

FINAL MINUTES

Meeting of the Civil Dialogue Group Wine

10 November 2020

Chair: Mr Barillère (CELCAA)

Organisations present: All Organisations were present, except EPHA

1. Approval of the agenda

The agenda is approved

2. Nature of the meeting

The meeting was non-public and held via videoconference.

3. List of points discussed

- *Election of the Chair and Vice-Chair of the Group*

The **European Commission** (COM) reminds the rules of procedures and proceeds with the elections of the Chairmanship. Mr. Jean-Marie Barillère (CEEV / CELCAA) is elected Chair of the Civil Dialogue Group, while Mr. Ángel Villafranca Lara (Cogeca) is elected Vice-Chair.

- *Covid 19 impact on the wine market – information on the regulation modifying/extending extraordinary measures for wine*

COM presents the main measures undertaken in order to support the wine sector and mitigate the devastating consequences of the Covid 19 pandemic. In particular, it informs the group about the following elements :

- Introduction of new measures under Wine Support Package, namely crisis distillation and crisis storage
- Introduction of number of flexibility mechanisms both for operators and Member States:
 - Allowing green harvesting on the whole holding or on the part of the holding and lifting limits as regards support to be carried out during consecutive years on the same parcel
 - Authorising beneficiaries to introduce changes to the initially approved operations within the approved amount of eligible support
 - Allowing Member States to introduce modifications to their respective national programmes more than twice a year

- Increasing the Union contribution to the support (under the measures promotion, restructuring and conversion of vineyards, green harvesting, harvest insurance and investments respectively) from 50 to 70%
- Extension of the support measures and of the increased union contribution for the financial year 2021
- Extension of validity of planting authorisations (from May 2020 to May 2021) but insofar as the wine sector is still facing difficulties, COM included additional provisions to the transitional regulation to extend the validity of planting authorisations until 31st December 2021.
- The agreement on the Multiannual Financial Framework (MFF) still needs to be reached, but once adopted it will determine the financial envelope for wine and will be retroactive.

In the scope of the execution of EU funds, **COM** informs the group that within the whole envelope of €1.1€, €250 million have been devoted to crisis distillation measures, €21 million to crisis storage and €28 million spent on green harvesting.

Copa-Cogeca welcomes COM support measures as well as their extension for the financial year 2021 but underlines that these measures have not been sufficiently efficient due to the lack of co-financing in certain Member States. Insofar as the budget has been allocated in priority to the emergency measures, the sector was losing its operating power. To address this situation, extraordinary funds (e.g. recovery instrument) and a multiannual strategic plan are needed.

CEEV welcomes the COM support package but stresses the need to understand how the wine sector will be able to capture funds from the recovery instrument in order to foster its recovery and competitiveness. Due to the current difficulties (closure of HoReCa sector severely affecting wine operators, decrease in turnover, losses in volumes and values...), it is of utmost importance to recover markets and thus the system of promotion in third countries needs to be improved. It requests further clarifications about the possibility to implement promotion actions in the UK under the NSP.

CEVI also stresses the need to make available additional funds and highlights that further flexibility is needed in the internal market as regards to the distance selling.

EFOW insists on the need to provide new tools (new definition of green harvesting, review of the mechanism for the restructuring funds) and to have an open discussion on grubbing-up.

COM replies by underlining that it will work closely with Member States in the elaboration of future CAP Strategic plans while increasing the subsidiarity and coherence of objectives. In parallel, it was indicated that COM can not be supportive of the grubbing-up nor for the modification of the definition of green harvest. Concerning promotion actions in the UK, COM explained that it will be necessary to wait for the UK to become a third country.

- *CAP reform: update on the Council and Parliament proposals for wine*

COM gives an update on the timing and content of the Council and Parliament positions in the framework of the CAP-post 2020 reform. As preliminary point, COM indicates that the Council and the European Parliament reached a common understanding on transitional period in order to continue to support operators under the current legal framework until the end of 2022 and that the new CAP will be applied as from 1 January 2023.

