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EBRD lends \$40 million to Russian agribusiness group

Loans to boost oilseed production in Kaliningrad and improve agricultural logistics

The EBRD is providing \$40 million to a leading Russian agribusiness group under two loans signed today at the EBRD's Annual General Meeting in Zagreb. The Bank is advancing a seven-year loan of \$15 million to Trans Agro, a wholly-owned Russian subsidiary of the Sodrugestvo group, to buy up to 500 railway wagons, as well as a three-year working capital loan of \$25 million to Sodrugestvo Soya CJSC.

The Sodrugestvo group is a major supplier of protein meal to the Russian meat industry. It is also the largest importer, producer and distributor of soybeans and animal feed products in the Commonwealth of Independent States (CIS).

The EBRD's funding for this key provider to the Russian agro-food industry will have an important trickle-down effect, boosting oilseed production in Russia's Kaliningrad region and helping local farmers gain access to export terminals, said Alain Pilloux, the EBRD's Managing Director for Industry, Commerce and Agribusiness.

Apart from increasing transport capacity by buying more efficient wagons capable of carrying much heavier loads, the group is also planning to start sourcing locally up to 50,000 tonnes of rapeseed a year for processing at its recently-opened crushing plant in Russia's westernmost port, Kaliningrad.

In addition, the group intends to use its port facilities in Kaliningrad for the export of Russian agricultural products, which could include up to 150,000 tonnes of grain, 100,000 tonnes of sugar beet and 50,000 tonnes of rapeseed a year.

The railway wagons the group will purchase will be used to transport finished products such as soy meal to end-customers, as well as rapeseed for crushing and grains and sugar beet pulp for trading.

Underlining its commitment to environmental values and sustainability, the group plans to create a new seat on its board of directors to be reserved either for a representative of a leading environmental NGO or an expert in the field of environmental and sustainable agricultural production.

In the agribusiness sector alone, the EBRD has directly committed more than €5.5 billion in over 380 projects across central and eastern Europe and the Commonwealth of Independent States since 1991.

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The EBRD, owned by 61 countries and two intergovernmental institutions, is supporting the development of market economies and democracies in countries from central Europe to central Asia.

Sodrugestvo (www.sodrugestvo.com), founded in 1994, focuses on servicing the agricultural markets through specialized infrastructures, dedicated logistics and, processing facilities as well as trading and distributing selected commodities. Sodrugestvo has its head office and its largest facility in the Kaliningrad Oblast (Region) of Russia. With 18 locations in 7 countries, Sodrugestvo employs more than 1,000 staff. In 2009, Sodrugestvo crushed more than 1.1 million tons of soybeans and rapeseed, becoming a leading player in Northern, Central and Eastern Europe. Consolidated sales for the year ending June 30th 2009 reached \$845 mil., confirming an average annual growth of 15% or more for the last ten years. Sodrugestvo is a privately-held group.