



CP.MI-110-2016  
22 Oct 2016

## FINAL MINUTES

Civil Dialogue Group “Horticulture, Olives and Spirits”  
Friday 14 October 2016, 09.30 – 13.00  
Brussels

### LIST OF PARTICIPANTS

#### Stakeholders:

FoodDrinkEurope: Nick Soper (Chair), Lionel Lalagüe, Saara Azbel, Rolf Cassergren, Denis Naudin ten Cate, Camille Marchand, Tom Sallis, Constance Balsamo, Yapa Thepkanjana, Andreas Guth, Bettina Breuer (note taker).

COPA: Mr. Imbert, Ms Predic, Mr. Erdrich, Mr Erlandsson

COGEGA: Mr. Lukas, Mr Calentini, Mr. Giamalidis, Mrs. Panagiotou, Mr Vertes, Mr Radic

CEJA: Llorens Aguilera, Roseira Rei.

CELCAA: Ana Isabel Alves, Ottavio Cagiano de Azevedo,

PAN Europe: Ms Slabe

EFFAT: Laurenza Aisseut, Mr Springer

IFOAM: Mr. Magliola.

#### Commission:

Ersilia Moliterno and Joao Onofre (AGRI C2), Maria Iusco and Caterina Mayagota (AGRI B3), Roberta Buttini (AGRI R4), Antonio Blanco (TAXUD, B3) Daniel Hanekuyk (GROW B4).

### 1. APPROVAL OF THE AGENDA AND REPORT OF THE LAST MEETING (15/03/2016)

The agenda was adopted. The minutes of the last meeting were adopted.

### 2. ELECTION OF CHAIR / VICE CHAIRS

By a show of hands, the group elected M Rafael Sanchez de Puerta Diaz as President and Messrs Jose Antonio Garcia Fernandez and Nick Soper as Vice Presidents.

### 3. ALIGNMENT OF REGULATION 110/2008

FoodDrinkEurope set out the importance of the Regulation to the spirits sector, emphasising the importance of clear definitions, labelling rules and the protection of geographical indications. COM explained that the proposed alignment was now at an advanced stage of adoption. It would take a further month for translation, following which it would be sent to the Parliament and Council and notified to the WTO. As an alignment text, however, it was thought that the draft would not be subject to the Commission's new 4 week public consultation.

COM confirmed that, while there had been stylistic amendments to some of the definitions in Regulation 110/2008, this was in an effort to clarify the rules and in no circumstances was there an intention to change production methods.

### 4. TECHNICAL FILES FOR SPIRIT DRINKS WITH GEOGRAPHICAL INDICATIONS

FoodDrinkEurope explained that the protection of GI spirits remained a high priority for the sector but, with all the technical files having been submitted by February 2015, unease was growing because the status of the TF was uncertain and the scrutiny process was taking longer than expected. COM assured that with the technical files having been submitted within the deadline, and the names included under Regulations 110/2008 new Annex III, the protection of these names as GI is not affected during the validation exercise.. COM explained that, when necessary to clarify aspects of the TF, it writes to the Member State concerned to seek information; these exchanges inevitably take time. In addition, the process involves other parts of the DG AGRI and that can also take time.

Once its scrutiny of all the TF has been concluded, COM intends formally to approve them at the same time. In the meantime, however, when it has completed its assessment of individual TF, it writes to the relevant MS to indicate that DG AGRI does not have further questions. 30 such letters had already been sent and a further 20-30 were in the pipeline. Separately, there are around 50 TF that have not yet been examined. COM hoped to write to MS on each one by the end of this year or early 2017.

Copa-Cogeca asked about the large numbers of questions being posed by COM, given that the GIs had in most cases been produced for decades. It hoped that Commission might show greater flexibility on these traditional and artisanal products. COM sought to assure that it sometimes required more detail to be able to link the GI more closely to its geographical origin, adding that a more comprehensive TF would facilitate national controls and international protection.

FoodDrinkEurope and Copa-Cogeca asked about the status of GI TF which had been submitted under the earlier rules, i.e. in Regulation 110/2008, as opposed to 716/2013, indicating they felt their approval should have been automatic. COM indicated that a equal treatment is applied to all TF. Moreover, COM highlighted that the basic rules been substantially changed by the Regulation 716/2013, other than perhaps in relation to bottling at source.

### 5. EXCISE TAX - REVIEW OF DIRECTIVE 92/83

With DG TAXUD officials unable to attend, the Chair gave a presentation which officials had prepared and which set out the background to and processes involved in the review and some of the final report's main findings and recommendations. (The presentation is on CIRCA.) Members raised a number of observations, on which DG TAXUD's views were sought:

- There is no harmonisation of the procedures governing the relationship between producers and national authorities. In terms of proof of payment, for example, strip stamp rules vary hugely and are always complicated. This is a particular burden for SME producers and could give rise to unfair competition between large and small companies.
- The biggest area of concern remains the different treatment of fermented and distilled alcohol. Among other things, this puts northern EU MS at a disadvantage because they cannot make wine.
- As all alcoholic beverages contain exactly the same alcohol component - ethanol - there are serious concerns at the prospect of reduced rates for lower strength products. This would further distort competition against spirits which are subject to minimum strength requirements.
- There are also serious concerns at the treatment of small producers. The report's observation that the current situation is "appropriate" is not shared by the industry. The present threshold is well below the level that would help small spirits producers and a tiny fraction of the preferences given to small beer producers.

