



Brussels,  
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## MINUTES

### *Meeting of the Civil Dialog Group on Agricultural Market Spirit drinks*

**in Brussels (Room 2D) and online, via the Interactio platform**

**Wednesday, 20 March 2024 from 14:30 to 17:30**

Chair: AGRI.E.2

#### **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**

##### **3.1 Low/no alcohol beverages**

###### **a. Update from the sector**

A representative of **FoodDrinkEurope (DIAGEO)** presented with the aid of the slides provided prior to the meeting (and published both on CIRCABC and the EUROPA website) an update on the topic.

In particular, **FoodDrinkEurope** highlighted the guidance on labelling low and no alcohol (LNA) products developed by the sector about a year ago to offer clarity for both producers and consumers, to set out names and descriptors with a view at protecting spirit drinks GIs and to ensure that the category operates under strong standards as it grows in a way that both promotes innovation and fosters supply while avoiding consumer confusion.

Current trends such as personal well-being have already caused a decline in overall alcohol consumption and an increasing interest in LNA beverages both for their healthy and innovative aspects.

The highest penetration is registered among younger, more educated and wealthier consumers, and generally those who tend to both substitute alcoholic with LNA beverages or blend (alternate) regular strength with LNA

(to moderate their alcohol intake). A lower share of low/no volume is sourced from triallers and abstainers.

Concerning price, LNA spirits and beer are on average priced below ‘full strength’ variants, wine slightly above, whereas LNA ready-to-drink beverages tend to be much cheaper than their full-strength equivalents.

The LNA category tends to be dominated by beer and dual brands (offering a low/no alcohol alternative to their traditional alcoholic beverages).

After a substantial pre-pandemic sector growth, currently the growth rates slowed down, hinting to a relatively modest market share by 2027.

Interestingly, the change in volumes between 2015 and 2020 show a substantial growth both for no-alcohol and high-strength beer mainly before the pandemic, accompanied by a parallel decline of low-alcohol and regular beer consumption after the start of the pandemic.

There appears to be a polarization of preferences, i.e. both LNA and high strength beverages gaining volume share from regular alcohol variants, while there are consumers who at individual level use LNAs to moderate their alcohol intake, there is no clear evidence at market level that LNA beer is replacing regular beer or removing alcohol units from the market, on the contrary it appears that there is an overall increase in total ethanol intake.

#### **b. ALHAMBRA Project – EC update**

**DG AGRI.E.2** read out the following text provided by **DG SANTE.B.4**, whose representatives were unable to attend the meeting:

*‘The Alhambra project – carried out through the 2014-2020 EU4Health Programme – is concluded and the final report has not been published, yet.’*

A representative of **Cogeca (Croatia)** observed that it was not the first time that DG SANTE did not attend the CDG although the point on the agenda was very important for the sector and asked to motivate this repeated absence.

A representative of **FoodDrinkEurope (spiritsEUROPE)** asked whether DG SANTE was indeed planning to publish the report, and if so, when, and if any follow-up action to the report was foreseen.

### **3.2 Consumer information**

#### **a. FIC Revision – EC update**

**DG AGRI.E.2** read out the following text provided by **DG SANTE.A.1**, whose representatives were unable to attend the meeting:

*‘Work to review the Regulation on Food Information to Consumers, including the labelling of alcoholic beverages, is ongoing.’*

A representative of **COPA (Austria)** commented on the limited flow of information from the COM to the sector and observed that the labelling issue had been dealt in a quite good way so far, so that perhaps there was no need for much more additional regulation. The only plea to the COM was to consider exempting small producers from labelling obligations.

The representative of the **COM** replied that, in spite of the good rollout of the Memorandum of Understanding on consumers’ information for spirit drinks, it was still just a voluntary commitment, while the COM was called to extend

nutrition and ingredients labelling rules to the remaining alcoholic beverages as it had already happened for wine and aromatised wine products. In view of this, the COM invited the sector foster its voluntary initiative in view of gathering information and data on its rolling out and on consumers' appreciation of e-labelling as such elements might be fed into the impact assessment of the FIC revision to be finalised in the next future.

