BRIEFING

EU Legislation in Progress
2021-2027 MFF

CAP Amending Regulation (CMO)

Amending regulations on the CMO for agricultural products, quality schemes and measures for remote regions

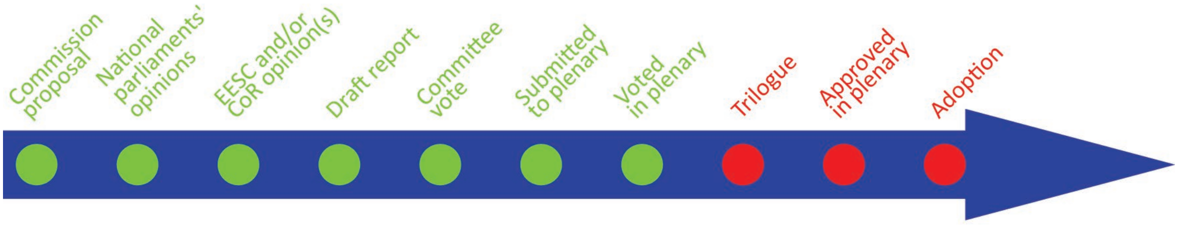
OVERVIEW

On 1 July 2018, as part of the work on the EU's 2021-2027 multiannual financial framework, the European Commission proposed a package of three regulations with the aim of reshaping and modernising the common agricultural policy (CAP).

One of these proposals, the Amending Regulation, introduces changes to rules governing the common market organisation (CMO) in agricultural products (including the rules on wine), the EU quality schemes (geographical indications) and the support measures for remote regions. The aim is to equip agricultural markets and support measures to face new challenges, update provisions, simplify procedures and ensure consistency with other regulations on the future CAP.

Proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands

Committee responsible:	Agriculture and Rural Development (AGRI)	COM(2018) 394 1.6.2018
Rapporteur:	Eric Andrieu (S&D, France)	2018/0218(COD)
Shadow rapporteurs:	Anne Sander (EPP, France), Jérémy Decerle (Renew Europe, France), Mara Bizzotto (ID, Italy), Benoît Biteau (Greens/EFA, France), Ruža Tomašić (ECR, Croatia), Petros Kokkalis (The Left, Greece)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
Next steps expected:	Continuing trilogue negotiations	



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Introduction

The proposed new multiannual financial framework (MFF) for 2021 to 2027 sets out the budget and main orientations for the common agricultural policy (CAP). On 1 June 2018, the European Commission published a set of three legislative proposals intended to redefine and reform the CAP after 2020. The package consists of the CAP Strategic Plans Regulation (covering direct payments to farmers, sectoral support programmes and rural development and proposing a new delivery model for the CAP); the CAP Horizontal Regulation (on financing, managing and monitoring the CAP); and the Amending Regulation which introduces changes in five regulations, among them on the single common market organisation (CMO). According to the Commission, the rules on the CMO need adjusting so as to be better placed to respond to the new challenges that EU agricultural markets have been facing in recent years (such as the Russian ban, price volatility after the end of dairy quotas, severe weather conditions and outbreaks of animal diseases).

Context

In the early days of the CAP, the EEC established common market organisations (CMOs), i.e. sets of rules and measures to manage the production and trade of most of the EU's agricultural products. They were created in order to stabilise markets and ensure steady incomes for farmers and continued supplies for consumers. Over the years, the measures evolved in different ways, until there were 21 CMOs for different sectors, each with their own rules governed by separate regulations. These regulations, however, had similar principles, the same basic structure and many provisions in common. Therefore, in 2007, the 21 separate CMOs were codified into a single CMO, covering all agricultural products. In 2013, the single CMO was revised again, as part of a wider CAP reform for the 2014-2020 period. The main purpose of the new CMO Regulation was to provide agricultural markets with a safety net through the use of market support tools, exceptional measures and aid schemes for certain sectors (in particular fruit and vegetables and wine), to lay down marketing standards for certain products, and to encourage producer cooperation through producer organisations and rules on competition. In 2017, in the framework of the Omnibus Regulation, four CAP regulations were amended, among them some of the CMO rules. These subsequent reforms of the CAP have made the policy progressively more market-oriented, and toned down the role of intervention tools, which are now regarded as safety nets to be used only in the event of a crisis.

