CAP Amending Regulation (CMO)

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

OVERVIEW

As part of the work on the EU's 2021-2027 budget, the European Commission proposed a set of regulations with the aim of reshaping and modernising the EU's common agricultural policy (CAP). Put forward on 1 June 2018, the 'CAP reform package' was finally adopted in December 2021.

One of these regulations, 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.


Committee responsible: Agriculture and Rural Development (AGRI)
Rapporteur: Eric Andrieu (S&D, France)
Shadow rapporteurs:
- Anne Sander (EPP, France)
- Jérémy Decerle (Renew, France)
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Introduction

On 1 June 2018, the European Commission published a set of three legislative proposals intended to redefine and reform the common agricultural policy (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 needed adjusting so as to be better placed to respond to the new challenges that EU agricultural markets had 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 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 also has 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 rules on competition, gives them prerogatives such as planning production, optimising production costs, placing on the market and negotiating collective contracts.

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 Herbeumont. 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 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, 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. 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. 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. It is proposed to allow Member States 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 Herbeumont. 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, requiring WTO members to eliminate 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**

The changes proposed by the Commission would reduce the yearly budgetary amounts allocated to finance the support measures for the POSEI scheme to €627.63 million (by approximately 3.9 %) and for the smaller Aegean islands scheme to €23.0 million (by approximately 2 %).

**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. Focus should be on market management instruments, in particular on limiting fluctuations in the prices of agricultural products. While recognising the benefits of trade for the agriculture sector, the EESC believed that EU policy should protect high EU standards and not allow globalisation to undermine them. Furthermore, 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, which would alert the Commission in the event of a market disturbance, so that production regulation measures could be implemented. Where the market price falls below a threshold set by the European market observatory, the Commission would implement support for producers in the sector who voluntarily reduce their deliveries. The Commission should also lay down a framework for monitoring and evaluating the performance of the crisis management plan, establish a 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 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 contentious issues of de-alcoholised and partially de-alcoholised wines and the introduction of hybrid varieties should be reviewed.

Stakeholder views

**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 timely financial compensation for farmers. 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 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 it was not ambitious enough. 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. Extending the protection of EU GIs to goods in-transit could exacerbate concerns regarding the negative effects of the EU’s protection of GIs on market access for US producers and traders.

**Legislative process**

**Eighth parliamentary term, 2014-2019**

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, the rapporteur submitted his draft report on 25 October 2018. It consisted of 109 amendments to the Commission proposal. 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 AGRI committee report was adopted on 1 April 2019 by 29 votes in favour, 7 votes against and 1 abstention.

**Ninth parliamentary term, 2019-2024**

On 16 October 2019, the Conference of Presidents of the newly elected Parliament decided to resume work on all three CAP dossiers unfinished in the previous parliamentary term.

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 and negotiating mandate was adopted by 463 votes to 133, with 92 abstentions. The plenary vote endorsed most of the points from the committee report, with Parliament’s key amendments to the Commission proposal as follows:

- **Measures for market disturbances:** 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.
- **Widening the market safety net:** The list of products eligible for public intervention should be extended to new products: white sugar, sheepmeat, pigmeat and chicken.
- **Public intervention:** Public intervention should be open for all eligible products throughout the whole year, not only for specified periods.
- **Table olives and rice:** Table olives and rice should be added to products eligible for private storage aid.
- **Supply management for GIs:** The possibility to introduce time-limited regulation of supply for products with a PDO or PGI, currently applying to cheeses, hams and wines, should be extended to all agricultural products with quality marks.
- Value sharing for GIs: The mechanisms for value sharing between farmers, including farmers’ associations, and their first purchasers should be extended to other products that have a quality mark recognised by Union and national law.
- 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 in order to improve market transparency and better anticipate market turbulences. The observatory should set up alert thresholds and notify Parliament and Council of threats of market disturbance.
- Internal market competition rules should not apply to agricultural products and practices that aim at higher environmental, animal health or animal welfare standards than EU or national ones.
- Resale at a loss should be prohibited for agricultural products falling under the Regulation.
- International trade: In order to maintain fair competition and ensure reciprocity, the EU should enforce production standards consistent with those established for its own producers. Import of agri-food products from third countries should only be allowed if they comply with standards and obligations applying to the same products in the EU, in particular in the field of environmental and health protection.
- Vine planting: The authorisation scheme for vine planting 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 \textit{Vitis labrusca} species to be used for wine production or to lifting the ban on the six varieties: Noah, Othello, Isabell, Jacquez, Clinton and Herbeumont. However, Member States should be allowed to authorise the replanting of \textit{Vitis labrusca} or the six varieties in 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 they should not benefit from PDO, PGI and TSG protection.
- Naming of plant-based products: The amendment that meat-related terms and names (such as steak or burger) should be reserved exclusively for animal products was rejected in the plenary vote, but Members agreed that existing restrictions on the use of dairy-related terms only to animal milk products should be further tightened.
- Outermost regions: The amounts allocated to measures under the POSEI and SAI schemes should be maintained at current levels.

