Basic information

2012/2119(DEC) DEC - Discharge procedure	Procedure lapsed or withdrawn
Special report 7/2012 (2011 discharge): Reform of the common organisation of the market in wine: progress to date **Subject** 3.10.03 Marketing and trade of agricultural products and livestock 3.10.06.08 Wine, alcoholic and non-alcoholic beverages 8.70.03 Budgetary control and discharge, implementation of the budget 8.70.03.07 Previous discharges	

Key players

European Commission	Commission DG	Commissioner
	Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
12/06/2012	Non-legislative basic document published	N7-0072/2012	Summary
05/07/2012	Committee referral announced in Parliament		
15/11/2012	Vote in committee		
23/11/2012	Committee report tabled for plenary	A7-0386/2012	Summary

Technical information

Procedure reference	2012/2119(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 101
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	CONT/7/09973

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE494.855	21/09/2012	
Committee report tabled for plenary, single reading		A7-0386/2012	23/11/2012	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Non-legislative basic document	N7-0072/2012	12/06/2012	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

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

2012/2119(DEC) - 23/11/2012 - Committee report tabled for plenary, single reading

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.

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

2012/2119(DEC) - 12/06/2012 - Non-legislative basic document

PURPOSE: Court of Auditors' Special Report (n° 7/2012) on the progress to date of the reform of the common organisation of the market in wine.

CONTENT: the European Union is the world's biggest wine producer, accounting for around 60% of the world's wine production. However, there has been a significant fall in wine consumption in the EU in the last twenty years, in particular in the main wine-producing Member States (France, Italy and Spain). From 2000/2001 to 2008/2009, EU wine imports have also risen at a higher rate than EU wine exports. In this context, **a structural surplus of production** has been a constant feature of the European wine market over the last decades.

In order to improve the competitiveness of the EU wine producers and to balance supply and demand in the wine sector, the Council introduced a reform of the Common Organization of the Market (COM) in wine in 2008.

Court of Auditors' conclusions: in this Special Report (n° 7/2012), the European Court of Auditors performance audit assessed the progress achieved to date. The audit focussed on the "grubbing-up" and "restructuring and conversion of vineyards" measures, the two largest areas of spending.

The budget made available for grubbing-up in the 3 year application period of the measure from 2008/2009 to 2010/2011 was EUR 1.074 billion. For restructuring and conversion, EUR 4.2 billion had been allocated to the measure for the 10 year period of 2001 to 2010.

Initially, when it prepared the reform, the Commission estimated the structural surplus of wine to be 18.5 million hl. In the end, the 2008-2011 grubbing-up scheme has **reduced the EU production by an estimated 10.2 million hl per year** only, largely because the assumptions on which the initial target was based did not materialise. The Court also considers that the aid rates were set at levels that were too high and that the scheme could therefore have been more efficient by achieving more significant results with the resources made available.

The objective of the restructuring and conversion measure is to increase the competitiveness of wine producers through paying compensation for the loss of revenue while a vineyard is being adapted and as a contribution to the costs incurred. This had a significant impact for large areas of vineyard across Europe. However, **increases in yields which result from restructuring** without any discernible impact on overall consumption **partially off-set the effects of grubbing-up.**

The Court of Auditors Recommendations: the Court makes a series of recommendations to the Commission to improve the effectiveness of the wine reform. These include the following :

- establishing an estimate of the balance between supply and demand in the wine sector based on updated data, including the planned liberalisation of planting rights;
- should further grubbing-up measures be considered necessary, the grubbing-up of modernised vineyards should be avoided by establishing additional eligibility criteria linked to the vineyard itself and not only to the farmer;
- given the wide range of operations defined by Member States in implementing the restructuring measure, set up a more precise definition of eligible restructuring operations, in particular those allowed under the regulatory heading "Improvements to vineyard management techniques";
- while on the one hand the EU finances the grubbing-up measure in order to reduce the surplus of wine produced, on the other hand the restructuring and conversion measure leads to increases in vineyard yields and therefore volumes produced which go against the objective of balancing supply and demand without securing new market outlets. The Commission should therefore ensure that **an appropriate policy mix** is available to address this tension.