Romanian agriculture – five shocks, a structural crisis.

Analysis of the difficulties the companies are facing in Romania's agricultural sector

INFINEXA

EXECUTIVE SUMMARY

Between 2022 and 2025, Romania's agricultural sector experienced an unprecedented crisis cycle in the last three decades. Companies cultivating thousands of hectares of wheat, corn and sunflower, which in 2021 ranked among Romania's most profitable, found themselves by the end of 2023 with unpaid debts to input suppliers, exhausted credit lines, drought-compromised harvests and selling prices that no longer covered production costs.

A key finding of this analysis is that not everyone loses in the same way. The crisis affected producers differently from traders, large operations differently from medium-sized farms and indebted companies differently from those prudently capitalized. This heterogeneity is the clearest signal that we are dealing with a crisis in which external factors played the role of catalyst, while internal vulnerabilities determined the magnitude of damages. Where company balance sheets were solid and entrepreneurs acted early, companies managed difficulties on their own. Where financial positions were already fragile, the same external conditions produced insolvency.

What makes this crisis distinct from previous episodes is that it was not caused by a single factor, but by five converging shocks that overlapped with pre-existing structural vulnerabilities and that their effects continue to manifest in 2026.

This document brings together, for the first time in an integrated analysis, the causes of the crisis that Romanian agricultural companies have been confronting since 2022. It is addressed to distressed entrepreneurs, creditors, financial institutions and decision-makers seeking to understand not only what happened, but why it happened and what is to be done.

Shock 1: The collapse of grain prices. From historic highs in May 2022 (wheat 435 EUR/t, corn 340 EUR/t) to levels below 210 EUR/t in 2025, while costs remained elevated.

Shock 2: Repeated drought 2022–2024. 41 consecutive months, the longest such period in Romania's recent history, with significant cumulative losses relative to the production potential of the period.

Shock 3: Ukrainian grain. Imports over 20 times larger in 2022 compared to 2021, which eliminated the farmer's bargaining power and crashed domestic purchase prices.

Shock 4: The explosion of production costs. nitrogen fertilizers increased by 344% in two years; the cost per hectare of corn doubled from 2,500–3,000 lei in 2020 to 5,000–6,500 lei in 2022.

Shock 5: The Iran conflict, the energy crisis and the lack of domestic fertilizer production. Urea prices increased by 49% in a matter of weeks; Romania is the only country in the European Union („**EU**") without domestic fertilizer production, following the definitive shutdown of Azomureș in November 2025.

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I. INTRODUCTION: ANATOMY OF A STRUCTURAL CRISIS. THE DIMENSION IN NUMBERS

Agriculture is, by its nature, the most observed sector of any economy. From the earliest recordings of harvests on clay tablets to satellite crop monitoring, humankind has measured, estimated and documented agricultural production with a constancy that no other industry can match.

Romania is no exception and the data exist: on production, on droughts, on profits, on losses. Existing analyses of the Romanian agricultural crisis from the 2022–2025 period tend to treat each dimension separately: balance sheet data stand apart from meteorological data, which stand apart from legislative data, which stand apart from field observations. Each isolated source produces a fragment of truth.

The contribution of this report lies in integrating them into a single analysis.

This report integrates the balance sheet data of Romania's top 500 agricultural producers (CAEN 0111) and top 500 grain traders (CAEN 4621) ranked by revenue over the 2021–2024 period, placing them in dialogue with the national statistics of the National Institute of Statistics ("**INS**", "**INS TEMPO**"), with the Annual Reports of the National Bank of Romania ("**BNR**") on Financial Stability, with data from the National Meteorological Administration ("**ANM**") and the Ministry of Agriculture and Rural Development ("**MADR**") regarding calamities and with direct observations from INFINEXA's judicial administration mandates.

The dimension of the crisis: five numbers that tell the whole story

Indicator	Producers (NACE 0111)	Traders (NACE 4621)
Revenue Decline 2022 → 2024	-28.6% (43.2 bn → 30.9 bn RON)	-41.2% (126.9 bn → 74.7 bn RON)
Net Profit 2022 → 2024	5.74 bn → 1.72 bn RON (-70%)	Gross Margin 2.4% → 0.9%
Loss-making Companies 2024	98 out of 503 (19.5%)	85 out of 503 (16.9%)
Companies with Negative Working Capital 2024	333 out of 503 (66.2%)	n/a (different structure)
Maximum Risk Companies (3–4 criteria)	139 companies (28%)	19 companies

Source: INFINEXA analysis.

The sectoral data are also confirmed from a macroprudential perspective. The BNR Financial Stability Report of December 2025 shows that agriculture remains in the risk zone from the perspective of sectoral financial health indicators, one of the few sectors for which the BNR explicitly uses this classification. The net profit margin in agriculture fell to 3.8% in 2024, 1.4 percentage points below the 2023 level. At a margin of this size, the sector no longer has any buffer to absorb an additional shock without generating a net loss.

> *BNR, Annual Report 2024: „Agriculture experienced a weak year, marked by adverse weather conditions... wholesale trade in agricultural raw materials [registered] unfavorable developments." Both sectors are placed in the „unfavorable developments" quadrant of the BNR sectoral performance matrix.*

The integrated analysis of available data indicates not a single cause of financial difficulties in the agricultural sector, but five converging shocks that overlapped: the collapse of grain prices, repeated drought, Ukrainian grain imports, the explosion of production costs and the energy crisis. Each of these shocks was applied over pre-existing structural vulnerabilities and their combination produced effects that no single-factor anticipation model could have predicted.

The essential conclusions of the INFINEXA analysis are:

> **The crisis was not uniform.** The internal vulnerabilities of each company determined the magnitude of damages, not just external shocks.

> **A record harvest does not fix a deteriorated balance sheet.** The sector's problems are structural, not cyclical.

> **Early intervention in restructuring produces incomparably better results than postponement.** The company that enters negotiations 6 months before payment default has real options; the one that enters on the last day has none.

II. THE 2021–2022 EUPHORIA: THE TRAP OF RECORD PRICES AND THE FATAL FINANCING DECISION

Understanding the crisis facing the agricultural sector requires, paradoxically, first understanding why the prospects of Romania's agricultural sector appeared so positive in the years preceding the crisis and during the COVID-19 pandemic and how this outlook subsequently deteriorated dramatically. Without understanding the full context, the management decisions that later made companies vulnerable appear illogical. They were not illogical, they were perfectly rational in the informational context at the time they were made. The tragedy was not in making wrong decisions under normal conditions, but in the irreversible commitment to decisions that were correct for a context that changed abruptly and completely.

2.1. The price signals that justified expansion

Milling wheat reached on the Marché à Terme International de France („MATIF") exchange in Paris, in May 2022, the record level of 435 euro/ton, compared to 200–210 euro/ton in 2020. MATIF corn escalated toward 340 euro/ton from 180–190 euro/ton pre-pandemic. Sunflower reached historic highs of 800–900 dollars/ton at Constanța, compared to 350–400 dollars/ton in 2019. The main trigger: Russia's invasion of Ukraine on February 24, 2022, which practically overnight blocked the export access of Ukraine (12% of global wheat, 15% of corn, 50% of sunflower oil) and Russia (18% of global wheat). Markets reacted with a massive risk premium, instantly reflected in quotations.

The post-pandemic macroeconomic context appeared to support optimism: the European Commission anticipated economic recovery in 2021–2022, the United Nations Food and Agriculture Organization („FAO") signaled structural tensions in global food supply and the new Common Agricultural Policy promised investments in the viability of farms. Banks financed agricultural

campaigns based on the assumption that elevated price levels would persist long enough to allow repayment of contracted financing.

2.2. The anatomy of the financial trap: asymmetric timing and ex-ante contracted costs

The trap mechanism deserves precise analysis, because it explains why difficulty appeared with a 12–18 months delay from the onset of changed market conditions. An agricultural company with 3,000 hectares of corn had to make input purchasing decisions in the autumn of 2021 and spring of 2022, for a campaign whose revenues would materialize in the autumn of 2022 and throughout 2023. The moment of committing expenses and the moment of realizing revenues are separated by 6–12 months. This is the fundamental structural deficit of agriculture as an industry: costs are fixed ex-ante, revenues are determined ex-post by a market over which the farmer has no control whatsoever.

Nitrogen fertilizers, the most important component of production costs, rose from 900 lei/ton in 2020 to over 4,000 lei/ton in 2022 (+344% in two years). The Azomureș plant in Târgu Mureș, Romania's only major fertilizer producer, had already stopped production in December 2021. One hectare of corn that cost 2,500–3,000 lei in 2020 had reached 5,000–6,500 lei in 2022, a complete doubling of production costs.

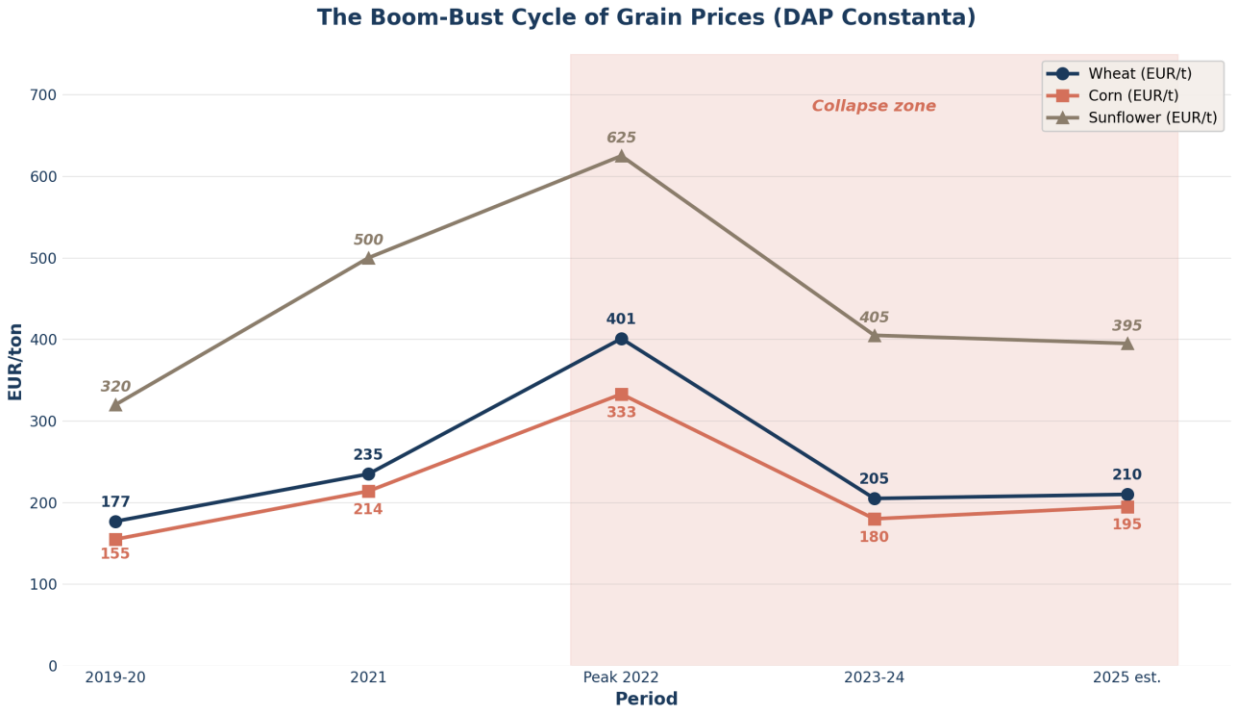
The balance sheet data confirm this evolution: in 2022, the sector-level expense-to-revenue ratio was 86.3% at the median, comfortable for the average company. By 2024, the median had risen to 97.4% and the proportion of companies with a cost ratio > 95% had increased from 23% to 63%. This is the scissors effect visible in the data: 40 percentage points more companies pushed to the edge of survival.

2.3. Lack of control over the selling price: the sector's defining vulnerability

The agricultural sector presents an extremely important structural characteristic that must be considered when analyzing the causes of difficulties: **the farmer and the agricultural company, regardless of their size, are by the nature of their activity price-takers.** They produce a homogeneous good (wheat, corn, soy, sunflower) for which there is a global quotation set on the exchanges in Chicago Board of Trade („**CBOT**"), Paris (MATIF) and London Intercontinental Exchange („**ICE**"), by actors with financial, informational and logistical capacity incomparably greater than any national agricultural company.

This reality, simple as a statement, devastating as an implication, means that the farmer invests at time T0 (sowing, contracting inputs, hiring labor) but cannot know at time T0 what the price will be at time T1 (harvesting and marketing). The farmer has no direct instrument of influence over the selling price. They can decide what to cultivate, on what area, with what inputs, but cannot decide how many lei they will receive per ton of corn in October. This reality is not new and is not specific to Romania, it characterizes global agriculture, but in Romania it overlaps with the absence of hedging instruments, the lack of storage infrastructure and near-total dependence on a limited number of traders for marketing production, which makes the bargaining power asymmetry even more pronounced than in Western Europe or the USA.

