

NLMK GROUP

Corporate Magazine

4, August 2013



Feature Story: NLMK Kaluga Grand Opening

Efficiency

Interview with
Yuri Larin

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Global Meltdown

To scrap or not
to scrap?

12

Around Russia

Road Trips

20

NLMK GROUP

Corporate Magazine
No. 4, August 2013

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Feature Story
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Efficiency
**INTERVIEW WITH VICE PRESIDENT FOR TECHNOLOGY
DEVELOPMENT & OPERATIONAL EFFICIENCY
YURI LARIN**



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**RACING THE HEIR
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Around Russia
ROAD TRIPS

GRAND

At the end of July, NLMK Kaluga celebrated its grand opening. The official ceremony was attended by Prime Minister [Dmitry Medvedev](#), Chairman of NLMK's Board of Directors [Vladimir Lisin](#), and Governor of Kaluga Region [Anatoly Artamonov](#)



In his speech at the opening of the plant, Vladimir Lisin said, "We have succeeded in delivering a highly efficient manufacturing facility and, most importantly, we achieved this during a very challenging period for our economy and for the steel industry in particular. We still have a lot of work ahead of us — there is plenty to be done to reach the design capacity."



"I'm impressed. This is a state-of-the-art, high-tech and – most importantly for a steel plant – clean facility. It's probably the cleanest in the country," said Dmitry Medvedev at the opening ceremony

OPENING

President of NLMK Oleg Bagrin and Russia's
Minister of Economic Development Alexei
Ulyukayev



Vice President for Procurement Brijesh Garg chats
with one of the guests

Dmitry Medvedev left the following
comment in the guestbook: "I wish all
NLMK Kaluga staff much success, and
hope that the plant flourishes. Full steam
ahead!"



► For more information on NLMK Kaluga plant, its production capacity, and the preparation work that preceded its launch, read the interview with Sergey Shalyaev at nlmk.com/mag

"May your work here be interesting, rewarding, and comply with the highest standards," said Dmitry Medvedev in his address to staff at the opening of the plant



In the foreground: two members of the Board of Directors, Nikolai Gagarin and Karen Sarkisov

In the background: Vice President, Iron Ore Division Alexander Gorshkov and Vice President for Logistics Alexander Saprnov



Vice President for Investment Projects Konstantin Lagutin and NLMK Managing Director Sergey Filatov



NLMK Kaluga's General Manager, Sergey Shalyaev, honors top-ranking workers



The closing concert

YURI LARIN:

“THERE’S NO SUCH THING AS THE JAPANESE MIRACLE, ONLY AN EFFECTIVE TRAINING SYSTEM”

Vice President for Technology Development & Operational Efficiency
Yuri Larin explains the “5 S’s,” what we have learnt from the Japanese, and why it is sometimes good for managers to assemble boxes

Text: Yulia Taranova

Mr. Larin, I believe it’s been three years since you launched the program to increase production efficiency and now the time has come to train managers, including the managing directors of the Group’s companies. What did you teach them and how?

The training was provided by Toyota Engineering, the most efficient company in the world, which has also taught such well-known companies as Boeing, Harley Davidson, and Posco. The course lasted five days and consisted of business exercises and a lecture series which, I should add, was called “Lean Manufacturing.” It’s exactly this methodology that is a part of the System for Efficiency Improvement we are currently introducing in our own company. We’ve confirmed once again that we’re on the right path, but in the process we also heard many interesting things.

The common view is that the Japanese have a different approach to work. Will this system prosper in the Russian context?

Actually, this was the first point our instructor made. Yes, around the world there is the

stereotype of a so-called “Japanese miracle,” of workers who are capable and devoted to the corporation. But in reality, no such special Japanese mentality exists. Instead, what they have is an effective training system. The only difference in Japan is that these systems were first introduced back in the 1950s and are now paying off tremendously.

But what are the differences between us and the Japanese?

The categorical difference between Japan and Russia, and the rest of the world, lies in the fact that while senior management is at about the same level (according to the Toyota Engineering instructors), Japanese operational staff are many times stronger. Not because the people are better—the people are the same—but because they are better trained. Since it is the operational staff who create the added value, the Japanese place greater emphasis on their training and education. They are constantly training staff—literally on a daily basis—and they even train them out of working hours, and pay them overtime for it.

So this is a problem that money can solve?

Not only that. It is thought that there is a hundredfold return on this investment, since by their estimates, 90% of quality issues are solved at the operational staff level. This was demonstrated for us through a business exercise. We had to assemble two small boxes with lids from one letter-sized sheet of paper, using one set of tools per team. It might seem like a silly exercise for elementary schoolkids. But in fact, it was not so simple, taking variables such as conserving materials, quality, and time into account. It was pretty interesting watching senior managers sitting around gluing boxes together.

But did you manage in the end?

And how! Even the Japanese were stunned when, for this seemingly trivial task, we began to propose serious labor-saving solutions. The Japanese teacher was speechless: nowhere in the world, he said, has anyone thought of this. How best to glue the box together, save materials, and check the quality of the output. What did he demonstrate to us? That any process, even the simplest, can be improved.

And what does this mean in practice?

We've thought of a whole system to engage staff, which consists of a few tools. The first is the 5S system for organizing work stations. At its core lies the principle that an orderly work station equates to an orderly mind. We've already begun introducing this system. Second is what we call an initiative system and what the Japanese call "kaizen": a system of improvements that helps to engage staff, since that's where the essential ideas come from. And a lot of other tools spanning the entire production process.

Which tools have already been introduced and are working?

