

Ex-post evaluation of the Common Market Organisation for wine

Annex

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Innova SpA
Via della Scrofa 117
00186 Rome
Italy
Tel. +39 06 68803253
Fax +39 06 68806997

CONSORTIUM

INNOVA SpA (Italy) – Coordinator

Mr Aleardo Furlani, Ms Rebeca Lucas, Ms Valentina Gentile

EUROQUALITY (France)

Mr Olivier Chartier, Mr Marc Ponsar

Fundación para el Desarrollo de la Ciencia y Tteconología en Extremadura (FUNDECYT) (Spain)

Mr Carlos Cabo, Ms Manon van Leeuwen

FORSCHUNGSANSTALT GEISENHEIM (Germany)

Dr Dieter Hoffmann, Dr Karl-Heinz Bock, Dr Jana Seidemann

SPI SA (Portugal)

Mr Pedro Vieira, Mr Douglas Thompson

PHYTOWELT GMBH (Germany)

Mr Peter Welters

HTTC (Greece)

Mr Kyriakos Loukakis

Mr JOHN MALCOLM – Consultant (UK)

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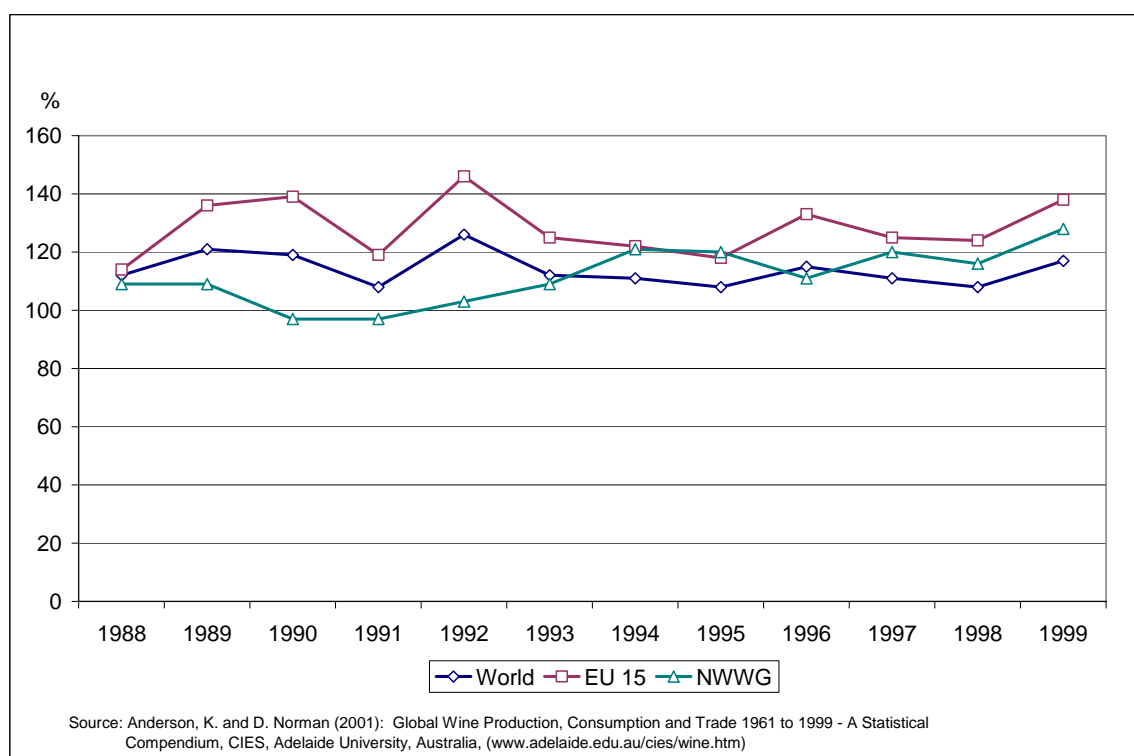
2. Introduction

The present document is the Annex to the Final Report. The structure of the annex follows the structure of the Final Report.

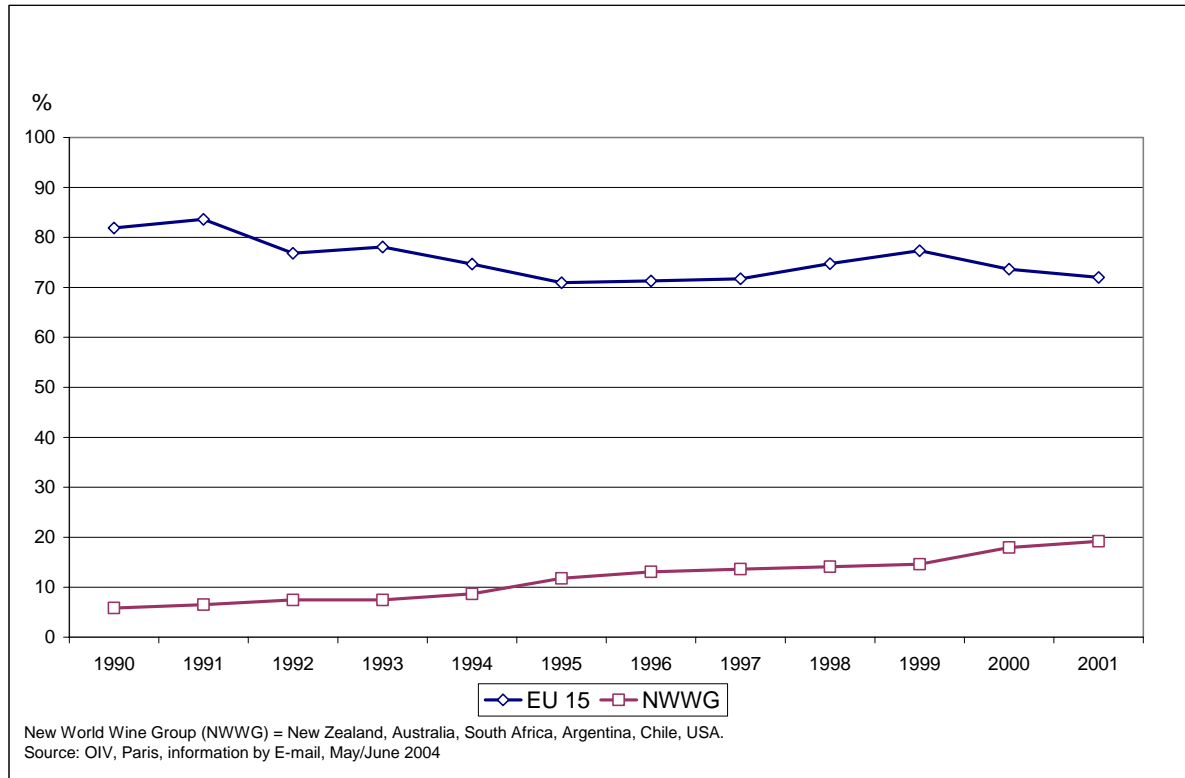
3. Annex to Chapter 2 (Overview of the wine market)

3.1. The wine market – overview of key developments

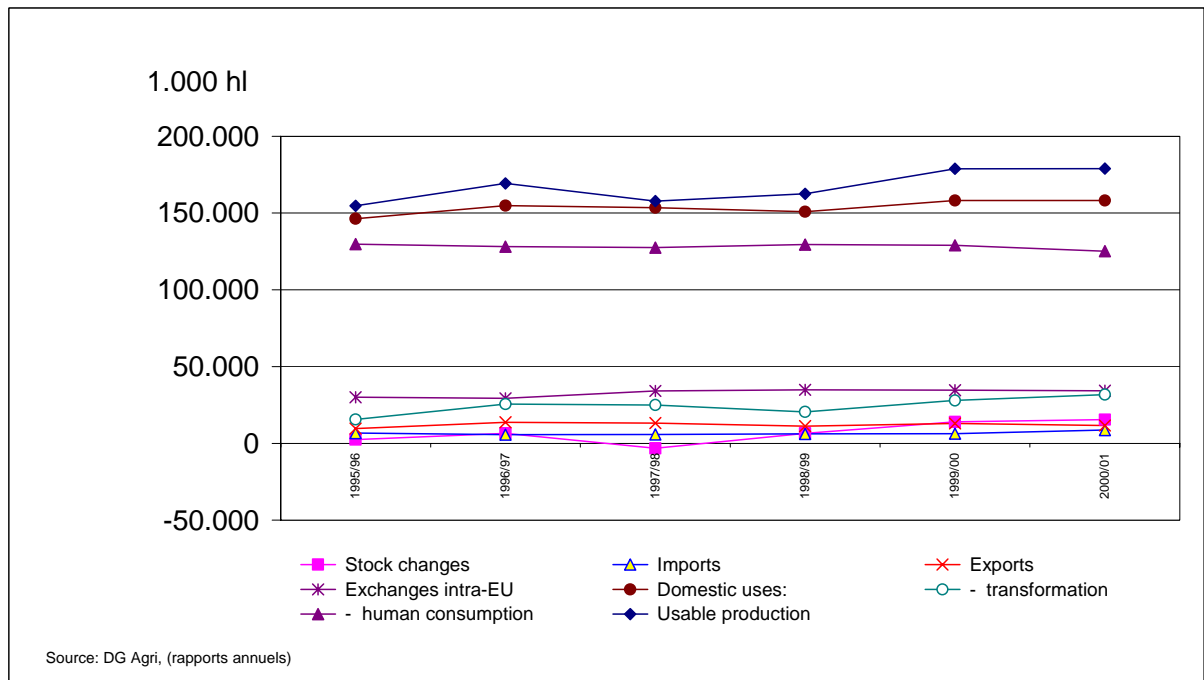
Graph 1 Development of the wine self sufficiency (% in terms of volume)



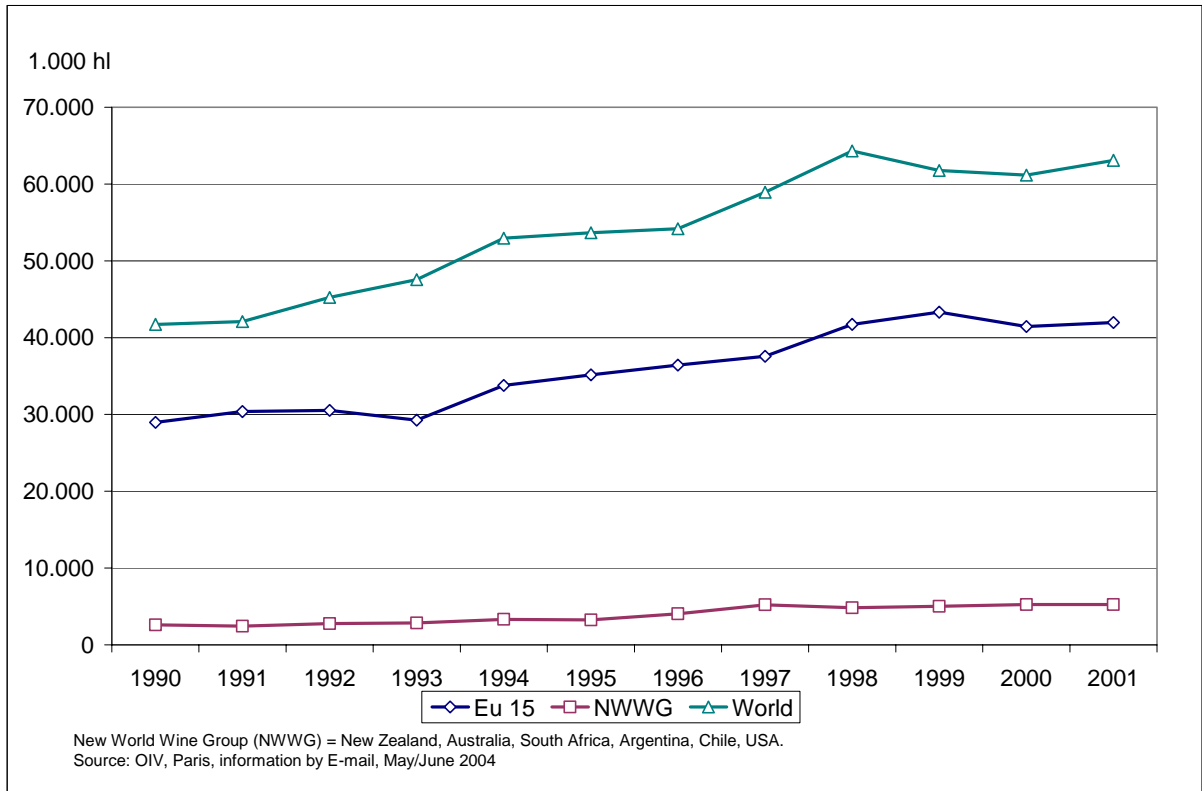
Graph 2 Share of world wine export volume (in %)



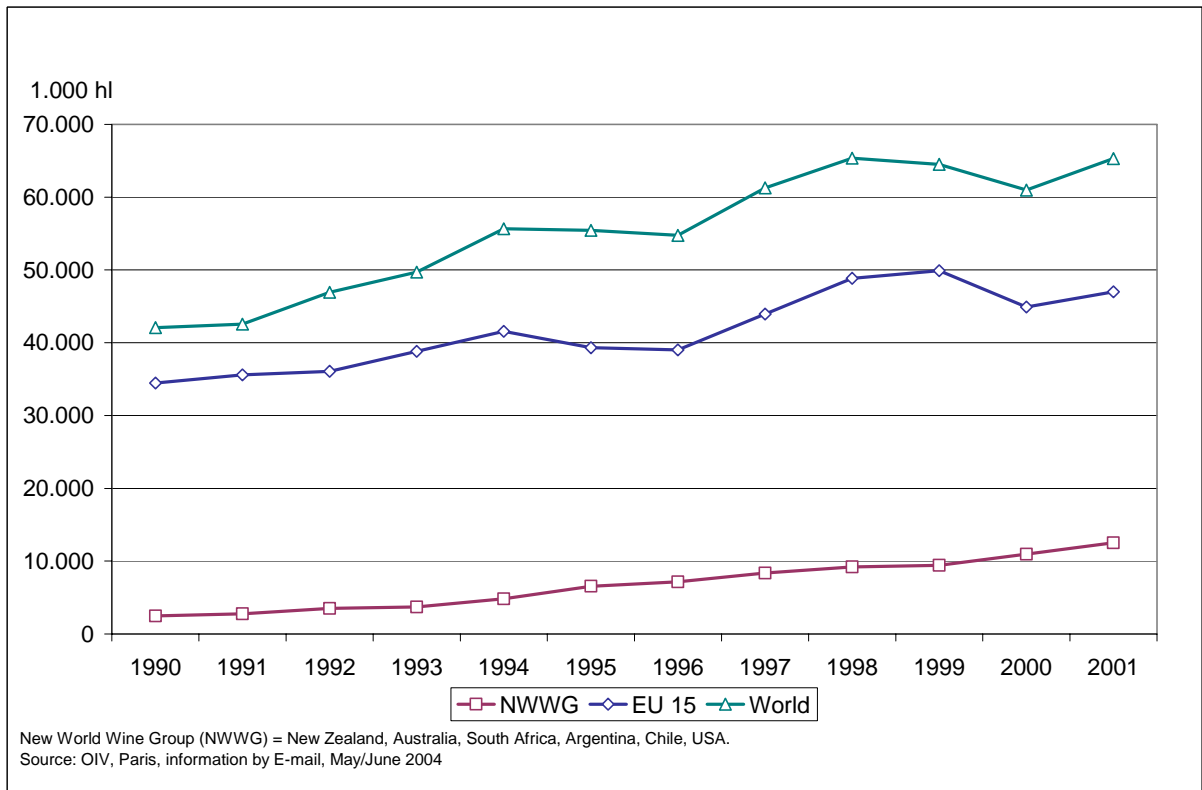
Graph 3 Wine market balance EU-15 (in 1000 hl)



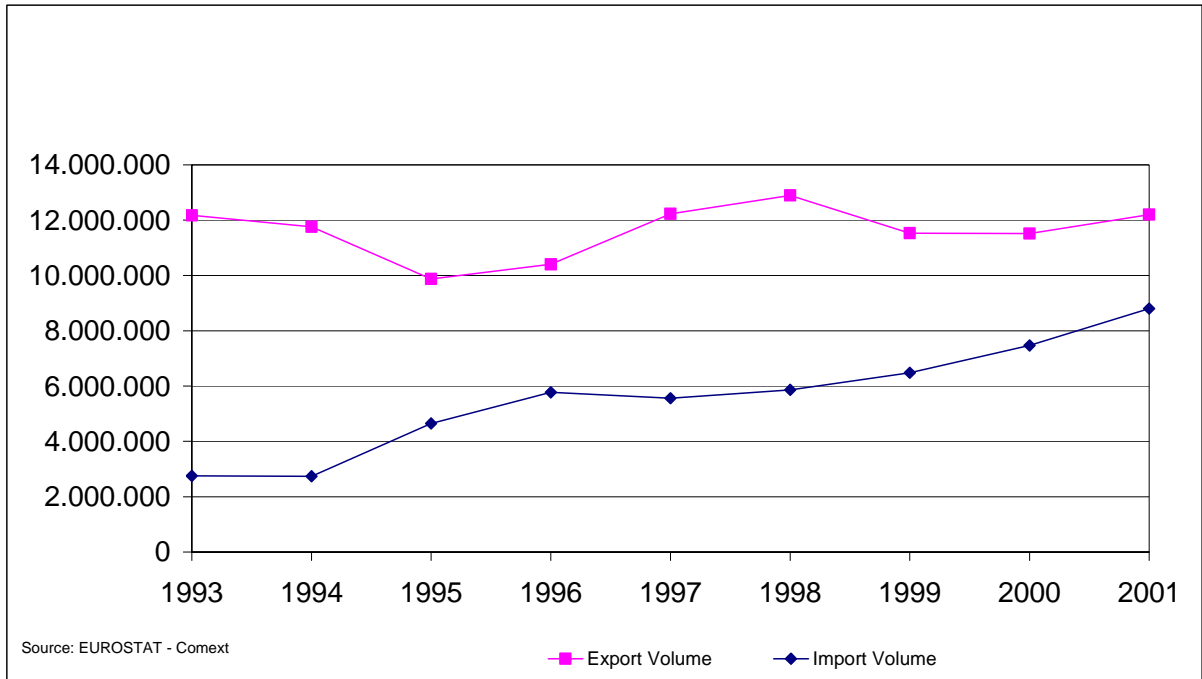
Graph 4 Development of wine imports in the world (in 1000 hl)



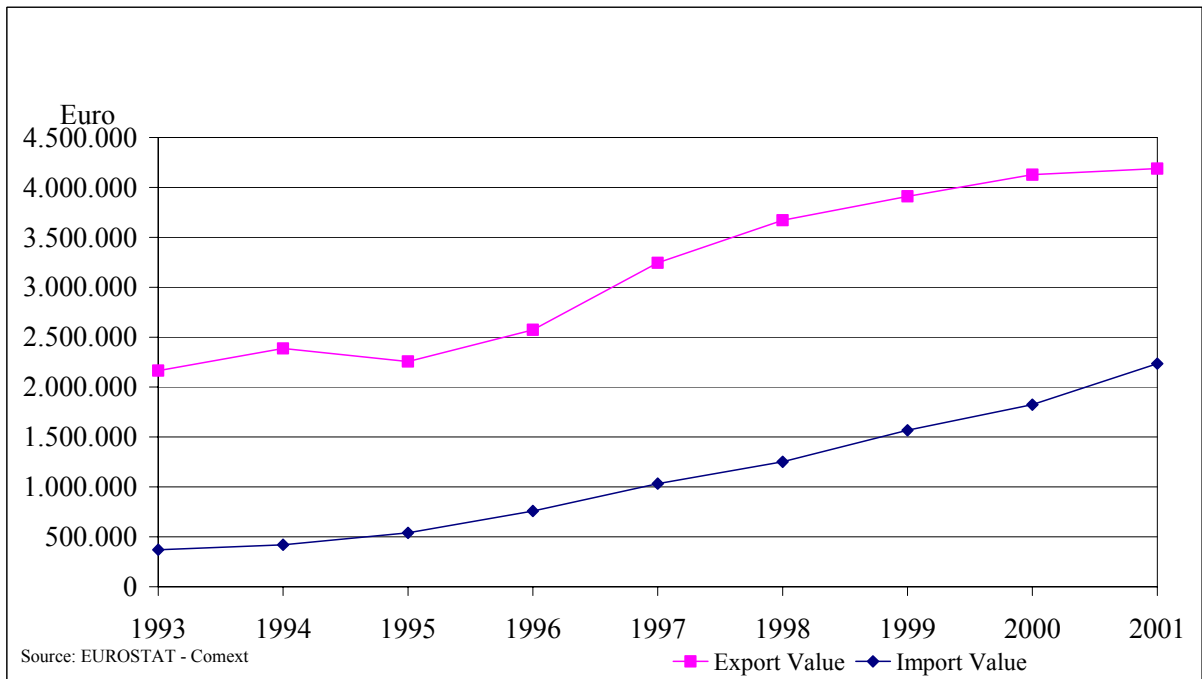
Graph 5 Development of wine exports in the world (in 1000 hl)



Graph 6 NC 2204 Exports and Imports to third countries (in hl)



Graph 7 NC 2204 Export and Import to third countries (in 1000 Euro)



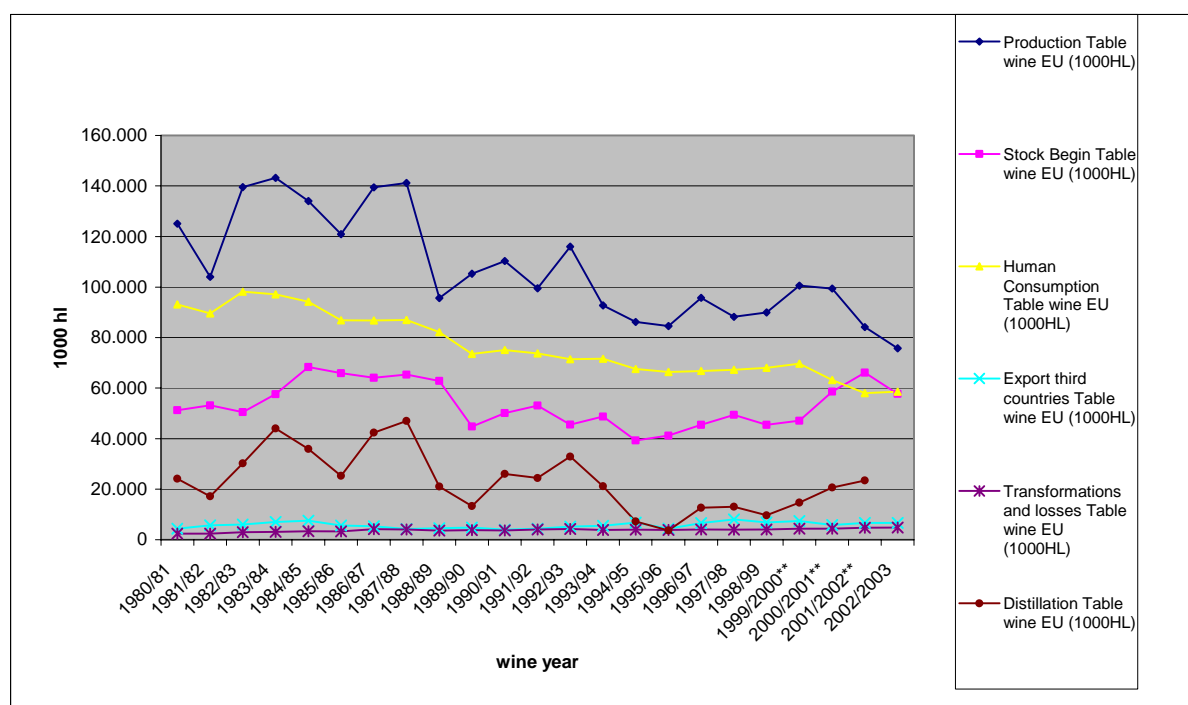
3.2. Market situation: macro-economic trends with special focus on table wine markets

This section investigates the EU and national wine markets since 1988 in terms of the following variables: production, stock, human consumption, export to third countries and distillation. The evolution of these variables over the period considered gives a picture of the overall market situation for table wine.

During the last two decades, the table wine market in the European Union has shown a market imbalance between supply and demand. The situation in the EU market for table wine has been characterised by an excess of production over demand.

Data for the period 1980-2003 (see tables in the section about surplus calculation for EU, Italy, France, Spain respective below for Portugal) show that production of table wine in the EU has decreased from 125 million hl in the wine year 1980/81 to 75 million hl in the wine year 2002/03; a decrease of almost 40%. Stock debut has fluctuated along the period but not always following the trend in production. In fact, some periods (for example the recent wine years of 2000/2001 and 2001/2002) have witnessed decreases in production along with increases in stock. This is due to stock levels being determined by the combination of both production and consumption. Human consumption of table wine in the EU, during the period 1980-2003 has decreased by 37%, from 93 million hl to 58 million hl; exports to third countries have witnessed an increase of more than 50%, from 4.3 million hl to 6.6 million hl; and distillation has been reduced by 3%.

Graph 8 Market situation for table wine at EU level



Source: based on data from EC DG AGRI.

Table 1 Evolution of production, stock, human consumption, exports and distillation of table wine at EU level

Wine year	Production Table wine EU (1000hl)	Stock Begin Table wine EU (1000hl)	Human Consumption Table wine EU (1000hl)	Export third countries Table wine EU (1000hl)	Transformations and losses Table wine EU (1000hl)	Distillation Table wine EU (1000hl)
1980/81	125.023	51.264	93.096	4.309	2.396	24.114
1981/82	104.042	53.188	89.539	5.741	2.407	17.159
1982/83	139.503	50.495	98.145	6.018	3.024	30.242
1983/84	143.218	57.630	97.123	7.048	3.113	43.989
1984/85	134.023	68.333	94.149	7.480	3.413	35.937
1985/86	120.904	65.933	86.806	5.613	3.329	25.275
1986/87	139.425	64.052	86.720	5.296	4.149	42.405
1987/88	141.140	65.339	86.972	4.264	4.041	46.995
1988/89	95.602	62.849	82.130	4.554	3.573	21.040
1989/90	105.310	44.816	73.487	4.802	3.774	13.335
1990/91	110.267	50.063	75.057	3.986	3.661	26.066
1991/92	99.498	53.045	73.710	4.313	4.044	24.430
1992/93	115.979	45.586	71.443	5.235	4.206	32.878
1993/94	92.717	48.687	71.615	5.534	3.825	21.124
1994/95	86.194	39.284	67.581	6.768	3.909	7.226
1995/96	84.543	41.195	66.353	4.385	3.857	3.667
1996/97	95.750	45.457	66.810	6.557	4.061	12.676
1997/98	88.209	49.420	67.234	7.970	3.956	12.988
1998/99	89.932	45.482	67.994	6.861	4.071	9.689
1999/2000**	100.522	47.132	69.639	7.446	4.384	14.638
2000/2001**	99.372	58.602	63.230	5.825	4.295	20.668
2001/2002**	84.133	66.145	57.979	6.642	4.742	23.431
2002/2003	75.782	57.697	58.600	6.642	4.800	

Source: based on data from European Commission, DG Agriculture. ** Forecasts.

The aim of in this section is to give a general overview of the wine market over the last 20 years. However, it is worth remembering that the wine market is subject to continuous fluctuations and that clear cut trends cannot be extrapolated by only looking at the values for the first (1980/81) and final wine years (2002/2003). The 1994/1995 - 1998/99 wine years have witnessed the lowest levels of production at EU level, accompanied by low volumes of distillation (in particular, the lowest volumes of distillation in the last 20 years have occurred during the wine years 1994/1995-1995/1996¹).

At country level, the market situation of table wine in Italy, Spain, France and Portugal is examined in turn.

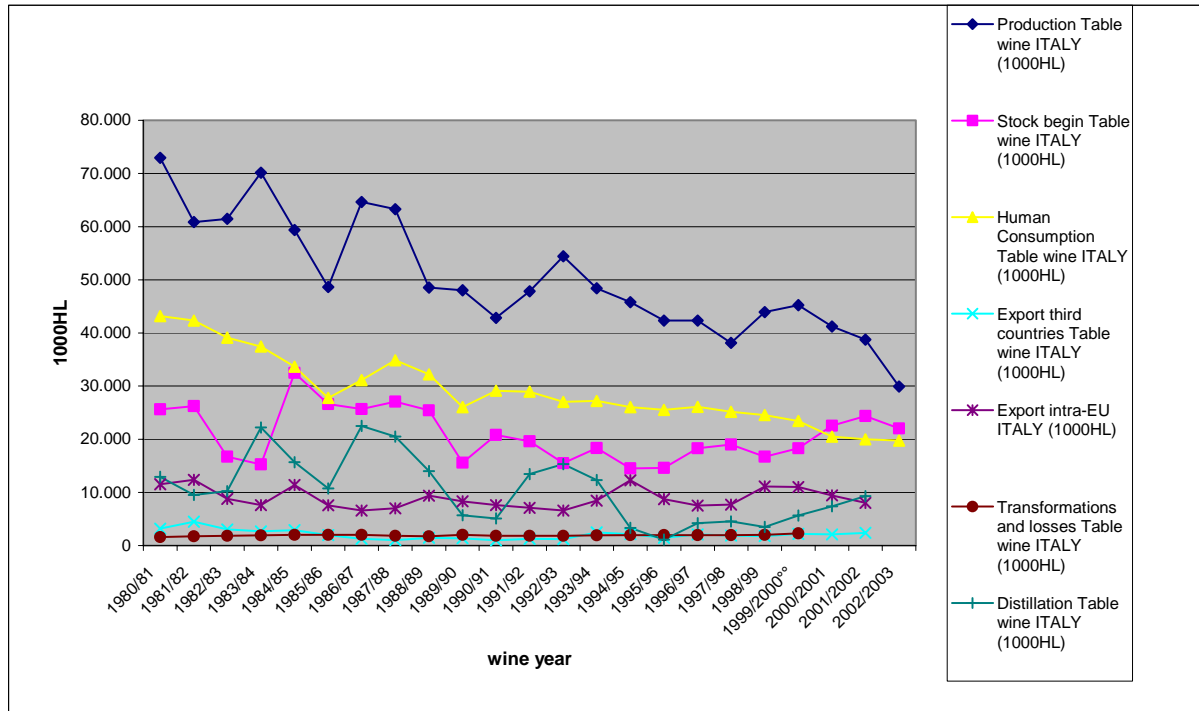
The market situation of table wine in Italy

During the last two decades, the table wine market in Italy has been characterised by decreasing production and, at the same time, decreasing consumption. From table 2 it can be seen production of table wine in Italy has dramatically fallen from 72 million hl in the wine year 1980/81 to 30 million hl in the wine year 2002/03, a decrease of

¹ Please note that during these two wine years no compulsory distillation was applied due to the low production levels.

almost 60%; stock debut has decreased by 14% from 25 to 22 million hl. The period 1980-2003, has seen a reduction in human consumption of table wine in Italy from 43 to 19 million hl. Both exports intra-EU and exports to third countries have also decreased even if fluctuations have occurred during the period. Finally, distillation varies on an annual basis with peaks and downs according to the wine year. What is worth noting is a decrease in the total volumes distilled since the second half of the 90s compared with the volumes distilled in the 1980s.

Graph 9 Market situation for table wine in Italy



Source: based on data from EC DG AGRI.

Table 2 Evolution of production, stock, human consumption, exports and distillation of table wine in Italy

Wine year	Production Table wine ITALY (1000hl)	Stock Debut Table wine ITALY (1000hl)	Human Consumption Table wine ITALY (1000hl)	Export third countries Table wine ITALY (1000hl)	Export intra-EU ITALY (1000hl)	Transformations and losses Table wine ITALY (1000hl)	Distillation Table wine ITALY (1000hl)
1980/81	72.941	25.642	43.175	3.180	11.550	1.590	12.918
1981/82	60.881	26.225	42.349	4.499	12.384	1.710	9.505
1982/83	61.476	16.704	39.122	3.016	8.784	1.804	10.244
1983/84	70.132	15.256	37.450	2.638	7.610	1.936	22.199
1984/85	59.389	32.507	33.668	2.916	11.373	1.990	15.701
1985/86	48.631	26.608	27.785	1.952	7.558	1.990	10.736
1986/87	64.628	25.650	31.153	1.271	6.595	2.030	22.480
1987/88	63.273	27.055	34.852	1.024	7.016	1.830	20.494
1988/89	48.536	25.434	32.197	1.443	9.388	1.730	14.023
1989/90	48.037	15.583	26.067	1.352	8.296	2.000	5.674
1990/91	42.850	20.834	29.118	999	7.624	1.810	5.107
1991/92	47.863	19.582	28.942	1.280	7.094	1.810	13.437
1992/93	54.441	15.492	27.004	1.236	6.565	1.810	15.318
1993/94	48.405	18.340	27.200	2.497	8.451	1.920	12.340
1994/95	45.795	14.507	26.049	2.143	12.291	1.970	3.326
1995/96	42.311	14.615	25.540	1.470	8.751	1.970	1.116
1996/97	42.342	18.274	26.094	2.116	7.527	1.970	4.222
1997/98	38.140	19.001	25.141	1.876	7.713	1.970	4.528
1998/99	43.916	16.728	24.545	1.778	11.130	2.000	3.486
1999/2000 ^o	45.208	18.312	23.446	2.171	11.000	2.305	5.650
2000/2001	41.205	22.549	20.500	2.121	9.427		7.365
2001/2002	38.734	24.382	19.979	2.400	8.025		9.300
2002/2003	29.900	22.029	19.750				

Source: based on data from European Commission, DG Agriculture.

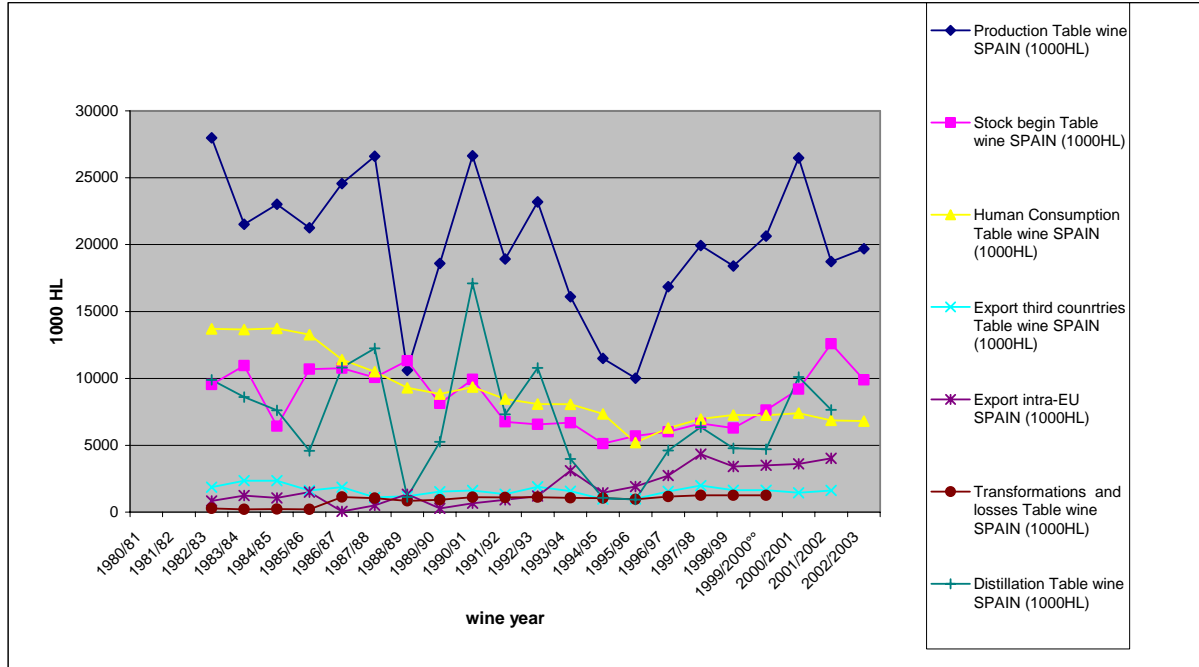
The market situation of table wine in Spain

In the last two decades, the table wine market in Spain has been characterized by strong fluctuations in production. The trends observed over the overall period show that, on the supply side, production has decreased by almost 30%, from 28 to 19 million hl, whereas stock has increased by 3,7%. Human consumption has halved from 13 million hl in 1982/83 to 6.8 million hl in 2002/03; exports to third countries have decreased by 12% whereas exports intra EU have more than quadrupled. Finally, from 1980 to 2002 the volumes sent to distillation have decreased by 22%². It is also worth observing the peaks occurred during the period. Between the wine years 1987/88-1988/89 production fell by 60% (from 26 to 10 million hl). Human consumption did not register a big decrease (from 10.5 to 9.2 million hl) while exports increased. However, industrial uses, in particular distillation, experienced a decrease of 90%. Two wine years later (i.e. 1990/91) the production reached 26 million hl, the same

² Please note that these calculations have been done at the beginning and at the end of the period and they do not take into account the fluctuations in the middle years.

levels as in 1987/88 and distillation reached 17 million hl, 5 million hl more than in the wine year 87/88. Another downward peak took place during the wine year 1995/96 where production reached the lowest levels of the last 20 years at 10 million hl.

Graph 10 Market situation of table wine in Spain



Source: based on data from EC DG AGRI.

Table 3 Evolution of production, stock, human consumption, exports and distillation of table wine in Spain

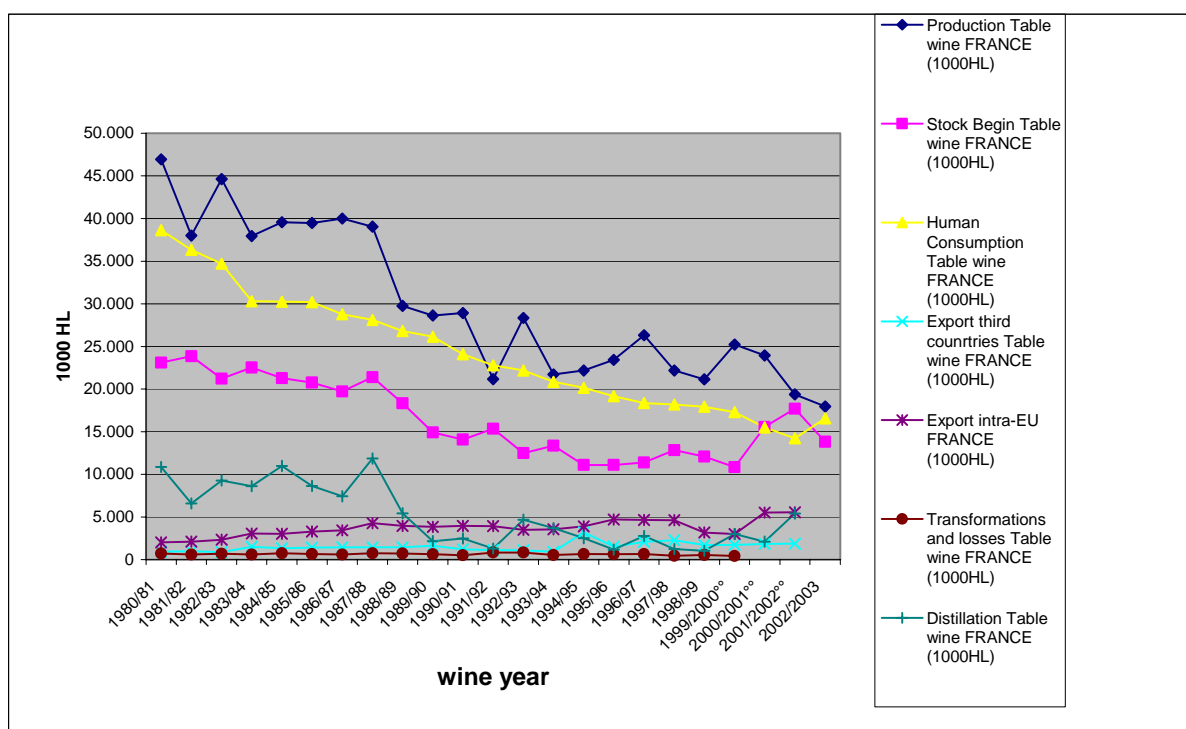
Wine year	Production Table wine SPAIN (1000hl)	Stock Debut Table wine SPAIN (1000hl)	Human Consumption Table wine SPAIN (1000hl)	Export third countries Table wine SPAIN (1000hl)	Export intra-EU SPAIN (1000hl)	Transformations and losses Table wine SPAIN (1000hl)	Distillation Table wine SPAIN (1000hl)
1982/83	27.980	9.539	13.706	1.855	830	280	9.889
1983/84	21.513	10.959	13.643	2.350	1.235	215	8.600
1984/85	23.026	6.429	13.734	2.356	1.063	230	7.615
1985/86	21.260	10.683	13.276	1.616	1.500	213	4.576
1986/87	24.570	10.762	11.407	1.869	55	1.128	10.806
1987/88	26.613	10.071	10.500	1.105	500	1.039	12.243
1988/89	10.602	11.310	9.290	1.183	1.348	836	1.131
1989/90	18.587	8.135	8.824	1.532	280	929	5.251
1990/91	26.637	9.919	9.342	1.616	662	1.108	17.093
1991/92	18.922	6.750	8.465	1.332	931	1.091	7.312
1992/93	23.187	6.563	8.083	1.900	1.210	1.121	10.775
1993/94	16.098	6.685	8.062	1.573	3.102	1.068	3.969
1994/95	11.500	5.116	7.340	977	1.445	1.038	1.060
1995/96	10.003	5.698	5.214	1.001	1.909	966	946
1996/97	16.861	6.010	6.284	1.541	2.727	1.159	4.620
1997/98	19.933	6.642	6.970	1.992	4.334	1.245	6.347
1998/99	18.400	6.289	7.258	1.629	3.421	1.251	4.767
1999/2000 ^{oo}	20.631	7.619	7.240	1.629	3.500	1.256	4.700
2000/2001	26.479	9.190	7.400	1.444	3.612		10.107
2001/2002	18.737	12.592	6.868	1.620	4.020		7.643
2002/2003	19.700	9.894	6.800				

Source: based on data from European Commission, DG Agriculture.

The Market situation for table wine in France

During the period 1980-2003, the table wine market in France has been characterised by decreasing production and decreasing consumption. Production of table wine in France has fallen from 47 million hl in the wine year 1980/81 to 18 million hl in the wine year 2002/03, a decrease of more than 60%; stock debut has also decreased by 40% from 23 to 13 million hl. During the period 1980-2003, human consumption of table wine in France has decreased by more than 50%, from 38 to 16 million hl; both exports to third countries and exports intra EU have increased during the period under study and distillation has been reduced by 50%.

Graph 11 Market situation of table wine in France



Source: based on data from EC DG AGRI.

Table 4 Evolution of production, stock, human consumption, exports and distillation of table wine in France

Wine year	Production Table wine FRANCE (1000hl)	Stock Debut Table wine FRANCE (1000hl)	Human Consumption Table wine FRANCE (1000hl)	Export third countries Table wine FRANCE (1000hl)	Export intra-EU FRANCE (1000hl)	Transformations and losses Table wine FRANCE (1000hl)	Distillation Table wine FRANCE (1000hl)
1980/81	46.946	23.094	38.634	950	2.020	712	10.860
1981/82	37.993	23.872	36.311	975	2.110	606	6.593
1982/83	44.620	21.225	34.700	910	2.351	687	9.280
1983/84	37.932	22.530	30.309	1.510	3.058	601	8.614
1984/85	39.572	21.285	30.256	1.341	3.034	744	10.990
1985/86	39.472	20.776	30.192	1.414	3.301	661	8.646
1986/87	39.992	19.727	28.762	1.443	3.434	599	7.440
1987/88	39.037	21.396	28.099	1.452	4.269	761	11.855
1988/89	29.762	18.332	26.800	1.438	3.960	732	5.450
1989/90	28.624	14.924	26.139	1.649	3.841	633	2.162
1990/91	28.925	14.094	24.084	1.206	3.973	533	2.477
1991/92	21.156	15.370	22.792	1.136	3.934	838	1.303
1992/93	28.328	12.483	22.169	1.106	3.495	832	4.691
1993/94	21.714	13.369	20.857	933	3.559	550	3.708
1994/95	22.177	11.098	20.144	3.200	3.917	654	2.503
1995/96	23.419	11.118	19.166	1.530	4.702	646	1.198
1996/97	26.324	11.391	18.370	2.081	4.642	675	2.782
1997/98	22.178	12.853	18.184	2.273	4.641	464	1.240
1998/99	21.142	12.086	17.935	1.717	3.167	560	1.050
1999/2000 ^{oo}	25.218	10.853	17.300	1.745	3.000	430	3.000
2000/2001 ^{oo}	23.939	15.551	15.500	1.844	5.511		2.100
2001/2002 ^{oo}	19.378	17.701	14.242	1.880	5.540		5.417
2002/2003	17.950	13.824	16.575				

Source: based on data from European Commission, DG Agriculture.

The market situation for table wine in Portugal

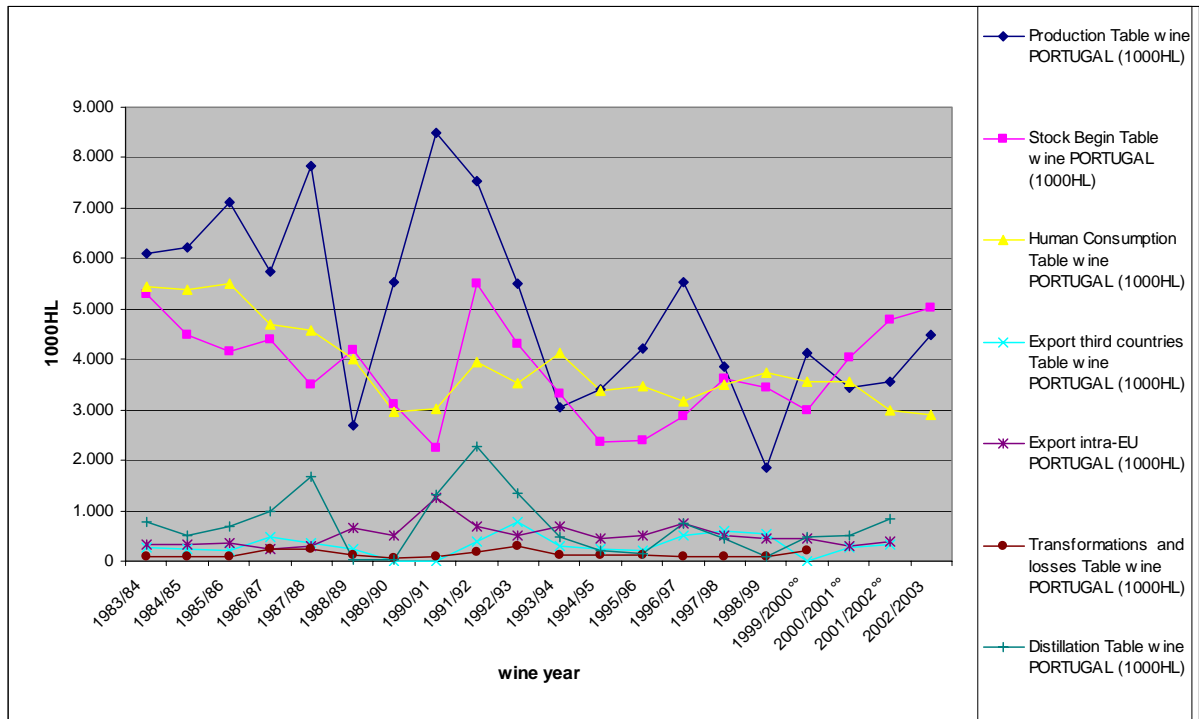
The market for table wine in Portugal has been characterized by strong fluctuations during the period 1983-2003, with many “upward” and “downward” peaks in production and in consumption. Moreover, it is the smallest market in absolute value when compared with Italy, France or Spain. As in the case of Spain, the trends of the variables under examination have shown several peaks during the period 1983-2003. Upward and downward peaks have been observed during the wine years: 1988/89, 1991/1992, 1994/1995 and 1996/1997. Production of table wine decreased from 6 million hl in 1983/84 to 4.5 million hl in the latest wine year. Likewise human consumption decreased from 5,4 to 2,9 million hl.

Table 5 Evolution of production, stock, human consumption, exports and distillation of table wine in Portugal

Wine year	Production Table wine PORTUGAL (1000hl)	Stock Debut Table wine PORTUGAL (1000hl)	Human Consumption Table wine PORTUGAL (1000hl)	Export third countries Table wine PORTUGAL (1000hl)	Export intra-EU PORTUGAL (1000hl)	Transformations and losses Table wine PORTUGAL (1000hl)	Distillation Table wine PORTUGAL (1000hl)
1983/84	6.105	5.296	5.429	281	316	100	786
1984/85	6.229	4.489	5.385	249	340	90	501
1985/86	7.120	4.153	5.492	219	368	100	694
1986/87	5.734	4.400	4.696	486	237	235	973
1987/88	7.847	3.509	4.572	362	300	250	1.683
1988/89	2.700	4.190	4.005	239	652	115	36
1989/90	5.520	3.114	2.959	0	522	50	28
1990/91	8.501	2.235	3.032	0	1.247	100	1.311
1991/92	7.521	5.500	3.935	400	700	168	2.282
1992/93	5.511	4.299	3.531	785	500	305	1.358
1993/94	3.048	3.307	4.133	297	683	130	484
1994/95	3.400	2.359	3.381	236	458	110	201
1995/96	4.227	2.405	3.464	210	500	110	160
1996/97	5.529	2.872	3.163	500	737	80	755
1997/98	3.844	3.614	3.501	604	499	102	445
1998/99	1.840	3.437	3.741	539	445	80	97
1999/2000 ^{oo}	4.113	2.976	3.544	0	450	200	490
2000/2001 ^{oo}	3.440	4.039	3.564	262	291		505
2001/2002 ^{oo}	3.556	4.771	2.993	328	382		840
2002/2003	4.500	5.030	2.900				

Source: based on data from European Commission, DG Agriculture.

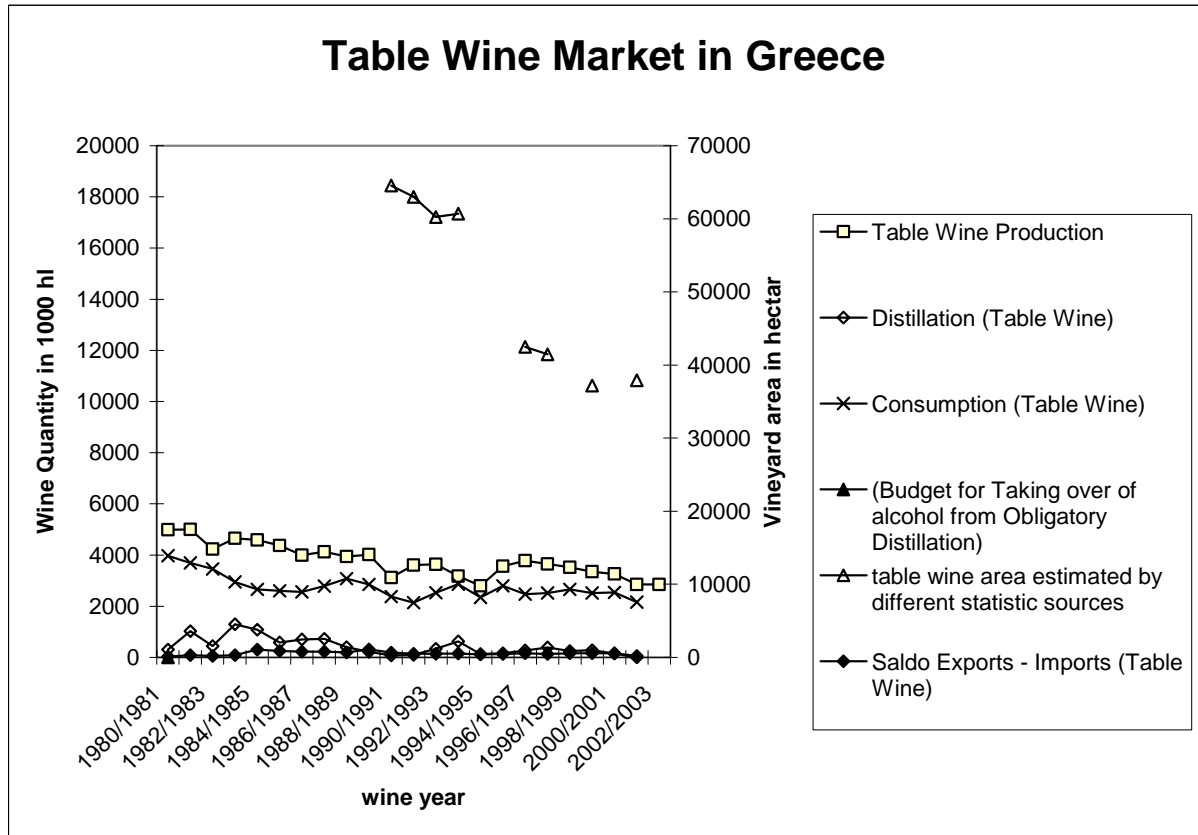
Graph 12 Market Situation for table wine in Portugal



Source: elaboration of data from EC DG AGRI.

The market situation for table wine in Greece

Graph 13 Table wine market Greece



Source: based on data from EC DG AGRI.

3.3. Short description of the wine sector in each country: the systems for processing grapes and marketing wine

3.3.1. FRANCE

Key figures

Consumption per capita 1990	Litres per inhabitant and year (L/Hbt/Yr)
Total	61,4 L/Hbt/Yr (76,9 L/Hbt over 14 years old/yr)
Red wine	70%
White and Rosé wines	15%
Non sparkling wine	
Consumption per capita 2000	
Total	54,3 L/Hbt/yr (66,9 L/Hbt over 14 years old/yr)
Red Wine	70%
White and Rosé wines	15%
Non sparkling wine	93%

Short description of the organisation of the sector

Number of wine growers and evolution

During the last two decades, the number of winegrowers has almost been divided in two:

1. in 1988, there were 270 000 wine growers;
2. in 2000, the total number of growers dropped to 144 200, among which only 110 000 have an economic dimension.

Importance of co-operative in the total production

2/3 of the 110 000 winegrowers are members of co-operatives. Half of the harvest is processed in these co-operatives. Their location varies depending on the regions: 9 vine growers on 10 are members of co-operatives in Languedoc Roussillon, but less than 4 on 10 near Bordeaux.

Importance of independent wine makers

1/3 of the 110 000 wine growers (about 38 000) process the grapes and make wine within their holding. This mainly concerns holdings larger than average. The wine produced in particular cellars represent 50% of the harvest.

Most important wine regions and key feature

In 2000, the French vineyard represented 871 783 ha. The main producing regions are: Bordeaux, Languedoc Roussillon, Vallée du Rhone, Val de Loire, South West, Champagne, Bourgogne, Provence, Beaujolais and Alsace.

Short description of the distribution channels

Share of respective distribution channel and evolution

One could notice the growing importance of **supermarkets**. In 1990, supermarkets represented 45% of the total wine selling to household (in volume). In 2000, they represented about 80%.

Distribution through wine retailers represents around 8% of the volume.
Direct commercialization from wineries represents about 6%.

Wine commercialised through the Internet is still marginal in France: among the 15% of French household which regularly use the Internet, only 1% already bought wine through the Internet.

Main features of wine consumption

Trends in wine consumption

In spite of a sharp decrease in the two last decades, the proportion of non-consumers has stopped increasing since the mid- 90s'. The non-consumers now represent about 35% of French population above 14 years old.

Table 6 Wine consumption per inhabitant (in L/Hbt) and evolution

Yr	Consumption (L/Hbt)
1970	120
1980	90
1990	61
2000	55

Main features on consumer habits

The decrease of consumption is mainly linked to the frequency of consumption: regular consumers (average consumption of 190 L /Hbt/yr) of the population while occasional consumers (average consumption of 37 L/Hbt/yr) represent 40% of the population.

Wine is mostly consumed at the occasion of meal: it is present at 47% of the meal. This proportion increases to 70% at the occasion of special event, and to 77% when meals are shared with guest.

Trends in taste

Red/ White / Rosé

Red wine represents more than 70% of wine consumption in France. White and rosé wines represent both 15% of the consumption. No significant evolution occurred in the past years. The consumption is linked to the season and to the production area.

Sparkling / non sparkling

Non sparkling wines represent 93% of the total wine consumption in France. Champagne represents around 40% in volume and 70% in value of sparkling wine consumed by French household. The consumption is strongly linked to the occasion of consumption (special event and aperitif), and professionals don't foresee any evolution in this breakdown.

Table wines / Quality wines

Consumption is characterised by a stronger demand for product of quality.

Table 7 Trend in wine consumption in France

	CONSUMPTION	FIGURE	TREND
WINE TYPE	Total per Capita	54,3 L / Hbt 66,9 L / Hbt over 14 yrs old	↘
	Red Wine	70%	=
	White wine	14%	=
	Rosé wine	14%	=
	Non Sparkling wine	93%	=
	Quality Wine		↗
	Table Wine		↘
CONSUMER TYPE	Regular Consumer (average 190 L / Hbt / yr)	40%	↘
	Occasional Consumer (average 37 L / Hbt / yr)	35%	↗
	Non-Consumer		=
PURCHASING CHANNELS	Supermarket	80%	
	- of that Hard discount	16%	
	Specialised shops	8%	
	Direct sales	6%	
	Others	5%	

Evolution Features – 1990 / 2000***Evolution of the processing system***Wine growers:

During the last two decades, the number of wine growers has almost halved: they were 270.000 in 1988 and only 110.000 among the 144.200 in 2000 have a real economic dimension.

Evolution of the distribution channels

The main evolution concerns the supermarket channel, which largely increased within the last decade: in 2000, they represented about 80% of the total wine selling to the French household, while it only represented 45% in 1990.

Evolution of the consumption trendsConsumption per capita

The following figures show the sharp decrease of the consumption within the last three decades.

Table 8 Evolution in the wine consumption in France

Yr	Consumption (L/Hbt)
1970	120
1980	90
1990	61
2000	55

In spite of a strong increase within the last two decades, the proportion of non-consumers stopped increasing since the mid-1990.

The decrease of wine consumption is mainly linked to a global change in the consumption frequency: as shown by the consumption figures (Consumption features),

most current wine consumers are occasional consumers, while wine was still a traditional meal beverage thirty years ago. Today, wine is mostly consumed during meals: it is present at 47% in the everyday meals, at 70% at the occasion of a special event, and at 77% when meals are shared with guests.

Evolution of the consumption of the different wine types

No significant evolution occurred concerning the breakdown red/white/rosé in the past years. Red wine is the more consumed all year long, even if an seasonal increasing of white wine consumption must be noticed in winter, to follow the consumption of sea-food. Nuances can also be pointed out depending on the regions: the share of white wine is higher in the eastern part of France while the one of rosé is higher in the South.

No evolution is foreseen in the breakdown sparkling/non sparkling wines, because the consumption is strongly linked to the occasion: non sparkling wines are consumed during meals, while sparkling wines are mainly consumed for special events and for aperitif.

Besides, a growing interest of the consumers for quality wine must be pointed out, to the detriment of lower quality wines.

3.3.2. GERMANY

Key figures

Consumption per capita 1993	Litre/capita	%
Total	22,6	
Red wine	9,5	42,2
White wine	13,1	57,8
Consumption per capita 2002		
Total	24,3	
Red wine	14,3	58,8
White wine	10,0	41,2

Short description of the organisation of the sector

Number of wine growers and evolution

The number of wine growers (0,3 ha and more) has reduced from 46 000 (1989) to 34 400 (1999). This structure changed due to the higher productivity in larger estates (more than 5 ha). The smaller ones (0,3-2 ha) have decreased from 30 000 (1989) to 22 000 (1999).

Importance of co-operative/cantina etc. in the total production and evolution

Nearly 1/3 of the total production of wine is harvested by cooperatives. This share is constant for more than 20 years.

Short description of the co-operative system

The vertical structuring of the German wine business varies between the different special wine-growing regions. In the wine-growing regions Ahr, Baden and Württemberg the cooperatives have a share of ca. 80 % of their production. In the wine-growing regions Mosel-Saar-Ruwer, Rheinhessen, Pfalz und Rheingau the share of cooperatives is less than 20%. The structures kept stable.

Importance of independent wine makers

Most of the grape growers with processing grapes sell bulk and bottled wine. The share of direct marketing of bottled wine from the producer to private customers is around 20% of average wine production in Germany. The average wine production amounts to 10 Mio. hl.

The share of direct marketing for German wines in Germany was 37% in volume and 46% in value. Therefore direct marketing of German wines is the most profitable distribution channel for German producers.

Most important wine region and key features

In terms of volume, important regions are Rheinhessen, Pfalz, Mosel-Saar-Ruwer and Baden. Important in the sense of profitability of grape growers are Ahr, Württemberg and Rheingau. In general, the grape production in Germany is shifting from white to red wine with various dynamics in the different regions. The economic problem of wine production is focussed on white bulk producing grape growers and regions, due to the strong international competition on the white bulk wine market.

Short description of the distribution channels

Share of respective distribution channel and evolution:

The distribution channels for wine may be split up in two main sections: private consumption outdoors (gastronomy) which amounts to 21 % = 3,5 Mio. hl and private consumption indoors (private home consumption) which comes to 79 % = 13,2 Mio. hl. The figures refer to 2002.

Table 9 Distribution channels for wine in Germany

	1996	1999	2002
Supermarket	24	23	22
Retailer	49	53	57
Direct selling by the producer	21	19	18
Other	6	5	3

Key features and evolution

As it is stated in table 9, the supermarkets have relatively diminished, but the absolute volume by quantity stays stable. The same is to say to the direct selling by the producer. A big change was realized by the discounters. Their share increased from 30% (1996) to 43% (2002) respectively 5,7 Mio. hl (2002). There is one company ALDI selling with a percentage of 22% = 2,9 Mio. hl in 2002.

Main features of wine consumption

Wine consumption per inhabitant (in L/Hbt) and evolution

Wine consumption in Germany is steadily increasing and very popular through the last twenty years. It is expected that this tendency will continue in relation to the national economic situation. Due to the reunification in 1990 it is appropriate to take figures as above mentioned - of the last decade.

Trends in wine consumption

The German market became more and more international with a very fast shift from white to red. Red wine amounts to more than 60% of total consumption of still wine.

Main feature on consumer habits

Round about 30% of the households do not drink wine. 68% of the total volume is consumed by 15% of the households. Wine is mainly consumed at the weekend and in the evening.

Trends in Taste

Main trends are: from white to red, from sweet to dry wines, from German origin to international origin. The mid price segment ranges between 2 € and 4 € per bottle and is dominating the market. The discounters are very successful and they deliver 43% of the volume to households.

3.3.3. ITALY***Key figures***

Consumption per capita 1990 (or approaching year)	Litres/per capita
Total	62.5
Red wine	48,3%*
White wine	43,1%*
Rose wine	8,6%*
Consumption per capita 2000 (or approaching year)	
Total	51.0 l
Red wine	54,2%
White wine	38,5%
Rose wine	7,3%

Note: Total consumption per capita. Source: USDA Report ;

Consumption per capita by type of wine in %. Source Ismea-Nielsen;

*Data refer to the year 1997.

Short description of the organisation of the sector 3Number of wine growers and evolution

According to the last census of the Italian Statistical Office (Istat), in the year 2000, 770.000 vine farms (*aziende viticole*) were registered⁴, 35% less than the numbered registered 10 years before. The decrease in the number of vine farms has taken place throughout all the Italian regions, but especially in the North West were the number has almost halved.

³ Source for this section: Ismea, Filiera Vino September 2002.

⁴ These data gather both the production of grapes for wine making and grapes for consumption (*uva da vino* and *uva da tavola*)

Table 10 Number of vine farms (aziende viticole)

	N. Farmers	var. 2000/1999
Piemonte	39.681	-42,90%
Valle d'Aosta	2.406	-34,90%
Lombardia	15.322	-52,20%
Trentino A. Adige	15.273	-11,20%
- Provincia di Bolzano	4.729	-5,40%
- Provincia di Trento	10.544	-13,60%
Veneto	76.513	-32,40%
Friuli V. Giulia	11.975	-46,70%
Liguria	12.325	-58,90%
Emilia Romagna	44.116	-34,70%
Toscana	52.748	-29,70%
Umbria	23.001	-31,20%
Marche	27.440	-37,60%
Lazio	65.970	-39,60%
Abruzzo	33.633	-38,10%
Molise	12.262	-38,40%
Campania	81.199	-27,40%
Puglia	79.099	-27,70%
Basilicata	23.457	-36,10%
Calabria	32.670	-41,10%
Sicilia	77.906	-35,00%
Sardegna	40.767	-31,90%
Italia	767.763	-35,20%
North-West	69.734	-48,50%
North-East	147.877	-32,90%
Centre	169.159	-35,40%
South	262.320	-32,30%
Islands	118.673	-34,00%

Source: provisional data Istat 2000 census.

Structure of the wine transforming industry

The organisation and structure of the *wine transforming industry* in Italy is characterised by a high degree of fragmentation. Italian wine producers may either make wine from their own grapes and sell bulk or bottled wine or buy grapes to make wine or buy bulk wine from others and bottle it.

According to the strategy chosen, there are several scenarios:

Wine-making from own grapes and bottling: the actors involved are mainly co-operatives, small producers (usually family farms) and producers that choose to make wine from their own grapes in order to obtain advantages in terms of image and quality.

Wine-making from grapes bought from other vine growers and bottling of the wine obtained. This model is followed by medium to medium-big size firms. By making

wine from grapes bought from other producers these firms count on a flexible supply that satisfies the demand of the consumers while giving, at the same time, an image of quality.

Bottling of bulk wine bought from *aziende agricole* (farms) or *social wine cellars*.

Purchase of bottled wine ready to be sold in the market through the modern distribution channels (e.g. Rinascente-SMA, GS) that sell the wine with their own brands.

Importance of co-operative in the total production

The role of co-operatives in the Italian wine-making landscape is an important one since they represent almost half of the national wine production. They were conceived and created to concentrate the production and to guarantee a fair price to its members (which are small/independent wine makers). Within the co-operative system we can find the social wine cellars (*cantine sociali*) which sell the production mainly in the internal/domestic market and the consortia (*consorzi*) which are responsible for the commercialisation of the production mainly abroad. A big share of the wine produced is still sold un-branded. This is specially true in the case of the canteens and less often in the case of the consortium. The social wine cellars are trying to up-grade the supply by moving from bulk to bottled wine and from lower to higher quality wine. Moreover, a growing number of canteens and consortium have their own commercial structures.

Most important wine regions and key feature

Wine grapes are produced in all the Italian territory and thus there is no concentration of wine making structures in particular regions. The bottling structures, however, are located in the North (the bottling industry for table wine is concentrated in Emilia Romagna and in the Veneto regions).

Table 11 shows the breakdown of wine and must production by region.

Table 11 Wine (and must) production by region (1.000 hectolitres)

	Average	Average			Var.
	1990-1994	1995-1999	2000	2001	2001/2000
Piemonte	3.313	3.132	2.938	3.324	13,20%
Valle d'Aosta	30	31	27	18	-35,90%
Lombardia	1.614	1.525	1.360	1.286	-5,40%
Trentino A.A.	1.199	1.127	1.177	1.230	4,50%
of which					
Bolzano	nd	406	387	399	3,30%
Trento	nd	721	790	830	5,10%
Veneto	8.035	7.628	8.825	8.668	-1,80%
Friuli-V.Giulia	1.218	1.137	1.152	1.111	-3,60%
Liguria	265	154	169	104	-38,60%
Emilia Romagna	7.603	6.249	6.915	7.116	2,90%
Toscana	2.974	2.611	2.540	2.220	-12,60%
Umbria	933	889	966	879	-9,00%
Marche	1.944	1.800	1.609	1.683	4,60%
Lazio	3.552	3.282	3.733	3.008	-19,40%
Abruzzo	3.889	4.192	3.689	3.441	-6,70%
Molise	418	364	310	342	10,20%
Campania	2.237	2.113	2.013	1.717	-14,70%
Puglia	9.625	8.706	7.782	6.877	-11,60%
Basilicata	413	511	473	391	-17,30%
Calabria	917	811	613	884	44,30%
Sicilia	9.804	8.968	7.106	7.149	0,60%
Sardegna	1.075	875	693	845	22,00%
Italia	61.060	56.104	54.088	52.293	-3,30%
North-Centre	32.681	29.564	31.409	30.647	-2,40%
Mezzogiorno	28.379	26.540	22.678	21.646	-4,60%

Source: Istat.

As it can be seen from the above table, in terms of volume, in 2001 Veneto was confirmed as the leading region in wine production, followed by Sicily, Emilia-Romagna and Apulia. These four regions account, on average, for more than half of total Italian wine production. About half of total wine production is represented by white wines, and the remaining half by red and, to a much lesser extent, rose' wines. The Veneto region leads the production of wine in Italy. Some reasons for its supremacy lay on:

More sophisticated and better organised winemaking technology, thanks in part to the continuing demand from neighbouring Germany, Austria and Switzerland, as well as more distant markets such as the United States and United Kingdom.

Location of Italy's leading wine school of Conegliano and the nation's most important wine fair Vinitaly, which is held each spring in Verona.

The determinant quality factor is the favoured climate influenced by the Alps. Veneto is on the sunny side, protected from the damp cold of northern Europe. Warm vineyard conditions in the plains near the Adriatic Sea and along the valleys of the Po River.

Short description of the distribution channels⁵

Share of respective distribution channel and evolution

The Italian wine industry may be divided into two segments: table wines and quality wines (wines produced in specific regions).

74% of table wine is sold in take-away packages, meaning that it is consumed at times and places different from those of the purchase.

By contrast 60% of quality wine is sold in pouring services, meaning it is consumed at the time and place of purchase (wine bars, restaurant, cafes, etc.).

In Italy, wine distribution channels, are undergoing a period of change mainly due to two factors:

- the shift in consumer food habits, towards an increase in the number of meals eaten away from home;
- the changing configuration of the distribution networks, where large retail chains are acquiring greater market shares, provoking a drop in the number of traditional shops and wholesalers.

Data for wine sales by type of packaging show that 76% of wine is purchased packaged, and 18.5% is purchased bulk). The purchase of bulk table wines is particularly high in the North-East of Italy, while the North-West stands out for the greater consumption of packaged and quality wines. The South displays the lowest consumption of wines bearing a protected denomination of origin.

Table 12 Allocation of domestic purchases by volume per area Year 2000

	North-west	North-east	Centre	South	Italy
Wine	95.2%	95.7%	94.4%	93.6%	94.7%
Packaged	83.4%	63.6%	80.6%	70.2%	76.2%
Doc- Docg	26.5%	14.1%	17.0%	8.8%	17.9%
Table wine	57.0%	49.5%	63.7%	61.4%	58.3%
Bulk wine	11.8%	32.2%	13.7%	23.4%	18.5%
Doc- Docg	3.1%	3.5%	2.6%	0.8%	2.5%
Table wine	8.7%	28.6%	11.1%	22.6%	16.5%
Sparkling	4.8%	4.3%	5.6%	6.4%	5.3%
Wine+Spark	100%	100%	100%	100%	100%

The principal outlets for bulk wine are traditional grocery stores, wholesalers and producers. Bulk wine cannot be found in sales-points affiliated with large retail chains, neither in specialized shops, where the sales strategies rely on the standardization of the product and on the labels. The purchase of packaged and sparkling wines in general occurs primarily in supermarkets and hypermarkets.

⁵ *Distribution Channels in the Wine Economy*. European Module no.9, Università di Bologna in. Lakner, Z. Svent Istvan University-Buda Campus. Department of Food Economy. Budapest, Hungary, May 2002. Ismea, *Filiera Vino* September 2002.

Table 13 Allocation of domestic purchases in volume by sales channel 2001

	Super+ Hypermarket	Free Service	Discount	Traditional groceries*	of which wine shops
Wine & Sparkling	53,20%	5,30%	9,90%	19,90%	10,70%
Wine	52,60%	5,50%	10,00%	19,80%	11,20%
- Packaged	64,30%	6,70%	12,30%	12,40%	6,80%
Doc-Docg	68,10%	5,10%	10,40%	13,00%	7,00%
Table wine	63,20%	7,20%	12,90%	12,20%	6,70%
- Bulk	2,60%	0,40%	0,20%	51,50%	30,10%
Doc-Docg	0,60%	0,90%	0,00%	37,90%	16,80%
Table wine	3,00%	0,30%	0,20%	53,70%	32,20%
Sparkling	63,60%	2,80%	8,40%	21,40%	2,80%
	Specialised Groceries	Cash&Carry/ wholesale	Peddlers prod	own production**	Total
Wine & Sparkling	0,50%	7,40%	1,20%	2,50%	100,00%
Wine	0,60%	7,70%	1,20%	2,60%	100,00%
- Packaged	0,50%	2,20%	1,10%	0,60%	100,00%
Doc-Docg	0,10%	2,50%	0,60%	0,30%	100,00%
Table wine	0,60%	2,10%	1,20%	0,70%	100,00%
- Bulk	0,70%	31,50%	1,70%	11,40%	100,00%
Doc-Docg	0,00%	55,00%	0,60%	4,90%	100,00%
table wine	0,80%	27,70%	1,90%	12,50%	100,00%
Sparkling	0,20%	2,50%	0,70%	0,40%	100,00%
*) Also includes purchases from the canteens					
**) self-consumption;					
Source: Ismea-Nielsen.					

In 2001 over 50% of the wine consumed has been purchased in the modern distribution channels (i.e. super and hyper-markets). Traditional groceries account for 20% of the purchases (this category includes the purchases from the canteens and the wine-shops (*bottiglierie* & *enoteche*). The role of the wine shops which include *bottiglierie* & *enoteche* is very important since, alone, they account for 11% of the purchases made. The discounts represent 10% followed by cash&carry/wholesale which represent 7,7%. In detail, by type of wine, it can be seen that the modern distribution has a predominant role as far as packaged wine is concerned (64%) against the 12,4% of traditional groceries, confirming the trend that supermarkets are becoming the preferred distribution channel.

As far as bulk wine is concerned, the opposite is observed; more than half of the purchases (52%) have been made in traditional groceries and of this percentage, 30%

is attributed to the wine-shops. The remaining 22% are purchases directly from the wine producers or canteens.

Table 14 shows the evolution of the distribution channels in Italy.

Table 14 Evolution of volume of purchases of wine by channel of distribution

	1997	1998	1999	2000	2001
Total	100,00%	100,00%	100,00%	100,00%	100,00%
Super+Hypermarket	43,00%	45,60%	47,20%	50,50%	53,20%
free service	5,60%	6,50%	6,70%	5,20%	5,30%
Discount	10,20%	9,90%	12,50%	12,20%	9,90%
Traditional Groceries *: of which wine shops (Bottiglierie/Enoteche)	31,10%	28,70%	22,80%	20,10%	19,90%
Specialised Groceries	1,80%	1,90%	1,20%	1,10%	0,50%
Cash&Carry/wholesale	1,00%	1,80%	4,30%	6,30%	7,40%
Peddlers prod.	3,50%	1,80%	1,60%	0,80%	1,20%
own production **	3,80%	3,60%	3,70%	3,70%	2,50%

*) from 1999 this category includes the direct purchases in the canteens (first included in Cash&Carry/wholesale).

***) Coincide with self-consumption.

Source: Ismea-Nielsen.

Within the market channels, in many cases there are differences in labelling and presentation of the product depending on the consumption occasion for which it is destined (take-away or pouring). This may entail considerable differences in the prices for the same product. Table 15 shows the average mark-ups on the production price applied in the various distribution channels.

Large retail chains charge low mark-ups. Traditional retailers, including not only specialized stores, such as wine-shops, but also the not specialized ones, such as grocery stores, display a higher mark-up in retail sales. The largest mark-up, in absolute terms, is observed in sales by pouring, when the wine is served on-site. In this case what is paid for, in addition to the wine itself, is obviously the overall service provided to the client.

Table 15 Mark-ups per distribution channel

	% over factory price
Large retail chains	
10-20	
Wholesalers	
15-30	
Traditional retailers	
20-40	
Pouring (bars, restaurant...)	
300-500	

Source: Databank.

In Italy, large retail chains devote 1.5% of their overall space to wine product, which accounts for 2% of their total sales figures; both table wines and quality wines are present in the shelf space of large retail chains.

Table wine: prevalence of cartons and glass bottles of 1 or 2 litres, presence of a recognized leader (Tavernello) with low prices.

Quality wine: prevalence of glass bottles of 0.75 litre, atomistic supply (which sometimes disorients the consumer), generally reasonable prices but occasional presence of high-quality wines with high prices.

Main features of wine consumption⁶

Trends in wine consumption

Domestic wine consumption has continued to decrease even in the most recent years, partially replaced by beer and soft drinks. The following table shows the trend in the latest decades, on a per capita basis.

Table 16 Per capita consumption of wine (11%alc.) in litres

1975	104.0
1980	92.9
1985	75.0
1990	62.5
1995	55.7
1996	54.2
1997	53.5
1998	52.0
1999	51.5
2000	51.0
2001	50.0

Source: ISMEA.

As can be seen from the table 16, total consumption of wine has declined in the last quarter century by 50%, although in the most recent years the trend indicates a substantial steadiness. Aging population, health and diet concerns and quickly changing food habits are the main factors explaining this situation. At the same time, as in most developed countries, Italian consumers are increasingly oriented towards quality wines, although evolving life styles have dramatically altered traditional food habits, limiting wine consumption mainly to special events, as well as dinners rather than luncheons.

On a per capita basis, wine consumption is larger in central and northern Italy and lower in the south, partly due to different climatic conditions.

Trends in taste

According to consumer surveys, Italians prefer red wine (around 65 %) to white wine (around 33%) and to a much lesser extent rosé type (2%). Differences in the habits and preferences between males and females are also present: about 70% of males prefer red wine against 55% of females, while the pattern is opposite considering white wine: 44% of females prefer white wine against 26% of males. In the last years, an increasing of consumption of red wine has been recorded; this is probably due to large promotion of healthy effects of *polyphenols* in red wine.

⁶ USDA GAIN Report no. IT2027, September 2002.

Ismea, Filiera Vino September 2002.

Consumer Needs Report. WIAM Project (Wiam IPS-1999-950049). Silvera F. Centuria, November 2002.

In Italy, the consumption of wine depends on:

- 1) the domestic and regional production
- 2) the occasion of consumption.

Production of sparkling wine is decreasing like the production of sweet wine. Since the greatest part of Italians drink wine during principal meals, dry and non-sparkling wines are preferred, as confirmed by several studies. In Italy the consumption of sparkling wine is devoted only to particular moments like aperitif or party.

Several studies on consumers have underlined an increasing weight, in general, of certified type of appellation (DOC, DOCG) and region of origin. A difference among regions in the perception of these attributes has also emerged: in the north of Italy consumers give more importance to the label of appellation, whereas in the south they consider as the most important attribute the region of origin.

Italians agree (45% in a recent analysis) on the type of appellation as the leading characteristic to define the concept of quality. In a decreasing order of consequence in attributes for the definition of quality, type of appellation is followed by region of origin (22%), by cellar of production and type of vine (20%). Appellation takes a larger importance for occasional consumers (51%) probably because of lack of knowledge about other characteristics like type of vine or cellar of production.

Main feature on consumer habits

As far as consumption habits are concerned, consumer reports show that: only around 20% of the population drinks wine daily, another 20% drinks wine weekly (once or twice a week) whereas the remaining part drinks wine occasionally; females (especially young women) are less regular consumers and they consume the product only in occasion of particular events; a sensitive increasing of consumption is recorded for elderly consumers.

Preferences about place of consumption have also been investigated. In general, it emerges that restaurants and home environments are the most habitual and favourite places where the product is consumed (about 80% of consumers consume usually and occasionally in these two places). Compared to other professional categories, the professional group of “manager/freelancer” shows the greatest propensity for consumption in wine-bar and/or wine-shops.

Another aspect investigated is the occasion of consumption. Around 70% cite the consumption of wine during meals whereas 20% prefers the moment of the aperitif. 34% of males and 40% of females indicate dinner as the habitual time of consumption, but for an important fraction of males (30%) and females (24%) meals in general constitute habitual moments of consumption. When age of consumer is considered, there is a greater propensity to consume during both the principal meals by oldest groups of consumers whereas young consumers prefer the aperitif.

In sum, what emerges from different professional sources in Italy is a decrease in the consumed and purchased volumes of wine, accompanied by an increase in the purchase of higher quality products: the average-consumer is inclined to buy more expensive high quality wine-products than in the past.

3.3.4. GREECE

Key figures

Consumption per capita 1991-1992 (or approaching year)	Litres/per capita
Total	25,1
Red wine	n.a. (non available)
White wine	n.a. (non available)
Consumption per capita 1998-1999 (or approaching year)	
Total	28,1
Red wine	n.a. (non available)
White wine	n.a. (non available)

Source: ICAP – Wine market study, 1999.

Short description of the organisation of the sector

Number of wine growers and evolution

Table 17 Number of wine growers and evolution

Wine Type	1989	1999	Variation	1998	1999	Variation
Quality wine growers	29.579	24.115	-18,5%	13.300	13.671	2,8%
“Other wines” growers	198.415	107.811	-45,7%	60.847	37.207	-38,9%
Total wine growers	221.949	131.926	-40,6%	74.147	50.878	-31,4%

Source: EUROSTAT Statistics in Focus, theme 5 – 25/2003.

Importance of co-operative in the total production

Market share of co-operative/cantina in total production is estimated at 40% of total production, showing decreasing trends due to the insufficiency of pricing and distribution policies of wine compared to market oriented policies of the private sector.

Importance of independent wine makers

According to market sources estimations, bottled wine from wineries represents about 35%-40% of total wine production leaving the rest of the market to independent wine makers.

Furthermore, so-called “local wines”, sold at “medium” price levels have reached 30% of the market share in Greece. This market segment is increasing due to independent bottle wine makers, who operate small manufacturing units (of 1000 to 3000 hl of capacity) closely related to their own small vineyard islets in various places distributed all over the country.

Short description of the co-operative system

Grapes in Greece are, in practice, not collected from co-operatives, which function in only as price dealers between grape suppliers and wine makers. Price values have to be closely related to market prices offered by private sector, but still lacking to diversify according to grape quality (one price for all grape growers). This pricing policy works basically with cheap wine types but not with grapes of medium and high quality. In this way, private sector’s wine makers can independently offer better deals to individual grape suppliers, who can directly supply private companies outside of co-

operatives. This procedure explains the decreasing market share of co-operatives (described in point 2).

The above described relations between grape suppliers and wine makers reflect the transformation of Greek wine market to more diversified and quality wines (both local and v.q.p.r.d. types).

Most important wine region and key feature

Region of Peloponnese and Western Greece is the most important wine making region producing approximately 40% of wine in Greece, followed by region of Attica and Islands (27%). This is because in these regions there are traditionally the largest vineyards of all country (not only for wine making but also for table grapes and raisins). Regional distribution of wine making is under diversification according to previously described market trends.

Short description of the distribution channels

Share of respective distribution channel and evolution

No official statistics are published in Greece by competent Public Authorities (National Statistical Service of Greece, Ministry of Agriculture). Market shares presented below reflect market estimations and they correspond to the three main channels of distributing wine to retail trade point of wine sales (“warm” market: supermarkets, other retail trade wine shops, “cold” market: taverns, restaurants, hotels etc.). Interview procedure could focus on verification of market shares of wine trade in Greece.

Table 18 Distribution channels for wine in Greece

Supermarkets	25%- 30%, rapidly increasing
Wholesale - Retail traders	30% - 35%, rapidly decreasing
Direct commercialisation from wineries	30% - 35%, slightly decreasing
Other	0% - 5%, not significant

Key features and evolution

Supermarkets’ market share largely increased in Greece during the last decade, as supermarkets offer relatively lower prices (price competition). Their client basis no longer includes only retail sales to consumers, but also a portion of wholesales to the so-called “cold” market of retailers (taverns, restaurants etc.). Only specified retail trade point of sales (e.g. wine stores selling local or v.q.p.r.d. wines) retain a noticeable market share of the so-called “warm” market. Wine sales through general alcohol drinks shops are relatively small.

Main features of wine consumption

Wine consumption per inhabitant (in L/Hbt) and evolution

Wine consumption slightly decreased in Greece during the 1990s tending to stabilize in the level of 27 l/capita. This value refers to long-term statistics as balance from yearly value estimates of official statistics; reflect mainly grape production rather than actual year to year consumption variation.

Trends in wine consumption (increase or decrease, reason for the change)

Climate changes and extension of warm days against cold days in Mediterranean countries affected also wine consumption leading to the slight decrease mentioned at point 1. Other reasons explaining decreases in wine consumption occurred due to urbanism, as villagers are moving to town (urbanism) leaving behind not only their homes but also their higher wine consuming habits.

Main feature of consumer habits and evolution

Largest proportion of wine consuming, approximately around 80% is from regular consumers, very slightly increasing following quality wines' development in the market but also the more sophisticated marketing policies of all key market players (wine festivals etc.).

Trends in taste

Red wine consumption is definitely increasing against traditional white wine dominance of the past. Traditional wine Greek market of "Retsina" white wine has lost its fame and expansion presented during the 70's and 80's development of tourism in Greece (especially in Attica).

Table wine market shares are also decreasing as many types on new local wines emerge in the market offering significantly quality increase with relatively competitive market prices.

3.3.5. SPAIN***Key figures***

Consumption per capita 1990 (or approaching year)	Litres/per capita	%
Total	37.4	
Red wine	18,0	48%
White wine	8,7	23%
Consumption per capita 2002		
Total	29.6	
Red wine	15,9	54%
White wine	6,8	23%

Area under vine in 2002: 1,115,322ha.

Domestic market in 2001: 12,300,000hl.

Export market in 2001/2002: 11,400,000hl.

Short description of the organisation of the sectorNumber of wine growers and evolution

The number of holdings in Spain has reduced by 13,9% between 1989 and 1999, representing a reduction of 19,8% in area under wine grape varieties. The total number of holdings in 1999 was 342.096, representing 1.179.900.000 ha, 23.318 being dedicated to table grapes, 111.321 to quality wines and 207.457 to other type of wines.

The area planted to vineyards in Spain has dramatically decreased since the EU vineyard uprooting program has been mainly applied in Spain. The latest estimate on the wine grape area is about 1.1 million hectares, compared with 1.5 million hectares

in 1985, when Spain joined the EU. Despite this acreage reduction, production levels, however, have not diminished significantly. Greater marketing in the EU has led to increased grape growers' returns that have been invested in modernizing their vineyards, increasing mechanization and irrigations. Moreover, the new EU vineyard uprooting program will certainly contribute to a further boost to Spanish wine competitiveness in the future and increase exports.

The wine production in 2001 is estimated to be about an average vintage year output. Dryness conditions and frosts in most wine areas prevented a larger crop this year. Quality this year is variable depending on regions, but in general terms is fairly good. Prices for grapes in leading wine producing areas have notably decreased in the last two years. Thus, grape prices in Rioja which were 375 pesetas per kilogram in 1999 have dropped to about 125 pesetas in 2000 and to 80 pesetas this year.

During the wine year 2000/01, about 7.3 million hl of "table" wine were used for the production of the so-called edible alcohol and 2.3 million hl of wine were distilled under the "crisis" scheme. Castilla-La Mancha wines are the main source of wines used for the distillation scheme. The total wine quantity distilled in 2000/2001 was 10.4 million hl. That means 25 % of the total wine production.

Most important wine region and key features

Due to the diversity of Spanish soils and climates, there are numerous Spanish wine areas which produce a broad range of wine types. In total, there are 61 denominations of Origins (= D.O.) in Spain⁷. Only two D.O. are D.O.C. (= denomination of origin controlled). These are: Rioja and Priorato. Of the 17 Autonomous regions, only two—Asturias and Cantabria— do not have any D.O. The area planted to D.O. vineyards in 1999/2000 was 624.314 hectares, representing about 55 percent of the total Spanish vineyard area. La Mancha (31 percent), Rioja (9 percent), Utiel Requena (6 percent) and Valdepeñas (5 percent) are the regions with more D.O. vineyards. In terms of marketing, however, Cava and Rioja are the leading D.O. wines.

RIOJA (D.O.C.)

This D.O.C. is not located only in one region of Spain. The regions of D.O.C. are: Rioja, País Vasco y Navarra.

Table 19 The regulation of D.O.C. Rioja⁸

		Oak	Bottle	Total
Crianza	White/Rose	Minimum 6 month	The rest	24 month
	Red	12 month minimum	The rest	24 month
Reserva	White/Rose	Minimum 6 month	The rest	24 month
	Red	12 month minimum	The rest	36 month
Gran reserva	White/Rose	Minimum 6 month	The rest	48 month
	Red	24 month minimum	36 month minimum	

Rioja, after the area with the small River Oja, is the richest wine-growing region of Spain for table (quality psr) wines. According to its wines the area is divided into three

⁷ Source: Mapa. 03/02/2004.

⁸ www.riojawine.com

parts: Rioja Baja (the Lower Rioja) which produces heavy fruity wines with high alcohol content; Rioja Alta (the Upper Rioja) which is the area of the great aged and mature quality wines, with a moderate alcohol content. They are very fragrant, of different shades of red and have a balanced, unmistakable flavour.

These wines lend themselves to be aged in oak vats. Young white wines are also produced. Rioja Alavesa produces red wines, which are usually drunk young and have a pleasant trace of acidity. The wines of this *Dominación* (*Denominación* or *Designation*) are famous and develop their best as mature quality wines. The following varieties can be distinguished according to their age: *Vino de crianza* is the one aged for at least one year in oak barrels and another year in bottles. It is usually a three-four- and five-year old wine. *Vino de reserva* is the one aged for at least two years in oak barrels and another in bottles. *Vino de gran reserva* is aged in oak barrels for at least three years and another in bottles in the famous Rioja underground *calaos* (cellars). These wines are of the best years. All these wines are a real treasure of the Spanish cuisine and occupy a place of honour among the most famous table wines in the world because of the environment from which they come and because of the skill and technique that goes into their production.

CASTILLA LEÓN

The “*Denominaciones de Origen*” of that region are Rueda, Ribera del Duero Cigales, Bierzo and Toro. They produce red and light red wines with contents of 13 to 17% vol. alcohol. Some of them are universally famous: those produced between Valbuena, Quintanilla de Arriba and Quintanilla de Onésimo. They mature exceptionally well, therefore Bordeaux barrels and underground wine cellars are used. These wines have a limited production and are sold at very high prices. Around Rueda very pale and transparent whites of excellent quality and 11.5-14% vol. alcohol are produced. Dry, sherry-type wines are also made there.

Ribera del Duero, Bierzo y Toro produce mainly red wine; Cigales elaborates rose wines and Rueda generally elaborates light white wine.

GALICIA

The typical wine of this region is an acid and very fragrant white wine elaborated with a variety called Albariño. Its *Denominación de Origen* includes Rias Baixas, Ribeiro, Monterrei, Ribeira Sacra and Valdeorras. They are light, white and red wines with low alcohol content and agreeably acid, hence excellent companions of the typical Galician cuisine.

NAVARRA

Denominación de Origen: Navarra. Traditionally, this region elaborated mainly rose wine. Currently, the new productions go guided towards red wines to be aged. The area basically produces red wines, which at times reach 14.5% alcohol and are perfectly in tune with the heavy cuisine of the region.

ARAGÓN

Denominaciones de Origen exists for Campo de Borja, Cariñena, Calatayud and Somontano. In this area, the wines are very red with high alcohol content. Their aroma is very concentrated and their taste is powerful, ideal for very spicy meat and heavy dishes.

CATALUÑA

Here the regions with a Denominación de Origin are Ampurdán-Costa Brava, Alella, Costers del Segre, Penedés, Priorato, Tarragona, Cataluña, Conca de Barberá, Montsant, Pla de Bages, and Terra Alta. There are magnificent reds, whites and light reds in the area, all of which have a long tradition. The most sought after are the Penedés and Priorato wines. The former are famous because of their whites and have an alcohol content of between 10 and 13%.

The Priorato wines are probably the ones receiving most skilled attention in the entire country, especially the dark reds which have a velvety flavour and complex aroma. (This is the other D.O.C. in Spain) The prices of these wines are more expensive than Rioja, because the area under vine and the yields are very limited. The wines of this D.O.C. are almost exclusively red and its alcoholic content is environment 14%.

They are fairly heavy and have high alcohol content. In Tarragona, the most typical ones are white wines, which are appropriate for fish and as aperitifs. The cavas or sparkling wines from Saint Sadurní d'Anoia (Barcelona) have developed great quality and are widely found inside and outside Spain. The D.O. Cava is (as Rioja) in several regions, but the 99 % of these wines are elaborated in Cataluña. The most important city of cava is Saint Sadurní d'Anoia (Barcelona).

CASTILLA LA MANCHA

The Denominaciones de Origin of this region are La Mancha, Méntrida, Valdepeñas, Mondéjar, Ribera del Júcar and Almansa. This is the great Spanish wine reservoir, which includes the Provinces of Toledo, Ciudad Real, Cuenca and Albacete. In general the wines are very widely drunk and are of good quality: mild, dry, with almost no acidity. The most commonly known are the ones from Valdepeñas, i.e., light reds and whites. All of them tend to be drunk young, not more than one or at a maximum of two years old, while the alcohol content lies between 11 and 13%.

ANDALUCIA

This region has the following Denominaciones de Origin: Jerez-Xères-Sherry y Manzanilla-de Sanlúcar de Barrameda (This is only one D.O.), Málaga, Montilla-Moriles, Sierra de Málaga and Condado de Huelva. Its wines are the most characteristic of the country and internationally the most famous. They are produced by a unique method, which has something of a miracle about it, since it is not a wine from one particular harvest, as it is the rule for usual wine production, but the result of different mixtures made over the years.

They are aged in oak vats (600 l) and have subtle differences, which are classified into ten groups, Fino: straw coloured and transparent, dry, light and very fragrant; 15 to 17% alcohol. Amontillado: amber coloured; 16 to 18% alcohol. Oloroso: dark gold, powerful to the taste, yet light; 18 to 20% alcohol. Palo Cortado: halfway between amontillado and oloroso. Raya: of the oloroso family, but less fragrant and less strong to the taste. Pedro Ximenez: sweet and very fragrant. Moscatel: sweet raisin wine. Cream: wine produced by adding alcohol to grape juice which has not really begun to ferment. Color: a wine produced by mixing fresh and concentrated grape juice.

Manzanilla: A wine produced in the township of Sanlúcar de Barrameda; very pale, very dry, with an alcohol content of 15-17%. The Montilla-Moriles wines come from the Province of Córdoba and, like their neighbours of Jerez, are unmistakable, dry, very fragrant and have high alcohol content. Finally, there are the Moscatels from Málaga, which are warm to the taste and very dark coloured. They are sold under

different names: Málaga, Málaga Virgen, Lágrima Christi, Pedro Ximenez and Moscatel.

THE EAST COAST

This region includes the following Denominaciones de Origin: Alicante, Valencia, Jumilia, Utiel-Requena and Yecla, which cover quite different wines. Those from Alicante are reds and rosés with a high alcohol content of between 12 and 16%. Those from Valencia are usually white, dry and very fresh. The Jumilia wines from this Murcia area are easy to distinguish because they are aged in oak barrels, although there are also young wines. In both cases the alcohol content is very high, and they are dark red and thick. Yecla has reds, rosés and light reds with between 13 and 15% alcohol and a very pleasant mild taste.

Table 20 Top Spanish Wine Regions: 1993-2001

Region	Year:	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02
Rioja		G	*	*	E	G	E	G	G	E	
Penedés		E	G	G	E	E	E	E	E	E	
Ribera del Duero		f	E	*	*	G	E	*	E	*	
Valdepeñas		G	G	E	E	G	E	G	E	E	
Rueda		G	G	G	E	E	E	E	E	G	

Ratings: p=Poor, f=Fair, G=Good, E=Excellent, *=Outstanding.

Focus on the Rioja area (the area most widely known outside of Spain).

In an international context clearly geared towards the consumption of quality red wines, the demand for Rioja wine has been directed towards aged wines, which provide the wineries with a greater differentiation, prestige, and revenue. The evolution of sales has shown a very positive balance in recent years as a whole in a context of a continuous increase in the average price. Nevertheless, this increase in Rioja prices has been particularly intense over the last two-year period (due to the steep rise in grape prices which has affected wine prices), which has caused a sharp drop in the sales volume in this period, and which has alarmed the sector.

Foreign markets have shown a greater sensitivity to these price increases in 1999-2000, with a percentage drop in the sales volume which is considerably higher than that observed in the domestic market. Looking at the category of wines, the drop in sales has been particularly significant in the case of young wines, a sector which has been most affected by price repositioning.

Table 21 Evolution of the marketed quantity of wines from RIOJA (litres)

Year	Domestic market	Export market	Total	%
1999	138.445.732	57.133.801	195.579.533	-11,99
2000	120.119.230	39.858.918	159.978.148	-18,20
2001	159.986.313	60.405.880	220.392.193	37,83
2002	178.115.778	72.097.169	250.212.947	13,48

The EU continues to be the main destination for Rioja wine exports - especially the northern countries, in particular the United Kingdom and Germany, but also

Switzerland, Sweden, Denmark, Holland and Norway. The USA is the main market outside the EU. In terms of the quality wine domestic market, Rioja wine clearly maintains its lead over other designations, although there has been a slight reduction in its share in the last five-year period, principally in the food distribution channel, since its share has remained relatively stable at the catering distribution. The supply of Rioja wine itself, according to its growing specialisation in crianza, is steering the consumer towards more expensive wines, something which seems to be better accepted by the consumer in the catering sector; but in the food distribution channel, price increases have moved demand towards other more reasonably priced designations of origin or towards locally produced wines. In terms of the regional distribution of Rioja sales in Spain, Northern Spain is the traditional domain of Rioja wine, absorbing 31% of its sales in 2000. (37,7 % of total sales in Spain in 2001).

In terms of short-term market prospects, it should be stressed that the placing of the harvest 2000 on the market (characterised by its quality, notably reducing prices at source) confirms the recovery of marketing. In particular, the 81.3 million litres marketed in the January-May 2001 period by the whole Rioja Controlled Designation of Origin represent a 22% increase on the same period for the previous year (48% in exports and 15% in sales to the domestic market), with sales expected to reach 200 million litres in the entire year. This recovery of sales has occurred at a time when there has been a 13% reduction in the average price of exports, due to the impact of the greater sales volume of young wines (a 100% increase). Although the economic value of exports is calculated to be about 18,000 million pesetas (28% up on the same period in 2000).

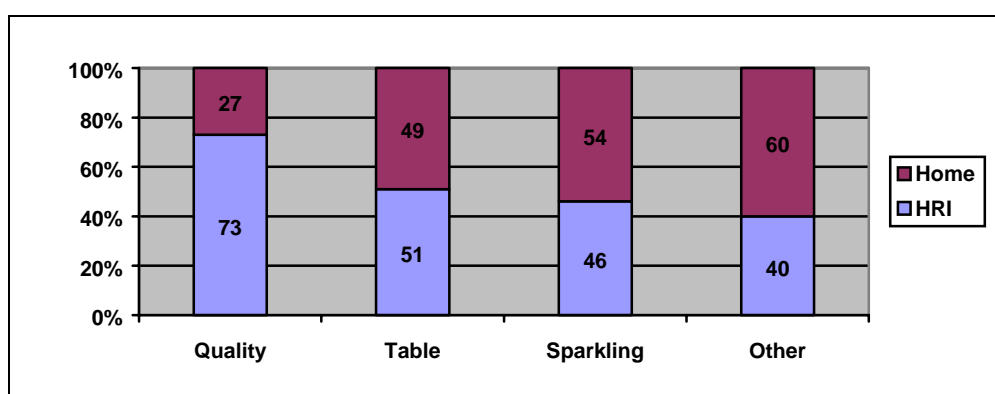
Short description of the distribution channels

Share of respective distribution channel and evolution:

In the country distribution is normally made through wineries' distributors. As shown in the graph below, sales of still wines – quality in particular – are mainly done in hotels, restaurants and institutions (HRI).

Sales of sparkling wines in HRI increased notably last year, the following data concern the separation according to market segments in 2001.

Graph 14 Distribution channels for wine in Spain



HRI markets are supplied mainly by distributors (80 percent). A balance is given between wholesalers (8%), supermarkets (6%) and cash & carry markets (4%).

Concerning exports, the most common way for Spanish wineries is to sell directly to an importer located in the destination country. Lack of industry concentration and organization on the part of Spanish wine producers usually enables distributors to fully extract price concessions in the domestic and foreign markets. Only a very few large

producers are able to implement their own marketing criteria. There are about 3,800 wine companies in Spain, of which about 50 account for 80 percent of total wine exports. Some industry consolidation is taking place, e.g. the Allied Domecq group acquired the leading Bodegas y Bebidas wine group.

Main features of wine consumption

Wine consumption per inhabitant (in L/Hbt) and evolution

In the last thirty years the consumption of wine in Spain decreased gradual and constantly, passing from a consumption per capita of almost 70 annual litres at the beginning of the decade of the seventy, to less than 30 litres per inhabitant and year actually. Wine consumption in Spain in 2002 reached 29.6 litres per inhabitant and per year, made up of 67% table wine, 27% quality wines and 6% sparkling wines.

Trends in wine consumption

During the last decade, while the domestic consumption of wine has declined (except quality wine), mineral water is the packed beverage which has grown dramatically in that period of time. Beer consumption has remained, however, stable.

The total consumption in Spain declined from 1470 million litres in 1990 to 1234 million litres in 2001. A slow increase of quality wine consumption could be observed up to 1998, but it can't compensate the losses of table wine consumption.

The long lasting tendency of declining wine consumption continues, included quality wines which were growing in the past to reach a record level in 1998. Thus, bottled wine sales in the distribution system in Spain decreased to 13.1 million hectolitres in 2000, a 4.4 percent decline from previous year levels. During the first semester of 2001, consumption of quality and table (ordinary) wines has continued to decline.

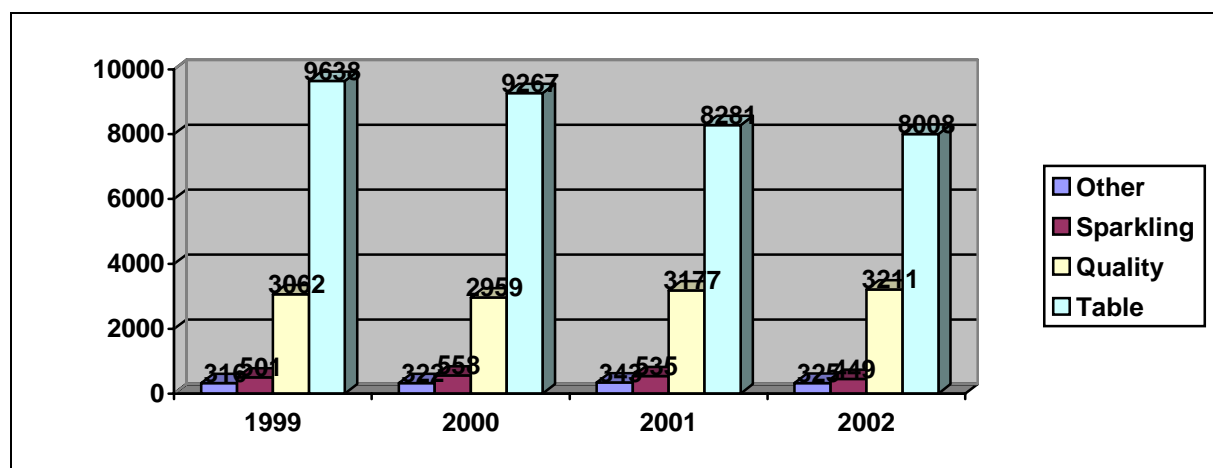
Main feature of consumer habits and evolution

The current low level of wine consumption contrasts with 70 litres per capita in early seventies and with current consumption levels in France or Italy which almost double the figure for Spain. Ordinary table wines, which are the most consumed in Spain, are mostly sold in tetra-brick packs, followed by 3/4 litres bottles and returnable containers and they are mostly consumed in homes.

Bottled wine sales (tetra-packed cheap wine included) in the distribution system in 2001 declined to 12.33 million hectolitres, a 5.9 percent decline from 2000. This is a continuation of the downward trend in wine consumption that Spain has seen for many years. However, while domestic sales of quality wine continue to increase, domestic sales of "table" wines have continued a long-term decline. During the first half of 2002, these same trends have continued.

According to the Spanish Ministry for Agriculture, wine consumption has dropped by 3.5% from 2000 to 2001. Total consumption in 2001 was 12,3 million hl of which 44% were consumed in the home and 56% outside the home. The drop in home consumption was 5.3%, while consumption outside the home dropped by 2%.

In 2002, the wine consumed was composed of 67% table wine, 27% designated origin wines and 6% sparkling wines. Spanish consumption has now fallen by 1,520,000 hl since 1999.

Graph 15 Wine Consumption in Spain (Quantities in 1000 hl)

Source: Data of the Spanish Ministry of Agriculture.

In the quality wine market, reds account for 55 percent of domestic sales; whites, for 21 percent; sparkling wines, 13 percent; and roses, 7 percent.

Trends in taste (white against red wine; table wine against quality wine etc.)

According to the Spanish Ministry of Agriculture the consumption of wines of designated origin increased by 1% in 2002, while that of table wines dropped by 3% in the wake of a 10% price increase.

In the quality wine market, reds are the most sold, accounting for nearly 60 percent of sales. Whites and roses account for about 20 percent of sales, each. Rioja is the leading quality wine type sold, followed by Valdepeñas, Navarra Penedes, and Ribera del Duero.

Evolutions

The domestic consumption cannot take up the high level of production of the Spanish wine sector (producing on average 32 million hectolitres in recent years). For its part, the volume of exports, after the market increase recorded in recent years, has halted abruptly in the last two-year period following the major increase in prices, reaching 7.4 million hectolitres in 2000 (9.2 million hectolitres in 1998) (See the end of the document). As a result surpluses have been created and stocks accumulated, a situation which has worsened in wine years with favourable meteorological conditions for wine-growing (as in 2000/01 and 2001/2002) when production exceeded 40 million hectolitres. This contributed to the reduction in sector-based prices.

Domestic bottled wine sales have declined in the last two years due to largely increased prices. Domestic sales of quality wine have curbed from the record level reached in 1998. Domestic sales of table wines have continued their long declining tendency. During the first semester of 2000, the tendency of declining consumption of quality wines as well as of table (ordinary) wines have continued.

While Spanish wine consumption and production has shown a noticeable decrease in the last years, one sees a growth in the production of ecological wine. In November it will appear in the Norwegian shelves, complete with the Debio label. The two largest producers of ecological wine are in Cataluña and Alicante in Spain. Since the start, four years ago, the production of ecological wine in the Bocopa cooperative, Alicante, has increased from 70 thousand litres a year up to the expected 650 thousand litres this

year. The Bocopa group in Petrer, Alicante, consists of eight wine cooperatives, which receive wine from 1800 wine producers. The production comes from an area of eight thousand hectares vineyards. In all, Bocopa delivers 60 per cent of all DO-wine from Alicante. Number two in ecological wine Bocopa is the second largest producer of eco wine worldwide. 27 wine farmers with a total of 406 hectares wine will this year produce 650 thousand litres of ecological red wine.

In this context, one of the characteristics of the Spanish wine industry in the last decade was its high dynamism, particularly in the second half of the nineties (helped by the strong widespread economic expansion), with considerable investment and innovation (bringing productive technology and systems up to the level of their main competitors) in order to improve wine production and quality, which has been reflected in a considerable increase in sales, particularly in foreign markets.

3.3.6. PORTUGAL

Key figures

Consumption per capita 1990 (or approaching year)	litres/per capita
Total	56
Red wine	
White wine	
Consumption per capita 2000 (or approaching year)	
Total	49
Red wine	
White wine	

Short description of the organisation of the sector

Number of wine growers and evolution

Between 1989 and 1999 the number of holdings in Portugal was reduced by 32,7% from 367.007 to 247.073. The area under vines also declined (in every region apart from Alentejo), from 267.000 thousand hectares to 216.000 thousand hectares (19,1%).

The average area under vines per holding increased from 0,73 hectares in 1989 to 0,87 hectares in 1999. It should be noted that some of the best grapes around the country come from holdings smaller than one hectare, and are grown by farmers devoted to producing high quality grapes.

Table 22 Importance of cooperatives and independent wine makers in the total production

Production			
1999/2000	Cooperatives	1000 hl	3.920
		%	50
	Independent wine makers	1000 hl	3.925
		%	50
2000/2001	Cooperatives	1000 hl	3.381
		%	50
	Independent wine makers	1000 hl	3.329
		%	50
2001/2002	Cooperatives	1000 hl	3.986
		%	51
	Independent wine makers	1000 hl	3.804
		%	49
2002/2003	Cooperatives	1000 hl	3.581
		%	54
	Independent wine makers	1000 hl	3.096
		%	46

Source: IVV – Instituto do Vinho e da Vinha.

Importance of co-operatives and independent wine makers in the total production.

The independent wine makers represented 50% of the Portuguese wine production in 1999/2000. According to the Instituto da Vinha e do Vinho (IVV)⁹, this percentage fell to 49% in 2001/2002 and to 46% in 2002/2003.

Present wine production is comprised of three segments:

1. private growers with small estates who produce and bottle their own wine;
2. private companies who purchase wine for bottling - They may also buy grapes and own some of their own vineyards. Some are owned by multinationals that have developed world wide brands;
3. cooperative wine cellars that purchase grapes from small farmers.

Grape producers can choose to make their own wine, sell their production to private bottlers or become associated to a cooperative. The incentives for quality production are quite different. In the first two cases there is a market transaction (at the sale of wine or grapes) that will offer higher returns as the quality of grapes increase. In the case of a sale to a cooperative the revenues are not dependent upon the quality of the grapes and therefore the incentive to produce high quality grapes is considerable less¹⁰.

Most important wine region and key feature

According to IVV, Portugal is divided into 8 Wine Regions. There are also 32 Regions producing quality wine psr¹¹, 24 of which are DOC¹² Regions.

Note that for FADN purposes Portugal is divided into 5 Regions¹³.

⁹ The Portuguese official body for the regulation of the wine sector.

¹⁰ *Driving Competitiveness in Portuguese Wine*, Monitor Group, 2003.

¹¹ quality wine psr: Vinho de Qualidade Produzido em Região Determinada meaning Quality Wine Produced in a Well Defined Region.

¹² A designated growing area governed by the rules and regulations established by the government and local governing body: appellation d'origine contrôlée (aoc) in France, the denominazione di origine controllata (doc) in Italy, the denominación de origen (do) in Spain, and the american viticultural area (ava) in the United States.

Short description of the distribution channels

The vast majority of wine produced is sold to the local market and a relatively small percentage of it is exported (14% of volume in the 2001-02 wine year).

Share of respective distribution channel and evolution

One decade ago it was forecasted that there would be a tendency for distribution to be controlled by a small number of large companies. This is now a reality. The industry has changed with the vertical integration of various distributors by multinationals, with the result that the international groups have become more competitive by exploring their distribution networks.

At the same time, large multiple retailers become the channel of choice for Portuguese consumers (57% of all the wine sold). These multiple retailers are volume players that push distribution margins down. There is also a trend for multiples retailers to rationalise their wine listings, creating further pressure on small wineries.

Table 23 Wine regions, regions producing quality wine psr and DOC regions

Wine regions	Regions producing quality wine psr			
Minho	Vinho Verde*			
Trás-os-Montes	Chaves	Valpaços	Planalto Mirandês	Porto e Douro*
Beiras	Távora-Varosa*	Lafões	Bairrada*	Dão*
Ribatejo	Beira Interior*			
	Ribatejo*			
Estremadura	Encostas de Aire*	Alcobaça	Lourinhã*	Óbidos*
	Alenquer*	Arruda*	Torres Vedras*	
	Bucelas*	Carcavelos*	Colares*	
Terras do Sado	Palmela*			
Alentejo	Alentejo*			
Algarve	Lagos*	Portimão*	Lagoa*	Tavira*
Others	Madeira*	Biscoitos	Pico	Gracios

Source: IVV – Instituto do Vinho e da Vinha.

*DOC Regions.

The result is that only the big players, which are able to produce a large number of cases yearly, end up being listed in the main supermarkets and hypermarkets. Certain categories of consumers do not fall into this general trend, at least for certain products, or during their holidays. The potential customers of short distribution channels (note that we are talking not about mass markets but about niche markets) are found among:

- local communities;
- emigrants originally from the area;
- tourists;
- urban consumers.

Each of the above types of clientele has its own specific buying habits, and so the forms of selling must comply with these.

The problem is even more pressing in regard to the export markets. Distribution is far more concentrated in most significant importing countries than in Portugal and consequently very few Portuguese wineries are able to position themselves as reliable suppliers. It was estimated¹⁴, based on fairly aggressive assumptions, that there are

¹³ Entre Douro e Minho/Beira Litoral; Trás-os-Montes/Beira Interior; Ribatejo e Oeste; Alentejo e Algarve; Açores.

¹⁴ *Driving Competitiveness in Portuguese Wine*, Monitor Group, 2003.

currently only 47 wineries big enough to sell their products outside Portugal to at least one market. 33 of those 47 wineries are cooperatives.

The largest companies use their multinational networks around the world to sell in the various markets. Some of the other largest companies have their own agents, sometimes through a joint venture with other companies operating in the alcoholic industry.

The smaller organizations usually work with several distributors and agents, and as a consequence cannot establish long relationships. They also have a difficult relationship with supermarkets, often being pressured, mainly in terms of price. As a consequence, they are now looking to wine specialists as a priority.

Main feature of wine consumption

The total market for alcoholic drinks in Portugal rose slightly in volume terms in 2002, after two years of decline. This was accompanied by growth in current value terms of 2.5%, to give overall sales worth EUR6.4 billion. Wine sales are worth more than any other alcoholic drink in Portugal, totalling a value of more than EUR3.7 billion in 2002, equivalent to 58% of overall value. Despite losing ground to beer, wine is still the preferred national drink, being a favourite at mealtimes and an integral part of the local culture.

Trends in wine consumption

Portugal used to have the highest wine per capita consumption of Europe (around 100 litres), which provided wineries with a large internal market for their products. This internal market has been the primary influence in the evolution and design of Portuguese wine products.

The high per capita consumption has fallen dramatically to 56 litres in 1989/90. After stabilizing between 1994 and 1997, the per capita consumption experienced a new decline - from 54 litres in 1996/97 to 44 litres in 2000/01 - due to a change in consumer habits (with an increase in the consumption of beer), a stronger drink-driving regulations and financial difficulties.

Table 24 Wine consumption

Year	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01
Wine consumption (in 1.000hl)	5559	6532	5636	5956	5818	5746	5684	5443	5055	5056	5054	4538
Wine consumption (litre/per capita)	56	66	57	60	58	57	56	54	50	50	49	44

Source: DG Agri – Eurostat.

Volume sales of wine are expected to experience some positive growth. One expected positive factor is the fact that Portugal is hosting the 2004 European football championship, which should provide a boost to tourism and thus volume sales. However, the internal market will probably not be able to provide the necessary growth and the cluster will have to open to outside world.

Main feature on consumer habits

Wine drinking and production in Portugal dates from before Roman times, and with this history, wine has become an important and distinctive aspect of Portuguese

culture. For a large number of consumers wine has always been seen as a commodity day-to-day product.

Traditionally, demand has not been sophisticated in Portugal and although the trend towards more sophisticated drinking is a positive one, the rate of growth is slow compared to that in other major wine markets, and the absolute volume is low.

The take-off of the economy has increased the sophistication of wine drinking but the upgrading of local demand appears to be slowing as the Portuguese economy slows.

3.3.7. UNITED KINGDOM

Traditionally the UK alcoholic drinks market was dominated by beer and spirits, however, the last quarter of a century has seen a substantial increase in the volume of wines drunk and the development of a domestic quality wine industry using grapes grown in England and Wales. (Previously, so called “British made wines” had been produced in the UK from imported dried grapes.) Annual domestic wine production in the UK is erratic, reflecting the unpredictable British climate.

Consumption

In the years 1992 to 2001, the proportion of UK household expenditure on alcoholic drinks spent on wine rose around one-fifth to nearly one-third. Table 25 compares the composition of UK wine consumption in those two years.

Table 25 Composition of UK Wine Consumption in 1992 and 2001

	1992		2001	
	Volume ^a	%	Volume ^a	%
Wines of Fresh Grapes	6803	88.6	10335	71.7
of which: Still	5361	69.9	9259	64.2
Sparkling	682	8.9	615	4.3
Fortified	397	5.2	293	2.0
Vermouth	363	4.7	168	1.2
Made Wine b	872	11.4	4076	28.3
of which: Still	431	5.6	344	2.4
Reduced Alcohol	433	5.6	3712	25.8
Sparkling	1	..	4	..
Fortified	7	0.1	16	0.1
TOTAL	7675	100	14411	100

Source: The Drink Pocket Book, (Various Editions), AC Nielsen.

a: volume figures are expressed in terms of thousand hectolitres at 40% ABV (alcohol by volume).

b: made from imported dried grapes.

Trends in wine consumption.

As can be seen from the table, a feature of the UK wine market has been the rapid growth of consumption of low-alcohol wines during the past decade.

Production and Trade in Wines

Although domestic wine production has been rising, it remains very small in comparison to consumption, the overall increase in which was overwhelmingly due to increased imports, which rose from around 7 million hectolitres in 1992 to 10.3 million in 2001, of which 0.1 million were of UK made wine. UK wine exports are around 0.3 million hectolitres per year.

The following figures on production, imports and exports and those contained in the tables are taken from Eurostat publications and cannot be compared with the other tables on account of difference in the definition and methodologies used in generating the data. UK domestic wine production is erratic due to the British climate and is currently around 13 hectolitres, of which only 2 hectolitres is quality wine, according to the Eurostat definition and the remaining 11 hectolitres is table wine. Total wine imports using these definitions, rose from 7 million hectolitres in 1992 to 10 million hectolitres by 2001, whilst wine exports after rising from 127 thousand hectolitres in 1992 to 540 thousand hectolitres in 1997 fell back somewhat to 308 thousand hectolitres in 2001.

4. Annex to chapter 3 (The Common Market Organisation for wine)

4.1. Basic principles and historical background of the old CMO

As a result of the Treaty of Rome in 1957, a common agricultural policy for the EC was developed as well as a customs union¹⁵. This meant an extreme change for wine market policies of the Member States, where the wine markets were usually highly protected¹⁶. The first legal texts laying down provisions for the progressive establishment of a wine market organisation were published in 1962. The first CMO for wine was established in 1970 and was progressively adapted up to 1987. It was substantially changed in 1999, when the two basic regulations were amalgamated into one.

Basic Principles

The aims of the wine regime are in line with those set out in article 39 of the Treaty of Rome. Under this basic regime, agricultural producers can be protected by means of stable prices, by measures aimed at maintaining a balance of the market, and by restrictions on imports from third countries.

The basic principles of the wine regime are similar, but not equal, to other agricultural market organisations:

Single market

Free circulation of goods between Member States

Harmonisation of technical, administrative, health and phytosanitary legislation

No quantitative import restrictions or other trade barriers

No customs duties or tariffs having equivalent effect between Member States

Uniform protection at the Community's external borders (uniform and common customs tariff)

Common rules of competition (i.e. no subsidies interfering with competition)

Stable exchange rates

Community preference

Priority is given to the sale of Community products

Financial solidarity

A common financial fund, the European Agricultural Guidance and Guarantee Fund (EAGGF) finances the CMO in wine. It works on a common basis irrespective of the product or the Member State concerned

Price arrangements

Before 1999, a system of common prices was set up to provide market support for wine producers. In contrast to the CMO for other agricultural products, it was only applied to a part of the market, namely the table wine category (quality wines are excluded). Guide prices, activating prices, representative prices were calculated

¹⁵ ABTEILUNG IX / E-5, S.43-45, 1988.

¹⁶ (ABTEILUNG IX / E-5, S.47f, 1988).

weekly and buying-in prices were fixed annually for the different types of wine. This system was abandoned in 1999.

Milestones 1962/1987

1962:

The first measures aimed at balancing the wine market were implemented. Vineyard registers, declaration of production and stocks, as well as a special regime for quality wines produced in specific regions (so-called quality wines psr) were set up.

1970:

After a long negotiation process, the CMO in wine was finally created in 1970, by two regulations confirming the dichotomy between table wines and quality wines:

- Regulation (EEC) N°816/70 on table wines: including a system of price arrangements, comparable to CMOs for other agricultural products
- Regulation (EEC) N° 817/70 on quality wines: special arrangement based on the hypothesis that quality promotes producer income better than quantity; long-term aim was to totally replace the table wine regulations with quality-oriented regulations, e.g. with regulations concerning the protection of origin.

1976 - 1980:

The serious difficulties of the first five years of the Common Wine Market¹⁷ in the EC led to the beginning of intensive structural policy for the viticultural sector (ABTEILUNG IX / E-5, 1988, p.63-67):

- Regulation (EEC) N°1163/76: prohibition of new plantings of vines for table wine production, premiums for conversion of vineyards to other agricultural products for at least six years
- Regulations (EEC) N°78/627 + N°79/359: programmes for restructuring and conversion in France
- Regulations (EEC) N°454/80 – 456/80, 458/80: new general regulations: premiums for temporary and permanent abandonment of viticultural areas, prohibition of new plantings of vines for table wine production, premiums for planting food grapes.
- Regulation (EEC) N°457/80: premiums for permanent abandonment of viticulture in France and Italy

In the same period an arsenal of different market policy instruments concerning storage and distillation of wine were implemented and used¹⁸. They could not, however, solve the problem¹⁹ of the repeated and then permanent excesses of wine production which led to a serious wine market policy crisis²⁰.

¹⁷ Escalation of the “First wine war”, 5th March 1976: A wine producer and a security guard (CRS) were killed during demonstrations in Montredon (Corbières, France).

¹⁸ MONTAIGNE 1998, p.178.

¹⁹ „Second wine war“ 1979-80: oppositions between Italian and French producers, establishment of import duties on Italian wines, the harbour of Sète (South of France) was blocked by producers.

²⁰ ABTEILUNG IX / E-5 1988, p.68-70.

1982:

Distillation was no longer treated as a special measure for exceptional use, but as an essential measure for market regulation and elimination of surpluses²¹. With the resulting continuation of large scale distillation, however, another problem became evident: the storage and stocks of alcohol and their related costs²², especially as there are also the quantities of alcohol resulting of by-product distillation.

1984:

The decrees of the Dublin summit concerning the EU wine sector were aimed at reducing the very high expenditures for policy measures, mainly through the following means²³ :

- aids for eliminating vineyard lands and limitation of planting rights
- restricted price policy
- possibility of replacing sucrose for alcohol enrichment with concentrated grape must or rectified concentrated grape must
- compulsory distillation in case of serious market imbalance with lower prices.

4.2. Short description of important rules of the new CMO not in focus of this evaluation

4.2.1. Organisation Rules in the new CMO

Information systems

Legal basis and short description

The legal basis for the CMO information systems is mostly covered in chapter IV²⁴ on information and general provisions in title II. It includes rules concerning:

- A defined inventory of production potential for every member state (article 16),
- The assessment of production, industrial use, consumption or other important factors for the market management by the Commission, eventually use of external assistance (article 17),
- Declarations about the wine quantities produced and in stock each year by the producer (article 18),
- Classification of vine varieties for wine production (article 19),
- Community vineyard register, following Regulation (EEC) N° 2392/86 (article 20).

In addition, there are some specific information obligations, e.g.

- If the crisis distillation is applied for three years in succession for a particular type of wine/area, the Commission has to present a report about the crisis to the European Parliament (article 30 (6)).

²¹ ABTEILUNG IX / E-5 1988, p.71.

²² DeHOOGH, KLEIN ESSINK & DUPUY (eds.) 1991, p.46.

²³ ABTEILUNG IX / E-5 1988, p.73-75.

²⁴ If not indicated otherwise, all chapters and Art.s cited here belong to the COUNCIL REGULATION (EC) N° 1493/1999.

- Member States have to report every year to the Commission whether the sectoral organisations have exercised their powers to regulate supply on first marketing (article 41 (3)).
- Other important specifications concerning information are given in title VII:
- Specifications are given concerning accompanying documents necessary (article 71).
- Member States have to inform the Commission about the authorities and laboratories for the control (article 72 (2)).
- Member States and the Commission have to communicate to each other the information necessary for implanting the regulation (article 73).

Explanation of function and expected impacts

The information systems are measures to aid evaluation of the development of the wine sector, the need for to implement policy measures and assess their efficiency. Expected impacts are good information that helps to choose the right policy and reduce expenditures.

4.2.2. Producer - and sectoral organisations

Legal basis and short description

The legal basis for producer organisations is given in chapter I, for sectoral organisations in chapter II of title IV.

- Producer organisations, their aims and their possibility to impose appropriate penalties on their members for infringement of obligations are described in article 39.
- Rights and duties of the Member States concerning recognition and control of producer organisations are indicated in article 40.

The article 41 concerning sectoral organisations includes three different aspects:

- Rules for the marketing to regulate supply on first marketing
- Member States have to report every year to the Commission, if they use the provision to regulate supply on first marketing
- Descriptions of measures which sectoral organisations carry out, taking account the interests of the consumer (article 41 (4)).

Explanation of the way of function and expected impacts

The definition of producer and sectoral organisations on the one hand and of the role of the Member States on the other hand indicates fields of work and responsibilities and may improve the development of the sector.

4.3. Detailed description of the instruments in focus of this evaluation

4.3.1. Planting rights, restructuring and conversion

Definitions

Grubbing-up means the complete elimination of all vines stocks on a plot planted with vines.

Planting means the definitive establishment of vine plants or parts of vine plants, whether or not grafted, with a view to producing grapes or to establishing a graft nursery.

Planting rights means the right to plant vines under a planting right, a replanting right, a planting right granted from a reserve or a newly created planting right in accordance with the conditions laid down respectively in articles 3, 4, 5 and 6.

Replanting rights means the right to plant vines for an area equivalent in terms of pure crops to that from which vines have been grubbed up or to be grubbed up in accordance with the conditions laid down in articles 4 and 5(8)

Before 1999

The legal basis is indicated in the Council Regulation (EC) n° 822/1987 of 16 March 1987 on the CMO in wine.

Prohibition of new plantings and limitation of replanting rights

The prohibition of new planting of vines is one of the oldest measure (1976) applied to balance the wine market. Introduced at the beginning for a two years period (article 6 (1)), it has been prolonged many times until August, 31st, 1998 (it has been prolonged until July, 31st, 2010 in the new CMO – See 2- The 1999 reform).

However, exemptions from the prohibition of planting could be granted under stringent controls and conditions (article 6 (2)):

Member States could grant exemptions for specific cases as cultivation of mother plantations or wine-growing experiments.

The European Council could authorise new plantings for the production of wines of which demand is not sufficiently supplied. For example, the Council allocated 10,000 new hectares between Member States during the marketing years 1996/97 and 1997/98.

Member States could also authorise new plantings within the frame of "development programmes" (social and structural policy). France also granted 9,218 new hectares during the period 1988-98.

The basic wine regime also contained stringent rules on replanting rights (article 7) and specific conditions were laid down by Member States. The replanting right could be exercised during an 8 years period on the same holding where the grubbing occurred, or may be transferred, in whole or in part, from a holding to another. However, in case of transfer, the replanting right could take place only on an area classified in the same category as, or in a higher category than, that where the grubbing was carried out.

The rules on prohibition of new planting and on replanting were applicable only in Member States where the total wine production is in excess of 25,000 hectolitres a year

(article 11(1)). These Member States had to submit surveys and communications annually before September 1st to the Commission (article 9(1)) that reported to the Council before December 1st each year on wine-growing potential and market balance (article 9(2)). On the basis of the report, the Council could adapt new measures to correct the market balance if necessary.

Abandonment and conversion premiums

Council regulation (CE) n° 1442/1988 of 24 May 1988 on the granting, for the 1988/89 to 1995/96 wine years, of permanent abandonment premiums in respect of wine- growing areas.

The second instrument applied to control the production potential was the encouragement to the permanent abandonment of areas planted with vines. The basic wine regime gave general rules regarding abandonment premiums which were payable to wine producers who applied such a measure. Premiums could vary depending on the yield, the type of cultivation and the vine varieties from 1.449 to 12.317 EUR/ha (article 2 (1)). Besides, producer having abandoned permanently an area might be discharged of the compulsory distillation of table wines, when the decrease of the production potential was at least 20%.

In 10 years, about 490,000 hectares have been grubbed-up. Whereas the average of the areas grubbed-up was over 50,000 hectares a year until 1995/96, grubbing-up was roughly insignificant since 1996/97 (about 2,000 ha).

This general drop in grubbing is the result of a modification amended by the Council in 1996. Whereas the premium regime for permanent abandonment of vine areas was in termination, the Commission proposed therefore a 2 years prolongation. The Council accepted it, but introduced a clause that enabled Member States to exclude a part or the totality of their areas. By this way, the decision of abandonment was not depending exclusively on the producer any more, and possibility to participate to the abandonment regime was limited by the national decisions.

The legislation provided also for specific rules for the granting of conversion premiums to try and redress the structural surplus of wine that had built up in the Community.

The 1999 reform

The legal basis are indicated in the Council Regulation (CE) n° 1493/99 of 17 May 1999 on the CMO in wine – Title II – Chapter I. Detailed rules for the application of Council Regulation (CE) n° 1493/1999 as regards production potential are given in Commission regulation (CE) n° 1227/2000 of 31 May 2000. It has been amended by the Commission regulation 1342/2002.

Prohibition of new plantings and limitation of replanting rights

The Council decided to retain the existing ban on new vineyard plantings until July, 31st, 2010 (article 2). However, Member States are authorised to distribute new planting rights (article 3), in the limit of a limited quantity of additional planting rights allocated - 68 000 ha, equivalent to 2% of the national areas under vines, 1.5% of which is divided up among the producer countries (article 6).

Another complementary measure is the possibility for Member States to introduce a national reserve or regional reserves of planting rights. The reserve contains the newly created planting rights mentioned above (article 5).

The newly created planting rights have been allocated as follows:

Table 26 Distribution of newly created planting rights allocated to Member States (in ha)

Austria	737
France	13 565
Germany	1 534
Greece	1 098
Italy	12 933
Luxembourg	18
Portugal	3 760
Spain	17 355
EU reserve	17 000
Total	68000

Source: Council Regulation (EC) N°1493/1999.

Replanting

Replanting is necessary to allow the renewal of the European vineyard. Replanting rights can be attributed in the following situations:

- the grubbing-up of an equal surface on the same holding (article 4(2))
- a transfer coming from another holding in a same Member State, under conditions determined by the Member State (article 4(4))
- replanting rights shall be used before the end of the 5th year after grubbing-up. However, a provision was included enabling Member States to extend the duration of replanting rights to up to 8 years (article 4(5))

The Commission aimed at reducing the duration of replanting rights from 8 years to 5 years, this in order to improve their mobility between the different wine areas. Many producers' organisations (especially in France) were in favour of maintaining the former system (8 years): a shorter period would not be sufficient to enable the sanitary fallow of soils. Indeed, producers might be obliged to have recourse to chemical disinfections in order to replant before the termination of the rights. Moreover, due to the high investments involved by replanting, some producers owning a huge number of rights might be unable to replant within 5 years.

- These rights can be used on predetermined surfaces and destinations. The Member States can order to replant on the grubbed-up areas.
- The provision regarding planting rights applies to Member States whose production is superior than 25 000hl only.
- In order to avoid income losses, the replanting rights can be attributed before the grubbing-up (anticipated planting) (article 4(2)).

Abandonment premiums (article 8 and article 9)

The Member States are responsible for the implementation of this measure (article 8 (2)). They determine:

- the regions and the surfaces concerned in order to guarantee the balance between production and ecology;
- the allocation of the premium to the wine-growers;
- the maximum amount of the premium / ha drawn up by the Regulation and proportion to the yield;
- the amount of the aid / ha for the surfaces superior to 25 acre;

The aid can be attributed to almost all surfaces, excepted surfaces that were attributed an aid for restructuring or converting (article 9 (d)), or surfaces where infractions were identified. Moreover, the grant of an abandonment premium hinders the grant of replanting premiums (article 8 (3)).

Restructuring and conversion (Chapter III)

A new regime aiming at restructuring the production has been set up. Its objective is to adapt the supply to the demand in both quantitative and qualitative ways. This regime concerns the following actions:

- converting vineyards toward other grapes varieties;
- relocating vineyards;
- improving the vineyards management techniques.

The measure does not concern replanting because of a normal end of the vineyard life cycle. Only regions in Member States that have compiled an inventory of the production potential may benefit from the system, and support may only be granted if a restructuring and conversion plan was drawn up and approved by the Member State.

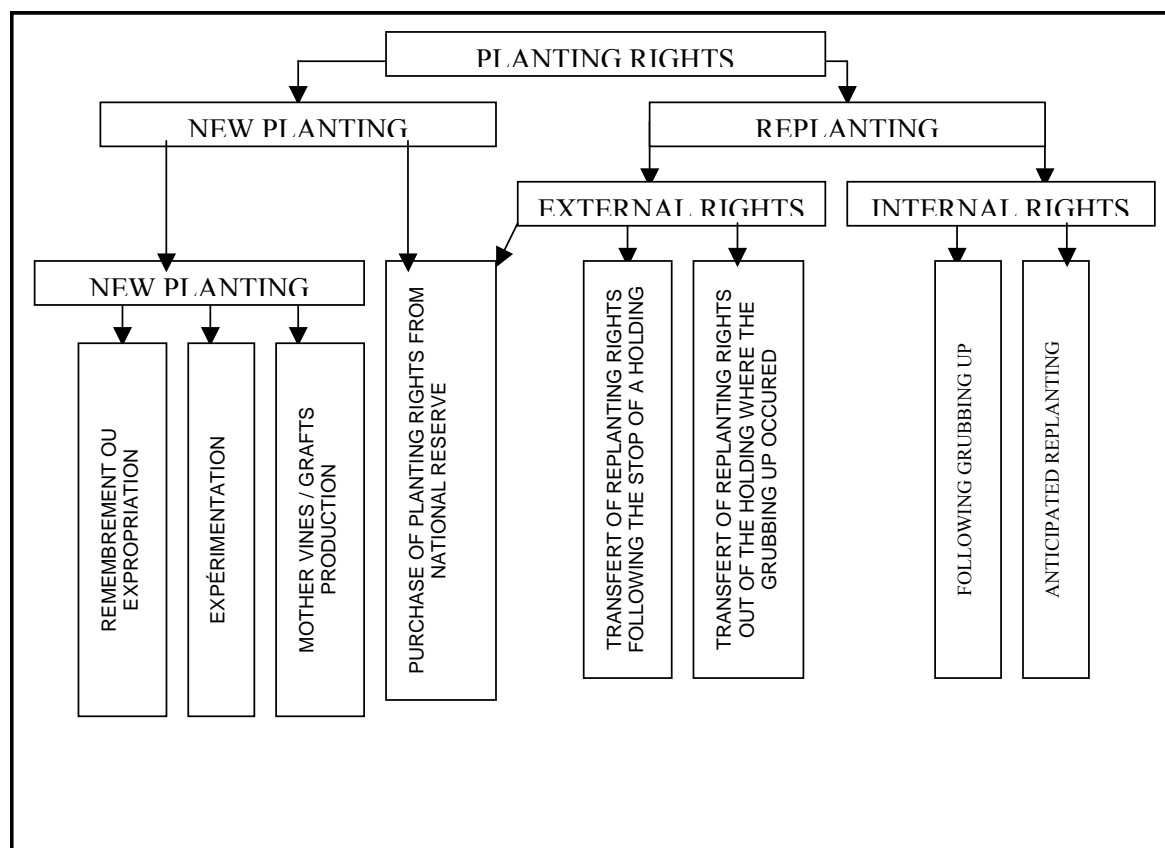
These plans concern the vineyards whose production does not meet the market any longer, but where a conversion of vineyards towards other grapes varieties, relocation of vineyards or improvement of management techniques can meet the new exigencies of the consumers.

The support is of two kinds:

- a contribution to the costs of restructuring and conversion (maximum 50% of costs and 75% in areas covered by the Objective 1 of the Structural Funds);
- compensation to producers for the loss of revenue.

Example: Implementation of the measure in France

Figure 1 Global Scheme



French vineyard area

Two kinds of planting rights must be distinguished:

(a) New planting rights independent from the National reserve

New planting rights can be granted in two cases:

- as a compensation of a remembrement measure or public utility expropriation;
- to parcels dedicated to experimentation. During the experimentation period, the grapes produced on the parcel can't be sold on the market. At the end of the experimentation period, the parcel has to be grubbed; unless the vine-grower uses a planting right allows him to grow this vine. The grubbing up of experimentation parcels doesn't imply any replanting right;- when the parcel is only dedicated to grafts production. The grubbing up doesn't imply any replanting right.

The new planting right must be used before the end of the second wine year following its granting, otherwise it is definitely lost.

The management of new planting rights is independent from the national reserves.

(b) Planting right from the national reserve

This measure mainly concerns young wine-growers. It must be used before the end of the second wine year following its granting/purchase. Otherwise, it is given back to the reserve.

Administrative aspects

Local syndicates play an important role in the granting of planting rights. They transfer the application forms to the competent organism (INAO for quality wine psr, ONIVINS for VDT and VDP). The syndicates can also identify orientation criteria for attributions, in order to favour young wine-growers or small holdings. Local criteria can complete those identified at the national level.

For the demand to be accepted, it must prove a positive economical situation and the existence of commercial outlets.

This attributing system already existed in the former CMO but for quality wine psr only. It now concerns quality wine psr, VDP and VDT.

Replanting rigths

Internal replanting

Internal replanting rights are linked to grubbing up which occurred on the same holding. It aims at keeping up the vineyard without implying any increasing of its area (practically it means that the replanted surface must be equivalent to the grubbed area). The right must be used within five years after its granting (eight years with derogation). After this period, the wine-grower loses his right, which is reintegrated in the national reserve.

This new measure allows avoiding the disparities of the former system: numerous wine-growers didn't transfer their rights.

Two aspects must be distinguished:

- the "traditional" replanting right, which follows grubbing up;
- the anticipated replanting right.

Anticipated replanting right: principle

When the wine-grower commits himself to grub an equivalent area of vine within the two years following new plantings, he can be granted an authorisation of anticipated replanting in order to produce "Vin de Pays" or quality wine psr.

Anticipated replanting right: administrative aspects

- In the frame of anticipated replanting rights or of replanting of quality wine psr, an authorisation is needed. A demand must be sent to the ONIVINS or the INAO, which will assess it. The wine-grower must give a guarantee of 2 200 €/ha.
- When the right is granted, all wine-growers must send a "*declaration d'intention de plantation*" the month before the beginning of planting.
- When the guarantee is validated by the ONIVINS, the authorisation of anticipated replanting is notified to the wine-grower. The new plantings must occur within two years following the authorisation, otherwise the new vines planted are considered as illegal and the obligation to uproot goes on.

External replanting

Replanting rights are considered "external" when they are not linked to any grubbing on the holding. It aims at increasing the area of a holding. It also allows young wine-grower to establish.

External replanting rights can be granted in the following cases:

- transfer of replanting rights following the closure of a holding;
- transfer of replanting rights out of the holding where the grubbing-up occurred;

- purchase of planting rights from the reserve.

Administrative aspects

In each case, an authorisation must be asked to the ONIVINS or to the INAO. The authorisation criteria depend on the vine variety (vine able to produce quality wine psr or VDT). If these organisms recognize that the “wine potentially produces on the new parcels matches a demand largely superior to the supply”, the planting authorisation with external rights can be granted.

National reserve

The creation of a national reserve represents the main evolution of the CMO concerning the control of production potential. The former system was based on a regional management of the planting rights. This division doesn't exist any longer, which means that rights from one region can be used by another one.

However, the ONIVINS, which is in charge of the management of the national reserve, wonders about the necessity to control the transfers between regions in order to avoid an unbalancing in the evolution of the different producing regions.

Principle

The creation of the national reserve mainly aims at improving the management of the wine potential, and to enhance the efficiency of the use of planting rights.

The French planting right reserve is managed at the national level. It is fed by:

1. rights created and granted by the EU;
2. out-of-date planting or replanting rights;
3. rights bough from vine-growers.

The national reserve is responsible for the attribution of planting rights in the respect of the community rules. However, the monopole that had originally been decided was cancelled by the Competition Council in 2000. Since 2002, planting rights owners can sell their rights directly to owners of planting authorisations.

Administrative aspects

Any purchase of plantation right from the national reserve implies to contact the ONIVINS.

The purchase of planting rights is based on match funding. The amount of the match funding is decided annually by an *arrêté interministeriel*, depending on the market conditions and to the aim of the management of the production potential (1 750 € / ha for the wine year 2002/2003). Planting rights are free for young wine-growers (less than 40 years old).

Premiums for permanent abandonment

Within the former CMO, this system was implemented in order to encourage the disappearance of wine production in regions whose production did not match the demand. Within the new CMO, premiums for permanent abandonment still exist but are now limited to the regions which face sustainable and strong structural surpluses.

Principle:

Premium is awarded when the vine-grower decides to grub his vines definitely, i.e. if he renounces to his replanting rights. When this premium is granted, the wine-grower can not ask for any replanting rights.

An official document gives the details of the regions which can benefit these premiums for each wine year.

4.3.2. Distillation

Before 1999

Compulsory distillation

Distillation of by-products

Legal basis and short description

The legal basis for the distillation of by-products was given by article 35 of regulation (CEE) N° 822/87 and the application regulation (CEE) N° 3105/88.

- All by-products of wine production - grape marc and wine lees – were obliged to be distilled. They had to be at least equal to 10% of the volume of alcohol produced by a winery, if the wine resulted from direct fermentation of grapes and at least equal to 5%, if the wine resulted from must fermented or not fermented. If the alcohol did not reach these values, the producer had to deliver additional equivalent quantities of wine.
- The buying-in price for this type of distillation was equal to 26% of the orientation price of the wine year since 1990/91.
- The distiller could benefit from an aid, if the resulting product reached a minimum alcohol content of 52%vol. He could deliver the resulting product to the intervention agency, if the resulting product reached a minimum alcohol content of 92%vol.
- Producers of the wine-growing zone A, wine-growing zone B in Germany and of Austria are exempt from the distillation obligation, however, they have to withdraw the by-products under control.

Explanation of function and impacts

The distillation of by-products aimed to advance the standard of the product quality by withdrawing the by-products from the wine production and by avoiding over pressing of grapes. Additionally it contributed to settle the wine quantity on the market.

Distillation of wines from dual purpose grapes

Legal basis and short description

The legal basis for the distillation of by-products was given by article 36 of regulation (CEE) N° 822/87 and the application regulation (CEE) N° 3105/88.

- Any wine which is produced from dual purpose grapes in excess to allowable quantities and which is not exported during the wine year concerned had to be distilled.

- Any wine which is produced from grape varieties not classified as grapes for wine production and which is not exported during the wine year concerned had to be distilled.
- The buying-in price for this type of distillation was equal to 35% of the orientation price of the wine year since 1990/91.
- The distiller could benefit from an aid, if the resulting product reached a minimum alcohol content of 52%vol. He could deliver the resulting product to the intervention agency, if the resulting product reached a minimum alcohol content of 92%vol.

Explanation of function and impacts

- This distillation measure aimed to advance the standard of the product quality by avoiding wine production of grapes not classified as grapes for wine production and/or by working against excessive yields of dual purpose grapes.

Obligatory distillation of table wine

Legal basis and short description

The legal basis for this distillation measure in the EU was given by article 39 of regulation (CEE) N° 822/87 and the application regulation (CEE) N° 441/88.

- Application in cases of serious crisis, defined by:
 - availabilities recorded at the start of the wine year exceeding the level of normal utilization by more than four month's supply;
 - production exceeding the level of normal utilization by more than 9%;
 - weighted averages of representative prices for all types of table wine remain below 82% of the guide price from the beginning of a wine year for a period to be determined.
- The measure was obligatory for all table wine producers. The percentage of table wine to be distilled had to be obtained from a progressive scale based on the yield per hectare, could vary between regions and could be nil for producers whose yields per hectare were less than a level which had to be determined. The quantity delivered to the obligatory distillation could be reduced by quantities already delivered for preventive distillation.
- For distillation quantities smaller than 10% of normal use, the buying-in price for this type of distillation was equal to 50% of the orientation price of the wine year since 1988/89. For distillation quantities bigger than 10% of normal use, the buying-in price for this type of distillation was equal to 30% of the orientation price of the wine year in 1988/89 and 1989/90, and equal to 7,5% of the orientation price of the wine year since 1990/91.
- The distiller could benefit from an aid, if the resulting product reached a minimum alcohol content of 52%vol. He could deliver the resulting product to the intervention agency, if the resulting product reached a minimum alcohol content of 92%vol.

Explanation of function and impacts

This distillation measure aimed to reduce a surplus at the wine market supply.

The distillation measure reduced the quantity of wine available in Europe, but led to an increasing supply of high percentage alcohol. The given aids and buying-in prices supported producers' and distillers' incomes.

Voluntary distillation

Preventive distillation

Legal basis and short description

The legal basis for the preventive distillation measure in the EU was given by article 38 of regulation (CEE) N° 822/87 and the application regulation (CEE) N° 2721/88.

- Voluntary application on table wine at the start of the wine year, in regard to harvest forecasts. The quantities distilled per producer were limited (e.g. in 1988/89: max.13 hl/ha of the table production in general, max. 26% of the table wine production in Spain, because of the low yields in Spain).
- The buying-in price for this type of distillation was equal to 65% of the orientation price of the wine year.
- The distiller could benefit from an aid, if the resulting product reached a minimum alcohol content of 52%vol.

Explanation of function and impacts

This distillation measure aimed to reduce a surplus at the wine market supply at the start of the wine year.

The distillation measure reduced the quantity of wine available in Europe, but led to an increasing supply of high percentage alcohol. The given aids and buying-in prices supported producers' and distillers' incomes.

Support distillation

Legal basis and short description

The legal basis for the support distillation measure in the EU was given by article 41 of regulation (CEE) N° 822/87 and the application regulation (CEE) N° 2721/88.

- Voluntary application on table wine, initiated automatically in a wine year with obligatory distillation in force, eventually initiated in other wine years, if the situation on the table wine market required it. The quantities distilled were limited to usually max. 6, 2 million hl in the EU. The application could be restricted to producers who had delivered for preventive distillation.
- The buying-in price for this type of distillation was equal to 82% of the orientation price of the wine year.
- The distiller could benefit from an aid, if the resulting product reached a minimum alcohol content of 52%vol.

Explanation of function and impacts

This distillation measure aimed to reduce a surplus at the wine market supply and to support the price level on the table wine market.

The distillation measure reduced the quantity of wine available in Europe, but led to an increasing supply of high percentage alcohol. The given aids and buying-in prices supported producers' and distillers' incomes.

Supplementary distillation

Legal basis and short description

The legal basis for the support distillation measure in the EU was given by article 42 of regulation (CEE) N° 822/87 and the application regulation (CEE) N° 2721/88. The measure has been abandoned since 1990/91.

- Voluntary application only on table wine which has been stored under the long-term storage contract measure, if the situation on the market after the storage period is not satisfying the producer with better prices. To secure a “good end”, a guarantee was given for a taking over of that wine to distillation in case of worse prices on the table wine market after the storage period.
- The buying-in price for this type of distillation was equal to 90% of the orientation price of the wine year for white wines and equal to 91, 5% for red wines.
- The distiller could benefit from an aid, if the resulting product reached a minimum alcohol content of 52%vol.

Explanation of function and impacts

This distillation measure aimed to guarantee a satisfying price level for the participants of the long-term storage measure.

The distillation measure reduced the quantity of wine available in Europe, but led to an increasing supply of high percentage alcohol. The given aids and buying-in prices supported producers' and distillers' incomes.

The reform of 1999

Obligatory distillation

Distillation of by-products

Legal basis and short description

The legal basis for distillation measures in the EU is given in chapter II of title III, article 27 of regulation (EC) N°1493/1999.

- All by-products of wine production - grape marc and wine lees – are obliged to be distilled (article 27 (3, 7)). They must be at least equal to 10% of the volume of alcohol produced by a winery. If not the producer has to deliver additional equivalent quantities of wine (article 27 (4)).
- The buying-in price for this type of distillation is 0,995 € per %vol/hl (article 27 (9)). The price paid by the distiller may not be lower than the buying-in price (article 27 (10)).
- The distiller may receive aids if the product obtained by distillation has at least 52% vol. of alcohol, or he can deliver the product obtained if it has an alcoholic strength of at least 92% vol. (article 27 (11)).
- In all Member States the delivery obligation may be replaced by delivery to a vinegar manufacturer (article 27 (5)).

- Producers of the wine-growing zone A, wine-growing zone B in Germany and of Austria are exempt from the distillation obligation, however, they have to withdraw the by-products under control (article 27 (7)).
- The distiller can deliver the product obtained from obligatory distillation measures to the intervention agency (article 27 (11)).

Explanation of function and expected impacts

The distillation of by-products aims to advance the standard of the product quality by withdrawing the by-products from the wine production and by avoiding over pressing of grapes. Additionally it may contribute to settle the wine quantity on the market.

Distillation of wines from dual purpose grapes

Legal basis and short description

The legal basis for this distillation measure in the EU is given in chapter II of title III, article 28 of regulation (EC) N°1493/1999.

- Any wine which is produced in excess to allowable quantities and which is not exported during the wine year concerned shall be distilled (article 28 (1)).
- The buying-in price for this type of distillation in the average of the wine year concerned is 1, 34 € per %vol. /hl (article 28 (3)). The price paid by the distiller may not be lower than the buying-in price (article 28 (4)).
- The distiller may receive aids if the product obtained by distillation has at least 52% vol. of alcohol, or he can deliver the product obtained if it has an alcoholic strength of at least 92% vol. (article 28(5)).
- The distiller can deliver the product obtained from obligatory distillation measures to the intervention agency (article 28 (5))

Explanation of function and impacts

- This distillation measures aims to advance the standard of the product quality by avoiding wine production of grapes not classified as grapes for wine production and/or by working against excessive yields of dual purpose grapes.

Voluntary distillation

Distillation for potable alcohol

Legal basis and short description

The legal basis for this distillation measure in the EU is given in chapter II of title III, article 29 of regulation (EC) N°1493/1999.

