Basic information

2007/0138(CNS) CNS - Consultation procedure Regulation	Procedure completed
Common organisation of the market in wine Repealing Regulation (EC) No 1493/1999 1998/0126(CNS) Amending Regulation (EC) No 1782/2003 2003/0006(CNS) Amending Regulation (EC) No 1290/2005 2004/0164(CNS) Amending Regulation (EC) No 3/2008 2007/0095(CNS) Repealed by 2008/0156(CNS) Amended by 2008/0104(CNS) **Subject** 3.10.06.08 Wine, alcoholic and non-alcoholic beverages	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	CASTIGLIONE Giuseppe (PPE-DE)	05/06/2007

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2864	2008-04-29
Agriculture and Fisheries	2825	2007-10-22
Agriculture and Fisheries	2819	2007-09-26
Agriculture and Fisheries	2815	2007-07-16
Agriculture and Fisheries	2834	2007-11-26
Agriculture and Fisheries	2841	2007-12-17

European

Commission DG	Commissioner

Commission	Agriculture and Rural Development	FISCHER BOEL Mariann

Key events

Date	Event	Reference	Summary
04/07/2007	Legislative proposal published	COM(2007)0372	Summary
16/07/2007	Debate in Council		Summary
03/09/2007	Committee referral announced in Parliament		
26/09/2007	Debate in Council		Summary
22/10/2007	Debate in Council		Summary
21/11/2007	Vote in committee		Summary
26/11/2007	Debate in Council		Summary
28/11/2007	Committee report tabled for plenary, 1st reading/single reading	A6-0477/2007	
11/12/2007	Debate in Parliament		
12/12/2007	Decision by Parliament	T6-0610/2007	Summary
12/12/2007	Results of vote in Parliament		
29/04/2008	Act adopted by Council after consultation of Parliament		
29/04/2008	End of procedure in Parliament		
06/06/2008	Final act published in Official Journal		

Technical information

Procedure reference	2007/0138(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Repealing Regulation (EC) No 1493/1999 1998/0126(CNS) Amending Regulation (EC) No 1782/2003 2003/0006(CNS) Amending Regulation (EC) No 1290/2005 2004/0164(CNS) Amending Regulation (EC) No 3/2008 2007/0095(CNS) Repealed by 2008/0156(CNS) Amended by 2008/0104(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 036 EC Treaty (after Amsterdam) EC 037 Rules of Procedure EP 191
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/51515

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE392.370	02/10/2007	
Amendments tabled in committee		PE394.146	19/10/2007	
Amendments tabled in committee		PE396.620	23/10/2007	
Amendments tabled in committee		PE396.662	24/10/2007	
Amendments tabled in committee		PE396.676	24/10/2007	
Committee report tabled for plenary, 1st reading/single reading		A6-0477/2007	28/11/2007	
Text adopted by Parliament, 1st reading/single reading		T6-0610/2007	12/12/2007	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2007)0372	04/07/2007	Summary
Document attached to the procedure	SEC(2007)0893	04/07/2007	
Document attached to the procedure	SEC(2007)0894	04/07/2007	
Commission response to text adopted in plenary	SP(2008)0411	23/01/2008	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1703/2007	12/12/2007	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2008/0479
OJ L 148 06.06.2008, p. 0001 Summary

Corrigendum to final act 32008R0479R(01)
OJ L 220 15.08.2008, p. 0035 Summary

Common organisation of the market in wine

2007/0138(CNS) - 26/11/2007

Following trilateral meetings held by the Presidency, the Commission and delegates from the European Parliament, the Presidency informed the Council of its strategy of finding agreement on the reform of the wine sector.

Three major political points to be submitted to the Ministers in December include:

1. Planting rights scheme and, in particular, the date for terminating planting rights. The 1999 reform, for example, fixed the date for the abolition of planting rights at 2010. Under the terms of the proposed new reform proposal, this date would be revised to 2013.
2. National envelopes, given that they have to comply with the current Financial Perspective.
3. The possible retention of sugar enrichment (chaptalisation); the need to rethink the question of abolishing aid for concentrated must and the need to reconsider labelling conditions.

The Council also instructed the SCA to continue its discussion on certain issues which will require further attention if a compromise is to be reached. These issues relate to: (a) the grubbing-up scheme over a three-year instead of a five-year period (in particular the resulting budgetary aspects); (b) requirements concerning grape variety and the labelling of wines without a geographical indication or appellation of origin; (c) the role of interprofessional organisations in market management; and (d) how much room for manoeuvre Member States will be given concerning national envelopes. Also requiring further consideration is the possible addition of further measures to the "menu".

