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NOTE

From:	Presidency
To:	Delegations
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Subject:	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 <i>- Policy debate</i>

I INTRODUCTION

1. On 1 June 2018, the Commission proposed a reform of the Common Agricultural Policy (CAP) for the time after 2020, including an Amending Regulation, to introduce 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.

2. On 21 July 2020, the European Council adopted conclusions on the multi-annual financial framework (MFF) for 2021-2027, containing guidance also on key elements of the MFF-related sectoral legislative acts, including the Amending Regulation.
3. On 21 October 2020, the "Agriculture and Fisheries" Council agreed a General Approach on the CAP reform, hereby providing the Presidency with a negotiating mandate (doc. 12158/20). On 23 October 2020, the European Parliament concluded the vote on its negotiating position.
4. On 10 November 2020, the negotiations with the European Parliament on the three CAP reform Regulations were kicked off at a jumbo trilogue. Since then, three trilogues dedicated to the CMO Regulation took place on 2 December 2020, 27 January 2021 and 3 March 2021.
5. On 2 December 2020, the first trilogue agreed that the file would be dealt with in four blocks:
 - **Block 1** covers market management and related provisions on intervention, exceptional and crisis management measures, market transparency and imports.
 - **Block 2** covers wine and geographical indications, including all wine provisions, aromatised wines under Regulation (EU) No 251/2014 and Regulation (EU) No 1151/2012.
 - **Block 3** covers producer and inter-branch organisations and competition-related provisions.
 - **Block 4** covers marketing standards, the school schemes, POSEI and the smaller Aegean Islands, and transitional and final provisions in a less homogeneous block.
6. Work done so far in the negotiations on the Amending Regulation with the European Parliament covered amendments on wine and geographic indications under block 2 and producers' and inter-branch organisations under block 3. Engaging in constructive discussions with the European Parliament on block 1 proved more challenging.

II STATE OF PLAY

Topics provisionally agreed

7. The technical work and trilogue discussions with the European Parliament and the Commission allowed the negotiators to reach provisional agreements in particular on:

Block 2 - Wine

- Extension of the validity of vine planting authorisations - Member States may decide that when the replanting takes place on the same parcel or parcels on which the grubbing up was undertaken, the authorisations referred to in the first paragraph of Article 66 are valid for six years from the date on which they were granted (**Art 62(3) – AM 261**)
- Exemption from authorisation for planting or replanting areas intended for experimental purposes, for setting-up collections of vine varieties intended to preserve genetic resources and for graft nurseries (**Art 62(4)/63(4a) – AM 64/66**)
- Geographical indications for wine:
 - improved relationship with the origin - better adjustment of the rules to reality (**Art 94(2) – 236/CON**)
 - relationship with sustainable development (**Art 94(2)ga new – AM 236**)
 - reinforcing protection for trademarks (**Art 102 – CON**);
 - reinforcing protection for use as an ingredient (**Art 103 – 263rev/CON**);
 - reinforcing protection of PDO and PGI even if used as an ingredient, with regard to goods in transit or when sold through e-commerce (**Art 103 – AM 88/ 263rev**)
 - amendments to a product specification be classified into two categories as regards their importance: Union amendments, requiring an opposition procedure at the Union level, and standard amendments to be dealt with at Member State or third country level (**Art 53; AM 198/199/CON**)

Block 1 - Market management

- Limiting the Commission's powers to set definitions concerning the sectors set out in Annex II of Regulation 1308/2013 (**Art 3; AM 49/CONS**)
- Maintenance of marketing years and adjustment of dates for olive oil and table olives to better adapt to reality (**Art 6; AM 50/51**)

Topics already discussed in trilogues but which require further work

8. The technical work and trilogue discussions also allowed negotiators to make progress on the following topics:

Block 2 - Wine

- Extension of the planting rights authorizations scheme until 2045, without changing the maximum percentage of annual increase - agreement reached on the end date but work on the wording of a recital to justify the extension is continuing (**Art 61; AM 63**)
- Authorized varieties - maintaining the status quo, contrary to the initial COM proposal to lift a ban on hybrids without *Vitis vinifera* and on 6 grape varieties - agreed in principle but work on the wording of a recital providing justification is continuing (**Art 81(2); AM 75/76/CON**)
- De-alcoholisation of wine - agreement on the harmonisation of criteria in the CMO, as a practice applicable to wine categories including PDO (partial) and PGI (total or partial) - agreed in principle but work on the wording of a recital to justify the distinction between PDO and PGI is continuing (**Art 92(1), 93.1a va new, Annex VII II – AM 78,82,166-170**)
- Nutritional labelling of wine - the Council and the European Parliament agree on the need for harmonisation of rules in the CMO, accepting the Commission's proposal to include the complete nutritional declaration off label - work is still needed to ensure equal treatment for partially dealcoholised wines whatever their alcohol content (**Art 119, 120, 122; AM 101/105/CON**)

