

FINAL MINUTES

Meeting of the Civil Dialogue Groups WINE

Date: 10/10/2017

Chair: Mr. Jean-Marie Barillère (CEEV)

Organisations present: All Organisations were present.

1. Approval of the agenda and report of the previous meeting (24/03/17)

The chair was surprised that the Commission representative invited to discuss the “European Alcohol and Health Forum” point of the agenda cancelled his presence at the last minute.

CEEV requested the addition of a point under AOB on the TRIS notification of an Italian draft decree laying down rules for the mandatory indication of the name and address of the production facility or, if different, of the packing facility on labels.

The minutes of the last meeting were adopted.

2. Election of the chair and vice-chair of the group

Elections:

- President: Jean-Marie Barillère (CEEV) – elected
- Vice-President: Angel Villafranca Iara (COPA-COGECA) – elected

3. Exchange on market situation and latest information on harvest estimations

DG AGRI presented the figures for last year's campaign and for the current harvest.

For the 2016-2017 harvest, the production level was 1% above the 5-year average. In Spain, the production was 3% higher, while it was lower in France. As far as bulk wine is concerned, prices for Spanish wine went up by 20% and dropped by 25% in France, which closed the price gap between the two Member States. Trade data confirm the

export trend (both in volume and value) and show a stabilization of the imports. EC explained they are waiting for the final stock figures to have a comprehensive picture.

For this year's harvest, estimations are very low due to frost, draught and climate change (figures used were shared by Member States on 27th September). The EU average has decreased by 15% compared to last year and 5-year average, even though the production went up in some Member States (e.g. Portugal and Romania). Large producing countries were strongly impacted. To really know the impact of this low harvest, the sector will have to wait for stock figures.

COPA-COGECA and **CEEV** explained that winegrowing, like other agricultural sectors, suffers from climate change and that the sector was highly impacted this year by freeze in some regions. Participants confirmed that the volume dropped but explained that, fortunately, the quality is very good. The price of grapes is likely to increase but should remain reasonable.

CEEV stressed that this small harvest will not only have consequences on wine but also on vinegar, alcohol distillate... and that the effects will be broader than expected. **ECVC** explained that even though the production increased in some Member States, production costs were also higher because of the drought and the water management system that had to be implemented.

Regarding trade, **CEEV** explained that some export market (e.g. China) are gaining importance and due to this year's low level of production, the EU sector will be in a deficit situation, contrary to its competitors (Australia and others) which will increase their market shares. EU exports will be penalized at long-term.

COPA-COGECA stated that the EU wine sector should acknowledge that there has always been an over production, but now it has changed and climate change should be taken into consideration. The sector needs to consider all of this in the medium term in order to better orient the sector – and not only in terms of reducing production. Economic approach in wine is important but quality should remain the priority.

CEEV thanked the EC for the figures, but underlined that more data should be compiled to allow for a wine sector mid- and long-term strategy: turnover, VAT collection, number of companies and SMEs, evolution of the domestic markets, value for consumers...

4. Update on national implementation of the authorisation system on vine plantings

DG AGRI recalled that it is the second year of the scheme allowing Member States to increase new plantings by up to 1%. This also includes the transitional scheme for old planting rights (convertible until 2020, to be used within 3 years so by 2023).

The timeline of the system is as follows:

- March: Member States communicate the surface they are going to grant authorization for;
- May: Application period;
- August: Granting of the authorization;
- November: Notification to the Commission of the granted areas → the result for

the 2017 campaign should be known within 1 month

In 2016, the ratio available in different Member States varied greatly, as well as the percentage of the area of each application granted that has actually been used. In 2017, more areas were made available than in 2016, mainly due to Spain increasing its limit. Some Member States decided to include new priority criteria and others applied regional limitation for the first time.

CEEV explained that a major problem in Greece is that vineyards are being abandoned. The average age of wine growers is quite high and Greece really needs more than 1% increase rate. Furthermore, Greece didn't take into account the proposed priority criteria, which led to an arbitrary distribution. **CEEV** explained that exports should also be taken into account when regulating production. **COPA-COGECA** added that an expanding sector such as the wine sector should not be burdened with such red tape, but rather benefit from a system evolving with the market.

