

# Agenda 2000: wine, reform of the common organisation of the market COM

1998/0126(CNS) - 16/07/1998 - Legislative proposal

**PURPOSE:** to implement changes to the common market organisation for wine, according to the overall guiding principles of the Agenda 2000 proposals for changes to the common agricultural policy.

**CONTENT:** the proposal considers the reform of the wine sector should take account of seven broad aims:

1) maintaining improved balance between supply and demand on the Community market, allowing producers to take advantage of expanding markets; 2) enabling the sector to become more competitive in the longer term; 3) eliminating the availability of intervention as an artificial outlet for surplus production; 4) continuing to maintain all traditional outlets for potable alcohol and vine-based products; 5) accommodating regional diversity; 6) formalizing the potential role of producer and interbranch (or equivalent) organizations; 7) considerably simplifying legislation in order to improve transparency and aid compliance. To achieve these objectives, the Commission proposes a combination of new measures and a refocussing of certain existing measures, as necessary to address the new situation: a) retaining the existing ban on new vineyard plantings for a further transitional period. Where replantings (i.e. which do not lead to an increase in the overall area under vines) are permitted, there will be a technical change to the existing rules to allow grubbing following replanting. However, to enable plantings in areas with expanding demand, an initial quantity of additional planting rights will be allocated to Member States via a new system of managing planting rights, with priority for young entrants to the sector. The system will involve the establishing of "pools" (i.e. reserves) of planting rights and is intended to be more flexible than the existing arrangements by facilitating transfers of unused planting rights to those producers in greatest need. A pre-condition for regions or Member States receiving any of the initial quantity of additional planting rights or transferred rights will be the completion of an inventory including information on areas under vines, varieties and planting rights, which will act as a control and monitoring tool for plantings. The existing Vineyard Register (Casier Viticole) remains in force. The allocation of additional planting rights will also be dependant on Member States dealing with cases of irregular plantings. b) grubbing-up measures are to be retained, but will be more specifically targeted by Member States in those regions with serious and persistent structural surplus. c) reconversion measures, which will be available within the market organisation, are aimed at adapting vineyards to produce marketable wines (i.e. varietal conversion, relocation of vineyards and adoption of new production techniques). A clear distinction between reconversion and renewal of vineyards required as a matter of course will ensure that only reconversion is eligible for Community financing. Community funding for reconversion will be necessary for two components: - loss of receipts for producers who retain both old and reconverted vines until the reconverted vines become productive (no compensation needed) or, those who grub and replant on the same plot at a later date (full Community financing); - the material costs of reconversion at the level of 50% Community funding (75% in Objective 1 areas), the remainder being met by the beneficiaries. d) distillation: intervention as an artificial outlet for production will be achieved by a refocussing of intervention mechanisms. The following existing measures are abandoned: - "preventive distillation"; - compulsory distillation of table wines; - "support distillation". In addition to specific measures to supply the potable alcohol market, the Commission considers that the following measures are required: - a "crisis" distillation measure, available on a voluntary basis, to deal with exceptional cases of market disturbance and serious quality problems; - private storage aid is retained to ensure continuity of supply; - the distillation of by-products measure to avoid the over-pressing of grapes will be retained as a quality measure in its current form, pending a more cost-effective solution; - the specific measure for distillation of wine from non wine-grape varieties remains unchanged as a transitional measure. The Commission also proposes replacing preventive distillation by a specific distillation measure for the potable alcohol market. To account for potential fluctuations in supply from the potable alcohol sector and avoid the accumulation of unnecessary surpluses, the system will be applied flexibly and operate in conjunction with a system of private storage aid. e) other measures: outlets for vine-based products, such

as grape-juice, will continue by the retention of existing aid measures. Finally, rules on oenological practices as well as matters relating to descriptions, designations, presentation and protection are also included in the proposal.