall ill, give less milk and get disposed of too early. All these problems are for the most part connected with the human factor. It is not enough to buy high-productive animals – knowing how to look after them is equally as important. It is easy to build intensive livestock complexes, buy cutting-edge machinery and pedigree animals when money is no problem, but it is even more important to know how to organize and manage the process. In other words, farming units must focus on effective management".

- Does it mean that the Soviet-time slogan 'Human resources solve all problems' is still relevant today in dairy farming?

- "The training of human resources is the key issue. It is often impossible to find a good veterinarian or zoology technician. Many farm managers understand that it is necessary to move to a higher level of job management.



They organize training for their employees and invite consulting experts. Others refuse to recognize the problem and rely on the experience of their specialists, who have been working on the farm for several decades and are believed to have reached a high level of expertise. But their experience is outdated – it belongs to the past. For instance, the loose housing approach is quite different from stall housing, which was traditionally practiced on our animal farms. Today, dairy farmers have to solve far more challenging tasks than ten or even five years ago. In those days, cows with the annual yield of 3,000-4,000 litres were classified as highly productive, whereas today there are breeds for which 7,000-9,000 litres of milk a year is the norm. Naturally, farmers buy pedigree animals from abroad in the hope of upgrading their own stock. Mismanagement results in 30-50% losses of the imported livestock during the first year. Meanwhile, many farmers still think that once they have purchased pedigree cows the milk will flow in torrents".

- Are there any farms, which have mastered the new techniques and implement them in their everyday practice?

- "Yes, there are quite a few and *EkoNiva* is one of them. We have been cooperating for five years and I have always admired its dynamic growth.

Live stock population on *EkoNiva's* farms has been constantly increasing; the company is constructing new modern livestock complexes, renovating the existing cattle farms and implementing cutting edge techniques. The policy carried out by *EkoNiva's* President Stefan Duerr focuses on gaining up-to-date knowledge and implementing it into everyday production

equipment, etc. Some 3-4 years ago the cost of milk production did not exceed 5-7 rubles/kg, whereas today, it has reached 10-15 rubles/kg. It's absolutely clear that farms, which produce milk at the cost of 15 rubles and sell it for 8 rubles will go bankrupt. That is why this correlation between the cost of milk production and the milk selling price, i.e. the minimal cost against the maximum selling price must be changed.

On the one hand, fierce competition stimulates progress, on the other hand, an increase in the prices of commodities and services required by the producer is beyond any reason. Therefore, being unprotected against continuous price hikes, the agricultural producers find themselves in dire straits. The Russian Government could remedy the situation by really taking the farmers' side, and it's about time to do this as

the programme for the development of agriculture is a national priority project.

Meanwhile, milk producers have to solve a number of key issues: they have to implement new cattle breeding techniques and reduce the cost of milk production through expert management, high quality of fodder, balanced diets, improved genetics and healthy young stock.

Today, milk factories find the buying of imported dry milk more cost effective. Some of them have completely switched over to dry milk and stopped buying fresh milk. This situation will remain unchanged until we become competitive. Yet, we must not give up our efforts. The time will come when Russia will export food to Europe. We have the necessary potential to achieve this goal.



practices. Our recommendations fall on fertile ground. I think *EkoNiva* will become a leader in Russia's dairy and beef stock farming".

- What has been the response of the dairy industry to the instability of the Russian dairy market?

- "The industry has to operate in tough conditions. Dairy industry business depends on a number of factors. One of them is the selling price of milk, which considerably varies depending on the buyer, the volume of sales, and the quality of the milk, the region and the season. Today, the purchase prices offered by different milk factories vary from 8 to 15 rubles for one kilogram of milk.

However, the continuously growing cost of milk production has had a significant impact on the industry, first of all due to the increase in the prices of energy resources, fertilizers, machinery,

PROSPECTS

Today, nobody doubts that Russia's agriculture is on the rise. Investments in agricultural industry have recently been increasing; farming enterprises have been buying new high-performance machinery; there are obvious positive changes in the cattle-breeding industry. Fields yield more crops; previously abandoned farmlands are brought back into crop production thus leading to an increase in grain production.