Companies paid the most for inputs precisely when product prices were about to decline. The moment of committing costs and the moment of realizing revenues were structurally decoupled and this decoupling is not a managerial error, it is a defining property of agriculture as an industry. It becomes catastrophic only in combination with over-indebtedness and the complete absence of price risk management instruments.



III. THE LONGEST DROUGHT EVENT IN ROMANIA'S RECENT HISTORY AND ITS IMPACT

If the scenario of high prices with high costs was a manageable financial risk assuming a reasonable margin, the repeated drought of 2022, 2023 and 2024 destroyed the basic premise of any profitability calculation: the volume of physical production. At a sufficiently low yield, the marginal contribution of each cultivated hectare becomes negative, meaning each cultivated hectare adds loss, not profit. This is not a figure of speech. It is the exact mathematics of corn crops in non-irrigated areas in the context of 2022–2024 in southern Romania.

3.1. Structural context: Romania in the vortex of the longest drought in recent history

The droughts of 2022, 2023 and 2024 cannot be understood as isolated meteorological episodes. They represent the consecutive manifestation of a drought event of exceptional duration, which, according to ANM data and the stareaclimei.ro platform based on 19 meteorological stations with long-term observations, began in March 2022 and continued, with a brief interruption, until July 2025, a total duration of 41 months. This is the longest drought period in Romania's recent history, surpassing the catastrophic event of 1945–1947, which had lasted 22 months.

The Standardized Precipitation-Evapotranspiration Index over 12 months („SPEI-12"), which integrates both precipitation deficits and the increase in atmospheric evapotranspiration demand induced by elevated temperatures, shows a pronounced negative trend after 2000 and a peak of severity in August 2024. This means that droughts are not determined exclusively by the lack of rain, but also by rising temperatures, which amplify evapotranspiration and consume soil moisture reserves at an increased rate compared to previous decades. The phenomenon is structural and accelerating: droughts are becoming more frequent, longer and more severe.

ANM, Annual Characterization 2024: „The interval 2012–2025 represents the warmest period of 14 consecutive years in the history of national meteorological observations." 2024 is the warmest year in Romania's measurement history, with a mean temperature of 11.62°C and a positive deviation of +1.99°C from the 1991–2020 median. Anomaly relative to the 1900–2024 median: +2.36°C – the largest ever recorded.

The aridification trend confirms the structural change in Romania's climatic regime. The area affected by aridity increased from 10.9% in the 1971–1980 decade to 40.8% in the 2011–2020 decades and to 41.5% in the 2021–2024 interval. In other words, nearly half of Romania's territory, including plain and hill areas no longer protected by western moisture, now faces chronic water stress that did not exist at this intensity in previous decades. The most affected areas are precisely the major cereal regions: the Romanian Plain, Dobrogea and southern Moldova.

3.2. The 2022 drought: asymmetric disaster across crops, the first financial shock

The summer of 2022 brought one of the most severe pedological droughts of recent decades. The soil water deficit exceeded 200 liters per square meter across large areas of the south and east of the country, the Romanian Plain, Dobrogea, southern Moldova, precisely where the cultivated area for corn and sunflower is concentrated. The effect was asymmetric across crops: wheat, with its vegetation cycle in the first part of the year, recorded 8.72 million tons, acceptable. Corn, a spring crop with a long cycle dependent on summer moisture, fell to 8.04 million tons from 14.82 million tons in 2021, a collapse of 45.8% in a single year. Average yield: 3,298 kg/ha versus 5,802 kg/ha in 2021.

Official ANM meteorological characterization – 2022

National mean temperature in 2022: 10.6°C, 1.0°C higher than the 1991–2020 reference period median. Positive deviations from the median were recorded in nine of the 12 months of the year, with maximums of +2.6°C in December. Absolute maximum temperature in 2022: 41.7°C at Calafat, recorded on July 23, in the middle of the corn pollination period, the most sensitive phase of this crop's vegetation cycle. Corn is an extremely heat-sensitive crop during the pollination phase: temperatures above 36°C for 6–12 hours during pollen release can reduce fertilization by 50–80%. At 41.7°C, the effects are practically total in non-irrigated areas.

ANM, Annual Characterization 2022: Total precipitation, national average: 553.2 mm – 18% lower than the 1991–2020 standard reference period median. Monthly precipitation deviation values were negative in 8 of the 12 months, with a maximum deficit of 68% in October. Amounts below 400 mm were recorded in Dobrogea, southern and eastern Muntenia, southeastern and northeastern Moldova. In the Danube Delta, values fell below 250 mm. The pedological drought of the March–September 2022 period was officially recognized as an unfavorable meteorological phenomenon equivalent to a natural calamity.

Direct impact on crops: official MADR data 2022

Indicator	Official Data 2022	Source
Farmers affected by drought	148,000+ individuals	MADR, OUG compensation 2023
Total calamity area	1.110.000+ ha	MADR, centralized assessment report data
of which: corn	705,000+ ha (27% of total cultivated)	MADR
of which: sunflower	360.000+ ha	MADR
Counties with reported damages	37 out of 41	MADR
Compensation granted	335 lei/ha for 100% calamity	OUG spring crop compensation 2022 (adopted May 2023)

Pedological drought gripped the entire country in 2022, with Romania recording its lowest corn production since 2007. Corn production fell by approximately 40–50% compared to potential: a farmer with 2,000 ha of corn in the Romanian Plain, without irrigation, obtained yields of 1.5–3 tons/ha in 2022 versus 5.5–7 tons/ha in a normal year, on production costs contracted at 5,000–6,500 lei/ha.

The financial impact of this yield decline is spectacular. A company cultivating 3,000 hectares of corn, anticipating a yield of 6 tons/ha at 250 euro/ton (revenue 22.5 million lei), effectively obtained 3.3 tons/ha at prices already declining toward 200 euro/ton (actual revenue 10 million lei)—nearly 56% below projection, on production costs already contracted at 18–20 million lei. The equation instantly became negative.

A critical element often overlooked: the Government Emergency Ordinance („OUG") for compensation of spring crop losses in 2022 was adopted in May 2023, nearly a year late relative to the event. The grant of 335 lei/ha (approximately 67 euro/ha) represented 5–8% of actual crop establishment costs (800–1,200 euro/ha). This tardy and insufficient financing left companies to absorb 92–95% of the loss alone, from balance sheets that had no reserves for such absorption.

3.3. The 2023 drought: Romania's hottest year on record. Cumulative soil drought

If 2022 was a severe year from a precipitation perspective, 2023 brought the highest temperature levels in Romania's meteorological measurement history, both on the 1961–2023 series and the 1900–2023 series. National mean temperature: 11.38°C, 1.78°C higher than the 1991–2020 median.

> *ANM, Annual Characterization 2023: 2023 ranks first among the warmest years in Romania (1961–2023 and 1900–2023 series). Absolute maximum temperature: 42.0°C at Zimnicea (July 25) and at Cernavodă (July 26) – national temperature record. Thermal anomalies exceeded 2°C in the south of the country, in Moldova and in Dobrogea – precisely in the areas with the largest cultivated cereal surfaces. May 2023: precipitation deficit of 60% compared to the norm – critical for the rooting and early growth of corn and sunflower.*

The paradox of 2023 from an agricultural perspective: although total precipitation amounts (661.3 mm, -1.4% compared to the median) were not dramatically below normal, the seasonal distribution was profoundly unfavorable. May, critical for the rooting and early growth of corn and sunflower, was one of the driest in recent years, with a 60% deficit compared to the norm. Combined with record temperatures that accelerated evapotranspiration and soil water reserves already depleted since 2022, this maintained pressure on spring crops.

Cumulative soil drought, the invisible but decisive effect

An aspect often ignored in the analysis of annual drought impact is the dynamics of soil moisture at deep horizons. Soil does not recharge with water after a single rainy winter; the restoration of moisture reserves at depths of 1–2 meters, relevant for deep-rooted crops like corn, requires multiple years of normal precipitation. The deficit accumulated from 2022 was not fully recovered during the winter of 2022–2023. The farmer entering the 2023 campaign was starting from a lower-than-normal soil moisture reserve, even if the winter had brought acceptable precipitation.

The summer of 2023 brought severe heat waves that coincided with the critical periods of corn pollination and grain filling in wheat. July 25–26, 2023 recorded Romania's all-time absolute maximum temperature: 42.0°C at Zimnicea and Cernavodă. At temperatures of 40–42°C, damage to corn crops during the pollination phase is practically total in non-irrigated areas. Corn production partially recovered to 8.74 million tons (+8.7% versus 2022) but remained 41% below the 2021 potential.

The sectoral net profit of producer companies (top 500 NACE 0111 sample) fell from 5.74 billion RON in 2022 to 2.15 billion RON in 2023, a decline of 62.5% confirming that the partial recovery of physical production did not compensate for either lower prices or persistently high costs. The sector entered the 2024 campaign without capital reserves.

3.4. The 2024 drought: the crisis apex. The hottest year, the most severe agricultural impact

If 2023 had set an unprecedented thermal record, 2024 surpassed it. National mean temperature: 11.62°C, 1.99°C higher than the 1991–2020 standard reference period median. Anomaly relative to the 1900–2024 median: +2.36°C, the largest annual thermal anomaly ever recorded in Romania. All top five years in a 124-year ranking belong to the last 6 years.

> *ANM, Annual Characterization 2024: „According to the classification of thermal severity classes for the 2024 mean annual temperature, it was extremely warm across the entire country. The deviation of the 2024 mean air temperature from the standard reference period median was exclusively positive and the majority of deviations exceeded 2.0°C. Values ≥ 2.5°C were recorded in Oltenia, Muntenia, northern Moldova and southern Banat." In 5 months (February, March, June, July, August), the national monthly mean temperature was the highest in the entire 1961–2024 period.*

The unprecedented heat wave in 140 years

The summer of 2024 brought a meteorological phenomenon for which there is no precedent in Romania's instrumental data. From May 31 to August 20, 2024, Romania experienced a nearly continuous heat wave, with an unprecedented number of days with temperatures above 35°C in 140 years of measurements.

The destructive particularity of prolonged heat versus a single day of extreme temperatures lies in the accumulation of thermal stress. A corn crop survives 24 hours at 42°C if nighttime temperatures drop below 22°C and the soil has moisture. It does not survive 80 days with mean daytime temperatures of 37–40°C, tropical nights (>20°C) and cumulative moisture deficit from three consecutive years. Prolonged thermal stress blocks photosynthesis, accelerates plant aging and produces the abortion of corn ears and sunflower heads, practically nullifying the harvest before it forms. For sunflower, farmer-reported damage reached 80–90% in non-irrigated areas of the south and east of the country.

The devastating scale of agricultural Impact – official MADR data and OUG 120/2024

Indicator	Official Data 2024	Source
Calamity area – spring crops	2,000,000 ha (corn+sunflower)	MADR/OUG 120/2024
of which: calamity degree 70–100%	1.300.000+ ha	OUG 120/2024
of which: calamity degree 50–70%	270.000+ ha	OUG 120/2024
of which: calamity degree 30–50%	121.000+ ha	OUG 120/2024
Calamity area – autumn 2023 crops	320,000+ ha (of which 200,000 ha wheat)	MADR, centralized data
No. of affected agricultural producers	220.000+	OUG 120/2024
No. of damage assessment requests (spring)	138.000+	MADR, press release Oct. 2024
Estimated loss value (MADR)	200-230 euro/ha	MADR, letter to EC Aug. 2024
Total estimated losses (Pro Agro)	1.5–1.8 billion euro	Pro Agro Federation, Oct. 2024
State-granted aid	1,000 lei/ha (200 euro/ha)	OUG 120/2024
Total state aid scheme budget	2 billion lei (400 mil. euro)	OUG 120/2024

The grant awarded (200 euro/ha) covered at most 17–25% of farmers' actual losses (crop establishment cost: 800–1,200 euro/ha, excluding rent). 75–83% of the loss was borne directly from agricultural companies' balance sheets.

3.5. Cumulative analysis 2022–2024: the collapse of national production

Crop	Production 2021 (reference)	2022	2023	2024	Cumulative Loss 2021→2024
Grain Corn (thousand t)	14.821	8.037	8.744	5.972	-8,849 thousand t (-59.7%)
Sunflower (thousand t)	2.844	2.107	2.016	1.508	-1,336 thousand t (-47.0%)
Wheat (thousand t)	10.469	8.719	9.654	9.319	-1,150 thousand t (-11.0%)
Rapeseed (thousand t)	1.375	1.230	1.790	1.181	-194 thousand t (-14.1%)

Crop	Production 2021 (reference)	2022	2023	2024	Cumulative Loss 2021→2024
Total Cereals (thousand t)	27.791	18.861	20.785	17.865	-9,926 thousand t (-35.7%)

Source: INS TEMPO (AGR109A).

Average Yield per Hectare	2021	2022	2023	2024	Δ% 2021→2024
Corn (kg/ha)	5.802	3.298	3.982	2.829	-51,2%
Sunflower (kg/ha)	2.530	1.862	1.832	1.213	-52,1%
Wheat (kg/ha)	4.091	4.004	4.075	4.091	-0,0%

Source: INS TEMPO (AGR110A).

