

Brussels,

Final Minutes

Meeting of the Civil Dialogue Group Wine

5 May 2021

Chair: Mr Barillère (CELCAA)

Organisations present: All Organisations were present, except EPHA

1. Approval of the agenda

The agenda is approved

2. Nature of the meeting

The meeting was non-public and held via videoconference.

3. List of points discussed

- *Impact of COVID-19 on the EU wine sector and necessary measures for recovery (including market situation in the Member States) – Sector's presentation*

CEEV presented in a nutshell the global impact of Covid-19 pandemic had on sales on wine highlighting that countries depending more on the on-trade channel and tourism were impacted more than others. All in one, according to the estimation the EU wine market lost in 2020 -8% in volume and -12% in value and the EU-27 wine exports declined by -8,8% in value and -5,4% in volume. It was pointed out that the impact of the Covid-19 outbreak has been greater for companies depending highly on the on-trade channel and with high exposure to their national markets or eventually not exporting outside the EU. Coupled with the US additional tariffs in the framework of the aircraft dispute with the EU, the EU wineries have seen their turnover decrease by 15 to 20% on average, but with significant differences depending on the product (sparkling vs still), the size of the companies and the main distribution channels (off-trade vs on-trade).

CEEV underlined that most of the support was dedicated to the destruction of products (wine or grapes) and could not deal efficiently with the main problems wine companies are facing, notably de-structuration of the on-trade channel all around the world, and the lack of cashflow of wine companies needing to invest in market presence. The only way to ensure a sustainable future to the EU wine sector is to bring EU wines to the market and to focus support on the recovery of wine markets in the next years, by putting effort on promotion and investment, in contrast with distillation or grubbing-up.

In this framework, CEEV highlighted that in order to rebuild wine markets and regain markets share globally, the focus should be put on the market-oriented measures, on financing support to preserve wine companies confronted to a lack of cashflow and on conditionality of the implementation of market control measures. To this end, CEEV proposed to maintain the increase

of the EU contribution to 70% that was included in the European Commission support measures beyond 2021.

Copa-Cogeca underlined the difficulties faced by operators in exports and on the internal market due to the closure of the Horeca channel and the Airbus/Boeing dispute, with effects on stocks. In addition, the recent frosts of early April have exacerbated the aforementioned situation and severely affected winegrowers in France (30% of the harvest was lost) and Italy (destruction up to 30% of the new plantations in certain regions) and locally affecting other Member States such as Germany.

Copa-Cogeca reiterated its call for an extraordinary budget equivalent to an annual budget of the national support programmes (NSP) for the wine sector (outside the CAP) to support the wine sector and enable wine producers to cope with the plethora of challenges, including lack of liquidity. The extension of the exceptional measures beyond 2021 and the need for flexibility were also pointed out. Lastly, Copa-Cogeca reiterated its request for the extension of the validity of planting and replanting authorisations for vines expiring in 2021 in order for winegrowers to be able to plan ahead).

CEVI also raised up that unlocking additional funds (out of national support programmes) is crucial for the EU wine recovery in the difficult years to come and to efficiently complete the exceptional measures activated by the European Commission. CEVI believes that the existing measures have to be maintained and completed by an extension of vine planting and replanting authorisations that are due to expire in 2021 and 2022, as well as those of 2020 benefitted from an extension until the end of December 2023 to avoid their loss. In addition, CEVI asks for the extension of the reimbursement of the secured loans provided by Member States and limited by the European Commission to 6 years maximum considering that operators are suffering from a lack of liquidity.

ECVC pointed out that the situation of the sector and of the vast majority of winegrowers is dramatic, with the expected negative economic and social effects. For this reason, it calls on the maintain of the support scheme for restructuring and conversion of vineyards but increased in terms of allocated funds with the execution period freely extended for one year. ECVC asks for the one-year extension for planting authorizations assigned in 2017, 2018, 2019 and 2020, for the applicability of promotion measures in the domestic and foreign markets, for the distillation and crisis storage for PGI and PDO segments, with guaranteed and fair minimum prices for production. In this context, the national regulatory bodies must exercise the strictest control over imports of wines and must in order to fight potential frauds.