- Application only for table wine or wines suitable for yielding table wines in order to support the wine market and to continue supplying wine distilled wine to parts of the sector, where the use of distilled wine is traditional (article 29(1)).
- The buying-in price for this type of distillation is on the average of the wine year concerned at least 2,488 € per %vol/hl (article 29 (4)).
- A primary aid is given related to wine prices and quantities (article 29 (5)); a secondary aid is paid to cover reasonable storage costs of the resulting product.
- The distiller is not allowed to deliver alcohol from the distillation measure of article 29 to the intervention agency.

Explanation of function and expected impacts

This distillation measure aims to support the table wine market by reducing the wine quantity and, as a consequence, to facilitate the availability of wine distillate for the traditional disposal channels.

Whether this measure may result in increasing wine prices depends on the situation of the world wine market. The given aids and buying-in prices may enhance producers' incomes.

Crisis distillation

Legal basis and short description

The legal basis for this distillation measure in the EU is given in chapter II of title III, article 30 of regulation (EC) N°1493/1999.

- Application in case of exceptional market disturbance caused by serious surpluses and/or quality problems (article 30 (1)).
- The measure is voluntary on the part of producers (article 30 (3)).
- The measure may be limited to certain wine categories or production areas, the application on quality wine needs the request of the Member State concerned (article 30(4)).
- The distiller is obliged to deliver alcohol obtained by crisis distillation of article 30 to the intervention agency.
- If this measure is used for three years in succession for a particular type of wine/area, the Commission has to draw up a report about the crisis for the European Parliament (article 30 (6)).

Explanation of function and expected impacts

This measure aims to reduce a surplus at the wine market supply.

This distillation measure reduces the quantity of wine produced in Europe, but leads to an increasing supply of high percentage alcohol. Whether this measure may result in increasing wine prices depends on the situation of the world wine market.

The given aids and buying-in prices may enhance producers' and distillers' incomes.

General rules concerning distillation

Prices and supports for distillation measures

- The buying-in price is reduced, if there has been an alcohol enrichment by sucrose or must, except for the distillation of by-products (article 32).

Explanation of function and expected impacts

This measure aims to avoid that the alcohol resulting of enrichment is granted.

Alcohol disposal

- The alcohol at the intervention agency has to be disposed by public auction or by a tendering process (article 31 (1)).

- Usually, it may not be disposed of in a sector of alcohol destined for comestible use (article 31 (1)), exceptions may be granted if the alcohol supply is not guaranteed in regions where the use of wine alcohol is compulsory (article 31 (2)).

Explanation of function and expected impacts

This rules concerning the disposal of the resulting alcohol from the intervention measures aim to reduce the costs related to the measures and to avoid disturbances at the wine distillate market supply.

Example for implementation of distillation measures in the Member States:

Distillations in cases of serious crises

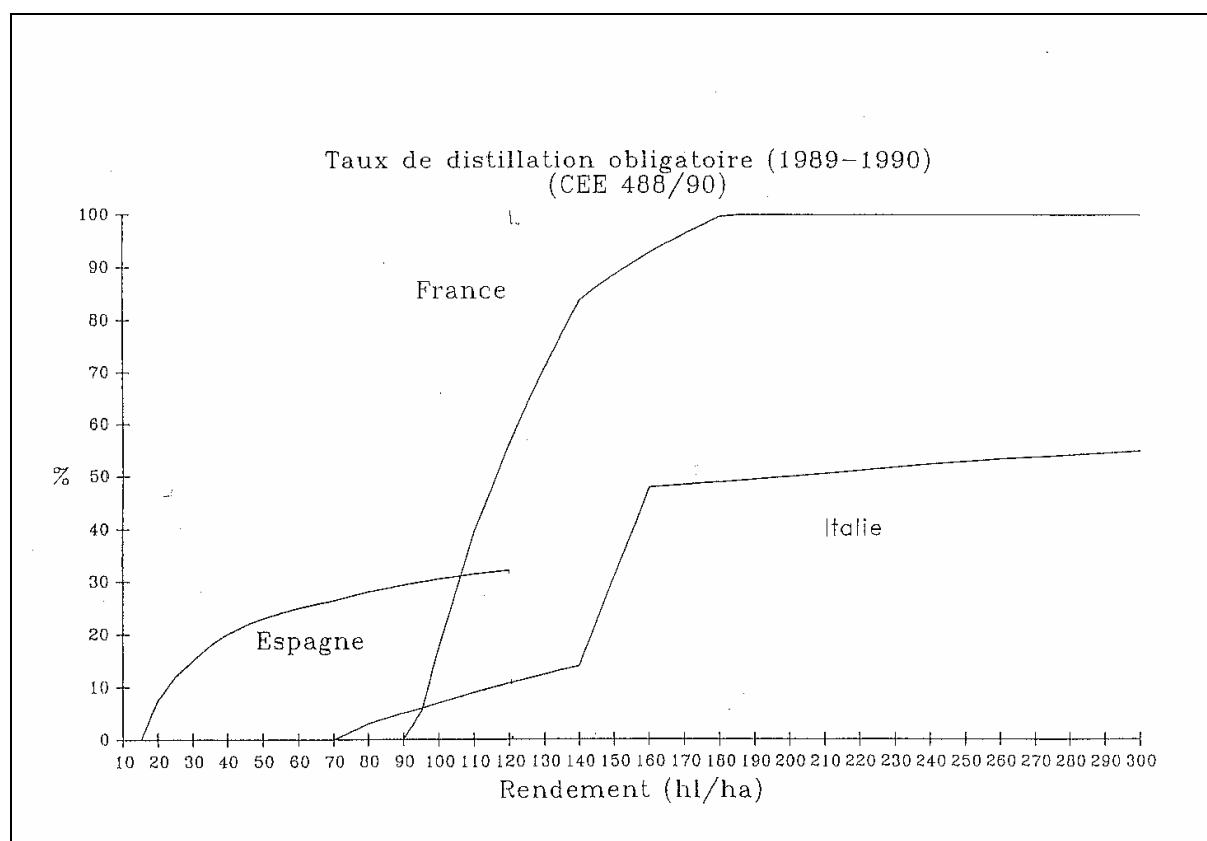
Distillations initiated in cases of serious crisis were implemented differently in the Member States as well before as after the reform of the CMO.

Before the reform: Obligatory distillation of table wine

Obligatory distillations initiated in case of serious crisis followed in general the same rules in different Member States. However, there were some possibilities for different interpretation of the rules in the Member States (see graph below). In France table wine producer with yields per hectare above 90 hl/ha had to distil an increasing amount of their yield up to 100% for production above 180 hl/ha. This rule led to very significant changes in the sector, many wine producers bankrupted and/or abandoned the wine production. In Italy, no more than 55% of the yield had to be distilled and in Spain no more than 30%. Consequently the changes here were not that abrupt than in France.

After the reform: Crisis distillation

The EU-buying-in prices for crisis distillation did not force the producer to use that voluntary measure in all Member States in the quantities previewed. Therefore additional national aids were given in some Member States to enhance the producer prices for wine going to crisis distillation (see table 27). This additional aid motivated more wine producer to put their wines to distillation. Exact figures about quantities cannot be given, as statistics are still provisional.

Graph 16 Obligatory distillation quota for different yields per hectare in Italy, France and Spain

Source: MONTAIGNE (2000, p.178).

Table 27 National aids for crisis distillation

	2000/2001			2001/2002		
	EU-price	National aid	Effective producer price	EU-price	National aid	Effective producer price
	€ per %vol./hl					
Germany	2,105	-	2,105	-	-	-
Greece	-	-	-	-	-	-
Spain	1,723	-	1,723	-	-	-
France	1,914	1,745	3,659	1,914	0,830	2,744
	1,914	1,136	3,050	-	-	-
Italy	1,914	1,239	3,153	1,914	0,206	2,120
	1,914	-	1,914	-	-	-
Portugal	1,914	0,574	2,488	2,300	-	2,300
	-	-	-	1,914	-	1,914

Source: EC,DG AGRI IV.

4.3.3. Private storage

1. General scheme

The general scheme concerning the main regulations on aid for private storage of table wine, grape must, concentrated grape must and rectified concentrated grape must is shown in the table 28.

Table 28 Legislation on aid for private storage

Main Regulations on private storage	Main features	Main provisions for private storage contracts	Main changes(for private storage contracts) in respect to previous Regulation
Before 1999 Reform			
COMMISSION REGULATION (EEC) n. 1059/83	Regulation on storage contracts for table wine, grape must, and concentrated grape must and rectified concentrated grape must.	Sets the regulations on private storage aid for table wine, grape must, concentrated grape must and rectified concentrated grape must, redrafting the previous Regulation 3150/82 and incorporating some amendments	
COUNCIL REGULATION (EEC) n. 822/87	Regulation on the common organisation of the market in wine.	Two types of contracts: Long-term storage contract Re-storage contract	
After 1999 Reform			
COUNCIL REGULATION (EC) n. 1493/99	Regulation on the common organisation of the market in wine.	One type of contract: Long-term storage contract	Only one type of contract instead of two; flexible duration of contracts; easier to terminate the contracts; more restrictive characteristics for the quality of the wine
COMMISSION REGULATION (EC) n. 1623/2000	Laying down detailed rules for the implementation of Regulation 1493/99.	Contains the specific provisions for the application of Regulation 1493/99	No changes, integration
COMMISSION REGULATION (EC) n. 625/2003	Amending Regulation (EC)No 1623/2000	Contains provisions partly modifying the implementation of Regulation 1493/99	Changes in particular on the procedure for the payment of the aids and other specific applications on oenological practices and producer's declarations to conclude contracts.

2. Before 1999

The application of aid for the storage contracts of table wine, grape must, concentrated grape must and rectified concentrated grape must has been introduced in 1970 (Résolution du Conseil du 6 février 1970 Concernant l'organisation commune du

marché dans le secteur du vin) and it has been revised several times through different Regulations.

The aim of the application of aid for storage of products indicated above is that of maintaining market balance and sustain market price, supporting producers to take surplus wine off the market.

The main Regulations applied to the aid for private storage before the 1999 reform are:

Commission Regulation (EEC) n 1059/83 of 29 April 1983 on storage contracts for table wine, grape must, concentrated grape must and rectified concentrated grape must.

Council Regulation (EEC) n. 822/87 of 16 March 1987 on the Common Organisation of the market in wine.

Both the Regulations have been amended several times.

Regulation 822/87 set two types of aid for storage contracts:

aid for long-term storage contracts

aid for re-storage contracts.

(The second one has been subsequently abolished by the Regulation (EC) 1493/99).

Aid for long-term storage contracts

According to Regulation 822/87, the intervention agencies of Member States conclude storage contracts with producers who apply. Contracts had to be concluded for significant quantities of table wine, grape must concentrated grape must and rectified concentrated grape must.

The conclusion of storage contracts was subject to conditions related in particular with the quality of the wine.

Long-term private storage contracts were concluded when, for a wine year, the quantities of table wine available at the beginning of that year exceeded, by more than four month's supply, the normal utilization for that year.

Harvest and stock declarations were made in each Member State no later than 31 December of each year.

Long-term storage contracts were concluded by intervention agencies of Member States between 16 December and 15 February of the following year.

The conclusion of contracts was subject to conditions relating to the quality of product in question.

The rules on the application of private storage contracts concerning the quality of wine and other decisions were applied according to the procedure laid down in article 83 of the Regulation 822/87, which foresaw that the Commission, working together with the Committee decided when, and for which table wines, private storage contracts should be allowed and decided the detailed rules for the application of the contracts.

According to article 32(5) of Regulation 822/87, the Commission had also to decide to discontinue the conclusions of long term storage contracts for table wine, grape must, concentrated grape must and rectified concentrated grape must, when, even before 15 February, the market situation, and in particular the rates at which contracts were concluded, justified it. This article has been amended by R1734/1991.

According to article 32(3) of Regulation 822/87, the duration of long-term storage contracts differed between table wine and grape must, concentrated grape must and rectified concentrated grape must:

- for table wine long term storage contracts had to be concluded for nine months;
- for grape must, concentrated grape must and rectified concentrated grape must contracts were concluded in any case for a period which ended on 15 September following their conclusion. In this case, the duration of contracts depended on when they were concluded.

This article has been subsequently amended by following regulations (the last amendment was done by R1544/1995).

In accordance with article. 83 of Regulation 822/87 the Commission could decide that:

- long-term storage contracts for table wine could be concluded only for table wines to be determined;
- during the period of validity of the contract the grape must covered by a long-term storage contract could be processed, wholly or in part, into concentrated grape must or rectified concentrated grape must;
- grape must and concentrated grape must which were intended for the manufacture of grape juice could not be subject to long-term storage contracts.

For table wines contracts could contain provisions for the cessation of the payments of the aids and for the producer's corresponding obligations. This condition could be applied if for two consecutive weeks the representative price for the type of table wine concerned was equal or above the guide price for that type of table wine.

The aid for private storage of table wine, grape must, concentrated grape must and rectified concentrated grape must covered technical storage costs and interest charges which were fixed at a standard rate. For concentrated grape must the amount of aid paid were adjusted by a coefficient corresponding to the degree of concentration.

Re-storage aid

Regulation (EEC) 822/87 provided also the possible application of an aid for the re-storage of table wines which were under long-term storage contracts.

The re-storage aid could be granted where the estimated level of stock at the end of the marketing year together with the prospects of the following harvest indicated that possible difficulties may arise in storing the harvest.

The conditions for the application of the aid were established under the rule of Article. 83 of the Regulation 822/87.

The reform of 1999

Concerning private storage aid many changes have occurred since the application of the Council Regulation 1493/99 and the Commission Regulation 1623/00.

Only one system of aid storage (long-term storage contracts) has been maintained instead of the two previously provided. With respect to the Regulation 822/87, the possible termination of the contracts can be applied at a short notice (no more condition of the representative price up to the guide price for two weeks).

Private storage aid

The new provisions on the grant of long-term storage contracts are contained in the Council Regulation 1493/99 on the common organization of the market in wine and the Commission Regulation 1623/2000 laying down detailed rules for the

implementation of Regulation 1493/99, which has been modified in some parts by Commission Regulation 625/2003.

The aid for private storage is granted for the private storage of table wine, grape must, concentrated grape must and rectified concentrated grape must.

For table wines long term storage contracts are concluded only for specific types of table wines (which are defined by the Commission following the procedure laid down in Art. 75 of the Regulation 1497/99).

During the duration of the contract, grape must can be processed, wholly or in part, into concentrated grape must and rectified concentrated grape must (see article 34(6), (7), (8) Regulation 1623/00).

Grape musts intended for the manufacture of grape juice cannot be the subject of long-term storage contracts.

The amount of the aid covers technical storage costs and interest charges, both of which are fixed at a standard rate.

The aid is payable at the following standard rates per hectolitre:

- a) EUR 0.01837 for grape must;
- b) EUR 0.06152 for concentrated grape must;
- c) EUR 0.06152 for rectified concentrate grape must;
- d) EUR 0.01544 for table wines.

For concentrated grape musts, the amount is adjusted by a coefficient corresponding to the degree of concentration.

Conclusion of contracts

Contracts are concluded by intervention agencies only with producers²⁵. The intervention agency of a Member State can conclude contracts only for products that are stored on the territory of that Member State.

Producers' organizations which are recognised by article 39 of regulation 1493/99 shall be treated as producer for the quantity obtained by their members. Individual members in this case fulfil specific requirements established by the regulation in order to conclude storage contracts.

Producers can conclude private storage contracts only for the following products:

- a) products produced by them, or,
- b) produced under their responsibility and which they own, or
- c) in the case of producer organization, produced on the responsibility of their members.

Characteristics of products eligible for aid

The conclusion of contracts is subject to the conditions relating in particular to the quality of the products in question.

The products eligible for private storage contracts must satisfy the following characteristics:- grape musts must have been obtained from varieties classified as wine grape which shall belong to the species *Vitis vinifera* or come from a cross between this species and other species of the genus *Vitis* (as it is provided in article 19 of the regulation 1493/99) and may not have a natural alcoholic strength by volume lower

²⁵ Producers are identified as the natural or legal persons or group of persons that carries out any of the following procedures: processing of fresh grapes into must; processing of grape must into concentrated grape must; processing of fresh grape, grape must or grape must in fermentation into table wine.

than the minimum natural alcoholic strength lay down for the wine-growing zone in which they originate;

- table wines:

- a) the table wines for which the contract is concluded must comply with the minimum quality required which are fixed in the Annex II of Regulation 1623/00, concerning the alcoholic strength, the volatile acidity and the sulphur dioxide content of the table wine in question;
- b) the reducing sugar content must be not greater of two grams per litre; in the case of table wines from Portugal it must be not greater than four grams per litre;
- c) must display a satisfactory 24-hour exposure to air;

- the radioactivity level of table wine, grape must, concentrated grape must and rectified concentrated grape must may not exceed the levels permitted under Community rules.

The level of radioactivity should anyway be monitored only if it is required by the situation and only during the period necessary.

Quantities of product under storage contracts

Producers may conclude storage contracts for a quantity of products that does not exceed the quantity stated in the production declaration for the wine year concerned (in accordance with article 18(1) of Regulation (EC) No 1493/99), plus the quantity they obtained after the date of submission and record (in the registers referred to in article 70 of Regulation 1493/99) of the declaration.

The minimum quantity of table wine covered by the contract is 50hl for grape must, 30hl and 10hl for concentrated grape must and rectified concentrated grape must.

In order to conclude private storage contracts producers must provide the following information for each container in which the product is stored:

- details for the identification of the product;
- analysis data on:
 - a) colour;
 - b) sulphur dioxide content;
 - c) the absence of hybrids;

For the characteristics of table wine, grape must concentrated grape must and rectified concentrated grape must see (article 29 Regulation 1623/00 and the modification to article 29(1) by Regulation 625/2003)

The Member States may limit the number of contracts that a producer can sign each year.

For table wine contracts are not concluded before the date of the first ranking of the wine concerned.

When producers submit to intervention agency their application for the conclusion of private storage contracts they have to inform the agency of the total quantity of table wine produced during the current wine year.

Contracts contain the indication of basic information on the products for which they intend to require (type of product, place of storage, first day of storage period, amount of aid ...) the aid and information on their company (name and address) and on the intervention agency (name and address)²⁶.

²⁶ Specific provisions are indicated in Art. 29 of Regulation 1623/00.

Implementing rules relating the contracts

Through the storage period the products under storage contracts have to maintain definite characteristics related to their preservation and quality (products must remain in bulk, and containers which have less than 50 litres capacity...) in accordance with article 34(1) of Regulation 1623/00 and the replacement of article 34(2) by Regulation 625/2003.

Products under contract cannot be marketed until the expiry of the private storage contract. Anyway, while contract is still valid, producers can undertake to send table wine for distillation when the contract expires.

If the products under storage undergo any change during the period of storage the producers have to inform the intervention agency.

In case producers intend to transport the products under storage contracts into a different store they must inform the intervention agency which is responsible of authorizing the transport.

If the products under contract cease to satisfy the characteristic they must have, the producers inform the intervention agency that will terminate the contract for the quantity of product interested.

If a check of the intervention agency finds that part of the products under storage undergo changes in their requirements, the intervention agency can terminate the contract for that quantity of product.

The aid is not paid if the producers fail to fulfil with the obligation above indicated concerning the quality and conservation of the products and if they refuse to submit to checks.

If the producers fail to fulfil with one of their obligations different from the ones above indicated the aid will be reduced by an amount which is determined by the competent authority and which depends on the seriousness of the infringement.

Duration of contracts

Long term storage contracts are concluded between 16 December and 15 February of the following year.

The first day of the storage period corresponds to the day following the conclusion of the contracts and may not be later than 16 of February.

The duration of contracts for the products concerned is the following:

For table wine long term storage contracts shall be concluded for a period which ends at the earliest on 1 September, and at the latest on 30 November following the date of their conclusion;

For grape must, concentrated grape must and rectified concentrated grape must long-term storage contracts shall be concluded at the earliest on 1 august and at the latest on 30 November of the year following the date of conclusion.

Producers send to the intervention agency a statement in which they specify the last day of validity of the contract. Member States lay down the requirements for the presentation of the statements from producers.

In case producers do not present any statement the expiry date for the long term storage contract will be 30 November.

Payment of the aids

The payment of the aid is made no later than three months after the expiry date of the contracts.

Storage contracts for table wine may contain provisions for the termination of the payments of the aid and of producer's corresponding obligations for all or part of the quantities stored if the market price for the type of table wine concerned rise above a level to be fixed.

Request for advance

Producers who have concluded long-term storage contracts may request that an amount equivalent to the aid that is calculated when contract is concluded is paid to them in advance under the condition that they have lodged in favour of the intervention agency a security for 120% of the said amount.

The amount of the advance is calculated on the basis of the amount of the aid for the product in question. Security shall be released once the aid has been paid.

The advance will be paid no later than three months after the date of submission of the proof that security has been lodged.

Those producers who have not applied for an advance can sell the grape must or concentrated grape must for exportation or manufacture of the grape juice from the first day of the fifth month of storage. In case producers decide to sell products above indicated they have to inform the intervention agencies which will have to ensure that products are used for the purpose stated.

Termination of contracts

Those producers who have not applied for an advance may also terminate storage contracts under their request. The possibility to terminate contracts is bounded to the authorisation of the commission which is provided in the light of market trends, information on stocks and harvest forecasts on 1 June.

The commission may decide to reduce the quantity covered by the private storage contracts. In this case producers may unilaterally terminate contracts, wholly or in part, in the month following the publication of the decision.

Under the initiative of the representative of a member state or the direct initiative of the Chairman of the EU wine Management, the Commission can decide that the private storage aid is not applied if it is evident from the market situation that the aid scheme is not required.

Under the same procedure it can also be decided that the conclusion of long term storage contracts can be suspended at any time if it is justified by the market situation, in particular by the rate at which contracts have already been concluded.

A table wine which has be subject of storage contract can not be subsequently recognised as a quality wine psr or used in making quality wine psr, a quality liquor wine psr or a quality semi-sparkling wine psr.

Notifications to the commission

No later than 31 December of the wine year following that of the conclusion of the contracts the Member States communicate to the Commission the quantities of grape

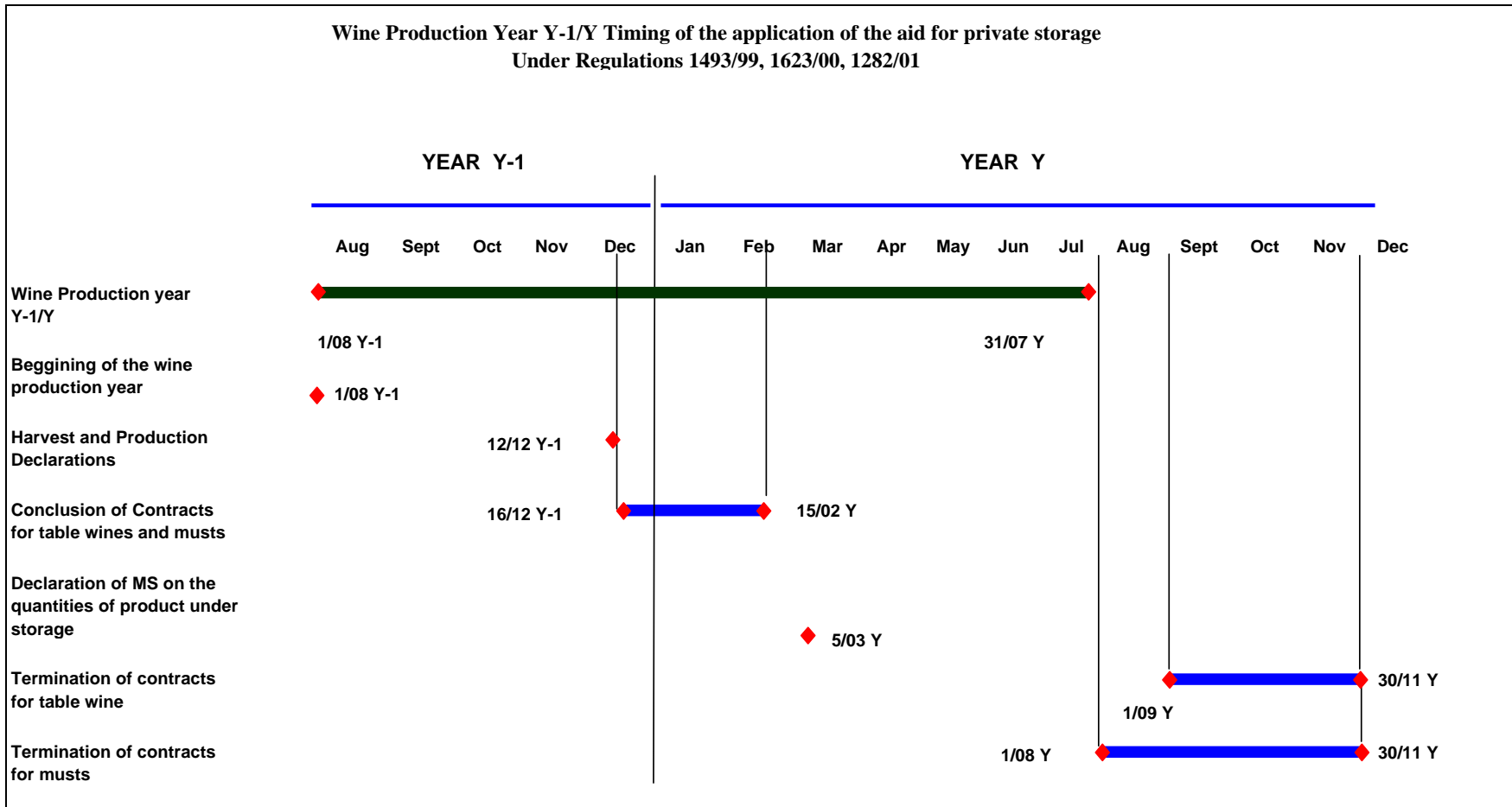
must be processed into concentrated grape must or rectified concentrated grape must during the period of validity of the contract and the quantities so obtained.

By 5 March of the current wine year, the Member States communicate to the Commission the quantities of products under contract at 16 February.

Differences between the two main Regulations

According to the description of the application of the aid for private storage within the two main Regulations in the market for wine provided above, we can delineate the main differences on the application of the measure between the two legislations:

- Regulation 1493/99 provides the possibility to conclude only one type of contracts (long-term storage contracts) instead of two (long-term storage contracts and re-storage contracts) provided in the previous regulation.
- The duration of contracts is more flexible in the last regulation. It is no longer established that contracts must last nine months, but their duration can vary.
- Concerning the quality of the products that may be under storage contracts, the Regulations 1493/99 and 1623/00 introduce a more restrictive system that indirectly influences the evolution towards the production of higher quality wines.
- Regulation 1493/99 introduces a more restrictive system regarding the minimum quantities that can be under storage contracts. It states that private storage aid can only be granted for significant quantities of table wines that could have an effect on the market.
- A greater transparency and simplicity of the new system deriving from the institution of fixed prices for the payment of the aid, which give the producers further instruments to evaluate the possibility of concluding storage contracts.
- Regulation 1623/00 establishes that table wines that have been under storage contracts cannot be processed into quality wines psr.



3. Implementation of the measure

Example: Implementation in Italy

NATIONAL LEGISLATION AND ORGANISMS

The intervention agency responsible for collecting the requests for obtaining the aid for private storage in Italy is AGEA (Agenzia per le erogazioni in agricoltura). Single producers or cooperatives who intend to apply for the request of aid for private storage send their request to AGEA within 15 February of the wine year according to procedure indicated below. The computerized module (mod b1) on which the demand has to be compiled is prepared from AGEA and is available at the offices of the agencies and at the offices of the "Ispettorati Provinciali dell'agricoltura e delle organizzazioni professionali di categoria". The module has to be filled in four copies and sent to AGEA (within 15 February). The module contains the information in accordance with article 29(5) of Regulation (EC) 1623/00.

The contracts are examined by a control organism which states the regularity in all their parts. If the control gives positive response, the control organism approves the demand and transmits two copies of it to AGEA in the following 15 days. Of the remaining two copies one goes to the producer and the other remains to the control organism. Once the contract has been stipulated the producer shall apply all the obligations under the Council Regulation (EC) 1493/99 and the Commission Regulation (EC) 1623/00.

DATA ON PRIVATE STORAGE IN ITALY

As indicated in table 29, in Italy the level of table wine under private storage contracts from 1995/1996 until 1999/2000 has been almost constant, after a variable trend in the previous wine years. Since the wine year 2000/01, following the approval of the reform with the Regulation (EC) 1493/00, the volume of table wine under storage contracts has significantly increased.

Grape musts under storage contracts present greater variability within the period. The quantity of concentrated grape must and rectified concentrated grape receiving aid for private storage also varies significantly between the wine years.

Table 29 Private storage contracts in Italy from 1991/1992 to 2001/2002

	HI Table Wines	HI Grape Musts	HI cM e rcM*
1991/92	3.928.700	1.227.320	214.800
1992/93	4.362.000	981.000	197.000
1993/94	3.505.000	989.000	241.000
1994/95	1.735.955	588.012	144.752
1995/96	2.116.090	840.330	227.141
1996/97	2.638.000	1.432.000	403.000
1997/98	2.054.000	1.000.000	339.000
1998/99	2.400.000	1.000.000	280.000
1999/00	2.500.000	1.591.000	374.000
2000/01	3.200.000	2.230.000	161.000
2001/02	4.000.000	1.500.000	200.000

Source: ISMEA Filiera Vino.

*concentrated grape must and rectified concentrated grape must.

4.3.4. Regulatory measures and aids for specific uses

Before 1999

Oenological practices and processes

Oenological practices and processes are described in title II of regulation (EEC) N°822/87, articles 15-26, supplementary notes are given in the appendices VI and VII and in various application regulations:

- Basic restrictions (article 15)
- Restrictions concerning blending and coupage (article 16)
- Restrictions concerning fining - and deacidification materials (article 17)
- Rules concerning increasing the natural alcoholic strength: limiting values for minimum natural alcohol strength and maximum enrichment allowed (article 18), limiting conditions and allowed material/methods (article 19), implementation of a study concerning concentrated must, rectified concentrated must and sugar for enrichment (article 20).
- Restrictions concerning acidification and deacidification (article 21)
- Restrictions concerning sweetening (article 22)
- Restrictions concerning the processing of oenological practices (article 23)
- Prohibition of alcohol addition except for defined traditional products (article 25)
- Possibility of exceptions for experimental purposes (article 26)

Quality wine regime

The legal basis for the quality wine regime was given in a separate regulation, (EEC) N°823/87.

Labelling of products

The rules concerning the labelling of products had a special regulation too, (EEC) N°2392/89 and the application regulation (EEC) N° 3201/90.

The reform of 1999

Aids for specific uses

Legal basis and short description

The rules for aids for specific uses are described in chapter III of title III (The application regulation is (EC) N°1623/2000). Aid is established for the use of

- Concentrated grape must or rectified concentrated grape must produced in the Community in order to increase alcoholic strength (article 34)
- Grape must and concentrated grape must produced in the Community (for special purposes only of origin in CIII) in order to produce grape juice, composite products or “home-made-wine”-kits (article 35)

Explanation of the way of function and expected impacts

Expected impact is the reduction of wine production quantity, especially table wine production quantity.

Oenological practices, processes and quality wine regime

Legal basis and short description

Oenological practices and processes

Oenological practices and processes are outlined in chapter I of title V, articles 42 – 46, supplementary notes are given in the appendices IV – VI and in the application regulation (EC) 1622/2000.

The provisions given hereby concern grape must, concentrated grape must and wine, but not grape juice. The provisions for processing grape juice are given in the regulation concerning fruit juice.

Basic restrictions concerning grape must and wine processing are the following:

- It is not allowed to add water or alcohol, except where required by specific technical necessity or specific product types (article 42 (3)).
- Only classified wine grape varieties may be used for wine production (article 42 (5)).
- It is not allowed to use other oenological practices or processes than the licensed ones, which are described in the appendices IV and V (article 43).
- Only defined products (which are produced according to the legislation concerning minimum quality as well as licensed practices and processes) are allowed to be put into circulation (article 44 (1)). Other wine is only allowed to be used for consumption by the individual producer's family, for vinegar production or distillation (article 44 (2)); in exceptional conditions, it may eventually be used for the production of sparkling or aerated sparkling wine (article 44 (3, 7)).
- Wine lees and grape marc may only be used for the production of alcohol, spirits and piquette; it is not allowed to use them for the production of wine or other beverages (article 44 (8)). Piquette may be used only for distillation or for consumption in the families of the individual wine-growers (article 44 (9)) – if the Member State allows it.
- It is forbidden to produce wine from raw material of origin in third countries or to blend with wine of origin in third countries in the territory of the EU (article 44 (12, 14)). There can be some exceptions, however, for particular products if the Council so decides (article 44 (15)), especially for the United Kingdom and Ireland (article 44 (13)).
- A framework for application rules and required analytical methods for the control of the proper applications based on article 46 is given in regulation (EC) N° 1622/2000.

Quality wine regime

The legal basis for the quality wine regime is given in title VI, "Quality wine produced in specified regions" and the application regulation (EC) N°1607/2000:

- Quality wine psr categories comply with the definitions of the related categories, e.g. quality liqueur wine psr with the definition of liqueur wine (article 54 (2)).
- Member States forward to the commission a list of recognised quality wine psr, including the national provisions concerning their production and manufacture (article 54 (4)). The Commission publishes the list in the "C" Series (article 54 (5)).

A frame for the national provisions concerning quality wine psr is given in the articles 55 – 58.

- Basic factors are:
 - demarcation of the area of production,

- vine varieties,
- cultivation and wine-making methods,
- minimum natural alcoholic strength by volume,
- yield per hectare,
- analysis and assessment of organoleptic characteristics. (article 55)
- The Member States determine rules for the possibility of yields in specified regions to be not requested as quality wine psr or downgraded (article 56).
- In addition, Member States may legislate supplemental and/or more stringent criteria for quality wine psr (article 57).

Explanation of function and expected impacts

The rules for oenological practices and processes and the quality wine regime combine to create a strict framework for wine production, which may be fine-tuned by each particular Member State. It is an aim of the EU oenological regulations to preserve the regional character of the wines.

This framework guarantees a certain minimum standard of product quality, but at the same time it may retard the application of new methods, as new technologies require a licensing process before they are allowed to be used in practice. A special problem resulting from this regards competition with wines from third countries, which are made by using technologies which are not allowed in the EU. This may give a competitive advantage to those third countries in the market.

Labelling of products

Legal basis and short description

The rules concerning the labelling of products can be found in the articles 47 -53 in chapter II of title V and in the appendices VII and VIII, the application regulation is (EC) N° 753/2002:

- The rules relating to the description, designation, presentation and protection of certain products shall take into account the following objectives:
 - a) Protection of legitimate interests of the consumers,
 - b) Protection of legitimate interests of the producers,
 - c) Smooth operation of the internal market,
 - d) Promotion of the production of quality products. (article 47(1))
- Description, presentation and advertising of the product is not allowed to be incorrect, likely to cause confusion, or to mislead the persons to whom they are addressed (article 48).
- Products whose description or presentation does not fit the provisions of this regulation are not allowed to be sold or put on the market. Exceptions may be granted, e.g. if this other description is required for export (article 49).
- Geographical indications are especially protected.
- No possibility to use geographical indications if the related provisions are not fulfilled (article 50), especially concerning quality wine psr (article 52).
- The use of geographical indications to designate table wines shall be permitted if at least 85% of the product results from grapes originating in the wine-growing area whose name it bears (article 51(2)).

Explanation of function and expected impacts

The labelling of the products is a primary basis for differentiating products. Expected impact of these rules is a clear differentiation, which allows a protection of the interest of the market partners, clear competition conditions and support for quality wines.

Example for implementation of enrichment rules are given for Italy.

In Italy, for each wine-growing region, wine type (quality wine psr / table wines) and wine year separately decrees are issued concerning enrichment rules.

E.g. concerning table wine and wine for production of sparkling wine in Veneto, Lombardia and Trento in 2003/2004 a decree from 31.july 2003:

Decreta:

Articolo unico

1. Nella campagna vitivinicola 2003-2004 e' consentito aumentare il titolo alcolometrico volumico naturale dei prodotti citati in premessa, ottenuti:

dalle uve raccolte nelle aree viticole della regione Veneto atte a dare vini da tavola e vini a IGT nonche' per le varietà di uve atte a dare vini spumanti indicate nell'allegato 1;

dalle uve raccolte nelle aree viticole della provincia autonoma di Trento atte a dare vini da tavola e per le varietà di uve atte a dare vini spumanti indicate nell'allegato 1;

dalle uve raccolte nelle aree viticole della regione Lombardia atte a dare vini da tavola e vini a IGT nonche' per le varietà di uve atte a dare vini spumanti indicate nell'allegato 1.

2. L'aumento del titolo alcolometrico volumico naturale e' effettuato secondo le modalita' previste dai regolamenti comunitari sopracitati e nel limite massimo di due gradi.

3. Il presente decreto sara' pubblicato nella Gazzetta Ufficiale della Repubblica italiana ed entra in vigore il giorno della sua pubblicazione.

Roma, 31 luglio 2003

Il direttore generale: Petrolì

Allegato 1

ELENCO DELLE VARIETA' DI UVE PER LE QUALI E' CONSENTITO L'AUMENTO DEL TITOLO ALCOLOMETRICO DELLE PARTITE PER L'ELABORAZIONE DEI VINI SPUMANTI.

Regione Veneto.

Chardonnay, Traminer Aromatico, Garganega, Muller Thurgau, Pinot Bianco, Pinot Grigio, Riesling Italico, Silvaner Verde, Tocai Friulano, Trebbiano Soave, Trebbiano Toscano, Bianchetta Trevigiana, Manzon Bianco, Malvasia Istriana, Moscato Giallo, Moscato Bianco, Sauvignon, Veltriner, Marzernina Bianca, Verduzzo Friulano, Verduzzo Trevigiano, Prosecco Lungo, Vespaiola, Durella, Riesling, Cortese, Nosiola, Prosecco, Prevenda, Verdiso, Pinella, Corvina, Corvinone,

Lambrusco F.F., Merlot, Molinara, Pinot Nero, Rondinella, Schiava Grigia, Schiava Gentile, Schiava Grossa, Teroldego, Barbera, Cabernet Franc, Cabernet Sauvignon, Carmenere, Croatina, Lagrein, Marzemino, Negrana, Raboso, Piave, Raboso Veronese, Gropello Gentile, Sangiovese, Ancellotta, Freisa, Tocai Rosso, Refosco P.R., I.M. 2.15, Malbec, Franconia, Barbera.

Provincia autonoma di Trento.

Chardonnay, Pinot Bianco, Pinot Nero, Meunier.

Regione Lombardia.

Pinot Nero, Pinot Bianco, Pinot Grigio, Chardonnay, Riesling Italico, Moscato, Trebbiano di Soave Bianco (T. Di Lugana)

E.g. concerning quality wine psr in Veneto in 2003/2004 a decree from 11.august 2003:

Decreta:

Articolo unico

1. Nella campagna vitivinicola 2003/2004 e' consentito aumentare il titolo alcolometrico volumico naturale dei prodotti vitivinicoli citati in premessa, ottenuti da uve raccolte nelle aree viticole della regione Veneto provenienti dalle zone di produzione delle uve atte a dare i seguenti vini a denominazioni di origine controllata e garantita o a denominazione di origine controllata, per tutte le tipologie, sottozone e menzioni geografiche aggiuntive previste dagli specifici disciplinari di produzione:

«Arcole»; «Bagnoli»; «Bardolino»; «Bardolino superiore»; «Bianco di Custoza»; «Breganze»; «Colli Berici»; «Colli di Conegliano»; «Colli Euganei»; «Conegliano Valdobbiadene»; «Gambellara»; «Garda»; «Lison Pramaggiore»;

«Lugana»; «Merlara»; «Montello e Colli Asolani»; «Monti Lessini» o «Lessini»; «Piave»; «S. Martino della attaglia»;

«Soave»; «Soave superiore»; «Valdadige»; «Valpolicella»; «Vicenza».

2. Le operazioni di arricchimento, per le denominazioni di origine di cui al precedente comma, debbono essere effettuate secondo le modalita' previste dai regolamenti comunitari sopracitati e nel limite massimo di due gradi, utilizzando mosto di uve concentrato o mosto di uve concentrato e rettificato o mediante concentrazione parziale, fatte salve le misure piu' restrittive previste dai rispettivi disciplinari di produzione.

Il presente decreto sara' pubblicato nella Gazzetta Ufficiale della Repubblica italiana ed entra in vigore il giorno della sua pubblicazione.

Roma, 11 agosto 2003

Il direttore generale: Abate

4.3.5. Measures concerning trade with third countries

1. Before 1999

General Description of the measure

Table 30 Legal Framework on Trade with third countries (before 1999)

<i>Title</i>	<i>Publication Info</i>
Common organization of the market in wine Council Regulation (EEC) No 337 of 5 February 1979 No longer in force (repealed by Regulation 822/1987)	OJ L 054 (5.3.1979)
Common organization of the market in wine (Council Regulation (EEC) No 822/87 of 16 March 1987) TITLE IV: Trade with third countries (article 52 to 63) No longer in force (repealed by Regulation 1493/1999)	OJ L 084 (27.3.1987)
Laying down special detailed rules in respect of import and export licences in the wine sector (Commission Regulation (EEC) No 3388 of 27.11.1981) No longer in force (repealed by Regulation 883/01)	OJ L 341 (28.11.1981)
Laying down detailed rules for export refunds in the wine sector (Commission Regulation (EEC) No 3389 of 27.11.1981) No longer in force (repealed by Regulation 883/01)	OJ L 341 (28.11.1981)
Arrangements for issuing export licences for wine sector products and amending Regulation (EEC) No 3388/81 laying down special detailed rules in respect of import and export licences in the wine sector (Commission Regulation (EEC) No 1685 of 11.7.1995) No longer in force (repealed by Regulation 883/01)	OJ L 161 (12.7.1995)
Accompanying documents for the carriage of wine products and the relevant records to be kept (Commission Regulation (EEC) No 2238 of 26.7.1993) No longer in force (repealed by Regulation 884/01)	OJ L 200 (10.8.1993)
Certificate and analysis report required for the importation of wine, grape juice and grape must (Commission Regulation (EEC) No 3590 of 18.12.1985) No longer in force (repealed by Regulation 883/01)	OJ L 343 (20.12.1985)
Laying down detailed rules implementing the entry price arrangements for grape juice and musts (Commission Regulation No 1281 of 18.6.1999) No longer in force (repealed by Regulation 883/01)	OJ L 153 (19.6.1999)
Laying down transitional measures pending the definitive measures implementing Regulation (EC) No 1493/1999 on the common organisation of the market in wine (Commission Regulation No 1608 of 24.7.2000) No longer in force (repealed by Regulation 753/02)	OJ L 185 (25.7.2000)

Table 31 Products to which apply common market organization, Reg. (EE) 822/1987

CCT Heading No	Description
(a) 20.07 A I B I a) 1 B I b) 1	Grape juice (including grape must), whether or not containing added sugar, but unfermented and not containing spirit
(b) 22.04 22.05	Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol Wine of fresh grapes; grape must with fermentation arrested by addition of alcohol (including mistelle)
(c) 08.04 A II 22.10 A	Fresh grapes other than table grapes Wine vinegar
(d) 22.07 A A A I	Piquette Wine lees Grape marc

2. After 1999

General Description of the measures

Legal basis and short description

The legal basis for the trade with third countries is given in title VII, articles 59 -69 (The application regulation is (EC) N° 883/2001). Basic instruments to manage that trade are:

- Import and export licences (article 59)
- Duty rates according to the common custom tariff (article 60)
- Additional import duties, if accordance with §300 of the treaty in the framework of the Uruguay Round of multilateral trade negotiations is fulfilled (article 61)
- Tariff quotas, if accordance with §300 of the treaty in the framework of the Uruguay Round of multilateral trade negotiations is fulfilled, or from any other act of the Council administered by the Commission (article 62)
- Export refunds and export prices, fixings (article 63, 64)
- Prohibition of inward-processing arrangements (article 65)
- Common custom tariff, prohibition of custom-like rates and quantitative restrictions (article 66)
- Provisions concerning the imported products (article 67,68)

In the case of serious market disturbance, appropriate measures may be applied in trade with third countries until such disturbance has ceased (article 69).

Explanation of the way of function and expected impacts

The different measures to manage the trade aim to organise the operations on the international market and to protect the Communities production. Because of the results of the Uruguay-Round, the quantities and rates had to be changed towards a more import friendly level.

Table 32 Legal Framework on Trade with third countries (after 1999)

Title	PUBLICATION INFO
Treaty establishing the European Community Agreements between the Community and one or more States or international organizations (article. 300)	
Uruguay Round: General Agreement on Tax and Tariffs (GATT 1994): Introduction, Main Document <i>Schedules of Concessions (article II, par. 1(b))</i> Understanding on the interpretation of article II 1(b) of GATT 1994 Agreement on agriculture Market access (article 4), Special safeguard provision (article 5) Special treatment with respect to paragraph 2 of article 4 (Annex 5) Guidelines for the Calculation of Tariff Equivalents for the Specific Purpose Specified in Paragraphs 6 and 10 of Annex 5 (Attachment to Annex 5)	
Common organisation of the market in wine (Council Regulation No 1493/1999 of 17 May 1999) TITLE VII: Trade with third countries (article 59 to 69) TITLE V: Oenological practices and processes, description, designation, presentation and protection (article 44, par.15) TITLE VIII: General, transitional and final provisions (article 75)	OJ L 179 (14.7.1999)
Laying down detailed rules for implementing Council Regulation (EC) No 1493/1999 as regards trade with third countries in products in the wine sector (Commission Regulation No 883/2001 of 24 April 2001)	OJ L 128 (10.5.2001)
Advance payment of export refunds in respect of agricultural products (Commission Regulation (EEC) No 565 of 1980)	OJ L 62 (7.3.1980)
Laying down common detailed rules for the application of the system of export refunds on agricultural products (Commission Regulation No 800 of 15.4.1999)	OJ L 102 (17.4.1999)
Laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products (Commission Regulation No 1291 of 9.6.2000)	OJ L 152 (24.6.2000)

Table 33 Products to which apply common market organization, Reg. (EE)1493/1999

CN code	Description
a) 2009 60 2204 30 92 2204 30 94 2204 30 96 2204 30 98	Grape juice (including grape must) Other grape musts, other than those in fermentation or with fermentation arrested otherwise than by the addition of alcohol
b) ex 2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009, excluding other grape must of subheadings 2204 30 92, 2204 30 94, 2204 30 96 and 2204 30 98
c) 0806 10 93 0806 10 95 0806 10 97 2209 00 11 2209 00 19	Fresh grapes other than table grapes Wine vinegar
d) 2206 00 10 2307 00 11 2307 00 19 2308 90 11 2308 90 19	Piquette Wine lees Grape marc

Import into the Community of any of the products listed in table 33:

1. categories (a) and (b) shall be subject to presentation of an import license
2. any other categories may be subject to presentation of an import license
3. any other categories may be subject to presentation of an export license

Member States shall issue licences to any applicant, irrespective of his place of establishment in the Community and without prejudice to measures taken for the application.

Table 34 Trade Agreements

Title	Publication Info
Catalogues – Lists	
SECTION IV: Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes CHAPTER 22: Beverages, spirits and vinegar CN Code 22.04.10 : Sparkling wine of fresh grapes CN Code 22.04.21 : Other wine; grape must with fermentation prevented or arrested by the addition of alcohol: In containers holding 2 litres or less CN Code 22.04.29 : Other wine; grape must with fermentation prevented or arrested by the addition of alcohol: In containers holding more than 2 litres CN Code 22.04.30 : Grape must, partly fermented, of an actual alcoholic strength higher than 0,5 % vol (excl. grape must whose fermentation has been arrested by the addition of alcohol)	EU INTRASTAT Combined Nomenclature
Directory classification codes of EUR-Lex Classification of legislation (indicative list)	
02.30.30.20. Customs Union and free movement of goods - Application of the Common Customs Tariff – Tariff derogations - Tariff quotas 03.80. Agriculture - Agreements with non-member countries 11.40.10.30. External relations - Bilateral agreements with non-member countries - European countries – Countries in transition	Web site EUR-Lex
Hungary, Bulgaria and Romania	
Opening and providing for the administration of Community tariff quotas for certain wines originating in Bulgaria, Hungary and Romania (Council Regulation No 933 of 10.4.1995)	OJ L 096 (28.4.1995)
Conclusion of Agreements in the form of Exchanges of Letters between the European Community and the Republic of Bulgaria, the Republic of Hungary and Romania on reciprocal preferential trade concessions for certain wines and spirits, and amending Regulation (EC) No 933/95 (Council Regulation No 678 of 26.2.2001)	OJ L 094 (4.4.2001)
Australia	
Conclusion of an Agreement between the European Community and Australia on trade in wine (Council Decision No 184 of 24.1.1994) (Official: English, Greek, Amendments: English, Greek)	OJ L 86 (31.3.1994)
Agreement between the European Community and Australia on trade in wine	
Mexico	
Concerning the conclusion of an Agreement between the European Community and the United Mexican States on the mutual recognition and protection of designations for spirit drinks (Council Decision No 361 of 27.5.1997)	OJ L 152/15 (11.06.1997)
Agreement between the European Community and the United Mexican States on the mutual recognition and protection of designations for spirit drinks	OJ L 152/16 (11.06.1997)
Switzerland	
Agreement between the European Community and the Swiss Confederation on trade in agricultural products	OJ L 114 (30.4.2002)
South Africa	
Provisional application of the Agreement between the EC and the Republic of South Africa on trade in wine (Council Decision No 53 of 21.1.2002)	OJ L 028/129 (30.1.2002)
Agreement between the European Community and the Republic of South Africa on trade in wine	OJ L 028/4 (30.1.2002)
Provisional application of the Agreement between the EU and the Republic of South Africa on trade in spirits (Council Decision No 54 of 21.1.2002)	OJ L 028/131 (30.1.2002)
Agreement between the European Community and the Republic of South Africa on trade in spirits	OJ L 028/113 (30.1.2002)
Chile	
Agreement on trade in wines	(30.12.2002)

4.4. Market equilibrium: the problem of quantification

This section of the analysis focuses on the wine surplus. The first objective is to present a review of the indicators and calculations used to identify and quantify the surplus. The second objective is to estimate the size of the surplus over the period 1988 to 2003.

4.4.1. Review of indicators and calculations used to identify and quantify the surplus

Stock level and normal utilisation

The most common indicator that has been used to identify surplus is the stock level. Article 39 of Regulation 822/87 considers that “a state of serious imbalance on the wine market shall be deemed to exist where availability recorded at the beginning of the wine year exceeds the level of normal utilisation by more than four month's supply”. Thus under the regulation, stock levels became an indicator for market imbalance and a trigger for intervention. For table wine, it is generally agreed that surplus equals the quantity of stocks exceeding four months of normal use. For quality wine psr, there is no consensus on the quantification of surplus as wine is stocked for ageing. An estimate can be that surplus equals the quantity of stocks exceeding six months of normal use.

Another indicator used is the stock level expressed in months of consumption (excluding processing). This indicator is used in the Court of Auditors' analysis (see Annual reports concerning the financial years 1993, 1996 and 1999).

There are differences of view over what should be regarded as “normal use”. It is generally agreed that normal use equals the sum of human consumption, commercial exports minus imports plus wine used for by-product distillation. As indicated earlier there is dispute as to whether to include as commercial use the wine processed into vinegar, vermouth, etc and the national distillation.

Production & normal utilisation

Article 39 of Regulation 822/87 considers that “a state of serious imbalance on the wine market shall be deemed to exist where production exceeds the level of normal utilisation by more than 9 %”. Another indicator of surplus is thus the ratio between annual production and normal utilisation.

Deterioration of prices

Low market price can also be considered as an indicator of surplus. Article 39 of Regulation 822/87 considers that “a state of serious imbalance on the wine market shall be deemed to exist where the weighted average of representative prices for all types of table wine remains below 82% of the guide price from the beginning of a wine year for a period to be determined”. Article 30 of regulation 14493/99 considers “the deterioration, over time, in the market price for a category of wine or for wines from a specific area of production” as a criterion for introducing market intervention (crisis distillation).

Ratio of Availability and Utilisation

The evolution of the ratio between Availability and Utilisation is another indicator of the state of the market. French authorities (INAO) examine the value and the evolution of the ratio to decide the amount of planting rights allocated to a given appellation (AOC).

INAO calculates the ratio as follows²⁷:

Availability = production + stock at the beginning of the wine-year

Utilisation = human consumption + trade balance (commercial exports to third countries - imports) + processing (vinegar, vermouth, non-intervention alcohol)

The size of the ratio alone does not provide sufficient information on the state of the market because of differences in market dynamism (a category of wine for which the market is expanding will have a lower ratio than a wine for which the market is falling). However, the trend in the ratio provides information on the evolution of the market - an increase in the ratio demonstrating a worsening of the market position.

Estimating the surplus through use of a simplified wine balance

In several reports²⁸ the European Commission quantifies the annual surplus using a simplified balance (ignoring stock changes). In the following analysis we estimate two measures of the surplus using the simplified wine balance. Two measures of surplus are calculated:

Surplus 1

Annual Surplus 1 = total EU wine production + total imports – direct human consumption – commercial exports – total other use (= cognac, vinegar, vermouth)
(By-product distillation is not included in the calculation, as quantities reduced by that measure are already excluded from the balance, if figures for wine quantities are used. If quantities of must are basis of production data, by-product distillation respective by-product disposal have to be discounted.)

Surplus 2

Annual surplus 2 = annual surplus 1 - distillation for potable alcohol (alcool de bouche).

Conclusion

There are several ways of estimating the size of the surplus. The most common indicators are level of stock expressed in months of normal use as well as the simplified wine balance. However, there is no consensus on the elements to be included as “utilisation”. Utilisation for which there is no economic demand (preventative or crisis intervention measures and subsidised exports) clearly has to be excluded.

²⁷ Aigrain, Evaluation de l'impact économique de la réglementation communautaire de gestion du marché viti-vinicole, 1991.

²⁸ Quantitative and qualitative analyses of Europe's Viticultural Potential, April 1996 p11; PAC 2000, Documents de Travail, Situation et Perspectives Vin, Juin 1998 p63 and p92.

4.4.2. Implementation – calculation of some indicators

Some indicators have been calculated for the main producing countries using figures of “Bilan d’approvisionnement définitifs” (source: OSCE). The average figures for the period 1988 to 1999 are presented below (table 35).

Table 35 Indicators of surplus –average value 1988-99 per Member States (figures in 1.000 hl)

	Total distillation exc by product	Above normal use 1	Above normal use 2	Simplified balance 1	Simplified balance 2
France					
quality wine psr		14 460	14 460	534	534
Table + other		3 582	3 187	2 618	1 435
Total	2 605	18 042	17 647	3 129	1 946
Italy					
quality wine psr		1 835	1 835	225	225
Table + other		4 927	3 595	7 292	3 297
Total	7 216	6 761	5 430	7 994	3 999
Spain					
quality wine psr		7 698	7 698	338	338
Table + other		3 352	2 069	5 747	1 898
Total	5 689	11 050	9 768	6 085	2 236
Germany					
quality wine psr		4 484	4 484	29	29
Table + other		4 492	4 468	177	106
Total	132	8 976	8 952	183	112
Portugal					
quality wine psr		2 383	2 383	-176	-176
Table + other		2 035	1 944	175	-14
Total	206	4 419	4 328	390	201
Greece					
quality wine psr		109	109	0	0
Table + other		387	340	183	42
Total	192	496	449	193	52

Source: based on data from OSCE figures.

These results show that:

Different indicators used to quantify the surplus (quantity of stock above x month of normal use, simplified balance and complete balance) give very different results. Indicators taking into account stocks are higher than indicators without stocks (simplified balance).

Results for Germany show the limitations of using indicators which take into account the initial stock levels. Using such indicators, Germany is shown as having around the same surplus level as France and Italy - yet table wine production and distillations are very low in Germany.

Distillation for potable alcohol has a significant impact on the size of the surplus. For the main producing countries, the surplus is around 8 Mln hl if distillation for potable alcohol is counted among the commercial uses but rises to around 18 Mln hl if subsidised distillation into potable alcohol is regarded as a market support measure

We can conclude that the most relevant indicator is the simplified balance. As results vary significantly if the distillation for potable alcohol is taken into account, it is necessary to present two results.

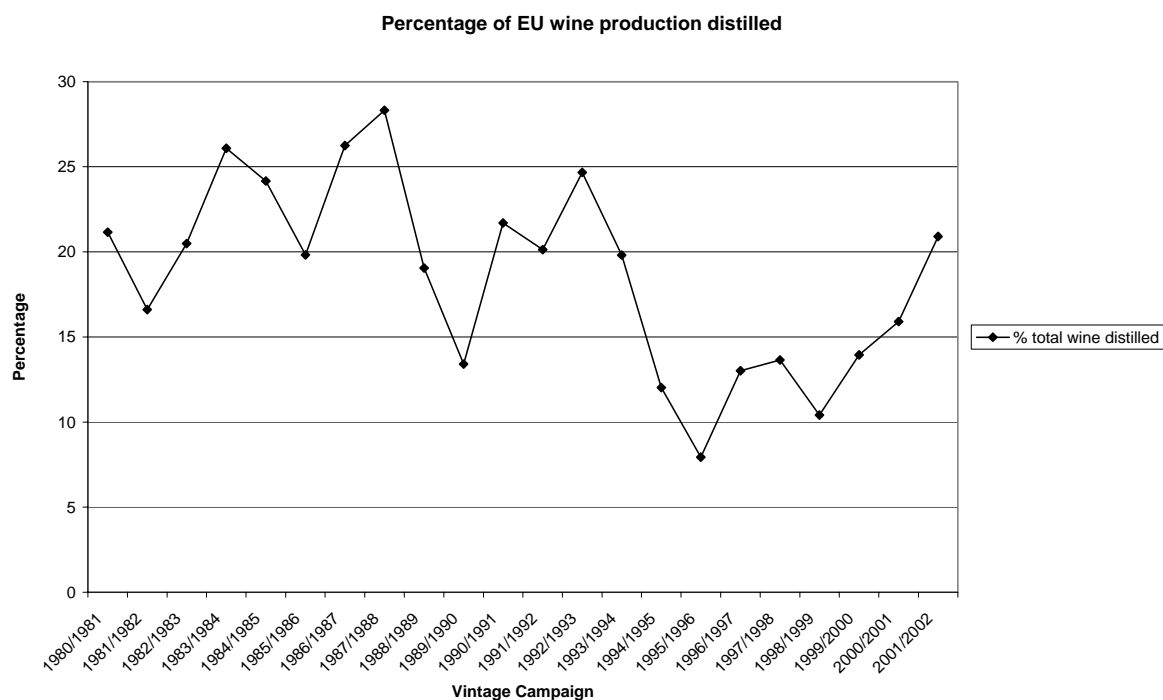
4.4.3. Quantification of the surplus at EU level

The figures below show calculation of the surplus with Simplified balance 1 (taking into account potable alcohol) is a better indicator (distillation is above simplified balance 2 – which is abnormal).

Table 36 Annual EU Wine Production, Surplus & Distillation Compared (in million hl)

Wine year	Total Wine Production*	Surplus 1	Surplus 2	Total wine distillation*	Intervention Distillation**
1980/1981	163,866	19,8	19,2	34,661	23,5
1981/1982	140,064	1,0	0,5	23,258	14,3
1982/1983	210,186	47,5	40,2	43,055	21,6
1983/1984	207,964	39,6	16,5	54,253	34,2
1984/1985	190,498	24,6	18,1	46,019	28,4
1985/1986	185,735	27,7	21,8	36,802	21,9
1986/1987	208,335	46,0	33,0	54,682	37,0
1987/1988	209,007	46,8	32,1	59,198	44,7
1988/1989	158,191	-3,3	-9,9	30,136	19,0
1989/1990	178,673	23,8	17,5	23,948	11,9
1990/1991	181,413	23,0	11,9	39,370	26,3
1991/1992	156,315	7,0	-1,4	31,476	21,4
1992/1993	190,977	34,2	18,8	47,119	33,1
1993/1994	158,981	3,6	-6,1	31,493	20,7
1994/1995	153,269	2,0	-3,7	18,427	7,3
1995/1996	152,817	8,1	5,5	12,122	3,3
1996/1997	169,323	21,5	1,3	22,038	12,6
1997/1998	157,777	11,0	-0,5	21,531	13,5
1998/1999	162,562	17,3	8,5	16,930	9,5
1999/2000	179,117	32,5	20,8	24,978	13,9
2000/2001	176,006	34,9	22,3	28,001	20,1
2001/2002	158,555	20,8	10,8	33,143	18,2
2002/2003	151,450	14,6			
2003/2004	152,930	8,3			

Source: based on data provided by EC, DG AGRI: * histvino.xls, updated in June 2004; ** communications of the Member States.

Graph 17 Percentage of EU wine production distilled

Development of surplus in the EU and selected Member States

Some introducing comments to the following tables:

In the underlying statistics, two different types of wine are defined as “other wines”:

All imports from third countries

Wines produced in EU, which are neither quality wine psr nor table wine (=usually wines for brandy production)

In general the surplus calculations here under followed the description given in the final report, but some adjustments had to be done. To get the most realistic estimation of surplus as possible, we have chosen the following procedure, according to the results of our investigations to solve the data problems:

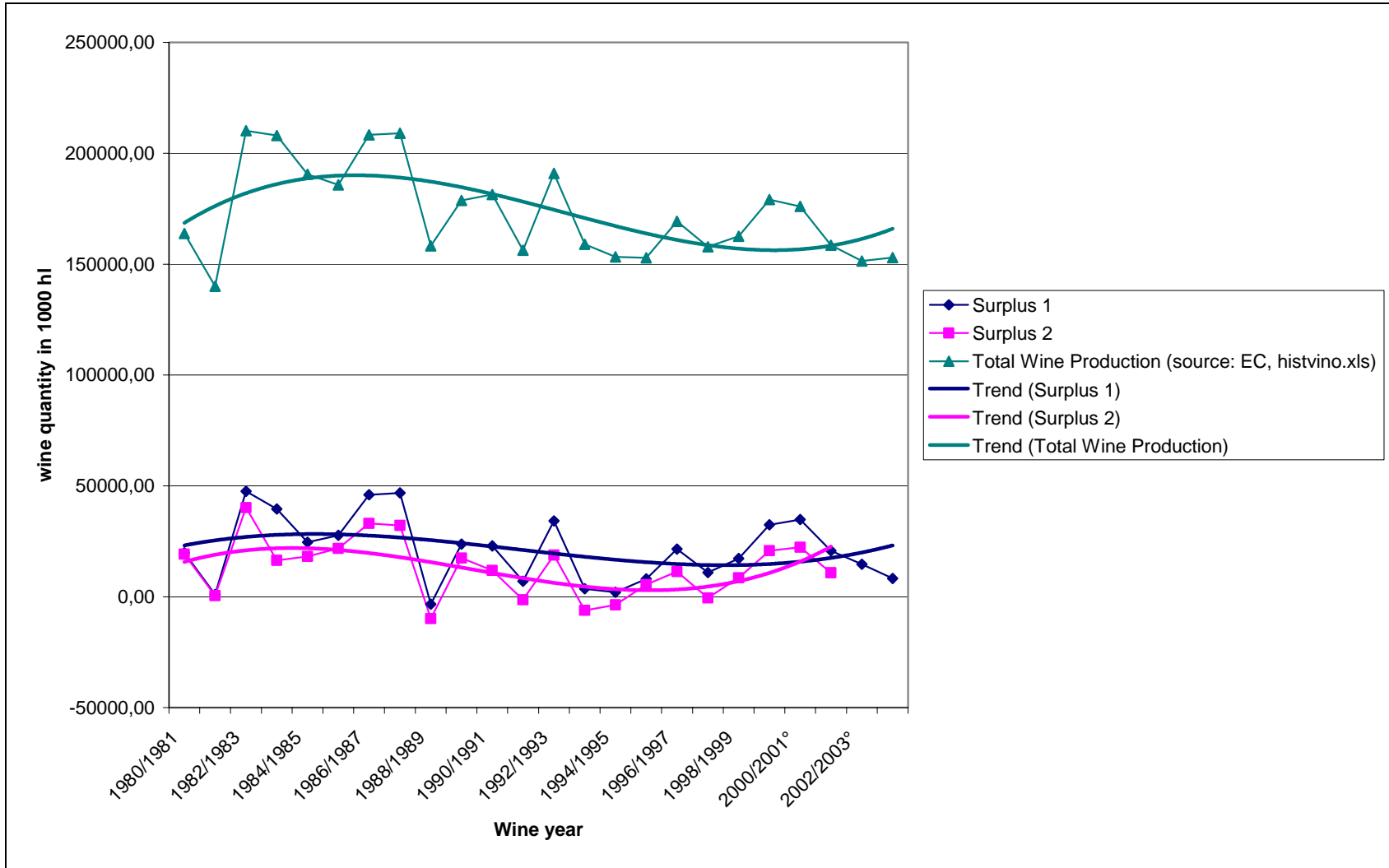
We will use the production data EC provided us in the histvino-file. The slightly inconsistencies between the value of total production in the file and the sum of detailed wine categories are not significantly changing the results, but have to be kept in mind.

Comparison of the production data in the histvino-file with production data published by OIV (which show the same figures for production defined as wine production, confirmed by comparison of relation between published production of grape quantities for wine production and wine quantities), and statistical documents available for us for part of the Member States show that the production data in the histvino-file are data of the wine production and not data of the must used for wine production. Hence, quantities of by-products are already not part of the sum and don't need to be subtracted.

The moment of announcement of wine production quantities in the Member States is in December after the harvest, when part of the wine is still not separated from the lees. These quantities are requested on the statistical documents to be subtracted by a factor calculation, but it might be possible that there occur mistakes. Later losses during the technical process of wine production and bottling may not be entered in the figures at such an early stage of processing. Hence we decided to subtract 2% of the reported production quantities for the calculation to avoid a risk of over estimation of surplus.

We used for the surplus calculations the distillation figures for potable alcohol from the communications of the Member States, which EC provided us too.

Graph 18 Development of annual total wine surplus in EU wine market



Source: own calculation.

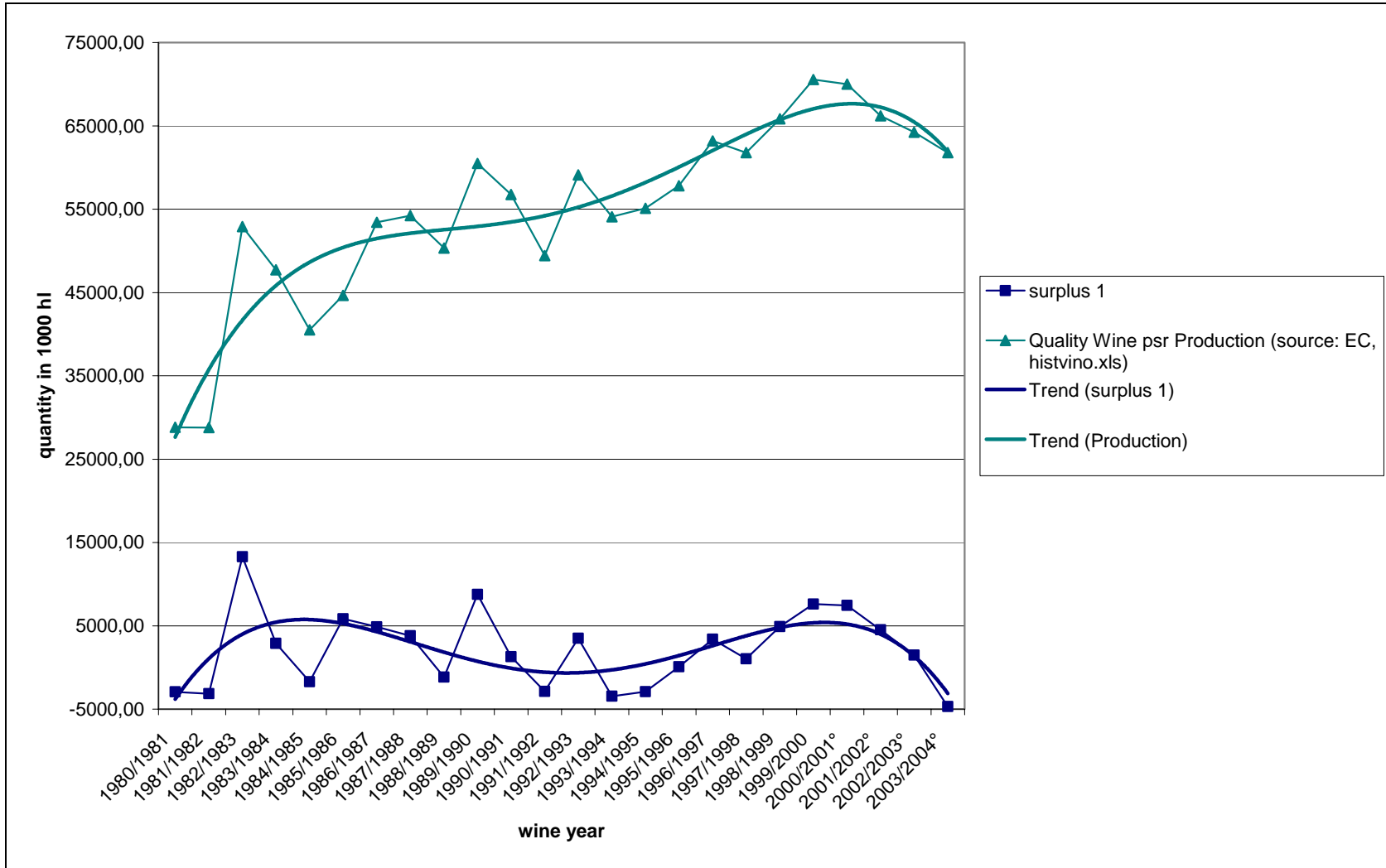
Table 37 Data for surplus calculation of total wines market in EU (in 1000 hl)

Wine year	Total Wine Production (source: EC, histvino.xls)	Corrected Total Wine Production (Total Wine Production - 2%)	Human Consumption - wine (source: EC, histvino.xls)	Imports from Third Countries (source: EC, histvino.xls)	Exports to Third Countries (source: EC, histvino.xls)	Total other uses and losses (source: EC, histvino.xls)	Potable alcohol wine distillation Article.38(822/87); Article.29(1493/99) (source: EC, ONIVINS)	Total (= Other Wines) Eau-de-Vie Distillation (source: EC, histvino.xls)	Surplus 1*	Surplus 2
1980/1981	163866	160588,68	126672	5544	9099	3363	633	7152	19846,68	19213,68
1981/1982	140064	137262,72	123248	5833	10553	3288	474	5023	983,72	509,72
1982/1983	210186	205982,28	139270	5098	12626	4701	7313	6952	47531,28	40218,28
1983/1984	207964	203804,72	144821	5220	14208	5047	23110	5375	39573,72	16463,72
1984/1985	190498	186688,04	141197	5022	15429	4797	6451	5688	24599,04	18148,04
1985/1986	185735	182020,30	134913	4614	13120	4840	5959	6020	27741,30	21782,30
1986/1987	208335	204168,30	138357	2827	11609	5237	12927	5824	45968,30	33041,30
1987/1988	209007	204826,86	141868	5475	10028	5005	14676	6600	46800,86	32124,86
1988/1989	158191	155027,18	139745	2430	10425	4423	6520	6213	-3348,82	-9868,82
1989/1990	178673	175099,54	131286	2596	10472	4393	6333	7750	23794,54	17461,54
1990/1991	181413	177784,74	136432	3371	8601	4640	11081	8518	22964,74	11883,74
1991/1992	156315	153188,70	131445	3324	9738	4536	8373	3771	7022,70	-1350,30
1992/1993	190977	187157,46	132949	3298	9936	4867	15403	8470	34233,46	18830,46
1993/1994	158981	155801,38	132407	3202	11890	4415	9687	6711	3580,38	-6106,62
1994/1995	153269	150203,62	129140	3862	11372	4446	5658	7104	2003,62	-3654,38
1995/1996	152817	149760,66	129114	7054	9710	4286	2570	5652	8052,66	5482,66
1996/1997	169323	165936,54	128147	5725	12481	4616	10198	4924	21493,54	11295,54
1997/1998	157777	154621,46	127552	5770	13267	4385	11479	4210	10977,46	-501,54
1998/1999	162562	159310,76	128077	6158	11913	4399	8762	3800	17279,76	8517,76
1999/2000	179117	175534,66	128935	6300	11724	4899	11694	3800	32476,66	20782,66
2000/2001°	176006	172485,88	125157	8625	11909	5072	12605	4100	34872,88	22267,88
2001/2002°	158555	155383,90	121179	8839	12789	5193	9996	4280	20781,90	10785,90
2002/2003°°	151450	148421,00	121000	9500	12800	5290		4200	14631,00	
2003/2004°°	152930	149871,00	129750	10000	12800	4957		4100	8264,40	

*surplus 1 = columns 2+4-3-5-6-8 ; surplus2 = surplus 1 – column 7; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 19 Development of annual quality wine psr surplus in EU wine market



Source: own calculation.

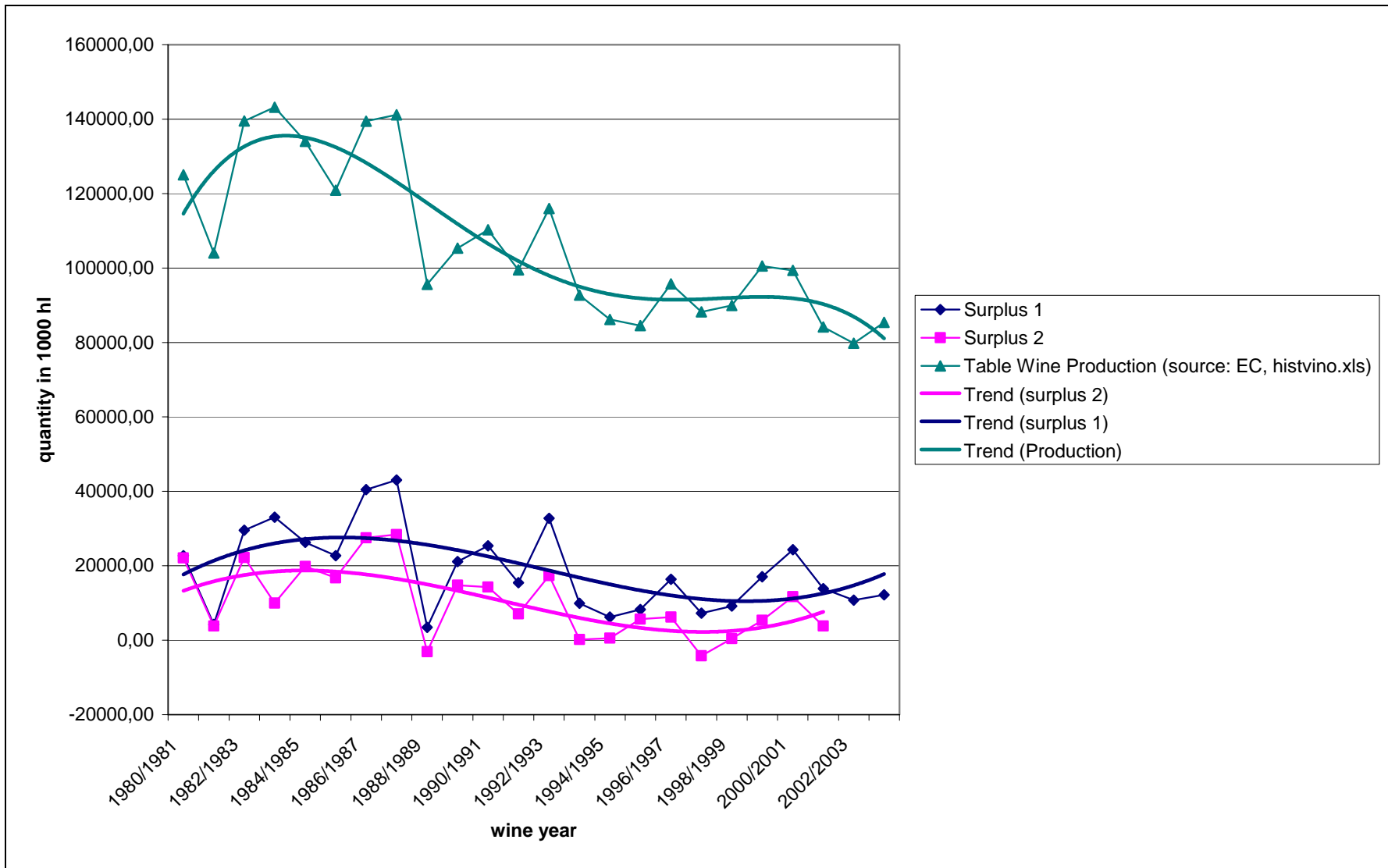
Table 38 Data for surplus calculation of quality wine psr market in EU (in 1000 hl)

Wine year	quality wine psr Production (source: EC, histvino.xls)	Corrected quality wine psr Production (quality wine psr Production - 2%)	quality wine psr Human Consumption (source: EC, histvino.xls)	quality wine psr Exports to third countries (source: EC, histvino.xls)	quality wine psr Other Uses + Losses (source: EC, histvino.xls)	surplus 1*
1980/1981	28817	28240,66	26416	4478	271	-2924,34
1981/1982	28785	28209,30	26858	4281	220	-3149,70
1982/1983	52893	51835,14	32570	5608	364	13293,14
1983/1984	47724	46769,52	37000	6334	548	2887,52
1984/1985	40514	39703,72	34133	7002	283	-1714,28
1985/1986	44665	43771,70	31264	6394	279	5834,70
1986/1987	53421	52352,58	41156	5907	421	4868,58
1987/1988	54225	53140,50	43451	5420	467	3802,50
1988/1989	50343	49336,14	44536	5612	346	-1157,86
1989/1990	60500	59290,00	44966	5045	507	8772,00
1990/1991	56755	55619,90	49014	4462	843	1300,90
1991/1992	49416	48427,68	45550	5354	405	-2881,32
1992/1993	59099	57917,02	49271	4584	567	3495,02
1993/1994	54099	53017,02	50298	5663	506	-3449,98
1994/1995	55119	54016,62	50587	5909	419	-2898,38
1995/1996	57811	56654,78	51075	5127	389	63,78
1996/1997	63204	61939,92	52286	5765	499	3389,92
1997/1998	61789	60553,22	53896	5226	385	1046,22
1998/1999	65846	64529,08	54978	4357	288	4906,08
1999/2000	70570	69158,60	54759	6329	473	7597,60
2000/2001°	70014	68613,72	55214	5616	350	7433,72
2001/2002°	66193	64869,14	53909	6089	350	4521,14
2002/2003°°	64254	62968,92	55000	6089	390	1489,92
2003/2004°°	61775	60539,50	59000	6089	135	-4684,50

*surplus 1 = columns 2-3-4-5; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 20 Development of annual table wine surplus in EU wine market



Source: own calculation.

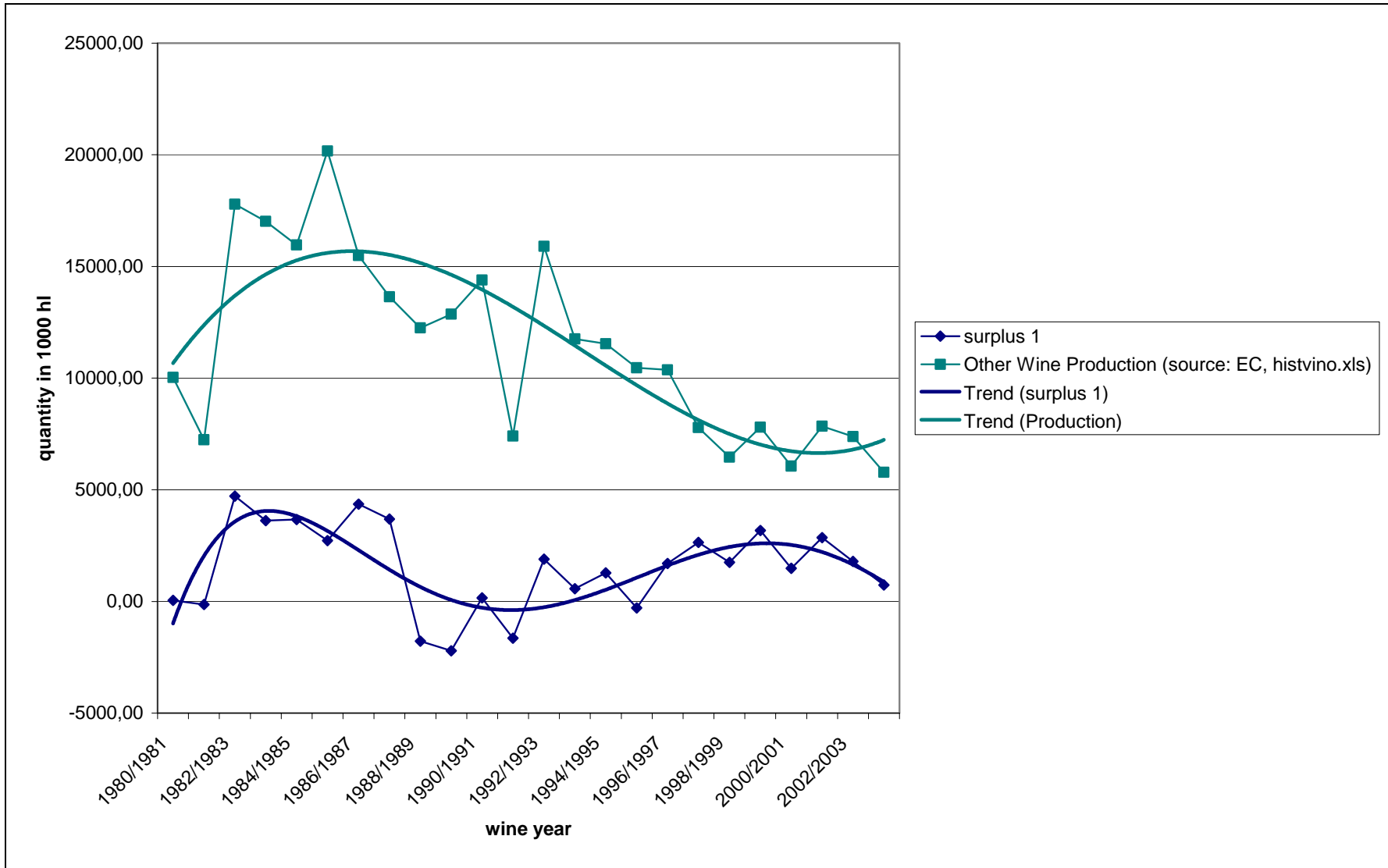
Table 39 Data for surplus calculation of table wine market in EU (in 1000 hl)

Wine year	Table Wine Production (source: EC, histvino.xls)	Corrected Table Wine Production (Table Wine Production - 2%)	Table Wine Human Consumption (source: EC, histvino.xls)	Table Wine Exports (source: EC, histvino.xls)	Table Wine Other Uses + Losses (source: EC, histvino.xls)	Potable alcohol wine distillation Article.38(822/87); Article.29(1493/99) (source: EC, ONIVINS)	Surplus 1*	Surplus 2	Table Wine Stock at the Beginning of the wine year(source: EC,histvino.xls)
1980/1981	125023	122522,54	93096	4309	2396	633	22721,54	22088,54	51264
1981/1982	104042	101961,16	89539	5741	2407	474	4274,16	3800,16	53.88
1982/1983	139503	136712,94	98145	6018	3024	7313	29525,94	22212,94	50495
1983/1984	143218	140353,64	97123	7048	3113	23110	33069,64	9959,64	57630
1984/1985	134023	131342,54	94149	7480	3413	6451	26300,54	19849,54	68333
1985/1986	120904	118485,92	86806	5613	3329	5959	22737,92	16778,92	65933
1986/1987	139425	136636,50	86720	5296	4149	12927	40471,50	27544,50	64052
1987/1988	141140	138317,20	86972	4264	4041	14676	43040,20	28364,20	65339
1988/1989	95602	93689,96	82130	4554	3573	6520	3432,96	-3087,04	62849
1989/1990	105310	103203,80	73487	4802	3774	6333	21140,80	14807,80	44816
1990/1991	110267	108061,66	75057	3986	3661	11081	25357,66	14276,66	50063
1991/1992	99498	97508,04	73710	4313	4044	8373	15441,04	7068,04	53045
1992/1993	115979	113659,42	71443	5235	4206	15403	32775,42	17372,42	45586
1993/1994	92717	90862,66	71615	5534	3825	9687	9888,66	201,66	48687
1994/1995	86194	84470,12	67581	6768	3909	5658	6212,12	554,12	39284
1995/1996	84543	82852,14	66353	4385	3857	2570	8257,14	5687,14	41195
1996/1997	95750	93835,00	66810	6557	4061	10198	16407,00	6209,00	45457
1997/1998	88209	86444,82	67234	7970	3956	11479	7284,82	-4194,18	49420
1998/1999	89932	88133,36	67994	6861	4071	8762	9207,36	445,36	45482
1999/2000	100522	98511,56	69639	7446	4384	11694	17042,56	5348,56	47132
2000/2001°	99372	97384,56	63230	5825	4000	12605	24329,56	11724,56	58602
2001/2002°	84133	82450,34	57979	6642	4000	9996	13829,34	3833,34	66145
2002/2003°°	79816	78219,68	56000	6642	4800		10777,68		57697
2003/2004°°	85367	83659,66	60000	6642	4800		12217,66		

*surplus 1 = columns 2-3-4-5 ; surplus2 = surplus 1 – column 6; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 21 Development of annual other wine surplus in EU wine market



Source: own calculation.

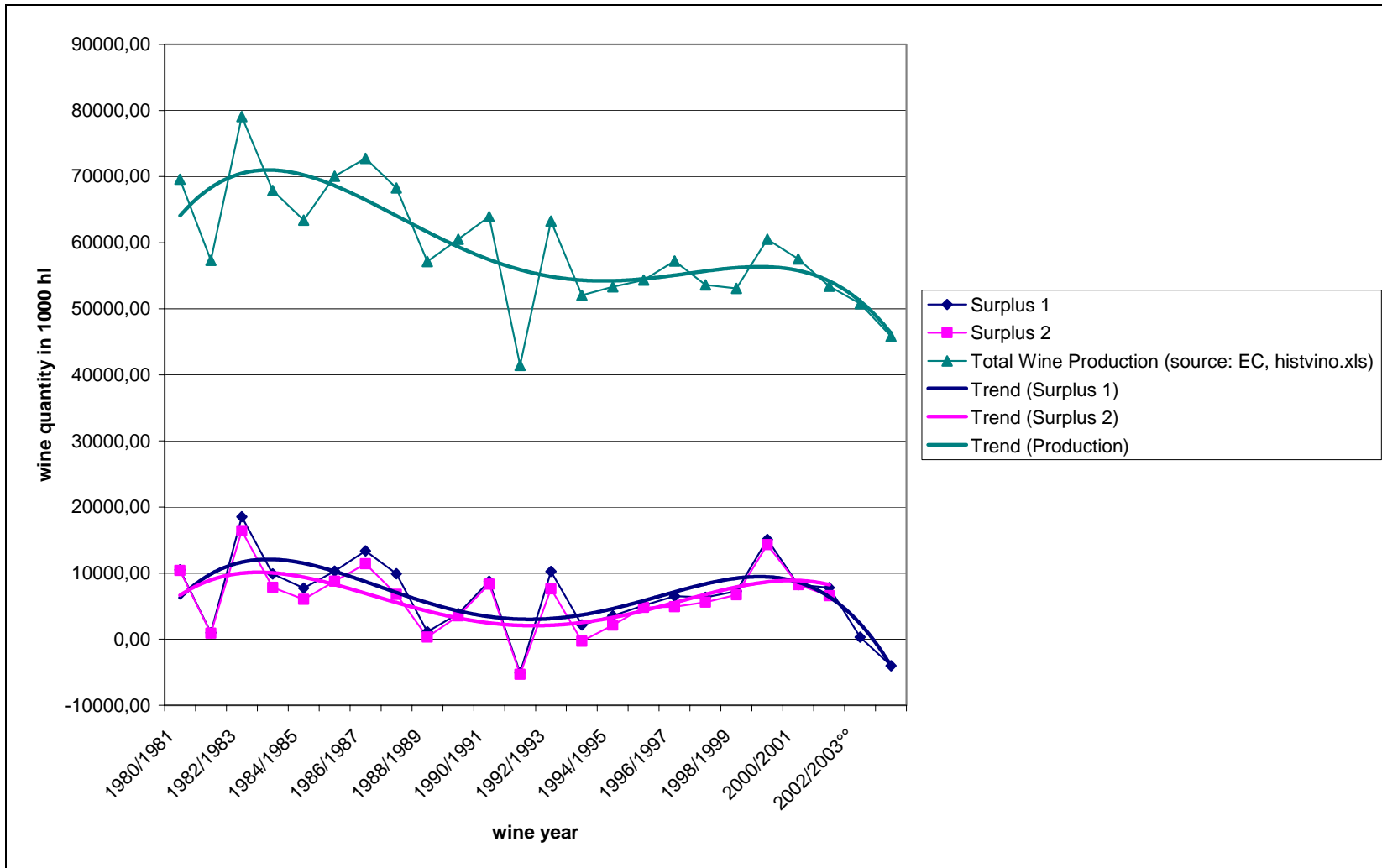
Table 40 Data for surplus calculation of “other wines” market in EU (in 1000 hl)

Wine year	Other Wine Production (source: EC, histvino.xls)	Corrected Other Wine Production (Other Wine Production - 2%)	Imports from Third Countries (source: EC, histvino.xls)	Other Wine Human Consumption (source: EC, histvino.xls)	Other wine Exports (source: EC, histvino.xls)	Other Wines Other Uses + Losses (source: EC, histvino.xls)	Other Wines Eau-de-Vie Distillation (source: EC, histvino.xls)	surplus 1*
1980/1981	10026	9825,48	5544	7160	312	696	7152	49,48
1981/1982	7237	7092,26	5833	6851	531	661	5023	-140,74
1982/1983	17790	17434,20	5098	8555	1000	1313	6952	4712,20
1983/1984	17022	16681,56	5220	10698	826	1386	5375	3616,56
1984/1985	15961	15641,78	5022	9260	947	1101	5688	3667,78
1985/1986	20166	19762,68	4614	13289	1113	1232	6020	2722,68
1986/1987	15489	15179,22	2827	6800	356	667	5824	4359,22
1987/1988	13642	13369,16	5475	7710	344	497	6600	3693,16
1988/1989	12246	12001,08	2430	9233	259	504	6213	-1777,92
1989/1990	12863	12605,74	2596	8921	625	112	7750	-2206,26
1990/1991	14391	14103,18	3371	8511	153	136	8518	156,18
1991/1992	7401	7252,98	3324	8294	71	87	3771	-1646,02
1992/1993	15899	15581,02	3298	8302	117	94	8470	1896,02
1993/1994	11757	11521,86	3202	6664	693	84	6711	571,86
1994/1995	11535	11304,30	3862	6420	321	40	7104	1281,30
1995/1996	10459	10249,82	7054	11686	216	40	5652	-290,18
1996/1997	10369	10161,62	5725	9051	159	56	4924	1696,62
1997/1998	7779	7623,42	5770	6422	71	44	4210	2646,42
1998/1999	6458	6328,84	6158	6832	60	40	3800	1754,84
1999/2000	7800	7644,00	6300	6853	69	42	3800	3180,00
2000/2001°	6057	5935,86	8625	8536	400	40	4100	1484,86
2001/2002°	7850	7693,00	8839	9291	58	40	4280	2863,00
2002/2003°°	7380	7232,40	9500	10000	58	100	4100	2474,40
2003/2004°°	5784	5668,32	10000	10750	58	22	4100	738,32

*surplus 1 = columns 2+3-4-5-6-7; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 22 Development of annual total wine surplus in wine market France



Source: own calculation.

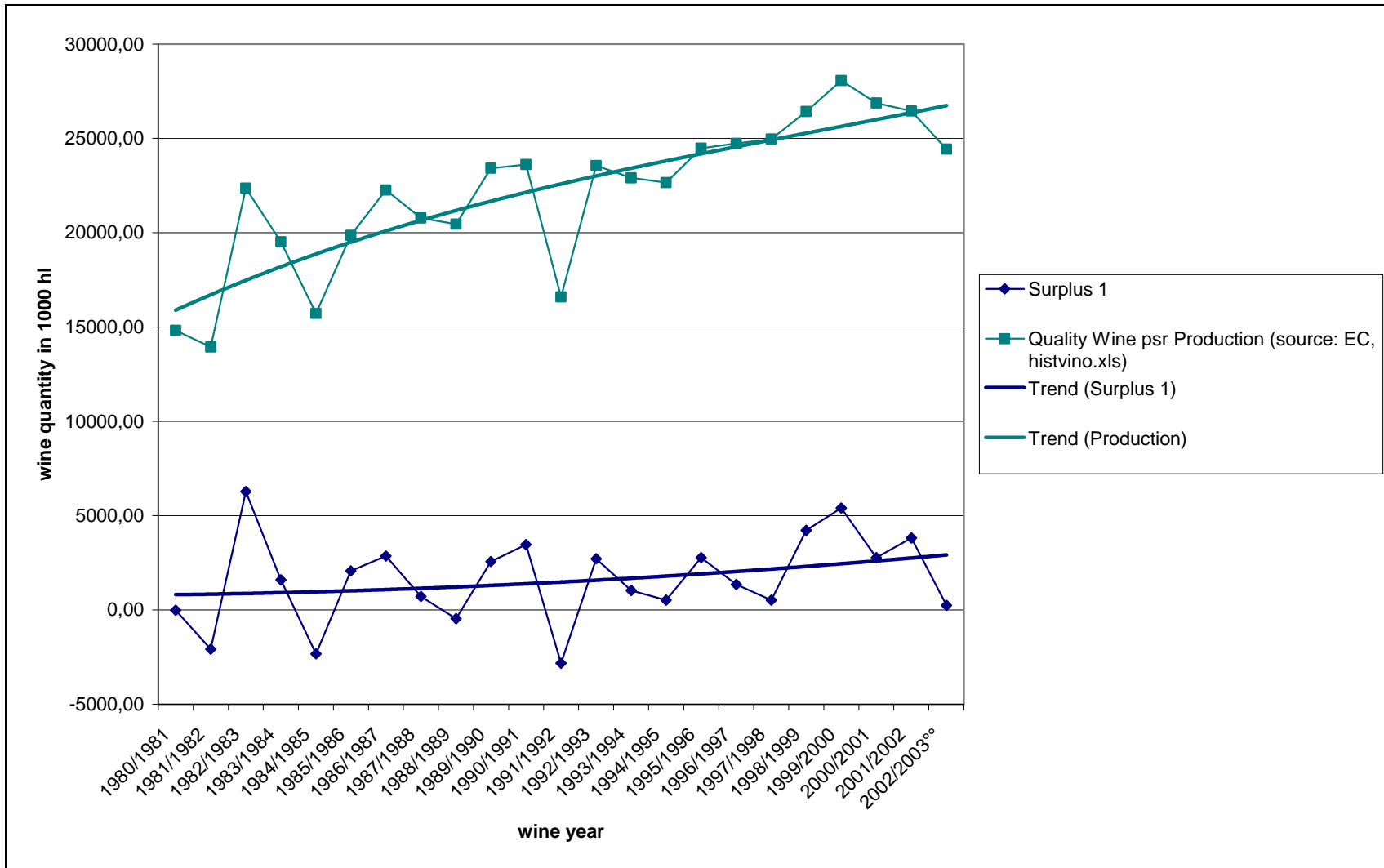
Table 41 Data for surplus calculation of total wines market in France (in 1000 hl)

Wine year	Total Wine Production (source: EC, histvino.xls)	Corrected Total Wine Production (Total Wine Production - 2%)	Human Consumption - wine (source: EC, histvino.xls)	Imports from Third Countries (source: EC, histvino.xls)	Exports to Third Countries (source: EC, histvino.xls)	"Imports" from EU (source: EC, histvino.xls)	"Exports" to EU (source: EC, histvino.xls)	Total other uses and losses (source: EC, histvino.xls)	Potable alcohol wine distillation Article.38(822/87); Article.29(1493/99) EC, ONIVINS)	Total Eau-de-Vie distillation	Surplus 1*	Surplus 2
1980/1981	69598	68206,04	49378	909	2937	8008	5854	1298	114	7152	10504,04	10390,04
1981/1982	57311	56164,78	47862	908	2958	6815	5961	1083	81	5023	1000,78	919,78
1982/1983	79093	77511,14	46602	544	2828	4928	6887	1165	2137	6952	18549,14	16412,14
1983/1984	67894	66536,12	45159	590	3516	5478	7472	1185	2053	5375	9897,12	7844,12
1984/1985	63418	62149,64	43906	611	3706	6924	7817	824	1706	5688	7743,64	6037,64
1985/1986	70055	68653,90	44157	635	3764	4412	8610	838	1542	6020	10311,90	8769,90
1986/1987	72764	71308,72	42411	631	3641	3680	9544	858	1927	5824	13341,72	11414,72
1987/1988	68285	66919,30	41780	476	3600	4554	9181	871	3115	6600	9917,30	6802,30
1988/1989	57170	56026,60	41010	590	3671	5376	9135	830	800	6213	1133,60	333,60
1989/1990	60508	59297,84	40484	750	3899	5214	8501	763	331	7750	3864,84	3533,84
1990/1991	63940	62661,20	38019	605	3028	4986	9089	836	431	8518	8762,20	8331,20
1991/1992	41438	40609,24	36903	627	2982	6730	8475	946	200	3771	-5110,76	-5310,76
1992/1993	63256	61990,88	37354	201	2829	5985	8140	1112	2641	8470	10271,88	7630,88
1993/1994	52059	51017,82	36664	223	3100	6687	8452	830	2467	6711	2170,82	-296,18
1994/1995	53325	52258,50	36515	300	3720	7582	8380	869	1421	7104	3552,50	2131,50
1995/1996	54354	53266,92	35091	795	3428	5630	9639	779	299	5652	5102,92	4803,92
1996/1997	57240	56095,20	34941	367	4227	5029	10018	874	1585	4924	6507,20	4922,20
1997/1998	53612	52539,76	35500	622	4872	5479	7178	555	705	4210	6325,76	5620,76
1998/1999	53071	52009,58	35002	538	3988	5162	6985	651	580	3800	7283,58	6703,58
1999/2000	60535	59324,30	34755	500	4119	5500	7000	550	800	3800	15100,30	14300,30
2000/2001°	57540	56389,20	33150	513	4256	4486	10844	798	3	4100	8240,20	8237,20
2001/2002°	53389	52321,22	29804	406	4326	5298	11189	633	1227	4280	7793,22	6566,22
2002/2003°°	50766	49750,68	33924	500		3890	14844#	833		4200	339,68	
2003/2004°°	45819	44902,62	34500	400		5500	15380#	744		4200	-4021,38	

*surplus 1 = columns 2+4+6-3-5-7-8-10; surplus2 = surplus 1 – column 9; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004; #sum of columns5+7.

Source: own calculation.

Graph 23 Development of annual quality wine psr (quality wine psr) surplus in wine market France



Source :own calculation.

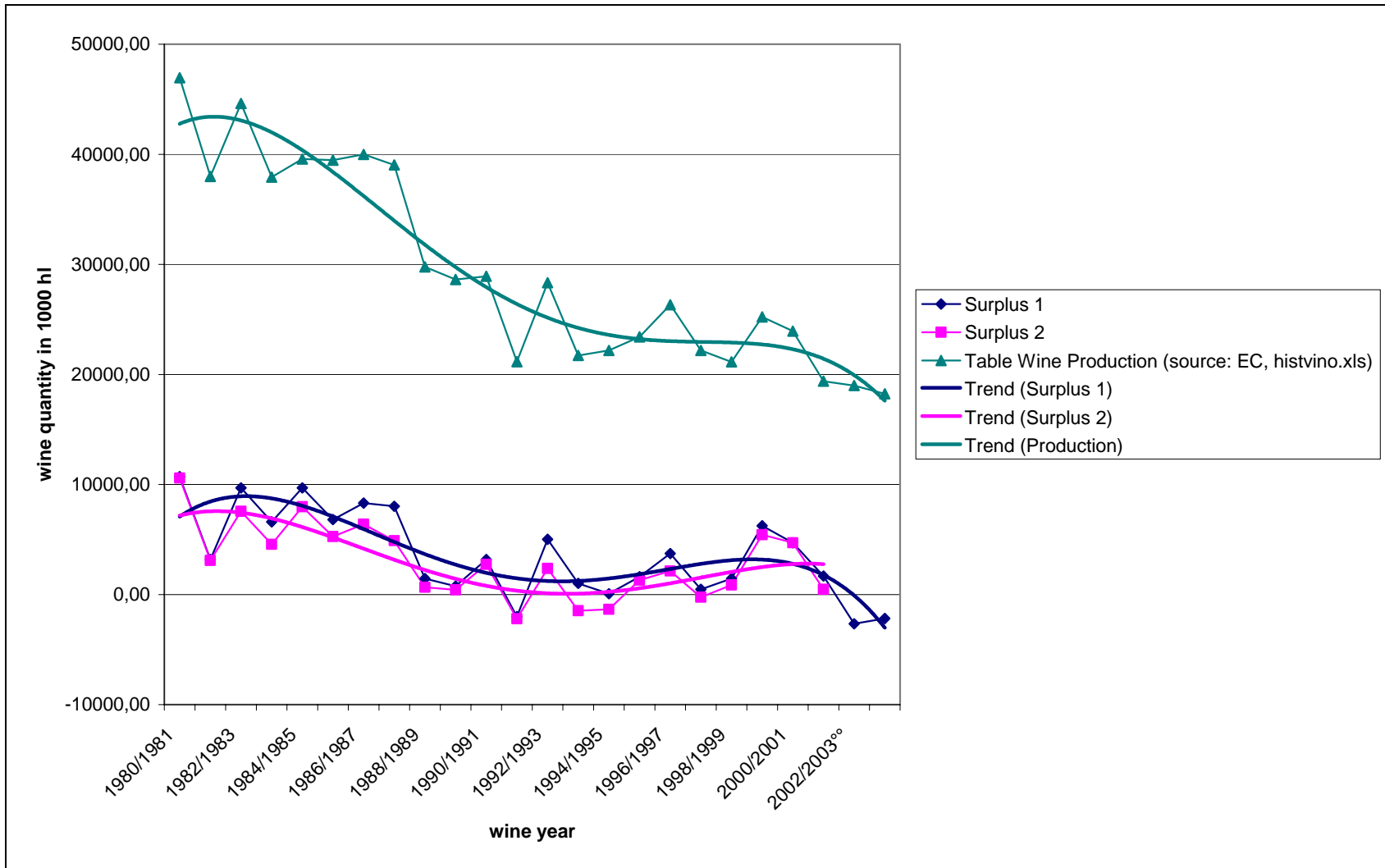
Table 42 Data for surplus calculation of quality wine psr (quality wine psr) market in France (in 1000 hl)

Wine year	quality wine psr Production (source: EC, histvino.xls)	Corrected quality wine psr Production (quality wine psr Production - 2%)	Human Consumption - quality wine psr (source: EC, histvino.xls)	quality wine psr Exports to Third Countries (source: EC, histvino.xls)	quality wine psr "Imports" from EU (source: EC, histvino.xls)	quality wine psr "Exports" to EU (source: EC, histvino.xls)	quality wine psr Total other uses and losses (source: EC, histvino.xls)	Surplus 1*
1980/1981	14819	14522,62	9790	1907	200	2824	210	-8,38
1981/1982	13940	13661,20	11010	1898	160	2836	162	-2084,80
1982/1983	22355	21907,90	10897	1732	117	2959	157	6279,90
1983/1984	19508	19117,84	12026	1974	95	3308	317	1587,84
1984/1985	15715	15400,70	11898	2125	111	3748	65	-2324,30
1985/1986	19860	19462,80	11389	2119	93	3909	66	2072,80
1986/1987	22263	21817,74	12865	1989	170	4175	94	2864,74
1987/1988	20780	20364,40	13160	2010	174	4550	100	718,40
1988/1989	20454	20044,92	13620	2155	165	4817	80	-462,08
1989/1990	23420	22951,60	13945	1950	243	4650	80	2569,60
1990/1991	23615	23142,70	13397	1813	362	4589	233	3472,70
1991/1992	16594	16262,12	13427	1839	713	4494	38	-2822,88
1992/1993	23554	23082,92	14656	1716	806	4592	210	2714,92
1993/1994	22903	22444,94	15221	1853	682	4807	210	1035,94
1994/1995	22656	22202,88	15535	2520	920	4371	169	527,88
1995/1996	24472	23982,56	15286	1800	927	4937	113	2773,56
1996/1997	24734	24239,32	16208	2132	946	5329	169	1347,32
1997/1998	24965	24465,70	16855	2651	991	5367	61	522,70
1998/1999	26426	25897,48	16468	2269	900	3782	61	4217,48
1999/2000	28064	27502,72	16955	2373	1100	3782	90	5402,72
2000/2001°	26868	26330,64	16955	2412	1027	5219		2771,64
2001/2002°	26449	25920,02	15106	2442	940	5489		3823,02
2002/2003°°	24430	23941,40	17000		900	7500#	100	241,40
2003/2004°°	21848	21411,04	17500		1000	7700#	83	-2871,96

*surplus 1 = columns 2+5-3-4-6-7; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source : own calculation.

Graph 24 Development of annual table wine surplus in wine market France



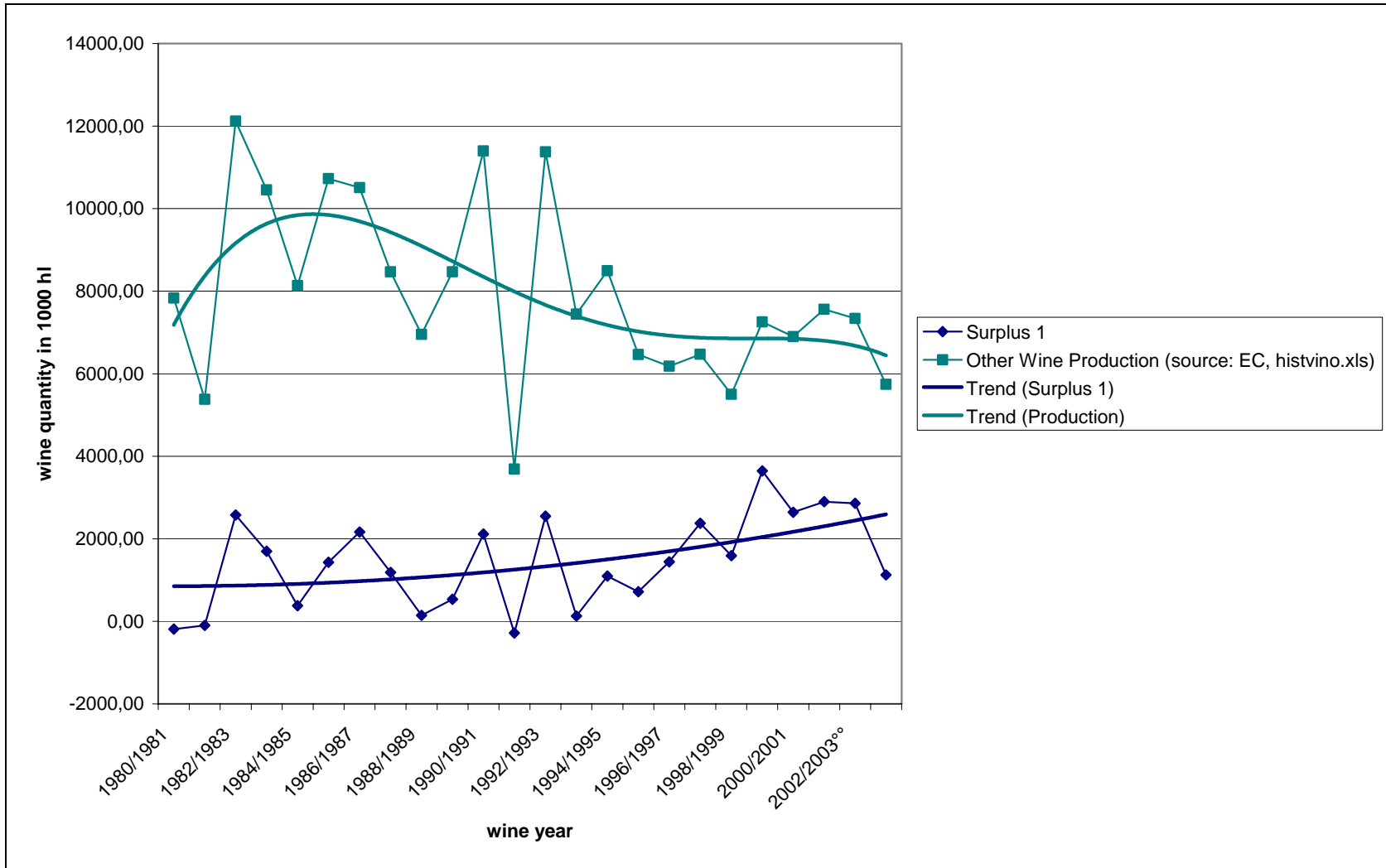
Source: own calculation.

Table 43 Data for surplus calculation of table wine market in France (in 1000 hl)

Wine year	Table Wine Production (source: EC, histvino.xls)	Corrected Table Wine Production (Table Wine Production - 2%)	Human Consumption - table wine (source: EC, histvino.xls)	Table Wine Exports to Third Countries (source: EC, histvino.xls)	Table Wine "Imports" from EU (source: EC, histvino.xls)	Table Wine "Exports" to EU (source: EC, histvino.xls)	Table Wine Total other uses and losses (source: EC, histvino.xls)	Potable alcohol wine distillation Article.38(822/87); Article.29(1493/99) (source: EC, ONIVINS)	Surplus 1*	Surplus 2	Table wine Stock at the Beginning of the wine year F (source: EC, histvino.xls)
1980/1981	46946	46007,08	38634	950	7008	2020	712	114	10699,08	10585,08	23094
1981/1982	37993	37233,14	36311	975	5955	2110	606	81	3186,14	3105,14	23872
1982/1983	44620	43727,60	34700	910	4613	2351	687	2137	9692,60	7555,60	21225
1983/1984	37932	37173,36	30309	1510	4915	3058	601	2053	6610,36	4557,36	22530
1984/1985	39572	38780,56	30256	1341	6284	3034	744	1706	9689,56	7983,56	21285
1985/1986	39472	38682,56	30192	1414	3693	3301	661	1542	6807,56	5265,56	20776
1986/1987	39992	39192,16	28762	1443	3355	3434	599	1927	8309,16	6382,16	19727
1987/1988	39037	38256,26	28099	1452	4335	4269	761	3115	8010,26	4895,26	21396
1988/1989	29762	29166,76	26800	1438	5211	3960	732	800	1447,76	647,76	18332
1989/1990	28624	28051,52	26139	1649	4971	3841	633	331	760,52	429,52	14924
1990/1991	28925	28346,50	24084	1206	4624	3973	533	431	3174,50	2743,50	14094
1991/1992	21156	20732,88	22792	1136	5960	3934	838	200	-2007,12	-2207,12	15370
1992/1993	28328	27761,44	22169	1106	4851	3495	832	2641	5010,44	2369,44	12483
1993/1994	21714	21279,72	20857	933	5622	3559	550	2467	1002,72	-1464,28	13369
1994/1995	22177	21733,46	20144	3200	6262	3917	654	1421	80,46	-1340,54	11098
1995/1996	23419	22950,62	19166	1530	4703	4702	646	299	1609,62	1310,62	11118
1996/1997	26324	25797,52	18370	2081	3688	4642	675	1585	3717,52	2132,52	11391
1997/1998	22178	21734,44	18184	2273	4300	4641	464	705	472,13	-232,87	12853
1998/1999	21142	20719,16	17935	1717	4100	3167	560	580	1439,98	859,98	12086
1999/2000	25218	24713,64	17300	1744	4000	3000	430	800	6238,76	5438,76	10853
2000/2001°	23939	23460,22	15500	1844	4098	5511		3	4703,12	4700,12	15551
2001/2002°	19378	18990,44	14242	1879	4358	5540		1227	1686,83	459,83	17701
2002/2003°°	18998	18618,04	16575	1723	2990	5441	533		-2663,96		13824
2003/2004°°	18229	17864,42	16500		4500	7500	539		-2174,58		

*surplus 1 = columns 2+5-3-4-6-7 ; surplus2 = surplus 1 – column 8; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004. Source: own calculation.

Graph 25 Development of annual other wine surplus in wine market France



Source: own calculation.

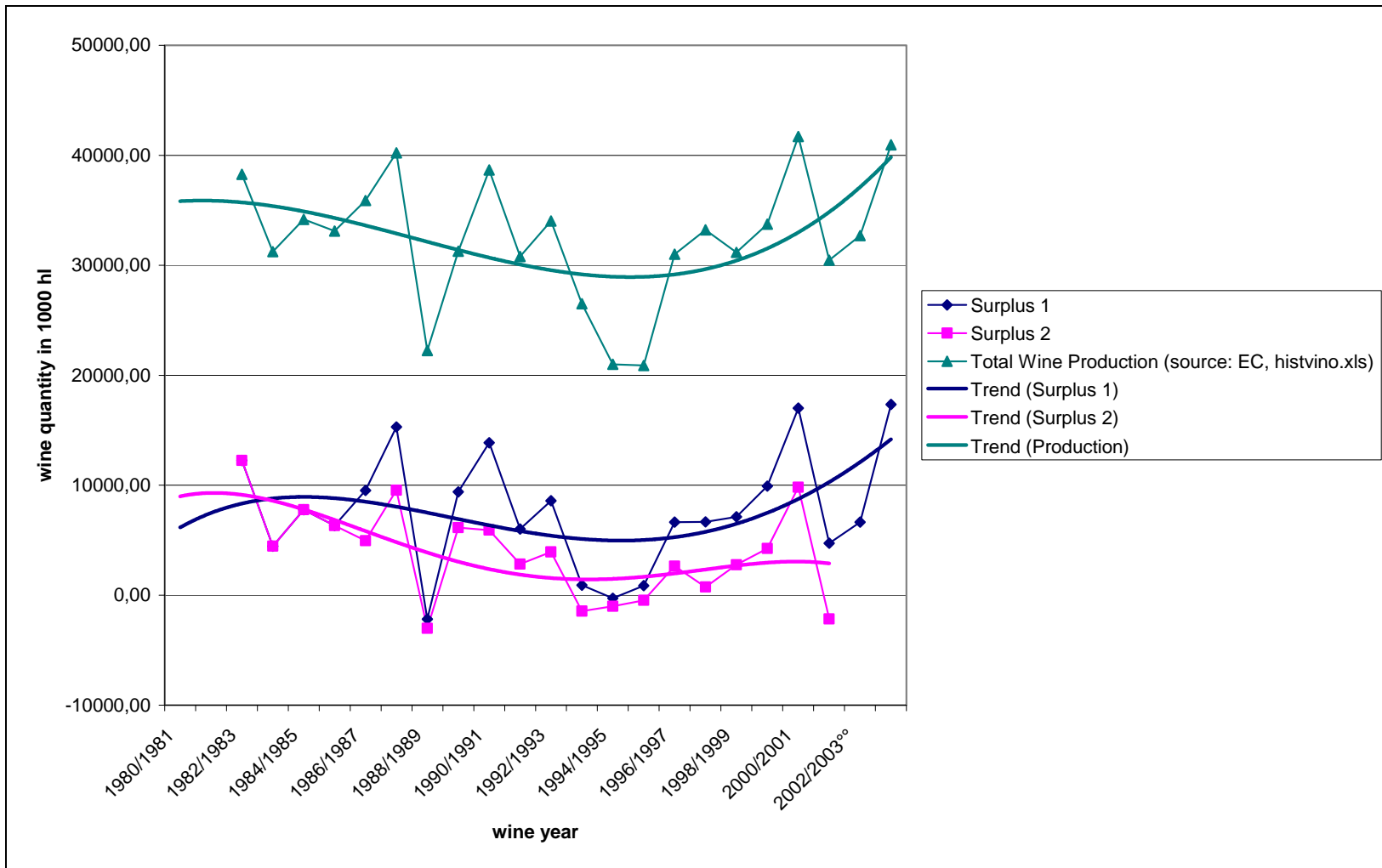
Table 44 Data for surplus calculation of “other wines” market in France (in 1000 hl)

Wine year	Other Wine Production (source: EC, histvino.xls)	Corrected Other Wine Production (Other Wine Production - 2%)	Human Consumption - other wine (source: EC, histvino.xls)	Other wine Imports from Third Countries (source: EC, histvino.xls)	Other wine Exports to Third Countries (source: EC, histvino.xls)	Other wine "Imports" from EU (source: EC, histvino.xls)	Other wine "Exports" to EU (source: EC, histvino.xls)	Other wine - Total other uses and losses (source: EC, histvino.xls)	Total Other wine Eau-de-Vie distillation	Surplus 1*
1980/1981	7833	7676,34	954	909	80	800	1010	376	7152	-186,66
1981/1982	5378	5270,44	541	908	85	700	1015	315	5023	-100,56
1982/1983	12118	11875,64	1005	544	186	198	1577	321	6952	2576,64
1983/1984	10454	10244,92	2824	590	32	468	1106	267	5375	1698,92
1984/1985	8131	7968,38	1752	611	240	529	1035	15	5688	378,38
1985/1986	10723	10508,54	2576	635	231	626	1400	111	6020	1431,54
1986/1987	10509	10298,82	784	631	209	155	1935	165	5824	2167,82
1987/1988	8468	8298,64	521	476	138	45	362	10	6600	1188,64
1988/1989	6954	6814,92	590	590	78		358	18	6213	147,92
1989/1990	8464	8294,72	400	750	300		10	50	7750	534,72
1990/1991	11400	11172,00	538	605	9		527	70	8518	2115,00
1991/1992	3688	3614,24	684	627	7	57	47	70	3771	-280,76
1992/1993	11374	11146,52	529	201	7	328	53	70	8470	2546,52
1993/1994	7442	7293,16	586	223	314	383	86	70	6711	132,16
1994/1995	8492	8322,16	700	300		400	92	30	7104	1096,16
1995/1996	6463	6333,74	639	795	98			20	5652	719,74
1996/1997	6182	6058,36	363	367	14	395	47	30	4924	1442,36
1997/1998	6469	6339,62	461	622	35	188	35	30	4210	2378,62
1998/1999	5503	5392,94	599	538	35	162	35	30	3800	1593,94
1999/2000	7253	7107,94	500	500	35	400		30	3800	3642,94
2000/2001°	6900	6762,00	400	513	17		114		4100	2644,00
2001/2002°	7562	7410,76	456	406	19		160		4280	2901,76
2002/2003°°	7338	7191,24	350	500			180	100	4200	2861,24
2003/2004°°	5742	5627,16	500	400			180	22	4200	1125,16

*surplus 1 = columns 2+4+6-3-5-7-8-9; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 26 Development of annual total wine surplus in wine market Spain



Source: own calculation.

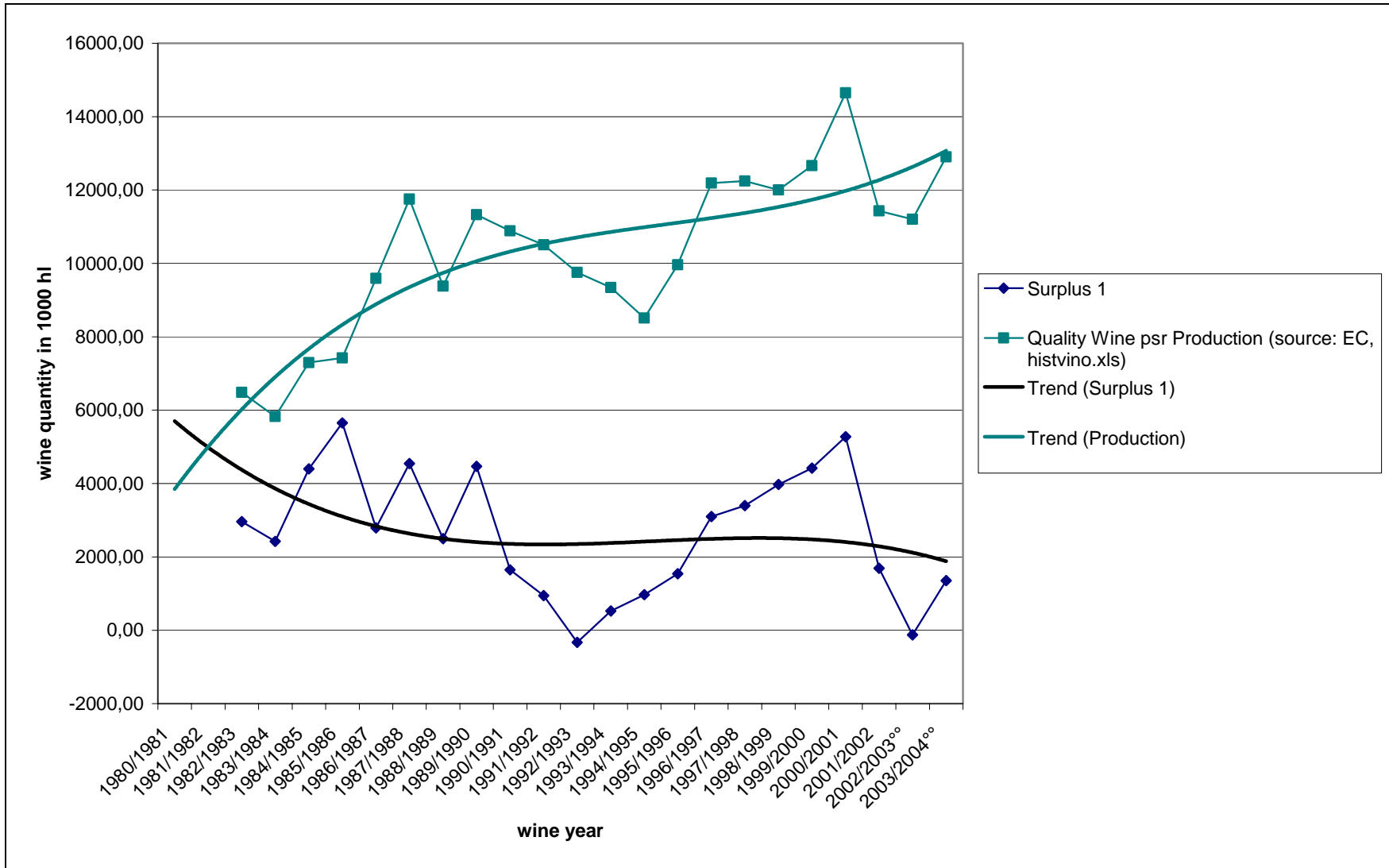
Table 45 Data for surplus calculation of total wines market in Spain (in 1000 hl)

Wine year	Total Wine Production (source: EC, histvino.xls)	Corrected Total Wine Production (Total Wine Production - 2%)	Human Consumption - wine (source: EC, histvino.xls)	Imports from Third Countries (source: EC, histvino.xls)	Exports to Third Countries (source: EC, histvino.xls)	"Imports" from EU (source: EC, histvino.xls)	"Exports" to EU (source: EC, histvino.xls)	Total other uses and losses (source: EC, histvino.xls)	Potable alcohol wine distillation Article.38(822/87); Article.29(1493/99) (source: EC, ONIVINS)	Surplus 1*	Surplus 2
1980/1981											
1981/1982											
1982/1983	38251	37485,98	18808	16	3732	3	1663	1054	0	12247,98	12247,98
1983/1984	31238	30613,24	18623	11	4285	9	2254	1013	0	4458,24	4458,24
1984/1985	34179	33495,42	18368	20	4381	7	1977	1031	0	7765,42	7765,42
1985/1986	33103	32440,94	18815	15	3779	40	2500	1063	0	6338,94	6338,94
1986/1987	35872	35154,56	18704	16	3583	20	2021	1352	4576	9530,56	4954,56
1987/1988	40222	39417,56	18451	4	2407	42	2039	1271	5763	15295,56	9532,56
1988/1989	22252	21806,96	17883	2	2226	46	2864	1051	843	-2169,04	-3012,04
1989/1990	31276	30650,48	15892	10	2473	49	1818	1132	3257	9394,48	6137,48
1990/1991	38658	37884,84	17158	1	2441	46	3100	1366	7956	13866,84	5910,84
1991/1992	30796	30180,08	16834	3	2262	126	3886	1311	3184	6016,08	2832,08
1992/1993	34032	33351,36	16283	3	2670	66	4529	1347	4670	8591,36	3921,36
1993/1994	26495	25965,10	15965	0	2464	146	5539	1243	2359	900,10	-1458,90
1994/1995	20995	20575,10	15335	288	2099	1454	4005	1167	723	-288,90	-1011,90
1995/1996	20876	20458,48	14459	1671	1709	526	4481	1151	1332	855,48	-476,52
1996/1997	31000	30380,00	14529	82	2293	147	5749	1397	3997	6641,00	2644,00
1997/1998	33218	32553,64	14589	6	2884	658	7615	1473	5912	6656,64	744,64
1998/1999	31173	30549,54	14792	27	2443	1247	6094	1376	4364	7118,54	2754,54
1999/2000	33723	33048,54	14547	9	2000	866	6000	1470	5666	9906,54	4240,54
2000/2001°	41692	40858,16	13843	17	2161	326	6495	1686	7199	17016,16	9817,16
2001/2002°	30460	29850,80	13812	12	2456	179	7453	1606	6872	4714,80	-2157,20
2002/2003°°	32700	32046,00	14000		2500	200	7500	1600		6646,00	
2003/2004°°	40956	40136,88	14000		1500	240	6300	1240		17336,88	

*surplus 1 = columns 2+4+6-3-5-7-8 ; surplus2 = surplus 1 – column 9; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 27 Development of annual quality wine psr surplus in wine market in Spain



Source: own calculation.

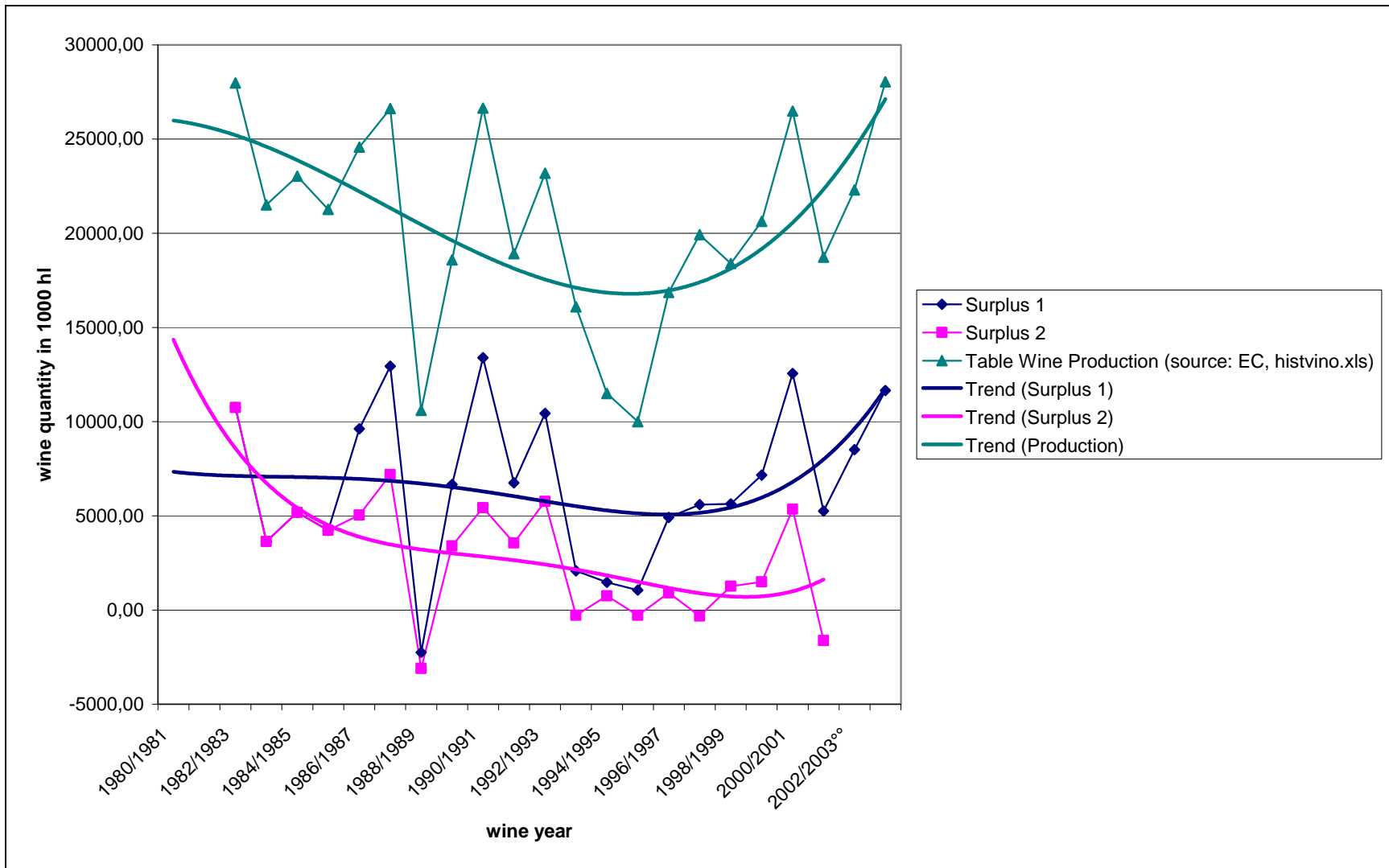
Table 46 Data for surplus calculation of quality wine psr market in Spain (in 1000 hl)

Wine year	quality wine psr Production (source: EC, histvino.xls)	Corrected quality wine psr Production (quality wine psr Production - 2%)	Human Consumption - quality wine psr (source: EC, histvino.xls)	quality wine psr Exports to Third Countries (source: EC, histvino.xls)	quality wine psr "Imports" from EU (source: EC, histvino.xls)	quality wine psr "Exports" to EU (source: EC, histvino.xls)	quality wine psr Total other uses and losses (source: EC, histvino.xls)	Surplus 1*
1980/1981								
1981/1982								
1982/1983	6482	6352,36	4085	1545	3	690	166	2959,36
1983/1984	5828	5711,44	3874	1543	9	810	156	2423,44
1984/1985	7296	7150,08	3532	1694	7	764	154	4401,08
1985/1986	7420	7271,60	2324	1622	40	800	158	5651,60
1986/1987	9593	9401,14	6205	1635	20	1847	212	2792,14
1987/1988	11753	11517,94	6528	1232	42	1500	219	4544,94
1988/1989	9381	9193,38	6045	982	46	1479	199	2498,38
1989/1990	11325	11098,50	5874	912	49	1523	193	4469,50
1990/1991	10891	10673,18	7197	787	46	2413	250	1646,18
1991/1992	10508	10297,84	7240	891	126	2921	210	943,84
1992/1993	9755	9559,90	7273	731	66	3194	218	-328,10
1993/1994	9342	9155,16	7174	877	146	2309	168	527,16
1994/1995	8510	8339,80	6859	675	1454	2475	160	974,80
1995/1996	9960	9760,80	6881	681	526	2366	179	1541,80
1996/1997	12188	11944,24	6930	726	147	2567	219	3101,24
1997/1998	12244	11999,12	7039	868	658	2865	220	3401,12
1998/1999	12005	11764,90	7105	794	1247	2606	120	3974,90
1999/2000	12667	12413,66	6837	794	866	2606	212	4418,66
2000/2001°	14649	14356,02	7200	751	326	2804	150**	5279,02
2001/2002°	11435	11206,30	6931	817	179	3429	150	1692,30
2002/2003°°	11200	10976,00	7000		100	4000#	200	-124,00
2003/2004°°	12900	12642,00	7000		60	4200#	150	1352,00

*surplus 1 = columns 2+5-3-4-6-7 ; ***cursiv values* = own estimations; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 28 Development of annual table wine surplus in wine market Spain



Source: own calculation.

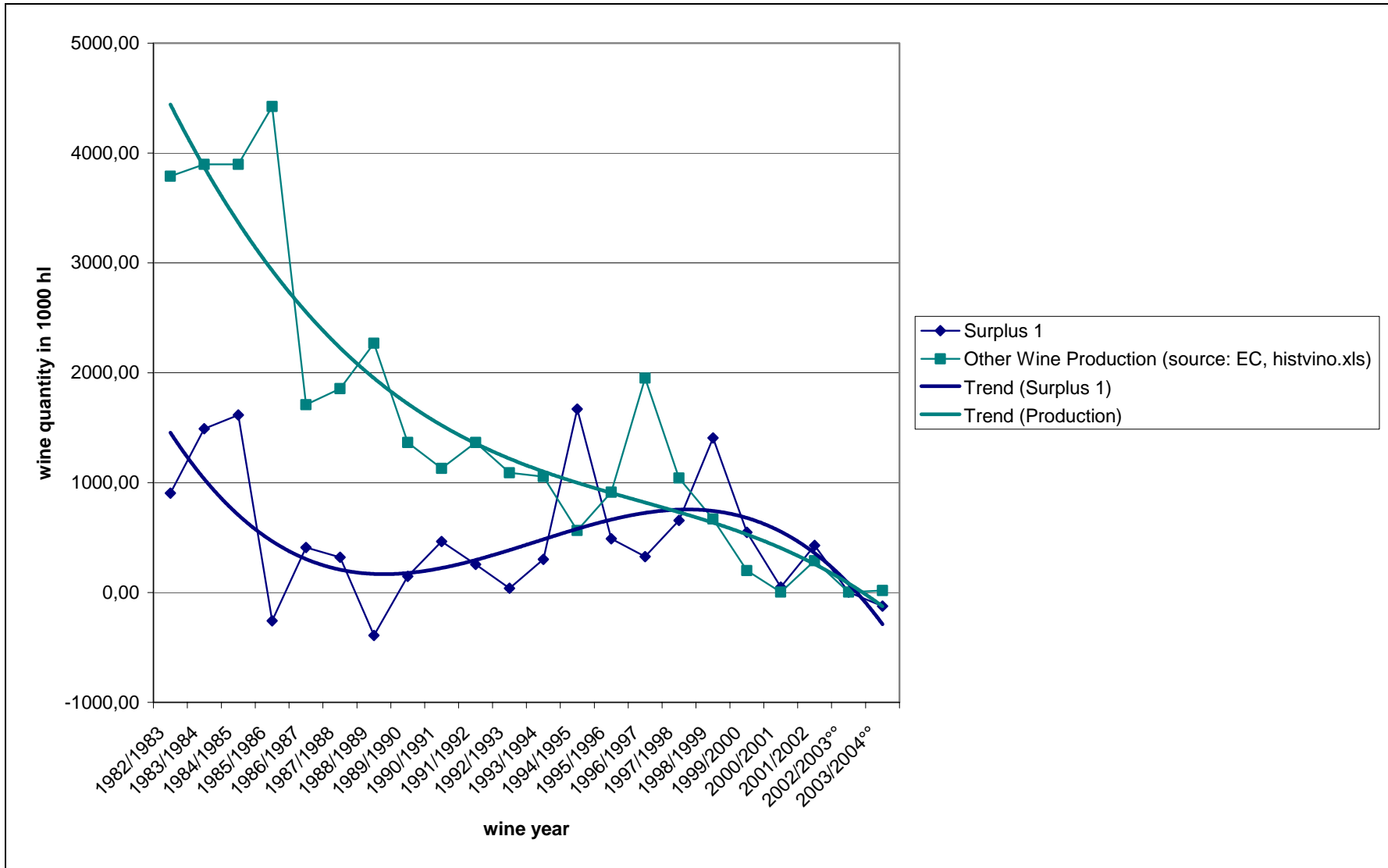
Table 47 Data for surplus calculation of table wine market in Spain (in 1000 hl)

Wine year	Table Wine Production (source: EC, histvino.xls)	Corrected Table Wine Production (Table Wine Production - 2%)	Human Consumption - table wine (source: EC, histvino.xls)	Table Wine Exports to Third Countries (source: EC, histvino.xls)	Table Wine "Imports" from EU (source: EC, histvino.xls)	Table Wine "Exports" to EU (source: EC, histvino.xls)	Table Wine Total other uses and losses (source: EC, histvino.xls)	Potable alcohol wine distillation Article.38(822/87); Article.29(1493/99) (source: EC, ONIVINS)	Surplus 1*	Surplus 2	Stock at the Beginning of the wine year (source: EC, histvino.xls)
1980/1981											
1981/1982											
1982/1983	27980	27420,40	13706	1855	0	830	280	0	10749,40	10749,40	9539
1983/1984	21513	21082,74	13643	2350	0	1235	215	0	3639,74	3639,74	10959
1984/1985	23026	22565,48	13734	2356	0	1063	230	0	5182,48	5182,48	6429
1985/1986	21260	20834,80	13276	1616	0	1500	213	0	4229,80	4229,80	10683
1986/1987	24570	24078,60	11407	1869	4	55	1128	4576	9623,60	5047,60	10762
1987/1988	26613	26080,74	10500	1105	13	500	1039	5763	12949,74	7186,74	10071
1988/1989	10602	10389,96	9290	1183	11	1348	836	843	-2256,04	-3099,04	11310
1989/1990	18587	18215,26	8824	1532	13	280	929	3257	6663,26	3406,26	8135
1990/1991	26637	26104,26	9342	1616	15	662	1108	7956	13391,26	5435,26	9919
1991/1992	18922	18543,56	8465	1332	22	931	1091	3184	6746,56	3562,56	6750
1992/1993	23187	22723,26	8083	1900	24	1210	1121	4670	10433,26	5763,26	6563
1993/1994	16098	15776,04	8062	1573	107	3102	1068	2359	2078,04	-280,96	6685
1994/1995	11500	11270,00	7340	977	1005	1445	1038	723	1475,00	752,00	5116
1995/1996	10003	9802,94	5214	1001	345	1909	966	1332	1057,94	-274,06	5698
1996/1997	16861	16523,78	6284	1541	101	2727	1159	3997	4913,78	916,78	6010
1997/1998	19933	19534,34	6970	1992	602	4334	1245	5912	5595,34	-316,66	6642
1998/1999	18400	18032,00	7258	1629	1157	3421	1251	4364	5630,00	1266,00	6289
1999/2000	20631	20218,38	7240	1629	574	3500	1256	5666	7167,38	1501,38	7619
2000/2001°	26479	25949,42	7400	1444	256	3612	1200**	7199	12549,42	5350,42	9190
2001/2002°	18737	18362,26	6868	1620	598	4020	1200	6872	5252,26	-1619,74	12592
2002/2003°°	22300	21854,00	6800	1633	119	3630	1400		8510,00		9894
2003/2004°°	28039	27478,22	6950	1500	170	6300	1240		11658,22		

*surplus 1 = columns 2+5-3-4-6-7; surplus2 = surplus 1 – column 8 ; ***cursiv values = estimations*; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 29 Development of annual other wine surplus in wine market Spain



Source: own calculation.

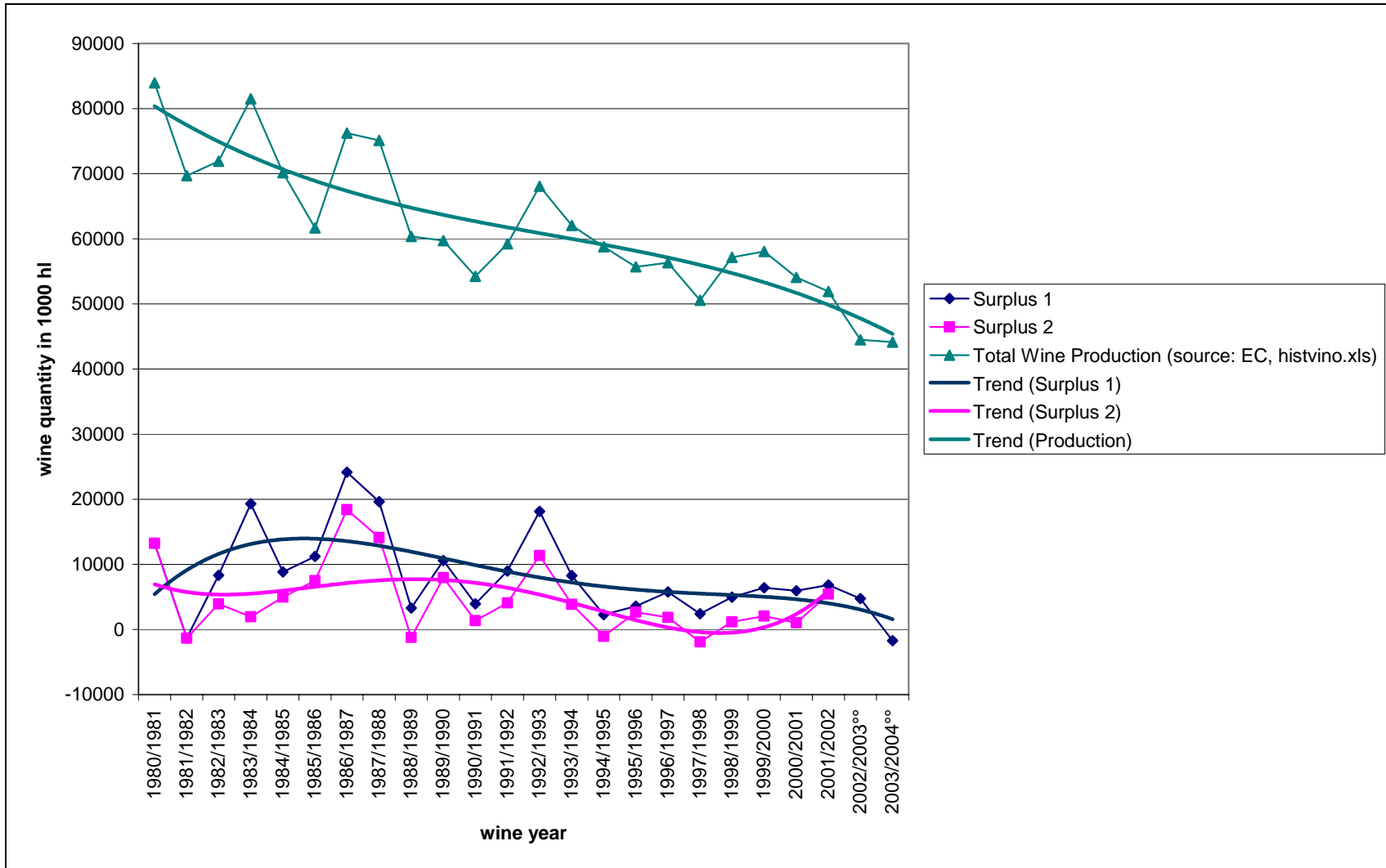
Table 48 Data for surplus calculation of “other wines” market in Spain (in 1000 hl)

Wine year	Other Wine Production (source: EC, histvino.xls)	Corrected Other Wine Production (Other Wine Production - 2%)	Human Consumption - wine (source: EC, histvino.xls)	Imports of “other wines” from Third Countries (source: EC, histvino.xls)	Exports of “other wines” to Third Countries (source: EC, histvino.xls)	"Imports" of “other wines” from EU (source: EC, histvino.xls)	"Exports" of “other wines” to EU (source: EC, histvino.xls)	“other wines” - Total other uses and losses (source: EC, histvino.xls)	Surplus 1*
1980/1981									
1981/1982									
1982/1983	3789	3713,22	1017	16	332	3	872	608	903,22
1983/1984	3897	3819,06	1106	11	392	9	209	642	1490,06
1984/1985	3897	3819,06	1102	20	331	7	150	647	1616,06
1985/1986	4423	4334,54	3215	15	541	40	200	692	-258,46
1986/1987	1709	1674,82	1092	16	79	20	119	12	408,82
1987/1988	1856	1818,88	1423	4	70	42	39	13	319,88
1988/1989	2269	2223,62	2548	2	61	46	37	16	-390,38
1989/1990	1364	1336,72	1194	10	29	49	15	10	147,72
1990/1991	1130	1107,40	619	1	38	46	25	8	464,40
1991/1992	1366	1338,68	1129	3	39	126	34	10	255,68
1992/1993	1090	1068,20	927	3	39	66	125	8	38,20
1993/1994	1055	1033,90	729		14	146	128	7	301,90
1994/1995	564	552,72	514	288	20	1454	85	7	1668,72
1995/1996	913	894,74	2364	1671	27	526	206	6	488,74
1996/1997	1951	1911,98	1315	82	26	147	455	19	325,98
1997/1998	1041	1020,18	581	6	24	658	416	7	656,18
1998/1999	668	654,64	429	27	20	1247	67	5	1407,64
1999/2000	200	196,00	470	9	2	866	50	2	547,00
2000/2001°	3	2,94	200	17	12	326	79	5**	49,94
2001/2002°	288	282,24	13	12	22	179	4	5	429,24
2002/2003°°	4	3,92							3,92
2003/2004°°	17	16,66	50	10#			100#		-123,34

*surplus 1 = columns 2+4+6-3-5-7; ***cursiv values = estimations*; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 30 Development of annual total wine surplus in wine market Italy



Source: own calculation.

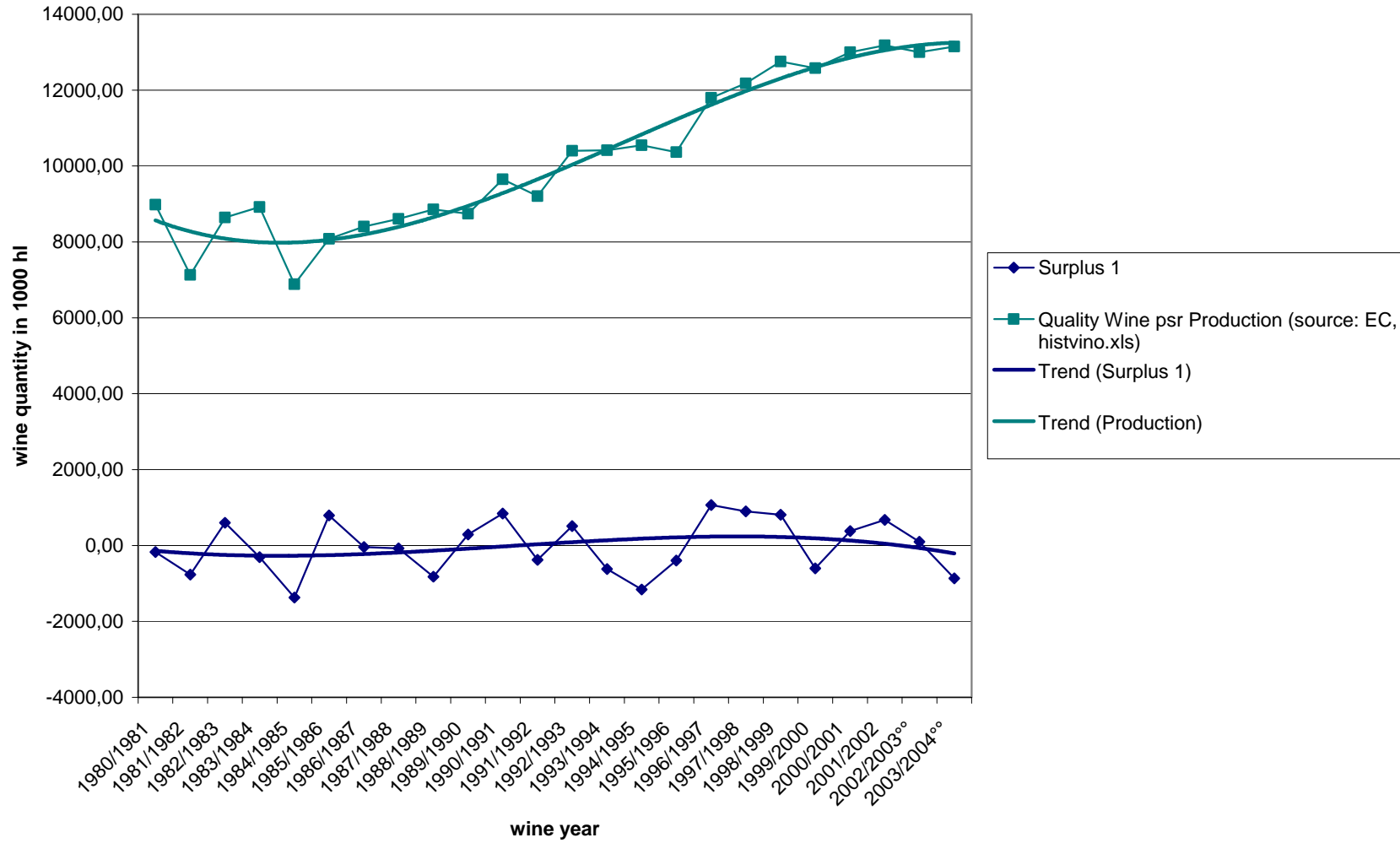
Table 49 Data for surplus calculation of total wines market in Italy (in 1000 hl)

Wine year	Total Wine Production (source: EC, histvino.xls)	Corrected Total Wine Production (Total Wine Production - 2%)	Human Consumption - wine (source: EC, histvino.xls)	Imports from Third Countries (source: EC, histvino.xls)	Exports to Third Countries (source: EC, histvino.xls)	"Imports" from EU (source: EC, histvino.xls)	"Exports" to EU (source: EC, histvino.xls)	Total other uses and losses (source: EC, histvino.xls)	Potable alcohol wine distillation Article.38(822/87); Article.29(1493/99) (source: EC, ONIVINS)	Surplus 1*	Surplus 2
1980/1981	83950	82271,00	48723	87	5150	101	13539	1800	18	13247,00	13229,00
1981/1982	69700	68306,00	46549	85	6434	81	14894	1908	36	-1313,00	-1349,00
1982/1983	71948	70509,04	44666	69	4868	83	10802	2011	4383	8314,04	3931,04
1983/1984	81500	79870,00	44195	57	4405	88	9859	2226	17369	19330,00	1961,00
1984/1985	70170	68766,60	39042	90	5042	419	14040	2295	3893	8856,60	4963,60
1985/1986	61690	60456,20	33987	80	3819	493	9717	2290	3725	11216,20	7491,20
1986/1987	76262	74736,76	37881	64	2823	549	8036	2440	5790	24169,76	18379,76
1987/1988	75122	73619,56	41387	60	2404	403	8410	2240	5508	19641,56	14133,56
1988/1989	60360	59152,80	40081	7	2848	546	11344	2140	4506	3292,80	-1213,20
1989/1990	59727	58532,46	33375	6	2762	992	10777	2040	2604	10576,46	7972,46
1990/1991	54266	53180,68	35782	9	2326	753	10039	1850	2601	3945,68	1344,68
1991/1992	59238	58053,24	35572	11	2684	785	9745	1850	4913	8998,24	4085,24
1992/1993	68086	66724,28	35843	26	2578	464	8809	1850	6781	18134,28	11353,28
1993/1994	62068	60826,64	35859	13	4019	268	10996	1960	4415	8273,64	3858,64
1994/1995	58776	57600,48	34121	25	3580	208	15863	2010	3304	2259,48	-1044,52
1995/1996	55702	54587,96	34693	0	2983	292	11624	2010	916	3569,96	2653,96
1996/1997	56322	55195,56	33820	25	3954	415	10080	2010	3937	5771,56	1834,56
1997/1998	50563	49551,74	32134	34	3672	1495	10844	2010	4328	2420,74	-1907,26
1998/1999	57140	55997,20	31839	73	3448	676	14466	2040	3762	4953,20	1191,20
1999/2000	58074	56912,52	31692	51	3000	545	14000	2400	4357	6416,52	2059,52
2000/2001°	54088	53006,24	28935	57	4113	555	12632	1990	4927	5948,24	1021,24
2001/2002°	51912	50873,76	27190	0	4490	1601	11309	2640	1409	6845,76	5436,76
2002/2003°°	44500	43610,00	27000		2380	977	7646	2800		4761,00	
2003/2004°°	44150	43267,00	28621	58	4204	1306	9683	3845		-1722,00	

*surplus 1 = columns 2+4+6-3-5-7-8 ; surplus2 = surplus 1 – column 9; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 31 Development of annual quality wine psr (quality wine psr) surplus in wine market Italy



Source: own calculation.

