



Seminar at Universidad Nacional de Cuyo Mendoza



The EU wine policy

Evolution and current status

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Outline

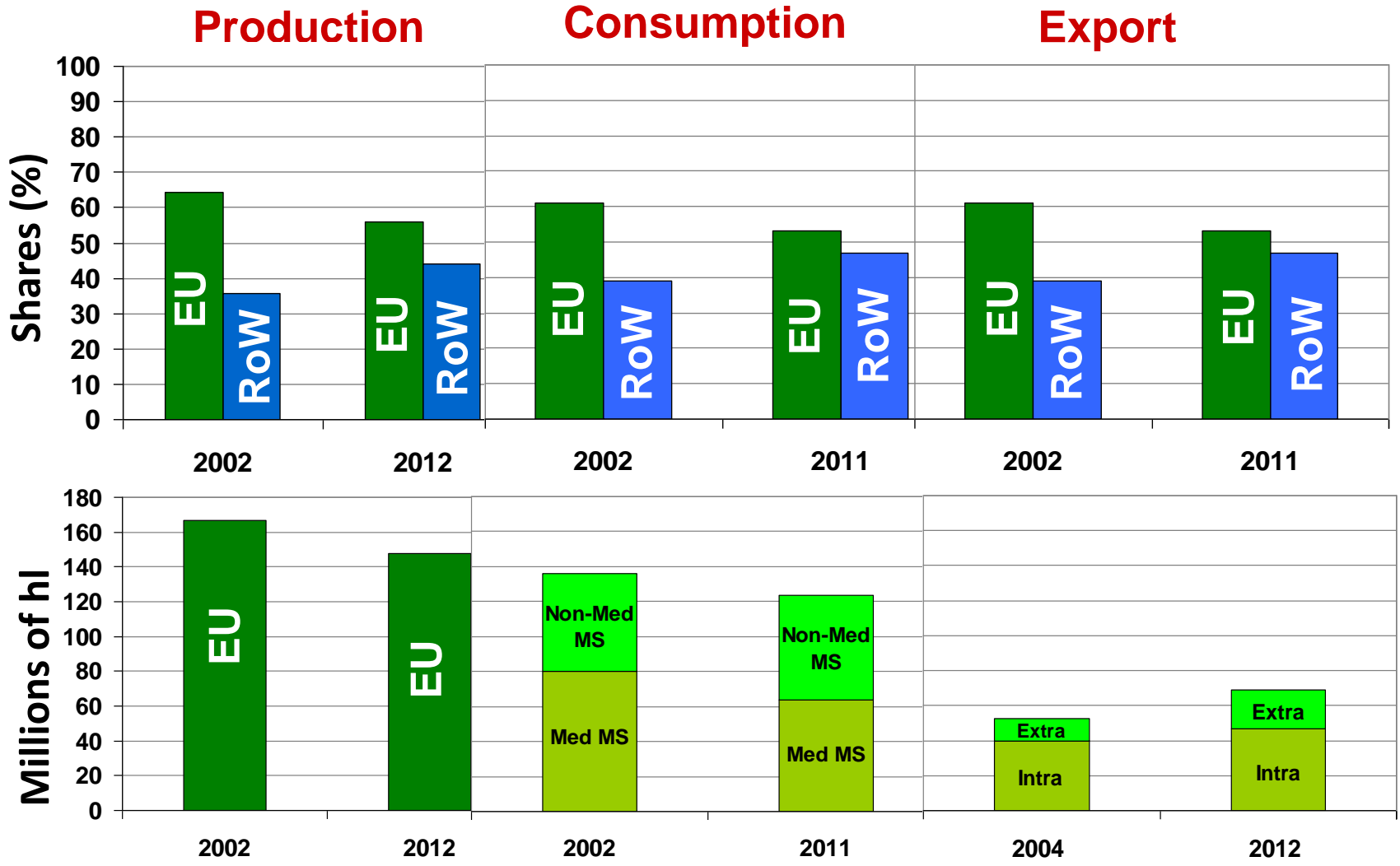


- **The EU wine figures**
- **EU wine policy evolution**
 - Focus on intervention areas and contents
 - Focus on the normative basis
- **The current EU wine policy**
 - Goals & main features
 - Focus on
 - support program
 - product classification
 - planting regulation
 - Interbranch organisation
- **Horizontal measures useful for the wine sector**
- **Final remarks**