COPA-COGECA stated that they like this system but it could be improved to be more effective and take market orientations into account (even if 2 years is not enough to see if the system works or not). In terms of allocation process, **COPA-COGECA** underlined the need to prevent people who are not producing wine from asking for authorization. It is a distribution issue, especially in Italy. Also, really small areas where it was impossible to plant were allocated. To avoid this, Member States should be allowed to exceed the 1% limit (e.g. 3% for one year and then 0% for the following two years). The sector cannot wait until 2024 for an improvement.

ECVC stated that the focus should be on quality, not quantity.

EFOW intervened to defend the system insisting on the fact that the wine sector is the last agricultural sector to have a mechanism to regulate its production potential. The new mechanism is flexible and market orientated. The Omnibus Regulation will bring about improvements. In order to respond to the low harvest, the sector needs to invest and innovate, i.e. focus on the issue of vine resistant varieties.

The Chair concluded by saying that the system is complex because the sector wanted it complex, and the sector will have to be bold to improve certain points.

5. Update and exchange on Omnibus Regulation and its impact on the wine sector

Regarding the omnibus regulation, **DG AGRI** said nothing has changed regarding the system of authorization for plantings. The Commission did not propose anything as it was supposed to be only a mid-term review in the context of the MFF.

However, EP introduced amendments concerning the wine sector: i) the limit for enrichment, ii) the inclusion of grapes intended for the production of spirits in the authorization for planting system and iii) a change in the definition of wine concerning wine above 15% of alcohol.

At Council level, Spain introduced an amendment to have a new priority criterion (young farmers) and to prevent farmers who planted vine without authorization to get an authorization.

Regarding enrichment, a new implementing regulation is expected this year, as some country (DK/NL/DE) asked for derogation regarding the limit of enrichment.

6. Update and exchange on the alignment to the Lisbon Treaty of Wine Legislation

a. Revision of 436/2009 on record cellar statements, declarations, monitor the wine market, accompaniment documents

DG AGRI explained that the texts are relatively final. The Commission seized this opportunity to integrate interlinked provisions into a single text. The objective was to enhance clarity, harmonize definitions, simplify the implementation and facilitate traceability.

The inter-service consultation was concluded in September and positive opinions were received. The texts are now going through TBT consultation. Translation will be available around mid-November and Member States will be consulted for proofreading. The TBT consultation will end on 24 November prior to the next GREX meeting. The package will be submitted for adoption by the College of Commissioner and the Delegated Act will go to the European Parliament and Council for a 2-month scrutiny period. The texts should be published in the Official Journal at the end of February 2018.

CEVI inquired about double penalties. The Commission clarified that there is a graduation of penalty in case of non-submission of declaration. In case of non-submission of declaration not exceeding 15 working days, the Member States will only apply a fee. If the Member States deems the non-compliance to be serious: this could lead to the reduction or exclusion from the support programme. However, this sanction is not designed to apply automatically.

Participants thanked the EC for their support regarding the export certificate template.

b. Revision of 606/2009 on oenological practices

The objective of this exercise is to align the regulation with Lisbon Treaty and to achieve simplification.

DG AGRI said Member States welcomed the working documents. 8 Member States submitted comments (i.a. Denmark, Portugal, Spain and Slovenia).

- The proposal to add ageing in barrels in the list of oenological practices was welcomed by most Member States.
- Regarding the proposal to ensure consistency with OIV oenological practices: Member States were generally in favour of removing the condition of use and underlined that having two sources of information (EU/OIV) could lead to difficulties.
- Concerning the experimental use of oenological practices: the Commission proposed to extend the period from 3 to 5 years (the OIV states that the minimum period should be 4 years) to enable Member States to conduct necessary experiment for the first phase. One Member State raised concern that this could lead to a permanent authorization by stealth.

The Commission hopes to publish the texts by the end of 2018.

