Wine sector: common organisation of the market COM

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The European Parliament adopted a resolution based on the own-initiative report drawn up by Katerina Batzeli (PES, Greece) on the reform of the common organisation of the market in wine. The report adopted by 484 votes in favour to 129 against with 24 abstentions. Parliament felt that cautious, carefully-managed reform was needed to restore the vitality of the EU wine sector. It recommends retaining distillation measures, empowering Member States to restrict grubbing-up of vines, and liberalising planting rights only gradually. It also advocates strict labelling rules and maintaining current regulations on acceptable winemaking practices.

Reform in two phases (2008-2011 and 2012-2015): Parliament felt that the reform of the sector must be phased in two stages: in the first phase (2008-2011) the objective must be to balance, reorganise and increase the transparency of the market, strengthen productive bodies and wine-growing regions, by gradually adopting measures – which will be essentially of a uniform Community nature – and prepare the European wine sector for a more aggressive opening of the markets, gradually moving the resources recovered from distillation over to support for competitiveness and development. a mid-term review, accompanied by an intermediate phase, following the first phase, is essential, to assess the first impact and perhaps readjust all the resources already laid out or not yet expended taking account of the original aims.

Distillation: Parliament stressed that the Commission's proposals to maintain the distillation or withdrawal of by-products without funding do not make sense. Distillation concerns wine producers, but is carried out by distillers, which in effect makes the measure inoperative. It also stressed also that the Commission proposal for the controlled withdrawal of wine by-products will create serious environmental problems in major wine-producing regions. The proposal for abolishing dual-purpose distillation will lead to the vinification of large volumes, thereby significantly disrupting the regional and European market and creating problems within regions.

Parliament is opposed to the immediate abolition of the distillation mechanism and other market support measures because it does not seem appropriate to abolish them without a transitional period in order to take advantage of the benefits offered by some of those measures. During the transitional period, there should be a gradual reduction in the amounts allocated to market intervention mechanisms at the same time as including measures designed to improve quality, to promote and to market European wines. Aid for the distillation of wine by-products should be continued in order to maintain the quality of European wines and obviate any damage to the environment caused by the withdrawal of such products.

During the initial phase of the reform, the four present distillation measures should be converted into two:

1) compulsory distillation, which will act as a safety net and allow the gradual reorganisation of the market, serving environmental and quality objectives;

2) voluntary distillation of wine alcohol which will allow the adaptation of the sector for wine alcohol used for incorporation into certain wine products (liqueur wines, brandies) or in the wine balance.

Parliament went on to state that it was necessary to create a new crisis management mechanism to be used in the event of specific, serious and real situations of emergency that should be identified in accordance with objective criteria defined beforehand at Community level. The public storage of alcohol should be

abolished and the sale of alcohol obtained through crisis distillation should be replaced by the immediate organisation of direct sales through invitations to tender.

Grubbing up: Parliament considered that the issue of permanent abandonment of wine-growing must not be the centrepiece of the reform of the CMO in wine, but that it should instead be one of the parameters of structural interventions financed by the CMO in wine budget through national financial frameworks, aimed at reviving wine-growing potential and gradually adapting the wine sector to market requirements. It was essential to make provision for each Member State or each region to set a permissible upper limit for grubbing-up for each region. They should have the opportunity to select which categories of wine will take priority in the grubbing-up programme. The objective Community criteria restricting the possibility of permanent abandonment may include the following:

- vineyards in mountainous, coastal and island regions;

- vineyards with geographical indications or registered designations of origin;

- vineyards where soil erosion or biodiversity loss could be a problem;

- traditional regions of historical importance;

- vineyards that have received structural aid from the EU;

- cases where the abandonment of wine growing creates environmental risks.

Ban on new plantings – gradual liberalisation of new plantings: the report maintains that a gradual reallocation of planting rights is necessary, in order to avoid an uncontrolled expansion of the EU's wine potential from having a negative impact on the market. To this end, the House favours allocating new rights primarily to young farmers, especially for the production of quality wines. It suggests that regional authorities should take decisions on liberalising planting rights, especially where geographical indications are involved. The Commission should lay down some activity guidelines for the promotion of European wines, based on moderate and responsible wine consumption. Parliament also suggested promoting specifically labelled European wines to the world market.

Aid for "must": Parliament emphasised the need to provide for aid for concentrated grape must or rectified concentrated used for enrichment, since it was necessary to preserve an historical oenological practice. It stressed the need to maintain aid for must used to produce grape juice, the aim being to maintain a product used for a purpose other than wine production that is important for the sector and helps to maintain market equilibrium. In the event of enrichment by the addition of concentrated must, the must should come from the same production area.

International Organisation of Vine and Wine – bilateral trade agreements: At a time when the EU is conducting difficult negotiations in the WTO, Parliament felt that the Council should – subject to consultation of the European Parliament – be the body responsible for approving new oenological practices. If this competence is transferred to the Commission the designation and classification of quality wines in the EU would be jeopardised. Such oenological practices should be entered on a positive Community list.

Winemaking practices and labelling: the report acknowledged that wine enrichment has a direct impact on production levels, but it nevertheless suggested that the current legislation be kept unchanged, as "the Commission's proposal on reducing the maximum level of enrichment is not justified. Enrichment of wine with sugar and concentrated must has to be allowed in every wine growing region where it was traditionally used and where no structural surpluses exist. The report stated that there should be a ban on the fermentation of imported musts and on the mixing thereof with Community musts, since such

procedures are not consistent with other measures proposed by the Commission, such as grubbing-up and the withdrawal of funding relating to the use of concentrated must for the purpose of increasing alcoholic proof. With respect to labelling, the report stressed that the use of oenological practices that are not allowed in the EU should be clearly labelled on imported beverages. The European Parliament also stressed the need to secure protected geographical indications and protected designations of origin in WTO talks. To this end, it expressed support for bilateral negotiations with third countries on mutual recognition of such designations. Finally, the report also called for harmonisation of Member States' rules on languages to be used on labels within the EU.