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MINUTES OF THE MEETING OF THE CDG WINE

*Meeting via videoconference (Interactio)
on 5 May 2022*

Chair: DG AGRI E.2

Delegations present: All Delegations present, except European Alcohol Policy Alliance (Eurocare), European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT), European Public Health Alliance (EPHA), Pesticide Action Network Europe (PAN Europe)

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

The agenda was approved without changes.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

1. Adoption of the agenda

Agenda adopted

2. Wine Market situation and trade developments

The COM presented an update of the market situation, underlining the following: the overall wine and must production 2021/22 declared in March 2022 stands at 159 Mio Hl. The fall in production is half of the estimation made last October, with a decline of -7% as compared to the production 2020/21 (170 Mio HL in 2020/21).

With 50.4 Mio Hl, IT stands as the largest EU producer with 32% of total volume production, followed by ES (39.4 Mio Hl, 25%) and FR (37.2 Mio Hl, 23%). These three MS alone represent 80% of the Union production. Two thirds of the wines produced are quality wines (this proportion remains stable: 45% are PDOs and 21% are PGIs).

Stocks remains at a stable level (175 Mio Hl), representing more than one year of average production. Exports reached record levels in 2020/21, and this trend continues for the first 7 months of the current campaign.

3. CAP 2023-2027:

As an introduction to this item, the COM briefly presented a reminder on the modifications brought by the new CAP that are relevant to the Wine sector. These are:

1) An amendment of the Common Market Organisation Regulation that affects the vine planting authorisation scheme, the de-alcoholisation of wine, the labelling of nutritional value and the list of ingredients, the admission of hybrid varieties for PDOs/PGIs, as well as some modifications on the procedures concerning the PDOs/PGIs;

2) The integration of the wine support programmes in the new CAP Strategic Plans Regulation under the wine sectoral interventions.

a) **Update on the CAP secondary package development**

- **list of ingredients**

- **planting rights**

- **oenological practices for de-alcoholised and partially de-alcoholised wines**

The COM updated the group concerning the elements in the amended CMO that require a modification of the relevant secondary legislation: the list of ingredients and the vine planting authorisation scheme.

Concerning **labelling and the list of ingredients**, the Commission presented the main modifications in the amended CMO Regulation and referred to the empowerment for the Commission to lay down specific rules for the indication and designation of ingredients of wine. In this regard, a first exchange of views on these rules with Member States, based on a preliminary draft of a new Delegated Regulation, took place on 29 April 2022, a consultation that will be completed with their written input, as the basis to produce a new draft. The Commission communicated the CDG on the intention to give due priority to the adoption of this Act.

Members of the CDG then presented their views and concerns, with a general demand for flexibility and simplification in the list of ingredients, with reflections on how to deal with substances naturally present in the wine, desired avoidance of labelling every batch of wine differently, or proposals for grouping ingredients under generic terms (e.g. as ‘sulphites’) (CEVI, COPA-Cogeca). They also referred to the need to prioritise the adoption of the act and speed it up, to fine-tune its entry into force for certain products (e.g. long maturing products, bulk wine), and insisted in the amended CMO as an opportunity for modernising the FIC legislation (CEEV). There were also some reflections on how to deal with sugar added to the wine.

Concerning the **vine planting authorisation** scheme, the Commission presented the changes in the amended CMO Regulation, which extended the scheme until 2045 and introduced amendments such as a derogation for collections of vine varieties aiming to preserve genetic resources; some changes of the priority criteria for the granting new planting authorisations, or the option to calculate the area available for authorisations using a historical basis. The COM referred to the

work ongoing on new Delegated and Implementing Acts to reflect these changes, and the first exchange of views on these at the GREX and the Committee, respectively, on 29 April.

Some CDG members highlighted the need for enhanced simplification and/or flexibility with the rules on the authorisations system, learning from the experience gained in the last decade.

For de-alcoholised wines, the COM stated that it is not planned at this stage to develop secondary legislation, and mentioned that it is working on replies to questions received on the matter from Member States, aiming to build a common understanding of the issues.

