

# AGRICULTURAL MACHINERY MARKET IN ROMANIA

a DEMO sector brief by

FRD Center





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*Sources consulted for this report: business mass media, the companies, official sources*

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## **1. MANUFACTURING**

The production of farm machinery and agricultural equipment in Romania has a long tradition.

Before 1990, Romania has been a significant manufacturer of agricultural equipment. Major domestic producers of agricultural equipment, such as IRUM, have been set up as early as the 1950s.

According to the National Institute for the Research and Development of Agriculture and Food Industry Machines and Equipment - INMA, almost 30 production units were active in the agricultural equipment manufacturing sector in Romania in 1989 - the year of the fall of communism.

After the collapse of central planning in 1990, the privatisation process in the agricultural equipment manufacturing sector has started and some oversized players (such Tractorul Brasov) unfortunately could not be saved. Due to the fragmentation of the arable land and the lack of funds, the domestic production of the agricultural machinery started to decrease.

After Romania has become an EU member in 2007, the funds and subventions available to be accessed by the farmers have started to revitalize the domestic agricultural sector and generate increasing demand for equipment and machinery.

At present, players active in the agricultural equipment sector in Romania manufacture tractors, ploughs, harrows, seeders, scarifiers, cultivators, planters, weeders, hoes, sprayers, manure spreaders, fertiliser distributors, potatoes harvesters, mowers or irrigation installations.

There are international firms which have developed own production facilities in Romania (e.g. Maschio Gaspardo) as well as companies with 100% Romanian capital (e.g. IRUM, MAT Craiova, Ruris, Novus).

According to the National Institute of Statistics, the production of cultivators in Romania was of 790 pieces in 2013 and 2,714 pieces in 2012. The domestic production of machinery and equipment for sowing has recorded 999 pieces in 2012.

The main manufacturer of agricultural machinery on the domestic market is Maschio Gaspardo Romania, part of the Italian Group Maschio Gaspardo. The company has opened its plant in Arad county in 2003. The plant is specialised in the manufacturing of minimum tillage agricultural equipment. The company collaborates with a network of some 50 dealers located all over the country. Maschio Gaspardo Romania has recorded a net turnover of 31 million EUR in 2013, up by 24% compared to 2012. During the

period 2014 - 2018, Maschio Gaspardo plans to expand its Romanian plant with 10,000 sqm.

The main manufacturer of tractors in Romania is IRUM. Initially state-owned, IRUM was established in 1953 and has become a private company with Romanian capital in 1999. IRUM is specialised in the manufacturing of agricultural tractors and forestry tractors. It has the annual production capacity of 500 agricultural tractors, 250 forestry tractors and 1,200 tonnes of castings. Its factory covers a surface of 175,000 sqm in Reghin (Mures county). IRUM exports its products in Germany, France, Spain, Bulgaria or Italy. In 2014, the company has expanded its network of external dealers and has finalised an investment of some 1.5 million EUR in a R&D center of agricultural and forestry machinery. In 2013, IRUM has registered a net turnover of approximately 13 million EUR and some 350 employees.

Other examples of manufacturers of tractors in Romania are:

- MAT Craiova was established in 1878, as a branch of the English company Clayton-Shussliworth. At present, it is a Romanian private company specialised in manufacturing of tractors, ploughs, harrows, seeders, sprayers, cultivators, fertiliser distributors, weeders. MAT Craiova exports its products in the Republic of Moldova, Hungary, Bulgaria, Serbia, Egypt or Iran. The firm has recorded a net turnover of 2.6 million EUR and approximately 150 employees in 2013.
- Avenue was established in 2006. It manufactures tractors, ploughs, planters, fertiliser distributors, hoes, mowers etc. Avenue has recorded the net turnover of 0.7 million EUR in 2013, up by 150% compared to 2012. The company has approximately 10 employees.
- Established in 2008, Tractorul U 650 Brasov is specialised in production of tractors. The company has recorded a net turnover of 0.3 million EUR in 2013. It has some ten employees.

Significant manufacturers of other types of agricultural machinery on the domestic market include:

- Mecanica Ceahlau was established in 1921. At present, it is controlled by SIF Moldova (55.1%) and Romanian Opportunities Fund (27.3%). Mecanica Ceahlau manufactures seeders, ploughs, scarifiers, harrows, fertiliser distributors, hoes, planters. The company exports its products in Bulgaria, Ukraine, Republic of Moldova, Russia, Sweden, Hungary, USA, Argentina, Kazakhstan or Sudan. Mecanica Ceahlau has recorded a net turnover of almost 5.5 million EUR and over 200 employees in 2013.
- Ruris was set up in 1993 with 100% Romanian private capital. The company manufactures weeders, hoes, sprayers etc. Furthermore, it imports and distributes agricultural machinery. The company' net turnover has exceeded 4 million EUR in 2013, up by 5% compared to 2012. The firm has over 50 employees.