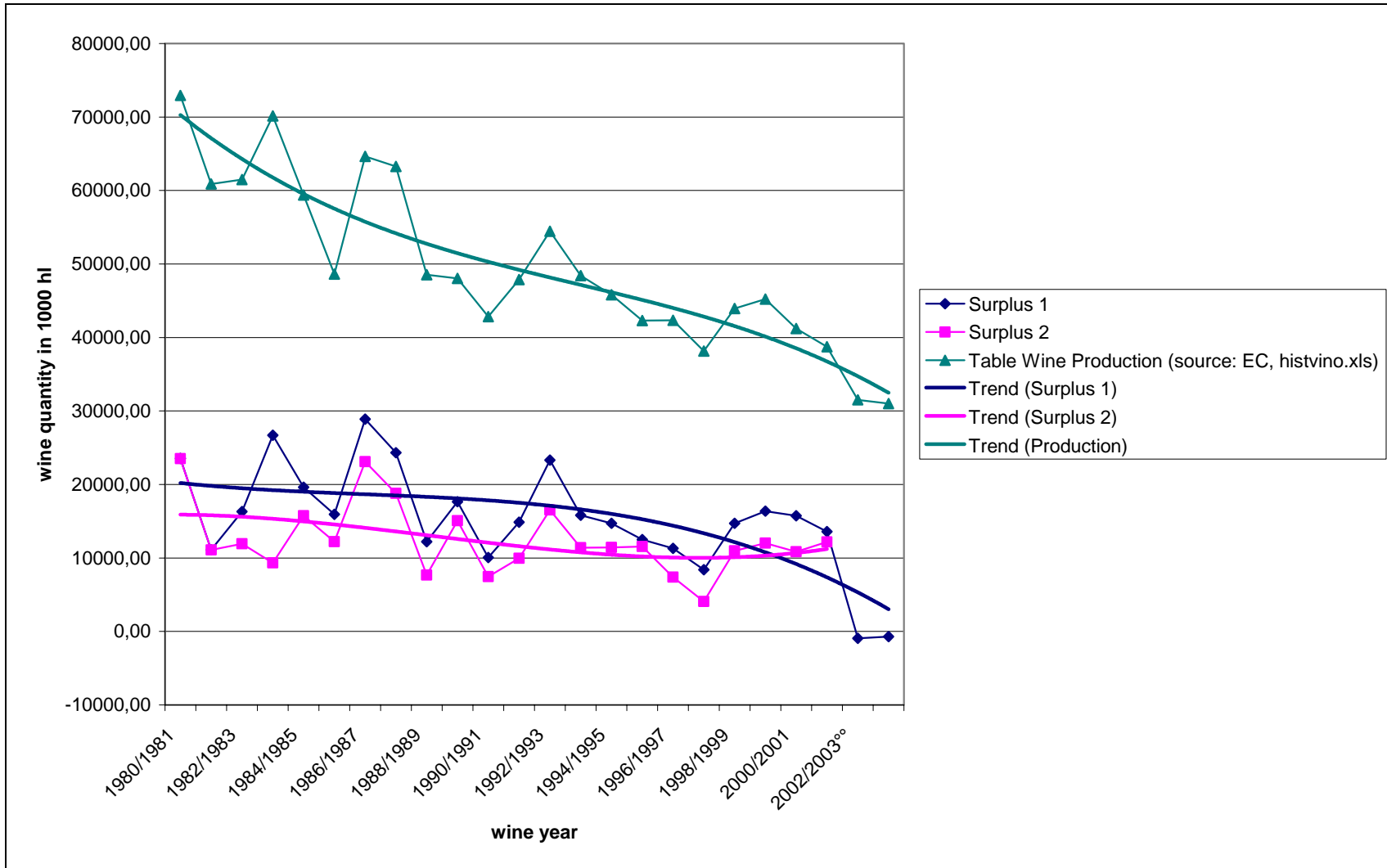
Table 50 Data for surplus calculation of quality wine psr market in Italy (in 1000 hl)

Wine year	quality wine psr Production (source: EC, histvino.xls)	Corrected quality wine psr Production (quality wine psr Production - 2%)	Human Consumption - quality wine psr (source: EC, histvino.xls)	quality wine psr Exports to Third Countries (source: EC, histvino.xls)	quality wine psr "Imports" from EU (source: EC, histvino.xls)	quality wine psr "Exports" to EU (source: EC, histvino.xls)	quality wine psr Total other uses and losses (source: EC, histvino.xls)	Surplus 1*
1980/1981	8984	8804,32	5307	1900	43	1770	40	-169,68
1981/1982	7130	6987,40	4160	1710	33	1880	35	-764,60
1982/1983	8642	8469,16	4852	1595	34	1433	25	598,16
1983/1984	8917	8738,66	5949	1595	31	1499	35	-308,34
1984/1985	6885	6747,30	4457	1910	53	1772	35	-1373,70
1985/1986	8082	7920,36	4059	1655	60	1445	30	791,36
1986/1987	8405	8236,90	5385	1540	67	1377	40	-38,10
1987/1988	8607	8434,86	5883	1349	81	1318	40	-74,14
1988/1989	8859	8681,82	6682	1388	131	1524	40	-821,18
1989/1990	8744	8569,12	5225	1398	121	1733	40	294,12
1990/1991	9652	9458,96	5229	1317	145	2176	40	841,96
1991/1992	9207	9022,86	5774	1391	148	2343	40	-377,14
1992/1993	10400	10192,00	6481	1326	118	1950	40	513,00
1993/1994	10418	10209,64	7347	1502	98	2040	40	-621,36
1994/1995	10545	10334,10	7256	1419	108	2889	40	-1161,90
1995/1996	10363	10155,74	6226	1513	97	2873	40	-399,26
1996/1997	11796	11560,08	6163	1838	101	2553	40	1067,08
1997/1998	12179	11935,42	6512	1777	107	2812	40	901,42
1998/1999	12752	12496,96	7144	1644	112	2969	40	811,96
1999/2000	12580	12328,40	8091	1896	117	2969	90	-600,60
2000/2001°	13000	12740,00	7250	1988	125	3205	40**	382,00
2001/2002°	13178	12914,44	7211	2090	384	3284	40	673,44
2002/2003°°	13000	12740,00	7500		400	5500#	40	100,00
2003/2004°°	13150	12887,00	9566		162	4307#	40	-864,00

*surplus 1 = columns 2+5-3-4-6-7; ***cursiv values = estimations*; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 32 Development of annual table wine surplus in wine market Italy



Source: own calculation.

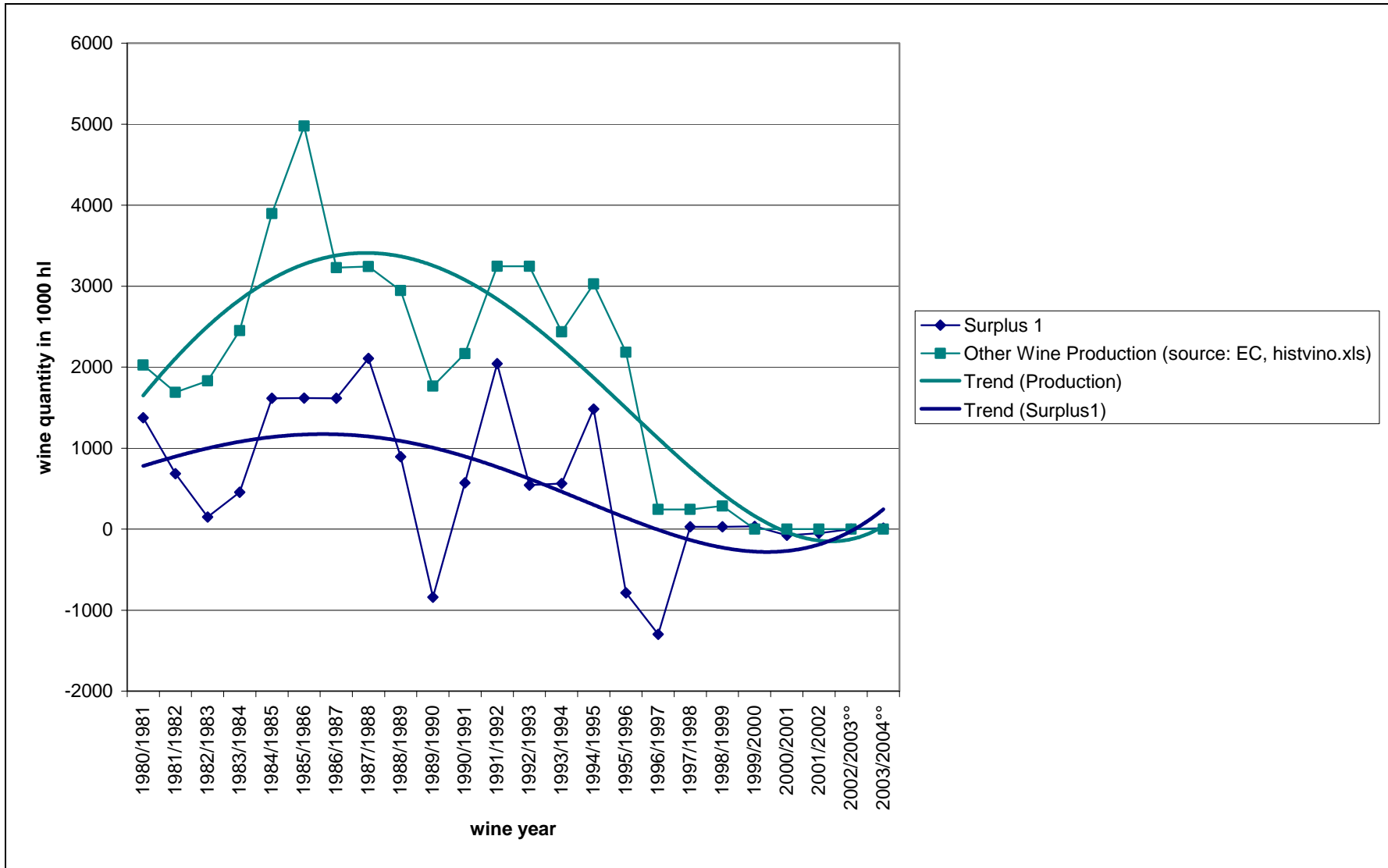
Table 51 Data for surplus calculation of table wines market in Italy (in 1000 hl)

Wine year	Table Wine Production (source: EC, histvino.xls)	Corrected Table Wine Production (Table Wine Production - 2%)	Human Consumption - table wine (source: EC, histvino.xls)	Table Wine Exports to Third Countries (source: EC, histvino.xls)	Table Wine "Imports" from EU (source: EC, histvino.xls)	Table Wine "Exports" to EU (source: EC, histvino.xls)	Table Wine Total other uses and losses (source: EC, histvino.xls)	Potable alcohol wine distillation Article.38(822/87); Article.29(1493/99) (source: EC, ONIVINS)	Surplus 1*	Surplus 2	Table wine Stock at the beginning of the wine year (source: EC, histvino.xls)
1980/1981	72941	71482,18	43175	3180	11550	11550	1590	18	23537,18	23519,18	25642
1981/1982	60881	59663,38	42349	4499	12384	12384	1710	36	11105,38	11069,38	26225
1982/1983	61476	60246,48	39122	3016	8784	8784	1804	4383	16304,48	11921,48	16704
1983/1984	70132	68729,36	37450	2638	7610	7610	1936	17369	26705,36	9336,36	15256
1984/1985	59389	58201,22	33668	2916	11373	11373	1990	3893	19627,22	15734,22	32507
1985/1986	48631	47658,38	27785	1952	7558	7558	1990	3725	15931,38	12206,38	26608
1986/1987	64628	63335,44	31153	1271	6595	6595	2030	5790	28881,44	23091,44	25650
1987/1988	63273	62007,54	34852	1024	7016	7016	1830	5508	24301,54	18793,54	27055
1988/1989	48536	47565,28	32197	1443	9388	9388	1730	4506	12195,28	7689,28	25434
1989/1990	48037	47076,26	26067	1352	8296	8296	2000	2604	17657,26	15053,26	15583
1990/1991	42850	41993,00	29118	999	7624	7624	1810	2601	10066,00	7465,00	20834
1991/1992	47863	46905,74	28942	1280	7094	7094	1810	4913	14873,74	9960,74	19582
1992/1993	54441	53352,18	27004	1236	6565	6565	1810	6781	23302,18	16521,18	15492
1993/1994	48405	47436,90	27200	2497	8451	8451	1920	4415	15819,90	11404,90	18340
1994/1995	45795	44879,10	26049	2143	12291	12291	1970	3304	14717,10	11413,10	14507
1995/1996	42311	41464,78	25540	1470	8751	8751	1970	916	12484,78	11568,78	14615
1996/1997	42342	41495,16	26094	2116	7527	7527	1970	3937	11315,16	7378,16	18274
1997/1998	38140	37377,20	25141	1876	7713	7713	1970	4328	8390,20	4062,20	19001
1998/1999	43916	43037,68	24545	1778	11130	11130	2000	3762	14714,68	10952,68	16728
1999/2000	45208	44303,84	23446	2171	11000	11000	2305	4357	16381,84	12024,84	18312
2000/2001°	41205	40380,90	20500	2121	9427	9427	2000**	4927	15759,90	10832,90	22549
2001/2002°	38734	37959,32	19979	2400	8025	8025	2000	1409	13580,32	12171,32	24382
2002/2003°°	31500	30870,00	19750	2380	577	7646	2600		-929,00		22029
2003/2004°°	31000	30380,00	18816		1143	9580#	3845		-718,00		

*surplus 1 = columns 2+5-3-4-6-7; surplus2 = surplus 1 – column 8 ; ***cursiv values* = own estimations; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

Graph 33 Development of annual other wine surplus in wine market Italy



Source: own calculation.

Table 52 Data for surplus calculation of “other wines” market in Italy (in 1000 hl)

Wine year	Other Wine Production (source: EC, histvino.xls)	Corrected Wine Production (Other Wine Production - 2%)	Human Consumption of other wine (source: EC, histvino.xls)	Imports of “other wines” from Third Countries (source: EC, histvino.xls)	Exports of “other wines” to Third Countries (source: EC, histvino.xls)	“Imports” of “other wines” from EU (source: EC, histvino.xls)	“Exports” to EU (source: EC, histvino.xls)	“other wines” - other uses and losses (source: EC, histvino.xls)	Surplus 1*
1980/1981	2025	1984,50	241	87	70	3	219	170	1374,50
1981/1982	1689	1655,22	40	85	225	3	630	163	685,22
1982/1983	1830	1793,40	692	69	257	3	585	182	149,40
1983/1984	2451	2401,98	796	57	202		750	255	455,98
1984/1985	3896	3818,08	917	90	216	6	895	270	1616,08
1985/1986	4977	4877,46	2143	80	212	1	714	270	1619,46
1986/1987	3229	3164,42	1343	64	12	176	64	370	1615,42
1987/1988	3242	3177,16	652	60	31		76	370	2108,16
1988/1989	2946	2887,08	1202	7	17	21	432	370	894,08
1989/1990	1764	1728,72	2083	6	12	268	748		-840,28
1990/1991	2168	2124,64	1365	9	10	52	239		571,64
1991/1992	3245	3180,10	856	11	13	27	308		2041,10
1992/1993	3245	3180,10	2358	26	16	6	294		544,10
1993/1994	2436	2387,28	1312	13	20		505		563,28
1994/1995	3028	2967,44	816	25	18	8	683		1483,44
1995/1996	2184	2140,32	2927	0					-786,68
1996/1997	244	239,12	1563	25					-1298,88
1997/1998	244	239,12	481	34	19	573	319		27,12
1998/1999	286	280,28	118	73	26	185	367		27,28
1999/2000	0	0	155	51	26	169		5	34,00
2000/2001°	0	0	232	57		100			-75,00
2001/2002°	0	0	150**	0		100			-50,00
2002/2003°°	0	0							0
2003/2004°°	0	0	240			250			10,00

*surplus 1 = columns 2+4+6-3-5-7-8; ***cursiv values = estimations*; °preliminary data; °°preliminary data updated by EC DGAGRI in June 2004.

Source: own calculation.

5. Annex to chapter 4 (planting rights)

5.1. Structuring of the questions

5.1.1. Sub-question 1 market equilibrium

Does the limitation of planting rights and the different measures linked to it (in particular the attribution of new planting rights, the possibilities of transfers of replanting rights and aid for abandonment of wine growing area) have a significant impact on the volume of supply, and hence on market equilibrium in the EU

For this question, we sought to differentiate the impact of the main instrument (limitation of planting rights) from the impact of the aid for abandonment by examining the following questions:

1. Does the limitation of planting rights and its derogation measure have a significant impact on the volume of supply and hence on market equilibrium?
2. Does aid for abandonment of wine growing area have a significant impact on the volume of supply and hence on market equilibrium?

5.1.2. Understanding

The major aim of the measures limiting plantings and encouraging the abandonment of vineyards was to withdraw from the market table wine of a quality no longer meeting market requirements.

5.1.3. Judgement criteria and Indicators

The measure related to planting rights has a direct impact on the volume of the wine supply, as it affects winegrowers' production capacity. The volume of the production is determined by the area of vineyards (in ha) multiplied by the average yield (HI of wine/ha). Some aspects of yield can be controlled or influenced by the grower (for example, number of vines per ha) but yield is mostly dependent on the weather.

We judge the effectiveness of the measure by assessing its influence on the wine surplus. The measure can be considered effective if it helped reduce the EU's structural surpluses.

We begin by considering the importance of yield in determining the total supply. Since supply fluctuates from year to year due to climatic factors, production will inevitably fluctuate too – thus it was vital to determine whether the surpluses that have occurred over the years were structural or occasional. As indicated in chapter 3, the major element is structural, though there is debate about the size of the surplus. Given this structural surplus, we must consider whether supply controls are appropriate and, if so, whether area controls alone can deal with the problem or yield controls are also needed.

The abandonment premium also has a direct impact on the wine supply through reducing production capacity. The measure can be considered effective if it encouraged the grubbing up of vineyards no longer capable of meeting market requirements. We base our judgement on assessing the volume of wine that is no longer produced as a consequence of the measures.

In evaluating the aid for abandonment, the main indicators used are the area that has been grubbed-up and an estimate (from hypothesis on yield) of the volume of wine that would have been produced but for the reduction in area. The analysis has been made at the national level with a more detailed analysis for some regions. The analysis comprises both quantitative and qualitative elements, with the views of experts being taken into account.

5.1.4. Sub-question 2 prices

Does the limitation of planting rights and the different measures linked to it (in particular the attribution of new planting rights, the possibilities of transfers of replanting rights and aid for abandonment of wine growing area) have a significant impact the level of market prices in the long term.

Since it is not possible to isolate the impact of the main instrument from the impact on the aid for abandonment, a global assessment has been made.

5.1.5. Understanding

In answering this question, we must recognise that there is no such thing as the market price for wine, or for winemaking grapes, or indeed for vine-growing land. Rather there are a whole series of interlocking and interrelated sub-markets (for a wide range of different quality wines as well as table wine) hence there is no unique competitive market-clearing price. Whilst attempts have been made to arrive at hedonic-pricing (i.e. quality-adjusted price) models of the wine market, we have as yet seen no generally accepted price indicator.

A common price indicator used for wine is the price on the bulk wine market. Bulk wine market transactions are registered and this produces reliable information on the volume traded and on average prices. Unfortunately, typically only average weekly prices are published and these show a great deal of volatility since they represent a combination of spot market and contract prices in variable proportions. At best, therefore, the bulk wine prices are only a broad indicator for the overall wine market.

Nevertheless we expect that the CMO measures act as a support in the market for the sink product - that is the table wine that cannot command a premium price. By supporting the bottom end of the market, the CMO is likely to have generated an impact throughout the market, by preventing the collapse of market prices that the structural surpluses would otherwise have created.

As far as the prices received by vine growers are concerned, we have used data collected in the annual FADN survey to develop some indicators of the price trends in the market as a whole as well as indications of different experiences in key regions of the EU.

5.1.6. Judgement criteria

On the demand side of the wine market, the principal determinants are consumers' incomes and tastes, the prices of wine and the price and availability of other alcoholic drinks. Consumers' tastes or preferences are in turn influenced by fashion, reputation, advertising and marketing. Inevitably there are differences in purchasing patterns between countries and in different age and income groups. Wine production is a function of vineyard area and age, soil type, variety of grape, husbandry methods and, of course, the weather is the prime factor in determining year to year differences in both quality and quantity produced.

It should be recognized that the prices consumers pay for wine are not the same as, and may not have changed over time to the same extent as, those received by vine growers. Changes in tax rates, transport costs, wine-makers' productivity and traders' and retailers' margins may well have had at least as much impact upon consumer prices as on-farm changes or the CMO itself. In the main, producer prices will be for grapes sold for wine making. Where wine is produced on the holding (or within the farm business) wine prices should be available, but in general those will be quality wines rather than table wine. We might expect that local monopsony buyers might keep down prices to growers so as to enhance their own profits – though clearly if they exercised such market power too vigorously, over time growers would find an alternative outlet or go out of production.

5.1.7. Indicators

We have focused our study on a few representative regions to examine whether there is a relation (and if so how strong) between the evolution of the area and the evolution of prices.

5.1.8. Sources

Data on area, yield, production, stock and average prices for five QWPSR and six table wine regions in France has been used. The data were provided by ONIVINS, CIVB and and Syndicat des vins de Corbière. Figures on prices have been translated into constant euro (price of the year 2002).

5.1.9. Sub-question 3 market requirements

Does the limitation of planting rights and the different measures linked to it (in particular the attribution of new planting rights, the possibilities of transfers of replanting rights and aid for abandonment of wine growing area) have a significant on the adapting of supply to market requirements in qualitative terms.

5.1.10. Understanding

The question deals with “market requirement in qualitative terms”. We know that European wine consumption and demand have experienced important changes in the past years. The main feature is the increase of consumption of quality wine at the expense of low quality table wine. This pattern is mainly explained by the increase in consumers' real incomes, and a reduction in the frequency of wine consumption. Nowadays, fewer European consumers than in the past drink wine at every meal, the new generation of consumers drinks less often and prefer quality wine.

The variety of vine is directly linked to wine quality. Hence the scheme for replanting is aimed at changing vine varieties through planting varieties more adapted to consumer demand and aid for abandonment is aimed at getting rid of vineyards that are no longer commercially viable.

In this context, we can consider the question as follows: did the measures encourage the grubbing-up of vine varieties no longer satisfying consumer demand and did they allow European wine growers to adapt their vineyards to current market requirements in an efficient manner?

5.1.11. Judgement criteria and Indicators

To answer the question, we studied the evolution of the area of vine varieties considered as low quality. Where areas decreased, we examined whether there is a correlation with the use of abandonment aid. The main indicator is the evolution of the share in the total vineyard area of the vine varieties that benefited from abandonment aid. If their share fell significantly manner, we could conclude that the measure was effective. Detailed figures on abandonment premiums paid beyond 1995 could not be collected except for France. Annual figures related to area per vine variety could not be collected.

5.1.12. Sub-question 4 production cost

Does the limitation of planting rights and the different measures linked to it (in particular the attribution of new planting rights, the possibilities of transfers of replanting rights and aid for abandonment of wine growing area) have a significant impact on costs of production in the Community and the competitive position vis-à-vis imports.

5.1.13. Understanding

Wine production costs comprise two main elements: the cost of producing the grapes for use in winemaking and the costs of making wine from those grapes. As far as the costs of wine-grape growing are concerned, the prohibition of new plantings will have prevented the expansion of individual farm businesses (other than through take-overs, mergers, or the acquisition of failing businesses). The normal development of the industry would have taken the form of expansion by the more efficient, with the less efficient leaving the market.

The CMO as a whole operates to maintain in the sector those growers who produce only lower quality grapes suited to table wine. With the market for European table wines declining, the CMO has delayed or prevented the natural changes in the market. Vine growers who would normally have bought virgin land for expansion are penalised because they cannot undertake new plantings unless they buy a replanting right from an outgoing vinegrower. This prevents them from enjoying any economies of scale that they would otherwise have been able to achieve and adds to their costs if they expand by acquisition.

There is no reason to suppose that limitations on planting rights make a significant difference to the cost of wine-making as distinct from grape growing. As indicated above it might lead to slightly higher collection and administrative costs. These extra costs arise due to efficient grape growers being prevented from expanding whilst and inefficient growers, who would otherwise have been forced out of business, remain in the industry.

Overall, the CMO may well have hindered somewhat the development of a more efficient EU wine sector thereby reduced the competitive position of the EU industry vis a vis third countries who have not imposed limited planting rights on their producers.

Furthermore, by keeping inefficient producers in the industry who would otherwise have left, the CMO could have created some imbalance in the land market with a consequential rise in land prices. However, land prices are influenced by a wide variety of factors and it is not possible to come to firm conclusions from existing data.

5.1.14. Judgement criteria and Indicators

To answer the question we proceeded in two stages. First, we assessed the influence of the instrument on production structure (number of hectares per holding). Second, we considered the evidence concerning the existence of economies of scale in wine-grape growing. If the instrument can be shown to have limited the increase in holding size and that there are economies of scale in production, we would be able to conclude that the measure had a negative impact on production costs. To determine the influence of the measure on the size of the holding we used as the main indicator the average vineyard area per holdings. Detailed analysis of the implementation of the measure as well as the views of experts allowed us to draw conclusions and hypothesis on the extent to which the measure influences the size of holdings.

To determine the influence of the size of holdings on the production cost, views of expert have been collected.

5.1.15. Sources

Data from ONIVINS and from Eurostat have been used for the production structure. Views of expert on economy of scale have been collected.

5.2. Implementation of the planting right measures

5.2.1. Recall of the main principles

Main characteristics of the planting rights measure are recalled hereunder:

- 1) The basic principle of the planting right measure is that vines cannot be planted unless a right to replant or a right to make a new planting is held by the vine-grower. There is a general ban on new vineyard plantings with exemptions:
 - Exemptions for specific cases such as wine-growing experiments or the cultivation of mother plantations (graft nurseries)..
 - Authorisation for new plantings for the production of QWSPR wines where demand exceeds supply.
 - Authorisation within the framework of a "development programme" (social and structural policy).
- 2) Replanting rights can be attributed in the following situations:
 - The grubbing-up of an equal area on the same holding
 - A transfer coming from another holding in a same Member State, under conditions determined by the Member State authorities. The replanting right could take place only on an area classified in the same category as, or in a higher category than, that where the grubbing-up was carried out.

The possibility of transfer is important as it can lead to an increase of the area of a holding, thus allowing the possibility of improved efficiency through economies of scale.

3) Premium for Permanent Abandonment

Introduced in 1978, this measure was strengthened in 1985 and in 1988. The premiums vary depending on the yield, the type of cultivation and the vine varieties (from 1.449 to 12.317 EUR/ha (Art.2 (1))). The measure was amended in 1996 with a clause that enabled Member States to exclude a part or the totality of their area. Grubbing-up

became insignificant after 1996/97 (about 2,000 ha/year compared to 50.000 ha/year between 1988 and 1995).

Some significant changes were introduced in the 1999 reform. The existing ban on new plantings has been maintained and the provisions regarding replanting rights did not significantly change. Member States now play a more important role in the implementation of the abandonment and conversion premiums. They determine (1) the regions and the areas concerned in order to guarantee the balance between production and ecology ; (2) the allocation of the premium to the wine-growers ; (3) the maximum amount of the premium / ha proportional to yield ; and (4) the amount of the aid / ha for the areas of above 25 hectares. A procedure for regularising illicit plantings made before September 1998 has also been introduced.

The major change was the creation of 68000 ha of new planting rights, of which the Commission allocated 51000ha among the Member States for them to distribute to individual winegrowers or to introduce a national or a regional reserve.

The 1999 reforms reduced the use of the premium for permanent abandonment which, together with the introduction of new planting rights and national or regional reserves, marked a significant change in EU policy.

- From 1988 to 1996, EU policy encouraged the grubbing-up of vineyards.
- Since 1996, the EU has allowed an extension of the vineyard area.

With the possibility of introducing national or regional reserves since 1999, the production potential (actual area planted + planting rights in reserve) cannot decrease if the instruments are efficiently implemented by the Member States.

As explained above, EU regulations define the legal framework but the implementation of the measure is to a large extent decided by the Member States. The following section presents a description of how the measures have been implemented in the main producing countries.

5.2.2. Implementation of the measure in the Member States

Award of planting rights

Planting rights are divided into newly created planting rights and replanting rights. The process for the allocation of these planting rights to vine-growers is important as its flexibility or otherwise might slow down the process of vineyard adaptation to the market requirements.

FRANCE

Each year, wine growers can ask for new planting rights (1 Ha per winery on average, even lower for quality wine). Requests are collected by regional professional organisations and transmitted to national organisations (ONIVINS for table wine and INAO for quality wine). At ONIVINS/INAO, the information is gathered by category (they do not know the name of the winegrowers, category includes criteria such as age of the vine grower). A synthesis is made by ONIVINS/INAO, then transmitted to the Ministry of Agriculture. A decision is taken on the area that will be awarded (total area, distribution per region & subgroup). Once the decision is taken (annual Arrêté Ministériel), ONIVINS indicates to professional organisations the final area awarded for each category. It is then distributed to vine growers. The total process takes about 9 months. There are around 1.500 requests per year.

It is important to underline that in France:

- The system is centralised (each professional organisation submits requests but the decision is taken at the national level)
- A national reserve, managed by ONIVINS, has been operational since the spring of 2003. In 2003, it gave planting rights to young farmers and sold planting rights to others. In future the reserve will be supplied from three sources: unused planting rights that have now expired, purchase of rights from wine growers and the newly created planting rights.

ITALY

Before 1999, new planting rights were directly assigned to the national government and referred to particular wines. Since 1999, the new planting rights are assigned at national level and distributed among the regions, on the basis of an agreement between the regional and national authorities. The control of new planting rights is managed at the regional level. The producers directly apply to the Ispettorati Provinciali (provincial control organisation).

There is no national reserve, but regional reserves. In general it is possible to transfer planting rights from one region to another, though in recent years some regions have acted to avoid planting rights leaving their region. In some cases, regional regulations that directly prohibit the transfer of planting rights were approved.

SPAIN

The planting right generated by the grubbing-up of vineyards are managed and controlled by Agriculture departments of the regional governments. The planting rights granted by the EU (under regulations 1592/1996; 1627/1998 and 1493/1999) of 3615, 3615 and 17355 hectares (respectively) were distributed by the Spanish Ministry of Agriculture, Fisheries and Food to regional governments, which in turn are responsible for assignment to wine-growers. The Spanish Ministry of Agriculture, Fisheries and Food also authorises (after previous request from the regional government) rights for experimentation plantation, proceeding from expropriation, and production of nursery stock.

Under the 1999 reforms, the Spanish government created both national and regional reserves of planting rights. The national reserve was created in order to allow the government to assign or reassign planting rights in order to avoid the loss of wine-growing potential.

The new planting rights granted to date have little impact on total wine production, as the great part of these rights has been used to legalise previous illegal plantations. In total new rights make up only a small part of the total Spanish vineyard area.

Regional governments authorise transfers within the same region and the national government those between different regions. Applications for the transfer of rights are subject to the following:

- The wine-growers must have all vineyards registered
- The wine-growers must not have transferred planting rights, nor have benefited from abandonment premiums during the previous five years.
- The new plantings must be of recognised quality varieties.
- There is a yearly limit on transfers between the different regions and in general transfers will not be allowed if they are thought likely to cause market imbalance.

5.3. Evolution of the area

5.3.1. Description of the evolution of the vineyard area

Preliminary note: data and sources used

To monitor market changes, and for the purpose of ex post evaluation, the data needed are the area planted and the area under production with a differentiation between area for table wine and area for QWPSR. We set out in chapter 1 in the Final Report some of the shortcomings of the Eurostat databank and the significant differences that are to be found between data on vineyard areas from different sources that we have examined. The best long series seem to be the OIV data but their figures do not differentiate between table wine area and QWPSR area. Eurostat (Cronos) has differentiated series (table wine, QWPSR) for area planted, replanted, newly planted and under production. Unfortunately, due to the failure of some Member States to provide this information there are significant gaps in the data. Moreover, annual data is not always consistent with that from the 10 year structural survey data. For these reasons, in this study we have used data from OIV and national authorities as well as the Eurostat database. The delivery by Member States of annual inventories since 2000 should provide better information in the future.

In the EU

Table 53 Total Vineyard area in the EU (in ha)

	Total vine area planted Source OIV	Total wine area planted Source EC DG agri	Total wine area planted Source EC inventory	Total wine area under prod Source Eurostat
1988	4 230 000	3 892 300	N.A.	1 997 724
1989	4 192 000	3 840 300	N.A.	N.A.
1990	4 179 000	3 800 300	N.A.	3 523 310
1991	4 082 000	3 743 300	N.A.	3 475 150
1992	3 999 000	3 689 300	N.A.	3 403 314
1993	3 805 000	3 536 300	N.A.	3 298 375
1994	3 688 000	3 415 300	N.A.	3 253 950
1995	3 604 000	3 405 300	N.A.	3 182 786
1996	3 547 000	3 394 300	N.A.	3 125 203
1997	3 536 000	3 390 740	N.A.	3 123 852
1998	3 527 000	3 489 670	N.A.	N.A.
1999	3 550 000	3 552 000	N.A.	N.A.
2000	3 547 000	3 551 000	3 377 930	N.A.
2001	N.A.	3 550 000	2 500 089 without Italy	N.A.
2002	N.A.	N.A.	2 506 795 without Italy	N.A.

*Source : EC « Histvino » file – Data in 1,000 ha translated in Ha

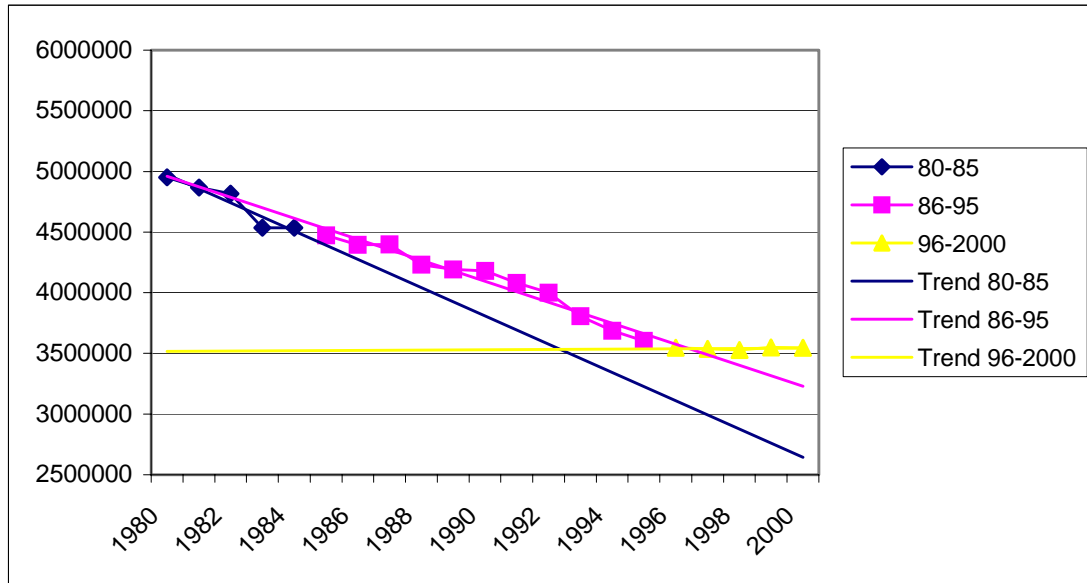
Trend over a long period – vine area

Data of OIV (total vine area planted) are the longer series available. Trends have been calculated for three periods, corresponding to important reform of the CMO:

- Before 1984 (Dublin agreement)

- 1985 to 1995 (Compulsory and preventive distillation, Premium for Permanent Abandonment into force)
- After 1996 (end of the use of premium for permanent abandonment)

Graph 34 Evolution of EU vine area since 1980

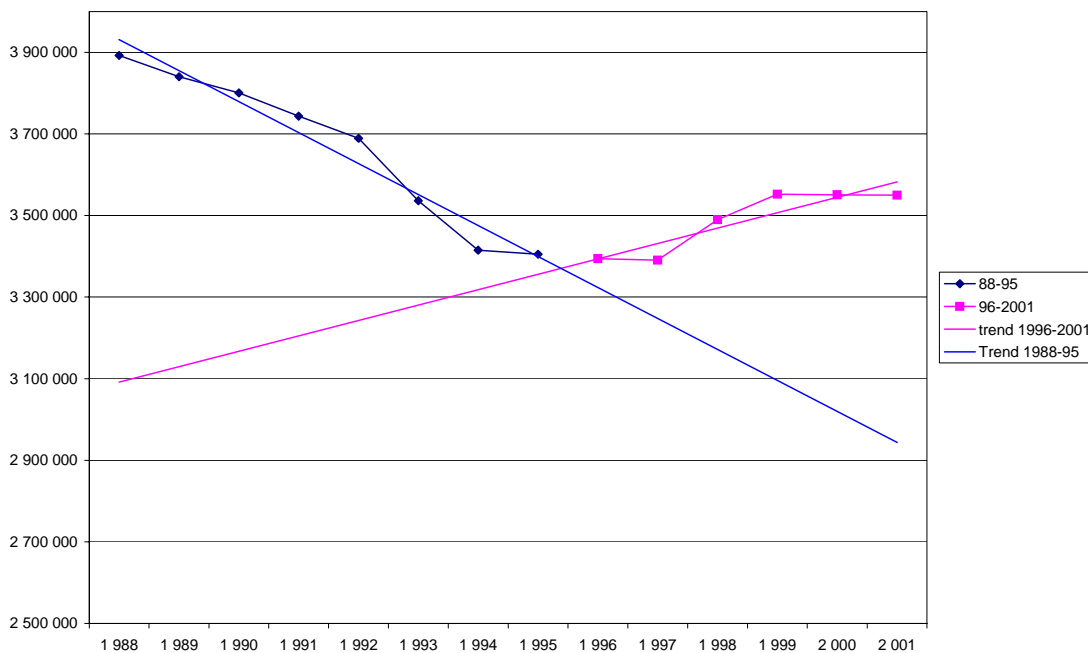


Before 1984 the vine area decreased annually by 2,37%, between 1985 and 1995, the vine area decreased by 2,12% annually. After 1996, the vine area stabilised around 3,5 mln ha (-0,04% annually).

Trend over the period covered by the study (wine area, EC figures)

As shown in the graph below the European total vineyard area decreased by 342.300 ha (7%) between 1988 and 2001. The total area under production¹ decreased by 11,3% between 1990 and 1997.

Graph 35 Evolution of EU wine area since 1980



Three main periods can be distinguished:

- The area decreased by 477.000 ha between 1988 and 1995 with a sharp fall between 1988 and 1993 (some 40.000 ha per year) and a smaller reduction between 1994 and 1996 (some 10.000 ha per year). During the same period around 500.000 hectares benefited from the aid of permanent abandonment.
- The area remain stable between 1994 and 1997 (around 3,4 mln ha)
- The area increased by around 160.000 ha between 1997 and 2001 with an increase between 1997 and 1999 and relative stability since 1999.

A breakdown between quality wine and table wine area at European level is only available for the area under production and for the period 1990 to 1997.

Table 54 QWPRS and Other wine area in the EU

	QWPRS wine area under production source Eurostat	Other wine under production Source Eurostat
1988	811232	1186492
1989	N.A.	N.A.
1990	1520572	1971692
1991	1511473	1963671
1992	1498565	1904749
1993	1480900	1817475
1994	1473916	1780034
1995	1491110	1705243
1996	1502517	1623352
1997	1517553	1600463
1998	N.A.	N.A.
1999	N.A.	N.A.
2000	N.A.	N.A.
2001	N.A.	N.A.

Over this period, the area used for quality wine production decreased by 0,2% and the area used for table wine production fell by 18,8%. National figures show that the increase in the total area after 1997 only occurred in the quality wine area. The area producing table wine continued to decline after 1997.

In the main producing Member States

Within the overall EU changes there were significant variations both within and among the different producing Member States. Tables 53 and 54 show the changes in the total area under wine-grapes from 1990 to 1998 and, where possible, the regions of greatest and least change. The relative importance of quality wine and table wine is shown for each country as is the area that benefited from aid for permanent abandonment. As can be seen, areas producing table wine show the greatest reductions. Note: the main trends in vineyard evolution are described for each country hereunder.

Data on area in the main producing countries

Table 55 Vine and wine area in Germany

	Total vine area planted Source OIV	Total wine area planted Source EC DG agri	Total wine area under prod Source EC DG agri	Total wine area under prod National source	Total wine area under prod Source Eurostat	QWPRS wine area under prod Source Eurostat	QWPRS wine area under prod National source
1988	100 000	101 000	N.A.	93 475	100 384	100 384	93 475
1989	102 000	102 000	N.A.	93 945	N.A.	N.A.	93 945
1990	105 000	101 000	N.A.	94 852	102 357	102 357	94 852
1991	104 000	103 000	N.A.	99 405	103 777	103 777	99 405
1992	107 000	103 000	N.A.	100 365	105 932	105 932	100 365
1993	106 000	103 000	N.A.	102 898	105 770	105 770	102 898
1994	104 000	104 000	N.A.	103 727	106 322	106 322	103 727
1995	106 000	106 000	N.A.	103 266	105 743	105 743	103 266
1996	106 000	105 000	N.A.	102 428	105 100	105 100	102 428
1997	105 000	102 000	98 000	102 475	104 346	104 346	102 475
1998	106 000	N.A.	100 914	101 665	104 029	104 029	101 665
1999	106 000	N.A.	N.A.	101 330	N.A.	N.A.	101 330
2000	105 000	N.A.	N.A.	101 546	104 724	104 724	101 546
2001	N.A.	N.A.	N.A.	99 714	103 607	103 607	99 714
2002	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Table 56 Vine and wine area in Greece

	Total vine area planted Source OIV	Total wine area planted Source EC DG agri	Total wine area under prod Source EC DG agri	Total wine area under prod Source Eurostat	QWPRS wine area under prod Source Eurostat	Other wine area under prod Source Eurostat
1988	170 000	87 000	N.A.	81 721	15 160	66 561
1989	161 000	86 000	N.A.	N.A.	N.A.	N.A.
1990	150 000	85 000	N.A.	69 154	13 001	56 153
1991	143 000	79 000	N.A.	67 370	12 734	54 631
1992	138 000	77 000	N.A.	65 313	13 338	51 975
1993	138 000	78 000	N.A.	63 711	12 194	51 517
1994	136 000	74 000	54 000	53 950	10 605	43 345
1995	135 000	73 000	53 000	54 297	11 811	42 486
1996	132 000	73 000	52 000	53 081	10 587	42 494
1997	129 000	73 000	51 000	52 264	10 816	41 448
1998	129 000	N.A.	N.A.	50 873	12 789	38 084
1999	129 000	N.A.	N.A.	N.A.	N.A.	N.A.
2000	129 000	N.A.	N.A.	N.A.	N.A.	N.A.
2001	N.A.	N.A.	N.A.	51 478	13 919	37 559
2002	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Table 57 Vine and wine area in France

	Total vine area planted Source OIV	Total wine area planted Source EC DG agri	Total wine area under prod Source EC DG agri	Total wine area under prod National source	Total wine area under prod Source Eurostat	QWPRS wine area under prod * Source Eurostat	QWPRS wine area under prod National source	Other wine area under prod Source Eurostat	Other wine area under prod National source
1988	970 000	970 000	961 000	960 706	911 755	N.A.	422 784	N.A.	458 177
1989	948 000	947 000	933 000	933 503	893 089	N.A.	431 435	N.A.	423 459
1990	939 000	939 000	911 000	910 737	889 050	N.A.	422 417	N.A.	409 544
1991	951 000	934 000	902 000	901 749	888 841	N.A.	432 778	N.A.	389 968
1992	948 000	932 000	913 000	913 538	883 438	N.A.	437 062	N.A.	396 490
1993	940 000	924 000	898 822	898 822	876 965	444 834	444 834	373 856	373 856
1994	933 000	917 000	896 121	896 121	868 687	460 525	460 525	354 774	354 774
1995	927 000	912 000	887 850	887 850	865 831	463 730	463 730	331 885	331 885
1996	919 000	902 000	883 184	883 184	862 579	460 503	460 503	332 793	332 793
1997	914 000	901 538	872 558	872 558	862 095	461 169	461 169	326 064	326 064
1998	913 000	905 729	872 773	872 773	864 954	471 822	471 822	317 089	317 089
1999	914 000	905 728	872 297	872 297	870 421	466 513	466 513	325 135	325 135
2000	917 000	917 000	871 783	871 783	N.A.	475 122	475 122	316 477	316 477
2001	N.A.	902 908	863 682	863 682	N.A.	487 895	487 895	299 084	299 084
2002	N.A.	N.A.	858 414	858 414	N.A.	491 918	491 918	292 388	292 388

* QWPRS area does not take into account the area for Eau de Vie à AOC (Cognac & armagnac). Before 1995 the area for Armagnac production was register under "Other Wine category".

National Source: DGDDI

Table 58 Vine and wine area in Italy

	Total vine area planted Source OIV	Total wine area planted Source EC DG agri	Total wine area under prod Source EC DG agri	Total wine area under prod National source	Total wine area under prod Source Eurostat	QWPRS wine area under prod Source Eurostat	QWPRS wine area under prod National source	Other wine area under prod Source Eurostat	Other wine area under prod National source
1988	1 074 000	994 000	N.A.	N.A.	909 574	196 164	N.A.	713 410	N.A.
1989	1 065 000	985 000	N.A.	959 442	898 080	197 798	N.A.	700 282	N.A.
1990	1 024 000	971 000	N.A.	947 335	873 869	155 508	N.A.	718 361	N.A.
1991	1 024 000	943 000	N.A.	914 684	848 122	153 170	N.A.	694 952	N.A.
1992	1 007 000	917 000	N.A.	889 536	836 095	158 122	N.A.	677 973	N.A.
1993	1 011 000	896 000	N.A.	867 245	828 228	168 095	N.A.	660 133	N.A.
1994	956 000	866 000	N.A.	N.A.	824 944	170 178	N.A.	654 766	N.A.
1995	927 000	860 000	N.A.	824 766	824 766	177 886	N.A.	646 880	N.A.
1996	917 000	860 000	N.A.	N.A.	772 994	185 586	N.A.	588 075	N.A.
1997	910 000	860 000	825 000	N.A.	775 548	194 783	N.A.	575 502	N.A.
1998	899 000	N.A.	827 000	832 692	N.A.	N.A.	N.A.	N.A.	N.A.
1999	909 000	N.A.	N.A.	807 130	N.A.	N.A.	N.A.	N.A.	N.A.
2000	908 000	N.A.	N.A.	802 374	N.A.	N.A.	N.A.	N.A.	N.A.
2001	N.A.	N.A.	N.A.	787 068	N.A.	N.A.	N.A.	N.A.	N.A.
2002	N.A.	N.A.	N.A.	763 880	N.A.	N.A.	N.A.	N.A.	N.A.

National Source : ISTAT.

Table 59 Vine and wine area in Spain

	Total vine area planted Source OIV	Total wine area planted Source EC DG agri	Total wine area under prod Source EC DG agri	Total wine area under prod National source	Total wine area under prod Source Eurostat	QWPRS wine area under prod Source Eurostat	QWPRS wine area under prod National source	Other wine area under prod Source Eurostat	Other wine area under prod National source
1988	1 473 000	1 421 000	1 396 000	1 379 000	N.A.	N.A.	N.A.	N.A.	N.A.
1989	1 473 000	1 410 000	1 374 000	1 374 300	N.A.	N.A.	N.A.	N.A.	N.A.
1990	1 532 000	1 393 000	1 344 000	1 344 000	1 341 955	641 623	N.A.	700 332	N.A.
1991	1 431 000	1 373 000	1 325 300	1 325 300	1 322 616	630 447	N.A.	692 169	N.A.
1992	1 381 000	1 350 000	1 244 700	1 244 700	1 272 347	611 323	N.A.	661 025	N.A.
1993	1 281 000	1 225 000	1 185 600	1 185 600	1 181 426	582 430	N.A.	598 996	N.A.
1994	1 235 000	1 149 000	1 152 500	1 152 500	1 149 396	567 306	N.A.	582 090	N.A.
1995	1 196 000	1 154 000	1 123 300	1 123 300	1 119 232	578 475	N.A.	540 757	N.A.
1996	1 162 000	1 154 000	1 085 000	1 085 000	1 085 011	580 006	642 429	505 005	442 582
1997	1 169 000	1 154 000	1 087 900	1 082 411	1 082 907	583 270	628 545	499 065	453 866
1998	1 171 000	N.A.	1 078 043	1 078 043	1 078 043	577 277	618 305	500 766	459 738
1999	1 180 000	N.A.	N.A.	1 090 080	N.A.	N.A.	624 314	N.A.	465 766
2000	1 174 000	N.A.	N.A.	1 090 773	N.A.	N.A.	634 631	N.A.	456 142
2001	N.A.	N.A.	N.A.	1 109 356	N.A.	N.A.	626 692	N.A.	482 664
2002	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.-		N.A.	

Table 60 Vine and wine area in Portugal

	Total vine area planted Source OIV	Total wine area planted Source EC DG agri	Total wine area under prod Source EC DG agri	Total wine area under prod Source Eurostat	QWPRS wine area under prod Source Eurostat	Other wine area under prod Source Eurostat
1988	385 000	264 000	N.A.	N.A.	N.A.	N.A.
1989	385 000	255 000	N.A.	N.A.	N.A.	N.A.
1990	371 000	255 000	N.A.	251 395	97 176	154 219
1991	371 000	255 000	N.A.	248 037	95 355	152 682
1992	360 000	255 000	N.A.	244 942	93 549	151 393
1993	272 000	259 000	N.A.	244 498	93 053	151 445
1994	267 000	255 000	N.A.	252 482	100 335	152 147
1995	261 000	250 000	N.A.	248 731	100 113	148 618
1996	259 000	250 000	N.A.	248 496	100 752	147 745
1997	260 000	250 000	N.A.	247 992	101 504	146 487
1998	260 000	N.A.	250 203	250 203	104 020	146 183
1999	260 000	N.A.	N.A.	N.A.	N.A.	N.A.
2000	261 000	N.A.	N.A.	198 338	116 212	82 126
2001	N.A.	N.A.	N.A.	194 137	114 342	N.A.
2002	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Table 61 Wine-Grape growing Areas and Changes in Areas 1990 to 1998

Country/Region	Area 1990	Area 1998 (I)	Area 2001	% Change 1990-1998 (ii)
Germany (iii)	103777	104030		0.2
Württemberg	10379	11129		7.2
Mosel-Saar-Ruwer	12608	11785		-6.5
Greece	70819	n/a	51957	-26.6
Sterea Ellada	4087	n/a	6123	49.8
Attiki	4009	n/a	7164	78.7
Voreio Aigaio	7229	n/a	2221	-69.3
Notio Aigaio	10802	n/a	4415	-59.1
Spain	1390437	1130082		-18.7
La Rioja	35180	37243		5.9
Castilla-la Mancha	707990	593716		-16.1
Extremadura	82636	75687		-8.4
Andalucia	69687	38196		-45.2
Málaga	11360	2167		-80.9
Italy	892684	811805		-9.1
Perugia	13705	5146		-62.5
Abruzzo	28834	37395		29.7
Chieti	17603	24531		39.4
Puglia	120723	107220		-11.2
Catanzaro	12070	817		-93.2
Sicilia	147859	143092		-3.2
Portugal	254829	258234	214253	-15.9
Lisboa e Vale do Tejo	73732	70937	49606	-32.7
Alentejo	10678	12914	16458	54.1
France	n/a	n/a	n/a	n/a

Notes: (I) figures for Italy (including Regions) are for 1997;

(ii) figures for Italy (including Regions) are for 1990-1997; those for Greece and Portugal (including Regions) are for 1990-2001. (iii) Germany is shown from 1991 to 1998 (to include East Germany) German regions shown as 1990-1998. n/a = not available.

Source: Eurostat Annual Survey Tables Viann 50 & 51

Table 62 Comparison of Quality Wine-growing Areas and Rates of Change

Country/ Region	% Change in Total Area 1990-1998 (i)	Quality wine as % Total Wine area 1990	Quality wine as % Total Wine area 1998 (ii)	Area Grubbed 1990-1998 as % Total area 1990 (iii)
Greece	-27	19	27	17
Stereia Ellada	50	14	0	15
Attiki	79	8	0	15
Voreio Aigaio	-69	0	83	16
Notio Aigaio	-59	17	79	14
Spain	-19	48	53	33
La Rioja	6	92	99	23
Castilla-la Mancha	-16	39	43	25
Extremadura	-8	0	0	41
Andalucia	-45	81	75	60
Málaga	-81	100	44	85
Italy	-9	18	25	19
Perugia	-6	12	25	20
Abruzzo	30	21	28	17
Chieti	39	23	31	11
Puglia	-11	4	6	22
Catanzaro	-93	5	16	6
Sicilia	-3	4	5	22
Portugal	-16	39	42	12
Lisboa e Vale do Tejo	-33	3	5	16
Alentejo	54	0	0	32

Notes: (i) figures for Greece (including Regions) are for 1990-2001, figures for Italy (including Regions) are for 1990-1997

(ii) figures for Greece (including Regions) are for 2001, figures for Italy (including Regions) are for 1997

(iii) figures for Italy (including Regions) are for 1990-1997

Source: Eurostat Annual Survey Tables Viann 50, 51, 60 & 61

Table 63 Evolution of the Greek vineyard area – Breakdown by region (1 000 Ha)

Greece	Total Vineyard Area		%Change 1990- 2001	Quality Area %		Area Grubbed	
	1990	2001		1990	2001	1990-1998	% 1990
GR Greece	70819	51957	-27	19	27	n/a	
GR1 Voreia Ellada	6180	8045	30	25	24	1047	17
GR2 Kentriki Ellada	33033	24640	-25	25	17	5196	16
GR3 Attiki	4009	7164	79	8	0	592	15
GR4 Nisia Aigaiou, Kriti	27597	12108	-56	13	65	5523	20

Source : Eurostat tables viann 51 and 61

Table 64 Evolution of the Italian vineyard area – Breakdown by region (1 000 Ha)

Italy	Total Vineyard Area		%Change	Quality Area %		Area Grubbed	
	1990	1997	1990-1997	1990	1997	1990-1998	% 1990
IT Italy	892684	811805	-9	18	25	169066	19
IT11 Piemonte	62520	58048	-7	39	65	11798	19
IT12 Valle d'Aosta	850	626	-26	8	21	78	9
IT13 Liguria	5307	5206	-2	8	11	904	17
IT2 Lombardia	27307	25906	-5	42	57	4454	16
IT31 Trentino-Alto Adige	13031	14457	11	74	70	2686	21
IT32 Veneto	80370	75736	-6	33	36	14936	19
IT33 Friuli-Venezia Giulia	19291	19751	2	48	57	3624	19
IT4 Emilia-Romagna	64444	62168	-4	23	30	15886	25
IT51 Toscana	75870	65467	-14	34	44	11067	15
IT52 Umbria	20122	15971	-21	17	25	3886	19
IT53 Marche	26812	22965	-14	17	29	5708	21
IT6 Lazio	56588	47932	-15	15	23	9695	17
IT71 Abruzzo	28834	37395	30	21	28	4968	17
IT72 Molise	8161	7663	-6	2	3	571	7
IT8 Campania	41509	37056	-11	2	7	3939	9
IT91 Puglia	120723	107220	-11	4	6	25991	22
IT92 Basilicata	14217	10439	-27	3	3	4034	28
IT93 Calabria	25759	18474	-28	2	6	3259	13
ITA Sicilia	147859	143092	-3	4	5	31914	22
ITB Sardegna	53110	36233	-32	4	10	9667	18

Source : Eurostat tables viann 51 and 61

Table 65 Evolution of the Portuguese vineyard area – Breakdown by region (1 000 Ha)

Portugal	Total Vineyard Area		%Change	Quality Area %		Area Grubbed	
	1990	1998	1990-1998	1990	1998	1990-1998	% 1990
PT Portugal	254829	258234	1	39	42	31402	12
PT11 Norte	105693	107960	2	68	69	9785	9
PT12 Centro (PT)	58055	59607	3	41	45	6129	11
PT13 Lisboa e Vale do Tejo	73732	70937	-4	3	5	11860	16
PT14 Alentejo	10678	12914	21	0	0	3423	32
PT15 Algarve	2418	2564	6	96	99	208	9
PT2 Açores (PT)	2468	2468	0	0	0	0	0
PT3 Madeira (PT)	1785	1785	0	23	23	0	0

Source : Eurostat tables viann 51 and 61

Table 66 Evolution of the Spanish vineyard area – Breakdown by region (1 000 Ha)

Spain	Total Vineyard Area		%Change 1990-1998	Quality Area %		Area Grubbed	
	1990	1998		1990	1998	1990- 1998	% 1990
ES Spain	1390437	1130082	-19	48	53	453500	33
ES11 Galicia	28527	28560	0	24	33	3204	11
ES12 Principado de Asturias	168	85	-49	0	0	114	68
ES13 Cantabria	40	42	5	0	0	0	0
ES21 Pais Vasco	10610	11648	10	99	100	2089	20
ES22 Comunidad Foral de Navarra	22751	19532	-14	100	100	10012	44
ES23 La Rioja	35180	37243	6	92	99	8237	23
ES24 Aragón	73152	48111	-34	56	70	33535	46
ES3 Comunidad de Madrid	24940	19028	-24	32	62	6752	27
ES41 Castilla y León	70075	69245	-1	31	50	20626	29
ES42 Castilla-la Mancha	707990	593716	-16	39	43	175748	25
ES43 Extremadura	82636	75687	-8	0	0	34185	41
ES51 Cataluña	86172	64406	-25	85	92	38984	45
ES52 Comunidad Valenciana	98200	68573	-30	75	91	35536	36
ES53 Illes Balears	2209	1501	-32	0	20	1759	80
ES61 Andalucía	69687	38196	-45	81	75	42083	60
ES62 Murcia	66876	41994	-37	62	63	38915	58
ES7 Canarias (ES)	11224	12515	12	0	89	1719	15

Source: Eurostat tables viann 51 and 61

Comments on wine area evolution in the main producing countries

Germany

During the 1990s, Germany showed the most stable wine growing area both in terms of the national area and in the individual regions. Germany's overall wine-growing area rose slightly in the mid-1990s but fell back by 1998 to be virtually the same as in 1991 (i.e. after inclusion of East Germany). Within the separate regions, a 7.2% increase in the area under wine-grapes in Wurtemberg was roughly balanced by a 6.5% reduction in area in the Mosel-Saar-Ruwer region. The entire German vineyard is dedicated to the production of quality wines and QWPSR production represents more than 90% of the total production. Around 1.000 hectares benefited from the aid to permanent abandonment between 1988 and 1995.

Greece

The production of quality wine in Greece is very low compared to other European countries, table wine amounting to more than 90% of Greek wine production. Between 1990 and 2001, the Greek table wine area fell by one third while the small quality wine area increased by 5%. The reduction was brought about via the aid to permanent abandonment which was paid on some 31000 hectares (35% of the 1988 total area).

Within Greece's sub-regions, the disparity of performance was very wide – Attiki increasing its area by three-quarters and Sterea Ellada by a half, whilst Vorejo Aigaio and Notio Aigaio saw their areas fall by 70% and 60% respectively.

Italy

Within an overall area fall of around 10%, Italy showed a wide divergence of experience, Perugia reducing its area by more than 60% and Catanzaro by over 90%. In the north the decline of the table wine area has been partially offset by an increase in the area planted for quality wineS: Chieto and Abruzzo increased their vineyard areas by nearly 40% and 30% respectively. Between 1988 and 1995, more than 137000 hectares (around 14% of the 1988 area) received aid for permanent abandonment. Although the Italian quality wine area increased by a quarter over the period, it still represented only 36% of the total vineyard area in 2001.

France

Since 1988, around 10% of France's vineyards have disappeared (25% since 1980). The quality wine area increased by 10,6% while the table wine area dropped by 21,8%. There is a drive toward quality wine production: in 2001, 55% of the total area under production was for the production of QWPSR while it represented 48% in 1992. The area of Vin de Pays (TGI) is also increasing. It represented 21% of the total area in 2000. Around 10% of the total area of 1988 (100.000 hectares) received permanent abandonment aid between 1988 and 1995.

Spain

Spain's wine-growing area shrank by nearly one-fifth during the 1990s. The Spanish table-wine area was reduced by around 30% between 1990 and 1997. More than 215.000 hectares (15% of the total area in 1988) received aid for permanent abandonment between 1988 and 1995. The table wine production area fell by 9,5%. The quality wine area overtook the table wine area in 1995 and its relative importance continues to increasethrough the use of restructuring and conversion aid. Within Spain, the wine area in Malaga fell by four-fifths and Andalucia by nearly a half, yet the Rioja region showed an increase of 6%.

Portugal

Portugal experienced an overall decline of 16% in area. The table wine area decreased by around 40% while the quality wine area increased by 20%. Wine-grape growing in the Lisboa e Vale do Tejo region fell by almost a third whilst the Alentejo region's area rose by more than a half. More than 14.000 hectares received permanent abandonment aid between 1988 and 1995. This represents 5% of the total area of 1988. All Member States present a similar pattern of vineyard evolution namely a reduction in the table wine area and an increase in their quality wine area. In countries where table wine represents a major share of the total area, the reduction in the table wine area has outweighed the increase in the quality wine area.

5.3.2. Analysis of the area evolution: Impact of the CMO instruments influencing vineyard area

When analysing the evolution of the European vineyard and its breakdown between quality and table wine area, three aspects have to be taken into account: the grubbing-up (aid for permanent abandonment), the authorisation of new planting and the transfer of planting rights. The following section presents a short recap of the principles and their implementation and comments of the impact of these three aspects of the planting rights regime on the vineyard area.

Grubbing-up**Table 67 Area grubbed with premium (under Regulation 1442/1988) in ha**

	88/89	89/90	90/91	91/92	92/93	93/94	94/95	95/96	Total
Germany	126	96	136	116	117	152	170	150	1 063
Spain	10 362	12 245	17 361	42 817	45 244	36 132	25 287	26 720	216 168
France	29 401	9 995	7 411	10 162	11 963	11 773	8 231	12 000	100 936
Greece	1 281	4 984	7 229	6 467	2 440	3 112	2 543	3 000	31 056
Italy	14 740	14 312	20 987	16 600	14 581	13 875	19 035	23 658	137 788
Luxembourg	1	2	1	1	2	6	15	11	39
Portugal	0	0	0	3 229	3 225	4 579	2 504	786	14 323
Total	55 911	41 634	53 125	79 392	77 572	69 629	57 785	66 325	501 373

Source: European Commission

Regulation 1442/1988 aimed at strengthening the impact of Regulation 777/1985 concerning the reduction of potential wine production. From 1988/89 to 1995/96, several measures were introduced aimed at encouraging grubbing-up. The aid for permanent abandonment has been extended to all vine growing areas (including QWPSR production areas). The premium per hectare abandoned was increased in relation to the average yield of the grubbed area. In total 501.373 Ha received the permanent abandonment premium between 1988 and 1995. This closely corresponds to the reduction in the total European vineyard area over the same period. (down by 487.000 Ha according to EU data, though OIV records the reduction as 597.000 Ha).

Table 68 Area grubbed with premium (national aid excluded) under Regulation 1493/99 (in ha)

	EU	Germany	Greece	France	Italy	Portugal	Spain
1999							
2000	1 395	651	-	682-	?	0	-
2001	1 224	0	-	1 177	0	0	-
2002	1 784	317	-	1 450	0	0	0

Source: Annual Vineyard Inventories

After 1996, the regime was changed: country quotas were determined annually and Member States had to designate the regions where the scheme would apply. The reforms of 1999 (Regulation 1493/1999 and 1227/2000) maintained the possibility of granting abandonment premiums with Member States determining the conditions attached to grant of the premium. In practice, few changes occurred after 2000.

Data for France, provided by ONIVINS, shows that between 1996 and 2001, the total area that benefited from the aid amounted to 6750 hectares - an annual average of 1100 Ha, which is less than 10% of that from 1988 to 1995 (average: 12000 hectares a year). For year 2000 onwards, annual inventory figures are available at EU level.

As mentioned before, the trend in vineyard area falls into two distinct periods between 1988 and 1997 it fell and thereafter total area rose. We thus conclude that the level of premium and the conditions attached to its grant had a substantial impact in that subsidised grubbing-up accounts for the reduction in the EU vineyard area up to 1997. Where the area has increased, this has been associated with either illegal plantings or the creation of new planting rights. These new planting rights are described below.

New plantings

Successive EU regulations prohibited new plantings in general, but article 6 of Regulation 822/1987 allowed authorisation of new planting by Member States in respect of areas intended for the production of quality wines production. From 1995

this derogation from the general ban was extended to vineyards for table wine with geographical indications (TGI) in areas where production was recognised as being far below demand. Member States could also grant authorisations for new planting in respect of:

- areas intended for the cultivation of vines as nurserystock (graft nurseries),
- areas intended for new planting carried out under measures for the consolidation of holdings or measures concerning compulsory purchase in the public interest,
- areas intended for wine-growing experiments.

These latter categories of new plantings have had little impact upon the EU's production potential as most are not for commercial wine production and the annual area awarded is very low (442 ha in 2000/171 ha in 2001 and 78 ha in 2002).

However, the 1999 reforms significantly changed the situation, creating 68000 ha of new planting rights of which 51000 ha have been allocated to Member States and at least 30000 ha assigned to individual wine growers. (The Italian authorities have not yet reported the total area they have assigned out of their allocation of 12933 ha.) This compares with a total of 60371 ha (48723 ha for QWPSR and 11648 ha for table wine with geographical indication) of new planting rights allocated during the entire period 1988 to 1998.

Annual figures of this category of new planting rights is provided below.

Table 69 New planting in ha

	EU	Germany	Greece	France	Italy	Portugal	Spain
1996- 1997(1)	10 000	289	208	2584	2442	719	3615
1998-99 (2)	10 000	289	208	2584	2442	719	3615
2000 (3)	15 245	291	-	5016	854	3041	6041
2001 (3)	11 832	37	1098	4360	0	0	6 335
2002 (3)	15 851	141	10 980				4 730

Source: (1) EC Regulation 1592/96, (2) EC regulation 1627/98, (3) inventories

Replanting and transfer of planting rights

Replanting is authorised provided that the grower carries out certain administrative steps in order to obtain a right to replant. The transfer of planting rights is important as it can lead to an increase in the vineyard area of a holding. Transfer of planting rights is mainly allowed in order to replace table wine production with quality wine or TGI.

Detailed data for France show that between 1988 and 2000, 34011 ha were transferred (19315 ha for QWPSR and 14696 for Vin de Pays). It represents around 3% of the total area. For QWPSR, the main regions that benefited from the transfer were Bordeaux (34%) and Burgundy (23%). For Vin de Pays, 59% of the transfers were located in Languedoc Roussillon (conversion from table wine to Vin de Pays).

Planting rights transferred between regions are available in Spain from 1996 to 2002. It shows that between 1996 and 2002 around 8 000 ha have been transferred between regions (7233 ha obtained from other regions and 8 232 ha awarded to other regions). Castilla La Mancha and Murcia represent 53% of the total planting rights lost to the benefit of other regions. The main region that benefited from the transfer were Rioja, Castilla Leon and Navarra with 75% of the total planting rights obtained from other regions. Total area transferred between region between 1996 and 2002 represents only 0,8% of the total wine area and 1,4% of the total wine area under QWPSR.

The transfer of replanting rights does not have any impact on the total area but influences the distribution of the area between QWPSR and table wine. Such transfers can affect both the volume of production and market equilibrium as yields and commercial opportunities vary between table and quality wine but as the total of the area transferred is small in relation to the total vineyard area, the market impact to date has been relatively small.

5.4. Area and production: the influence of yield

Evolution of the vineyard area, production and yields between 1988 and 2002

Table 70 Synthesis of area and production evolution and average yields 1988/1998

	Vineyard Area Evolution 88/98 in %			Production Evolution 88/98 (88/02) in %			Average Yield in Hl/Ha***		
	Total	Table	Quality	Total*	Table*	Quality*	Total	Table	Quality
EU*	-10,3	n.a	n.a	+2,7 (-4,6)	-5,9 (-20,7)	+30,8 (+31,2)	47	n.a	n.a
Germany**	+1,6	-	+1,6	+7,5 (+8,3)	-	+2,7 (+7,8)	92	n.a	n.a
Greece** 1	-26,6	-34,0	+4,8	-11,9 (-28,7)	-10,5 (-27,7)	-15,8 (-30,5)	50	n.a	n.a
France*	-6,6	-21,8	+10,6	-7,2 (-11,1)	-28,9 (-39,7)	+29,2 (+21,2)	58	n.a	n.a
Italy** 2	-9,1	-18,3	+26,9	-5,3 (-26,3)	-9,5 (-38,4)	+43,9 (+53,5)	67	n.a	n.a
Portugal** 1	-16	-41,4	+23,5	-4,8 (+57,7)	-31,9 (+66,7)	+54,3 (+38,1)	35	n.a	n.a
Spain**	-18,7	-27,2	-9,5	+40 (+47)	+73,5 (+85,8)	+27,9 (+38,6)	21	n.a	n.a

* Source : EC « Histvino » p. 80 Superficie vinicole, ** Source : EC « Viann_50 » file, *** Source : EC,

1- Data for 1990 – 2001 ; 2 Data for 1990 – 1997 ; n.a – non available

Area and production

Graph 36 Vineyard area and wine production

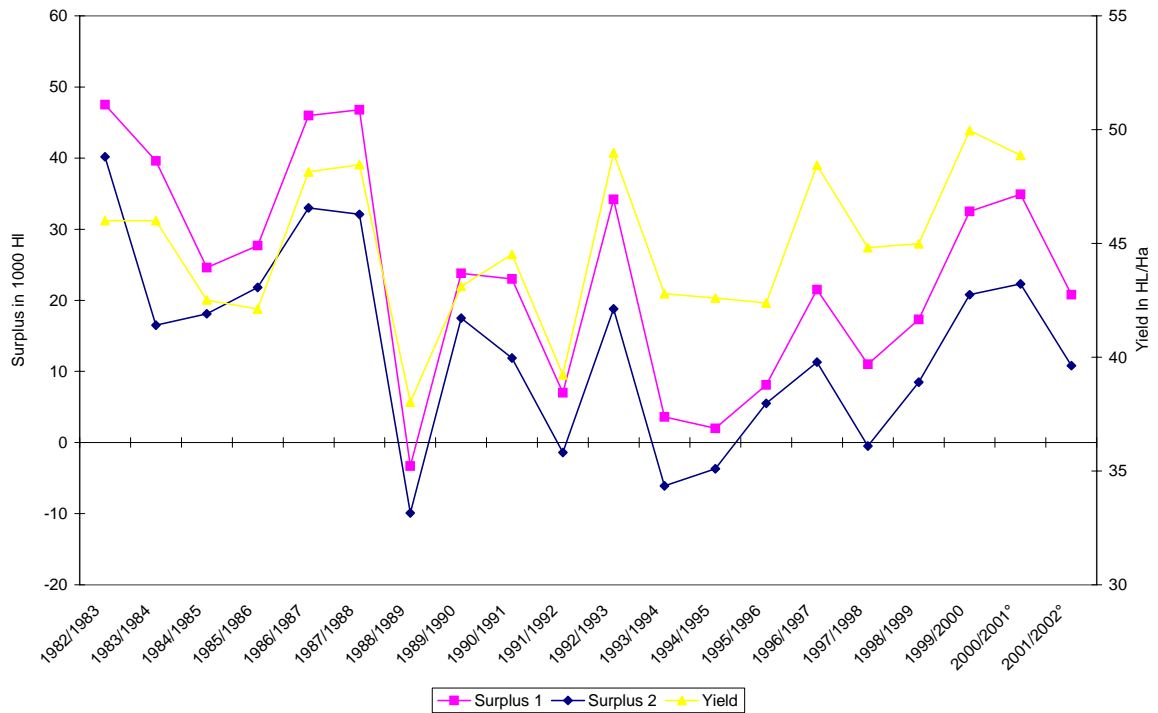


As graph 36 reveals, there is no simple linear relation between the trend of area and that of the volume of production. Changes in total vineyard area, wine-grape varieties and husbandry practices have a long-term impact on potential production but annual changes are overwhelmingly determined by climatic factors.

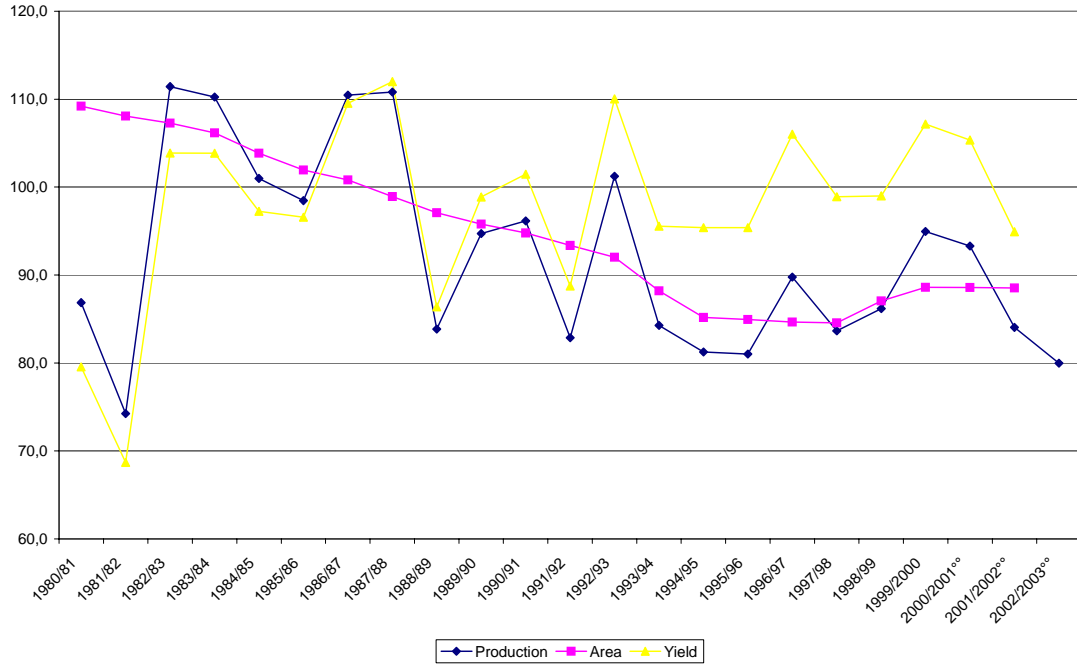
Area and yield

The following graphs presents the evolution of production, area and yield with average value of the period 1982 to 1992 representing 100. There is a close relation between the yield and the production as shown in the graph36. Yields variations account in a large part for production variations.

Graph 37 Yield and production



Graph 38 Indexed evolution of yield, production and area



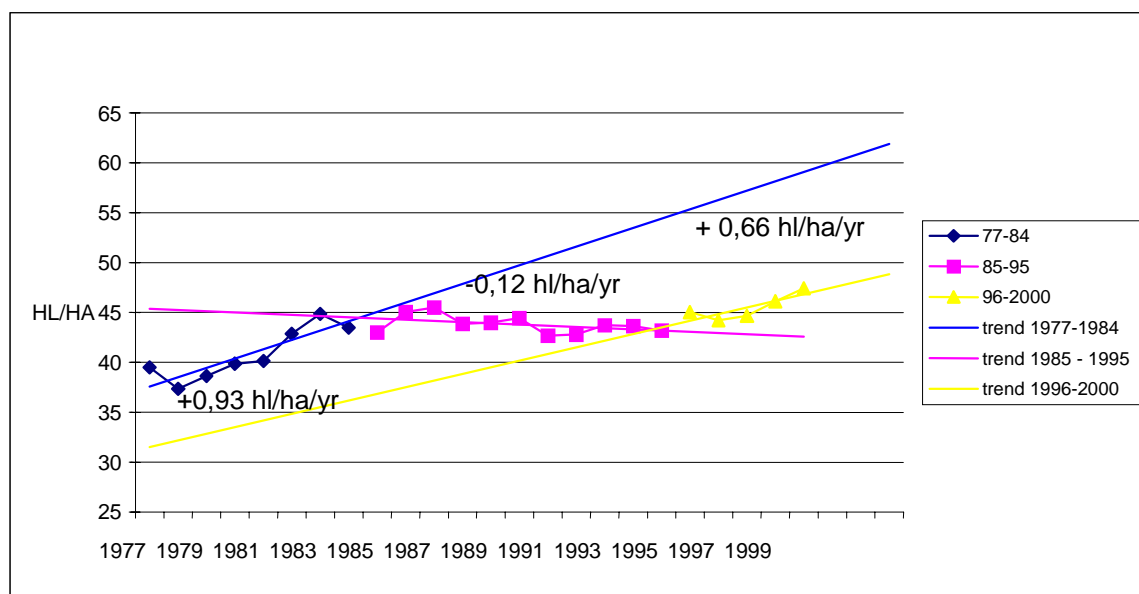
Yield Developments

Yields are directly or indirectly limited by several European regulations. Annex 6 of regulation 1493/1999 requires that a maximum yield per hectare shall be fixed by Member States for QWPSR. Similar provisions exist for TGI. The provision for compulsory distillation (CD) that applied until 1999 indirectly influenced yields as the quantity to be delivered to CD increased with the area.

Yields are also influenced by vine variety, the age of the vineyard, cultivation and wine-making practices. Yield can vary from 20 to 200 HL/ha. Important differences can be noticed between Member States (with highest yields in Germany and lowest in Portugal and Spain). Yields also vary between regions, density of plantation and the share of area dedicated to QWPSR, with yields of quality wines being generally below those of table wines except in Spain.

The graph 39 represents the evolution of yield (average 5 years value) for the six main producing countries (France, Germany, Italy Greece, Portugal and Spain).

Graph 39 Trends in yield for the 6 main producing countries since 1977

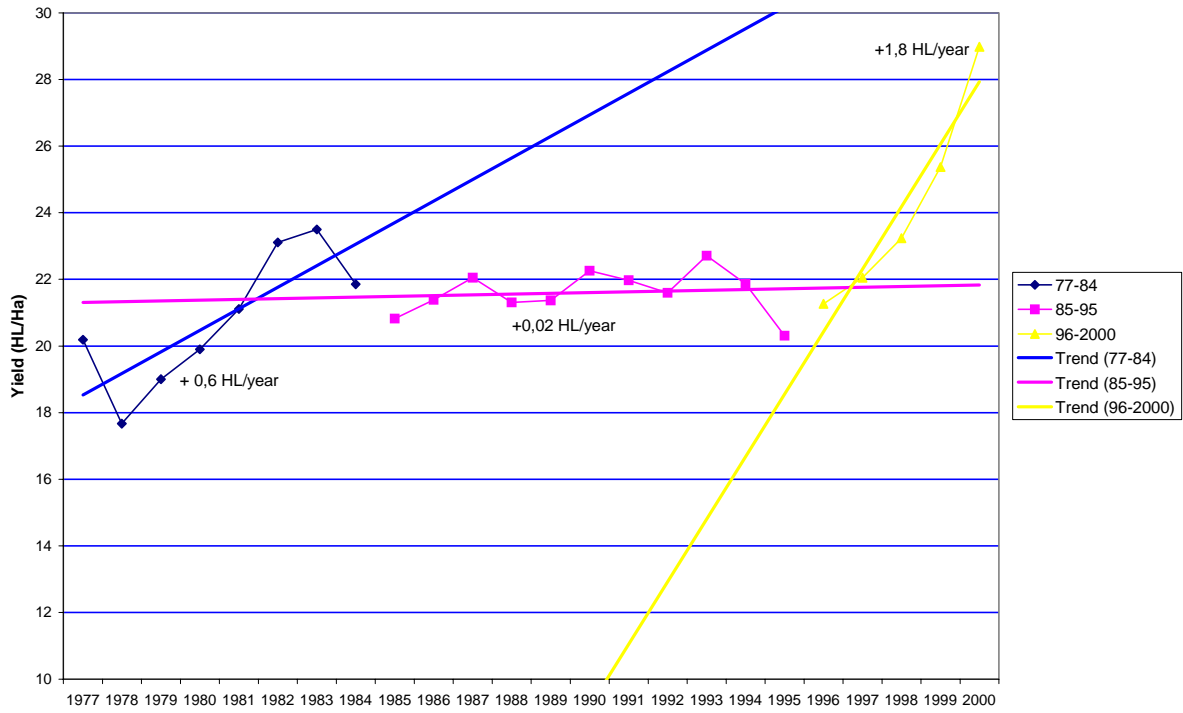


Sources: OIV (total area planted, total wine production)

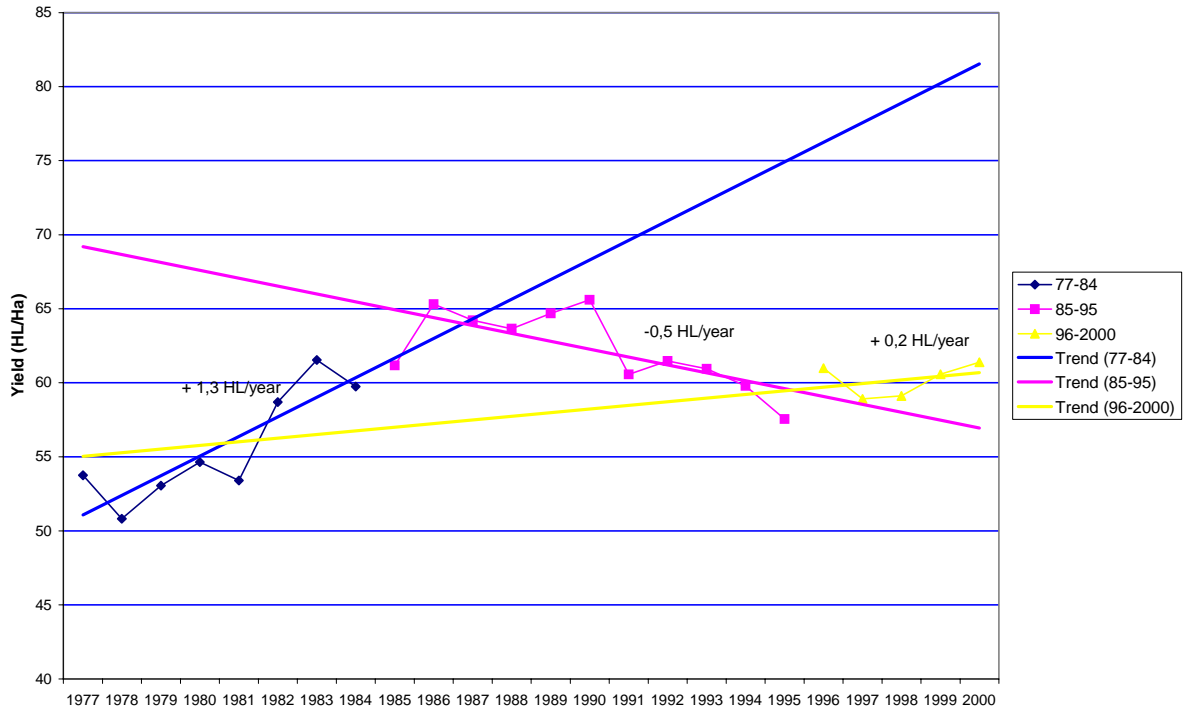
Three periods are represented:

- During the first period (1977 to 1984), yield was on average increasing from about 0.9HL/ha annually.
- During the second period (1985 to 1996), yield has been decreasing from about – 0.1 HL/Ha and per year
- Between 1996 and 2000 yields increase on average from about 0.6 HL/Ha and per year.

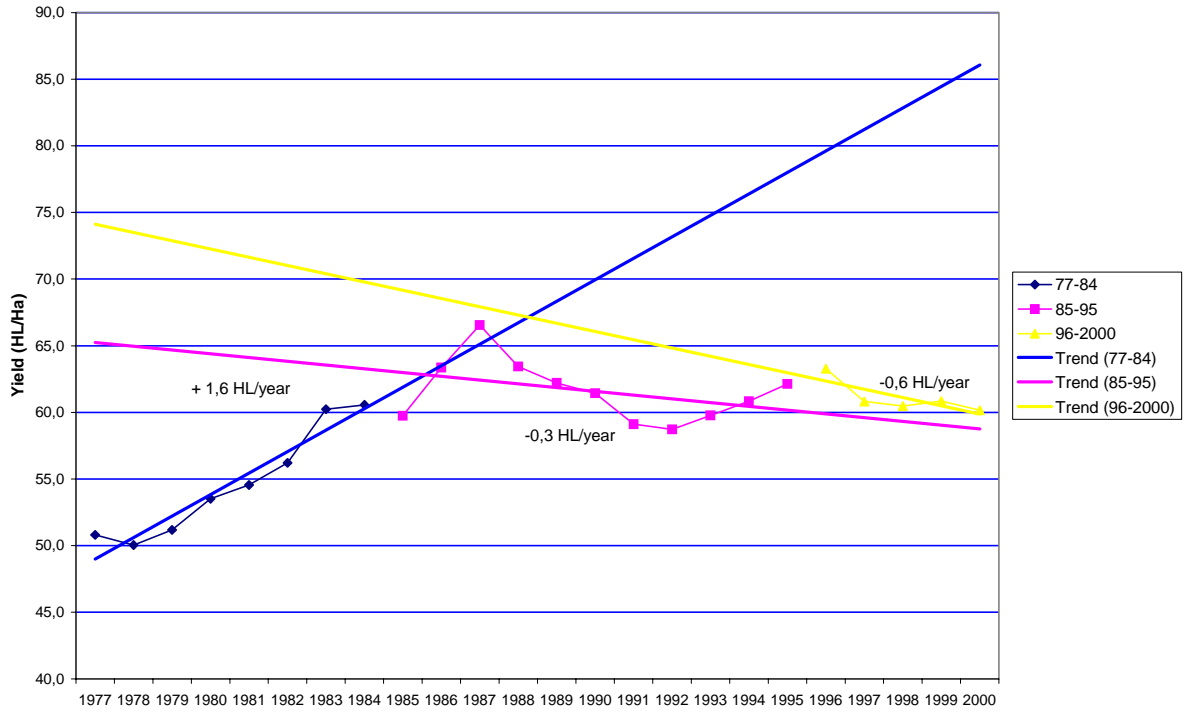
Graph 40 Trends in yield in Spain since 1977



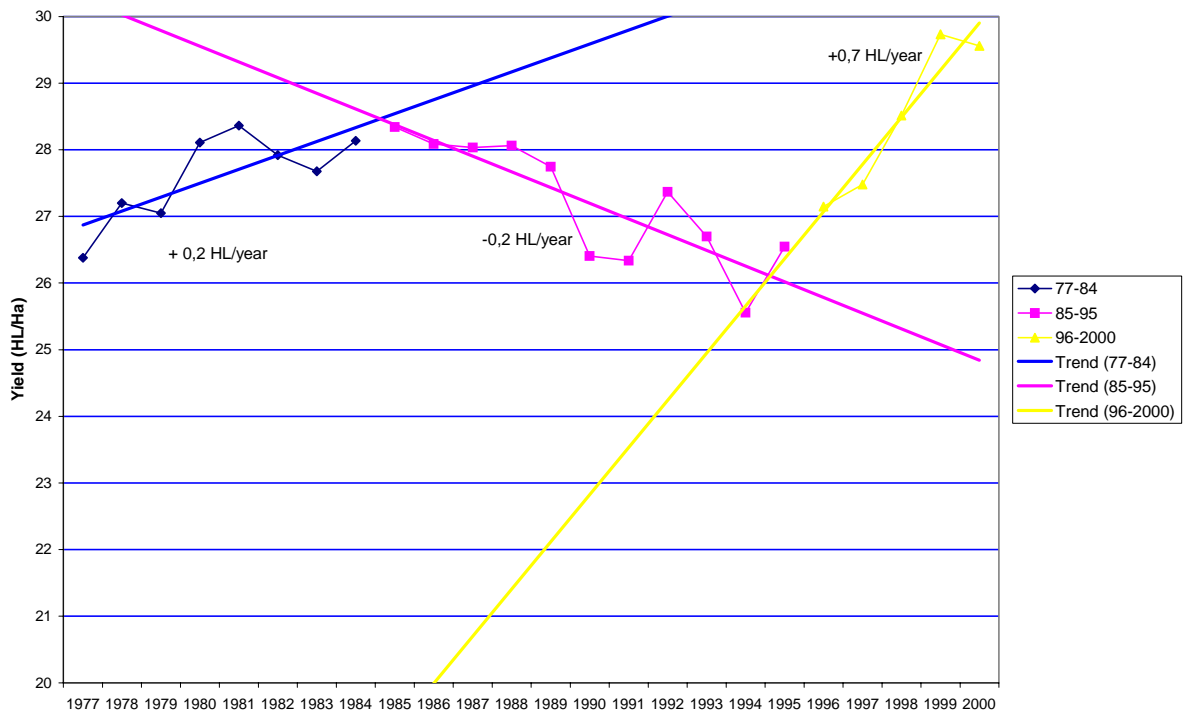
Graph 41 Trends in yield in France since 1977



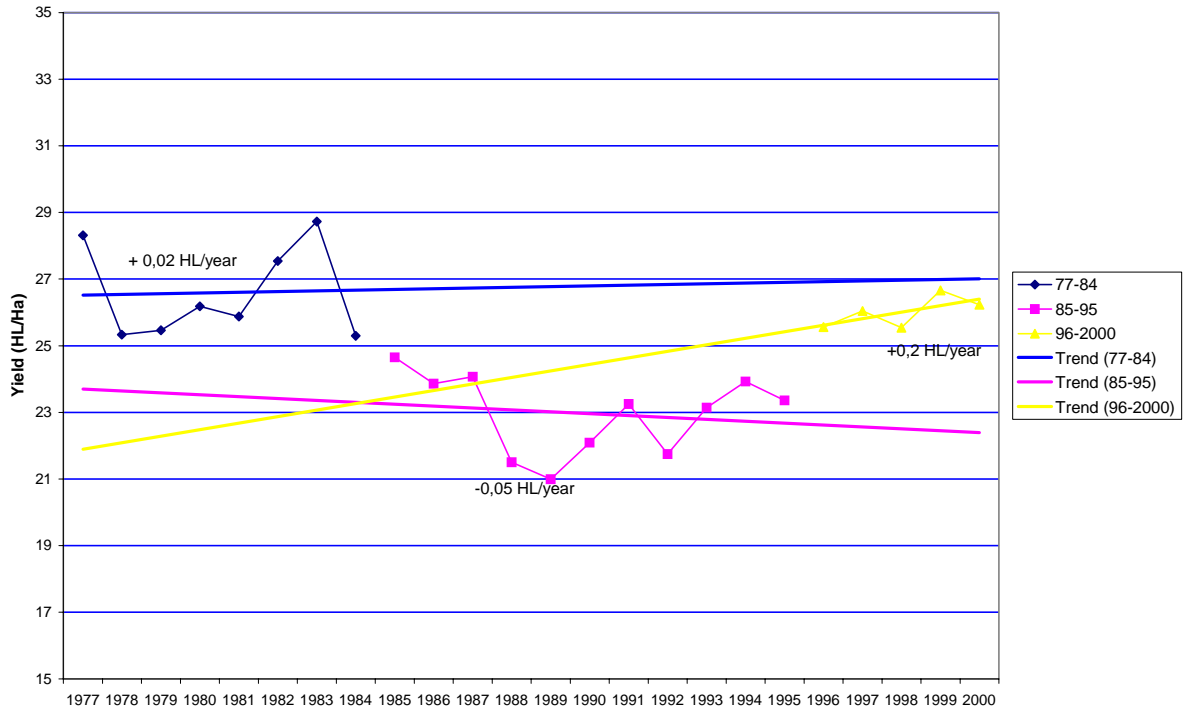
Graph 42 Trends in yield in Italy since 1977



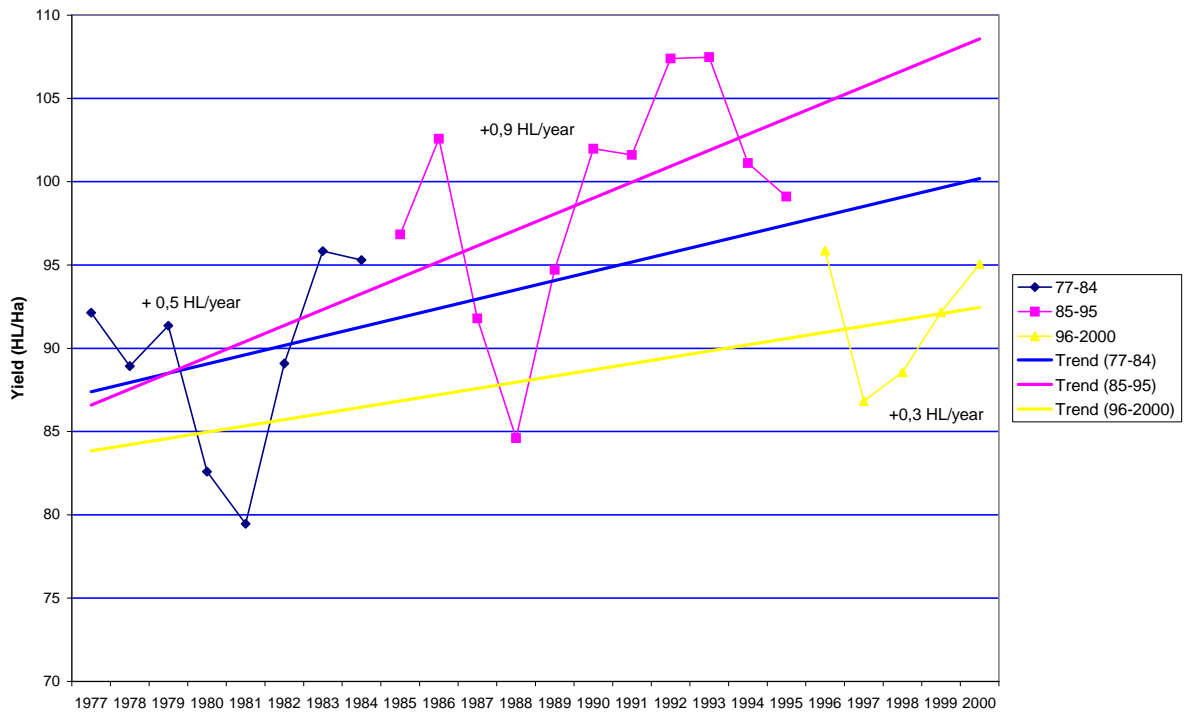
Graph 43 Trends in yield in Greece since 1977



Graph 44 Trends in yield in Portugal since 1977



Graph 45 Trends in yield in Germany since 1977



Conclusions and observation on area evolution

The permanent abandonment premium and the conditions for its implementation seem to have been effective in reducing the table wine area in all the main wine-producing countries. The granting of new planting rights has counterbalanced this reduction, with increased total vineyard area since 1997. This increase was only in QWPSR and TGI.

The transfer of planting rights led to a significant increase of the area of quality wine vineyards in the main producing countries (Spain, Italy and France).

It is difficult to quantify the increase in the total vineyard area that might have occurred have the planting rights limitations not applied. We can certainly expect that all or most of the increased area for which growers had planting rights applications turned down by their national or regional authorities would have been planted up. Thus the EU quality wine area could have increased more than it actually did. Some of this might have been modified by a reduced table wine area, but it is likely that the overall area and therefore the overall wine surplus would have been greater.

5.5. Planting rights and market equilibrium

Impact on market equilibrium between 1988 and 2002

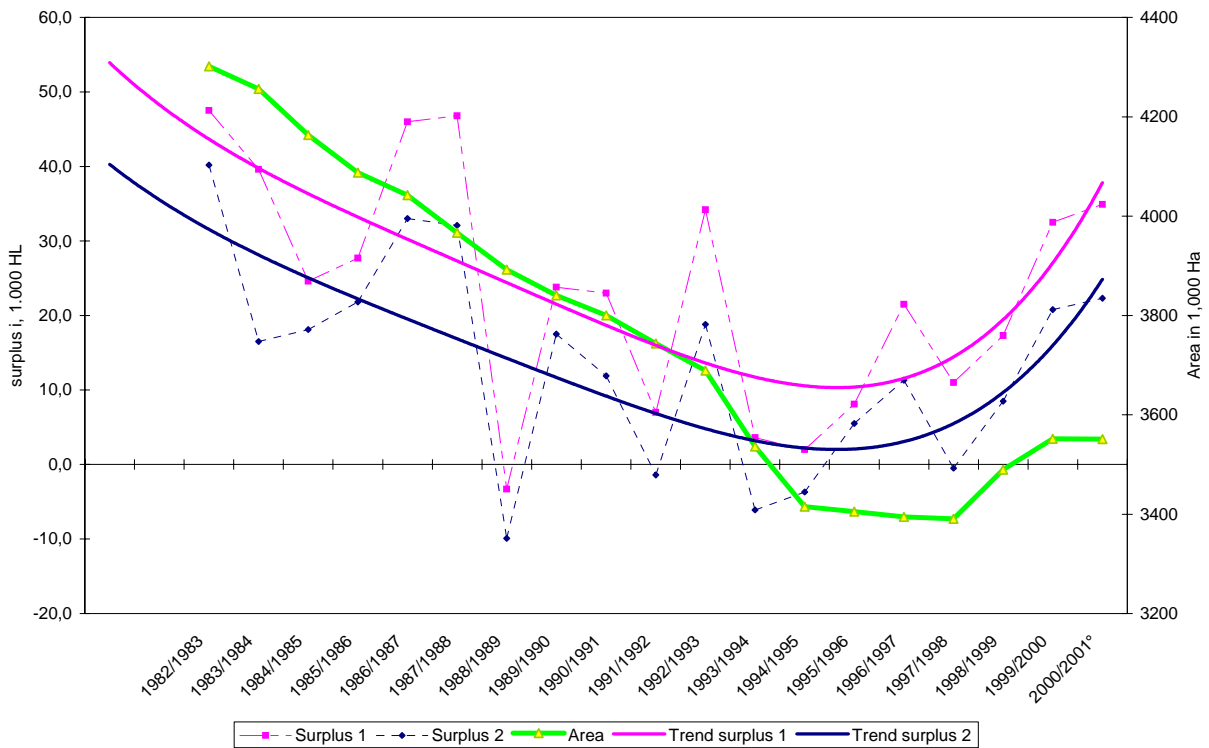
Description of Surplus evolution

The figure below presents the evolution of surpluses for the EU as well as the evolution of the area (source (own calculation)).

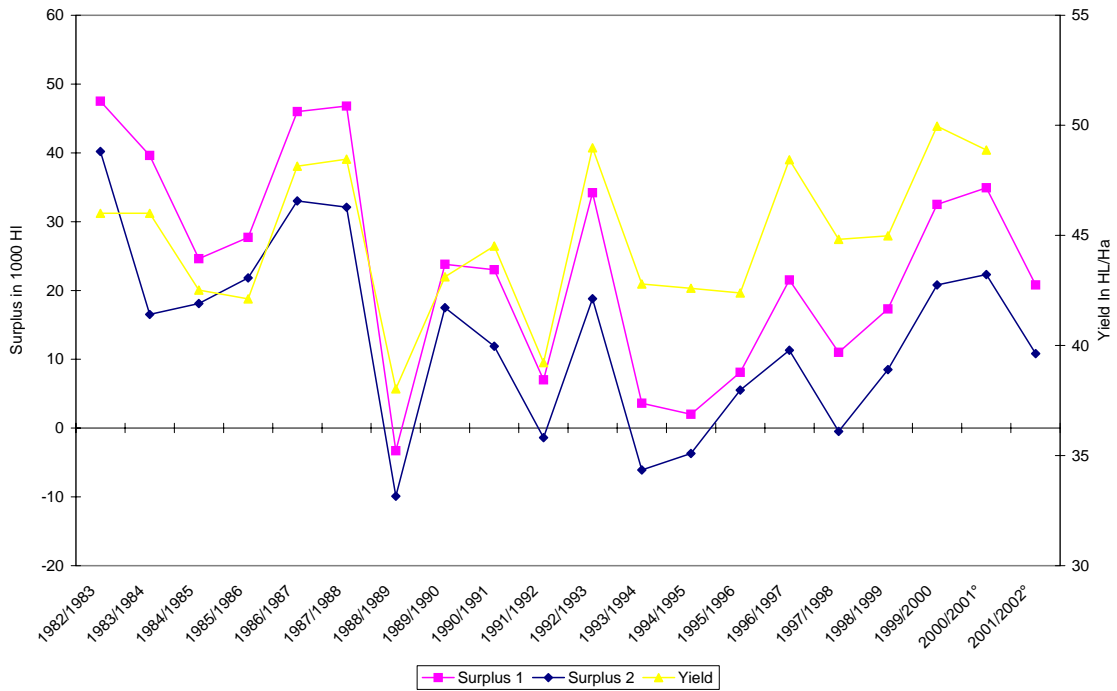
Table 71 Quantification of EU surplus using simplified balances (total wine 1980-2004) (figures in 1.000 HL)

	Surplus 1	Surplus 2	Area in 1.000 ha
1980/1981	19,8	19,2	4 951
1981/1982	1,0	0,5	4 867
1982/1983	47,5	40,2	4 817
1983/1984	39,6	16,5	4 536
1984/1985	24,6	18,1	4 534
1985/1986	27,7	21,8	4 472
1986/1987	46,0	33,0	4 395
1987/1988	46,8	32,1	4 397
1988/1989	-3,3	-9,9	4 230
1989/1990	23,8	17,5	4 192
1990/1991	23,0	11,9	4 179
1991/1992	7,0	-1,4	4 082
1992/1993	34,2	18,8	3 999
1993/1994	3,6	-6,1	3 805
1994/1995	2,0	-3,7	3 688
1995/1996	8,1	5,5	3 604
1996/1997	21,5	11,3	3 547
1997/1998	11,0	-0,5	3 536
1998/1999	17,3	8,5	3 527
1999/2000	32,5	20,8	3 550
2000/2001°	34,9	22,3	3 547
2001/2002°	20,8	10,8	N.A.
2002/2003	14,6	N.A.	N.A.
2003/2004	8,3	N.A.	N.A.

Graph 46 Evolution of Surplus and area



Graph 47 Evolution of Surplus and yield

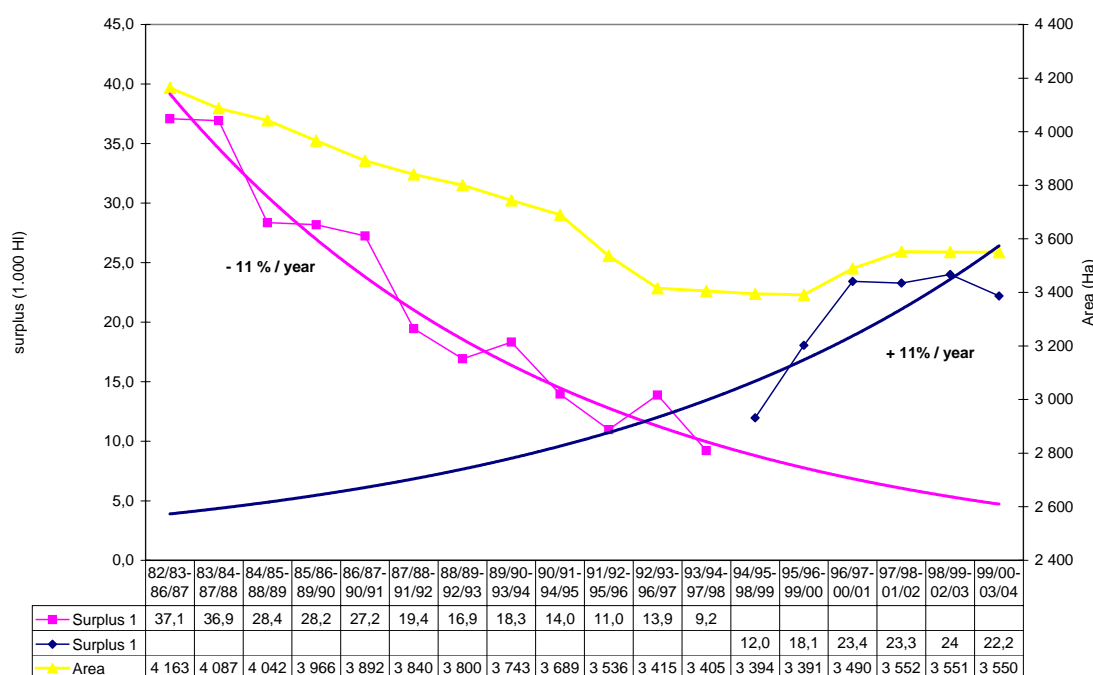


As expected, there is no simple linear relation between the trend of area and that of the surplus. There is a close relation between the yield and the surplus.

Trends in surplus have been calculated with 5 years average value in order to smoothen inter-annual variability. Two periods have been distinguished:

- 1984 to 1995 (Dublin agreement) : Premium for permanent abandonment (plus compulsory distillation) implemented
- After 1995: change of orientation in the planting right policy: end of the use of premium for permanent abandonment, allocation of new planting rights (plus no use of Compulsory Distillation).

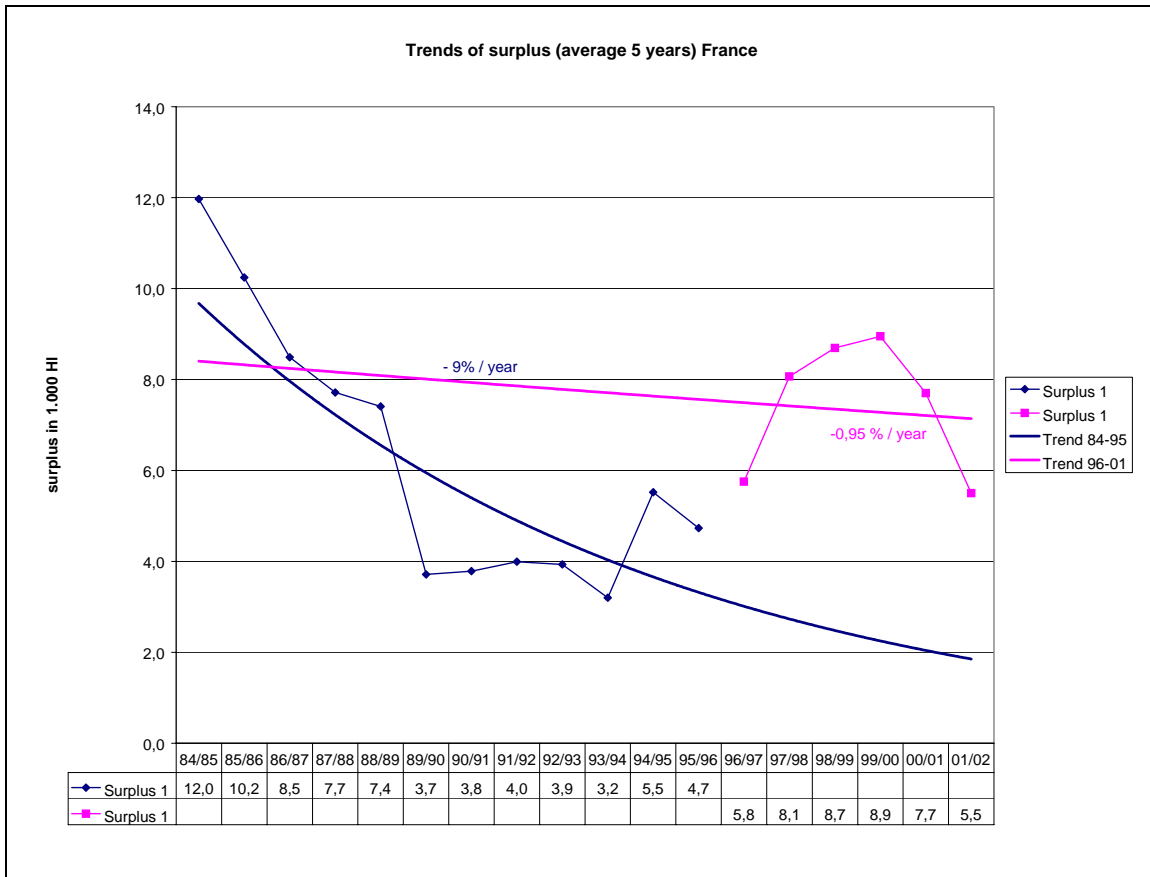
Graph 48 Trends in Surplus evolution in the EU (surplus 1)



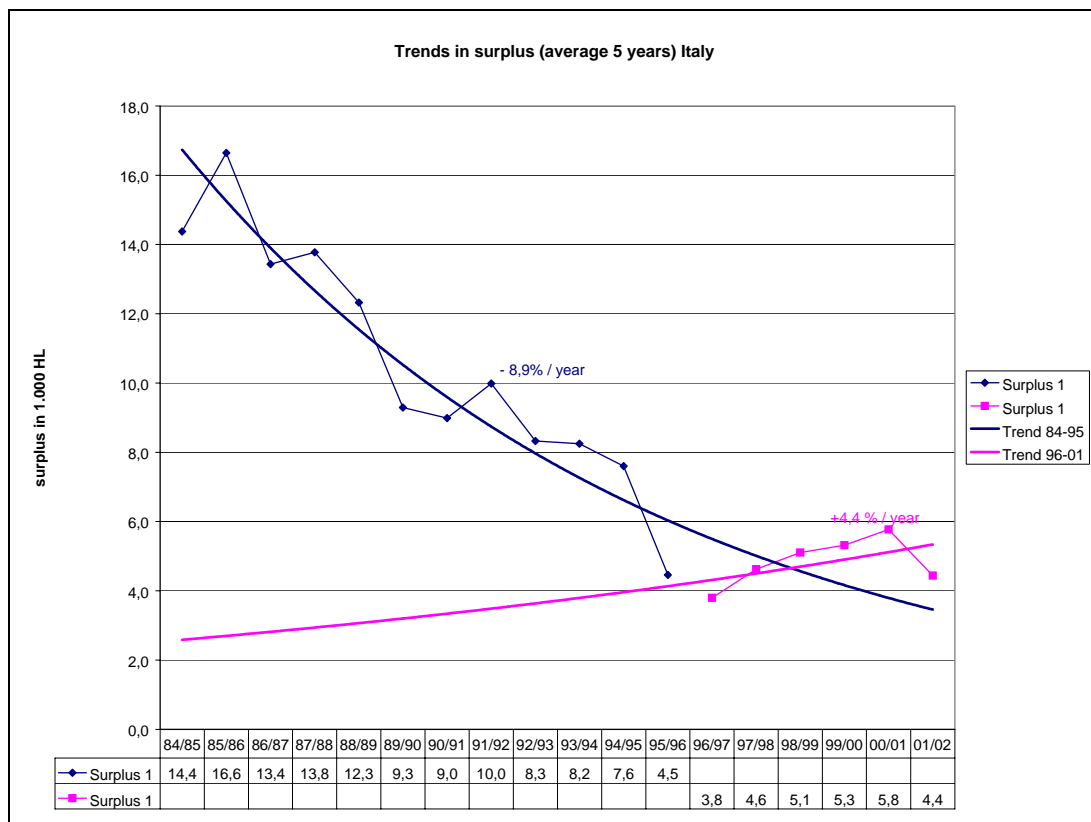
The figures reveal that surplus decreased between 1984 and 1995 (on average –11% per year) and increased after 1995 (+11% per year). In absolute value, surplus for the year 1998 (average 1996 to 2000) and for the year 1999 reach the same level as the year 1988 but is lower than before 1988.

These elements show the planting rights regime implemented until 1995 seem to have been effective in reducing EU wine surplus. The new orientation implemented in 1995 might have contributed to an increase in EU wine surplus although in absolute value, the surplus is below the one of the beginning of the 80's.

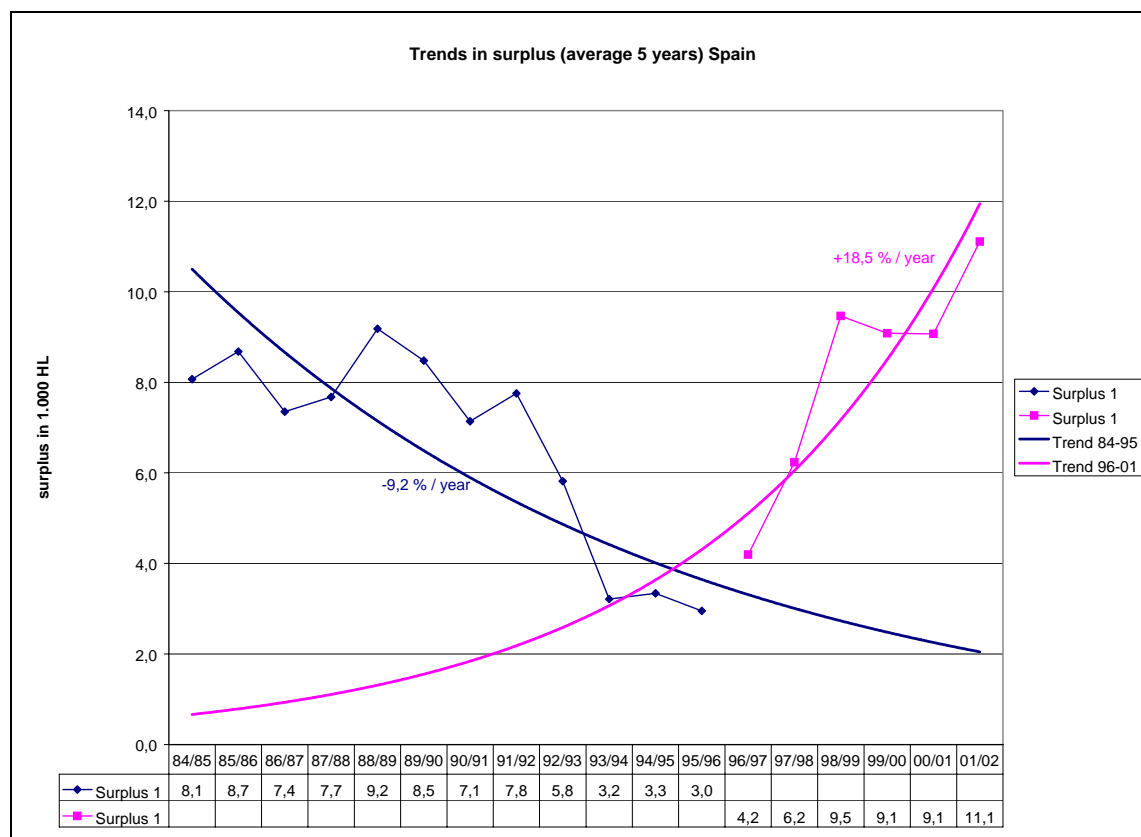
Graph 49 Trends in surplus in France (surplus 1)



Graph 50 Trends in surplus in Italy (surplus 1)



Graph 51 Trends in surplus in Spain (surplus 1)



Given the lack of reliabilities of the data, the absolute values of these trends are not relevant but they allow comparison between the evolution. The graphs reveal that the main producing countries followed similar trends: decrease of surplus between 1984 and 1995 (around -9% per year in each country) and increase after 1995 (except for France). The increase is the most important in Spain (+30% / year between 1996 and 1999 and + 18.5% / year between 1996 and 2001).

These trends follow the evolution trends of yield (+1.88 HL/ha in Spain since 1996, +0.24 HL/Ha / year in France and - 0.62 HL/Ha / year in Italy).

In absolute value, surplus rose high level in Spain. Surplus in Italy remains lower than in the past.

Simulation of the surplus with rectified yield.

Calculations of surplus with constant area and rectified yield have been made to isolate the impact of the measures related to planting rights and to determine the influence of yield on surplus quantification. Calculations could not be made for recent years (2002/2003 and 2003/2004) as figures on area are not available.

For the years when the yield is above the average yield, new production and surplus have been calculated, taking into account an average yield. The results are presented hereunder.

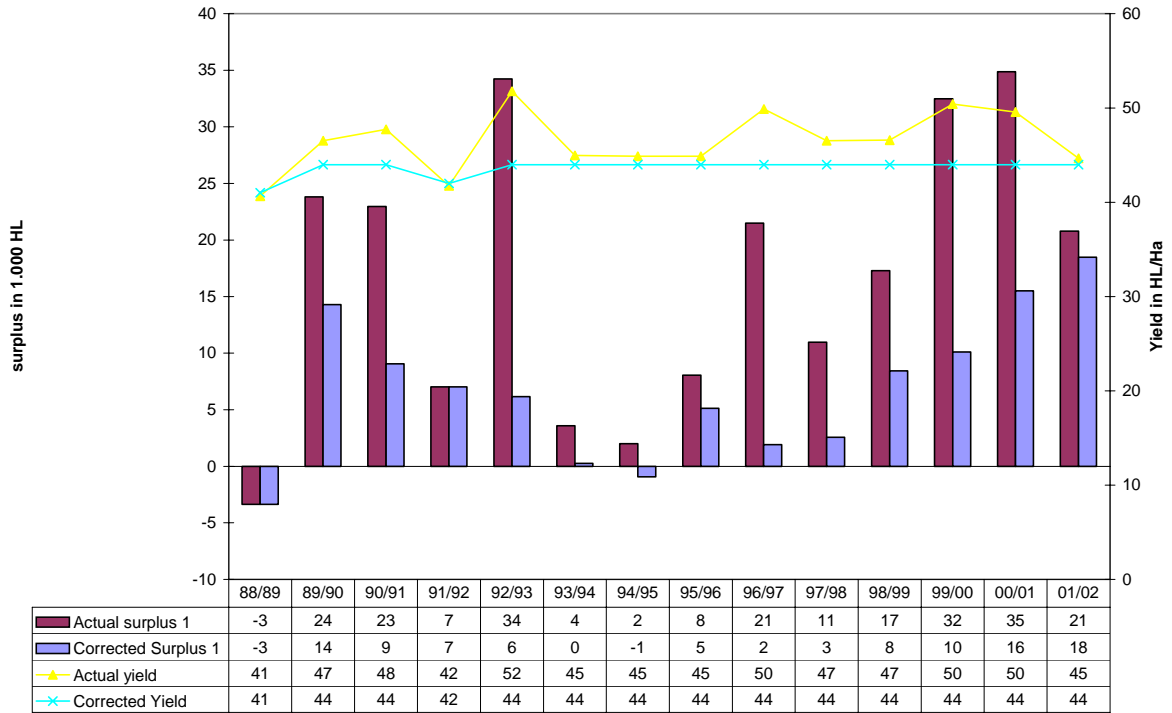
EU level**Table 72 New surplus calculated with constant area and lower yield**

	Area (source EC)	Actual production (source EC)	Actual yield	Rectified yield	New production	New surplus 1	New surplus 2
1988/1989	3 892 300	158191	41	41	158191	-3,3	-9,9
1989/1990	3 840 300	178673	47	44	168973	14,3	8,0
1990/1991	3 800 300	181413	48	44	167213	9,0	-2,0
1991/1992	3 743 300	156315	42	42	156315	7,0	-1,4
1992/1993	3 689 300	190977	52	44	162329	6,2	-9,2
1993/1994	3 536 300	158981	45	44	155597	0,3	-9,4
1994/1995	3 415 300	153269	45	44	150273	-0,9	-6,6
1995/1996	3 405 300	152817	45	44	149833	5,1	2,6
1996/1997	3 394 300	169323	50	44	149349	1,9	-8,3
1997/1998	3 390 740	157777	47	44	149193	2,6	-8,9
1998/1999	3 489 670	162562	47	44	153545	8,4	-0,3
1999/2000	3 552 000	179117	50	44	156288	10,1	-1,6
2000/2001°	3 551 000	176006	50	44	156244	15,5	2,9
2001/2002°	3 550 000	158555	45	44	156200	18,5	8,5

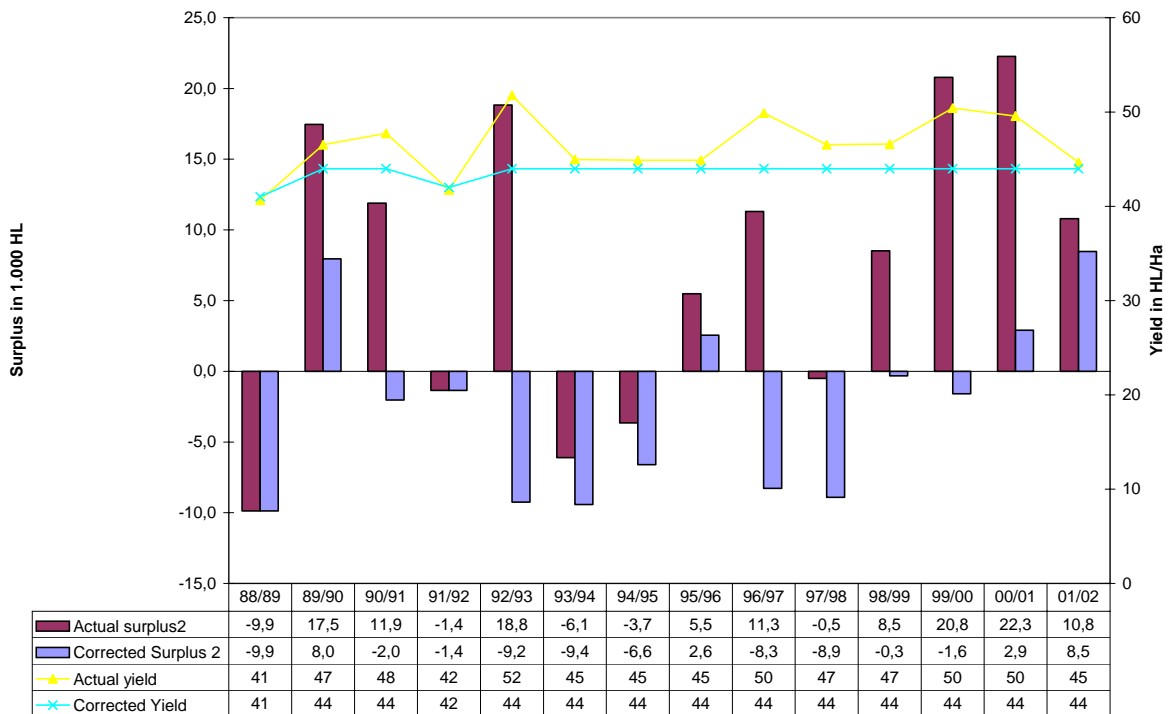
Table 73 Comparison of surplus

	Surplus 1	Surplus 1 calculated	Surplus 2	Surplus 2 calculated
1988/1989	-3,3	-3,3	-9,9	-9,9
1989/1990	23,8	14,3	17,5	8,0
1990/1991	23,0	9,0	11,9	-2,0
1991/1992	7,0	7,0	-1,4	-1,4
1992/1993	34,2	6,2	18,8	-9,2
1993/1994	3,6	0,3	-6,1	-9,4
1994/1995	2,0	-0,9	-3,7	-6,6
1995/1996	8,1	5,1	5,5	2,6
1996/1997	21,5	1,9	11,3	-8,3
1997/1998	11,0	2,6	-0,5	-8,9
1998/1999	17,3	8,4	8,5	-0,3
1999/2000	32,5	10,1	20,8	-1,6
2000/2001°	34,9	15,5	22,3	2,9
2001/2002°	20,8	18,5	10,8	8,5

Graph 52 Comparison of surplus 1 (actual and rectified) EU 15



Graph 53 Comparison of surplus 2 (actual and rectified) EU 15



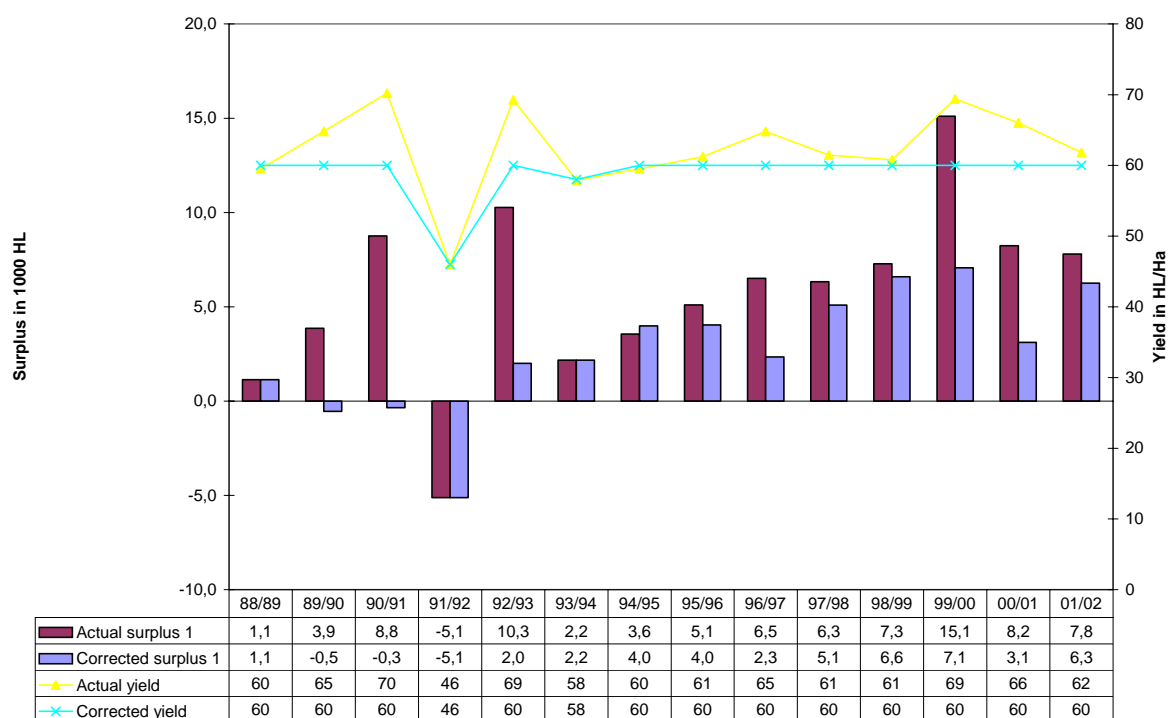
France**Table 74 New surplus calculated with constant area and lower yield**

	Area (source ONIVINS)	Actual production (source EC)	Actual yield	Rectified yield	New production	New surplus 1	New surplus 2
1988/1989	960 706	57170	60	60	57170	1,1	0,3
1989/1990	933 503	60508	65	60	56010	-0,5	-0,9
1990/1991	910 737	63940	70	60	54644	-0,3	-0,8
1991/1992	901 749	41438	46	46	41438	-5,1	-5,3
1992/1993	913 538	63256	69	60	54812	2,0	-0,6
1993/1994	898 822	52059	58	58	52059	2,2	-0,3
1994/1995	896 121	53325	60	60	53767	4,0	2,6
1995/1996	887 850	54354	61	60	53271	4,0	3,7
1996/1997	883 184	57240	65	60	52991	2,3	0,8
1997/1998	872 558	53612	61	60	52353	5,1	4,4
1998/1999	872 773	53071	61	60	52366	6,6	6,0
1999/2000	872 297	60535	69	60	52338	7,1	6,3
2000/2001°	871 783	57540	66	60	52307	3,1	3,1
2001/2002°	863 682	53389	62	60	51821	6,3	5,0

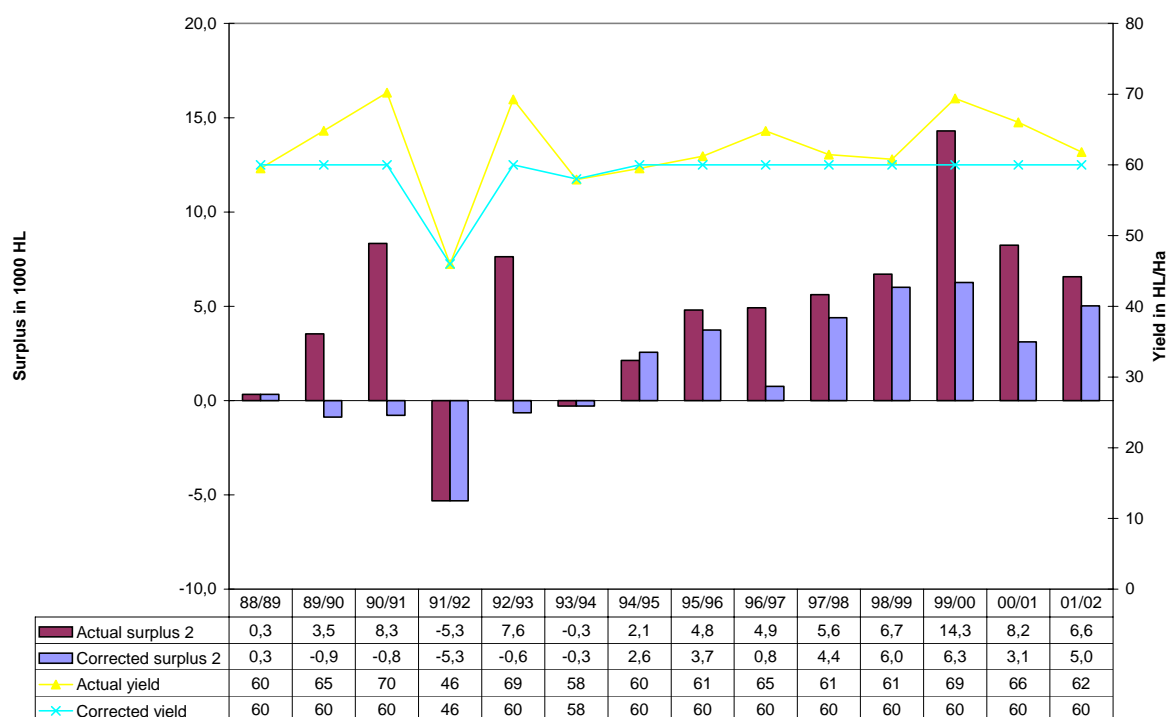
Table 75 Comparison of surplus

	Surplus 1	Surplus 1 calculated	Surplus 2	Surplus 2 calculated
1988/1989	1,1	1,1	0,3	0,3
1989/1990	3,9	-0,5	3,5	-0,9
1990/1991	8,8	-0,3	8,3	-0,8
1991/1992	-5,1	-5,1	-5,3	-5,3
1992/1993	10,3	2,0	7,6	-0,6
1993/1994	2,2	2,2	-0,3	-0,3
1994/1995	3,6	4,0	2,1	2,6
1995/1996	5,1	4,0	4,8	3,7
1996/1997	6,5	2,3	4,9	0,8
1997/1998	6,3	5,1	5,6	4,4
1998/1999	7,3	6,6	6,7	6,0
1999/2000	15,1	7,1	14,3	6,3
2000/2001°	8,2	3,1	8,2	3,1
2001/2002°	7,8	6,3	6,6	5,0

Graph 54 Comparison of surplus 1 (actual and rectified) in France



Graph 55 Comparison of surplus 2 (actual and rectified) in France



Italy

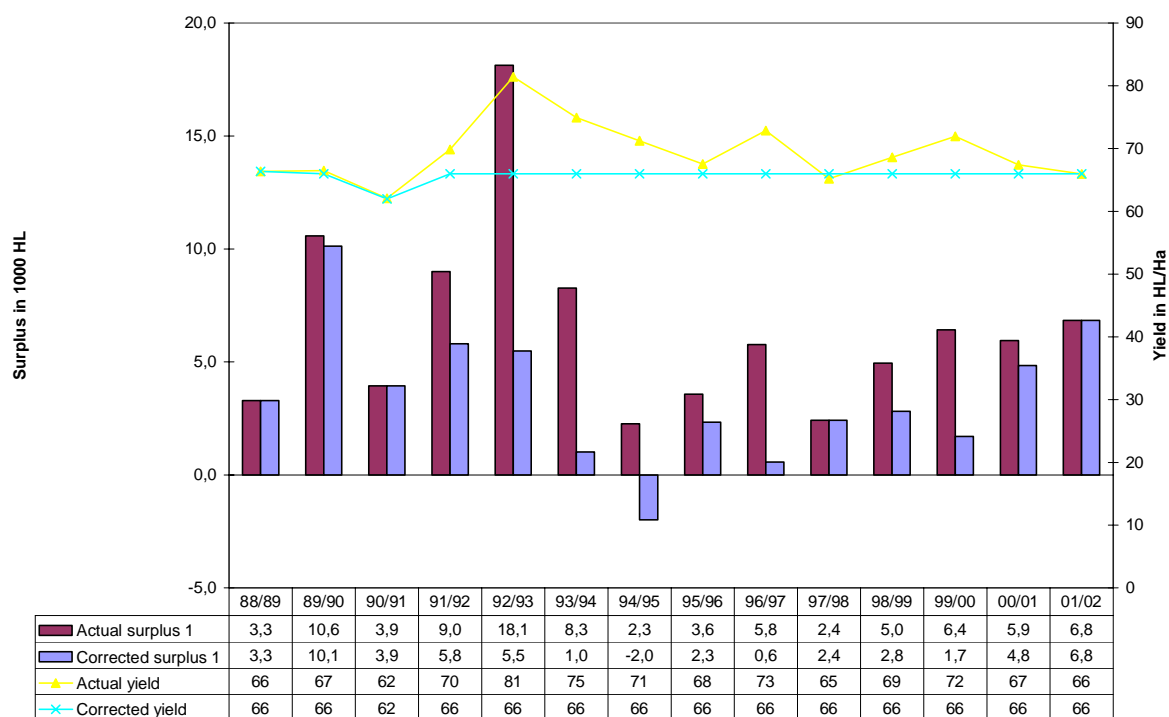
Table 76 New surplus calculated with constant area and lower yield

	Area (source eurostat 88-96, ISMEA 96-2001)	Actual production (source EC)	Actual yield	Rectified yield	New production	New surplus 1	New surplus 2
1988/1989	909 574	60360	66	66	60360	3,3	-1,2
1989/1990	898 080	59727	67	66	59273	10,1	7,5
1990/1991	873 869	54266	62	62	54266	3,9	1,3
1991/1992	848 122	59238	70	66	55976	5,8	0,9
1992/1993	836 095	68086	81	66	55182	5,5	-1,3
1993/1994	828 228	62068	75	66	54663	1,0	-3,4
1994/1995	824 944	58776	71	66	54446	-2,0	-5,3
1995/1996	824 766	55702	68	66	54435	2,3	1,4
1996/1997	772 994	56322	73	66	51018	0,6	-3,4
1997/1998	775 548	50563	65	66	50563	2,4	-1,9
1998/1999	832 692	57140	69	66	54958	2,8	-0,9
1999/2000	807 130	58074	72	66	53271	1,7	-2,6
2000/2001°	802 374	54088	67	66	52957	4,8	-0,1
2001/2002°	787 068	51912	66	66	51912	6,8	5,4

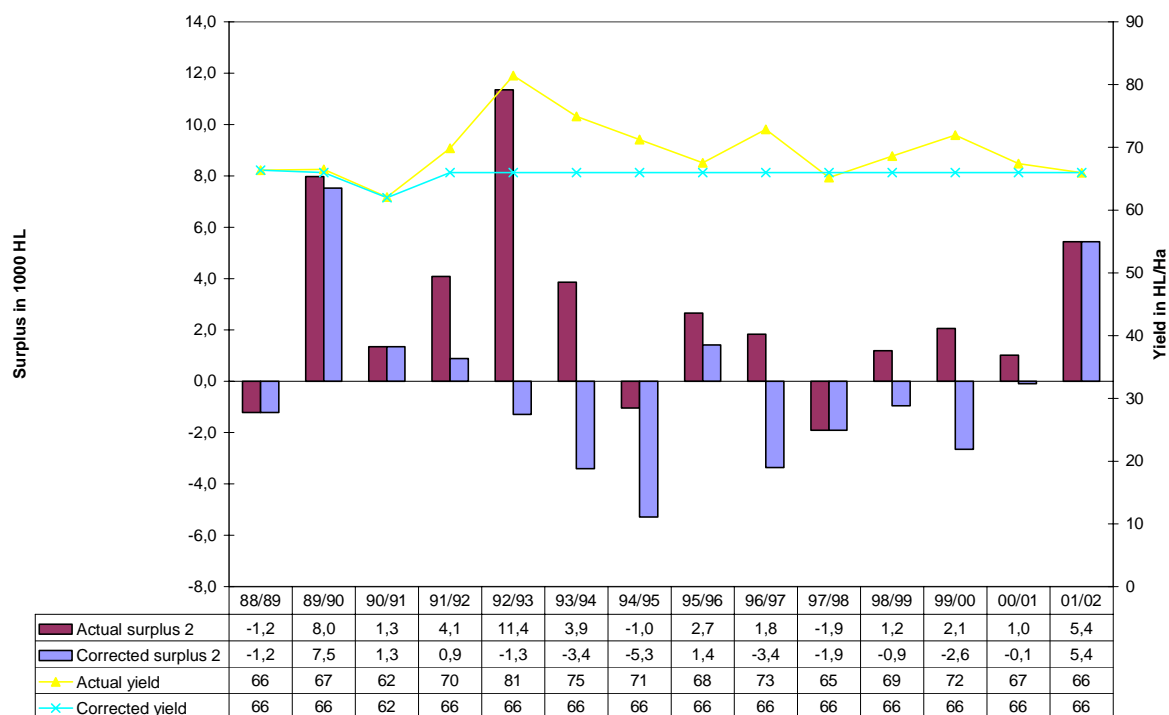
Table 77 Comparison of surplus

	Surplus 1	Surplus 1 calculated	Surplus 2	Surplus 2 calculated
1988/1989	3,3	3,3	-1,2	-1,2
1989/1990	10,6	10,1	8,0	7,5
1990/1991	3,9	3,9	1,3	1,3
1991/1992	9,0	5,8	4,1	0,9
1992/1993	18,1	5,5	11,4	-1,3
1993/1994	8,3	1,0	3,9	-3,4
1994/1995	2,3	-2,0	-1,0	-5,3
1995/1996	3,6	2,3	2,7	1,4
1996/1997	5,8	0,6	1,8	-3,4
1997/1998	2,4	2,4	-1,9	-1,9
1998/1999	5,0	2,8	1,2	-0,9
1999/2000	6,4	1,7	2,1	-2,6
2000/2001°	5,9	4,8	1,0	-0,1
2001/2002°	6,8	6,8	5,4	5,4

Graph 56 Comparison of surplus 1 (actual and rectified) in Italy



Graph 57 Comparison of surplus 2 (actual and rectified) in Italy



Spain

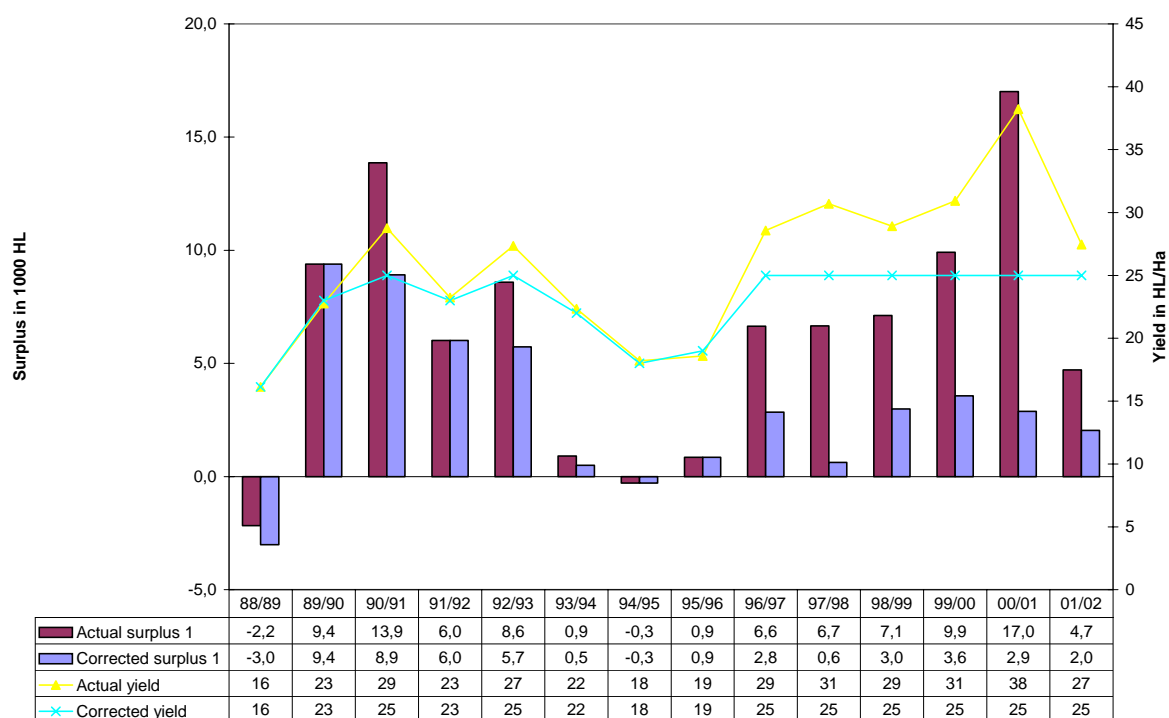
Table 78 New surplus calculated with constant area and lower yield

	Area (source MAPYA)	Actual production (source EC)	Actual yield	Rectified yield	New production	New surplus 1	New surplus 2
1988/1989	1 379 000	22252	16	16	22252	-3,0	-3,9
1989/1990	1 374 300	31276	23	23	31276	9,4	6,1
1990/1991	1 344 000	38658	29	25	33600	8,9	1,0
1991/1992	1 325 300	30796	23	23	30796	6,0	2,8
1992/1993	1 244 700	34032	27	25	31118	5,7	1,1
1993/1994	1 185 600	26495	22	22	26083	0,5	-1,9
1994/1995	1 152 500	20995	18	18	20995	-0,3	-1,0
1995/1996	1 123 300	20876	19	19	20876	0,9	-0,5
1996/1997	1 085 000	31000	29	25	27125	2,8	-1,2
1997/1998	1 082 411	33218	31	25	27060	0,6	-5,3
1998/1999	1 078 043	31173	29	25	26951	3,0	-1,4
1999/2000	1 090 080	33723	31	25	27252	3,6	-2,1
2000/2001°	1 090 773	41692	38	25	27269	2,9	-4,3
2001/2002°	1 109 356	30460	27	25	27734	2,0	-4,8

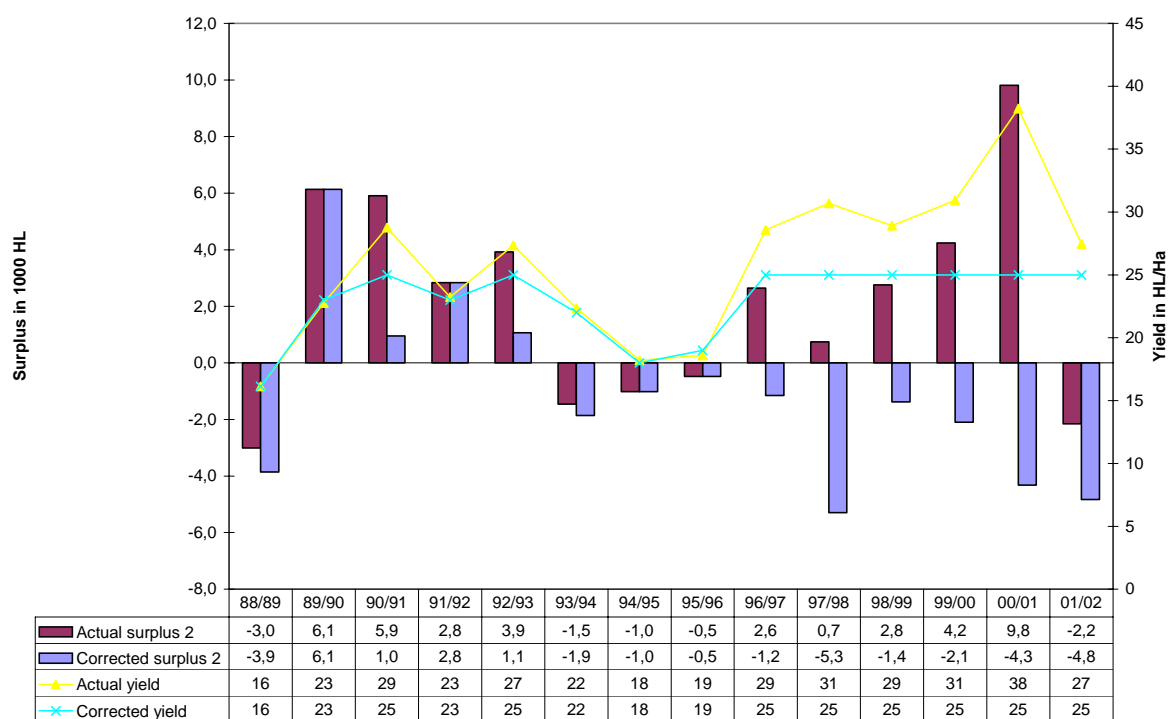
Table 79 Comparison of surplus

	Surplus 1	Surplus 1 calculated	Surplus 2	Surplus 2 calculated
1988/1989	-2,2	-3,0	-3,0	-3,9
1989/1990	9,4	9,4	6,1	6,1
1990/1991	13,9	8,9	5,9	1,0
1991/1992	6,0	6,0	2,8	2,8
1992/1993	8,6	5,7	3,9	1,1
1993/1994	0,9	0,5	-1,5	-1,9
1994/1995	-0,3	-0,3	-1,0	-1,0
1995/1996	0,9	0,9	-0,5	-0,5
1996/1997	6,6	2,8	2,6	-1,2
1997/1998	6,7	0,6	0,7	-5,3
1998/1999	7,1	3,0	2,8	-1,4
1999/2000	9,9	3,6	4,2	-2,1
2000/2001°	17,0	2,9	9,8	-4,3
2001/2002°	4,7	2,0	-2,2	-4,8

Graph 58 Comparison of surplus 1 (actual and rectified) in Spain



Graph 59 Comparison of surplus 2 (actual and rectified) in Spain



Comments

EU level

Calculations have been made using total area (sources: OIV). Surplus have been calculated taking into account an average yield of 44 HL/ha. Our results show that surplus 1 (taking into account distillation for potable alcohol as surplus) remains at substantial level in 1999/00 and 2000/01 with a yield of 44 HL/Ha (respectively 10.000 HL and 16.000 HL of surplus with a yield dropping from 50 to 44 HL/Ha). Surplus would have not occurred with a yield of around 40 HL/Ha.

In the main producing countries

Calculations have been made using area under production (national or EU sources).

In France, surplus has been calculated taking into account an average yield of 60 HL/Ha. Graph 54 shows that surplus 1 (taking into account distillation for potable alcohol as surplus) remains at a substantial level even with considerable yield corrections (from 69 HL/ha to 60 HL/ha in 1999/00 and from 66 HL/Ha to 60 HL/ha in 2000/01). The differences between surplus 1 and surplus 2 are low due to the low level of distillation for potable alcohol in France.

In Italy, surpluses have been calculated taking into account an average yield of 66 HL/Ha. Graph 56 shows that surplus 1 remains positive with major yield corrections (from 81 HL/ha to 66 HL/ha in 1992/93 and from 75 HL/Ha to 66 HL/ha in 1993/94). Differences between surplus 1 and surplus 2 are important due to the high level of distillation for potable alcohol (3 700 HL on average over the period).

In Spain, inter-annual yield variation is higher than in other countries. Frost occurred in 1994 (18 HL/Ha) and in 1995 (19 HL/Ha). Over the last four wine years, yield was higher than average. Graph 58 shows that surplus 1 remains at a substantial level even when major yield corrections of are made (from 31 HL/ha to 25 HL/ha in 1999/00 and from 38 HL/Ha to 25 HL/ha in 2000/01). Because of the importance of distillation for potable alcohol in Spain (around 6.000 HL per year since 1997), the surplus 2 measure shows deficits in recent years.

In conclusion

We have estimated the surplus by decreasing the yield for the years above a certain threshold (44 HL/Ha for the EU, 60 HL/Ha for France, 66 HL/Ha for Italy and 25 HL/Ha for Spain. In recent years and in particular in 1999/00 and 2000/01, surpluses remain at substantial level in the EU and in the main producing countries.

We conclude that the surpluses that occurred during these years can not be explained by exceptionally high yields – they have structural components.

5.6. Influence of the Premium for permanent abandonment on the surplus

The following section presents simulations of the volume of wine that would have been produced in the absence of the premium.