The yield data are perhaps the most revealing for the magnitude of the impact. For corn, in 2024, Romania obtained 2,829 kg/ha – less than half the yield from 2021. By comparison: France 7,500–8,000 kg/ha, Germany 7,200 kg/ha, Austria 8,000 kg/ha. A farmer without irrigation in southern Romania produced, in 2024, 2.5–3 times less than their counterpart in Western Europe, at the same global input costs. At these yields, the break-even point becomes impossible to reach.

Year	Mean Temperature (°C)	Deviation from 1991–2020 Median	Ranking Position (1900–year)	Absolute Maximum Temperature
2022	10.6 (129-station series)	+1,0°C	#3	41.7°C Calafat (Jul 23)
2023	11.38 (record)	+1,78°C	#1 (all-time record 1900–2023)	42.0°C Zimnicea/Cernavodă (Jul 25–26) – national record
Total Assets (bn RON)	11.62 (record)	+1.99°C (+2.36°C vs. 1900)	#1 (all-time record 1900–2024)	41.7°C Cernavodă (Jul 17)

Source: ANM Annual Characterizations 2022, 2023, 2024.

A statistical finding of extraordinary value: among the five warmest years in Romania's measurement history (1900–2024), three are 2022, 2023 and 2024, the three years of the agricultural crisis analyzed. 2023 and 2024 hold positions 1 and 2 in absolute terms. This is not a statistical coincidence, it is confirmation that climate change is a multiplier of agricultural risk. It transforms droughts from exceptional events into structural regularity, with predictable and systemic consequences for any agricultural business model based on non-irrigated crops.

The financial nechanism of the catastrophe: why consecutive droughts are qualitatively different from a single drought

Stage 1 – 2022: Loss of reserves. Companies absorb drought losses in 2022 using capital reserves built from prior years' profits (2018–2021, generally good agricultural years). Some companies can

repay credits, others roll over debts. Autumn 2022, the sector enters the 2023 campaign without reserves but with technically positive balance sheets.

Stage 2 – 2023: Survival without a buffer. The partially better harvest of 2023 does not compensate for 2022 losses. Sector net profit falls to 2.15 billion RON from 5.74 billion RON in 2022 (–62.5%). Companies that had reserves in 2022 no longer have them. The sector operates without any capital buffer.

Stage 3 – 2024: Collapse. The third consecutive drought hits companies with no buffer. Losses from 2024 cannot be absorbed. Companies that survived by rolling over credits in 2022 and 2023 can no longer renegotiate financing. Cash flow becomes definitively negative.

3.6. Lack of irrigation: the structural vulnerability that transforms climate risk into financial risk

The impact of the 2022–2024 drought was not equally distributed across Romania's territory, it was concentrated precisely in areas without functional irrigation, which represent over 95% of the country's arable land. This is not an unfortunate coincidence, it is the direct consequence of the destruction of the national irrigation system after 1990 and the failure to finance its reconstruction in the 35 years that followed.

Of the 3.18 million hectares equipped with irrigation infrastructure, designed during the 1965–1989 period, less than 20% of the 10,000 km canal network is usable. Effectively irrigated area annually: 350,000–500,000 hectares, less than 5% of the 9.7 million hectare arable area. The National Main Irrigation Infrastructure Rehabilitation Program, approved by Government Decision No. 793/2016 and updated by GD No. 988/2022, allocated funds for infrastructure rehabilitation over a viable area of 2.6 million hectares. The allocated amount is insufficient relative to the actual need, with full system reconstruction estimated to require 10–15 billion euro over a 15–20 year horizon. At the current pace of investment, Romania will remain with functional irrigation infrastructure covering less than 10% of arable land for at least a decade.

The vicious circle of underinvestment is confirmed by INS data: chemical fertilizer use fell from 741,154 tons of active substance in 2022 to 718,664 tons in 2024 (–3%), while natural fertilizers collapsed from 18.2 million tons to 9.6 million tons (–47.4%). Companies, under cost pressure, reduce inputs → lower yields → lower revenues → another round of inputs reduction. A vicious circle that progressively reduces the productive capacity of the land and diminishes the ability of agricultural companies to recover from the path toward difficulty.

The 2024 data illustrate the concrete difference: the irrigated farmer obtained 5 tons/ha of corn. The non-irrigated farmer: 0–1.5 tons/ha, frequently 0. The revenue difference: 5,000–7,500 lei/ha versus 0–1,500 lei/ha at identical production costs of 5,000–6,500 lei/ha. This is the difference between a small profit and a certain loss of 5,000–6,500 lei/ha. A farmer without irrigation in southern Romania could not operate profitably in any year of 2022, 2023, or 2024 for spring crops.

Calculation of cumulative losses from lack of irrigation (2022 + 2023 + 2024): at an average deficit of 6–8 million tonnes per year against the potential output across the 2.6 million hectares targeted by the rehabilitation programme, Romania accumulated 25–30 million tonnes of unproduced grain over those four years, equivalent to €5–6 billion at average market prices. With irrigation extended

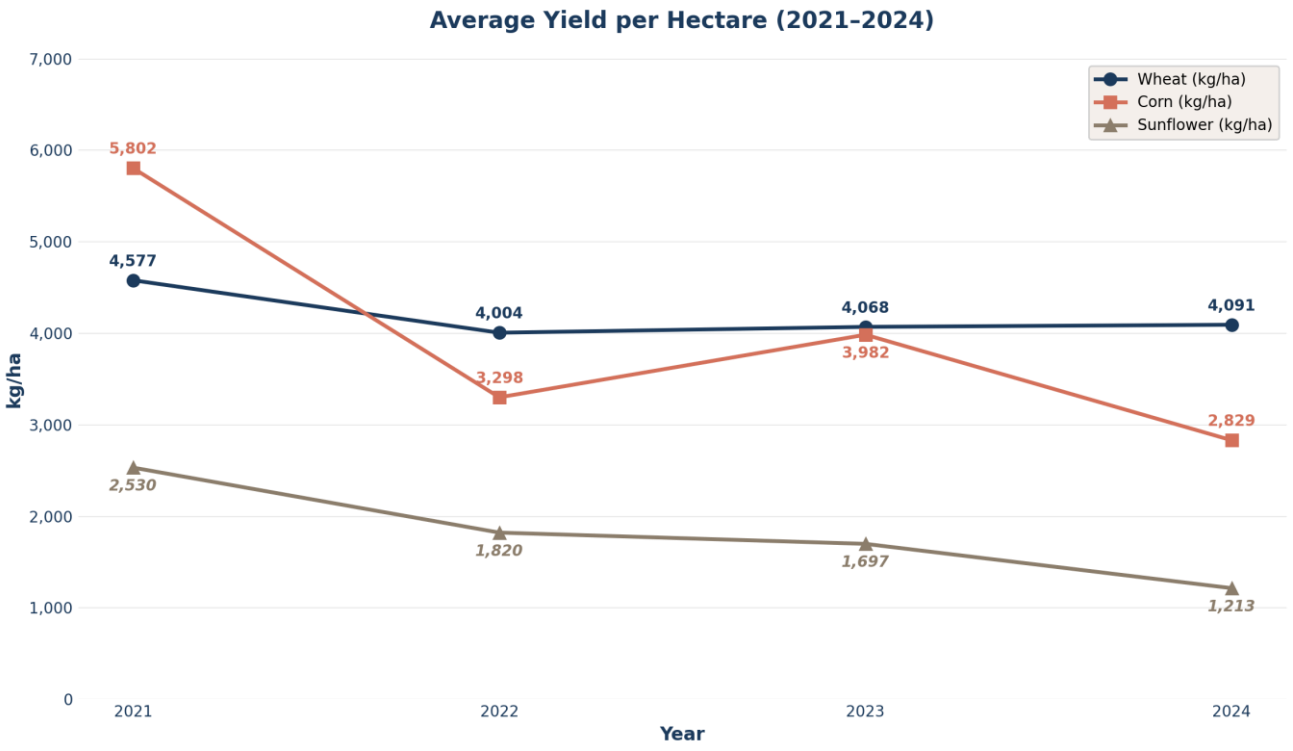
to 2.6 million ha, production could have been stabilised at 25–28 million tonnes even under drought conditions. At current yields, these years deliver 17–20 million tonnes. The gap of 6–10 million tonnes per year represents the concrete annual cost of failing to invest in irrigation.

3.7. The financial balance sheet of the 2022–2024 drought

The link between meteorological indicators and the financial results of agricultural companies is not abstract, it is arithmetic and direct. The balance sheet analysis of 500 producer companies (NACE 0111) from the INFINEXA sample confirms with precision the transmission of drought into financial performance:

Financial Indicator	2022	2023	2024	Variation 2022→2024
Sector Net Revenue (bn RON)	43,22	38,40	30,86	-28,6%
Sector Net Profit (bn RON)	5,74	2,15	1,72	-70,0%
Gross Profit Margin (%)	12,7%	5,6%	5,4%	-7,3 pp
No. of Loss-making Companies	24	97	98	+308%
Companies with Negative Working Capital (% of sample)	n/a	n/a	66,2% (333/503)	-
Sector Available Cash (bn RON)	1,88	1,85	1,44	-23,4%

Source: INFINEXA analysis.



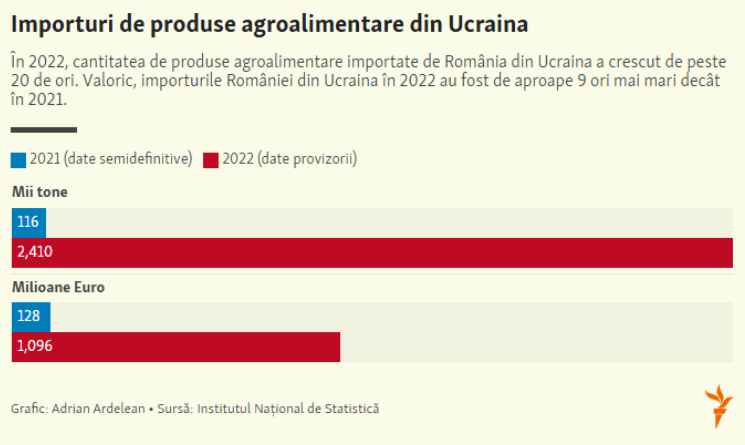
IV. THE SOLIDARITY CORRIDORS AND THE DISLOCATION EFFECT OF UKRAINIAN GRAIN

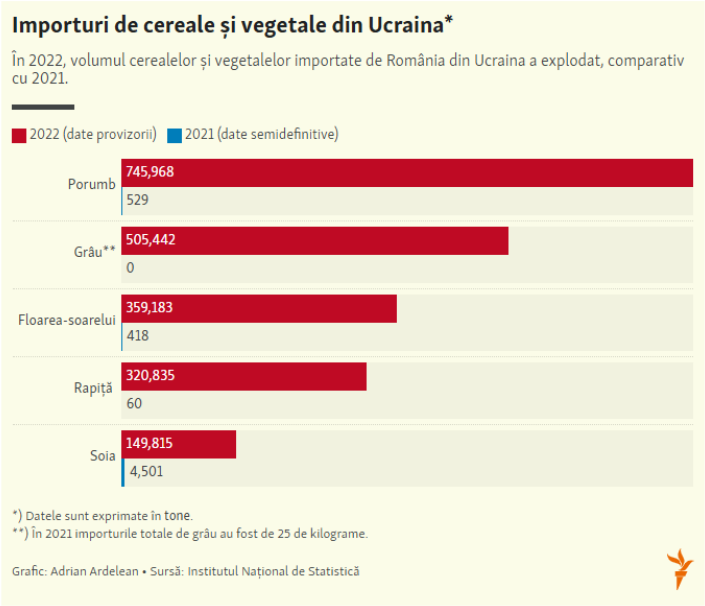
The third factor of the crisis is, paradoxically, a mechanism created with good intentions. The solidarity corridors helped Ukraine, but the secondary effect on the Romanian domestic market was severe and acted precisely when agricultural companies had the least resistance.

Before the Russian invasion of February 24, 2022, Ukraine was the world's fifth-largest grain exporter, with 90% of exported volume transiting Black Sea ports: Odesa, Chornomorsk and Yuzhny. The naval blockade imposed by Russia in the first days of the war practically overnight closed this artery, threatening a global food crisis: **Ukraine supplied 12% of global wheat exports, 15% of corn and 50% of sunflower oil.** The European Union's response was swift: in April 2022, the European Commission created the Solidarity Corridors, alternative land and river routes through Poland, Romania, Hungary, Slovakia and Moldova, through which Ukrainian grain could reach European ports and from there global markets. Concurrently, through EU Regulation 870/2022 of May 2022, all Ukrainian agri-food products were exempted from customs duties to facilitate and accelerate export flows. The declared objective was humanitarian and geopolitical: to maintain Ukraine as a functional agricultural exporter and to stabilize global food prices. Romania played a central and disproportionate role in this mechanism relative to its size: through the port of Constanța and the Danube river network, it facilitated the transit of 60–65% of total Ukrainian agricultural exports from May 2022 to September 2023, more than any other EU member state.