CEEV supported consistency with the OIV Code but highlighted the risk of copying OIV recommendation for use in EU regulation, as this should be for winemakers to decide. Concerning experimental oenological practices, it explained that the industry would welcome guidelines/recommendations from the Commission to address concerns on Member States' authorization procedures (lack of transparency, sometimes can be difficult to secure the authorization). It underlined that it strongly supports the classification of oenological substances between wine additives and processing aids on the basis of OIV works and suggested to integrate a definition of wine ingredients in regulation 606. **COPA-COGECA** echoed the interest to include a definition of wine ingredients in regulation 606.

COPA-COGECA expressed their difficulty to grasp the rationale behind the addition of ageing in barrels in the list of oenological practices. **DG AGRI** explained that it is for the sake of consistency, as they have to include oak chips.

c. Revision of 607/2009 on GIs, labelling, traditional terms and use of variety's name

As regards the provisions referring to geographical indications, DG AGRI explained that they intend to empower Member States for minor amendments (to be called 'standard amendments' in the future). European amendments (or EU amendments) will encompass amendments that have significant importance on internal market and internationally and need to be approved by the Commission. This means that a vast majority of amendments will be classified as standard amendments. This proposal reflects the subsidiarity principle. Therefore, the Commission believes temporary labelling would no longer be needed. With regards to the registration of new wine name: if an application is submitted to the Commission to register a new wine name, it shouldn't state on its label that it is protected at EU level as this would be incorrect. However, it could use national temporary labelling during that time. Member States seemed to understand this approach.

The texts were presented to the committee and the expert group in July. The Commission is currently consulting the Legal Services. The revised version will be presented at the next meeting of the committee and expert group, on 27 November.

DG AGRI –Wine unit updated participants on traditional terms and labelling.

Regarding traditional terms: status quo as there is no clear majority amongst Member States on how to address the issues in this area at the moment.

On labelling, the Commission acknowledged that the wine sector sees regulation 607 as an opportunity to address policy challenges on the provision of nutritional information and ingredients listing. However, the Commission does not believe that this is the right time to use regulation 607 for this purpose and it would like to conclude this file as soon as possible. **DG AGRI** mentioned that regulation 607 will remain available to the wine sector to accommodate sector-based solution but on the condition that the sector can agree on both elements: nutritional information and ingredients. Commission also recalled that when this issue was presented to the Member States, they were silent on this topic.

CEVI reiterated that it's better to seize the opportunity presented by regulation 607 now rather than to wait for it to be reopened again. **COPA-COGECA** agreed and explained that the industry will be able to formulate a concerted position on ingredients but more time is needed to fully capitalise on this opportunity.

EFOW congratulated the EC on its work on the GI chapter and insisted on the importance to include clear deadlines for EU amendments. On the labelling provisions of reg. 607/2009 **EFOW** insisted on the necessity of having tools to "dematerialise" information.

EUROCARE expressed its opposition: their preference is for the industry to align with the requirements of regulation 1169. They believe it would not be sufficient for the wine sector to secure a sector-specific solution through regulation 607. However, **EUROCARE** recognized that the wine sector is in a better position to know what ingredients are to be labelled.

COPA-COGECA raised the importance of the translation issue and said the sector should have the possibility to provide translations online. Regarding GIs, they welcomed the idea of allowing Member States to approve standard amendments but the issue of long approval period for EU amendments remains. It called for more certainty on the timing for the approval of EU amendments.

Regarding labelling, **COPA-COGECA** explained they would like to have the same rules for sparkling and still wine as to provenance labelling: for sparkling wine, the origin should be where the grapes were harvested and not where the second fermentation took place.

CEEV underlined that the wine sector was not trying to circumvent Commission's report on nutritional declaration and ingredients but rather to have a legal basis to harmonize the communication system. It informed that it is expecting to have a final proposal on ingredients by the end of the year.

7. Codex Alimentarius – Update on WHO initiative on labelling of alcoholic beverages

DG SANTE commented that due to the late submission of the document, the Commission did not have enough time to formulate a coordinated position.