Table 80 Simulation on the wine volume taken off the market thanks to premium for permanent abandonment in the EU, Germany and Greece (Hl)

	EU			Germany			Greece		
	Grubbed Area (Ha)	Yield (Hl/Ha)	Remote Volume	Grubbed Area	Yield	Remote Production	Grubbed Area	Yield	Remote Production
1 988	55 911	41,50	2 320 306,50	126	99,20	12 499,20	1 281	49,80	63 793,80
1 989	41 634	47,20	1 965 124,80	96	142,20	13 651,20	4 984	52,70	262 656,80
1 990	53 125	48,60	2 581 875,00	136	93,80	12 756,80	7 229	41,50	300 003,50
1 991	79 392	42,60	3 382 099,20	116	103,90	12 052,40	6 467	51,00	329 817,00
1 992	77 572	52,40	4 064 772,80	117	130,70	15 291,90	2 440	52,30	127 612,00
1 993	69 629	45,50	3 168 119,50	152	96,40	14 652,80	3 112	43,40	135 060,80
1 994	57 785	45,60	2 634 996,00	170	100,30	17 051,00	2 543	41,30	105 025,90
1 995	66 325	44,60	2 958 095,00	150	79,20	11 880,00	3 000	53,20	159 600,00

Source : EC « Quantitative and Qualitative study of Europe's viticultural potential » + own calculation

Table 81 Simulation on the wine volume taken off the market thanks to premium for France and Italy (1 000 Hl)

	France			Italy		
	Grubbed Area	Yield	Remote volume	Grubbed Area	Yield	Remote Production
1 988	29 401	58,90	1 731 718,90	14 740	60,70	894 718,00
1 989	9 995	63,90	638 680,50	14 312	60,60	867 307,20
1 990	7 411	68,10	504 689,10	20 987	55,90	1 173 173,30
1 991	10 162	44,40	451 192,80	16 600	62,80	1 042 480,00
1 992	11 963	67,90	812 287,70	14 581	74,20	1 081 910,20
1 993	11 773	56,30	662 819,90	13 875	69,30	961 537,50
1 994	8 231	58,10	478 221,10	19 035	67,80	1 290 573,00
1 995	12 000	59,70	716 400,00	23 658	64,80	1 533 038,40

Source : EC « Quantitative and Qualitative study of Europe's viticultural potential » + own calculation

Table 82 Simulation on the wine volume taken off the market thanks to premium for Portugal and Spain (1 000 Hl)

	Portugal			Spain		
	Grubbed Area	Yield	Remote volume	Grubbed Area	Yield	Remote Production
1 988		14,90	0,00	10 362	15,70	162 683,40
1 989		30,90	0,00	12 245	22,20	271 839,00
1 990		44,50	0,00	17 361	27,80	482 635,80
1 991	3 229	39,30	126 899,70	42 817	22,40	959 100,80
1 992	3 225	30,40	98 040,00	45 244	25,20	1 140 148,80
1 993	4 579	18,80	86 085,20	36 132	21,60	780 451,20
1 994	2 504	25,60	64 102,40	25 287	18,30	462 752,10
1 995	786	28,50	22 401,00	26 720	17,40	464 928,00

Source : EC « Quantitative and Qualitative study of Europe's viticultural potential » + own calculation

Table 83 Simulation on percentage of production taken of the EU market thanks to premium (1 000 HI)

	EU total production (hl)	+ potential production (hl)	%of wine taken off the market
1988	158191000	160 511 307	1,47
1989	178673000	180 638 125	1,10
1990	181413000	183 994 875	1,42
1991	156315000	159 697 099	2,16
1992	190977000	195 041 773	2,13
1993	158981000	162 149 120	1,99
1994	153269000	155 903 996	1,72
1995	152817000	155 775 095	1,94
Total 88/95	1 330 636 000	1 353 711 389	1,73

Table 84 Simulation on percentage of surplus avoided thanks to premium (1 000 HI)

	EU actual total production	+ potential Production	actual surplus	Estimated extra surplus
1 988	158 191 000	160 511 306,50	-3 349	-1 029
1 989	178 673 000	180 638 124,80	23 795	25 760
1 990	181 413 000	183 994 875	22 965	25 547
1 991	156 315 000	159 697 099,20	7 023	10 405
1 992	190 977 000	195 041 772,80	34 233	38 298
1 993	158 981 000	162 149 119,50	3 580	6 748
1 994	153 269 000	155 903 996	2 004	4 639
1 995	152 817 000	155 775 095	8 053	11 011
Total 88/95	1 330 636 000	1 353 711 388,80	98 303	121 379

Source: EC « Quantitative and Qualitative study of Europe's viticultural potential » + own calculation

The simulations show that about 23 million hectolitres were virtually removed from the EU market by the end of the 1990s. This corresponds to 1,72% of the annual production for the period (2,13% of the production in 1992, year with the highest yield for the period).

Compared to our calculated surplus, the premium for permanent abandonment brought about a reduction in the surplus of 121 Mln HL between 1988 and 1995.

In order to assess the effectiveness of the premium for permanent abandonment, the average evolution of area and production has been calculated for different periods. We know that the premium has been used during the year 1988 to 1995. Calculations are thus presented for three periods (1979 to 1987, 1988 to 1995 and 1996 to 2000). The results are presented below:

Table 85 Average variation of wine area and production for different period

	Average evolution 1979 – 1987 (%)	Average evolution 1988-1995 (%)	Average evolution 1996-2000 (%)
Total vine area*	-1.5	-2.3	-1.3
Total wine production*	+2.7	-3	+2.8
Total production table wine	2.9	-5	+3
Total production QWPSR	+12.9	+1.4	+4

Source: * OIV, ** EC - histovin

Table 85 shows that area and production decreased more rapidly during the period of implementation of the premium. The impact of the premium for permanent abandonment was – not surprisingly – greater on the production of table wine than of

quality wine. The effectiveness of the premium for permanent abandonment is shown by the fact that during the implementation of the measure (1988-1995) both the area and production of table wine decreased whilst before and after that period they both increased.

As detailed information on the application of the premium for permanent abandonment in Italy and Spain has not been obtainable, the following section illustrates the impact of the measure only in France.

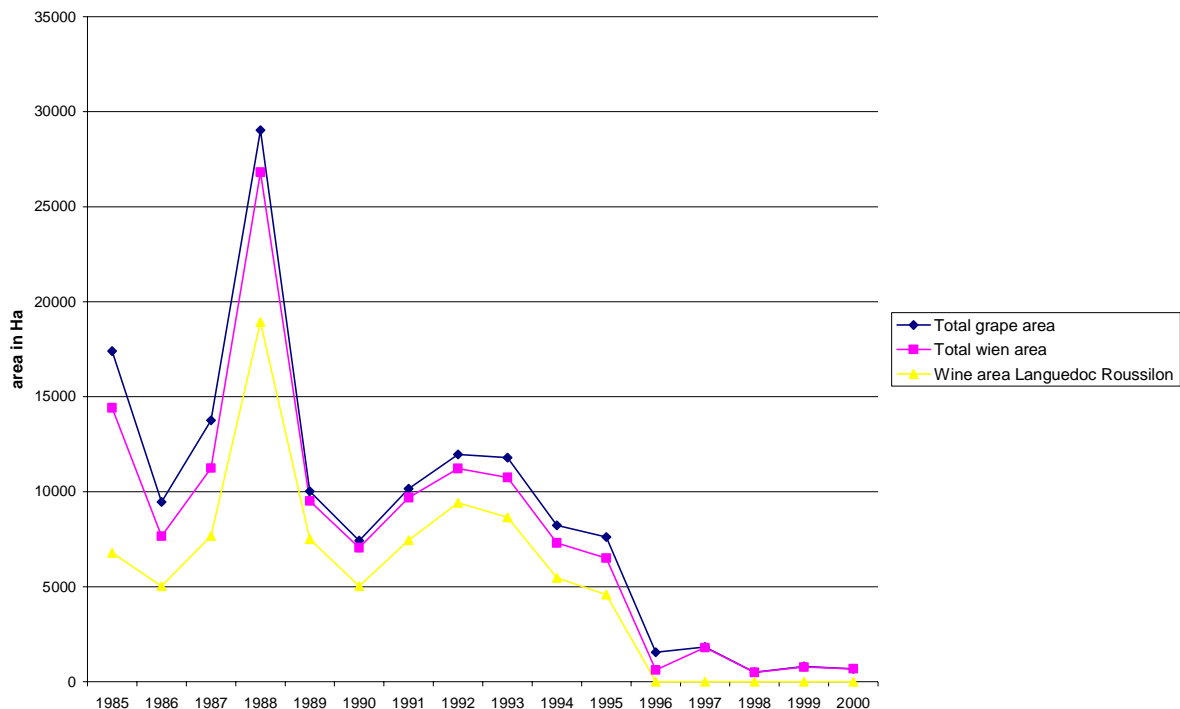
5.6.1. Analysis of abandonment premium for FRANCE

The impact of the abandonment premium has been assessed in 1997 in a study made by ONIVINS & CIHEAM/IAM.M. Some of the figures have been updated to 2000. The key information on the area and structure that benefited from the aid and the main conclusions are the following:

- There is a very high regional concentration of the aid (Languedoc Roussillon represented 75% of the aid between 1988 and 2000)
- Only a few vine varieties were concerned: 70% of the aid was used for for 6 vine varieties (Carigan, Aramon, Cinsaut, Grenache, Alicante and Ugni) and 50% of aid for just two red varieties (Carignan and Aramon)

The aid has been mainly used by small farms – those with up to 5 ha having received 50% of the total.

Graph 60 Evolution of the area grubbed with premium in France



Graph 61 Share of the main vine grape variety in total area grubbed with premium (1988-2000) in France

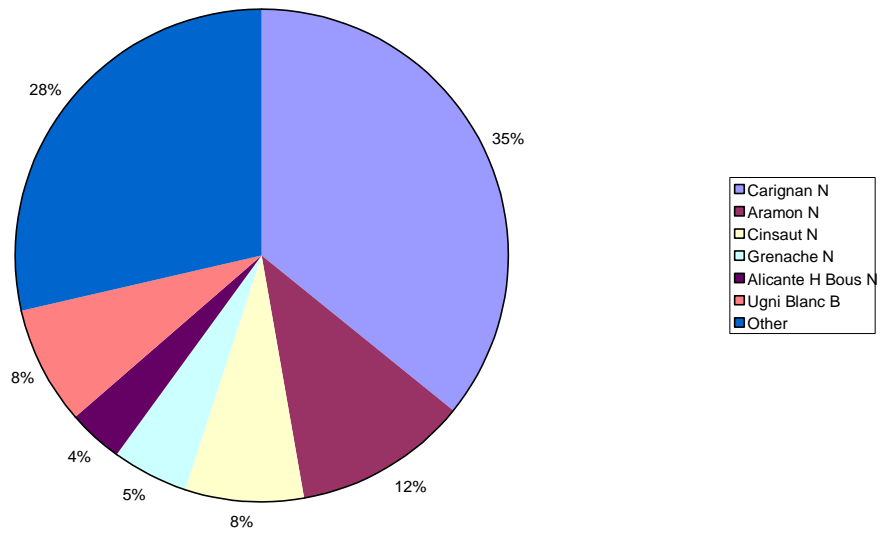


Table 86 Area grubbed with premium n France (total grape area in Ha)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1988-2000	1985-2000
Total	17399	9463	13758	29029	1021	7431	10163	11964	11797	8234	7613	1546	1834	502	808	683	101626	142246

Source: ONIVINS

Table 87 Area grubbed with premium in France (wine area in Ha))

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1988-2000	1985-2000
Poitou Charente	102	60	83	106	22	26	16	12	25	34	44	33	936	458	739	470	2922	3166
Languedoc Roussillon	6793	5030	7677	18933	7515	5025	7444	9419	8652	5464	4586	0	0	0	0	0	67039	86538
Total	14411	7656	11237	26805	9508	7049	9685	11224	10751	7306	6504	619	1801	494	770	683	93200	126503

Source: ONIVINS

Table 88 Area grubbed per vine variety in France (in Ha)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1988-2000
Carignan N	9765,6	3725,2	2907,9	4137,1	5200,2	4778,8	3038,2	2592,8	88,5	49,7	0	0	0	36284,2
Aramon N	4040,4	1482,5	868	1203,2	1343,5	1332,7	827,8	722,2	0,9	1,1	0,2	0,3	1,3	11824,1
Cinsaut N	2241,6	814,6	504,9	779,5	989,5	950,6	714,9	629,9	96,7	73,2	0,1	0,1	0,1	7795,7
Grenache N	1424,7	444,2	477,8	619,7	669,8	528,7	370,4	326,2	79,7	51,2	0	0	0	4992,5
Alicante H Bous N	1082,1	420	316,9	377,4	430,3	453,3	292	301,4	31,1	23,1	1,2	0,9	0,6	3730,3
Ugni Blanc B	1898,9	348,9	241	301,7	277,6	244,4	228,5	700,5	891,1	1109,9	457,6	734,9	539,8	7974,8
Other	8575,7	2785,6	2114,5	2744,4	3053,1	3506,5	2763,2	2340	358	525,8	42,9	71,8	141,2	29023,4
Total	29029	10021	7431	10163	11964	11795	8235	7613	1546	1834	502	808	683	101625

Source: ONIVINS

5.7. Area and prices

We examined the series for table wine prices and areas from 1982 to 2000 for a number of French regions and also quality wine prices and areas for several AOC areas. In no case was there a correlation between current year prices and current year areas.

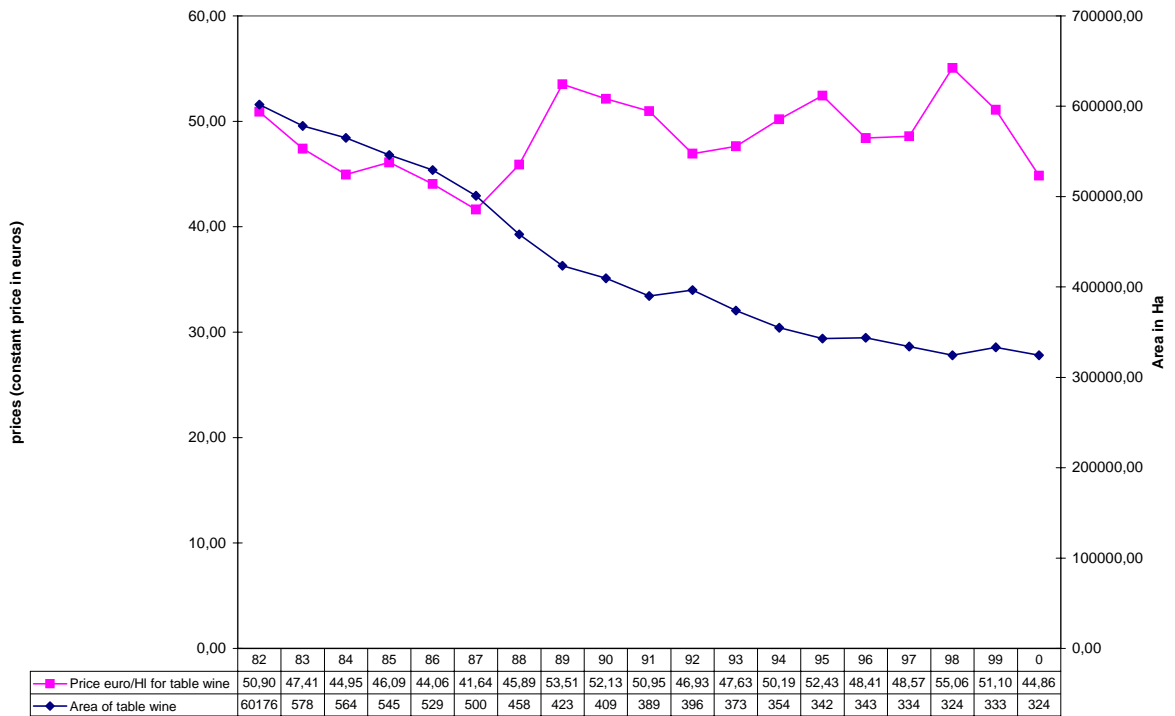
Areas might be expected to react to a variety of factors, including lagged prices, but more likely lagged profitability.

Table 89 Table wine prices in constant Euro

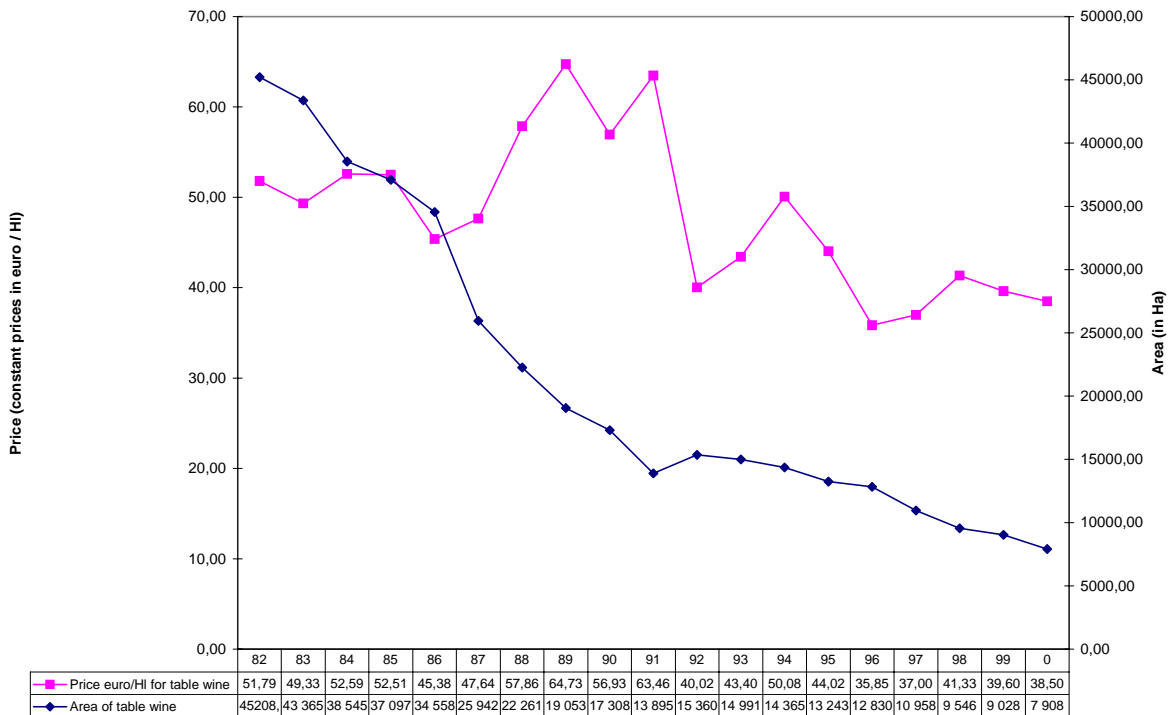
	France		Aquitaine		Corse		Languedoc Roussillon		Midi-Pyrénées		PACA		Rhone Alpes			Val de loire
	Price €/HI	Area	Price €/HI	Area	Price €/HI	Area	Price €/HI	Area	Price €/HI	Area	Price €/HI	Area	Price €/HI	Area	Price €/HI	Area
1982	50,90	601761	51,79	45208	52,92	17 556	44,83	314 412	44,83	61 882	53,28	68 930	49,31	28 423	50,14	20 386
1983	47,41	578 107	49,33	43 365	47,26	14 835	43,75	308 832	43,75	55 795	49,39	65 832	45,84	26 428	44,99	19 066
1984	44,95	564 928	52,59	38 545	46,49	15 763	42,64	310 793	42,64	53 069	45,11	64 716	42,88	25 223	46,40	17 059
1985	46,09	545 921	52,51	37 097	47,17	13 405	44,98	302 587	44,98	52 567	48,34	60 161	44,60	24 179	45,48	18 425
1986	44,06	529 344	45,38	34 558	44,06	10 140	41,36	299 106	41,36	49 218	44,69	60 895	42,34	23 112	43,69	17 024
1987	41,64	500 911	47,64	25 942	45,38	9 230	45,18	292 755	45,18	45 152	43,22	57 084	38,26	22 498	41,12	15 561
1988	45,89	458 177	57,86	22 261	48,10	7 647	51,61	274 755	51,61	42 338	47,53	46 996	43,65	21 099	45,29	13 961
1989	53,51	423 459	64,73	19 053	50,47	6 730	61,19	253 721	61,19	38 966	55,94	46 672	51,14	19 998	52,78	12 353
1990	52,13	409 544	56,93	17 308	53,54	6 333	59,37	251 448	59,37	38 175	54,28	42 255	51,01	18 978	54,19	11 403
1991	50,95	389 968	63,46	13 895	50,08	5 617	68,28	249 535	68,28	33 966	53,29	38 248	49,91	17 556	52,59	10 309
1992	46,93	396 490	40,02	15 360	46,88	5 566	46,39	245 607	46,39	35 576	44,24	44 762	41,98	17 705	38,93	10 751
1993	47,63	373 856	43,40	14 991	49,56	5 522	45,08	229 875	45,08	34 452	45,35	39 100	41,71	18 153	37,80	10 812
1994	50,19	354 774	50,08	14 365	50,56	5 347	53,49	219 546	53,49	33 629	49,88	35 920	45,90	16 286	41,67	10 396
1995	52,43	342 892	44,02	13 243	52,27	5 016	46,06	208 334	46,06	34 301	50,02	34 996	48,35	16 309	42,58	10 242
1996	48,41	343 756	35,85	12 830	49,66	4 609	39,15	215 115	39,15	32 854	44,21	34 485	34,56	16 221	37,29	9 962
1997	48,57	334 214	37,00	10 958	52,74	4 133	41,39	214 848	41,39	31 798	49,00	29 832	47,06	15 621	37,36	9 751
1998	55,06	324 373	41,33	9 546	53,12	3 940	44,79	207 900	44,79	30 797	53,81	30 595	52,42	15 460	39,87	9 157
1999	51,10	333 143	39,60	9 028	50,13	3 088	43,80	214 903	43,80	30 280	49,64	32 429	47,97	15 597	37,74	11 160
2000	44,86	324 296	38,50	7 908	46,62	4 129	39,03	200 003	39,03	28 253	43,28	27 377	43,70	14 455	31,99	8 157

Source : ONIVINS

Graph 62 Evolution of price and area for table wine in France



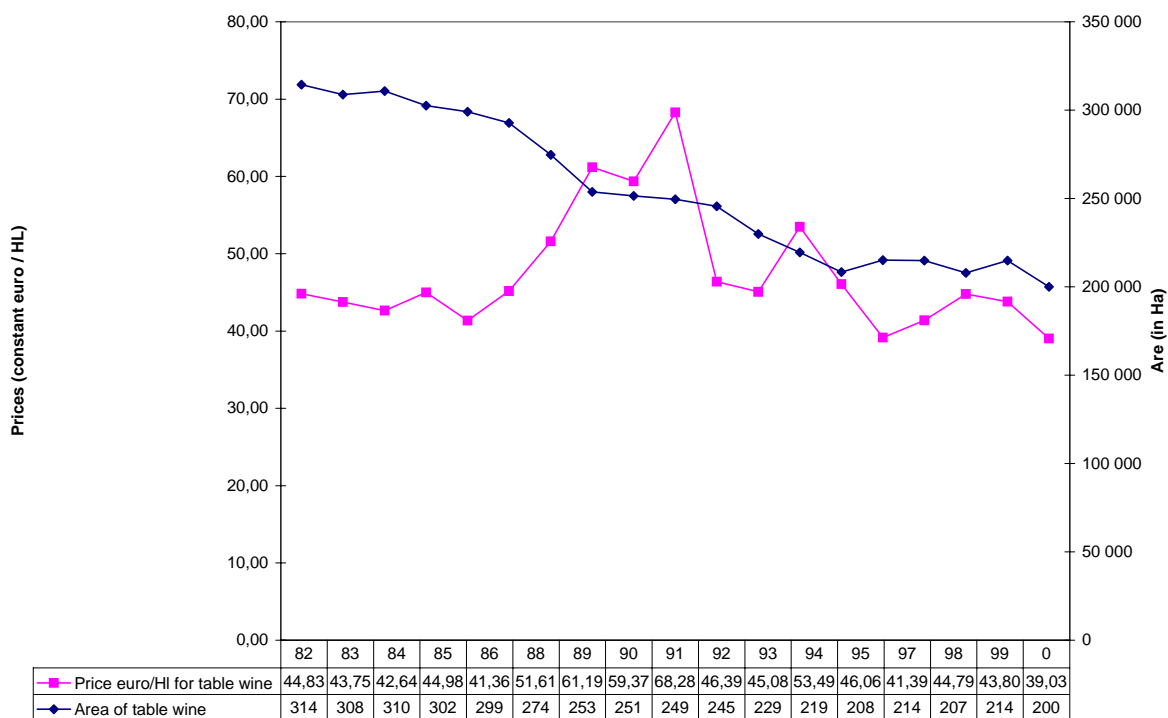
Graph 63 Evolution of price and area for table wine in France – Region Aquitaine



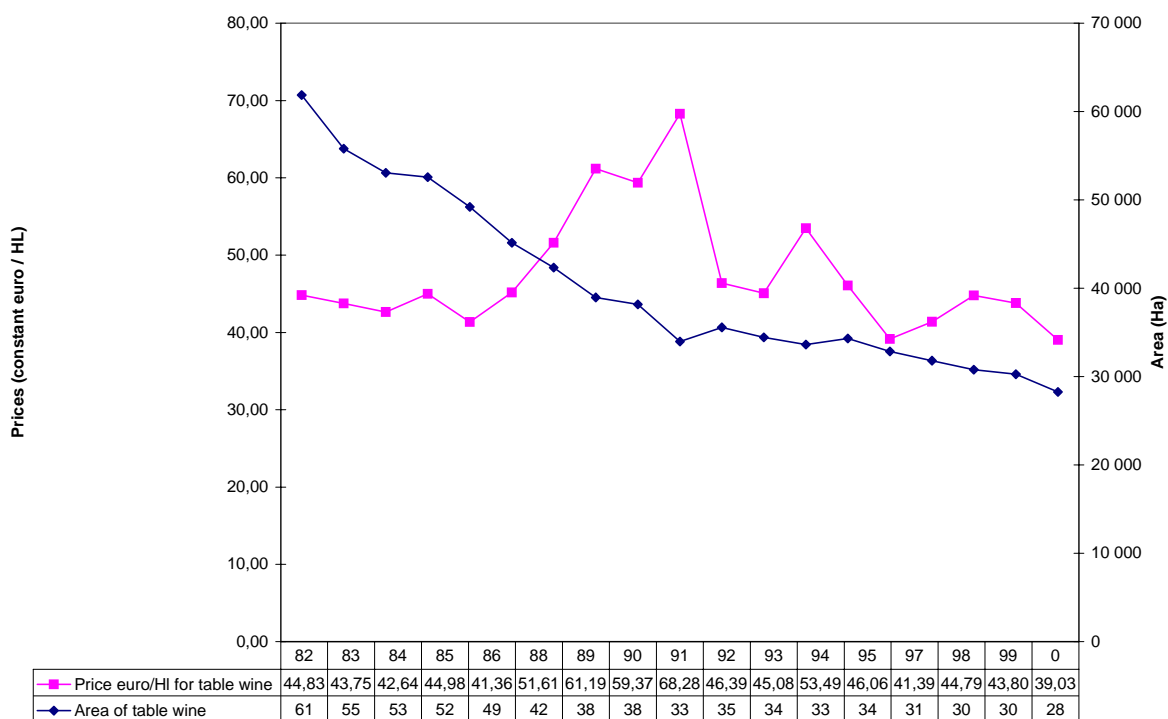
Graph 64 Evolution of price and area for table wine in France – Region Corse



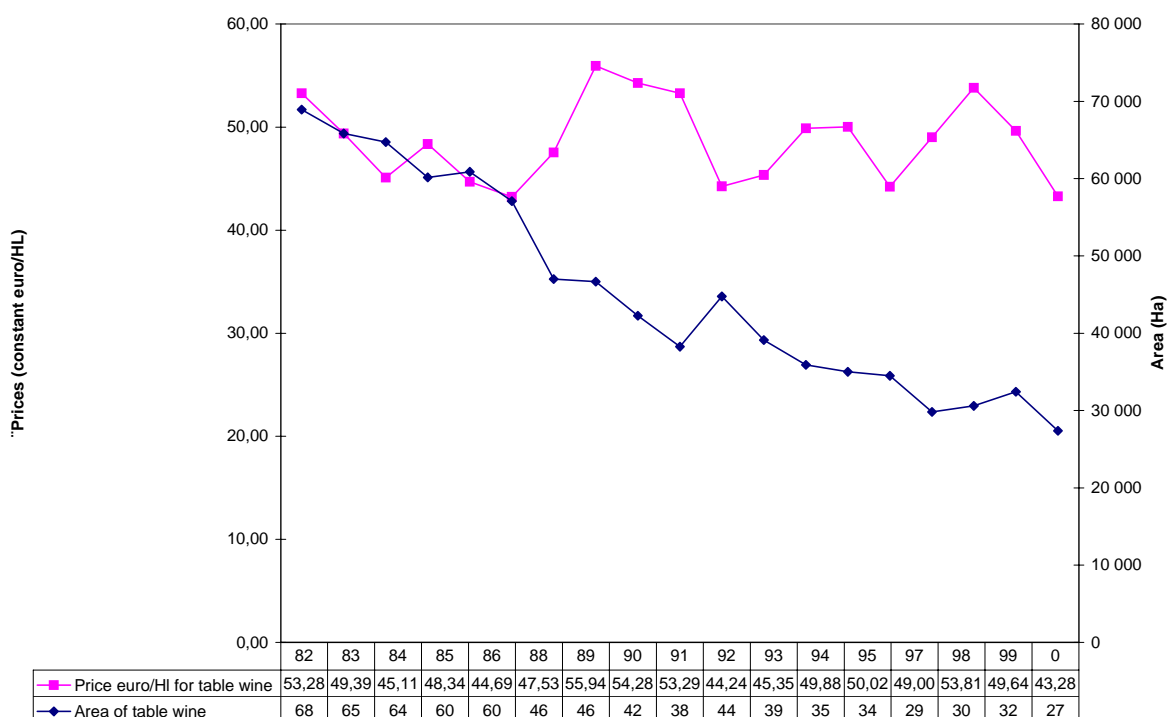
Graph 65 Evolution of price and area for table wine in France – Region Languedoc Roussillon



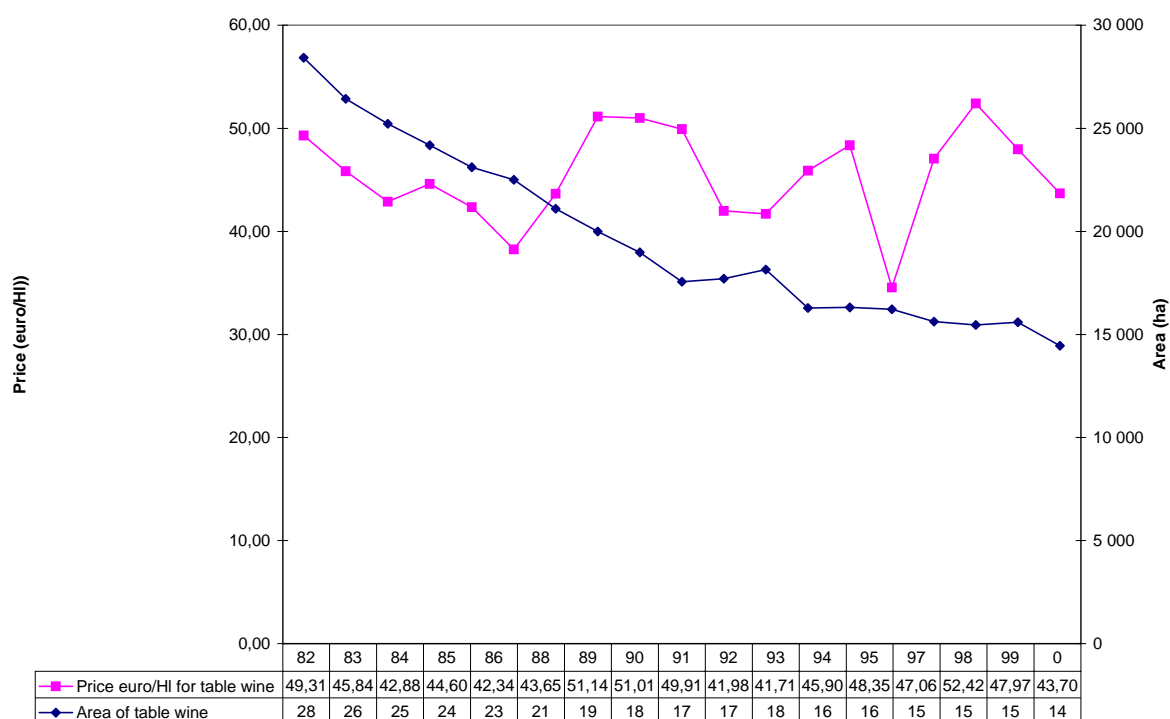
Graph 66 Evolution of price and area for table wine in France – Région Midi-Pyrénées



Graph 67 Evolution of price and area for table wine in France – Région Côte d’Azur



Graph 68 Evolution of price and area for table wine in France – Region Rhône Alpes



Graph 69 Evolution of price and area for table wine in France – Region Pays de la Loire

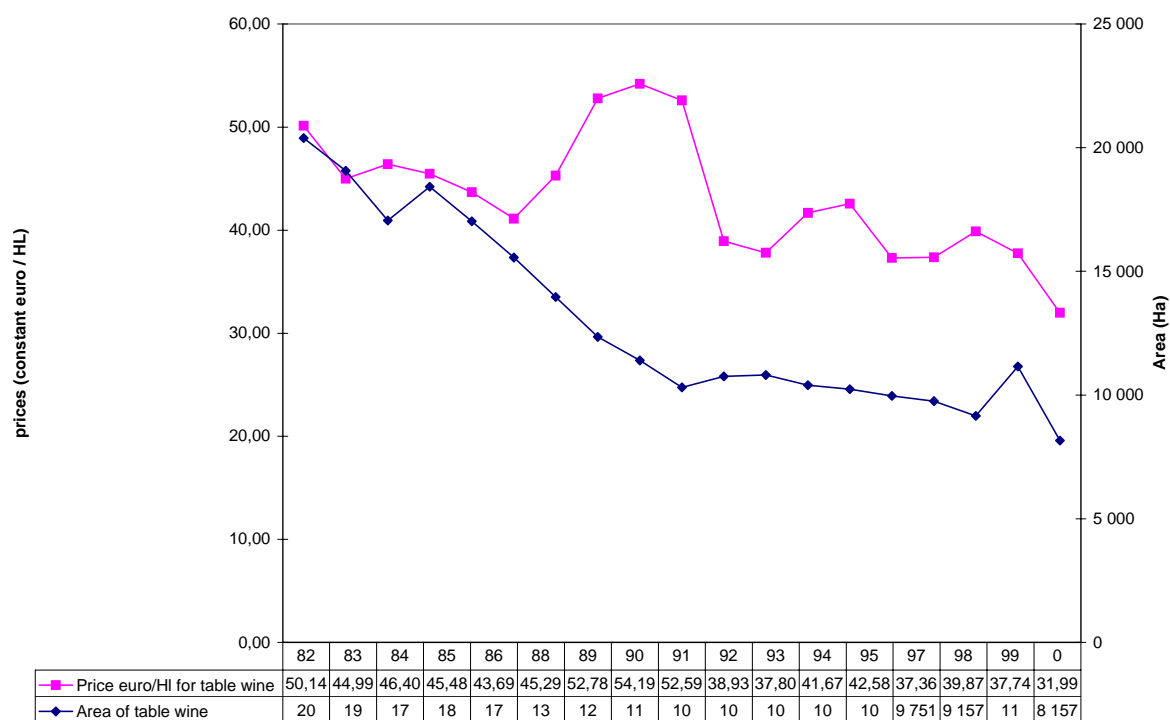
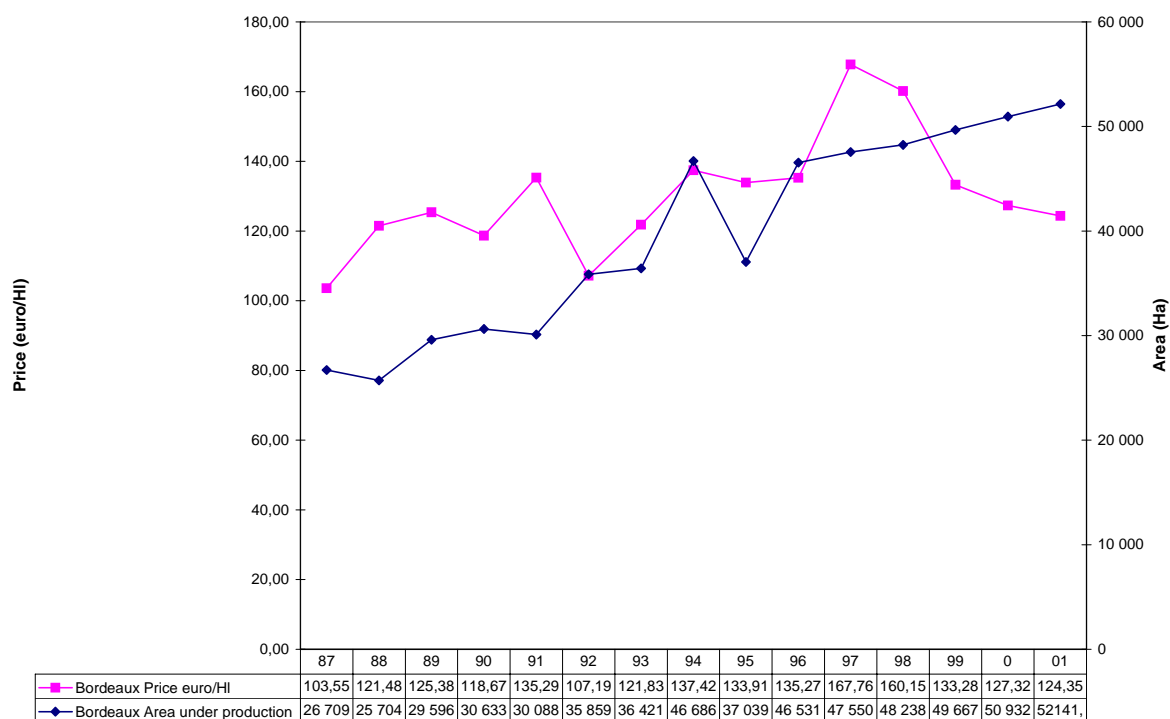


Table 90 AOC wine price in constant Euro

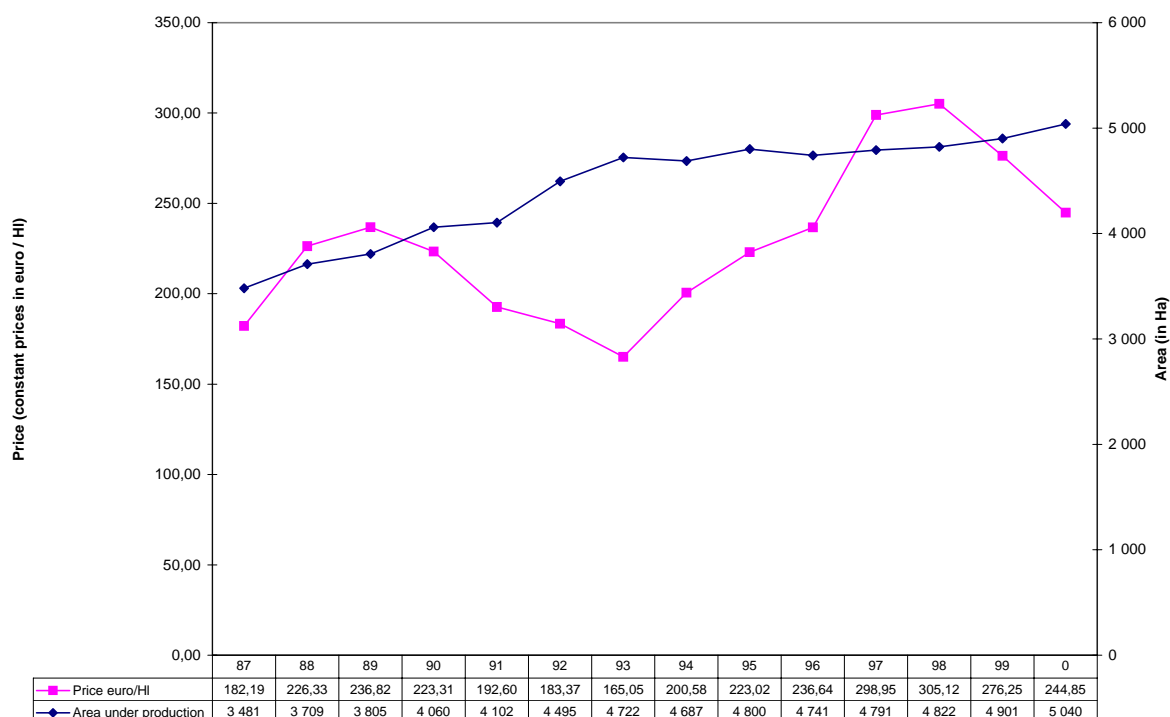
	Bordeaux		Medoc		Haut Medoc		Saint Emilion		Entre deux mers			corbières
	Price €/hl	Area	Price €/hl	Area	Price €/hl	Area	Price €/hl	Area	Price €/hl	Area	Price €/hl	Area
1987	103,55	26 709	182,19	3 481	181,16	3 347	269,06	5 137	85,64	2 950		
1988	121,48	25 704	226,33	3 709	263,02	3 464	316,94	5 132	98,23	2 591		
1989	125,38	29 596	236,82	3 805	260,42	3 536	320,79	5 120	135,44	2 420		
1990	118,67	30 633	223,31	4 060	258,31	3 801	301,73	5 402	140,20	2 466		
1991	135,29	30 088	192,60	4 102	190,25	3 721	272,40	5 346	173,56	2 838		
1992	107,19	35 859	183,37	4 495	215,97	3 938	225,18	5 333	105,95	2 515		
1993	121,83	36 421	165,05	4 722	183,96	4 098	238,46	5 436	75,67	2 267		
1994	137,42	46 686	200,58	4 687			301,99	5 486	82,62	2 268		
1995	133,91	37 039	223,02	4 800	232,92	4 160	307,93	5 439	89,11	2 305	85,75	14 220
1996	135,27	46 531	236,64	4 741	257,70	4 269	346,89	5 440	86,06	2 394	73,44	14 031
1997	167,76	47 550	298,95	4 791	344,14	4 260	425,26	5 327	103,23	1 778	76,18	11 990
1998	160,15	48 238	305,12	4 822	325,62	4 277	345,80	5 469	117,69	1 819	90,33	15 082
1999	133,28	49 667	276,25	4 901	307,93	4 310	338,29	5 399	99,92	1 574	94,94	14 798
2000	127,32	50 932	244,85	5 040	291,77	4 387	328,89	5 499	90,52	1 508	93,68	14 896
2001	124,35	52141,00	206,90	5188,00	229,33	4512,00	364,88	5511,00	91,73	1651,00	92,30	15499,00
2002											81,10288	15533

Source : ONIVINS for area, CIVB for data on prices

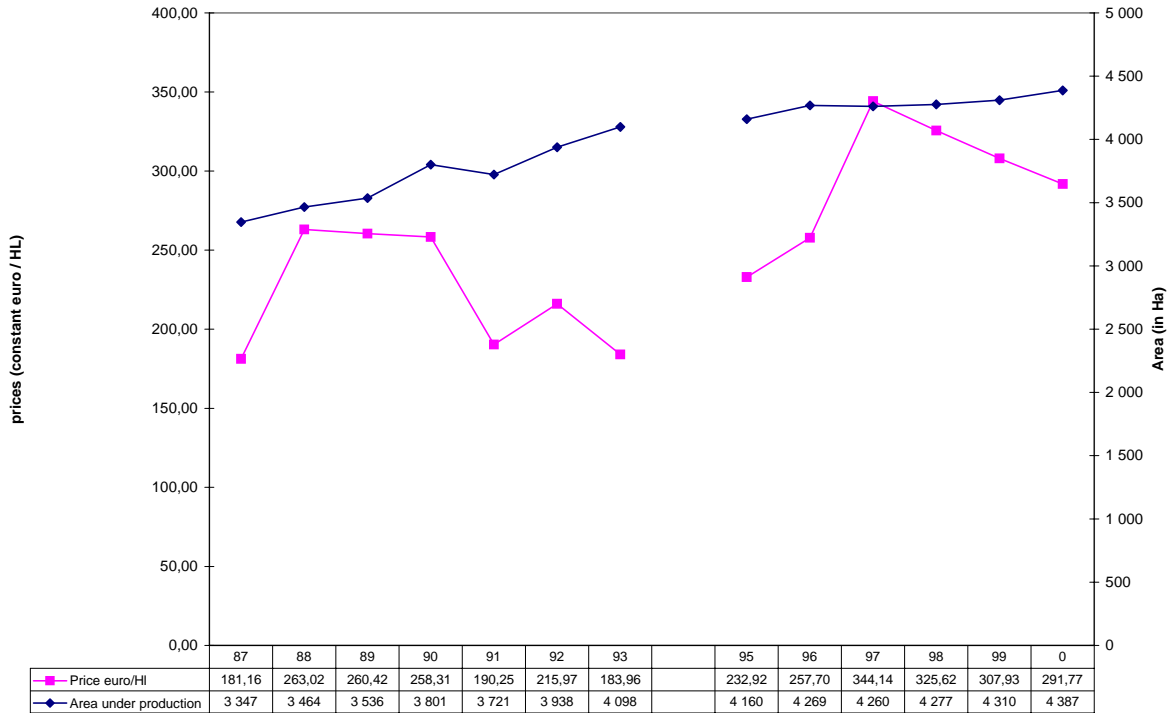
Graph 70 Evolution of price and area for quality wine psr in France – AOC Bordeaux



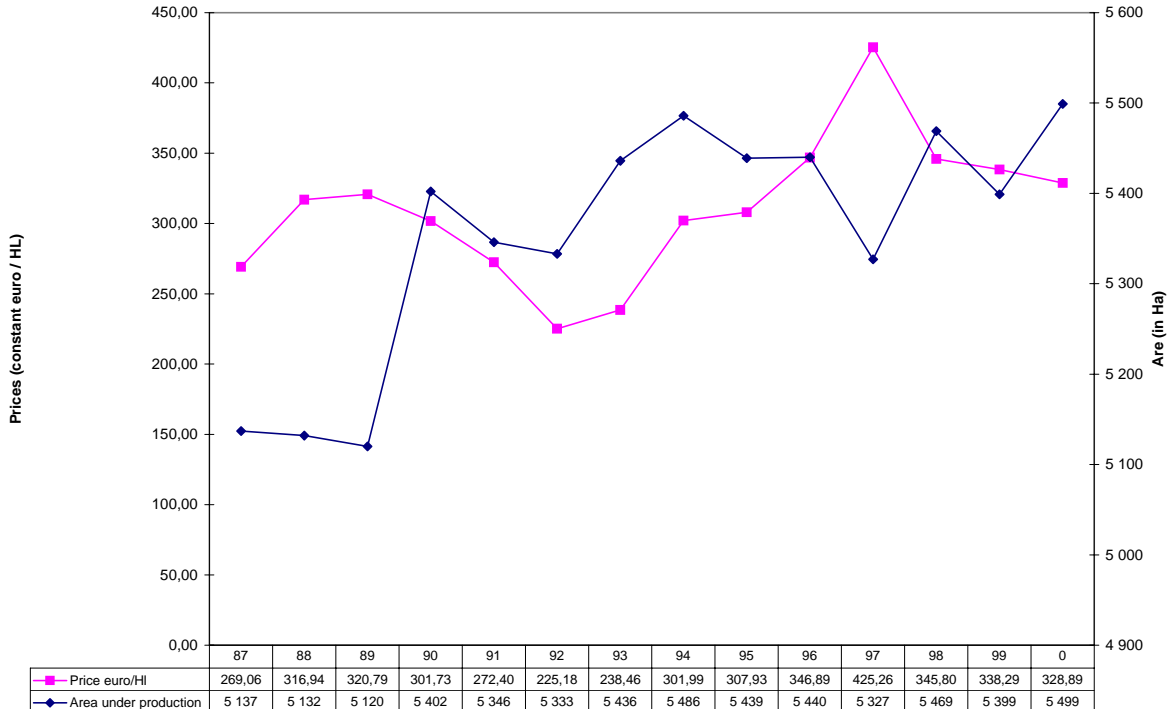
Graph 71 Evolution of price and area for quality wine psr in France – AOC MEDOC



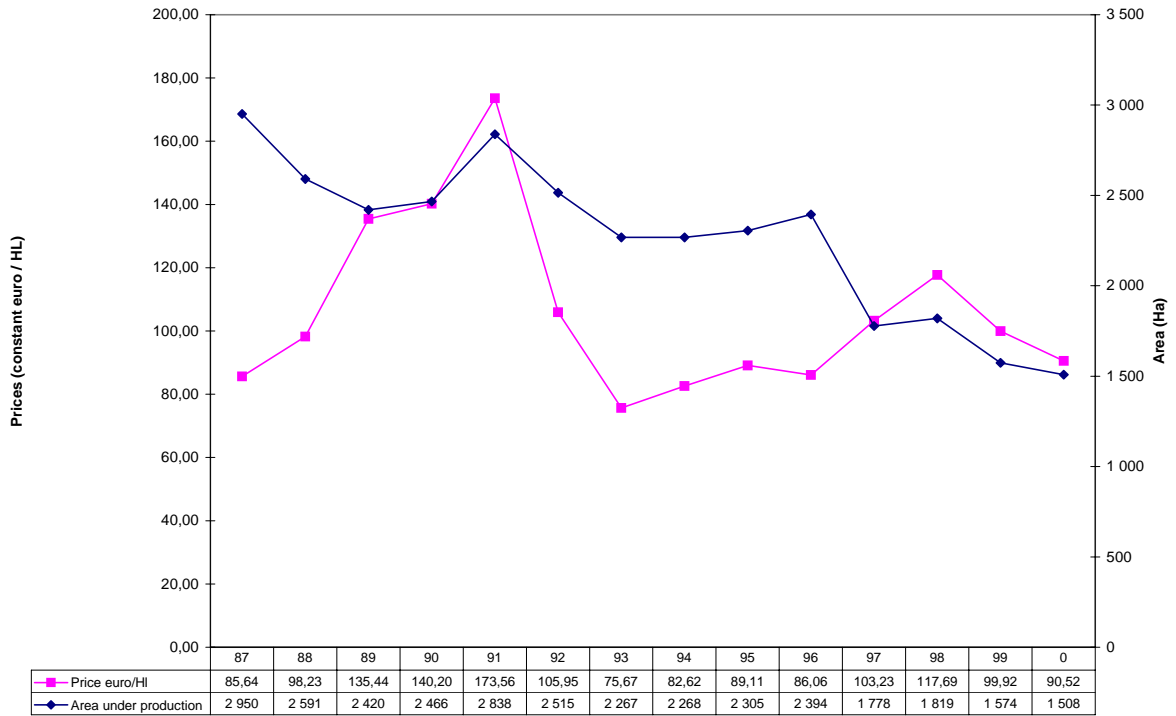
Graph 72 Evolution of price and area for quality wine psr in France – AOC Haut Médoc



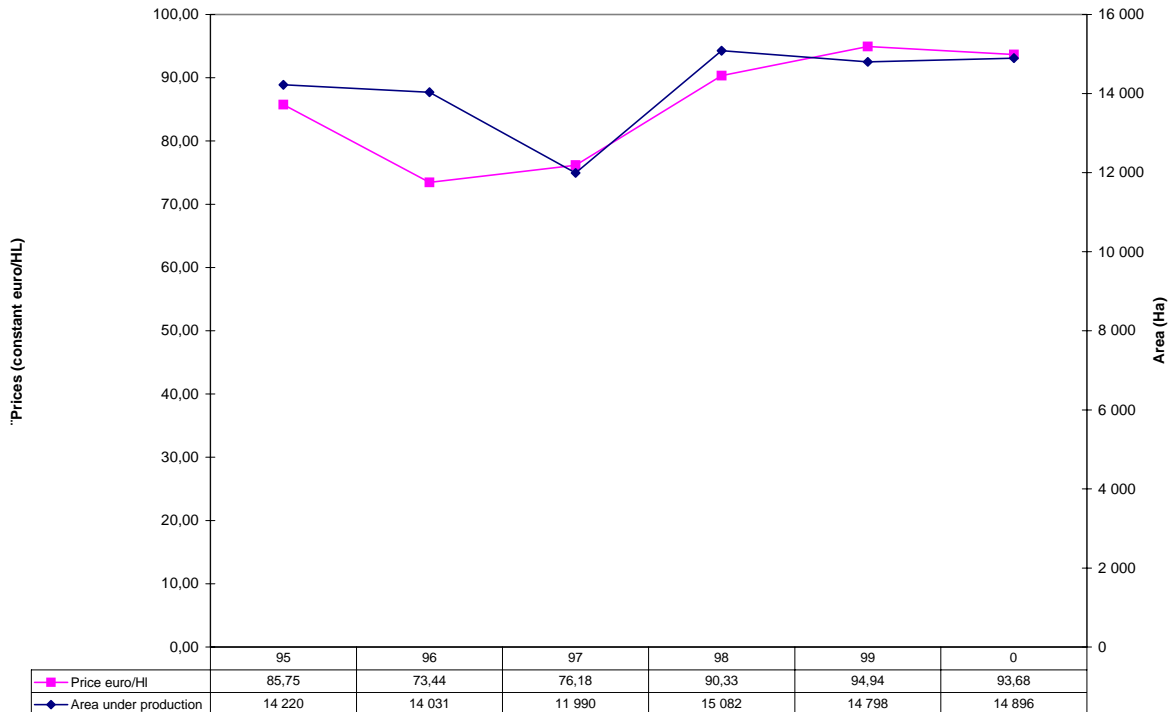
Graph 73 Evolution of price and area for quality wine psr in France – AOC Saint Emilion



Graph 74 Evolution of price and area for quality wine psr in France – AOC Entre deux mers



Graph 75 Evolution of price and area for quality wine psr in France – AOC Corbières



6. Annex to chapter 5 (distillation)

6.1. Introduction

Table 91 Buying-in prices for wine used for the different distillation measures in the EU before and after the reform of 1999

<i>Distillation measure</i>	Before the reform	After the reform
Obligatory distillation of by-products (§35 of r.822/1987; §27 of r.1493/1999)	26 % of the OP* (=0,9902€ per %vol/hl in 1999/2000)	0,995 € per %vol/hl
Obligatory distillation of dual purpose grapes (§36 of r.822/1987; §28 of r.1493/1999)	35 % of the OP (=1,34€ per %vol/hl in 1999/2000)	1,34 € per %vol/hl
Obligatory distillation of table wine in case of serious crisis (§39 of r.822/1987)	7,5 – 50 % of the OP (Last time performed in 1993/94: =0,828€ per %vol/hl)	-
Voluntary Crisis Distillation (§30 of r.1493/1999)	-	Prices are set case by case in a case related regulation (=e.g. 1,914€ per %vol/hl for table wine in 2000/2001 in France, Italy, and Portugal)
Voluntary distillation for potable alcohol (§29 of r.1493/1999)	-	2,488 € per %vol/hl (=2,488€ per %vol/hl in 2000/2001)
Voluntary preventive distillation at the start of the wine year (§38 of r.822/1987)	65 % of the OP (=2,487€ per %vol/hl in 1999/2000)	-
Voluntary support distillation of table wine (§41 of r.822/1987)	82 % of the OP (=3,14€ per %vol/hl in 1999/2000)	-
Voluntary supplementary distillation (§42 of r.822/1987)	90 % of the OP (WW) 91,5 % of the OP (RW) (Last time performed in 1990/91: =2,937€ per %vol/hl RW)	-
Underlying Basic Regulations	R. 822/1987	R. 1493/1999
Price example sources	R. 1681/1999 + r. 2093/1993, ONIVINS STATS	R. 1493/1999, ONIVIN STATS 2003, p.194
*Abbreviations: OP = orientation price, WW = white wine, RW = red wine.		
Source: own Compilation.		

6.2. Results of the analysis

6.2.1. Overview about importance of wine distillation measures in the Member States

To describe distillation quantities in the Member States, mainly two sources were used:

Data from EC DG AGRI, Histvino.xls, these data originate from the wine balance sheets and are given separately for table wine, quality wine psr and other wine but summarize three types of distillations: distillation quantities of distillation measures, not subsidized wine spirit distillation (only in France for “eau-de-vie” production) and other distillations, which are not defined further.

Data from EC DG AGRI, communications of the Member States about distillation quantities of distillation measures only.

Additionally for Italy and France data on regional level could be used.

Member States with a high volume of table wine production and distillation

Italy

In Italy the total wine production is decreasing since the 1980's. This decrease means a reduced table wine production from about 70 million hl to 38 million hl in 2001/2002. In the same period, quality wine production increased only slightly.

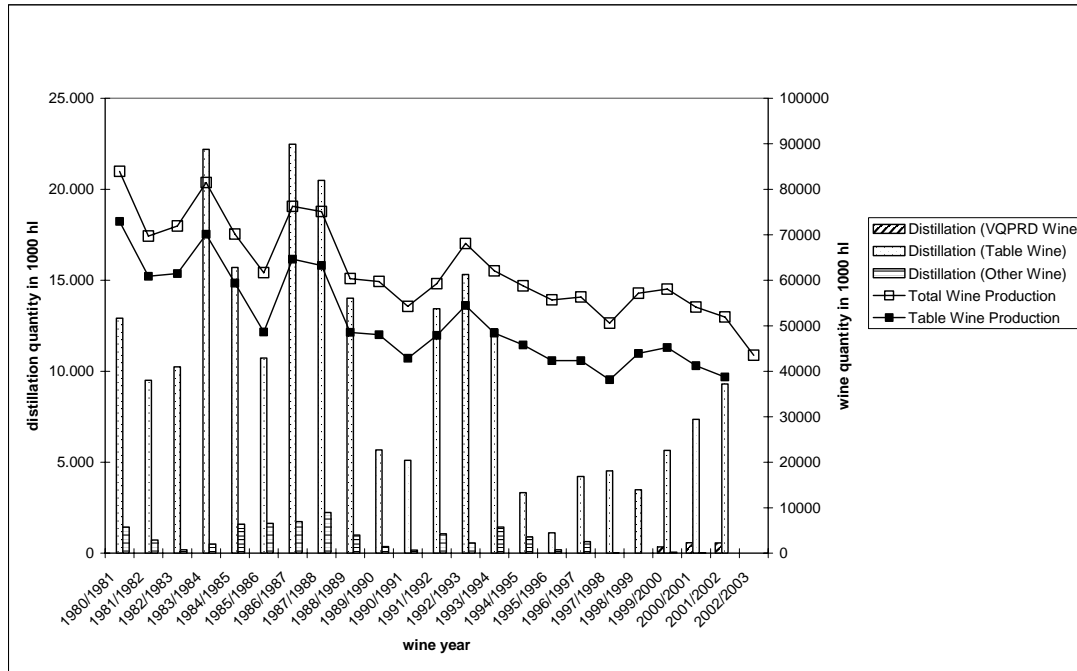
Elaboration of data from EC DG AGRI, Histvino.xls

The distillation of table wine reached very high volumes in years of high table wine production during the 1980's and early 1990's. From the mid 1990's, to the end of the decade, only relatively small volumes of table wine were distilled. But the period after the reform of the CMO for wine in 1999 shows increasing distillation quantities up to 10 million hl in 2001/2002, even though the quantity of table wine production was not very high.

The distillation of quality wine psr wines was of no importance before the reform of the CMO for wine in 1999. Nowadays quality wine psr-distillation is increasing in volumes though it is still low in absolute amounts.

In contrast to that, the distillation of “other wines” were of some significance in years with high harvest quantities in the period before the reform of the CMO for wine in 1999, but not after the reform (see graph 76).

Graph 76 Wine production and distillation in Italy

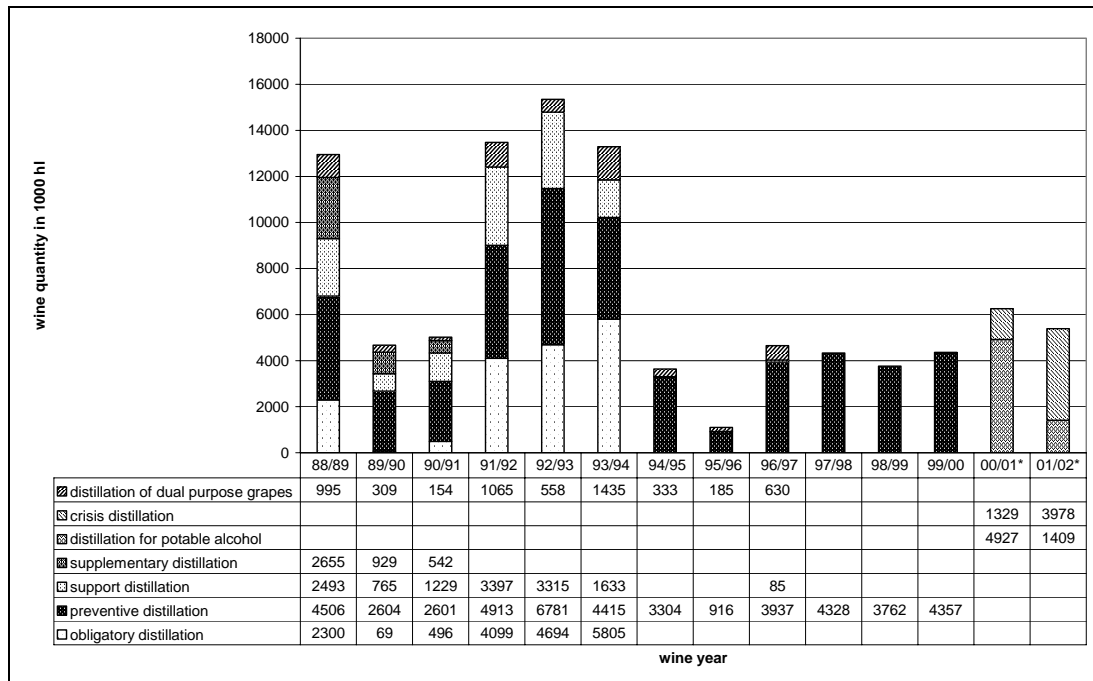


Source: based on data from EC DG AGRI, histvino.xls.

Elaboration of data from EC DG AGRI, reported distillation measures quantities

The Graph 77 illustrates the importance of different distillation measures in Italy. Preventive distillation (§38 of r.822/1987) has been implicated regularly. Since 1994/1995, preventive distillation has always been the most important wine distillation measure in Italy. Since the 1999 reform this position has been taken over by distillation for potable alcohol (§27 of r.1493/1999).

Graph 77 Different wine distillation measures in Italy



Source: based on data from EC DG AGRI, published in ONIVINS stats, including *preliminary data, updated by EC DG AGRI in March 2004.

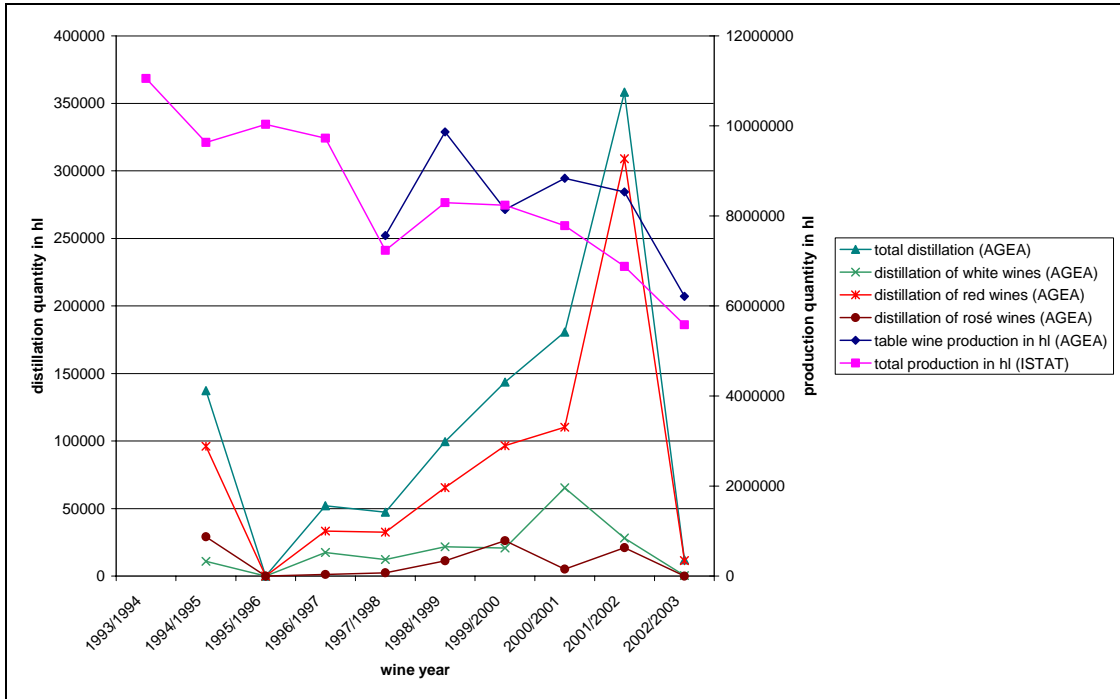
Table 92 Italy: wine production and distillation by region

region	wine production in 1000 hl (source: ISTAT)			total wine distillation in 1000 hl = Article.29+30 of r.1493/99 (source: AGEA)			% of wine production distilled			
	2000/2001	2001/2002	2002/2003	2000/2001	2001/2002	2002/2003	2000/2001	2001/2002	2002/2003	average
Piemonte	2938,000	3324,000	2329,000				0,00%	0,00%	0,00%	0,00%
Lombardia	1360,000	1286,000	1123,000				0,00%	0,00%	0,00%	0,00%
Trentino Alto Adige	1177,000	1230,000	1063,000		16,384		0,00%	1,33%	0,00%	0,44%
Veneto	8825,000	8668,000	6847,000	27,040	31,198	5,560	0,31%	0,36%	0,08%	0,25%
Friuli Venezia Giulia	1152,000	1111,000	1006,000				0,00%	0,00%	0,00%	0,00%
Emilia Romagna	6915,000	7116,000	5682,000	3097,431	3124,426	755,898	44,79%	43,91%	13,30%	34,00%
Other North	196,000	122,000	109,000							
Total North	22563,000	22857,000	18159,000							
Tuscany	2540,000	2220,000	2319,000		13,180	2,200	0,00%	0,59%	0,09%	0,23%
Umbria	966,000	879,000	776,000	160,089	499,903	19,059	16,57%	56,87%	2,46%	25,30%
Marche	1609,000	1683,000	1258,000				0,00%	0,00%	0,00%	0,00%
Lazio	3733,000	3008,000	2859,000				0,00%	0,00%	0,00%	0,00%
Total Center	8848,000	7790,000	7212,000							
Abruzzo	3689,000	3441,000	3808,000	58,488	24,662		1,59%	0,72%	0,00%	0,77%
Campania	2013,000	1717,000	1761,000	198,845	101,277		9,88%	5,90%	0,00%	5,26%
Puglia	7782,000	6877,000	5580,000	180,754	358,332	12,015	2,32%	5,21%	0,22%	2,58%
Other South	1396,000	1017,000	1147,000							
Total South	14880,000	19652,000	12296,000							
Sicily	7106,000	7149,000	6209,000	2205,279	2356,514	452,819	31,03%	32,96%	7,29%	23,76%
Sardegna	693,000	845,000	729,000				0,00%	0,00%	0,00%	0,00%
Total Islands	7799,000	7994,000	6938,000				0,00%	0,00%	0,00%	0,00%
Other Regions					287,081	5,300				
Grand Total	54090,000	52293,000	44605,000	5927,925	6812,957	1252,851	10,96%	13,03%	2,81%	8,93%

Source: based on data from indicated sources.

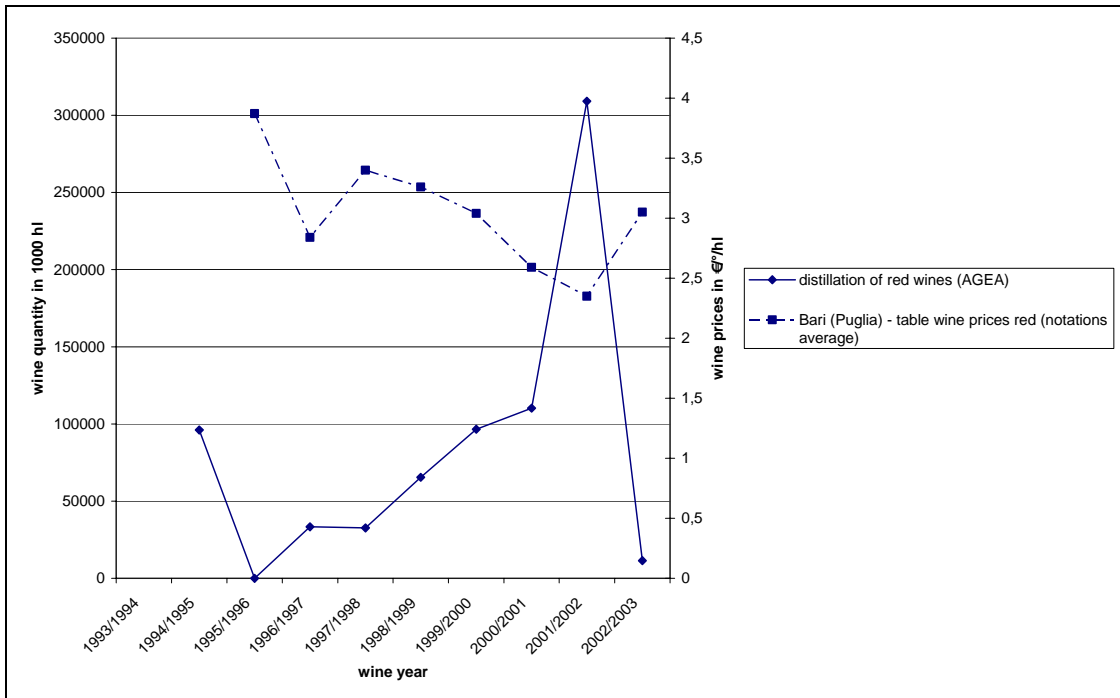
Puglia

Graph 78 Wine production and distillation in Puglia



Source: based on data from ISTAT and AGEA.

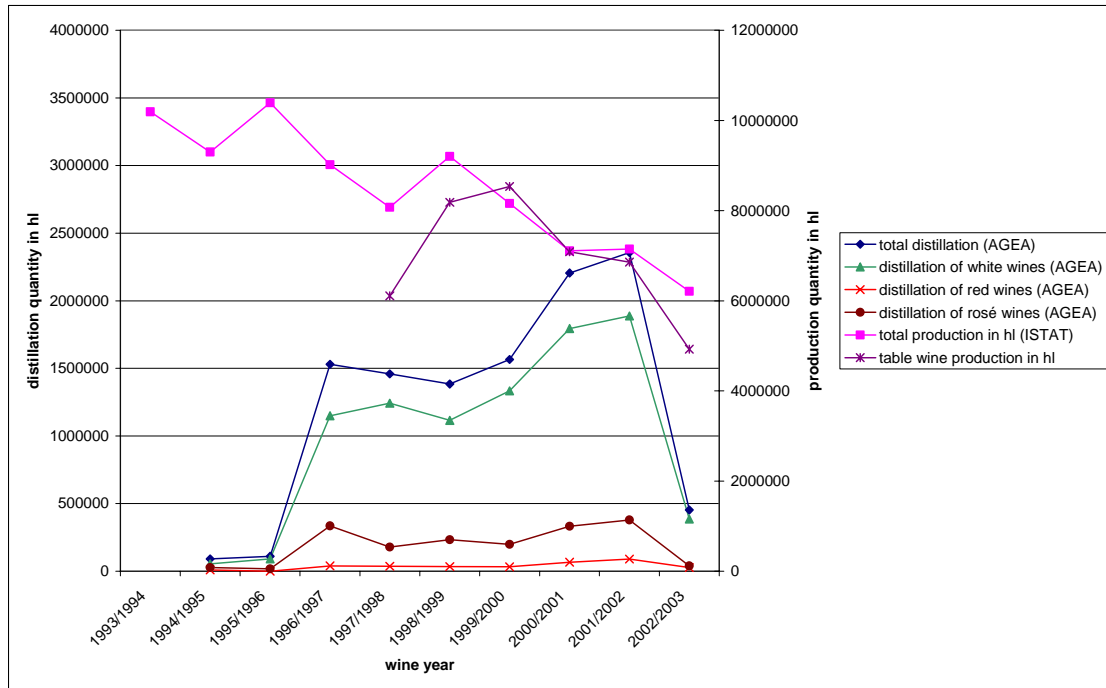
Graph 79 Distillation and prices of red table wine in Puglia



Source: based on data from ISTAT and AGEA.

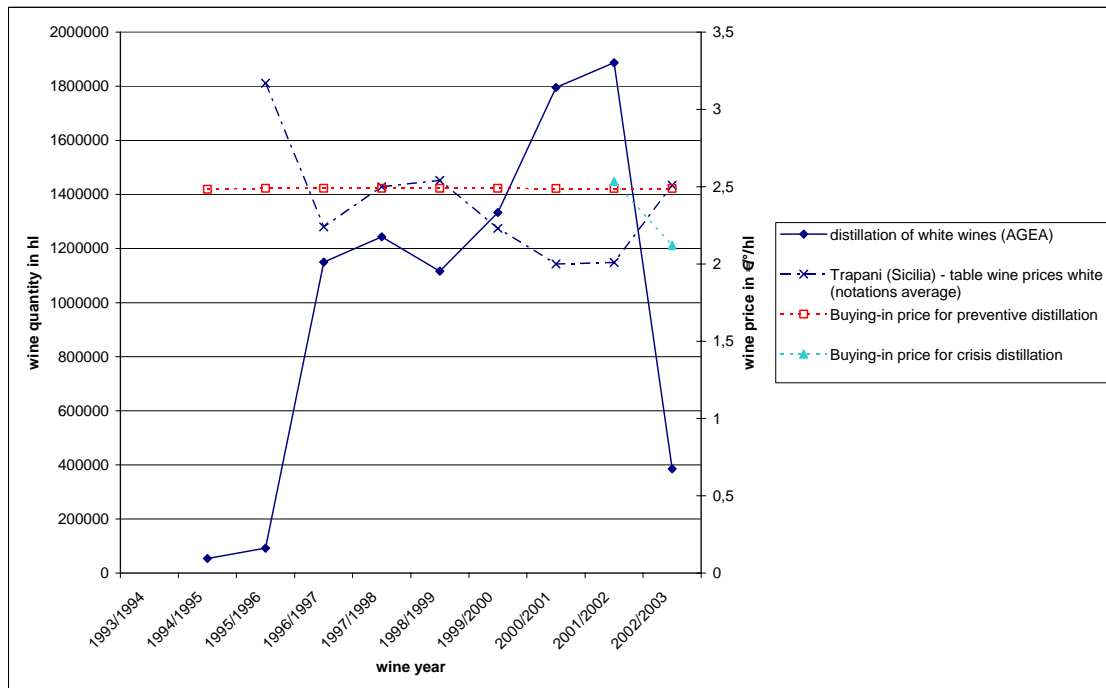
Sicily

Graph 80 Wine production and distillation in Sicily



Source: based on data from ISTAT and AGEA.

Graph 81 Distillation and prices of white table wine in Sicily



Source: based on data from ISTAT and AGEA.

France

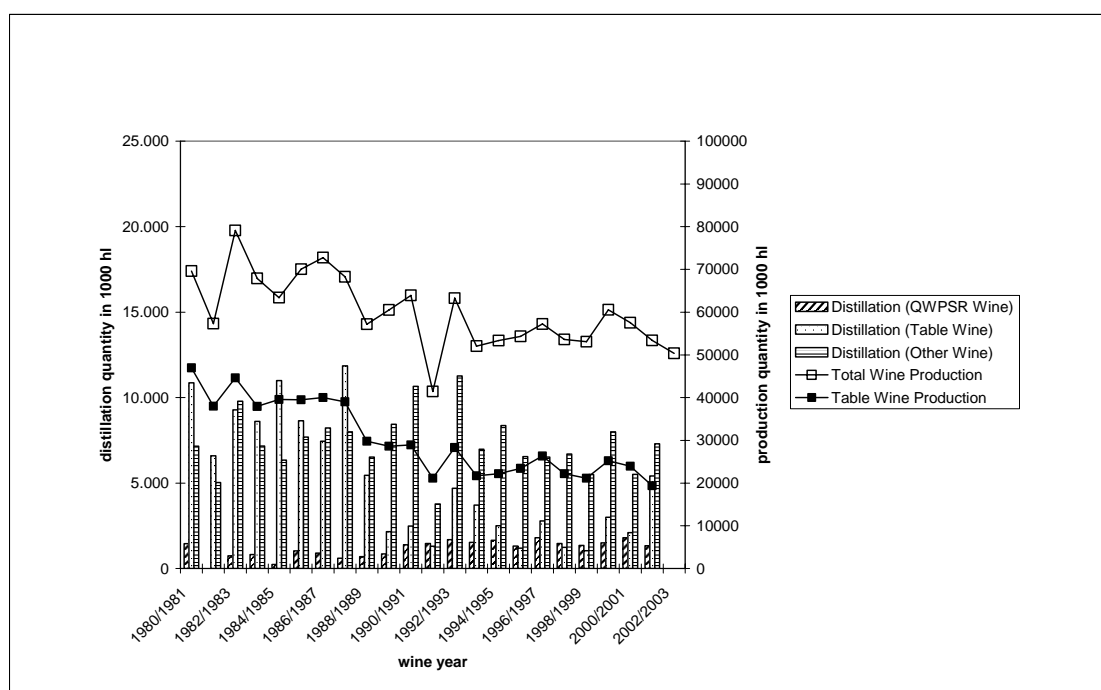
The table wine production and total wine production in France has been decreasing. The quantity of table wine production was reduced from about 45 million hl since the beginning 1980's to 20 -25 million hl now.

Elaboration of data from EC DG AGRI, Histvino.xls

During the 1980's the annual quantities of table wine distilled reached continuously ca. 10 million hl, but after 1989/1990 much smaller volumes of table wine were distilled. In 2001/2002 the quantity of distilled table wine reached for the first time again the level of 1988/89.

In contrast to all other Member States, the distillation of quality wine psr and "other wines" in France has always been important. Distillation of quality wine psr in France was not subject of EU distillation measures. The high level of distillation of "other wines" is due to the production of eau-de-vie (see graph 82).

Graph 82 Wine production and distillation in France

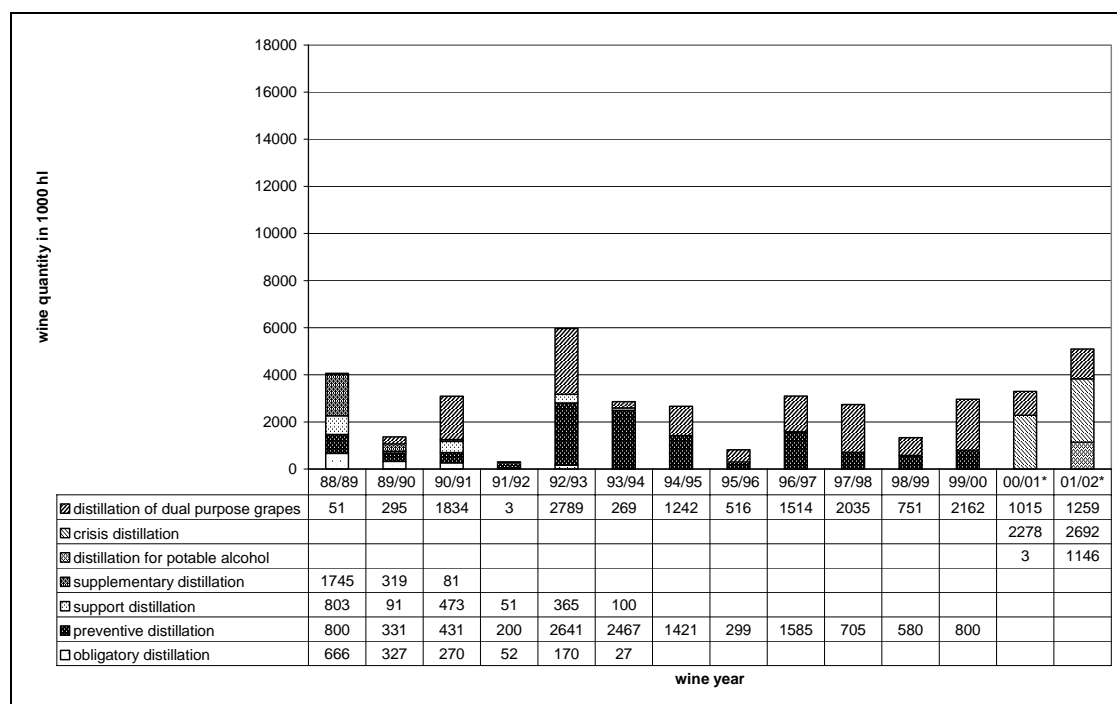


Source: based on data from EC DG AGRI, histvino.xls.

Elaboration of data from EC DG AGRI, reported distillation measures quantities

An overview of the importance of the different distillation measures implemented in France is given in the graph 83. Distillation of wine from dual purpose grapes was less important than preventive distillation up to 1994/1995, but afterwards it became the most important wine distillation measure. In the first two wine years since the reform, crisis distillation reached important quantities.

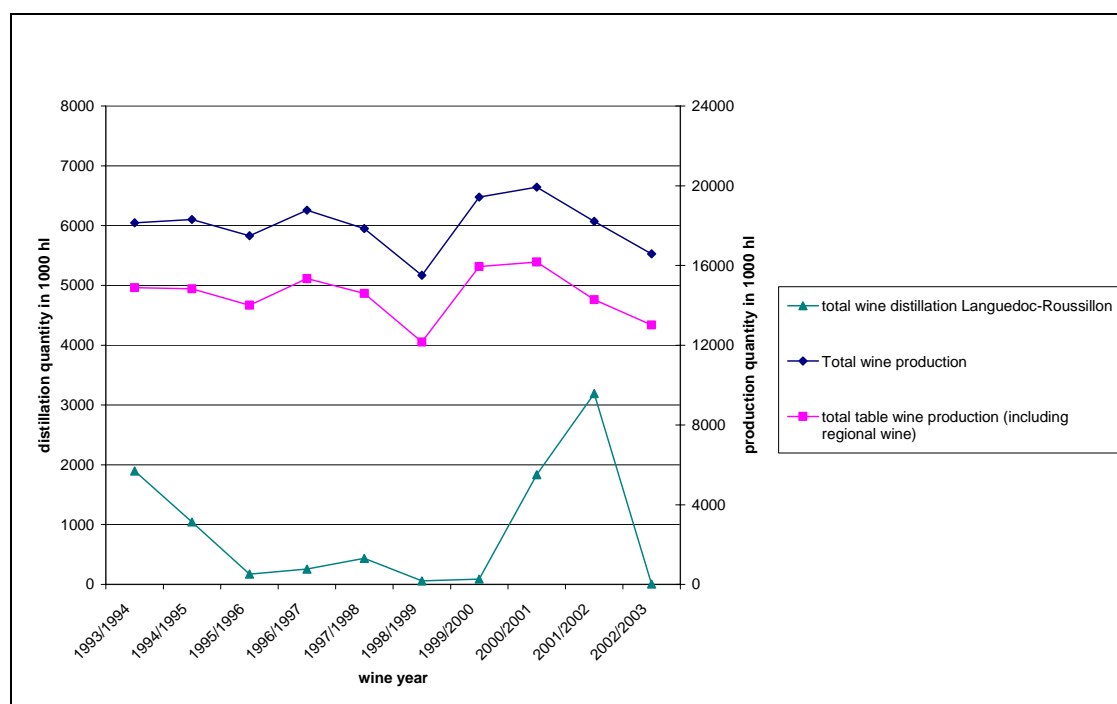
Graph 83 Different wine distillation measures in France



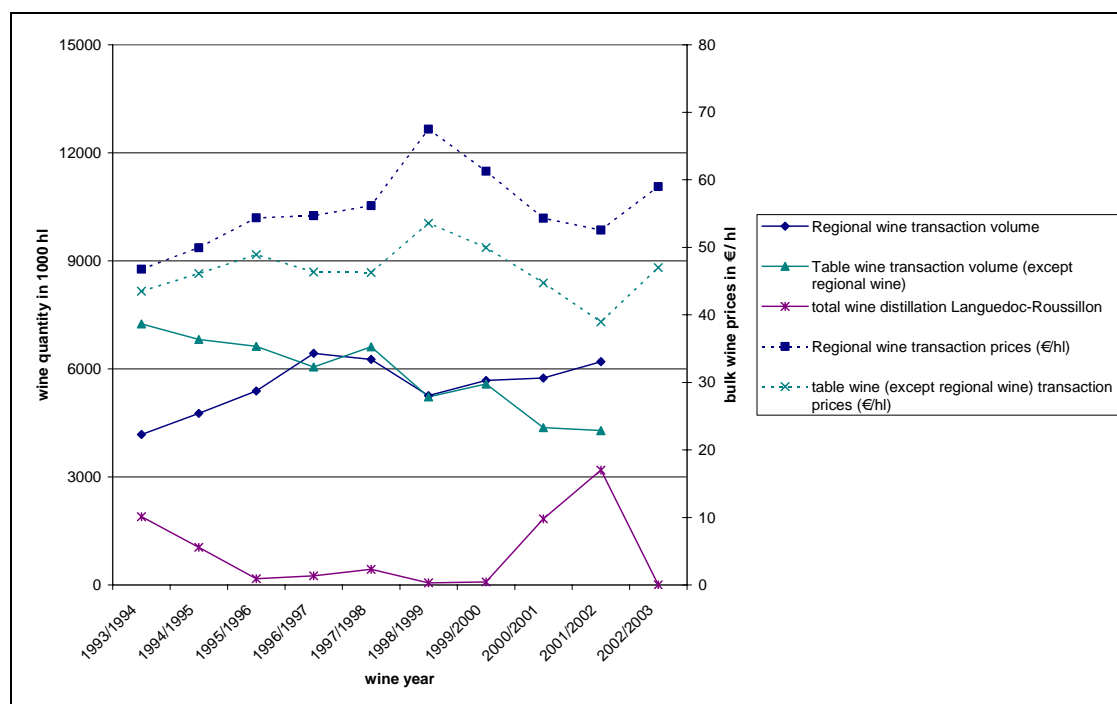
Source: based on data from EC DG AGRI, published in ONIVINS stats, including *preliminary data, updated by EC DG AGRI in March 2004.

Languedoc-Roussillon

Graph 84 wine production and distillation in Languedoc-Roussillon



Source: based on data from ONIVINS.

Graph 85 Transaction volumes, distillation and prices of table and regional wine in Languedoc-Roussillon

Source: based on data from ONIVINS.

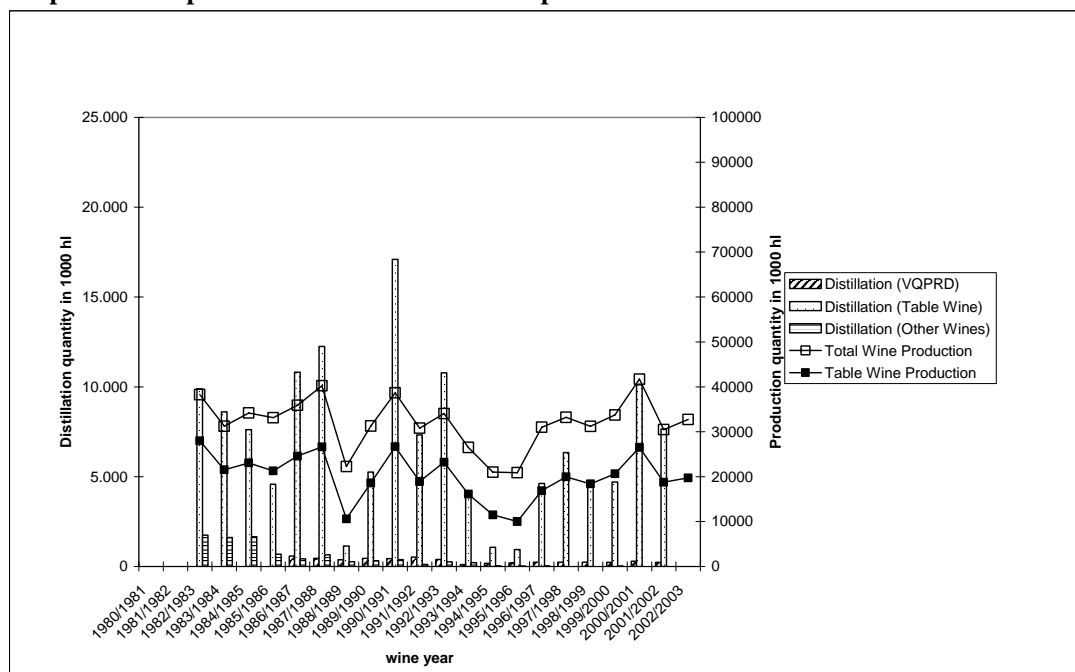
Spain

From 1996 to 2002, the production level for table wine reached 20 million hl per year, except 2000.

Elaboration of data from EC DG AGRI, Histvino.xls

Continuously, a large part of the table wine produced has been distilled, sometimes more than half of the harvest. The small quantities of distillations of “other wines” or quality wine psr have been decreasing (see graph 86).

Graph 86 Wine production and distillation in Spain

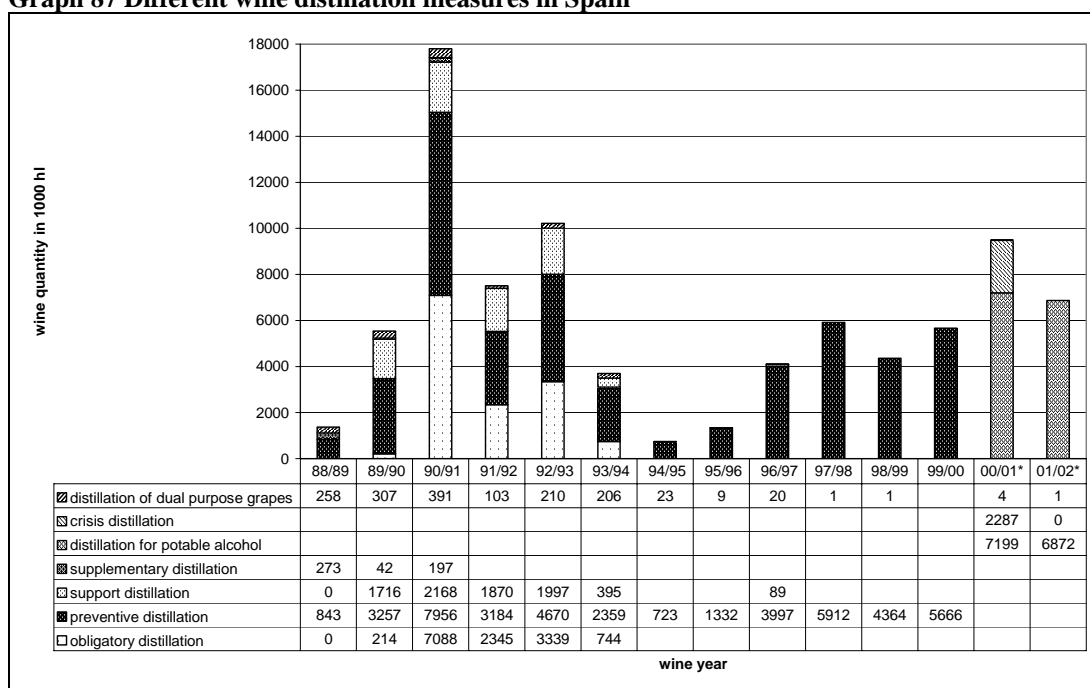


Source: based on data from EC DG AGRI, histvino.xls.

Elaboration of data from EC DG AGRI, reported distillation measures quantities

The graph 87 illustrates the importance of different distillation measures in Spain. Wine distillation measures are not used with regularly with high quantities, but periodically they have reached very high volumes even in the last decade. Since 1996/1997 the preventive distillation has been used regularly with high quantities. After the reform, the distillation for potable alcohol was implemented and replaced preventive distillation.

Graph 87 Different wine distillation measures in Spain



Source: based on data from EC DG AGRI, published in ONIVINS stats, including *preliminary data, updated by EC DG AGRI in March 2004.

Member States with a medium volume of table wine production and distillation

Portugal

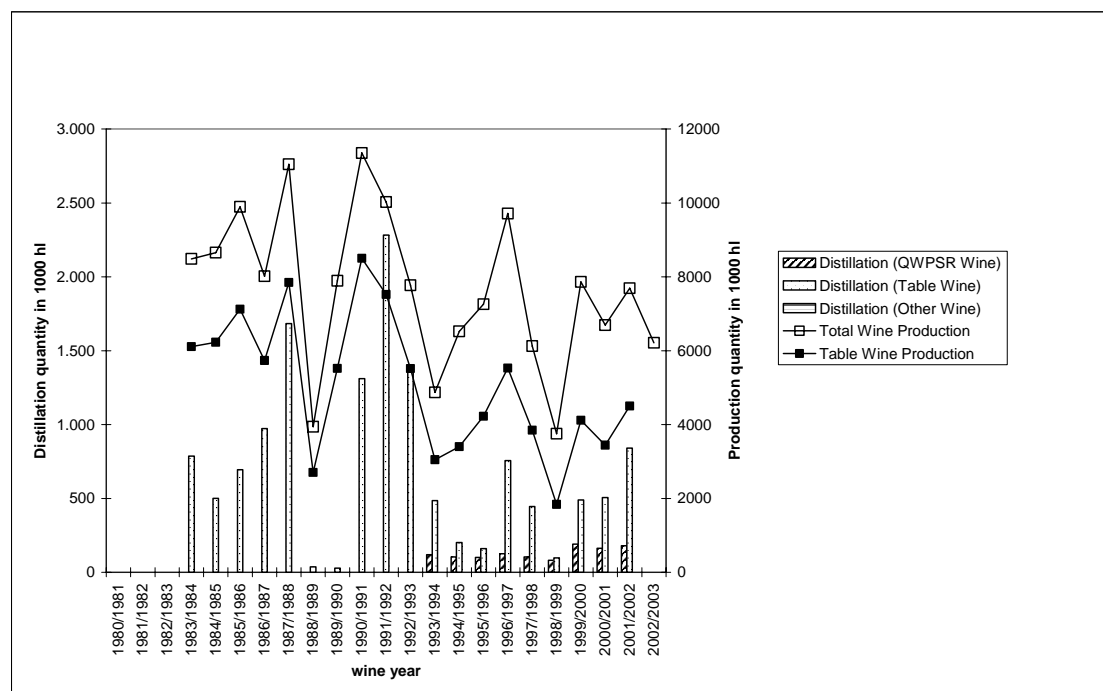
The total wine production in Portugal is characterized by extreme annual variations. The average production of table wine has fallen from about 6 million hl during the mid 1980's to about 4 million hl nowadays.

Elaboration of data from EC DG AGRI, Histvino.xls

The volume of table wine distilled follows this development. It reached its maximum in 1991/1992 with 2,28 million hl. Since 1993/1994 table wine distillation occurs with quantities on average below 1 million hl per wine year.

The distillation of quality wine psr has occurred regularly since 1993/1994 too, with quantities below 200 000 hl per wine year. Distillation of "other wines" has no importance here (see graph 88).

Graph 88 Wine production and distillation in Portugal

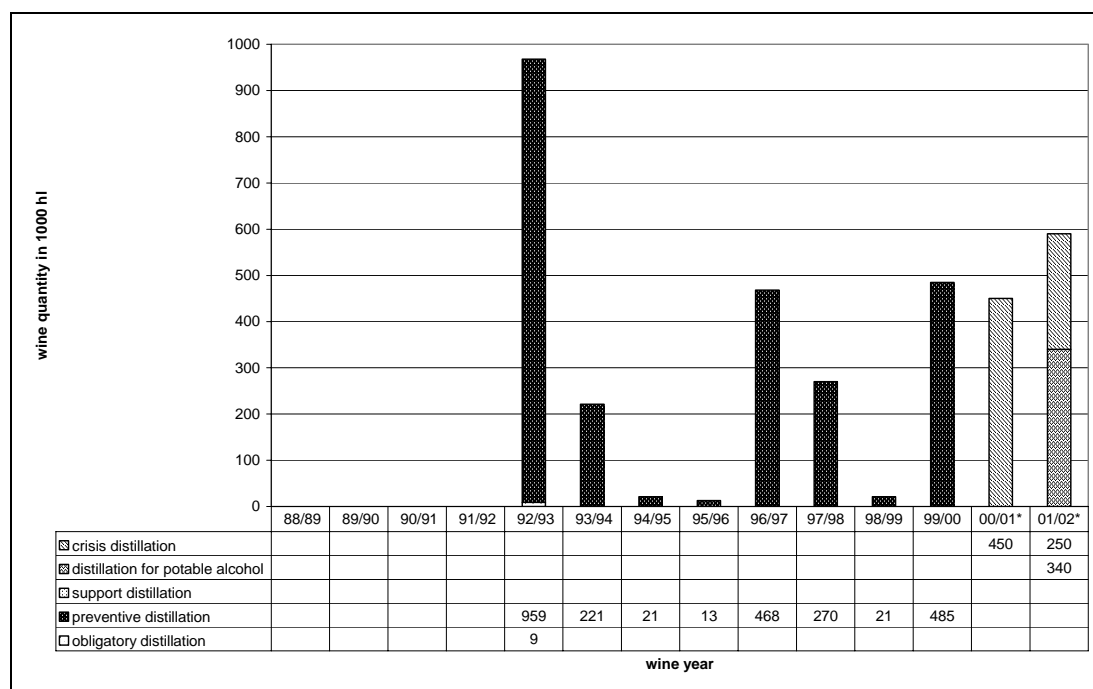


Source: based on data from EC DG AGRI, histvino.xls.

Elaboration of data from EC DG AGRI, reported distillation measures quantities

The importance of different distillation measures in Portugal is demonstrated in the graph 89. In high harvest years large quantities were put into preventive distillation. Since the reform large quantities were distilled in the frame of distillation for potable alcohol. Crisis distillation was applied here also for quality wine psr.

Graph 89 Different wine distillation measures in Portugal



Source: based on data from EC DG AGRI, published in ONIVINS stats, including *preliminary data, updated by EC DG AGRI in March 2004.

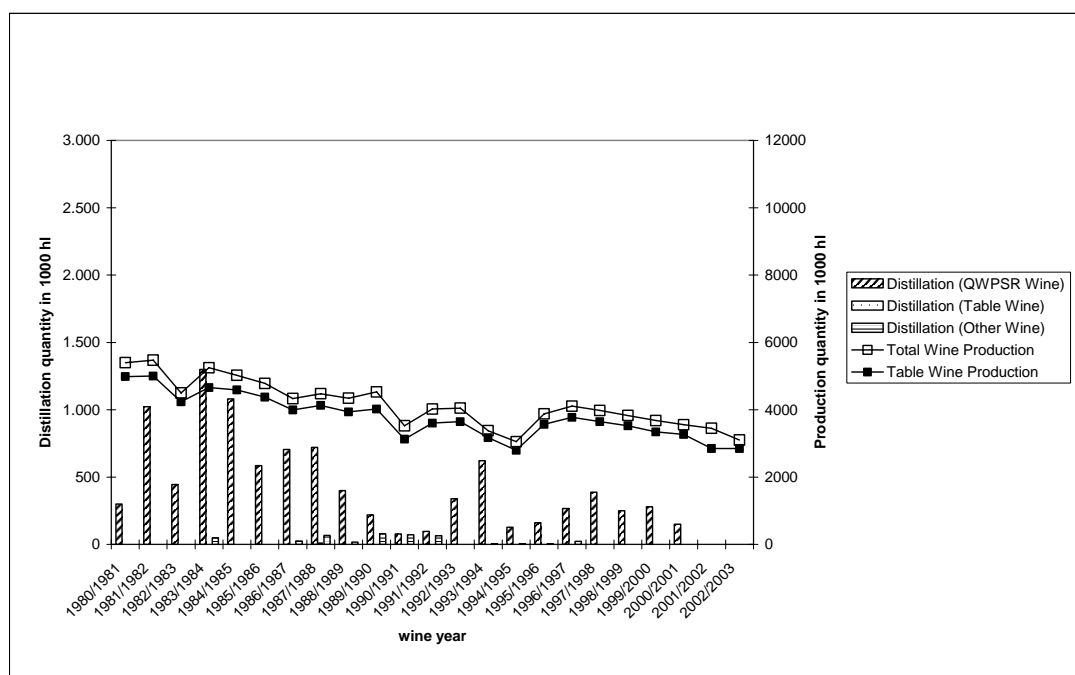
Greece

Total wine production in Greece has decreased continuously over the last 25 years. There was a fall in table wine production from about 5 million hl in 1980/1981 to 3 million hl in 2002/2003.

Elaboration of data from EC DG AGRI, Histvino.xls

The relative share of table wine remains high as the quality wine production has not increased. Following the reduced table wine production, distillation has also fallen and has continued to do so after the 1999 reform (see graph 90).

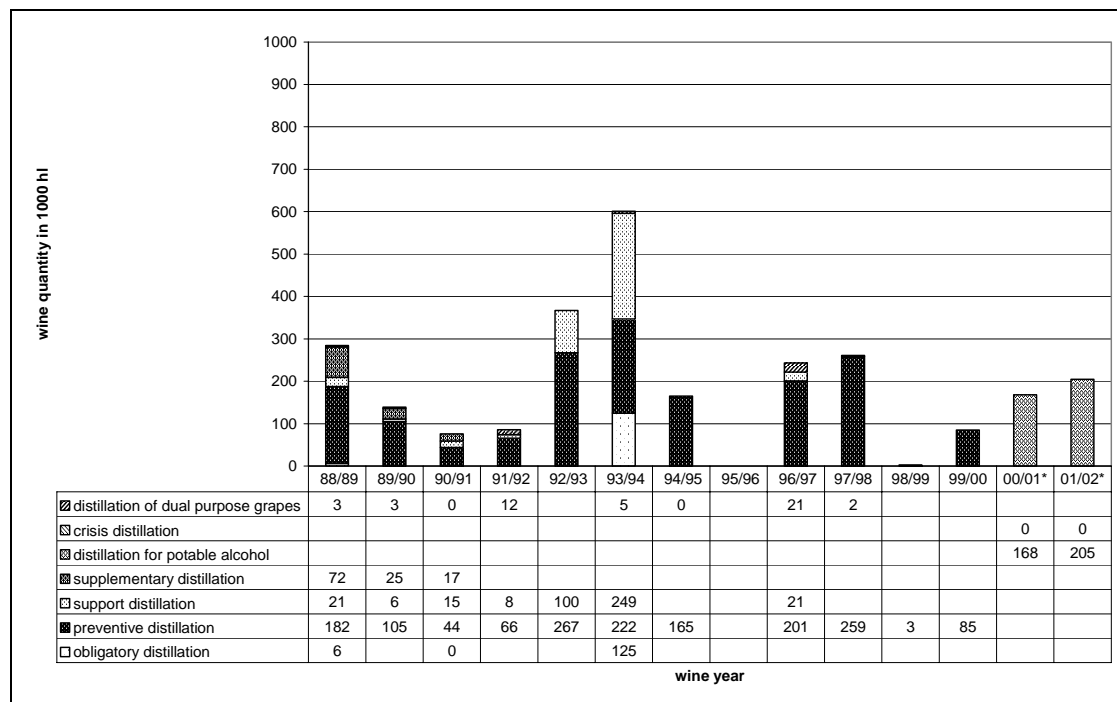
Graph 90 Wine production and distillation in Greece



Source: based on data from EC DG AGRI, histvino.xls.

Elaboration of data from EC DG AGRI, reported distillation measures quantities

Before the reform, the most important and most frequent form of distillation was preventive distillation. Since the reform, distillation for potable alcohol has been the main form of distillation applied in Greece (see graph 91).

Graph 91 Importance of different wine distillation measures in Greece

Source: based on data from EC DG AGRI, published in ONIVINS stats, including *preliminary data, updated by EC DG AGRI in March 2004.

Member States with a low volume of table wine production and distillation

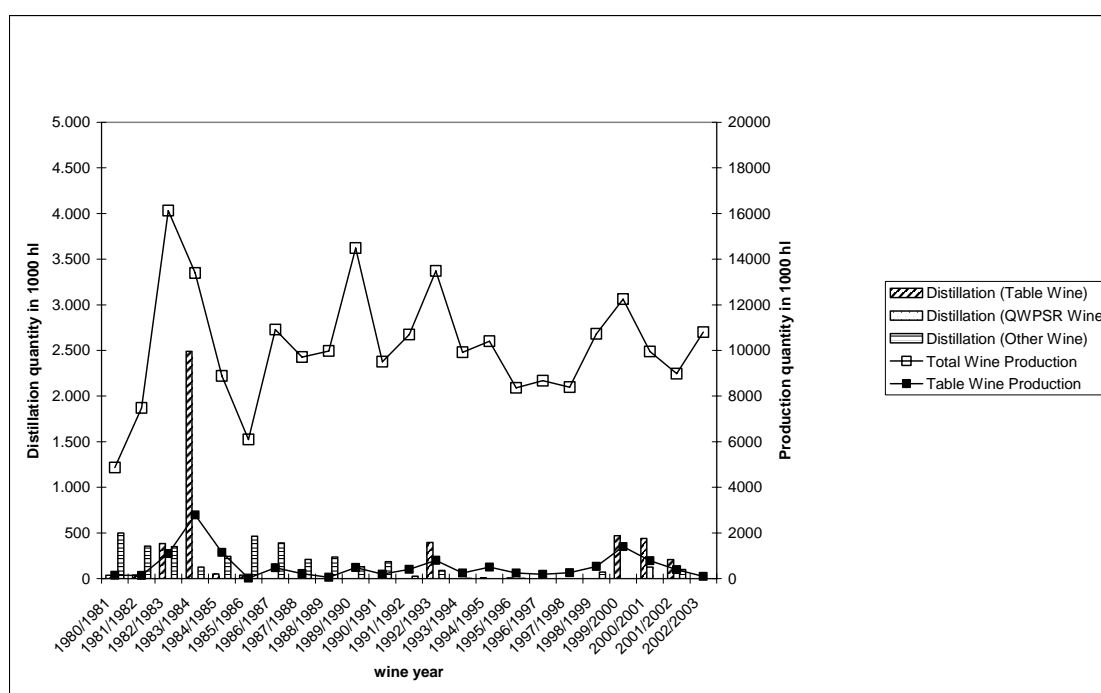
Germany

German wine production is dominated by quality wine psr wine production. Usually the table wine production in Germany is negligible. Relatively higher volumes of table wine are found only in a few years.

Elaboration of data from EC DG AGRI, Histvino.xls

In those wine years, distillation of table wine occurs. Distillations of quality wine psr or “other wines” have not reached substantial quantities in the past (see graph 92).

Graph 92 Wine production and distillation in Germany



Source: based on data from EC DG AGRI, histvino.xls.

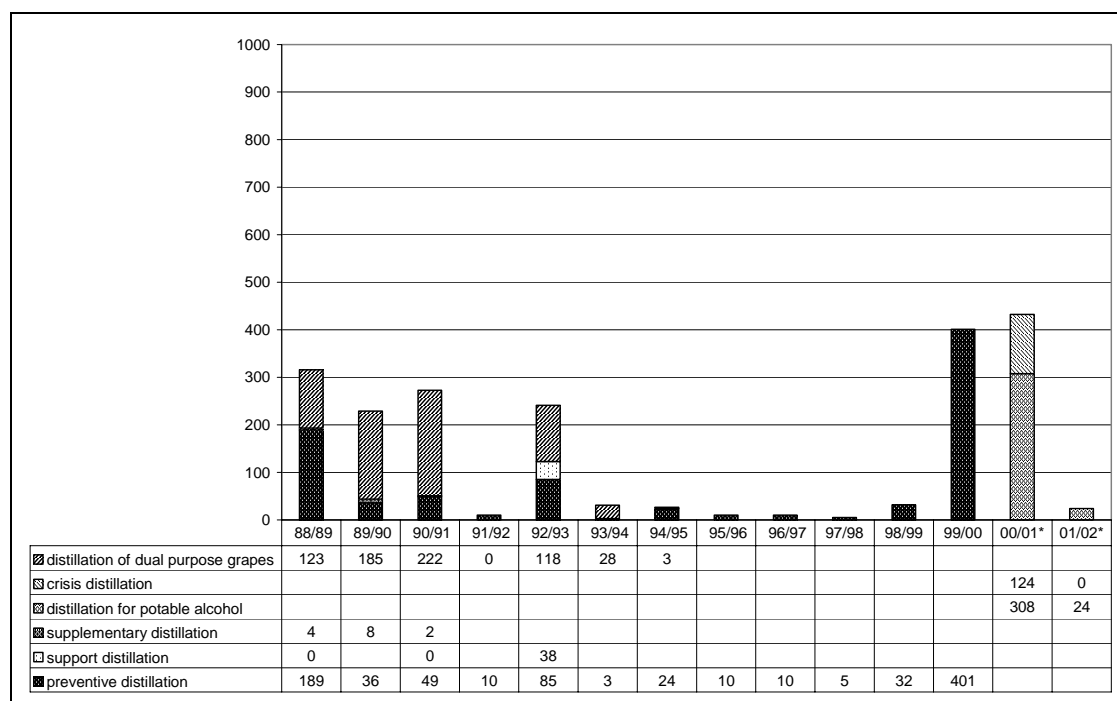
Reported distillation quantities for Germany are partly due to imports of wine from other Member States, especially France (see table 93). Reported quantities distilled vary enormously according different sources (see table 93 and graph 93). One reason besides the partly include of wine quantities not originated in Germany is probably different type of assignment according date of giving the wine to distillation and performance of process of distillation.

Table 93 Quantities of wines distilled in Germany according to different sources (quantities in 1000 hl)

Wine year	distillation of German wine* (source: BLE)	distillation of French wine* (source: BLE)	sum of distillation of German and French wines in Germany* from source BLE	total distillation (source: EC, histvino.xls)	table wine distillation (source: EC, histvino.xls)	other wine distillation (source: EC, histvino.xls)	quality wine psr distillation (source: EC, histvino.xls)
1992/1993	141	115	257	485	397	88	0
1993/1994	3	25	28	3	0	3	0
1994/1995	9	20	28	9	9	0	0
1995/1996	4	6	10	9	7	2	0
1996/1997	2	8	10				
1997/1998	5	6	11				
1998/1999	0	6	6	70	0	70	0
1999/2000	465	6	471	468	468	0	0
2000/2001	486	0	486	567	441	0	126
2001/2002	36	10	46	308	208	100	0
2002/2003	12	12	24				

* in frame of EU distillation measures.

Source: based on data from Bundesamt für Landwirtschaft und Ernährung (BLE), Frankfurt and EC DG AGRI.

Graph 93 Importance of different wine distillation measures in Germany

Source: based on data from EC DG AGRI, published in ONIVINS stats, including *preliminary data, updated by EC DG AGRI in March 2004.

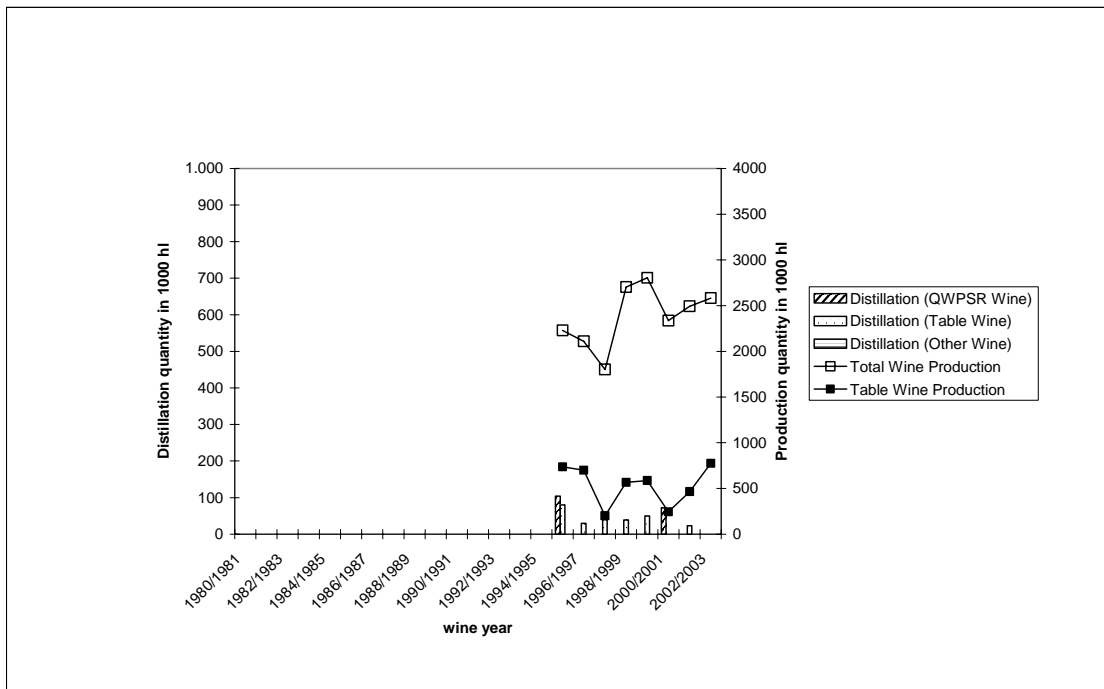
Austria

In Austria table wine production, at an average volume of about 0,5 Million hl, has just a small share of the total wine production of about 2,5 Million hl .

Elaboration of data from EC DG AGRI, Histvino.xls

A small quantity of table wine distillation occurs regularly, but not more than about 100 000 hl per year. Sporadic distillations of quality wine psr reach higher quantities than the table wine distillations (see graph 94).

Graph 94 Wine production and distillation in Austria



Source: own Combination and Computation of Data from EC DG AGRI, histvino.xls.

6.2.2. Empirical evidence concerning the use of table wine distillation measures in different market situations

Table 94 Factors explaining the distillation quantities at European table wine markets. Results of linear regression analysis.

Dependant Variable: Quantity of table wine distilled					
Member state	Italy	France	Spain	Portugal	Greece
Explaining Variables / Test-Statistics	Regression coefficients (Beta-Values)				
consumption quantity	-0,685*	-0,521*	-0,201	-0,324 ⁺	-0,328 ⁺
production quantity	1,265***	0,913***	0,936***	0,751***	0,579**
quantity of stocks at the start of the period	0,273 ⁺	0,533**	0,143	0,444*	0,585**
constant	-16108**	-6735***	-7009**	-629	-900**
Adjusted R ²	0,682***	0,842***	0,778***	0,634***	0,688***
F-Value	16,016	38,379	23,213	11,383	16,441
Durbin Watson d-Value	1,467	1,933	1,498	1,300	1,688
Durbin Watson Test H0	accepted ⁺	accepted*	accepted ⁺	indecision	accepted*
Data base: Data about the table wine market in the period from 1980/1981 (Spain: 1982/1983; Portugal: 1983/1984) to 2001/2002 given by CE, DG AGRI.					
(, **, ***): Significance on the 90% (95%, 99%, 99,9%) level.					

Source: own Computation.

6.2.3. Impact on market prices

The question to which answer was sought was the following:

Does support to various distillation measures, including aid and support for disposal of alcohol, resulting from distillation, have a significant impact on the development of wine prices in the short and medium term (after the harvest period and during the following wine year(s))?

Understanding

The supply function for wine production may be described by the following general scheme:

$$Q^{s1} = Q^{s1} (p^1, p^2, \dots, p^n, p^{st}, r^1, \dots, r^m, r^{st}, T, Z, V, E, u)$$

With

$$Q^{s1} = \text{supplied quantity of wine on the market } 1 = Q^{h1} + Q^{L1}$$

Q^{h1} = harvested wine quantity

Q^{L1} = wine quantity in the suppliers stock

p^1 = price of wine at "market 1"

p^2, \dots, p^n = prices of alternative sales opportunities which may be reached besides "market 1", e.g. buying-in prices for wine at the different distillation measures contingents, or export markets

p^{st} = estimated price after an eventual storage period

r^1, \dots, r^m = costs of all production factors needed for the production

r^{st} = costs for storage

T = technological standard
 Z = goals system
 V = behaviour
 E = external factors, e.g. weather
 u = unspecified other factors.

As the production of wine is not continuous, the following scheme for explaining market price acceptance of the producer, derived from the above mentioned schema, may be assumed to estimate the influence of the buying-in prices for wine at the different distillation measure contingents:

$$p^1 = p^1 (Q^{h1}, Q^{L1}, p^2, \dots, p^n, p^{st}, r^1, \dots, r^m, r^{st}, T, Z, V, E, u)$$

p^2, \dots, p^n can be understood as alternative prices (cross prices), so it may be assumed that the producers try to sell at the highest of these prices available. It may be assumed that the estimated price after storage is related to the buying-in prices, as these values partly are known as fixed for the future.

For the estimation of short term effects within one wine year, the variables $Q^{h1}, Q^{L1}, r^1, \dots, r^m, r^{st}, T, Z, V$ and partly E may be assumed as constant and therefore excluded from the analysis. For the estimation of medium term effects, the variables T, Z, V and partly E may be assumed as constant and therefore excluded from the analysis.

Height of buying-in prices for wine given to distillation measures are not related to aids given for disposal of resulting alcohol – buying-in price for raw alcohol is equal for all measures where it may or has to be delivered. Hence there is no influence of aid or support for disposal of alcohol which might be analysed.

The demand function for wine may be described on level of trade or consumer. Main factors explaining demand are the following:

$$Q^{d1} = Q^{d1} (p^1, p^2, \dots, p^n, p^{st}, r^1, \dots, r^k, r^{st}, Q^{ITC}, Q^{IEU}, Q^C, Q^{LD1}, S^1, S^2, \dots, S^j, Z^D, V^D, E, u)$$

With

Q^{d1} demanded quantity of wine on the market 1

Q^C = consumed wine quantity

Q^{LD} = wine quantity in the stocks on the demand side (consumers or trade)

Q^{ITC} = wine quantity imported from third countries

Q^{IEU} = wine quantity received from other EU Member States

p^1 = price of wine at “market 1”

p^2, \dots, p^n = prices of alternative purchase opportunities which may be reached besides “market 1”

p^{st} = estimated price after an eventual storage period

r^1, \dots, r^k = costs of all factors needed for the trade

r^{st} = costs for storage

S^1, S^2, \dots, S^j = quality characteristics of the wine

Z^D = goals system of demander

V^D = behaviour of demander

E = external factors, e.g. weather

u = unspecified other factors.

In the market equilibrium $Q^{s1} = Q^{d1}$ and hence p^1 is a function of all factors determining supply and demand. An equation including these factors and determining p^1 can be understood as the reduced form of a simultaneous equation system²⁹ which is a common model for quantitative market analysis.

The available data on the European wine markets were limited in the frame of this study and the supply and demand functions could not be determined completely. Thus, in the following we worked only with price equations based on simplified market models, to estimate first trends of the influence of various factors of supply and demand on wine prices by regression analysis.

Additionally, descriptive analysis was used to examine the impact of buying-in prices on market prices.

a) Analysis of impact of distillation quantities on market prices of table wine

Judgement Criteria

The quantities of distillation measures can be set into relation to the market prices for wine by qualitative or quantitative analysis.

Indicators

The most exact results might be achieved through regression analysis with regression coefficients as indicators of the short and medium term importance of the distillation quantities as explaining variables for market prices. As there are other factors too, that influence market prices, they have to be integrated in the econometric model estimating the price equation of a simplified market model.

Results

Impact of distillation quantities on table wine market prices of red Puglia and white Sicilian table wines, Italy

The econometric analysis of available data of national table wine markets did not lead to significant results about impacts of distillation quantities on prices. Hence we show here only the results of common analysis of two Italian wine types, red table wine from Puglia and white table wine from Sicily (table 95).

Price averages are dating from January – December, other data averages are dating from wine year (August – September). It was not possible to work with monthly price data, as no distillation quantities were available on monthly base. The January – December average was chosen, because from January on the trade with wine from last years harvest is realistic.

²⁹ For details about this methods see econometric literature, e.g. GUJARATI, D.N(1995): Basic Econometrics. 3.edition, McGraw-Hill Inc. New York et al..

Table 95 Impact of distillation quantities on table wine market prices of red Puglia and white Sicilian table wines - results of linear regression analysis.

Dependant Variable: Average table wine price per year (January – December) in €/°/hl	
Explaining Variables / Test-Statistics	Regression coefficients (Beta-Values)
distillation quantity of the wine type this wine year	- 0,658**
distillation quantity of the wine type one wine year before	0,483*
wine type: Puglia red table wine	0,568*
production quantity of the region this wine year	- 0,086
consumption quantity of table wine in Italy	0,592*
constant	0,315
Adjusted R ²	0,83***
F-Value	15,685
Durbin Watson d-Value	1,89465
Durbin Watson Test H0	accepted
Data base: Data from EC DG AGRI, ISTAT and AGEA. +(*, **, ***): Significance on the 90% (95%, 99%, 99,9%) level.	

Source: own Computation.

The results show that Sicilian white table wine is cheaper than Puglia red table wine and that market prices are increasing in the short term if consumption is raising and in the medium term after distillation measures use. We regard the short term negative impact of distillation quantities with a certain doubt, further research is needed to explain and confirm this result, but could not be done within the frame of that study as necessary data for that work were not available within the short time.

Impact of distillation quantities on prices of white table wines in Charentes, France

No significant influence of distillation measures on prices of white table wine in the Charentes region could be found. In contrast, not subsidized distillation of Cognac showed significant impact on prices of white table wine in that region (table 96).

Table 96 Impact of distillation quantities on table wines in Charentes - Results of linear regression analysis.

Dependant Variable: Average table wine price per year (January – December) in €/°/ hl		
Explaining Variables / Test-Statistics	Regression coefficients (Beta-Values)	
quantity of not subsidized distillation of Cognac	0,900*	0,764**
quantity of distillation of dual purpose grapes	- 0,346	
quantity of preventive distillation	- 0,226	
production quantity of Charentes wine not used for Cognac production	0,217	
constant	1,813*	1,853***
Adjusted R ²	0,62°	0,53**
F-Value	4,673	11,192
Durbin Watson d-Value	1,84222	1,686
Durbin Watson Test H0	indecision	accepted
Data base: Data from EC DG AGRI, ONIVINS. +(*, **, ***): Significance on the 90% (95%, 99%, 99,9%) level		

Source: own Computation.

b) Analysis of relation between buying-in prices and market prices

Judgement Criteria

The buying-in prices of distillation measures can be examined in relation to the market prices for wine.

Indicators

The most exact results might be achieved through regression analysis with regression coefficients as indicators of the short term importance of the buying-in prices as explaining variables for market prices. But buying-in prices for distillation measures did not vary since 1994/95 and constants are no suitable data base for doing regression analysis, hence regression analysis may not lead to results. So a qualitative analysis, comparing the available price values will be done.

Results

Impact on prices of table wine market in Italy

Graph 95 shows the quotations of market prices for white and red Italian table wines in comparison to the buying-in price system of the old and new CMO for wine. It can be seen that the average market prices per year reach levels above the buying-in price for preventive distillation (before the reform) and above the EU buying-in price for crisis distillation (after the reform). Concerning distillation for potable alcohol, market prices for white table wines are below, for red table wines above EU buying-in prices. A national Italian aid was given in addition to the EU support for crisis distillation, hence the producers' buying-in price for crisis distillation reached a higher price level comparable to average market price in Italy.

However, according to interviews with Italian experts some regions in Italy (Puglia, Sicilia, Emilia Romagna) take part in distillation measures in important amounts. A look on e.g. table wine prices of two of those regions (graph 95), shows that average table wine prices in those regions are significantly lower than total average, thus distillation measures buying-in prices there are usually rather attractive.

Impact on prices of table wine market in France

Graph 96 shows the quotations of market prices for white and red French table wines in comparison to the buying-in price system of the old and new CMO for wine. It can be seen that the average market prices per year reach levels even above the buying-in price for support distillation (before the reform) and much above the buying-in price for preventive and crisis distillation (after the reform).

According to various French interviewees, due to a French political decision a rupture in Languedoc-Roussillon table wine production was initiated after the Dublin summit. In contrast to Italy or Spain, a very restrictive interpretation of implementation of obligatory distillation obliged table wine producers to deliver their total harvest with low buying-in prices below production cost to obligatory distillation. Thus, wine producing firms bankrupted and vineyard area decreased significantly in that region, distillation became much less important too.

The interviewees described situation after the reform as follows: The original EU buying-in price for the new, voluntary crisis distillation was not attractive for most French table wine producers, and they participated in the measure only when national French aid (which was higher than the Italian national aid) has been given in addition to the EU support. Price data for regions with largest offer of red table wine (Languedoc-Roussillon) and white table wine (Midi-Pyrenees) show that prices here are above the total French table wine averages (see graph 96).

Interviewees in Languedoc-Roussillon stated a medium term effect³⁰ too: the too late participation of wine producers at voluntary distillation measure, but after the implementation of additional national aids with high quantities together with low yields in the following wine year is now leading to too high market prices which introduce the risk of losing the traditional outlets for Languedoc-Roussillon table wines.

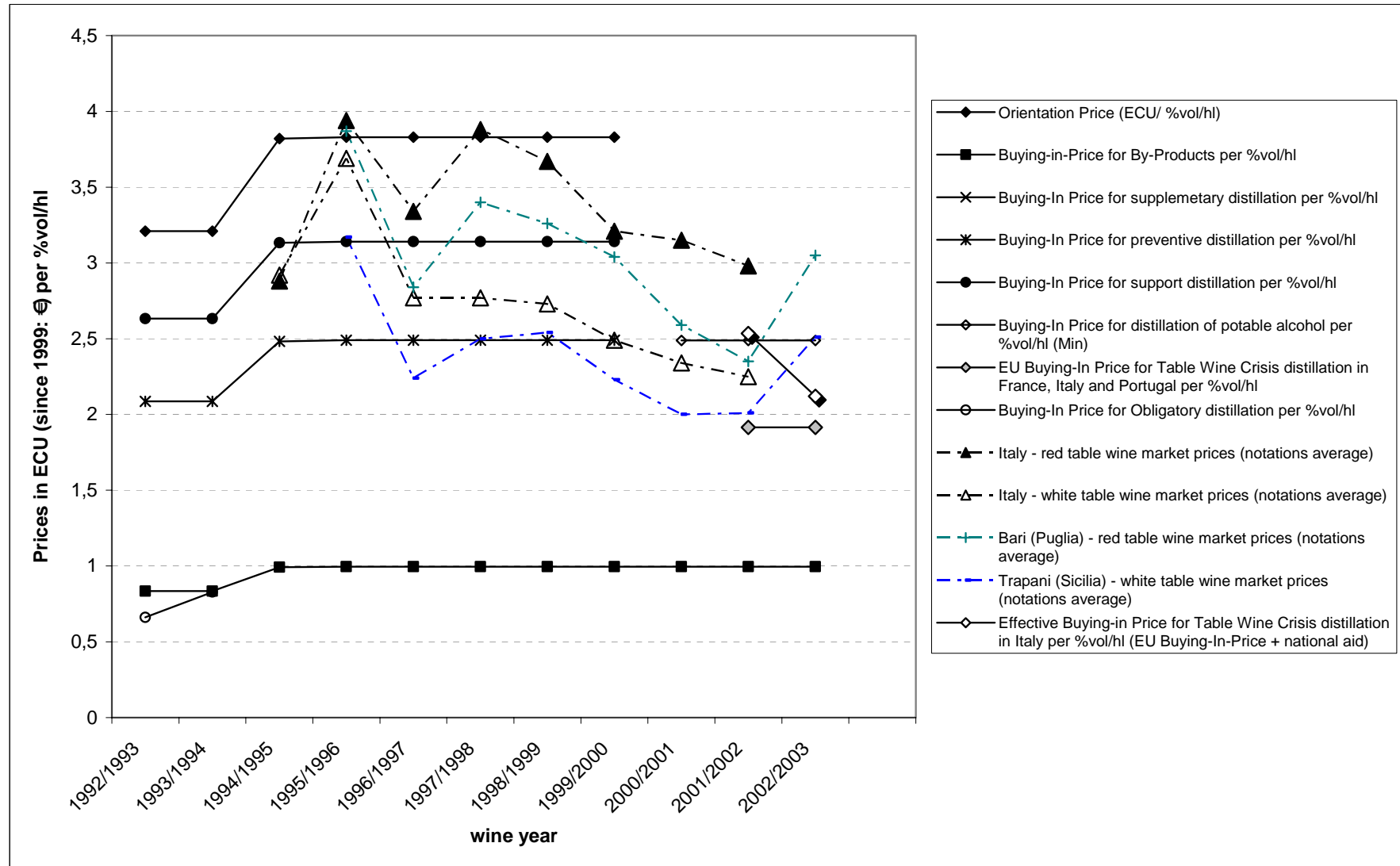
Lowest prices for red table wine are reported for the Loire valley with a very small production volume of table wine; prices here fell under the level of buying -in-prices for potable alcohol after the reform. Lowest prices for white table wine in France are reported for Charentes. When prices for white table wine in this region fell little below buying-in price for preventive distillation in 1996/1997 (see graph 96), enormous quantities of the wine produced in that region have been given to preventive distillation. Since then, price for white table wine did not fall below buying-in price for preventive distillation again.

³⁰ Calculation of regression estimations to prove other medium term effects of distillation measures on prices did not lead to statistically significant results on the basis of the available data base.

Impact on prices of table wine market in Spain

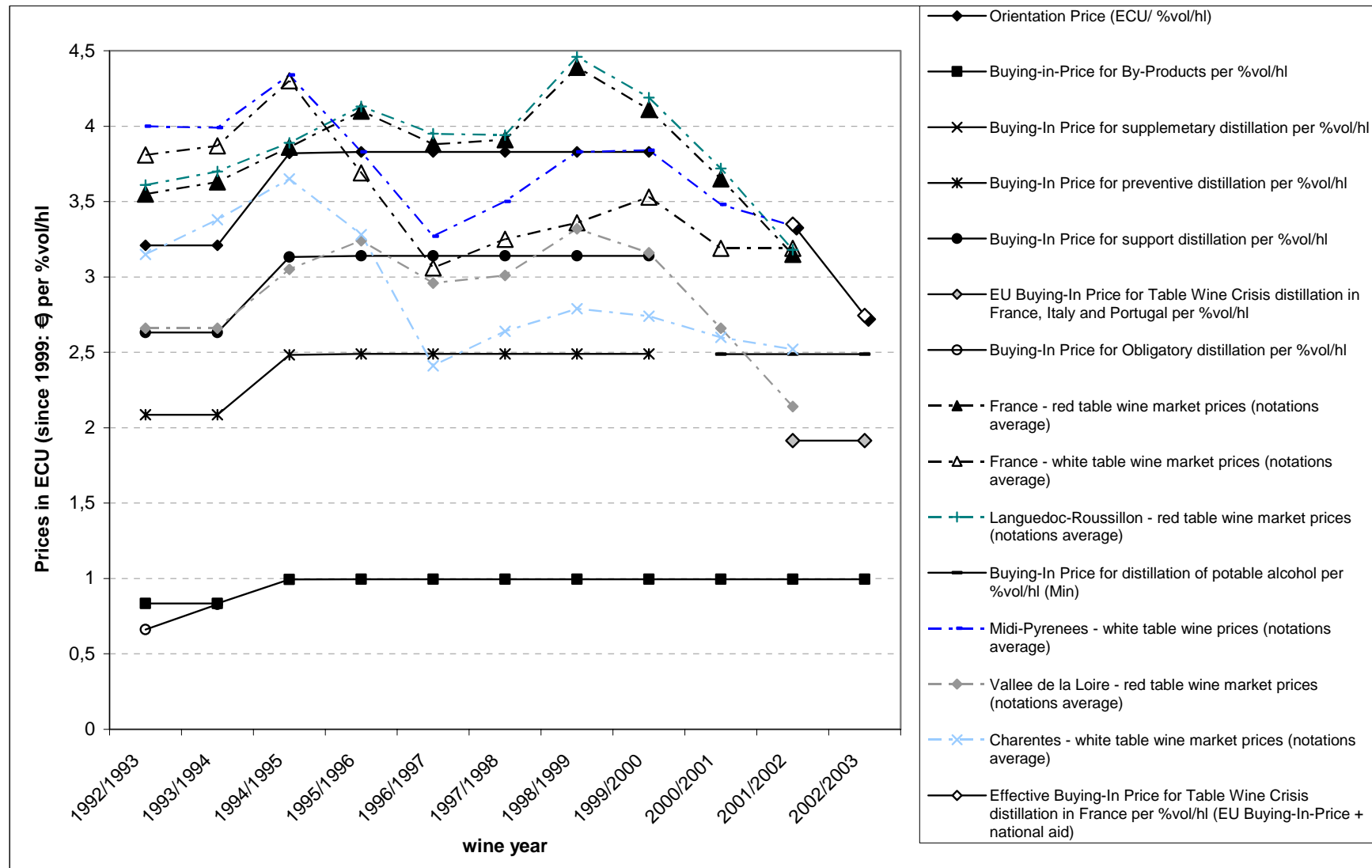
Graph 97 shows the quotations of market prices for white and red Spanish table wines in comparison to the buying-in price system of the old and new CMO for wine. It can be seen that the average market prices per year reach levels above the buying-in price for obligatory distillation (before the reform) and are equal or little above the buying-in price for crisis distillation (after the reform). But market prices are partly below buying-in prices for preventive distillation (before the reform) and distillation for potable alcohol (after the reform). In Spain there no national aid was given in addition to the EU distillation subsidy. According to interviewees, the prices of distillation measures are very interesting for cellars in Castilla La Mancha and Extremadura, therefore these main regions in volume of distillation have not changed. These answers are confirmed by data, which demonstrate regularly high quantities distilled within preventive distillation respective distillation for potable alcohol for Spain.

Graph 95 Italian table wine prices in relation to the EU price system



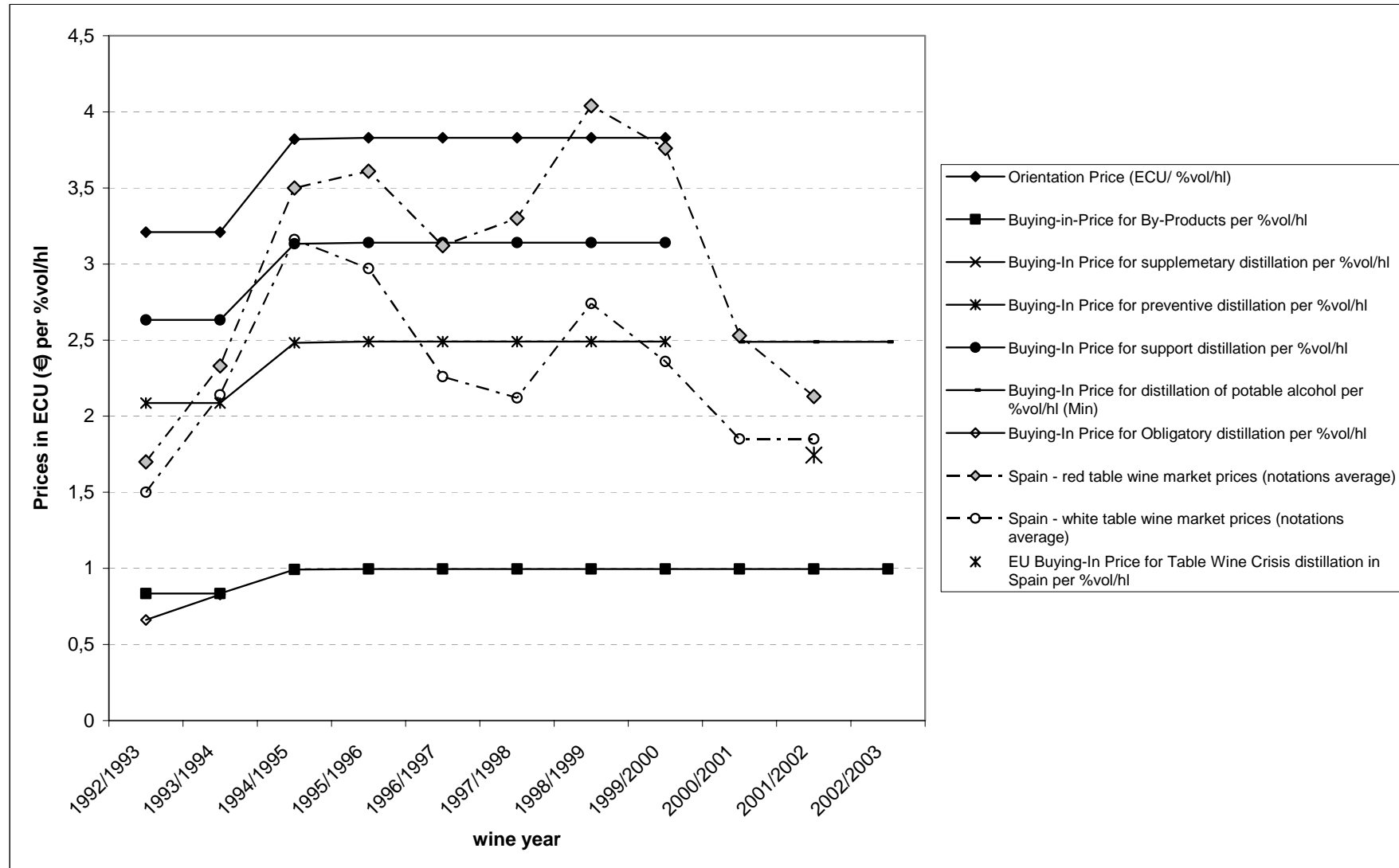
Source: based on data from EC DG AGRI (1998, p. 72-84), EC DG AGRI and ISMEA.

Graph 96 French table wine prices in relation to the EU price system



Source: based on data from EC DG AGRI (1998, p. 72-84), EC DG AGRI and ONIVINS.

Graph 97 Spanish table wine prices in relation to the EU price system



Source: based on data from EC DG AGRI (1998, p. 72-84), EC DG AGRI and DWV (1998, p.26).

6.2.4. Impact on market equilibrium in volume terms

The question to which answer was sought was the following:

Does support to various distillation measures, including aid and support for disposal of alcohol, resulting from distillation, have a significant impact on the market equilibrium (in volume terms)?

Impact on stock changes

Understanding

The following investigation focuses on the stocks, as these are the quantities of production not marketed: Changes in the level of stocks are another mechanism (along with prices) which bring demand and supply into line. As the volume of wine produced naturally varies from year to year, unsold stocks may be regarded as over-production or as useful reserves. Hence, we now examine the influence of distillation measures on changes in the level of stock.

Judgement criteria

The influence of distillation measures on stock changes must be seen in relation to other factors which may determine the stock levels. So the influence of production quantity, consumption and the export-import balance will be analysed as well.

Indicators

The analysis of the influence of distillation measures and of other factors on the changes of stock quantities will be done by estimation of regression models, following the function below:

$$ST = f(D, P, C, B, u)$$

With:

ST = Quantity difference of the stock at the end of the wine year – stock at the start of the vintage wine year

D = distillation quantity

P = production quantity

C = consumption quantity

B = export-import balance

U = unspecified other influences

The resulting regression coefficients can be used as indicators for the influence of the different aspects.

Results

Table 97 Factors explaining the changes of stock quantities in European table wine markets. Results of linear regression analysis

Dependant Variable: Quantity difference of the stock at the end of the vintage wine year – stock at the start of the vintage wine year					
Member state	Italy	France	Spain	Portugal	Greece
Explaining Variables / Test-Statistics	Regression coefficients (Beta-Values)				
distillation quantity	-0,576 ⁺	-1,333***	-2,958	-0,453	-0,896**
production quantity	2,003**	3,067***	1,773**	0,231	1,300**
consumption quantity	-1,496**	-1,768***	-0,665	-0,554*	-0,596*
balance of Export-Import	0,195	0,244	1,576	0,658	0,157
constant	-12989 ⁺	-6433	-4280	1110	-1142*
Adjusted R ²	0,378*	0,650***	0,385*	0,288 ⁺	0,378*
F-Value	4,188	10,762	3,978	2,823	4,191
Durbin Watson d-Value	2,199	1,552	2,781	2,269	1,817
Durbin Watson Test H0	accepted*	accepted ⁺	indecision	accepted ⁺	accepted*
Data base: Data about the table wine market in the period from 1980/1981 (Spain: 1982/1983; Portugal: 1983/1984) to 2001/2002 given by EC, DG AGRI, histvino.xls. ⁺ (*, **, ***): Significance on the 90% (95%, 99%, 99,9%) level.					

Source: own computation.

The impact on table wine market in Italy

The regression analysis of data (see table 97) shows that production quantity and consumption quantity have a significant influence on the changes in stock quantities. The distillation quantity does not reach a very high significance level, so the coefficient allows only assuming a tendency of lower importance of distillation measures in comparison to production or consumption quantities. The export-import balance has no significant influence on the changes of stock quantities.

The impact on table wine market in France

The regression analysis of data (see table 97) shows that distillation quantity, production and consumption have significant influence on the changes in stocks. The importance of consumption volume is a little bit lower in comparison to production or distillation measures. The export-import balance has no significant influence on the stock changes.

The impact on table wine market in Spain

As the tests of statistical significance confirm (see table 97), the limited amount of data, due to the later starting membership in the EU, means that no clear conclusions can be drawn from the regression analysis.

The impact on table wine market in Portugal

Again, the limited amount of data, due to the later starting membership in the EU, means that no clear conclusions can be drawn from the regression analysis (see table 97).

The impact on table wine market in Greece

The regression analysis of data (see table 97) shows that distillation quantity, production and consumption have a significant influence on the changes in stock levels. The export-import balance has no significant influence on the stock changes.

6.2.5. EU expenditures for the distillation measures

Expenditures for distillation per litre of wine for the different wine distillation measures

Judgement criteria

The aim of this analysis is to give an estimation of the costs per litre wine distilled. These values given as cost per litre might be used later for the comparison with the costs for alternative political measures. Additionally, cost per hectare will be estimated for actual valuable measures.

Methods

The cost for the taking away of one litre wine by the distillation measures including taking over of the resulting alcohol may be estimated as follows:

a) The price given to the distiller for the distillation is fixed per degree of alcohol / hl in the distillate. To get one degree of alcohol / hl in the distillate, one degree of alcohol / hl wine (respective the equivalent amount of by-products) is needed. If a wine of 10% vol. alc. / hl is distilled, the distiller gets the aid for 10% vol. alc. / hl = 10 * aid per % vol./hl. Therefore the cost per litre wine may be discounted: $(10 * \text{aid per \% vol./hl})/100 = \text{aid per 10\% vol.wine distilled / litre}$. The tables show the results for this calculation for the last wine year before and the first year after the CMO reform.

For some distillation measures the cost for the buying in of the distillate have to be added, minus the value received for selling it on the market for industrial alcohol. In the average, the saldo of these two posts are losses of about 1 € per % vol./hl for the EU, or 0,1€ / litre wine of 10% vol., 0,11€ / litre wine of 11% vol., 0,12€ / litre wine of 12% vol. which have to be added to the different EU- aids for the distillation.

b) A second approach (which leads to the same results) for the measures including the taking over of the alcohol: The buying-in price for (raw-)alcohol extracted from distillation is fixed at a certain price in € per % vol./hl differentiated for each distillation measure.

These expenditures are reduced by the revenues from alcohol sales, in the average 15 € / hl of pure alcohol = 0,015 € / litre wine of 10% vol.; 0,0165 € /litre wine of 11% vol.; 0,018 € / litre wine of 12% vol. alcohol content going for distillation. So the cost for the EU per litre wine taken away from the market may be estimated to be the buying-in price minus the revenues from sales of the alcohol.

Results

Distillation of dual purpose grapes

The two methods of estimation show the following results:

a) Table 98 shows the estimation of cost of EU-aid for distillation for taking away one litre of wine by distillation of dual purpose grapes excluding expenditures for alcohol buying-in. If these expenditures are added, the cost per litre wine taken away from the wine market by the measure of distillation of dual purpose grapes may be estimated to reach from 0,164 € / litre for a 10% vol. wine to 0,197 € / litre for a 12% vol. wine distilled to raw alcohol.

Table 98 Estimation of cost of EU-aid for distillation for taking away one litre of wine by distillation of dual purpose grapes (without expenditures for alcohol buying-in)

Wine year	EU-aid for distillation of neutral alcohol (€ per % vol./hl)	EU-aid for distillation of raw alcohol (€ per % vol./hl)	EU-aid for distillation of neutral alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)	EU-aid for distillation of raw alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)
1999/2000	0,7728	0,6401	a) 0,077 b) 0,085 c) 0,092	a) 0,064 b) 0,070 c) 0,077
2000/2001	0,7728	0,6401	a) 0,077 b) 0,085 c) 0,092	a) 0,064 b) 0,070 c) 0,077

Source: based on data given in the EC regulations.

b) The buying-in price for raw alcohol resulting from distillation of dual purpose grapes was fixed at 1,799 € per % vol./ hl in the wine years 1999/2000 and 2000/2001. Thus per litre wine distilled into raw alcohol were given to the distiller: a) 0,180 € / litre wine of 10% vol., b) 0,198 € / litre wine of 11% vol. and c) 0,216 € /litre wine of 12% vol. alcohol content. These expenditures are reduced by the revenues from alcohol sales. So the expenditures of EU per litre wine taken away from the market may be estimated to reach from 0,165 € / litre to 0,198 € / litre.

Preventive distillation

Alcohol resulting from preventive distillation was not taken over by the intervention agency. The cost per litre wine taken away from the wine market may be estimated to have reached from 0,175 € / litre to 0,656 € / litre for wine distilled to raw alcohol, for neutral alcohol the cost would be a little bit higher (see table 99).

Table 99 Estimation of cost of EU-aid for distillation for taking away one litre of wine by preventive distillation in 1999/2000

Wine type	EU-aid for distillation of neutral alcohol (€ per % vol./hl)	EU-aid for distillation of raw alcohol (€ per % vol./hl)	EU-aid for distillation of neutral alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)	EU-aid for distillation of raw alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)
A I, R I, R II	1,884	1,751	a) 0,188 b) 0,207 c) 0,226	a) 0,175 b) 0,193 c) 0,210
A II	4,818	4,685	a) 0,482 b) 0,530 c) 0,578	a) 0,469 b) 0,515 c) 0,562
A III	5,603	5,470	a) 0,560 b) 0,616 c) 0,672	a) 0,547 b) 0,602 c) 0,656
R III	3,272	3,140	a) 0,327 b) 0,360 c) 0,393	a) 0,314 b) 0,345 c) 0,377

Source: based on data given in the EC regulations.

Support distillation

The intervention agency did not take over alcohol resulting from support distillation. The cost per litre wine taken away from the wine market may be estimated to have reached from 0,242 € / litre to 0,852 € / litre for wine distilled to raw alcohol, for neutral alcohol the cost would be a little bit higher (see table 100).

Table 100 Estimation of cost of EU-aid for distillation for taking away one litre of wine by support distillation in 1999/2000

Wine type	EU-aid for distillation of neutral alcohol (€ per % vol./hl)	EU-aid for distillation of raw alcohol (€ per % vol./hl)	EU-aid for distillation of neutral alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)	EU-aid for distillation of raw alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)
A I, R I, R II	2,548	2,415	a) 0,255 b) 0,280 c) 0,306	a) 0,242 b) 0,266 c) 0,290
A II	6,255	6,122	a) 0,626 b) 0,688 c) 0,751	a) 0,612 b) 0,673 c) 0,734
A III	7,233	7,100	a) 0,723 b) 0,795 c) 0,868	a) 0,710 b) 0,781 c) 0,852
R III	4,287	4,154	a) 0,429 b) 0,472 c) 0,514	a) 0,415 b) 0,457 c) 0,498

Source: based on data given in the EC regulations.

Distillation for potable alcohol

Alcohol resulting from distillation for potable alcohol is not taken over by the intervention agency. The cost per litre wine taken away from the wine market may be estimated to reach from 0,175 € / litre to 0,210 € / litre for wine distilled to raw alcohol, for neutral alcohol the cost would be a little bit higher (see table 101).

Table 101 Estimation of cost of EU-aid for distillation for taking away one litre of wine by distillation for potable alcohol in 2000/2001

Wine type	EU-aid for distillation of neutral alcohol (€ per % vol./hl)	EU-aid for distillation of raw alcohol (€ per % vol./hl)	EU-aid for distillation of neutral alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)	EU-aid for distillation of raw alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)
all	1,884	1,751	a) 0,188 b) 0,207 c) 0,226	a) 0,175 b) 0,193 c) 0,210

Source: based on data given in the EC regulations.

Obligatory distillation

Obligatory distillation of table wine had not been implemented for several years (before the 1999 reform). To give an impression of cost of that measure, example of 1991/1992 was chosen with highest buying-in price level after the Dublin summit. EU-cost per litre table wine taken away from the market reached from 0,07 to 0,08 ECU / l (see table 102).

Table 102 Estimation of cost of EU-aid for distillation for taking away one litre of table wine by obligatory distillation in 1991/1992

Wine year	Price for neutral alcohol given to the distiller (ECU per % vol./hl)	Price for raw alcohol given to the distiller (ECU per % vol./hl)	EU-aid for distillation of neutral alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (ECU / l)	EU-aid for distillation of raw alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (ECU / l)
1991/1992	0,96	0,85	a) 0,096 - 0,015=0,081 b) 0,106 - 0,017=0,089 c) 0,115 - 0,018=0,097	a) 0,085 - 0,015=0,070 b) 0,094 - 0,017=0,077 c) 0,102 - 0,018=0,084

Source based on data given in the EC regulations and estimations of EC DG AGRI.