First of all, we have the SEI data system—this can be



Business system transformation stages

International expertise:

 **TOYOTA**

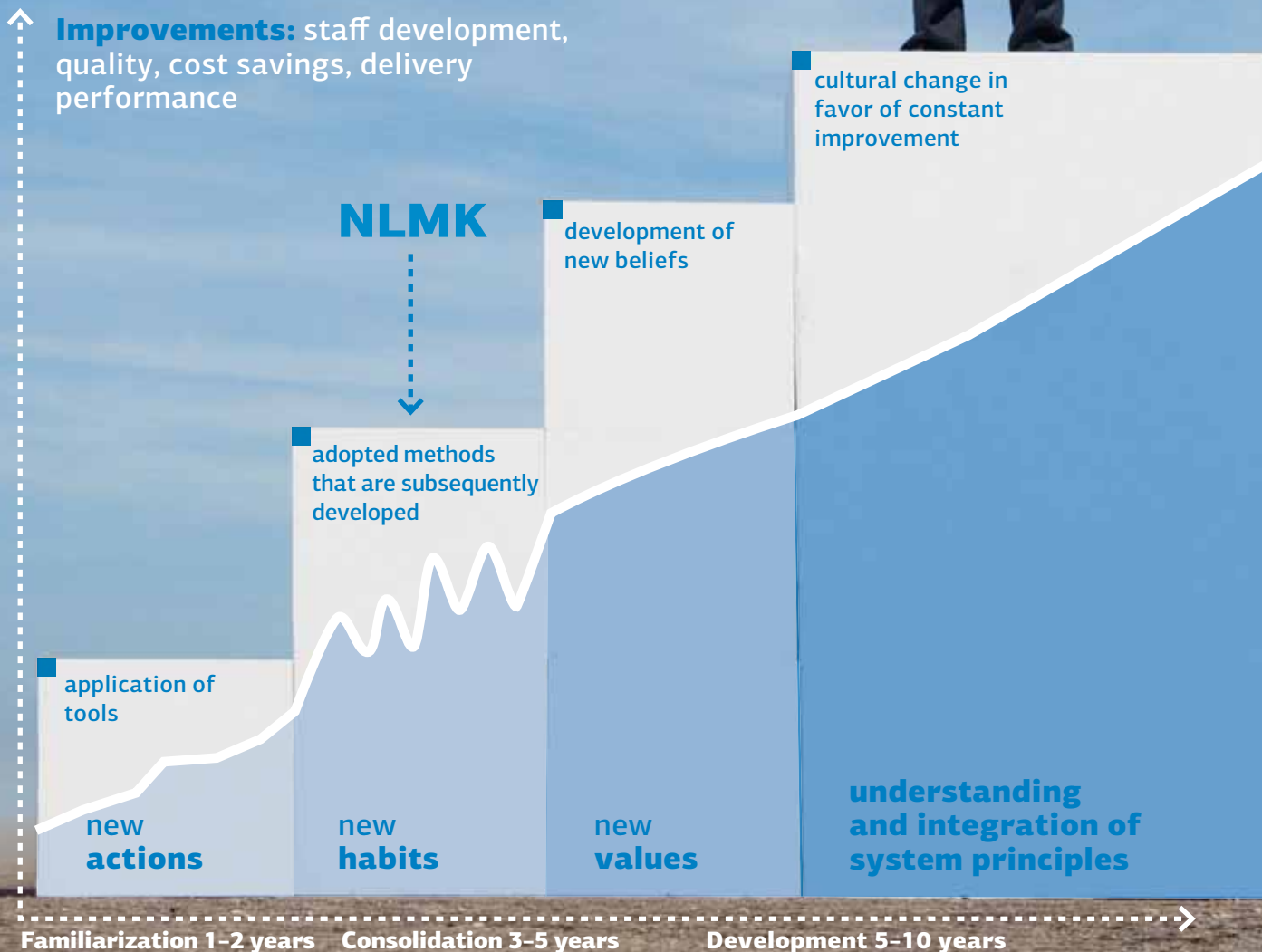
30 years
T-TPS system
planning

 **ArcelorMittal**

12 years
TPM system
introduction


Unilever

5 years
initial results of
TPM system
introduction



Foundation: education, monitoring, motivation

described as a database for all the types of issues that arise during production. This system allows us to analyze and statistically process all of this data. For example, we look at why we are straying beyond the bounds of technological process or obtaining an unsatisfactory product, and the reasons behind equipment downtime. In this way, the most common issues are instantly visible. We borrowed the idea for this tool from the Six Sigma system, while the software was developed by our in-house experts.

And what about the A3 system?

This is also a Japanese invention that came out of the lean manufacturing concept. The main idea is to outline the current problem, outlook, and solutions on a ledger-sized (A3) sheet of paper. Evaluating a problem through the A3 system offers an answer to several key issues: what is the situation at the moment, what should it be, why is the current state unsatisfactory, what must we do and in what timeframe and, finally, who should be in charge of it. At the moment we already have more than 90 projects operating according to the A3 regime at the Novolipetsk plant.

And how is it all going?

You know, it's going very well. Considering that we began to introduce this tool only this year, we've already seen some good results. Initially it was a pilot project in the rolling production facility; we trained people in that section and showed them what to do. Right away, we implemented several successful projects and saw an instant effect. Now, these projects have been expanded to the blast furnace, melt shops, and power production, as well as in the sinter and coking plants.

So there were no complications?

Naturally, there was a period of going through the motions, where people didn't really understand the process. Now this is shifting. In general, to make a

good start you have to have some kind of engine to set everything in motion. Today, this "engine" is Sergey Filatov — NLMK's Managing Director, who became interested in this ideology.

How did people on the shop floor react?

As strange as it may seem, the operational staff were the most amenable. Here, it was important for people to conscientiously do their bit: articulate the issue, label it, and pass it up to the next level. Dealing with mid-level — foremen and shop managers — was more difficult. After all, our people are more oriented toward production and strive to fulfill the production plan at any cost. And when they're torn from this process and told: let's look at the quality, here we could lower production costs, let's draw some charts — all this annoys them a lot and provokes incomprehension. On a human level, this is understandable, but the present realities are such

that without this, the company simply won't survive.

“ Until recently, if someone discovered a problem they'd be told: you don't love your plant

