

Voluntary Report – Voluntary - Public Distribution

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Report Name: Romanian Industrial Hemp Market Overview

Country: Romania

Post: Bucharest

Report Category: Oilseeds and Products, Agricultural Situation

Prepared By: Monica Dobrescu

Approved By: Jonn Slette

Report Highlights:

Although 30 years ago Romania was Europe’s largest hemp producer, deteriorating processing facilities, lower demand for hemp products, and increasingly strict regulations diminished farmers’ enthusiasm for industrial hemp production. More recently, Romanian hemp production is experiencing a revival due to growing international demand, domestic support, and newly established processing facilities. Romania’s hemp planted area reached 1,454 hectares (HA) in 2018. Hemp seed imports for processing increased by nearly 50 percent during the first eight months of 2019 over the corresponding period in 2018, reaching \$2.6 million. Pending a draft law currently under consideration by the Romanian Parliament, substances and preparations which contain cannabis might be used for medical purpose in the future.

Section I. Hemp

Romania has a rich history in terms of cultivating, processing and marketing hemp. Thirty years ago, Romania was Europe's largest exporter of hemp fiber and the fourth largest exporter globally. Currently Romania is among the top five EU member states cultivating hemp.

A large variety of consumer and industrial hemp-based products are available in Romania, including locally-produced and imported products. While the domestic market is still underdeveloped, consumer demand is steadily growing. Evolving consumer trends and marketing initiatives will continue to drive the demand. Romanian hemp seeds which are not processed locally are mostly sold to other EU markets, notably France, Italy, and Poland.

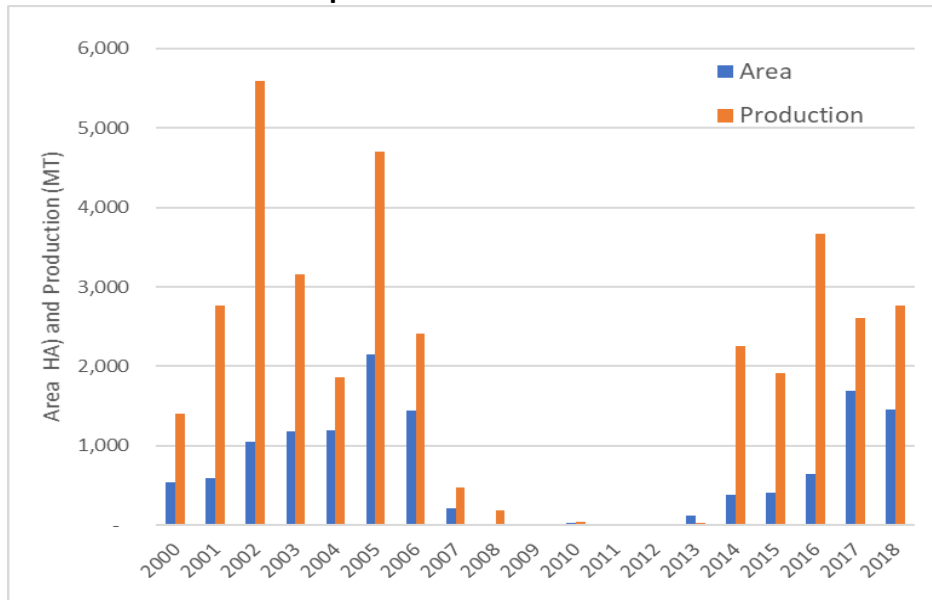
Section II. Hemp Production

Area and Production

Despite being a traditional crop, hemp remains strictly regulated by the Romanian authorities. Farmers must apply at their local Ministry of Agriculture and Rural Development (MARD) county office for approval to grow hemp. Once farmers are approved for growing hemp, they must submit samples for testing to the county MARD office to determine any tetrahydrocannabinol (THC) content. THC is cannabis' primary psychoactive compound, while the plant-derived compound cannabidiol (CBD) is the primary non-psychoactive compound in cannabis. The variety of hemp cultivated in Romania is Cannabis Sativa L, sub-specie Sativa, which generally has a THC content of under 0.2 percent. Hemp is grown in Romania for fiber, seed/grain, and oil and only the varieties published in the [EU Official Catalogue of plant varieties](#) are permitted for cultivation.

The main varieties planted in Romania were developed by two local research stations in Lovrin and Secuieni. In 2018, the area planted with industrial hemp reached 1,454 HA and the industrial hemp production (seeds and fiber) reached 2,763 MT in 2018 (see Chart 1). According to the National Institute of Statistics, Botosani (363 HA), Suceava (307 HA), and Iasi (104 HA) counties in the north-eastern part of Romania have the largest hemp areas.

