## Smarter Regulation: Wine Reforms Consultation

Closes 21 Jul 2023

Wine Reform: Specific Changes

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Below we have listed proposed areas of substantive reform in detail. These are specific changes that we propose could be brought forward by the end of 2024 (https://consult.defra.gov.uk/cookie using/a) phased approach, outlined in 'Next Steps'. We ask that you consider these specific changes before responding to the consultation questions. This consultation covers England and Wales only. Should these changes be introduced, the Internal Market Act 2020 and the Windsor Framework will allow for products produced in England and Wales to be sold in Scotland and Northern Ireland.

## Importer labelling

The government is proposing to amend retained EU law to remove the requirement that imported wine needs to show the prefix 'importer' or 'imported by' before the address of the business responsible for importing that wine to Great Britain.

Under retained EU law (Regulation 1308/2013, Article 119(1)(f) and Regulation 2019/33, Article 46) imported wine is required to use the prefix 'importer' or 'imported by' before the address of the importer. This law requires the import, bottling, and re-export trade to add a SKU (Stock Keeping Unit) line to wine destined for the EU market.

The wine industry has asked for wine law to be aligned with general food law so the requirement for the prefix 'importer' or 'imported by' can be dropped. The proposed removal of the prefix will mean that the address of the wine importing business will be the Food Business Operator (FBO) responsible for the food information on the bottle as provided for in Regulation 1169/2011. This will be the FBO under whose name the product is marketed in cases where they are established in the British Islands, e.g. retailers in the case of retailer own-brand wines. This change establishes clarity between EU and GB labelling arrangements. The change will allow both EU and GB addresses on the same label. This reform could reduce costs for marketing wines both on the EU, NI and GB markets with the same label and will provide an economic benefit to GB importers and exporters of wine.

## Hybrid grape varieties

The government intends to amend retained EU law (Regulation 1308/2013 Article 93) to remove a restriction that requires a wine with a Protected Designation of Origin (PDO) to be made only from grapes of the species Vitis vinifera. All other

wine, including wine with a Protected Geographical Indication (PGI), can be made either from grapes of the species *Vitis vinifera*, other species of *Vitis* or crosses of species (hybrids).

The restrictions under retained EU law placed on PDO wines produced from grapes from the species *Vitis vinifera* come from the alignment of historical European wine appellation-based quality rules with the revised EU PDO and PGI quality arrangements. Restricting how some wines can be made is not consistent with the quality arrangements which bases quality on provenance rather than the type of raw materials used in their production. It is worth noting that the EU has itself removed this restriction.

The government is proposing to allow applications to register PDO for wines that are made from other species of *Vitis* and hybrid grape varieties, as well as from *Vitis vinifera* varieties, because these grapes are more climatically resilient and disease resistant than vines from the species *Vitis vinifera*. They offer the potential for less pesticide use, can survive more erratic weather and can still produce excellent award-winning wine. We consider limiting their use to the production of only Protected Geographical Indication (PGI) wine is inconsistent with the basis of the wine quality scheme arrangements which links quality to provenance.

### **Piquette**

The government is proposing to amend retained EU law to remove the ban on the commercial production and sale of Piquette. Piquette is a lower-alcohol drink produced by rinsing pomace (the residue that originates from winemaking and consists of the stems, skins, and seeds of the grape berry) with water and fermenting that rinse. Piquette cannot currently be marketed as a wine product as it is classified under the Harmonised System of Tariffs under 2206 (other fermented beverage), which also includes products like cider, perry and mead.

Under retained EU law, (Regulation 1308/2013, Annex 8) Piquette is banned from commercial production and sale. The ban on piquette originates from an era when there was a significant overproduction of wine in the EU and financial support given to the wine sector was based simply on wine production amounts. The ban prevented EU producers from making wine perceived to be of lower quality to claim structural support.

The proposed removal of the ban will allow wine producers to monetise what would otherwise be a waste product from the wine production process with any residue still able to be sold as animal feed. It could allow vineyards and wineries to improve their profitability and offer consumers greater choice.

## Blending wines

The government intends to amend retained EU law (Regulation 1308/2018, Annex 8) to remove a ban that prevents wine imported into GB to be blended with another wine.

The blending (coupage) of wine is both a historical practice and commonplace globally, offering scope for new blends of wine that appeal to consumers.

Under retained EU law, the blending of imported wine is banned. However, the EU continues to permit the blending of EU wines of different EU origins, but takes the view that wines produced elsewhere should not be blended with its wine, nor does it permit non-EU wines to be blended in the EU.

