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MINUTES

Meeting of the Civil Dialog Group on Agricultural Market - Wine

5 May 2023

Chair: AGRI.E2

The following organisations were represented: BeeLife, CEJA, CELCAA, CEVI, COGECA, COPA, ECVC, EFOR, EuroCommerce, FoodDrinkEurope and IFOAM.

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

3.1. SCIC Intervention

Brief intervention from SCIC on Tips for hybrid multilingual meetings.

3.2. Wine Market situation and trade developments

The COM gave the floor to the members of the CDG to have their opinion on the current situation of the wine market.

For COPA - COGECA, the sector is facing a difficult situation. The rise in all production costs has led to a decline in investments. The decline in consumer purchasing power and the rise in prices have also led to a drop in consumption, particularly of red wines in IT, FR and ES. The sector should reflect on long-term structural measures, even if temporary measures to make the programs more flexible are also required, in particular in advance of the next harvest (among other things, the possibility of to use planting rights more simply and the extension of investment authorisations).

For CELCAA, the wine sector is indeed in a difficult situation. There is a change in the consumers behaviour: people are drinking less but better, and moving from red to white and sparkling wines. In parallel, it's difficult for the producers to advance the money to use the NSPs, and to get their money back. A deep assessment of the market to adapt to

the long-term changes is therefore needed (climate changes and consumer behaviour evolution). In the short term, reinforcing promotion programs, in particular addressing the new generations, would be needed. Enhancing flexibility of promotion policy and reducing administrative burden and controls would be needed to enhance implementation of wine support programmes.

All speakers referred to the barriers to investment caused by the current situation of high costs of energy and raw materials, and the need for flexibility in the current context to address the situation. CELCAA, CEJA also recalled the difficulties faced by the sector in FR, IT, ES and PT. Some factors include persistent drought, and in the long term the need to adapt to climate change and contribute to mitigation efforts, and the need to invest in sustainability planning; the increase in the costs of all inputs, which make it difficult to fix business plans; the drop in consumption of red wines; a reduction in volumes exported to UK and China. CEJA also referred to the communication problem caused by the political uncertainty for wine, caught in a crossfire between health policies and the recognition as an EU flagship cultural and agricultural product.

ECVC mentioned the difficulties found implementing the new CAP in PT (not clear if due to EU or national rules) and the need for farmers to adapt to the new provisions, and the refusal of winegrowers to invest in a context of drop in income. CELCAA underlined the specificities of the Italian market. Retail sales fell in volume but increased in value under the effect of increases in production costs. Uncertainty also hangs over international markets due to the lack of oenological equipment. It is therefore necessary to develop a long-term vision of the production, and at the international level, to analyse consumption trends to readapt the offer towards new consumers and new markets.

The COM took note of these comments and agreed on current issues on certain regions and segments (red wines in particular). The COM reminded that the current situation is different from the COVID situation, as the problem doesn't seem to be general, and possibly the result of a combination of conjunctural and structural challenges. In this context, it is necessary that measures to be taken are duly justified and supported by data and facts. The COM underlined that there is seemingly a turning point in market trends, and other factors that seem to be imposing, such as effects of climate change, which call for an in-depth strategic reflection by the sector and the producing countries; and pointed to the reputational risk of normalizing extraordinary measures such as distillation to the detriment of more targeted and strategic interventions as defined in the national wine support programmes.

The COM acknowledged that requests on flexibility have been received from a few MS, lacking sufficient details on the current situation and needs, and underlined that possible market intervention should be targeted and should not prevent market orientation in the future.

3.3. Wine National Support Programmes: state of play

The COM presented the state of play of the payments made under the national support programmes for wine by the 28 February 2023. The overall spending (160 Mio€) is close to 15 % of the financial ceilings (1 061 Mio€). This is a little below the level of previous years. This may suggest a possible quite low final rate of execution by the 15 October 2023. Even if most expenditure commitments are done in the last 3 months of the budget year, this is still a warning, especially given the particularly low final rate of execution of the previous budgetary year (89.6% only).

To improve the execution rate of these wine envelopes, some members of the CDG suggested the activation of article 219 of the CMO to allow crisis distillation within the

framework of NSPs (mainly in FR/IT/ES/PT and HU). The COM replied that requests have indeed been well received, but the justification could not be to improve the execution of the programmes but only the material existence of market imbalance. The COM is assessing the requests from Member States in this sense and asking them for complementary market information..

