

REFORM OF THE COMMON AGRICULTURAL POLICY

POSITION OF THE FRENCH INTERBRANCH ORGANISATIONS FOR WINES WITH A DESIGNATION OF ORIGIN AND GEOGRAPHICAL INDICATION (CNIV)

During the month of October, both the European Parliament and the Council adopted their respective positions on the reform of the Common Agricultural Policy (CAP). This marks the start of inter-institutional negotiations (trialogues), which began at the end of the year under the German Presidency.

The CNIV welcomes the work accomplished by both parties on the Strategic Plans and the Common Organisation of the Markets (CMO) regulations. It particularly welcomes the important changes made by the European Parliament with regard to competition law and the missions of interbranch organisations.

The CNIV calls on the Council and the European Commission to build on these important amendments in order to provide the interbranch organisations with the legal certainty necessary to their actions, particularly for quality products.

COMPETITION LAW

In its amendments to the CMO Regulation, the European Parliament adopted a **new Article 172 b on value sharing for products with a protected designation of origin or a protected geographical indication** (amendment 245):

"Article 172b

Value sharing for products with a protected designation of origin or protected geographical indication

For products with a protected designation of origin or a protected geographical indication recognised under Union law, interbranch organisations recognised under Article 157 may adopt rules on value sharing between operators at the different stages of production and, where appropriate, of processing and marketing, for which they may, by way of derogation from Article 101(1) TFEU, request extension on the basis of Article 164(1) of this Regulation.

Such extended agreements, decisions or concerted practices shall be proportionate to the objective pursued and shall not:

(a) entail the fixing of prices of the final products sold to consumers;

(b) eliminate competition in respect of a substantial proportion of the products in question;

(c) create an excessive imbalance between the different stages of the value chain of the sector in question."

The French wine interbranch organisations, also supported by the main European organisations and all the French interbranch organisations, welcome the adoption of this amendment, which would allow interbranch organisations to define the rules for creating and sharing value, especially for quality products, which have significant marketing costs.

The inclusion of an express exemption from the competition rules, similar to that planned for producer organisations, is justified by the Endives case. It is necessary as it helps:

- Provide interbranch organisations with the legal certainty they need in order to play their part in creating and sharing value;
- Avoid any questioning of the amendment;
- The amendment have its full effect.

PAYMENT PERIODS

Directive (EU) 2019/633 on unfair trading practices prohibits, in Article 3, payment periods longer than 60 days for non-perishable agricultural and food products. **Although the third paragraph contains an exception for the purchase of grapes and must, it is inconsistent that the purchase of wine is not the subject of explicit exception.**

Although the legislator wanted to take the specific characteristics of the wine sector into account, the initial project aimed exclusively at fresh products and did not need wine to be included. The extension in scope of the provision to all products, which was applied at a late stage of the procedure, allowed an exception solely limited to the purchase of grapes and must.

In light of the above, the CNIV welcomes the adoption by the Parliament of a **new point (ca) in paragraph 4 of Article 164** (amendment 242), which incorporates a specific exemption from payment periods in the wine sector and for all the agricultural products concerned:

(ca) the drawing up of standard contracts or clauses in the wine sector, which are compatible with Union rules and which may include payment periods longer than 60 days, by way of derogation from Article 3(1) of Directive (EU) 2019/633, for the purchase of bulk wines as part of written multi-year contracts or of contracts which become multi-year between a producer or reseller of wine and its direct purchaser, provided that the clauses relating to those deadlines have been subject to extension before 31 October 2021;

Such amendment confirms the legislator's willingness by harmonising provisions and allowing interbranch organisations, which bring together upstream and downstream players in the wine sector, to define suitable payment periods, taking account not only of the imperatives of the producers and distributors but also the specificities of the wine production cycle. This can be particularly long and can affect the dates of purchase and removal from the property, which are often much delayed.

The discussion concerning payment periods within interbranch organisations is helping to ensure that both wine-growers and distributors have the cash flow they need. If purchasers delay deliveries, the wine-grower's income, which is the CAP's primary objective, will be seriously affected. Similarly, if the distributor loses his ability to invest in the markets, this will deal a blow to the competitiveness of the European offer.

PROMOTIONAL MEASURES

The CNIV welcomes the maintaining of national support programmes, especially those allocated to wine, which constitute essential elements for the sector's competitiveness. However, given the existing backdrop of strong competition in the wine sector and the ongoing decrease in wine consumption, it would be advisable to further consolidate national support programmes, especially promotional measures.

As a result, **the CNIV fully supports amendments 354 and 355 of the European Parliament to the "Strategic plans"** on promotion on the internal market and non-EU markets:

- **Amendment 354** (Article 52, paragraph 1, point g a (new)) on the internal market:

“actions aiming at improving market knowledge, such as economic and regulatory studies on existing markets, as well as actions to promote wine tourism, to enhance the reputation of European vineyards”

➤ **Amendment 355** (Article 52, paragraph 1, point h) on non-EU markets:

“promotion and communication carried out in third countries, consisting of one or more of the following actions and activities aimed at improving the competitiveness of the wine sector, and the opening, diversification or consolidation of the markets”.

The current duration of promotional activities, set at three years but renewable for two years, is too short to allow quality products to establish a lasting reputation and image on highly competitive markets. This is why the CNIV is pleased with the European Commission’s proposal which, if adopted, aims to give Member States the freedom to define for themselves how their national support programmes are implemented in practice, including the duration of projects and the eligibility criteria for information and promotional activities. To do this, the conditions for validation of the Strategic plans by the European Commission should be clarified explicitly on this point.

The National Committee of the Interbranch Organisation for Wines with a Designation of Origin and Geographical Indication (CNIV) gathers 23 French Interbranch Organisations for Wines and Wine Spirits with a Designation of Origin and Geographical Indication.

These 23 interbranch organisations, which cover more than 95% of national production, help develop the wine sector for the benefit of all its stakeholders. In accordance with the objectives set in the CAP, they support the economic development of wine sector stakeholders and help them respond to market changes.

These interbranch organisations also serve as an ideal place for discussion and the balanced management of quality products, which require a specific form of development because of their unique nature.

In this context, the CNIV’s mission is to contribute to French and European institutional debates, particularly on questions relating to interbranch status and the national implementation of the European policy for the promotion of agricultural products.

The CNIV is chaired by Mr Jean-Marie Barillère and led by Mr Jérôme Agostini.

For more information and to contact us:

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