



The other side of record- breaking harvests

**THERE IS SO MUCH GRAIN IN RUSSIA,
THAT THERE ARE NOT ENOUGH PLACES TO STORE IT**

According to Ministry of Agriculture data, there was a record-breaking harvest in Russia this year – farmers gathered about 100 million tons of grain. This is an impressive number and the agrarians deserve a round of applause. However, it did not go completely smoothly. For many agricultural enterprises the harvested grain became a big problem – they had no space to store all of it, and to sell at the low price at which the grain was going at the time of harvest would mean to suffer losses. For example, in the Tambov region, grain elevators were capable of taking in 1.3 million tons of grain, while 2.8 million tons were harvested; the Kursk region does not have the capacity to store 1 million tons of its own grain.

By Svetlana WEBER

Background

Economic growth in Russia in the past several years in general and in the agricultural sector in particular led, as one of its effects, to increases in planted land due to recultivation of fields that lay idle in the 1990s. A rise in investment in agricultural production helped to increase the yield of most crops. All of this led to a significant increase in gross grain production, which, together with happiness at the great results, also resulted in a serious national problem – weak development (or complete

absence, in some regions) of grain manufacturing infrastructure, such as absence or severe shortage of modern grain storage facilities with appropriate equipment (dryers, grain cleaning machinery, speed of uptake and unloading of grain, etc.)

Traditionally, in the primary grain-producing regions grain production was structured around large elevators, which accumulated the majority of grain in their vicinity. Grain storage facilities did not develop on smaller farms. On average, in the Central-Chernozem Economic Region a medium-sized farming enterprise could store about 2,500-3,000 tons of grain, and even that - usually in inadequate facilities (without ventilation, for instance). This was the situation in the Soviet Union and this system more or less functioned at the time because harvests were not very big and both the elevators and the grain belonged to the government. Today the situation is quite different – grain belongs to private enterprises, and the elevators also belong to individual owners. It is unprofitable for farmers to store their grain in the elevators, but there is no place to keep it on their farms. This is a systemic problem, which became particularly acute in 2008.



At the Economic Forum in St. Petersburg Prime Minister Putin spoke about the need to increase grain production by 30-40 million tons in the coming years. According to the experts, this is possible, but only on the condition of creating an appropriate infrastructure.

is possible, but only on the condition of creating an appropriate infrastructure.

Continued on pg. 6

ANNOUNCEMENTS

29-31 October. The 5th Interregional Professional Exhibition "Harvest"

Location: Voronezh, Youth Palace of Arts
Organizers: The Voronezh Regional Chamber of Industry and Commerce, Exposition Centre VETA LLC.

October. "Modern Cultivation Technologies" seminar for Khakasian agricultural producers

Location: Sibirskaya Niva LLC, Payvino village, Maslyaninsky district, Novosibirsk region

Organizers: EkoNiva-Sibir, Sibirskaya Niva LLC

October. Weekly training for farm directors, specialists, and machine operators at the Innovation centre for personnel training and professional development

Location: Nolinsk, Kirov region
Organizers: Nolinsk Technical School of Agricultural Mechanization, EkoNiva-Vyatka LLC

5 November. The Novosibirsk rural district Conference on implementation of AIC investment projects

Location: Novosibirsk
Organizers: Novosibirsk regional administration

7-9 November. AgroSib, Siberian Farmer 2008 Exhibition

Location: Novosibirsk
Organizers: Sibirskaya Yarmarka LLC

12-14 November. The 13th Agroindustrial Exhibition VORONEZHAGRO

Location: Agrobusiness Chernozemya Expo Centre at VSAU, Voronezh
Organizers: Agrobusiness Chernozemya Expo Centre at VSAU

3-10 November. EkoNiva clients' trip to Canada for the AGRI TRADE exposition

Location: Red Deer, Canada
Organizer: EkoNiva

4-10 November. Training for operating JCB machinery

Location: Service centre of EkoNiva-Tula LLC, Bogoroditsk, Tula region
Organizers: JCB, EkoNiva-Tula LLC

9-14 November. International exhibition for professional animal husbandry and management EuroTier

Location: Hannover, Germany

19-22 November. Agrosalon, the first international agricultural machinery exhibition in Russia

Location: Moscow, Crocus Expo IEC

December. Meeting of the 21st Century Agribusiness Club

Location: Kumensky district, Kirov region
Organizer: EkoNiva-Vyatka LLC

EVENT


Mr. Broze, the head of the Department of Economy and Science of the German consulate in Moscow, has called Kaluga "the laboratory of Russia's success". The Kaluga region's attractiveness for high technology manufacturers is quickly becoming clear. Such leaders as Volkswagen, Samsung, and John Deere are opening up offices here. Moreover, in mid-September five European companies, all working in the agricultural sphere, lay the foundation stone for the new Agricultural Technology Centre.

By Svetlana WEBER

A new project for the laboratory of Russia's success

CONSTRUCTION OF A NEW AGRI-TECH CENTRE IS STARTING IN THE KALUGA REGION

In the village of Detchino in the Maloyaroslavetsky district of the Kaluga region, a unique project, which has no analogues in Russia, is starting to come into being. It is bringing together the German companies Grimme, Lemken, Wolf System, Big Dutchman and the Russian-German holding EkoNiva.

All on one piece of land 45 hectares in size, Grimme and Lemken are going to build plants for assembling agricultural machinery, warehouses, office spaces, and an expo centre. Wolf System plans on producing livestock facilities, solid reinforced concrete tanks, and sandwich panels for building frame-panel housing in Detchino. Big Dutchman will build a logistical centre, which will also include a number of storage warehouses, office buildings, and an educational centre. EkoNiva will develop a service centre for the sale and maintenance of imported agricultural machinery.

"Each of these companies-investors is a leader in their respective sector and they all come together perfectly," noted Mr. Busse, the Director General of Lemken. "These



companies can service the demands of practically all sectors of agribusiness."

He also emphasized that clients, who visit the Agri-Tech Centre, will be able to purchase the newest technological developments for a variety of sectors of the agricultural industry.

During the first stage of the project, the total amount of investment will be somewhere in the area of 20 million euro. The project will create 100 to 150 new jobs. The investors are planning to start greeting clients in their brand

new buildings in mid-2009. At the same time the Agri-Tech Centre is being constructed, two residential buildings, containing 24 flats each, will be erected in Detchino for Grimme and Lemken employees.