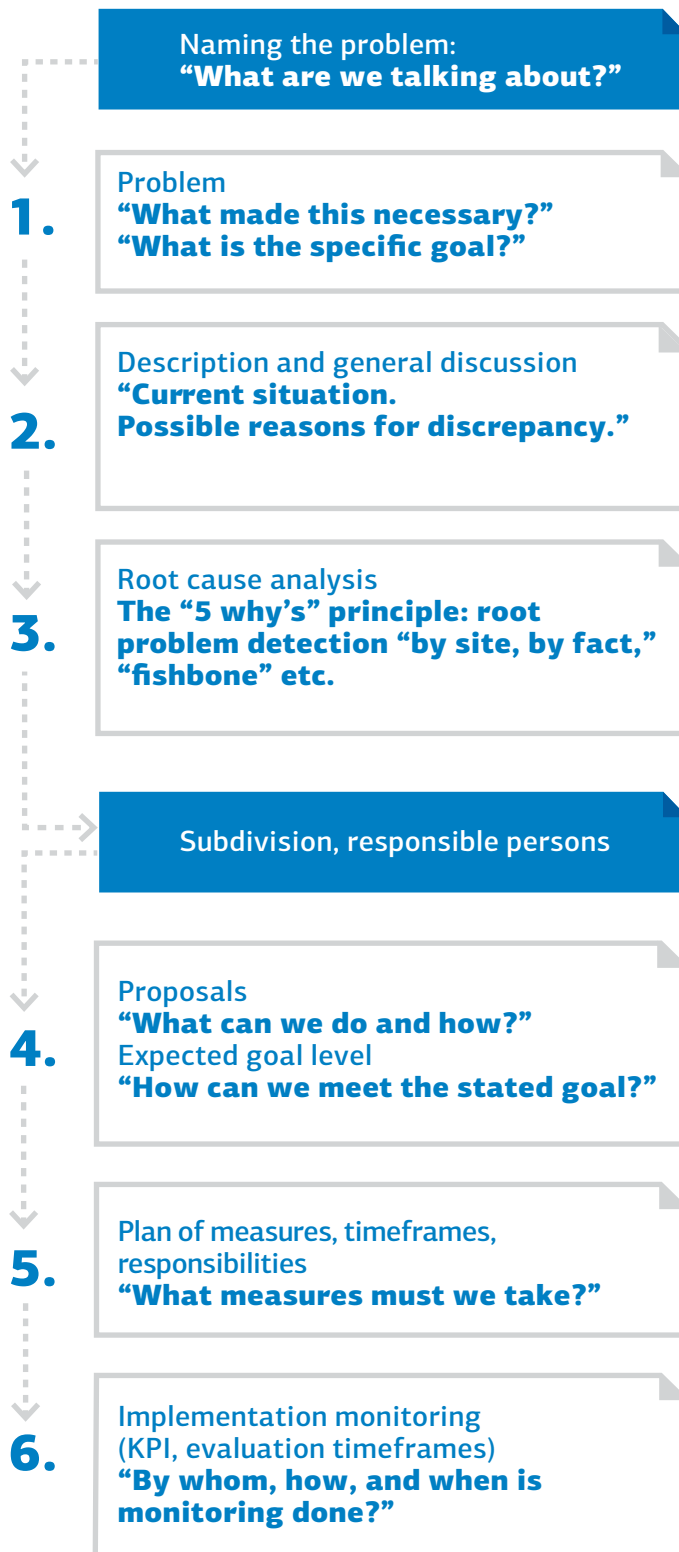
But these people already have quality indicators, downtime indicators, and so on. Is this not enough?

There is an old saying that if your quality suffers you'll lose your bonus, but if production does, you'll lose your job. It's very hard, but essential, to shift this idea. It's hard to get people to change and believe that production volume is not the most important thing. That to produce a lot of unsatisfactory or expensive product is, as they say, "not a good thing to do." The product must be of a high quality and there must be precisely as much of it as is required.

So, you mean that overachieving the plan is worse than not meeting it?

Yes, as the Japanese say, unfulfilled plans are bad but can be fixed — overfulfilling the plan is a much bigger problem. And 101% is much worse than 99%. Let's suppose that we place a high-value added product into the warehouse. There aren't any orders for it; we've frozen the money; no one needs the product today. That's what's scary.

Using A3 to solve problems



Take our Russian competitors for example — Severstal and MMK. We have the same equipment, the same technologies, we manufacture the same products. In such a situation, the winner is the company that can organize itself and its product in such a way that it is manufacturing with the best quality and at the lowest cost.

And the challenge facing SEI is precisely how to organize production most rationally?

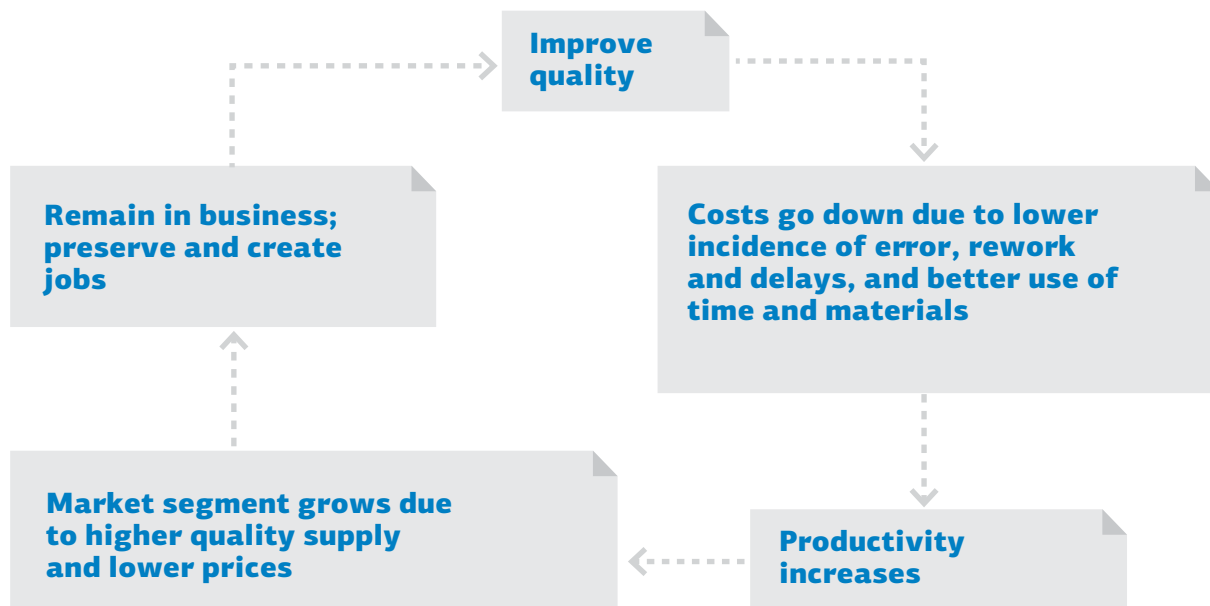
The challenge facing this entire system is to find problems and translate them into tasks. Finding a problem is a good thing. Until recently, if someone discovered a problem they’d be told: you don’t love your plant, you’re casting doubts on your own work. Meanwhile, according to the Japanese ideology and the efficiency improvement system, the search for problems is a good thing because any challenge can be solved. Some problems are solved completely, some are only ten percent solved, but we must see progress with each one.

