



MINUTES

MEETING OF THE Civil Dialogue Group Wine via videoconference (Interactio)

8 November 2021

Chair: DG AGRI G2

Organisations present: All Organisations were present, except EPHA

Nature of the meeting

The meeting was non-public and held via videoconference.

List of points discussed:

(1) Adoption of the agenda and the RoP

The agenda and the RoP were adopted.

(2) Market situation

The Commission services presented to the participants the updates on the wine market situation and the forecast for EU wine and must production 2021/2022. The adverse weather events in spring and summer, alternating from frost to floods and vine diseases linked to these climatic conditions, seem to have had a real impact on the EU 2021 wine harvest. According to harvest estimates provided by the Member States, EU wine production (wine and must) in 2021 (2021/2022 marketing year) would be 147 Mio HI, i.e. -23 Mio HI (-13 %) compared to the production 2020.

With an estimated production of 44,5 million HI (-9 %), Italy would remain at the top, followed by Spain (39 million HI -15 %) and France (33,3 million HI -27 %). The production of these three Member States, which account for almost 80 % of the EU production, estimated in 2021 at 117 million HI, would fall by -23 million HI (-17 %) compared with their production in 2020 (140 million HI).

Key facts:

- France, which is overtaken as wine producer by Italy since 2016, would be ranked third (after Spain) for the first time.

- Germany and Portugal would increase their production by + 4 % and + 1 % respectively in 2021
- Some Member States in Eastern Europe (Czech Republic, Hungary, Romania, Slovakia), although producing smaller volumes, show an upward trend.
- With a relatively small volume, the 2021 harvest would be -11 % lower than the average of the last 5 years, but still higher than the 2017 harvest, the lowest in the last 20 years (2017, with 144 Mio HI, had been a historically low harvest)
- The amplitude of production variations is increasing from year to year. For almost 10 years, production has varied from year to year in much greater proportions than in the previous decade. This instability in the volumes produced appears to be the direct consequence of major climatic hazards that are less and less predictable and more and more frequent.
- Exports 2020/2021: historical record: in volume: 28,8 Mio HI: +29% (+6,4 Mio HI, including 4,1 Mio HI exported to UK => +10% net) and in value: 14 Bio€: +28% (+3 Bio€, including 1,7 Bio€ exported to UK => +12% net).
- Imports 2020/2021: the downward trend continues: in volume, 7 Mio HI: -30% (-3 Mio HI) and in value 1,7 Bio€: -25% (-578 Mio€, mainly corresponding to UK share).
- Stocks: at the beginning of the campaign 2021/2022, with 174 Mio HI, they remain at a relatively high level. They are made up of almost 80% of PDOs and PGIs wines, they are kept mainly in FR, IT and ES and they represent more than one year of average production.

(3) COVID

(a) New European Commission's COVID-19 wine package for 2021/2022 and its implementation at MS level

The COM representative recalled the main elements of the 3 regulations which the Commission published in spring 2020 to limit the impact of the COVID crisis on the wine sector, i.e. Delegated Regulation (EU) 2020/592, Implementing Regulation (EU) 2020/600 and Delegated Regulation (EU) 2020/884.

The COM representative also presented the three regulations adopted this autumn by the Commission which amend Regulations 2020/592, 2020/600 and 2020/884. The draft Regulation amending Delegated Regulation (EU) 2020/592 provides for the following:

- a higher Union contribution for certain measures of wine programmes, until 15/10/2022,
- a higher Union contribution for harvest insurance, until 15/10/2023,
- no prolongation of the measures 'distillation of wine in case of crisis' and 'aid for crisis storage of wine'.

Implementing Regulation (EU) 2021/1763, amending Implementing Regulation (EU) 2020/600, provides for the prolongation of the possibility for Member States to amend their wine programmes as often as necessary (until 15/10/2022).

The draft Regulation amending Delegated Regulation (EU) 2020/884 provides for:

- the prolongation of the existing flexibilities of DR 2020/884 until 15/10/2022,
- a doubling of the Union contribution to the administrative costs of the constitution of mutual funds, until 15/10/2023.

The draft regulations amending Delegated Regulations (EU) 2020/592 and (EU) 2020/884 will be published at the end of the ongoing scrutiny period in the European Parliament and Council (not before 13 November 2021). The three amending regulations will be applicable from 16 October 2021.

Following the COM presentation, the CDG participants did not raise any questions or make any comments.