- Tehnofavorit was set up in 1949 under the name “Statiunea de Masini Agricole si Tractoare”. The company manufactures agricultural machinery (fertiliser distributors and sprayers) and imports and distributes silos, cereal mixers, trailers etc. It collaborates with dealers covering the entire country. Tehnofavorit has recorded a net turnover of approximately 3 million EUR in 2013. The company has over 100 employees.
- Novus is a 100% Romanian private company set up in 1991. It is specialised in the manufacturing of irrigation installations and pumping units. Novus exports its products in Germany, Italy etc. The company has recorded in 2013 a net turnover of one million EUR, up by 52% compared to the previous year.
- Established in 1983, Gospomas manufactures agricultural machinery (ploughs, weeders, harrows etc), irrigation and spraying pumps. In 2013, Gospomas has recorded the net turnover of 0.7 million EUR and a team of some 60 employees.
- Set up in 1993, Servoplant manufactures fertiliser distributors and sprayers. Furthermore, it imports and distributes irrigation installations. The company has recorded in 2013 a net turnover of 0.6 million EUR, up by 9% compared to 2012. The company has some 15 employees.
- Mecanica Marius was set up in 1948. It manufactures agricultural machinery (ploughs, harrows, cultivators, manure spreaders, hoes), trailers, farm equipment (hammer mills, disk mills, grape crushers, sprinklers etc) and metallic furniture. In 2013, Mecanica Marius has recorded a net turnover of 0.5 million EUR and some 40 employees.
- Mecanica Codlea was established in 1927, under the name "A. Player". At present, the company manufactures agricultural machinery (sprayers, fertiliser distributors, potatoes harvesters, ploughs etc), metallic constructions, garden furniture, metallic canisters. Its plant covers some 80,000 sqm. The company collaborates with specialised service units located all over the country. Mecanica Codlea has reported in 2013 a net turnover of 0.4 million EUR and approximately 10 employees.
- Set up in 1935, Sembraz manufactures agricultural machinery (ploughs, harrows, seed treatment machinery, seeders, cultivators), waste transportation equipment, metallic structures. In 2013, the company has registered a net turnover of 0.3 million EUR and 35 employees.
- MAT Magrit was set up in 1995. The company manufactures weeders, mowers, fertiliser distributors, sprayers. MAT Magrit sales its products mainly on the Romanian market. In 2013, MAT Magrit has recorded a net turnover of 0.2 million EUR and over ten employees.
- Legmas was established in 1962 under the name “Uzina de Reparatii Navodari”. The company manufactures agricultural machinery (harrows, potatoes harvesters, seeders, planters, ploughs etc.) and street furniture. Legmas has recorded in 2013 a net turnover of 0.2 million EUR and over 30 employees.

## 2. IMPORT

The offer of agricultural machinery in Romania is diversified and the market is dominated by imported brands, such as: New Holland, John Deere, Kuhn, Claas, Fendt, Massey Ferguson, Geringhoff, Horsch, Case, Hardi, JCB, Vatra, Pottinger, Hydrac, Fella, Lemken, Knoche, Rauch etc.

The imports of tractors in Romania have recorded over 350 million EUR in 2013, up by approximately 4% compared to 2012.

The Romanian imports of agricultural, horticultural or forestry machinery for soil preparation or cultivation (ploughs, harrows, scarifiers, cultivators, weeders, hoes, seeders, planters, transplanters, manure spreaders, fertiliser distributors and other machinery) have registered approximately 100 million EUR in 2013.

The imports of mechanical appliances (whether or not hand-operated) for projecting, dispersing or spraying liquids or powders for agricultural or horticultural sectors in Romania have registered almost 28 million EUR, up by some 20% compared to the previous year.

Some significant multi-brand importer-distributors of agricultural equipment in Romania are: IPSO, Mewi Import Export Agrar Industrietechnik, General Leasing, MAP - Masini Agricole Performante or NHR Agropartners.

Usually, the main importer-distributors of agricultural machinery on the domestic market provide integrated services: selling of agricultural equipment, selling of spare parts, service, consulting and financial facilities.

The main importer-distributors of agricultural machinery in Romania have distribution networks that cover the entire country.

## 3. EXPORT

Romania exports agricultural machinery to Germany, Italy, France, Spain, Russia, Bulgaria, Ukraine, Republic of Moldova, Serbia, Hungary, Sweden, USA, Argentina, Kazakhstan, Sudan, Egypt, Iran etc.

The local manufacturer Maschio Gaspardo Romania is the country's biggest exporter of agricultural machinery. Approximately 55% of the company's production is exported.

The Romanian exports of tractors have exceeded 53 million EUR in 2013, up by 9% compared by 2012.



Romania has exported agricultural, horticultural or forestry machinery for soil preparation or cultivation of almost 35 million EUR in 2013, up by some 32% compared to the previous year.

#### **4. GENERAL CONSIDERATIONS**

Romania is one of the emerging EU members, situated in Eastern Europe. Romania's GDP increased by 2.9% in 2014, compared to 2013, according to flash estimates released by the National Statistics Institute (INS), following a 3.4% y-t-y increase in 2013. In 2014, the Romanian GDP went up to EUR 147.6 billion. For 2015, the estimated GDP growth is 2.7%.

The contribution of agriculture, forestry and fishing to the nominal value of the GDP in Romania was of 5.6% in 2013.

Romania has a territory of 23.8 million hectares, out of which an agricultural area of some 14.7 million hectares. There are approximately 3.9 million agricultural holdings in Romania, with the average surface of 3.4 hectares each.

The agricultural sector has significant growing potential in Romania.

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