By Svetlana WEBER



Load/unload system with the use of moving screw feeders or belt conveyers does not require to construct expensive intake pits. Grain may be loaded into container directly from the truck.

Grain Management:

from the Combine Harvester to the Grain Car

However, increased grain yield gives rise to the problems connected with grain processing and storage. The roots of these issues stretch back to the grain policy carried out by the Soviet government. To be more specific, the primary emphasis was laid on the construction of huge grain elevators, which were used to store grain from all the farms in the given rural district. Farms had no appropriate facilities for the long-term storage of grain. The facilities they had were used for short-term storage (from harvesting to shipment to grain elevators).

Today the situation has changed dramatically. The prices charged by big grain elevators for their services are unreasonably high. In addition to this, the services often do not comply with modern standards. Therefore, the majority of fast growing farming enterprises are now facing the challenge of upgrading their capacities for the post-harvest processing and storage of grain. In other words they have to solve a whole set of problems, globally referred to as 'grain management'.

Long before this subject was raised at the federal level, *EkoNiva* had foreseen this situation: 5 or 6 years ago the company launched a survey of the global market manufacturers of machines and equipment for grain drying,



Unique system of making a foundation requires considerably less concrete and labour if compared to other known equivalents.

cleaning and storage. *EkoNiva* grain experts did not limit their survey to theoretical research – they bought equipment and machines from various manufacturers to carry out farm tests on the basis of their own farming units.

As a result, the company came to the conclusion that in the context of the Russian operational environment the products offered by North American manufacturers surpassed those produced in Europe with regard to several criteria:

- low price, as compared to European-manufactured products;
- high level of reliability and serviceability;
- original technical solutions, which permit to erect large grain-

storage tanks with only moderate expenses on concrete and in a comparatively short time. The tanks can be loaded and unloaded with the help of mobile heavy-duty augers and band-type conveyors, saving the trouble of building costly and not very convenient dump pits.

The company arrived at

grain-storage tanks) as well as full grain processing and storage schemes covering the whole process of receiving – sorting – drying – storage – shipping of grain. We will deliver grain storage and processing facilities on a 'turn-key' basis, including design and earthmoving," says *EkoNiva-Semena's* Managing Director Yuriy Vasyukov. "For this purpose we are forming specialized units (in Voronezh and Kursk), which will carry out all construction, installation and maintenance work on the post-harvest processing equipment delivered by *EkoNiva*."

This year *EkoNiva* will carry out the construction of North-American post-harvest grain management complexes in



similar conclusions with regard to grain driers and sorters. High production capacity combined with simple installation and service characterize North American machinery, which is used for the performance of grain management operations.

Starting from 2008, dealing in post-harvest grain processing and storage equipment will become a new line of business for *EkoNiva* activities.

"We offer our customers small projects (installation of individual

its own farming units in Novosibirsk, Orenburg and Kursk regions. But, the most comprehensive project covering not only all the stages of the grain management process with the processing capacity of 200 tons/hr. and the storage capacity of 10,000 tons of grain, but also a seed factory and a feed-milling plant (with the production capacity of 10 tons/hr. each) is being developed at *EkoNivaAgro* in Liskinsky District of Voronezh Region.

LOOK



The time has come! Russia's agriculture is no longer called 'a black hole'. On the contrary, Russia's Agro-Industrial Complex is believed to be quite attractive for investors. Business is ready to invest in the development of Russia's agricultural industry. And last, but not least, agriculture is now referred to as a business.

By Svetlana WEBER

Stefan

Duerr:

"It's impossible to manage an agricultural business in Russia from London"

Stefan Duerr came to Russia's agribusiness in 1994, when the industry was in a state of collapse. He became one of the first German investors who took the risk to get involved with Russia's agricultural business and came out a winner in the long run. Today, his company *EkoNiva* is a diversified agricultural holding, which works in different spheres of Russia's Agro-Industrial Complex. In addition to this, Mr. Duerr has become a connecting link between German and Russian members of Parliament with regard to issues on agricultural policy.

