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From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	C(2021) 6588 final
Subject:	COMMISSION DELEGATED REGULATION (EU) …/... of 13.9.2021 amending Delegated Regulation (EU) 2020/592 as regards certain temporary derogations from Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector caused by the COVID-19 pandemic and their period of application

Delegations will find attached document C(2021) 6588 final.

Encl.: C(2021) 6588 final

EUROPEAN
COMMISSION

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COMMISSION DELEGATED REGULATION (EU) …/...

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amending Delegated Regulation (EU) 2020/592 as regards certain temporary derogations from Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector caused by the COVID-19 pandemic and their period of application

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

The act is justified by the current situation resulting from the COVID-19 pandemic and the extensive restrictions of movement and contact put in place in the Member States during 2020 and its prolonged effects in 2021 and 2022.

Urgent temporary measures to address the situation in the wine sector have already been taken through several Regulations which temporarily allow, among others, distillation of wine in case of crisis and aid to crisis storage of wine, and increase the Union support to measures of support programmes in the wine sector. Despite these exceptional measures, the market has not regained its balance. In addition, the extent of the crisis is more severe than could be expected at the beginnng of 2021 and, even though remedial actions have been taken (vaccination and testing), the pandemic is still widespread worldwide. To provide further relief to the wine sector, it is therefore necessary to prolong several of these measures for the duration of financial year 2022.

In addition, recent spells of frost in some Member States have shown again that risk management measures can reduce the financial impact of climatic events. In this context, it is appropriate to encourage wine growers to contract harvest insurance. Therefore, the Union contribution to such measure is proposed to be further increased for more than one marketing year in order to have time for this encouragement to have an effect.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

Consultations, involving experts from all the 27 Member States have been carried out in the framework of the Expert Group for Agricultural Markets under the single common organisation of the markets. This consultation process led to a broad consensus on the draft Delegated Regulation.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The delegated act is based on Article 219(1) of Regulation (EU) No 1308/2013.

Point (1) of Article 1: This provision aims a) to increase the Union contribution to harvest insurance to 80 % from 16 October 2021 until the end of the 2019-2023 programming period, b) to clarify that the rate of 70 % applies between 4 May and 15 October 2021 and the rate of 80 % applies from 16 October 2021 onwards.

Point (2) of Article 1: This provision aims to prolong during financial year 2022 the application of the measures in Articles 5a, 6, 7(2) and 9 of Delegated Regulation (EU) 2020/592, as amended by Delegated Regulations (EU) 2020/1275 and (EU) 2021/95.

Article 2: This Article sets out the entry into force and date of application of this Regulation.

COMMISSION DELEGATED REGULATION (EU) …/...

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amending Delegated Regulation (EU) 2020/592 as regards certain temporary derogations from Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector caused by the COVID-19 pandemic and their period of application

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007[1], and in particular Article 219(1) thereof,

Whereas:

(1) Commission Delegated Regulation (EU) 2020/592[2] introduced a number of derogations from certain provisions of Regulation (EU) No 1308/2013, *inter alia*, in the wine sector, aimed at providing relief to wine operators and to help them cope with the impact of the COVID-19 pandemic. However, despite the usefulness of those measures, the wine market has not managed to regain its balance between supply and demand.

(2) The COVID-19 pandemic is not under control. Vaccination campaigns in some regions of the Union and across the world are insufficient and movement restrictions and social distancing measure are still applied in most countries. Those measures continue to include restrictions related to travel, size of social gatherings, private parties, public events and to the possibility to eat and drink outside the home. Those restrictions result in a further decrease in the consumption of wine in the Union, larger stocks and more generally in market disturbance. In some Member States, one third of wine consumption is related to tourism. Therefore, wine consumption has continued to decline and stocks remain high. Those effects of the pandemic coupled with the tariffs imposed by the United States and the frost snap in Europe in April 2021 have had a severe negative impact on the income of wine producers in the Union. It is estimated that the combination of all those factors has had the effect of reducing on average by 15 to 20 % the turnover of the Union wine sector, with some companies having reported losses of up to 40 %.

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1 OJ L 347, 20.12.2013, p. 671.

2 Commission Delegated Regulation (EU) 2020/592 of 30 April 2020 on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the fruit and vegetables and wine sectors caused by the COVID-19 pandemic and measures linked to it (OJ L 140, 4.5.2020, p. 6).

(3) In addition, the uncertainty as to the duration of the crisis, which remains difficult to predict due to the rapid mutability of the virus, further deepens the existing significant disturbance of the Union wine market. This means that the recovery of the sector will take longer than could be foreseen at the beginning of 2021. Consequently, it is appropriate to continue to offer temporary and exceptional support to the Union wine sector to avoid the increase in bankruptcies that has been reported.

(4) Given that harvest insurance is an important instrument to manage risks, including risks linked to adverse climatic events such as the late and particularly long spells of severe frost in April 2021 and risks linked to market disturbances such as those resulting from the COVID-19 pandemic, it is appropriate to provide a stronger incentive for wine growers to contract harvest insurance by increasing the Union support for that measure. It is also appropriate for this incentive to cover more than one marketing year, because experience has shown that the uptake of support for harvest insurance has been very limited in the past. Thus, it is essential to have enough time to inform and encourage Member States and operators in the wine sector to make use of this exceptional rate of support. Therefore, it is necessary to increase the Union financial contribution to the support for harvest insurance as referred to in Article 8 of Delegated Regulation (EU) 2020/592 as of 16 October 2021 until the end of the programming period 2019-2023.

(5) Furthermore, as the Union wine market is not expected to regain its balance between supply and demand in the short term, it is necessary to extend the application of the measures laid down in Articles 5a and 6, Article 7(2) and Article 9 of Delegated Regulation (EU) 2020/592 until 15 October 2022.

(6) Delegated Regulation (EU) 2020/592 should therefore be amended accordingly.

(7) In order to ensure continuity between financial years 2021 and 2022, this Regulation should enter into force on the third day following that of its publication in the *Official Journal of the European Union* and apply from 16 October 2021,

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Delegated Regulation (EU) 2020/592

Delegated Regulation (EU) 2020/592 is amended as follows:

(1) Article 8 is amended as follows:

(a) the introductory phrase is replaced by the following:

‘By way of derogation from Article 49(2), point (b), of Regulation (EU) No 1308/2013, for operations selected from 4 May 2020 to 15 October 2021, the Union financial contribution to the support for harvest insurance shall not exceed 70 % of the cost of the insurance premiums paid for by producers for insurance:’;

(b) the following paragraph is added:

‘For operations selected from 16 October 2021 to 15 October 2023, the Union financial contribution to the support for harvest insurance shall not exceed 80 % of the cost of such insurance premiums.’;

(2) in Article 10, the date ‘15 October 2021’ is replaced by ‘15 October 2022’.

Article 2

Entry into force and application

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 16 October 2021.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 13.9.2021

For the Commission
The President
Ursula VON DER LEYEN