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Al Dahra Group Close to 200 Million Euro Deal for Agricost, Romania's Largest Grain Producer

April 3, 2018 | By Lynda Kiernan

Abu Dhabi-based Al Dahra Group is close to a 200 million Euro deal (US\$245 million) to acquire Agricost Braila, the largest agricultural producer in Romania.

Operating on Romania's Great Braila Island in the Danube River, Agricost is a key Black Sea grain producer, farming 56,000 hectares, or 140,800 acres (the largest farm in Europe), 70 percent of which is irrigated, generating an annual turnover of 86 million Euro (US\$105 million).

Owned by Sheikh Mohammed bin Zayed Al Nahyan, and part of Al Ain Holding, Al Dahra currently operates about 81,000 hectares of cultivated farmland worldwide. Its human food business has a presence in Egypt, Greece, Morocco, Namibia, Saudi Arabia, the UAE, India, Pakistan, and Serbia. Its Etihad Mills is the largest grain hub in the Middle East region with the ability to supply 2.4 billion people. Among other abilities, the company has the annual capacity to farm and supply 150,000 metric tons of fruits and vegetables; produce and supply 500 tons of flour per year; and produce and supply 400 tons of rice per year, generating an annual turnover of US\$1 billion. And as the holder of Europe's largest farm, Agricost receives 175 Euro, or US\$256.94, per hectare in EU subsidies.

Owned by Constantin Dulute, Agricost is headquartered in Braila. Its farm's dimensions run 60 kilometers by 11 kilometers, which is divided into 29 parcels that each grow their own crops. The shipping of Agricost's grain is easily handled due to its prime location in the Danube, and together with port storage facilities, the farm has the ability to store more than 50,000 tons of grain.

Last year the operation grew 36,700 acres of winter wheat, 19,900 acres of winter barley, 28,900 acres of corn, 24,800 acres of soybeans, 20,200 acres of sunflowers, 6,200 acres of alfalfa hay, and 642 acres of peas, with the remaining land being left fallow, according to Producer.com.

"Tradition, performance and innovation, but also the implementation of new technologies based on efficient resources management, in harmony with the environment represents the mission of Agricost. With all that in mind we were able to harvest over 410,000 tonnes in 2016," Dulute told Producer in October of last year.

Black Sea Bound

Word of this deal comes only months after Al Dahra and the Saudi Agriculture and Livestock Investment Company (SALIC) announced the launch of a US\$1.3 billion joint venture agreement for the development of farmland across 10 countries in the Black Sea region.

The 50-50 venture was launched with the intent of securing reliable sources of grain for Saudi Arabia, which in 2016 halted all domestic wheat production.

"We want to supply the market with grain and animal feed and we will target the countries in the Black Sea," Abdullah Aldubaikhi, chief executive officer of Salic, told reporters at the UAE-Saudi Arabian business forum in October of last year.

Although advances in technology resulted in an increase in food production in the MENA region in the 1990s, the region is still expected to see a food deficit of between 50 million tons and 90 million tons by 2020.

Additionally, Dr. Geoffrey Hawtin, co-founder of Global Crop Diversity Trust, stated in 2014 that swift action is

needed to ensure future food security in the Middle East where demand for food is expected to soar by 50 percent over the next two decades, driven by the region's forecasted 40 percent increase in population between 2010 and 2030.

Saudi Arabia's population hit just over 31 million at the start of Q2 2016, according to Trading Economics. That figure will increase to more than 34 million by 2020, and more than 39 million by 2030, according to Euromonitor.

Dwindling supplies of arable land and natural water resources have already placed a strain on the kingdom's domestic production capacity, pushing it and other countries in the region to look for foreign sources to meet both its food demand and needed supply of water-intensive inputs such as animal feed. Due to these growing pressures on precious ecological resources, the Saudi government announced in 2015 that it would offer financial support to Saudi investors buying farmland overseas.



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