

Q&A: Skrynnik Sets 7 Growth Records in Agriculture

By [Anatoly Medetsky](#)

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Agriculture has seen domestic success and a new wave of international investors during Skrynnik's tenure.

There's much glitter in Agriculture Minister Yelena Skrynnik's reception area. Some of the sheen emanates from a gold-colored frame around a full-length mirror. More radiates from a nearby silvery imitation of an apple tree with shiny white fruit.

Yet, in contrast to her taste for extravagant office decoration, the content of her interview with The Moscow Times was focused on unembellished numbers and the achievements and challenges they signify for Russia's agricultural sector, which include the first post-Soviet increase in cattle-breeding stock.

Yelena Skrynnik

Education

Graduated from the government's Economy Academy, majoring in management in 1992.

Work Experience

1994-2001 — Worked in leasing

2001-2009 — Chief executive of Rosagroleasing, a state company for leasing farming equipment

March 2009-present — Agriculture minister

Favorite book: "The Forsyte Saga," a series of three novels and two interludes published between 1906 and 1921 by John Galsworthy

Hobbies: Walking, yoga, psychology (Often rereads Eric Berne's book "Games People Play," (The Psychology of Human Relationships))

Best weekend getaway: Visiting her mother at her dacha.

Skrynnik has tucked a few other successes under her belt since she took the helm of the ministry in March 2009. Agriculture, for one, was the only industry in Russia that posted growth while the global economic crisis sent the rest of the economy into a sharp nosedive that year. It grew 0.5 percent, Prime Minister Vladimir Putin said at the time.

When the crisis receded in 2010, Skrynnik had to cope with the worst drought in decades that scorched the country's farmlands and destroyed much of the crops — giving her little respite for a second straight year.

The setback didn't bring the industry to its knees. Strong demand and Russia's status as one of the global breadbaskets encouraged U.S.-based Deere & Company, the world's largest farm equipment maker, to announce expansion in the country in March 2011. The firm said it would double its manufacturing space at the Domodedovo plant near Moscow, which opened in April 2010. A few months later, in November, it disclosed plans to invest \$32 million in a new plant in Orenburg.

Also during Skrynnik's tenure, another global farm equipment producer, Italian majority-owned Case New Holland, set up a joint venture in Russia in March 2010. In partnership with truck maker KamAZ, the company has been producing machines, such as tractors and combine harvesters, at an assembly line in Tatarstan, where it invested \$70 million.

The arrival of two international heavyweights came following a relatively long pause after the first large-scale manufacturer of agricultural machinery, Germany's Claas, opened its Russian plant in Krasnodar in 2005.

Major international food companies such as Cargill — the largest U.S. privately held company — and France's Danone have also placed bets on Russia's farming might. Cargill is planning to open its first local poultry-processing facility this year at a plant in Yefremov, in the Tula region, in order to expand its product offering to McDonald's in Russia. Another facility, to produce feed for baby pigs and chickens, opened at the plant last year.

However, Cargill, which also owns a river terminal for grain shipment in Rostov-on-Don

and silos in the Krasnodar region, pulled out of a new project at the end of last year — in a sign that Russia sometimes doesn't provide sufficiently compelling terms. In October, Cargill terminated work on an oil extraction plant in the town of Novoanninsky, Volgograd region, after a review of its global plans led to shutting down a number of projects. Some of the factors that influenced the decision about the Russian project included an evaluation of cost recovery and the implementation period.

Minister Skrynnik's approach to the sector also affects foreigners that are landlords growing crops domestically, such as Agro-Invest, a company that groups together acreage owned by the Swedish investment fund Black Earth Farming. As of the end of 2010, it controlled 328,000 hectares of land, about double the size of Luxembourg.

Last year, Skrynnik disbursed 168 billion rubles (\$5.4 billion) in state support to agriculture. In her spare time she dabbles in psychology.

Q: What were the sector's highlights in 2011?

A: This year is ending with seven records, of which four are related to production and three to exports. We have grown record harvests of sugar beet, sunflowers, soy and rape.

Russia has for the first time exported sugar to the former Soviet republics, and monthly grain exports in September reached an all-time maximum of 3.8 million metric tons. Sunflower oil exports increased 25 percent.

That said, we fully meet domestic demand for grain, sugar, vegetable oil and potatoes. As far as production of cattle and poultry in slaughter weight, we also are having a successful year.

Meat and dairy cattle farming has seen improvements. For the first time in the past 20 years, we increased the cattle breeding stock by 55,000. As far as its quality, over the past two years the share of pedigree stock of meat cattle increased to 60 percent of the entire meat herd.

Things have been stable regarding milk. There are no high-rate growth numbers, but the state support measures and the selling price for milk ensure the necessary rate of return for production growth.

Beef-wise, the rate of production growth is not high, but we are repairing the situation with development programs in the regions and are convinced that performance will improve in the near future.

As far as meeting domestic demand for poultry, we count on reaching the levels of the Food Security Doctrine already this year. In terms of pork, that level will be reached in three years. (Reporter's note: the 2010 Doctrine stipulates that domestically produced meat should account for at least 85 percent of the local market.)

There's an understanding that, in these conditions, it is necessary to develop exports. That would not only provide additional income for farmers, but also allow us to regulate the domestic market more effectively. I would like to say that in addition to sugar and sunflower oil, we export poultry and pork. We should aim to export poultry and pork worth as much as \$1 billion, according to some estimates.

Q: What are the prospects for grain exports? What other agricultural products are the most promising in terms of exports?

A: Russia ranks as the world's fifth-largest grain exporter. This year, producing 93.8 million tons of grain (in net weight) we expect to export 25 million tons. As of early December, we have exported more than 15 million tons, which is 50 percent more than exports to this date in previous agricultural years. (Reporter's note: an agricultural marketing year starts July 1.)

We expect Russia's grain export potential to reach 40 million tons to 42 million tons by 2020.

Q: What is being done to draw foreign investment in Russian agriculture?

A: A law that was adopted on July 1, 2011, streamlines the rules for land turnover and facilitates access to farming land. We are preparing regulations.

Serious work is being conducted to reduce administrative barriers for investment projects.

The main point I would like to highlight is that the State Program to Develop Agriculture has been effective. Its new phase, running through 2020, sets the priorities of developing the infrastructure of the agricultural market, modernization of food and processing industries and related facilities, and the development of exports.

Russia has the resources to increase crop acreage by 25 million hectares to 30 million hectares by cultivating currently unused land.

Q: What are your ideas for managing people?

A: The main things I value in employees are professionalism, precision in executing assignments and understanding of goals. Russia has all the resources to provide itself with all necessary agricultural products, and we are working to make this happen.

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