

CMS | Romanian Competition Council raids retailers over unfair practices in dairy supply chain



The Romanian Competition Council conducted dawn raids at six major foreign-owned retail chains for alleged unfair commercial practices in the agriculture-food sector. The action concerned the retailers' contractual relationships with suppliers of milk and dairy products and forms part of a broader, in-depth investigation into compliance with the law on unfair commercial practices in the agricultural and food supply chain, a transposition of a correspondent EU law.

The dawn raids targeted retailers operating across multiple store formats, including the cash and carry segment and hypermarket operators, alongside an important supermarket chain. The focus is their dealings with milk and dairy suppliers, a segment presently under market study by the authority.

National rules govern the commercial relationships between suppliers and buyers of agricultural and food products, setting out prohibitions on unfair commercial practices and defining the reach of its protections. The rules govern sales executed in Romania and sales conducted abroad where effects are felt on Romanian territory. Regulations also cover services provided by buyers to suppliers as they relate to unfair practices enumerated in the law. Consumer relationships fall outside its ambit.

A central feature of the law is its turnover-based applicability thresholds, which attempt to correct any asymmetry in bargaining power. The regime applies where a supplier falls into one of several specified turnover bands and the corresponding buyer exceeds the upper threshold of that band. In particular, the law addresses relationships ranging from suppliers with annual turnover not exceeding EUR 2 million selling to buyers exceeding EUR 2 million, through to suppliers with turnover up to EUR 350 million selling to buyers exceeding EUR 350 million. This graduated structure addresses situations of relative economic dependence and prevent exploitative conduct by significantly larger purchasers.

Investigation focus and alleged practices

According to the Competition Council, the inspections resulted from information gathered during its ongoing sector inquiry into the milk and dairy market. Preliminary indications, which varied among the retailers, pointed to potential practices that contravene the statutory prohibitions on unfair trading practices. These include failure to adhere to payment terms for perishable goods, imposing termination or delisting notice periods shorter than those permitted by law, cumulatively applying discounts and rebates that together may exceed the legal 20% cap, delays in issuing or processing receipt documentation for food products, charging suppliers for product listing, and resorting to delisting or the threat of delisting as leverage to force acceptance of unfavourable contractual terms.

Retailers proven to be engaged in unfair commercial practices will receive administrative fines of up to RON 600,000 or up to 1% of the offender's turnover, depending on the gravity and nature of the infringement. The authority may also order cessation of the infringing conduct. Given the structure of the law and its emphasis on rebalancing bargaining power, enforcement may prioritise corrective outcomes alongside deterrent penalties.

Implications for retailers and suppliers

For retailers, the inspections point out the heightened enforcement risk around supply chain governance in the agriculture-food sector, particularly in categories with complex logistics and short shelf-lives such as dairy. Compliance vulnerabilities include payment discipline for perishables, contract architecture concerning terminations and delistings, economic impact of commercial deductions and rebates, and the transparency and neutrality of buyer-imposed service fees.

Suppliers within the turnover thresholds should ensure that contractual terms reflect lawful payment periods, clearly delineated and objective delisting procedures, and that any buyer-imposed service fees or commercial conditions are properly agreed and compliant with legal requirements.

The Competition Council's action reflects a broader European trend toward assertive enforcement of unfair trading practice regimes in agriculture-food supply chains, particularly where inflationary pressures and cost volatility create tension between large retail buyers and upstream producers. As the sector study progresses, market participants should expect continued scrutiny and, if infringements are identified, sanctions and remedial actions designed to restore compliance and ensure fair dealing in buyer-supplier relationships.

For more information on these dawn raids and how these actions could impact your Romania-based retail business, contact your CMS client partner or the experts who wrote this article: **Cristina Popescu** and **Laura Capata**.