CEEV commented that WHO document goes beyond Codex's mandate. It underlined that Codex Members have not had enough time to analyse the document in detail and that any consideration of the discussion paper should be postponed to the next CCFL. **CEEV** stressed that any possible articles on wine labelling should be integrated into wine commodity standard.

8. Food Information to Consumers

a. Commission report on nutritional information and ingredient listing

DG SANTE explained that the Commission will evaluate the sector's self-regulatory proposal. If it is considered unsatisfactory, an impact assessment will be launched to review further available options in line with Better Regulation principles. During this assessment, the Commission will evaluate whether the consumers' needs have been considered. The Commission will also look at the robustness of the developed self-approach, the level of adherence and involvement of the entire sector as well as, how the proposal would be implemented and monitored.

CEEV mentioned that it had several meetings with other sectors to identify common grounds and that the alcoholic beverages sector will present its proposal in March 2018. **CEEV** asked whether the Commission would take a flexible approach as there may be slight variation for each sector in the proposal although the general framework would remain the same (e.g. how to interpret criteria for the use of average values). **CEEV** also asked how long the assessment would take and whether there is a work plan established for this purpose.

COPA-COGECA, CEVI and EFOW raised that the wine sector must have the right mechanism to meet its consumers' demand. Wine needs different rules because it is not an industrial product and has no recipe.

DG SANTE responded that any possible approach by the sector could provide additional evidence on consumer's understanding and potentially inform about the possible need to adapt the legislation... This is an opportunity for the industry to demonstrate an appropriate approach, which is tailored to its needs. If the proposal is sound and meets the objectives of the legislation then it may work. In accordance with commitments towards Better Regulation, the Commission is prepared to discuss the proposed approach with all interested parties, including Member States and other stakeholders. Regarding Better Regulation, **DG SANTE** will take criteria that are most relevant. Currently, there is no strict timing for the assessment. It will depend on the proposal.

b. State of play on implementing regulation on art. 26.3 of 1169/2011

This topic was not discussed during the meeting.

9. Update and exchange on the future of the European Alcohol and Health Forum

CEEV and COPA-COGECA deplored the absence of the Commission to discuss this subject. **CEEV** renewed its support to the Forum and explained that, in spite of several contacts with the Commission to find a solution to bring the Forum back to life, they felt that the Commission's proposal did not take into account the exchange of views they had. **CEEV** called for a meeting of all members of the Forum to discuss these points in the hope of reaching an agreement, also involving **DG AGRI**. **COPA-COGECA** echoed the message and confirmed their wish to see the Forum continue working as before.

EUROCARE said they have decided to go back to the Forum in its new form and that it is a shame that the wine sector decided not to join. **EUROCARE** highlighted that this is a public health Forum, therefore the compromise of having two chambers is as far as **EUROCARE** can go.

DG AGRI encouraged participants to pursue their efforts to find a compromise and will do the same with DG SANTE.

10. Update on TAXUD evaluation of Directive 92/83/EEC

DG TAXUD outlined the three main objectives of the study: i) analyse the scale of the problems identified in the previous evaluation study; ii) assess the evolution of the problems if no further action is taken at EU level; iii) assess possible options to address the problems identified.

The six problem areas identified are as follows:

- Classification of certain alcoholic beverages;
- Exemptions for denatured alcohol;
- Reduced rates for small producers;
- Reduced rates for low strength alcoholic beverages;
- Reduced rates for home consumption;
- Measurement of plato degree of sweetened/flavoured beer.

The Commission received a final study report very recently, which has not yet been accepted. The final study is going through different quality assessment groups. The accepted study, together with the impact assessment and a legislative proposal (if the Commission were to pursue in this direction) would probably be published around December 2017/January 2018.