Think new, act new

- Do investors show enough interest in the agricultural business?

- "In a year or two, two-thirds of Russia's agricultural enterprises will be owned by investment companies. A large part of those is formed by investors involved in food processing. By investing in agriculture they try to ensure stable supply of raw materials to their own processing companies to minimize purchase risks both with regard to volume and price. The second group is formed by financial investors, who just invest funds in business. The third group of successful businesses is formed by independent farms, which have survived the hardships of the 1990s. Today, they are efficiently working farming enterprises, which have acquired the neighbouring bankrupt collective farms. And finally, there are still some collective farms, which can hardly make ends meet. Sooner or later they will have to join one of the above groups".

- What do the investors

provide to the agricultural industry at large?

- "They give it an impulse to development. Investors bring-in advanced production, management and financial technologies. They teach people to think in new ways and to act in new ways. In this way, they help Russia's Agro-Industrial Complex to get to a new technological level. Now these processes are developing at full speed. Bona fide investors are not just ready to work in agriculture, but more importantly, they help to solve social problems of the Russian village".

- Which agricultural sector activities present the most interest for investment companies?

- "Plant growing is especially attractive: it has a short payback period and low risks. Cattle-breeding is not in great demand because it needs heavy investments, has a long payback period and higher risks. This sector needs serious help from the state to get the investor interested. This is exactly what is happening today".

EkoNiva is a Russian-German company, which has been working in Russia's agribusiness since 1994. Today, the company unites about 25 enterprises in Moscow, Voronezh, Kaluga, Orenburg, Novosibirsk, Kirov, Kursk, Belgorod, Vladimir, Ryazan, Tula, Kostroma, Yaroslavl, Tver, and Smolensk Regions and Altai Territory. In 2007, EkoNiva sales amounted to 4.4 billion rubles. EkoNiva offers Russian farmers up-to-date farm machinery from leading world manufacturers, elite pedigree seeds from the world's top breeders and innovative agricultural techniques. EkoNiva carries out its own agricultural production on 80 thousand hectares of cultivated land.

- Is agriculture attractive for foreign investors?

- "Agriculture in Russia is a business that involves real



Since 2006, EkoNiva has been the John Deere's Corporation biggest dealer not only in Russia but in Europe as well. The share of the machines sold by John Deere in Russia accounts for 30% of its total sales

commitment. It's impossible to manage an agricultural business in Russia from London. It's too unpredictable. However, in spite of good prospects few foreigners have

enough pluck to move to Russia and start a business here".

- What are they afraid of?

- "It is not easy to work in Russia.

The rules of the game are somewhat different from those generally accepted elsewhere. Not all Russian citizens are law-abiding. Besides, I think that Western mass media try to create a frightening image of Russia on purpose. In the 1990s I was often asked how I could live in Russia, which was believed to be ruled by criminals. Today people wonder how I can live in Russia, where there is no freedom at all. Well, I don't think so. The majority of foreigners, who have lived in Russia for a long time, say that the changes which are underway here are leading the country on the road of efficient development. The first positive results of the current Russian policy are obvious: the global community begins to perceive Russia as a serious economic rival".

To be continued on page 12



Focus ON US!

PHOTO EXHIBITION

Please, send your photos marked **FOCUS ON US!** to:

305004 Kursk ul. Radishcheva, 79-a
000 EkoNiva-Media or e-mail them to:
vesti@ekoniva.com

Please, feel free to contact us on the
telephone: +7 (4712) 39 26 60

EkoNiva continues a 'FOCUS ON US!' photo competition. We invite the participation of anyone who thinks that the best moments from the life of a village and of the peasants are moments worth capturing as history. We will be expecting your photos until October 2008. The photos will compete in one of the following categories:

The best photos will be published in *EkoNiva-News* and awarded prizes. They will also be included in the exposition of the most striking works to be exhibited in Moscow in October.

