

Special international report:

# Project starts to show its potential

*Matrix Nova's Colin Hinchley assesses the continuing developments on the Russian farming scene. A good harvest is maintaining optimism in a country where the potential to increase overall crop outputs remains vast*

**E**xceptional crop growing and harvesting conditions have resulted in the largest grain harvest in Russia during recent times. Best estimates are of a 20% yield hike in 2001 over the previous year. And that's not surprising bearing in mind the favourable moisture conditions during May and June. Total harvest is expected to reach approximately 78m tonnes, giving a theoretical exportable surplus of 5m tonnes; although admittedly this is unlikely to be realised in the international market place. Given the transport costs to port and the relative inefficiencies of handling systems at the dockside, actual commodity values begin to become uncompetitive for export markets.

**With this in mind the agricultural representatives within the Russian government are preparing to develop** an intervention system to support internal price levels for producers in the current surplus environments. Other alternatives are to rebate transport costs to port in order to retain a level of competitiveness in the world market place.

*Grain elevation equipment awaits use on the dockside, should exports of grain become competitive.*

Importantly, rejuvenation of Russian agriculture remains high on the current government's agenda and many initiatives are being promoted to rekindle this sector of the economy. That said, the fact remains that it will be a number of years before sustained and stable growth reaches all sectors of the rural economy. Shortages of affordable fertilisers and chemicals to farms is still a reality although many companies, mainly Russian, are trying to address this problem with credit schemes and direct involvement with farming enterprises.



*A group of UK farmers inspects a wheat crop with the head agronomist of the Penza Academy farm.*



*Penza takes delivery of second-hand John Deere combines. The regional administration has bought 20 machines from the Deutsche Agrar Gruppe.*



*John Deere combines harvest rye in the Kamenka sub-region. Total grain yield is about 3.5t/ha.*



independence allows sale of kit from a wide selection of manufacturers. One such Moscow-based company is the Deutsche Agrar Gruppe, which is able to supply Lemken, Schmotzer, Stoll, Riela, Krone, Rauch and John Deere equipment to Russian agriculture. This equipment is available with a number of various finance options/schemes to the Russian farmer and to foreign-capitalised Russian

companies involved in agriculture such as UK-based Matrix Nova. Moreover it's the above projects that are encouraging many more western farmers to take an interest in the Heartland Farms Project, promoted and operated by Matrix Nova in the Penza region of Russia (profi 03/00 p54).

**During the summer months (2001) Matrix Nova showed the Heartland project to various farmer groups** throughout the UK and Ireland, and as a result a number of trips have been organised. These have involved meeting Penza regional administration representatives, viewing the available land, and a visit to the Penza Agricultural academy and the Academy farm. Meetings were also held in Moscow with John Deere Credit, which presented information regarding machinery leasing and purchasing options in the Russian market, along with machinery supply and service from AMACO, the American supplier of JD equipment in Russia. The finalisation of the necessary documentation for farmers to begin their operations in Russia is near completion, and the cultivation of land in Penza by UK farmers is expected to begin at some stage during the spring of 2002.

In order to assist new farmer entrants to the Heartland Farms project, Matrix Nova has set up a contract services division to supply cultivation and other contract services. This should reduce the entry workload during the initial land lease period.



**Machinery, however, is the major stumbling block to any increased production**, with cultivation and seeding equipment still in great demand. Following the failure of many of the major manufacturers to have any real impact on the structured supply of new agricultural machinery, we are now seeing the development of companies supplying both new and second-hand equipment. These companies are also supplying a spares and service package, in much the same way as a western-style dealership, and their



*This kit has completed three seasons' work, but remains in immaculate condition with minimal wear. The Väderstad drill has now planted over 7,000ha.*