



PHOTOS BY LORISCHOTT, U OF M BEEF TEAM

Angus and the Russian Revolution

This fall, 250 registered Angus heifers and 10 bulls were exported from the U.S. to the Kaluga region of Russia — representing a monumental first step toward the development of a new frontier.

by *Kindra Gordon*

A phone call to the University of Minnesota (U of M) Beef Team in fall 2007 brought a unique request. Sergey Nitsenko, a Russian businessman, real estate developer and farm renovator, was interested in touring successful beef cattle operations in the Midwest — from ranches and feedlots to artificial insemination (AI) facilities and beef processing plants.

Nitsenko's interest in U.S. beef stemmed from his desire to establish an integrated beef operation in his home country — which has an improving economy and growing taste for high-quality beef.

Previously, communist rule meant all Russian farms were state-owned and operated, with little regard for quality. But during the past two decades, with the fall of communism, Russia is slowly working to rebuild a productive ag industry. And, Nitsenko, who has a 30,000-acre ranch

located in the Kaluga Oblast, approximately 90 miles south of Moscow, is working to turn his ag interests into a reality.

Studying the U.S.

Nitsenko's foray into agriculture began about five years ago when he set out to establish a Russian dairy. To do so, he worked

with U.S. interpreter and business consultant Vladimir Gribovsky of Waconia, Minn. Gribovsky immigrated to the U.S. with his family in the 1950s from the Ukraine, and, when the Cold War ended, began working as a consultant with the Russian Ministry of Agriculture as they rebuilt their agricultural infrastructure.

Gribovsky connected Nitsenko with a University of Minnesota dairy professor in studying models of U.S. dairies — Nitsenko then proceeded to build a 600-head dairy operation in just two years.

At that time, the trade ban due to bovine spongiform encephalopathy (BSE) prevented Nitsenko from importing dairy cattle from the U.S. He had to get them from Europe instead.

When signs in fall 2007 indicated that the live-cattle trade agreement between the U.S.



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and Russia would eventually be reinstated, Nitsenko set his sights on establishing his Russian beef operation with the aim of using U.S. genetics.

To begin the process, Nitsenko again contacted Gribovsky in Minnesota, who then initiated contact with the U of M Beef Team for assistance in learning more about the U.S. beef industry and meeting producers. The Minnesota team includes Lori Schott, Ryon Walker, Alfredo DiCostanzo and Grant Crawford.

Because Schott had her own unique connection with Russian culture — she and her husband adopted their daughter from Russia a few years ago — she took the lead on working with Gribovsky and Nitsenko.

An initial look

Schott recalls that Nitsenko had studied American beef operations — using the Internet, American university research and U.S. cattle industry statistical information. And, he was especially intent on Angus genetics. “He kept saying he wanted ‘the best of the best,’” she reports.

Having grown up with Angus cattle, Schott was familiar with several of the breeders in the region, and she set up a tour of ranches, feedlots and food- and meat-processing plants in Minnesota, Iowa and Nebraska in October 2007. Among the places the group visited was Whitestone-Krebs, owned by Eldon and Louisa Krebs and George Lemm at Gordon, Neb.

Louisa Krebs recalls that initial visit, saying, “We’ve had many international visitors over the years, so we thought this would be another typical visit. Selling and shipping cattle to Russia was the farthest thing from our minds that day.”

Nitsenko spent the day at the ranch studying everything from genetics to facilities and management. He also wanted to see a typical commercial operation, so the next day he visited longtime Whitestone-Krebs customer George Shadbolt at his Sandhills ranch and backgrounding feedlot.

After the tours, Nitsenko was very interested in purchasing Angus cattle to begin his Russian beef operation — even

though the international trade agreement still wasn’t in place.

Schott says the reputation of Whitestone-Krebs genetics within the industry, along with the fact that they recently established their own bull stud facility fit with Nitsenko’s goals for his own operation. “Sergey would eventually like to establish his own bull stud in Russia, so he was very interested in what Whitestone-Krebs has done,” Schott says.

Schott also attributes the success of this project to the ability of all the parties involved to work together. For instance, Eldon worked closely with Nitsenko to put together a five-year plan for developing his Russian beef herd and even for building calving barns, corral systems, feedlot facilities and fences — none of which existed on Nitsenko’s Russian property.

Eldon also helped Nitsenko connect with two young Nebraskans — Erik Burken and his fiancé Jamie Jallo — who were willing to move to Russia and manage the beef start-up for the next several years.

Making it happen

At the Whitestone-Krebs annual bull sale in March 2008, Nitsenko made his first purchase of 11 registered Angus bulls (10 to be exported to Russia and a partnership ownership in one bull that will remain in the U.S.). Shortly thereafter, 250 registered Angus replacement heifers were also purchased from Whitestone-Krebs.

The hope was to export them via plane to Russia by late spring — but the live-animal trade agreement was still not in place. So the decision was made to have the heifers bred at the Whitestone-Krebs ranch in Nebraska, with hopes that they could be exported by late summer or early fall.

In April, Schott, Eldon and Louisa Krebs, and Burken and Jallo were invited to Russia to visit Nitsenko and meet with Russian agricultural officials. The group traveled with Gribovsky and visited Nitsenko’s Kaluga farm, as well as his dairy and other operations, giving them an overview of Russian agriculture and Nitsenko’s plans for his beef operation.