High quality machinery, high yield, high spirits!
Harvest-2007 in *EkoNivaAgro*



The land of tranquillity and peace.
In the fields of *Zashchitnoye*, Kursk Region

1. Russian Field... (You can send photographs featuring fieldworks or pictures of beautiful landscapes featuring fields)

2. Field Machinery of the XXI Century! (We are expecting photographs of state-of-the-art agricultural machinery and equipment required for implementation of advanced agricultural techniques)

3. The Renaissance of Livestock Breeding. (Send us pictures of livestock farms)

4. Farmers of Russia – we expect portraits of your neighbours, friends and relatives... and any other persons who work on the land

5. My Native Village and My Home (Send us photos featuring the most interesting moments in the life of your native village)



From Governors to machine operators!
Kaluga Region Governor A. Artamonov is pleased with the performance shown by the new potato-harvesting machines in *Kaluzhskaya Niva*.



This is what I call power!
The first JD tractor in the Siberian Region was at the centre of everybody's interest during Field Day.

REGIONAL NEWS



Sibirskaya Niva has launched the construction of a major cattle-breeding complex for 1,200 animals in the village of Paivino, Maslyaninsky District, Novosibirsk Region. The intensive cattle-breeding complex is constructed within the framework of the "Agro-Industrial Complex Development" national project. The cost of the construction comes to 390 million rubles. The company is planning to buy 1,000 pedigree Schwyz heifers to upgrade the pedigree and productive characteristics of the local livestock population.

Comfortable Housing for Siberian Cows

According to the project, the construction works on the complex are to be completed in two years. The facilities of the first phase of construction will be commissioned this year. In autumn, the company is planning to open a livestock barn for 500 head of cattle, a maternity barn for 200 cows and a milking parlour.

In this way, an up-to-date cattle-breeding complex will be created in the Siberian region. The complex will specialize in pedigree cattle breeding, as well as in milk and beef production. It will be provided with the state-of-the-art WestfaliaSurge milking equipment and Atlas milk coolers. *Sibirskaya Niva* cattle-

breeders are planning to implement "free-room" cattle housing. Calves will live in individual calf-houses for cold-keeping.

By the way, *Sibirskaya Niva* has a successful cattle-breeding business. Its livestock population amounts to 2,000 heads of dairy and beef cattle, including about 800 cows.

EkoNiva-Chernozemye Wins Agro-Season Gold

In the middle of March, Chernozemye Exhibition Centre, with support from Voronezh Region Administration, held the annual Agro-Season 2008 agricultural exposition. Visitors could see tillage and harvesting machinery, as well as grain drying, cleaning and storage equipment. Agro-Season 2008 has gathered over 100 enterprises from different cities of Russia, ranging from Moscow to Irkutsk.



By Yulia SALKOVA

EkoNiva-Chernozemye presented the universal John Deere tractor at the expo. In Voronezh Region, JD 6920 SE tractors successfully operate at *Agrokultura Ertil*, *Mais*, *Agrosvet* and *Khopyor* farming enterprises. Their managers realize that this piece of farming machinery is indispensable for crop growing, fodder cropping and transportation.

Nikolay Vasilyevich Tyukhov, the General Manager of *Zarya* Agricultural Enterprise from Ramonsky District of Voronezh Region said:

"This year we are planning to buy quite a few farm machines, including JD 6920 SE tractors, whose technical characteristics and performance surpass those of similar Russian and foreign machines. We are going to work with *EkoNiva-*

Chernozemye because they have a highly professional team of specialists and very streamlined services".

The advantages of John Deere tractors have been recognized by Agro-Season 2008 organizers and sponsors. *EkoNiva-Chernozemye* was awarded a gold medal 'For High Achievements in the Provision of Material Support to Russia's Agricultural and Food Commodity Producers and for the Delivery of Up-to-Date and Reliable John Deere Machinery'. In addition, the company was awarded an Honorary Diploma for its achievements in the development of the agro-industrial market, creation of a favourable investment environment and contribution to the realization of the national priority project - 'Agro-Industrial Complex Development'.