The proposal to remove this ban will allow the blending (coupage) of any wine in GB. This will allow for improvements to be made to wine through a blending process. It could allow bottlers scope to achieve greater consistency in their products and could allow for completely new products to be created to suit specific consumer tastes. Permitting blending could also present scope for business development and jobs in creating and facilitating blending operations in GB.

### Foil wraps and mushroom stoppers

The government is proposing to amend retained EU law to give producers the choice of whether they want to market certain types of sparkling wine with a mushroom-shaped stopper and a foil sheath.

Under retained EU law (Regulation 2019/33, Article 57) it is mandatory that stoppers for certain sparkling wines are mushroom-shaped, and the neck of the bottle must be covered in a foil sheath.

The intended changes remove a requirement that hinders innovation in the development and uptake of reusable stoppers that help sparkling wine retain fizz for longer and support moderate consumption of alcohol. It could remove what is seen by some of our producers to be an unnecessary cost in the production and marketing of certain sparkling wines. It could also support simpler recycling of sparkling wine bottles.

## Removing the wine certification arrangements

The government intends to amend retained EU law (Regulation 1308/2013 Article 120(2), Regulation 2019/33 Articles 51 and Regulation 2018/274 Chapter 3) to remove wine certification arrangements. Currently, a wine that does not have a Protected Designation of Origin (PDO) or a Protected Geographical Indication (PGI) can only show a vintage and, or a grape variety used on its label if it has been through an official certification scheme that is managed by the industry in conjunction with the Food Standards Agency.

The EU introduced the certification system to counter concerns that controls had to be placed on the use of vintage and variety use to match the level of scrutiny to which PDO and PGI wines were subjected.

The government's proposal to remove the wine certification arrangements could reduce unnecessary and unjustified red tape and increase producer competitiveness. We consider the certification arrangements to present an unnecessary barrier to marketing wine with a vintage or varietal (or both), but which do not, or cannot enter the PDO or PGI schemes. We consider the veracity and frequency of checks on GB wine production by FSA inspectors, and the relatively small size of the domestic production industry reduces any risks of falsification.

## Removing rules on bottle shapes

The government is proposing to amend retained EU law (Regulation 2019/33 Article 56 and Annex 7) to remove rules that define the characteristics of certain types of bottles that must be used for marketing certain EU wines. For example, a 'Flute de Alsace' is a long-necked thin bottle used to market Alsace wines.

The proposed change effectively tidies up our legal framework by removing restrictions that only apply to EU wine production. As GB had no protected bottle shapes there is no reason for retaining this provision in our law. If in future the domestic wine industry sought to protect a unique bottle shape or design that had become synonymous with a certain type of wine, we would advise protection should be sought under other rules which is more appropriate and enforceable than a provision in wine law. We recognise that the restriction on marketing wine in certain bottle shapes and with certain characteristics as defined in this section would remain restricted in the EU.

# Revoking retained Regulation (EC) 2019/935 setting out GB methods of analysis and controls on enrichment

The government is intending to revoke retained Regulation (EC) 2019/935 and remove a redundant method of analysis for a wine production practice that is not used by our wine industry, nor is it intended to be used in the future.

It will also allow us to remove a provision concerning the arrangements that Defra Ministers can apply, with the agreement of the relevant authorities in Wales, to allow an increase in the natural alcoholic strength of a wine where there have been exceptionally unfavourable weather conditions. Currently, the provisions set out in Article 3 of Regulation 2019/935 duplicate almost identical provisions contained in EU Regulation 1308/2013 (Annex 8 Part 1 (A) (3)) and the government proposes to retain the latter provisions.

#### Ice wine

The government is proposing to amend retained EU Law to introduce rules that will govern how products marketed as 'ice wine' must be produced.

Although GB does not produce Ice Wine, and it is not defined in REUL, a definition for it is required to ensure consumers can identify products that are made according to the specified criteria that apply to the production of ice wine. This definition will enable us to comply with international obligations, including the future accession of the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) agreement.

This would mean products could only be marketed as 'Ice Wine' if they have been produced from grapes harvested when frozen on the vine. The production of Ice Wine is only possible in certain wine-production regions of the world (for example, Canada) and gives rise to wines of high value that have a very high level of residual sugar.

We currently propose, subject to consultation, the following specification:

'Wine may be labelled as icewine, ice wine, ice-wine, or a similar variation of these terms, only if such wine is made exclusively from grapes naturally frozen on the vine.'

## Introducing new oenological practices

The government is intending to amend retained EU law (retained Regulation EC 2019/934 Annexes I & II) to update the legislative list of approved oenological practices, processes and restrictions. REUL sets out details of the oenological practices, processes and restrictions that can be used to produce wine in GB.