(b) Impact of COVID-19 on the EU wine sector – *update from the sector*

A representative of the sector made an update on the COVID-19 development from the perspective of his organisation (however, no detailed contribution was received at this moment of closing this report).

(4) How do increased transportation and freight costs impact on the competitiveness of EU wines, *update from the sector*

A representative of the sector made a presentation on the increase on freight costs and its implications on international wine trade (no detailed contribution was received at the moment of closing this report).

(5) CAP reform: State of play of adoption process and future development of secondary legislation

The COM representative briefly presented the state of the process of finalisation of the basic acts of the CAP reform. The package of the three EP and Council Regulations, i.e. the SPR, the HZR and the CMO amending Regulation, is expected to be adopted and published the first week of December with enter into force the day of its publication. He also explained that the more urgent package of related secondary legislation covers the SPR (content of the CAP Strategic Plans and common rules on interventions) and the HzR (financial rules). This first wave is going to be adopted by the COM immediately after enter into force of the basic acts with the intention to be published before the end of the year to allow MS to present their strategic plans on time. In the meantime, the preparation of this secondary legislation is ongoing with MS. The approach retained for sectoral interventions including wine is to keep as much as necessary the current rules, which assure a common level playing field while simplifying and aligning them among the different sectors as much as possible. Other waves of delegated and implementing regulations will be adopted next year (e.g. to implement the amendments of the CMO).

The members of the group expressed some concerns on the risk to lose the wine specificities and the risk of different implementation among MS. They queried about the derogation of existing implementing rules and guidelines for the current wine programmes and if the COM intend to provide additional separate guidance, the checks on wine expenditure in the new context and the possible change of the deadline for the MS to present their plans. One expert also commented on the coherence with public health policy and proposed to include in a coming meeting a point on health consequences of alcohol consumption. In his answer, the COM representative reminded the general approach of the reform, which involves more subsidiarity for the MS to adapt the measures to their needs as well as a model based on the assessment of the results rather than auditing the compliance at EU level. He insisted on the fact that aligning certain rules on the interventions does not alter the wine approach of national programmes included in the basic act and confirmed that the deadline for the presentation of strategic plans by the end of the year is maintained.

(6) Consumer information and concept of digital information: CEEV U-label platform and ongoing FIC revision (CEEV)

A CEEV representative made a presentation of the stakeholders U-label platform (no detailed contribution was received at the moment of closing this report).

(7) Labelling rules for wine: ongoing discussions (*to be confirmed*)

The COM representative (DG SANTE) presented the process of review of the FIC regulation as regards labelling rules for all alcoholic beverage as regards nutrition declaration and the list of ingredients, in line with the Cancer Beating Plan adopted early 2021. An inception impact assessment is under public consultation and contain different alternative legislative approaches (status quo, possibility for off-label information, or full on-label information) and all the options are still open. Taking into account this public consultation and its internal assessment, the COM will adopt its legislative proposals if possible before the end of 2022.

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

Regarding the scope and objectives of the packaging regulation, waste is one the main issue in achieving the ambition of a circular economy, as too much waste put too much pressure on natural resources. So considering the huge amount of waste and of packaging in global waste, more ambition specifically on packaging is required. New way of production and consumption should make packaging more circular since the objective is to protect both the economy and the environment, decoupling consumption from the use of resources. In four steps, and considering the entire life cycle of products and packaging from production to waste, the key will be to produce efficiently, reduce, reuse and then recycle more. In short, prevention and reuse are first, when possible. Only then, high quality recycling can take place. This involves the eco-design of packaging and the management of its waste before recycling, as follows:

- The design of the packaging is the first step to make it sustainable. All packaging must be designed for circularity and to take into account its end-of-life, which means for reuse or recycling. The entire industry is necessary

because the beginning of the chain has to take into account the middle and the end of it. More could also be done on reusable. For that, glass –mainly used in the wine industry- is a good key player. However, retailers also have a role to play in exploring the possibility of not using packaging where possible. In addition, when necessary, packaging have to be designed for recycling and made of secondary raw materials.