CEEV and CELCAA insisted on the prospects for de-alcoholised wines and the need for a detailed legal framework for them to ensure quality production under the CMO umbrella. Openness to further discuss oenological practices for these wines was also requested.

b) Revision of Geographical Indications system: state of play

Commission representative gave an outline of the legislative proposal on the revision of GIs, which was adopted on 31 March. With the overarching objectives to strengthen the EU system for GIs and increase its uptake across the Union, focus is on harmonisation of the provisions on procedures and protection (all sectors concerned) while keeping specificities for wine and spirit drinks. Main novelties were explained, in particular the introduction of voluntary sustainability requirements, the concept of the recognised producer group, reinforced protection - especially in relation to online sales, as well as the involvement of EUIPO to provide technical assistance.

Overall, the importance to respect wine specificities was stressed (CELCAA/EFOW) and a regret on the harmonisation efforts across the different sectors (EFOW). Positive echoes on improved protection (incl. online sales) and the non-obligatory logo (CELCAA). On the technical cooperation with EUIPO, while strong concerns were raised by some (EFOW), others mentioned the need for the Commission to keep ultimate responsibility and a clear definition of the roles of EUIPO (COPA, CELCAA). Sustainability considerations were welcomed, but on a strictly voluntary basis (FoodDrinkEurope/COPA) and should not dilute the concept of quality considering the close link between certain production practises and their geographical area (FoodDrinkEurope). The strengthening of producer groups was positively received but warnings were made on the administrative burden and necessity to stay flexible and close to current systems in place (COPA/EFOW). Also further dovetailing between the provisions on producer groups and recognised producer groups is needed (EFOW).

EFOW concluded by referring to an ongoing study on sustainability in the wine appellations system. Commission and other participants expressed interest in the outcome of this study.

c) Update on the EC assessment of CAP Strategic Plans (Wine programmes)

The Commission presented the overview of the types of interventions claimed by Member States in the SFC 2021 database for the next period 2023-2027.

4. Health policy & Wine labelling

(a) U-label: the on-line platform for the digital labelling of wines (CEEV)

The new Common Agricultural Policy (CAP) includes changes of rules on the presentation of wine and aromatized wine products, including the option to use e-labels. In this framework, CEEV has built up a digital platform for the development and publication of e-labels (U-label), as an initiative of the sector to harmonise the interpretation of e-labels, their content and legal characteristics.

Wine producers would be able, with U-label, to include on the e-label information on the list of ingredients, the nutrition declaration, responsible consumption, mentions regulated, and on sustainability. According to CEEV, U-label hosts and publishes the e-labels in a neutral environment, separate from marketing information. The unique space for branding is the optional inclusion of the logo and website of the company. As e-labels are to be understood as an extension of physical labels, and to assure consumers that they are looking at the correct information, all e-labels generated show the image, name and country of origin of the product.

CEEV showed how, after scanning a QR-code, the consumer is directed to the e-label directly. No age-gate or selection process is included. The same QR-code allows for different linguistic versions of the label, including the automatic translation of EU-regulated mentions. According to CEEV, this would reinforce the EU Single Market and help expand the geographical scope of the commercialisation of products, without changing the labels.

According to CEEV, the U-label allows producers to easily update information, keeping the ability to complete or amend the content of the e-label at any point before product commercialisation, while printing their labels well in advance, including the specific QR-codes.

5. Green Deal – Farm 2 Fork:

(a) Carbon farming: implications for the wine sector

- Carbon Farming initiative

The Commission stated that Carbon removals are important for carbon-neutrality to balance residual emissions, and a business opportunity for the farming sector. By 2050 200 Mt additional net removal may come from carbon farming. Benefits and barriers to carbon farming initiatives were presented. The new CAP is an important tool for upscaling carbon farming through public funding incentives for good practices and innovation within the value chain.

Next step is the preparation of an EU regulatory framework for the certification of carbon removals. In the current stage of the legislative process ('call for evidence'), stakeholders were invited to give input. The impact assessment is also in preparation, with Commission adoption foreseen for Q4 2022.

The CDG members highlighted the importance of considering existing schemes on certification and monitoring, and the importance of involving economic operators.

