Common organisation of the market in wine

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The European Parliament adopted a report drafted by Giuseppe **CASTIGLIONE** (EPP-ED, IT), on the proposal for a Council regulation on the common organisation of the market in wine and amending certain Regulations, with a number of modifications. The report was adopted with a 31 majority, 7 voted against and 3 abstained.

The main elements of the amendments are as follows :

Support Programmes: MEPs propose that national aid programmes should not only focus on support for third countries but also on areas affecting the internal market such as: restructuring the sector; crisis prevention; research and development; cultivation practices and environmental standards; improvement of grape and wine quality; and on private storage of wines, alcohols and musts. In addition, financial aid, under the heading of the promotion of EU wine in third countries, could similarly go towards programmes for the protection of wine geographical indications as well as studies relating to combating grapevine product counterfeiting in third countries and technical and plant-health obstacles. In regions classified as “convergence regions”, the committee proposes that the Community share of costs should not exceed 75%. However, that share may rise to 100% in the case of programme designed to protect geographical indications at an internal level and programmes involving actions or studies relating to the combating of wine-product counterfeiting in third countries as well as the removal of technical and plant health obstacles.

Crisis Prevention: the European Commission aims to replace the crisis distillation measure by two crisis prevention measures. The committee states that the support of these measures may consist of the granting of compensation in the form of a payment proportionate to the reduction in the quantities of grapes or wine produced.

Cross-compliance: the committee has deleted the article concerning cross-compliance which states that where farmers are found to not have complied on their holding, at any time during five years from payment under the support programmes for restructuring and conversion or at any time during one year from payment under the support programmes for green harvesting, with the statutory management requirements and the good agricultural and environmental condition, the amount of the payment shall, where non-compliance is the result of an action or omission directly imputable to the farmer, be reduced or cancelled, partially or wholly depending on the severity, extent, permanence and repetition of the non-compliance, and the farmer shall, where applicable, be ordered to reimburse it in accordance with the conditions set out in the said provisions. Rules shall be determined as regards partial or whole reduction or recovery of the support by the Member State concerned.

Rural development: the article concerning the financial transfer of funds to rural development budget has been deleted.

Ban on sugar for enrichment: the committee is against the Commission’s proposal to ban the use of sugar for enriching wine (chaptalisation) from the day the reform comes into force as well as the ban against the aid for must. However, the report states that in years when climatic conditions have been exceptionally unfavourable the limits on increases in the alcoholic strength by volume may be raised. As a compromise, MEPs stipulate that following the impact study into the reform carried out by the European Commission in 2012, measures may be adopted gradually to reduce the increases in alcoholic strength by volume.

Oenological practices: the committee proposes, as an alternative solution to the one put forward by the Commission, that a positive list of the oenological practices permitted on Community territory be kept, and that a regulatory committee, as referred to in Decision 1999/468/EC, responsible for authorising new practices, be introduced. It is also opposed to the idea that oenological practices and restrictions recognised by the International Organisation of Vine and Wine (OIV), and not the authorised Community oenological practices and restrictions, shall apply to products covered by this Regulation which are produced for export.

By-products of winemaking: in order to guarantee the quality of wine intended for the market and to safeguard the environment, the committee stresses that it is necessary to reintroduce the current ban on the overpressing of grapes and to provide for instruments to enforce this. MEPs stipulate that in years when climatic conditions have been exceptional and, despite regulatory agricultural measures to prevent surpluses, very high levels of production are anticipated, bringing with them the danger of serious market disruption, the alcohol content of the by-products may be increased so as to avoid surplus production entering the market. In such cases, flat-rate aid shall be granted to producers. Lastly, under no circumstances may the alcohol obtained from such distillation be destined for human consumption.

Potable alcohol: the committee includes an amendment to safeguard supplies of potable alcohol to industries which traditionally use it in order to maintain the necessary traditional quality of certain beverages derived from such alcohol.