The EU wine figures



Absolute values EU EU vs. Rest of World (RoW)



EU wine policy: areas & content evolution



Chronology and content evolution		European Econ. Community (EEC/CEE) 1957-92				European Union (EU/UE) 1993 up today			
		1962-69	1970-78	1979-86	1987-98	99-2008	2009-12	2013-15	2016 -
Intervention areas		<i>First steps</i>	<i>full structure</i>	<i>1st reform</i>	<i>2nd reform</i>	<i>3rd reform</i>	<i>4th reform phasing out mkt pol</i>	<i>4th ref - mkt pol regime</i>	<i>4th ref - new plant. regime</i>
regulatory measures	Wine market monitoring (MM)	vineyard register, compulsory declarations, management committee, provisional balance, nursery control							
	Oenological rules (OR)		<i>3 geogr. areas</i>	<i>rules SO2 & acidity</i>	<i>more rules</i>	<i>codex of oenological rules</i>			
	Product classification and presentation (PC)		Table wines - GI table wines - quality wines (q.w.p.s.r.)				wine - PDO& PGI - varieties		
	Market coordination (MC)					Interbranch organisations & producers associations			
spending measures	Production potential (PP)		basic items	Grubbing up scheme + planting rights (PR)		PR (*)	3 years GU + PR	PR	Authorisations
	Trade with Third Countries (TTC)		Common Custom Tariff - Export refunds (both reduced after 1994)					Common Custom Tariff	
	Market policy (MP)		+	+++	++++	+++	+++ & some new (supp prog)	new measures (support program)	
	Structural support (SS)						vineyard restruct.	vineyards restructuring and more (support program)	

Market policy (MP) +: private storage

+++ private storage + voluntary distillation + must aid

+++ private storage + mandatory distillation + must aid

Quality wines (q.w.p.s.r.): categories used in the main European wine producing countries

Country	Quality wine			Table wine with GI	Table wine	
Francia	AOC: Appellation d'Origine Controlée			VDQS: Vins Delemite de Qualite Superieure	Vin de Pays Vin de Table	
Germania	Qualitätswein mit Prädikat or Kabinett			Qualitätswein Bestimmter Anbaugebiete	Landwein Deutscher Tafelwein	
Italia	DOCG: Denominazione di Origine Controllata e Garantita			DOC: Denominazione di Origine Controllata	Indicazione Geografica Tipica (IGT) Vino da Tavola	
Spagna	Vino de Pago	Denominacion de Origen Calificada (DOC)	Denominacion de Origen (DO)	Vinos de Calidad con Indicación Geográfica	Vino de la Tierra Vino de Mesa	
Austria	Qualitätswein mit Prädikat or Kabinett			Qualitätswein	Landwein Tafelwein	
Portogallo	DOC: Denominacao de Origem Controlada				Vinho Regional Vinho de Mesa	
		<i>Alto</i>			<i>? valore atteso ?</i>	
					<i>Basso</i>	

EU wine policy: Normative basis evolution



1962 - 1969: A single regulation which defines the Common Market Organisation (CMO) for wine (Reg. 24/62)

1970 – 1998: Two regulations

one defining the wine CMO (reg: 816/70; 337/79; 822/87)

one defining rules for q.w.p.s.r. (reg: 816/70; 337/79; 822/87)

1999 – 2011: The regulation concerning wine CMO includes also quality wines (q.w.p.s.r. reg: 1493/99; 479/08)

after 2011: All rules concerning wine are embedded in the “Single CMO” all products) and validated during the recent

CAP Reform (reg. 1237/2007, with late incl; 1308/2013, now in force)



New EU wine policy: goals



The goals of new wine policy, in force since 2009 are:

