



Lida Equipment: First Choice Among Agricultural Producers

Nearly 70% of the combine harvesters manufactured at Lidagroprommash are exported

Tamara MARKINA, Economy of Belarus Magazine

For many years now Lidagroprommash has been exporting its products to Russia as part of the Russian government's regional initiatives to support local agricultural producers. In the year 2009, most of Lida combine harvesters acquired by Russian agricultural companies were paid for from local budget funds, and in some cases governmental subsidies were provided to cover as much as 50% of the price of the combines.

This year Lidagroprommash plans to expand its exports to Russia. And it is not by fluke that the Russians have expressed their preference for Lida equipment: It is the price/quality ratio that makes this machinery a worthwhile bargain.

Licensed Production

As recently as ten years ago, very few people believed that what was then an auto repair plant could become a competitive player in the CIS (speaking nothing of Western Europe) when it

started mass production of combine harvesters.

Ten years ago was when Belarus embarked on its import substitution policy to produce analogues of expensive foreign equipment at home thus saving money on imports. What we see



Viktor Krugly,
Lidagroprommash Director

today is the fruit of this work. An upgrade of the Belarusian agricultural machinery industry and the processing industry has made agricultural produce one of Belarus's most profitable export items.

Lidagroprommash is one of the pioneers of the Belarusian agricultural machinery industry. The project that gave the company its first strong exposure was the combine harvester under the trademark "Lida." Viktor Krugly, Lidagroprommash Director, tells how the project became real:

– I think, what made the project a success in the first place was the right choice of strategy by choosing to cooperate with Case New Holland, one of the world's leading combine manufacturers. From this company we acquired a license for mass production of grain harvesters.

As usually, it was the beginning that was the hardest part.

The combine harvester Lida is the most well-known brand of Lidagroprommash



In 1999, pursuant to the contract with Case New Holland, we received technical specifications on how to assemble combines and 10 combine kits to assemble into combines. We needed to set up production in accordance with the standards of the US manufacturer, which meant to purchase some missing equipment and learn the assemblage process. And the US partners kept a close eye on our production process to make sure it complied with their company's high standards. But once the Americans made sure the Belarusians were good at learning the basics and got a grip on the technology, they relaxed their supervision.

After assembling American combines for a while and becoming rather good at it, we decided to move on and design our own combine which would be analogous with that of Case New Holland. Although the idea seemed quite ambitious, we jumped on it. A combine harvester is in fact a computer-aided self-propelled factory that cuts ears (of rye or wheat), brings them up from the ground, if so programmed, thrashes them, divides seeds from seed coat and automatically unloads its grain tank when it is full.

We began with 6% of our own unit parts against 94% of the licensed ones, but over time we have been gradually substituting the licensed parts and units with our own ever since. After all, eyes are afraid, but hands are doing the job, or in other words, you never know what you can do till you try. Today the share



of Belarusian parts and units in Lida-1300 ranges between 85% to 86%.

Before the project with Case New Holland we cooperated with Accord, producing sowing machines, which helped us test the idea of gradual substitution of licensed parts with our own ones. Today the sowing machines we make are 100% Belarusian. Adapted to unique conditions of Belarusian agriculture, these machines sell well both domestically and internationally.

Today our offering list includes 20 machines, 10 of which are unique in the CIS. They perform virtually the entire range of agricultural operations, from soil tillage to sowing, to introduction of mineral fertilizers, to taking care of plants in their growing periods prior to the harvest of grain crops, leguminous crops as well as corn and small-seeded crops.

And of course, Lida remains Lidagroprommash's most technically sophisticated machine.

Modern technologies ensure high performance and reliability of agricultural machines

Cooperation

Bearing in mind that you cannot achieve much acting alone, Lidagroprommash has created a production chain involving companies of the Belagromash concern (Bobruisk Belshina, Minsk Engine Works, etc.) and businesses from other industries.

Assembling our machines, we try to meet the wishes and preferences of our clients. For example, some of our clients come from the areas where harvesting is really intense, so they ask us to replace standard Lida engines with US-made 260hp engines which we buy in China where they are manufactured under an American license.

Lidagroprommash is also rethinking its international cooperation policy, shifting the emphasis from cooperation at the first stages of a project to its final stages. For example, the company is working hard to team up with Russian businesses to promote and sell its equipment in Russia. Setting up joint companies is good for Russia as such companies not only manufacture modern competitive products, but also create new jobs and revive the factories that were left

INVESTMENT PROJECT

■ Construction of the Nemnovskaya hydropower plant on the Neman River

Total project cost: \$97 million.
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in neglect following the collapse of the USSR.

The first of such projects was carried out in the Russian city of Omsk, the second one in the town of Balezino, which is a short ride from Izhevsk (Udmurtia).