NEWS IN BRIEF



During the upcoming harvest season Kursk farmers are planning to produce at least 2.2 million tons of grain. For this purpose the cultivated area will increase by 91 thousand hectares, in comparison to the previous season, and will total 1.3 million hectares. Special attention will be given to the production of rapeseed and winter barley. Last year, *Zashchitnoye*, one of *EkoNiva's*

farming units, received 6,000 kg of protein-rich grain per hectare, which is very important for the development of cattle-breeding.



EkoNiva-Chernozemye Service Centre held training seminars on the operation of the *John Deere*, *Kverneland*, *Grimme*, and *Vaelderstad* farm machinery. The seminars were attended by machine-operators from the farming units of 4 major companies – *AGROSVET*, *Agrokultura Ertil*, *AGRO-Invest*, and *Malino*. During a two-month

period *EkoNiva-Chernozemye Service Centre* provided basic training for 150 specialists.



On 19 March, *EkoNiva* experts organized a seminar in *Zashchitnoye* for *Russky Dom* Holding Company specialists. At the seminar participants discussed the issues connected with up-to-date techniques for the cultivation of grain, leguminous plants and rapeseed. They were told about the latest intensive varieties of crops. The participants showed lively

interest in the examples of state-of-the-art cultivation machinery and cutting-edge equipment for post-harvest processing and storage of grain, which were presented by *EkoNiva*. The parties have discussed the prospects of further cooperation. *Russky Dom* is interested in buying seeds produced by *EkoNiva* seed factories. Another joint project undertaken by *EkoNiva* and *Russky Dom* is the reconstruction of the Virgin Mary Church in the Village of Melekhino, in Shchigrovsky District.

OUR PEOPLE

Some people always happen to be in the right place at the right time. It's not that they try to be everywhere at once – they just do their jobs and live an interesting life full of excitement regardless of what they do. **Alexey Yarygin**, Head of *EkoNiva-Vyatka* Spare Parts Department, is one of these people. His colleagues describe him as a young, promising and extremely reliable individual. Alexey considers himself to be a really happy man – he enjoys his work, is happily married and has two lovely kids – a son and a daughter. What else would a man need to be happy?!



OUR PROJECTS

New Cattle-Breeding Technologies

A new Russian-German project "Technological Advancement of Modern Milk and Beef Production Methods in the Russian Federation" has been recently launched in the Voronezh Region. The project will be implemented within a three-year period under the auspices of the RF Ministry of Agriculture and the German Ministry of Food, Agriculture and Consumer Protection.

The *EkoNiva* Group of Companies, Artificial Insemination Station of Neustadt an der Aisch and the German manufacturing company Westfalia Serg have formed a partnership for the implementation of the project. ADT Project GmbH Consulting Company, which works under the German Cattle Breeders Association, has undertaken the executive functions.

The main goal of the project is the improvement of milk and beef production efficiency at Russian cattle-breeding facilities accompanied by the improvement of milk quality.

Russia's cattle-breeding farming enterprises are showing increased interest in high-quality production methods, achievements of the German genetics and other know-how. They buy German pedigree livestock and modern equipment for cattle-breeding farms. However, the Russian cattle-breeders often lack practical experience to use the acquired knowledge as well as to operate the purchased equipment to its full potential. Master classes and training seminars organized within the framework of the project are expected to improve this situation. About 300 managers and specialists from different Russian cattle-breeding complexes will be given an opportunity of gaining the necessary practical experience in the course of these training seminars. Special attention will be given to a select group of trainees, who will receive training on the implementation of innovative technologies and will be receive qualifications as procreation specialists.

