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MINUTES

Meeting of the CDG HOS – SPIRIT DRINKS

29 October 2021

Chair: AGRIG.2

Delegations present: All Organisation were present, except BEUC, Birdlife, ECVC, EFFAT, EFNCP, IFOAM, TomatoEurope, PAN Europe and SACAR

1. Approval of the agenda and of the minutes of previous meeting

The agenda was approved without changes.
No additional point was proposed for discussion under AOB.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed [Name of each point, one by one]

A. Spirit Drinks Regulation – Commission's Labelling Guidelines

The **COM** explained that, after 2 and a half years of work in collaboration with national experts and the industry, the Spirit Drinks Labelling Guidelines were finalised with the blessing of all consulted Commission services.

The text had been notified to the TBT Committee of the WTO. Once the translations in all EU languages would be ready (end of November), Member States would be granted 2 weeks for the linguistic revision. The document should be published in the Official Journal of the EU in January.

It was reminded that the document was not legally binding and that it merely provided illustrative examples for the benefit of national administrations and food business operators in view of harmonising the application of the labelling provisions of the Spirit Drinks Regulation across the Single Market.

The audience raised no questions.

B. Delegated Acts amending the Spirit Drinks Regulation

The **COM** informed of the publication of 4 Delegated Regulation amending labelling provisions of the Spirit Drinks Regulation between May and September 2021¹.

Those amending Regulations had been deemed necessary to provide legal certainty to stakeholders, as acknowledged during the discussions on the Spirit Drinks Labelling Guidelines that could only be finalised once those amendments had entered into force.

The audience raised no questions.

C. Implementation of spiritsEUROPE's MoU on consumer information

spiritsEUROPE reported on the ongoing rollout of the MoU and the continuous progress that is being made. A growing number of company and association members are signing the MoU in their own capacity, demonstrating the strong commitment of the sector across Europe.

Following the successful delivery on Phase I (ca. 25% of all bottles of spirit drinks released in 31 countries by 31 December 2020 included on-label energy information), the sector is now focusing its efforts on successfully delivering Phase II (50%) by the end of this year. Special focus is put on accelerating uptake in countries that had shown less progress by the end of Phase I.

In addition, **spiritsEUROPE** provided an update on the launch of the E-Label Platform (U-Label) that had been developed together with the wine sector. The Platform was presented in the presence of representatives from DG AGRI and DG SANTE on 30 September 2021 in Brussels. U-label provides a secure digital platform for spirits companies to create e-labels (QR codes) in easy, inexpensive and unbureaucratic ways, providing consumers with clear, relevant and accurate product information in their own language. 7 spirits companies have been part of the pilot project. The Platform will be open to all producers as of 1 December 2021. **spiritsEUROPE** underlined that wine

¹ Commission Delegated Regulation (EU) 2021/1096 of 21 April 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards labelling rules for blends (OJ L 238, 6.7.2021, p. 1).

Commission Delegated Regulation (EU) 2021/1334 of 27 May 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards allusions to legal names of spirit drinks or geographical indications for spirit drinks in the description, presentation and labelling of other spirit drinks (OJ L 289, 12.8.2021, p. 1).

Commission Delegated Regulation (EU) 2021/1335 of 27 May 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the labelling of spirit drinks resulting from the combination of a spirit drink with one or more foodstuffs (OJ L 289, 12.8.2021, p. 4).

Commission Delegated Regulation (EU) 2021/1465 of 6 July 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the definition of allusions to legal names of spirit drinks or geographical indications for spirit drinks and their use in the description, presentation and labelling of spirit drinks other than the spirit drinks to which allusion is made (OJ L 321, 13.09.2021, p. 12).

and spirit drinks thus are at the forefront of the food and drinks industry to provide such a system.

The association underlined the importance to include digital labelling rules in the upcoming FIC review, as it would be important to ensure – from a regulatory point of view – that such systems are fair in terms of access (to all players in a sector) and provide information in a factual way free from marketing information (as is the case in U-Label). A digital labelling system like U-Label also has the advantage of providing consumers with detailed sustainability-related product information.

D. Revision of Regulation 1169/2011 on consumer information for alcoholic beverages

The COM presented the on-going work regarding the revision of the Regulation on Food Information to Consumer (FIC) - Labelling of alcoholic beverages (list of ingredients and nutrition declaration).

The context was recalled with the Europe's Beating Cancer Plan adopted by the European Commission on 3 February 2021, which announce a COM proposal to introduce the “mandatory indication of the list of ingredients and the nutrition declaration on alcoholic beverage labels”.

An Inception Impact Assessment (IIA) was published in June 2021, with 82 feedbacks received. They are publicly available at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13028-Food-labelling-revision-of-rules-on-information-provided-to-consumers-for-alcoholic-beverages_en

The policy options which are described in IIA were presented:

Option 0 - Baseline ('business as usual') to maintain the current exemption that alcoholic beverages above 1.2 % of volume of alcohol do not have to bear the list of ingredients and nutrition declaration

Option 1 - Revise the rules for all alcoholic beverages to revoke the exemption and allow certain indications off-label

Option 2 - Revise the rules for all alcoholic beverages to revoke the exemption and require all indications on-label.