The problem was not the corridor itself, it was that a substantial part of Ukrainian grain theoretically destined for global export remained on the Romanian domestic market, directly competing with local production.

The scale of this dislocation effect becomes clear in concrete figures: INS data transmitted to Europa Liberă in April 2023 show that Romania imported approximately 2.4 million tons of agri-food products from Ukraine in 2022, compared to only 116,000 tons in 2021, an increase of over 20 times in volume and nine times in value, from 128 million euro to nearly 1.1 billion euro. Ukraine thus rose from 16th to 4th place in the ranking of Romania's agri-food import sources in a single year.





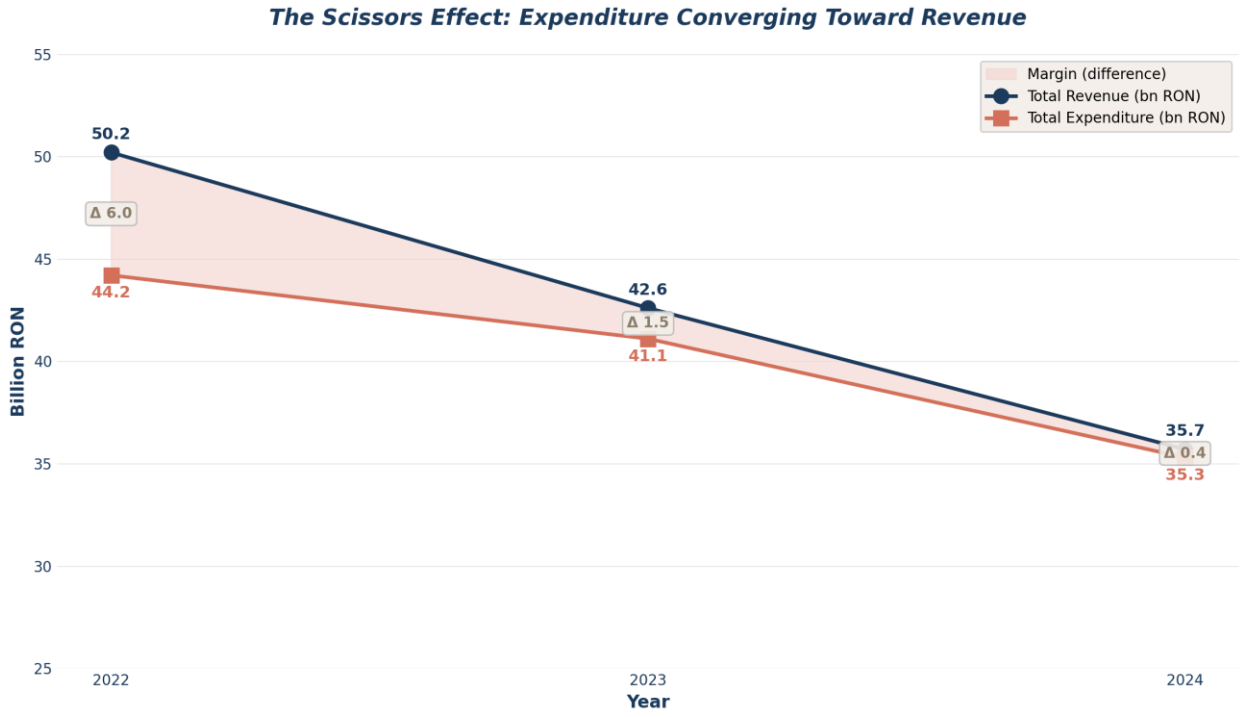
The differences are even more spectacular at the level of individual crops directly competing with Romanian production. Romania had imported only 25 kilograms of wheat from Ukraine in 2021 and in 2022 the quantity exceeded 500,000 tons. Corn went from 529 tons to nearly 750,000 tons. Sunflower from 418 tons to 360,000 tons. Rapeseed from 60 tons to 320,000 tons. Taken together, imports of cereals and oilseeds from Ukraine were approximately 200 times larger in 2022 than in 2021 for categories directly competing with Romanian production.

The mechanism by which this mass of grain depressed domestic prices did not require all traders to buy exclusively Ukrainian. It was sufficient that they could. Traders with local operations purchased Ukrainian grain, either directly or through intermediaries and introduced it into the commercial circuit, sometimes mixed with Romanian production. The Romanian farmer offering wheat at the trader's silo knew that the trader had access to a cheaper alternative, exempt from customs duties. This practically eliminated bargaining power and pushed the purchase price toward levels that no longer covered production costs contracted the previous winter.

Romania implemented in the autumn of 2023 a mandatory licensing mechanism for Ukrainian grain imports, extended by law until December 31, 2026. The measure came late relative to the peak impact, INS data show that the main damage occurred in 2022, he domestic market absorbed unprecedented quantities at prices below Romanian farmers' production costs, but it contributed to the partial normalization of the domestic market in 2024 and 2025.

V. THE SCISSORS EFFECT: THE EXACT MECHANISM OF MARGIN DESTRUCTION

The technical term for the 2022–2024 situation is the scissors effect: the accelerated convergence of expenditures toward revenue levels, which eliminates operating margin. The generic term however obscures the exact chronology and the mechanism of asymmetric rigidity, essential for understanding why some companies survived and others did not.



5.1. The chronology of the price collapse

MATIF wheat reached its maximum of 435 euro/ton in May 2022. By August 2022, it had already fallen to 310 euro/ton (–29% in three months) against the backdrop of partial corridor unblocking and the first positive harvest estimates from the Northern Hemisphere. By the summer 2023 harvest, the price had fallen below 230 euro/ton. Corn: from 340 euro/ton to 200–215 euro/ton. Sunflower: from 800–900 dollars/ton to 400–425 dollars/ton. By the end of 2025, MATIF wheat was approaching historic lows, below 210 euro/ton.

What makes this dynamic particularly destructive is the temporal asymmetry: companies committed their costs at prices from the winter of 2021/2022, at or near the peak of the cycle. Revenues materialized precisely on the descending trajectory. The more aggressively a company had contracted at higher costs, the greater its exposure to reversal.

Crop	Pre-pandemic	2021	2022 Peak	2023-24	2025 est.
Wheat DAP Constanța (EUR/t)	170-185	220-250	401	186-223	189-230
Corn DAP Constanța (EUR/t)	145-165	200-220	333	165-195	180-210
Sunflower DAP Ct (EUR/t)	300-340	470-530	600-650	380-430	370-420

5.2. Cost rigidity: why costs did not adjust at the same speed

Total expenditures of the production sector fell by only 20.3% versus a 28.9% decline in revenues. This is the heart of the scissors effect: expenditures are more rigid on the downside than revenues. The reason is structural: bank rates contracted for 12 months, rents committed long-term, salaries that cannot be reduced proportionally, input supplier contracts with termination penalties.

The arithmetic consequence: sector net profit compressed from 5.74 billion RON in 2022 to 1.72 billion RON in 2024 (–70%). 53 companies moved from significant profit in 2022 to loss in 2024, versus only 2 that achieved the reverse trajectory. The 26.5:1 ratio is the measure of the unidirectionality of deterioration.

BNR, Annual Report 2024: Average supplier payment duration increased to 83 days (71→78→83) and receivable recovery duration to 93 days (84→86→93). Both far exceed the legal term of 60 days. In agriculture, the average receivable collection period reaches 142 days – the second longest in the economy, after real estate (232 days).

Defining statistic: a typical agricultural company in the sample waits an average of 142 days to collect receivables but must pay suppliers at 60 days. The 82-day difference is financed entirely through trade or bank credit. This is not a management problem, it is a structural problem of the sector, confirmed by the BNR.

VI. THE BALANCE SHEET X-RAY OF 500 AGRICULTURAL PRODUCERS

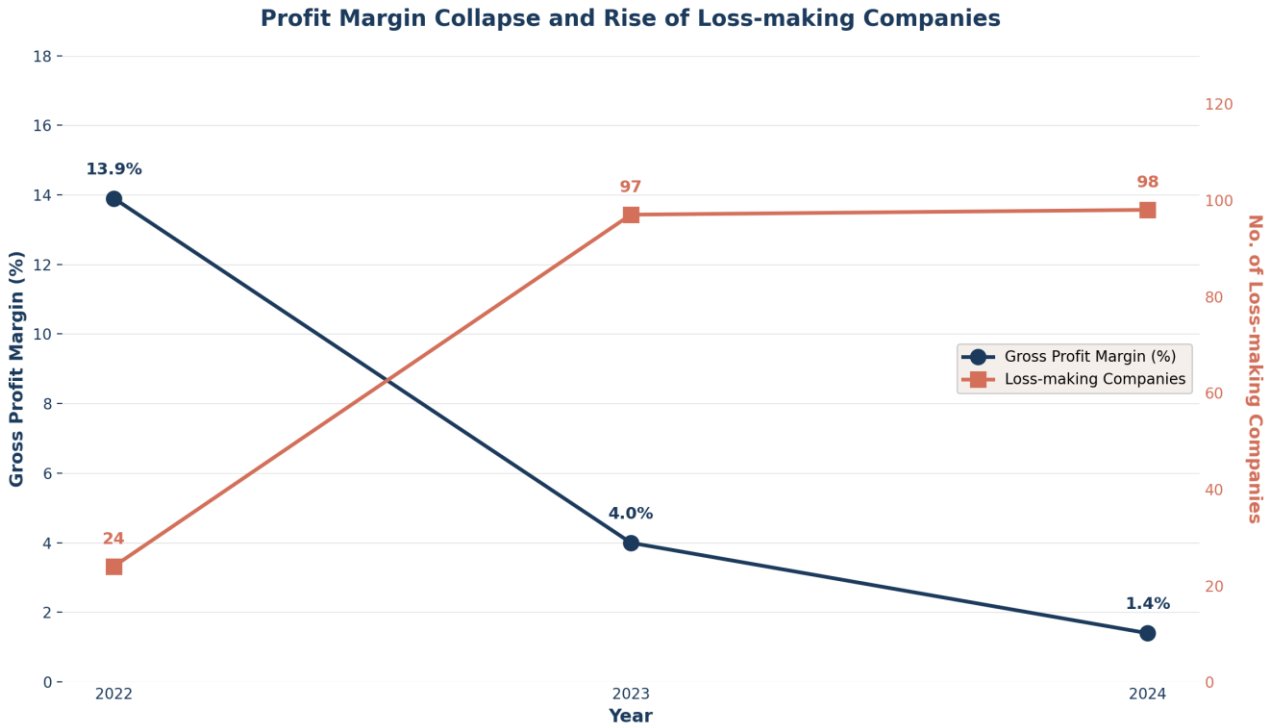
The analysis of balance sheet data from 500 cereal and oilseed producer companies (NACE 0111) over the 2022–2024 period produces the first complete quantitative x-ray of the crisis. The numbers do not lie and do not lend themselves to optimistic interpretation. An important methodological note: based on conclusions drawn from the analysis of financial statements of companies that entered insolvency and are administered by INFINEXA, the financial statements of some companies in the sector do not fully reflect their actual financial position, with an observed tendency to underreport actual performance in order to maintain creditworthiness vis-à-vis lenders. Therefore, the data below represent the minimum of actual deterioration.

6.1. Aggregate indicators

Indicator	2022	2023	2024	Δ% 2022→2024
Net Revenue (bn RON)	43,22	38,40	30,86	-28,6%
Net Profit (bn RON)	5,74	2,15	1,72	-70,0%
Gross Profit Margin (%)	12,7%	5,6%	5,4%	-7,3 pp
No. of Loss-making Companies	24	97	98	+308%
Available Cash (bn RON)	1,88	1,85	1,44	-23,4%

Indicator	2022	2023	2024	Δ% 2022→2024
Current Liquidity Ratio	0,86x	0,79x	0,74x	-0,12x

Source: INFINEXA analysis.



6.2. Real stress indicators: distribution matters more than the average

Negative working capital: 333 out of 503 companies (66.2%) had current assets lower than total liabilities at the end of 2024. The cumulative revenue of these companies: 26.08 billion RON – 85% of the sector total. The problem is not marginal. It affects the core of the sector.

Insufficient cash: 200 companies had available cash below 1% of total liabilities – the level at which any unexpected maturity or refinancing refusal instantly produces payment default.

Excessive leverage: 190 companies (versus 166 in 2022) had liabilities of at least 2x equity. At depressed prices and reduced volumes, debt service becomes unsustainable at this level of indebtedness.

Maximum risk companies (3–4 simultaneous criteria): 139 companies with cumulative revenue of 7 billion RON simultaneously present: operating loss, leverage >3x, negative working capital and cash <2% of liabilities. This is the tail of the distribution feeding the wave of insolvencies in 2025–2026.