How do you approach difficult managers? Do you explain things and communicate in person?

We work with them by offering explanations and examples. I can’t say that we have a problem-free process — of course this isn’t the case. There are problems both with directors and with shop managers. But the main thing that we are trying to communicate to people — and I have to give our president his due because he is constantly emphasizing this — is that we are in this seriously and for the long term. This isn’t just a month-long thing and it’s no mere campaign. You know the saying: today we’ll play along and later we’ll live as we always have. No, we’re convincing people that this new way of life is here to stay forever.

And the newly created departments charged with increasing production efficiency, are they also an instrument for this change?

Yes, the SEI departments consist of precisely those people who can change themselves and change staff. Their task is to take this idea to the masses and to facilitate the process of introducing the new system.



These departments will be staffed by people from the shop floor?

Yes, we have selected people from the shop floor. They have been through a complex selection system. And since I already knew many of these people, I was surprised when the psychologists and technicians who did not know them, and who were evaluating on the basis of the business exercises, frequently came to the same conclusions I had. Do you see? It turns out that this is a really effective method, and it should perhaps be used more widely when filling positions.

Will the departments be independent of the shop managers?

At the moment they are part of the directors' apparatus; that is, they don't depend on the shops and answer solely to the directors. There is the notion that it is easier for shop staff to get feedback from their colleagues than someone else. I would agree with this, but also I think that, at least initially, they must work individually, so that they can formulate their own views — later on we can transfer them back to the shop.

Some of the tools have already been introduced: Six Sigma, 5S, A3. Are we going

to introduce some kind of final toolset and see what happens next, or what do you have in mind?

You know, there is probably no final toolset. That is why our system is called "the continuous improvement system." There are, in actuality, many more than just three tools. A3 and Six Sigma are just the most prominent. Our goal is to make it so that a person can't make a mistake, no matter how much they may want to. We have a lot of space to work in here. And, I will reiterate, there are many, many tools. There's a lot of stuff out there and we will choose whatever suits us and our circumstances.

What challenges are you planning for in the 2013–2014 strategy?

Our concept is to first conduct a pilot project at the main site and then scale it for the entire Group. The main challenge for 2013–2014 is to convert all of the Russian sites to operate at the same level as the Novolipetsk plant. And here we are not talking about just the mechanical transfer of working standards. Our task is to change people's mentality. That will be very hard but it is our main priority. ■

TO SCRAP OR NOT TO SCRAP?

This year, steelmakers are commissioning a series of new EAF mills, increasing their consumption of scrap, the main raw material used in EAF steel production. NLMK's correspondent **Svetlana Solomatina** investigates whether we are likely to see the shortage of scrap feared by the market, and what needs to be done to prevent it



This year, Russian steel giants Severstal and NLMK are planning to commission plants near Saratov and in Kaluga Region, respectively. The Ural Mining and Metallurgical Company in Tyumen is also preparing to commission an EAF mill, while various other manufacturers have plans to launch about a dozen smaller facilities by 2015.

These new plants all depend on scrap as a raw material. According to Russian Ministry of Industry and Trade and Russian Steel Consortium, demand for scrap will exceed domestic supply over the next two years. This is a particularly sensitive issue given the decline in scrap collection. After all, it takes an average of 1.1 tonnes of scrap to produce a tonne of steel using the electric arc method.

Scrap collection within the country must be encouraged in order to ensure Russia remains a net exporter of scrap, not a net importer. Car recycling programs in Russia are nowhere near as effective as their counterparts in the USA, for example. In addition, scrap collection operations are unevenly distributed across the Russian Federation. There is a surplus in European Russia, whereas the Urals and Siberia do not have enough.

INCREASING DEMAND

Experts believe that the commissioning of new plants will doubtless increase demand for scrap steel in 2013 by about 1.5–2.5 m t, depending on plant utilization rates.

Partial import substitution, as well as increasing demand from the Russian construction industry, will help steelmakers to redistribute the volumes of steel products on the market.

Sergey Donskoy, an analyst at Societe Generale, believes that this can be achieved. Over the past year, 3 million tonnes of rebar and sections have been imported. The new plants can more or less equal this capacity. According to Sergey Donskoy, in the past year Russian consumption of long products for construction grew by 1.5 m t. This is almost 1.7 times higher than the planned output of NLMK's commissioned plant in Kaluga Region. In 2013,



Significant potential for export substitution in Russia

Exports account for about

29%
OF THE ANNUAL VOLUME
OF SCRAP,

AROUND **5.8** M TPA



Regional imbalance in supply and demand for scrap

3

Scrap surplus in the Central Federal District is about
M TPA



Price trends

HIGHLY COMPETITIVE international scrap market



Long products, 2012

Consumption
increased by

1.5
M TPA

demand for long products has continued to grow at a high rate of 7–8%. In other words, there is demand for steel, at least judging from the situation today. But what about the raw materials needed for the electric arc furnaces?

The scrap metal collection market amounted to 24.1 m t last year, according to Ruslom.ru. Of this, 5.3 m t were net exports, and 18.8 m t were consumed in Russia. The main trend is toward a decline in scrap collection due to falling consumption.

Several experts have noted that there is an alternative to scrap in the form of HBI, direct-process hot-briquetted iron. Up until a certain point, HBI could have been a promising replacement for scrap. But over the last ten years, the prices of electricity and natural gas have made the use of briquetted iron as a substitute for scrap impractical. This is in contrast to the US, where the decline in natural gas prices has already allowed some companies to begin construction of plants which will produce this raw material.

SHOULD IT BE REPLACED?

Metal containing slags and oxide containing coal briquettes could serve as an alternative to scrap. According to Oleg Maslennikov, Head of Istok Corporation and a market expert, companies are already taking full advantage of these substitutes. At some companies they account for 10% of used raw materials, and at others they represent up to 50%. In fact, these are metal byproducts obtained during primary steelmaking. Previously, they were classified as solid waste, and hundreds of thousands of tonnes have been stockpiled by companies throughout the former Soviet Union. But crisis can be the mother of invention. It has forced companies to look for ways to reduce costs and

maintain profitability. In recent years, steelmakers have been actively using metal waste as a raw material.

Maslennikov notes that global and domestic scrap prices have converged over the past few years, but Russian steelmakers have survived as a result of their ability to use alternative iron sources.