**b. Health Warning Labelling – EC update**

**DG AGRI.E.2** read out the following text provided by **DG SANTE.B.4**, whose representatives were unable to attend the meeting:

*'The study on the effectiveness of health information on alcoholic beverages is ongoing and is planned to be concluded in April 2024. This study is part of the ongoing evidence gathering being conducted by DG SANTE regarding a potential future proposal on health warnings on the labels of alcoholic beverages as outlined in Europe's Beating Cancer Plan.'*

A representative of **FoodDrinkEurope (Drinks Ireland)** expressed the concerns of the sector with respect to the Irish Alcohol Act which had unilaterally introduced the obligation to display health warnings on the label of all alcoholic beverages on the Irish market, setting thus a dangerous precedent in terms of fragmentation of the EU Single Market, whose integrity would surely be better preserved if a EU law provided for the same rules for all Member States in this respect.

Another representative of **FoodDrinkEurope (Rémy Cointreau)** underlined the fact that the more time the COM waited with this file, the more countries might develop their own local rules, which would fragment the market even more, while the COM would be obliged to take those rules as a baseline.

**c. Implementation of spiritsEUROPE's Memorandum of Understanding – Update from the sector**

A representative of **FoodDrinkEurope (spiritsEUROPE)** presented with the aid of the slides provided prior to the meeting (and published both on CIRCABC and the EUROPA website) an update on the implementation of the Memorandum of Understanding (MoU) on voluntary nutrition and ingredients labelling for spirit drinks.

In particular, **FoodDrinkEurope** highlighted that, although the MoU (signed in 2019 for the period 2020-2022) had expired with the successful achievement of all its annual targets, it was still ongoing and the first report outside of the commitment was under preparation.

One of the most difficult parts had been to bring small producers on board, which had been finally achieved in May 2022 with the co-signing of 58 SMEs: a strong signal that also small producers were ready to do their utmost to comply with the self-regulatory standards.

International companies already had a very high level of compliance of energy on pack by the end of 2022 (between 82% and 99%) and the picture seemed to be confirmed for 2023.

Also digital labelling was picking up, in spite of the difficulties linked to the necessary technological changes and adjustments, to which spiritsEUROPE had been contributing with the U-Label initiative developed in collaboration

with Comité Vin (CEEV) to provide all producers with the means to use digital labelling at a democratic cost.

Digital labelling, whose development would be one of the focus work areas for the next future, allows many advantages (e.g. information available on the spot in several languages and at a readable size, capacity to host other labelling needs in the future, as it was the case for the PPWR revision that had just been adopted by the Council).

**d. Digital labelling – Update from the sector**

A representative of **FoodDrinkEurope (Rémy Cointreau)** presented with the aid of the slides provided prior to the meeting (and published both on CIRCABC and the EUROPA website) an update on e-labelling.

In particular, **FoodDrinkEurope** assured that the content displayed digitally would be strictly non-commercial and limited to information required to inform consumers, i.e. principally ingredients and nutrition declaration, but also other possible information, e.g. serving recommendations, health warning messages, responsible consumption information, recycling instruction and all information relevant to inform and educate customers.

The U-Label project developed by spiritsEUROPE provides the right tool to implement digital labelling, as even small companies can provide the same level of information at an affordable cost while remaining adaptable to any possible changes of legislative requirements.

This technology uses geolocalization, allowing information to be automatically displayed in the language of the country where the QR code is scanned, along with all other EU official languages upon request.

While currently not all products on shelves provide the same level of information, the adoption rate is rapidly increasing with a very swift progress expected in the coming months and years.

A representative of **BEUC (the European Consumers Organisation)** took the floor to express concern about providing what is to be considered essential information via digital tools such as QR codes because they would put an unfair burden on consumers to spend more time in supermarkets trying to find important information which they believed should be on the label.

Research from their own consumer organisations showed that QR codes are not frequently used by consumers, which would be confirmed by the recent JRC literature review and a study on QR codes showing that they are not a good substitute for printed labels for providing information to consumers, and which they hoped the COM would take on board, should the FIC revision progress in the next mandate.

BEUC asked spiritsEUROPE how the information displayed digitally would be identified on the QR code on the label itself.

