

THE PROFITABLE AGRIBUSINESS CONFERENCE / NARCIS SOMESFALEAN, VALTEC TRACTORS:

“The ability to obtain financing reduces the demand for agricultural machinery”

The financing ability of the farmers represents the main obstacle for the market for farming equipment, said Narcis Somesfalean, the president Valtec Tractors România.

“There is constant demand on the market, but the problem remains the ability of the farmers to obtain funding. Demand depends on financing, as well as on the local policy for the sector”, he said.

The representative of Valtec considers that self-financing is the cheapest option, as it is a stable source of funding, which removes financial institutions, ensures the independence of the investment, and, among other things it eliminates the risk of having to pledge one’s equity as collateral.

“Self-financing isn’t an easy thing to do, but a difficult one, based on the ability of the company’s management, which needs to be effective”, Mr. Somesfalean said, who added that 90% of the small and medium enterprises are self-financing.

He also said that among the things which are noticeable when it comes to companies operating in the agricultural business are the lack of distribution channels, the high costs, the drop in the productivity per hectare.

Among agricultural companies, there are symptoms that indicate the appearance of some periods of financial crisis, said Narcis Somesfalean, who listed some of them: the mediocre or negative financial results after at least three consecutive balance sheets, the cyclical variations of some prices, the constantly eroding relationship with the suppliers, the increase in the rescheduling of supplier loan payments.

He said that the company which he represents has not resorted to European funds and is not interested in taking out a loan either, as it is capable of financing itself.

The company’s turnover remains constant, and it is expected to increase slightly in 2014.

With a market share of approximately 11% (which the company official expects to increase in the coming years), Valtec sells tractors and farming machinery, providing services and assistance to farmers for the acquisition of these products.

Narcis Somesfalean told us: “We have initiated a project which is the first of its kind in Romania - Valtec Tractors - which involves a bilateral transfer of know-how between Romania and certain European countries and outside it for assembling tractors. Valtec is the only brand in Romania that has in its portfolio tractors of 40 to 300 HP”.

Emphasizing that European grants are very important for the development of the machinery market and of Romania’s agricultural sector , Mr. Somesfalean told us that the market has a dynamic of its own, which is comparable to that of the sale of agricultural equipment in other European countries.

Since 2010, the company has sold almost 60 tractors, developing marketing activities in Moldova, Hungary and Bulgaria.

Valtec’s cheapest tractor costs 14,000 Euros, and the most expensive costs - 112,000 Euros.

According to the CEO of the company, the Romanian market is starting to perform. **(E.O.)**