Special report 7/2012 (2011 discharge): Reform of the common organisation of the market in wine: progress to date

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The Committee on Budgetary Control adopted the report by Eva ORTIZ VILELLA (EPP, ES) on Special Report No 7/2012 (2011 discharge): 'The reform of the common organisation of the market in wine: Progress to date'.

Members welcome the Special Report and its conclusions (*please refer to the summary of the report dated 12/06/2012*). They recall that the main objective of the audit was to assess the progress regarding one of the main objectives of the reform, namely improving the balance between supply and demand as well as the efficiency of the main financial instruments of this reform (temporary grubbing-up scheme and the setting up of national support programmes).

Background: the committee emphasises that the audit focussed on the two measures representing the largest areas of spending: “grubbing-up” and “restructuring and conversion of vineyards” with EUR 1 074 million made available for the grubbing-up measure in the three-year application period from 2008-2009 to 2010-2011 and EUR 4 200 million allocated for restructuring and conversion measure for the ten-year period from 2001 to 2010.

It also recalls that the Union:

- is the world’s biggest wine producer with 3.5 million hectares (ha) of vines;
- produced approximately 160 million hectolitres (hl) during the wine year 2007-08, accounting for around 60% of the world’s wine production.

It notes that there was an overall decrease in wine consumption in the Union between 1989 and 2009.

Special Report No 7/2012: Members highlight that Special Report No 7/2012 indicates that although demand for grubbing-up exceeded 350 000 ha, its impact was limited by the fixed target of 175 000 ha and ultimately, **only 160 550 ha were grubbed-up with the help of Union aid**. The grubbing-up scheme finally reduced the vineyard inventory area by around 5%, corresponding to approximately 10.2 million hl of wine withdrawn. They point out, however, that far more land – 300 000 ha in all – has been grubbed-up since the reform and that no such aid was provided in respect of around 140 000 ha of that land, a figure that does not appear in Special Report No 7/2012.

Members recall that the Court concludes that for the grubbing-up measure, the scheme could have been **more efficient and less expensive** since the aid rates were increased to levels that were too high in the first and second year of the scheme. Grubbing-up did not always target the less competitive or less viable vineyards.

It also notes that:

- the expected reduction of the production did not materialise as a consequence of the insufficient use of some common market organisation instruments such as green harvesting and promotion;

- the Commission has not made an in depth assessment on the potential impact of the liberalisation of planting rights scheduled for 2018 at the latest, and considers that such an assessment is necessary to establish an estimate of the balance between supply and demand in the wine sector.

Recommendations: the committee takes note of the Court of Auditors' concerns that the **Union financed the grubbing-up measure in order to reduce the surplus of wine, while in certain cases, the restructuring and conversion measure led to some increases in vineyard yields**. It is of the opinion that the Commission should review the restructuring measures to reinforce their effectiveness and maintain measures from the previous programme that proved successful in order to **boost the sector competitiveness**.

Members expect the Commission to ensure that the Member States' national programmes and the restructuring and conversion measures are in line with the objective of the reform, especially the Single Payment Scheme. They ask the Commission to improve the current provisions to enable farmers to better adapt to market signals and better match the supply to the products demanded.

The Commission is also called upon to:

- promote measures to safeguard the Union's best winemaking traditions;
- carry out an in-depth impact study assessment of the planting rights liberalisation and evaluate the potential consequences of the elimination of this regime in order to adopt the most convenient decisions to guarantee the balance of the wine market (a majority of Member States and Parliament are opposed to this option);
- strengthen control mechanisms for paying agencies guaranteeing that farmers are not overcompensated;
- relaunch a policy to promote the wine sector and improve its competitiveness in the internal market, including **information campaigns for adults on responsible consumption of wine**, and on its specific qualities and features, which highlights the cultural roots of European wines;
- reflect on a European strategy to increase exports to third countries.