

Dairy developer

Exporter bolsters Russia's slumping industry

BY BRADFORD WERNLE

CRAIN'S DETROIT BUSINESS

Russia has plenty of cows all right; it's their milk production that's the problem. The average Russian cow's output is a drop in the bucket compared to its American counterpart.

For Pontiac entrepreneur and Russian native Alex Itkin, those unproductive stock represent a business opportunity — to help feed his old country and his own bottom line at the same time.

The 44-year-old St. Petersburg native, who came to the United States four years ago with \$500 in his pocket and began his work life as a Domino's Pizza delivery driver, is the key link in a program to deliver about 50,000 dairy cows to Russia during the next five years.

But Itkin is no mere salesman, and cows aren't all that's involved in the program he's spearheading. He sees his company, Arus Pathways International Inc., as a conduit for American technology, helping Russia modernize and privatize its dairy industry. Not only will the American team work on a deal to send cows, but also bull semen, embryos and agricultural know-how.

"I help one country develop technology, another country find markets," said Itkin, who didn't speak a word of English when he arrived in this country. "We will balance our deficits. Our debts will go down. There's huge marketplace in Russia. We can help Russia. They need understand how business work and democracy."

Itkin and the Holstein Association, an industry group based in Brattleboro, Vt., will lead an eight-person U.S. dairy mission to Moscow in December to try and hammer out a deal for a pilot project that would help address two problems: a shortage of dairy products in Russia and an overabundance in the United States, where too much milk has driven prices downward.

The mission is out to determine what kind of program the Russians want and how the deal will be financed, said John Field, director of international development of the Holstein Association.

Itkin and Field have already held discussions with Victor Kylstun, Russian minister of agriculture. Field said Itkin's knowledge of the workings of the Russian government are vital to making the project work.

While still in Russia, Itkin worked with the ministry of agriculture as vice president of corporate operations and communications for the Agriculture Machinery and Constructions Corp. in what was then called Leningrad.

"He's a very strong personality, and some people might be put off by that," said Field, who has traveled to the former Soviet Union a number of times and learned what works there and what doesn't. "But Alex is effective and his kind of personality is effective."

Itkin moved to the United States in 1988 and will soon achieve his dream of American citizenship. He hopes to add the cattle transaction to a list of other deals he's engineered with his homeland.

His other company, Kairos International Development Inc., brought a Russian heavy machinery factory in the city of Vladimir together with The Gradall Co. in New Philadelphia, Ohio, on a deal to mate Gradall hydraulic excavators to Russian

trucks.

David Williams, vice president of marketing and sales at Gradall, said the deal will enable the Russians to obtain needed excavating equipment and technology at a price they can afford.

One of Gradall's own excavators costs \$225,000, but mating the Russian truck to the excavator allows Russia to get the truck for half the U.S. price, Williams said.

But Williams emphasized the deal is no mere sales transaction.

"We concocted the program of adding value on the Russian side," he said.

Williams said Itkin is indispensable in Gradall's Russian plans.

"We look at Alex as being an equal partner in a three-part relationship," he said. "Alex's responsibility in the beginning was to locate and qualify people we were doing business with in Russia."

Kairos is also working on another program, selling 2,000 Russian wooden pallets a month to a company in the United Kingdom.

The cow project hinges on finding some way of getting funding through the United States Department of Agriculture or the Agency for International Development, Field said.

Due to a combination of factors — some having to do with genetics and others with inferior care and feeding — the average Russian dairy cow produces only about a third of the milk a typical American cow does. The Holstein Association hopes to change all that by duplicating in Russia the success of a program begun in Hungary in 1974.

When that program started, the majority of Hungary's 800,000 cattle were Simmental, a breed used for both meat and dairy. The average cow produced 2,478 kilograms of milk during the 305-day lactation year, Field said.

With the introduction of American Holsteins, Holstein semen, superior genetics and new feeding technology, the herd had shrunk to 460,000 cows by 1991. But average production had more than doubled — to 5,541 kilograms of milk per cow annually, Field said. The Holstein Association was also able to persuade the Hungarians the dairy yield would improve if the cattle weren't bred for dual purposes.

Itkin believes feeding Russia is vital if democracy is to be preserved and if Russia is to get a chance to see his favorite system — capitalism — work.

Itkin became infatuated with the capitalist system as a Ph.D. student studying international marketing at Leningrad Financial Institute. His acquaintance with the Ministry of Agriculture came when he was a vice president for Agriculture Machinery Corp. in Leningrad.

But Itkin longed for life in the United States, where he had some relatives.

What is extraordinary, said Williams, is that, unlike many Russian immigrants, who flee lives of poverty, Itkin had a lot to lose by leaving.

"Alex left an outstanding job in Russia, and he was well respected," he said. "He did that because he wanted to come to America."

"A long time before it actually broke, he knew the communist system was broken," Williams said.

Now Itkin says he wants to die in his new country.

"He's a real flag-waving American," Williams said. **CDB**