3.4. Wine labelling and Delegated Regulation laying down rules for the indication and designation of ingredients for grapevine products

The COM updated the group on the timeline and next steps in the procedure until adoption: adoption by Mid May, Council and European Parliament scrutiny for two months (and possible extension up to two more months); Delegated Regulation published by end July 2023 (end September if scrutiny extended).

The COM presented the procedural steps followed and the modifications made to the draft since the latest meeting in November 2022, based on legal checks, interservice consultation, the public feedback mechanism and the notification to the WTO.

The COM informed the participants on the results of the feedback mechanism (26 Jan - 23 Feb 2023), which mobilised 154 stakeholders, mostly companies and business associations (70%), with 90% of responses from only 2 Member States (DE, FR). Also, the COM informed the experts about a TBT notification ended on 7 April, which received comments and questions from 6 countries (CAN, USA, AUS, CHN, NZ, ARG). The main elements highlighted in consultations referred to the date of entry into force and transitional rules for certain wines; the flexibilities granted for listing certain additives; the presentation of allergenic substances; and the changes to the wine importing documents (VI-1 and VI-2 documents). International partners also asked about the rules concerning the nutrition declaration. Some respondents referred to the possibility of the COM issuing guidance on how to implement the regulation. The COM also referred to a Q & A document to support the interpretation of the new regulation, based on questions sent by Member States and the sector.

CELCAA called for early adoption, and evoked a critical point in time for timely production of label layouts this year; they also referred to a possible language issue if QR codes or electronic means would require the identification of the compulsory information behind them. Some members referred to the recognition in IT of a single, language free QR code to provide information on different product relevant matters. They insisted on the uncertainty concerning languages, and the COM replied that there are no changes to the current rules on labelling languages in the new draft regulation. CELCAA also thanked the Commission for the efforts developing a Q&A document to facilitate interpretation of the labelling rules, and asked the COM about a possible Corrigendum to Regulation (EU) 2021/2117, on the transitional period for certain wines. The COM replied that the three institutions are working on a possible solution.

3.5. Draft Delegated Regulation on specific rules for the indication and designation of ingredients for Aromatized Wine Products

The COM informed the audience that the draft delegated act laying down specific rules for the indication of ingredients for aromatised wine products had been presented to the Member States at two consecutive meetings of the Expert Group for wine (in March and in April) and that it was currently under scrutiny of the COM Legal Service before launching the interservice consultation.

The specific rules include 1) the indication of the main compound ingredient ‘wine’ (or the name of the actual grapevine product used) followed in brackets by its ingredients

listed according to the new Article 48a to be introduced into Delegated Regulation (EU) 2019/33 by the draft delegated act referred to in point 3.4 above and 2) the indication of certain ingredients added to the base wine (concentrated grape must/rectified concentrated grape must, allergens that may be found also in wine and packaging gases) outside of the brackets in the same way as laid down for wine, while all other ingredients are to be indicated in accordance with the FIC Regulation.

The COM explained that this draft delegated regulation would follow the fate of the delegated regulation introducing specific rules for the indication of wine ingredients and that it is envisaged to have it adopted and published before December 8, when the display of ingredients of wine and aromatised wine products becomes mandatory.

FederVini (CELCAA) expressed satisfaction about the draft and the approach proposed by the COM and asked for a timely publication to provide food operators with legal certainty in a labelling activity that will have to start well before the kick off date of December 8.

3.6. Presentation of a study on low/no alcohol beverages commissioned by DG AGRI

The COM presented the study, published on March 3, with the aid of the slides provided prior to the meeting (and published both on CIRCABC and the EUROPA website).

CELCAA supported the need to regulate low/no alcohol (LNA) aromatised wine products and the ABV-related descriptors, confirming the steady increase of the LNA beverages market, which represents an opportunity for the wine sector. For this reason, it is important to harmonise their production/labelling rules also in view of possible export. LNA organic wine should also be regulated.

Ifoam Organics Europe agreed on the need to regulate LNA organic wine to be able to take opportunities in this emerging market.