In particular, COM informs the group about the following elements :

- The first trilogue took place on 10 November and it was underlined that the three institutions must be prepared to reach a deal by April in order to have the reform adopted by the end of June 2021 and to allow sufficient time to develop the necessary secondary legislation and considering the time needed to put in place the new CAP delivery model (preparation, and approval of Strategic Plans, etc.)
- Regarding the CMO Regulation, there are several differences in the Council and Parliament approach vis-à-vis the COM proposal, in particular concerning wine main points are
 - o Inclusion of the Vitis Labrusca grape varieties and its hybrids – while authorisation of the use of Vitis vinifera hybrids for the production of PDO wines is accepted;
 - o Scheme for planting authorisations: COM considers that it is premature to change the end of system date (2030) as the mid-term review is scheduled for 2023;
 - o Exclusion of the planting or replanting of areas whose vine products are intended solely for the production of grape juice proposed by the Parliament;
 - o Nutritional declaration/list of ingredients both Council and EP go in the same direction
 - o PDO/PGI definition and procedures: while Parliament has introduced modifications, the Council approach is closer to the COM proposal;
 - o Oenological practices: the inclusion of the de-alcoholisation process is welcomed
 - o Producer/interbranch organisations (contractual relations, value-sharing clauses, horizontal but affect also the wine sector...)
 - o General management of exceptional market measures.
- Regarding the CAP Strategic Plans Regulation, two main elements were highlighted in relation to wine:
 - o Parliament proposal to ensure that a minimum (5%) percentage of the expenditure will be allocated for the listed environment- and climate-relevant actions
 - o Council proposal introducing the possibility to allow Member States to grant national payments (up to 30% of eligible expenditure) in addition to the union financial assistance for information actions and promotion

CEVI welcomes the introduction of specific provisions related to the nutritional declaration.

CEEV stresses the need to wait until the mid-term review of the planting authorisations system (2023) in order to identify the necessary improvements that should be incorporated before deciding on the extension of the actual system after 2030 and to include a national reserve of authorizations for plantings at Member States level. It welcomes the Parliament amendments related to aromatised wine products allowing the modernisation of its legal framework and providing opportunities for revitalising the sector. It also considers that the tool of restructuring and conversion of vineyards is the most appropriate way to integrate the adaptation to climate change. Finally, it pointed out the need to closely work with the OIV regarding the oenological practices for de-alcoholised wines. CEEV also calls the Commission to support EP amendments on Regulation 251/2014, that will enable the modernisation of the aromatised wine products legal framework.

Copa-Cogeca regrets that the proposed measures may not be sufficiently flexible and alerts on the reduction of the budget dedicated to the wine envelope and on the need to avoid any disruption in planning investment during the transitional period.

COM confirms its position to maintain its proposal on planting authorisation scheme, to ensure the coherence dimension in the allocation criteria and to integrate the EU Green Deal dimension in the strategic plans: recommendations to Member States are currently under preparation. It informs the group about the reduction of budget allocated to pillar I (-2%) and to the financial envelope for the wine (-3,9%). COM reassures Copa-Cogeca that the transitional measures will ensure the continuation of the programs and the existence of the norms. It also confirms that OIV works' dynamic on dealcoholisation should be followed closely. He did not enter on the point of aromatised wines.

- *Farm to Fork strategy. Implications for the wine sector*

COM informs the group that its proposal on CAP-post 2020 integrates already the sustainability dimension, somehow anticipating future needs for the wine sector in terms of challenges. While during the last years the EU food policy was built on food safety, the Farm to Fork strategy will lead to build it on the food sustainability. COM points out the direct issues fundamental for the wine sector, in particular :

- Reduction of pesticides by 50% representing a real environmental challenge for the sector
- Reduction of the GHG emission in order to achieve climate neutrality
- Increasing of organic production responding to the consumer's expectations
- GI sustainability : the EU system of GIs needs to be reviewed in order to further integrate the sustainability dimension
- Trade : the more stringent rules imposed to third countries exports are likely to affect relations with EU international partners and the necessary steps should be done in the scope of bilateral agreements to avoid that wine is taken in hostage
- Promotion of healthier lifestyle : even if the alcohol is outside of the scope, the sector needs to be vigilant because 'wine' is coming in the debate

Copa-Cogeca agrees that our sector needs to move towards further sustainability, but stresses that in order to succeed, further reflections should be done on how to enable the sector to reduce the use of pesticides or to make it less dependent on copper in organic production.

CEEV highlights that it is not just a question of changing the system but also educating consumers. The current project of the e-label digital platform developed by the wine and spirits sectors to communicate more transparently falls perfectly in the scope of the Farm to Fork strategy. Convinced of the need to encourage the digitalisation, CEEV calls for cooperation with the COM in order to accompany the sector in this project aiming to improve communication and education of consumers.

Copa Cogeca underlines the challenge of achieving the the 25% organic target and asks whether any guidance, measures or financial support is foreseen for the sector, in order to achieve it by 2030.

EFOW indicates that in order to ensure further sustainability (economic, social and environmental), it is necessary to have a system of value sharing encouraging wine producers to invest in the environmental change.

CEVI is concerned that the implementation of the Farm to Fork strategy will involve important costs for wine operators, without any impact assessment.