One of the sectors covered by the CMO regulation is the EU wine sector. The EU is the world's leading producer of wine; its CMO is one of the largest and most complex in the CAP. Since the introduction of the first regulations for the sector in the 1960s and 1970s, the wine market has developed considerably; it was subject to reforms in 2008 and 2013 and was eventually incorporated into the CMO Regulation. Its provisions regulate the definitions of wine, wine production, marketing and labelling, geographical indications and their protection, rights to plant vines, and the vine varieties allowed to be used for wine production. The CMO Regulation also includes provisions on designation of origin and geographical indications for wine (while geographical indications for other agricultural products are governed by separate regulations).

The EU has also a system in place to protect and promote specific agricultural products with unique characteristics linked to geographical origin and traditional know-how. Through EU quality schemes it is possible to register products' names and protect them against imitation and misuse. More than 3 600 EU products are registered under these quality labels, also referred to as geographical indications (GIs). Recognised as intellectual property, GIs play an increasingly important role in trade negotiations between the EU and other countries and the EU's commitment to protecting its registered products on the global market can prove to be a contentious issue in that context.

The EU has special rules to support agriculture in areas that face specific challenges, i.e. are affected by their remoteness from the main EU market. Measures are in place for the outermost regions and smaller Aegean islands, which face specific socio-economic problems related to the supply of essential agricultural products, owing to their geographical situation.

Existing situation

Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products lays down rules to manage the single market for agricultural products. It covers the following sectors: cereals; flax and hemp; sheep and goatmeat; rice; bananas; eggs; sugar; live plants and flowers; poultrymeat; dried fodder; raw tobacco; fruit and vegetables; seeds; beef and veal; wine; hops; milk and dairy products; olive oil and table olives; and pigmeat. These common rules cover a wide range of issues: the market safety net, exceptional measures in cases of market disturbance, aid schemes for certain sectors, marketing standards (such as definition, classification, labelling, type of farming and other characteristics), the school scheme offering milk and fruit and vegetables to school children, certain trade provisions and rules for producer organisations.

The main purpose of the CMO Regulation is to provide a safety net for agricultural markets through the use of market support tools. Market intervention, undertaken in cases of market disturbance, can take the form of public intervention or private storage aid. For these two main intervention tools the regulation lays down rules on prices, conditions and limits for buying-in periods and quantities, and general and technical provisions on intervention stocks. If average prices of a product fall below its EU reference price, this can trigger public intervention: the EU budget pays for Member State authorities to buy in and store the produce. Public intervention is opened regularly each year for common wheat, butter and skimmed milk powder (SMP), with fixed buying-in prices and quantity limits. For durum wheat, barley, maize and paddy rice, public intervention may only be opened by the Commission if the market situation so requires and for beef and veal if the market price in a Member State or region falls below 85 % of the EU reference price. In case of the second intervention tool – private storage aid – the EU budget pays part of the costs if producers remove their product from the market and store it. The products eligible are: white sugar; olive oil; flax fibre; beef and veal; butter from cow's milk; matured cheeses with a protected geographical indication; SMP; pigmeat; sheepmeat and goatmeat. Private storage aid may be opened by the Commission if necessary on account of low prices or a market situation. It is regularly opened for butter between March and August, when production peaks, in order to manage the market by spreading out supply. The Commission can also take exceptional emergency measures against market disturbance caused by significant price fluctuations, the spread of animal diseases or loss of consumer confidence as a result of public, animal or plant health and disease risks. Market intervention tools and emergency measures are funded from a 'crisis reserve' within the first pillar of the CAP (€400 million a year).

Supply control measures (production quotas) implemented in the past were abolished in 2015 for milk and in 2017 for sugar.

The regulation aims to encourage producer cooperation through producer organisations and inter-branch organisations and to strengthen their power in the food chain. It sets out rules for their recognition and specific rules on competition, gives them prerogatives such as planning production, optimising production costs, placing on the market and negotiating collective contracts for the supply of agricultural products.

There are also rules on trade with non-EU countries. The import and export of certain products may require a licence, and the Commission can fix import tariff quotas. In certain sectors, in the event of significantly disturbing conditions on the internal market, export refunds may be implemented, covering the difference between world market prices and EU prices.

The **wine provisions** in the CMO regulation lay down definitions of wine, rules on wine production and distribution, a list of permitted oenological practices, rules on labelling, the scope and actions of national support programmes, and rules on the exchange of wine with non-EU countries.