Main issues identified on classification:

- Classification uncertainties may lead to disparity in treatment across Member States. The study concluded that such borderline products could be found in 2 tax categories: 'other fermented beverages' and 'intermediate products'.
- The magnitude of the problem is stable and modest. For the presenter, the study didn't answer whether it is really necessary to address the issue with legislative means if it is a minor problem. The study concluded that nearly 17% of other fermented beverages and quite a substantial number of intermediate products may include products that unduly exploited the tax category. The study doesn't identify how much the tax losses represent, what would be the cost of changing the system, etc. Some of the schemes suggested in the study seem rather complicated.
- Some of the policy options considered include revising the definition of these two categories and setting up criteria for products that have lost their fermented character. When contacted, Member States' administrations said they were not too keen on investing a lot of efforts in developing new criteria for this. Another option is to split other fermented beverages into two sub-categories. Third option covers measures which will take place at administrative level. All of these options have both advantages and disadvantages. If option 1 is chosen, the volume of borderline products might be reduced by 42M litres but the tax revenue would also decrease. If option 2 is taken, Member States would lose even more tax revenues.

DG TAXUD is unable to predict whether there will be any legislative act. The report was published for the purpose of an impact assessment.

CEEV requested the Commission to respond to its letter on the excise classification of Sangria as there is an issue in Portugal.

11. State of play on distance selling issues

DG TAXUD explained that this issue will be touched upon once they have finished their work on the VAT one-stop-shop. Progress was made for VAT one-stop-shop, which will be adopted in ECOFIN in November and will be applicable as from 2021. It appears that Member States are quite in favour of including excise into this exercise. The Commission will take up a study in 2018, followed by an impact assessment. Although the idea for excise and VAT would be the same, the actual system might differ.

The sector highlighted that the wine sector is missing opportunities in this area and asked the Commission to accelerate this process as much as possible.

12. Alternatives to pesticides in wine growing – PANEUROPE presentation

IBMA presented *Biocontrol – alternative PPP inputs for sustainable wine production*.

Participants welcomed this initiative and stated that this new “toolbox” is very interesting for the future of winegrowing, even though some stated that depending on the scale you are working on, bio-control may not be as efficient.

13. International Trade of Wine

a. Export certificate – the case of the Chinese certification and registration requirements

DG AGRI explained the Commission expects China to apply the new requirements once the 2-year transitional period ends. They hope to establish a certificate with China, which will be easy to use and is in line with the multi-purpose certificate discussed in the recast of regulation 436.

CEEV reiterated that we should continue to work on this.

b. CETA – state of play and entry into force

DG AGRI explained that CETA entered into force on 21 September 2017. It consists of 5 main components:

- Tariffs;
- 2013 Spirits and Wine agreement which had been embedded into CETA;
- Costs of service differentials;

- Tax differentiation between domestic and imported products;
- Out of provinces activities.

Canada had been brought to WTO Panel by the US concerning the practices of 2 provinces: British Columbia and Ontario. The EU is considering whether to join the Panel opened by the US. However, there is currently no position on joining the US case. The Commission does not have any precise calendar for WTO cases and bilateral dealings yet. The last meeting of wine and spirits committee took place in January 2017 and the Commission will soon establish a date and a plan on how to tackle remaining issues.

Concerning GI protection, DG AGRI clarified that the EU wine and spirits GIs are largely protected in Canada, more than other foodstuffs.

CEEV reiterated that the Commission should use any available tool within CETA or through WTO to eliminate discriminatory practices in Canada.

c. State of play of the negotiation with MERCOSUR

DG AGRI explained active negotiations are taking place and they are slowly approaching end-game. Regarding the wine sector, the negotiations focus on three areas:

- Tariff: particularly relevant as MERCOSUR country have significant tariff
- GI dimension: to achieve protection for wine spirits and Foodstuffs
- Other set of items – regulatory

EFOW raised some sensitive issues concerning GIs which may take longer to resolve, such as the Rioja from Argentina case. clearly stating that it was not an homonym situation. DG AGRI took good note of this point and explained that innovative solutions will have to be found.

d. State of play of opposition period for GIs in Japan

DG AGRI said that following an Agreement in principle in July, the text is stabilized and GIs were published for opposition on 12 July. It includes a bit more than 100 GIs for wines. The opposition period ends on 12 October and the Commission doesn't expect to have any problems at the end of the opposition period.

e. State of play of opposition period for GIs in China

DG AGRI explained the opposition deadline was in August. The Commission has now translated the opposition and summary documents and they aim to revert to Chinese authorities at the next meeting, which is likely to take place in November. Information had been shared with Member States and the Commission had asked for evidence/information on how these products are being marketed in China...etc for the products in question, or any other valuable comment to address the oppositions received.