In 2021 GB joined the International Organisation of Vine and Wine (OIV). Its recommendations form the basis of domestic, EU and many third countries' wine production rules. Compliance with this in turn forms the basis of the quality standards required of wine imported into Great Britain. The OIV adds or removes practices from its recommendations following a 7-step scientific scrutiny process that GB, EU and other world experts feed into. To be adopted, the resolution must be approved on a consensual basis; any objection results in the practice falling back to a previous stage for further consideration or development.

The government is proposing updating the list of oenological practices so our wine producers have access to the latest technological developments and winemaking practices.

## Transforming wine sector products in Great Britain

The government proposes to amend retained EU law (Regulation 1308/2013, Annex 8, Part 2, Point B) to remove the ban on transforming imported wine in GB. REUL restricts the transformation of wines or wine sector products in GB unless they derive from grapes grown in the UK. Removing the restriction on transformation could allow for imported wine to be transformed in several ways. These include:

- carbonation of imported wines
- de-alcoholising wine
- sweetening or reducing alcohol in wine
- making wine from imported grape must
- the import of grapes and the production of wine in GB

In all cases where an imported wine sector product is transformed (either by carbonation, sweetening, alcohol reduction, pressing and fermenting imported grapes), the origin of the finished product would remain that of where the grapes were harvested. For example, the sweetening of bulk imported Australian wine in Great Britain would not change that from being an Australian wine on the shelf. Another example would be Spanish grapes imported to Great Britain for pressing and fermenting – the resulting wine would continue to be marketed as a Spanish wine. The changes would enable products currently labelled as 'British wine' to become a wine of origin and be labelled according to the country of grape origin. We consider this will create an opportunity to redefine 'British wine' as 'madewine', addressing an issue that has the potential to confuse consumers.

Made-wine is any other drink that has alcohol made by fermentation apart from cider, not by distillation or any other process. For example, mead is a made-wine.

We anticipate that introducing the ability to transform wine in Great Britain will become a major opportunity for our bottling and re-export industry, and lead to new, better quality and a variety of products being available to our consumers.

#### Low and no alcohol "Wine"

The government is intending to amend the definition of wine to permit wine to be produced and marketed to a minimum of 0% alcohol by volume. This will permit the production of naturally lower alcohol wines and also permit the complete or partial dealcoholisation of wine.

Retained EU law (Regulation 1308/2013 Annex 7, Part 2 point 1) sets out the specification for wine which requires it to have a:

- maximum alcoholic content of generally 15% alc/vol
- minimum alcohol content of 8.5% alc/vol generally, with wines that have a Protected Designation of Origin (PDO) or a Protected Geographical Indication (PGI) permitted a minimum alcohol content of 4.5% alc/vol

Our proposals will reduce the lower level alc/vol to 0% for all wine products including those that have a PDO or a PGI.

Oenological practices and processes developed to remove alcohol from wines are already established in retained laws (Regulation 2019/934). These are currently permitted to only reduce the alcohol content of wine by up to 20% for fault correction purposes, for example where climatic conditions have resulted in excessive alcohol content in a finished wine. We intend to remove the provision for fault correction. In place of a 20% tolerance for fault correction, we will permit these processes to be used to reduce the alcohol content of wine by up to 100%.

It is appropriate that consumers should be informed about the production practices. Guidance will support producers to label wines to inform consumers of wine that has undergone a partial or complete reduction in alcohol content to provide a clear indication to the consumer to that effect on the label and any associated marketing material for that wine. As a major consumer of imported wine, and this being an emerging area of global wine trade which has resulted in a proliferation of different labelling requirements, we intend to allow flexibility in the way that alcohol reduction or removal is communicated to the consumer on the label or marketing material. We hope that this flexible approach to labelling low and no alcohol wines will make GB an attractive market for these products and ensure consumers have a good range of no and low alcohol products.

Defra has conducted research to understand whether the wine and spirit regulations that apply in Great Britain act as a barrier to the production and consumption of 'alcohol free' and 'low alcohol' ('NoLow') spirits and wines. Read the NoLowAlcohol Labelling report (https://randd.defra.gov.uk/ProjectDetails? ProjectId=21229).

#### Carbonation of imported wine

Turning still wine into sparkling wine in Great Britain would allow our businesses to add value to imported still wines and offer increased consumer choice of products on the market. It is not efficient to transport sparkling wines in bottles long

distances, due to high shipping costs and CO<sub>2</sub> implications. Shipping wine in bulk is estimated to reduce CO<sub>2</sub> emissions by up to 40% when compared to wine shipped in bottles.