- Interreg project GE_{CO2} - Green Economy and CO₂

ARPAE presented the Interreg IT-HR project GE_{CO2}, which has developed a carbon market on a voluntary basis in agriculture. The objective of the project has been: 1) To test, at an interregional scale, a carbon credits market on a voluntary basis; 2) To engage farmers by promoting the adoption of conservative cultivation practices; 3) To support the CO₂ emission compensation for industries and tertiary sector.

The project focused on orchards and vineyards but extension to annual crop would be easy to implement. 8 partners coming from 7 regions belonging to Croatia and Italy hired around 160 farmers that, by means of adopted conservative practices including on land use, the kind of tillage of cropland, the use of organic amendments, the sustainable management of crop residues and the reduction of synthetic agronomic inputs and fuels, which altogether stocked around 4500 tCO₂eq within the experimentation year (2021).

The project developed two informatic tools: 1) A carbon calculator able to compute the carbon budget of farms at field scale; 2) A web portal where enterprises willing to compensate their emissions (buyers) may purchase the carbon credits. Although farmers were enthusiastic to test the tool, some criticalities found were: 1) Bureaucracy alongside the carbon accounting must be minimal; 2) Carbon computation must be as clear as possible for users; 3) Data required (through a questionnaire to fill in) to participate in the market must be a few to not waste time. 4) Only simple and tracked data can be required. During the data collection estimates given by farmers have been often out of a likely range.

Benefits for enterprises which compensate their emissions, consists in the delivery of a project certificate and a project tag which can be used to promote products as carbon neutral.

(b) Update on the review of the promotion policy for EU agri-food products

The Commission announced its intention to review the promotion policy in the Farm to Fork Strategy adopted in May 2020, with the objective to increase the promotion policy's support to sustainable agricultural production and consumption. The review builds on a comprehensive policy evaluation carried out in 2020 that found that the policy was effective in meeting its objectives. The evaluation is publicly available on:

https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/1859-Evaluation-of-the-EU-agricultural-promotion-policy_en

The Commission explained further the process for the review and the state of art, which includes:

- A roadmap for the policy review, outlining possible policy options, which was open for comments from 9 February to 9 March 2021. A total 151 comments

were submitted, presenting a wide diversity of views on which of the three possible options should be pursued. It is available on:

https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12782-EU-farm-and-food-products-review-of-policy-on-promotion-inside-and-outside-the-EU_en

- An online public consultation on the policy options (March to June 2021), which attracted over 7500 responses with views. The results of the public consultation are publicly available here: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12782-EU-farm-and-food-products-review-of-policy-on-promotion-inside-and-outside-the-EU/public-consultation_en
- A Conference of Stakeholders in 12-13 July 2021, with 540 participants covering all relevant profiles, and live-streamed (reaching over 3000 viewing connections). The information about this conference is publicly available here: https://ec.europa.eu/info/events/promotion-policy-review-conference-2021-jul-12_en
- 15 presentations at the different CDGs and CMO Committees to stimulate participation in the consultations by stakeholders and public authorities.

The Commission is working on the finalisation of the impact assessment and preparation of the legislative proposal amending Regulation 1144/2014; the aim is presenting it by **end of June 2022**; the ordinary legislative process will ensue. This timeline may be delayed.

Several members (CEEV, FoodDrinkEurope, COPA, Cogeca, EFOW)) highlighted that excluding wine from the promotion policy would be inconceivable, as a flagship EU product and leading exporting agrifood product, and the damage for the sector and some regions this would bring. They also highlighted the need to avoid the blaming on the product but on the dangerous consumption, in the context of the European Beating Cancer Plan.

(c) **Organic wine (pan Europe)**

Dr. Micheloni made a presentation entitled *Organic viticulture and organic wine: why and how to step from farm to landscape*, highlighting the benefits and potential of a territorial approach in the future development of organic wine production.

After highlighting the success of organic wine farming in the EU, she showed the situation of 3 areas in Italy, and presented the many advantages of a territorial approach to organic viticulture, including shared skills and resources; environmental advantages; common investment (e.g. in research, promotion); and a positive interaction of collaboration and competition. On the potential to be exploited of this territorial approach, she highlighted: diversification of landscape; planting materials, varieties and root-stocks; group certification; research; use of new technologies; or provision of advice and facilitation available to all farmers.