Chart 1. Romania – Hemp area and Production



Source: National Institute of Statistics

In 1990, the industrial hemp area was as high as 16,000 HA. Over time, area and production dropped dramatically, in response to lower demand for hemp products, as well as Romania’s decision to list hemp as a controlled substance. More recently, interest in producing hemp has strongly rebounded due to investments in processing facilities, the EU funding availability and the potential for better profit over more traditional grains and oilseeds.

Domestic support

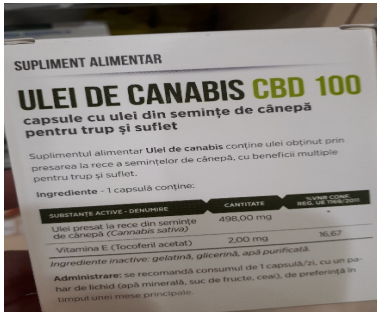
Romania supports hemp production through various programs and hemp farmers may apply for various types of subsidy payments. In 2018, domestic support levels for eligible hemp farmers could be as high as \$382/HA, based on the following categories: single area payment (\$113/HA); redistribution payment (\$5.5/HA for 1-5 HA and \$56/HA for 6-30 HA); greening payment (\$64/HA); the Program for Young Farmers (\$28/HA); the National Transitory Program (\$24.5/HA); and coupled support (\$96/HA). To qualify for these payments, farmers need to comply with a series of criteria, including proof of a minimum average yield, proof of crop delivery to a processor, a self-declaration regarding the hemp varieties and the volume of seeds used in the field. Additionally, areas are subject to THC content testing.

Processing

According to some reports, there were 28 processing industrial hemp facilities in Romania in 1991, while now there are only several active plants. They are in general located in the favorable areas for planting, such as Alba, Botosani or Bihor counties. These processing companies market a large portfolio of products including hemp oil, hemp seeds for humans and animals, protein powder (for shakes and smoothies), dehulled seeds, hemp flour, nutrition bars, oil capsules, CBD for food products and food supplements, and cosmetic products.

Section III. Labeling Requirements

Labels of conventional and organic hemp products and hemp-based food supplements must follow the standard labeling requirements (see [FAIRS report](#)). Below are few examples of labels for hemp-based products:



CBD oil capsules, nutritional supplement, label



Hemp protein bar, label



Hemp seeds organic, label



Hemp protein shake organic, label

Section IV. Packaging and Container Regulations

Nothing to report.

Section V. Hemp/Cannabinoid Regulations

Hemp regulations are applied at the national level and regulate cultivation, production, storage, trade, distribution, transportation, procurement, and use. Law 339/2005 regarding the legal status of hemp allows cultivation of hemp with a low THC content, pending approval. Law 339/2015 states that THC is included among prohibited substances and has no discernable medical benefits. However, provisions of the law state that cannabis, resin, extracts, and tinctures are of interest to medical science and therefore are subject to strict control.

The implementing regulations of Law 339/2005, under Government Decision 1915/2006, establish the authorization process for hemp cultivation. Applicants must seek approval and be approved before

cultivation by submitting a dossier containing the authorization of the seed supplier and seed labels of the procured seeds. During the vegetation stage, seed samples are collected from the field before delivery and are tested in a Romanian laboratory. This legislation also contains information on inspection and control procedures.

Order 677/2004 issued by MARD authorizes the Regional Laboratory for wine quality and hygiene control Blaj/Alba county to conduct THC content determination in hemp. The county divisions of MARD's Office for Seed Control are responsible for sample collection.

Section VI. Provide Regulatory source

According to Government Decision 1915/2006, MARD is authorized to establish the regulatory process for hemp cultivation. While MARD inspects the plants during production, the Ministry of Health (MoH) regulates business operators during the production, processing, storage, and distribution of psychoactive and drug substances and preparations.

Section VII. Other Requirements, Regulations, and Registration Measures

Hemp trading is conducted within the limits of Law 339/2005 regarding the legal status of hemp.

Section VIII. Other Regulatory and Import Contacts

Following the 2019's EU Parliament [resolution](#) on the benefits of medical cannabis, in July 2019 several members of the Romanian Parliament submitted for debate a draft initiative (draft law 506) regarding the legal framework for cannabis, and substances and preparations which contain cannabis, used for medical purpose. The bill was driven by the overwhelming number of signatures for a public petition supporting medical cannabis. According to the draft law, patients with severe diseases may benefit of palliative treatments based on cannabis oil following a prescription from the doctor.