- ❑ Making EU wine producers more competitive, enhancing the reputation of European wines and regaining market shares both in the EU and outside.**
- ❑ Making the market-management rules simpler, clearer and more effective, to achieve a better balance between supply and demand.**
- ❑ Preserving the best traditions of European wine growing and boosting its social and environmental role in rural areas.**

New EU wine policy: measure's structure



**Base regulation,
Reg 1308/2013, defining:**

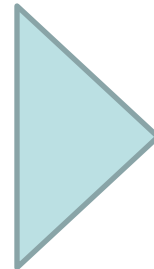
Support programmes

Regulatory measures:

- Oenological practices
- Presentation of products
- Interbranch & producers organisation

**Trade with third
countries**

Production potential



**Applicative regulations
specific for each set of
measures**

New EU wine policy: core news aspects



- Traditional measures to support market are dismantled after a phasing out period.
- More responsibility to MSs in the use of national budget.
- Market / rev. stability searched with new tools.
- Space to structural support & mkt coordination.
- New system for approval and control of wine with geographical origin (PDO/PGI).
- New labeling: no longer table w. vs. quality w.

Focus on support programmes (1)



- **Union funds destined to the wine sector in Member States (MSs) have to be used through five-year *national support programs***
- **choosing at least one measure in a set of 8**
 - **MSs have some freedom in choosing how to use EU funds, on the base of national characteristics.**
 - **The national support program can be updated at least every year.**
 - **To the support programs are destined about 1.1 billion € over 15 member states.**

Focus on support programmes (2)



Measures in support programs after phasing out

– Promotion

- in MSs (info on responsibility & PDO/PGI system – since 2013);
- in third countries, with a focus on improving their competitiveness;

– restructuring and conversion of vineyards

– investments

– innovation in the wine sector (since 2013)

– green harvesting

– mutual funds

– harvest insurance

– by-product distillation

Structural
measures

Market
measures

Focus on support programmes (3)



Use of the permanent measures during the transition

- Largely used
 - restructuring and conversion of vineyards
 - Promotion
- Never chosen
 - mutual funds

Allocation of funds for the period 2015-2019

- Structural measures around 80%
 - restructuring and conversion of vineyards, 40%
 - Promotion, 20%
 - Investment and innovation 20%
- Market measures around 20%

Focus on product classification (1)



- According the new EU wine policy on labelling and origin, EU wines can be presented to the market as:
 - Wine, only with color specification
 - Wine with grape specification (varietals) and/or vintage
 - Wine with Protected designation of origin (PDO) or protected geographical indication (PGI), showing eventually grape specification and/or vintage
- Wines belonging to the different categories must comply with specific rules and undergo specific controls

Focus on product classification (2)



Specific obligations, beyond respect of general rules concerning wine production and labelling:

- Wine (only with color specification): *none*
- Wine with grape specification (varietals) and/or vintage: ***official certification of what indicated on the label (grape/vintage) New!!***
- PDO and PGI wines: ***official certification of the respect of a specific set of rules (product specification) New!!***

Before the 2008 reform wines with origin (quality wines with national names and table wines with GI) were substantially self certified!

Focus on product classification (3)



- MS designate authorities responsible for certifications: PDO/PGI wines and labeling indications for other wines
- MS may decide that PDO or PGI wines can be presented using traditional terms. Ex.
 - *Appellation d'origine controlee for PDO in France*
 - *Denominazione d'origine controllata for PDO in Italy*
- Anyway, now the European Commission is in charge to approve a PDO/PGI
- Any interested group of producers, or exceptionally a single, may apply for establishment of a PDO or PGI
- After 2009 (ref) the existing recognized wines DO/GI were submitted to a validation by E. Commission.