Ms Micheloni stated that the EU policy framework is potentially very positive for the implementation of an organic territorial approach, considering the Biodiversity and Farm to Fork Strategies, the Action Plan for Organics, the Mission Soil, and other developments. In this context, suggestions for action include: supporting

AKIS for organics; support the culture behind organics; on-farm participatory research, making use of technology; and “pushing” on collective actions (RDP, promotion campaigns, machinery collective use, etc.).

6. Other

(a) Packaging and Packaging Waste Directive review: state of play and impact on the EU wine sector

The Commission is engaged in reviewing the Packaging and Packaging Waste Directive with a focus on packaging waste prevention, reuse, design for high quality recycling and the use of recycled content. This revision will strive to link the design of packaging to its end-of-life, thus ensuring more and better quality of recyclates, effective recycling and secondary raw materials.

Measures being considered include addressing a definition of recyclable packaging and design for recycling criteria, (mandatory) targets for waste reduction and on recycled content for specific plastic packaging categories and a possible European labelling system for sorting of packaging waste. There will be also further enabling measures, such as to reinforce EPR, and mandatory Green Public Procurement criteria.

The Commission in the process of preparing the impact assessment, aiming to develop proposals for the highest level of environmental ambition considering economic constraints, including measures and legal instruments for optimal harmonisation, which responds to a strong demand from all stakeholders.

CDG members highlighted their commitment with improving packaging but underlined the essential role of bottles as branding-marketing resources; the need for harmonising on how to deal with packaging waste and rules for recycling across the EU to reinforce the single market (FoodDrink Europe, Cogeca, EFOR).

(b) Green Claims initiative: state of play and potential impact on wine labelling requirements

The Commission explained the status of the Green Claims Initiative and the policy options, which will look into minimum criteria related to all green claims that were analysed in the impact assessment of the Empowering the Consumer for the Green Transition initiative (adopted 30 March 2022) but not included in it due to its general nature. The Green Claims initiative would include more specific measures and would rely, where relevant on the Environmental Footprint method. It would deal with the substantiation and communication of claims.

CEEV expressed support for minimum criteria for claims and sees the need to address greenwashing and recommend to build the system on the basis of existing certifications. They highlighted that this is particularly important for SMEs, predominant in the wine sector. CEEV pointed out that the cost of doing PEF studies for each individual product would be burdensome and prevent smaller companies from communicating to consumers.

The Commission clarified that options linked to the Environmental Footprint methods are limited to those green claims that are clearly linked to the methods.

It is also important that when applying a Product Environmental Footprint Category Rules (PEFCRs), coupled with free secondary data and simplified calculation tools, the cost of applying the PEF decreases significantly. The impact assessment examines the effect of options on existing labels.

(c) Distance selling revision: update

The Commission outlined options for the simplification of the rules governing distance selling, i.e. the online purchase of excise goods by a private individual from another Member State.

New elements of context make the relaunch of discussions relevant: the recent revision of the Directive on General Arrangements (removal of tax representative obligation), the evolution of EMCS (computerisation of duty paid B2B transactions), the VAT One-Stop-Shop (up and running since July 2021).

Various options have been explored in the context of a 2020 study commissioned by TAXUD, as well as in discussions with Member States.

While the many challenges linked to the distance sales of excise goods are now well understood, the next step will be to assess the feasibility of extending the VAT One-Stop-Shop to excise duty.

The Commission highlighted the need to get further details on the business case for Member States, and welcomed input from economic operators on market data and volumes, cross-border flows, recent and expected evolution of the market.

7. AOB

4. Next meeting

The next CDG WINE meeting is scheduled on November 10th 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 OF THE MEETING OF THE CDG WINE
on 5 May 2022

ORGANIZATIONS
<i>ad hoc expert 1</i>
<i>ad hoc expert 2</i>
Confédération européenne des vignerons indépendants (CEVI)
Comité Européen des Entreprises Vins (CEEV)
European agri-cooperatives (COGECA)
European Coordination Via Campesina (ECVC)
European Council of Young farmers (CEJA)
European farmers (COPA)
European Federation of Origin Wines (EFOW)
European Liaison Committee for Agriculture and agri-food trade (CELCAA)
FoodDrinkEurope
IFOAM Organics Europe