Lida took these projects very seriously. To train local specialists, Lidagroprommash sent a group of experts to this Russian company. Although Balezino workers had been in the assemblage and repair business for quite a while, Lida machines had certain unique features which needed explanation. Maintenance service was also started to keep the Belarusian machinery in good condition.

Formerly, Lida combines, as well as equipment of other Belarusian manufacturers, had been sold through the trading house "Belarus." However, starting last year, Lida combines have been sold to this Russian region via the joint company, in which Lidagroprommash holds a 51% stake and Balezino Overhaul Plant a 49% stake.

It is planned to assemble 200 combines per year at Balezino Overhaul Plant, as well as manufacture some units and component parts, which will make the final product cheaper. Forty new jobs have been opened in Balezino. The plant has launched

COMPANY BRIEF

Lida-1300 is a compact and multi-purpose harvesting combine which operates in any weather conditions and is equipped with an onboard computer. A modern cabin equipped with climate-control creates an ideal working environment for everyday work. In addition, Lida-1300 can harvest small-seeded crops and corn.

Unlike Lida-1300, Lida-1600 is more powerful and productive as it features all the best features of Lida-1300 and is designed to harvest fields with a yield capacity of up to 80 centners per hectare. In terms of daily output, Lida-1600 is on a par with John Deere and LEXION-560 combines.

the manufacture of reaping machines which transportation is rather costly.

Having embarked on the path of cooperation and license-based production of the equipment of the world leading manufacturers, Lidagroprommash has provided jobs to hundreds of Belarusians and Russians. Today, the company employs over a thousand people.

The Belarusian manufacturer plans to set up its third joint company in Russia.

– The third joint company will be opened in the Amur Region, in a town that is the twin-city of Blagoveschensk. As with the previous two projects, we plan to sell our combines from Blagoveschensk as part of the Far Eastern regional program, Viktor Krugly says.

The Belarusian company's dealers in Russia use an analo-

gous sales policy within the framework of regional programs. They participate actively in tenders for the purchase of agricultural equipment in a number of Russian regions. In 2009, over 100 items of agricultural harvesting equipment were sold in Russia.

Enough Space for All

Does Lidagroprommash feel any discrimination on the Russian market, because there was a time when the top management of Rostselmash complained that the Belarusians were always in the way.

– In the Soviet times, every year up to 90,000 Rostselmash machines were sold in kolkhozes and sovkhozes of the Soviet Union. I think both Belarusian and Russian manufacturers of grain harvesters can work in the Russian market today, for the market is really big and the only thing you need to do is find your place on it, says Viktor Krugly. – Considering good sales in Udmurtia, Siberia, we began to explore other Russian regions distinguished by high competition, like Stavropol and Krasnodar. Lida-1600 was very well received there.

Still, it is Lida-1300 that remains the most popular Lidagroprommash combine in Russia. Its sales increased 10 times from 2004.

Also, the company exports combines to the European market, to Serbia, Bulgaria, Poland. Soon, Lidagroprommash will participate in another exhibi-



An office of a modern manufacturing company should look respectable, Lidagroprommash representatives believe



tion/fair in Serbia. The company management is certain that Southern and Western Europe is a promising market for the company who is also searching for clients in other places of the world.

– We have four combines being tested now in Venezuela, says Viktor Krugly. The combines have proved their efficiency. Our specialists went there two times to check on their performance, but there have been no breakdowns. We are looking forward to exporting other machinery to Venezuela as well.

Maintenance

In Belarus, Lidagroprommash has a wide network of maintenance service facilities comprising nine stations, and all malfunction problems are dealt with as fast as within 24 hours. It comes as no surprise therefore that the company has never had quality complaints from its clients.

The company's managers use their expertise and business contacts while roaming around Belarus and the globe in search for new clients and profitable contracts.

Sometimes it takes a while for investments to pay back, and unfortunately, when a client expressed his preference for a costly project, which does not pay back fast, he often views it as lost profit. However, he does not take into account that by selling cheaper but outdated equipment, a producer brings its goods to the market when it is already too late and nobody needs the product. "A stitch in time saves nine," they say, and it is very true indeed.

Making It Through the Low Season

The company plans to expand its production premises to manufacture more types of vehicles, particularly for the low season.

This work has already brought some results.

– In the past, agricultural producers used to purchase our equipment predominantly for the winter-summer period, and the autumn-spring period used to be a dead season for us. But things have changed, Viktor Krugly says.

Many agricultural producers have already renewed their fleets of machinery, but Lidagroprommash does have a number of Belarusian agricultural producers among its clients. Participation in the national import substitution program remains one of the priorities for Lidagroprommash. Fifty percent of its output is sold inside Belarus and the other fifty exported. As for combine harvesters, the Belarusian market experiences an abundance of them, therefore Lidagroprommash exports 70% of its combines. But the company is always ready to offer the new Lida-1600 and traditional Lida-1300 for the domestic buyers. All you have to do is to place an order. ■

Today the share of Belarusian parts and units in Lida combine harvesters makes up 85%