According to the draft, the Agency of Cannabis will be established. Its activity will consist of issuing the authorizations for the activity of growing/processing of medical cannabis, as well as ensuring the control, verification and surveillance of operations and transactions of medical cannabis. The Agency of Cannabis will estimate the amount needed for a year in advance, so the businesses will be forced to operate within those limits. The Agency of Cannabis will purchase whole plants, substances and preparations produced and will ensure the distribution. Only the Agency will be authorized to import/export these plants/substances.

Specifically, the following products/substances will be subject to the draft law provisions (for medical purposes):

- Cannabis, resin, extracts and tinctures of cannabis, including those for inhalation or infusion, if these are the methods prescribed by the doctors as being the most effective; the maximum CBD level will be established by MoH

- THC, including isomers and stereochemical versions needed for medical diseases treatment; the THC maximum accepted level is 20 percent

In November 2019, the text passed the Senate, the first chamber of the Parliament, and moved for debate in the Chamber of Deputies.

Section IX. Market Potential

Hemp-based products were reputed to be of an illicit nature over the past 20 years. As this image changes, consumer demand is expected to grow in connection with the diversification of hemp products on the market. Hemp is used as a functional ingredient in foods, in breakfast cereals, protein shakes, protein bars, and beauty products. These products are widely available in retail chains and online. CBD nutritional supplements and extracts may be found in pharmacies and health stores, along with hemp oil and capsules.

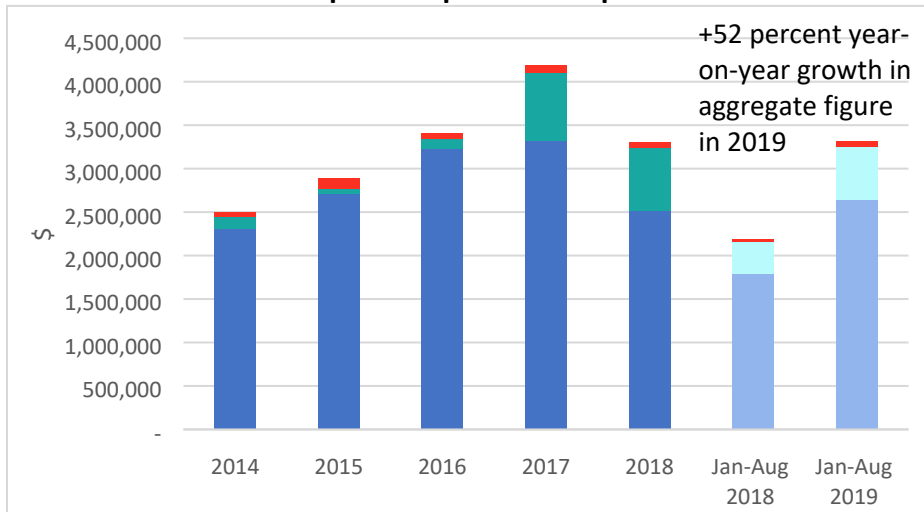
Importing and exporting these products have intensified over the past five years. Generally, Romania is still a net importer of hemp products, with the exception of 2018. That year, the overall value of imports, including seeds, polyphenols, and fiber, reached \$3.3 million, while export value exceeded \$4.2 million, mainly due to the double fiber hemp export figure.

Hemp seeds are the most widely traded product. In value terms, hemp seeds import reached \$2.5 million in 2018 and increased by 47 percent during January-August 2019 as compared to the previous year (Chart 2). In volume terms, during January-August 2019, Romania imported nearly 1,500 MT of hemp seeds (55 percent more over the same period in 2018), of which about 80 percent originated from the Netherlands and 18 percent from France.

Hemp seeds export reached \$909,000 in 2018, but decreased by 35 percent during the first eight months of 2019 as compared to 2018 (Chart 3). The United States ranked as Romania's top hemp seed export market in 2019 and accounted for 65 percent of exports, followed by Italy and Germany, each with eight percent. In volume terms hemp seeds export reached 84 MT during January-August 2019, which was a 15 percent year-on-year decline.

In the future, it is likely that high-value and more complex hemp products for which the local processing industry lacks the knowledge or technology will continue to be imported, while raw seeds and dried stalks will remain farmers' best options for foreign markets.