In Council, the file was dealt with at technical level by the Working Party on Agricultural Products. After a first round of examination, it was generally considered that existing market support instruments had proved to be effective against market disturbances and the majority of delegations agreed that the CMO should not be overhauled. In the first drafting suggestions to the text of the proposal, most changes concerned provisions relating to geographical indications and to the wine sector. The most controversial point seemed to be 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, and the rest of the Member States, which would be either flexible or willing to accept it. Twelve 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 \textit{Vitis labrusca} (while retaining the already existing derogations).
The next revised drafting suggestions sought, 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; to clarify the rules on wine labelling; to make the use of the terms 'de-alcoholised' and 'partially de-alcoholised' mandatory on the labelling of such wine products; to change the rules concerning authorisations for new plantings and extend the period for converting planting rights into authorisations. The Council’s general approach and negotiating mandate were agreed on 21 October 2020.

**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. After this first ‘super trilogue’, meetings dealt with each dossier separately. The co-legislators were quite close in their positions on wine and geographical indications, but much further apart as regards market management and crisis measures. The most controversial points proved to be the amendments proposed by Parliament on public intervention, private storage aid, trade with third countries, transparency of the market, exceptional market measures and provisions related to the sugar sector. The Council voiced concerns that these changes would go against the market orientation of the CAP, internal market competition rules and WTO commitments. After a series of trilogues, the co-legislators reached agreement in June 2021.

In the agreed text, provisions were included to reinforce the position of farmers in the food supply chain by expanding the possibilities for producers to organise. Practices aimed at higher environmental, animal health or animal welfare standards than EU or national ones are to be exempt from competition law. In order to improve transparency within the agri-food supply chain and to facilitate the monitoring of markets, the Commission will establish Union observatories of agricultural markets which may cover all sectors listed under the Regulation. They will provide statistical data and information necessary for monitoring, and issue reports and alerts. To react against threats of market disturbance, measures such as temporary voluntary production reduction schemes may be introduced. Farmers and their associations may agree with downstream operators on value-sharing clauses. Supply management rules are extended to all other agricultural products with PGI and PDO denominations. The amendment seeking to prohibit resale at a loss for agricultural products was withdrawn.

Regarding wine, the authorisation scheme for vine plantings is extended to 31 December 2045, with two mid-term reviews to be undertaken by the Commission in 2028 and 2040. The ban on the six prohibited vine varieties is maintained, but does not apply to planting and replanting for purposes other than wine production. As for the labelling of wines and aromatised wines, the nutrition declaration on the label may be limited to energy value, but in such a case full information must be provided by electronic means identified on the label. De-alcoholised or partially de-alcoholised wines are included in the category of grapevine products, but they must be clearly labelled as such. PDO or PGI status may be granted only to partially de-alcoholised wines.

On the sensitive issue of trade with third countries, it was agreed that Parliament’s concerns about imports and lower standards of products could be addressed by political declarations, namely three statements: a joint statement signed by the three institutions on health and environmental standards for imported products; a bilateral statement by the Parliament and the Council inviting the Commission to prepare a report on these issues at the latest by June 2022; and a unilateral statement by the Commission indicating what could be done in terms of the imports of agricultural and agri-food products from third countries.

Similarly, the issue of including sugar in products eligible for public intervention was addressed in a joint statement by all three institutions, recognising the difficulties faced by this sector and committing to assess the conclusions of an ongoing, soon to be published, study.

The amendment to further restrict the use of dairy terms on plant-based alternatives was dropped. With regard to the outermost regions, the amounts allocated to measures under the POSEI and SAI schemes were maintained at current levels.
The Council endorsed the provisional agreement on 28 June 2021 and the AGRI committee on 9 September 2021. The whole Parliament voted on the CAP reform package during its plenary sitting on 23 November 2021. The Amending Regulation was adopted with 487 votes in favour, 130 against and 71 abstentions. The formal adoption by the Council took place on 2 December. The final act – Regulation (EU) 2021/2117 – was published in the Official Journal of the EU on 6 December 2021 and entered into force the following day.

**EP SUPPORTING ANALYSIS**


**OTHER SOURCES**


**ENDNOTE**

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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