

# Milk sector overview

Marius Gavrea, ING Bank Romania

June 2023

# DN Agrar & ING Romania at a glance

## Beginnings...

- ✓ track record relation from 2016 - first loan granted to Lactoagrar - EUR 5 mio

## Developments...

- ✓ strong and predictable financial figures → healthy increase year by year
- ✓ experienced and committed owner and management team → strong and easy collaboration
- ✓ sustainable development of the business in terms of number of cows, equipment, arable land.

## Current collaboration...

- ✓ 2022 – total loans granted of EUR 21.6 mio and a very strong partnership
- ✓ pillar of best practice in bank's agribusiness portfolio



### Criza fermierilor: în Germania, bălegarul a ajuns mai valoros decât laptele

30 mai 2016

Autor: Cătălina Apostoiu

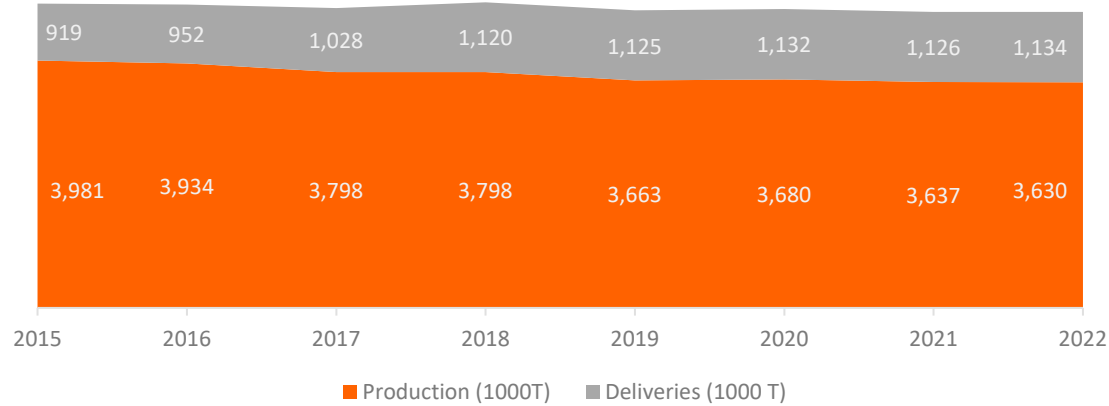


mult încât unii fermieri câștigă acum doar 20 de  
le. Bălegarul de vacă din care se produce biogaz  
elle.

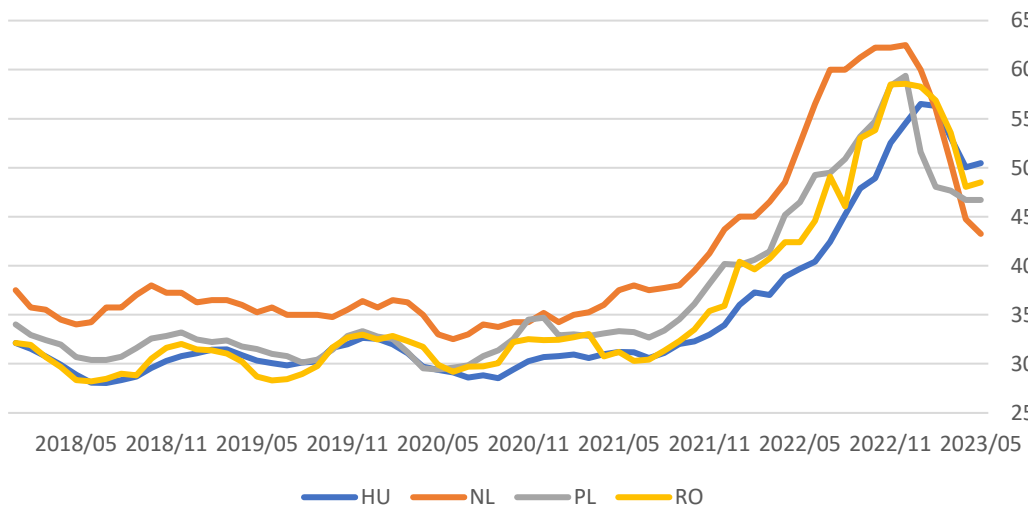
te și-au clădit operațiunile visând la exporturi la  
ane de vaci produc acum lapte pe care nimeni nu-