Crisis distillation

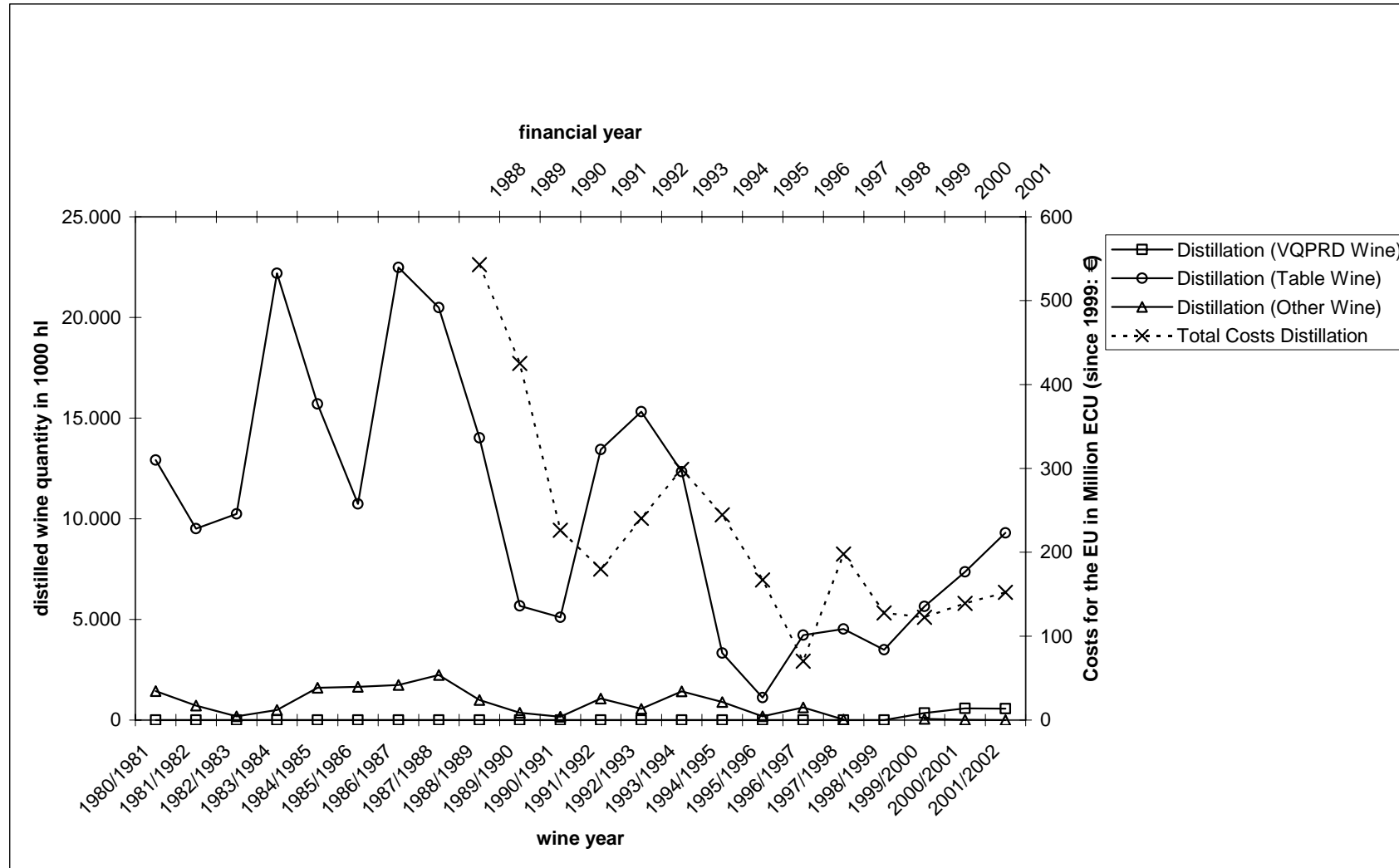
As regards, crisis distillation, EU buying-in prices are determined case by case. However, since introduction certain trends of price levels per region and wine type may be seen. The cost may be estimated to vary between 0,19 to 0,30 € / litre wine (see table 103).

Table 103 Estimation of cost of EU-aid for distillation for taking away one litre of wine by crisis distillations in the years after the implementation of the new CMO

Wine type	Price for raw alcohol given to the distiller (€ per % vol./hl)	EU-cost for distillation of raw alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (ECU (€) / l)
Table wine in Spain (e.g. 786/2001)	2,090	a) 0,209 - 0,015 = 0,194 b) 0,230 - 0,0165 = 0,213 c) 0,251 - 0,018 = 0,233
Table wine in other Member States (e.g. Portugal r.442/2001; Portugal r.1367/2002; France r.25/2001; Italy r.2859/2000)	2,2812	a) 0,228 - 0,015 = 0,213 b) 0,251 - 0,0165 = 0,235 c) 0,274 - 0,018 = 0,256
quality wine psr (e.g. Portugal r.1367/2002)	2,667	a) 0,267 - 0,015 = 0,252 b) 0,293 - 0,0165 = 0,277 c) 0,320 - 0,018 = 0,302
Table wine or quality wine psr (e.g. Germany r.2728/2000)	2,4726	a) 0,247 - 0,015 = 0,232 b) 0,272 - 0,0165 = 0,255 c) 0,297 - 0,018 = 0,279

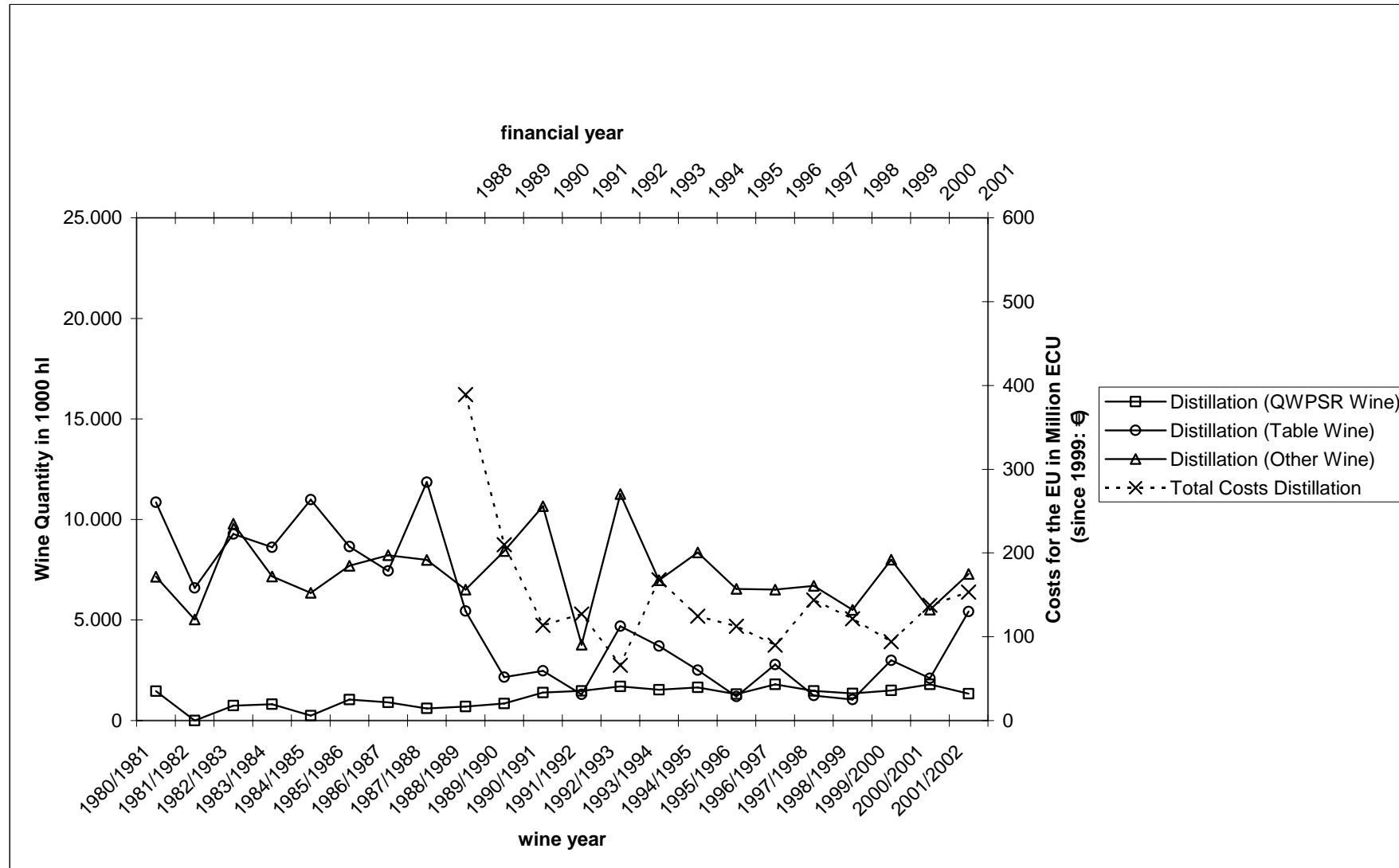
Source: based on data given in the EC regulations and estimations of EC DG AGRI.

Graph 98 Wine distillation in Italy and related EU expenditures



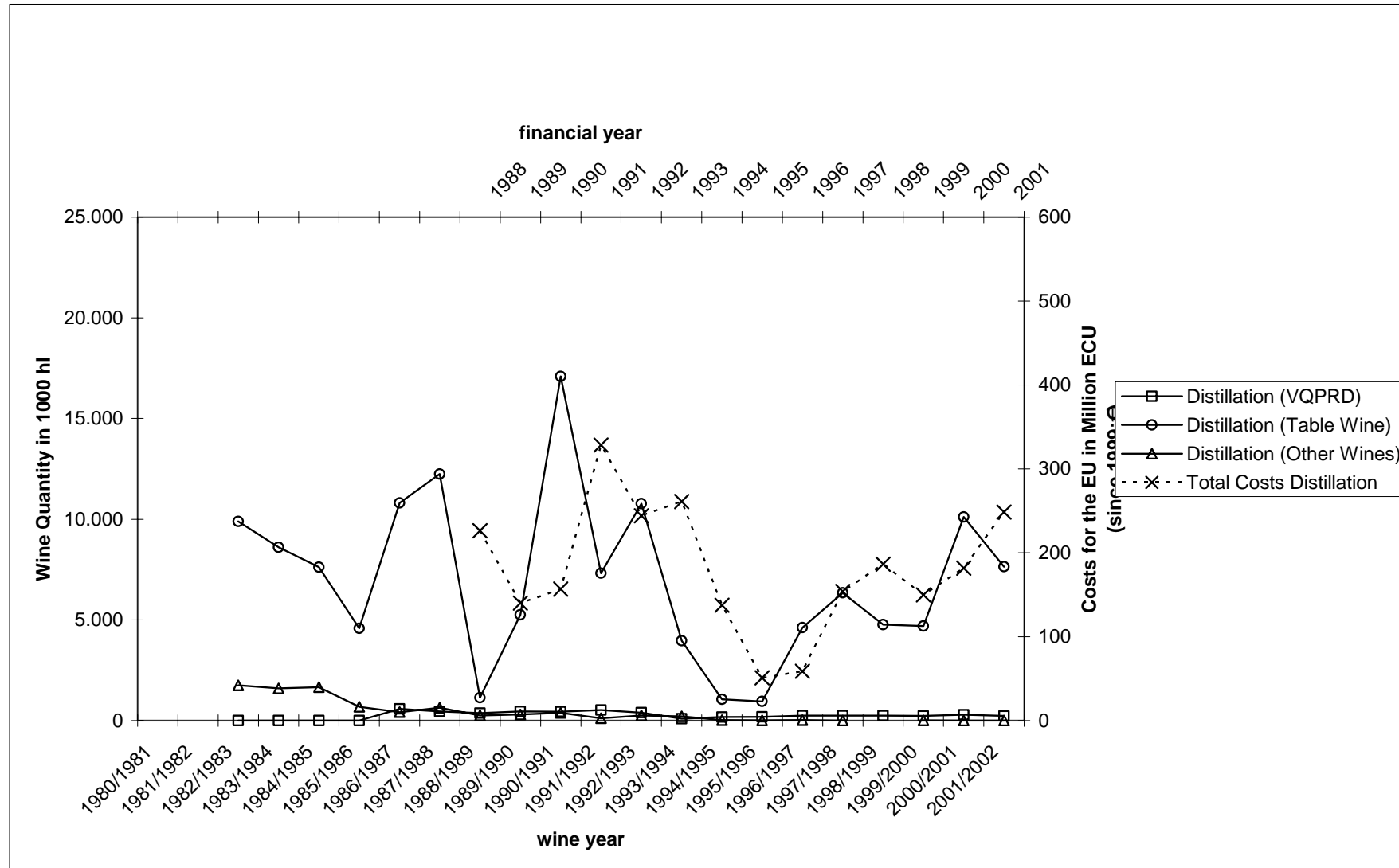
Source: based on data from EC DG AGRI, histvino.xls and 1.1_b116-viti_vinicole.

Graph 99 Wine distillation in France and related EU expenditures



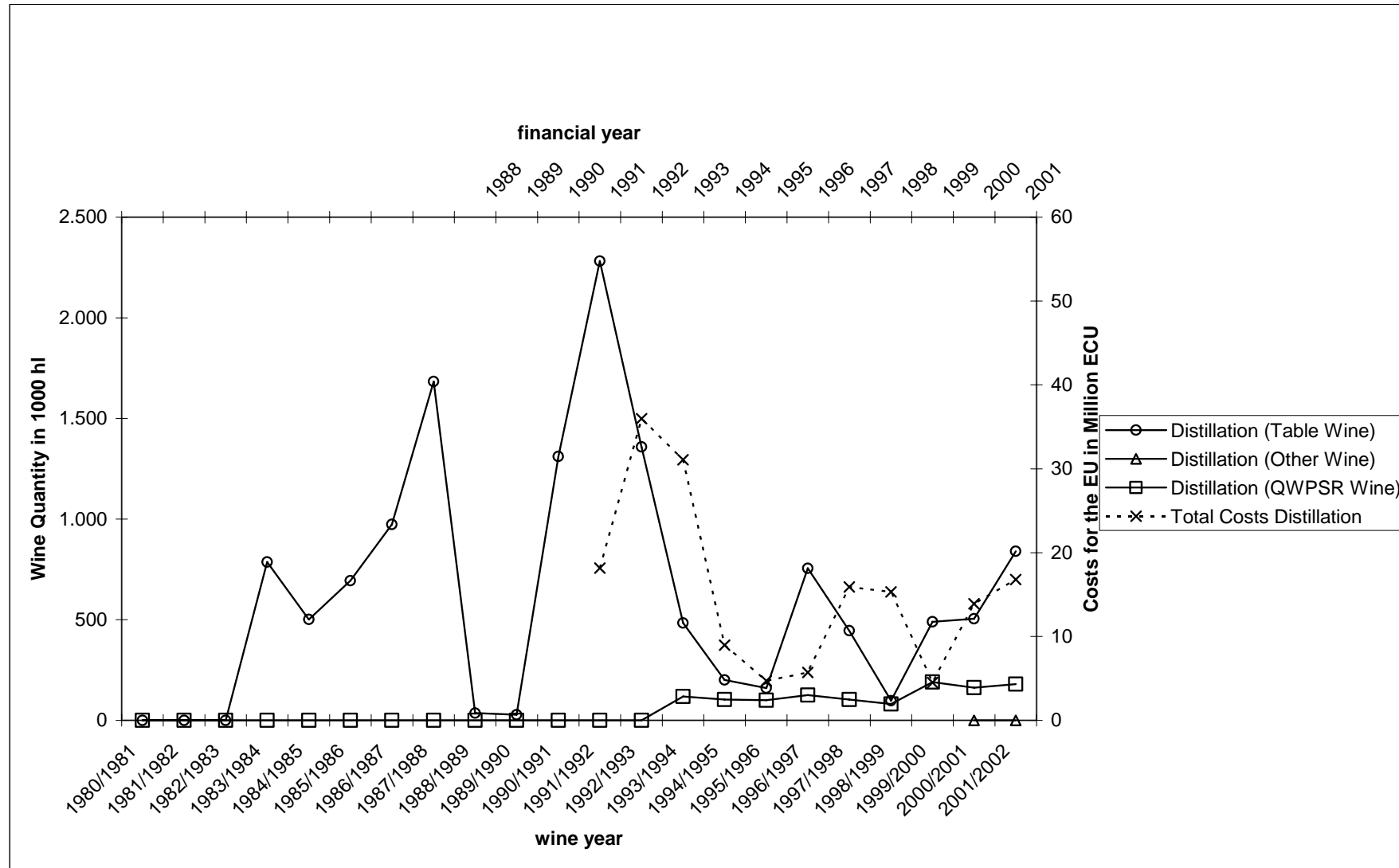
Source: based on data from EC DG AGRI, histvino.xls and 1.1_b116-viti_vinicole.

Graph 100 Wine distillation in Spain and related EU expenditures



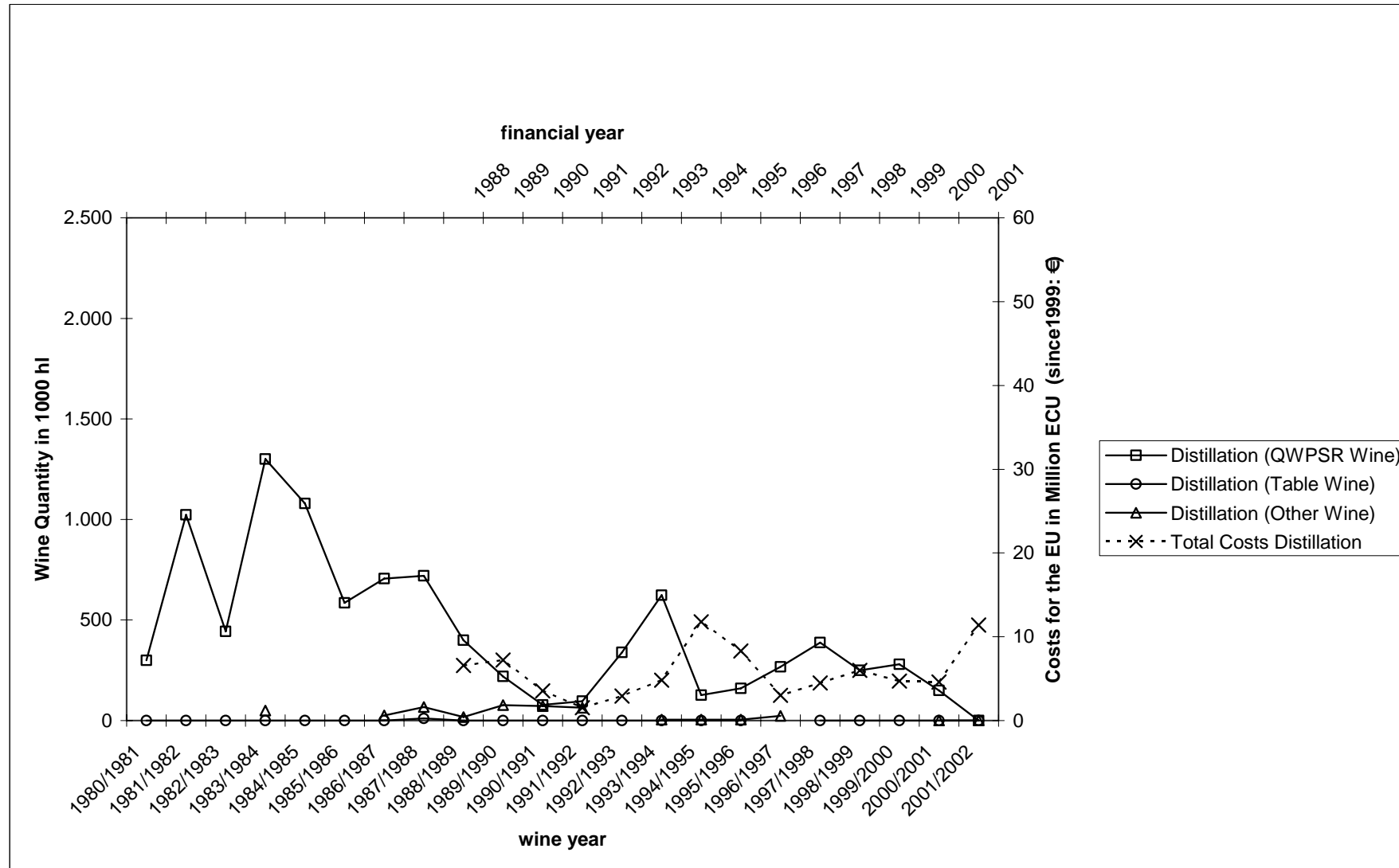
Source: based on data Data from EC DG AGRI, histvino.xls and 1.1_b116-viti_vinicole.

Graph 101 Wine distillation in Portugal and related EU expenditures



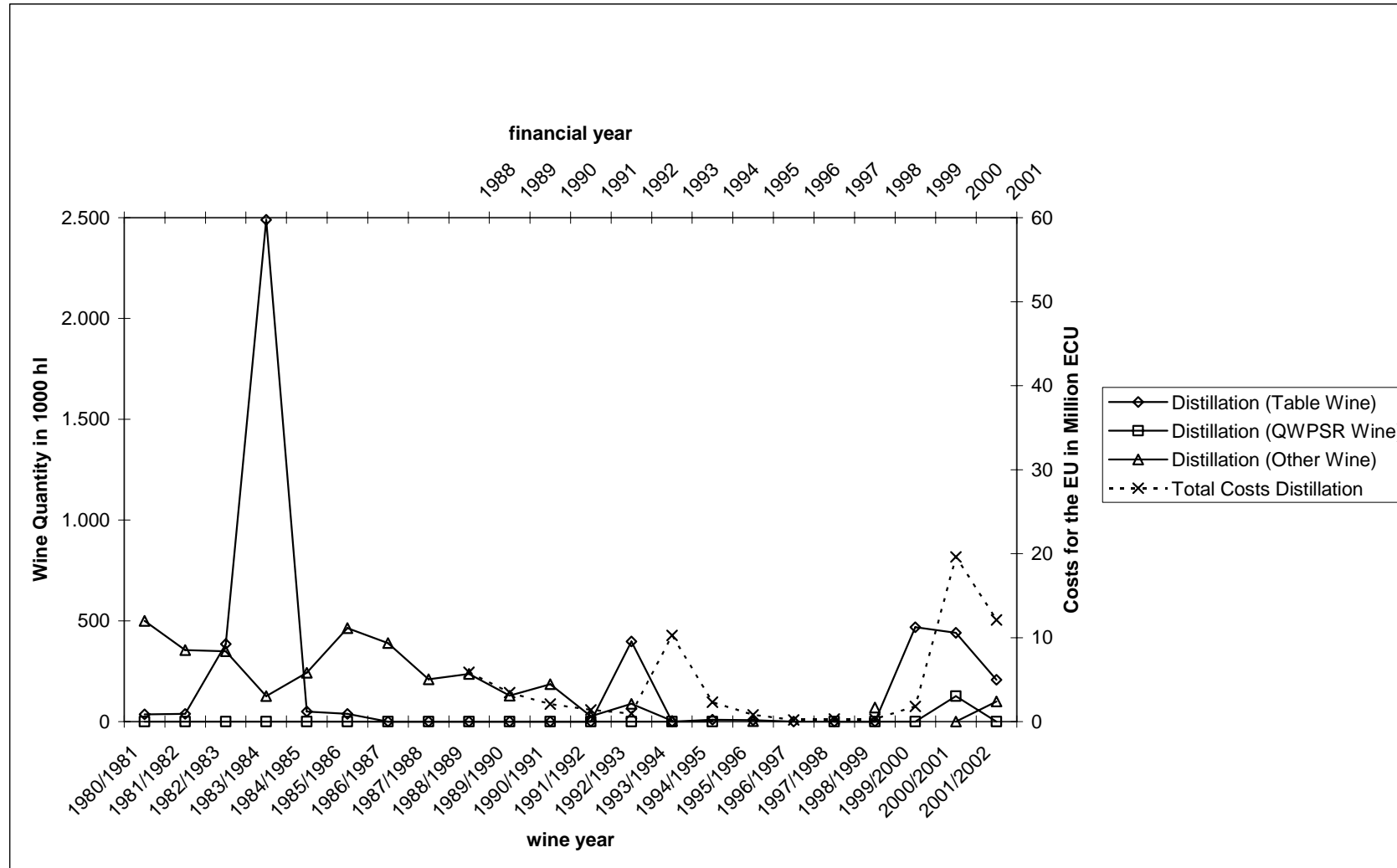
Source: based on data from EC DG AGRI, histivino.xls and 1.1_b116-viti_vinicole.

Graph 102 Wine distillation in Greece and related EU expenditures



Source: based on data from EC DG AGRI, histvino.xls and 1.1_b116-viti_vinicole.

Graph 103 Wine distillation in Germany and related EU expenditures

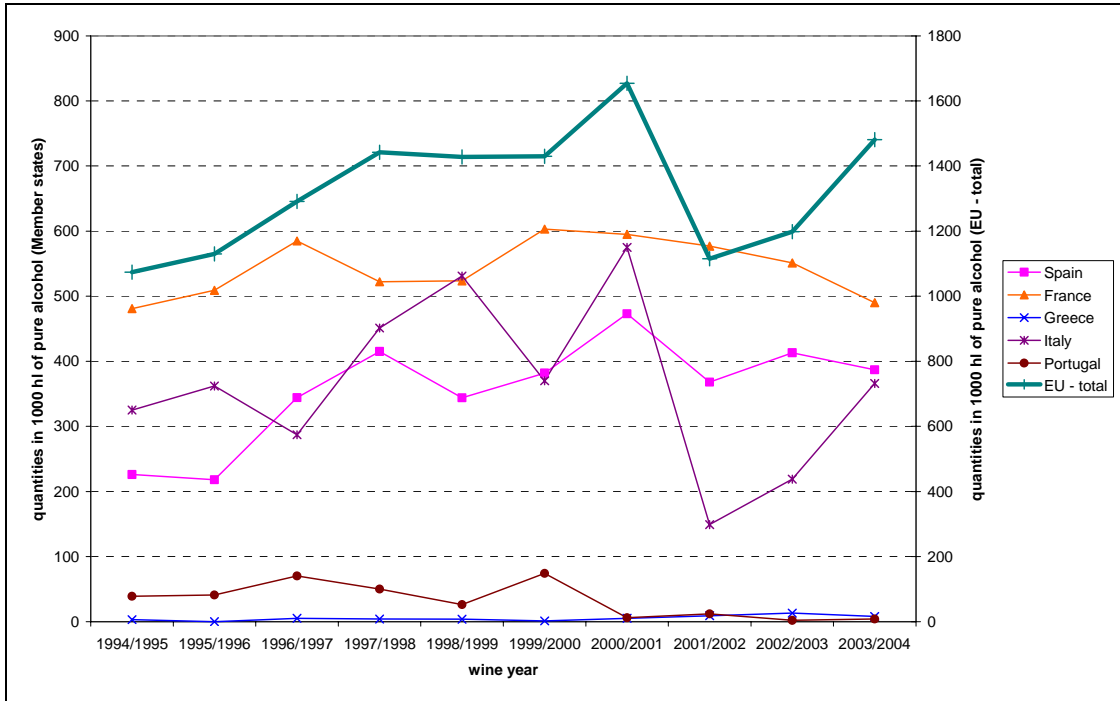


Source: based on data from EC DG AGRI, histvino.xls and 1.1_b116-viti_vinicole.

6.2.6. Distillation of by-products

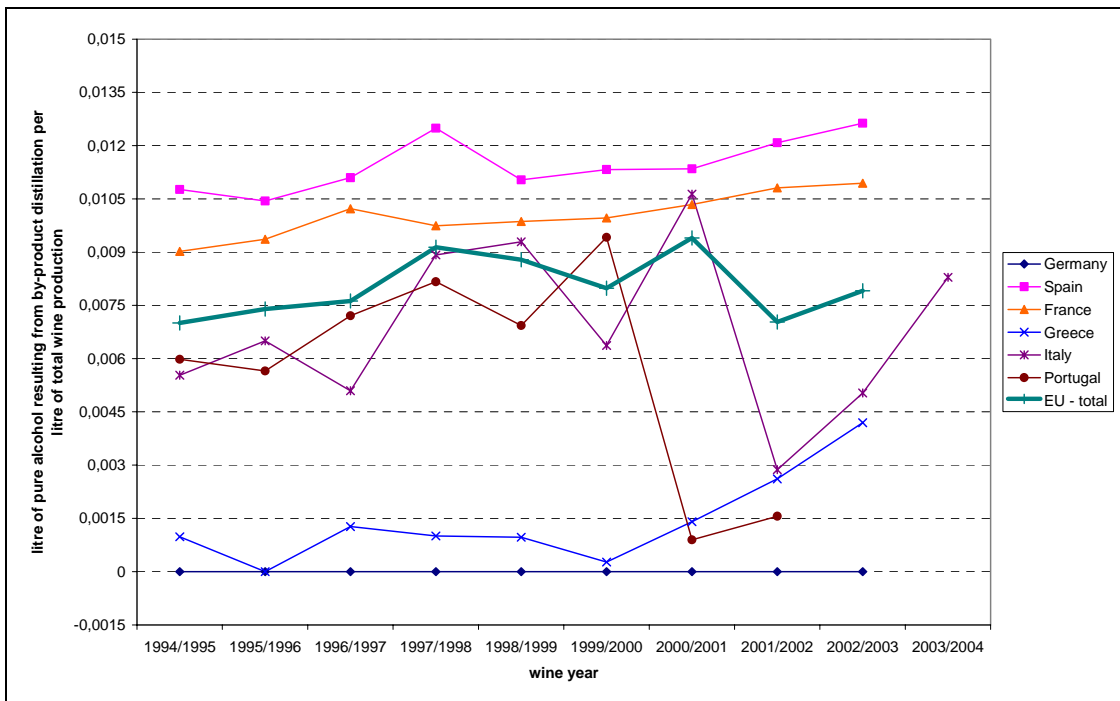
Importance in the different EU Member States

Graph 104 Reported by-product distillation (marc, lees and wine) in EU



Source: based on data by EC, DG AGRI, updated in September 2004.

Graph 105 ratio of alcohol resulting from by-product distillation / total distillation in EU



Source: based on data by EC, DG AGRI, updated in September 2004.

Traditional co-existence of two concepts of handling by-products in EU

There are several reasons for the different development of handling the by-products in the various wine growing regions in the past. The quantity of usable contents varies between the wine growing zones. Grapes from the northern wine growing regions contain on average less sugar, therefore its resulting marc contains less potential alcohol than marc from the southern zones. Hence, distillation is less profitable in the northern zones.

Viticulture in the northern regions has been traditionally dominated by white wine production. Therefore the wine production mainly requires juicy must fermentation and not crushed grape fermentation, as is needed for red wine production. Hence, in the southern regions the dominating red wine production produces marc which contains the lees, while in the northern regions the majority of marc resulting from pressing white grapes is “pure”, that means, it does not contain deposits of lees. As a second product, pure deposits of lees result later from the fermentation. These different by-product types require different further processing methods.

The marc management in the southern wine growing zones is more susceptible to quality risks for the wine produced than in the northern regions, e.g. due to acetic acid problems. As a consequence of the white wine production dominance in the northern regions, the resulting fresh marc contains more often sugar instead of alcohol. Marc containing alcohol is more and quicker susceptible to acetic acid bacteria, which develop more quickly in warmer climates of southern regions too. Hence, there is a much bigger risk of acetic acid problems in the southern regions, if marc is brought back to the vineyard during the harvest period, as is done in the northern zones.

As a consequence of the natural climate conditions and political developments, the northern regions’ wine industry and research have developed sophisticated methods for the careful extraction of optimal quantities of high quality musts that produce by-products which can easily be deposited, mainly back in the vineyards.

On the other hand, the southern regions’ research, wine and distillation industry developed systems to collect the by-products rapidly during the harvest period and efficient methods to extract the maximum useful contents of the by-products.

Estimation of production volume without restrictions of by-product distillation or disposal

Most of that quantity does not occur in grape must or wine production statistics, as it is retained in marc and not pressed to juice. Wine and lees distilled according to measure of obligatory by-product distillation average about 3,6% (1980/81 – 2001/2002) of total usable production in Member States with obligation to distil by-product.

In Member States without obligation to distil by-products, average quantities of lees are 1,2 - 1,5% for red wine, 1,5 - 3,0% for white wine from pre-clarified must and 3,0 - 5,0% for other white wine³¹. Pre-clarification of must is the state-of-the-art for wine production in these states. So some wine is eliminated during the pre-clarification process. Therefore, it is assumed that usually around 2,5% fermentation lees occur. For quality wine production no over-pressing is done, extraction rates here may be

³¹ Source: TROOST 1988, p.260

estimated to be equal to table wine production in Member States with obligatory by-product distillation.

Hence, it may be concluded that in Member States with obligatory by-product distillation usually not more than about 1% of wine production is taken away additionally from the wine market.

The quantitative aspect of distillation of by-products

There is a discussion between experts on whether distillation of by-products has to be judged as reduction of supply or as special demand by EU. If obligatory delivery of by-products to distillation were not remunerated, it could be judged as reduction of supply. But there is a price given to producers for delivery of by-products, and a minimum, but no maximum of delivery quantity is fixed. So there is a potential market for the by-products.

This market will be attractive or unattractive depending on the price the producer might be paid on alternative markets or according to savings he might have using it in his own viticulture e.g. as fertilizer. Judgment might be different for producers of table, quality or wine for dual purpose grapes.

Table 104 Humus fertilizer, cost and nutrient value

Fertilizer	Yearly need for 3 t o.s./ha*	Material cost: €/ha	Transport spread cost: €/ha	+ Nutrient value: €/ha	Saldo cost – nutrient value: €/ha
Marc	20 m ³	-	100	138	-38
Cow manure	15 t	-	173	186	-14
Pig manure	12,5 t	-	144	196	-52
Horse manure	12 t	-	138	126	12
Straw	3,8 t	188	117	45	259
Bark of trees	15 m ³	270	120	29	361
Bio-compost	9,7 t	34	111	167	-22
Green-compost	20 m ³	190	130	178	142

* Basic: 3 tons organic substance per year, spread every 3 years.

Source: ZIEGLER (2004).

EU expenditures for the measure

EU expenditures for distillation of one litre wine included in the by-products

EU expenditures for distillation of one litre wine included in the by-products may be estimated to range from 0,15 € / litre to 0,18 € / litre. Two possibilities to estimate this values exist:

a) The buying-in price for raw alcohol extracted from by-product distillation is fixed at 1,654 € per % vol./ hl in the wine years 1999/2000 and 2000/2001. That means per litre wine included in the by-products and hence distilled are given: a) 0,165 € / litre wine of 10% vol., b) 0,182 € / litre wine of 11% vol. and c) 0,198 € /litre wine of 12% vol. alcohol content. These expenditures are reduced by the revenues from alcohol sales, in the average 15 € / hl of pure alcohol = 0,015 € / litre of 10% vol.; 0,0165 € /litre of 11% vol.; 0,018 € / litre of 12% vol. alcohol content. So the cost for the EU per litre wine included in by-products and distilled reaches from 0,15 € / litre to 0,18 € / litre.

b) The price given to the distiller for the distillation is fixed per degree of alcohol / hl in the distillate. To get one degree of alcohol / hl in the distillate, one degree of alcohol / hl wine (respective the equivalent amount of by-products) is needed. If a wine of 10% vol. alc. / hl is distilled, the distiller gets the aid for 10% vol. alc. / hl = 10 * aid per % vol./hl. Therefore the cost per litre wine may be discounted: $(10 * \text{aid per \% vol./hl})/100 = \text{aid per 10\% vol. wine distilled / litre}$. Table 105 shows the results for that calculation for the last wine year before and the first year after the CMO reform. The cost for the buying in of the distillate has to be added, minus the value received for selling it on the market for industrial alcohol. In the average, the saldo of these two posts are losses of about 1 € per % vol./hl for the EU, respectively 0,1€ / litre wine of 10% vol., 0,11€ / litre wine of 11% vol., 0,12€ / litre wine of 12% vol.. So in total, the cost per litre wine taken away from the wine market by the measure of by-product distillation may be estimated to reach from 0,15 € / litre for a 10% vol. wine to 0,18 € / litre for a 12% vol. wine distilled to raw alcohol, for neutral alcohol the cost would be a little bit higher.

Table 105 Estimation of EU-aid for distillation of one litre of wine included in by-products (without expenditures for alcohol buying-in)

Wine year	EU-aid for distillation of neutral alcohol (€ per % vol./hl)	EU-aid for distillation of raw alcohol (€ per % ol./hl)	EU-aid for distillation of neutral alcohol per litre wine ³² with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)	EU-aid for distillation of raw alcohol per litre wine with a) 10% vol., b)11% vol., c)12% vol. alc. (€ / l)
1999/2000	0,6279	0,4951	a) 0,063 b) 0,069 c) 0,075	a) 0,050 b) 0,054 c) 0,059
2000/2001	0,6279	0,4951	a) 0,063 b) 0,069 c) 0,075	a) 0,050 b) 0,054 c) 0,059

Source: based on data given in the EC regulations.

EU expenditures for taking away one litre wine from the market by by-product distillation taking into account unavoidable losses

It has been pointed out that from 10% of production which is not allowed to be used for production of wine, just up to 1% might be taken away from the market in comparison to quality orientated wine production, the rest are usual losses. Hence, the expenditures for distillation of one litre wine included in the by-products have to be multiplied by a factor 10/1 to get the cost of taking away one litre of wine quantity from the market. Thus expenditures for the EU may be estimated to range from 1,5 € / litre to 1,8 € / litre wine.

Expenditures per hectare

EU expenditures per hectare are estimated as follows: an equivalent to 10 % of alcohol produced has to delivered, hence e.g. a by-product quantity equivalent to 5hl wine if 50 hl are produced. This equivalent may be multiplied by the direct expenditures value per litre from above. Thus the expenditures per hectare may be assumed for a 50 hl /ha yield of wine with 10 % vol. alc. to be $500 \text{ litre} * 0,15 \text{ €/litre} = 75 \text{ €/ha}$, while the wine grower receives $500 \text{ litre} * 0,099 \text{ €/litre} = 49,50 \text{ €/ha}$.

³² Wine means here not only the really made product, but also the equivalent that has been avoided to be produced, like the quantity in marc that was not pressed out.

7. Annex to chapter 6 (aid for private storage)

7.1. Introduction

Understanding

One of the instruments used to support the internal market for wine is the provision of storage aid for table wine and grape musts. Private storage aid is used to encourage producers to take surplus wine off the market in order to support the market price, with the ultimate objective of market stabilisation. Where supply is liable to fluctuate considerably and unpredictably from one year to another (as happens for weather dependent crops) storage can help to smooth the adjustment process and add stability to the market.

In order to justify the usefulness of aid for private storage, it would be necessary to consider whether the market itself will provide such mechanisms (*deadweight effect*); for example as it occurs in the quality wine market, which is characterized by a well-established system for storing wines - primarily because the quality improves further during storage, but this also helps to cope with the inevitable fluctuations in annual output. However, it should also be pointed out that the costs of storage may well prohibit the storage of low value table wine surplus and then, the use of occasional aid for private storage might be justifiable in terms of the overall market balance.

Judgment Criteria

The study will be carried out through the analysis of quantitative and qualitative data (see next sections). In order to estimate the effects of the measure on the volume of supply and on the level of prices, a number of variables and key indicators will be selected.

The analysis will exploit quantitative data disaggregated at 3 levels:

- EU level
- national level
- regional level

At national level, special focus will be placed on Italy, France and Spain as the main producers of table wine and on Portugal.

At regional level, the following regions will be considered:

- Apulia and Sicily in Italy
- Castilla - La Mancha and Extremadura in Spain
- Languedoc-Roussillon in France

We shall examine the effects of the aid to private storage system from 1988 to date, and in particular:

1. the quantities of table wine put into private storage each year subject to EU public funding;
2. the costs of storage as well as national and regional (when available) table wine prices;
3. the quantities of wine put into storage each year in relation to the total volume of production for the appropriate period and region.

Along with an examination of this statistical information, we shall discuss the private storage aid regulation and its working with appropriate experts in key EU Member States and regions.

The study will cover the wine year 1988/1989 onwards, as will be the case with our other studies of the application of the two basic regulations (Regulation 822/87 and Regulation 1493/99) on the common organisation of the wine market.

Indicators

The analysis will be initially founded on the statistical analysis of the following variables: consumption, production, stock, aid (in terms of funding as well as in terms of volumes involved) and prices. Moreover, the use to which stored wine is put when it is taken out of store is an important factor in evaluating the effectiveness of the aid system and thus answering the questions posed. Where wine is taken off the market in a surplus wine year and sold during a shortage, this stabilises supply and therefore prices, generating benefit to both producers and consumers. However, if stored wine is simply distilled or processed into concentrated grape must or rectified concentrated grape must, then it is arguable that this surplus wine could not find a market as table wine.

The analysis will be articulated around the following indicators:

- Evolution and distribution of the quantities of table wine and grape musts under private storage contracts.
- The distribution of EU funds per aid, with special attention to the funds assigned to the private storage measure.
- Evolution of wine prices, in terms of trends and used as instruments to investigate the producers' behaviour and estimate the revenues derived from private storage.
- Regional indicators (production, prices, quantities under private storage and the percentage of the total production that is subject to private storage contracts; indicators of concentration; type of firms that mostly recur to private storage).

Data needed

The following data have been used to carry out the analysis:

- data on production (in HL) for table wine, grape must, concentrated grape must and rectified concentrated grape must at EU, national and regional levels, from 1988/1989 to 2002/2003;
- data on stock (in HL) for table wine, grape must, concentrated grape must and rectified concentrated grape must at EU, national and regional levels, from 1988/1989 to 2002/2003;
- data on aid (in HL and Euro) for table wine, grape must, concentrated grape must and rectified concentrated grape must at EU, national and regional levels, from 1988/1989 to 2002/2003;
- data on prices (in Euro/%Vol/HL) for table wine (preferably split between red and white wine), grape must, concentrated grape must and rectified concentrated grape must at EU, national and regional levels;
- data on number of contracts signed and number of producers that signed private storage contracts at EU national and regional levels.

Sources

Main data sources:

- European Commission DG Agriculture, Eurostat.
- For Italy AGEA, ISMEA, INEA, *Ministero per le Politiche Agricole e Forestali*, and other European Governmental and non-governmental organisations.
- EC Regulations on the common organisation of the market in wine.
- Interviews with experts.

7.2. Analysis of the measure aid for private storage

To ensure the correct functioning of the aid for private storage measure, the quantities of table wine and grape musts under private storage should follow the movements in production and in domestic availability³³. Wine years characterised by abundant harvests could cause a supply excess in the market that, if not matched by increases in consumption, could drive the prices down. Therefore, the quantities of table wine and grape musts taken off the market and put under private storage contracts will increase in periods of rich harvests. Furthermore, since the effects of an abundant harvest may not fade away in the next wine year but persist over several years (under the form of stocks), one should also observe the variation of the quantities under private storage together with the movements of the stock and domestic availability.

Therefore, decreases in production in one wine year can be consistent with increasing quantities under private storage if the level of stock is high. Another possible scenario that could occur is the increasing production and domestic availability along with decreasing quantities of wine under storage contracts. In this case we can assume that producers put less quantities of wine under private storage contracts because they can market the wine. Finally, if the quantities of wine under private storage increase when production and domestic availability decrease, we could assume that the measure may induce producers to store the wine and receive the aid instead of selling the wine in the market.

On average, over the last 18 wine years, European producers have put 8 million hl of table wine under private storage contracts, equivalent to 5% of the domestic availability at EU level and to 8% of the total EU production of table wine (see table 106). Compared to the quantities affected by the other major market intervention measure (i.e. distillations), the volumes of production under private storage contract are of smaller magnitude.

On the financial side, aid for private storage accounts, on average, for 5% of the total EU budget devoted to aids for wine sector. This share is somewhat limited compared to the funds assigned to the other intervention measures.

If the magnitude of the market impact of this measure at EU level is directly related to the volumes of product involved, in the light of the quantities under private storage stated above, the effects of the measure on the supply side of the market probably have a limited dimension. Notwithstanding the “contained” market impact of the measure at national level, it could be argued that the aid for private storage might have an effect at regional and even at “industry” level, influencing the market strategy of the producers. We will deal with this topic in the following sections.

Other than table wine, the products entitled to receive the aid for private storage are: grape must, concentrated grape must and rectified concentrated grape must.

³³ Domestic availability has been defined as the sum of production and stock debut.

At EU level, during the wine years 1985/86 – 2002/03, in average, 75,9% of the quantities put under private storage were represented by table wine; 20,2% by grape must and 3,8% by concentrated grape must and rectified concentrated grape must (see table 108).

The distribution of aid for private storage among table wine and grape musts varies according to the country considered. In Italy, for the wine years 1985/86 – 2002/03, table wine covered in average 73,6% of the total quantities of products receiving aid, grape must 21,5% and concentrated grape must and rectified concentrated grape must 4,9% (see table 112). In Spain, table wine covered 62,5% in average, grape must 36,5% and concentrated grape must and rectified concentrated grape must 1% (see table 114). In France, the average percentage of table wine that received aid over the total quantity was 88,2%, 6% for grape must and 5,8% for concentrated grape must and rectified concentrated grape must (see table 116). Data for Portugal are available for the wine years 1992/93 – 2002/03. In this period, table wine covered, in average, 84,7% of the total, grape must 15,2% and concentrated grape must and rectified concentrated grape must 0,1%.

Private storage contracts are predominantly concluded for table wine. This is especially true for France, and Portugal, followed by Italy and Spain. Among the four countries, Spain records the highest percentages as far as private storage contracts for grape must is concerned, with 36,5%, followed by Italy with 21,6%.

A detailed analysis on the evolution of the quantities of table wine and grape musts under private storage contracts has been performed at EU level and at national level for Italy, Spain, France and Portugal. The complete analysis is presented in the section below.

7.2.1. Evolution and distribution of quantities of table wine and grape musts under private storage contracts

Private Storage in EU

Table wine

The analysis intends to assess the importance of the aid for private storage in the market for table wine. In particular, the quantities of table wine put into storage over the total production give an indication of the importance of the aid for private storage in the table wine market.

The evolution of the volume of wine put under private storage compared to the domestic availability (and to the elements of domestic availability, i.e. production and stock) will be analysed. We will first look at the EU market and then deepen the analysis at national levels for Italy, Spain, France and Portugal.

During the last 18 wine years (1985/86-2002/03) for which data are available, an average of 8 million hl of table wine has been put under private storage contracts, equivalent to 5% of the domestic availability at EU level and to a 8% of the total EU production of table wine. In the period mentioned, the highest quantities of table wine put under private storage contracts occurred during the 1986/87 wine year, where 18 million hl of table wine (9% of domestic availability at EU level) received aid for private storage. On the contrary, the latest wine year 2002-2003 has seen the lowest volumes of table wine under private storage contracts; 4,6 million hl equivalent to 3,5% of the domestic availability (see table below).

Table 106 Quantities of wine under private storage contracts compared with production, domestic availability and stocks at EU level.

Wine year	Production Table wine EU (1000HL)	Production Table wine EU (1000HL) % annual variation	Stock Debut Table wine EU (1000HL)	Stock Debut Table wine EU (1000HL) % annual variation	Domestic Availability Table wine EU (1000HL)	Domestic Availability EU % annual variation	Quantities of Table wine under private storage contracts EU (1000HL)	Quantities of Table wine under private storage contracts % annual variation	Aid in quantity/ Domestic Availability	Aid in Quantity/ Production	Aid in Quantity/ Stock
1980/81	125.023		51.264		176.287						
1981/82	104.042	-16,78%	53.188	3,75%	157.230	-10,81%					
1982/83	139.503	34,08%	50.495	-5,06%	189.998	20,84%					
1983/84	143.218	2,66%	57.630	14,13%	200.848	5,71%					
1984/85	134.023	-6,42%	68.333	18,57%	202.356	0,75%					
1985/86	120.904	-9,79%	65.933	-3,51%	186.837	-7,67%	14.626		7,83%	12,10%	22,18%
1986/87	139.425	15,32%	64.052	-2,85%	203.477	8,91%	18.676	27,69%	9,18%	13,40%	29,16%
1987/88	141.140	1,23%	65.339	2,01%	206.479	1,48%	15.369	-17,71%	7,44%	10,89%	23,52%
1988/89	95.602	-32,26%	62.849	-3,81%	158.451	-23,26%	8.174	-46,82%	5,16%	8,55%	13,01%
1989/90	105.310	10,15%	44.816	-28,69%	150.126	-5,25%	6.033	-26,19%	4,02%	5,73%	13,46%
1990/91	110.267	4,71%	50.063	11,71%	160.330	6,80%	6.813	12,93%	4,25%	6,18%	13,61%
1991/92	99.498	-9,77%	53.045	5,96%	152.543	-4,86%	7.796	14,43%	5,11%	7,84%	14,70%
1992/93	115.979	16,56%	45.586	-14,06%	161.565	5,91%	10.127	29,90%	6,27%	8,73%	22,22%
1993/94	92.717	-20,06%	48.687	6,80%	141.404	-12,48%	6.978	-31,10%	4,93%	7,53%	14,33%
1994/95	86.194	-7,04%	39.284	-19,31%	125.478	-11,26%	4.669	-33,09%	3,72%	5,42%	11,89%
1995/96	84.543	-1,92%	41.195	4,86%	125.738	0,21%	5.180	10,94%	4,12%	6,13%	12,57%
1996/97	95.750	13,26%	45.457	10,35%	141.207	12,30%	6.849	32,22%	4,85%	7,15%	15,07%
1997/98	88.209	-7,88%	49.420	8,72%	137.629	-2,53%	5.689	-16,94%	4,13%	6,45%	11,51%
1998/99	89.932	1,95%	45.482	-7,97%	135.414	-1,61%	4.954	-12,93%	3,66%	5,51%	10,89%
1999/2000 ^{oo}	100.522	11,78%	47.132	3,63%	147.654	9,04%	6.485	30,92%	4,39%	6,45%	13,76%
2000/2001 ^{oo}	99.372	-1,14%	58.602	24,34%	157.974	6,99%	9.398	44,91%	5,95%	9,46%	16,04%
2001/2002 ^{oo}	84.133	-15,34%	66.145	12,87%	150.278	-4,87%	8.490	-9,66%	5,65%	10,09%	12,84%
2002/2003	75.782	-9,93%	57.697	-12,77%	133.479	-11,18%	4.606	-45,75%	3,45%	6,08%	7,98%

Source: based on data from European Commission, DG Agriculture.

During the whole period, on average, Italy accounted for 40% of the quantities under private storage contracts followed by France with 29% and Spain with 21%³⁴. The category “other”, which includes Greece; Germany, Austria and Portugal (from 1992/93) accounted for 10% (see table 107 and graph 106 below).

Table 107 Quantities of table wine under private storage contracts per country (1000HL)

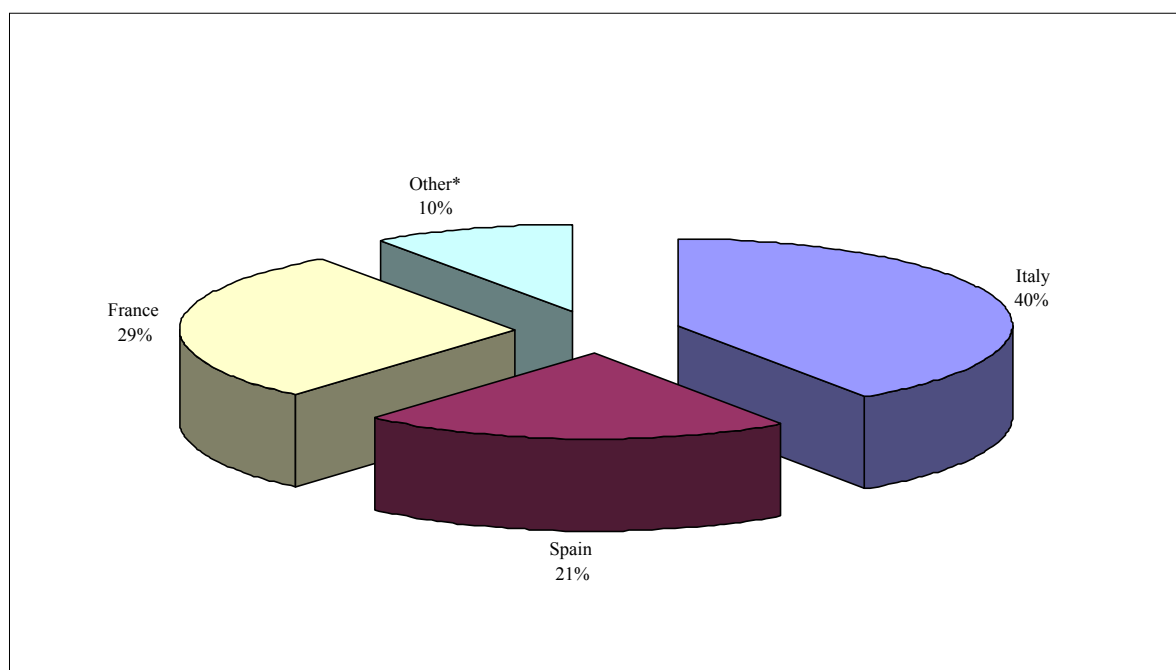
Wine year	Spain	France	Italy	Portugal	Other*	Other**	EU
1985/86	0	7.355	6.061		1.210	1.210	14.626
1986/87	3.546	7.041	6.906		1.183	1.183	18.676
1987/88	3.463	5.251	5.465		1.190	1.190	15.369
1988/89	617	3.404	3.144		1.009	1.009	8.174
1989/90	1.909	1.868	2.247		9	9	6.033
1990/91	2.065	1.803	2.945		0	0	6.813
1991/92	1.931	1.926	3.929		10	10	7.796
1992/93	2.286	1.810	4.362	590	1.079	1.669	10.127
1993/94	1.304	1.529	3.505	270	370	640	6.978
1994/95	1.083	1.294	1.736	281	275	556	4.669
1995/96	1.075	1.339	2.116	293	357	650	5.180
1996/97	1.373	1.548	2.639	538	751	1.289	6.849
1997/98	1.328	1.297	2.055	293	716	1.009	5.689
1998/99	887	906	2.462	94	605	699	4.954
1999/2000	1.590	1.141	2.866	201	688	889	6.485
2000/2001	2.614	2.135	3.425	607	617	1.224	9.398
2001/2002	2.171	1.377	4.161	516	266	782	8.490
2002/2003	2.008	581	1.241	236	540	776	4.606

Source: based on data from European Commission, DG Agriculture.

*Germany, Greece, Austria.

** (=Other*+Portugal).

Graph 106 Quantities of table wine under private storage contracts (average 85/86 – 02/03)



* Includes Portugal from 1992/93.

³⁴ Portugal is not included since data on private storage are only available from the 1992/93 wine year.

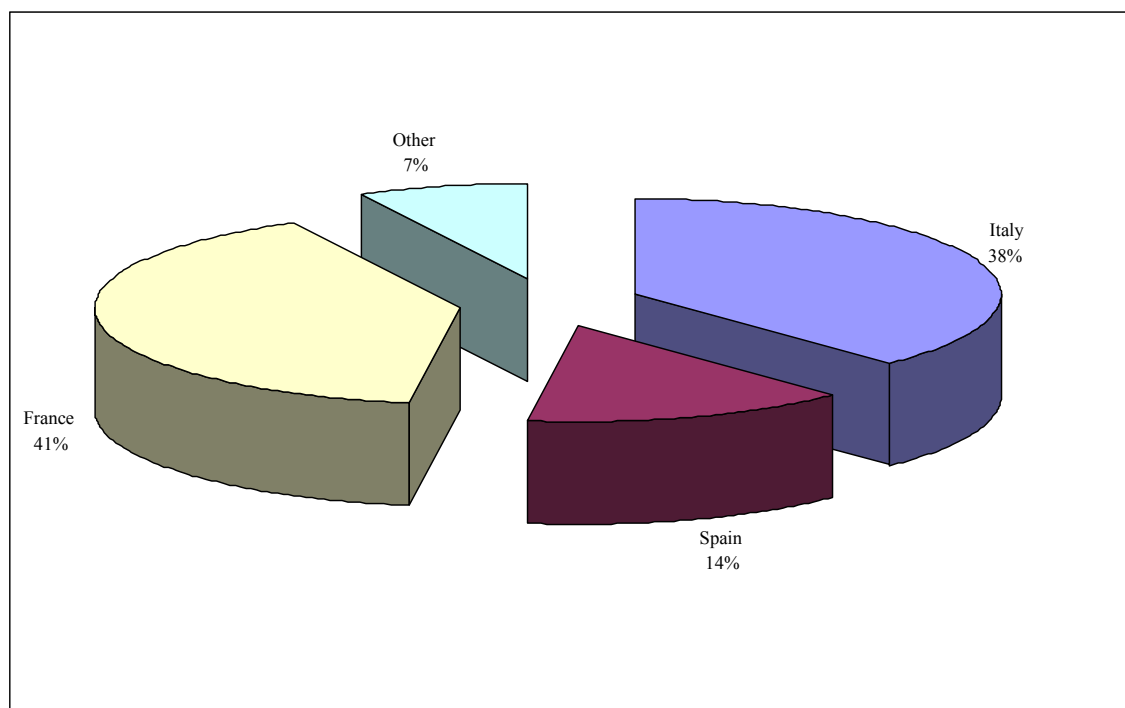
Except from the peak in 1986/87 the quantities that receive aid for private storage have, overall decreased, from 14,6 million hl in the 1985/86 wine year to 4,6 ml hl in the 2002/2003 wine year, a decrease of almost 70%. However, it is interesting to look at the evolution of the quantities of table wine put under private storage along the last 18 wine years.

Before the introduction of the first CMO reform in 1987, the aid for private storage already existed as a market intervention measure. The 1987 Regulation systematized the existing system of application of the aid included in the previous regulations.

The three wine years before the introduction of the Regulation 822/87 (1985/86, 1986/87 and 1987/88) registered the highest levels of table wine put under private storage of the whole period, with an average value of 16,2 million hl. which represented an average of 8,16% with respect to the domestic availability at EU level.

In this period, on average, France registered the highest proportion of volume of table wine under private storage contracts (41%), followed by Italy (38%) and by Spain (14%) (see graph below).

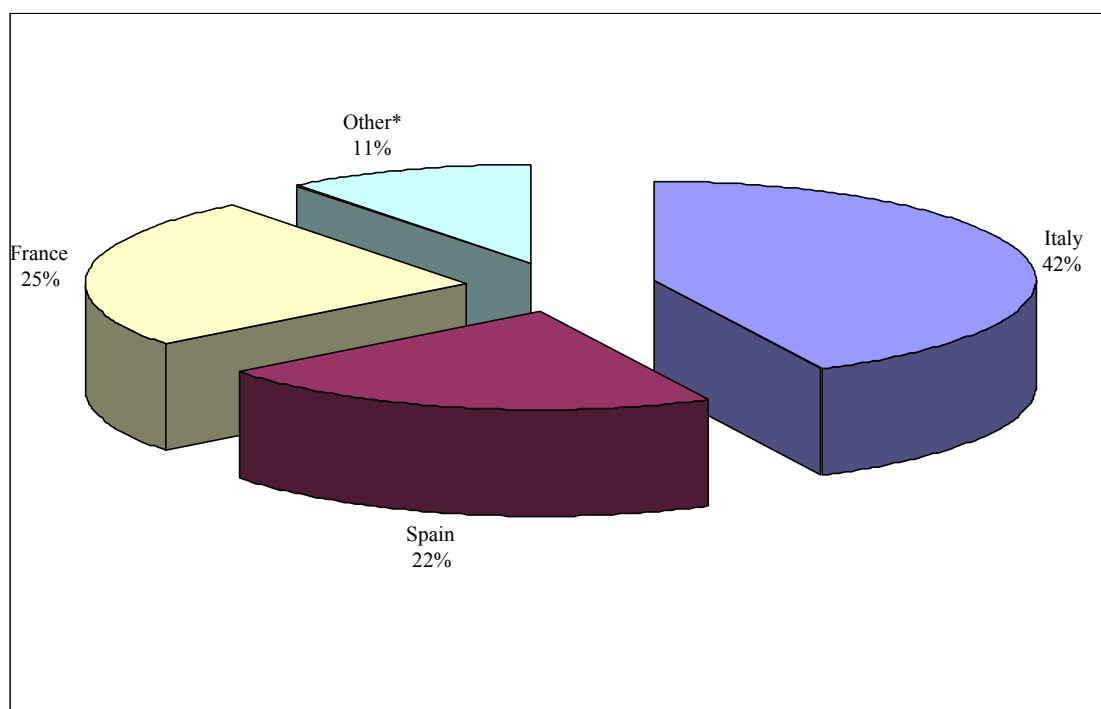
Graph 107 Quantities of table wine under private storage contracts (average 85/86 – 87/88)



During the wine years 1988/89-1999/2000, the quantities of wine receiving aid decreased (except for the 1992/93 wine year³⁵) and the average during the period was 6,6 million hl, corresponding to 4,6% of the domestic availability.

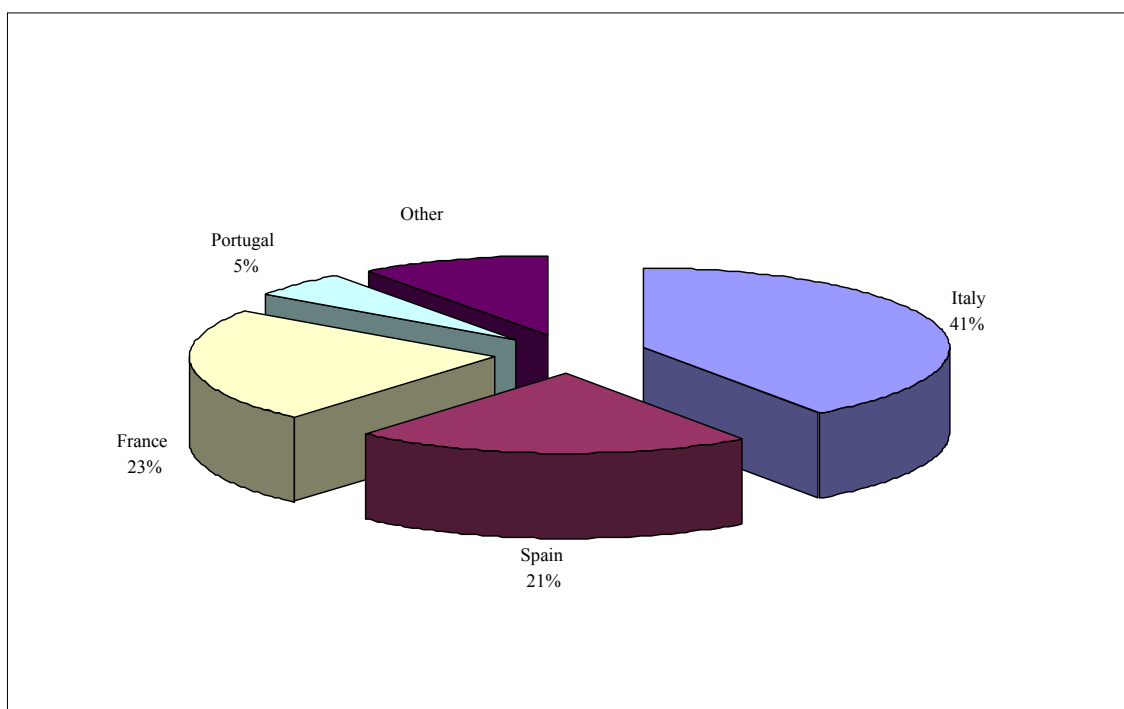
During this period, Italy and Spain increased their weight from 38% to 42% and from 14% to 22% respectively, whereas France lost 16 percentage points from 41% to 25%. The “others” category increased from 7% to 11% and it is worth noting that from the 1992/93, this category includes also Portugal (see graph 108).

³⁵ Production in the 1992/93 wine year also registered an increase of 16,5% with respect to the previous wine year.

Graph 108 Quantities of table wine under private storage contracts (average 88/89 – 99/00)

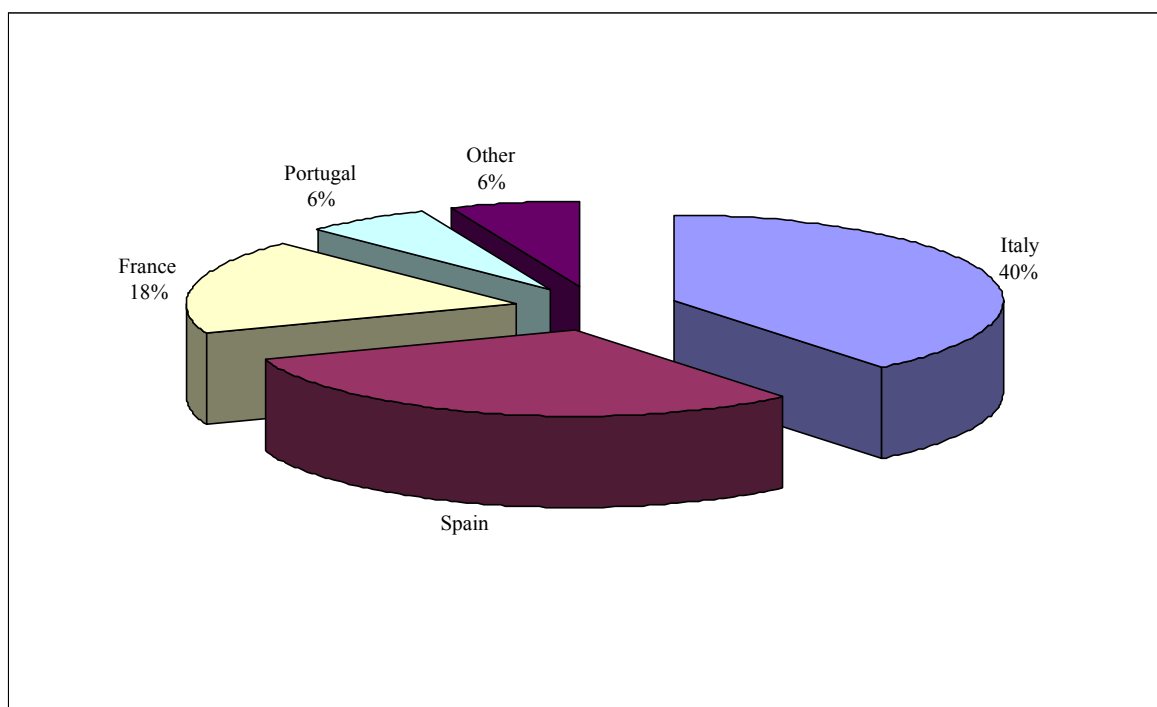
* Includes Portugal from 1992/93.

Within this period it is important to observe the wine years 1994/95-1998/99 since they are characterised by low levels of production along with low volumes of distillation. Also the quantities under storage registered the lowest levels during these 5 wine years, an average of 5,4 million hl under private storage, equivalent to 4,1% of the domestic availability. The shares of the countries regarding the quantities of table wine under private storage are the following: Italy 41%; France 23%; Spain 21%, Portugal 5% and “Other” 10% (see graph 109).

Graph 109 Quantities of table wine under private storage contracts (average 94/95 – 98/99)

After the introduction of the reform of the CMO for wine (Regulation 1493/99), the quantities of wine put under storage increased during the wine years 2000/2001 and 2001/2002 despite the decrease in production during this period. The increase in the volume of wine under private storage can, in this case, be explained by high levels of stock which are the result of an abundant harvest in 1999. In contrast, the wine year 2002/2003 registered the lowest volume of table wine receiving aid (4,6 million hl), together with the lowest production level of the whole period.

The last 3 wine years showed a redistribution of the shares between Spain and France with respect to the previous period analysed. In particular Spain gains 9 percentage points, accounting for 30% of the total; France moves from 23% to 18%; the Italian share remains practically unchanged (40%), Portugal accounts for 6% and the category "Other" 6% (see graph 110).

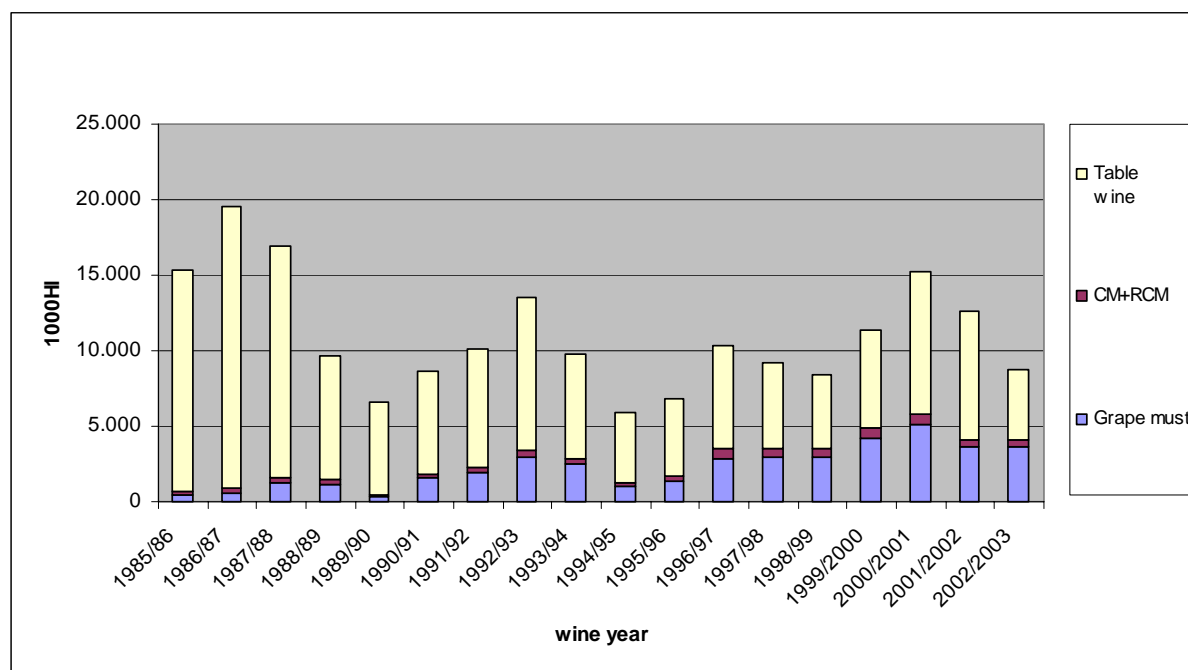
Graph 110 Quantities of table wine under private storage contracts (average 00/01 – 02/03)**Grape must, concentrated grape must and rectified concentrated grape must**

As mentioned before, at EU level, during the wine years 1985/86 – 2002/03, in average 20,2% of the quantities put under private storage were represented by grape must and 3,8% by concentrated grape must and rectified concentrated grape must. In absolute terms, the average quantities amounted to 2,2 million hl for grape must and 0,4 million hl for concentrated grape must and rectified concentrated grape must. During the whole period the volumes of grape must under private storage contracts registered an enormous increase from 0,4 million hl in the 1985/86 wine year 3,6 million hl in 2002/03. The volumes of concentrated grape must and rectified concentrated grape must, although small in absolute value, increased by more than 70% from 0,26 to 0,45 million hl (see table 108 and graph 111).

Table 108 Distribution of aid for private storage per product at EU level (1000HL)

Wine year	Grape must	CM+RCM	Table wine	Total	% grape must/Total	% CM+RCM /Total	%Table wine/Total
1985/86	469	264	14.626	15.359	3,05%	1,72%	95,23%
1986/87	554	320	18.676	19.550	2,83%	1,64%	95,53%
1987/88	1.222	384	15.369	16.975	7,20%	2,26%	90,54%
1988/89	1.091	368	8.174	9.633	11,33%	3,82%	84,85%
1989/90	378	133	6.033	6.544	5,78%	2,03%	92,19%
1990/91	1.549	281	6.813	8.643	17,92%	3,25%	78,83%
1991/92	1.955	344	7.796	10.095	19,37%	3,41%	77,23%
1992/93	2.982	405	10.127	13.514	22,07%	3,00%	74,94%
1993/94	2.505	340	6.978	9.823	25,50%	3,46%	71,04%
1994/95	998	241	4.669	5.908	16,89%	4,08%	79,03%
1995/96	1.347	344	5.180	6.871	19,60%	5,01%	75,39%
1996/97	2.840	651	6.849	10.340	27,47%	6,30%	66,24%
1997/98	2.918	592	5.689	9.199	31,72%	6,44%	61,84%
1998/99	2.972	535	4.954	8.461	35,13%	6,33%	58,55%
1999/00	4.185	701	6.485	11.371	36,81%	6,16%	57,03%
2000/01	5.067	753	9.398	15.217	33,30%	4,95%	61,76%
2001/20	3.615	495	8.490	12.600	28,69%	3,93%	67,38%
2002/03	3.682	456	4.606	8.744	42,11%	5,21%	52,67%
Average	2.240	423	8.384	11.047			
% Av../tot	20,28%	3,83%	75,89%	100,00%			

Source: based on data from European Commission, DG Agriculture.

Graph 111 Distribution of aid for private storage per product at EU level

During the whole period, on average, Spain accounted for 46% of the quantities of grape must under private storage contracts followed by Italy with 44%. France accounted only for 7% followed by the category “other” with 3%. See table 109 and graph 112.

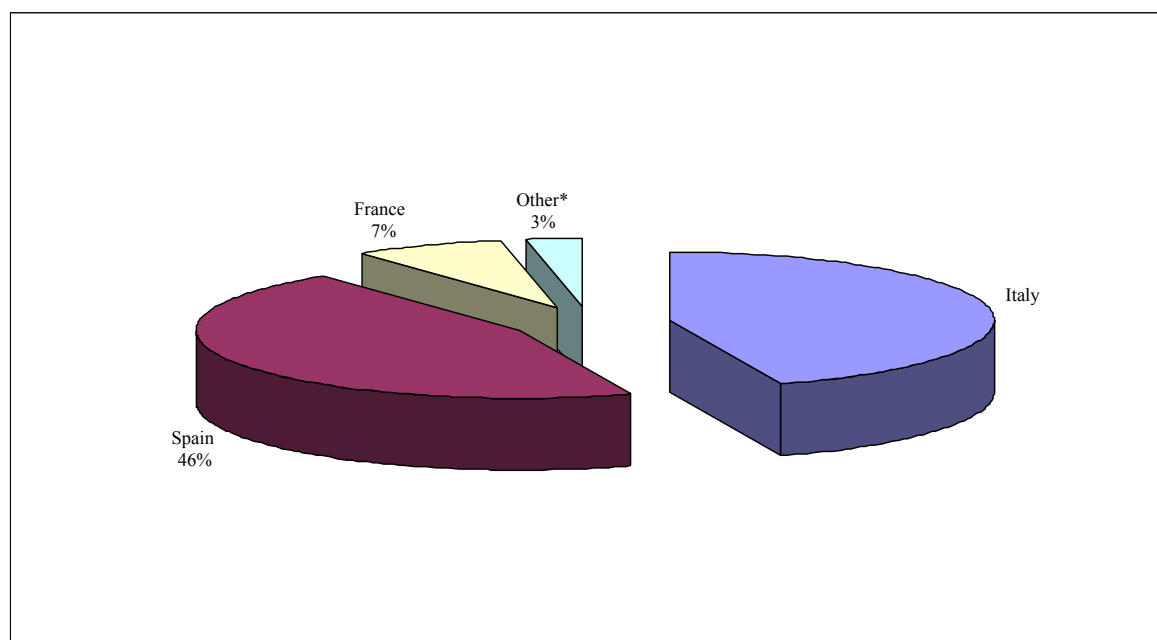
Table 109 Aid for private storage of grape must per country (1000HL)

Wine year	Italy	Spain	France	Portugal	Other	EU
1985/86	302	0	134		33	469
1986/87	382	0	143		29	554
1987/88	716	194	199		113	1.222
1988/89	921	108	42		20	1.091
1989/90	282	49	47		0	378
1990/91	935	561	53		0	1.549
1991/92	1.227	690	38		0	1.955
1992/93	981	1.751	208	11	31	2.982
1993/94	989	1.388	82	26	20	2.505
1994/95	588	356	43	7	4	998
1995/96	840	445	25	20	17	1.347
1996/97	1.433	1.010	247	122	28	2.840
1997/98	1.002	1.604	243	60	9	2.918
1998/99	1.134	1.607	177	7	46	2.972
1999/2000	1.591	2.058	448	78	9	4.185
2000/2001	2.119	2.498	271	109	69	5.067
2001/2002	1.635	1.583	277	119	0	3.615
2002/2003	810	2.403	298	144	27	3.682

Source: elaboration of data from European Commission, DG Agriculture.

*Germany, Greece, Austria.

Graph 112 Quantities of grape must under private storage contracts (average 85/86-02/03)



*The category “other” includes Germany, Greece, Portugal (from 92/93) and Austria (from 95/96). Missing data for Germany 97/98, 98/99, 99/00. Austria 97/98, 98/99.

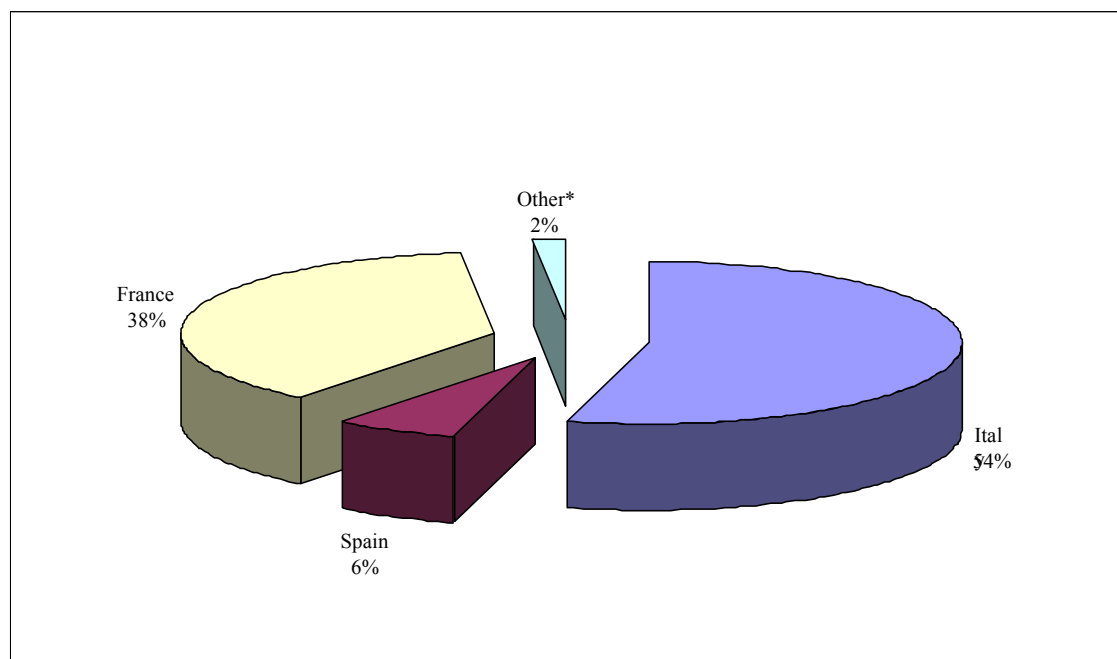
For concentrated and rectified concentrated grape must, during the period 1985/86-2002/03, Italy led the group accounting for 54% of the quantities under private storage contracts followed by France 38%, whereas Spain accounted only for 6%. See table 110 and graph below 113.

Table 110 Aid for private storage of concentrated grape must and rectified concentrated grape must per country (1000HL)

Wine year	Italy	Spain	France	Portugal	Other	EU
1985/86	18	0	243		3	264
1986/87	38	0	282		0	320
1987/88	53	0	318		13	384
1988/89	116	0	246		6	368
1989/90	60	0	73		0	133
1990/91	177	2	102		0	281
1991/92	215	8	121		0	344
1992/93	197	16	109	2	81	405
1993/94	241	35	62	0,2	2	340
1994/95	145	25	65	1	5	241
1995/96	227	27	88	0	2	344
1996/97	404	48	196	0	3	651
1997/98	340	43	204	0	5	592
1998/99	292	45	196	0	3	535
1999/2000	374	44	279	0	3	701
2000/2001	565	61	122	0	5	753
2001/2002	355	66	74	0	0	495
2002/2003	306	69	81	0	0	456

Source: based on data from European Commission, DG Agriculture.

Graph 113 Quantities of concentrated grape must and rectified concentrated grape must under private storage contracts (average 85/86 – 02/03)



*The category "other" includes Germany, Greece, Portugal (from 92/93) and Austria (from 95/96).

Missing data for Germany 97/98, 98/99, 99/00.

During the whole period, the trends of grape must, concentrated grape must and rectified concentrated grape must are alike: from 1985 to 1989 the quantities of grape must and concentrated grape must and rectified concentrated grape must under private storage increased significantly. In the 1989/90 wine year they decreased by more than 50% to exceed the values of the previous years in the wine year 1990/91. The volumes of grape musts continued to increase until the 1994/95 wine year in which the quantities of grape must under private storage decreased again by more than 60% for grape musts and by 30% for concentrated grape must and rectified concentrated grape must.

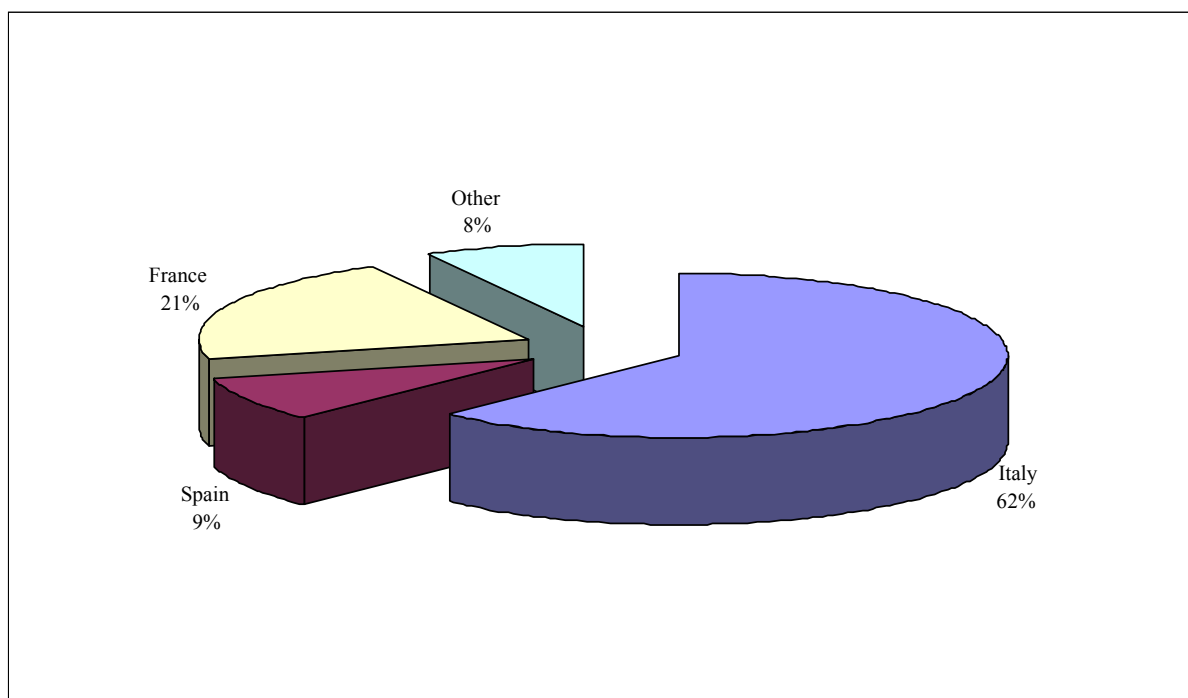
From the 1995/96 wine year volumes of must under private storage have continued to increase until they reached their maximum levels during the 2000/01 wine years with 5 million hl of grape must and 0,7 million of concentrated grape must and rectified concentrated grape must under private storage. In the last two wine years the quantities, although still high, have decreased.

Another interesting feature that can be observed from the data is that the weight of grape must over the total quantities under private storage contracts has increased over the period, from 3% in the 1985/86 wine year to 42% in the 2002/03 wine year. Also an increase, but much more limited, can be observed for the concentrated grape must and rectified concentrated grape must which increased their share from 1,7% to 5,2% over the same period.

It is worth noting that the share of quantities of grape musts per country changes substantially when the whole period 1985/86-2002/03 in breaking into different sub-periods as can be observed in the following graphs.

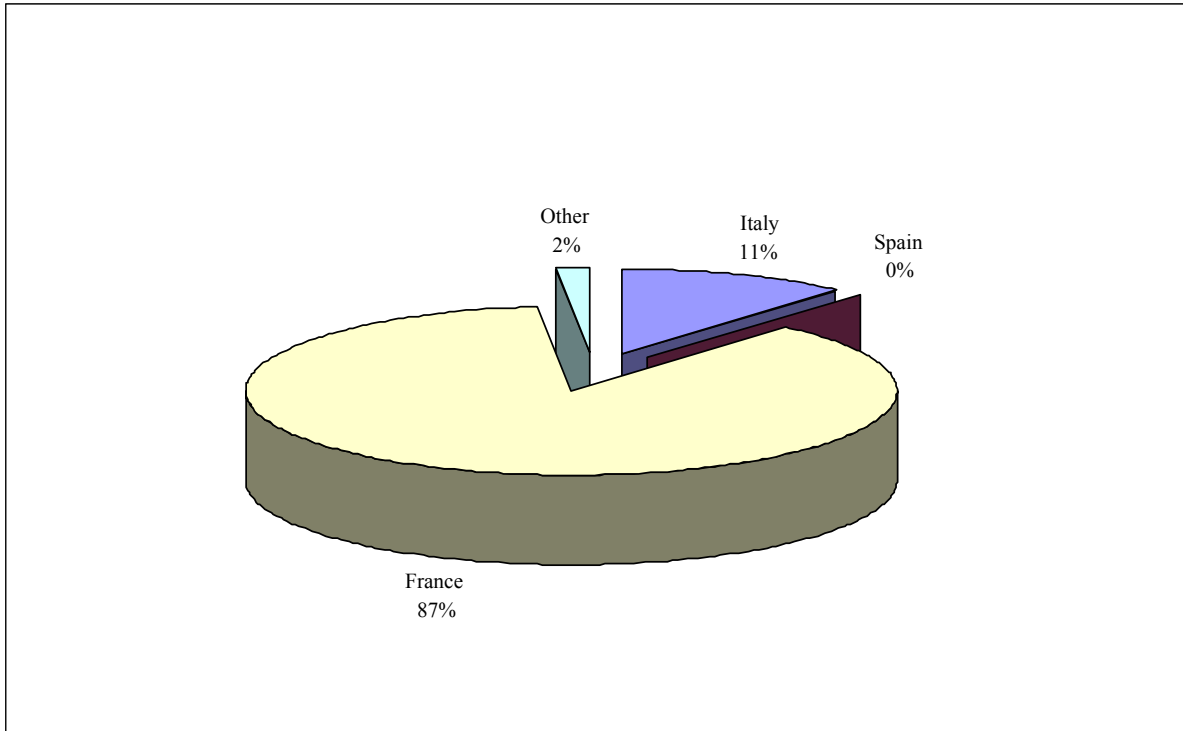
Period 1985/86 – 1987/88.

Graph 114 Quantities of grape must under private storage contracts (average 85/86 – 87/88)



*The category “other” includes Germany and Greece.

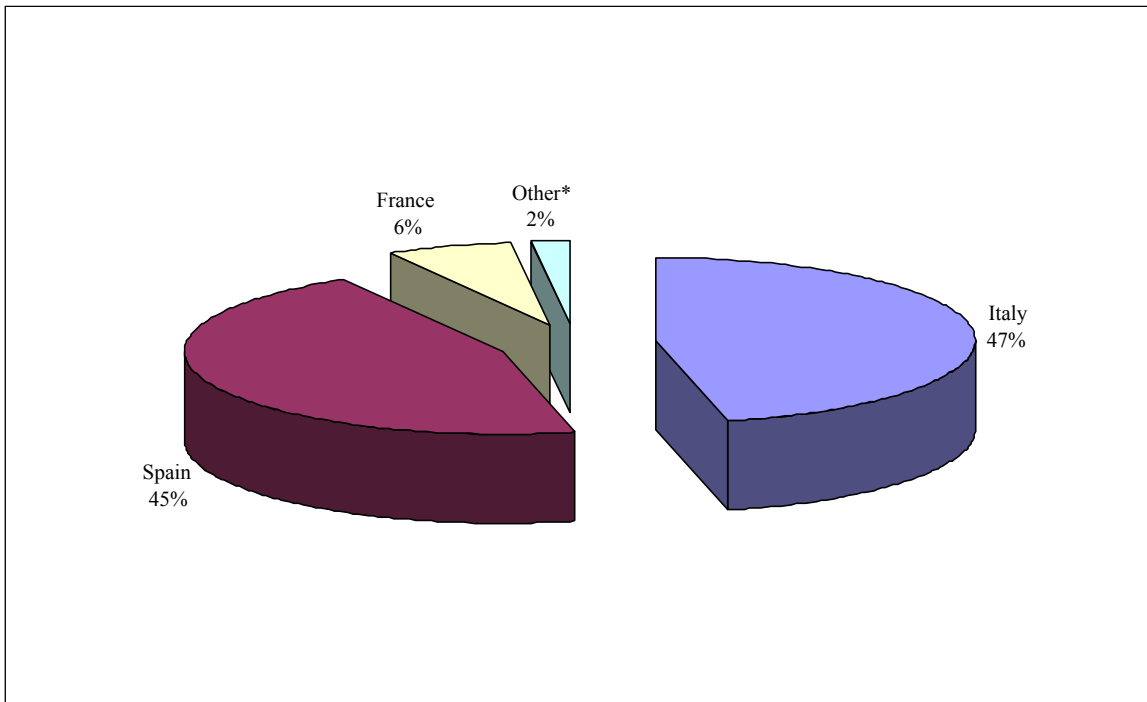
Graph 115 Quantities of concentrated grape must and rectified concentrated grape must under private storage contracts (average 85/86 – 87/88).



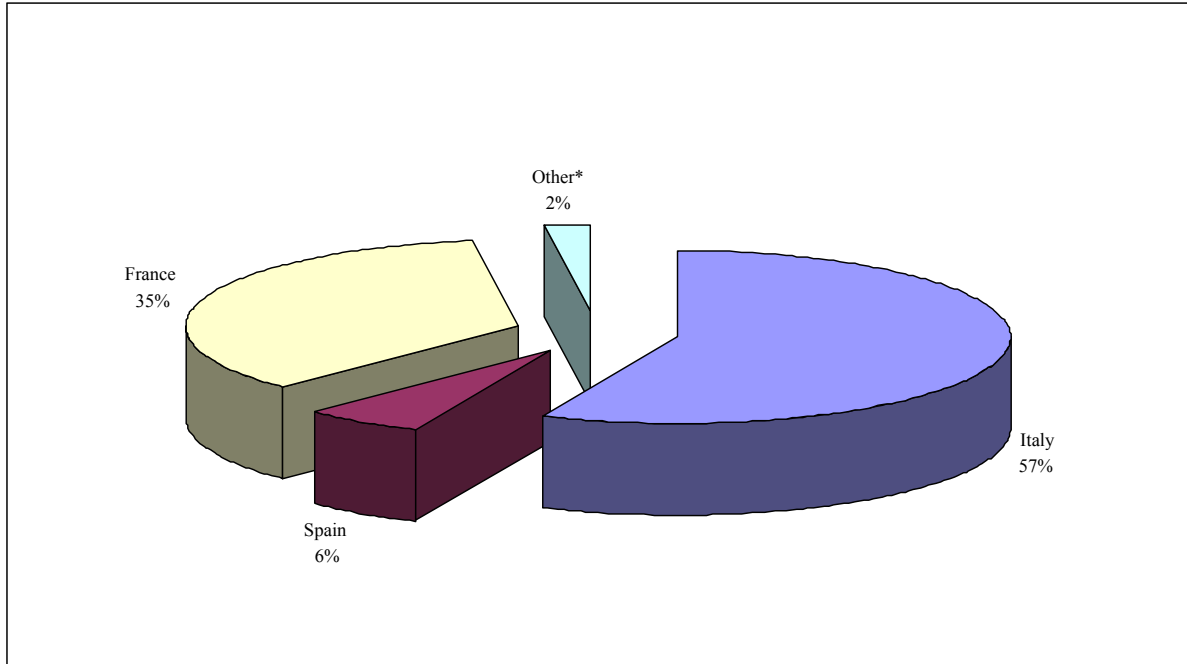
*The category “other” includes Germany and Greece.

Period 1988/89 – 1999/00

Graph 116 Quantities of grape must under private storage contracts (average 88/89-99/00)

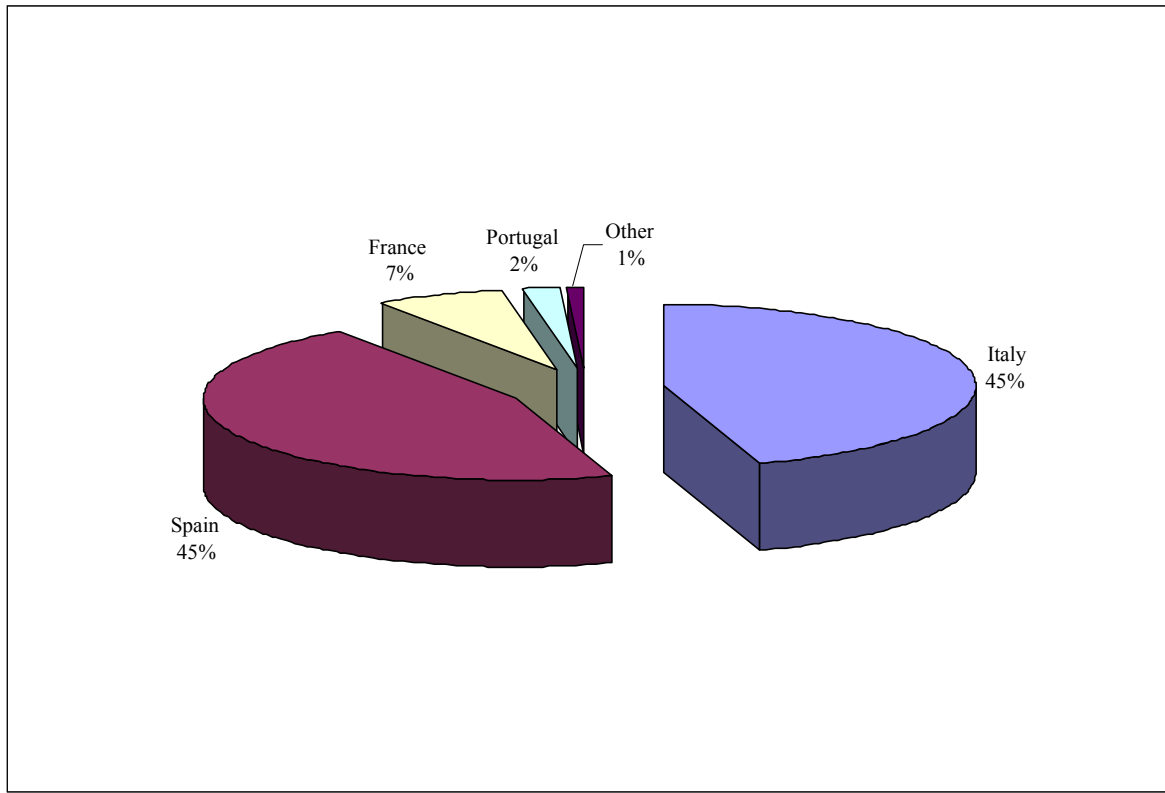


Graph 117 Quantities of concentrated grape must and rectified concentrated grape must under private storage contracts (average 88/89 – 99/00).

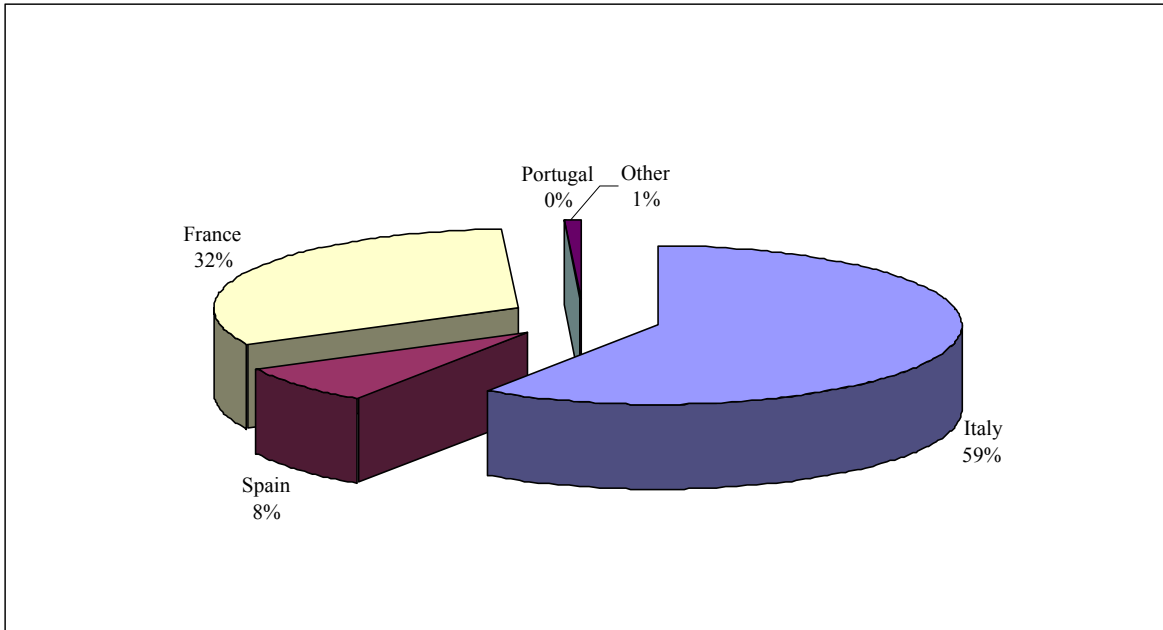


Period 1994/95 – 1998/99

Graph 118 Quantities of grape must under private storage contracts (average 94/95-98/99)

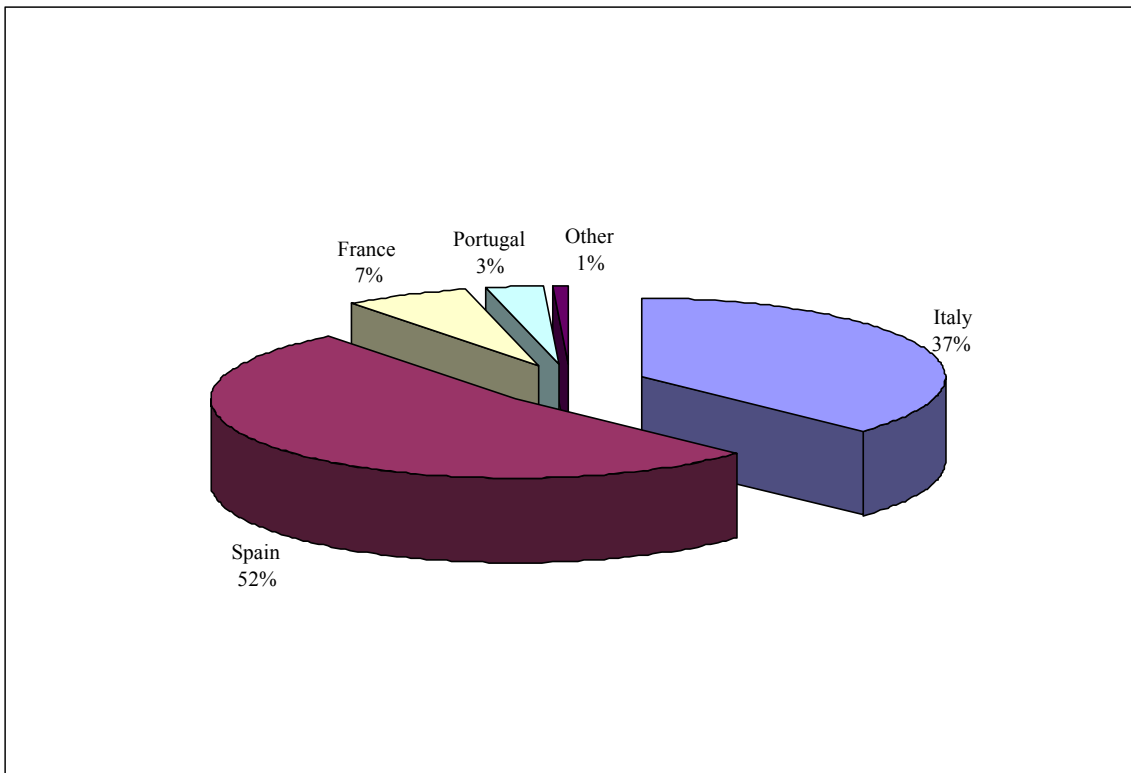


Graph 119 Quantities of concentrated grape must and rectified concentrated grape must under private storage contracts (average 94/95 – 98/99)

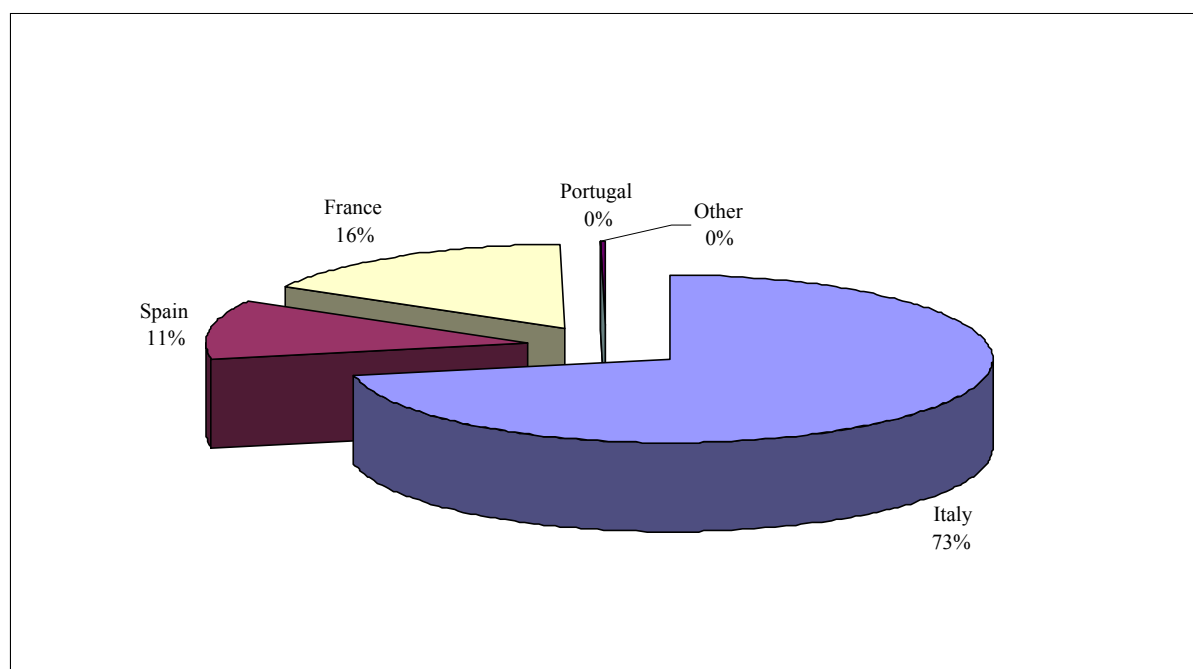


Period 2000/01- 2002/03

Graph 120 Quantities of grape must under private storage contracts (average 00/01-02/03)



Graph 121 Quantities of concentrated grape must and rectified concentrated grape must under private storage contracts (average 00/01-02/03)



Private storage in Italy

Table wine

During the wine years 1985/86-2002/03, an average of 3,4 million hl of table wine has been put under private storage contracts in Italy, which corresponds to 5,1% of the Italian domestic availability and to a 7% of the total Italian production of table wine.

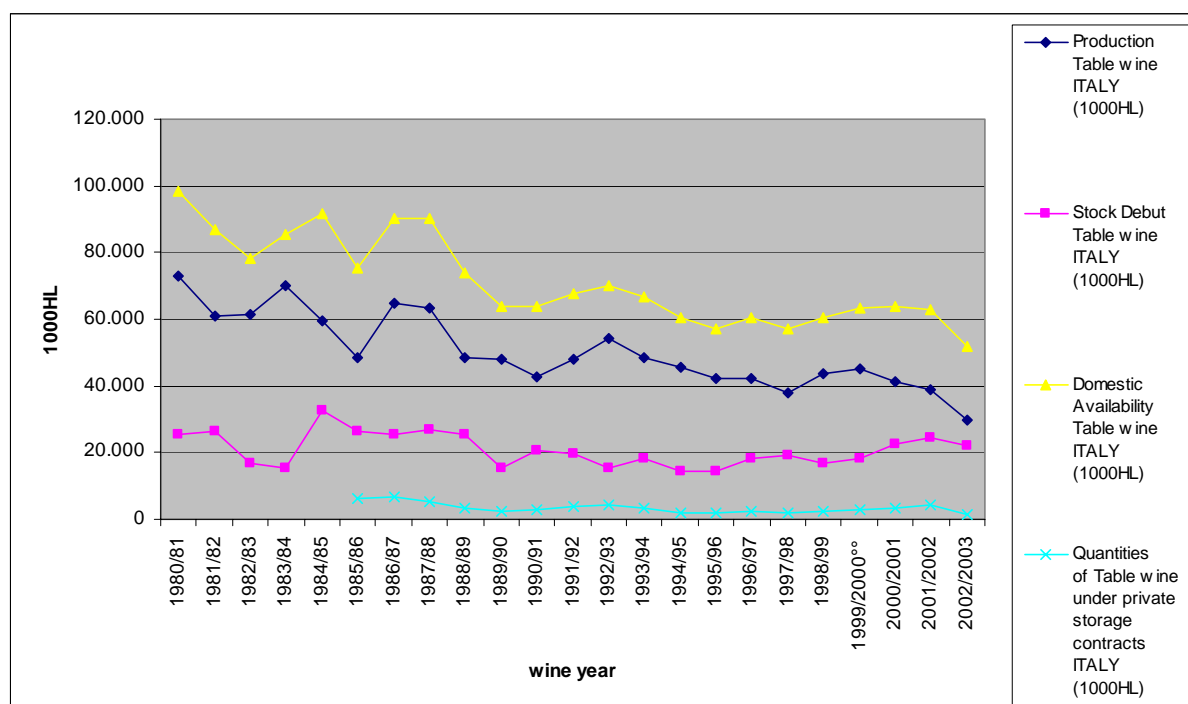
During the period mentioned, the highest quantities of table wine put under private storage contracts occurred during the 1986/87 wine year, where 6,9 million hl received aid for private storage (coinciding with the EU). On the contrary, the latest wine year 2002-2003 has seen the lowest volumes of table wine under private storage contracts (1,2 million hl) (see table 111).

Table 111 Quantities of wine under private storage contracts compared with production, domestic availability and stocks in Italy (1000HL)

Wine year	Production Table wine ITALY (1000HL)	Stock Debut Table wine ITALY (1000HL)	Domestic Availability Table wine ITALY (1000HL)	Quantities of Table wine under private storage contracts ITALY (1000HL)	Aid in quantity/ Domestic Availability	Aid in Quantity/ Production	Aid in Quantity/ Stock
1980/81	72.941	25.642	98.583				
1981/82	60.881	26.225	87.106				
1982/83	61.476	16.704	78.180				
1983/84	70.132	15.256	85.388				
1984/85	59.389	32.507	91.896				
1985/86	48.631	26.608	75.239	6.061	8,06%	12,46%	22,78%
1986/87	64.628	25.650	90.278	6.906	7,65%	10,69%	26,92%
1987/88	63.273	27.055	90.328	5.465	6,05%	8,64%	20,20%
1988/89	48.536	25.434	73.970	3.144	4,25%	6,48%	12,36%
1989/90	48.037	15.583	63.620	2.247	3,53%	4,68%	14,42%
1990/91	42.850	20.834	63.684	2.945	4,62%	6,87%	14,14%
1991/92	47.863	19.582	67.445	3.929	5,83%	8,21%	20,06%
1992/93	54.441	15.492	69.933	4.362	6,24%	8,01%	28,16%
1993/94	48.405	18.340	66.745	3.505	5,25%	7,24%	19,11%
1994/95	45.795	14.507	60.302	1.736	2,88%	3,79%	11,97%
1995/96	42.311	14.615	56.926	2.116	3,72%	5,00%	14,48%
1996/97	42.342	18.274	60.616	2.639	4,35%	6,23%	14,44%
1997/98	38.140	19.001	57.141	2.055	3,60%	5,39%	10,82%
1998/99	43.916	16.728	60.644	2.462	4,06%	5,61%	14,72%
1999/2000 ^{oo}	45.208	18.312	63.520	2.866	4,51%	6,34%	15,65%
2000/2001	41.205	22.549	63.754	3.425	5,37%	8,31%	15,19%
2001/2002	38.734	24.382	63.116	4.161	6,59%	10,74%	17,06%
2002/2003	29.900	22.029	51.929	1.241	2,39%	4,15%	5,64%

Source: based on data from European Commission, DG Agriculture.

Overall, the quantities of table wine under private storage contracts in Italy during the period 1985-2003 have decreased from 6 million hl in the 1985/86 wine year to 1,2 million hl in the latest wine year (2002/2003) which is equivalent to a decrease of almost 80% during the whole period. Since the quantities under private storage have reached its minimum levels in the latest wine year in order to avoid biased or misleading interpretations one must look at the wine years between these two dates (see table 111).

Graph 122 Domestic availability, production, stock and aid quantity in Italy

The trends in Italy reflect the same trends as in the EU (see graph 122). The three wine years before the introduction of the Regulation 822/87 (1985/86, 1986/87 and 1987/88) registered the highest levels of table wine put under private storage of the whole period, with an average value of 6,1 million hl, which corresponds to 7,2% of the total domestic availability.

Overall, during the wine years 1988/89-1999/2000, the quantities of wine receiving aid decreased (except for the 1991/92 and 1992/93 wine years where increases in the levels of wine under private storage were accompanied by increases in the national production). The Italian wine years 1994/95-1998/99 were characterised by low levels of production along with low volumes of distillation and low levels of quantities under private storage contracts. The average over the 5 wine years was 2,2 million hl. (3,7% of the domestic availability).

After the introduction of the reform of the CMO for wine (Regulation 1493/99), the quantities of wine put under storage increased during the wine years 2000/2001 and 2001/2002 despite the decrease in production during this period. The increase in the volume of wine under private storage can, in this case, be explained by high levels of stock which are the result of an abundant harvest in 1999. In contrast, the wine year 2002/2003 registered the lowest volume of table wine receiving aid (1,2 million hl), together with the lowest production level of the whole period (29,9 million hl) (see table 111 and graph 122 above).

Grape must, concentrated grape must and rectified concentrated grape must

The average quantities of grape must and concentrated grape must and rectified concentrated grape must under private storage contracts over the period 1985/86-2002/03 amount to 0,9 million hl and 0,2 million hl respectively (see table 112).

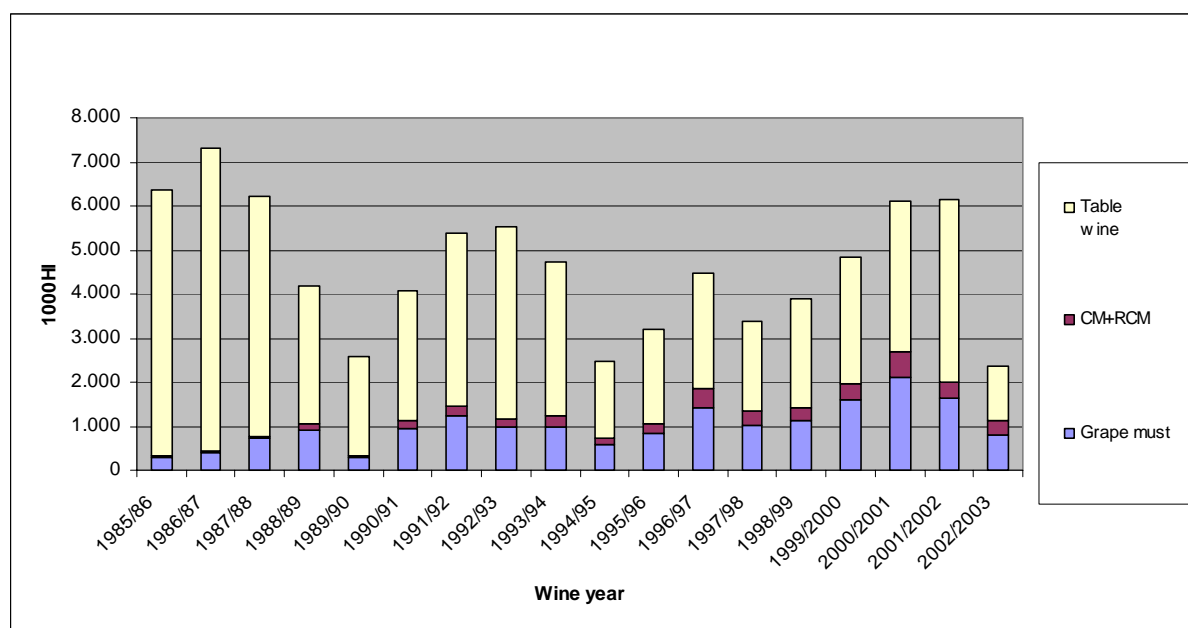
Table 112 Distribution of aid for private storage per product, Italy (1000HL)

Wine year	Grape must	CM+RCM	Table wine	Total	% grape must/Total	% CM+RCM /Total	%Table wine/Total
1985/86	302	18	6.061	6.381	4,73%	0,28%	94,99%
1986/87	382	38	6.906	7.326	5,21%	0,52%	94,27%
1987/88	716	53	5.465	6.234	11,49%	0,85%	87,66%
1988/89	921	116	3.144	4.181	22,03%	2,77%	75,20%
1989/90	282	60	2.247	2.589	10,89%	2,32%	86,79%
1990/91	935	177	2.945	4.057	23,05%	4,36%	72,59%
1991/92	1.227	215	3.929	5.371	22,84%	4,00%	73,15%
1992/93	981	197	4.362	5.540	17,71%	3,56%	78,74%
1993/94	989	241	3.505	4.735	20,89%	5,09%	74,02%
1994/95	588	145	1.736	2.469	23,82%	5,87%	70,31%
1995/96	840	227	2.116	3.183	26,39%	7,13%	66,48%
1996/97	1.433	404	2.639	4.476	32,02%	9,03%	58,96%
1997/98	1.002	340	2.055	3.397	29,50%	10,01%	60,49%
1998/99	1.134	292	2.462	3.888	29,17%	7,50%	63,33%
1999/2000	1.591	374	2.866	4.831	32,94%	7,74%	59,32%
2000/2001	2.119	565	3.425	6.110	34,69%	9,25%	56,06%
2001/2002	1.635	355	4.161	6.151	26,59%	5,76%	67,65%
2002/2003	810	306	1.241	2.358	34,34%	13,00%	52,66%
Average	994	229	3.404	4.626			
% Av./tot.	21,48%	4,95%	73,57%	100,00%			

Source: based on data from European Commission, DG Agriculture.

The evolution of private storage for grape must, concentrated grape must and rectified concentrated grape must in Italy follows the same trend as in the EU (see graph 123):

- progressive increase in the volumes stored from 1985 to 1989 to collapse in the 1989/90 wine year.
- recovery over the 5 following wine years until the 1994/95 wine year in which the quantities of grape must under private storage dropped again.
- from the 1995/96 wine year volumes of must under private storage started to pick up again and reached their maximum levels during the 2000/01 wine years with 2 million hl of grape must and 0,5 million of concentrated grape must and rectified concentrated grape must under private storage.
- the last two wine years have seen a decrease in the volumes of musts under private storage

Graph 123 Distribution of aid for private storage per product in Italy

In Italy, the share of grape must over the total quantities under private storage contracts has increased over the period, from 4,7 % in the 1985/86 wine year to 34% in the 2002/03 wine year. The weight of concentrated grape must and rectified concentrated grape must has also increased from 0,28 to 13% (see table 112) .

Private storage in Spain**Table wine**

During the wine years 1985/86-2002/03, an average of 1,7 million hl of table wine has been put under private storage contracts in Spain, which corresponds to 6,2% of the Spanish domestic availability and to a 8,9% of the total Spanish production of table wine³⁶ (see table below).

Table 113 Quantities of wine under private storage contracts compared with production, domestic availability and stocks in Spain (1000HL)

Wine year	Production Table wine SPAIN (1000HL)	Stock Debut Table wine SPAIN (1000HL)	Domestic Availability Table wine SPAIN (1000HL)	Quantities of Table wine under private storage contracts SPAIN (1000HL)	Aid in quantity/ Domestic Availability	Aid in Quantity/ Production	Aid in Quantity/ Stock
1980/81							
1981/82							
1982/83	27.980	9.539	37.519				
1983/84	21.513	10.959	32.472				
1984/85	23.026	6.429	29.455				
1985/86	21.260	10.683	31.943	0	0,00%	0,00%	0,00%
1986/87	24.570	10.762	35.332	3.546	10,04%	14,43%	32,95%
1987/88	26.613	10.071	36.684	3.463	9,44%	13,01%	34,39%
1988/89	10.602	11.310	21.912	617	2,82%	5,82%	5,46%
1989/90	18.587	8.135	26.722	1.909	7,14%	10,27%	23,47%
1990/91	26.637	9.919	36.556	2.065	5,65%	7,75%	20,82%
1991/92	18.922	6.750	25.672	1.931	7,52%	10,21%	28,61%
1992/93	23.187	6.563	29.750	2.286	7,68%	9,86%	34,83%
1993/94	16.098	6.685	22.783	1.304	5,72%	8,10%	19,51%
1994/95	11.500	5.116	16.616	1.083	6,52%	9,42%	21,17%
1995/96	10.003	5.698	15.701	1.075	6,85%	10,75%	18,87%
1996/97	16.861	6.010	22.871	1.373	6,00%	8,14%	22,85%
1997/98	19.933	6.642	26.575	1.328	5,00%	6,66%	19,99%
1998/99	18.400	6.289	24.689	887	3,59%	4,82%	14,10%
1999/2000 ^{oo}	20.631	7.619	28.250	1.590	5,63%	7,71%	20,87%
2000/2001	26.479	9.190	35.669	2.614	7,33%	9,87%	28,44%
2001/2002	18.737	12.592	31.329	2.171	6,93%	11,59%	17,24%
2002/2003	19.700	9.894	29.594	2.008	6,78%	10,19%	20,29%

Source: based on data from European Commission, DG Agriculture.

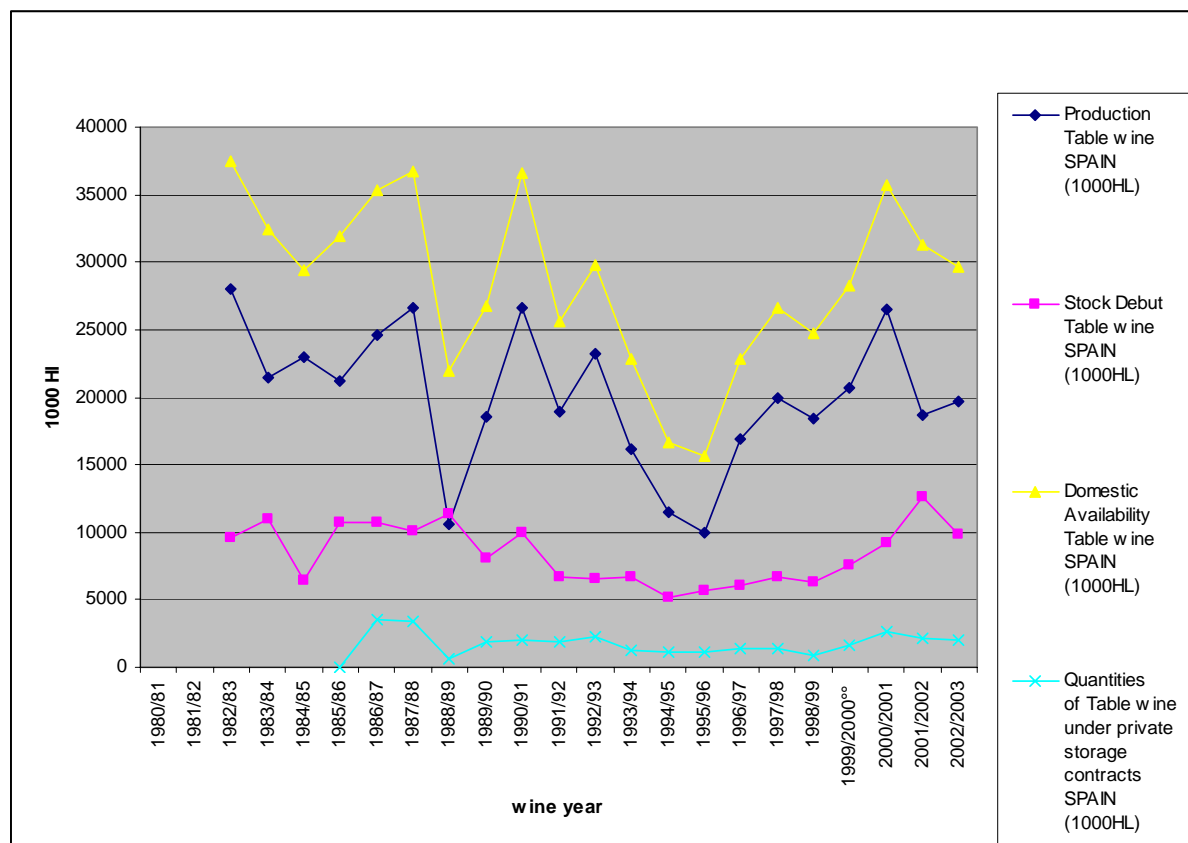
Data on private storage in Spain presents high variability during the period mentioned, due to the great variability observed in the production. Nonetheless, the trends in the quantities put under private storage seem to follow the fluctuations in production.

The two wine years before the introduction of the Regulation 822/87 (1986/87 and 1987/88) registered the highest levels of table wine put under private storage of the whole period, with an average value of 3,4 million hl.

³⁶ The Spanish averages have been calculated taken the value "0" of the 1985/86 wine year.

The 1988/89 wine year witnessed a drastic reduction in production and in the level of table wine under private storage contracts. Production fell from 26,6 million hl to 10,6 and quantities under private storage reduced from 3,4 million hl to 0,6 million hl. The following wine years saw a recovery in production followed by increases in the quantities receiving aid (see table 113 above and graph 124).

Graph 124 Domestic availability, production, stock and aid in quantity in Spain



The wine years 1994/95-1998/99 were characterised by low levels of production (in particular the 1994/95 and 1995/96 wine years) along with low quantities under private storage contracts (around 1 million). The following years 1996/97-98/99 saw an increase in production accompanied by an increase in the quantities under storage contracts except for the last wine year 1998/99, where quantities receiving aid did not reach the million hl. (0,8 million hl).

During the 1999/2000 and 2000/01 wine years both production and quantities under private storage increased whereas in the wine year 2001/02 and 2002/03, the quantities of wine put under storage decreased following the decrease in production.

Grape must, concentrated grape must and rectified concentrated grape must

The average quantities of grape must under private storage contracts over the period 1987/88-2002/03 amounted to 1 million hl. As far as concentrated grape must and rectified concentrated grape must the quantities under storage are insignificant (an average of 27.000 hl over the whole period).

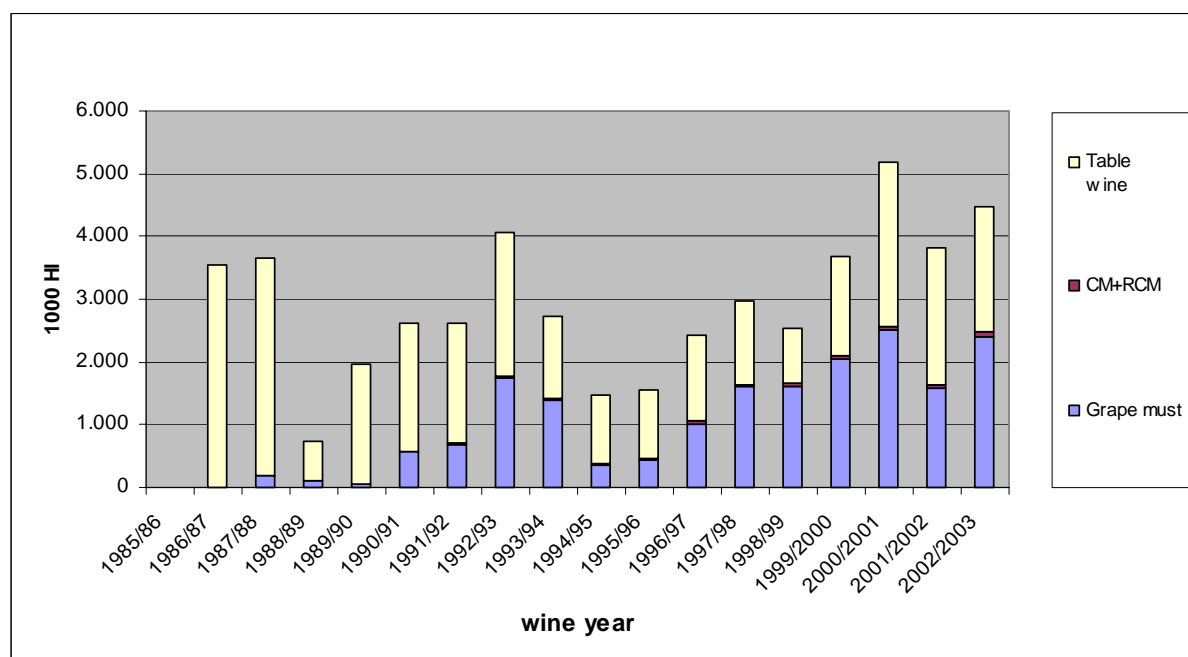
The evolution of private storage for grape must in Spain follows the pattern observed in the EU and in Italy:

- the volumes stored from the 1987/88 wine year fell during 1989/90 and recovered over the following wine years until 1994/95 when the quantities of grape must under private storage dropped again.
- From 1995/96 volumes of must under private storage quickly grew and reached their maximum levels during 2000/01 with 2,5 million hl of grape must under private storage (see table 114 and graph 125).

Table 114 Distribution of aid for private storage per product in Spain (1000HL).

Wine year	Grape must	CM+RCM	Table wine	Total	% grape must/Total	% CM+RCM /Total	%Table wine/Total
1985/86	0	0	0	0			
1986/87	0	0	3.546	3.546	0,00%	0,00%	100,00%
1987/88	194	0	3.463	3.657	5,30%	0,00%	94,70%
1988/89	108	0	617	725	14,90%	0,00%	85,10%
1989/90	49	0	1.909	1.958	2,50%	0,00%	97,50%
1990/91	561	2	2.065	2.628	21,35%	0,08%	78,58%
1991/92	690	8	1.931	2.629	26,25%	0,30%	73,45%
1992/93	1.751	16	2.286	4.053	43,20%	0,39%	56,40%
1993/94	1.388	35	1.304	2.727	50,90%	1,28%	47,82%
1994/95	356	25	1.083	1.464	24,32%	1,71%	73,98%
1995/96	445	27	1.075	1.547	28,77%	1,75%	69,49%
1996/97	1.010	48	1.373	2.431	41,55%	1,97%	56,48%
1997/98	1.604	43	1.328	2.975	53,92%	1,45%	44,64%
1998/99	1.607	45	887	2.539	63,31%	1,77%	34,92%
1999/2000	2.058	44	1.590	3.693	55,74%	1,20%	43,06%
2000/2001	2.498	61	2.614	5.173	48,29%	1,18%	50,53%
2001/2002	1.583	66	2.171	3.820	41,45%	1,73%	56,82%
2002/2003	2.403	69	2.008	4.479	53,65%	1,54%	44,82%
Average	1.017	27	1.736	2.780			
%Av./ total	36,58%	0,98%	62,44%	100,00%			

Source: based on data from European Commission, DG Agriculture.

Graph 125 Distribution of aid for private storage per product in Spain

Also in Spain, the share of grape must over the total quantities under private storage contracts has increased over the period, from 5,3 % in the 1987/88 wine year to 53% in the 2002/03 wine year.

Private storage in France**Table wine**

During the wine years 1985/86-2002/03, an average of 2,4 million hl of table wine has been put under private storage contracts in France, which corresponds to 5,8% of the French domestic availability and to a 9,1% of the total French production of table wine. During the period mentioned, the highest quantities of table wine put under private storage contracts occurred during the 1985/86 and 1986/87 wine years, where more than 7 million hl received aid for private storage (In EU, Italy and Spain the highest value occurred in the 1986/87 wine year) . On the contrary, the latest wine year 2002-2003 has seen the lowest volumes of table wine under private storage contracts which amounted to 0,5 million hl. (the same happened for EU and Italy) (see table 115).

Table 115 Quantities of wine under private storage compared with production, domestic availability and stocks in France

Wine year	Production Table wine FRANCE (1000HL)	Stock Debut Table wine FRANCE (1000HL)	Domestic Availability Table wine FRANCE (1000HL)	Quantities of Table wine under private storage contracts FRANCE (1000HL)	Aid in quantity/ Domestic Availability	Aid in Quantity/ Production	Aid in Quantity/ Stock
1980/81	46.946	23.094	70.040				
1981/82	37.993	23.872	61.865				
1982/83	44.620	21.225	65.845				
1983/84	37.932	22.530	60.462				
1984/85	39.572	21.285	60.857				
1985/86	39.472	20.776	60.248	7.355	12,21%	18,63%	35,40%
1986/87	39.992	19.727	59.719	7.041	11,79%	17,61%	35,69%
1987/88	39.037	21.396	60.433	5.251	8,69%	13,45%	24,54%
1988/89	29.762	18.332	48.094	3.404	7,08%	11,44%	18,57%
1989/90	28.624	14.924	43.548	1.868	4,29%	6,53%	12,52%
1990/91	28.925	14.094	43.019	1.803	4,19%	6,23%	12,79%
1991/92	21.156	15.370	36.526	1.926	5,27%	9,10%	12,53%
1992/93	28.328	12.483	40.811	1.810	4,44%	6,39%	14,50%
1993/94	21.714	13.369	35.083	1.529	4,36%	7,04%	11,44%
1994/95	22.177	11.098	33.275	1.294	3,89%	5,83%	11,66%
1995/96	23.419	11.118	34.537	1.339	3,88%	5,72%	12,04%
1996/97	26.324	11.391	37.715	1.548	4,10%	5,88%	13,59%
1997/98	22.178	12.853	35.031	1.297	3,70%	5,85%	10,09%
1998/99	21.142	12.086	33.228	906	2,73%	4,28%	7,49%
1999/2000 ^{oo}	25.218	10.853	36.071	1.141	3,16%	4,52%	10,51%
2000/2001 ^{oo}	23.939	15.551	39.490	2.135	5,41%	8,92%	13,73%
2001/2002 ^{oo}	19.378	17.701	37.079	1.377	3,71%	7,11%	7,78%
2002/2003	17.950	13.824	31.774	581	1,83%	3,24%	4,20%

Source: based on data from European Commission, DG Agriculture.

Overall, the quantities of table wine under private storage contracts in France during the period 1985-2003 have decreased from 7,3 million hl in the 1985/86 wine year to 0,5 million hl in the latest wine year (2002/2003) which is equivalent to a decrease of almost 92% during the whole period. As in the previous cases, since the quantities

under private storage have reached its minimum levels in the latest wine year in order to avoid biased or misleading interpretations the wine years between these two dates will be also analysed.

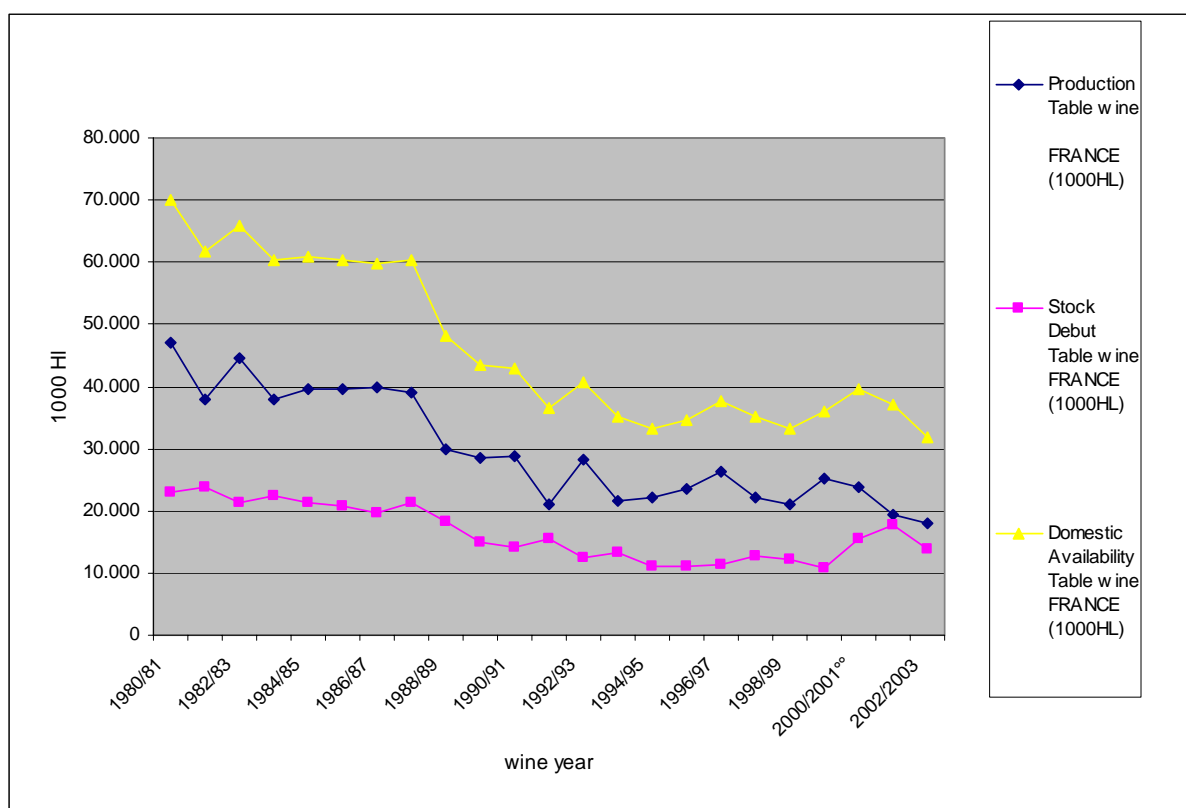
The three wine years before the introduction of the Regulation 822/87 (1985/86, 1986/87 and 1987/88) registered the highest levels of table wine put under private storage of the whole period, with an average value of 6,5 million hl, which correspond to 10,8% of the total domestic availability.

Overall, during the wine years 1988/89-1999/2000, the quantities of wine receiving aid decreased from 3,4 million hl in 1988/89 to 1,1million hl in 1999/2000.

The French wine years 1994/95-1998/99 were characterised by stable levels of production along with low levels of quantities under private storage contracts (ranging between 1,2 million hl in 1994/95 and 0,9 in 1998/99). The average over the 5 wine years was 1,3 million hl. (3,6% of the domestic availability).

In the wine year 2000/2001 the quantities of wine put under storage increased even with a reduction in the volumes of production. The increase in the quantities under private storage can be justified by the increase in stock levels due to the abundant harvest of 1999. During the following wine year, however, production decreased by almost 20% and a decrease in the quantities under private storage (from 2,1 to 1,3 million hl) was registered, unlike the situation in EU and in particular in Italy, where the quantities of wine under private storage increased.

Graph 126 Domestic availability, production, stock and aid in quantity in France



The last wine year 2002/2003 registered the lowest volume of table wine receiving aid (0,5 million hl), together with the lowest production level of the whole period (17,9 million hl) as it happened in the EU and in Italy.

Grape must, concentrated grape must and rectified concentrated grape must

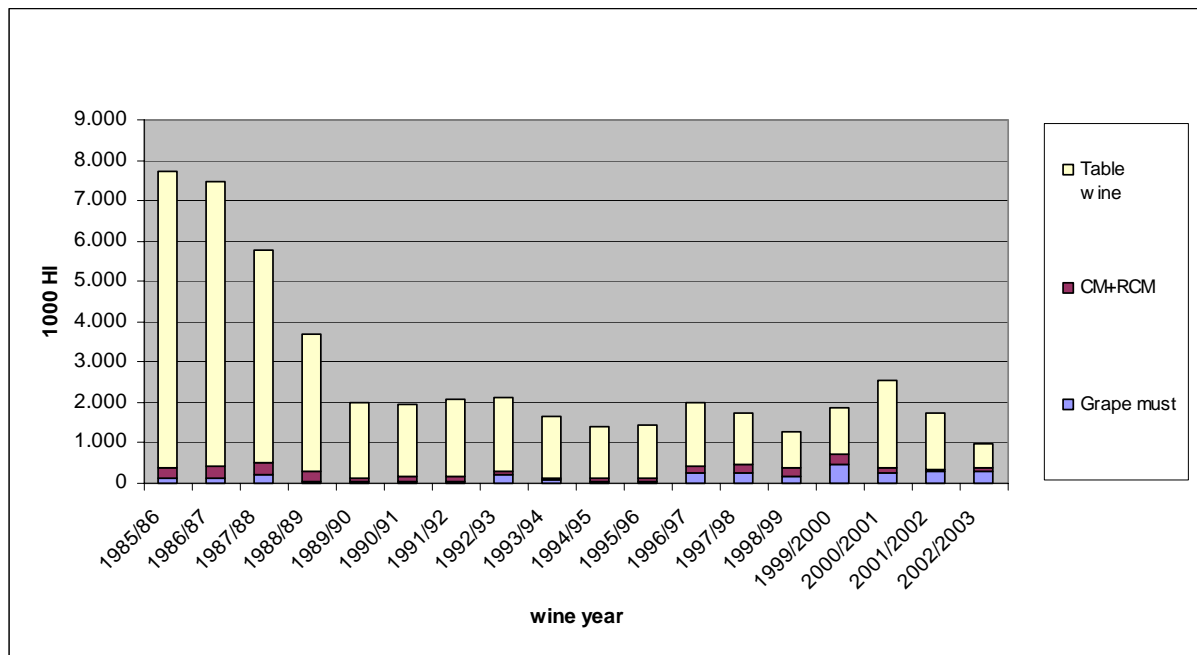
The average quantities of grape must and concentrated grape must and rectified concentrated grape must under private storage contracts over the period 1985/86-2002/03 in France are relatively small when compared to Italy and Spain. On average, both for grape must and concentrated grape must and rectified concentrated grape must the volumes under private storage are around 160.000 hl. The share of grape must over the total quantities under private storage contracts has increased over the period, from 1,7% in the 1985/86 wine year to 31% in the 2002/03 wine year. The weight of concentrated grape must and rectified concentrated grape must although limited, has also increased from 3% to 8,4% (see table 116 and graph 127).

Table 116 Distribution of aid for private storage per product in France (1000HL).

Wine year	Grape must	CM+RCM	Table wine	Total	% grape must/Total	% CM+RCM /Total	%Table wine/Total
1985/86	134	243	7.355	7.732	1,73%	3,14%	95,12%
1986/87	143	282	7.041	7.466	1,92%	3,78%	94,31%
1987/88	199	318	5.251	5.768	3,45%	5,51%	91,04%
1988/89	42	246	3.404	3.692	1,14%	6,66%	92,20%
1989/90	47	73	1.868	1.988	2,36%	3,67%	93,96%
1990/91	53	102	1.803	1.958	2,71%	5,21%	92,08%
1991/92	38	121	1.926	2.085	1,82%	5,80%	92,37%
1992/93	208	109	1.810	2.127	9,78%	5,12%	85,10%
1993/94	82	62	1.529	1.673	4,90%	3,71%	91,39%
1994/95	43	65	1.294	1.402	3,07%	4,64%	92,30%
1995/96	25	88	1.339	1.452	1,72%	6,06%	92,22%
1996/97	247	196	1.548	1.991	12,41%	9,84%	77,75%
1997/98	243	204	1.297	1.744	13,93%	11,70%	74,37%
1998/99	177	196	906	1.279	13,87%	15,33%	70,80%
1999/2000	448	279	1.141	1.868	24,00%	14,93%	61,06%
2000/2001	271	122	2.135	2.527	10,73%	4,81%	84,46%
2001/2002	277	74	1.377	1.728	16,01%	4,31%	79,68%
2002/2003	298	81	581	959	31,05%	8,41%	60,54%
Average	165	159	2.422	2.747			
%Av/total	6,0%	5,8%	88,2%	100,0%			

Source: based on data from European Commission, DG Agriculture.

Graph 127 Distribution of aid for private storage per product in France.



Private storage in Portugal**Table wine**

Data for Portugal are available only from the 1992/93 wine year. The country records the lowest levels of production in absolute terms when compared with its European counterparts Italy, France and Spain. Therefore, the quantities of table wine under private storage are the lowest in absolute terms exceeding 0,5 million only in 4 wine years. However, it is still interesting to examine the Portuguese market since, even if in average only 0.3 million hl of table wine has been put under private storage contracts, it accounts, on average, for 4,7% of the total Portuguese domestic availability and 9,1% of the national table wine production for which data are available (1992/93-2002-03) (see table 117).

Table 117 Quantities of wine under private storage contracts compared with production, domestic availability and stocks in Portugal

Wine year	Production Table wine PORTUGAL (1000HL)	Stock Debut Table wine PORTUGAL (1000HL)	Domestic Availability Table wine PORTUGAL (1000HL)	Quantities of Table wine under private storage contracts PORTUGAL (1000HL)	Aid in quantity/ Domestic Availability	Aid in Quantity/ Production	Aid in Quantity/ Stock
1983/84	6.105	5.296	11.401				
1984/85	6.229	4.489	10.718				
1985/86	7.120	4.153	11.273				
1986/87	5.734	4.400	10.134				
1987/88	7.847	3.509	11.356				
1988/89	2.700	4.190	6.890				
1989/90	5.520	3.114	8.634				
1990/91	8.501	2.235	10.736				
1991/92	7.521	5.500	13.021				
1992/93	5.511	4.299	9.810	590	6,01%	10,71%	13,72%
1993/94	3.048	3.307	6.355	270	4,25%	8,86%	8,16%
1994/95	3.400	2.359	5.759	281	4,88%	8,26%	11,91%
1995/96	4.227	2.405	6.632	293	4,42%	6,93%	12,18%
1996/97	5.529	2.872	8.401	538	6,40%	9,73%	18,73%
1997/98	3.844	3.614	7.458	293	3,93%	7,62%	8,11%
1998/99	1.840	3.437	5.277	94	1,77%	5,09%	2,72%
1999/2000 ^{oo}	4.113	2.976	7.089	201	2,83%	4,88%	6,75%
2000/2001 ^{oo}	3.440	4.039	7.479	607	8,12%	17,65%	15,03%
2001/2002 ^{oo}	3.556	4.771	8.327	516	6,20%	14,51%	10,82%
2002/2003	4.500	5.030	9.530	236	2,48%	5,24%	4,69%

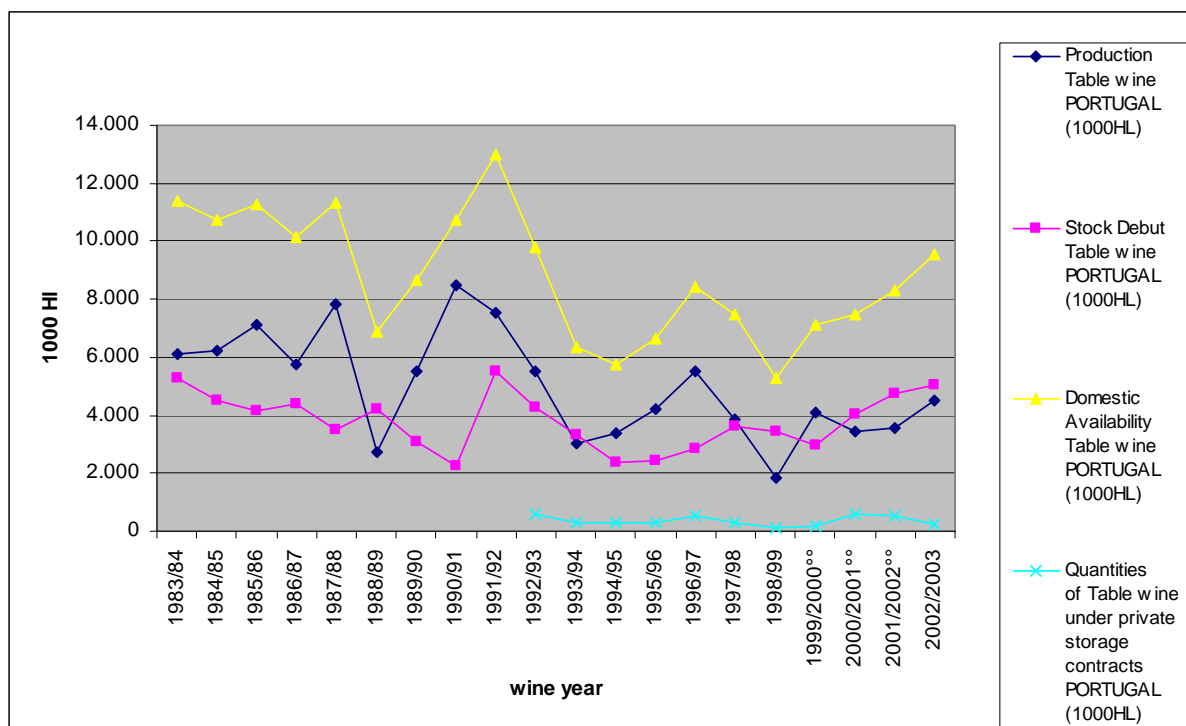
Source: based on data from European Commission, DG Agriculture

An interesting feature of the Portuguese market is the high level of stock, which for many wine years is even greater than the production.

In the wine years 1992/93 to 1998/1999 the quantities of wine under private storage contracts followed the path of the production, even with high levels of stock. The 1999/00 wine year registered a high increase in the production from 1.8 million hl to 4.1 million hl, as in the rest of the EU producing countries, giving raise, as a consequence, to very high levels of stock (over 4 million hl with a production of 3,4 million hl) which will be accumulated in the following wine years. The quantities of

wine receiving aid increased in the wine year 2000/01, as a result of the high production and stock, while in the following wine years 2001/2002 and 2002/2003 the wine put under storage contracts decreased, in spite of production and stock increasing. This decrease might be explained with a higher recourse to distillation which in the wine year 2001/02 reached the level of 0,8 millions hl, representing an increase of 66% if compared to the previous wine year. We could assume that the same happened for the 2002/03 wine year, but no data on distillation are available (see table 117 and graph 128).

Graph 128 Domestic availability, production, stock and aid in quantity in Portugal



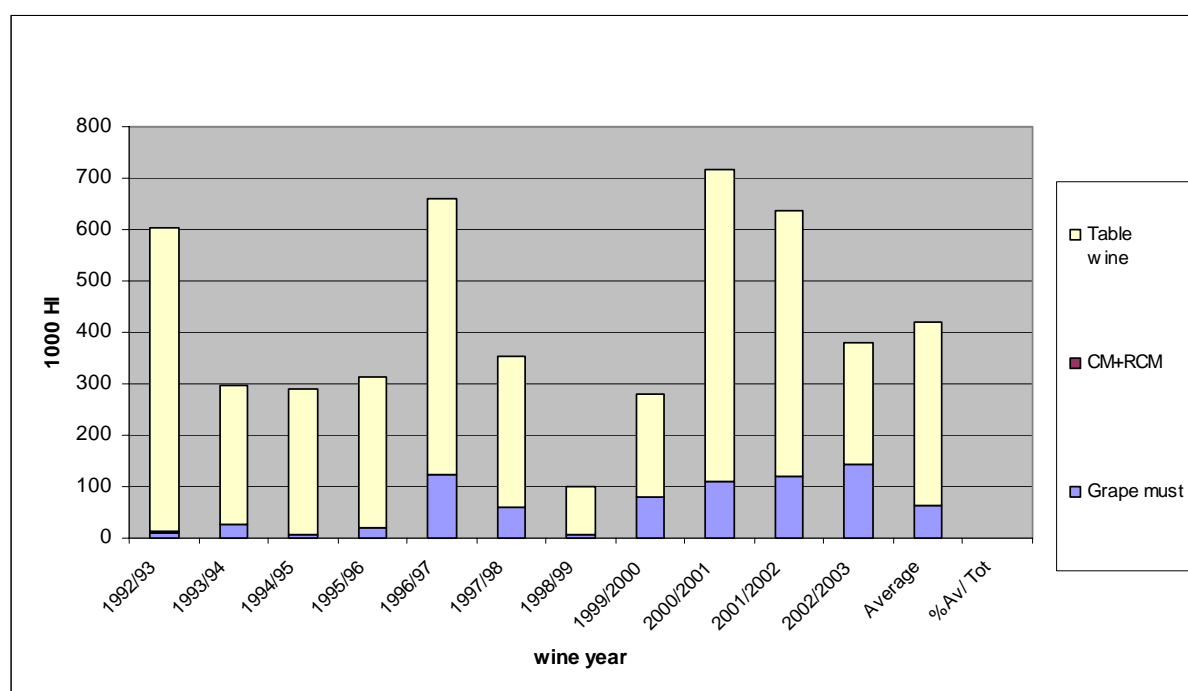
Grape must, concentrated grape must and rectified concentrated grape must

The average quantities of grape must under private storage contracts in Portugal are minor (on average over the period 1992/93-2002/03 only 64.000 hl received aid for private storage). Likewise, insignificant volumes of concentrated grape must and rectified concentrated grape must are registered only for three wine years (see table 118 and graph 129).

Table 118 Distribution of aid for private storage per product in Portugal (1000HL)

Wine year	Grape must	CM+RCM	Table wine	Total	% grape must/Total	% CM+RCM /Total	%Table wine/Total
1985/86				0			
1986/87				0			
1987/88				0			
1988/89				0			
1989/90				0			
1990/91				0			
1991/92				0			
1992/93	11	2	590	603	1,82%	0,33%	97,84%
1993/94	26	0,2	270	296	8,78%	0,07%	91,22%
1994/95	7	1,2	281	289	2,42%	0,41%	97,16%
1995/96	20	0	293	313	6,39%	0,00%	93,61%
1996/97	122	0	538	660	18,48%	0,00%	81,52%
1997/98	60	0	293	353	17,00%	0,00%	83,00%
1998/99	7	0	94	100	6,77%	0,00%	93,23%
1999/2000	78	0	201	279	28,07%	0,00%	71,93%
2000/2001	109	0	607	716	15,19%	0,00%	84,81%
2001/2002	119	0	516	635	18,74%	0,00%	81,26%
2002/2003	144	0	236	380	37,95%	0,00%	62,05%
Average	64	0	356	420			
%Av/ Tot	15,2%	0,1%	84,7%	100,0%			

Source: based on data from European Commission, DG Agriculture.

