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ROMANIAN INVESTMENT

Swiss company has long-term strategy to build exports from the region

by Chris Lyddon

Swiss-based grain and fertilizer trader Ameropa has invested heavily in Romania in recent years. Photo courtesy of Ameropa.

Swiss-based grain and fertilizer trader Ameropa has made a huge investment in the Romanian port of Constanta and in Romanian agriculture. Its most recent investment in the Chimpex terminal at Constanta opened in June 2017 and demonstrates a long-term strategy to build exports from the region.

The new terminal adds 200,000 tonnes to the existing 300,000 tonnes of storage capacity and can load at 1,600 tonnes an hour. The berth is 2.1 kilometers long and can handle up to 10 vessels at a time. Its draft allows for Panamax vessels. It's part of a Romanian operation that employs some 1,900 people and serves 1,800 fertilizer customers and 2,650 grain origination partners. In 2017, Ameropa bought around 3.1 million tonnes of grain and oilseeds through 19 silo and warehouse locations in Romania.

In an interview with *World Grain*, Cédric Mayor, Ameropa's chief trader, and Sébastien Henry, Ameropa's head of Black Sea Wheat, explained the thinking behind the company's Romanian expansion.

"A broader view is that in the past 20 or 25 years the center of the world grain market has clearly shifted east from the U.S.," Mayor said. "If U.S. wheat, for instance, represented more than 30% of the world wheat trade 20 years ago, it lately stands for 15% maximum. On the contrary, wheat exports from the Black Sea, unknown 20 years ago, now represent 30% of the trade.

"At that time, you were looking at the supply and demand in the U.S. and at the prices in Chicago. Chicago was clearly setting the trend for the world grain market. Today this has clearly shifted east to the Black Sea. Whatever the Black Sea is doing will set the tone. If Russia has a huge crop, the markets will be bearish. If Russia is short of grains, the markets will be bullish. For us, this is why it is quite exciting to be a major player in the Black Sea."

HUGE POTENTIAL

Romania is an E.U. country, but it's part of the Black Sea.

"Its prices are similar to prices in Ukraine, Russia,"



Ameropa opened its new Chimpex terminal in Constanta, Romania, in 2017. The terminal has 500,000 tonnes of grain storage capacity.

Mayor explained. “They set the prices at the same level. It is exciting also because the Romanian agriculture is still developing with a huge potential for the yields to improve along with agricultural techniques.”

Ameropa is also the largest fertilizer trader in the world.

“As we supply fertilizers to the Romanian farmers, we are also participating to the development of the agriculture in this former Eastern European country,” Mayor said.

Henry, Ameropa’s head of Black Sea Wheat, explained that the major destinations for Romanian wheat are the same as those for Russia.

“It goes mainly to the Middle East, to Egypt but also to Jordan, Ethiopia and now we export more and more to Africa, East Africa, West Africa, South Africa,” he said. “We are exploring the world of milling wheat. Some markets were closed for political reasons, but one after another they are opening.”

He expects to be exporting Romanian wheat to Indonesia within two to three years.

“It is the biggest importer, with Egypt, of wheat in the world,” he said. “There is also demand within Europe. There are some wheat exports from Contanta to Spain, Italy or northern Europe for price reasons. Wheat from Contanta, even if it’s milling quality, can compete in feed wheat markets in Spain and Northern Europe thanks to duties.”

The quality depends on the year, he said.

“I’ve been doing it for several years and it has improved from 11.5 (protein) milling wheat, like Russia was, to 12.5,” Henry said. “It’s an equivalent of Russian wheat in terms of quality, maybe two to three years behind in terms of quality, I would say.

“Ten years ago, when I started, no one wanted Russian wheat and now it goes everywhere. We are not yet there but on the way. Every year there are new markets opening.”

THE NEXT RUSSIA?

Mayor put Romania at five years behind Russia on export markets.

“Fifteen years ago, nobody knew Russian wheat and today you talk to a miller and everything he wants is Russian wheat,” he said. “We think that is going to happen with Romanian wheat, because it’s very good quality. It was not known five years ago, and more and more destinations buy it every year. Once they tried buying it, they continue.”