"Our specialists will happily become Detchintsy," said Mr. Busse. The project will also have an impact on the local Detchino Agricultural College. The Tech Centre will be the production facility for students during their period of study. The students will be able to learn about new technology and master the latest machinery "first-hand". The best students will also be gladly hired here after graduation. One of the intentions is to make the Agri-Tech Centre a place of learning where people from other regions of Russia, not just from Kaluga, can come and master new technologies.

"We have an agreement with all the project participants that here, in Detchino, there will be a learning centre for agricultural specialists from all over Russia," said Anatoly Artamonov, the Governor of the Kaluga region.

He also pointed out that Germany currently holds first place in terms of investment in the region's economy. New investors in the agricultural sector will encourage more agricultural development not just in the Kaluga region, but also all over Russia.

IN BRIEF


The Agrarian Party of Russia will merge with United Russia on conditions of continuing to utilize the human resources potential of the Agrarian Party and "tangible assistance for rural areas." This alliance was announced in mid-September.

"We have well-defined positions on key directions in agrarian politics. We negotiated the conditions of the alliance with the leaders of United Russia. The most important conditions are tangible assistance for rural areas and continued employment of our staff at all levels," announced the head of the Agrarian Party, Vladimir Plotnikov.

He is certain that only by merging with the largest party will it be possible to successfully protect the rural labourer, to provide him federal aid and community support, and to ensure Russia's agricultural well-being.

The final decision regarding the alliance will be made by both of the parties' congresses, but, at the same time, the members of the boards of both the Agrarian Party and United Russia have already spoken out in support of the plan.

The plan entails disbanding the Agrarian Party with a consequent collective entry of its members into the ranks of the United Russians.



In June of the next year, a World Grain Summit will be held in Moscow. Russia's President, Dmitry

Medvedev, plans to take part in it. The main topic of the summit will be the establishment of an international fund of humanitarian grain aid and the problem of maintaining the stability of the world's grain holdings. The FAO and the International Grain Council have already committed to the summit. In all, 1,200 participants from all over the world are expected at the summit. The summit's organizers, which include Russia's Ministry of Agriculture, the Russian Grain Association and Russia's Chamber of Commerce and Industry, believe that the event has the potential to become the 'Davos of grain'.



According to the Russian statistical service, prices on food products have increased by 12.2% from the beginning of 2008.

Prices on bread and grain products have grown by 21.6%; meat and meat products, by 12.5%. Oil and fat products have become more expensive by 17.8%; fruits, fish, and seafood, by 5.9%; vegetables, by 19.0%. The price of sugar (and also jam, honey, chocolate, and candy) increased by 13.7%. The price of dairy products, cheese and eggs has only increased by .3%. In comparison, in the European Union food prices over the past 8 months have only grown by 3%.

A round table with Valentin Denisov, Chairman of the State Duma Committee on Agriculture, took place in Kaliningrad in mid-September. In spite of the fact that talks on the three-year budget were taking place at the same time in the Duma, Valentin Petrovich considered it imperative to be, precisely in Kaliningrad to speak with the press. The main topic of the round table was the implementation of the government's agribusiness development programme.

By Yekaterina GALUSHKINA

ROUND TABLE



Valentin Denisov:

"FARMERS HAVE CONQUERED THEIR FEAR OF BANKS"

- All of the mechanisms, which were developed under the auspices of the National Priority Project, especially financing and credit structures, have been transferred into the State Programme for Support of Agroindustrial Complex," emphasized Valentin Denisov. "551 billion rubles have been allocated from the federal budget for the Programme, which is 3 times more than in the previous five-year period. Nevertheless, despite the fact that this is a considerable sum, we saw right away that the effect of inflationary processes and macroeconomic forces on the Programme are unavoidable and noticeable. Today the Duma has adjusted the 2008 budget, adding 102 billion rubles to the allocated sum. In addition to this, 31.5 billion rubles have been allocated to be added to the equity capital of the Russian Agricultural Bank. This sum will be sufficient to help the bank's credit portfolio grow by 500 billion, although, naturally, the tendencies associated with the global financial crisis are still having an effect on the financial



system in general, and on the Russian Agricultural Bank in particular.

- What positive tendencies over the past year in Agroindustrial Complex development can you point out?

- The results of the National Priority Project and the progress of the implementation of the State Programme demonstrate that the

farmers have overcome a major psychological factor – fear of taking out credit from banks. The relationship that we've built with the Russian Agricultural Bank helps to guarantee the progressive development of rural areas. We reevaluated social development indicators and right now we are working together with the Ministry of Agriculture to put forward measures for rural development up to the year 2020. One of the most important objectives of this program is provision of housing for young agribusiness specialists. Real estate development, its accessibility for rural residents,

and getting rural roads into shape – these are the major provisions of the future program.

- What projects are currently being reviewed in the State Duma? And how much funding is the Duma planning to allocate for their implementation?

- Right now the State Duma is deliberating on the Russian Federation's federal budget for the next three years (2009-2011). This budget will allow for 118.9 billion rubles for support of agribusiness for the year 2009, 143.5 billion for the year 2010, and 149.7 billion for 2011. In this way, the Government will provide the means to implement the economic and organizational measures, which will ensure more dynamic development of the agronomic sector and contribute to solving the social problems that are being faced by the Russian village.



Regulating Milk

In accordance with Federal Law "On Technical Regulation", technical regulation procedures have been developed for milk and dairy products. They were developed due to the need to codify normative and technical documentation used in dairy production, and also in order to protect the health and interests of consumers.

By Vladimir MEDVEDEV, Head Legal Consultant of Ratum Legal and Consulting Group LLC



According to the Law, milk and dairy products, including dairy-based children's foods, are subject to technical regulation, which covers production processes, storage, transport, sale and consumption of milk and dairy products. Further included is a list of the types of milk and dairy products that are subject to technical regulation.

Requirements are established not only for raw milk and dairy-based products, but also for production, and specialized manufacturing processes. Regulations are also stipulated for the sale of dairy products and organization of production oversight. The Law also establishes qualification requirements for workers employed

in dairy production. The rules and procedures for identifying dairy products are set forth. Furthermore, legal responsibility is stipulated for disregarding the regulations established by this Law.