“By using cheap raw materials, plants can afford to charge premium prices for quality scrap intended, for example, for rails or pellets,” he noted. “This, of course, provides the flexibility to compete with finished product suppliers from other countries.”

PROBLEMS WITH SCRAP

Oleg Maslennikov notes that the real problem on the scrap market now is consumer debt to suppliers. A number of large- and medium-sized businesses defer payments for scrap metal for long periods.

“Due to the global crisis in the steel industry, there is no longer demand for the levels of scrap collection that there were previously,” says a Ruslom.ru expert. According to his estimates, the proportion of scrap which is imported into Russia is negligible. In the early 2000s, it reached levels of up to a million tonnes (mainly imported from Kazakhstan to Magnitogorsk Iron and Steel Works and Ural Steel), but then it began to fall to a level of around 100,000–200,000 tonnes. Russia is a net exporter of ferrous scrap metal. Its exports,

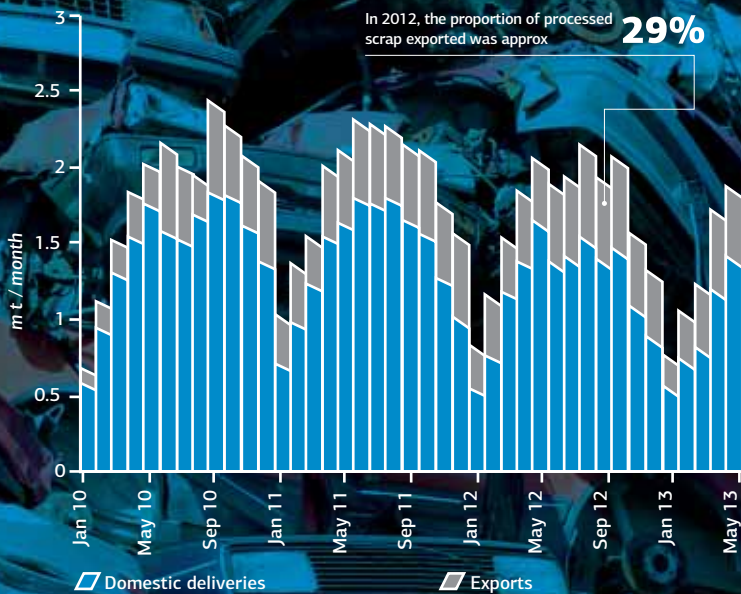
according to Metal Expert estimates, total about 5.8 m t per year.

However, there is a significant regional imbalance in the Russian scrap market: in the European part of the country there is a surplus of about 6 m t of scrap, whereas the Asian

region is experiencing a deficit. In particular, the most densely populated Central Region generates 5.2 m t of scrap, but consumes only 2.2 m t. Of the remaining 3 m t, approximately 40% is sent

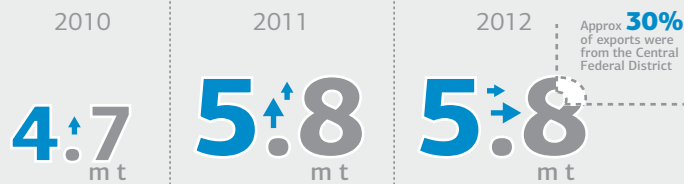
“There is a significant regional imbalance in the Russian scrap market: in the European part of the country there is a surplus of about 6 m t of scrap, whereas the Asian region is experiencing a deficit