Balance sheet indicator	2022	2023	2024	Δ% 2022→2024
Total Assets (bn RON)	62,58	64,16	61,67	-1,5%
Fixed Assets (bn RON)	30,95	34,75	35,50	+14,7%
Current Assets (bn RON)	31,64	29,41	26,18	-17,3%

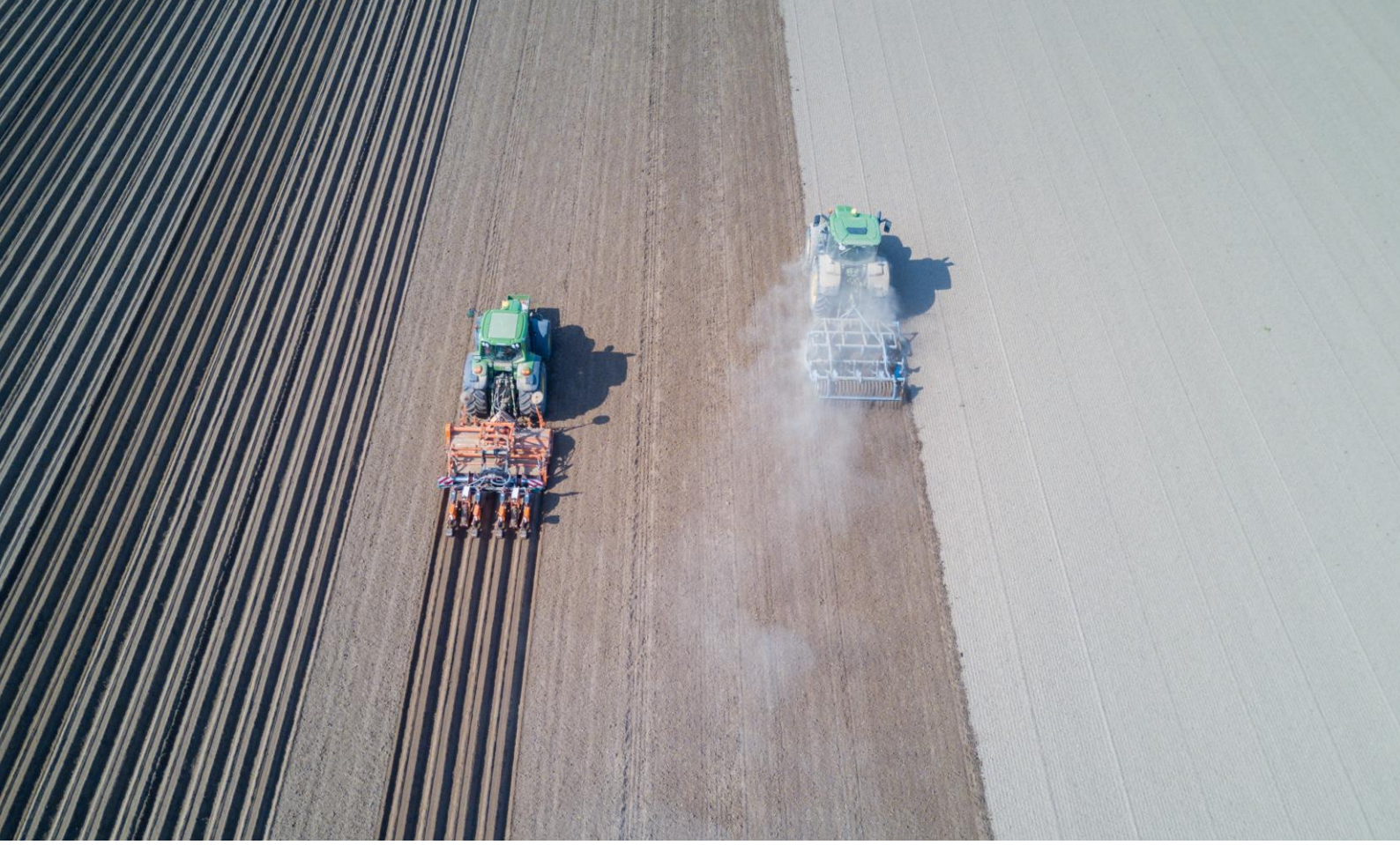
Balance sheet indicator	2022	2023	2024	Δ% 2022→2024
Total Liabilities (bn RON)	36,63	37,29	35,37	-3,4%
Days of Inventory	135	129	155	+20 days
Days of Receivables	114	129	132	+18 days

Source: INFINEXA analysis.

The increase in days of inventory from 135 to 155 in 2024 is not a coincidence, it reflects precisely the situation in which companies cannot sell at the desired price and delay sales, speculating on a price increase that does not come. Unsold inventories mean immobilized cash, storage costs and additional devaluation risk. A current liquidity ratio below 0.74x means that short-term liquidatable assets no longer cover even 74% of short-term liabilities due—the classic signal of an industry that has exhausted its operational liquidity reserves.

> *BNR, Financial Stability Dec. 2025: "The persistence of losses remains a vulnerability of the non-financial corporate sector." Of the 305,000 firms with losses in 2024, 26% (80,000 firms) recorded a negative financial result in each of the last three years. Agriculture remains in the risk zone from the perspective of NBR sectoral financial health indicators.*

> The defining individual dynamic: 53 companies moved from profit in 2022 → loss in 2024; only 2 companies show the reverse trajectory. The 26.5:1 ratio is the exact measure of the unidirectionality of sectoral deterioration. The crisis did not stop and did not spontaneously reverse for any of the affected actors.



VII. THE INTERNAL VULNERABILITIES THAT TURNED CRISIS INTO CATASTROPHE

The external crisis alone does not explain the difference in evolution between companies. Analysis of individual data shows that companies with solid balance sheets survived the same external conditions. The difference was not luck, it was financial structure, the degree of indebtedness, the quality of risk management. Internal vulnerabilities did not cause the crisis but determined the magnitude with which each company absorbed it.

7.1. Pro-cyclical over-indebtedness: the most common amplification mechanism

Companies that in 2021–2022 accessed additional credit to purchase or lease additional land, to buy new equipment, or to store production speculating on continued price increases, entered 2023–2024 with a debt service dimensioned for favorable-cycle revenues. Total liabilities remained elevated (36.63 → 35.37 bn RON), with the 3.4% reduction modest compared to the 28.6% decline in revenue. 190 companies present liabilities of at least 2x equity – versus 166 in 2022..

7.2. Lack of price risk management: unintentional speculators on the global market

The vast majority of Romanian agricultural companies operate without any price hedging instrument – no forward contracts, no futures sales on MATIF or CBOT, no options. 100% of production is sold at the spot price of the moment. An equivalent French agricultural company could have locked in 30–50% of estimated production at peak prices from the moment of sowing. The absence of hedging is not an isolated error – it is a consequence of the financial culture of the sector andthe lack of specialized instruments on the Romanian market. The result: every Romanian agricultural

company is, by design, a net speculator on the commodity market – buying inputs at market prices and selling production at prices determined by global conditions, without any protection.

7.3. Short-term Cyclical Financing

Agriculture has a production cycle of 6–12 months but is predominantly financed through revolving credits with 12-month maturities. The vicious circuit: poor harvest → insufficient revenue for repayment → refinancing necessity → bank requires additional collateral or reduces the limit → company with reduced inputs → lower yields → another weak cycle. The BNR shows that one in five agricultural firms reported having its credit application rejected.

> *BNR, Financial Stability Dec. 2025: „Credits received from domestic financial institutions (banks and NBFIs) continue to represent a modest share in total funding sources, namely 8.8%, the same as in 2023." Trade payables (465.8 bn lei, 17.4% of liabilities) are the main funding source for Romanian companies – a fragile structure in periods of stress.*

7.4. Monoculture: The Absence of Natural Risk Diversification

Companies based exclusively on the wheat-corn-sunflower trio faced maximum concentration risk: all three crops were simultaneously affected by drought and Ukrainian competition and thus there was no crop in the portfolio with a favorable evolution to compensate for losses. As a counterexample, rapeseed maintained more resilient prices on MATIF (470–500 euro/ton in 2023–2024) compared to corn (200–215 euro/ton) and thus companies with a diversified portfolio benefited from a natural buffer.

7.5. The vicious circle of negative working capital

The restructuring literature describes the mechanism known as the doom loop – the vicious circle from which a company can no longer exit without external intervention once working capital becomes persistently negative. The mechanism: negative working capital → inability to pay suppliers on time → suppliers demand advance payment or higher prices → smaller margin → profit exhausted in debt service → equity eroded → reduced credit → reduced inputs → lower yields → even more negative working capital. At the end of 2024, 333 out of 503 companies analyzed (66%) were in this situation. Not all will enter insolvency – some will find refinancing solutions, but a significant number have their cycle blocked and cannot exit without a formal debt restructuring.

> No external cause can fully justify the difficulties. Companies that traversed the same external conditions with solid financial structures survived. The difference was not luck – it was financial discipline, the level of indebtedness and the capacity for risk diversification.

VIII. THE GLOBAL GRAIN OLIGOPOLY AND THE TRADING CRISIS: WHY THE FARMER DOES NOT CONTROL THE SELLING PRICE

This chapter addresses a structural reality that no agricultural company can individually change: the global grain market is dominated by a few actors with incomparably greater negotiating, informational and financial power. The direct consequence for the Romanian farmer is that their selling price is largely determined outside the country's borders and outside their control.

There is a fundamental asymmetry in any agricultural value chain that has not received the analytical attention it deserves: the farmer and the agricultural company, regardless of their size, are by the nature of their activity price-takers (in economic terminology). They produce a homogeneous good – wheat, corn, soy, sunflower – for which there is a single global quotation, set on the exchanges in Chicago (CBOT), Paris (MATIF) and London (ICE), by actors with financial, informational and logistical capacity incomparably greater than any farmer or national agricultural company. A complete understanding of the crisis in Romanian agriculture requires dissecting this power asymmetry – which is not an anomaly, but the fundamental mechanism of the global grain value chain.

8.1. The architecture of the global grain oligopoly: ABCCD

According to the converging estimates of several independent sources (the European Parliament, ETC Group and SOMO), global trade in cereals and oilseeds tends to be concentrated in an extremely small number of companies. The group is known under the acronym ABCCD: Archer Daniels Midland (ADM), Bunge (which absorbed Viterra in July 2025), Cargill, COFCO International

and Louis Dreyfus Company (LDC). Estimates of this group's market share vary depending on methodology, with credible sources indicating a range of 70–90% of global commercial grain trade.

Company	Headquarters	Revenue (approx.)	Global Presence	Strategic Position
Cargill	Minneapolis, USA	160 mld USD (2024)	70 countries, 125 markets	World's largest private trader
Bunge (incl. Viterra)	St. Louis, USA	100 bn USD (post-merger 2025)	40+ countries, 300+ silos	#2 after the Viterra merger (July 2, 2025)
ADM	Chicago, USA	88 mld USD (2024)	200+ countries	Oil processing, ethanol, additives
COFCO International	Beijing/Geneva	100 bn USD (2023)	Global Presence	Trading arm of the Chinese state
Louis Dreyfus	Geneva, Switzerland	52 mld USD (2023)	100+ countries	Specialized in cereals, cotton, sugar

8.2. The price control mechanisms

Mechanism 1. Derivatives exchanges: MATIF and CBOT as reference points

The global reference price for wheat is formed on MATIF (Paris), for corn and soy on CBOT (Chicago) and for rapeseed on ICE Futures Europe (London). These markets involve investment funds, hedge funds, investment banks and commodity traders – actors whose net positions significantly influence prices in the short term, regardless of physical grain production or consumption. The result: the price reaching the Romanian farmer is partially determined by decisions made in New York, London, or Singapore.

Mechanism 2. The basis: the hidden margin

The actual price a Romanian farmer receives for their wheat is not the MATIF price – it is the MATIF price plus or minus a "basis." The basis is the difference between the exchange reference price and the actual price at the delivery location (in our case, DAP Constanța or trader's silo). The basis includes: transport cost from field to silo and port, storage cost, the trader's financial cost for the holding period, a quality risk premium and, significantly, the trader's profit margin.

Of all basis components, the only one the trader determines directly and unilaterally is their margin. The farmer does not see the details of the basis calculation. They receive a price offered by the trader and have the choice to accept or refuse. If all traders in a local market apply similar bases, which frequently happens in markets with few buyers, the farmer has no real negotiation alternative. Specifically: if MATIF wheat trades at 220 euro/ton and the trader offers the farmer 185 euro/ton (basis of -35 euro), the farmer cannot know whether the -35 euro basis is economically justified or includes an extra profit margin. Information opacity is an instrument of power.

Mechanism 3. Infrastructure control

Major trading companies control the physical infrastructure of the grain distribution chain. Infrastructure control creates a massive barrier to entry for potential competitors; anyone wanting to compete with a major trading company would need to invest billions of dollars in silos, port

terminals and transport fleets before being able to purchase the first ton of grain from a farmer. Romania perfectly illustrates this mechanism: grain terminals at the port of Constanța are operated by a few companies, mostly subsidiaries of major global traders. A farmer who does not sell through one of these traders has no practical access to exports. They can sell locally, at even lower prices (reflecting the absence of export as an alternative). This is the textbook definition of bargaining power: the trader with a port terminal has much better bargaining power than the farmer.

