



EUROPEAN COURT OF AUDITORS

PRESS RELEASE
Luxembourg, 12 June 2012
ECA/12/28

Special report: The reform of the common organisation of the market in wine: Progress to date

- The European Union is the world's biggest wine producer. It accounts for around 60% of the world's wine production.
- There has been a significant fall in wine consumption in the EU in the last twenty years, in particular in the main 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.
- For its Special Report (No7/2012), the European Court of Auditors' (ECA) 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 1,074 billion euro. For restructuring and conversion, 4,2 billion euro 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. Finally, 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 too high levels and that the scheme could therefore have been more efficient by achieving more significant results with the resources made available.
- The restructuring and conversion measure, that has the objective 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, 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 ECA makes a number of **recommendations** to the Commission to improve the effectiveness of the wine reform. These include:

- **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.

The purpose of this press release is to give the main messages of the special report adopted by the European Court of Auditors. The full report is on www.eca.europa.eu.

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