The regulation provides a framework for authorising new vine planting rights by the Member States. Planting limitations have been a part of the CAP since the early 1960s. In the 1970s, a ban on new plantings was introduced. In 2008, to make European wine producers more competitive, it was agreed to eliminate the restrictions over a period up to 2015 or 2018. However, in the 2013 CAP reform, the decision to liberalise planting rights was reversed and a new system of authorisations for new plantings allocated by Member States was introduced from 2016 applying until 2030. Vines of permitted wine grape varieties may only be planted or replanted if an authorisation is granted by national authorities. Each year Member States make available authorisations for new plantings corresponding to 1 % of the total area planted with vines in their territory in the previous year.

There are also rules for the classification of varieties of vine propagating material. Each Member State decides which wine grape varieties may be planted, replanted or grafted on their territories for the purpose of wine production, but the regulation specifies varieties that can be authorised. These may only belong to the species *Vitis vinifera* or come from a cross between the species *Vitis vinifera* and other species of the genus *Vitis*; furthermore it must not be one of the following: Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont. These six grape types are known as 'direct producers', as they can be planted directly, rather than produced by grafting to a separate root stock. Originally American varieties, they were imported to Europe in the mid-19th century because they showed better resistance to disease and adaptation to weather conditions and were easier and cheaper to cultivate. Established wine producers claimed, however, that wines produced from these varieties were of a lower quality that could affect the acclaimed reputation of European wines. This led to the prohibition of the use of these varieties in EU law in the 1970s, a ban taken over into the current CMO regulation. Opinions on this issue still differ.

The regulation contains rules on designations of origin and geographical indications (PDO and PGI) for wines, in particular: definitions and rules on procedures to be followed for applications for registration and their approval, on amendments to product specifications, on the register and on protection. Applications for a designation of origin or a geographical indication for wines are first subject to a preliminary national procedure. National authorities assess whether the product complies with the requirements (such as specifications and link to a geographical area). If it does, the application is forwarded to the Commission for scrutiny. If the Commission considers that the conditions laid down in the regulation are met, it adopts – after a two-month period for objection – an implementing act conferring protection on the designation of origin or geographical indication.

Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs lays down the rules for the following EU quality labels: protected designation of origin (PDO), protected geographical indication (PGI) and traditional speciality guaranteed (TSG). It regulates the definitions and the classification of products and the registration of their names under one of these labels. PDO and PGI are both geographical indications, focusing on the link between the product and a geographical area, TSG focuses on the traditional method of production. The regulation also lays down procedures for registration and the role of the Member States and the Commission. To register a product, producers must file an application in which they must provide the product's specifications (raw materials and physical, chemical, microbiological or organoleptic characteristics, etc.) and (for PDOs and PGIs) demonstrate the product's distinct link to the geographical area. The application is first sent to national authorities for scrutiny and then forwarded to the Commission, which examines the request and decides on the registration. Once the product is registered, it enjoys legal protection against imitation and misuse, both within the EU and in non-EU countries. The regulation applies only to agricultural products and foodstuffs. The rules for quality schemes for wine are laid down in Regulation 1308/2013 (see above), for aromatised wine products in Regulation 251/2014 and for spirit drinks in Regulation 2019/787.

Regulation (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products establishes the specifications, requirements, restrictions and descriptions with which aromatised wine products must comply, as well as presentation and labelling rules. Aromatised wine products represent a wide range of drinks, such as Vermouth, Sangria or Glühwein, divided into three categories: aromatised wine, aromatised wine-based drinks, and aromatised wine-product cocktails. The regulation also includes provisions on the protection of geographical indications for these products.

Regulation (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and Regulation (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands set out EU support measures for agriculture in remote and/or isolated areas and determine the financial allocations. The outermost regions of the EU eligible for support are: Guadeloupe, French Guiana, Martinique, Réunion, Saint-Martin, and Mayotte (France); the Azores and Madeira (Portugal); and the Canary Islands (Spain) – this is known as the POSEI scheme. The smaller Aegean islands (SAI) scheme covers all Aegean islands except Evia and Crete. The goals of these two schemes and the measures implemented are largely the same. They aim to guarantee the supply of essential agricultural products to these regions by compensating for higher transport costs, support local agricultural production and foster competitiveness. There are two categories of measures: specific supply arrangements (SSA), which refer to aid granted for supply of agricultural products from the EU to farmers, cooperatives or dealers, and support for local production (SLP), which helps producers developing local or traditional products. Both the POSEI and SAI schemes are funded from the European Agricultural Guarantee Fund (EAGF). The difference between them is that POSEI replaces the measures of the first pillar of the CAP (direct payments), while the SAI scheme is additional to the first pillar measures. In the POSEI scheme the SSA includes an exemption from import duties for products coming from third countries, the SAI scheme does not benefit from this derogation. The budget for the POSEI programme is set to a maximum of €653.04 million per year and for the smaller Aegean islands to maximum of €23.93 million per year.