#### Producing wine from imported grapes

The government is proposing to allow for the import of wine grapes to be fermented in Great Britain. Before the UK left the EU it was legal to move EU grapes around the EU to make wine. The EU did not allow for grapes imported from third counties to be made into wine within the EU. This means that fermenting EU grapes in Great Britain is not allowed. Allowing grapes to be imported for fermentation could re-establish trade links with the EU and other grape exporters around the world. The origin arrangements for any wine produced that falls under the Harmonised System of Tariffs heading 2204 (such as, wine of fresh grapes) will remain where the grapes were harvested.

#### **Sweetening**

Allowing bulk wines to be sweetened in Great Britain could open new possibilities for our bulk import trade. The sugar content of sweet wines makes them highly susceptible to spoilage during transportation over long distances. Although spoilage can be reduced, for example by adding sulphites, this can have health and quality impacts. Allowing wine to be sweetened in Great Britain could open up the possibility to create new products for consumers.

# New arrangements for recognising and recording oenological practices and processes approved in GB

The government is considering options to amend retained EU law to permit the establishment of an official register of approved oenological practices, processes and restrictions (OPPR) which can be updated periodically as new practices and processes are agreed.

Currently, the OPPRs that are approved to produce wine are specified in retained EU Regulation 2019/934. New OPPRs can only be added to this regulation via an amending piece of secondary legislation.

We consider that using secondary legislation to permit changes to the list of OPPRs is a disproportionate use of Parliamentary time and resources. The changes made are often highly technical, broadly consisting of a list of chemical or physical processes and where necessary, restrictions in their use being added to a list contained in the legislation.

We therefore propose to consider how OPPRs could be approved for use in Great Britain using an administrative process, with an official register of OPPRs being published on GOV.UK that can be amended by Defra Ministers, with agreement from Ministers in the Devolved Administrations. We intend that any proposed updates to the official register will be notified to Parliament in advance via an Explanatory Memoranda process. This will allow for a more proportionate Parliamentary scrutiny process to be undertaken on new, or changes to, OPPRs.

Proposed changes to the list will come almost entirely through our engagement in the development and scrutiny of resolutions adopted by the International Organisation of Vine and Wine (OIV). The process by which the OIV adopts new resolutions considers a broad range of potential impacts, including consumer and environmental safety and maintaining consumer confidence in the production of wine. But should any changes be introduced to the list through routes other than via the OIV, they will be subject to a robust scrutiny process that would consider safety, environmental and consumer confidence assessment and will have secured the written support from representative organisations for our wine producers (WineGB) and our wine trade (WSTA).

## Consolidating domestic wine regulations

The government intends to consolidate all retained EU law on wine, and domestic legislation into one comprehensive piece of legislation. Currently wine law is spread over eight separate pieces of legislation and one of these pieces of legislation (Regulation 1308/2013) contains rules for various other sectors. We consider that having a single piece of legislation covering wine will improve understanding and accessibility of the law. This will better support the wine industry, enforcement bodies and government in undertaking their duties. Consolidation will also give Defra scope to resolve ambiguities in existing legislation.

EU law has grown up over many years and has expanded significantly since the 1970s, and in exiting the EU, the UK incorporated and made that law operable in the Great Britain. REUL currently consists of seven EU derived regulations of various length and covering various areas of wine law, and one piece of domestic legislation which provides a basis for those laws to be enforced by the Food Standards Agency, Food Standards Scotland, Trading Standards and HMRC.

#### Other minor reforms to retained EU law

The government also intends to make several minor changes to retained EU wine law. These will address areas of our policy that are not relevant to our industry given its operating practices or that will arise as part of our consolidation of wine law which will result in a fundamental overhaul of how wine law is written.

We intend to remove provisions:

- that prevent the over-pressing of grapes and require that a minimum level of alcohol should be left in the marc (the pomace consisting of grape skins and seeds) and lees (deposits of yeast) after pressing and rules concerning their disposal
- that prevent the production of other beverages (in addition to alcohol spirit and Piquette) to be made from the fermentation of wine lees or marc
- relating to practices whereby wine is fortified specifically for distillation

We anticipate that there will be other minor amendments needed to wine law that will only come to light during the process of consolidating REUL into one cohesive framework. This will be a significant exercise covering multiple pieces of REUL and domestic legislation. This exercise will require every aspect of wine law to be rewritten and re-ordered and we expect that going through the rules with a fine-

toothed comb will uncover further changes to be made to REUL. However, we do not expect these changes will impact the wine sector or its operation but will instead support proper legal interpretation and enforcement of these rules.

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