Graph 129 Distribution of aid for storage per product in Portugal

The findings from this section have been summarised in the paragraphs below:

From the data available and the analysis performed it can be concluded that the recourse to aid for private storage of table wine in Italy, Spain, France and Portugal follows a similar pattern. In particular, the proportion of the quantities of table wine under private storage contracts over the production and domestic availability among countries is fairly similar and reflects the overall EU situation. In fact, at EU and

country level the share of quantities under private storage contracts over production ranges between 5%-6% whereas the share over domestic availability ranges between 7%-9% on average and over the whole period.

Looking at the periods within the 1985/86- 2002/03 wine years we can state that:

- before the introduction of the first CMO reform (Regulation 822/87), the 1985/86, 1986/87 and 1987/88 wine years registered the highest levels of table wine put under private storage of the whole period at EU level, with France as the leading nation in the volumes of table wine stored;
- the following 11 wine years, from 1988/89-1999/00 witnessed a considerable reduction in the volumes under private storage at both EU and national level, also with France as the country that mostly reduced the recourse to the measure. From this period, Italy replaces France as the leading country in volumes under private storage contracts;
- the last three wine years (2000/01, 2001/02 and 2002/03) registered a variable trend in the quantities of table wine under private storage contracts at EU level. In these wine years Italy continues to represent the country that covers the highest share of the total EU.

Therefore, since the introduction of the first CMO reform, Italy maintains the biggest share of table wine under private storage contract over the EU, which amounts to 40%.

7.2.2. Effects on Prices

National level

Aid for private storage encourages producers to take a part of the production off the market to support the market price, with the ultimate policy objective of market stabilisation. The impact of private storage on the EU and national markets and therefore on prices depends on the relative magnitude of the volumes involved. Furthermore, prices for table wine are the result of many variables and therefore the effects of the private storage measure on the price level cannot be isolated.

In order to be able to assess the effects of this measure, the percentage variation on prices caused by a variation in the supply should be calculated and a simulation scenario of what would have been the effect if the quantities under private storage contracts would have been put onto the market, increasing the supply of table wine, should be developed. However, this analysis requires econometric and simulation techniques that will not be performed in the study.

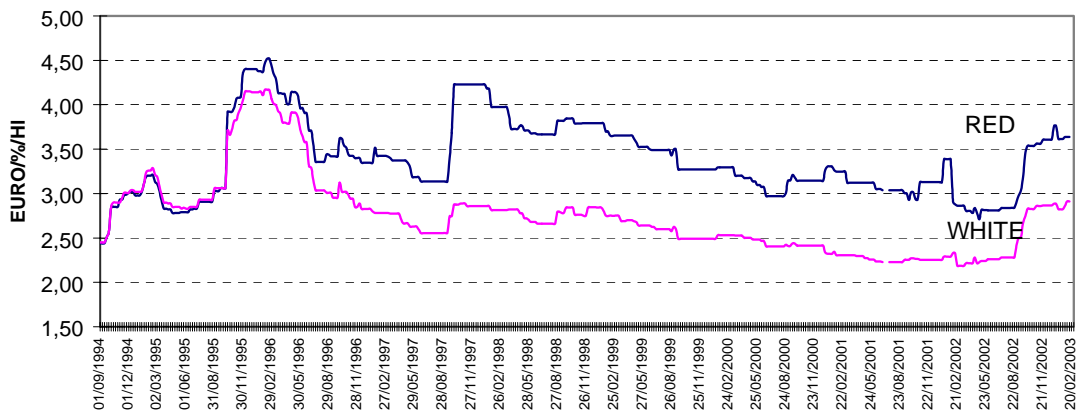
Nevertheless, we have looked at data on weekly prices in Italy, Spain and France from the wine year 1994/95 to 2002/2003, (see figure below³⁷) in order to observe if a relation between the application of the measure and prices trends can be discerned.

In particular, we have looked at price trends in the weeks prior to the opening of the period of conclusion of aid for private storage contracts and compared these trends with the trends registered between December and February when the contracts are concluded. We have also looked at the evolution of prices in the weeks following the conclusion of contracts. We would expect to observe that, if the withdrawal of quantities of wine from the market has an effect on prices, these should become more stable during the period of conclusion of contracts and in the subsequent weeks.

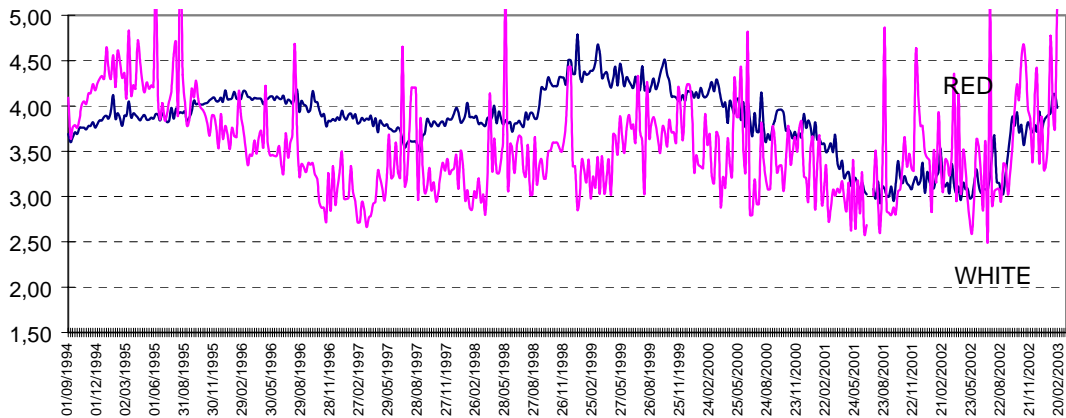
³⁷ Weekly time series have been observed in order to perform the analysis. Source: European Commission, DG Agriculture.

Prices evolution Table wine
Campaigns 1994/2003
in Euro/°Vol/Hl.

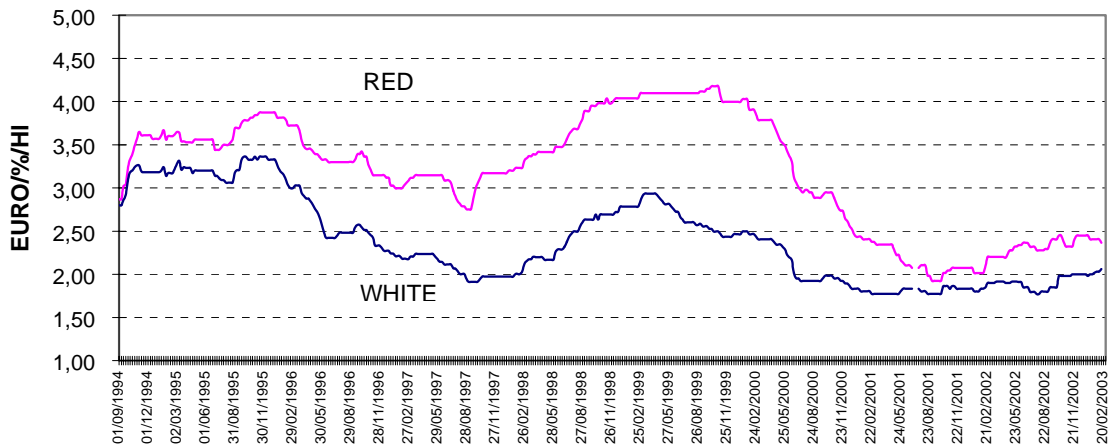
ITALY 1994/2003



FRANCE 1994/2003



SPAIN 1994/2003



In Italy, despite price fluctuations, it seems that, for some wine years, prices become almost stable in the period of the conclusion of private storage contracts. However, in the following weeks, a downward trend in prices can be observed in most wine years.

In France prices are subject to continuous fluctuations, especially in the case of white table wine, for which peaks are observed with certain regularity during the months of May and June. No clear sign of stability of prices is perceived in the period between December and February, nor in the following weeks.

Prices for table wine in Spain appear to be more stable than in Italy and France. As a matter of fact table wine prices seem stable during the period of conclusion of contracts and afterwards. However, no clear conclusion can be drawn since, for most wine years, the period before the conclusion of contracts is also characterised by small price fluctuations.

Therefore, from our observations at national level, no clear cut conclusions on the effects of the withdrawal of quantities of wine from the market through the conclusion of private storage contracts on prices can be drawn. Nonetheless, the relationship between prices and quantities under storage is further discussed along this chapter taking into consideration regional prices (see section below).

Regional level

The prices chosen in the regional analysis are the following: price of red table wine for Reggio Emilia as representative for Emilia Romagna; price of white table wine for Roma, as representative of Lazio; price of red table wine for Bari as representative of Puglia and price of white table wine for Trapani as representative for Sicily.

Table 119 Monthly Prices (Euro/°Vol/Hl) of Red Table Wine*, Bari (Puglia) **

	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual Average
1994	2,29	2,32	2,36	2,32	2,32	2,32	2,32	2,32	2,34	2,61	2,76	3,00	2,44
1995	3,12	3,25	3,21	3,15	3,20	3,25	3,25	3,25	-	-	4,21	4,30	3,42
1996	4,39	4,33	4,08	3,73	3,62	3,55	3,36	3,16	2,79	2,61	3,07	3,10	3,48
1997	3,00	3,00	2,78	2,74	2,74	2,74	2,76	2,76	2,97	3,87	3,87	3,87	3,09
1998	3,73	3,43	3,25	3,25	3,25	3,10	3,10	3,10	3,10	3,10	3,62	3,62	3,30
1999	3,31	3,20	3,20	3,20	3,20	3,20	3,20	3,20	3,16	2,94	3,23	3,23	3,19
2000	3,23	3,20	3,10	3,10	3,10	2,81	2,71	2,71	2,71	2,69	2,63	2,63	2,89
2001	2,63	2,63	2,55	2,53	2,53	2,53	2,53	2,53	2,51	2,45	2,45	2,45	2,53
2002	2,12	2,12	2,19	2,25	2,33	2,45	2,45	2,45	2,45	3,10	3,10	3,10	2,51
2003	3,10	3,10	3,10	3,10	3,10	3,10	3,10	3,10	3,10	3,10	2,77	2,71	3,04

Source: Ismea.

*red table wine of an average alcoholic strength between 9/11° - 12/13°.

Table 120 Monthly Prices of Red Table wine, Bari (Puglia)

	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual.Average
1994	25,76	26,10	26,55	26,10	26,10	26,10	26,10	26,10	26,33	29,36	31,05	33,75	27,45
1995	35,10	36,56	36,11	35,44	36,00	36,56	36,56	36,56	-	-	47,36	48,38	38,48
1996	49,39	48,71	45,90	41,96	40,73	39,94	37,80	35,55	31,39	29,36	34,54	34,88	39,15
1997	33,75	33,75	31,28	30,83	30,83	30,83	31,05	31,05	33,41	43,54	43,54	43,54	34,76
1998	41,96	38,59	36,56	36,56	36,56	34,88	34,88	34,88	34,88	34,88	40,73	40,73	37,13
1999	37,24	36,00	36,00	36,00	36,00	36,00	36,00	36,00	35,55	33,08	36,34	36,34	35,89
2000	36,34	36,00	34,88	34,88	34,88	31,61	30,49	30,49	30,49	30,26	29,59	29,59	32,51
2001	29,59	29,59	28,69	28,46	28,46	28,46	28,46	28,46	28,24	27,56	27,56	27,56	28,46
2002	23,85	23,85	24,64	25,31	26,21	27,56	27,56	27,56	27,56	34,88	34,88	34,88	28,24
2003	34,88	34,88	34,88	34,88	34,88	34,88	34,88	34,88	34,88	34,88	31,16	30,49	34,20

Source: elaboration of data from ISMEA.

*table wine of an average alcoholic strength of 11,25° (calculated as average between red table wine of 12/13° and red table wine of 9/11°).

Table 121 Monthly Prices of red table wine* for Reggio Emilia (Emilia Romagna)

	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual.Average
1995	3,93	4,13	4,01	3,98								5,94	4,40
1996	5,94	5,94	5,94	5,94	6,02	6,67	6,58			4,93	4,91	4,91	5,78
1997	4,91	4,87	4,85	4,58	4,50	4,42	4,33	4,21	4,21		4,91	4,91	4,61
1998	4,96	4,97	4,91	4,91	4,84	4,65	4,65	4,65	4,65		4,13	4,65	4,72
1999	4,65	4,65	4,53	4,49	4,13	4,10	4,00	4,00	4,00	4,00	3,87	3,87	4,19
2000	3,87	3,87	3,87	3,87	3,87	3,87	3,87	3,87	3,87	3,54	3,60	3,71	3,81
2001	3,74	3,74	3,66	3,54	3,54	3,54	3,54	3,54	3,54	3,54	3,51	3,49	3,58
2002	3,45	3,38	3,38	3,38	3,38	3,38	3,38	3,38	3,66	3,96	4,78	4,78	3,69
2003	4,78	4,78	4,78	4,78	4,78	4,78	4,78	4,78	4,78	4,78	4,78	4,78	4,78
2004	4,75												4,75

Source Ismea.

*Red table wine of an average alcoholic strength between 9°/11° and 12°/13°.

Table 122 Monthly Prices of red table wine* for Roma (Lazio)

	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual.Average
1995	3,29	3,43	3,39	3,34	3,38	3,38	3,38	3,43	3,85	4,47	4,57	4,57	3,71
1996	4,57	4,57	4,49	4,26	4,26	4,22	4,00	3,62	3,62	3,60	3,56	3,47	4,02
1997	3,37	3,36	3,29	3,23	3,08	3,05	3,05	3,05	3,16	3,36	3,46	3,46	3,24
1998	3,32	3,23	3,23	3,23	3,23	3,18	3,05	3,05	3,05	2,99	3,16	3,23	3,16
1999	3,23	3,23	3,23	3,23	3,23	3,23	3,10	3,10	3,10	3,10	3,10	3,04	3,16
2000	3,02	3,02	2,97	2,97	2,97	2,76	2,71	2,71	2,71	2,76	2,76	2,76	2,84
2001	2,73	2,63	2,63	2,63	2,63	2,63	2,63	2,63	2,63	2,63	2,53	2,53	2,62
2002	2,50	2,45	2,45	2,55	2,67	2,71	2,72	2,82	3,05	3,17	3,21	3,21	2,79
2003	3,33	3,29	3,11	3,10	3,10	3,10	3,10	3,10	3,10	3,28	3,25	3,20	3,17
2004	3,21												3,21

Source Ismea.

*Red table wine of an average alcoholic strength between 9°/11° and 12°/13°.

Table 123 Monthly Prices of white table wine* for Trapani (Sicily)

	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual.Average
1995	2,92	3,20	3,12	3,00	2,92	3,04	3,11	3,15	3,36	3,76	3,84	3,74	3,26
1996	3,74	3,63	3,34	3,18	2,90	2,63	2,58	2,59	2,63	2,50	2,30	2,25	2,86
1997	2,21	2,16	2,09	2,03	2,13	2,19	2,19	2,21	2,30	2,45	2,45	2,41	2,24
1998	2,58	2,57	2,53	2,53	2,53	2,53	2,57	2,58	2,58	2,53	2,53	2,49	2,55
1999	2,50	2,50	2,51	2,56	2,56	2,56	2,56	2,56	2,42	2,35	2,30	2,27	2,47
2000	2,27	2,27	2,26	2,23	2,22	2,15	2,04	2,01	2,02	2,07	2,06	2,00	2,13
2001	1,99	1,99	1,97	1,94	1,94	1,98	2,00	2,04	2,04	2,04	1,96	1,96	1,99
2002	1,96	1,94	1,94	2,03	2,07	2,07	2,07	2,07	2,15	2,43	2,48	2,48	2,14
2003	2,49	2,51	2,63	2,66	2,63	2,60	2,53	2,48	2,48	2,42	2,35	2,35	2,51
2004	2,35												2,35

Source Ismea. *White table wine of an average alcoholic strength between 9°/11° and 12°/13°.

7.2.3. Revenues from private storage

This section deals with the analysis of what is the rationale behind the producer's decision of storing a part of the production recurring to aid for private storage. Why do producers decide to put part of the production under private storage contracts? Is private storage a measure that helps the producer in times of production surpluses or is it the guarantee of an extra-rent for the producer?

The simulation exercise (see table 126) estimates the revenues that a producer would obtain by selling the wine in the market compared with the revenues obtained by storing the wine, receiving the aid and then selling the wine in the market once the contract is finished.

Let's assume a producer possesses 50 HI³⁸ of table wine and he has to decide whether to sell it in the market or put it into private storage and sell it after the contract has expired. Let's also assume that the producer takes his decision in December³⁹.

He faces two possible scenarios:

1. *Scenario 1*: the producer sells the wine in the marketplace in December. His revenue is given by: quantity sold x market price for December.

2. *Scenario 2*: the producer puts the wine into private storage, receiving the aid and concluding the contract whose duration is 9 months. After the contract is expired, he sells the wine in the market at the price available in September. In this case, his revenue is given by: (quantity stored x aid for private storage) + (quantity sold x market price September).

The exercise has been repeated for several years and the differences in the revenues obtained in the two scenarios calculated.

Table 124 Monthly Prices (Euro/°Vol/HI) of Red Table Wine*, Italy**

	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual Average
1994	2,31	2,41	2,44	2,46	2,49	2,50	2,51	2,51	2,66	2,93	3,15	3,27	2,64
1995	3,36	3,48	3,45	3,43	3,37	3,43	3,48	3,49	3,82	4,66	4,95	5,13	3,84
1996	5,21	5,20	5,08	4,93	4,86	4,84	4,75	4,19	4,09	4,16	4,13	4,06	4,62
1997	4,03	3,95	3,87	3,79	3,74	3,73	3,66	3,63	3,86	4,17	4,38	4,43	3,94
1998	4,38	4,32	4,23	4,17	4,10	4,01	3,99	3,99	4,03	4,00	4,02	4,08	4,11
1999	4,02	3,93	3,85	3,84	3,75	3,69	3,62	3,62	3,61	3,55	3,60	3,55	3,72
2000	3,56	3,54	3,53	3,49	3,46	3,39	3,36	3,35	3,41	3,46	3,57	3,62	3,48
2001	3,62	3,58	3,50	3,36	3,30	3,30	3,29	3,29	3,31	3,31	3,30	3,28	3,37
2002	3,23	3,23	3,23	3,24	3,24	3,23	3,19	3,19	3,44	3,90	4,25	4,25	3,47
2003	4,27	4,29	4,29	4,29	4,28	4,24	4,12	4,12	4,18	4,14	4,13		4,21

Sources: ISMEA.

* red table wine of an average alcoholic strength between 9/11° and 12/13° .

** markets considered are the following: Bari and Lecce (Puglia), Faenza, Lugo, Modena and Reggio Emilia (Emilia Romagna), Firenze (Toscana), Pescara (Abruzzo), S. Benedetto (Marche), Treviso and Verona (Veneto).

³⁸ Minimum quantity eligible for aid for private storage contracts for table wine

³⁹ December has been chosen since it is the month in which contracts are opened.

Table 125 Monthly Prices (Euro*Hl) of Red Table Wine*, Italy**

	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.
1994	25,99	27,11	27,45	27,68	28,01	28,13	28,24	28,24	29,93	32,96	35,44	36,79
1995	37,80	39,15	38,81	38,59	37,91	38,59	39,15	39,26	42,98	52,43	55,69	57,71
1996	58,61	58,50	57,15	55,46	54,68	54,45	53,44	47,14	46,01	46,80	46,46	45,68
1997	45,34	44,44	43,54	42,64	42,08	41,96	41,18	40,84	43,43	46,91	49,28	49,84
1998	49,28	48,60	47,59	46,91	46,13	45,11	44,89	44,89	45,34	45,00	45,23	45,90
1999	45,23	44,21	43,31	43,20	42,19	41,51	40,73	40,73	40,61	39,94	40,50	39,94
2000	40,05	39,83	39,71	39,26	38,93	38,14	37,80	37,69	38,36	38,93	40,16	40,73
2001	40,73	40,28	39,38	37,80	37,13	37,13	37,01	37,01	37,24	37,24	37,13	36,90
2002	36,34	36,34	36,34	36,45	36,45	36,34	35,89	35,89	38,70	43,88	47,81	47,81
2003	48,04	48,26	48,26	48,26	48,15	47,70	46,35	46,35	47,03	46,58	46,46	

Source: elaboration of data from ISMEA.

*table wine of an average alcoholic strength of 11,25° (calculated as average between red table wine of 12/13° and red table wine of 9/11°).

** markets considered are the following: Bari and Lecce (Puglia), Faenza,Lugo, Modena and Reggio Emilia (Emilia Romagna), Firenze(Toscana), Pescara (Abruzzo), S. Benedetto (Marche), Treviso and Verona (Veneto).

Table 126 Exercise 1 Revenues from private storage

Year	December Price (Euro/hl)*	December Price (Euro/hl) x 50 hl	September Price (Euro/hl) y+1	September Price (Euro/hl) x 50hl	Revenues wine sold in the market (Dec. Y) (Euro)	Revenues from private storage + wine sold market (Sept Y+1) (Euro)**	Difference in Revenue	Difference in %
1994	36,79	1.839,38			1.839,37	2.357,19	517,82	28,15%
1995	57,71	2.885,50	42,98	2.148,75	2.885,50	2.508,94	-376,56	-13,5%
1996	45,68	2.284,00	46,01	2.300,50	2.284,00	2.379,94	95,94	4,20%
1997	49,84	2.492,00	43,43	2.171,50	2.492,00	2.475,44	-16,56	-0,66%
1998	45,90	2.295,00	45,34	2.267,00	2.295,00	2.238,94	-56,06	-2,44%
1999	39,94	1.997,00	40,61	2.030,50	1.997,00	2.126,44	129,44	6,48%
2000	40,73	2.036,50	38,36	1.918,00	2.036,50	2.070,44	33,94	1,67%
2001	36,90	1.845,00	37,24	1.862,00	1.845,00	2.143,44	298,44	16,18%
2002	47,81	2.390,50	38,70	1.935,00	2.390,50	2.559,94	169,44	7,09%
2003			47,03	2.351,50				

Source: Elaboration of data from ISMEA.

*Elaboration of data from ISMEA. Red table wine of an average alcoholic strength of 11,25° calculated as the simple average between 12/13° and 9/11°. (The strength of 11,25° is an estimation since the correct average strength was not specified by ISMEA).

** The revenues have been obtained by summing the revenues obtained from selling the wine in the market in September plus the amount received from private storage (0, 01544 Euro/hl/day)*50hl* 270days).

The results obtained vary with the wine year and with the market prices. From the exercise 1 in the table above it appears that, in most cases, the producer obtains a higher revenue storing the wine and then selling it in the market when the contract is finished. However, the value of “net gain” is relatively small and depends on the

market conditions (in particular on the production of the wine year following the one for which the contract was signed⁴⁰).

Therefore, from the simulation above it could be argued that concluding contracts for private storage pays off, although the positive gains for producers are limited. In the same way, when losses occur, they are also of small magnitude (except for one year). It is important though to stress that “gains” deriving from the conclusion of private storage contracts can not be foreseen by the producer at the time the contracts are signed.

The exercise shows that concluding private storage contracts is a low risk alternative that producers may consider regardless of the volume of production in a specific wine year. Therefore, the private storage measure could give producers an opportunity to plan more effectively when to channel the wine in the market, considering the possibility to rationalise their supply over time.

At this stage of the analysis, it is therefore reasonable to argue that producers resort to this measure not as a way to obtain an extra rent, but as an instrument that gives them the possibility to take surplus off the market in cases of abundant availability of wine and/or as an alternative use for part of the production in accordance with their market strategy. Therefore, since the decision to store is not merely taken on the basis of the production volume but also on marketing planning needs, this may justify the fact that the producers store wine even in times of low production.

The previous exercise has been extremely simplified and it does not take into account several factors that could affect the result, such as the cost of storage or the actualisation of the revenues. Therefore, the simulation has been revised and improved, introducing the following changes:

- The price at which the aid for private storage is paid is no longer constant (0.01544 Euro/Hl/day) but it has been changed according to the EU Regulations (0.01715 Euro/Hl/day from 1996 to 1999 and 0.01544 Euro/Hl/day from 2000 afterwards).
- The revenues obtained from the option of putting the wine into private storage contracts for 9 months and then selling the wine in the market once the contract is finished have been calculated taking into account the estimated average cost of storage. This information has been provided by sector experts who have estimated an average cost of storage of 0.080 Euro/hl/day⁴¹. This estimate is for table wine and grape musts and it covers depreciation cost (barrels/tanks); energy costs, personnel costs, cost of oenological products used to keep the wine, maintenance costs, financial costs. Moreover, the *Net Present Value* (NPV) of the revenues obtained has been calculated⁴².
- Finally, regional prices instead of average national prices have been used to perform the exercise. The prices for Bari⁴³ have been considered as

⁴⁰ The net gain of the producer will be high in absolute terms when the harvest of the camping following the one for which the contract has been concluded is scarce, therefore inducing higher prices.

⁴¹ The cost of storage has been corrected by the Italian annual average rate of change in Harmonised Indices of Consumer prices using the formula, $C/(1+p_t)(1+p_{t-1})\dots$

⁴² The net present value has been calculated dividing the amount of the revenues obtained in September of the year $y+1$ by $(1+0.0375)$ assuming an annual interest rate of 5%.

⁴³ Prices for Bari (Puglia) refer to red table wine of an average alcoholic strength of between 9-11° and 12-13°

representative for Puglia. Please note that regional prices are lower than the average national prices.

The results obtained from the exercise are shown in tables below.

Table 127 Exercise 2. Regional Prices December (Y), September (Y+1) and Revenues

Year	December Price (Euro/hl)*	December Price (Euro/hl) x 50 hl	September Price (Euro/hl) y+1	September Price (Euro/hl) x 50hl
1995	48,38	2418,75		
1996	34,88	1743,75	31,39	1569,375
1997	43,54	2176,875	33,41	1670,625
1998	40,73	2036,25	34,88	1743,75
1999	36,34	1816,875	35,55	1777,5
2000	29,59	1479,375	30,49	1524,375
2001	27,56	1378,125	28,24	1411,875
2002	34,88	1743,75	27,56	1378,125
2003	30,49	1524,375	34,88	1743,75

Table 128 Exercise 2 .Storage cost and Net Revenues (September Y+1)

Year	Estimated average cost of storage corrected by inflation rate	aid price/hl/day in EURO	Net Storage Cost/Hl/day	Net Storage Cost x 50	Net storage cost x 50hl x 270days	September Price (Euro/hl) x 50hl	Revenues Sept =(p+q)-net cost	NPV of Revenues Sept (5% annual interest rate)
1996	0,067576	0,01715	0,050426	2,521288	680,747855	1.569,38	888,63	856,51
1997	0,070279	0,01715	0,053129	2,656440	717,238769	1.670,63	953,39	918,93
1998	0,071614	0,01715	0,054464	2,723205	735,265280	1.743,75	1.008,48	972,03
1999	0,073046	0,01715	0,055896	2,794819	754,601086	1.777,50	1.022,90	985,93
2000	0,074288	0,01544	0,058848	2,942408	794,450229	1.524,38	729,92	703,54
2001	0,076220	0,01544	0,060780	3,038983	820,525375	1.411,88	591,35	569,98
2002	0,077973	0,01544	0,062533	3,126635	844,191579	1.378,13	533,93	514,63
2003	0,080000	0,01544	0,064560	3,228000	871,560000	1.743,75	872,19	840,67

Table 129 Exercise 2. Revenues comparison

Year	Revenues wine sold in the market (Dec. Y) (Euro)	NPV of Revenues of Sept (Y+1) at Dec (Y)	Difference in Revenues	% Difference
1995	2418,75	856,51	-1562,24	-64,59%
1996	1743,75	918,93	-824,82	-47,30%
1997	2176,875	972,03	-1204,84	-55,35%
1998	2036,25	985,93	-1050,32	-51,58%
1999	1816,875	703,54	-1113,33	-61,28%
2000	1479,375	569,98	-909,40	-61,47%
2001	1378,125	514,63	-863,49	-62,66%
2002	1743,75	840,67	-903,08	-51,79%

As it can be observed from the tables, the revenues obtained in the two exercises largely differ. Unlike the results obtained in the first exercise, tables 128 and 129 show that the revenues the producer would obtain by selling the wine in the market in December are always larger than the revenues he would obtain by putting the wine into private storage contracts for 9 months and then selling the wine in the market in September of the following year. The previous results showed that the producer usually obtained a higher revenue by storing the wine and selling it in the market although the magnitude of this gain was relatively small. When the cost of storage is taken into account, the change in the amount of aid paid is considered, the values are discounted and regional instead of national prices are used, the results obtained are opposite.

What are the factors that determine these outcomes? Even if the cost of storage carries a significant burden on revenues and the price at which the aid for private storage is paid covers only around 1/5 of the total storage costs, it appears that the revenues obtained heavily depend on the market price in December and in September. Assuming a scenario in which the aid for private storage and the cost of storage are neutral, the revenues obtained in December are still higher than the revenues the producer would obtain by keeping the wine under storage contracts for nine months and then selling it in September of the following year (see table 130).

Table 130 Calculation of revenues under the assumption that aid fully covers costs of storage

Year	Revenues December (Euro)	Net present value Revenue September	Difference in Revenues	Difference %
1995	2418,75	1512,65	-906,10	-37,46%
1996	1743,75	1610,24	-133,51	-7,66%
1997	2176,875	1680,72	-496,15	-22,79%
1998	2036,25	1713,25	-323,00	-15,86%
1999	1816,875	1469,28	-347,60	-19,13%
2000	1479,375	1360,84	-118,53	-8,01%
2001	1378,125	1328,31	-49,81	-3,61%
2002	1743,75	1680,72	-63,03	-3,61%

The fact that it is more convenient to sell the wine in the market in December is due to the high prices in December, which are high precisely as a result of the quantities of table wine that are stored instead of being offered in the market. This is supported by the evidence on the regional prices time series for Puglia (see tables 119 and 120 above) from which it can be observed that prices between December and February (the time where the contracts for private storage are concluded) are higher than the prices observed during the rest of the year⁴⁴.

From the analysis, it appears that the contribution that producers receive from the recourse to private storage slightly offset the loss of selling the wine on the market later in the year; nevertheless, the aid mechanism helps to keep prices high in December and supports the producers to plan the marketing of the wine overtime.

⁴⁴ The only exceptions are 1997 and 2002.

7.2.4. Regional analysis

This section investigates the application of aid for private storage measure at regional level. The objective is to assess the distribution of the quantities stored within the Italian, Spanish and French regions. We will look not only at the volumes of table wine and grape musts under private storage contracts but also at the number of producers involved in order to evaluate the degree of dispersion/concentration of the quantities stored. A further analysis, combining quantitative and qualitative sources, will allow us to find out the agents that make most use of this measure. Identifying the distribution and the beneficiaries of the measure will help assess the scope and the impact of the measure in the market.

Private Storage in the Italian Regions

Please note that in Italy producers store in *stabilimenti enologici* (oenological plants) which can be located in the same region where the firm has its legal premises or in another region. The regional data used for Italy related to private storage have been extracted by the Italian agency AGEA using two different criteria:

- “*stabilimento enologico*” (oenological plant)
- “*legal premises of the firm*”

Extraction done by “*stabilimento enologico*” (oenological plant), implies that, for example, the data on private storage in Sicily refer to the quantities stored in Sicily (in the oenological plants located in Sicily) and not necessarily to the quantities stored by Sicilian producers (firms with legal premises in Sicily). Therefore, when using these data they indicate data on quantities stored in the Sicilian oenological plants by both Sicilian and non-Sicilian producers.

Extraction done by “*legal premises of the firm*”, implies that data on the quantities stored refer to the volumes stored by Sicilian producers (but not necessarily in the Sicilian region).

For table wine the assumption that the majority of producers store in their regions of origin has been confirmed when data on the quantities of table wine under private storage contracts extracted from the database by “legal premises of the firm” are compared with those extracted by “location of the oenological plant”, since the differences observed are not very relevant. The analysis has been performed using both datasets according to the data provided by AGEA.

Table wine

Data on table wine production within the Italian regions for the wine years 1997/1998-2002/2003⁴⁵ show that the main producing regions of table wine in Italy are Puglia, Sicily, Emilia Romagna and Veneto, which together account for 75% of the total production of table wine. When taken the regions separately, Puglia accounts, in average, for 22,2%, Emilia Romagna represents 19,2% of the total production, followed by Sicily (18,8%) and Veneto with 14,8% (see table 131).

⁴⁵ The data used in this section have been provided by AGEA. Several discrepancies on total production of table wine and on total quantities under private storage contracts at national level between the figures provided by AGEA and those provided by the DG Agriculture have been found out.

Table 131 Regional production of table wine in Italy. Wine years 1997/98 - 2002/03 (H1)

Region	Wine year 1997/1998	Wine year 1998/1999	Wine year 1999/2000	Wine year 2000/2001	Wine year 2001/2002	Wine year 2002/2003	Average 6 wine years	Average %
PIEMONTE	1.036.789	950.611	1.018.974	792.478	1.100.266	659.037	926.359	2,51%
VALLE D'AOSTA	5.511	6.137	7.243	5.836	5.444	4.307	5.746	0,02%
LOMBARDIA	564.361	555.391	556.226	531.685	558.220	556.808	553.782	1,50%
TRENTINO ALTO ADIGE	332.842	402.143	437.079	366.982	382.288	288.620	368.326	1,00%
VENETO	4.282.138	5.389.793	6.096.011	6.086.552	6.354.503	4.538.297	5.457.882	14,80%
FRIULI VENEZIA GIULI	345.253	485.832	424.884	454.792	511.762	344.189	427.785	1,16%
LIGURIA	15.185	14.369	13.565	12.863	11.472	14.989	13.741	0,04%
EMILIA ROMAGNA	4.821.781	7.286.837	7.684.083	7.612.183	8.068.651	7.126.702	7.100.040	19,25%
TOSCANA	741.335	1.113.743	997.825	849.208	770.792	935.761	901.444	2,44%
UMBRIA	316.425	457.708	458.007	305.405	348.840	318.966	367.559	1,00%
MARCHE	930.584	927.337	982.619	813.976	719.822	739.920	852.376	2,31%
LAZIO	1.117.506	1.287.514	1.479.089	1.458.289	1.318.266	1.168.896	1.304.927	3,54%
ABRUZZO	2.449.257	2.251.073	2.588.130	2.601.346	2.256.286	1.861.799	2.334.649	6,33%
MOLISE	232.063	240.577	241.604	189.381	200.685	194.413	216.454	0,59%
CAMPANIA	475.830	631.252	491.468	610.086	622.384	551.411	563.739	1,53%
PUGLIA	7.565.281	9.867.820	8.141.074	8.835.135	8.531.921	6.214.555	8.192.631	22,21%
BASILICATA	39.466	47.185	44.781	41.112	46.513	41.314	43.395	0,12%
CALABRIA	41.576	65.065	57.755	42.724	50.567	35.900	48.931	0,13%
SICILIA	6.110.193	8.182.821	8.533.047	7.084.231	6.856.979	4.924.783	6.948.676	18,84%
SARDEGNA	259.828	318.439	286.607	219.977	228.172	203.065	252.681	0,69%
Total Italy	31.683.204	40.481.647	40.540.071	38.914.241	38.943.833	30.723.732	36.881.121	100,00%

Source: based on data from AGEA.

Data on private storage contracts in Italy at regional level are available for the wine years 1994/95-2002-2003. The data reveal that the three main producing regions i.e. Sicily, Puglia and Emilia Romagna are the regions that mostly recur to private storage contracts. On average, during the whole period Sicily is the region where the quantities of table wine under private storage contracts are higher accounting for almost 30% of the total, followed by Emilia Romagna with 19% and Puglia 18% (see table 132)

Veneto and Lazio are interesting cases since they represent opposite behaviours as far as private storage contracts is concerned. On the one hand, in Veneto, which is the fourth producer of table wine in Italy -accounting for almost 15% of the total production- small volumes of table wine are put into private storage contracts (4,2%), whereas, on the other hand, Lazio, which only accounts for 3,5% of the total production of table wine, represents 15% of the total quantities under private storage contracts.

The study will be therefore focused on 5 regions; Sicily, Puglia and Emilia Romagna as the main producers of table wine and the regions with the highest quantities of table wine under private storage contracts; Veneto as one of the main producers of table wine and Lazio as one of the main regions in terms of volumes of table wine under private storage contracts.

The percentage of the total regional production of table wine that has been subject to private storage contracts during the last 6 wine years⁴⁶ for all the Italian regions is shown in (see table 132). Taking the average amounts of production and quantities under storage for the six wine years the results show that in Sicily 11,3% of the production of table wine is put under private storage contracts. In Emilia Romagna the percentage of production under private storage is 8,2% whereas in Puglia it amounts to 5,8%. The striking result is found for Lazio which puts under private storage contracts 31,2% of its regional production. Conversely, in Veneto the proportion of total production that is put into private storage contracts is not significant.

⁴⁶ Regional data on production for the wine years 1994/95 – 1996/97 are not available

Table 132 Quantities of table wine under private storage contracts in Italy (Hl).*Wine years 1994/95-2002/03.

Region	Wine year 1994/95	Wine year 1995/96	Wine year 1996/97	Wine year 1997/98	Wine year 1998/99	Wine year 1999/00	Wine year 2000/01	Wine year 2001/02	Wine year 2002/03	Average Quantities	Average% /Total
PIEMONTE	12.243	1.982	8.367	9.788	10.823	11.988	8.661	9.942	1.560	8.373	0,33%
LOMBARDIA	5.035	2.583	2.586	3.210	3.166	3.546	4.636	5.842	3.170	3.753	0,15%
TRENTINO ALTO ADIGE	6.580	2.200	3.000	7.198	11.396	10.675	9.525	9.510	6.315	7.378	0,29%
VENETO	49.756	70.175	167.058	57.055	101.011	152.255	138.717	172.322	47.263	106.179	4,23%
FRIULI VENEZIA GIULIA					14.699	12.766	19.108	18.850	13.292	8.746	0,35%
EMILIA ROMAGNA	269.074	206.028	303.141	223.152	413.859	519.844	799.078	836.605	716.531	476.368	18,96%
TOSCANA	38.721	26.231	24.528	9.279	42.747	39.410	34.714	18.678	17.320	27.959	1,11%
UMBRIA	29.263	39.732	43.834	31.029	33.867	39.095	22.120	21.590	13.275	30.423	1,21%
MARCHE	44.791	38.102	43.110	53.600	41.455	30.492	57.315	37.882	13.629	40.042	1,59%
LAZIO	291.417	316.061	345.062	280.746	369.144	477.080	479.944	460.904	378.190	377.616	15,03%
ABRUZZO	50.655	57.721	77.305	96.647	116.918	118.298	167.745	173.747	110.598	107.737	4,29%
MOLISE	15.000	12.591	5.000	7.930	26.240	10.880	11.280	23.160	13.080	13.907	0,55%
CAMPANIA	79.710	56.870	54.780	61.450	67.560	61.780	42.740	57.500	44.200	58.510	2,33%
PUGLIA	245.292	375.520	554.673	556.862	338.054	440.916	578.191	743.764	233.887	451.907	17,99%
CALABRIA	4.770	1.950	1.560		5.700	5.210	3.500	4.500		3.021	0,12%
SICILIA	543.313	786.401	604.827	456.462	693.925	900.788	916.207	1.265.859	495.336	740.346	29,47%
SARDEGNA	118.705	52.688	38.996	48.868	53.935	43.200	36.856	38.010	21.064	50.258	2,00%
Total	1.804.325	2.046.835	2.277.827	1.903.276	2.344.499	2.878.223	3.330.337	3.898.665	2.128.710	2.512.522	

Source: based on data from AGEA.

Table 133 Quantities of table wine under private storage contracts in Italy. Wine years 1994/95-2002/03. %.

Region	wine year	wine year	wine year	wine year	wine year	wine year
	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
PIEMONTE	0,94%	1,14%	1,18%	1,09%	0,90%	0,24%
VALLE D'AOSTA						
LOMBARDIA	0,57%	0,57%	0,64%	0,87%	1,05%	0,57%
TRENTINO ALTO ADIGE	2,16%	2,83%	2,44%	2,60%	2,49%	2,19%
VENETO	1,33%	1,87%	2,50%	2,28%	2,71%	1,04%
FRIULI VENEZIA GIULI	0,00%	3,03%	3,00%	4,20%	3,68%	3,86%
LIGURIA						
EMILIA ROMAGNA	4,63%	5,68%	6,77%	10,50%	10,37%	10,05%
TOSCANA	1,25%	3,84%	3,95%	4,09%	2,42%	1,85%
UMBRIA	9,81%	7,40%	8,54%	7,24%	6,19%	4,16%
MARCHE	5,76%	4,47%	3,10%	7,04%	5,26%	1,84%
LAZIO	25,12%	28,67%	32,25%	32,91%	34,96%	32,35%
ABRUZZO	3,95%	5,19%	4,57%	6,45%	7,70%	5,94%
MOLISE	3,42%	10,91%	4,50%	5,96%	11,54%	6,73%
CAMPANIA	12,91%	10,70%	12,57%	7,01%	9,24%	8,02%
PUGLIA	7,36%	3,43%	5,42%	6,54%	8,72%	3,76%
BASILICATA						
CALABRIA	0,00%	8,76%	9,02%	8,19%	8,90%	0,00%
SICILIA	7,47%	8,48%	10,56%	12,93%	18,46%	10,06%
SARDEGNA	18,81%	16,94%	15,07%	16,75%	16,66%	10,37%
Total Italy	6,01%	5,79%	7,10%	8,56%	10,01%	6,93%

Source: based on data from AGEA.

Table 134 Production and quantities of table wine under private storage contracts in Italy (HI). Average Wine years 1997/98 - 2002/03.

Region	Average	Average Quantities under private storage	% Quantities/
	Production		Production
PIEMONTE	926.359	8.794	0,95%
VALLE D'AOSTA	5.746		
LOMBARDIA	553.782	3.928	0,71%
TRENTINO ALTO ADIGE	368.326	9.103	2,47%
VENETO	5.457.882	111.437	2,04%
FRIULI VENEZIA GIULI	427.785	13.119	3,07%
LIGURIA	13.741		
EMILIA ROMAGNA	7.100.040	584.845	8,24%
TOSCANA	901.444	27.025	3,00%
UMBRIA	367.559	26.829	7,30%
MARCHE	852.376	39.062	4,58%
LAZIO	1.304.927	407.668	31,24%
ABRUZZO	2.334.649	130.659	5,60%
MOLISE	216.454	15.428	7,13%
CAMPANIA	563.739	55.872	9,91%
PUGLIA	8.192.631	481.946	5,88%
BASILICATA	43.395		
CALABRIA	48.931	3.152	6,44%
SICILIA	6.948.676	788.096	11,34%
SARDEGNA	252.681	40.322	15,96%
Total Italy	36.881.121	2.747.285	7,45%

Source: based on data from AGEA.

Although the average values give a good picture of the overall regional situation, it is nonetheless worth spending a few words on the evolution of the proportion of total production that is stored. Lazio has progressively increased the proportion of its production that is put under private storage contracts, from 25% in the 1997/98 wine year to 32% in the 2002/03 wine year. The same trend has been observed in Emilia Romagna, in which the proportion of the total production that was put into private storage contracts has increased from 4,6% to 10% during the period 1997/98 – 2002/03. In Sicily the upwards trend can be observed until the 2001/02 wine year where the proportion reached 18,4%. On the contrary, Puglia has registered a fluctuating trend and the region has seen the percentage shrink from 7,3% in the 1997/98 wine year to 3,7% in the 2002/03 wine year.

In summary we can conclude that:

- even though Puglia is the region with the highest production of table wine (22,2%), it is ranked third in terms of quantities under private storage (18%) and only 5,8% of its regional production is put under private storage contracts.

□ Sicily which is the region with the highest quantities of table wine under private storage contracts, representing 30% of the total, is the third region in terms of volumes of production (18,8%) and puts 11,3% of its production under private storage contracts.

□ Lazio is the region which puts the highest proportion of its production under private storage contracts (31,2%). It represents 15% of the total quantities of table wine under storage but it only accounts for 3,5% of the total Italian production.

From the data on the number of producers that receive aid for private storage and the quantities stored, it can be observed that in Sicily on average, 41 producers⁴⁷ concluded private storage contracts for high volumes of table wine (740.346 hl) whereas in Puglia the number of producers is larger than in Sicily and the quantities under private storage smaller (on average, 63 producers concluded contracts for 441.744 hl). Emilia Romagna and Lazio present a similar behaviour as far as the concentration of the volumes under private storage is concerned (on average 27 producers in Emilia Romagna and 29 in Lazio concluded contracts for 475.524 Hl and 376.290 Hl of table wine, respectively).

Calculations with available data indicate the average quantities under private storage per producer in the Italian regions. In Sicily the average quantity of table wine under private storage contract per producer is 18.106 Hl; in Emilia Romagna 17.468 Hl/producer; in Lazio 13.177 Hl/producer and in Puglia 6.987Hl/producer⁴⁸ and in Veneto 6.506 Hl/producer.

⁴⁷ Calculations have been made taking the average quantities of wine under private storage and the average number of producers over the three wine years for which data are available. The average number of producers have been “adjusted” avoiding the decimal (e.g. 26, 8 producers have been rounded to 27; 39,3 to 39 etc.)

⁴⁸ Calculations have been made dividing the quantities under private storage by the number of producers and taking the average for the three wine years.

Table 135 Wine years 1994/95-2002/03, quantities of table wine under private storage and n. of producers, average values per region

Region	Average n. of producers	Average quantities under private storage (HL)	Quantities under private storage per producer (HL)
Piemonte	4	9.590,78	2.511,87
Lombardia	3	3.308,16	1.150,66
Trentino Alto Adige	2	7.377,67	3.688,83
Veneto	17	108.439,08	6.506,34
Friuli Venezia Giulia	1	8.746,11	8.746,11
Emilia Romagna	27	475.524,69	17.468,25
Toscana	9	27.958,63	3.267,89
Umbria	10	30.422,78	3.147,18
Marche	14	40.041,73	2.815,43
Lazio	29	376.290,80	13.177,50
Abruzzo	14	108.431,56	7.934,02
Molise	2	13.906,78	6.258,05
Campania	7	59.835,56	8.975,33
Puglia	63	441.744,01	6.987,16
Calabria	2	3.021,11	1.922,53
Sicilia	41	740.346,30	18.106,30
Sardegna	7	50.258,11	6.853,38

Source: based on data from AGEA.

Therefore, Sicily and Emilia Romagna are characterised by a high degree of concentration of quantities on few producers storing big volumes; the degree of concentration is lower in Lazio compared to Sicily, whereas Puglia is characterised by many producers storing low volumes of table wine.

Typology of producers that recur to aid for private storage.

The table below shows the distribution of the quantities under private storage and of the number of contracts between cooperatives/wine cellars and single producers for the 5 Italian regions under study. The data on the number of contracts and quantities correspond to the average of the 6 wine years (1997/98-2002/03).

Table 136 Average quantities of table wine under private storage contracts (hl) and number of contracts concluded per type of producers.

	Cooperatives and Wine cellars		Single Producers		Total		% Cooperatives and wine cellars/Total		% Single Producers/Total	
	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)
VENETO	35	105.940	1	5.498	36	111.437	96,30%	95,07%	3,70%	4,93%
EMILIA ROMAGNA	50	276.628	36	308.217	86	584.845	58,48%	47,30%	41,52%	52,70%
LAZIO	29	160.437	33	247.106	62	407.543	46,79%	39,37%	53,21%	60,63%
PUGLIA	96	270.733	47	199.367	143	470.101	67,25%	57,59%	32,75%	42,41%
SICILIA	85	736.099	12	51.997	97	788.096	87,26%	93,40%	12,74%	6,60%

Source: based on data from AGEA.

The distribution of the quantities of table wine under private storage between cooperatives/wine cellars and single producers follows a different pattern according to the region involved. In particular, in Sicily and in Veneto nearly the total quantities of table wine (93% and 95% respectively) are stored by cooperatives and wine cellars. Also in Puglia the cooperatives and wine cellars are responsible for high quantities of table wine put under private storage, although to a lesser extent (58%). Emilia Romagna is characterised by an almost even distribution of the quantities under storage between single producers (53%) and cooperatives/ wine cellars (47%). In Lazio, single producers play a larger role since they are responsible for 61% of the total volumes under private storage contracts.

Table 137 Quantities of table wine under private storage contracts (HI) and number of contracts concluded per type of producers for Veneto, Emilia Romagna, Lazio, Puglia and Sicilia.⁴⁹

	Region	Cooperatives and Wine cellars		Single Producers		Total		% Cooperatives and wine cellars/Total		% Single Producers/Total	
		N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)
Wine year 1997/98	VENETO	20	54.485,00	1	2.570,00	21	57.055,00	95,24%	95,50%	4,76%	4,50%
	EMILIA ROMAGNA	41	131.110,00	14	92.042,00	55	223.152,00	74,55%	58,75%	25,45%	41,25%
	LAZIO	24	112.981,94	23	167.764,00	47	280.745,94	51,06%	40,24%	48,94%	59,76%
	PUGLIA	93	227.064,00	61	324.228,00	154	551.292,00	60,39%	41,19%	39,61%	58,81%
	SICILIA	59	414.398,12	15	42.064,00	74	456.462,12	79,73%	90,78%	20,27%	9,22%
Wine year 1998/99	VENETO	33,00	86.865,70	2	14.145,00	35	101.010,70	94,29%	86,00%	5,71%	14,00%
	EMILIA ROMAGNA	46,00	180.758,00	32	233.101,18	78	413.859,18	58,97%	43,68%	41,03%	56,32%
	LAZIO	25	115.478,94	30	253.665,00	55	369.143,94	45,45%	31,28%	54,55%	68,72%
	PUGLIA	97	189.664,00	50	148.390,00	147	338.054,00	65,99%	56,10%	34,01%	43,90%
	SICILIA	78	639.160,12	14	54.765,00	92	693.925,12	84,78%	92,11%	15,22%	7,89%
Wine year 1999/00	VENETO	47	152.255,00	0	0,00	47	152.255,00	100,00%	100,00%	0,00%	0,00%
	EMILIA ROMAGNA	37	181.973,00	44	337.871,00	81	519.844,00	45,68%	35,01%	54,32%	64,99%
	LAZIO	38	210.794,94	39	265.535,00	77	476.329,94	49,35%	44,25%	50,65%	55,75%
	PUGLIA	104	264.447,00	41	176.469,00	145	440.916,00	71,72%	59,98%	28,28%	40,02%
	SICILIA	92	838.307,62	12	62.480,00	104	900.787,62	88,46%	93,06%	11,54%	6,94%
Wine year 2000/01	VENETO	41	138.717,00	0	0,00	41	138.717,00	100,00%	100,00%	0,00%	0,00%
	EMILIA ROMAGNA	66	510.233,00	29	288.845,00	95	799.078,00	69,47%	63,85%	30,53%	36,15%
	LAZIO	34	213.381,40	37	266.563,00	71	479.944,40	47,89%	44,46%	52,11%	55,54%
	PUGLIA	112	378.498,00	43	199.693,00	155	578.191,00	72,26%	65,46%	27,74%	34,54%
	SICILIA	96	838.257,00	12	77.950,00	108	916.207,00	88,89%	91,49%	11,11%	8,51%

⁴⁹ Some discrepancies on the number of contracts and quantities have been found with respect to the data presented in previous tables for: Puglia (wine years 1997/98 and 2001/02) and for Lazio (wine year 1999/00).

	Region	Cooperatives and Wine cellars		Single Producers		Total		% Cooperatives and wine cellars/Total	% Single Producers/Total		
		N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)	N. Contracts	Quantities (hl)
Wine year 2001/02	VENETO	46	157.842,00	4	14.480,00	50	172.322,00	92,00%	91,60%	8,00%	8,40%
	EMILIA ROMAGNA	30	117.232,00	75	719.373,00	105	836.605,00	28,57%	14,01%	71,43%	85,99%
	LAZIO	38	189.525,60	38	271.378,00	76	460.903,60	50,00%	41,12%	50,00%	58,88%
	PUGLIA	100	423.256,00	55	255.008,00	155	678.264,00	64,52%	62,40%	35,48%	37,60%
	SICILIA	120	1.204.762,66	14	61.096,43	134	1.265.859,09	89,55%	95,17%	10,45%	4,83%
Wine year 2002/03	VENETO	21	45.473,00	1	1.790,00	22	47.263,00	95,45%	96,21%	4,55%	3,79%
	EMILIA ROMAGNA	80	538.464,00	19	178.067,00	99	716.531,00	80,81%	75,15%	19,19%	24,85%
	LAZIO	16	120.460,00	32	257.730,00	48	378.190,00	33,33%	31,85%	66,67%	68,15%
	PUGLIA	69	141.471,00	30	92.415,70	99	233.886,70	69,70%	60,49%	30,30%	39,51%
	SICILIA	62	481.708,00	7	13.627,90	69	495.335,90	89,86%	97,25%	10,14%	2,75%

Source: based on data from AGEA.

Grape must, concentrated grape must and rectified concentrated grape must

Regional data on private storage of grape musts have been extracted by “*stabilimento enologico*” (oenological plant) and by “*legal premises of the firm*”. Unlike the case of table wine, the quantities of product under private storage change significantly according to the criteria followed (data extracted by the two criteria are shown in this chapter. See tables 138, 142 and 145). A careful look into the data extracted by *oenological plant* and by *legal premises of the firm* has allowed us to observe interesting “*movements*” of the quantities under store. In particular, it has been observed that some producers with their legal premises in a specific region store in a region different from the one where the firm is located.

The markets for grape musts present different characteristics when compared to the market of table wine. When looking at production of concentrated grape must and rectified concentrated grape must, the evidence demonstrates that production is concentrated on a few regions. Other important differences also occur when looking at the quantities of product which are subject to private storage contracts. The analysis on private storage of concentrated grape must and rectified concentrated grape must follows a somewhat different approach from the one carried out for table wine, due to the specific characteristics of the market for these products, as will be shown below.

Grape must

Data on private storage of grape must extracted by *legal premises of the firm* indicate the quantities of product are stored by the firms located in a specific region. During the period considered (wine year 1997/98 to 2002/03), Sicilian firms alone accounted, in average, for 64% of the total quantities put under private storage in Italy, followed by firms from Puglia (14,8%) and Emilia Romagna (10,5%). Veneto accounts for less than 5% and the remaining percentage is distributed among other regions, which account for minimum percentages. Although the quantities under private store change when the extraction is done by *oenological plant*, these differences are not as significant as in the case for concentrated rectified and rectified concentrated grape musts, which are shown in the paragraphs below.

Over the period 1997/98-2002/03, the quantities of grape must under private storage contracts have decreased by 1,6% and the average volumes stored amount to 1,4 million hl. The 2000/01 wine year has registered the highest volumes of grape must under storage contracts, with more than 2 million hl, followed by the 2001/02 wine year where 1,6 million hl of grape must were put under private storage contracts⁵⁰ (see tables below).

⁵⁰ Extraction by legal premises of the firm

Table 138 Data on private storage of grape must in Italy. Wine years 1997/98-2002/2003

	Region	EXTRACTION BY OENOLOGICAL PLANT		EXTRACTION BY LEGAL PREMISES OF THE FIRM		Difference in quantities (Extraction by legal premises-extraction by oenological plant)
		N. contracts	Quantities of grape must under private storage contracts (HI)	N. producers	Quantities of grape must under private storage contracts (HI)	
Wine year 1997/98	VENETO	6	17.689,82	4	17.689,82	0,00
	EMILIA ROMAGNA	12	53.218,76	7	53.218,76	0,00
	TOSCANA	1	920,00	1	920,00	0,00
	LAZIO	3	14.703,15	2	14.703,15	0,00
	ABRUZZO	5	32.049,00	3	32.049,00	0,00
	PUGLIA	11	161.410,00	7	161.410,00	0,00
	SICILIA	72	727.438,42	45	727.438,42	0,00
	Total	110	1.007.429,15	69	1.007.429,15	0,00
Wine year 1998/99	LOMBARDIA	1	1.706,40	1	1.706,40	0,00
	VENETO	6	34.247,07	5	39.263,37	5.016,30
	EMILIA ROMAGNA	25	122.815,51	10	81.486,26	-41.329,25
	TOSCANA	2	6.195,00	2	6.195,00	0,00
	UMBRIA	1	3.500,00	1	3.500,00	0,00
	LAZIO	4	10.776,00	2	10.776,00	0,00
	ABRUZZO	4	17.725,00	5	23.462,19	5.737,19
	PUGLIA	7	105.348,04	5	110.548,04	5.200,00
	SICILIA	67	814.484,44	39	839.860,20	25.375,76
	Total	117	1.116.797,46	70	1.116.797,46	0,00
Wine year 1999/00	LOMBARDIA	1	600,00	1	600,00	0,00
	TRENTINO ALTO ADIGE	3	7.117,40	2	4.957,40	-2.160,00
	VENETO	16	62.763,75	14	85.248,88	22.485,13
	FRIULI VENEZIA GIULIA	0	0,00	1	10.037,20	10.037,20
	EMILIA ROMAGNA	37	265.697,45	13	198.808,03	-66.889,42
	TOSCANA	1	1.800,00	1	1.800,00	0,00
	UMBRIA	1	1.400,00	1	1.400,00	0,00
	LAZIO	1	5.000,00	1	5.000,00	0,00
	ABRUZZO	4	16.870,62	4	32.397,71	15.527,09
	CAMPANIA	0	0,00	1	30.000,00	30.000,00
	PUGLIA	9	112.455,16	5	103.455,16	-9.000,00
	SICILIA	85	1.120.081,56	45	1.120.081,56	0,00
	Total	158	1.593.785,94	89	1.593.785,94	0,00
Wine year 2000/01	LOMBARDIA	1	611,00	1	611,00	0,00
	TRENTINO ALTO ADIGE	4	5.150,40	1	2.990,40	-2.160,00
	VENETO	15	66.092,88	10	88.732,08	22.639,20
	FRIULI VENEZIA GIULIA	0	0,00	2	22.198,00	22.198,00
	EMILIA ROMAGNA	42	274.734,56	15	204.673,12	-70.061,44
	UMBRIA	1	1.350,00	1	1.350,00	0,00
	LAZIO	4	13.800,00	1	13.800,00	0,00
ABRUZZO	5	24.350,00	4	31.915,35	7.565,35	

	CAMPANIA	0	0,00	1	30.000,00	30.000,00
	PUGLIA	22	464.361,00	12	454.179,89	-10.181,11
	SICILIA	101	1.226.052,19	52	1.226.052,19	0,00
	Total	195	2.076.502,03	100	2.076.502,03	0,00
Wine year 2001/02	LOMBARDIA	1	922,83	1	922,83	0,00
	TRENTINO ALTO ADIGE	2	2.460,0000	0	0,00	-2.460,00
	VENETO	10	63.200,7500	13	134.826,23	71.625,48
	FRIULI VENEZIA GIULIA	0	0,00	2	20.189,20	20.189,20
	EMILIA ROMAGNA	42	301.682,9900	15	184.634,06	-117.048,93
	TOSCANA	1	1.200,0000	1	1.200,00	0,00
	LAZIO	4	35.480,0000	3	71.480,00	36.000,00
	ABRUZZO	6	35.961,0000	5	45.121,18	9.160,18
	PUGLIA	16	325.845,0000	10	308.379,07	-17.465,93
	SICILIA	84	908.072,1100	49	908.072,11	0,00
	Total	166	1.674.824,68	99	1.674.824,68	0,00
	Wine year 2002/03	VENETO	2	10.472,00	3	35.472,00
EMILIA ROMAGNA		16	144.882,14	7	170.082,14	25.200,00
TOSCANA		2	3.998,00	1	3.998,00	0,00
MARCHE		1	975,00	1	975,00	0,00
LAZIO		2	7.382,00	3	45.382,13	38.000,13
PUGLIA		11	198.700,00	3	115.700,00	-83.000,00
SICILIA		67	619.235,57	41	619.235,57	0,00
Total		101	985.644,71	59	990.844,84	5.200,13

Source: based on data from AGEA.

Table 139 Data on private storage of grape must in Italy. Average wine years 1997/98-2002/2003

Region	EXTRACTION BY OENOLOGICAL PLANT		EXTRACTION BY LEGAL PREMISES OF THE FIRM	
	Average quantities under private storage (Hl)	% of Total	Average quantities under private storage (Hl)	% of Total
PIEMONTE	0,00	0,00%	0,00	0,00%
VALLE D'AOSTA	0,00	0,00%	0,00	0,00%
LOMBARDIA	640,04	0,05%	640,04	0,05%
TRENTINO ALTO ADIGE	2.454,63	0,17%	1.324,63	0,09%
VENETO	42.411,05	3,01%	66.872,06	4,74%
FRIULI VENEZIA GIULIA	0,00	0,00%	8.737,40	0,62%
LIGURIA	0,00	0,00%	0,00	0,00%
EMILIA ROMAGNA	193.838,57	13,76%	148.817,06	10,55%
TOSCANA	2.352,17	0,17%	2.352,17	0,17%
UMBRIA	1.041,67	0,07%	1.041,67	0,07%
MARCHE	162,50	0,01%	162,50	0,01%
LAZIO	14.523,53	1,03%	26.856,88	1,90%
ABRUZZO	21.159,27	1,50%	27.490,91	1,95%
MOLISE	0,00	0,00%	0,00	0,00%
CAMPANIA	0,00	0,00%	10.000,00	0,71%
PUGLIA	228.019,87	16,18%	208.945,36	14,82%
BASILICATA	0,00	0,00%	0,00	0,00%
CALABRIA	0,00	0,00%	0,00	0,00%
SICILIA	902.560,72	64,05%	906.790,01	64,31%
SARDEGNA	0,00	0,00%	0,00	0,00%
TOTAL	1.409.164,00	100,00%	1.410.030,68	100,00%

Source: based on data from AGEA.

Concentrated Grape must

Production

Average data on production of concentrated grape must in Italy show that, along the period considered (wine years 1997/98 – 2002/03), Emilia Romagna accounted for 52% of the total Italian production, followed by Puglia with 23% and Veneto 14%. Sicily shares 6,5% of the total production whereas the other regions are below 1%. The market for concentrated grape must shows a higher degree of concentration than the market for table wine.

It is also worth noting that, in general, the production of concentrated grape must in Italy raised significantly from the wine year 2000/2001 going from 192.538 hl in the 1999/00 wine year to 293.044 in the following wine year. These quantities decreased in the last two wine years, but remained high when compared to the first three wine years. This situation is also reflected in the trend of the quantities produced from the main producing regions (see table below).

Table 140 Regional production of concentrated grape must in Italy (HI). Wine years 1997/98 – 2002/03

Region	Wine year 1997/1998	Wine year 1998/1999	Wine year 1999/2000	Wine year 2000/2001	Wine year 2001/2002	Wine year 2002/2003	Wine years 1997/98 - 2002/03 Average	Wine years 1997/98 - 2002/03 Average % of total
PIEMONTE	1.505	1.240	789	177	216	942	812	0,38%
VALLE D'AOSTA	33	61	0	0	9	9	19	0,01%
LOMBARDIA	949	599	445	247	3.951	2.745	1.489	0,69%
TRENTINO ALTO ADIGE	405	448	2.894	2.356	1.276	2.133	1.585	0,74%
VENETO	5.447	3.642	20.266	49.927	47.143	54.804	30.205	14,03%
FRIULI VENEZIA GIULIA	109	344	411	76	35	0	163	0,08%
LIGURIA	2	5	0	0	0	0	1	0,00%
EMILIA ROMAGNA	109.978	78.921	130.265	126.672	117.440	107.902	111.863	51,96%
TOSCANA	544	1.130	618	815	861	561	755	0,35%
UMBRIA	223	0	82	48	107	27	81	0,04%
MARCHE	496	269	584	67	105	116	273	0,13%
LAZIO	347	2.583	246	842	1.109	566	949	0,44%
ABRUZZO	15	1.835	1.175	56	0	461	590	0,27%
MOLISE	2	815	287	430	6	1.280	470	0,22%
CAMPANIA	450	721	511	303	469	3.978	1.072	0,50%
PUGLIA	6.647	43.764	28.999	79.614	72.028	66.595	49.608	23,04%
BASILICATA	183	186	0	74	6	18	78	0,04%
CALABRIA	73	168	26	56	529	1.374	371	0,17%
SICILIA	5.209	3.482	3.609	30.589	26.456	14.904	14.042	6,52%
SARDEGNA	984	945	1.331	695	694	403	842	0,39%
Total Italy	133.601	141.158	192.538	293.044	272.440	258.818	215.267	100,00%

Source: based on data from AGEA.

Quantities under private storage

Before looking at the volumes of must under private storage it is worth observing that, at national and at regional level, the quantities of product subject to storage contracts are always above the quantities produced (except for the wine years 1999/00 and 2002/03). An explanation may lay on the fact that producers store quantities of concentrated grape must of the previous wine years. For this reason, the percentage of stored product over production is not a meaningful indicator as in the case of table wine. Alternatively, it is interesting to look at the data on the quantities stored extracted by *oenological plant* and by *legal premises of the firm*, since they give interesting information on the working of the private storage system for concentrated grape must. When data on private storage are extracted by *oenological plant*, they show the quantities of product which are stored in a specific region but not necessarily only from the firms with their legal premises in that region. On the other hand, data extracted by *legal premises of the firm* indicate the quantities of product which are stored by the firms located in a specific region. For this reason, given that the national quantities of product stored remain the same, independently from the type of extraction made⁵¹, the differences between the quantities stored at regional level according to the two types of extraction in some cases offer the evidence of how the quantities move along the different regions.

For example, for the wine year 1997/98 data extracted by *legal premises of the firm* show that in Campania there is a producer storing 500.000 hl of concentrated grape must, while data extracted by *oenological plant* show that no concentrated grape must is stored in Campania, while Puglia stores 500.000 hl more of what is stored by producers who have their legal premises in the region. This means that a producer from Campania (with legal premises in Campania) stores 500.000 hl of concentrated grape must in Puglia.

Quantities of concentrated grape must under private storage contracts obtained using both extractions (i.e. *oenological plant* and *legal premises of the firm*) are shown in tables 141 and 142.

From these data, it can be observed that, in average, producers from Emilia Romagna are those who mostly recur to private storage contracts accounting for 53% of the total, followed by producers from Veneto with a share of 19%. The share of Sicilian producers that recur to private storage contracts amounts to 10,5% and that of producers from Puglia to 9,6%.

However, it is important to observe that the ranking and the percentages change substantially when looking at the quantities stored in the region. As explained above, these differences arise as producers from one region may decide to store in a region different from the one where the firm is located. Thus, 48,7% of the quantities under private storage contracts are stored in Emilia Romagna; 18,3% in Sicily; 17,9% in Puglia and 9,7% in Veneto.

In absolute terms the quantities of concentrated grape must under private storage are smaller than those of grape must. Over the period 1997/98-2002/03, the quantities of concentrated grape must under private storage contracts have increased by more than 40% and the average volumes stored amount to 227.000 hl. As in the case of grape must, the highest volumes of concentrated grape must have been observed in the 2000/01 wine year, with more than 300.000 hl, followed by the 2001/02 wine year with 292.000 hl of concentrated grape must under private storage contracts⁵².

⁵¹ This is true for all wine years except for the 2002/03 wine year for grape must and concentrated grape must, for which small differences have been observed between the two types of extraction.

⁵² Extraction by legal premises of the firm.

Table 141 Data on private storage of concentrated grape must in Italy. Wine years 1997/98-2002/2003

	Region	EXTRACTION BY OENOLOGICAL PLANT		EXTRACTION BY LEGAL PREMISES OF THE FIRM	
		N. contracts	Quantities of concentrated grape must under private storage contracts	N. producers	Quantities of concentrated grape must under private storage contracts
Wine year 1997/98	LOMBARDIA	1	219,51	1	219,51
	TRENTINO ALTO ADIGE	1	5.752,80	1	5.752,80
	VENETO	1	11.224,32	1	11.224,32
	EMILIA ROMAGNA	15	113.534,27	8	113.534,27
	UMBRIA	2	114,26	2	114,26
	CAMPANIA	0	0,00	1	500,00
	PUGLIA	3	22.284,60	1	21.784,60
	SICILIA	2	7.696,49	1	7.696,49
	Total	25	160.826,25	16	160.826,25
Wine year 1998/99	TRENTINO ALTO ADIGE	0	0,00	1	7.923,57
	VENETO	0	0,00	2	34.420,99
	EMILIA ROMAGNA	13	103.899,02	7	101.814,77
	ABRUZZO	1	650,00	1	650,00
	MOLISE	1	814,72	1	814,72
	PUGLIA	3	34.267,57	1	26.344,00
	SICILIA	4	45.006,74	1	12.670,00
	SARDEGNA	3	1.285,61	3	1.285,61
	Total	25	185.923,66	17	185.923,66
Wine year 1999/00	LOMBARDIA	0	0,00	1	15.470,00
	TRENTINO ALTO ADIGE	2	6.949,39	1	11.618,99
	VENETO	3	1.630,98	6	13.625,89
	EMILIA ROMAGNA	14	126.166,00	5	114.171,09
	PUGLIA	7	37.523,55	1	17.383,95
	SICILIA	5	16.650,00	3	16.650,00
		Total	31	188.919,92	17
Wine year 2000/01	LOMBARDIA	2	4.040,00	1	8.500,00
	TRENTINO ALTO ADIGE	2	16.822,00	1	16.822,00
	VENETO	6	45.228,85	5	84.618,83
	EMILIA ROMAGNA	21	132.152,53	12	145.946,11
	MOLISE	1	430,00	1	430,00
	PUGLIA	6	56.837,03	3	31.192,03
	SICILIA	6	52.235,56	3	20.237,00
	Total	44	307.745,97	26	307.745,97
Wine year 2001/02	LOMBARDIA	1	1.220,00	0	0,00
	TRENTINO ALTO ADIGE	1	16.675,50	1	16675,50
	VENETO	4	39.501,79	2	76864,23
	EMILIA ROMAGNA	18	107.149,26	12	141634,15
	UMBRIA	2	86,10	2	86,10
	PUGLIA	8	62.760,29	5	33883,14

	SICILIA	8	64.419,57	4	22669,39
	SARDEGNA	1	270,00	1	270,00
	Total	43	292.082,51	27	292082,51
Wine year 2002/03	LOMBARDIA	2	2.050,00	0	0,00
	TRENTINO ALTO ADIGE	4	13.720,00	1	13.720,00
	VENETO	5	35.336,00	2	43.377,19
	EMILIA ROMAGNA	12	83.482,08	8	106.000,54
	ABRUZZO	1	240,41	1	240,41
	PUGLIA	4	32.210,00	2	552,21
	SICILIA	8	65.240,42	6	63.188,56
	Total	36	232.278,91	20	227.078,91

Source: based on data from AGEA.

Table 142 Data on private storage of concentrated grape must in Italy. Average wine years 1997/98-2002/2003

	EXTRACTION BY OENOLOGICAL PLANT		EXTRACTION BY LEGAL PREMISES OF THE FIRM	
	Average quantities under private storage	% of Total	Average quantities under private storage	% of Total
PIEMONTE	0,00	0,00%	0,00	0,00%
VALLE D'AOSTA	0,00	0,00%	0,00	0,00%
LOMBARDIA	1.254,92	0,55%	4.031,59	1,78%
TRENTINO ALTO ADIGE	9.986,62	4,38%	12.085,48	5,32%
VENETO	22.153,66	9,72%	44.021,91	19,38%
FRIULI VENEZIA GIULIA	0,00	0,00%	0,00	0,00%
LIGURIA	0,00	0,00%	0,00	0,00%
EMILIA ROMAGNA	111.063,86	48,72%	120.516,82	53,07%
TOSCANA	0,00	0,00%	0,00	0,00%
UMBRIA	33,39	0,01%	33,39	0,01%
MARCHE	0,00	0,00%	0,00	0,00%
LAZIO	0,00	0,00%	0,00	0,00%
ABRUZZO	148,40	0,07%	148,40	0,07%
MOLISE	207,45	0,09%	207,45	0,09%
CAMPANIA	0,00	0,00%	83,33	0,04%
PUGLIA	40.980,51	17,98%	21.856,66	9,62%
BASILICATA	0,00	0,00%	0,00	0,00%
CALABRIA	0,00	0,00%	0,00	0,00%
SICILIA	41.874,80	18,37%	23.851,91	10,50%
SARDEGNA	259,27	0,11%	259,27	0,11%
TOTAL	227.962,87	100,00%	227.096,20	100,00%

Source: based on data from AGEA.

Rectified concentrated grape must

Production

Data on production of rectified concentrated grape must show that, during the wine years 1997/98 – 2002/03), the main producing regions are Emilia Romagna which accounts for 46% of the total production followed by Sicily with 18%, Lazio with 11% and to a lesser extent Puglia with 5%.

The production of rectified concentrated grape must has been subject to fluctuations over time, ranging from with 0.22 million hl in the 2000/01 wine year to 0.14 million hl in the latest wine year (see table below).

Table 143 Regional production of rectified concentrated grape must in Italy (HI). Wine years 1997/98 – 2002/03

Region	Wine year 1997/1998	Wine year 1998/1999	Wine year 1999/2000	Wine year 2000/2001	Wine year 2001/2002	Wine year 2002/2003	Wine years 1997/98 - 2002/03 Average	Wine years 1997/98 - 2002/03 Average % of total
PIEMONTE	3.323	4.069	1.957	1.930	2.954	4.484	3.120	1,67%
VALLE D'AOSTA	0	11	11	0	0	26	8	0,00%
LOMBARDIA	1.532	873	2.154	19.529	1.634	1.539	4.544	2,44%
TRENTINO ALTO ADIGE	2.684	2.208	1.607	1.776	973	1.765	1.836	0,98%
VENETO	11.571	9.047	14.467	14.605	30.913	13.029	15.605	8,36%
FRIULI VENEZIA GIULIA	1.157	663	899	1.143	799	1.741	1.067	0,57%
LIGURIA	56	55	19	22	10	27	32	0,02%
EMILIA ROMAGNA	107.192	70.946	101.351	93.863	78.712	63.766	85.972	46,08%
TOSCANA	3.508	1.787	2.286	4.975	2.538	2.189	2.881	1,54%
UMBRIA	900	745	660	4.291	1.037	668	1.384	0,74%
MARCHE	720	1.089	1.035	758	704	1.131	906	0,49%
LAZIO	11.788	53.791	1.949	29.001	16.959	7.736	20.204	10,83%
ABRUZZO	2.076	754	2.789	2.656	4.899	2.236	2.568	1,38%
MOLISE	369	614	50	0	691	321	341	0,18%
CAMPANIA	340	75	155	56	17	1.320	327	0,18%
PUGLIA	31.085	10.852	7.652	5.255	3.769	4.379	10.499	5,63%
BASILICATA	150	258	4	33	2	3	75	0,04%
CALABRIA	5	48	12	24	10	12	19	0,01%
SICILIA	28.387	7.540	30.367	39.841	59.282	38.967	34.064	18,26%
SARDEGNA	1.410	997	1.195	1.386	988	823	1.133	0,61%
Total Italy	208.253	166.422	170.619	221.144	206.891	146.162	186.582	100,00%

Source: based on data from AGEA.

Quantities under private storage

As it happened for concentrated grape must, also the quantities of rectified concentrated grape must subject to storage contracts are above the quantities produced (except for the wine year 1997/98). This might be explained by the assumption that producers store rectified concentrated grape must of the previous wine years.

By looking at data on the quantities stored extracted by *oenological plant* and by *legal premises of the firm*, some insights on the working of the private storage mechanisms for rectified concentrated grape must can be observed. Recalling what it was already stated for concentrated grape must, data on private storage of rectified concentrated grape must extracted by *oenological plant* show the quantities of product stored in a specific region but not necessarily only from the firms with their legal premises in that region. Alternatively, data extracted by *legal premises of the firm* indicate the quantities of product stored by the firms that have their legal premises located in a specific region, but it does not necessarily mean that the storage occurs in that region.

Also in this case, since the national quantities of product stored remain the same, independently from the type of extraction made, the differences between the quantities stored at regional level according to the two types of extraction in some cases offer the evidence of how the quantities move along the different regions. For example, for the wine year 1998/99 data on extraction by *legal premises of the firm* show that a producer from Campania stores 1.877 hl of rectified concentrated grape must, while data on the extraction by *oenological plant* show that no rectified concentrated grape must is stored in Campania. At the same time, we observe that Puglia stores 1.877 hl and that producers with their legal premises in Puglia do not store. This means that the producer from Campania stores his 1.877 hl of rectified concentrated grape must in Puglia.

Quantities of rectified concentrated grape must under private storage contracts obtained using both extractions (i.e. *oenological plant* and *legal premises of the firm*) are shown in tables 144 and 145.

Table 144 Data on private storage of rectified concentrated grape must in Italy. Wine years 1997/98-2002/2003

	Region	EXTRACTION BY OENOLOGICAL PLANT		EXTRACTION BY LEGAL PREMISES OF THE FIRM		Difference in quantities (Extraction by legal premises-extraction by oenological plant)
		N. contracts	Quantities of rectified concentrated grape must under private storage contracts	N. producers	Quantities of rectified concentrated grape must under private storage contracts	
Wine year 1997/98	LOMBARDIA	1	184,90	1	184,90	0,00
	VENETO	5	8.446,51	11	21.805,63	13.359,12
	FRIULI VENEZIA GIULIA	0	0,00	2	1.114,21	1.114,21
	EMILIA ROMAGNA	35	110.805,57	20	112.855,97	2.050,40
	TOSCANA	1	799,80	1	799,80	0,00
	LAZIO	3	10.750,00	1	8.850,00	-1.900,00
	ABRUZZO	1	236,27	2	390,98	154,71
	CAMPANIA	0	0,00	1	2.357,00	2.357,00
	PUGLIA	2	4.117,00	1	1.760,00	-2.357,00
	SICILIA	21	44.221,44	13	29.443,00	-14.778,44
	Total	69	179.561,49	53	179.561,49	0,00
Wine year 1998/99	VENETO	3	1.082,88	6	6.017,48	4.934,60
	EMILIA ROMAGNA	27	84.801,56	16	79.866,96	-4.934,60
	TOSCANA	1	138,00	1	138,00	0,00
	LAZIO	2	12.630,00	1	12.630,00	0,00
	ABRUZZO	2	309,96	2	309,96	0,00
	CAMPANIA	0	0,00	1	1.877,00	1.877,00
	PUGLIA	2	1.877,00	0	0,00	-1.877,00
	SICILIA	3	2.879,73	3	2.879,73	0,00
	Total	40	103.719,13	30	103.719,13	0,00
Wine year 1999/00	VENETO	3	2.298,70	6	34.924,30	32.625,60
	EMILIA ROMAGNA	30	60.024,68	16	63.928,04	3.903,36
	TOSCANA	1	900,00	1	900,00	0,00
	LAZIO	2	14.195,00	1	14.195,00	0,00
	ABRUZZO	3	1.514,40	3	1.514,40	0,00
	CAMPANIA	0	0,00	1	2.700,00	2.700,00
	PUGLIA	2	2.700,00	0	0,00	-2.700,00
	SICILIA	13	53.524,37	7	16.995,41	-36.528,96
	Total	54	135.157,15	35	135.157,15	0,00
Wine year 2000/01	LOMBARDIA	1	60,00	2	422,92	362,92
	VENETO	4	1.712,91	8	16.350,06	14.637,15
	EMILIA ROMAGNA	43	96.442,60	15	98.152,64	1.710,04
	TOSCANA	2	1.545,00	1	1.545,00	0,00
	LAZIO	3	28.550,00	1	26.950,00	-1.600,00
	ABRUZZO	4	2.034,99	4	2.034,99	0,00
	CAMPANIA	0	0,00	1	1.425,00	1.425,00
	PUGLIA	1	1.425,00	0	0,00	-1.425,00

	SICILIA	16	38.368,26	11	23.258,15	-15.110,11
	Total	74	170.138,76	43	170.138,76	0,00
Wine year 2001/2002	LOMBARDIA	0	0,00	2	2245,77	2.245,77
	VENETO	3	2.477,96	6	23384,42	20.906,46
	EMILIA ROMAGNA	28	72.507,34	13	78767,36	6.260,02
	UMBRIA	2	308,29	2	308,29	0,00
	LAZIO	4	16.759,46	2	14809,46	-1.950,00
	ABRUZZO	7	4.902,39	5	4902,39	0,00
	MOLISE	1	211,88	1	211,88	0,00
	PUGLIA	1	1.581,52	0	0,00	-1.581,52
	SICILIA	17	55.608,45	10	29727,72	-25.880,73
	Total	63	154.357,29	41	154357,29	0,00
Wine year 2002/03	VENETO	3	2.826,42	4	15.857,95	13.031,53
	FRIULI VENEZIA GIULIA	0	0,00	1	2.566,43	2.566,43
	EMILIA ROMAGNA	26	77.865,55	11	105.308,40	27.442,85
	TOSCANA	1	600,00	2	1.300,00	700,00
	LAZIO	2	2.650,00	3	3.463,98	813,98
	ABRUZZO	2	501,37	0	0,00	-501,37
	MOLISE	1	296,26	1	296,26	0,00
	SICILIA	16	63.229,28	6	19.175,81	-44.053,47
	Total	51	147.968,88	28	147.968,83	-0,05

Source: based on data from AGEA.

Table 145 Data on private storage of rectified concentrated grape must in Italy. Average wine years 1997/98-2002/2003 .

	EXTRACTION BY		EXTRACTION BY LEGAL	
	OENOLOGICAL PLANT		PREMISES OF THE FIRM	
Region	Average quantities	% of Total	Average quantities	% of Total
	under private storage		under private storage	
PIEMONTE		0,00%		0,00%
VALLE D'AOSTA		0,00%		0,00%
LOMBARDIA	40,82	0,03%	475,60	0,32%
TRENTINO ALTO ADIGE		0,00%		0,00%
VENETO	3.140,90	2,12%	19.723,31	13,28%
FRIULI VENEZIA GIULIA		0,00%	613,44	0,41%
LIGURIA		0,00%		0,00%
EMILIA ROMAGNA	83.741,22	56,40%	89.813,23	60,49%
TOSCANA	663,80	0,45%	780,47	0,53%
UMBRIA	51,38	0,03%	51,38	0,03%
MARCHE		0,00%		0,00%
LAZIO	14.255,74	9,60%	13.483,07	9,08%
ABRUZZO	1.583,23	1,07%	1.525,45	1,03%
MOLISE	84,69	0,06%	84,69	0,06%
CAMPANIA		0,00%	1.393,17	0,94%
PUGLIA	1.950,09	1,31%	293,33	0,20%
BASILICATA		0,00%		0,00%
CALABRIA		0,00%		0,00%
SICILIA	42.971,92	28,94%	20.246,64	13,64%
SARDEGNA		0,00%		0,00%
TOTAL	148.483,78	100,00%	148.483,78	100,00%

Source: based on data from AGEA.

These data reveal that producers from Emilia Romagna are those who mostly recur to private storage contracts with 60% of the total, followed by producers from Veneto and Sicily with a share of 13% while most than half of the quantities under private storage contracts are stored in Emilia Romagna (56,4%) and in Sicily (28,9%).

Over the period 1997/98-2002/03, the quantities of rectified concentrated grape must under private storage contracts have decreased by 17,5% from 179.000 hl in 1997/98 to 147.000 hl in 2002/03 . The average volumes of stored rectified concentrated grape must amount to 148.000 hl. As in the case of grape must and concentrated grape must, the 2000/01 wine year shows the highest volumes of rectified concentrated grape must under storage contracts, with more than 170.000 hl, followed by the 2001/02 wine year where 154.000 hl of rectified concentrated grape must were put under private storage contracts⁵³.

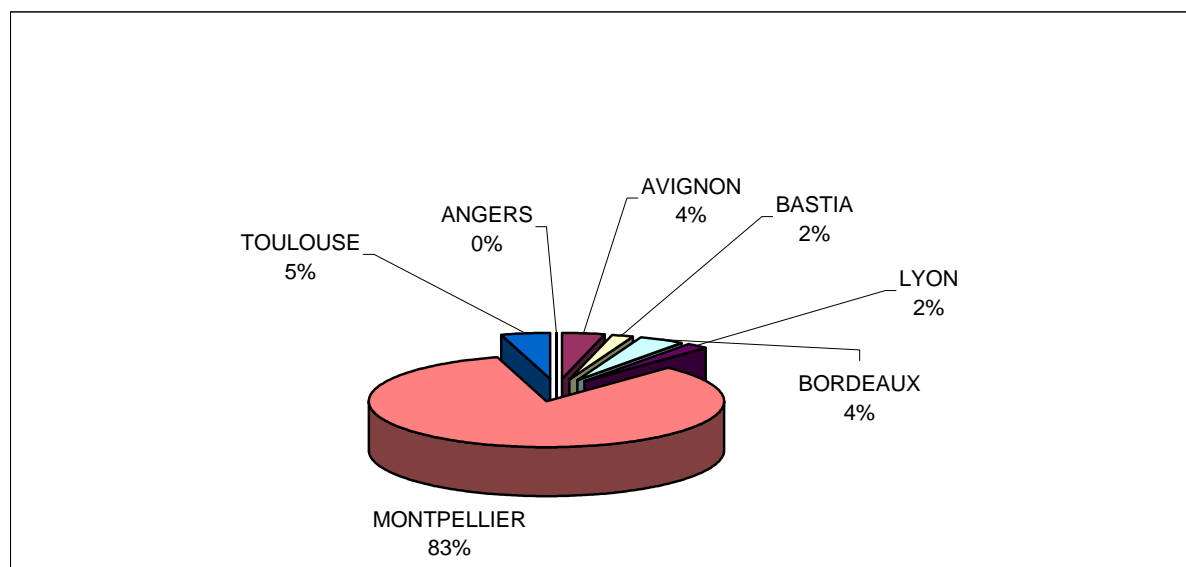
⁵³ Extraction by legal premises of the firm

Private Storage in the French Regions

Table wine

Data on private storage contracts in France at regional level is available for the wine years 1992/93 - 2001/02⁵⁴. Graph 130 shows the average distribution of the quantities of table wine under private storage among French regions during the 10 wine years.

Graph 130 Quantities of table wine under private storage contracts. Average 1992/93 – 2001/2002



Montpellier (Languedoc-Roussillon)⁵⁵ is the region where the quantities of table wine under private storage contracts are highest accounting, on average, for 83% of the total with 1,1 million hl. The remaining 17% is distributed among 6 regions, with small quantities of table wine under private storage that account for 2%-5%⁵⁶.

It is worth noting the 2001-2002 wine year, where Montpellier accounted for 47% of the total quantities of table wine under private storage contracts and Bordeaux for 36%. The striking fact is that the former decreased by a significant percentage whereas the latter experienced a tremendous increase, since during the previous 9 wine years the percentage of storage contract in Bordeaux never exceeded 2%. The explanation for this fact may lay on a typing mistake recorded in the Onivins statistics for this wine year, where the calculation of the total amounts is not correct⁵⁷. In fact, when data for Languedoc Roussillon from another data set provided by Onivins are considered, the quantity of table wine under storage is 969.486 Hl, which is in line with the previous volumes.

⁵⁴ Data on private storage at regional level for France come from Onivins. Some discrepancies in the data when compared with those provided by the EC have been observed. In particular, the sum of the values for the quantities under private storage for each region does not exactly coincide with the total value at national level provided by the EC.

⁵⁵ Montpellier corresponds to Languedoc-Roussillon

⁵⁶ Except from Angers, which accounts for a minimum percentage.

⁵⁷ Please note that if there is a mistake in the amounts under storage for that wine year, the calculation of the average over the 10 wine years presented above is underestimating the percentage of private storage contracts for Montpellier.

The regional analysis in France has been performed only for Languedoc Roussillon, according to data availability.

Data on table wine production for Languedoc Roussillon is available for the wine years 1995/1996-2002/2003. The average production of the region amounts to 13 Million Hl, which represents 73,5% of the total production of table wine in France and, as mentioned above, the region accounts for more than 80% of the total quantities of table wine under storage. In average, around 8% of the regional production is put under private storage contracts. It is interesting to observe that over the course of the 8 wine years under study the percentage of the production that is put into private storage contracts has halved, from 9% in 1995/96 to 4% in the latest wine year (see tables below).

Grape must, concentrated grape must and rectified concentrated grape must

As far as grape must and concentrated grape must is concerned, the quantities under private storage in Languedoc Roussillon show an enormous variability among wine years, ranging from a minimum volume of 5.663 hl in the 1995/66 wine year to a maximum volume of 146.468 in the following wine year for the grape musts, and from a minimum volume of 1.355 hl in the 2002/03 wine year to a maximum volume of 105.411 in the 1999/2000 wine year for the concentrated grape must (see table below).

Regarding private storage of rectified concentrated grape must, data on the volumes stored, although variable, are more stable than data for grape must and concentrated grape must. The average volumes stored during the period amount to 28.668 hl (see table below).

It is worth noting that, except for rectified concentrated grape must, there has been a significant decrease in the quantities of table wine, grape must and rectified grape must put under private storage contracts in the last two wine years. This could be due to the decrease in production registered for table wine over those years but also to the introduction of the new Regulation 1493/99. However, two wine years are too short to be able to draw any conclusion.

Table 146 Quantities of table wine under private storage contracts in France (1000HI)*

Region	Wine year 1992/93	Wine year 1993/94	Wine year 1994/95	Wine year 1995/96	Wine year 1996/97	Wine year 1997/98	Wine year 1998/99	Wine year 1999/00	Wine year 2000/01	Wine year 2001/02
ANGERS	7	4	0	1	0	1	1	1	2	2
AVIGNON	74	64	52	54	47	24	26	32	110	32
BASTIA	37	42	28	26	32	24	22	24	39	26
BORDEAUX	6	16	20	18	25	19	8	13	50	407
LYON	33	32	8	13	21	16	13	11	68	46
MONTPELLIER	1.609	1.294	1.230	1.155	1.334	1.164	795	1.005	1.650	514
TOULOUSE	22	56	60	65	61	22	26	33	205	94
Total	1.788	1.508	1.398	1.332	1.520	1.270	891	1.119	2.124	1.121

Source: based on data from Onivins.

Table 147 Private storage in Languedoc Roussillon Wine years 1995/96 - 2002/03 (HI)

	Wine year 1995/1996	Wine year 1996/1997	Wine year 1997/1998	Wine year 1998/1999	Wine year 1999/2000	Wine year 2000/2001	Wine year 2001/2002	Wine year 2002/2003
Table wine	1.143.911	1.334.442	1.163.917	795.668	1.010.132	1.647.072	969.486	482.931
Grape must	5.663	146.468	25.762	21.433	115.309	46.714	33.797	8.592
Conc. Grape must	42.167	101.504	103.994	71.497	105.411	39.556	30.976	1.355
Rect. Conc. Grape must	15.419	41.747	23.578	23.596	33.935	27.458	23.097	40.511
Total	1.207.160	1.624.161	1.317.251	912.194	1.264.787	1.760.800	1.057.356	533.389

Source: based on data from Onivins.

Table 148 Table wine, production and quantities under private storage (Hl), per wine year, Languedoc Roussillon

	Production	Quantities under private storage	% private storage / production
Wine year 1995/96	12.702.019	1.143.911	9,01%
Wine year 1996/97	14.058.151	1.334.442	9,49%
Wine year 1997/98	13.327.731	1.163.917	8,73%
Wine year 1998/99	11.071.446	795.668	7,19%
Wine year 1999/00	14.443.489	1.010.132	6,99%
Wine year 2000/01	14.673.606	1.647.072	11,22%
Wine year 2001/02	12.926.912	969.486	7,50%
Wine year 2002/03	11.563.748	482.931	4,18%
Average	13.095.888	1.068.445	8,16%

Source: based on data from Onivins.

Private storage in the Spanish regionsTable wine

Data on private storage contracts in Spain at regional level is available for Castilla-La Mancha for the last three wine years 2000/01- 2002/03. In average, 176 contracts for private storage have been concluded involving 1,6 million hl of table wine. Although the time series available is very short to discern any trend, we can see that the quantities stored have decreased by almost 30% whereas the number of contracts has increased by 16% (see table 149)

Grape must

The average quantities of grape must stored over the period amounted to 2 million hl and the number of contracts concluded to 115. In the 2001/02 wine year the quantities stored decreased by 35% from 3,2 to 1,5 million hl to exceed again 3 million in the latest wine year (see table 149)

Concentrated grape must

The average volumes of concentrated grape must under private storage contracts in Castilla-La Mancha amounted to 40.343 hl and the number of contracts to 5. The last wine year witnessed an increase of almost 30% in terms of quantities stored (see table 149)

Rectified concentrated grape must

The average quantities of rectified concentrated grape must stored over the period amounted to 2.0673 hl and the number of contracts concluded to 6. The 2001/02 wine year witnessed an increase in the quantities stored by almost 70% which was also followed by an increase in the number of contracts concluded (see table 149).

Table 149 Private Storage in Castilla - La Mancha, Spain. Wine years 2000/01 - 2002/03

	Wine year 2000/2001		Wine year 2001/2002		Wine year 2002/2003	
	N.contracts	Quantity (HL)	N.contracts	Quantity (HL)	N.contracts	Quantity (HL)
Table wine	167	1.970.429	168	1.593.040	194	1.382.217
Grape must	114	2.349.709	86	1.506.216	147	2.303.007
Concentrated grape must	5	35.609	5	37.322	6	48.100
Rectified concentrated grape must	4	17.004	7	28.716	8	16.300
Total	290	4.372.751	266	3.165.294	355	3.749.624

Source:Junta de la Comunidad de Castilla La Mancha.

8. Annex to chapter 7 (regulatory measures)

Increasing the natural alcoholic strength

8.1. Results

Table 150 Short overview of important viticultural methods for increasing the natural alcoholic strength of wine

Method	Influence on wine quantity	Influence of the method to increase the potential alcoholic strength	Influence on wine characteristics besides the alcoholic strength
Location	Big	Big	Big, different wine types
Vintage year	Big	Big	Medium - Big
Irrigation	Small – Big None if done in the right sense to increase natural sugar content, but there is a high “risk” of increasing yields	Small - Medium	Small, scarcely different wine type
Grape variety	Big	Big	Big, very different wine types, e.g. other aroma, acidity
Variety clone	Small – Medium, it depends e.g. on the variety clone sanitary status	Small - Medium	Small, scarcely different wine type
Pruning	Big	Medium	Medium
Green Harvest	Medium	Small - Medium	Small - Medium
Late Harvest	Medium	Medium	Medium, different wine type, because of other ripening possibilities
Harvest of dried grapes	Big, much reduced	Big	Big, Totally different wine category
Harvest of much botrytised grapes	Big, much reduced	Big	Big, Totally different wine category
Harvest of frozen grapes	Big, much reduced	Big	Big, Totally different wine category

Source: own compilation.

8.1.1. General impact of authorization to use methods for increasing the natural alcoholic strength on production volume

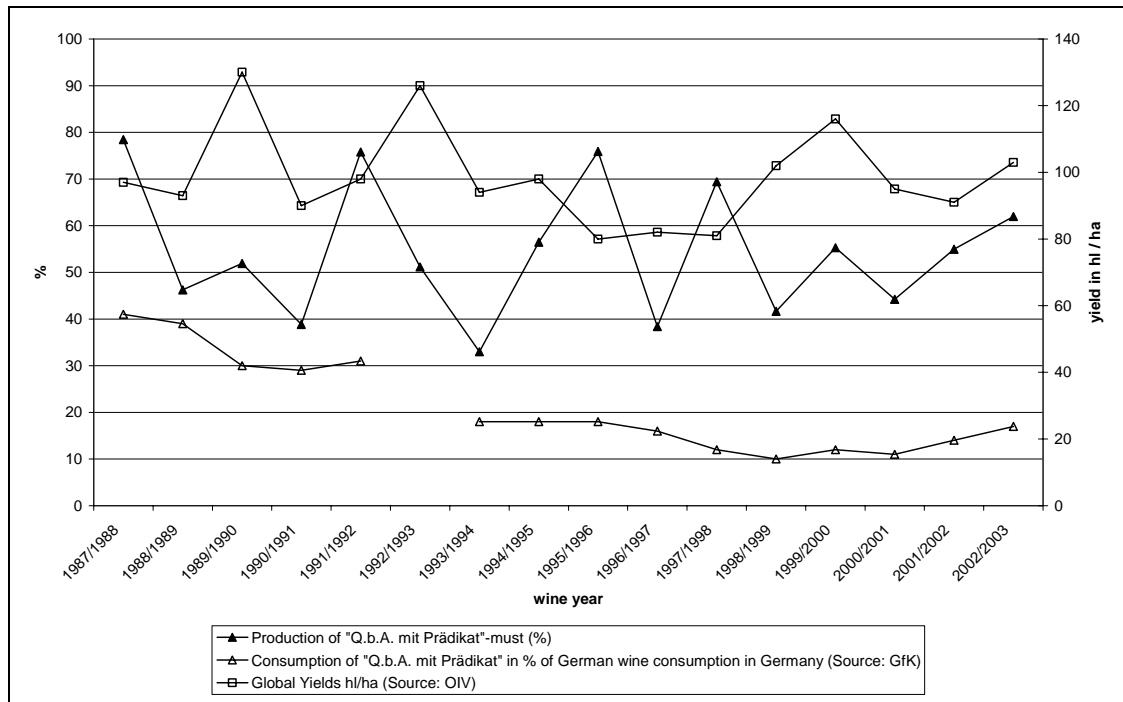
Impacts in the wine-growing zone A: the example of Germany

German viticulture is predominantly classified in wine-growing zone A, because it is in wine-growing regions with a cooler climate, which makes it more difficult to get

high sugar contents in the grapes. However, the German wine market is one of the few markets that traditionally distinguishes between enriched and non-enriched wines (these latter are labelled as “Qualitätswein mit Prädikat” in Germany). The empirical data available from this market allow for a judgement on whether authorization to use oenological practices increasing the natural alcoholic strength forces producers to increase the production volume. The harvest reports from 1987 to 2002 concerning the global yields in hl/ha and the percentage of “Qualitätswein mit Prädikat” must production, which must not be enriched shows that, the years with the highest yields per hectare (1998, 1992, 1999) always reached more than 50% of wine must of the higher “Qualitätswein mit Prädikat”-quality. Harvests producing less than 50% of the superior “Qualitätswein mit Prädikat”-must occurred only in years with medium or low yields per hectare (see graph 131).

It may be concluded that the quantity of must production that has to be enriched is mainly due to exogenous bad weather conditions and not to vineyard management leading to excessive yields. This conclusion is confirmed by the fact that the percentage of production of the superior “Qualitätswein mit Prädikat”-musts is much higher than the percentage of consumption of wine labelled as “Qualitätswein mit Prädikat” (see graph 131). There is more wine of a high quality level produced than actually required by the market.

Graph 131 Percentage of «Q.b.A. mit Prädikat» in relation to the global yields per hectare in Germany



Source: own calculations of data from Statistisches Bundesamt (production, global yields since 2001, OIV (Yields 1987-2000) and GfK (Consumption).

8.1.2. Empirical analysis concerning changes in production volume depending on the use of CM or RCM

In table 151, Member States are grouped according to whether the use of sucrose is partly or fully authorized. It may be seen that the development of the use of CM and RCM between these groups is rather different:

Table 151 The authorization to use sucrose in the different wine-growing zones of the EU

Wine-growing zone	No authorization to use sucrose	Authorization to use sucrose
A	-	All regions (=> Lux, D)
B	-	All regions (=> D, A, F)
C	Italy Greece Spain Portugal Usually the French departments: Aix-en-Provence Nîmes Montpellier Toulouse Agen Pau Bordeaux Bastia	In case of exception the French departments: Aix-en-Provence Nîmes Montpellier Toulouse Agen Pau Bordeaux Bastia

Source: COM.R. (EC) 1622/2000, §22.

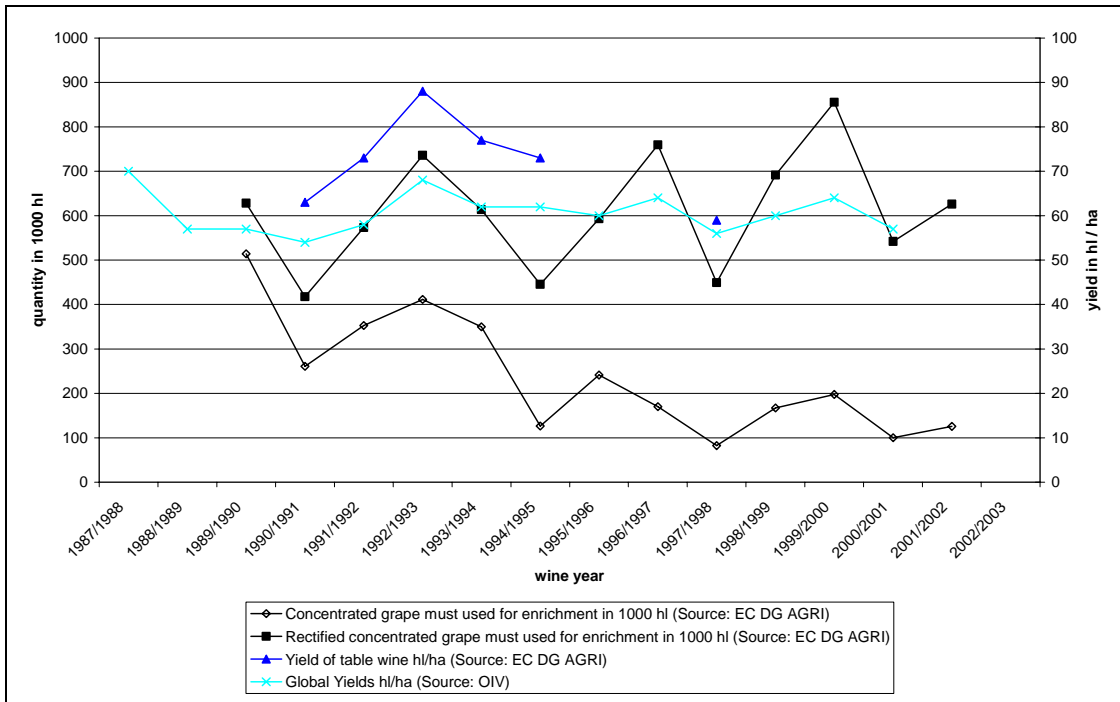
Member States without authorization to use sucrose

Italy, Portugal, Greece and Spain (see 132-135) do not allow the use of sucrose for enrichment. Where enrichment is allowed they use traditionally CM or RCM, but the importance of CM is declining: In Italy and Portugal the use of CM is reducing, while the use of RCM is increasing. In Greece, the use of CM is decreasing too, but the use of RCM has not increased. The few data actually available for Spain do not allow an interpretation.

In Italy, the yields per hectare vary in the different vintage years and the resulting higher total quantities require larger amounts of CM or RCM, but over the observed time period there is no obvious correlation between increasing enrichment application and increasing yields. The data for Portugal and Greece show no relationship between the yields per hectare and the amounts of CM and RCM used.

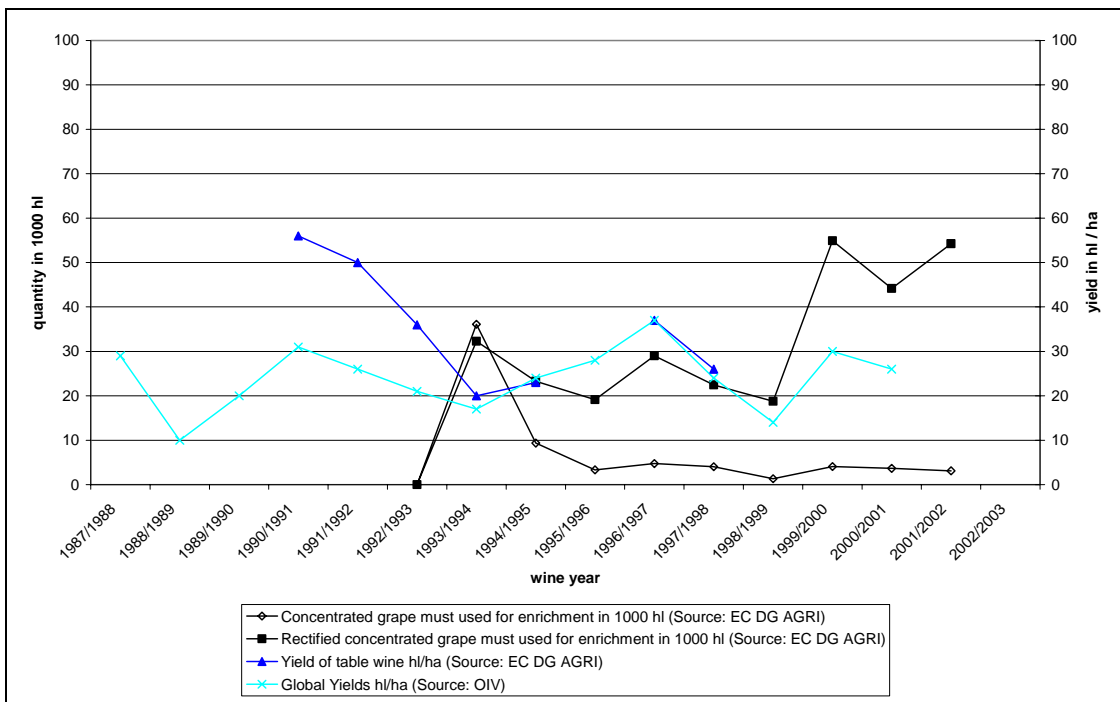
Sometimes concerns are mentioned that authorisation to use RCM might encourage producers in southern regions, e.g. Sicily, to increase yields. However, general data available for Sicily (see graph 136 – Sicily) show a trend of decreasing use of CM and RCM in the period between 1994 and 2002. Extraordinary exception of that trend was the larger use of RCM in 1998 and 1999, two vintages of high production quantity in comparison to 1997 and 2000-2002. This result leads to the conclusion that as regards high yield vintage years, it was the vintage specific weather conditions, that led to the increasing use of RCM and CM in that region, and not production expansion planned by producers. Therefore no proof for those concerns could be found.

Graph 132 Use of CM and RCM in Italy



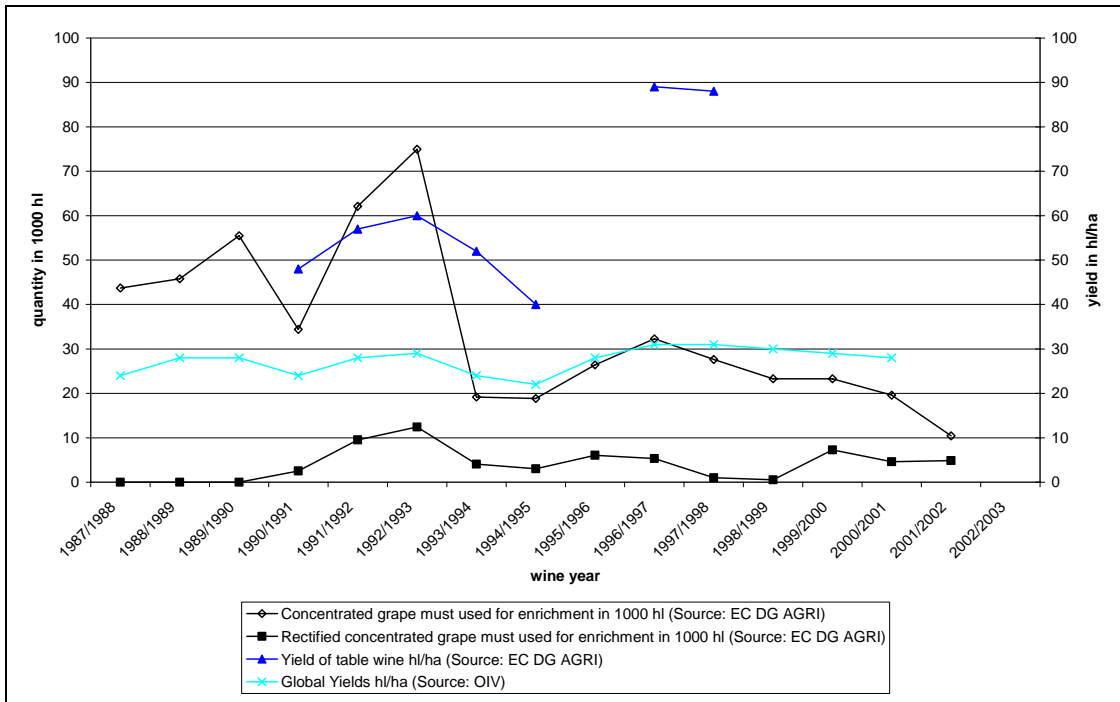
Source: based on data from EC DG AGRI & OIV.

Graph 133 Use of CM and RCM in Portugal



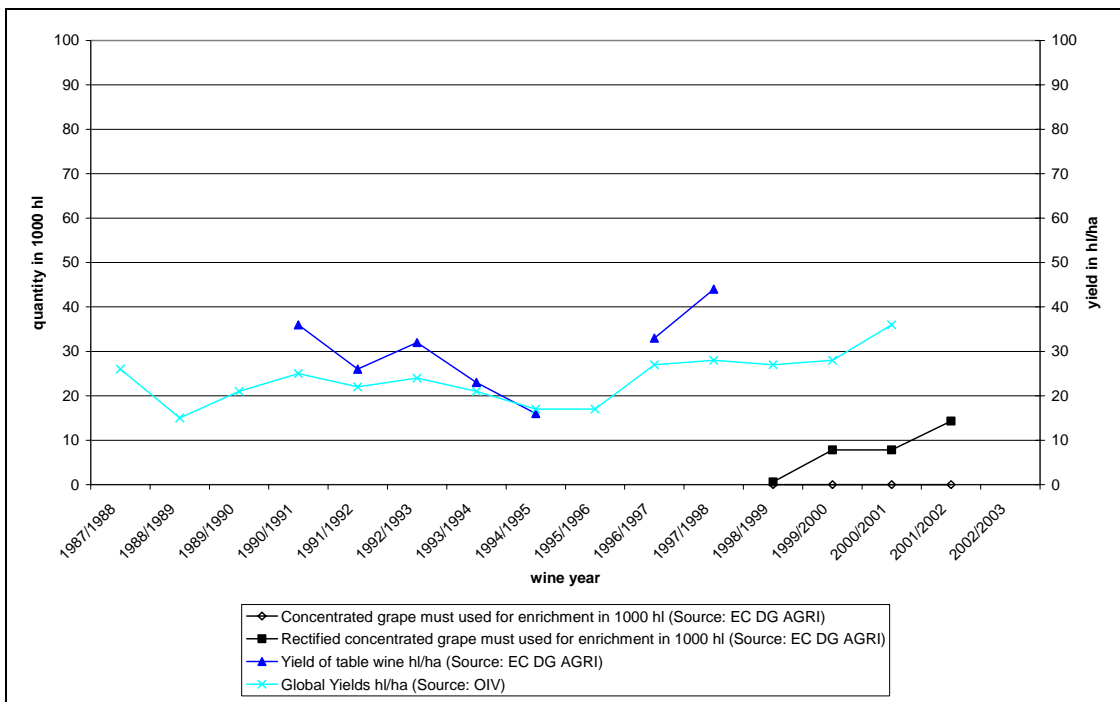
Source: based on data from EC DG AGRI & OIV.

Graph 134 Use of CM and RCM in Greece

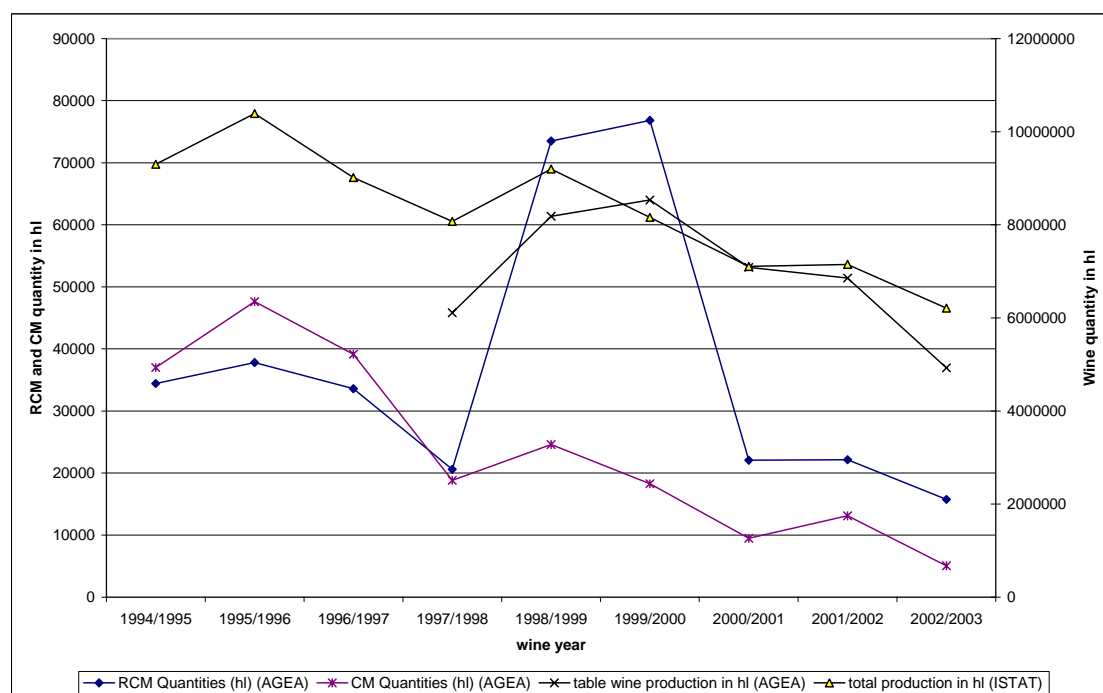


Source: based on data from EC DG AGRI & OIV.

Graph 135 Use of CM and RCM in Spain



Source: based on data from EC DG AGRI & OIV.

Graph 136 Use of CM and RCM in Sicily

Source: based on several Italian sources (AGEA, ISTAT, ISMEA).

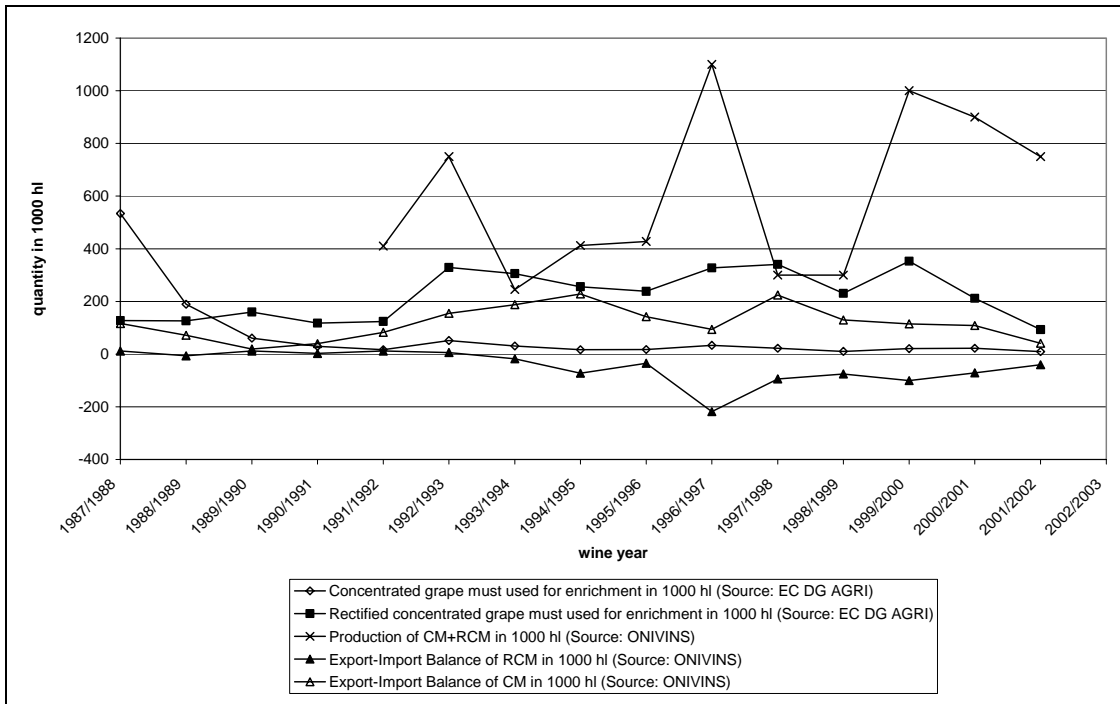
Member States with partial authorization to use sucrose

In France the decline in the importance of the use of CM could be observed earlier than in the countries discussed above⁵⁸. In 1992/1993 the use of RCM jumped from some 120 000 -150 000 hl per year to a continuous use of around 300 000 hl per year, varying according the vintage yields changes. However, in 2001/2002 the quantities of RCM used dropped back to the low level of ten years ago.

Interviews with experts in Languedoc-Roussillon pointed out that RCM used in Languedoc-Roussillon is no longer produced in that region, but imported from Spain: the price paid for must processed to RCM does not cover the production costs of Languedoc-Roussillon wine producers, so production has been abandoned. The situation is different for CM, which is not used only for increasing alcoholic strength but also for other purposes, e.g. colour or acidity. Additionally, it was stated that the transformation from table wine viticulture to quality wine prsr viticulture in Languedoc-Roussillon during the last twenty years, was related with significant limitations of yield per hectare and raising minimum alcohol content for the quality wine prsr, also caused increasing need of enrichment by RCM and CM. Actually, the enrichment by direct must concentrations was judged as not important for Languedoc-Roussillon.

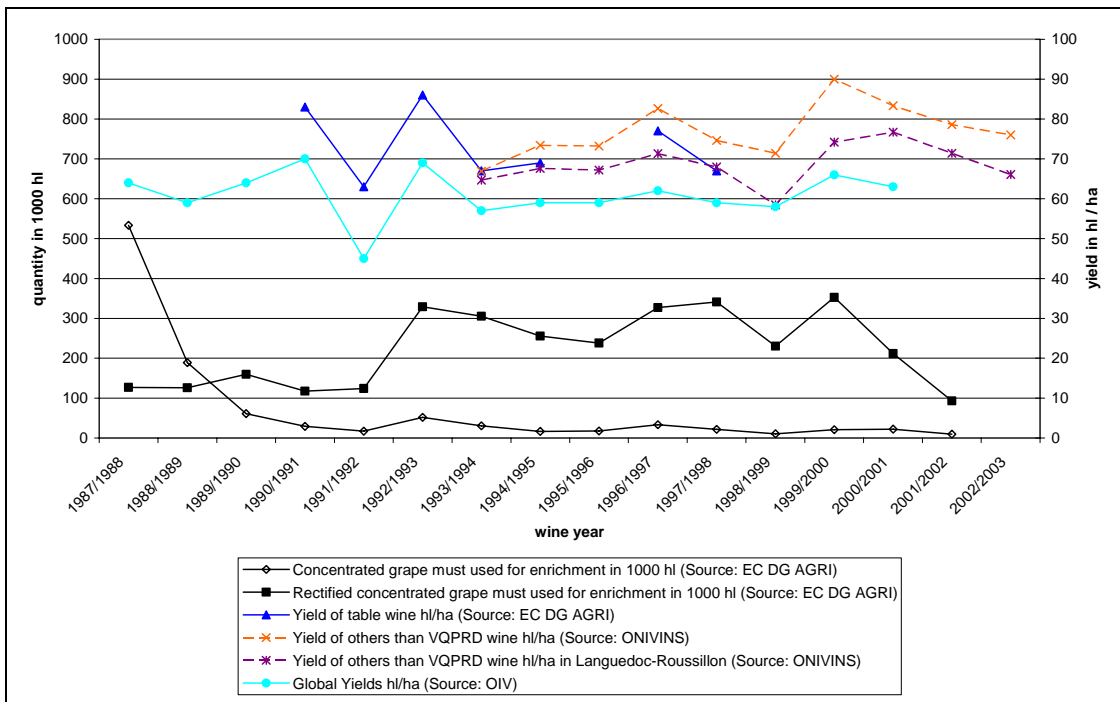
⁵⁸ One reason among others for that similar development in all countries might be price changes for CM and RCM: in 1988/1989 CM (FF 19,17 =2,92 € per %vol./hl) was cheaper than RCM (FF 24,89 = 3,79 € per %vol./hl), in 2002/2003 CM (3,30 € per %vol./hl) was more expensive than RCM (2,83 € per %vol./hl).(Average prices of harvest period, source: ONIVINS.)

Graph 137 The market for CM and RCM in France



Source: based on data from EC DG AGRI & ONIVINS.

Graph 138 Use of CM and RCM in France

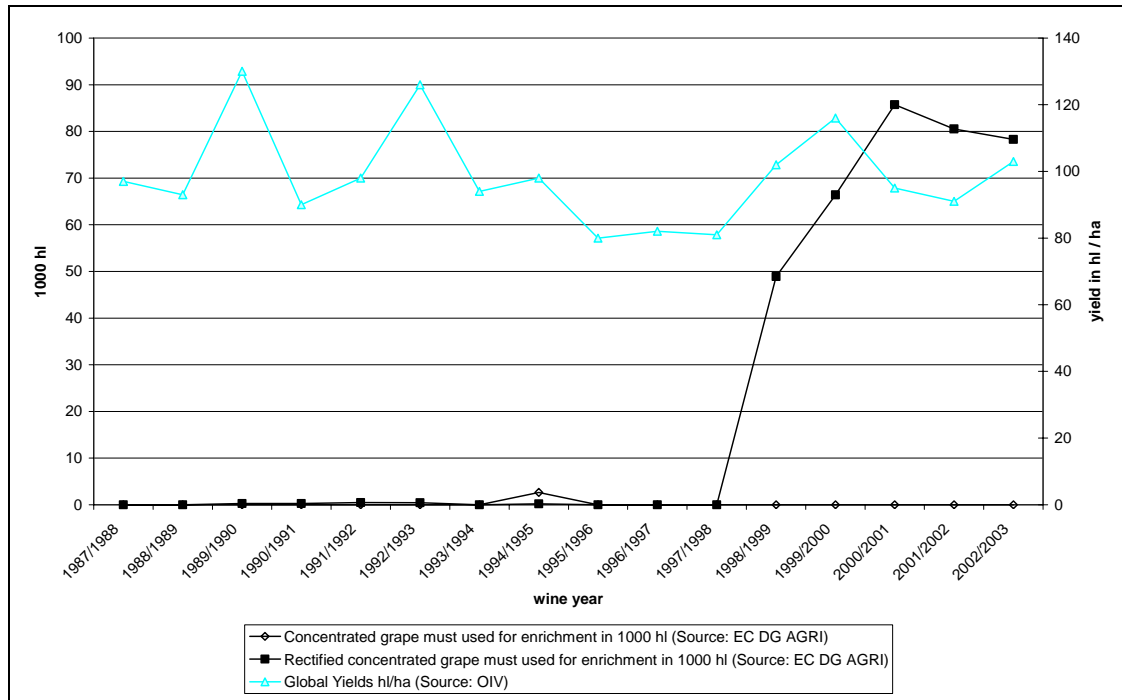


Source: based on data from EC DG AGRI , OIV & ONIVINS.

Member States with authorization to use sucrose

For a long time, the use of RCM was not authorized for quality wine production in Germany. Hence, RCM and CM were used until 1997/1998 only in small amounts (usually not at all) (see graph 139). From 1998/1999, the use of RCM for quality wine production has been allowed and has been used in substantial quantities since then by a few big companies and cooperatives. There is no relationship between the use of RCM and the yields per hectare in the different wine years.

Graph 139 Use of CM and RCM in Germany



Source: based on data from EC DG AGRI, OIV (yields up to 2000) & Statistisches Bundesamt (yields since 2001).

8.1.3. The impact on wine prices where methods to increase alcoholic strength are not indicated

The price of a wine is primarily determined by the willingness/capacity of demand to pay for that product. Most of the viticultural regions in the world do not label their wine in a way that allows the consumer to recognize whether the natural alcoholic strength of the wine has been increased or not. For that reason, in most cases, consumers ignore this fact and they cannot use this information for their individual decisions to buy or not to buy a wine, to pay a lower or a higher price for it. Hence, for those wines whether the alcohol content is due to natural content, sucrose, concentrated must, rectified concentrated must or must concentration has no influence on the price⁵⁹.

⁵⁹ However, an influence of the used method on the price accepted by the consumers may occur because the different measures may vary concerning their influence on other sensory wine characteristics.

8.1.4. The impact of the EU aid for the use of CM and RCM on the costs of enrichment

The following formula may be used to judge the cost effect according to changing conditions and related costs:

$$Y = aX_1 - bX_2 + (c-d) X_3 + bX_4$$

With:

Y = cost of enrichment per hl in €

a = labour time for enrichment per hl in hours

X₁ = price per labour hour in €

b = volume change due to enrichment in hl

X₂ = market price per hl of enriched wine in €

c = price of used material⁶⁰ for enrichment per %vol. alcohol / hl increased in €

d = aid for the use of the used material for enrichment per %vol. alcohol / hl increased in €

X₃ = increase of alcohol content in %vol. alcohol

X₄ = price per hl extraction of liquid by concentration of must⁶¹

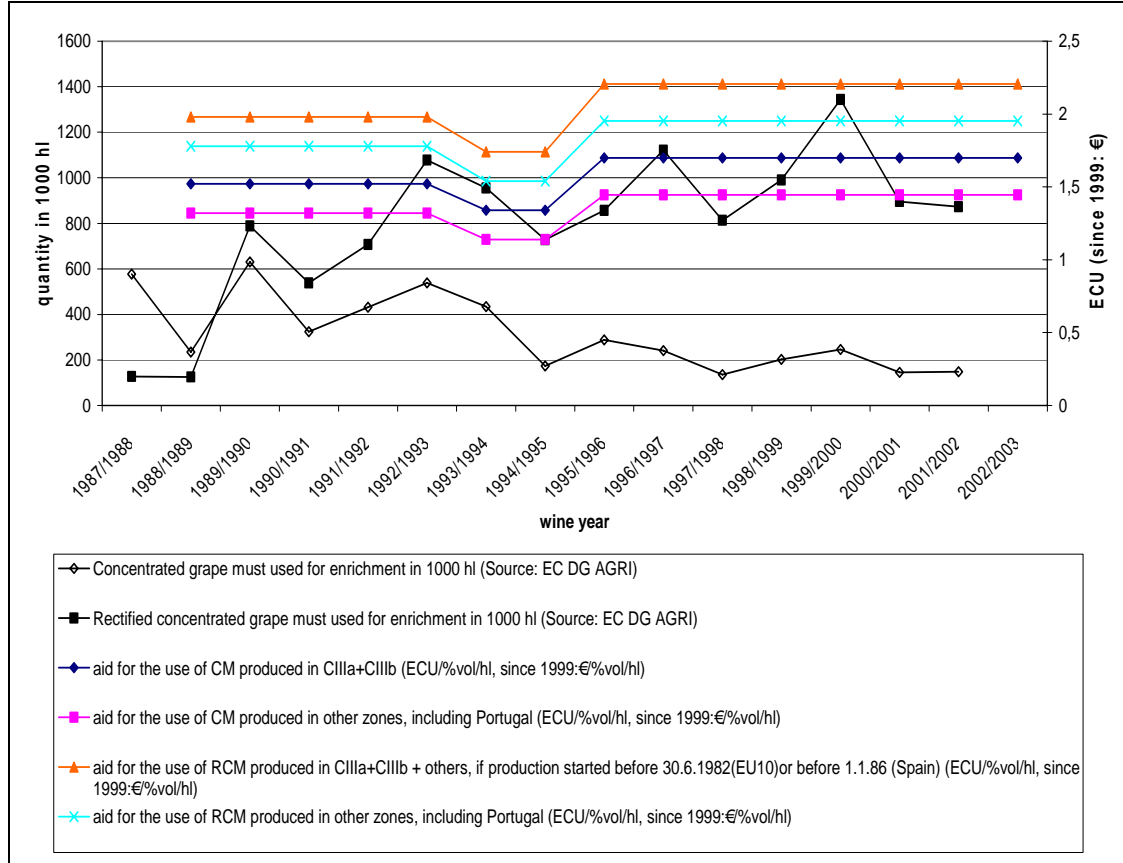
Variables that are not of interest for the special case to compute may be set equal to zero and in that way eliminated from the calculation.

⁶⁰ RCM, CM or sucrose

⁶¹ A model for further discussion has to take into account the direct must concentration technologies.

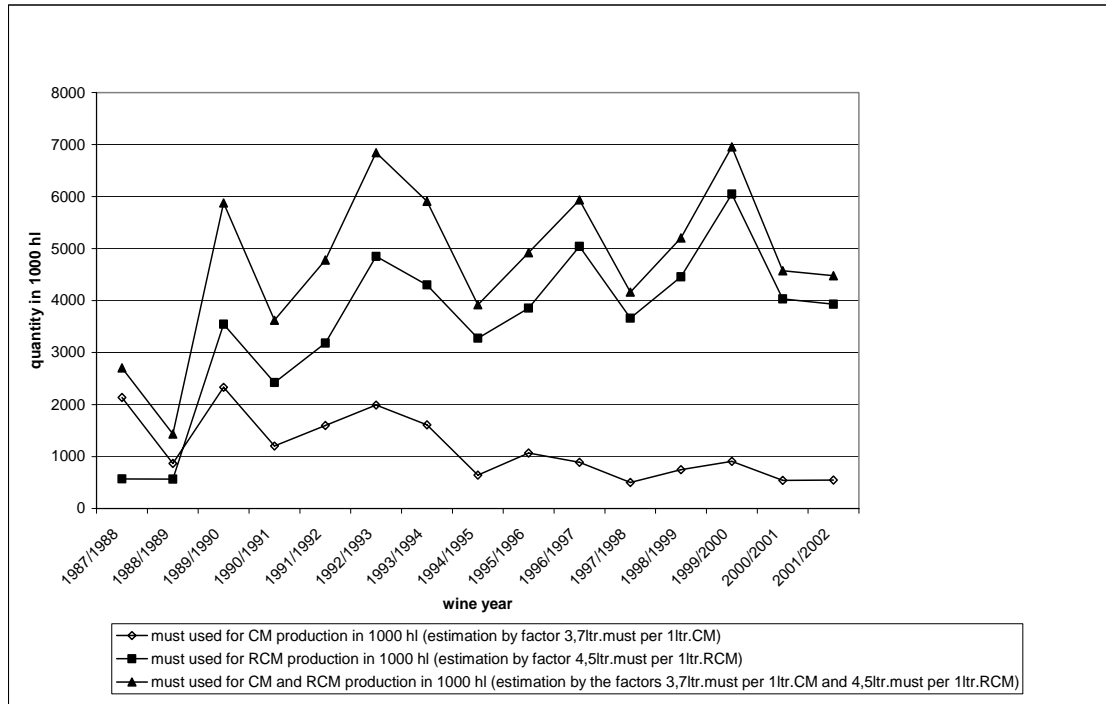
8.1.5. The impact of EU aid for the use of CM and RCM on the market volumes of wine and sucrose

Graph 140 Use of CM and RCM in the EU



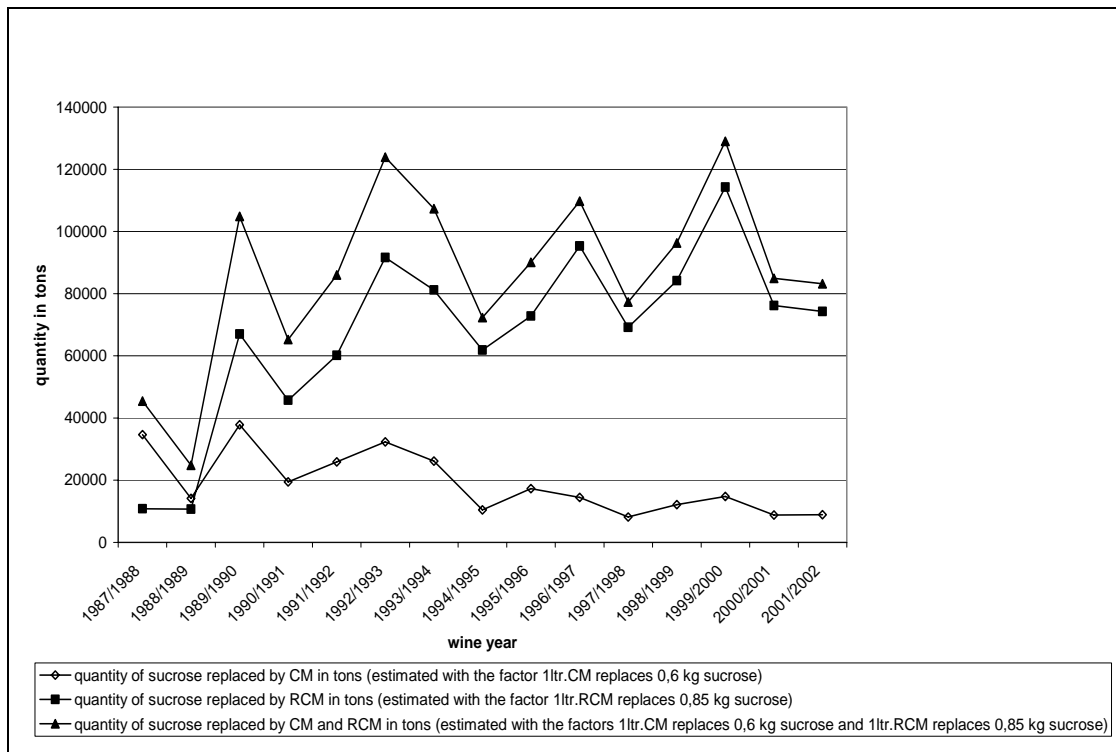
Source: based on data from EC DG AGRI and EC regulations.

Graph 141 Must processed for CM and RCM used for enrichment in the EU



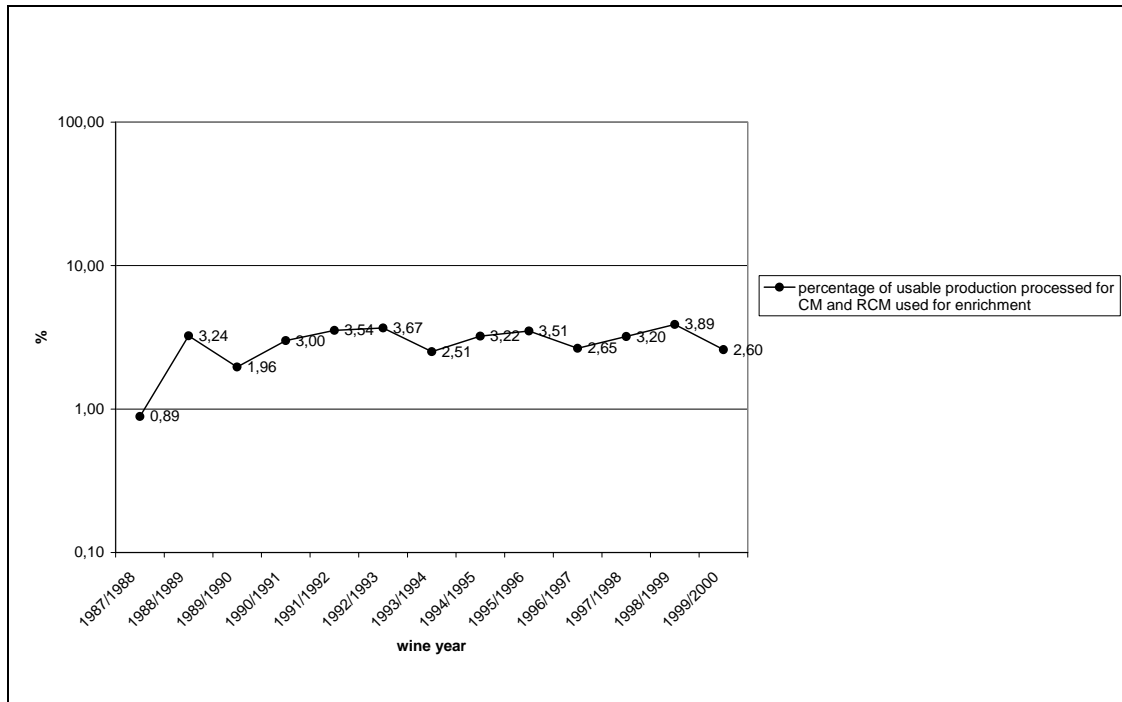
Source: based on data of EC DG AGRI.

Graph 142 Quantity of sucrose replaced by the use of CM and RCM for enrichment in the EU



Source: based on data of EC DG AGRI.

Graph 143 Percentage of total usable grape must production processed to CM and RCM that were used for enrichment in the EU (15)



Source: based on data by EC DG AGRI.

Table 152 Calculated estimation of volume effects of enrichment with CM / RCM – all quantities in 1000 hl in EU

Wine year	(A) Quantity of must processed for enrichment with CM / RCM (estimation by the factors 3,7ltr.must per 1ltr.CM and 4,5ltr.must per 1ltr.RCM)	(B) Quantity of CM and RCM used for enrichment	Effective volume reduction by enrichment with CM / RCM : (A)-(B)
1987/1988	2708,0623	704,419	2003,6433
1988/1989	1435,6379	360,767	1074,8709
1989/1990	5879,9016	1418,744	4461,1576
1990/1991	3622,6863	862,747	2759,9393
1991/1992	4779,5969	1138,869	3640,7279
1992/1993	6843,0916	1616,42	5226,6716
1993/1994	5910,4935	1390,835	4519,6585
1994/1995	3919,6016	901,944	3017,6576
1995/1996	4922,019	1145,062	3776,957
1996/1997	5934,6731	1361,591	4573,0821
1997/1998	4163,7703	949,427	3214,3433
1998/1999	5206,3096	1192,952	4013,3576
1999/2000	6958,3905	1590,029	5368,3615
2000/2001	4572,3435	1042,047	3530,2965
2001/2002	4479,5208	1021,864	3457,6568
Sum 1988/1989-2001/2002	68628,0362	15993,298	52634,7382
Average 1988/1989-2001/2002	4902,0025	1142,3784	3759,6241

Source: based on data from EC, DG AGRI.

8.1.6. The impact of the aids given for the use of CM and RCM in the EU for the budget

The production of CM and RCM reduces the quantity of grape must on the market. Calculations have been made in order to estimate the cost for the EU of taking away 1 litre of must from the market by the aid given for the use of CM and RCM for enrichment.

According to the different aid levels in the different regions, the cost for the EU per litre of must processed to CM or RCM was estimated assuming average values of must necessary per litre CM or RCM.

Aids given to the use of RCM are 2,206 € per %/hl for use of RCM produced in CIIIa + CIIIb + others, if production started before 30.6.1982(EU10) or before 1.1.1986 (Spain) respective 1,953 € per %/hl RCM for use of RCM produced in other zones, including Portugal (R. (EC) 1623/2000 §13).

That means that the use of RCM of 67°Brix which corresponds to an alcohol degree of 54,4% vol. (see R. (EC) 1623/2000) is supported by 120,01 € / hl RCM = 1,20 € / litre RCM respective 106,37 € / hl RCM = 1,06 € / litre RCM.

According to literature we assume that in the average 4,5 litres of must are needed for the production of RCM. So 0,27 € respective 0,24 € are given per litre must processed to RCM.

Aids given to the use of CM are 1,699 € per %/hl CM produced in CIIIa + CIIIb respective 1,446 € per %/hl CM produced in other zones, including Portugal (R. (EC) 1623/2000 §13).

That means that the use of CM of 50,9°Brix which corresponds to an alcohol degree of 34,62% vol. (see R. (EC)1623/2000) is supported by 58,82 € / hl = 0,59 € / litre respective 50,06 € / hl = 0,51 € / litre.

According to literature we assume that in the average 3,7 litres of must are needed for the production of CM. So 0,16 € respective 0,14 € are given per litre must processed to CM.

Global Assessment of the Regulatory Measures

8.2. Results of the interviews

Table 153 Most important oenological practices in EU Member States

Member state	Most important oenological practices	
	Actually and in the past	(additionally) in the future
Italy	<ul style="list-style-type: none"> - use of wood tanks - control of fermentation temperature - distillation of by-products - enrichment with RCM / CM 	<ul style="list-style-type: none"> - reverse osmosis - electro dialysis - enrichment with RCM / CM
Spain	<ul style="list-style-type: none"> - acidification - measures of cleaning cellars 	<ul style="list-style-type: none"> - limitation of pH in vineyard (K-limit.) - acceptance of “new world countries” measures, e.g. chips, reverse osmosis
Portugal	<ul style="list-style-type: none"> - enrichment - aging and conservation technologies - utilization of selected yeasts - utilization of enzymatic preparations - cold technology 	<ul style="list-style-type: none"> - physical processes
Greece	<ul style="list-style-type: none"> - harvest under supervision in stage of technological maturity - supervised transfer of grapes from vineyard to processing - temperature control during fermentation and maturity of wine - enrichment possibility - sweetening possibility - wine preservation in inert atmosphere 	<ul style="list-style-type: none"> - Reduction of upper limits of SO₂ - acidification with apple acid
Germany	<ul style="list-style-type: none"> - general importance of quality enhancing practices, balancing sometimes extreme vintage characteristics e.g. (partial) enrichment or acidification / deacidification 	<ul style="list-style-type: none"> - eventually new helpful and quality improving methods, e.g. chips, reverse osmosis
Austria	<ul style="list-style-type: none"> - no special oenological practice can be named as most important, due to changing microclimatic conditions in several vintages, importance changes every year 	<ul style="list-style-type: none"> - concentration processes / filtration - acidification - modern technologies - style of “new world wines”

Source: based on extraction of expert interviews collected by the whole consortium.

Table 154 Impact of oenological practices allowed by CMO wine to produce good wines in EU Member States

Member state	Are the oenological practices allowed by CMO a restriction to produce good wines?
Italy	No restriction to produce good wines
France	No restriction to produce good wines
Spain	No restriction to produce good wines, but methods allowed in EU are more expensive than methods used in “new world countries”, hence less competitiveness of EU
Portugal	- No restriction to produce good wines in general - according to part of interviewees: enrichment with sugar may be restrictions to produce good wines
Greece	- No restriction to produce good wines
Germany	- No restriction to produce good wines - one interviewee added that industrial “new world countries” technologies should not be allowed in Europe - all others stated, that new helpful and quality improving methods should be judged carefully, but undogmatically
Austria	No restriction to produce good wines, but supply may suffer from price competition due to exclusion of cheaper technologies

Source: based on extraction of expert interviews collected by the whole consortium.

Table 155 Importance of quality wine regime in EU Member States

Member state	Importance of quality wine regime in EU Member States
Italy	- rules for quality wine have not affected the supply and demand for quality wine
France	- for a long time sales of French quality wine psr were increasing, but since several years in some regions there is stagnation
Spain	- very important, greater influence in high price than in low price wines - more security for consumers than table wines, - but production of very good wines outside the quality wine regime as well
Portugal	- rules for quality wine increased supply of quality wines - rules for quality wine led to more market transparency - increasing consumer interest for wines of better quality - but quality wines had been launched to the market as table wines
Greece	- evolution of market supply by initiating application of quality enhancing viticultural and oenological production methods - basis for quality wine production in Greece were previous national rules and engagement
Germany	- traditionally high importance of quality wine production - more restrictive design of yield limitation since 1989/90 forced additionally wine producers to moderate yields and better wine quality
Austria	- a lot of producer names act like brand names for quality wines

Source: based on extraction of expert interviews collected by the whole consortium.

8.3. Labelling rules – size of indications, example

As far as there are no restrictions concerning the minimum size of indications, the realized sizes of indications gives information about the market relevance of different indications of a product. This may be illustrated by the example of different types of marketing of Bordeaux wines:

For generic wines, the geographic indication Bordeaux has mostly the biggest size.

For generic wines of sub-regions of the Bordeaux area, the geographic indication of the sub-region has mostly the biggest size. The name Bordeaux is not indicated on the label (as the sub-regions are considered to be specified regions).

In case of not generic wines, the names of *chateaux*, working as brands, have mostly the biggest size on the labels, but indications of geographic indications are although easy readable.

In the case of very famous chateaux, working as really strong brands, the name of the AOC to which they belong is usually indicated in a very small size.

It can be summarized that strong individual engagement of the enterprises for products of higher quality is communicated by highlighting the individual name (i.e. brand). This concept is used also by producers of high quality wines in Italy, which are from a formal point of view just table wines or I.G.T.(see discussion concerning quality wine regime).

9. Annex to chapter 8 (trade with third countries)

9.1. Structuring

9.1.1. Introduction

All the measures concerning the trade with third countries (CMO/T3C) have as their direct objective to contribute to the stabilisation of the EU wine market and as their general objective to support the EU wine sector's competitive position, ensuring a fair standard of living for producers and assuring supplies for EU consumers. Evaluating the trade measures therefore requires evaluating whether these measures have played a role in: the stabilisation of the EU wine market; ensuring a fair level of price (for producers and consumers); and encouraging the EU wine sector to be competitive in both the internal and external markets and to respond to changing consumer demands.

The CMO trade measures comprise three main elements:

A. Control of the access to the Community market

- a) Import duties;
- b) Regulatory measures;
- c) Countervailing charges (up to 1995) and additional import duties, or other particular interventions targeted to protect the EU market (post URAA).

B. Export refunds

C. Bilateral agreements

- a) Concerning tariffs quotas;
- b) Concerning special conditions in the application of the regulatory measures.

The precise levels of import tariffs and export refunds applied in different years over the study period are set out in the tables that follow.

9.1.2. Price stabilisation

Understanding

The wine market is characterised by:

- Strong supply heterogeneity in terms of product value (vertical differentiation) and product features (horizontal differentiation).
- Sunk costs
- Supply rigidity in the short term
- Evolving demand patterns driven by structural and other factors.

Therefore, there is no single market price for wine, rather it is necessary to take into account price evolution for several different market segments. In each segment, the wine price is affected by many factors and also by recursive effects linked to the possibility of adding to or drawing from wine stocks. Trade control instruments may affect market prices through influencing EU wine supply via import and export control and regulatory measures.

Judgement criteria

Evaluation of the direct impact of the trade measures on market prices requires a comparison of table wine prices with the levels of import duties and/or export refunds in different time periods. In principle, both import duties and export refunds should have a positive effect on the EU market price. Table wine is a statistically recognisable wine category on the domestic market which can approximate the low price wine category though it is not in principle a homogeneous one. The category differentiated EU table wines (e.g. table wine with geographical indication) and wines imported from third countries that are classified as table wine irrespective of their price.

9.1.3. Competitive position

Understanding

The competitive position of EU wines is evaluated separately in the external market and the internal market. According with the standard definition of competitiveness, the competitive performance can be evaluated in terms of market shares. The CMO trade measures, in principle, impact on the competitive position through constraining imports with tariff and non tariff barriers (effecting the internal competitive position), whilst export refunds primarily affect competitiveness in the external market as the table wines exported with the aid of subsidies are in over-supply in the EU market.

Judgement criteria

The evaluation of the effect of the trade measures was carried out in two stages, first analysing the overall competitiveness of the EU wines sector, then considering the role of the trade measures in influencing competitiveness. Examining the competitive position in the internal market requires an analysis of the evolution the share and composition of imported wines in the EU market as a whole and in major wine-consuming Member States. The evaluation of the competitive position on the external market requires the analysis of the evolution of the share of the EU wines in third countries and of the composition of the exports in terms of wine categories.

9.1.4. Volume and composition of supply

Understanding

The EU internal supply is the result of the summation of the domestic supply (production minus industrial uses and export) and import from third countries. The measures controlling access to the market affect the volume and composition of imports and therefore the external contribution to EU market supplies. The export refunds affect the volume and composition of exports, but whilst in principle they reduce wine availability for EU consumers, as mentioned above, the subsidised exports are in practice part of the EU's structural surplus of table wine.

9.1.5. Capacity of EU wine sector to meet market demand

Understanding

World wine demand has undergone considerable changes over recent years. After a long period during which the global market fell from a peak of some 280 million hectolitres at the beginning of the 1980s, currently total demand seems to have stabilised at just below 230 million hectolitres. Within this overall trend, there were significantly different changes in different countries. The traditional wine-producing

countries have experienced a dramatic reduction in wine consumption in absolute and per capita terms (In Italy and France wine consumption per capita is now about half that in the 1970s). Conversely, many non or low wine-producing countries inside and outside the EU have experienced increasing consumption levels. These changes in the pattern of demand are expected to continue as is the shift away from drinking low-quality, low-priced table wines towards the next higher segments of the market. In principle the CMO trade measures restrict consumers' choice, both through the import tariffs raising prices and through the regulatory measures keeping out certain types of wine or wines produced or labelled in non-traditional ways.

9.2. Analysis

9.2.1. Introduction

The possible effects of the trade measures on the issues related to the sub-questions were summarised in the core text of this chapter. The findings in regard to the actual impacts are explained and analysed in the rest of this annex.

When examining the trade measures it is necessary to bear in mind the institutional context within which the trade measures were applied. There are numerous regulations affecting external trade in any agricultural product with a CAP regime and trade in wine is affected by both general and specific regulations and international agreements. The competent EU authorities include not only DG Agriculture and DG External Trade but they must also comply with the provisions of the WTO agreements.

The next section begins by reviewing the evolution of the application of the CMO trade measures, focusing particularly on the effects of the changes linked to compliance with the URAA commitments. Then it examines the autonomous competitive strength of the different players in the world wine market, the main drivers affecting market evolution and the key success factors influencing wine producer success, independent of geographical position and the support measures. Next, third country imports into two key EU markets, the UK and Germany, are examined. Finally, summary results of the interviews with experts (competent authorities in the selected Member States, wine market participants and professional organisations) concerning the trade measures' impacts are presented in tables 199 to 202.

9.2.2. Evolution & key features of CMO measures from 1988 to 2003

Details of the legal framework of the CMO trade measures and the relevant standard and preferential tariffs, together with the reference prices and examples of preferential quotas are set out in tables 169 to 184 below. Tables 185 to 190 and graphs 188 to 196 set out the legal framework for and the total expenditure on export refunds over the period under study. Tables 191 to 198 summarise the other regulatory measures in force over the period.