Let us hope that this recently approved Law will help to protect the health of consumers and will prevent unscrupulous busines-

LEGAL NAVIGATOR

smen from deceiving customers. However, in order for government controllers to oversee compliance with this Law, they need specialized standards, which would allow them to distinguish the natural product from rehydrated powdered milk. Moreover, they will need the appropriate equipment, which will demand time and money.

Analysts believe that due to increased demand for natural raw material, prices for it will go up. This will also drive up retail prices. On the other hand, there are no serious reasons for price increases as a result of the establishment of technical regulations. We can say with certainty that this new Law will help the development of Russian dairy farming. Several experts agree with this, and now it won't be quite as easy for investors to bet on shares of imported powdered milk. The Law is set to take effect on 19 December 2008.

**LEARNING BY
EXPERIENCE**

Due to construction of new cattle-breeding complexes and import of high-producing cows into Russia from the European Union and America, demand for high quality fodder is increasing. Now, livestock specialists and agronomists are not only concerned with quantities of stored feed, such as corn silage, grass and bean haylage, hay and straw, but are also demanding that the fodder meet Total Metabolizable Energy (TME) and Net Energy for Lactation (NEL) parameters.

By Dr. Villi Dreves, PhD in Agronomy



Photo 2. EkoNiva consultant Sebastian Fogler on a field of Pollanu annual ryegrass at Kaluzhskaya Niva LLC.

Improving the feed supply – the way to increase animal productivity

Metabolizable Energy is what is measured when the goal is to raise young animals and to maintain the health of your livestock. ME is measured in megajoules for each kilogram of solid matter (MJ ME). One kg of grass silage, for example, should contain no less than 10.2 MJ/kg of Metabolizable Energy, while corn silage should have no less than 10.7 MJ/kg.

In order to measure if the fodder will adequate for milk production, the Net Energy for Lactation is measured and expressed in MJ/kg of solid matter (MJ NEL). The Net Energy for Lactation yield in haylage and silage must be no less than 6.1 and 6.4 MJ/kg, respectively.

What kinds of mistakes are possible and what factors have an effect on the fodder's quality indicators?

First of all this has to do with the **time for grass cutting**. Due to the effort to produce as much as possible and also due to organizational reasons, many farms are late in beginning their fodder collection. Grasses are the most valuable as feed during their ear formation phase, before flowering. For meadow fescue or orchard grass this period only lasts about 6 to 11 days. If these grasses are collected after this period, this leads to a drastic reduction in Net Energy for Lactation from 6.5 to 5.5 MJ/kg during the flowering stage, and to 5.0 MJ after the flowering stage. In addition to this, the feed's digestibility decreases and the

percent of crude cellulose increases. An analysis performed by the Hannover Chamber of Agriculture (Germany) shows that

How harvesting time influences the forage quality and productivity

Time of first cutting	20 may (early)	15 june (middle)	30 june (late)	15 jule (too later)
Crop of solid matter, h/ha				
Digestibility of organic mass, %				
NEL, MJ/kg of solid matter				
Forage eaten in a day, kg of solid matter				
Milk productivity, l/day				

milk yield is 13.4 liters per day from feedstuffs that are collected in time, while for those that are cut down very late the milk yield is only 1.4 liters. (Table 1)

Another factor that

significantly influences feed quality is **selection of cereal and legume grasses in accordance with their dietary value**. The

quality, one of the most important factors to consider is competent grass mixture composition in accordance with weather conditions (dry or moist conditions) and conditions of use (haylage, hay, or pasture). Grass mixes possess the following advantages:

- High metabolic energy and net energy for lactation
- Combining several types of grass that develop at different rates allows for two to three cuttings
- Providing livestock with well-balanced feedstuffs during the entire pasture period
- Good winter resistance and early sprouting
- Ability to compete with weeds in agrophytocenosis

EkoNiva-Semena offers 9 different types of seed mixes depending on conditions of use. The most popular mix is the **Intensive haylage mix**, which consists of pasture ryegrass (diploid and triploid varieties), fescue, Timothy-grass, and clover (Photo 1).

Another mix, which is widely used on EkoNiva-Agro's farms, is **Alfalfa-cereal grass mix** with 70% alfalfa and 30% fescue. This mix yields 3 cuttings of high-quality feed every year.

If there is a need to meet fodder demand within a short time-frame and to insert the feed grasses into the farm's crop rotation (possibility of use in seeded fallows), then annual ryegrasses are planted (diploid and triploid varieties).

Annual ryegrass of the Pollanum variety, or a Futertrio mix of annual ryegrasses, yields high harvests of quality feed year after year at Kaluzhskaya Niva.

In conclusion, each farm should have a scientific system of providing cows with feed on the basis of their feedstock resources.

Photo 1. Perennial protein and fiber-balanced mixes of legume and cereal grasses at EkoNiva's demonstration expo.



common grasses can be evaluated on the basis of an 8-point system. Perennial ryegrass, Timothy-grass, and meadow fescue are all valuable feedstuffs with an 8-point mark.

And, for dry regions orchard grass receives 7 points.

Unfortunately, many farms still allow a lot of space for awnless brome, which gets only 5 points for dietary value, and is thus similar only to an invasive weed, called couch grass. It is at a disadvantage when compared to valuable feedstock grasses.

In order to increase field productivity and feed

TECHNICAL INSPECTION



New technologies

RESOURCE-SAVING AGRICULTURE

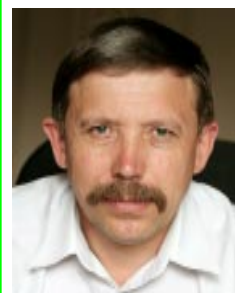
The Russian grain market is currently in an unstable state. But even in these complex circumstances, today's agricultural producers can still affect the production costs of their products. The currently observed trend in Russia is to switch to resource-conserving technologies, especially since during soil tilling every centimeter of depth requires an additional 1 to 2 litres of diesel fuel. By switching to minimal tillage technologies producers can significantly affect their production costs.

seeders by Vaederstad. The season's novelty – an 18-meter no-till seeder called Seed Hawk that simultaneously deposits fertilizer – received a lot of attention.