The COM explained that further stakeholder consultations will start before the end of the year with an online public consultation and targeted consultations of Member States and Stakeholders. These consultations aim at feeding the impact assessment which is on-going.

The COM intends to adopt its proposal by the end of 2022.

Information on this FIC revision are available at https://ec.europa.eu/food/safety/labelling-and-nutrition/food-information-consumers-legislation/proposal-revision-regulation_en

spiritsEUROPE commented that – in light of the Commission's intention to pursue a harmonized approach for labelling of alcoholic beverages – and

given the new legal rules established for wine under the CMO (energy information on-pack, ingredients online), it would appear the most consistent and logical approach to enshrine the approach taken for wine (and taken in the spirits MoU) in the new FIC Regulation.

The **COM** answered that this was indeed one of the options included for consideration in the ex-ante impact assessment.

The COM called on all stakeholders to provide feedback to the forthcoming consultations.

E. The European Green Deal - Farm 2 Fork :

(a) COM's Code of Conduct on responsible business and marketing

spiritsEUROPE welcomed the Code of Conduct and underlined that the sector has been among the 65 first pioneering companies & associations who have joined the Code from the start.

In addition, 2 member companies of **spiritsEUROPE** – Diageo and Pernod Ricard – also put forward individual pledges. The 2 sectoral pledges submitted are:

1. The provision of digital consumer information by means of an E-Label Platform
2. Coordination and support to put in place and monitoring of Responsible Drinking Initiatives (RDIs) in each Member State of the European Union

The submission of additional pledges is currently under consideration.

(b) Sustainability criteria in GIs

The **COM** explained that the Commission is committed to encourage GI producer groups to jointly define in the product specification a higher sustainability standard than the baseline. These would be voluntary commitments. In particular, products with less salt/sugar/fat content or using production methods with lower environmental and climate impact should be encouraged and facilitated in legislation as necessary. This is a preferred step-wise approach without pre-empting a proposal for the future horizontal framework for sustainable food systems.

Producer groups can already now provide information on the increased sustainability features of their registered GI, with a hyperlink to their own site and in the GIview database: <https://www.tmdn.org/giview/> (see examples of Swedish vodka and Estonian vodka). This publicly available information will facilitate the communication of sustainability aspects of GI products to consumers.

spiritsEUROPE stated its commitment to supporting spirits GI communities in the EU in their quest to increase their sustainability

performance. A first conference on the issue was organized in May 2021. As a starting point, the sector underlined that spirits GIs already have a very high performance in terms of their economic, social, and environmental sustainability.

(c) Promotion Policy

The **COM** gave a presentation on the context and the state of play of the review of the policy, focusing particularly on the on line Conference on the Policy Review (12 - 13 July 2021):

https://ec.europa.eu/info/events/promotion-policy-review-conference-2021-jul-12_en, and the main results of the open public consultation (held between 31 March- 23 June 2021), while indicating the next steps in the review process.

spiritsEUROPE underlined that promotion policy is first and foremost an agri-food competitiveness policy that is designed to support the global image (and exports) of famous traditional EU food & drink products as well as the producing GI communities and the many SMEs within them. As such, it must not be seen as a policy to encourage overall consumption (of e.g. spirits), but a competitive policy that allows EU producers to maintain (or augment) their respective market shares in 3rd countries, by convincing consumers to switch to high-quality traditional EU products (rather than non-GI, non-EU products of the same category).

Given the high competitive pressure in global spirit drinks markets, in the absence of the promotional policy tools, other (non-GI, non-EU producers) will likely fill the gap in 3rd countries and augment their market shares in the respective categories (to the detriment of EU GI producers) – while overall consumption levels will remain unaffected altogether. No single food sector shall be generally excluded from the EU’s promotion policy – especially not GI products, the hallmark of EU culinary tradition.

F. Covid-19 and its impact on the EU spirit drinks sector

spiritsEUROPE explained that the impact of the crisis has been significant for the sector also in 2021. Airport sales in the travel retail sector remain significantly below pre-crisis levels, as do the numbers of visitors to distilleries (spirits tourism). Bars, restaurants and hotels continue to struggle in the face of another winter of uncertainty.

In those regions of Europe in which spirit drinks are mostly consumed in hospitality settings such as Spain, temporary sales dropped by up to 40%. The effect was less pronounced in those European countries where spirits are mostly sold via retail stores.

The sector is working closely with its partners in the hospitality value chain to ensure there is sufficient crisis support available in the form of funding schemes and/or temporary tax deferrals.

G. Revision of the Packaging and Packaging Waste Directive: Implications of the spirit drinks sector

The COM gave a presentation on the ongoing revision process:

I - Waste is one the main issue to reach circular economy because the growing amount of waste (and of packaging in global waste) and its pressure on natural resources exceed what is sustainable. As the use of packaging is still increasing, more ambition is necessary specifically on packaging to move clearly to circular economy.