Common organisation of the market in wine

2007/0138(CNS) - 22/10/2007

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;
- 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.

Common organisation of the market in wine

2007/0138(CNS) - 16/07/2007

Delegations gave their initial reactions on key issues which, in their view, needed close consideration in the future negotiations on the reform of the wine sector.

While all delegations endorsed the need for a fundamental reform of the sector and the stated objectives for such a reform, differences emerged regarding the means being proposed for meeting those objectives.

The Presidency asked the Special Committee on Agriculture to take forward in a constructive spirit its preparatory work on reaching a political agreement.

Common organisation of the market in wine

2007/0138(CNS) - 29/04/2008 - Final act

PURPOSE: to reform the common organisation of the wine market.

LEGISLATIVE ACT: Council Regulation (EC) No 479/2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493 /1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999.

CONTENT: the Council adopted a regulation reforming the common organisation of the EU's wine market.

The reform pursues the following objectives:

- increasing the competitiveness of EU wine producers;
- winning back markets both within and outside the European Union;
- balancing supply and demand;
- simplifying rules;
- preserving the best traditions of European wine production;
- reinforcing the social fabric of rural areas, and
- ensuring respect for the environment.

Its key elements include the following:

- a scheme for grubbing-up premiums. Participation will be on a voluntary basis subject to certain conditions. In addition to the Community funds available for these premiums, member states can grant supplementary national aid up to 75 % of the premium already allocated;
- eligibility to the single payment scheme for those who have grubbed up vines, giving rise to the payment of the regional average amount of direct decoupled aid up to a limit of EUR 350/ha;
- the abolition of planting rights in 2015 with some derogations until 2018;
- the attribution of national envelopes which each member state can allocate to the funding of
- different measures such as the promotion of European wine in third countries, restructuring and conversion of vineyards, modernisation, green harvesting, mutual funds, the harvest insurance and transitional measures for distillation and must aid;
- an evaluation report on the effects of the reform, to be submitted by the Commission in 2012;
- the possible indication of grape variety and vintage for all wines, subject to certain conditions;
- a procedure for the protection of designations of origin or geographical indications;
- criteria for sugar enrichment (chaptalisation).

The new regulation replaces regulation 1493/1999 on the common organisation of the market

(CMO) in wine. Its provisions are aligned as much as possible on the "single CMO" into which it is destined to be incorporated at a later stage.

It is part of a reform of the EU's common agricultural policy that started in 2003 with arable crops and livestock and continued in 2004 with olive oil, tobacco and cotton, in 2006 with sugar and in 2007 with fruit and vegetables. It also takes into account Community policies for sustainable development, greater competitiveness, simplification and better regulation.

ENTRY INTO FORCE: 13/06/2008.

DATES OF APPLICATION: from 1 August 2008, with the following exceptions: 30 June 2008 for the grubbing-up scheme and support programmes; 1 August 2009 for arrangements relating to oenological practices, protection of designations of origin, geographical indications and traditional terms, labelling and presentation, the vineyard register, compulsory declarations, accompanying documents and product registers; 1 January 2008 for derogations from the ban on the vinification of grapes from certain areas under article 2 (3) of regulation 1493/1999; 1 January 2009 for a number of amendments to Regulation 1782/2003.

Chapter II of Title V shall apply until 31 December 2015.

Common organisation of the market in wine

2007/0138(CNS) - 17/12/2007

After intense negotiations the Council reached a political agreement by a qualified majority on a compromise put forward by the Presidency for reforming the wine sector. The Commission representative approved the amendments made to the original Commission proposal. After this agreement has been incorporated into the legislative text, it will be submitted to a forthcoming meeting of the Council for adoption.

The reform is intended to come into force on 1 August 2008 (with the following exceptions: 30 June 2008 for the grubbing-up scheme; 1 August 2009 for arrangements relating to oenological practices, protection of designations of origin, geographical indications and traditional terms, labelling and presentation, etc.).