Disk tillers, multi-unit cultivators, deep tillers, power sprayers, fertilizer spreaders... It would take quite a bit of time to list all the machinery that is necessary for modern agriculture, and which the seminar participants could see at the Field Day.

Perhaps we should also stop to mention Annaburger trailers, which were met with genuine excitement by an audience that is not normally easily impressed. Because they feature several axles (from 3 to 4) and low-pressure tires, these machines can operate without disturbing soil pedality, thus preserving

Nikolay Buravlev, CEO of EkoNiva-Chernozemye LLC:



“Based on our own experience, we've become convinced that minimal-till technology is not the technology of the future, but of the present. If you want to make a profit, then its

imperative for you to learn about and to utilize this technology. EkoNiva is prepared to help our partners to achieve these goals and is ready to deliver an entire range of agricultural machinery, as well as maintenance and repair services and expert consulting.”

A Field Day, conducted by specialists from the EkoNiva-Chernozemye Company was dedicated specifically to this issue. It was held on 12 September at the service center in the Liskinsky district of the Voronezh region. Despite cold wind and light rain, the relevant seminar topic “Contemporary Methods of Soil Cultivation in the Transition to Resource-Saving Agriculture, Zero Tillage Technology Based on the ‘No Till’ System, and Grain Storage Methods,” and the possibility of seeing the technology at work, resulted in the attendance of nearly a hundred guests.



The exhibition grounds presenting technology, which allows for the smooth transition from traditional farming to no-till machinery (No Till) - from ploughs to no-till seeders. The following machinery was demonstrated in action: the entire line of John Deere tractors and seeders, Carrier no-till cultivators, Top Down and all-crop Rapid

its fertility. The trailer-loaders are fitted with devices that allow the farmer to keep track of the grain as he works in the field. And the cisterns for liquid manure have a self-loading and a fertilizer-delivery mechanism.

But the organizers left the most interesting part “for dessert”, so to speak: the German specialist Alexander Prilop presented a monitoring

system that he is currently developing. With 10 different sensors, one installed on each tractor, the system allows its user to instantly see where each tractor is, how quickly it's moving, and how much fuel it's consuming. By looking at the system monitor, the seminar participants saw that the tractor used as a demonstration model had cultivated 100 hectares of land in 12 hours and used 160 litres of fuel in the process.

As a final demonstration, the guests got to see a car-laboratory, which takes soil samples from all over the field with the aid of a borer (depth up to 90 cm), analyzes the soil, and on the basis of its analysis it creates a recommended time-table for farming each section of field; for example, when to fertilize each section.



GRAIN MANAGEMENT


The other side of record-breaking harvests

THERE IS SO MUCH GRAIN IN RUSSIA, THAT THERE ARE NOT ENOUGH PLACES TO STORE IT

Beginning on pg. 1

Today it is obvious that any further development of grain production in Russia is impossible without a serious investment into grain storage infrastructures, especially at the level of medium and large-sized farms. Moreover, it is clear that this cannot be construction of traditional aboveground cement or metal grain storage facilities, but instead investment into modern technology, which allows facilities to quickly receive a large amount of grain, separate it from any leftover chaff, dry (if necessary) and store until it needs to be quickly unloaded.

Unfortunately, the offerings in this sector from Russian manufacturers are very meagre and today when we speak of modernizing grain farming, we mostly refer to imported machinery and equipment being manufactured in Europe and North America.

In search

Five years ago, long before Russia produced so much grain that there were no more places to store it, EkoNiva started to pursue this issue, foreseeing an increasing demand for equipment for post-harvest processing and storage of grain.

The company started to purchase machinery, one-level granaries, and silos from European and North American manufacturers. This equipment was utilized on the company's own farms, which allowed them to evaluate its performance over the course of several years and to draw

conclusions regarding which equipment responds best to the needs of Russian agriculture.

On the basis of this hands-on investigation, EkoNiva concluded that equipment manufactured in Canada, in particular by a group of companies run by the Ag Growth Income Fund, which are manufacturing equipment under the brand name TWISTER, is superior in accordance with a number of technical, technological and economic criteria.

Grain management technologies

So, what advantages distinguish this equipment from its competitors?


Technical specifications:

- **High quality** steel coated with a mix of zinc and aluminium with mischmetal by a special method (galvan), which is extremely

corrosion-resistant;

- **Extremely high-yielding** grain cleaning machinery, which has no competitors among other manufacturers; and

- **Energy-conserving dryers**, which run on natural gas and/or condensed gas; with the capacity to increase their productivity by attaching additional sections.

Technological:

- **Unique system** of silo loading/unloading which utilizes augurs and conveyer belts without the need for traditional intake pits. Loading of a thousand-ton silo is completed in 8 to 9 hours;

- **Technology that allows** for silo construction without the traditional underground cement foundation. Construction of a single silo for storing 1,000 tons of grain is completed in about 10-12 days from start of construction to grain loading;

- **Good ventilation system**, which allows for problem-free grain loading and storage at humidity levels 1-1.5% higher than critical;

- **Simple and effective system** of grain temperature control;

- The TWISTER brand offers not just separate elements of post-harvest processing and

storage, but a complete modern grain management system with the ability to choose the level of automatic control (depending on the needs of the buyer).

Economic:

- **Relatively low prices** on equipment in comparison with other manufacturers. For example, in 2008 prices, the cost of one silo to hold 1,000 tons of grain was 2.5 million rubles.

This year EkoNiva built several TWISTER mini-elevators at several farms in the Voronezh, Kursk, Orenburg, and Novosibirsk regions. As of today, there is already a thick "pile" of orders for the following year. Construction is conducted by a group of EkoNiva's own construction engineers from start to finish and supervised until the moment the elevator is first put into use.

Construction of small elevators (mini-elevators) or separate granaries directly on the farms will allow agricultural producers to have more flexibility in managing their grain, will lower their dependence on large grain companies, and will allow them to dispose of their grain in response to market conditions.





CONFERENCE

In mid-September Russian and German consultants gathered in Kaliningrad to exchange their experiences in the field of dairy farming under the auspices of the collaborative program started by German Ministry of Food, Agriculture and Consumer Protection. Representatives from Germany's Ministry of Agriculture, the State Duma Committee on Agriculture, consultants from Russian and foreign consulting firms, and representatives of the Kaliningrad Regional Government all participated in the conference.