Parliament's starting position

Parliament has always stressed the role of the CMO within the CAP. On 30 May 2018, it adopted a resolution (rapporteur: Herbert Dorfmann, EPP, Italy) reacting to the Commission's communication on the future of food and farming of November 2017. Parliament called on the Commission to maintain the current CMO framework, including the specific policy instruments and marketing standards. It noted, however, the need for innovative market and crisis management instruments, such as voluntary sector agreements to manage supply, and mentioned the possibility of introducing a voluntary milk supply reduction scheme. Parliament stressed the importance of maintaining compulsory individual sector programmes (wine, fruit and vegetables, olive oil and apiculture) for producing countries and suggested introducing similar programmes for other sectors. It believed that tools such as the EU market observatories (for milk, meat, sugar and crops) should be extended to sectors not yet covered. Parliament called for an in-depth review of the current crisis reserve mechanism in order to create a workable EU fund for agricultural crises. It also insisted on improving support for producer organisations, cooperatives and interbranch organisations calling on the Commission to clarify and update the rules for these organisations, particularly as regards competition policy. Concerning quality schemes and geographical indications, Parliament hoped that the progress achieved in promoting the EU's agricultural interests in trade negotiations, notably market access for high-quality EU agri-food products and protection of GIs in third countries, could be continued. On support for outermost regions, Parliament considered that the POSEI budget should be maintained at a level sufficient to face the challenges of agriculture in these regions. Parliament had also addressed this point in its resolution of 6 July 2017 on promoting cohesion and development in the outermost regions of the EU.

Council starting position

Following a debate in Council on 19 March 2018, the Bulgarian Presidency published conclusions on the Commission communication on the future of food and farming. Concerning the CMO, Council retained the regulations' role as a safety net with regard to market and crisis measures but considered that further measures could be explored, including the development of programmes for other sectors on a voluntary basis, increased market transparency, and reinforcement of producer cooperation, in particular through producer and inter-branch organisations. Noting that the agricultural crisis reserve introduced in 2013 had not been used, the Council considered that reflection was needed on how to improve its design and efficiency.

Preparation of the proposal

In preparation for the new CAP framework, in 2017 the Commission launched a public consultation on modernisation and simplification of the CAP. Following this consultation and an analysis of CAP performance, the Commission published a communication on the future of food and farming on 29 November 2017, outlining the priorities for the future reform. Among other points, it noted the unchanging importance of a robust framework for the farming sector to successfully prevent or deal with risks and crises. It stated that while the CAP already offered a set of tools, it was important to consider whether they could be further adjusted and improved. Reflections would also be needed on the role and effective functioning of agricultural producer organisations, so as to offer opportunities for small farmers. The communication also called for geographical indications to be made more attractive to farmers and consumers and the system easier to manage. An appraisal of the communication was prepared in May 2018 at the request of the AGRI committee.

The Commission's communication was followed by an impact assessment of alternative scenarios for the CAP reform, published together with the legislative proposals in June 2018. Policy options were developed to assess how best to meet EU objectives. Some elements were common to all options, among them the market-related measures and the competition provisions. The impact assessment stated that changes to the competition provisions of the CMO Regulation, aimed at strengthening the position of producer organisations, had already been introduced in the Omnibus Regulation and no further changes were tested. It was argued that the integration of existing sectoral programmes in the CAP strategic plans could improve the targeting of the measures to EU priorities (resilience, environmental and climate action, smart farming, innovation). The impact assessment did not consider any specific change to the measures for agriculture in the outermost regions. An earlier external evaluation of the POSEI scheme had shown that the scheme is essential to maintaining agricultural production in these regions, therefore the Commission would seek to continue it and to maintain specific provisions for the outermost regions in the EAFRD.

EPRS has published an initial appraisal of the Commission’s impact assessment.

The changes the proposal would bring

The proposal introduces changes to five regulations.

CMO Regulation

Most of the CMO Regulation would remain unchanged. Among the provisions to be amended, the most substantial structural change concerns aid schemes in general and aid in particular sectors (fruit and vegetables, apiculture, wine, hops; olive oil and table olives). These 'sectoral interventions' would become part of Member States' strategic plans. Consequently, the respective provisions would be deleted from the CMO Regulation and transferred to the CAP Strategic Plans Regulation.

