Deere To Invest $125m In Russian Plant

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Deere & Co., the world's largest agricultural-equipment maker, said Monday its board of directors has approved a plan to invest $125 million to establish a new manufacturing and parts center in Russia.

The Moline, Ill.-based company said the facility near Moscow will be capable of making a broad range of John Deere products, including tractors and harvesting equipment, as well as construction and forestry products.

Deere has expanded globally in recent years, and more than half its agricultural sales came from outside North America for the first time in 2008. It has said further international growth remains a priority despite the economic downturn.

The investment in Russia will total $125 million, according to Ken Golden, a company spokesman. That includes $25 million in capital and $25 million in leases, among other amounts, he said. The plant near the Domodevedo International Airport will employ about 300 people.

Deere also said it will consolidate several depots at the site to improve parts and customer service.

The news follows an announcement in July that Deere was prepared to invest about $500 million in its farm, forestry and construction operations in Russia, given the right market access conditions. That statement coincided with summit meetings between Russian President Dmitry Medvedev and U.S. President Barack Obama in Moscow.

On Monday, Deere President and CEO Samuel Allen said the new plant was the first step in that plan.

"Russia will be a major contributor to meeting the world's future needs for food and forestry products," he said in a statement. "Our investment in this new facility helps Deere prepare to significantly contribute to the Russian government's vision for expanding exports from Russia in these important sectors."

Deere said the project complements its planned investment in a national operations and training center in Russia's Kaluga region and its existing seeding equipment manufacturing facility in Orenburg.

Deere said it intends to expand its presence in Russia in current facilities and other locations around the country. Earlier this year, Deere introduced a line of construction equipment in Russia.

Shares of Deere slid 83 cents, or 1.9 percent, to close at $43.60 as the broader

market slumped.

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