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John Deere Takes On Chinese Rivals With New Loader

By Anatoly Medetsky

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Andrew Christopher, head of the company's construction and forestry division, presenting the model Monday. **John Deere**

Clarification appended

DOMODEDOVO, Moscow Region — U.S. manufacturer John Deere on Monday rolled out a new, low-cost loader for the Russian market, where the rule of similar Chinese models has been virtually unchallenged.

In a move that could help in taking on Chinese rivals, John Deere will make the new machines — where else? — in China.

"We will compete mostly with Chinese producers," Valentin Kushneryov, a John Deere marketing director, said in a speech during a presentation of the WL56 loader at the company's plant near Domodedovo.

The new model is a first for John Deere, which manufactured only high-end equipment before, he said.

About 3,000 low-end loaders worth roughly a total of 7.5 billion rubles ($242 million) were sold in Russia last year, according to Kushneryov.

He identified the top four competitors in the segment as XCMG, SDLG, SEM and Liugong — all based in China and two of them having Volvo and Caterpillar as investors.

Low-end loaders typically sell for 2.5 million rubles ($80,000) in Russia, whereas high-end models cost at least triple that.

John Deere's lower-cost loader has the company's trademark engine, high-quality ZF transmission and an Italian hydraulic system.

Kushneryov could not immediately pinpoint what made the model more affordable. He later explained that the model was less expensive because it uses just the very basic features in the cabin.

One other solution that could be behind the lower price is the sourcing of some components to Chinese producers: the machine on display on the site near Domodedovo had what appeared to be Chinese-branded tires and wheel hubs. A premium loader next to it sported Bridgestone tires.

Andrew Christopher, head of the company's construction and forestry division in Russia, said the model simultaneously went on sale in China and South America.

John Deere completed building its Chinese plant in June. The company owns two plants in Russia at Domodedovo and Orenburg, where it assembles farm equipment from knock-down kits shipped from the United States and Germany. A paper strip on a stack of large tires at the Domodedovo plant said they came all the way from Iowa.

Editor's note: The text contains a clarification from the version that appeared in the print edition. Kushneryov said the lower-cost loader is more affordable because it uses just the very basic features in the cabin.

Contact the author at medetsky@imedia.ru

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