



European Commission  
Directorate-general of Agriculture

# Newsletter

## Wine reform proposals

**On 1 July 1998 the Commission presented its draft reform proposals for the wine sector. These proposals, which form part of the proposed reform of the common agricultural policy as a whole, can be summed up in two words: simplification and quality. The Commission proposes replacing the 23 Regulations which currently cover the wine sector by just one, with the aim of improving the sector's long-term competitiveness, maintaining a better balance between supply and demand on the Community market and guaranteeing more attractive incomes for growers.**

### Plantings

To maintain a better balance between supply and demand, the Commission is proposing that the current ban on planting new vines be extended for a transitional period until 2010. However, this rule would be applied with greater flexibility. It ought to be possible to enlarge vineyards in response to a rise in demand without increasing the overall amount produced. Replanting would be allowed before grubbing so that growers' incomes are not disrupted.

Another proposal is to introduce a reserve of planting rights, so that rights can be allocated to vineyards experiencing a rise in demand. The reserve would initially be built up by allocating new rights to each Member State in line with the area it currently has under vines. Priority will be given to assigning these new rights to new entrants in the sector.

Lastly, the proposals include a procedure for regularising a number of existing instances of unlawful planting or replanting, subject to stringent requirements ensuring that there will be no increase in production potential.

### Grubbing

Grubbing schemes have already proved effective in helping to reduce excess supply and should be continued, but Member States should target them more specifically at the few regions with a major, long-term structural surplus.

### Conversion

The Commission's proposals also include conversion schemes designed to bring winegrowing in a number of regions into line with the market by introducing more appropriate varieties, choosing quality locations for vineyards and introducing new production techniques.

These measures would be funded by the Union at a rate of 50% of the actual conversion cost (75% in areas covered by Objective 1 of the Structural Funds) the balance to be met by the recipients. Community funding would fully compensate for loss of income by growers who replant after grubbing.

### Distillation

Preventive distillation, compulsory distillation of table wines and support distillation would be discontinued. Instead, there would be a system of emergency distillation, implemented on an optional basis in response to exceptional market disruption and serious quality problems. It is also proposed to introduce a special distillation scheme designed to permit regular supply of the market in spirit drinks.

### Slight budget increase

The overall package would entail a slight increase in funding compared with average expenditure over the past ten marketing years: a budget of ECU 1 293 million in 2001, ECU 1 305 million in 2002, ECU 1 292 million in 2003, ECU 1 263 in 2004 and ECU 1 234 a year as from 2005. But the Commission regards this as justified by the goal of maintaining and developing quality European wine production.

## Wine market: trend towards quality

The Union's wine sector plays a leading role worldwide. The Community's vineyards represent 45% of the total area under vines and account for some 60% of world production. The Community is the world's leading wine exporter and importer.

And yet for 20 years the Union has been drastically reducing its production potential in response to world demand. In 1987/88 (and 12 Member States at the time) the area under vines was almost 4 million hectares and production was over 200 million hectolitres, whereas by 1997 the area under vines had been reduced to 3.4 million hectares and production cut to 160 million hectolitres (comprising 58 million hectolitres of quality wine, around 91 million

hectolitres of table wine and 13 million hectolitres of other wines).

In response to the increasing demand for distinctive wines, the available range of superior wines and quality wines produced in a specified region has been increased significantly. But there is still a risk of surplus production over periods of several years, given that there may be substantial fluctuations in the harvest. There are also still long-term structural surpluses in some Community regions where production no longer matches demand. Conversely, other regions are producing wines for which domestic and foreign demand is outstripping supply, thereby justifying expansion.

## Area under vines in 1996 and average wine production between 1993 and 1997

	Germany	Greece	Spain	France	Italy	Luxembourg	Austria	Portugal	EUR 15
Area ('000 ha)	104	74	1,167	912	868	1	49	253	3,428
% 15 Member States	3%	2%	34%	27%	25%	-	1%	7%	
Production ('000 hl)	8,872	3,744	25,755	53,802	56,250	150	1,999	6,784	157,488
% 15 Member States	5%	2%	16%	33%	36%	-	1%	4%	
Yield (hl/ha)	85	51	22	59	65	118	41	27	46

## In brief

### Austria assumes Presidency

Austria took over the Presidency of the European Union on 1 July 1998. CAP reform, the Austrian Presidency hopes to speed up work on the future market organisations and will devote particular attention to the across-the-board proposals for cutting subsidies, supporting rural development and funding the CAP within the constraints of budgetary discipline.

Five Council meetings on agriculture are scheduled over the next six months: on 20 and 21 July, 28 and 29 September, 19 and 20 October, 23 and 24 November and 14, 15 and 16 December, as well as an informal meeting in St Wolfgang on 20, 21 and 22 September.

On general issues relating to Agenda 2000, the Heads of State and Government stressed when they met in Cardiff on 15 and 16 June that substantive progress was needed before the European Council in Vienna on 11 and 12 December so that overall political agreement could be reached in March 1999 before the European Parliament elections.

<<http://www.presidency.gv.at>>

### Natura 2000

At a conference held in Bath (UK) on 29 and 30 June by the Natura 2000 network for nature conservation, Franz Fischler, the Commissioner for agriculture and rural deve-

lopment, stressed the efforts made since 1992 to combine environmental policy with the common agricultural policy. He added that the Commission's Agenda 2000 proposals place the environment among the CAP's priority goals, alongside maintaining farm incomes, greater competitiveness and rural development. The speech is available on DG VI's website.

<<http://europa.eu.int/en/comm/dg06/spe/index.htm>>

### Forest gains

Since the accession of Austria, Finland and Sweden (especially the last two), the area of the Union under forest has almost doubled in size and the EU has become virtually self-sufficient in forestry products. A reassuring aspect is that the European forest is now being felled less quickly than it is growing. For more information, please see: Eurostat Forestry Statistics 1992-96 (fax +352-4301.32.594).

### Online quality

DG VI's web pages on the European institutions' EUROPA site now contain a new section devoted to the quality of agricultural produce.

<[http://europa.eu.int/en/comm/dg06/qual/en/index\\_en.htm](http://europa.eu.int/en/comm/dg06/qual/en/index_en.htm)>



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