By Yekaterina GALUSHKINA

Russian-German dialogue on the Baltic shore

It is no accident that the meeting with the German consultants took place specifically here. The Kaliningrad region has developed and historically maintained good relations with German lawmakers, committees, and territories.

"I'm glad that the interaction between the Russian and German side in the framework of this dialogue is very goal-oriented and concrete. We have great potential for collaboration," said the Chair of the Committee on Agriculture, Valentin Denisov.

Agricultural collaboration between Russia and Germany has been going on for 15 years. During this time, seven collaborative projects, dealing with several different sectors of the agricultural sphere, such as training and professional development of agribusiness specialists, consumer protection, livestock breeding, and development of rural regions, are being implemented on the territory of the Russian Federation. It was repeatedly emphasized during the seminar that such projects make a significant contribution to the development of partnerships between different countries. One of the most prioritised projects is the dairy farming programme, which is being implemented in the Kaliningrad region.

In two years according to the 'Kaliningrad Milk' programme, modernized farms have been put into use, they have elite livestock, and livestock feed production is scientifically monitored," reported the Deputy Minister of the Regional Ministry of Agriculture, Oleg Gergel. "These measures will allow the

region to completely supply itself with dairy raw materials in the future."

A selection centre was started in the region by the Kaliningrad Regional Association of Milk Producers in order to improve selection and breeding techniques and implement the latest in technological achievements. A laboratory for evaluating milk quality will also open within the framework of the selection centre. Regional administrators hope that the amount of livestock that is currently being imported from Germany will allow the region to achieve the indicators established by the State Programme in the next year or two.

STATISTICS

In 2005 agribusiness investments in the region totalled 950 million rubles, in 2006 they reached 1.35 billion, and in 2007 – around 4 billion rubles.

14 enterprises are participating in the National Priority Project for development of dairy farming in the Kaliningrad region.

Over the years, Russia has worked out various methods and styles of working with the Russian-German programme, including educational trips, seminars, and conferences. This year, the plan is for State Duma representatives to get to know foreign laws that address government support for the agricultural industry. Some of the major themes that interest the Russian side are elite seed breeding, pedigree livestock breeding, and biotechnologies. According to the Department Head of the German

FIRST-HAND UPDATE

Oleg Gergel, Deputy Minister of the Ministry of Agriculture, Kaliningrad region:

"The lack of available land for agricultural purposes is somewhat limiting the development of the agricultural industry in the region. The regional government is working intently to put these lands into circulation and to take measures to ensure that landowners are effectively managing their properties."



Ministry of Agriculture, Gunter Berger, an equally important issue is consumer protection, standardizing and certifying food products. For the first time in Russia this year two consumer protection bills have been passed – one regulating milk and dairy products, and another dealing with fat and oil products.

In developing the technical regulations," notes Nikolay Kalinin, an expert with the State Duma Committee on Agriculture, "we copied quite a bit from other nations."

Having discussed the issues dealing with the region's agribusiness in theory, on the second day of the conference, the participants went to investigate the situation in practice. They visited Gusevsky LLC. Last year the enterprise had gone completely bankrupt. There was a disagreement regarding what would be more profitable to produce: meat or milk. They bet on dairy farming. Today everything is just starting up again on the farm. Construction is going full steam ahead: they are clearing long-

unkempt pieces of land, laying the foundations for new cattle barns, putting in communication lines. According to Oleg Surkov, the CEO of Gusevsky, in the next two years two modern dairy production complexes will be built on 15 hectares of land. One of them will house 480 dairy cows of the black-speckled breed with a birthing facility with a capacity for 90, and with computerized herd monitoring. The other farm will house 576 dairy cows, mainly of the Holstein breed. There will also be a complex for up to 1,200 calves and a facility for 350 heifers.

In concluding the conference, the participants made some concrete plans for future collaboration and came to the opinion that such seminars should take place as often as possible. In his concluding remarks, Gunter Berger said that it is nice to know that in this quickly changing world, there remains something as constant as this Russian-German dialogue.

GUEST OF THE ISSUE

By 2007 a number of trends established themselves on the Russian agricultural market, which allow us to make a prognosis about the future. We got together with our guest Yelena Tyurina, who is the Director of the Institute of Agrarian Marketing, to discuss the development of the livestock market in Russia.

By Yekaterina GALUSHKINA



Yelena Tyurina:

"The Russian market has gotten too crowded for large companies"

"I can say with certainty that the Russian market is growing," says Yelena Borisovna. "And it's growing not just in production, but also in capacity: the consumption of food products is growing. This is first of all tied to the rise in the population's income, which, according to the evaluation of Russia's Ministry of Economic Development and Trade (MEDT), will continue to grow an average of 10-12 percent every year through 2012. This tells us to expect increased demand for Russian foodstuffs. We are observing an increase in the offerings of Russian products such as milk, chicken, and pork. The amount of beef being on the

market is decreasing, however."

- What sector of livestock breeding is currently the most actively invested-in?

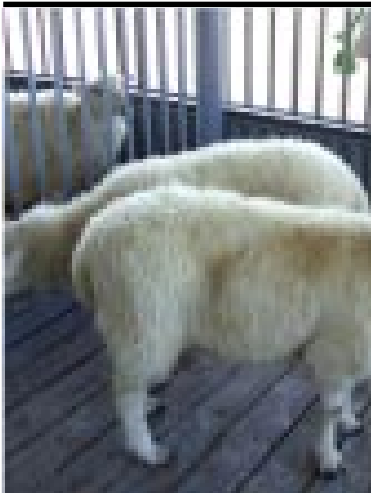
- According to our calculations, in the past two years, investment into pork production and construction of new pig breeding complexes totaled 4 billion euros. Milk production investment totaled 2.4 billion euro; chicken meat, 1.7 billion euro. The lowest levels of investment are in the beef sector – only .2 billion euro. 37 new chicken factories are currently under construction and they will occupy a large piece of the federal and regional markets. In pork production, there are more than 120 projects right now, and

around 50 percent of them are pig complexes with a production capacity of about 50,000 tons per year. There are currently about 300 projects of various sizes in the dairy sector. We should also note that in the years 2006-2007 there was a sharp rise in investment in the construction of new large milk production complexes. In that period 20 new construction projects were put into operation, each with a capacity to house 1,200-1,500 heads of dairy cows.