New ways of production and consumption should then make packaging more circular. The challenge will be to decouple consumption from waste and the use of resources. In four steps, and considering the entire life cycle of products and packaging from production to waste, the key will be to produce efficiently, reduce, reuse and then recycle more. In short, prevention and reuse are first, when possible. Only then, high quality recycling can take place. This involves the eco-design of packaging and the management of its waste before recycling, as follows :

- a) The design of the packaging is the first step to make it sustainable. All packaging must be designed for circularity and to take into account its end-of-life, which means for reuse or recycling. The entire industry is necessary because the beginning of the chain has to take into account the middle and the end of it. More could also be done on reusable. For that, glass –mainly used in the spirit industry- is a good key player. And when not reusable, packaging have to be designed for recycling and made of secondary raw materials.
- b) In waste management, the formula is “less waste for more value” as it is pointless having packaging (even technically recyclable) that could have been avoided or re-used. Packaging should circulate in the economy for as long as possible and should keep a value instead of being considered as waste after the first consumption. The GreenDeal aims to tackle over-packaging, as no more packaging should be used than strictly necessary safety and carriage of products and consumers have a strong perception that packaging is used where it is not needed. Putting unnecessary (i.e. when it can be avoided or replaced by a reuse model) packaging on the market makes no sense. Retailers also have a role to play in exploring the possibility of not using packaging where possible.
- c) After prevention and design for reuse and recycling, then recycling can come as a final solution to retain the high value of all packaging materials for longer. A large proportion of the packaging placed on the market cannot be recycled cost-effectively and ends up incinerated or landfilled, which is not sustainable. Moreover, recycling should include recyclates to limit the use of virgin resources. If waste is lost, the value is lost. Packaging has value when it is reusable or recyclable, and when it is effectively collected, sorted, recycled and then used as a secondary raw material.

II - As regards legislation, the current review of the Packaging and Packaging Waste directive aims at a legal text that will link design and end-of-life of

packaging. The objective is to stimulate reuse and waste prevention with possible new targets. Four main sets of measures are under discussion :

- a) to establish a definition of recyclable packaging, which does not exist yet. It will be technology and material neutral. The details are still under assessment ;
- b) to reinforce the Essential requirements (i.e. regulation of the conditions for packaging to be allowed on the EU market) to improve the eco-design of packaging ;
- c) to set new mandatory targets on (1) recycled content to stimulate the market of recycled materials and (2) reuse for certain pre-selected packaging/products categories where it would be feasible given the existence of reuse systems, their convenience, cost, and product characteristics (e.g. beverage bottles) ;
- d) to propose measures for more harmonized labelling and for separate collection of packaging waste (as mandated by the CEAP), including Deposit and Return Schemes. The work has started this year in cooperation with the JRC and will result in the revision of the Waste Framework Directive in 2023.

Considering the process of review, the impact assessment is still ongoing. After the public consultation and stakeholder workshops, there is a current work on the different policy options within preselected measures. On this basis, the drafting of the legal text will follow.

In conclusion, packaging plays a major role (e.g. protection, transportation and handling of products). And the Commission understands the need of the industry (long-term vision for investments, the adaptation of production processes for new technologies, legal certainty). But there is also a strong expectation of citizens. Regulations and adaptation of production models will be key.

Conclusion: eliminating unnecessary packaging, and then innovation must take place so that all required packaging is reusable, recyclable or compostable.

spiritsEUROPE is closely following the upcoming review of the PPWD. It will be important that the review takes a holistic view of packaging and its role and functions for a product such as spirit drinks.

In fact, glass bottles are an *integral* part of spirit drinks' IP and cultural heritage, support the premiumization and brand elevation trends of fine spirits and help promote social sustainability & moderate consumption objectives. It will be important that existing and new EU rules on packaging are fully compatible with the Single Market and provide legal certainty to producers.

4. Next meeting

The next CDG HOS – Spirit Drinks meeting is scheduled for 7 April 2022.

The final date and time will be confirmed by DG AGRI.

5. List of participants

See Annex

(e-signed)

Michael SCANNELL

List of participants– Minutes
Meeting of the CDG HOS – SPIRIT DRINKS
29 October

MEMBER ORGANISATION	NUMBER OF PERSONS
Bureau Européen des Unions des Consommateurs (BEUC)	--
European agri-cooperatives (COGECA)	5
European Coordination Via Campesina (ECVC)	--
European Council of Young Farmers (CEJA)	2
European farmers (COPA)	6
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	--
European Forum on Nature Conservation and Pastoralism (EFNCP)	--
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	3
European Public Health Alliance (EPHA)	1
FoodDrinkEurope	6
International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	--
Pesticide Action Network Europe (PAN Europe)	--
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	--
BirdLife Europe (BirdLife Europe)	--
TomatoEurope	--
Total: 23	