- In waste management, the formula is “less waste for more value” as it is pointless having packaging (even technically recyclable) that could have been avoided or re-used. Packaging should circulate in the economy for as long as possible and should keep a value instead of being considered as waste after the first consumption. The GreenDeal aims to tackle over-packaging, as no more packaging should be used than strictly necessary safety and carriage of products and consumers have a strong perception that packaging is used where it is not needed. Putting unnecessary (i.e. when it can be avoided or replaced by a reuse model) packaging on the market makes no sense.
- After prevention and design for reuse and recycling, then recycling can come as a final solution to retain the high value of all packaging materials for longer. A large proportion of the packaging placed on the market cannot be recycled cost-effectively and ends up incinerated or landfilled, which is not sustainable. Moreover, recycling should include recyclates to limit the use of virgin resources. If waste is lost, the value is lost. Packaging has value when it is reusable or recyclable, and when it is effectively collected, sorted, recycled and then used as a secondary raw material.

As regards legislation, the current review of the Packaging and Packaging Waste directive aims at a legal text that will link design and end-of-life of packaging. The objective is to stimulate reuse and waste prevention with possible new targets. Four main sets of measures are under discussion:

- to establish a definition of recyclable packaging, which does not exist yet. It will be technology and material neutral. The details are still under assessment ;
- to reinforce the Essential requirements (i.e. regulation of the conditions for packaging to be allowed on the EU market) to improve the eco-design of packaging ;
- to set new mandatory targets (3.1) on recycled content to stimulate the market of recycled materials and (3.2) on reuse for certain pre-selected packaging/products categories where it would be feasible given the existence of reuse systems, their convenience, cost, and product characteristics (e.g. beverage bottles);
- to propose measures for more harmonized labelling and for separate collection of packaging waste (as mandated by the CEAP), including Deposit and Return Schemes. The work has started this year in cooperation with the JRC and will result in the revision of the Waste Framework Directive in 2023.

Considering the process of review, the impact assessment is still ongoing. After the public consultation and stakeholder workshops, there is a current work on the

different policy options within preselected measures. On this basis, the drafting of the legal text will follow.

In conclusion, packaging plays a major role (e.g. protection, transportation and handling of products) and the Commission understands the need of the industry (long-term vision for investments, the adaptation of production processes for new technologies, legal certainty) but there is also a strong expectation of citizens. Regulations and adaptation of production models will be key. To summarise eliminating unnecessary packaging, and then innovation must take place so that all required packaging is reusable, recyclable or compostable.

(9) Organic wine:

(a) update on the European Commission's Action Plan to EU wine sector

The COM representative explains the main lines of the European Organic Action Plan approved last 25 March 2021. He highlights three important elements to try to reach the target of 25% surface by 2030:

- Legal stability. The new Organic Regulation of 2018, which enters into application next 1 January 2022, is here to stay for a while. It is important to give legal stability to operators in we want conversion from conventional to organic farming.
- Financial incentives in three ways: a) the new eco-schemes of CAP, b) commitment to earmark 30% of research money to organics, c) promotion funds.
- Growing support and knowledge of the Organic logo. Consumers request more organic products and this helps the growth of the sector.

(b) PAN Europe presentation on organic wine growing Cristina MICHELONI (independent consultant)

Point removed from the agenda due to the last minute commitment of the speaker.

(10) Promotion: Update on the review of the promotion policy for EU agri-food products

Point not treated due to time constraints.

(11) GIs: Update on the state of play of ongoing revision of Geographical Indications (GIs) system

The Commission representative presented the main elements of the up-coming revision of the policy on geographical indications. This policy is seen as essential to maintain high food quality and standards and ensure preservation of tradition, culture, heritage and jobs in rural economy. Its revision follows a full policy evaluation, impact assessment and analysis of the potential for simplification and reduction of administrative burden. Currently, the Commission services are drafting the legislative proposal with a view to its adoption in Q1 of 2022.

There are a number of themes that have emerged from the in-depth evaluation and impact assessment process:

