

# Common organisation of the market in wine

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The Council held a policy debate on the reform of the wine sector. The debate focused, in particular, on:

**Menu of national envelopes:** Most delegations supported the principle of national envelopes and agreed to extend the list of measures eligible ("the menu") under those envelopes. They shared the Commission's view that such envelopes will make it possible to meet the specific needs of each Member State, namely (i) support for restructuring and/or conversion at the level of production, processing and/or marketing; (ii) the promotion of new production techniques; (iii) promoting wine, both within the internal market and in third countries; (iv) agri-environmental measures; (v) crisis prevention and management measures; and (vi) green harvesting. Some delegates were more reticent on some of the measures being proposed and drew the Council's attention to the need to check the compatibility of the proposed measures with the World Trade Organisation.

**Transfer from the first to the second pillar:** This proposed measure, on the other hand, was received with scepticism by most delegations, who feared a re-nationalisation of the CAP or that resources would not be channelled into the wine sector. Most of the delegations preferred to see the wine sector remaining in the first pillar. Some delegations did, however, concur with the Commission's view that a transfer from the first to the second pillar would actively support vulnerable wine regions.

**Method of allocating envelopes:** Several delegations, in particular those from the new Member States, requested that resources should be allocated equally between the Member States.

**Decoupled payment:** Some delegations accepted measures the proposals vis-à-vis decoupled payment and that such a payment method could, for example, take the form of transitional measures similar to those adopted for the processing of certain fruit and vegetables. Many, however, did not see an immediate need for it. During the debate, several delegations expressed a desire to continue using the term "fruit wines". Under certain conditions and where appropriate, they feel that this should be mentioned on the label. Such a measure would be in line with provisions adopted for vodka.

**Grubbing-up scheme:** Some delegations welcomed the grubbing-up scheme as a way of rebalancing the market and/or as a socially-based measure being offered to producers wishing to leave the sector – on condition that the measure remains voluntary. However, opinions remained divided on the matter of how long the scheme should last for (5 years or less), the principle of degressivity and/or the level of premiums. Other delegations, indicated a preference for grubbing-up on a wider scale than is being proposed, and expressed doubts as to the effectiveness of the system advocated in view of the large number of proposed exemptions.

Whilst expressing some reservations, other delegations stated that they could accept a grubbing-up scheme which was not an end in itself, and suggested that Member States should be offered some leeway to restricting grubbing-up in certain sensitive areas. Several delegations seriously doubted whether the proposed grubbing-up scheme would be effective in resolving the problem of over-production, and expressed a preference for incorporating this measure into the national envelopes.

According to the Commission representative who attended the meeting:

- national envelopes should allow the Member States to opt for solutions best suited to their needs. They should not, however, be used as a disguised means to reintroduce tools that had proved to be ineffective at reviving the sector's competitiveness;
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the amount of the national envelopes was a "Pandora's box", the opening of which could prove to be risky;

- the proposed transfer to the second pillar has been put forward in order to deal with specific problems that certain wine-growing regions face; and
- the grubbing-up scheme allows producers, who wish to leave the sector, to do so with dignity. The Commission remains open to constructive proposals in relation to both the duration of the scheme and in relation to the proposed ceiling of 200 000 hectares.

The Council asked its preparatory bodies to continue examining the proposal with a view to returning to this question at its next meeting on agriculture and reaching political agreement at the end of the year.