Scrap market trade balance in the Russian Federation

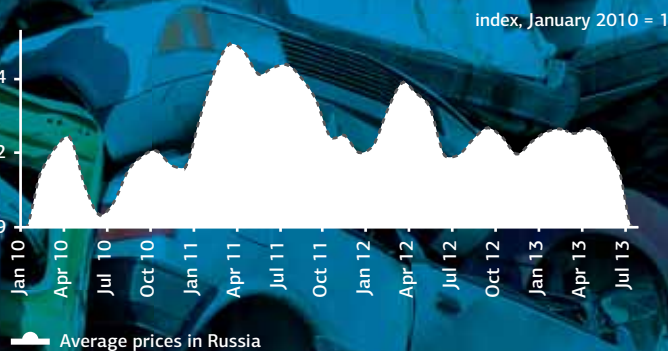


Source: Metal Export, Russian Railways, NLMK assessment

VOLUME OF EXPORTED SCRAP

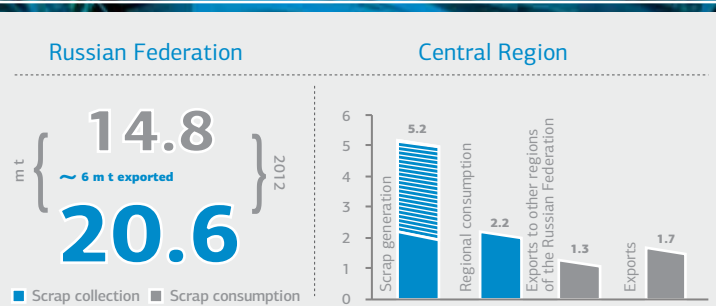


Scrap market prices



Source: Metal Export, Metal Bulletin

Scrap market trade balance in the Russian Federation and the Central region

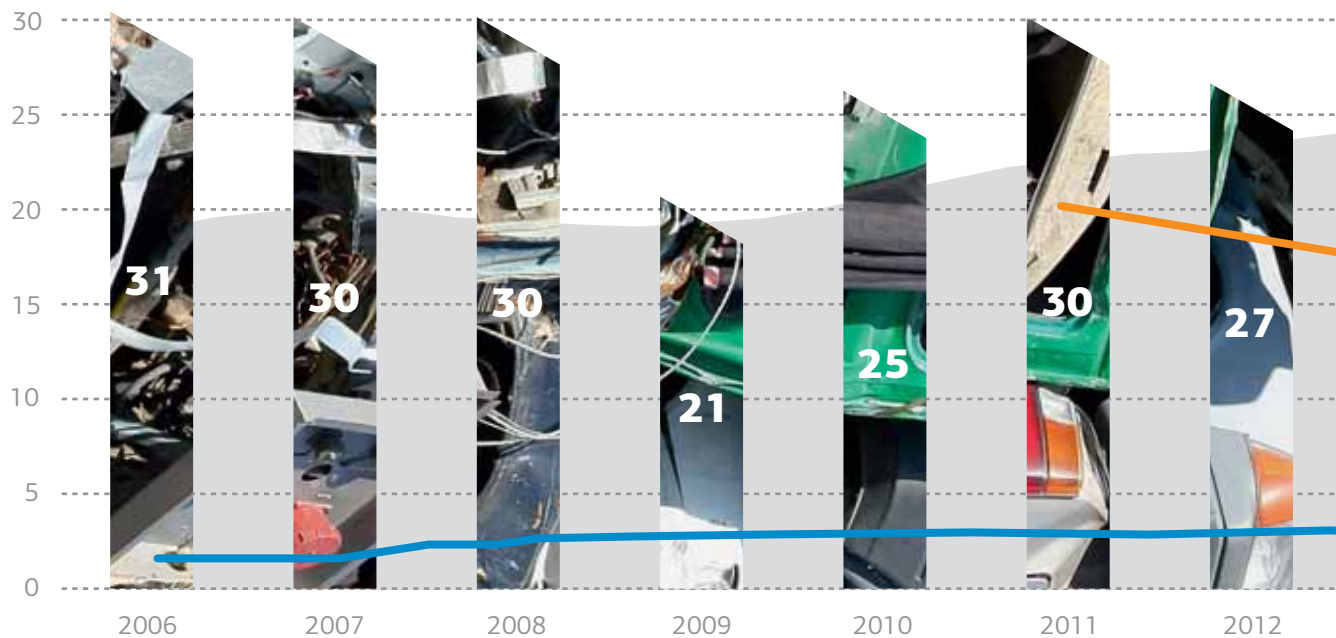


Scrap metal deficit

Balance of supply and demand of scrap and hot-briquetted iron (HBI) in Russia

Source: Development strategy for the steel industry through 2020, Metal Courier, Russian Steel and Chermet

Volume, m t



1 Commissioning of new EAF mills

2 Scrap deficit on the Russian market



Expected scrap deficit as a result of commissioning new EAF mills and reduction in scrap collection



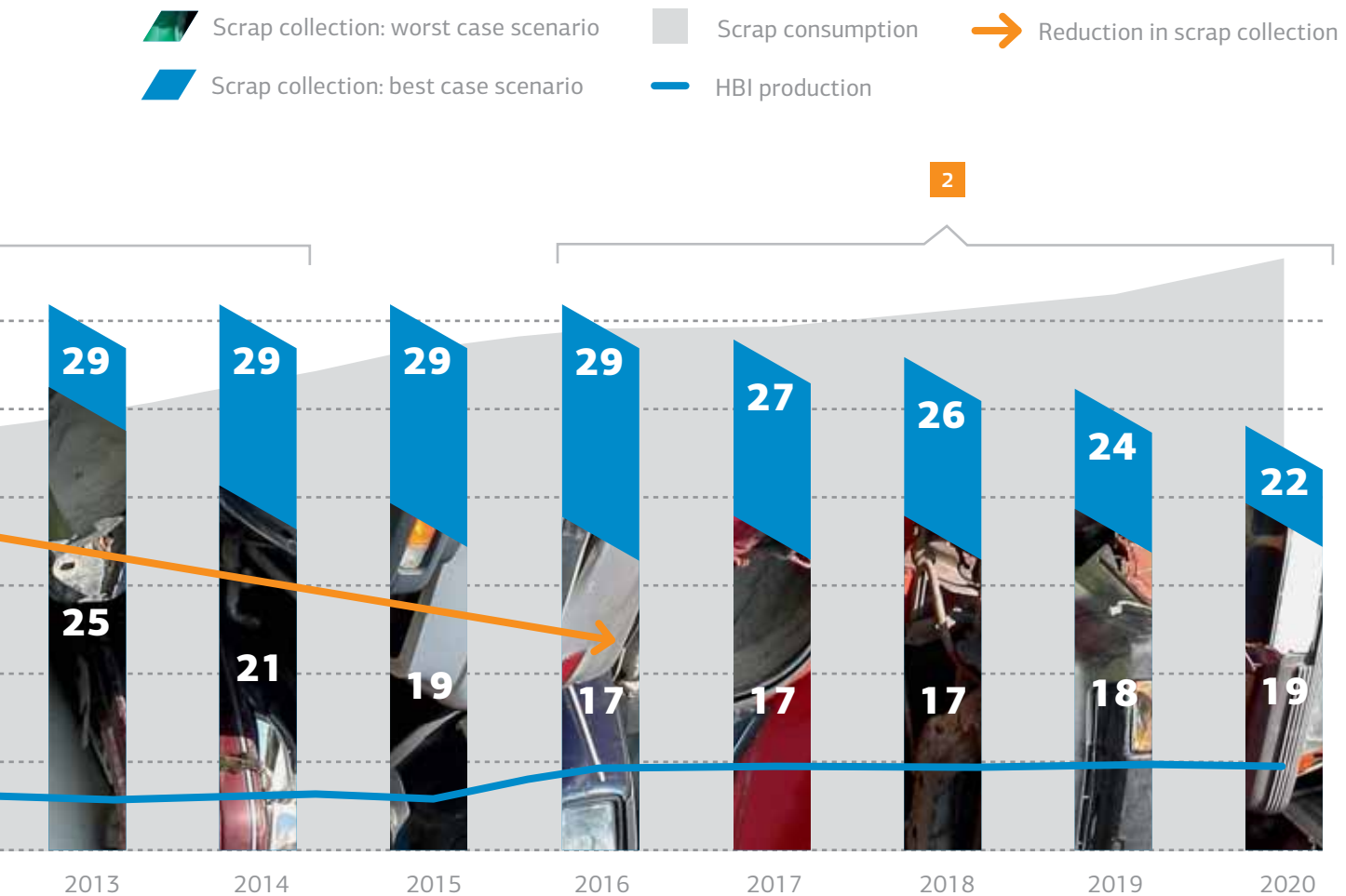
HBI may partially satisfy the demand for scrap

to other regions of the country, often incurring high transport costs. This is due to infrastructure limitations in particular.

Yet another problem is the shallow penetration of scrap collection. Russia is failing to collect all of its scrap due to the absence of scrap collection networks and a large number of small scrap collectors. The penetration of scrap collection on the

Russian market is currently only about 55%, which is 2–3 times lower than in the US where almost 90% of all metal used is put back into circulation due to a well-developed system of scrap collectors and processing facilities.