- The specificities of the wines and spirits GIs will be retained, but the process of ‘picking the best’ from each of the three GI regimes will continue with the aim of harmonisation wherever sensible. The proposal will be looking to boost the agricultural side of GIs and ensure better delivery of GIs contribution to the rural economy. At the same time, improving the functioning of GIs management is one of the objectives.
- It is necessary to reduce registration delays and better communicate requirements to applicants. And, linked to that mission of ‘service’, the GI revision should be seen as encouragement of increased uptake of GIs across the EU, and notably in those countries that have lower number of registered GIs.
- Changes to the way we register GIs have not been decided, but will be driven by 4 factors:
 - Effective integration of agronomic / viticultural dimension of GIs
 - Quality of assessments
 - Coherence of decisions across MS
 - Efficiency and openness of registrations and amendments
- Sustainability will gain importance in GI production, also due to a clear demand from the stakeholder community for action on sustainability, and a preference of voluntary action. At the same time, we must respect that protection of GIs is an EU fundamental right and cannot be denied to producers who follow the rules. Another factor is timing, the Commission is planning sustainability labelling across the board – also covering GI producers. Decisions taken now cannot prejudice those outcomes.
- As regards empowering producer groups, the model of a recognised or representative producer group offers a structure that can develop the GI, train and support producers, manage the internal verifications of compliance, and defend the GI by monitoring the internet and being the designated contact point for customs, police and anti-fraud agencies suspicious about goods in the market.
- Turning to enforcement, this calls for a rethink – to engage all stakeholders, including the empowered recognised producer groups. The structure of Member States’ enforcement and verification systems seems fit for purpose, but more work is needed with coordination, sharing best practice and facilitating responses to control incidents.
- The internet presents particular difficulties. Progress is reasonably good in terms of the platforms – Amazon and Ali Baba will ‘take down’ goods for sale that infringe GIs – when these are offered to EU consumers. However, the domain name system is a cause of extreme concern. We can take action in those parts of the internet under EU or MS law – like the .eu and .ms, and we can prevent sales and profit into the EU from sites and labelling that usurps GIs. More than that, stakeholders and Member States in the ICANN

community need to keep up the pressure and pass the message that ignoring GIs in the domain name system creates a free pass for counterfeits and frauds – and is unsustainable.

In sum, the GI revision aims to achieve a harmonised, better-coordinated verification and enforcement, tackle DNS issue on internet, achieve progress in terms of sustainability of GI production, empower the recognized GI producer groups and ensure faster and more reliable registration procedures.

EFOW representative commented that positive improvements to GI legislation like sustainability and supply management already make part of the agreed CMO amendments and that these aspects could be enhanced in the GI revision. The option of outsourcing the GI registrations to EUIPO should not be implemented as it would mean a switch from a public good to the privatisation of the system and focusing on the IT aspects only. The Commission representative commented that a transfer of the examination of applications to EUIPO would not be a privatisation because EUIPO is a European Institution, while the analyses have shown that considerable gains could be achieved, to the benefit of GI producers.

(12) Demande de protection de la mention traditionnelle Prosek

The COM representative explained the ongoing opposition procedure open as regards the HR application for the protection of “Prosek” as traditional reserved term, which follows the normal procedures foreseen by our legal framework. The COM will assess all the arguments that will be presented during this opposition process and will take the appropriate decision in line with the rules in place.

Three IT representatives of the sector and two EU level organisations (CEEV and EFOW) took the floor to express their concerns about the potential precedent that could represent the protection of “Prosek” against the already existing PDO “Prosecco”, undermining the whole protection system of GIs, both within the EU and against external markets. They underlined the political sensitivity of the file and the strategic importance to keep a high level of protection for the wine GIs. One representative of HR producers explained the differences between the two products, the lack of risk of confusing consumers and argued that the protection of this traditional term do not undermine the protection of “Prosecco”. The COM finally reminded again that the procedure still ongoing and that any decision to be taken by the COM will take into account the assessment of all the arguments and will be in line with the existing legal framework. He made clear that we could not prejudge at this stage the outcome of this assessment.

(13) DG SANTE update on EBCP Road map – state of play

Point removed from the agenda due to the last minute commitment of the speaker

(14) AOB

None

Next steps :

Publication of the minutes on the Agri Europa website.

Next meeting

Scheduled on 05 May 2022

List of participants - Annex

Michael SCANNELL

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

**MEETING OF THE Civil Dialogue Group Wine
via videoconference (Interactio)
8 November 2021**

| MEMBER ORGANISATION | NUMBER OF PERSONS |
|---------------------------------------------------------------------------|-------------------|
| Confédération européenne des vignerons indépendants (CEVI) | 2 |
| European agri-cooperatives (COGECA) | 9 |
| European Alcohol Policy Alliance (Eurocare) | 2 |
| European Coordination Via Campesina (ECVC) | 3 |
| European Council of Young farmers (CEJA) | 4 |
| European farmers (COPA) | 10 |
| European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT) | 2 |
| European Federation of Origin Wines (EFOW) | 2 |
| European Liaison Committee for Agriculture and agri-food trade (CELCAA) | 7 |
| FoodDrinkEurope | 5 |
| IFOAM Organics Europe | 2 |
| Pesticide Action Network Europe (PAN Europe) | 1 |
| European Public Health Alliance (EPHA) | 0 |
| Ad-hoc invited expert | 1 |