A representative of **FoodDrinkEurope (spiritsEUROPE)** replied that they were following closely the discussions and developments in the wine sector, who were partners in this project since the beginning as spiritsEUROPE and Comité Vin (CEEV) jointly developed the U-Label platform.

Currently, spirit drinks were following the MoU signed in 2019 in the awareness that the FIC might be revised requiring the sector to adjust.

Another **FoodDrinkEurope** representative (**Rémy Cointreau**) invited to remain pragmatic while the need of information for consumers was increasing: if all that information should be on a label, it might have to be bigger than the product itself, which is not necessarily workable, considering also that it needs to be translated in all the EU languages.

Besides, the COVID crisis had showed that the consultation of information through QR codes was possible.

The representative of **BEUC** replied that we should not confuse the temporary use of Covid passports during a pandemic with the use of QR codes in supermarkets: the former were necessary to access certain venues/travel, but they were not used more in supermarkets (on the contrary - no one wanted to spend more time there).

A representative of **Copa-Cogeca** intervened in support of digital solutions as a flexible tool for delivering information to consumers, both on ingredients, nutritional, and health information.

A representative of **FoodDrinkEurope (spiritsEUROPE)** commented that significant flaws had been identified in the JRC study on digital consumer information mentioned by BEUC, flaws that had already been brought to the attention of the COM, and invited BEUC to share available information and studies.

Another representative of **FoodDrinkEurope (DIAGEO)** added that much had been done in the last years and that the sector was not proposing all or nothing, but rather a dual approach, provided that key information, relevant to most consumers, is always visibly and clearly on physical labels.

Most consumers, for instance, may be interested in the energy content of a product, which appears on-label, while digital labelling allows additional elements without physical labels being cluttered with information which is not relevant for most consumers.

The representative of **BEUC** agreed with the dual approach provided that digital labeling is used for complementary information, e.g. recipes or the history of the brand, etc.

However, they maintained that digital labelling was more burdensome and thus not adequate to allow consumers to make an informed choice amongst different products, especially in supermarkets.

Moreover, BEUC underlined the need to indicate on the label the full nutritional information besides the mere indication of the calories, because of different sugar and, possibly, fat levels in the various alcoholic beverages, including in pre-mixed spirits drinks.

The representative of **FoodDrinkEurope (spiritsEUROPE)** observed that the whole nutrition declaration would mostly display zeros for spirit drinks and this is the very reason for the digital approach: in this way essential information such as energy is on the label in line with the MoU while other information, such as the entire nutrition declaration along with the ingredient list is to be found via the QR code online, where there is space to provide detailed information.

The representative of the **COM** pointed out a range of different situations. Most spirit drinks have extremely low sugar levels due to the very strict

requirements for their production laid down in the Spirit Drinks Regulation. For instance, no sugar at all may be added to whiskey while for other spirit drinks such as rum, brandy, wine spirits, vodka, fruit spirits the sweetening thresholds are very low, so that most calories come from the alcohol rather than from the sugar. However, for liqueurs sweetening levels may be very high and to which e.g. cream and eggs may be added.

### 3.3 GI Revision – Update from the sector

A representative of **FoodDrinkEurope (Drinks Ireland - Irish Whiskey Association)** presented with the aid of the slides provided prior to the meeting (and published both on CIRCABC and the EUROPA website) their main concerns on the new geographical indications (GI) Regulation.

In particular, **FoodDrinkEurope** highlighted concerns regarding an amendment approved during the final triilogue on the GI revision introducing the new Article 37(3a) requiring labels of spirit drinks GIs to display the name of the producer in the same field of vision as the GI name itself.

This amendment is a substantial change introduced in the new GI Regulation without impact assessment and without consulting the sector, which has a number of issues with it.

In fact, the supply chain for a spirit drink is often a complex process which can go through a number of different actors and therefore, in certain situations, the producer might differ from the final brand owner or those who put it on the shelf.

For this reason the requirement to include the producer in the same field of vision whenever the GI name is displayed can be quite onerous on a number of producers, particularly small craft distillers or those who use white labels.

Moreover, there is a more fundamental issue, i.e. that the profile of producer is not clearly defined in the EU legislation. Therefore, while this allows for a liberal interpretation, it can also cause further complications, in particular where there are different actors in the distillation, maturation and blending process.