Mechanism 4. Information asymmetry

Major trading companies invest hundreds of millions of dollars annually in information that the farmer does not have and cannot obtain. Major grain traders have global analyst networks that monitor in real time: weather conditions and crop status in all major producing regions, net futures positions of speculative funds, global inventories and import dynamics and government trade policy decisions (export taxes, quotas, embargoes). Specialized companies offer satellite crop observation services, subscribed by traders to estimate harvests months before harvesting, faster than official INS data. A trader who knows in July that Romania's corn harvest will be 30% below average, three months before NIS publishes official estimates, can make storage, arbitrage and pricing decisions with an enormous informational advantage over farmers.

Mechanism 5. Financial power

Major trading companies have access to liquidity that Romanian farmers find practically impossible to access on the same terms. Major grain traders have revolving credit lines of tens of billions of dollars with major global banks and issue corporate bonds on the capital market to finance themselves at much more accessible costs. These funding sources allow traders to purchase enormous quantities of grain on credit, store them for several months and sell when the price is favorable – a margin speculation strategy that no individual farmer can replicate. In many emerging markets, traders indirectly play the role of bank for farmers through input pre-financing contracts, which create a financial dependency relationship that is simultaneously a commercial dependency.

Mechanism 6. Trader hedging versus farmer exposure

The most subtle power mechanism of major traders is their complete and sophisticated access to agricultural derivatives markets. A major trader purchasing 100,000 tons of wheat from Romanian farmers can simultaneously sell MATIF futures for 100,000 tons (short position), thus locking in the future selling price regardless of market evolution. The Romanian farmer who produced the same 100,000 tons (distributed among 20 farmers with 5,000 hectares each) does not have the ability to access futures markets: they lack a margin account with a futures broker, lack operational expertise and lack the know-how to build a hedging strategy. Consequently, they bear the full price risk, while the trader eliminates it.

> The major trader is simultaneously a sophisticated arbitrageur, complete hedger and opportunistic speculator. The farmer is a producer with 100% exposure to price risk, without any protection instruments. This risk profile difference is directly and inevitably reflected in the transaction price—the farmer sells cheaper because they cannot manage their risk and the trader captures this risk premium as margin.

8.3. Why even large Romanian agricultural companies do not control the selling price

A frequent argument is that the bargaining power problem applies to small farms, not large integrated agricultural companies. The data disprove this intuition. Even Romania's largest agricultural company, with hundreds of thousands of hectares under management and revenue in the order of billions of lei, remains structurally a price-taker relative to major grain traders.

Porter analysis applied to the Romanian agricultural producer's position

Applying Porter's Five Forces model (Michael E. Porter, Competitive Advantage, 1985) to the agricultural producer's position in the grain market, the picture is completely unfavorable. Competitive rivalry among farmers: many producers, homogeneous product, bidding at the trader's price, direct and maximum competition. Buyer bargaining power (traders): ABCCD controls 70–90% globally, local oligopsony, port infrastructure in traders' hands – extremely high power. Input supplier power: oligopoly in seeds (Corteva, Syngenta, BASF) and fertilizers (Yara, Koch, Asian producers) – high cost pressure. Threat of substitute products: Ukrainian grain and production from other countries press down domestic prices.

> Conclusion: the Romanian agricultural producer occupies the most unfavorable structural position possible within a value chain dominated by a global oligopoly.

8.4. Vulnerabilities specific to Romanian agriculture

Absence of agricultural hedging: Romanian farmers have no practical access to grain price hedging instruments. The Romanian Commodity Exchange („**BRM**") offers limited instruments compared to MATIF or CBOT. Banks have not systematically produced price insurance or commodity swap products for farmers. Cooperatives with real hedging capacity do not exist at the necessary scale. The result: 100% of Romanian grain production is sold at the spot price, without any protection against price declines occurring between cost commitment and harvest marketing.

Lack of own storage infrastructure: Approximately 40–50% of national grain production lacks own storage and must be sold immediately post-harvest, at the moment when supply is at its maximum and the price, consequently, is at its lowest. Traders store and sell at the highest price (spring, when global inventories decrease). The difference of several tens of euros per ton represents a value transfer from producers without silos to traders with silos.

Short-term credit dependency – forced selling: The sector is predominantly financed through revolving credits with 12-month maturities, which typically mature in autumn, exactly when the farmer must sell to repay. If the autumn market price is unfavorable, the farmer does not have the option to store and wait, they sell because they must pay the bank. Traders know this and can offer lower prices, knowing that the farmer's alternative of not selling now is unrealistic. This is not illegal behavior, it is the legitimate exploitation of a structural asymmetry.

> Synthetic conclusion: the asymmetric power of major traders over farmers is not a problem that an agricultural company can solve individually, regardless of management quality. It is a structural problem of the global grain market and recognizing this reality is the first step toward a restructuring that does not repeat the previous cycle.

8.5. The crisis in Romanian grain trading: a more severe collapse than for producers

The analysis of the grain trading sector (NACE 4621) over the 2021–2024 period produces counterintuitive results: the sector that intermediated the most profit from the 2022 price peaks also suffered the most severe relative deterioration when prices fell. Traders that did not hedge their inventories produced massive losses from their devaluation.

Aggregate Indicators – Traders NACE 4621

Indicator	2021	2022	2023	2024	Δ% 2022→2024
Net Revenue (bn RON)	96,4	126,9	121,1	74,7	-41,2%
Gross Margin (%)	1,8%	2,4%	0,6%	0,9%	-1,5 pp
No. of Loss-making Companies	47	48	81	85	+77%
Total Liabilities (bn RON)	23,3	27,9	30,6	23,4	+0,5%
Inventories (bn RON)	14,0	15,6	13,6	10,9	-22,1%

Source: INFINEXA analysis.

The Anatomy of Romania's Major Traders' Evolution

Company	Revenue 2022 (bn RON)	Revenue 2024 (bn RON)	Δ Revenue	P/L 2024 (mil. RON)
COFCO International Romania	7,65	1,92	-74,9%	-96.0M loss
Ameropa Grains SA	8,57	4,00	-53,3%	-57.3M loss
Viterra Romania	4,88	1,89	-61,3%	+23.8M profit
Cargill Agricultura SRL	5,59	3,51	-37,2%	+13.4M profit
ADM Romania Trading	4,16	2,24	-46,2%	+52.5M profit
Al Dahra Agriculture Romania	n/a	1,03	n/a	-22.2M loss

Source: INFINEXA analysis.

The case of COFCO International Romania is among the most revealing in the analyzed sample. COFCO is the Romanian subsidiary of COFCO International, one of the world's largest agricultural commodity traders, owned by the Chinese state. With revenue of 7.65 billion RON in 2022, it ranked among the top two grain traders in Romania. By 2024, revenue had fallen to 1.92 billion RON, a contraction of 74.9% in two years, with a net loss of 96.1 million RON. Available balance sheet data suggest the main mechanism was the accumulation of inventories at elevated prices (0.65 billion RON in inventories in 2022, liabilities rising to 1.23 billion RON in 2023), subsequently liquidated in a significantly lower price environment. Based on available public information, the company appears to have adopted a passive-optimistic strategy in inventory risk management rather than active risk management, with the internal motivations for this decision not accessible from the outside.

By contrast, Viterra Romania, part of the global Viterra group now integrated into Bunge, appears to have opted for deliberate strategic retrenchment: revenue fell from 5.58 billion RON in 2023 to 1.89 billion RON in 2024 (-66.1%), yet the company remained profitable (+23.8 million RON). Available data indicate an accelerated reduction of inventories rather than maintaining them, accepting lower volume to limit devaluation exposure. If this interpretation is correct, the difference in inventory risk management approach between the two companies translated into a difference of approximately 120 million RON in the final result—an illustration of how operational decisions can amplify or attenuate the impact of the same external context.

The defining statistic for traders: the NACE 4621 sector declined from 126.9 billion RON in revenue in 2022 to 74.7 billion RON in 2024 (-41.2%) – a more severe deterioration than for producers (-28.6%). At a gross margin of 0.9%, the sector is practically operating at the threshold of structural loss. 19 companies simultaneously present net loss and revenue decline >50% – the most likely candidates for insolvency or preventive concordat proceedings in 2025–2026.

IX. CRISIS PROPAGATION ALONG THE VALUE CHAIN: FROM FARMER TO BANK

The crisis did not stop at the farm level. It propagated in both directions—downstream toward traders and processors and upstream toward input distributors, lending banks and leasing companies. Understanding this propagation is essential for any creditor or supplier assessing their own exposure.

The farmer who does not collect payments on time or sells below cost can no longer pay debts to the input distributor, to the leasing company, to the bank, to the landlord. The input distributor, with uncollected receivables from farmers and bank-financed inventories, transfers pressure to seed, pesticide and fertilizer producers. The trader, in turn, had purchased grain at peak prices and had to sell at lower prices, generating direct losses.

> *BNR, Financial Stability Dec. 2025: „Undercapitalized companies can play a disruptive role in commercial relations between firms in the economy, both downstream on the customer chain and upstream on the supplier chain." Agriculture represents 8% of transactions with undercapitalized companies as clients and 7% as suppliers – a sector with significant weight in the systemic risk of financial difficulty propagation.*

Link	Pressure Mechanism	Typical Effect	Concrete Example
Agricultural Producer	Poor harvest + low price + high costs	Negative working capital, debt rollover, input reduction	115 companies with revenue decline >30%
Input Distributor	Uncollected receivables + financed inventories	Liquidity pressure, credit restrictions	Plantagro-Com, Chemark - concordat 2025

Link	Pressure Mechanism	Typical Effect	Concrete Example
Grain Trader	Inventories purchased expensively, falling prices	Negative margins, inventory losses	COFCO -74,9% CA, -96M RON
Bank / NBFI	Deteriorated indicators, rising NPL	More restrictive refinancing, collateral requirements	Corporate NPL 3.7% → 4.1% (BNR)

9.1. The input distributors link: the crisis coming from upstream

The agricultural input distribution sector represents a critical and often invisible link in the agricultural value chain. The Input Agro Romania Association, which brings together over 80% of market players with cumulative revenue of approximately 2.5 billion euro, serving approximately 20,000 professional farmers across 7 million hectares, publicly documented in September 2024 the scale of the sector's liquidity crisis.

The figures are revealing for the propagation mechanism: input distributors recorded in autumn 2024 a debt recovery rate of approximately 50% for 2024 receivables and 75% for 2023 receivables, given that the multi-year average profit rate of distributors ranges between 1.5% and 4%. At these margins, a 50% non-collection rate means certain loss and rapid erosion of working capital.

The structural mechanism that makes distributors particularly vulnerable is that they play the role of bank for farmers in the absence of other accessible funding sources. Romanian agriculture is financed overwhelmingly through supplier credit, entirely on the farmer-distributor relationship and partially the distributor-manufacturer relationship, because the farmer has no access to any other type of financing. This informal financing structure works under normal conditions but becomes a vector of systematic contagion under crisis conditions: the farmer does not pay the distributor, the distributor does not pay the input manufacturer, the manufacturer can no longer honor contracts with global raw material suppliers.

Empirical confirmation of this dynamic came in 2025, when the first wave of insolvencies also reached the distributor link. R.D.F. SRL, one of the main regional input distributors in western Romania with revenue of 374 million lei in 2023, entered insolvency in March 2025, with creditors including Nufarm România, Bayer, Lidea România and Banca Transilvania. The case perfectly illustrates the contagion mechanism: the farmers' crisis was transmitted to the distributor and from there to global pesticide and seed producers.

9.2. The traders link: losses from unhedged inventories

> *BNR, Annual Report 2024: The corporate financing model „predominantly through trade credits (31% of liabilities)" is „of a nature to generate challenges regarding liquidity and payment discipline of firms, with high contagion potential." Trade payables represent 465.8 bn lei (17.4% of total economy liabilities, Dec. 2024) – a major source of systemic vulnerability.*

Grain traders were hit from a different direction than input distributors, but with equally severe effects. They had purchased massive inventories at the elevated 2022 prices, anticipating that these would be maintained or would rise. When prices abruptly reversed trajectory, these inventories had

to be sold at a loss. The case of COFCO International Romania (a 74.9% collapse in revenue and net loss of 96.1 million RON in two years) illustrates that even theoretical access to a global group's hedging instruments did not protect the local subsidiary when inventory risk management was passive-optimistic instead of active.

A second propagation mechanism specific to traders is less visible but equally destructive: a trader's insolvency leaves farmer-creditors without liquidity precisely when they need to prepare the next campaign. A farmer in Botoșani county, for example, delivered over 1,100 tons of corn from the 2025 production to Agricultorul S.R.L., a trader that subsequently entered insolvency, remaining with an outstanding balance of 0.5 million lei and the practical impossibility of contracting inputs for the spring campaign. The farmer becomes an unsecured creditor in an insolvency case, with reduced chances of rapid recovery and cash flow blocked exactly in the critical time window for sowing. The crisis thus also propagates in reverse, from the insolvent trader back to the farmer, as a closed circuit of liquidity destruction. The case is not isolated; it represents the pattern that INFINEXA systematically observes in portfolio mandates.