Key elements of the reform were thus improved, in some cases by adopting the substance of the solutions suggested by the European Parliament in its advisory opinion of 12 December. These points are as follows:

Grubbing-up:the proposed scheme for grubbing-up premiums concerns all producers, who will decide on a voluntary basis whether or not to participate. However, the scheme is not open to producers in Member States that produce less than 50 000 hectolitres of wine per annum. Producers in the small Greek islands of the Aegean and Ionian Seas are also excluded.

The Community budgetary envelope available to Member States for grubbing-up premiums covers a maximum area of 175 000 ha over three years. This corresponds to the following ceilings:

– 2008/2009: EUR 464 million, i.e. the current premium raised by 20 %;

– 2009/2010: EUR 334 million, i.e. the current premium raised by 10 %;

– 2010/2011: EUR 276 million; i.e. the level of the current premium.

Member States may grant additional national aid not exceeding 75 % of the grubbing-up premium, in addition to the grubbing-up premium already allocated.

Each Member State is still free to: i) exclude from the grubbing-up scheme mountain areas or areas in serious decline as well as those where there is an environmental risk (under specific conditions); ii) terminate the application of the grubbing-up scheme where the combined area grubbed up reaches 8 % of its area under vine (10 % at the level of a region); iii) exclude a maximum of 3 % of the wine-growing area from the grubbing-up scheme where application of the scheme would be incompatible with environmental concerns.

The Commission may also place an upper limit on grubbing-up at 15 % in a given Member State to avoid a concentration of resources allocated to grubbing-up in that Member State .

Single payment for those who have grubbed up vines

After grubbing-up, agricultural areas formerly under vine can claim the status of areas eligible under the single payment scheme and give rise to the payment of the regional average amount of direct decoupled aid, which may not exceed EUR 350/ha.

Planting rights

Planting rights will be abolished in 2015 with some Member States being able to keep them at the national level until 2018.

Evaluation report

In 2012 the Commission will submit a report on the effects of the reform on the Community wine sector.

National envelopes

Each Member State has a national envelope, part of which may be allocated on a voluntary basis to operations to promotethe European model of wine production in third countries. The remainder of the envelope is used by the Member State to finance at least one of the following measures ("menu" of the envelope), subject to the obligations arising from Regulation (EC) No 1782/2003 concerning cross-compliance: restructuring and conversion of vineyards; modernisation of the chain of production, including innovation and marketing; green harvesting; mutual funds; harvest insurance.

In addition:

- Member States will be able to introduce a single payment scheme (SPS) for certain producers on the basis of objective and non-discriminatory criteria.
- During a transitional period of four years, Member States that so wish may finance crisis distillation, subject to certain conditions, up to a maximum amount of 20 % of their national envelope in the first year, 15 % in the second, 10 % in the third and 5 % in the final year. As from the fifth year Member States will be able to finance crisis distillation with an upper limit equivalent to 15 % of their national envelope from their national budget if the Commission agrees.
- Member States may also finance the distillation of wine by-products from their national envelope but under certain conditions.

Must aid remains operational in its present form for a transitional period of four years. Beyond that period, the corresponding amount may be transferred to the single payment scheme of the Member States concerned. The national aid envelopes amount to EUR 782.5 million (2009 financial year) and EUR 1 229 million (from 2015).

Indication of grape variety and vintage: the indication of grape variety and vintage for all wines without a designation of origin or a geographical indication will be possible provided that the truthfulness of the information on the label is monitored. Member States will be able to limit the list of grape varieties that may be indicated under certain conditions (grape variety rarely found in their territory or grape variety name that may be confused with a protected designation). Labelling of wines of the same grape variety originating in more than one Member State will not be allowed unless the Member States concerned are in agreement.

Designation of origin or geographical indications: applications for a designation of origin or geographical indication will be examined in accordance with a procedure based on the procedure for food products laid down in Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. Certain indications used traditionally in the Community will also receive protection within the Community.

OEnological practices: sugar enrichment (chaptalisation) is still possible in accordance with the following criteria: Zone A: currently: 3.5%; from 2009 /2010: 3%; Zone B: currently: 2.5%; from 2009/2010: 2%; Zone C: currently: 2%; from 2009/2010: 1.5%.

When faced with exceptional climatic conditions, Member States will be able to apply to increase this limit by 0.5 % in the three zones on the basis of a validation by the Commission, which will have to respond within four weeks from the submission of the application.

Common organisation of the market in wine

2007/0138(CNS) - 12/12/2007 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution based on the report drafted by Giuseppe **CASTIGLIONE** (EPP-ED, IT) by 497 votes for, 109 votes against and 89 abstentions, and made several amendments to the proposal a Council regulation on the common organisation of the market in wine.