Focus on product classification (4)



a "**designation of origin**" or a "**geographical indication**" means the name of a region, a specific place or (exceptional) a country used to describe a wine fulfilling respectively the following requirements:

<i>designation of origin</i>	<i>geographical indication</i>
(i) the quality and characteristics of the product are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors;	(i) it possesses a specific quality, reputation or other characteristics attributable to that geographical origin;
(ii) the grapes from which the product is produced come exclusively from that geographical area;	(ii) at least 85 % of the grapes used for its production come exclusively from that geographical area;
(iii) the production takes place in that geographical area; and	(iii) its production takes place in that geographical area; and
(iv) the product is obtained from vine varieties belonging to <i>Vitis vinifera</i> ;	(iv) it is obtained from vine varieties belonging to <i>Vitis vinifera</i> or a cross between the <i>Vitis vinifera</i> species and other species of the genus <i>Vitis</i> .

Focus on product classification (5)



Product specification

Main items in product specification are:

- (a) the name to be protected;
- (b) a description of the wine with principal analytical/organoleptic characteristics;
- (c) oenological practices and relevant restrictions;
- (d) the demarcation of the geographical area concerned;
- (e) the maximum yields per hectare;
- (f) the wine grape variety or varieties allowed;
- (g) the details bearing out the link between quality and place;
- (h) body verifying compliance with product specification.

For geographical areas in a third country: proof that the name concerned is protected in its country of origin.

Focus on production potential (1)



- At the end of 2015 will end the *planting right regime* started during the '70s when the mandatory distillation was established
 - According to such regime, rights holders had the right to sell them, inside the allowed limits to trade.
 - So, in case of grubbing up of a vineyard (without compensation), the farmer becomes owner of a tradable rights
- Starting from January 2016 the size of the area under vine in EU will be controlled in a different way....

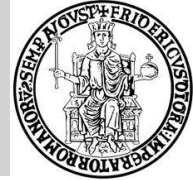
Focus on production potential (2)



New rules for planting...

- Vines of recognized wine grape varieties may only be planted/replanted if an authorization is granted by MS.
- Authorizations for new planting are valid for three years from the date on which they were granted.
- Authorizations by years in each MS: *to 1 % of the total area actually planted with vines in the MS.*
- MS define criteria to distribute authorization, eventually with Professional organizations advices.
- Authorization are granted to producers who have grubbed up an area planted with vines.
 - **the authorization shall be used on the same holding on which the grubbing up was undertaken (no trade...).**

Focus on interbranch organisations



- Interbranch organizations are called to allow dialogue between actors in the supply chain, and in promoting best practices and market transparency.
- Interbranch organizations cooperate with MS in order to improve and stabilize the operation in the wine market, laying down rules to regulate supply.
- Such rules shall be proportionate to the objective pursued and shall not:
 - relate to any transaction after the first marketing of the produce concerned
 - allow for price fixing, including where prices are set for guidance or recommendation
 - render unavailable an excessive proportion of the vintage that would otherwise be available



Horizontal measures (1)



- The EU wine sector can receive a financial support in the framework of Rural Development (RD) policy.
- The financial endowment for RD of viticultural regions was increased in 2009 subtracting some resources to CMO funds.
- In the current RD framework (reg. 1305/2013) it is possible to support various actions if consistent with the RD policy objectives:
 - **fostering the competitiveness of agriculture;**
 - **ensuring the sustainable management of natural resources, and climate action;**
 - **achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment.**

Horizontal measures (2)



Moreover the current EU RD policy support:

- **Cooperative actions for innovations inside European Innovation Partnership ('EIP') for agricultural productivity and sustainability which promotes large multidisciplinary networks of *operational groups*.**
- **At local level, partnership among actors inside and outside the agricultural sector for multisectoral local development projects (LEADER programs).**

A further support to grape growers can come by the single payment program (reg. 1307/2013).

Final remarks



- The EU wine policy over about 50 years has been committed – quite successfully - to harmonize very different and well rooted wine legislation.
- After 2009 the EU wine policy is deeply changed in a positive way:
 - Support programs allow to use resources (about 1,1 billion / year) to competitiveness enhancement escaping from the vicious circle of distillations.
 - The combinations of rules on labeling and PDO/PGI allows more transparency and readiness to target specific segments (varietals).
 - Room for interbranch organization in an effective supply coordination and improvement.



Final remarks



Muchas gracias por su atención!

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