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Romania Regulates Farm-gate Grain Sales

Report Categories:

Grain and Feed

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Report Highlights:

In mid-November 2017 the Government of Romania (GOR) approved an emergency measure, imposing new rules for farm-gate grain procurement. Post expects that the Ministry of Agriculture (MinAg) will publish an additional framework by mid-December, which will be based on the input submitted by grain-sector stakeholders. A final regulation is on track for implementation by early 2018, assuming the requisite intermediary steps are completed.

General Information:

On November 15, 2017, the GOR approved Emergency Ordinance 81/2017, establishing new regulations for grain sales. According to the document, the measure was required to comply with European Commission requirements for price, production, and market data. Emergency Ordinance 81/2017 seeks to bolster farmers' negotiation power by regulating farm-gate sale/purchase agreements.

The main provision of the Ordinance requires that farm-gate grain sales to the domestic or export markets use a MinAg prescribed contract, based on input from the inter-professional organization "Romanian Grains and Products" (similar to a multi-sector commodity association) consisting of farmers, warehouse owners, millers, bakers, and grain traders.

According to the Ordinance, MinAg has until December 15 (30 days) to establish a framework agreement. Furthermore, within 45 days from the enforcement date of the ordinance, any grain sale for the domestic or export market must include a written contract between the parties. Alternatively the "first purchaser" must make a written price offer for the sale. The text further defines the "first purchasers" as any operator defined by the specific legislation which purchases grains from agricultural producers for the purpose of consuming, processing, or selling. The contract must be signed before delivery and must include the elements provided by article 168 of the [EU Regulation 1308/2013](#) establishing a common organization of the markets in agricultural products, paragraphs (1) and (4) through (7).

According to media reports, some stakeholders believe the Ordinance will not severely affect grain sales, given that grain movement was already based on written contracts between the parties. It remains to be determined how this initiative will affect the grain sector after the framework agreement is approved by the MinAg on December 15, 2017.