Henry explained that it’s not just a question of wheat. Maize quality is similar to that in Ukraine.

“We export to Japan, to Vietnam, it depends on the year,” he said. “And when there is huge demand in Europe, Romanian corn remains within Europe mostly or the Mediterranean because this is

a GMO-free market. We also do feed barley, yellow peas and oilseeds, which are mainly sunflower seed and rapeseed.”

He said it was important to note that Contanta is not only Romanian origin but it’s a hub for the whole Balkans.

“From Contanta we will ship from Slovakia, Hungary, Serbia, Bulgaria, all the way down the Danube,” he said. “Contanta is the biggest port in the whole Black Sea and the most efficient. Our terminal being the biggest amongst the newest terminals is the most efficient as well.”

Mayor explained that the new terminal can load a Panamax in two days.

“It goes from 3,000 to 5,000 tonnes right up to 71,000-tonne intake,” Mayor said. “We loaded 10 of those to Vietnam two years ago, a combo of wheat and corn. The efficiency of the terminal and the port is way above the Russian ones because you will never see a 15-day line up in Contanta except with winter conditions, ice and so on. That gives us a very nice advantage on trade, but also for a consumer/miller it’s very nice because he knows when his wheat will come, what time at the port, when it’s going to leave. It is rather different with other Black Sea ports.

“We have experienced 40 days waiting in front of Nikolaev with a sunflower seed vessel for a French crusher who, you can imagine, was not very happy because he was expecting his vessel to be there within 15 days or three weeks after the vessel’s arrival at the loading port and he got it a month and a half after. That is never happening in Contanta.”

Supplies to the port from inland are not entirely dependent on Danube river traffic.

“Fortunately not, because the Danube is a strange animal that can have low water, high water,” Mayor said. “We didn’t build a strategy on the Danube. The Danube is for what we buy in Bulgaria and Serbia and Hungary, a bit of Romania. We have built our strategy on train and trucks, also. The volume exported out of Romania is supplied one third, one third, one third, to make it simple, between trains, trucks and barges.”

Henry explained that truck transportation is used “within an acceptable distance from the port.”

“You’ll never go far with the trucks, within 100 km I would say,” he said, explaining that there are collecting points, supplied by truck from farms within 20 km, which are then served by rail transport to the port.

The port facility can store grain in large quantities, but that’s not the aim.

“The purpose is not to store the goods,” Henry said. “It’s to ship it away as soon as possible. The capacity in the port is half a million tonnes but we never have that because there is a flow of vessels. We try to call in

About Ameropa

Founded in 1948, Ameropa is a privately-owned international agribusiness based in Binningen, Switzerland. It produces, originates and markets grains and fertilizer and has regional offices on all five continents, investing globally in assets supporting its business activities.

“Our core business is physical trading of fertilizers and grains, supported by auxiliary assets, such as silos, warehouses or port facilities as well as upstream assets, such as fertilizer production plants,” the company said. “We are part of the supply chain whose task is to feed the world. Our strategy remains focused on physical trading of fertilizers and grains, with a view to further support our trading operations with investments into related assets. We believe that a careful diversification into fixed assets will further solidify our business model, which has consistently proven to be profitable and comparatively crisis-resistant.”

Ameropa celebrated its 70th year in business on April 9, 2018.

the logistics so when the trains, trucks and barges are coming in we have an outtake with a vessel.”

Mayor added, “We believe in this Black Sea being a very important origin to feed the world and we have, I think, tried to move from a pure trading role to a supply chain. This eastern European origin fits very well our positioning. This is part of the Black Sea, the region with the growing role in the world grain markets. Being part of this market allows us to reach out to a large number of customers. It is a very exciting place to be. It says it very well.”

Henry closed the interview by inviting *World Grain* readers to visit the port.

“We would welcome them in Romania,” he said.

In addition to the Chimpex grain terminal, Ameropa also acquired an inland grain storage facility in 2016 in Carpinis, Romania, which has total storage capacity of 56,000 tonnes.

“Its railway access provides a key logistical advantage, and good connection with Western Europe and with our Chimpex Grain Terminal in the Constanta Region,” the company said. 

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