- Imported products are still serious competition for Russian meat producers, and this factor slows down the development of the sector. Will the quotas for imported meat get lowered?

- The question of lowering import quotas for chicken and pork is already on the discussion table at the State Duma and at the Federation Council. If in the nearest future Russia does not join the WTO, then its quite likely that by 2012 there will be a possible lowering of quotas and thus meat imports.

Continues on pg. 12



Russian stockbreeders offer...

The Fourth Regional Pedigree Livestock Trade Show took place on the territory of the Voronezhskoye Breeding Enterprise JSC.

More than 70 agricultural producers from all over the Voronezh region exhibited their cattle, pigs, sheep, pedigree birds, fish, bees, and horses. Enterprises specializing in producing technological equipment, feed, and veterinary supplies also demonstrated their

products. Six breeding factories and 25 pedigree livestock farms currently operate in the region. Among the trade fair's participants was EkoNivaAgro, which is the largest producer of milk in the region, famous for its livestock breeding complex, equipped with the most cutting-

edge technology. This year the producer was exhibiting its sheep breeding. Vladimir Frolov, the head livestock specialist, and Nikolay Litovsky, the director of the sheep farm, exhibited sheep of the Russian long-wooled breed. Thanks to EkoNiva, the region has managed to maintain the tradition of original sheep breeding. The villages of Kolybelka and Shchuchye of the Liskinsky district are the birthplaces of the Russian long-wooled breed.

At the EkoNiva booth at the trade show, specialists could receive consultations dealing with all aspects of livestock breeding.

"Livestock breeding technology is taking up more and more space in the assortment of products being offered by our company," says Alexandr Logvinov, the manager of EkoNiva-Chernozemye LLC. "The season's

novelties are large-capacity feed mixers made by BvL. The 30-vat feeder V-Mix can provide feed for the entire farm's livestock in one pass. The vertical feeders are also extremely popular because they perfectly chop and mix all feedstuffs. Feed preparation machinery by John Deere and Kverneland, and dairy farm equipment made by Westfalia, also continue to be extremely popular from year to year."

At the conclusion of the event, representatives from 39 agricultural enterprises received awards. The Director of EkoNiva-Agro LLC, Alexandr Rybenko, and shepherd Mikhail Zugin, were distinguished for breeding Russian long-wooled sheep and for their commendable contribution to the development of Russian livestock breeding.

TRADE FAIR



Focus ON US!

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 January 2009. The photos will compete in one of the following categories:

PHOTO EXHIBITION

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

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

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

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)

The best photos will be published in EkoNiva-News and awarded prizes. Moreover, most interesting and attractive pictures will be demonstrated at the exposition.

Do away with heels and shoelaces! The latest fashions at the Russian Field Day in the Belgorod region.



Sowing is under control... of Christian Kovalchik, consultant from EkoNiva-Agro LLC



EkoNiva will get you all the way to Egypt! Tambov farmer Alexandr Kondakov is checking out some land near the pyramids to expand his business



Can't do without an auger! The express-loader on a Seed Hawk seeder



All eyes on dad! Pavel Odintsov, the son of ABSOLUTE-AGRO Chief Engineer



Caution, grain overflow! Nikolay Krasnikov, driver for Pavlovskinvest LLC (Russkaya Buylovka village, Pavlovsky district, Voronezh region) in the bed of his truck



A Seed Fair took place for the first time in the Kursk region. Its purpose was to address issues of varieties' selection and seed breeding, as well as to take stock of the year's harvest. The fair was sponsored by the Association of Seed Producers and the Kursk Regional Administration. The affair brought together 150 guests and a total of 18 seed-breeding companies presented their products.

By Yekaterina GALUSHKINA

REGIONAL NEWS

exactly to the genetic qualities of the seed variety," says Yury Vasyukov. "I hope that the seed and variety fair in the Kursk region can become an example to be emulated in other regions."

Representatives of the Zashchitnoye LLC, which is a part of the EkoNiva Group of Companies, participated in the fair. They work primarily with imported seed varieties. This year the crop yield from their grain, grain-legume, and oil-producing crops was more than 50 hundredweights per hectare. The Director of Zashchitnoye, Alexey Bibikov, talked about some of their promising varieties. The top one is called Lars. It is a winter wheat that is fairly stable: even in bad years separate fields yielded up to 50-60 hundredweights per hectare. The winter wheat Akter also stands out for its high crop yield and it's currently undergoing government crop testing. The Rocket and Phoenix pea varieties have also recommended themselves quite strongly. More than 2.5 thousand tons of Rocket are already ready for planting.

After the official part of the fair, all of the participants were able to see the varieties of seeds on display at the expositions. They could receive all the information first-hand, and discuss possible purchase and delivery options with the managers.

Seed Fair-2008: new varieties for Kursk agrarians

This year the Kursk region's grain-growers beat all previous records, having milled more than 3 million tons of grain. "This is the result of the diligent work of many different people," says Ivan Gorbachev, the President of the Agribusiness Committee for the region. "That of hard workers from the villages, plant selection breeders, farm proprietors. We have already fulfilled the task set by Ministry of Agriculture –

to produce one ton of bread for every Russian resident. We already have two tons of grain for every person in the Kursk region."

As the president of the Kursk Regional Association of Seed Producers, Yury Vasyukov, has pointed out, the agricultural producers have reached a new level of farming standards this year.

"The quality of the seeds must correspond

The Kaluga region picks the best ploughman

A Ploughman's Day competition was held at the headquarters of the Pravda LLC in the Dzerzhinsky district of the Kaluga region. Twenty-four district ploughing competition winners gathered for the master-class final in front of numerous spectators and the judging committee. The competition was initiated and organized by the Kaluga regional Ministry of Agriculture.

By Yekaterina GALUSHKINA

On the first day, the competitors had to demonstrate their knowledge of the rules of the road, as well as tractor and equipment operation. Then, during the hands-on phase of the competition, the machine operators had to prove their qualifications in practice. They were faced with the task of ploughing a section of field using a reversible plough.

