Market in wine: reform of the common organisation of the market COM

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Following a marathon session, involving a vote on some 626 amendments, the Committee finally adopted by a majority of 21 (29 in favour, 8 against and 5 abstentions), the report by Mr Giulio Fantuzzi (PES, I) on the reform of the Common Organization of the Market (COM) in Wine. The voting on some key amendments was particularly tight, necessitating the use, for the first time, of the electronic checking system of the Brussels hemicycle. However, a wide measure of agreement was achieved on many points, through last minute compromise proposals presented by the rapporteur after consultation with the political groups. Said Mr FANTUZZI after the vote, "we just missed reaching a compromise on all the points of difficulty, but we have accomplished a lot and this gives me the incentive to work harder to reach a solution which will produce a comprehensive majority in plenary." The amendments adopted by the Committee may, in general, be summarised into the following categories: 1. A Gradual Approach and Greater Flexibility Widespread acknowledgement exists of the need to restore balance to a sector which, untouched by the 1992 reforms to the CAP, is still characterised by significant surpluses. However, the process necessary to achieve this goal will undoubtedly involve a degree of social disruption. For this reason, the Committee rejected the Commission approach, which proposed the immediate entry into force of a Community reference quantity, constituting a target for achieving a satisfactory balance on the wine market. Instead, members preferred the gradual introduction of such a target, by taking into account factors including the average historic production over the last 10 years, the consumption patterns in the member states, the import-export balance and the development of new markets. Market balance would therefore be achieved over 5 years a should pay sufficient attention to the need to safeguard producers' incomes, regional wine production traditions and environmental and social protection in less favoured areas. In addition to taking account of the above considerations, National reference quantities should, moreover, recognise the results that have already been achieved in the member states in reducing production by means of grubbing up (ie. permanently taking land out of wine production by destroying the vines) and by decreasing yields. 2. Regional Programmes There was a general welcome for the Commission proposals to introduce regional programmes to combine market adjustment measures with structural interventions. In this context, however, the Committee felt that it was appropriate to delegate greater responsibility to the regions themselves and to allow them, rather than the member states, to draw up the programmes. Also in order to introduce a greater degree of flexibility, members felt that following grubbing up, the programmes should be able to stipulate that up to 20% of the affected area should constitute a reserve for the right to replant in the region. This could be used for young farmers and holdings with restructuring and reparcelling programmes. Replanting rights could also be granted to areas facing particular socio-economic or environmental problems. The Committee defended the principle of a common policy in calling for measures to reduce regional production (including grubbing up) to be financed 100% from the EAGGF Guarantee Section, as is the case in other COMs. The Commission proposal, which involved 50% funding by member states (25% in Objective 1 regions) was however accepted for certain structural measures to tackle problems such as the maintenance of viticulture on hills, steep slopes and on ground particularly susceptible to erosion and to implement measures to help young farmers. 3. Alcoholic Strength and Enrichment The division of the Union's wine growing areas into three zones, N, M, and S, in order to reflect the diversity of tradition and climate from north to south, while at the same time ensuring fair competition, was in principle acceptable to the Committee. However, the minimum natural alcoholic strength of grapes, before any enrichment, set for the three areas caused difficulties for members. The Commission proposal was that this should be at least: - 6% vol in zone N - 8% vol in zone M - 9% vol in zone S Neither amendments to increase these volumes, supported by many members representing more southerly wine growing regions, nor amendments to reduce them, managed to secure a majority in the Committee. However, a measure of compromise was achieved through an agreement that the Commission should submit a report, accompanied by suitable proposals, to Parliament

and Council by 1 September 1997, which would allow the Council to take a decision by 1998, on measures to increase the natural alcoholic strength of wine. The debate was however mirrored over the question of the percentage increase in alcoholic strength which should be permissable through enrichment, a problem further complicated by disagreement over the techniques which should be allowed. Members from (more northerly) wine growing regions where sucrose has traditionally been used for enrichment purposes were particularly keen that the practice be allowed to continue. An amendment to this effect was passed by 22 votes to 20, with 1 abstention. Nevertheless, the Committee was able to widely support a compromise amendment that this should only be permitted in regions where this was (already) authorised on 1 September 1994. A compromise was also possible over percentage increases. Members agreed to augment the limits proposed by the Commission in each zone by 0.5% so as to allow provision to be made for alcoholic strength to be increased by up to: - 2.5% vol in zone N - 2% vol in zone M - 1.5% vol in zone S 4. Distillation In an attempt to alleviate the negative impact of reform on some producers, an amendment by the rapporteur to reintroduce voluntary preventive distillation to guarantee distilled wine for the production of brandy was adopted by 24 votes to 20. This would first involve the buying into intervention of surplus wine in order to stabilise the market and would therefore be financed by the EAGGF. The distilled wine would then be sold for not less than the buying in price. Another amendment adopted by the Committee rejects a Commission proposal that only 75% of the costs of storage and disposal of alcohol held by intervention agencies should be financed by the EAGGF Guarantee Section and 25 by the member states. This, members felt, should be wholly a Community responsibility. 5. Promotion of Quality Products and Inter-Branch Relationships Measures to promote the moderate consumption of quality wines were proposed by the Committee in order to strengthen the original Commission proposals on promotion activities. Also adopted were several amendments aimed at strengthening the role and effectiveness of inter-professional organizations and at improving the Commission's ability to combat fraud. 6. Exemptions On a matter of considerable importance to small wine producers, such as England, significant exemptions from the provisions of the regulation were agreed for those member states in which the area given over to wine production is less than 1200 hectares and overall production does not exceed 50 000 hl per year. **** The debate in plenary session should take place on Wednesday 5 April in Strasbourg, with the vote on Thursday at 12 noon.