Several amendments have been introduced to the rules applying to the **wine sector**, in order to address new economic, environmental and climatic challenges. Member States would be given more flexibility in establishing the area for new vine plantings. Currently, new authorisations that may be granted under the system of **planting authorisations** are limited to 1 % of the area planted in the preceding year. In the proposed provisions, Member States would be allowed to choose a fixed reference year. The purpose is to maintain the production potential in countries where the vineyard area is declining.

The rules for classifying **wine grape varieties** that may be planted for wine production, would be modified. Member States would have the possibility to classify wine grape varieties belonging to the species *Vitis vinifera* or *Vitis labrusca* or coming from a cross between the species *Vitis vinifera*, *Vitis labrusca* and other species of the genus *Vitis*. This would allow the inclusion of the currently prohibited varieties Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont. According to the Commission, this would enable wine production in the EU to develop higher resistance to disease and use vine varieties better adapted to changing climatic conditions.

Changes were proposed to the rules on **wine GIs**, the aim being to simplify the GI protection system and to make it more understandable and more efficient. Application would be easier thanks to the simplification of the description (fewer details required, only to demonstrate the geographical link). The assessment of the claim would be made by national authorities and scrutiny of applications by the Commission would be limited to a check against manifest errors and compliance with EU law. There would be a six-month deadline. Other procedures, such as the objection procedure or approving amendments, would be simplified as well. It is also proposed to extend the protection of GIs to goods sold on the internet and goods in transit across the EU.

To take account of increasing demand for innovative wine products with a lower alcohol content, definitions of wine products and rules for labelling would include two new types: de-alcoholised and partially de-alcoholised wines, so that such products could be covered by the CMO rules.

Provisions allowing export refunds would be deleted, in order to translate into EU law commitments resulting from the Ministerial Decision of 19 December 2015 on Export Competition of the 10th WTO Ministerial Conference in Nairobi, whereby WTO members are required to eliminate their export subsidy entitlements.

The current 'reserve for crises' would be replaced by a new 'agricultural reserve' established in the EAGF to provide additional support for the agricultural sector for the purposes of safety net measures, market management or stabilisation, or in the event of crises. The reserve would amount to at least €400 million. Updated provisions concerning this reserve would be laid down in the CAP Horizontal Regulation, and the respective provisions in the Amending Regulation would be deleted.

Finally, it is proposed to delete a number of obsolete provisions, such as those related to the system of production regulation in the sugar sector that expired at the end of the 2016/2017 marketing year.

Regulation on quality schemes

It is proposed to amend the current rules on geographical indications and other quality schemes, which are currently spread over four acts. With the same purpose of making the current system easier to manage, as well as making GIs more attractive to farmers and consumers by simplifying registration and other procedures, the simplification proposed for wine GIs (see above) would also be applied to agricultural products and foodstuffs, to ensure coherence between the schemes. This includes registration, approval and other procedures, as well as extending the current protection to goods sold through e-commerce and to goods in transit through EU territory.

The scope of the regulation would be extended to cover aromatised wines and other alcoholic beverages, with the exception of spirit drinks and grapevine products listed in the CMO Regulation.

Regulation on aromatised wine products

The GI scheme for aromatised wines has only five GIs (out of over 3 000). According to the Commission, it is not operational and should be merged with another scheme. The regulation on quality schemes for agricultural products and foodstuffs is considered appropriate, as it already covers other alcoholic beverages. Therefore the scope of the quality schemes regulation (see above) would be extended to cover aromatised wines and other alcoholic beverages with the exception of spirit drinks and of grapevine products listed in Annex VII to the CMO Regulation. The regulation on aromatised wine products would be amended accordingly, to take account of these changes, and its title would be modified by deleting the reference to 'protection of geographical indications'.

Regulations on the outermost regions and smaller Aegean islands

It is proposed to reduce the yearly budgetary amounts allocated to finance the support measures to €386.81 million (approximately 60 % of the current amount) for the POSEI scheme and to €23.0 million (approximately 98 % of the current amount) for the smaller Aegean islands scheme.

Advisory committees

The European Economic and Social Committee (EESC) adopted its opinion on the CAP legislative proposals (rapporteur: John Bryan, Various interests – Group III, Ireland) on 17 October 2018. On the CMO Regulation in particular, the EESC noted that the proposals left the CMO largely unchanged, and expressed the view that the Commission should consider stepping up market regulation to ensure better incomes. It considered that the reference prices and trigger levels for the introduction of market support should be re-examined and re-set at more practical levels. The Commission should focus on market management instruments, in particular on limiting fluctuations in the prices of agricultural products, as this was the main income source for farmers. While recognising the benefits of trade for the agriculture sector, the EESC believed that EU policy should protect the high level of EU standards by adopting a much more coherent approach to international trade deals in the agrifood sector, not allowing globalisation to undermine these standards. The EESC also considered that greater support should be provided for producer organisations.

