EUROPEAN
COMMISSION

Brussels, 20.10.2020
SWD(2020) 233 final

COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE EVALUATION

of the

CAP measures applicable to the wine sector

{SWD(2020) 232 final}

The EU is the world's leading producer, consumer and exporter of wine. In a context of declining domestic consumption but growing opportunities on the world market, the wine sector has increasingly shifted its focus towards competitiveness and quality rather than production volume.

This evaluation assesses the effectiveness, efficiency, relevance, coherence and EU value-added of the EU wine policy. Evaluating policies regularly is an obligation laid down in article 34(1) and (3) of the Financial Regulation applicable to the general budget of the Union of July 2018, and in article 110(1)(b), 2(a) and 3(b) of Regulation(EU) No 1306/2013 on the financing, management and monitoring of the common agricultural policy, which demands a periodical evaluation of the market measures.

The evaluation shows that the EU's wine policy played a key role in this transition, starting with the abolition of support for drinkable alcohol distillation, crisis distillation and enrichment by use of concentrated must (i.e. the juice, skin, seeds and stem of the grapes in concentrated form).

Wine consumption within the EU has declined almost continuously since 2008, particularly in traditional consuming countries, but is showing signs of stabilisation. On the contrary, consumption has increased strongly in some non-EU countries, creating new development potential for EU wine producers. This is important, as exports are key to maintaining EU market balance, with an equivalent of roughly one year of consumption in stocks. Production is kept in check, with the authorisation scheme for vine planting effectively limiting increases in the area under production. Consumption trends are characterised by a growing demand for specific wine products such as rosé wines and sparkling wines. Consumers are also looking for quality wines with protected geographical indications or wines produced using environmentally friendly practices, and are attracted by features such as authenticity and identity. The demand for varietal wine products is also growing in the EU, as well as for wines with lower alcohol.

The most recent wine policy reform in 2013 aimed to make EU wine producers even more competitive, while preserving the best traditions of European wine growing and boosting its social and environmental role in rural areas. The overall goal was to harmonise, streamline and simplify the relevant legislation, leading to the replacement of the planting rights regime in 2015 by an authorisation scheme for vine planting between 2016 and 2030. This enabled competitive producers to increase production within certain limits, as part of a transition towards liberalisation of vine planting.

The reform also introduced innovation in the wine sector by encouraging the development of new products, processes and technologies. It supported promotion measures in EU countries to inform consumers about the responsible consumption of wine and about the EU systems covering designations of origin and geographical indications.

At international level, EU rules on oenological (i.e. winemaking) practices provide a guarantee in terms of quality and safety, and the prompt adaptation of EU rules to changes in international standards – set by the International Organisation of Vine and Wine (OIV) – helps to improve marketing conditions. EU rules on oenological practices help preserve the reputation and tradition of EU wine by ensuring quality and safety. Their effectiveness is guaranteed by the certification systems restricting crop management in the vineyard, wine grape yields, oenological practices and ageing operations.

Uniform EU labelling rules provide overall added value at EU level by ensuring a level playing field and fair competition for economic operators, facilitating trade and the functioning of the single market, and providing clear information to EU consumers. However,

the potential cost of labelling ingredients is considered too high for small producers. EU labelling rules generally meet the legitimate expectations of consumers, with surveys showing they consider that labels provide relatively clear and sufficient information. However, consumer and public health organisations say there is a need for more information, especially on nutritional values and ingredients. EU labelling rules led to the adaptation of EU wine production to a variety of market segments (varietal wines as well as wines that are more typical and authentic). The implementation of EU rules on labelling and the systems of monitoring and checks is judged to be efficient.

Defining EU-level rules for oenological practices and wine grape varieties represents real added value, harmonising EU rules with OIV recommendations, allowing for recognition of specific local situations and filling a gap in international standards. They are also relevant for the competitiveness of EU wine producers as they encourage greater differentiation of products. Furthermore, the quality and safety of wine products might decrease without specific EU rules.

The fact that products with less than 8.5° alcohol are not considered as wine products in the regulatory classification of grapevine products could limit EU producers from adapting to new market demand, as demand is increasing for such wine products among consumers in the EU and world-wide, with global competitors beginning to capitalise on the demand. In addition, EU production is lagging behind in meeting consumer demand for wine that is produced in a more environmentally sustainable way. Some EU rules on wine grape varieties appear outdated and irrelevant for improving wine quality, preserving safety or enhancing competitiveness. Restrictions on the use of six wine grape varieties and of crosses between vine varieties belonging to *Vitis vinifera* and other species of the genus *Vitis* for wines with a protected designation of origin have resulted in a disadvantage compared to non-EU countries that have no such constraints. Eliminating these rules would help achieve EU priorities on preserving biodiversity, ensuring environmental sustainability and further reducing pesticide use.

The national support programmes have played a key role in improving the competitiveness of EU wine producers and products in the context of very positive market developments, in particular increasing demand from third countries.

The measures in the national support programmes are generally relevant to the needs of the sector, especially because they offer a range of tools that can be adapted to the various levels of development of EU local supply chains (i.e. restructuring and conversion, investment, and promotion).

However, some needs are not or are not sufficiently addressed by the EU's wine policy. These include the survival or adaptation of the smallest operators, the need for a better-trained workforce, renewal of businesses between generations, environmental issues (adaptation to climate change, biodiversity and pesticide use), and adaptation to market demand for lower alcohol wines and sustainable products.

The EU framework has provided added value by accelerating the modernisation of the sector, and by ensuring its viability and international competitiveness. In particular, the adaptation of the sector to market demand would have been slower without EU funding and might have left small players behind. The EU framework was a key instrument in creating a level playing field among Member States. In some Member States, the EU framework also introduced a strategic approach and long-term planning in the management of the sector, which was also facilitated by the consistency of the measures and the budgets over time. However, such a strategic approach was difficult to implement in some Member States. EU added value was

also less clear when it came to the efficient implementation of measures in the national support programmes, due to a high level of complexity and bureaucracy.

The national support programmes are generally consistent with the EU's environmental objectives but they could contribute more to these. In particular, the restructuring measure contributes to climate change adaptation but was not designed to do so and could be adapted to have an even bigger impact. There could also be a higher degree of coherence between the EU's wine policy and EU public health objectives. Overall, the EU's wine policy is fully consistent with EU economic, social and CAP objectives. An overall complementarity also exists between measures in the rural development programmes and the national support programmes, notably those relating to investment, restructuring and conversion.