This year's competition was the first to include students as participants. However, Yury Burkov, a fourth-year student at the Kaluga affiliate of the Bauman Technical University, did not manage to take home a prize, while a young tractor driver – eighteen-year-old Maxim Solovyev from Pokrovskoye LLC – received an honourable mention. Sergey Kozlenkov, an industrial education specialist, was much luckier – he received third place. Silver went to a machine operator from Rus Agricultural Production Cooperative of the Khvastovichsky district. In the judges' opinion, the undisputed leader of the competition was Vasily Arkhipov, a tractor operator from the Dzerzhinsky district. His native field helped him to become the Best Ploughman.

At the end of two days of competition, all participants and winners were awarded with medals, diplomas and valuable prizes. Moreover, the EkoNiva-Kaluga Company established a special prize, which consisted of a car wash, in the category "Striving for Victory". This prize went to the most intrepid contestant – Nikolay Lukyanov, a machine operator from the Maloyaroslavetsky district.

News from Siberia

THE MASLYANINSKY DISTRICT IS UNDERGOING FAST-PACED DEVELOPMENT



This was the conclusion made by Dmitry Toropov, the Director of the Department of Agrarian Policy and Development of Rural Territories within the Ministry of Agriculture of the Russian Federation, at a conference dedicated to developing municipalities and attracting investment to the Siberian region.

By Yekaterina GALUSHKINA

The conference was held in the Maslyaninsky district of the Novosibirsk region. Local government leaders and representatives of the business community participated in the conference. The first day of the forum began in the Maslyaninsky district – one of the districts considered most attractive to investors. Conference participants visited one of EkoNiva's farming enterprises – Sibirskaya Niva. A new cattle-breeding complex is currently under construction there, which will have the capacity to house 1,200 heads of dairy cattle using free-range technology. This is the first complex in the region to be built on the basis of modern technology.

"The aim of this project is to start producing high-end milk and meat and, eventually, also to begin breeding pedigree cattle," explained EkoNiva GC President Stefan Duerr. "The Novosibirsk region, and particularly the Maslyaninsky district, possesses a very good investment climate; there also seems to be support and interest from the local government. If this complex is successfully completed and put into operation, then there will be much potential for the company to grow in the future. EkoNiva also intends to participate in resolving the district's social

and cultural problems."

At the end of the two-day conference Dmitry TOROPOV remarked:

"In Russia I have not seen such projects and programs for integrated development of a territory, as I have in the Maslyaninsky district. We are just envisioning such projects, while they are already being implemented here. The example of the Novosibirsk region should be adopted and repeated throughout Russia."

In the Plans

Beginning with the year 2009, the Ministry of Agriculture of the Russian Federation plans to undertake competitive selection of projects for integrated development of rural settlements, and intends to invest significant funds into their development. It is expected that non-repayable subsidies will be disbursed from the federal budget for integrated development of settlements. But, co-financing from regional budgets is a required condition. The main criteria for project selection will be: creation of new jobs, new manufacturing facilities, new technologies and contemporary architectural and planning solutions.

His colleagues call him a hero of our time. His actions are still talked about amongst other employees of EkoNiva-Chernozemye and no one refers to what he did as anything but a "sacrifice". The man is Vladimir Kovalenko and the sacrifice is his relocation with his family from Voronezh to the district town of Liski. And all for his favourite job!

By Yekaterina GALUSHKINA



OUR PEOPLE

EN-News Files

Vladimir Kovalenko graduated from the Voronezh State Agrarian University with the degree of mechanical engineer. Immediately upon graduation, he went to work as a mechanic in the Service Department at EkoNiva-Chernozemye. He currently heads up the Spare Parts Department at EkoNiva-Chernozemye. His zodiac sign is the ram. His favourite food is traditional Russian – okroshka, dumplings, borscht.

- What have you managed to accomplish during this time?

- We provide replacement parts for equipment made by John Deere, Kverneland, Grimme, Vaederstad, Einboeck, Fligl, Fendt, and potentially also for other foreign equipment based on special requests by our clients. And thanks to close cooperation with the manufacturers, we are able to deliver replacement parts quickly and on very favourable terms. We provide spare parts for all of Chernozemye. Our total storage capacity is 900 sq. meters. We plan to expand even more in the future. There is a project to build a new 1,100 sq. meter warehouse. Our client base consists of about 500 addresses, most of which are large companies. We have 17 people working in our department and we are constantly looking for new employees. Our sales have increased multifold. In 2006 our annual sales were 20 million rubles, in 2007 they were already at 70 million, and this year we have multiplied that number by at least 2.5 times. Our goal is to always work from the warehouse, in order to quickly fill our clients' orders on-line. All of our clients' equipment must work without interruption.

- And, finally: you have a close family, a great position at work, your career is on the rise. What else do you dream about?

- First of all, for my parents to stay with me for as long as possible. I would also love to see them more often. I also dream of having a son – to carry on the Kovalenko family name.

Vladimir Kovalenko:

"You need to know exactly what you want from life!"

- As you have already demonstrated in practice, you seem capable of much for the sake of your work. Such self-sacrifice is even a bit intimidating...

- There is simply no self in this. This is a necessity. It doesn't matter where you live – the most important thing is to get satisfaction from your work. By the way, Liski is a very beautiful town, which is why my family was in favour of the move. The Don River flows through here and there are many parks, where I like to walk with my wife Nina and our three-year-old daughter Nastenka.

- Your father also finished the agrarian institute and dedicated his entire life to the agricultural industry, rising from a mechanic to the director of a collective farm. Are you planning to repeat his success?

- More to secure his legacy. It's important to know exactly what you want in life. While I was at the university, I already knew that I was going to

Nina and Nastya Kovalenko



work for EkoNiva. When I was in Germany for my apprenticeship, in one of my seminars they mentioned that there was this large company in Russia, which brought together the agricultural expertise of two nations. I decided that as soon as arrived in Voronezh, I would go to the office of EkoNiva-Chernozemye. I even declined to continue graduate school because of this. I chose practice over theory and never regretted it once. Nikolay Yegorovich Buravlev hired me as an engineer-mechanic in the service department, and later transferred me to the Spare Parts Department.

Seven of my classmates also got jobs alongside me. Gradually the department grew. They offered me the position of director. Then, the department moved to Liski in order to be closer to our client. So, my family and I moved. And, I don't see anything heroic in that.