The main amendments adopted in plenary were as follows :

Support Programmes: Parliament proposed that national aid programmes should be used not only to focus on support for third countries but also on areas affecting the internal market such as: restructuring of the sector, crisis prevention, research and development, cultivation practices and environmental standards, improvement of grape and wine quality, private storage of wines, alcohol and musts. A producer shall be eligible for more than one measure during the same campaign. Member States may, with the agreement of the Commission, include new measures in their support programmes. Moreover, support measures in third countries may cover the labelling of wines support programmes for the protection of wine geographical indications at international level, educational measures based on scientific studies into the beneficial effects of moderate wine consumption, and actions designed to improve knowledge of the market. The support shall be granted primarily to those measures which are carried out on the basis of partnerships between EU operators. The Community contribution to promotion activities must not exceed 50% of the eligible expenditure. In regions classified as convergence regions in accordance with Regulation (EC) No 1083/2006, the Community share of the costs of promotion must not exceed 75%. However, that share may rise to 100% in the case of programmes designed to protect geographical indications at international level and programmes involving actions or studies relating to the combating of wine-product counterfeiting in third countries and the removal of technical and plant-health obstacles.

Crisis Prevention: crisis prevention means all the cultivation, agricultural or oenological practices intended to curb the quantities of grapes produced or reduce grape to wine processing yields. Support for crisis prevention measures may consist of the granting of compensation in the form of a payment proportionate to the reduction in the quantities of grapes or wine produced as a result of the use of an identified practice.

Cross-compliance: Parliament deleted the Articles where farmers are penalised for non-compliance with the statutory management requirements and the good agricultural and environmental condition referred to in Regulation (EC) No 1782/2003.

Rural development: the article concerning the financial transfer of funds to rural development budget has been deleted.

Addition of sucrose/aid for must: Parliament proposes to maintain aid for concentrated or rectified grape must used to increase the alcoholic strengths of wine products. It also proposes to retain the option of adding sucrose in those wine-growing zones where the use of sucrose is traditionally allowed. The addition of sucrose may only be performed by dry sugaring and only in wine-growing regions in which it is traditionally practiced in accordance with legislation in force on 8 May 1970, in cases where, owing to unfavourable climatic conditions, this practice is necessary in order to obtain the minimum alcohol strength. Parliament also proposes that the limits on increases in the alcoholic strength may be reduced gradually following the impact assessment into the reform to be carried out by the European Commission in 2012.

Oenological practices: Parliament proposes that a positive list of the oenological practices permitted on Community territory be established. The Council should continue to be responsible for updating those practices and approving new ones. Parliament is also opposed to the idea that oenological practices and restrictions recognised by the International Organisation of Vine and Wine (OIV), and not the authorised Community oenological practices and restrictions, shall apply to products covered by the Regulation which are produced for export.

By-products of winemaking: in order to guarantee the quality of wine intended for the market and to safeguard the environment, Parliament proposes to maintain by-products distillation by prohibiting the overpressing of grapes and paying an aid for the collection and distillation of by-products. Under no circumstances may the alcohol obtained from such distillation be destined for human consumption. In years when climatic conditions have been exceptional and, despite regulatory agricultural measures to prevent surpluses, very high levels of production are anticipated, bringing with them the danger of serious market disruption, the alcohol content of the by-products may be increased so as to avoid surplus production entering the market.

Such an increase may be applied in specific Member States or regions in response to market conditions. In such cases, flat-rate aid shall be granted to producers. Parliament specified that the overpressing of grapes, whether or not crushed, and the pressing of wine lees shall be prohibited. The refermentation of grape marc for purposes other than distillation shall be prohibited. The quantity of alcohol contained in the by-products must be at least equal to 10% in relation to the volume of alcohol contained in the wine produced if the wine has been made directly from grapes. Save in the case of derogations for technically justified cases, it may not be less than 5% where the wine has been made by vinification of grape musts, partially fermented grape musts or new wines in fermentation.

Potable alcohol: Parliament wished to preserve aid for distilling potable alcohol, which could be granted via national budgetary envelopes. A new clause states that the Community may establish aid for the processing of wine to be used in food products. The purpose of that aid shall be to support the wine market and hence the potable-alcohol sector in cases where the use of such alcohol is traditional and there is a market outlet.