9.3. The banking link: NPL in structural growth

> *BNR, Annual Report 2024: The non-performing loan ratio (NPL) for non-financial companies increased from 3.7% (Dec. 2023) to 4.1% (Dec. 2024). BNR 12-month estimates indicate continuation of the ascending trend: from 3.2% (Dec. 2024) to 5.3% (Dec. 2025). NBFI credits granted to agriculture (17% of total NBFI-firms) have the highest NPL rate by sector: 3.9% (Dec. 2024).*

Banks and NBFIs are the last link in the propagation chain, but their reaction has the most persistent effect. A bank that observes deterioration in its agricultural portfolio does not eliminate the exposure, it manages it restrictively: more difficult refinancing, additional collateral requirements, reduction of revolving credit limits. This credit restriction hits not only companies with problems but also those that could have survived with normal refinancing. The credit tightening effect thus becomes an amplifier of the crisis, not merely an effect of it.

X. THE LEGISLATIVE RESPONSE: THE 2024 MORATORIA AND THEIR LIMITS

In the context of the difficulties described above, the Romanian Government adopted during 2024 a set of temporary support measures intended for all actors in the agricultural value chain. These measures constituted a response to an already deteriorated financial reality and contributed to postponing the formal manifestation of insolvency for some of the affected companies.

OUG No. 4/2024 the initial moratorium	Effective date: January 29, 2024 Applicability period: January 29, 2024 – December 31, 2024 Government Emergency Ordinance No. 4/2024 establishing temporary support measures intended for agricultural producers for the purpose of managing the effects of the pedological drought phenomenon from the agricultural year October 2023 – September 2024 and as a consequence of Russia's aggression against Ukraine entered into force on January 29, 2024, with applicability until December 31, 2024. **Through this ordinance:** payment obligations for overdue debts owed in 2023 to creditors until the effective date of this ordinance were suspended, at the request of the agricultural producer debtor, until December 31, 2024. The measure applied to agricultural producers that had entered into credit or leasing contracts with credit institutions or non-bank financial institutions and for which the creditor had not declared early maturity prior to the ordinance's entry into force. The main eligibility condition was to demonstrate a minimum level of

	damage to agricultural crops, certified through assessment reports prepared by local commissions.
OUG No. 118/2024 extension of the moratorium	Effective date: October 11, 2024 Applicability period: October 11, 2024 – August 31, 2025 Government Emergency Ordinance No. 118/2024 amending and supplementing Government Emergency Ordinance No. 4/2024 entered into force on October 11, 2024, with applicability until August 31, 2025. **Through this ordinance:** payment obligations for overdue debts owed in 2024 to creditors were suspended, at the request of the debtor part of the agricultural value chain (not only agricultural producers), until August 31, 2025. **Additionally, the ordinance introduced two provisions with direct impact on insolvency proceedings:** ▪ Until August 1, 2025, forced executions and any possible acts of forced execution or other debt recovery measures are suspended, including applications to open insolvency proceedings, for debts due in 2024 (...) ▪ **The measure suspending forced executions was applied across the entire value chain, farmers-distributors-producers/suppliers**, upon request, by reference to the purchase price (...)
OUG No. 120/2024 the grant scheme	Effective date: October 15, 2024 Applicability period: October 15, 2024 – unspecified Government Emergency Ordinance No. 120/2024 establishing a state aid scheme in the form of a grant awarded to agricultural producers for agricultural crops affected by the pedological drought from the period September 2023 – August 2024 entered into force on October 15, 2024. **Main measure:** Establishment of a state aid scheme in the form of a grant of 1,000 lei per hectare for agricultural producers who established agricultural crops in autumn 2023 and/or spring 2024 and who hold assessment and damage evaluation reports for areas affected at a minimum of 30%. Financial resources allocated to the scheme amounted to 2,000,000,000 lei, covering a maximum of 2 million hectares. The grant of 1,000 lei/ha represented between 14.53% and 24.31% of average per-hectare costs, depending on the crop. It is relevant to note that grant scheme beneficiaries were required not to be in difficulty at the time of application—a condition that implicitly excluded companies already in collective proceedings.

10.1. Business community opposition to moratorium extension

The moratorium mechanism generated significant structural tension within the sector. Farmers' debts did not disappear, they accumulated, with maturities pushed forward. At the same time, the obligations of farmers' trade creditors (input distributors, seed, fertilizer and pesticide suppliers) remained due, without them collecting the value of prior deliveries.

The Ministry of Agriculture launched in public consultation a draft emergency ordinance proposing extension of the debt and forced execution suspension until December 31, 2025, with input distributors, utility suppliers and financial institutions included in the scope of the measure. The proposal generated a firm reaction from the agricultural business community and the moratorium extension in the proposed form did not materialize into equivalent normative acts.

10.2. The moratoria in retrospect: anesthesia, not treatment

The moratoria purchased essential time and prevented a premature wave of insolvencies with devastating effects for lending banks and suppliers. Without them, the wave would have appeared 12–18 months earlier, probably under conditions of a financial sector less prepared to absorb it.

The fundamental problem is that the moratoria did not eliminate debts, they postponed them. At the moratorium's expiration (August 2025), companies that had not managed to turn around their situation found themselves with all deferred debts simultaneously falling due, alongside current 2025 obligations. This created an unprecedented concentration of maturities, precisely when the sector was hit by a new drought (August 2025) and rising input costs.

> *BNR, Annual Report 2024: The balance of bank credits with state guarantees reached 35.8 billion lei (Dec. 2024), with the associated credit risk being major: from 2.5% to 4.9% NPL during 2024. Credits with state guarantees, including the Farmer's Credit, contributed to the increase of debts with significant non-performance potential in 2025–2026.*

XI. THE PARADOX OF 2025: RECORD HARVEST, RECORD INSOLVENCIES

If a single argument were needed to demonstrate that Romanian agriculture's problems are structural and not cyclical, this would be it: **in 2025, Romania recorded its best agricultural year for autumn crops in the last decade, with a national wheat record since 1997 and also in 2025, insolvency began to appear significantly more frequently at the sectoral level.** This coexistence is not a statistical anomaly, it is proof that the insolvency of agricultural companies no longer depends, from that point, on harvest conditions.

11.1. 2025 production: autumn records, repeated spring disaster

The April–May 2025 rains restored soil moisture after three consecutive years of water deficit. Wheat reached 13.3–14 million tons, the highest level since 1997, with a yield of 4.97–5.13 tons/ha, 25% above the five-year average according to estimates from the European Commission's Joint Research Centre – Monitoring Agricultural Resources („JRC MARS"). Rapeseed exceeded the average by 57%, barley by 26%. Total autumn crops: 19.3 million tons of cereals and rapeseed.

Spring crops reproduced the familiar scenario: the August 2025 drought hit corn and sunflower in non-irrigated areas, with reported destruction of 80–90% in the south of the country. Half of a typical farmer's crop portfolio in the Romanian Plain remained, once again, below the break-even threshold.

11.2. The price paradox: more production, lower revenue

A better harvest did not automatically mean higher revenues. Wheat was trading in July 2025 at 189 euro/ton DAP Constanța, compared to higher levels in 2024. A company with 2,000 hectares

of wheat that in 2024 harvested 4.5 tons/ha at 1 leu/kg obtained revenue of 9 million lei. In 2025, with 5 tons/ha at 0.87 lei/kg, total revenue fell to 8.7 million lei. More wheat, less money. The mechanism is structural: when Romania produces 40% more wheat, in the same year that France, Germany and Poland also record record harvests, aggregate European supply increases and pushes the price down. The individual producer does not control the selling price, the global market determines it, regardless of their own performance.

Production costs increased by approximately 20% in Romania in 2025, contrary to the trend in the rest of the EU, due to the liberalization of electricity prices from July 1, 2025, total import dependence for fertilizers and residual inflation. The financial equation was negative for a significant portion of farmers even in a record harvest year.

11.3. Why the record harvest did not stop the insolvencies

A sector with cyclical problems recovers when conditions improve. A sector with structural problems does not recover, because improvement in external conditions does not compensate for the deterioration of internal financial structure.

The agricultural companies that entered collective proceedings in 2025 or subsequently in 2026 did not enter because of that year's poor harvest. They entered because insolvency had already set in over multiple years, through the gradual erosion of working capital, successive credit rollovers and selling inventories below production cost to generate momentary liquidity. The good 2025 harvest brought additional revenue, but not enough to cover three years of accumulated losses, rolled-over debts and capitalized interest. The government moratorium had expired in August 2025, turning deferred debts into simultaneously due obligations. No record harvest could reverse this reality in the absence of a genuine debt restructuring.

XII. THE STATE OF INSOLVENCY IN THE AGRICULTURAL SECTOR: DATA AND TRENDS

According to Art. 5 para. 29 of Law No. 85/2014, insolvency is that state of the debtor characterized by the insufficiency of available monetary funds for the payment of certain, liquid and due debts. The law presumes insolvency when the debtor, after 60 days from maturity, has not paid their debt to the creditor. Corroborating this definition with the analysis data, **a company with persistently negative working capital, cash below 1% of liabilities and operating loss is, in economic reality, in insolvency even if it has not yet legally filed the application.**

The qualitative analyses conducted by INFINEXA confirm that this state, described in the preceding chapters, has begun to materialize in formal proceedings. The Q1 2026 figures compared to Q1 2025 and the consistent pattern observed in the field also explain why companies that postpone restructuring pay an additional price compared to those that act early.

12.1. Q1 2026 data on small, medium and large companies entering collective proceedings

Indicator	Q1 2025	Q1 2026	Absolute Delta	Variation %
Total admitted proceedings	114	150	+36	+31,6%
Total agro proceedings admitted	11	31	+20	+181,8%
of which: General insolvency	8	26	+18	+225,0%

of which: Simplified bankruptcy	2	0	-2	-100%
of which: Preventive concordat	1	5	+4	+400%
Agro share in total market	9,6%	20,7%	+11,0 pp	—

The mechanism behind these figures is directly correlated with the data presented earlier. Agricultural companies that recorded collections significantly below expectations during the summer and autumn 2025 agricultural season exhausted their working capital reserves in the October–December 2025 interval. In the absence of the expired moratorium, payment default materialized into formal proceedings starting January 2026, with a three-to-six-month lag from the moment when financial difficulty had become an accounting reality.

The 31 agro companies entering proceedings in Q1 2026 cumulatively generated revenue of approximately 1.68 billion lei, with a total of 953 employees at the date of proceedings opening, illustrating the real economic scale of the phenomenon beyond the number of cases. Q1 2026 does not represent a confirmed peak of the crisis, but rather the first visible signs of sectoral difficulties that have accumulated over multiple years.

12.2. INFINEXA's field experience: the invariant pattern

In Q1 2026, INFINEXA assumed the judicial administration mandate for 5 companies in the agricultural sector. Although they differ in business model, size and geography, the causes that brought them to proceedings are remarkably similar: an external price shock that destroyed the premises of financing; a banking finance structure dimensioned for favorable-cycle revenues; an endemic climate risk uncompensated by management instruments; a total absence of price hedging or crop diversification.

Several companies in INFINEXA's portfolio are part of integrated agricultural groups, which has allowed us to observe how one entity's difficulties propagated structurally to the others. In one case, a group with a pyramidal structure and a single shareholder ended up with the operating parent entity and two subsidiaries simultaneously in proceedings, all affected by the same market and climate pressures, without the possibility of one supporting the other. In another case, the vertical integration model, in which the parent company controlled both agricultural production and commercialization, proved to be a vulnerability rather than an advantage: the insolvency of the main link also drew the downstream entities into proceedings, with the parent company itself becoming a creditor of its own subsidiary.

A consistent element in all cases: **the delay in entering proceedings**. Companies that reach INFINEXA typically have 12–24 months of postponement behind them: utilized moratoria, rolled-over credits and inventories sold below cost to generate liquidity. This postponement never resolved the structural problem and, in most cases, aggravated it through the accumulation of interest, deterioration of relationships with commercial partners and complete exhaustion of working capital.

XIII. THE IRAN CONFLICT, THE ENERGY CRISIS AND THE LACK OF DOMESTIC FERTILIZER PRODUCTION

The first four causes of the crisis in Romanian agriculture are, as of the date of this report, concluded phenomena or phenomena in the process of attenuation. The price collapse, repeated drought, the dislocation effect of Ukrainian grain and the cost-versus-revenue scissors are realities we can analyze retrospectively, with complete data and consequences already recorded in balance sheets. The fifth shock is fundamentally different in nature: it is not retrospective, it is unfolding now, in the spring of 2026, with direct and immediate effects on the agricultural campaign just being launched.

What makes it distinct from the other four is not only the timing of its action, but also the fact that Romania approaches it from a position of structural vulnerability unique in the European Union: the complete absence of domestic fertilizer production. This means that any disruption to global agricultural input supply chains is transmitted fully and without any buffer into Romanian farmers' production costs, while similar operators in other member states benefit either from domestic production or from long-term contracts with European producers. Romania has none of these protections.

13.1. The deindustrialization of fertilizer production in Romania: from 11 factories to zero

Before 1989, Romania had 11 chemical fertilizer factories, fully covering the national requirement for nitrogen, phosphate and potassium for agriculture. The post-1989 transition decimated these capacities. Failed privatizations, energy price liberalization, the inability to invest in modernization and competition from cheap imports led to the closure of all factories, one by one, with ultimately a single factory remaining: Azomureș in Târgu Mureș, established in 1962. With a production

capacity of 1.8 million tons/year of nitrogen fertilizers, covering approximately 60% of national requirements, Azomureș was the pivot of domestic input production for agriculture.