Putting such an obligation upon a producer is thus unfair and onerous and the sector requests to exclude spirit drinks GI from Article 37(3a), in consistency with the provisions for wine GIs, by pursuing an amendment of the new law as soon as possible along the following proposed wording: *‘In the case of spirit drinks designated by a geographical indication, an indication of the name of the producer or bottler or vendor shall appear in the same field of vision as the geographical indication at least once.’*

In the meantime, the sector would very much appreciate the issuing of a guidance document from DG AGRI giving clear instructions to Member States to allow for a wide and pragmatic interpretation of this new, unclear provision. In fact, since the term ‘producer’ is not clearly defined concerning spirit drinks, it seems that some national authorities have difficulties in implementing the new provision.

A representative of **COPA (Germany)** provided an example to illustrate the above. In the Black Forest there are 8,000 small distilleries producing *Schwarzwälder Kischwasser*, who market some of their production themselves, while some goes to the industry, which might be a large distillery or a blender or simply a bottler.

Therefore, to comply with the new provision, it should be clarified who is the producer in that case because it would be unpractical to indicate several of those 8,000 small distillers on the label in case they supplied a bottler who cannot be defined a producer. And even identifying the blender as the producer is a matter of interpretation, which might be different according to each control authority.

Moreover, the very sense of that provision was called into question as the most important thing on the label is the name of who is responsible for the product, who ensures that the content is what it claims to be, while the indication of a bottler or of a blender is not so relevant for the consumer.

A representative of **FoodDrinksEurope (SWA – Scotch Whisky Association)** supported the request of exemption for spirit drinks or at least clarification of the new provision while adding further practical examples from the Scotch Whisky industry (independent bottlers and supermarkets selling under their own labels and thus unable to refer to specific producers).

The representative of the **COM** provided some explanations on how the matter had arisen and promised to convey the message to the **AGRI** colleagues responsible for GIs, inviting the speakers to raise the issue at the specific civil dialogue group for geographical indications of the following week.

### **3.4 China anti-dumping investigation on EU wine and grape-based spirits – EC update**

A representative of **DG TRADE.G.5 (Trade Defence Directorate)** explained that the anti-dumping investigation was initiated on the 5th of January, following which China asked for the registration of the companies and then issued another questionnaire for the so-called sampling exercise.

In the first stage, more than 150 companies were registered and then slightly below 100 replied to the sampling questionnaire, which allowed China to sample the three biggest Cognac producers: Hennessy, Martell and Rémy Martin.

These companies are now to cooperate in the investigation by compiling a fully-fledged dumping questionnaire upon which the Chinese will do their calculation.

The questionnaire should be sent soon and then the companies will have around 30 to 37 days to complete it.

In the framework of this investigation **DG TRADE** is in close contact with the industry, especially with **spiritsEUROPE**, to coordinate actions.

The **COM** made a first submission at the beginning to support the industry in their request for a deadline extension, and then, when the Chinese issued the sample, the **COM** made a second submission in coordination with the industry on the product classification for the investigation, as the French companies considered that the Cognac categories chosen by the Chinese needed to be extended.

The **COM** is preparing another extensive submission on all the substantive and systemic issues identified in the complaint that appear to be contrary or not in line with **WTO** provisions. The **COM** will submit it at the same time as the deadline for the replies to the questionnaire.

A representative of **FoodDrinkEurope (spiritsEUROPE)** expressed gratitude to **DG TRADE** for the support and for the timely mission to China to **DG AGRI**.

Another representative of **FoodDrinkEurope (Rémy Cointreau)** asked for clarifications about the deadline for answering the questionnaire and for

confirmation that the COM was ready to defend the product specification of the Cognac GI, i.e. the product mainly targeted by China in this investigation.

The representative of **DG TRADE.G.5** explained that once the Chinese had issued the questionnaire they would set the deadline, which, according to WTO rules, should be between 30 and 37 calendar days. The sampled company may ask for an extension, but its granting is not guaranteed.

Concerning the other question, the COM did indeed support spiritsEUROPE's submission asking for some additional categories, but even if China did not accept this, it should not be a huge issue, because for the purpose of the investigation, the important thing is to be able to compare.