Absolute-agro is successfully implementing the national priority project



New machinery on the fields of ABSOLUTE-AGRO

A visiting session of the Committee on Agriculture and Advisory Board for the implementation of the National Priority Project on Agribusiness Development took place in the village of Karinka in the Kirovo-Chepetsk district of the Kirov region.

By Yekaterina GALUSHKINA

Opening the session, the Deputy Head of the Kirov regional Department of Agriculture, Vladimir Ogorodov, updated those present on the progress of the project's implementation in the region:

"49 credit agreements with banks, totaling 3.7 billion rubles, have been signed and are currently being realized. 236 million rubles have been allocated from the federal budget, and 85 million from the regional budget with the goal of subsidizing the interest rate for the coming year."

OUR PARTNERS

ABSOLUTE-AGRO LLC is especially successful in this respect. In two years, this agribusiness' profits have grown by almost 3.5 times. The firm devotes a lot of attention to technical retooling; they purchase modern agricultural machinery and advanced machinery for their livestock breeding complex. However, of course, one cannot completely avoid problems that tend to slow down agribusiness development:

"In particular, it's the untimely disbursement of subsidies," noted Sergey Doronin, the head of ABSOLUTE-AGRO LLC. "In the beginning of the year there is usually a delay of 2-3 months, during which the firm is forced to take out money from their operating funds in order to pay for the interest rate, which is approximately 30 million rubles. Another problem is the rising cost of construction materials and labour. On average in the past two years this cost rose by 200-300 percent."

At the conclusion of the session, Sergey Doronin suggested that the heads of the Department of Agriculture "identify the businesses that are investing in the sector, and on the basis of this to develop a program of financial assistance for these businesses in the form of grants and subsidies".

EN-News Notes

The ABSOLUTE-AGRO company was founded in 2006 and combined the Absolute meat processing plant with the largest agricultural producers in the Kirovo-Chepetsk district – Filippovo and Karinka farms. In 2006, under the auspices of the National Priority Project the company began construction of a pig complex with a 48,000-head capacity and with a reproduction facility calculated to house 2,400 breeding sows. Elite livestock was purchased from Canada to create a pedigree herd.

Prognosis

Right now the Russian farmer is forced to work in conditions of unfair competition. Large companies are forming, which become leaders in the sector and take up 3 to 4 percent of the market's capacity. They plan to increase their share to 10 percent or even more.

They try to organize their production around the entire agricultural cycle: land – feed growing – feed processing – creation of their own brand – logistics – storage – direct interaction with retailers. Smaller farmers, as a rule, are only oriented toward one stage of this cycle. This is why it would benefit them to establish long-term connections with processing enterprises and retail chains. It is possible that a situation will develop, in which the products produced by these smaller enterprises will not find interest on the market for the sole reason that they are not operating within the complete scheme of “land to retail.”



Yelena Tyurina:

“The Russian market has gotten too crowded for large companies”

STATISTICS

Right now in Russia per capita meat consumption is 53 kg. In four years this number will grow to 67 kg.

Beginning on pg. 6
- What regions of Russia are the most attractive to foreign investors?

- The geographic area occupied by investment projects for milk, chicken, pork, and beef is fairly delimited. This has to do with the investment activity of regional governments. The earliest and most active investments were in the Belgorod area. Today, this region is number one. There are large pig farms, chicken processing plants; large dairy complexes are under construction. On the one hand, this is good, since this means growth for the budget, more jobs, and thus employment for the population. But on the other hand, there is now not enough land to go around in the region. Farms and agricultural enterprises operating in Belgorod are forced to rent land from neighbouring regions. In terms of active investment, we can also single out Lipetsk, Voronezh, Tambov, Orel, central and southern zones: Krasnodar, Rostov, Stavropol, and partially the Volga river basin. Other regions are currently lacking in this respect. There is unequal distribution on the market due to disproportionate flow of investment. In developing investment strategies companies



EkoNiva-News Note

The Institute of Agrarian Marketing (IAM) was founded in 2000 as an independent analytical centre. Its objective is to conduct marketing research, which reflects the actual conditions and potential for development of the Russian commodities market.

have started to take geographic location of the projects into consideration, since the Russian market is becoming too crowded for large holdings.

- What sector of livestock husbandry is the most promising in your opinion?

- Dairy farming is very attractive to

investors. In 2007 there were 32.16 million tons of milk produced; 14.16 million tons of that on farms. By 2012 production will increase by only 4 million tons, which will clearly not be enough for Russia. If we evaluate the way demand for raw milk product is being met in the country, we can see that milk is supplied by production at agricultural enterprises across the entire spectrum of categories. But this milk is not being used by dairy processors. Currently, farms are meeting the sector's demand for quality milk by only 46 percent.

By 2012 the percent of demand met will increase, but only slightly - to 55%. The rest of demand will be met by poor quality milk, produced in non-professional part-time farms and by imported powdered milk. This is a problem, which is currently slowing down

development of large dairy complexes. But we can't completely limit powdered milk imports, since right now we are not capable of meeting the needs of dairy product manufacturers. We need to set

the goal of gradually limiting its imports. It is even possible that quotas will be set on powdered milk imports in the future, depending on the trends of milk production in Russia.



EKONIVA
ЭКОНИВА

Publisher and founder: EkoNiva-Media LLC

Registered office:
 305004 Kursk, ul. Radishcheva, 79-a,

Editor-in-Chief: Ms. Svetlana Weber
 Address of the editorial office: 305004
 Kursk, ul. Radishcheva, 79-a,
 tel. +7 (4712) 39 26 60

www.ekoniva.com,
 e-mail: vesti@ekoniva.com

The journal is registered by the Federal Service for Supervision in the Sphere of Mass Media, Communications and Culture Heritage Security.

Registration Certificate for Mass Media
 ПИ № ФС77-31049 of 25 January 2008

Distributed free of charge

Translated by the Kursk Translation Bureau
 www.perevod.kursk.ru, e-mail: buro@046.ru
 The journal was printed in OOO Integral,
 Russia, Kursk, Elevatorny per. 14
 tel. +7 (4712) 31 92 92

Signed for publication _____
 Circulation: 1400 copies Order No. _____