The low scrap collection rates may also be attributed to a number of features specific to Russian metal reserves. Various estimates put the



Exempting ferrous and non-ferrous scrap metal imported into Russia from Kazakhstan from VAT is something which should be considered, along with other measures

size of Russia's metal reserves at between 0.9 and 1.5 billion tonnes. However, the growth rate is low. Firstly, Russia has relatively low steel consumption per capita, at about 300 kg of steel products per year, as compared to 460 kg in China and 1,150 kg in South Korea, for example. Secondly, the proportion of irretrievably lost metal is high, since the construction industry is primarily responsible

for the increase in steel consumption, and the rolled steel that it consumes is removed from circulation for a long time.

If demand for scrap grows as expected, the scrap shortage will motivate the market to seek solutions to these problems. In particular, the government policy measures directed at supporting Russian scrap collectors and processors gives cause for hope. ■

RACING THE HEIR TO THE THRONE

Several NLMK Clabecq employees took part in a 20-kilometer race around Brussels alongside then heir to the Belgian throne, Prince Philippe



▲ Then Prince, now King of the Belgians: 53-year-old Prince Philippe took part in the race on equal terms with everyone else

Text: Delphine Bernard

This year, seven NLMK Clabecq employees took part in the thirty-fourth annual Brussels 20K race. The event was first held in 1980. The participants numbered 37,000, including Prince Philippe, who was soon to become King of the Belgians.

"The 20-kilometer distance doesn't intimidate me," said the Prince just before the race. "I know I can do it. I am delighted to be running the most beautiful route in Belgium."

Our colleagues from NLMK Clabecq crossed the finish line with rather creditable times: Georges Tresignies ran the distance in 1 hour 18 minutes; Catherine Elgoyhen and Roberto Boero in 1 hour 41 minutes; Salvatore Bonura in 1 hour 50 minutes — all before Prince Philippe, whose time was 1 hour 55 minutes.

The race was won by Peter Wanshiru of Kenya, who completed the 20 kilometers in just 59 minutes.

"Self-discipline, fairness, solidarity and team spirit — these are the values we associate with sports. The management team encourages employees to take part in competitive sports, which help to motivate staff and strengthen the bond between coworkers. What's more, it's a great way to socialize with colleagues outside of work," said Roberto Boero, Development Director at NLMK Clabecq.

Georges Tresignies, a crane operator at NLMK Clabecq, who reached the finish line before the rest of his colleagues, explained how he had prepared for the race:

"I train four or five times a week and take part in competitions on average twice a month. The 20 kilometers around Brussels is a difficult route, with many ups and downs. I spent three months training for this race. I stuck to a special diet, only drank water, no carbonated beverages whatsoever, and shortly before the race, I "stocked up" on carbohydrates. And, of course, it is vital to get enough sleep."

Georges Tresignies has been running regularly for the past five years. Earlier this year, he organized a race in northern Belgium. He is currently preparing to run the 42 kilometers of the Brussels marathon in October. ■



▲ In this photograph: Georges Tresignies, Giuseppe Scifo, Amaury Callant, Roberto Boero, Catherine Elgoyhen, Ronny Maes



YOUNG SPECIALISTS CHOOSE TO WORK FOR NLMK

This year, NLMK employed 227 young specialists, recent graduates of higher, secondary and primary technical schools and colleges.

200 of them graduated from schools supported by NLMK: Lipetsk State Technical University, Lipetsk Steelmaking College, and Vocational School No. 10. Ten of them participated in the “NLMK Student” corporate program aimed at training potential staff and growing a highly skilled talent pool.

NLMK has also re-hired all of its workers that came back after completing military service.

Young employees that have completed internships with the company and were hired within a month after graduating, and workers that were hired within a month after completing military service, received salary bonuses.

All graduates of our core schools and all participants of the NLMK Student program were given placement in line with their specialization. 26 were hired to engineering and management positions.

As students, most of the young specialists hired by the company had participated in the various education programs organized by NLMK jointly with their schools. For instance, 57 of the 77 graduates of the Technical University participated in the “Additional training to Lipetsk State Technical University students” program; 12 of them received scholarships from Vladimir Lisin.

All young new workers have the opportunity to participate in NLMK’s professional development and career advancement programs, a unique chance for them to tap their full technical and creative potential. To facilitate professional growth, all of them have also been included into our “Induction and mentoring” program.

As part of its youth policy, NLMK is implementing over 20 social programs, including “Young specialist”, “Young leader”, “Engineer of the year”, “Foreman of the year”, “Housing for young steelmakers”, “Career management”, etc. Over the last five years, the share of employees aged under 35 (to the total staff count) grew to 38%. ■

ROAD TRIPS

Andrei Medentsev, a truck driver at Stoilensky's auto transport shop, traveled to the north and south of Russia during his month-long vacation. He brought back thousands of photographs, unforgettable memories, and a strong passion and desire to see the country's most beautiful spots.

When I got my own car, my family and I started to take trips to other regions and soon began traveling outside of Central Chernozem. But it wasn't enough. We wanted to travel all around Russia. Traveling by car is convenient. You can take a detour or change your route altogether. My wife and I have everything we need for long trips, including a tent, table, gas cooker, air bed, and sleeping bags. We really love hiking in the mountains, but we've always wanted to visit the Karelian plains too.

A KARELIAN WONDERLAND

We started our Karelian vacation at the beginning of June. We planned to go there to pick mushrooms and berries, but it didn't pan out. The ground had just thawed and the bird cherries were in bloom, whereas

radishes and strawberries were ripe for picking back at home. Nevertheless, our trip was amazing.

Our journey took us through Novgorod and then St. Petersburg and its suburbs. We had read about treacherous road conditions on the Internet, so I fitted my vehicle with a stronger suspension, increased ground clearance, and added underbody protection. But it turned out that Karelia is actually very drivable, although we didn't go off-road.

We drove clockwise around Lake Ladoga. The Karelian landscape is stunning. There are forests of spruce and birch trees, lush, almost emerald vegetation, and ground moss that is so thick it's like walking on carpet. When we arrived, lilies of the valley were blooming, and the meadows were thick with flowers.



In order to see Karelia's heartland, we made a point of going to the smaller towns and villages like Harlu, Liaskelia, Khiydenselga, and Impilahti. The terrain was mostly rocky, with grass-covered boulders. Log cabins were built straight onto the rocks, without foundations. There were no fences either, but some had gardens. And no one locked their doors.