The European Committee of the Regions (CoR) adopted its opinion on CAP reform on 5 December 2018 (rapporteur-general: Guillaume Cros, PES, France). The CoR recommended revising the measures to prevent market disturbance and establishing European observatories for each sector. In the event of a market disturbance, these observatories would alert the Commission, which would implement production regulation measures. Where the market price falls below a threshold set by the European market observatory for the sector concerned, the Commission would implement support for producers in the sector who voluntarily reduce their deliveries. The Commission should also lay down a performance framework for monitoring and evaluating the performance of the crisis management plan, establish a crisis management plan to implement EU aid financed by the EAGF, and define an intervention strategy for each type of crisis. In the CoR's view, export refunds should be deleted from the measures to address market disturbance. Funding for the POSEI programme should be maintained at the current level.

National parliaments

The deadline for submission of reasoned opinions on the grounds of subsidiarity by national parliaments of EU Member States was set for 24 September 2018. No reasoned opinions questioning the compliance of the proposals with the subsidiarity principle were put forward. Parliaments of nine Member States (Czech Senate, French Assembly, German Bundesrat, Irish Oireachtas, Italian Chamber of Deputies, Polish Sejm, Portuguese Parliament, Romanian Senate, Spanish Parliament) submitted contributions that focused mainly on the Strategic Plans Regulation and opposition to budget cuts for the CAP. Concerning the Amending Regulation, the German Bundesrat stated that the transfer of the sectoral interventions in the wine, hops, fruit and vegetables and beekeeping sectors to the Strategic Plans Regulation should be planned with transitional periods, taking care of the specifics of these sectors. It was also against permitting all *Vitis lambrusca* varieties, on grounds of quality, and against the inclusion of de-alcoholised and partially de-alcoholised wines as a category of wine products. The Italian and Spanish parliaments noted that the issues of de-alcoholised and partially de-alcoholised wines and the introduction of hybrid varieties are contentious and should be reviewed.

Stakeholder views[1]

COPA-COGECA published its position on the post-2020 CAP after the publication of the three Commission proposals. With regard to the CMO regulation, it stressed that it was essential to strengthen the position of farmers in the food supply chain and to review competition policy. Market intervention tools should be strengthened to provide financial compensation for farmers in a timely manner. The organisation welcomed the proposed simplification of the GI system, believing that procedures could be revised in order to establish more efficient registration. It considered, however, that it was also vital to preserve the characteristics of each sector, and that rules on the origin of agricultural products and their quality characteristics, which are currently defined according to each sector's specificities, were therefore of the utmost importance. It also considered it essential to prevent the misuse of registered names and to increase the level of protection, therefore it welcomed the extension of protection to goods in transit and sold on the internet.

The European Federation of Origin Wines (EFOW) welcomed the amendments concerning the management of quality wines and the improvement of their protection against misuse, but expressed concern about the level of funding that would have an impact on the competitiveness of the sector. The organisation remained cautious as regards the proposed changes to the system of vine planting authorisations, claiming there was still a need to measure its possible impact on the growth of the EU's vineyards. The federation was surprised by the proposed inclusion of non-alcoholic or low-alcohol products in the definition of wine, and deemed it unacceptable.

The Comité Européen des Entreprises Vins (CEEV) welcomed the fact that the Commission had retained the measures included in the national support programmes for wine in its proposal, but felt that the proposal was not ambitious enough. Moreover, to be fully efficient, the measures should be coupled with a sufficient budget, as cuts in CAP funding could have a negative impact on the wine sector. CEEV also considered that the way the vine planting authorisation system works is not sufficient to preserve potential EU vineyard production. It welcomed the proposal to introduce some elements of flexibility to the scheme believing this to be at least a step in the right direction.

The proposal to amend the EU rules on quality schemes raised concerns from the US delegation to the WTO Committee on Technical Barriers to Trade. In its communication the delegation claimed that many of the proposed amendments seemed to exacerbate rather than alleviate concerns already held by the US. It noted that the proposal appeared to shift authority from the Commission to Member States, giving the latter greater control over GI applications. The delegation urged the Commission to refrain from these modifications and to ensure uniformity and predictability across the EU. Also, extending the protection of EU GIs to goods in-transit could exacerbate concerns regarding the negative effects of the EU's protection and enforcement of GIs on market access for US producers and traders.