- *CAP reform : State of play*

The **European Commission** (COM) recalls that the aim of the ongoing trilogue interinstitutional negotiations is to conclude the CAP-post 2020 reform package before the end of the Portuguese Presidency (end of June) and gives an update of the state of play. In particular, it informs the group about the following elements :

- Most progress was made on the Horizontal Regulation
- Regarding the CMO Regulation, the negotiation around the wine package is making good progress, in particular concerning
 - o The chapter on schemes for planting authorisations which is almost concluded
 - o Wine labelling chapter (list of ingredients and nutritional declaration) is almost closed with a compromise
 - o Authorisation of the use of *Vitis vinifera* hybrids for the production of PDO wines
 - o Extension of the possibility of regulating supply (which exists for cheese and ham) to all products with a PDO or PGI
 - o De-alcoholised wines : COM indicates that the co-legislators are close to a compromise on the principles

- Aromatised (flavoured) wines : the negotiators are still looking on this chapter, but in any case at least regarding the labelling aspect, it should mirror the wine labelling provisions
- Regarding the CAP Strategic Plans Regulation, the COM highlights that while discussions began recently, from a sectorial point of view, it should not be very difficult to reach consensus on this issue

CEEV stresses the need to accelerate the negotiations with a view to reach an agreement at the earliest opportunity in order to secure an adapted legal framework ahead of the 2021 harvest for wine operators and public administration. As regards planting rights, it was underlined that the European Parliament flexibilities (extension to 6 years and redistribution of old planting rights) are more than welcomed. It also recalls the importance to modernize the legal framework related to aromatised wine products and provide opportunities for revitalising the sector, and welcomes all European Parliament amendments aiming to integrate the aromatised wine products family in the wine CMO. CEEV supports the compromise on mandatory indication of nutrition declaration and list of ingredients with the authorisation of the use of electronic means (energy always on the label) covering all wine products, including dealcoholized wines. Finally, it pointed out that the inclusion of partially dealcoholized wines and dealcoholized wine in the CMO family is strategic for the wine sector and highlights the need of their introduction as new categories of grapevine products. The same goes for oenological practices to apply to these products, they should not be detailed in the basic regulation in order to allow their adaptation to the latest technology developments and should remain close to those applying to the other wine products.

Copa-Cogeca asked for a greater flexibility in managing the transition, in particular regarding planting authorisations, and pointed out the need to have a greater clarity on the way to introduce low-alcohol wines in the CMO family.

CEJA expresses its reservation regarding the inclusion of the dealcoholized wines, in particular when linked to the wines under PDO and PGI and underlines the need to promote responsible consumption.

COM reaffirms that unlike its initial proposal, the co-legislators agreed on the extension of the vineyard authorization scheme until 2045 with two mid-term reviews in 2028 and 2040, without changing the maximum percentage of annual increase (1%). Concerning the flexibility elements introduced, COM is not in favour of general extension of validity to 6 years considering this would add a speculative element and confirms that the recovery of old non-used rights is still on the table of discussions. Regarding the dealcoholized wines, the COM considers this segment as a major opportunity for the sector and confirms its position to maintain this market niche as close as possible to wine and for the benefit of wine producers, with important research and innovation aspect. Finally, the COM reassures CEJA that the possibility of partial dealcoholisation under PDO and PGI was left to the discretion of the producers organisations wishing to do so.

- *Promotion : Review of the promotion policy for EU agri-food products : implications for the EU wine sector*

COM informs the group that in order to meet the announcements stated in the Farm to Fork strategy, it is undertaking a review of the horizontal promotion policy (Regulation 1144/2014), with a view to enhancing its contribution to sustainable production and consumption, in line with the shift to a more plant-based diet, with less red and processed meat and more fruit and vegetables, also announced in the Europe's Beating Cancer Plan. This policy review follows an evaluation which concluded that the policy was instrumental in increasing awareness of the high standards of EU agri-food products and quality schemes (both inside the EU and in key export markets), but leaving some room to improve its coherence with other EU policies.

COM explains the process of the policy revision and presents some preliminary conclusions of the inception impact assessment (based on three policy options). This is followed by the launch

of the public consultation with an objective to present a possible legislative proposal in the first quarter of 2022.

Copa-Cogeca welcomed a political revision of the agri-food promotion policy to improve its contribution to sustainability but underlined that the promotion policy needs to be accompanied by a strong and adequate budget of at least €200 million per year. In order to continue pursuing its objectives, in particular to open up new market opportunities and raise awareness on EU quality products and production standards, the policy needs to proportionally promote all sustainable farming practices and not just organic (the wine sector has proven time and time again that it uses sustainable practices). Moreover, it should cover all agricultural products (including wine while promoting moderate responsible consumption as part of the Mediterranean diet) to ensure that they remain competitive both on international and domestic markets. Finally, Copa-Cogeca reminded that the promotion policy is first and foremost a competitiveness policy and underscored that the aim of strengthening the sustainability should not overtake the aim of increasing competitiveness.