Another representative of **FoodDrinkEurope (BNIC - Bureau National Interprofessionnel du Cognac)** thanked the COM for the support in this anti-dumping process underlining that it was not an easy process. BNIC is working hard along with spiritsEUROPE, FVS (French Wine and Spirits Federation) and the colleagues from Armagnac, on behalf of the entire sector, to answer all the requests and to support the three selected companies.

However, since this was not a legal but rather a political issue from the Chinese side, BNIC asked for interventions both at Member State and EU level to push towards the quick removal of this process, which is unfair to avoid provisional measures against wine spirits and brandies on the China market, which might become a long and complex situation to solve afterwards.

The representative of **DG TRADE.G.5** assured that they understood the difficulties and were willing to keep the political engagement at higher level, but urged the selected companies to cooperate to not jeopardise efforts at political level.

The representative of **DG AGRI.G.3 (Asia and Australasia)** added that the COM was working at restarting the working group on alcoholic beverages between China and the EU, whose last edition dated back to 2016. The next one should take place during the visit of the Commissioner in China in the week of 21-26 April.

While the specific case would not be addressed at that occasion, it was still a way to start building more exchanges and trust between the EU wine/spirits industry and the Chinese administration which was not always easily approachable.

The representative of **Copa-Cogeca** underlined that this action was to be considered in the more general geopolitical context in which the EU had decided to prioritize a 'strategic autonomy' sector (electric cars) at the potential loss of other sector (spirit drinks in this context).

### **3.5 Strategic Dialogue on the future of agriculture – EC update**

A representative of **DG AGRI.A.1 (Policy perspectives)** explained that the Strategic Dialogue was an initiative launched by the President of the COM, as first announced in her State of the Union last September, which started effectively at the beginning of this year.

It is a process that tries to address the tensions and the polarization identified in the debates around the future of agriculture by facilitating a dialogue among the different actors across the food chain in order to build a new common vision .



This is why this strategic dialogue was organised around a close group of 29 members, chosen by the President of the COM, representing all different interests around EU agriculture.

The group is limited because the President of the COM wanted it to be operational but of course inputs from other organisations will be gathered through a targeted consultation in which all were invited to participate by 5 April.

The Strategic Dialogue is chaired by Peter Strohschneider, a German professor with previous experience in such exercises whose mission is to facilitate this dialogue between all players and to put together different views and different perceptions in order to build a common ground in complex domains.

After its start in January, a second plenary meeting took place on 11-12 March.

Information about these meetings is published on our website.

The final goal is to issue a report during this summer with recommendations both to the institutions and to the different players on how to approach agricultural policies and food systems in the long term (2035 and beyond).

It is supposed to be a solid reflection on how to build common interest and vision for the long term of the sector in the European Union.

On the substance, the President of the COM has shaped a framework consisting of four questions to guide the discussion of this dialogue:

- 1) How can our farmers, and the rural communities they live in, be given a better perspective, including a fair standard of living?
- 2) How can agriculture be supported within the boundaries of our planet and its ecosystem?
- 3) How can better use be made of the immense opportunities offered by knowledge and technological innovation?
- 4) How can a bright and thriving future for Europe's food system be promoted in a competitive world?

The members of the dialogue have organised themselves around these four questions through working groups to address each of them in depth while associations not members of the group are invited to submit contributions.

A representative of **FoodDrinksEurope (spiritsEUROPE)** confirmed their will to make a contribution and explained that their members were very interested in the future of agriculture.

A representative of **FoodDrinkEurope (DIAGEO)** asked about the next steps from the COM after the report with recommendations is released in the summer.

A representative of **Copa-Cogeca** welcomed the possibility to participate in this initiative even if it arrives late as it would have been more effective earlier in the legislative calendar. They would like to see more farmers representatives at the dialogue, and welcome the organisations from the whole agri food supply chain to take part in this discussion.

A representative of **COGECA (Croatia)** thanked the COM for the explanation and asked what would be the output of the group and the time framework.

The representative of the **COM** replied that the report should fit into the new policy cycle of the new European Commission after the elections of 9 June.