Legislative process

In **Parliament**, the file was attributed to the Committee on Agriculture and Rural Development (AGRI) with Eric Andrieu (S&D, France) as rapporteur. After a series of discussions that began on 11 June 2018, the rapporteur submitted his draft report on 25 October 2018. It consisted of 109 amendments to the Commission proposal, the main points being, among other issues, the use of prohibited grape varieties, crisis management, de-alcoholised wines, and nutrition information on wine labels. In addition, around 700 further amendments were tabled.

Of the committees designated for opinion, the Committees on Environment, Public Health and Food Safety (ENVI), Regional Development (REGI), Development (DEVE), and Budgetary Control (CONT) submitted opinions; the Committees on Budgets (BUDG), and Fisheries (PECH) decided not to.

The vote on the draft report in the AGRI committee was initially scheduled for March 2019, but this date was eventually deemed unrealistic, as Members needed more time to finalise compromise amendments. There was also concern about the persisting uncertainty on the EU budget and the

UK's expected withdrawal from the EU. It was therefore decided to postpone the votes on all three CAP reform proposals until the following month, which meant that it would be impossible to put the files to a plenary vote during the 2014-2019 parliamentary term.

On 1 April 2019, the AGRI committee report was adopted by 29 votes in favour, 7 votes against and 1 abstention. The key amendments concern the following areas in particular:

- Volume reduction scheme: The current volume reduction scheme granting aid to dairy farmers who voluntarily produce less in times of severe market imbalances in order to stabilise prices, should be extended to all agricultural sectors. If the market situation does not improve, the Commission should impose a levy on producers who increase deliveries.
- Supply management for GIs: The possibility to introduce time-limited regulation of supply for products with a PDO or PGI should be extended to all agricultural products with quality marks, other than cheeses, hams and wines.
- Widening the market safety net: Public intervention should be allowed for new products, such as white sugar, sheep meat, pig meat and chicken.
- EU observatory: The Commission should establish an observatory of agricultural markets that should cover at least the following sectors: cereals; sugar, sugar beet and sugar cane; olive oil; fruit and vegetables; wine; milk and milk products; beef and veal; pigmeat; sheepmeat and goatmeat; and poultrymeat. It would collect statistical data on production, supply, prices, profits, imports and exports, in order to improve market transparency and better anticipate potential market turbulence.
- Early warning mechanism: The observatory should set up alert thresholds and notify Parliament and Council of threats of market disturbance when thresholds are exceeded.
- Vine planting: The authorisation scheme for vine plantings that currently applies until 2030 should be prolonged until 2050. Every 10 years the Commission should undertake a review of its functioning, with the first on 1 January 2023.
- Prohibited vine varieties: Parliament did not agree to allowing the *Vitis labrusca* species to be used for wine production or to lifting the ban on the six varieties: Noah, Othello, Isabell, Jacquez, Clinton and Herbemont. However, Member States would be allowed to authorise the replanting of *Vitis labrusca* or the six varieties in existing historical vineyards as long as the existing planted surface was not increased.
- Wine labelling: Wine labels should include nutrition information, or at least the energy value, and the list of ingredients or a direct link to where it can be found.
- De-alcoholised wines: De-alcoholised or partially de-alcoholised wines could be included in the category of grapevine products, as the Commission proposes, but these products should not benefit from PDO, PGI and TSG protection.
- Naming of plant-based products: Meat-related terms and names (such as steak, sausage, or burger) should be reserved exclusively for edible parts of animals.

On 16 October 2019, the Conference of Presidents decided on action to be taken on unfinished files from the previous parliamentary term; with work on all three CAP files resuming.

During the plenary session on 23 October 2020, Parliament voted on a series of amendments submitted by the political groups to the three committee reports on the CAP proposals. The Parliament's position on the Amending Regulation was adopted by 463 votes to 133, with 92 abstentions. The plenary vote endorsed most of the key points from the committee report, including maintaining the ban on the six vine varieties and *Vitis labrusca*, and prolonging the vine plantings authorisation scheme until 2050. Members rejected, however, the proposed ban on labelling of plant-based products with meat-related terms (such as 'veggie burgers'). The adopted dossier was referred back to the committee for interinstitutional negotiations.