SORTAVALA, WHITE NIGHTS, AND OLEG THE PROPHET

We put up in Sortavala, one of Karelia's largest cities. One night at a guesthouse cost around 1,000 rubles (~30 dollars) for a room for two. Finding lodgings in Karelia is easy. There are several hotels and guesthouses. Prices start at 500 rubles (~15 dollars) a night, although in all honesty, many of them are "Soviet" in nature.

The Karelian white nights and dark water amazed us more than anything else. The white nights are even lighter than in St. Petersburg. We would be driving, look at our watches, and it would still be light out at 1:00 AM. And people would still be working in their gardens, can you imagine? The water in the rivers, wells, and from the tap was as dark as tea or cola. But it tasted better than our water at home. What an amazing place!

The Ruskeala marble quarry 25 kilometers from Sortavala was really interesting as well. The marble quarried there was used to build palaces and manors. But during the war, it was flooded. According to one version, the Germans flooded it; others say it was us; while a third version claims it happened naturally.



You can rent a boat there and sail over the flooded quarry to your heart's content. The quarry itself is only about 20 meters deep but the water is a clear blue color. In good weather, you can see down to the very bottom. The quarry has a grotto and caves. It is just beautiful.

We visited waterfalls in Karelia as well. The highest is the Yukankoski waterfall. It is about 19 meters high, and its name means «White Bridges.» There's also the Kovorinkoski and Rumakoski waterfalls on the Tohmajoki River, and Hämekoski.

We stopped for a few days on the shore of Lake Ladoga. The weather was wonderful. It was sunny and calm. We walked through the forest, caught fish, and cooked them on the fire. We did once see claw marks from a bear on a tree and that gave us a fright, but other than that, we were able to kick back and relax in Karelia.

The last place we visited on our trip was the fortress in Staraya Ladoga, the ancient capital of Russia. According to legend, Oleg the Prophet is buried there.

Anyone who appreciates peace and tranquility will love Karelia. It is a land of unbelievable beauty, ideal for fishing and picking mushrooms and berries. You can bring back souvenirs made of Karelian birch wood or shungite stone.

ADYGEA

A day after returning from Karelia, we gathered our climbing gear and headed south to the mountains. Our goal was to climb almost 3,000 meters to the top of Mount Fisht located on the western side of the Main Caucasus Ridge.

It was really warm there. Stopping by Maykop, the capital of Adygea, we visited the mosque given to the



city residents by Sheikh Khalid bin Saqr Al Qasimi. Next, we traveled to Guzeripl through Khadzhokh, a mountain resort and the gateway to all leisure activities, be it rafting, caving, or climbing in the mountains. We left our car there and walked to the Lago-Naki plateau to reach our goal. Before going up the scenic path to Mount Fisht, you need to purchase a permit at the resort and outline the route you'll take. It's probably just in case you need to be rescued. It is an untamed wilderness after all.

The beauty of the Caucasus Mountains is hard to describe. It's something you have to see for yourself. Everything is untouched nature, the water is pure, and I can't even tell you how sweet and cool the air is. And the vegetation comes in every color.

We climbed up to the base camp for Mount Fisht, where you can spend the night before your ascent. We saw Lake Psenodah, a body of water considered sacred to the people of Adygea and shaped like the crescent moon. The lake fills with water and then it drains like someone just pulled the plug. In time, it fills



1. The famous Soviet WWII film *The Dawns Here Are Quiet* was filmed near Karelia's Ruskeala waterfalls
2. Karelia. Andrei Medentsev
3. An aerial view of the Main Caucasus Ridge
4. Lago-Naki plateau Adygea



with water again. Unfortunately, when we visited Psenodah, it was completely dry.

We started climbing Mount Fisht at six in the morning, so we could get back before dark. From the top, you can walk to the sea near Dagomys or take another route to Krasnaya Polyana. But we had our car to get back to, so we were content with just reaching the top of Mount Fisht.

We got to the summit around 11:00 AM. The view was just amazing from up there! This is home to the Red Rocks which Prometheus was chained to in the legend. The Belaya River flows way down below. It's the longest river in Adygea and runs into Kuban.

Our next goal is Mount Elbrus. We really want to go there. We are working hard to prepare for the climb, training in a stadium in our spare time. We plan to continue our journey during our next vacation. ■

DOWN THE RIVER

Albina Babkina, Head of the Planning Bureau at Nizhneserginsky Hardware and Metallurgical Works (NSMMZ), has enjoyed rafting down rivers in the Urals ever since... she got married. She explains why rafting is the most important part of her summer.



My first trip down the Serga River was in 1988 when Slava and I were on our honeymoon. This year, my husband and I are celebrating our silver wedding anniversary. During those 25 years, we've been rafting at least once almost every year. We've gone with friends, our children, nieces and nephews, in large groups and by ourselves... Even though we've vacationed on the sea and in the mountains, our favorite way to relax has always been rafting down the river that we love.

River rafting has always been the highlight of my summer. As soon as I unpack and wash up when I return home, I start looking forward to the next trip. When you get back tired and sit down and have a cup of tea, all the little details of the

trip start coming back to you, like the fish you caught that got away, and the herbal tea. There's the superb fish soup during breaks and early morning bathing, and bathing in the sultry afternoon when you jump out of the boat into the cool water every half hour. I reminisce about the rapids, the picturesque cliffs along the shore, the startled ducklings, the heron that seems to be posing just for you, the evening campfires, conversation, songs and sunsets...

During peak season, the Serga is like a living highway. There are so many people on it in boats, catamarans, canoes, and rafts.





Recently, they even started offering all-inclusive raft vacations. You don't need to paddle or steer, and the rest areas and barbecues are guaranteed. All you have to do is enjoy the scenic view. But it's not our style to sit back and relax. We like paddling!

Everyone has their favorite time to be on the river. For example, I love it during the dog days of summer. My brother and his friends like rafting during the May holidays when the river is high. Our friend prefers to go in August when the mosquitoes and horseflies don't bite, the water

is clear, and the bird cherries are ripe along the shore.

Because I've been going each summer for so many years, the Serga River and I have become one. Each rafting trip I notice how much goodwill there is between all the people, whether on the shore, on the river, or the fishermen. It's something really special to see. It's surprising that even though we are all strangers, everyone greets everyone else, and we all wish each other good luck rafting.

In 25 years or so, I would really like to see my grandson and his bride go on their honeymoon down the river, just as my husband and I did all those years ago... ■



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