CIA (COPA-Cogeca) expressed concerns about the impact that the surge of LNA products may have on their alcoholic products of reference, in particular wine. Albeit supporting innovation, the identity of such products should be clearly differentiated.

DWV (COPA-Cogeca) underlined that the LNA market is increasing and has a future, thanks also to evolving consumers' demand. For this reason, it is necessary to develop an appropriate legislation, also on LNA organic wine.

3.7. Revision of Geographical Indications system

The COM illustrated the latest updates and way forward of the GIs system revision (PowerPoint presentation available also on CIRCABC and the EUROPA website). The presentation focused mainly on the developments of the proceedings in the Council Working Party and European Parliament. Main areas of discussion, besides the scope of the regulation, are on the novelties that were introduced: (recognised) producer groups, simplification of procedures/process of harmonising different sectors, increasing protection - especially on internet, sustainability and EUIPO. It was underlined the merit of this legislative proposal as it creates one single streamlined procedure for dealing with GIs, together with one single committee. This responds to one of the main objectives behind this review, which is to have an harmonised and simpler set of procedures in place for all sectors, besides improving the international perception of EU GIs system.

The timeline for adoption of the legislative proposal by the co-legislators is envisaged by end of 2023.

Several organisations (COPA-Cogeca, CELCAA, EFOW) took the floor. While positive opinions were expressed on the proposal, which is considered as an opportunity to bring added value for the wine sector reinforcing its place within the overall agri-food sector, COPA-Cogeca expressed perplexities on the following points: the voluntary approach to sustainability requirements is much welcomed (especially considering that GIs are *per se* sustainable) although it should not be placed in the product specification, furthermore the lack of financing resources for producers groups in some Member States (ie Germany) could represent an issue. CEEV (covering UIV and Federvini) underlined its support for the proposal all along the process and welcomed the COMAGRI compromise as best solution. The importance to harmonise procedures amongst the different sectors while respecting wine specificities was stressed by EFOW as well as the important role played by producers groups. Overall a prudent approach as to the involvement of EUIPO was echoed by several organisations, expressing the need for the Commission to keep ultimate responsibility as well as a clear definition of potential roles of EUIPO. CELCAA (UIV) inquired about the Council proposal of moving wine controls into the new regulation. On this last point, DG AGRIF.3 clarified that following the adoption of its proposal, decision powers now rest with the EP and Council. The Commission nevertheless will play its role of honest broker supporting both EP and Council during negotiations and will pay due attention so that the amendments proposed achieve the policy objectives and are legally sound.

3.8. Revision of the European policy on sustainable use of pesticides (SUR)

The COM gave an update on the overall status of the current inter-institutional negotiation of the Commission proposal for a Regulation on the sustainable use of plant protection products.

Some CDG members expressed concern on how this proposal will be implemented, that the targets set need to be achievable and recognize efforts already made by farmers and that economic sustainability is also considered. CDG members stated that farmers and the wine sector already do their best to limit pesticide use and respect environmental rules and fear that they will lose their competitive edge and be more vulnerable to imports from outside the EU. It was stated that recent years have seen a dramatic reduction in wine production areas across the EU, the use of pest-resistant crop varieties should be considered and wine-makers need the tools to continue producing while working towards the 50% use and risk reduction targets set at EU level for 2030. It was stated that both upstream and downstream consequences should be considered, especially as regards the potential prohibition of pesticide use in sensitive areas. If land cannot be cultivated and is abandoned, this will negatively affect biodiversity and tourism. The feasibility of the measures, especially concerning targets, is paramount. To make progress, changes are needed either in growing techniques, varieties used or pesticides used, but biocontrol products do not offer a complete solution and precision technology tools can be costly and difficult to apply. Vines are a perennial crop so changing crop varieties is not a short or medium-term option. It was highlighted that the COM proposal also affects organic viticulture. In principle, organic farming welcomes the goal of reducing pesticides but a clear distinction must be made in the proposal between chemical-synthetic agents and natural substances used in organic farming and between integrated pest management and organic pest management. It was stated that in the so-called sensitive areas, plant protection products used in organic farming must continue to be allowed to be used.