Major changes have occurred during period so the analysis is sub-divided into three periods: 1988 to 1994, 1995 to 2000 and post 2000.

1988 –1994

During this period, trade with third countries was influenced by R.822/87 and the ongoing negotiations within GATT. More specifically:

- ◆ *Import duties:* (i) *rates of duty on CCT:* table 172 summarises the evolution of rates of duty on CCT from 1988 to 2004. From 1988 to 1995 autonomous rates of duty and conventional rates of duty were fixed both at constant rates. (ii) *reference prices and countervailing charges:* were applicable for wines in containers up to 20lt, until the abolition of the measure in 1995 by R.3290/94. From 1984 there have been specific rules for fixing countervailing charges at zero level (0 EUR/HL) for some wine types (e.g. bottled wines) and for waiving countervailing charges for most of wine types originating from third countries that were in position to guarantee the proper application of the measure, (iii) *preferential rates of duty:* tariff preferences applied mainly for third countries with traditional relations to EU (Algeria, Yugoslavia) or for candidate Member States (e.g. Cyprus, Austria) but also under a Generalised System of (tariff) Preferences (GSP) for developing countries applied (issued in 1971) (iv) *levy on added sugar for grape must:* applied for the whole period according to R.822/87 and was abolished in 1995 by R.3290/1994.
- ◆ *Export refunds:* the measure applied according to CMO rules for the whole period without any restrictions by third parties (e.g. GATT).
- ◆ *Bilateral agreements:* (i) *preferential rates of duty:* applied by means of bilateral agreements which fixed periodically tariff quotas applied as described above in import duties, (ii) *regulatory measures:* agreements on particular issues were partially concluded with third countries which had already signed agreements for tariff concessions (e.g. Algeria, Tunisia, Hungary, Bulgaria, Romania). In 1994 agreement on abolition of technical barriers to trade in wine was signed with European Free Trade Association Countries (EFTA countries). The first agreement on regulatory measures was signed with a major competitor country: Australia (1994).

1995 –2000

Corresponds to the so-called ‘implementation period’ application of the URAA. An entire chapter on ‘trade with third countries’ of R.822/87 was replaced by R.3290/94. The new chapter included the same rules that were applied four years later also by R.1493/99. More specifically:

- ◆ *Import duties:* (i) *rates of duty on CCT* (see table 172): autonomous rates of duty slightly increased in most cases from 1995 to 1996 remaining constant afterwards. Conventional rates of duty from 1995 to 1996 were also increased, but afterwards were gradually reduced by 20% in order to reach in 2000 the bound rates of duty, as defined by the URAA⁶². Final rates of duty in 2000 were lower than the standard rates of duty applicable from 1988 to 1995; (ii) *preferential rates of duty:* the same system applied as for the 1988-1994 period but levels of quota and tariff reductions were further specified (e.g. Bulgaria, Romania, Hungary, Croatia, Slovenia, FYROM); (iv) *entry prices for grape must:* levy on added sugar was abolished by R.3290/94 but a new measure (‘entry prices’) applied according to Special Safeguard Provisions of the URAA. Entry prices and additional duties, as applied also for conventional rates of duty, had to gradually fall by 20% from 1995 to 2000 (additional duties by definition varied each year according to the entry prices).

⁶² Reduction of rates for wine products was notably lower from the average reduction (36%) and near to the minimum reduction (15%) for agricultural products set in the URAA.

- ◆ *Export refunds*: the measure applied according to CMO rules, but subsidisation was limited by URAA expressed in annual commitments for gradually reducing from 1995 to 2000 quantity and outlay levels by 20% and 32% respectively.
- ◆ *Bilateral agreements*: (i) *preferential rates of duty*: applied by means of bilateral agreements which fixed periodically tariff quotas applied as described above; (ii) *regulatory measures*: agreements with main competitor third countries were signed: Argentina (1996 and 1997) Mexico (1997 for spirit drinks in general).

Post 2000

This period refers to the new CMO for wine (R.1493/99) and to the period when all commitments adopted in the URAA were already fulfilled. More specifically:

- ◆ *Import duties*: (i) *rates of duty on CCT* (see table 172): in 2000 autonomous rates of duty were abolished for wine products. From 2000 onwards conventional rates of duty remain constant for all wine types according to GATT concessions; (ii) *preferential rates of duty*: the same system applies as for the 1988-2000 period but levels of quota and tariff commitments were revised and further specified (e.g. Bulgaria, Romania, Hungary, Croatia, Slovenia, FYROM), tariff concessions expanded also to include major competitor third countries (e.g. South Africa from 2000, Chile from 2004); (iii) *entry prices for grape must*: the measure applied the same way as for the period 1995-2000 but, as applied also for conventional rates of duty on CCT, basic ad valorem rates and additional duties remain constant (additional duties of course vary each year according to the entry prices of imported wines).
- ◆ *Export refunds*: the measure applied according to CMO rules and subject to restrictions in annual quantity and outlay commitments at constant levels fixed from 2000, according to GATT 1994 commitments.

Bilateral agreements: (i) *preferential rates of duty*: applied by means of bilateral agreements which fixed periodically tariff quotas applied as described above; (ii) *regulatory measures*: increase of bilateral agreements signed between EU and main competitor third countries (USA in 2001 and 2003 South Africa in 2002, Chile in 2002) but also between EU and countries related traditionally with EU (e.g. Switzerland, FYROM, Slovenia, Croatia).

9.2.3. Statistical definitions

For the purpose of the analysis of statistical data on External Trade definition of the terms “value” and “price” of imported and exported wines is necessary.

According to R.1172/1995, the ‘Basic Regulation’ for *statistics on External Trade*, value of imported and exported goods is defined as ‘*Statistical value*’ and represents: (a) on export, the *value of the goods* at the place and time where they leave the statistical territory of the exporting Member State, (b) on import, the value of the goods at the place and time where they enter the statistical territory of the importing Member State. The *value of the goods* is calculated: (i) by the *customs value*, defined in accordance with R.2913/92, (in cases where it is established, thus the largest proportion of cases) and/or (ii) on the basis of the invoiced amount of the goods (in the case of sale or purchase).

The *statistical value* includes only ancillary charges, such as transport and insurance, relating to that part of the journey which (i) in the case of exported goods, takes place in the statistical territory of the exporting Member State, (ii) in the case of imported goods, takes place outside the statistical territory of the importing Member State.

Therefore, the statistical value does not include taxes due on export or import, such as customs duties, value added tax, excise duty, levies, export refunds or other taxes with similar effect.

According to R.3330/91, the 'Basic Regulation' for *statistics on Trade between Member States*, value of imported and exported goods is defined as 'Statistical value of goods' and is calculated in the same way as the above-mentioned statistical value for statistics on External Trade.

For the purposes of the analysis of chapter 8 data of Trade Statistics (External Trade and Trade between Member States) from EUROSTAT were used, so all values were considered as statistical values. Where appropriate, average – annual – prices of wines will be extracted by dividing the annual statistical value of imported/exported wines by the relevant exported/imported quantity. Both values and prices are expressed in nominal figures.

The *economic accounts for agriculture (EAA)* use a weighting scheme for calculating values and prices for agricultural products. According to the "*Handbook for agricultural price statistics*"⁶³ (page 10 point 2.027) the production output before 2002 was valued at the *basic price*, which is defined as the price received by the producer after deduction of any taxes or levies on the products and including any subsidies on products. This calculation was similar to the above-mentioned statistical value for statistics on External Trade. However, practical difficulties arise with the use of basic price concept for the calculation of price indices, especially monthly ones. Thus the Working Party on Agricultural Price Statistics has decided to use the *market price concept*, thus the price received by the producer *without* the deduction of taxes or levies (except deductible VAT) and *without* the inclusion of subsidies.

For the purposes of this study, agricultural prices indices (nominal and where available deflated), from the domain PRAG06 'Agricultural prices and prices indices' of EUROSTAT' s NEW CRONOS classification plan were gathered and presented in graph 144 (data are complete only after 1995). These prices, were compared for possible coherence to the annual prices of wines as calculated from trade statistics.

For descriptive reasons and not for analytical or calculation purposes it would be useful to present three main types of prices: statistical price, taxable price and consumer price. This analysis focused on statistical prices

- Statistical price = statistical value / statistical volume. Both values and volumes are those provided by EUROSTAT for statistical purposes, which contain only ancillary charges and not taxes. A useful distribution of ancillary charges for calculating normal packaging costs for reference prices was issued by R.344/1979 were normal packaging costs include production cost, transport cost, storage cost, brokerage cost, losses cost and insurance cost. It is worth describing these cost categories further and identify the costs that directly or indirectly affected by the CMO trade measures (import duties, export refunds and bilateral agreements)
 - Storage costs: are used for product storage of wines which are about to be imported according to general Customs procedures).
 - Brokerage cost (corresponding to % fee of broker agents for gathering all necessary documentation asked by Customs authorities in the frame of legislation in force including CMO/T3C measures to be approved by

⁶³ Official Publication of the EU, ISBN 92-894-4034-1, © European Communities, 2002,

- customs authorities thus regulatory measures (import & export licenses, laboratory testing etc.) compliance with reference price system.
- Insurance cost: directly related to CMO/T3C for guarantees in issuing import or export licenses.
 - Taxable price = statistical value (- export refunds, in the case of wine exports only) + (customs duties + other charges in the frame of Customs policies). Dependence on CMO/T3C
 - Customs duties:
 - Rates of duty conventional (GATT 1994) or autonomous on CCT (directly related to CMO but fixed under commitments of GATT 1994). Although uniquely applied for entire EU territory there have been specific rules for fixing exchange rates between euro and national currencies of EU Member States which might have been fixed by:
 - a. Current euro values related to national currencies (these rates do not depend on CMO/T3C).
 - b. Special exchange rates according to European monetary compensatory amounts (indirectly related to CMO for wine as are fixed for the purposes of agricultural products at regular basis).
 - Levies such as countervailing charges (due to violation of reference price system), levies for grape juice and grape must (levy on added sugar, entry prices).
 - Tariff reduction due to bilateral agreements.
 - Other charges in the frame of Customs policies (beyond CMO/T3C, fixed by Customs authorities, GATT specified rules on avoiding extreme use of these charges by the 'Agreement on Customs').
 - Consumer price = taxable price + VAT + excise duties. The factors of this price are non influenced by CMO measures.

In the frame of the analysis of chapter 8 it was necessary to define the relation of CMO/T3C with general trends in volume and composition of supply and demand which beyond fixing of price for a wine type under examination (e.g. sparkling wine) depend on a series of other parameters:

- Wine market composition according to wine types as defined by specific oenological practices and other annexes in CMO and also related to wine product classification (combined nomenclature) on trade statistics (tables 156 and 157):
 - Grape juice and grape must
 - Sparkling and semi-sparkling wine
 - Quality wines (other than quality sparkling wines, quality semi-sparkling wines and quality liqueur wines)
 - Table wines (including table wines described by geographical indication)
 - Liqueur wines
- Packaging of wines (tables 156 and 157):
 - Bottled wines: bottled semi-sparkling wines, bottled quality wines, bottled table wines, bottled liqueur wines

- Bulk wines: bulk semi-sparkling wines, bulk quality wines, bulk table wines, bulk liqueur wines
- Labeling rules
- General wine properties (tables 156 and 157):
 - Actual alcoholic strength by volume % (abbreviated as ‘v’).
 - Density of grape must (abbreviated as ‘d’).
 - Wine colours (red, rose, white)
- Geographical distribution of wine sales (not related to CMO measures)
 - Third country: destination of wines (EU Exports), origin of wines (imports in EU)
 - EU member country. Consuming wines: UK, DE, NL etc. Producing and exporting wines: FR, IT, ES etc.
- Historical issues: e.g.
 - Relation among Anglo-Saxon countries
 - Consumption with ‘domestic characteristics’ for wine – producing countries which are not used to consume foreign wines (e.g. Italy and Spain) or wine – producing countries which are used to consume foreign wines (e.g. France)
- Competition between alcoholic products
 - Wines of the same type but other competitors
 - With complementary drinks (prices of complementary drinks and cross price elasticity between all other complementary drinks and wine type examined)
 - a. Other wine types
 - b. Other alcoholic beverages
 - Customs and Taxation policy
 - a. Customs duties and other charges (not only in EU but globally)
 - b. VAT and excise duties

All determinant factors of wine pricing, volume and composition of supply are interacting by creating a general equilibrium in the wine market. Full analysis of such complex econometric models is subject to specifically tendered studies⁶⁴.

The present section is considered as a preliminary estimation of whether or not is necessary to proceed to further evaluation on CMO/T3C with a separate study. In the frame of the data collected the analysis included:

- a thorough relation of wine market prices (ad valorem % contribution of duties on prices of imported and exported wines, influence and relevance of annual change on duties to the annual changes of prices e.g. reduction of customs duties)
- the market trends of the evolution of volume and composition of supply (as extracted from the analysis at 6-digit or 8-digit statistical data) and changes in the demand of specific wine types related to functionality of CMO/T3C measures.

⁶⁴ (1). *Study on the Competition between alcoholic drinks*, February 2001, DG Taxation & Customs Union/C/5. (2) “*Foreign Trade and Seafood Prices: Implications for the CFP*” DG XIV, FAIR project contract n° CT 95-0892, July 1998

9.2.4. Statistical analysis of data on external trade

In order to identify the impact of the CMO trade measures, for as many wine types as possible according to the wine market composition (tables 156 and 157), analysis of statistical data was carried out: (i) for wine in total (CN 2204), (ii) for a case study in 6-digit codes, (iii) for a case study in 8-digit codes.

Analysis for wine in general (CN 2204)

In the frame of this analysis, Eurostat's statistical data in volume and value of wines from 1988 to 2003 on *External trade of wine* and on *Trade between EU Member States for wine* were examined. The analysis was focused on three different aspects: (i) *External Trade*: volume, value and prices of wines by third countries which import wines to EU or are a destination for the exported EU wines (tables 158 to 159 and graphs 145 to 146), (ii) *External Trade and Trade between EU Member States*: volume, value and prices of wines by a EU member state, which either exports or imports wines from other Member States and from third countries (tables 160 to 163 and graphs 149 to 152), (iii) Trade Balance of imports and exports (table 164 and graphs 153 to 155).

Case study for wines in 6-digit CN codes

In order to further identify wine market's characteristics (pricing, volume and composition of supply and demand), analysis focused on External Trade for wines falling to product classification in 6-digit CN Codes: sparkling wine (CN 2204 10), bottled wine (CN 2204 21), bulk wine (CN 2204 29), other grape must (CN 2204 30). The analysis produced two types of results: (i) value, volume and prices for sparkling wine, bottled wine, bulk wine, other grape must exported from France, Italy, Spain and Germany to USA, Canada, Japan (table 165 and graphs 156 to 163), (ii) value, volume and prices for sparkling wine, bottled wine, bulk wine, other grape must imported from USA, Australia, Chile to UK, Germany, Netherlands (table 166 and graphs 164 to 171).

Case study for wines in 8-digit CN codes

Analysis in this section aimed to further identify the market trends for the sub-headings: (i) Bottled wines (CN 2204 21): bottled semi-sparkling wines, bottled quality wines, bottled table wines, bottled liqueur wines, (ii) Bulk wines (CN 2204 29): bulk semi-sparkling wines, bulk quality wines, bulk table wines, bulk liqueur wines. Analysis of data from case study in 6-digit codes, proved that on one hand UK and Germany were the major wine importers in EU and on the other Italy, France, Spain, Australia and Chile exported the major volume and value of wine products to these countries. This coincidence proved identical for a case study on 8-digit codes which produced two types of results: (i) Market shares⁶⁵ in volume and value of bottled wines imported in DE and UK from FR, IT, ES, AUS, CHI (tables 167 to 168), (ii) Volume and prices of table wines (bottled or in bulk) imported in DE and UK from FR, IT, ES, AUS, CHI (graphs 172 to 187).

⁶⁵ For the purposes of case study market was identified as the sum of imports in UK or DE respectively from FR, IT, ES, AUS and CHI for a specific year.

9.2.5. Interviews with experts

A summary of the results of the interviews held with experts (competent authorities in the selected Member States, with operators in the sector and with professional organisations) is presented in tables 199 to 202.

9.3. Statistical Annex

9.3.1. Tables and graphs for statistical data using 4-digit codes

Table 156 Classification of wines by CN Codes and categories (country of origin, type, colour, alcoholic strength)

CN Codes (Old)	CN Codes (New)	Description	Country	Type	Colour	Physical properties (e.g. actual alcoholic strength by volume (%))
		Grape juice (including grape must) unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter				
2009 60	2009 61	Brix value <= 30				
2009 60 59	2009 61 10	Value > € 18/100 kg	All	All	All	Brix value <= 30
2009 60 90	2009 61 90	Value <= € 18/100 kg	All	All	All	Brix value <= 30
2009 60	2009 69	Brix value > 30				
2009 60 11	2009 69 11	Value > € 22 / 100 kg net	All	All	All	Brix value > 67
2009 60 19	2009 69 19	Other	All	All	All	Brix value > 67
2009 60 51	2009 69 51	Value > € 18/100 kg, concentrated	All	All	All	30 < Brix value <=67
2009 60 59	2009 69 59	Value > € 18/100 kg, Other	All	All	All	30 < Brix value <=67
2009 60 71	2009 69 71	Value <= € 18/100 kg, added sugar exceeding 30% by weight, concentrated	All	All	All	30 < Brix value <=67
2009 60 79	2009 69 79	Value <= € 18/100 kg, added sugar exceeding 30% by weight, other	All	All	All	30 < Brix value <=67
2009 60 90	2009 69 90	Other	All	All	All	30 < Brix value <=67
2204	2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009				
2204 10	2204 10	Sparkling wine				
2204 10 11	2204 10 11	Champagne	All	All	All	v>=8,5%
2204 10 19	2204 10 19	Other	All	All	All	v>=8,5%
2204 10 90	2204 10 91	Asti spumante	All	All	All	v<8,5%
	2204 10 99	Other	All	All	All	v<8,5%
Other wine;						
2204 21	2204 21	In containers holding 2 litres or less (Bottled)				
2204 21 10	2204 21 10	Wine, other than that referred to in subheading 2204 10, in bottles with 'mushroom' stoppers with excess pressure due to carbon dioxide in solution of not less than 1 bar but less than 3 bar, (temperature 20 °C)	All	All	All	All
2204 21 21	2204 21 11	Alsace	FR	Q	W	v<=13%
	2204 21 12	Bordeaux	FR	Q	W	v<=13%
	2204 21 13	Bourgogne (Burgundy)	FR	Q	W	v<=13%
	2204 21 17	Val de Loire (Loire valley)	FR	Q	W	v<=13%
	2204 21 18	Mosel-Saar-Ruwer	DE	Q	W	v<=13%
	2204 21 19	Pfalz	DE	Q	W	v<=13%
	2204 21 22	Rheinhessen	DE	Q	W	v<=13%
	2204 21 24	Lazio (Latium)	IT	Q	W	v<=13%
	2204 21 26	Toscana (Tuscany)	IT	Q	W	v<=13%
	2204 21 27	Trentino-Alto Adige and Friuli	IT	Q	W	v<=13%
	2204 21 28	Veneto	IT	Q	W	v<=13%
	2204 21 32	Vinho Verde	PT	Q	W	v<=13%
	2204 21 34	Penedés	ES	Q	W	v<=13%

CN Codes (Old)	CN Codes (New)	Description	Country	Type	Colour	Physical properties (e.g. actual alcoholic strength by volume (%))
	2204 21 36	Rioja	ES	Q	W	v<=13%
	2204 21 37	Valencia	ES	Q	W	v<=13%
	2204 21 38	Other	All	Q	W	v<=13%
2204 21 23	2204 21 42	Bordeaux	FR	Q	R-R	v<=13%
	2204 21 43	Bourgogne (Burgundy)	FR	Q	R-R	v<=13%
	2204 21 44	Beaujolais	FR	Q	R-R	v<=13%
	2204 21 46	Côtes-du-Rhône	FR	Q	R-R	v<=13%
	2204 21 47	Languedoc-Roussillon	FR	Q	R-R	v<=13%
	2204 21 48	Val de Loire (Loire valley)	FR	Q	R-R	v<=13%
	2204 21 62	Piemonte (Piedmont)	IT	Q	R-R	v<=13%
	2204 21 66	Toscana (Tuscany)	IT	Q	R-R	v<=13%
	2204 21 67	Trentino e Alto Adige	IT	Q	R-R	v<=13%
	2204 21 68	Veneto	IT	Q	R-R	v<=13%
	2204 21 69	Dão, Bairrada e Douro	PT	Q	R-R	v<=13%
	2204 21 71	Navarra	ES	Q	R-R	v<=13%
	2204 21 74	Penedés	ES	Q	R-R	v<=13%
	2204 21 76	Rioja	ES	Q	R-R	v<=13%
	2204 21 77	Valdepeñas	ES	Q	R-R	v<=13%
	2204 21 78	Other	All	Q	R-R	v<=13%
2204 21 25	2204 21 79	White	All	T	W	v<=13%
2204 21 29	2204 21 80	Other	All	T	R-R	v<=13%
2204 21 31	2204 21 81	White	All	Q	W	13%<v<=15%
2204 21 33	2204 21 82	Other	All	Q	R-R	13%<v<=15%
2204 21 35	2204 21 83	White	All	T	W	13%<v<=15%
2204 21 39	2204 21 84	Other	All	T	R-R	13%<v<=15%
2204 21 41	2204 21 89	Port	PT	Q	R-R	15%<v<=18%
	2204 21 91	Madeira and Setúbal muscatel	PT	Q	R-R	15%<v<=18%
	2204 21 92	Sherry	ES	Q	R-R	15%<v<=18%
	2204 21 93	Tokay (Aszu and Szamorodni)	HU	Q	R-R	15%<v<=18%
2204 21 49	2204 21 87	Marsala	IT	Q	R-R	15%<v<=18%
	2204 21 88	Samos and muscat de Lemnos	GR	Q	R-R	15%<v<=18%
	2204 21 94	Other	All	All	All	15%<v<=18%
2204 21 51	2204 21 95	Port	PT	Q	R-R	18%<v<=22%
	2204 21 96	Madeira, sherry, Setúbal muscatel	Pt-Es	Q	R-R	18%<v<=22%
	2204 21 97	Tokay (Aszu and Szamorodni)	HU	Q	R-R	18%<v<=22%
2204 21 59	2204 21 98	Other	All	All	All	18%<v<=22%
2204 21 90	2204 21 99	Strength by volume exceeding 22 %	All	All	All	22%<v
2204 29	2204 29	In containers higher than 2 litres (Bulk wine)				
2204 29 10	2204 29 10	Wine, other than that referred to in subheading 2204 10, in bottles with 'mushroom' stoppers with excess pressure due to carbon dioxide in solution of not less than 1 bar but less than 3 bar, (temperature 20 °C)	All	All	All	All
2204 29 21	2204 29 12	Bordeaux	FR	Q	W	v<=13%
	2204 29 13	Bourgogne (Burgundy)	FR	Q	W	v<=13%
	2204 29 17	Val de Loire (Loire valley)	FR	Q	W	v<=13%
	2204 29 18	Other	All	Q	W	v<=13%
2204 29 23	2204 29 42	Other	All	Q	R-R	v<=13%
	2204 29 42	Bordeaux	FR	Q	R-R	v<=13%

CN Codes (Old)	CN Codes (New)	Description	Country	Type	Colour	Physical properties (e.g. actual alcoholic strength by volume (%))
	2204 29 43	Bourgogne (Burgundy)	FR	Q	R-R	v<=13%
	2204 29 44	Beaujolais	FR	Q	R-R	v<=13%
	2204 29 46	Côtes-du-Rhône	FR	Q	R-R	v<=13%
	2204 29 47	Languedoc-Roussillon	FR	Q	R-R	v<=13%
	2204 29 48	Val de Loire (Loire valley)	FR	Q	R-R	v<=13%
	2204 29 58	Other	All	Q	R-R	v<=13%
2204 29 25	2204 29 62	Sicilia (Sicily)	IT	T	W	v<=13%
	2204 29 64	Veneto	IT	T	W	v<=13%
	2204 29 65	Other	All	T	W	v<=13%
2204 29 29	2204 29 71	Puglia (Apuglia)	IT	T	R-R	v<=13%
	2204 29 72	Sicilia (Sicily)	IT	T	R-R	v<=13%
	2204 29 75	Other	All	T	R-R	v<=13%
2204 29 31	2204 29 81	White	All	Q	W	13%<v<=15%
2204 29 33	2204 29 82	Other	All	Q	R-R	13%<v<=15%
2204 29 35	2204 29 83	White	All	T	W	13%<v<=15%
2204 29 39	2204 29 84	Other	All	T	R-R	13%<v<=15%
2204 29 41	2204 29 89	Port	PT	Q	R-R	15%<v<=18%
	2204 29 91	Madeira and Setúbal muscatel	PT	Q	R-R	15%<v<=18%
	2204 29 92	Sherry	ES	Q	R-R	15%<v<=18%
2204 29 45	2204 29 93	Tokay (Aszu and Szamorodni)	HU	Q	R-R	15%<v<=18%
2204 29 49	2204 29 87	Marsala	IT	Q	R-R	15%<v<=18%
	2204 29 88	Samos and Muscat de Lemnos	GR	Q	R-R	15%<v<=18%
	2204 29 94	Other	All	All	All	15%<v<=18%
2204 29 51	2204 29 95	Port	PT	Q	R-R	18%<v<=22%
	2204 29 96	Madeira, sherry and Setúbal muscatel	PT	Q	R-R	18%<v<=22%
2204 29 55	2204 29 97	Tokay (Aszu and Szamorodni)	HU	Q	R-R	18%<v<=22%
2204 29 59	2204 29 98	Other	All	All	All	18%<v<=22%
2204 29 90	2204 29 99	Strength by volume exceeding 22 %	All	All	All	22%<v
2204 30	2204 30	Other grape must				
2204 30 10	2204 30 10	In fermentation or with fermentation arrested otherwise than by the addition of alcohol	All	All	All	All
2204 30 91	2204 30 92	Concentrated	All	All	All	Density<=1,33 g/cm ³ & v<=1 %
	2204 30 94	Other	All	All	All	Density<=1,33 g/cm ³ & v<=1 %
2204 30 99	2204 30 96	Concentrated	All	All	All	Density>1,33 g/cm ³ & v>1 %
	2204 30 98	Other	All	All	All	Density>1,33 g/cm ³ & v>1 %

Symbols: (a) Country: FR-France, IT-Italy, ES-Spain, DE-Germany, PT-Portugal, HU: Hungary, (b) Type: T-Table, Q-Quality, (c) Colour: W-White, R-R-Red or Rose, (d) 18%<v<=22%: wine of an actual alcoholic strength by volume exceeding 18 % vol but not exceeding 22 % vol

Source: INTRASTAT Combined nomenclature, RAMON Eurostat's Classifications Server.

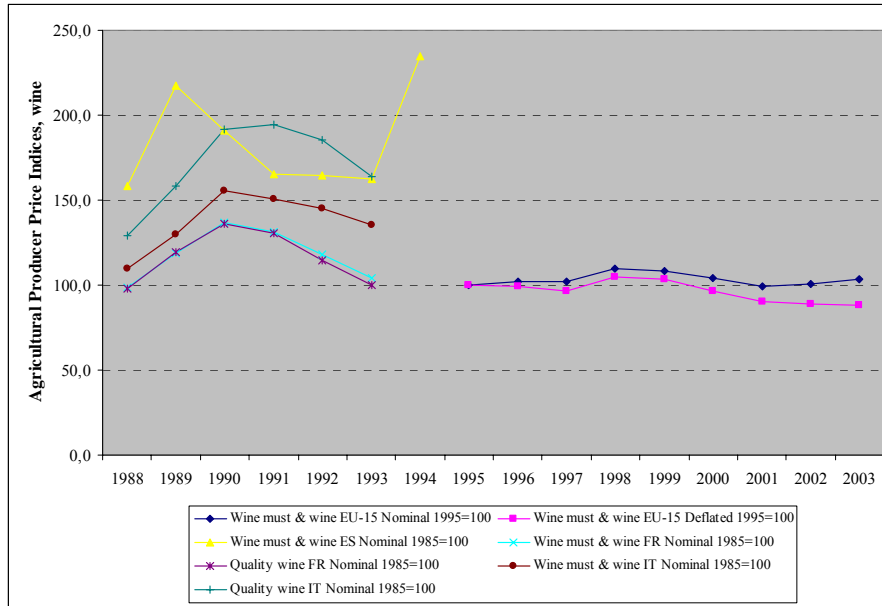
Table 157 CN codes according to type of wine

Wine type used in abbreviation at this study	Description	CN Codes (Old, from 1988 to 1995)	CN Codes (New, after 1995)
Grape juice and grape must	Unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	2009 60 (59, 90, 11, 19, 51, 59, 71, 79)	2009 61 (10, 90), 2009 69 (11, 19, 51, 59, 71, 79, 90)
	In fermentation or with fermentation arrested otherwise than by the addition of alcohol, concentrated or not	2204 30 (10, 91, 99)	2204 30 (10, 92, 94, 96, 98)
Sparkling wine	Asti Spumante, Champagne, Other	2204 10 (11, 19, 90)	2204 10 (11, 19, 91, 99)
(including semi-sparkling wine)	Semi-sparkling Wine (other than that referred to in subheading 2204 10, in bottles with 'mushroom' stoppers with excess pressure due to carbon dioxide in solution of not less than 1 bar but less than 3 bar):		
	• Bottled (In containers holding 2 litres or less)	2204 21 10	2204 21 10
	• Bulk (In containers higher than 2 litres)	2204 29 10	2204 29 10
Quality wines	<u>Bottled (In containers holding 2 litres or less)</u>		
(other than quality sparkling wines, quality semi-sparkling wines and quality liqueur wines)	Quality wines white, 9% < v<=13%	2204 21 21	2204 21 (11, 12, 13, 17, 18, 19, 22, 24, 26, 27, 28, 32, 34, 36, 37, 38)
	Quality wines red, 9% < v<=13%	2204 21 23	2204 21 (42, 43, 44, 46, 47, 48, 62, 66, 67, 68, 69, 71, 74, 76, 77, 78)
	Quality wines white, 13% < v<=15%	2204 21 31	2204 21 81
	Quality wines red, 13% < v<=15%	2204 21 33	2204 21 82
	<u>Bulk (In containers higher than 2 litres)</u>	2204 29	2204 29
	Quality wines white, 9% < v<=13%	2204 29 21	2204 29 (12, 13, 17, 18)
	Quality wines, red, 9% < v<=13%	2204 29 23	2204 29 (42, 42, 43, 44, 46, 47, 48, 58)
	Quality wines, white, 13% < v<=15%	2204 29 31	2204 29 81
	Quality wines, red, 13% < v<=15%	2204 29 33	2204 29 82
Table wines	<u>Bottled (In containers holding 2 litres or less)</u>		
(including table wines described by means of a geographical indication)	Non – quality wines, white, 9% < v<=13%	2204 21 25	2204 21 79
	Non – quality wines, red, v<=13%	2204 21 29	2204 21 80
	Non – quality wines, white, 13% < v<=15%	2204 21 35	2204 21 83
	Non – quality wines, red, 13% < v<=15%	2204 21 39	2204 21 84
	<u>Bulk (In containers higher than 2 litres)</u>		
	Non – quality wines, white, 9% < v<=13%	2204 29 25	2204 29 (62, 64, 65)
	Non – quality wines, red, 9% < v<=13%	2204 29 29	2204 29 (71, 72, 75)
	Non – quality wines, white, 13% < v<=15%	2204 29 35	2204 29 83
	Non – quality wines, red, 13% < v<=15%	2204 29 39	2204 29 84
Liqueur wines	<u>Bottled (In containers holding 2 litres or less)</u>		
	Liquor wines, 15%<v<=18%, Port, Madeira Setúbal, Sherry, Tokay	2204 21 41	2204 21 (89, 91, 92, 93)
	Liquor wines, 15%<v<=18%, Marsala, Samos, Muscat de Lemnos, Other	2204 21 49	2204 21 (87, 88, 94)
	Liquor wines, 18%<v<=22%, Port, Madeira, Setúbal, Sherry, Tokay	2204 21 51	2204 21 (95, 96, 97)
	Liquor wines, 18%<v<=22%, other	2204 21 59	2204 21 98
	Liquor wines, 22%<v	2204 21 90	2204 21 99
	<u>Bulk (In containers higher than 2 litres)</u>		
	Liquor wines, 15%<v<=18%, Port Madeira and Setúbal muscatel Sherry	2204 29 41	2204 29 (89, 91, 92)
	Liquor wines, 15%<v<=18%, Tokay	2204 29 45	2204 29 93
	Liquor wines, 15%<v<=18%, Marsala Samos, Muscat de Lemnos, Other	2204 29 49	2204 29 (87, 88, 94)
	Liquor wines, 18%<v<=22%, Port Madeira, sherry and Setúbal muscatel	2204 29 51	2204 29 (95, 96)
	Liquor wines, 18%<v<=22%, Tokay	2204 29 55	2204 29 97
	Liquor wines, 18%<v<=22%, Other	2204 29 59	2204 29 98
	Liquor wines, 22%<v	2204 29 90	2204 29 99

Important note: According to the additional notes of Common Customs Tariff (CCT) for chapter 22 the subheadings 2204 21 (bottled wine) and 2204 29 (bulk wine) are taken to include: (a) grape must with fermentation arrested by the addition of alcohol, (b) wine fortified for distillation, (c) liqueur wines. The additional notes are in accordance with the definition of the wines (a), (b) and (c) in the annexes of CMO Regulations (R.822/87 and R.1493/99). This implies for example that "liqueur wines" as defined in the above table do not cover 100% of liqueur wines, thus in exceptional cases liqueur wines at a specific production stage might fall in "quality wines psr" or "table wines" abbreviation. Clearly there is nothing to be done to clarify wine market in more details as current structure of statistics' nomenclature does not permit to do so.

Source: INTRASTAT Combined nomenclature, RAMON Eurostat' s Classifications Server, see also table 156.

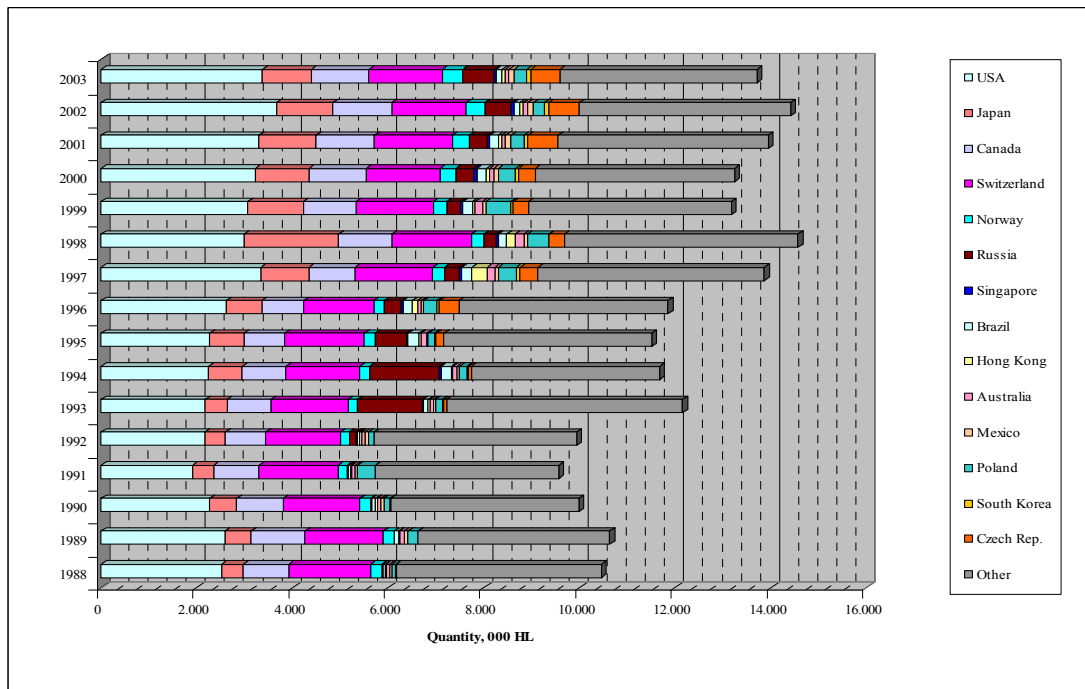
Graph 144 Agricultural producer price indices 1988 – 2003



Source: EUROSTAT, own calculation.

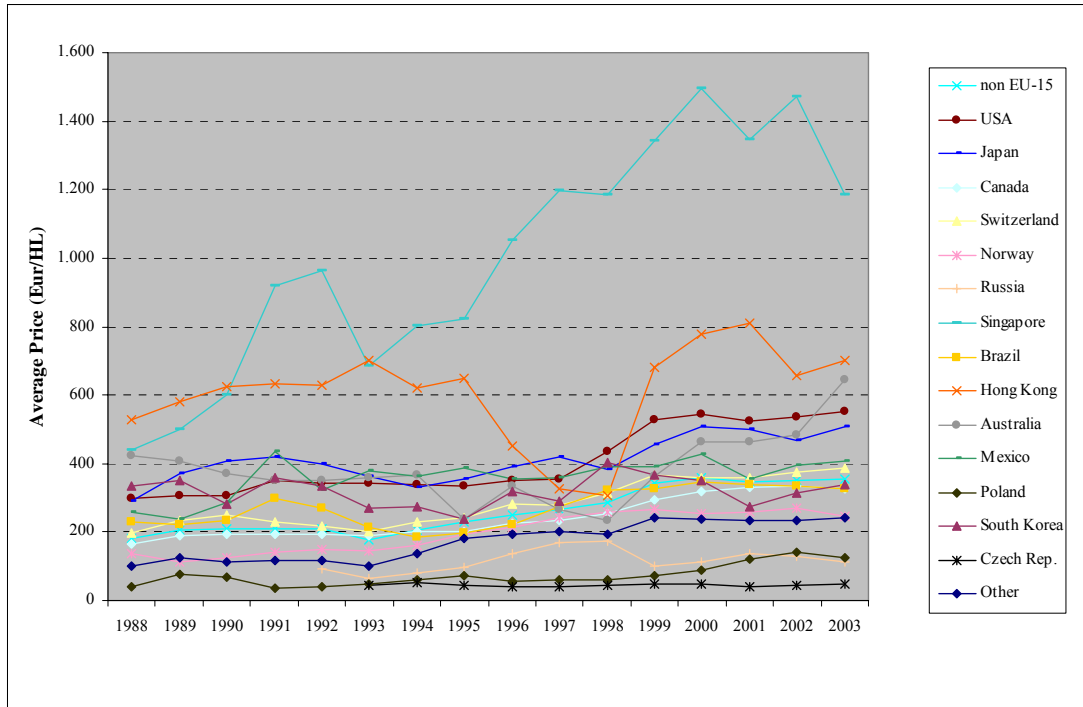
Data on external trade (imports and exports)

Graph 145 Volume of exported wines (CN code 2204) from EU to main third countries, 1988 – 2003



Source: EUROSTAT, own calculation

Graph 146 Average prices of exported wines (CN code 2204) from EU to main third countries, 1988 - 2003



Source: EUROSTAT, own calculation

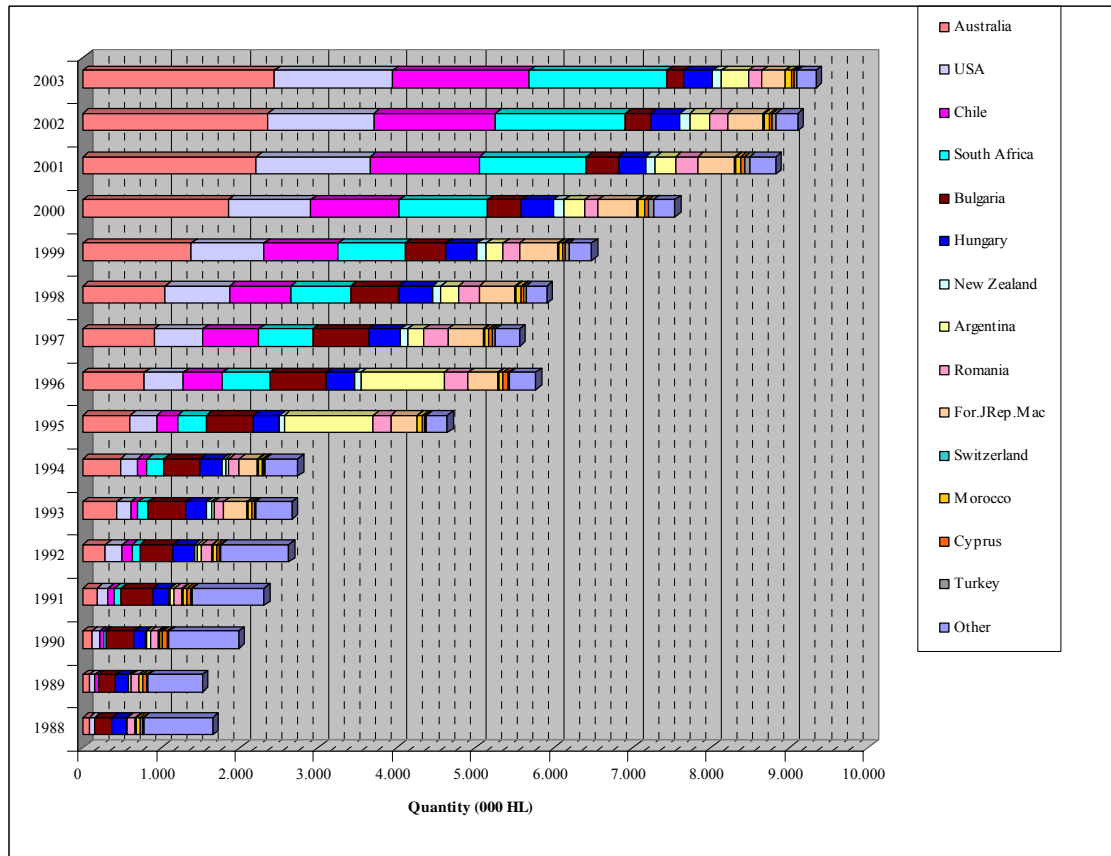
Table 158 Wine (CN Code 2204) Exports from EU to main third countries, annual evolution from 1988 to 2003

Country	Indicators	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03
non EU-15	Value (1000 Ecu)	1.882.944	2.175.393	2.099.313	2.019.510	2.068.578	2.158.231	2.379.633	2.654.569	2.985.140	3.702.103	4.192.523	4.517.704	4.731.712	4.814.354	5.061.103	4.844.251
	Quantity (HL)	10.452.235	10.631.211	9.991.655	9.575.101	9.948.109	12.156.153	11.678.403	11.510.303	11.855.833	13.863.314	14.566.795	13.174.914	13.248.285	13.941.673	14.417.864	13.713.331
USA	Value (1000 Ecu)	746.027	792.318	694.393	671.669	745.107	749.030	759.501	766.329	922.370	1.187.971	1.304.594	1.618.480	1.761.372	1.731.610	1.957.578	1.861.388
	Quantity (HL)	2.515.036	2.584.257	2.270.943	1.905.780	2.172.898	2.179.990	2.254.004	2.277.403	2.628.617	3.342.224	2.992.800	3.070.309	3.226.118	3.308.864	3.663.717	3.374.583
Switzerland	Value (1000 Ecu)	341.115	379.439	396.731	378.744	334.916	323.266	352.731	401.776	416.461	458.029	522.244	592.301	548.791	584.675	580.911	593.650
	Quantity (HL)	1.716.278	1.636.762	1.599.228	1.646.635	1.549.100	1.615.388	1.543.519	1.658.692	1.466.921	1.636.914	1.671.074	1.617.124	1.535.053	1.624.015	1.547.497	1.532.565
Japan	Value (1000 Ecu)	133.201	203.796	230.923	187.544	171.867	167.796	231.930	253.703	284.786	420.834	754.554	531.852	566.564	593.632	555.837	517.584
	Quantity (HL)	458.418	552.034	567.563	446.580	431.322	460.399	704.589	714.609	730.940	1.007.442	1.975.787	1.163.570	1.119.289	1.191.147	1.190.141	1.018.150
Canada	Value (1000 Ecu)	158.629	214.015	187.511	184.860	163.801	171.371	184.306	172.103	197.968	223.725	278.893	320.338	384.508	400.058	411.407	395.169
	Quantity (HL)	948.854	1.131.030	972.985	951.458	843.021	904.167	907.893	854.024	879.236	951.813	1.106.898	1.093.323	1.202.400	1.215.464	1.232.616	1.211.573
Norway	Value (1000 Ecu)	30.979	24.772	27.923	27.932	28.438	28.031	32.848	41.733	48.794	57.303	65.502	75.655	85.614	93.519	104.669	102.065
	Quantity (HL)	226.818	216.324	224.117	199.303	188.952	191.800	201.681	217.502	226.791	236.061	252.195	285.592	335.118	363.709	389.654	411.874
Russia	Value (1000 Ecu)					14.005	89.490	116.870	63.479	46.009	53.693	45.210	28.663	43.817	52.562	71.248	76.365
	Quantity (HL)					153.702	1.353.960	1.466.987	662.666	338.121	317.881	262.180	287.360	385.306	382.375	552.900	673.704
Singapore	Value (1000 Ecu)	9.298	10.972	13.859	23.582	25.372	18.522	26.786	29.361	41.724	60.950	49.157	70.966	75.896	60.886	75.198	43.948
	Quantity (HL)	21.123	22.003	23.022	25.694	26.370	27.065	33.316	35.744	39.720	50.947	41.519	52.867	50.718	45.177	51.108	37.091
Brazil	Value (1000 Ecu)	11.736	16.060	20.127	12.713	12.171	23.668	38.200	46.566	44.474	57.038	58.436	62.072	70.382	60.865	44.840	42.560
	Quantity (HL)	51.236	71.816	86.295	42.711	44.767	110.509	204.559	237.281	198.887	207.130	180.494	190.134	202.232	179.032	133.425	130.659
Hong Kong	Value (1000 Ecu)	16.228	17.018	19.271	18.203	21.270	23.389	22.759	23.781	47.172	102.119	51.629	41.973	47.989	47.928	46.899	38.743
	Quantity (HL)	30.694	29.332	30.816	28.859	33.818	33.350	36.552	36.618	104.151	313.737	169.603	61.561	61.737	59.262	71.309	55.226
Australia	Value (1000 Ecu)	27.803	37.085	30.807	25.969	23.795	23.339	28.716	28.374	30.304	44.756	45.690	53.904	46.033	39.105	45.668	49.545
	Quantity (HL)	65.637	91.202	82.967	73.859	67.695	65.305	78.436	119.993	90.847	167.009	193.995	148.804	99.332	84.214	94.488	76.903
Mexico	Value (1000 Ecu)	12.744	20.500	16.720	19.005	23.999	20.367	24.033	8.584	14.241	24.383	25.260	30.053	36.963	43.730	47.455	45.636
	Quantity (HL)	49.408	85.960	58.250	43.849	74.386	53.482	66.494	22.080	40.238	68.062	64.804	77.068	86.509	123.585	120.337	112.470
Poland	Value (1000 Ecu)	3.196	15.817	8.587	13.661	4.615	7.115	9.305	9.315	16.138	23.902	27.542	37.296	32.546	33.111	32.568	33.538
	Quantity (HL)	78.673	206.058	123.685	361.051	117.846	144.689	156.517	127.357	283.874	386.870	441.948	525.591	363.968	270.718	228.335	269.396
South Korea	Value (1000 Ecu)	2.447	2.691	3.315	3.876	5.163	5.392	7.334	10.609	14.202	21.167	5.764	17.641	20.875	21.758	24.916	26.092
	Quantity (HL)	7.308	7.696	11.708	10.752	15.446	19.905	26.828	44.891	44.681	73.156	14.302	48.353	59.308	79.521	78.900	76.955
Czech Rep.	Value (1000 Ecu)						2.979	3.241	7.216	16.208	14.421	14.442	15.189	16.453	25.450	28.712	30.118
	Quantity (HL)						68.410	61.204	159.416	418.113	374.414	317.730	320.473	354.197	625.258	650.783	614.235
Other	Value (1000 Ecu)	422.987	496.504	449.146	451.752	494.059	504.477	541.074	791.638	844.289	951.813	943.606	1.021.321	993.913	1.025.463	1.033.200	987.850
	Quantity (HL)	4.282.752	3.996.737	3.940.076	3.838.570	4.228.786	4.927.734	3.935.826	4.342.026	4.364.696	4.729.654	4.881.465	4.232.784	4.166.999	4.389.333	4.412.653	4.117.948
	Share on exports	22,46%	22,82%	21,39%	22,37%	23,88%	23,37%	22,74%	29,82%	28,28%	25,71%	22,51%	22,61%	21,01%	21,30%	20,41%	20,39%

- Countries are sorted by the total (cumulative) value of imports for the years 1988-2003
- EU-15 exports' market is divided in 15 parts (14 main third countries and other third countries). From 1988 to 1994 in other third countries there are included exports from EU-12 to Austria, Sweden and Finland
- Countries are sorted by the total value of exports for the whole period (1988-2003).
- Wine refers to CN Code 2204: Wine of fresh grapes, including fortified wines; grape must other than that of heading No 2009

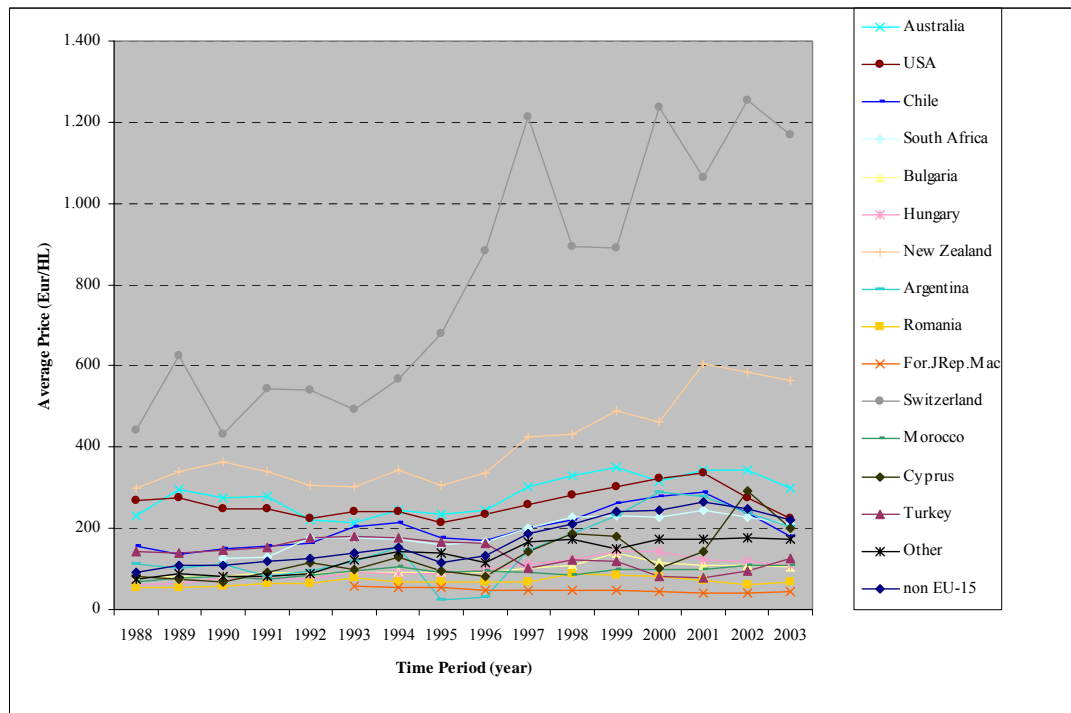
Source: EUROSTAT, own calculation.

Graph 147 Volume of imported wines (CN code 2204) to EU from main third countries, 1988-2003



Source: EUROSTAT, own calculation.

Graph 148 Average prices of imported wines (CN code 2204) to EU from main third countries, 1988-2003



Source: EUROSTAT, own calculation.

Table 159 Wine (CN Code 2204) Imports to EU from main third countries, annual evolution from 1988 to 2003

Country	Indicators	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03
non EU-15	Value (1000 Ecu)	154.422	165.922	214.209	273.693	326.752	367.338	420.437	540.754	758.275	1.033.315	1.251.038	1.558.554	1.855.193	2.344.746	2.262.898	2.053.637
	Quantity (HL)	1.652.675	1.525.241	1.986.437	2.314.463	2.619.349	2.665.958	2.738.305	4.647.784	5.773.274	5.561.657	5.912.409	6.485.395	7.542.233	8.823.814	9.103.400	9.336.745
Australia	Value (1000 Ecu)	19.338	25.174	31.165	50.447	64.116	92.563	117.670	141.910	193.708	275.665	348.173	483.090	587.339	758.182	807.931	729.561
	Quantity (HL)	83.739	85.567	112.709	181.293	291.854	433.651	478.206	603.809	787.443	909.483	1.053.996	1.378.230	1.853.987	2.211.240	2.361.930	2.437.157
USA	Value (1000 Ecu)	17.106	19.437	25.185	34.199	47.506	42.841	52.267	73.341	116.148	162.554	229.372	280.556	339.844	488.382	372.458	340.273
	Quantity (HL)	63.375	70.328	102.118	138.307	212.215	177.022	215.535	342.553	497.921	626.139	815.627	931.866	1.056.159	1.445.309	1.346.416	1.509.194
Chile	Value (1000 Ecu)	2.408	5.481	7.810	13.597	20.018	18.371	25.975	46.251	82.951	141.670	173.069	245.151	311.376	400.011	371.761	314.280
	Quantity (HL)	15.276	40.347	52.769	86.470	122.159	90.192	120.968	259.463	493.099	707.555	780.907	939.794	1.123.792	1.390.785	1.552.272	1.741.684
South Africa	Value (1000 Ecu)	0	0	3.996	10.554	18.166	24.632	38.431	58.573	101.187	137.537	171.891	197.799	253.191	334.447	378.495	369.423
	Quantity (HL)	0	0	32.034	82.574	102.848	138.076	221.550	368.694	605.532	684.611	760.426	856.253	1.119.901	1.367.751	1.651.261	1.750.667
Bulgaria	Value (1000 Ecu)	16.824	18.891	29.187	37.145	37.168	44.553	42.660	55.696	65.594	72.572	66.331	73.445	50.021	44.576	34.550	23.431
	Quantity (HL)	214.874	228.662	350.886	406.729	419.025	477.732	464.794	602.405	723.651	711.666	609.466	522.758	430.859	403.762	322.205	219.033
Hungary	Value (1000 Ecu)	10.596	10.003	11.317	15.569	20.765	24.957	24.833	29.745	35.028	46.485	53.443	56.628	58.424	43.065	43.574	39.688
	Quantity (HL)	174.065	154.292	147.449	197.065	278.711	267.121	278.655	334.381	352.874	408.608	431.819	392.763	411.191	348.623	368.786	360.152
New Zealand	Value (1000 Ecu)	2.867	3.699	5.319	8.241	13.139	15.846	15.270	17.427	26.789	39.195	44.905	56.597	62.984	73.569	74.295	69.317
	Quantity (HL)	9.574	10.896	14.616	24.221	43.132	52.208	44.384	57.162	79.951	92.603	104.426	115.517	136.163	121.911	127.075	123.136
Argentina	Value (1000 Ecu)	1.496	2.747	5.359	4.345	4.673	3.963	5.345	28.219	33.903	29.358	43.038	49.873	74.689	72.525	59.141	68.759
	Quantity (HL)	13.491	27.157	47.500	52.897	49.199	33.602	35.204	1.131.600	1.063.229	200.235	230.763	216.625	257.466	258.883	250.358	337.389
Romania	Value (1000 Ecu)	5.201	5.206	6.000	6.578	8.391	10.091	9.045	15.093	20.400	21.240	23.297	18.279	14.189	19.548	14.526	11.966
	Quantity (HL)	97.715	95.795	103.349	101.809	126.881	130.408	133.367	223.566	301.958	312.246	263.421	211.572	170.701	280.283	232.173	174.621
Former Yugoslav Rep. of Macedonia	Value (1000 Ecu)	0	0	0	0	0	16.914	12.607	18.211	17.907	21.558	21.520	22.815	21.471	19.040	18.811	12.827
	Quantity (HL)	0	0	0	0	0	299.251	236.586	333.529	381.459	446.891	454.324	485.039	503.582	472.389	455.246	288.088
Switzerland	Value (1000 Ecu)	5.091	6.067	7.357	6.761	6.527	5.784	7.118	7.222	12.056	19.681	15.227	14.645	16.334	15.894	18.374	14.451
	Quantity (HL)	11.534	9.715	17.017	12.398	12.070	11.765	12.528	10.638	13.644	16.237	17.057	16.476	13.212	14.948	14.641	12.362
Morocco	Value (1000 Ecu)	2.907	2.921	3.348	4.028	3.888	3.765	5.167	5.446	4.835	5.645	5.500	5.274	7.323	6.207	7.553	8.904
	Quantity (HL)	42.493	38.001	40.267	52.777	46.149	39.167	48.310	60.187	51.080	61.588	64.018	53.074	74.290	62.337	70.404	82.368
Cyprus	Value (1000 Ecu)	3.662	4.423	4.532	4.162	4.923	3.234	2.133	3.092	5.244	5.003	5.085	4.720	4.805	7.091	8.917	4.946
	Quantity (HL)	44.590	60.303	65.197	45.691	42.769	32.689	16.609	32.691	65.380	34.770	27.455	26.012	47.735	49.581	30.570	24.828
Turkey	Value (1000 Ecu)	1.492	1.594	1.979	2.392	2.914	3.247	3.610	3.476	3.587	4.666	3.958	5.172	5.436	5.404	5.179	5.222
	Quantity (HL)	10.557	11.372	13.475	15.565	16.497	17.996	20.499	20.894	21.872	45.647	32.027	43.976	66.160	68.844	53.988	41.413
Other	Value (1000 Ecu)	65.435	60.278	71.656	75.674	74.558	56.579	58.306	37.053	38.938	50.487	46.228	44.510	47.768	56.806	47.332	40.590
	Quantity (HL)	871.392	692.806	887.051	916.667	855.840	465.078	411.108	266.213	334.182	303.380	266.678	295.439	277.035	327.170	266.078	234.654
	Share on imports	42,37%	36,33%	33,45%	27,65%	22,82%	15,40%	13,87%	6,85%	5,14%	4,89%	3,70%	2,86%	2,57%	2,42%	2,09%	1,98%

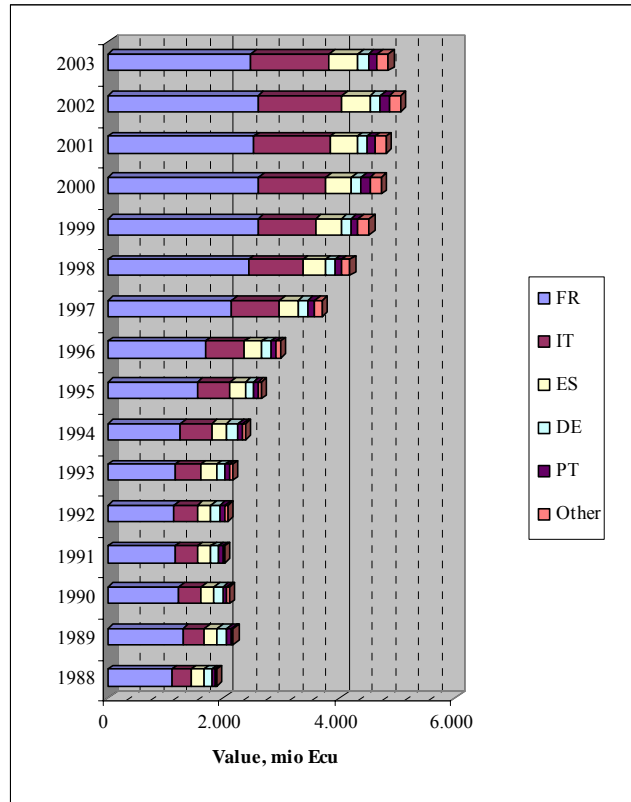
- Countries are sorted by the total (cumulative) value of imports for the years 1988-2003
- EU-15 imports' market is divided in 15 parts (14 main third countries and other third countries). Imports to Austria, Sweden, Finland are included from 1995 to 2003. Before 1995 Austria, Sweden and Finland are considered as third countries.
- Countries are sorted by the total value of imports for the whole period (1988-2003).
- Wine refers to CN Code 2204: Wine of fresh grapes, including fortified wines; grape must other than that of heading No 2009

Source: EUROSTAT, own calculation.

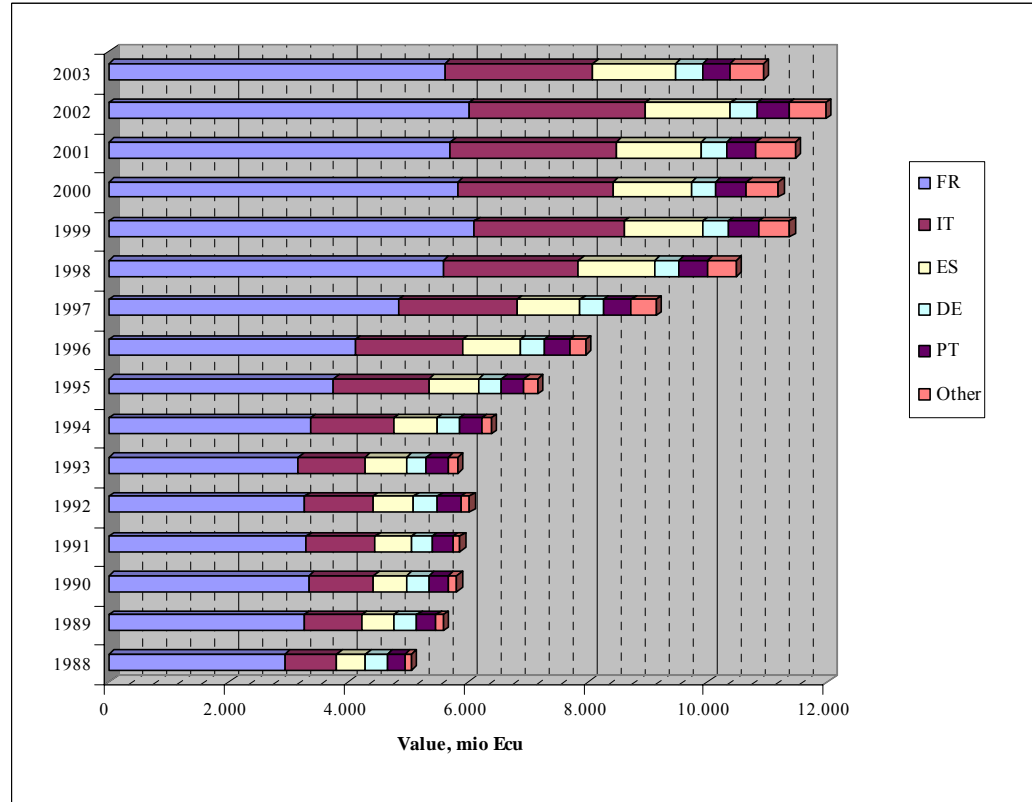
Data on external trade compared to data on trade between EU Member States

Graph 149 Total exports' Value (in mio Ecu) of Wine (CN 2204) from main EU producing Member States to third countries and to other EU Member States

(a) External trade



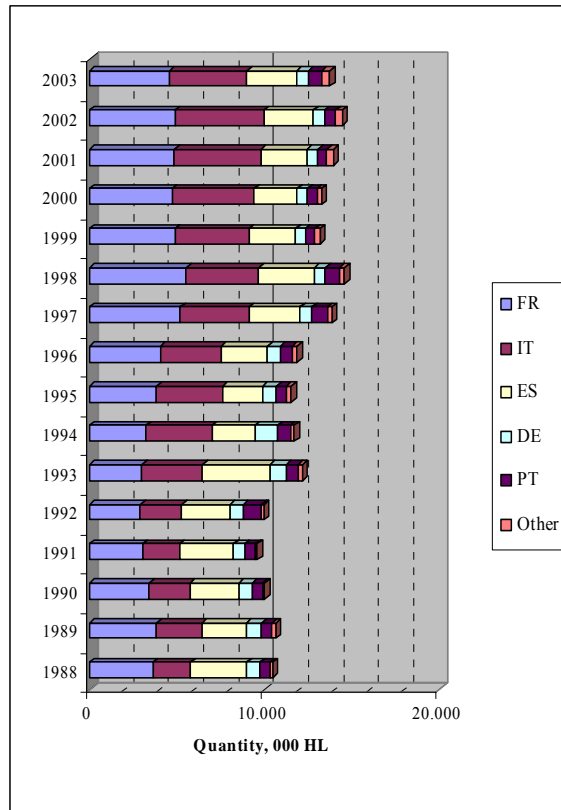
(b) External trade and trade between EU Member States



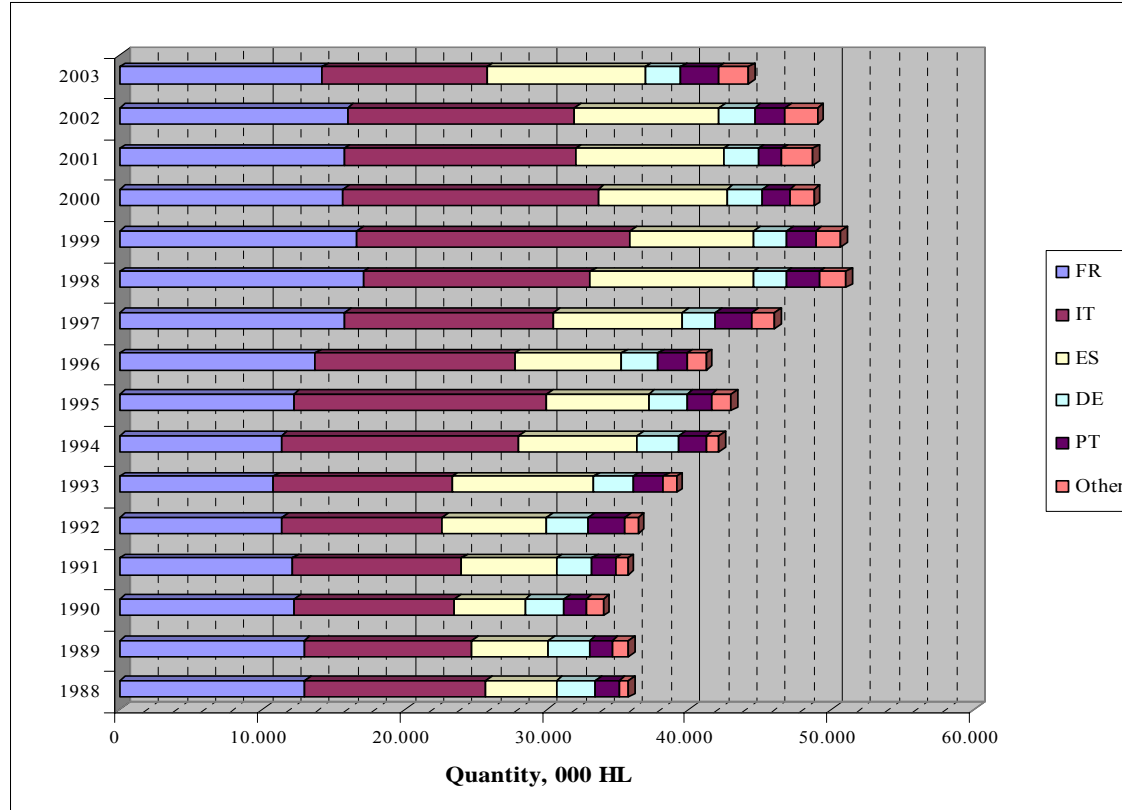
Source: EUROSTAT, own calculation.

Graph 150 Total exports' Quantity (in 000 HL) of Wine (CN 2204) from main EU producing Member States to third countries and to other EU Member States

(a) External trade



(b) External trade and trade between EU Member States



Source: EUROSTAT, own calculation.

Table 160 Total exports' Value (in 000 Ecu) of Wine (CN 2204) from main EU producing Member States to third countries and to other EU Member States**(a) External trade****(b) external trade and trade between EU Member States**

Year	EU-15	FR	IT	ES	DE	PT	Other	EU-15	FR	IT	ES	DE	PT	Other
1988	1.882.944	1.113.070	327.046	217.036	135.364	63.827	26.600	5.045.795	2.934.025	875.882	477.105	362.885	301.455	94.444
1989	2.175.393	1.295.153	376.565	230.091	155.453	81.654	36.477	5.593.138	3.253.620	969.971	526.802	393.233	317.480	132.032
1990	2.099.313	1.227.195	390.566	224.761	144.171	72.625	39.994	5.817.271	3.342.649	1.083.228	538.602	385.133	324.468	143.192
1991	2.019.510	1.166.461	389.910	232.875	119.977	79.632	30.655	5.869.455	3.300.101	1.154.049	589.703	356.563	341.691	127.347
1992	2.068.578	1.153.215	397.707	237.370	145.596	98.121	36.569	6.030.349	3.277.241	1.125.147	690.924	402.560	385.188	149.289
1993	2.158.231	1.159.192	448.168	272.108	156.342	70.256	52.165	5.833.710	3.161.349	1.119.791	688.534	334.184	365.896	163.955
1994	2.379.633	1.260.273	543.471	249.209	207.565	78.731	40.382	6.389.996	3.372.782	1.379.439	720.260	373.877	375.151	168.487
1995	2.654.569	1.549.818	570.582	254.299	148.334	79.216	52.322	7.165.516	3.749.086	1.602.229	827.714	385.562	374.277	226.647
1996	2.985.140	1.681.515	681.138	302.567	149.541	102.953	67.427	7.973.134	4.114.056	1.789.561	957.444	403.926	434.332	273.816
1997	3.702.103	2.150.186	817.177	328.935	154.979	122.476	128.350	9.149.182	4.829.908	1.989.727	1.048.579	387.519	474.882	418.566
1998	4.192.523	2.431.334	942.432	389.652	155.903	122.476	150.725	10.476.620	5.578.550	2.271.518	1.261.627	406.951	479.568	478.407
1999	4.517.704	2.600.583	997.998	440.871	157.723	129.153	191.376	11.378.112	6.102.766	2.512.161	1.306.384	424.937	502.201	529.662
2000	4.731.712	2.615.649	1.163.327	437.496	165.114	150.122	200.003	11.186.654	5.830.821	2.584.878	1.315.081	403.212	515.346	537.317
2001	4.814.354	2.529.736	1.316.556	461.991	169.290	141.479	195.302	11.463.402	5.706.776	2.759.311	1.425.775	424.991	493.311	653.239
2002	5.061.103	2.594.569	1.453.214	483.280	184.772	152.595	192.673	11.980.836	6.019.780	2.936.045	1.425.713	453.736	518.976	626.586
2003	4.844.251	2.478.603	1.350.720	492.273	188.235	142.095	192.326	10.934.828	5.607.147	2.474.245	1.388.751	443.630	457.834	563.221

Source: EUROSTAT, own calculation

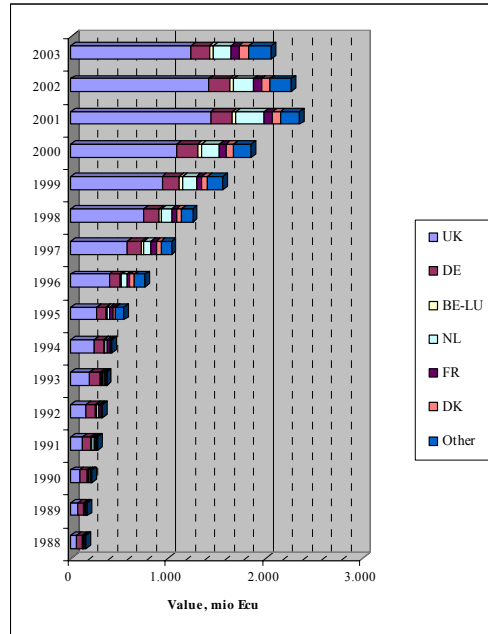
Table 161 Total exports' Quantity (in HL) of Wine (CN 2204) from main EU producing Member States to third countries and to other EU Member States**(a) External trade****(b) external trade and trade between EU Member States**

Year	EU-15	FR	IT	ES	DE	PT	Other	EU-15	FR	IT	ES	DE	PT	Other
1988	10.452.235	3.596.214	2.177.169	3.222.186	763.147	569.654	123.865	35.714.715	12.993.548	12.708.765	4.959.209	2.769.695	1.642.031	641.467
1989	10.631.211	3.827.892	2.576.650	2.549.537	874.289	606.128	196.715	35.746.231	12.981.537	11.747.716	5.378.555	2.882.732	1.574.767	1.180.924
1990	9.991.655	3.407.657	2.337.010	2.793.320	760.951	555.213	137.504	33.951.107	12.305.000	11.243.663	4.915.037	2.773.695	1.532.557	1.181.155
1991	9.575.101	3.030.545	2.131.515	3.066.167	619.093	647.213	80.568	35.685.137	12.176.528	11.811.265	6.709.115	2.482.844	1.673.673	831.712
1992	9.948.109	2.908.604	2.350.860	2.756.976	772.623	1.044.398	114.648	36.397.382	11.429.333	11.267.147	7.283.313	2.969.052	2.549.593	898.944
1993	12.156.153	2.982.445	3.473.227	3.828.820	917.765	722.554	231.343	39.094.236	10.847.701	12.490.071	9.951.965	2.773.431	2.144.261	886.807
1994	11.678.403	3.248.121	3.759.614	2.427.423	1.332.962	709.329	200.954	42.109.459	11.371.771	16.700.228	8.271.365	2.912.902	1.890.006	963.186
1995	11.510.303	3.820.002	3.779.208	2.290.315	774.178	556.022	290.577	42.974.183	12.204.135	17.823.117	7.140.853	2.674.445	1.671.790	1.459.844
1996	11.855.833	4.015.533	3.484.201	2.655.214	710.873	699.354	290.659	41.171.942	13.754.094	13.972.537	7.499.289	2.580.340	2.004.702	1.360.981
1997	13.863.314	5.181.814	3.940.272	2.892.491	677.805	895.499	275.431	46.001.388	15.830.761	14.659.759	9.038.442	2.323.682	2.556.975	1.591.770
1998	14.566.795	5.514.725	4.136.693	3.188.540	621.324	830.055	275.459	51.003.409	17.107.229	15.927.147	11.462.862	2.283.816	2.311.933	1.910.422
1999	13.174.914	4.885.937	4.201.248	2.682.032	570.494	522.045	313.158	50.625.745	16.657.448	19.234.391	8.634.703	2.348.362	1.973.534	1.777.307
2000	13.248.285	4.703.394	4.715.252	2.446.886	592.623	531.227	258.903	48.738.780	15.708.970	17.891.216	9.043.841	2.489.182	1.920.712	1.684.858
2001	13.941.673	4.857.721	4.919.469	2.624.003	629.407	511.424	399.649	48.692.419	15.785.900	16.200.717	10.414.997	2.434.003	1.635.592	2.221.211
2002	14.417.864	4.898.234	5.051.053	2.847.227	649.275	606.724	365.351	48.987.976	15.991.704	15.958.368	10.166.321	2.477.109	2.131.916	2.262.557
2003	13.713.331	4.526.997	4.454.969	2.856.892	671.433	737.101	465.939	44.140.217	14.254.306	11.511.039	11.136.372	2.479.004	2.646.912	2.112.584

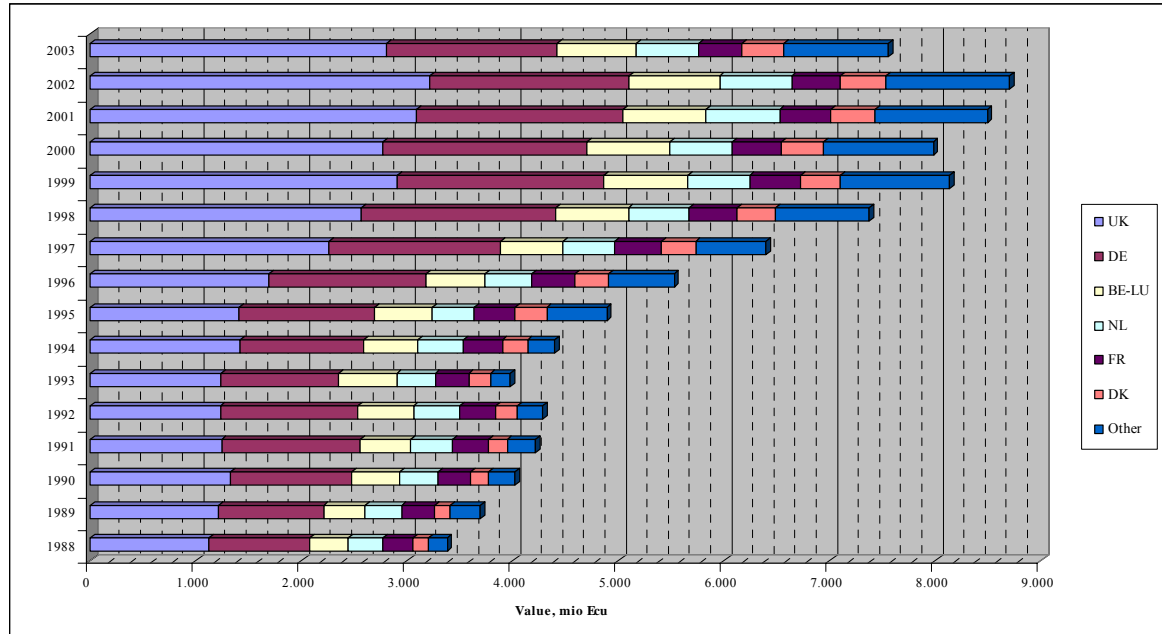
Source: EUROSTAT, own calculation.

Graph 151 Total imports' Value (in mio Ecu) of Wine (CN 2204) to main EU consuming Member States from third countries and other EU Member States

(a) External trade



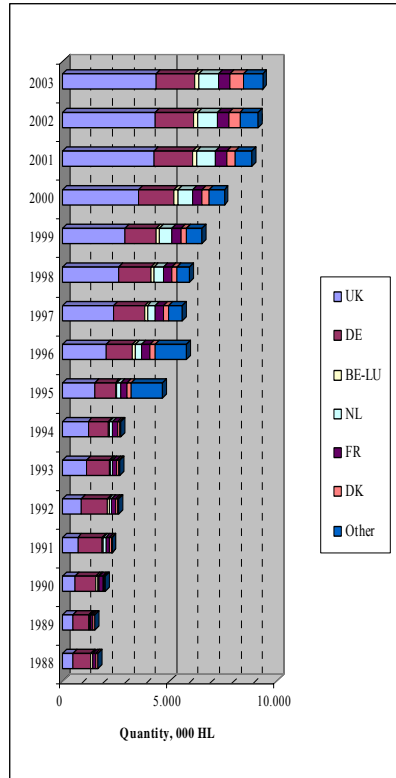
(b) External trade and trade between EU Member States



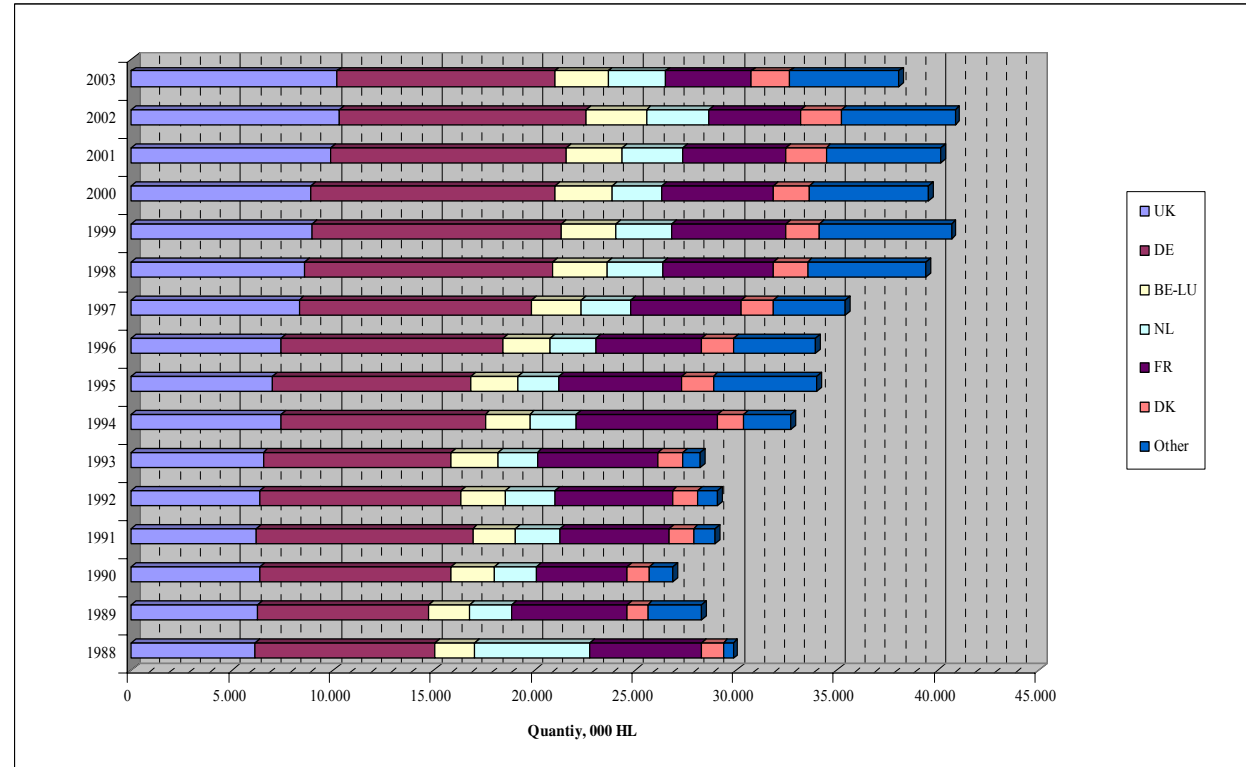
Source: EUROSTAT, own calculation

Graph 152 Total imports' Quantity (in 000 HL) of Wine (CN 2204) to main EU consuming Member States from third countries and other EU Member States

(a) External trade



(b) External trade and trade between EU Member States



Source: EUROSTAT, own calculation.

Table 162 Total imports' Value (in 000 Ecu) of Wine (CN 2204) to main EU consuming Member States from third countries and other EU Member States**(a) External trade****(b) external trade and trade between EU Member States**

Year	EU-15	UK	DE	BE-LU	NL	FR	DK	Other	EU-15	UK	DE	BE-LU	NL	FR	DK	Other
1988	154.422	58.711	59.113	6.271	4.841	16.638	6.355	2.493	3.381.733	1.126.158	949.354	369.618	327.759	284.280	146.238	178.326
1989	165.922	66.890	58.724	5.745	6.224	17.147	7.641	3.552	3.695.736	1.217.095	992.891	391.292	347.501	313.970	146.979	286.009
1990	214.209	88.750	73.330	9.679	9.195	20.300	7.841	5.114	4.020.875	1.324.957	1.150.199	455.595	365.221	307.511	166.347	251.045
1991	273.693	122.736	85.425	10.695	14.904	22.428	11.378	6.126	4.215.174	1.244.719	1.312.299	476.152	400.811	335.314	179.689	266.189
1992	326.752	156.228	100.025	10.835	18.183	23.352	12.768	5.361	4.282.630	1.231.314	1.302.560	529.455	434.620	339.271	205.593	239.817
1993	367.338	195.791	101.262	8.306	19.104	24.311	12.254	6.309	3.975.212	1.236.556	1.113.951	553.859	361.921	319.627	203.594	185.704
1994	420.437	236.442	97.180	8.709	23.924	25.477	15.998	12.707	4.401.894	1.422.503	1.166.194	511.448	431.838	372.378	236.937	260.594
1995	540.754	268.014	90.239	9.702	31.688	30.457	25.156	85.498	4.892.615	1.407.490	1.283.125	551.254	393.080	388.674	299.901	569.091
1996	758.275	390.997	111.043	16.163	53.715	36.004	40.580	109.772	5.529.092	1.692.866	1.490.460	554.126	446.053	411.380	315.864	618.342
1997	1.033.315	575.772	147.030	22.461	76.195	55.736	46.878	109.244	6.396.016	2.259.749	1.622.272	599.357	485.943	438.862	327.258	662.576
1998	1.251.038	748.366	156.193	28.393	101.179	49.439	48.873	118.594	7.371.855	2.571.753	1.833.511	690.900	573.914	459.032	357.324	885.421
1999	1.558.554	938.032	174.601	33.614	143.291	53.638	61.740	153.639	8.138.235	2.907.388	1.957.450	792.408	587.710	480.885	377.703	1.034.693
2000	1.855.193	1.090.440	210.700	40.415	185.141	65.627	74.460	188.410	7.985.192	2.770.481	1.930.635	787.547	589.765	467.161	394.616	1.044.986
2001	2.344.746	1.434.627	219.757	40.221	293.877	77.877	79.978	198.409	8.496.555	3.088.585	1.953.281	787.654	700.774	479.532	425.322	1.061.407
2002	2.262.898	1.419.062	206.518	40.522	211.297	76.109	94.114	215.278	8.705.913	3.211.494	1.890.189	858.535	683.475	460.260	431.550	1.170.410
2003	2.053.637	1.234.450	187.543	42.642	184.194	73.918	101.018	229.872	7.560.095	2.805.196	1.614.958	751.008	589.283	414.557	392.532	992.561

Source: EUROSTAT, own calculation

Table 163 Total imports' Quantity (in HL) of Wine (CN 2204) to main EU consuming Member States from third countries and other EU Member States

Year	(a) External trade								(b) external trade and trade between EU Member States							
	EU-15	UK	DE	BE-LU	NL	FR	DK	Other	EU-15	UK	DE	BE-LU	NL	FR	DK	Other
1988	1.652.675	491.496	822.349	74.722	33.226	158.189	59.944	12.749	29.855.334	6.143.140	8.893.852	2.003.949	5.705.625	5.528.327	1.085.023	495.418
1989	1.525.241	481.028	720.845	58.360	45.472	127.698	65.105	26.733	28.296.099	6.268.793	8.504.689	1.995.125	2.119.520	5.695.555	1.028.525	2.683.892
1990	1.986.437	599.245	963.578	90.785	68.629	156.209	79.140	28.851	26.869.618	6.395.061	9.464.398	2.155.413	2.088.546	4.503.809	1.109.496	1.152.895
1991	2.314.463	715.410	1.117.070	75.688	112.188	165.395	102.111	26.601	28.974.958	6.197.969	10.729.034	2.116.847	2.242.230	5.414.170	1.183.718	1.090.990
1992	2.619.349	878.744	1.208.116	79.123	129.424	192.147	104.918	26.877	29.100.159	6.388.504	9.954.825	2.230.508	2.432.471	5.830.329	1.269.306	994.216
1993	2.665.958	1.130.109	1.043.428	49.215	122.579	203.441	81.596	35.591	28.214.284	6.535.601	9.302.657	2.379.439	1.915.101	5.991.504	1.239.319	850.661
1994	2.738.305	1.197.626	956.741	44.787	143.563	235.661	97.688	62.240	32.704.904	7.417.963	10.124.640	2.220.685	2.322.478	6.988.736	1.309.611	2.320.791
1995	4.647.784	1.497.749	961.042	63.292	185.415	323.471	158.498	1.458.316	34.020.957	6.979.733	9.875.413	2.314.675	2.050.634	6.071.208	1.573.558	5.155.736
1996	5.773.274	2.060.248	1.214.462	107.421	296.600	387.732	246.340	1.460.471	33.926.719	7.416.462	11.032.492	2.339.807	2.248.469	5.245.248	1.589.605	4.054.637
1997	5.561.657	2.372.570	1.455.825	128.099	364.257	380.330	254.267	606.309	35.397.100	8.320.555	11.553.808	2.427.714	2.492.672	5.444.244	1.629.073	3.529.033
1998	5.912.409	2.623.982	1.484.751	148.507	466.291	355.582	252.612	580.684	39.416.706	8.585.032	12.317.714	2.688.969	2.800.384	5.469.148	1.683.259	5.872.200
1999	6.485.395	2.903.813	1.466.791	158.808	585.070	400.408	269.127	701.377	40.678.276	8.963.764	12.370.430	2.725.280	2.772.010	5.632.637	1.661.064	6.553.091
2000	7.542.233	3.559.531	1.641.513	170.628	683.867	458.707	318.395	709.591	39.560.355	8.909.568	12.127.835	2.819.863	2.475.260	5.506.880	1.804.205	5.916.744
2001	8.823.814	4.253.234	1.815.689	173.716	869.293	542.228	379.799	789.856	40.168.619	9.880.599	11.689.328	2.784.632	3.009.596	5.127.901	1.978.554	5.698.011
2002	9.103.400	4.309.924	1.785.894	192.448	948.441	517.210	519.953	829.531	40.864.201	10.333.185	12.234.327	2.978.331	3.120.660	4.530.796	2.037.341	5.629.561
2003	9.336.745	4.384.204	1.768.850	215.065	892.972	539.844	620.437	915.372	38.077.516	10.212.444	10.781.119	2.644.699	2.876.414	4.231.975	1.888.849	5.442.018

Source: EUROSTAT, own calculation

External Trade Balance

Table 164 Trade balance in Value (000 Ecu) and Quantity (HL) for wine (CN 2204)

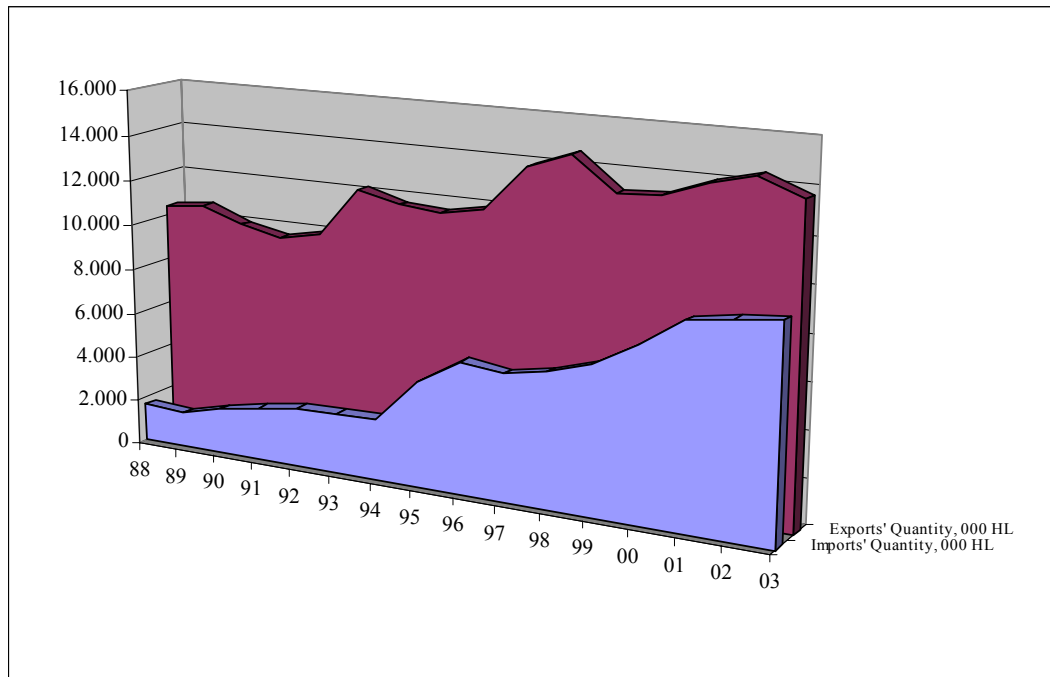
INDICATORS	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03
Imports Value (1000 Ecu)	154.422	165.922	214.209	273.693	326.752	367.338	420.437	540.754	758.275	1.033.315	1.251.038	1.558.554	1.855.193	2.344.746	2.262.898	2.053.637
Exports Value (1000 Ecu)	1.882.944	2.175.393	2.099.313	2.019.510	2.068.578	2.158.231	2.379.633	2.654.569	2.985.140	3.702.103	4.192.523	4.517.704	4.731.712	4.814.354	5.061.103	4.844.251
Trade Balance in Value (1000 Ecu)	1.728.522	2.009.471	1.885.104	1.745.817	1.741.826	1.790.892	1.959.195	2.113.815	2.226.865	2.668.787	2.941.485	2.959.149	2.876.519	2.469.608	2.798.206	2.790.613
Imports/exports value ratio (%)	8,2%	7,6%	10,2%	13,6%	15,8%	17,0%	17,7%	20,4%	25,4%	27,9%	29,8%	34,5%	39,2%	48,7%	44,7%	42,4%
Imports Quantity (HL)	1.652.675	1.525.241	1.986.437	2.314.463	2.619.349	2.665.958	2.738.305	4.647.784	5.773.274	5.561.657	5.912.409	6.485.395	7.542.233	8.823.814	9.103.400	9.336.745
Exports Quantity (HL)	10.452.235	10.631.211	9.991.655	9.575.101	9.948.109	12.156.153	11.678.403	11.510.303	11.855.833	13.863.314	14.566.795	13.174.914	13.248.285	13.941.673	14.417.864	13.713.331
Trade Balance quantity (HL)	8.799.560	9.105.970	8.005.218	7.260.638	7.328.760	9.490.195	8.940.097	6.862.519	6.082.559	8.301.656	8.654.386	6.689.519	5.706.053	5.117.859	5.314.464	4.376.587
Imports/exports quantity ratio (%)	15,8%	14,3%	19,9%	24,2%	26,3%	21,9%	23,4%	40,4%	48,7%	40,1%	40,6%	49,2%	56,9%	63,3%	63,1%	68,1%
Wine Production (HL)	158.191.000	178.673.000	181.413.000	156.315.000	190.977.000	158.981.000	153.269.000	152.817.000	169.323.000	157.777.000	162.562.000	179.117.000	176.006.000	158.555.000	151.450.000	152.930.000
Wine Supply (HL)	149.391.440	169.567.030	173.407.782	149.054.362	183.648.240	149.490.805	144.328.903	145.954.481	163.240.441	149.475.344	153.907.614	172.427.481	170.299.947	153.437.141	146.135.536	148.553.413
Imports / Wine supply Ratio (%)	1,11%	0,90%	1,15%	1,55%	1,43%	1,78%	1,90%	3,18%	3,54%	3,72%	3,84%	3,76%	4,43%	5,75%	6,23%	6,29%
Wine Consumption (HL)	139.745.000	131.286.000	136.432.000	131.445.000	132.949.000	132.407.000	129.140.000	129.114.000	128.147.000	127.552.000	128.077.000	128.935.000	125.157.000	121.179.000	121.000.000	129.750.000
Imports / Wine Consumption Ratio (%)	1,18%	1,16%	1,46%	1,76%	1,97%	2,01%	2,12%	3,60%	4,51%	4,36%	4,62%	5,03%	6,03%	7,28%	7,52%	7,20%

Notes:

- Trade Balance in value (000 Eur) = Exports Value (000 Eur) - Imports Value (000 Eur),
- Imports/Exports Value Ratio (%) = (Imports Value (000 Eur) / Exports Value (000 Eur)) * 100
- Trade Balance in Quantity (HL) = Exports Quantity (HL) - Imports Quantity (HL),
- Imports/Exports Quantity Ratio (%) = (Imports Quantity (HL) / Exports Quantity (HL)) * 100
- Wine Supply = total wine production – exports + imports, where total wine production includes wine consumption, wine surplus, wine for potable alcohol distillation, wine for Eau-de-Vie Distillation, other uses and losses
- Wine imports / supply Ratio (%) = (Imports Quantity (HL) / Wine Supply (HL)) * 100

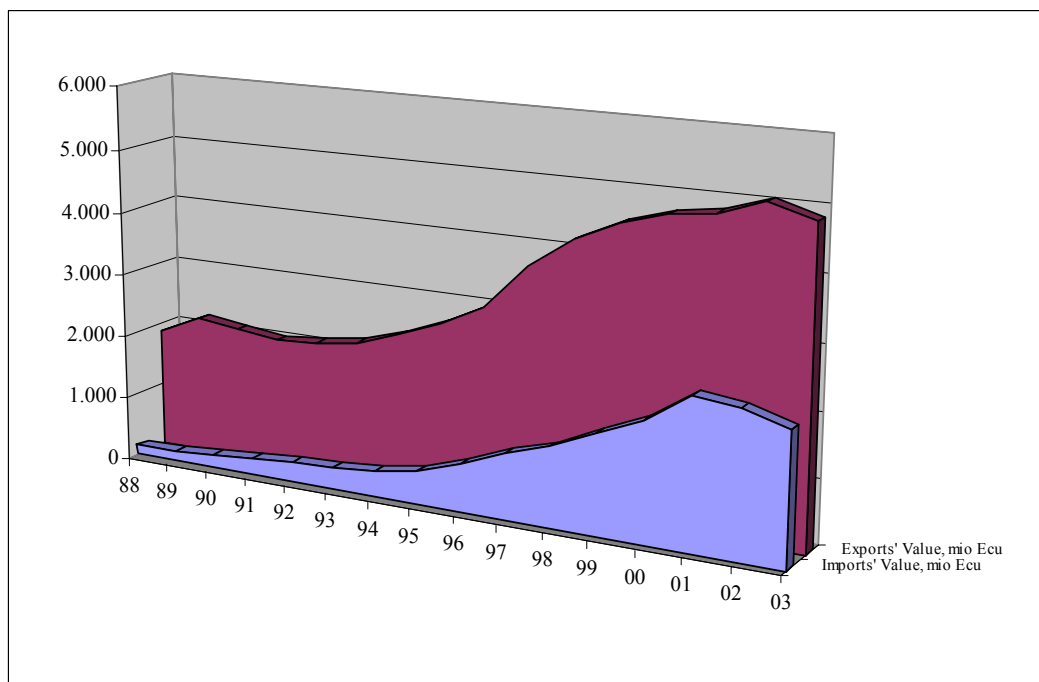
Source: EUROSTAT, own calculation.

Graph 153 Trade balance quantity (in 000 HL) of imports and exports for wine (CN 2204)

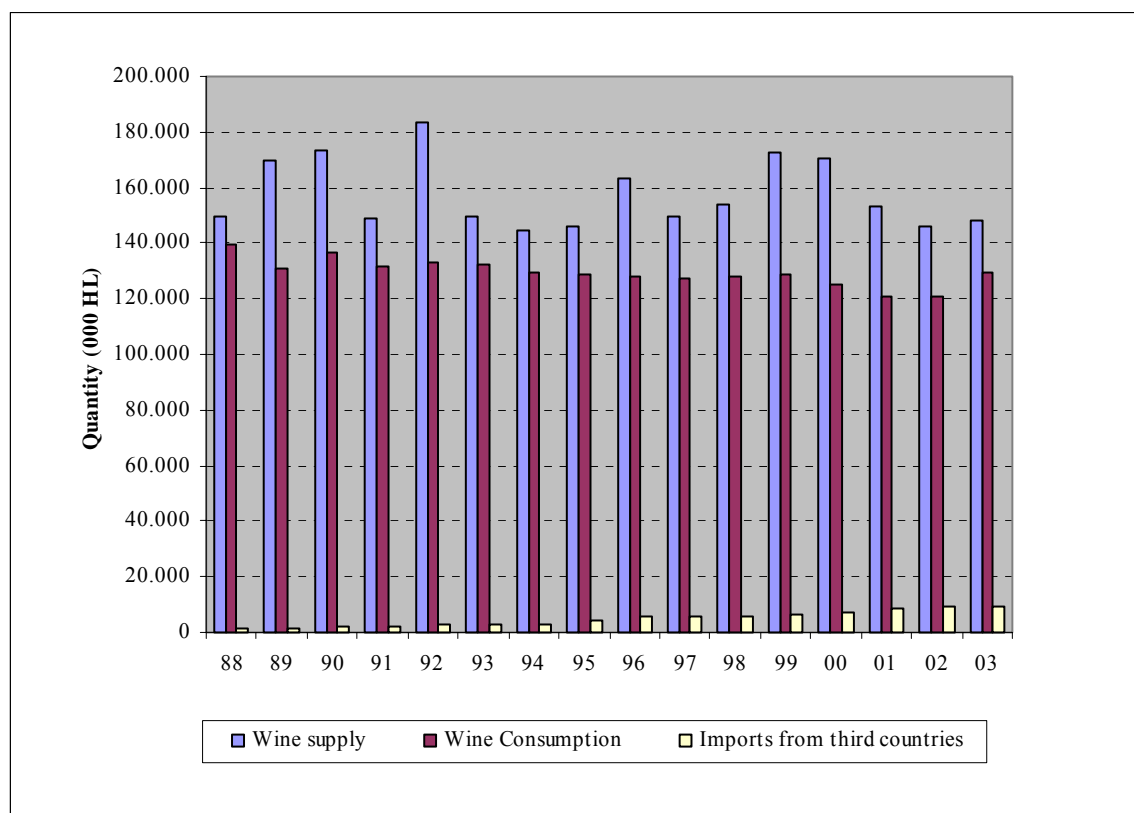


Source: EUROSTAT, own calculation.

Graph 154 Trade balance Value (in mio Ecu) of imports and exports for wine (CN 2204)



Source: EUROSTAT, own calculation.

Graph 155 Volume of imports from third countries in total volume of EU wine market supply and consumption

Notes:

- wine supply = total wine production – exports + imports,
- total wine production includes wine consumption, wine surplus, wine for potable alcohol distillation, wine for Eau-de-Vie Distillation, other uses and losses

Source: EUROSTAT, own calculation.

9.3.2. Tables and graphs for statistical data using 6-digit codes

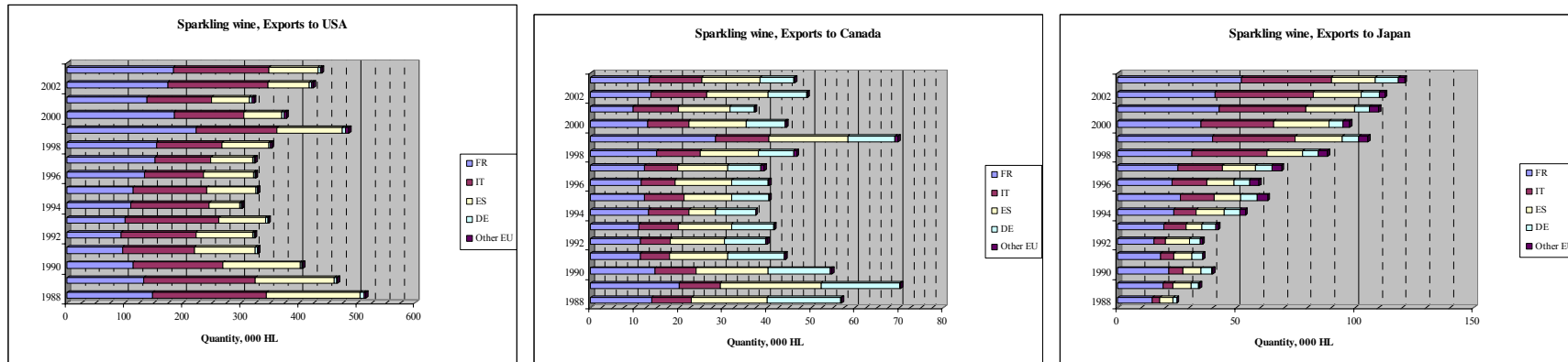
Wine exports from FR, IT, ES, DE, Other EU to USA, Canada, Japan

Table 165 Value, volume and average prices for exported wines from FR, IT, ES, DE to USA, Canada, Japan. 1988-2003

COUNTRY	INDICATORS	Exports from EU-15 in Total			Exports from FRANCE			Exports from ITALY			Exports from SPAIN			Exports from GERMANY		
		Average 1988-2003	Average 1995-2003	Sum 1988-2003	Average 1988-2003	Average 1995-2003	Sum 1988-2003	Average 1988-2003	Average 1995-2003	Sum 1988-2003	Average 1988-2003	Average 1995-2003	Sum 1988-2003	Average 1988-2003	Average 1995-2003	Sum 1988-2003
220410: Sparkling wine of fresh grapes																
USA	Value (1000 EUR)	320.796	386.646	5.132.729	239.422	304.910	3.830.752	43.518	39.807	696.291	32.485	34.478	519.763	1.157	1.274	18.516
	Quantity (HL)	379.380	375.612	6.070.080	140.438	161.573	2.247.011	139.954	127.372	2.239.265	93.069	80.353	1.489.104	3.833	3.779	61.320
	Price (EUR/HL)	846	1.029	846	1.705	1.887	1.705	311	313	311	349	429	349	302	337	302
Canada	Value (1000 EUR)	26.597	30.353	425.550	17.278	20.583	276.441	2.750	3.049	43.997	3.706	3.899	59.304	2.726	2.667	43.610
	Quantity (HL)	47.456	45.996	759.296	14.007	14.321	224.111	9.329	9.981	149.270	13.612	13.138	217.786	10.210	8.204	163.362
	Price (EUR/HL)	560	660	560	1.233	1.437	1.233	295	305	295	272	297	272	267	325	267
Japan	Value (1000 EUR)	52.367	72.528	837.874	32.859	44.442	525.738	7.376	11.269	118.008	5.134	7.082	82.140	2.235	2.400	35.756
	Quantity (HL)	68.365	91.873	1.093.844	28.022	35.202	448.345	18.945	28.995	303.121	13.184	17.070	210.942	5.883	7.084	94.124
	Price (EUR/HL)	766	789	766	1.173	1.262	1.173	389	389	389	389	415	389	380	339	380
220421: Bottled wine (in containers of <= 2 l)																
USA	Value (1000 EUR)	808.375	1.051.380	12.933.993	361.743	453.093	5.787.896	309.727	420.878	4.955.627	44.361	59.179	709.778	35.211	37.373	563.378
	Quantity (HL)	2.251.397	2.559.842	36.022.348	731.560	813.998	11.704.956	1.162.329	1.374.170	18.597.262	114.023	136.847	1.824.370	138.398	125.681	2.214.374
	Price (EUR/HL)	359	411	359	494	557	494	266	306	266	389	432	389	254	297	254
Canada	Value (1000 EUR)	211.751	263.838	3.388.017	120.993	141.673	1.935.887	56.616	80.127	905.852	8.608	11.569	137.722	10.109	8.799	161.747
	Quantity (HL)	778.321	848.934	12.453.144	408.257	401.619	6.532.105	239.421	312.231	3.830.734	30.357	39.235	485.712	50.827	39.087	813.225
	Price (EUR/HL)	272	311	272	296	353	296	236	257	236	284	295	284	199	225	199
Japan	Value (1000 EUR)	304.765	418.509	4.876.233	194.037	263.623	3.104.587	48.166	77.538	770.658	9.095	13.266	145.523	35.852	37.790	573.628
	Quantity (HL)	746.533	984.879	11.944.535	395.585	515.342	6.329.357	159.342	254.197	2.549.471	34.213	49.118	547.413	128.331	125.536	2.053.304
	Price (EUR/HL)	408	425	408	491	512	491	302	305	302	266	270	266	279	301	279
220429: Wine in bulk (in containers of > 2 l)																
USA	Value (1000 EUR)	16.801	26.140	268.822	6.538	10.337	104.610	8.459	13.724	135.340	333	484	5.327	225	108	3.597
	Quantity (HL)	115.514	182.074	1.848.225	57.526	98.015	920.414	49.096	76.450	785.541	1.030	1.293	16.486	1.215	468	19.439
	Price (EUR/HL)	145	144	145	114	105	114	172	180	172	323	375	323	185	231	185
Canada	Value (1000 EUR)	15.303	16.244	244.843	11.997	13.185	191.958	1.990	2.392	31.847	933	404	14.931	277	160	4.433
	Quantity (HL)	201.408	191.243	3.222.527	149.240	155.429	2.387.841	25.413	25.210	406.608	22.087	7.278	353.400	3.991	2.623	63.848
	Price (EUR/HL)	76	85	76	80	85	80	78	95	78	42	55	42	69	61	69
Japan	Value (1000 EUR)	6.503	7.974	104.045	2.766	3.047	44.249	1.698	2.888	27.166	1.432	1.472	22.908	344	202	5.507
	Quantity (HL)	45.046	49.716	720.740	18.308	18.958	292.925	7.906	13.353	126.494	15.862	15.528	253.789	2.583	1.363	41.320
	Price (EUR/HL)	144	160	144	151	161	151	215	216	215	90	95	90	133	148	133
220430: Grape must, of an actual alcoholic strength of > 0,5% vol (excl. grape must whose fermentation has been arrested by the addition of alcohol)																
USA	Value (1000 EUR)	469	549	7.499	40	46	633	386	411	6.171	3	5	52	0	0	0
	Quantity (HL)	2.137	1.981	34.195	108	185	1.726	1.959	1.679	31.341	34	54	540	0	0	5
	Price (EUR/HL)	219	277	219	366	246	366	197	245	197	97	89	97	98		98
Canada	Value (1000 EUR)	198	160	3.171	34	54	544	142	105	2.272	15	0	238	3	42	42
	Quantity (HL)	2.411	1.149	38.575	108	165	1.720	1.712	982	27.392	537	0	8.594	36	583	583
	Price (EUR/HL)	82	140	82	316	326	316	83	107	83	28	0	28	73		73
Japan	Value (1000 EUR)	426	380	6.813	72	23	1.149	154	269	2.469	141	1	2.253	1	0	13
	Quantity (HL)	2.208	1.120	35.333	278	74	4.441	500	857	7.996	1.327	23	21.225	5	2	82
	Price (EUR/HL)	193	339	193	259	308	259	309	314	309	106	48	106	164	260	164

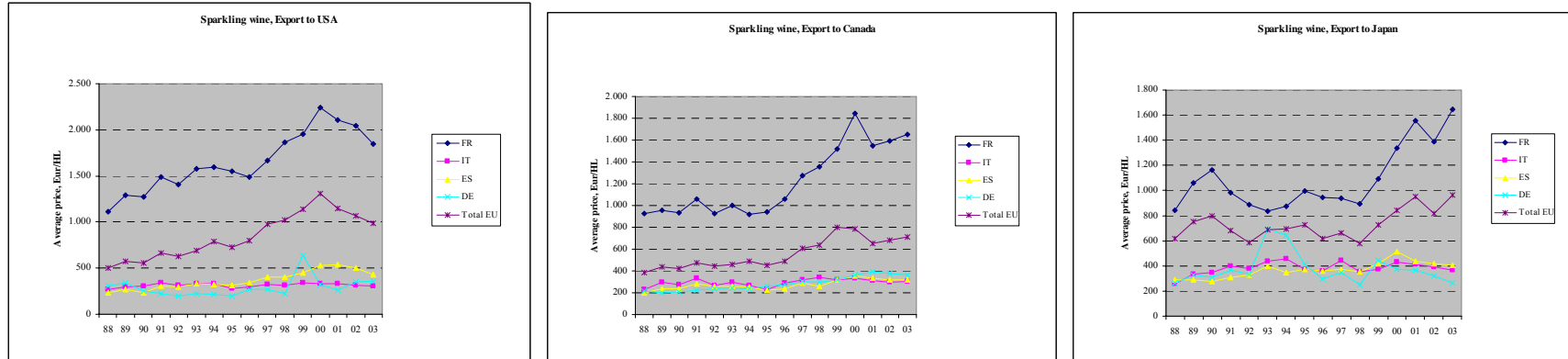
Source: EUROSTAT, own calculation.

Graph 156 Sparkling wine (CN Code 2204 10), volume of exports from FR, IT, ES, DE, Other EU countries to USA, Canada, Japan



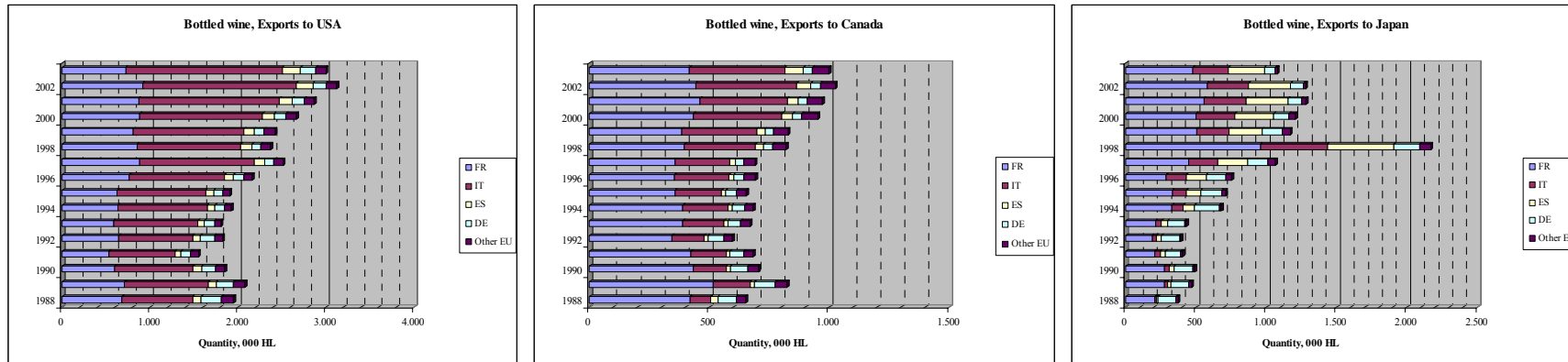
Source: EUROSTAT, own calculation.

Graph 157 Sparkling wine (CN Code 2204 10), average prices of exported wines from total EU and from FR, IT, ES, DE to USA, Canada, Japan



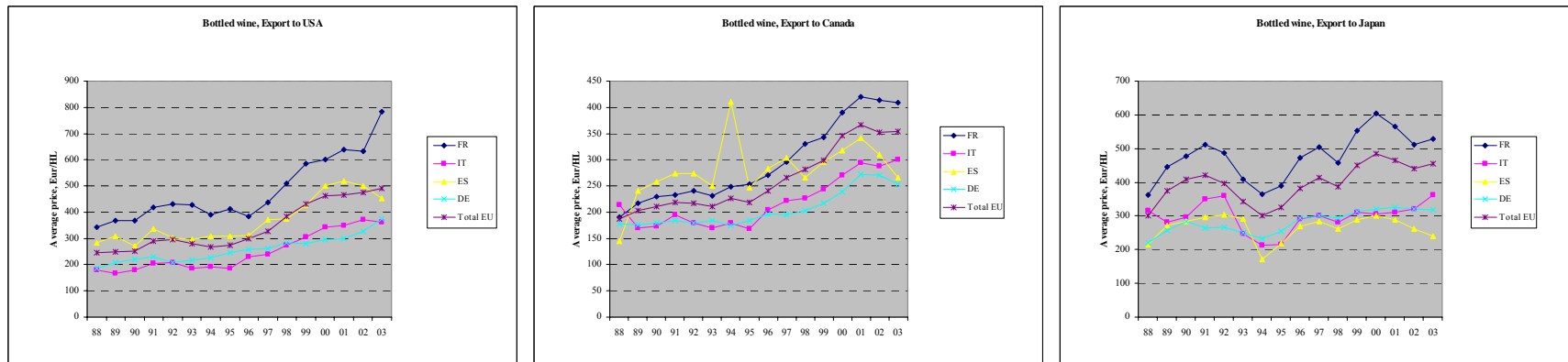
Source: EUROSTAT, own calculation.

Graph 158 Bottled wine (CN Code 2204 21), volume of exports from FR, IT, ES, DE, Other EU Countries to USA, Canada, Japan



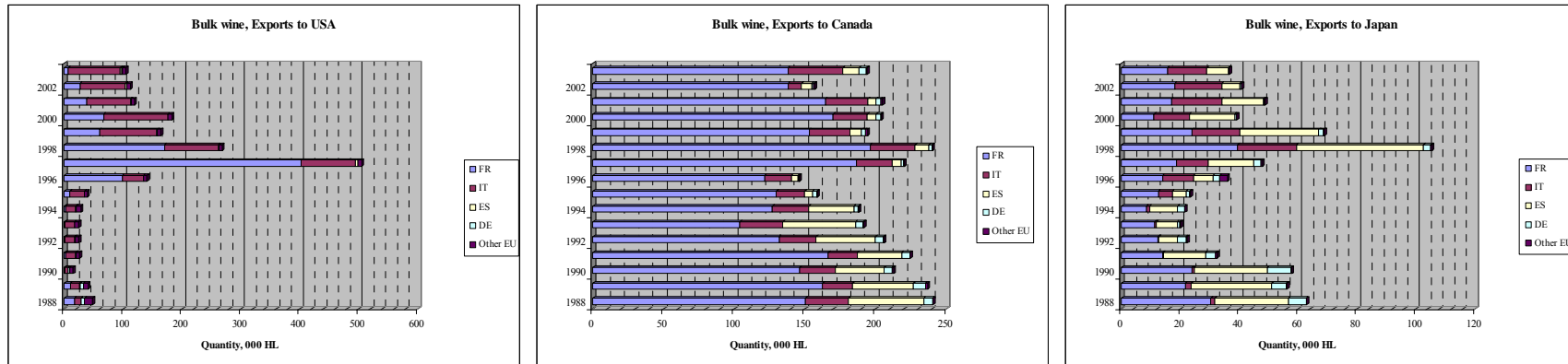
Source: EUROSTAT, own calculation.

Graph 159 Bottled wine (CN Code 2204 21), average prices of exported wines from total EU and from FR, IT, ES, DE to USA, Canada, Japan



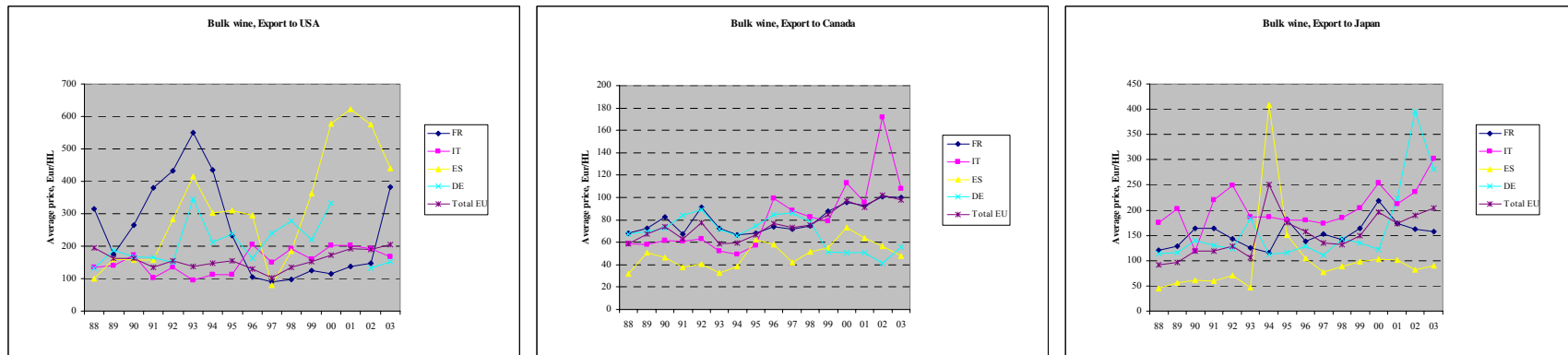
Source: EUROSTAT, own calculation.

Graph 160 Bulk wine (CN Code 2204 29), volume of exports from FR, IT, ES, DE, Other EU Countries to USA, Canada, Japan



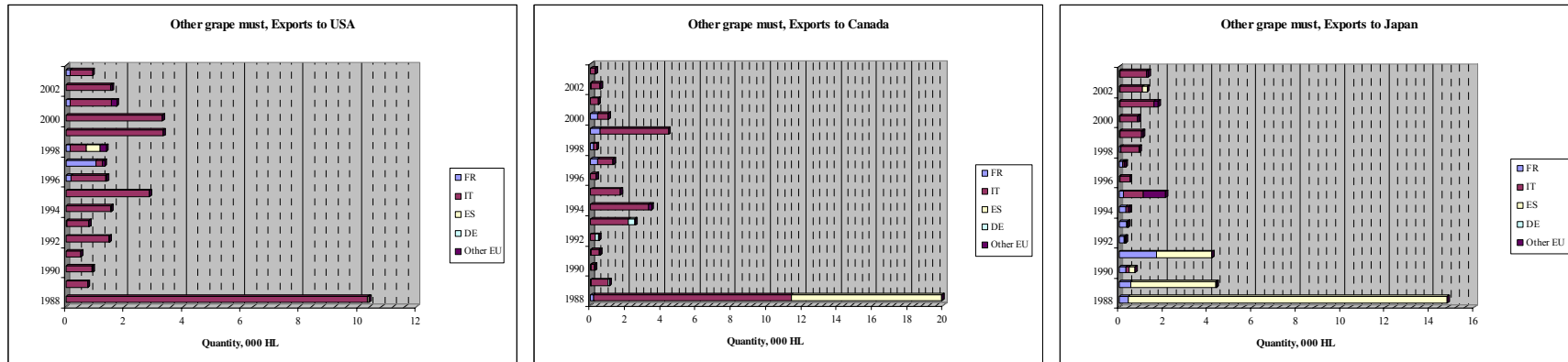
Source: EUROSTAT, own calculation.

Graph 161 Bulk wine (CN Code 2204 29), average prices of exported wines from total EU and from FR, IT, ES, DE to USA, Canada, Japan



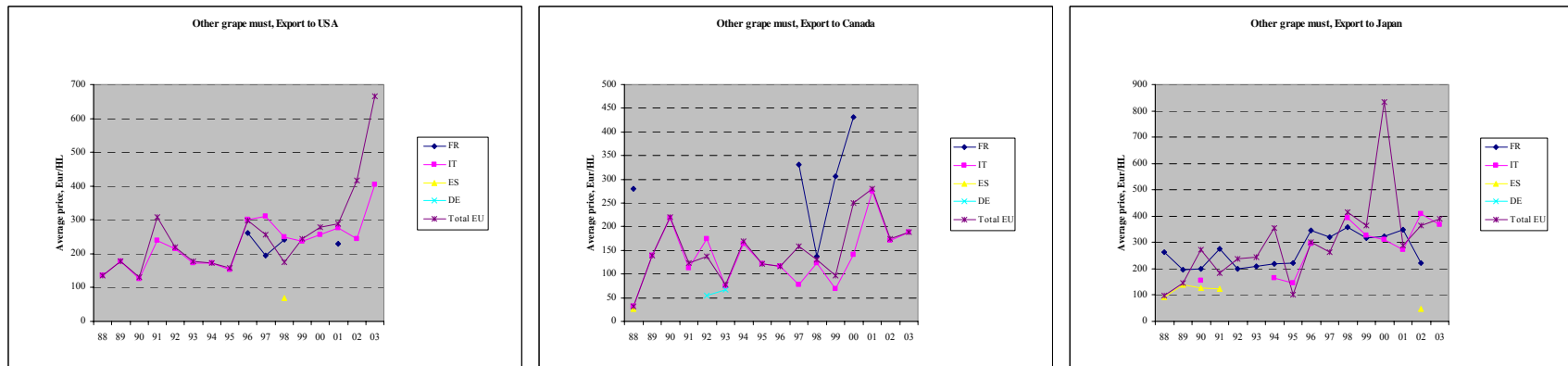
Source: EUROSTAT, own calculation.

Graph 162 Other grape must (CN Code 2204 30), volume of exports from FR, IT, ES, DE, Other EU Countries to USA, Canada, Japan



Source: EUROSTAT, own calculation.

Graph 163 Other grape must (CN Code 2204 30), average prices of exported wines from total EU and from FR, IT, ES, DE to USA, Canada, Japan



Source: EUROSTAT, own calculation.

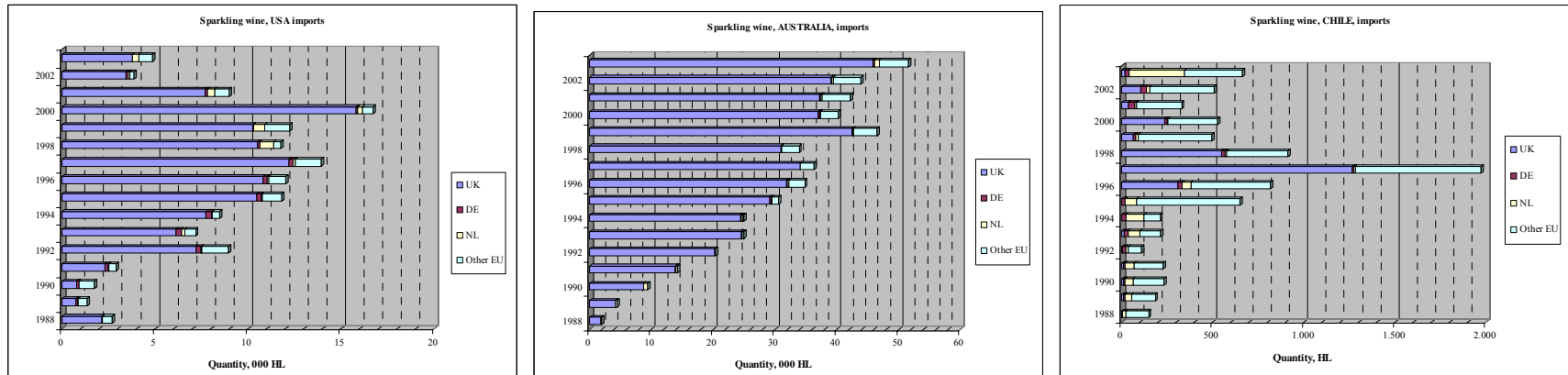
Wine imports from USA, Australia, Chile to UK, DE, NL, Other EU countries

Table 166 Value, volume and average prices for imported wines from USA, AUS, CHI to UK, DE, NL, 1988-2003

COUNTRY	INDICATORS	Imports to EU-15 in Total			Imports to UNITED KINGDOM			Imports to GERMANY			Imports to NETHERLANDS		
		Average	Average 1995-2003	Sum 1988-2003	Average	Average 1995-2003	Sum 1988-2003	Average	Average 1995-2003	Sum 1988-2003	Average	Average 1995-2003	Sum 1988-2003
220410 Sparkling wine of fresh grapes													
0400:USA	Value (1000 EUR)	5.270	7.112	84.324	4.022	5.520	64.348	108	100	1.728	178	286	2.847
	Quantity (HL)	8.085	10.679	129.352	6.981	9.427	111.693	161	136	2.578	189	297	3.023
	Price (EUR/HL)	652	666	652	576	586	576	671	734	671	942	962	942
0800:Australia	Value (1000 EUR)	10.990	16.178	175.844	10.256	14.997	164.088	52	73	827	75	93	1.205
	Quantity (HL)	28.802	40.017	460.836	26.623	36.449	425.964	107	140	1.709	206	207	3.303
	Price (EUR/HL)	382	404	382	385	411	385	484	519	484	365	451	365
0512:Chile	Value (1000 EUR)	201	295	3.218	60	104	961	6	8	99	16	18	249
	Quantity (HL)	513	764	8.206	165	288	2.644	17	20	276	50	53	804
	Price (EUR/HL)	392	387	392	364	363	364	358	417	358	309	329	309
220421 Bottled wine (in containers of <= 2 l)													
0400:USA	Value (1000 EUR)	151.364	246.824	2.421.818	85.077	138.309	1.361.226	10.296	15.447	164.741	32.309	56.355	516.945
	Quantity (HL)	496.610	800.676	7.945.762	307.324	491.026	4.917.191	25.479	38.106	407.669	97.151	169.366	1.554.412
	Price (EUR/HL)	305	308	305	277	282	277	404	405	404	333	333	333
0800:Australia	Value (1000 EUR)	268.515	438.558	4.296.244	218.416	353.611	3.494.660	10.953	18.565	175.246	9.489	15.675	151.830
	Quantity (HL)	809.107	1.286.097	12.945.717	654.879	1.026.445	10.478.058	34.139	58.122	546.228	34.600	56.176	553.599
	Price (EUR/HL)	332	341	332	334	345	334	321	319	321	274	279	274
0512:Chile	Value (1000 EUR)	116.960	198.759	1.871.359	59.306	101.156	948.898	9.691	16.305	155.057	10.708	17.830	171.324
	Quantity (HL)	388.516	647.910	6.216.252	185.995	310.671	2.975.919	33.421	55.640	534.734	40.308	65.726	644.921
	Price (EUR/HL)	301	307	301	319	326	319	290	293	290	266	271	266
220429 Wine in bulk (in containers of > 2 l)													
0400:USA	Value (1000 EUR)	10.336	16.395	165.378	3.400	5.556	54.393	1.750	3.042	28.000	80	128	1.277
	Quantity (HL)	101.724	157.955	1.627.579	19.223	30.916	307.576	22.937	40.172	366.991	946	1.563	15.139
	Price (EUR/HL)	102	104	102	177	180	177	76	76	76	84	82	84
0800:Australia	Value (1000 EUR)	19.024	31.486	304.380	13.446	22.668	215.135	1.102	1.875	17.625	255	357	4.076
	Quantity (HL)	125.745	201.826	2.011.926	74.074	122.699	1.185.187	12.562	21.362	200.986	2.405	2.993	38.474
	Price (EUR/HL)	151	156	151	182	185	182	88	88	88	106	119	106
0512:Chile	Value (1000 EUR)	20.364	35.028	325.826	5.366	9.265	85.859	3.714	6.594	59.426	496	866	7.936
	Quantity (HL)	212.930	362.787	3.406.874	32.069	54.661	513.096	57.226	101.584	915.616	5.997	10.478	95.949
	Price (EUR/HL)	96	97	96	167	169	167	65	65	65	83	83	83
220430 Grape must, of an actual alcoholic strength of > 0.5% vol (excl. grape must whose fermentation has been arrested by the addition of alcohol)													
0400:USA	Value (1000 EUR)	3	5	46	1	1	14	0	0	0	1	1	13
	Quantity (HL)	17	30	279	1	1	12	0	0	0	14	25	226
	Price (EUR/HL)	165	156	165	1.166	1.317	1.166				58	58	58
0800:Australia	Value (1000 EUR)	2	3	28	2	3	24	0	0	0	0	0	1
	Quantity (HL)	7	11	108	6	10	102	0	0	0	0	0	0
	Price (EUR/HL)	260	270	260	235	247	235				1.889	1.889	1.889
0512:Chile	Value (1000 EUR)	1	1	21	1	1	21	0	0	0	0	0	0
	Quantity (HL)	6	2	89	6	2	89	0	0	0	0	0	0
	Price (EUR/HL)	239	399	239	239	399	239						

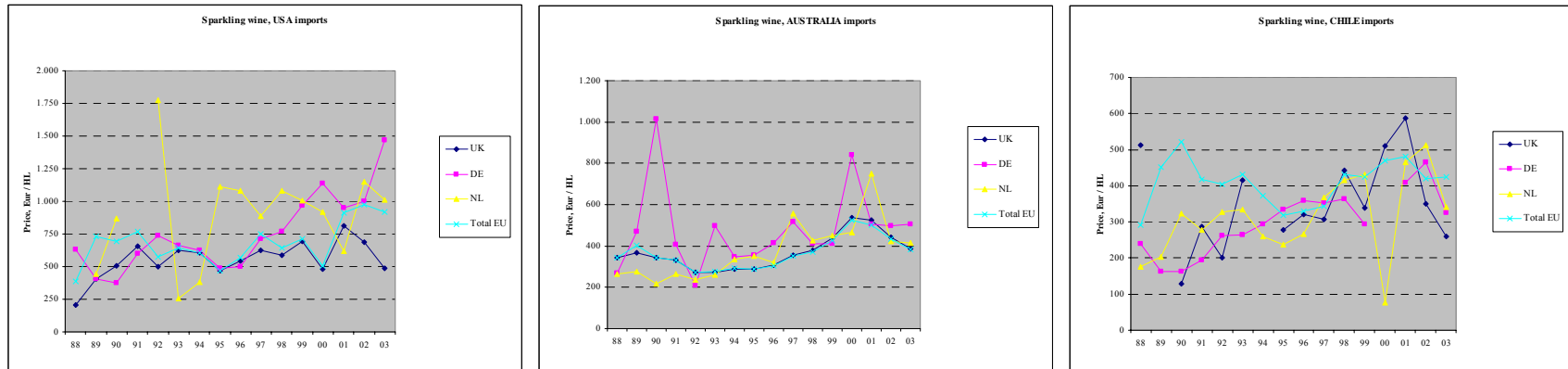
Source: EUROSTAT, own calculation.

Graph 164 Sparkling wine (CN Code 2204 10), volume of imports from USA, AUS, CHI to UK, DE, NL, Other EU countries



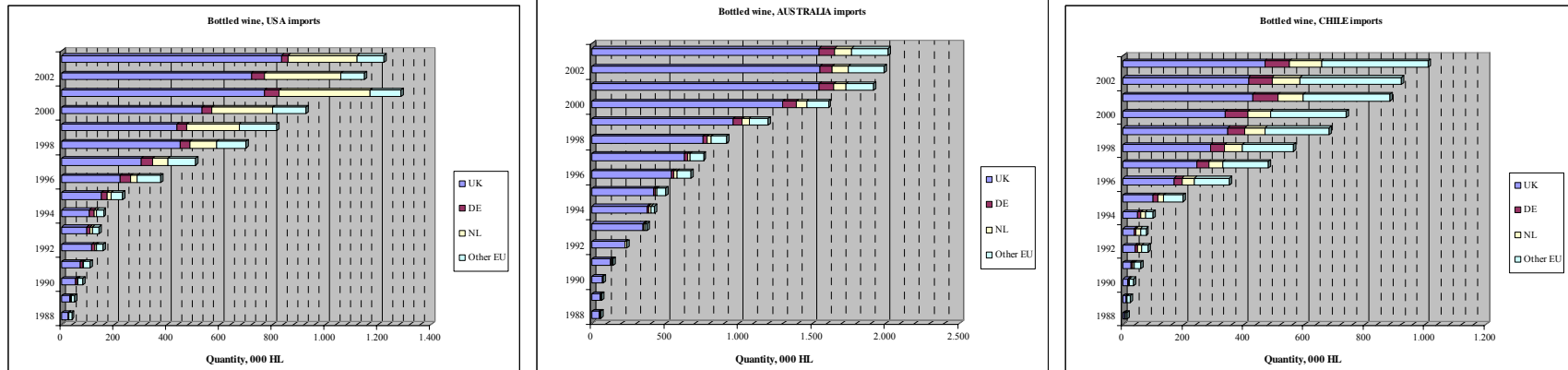
Source: EUROSTAT, own calculation.

Graph 165 Sparkling wine (CN Code 2204 10), average prices of imported wines from USA, AUS, CHI to UK, DE, NL, Other EU countries



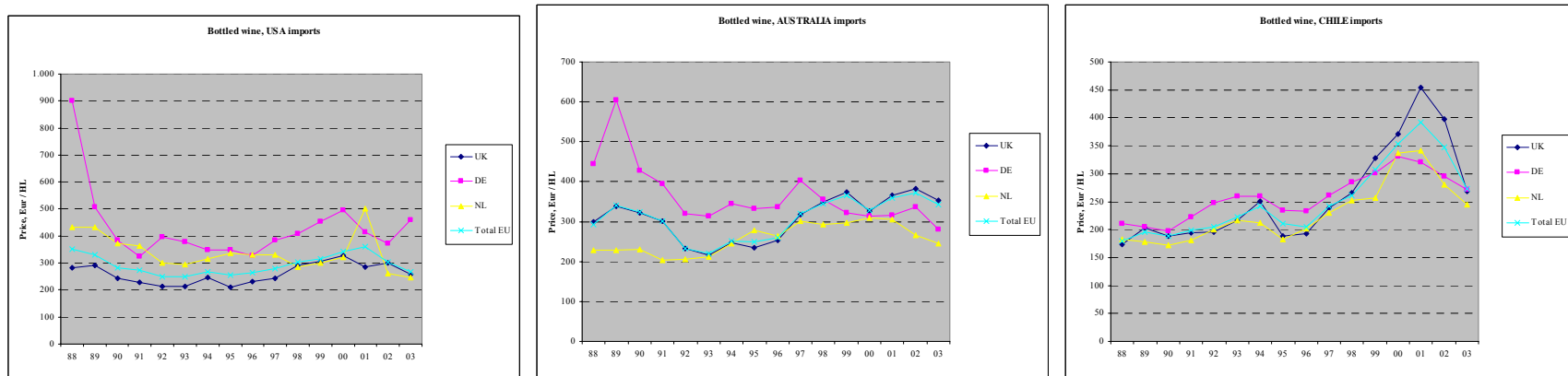
Source: EUROSTAT, own calculation.

Graph 166 Bottled wine (CN Code 2204 21), volume of imports from USA, AUS, CHI to UK, DE, NL, Other EU countries



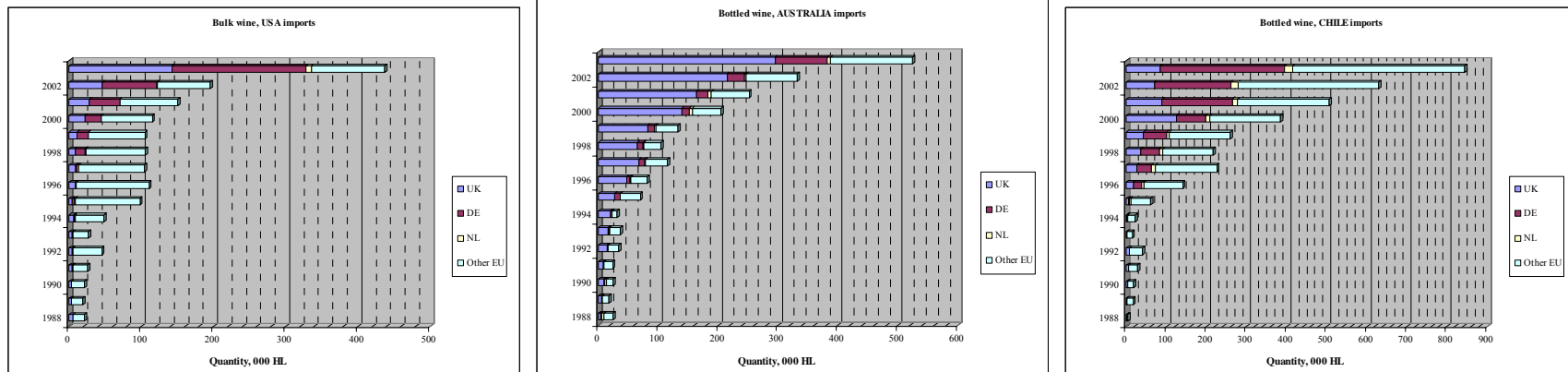
Source: EUROSTAT, own calculation.

Graph 167 Bottled wine (CN Code 2204 21), average prices of imported wines from USA, AUS, CHI to UK, DE, NL, Other EU countries



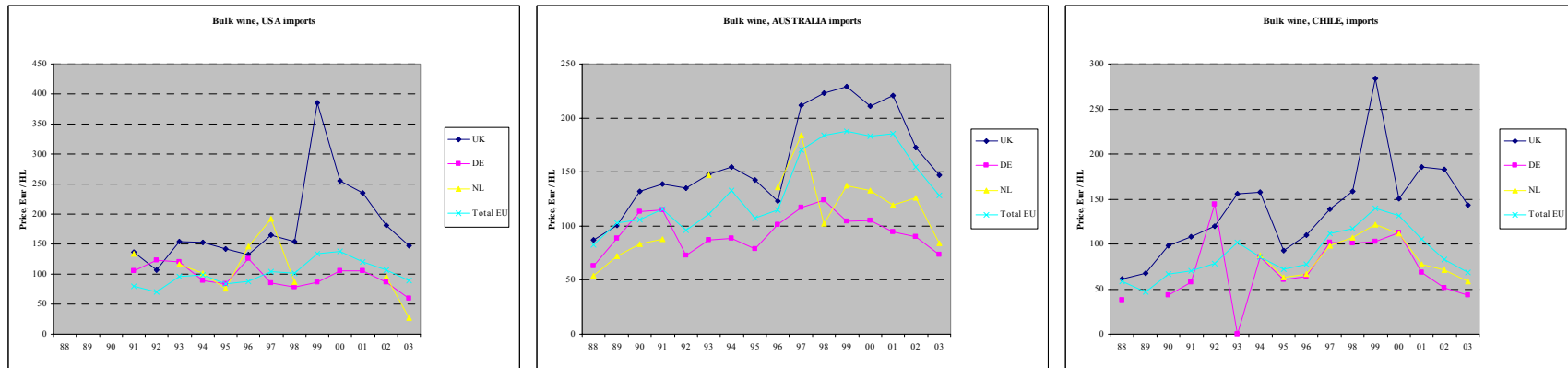
Source: EUROSTAT, own calculation.

Graph 168 Bulk wine (CN Code 2204 29), volume of imports from USA, AUS, CHI to UK, DE, NL, Other EU countries



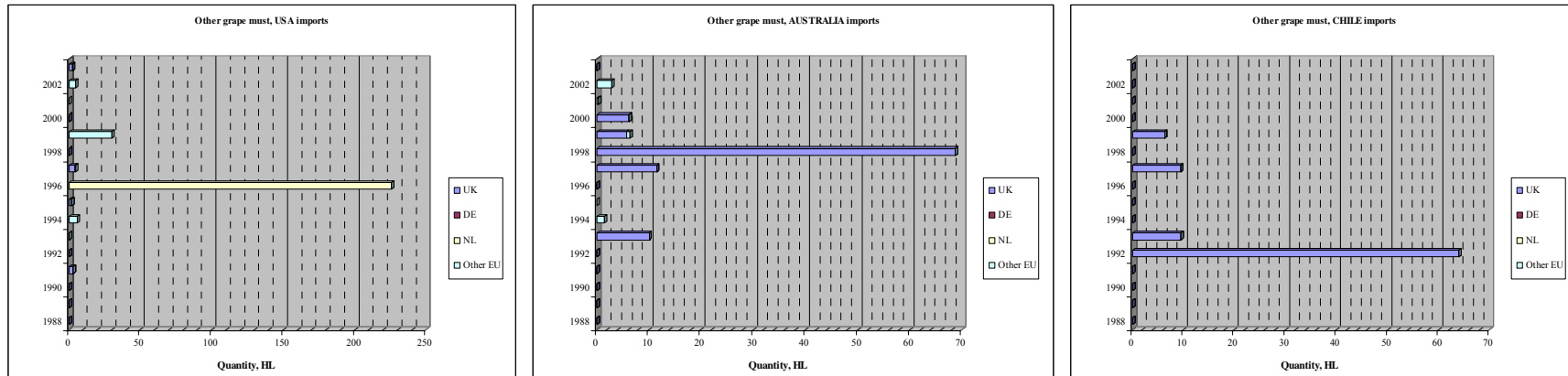
Source: EUROSTAT, own calculation.

Graph 169 Bulk wine (CN Code 2204 29), average prices of imported wines from USA, AUS, CHI to UK, DE, NL, Other EU countries



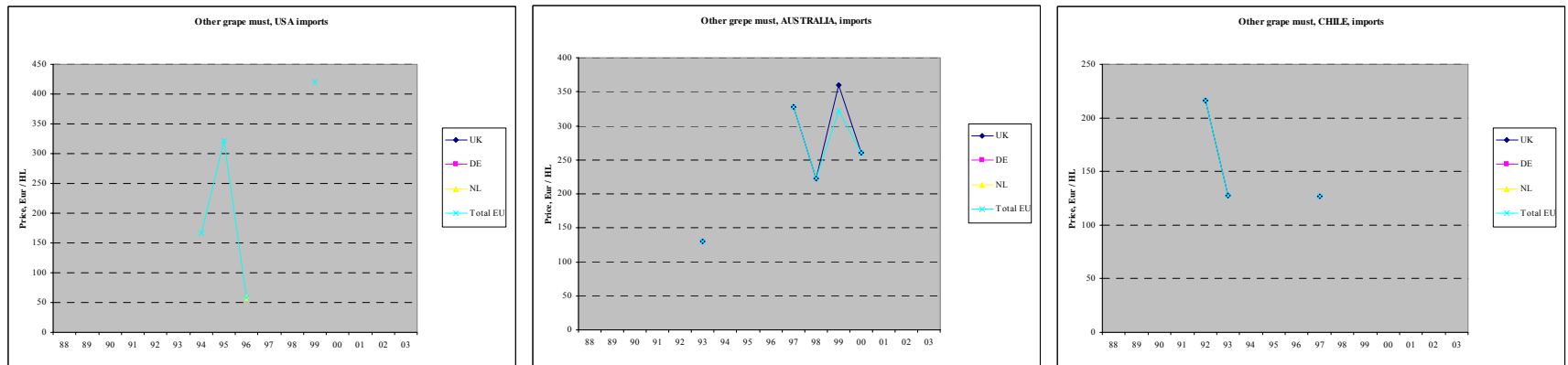
Source: EUROSTAT, own calculation.

Graph 170 Other grape must (CN Code 2204 30), volume of imports from USA, AUS, CHI to UK, DE, NL, Other EU countries



Source: EUROSTAT, own calculation.

Graph 171 Other grape must (CN Code 2204 30), average prices of imported wines from USA, AUS, CHI to UK, DE, NL, Other EU countries



Source: EUROSTAT, own calculation.

9.3.3. Tables and graphs for statistical data using 8-digit codes

Market share of imported wines in Germany and UK

Table 167 Germany, market share of imported wines (%) in volume and value from FR, IT, ES, CHI, AUS, 1988-2003

Country	Type	Colour	Market Share in Volume						Market Share in Value					
			Bottled wine (CN Code 220421)			Wine in Bulk (CN Code 220429)			Bottled wine (CN Code 220421)			Wine in Bulk (CN Code 220429)		
			% 1988	% 1995	% 2003	% 1988	% 1995	% 2003	% 1988	% 1995	% 2003	% 1988	% 1995	% 2003
Chile	All	All	0,03%	0,42%	1,72%	0,01%	0,08%	8,05%	0,04%	0,58%	2,18%	0,01%	0,11%	7,47%
	T	W	0,06%	0,84%	3,08%	0,00%	0,01%	2,63%	0,14%	1,60%	4,57%	0,00%	0,01%	3,48%
		R-R	0,10%	1,37%	5,27%	0,04%	0,49%	15,69%	0,22%	3,62%	8,95%	0,04%	0,62%	13,18%
	Q	W	0,00%	0,01%	0,00%	0,00%	0,00%	0,00%	0,00%	0,01%	0,00%	0,00%	0,00%	0,00%
		R-R	0,00%	0,01%	0,00%	0,00%	0,00%	0,00%	0,00%	0,01%	0,00%	0,00%	0,00%	0,00%
	S-L	All	0,00%	0,03%	0,01%	0,00%	0,00%	0,00%	0,00%	0,06%	0,02%	0,00%	0,00%	0,00%
Australia	All	All	0,02%	0,34%	2,18%	0,02%	0,24%	2,26%	0,06%	0,66%	2,86%	0,02%	0,40%	3,58%
	T	W	0,08%	1,13%	7,62%	0,00%	0,19%	1,44%	0,47%	3,11%	10,07%	0,00%	0,32%	3,19%
		W	0,04%	0,85%	5,52%	0,07%	0,65%	3,66%	0,20%	3,29%	10,37%	0,11%	1,14%	5,05%
	Q	W	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,01%	0,01%	0,00%	0,01%	0,00%
		R-R	0,00%	0,01%	0,00%	0,00%	0,00%	0,00%	0,00%	0,01%	0,01%	0,00%	0,00%	0,00%
	S-L	All	0,01%	0,00%	0,00%	0,00%	0,00%	0,00%	0,02%	0,00%	0,04%	0,00%	0,01%	0,00%
France	All	All	47,75%	39,04%	35,68%	44,30%	19,91%	21,94%	60,03%	49,04%	37,51%	53,50%	28,45%	30,43%
	T	W	29,18%	28,93%	34,77%	34,38%	15,00%	14,80%	45,85%	35,83%	36,27%	39,70%	21,99%	20,85%
		R-R	55,64%	48,00%	59,02%	46,87%	40,51%	32,38%	59,67%	55,53%	49,35%	52,09%	47,41%	41,96%
	Q	W	58,08%	29,90%	19,24%	45,99%	11,30%	6,64%	69,80%	43,74%	29,37%	68,57%	21,18%	14,53%
		R-R	60,01%	51,79%	34,25%	41,15%	26,11%	11,40%	70,99%	61,32%	40,67%	55,62%	34,25%	23,99%
	S-L	All	1,11%	5,74%	2,25%	96,58%	54,56%	5,65%	2,15%	6,49%	3,67%	94,28%	63,81%	4,73%
Italy	All	All	43,31%	51,83%	48,79%	53,59%	64,98%	42,61%	27,94%	39,99%	46,02%	43,52%	54,61%	39,29%
	T	W	70,22%	67,54%	52,05%	65,56%	73,64%	49,46%	52,57%	58,65%	46,69%	60,22%	66,23%	48,55%
		R-R	41,22%	48,99%	23,27%	52,61%	54,93%	39,97%	34,43%	36,44%	25,62%	47,20%	47,22%	33,82%
	Q	W	40,35%	68,65%	76,07%	33,00%	37,95%	58,62%	28,91%	54,90%	66,40%	21,31%	38,17%	67,39%
		R-R	34,45%	38,84%	44,83%	34,44%	21,80%	7,53%	24,30%	30,35%	41,47%	26,66%	15,71%	14,25%
	S-L	All	39,00%	46,15%	91,28%	1,71%	17,77%	24,72%	15,10%	34,44%	87,38%	1,84%	12,50%	43,86%
Spain	All	All	8,89%	8,36%	11,62%	2,09%	14,78%	25,14%	11,93%	9,74%	11,43%	2,95%	16,44%	19,23%
	T	W	0,47%	1,55%	2,49%	0,06%	11,16%	31,66%	0,97%	0,81%	2,39%	0,08%	11,44%	23,93%
		R-R	3,00%	0,79%	6,92%	0,41%	3,42%	8,31%	5,48%	1,12%	5,71%	0,55%	3,61%	6,00%
	Q	W	1,57%	1,43%	4,68%	21,02%	50,76%	34,74%	1,29%	1,34%	4,22%	10,12%	40,63%	18,09%
		R-R	5,55%	9,36%	20,92%	24,41%	52,09%	81,07%	4,71%	8,31%	17,85%	17,72%	50,05%	61,76%
	S-L	All	59,88%	48,08%	6,47%	1,70%	27,67%	69,63%	82,73%	59,01%	8,88%	3,88%	23,68%	51,40%
Total	All	All	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
	T	W	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
		R-R	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
	Q	W	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
		R-R	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
	S-L	All	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Notes. *Wine Colours*. W: White, R: Red, All: all colours. *Wine types*. T: Table wines, Q: Quality wines, S-L: Semi-sparkling and liqueur wines. *Market share*: is the % of total volume of imports' to DE from the five countries (AUS, CHI, FR, IT, ES) shared by each of these countries

Source: EUROSTAT, own calculation.

