

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Romania

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### Updates on the new retail law and COOL labelling in Romania

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Trade Policy Monitoring

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**Report Highlights:**

The new retail law approved by the Romanian Parliament in July 2016 triggered strong debates at the retail and food industry levels. The law has not been fully implemented, with secondary implementation legislation in preparation. The European Commission required supplementary information in regards to several items pertaining to the retail law.

## **General Information:**

### **Background on Retail and Country of Origin Labelling (COOL) legislation**

The law amending the retail regime in Romania that was approved in July 2016 triggered tremendous debate at the retail and food industry levels. Some provisions entered into force upon publication of the law while enforcement of other provisions requires additional secondary legislation. Apart from forcing retailers and food suppliers to renegotiate payment terms and price construction, when fully implemented, the new law will make it mandatory for retailers to source at least 51 percent of food product volume through a “short supply chain”. In order to bring more clarification regarding the “51 percent rule” the Romanian Ministry of Agriculture plans to issue an order within six months after publication, which means January 15, 2017.

Law 150/2016 on Retail also amended the legislation for meat labelling for products sold in Romania. The new label should contain the following information: country of origin for the animal, country where the animal was born in, raised, slaughtered, the health stamp/identification and name of the commercial operator, country of the cutting plant. In the case of meat products, the label must indicate the percentage of meat originating from Romania.

A similar Country of Origin Labelling (COOL) law was approved on dairy products in May 2016. According to the Law 88/2016 on supplementary mandatory measures for labelling fresh milk and dairy products, the following information must be included on the label: name of the food product, the list of ingredients, weight of the product, expiration date, special storage conditions, country of origin and the place of provenance for the milk utilized as raw material, name of the packer and stamp, name and address of the dairy processor, nutritional declaration, fat content expressed in percentage, type of heat treatment utilized (pasteurized, sterilized, ultra-pasteurized). Furthermore, the law specifies the conditions under which one operator is allowed to use the expression “Romanian Product” as being only in case they use 100 percent raw milk originating from Romanian farms. In addition, dairy products should include on the label the warning “*It contains milk powder in proportion of .....percentage*”.

In accordance to the above laws, the Veterinary and Food-Safety Authority must notify the EU member states and provide justification for adopting such provisions. The specific provisions would enter into force in 90 days after the moment of EU communication. However, the EU Commission found Romania non-compliant regarding the EU notification procedure, since the EU notifications were made after the laws were approved and published and not prior to approval. Hence, the Romanian Government is planning to propose amendments to these laws.

### **Romania, now on the edge of infringement due to the new retail law**

In late November the EU Commission reacted to the new retail law provisions. Reportedly, the EU Commission urged Romanian policy makers to reconsider part of the law requesting additional information on the following articles: the article referring to 51 percent of the products from the short supply chain, the article about arranging a "corner" displaying Romanian products in the store and the one referring to the possibility of organizing fairs and exhibitions in the available space of

supermarkets, together with the local council.

In the opinion of the Minister of Agriculture one solution would be to give up to the 51 percent, which can only be approved by the new Parliament, while a second solution would be to convince the European Commission that Romania does not discriminate against EU producers. The Large Retailers Network strongly reacted to the Ag Minister's statements. In their view the law should be immediately revised since it had not brought benefits to any side, and, apart from the risk of infringement and legal weaknesses, it produced market distortions. Some of the farmers reacted very harshly to this view encouraging the Ministry of Agriculture to follow the example of other countries, such as Hungary, and accept the infringement and pay the penalty, while others had a more constructive attitude calling for providing solid arguments to be presented to the EU Commission in order to avoid infringement.

In the same vein, the Vice-President of the Romalimenta Food Industry Federation stated that the new law on retail approved in July 2016 was non-functional. In his view this law intervenes in a brutal manner in a well-established business model, referring to the prohibition of having the retailers provide marketing and logistical services to food suppliers despite their needs.

Previous GAIN report:

<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/New%20Romanian%20law%20on%20food%20trading%20triggers%20adjustments%20in%20the%20supply%20 Bucharest Romania 8-4-2016.pdf>

End of report.