3.9. Proposal for a Directive on the substantiation and communication of explicit environmental claims ("Green Claims Directive")

Due to technical problems, the speaker was unable to present this point. The COM received questions concerning this point and committed to reflect replies in the minutes, as follows:

- A PEFCR merely reflects the PEF methodology. Since no Food PEFCRs will be adopted as long as the methodology has not been revised, will a winery still be able to substantiate a claim by applying the PEF methodology as it is now written?

Product Environmental Footprint Category Rules (PEFCRs) are indeed based on the EF methodology. They are clear, robust and easy to follow rules to calculate the environmental footprint of a product category. They provide reliable and verifiable results as well as clear indications on which primary and secondary data sets one may use to assess the environmental impact of a product.

The EF methodologies can be used to substantiate a claim. They will nonetheless have to go through the verification foreseen by the proposed Directive.

However, the proposal foresees that the Commission could adopt PEFCRs in the future via means of delegated acts so that they can be used to comply with certain requirements on substantiation of green claims and allow for an easy application of the Directive.

- How would the Green Claims Directive interfere with national certification initiatives across the EU?

The proposal targets voluntary environmental claims made by companies operating in the European Union in business-to-consumer communication. More specifically, it targets explicit claims (textual form or contained in an environmental label)

- made on a voluntary basis by businesses towards consumers (i.e., not in a business-to-business environment),
- on environmental impacts, environmental aspect or environmental performance of a product or the trader itself,
- for which no other EU rules on substantiating or communicating environmental claims are in place.

In short, publicly established environmental labelling schemes at the national level in Member States will be subject to the proposed rules only if such schemes are voluntary (and not mandatory).

Moreover, Commission-led studies and the results of public consultations have concluded that the existence of multiple ecolabels (230 active ecolabels in Europe in 2020) is detrimental to consumer trust as they vary in robustness and reliability. One of the objectives of the proposal is to stop the proliferation of environmental labels.

In order to safeguard the functioning of the single market and ensure that EU consumers receive comparable information on the environmental performance of products or services, no new ecolabelling schemes shall be established by public authorities in Member States. However, Member States may ask to initiate such a scheme under Union law (i.e. applicable on the entirety of the EU internal market).

3.10. Upgrade of the EU-Australia wine agreement in the framework of the bilateral Free Trade Agreement

The COM informed on the on-going discussions with Australia to review the existing bilateral Wine Agreement of 2010. Bilateral wine relations changed structurally after Brexit, with the EU changing from a significant net importer in volume and value, to now

being a growing net exporter of wine to Australia in value (especially sparkling wine), while still remaining a net importer in volume. EU exported wines are mostly bottled and of a significantly higher value per litre, while wine imports from Australia take place predominantly in bulk with a lower value per litre.

Discussions started 3 years ago linked to the also on-going FTA negotiations, as an opportunity to update and modernise the current Agreement. Main offensive issues for the EU in both negotiations include a negotiated solution for the protection of the GI “Prosecco”, the elimination of tariffs on wine by Australia, a New Zealand-type of rebate on a wine tax (the WET) for EU wine exporters, the update in the list of wine Geographical Indications and Traditional Terms, revised labelling provisions as well as a reference to OIV for the approval of new or modified oenological practices. Australia seeks among other to see approved additional oenological practices, clarified the relationship between use of grape varieties in labelling and EU GI protection, or a simplified wine certification.

Discussions have taken place in the week of 24-28 April in the context of the latest FTA round and will continue in the coming weeks. The objective is to conclude in parallel with the FTA negotiations before the European summer break.

3.11. Proposal for a Regulation Packaging and Packaging Waste

Due to technical problems, the speaker was unable to present this point.

4. Next meeting

Next meeting is planned to take place next 10 November, 2023

5. List of participants

See Annex

[e-signed]

Pierre BASCOU

List of participants– Minutes
Meeting of the Civil Dialog Group Agricultural Markets – Wine
5 May 2023

BeeLife - European Beekeeping Organisation
CEJA - European Council of Young Farmers
CELCAA - European Liaison Committee for the Agricultural and AGRI-Food Trade
CEVI - Confédération Européenne des Vignerons Indépendants / European Confederation of Independent Winegrowers
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
ECVC - European Coordination Via Campesina
EFOW - European Federation of Origin Wines
EuroCommerce
FoodDrinkEurope
IFOAM - International Federation of Organic Agriculture Movements European Regional Group