> *Energy Policy Group Romania („**EPG**") 2024: Azomureș consumed annually 1 billion m³ of natural gas at maximum capacity = 10% of total national consumption. Natural gas represents 70–80% of the total production cost of ammonia and derivative fertilizers. Economic viability threshold: gas below €125–130/MWh. Beyond this level, the vast majority of nitrogen producers in Eastern Europe record negative operating margins. Transmission of gas cost into the final fertilizer price: 85–95% within 2–4 weeks during disruption periods.*

The vulnerability of this single pillar became evident as soon as market conditions deteriorated. Azomureș is an intensive natural gas consumer, which represents 70–80% of the total production cost of ammonia and derivative fertilizers and the economic viability threshold is at a gas price below 125–130 euro/MWh. Beyond this level, production becomes structurally loss-making. The post-Ukraine conflict energy crisis repeatedly pushed gas prices above this threshold, making it impossible for the plant to operate profitably.

The consequence was a gradual degradation, not an abrupt shutdown. Azomureș stopped production for the first time in December 2021, partially resumed in 2022–2023 with intermittent operation and ceased activity in August 2024 due to unsustainable gas prices. A brief partial resumption in the summer of 2025, at approximately 30% of capacity, ended in November 2025, when the company definitively halted production and in March 2026 initiated collective dismissal proceedings for 865 of its approximately 920 employees, with the platform entering conservation. Romgaz declared its acquisition interest in February 2025, but negotiations have not been finalized.

As of the date of this report, in April 2026, production is zero. Romania imported fertilizers worth 936 million dollars in 2024 and substitute imports cost 15–40% more compared to the scenario with functional domestic production.

13.2. The Iran conflict: impact on agricultural input prices

On February 28, 2026, the USA and Israel launched air and missile strikes against Iran. Iranian retaliations included military control of the Strait of Hormuz, the planet's most important naval artery for energy and fertilizers. Commercial vessel traffic through the strait declined by over 70% in the first two weeks. Maersk, the world's largest maritime carrier, suspended bookings in the Persian Gulf from March 4. Urea prices rose by 40–49% compared to pre-war levels, European natural gas (TTF) by 62% and crude oil by 15%.

The Strait of Hormuz is a marine channel 33 miles wide through which, under normal conditions, transits: 27% of global crude oil exports, 20% of global LNG (liquefied natural gas) exports and the critical element for agriculture, approximately 30–46% of global trade in nitrogen fertilizers (urea and ammonia). Saudi Arabia, Qatar, UAE, Bahrain and Oman are major exporters of urea, diammonium phosphate (DAP), anhydrous ammonia and sulfur.

> *International Food Policy Research Institute („**IFPRI**"), March 4, 2026: „Approximately 27% of global oil exports, 20% of global LNG exports and 20–30% of global fertilizer exports, including urea, ammonia, phosphates and sulfur, transit the Strait. Drone and missile attacks on oil tankers have*

made maritime insurance costs prohibitive in the region, resulting in a decline of over 70% in vessel traffic through the Strait since the onset of the conflict."

Fitch Ratings communicated in the first week an upward revision of price estimates for urea and ammonia, warning that prolonged navigation restrictions could amplify this trend. Subsequent evolution depends on geopolitical factors in progress and cannot be precisely anticipated as of the date of this report.

Romania's specific context amplifies exposure relative to the EU average: with zero domestic fertilizer production after the Azomureș shutdown, any increase in the global price of urea and ammonia is transmitted directly and fully into agricultural production costs, without the buffer provided by subsidized domestic production or cheap gas available in some member states.

Romania approaches this shock from the most vulnerable structural position in the EU: 100% import dependence for fertilizers, without functional domestic production, with an agricultural campaign underway. Thus, each week of delay in contracting inputs at fixed prices increases exposure to global market volatility.

Real-time prices: the magnitude of the shock in the first weeks

Product	Pre-conflict (Feb. 2026)	Post-conflict (Mar. 2026)	Variation	Source
Urea FOB Egypt ($/t)	400-490	700	+43-75%	CNBC, Mar. 25, 2026
Global Urea Futures ($/t)	460	693	+49%	Center for Strategic and International Studies („**CSIS**"), Apr. 1, 2026
DAP/MAP ($/t)	<700	>700	+	farmdoc Illinois, Mar. 17, 2026
Natural Gas TTF Europe (€/MWh)	32	52	+62%	Euronews, Mar. 2026
Crude Oil Futures ($/barrel)	80	>90 (+10)	+15%	IFPRI, Mar. 4, 2026
Anhydrous Ammonia	pre-crisis levels	+18,5%	+18,5%	CSIS, Mar. 2026

Sources: CNBC, CSIS, IFPRI, farmdoc Illinois – all dated March 2026.

XIV. CONCLUSIONS AND RECOMMENDATIONS

No single shock would have produced the current crisis on its own and the sector's internal vulnerabilities would not have generated it without the external catalyst. The five shocks did not come individually, they came simultaneously, consecutively and cumulatively, over a sector in which two-thirds of companies were already operating without any capital reserve.

The result is inscribed in every indicator analyzed in this report, from the 70% collapse of sector net profit, to the 333 companies with negative working capital, to the share of agriculture in insolvencies which doubled in a single year. The table below brings together the entire demonstration.

Conclusion	Effect	Source
Dual deterioration – producers and traders	**Producer revenue**: 28,6% (43,2 → 30.9 bn RON); **Trader revenue:** 41,2% (126,9 → 74.7 bn RON)	INFINEXA Analysis
Scissors effect confirmed in balance sheets	**Median cost ratio** 86,3% → 97.4%; companies with cost ratio >95%: from 23% to 63%	INFINEXA Analysis
Sector net profit collapsed	**Producers:** 5,74 → 1.72 bn RON (−70%); **Traders:** gross margin 2,4% → 0,9%	INFINEXA Analysis
Agriculture in BNR risk zone	Explicitly mentioned in sectoral financial health indicators; net profit margin 3.8% in 2024 (−1.4 pp vs. 2023)	BNR, Financial Stability Dec. 2025; BNR, Annual Report 2024

Conclusion	Effect	Source
Structural NPL increase	Non-financial companies: 3.7% → 4.1% (Dec. 2024), estimated 5.3% (Dec. 2025); NBFI agriculture: 3,9%, highest rate of NPL by sectors	BNR, Annual Report 2024
Consecutive crises = resilience exhaustion	66.2% companies with negative working capital (333 out of 503); 139 maximum risk companies (3–4 simultaneous criteria), cumulative revenue 7 bn RON	INFINEXA Analysis
Drought: structural change, not exception	41 consecutive months of drought (the longest in recent history); the 5 warmest years since 1900–2024 belong to the last 6 years; area affected by aridity: 10.9% (1971–1980) → 41,5% (2021–2024)	ANM Annual Characterizations 2022–2024; stareaclimei.ro platform
Massive cumulative production losses	Total cereals -9.9 mil. tons (-35.7%) in 2021→2024; corn -59.7%; sunflower -47.0%	INS TEMPO (AGR109A, AGR110A)
Ukrainian grain dislocated the domestic market	Agro imports from Ukraine: from 116,000 t (2021) to 2.4 mil. t (2022), increase of over 20x; directly competing cereals: ~200x	INS, data transmitted to Europa Liberă Apr. 2023
Grain oligopoly amplifies vulnerability	ABCCD controls 70–90% of global trade; zero hedging in the Romanian sector	European Parliament, ETC Group, SOMO; INFINEXA analysis
Moratoria: anesthesia, not treatment	OUG 4/2024 and OUG 118/2024 postponed debts, did not eliminate them; maturity concentration at expiration (Aug. 2025)	Official Monitor; INFINEXA analysis
The 2025 paradox: record harvest, record insolvencies	Wheat 13.3–14 mil. t (record since 1997); simultaneously, agro share in insolvencies: 9.6% (Q1 2025) → 20.7% (Q1 2026)	INS TEMPO; INFINEXA analysis
Crisis propagation across the entire value chain	Farmer → input distributor → trader → bank	Input Agro Romania Association; INFINEXA analysis
Romania: most exposed in the EU to the Hormuz shock	100% import dependence for fertilizers (Azomureș definitively shut down Aug. 2024); urea +49% post-conflict; gas TTF +62%	CNBC, CSIS, IFPRI (Mar. 2026); INFINEXA analysis
Lack of irrigation: national structural vulnerability	Under 5% of arable area effectively irrigated; estimated cumulative losses from lack of irrigation: ~29 mil. t cereals = ~10 bn EUR	INS; MADR; HG 793/2016, HG 988/2022; INFINEXA analysis
Early intervention produces incomparably better results	12–24 months of postponement = 2–4x smaller residual capital at proceedings entry; 53 companies profit→loss vs. only 2 reversed	Observations from INFINEXA mandates

Recommendations for agricultural entrepreneurs in difficulty

Early restructuring, not waiting

In INFINEXA's experience, the company that enters negotiations with creditors 6 months before payment default has real negotiating power: it can propose a credible restructuring plan, has unexecuted assets as negotiation currency, has undamaged commercial relationships. The one that enters on the last day has none of these.

Every day of postponement after operational cash exhaustion costs more than an early restructuring would cost, through accumulation of penalty interest, deterioration of supplier and client relationships and exhaustion of working capital needed for reorganization. Field data show that 12–24 months of postponement typically means entering proceedings with residual capital 2–4 times smaller than if proceedings had been initiated at the first signals.

Clear signals that it is time to seek restructuring advisory: inability to pay suppliers at contractual terms for more than 60 consecutive days; the need to sell inventories below production cost to generate liquidity; the bank's refusal to refinance or reduction of credit limits; negative working capital for the second consecutive year.

Securing inputs for 2026 in advance

In the context of the Iran conflict and 100% import dependence, contracting fertilizers at fixed or capped prices for the entire 2026 agricultural campaign is essential. Each week of delay relative to competitors who have already contracted means less available stock and higher prices.

Crop diversification

Reducing dependence on the wheat-corn-sunflower trio by including rapeseed, legumes and contractual crops with processors. Rapeseed is less nitrogen-intensive than corn, benefiting from more stable MATIF prices and stable demand from the biofuels industry.

Contractual crops with vegetable, seed and feed processors have the advantage of a price pre-established before sowing, partially eliminating spot price risk. Recommended proportion: a minimum of 20–30% of cultivated area in crops with contractually established pre-campaign pricing.

Adopting price risk management

Forward contracts with processors or traders for at least 40% of anticipated production, to guarantee a minimum price and enable credible financial planning vis-à-vis banks and suppliers. Forward contracts do not eliminate the opportunity to sell at higher prices for the remainder of production, they eliminate the risk of selling entirely at a disastrous price.

Access to hedging instruments on MATIF or CBOT, while technically accessible, requires financial expertise and access to specialized brokerage that few Romanian agricultural companies have. A more accessible alternative: agricultural cooperatives with collective storage capacity and aggregated negotiation with traders, which can partially replicate the hedging function without directly accessing derivatives markets.

Renegotiating rents to variable models

Converting rents from fixed obligations in lei or euro to percentages of harvest value, typically 20–30% of obtained production value. This automatically aligns costs with revenue and eliminates one of the main sources of rigidity in the cost structure identified in Chapter V.

The argument vis-à-vis landowners: a variable model ensures them a share of the upside in good years, in exchange for giving up the certainty of fixed rent in weak years. From the perspective of long-term survival of the agricultural company and implicitly the retention of a paying tenant—the variable model is superior to the fixed model, which puts the company under exact pressure in years when revenues are already at a minimum.

Financial diversification toward medium-term credit

The transition from exclusive short-term financing (12-month revolving credits) to mixed structures with 3–5 year maturities, through European Investment Fund („**EIF**"), the Rural Credit Guarantee Fund („**FGCR**") and InvestEU. This eliminates the vulnerability to maturity concentration described by the BNR and reduces the pressure for forced autumn production sales.

The condition for access to medium-term financing: a credible business plan with conservative production projections (no more than the five-year average, adjusted for drought), with production costs updated to 2026 levels and a sensitivity analysis for cereal price variation of ±20% versus the base scenario. Banks finance companies that demonstrate they have understood the risks, not those that promise a risk-free future.

Proactive communication with creditors, before It becomes necessary

A consistent element observed in INFINEXA mandates: companies that maintain transparent communication with lending banks throughout the deterioration of their situation, proactively reporting the evolution of revenue, production and working capital, obtained significantly better restructuring terms than companies that concealed difficulties until the moment of payment default.

Field experience shows that preventive renegotiation is possible and produces concrete results: maturity extensions, reduction of periodic installments, partial conversion of short-term credits to medium-term credits. These options exist before payment default. After, they cease to be options.

INFINEXA Restructuring

Analysis prepared in April 2026

This document is intended to inform distressed entrepreneurs, creditors, financial institutions and decision-makers and does not constitute specific legal or financial advice.