

PROPOSAL ON THE STRATEGIC AGENDA OF THE CIVIL DIALOGUE GROUP ON WINE (2014-2020)

The wine sector permeates many levels of European life, contributing significantly to society in socio-economic, environmental and societal terms, helping to sustain the fabric of rural societies and maintaining a way of life that is central to the very notion of European identity.

Together, Europe's 28 Member States produce the most wine in the world. Average production totals 165 million hectolitres, which represents 61% of global production. The area under vine is 3.3 million hectares, i.e. 41% of the global surface area. The main market for European wines is the internal market: 85% of European wines are sold within the EU. The EU is also the largest consumer of wine in the world: in 2013, European citizens consumed 147 million hl of wine, i.e. 61% of global consumption. Europe is therefore also considered to be the main export destination for other wine-producing countries: in 2013, it imported 14 million hl of wine at a total value of €2.4 billion.

The EU-28 is the world's largest wine exporter too: in 2013, this region exported 20.5 million hl, at a total value of €9 billion. The pace of exports is increasing: between 2007 and 2013, EU exports to third countries increased by 14.4% in volume and 50.7% in value. Its trade balance is largely positive: 6.4 million hl in volume and €6.6 billion in value. Value doubled between 2007 and 2013. After more than 40 years, wines and wine-based products are fully defined, regulated and controlled by the CAP single CMO Regulation and implementing Commission regulations. It covers production disciplines, oenological practices, manufacturing methods, means of presentation and labelling, and documents and registers in the wine sector, aimed at ensuring full traceability, appropriate information and protection for the consumers and the proper functioning of the internal market.

The European wine sector is inextricably linked to the EU quality policy for agri-food products. The value of European wines with a geographical indication totalled €30.4 billion in 2010, i.e. 59% of the total value of European products with a geographical indication.

The European wine sector is facing some important changes that are challenging its viability, for example: the reconfiguration of EU vineyards (the share of European area under vine dropped from 53% in 2000 to 41% now), the decline of EU production as well as the competitive position of EU wines vis-à-vis the competitors globally, the decline of European wine consumption that has fallen from 69% to 61%, barriers to accessing new external markets or the emergence of new diseases.

The future of the European wine sector is intrinsically linked, on one hand, with the adoption and maintenance of an EU legal framework that is adapted to the specificities of the sector, which should act as a catalyst for the improvement of its competitiveness. On the other hand, this future also greatly depends on reinforcing the EU's single market and the extra-EU market by tackling all tariff and non-tariff barriers to trade and helping wine producers to access new market opportunities.

The European wine sector also provides hundreds of thousands of European citizens with permanent or seasonal work during the year. These jobs are not only linked to production, but also to commerce and wine tourism. As a perennial crop, growing vines also contributes to maintaining traditional landscapes across the EU. Some of these landscapes are indeed recognised by UNESCO as world heritage sites.

In this context, the main aim of the Civil Dialogue Group on Wine is to contribute to identify solutions for a sustainable and responsible development of a competitive European wine sector in these socioeconomic and environmental circumstance, and the main work streams identified until now are:

- **Functioning of the Civil Dialogue Group on Wine:** the organisations that make up the Civil Dialogue Group are committed to ensuring that said group functions smoothly and shall actively participate to the group's preparatory work, in collaboration with its Chairmanship

and DG AGRI. It may be necessary and desirable to hear from external experts on certain topics, to guarantee a better understanding of specific matters.