Designations of origin and geographical indications: the committee calls for stricter rules in this area. MEPs consider it essential that designations of production areas should be an integral component of designations of origin and geographical indications. The designation of origin' means the name of a region, a specific place or, in exceptional cases, a geographically small Member State, used to describe a wine, a liqueur wine, a sparkling wine, a semi sparkling wine, a wine of sun-dried grapes or a wine of overripe grapes originating from that region, specific place, etc. As regards labelling, distinctions based on the different categories of wine should be maintained, as should a system to protect existing traditional terms, so that the product can be identified and consumers provided with certain essential items of information. Certain categories of grape vine products may not be used in the labelling of wines with a protected designation of origin or a protected geographical origin. In the case of wine shipped to another Member State or exported, an indication of provenance including the name of the Member State of origin. If genetically modified yeast is used in the production of a wine, this shall be made clear to the final consumer by including on the packaging the words 'produced using genetically modified organisms'. The name or trading name of the bottler, district in which he is established, and Member State shall be included. Member States shall be authorised to maintain or adopt any national legislative provisions which ensure even greater protection of protected designations of origin and protected geographical indications. The report also includes an amendment stipulating that the Commission, on the basis of a duly substantiated request from a Member State, a third country or a natural or legal person having a legitimate interest, shall take action to ensure the effective protection of the protected designation or origin or protected geographical indication.

Labelling: the report disagrees with the Commission's proposal to allow, for all wines, the optional indication on labels of the vintage year and wine grape variety. While the advantages

of this for non-quality wines appear minimal, such an option would be hugely detrimental both to quality wine producers and to consumers. On the other hand, MEPs consider that the name or trading name of the bottler, district in which he is established, and Member State should appear on the label and must always be preceded by the words 'Bottled by' .

Producers' organisations: these organisations shall have the specific objectives of ensuring that production is planned and adjusted to demand, in terms of quality and quantity and compliance with food safety rules; monitoring and managing programmes relating to the agricultural cultivation practices and

environmental standards; promoting the use of environmentally sound cultivation practices, production techniques and waste management practices, in particular to protect the quality of water, soil and landscape and preserve and/or encourage biodiversity; seeking new means to restrict the use of plant protection products; carrying out measures relating to logistics and technological research; notifying consumers; conducting the research necessary to orient production to products which are better adapted to market requirements and consumer preferences so as to improve the movement and marketing of products in this sector;

Restricted market access: the report states that a duty shall be levied on imported wines not produced and prepared in accordance with the minimum environmental protection standards applicable to domestic wine growers. The revenue from this duty shall be paid into a fund from which, in keeping with the principle of sustainable rural development, resources shall be made available for projects which foster more environmentally-friendly production practices in third countries.

Planting restrictions: the committee is opposed to a total liberalisation of planting rights from 1 January 2014 for the production of designation of origin or geographical indication wines. By 31 December 2012 at the latest, the Commission shall present an impact assessment on planting rights in areas not delimited by the product specifications and draw up, if appropriate, a proposal for the liberalisation of these planting rights. It should be noted that greater flexibility should nevertheless be ensured as regards planting rights, in order to permit competitive producers to adapt freely to market conditions. Where there is a significant improvement in the market situation, a flexibility clause will allow the granting of additional, temporary planting rights to wine-producing holdings in the areas concerned and with the level of quality capable of recording increased sales.

Grubbing-up: MEPs are in favour of a grubbing up campaign limited to three years (instead of five) whilst maintaining the same financial envelope for premiums. This will enable wine producers who abandon production to receive a decent premium that meets their expectations as closely as possible. The funds set out by Commission have been amended by committee. The committee proposes EUR 510 million for the 2009/2010 wine year; EUR 337 million for the 2010/2011 wine year; EUR 223 million for 2011/2012.

Implementation of the reform: the committee considers that the time limit set out by the Commission is unrealistic (1 August 2008); therefore it proposes that this date be postponed until 1 August 2009.