## 6. CROATIA - LABELLING AND OTHER BARRIERS

FoodDrinkEurope gave a presentation (available on CIRCA) setting out the new trade barriers Croatia had put in place and which were denying free movement of goods to producers elsewhere in the EU. In addition, the country's requirement for 3 separate environment logos on packaging was excessive and of no value to consumers. While the sector had written to COM to register concerns at both aspects, it was not clear which unit(s) would be responsible for handling the complaint. Clarification on this aspect was the most urgent requirement so that a dialogue on the issue could then take place.

## 7. EU ENLARGEMENT - TAX DISCRIMINATION IN SERBIA AND BOSNIA & HERZEGOVINA

FoodDrinkEurope sought an update on developments, following the Commission's welcome efforts to address the concerns registered earlier. COM agreed that Serbia was in breach of Article 37 of the Stabilisation and Association Agreement (SAA) and regretted that the Serbian authorities were reconsidering a plan to remove the preferences. The EU Council would be asked to approve an opening benchmark in the tax chapter of accession negotiations which would require early abolition of the tax discrimination.

COM indicated that there were concerns in Serbia that tax increases on local spirits could result in increased evasion. FoodDrinkEurope reminded COM that Serbia was not obliged to lift all taxes to the highest rates; harmonisation could take place closer to the rates on domestic spirits. It also urged COM not to grant derogations akin to those elsewhere in central Europe which had brought, in some cases, widespread tax evasion, a large illicit market and distortion of competition against legitimate traders.

Bosnia and Herzegovina, where excise tax structures also discriminate against imported products, had formally submitted an application to join the EU. COM had previously explained that the tax preferences in place breach B&H's commitments under its SAA because imported and local spirits are 'like' products. The evaluation of the EU accession application will also take the breach into account.

## 8. SWEDEN - MONOPOLY'S PRICING AND EXTENSION OF ITS REMIT

### a. Monopoly pricing

FoodDrinkEurope gave a presentation (available on CIRCA) setting out its concerns that the monopoly was changing its pricing ‘mark-ups’ in a way that penalised the main imported beverages (spirits and wine) and favoured local products (beer). It seemed that some costs had been included even though they are common to all sectors. The study used to justify the change had not been released despite requests from the trade. The lack of transparency was a concern and there were questions as to whether the monopoly was misusing its dominant position in the market.

On a related matter, the excessive excise taxes in Sweden mean the monopoly accounts for less than half of the spirits market; higher prices still will drive away more trade from the monopoly. With the Swedish government protective of the monopoly, industry hoped the Commission might be able to secure improvements, not least through improved transparency. COM indicated that, while the lead officials could not be present, DG COMP was assessing the concerns.

#### b. Monopoly remit

The above presentation raised a broader issue, viz that the retail monopoly in Sweden, which is permitted only on public health grounds, is seeking to extend its remit into environmental and other areas. This is a problem and could set a precedent for other retail monopolies to follow. Given that the monopolies are protected and do not need to “notify” their policies for scrutiny via the EU’s TRIS framework, FoodDrinkEurope felt that, among other things, they should either not be allowed to enact measures that would be notifiable elsewhere, or they should be brought within the network of state-bodies whose measures do need to be notified.

## **9. ANY OTHER BUSINESS**

#### a. Packaging Directives

FoodDrinkEurope thanked DG GROW warmly for the recent report which found the 3 metrology directives ‘fit for purpose’ and overwhelmingly supported by stakeholders. The reports are available at: [https://ec.europa.eu/growth/single-market/goods/building-blocks/legal-metrology/pre-packaging\\_en](https://ec.europa.eu/growth/single-market/goods/building-blocks/legal-metrology/pre-packaging_en) COM advised that there were some small technical adjustments that could be reviewed also in the light of further discussions involving international standards bodies (Codex, OIML).

#### b. France: Environment labelling

FoodDrinkEurope made a presentation (available on CIRCA) setting out its concerns that glass packaging would be penalised by a proposal to provide other packaging materials a financial incentive to include a labelling logo from which glass had been excluded. The industry called on France to notify the measure through TRIS.

#### c. Labelling

FoodDrinkEurope made a presentation (available on CIRCA) setting out its views regarding the forthcoming report on ingredient and nutrition labelling. Both FoodDrinkEurope and Copa-Cogeca agreed that portion sizes were the most meaningful way to convey energy information to consumers, and that the current requirement for foodstuffs to show values ‘per 100ml’ would be extremely confusing if applied to alcoholic beverages. Their preference was for information to appear on-line because it would help SMEs and provide greater scope for more comprehensive information than labels would allow.

COM advised that, while the lead officials could not be present, their proposed report should be finalised in the first half of next year. Nothing was specified as yet other than that appropriate information to consumers as regards the food they consume will remain the main objective .

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