Gunter Beger, Head of Department at the German Ministry of Food, Agriculture and Consumer Protection said:

"This project promotes economic cooperation and it is bound to have a great impact on the development of agricultural industry in the partner states. Germany is interested in the emergence of model Russian farming enterprises, which will successfully use the potential of German farm machinery, pedigree livestock and modern technologies".

Alexey Yarygin:

"Moving Forward is What Matters Most"

Dossier:

Alexey Yarygin was born in the village of Orichi, Kirov Region. In 1997 he graduated from Vyatka State Agricultural Academy with a major in engineering. Prior to joining *EkoNiva-Vyatka*, Alexey had been verifying new Russian machines at the Kirov Machine Testing Station. He considers that the birth of his son Ivan and daughter Eugenia were the two most important events in his life. His motto is "Moving forward is moving upward!"

Alexey joined *EkoNiva-Vyatka* in 2005. At that time the company was just starting and the entire staff in Customer Support Service consisted of only two employees. He had been offered this job by a former fellow-student Sergey Mosunov, who was convinced that in *EkoNiva-Vyatka*, Alexey would find himself in his element.

According to **Sergey Mosunov**: "It is much easier to work with people, who 'have passed the test of time'. Work is far more enjoyable when you can fully trust the person and be sure that he will never let you down".



completion no matter what it takes. One may think that he is responsible for a very limited area of operation. However, although the Spare Parts Department is a small cog in the whole company mechanism, it plays a crucial role in the implementation of all major undertakings.

- "We still have a lot to do", says Alexey. "We are planning to develop credit and customer loyalty plans, organize and expand our storage facilities by opening new warehouses in immediate proximity to our customers."

Among other things, Alexey is planning to enroll in a post-graduate course at the North-East Agricultural Research Institute. He is interested in the development of tillage and seeding machines for the Russian Non-Black Soil Zone.

It is difficult to find a free minute in such a crammed schedule. However, Alexey knows how to get a good rest. He spends all his free time with his family. In the winter they go skiing and in summer they go camping by the river and play football. They all enjoy traveling. Alexey also has a hobby – he loves cooking. Alexey is famous with his family and friends for his delicious shashlyk (barbecue) and pelmeni (ravioli).

Now, three years later, Alexey has been promoted to Head of the Spare Parts Department. Today the Spare Parts Department is a successful operation, but not that long ago the situation was quite different.

- "It was not easy to start working from scratch", recalls Alexey. "We didn't have a warehouse and not even the required computerized database."

His first achievement was the opening of a 200 square meter unified storage facility. The warehouse has with lifting appliances. Alexey has introduced an advanced location storage system, and now his employees are mastering the Folio inventory management programme. Alexey never does things half-way: once commenced a task must be carried through to

Investments in Quality

Cooperation between *EkoNiva* and an Austrian farm-machinery manufacturer **EINBOECK** goes back to the year 2002. The **EINBOECK** Company specializes in the manufacturing of the soil tillage and cultivation equipment.

The main **EINBOECK** products in the Russian market are weeder cultivators, row-drills, inter-row and disk cultivators, which have now been used in Russia for some time and have proven their reliability, quality and high performance.



The good results achieved in the previous years have enabled the company to make investments into increasing its production capacities and ensuring the perfect quality of its products. The company has recently completed a construction of a new operating facility. A new welding workshop is about to be commissioned. To a great extent, the investment funds for the construction of these new facilities were raised as a result of constantly growing sales volumes of the **EINBOECK** Company in Russia.

OUR PARTNERS

Spare Parts - the Centre of Attention for JCB



This May, JCB will open its Russian Centre for JCB Parts in the City of Pushkino in the Moscow Region. The Centre will considerably reduce the time required for the shipment of spare parts to the JCB official dealers. Availability of spare parts will significantly improve the level of after-sales customer service.



Stefan Duerr:

"It's impossible to manage an agricultural business in Russia from London"

See page 8

Land tax can stop land speculations

- What problems does Russia's Agro-Industrial Complex have to solve, to become more civilized?

- "It is very important to prevent land speculation. Now, speculators are engaged in buying farmland for further resale. If the process is not nipped in the bud, the industry will suffer great losses".

