



## Interview

# BALANCING PROFITABILITY AND RESPONSIBILITY: RWA COMMITMENT TO SUCCESS

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**1** RWA Raiffeisen Agro has experienced significant growth since its establishment in Romania in 2015. Can you share the key factors contributing to this expansion and success?

The key factors contributing to RWA Raiffeisen Agro's growth and success in Romania are its affiliation with the international group and its business model, promoted at a European level. RWA has grown organically, gradually acquiring locations of interest each year.

In 2016, we purchased our first depot in Romania, and from there, we have expanded gradually every year. These locations, whether depots or silos, have helped us develop alongside our farmers. RWA is owned by cooperatives – so our owners are farmer cooperatives. This is why we consider ourselves long-term partners in our relationship with farmers; it's in our DNA.

Our commercial policy in Romania and our partnership with farmers have been the key to our success. Those who chose to

collaborate with us from the beginning, from 2015, have continued to do so until now. We have a customer retention rate of nearly 100%, which, for us, is the most direct validation we could receive.

The beauty of agribusiness is that no two years are the same. You always have to be on your toes, ready for the unexpected because each year has different specific challenges, such as drought, COVID-19, war in Ukraine, volatile prices and so on.

**2** The company has a diversified portfolio, offering seeds, chemical fertilizers, and pesticides for various crops. How has the demand for these agricultural inputs evolved, and what role do they play in supporting Romanian farmers?

We offer solutions for every need a farmer may have. From the beginning, we aimed to cover the basic input needs and to remain competitive!

Yes, we have a diversified portfolio. Our range of exclusive products sets us apart, especially seeds and genetic selection.





Over time, we have carefully chosen the best genetics from various sources suitable for our region, creating a solid selection.

Throughout this process, our people are the mainstay. We have individuals who understand the ecosystem, the farmers and the specifics of the region. This allows us to provide genuinely personalized recommendations, tailored to the needs and context of each farmer.

### **3. The war in Ukraine has had significant implications for the agriculture industry in the region. How has RWA Raiffeisen Agro Romania been affected by this geopolitical situation, both in terms of results and costs?**

Like all companies operating near Ukraine in the agribusiness sector, we have been affected in logistics and company results. We stand in solidarity with our Ukrainian neighbors. However, there are some important aspects to consider for the Romanian and European markets, from my point of view.

My personal opinion is that it is necessary to support Ukraine by facilitating the movement of goods and optimizing transit through Romania. I believe introducing an import tax could be beneficial to protect European farmers. It would help avoid stockpile blockages at the trader and farmer levels.

Currently, Ukrainian farmers' production can be sold in the European market without any restrictions imposed by the European Community. This leads to unfair competition, as products are sold in the EU without additional taxes.

To explain further, agricultural production in the European Union is highly regulated. Only certain pesticides can be used, the seeds must be included in the European Catalog and for fertilisers there are safety regulations for transportation, storage and even maximum application limits per hectare.

Crops must meet quality and safety standards and residue levels are closely monitored. Moreover, European farmers are engaged in significant sustainability

projects like the Green Deal and Farm to Fork. All these regulations increase the cost of agricultural production. These limitations do not apply to Ukraine, leading to unfair competition among farmers.

**4. Changes in taxes can impact the agricultural sector. How has the recent shift in agricultural taxes influenced your company's business strategy, and what adjustments have been made to navigate these changes effectively?**

The lack of stability in legislation reduces long-term investments. Companies looking to invest in Romania lack predictability, which is one reason why the number of investors is decreasing. Sudden, unpredictable changes in laws only create more stress in an already vulnerable economy, especially following the challenges of COVID-19 and Ukraine. I believe that we will have another 3-4 years of economic instability due to these factors. It's worth mentioning that the war in Ukraine has brought significant players into the Romanian agribusiness market.

**5. Drought and climate change are growing concerns for the agricultural sector. How does RWA Raiffeisen Agro Romania address these challenges, and what measures are in place to support farmers facing unpredictable weather patterns?**

We are advanced in introducing new products and technologies to the market. At the same time, the strength of our international group allows us to analyze and test solutions in various ecosystems for the climate, pests and diseases we might face in the coming years. This provides us with predictability, allowing us to stay one step ahead.

The main issue, however, is education. Currently, we have two types of farmers: those who are technically savvy and adaptable and those who still refuse to acknowledge the climate's crucial role.

The first type is open to adaptation, constantly testing new technologies, taking precautionary measures for future seasons and being proactive. The second type is more influenced by economic pressure, initially from COVID-19 and then from price fluctuations. These farmers are reactive from

one season to the next. For them climate change still has a minimal impact, and their acceptance levels are low. For many farmers, resistance to new technologies and innovation remains high.