CEEV believes that insofar as the main scope of the EU promotion policy is to help operators to sell their products in an increasingly competitive global market, the revision process shall maintain in view this aim and is extremely concerned about the potential exclusion of some agricultural products, including wine, from the eligibility scope of the promotion policy. CEEV supports the approach targeting to be more sustainable, but reminds that the sustainability to be considered is the three-level one (environmental, social and economic). Wine is not unhealthy per se and can be part of a healthy and balanced lifestyle and diet if drunk responsibly. There is no basis (scientific, ethical...) to exclude it from the scope of the promotion and no incompatibility with other EU policies objectives.

CEEV believes that the promotion policy must continue to support all agricultural sectors to achieve the awareness of the high standards of the EU in terms of food production and value-added represented, particularly for wine, by its GIs. Shifting the promotion scope to a system promoting only standards (organic) will put in danger the competitiveness of the EU wine sector in international markets and jeopardize years of investments. In this respect, CEEV is extremely concerned about both the overall reduction and the imbalanced allocation of the 2021 annual work programme budget, in particular to organic production that can be seen as excessive and not matching the offer and demand driven by the market.

COM reminds that the revision process will not only consider the consistency of the promotion policy with the Farm to Fork strategy and the Europe's Beating Cancer Plan, but also the trade policy review. It reaffirms that all sectors require promotion policy to support the transition to more sustainable production and will be part of the impact assessment coherent with the Farm to Fork strategy. COM highlights that sustainability and competitiveness should go hand in hand and reassures the group that geographical indications (GIs) will still be part of the promotion as an important segment. At the same time, if the budget allocated in the annual work programme 2021 for organic products (€49 millions) is not consumed, it will be reallocated to other topics.

- *Revision of EU Trade Strategy*

This point is not covered due to a lack of time

- *Update on US additional duties in the context of the Airbus/Boeing conflict*

COM confirms that a four-month suspension of the tariffs applied by the European Union and the United States in the framework of the Airbus/Boeing dispute entered into force on 11th March and will end on 11th July. COM informs the group that DG TRADE and the US administration are actively seeking for a resolution of the trade conflict and the COM expects more cooperation than litigation with the new Joe Biden administration. It underlines a real change in approach, highlighting that new US administration seems not using “stick” but more “carrot” approach to

resolve the conflict in a more cooperative way. COM remains very optimistic, especially considering that 2019 was a record year of exports.

CEEV considers that there is no doubt that US market in 2019 was extremely dynamic for wine products helped by the global economic situation, but remains more moderated as regards to the current situation considering that even if there is some “breathing room”, all consequences have not been eliminated. CEEV calls EU authorities to put in place all negotiating efforts to come back to a normal situation, without damaging this new EU-US bilateral relation and encourages EU leaders to settle definitively this long-running dispute in order to provide to exporters on both sides of the Atlantic the serenity in trade at a global scale.

Copa-Cogeca welcomed the suspension of the US tariffs on 5/03 and insisted on the fact that it is essential to find a permanent solution to the Airbus/Boeing dispute, considering that agriculture and especially the wine sector were never directly involved in it, but had nonetheless to foot the bill. It called on the EU to find an appropriate solution as soon as possible in order for the wine sector to reconquer its space in the market.

COM reassures the group that at the light of “corridor” opened by the new Joe Biden administration, the EU authorities remain confident that the solution will be found before the end of the tariffs suspension period on 11th July.

- *EU-UK Trade Agreement : certification issues*

COM confirms that the UK government put in place a six-month delay (until January 2022) for the entry into force of the UK wine certificate regarding EU wines imported in the UK. While its total scrap of certification regarding EU wines is fully in the hands of the UK administration, the COM recognizes that some simplifications to the current template negotiated with the UK can be worked out and is requesting, on one hand, to make it electronic and, on the other hand, simpler when possible. This involves internal discussions and brainstorming at the COM level to find the most appropriate way to deal with the electronic form (link to TRACES webgate, or at custom import declaration stage) and with DEFRA, even if at this stage DEFRA remains very silent on this issue and are focusing on incorporating the EU acquis in their national legislation.

CEEV welcomes the UK move in the right direction cutting wine operators of additional administrative burden and recalls the need to pursue dialogue with DEFRA to find the simplified solution of the certification issue and avoid by all means a paper-based certificate that needs to be stamped in customs as it will significantly delay the operations that are today fluently conducted by wine companies.

COM assures of its willingness to speed up discussions with DEFRA on the simplification of the certification and continues to explore the options to ensure that this document is fully dematerialized by January 2022.

- *ADVID presentation on how viticulture is implementing IPM principles to reduce the use of pesticides*

ADVID (the Association for the Development of Viticulture in the Douro Region) presented their work on implementing Integrated Pest Management (IPM) principles to the viticulture in order to reduce the use of pesticides as foreseen in the Sustainable Use of Pesticide Directive (SUD). This approach is focused on the application of preventive measures, such as genetic diversity and functional biodiversity, and on the estimation of damages through different monitoring tools, followed by the selection of less harmful protection methods (ex. mating disruption). These IPM principles – applied in combination – has contributed to a significant reduction of pesticides in last decade.

