

Raiffeisen Investment Bullish on Agribusiness Opportunities in Bulgaria, Romania

SOFIA (Bulgaria), November 2 (SeeNews) - The agricultural industry in Southeast Europe (SEE) presents numerous business opportunities, especially in Romania and Bulgaria, the head of consumer goods and life sciences at Raiffeisen Investment said.

In terms of soil and climate conditions as well as infrastructure, Serbia is also up there right behind Bulgaria and Romania, Klaus Imhof told SeeNews in an email.

Romania and Bulgaria, which joined the European Union in 2007, also benefit from the bloc's rising agricultural subsidies, the official said.

According to Eurostat data, Romania had the largest number of agricultural companies in the EU27 in 2010 at 3.9 million or 32.0% of the bloc's total. The country's utilised agricultural area totals 13.3 million hectares (ha).

The Eurostat data also indicates that Bulgaria was among the member states that posted the highest increase in its utilised agricultural area between 2003 and 2010 - up 24.7% to 3.6 million ha.

Eurostat defines utilised agricultural area as including arable land, kitchen gardens, permanent crops, permanent grassland and meadows and excludes unutilised agricultural land, woodland and land occupied by buildings, farmyards, tracks, ponds, etc.

The official noted that interest towards the region's agricultural sector is still strong from dedicated private equity funds and sovereign wealth funds from Asia and the Middle East and that the financial crisis has not had a significant impact.

Imhof said Raiffeisen Investment is currently advising investors in the region on fund-raising and also on exiting their land/crop farming operations. "We also had a mandate with a sovereign wealth fund from the Middle East to look into opportunities in Bulgaria and Romania that was put on hold for political reasons."

Taking a closer look at the subsectors of the SEE primary agriculture industry, Imhof singled out animal breeding as the most underfunded while highlighting high-margin value-added crops and vegetables as showing the biggest growth potential going forward.

The sector, however, is still facing some transition challenges and market inefficiencies that prevent it from maximising its large production potential.

In that respect, Imhof pointed to arable land fragmentation which prevents agribusinesses from reaching an investable scale of operations; low productivity per hectare; lack of storage, logistics and port infrastructure as well as shortage of local skilled managers who can professionally run modern agribusiness operations and bring in relevant know-how.

phone: +359 2 9376 416; fax: +359 2 9376 175; e-mail: info@seenews.com; website: www.seenews.com;
address: 16, Ivan Vazov Street, 1000 Sofia, Bulgaria