One of the solutions we promote is risk-sharing through crop planning. For example, we recommend using a minimum of 4-5 crop species that cover different year periods in vegetation. Diversification includes introducing or expanding species with lower exposure to heat and drought. Additionally, we suggest distributing technological risk. For example, when selecting wheat varieties, we advise choosing both late and early varieties to avoid overlap in development.

Another example of climate change adaptation is the irrigation project we initiated after the 2020 drought. Together with Raiffeisen Bank, we offered a solution for developing irrigation systems with financial support and preferential interest rates. In practice, the farmers' investment was minimal and we provided the technical and economic solution. Despite coming after a challenging year, the market demand for this product was almost equal to zero.

**6. Given your role in financial management, how does RWA address the balance between profitability and sustainability? Are there specific initiatives to ensure a responsible and sustainable approach to business?**

Until now, we have pursued a growth policy over the past seven years. Starting next year, we will be adopting a new policy focused on consolidation. We have reached a point where we believe it is necessary to emphasize consolidation. We have realized that it is time to place greater emphasis on sustainability, even though it has always been important to us. Our goal is to distribute financial, technological and market risk effectively.

**7. As the CFO, can you discuss the principles you follow to ensure the financial robustness and resilience of RWA Raiffeisen Agro Romania in the face of external factors such as geopolitical tensions and climate-related uncertainties?**

The entire company's policy is based on



*We support farmers throughout the entire input acquisition process until the harvest is made.*



deeply rooted values. Values underlie all our business decisions. The values that have united farmers in cooperatives, transmitted and embraced by every RWA employee, guide all our actions. Therefore, it is clear that everyone under this large umbrella shares the same ideas, goes in the same direction and seeks to follow the same course of action.

My working philosophy cannot be different from that of the entire group. We take pride in seeing the farmer as a true partner. Moreover, we are talking about balanced partnerships for both parties. In the long run, we seek nothing but sustainability despite the geopolitical, financial and climatic pressures.

**8. The company has seen remarkable growth in seed volume and product sales. How does RWA Raiffeisen Agro Romania ensure the quality of its products and the satisfaction of its customers amidst this expansion?**

Our growth is a consequence of the quality and attention to detail that we offer. Quality has been a priority for us from day one, not something acquired later in the process.

As our volumes have grown, so has the company in terms of size, the number of dedicated employees, portfolio and product selection. We carefully select our partners. Additionally, we follow the group's model, which has been doing these things for over 130 years. We implemented their philosophy locally, and we aim to carry it forward without the need to reinvent things.

**9. Solidarity is promoted as a core value at RWA Raiffeisen Agro. How does the company foster a sense of collaboration and mutual growth with the farmers it works with, and what initiatives or programs are in place to strengthen these partnerships?**

We are a solutions integrator for farmers. We do not just sell inputs. Primarily, we support farmers throughout the entire input acquisition process and until the harvest is made. We always aim to provide personalized solutions.

We offer as many options to farmers as possible, especially regarding how they can market their produce. In our facilities, farmers find not only support but also solutions. Through these facilities, we aim to stay as close

to them as possible, maintaining interpersonal relationships on a day-to-day basis. Only through this can we truly understand the field's issues and their challenges.

**10. Could you discuss the role of technology in RWA's operations, particularly in optimizing supply chain management and enhancing customer experiences for farmers?**

At a group level, we have numerous innovations and integrations with everything related to new media and new technologies. This includes collaborations with innovation-focused companies like Agro Innovation Lab and the integration of robotics and technologies across multiple segments of our business.

FarmHedge is the first mobile app, available on Google Play and Apple Store, developed by an agribusiness distributor in Romania. For agribusiness, this represents an innovation that lays the foundation for the next level in modern agriculture. Our goal was to make purchasing as easy as possible for farmers, ensuring accessibility.

**11. Looking ahead, what are the main goals and priorities for RWA Raiffeisen Agro Romania in the coming years, and how does the company plan to navigate potential challenges in the agricultural landscape?**

The main enemy in the coming years is market volatility, particularly in prices, which began in 2022 and is expected to last until the end of 2024, according to our estimates. In agribusiness, no year is the same. Our challenge is adapting from one year to the next to our unique challenges and acting accordingly.

In such a rapidly changing market, we need to react quickly. In this context, we focus on our most vital asset, genetics. Genetics provide us with risk minimization solutions and the ability to anticipate responses to climate change.

We want to share our expertise and knowledge with our partners. Our primary concern is to grow the other segments of our business, especially seeds. Currently, our range includes exclusive hybrids carefully selected for rapeseed, corn, sunflower, sorghum, as well as high-performing wheat, barley, soybean and pea varieties.



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