In **Council**, the file is being dealt with at technical level by the Working Party on Agricultural Products. After a first round of examination which started in June 2018, ministers discussed the proposal at the Agriculture and Fisheries (AGRIFISH) Council on 19 November 2018. They considered in general that existing market support instruments had proved to be effective against market disturbances and the majority of delegations agreed that the CMO should remain intact and should not be overhauled. On this basis, the Austrian Presidency presented its first drafting suggestions to the text of the proposal. Most of the changes in the Amending Regulation concerned provisions relating to geographical indications and to the wine sector. The point that seemed most controversial was the opening of the market to prohibited vine varieties. Discussions showed a clear difference of opinion between the main wine-producing countries, which were strongly against the proposal, and the rest of the Member States, which would be either flexible or willing to accept it. The arguments quoted by the countries opposed mainly concerned the risk of lowering the quality standards for European wine. Delegations more in favour indicated environmental benefits and a lack of scientific proof of potential risks. A policy debate took place in the AGRIFISH Council on 28 January 2019, where ministers were asked whether they would be ready to accept the introduction of the forbidden varieties or would prefer to maintain the status quo. Again, Member States had differing opinions. Delegations of 12 Member States (Bulgaria, Croatia, Cyprus, France, Greece, Hungary, Italy, Malta, Portugal, Slovakia, Slovenia and Spain, the EU's main wine producing countries, jointly accounting for over 90 % of EU wine production) presented a non-paper in which they called for the status quo to be maintained, along with the ban on the six varieties and varieties of the species *Vitis labrusca* (while retaining the already existing derogations).

After further debates on these issues the Romanian Presidency presented revised drafting suggestions. The proposed amendments seek, among other things, to:

- strike a balance as regards vine varieties by maintaining the existing prohibition on six specific hybrid varieties and on the species *Vitis labrusca* but allowing the use of hybrids in PDO wines;
- clarify the rules on checks on wine labelling to ensure a proportionate approach;
- make the use of terms 'de-alcoholised' and 'partially de-alcoholised' mandatory on the labelling of such wine products;
- change the rules concerning authorisations for new plantings and extend the period for converting planting rights into authorisations;
- extend the marketing rules for wine to the olive oil sector.

At the AGRIFISH Council meeting on 18 June 2019, the outgoing Romanian Presidency declared that work on the Amending Regulation was concluded, an agreement was within reach for the Horizontal Regulation, and work still needed to be done on the Strategic Plans Regulation. Ministers agreed there was a good basis for further work, but as divergent views persisted on a number of key issues, the time was not yet ripe for a general approach, which would also require clarity on the future CAP budget (with continuing uncertainty surrounding the future relationship with the UK also a factor). The Council's general approach on the CAP reform was finally agreed under the German Presidency, on 21 October 2020, providing the Presidency with a negotiating mandate.

Interinstitutional negotiations between the Commission, Parliament and Council ('trilogues'), began on 10 November 2020 with a joint meeting at which Parliament and Council presented their positions on all three CAP reform proposals, and agreed working arrangements. After this first 'super trilogue', future meetings are dealing with each dossier separately. The first trilogue meeting on the Amending Regulation took place on 2 December 2020.

EP SUPPORTING ANALYSIS

Rossi R., Transitional provisions for the CAP post 2020, EU Legislation in Progress, European Parliament, October 2020.

McEldowney J. and Rossi R.., CAP strategic plans, EU Legislation in Progress, European Parliament, January 2021.

Rossi R., CAP horizontal regulation. Financing, management and monitoring of the common agricultural policy for 2021-2027, EU Legislation in Progress, European Parliament, January 2021.

Massot Marti A. and Negre F., Towards the Common Agricultural Policy beyond 2020: comparing the reform package with the current regulations, European Parliament, September 2018.

The CAP beyond 2020: appraisal of the EC legislative proposals, Policy Department for Structural and Cohesion Policies, European Parliament, October 2018.

Vikolainen V. with Stenstrom R., Modernising and simplifying the common agricultural policy, Initial Appraisal of a European Commission Impact Assessment, EPRS, European Parliament, January 2019.

Massot Marti A., First pillar of the CAP: I –Common organisation of the markets (CMO) in agricultural products, Fact Sheet, European Parliament, April 2018.

OTHER SOURCES

Common agricultural policy (CAP) 2021–2027, European Parliament, Legislative Observatory (OEIL).

MFF – CAP Amending Regulation (CMO), European Parliament, Legislative Train Schedule.

ENDNOTES

[1] This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.

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Second edition. The 'EU Legislation in Progress' briefings are updated at key stages throughout the legislative procedure.