- So, what is the way out?

- "If the land tax rates were higher, fewer 'businessmen' would buy land 'just in case'.

Land buyers must bear some obligations: they must cultivate the land, breed cattle, etc."

- What do you think about the introduction of a profit tax for farming enterprises?

- "The consequences would be disastrous. Today, farming enterprises are more or less in the open and don't try to hide their incomes. If the government introduces income tax, the amounts collected by way of revenue will not increase. Everybody will go 'into the shade'. Agriculture is an industry, where you can hide anything.

If it is necessary to raise taxes for agricultural producers it should by no means be done at the expense of their profits. Probably, it could be done by increasing the land tax. Many people may not like it at all, but it will still be fairer than the first method. Besides, it will stop the land speculators. Otherwise, there will be nothing for them to be afraid of: they do not cultivate their lands, they have no income, so what do they care about the

income tax?

Speaking about taxes, I'd like to mention the single agricultural tax. It is inefficient for those enterprises, which invest heavily in their development. Besides, it provides opportunities for VAT machinations."

- Your Company is one of the major suppliers of foreign farm machinery to Russia. Is there a demand for advanced machinery among Russian farmers?

- "Technical re-equipment is going on at full speed. Agricultural producers now realize the benefits of working with powerful energy-intensive machinery, and due to the state programme of interest rate subsidies and active credit financing carried out by Rosselkhozbank and other financial structures, they can afford advanced machinery.

Hence, it is in great demand"

- What machinery are agricultural producers especially interested in?

- "First of all, they need tractors, tilling and seeding machines. Fertilizing and crop protection machines are also in great demand. Implementation of the National Project has increased demand for cattle-breeding complexes. I am convinced that soon there will be a demand for grain processing and storage equipment. The majority of the existing grain elevators are outdated and charge high prices for grain storage. I think that very soon Russian farmers, like farmers in America and in Europe, will opt for storing grain on their own premises and selling it when they think best."



It's impossible to help the end-consumer by punishing producers

- One of your enterprises EkoNivaAgro is the largest producer of milk in Voronezh Region. What was the impact of the milk purchase price restraint policies on your company and on other milk producers?

- "I think it was a 'blow below the belt' – the farmers were hit really hard, right at the moment when the production was about to become cost effective and when the national project had given the first positive results. If the prices are restrained for any considerable period, many dairy farmers will leave the market on their own accord or go bankrupt. Major holdings will of course survive as they will be able to compensate for the losses incurred in milk production through gains in other lines, whereas small and middle-sized farming enterprises and private farms are unlikely to get over the blow.

If we examine the problem at the grass roots, we will see that today's surge in prices of raw agricultural materials stems from the policy pursued in the 1990s and even later. Back in the 1990s everybody yelled, we have no use for unprofitable enterprises, let them go bankrupt! Well, they did go bankrupt. As a result there is an acute shortage of livestock, and a shortage

of milk. We have become extremely dependent on imports. At the same time, people have cash and are ready to buy – consequently, prices have gone up. If farming enterprises will have to go through the bankruptcy procedure again, it will significantly aggravate the situation in the industry and milk prices will skyrocket.

What really annoys me is the fact that purchase price freezes had no

effect on the end consumers. Milk producers suffer losses, whereas processing and trading companies keep the prices at a high level. As a result, customers cannot benefit from low prices for dairy products. I think the problem must be tackled from the other end. It is necessary to provide support for the socially unprotected groups and help customers with low income instead of punishing milk producers.

This approach has been adopted by the Administration of Belgorod Region. Milk producers were asked to sell a comparatively small amount of milk to milk factories at a lower price. Milk factories processed that milk at cost and trading organizations sold it without a retail charge. In this way, milk producers were not hit so badly while socially unprotected population received sufficient help. Most importantly, milk producers realized what, or rather who, they were doing it for.

Any country with a bit of self-respect must have a high level of food supply. This is what we see as our key mission."