### **3.6 High level report on the future of the Single Market and any resulting recommendations/actions – EC update**

**DG AGRI.E.2** read out the following text provided by **DG AGRI.E.1 (Governance of the agri-food markets)**, whose representatives were unable to attend the meeting:

*‘The conclusions of the European Council of 29 and 30 June 2023 called for an independent High-Level Report on the future of the Single Market to be presented at its meeting of March 2024 and tasked Enrico Letta, former Italian head of government and President of the Jacques Delors Institute, with drafting this report.*

*A first exchange of views between Members of the European Parliament’s Internal Market Committee and Enrico Letta was held on 19 September 2023, allowing for a discussion of their views and priorities on the future of the single market.*

*At this second exchange of views, ahead of the presentation of the final report to the European Council in April, Enrico Letta will present to Members and in the presence of the main stakeholders his first findings and recommendations in view of the finalization of his report.’*

A representative of **FoodDrinksEurope (spiritsEUROPE)** commented that the spirit drinks sector had been closely following the procedures since last fall and had submitted the sector's position and insights to the office of Mr. Letta.

The sector looks forward to seeing the final report in the hope that it addresses the current increasing fragmentation of the internal market (in terms of labelling provisions but also packaging and packaging waste schemes) by providing tangible and practical recommendations.

### **3.7 Revision of the Packaging and Packaging Waste Regulation: implications for the spirit drinks sector – EC and sector update**

A representative of **DG ENV.B.3** provided an update on the file, explaining that after the provisional political agreement reached by the Council and the Parliament on 4 March, the Regulation should be published by the end of the year to enter into force 18 months after.

Briefly, this new Regulation is about making packaging safe and sustainable considering its entire life cycle, making sure that all packaging can be recycled or reused while reducing the use of harmful substances.

A representative of **FoodDrinksEurope (spiritsEUROPE)** thanked the COM for the support of the sector in the last years of negotiation on the file and asked for anticipations and clarifications on possible amendments expected by the EP Plenary in April as there were rumors that some MEPs are not fully satisfied with the text. Such amendments might, of course, lead to different positions between the EP and the Council which might mean reopening the negotiations.

The representative of the **COM** replied that, while not knowing how the situation would evolve, they were surely hoping not to have to reopen the negotiation since the current agreement was to be considered as quite balanced, taking into account all different positions expressed during the previous negotiations.

Another representative of **FoodDrinksEurope (SWA – Scotch Whisky Association)** asked to elaborate on practical effects of the language used for the exemption for geographical indications referred to in the presentation.

The representative of the **COM** took note saying that it was too specific an issue.

### **3.8 AOB**

None

## **4 Next meeting**

The next CDG HOS – Spirit Drinks meeting is scheduled for 2025.

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

## **5 List of participants**

All organisations were present (see enclosed list), except CEFIC, CEJA, CELCAA, CEPM, CEVI, CIUS - Committee of European Sugar Users, EAPF, ECVC, EEB, EFFAT, EFOR, EIHA, EUCOFEL, EUROCOTON, EUROLIVEPOMACE, EUROMALT, EuroCommerce, Euroseeds, FEDOLIVE, FERM, FTAO, Freshfel Europe, IFOAM, PFP, SACAR, Semouliers - Union des Associations des Semouliers de l'UE, TomatoEurope, UNISTOCK, WWF

List of participants  
**MINUTES OF THE MEETING OF THE CIVIL DIALOGUE GROUP ON  
AGRICULTURAL MARKETS – SPIRIT DRINKS**  
**in Brussels (Room 2D) and online, via the Interactio platform**  
**on Wednesday, 20 March 2024 from 14:30 to 17:30**

ORGANISATIONS PRESENT
BEUC - Bureau Européen des Unions de Consommateurs
BeeLife - Bee Life - European Beekeeping Organisation
COGECA - European agri-cooperatives / General Confederation of Agricultural Co-operatives of the European Union
COPA - "European farmers / Committee of Professional Agricultural Organisations of the European Union
FEFAC - European Feed Manufacturers Federation / Fédération européenne des fabricants d'aliments composés
FoodDrinkEurope

Observer:

European Economic and Social Committee
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