Designations of origin and geographical indications: Members considered it essential that the production, including processing and preparation, and, where appropriate, refining and bottling, of protected designation of origin wines and protected geographical indication wines should take place in the geographical areas in question. These areas may, in exceptional cases, correspond to the territory of a small Member State and a derogation is envisaged which would enable such wine to be obtained or worked in a neighbouring zone provided that it is expressly authorised by the Member State concerned. The Commission, acting on the basis of a duly substantiated request from a Member State, a third country or a natural or legal person having a legitimate interest, shall take action to ensure the effective protection of the protected designation of origin or protected geographical indication. Producer Member States may, taking due account of fair and traditional practices, lay down all additional or more rigorous requirements or production, preparation and movement conditions for wines with protected designations or origin or geographical indications.

Labelling: Parliament stated that the description, designation and presentation of the products covered by this Regulation are a decisive factor in their marketability. As regards labelling, distinctions based on the different categories of wine should be maintained, as should a system to protect existing traditional terms, so that the product can be identified and consumers provided with certain essential items of information. The label must contain the name or trading name of the bottler, the district and Member State in which the bottler is established. Such information shall appear in characters of the same size and must always be preceded by the words 'Bottled by' or variants of these which are authorised under Community or Member-State law. Where bottling or shipping takes place in a district other than that of the bottler or shipper or in a neighbouring district, the labelling information shall be accompanied by a remark specifying the district in which the operation has taken place. Where bottling or shipping takes place in another Member State, that Member State shall be indicated. The Parliament's text specifies that the marketing in the Community of products governed by the Regulation that have been labelled in a manner contravening its provisions shall be prohibited.

Restricted market access: a new clause states that a duty shall be levied on imported wines not produced and prepared in accordance with the minimum environmental protection standards applicable to domestic wine growers. The revenue from this duty shall be paid into a fund from which, in keeping with the principle of sustainable rural development, resources shall be made available for projects which foster more environmentally-friendly production practices in third countries.

Planting rights: Parliament opposes the full liberalisation of planting rights as of 1 January 2014 for wines protected by designations of origin and geographical indications. For other wines, it believes the decision to liberalise should be taken in the light of a report, to be produced by 2012, on measures for balancing the market. If regional reserves exist in a Member State, the Member State must lay down rules permitting the transfer of planting rights between regional reserves. If both regional and national reserves exist in a Member State, the Member State must also allow for transfers between those reserves. The Chapter on planting rights will not apply in Member States where wine production does not exceed 50 000 (rather than 25000) hectolitres per wine year.

Grubbing up: Parliament states that the package of subsidies for grubbing up over five years should be distributed over three years, so as to allow winegrowers wishing to stop production to do so as quickly as possible. The amounts in question are as follows: EUR 510 million for 2009/2010, EUR 337 million for 2010/2011, EUR 223 million for 2011/2012 instead of EUR 430 million for 2008/2009, EUR 287 million for 2009/2010, EUR 184 million for 2010/2011, EUR 110 million for 2011/2012 and EUR 59 million for 2012/2013. Parliament also stressed that the scales proposed by the Commission for the grubbing-up premiums should set the minimum and maximum levels of premium that Member States can grant, on the basis of yield.

Implementation of the reform: Parliament considered that the time limit set out by the Commission was unrealistic (1 August 2008), and it therefore proposed that this date be postponed until 1 August 2009.

Common organisation of the market in wine

2007/0138(CNS) - 04/07/2007 - Legislative proposal

PURPOSE: to reform the common organisation of the wine market.

PROPOSED ACT: Council Regulation.

BACKGROUND: the European Union is the world's leading producer, consumer, exporter and importer of wine. In 2006 wine accounted for 5% of the total value of the EU's agricultural production. For economic as well as employment purpose the wine sector is vital. At the same time, however, the volume of wine exported since 1996 has been increasing at a much slower rate than imports and there has been a distinct deterioration in the balance between supply and demand in the wine sector. Third country imports are putting European producers' income and prices under pressure.

The current common organisation of the wine market or CMO is regulated through Council Regulation (EC) No 1493/1999. (See: CNS/1998/0126). Not all of the Regulation's instruments have proved effective and their continued use is preventing the EU wine sector from gaining a competitive

momentum. For example, “crisis distillation” has proved cost-inefficient to the extent that it has encouraged structural surpluses without requiring improvements in the relevant competitive structures. It can therefore be concluded that the current legal framework is not able to attain the Treaty objectives of stabilising the wine market whilst ensuring a fair standard of living for the agricultural community concerned.