For Eldon and Louisa Krebs, this was their first visit to Russia. They describe the Kaluga region as similar to southern Minnesota, with rolling hills and forested areas — although many areas have been cleared. They also found the climate to be more humid and with a higher rainfall than western Nebraska.

But what struck them most was the lack of beef cattle in Russia.



►**Above and right:** After being quarantined at the Whitestone-Krebs ranch for 21 days and passing an extensive list of required tests, 260 head were shipped via semi trucks to Lathrop’s USDA Export Center prior to loading at Chicago’s O’Hare Airport.



“In touring the countryside you never saw any beef cattle,” Louisa says, “only an occasional family milk cow staked out to graze.”

Because of Russia’s limited cattle supply, Russians have traditionally consumed less desirable imported beef cuts like tongue, liver and other organs. Louisa notes that one ribeye in a higher-end grocery store was about \$80 per pound (lb.). But, she adds, “For the most part, there aren’t any beef products available in the stores.”

However, as the Russian economy has grown, their desire for quality beef has increased. “So there is huge potential for the future,” Louisa says.

Schott adds that to date Russia has lacked the infrastructure for American-style cattle production, but now that the government-run state farms have been phased out, Russia has five priorities for its country, and one of them is to build up its agricultural production practices — just as Nitsenko is doing.

“They are inventing their beef system over there ... and their determination, drive and desire for learning about our beef industry and production practices is remarkable,” she says.

Shortly after the group returned to the U.S., the U.S. Department of Agriculture (USDA) announced on May 7, 2008, the approval of the live export of breeding cattle and bovine embryos (as well as swine and horses) to Russia.

With that, Russian officials began to prepare for the arrival of the cattle, and Nitsenko — with input from Eldon — had to design a building and corrals for the cattle to be quarantined for three weeks when they arrived at his farm. These facilities were designed to be multi-functional and will later be used during calving.

With this being the first shipment of American cattle to Russia under the new trade agreement, Schott acknowledges that it was quite a chaotic process — and it wasn’t without delays. An initial shipment date of July was eventually pushed to mid-September due to navigating the government process between two countries.

“Russia moves very cautiously in regard to assuring herd health for imported cattle,” Schott says.

With the final green light, the work then began in getting the Nebraska cattle tested, quarantined, USDA-inspected and ready to fly to Russia. Schott says the aid and cooperation of many entities made the process a fairly smooth one. This included the Whitestone-Krebs ranch veterinarians;



► On Sept. 2008, 165 heifers and 10 bulls were put in crates and loaded on a chartered 747 airplane in Chicago destined for Russia.

Nebraska’s state veterinarians; Randy Lathrop, who handled the trucking; and the USDA.

Louisa says she’d often joke, “These cows are never going to fly.” But finally, the day did come. After being

quarantined at the Whitestone-Krebs ranch for 21 days and passing an extensive list of required health tests, the 260 head were shipped via semi trucks to Lathrop’s USDA Export Center, in Dundee, Ill., prior to loading at Chicago’s O’Hare Airport.

Another delay by Russia pushed the flight back a day, but on Sept. 10, 165 heifers and 10 bulls were put in crates and loaded on a chartered 747 airplane in Chicago destined for Russia. The second group of cattle flew out Sept. 17. Schott, Eldon and Louisa and their son Ty, along with their herd veterinarian, Jeff Erquiaga, accompanied the cattle.

Schott reports that the cattle remained extremely calm throughout the process, and once unloaded in Russia, they were herded with horses to the holding facility on Nitsenko’s property — they had arrived in their new frontier.

Opportunities ahead

Schott feels confident that with this landmark Russian export project complete, there will be more opportunities for the U.S. cattle industry, universities and agricultural industries to work with Russia.

“It is an emerging market, with the Russians wanting to establish high-quality beef herds [and other agriculture]. By

developing relationships like this, the U.S. beef industry can build on that for the future and benefit from the opportunity,” she says.

She stresses that relationships are the key to live cattle exports such as this one, saying

that expertise and support from the breeder are as important to the buyer as the cattle.

Likewise, as the U.S. competes with other countries in working with Russia to build its beef cattle industry, Schott says the emphasis on America’s high-quality genetics are an important selling point, along with sharing our technology and production practices.

Louisa adds that American Angus genetics are particularly held in high regard by the

Russians. “The Russians are sold on the reputation of the Angus breed, and they are very familiar with *Certified Angus Beef*®,” she says.

Nitsenko is already talking about purchasing more American Angus cattle, as well as using AI and possibly embryo transfer (ET) to build his Angus breeding herd in Russia. Schott says his eventual goal is to build up the genetics and cattle numbers to provide cattle for high-quality commercial herds so calves can then be fed and processed to tap a portion of the Russian beef market.

Of the experience exporting these cattle to Russia, Louisa says, “This has broadened our ranch’s outlook. There is a whole untapped world we hadn’t thought about before. The opportunities for American beef breeders are truly unlimited.”



Return visit: National Western Stock Show

Not only is Sergey Nitsenko building his Angus herd in Russia, he continues to look to the United States for expertise and genetic advancement for his Russian cattle operation. Nitsenko and the Russian Minister of Agriculture returned to the United States in January to attend the National Western Stock Show (NWSS) in Denver, Colo.; to view the Angus exhibits; and to continue learning about the American beef industry.