- **Trends and development of the wine market:** In order to better understand market trends and improve the market orientation of the sector, the CDG will regularly exchange information at both European and global levels on quantitative analyses of supply and demand for the various categories of wine products and on quantitative and qualitative analyses of changes in consumer preferences and behaviour. These regular analyses should be coordinated by a European wine market observatory.
- **Implementation of the CAP:** the 2013 reform of the CMO introduced new measures in the wine sector (authorisation system, new support measures, market regulation mechanisms, etc.). The Civil Dialogue Group will focus on monitoring and evaluating the implementation of the CMO, and the simplification of its implementing rules. It will also launch a reflection on sectoral support measures post-2018 in order to use Community funds more efficiently with the aim to facilitate a sustainable and responsible development of a competitive European wine sector. The Civil Dialogue Group would also like to contribute to the evaluation of the new system of authorisation.
- **Quality policy:** historically, the wine sector's quality policy has pioneered the Europe's quality policy. Wine has its own specific quality system enshrined in the CMO, with its own geographical indications and traditional terms. The Civil Dialogue Group will closely monitor and advice on any development of the sectoral quality policy. Any changes that may be made to the wine sector's quality policy, including the rules of origin related labelling, must be closely analysed by the European sectoral stakeholders.
- **Consumer information:** wine products are traditionally labelled depending on the sectoral system, as set out under the CMO. It is vital to maintain the balance between establishing horizontal labelling rules and adapting these to the very specific and highly regulated nature of the wine sector, so that consumers are not misled and unjustified or disproportionate burdens for economic operators are not introduced. The Civil Dialogue Group will closely monitor and advise on any potential changes to the legislation on the provision of information to consumers.
- **Horizontal promotion policy:** wine is an eligible product under EU horizontal promotion measures for agri-food products and is indeed a flagship ingredient of the EU policy for the promotion of EU food . In order to improve the competitiveness of European wines on the internal market and in third countries, the Civil Dialogue Group will provide its expertise to drafting sectoral EU promotion priorities.
- **Direct sales:** Commission has launched an evaluation on the movement of excise goods released for consumption. The first report, presented in 2014, highlighted inefficiencies on the internal market due to the arrangements for distance sales of wine. The Civil Dialogue Group should monitor these reports and contribute to a new legislation in this matter.
- **International negotiations:** Wine is a strategic offensive sector for the EU Agriculture and Trade Policy in the scope of both International trade negotiations and the EU Market Access Strategy. The Civil Dialogue Group will closely follow the European Union's bilateral negotiations with third countries, how bilateral agreements are effectively implemented and the progress of negotiations with international organisations which are relevant for the wine sector (for example, CODEX OIV -oenological practices, product definitions-, WIPO - protecting geographical indications and ICANN (protecting GIs on the internet).
- **Research and Innovation:** European wines quality are essentially dependant on the land on which they are grown. Nonetheless, modern consumers ask European stakeholders to develop wine products with different characteristics. The European viticulture is also affected by the consequences of climate change. It has led to the appearance of new plant diseases or the escalation of older diseases. Last but not least, R&D in the EU wine sector is under-developed and fragmented leading often to duplication and fragmentation of efforts and to a

lack of consistency with the policy objectives set up in the CMO legislation for the wine sector. This hampers competition with other world players with well-structured R&D programs (Australia, USA, Chile). The Civil Dialogue Group on Wine will contribute to define priorities in terms of research and innovation in order to bring it closer to the EU CMO policy objectives for the wine sector, increase the scale and impact of research investments, improve the level of coordination and the dissemination of EU funded research outcomes.

- **Organic wine:** Commission Implementing Regulation (EU) No 203/2012 set out rules on producing organic wine within the EU. The Civil Dialogue Group will monitor this matter and analyse consistency of the reform of the horizontal regulation with the CMO EU rules for the wine sector and its implementation.
- **Environmental sustainability:** Preserving the natural assets through environmental sustainable practices is imperative for the long-term viability of European wine production, as well as an increasing consumer demand. In the face of more international competition, it is increasingly needed to shift to a more resource-efficient production, thus strengthening the competitiveness and reputation of the European wine sector. The CDG will follow EU initiatives in the field, such as DG ENV's Product Environmental Footprint (PEF), related to EU-harmonised methodologies to measure the environmental footprint of wines.
- **Wine, health and social aspects:** The EU Strategy to support MS efforts to reduce alcohol related harm provides an EU-wide platform to address common issues, a shared evidence base, mobilisation and action by stakeholders across common objectives, and support of the Member State's actions. The CDG will discuss ways to contribute to mobilize the positive contribution of the whole EU wine sector to reducing harmful use of alcohol, while supporting the legitimate place of moderate responsible consumption of wine as compatible with a healthy lifestyle.
- **Wine tourism:** Wine contains a strong reference to its geographic area, its traditions and its cultural heritage. It identifies a local community and its identity as well. Wine tourism is a specific activity of the tourism and represents the most innovative phenomenon of the more general tourism supply. The Civil Dialogue Group would like to contribute the development of this specific form of tourism.