



REV 1

## FINAL MINUTES

Civil Dialogue Group “Horticulture, olives and spirits”  
Tuesday 6 October 2015, 9.30 – 13.00  
Brussels

### LIST OF PARTICIPANTS

#### Stakeholders:

FoodDrinkEurope: Nick Soper (Chair), Bettina Breuer, Ottavio Cagiano de Azevedo, Vincent Martin, Lionel Lalagüe, Daniel Perez, Francesco Mirizzi, Tom Sallis, Denis Naudin ten Cate, Kyrill Kazakevicius (Note-taker)

COPA: David Brazzil, Mr Vertes, M Lukas, Mr. Panagiotou, Ms. Simic, M Keen, M Erlandsson, M Giammidis

CEJA: M Del Moral, Ms. Macedo

PAN Europe: Ms Slabe

EFFAT: Gaetano Pensabene, M Spahn,

IFOAM: M Magiola

#### Commission:

Daniel Hanekuyk (GROW B4), Ersilia Moliterno (AGRI C2), Maria Iusco (AGRI B3), Burkhard Hein (TAXUD C2), Frances Brady (AGRI A4), Mrs. Sliwinska (AGRI A4)

### 1. APPROVAL OF THE AGENDA AND REPORT OF THE LAST MEETING (24/02/2015)

The agenda was adopted with the inclusion of three new points under AOB:

- The reports on alcohol labelling under Regulation 1169/2011.;
- Alcohol strength marking;
- Safety regulations and job losses in distilleries.

The minutes of the last meeting were adopted.

### 2. REVIEW OF DIRECTIVE (EC) 2007/45 AND OTHER METROLOGICAL INSTRUMENTS

FoodDrinkEurope outlined the longstanding benefits of the standardisation/harmonisation (prescribed quantities) in the spirits sector, in terms of reinforcing the single market and preventing consumer deception. 'E'-marking, which facilitates free movement, is similarly valuable and, along with 'measuring container bottles', makes metrological controls far easier.

COM explained the process to check whether the three laws remained fit for purpose: external consultant; Member State involvement; public and industry consultation. The responses are thought to be representative and there had been no surprises; the spirits sector was not alone in seeking to maintain the status quo in all three areas. COM's report will be available by the end of the year

### **3. ALIGNEMENT OF REGULATION 110 WITH THE LISBON TREATY**

Regulation 110 is the spirits industry's main tool to define and protect the sector, and it therefore supports updating the law at an early stage to align it with the Lisbon Treaty. FoodDrinkEurope sought views on the timeframes and process for this to happen.

COM underlined the linkage between GI protection and the alignment of Regulation 110. As the update could involve the amendment of annexes and GI rules, this could trigger an impact assessment which would slow down the process. A note to the hierarchy had been prepared to try to secure a political steer on how to proceed. Once a formal proposal had been agreed, Member States, EP and the spirits sector could suggest further improvements; COM is aware the sector has concerns in a number of areas, not least on labelling aspects.

In the event that amendments to the future 'Lisbonised' Regulation 110 are required, for example to update specific category definitions, COM confirmed that the current flexibility would remain. But that should not be a reason for delaying the required early action to align Regulation 110.

### **4. GIs AND TECHNICAL FILES**

COM explained that over 240 Technical Files had been submitted by the February deadline; the names of the 80 or so spirits currently in Annex III for which no file had been sent would be removed. A proposal for a new Annex III should be ready for a vote at the next Committee for Spirit Drinks.

Of the files submitted, COM informed that almost half have been examined and questions sent to the Member States. Files are being handled, broadly, in chronological order but the process is fluid. Furthermore, a discussion is on-going concerning the procedure to 'approve' the technical files.. Member States were being given more time (4 months) to respond to COM questions. COM confirmed that files submitted from the start of 2015 had to be submitted via e-Ambrosia and for the time being discussions on individual GIs were limited to EU and national officials. ,

FoodDrinkEurope asked how COM assessed Technical Files, given that some have a local and some a global reputation, and sought guidance on what was needed to demonstrate 'reputation' or 'tradition'. COM confirmed this was a complicated area but that, in general, it sought evidence from the submitting party: this could take the form of things like references to the GIs in the books, local media or the spirits having been entered in tasting competitions.

