



Russian investment sows the seeds of an agricultural success story



FERTILE LAND: David Metcalfe, left, checks the crop in Russia with Elena and Sergey Belousov

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Mike Bridgen reports on a Wensleydale farming family's Russian business venture.

AFARMING family's search for new land ended some 1,500 miles away - in Russia.

The Metcalfe family runs a 550-cow dairy herd, large agricultural contracting operation, and a specialist haulage business from their home at Washfold Farm, Leyburn.

But they are also heavily involved in a 50,000-hectare (123,000-acre) farm in the fertile Tambov region of Russia.

Its total workforce of 300 includes 15 accountants, five lawyers and 40 security guards, who combat mostly petty thefts of drums of fuel and grain.

David Metcalfe, one of three sons, spends 50 per cent of his time running the Russian enterprise and recently brought his senior Russian management team home to see what farming is like in Wensleydale.

The remarkable story began in 2002 when the Metcalfes were keen to take on more arable land in Yorkshire, but were put off by the high prices. At the time, Mr Metcalfe was visiting Russia with a group of farmers who were impressed with what they saw and keen to invest.

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Nothing came of it at the time, but, in 2005, one of the group asked the family to join five other farmers and invest in 2,000 hectares – almost 5,000 acres – of the central black soil area of Tambov, 300 miles south of Moscow.

The Metcalfe family – parents John and Thora, and sons David, Brian and Philip – decided Metcalfe Farms would join the group.

“We were then only involved as investors; the other guys had already taken the farm on and some work had begun,” said Mr Metcalfe.

“But then more land became available and we invested again to increase to 11,000 hectares (27,000 acres), and I was asked to run the business as the chief executive.

“In effect, there was now two completely separate angles to the business, one where Metcalfe Farms were investors and the other where I was employed as the CEO.”

In late 2006, a fundraising exercise in London allowed them to expand to 50,000 hectares (123,500 acres), of which 34,000 hectares (84,000 acres) is in cultivation.

They had planned to expand again to between 100,000 hectares (247,000 acres) and 150,000 hectares (370,600 acres), but shelved the idea when the world economy faltered and Russia invaded Georgia.

Mr Metcalfe said: “No-one wanted to invest, but in the last three months there has been quite a bit of interest again and, in the next 12 months, we expect to secure sufficient investment for that expansion.”

Foreigners are not allowed to own land in Russia, so LLC Agro Vista Tambov was established, a fully-registered Russian company.

Of the 50,000 hectares, some 10,000 were purchased for about £100 per hectare – £40 an acre, compared to thousands of pounds an acre in England.

The land is from the old collective state farm system and was given to people in the early 1990s in the form of land shares.

“In general, the land has not had crops on it for a number of years, but it is quite easy to get it back into production,”

said Mr Metcalfe. “It is a lovely, black, free-draining soil, which is very deep and has no stones in it at all.”

This year’s cropping included 14,700 hectares of winter wheat, 5,600 hectares of spring barley, 800 hectares of spring rape, 3,300 hectares of sugar beet and 500 hectares of grain maize.

A total of 93,000 tonnes of grain was produced. The barley yielded 4.5 to 5t/ha, wheat achieved 4 to 4.5t/ha, and the sugar beet gave 40t/ha.

Crops can be exported, but the farm targets the large home market.

Feed wheat only attracts £40 a tonne, so the farm aims to meet the quality milling wheat and malting barley markets, which attract prices of £70 and £80 a tonne respectively, which are still very depressed.

“This year, our sugar beet has been selling for over £40 a tonne, which is really good,”

said Mr Metcalfe. “We pay a local factory to process a proportion of it into white sugar which we then sell for a premium price.”

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The farm also inherited a dairy herd of 330 cows plus followers. It was very run down and the cows – a local breed – only produced 2,800 litres. The company made a small investment, improved the feed, and the yield quickly rose to 4,000 litres a cow.

The milk is sold for local cheese production.

The farm has no other immediate plans for the herd.

The Tambov region has a favourable 22in of rain a year.

Summers are hot – over 30C – and winters are freezing.

Snow lies from November or December until March or April, giving narrow windows for drilling and spraying.

Harvesting is a mammoth operation. The farm has 22 combines of its own, a mix of Russian and leading Western makes, but employs a further 12 on contract.

They work in teams of five to seven split into combinations of two or three accompanied by a grain cart.

Mr Metcalfe has been impressed by the workforce, who had no problems adapting to the hi-tech machinery.

But he has found Russian bureaucracy hard to get used to.

He said: “The paperwork is much, much worse than here. Russia is highly bureaucratic.

Metcalfe Farms has one accountant – in Russia, we need 15 and five lawyers.

He had to fill in mountains of paperwork and was screened by four hospitals in one day to get a work permit.

But he has nothing but praise for his Russian management team, particularly Englishspeaking Elena Belousov, executive director, and her husband, Sergey, who is general manager, and Elena Ulyihina, chief accountant.

Mr Belousov is assisted by Englishman Stephen Walker, who is the full-time operations manager based in Tambov.

David Teague of Velcourt, an English farm management company, is the chief financial officer reporting to Mr Metcalfe.

Brian Redrup, also from Velcourt, prepares the monthly cash flows, management accounts and budgets in a suitable format which is required for presentation to the investors.

The Belousovs joined about the same time as Mr Metcalfe and used their local knowledge to help recruit others during the four years.

Mr Metcalfe said: “I am very pleased with the way things have gone. It was high risk when we started, and the risk level is still high to medium, but we have survived the first four years and are looking to expand again.

“There are other foreign companies in Russia who have done the same as us, but are now in serious financial difficulty, the main reason being they have underestimated how specialised agriculture is.

“The ultimate aim is to make the business large enough to list and sell shares for further expansion. I certainly do praise our Russian management team – without them, we would have achieved nothing; the combination of western and local expertise coupled to local knowledge is producing good results.”

At home, the Metcalfes run several highly successful businesses employing about 50 people.

Apart from the dairy, sheep and agricultural contracting operations, they have Metcalfe Farms (Haulage) Limited, a separate company formed three years ago. It has 32 wagons, 30 of which transport specialist large loads

all over Europe.

Two years ago, they established Truck Technics Ltd in partnership with Ken Tyrala to service the fleet of wagons.

It also carries out servicing and repairs to commercial vehicles and cars for other customers.

They also have a collection of 22 Ford and Fordson tractors, dating from 1917 to 1975, which Mr Metcalfe senior enjoys taking to shows.

The Russian managers saw all the operations at first hand and enjoyed visiting the area, including a busy Leyburn auction mart - none exist in Russia - and the Wensleydale Creamery in Hawes.

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