- *Overview of the organic action plan*

COM gives an overview of the proposed Action Plan for the development of organic production to meet the target of reaching at least 25% of the EU's agricultural land under organic farming by 2030 as stated in the framework of the EU Green Deal and its Farm to Fork and Biodiversity strategies. In order to stimulate both supply and demand for organic products while ensuring consumer trust, this Action Plan is designed to provide the right tools to achieve the announced target and is structured around three axes of work (boosting consumption, increasing production, and further improving the sustainability of the sector to ensure its balanced growth). COM briefly presented the twenty three actions put forward under each axis of work intended to implement the proposed measures in accordance with national circumstances and EU commitments.

CEEV confirms its support to the COM's ambition to further develop the organic production as it allows to reduce the greenhouse emissions and the use of insecticides while at the same time highlighting that the organics system works well because of the predominance of the small structures in the wine sector. CEEV welcomes the pragmatic approach on the research and development component with an increase of resources allocated, as well as the full use of relevant CAP instruments (eco-schemes and rural development funds) to boost the organic wine sector. In parallel, CEEV believes that the Commission's willingness to focus the promotion on organic products with very ambitious allocated budget is likely to have a counter-productive effect on the capacity of wine companies to promote their brands and more generally the GIs which are at the heart of the EU added value.

CEVI expresses reservations about the increasing social demand for organic products considered as one of the basis of the Commission's approach to boost demand for organic products through promotion and communication policy.

- *PAN Europe presentation on organic wine growing*

Due to lack of time, caused among others by some technical problems at the beginning of the meeting, this point was not covered and postponed to the next CDG Wine meeting (pre-scheduled on 8th of November). PAN Europe contested the bad time management by the Chairman in the chat and called on this point to be put at the beginning of the next meeting.

- *GIs : Revision of Geographical Indications system*

COM announces the ongoing revision of the legislative framework of the GI and TSG schemes in order to improve their contributions to sustainable production and to strengthen the position of farmers and producer groups as announced in the framework of the Farm to Fork strategy and IP Action Plan. It presents the overview of the impact assessment process, with roadmap inception assessment and launch of the open public consultation intended to contribute to the assessment of how to strengthen the GIs' system.

COM gives an overview of the main outcomes received following the publication of the roadmap and the preliminary conclusions (challenges and underlying causes) identified on the basis of feedback received in the scope of the public consultation. Several challenges have been identified, such as need of enforcement (notably on internet) or to further reflect the sustainability concerns in GI schemes, low consumer recognition/understanding of these schemes or lack of powers allowing GI producer groups to manage efficiently their GIs. The complex management of application files and the low number of registered TSGs were also pointed out. As regards the timeline, the COM confirms that the adoption of the legislative proposal and its submission to the co-legislators is foreseen for the end of 2021.

CEEV believes that the review of the GIs' schemes should be seized to strengthen GI operators and producer groups capacity to respond efficiently to the new challenges, including those resulting from the sustainability objectives of the Farm to Fork strategy. However, this should not

be done at the expense of the competitiveness. CEEV welcomes the Commission's willingness to modernize and simplify procedural rules in order to make it more attractive to producers and easier to understand by consumers. Finally, it also underlines that further discussion is needed before the regulatory proposal comes end of 2021.

- *AOB*

COM announced the upcoming EU Agricultural Outlook 2021-2030 spring workshop, scheduled on 7-8th of June, and encourages the group to participate. The objective of the workshop is to identify the drivers for the evolution of supply and demand of several agricultural sectors, including wine.

4. Conclusions/recommendations/opinions

5. Next steps

6. Next meeting

The presentation on organic wine growing by Cristina Micheloni will be added as one of the first points in the next CDG.

7. List of participants - Annex

Disclaimer"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants– Minutes

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MEMBER ORGANISATION	NUMBER OF PERSONS
Confédération européenne des vignerons indépendants (CEVI)	2
European agri-cooperatives (COGECA)	9
European Alcohol Policy Alliance (Eurocare)	1
European Coordination Via Campesina (ECVC)	2
European Council of Young farmers (CEJA)	5
European farmers (COPA)	10
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	1
European Federation of Origin Wines (EFOW)	2
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	7
FoodDrinkEurope	6
IFOAM Organics Europe	2
Pesticide Action Network Europe (PAN Europe)	1
European Public Health Alliance (EPHA)	0
Ad-hoc invited experts	2