COM acknowledges that the targets are very ambitious and reassures CEVI by confirming that impact assessments will be carried out for each action in the scope of the Farm to Fork strategy. COM also commented that to achieve the organic target, measures should be indicated under the Strategic Plans regulation therefore subordinate to the Member States.

IFOAM asks to invite Helga Willer (Research Institute of Organic Agriculture - FiBL) for next CDG Wine to show data and development about organic viticulture in Europe (under AOB).

- *Brexit. Update, Implications and duties in case of No deal*

COM gives an update on the Brexit process and informs the Group that EU Task Force is still negotiating possible agreement with the “no tariffs – no quotas” ambition for trading goods. From the UK side, the government notices confirm the following elements:

- VII certificate will not be required for EU wine imported into Great Britain (England, Scotland and Wales) from 1 January to 30 June 2021
- As regards to the labelling provisions, it was confirmed that wine products can continue to be placed on the UK market without changes until September 2022. From 1 October 2022, wine must be labelled with the name and address of an importer or bottler located within the UK. Ambiguity about the Northern Ireland still needs to be clarified.

CEEV insists on the need to clarify the labelling requirements after the end of the grace period (importer/bottler indication) and asks how to deal with the promotion actions. The COM confirms that until the end of this year the promotion actions could be prepared for their effective implementation starting 1 January 2021 if there is no contradictory provision with the current agreement negotiations.

- *State of play of the US additional duties in the context of Airbus/Boeing conflict*

COM informs the participants that due to lack of progress with the US, the EU has agreed to put tariffs on up to \$4 billion imposed on US products, including aviation products and a range of agricultural products, thereby strictly mirroring the countermeasures imposed by the US in the context of WTO case on subsidies to Airbus. Even if the COM do not really expect a different approach on trade with the new-elected president Joe Biden, the EU is actively seeking for a resolution of the trade conflict and expects more cooperation than litigation with the new administration. It underlines the EU willingness to relaunch discussions and to mutually agree to abandon existing sanctions on both sides with immediate effect.

Copa-Cogeca insists that these tariffs should not be considered as permanent tariffs and there is an interest on both side to find appropriate solution as soon as possible.

CEEV confirms that removing these tariffs is a win-win solution for both sides, especially with Covid-19 pandemic simultaneous effects and asks the Commission to put in place all negotiating efforts to come back to a normal situation in order not to lose the competitive advantage that EU companies have on the US market.

- *Presentation on the EC report on the evaluation of the EU wine policy*

COM presents the results of the evaluation on the wine related provisions of the CAP, assessing the effectiveness, efficiency, relevance, coherence and EU value-added and highlighting the main lessons learned during the targeted period 2013-2019. In particular, COM informs the group about the following elements:

- Strategic choices regarding the measures applicable to the wine sector could be better justified. This should be the case in the next programming period, because the national support programmes for wine will be part of the CAP strategic plans. The measures will have to contribute to all the nine CAP objectives and in particular to the three environmental and climate related objectives
 - In addition, national support programmes could contribute to tackling environmental challenges and incentivising changes to practices in wine production to achieve a transition towards sustainable practices, in line with the environmental ambition of the new CAP
 - More attention should also be paid to the monitoring of the programmes
 - Restructuring and conversion of vineyards measure could play a more significant role in adapting EU vineyards to climate change and protecting biodiversity
 - Some potential for simplification was identified regarding the administrative burden involved in justifying expenditure under the promotion measure. This could lead to a higher uptake of the measure
 - Regarding innovation and the information on responsible wine consumption, there might be other policies better placed to promote them than the wine policy. A strengthened coherence between the objectives of the wine policy and the EU health objective could rely on a concerted vision between health and sectoral stakeholders
 - After two programming periods involving the national support programmes, some new needs for support have emerged in some Member States, such as the possibility for Member States to use a share of the budget for ad hoc measures
- *AOB – round table questionnaire PanEurope*

PAN Europe prepared a questionnaire asking national representatives of the CDGs for more information regarding main issues faced in terms of grapevine diseases and pests, percentage of farmers and hectares in organic, use of pesticides, uptake of alternatives etc.

4. Conclusions/recommendations/opinions

5. Next steps

6. Next meeting

7. List of participants - Annex

List of participants– Minutes

***Civil Dialogue Group Wine
Date: 10 November 2020***

MEMBER ORGANISATION	NUMBER OF PERSONS
Confédération européenne des vignerons indépendants (CEVI)	2
European agri-cooperatives (COGECA)	10
European Alcohol Policy Alliance (Eurocare)	1
European Coordination Via Campesina (ECVC)	2
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