



**PRACTICE ABSTRACT NR. 74**

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**Supermarkets drive novel 'direct marketing' channels for fresh produce from small farms in Romania**

Following the introduction (in 2009) and subsequent amendment (in 2016) of national legislation to promote the consumption of Romanian fresh produce, several of the major supermarkets (Carrefour, Kaufland, Mega Image, Metro Cash and Carry) operating in Romania have developed cooperative schemes for integrating small-scale producers into their local / regional supply chains. Supermarkets sell the produce under the branding of the cooperative providing farmers with a fixed price and stable income. Each of these supermarket-driven cooperative schemes have their own structure and particularities. Differences between the schemes are particularly related to a) the type of farm advisory support provided by the supermarkets (seeds, varieties, packaging advice, support from agronomists and certification advice) and b) the level of control and type of involvement that the supermarkets have in the cooperative structures (co-ownership of the cooperative, imposing exclusive production kits or simply running occasional soil samples to monitor adherence to standards). These supermarket-driven cooperative schemes play an essential role in providing a stable direct channel to the market for an increasing number of small farmers, however there are concerns about the imbalanced power relationship between the cooperatives and the farmers. For this reason, new cooperative arrangements are beginning to emerge involving new forms of partnership and novel (for Romania) trading arrangements that involve more balanced bargaining power and a greater variety of services provided to the participating farmers.

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## ADDITIONAL INFORMATION

Carrefour has supported the founding of Cooperative Vărăști, which brought together about 100 small vegetable growers' families that together harvest about 60 ha in Giurgiu. Kaufland was co-opted in a partnership together with the Ministry of Agriculture and Agrostar (big farmers' association) that led to Cooperativa Țara Mea, also the brand name under which the products are being sold in Kaufland's outlets around the country. Cooperative Țara Mea brings together about 320 producers and aims to raise its degree of integrating its production given the diversity of its members, covering almost all food sectors. The Mega Image supplier programme employs an agronomist to who advises a farmer on how to use their obligatory inputs package and also obtains quality certificates for the program. These new marketing channels and involvement of supermarkets in small farmers' supply chains and advisory systems was also prompted by law 321/2009 that obliges retailers to acquire 51% of meat, eggs, fruit, vegetables, honey, dairy and bakery products from direct partnership, big retailers started to develop specific relationships with local producers. "Direct partnership" refers to the "commercial relation between retailer and agricultural cooperatives, producer organizations, companies that produce and sell agricultural produce, excluding intermediaries, between whom a 12 months contract is established".



## ABOUT AGRILINK

AgriLink is a multi-actor project funded by the European Union's Horizon 2020 research and innovation programme. It brings together 16 partners from 13 countries, including universities, applied research institutes, advisors and consultants from public organisations, private SMEs, a farmer-based organisation and specialists in communication and distance learning.

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