Prior to presenting this proposal the Commission held a wide-ranging consultation process based on the publication of its 2006 Communication “Towards a sustainable European wine sector”. (See INI/2006/2109).

CONTENT: the purpose of this proposal is a fundamental reform of the Community’s wine regime. The objective of the reform is to:

- increase EU wine producers’ competitiveness;
- strengthen the EU’s wine reputation globally;
- recover old markets and win new ones, both globally and within the EU;
- create a new wine regime based on clear, simple and effective rules that are capable of balancing supply with demand;
- preserve the best traditions of Community-wide wine production methods;
- reinforce the social fabric of rural areas; and
- take account of environmental considerations when producing wine.

To achieve these stated objectives, the Commission is proposing, in summary, the following measures:

Support measures: The Commission proposes that a budget envelope be given to each wine-producing Member State, calculated according to three objective criteria, namely shares in area, production and historical expenditure. Using their envelope, every Member State will be allowed to finance measures according to their preference and from a given menu. That menu being:

- new support for wine promotion in third countries;
- vineyard restructuring and conversion schemes;
- support for green harvest; and
- new crisis managements measures (for example, insurance against natural disasters and administrative costs of setting up a sector-specific mutual fund).

Regulatory measures:

More adaptable oenological practices: Responsibility for approving new, or modifying, oenological practices will be transferred to the Commission, which will assess the oenological practices accepted by the OIV and incorporate them into the list of accepted EU practices. For the purpose of exports, the EU will authorise those practices that have been agreed internationally. The ban on imports of musts for vinification and on blending EU wines with imported wines will be maintained.

Designation of origin and geographical indications: The Commission proposes to confirm, adapt, promote and enhance the concept of EU quality wines based on a geographical origin approach. In order to do so, the Commission proposes establishing a clear framework for wines with Geographic Indications (GI); these can be further sub-divided into wines with a protected geographical indications (PGI); and wines with a protected designation of origin (PDO). These indications will be compatible with the horizontal provisions set out in Council Regulation (EC) No 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. (See CNS/2005/0275).

To maintain quality standards the Commission is also proposing to maintain the ban on over-pressing grapes and to expand the role of inter-professional organisations in order to control and manage the quality of wine produced. Control instruments will be reinforced for the production of *“ vin de cépage”.* In addition, the Commission is proposing to ban the use of sugar for enriching wine on the day that the reform comes into force. In future, all wine will be made purely from grapes and unsubsidised must.

Labelling: The Commission proposes to simplify the labelling of provisions by setting up a single legal framework that applies to all the different categories of wine and particulars relating to them. This will involve the use of a single legal tool for all wines by complementing the rules and provisions set out in Directive 2000/13/EC on approximating laws relating labelling, presentation and the advertising of foodstuffs. (See COD/1999/0090).The new labelling provisions will also take account of WTO policies by removing the distinction between the rules on labelling wines with and without protected designations or origin or geographical indications and to fully inform the consumer about the origin of the product through appropriate labelling rules on traceability.

Trade with third countries:

Bearing in mind that WTO negotiations are still ongoing and that their outcome remains unknown, the proposal does not touch on the current legal framework relating to external trade. The proposed reform does, however, touch upon the impact and the role of export refunds. The economic impact of wine exports has decreased. Indeed, exporters with refunds represents less than 15% of total exports in volume. The value of export refunds represents 3.4% of the value of the products eligible for export refunds. The Commission is, as a result, proposing to abolish export refunds.

Unlawful plantings, transitional plantings and the grubbing-up scheme: These measures are being proposed in a bid to help less competitive wine-growers leave the sector with dignity. The surplus production of wine in the Community has been aggravated by violations of the transitional prohibition

on new plantings. A significant number of unlawful plantings continue to exist in the Community, constituting a source of unfair competition and exacerbating problems for the wine sector. To address this challenge, the Commission is proposing a definitive abandonment regime.

Thus, growers who wish to leave the sector will be offered a voluntary grubbing-up premium. In year one, the premium will be 30% higher than current levels. To encourage uptake from year one, it will decrease over the five years of the scheme. To avoid social or environmental problems, the Member States affected will be allowed to limit grubbing-up in mountains and steep slope vineyards and in environmentally sensitive regions.