Block 3 - Competition rules

- Supply management for PDO / PGI - extension of the current rules for wine, cheese and ham to all agricultural products with PDO/PGI denominations (**Art 166a new; AM 124**)

Topics with marked divergent positions

9. The trilogue discussions so far have shown that the positions of the Council and of the European Parliament diverge significantly on certain amendments introduced by the European Parliament under block 1 on market management and exceptional measures.

Scope and marketing years:

- EP proposal to enlarge the scope to the sugar sector; concerns about market orientation (**Art 1; AM 46**)
- Highlighting certain CAP objectives set out in the TFEU (**Art 1a new; AM 47**)

Public intervention and private storage aid

- Opening and closing public intervention - EP proposed to make public intervention available all year round; concerns about market orientation and budgetary implications (**Art 13, AM 54**)
- Buying-in at a fixed price or tendering - EP proposed to buy only through tendering (**Art 14; AM 55**)
- Defining public intervention price - EP proposed to delete the provision for buying at a fixed price and to remove or constrain the Council's role fixing reference prices (**Art 15; AM 56, 57, 266**)
- General principles applicable to the disposal of public intervention stocks and revealing the identify of beneficiaries (**Art 16; AM 232**)
- New products for private storage aid (table olives); concerns about market orientation and budgetary implications (**Art 17.1(b); AM 59**)
- New products for private storage aid (rice); concerns about market orientation and budgetary implications (**Art 17.1 (ia) new; AM 60**)

Sugar provisions

- Beet and sugar cane added in the title for sugar sector agreements; concerns about market orientation (**Art 125; AM 106**)
- Price reporting in the sugar markets. This could open further discussion on the scope of the sugar sector (**Art 126; AM 107**)
- New products (beet/cane sugar/ethanol) which could provoke further discussion on the scope of the sugar sector; concerns about the market orientation (**Art 126.1; AM 108**)

Trade with third countries

- Additional import duties; market exposure definition (**Art 182.1.3rd subpar new; AM 136**)
- Tariff quotas; TRQ management (social/ILO + environmental) (**Art 184.2; AM 137**)
- Trade-related topics (import/export licenses, special safeguards, imports from third countries). The Council and the Commission expressed concerns about compliance with WTO rules. Need to work further and involve the legal services of the three institutions (**Art 182.1/188a; AM 133-135/138**)

Exceptional market measures

- Measures to stabilise production in periods of severe market disturbances; imposing a levy on production increases; concerns about the market orientation (**Art 219b new; AM 150**)
- EP proposes to widen the derogation from competition rules; concerns about the market orientation (**Title Part V Ch1 Sect 4; AM 151**)
- Preventing market disturbance (POs, IBOs- extension); concerns about the market orientation (**Art 122; AM 152**)
- Market disturbance monitoring and management plans (**Art 122a new; AM 248**)

EU Observatory

- EU observatory and Early Warning Mechanism. The Council and the Commission consider that creating a single independent observatory is not a good idea but could consider formalising the existing observatories and creating new ones. Similarly, they have concerns vis-à-vis the introduction of an automatic trigger mechanism because it would be an ex ante intervention tool that could lead to market distortions. They also consider that it is preferable to keep the existing scrutiny mechanism which involves the observatories, the Commission, the Council and the Parliament. **(Art 218a new/218b new; AM 146/147)**

III WAY FORWARD

10. While the trilogues held so far allowed the Council and the European Parliament to align their views on several topics, further intensive work will be needed to reach a comprehensive agreement on the whole Amending Regulation.
11. **The Presidency invites the Council to confirm the achievements made to date, particularly on wine, and to comment on whether those achievements justify any softening of the Council's position on the problematic amendments under block 1.**