EFFAT asked about TTIP and the US position on GIs. COM confirmed the negotiations are led by DG TRADE but that DG AGRI continues strongly to support EU GIs. The issues had also been discussed in the CDG on International Aspects of Agriculture. In response to a further question, COM advised it was not

aware of any studies showing the economic damage from misuse of EU GIs in third countries; a recent external study financed by COM, however, had shown the financial and economic importance of EU GIs, both in the internal market and the broader trade environment.

## 5. REVIEW OF DIRECTIVE 92/83

The COM presentation reiterated that the review related to structures, not minimum rates. Moreover, that 90% of the alcohol produced in the EU is anyway exempt from tax as it is used for industrial products. A consultant had been engaged to look, in particular, at 4 areas:

Classification - differing interpretations between Member States had caused problems, including for small producers. Court referrals had been needed to try to clarify the rules for both new and traditional products. When trying to resolve similar problems in other sectors, removing the linkage between classification and CN codes had helped.

Denatured Alcohol - the rules and chemicals for the denaturing of alcohol vary between Member States and give rise to difficulties in interpretation and inconsistent treatment. The study will pay particular attention to how this might be improved.

Reduced Rates - the case against the UK's reduced rates for small cider producers is one aspect; equal access to reduced rates for products from other Member States is a further issue as are the differing thresholds for different categories of alcohol.

Private Production - current rules differ between categories. But it is not clear how far Member States might be prepared to clarify / harmonise rules on private production.

In response to the FoodDrinkEurope question, COM thought its study might need 12-18 months to assess and a realistic timeframe for possible action would be 3-4 years. EFFAT asked about the possible impact on employment and COM advised it was very conscious of the need to avoid results that might increase taxes; Member States too would want to maintain national sovereignty on tax issues.

## 6. SERBIA – EXCISE TAX DISCRIMINATION AND EU ALIGNMENT

The screening report, adopted by the Council in June 2015 has 2 opening benchmarks in the agriculture chapter: the need for an Action Plan to align with the acquis; and accreditation for the implementation of pre-accession assistance to agriculture and rural development. Having worked with the COM for many years on aligning Serbia legislation with Regulation 110/2008, Serbian preparations are well advanced; the latest draft received by the COM has made considerable progress and its adoption might be as early as end-2015.

Regarding excise tax discrimination, it was noted that there had been several areas in which EU products were treated unfairly: excise rates, strip stamp requirements, analysis requirements. DG TAXUD and DG NEAR have liaised closely with the Serbian authorities, in particular as the Stabilisation and Association Agreement explicitly prohibits discrimination. The most recent Serbian draft law seen by COM undertakes to address the strip stamp requirements and abolish the guarantee requirement; it is promised that a separate law under preparation will remove the excise tax discrimination. COM will monitor the situation closely.

## 7. INTERNATIONAL ISSUES – UKRAINE AND ARMENIA

The trade element of the DCFTA with Ukraine will enter into force on 1 January 2016; all EU GIs will be protected while a dozen wine and spirit names will be subject to a 10 year transition period. COM confirmed its readiness, with sector support, to help Ukraine implement and enforce its undertakings.

Armenia's participation in the Eurasian Economic Treaty had complicated COM's efforts to secure protection for EU GIs. While Armenia has offered to provide full GI protection for all products except for Champagne and Cognac, this is not acceptable to COM or the spirits sector. COM will continue to press for protection of all EU GIs but admitted its leverage was currently limited. FoodDrinkEurope reiterated the importance of resolving the difficulties due to the potential for contagion / establishing precedents.

## 8. NEW REGULATIONS ON LIQUERS AND ON METHODS OF ANALYSIS

COM advised that a draft Regulation amending the definition of liqueurs had been agreed and was expected to be in place within about three months. The proposed Regulation on methods of analysis required further debate but could be voted in November. FoodDrinkEurope offered to liaise with MEPs when the laws were considered in Committee.

## 9. AOB

Reports on alcohol labelling: COM confirmed that resources in DG Santé did not enable this to be given priority at present.

Alcohol strength marking: while the new food labelling Regulation was intended to simplify and harmonise, it had regrettably created difficulties hitherto not seen in the market. COM regretted that seeking acceptance throughout the EU of a harmonised, single language, alcohol declaration might prove impossible due to Member State competence in this area.

Employment in the distilling sector: EFFAT asked what was being done to promote and create jobs in the sector. COM confirmed an assessment of employment is a requirement when any new laws are being prepared and that it could investigate further upon receipt of a specific request

## 10. NEXT MEETING

The next meeting will be held in February 2016.

### *Disclaimer*

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