The Commission feels that half the oppositions were baseless. On the invalidation of bad faith trade marks, the Commission received a confirmation from the Chinese authorities that they will actively follow up on the procedure, and repeated that interested parties in the EU should launch the said invalidation procedures as soon as possible.

f. Croatia – intra-EU Trade barriers: packaging certification and environmental logos – TRIS notification 2017/245/HR

DG GROW explained that Croatian TRIS standstill period expired on 13 September. The Commission and some Member States (Poland, France, Italy and UK) issued comments. Contributions from associations like spiritsEUROPE, CEEV, EUROPEN were also submitted.

CEEV raised that the law was already in force and there was no notification prior to the entry into force. The Commission clarified that the sanction for non-notification by a Member States is the provision won't be applicable and operators are able to go to national court and evoke non-applicability of the law. CEEV explained that importers would rarely take their national authorities to court because of the costs and that it would put them at odds with their national authorities. Another potential recourse could be to submit a complaint.

AOB: Italian decree

DG AGRI will discuss this at the Civil Dialogue Group for Spirits and will revert to CDG Wine participants

List of participants– Minutes

Civil Dialogue Group "Wine"

Date: 10 October 2017

	MEMBER ORGANISATION	NAME OF REPRESENTATIVES
1	CEJA	J. M. CASTILLA BARO
2	CEJA	B. GIANNOZZI
3	CEJA	P.C. TILLI
4	CEJA	M. WALZ
5	CELCAA	A.I. ALVES
6	CELCAA	J.M. BARILLERE
7	CELCAA	O. CAGIANO DE AZEVEDO
8	CELCAA	S. PERPERA
9	CELCAA	P. ROCA BLASCO
10	CELCAA	A. TACER
11	CELCAA	N. TINELLI
12	CELCAA (Note taker)	M. CHAREYRON
13	CEVI	T. MONTAGNE
14	CEVI	L. ROMANESE
15	COGECA	D. BRAZSIL
16	COGECA	T. COSTE
17	COGECA	P. JUNG
18	COGECA	M.T. MATA MONTEIRO
19	COGECA	F. MIRIZZI
20	COGECA	R. NICKENIG
21	COGECA	M. PODMILJSAK
22	COGECA	V. SOURIN
23	COGECA	A. VILLAFRANCA
24	COGECA	P. XENIKAKIS
25	COPA	D. BOSCO
26	COPA	B. BRIZI
27	COPA	S. CRONE
28	COPA	A. GARCIA GASCO
29	COPA	S. HADJIKYRIAKOS

30	COPA	D. MASTROGIOVANNI
31	COPA	C. MIRANDA
32	COPA	F. VILLENA CANAS
33	COPA	J.J. VIZCAINO
34	COPA	J. VRBANEK
35	ECVC	G. BARONI
36	ECVC	J.F. MECO BATISTA
37	ECVC	A. ROMAGNOLI
38	EFFAT	J. TREIBER
39	EFOW	D.I. ZANDONA
40	EPHA	G. TURLEY
41	EUROCARE	A. KACZMAREK
42	FoodDrinkEurope	C. ASSY
43	FoodDrinkEurope	N. GENEVEY
44	FoodDrinkEurope	N. OZANAM
45	FoodDrinkEurope	I. SANCHEZ RECARTE
46	FoodDrinkEurope	Y. THEPKANJANA
47	FoodDrinkEurope	M. WALTER
48	IFOAM EU GROUP	R. DEJAS
49	IFOAM EU GROUP	K. DIMITRIADIS
50	IBMA	D. CARY
51	PanEurope	M. DERMINE
	<i>TOTAL</i>	51