# Milk and dairy farms

Production & deliveries of raw milk

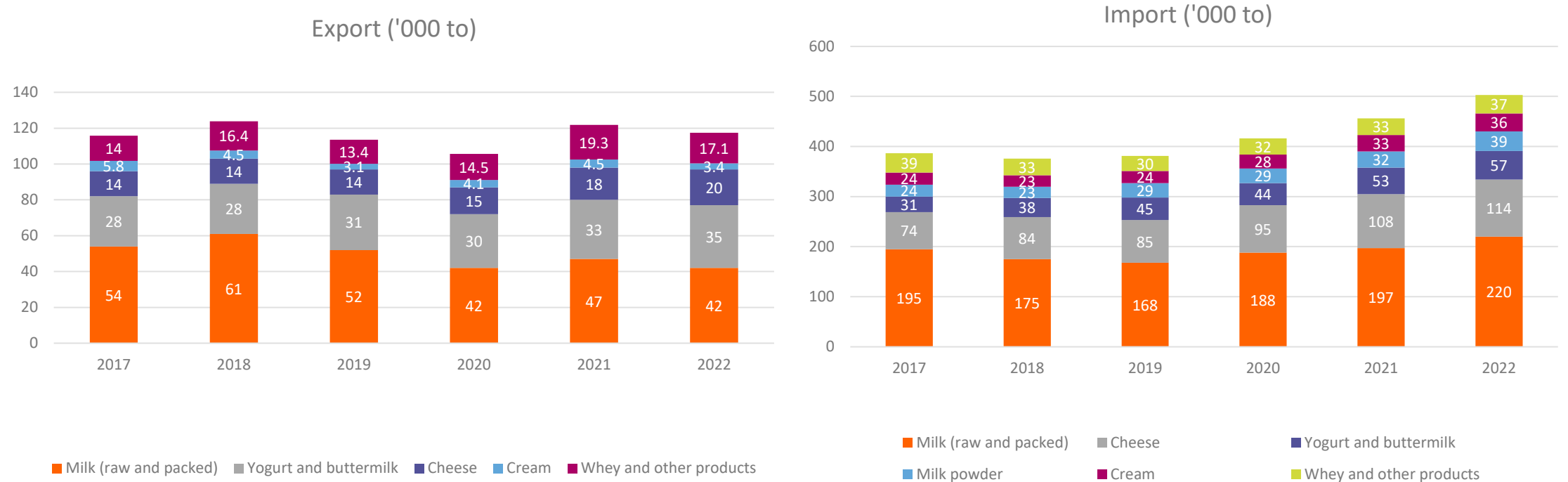


Raw milk price (EUR/100kg)



- ✓ downward trend in production due to the decrease in the number of cows
  - ...but slightly increasing trend in deliveries from farms to processing units
- ✓ only 24% deliveries to dairy production compared to 95% EU average.
- ✓ consolidation of the sector into larger, commercial farms that produce superior quality milk.
- ✓ in 2022 cost of feed and crop inputs created real difficulties for small farmers, so many of them could not continue their activity
- ✓ constant average price of 26-30 euro/100kg, over the last years, with larger difference between small and commercial farms
- ✓ high volatility in the last 2 year in line with all prices of commodities with a max of 60 euro/100kg
- ✓ average price in RO lower than in other EU regions;
  - ...but if the quality of the milk will be improved, there is room to have a higher price

# Milk and dairy products – trade balance



- ✓ net importer : the supply rate from domestic production is 51.3%, imports increase year by year, 503 k to vs export of 118 k to
- ✓ In 2022 total deficit in dairy trade was EUR 719 mio and the downward trend is maintaining in 2023

## .... but many opportunities of development

- ✓ there is room to improve productivity/cow: 3.3 tons/year in RO vs PL 5.4 tons or HU 8.4 tons → decrease in imported raw milk
- ✓ high availability of arable land: 15 cows/ha in RO, compared to 46 cows/ha in PL or 211 cows/ha in the Netherlands → more milk available to be delivered in production



do your thing