European Communities
Commission
Press Release

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ANNUAL REPORT ON THE COMMUNITY'S WINE GROWING POTENTIAL

THE SITUATION CONTINUES TO CAUSE ANXIETY [1]

In its last annual report on wine growing trends in the Community, the Commission of the European Communities again records structural surpluses on this market and notes that reforms, particularly improvement of quality, are necessary. Thus this report confirms the conclusions which led the Commission to propose in November 1974 and more recently in June 1975 modifications to Community rules on wine growing and measures directed towards a strict control of quality and quantities produced. The Commission expresses the hope that this report will facilitate the adoption by the Council of Ministers of the sound and adequate measures which the market situation requires and will be such as to restore hope to Community wine producers.

Production and consumption

Although 1974 harvest (156 million hl) was below the record harvest of 1973 (171 million hl) production continues to increase. In 1964-74 wine production in the Community increased by 1.7% per year while consumption (excluding distillation) increased by only 0.23% per year. Although consumption in several Member States is increasing this favourable trend cannot compensate for the stagnation in France and Italy, which alone account for more than 85% of Community demand. The increase in production is due only to the increase in yield, since the increase in acreage under vine is relatively slight. The Commission records for the Community as a whole an acreage increase of only 0.6%, whereas the increase in production, resulting from this increase, may be estimated at 2.9% for quality wines produced in specified regions (p.s.r.) and 0.9% for table wines. The trend towards an increase in quality production is strongest in Italy, where the production of quality wines psr is expected to increase by 6.7% as against 1.3% for table wines. In the other countries the figures are as follows: France: +1.1% and 0.3%; Germany: +2.4% and 0%; Luxembourg: +2.9% and -2.9%. In absolute figures, however, the increase in production of table wine (more than 1 million hl) continues to be greater than the increase in quality wines psr (about 800,000 hl).

Market situation

The continuing fall in market prices for wines, particularly in Italy and France shows clearly that the wine market is in crisis. The Council and the Commission have had to take several intervention measures (aid to private storage, distillation etc) which have caused the European Agricultural Guidance and Guarantee Fund considerable expenditure. In its report the Commission warns against resorting too frequently and intensively to distillation operations which were originally regarded as exceptional measures.

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[1] Report by the Commission to the Council on the likely trend in planting and replanting of vines in the Community and on the relationship between production and use in the wine growing sector. COM(75)416

Distillation tackles the effects of a surplus but it does not combat the causes effectively. The Commission stresses that Community intervention must not be such as to encourage the production of large quantities of mediocre wine. It considers that the distillation introduced in 1975 took place at prices which did not encourage producers to improve the quality of their wines. In addition distillation is liable to disturb other markets; this has not yet happened on the alcohol market, but there has already been a very considerable disturbance of the wine brandy market.

The market situation for quality wines psr which are well established is good. On the other hand quality wines psr which are not very well known or are available in large quantities as a result of less severe quality requirements are quoted at prices near to prices of table wines, i.e. at prices which will not satisfy the producers. The Commission has also recently made proposals under which the stiffening of quality requirements will not be restricted to table wines but will be extended to quality wines psr.

Trade

Of the total intracommunity trade of about 10 million hl during the 1973/74 marketing year, almost 59% or 5.85 million hl came from Italy. France, which produces about the same quantities as Italy, only supplied 36%. In spite of continuing difficulty in disposing of part of its domestic production France imported more than 3 million hl from Italy. The Commission explains this phenomenon by the lower price of Italian wines, some of which are used for coupage with French wines of lower alcoholic strength.

Community imports from non-member countries in 1973 amounted to 9.2 million hl, or almost 100% more than in 1972 (4.7 million) and more than twice the quantity imported in 1971 (4.1 million). In 1973 the most important suppliers were the countries of the Maghreb (Algeria: 2.67 hl; Morocco: 0.9 million hl; Tunisia: 0.87 million hl), Spain: 2.14 million hl, Portugal: 0.8 million hl and Greece: 0.54 million hl.

Imports from the Maghreb in 1973 (3.4 million hl) increased considerably over 1972 (0.6 million hl). During the autumn of 1973 they came to swell the very considerable stocks resulting from the exceptional harvest, and thus served to weaken the Community market. Community exports to non-member countries increased in 1973 to 6.5 million hl as against 5.6 million hl in 1972. However, the rate of increase has slowed down and only amounted to 15.6% in 1973 whereas the increase in 1972 over 1971 was 29.6%. France remains the major exporter to non-member countries with more than 4 million hl. followed by Italy with 1.9 million and Germany with 0.6 million hl.

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