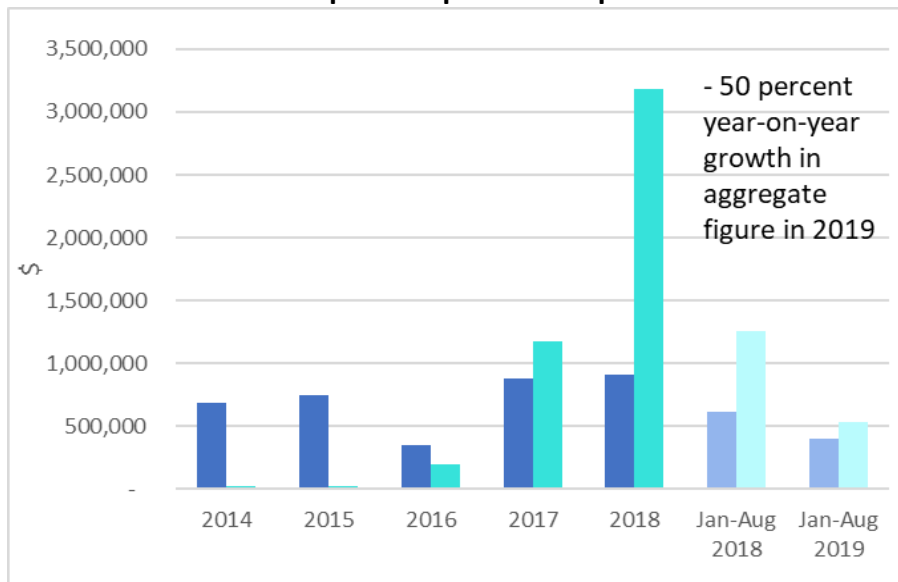
Chart 2. Romania – Hemp-based products import



Source: Trade Data Monitor, LLC

- HS # 530210 and 530290, True Hemp, Raw or Processed
- HS # 12079991, Hemp seeds
- HS # 12079991, Hemp seeds
- HS # 290729, Polyphenols
- HS # 290729, Polyphenols

Chart 3. Romania – Hemp-based products export



- HS # 12079991, Hemp seeds
- HS # 12079991, Hemp seeds
- HS # 530210 and 530290, True Hemp, Raw or Processed
- HS # 530210 and 530290, True Hemp, Raw or Processed

Source: Trade Data Monitor, LLC

Appendix I

Romania Imports from World

Commodity: 12079991, HEMP SEEDS, WHETHER OR NOT BROKEN (EXCL. FOR SOWING)

Calendar Year: 2014-2018 and January-August: 2018, 2019

Partner	Calendar Year (Value: USD)					January-August		
	2014	2015	2016	2017	2018	2018	2019	%Δ 2019/18
World, of which	2,306,647	2,714,431	3,230,988	3,316,830	2,519,057	1,795,328	2,644,931	47.32
Netherlands	5,636	303,663	1,285,268	815,449	1,424,239	1,048,805	2,123,257	102.45
France	426,523	761,281	933,320	1,520,887	735,044	519,773	470,042	-9.57
Estonia	-	-	440,421	709,791	170,976	114,137	1,354	-98.81
Slovakia	43,446	6,149	12,435	163,572	115,683	47,494	8,595	-81.90
Bulgaria	1,199	1,107	32,143	36,512	30,044	29,182	610	-97.91
Germany	1,722,728	1,606,588	269,127	17,899	15,816	14,465	26,055	80.12
Austria	-	2,685	-	-	8,521	6,056	5,955	-1.67
Hungary	59,044	1,555	9,966	6,093	8,371	7,075	4,554	-35.63
Ukraine	-	24,537	27,112	27,708	-	-	-	0
Canada	-	-	209,939	-	-	-	-	0

Source: Trade Data Monitor, LLC

Romania Exports to World

Commodity: 12079991, HEMP SEEDS, WHETHER OR NOT BROKEN (EXCL. FOR SOWING)

Calendar Year: 2014-2018 and January-August: 2018, 2019

Partner	Calendar Year (Value: USD)					January-August		
	2014	2015	2016	2017	2018	2018	2019	%Δ 2019/18
World, of which	682,887	742,741	349,044	874,755	909,504	612,471	399,128	-34.83
Australia	-	-	-	-	447,395	257,060	37,614	-85.37
United States	669,302	736,739	318,602	556,856	284,487	190,689	261,445	37.11
Bulgaria	-	-	29,089	113,601	95,587	95,587	32,508	-65.99
Germany	-	-	-	-	36,863	36,863	29,128	-20.98
Italy	-	-	-	41,596	25,127	19,165	30,938	61.43
Switzerland	3	1,173	-	98,002	11,156	9,117	1,619	-82.24
Poland	-	-	-	12,370	2,734	1,295	779	-39.85
France	-	-	-	48,750	1,722	-	-	0
Moldova	2,774	1,883	1,353	1,088	1,507	1,507	536	-64.43
Norway	-	-	-	2,431	1,140	1,140	1,036	-9.12
Slovakia	-	-	-	62	48	48	657	1268.75

Source: Trade Data Monitor, LLC

Attachments:

No Attachments.