Grubbing-up will be stopped if the total reaches 10% of a country's area under vines. The total amount of grubbing-up should be about 200 000 hectares. The budget for this will fall from EUR 420 million in year one to EUR 59 million in the fifth and final year. The average premium will decrease from EUR 7, 174/hecrate in year one to EUR 2,938/hectare in year five.

Given that a market balance still needs to be found and given that the grubbing-up scheme will take time to take affect, the prohibition on planting will be kept in place until 31 December 2013. At the end of this deadline, the ban on new plantings will be lifted to allow competitive producers the chance to respond to market conditions.

The agricultural area, previously used for vine growing, once grubbed up, will qualify as an eligible area under the Single Payment Scheme and be granted the average regional decoupled direct payment, as set out in Regulation (EC) No 1782/2003. (See CNS/2003/0006).In order to qualify for the Single Payment Scheme, environmental standards under cross compliance will be applied more widely. Cross compliance will apply for all grubbed-up areas. Minimum environmental requirements for grubbing-up, restructuring, green harvesting and increased funds for agri-environmental schemes in Rural Development programmes will be made available.

Rural development measures: The proposed reform of the Community's wine sector links into Regulation (EC) No 1698/2005 on support for the rural development by the European Agricultural Fund for Rural Development of EAFRD. (See CNS/2004/0161). As a result, the Commission proposes that funds be transferred from the wine sector budget to the EAFRD, rising from EUR 100 million in 2009 to EUR 400 million in 2014. The money thus transferred will be ring-fenced for the wine producing regions. The kind of programmes eligible for EAFRD funding on this scheme would include: helping young farmers to establish themselves in the reformed wine market; vocational training; information and promotion support for producers' organisation after entering a quality scheme; and early retirement for farmers who decide to stop all commercial farming activity for the purpose of transferring the holding to other farmers.

Promotion and information: The Commission also proposes a responsible promotion and information campaign as well as setting EUR 120 million aside from the national envelopes for promotion measures in third countries. The measures will be eligible for 50% Community financing. There will be new information campaigns within the EU on wines with Geographical Indications as well as on responsible/moderate wine consumptions.

Budgetary implications: The proposal will not increase costs and the recently agreed wine sector budget amounting to EUR 1.3 billion will not be effected. The budget will be used for national envelopes (including promoting EU wines in third-countries and grubbing up); to allow a transfer of funds to Rural Development measures for wine producing regions and to allow transfer to the single payment scheme according to the areas grubbed-up. The Commission suggests that the reform will lead to a more efficient use of the current EU budget.

Common organisation of the market in wine

2007/0138(CNS) - 29/04/2008 - Corrigendum to final act

PURPOSE: **Corrigendum** to Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999 (*Regulation initially published in Official Journal of the European Union L 148 of 6 June 2008*).

The corrigendum concerns changes to the number of specific articles:

- page 40, Article 128(2): it should read "Regulation (EEC) No 2392/86 and Chapters I and II of Title V, Title VI, Articles 18 and 70 …".

Common organisation of the market in wine

2007/0138(CNS) - 26/09/2007

The Council held a policy debate on a proposal for a Regulation submitted in July 2007 on reform of the wine sector.

The debate focussed on two questions from the Presidency, one on planting rights, the other on abolishing the use of sugar (chaptalisation).

- On the first question, some delegations confirmed their support for abolishing planting rights and liberalising the market as from 2014, to make the sector more competitive.

Certain other delegations wanted liberalisation to come sooner and in any event in 2010, as provided for under the current legislation. Those delegations accordingly wanted consideration to be given to the introduction of transitional measures enabling them to liberalise planting rights from 2010. Other delegations, however, thought that the present time was too early to take a decision to liberalise rights in 2014; they preferred the idea of "fixing a date" in 2013 to assess the impact of the other market reform measures before deciding on the possibility of liberalising planting rights.

- As regards chaptalisation, a large number of delegations said they favoured this oenological practice which was associated with climatic conditions. Others, however, supported the Commission proposal to do away with the possibility of enriching wine by adding sugar, while abolishing aid for musts, regarding this as a non-negotiable element of balance in the reform.

The Council instructed the Special Committee on Agriculture to continue its discussions with a view to reaching an agreement during the Portuguese Presidency.

The European Parliament's opinion is due in early December.