Table 168 United Kingdom, market share of imported wines (%) in volume and value from FR, IT, ES, CHI, AUS, 1988-2003

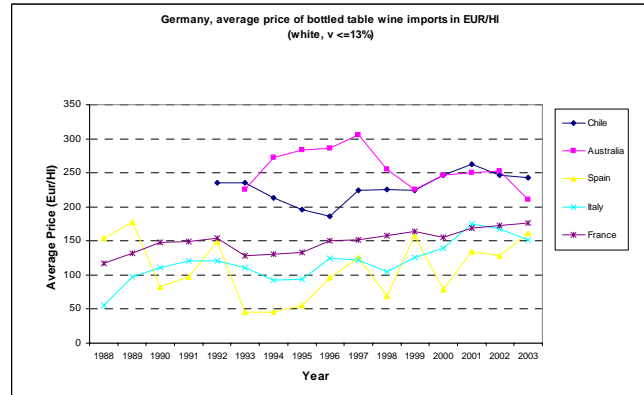
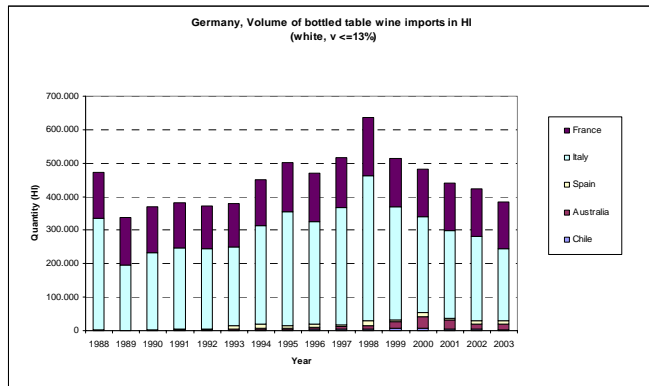
Country	Type	Colour	Market Share in Volume						Market Share in Value					
			Bottled wine (CN Code 220421)			Wine in Bulk (CN Code 220429)			Bottled wine (CN Code 220421)			Wine in Bulk (CN Code 220429)		
			% 1988	% 1995	% 2003	% 1988	% 1995	% 2003	% 1988	% 1995	% 2003	% 1988	% 1995	% 2003
Chile	All	All	0,16%	2,47%	7,68%	0,04%	1,02%	10,76%	0,14%	2,27%	7,18%	0,02%	1,08%	12,02%
	T	W	0,33%	4,94%	10,64%	0,00%	1,20%	10,55%	0,46%	5,54%	11,26%	0,00%	1,08%	12,18%
		R-R	0,95%	6,60%	14,45%	0,23%	1,78%	14,29%	1,23%	7,34%	14,63%	0,27%	2,58%	15,82%
	Q	W	0,00%	0,00%	0,00%	0,00%	0,00%	0,94%	0,00%	0,00%	0,00%	0,00%	0,00%	0,94%
		R-R	0,00%	0,00%	0,00%	0,00%	0,00%	0,17%	0,00%	0,01%	0,01%	0,00%	0,00%	0,26%
S-L	All	0,00%	0,05%	0,00%	0,00%	0,06%	0,00%	0,01%	0,04%	0,01%	0,00%	0,06%	0,00%	
Australia	All	All	1,69%	10,42%	25,35%	0,55%	6,14%	37,37%	2,53%	11,94%	31,21%	0,46%	10,03%	43,09%
	T	W	5,52%	24,34%	40,25%	0,31%	7,97%	44,62%	13,05%	33,18%	54,15%	0,42%	12,74%	52,34%
		R-R	6,64%	23,80%	42,59%	0,24%	9,48%	43,26%	15,30%	33,71%	58,64%	0,68%	19,13%	49,21%
	Q	W	0,00%	0,00%	0,01%	0,00%	0,00%	1,03%	0,00%	0,00%	0,02%	0,00%	0,00%	1,51%
		R-R	0,00%	0,00%	0,00%	0,00%	0,00%	0,67%	0,00%	0,01%	0,04%	0,00%	0,00%	1,32%
S-L	All	0,05%	0,24%	0,94%	1,87%	1,01%	8,39%	0,09%	0,48%	1,61%	0,66%	3,21%	5,71%	
France	All	All	57,79%	46,96%	36,66%	64,55%	65,95%	33,80%	69,57%	53,34%	37,68%	40,84%	66,95%	27,49%
	T	W	71,40%	45,79%	32,73%	93,39%	69,26%	34,10%	67,05%	41,77%	20,36%	91,82%	69,56%	24,88%
		R-R	66,84%	46,39%	30,58%	95,69%	73,89%	34,26%	62,13%	40,35%	17,26%	93,92%	65,87%	26,30%
	Q	W	62,00%	51,75%	42,13%	37,80%	53,99%	66,39%	77,40%	67,13%	62,32%	48,04%	64,33%	47,57%
		R-R	76,11%	60,78%	52,44%	79,53%	59,73%	25,24%	82,06%	69,63%	66,82%	87,43%	77,17%	46,02%
S-L	All	4,86%	3,93%	5,39%	3,00%	32,71%	7,86%	39,25%	5,23%	4,10%	1,00%	27,25%	7,53%	
Italy	All	All	29,34%	24,78%	16,60%	4,29%	14,26%	7,68%	17,71%	18,37%	13,13%	2,38%	10,58%	7,88%
	T	W	19,35%	21,48%	14,78%	3,73%	18,04%	8,99%	16,21%	16,79%	13,23%	3,52%	13,38%	9,16%
		R-R	21,86%	17,36%	9,50%	2,31%	8,49%	6,68%	16,28%	13,40%	7,20%	2,55%	7,30%	7,23%
	Q	W	25,36%	28,41%	30,83%	9,31%	28,81%	10,99%	15,78%	20,55%	24,85%	6,15%	21,19%	8,52%
		R-R	16,23%	21,80%	20,08%	7,43%	4,57%	7,69%	11,52%	17,28%	13,47%	3,72%	2,85%	7,43%
S-L	All	69,39%	47,77%	15,57%	1,57%	9,12%	2,43%	33,16%	29,43%	9,42%	0,72%	5,47%	2,92%	
Spain	All	All	11,02%	15,38%	13,71%	30,57%	12,64%	10,39%	10,04%	14,07%	10,80%	56,30%	11,35%	9,52%
	T	W	3,39%	3,46%	1,60%	2,58%	3,54%	1,74%	3,24%	2,71%	1,00%	4,24%	3,24%	1,44%
		R-R	3,70%	5,84%	2,89%	1,53%	6,35%	1,51%	5,06%	5,21%	2,26%	2,58%	5,13%	1,44%
	Q	W	12,63%	19,84%	27,03%	52,89%	17,21%	20,65%	6,82%	12,32%	12,82%	45,80%	14,48%	41,46%
		R-R	7,66%	17,42%	27,47%	13,04%	35,70%	66,23%	6,42%	13,07%	19,66%	8,85%	19,98%	44,97%
S-L	All	25,69%	48,01%	78,09%	93,56%	57,10%	81,32%	27,50%	64,82%	84,85%	97,62%	64,01%	83,84%	
Total	All	All	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
	T	W	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
		R-R	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
	Q	W	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
		R-R	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
S-L	All	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	

Notes. *Wine Colours*. W: White, R: Red, All: all colours. *Wine types*. T: Table wines, Q: Quality wines, S-L: Semi-sparkling and liqueur wines. *Market share*: is the % of total volume of imports' to UK from the five countries (AUS, CHI, FR, IT, ES) shared by each of these countries

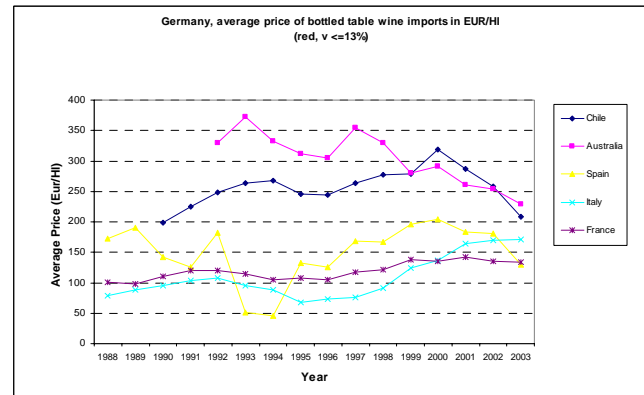
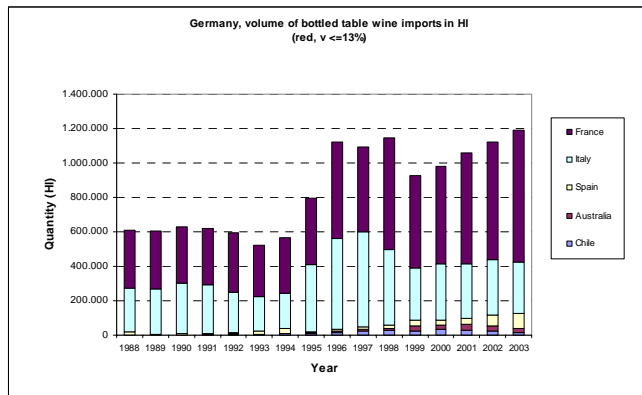
Source: EUROSTAT, own calculation

Evolution of volume and prices of table wines imported in DE from FR, IT, ES, AUS, CHI ⁶⁶

Graph 172 DE, volume and price of table wines imported from FR, IT, ES, CH, AU, (bottled, white, v⁶⁷ ≤ 13%)



Graph 173 DE, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bottled, red, v ≤ 13%)

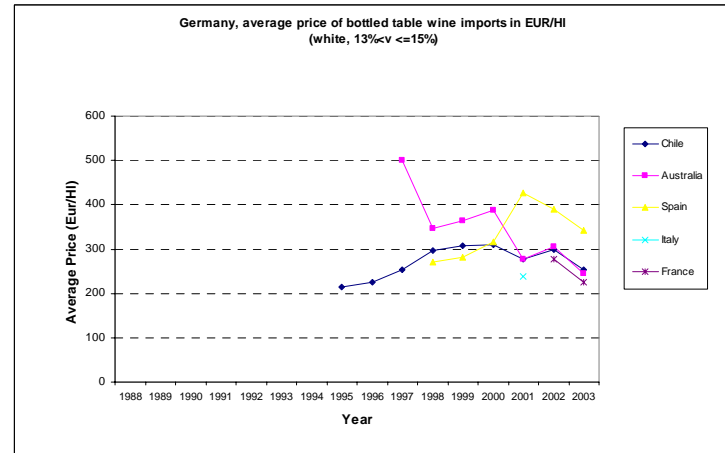
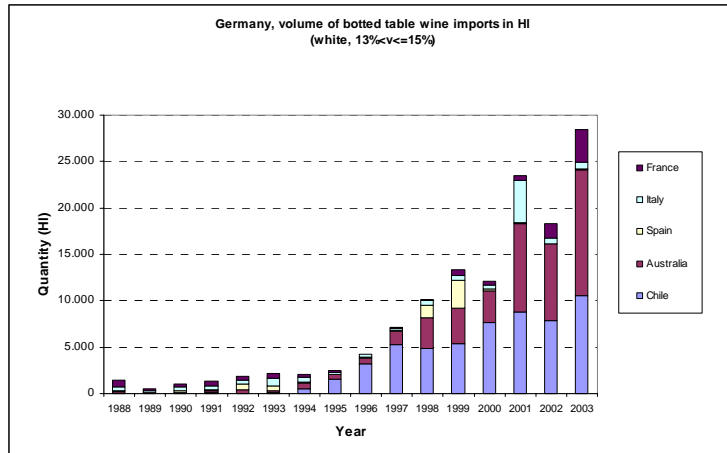


Source for all the graphs in this page: EUROSTAT, own calculation

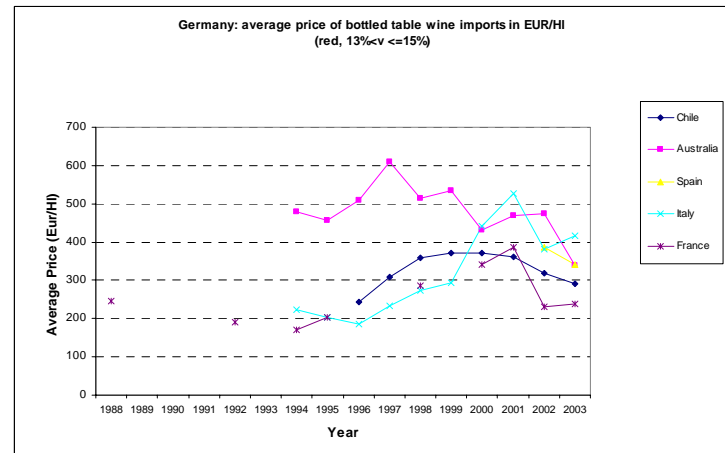
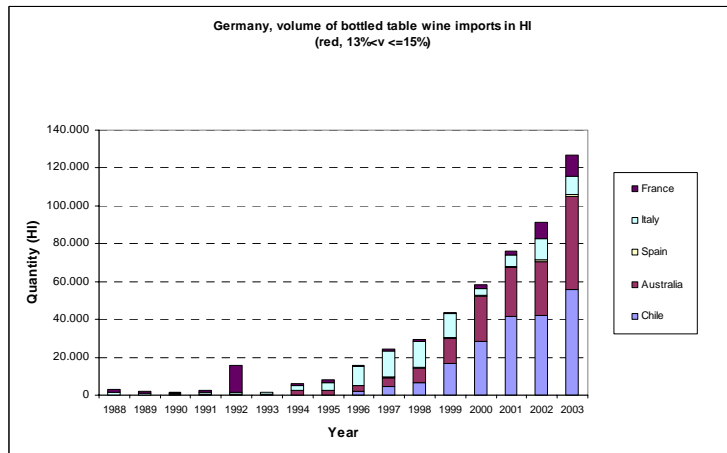
⁶⁶ DE: Germany, FR: France, IT: Italy, ES: Spain, AUS: Australia, CHI: Chile

⁶⁷ In all of the following graphs the letter “v” denotes the actual alcoholic strength by volume (%)

Graph 174 DE, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bottled, white, 13% < v ≤ 15%)

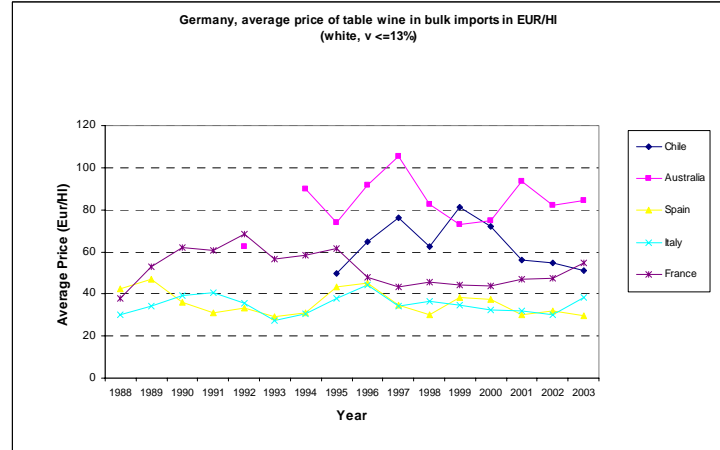
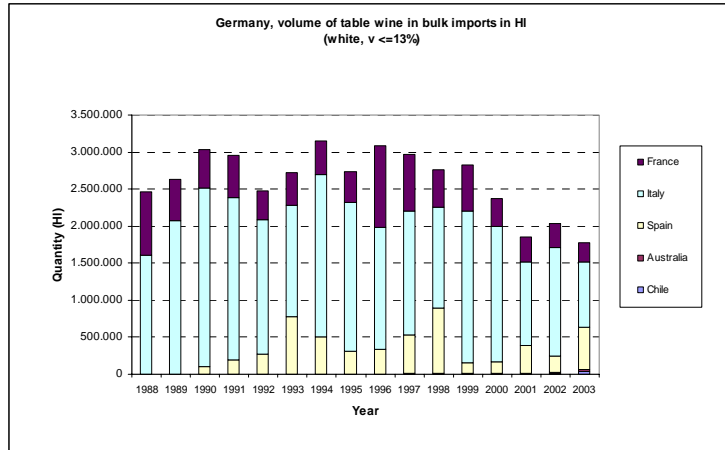


Graph 175 DE, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bottled, red, 13% < v ≤ 15%)

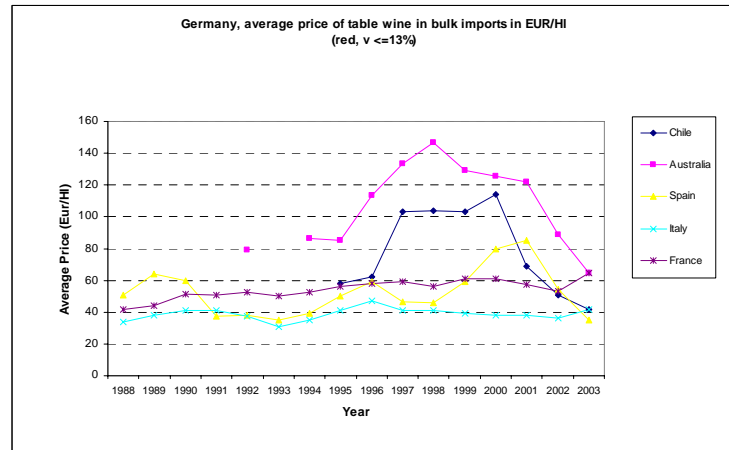
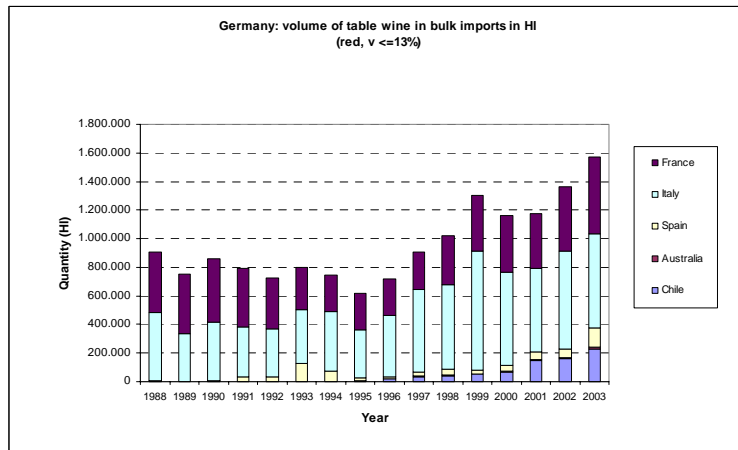


Source for all the graphs of this page: EUROSTAT, own calculation

Graph 176 DE, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bulk, white, v ≤ 13%)

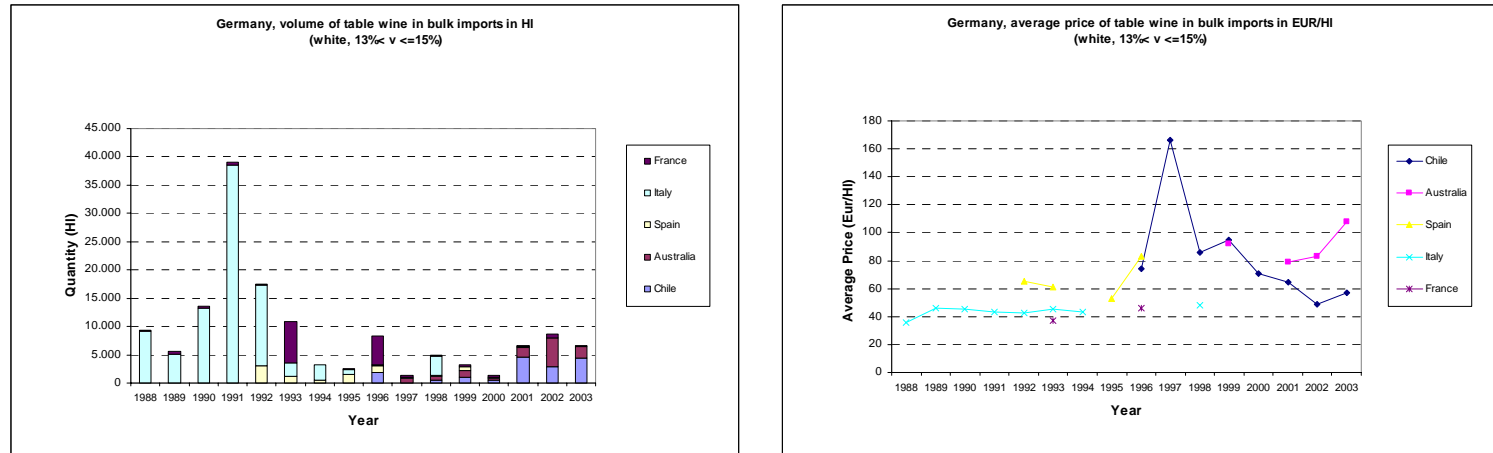


Graph 177 DE, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bulk, red, v ≤ 13%)

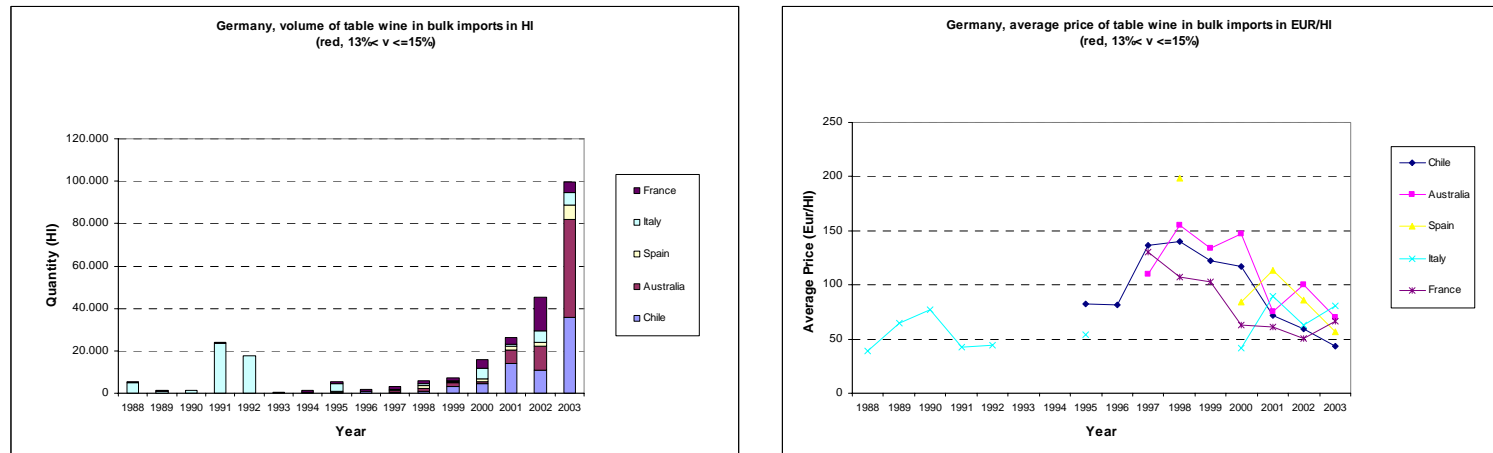


Source for all the graphs of this page: EUROSTAT, own calculation

Graph 178 DE, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bulk, white, 13% < v ≤ 15%)



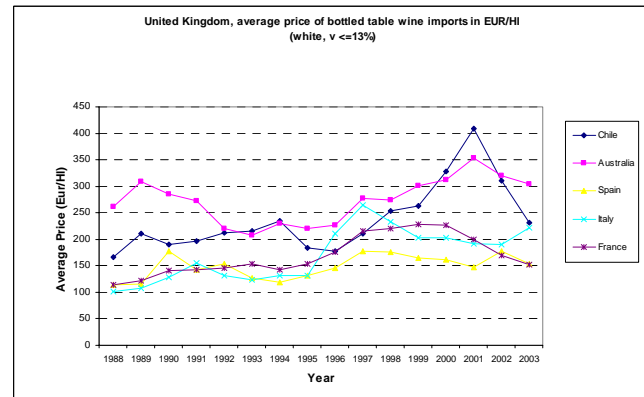
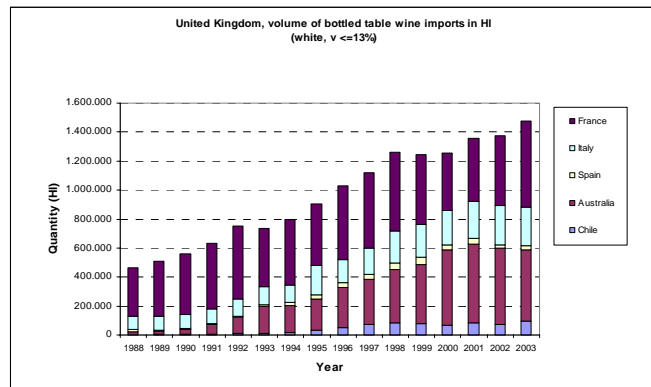
Graph 179 DE, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bulk, red, 13% < v ≤ 15%)



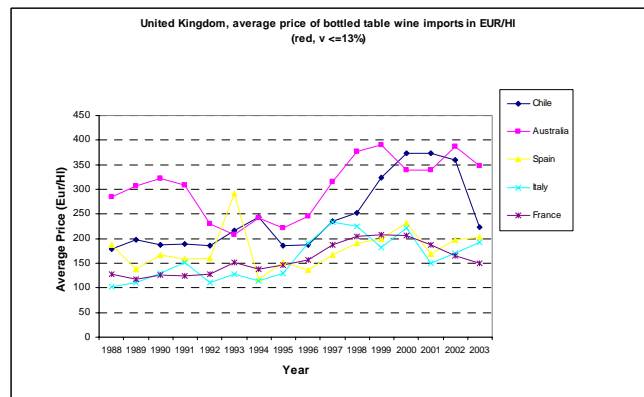
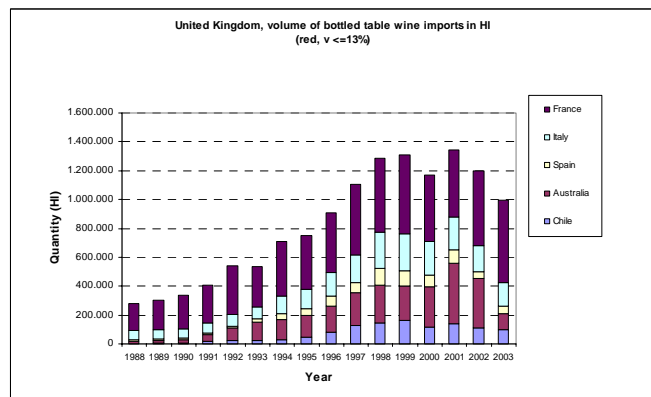
Source for all the graphs of this page: EUROSTAT, own calculation

Evolution of volume and prices of table wines imported in UK from FR, IT, ES, AUS, CHI

Graph 180 UK, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bottled, white, v ≤ 13%)

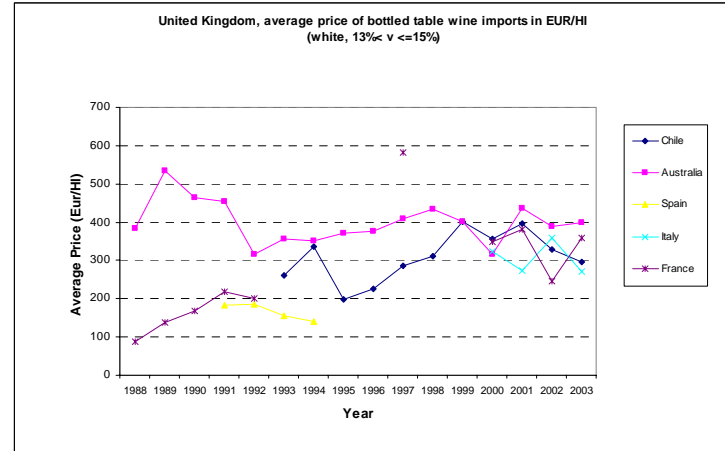
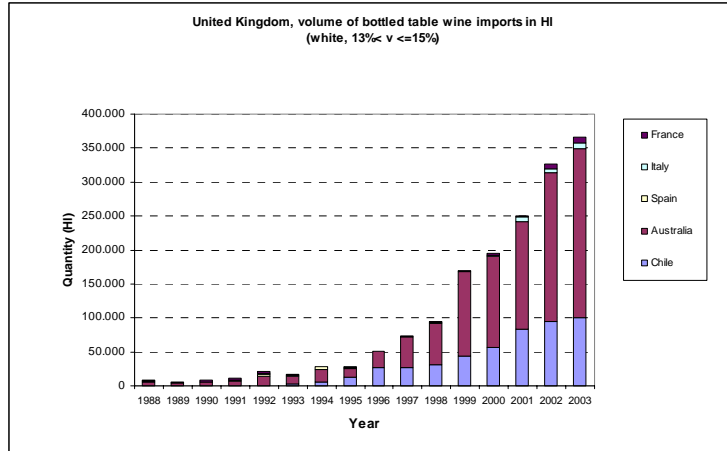


Graph 181 UK, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bottled, red, v ≤ 13%)

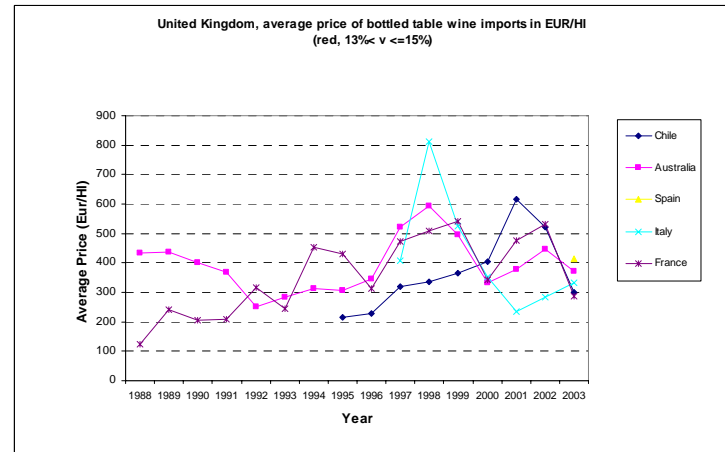
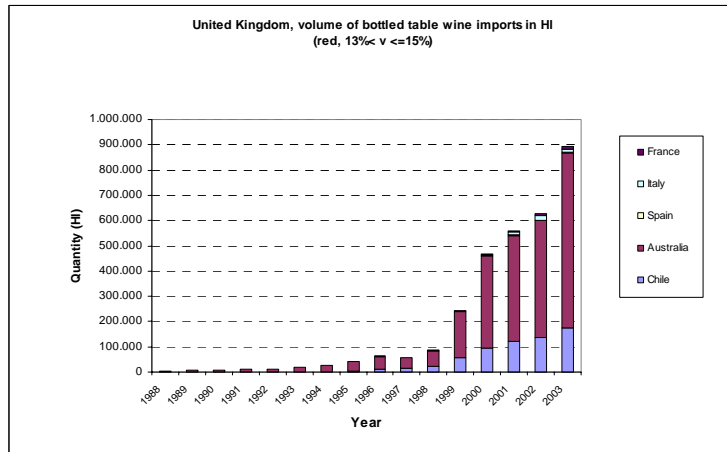


Source for all the graphs of this page: EUROSTAT, own calculation

Graph 182 UK, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bottled, white, 13% < v ≤ 15%)

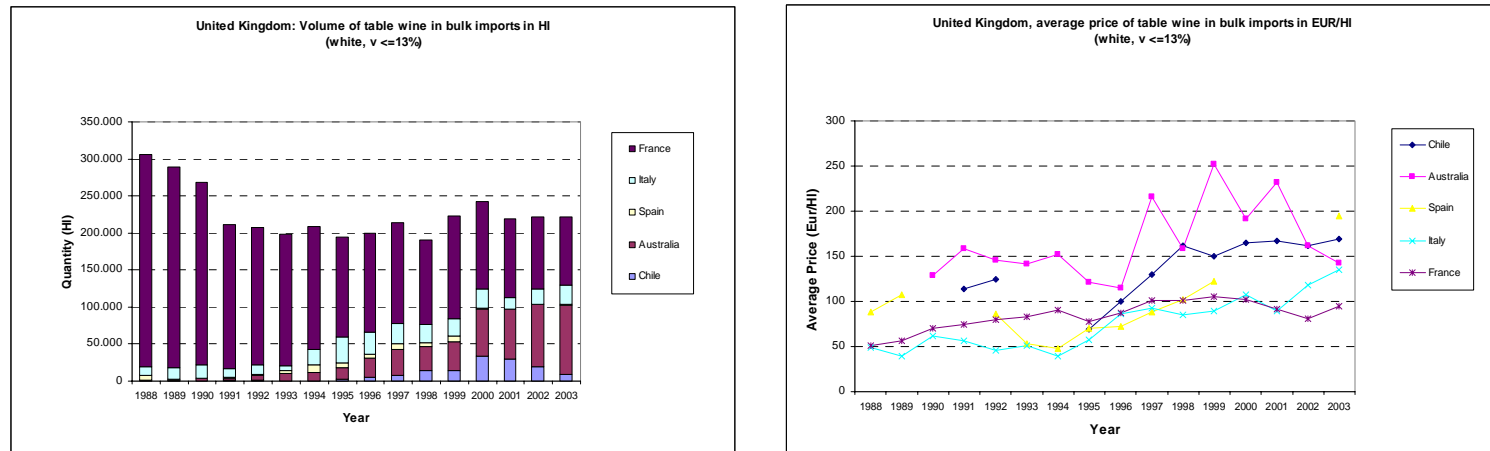


Graph 183 UK, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bottled, red, 13% < v ≤ 15%)

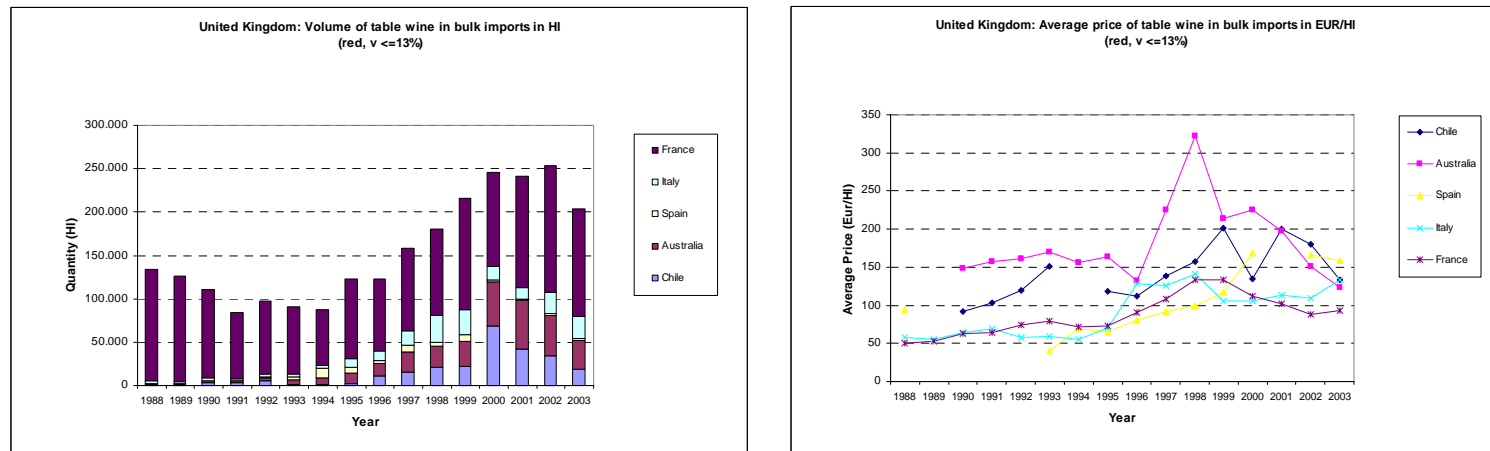


Source for all the graphs of this page: EUROSTAT, own calculation

Graph 184 UK, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bulk, white, v ≤ 13%)

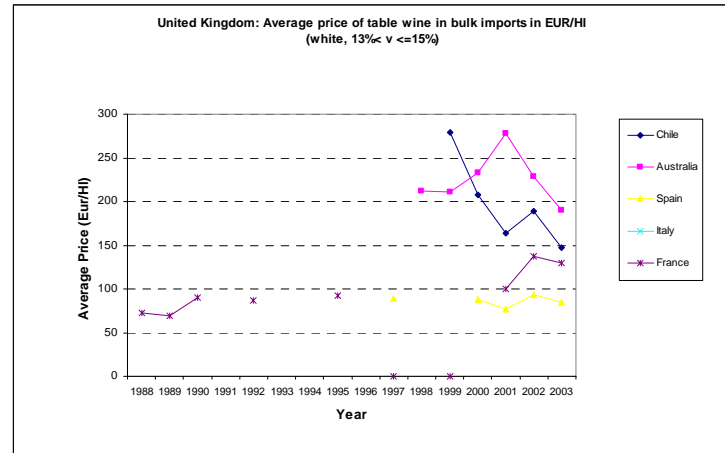
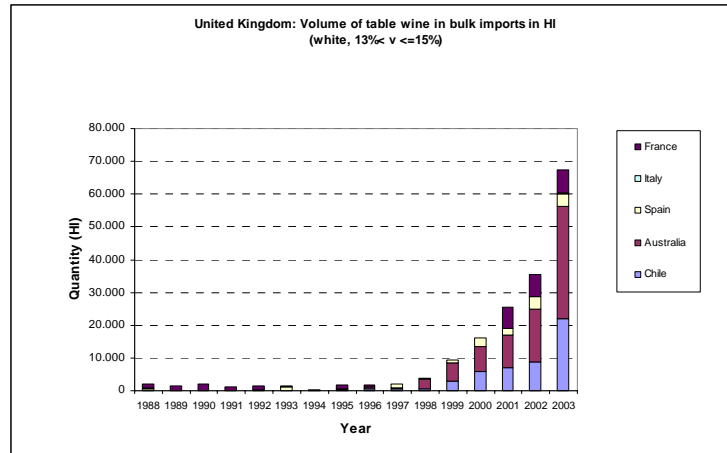


Graph 185UK, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bulk, red, v ≤ 13%)

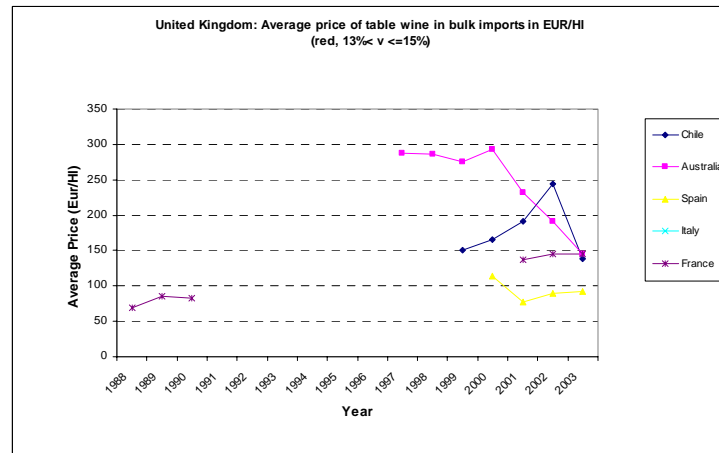
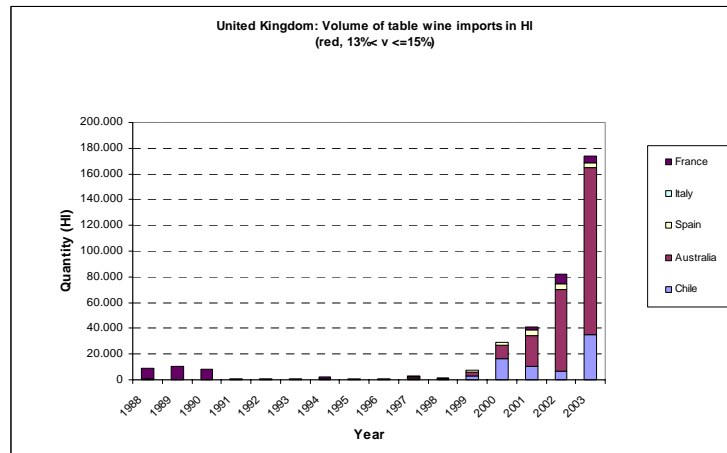


Source for all the graphs of this page: EUROSTAT, own calculation

Graph 186 UK, volume and prices of table wines imported from FR, IT, ES, CH, AU, (bulk, white, 13% < v ≤ 15%)



Graph 187 UK, volume and prices of table wines imported from from FR, IT, ES, CH, AU, (bulk, red, 13% < v ≤ 15%)



Source for all the graphs of this page: EUROSTAT, own calculation

9.4. Analysis of the application of the individual third country trade measures

9.4.1. Import duties

Overview of the measure

There are four main categories of import duties: (i) rates of duty in the Common customs tariff, (ii) countervailing charges under the reference prices system, (iii) tariff preferences and quotas, (iv) duties on grape must: levy on added sugar and entry prices. This section presents an overview of import duties by category.

a) Rates of duty under the Common Customs Tariff

Rates of duty under the CCT are not exclusively dependent on the CMO and have been determined during the last decades by all competent EU authorities in the frame of EC Treaty, taking into consideration the ongoing GATT obligations. Two types of duty were traditionally applicable to the Common Customs Tariff:

- Conventional duties: applicable to imported goods originating in countries which are Contracting Parties to GATT or with which EU has concluded agreements containing the most-favoured-nation treatment⁶⁸.
- Autonomous duties: were imposed on imports from third countries that were not GATT (WTO) members and/or they did not enjoy the most-favoured-nation treatment.

b) Reference prices and countervailing charges

This measure applied to the majority of wine types, packaged in containers up to 20 litres. Application of the measure was abolished in 1994 as a result of the URAA. Reference prices were fixed according to guide prices for wine plus an amount for normal packaging costs⁶⁹. In this context, a *free-at-frontier reference price* was defined:

Free-at-frontier reference price = Reference price – autonomous duty in the CCT

During customs valuation at EU's frontier, the price offered by wine importers ('so called' *free-at-frontier offer price*) had to be higher than the free-at-frontier reference price and if not, wine importers were charged an additional levy, the *countervailing charge*. In practice, this procedure constituted an import restriction beyond the ordinary custom duties payable: (i) when the wine importer accepted selling the imported products at prices higher than the free-at-frontier reference price, he was forced to abandon his ability to sell wines at lower prices, thus acquiring a larger market share; (ii) when the wine importer fixed his prices to be lower than the free-at-frontier reference price, he was subject to an additional levy (*countervailing charge*) beyond the normal duty applicable (autonomous rate of duty), so also in this case he lost his ability to sell wines at lower prices

⁶⁸ According to article 2 of GATT. Most-Favoured-Nation Treatment requires that "any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties".

⁶⁹ taking into consideration brokerage, loading, insurance, transport and losses costs (R.344/79)

c) Preferential rates of duty (tariff preferences and tariff quotas)

During the time period concerned, from 1988 to 2003, the Commission established an integrated tariff database, referred to as the 'TARIC', based on the combined nomenclature. Under this classification, preferential rates of duty in the form of tariff quotas are opened on a yearly basis and published in the Official Journal of the EU. Among the main third countries importing wine into EU, there are countries that benefitted from tariff quotas such as Bulgaria, Romania, Hungary, FYROM and Cyprus. Preferential rates of duty are part of the bilateral agreements signed between EU and these countries.

d) Duties on grape must (levy on added sugar and entry prices)

During the time period concerned additional duties were fixed for grape juice (including grape must)

- ◆ *Levy on added sugar content:* based on article 55 of R.822/87, this levy was a non – tariff import restriction measure that was abolished in 1994 following the URAA.. According to this measure, *in addition* to the autonomous customs duties and countervailing charges, a levy on added sugar content was charged on imports. The levy was calculated per 100 kilograms net weight of imported products.
- ◆ *Entry price and additional import duty:* Application of this measure was agreed under the URAA and introduced in the wine CMO by R.3290/94. The measure continues to apply under R.1493/99. The Entry Price of the imported products was calculated as an ad valorem % price of imported products.

◆ **Rates of duty on CCT**

Table 169 Rates of duty on CCT, legal framework

Legislative document	Source
Related framework of agreements on import duties on URAA	
Uruguay Round- General Agreement on Tariffs and Trade (URAA) Agreement on agriculture Schedules of Concessions: Schedule LXXX - EUROPEAN COMMUNITIES PART I – Most-Favoured-Nation Tariff SECTION I – Agricultural Products: A Tariffs, B Tariff Quotas SECTION II - Other Products PART II – Preferential Tariff PART III – Non – Tariff Concessions	WTO
Conclusion on behalf of the European Community, as regards matters within its competence, of the agreements reached in the Uruguay Round multilateral negotiations (1986-1994) (D.800/1994 of 22 December 1994)	L336/23.12.94
Council Regulation 2658/87 and its amendments)	
Tariff and statistical nomenclature and the Common Customs Tariff (R.2658/1987 of 23 July 1987) • Amending Annex of R.2658/87. Commission Regulations 3174/88, 2886/89, 2472/90, 2587/91, 2505/92, 2551/93, 3115/94, 1359/95, 1035/96, 1734/96, 2086/97, 2261/98, 2204/99, 2263/00, 2031/01, 1832/02, 1789/03	L256/07.09.87

Source: DG Agriculture, EUR-LEX Search, WTO.

Table 170 Rates of duties on CCT: measure application

Product Coverage	Measure
All wine products on CCT	<p><u>From 1988 to 1999 (during GATT 1994 negotiations):</u> Two types of customs duties:</p> <ul style="list-style-type: none"> • Autonomous customs duties: were imposed on imports from the countries that were not WTO members, so they did not enjoy the most-favoured-nation status, and were not covered by preferential rates. Where not available conventional rate of duty, autonomous rates applied also to WTO members • Conventional rate of duty: Lower duty applicable to WTO members according to the principle of “Most-Favoured-Nation Treatment” in order to achieve ‘minimum market access under GATT 1994 (in 1995: 3% share of imports of wine consumption of the base period 1986-1988). <p><u>From 1995 to 2000 (six year implementation period under GATT 1994):</u> Two types of customs duties:</p> <ul style="list-style-type: none"> • Autonomous customs duties: were imposed on imports from the countries that were not WTO members, so they did not enjoy the most-favoured-nation status, and were not covered by preferential rates. • Conventional rate of duty: Lower duty applicable to WTO members according to the principle of “Most-Favoured-Nation Treatment” in order to achieve ‘minimum market access’ under GATT 1994 (in 2000: 5% share of imports of wine consumption of the base period 1986-1988). Under GATT 1994 and the schedule of commitments EU had to reduce these rates of duty about 20% from a base rate of duty (1995) to a bound rate of duty (2000) (see table 16) <p><u>2000 - onwards:</u></p> <ul style="list-style-type: none"> • Autonomous customs duties: no longer in force, suspended under GATT 1994. • Conventional rate of duty: the only duties applicable at bound rates

Source: Own analysis of related legislation

Table 171 Conventional rates of duty on the Common Customs: commitments of EU according to WTO and GATT 1994

Description of products	Base rate of duty		Bound rate of duty		Change of rates	
	Ad valorem	Other	Ad valorem	Other	Ad valorem	Other
Grape juice and must, d>1,33 g/cm ³ (t=20 °C), Brix value > 67 Other grape must, d>1,33 g/cm ³ (t=20 °C), v> 1% , Concentrated	50 %	151,0 €/hl *	40 %	121,0 €/hl *	10 %	30,0 €/hl *
Grape juice and must, d<= 1,33 g/cm ³ (t=20 °C), 30 < Brix Value <=67, concentrated Other grape must, d<= 1,33 g/cm ³ (t=20 °C), v<= 1% , Concentrated	28 %	164,0 €/hl *	22,4 %	131,0 €/hl *	5,6 %	33,0 €/hl *
Grape juice and must , d<= 1,33 g/cm ³ (t=20 °C), 30 < Brix Value <=67, other Other grape must, d<= 1,33 g/cm ³ (t=20 °C), v<= 1% , not concentrated	28 %	34,0 €/hl *	22,4 %	27,0 €/hl *	5,6 %	7,0 €/hl *
Other grape must, d> 1,33 g/cm ³ (t=20 °C), v> 1% , not concentrated	50 %	34,0 €/hl *	40 %	27,0 €/hl *	10 %	27,0 €/hl *
Other grape must, in fermentation or with fermentation arrested otherwise than by adding alcohol	40 %		32 %		8 %	
Bottled, 9% < v <=13%		16,4 €/hl		13,1 €/hl		3,3 €/hl
Bulk, 9% < v <=13%		12,4 €/hl		9,9 €/hl		2,5 €/hl
Bottled, 13% < v <=15%		19,2 €/hl		15,4 €/hl		3,8 €/hl
Bulk, 13% < v <=15%		15,1 €/hl		12,1 €/hl		3,0 €/hl
Sparkling, semi-sparkling wine		40,0 €/hl		32,0 €/hl		8,0 €/hl
Liqueur wines, bottled, Port - Madeira - Sherry - Tokay - Setubal, 15% < v <=18%		18,5 €/hl		14,8 €/hl		3,7 €/hl
Liqueur wines, bottled, Other, 15% < v <=18%		23,3 €/hl		18,6 €/hl		4,7 €/hl
Liqueur wines, bottled, Port, Madeira, sherry, Tokay and Setubal, 18% < v <=22%		19,8 €/hl		15,8 €/hl		4,0 €/hl
Liqueur wines, bottled, Other 18% < v <=22%		26,1 €/hl		20,9 €/hl		5,2 €/hl
Liqueur wines, bulk, 15% < v <=18%, Port, Madeira, sherry and Setubal muscatel		15,1 €/hl		12,1 €/hl		3,0 €/hl
Liqueur wines, bulk, 15% < v <=18%, Tokay		16,4 €/hl		13,1 €/hl		3,3 €/hl
Liqueur wines, bulk, 15% < v <=18%, Other liqueurs		19,2 €/hl		15,4 €/hl		3,8 €/hl
Liqueur wines, bulk, Port, Madeira, sherry and Setubal muscatel, 18% < v <=22%		16,4 €/hl		13,1 €/hl		3,3 €/hl
Liqueur wines, bulk, Tokay, 18% < v <=22%		17,8 €/hl		14,2 €/hl		3,6 €/hl
Liqueur wines, bulk, Other, 18% < v <=22%		26,1 €/hl		20,9 €/hl		5,2 €/hl
Liqueur wines, Bottled or bulk, v > 22%		2,2 €/vol/hl		1,8 €/vol/hl		0,4 €/vol/hl

* Additional levies are applied (entry prices) according to Special Safeguard provision of Agreement on Agriculture (article 5).

Notes: 1. Grape juice and must is unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter. 2. Base rate of duty: 1995. 3. Bound rate of duty: 2000 onwards (from 1995 to 2000 duties had to gradually fall from base rate to bound rate of duty). 4. Changes of rates = Base rate of duty – bound rate of duty.

Source: WTO, GATT 94, Schedules of Commitments for European Communities, see also tables 171 and 172.

Table 172 Conventional and autonomous rates of duty of Common Customs Tariff , 1988 2004

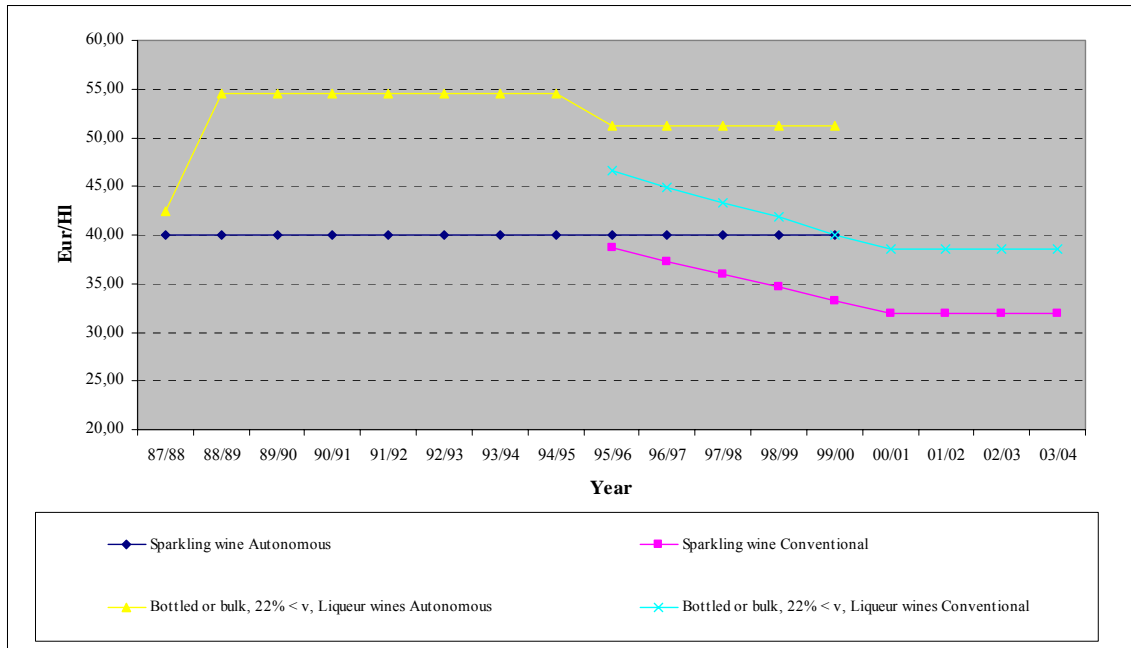
Description	Type of duty	Unit	87/88	88/89	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Sparkling wine, semi-sparkling wine (bottled or bulk)	Autonomous	Eur/Hl	40,00	40,00	40,00	40,00	40,00	40,00	40,00	40,00	40,00	40,00	40,00	40,00	40,00				
	Conventional	Eur/Hl									38,70	37,30	36,00	34,70	33,30	32,00	32,00	32,00	32,00
Bottled or bulk, 22% < v, Liqueur wines *	Autonomous	Eur/%vol/Hl	42,46	54,56	54,56	54,56	54,56	54,56	54,56	54,56	51,26	51,26	51,26	51,26	51,26				
	Conventional	Eur/%vol/Hl									46,64	44,88	43,34	41,80	40,04	38,50	38,50	38,50	38,50
Bottled, v <=13%	Autonomous	Eur/Hl	14,50	14,50	14,50	14,50	14,50	14,50	14,50	14,50	17,51	17,51	17,51	17,51	17,51				
	Conventional	Eur/Hl									15,90	15,30	14,80	14,20	13,70	13,10	13,10	13,10	13,10
Bottled, 13% < v <=15%	Autonomous	Eur/Hl	16,90	16,90	16,90	16,90	16,90	16,90	16,90	16,90	20,41	20,41	20,41	20,41	20,41				
	Conventional	Eur/Hl									18,60	17,90	17,30	16,70	16,00	15,40	15,40	15,40	15,40
Bulk, v <=13%	Autonomous	Eur/Hl	10,90	10,90	10,90	10,90	10,90	10,90	10,90	10,90	13,60	13,60	13,60	13,60	13,60				
	Conventional	Eur/Hl	10,90	10,90	10,90	10,90	10,90	10,90	10,90	10,90	12,00	11,60	11,20	10,70	10,30	9,90	9,90	9,90	9,90
Bulk, 13% < v <=15%	Autonomous	Eur/Hl	13,30	13,30	13,30	13,30	13,30	13,30	13,30	13,30	16,06	16,06	16,06	16,06	16,06				
	Conventional	Eur/Hl	13,30	13,30	13,30	13,30	13,30	13,30	13,30	13,30	14,60	14,10	13,60	13,10	12,60	12,10	12,10	12,10	12,10
Bottled, Liqueur wines, Port - Madeira - Sherry - Tokay - Setubal, 15% < v <=18%	Autonomous	Eur/Hl	18,10	18,10	18,10	18,10	18,10	18,10	18,10	18,10	21,86	21,86	21,86	21,86	21,86				
	Conventional	Eur/Hl	16,30	16,30	16,30	16,30	16,30	16,30	16,30	16,30	17,90	17,30	16,70	16,00	15,40	14,80	14,80	14,80	14,80
Bottled, Liqueur wines, Other, 15% < v <=18%	Autonomous	Eur/Hl	20,60	20,60	20,60	20,60	20,60	20,60	20,60	20,60	24,87	24,87	24,87	24,87	24,87				
	Conventional	Eur/Hl									22,50	21,80	21,00	20,20	19,40	18,60	18,60	18,60	18,60
Bottled, Liqueur wines, Port, Madeira, sherry, Tokay and Setubal, 18% < v <=22%	Autonomous	Eur/Hl	19,30	19,30	19,30	19,30	19,30	19,30	19,30	19,30	23,30	23,30	23,30	23,30	23,30				
	Conventional	Eur/Hl	17,50	17,50	17,50	17,50	17,50	17,50	17,50	17,50	19,10	18,50	17,80	17,10	16,50	15,80	15,80	15,80	15,80
Bottled, Liqueur wines, Other 18% < v <=22%	Autonomous	Eur/Hl	23,00	23,00	23,00	23,00	23,00	23,00	23,00	23,00	27,77	27,77	27,77	27,77	27,77				
	Conventional	Eur/Hl	23,00	23,00	23,00	23,00	23,00	23,00	23,00	23,00	25,20	24,40	23,50	22,60	21,80	20,90	20,90	20,90	20,90
Bulk, Liqueur wines, 15% < v <=18%, Port, Madeira, Sherry, Setubal, Tokay	Autonomous	Eur/Hl	14,50	14,50	14,50	14,50	14,50	14,50	14,50	14,50	17,51	17,51	17,51	17,51	17,51				
Bulk, Liqueur wines, 15% < v <=18%, Port, Madeira, sherry and Setubal	Conventional	Eur/Hl	13,30	13,30	13,30	13,30	13,30	13,30	13,30	13,30	14,60	14,10	13,60	13,10	12,60	12,10	12,10	12,10	12,10
Bulk, Liqueur wines, 15% < v <=18%, Tokay	Conventional	Eur/Hl									14,60	15,30	14,80	14,20	13,70	13,10	13,10	13,10	13,10
Bulk, Liqueur wines, 15% < v <=18%, Other liqueurs	Autonomous	Eur/Hl	16,90	16,90	16,90	16,90	16,90	16,90	16,90	16,90	20,41	20,41	20,41	20,41	20,41				
	Conventional	Eur/Hl									18,60	17,90	17,30	16,70	16,00	15,40	15,40	15,40	15,40
Bulk, Liqueur wines, 18% < v <=22%, Port, Madeira, Sherry, Setubal muscatel and Tokay	Autonomous	Eur/Hl	15,70	15,70	15,70	15,70	15,70	15,70	15,70	15,70	18,96	18,96	18,96	18,96	18,96				
Bulk, Liqueur wines, , 18% < v <=22%, Port, Madeira, sherry and Setubal muscatel	Conventional	Eur/Hl	14,50	14,50	14,50	14,50	14,50	14,50	14,50	14,50	15,90	15,30	14,80	14,20	13,70	13,10	13,10	13,10	13,10
Bulk, Liqueur wines, 18% < v <=22%, Tokay	Conventional	Eur/Hl									17,20	16,60	16,00	15,40	14,80	14,20	14,20	14,20	14,20
Bulk, Liqueur wines, 18% < v <=22%, Other liqueurs	Autonomous	Eur/Hl	23,00	23,00	23,00	23,00	23,00	23,00	23,00	23,00	27,77	27,77	27,77	27,77	27,77				
	Conventional	Eur/Hl	23,00	23,00	23,00	23,00	23,00	23,00	23,00	23,00	25,20	24,40	23,50	22,60	21,80	20,90	20,90	20,90	20,90

* Rates of duty for liqueur wines of 22% < v, are calculated with a unit of measurement in €/vol/hl . In this case value in €/hl has been calculated in a minimum basis by taking the least value of actual alcoholic strength % by volume: e.g. duty of 1,75€/vol/hl for liquor wines (bottled or bulk) of 22% < v, corresponds to a 1,75*22=38,5€/hl duty

Note: 'v' is an abbreviation for actual alcoholic strength by volume

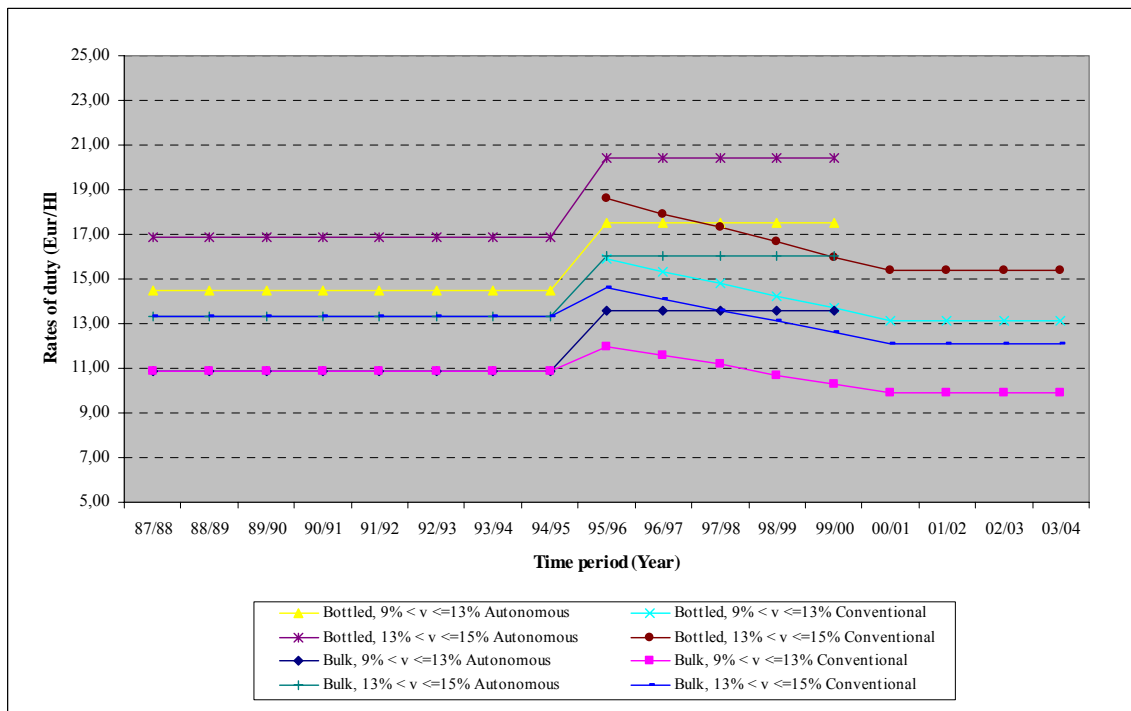
Source: R.2658/1987 and its amendments, own calculation

Graph 188 Conventional and autonomous rates of duty, 1988 - 2004, sparkling wine, liqueur wines of v > 22%



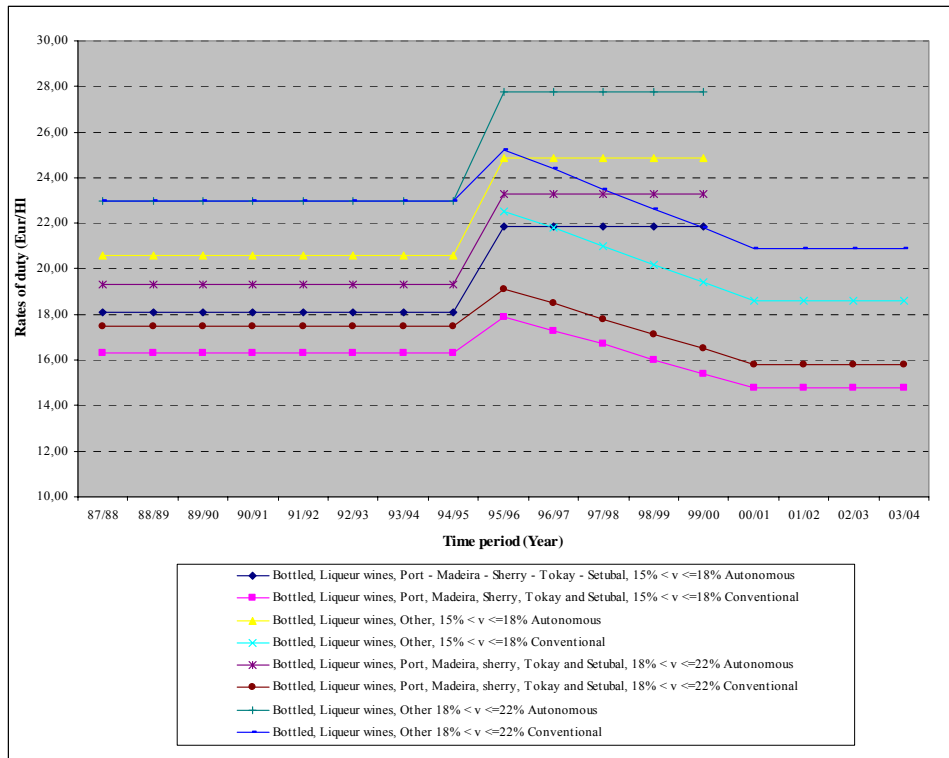
Note: 'v' is an abbreviation for actual alcoholic strength by volume
 Source: R.2658/1987 and its amendments, own calculation

Graph 189 Conventional and autonomous rates of duty, 1988 – 2004, wine bottled or in bulk 9% < v ≤ 15%



Note: 'v' is an abbreviation for actual alcoholic strength by volume
 Source: R.2658/1987 and its amendments, own calculation

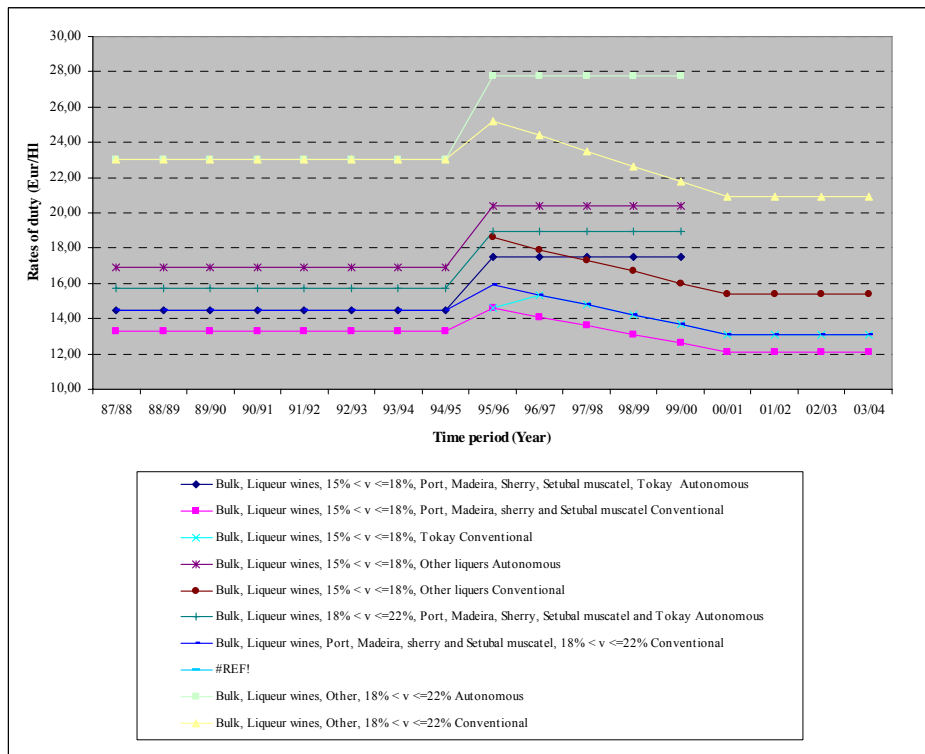
Graph 190 Conventional and autonomous rates of duty, 1988 – 2004, bottled liqueur wines of 15% < v ≤ 18%



Note: v is an abbreviation for actual alcoholic strength by volume

Source: R.2658/1987 and its amendments, own calculation

Graph 191 Conventional and autonomous rates of duty, 1988 – 2004, bulk liqueur wines of 15% < v ≤ 18%



Note: v is an abbreviation for actual alcoholic strength by volume

Source: R.2658/1987 and its amendments, own calculation

Reference prices and countervailing charges

Table 173 Reference prices and countervailing charges, legal framework

<i>Reference prices</i>	
Fixing the free-at-frontier reference prices applicable to imports of certain wine products with effect from 1 September 1988 (R.3418/88 of 28 October 1988) No longer in force (repealed by R1571/95) • Amending Annex to R.3418/88: 4012/88, 3744/89, 2435/90, 3584/91, 3696/92, 2254/93, 2032/94	L301/04.11.88
Amending R.2027/94 fixing the reference prices applicable to wine sector products for 1994/95 and R.3418/88 fixing the free- at-frontier reference prices applicable to import of certain wine products (R.3331/94 of 21 December 1994) No longer in force	L350/31.12.94
Fixing the reference prices applicable in the wine sector in yearly basis for the wine periods 1985/86, 1986/87, 1987/88, 1988/89, 1989/90, 1990/91, 1991/92, 1992/93, 1993/94, 1994/95	
Laying down general rules for fixing the reference price and levying the countervailing charge for wine (R.344/79 of 5 February 1979) No longer in force (repealed by R.3290/1994)	L054/05.03.79

Table 174 Reference prices and countervailing charges: measure application

<p>Wines and grape must⁷⁰ packaged in containers up to 20 litres:</p> <ul style="list-style-type: none"> • Red wine, white wine (CN Codes 2204 21 and 2204 29, excluding CN codes 2204 21 10 and 2204 29 10) • Grape juice (including grape must) CN Codes 2009 60 and 2204 30 91 • Concentrated grape juice (including grape must) falling within subheadings 2009 60, 2204 30 91 and 2204 30 99 • Grape must with fermentation arrested by the addition of alcohol • Wine fortified for distillation • Liqueur wine. 	<p><u>R.822/87 (from 1988 to 1994):</u> Fixed for a whole marketing year and calculated by the type: <i>Reference price</i> = = Guide price for the red or white table wine + + Normal packaging costs (for wines in containers not more than 20 litres) Normal packaging costs were set for bringing Community wines to the <i>same marketing stage</i> as imported wines and included brokerage, loading, insurance, transports and losses costs (R.344/1979). <i>A free-at-frontier reference price</i> is determined according to the type: Free-at-frontier reference price = = Reference price – autonomous duty in the CCT This price was fixed for every wine product classified on the basis of the extended reference price nomenclature. Reference prices according to this type were fixed by R.3418/1988 and its amendments. Special conditions for implementing reference prices were: (a) a decision has occasionally been taken not to levy all or part of the countervailing charge on imports of certain quality wines produced in third countries (b) lower reference prices were to be fixed subject to annual quotas and at a specific rate for certain wines originating from Cyprus, Algeria, Tunisia, Yugoslavia and presented in containers holding two litres or less Wine importers had to submit a <i>free-at-frontier offer price</i> (according to Article 2 of R.2506/75 as specified by R.1393/76) which had to be higher than the free-at-frontier reference price. and also had to be clearly “observed” by the Customs authorities in the accompanying documentation of the imported wines. Custom duties payable by the importers were fixed in two ways: <ul style="list-style-type: none"> • Import duties = autonomous duties of the CCT, (if Free-at-frontier price ≤ Free-at-frontier reference price), or • Import duties = autonomous duties of the CCT + <i>countervailing charge</i>, (if Free-at-frontier offer price > Free-at-frontier reference price) Main EU- Laws for defining Countervailing charge concern on: (a) establishing general rules for levying for wine (R.344/79), (b) fixing countervailing charge for the wine sector (R.0701/84) and (c) waiving countervailing charge for Algeria, Argentina, Cyprus, Israel, Morocco, Romania, South Africa, Australia, Austria, Bulgaria, Chile, Hungary, Switzerland, Czechoslovakia, Tunisia, Turkey, Yugoslavia (R.0333/88).</p> <p><u>R.3290/94 (from 1995 to 1999) and R.1493/99 (from 2000 to today) :</u> Reference prices were abolished by R.3290/94 as not-tariff import restriction not compatible with GATT 1994 Agreements</p>
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⁷⁰ Grape must with fermentation arrested by the addition of alcohol, wine fortified for distillation and liqueur wines are subject to reference prices according to the definition of these products in the additional notes of the introductory Chapter of the Common Customs Tariff (in relevance to the definitions of these products in CMO for wine regulations)

Table 175 Fixing the reference prices: example for table wine

(i) White table bottled wine of an actual alcoholic strength not exceeding 13% vol (CN Code 2204 21 25)

CN code	Additional code	Description	Note	CY (ECU/hl)	DZ, TN, YU (ECU/hl)	Other countries (ECU/hl)
2204 21 25	9100	- Wine imported under the name Riesling or Sylvaner - Other wine, of an actual alcoholic strength :		K : 121,36	K : 116,07	131,93
	9101	- - Less than 9 % vol	(1)	K : 69,80	K : 64,51	80,37
	9102	- - 9 % vol or more but not exceeding 9,5 % vol	(1)	K : 70,85	K : 65,57	81,43
	9103	- - Exceeding 9,5 % vol but not exceeding 10 % vol	(1)	K : 72,97	K : 67,68	83,54
	9104	- - Exceeding 10 % vol but not exceeding 10,5 % vol	(1)	K : 75,08	K : 69,80	85,66
	9105	- - Exceeding 10,5 % vol but not exceeding 11 % vol	(1)	K : 77,20	K : 71,91	87,77
	9106	- - Exceeding 11 % vol but not exceeding 11,5 % vol	(1)	K : 79,31	K : 74,03	89,89
	9107	- - Exceeding 11,5 % vol but not exceeding 12 % vol	(1)	K : 81,43	K : 76,14	92,00
	9108	- - Exceeding 12 % vol but not exceeding 12,5 % vol	(1)	K : 83,54	K : 78,26	94,12
	9109	- - Exceeding 12,5 % vol but not exceeding 13 % vol	(1)	K : 85,66	K : 80,37	96,23

(ii) White table wine in bulk of an actual alcoholic strength not exceeding 13% vol (CN Code 2204 29 25)

2204 29 25		- Wine imported under the name Riesling or Sylvaner				
	9500	- - In containers holding more than 2 litres but not more than 20 litres		110,78	110,78	110,78
	9501	- - Other		89,63	89,63	89,63
		- Other wine :				
		- - In containers holding more than 2 litres but not more than 20 litres, of an actual alcoholic strength :				
	9502	- - - Less than 9 % vol	(1)	59,22	59,22	59,22
	9503	- - - 9 % vol or more, but not exceeding 9,5 % vol	(1)	60,28	60,28	60,28
	9504	- - - Exceeding 9,5 % vol but not exceeding 10 % vol	(1)	62,39	62,39	62,39
	9505	- - - Exceeding 10 % vol but not exceeding 10,5 % vol	(1)	64,51	64,51	64,51
	9506	- - - Exceeding 10,5 % vol but not exceeding 11 % vol	(1)	66,62	66,62	66,62
	9507	- - - Exceeding 11 % vol but not exceeding 11,5 % vol	(1)	68,74	68,74	68,74
	9508	- - - Exceeding 11,5 % vol but not exceeding 12 % vol	(1)	70,85	70,85	70,85
	9509	- - - Exceeding 12 % vol but not exceeding 12,5 % vol	(1)	72,97	72,97	72,97
	9510	- - - Exceeding 12,5 % vol but not exceeding 13 % vol	(1)	75,08	75,08	75,08
		- - Other, of an actual alcoholic strength :				
	9511	- - - Less than 9 % vol	(1)	38,07	38,07	38,07
	9512	- - - 9 % vol or more but not exceeding 9,5 % vol	(1)	39,13	39,13	39,13
	9513	- - - Exceeding 9,5 % vol but not exceeding 10 % vol	(1)	41,24	41,24	41,24
	9514	- - - Exceeding 10 % vol but not exceeding 10,5 % vol	(1)	43,36	43,36	43,36
	9515	- - - Exceeding 10,5 % vol but not exceeding 11 % vol	(1)	45,47	45,47	45,47
	9516	- - - Exceeding 11 % vol but not exceeding 11,5 % vol	(1)	47,59	47,59	47,59
	9517	- - - Exceeding 11,5 % vol but not exceeding 12 % vol	(1)	49,70	49,70	49,70
	9518	- - - Exceeding 12 % vol but not exceeding 12,5 % vol	(1)	51,82	51,82	51,82
	9519	- - - Exceeding 12,5 % vol but not exceeding 13 % vol	(1)	53,93	53,93	53,93

Note: (1) The reference price shall be increased by 1 ECU/%vol/Hl when the wine is imported into the French Overseas department of Reunion.

Country symbols: CY: Cyprus, DZ: Algeria, TN: Tunisia, YU: Yugoslavia

Example of calculation of a reference price for CN Code 2204 21 25 9102 of the table: this wine corresponds to a 2 litres bottled white table wine, $9\% < v \leq 9,5\%$ volume, which is not imported under the name of Riesling or Sylvaner. For the marketing year 88/89 the guide price for wine in bulk is fixed at 4,23 Eur/%vol/Hl and packaging costs for wines presented in containers of 2 litres or less is fixed at 42,3 Eur/Hl. So, the reference price for 2204 21 25 9102 wine will be: $Reference\ price = 4,23 * (9+9,5)/2 + 42,3 = 80,37\ Eur/Hl$

Source: R.3418/88, OJ L301/4.11.88

Table 176 Fixing the countervailing charges for the wine sector from 1984 to 1995

CCT heading No	Description	Rate of countervailing charge
ex 20.07 A I and B I	Grape juices (including grape must), whether concentrated or not, with an added sugar content of 30 % or less by weight :	
	— White	0,23 ECU per % vol of potential alcoholic strength/hl
	— Other	0,25 ECU per % vol of potential alcoholic strength/hl
ex 22.05 C	Red and rosé wine :	
	a) In containers holding two litres or less . . .	0 ECU per % vol of actual alcoholic strength/hl
	b) Other	0,27 ECU per % vol of actual alcoholic strength/hl
ex 22.05 C	White wine :	
	— Presented under the varietal name Riesling or Sylvaner	0 ECU/hl ⁽¹⁾
	— Other :	
	a) In containers holding two litres or less . .	0 ECU per % vol of actual alcoholic strength/hl
	b) In containers holding more than two litres	0,24 ECU per % vol of actual alcoholic strength/hl
ex 22.05 C	Grape must with fermentation arrested by the addition of alcohol, within the meaning of Additional Note 4 (a) to Chapter 22 of the Common Customs Tariff	0 ECU per % vol total alcoholic strength/hl
ex 22.05 C	Wine fortified for distillation, within the meaning of Additional Note 4 (b) to Chapter 22 of the Common Customs Tariff	0 ECU per % vol of actual alcoholic strength/hl
ex 22.05 C	Liqueur wine, within the meaning of Additional Note 4 (c) to Chapter 22 of the Common Customs Tariff :	
	— Intended for processing, under customs control or administrative control with equivalent guarantee, into products other than those falling within heading No 22.05 of the Common Customs Tariff	0 ECU/hl
	— Other	10 ECU/hl

(¹) To qualify for exemption from the countervailing charge, the V I I document must include express mention of the word 'Riesling' or 'Sylvaner'.

Source: R.0701/1984

Preferential rates of duty (tariff preferences and quotas)

Table 177 Preferential rates of duty (tariff preferences and quotas): legal framework

Tariff quotas	
Opening and providing for the management of a Community tariff quota for grape juice and must for wine periods for: 1988/1989, 1989/1990, 1991/1992, 1992/1993, 1993/1994, 1994/1995, 1995/1996, 1996/1997, 1997/1998, 1998/1999, 199/2000, 2000/2001, 2001/2002, 2002/2003	

Table 178 Preferential rates of duty: measure application

TARIC Codes (Applicable occasionally to all CN Codes for grape juice, grape must and wine)	Preferential rates of duty (tariff preferences – preferential quotas)
	<p><u>R.822/87 (from 1988 to 1994):</u> Preferential tariff concessions were established according to bilateral agreements with third countries.⁷¹ Any import of wines from third countries (subheadings 2204 10, 2204 21 and 2204 29) granted preferential tariff concessions, provided the reference price is observed, shall not benefit from the preferential duty in the event of failure to observe that price.</p> <p><u>R.3290/94 (from 1995 to 1999) and R.1493/99 (from 2000 to today):</u> Preferential tariff concessions were established according to bilateral agreements with third countries</p>

⁷¹ Example of tariff concessions: TARIC code 2204 21 25 91 corresponds to white table wines of an actual alcoholic strength 9% volume or more but not exceeding 13% volume under the geographical ascriptions of Berkane, Saïs, Beni M'Tir, Guerrouane, Zemmour, Zennata. For marketing year 88-89, for a conventional rate of duty 14,5 ECU/Hl tariff concessions of 2,9 Ecu/Hl 9,6 Ecu/Hl and 9 Ecu/Hl were fixed for Morocco, Portugal and Spain respectively.

Table 179 Import duties, example of tariff preferences for TARIC code 2204 29 99 10⁷²

Country of origin/destination	Import duty type and rate ⁷³	Order number – End date	Regulation / Decision	Footnote
Conventional rate of duty *	CDR: 1.75 EUR / % vol/hl		R2204/99	
ABH **	TP: 0 %		R2007/00	
Algeria - DZ(208)	TP: 0.3 EUR / % vol/hl		D0510/87	
Algeria - DZ(208)	PQ: 0 %	091003 – 31/12/2003	R0747/01	
Andorra - AD(043)	TP: 0 %		D0680/90	
Bulgaria - BG(068)	PQ: 0 %	097005 – 31/12/2003	R0678/01	CD182 ⁷⁴
Chile - CL(512)	TP: 0 EUR / % vol/hl		D0979/02	
Croatia - HR(092)	TP: 0 %		R2007/00	
Croatia - HR(092)	PQ: 0 %	091589 - 31/12/2003	R2597/01	CD182, TM513 ⁷⁵
Czech rep. - CZ(061)	PQ: 0 %	095881 - 30/04/2004	D0298/03	CD182
FYR Macedonia - MK(096)	TP: 0 %		R2007/00	
FYR Macedonia - MK(096)	PQ: 0 %	091559 - 31/12/2003	R2597/01	CD182, TM513
Hungary - HU(064)	PQ: 0 %	097007 - 31/12/2003	R0678/01	CD182
LOMB ***	TP: 0 %		D0822/01	
Mexico - MX(412)	TP: 0 EUR / % vol/hl		D0002/00	
Morocco - MA(204)	TP: 0.3 EUR / % vol/hl		D0204/00	
Morocco - MA(204)	PQ: 0 %	091131 - 31/12/2003	R0747/01	
Romania - RO(066)	PQ: 0 %	097013 - 31/12/2003	R0678/01	CD182
SPGA Excl (MM) ****	TP: 0 %		R2501/01	
San Marino - SM(047)	TP: 0 %		D0245/02	
Slovakia - SK(063)	PQ: 0 %	095890 - 30/04/2004	D0299/03	CD182
Slovenia - SI(091)	PQ: 0 %	091549 - 31/12/2003	R2597/01	CD182
Tunisia - TN(212)	TP: 0.3 EUR / % vol/hl		D0238/98	
Tunisia - TN(212)	PQ: 0 %	091209 - 31/12/2003	R0747/01	
Turkey - TR(052)	TP: 0 %		D0223/98	

* All countries

** Albania (AL), Bosnia & Herzegovina (BA), Yugoslavia (YU)

*** Anguilla, Netherlands Antilles, Antarctica, Aruba, Falkland Islands, Greenland, South Georgia and South Sandwich Islands, British Indian Ocean Territory, Cayman Islands, Montserrat, New Caledonia and dependencies, French Polynesia, St Pierre and Miquelon, Pitcairn, St Helena and dependencies, Turks and Caicos Islands, French Southern Territories, Brit. Virgin Is., Wallis and Futuna Islands, Mayotte,

**** Afghanistan, Angola, Bangladesh, Burkina Faso, Burundi, Benin, Bhutan, Congo Democratic Republic of, Central African Republic, Cape Verde, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Equatorial Guinea, Guinea Bissau, Haiti, Cambodia (Kampuchea), Kiribati, Comoros (excluding Mayotte), Laos, Liberia, Lesotho, Madagascar, Mali, Myanmar (MM) Excluded, Mauritania, Maldives, Malawi, Mozambique, Niger, Nepal, Rwanda, Solomon Islands, Sudan, Sierra Leone, Senegal, Somalia, São Tomé and Príncipe, Chad, Togo, Tuvalu, Tanzania, Uganda, Vanuatu, Samoa, Yemen, Zambia.

Source: TARIC Database

⁷² TARIC Code 2204299910 Description: Other wine; grape must with fermentation prevented or arrested by the addition of alcohol: In containers holding more than 2 liters (220429) - Of an actual alcoholic strength by volume exceeding 22 % vol (22042999) - Wine of fresh grapes (2204299910)

⁷³ CDR: Conventional duty rate, TP: Tariff preference, PQ: Preferential Quota

⁷⁴ CD182 Footnote: Eligibility to benefit from this quota shall be subject to the presentation of a V.I.1 document or a V.I.2 extract suitably endorsed by the competent authorities

⁷⁵ TM513 Footnote: The preferential duty being equal to or more favourable than the preferential duty in the framework of this quota/ceiling, it is appropriate not to use this quota/ceiling.

Table 180 Example of preferential quotas for Bulgaria for the years 1995, 1996, 1997

(a) list of order numbers, volume of quotas and quota preferential duties

(a) Wines originating in Bulgaria :				
Order No	CN code (1)	Description (2)	Volume of quota (hl)	Quota duty (% basic)
09.7001	ex 2204 10	Quality sparkling wine, in containers holding not more than 2 litres	1 200 (1.1 - 31.12.1995)	40
			1 300 (1.1 - 31.12.1996)	40
			1 400 (1.1 - 31.12.1997)	40
09.7003	ex 2204 21	Quality wine, including quality wine with a designation of origin	280 400 (1.1 - 31.12.1995)	40
			313 600 (1.1 - 31.12.1996)	40
			346 800 (1.1 - 31.12.1997)	40
09.7005	ex 2204 29	Quality wine, including quality wine with a designation of origin, and wine obtained from grapes of the 'Gamza' vine variety designated and presented under that name or under the synonym 'Kadarka'	118 000 (1.1 - 31.12.1995)	40
			118 000 (1.1 - 31.12.1996)	40
			118 000 (1.1 - 31.12.1997)	40

(1) See Taric codes in the Annex.
(2) Despite the rules for interpreting the combined nomenclature, the description of the products should be taken as a guide only, as the applicability of the preferential arrangements is determined, in the context of Article 1 (1), by the scope of the CN codes. Where ex CN codes are mentioned, the applicability of the preferential arrangements is determined on the basis of the CN code and the corresponding description, taken together.

(b) List of TARIC codes eligible to be imported in preferential tariff quotas for sparkling wine (2204 10), bottled wine (2204 21) and bulk wine (2204 29)

Taric codes		
Order No	CN codes	Taric code
09.7001	ex 2204 10	2204 10 19*91
		2204 10 99*91
09.7003	ex 2204 21	2204 21 79*79
		2204 21 79*80
		2204 21 80*79
		2204 21 80*80
		2204 21 83*10
		2204 21 83*79
		2204 21 83*80
		2204 21 84*10
		2204 21 84*79
		2204 21 84*80
		2204 21 94*10
		2204 21 94*80
		2204 21 98*10
		2204 21 98*80
2204 21 99*80		
09.7005	ex 2204 29	2204 29 65*00
		2204 29 75*80
		2204 29 83*10
		2204 29 83*80
		2204 29 84*10
		2204 29 84*80
		2204 29 94*10
		2204 29 94*80
		2204 29 98*10
		2204 29 98*80
2204 29 99*80		

Note: Where 'ex' appears before the CN code, the scope of the tariffs is determined both by the scope of the CN code and that of the description of the products in the column TARIC Code and the corresponding period of application.

Source: R.933/1995.

Table 181 Example of preferential quotas in 1995 for Croatia, Slovenia, former Yugoslav Republic of Macedonia

Order No	CN code	Description	Volume of tariff quota	Rate of duty	
09.1515	2204	Wine of fresh grapes, including fortified wines; grape must other than that of code 2009:	545 000 hl	}	
		– Other wine; grape must with fermentation prevented or arrested by the addition of alcohol:			
	2204 21	– – In containers holding two litres or less:			
		– – – Other:			
		– – – – Of an actual alcoholic strength by volume not exceeding 13 % vol:			
		– – – – – Other:			
	2204 21 25	– – – – – White			
	ex 2204 21 29	– – – – – Other wines			0
		– – – – – Of an actual alcoholic strength by volume exceeding 13 % vol but not exceeding 15 % vol:			
		– – – – – Other:			
	2204 21 35	– – – – – White			
	ex 2204 21 39	– – – – – Other wines			0
		– – Other:			
		– – – Other:			
	– – – – Of an actual alcoholic strength by volume not exceeding 13 % vol:				
	– – – – – Other:				
2204 29 25	– – – – – White				
ex 2204 29 29	– – – – – Other wines	0			
	– – – – – Of an actual alcoholic strength by volume exceeding 13 % vol but not exceeding 15 % vol:				
	– – – – – Other:				
2204 29 35	– – – – – White				
ex 2204 29 39	– – – – – Other	0			
	from 1 January to 31 December 1995				

Note: Where 'ex' appears before the CN code, the scope of the tariffs is determined both by the scope of the CN code and that of the description of the products in the column TARIC Code and the corresponding period of application.

Source: R.3356/1994.

Duties on grape must (levy on added sugar and entry prices)**Table 182 Duties on grape must (levy on added sugar and entry prices): legal framework**

Laying down detailed rules for the transitional application of the system of entry prices for grape juice and musts (R.1960/95 of 9 August 1995) No longer in force	L189/10.08.95
Laying down detailed rules implementing the entry price arrangements for grape juice and musts (R.1281/99 of 18.6.1999) No longer in force (repealed by 883/01)	L153/19.06.99

Table 183 Duties on grape must (levy on added sugar and entry prices): measure application

<ul style="list-style-type: none"> • Grape juice (including grape must) of CN Codes 2009.60.51, 2009.60.59, 2009.60.71, 2009.60.79, 2009.60.90 • Other grape must of CN Codes 2204.30.91, 2204.30.99 	<p>Levy on added sugar content <u>R.822/87 (from 1988 to 1994):</u> <i>In addition</i> to the customs duties and countervailing charge, a levy on added sugar content shall be charged on imports. The levy, per 100 kilograms net weight of imported product, shall be equal: Levy = (Average of the threshold prices⁷⁶ for one kilogram of white sugar – Average of the CIF prices for one kilogram of white sugar) * (Standard added sugar content in Annex VII of R.822/87) If for one kilogram of white sugar Average of the CIF prices for one kilogram of white sugar > > Average of the threshold prices for one kilogram of white sugar no levy shall be charged. The levy was applicable on the day of importation. Imports had to be accompanied by a declaration of importer indicating the amounts of added sugar content or the amounts of sucrose, glucose and glucose syrup incorporated.</p> <p><u>R.3290/94 (from 1995 to 1999) and R.1493/99 (from 2000 to today):</u> Levy on added sugar was abolished by R.3290/94 as not compliant to URAA</p>
<ul style="list-style-type: none"> • Grape juice (including grape must) of CN Codes 2009.60 • Other grape must of CN Codes 2204.30 	<p>Entry price and additional import duty <u>R.822/87 (from 1988 to 1994):</u> Not applied <u>R.3290/94 (from 1995 to 1999) and R.1493/99 (from 2000 to today):</u> Application of the duties in the Common Customs Tariff depends on the import <i>entry price</i> of the product imported (ad valorem duty). The accuracy of that price is checked by means of a flat-rate import value depending on the origin and product on the basis of the weighted product average prices on Member States' representative import market or on other markets where applicable. Furthermore, products are subject to payment of an <i>additional import duty</i> according the conditions set out in Article 5 of the Agreement on Agriculture (Special Safeguard Provisions - SSG), in the framework of the Uruguay Round of multilateral trade negotiations. The <i>trigger prices</i>, below which an additional import duty may be imposed, are those forwarded by the Community to the World Trade Organization. The <i>trigger volumes</i>, which must be exceeded for an additional import duty to be imposed, are determined in particular on the basis of Community imports over the three preceding years. <u>R.883/01:</u> For wine products listed in the CCT to which an entry price applies, the actual import price shall be verified by checking every consignment, presented under a declaration of release for free circulation. The import price: (a) must be equal to the fob price of those products in their country of origin plus the cost of insurance and transport to the place of entry to the Community customs territory, (b) if calculation (a) cannot be determined, the products shall be classed in the Combined Nomenclature on the basis of the customs value determined in accordance with Art. 30 and 31 of the Common Customs Code (R.2913/92)</p>

⁷⁶ Threshold price =92% of guide price

Table 184 Example of fixing additional levy to ordinary customs duty for entry prices of concentrated grape must

CN code	Description	Conventional rate of duty (%)
1	2	3
2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009:	
2204 30	– Other grape must:	
	– – Other:	
	– – – Of a density of 1,33 g/cm ³ at 20 °C and of an actual alcoholic strength by volume not exceeding 1 % vol:	
2204 30 92	– – – – Concentrated:	
	– – – – – With an entry price per hl of:	
	– – – – – Not less than € 209,4	22,4 + 20,6 €/100 kg/net
	– – – – – Not less than € 203,2 but less than € 209,4	22,4 + 4,2 €/hl + 20,6 €/100 kg/net
	– – – – – Not less than € 201 but less than € 203,2	22,4 + 8,4 €/hl + 20,6 €/100 kg/net
	– – – – – Not less than € 196,8 but less than € 201	22,4 + 12,6 €/hl + 20,6 €/100 kg/net
	– – – – – Not less than € 192,6 but less than € 196,8	22,4 + 16,8 €/hl + 20,6 €/100 kg/net
	– – – – – Less than € 192,6	22,4 + 131 €/hl + 20,6 €/100 kg/net

Source: R.1832/2002

9.4.2. Export refunds

Overview of the measure

This measure is applicable to table wines, grape juice and grape must. Export refunds were fixed regularly by specific EU regulations and their amendments. By definition export refund is calculated by the type:

Export refund = = Prices of products exported in economically significant quantities –
– Prices for those products on the world market

Rates of export refunds (in EUR/HL) were diversified among different types of table wines and groups of third countries where exports were destined.

Legal framework and functionality of the measure

Table 185 Export refunds, legal framework under CMO for wine (Reg. 822/87, 1493/99)

Legislative document	Source
Uruguay Round Agreement on Agriculture (URAA) Schedules of Concessions: Schedule LXXX - EUROPEAN COMMUNITIES PART IV – Agricultural Products: Commitments limiting subsidization SECTION I – Domestic Support SECTION II: Export Subsidies SECTION III: Commitments Limiting the Scope of Export Subsidies	
Laying down general rules for granting export refunds on wine and criteria for fixing the amount of such refunds (R.345/79 of 5 February 1979) No longer in force (repealed by 3290/1994)	L054/05.03.79
<ul style="list-style-type: none"> Amending R.345/79 (R.2009/81 of 13 July 1981) No longer in force 	L195/18.07.81
Laying down detailed rules for export refunds in the wine sector (R.3389 of 27.11.1981) No longer in force (repealed by R.883/01)	L341/28.11.81
Advance payment of export refunds in respect of agricultural products (R.565/1980)	L062/07.03.80
Laying down common detailed rules for the application of the system of export refunds on agricultural products (R.800/1999 of 15.4.1999)	L102/17.04.99
Issuing of export licenses for wine-sector products (R.1206/2003 of 4 July 2003)	L168/05.07.03
Establishing an agricultural product nomenclature for export refunds (R.3846/87 of 17 December 1987)	L366/24.12.87
<ul style="list-style-type: none"> Amending R.3846/87 by Regulations 3445/89, 3399/90, 3567/93, 0836/95, 2180/03 	
Fixing the export refunds on wine and repealing Commission Regulation (EEC) No 204/84 (R.646/1986 of 28 February 1986) No longer in force (repealed by R.2137/93)	L060/01.03.86
<ul style="list-style-type: none"> Amending R.646/1986 by Regulations 1984/90, 2220/90, 3887/90, 2101/91, 2375/91, 2329/92, 3298/92, 2137/93 	
Fixing the export refunds in the wine sector and repealing R.646/86 (R.2137/1993 of 28 July 1993) No longer in force (repealed by R.2805/95)	L191/31.07.93
<ul style="list-style-type: none"> Amending R.2137/1993 by Regulations 3169/93, 3345/93, 0213/94, 0704/94, 1205/94, 1220/94, 1344/94, 2938/94, 3332/94, 0582/95 	
Fixing the export refunds in the wine sector and repealing Regulation (EEC) No 2137/93 (R.2805/1995 of 5 December 1995)	L291/06.12.1995
<ul style="list-style-type: none"> Amending R.2805/95 by Regulations 2083/96, 0068/1997, 0095/1997, 1937/1998, 2131/1999, 0569/2000, 1941/2000, 2440/2000, 1802/2001, 2454/2001, 0694/2002, 1574/2002, 0715/2003, 1175/2003, 1605/2003 	

Source: DG Agriculture, EUR-LEX, WTO

Table 186 Export refunds measure application according to R.822/87, R.3290/94 and R.1493/99

Product Coverage	Measure
<p>Table wines (Product classification and rates of export refunds defined by R.646/1986 R.2137/1993, R.2805/1995 and their amendments)</p>	<p>Export refunds for wines R.822/87 (from 1988 to 1994): Export refund = = Prices of products exported in economically significant quantities – – Prices for those products on the world market</p> <p>Export refunds were fixed at regular intervals. The refund was the same for the whole Community but it was occasionally varied according to destination.</p> <p>R.3290/94 (from 1995 to 1999) and R.1493/99 (from 2000 to today): Export refunds are applicable under the same general abovementioned rules, but subsidization is limited by the commitments set by Uruguay Round Agreements for reduction of refunds both in financial outlay and quantity. In the frame of R.3290/94 and R.1493/99, detailed methods for the allocation of quantities and fixing of refunds of exported products on the basis of the most advantageous export prices were established.</p>
<ul style="list-style-type: none"> • Grape juice (including grape must) (2009 60 11, 2009 60 71, 2009 60 79) • Other grape must (2204 30 99) <p>Into which have been added:</p> <ul style="list-style-type: none"> • Sugars (CN 1701) • Glucose and glucose syrup (CN Codes 1702 30 91, 1702 30 99, 1702 40 90 and 1702 90 50, whether or not in the form of products falling within subheadings 1702 30 51 and 1702 30 59) 	<p>Export refunds for added sugar content in grape juice and must R.822/87 (from 1988 to 1999): The refund to be granted per 100 kilograms net weight of exported product:</p> <p style="padding-left: 40px;">Raw sugar and white sugar: refunds fixed per kilogram of sucrose in accordance with CMO for sugar (Reg. 1785/81)</p> <p style="padding-left: 40px;">Glucose and glucose syrup: refunds fixed for those products in accordance with CMO for cereals (Reg. 2727/75).</p> <p>The refund was applicable on the day of exportation. Exports had to be accompanied by a declaration of exporter indicating the amounts of added sugar or the amounts of sucrose, glucose and glucose syrup incorporated.</p> <p>R.3290/94 (from 1995 to 1999) and R.1493/99 (from 2000 to today): Export refunds are applicable under the same general abovementioned rules, but subsidization is limited by the commitments set by Uruguay Round Agreements for reduction of refunds both in financial outlay and quantity for sugar and glucose content. In the frame of the new regulations, detailed methods for the allocation of quantities and fixing of refunds of exported products on the basis of the most advantageous export prices were established.</p>

Source: Own analysis of related legislation

Detailed presentation of the measure

Table 187 URAA: Commitments limiting subsidization of exports for wine in EU

Base outlay level mio €	Years of implementation 1995 - 2000	Base Quantity 000 hl	Annual and final quantity commitment levels 000 t	Annual and final outlay commitment levels mio €
64,5	1995	3.080,4	2.972,6	60,6
	1996		2.864,8	56,8
	1997		2.757,0	52,9
	1998		2.649,2	49,0
	1999		2.541,4	45,2
	2000		2.433,5	41,3

Source: WTO – URAA Agreement on Agriculture (Art. 3 & part IV of EU 's Schedules of Concessions)

Table 188 Expenditure for aid on export refunds (1977-2002)

Year	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Export refunds Value (mio Ecu)	1,1	1,6	4,6	26,4	25,8	31,9	20,2	18,6	18,9	11,2	27,3	45,7	45,3
Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Export refunds Value (mio Ecu)	54,7	55,5	77,3	100,2	80,4	36,7	40,77	59,69	41,21	27,4	21,5	22,4	24,0

Note: 2002 data are provisional

Source: ONIVINS, own calculation

Table 189 Share of refunded exports to the total volume of exports (1999 – 2003)

Wine production year	99-00	00-01	01-02	02-03
Total Exports (Hl)	11.648.465	12.065.814	12.640.072	12.468.100
Exports refunded (Hl)	2.396.449	2.271.535	2.316.289	2.304.027
% of refunded exports	20,57%	18,83%	18,32%	18,48%

Source: EUROSTAT, DG Agriculture, own calculation.

Table 190 Detailed presentation of fixing of Export Refunds in Eur/HL (1995 - 2004)

Description of wines	Destinations *	R.2805	R.2083	R.0095	R.1937	R.2131	R.0569	R.1941	R.2440	R.1802	R.2454	R.694	R.1574	R.0715	R.1175	R.1605
		/1995	/1996	/1997	/1998	/1999	/2000	/2000	/2000	/2001	/2001	/2002	/2002	/2003	/2003	/2003
		12/95	11/96	01/97	09/98	10/99	03/00	09/00	11/00	09/01	01/02	04/02	07/02	04/03	06/03	09/03
white, 9% < v <= 15%, Types AII and AIII	02/09/03/W02/W03	4,782	4,782	4,782	4,782	4,543	4,543	4,543								
white, 9% < v <= 11%, other than AII and AIII	02/W02	21,217	17,398	13,918	8,068	7,419	7,419	7,419	7,419	7,419	7,419	5,358	5,358	5,358	5,358	5,358
	09/03/W03	19,854	16,280	13,024	7,549	7,172	7,172	6,455	6,455	6,455	6,455	5,358	5,358	5,358	5,358	5,358
white, 11% < v <= 13%, other than AII and AIII	02/W02	24,840	20,369	16,295	9,445	8,685	8,685	8,685	8,685	8,685	8,685	6,271	6,271	6,271	6,271	6,271
	09/03/W03	23,244	19,060	15,248	8,838	8,396	8,396	7,556	7,556	7,556	7,556	6,271	6,271	6,271	6,271	6,271
other white, 9% < v <= 13%	02/09/03/W02/W03	4,782	4,782	4,782	4,782	4,543	4,543	4,543	4,543	4,543	4,543	3,771	3,771	3,771	3,771	3,771
red, 9,5% <= v <= 11%, Other than RIII	02/W02	21,217	17,398	15,136	10,065	9,742	9,742	9,742	9,742	8,963	8,963	6,473	6,473	6,473	6,473	6,473
	09/03/W03	19,854	16,280	14,164	9,419	9,419	9,419	8,477	8,477	7,799	7,799	6,473	6,473	6,473	6,473	6,473
red, 11% <= v <= 13%, Other than RIII	02/W02	24,840	20,369	17,721	11,785	11,406	11,406	11,406	11,406	10,494	10,494	7,578	7,578	7,578	7,578	7,578
	09/03/W03	23,244	19,060	16,582	11,027	11,027	11,027	9,924	9,924	9,130	9,130	7,578	7,578	7,578	7,578	7,578
White wine (An.I point 13 of R.1493/99), 13% < v <= 15%, Other than RIII	02/03/09/W01/W02	28,980	23,764	19,011	11,019	10,132	10,132	10,132	10,132	10,132	10,132	7,578	7,317	7,317	7,317	7,317
Red wine (An.I point 13 of R.1493/99), 13% < v <= 15%, Other than RIII	02/03/09/W01/W02	28,980	23,764	20,675	13,749	13,307	13,307	13,307	13,307	12,242	12,242	8,842	8,842	8,842	8,842	8,842
Liqueur wines other than quality wines psr	02/03/09/W01/W02	15,000	15,000	15,000	14,250	14,250	14,250	14,250	14,250	14,250	14,250	14,250	14,250	14,250	14,250	14,250
Concentrated grape juice & must unfermented or in fermentation arrested without alcohol	01/W01	82,612	67,742	52,161	43,359	43,359	43,359	39,023	39,023	39,023	39,023	39,023	39,023	39,023	39,023	39,023
Not concentrated grape juice & must unfermented or in fermentation arrested without alcohol	01/W01	21,888	17,948	13,820	11,488	11,488	11,488	10,339	10,339	10,339	10,339	10,339	10,339	10,339	10,339	10,339

Note: Table wines include specific nomenclature codes (specific reference) for Italian wines (Veneto, Sicily and Puglia)

* Destinations 01, 02, 09 (R.2805/95):

01: Libya, Nigeria, Cameroon, Gabon, Saudi Arabia, United Arab Emirates, India, Thailand, Vietnam, Indonesia, Malaysia, Brunei, Singapore, Philippines, China, South Korea, Japan, Taiwan, Equatorial Guinea

02: All countries of African Continent except from those belonging to category 09

09: All destinations other than 02, with the exception of the following countries: Algeria, Australia, Bosnia-Herzegovina Croatia, Cyprus, Israel, Morocco, Serbia and Montenegro, Slovenia, South Africa, Switzerland, FYROM, Tunisia, Turkey, Hungary, Bulgaria, Romania

* Destinations 01, 02, 03 (R.2131/99) and W01, W03 (R.1941/2000, R.1605/2003):

01/W01: Libya, Nigeria, Cameroon, Gabon, Saudi Arabia, United Arab Emirates, India, Thailand, Vietnam, Indonesia, Malaysia, Brunei, Singapore, Philippines, China, Hong Kong, SAR, South Korea, Japan, Taiwan, Equatorial Guinea

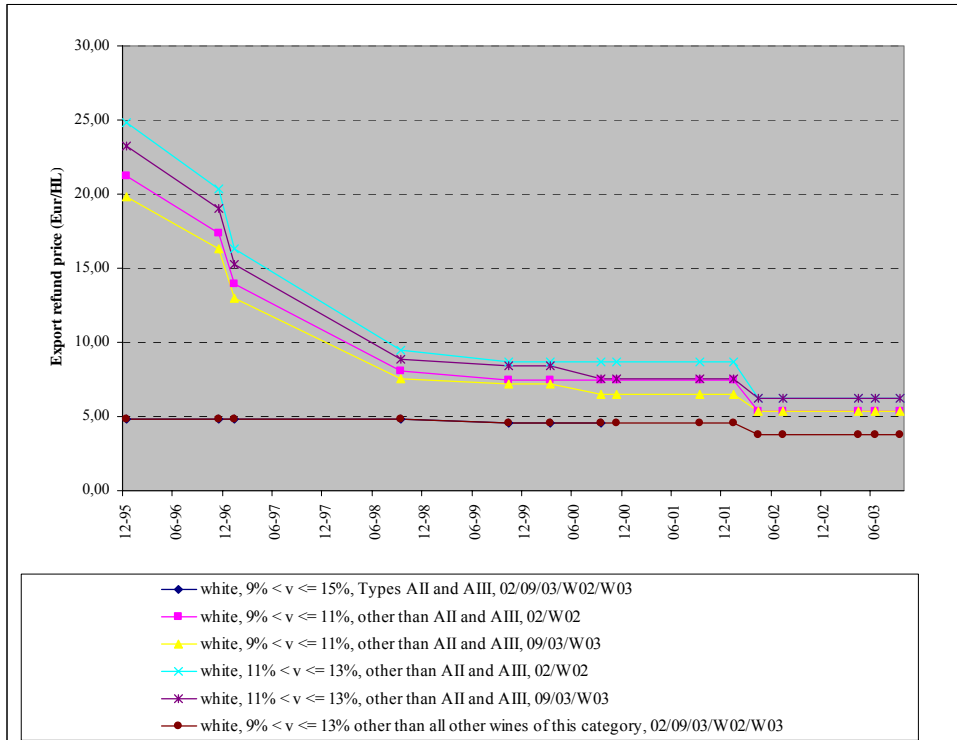
02/W02: All African countries with the exception of: Algeria, Morocco, South Africa, Tunisia, Angola.

03/W03: All destinations except of: Africa, America, Australia, Bosnia-Herzegovina Croatia, Cyprus, Israel, Serbia and Montenegro, Slovenia, Switzerland, FYROM, Turkey, Hungary, Bulgaria, Romania, Estonia, Lithuania, Poland, Czech Republic, Slovak Republic, Latvia and Malta (in red fonts countries added by R.1605/2003)

* Destinations W02 (R.1941/2000): Algeria, Morocco, South Africa, Tunisia

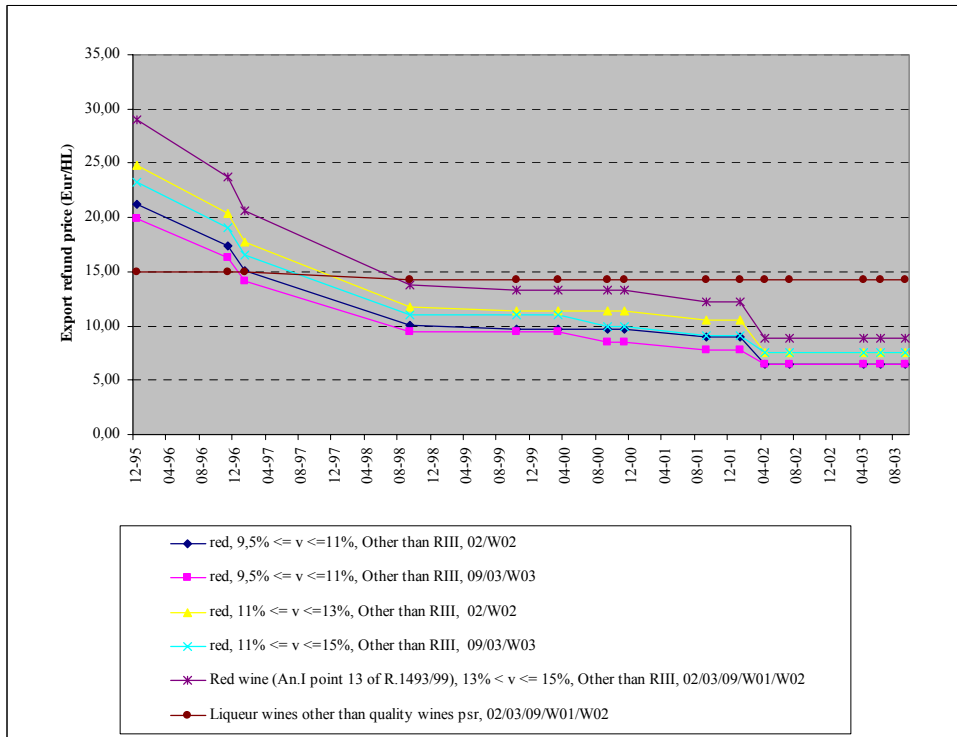
Source: R.2805/1995 and its amendments

Graph 192 Fixing of Export Refunds for white table wines (1995 - 2002)



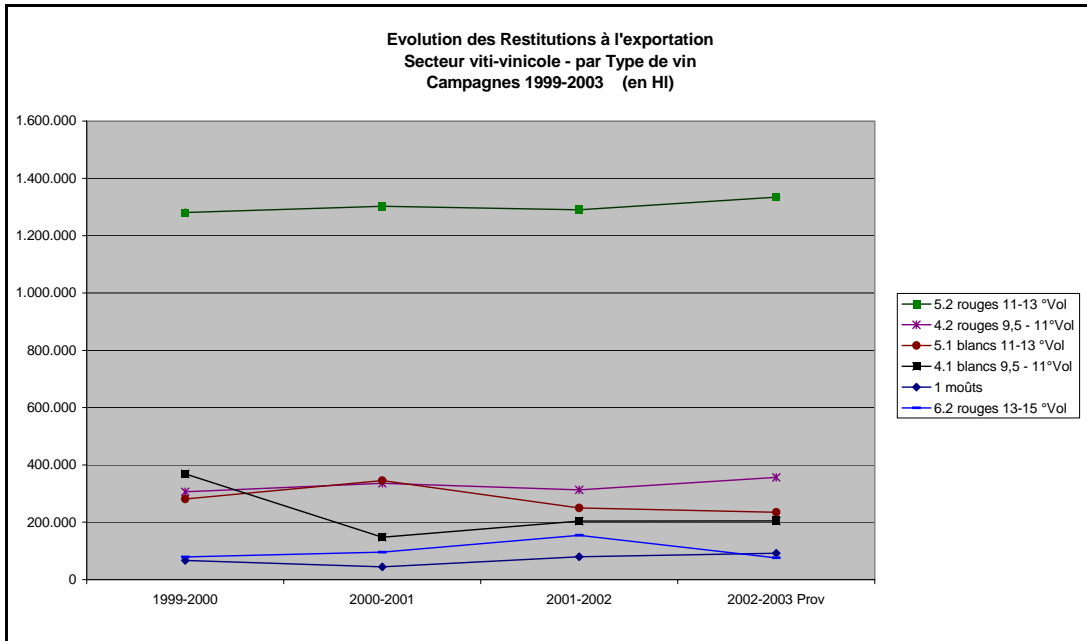
Destinations: 01, 02, 09, W01, W02 are explained in the notes of table 182.
 Source Regulation 2805/95 and its amendments, own calculation.

Graph 193 Fixing of Export Refunds for red table wines and liqueur non qwpsr wines (1995 - 2002)



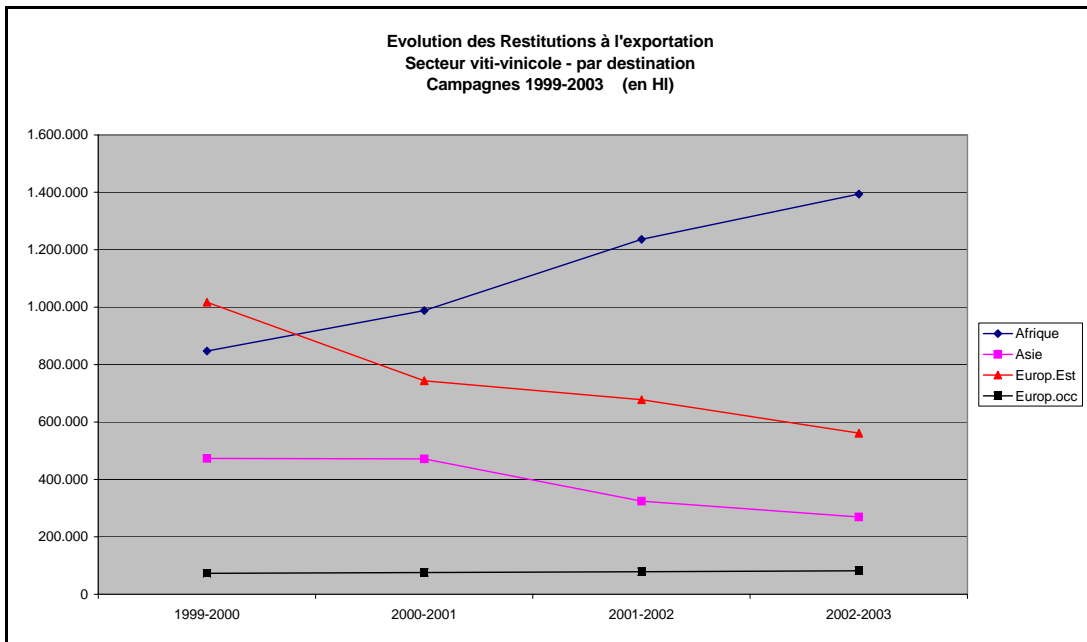
Source Regulation 2805/95 and its amendments, own calculation.

Graph 194 Evolution of export refunds for vine growing sector per wine type



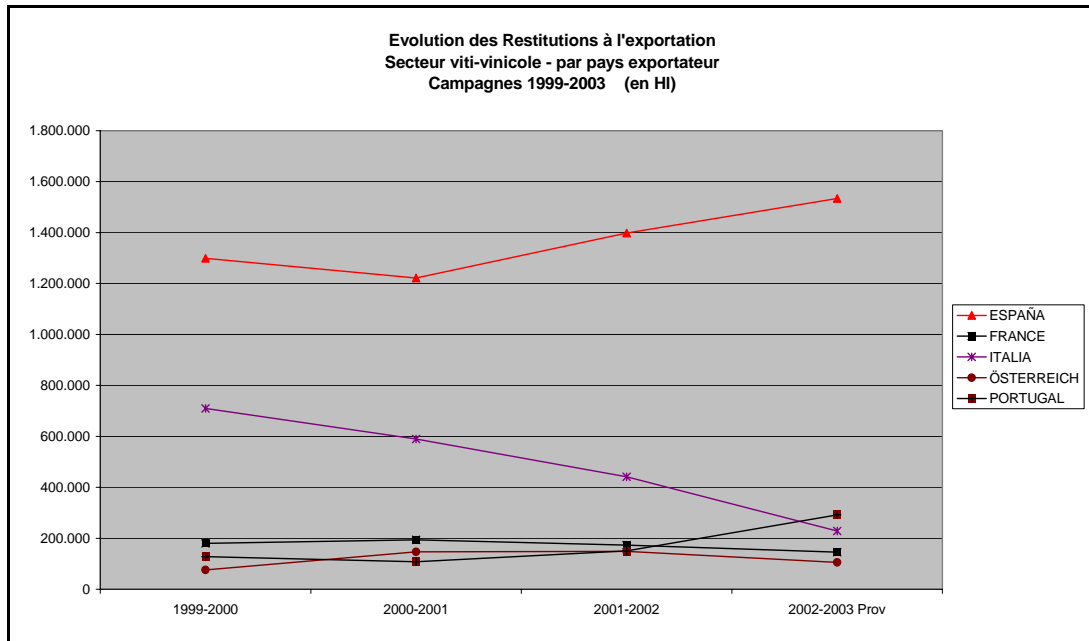
Source DG Agriculture.

Graph 195 Evolution of export refunds for vine growing sector per destination



Source: DG Agriculture.

Graph 196 Evolution of export refunds for vine growing sector per exporting country



Source DG Agriculture

9.4.3. Bilateral agreements

Overview of the measure

The main subjects of the agreements signed between EU and third countries refer to: (i) regulatory measures on trade, (ii) preferential rates of duty and/or reduction of duties and charges e.g. for reference prices.

Regulatory measures related to trade with third countries refer to: (i) import and export licences, (ii) import restrictions under articles 70 & 73 of R.822/87 and articles 44, 45 & 68, R.1493/99, (iii) oenological practices, (iv) quality wine regime, (v) description – designation – presentation – protection of wines, (vi) prohibition of import levies and quantitative restrictions, (vii) authorities for issuing licences and laboratories for analysis of imported wines, (ix) stock declaration, (x) classification of grape varieties, (xi) coupage of wines, (xii) inward processing arrangements, (xiii) serious disturbances by reason of imports and exports etc.

The main bilateral agreements signed with third countries were signed between EU and the following countries: (i) *Australia*: D.184/1994, (regulatory measures), (ii) *Chile*: D.979/2002, (tariff preferences, regulatory measures), (iii) *USA*: R.2303/2003 (labelling rules for wines imported from USA) and R. 1037/2001 (oenological processes), (iv) *Hungary, Bulgaria and Romania*: R.933/1995 (tariff quotas) R.722/93, R.724/93 and R.726/93 (reciprocal protection and control of wine names), (v) *Croatia, Slovenia, former Yugoslav Republic of Macedonia*: R.4231/88, R.547/92, R.3356/94 and R.R.2597/01 (tariff quotas).

Regulatory measures on trade with third countries

Table 191 Regulatory measures: legal framework related to trade with third countries

CMO Wine 1987 – 1994 (R822/87) & CMO Wine 1995 – 1999 (R3290/94),	
Laying down special provisions relating to quality wines produced in specified regions. (Council Regulation (EEC) No 823/87 of 16 March 1987) No longer in force (repealed by 1493/99)	OJ L 084 (27.03.1987)
CMO Wine 1999 – 2003 (R1493/99)	
Laying down detailed rules for implementing Council Regulation (EC) No 1493/1999 as regards trade with third countries in products in the wine sector (Commission Regulation No 883/2001 of 24 April 2001)	OJ L 128 (10.5.2001)
Laying down certain detailed rules for implementing Regulation (EC) No 1493/1999 on the common organisation of the market in wine and establishing a Community code of oenological practices and processes (Commission Regulation 1622/00 of 24 July 2000)	OJ L 194 (31.07.2000)
Laying down certain rules for applying Council Regulation (EC) No 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products (Commission Regulation No 753/2002 of 9.4.2002) Amending Regulation 753/2002. Commission Regulations 2086/2002, 1205/2003 and 316/2004	OJ L 118 (4.5.2002)

Source: DG Agriculture, EUR-LEX,

Table 192 Major regulatory measures of CMO for wine related to trade with third countries

Measure	Details
Import and export licence (R.822/87, article 52, R.1493/99 article 59)	<p>Any of the following products <u>shall be</u> subject to presentation of an import licence:</p> <ul style="list-style-type: none"> • CN Code 2009 61 and 2009 69: grape juice (including grape must) • CN Code ex 2204: Wine of fresh grapes, including fortified wines; grape must other than 2009, excluding other grape must of CN Codes 2204 30 - 92, 94, 96, 98 <p>Imports into the Community of any other products than those listed above and exports from the Community of any of the products in article 1(2) of R.822/87 or R.1493/99 <u>may be</u> subject to presentation of an import or export license.</p> <p>Licences shall be valid throughout the Community. The issue of such licences shall be conditional on the provision of a security guaranteeing.</p> <p>CMO regulations (such as R. determined (a) the list of products in respect of which import or export licences are required; (b) the term of validity of the licence and other detailed rules.</p>
Import Restrictions (R.822/87, article 70 & 73, R.1493/99 articles 44, 45 & 68)	<p>Products 2009 60 and 2204 according to R.822/87 and R.1493/99 may be imported, except for certain wines with a certification of origin, only:</p> <ul style="list-style-type: none"> • if they correspond to the provisions governing production, marketing and delivery for direct human consumption in the third countries in which they originate, and compliance is furnished by a certificate issued by a competent body in the third country in which the product originates • if wines imported for direct human consumption are accompanied by an analysis report drawn up by a body or department designated by the third country in which the product originates. <p>Wines intended for direct human consumption other than liqueur wines and sparkling wines according to R.822/87 and R. 1493/99 may be imported only:</p> <ul style="list-style-type: none"> • if they have an actual alcoholic strength by volume of not less than 9 % vol and a total alcoholic strength by volume not exceeding 15 % vol, • if they have a total acidity content expressed as tartaric acid of not less than 4,5 grams or 60 milliequivalents per litre (R.822/87) or 3,5 grams and 46,6 milliequivalents per litre (R.1493/99). <p>The Council may allow imports of certain wines of a geographical ascription (when actual alcoholic strength by volume > 8,5 % vol, total alcoholic strength by volume > 15 % vol without any enrichment).</p> <p>Fresh grapes, grape must, grape must in fermentation, concentrated grape must, rectified concentrated grape must, grape must with fermentation arrested by the addition of alcohol, grape juice and concentrated grape juice originating in third countries: according to R.822/87 and R. 1493/99 these products may not be turned into wine or added to wine in the territory of the Community. Furthermore, these products may not undergo alcoholic fermentation within the territory of the Community (except for Piquette wines CN 2206 00 intended for the production in the United Kingdom and Ireland). However, according to R.822/87, such operations shall be permitted in free zones, provided the wine so obtained is intended for consignment to a third country.</p> <p>Fresh grape must with fermentation arrested by the addition of alcohol: if imported, according to R.822/87 and R. 1493/99, it may be used for the preparation of products not falling within subheadings 2204 10, 2204 21 and 2204 29 of the CCT.</p> <p>Wine lees, grape marc, piquette or wine fortified for distillation: according to R.822/87, neither wine nor any other beverage intended for direct human consumption may be made from such type of imported products; however, portable spirits may be made from imported wine fortified for distillation. According to R. 1493/99 wines fortified for distillation may be used only for distillation. Furthermore, with the exception of alcohol, spirits and piquette, neither wine nor any other beverage intended for direct human consumption may be made from wine lees or grape marc.</p> <p>Generally speaking: imported products may not be offered or disposed of for direct human consumption: (i) according to R.822/87 and R.1493/99 CMO products (except wine lees, piquette and grape marc) which are not of sound and fair merchantable</p>

Measure	Details
	quality, (ii) according to R.822/87 CMO products, which do not comply with the definitions according to CMO regulatory documents, (iii) according to R.1439/99 all CMO products which do not comply with the definitions shown in Annex I.
Oenological Practices (R.822/87, article 73, R.1493/99 articles 45)	R.822/87 (FROM 1988 TO 1999): products falling within subheadings 2204 10, 2204 21, 2204 29 and 2204 30 10 of the combined nomenclature, whether imported or not, which have undergone oenological practices not allowed by community rules (as generally described on annex vi of r.822/87) or, where such rules do not exist, by national rules, may not be offered or disposed of for direct human consumption. R.1493/99 (from 2000 to today): the same rule applies for the new CMO for wine. But the main difference is that oenological practices are far more sophisticated under the new legal framework: there are two more detailed annexes in R.1493/99 (Annex IV - list of authorised oenological practices and processes, Annex V - Limits and conditions for certain oenological practices) but also a separate Community Regulation (R.1622/00) for laying down certain detailed rules and establishing a Community code.
Quality wine regime (R.822/87, article 63, R.1493/99 title VI)	R.822/87 (from 1988 to 1999): There are several references all over the document of R.822/87 for QWPSR. For the purposes of marketing within EU, imported wines intended for direct human consumption and bearing a geographical ascription may, where reciprocal arrangements (negotiations and agreements with the relevant third countries) can be established, be controlled and protected as provided for in Article 16 of R.338/79, a specific law issued in respect of QWPSR. R.1493/99 (from 2000 to today): The quality wine regime was entirely revised in the frame of R.1493/99. Description of QWPSR was put in a new chapter (Title VI) and a specific Annex (Annex VI). Protection of QWPSR, under the liberalization of the international market due to URA and instead of a simple reference for QWPSR protection on article 63 of R.822/87, was included in a new entire chapter (Chapter II Description, designation, presentation and protection of certain products), as explained afterwards.
Description, designation, presentation and protection (R.822/87 art.63, R.3290/94 art.72.a, R.1493/99 art.50 and generally Chapter II, Annexes VII and VIII, R.753/02)	R.822/87 (from 1988 to 1999): these rules are set upon specific references throughout the document of the Regulation. No specific rules on trade with third countries were set except for imported wines bearing a geographical ascription (as presented for “quality wine regime”) R.3290/94 (from 1994 to today): in the frame of Uruguay Round Agreement, R.3290/94 added article 72.a on R.822/87 for protection of Intellectual Property Rights. More specifically, based on the terms stipulated in Articles 23 and 24 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, measures had to be taken to prevent the use in the Community of a geographical indication ⁷⁷ attached to wines (CN Codes 2204 10, 2204 21 and 2204 29) not originating in the place indicated by a geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.. The measure shall apply notwithstanding other specific provisions in Community legislation laying down rules for the designation and presentation of the products. R.1493/99 (from 2000 to today): the new regulation retained all previous provisions but all relevant measures were entirely revised in a new chapter (Chapter II Description, designation, presentation and protection of certain products), two annexes (Annex VII and Annex VIII for products other than sparkling wines and sparkling wines respectively) and a separate Community Regulation (R.753/02) for laying down detailed rules. Some indicative provisions applicable for trade with third countries: <ul style="list-style-type: none"> • Trade-Related Aspects of Intellectual Property Rights exactly as set in article 72.a of R.822/87 (as amended from R.3290/94) in the frame URAA. • Provisions governing the labelling of products, in order to ensure that the

⁷⁷ “Geographical indications” identify a product as originating in the territory of a third country which is a member of the World Trade Organization or in a region or locality within that territory, in cases where a certain quality, reputation or other given characteristic of the product may be attributed essentially to that geographical place of origin.

Measure	Details
	<p>consumers are aware of the nature of the product concerned and that the latter is not labelled as a Community product or as the product of a Member State.</p> <ul style="list-style-type: none"> • Products whose description or presentation does not conform may not be held for sale or put on the market in the Community or exported. However, in the case of products intended for export, derogations from the provisions may be authorised by the Member States where the legislation of the importing third country so requires. When description or presentation does not conform necessary steps must be taken to impose penalties in respect of infringements committed, according to their gravity. Authorisation however, may be granted provided that wine description or presentation is changed to conform.
Prohibition of import levies and quantitative restrictions (R.822/87 article 62, R.1493/99 article 66)	<p>R.822/87 (from 1988 to 1999): The following had to be prohibited: (a) the levying of any charge having effect equivalent to a customs duty (b) the application of any quantitative restriction or measure having equivalent effect (e.g. the restriction of import or export licences to a specified category of those entitled to receive them).</p> <p>R.3290/94 and R.1493/99 (from 2000 to today): same as for R.822/87 the new regulation (a) the levying of any charge having equivalent effect to a customs duty and (b) the application of any quantitative restriction or measure having equivalent effect, save as otherwise provided must be prohibited:</p>

Source: Own analysis of related legislation

Table 193 Other indicative regulatory measures of CMO for wine related to trade with third countries

Measure	Details
Authorities for issuing licences Laboratories for analysis of imported wines	R.822/87 (from 1988 to 1999): Member States shall designate (a) one or more authorities responsible for verifying compliance with provisions of regulation for CMO (b) the laboratories authorized to carry out official analyses, in the wine sector. The designated authorities must enter into direct contact with the appropriate authorities of the other Member States or of third countries, which have concluded an agreement or arrangement with the Community. R.1493/99 (from 2000 to today): similar provisions are applied on article 72 of R.1493/99
Stock declaration	R.822/87 (from 1988 to 1999): Must and wine imported from third countries shall be stated separately, each year in the declaration of producers of must and wine, and merchants other than retailers. R.1493/99 (from 2000 to today): the same provision is applied in article 18.2 of R.1493/99
Classification of grape varieties	R.822/87 (from 1988 to 1999): Without prejudice to any more restrictive provisions, only recommended varieties and authorized varieties may be used for new planting, replanting or grafting in the Community. The possibility for a Member State to derogate is for vine varieties, which are intended for export. R.1493/99 (from 2000 to today): similar provision is applied in article 19.3 of R.1493/99, without specific references on export
Coupage of wines	R.822/87 (from 1988 to 1999): Blending and coupage of imported wines with each other was prohibited. Coupage of a wine originating in a third country with a Community wine and coupage in the geographical territory of the Community between wines originating in third countries was prohibited. Coupage was permitted in free zones, provided that the resultant wine is intended for export to a third country. R.1493/99 (from 2000 to today): the same provision is applied in article 44.14 of R.1493/99
Sweetening of wines	R.822/87 (from 1988 to 1999): The sweetening of imported wines intended for direct human consumption and bearing a geographical ascription shall be forbidden within the territory of the Community. The sweetening of other types of imported wines shall be subject to rules to be determined. R.1493/99 (from 2000 to today): the same provision is applied in paragraphs F.2 and F.3 of Annex V of R.1493/99. All references for oenological practices of R.822/87 were integrated into Annexes on R.1493/99
Addition of alcohol to products of CMO for wine	R.822/87 (from 1988 to 1999): With the exception of (a) fresh grape must with fermentation arrested by the addition of alcohol (b) liqueur wine (c) wine fortified for distillation, the addition of alcohol to the products of CMO shall be prohibited. Derogations were to be taken in respect of special uses or in respect of products intended for export. Imports of products of CMO to which alcohol has been added was prohibited, with the exception of products corresponding to those originating in the EU in which such addition is allowed (fresh grape must with fermentation arrested by addition of alcohol, liqueur wine and wine fortified for distillation). R.1493/99 (from 2000 to today): similar provision is applied in article 43.2 of R.1493/99, without specific reference for export
Forward estimate determining EU resources and needs	R.822/87 (from 1988 to 1999): A forward estimate shall be drawn up for the purpose of determining the EU resources and estimating its needs, including foreseeable imports from and exports to third countries. The forward estimate shall show the proportion of table wines and quality wines par, respectively. R.1493/99 (from 2000 to today): no similar provision exists in R.1493/99
Distillation	R.822/87 (from 1988 to 1999): Wine made from grapes belonging to varieties not listed as wine grape varieties in the classification of vine varieties and which is not exported, shall be distilled before the end of the wine production year. Where wine is produced from a grape variety listed in the "classification" as both a wine grape variety and a variety for use for another purpose, any wine which is produced in excess of the normal

Measure	Details
	quantity and which is not exported shall be distilled before the end of the wine production year. Products obtained by distillation taken over by the intervention agencies may be disposed of, where appropriate after processing, only in the form of alcohol other than neutral alcohol, alcohol which has been totally denatured or which has undergone special denaturing, denatured alcohol, provided it is intended for export. R.1493/99 (from 2000 to today): similar provisions are applied in articles 28.1 and 33 of R.1493/99
Aid for grape must	R.822/87 (from 1988 to 1999): The amounts of aid for the use of grape musts must be fixed so that the supply costs for grape musts and concentrated grape musts, originating in the Community and intended for the manufacture of the products referred to, achieve a level comparable to the free-at-frontier offer price plus the customs duties actually to be charged for grape musts and concentrated grape musts produced in third countries. R.1493/99 (from 2000 to today): similar provision is applied in article 36.4 of R.1493/99, of course without mentioning free-at-frontier prices which refer to the measure of reference price which were abolished by R.3290/94
Inward processing arrangements	R.822/87 (from 1988 to 1994): The Council may prohibit, in whole or in part, the use of inward processing arrangements in respect of some or all of the products of CMO for wine R. 3290/94 (from 1995 to 2000) and R.1493/99 (from 2000 to today): similar provision is applied in article 57 of R.3290/94 and article 65 of R.1493/99
Serious disturbances by reason of imports and exports	R.822/87 (from 1988 to 1994): If by reason of imports or exports the Community market in one or more of the products of CMO experiences or is threatened with serious disturbances liable to endanger the objectives of common agricultural policy, appropriate measures may be applied in trade with third countries until such disturbance or threat of disturbance has ceased. In such case account shall be taken: (a) of the quantities for which import licences have been issued or requested, (b) of the extent of any intervention measures. R. 3290/94 (from 1995 to 2000) and R.1493/99 (from 2000 to today): similar provision is applied in article 60 of R.3290/94 and article 69 of R.1493/99
Maximum levels of volatile acid	R.822/87 (from 1988 to 1999): The maximum allowable levels of volatile acid set in article 66 shall apply, among other products, to grape must in fermentation and wines originating in third countries, at all stages following their entry into the geographical territory of the Community. Provision for exceptions as regard: (a) certain QWPSR and certain table wines designated pursuant to Article 72 (2) where they have matured over a period of at least two years, or have been produced according to particular methods, (b) wines with a total alcoholic strength by volume of at least 13 % vol. R.1493/99 (from 2000 to today): the same provision is applied in paragraph B.2 of Annex V of R.1493/99. All references for oenological practices of R.822/87 were integrated into Annexes on R.1493/99
Imported wine for production of sparkling wine	R.822/87 (from 1988 to 1999): Imported wine, which may be used for making sparkling wine, must come from wine varieties and wine-growing regions giving it characteristics, which differentiate it from Community wine. A list of these vine varieties and regions shall be drawn up R.1493/99 (from 2000 to today): the same provision is applied in paragraph 15 of Annex I of R.1493/99

Source: Own analysis of related legislation

Table 194 Content of R.883/2001, laying down detailed rules as regards trade with third countries

<p>CHAPTER I import and export licences</p> <p>Article 1 Common implementing rules</p> <p>Article 2 Information given on the licence</p> <p>Article 3 Period of validity</p> <p>Article 4 Securities</p> <p>Article 5 Communications on import licences</p> <p>CHAPTER II special export licence arrangements under the URAA</p> <p>Article 6 Aim</p> <p>Article 7 staggering of the total quantity over the year and lodging of applications</p> <p>Article 8 Categories and groups of products</p> <p>Article 9 Export licence applications</p> <p>Article 10 Transfer of licences</p> <p>Article 11 Tolerance</p> <p>Article 12 Communications from Member States</p> <p>Article 13 Commission decisions</p> <p>CHAPTER III entry price arrangements for grape juice and must</p> <p>Article 14 Verification by consignment</p> <p>Article 15 Checking</p> <p>CHAPTER IV export refunds in the wine sector</p> <p>Article 16 Frequency</p> <p>Article 17 Licence requirement</p> <p>Article 18 Proof</p> <p>Article 19 Checks by the Member States</p> <p>CHAPTER V certificates and analysis reports for wine, grape juice and must on import</p> <p>Section 1 General</p> <p>Article 20 Documents required</p> <p>Article 21 Contents of the analysis report</p> <p>Article 22 Exemptions</p> <p>Article 23 Exclusion</p> <p>Section 2 drawing up and using the certificate and analysis report for imports</p> <p>Article 24 V I 1 document</p> <p>Article 25 Description of documents</p> <p>Article 26 Simplified procedure</p> <p>Article 27 Derogations</p>	<p>Article 28 Use</p> <p>Article 29 List of competent bodies</p> <p>Article 30 Indirect imports</p> <p>Article 31 Conformity of oenological practices</p> <p>Article 32 Special rules for particular wines</p> <p>CHAPTER VI analytical derogations for certain imported wines</p> <p>Article 33</p> <p>CHAPTER VII definitions of certain products in the wine sector originating in third countries</p> <p>Article 34 Definitions</p> <p>CHAPTER VIIa specific provisions on exports</p> <p>Article 34a</p> <p>CHAPTER VIII final provisions</p> <p>Article 35 Repeal</p> <p>Article 36 Entry into force</p> <p>ANNEXES</p> <p>ANNEX I Issue of import licenses</p> <p>ANNEX II Product categories referred to in article 8(1)</p> <p>ANNEX III Product groups referred to in article 8(2)</p> <p>ANNEX IV List of countries by zone of destination, as referred to in Article 9(6)</p> <p>ANNEX V Notifications as referred to in Article 12(4)</p> <p>ANNEX VI List of countries referred to in Article 22</p> <p>ANNEX VII V I 1 document as referred to in Article 24(1)</p> <p>ANNEX VIII Technical rules on V I 1 and V I 2 forms referred to in Articles 24 and 25</p> <p>ANNEX IX List of countries as referred to in Article 24(2) and Article 26</p> <p>ANNEX X V I 2 document as referred to in Article 25(1)</p> <p>ANNEX XI Definitions referred to in Article 34</p>
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Source: R.883/2001, own analysis of related legislation

Table 195 Content of R.753/2002 and its amendments (description, designation, presentation and protection) related especially to trade with third countries

Title I. Common rules
Article 5 Negotiations
<i>Article 9 Reservation of certain types of bottle</i>
Title II. Rules on grape must, grape must in fermentation, concentrated grape must, new wine still in fermentation and wine of overripe grapes
<i>Article 11 General provisions</i>
Article 12 Compulsory particulars
Title IV. Rules for table wines with a geographical indication and quality wines psr
Article 19 Indication of vine variety
Article 21 Awards and medals
Article 24 Protection of traditional terms
Title V. Rules applicable to imported products
Article 34 General rules
Article 35 Names of third countries
Article 36 Imported wines with a geographical indication
Article 37 Other particulars which may be included on the labelling of imported wines with a geographical indication
Article 37a
Article 37b Liqueur wine, semi-sparkling wine, aerated semisparkling wine, sparkling wine
Annexes
ANNEX III List of traditional terms referred to in Article 24
ANNEX IV Indications which exceptionally identify a wine as originating in a third country as a whole as referred to in Article 36(1)
ANNEX V List of third countries not belonging to the World Trade Organisation referred to in Article 36(2)
ANNEX VIII List referred to in Article 44 of sparkling wines originating in a third country the conditions for whose production are recognised as equivalent to those laid down for a quality sparkling wine bearing the name of a geographical unit

Source: R.753/2002, own analysis of related legislation.

Legal framework and application of the most important agreements

Table 196 Bilateral Agreements with third countries: legal framework

Australia	
Conclusion of an Agreement between the European Community and Australia on trade in wine (Council Decision No 184 of 24.1.1994)	OJ L 86/1 (31.3.1994)
Agreement between the European Community and Australia on trade in wine	OJ L 86/3 (31.3.1994)
Agreement between the European Community and Australia on trade in wine	OJ L 213 (9.8.2003)
Chile	
Agreement establishing an association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part (Council Decision No 979/2002 of 18 November 2002)	OJ L 352 (30.12.2002)
<ul style="list-style-type: none"> Documents attached in the Decision: Association Agreement, Annexes: Annex V- Agreement on trade in wines (Referred to in Article 90 of the Association Agreement), Protocols and Final Act 	
United States of America	
Specific labelling rules for wines imported from the United States of America (Commission Regulation (EC) No 2303/2003 of 29 December 2003)	OJ L 342 (30.12.2003)
Authorising the offer and delivery for direct human consumption of certain imported wines which may have undergone oenological processes not provided for in Regulation (EC) No 1493/1999 (Council Regulation (EC) No 1037/2001 of 22 May 2001)	OJ L 145 (31.05.2001)
<ul style="list-style-type: none"> Amending Regulation (EC) No 1037/2002 (Commission Regulation 2324/2003) 	L345/31.12.03
South Africa	
Provisional application of the Agreement between the EC and the Republic of South Africa on trade in wine (Council Decision No 53 of 21.1.2002)	OJ L 028/129 (30.1.2002)
Agreement between the European Community and the Republic of South Africa on trade in wine	OJ L 028/4 (30.1.2002)
Provisional application of the Agreement between the European Community and South Africa on trade in spirits (Council Decision No 54 of 21.1.2002)	OJ L 028/131 (30.1.2002)
Agreement between the European Community and the Republic of South Africa on trade in spirits	OJ L 028/113 (30.1.2002)
Mexico	
Concerning the conclusion of an Agreement between the European Community and the United Mexican States on the mutual recognition and protection of designations for spirit drinks (Council Decision No 361 of 27.5.1997)	OJ L 152/15 (11.06.1997)
Agreement between the European Community and the United Mexican States on the mutual recognition and protection of designations for spirit drinks	OJ L 152/16 (11.06.1997)
Hungary, Bulgaria and Romania	
Opening and providing for the administration of Community tariff quotas for certain wines originating in Bulgaria, Hungary and Romania (Council Regulation No 933 of 10.4.1995)	OJ L 096 (28.4.1995)
Conclusion of Agreements in the form of Exchanges of Letters between the European Community and the Republic of Bulgaria, the Republic of Hungary and the Republic of Romania on reciprocal preferential trade concessions for certain wines and spirits, and amending Regulation (EC) No 933/95 (Council Regulation No 678/2001 of 26.2.2001):	OJ L 094 (4.4.2001)
<ul style="list-style-type: none"> * Conclusion of an Agreement between the European Community and Republic of Bulgaria on the reciprocal protection and control of wine names (Council Decision 722/93 of 23 November 1993): * Conclusion of an Agreement between the European Community and Republic of Hungary on the reciprocal protection and control of wine names (Council Decision 724/1993 of 23 November 1993): * Conclusion of an Agreement between the European Community and 	OJ L 337 31/12/1993

Republic of Romania on the reciprocal protection and control of wine names (Council Decision 726/93 of 23 November 1993)	
Switzerland	
Agreement between the European Community and the Swiss Confederation on trade in agricultural products	OJ L 114 (30.4.2002)
Croatia, Slovenia, former Yugoslav Republic of Macedonia	
Opening and providing for the administration of Community tariff quotas for certain wines originating in the Republic of Croatia, in the former Yugoslav Republic of Macedonia and in the Republic of Slovenia (Commission Regulation No 2597 of 28.12.2001)	OJ L 345 (29.12.2001)
Adjusting the trade aspects of the Interim Agreement between the European Community, of the one part, and the Republic of Croatia (Additional protocol)	OJ L 342/63 (27.12.2001)
Adjusting the trade aspects of the Europe Agreement establishing an association between the European Communities and their Member States, acting within the framework of the European Union, of the one part, and the Republic of Slovenia (Additional protocol)	OJ L 342/82 (27.12.2001)
Conclusion of the Agreement in the form of an Exchange of Letters between the European Community and the Republic of Slovenia concerning the certificate referred to in paragraph 6 of the Agreement on reciprocal preferential trade concessions for certain wines (Commission Decision 296 of 18.3.2002, notified under document number C(2002) 664)	OJ L 101 (17.4.2002)
North African countries (Tunisia, Algeria)	
Agreement in the form of an exchange of letters between the European Economic Community and the Republic of Tunisia amending the Agreement concerning certain wines originating in Tunisia and entitled to a designation of origin (adopted by Council Regulation (EEC) No 618/87 of 30 November 1987),	OJ L340 (2.12.1987)
Conclusion of an additional protocol to the Cooperation Agreement between the European Economic Community the and the People's Democratic Republic of Algeria (adopted by Council Decision 510/87 of 28 September 1987)	OJ L297 (21.10.1987)
European Free Trade Association (EFTA) Countries	
Agreement on the European Economic Area - Protocol 47 on the abolition of technical barriers to trade in wine	OJ L 001 (03.01.1994)
Generalized System of Preferences for developing countries (GSP)	
Applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004 - Statements on a Council Regulation applying a scheme of generalised tariff preferences for the period from 1 January 2002 to 31 December 2004 (Council Regulation No 2501/2001 of 10 December 2001) ⁷⁸	OJ L 346 (31.12.2001) P. 001 – 060
Applying a multi-annual scheme of generalised tariff preferences for the period 1 July 1999 to 31 December 2001 (Council Regulation (EC) No 2820/98 of 21 December 1998)	OJ L 357 (30.12.1998)
Overseas Association	
Association of the overseas countries and territories with the European Community ("Overseas Association Decision") ⁷⁹ Council Decision No 822/2001 of 27 November 2001	OJ L314 (30.11.2001)

⁷⁸ Applicable among other to **SPGA Countries**: Afghanistan, Angola, Bangladesh, Burkina Faso, Burundi, Benin, Bhutan, Congo Democratic Republic of, Central African Republic, Cape Verde, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Equatorial Guinea, Guinea Bissau, Haiti, Cambodia (Kampuchea), Kiribati, Comoros (excluding Mayotte), Laos, Liberia, Lesotho, Madagascar, Mali, Myanmar, Mauritania, Maldives, Malawi, Mozambique, Niger, Nepal, Rwanda, Solomon Islands, Sudan, Sierra Leone, Senegal, Somalia, São Tomé and Príncipe, Chad, Togo, Tuvalu, Tanzania, Uganda, Vanuatu, Samoa, Yemen, Zambia,

⁷⁹ Applicable among other to **LOMB Countries**: Anguilla, Netherlands Antilles, Antarctica, Aruba, Falkland Islands, Greenland, South Georgia and South Sandwich Islands, British Indian Ocean Territory, Cayman Islands, Montserrat, New Caledonia and dependencies, French Polynesia, St Pierre and Miquelon, Pitcairn, St Helena and dependencies, Turks and Caicos Islands, French Southern Territories, Brit. Virgin Is., Wallis and Futuna Islands, Mayotte,

Appendix 2 to Annex III to Council Decision 2001/822/EC	L324/07.12.2001
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Source: DG Agriculture, EUR-LEX, WTO, DG External Relations, DG External Trade.

Table 197 Contents of tariff concession and agreement on trade in wines between EU and Chile

(A) tariff concessions

Main Agreement
Article 71: Customs duties on agricultural and processed agricultural imports originating in Chile
Article 72 Customs duties on agricultural and processed agricultural imports originating in the Community
Annex II Chile's tariff elimination schedule (Referred to in Articles 60, 66, 69 and 72)

(B) Agreement on trade in wine , Annex IV

Article 1 Objectives	TITLE III import certification requirements
Article 2 Scope and coverage	Article 24 Certification documents and analysis report
Article 3 Definitions	Article 25 Safeguard provision
Article 4 General rules on importation and marketing	TITLE IV sanitary and phytosanitary measures
TITLE I mutual protection of geographical indications of names for wine	Article 26 Sanitary and phytosanitary measures
Article 5 Protection of geographical indications	TITLE V mutual assistance between control authorities
Article 6 Geographical indications	Article 27 Enforcement authorities
Article 7 Geographical indications and trademarks	Article 28 Enforcement activities
Article 8 Protection of traditional expressions or complementary quality mentions	TITLE VI management of the agreement
Article 9 Traditional expressions or complementary quality mentions	Article 29 Tasks of the Parties
Article 10 Traditional expressions or complementary quality mentions and trademarks	Article 30 Joint Committee
Article 11 Protected trademarks	TITLE VII general provisions
Article 12 Originating wines	Article 31 Transit . small quantities
Article 13 Labelling	Article 32 Consultations
Article 14 Extension of protection	Article 33 Dispute settlement
Article 15 Geographical indications unprotected in their country of origin	Article 34 Marketing of pre-existing stocks
Article 16 Enforcement	Article 35 Appendices
TITLE II oenological practices and processes and product specifications	Appendices
Article 17 Recognition of oenological practices	Appendix I Geographical indications of wines originating in the community (Referred to in Article 6)
Article 18 New oenological practices	Appendix II Geographical indications of wines originating in Chile (Referred to in Article 6)
Article 19 Quality standards	Appendix III List of traditional expressions of the community (Referred to in Article 9)
Article 20 Safeguard	Appendix IV Complementary quality mentions of Chile (Referred to in Article 9)
Article 21 Modification of Appendix V	Appendix V Oenological practices & processes and product specifications (Referred to in Article 17)
Article 22 Modification of oenological practices and processes	Appendix VI Trademarks referred to in article 7(2)
Article 23 Arbitration procedure on oenological practices and processes	Appendix VII Trademarks referred to in article 10(4)
	Appendix VIII Protocol the parties hereby agree

Source: D.979/2002, own analysis of related legislation

Table 198 Contents of agreement on trade in wines between EU and Australia (D.0184/1994)

Introduction (Articles 1 to 3)
TITLE I Oenological practices and processes and compositional requirements for wine (Articles 4 to 5)
TITLE II Reciprocal protection of wine names and related provisions on description and presentation (Articles 6 to 14)
TITLE III Certification requirements (Articles 15 to 16)
TITLE IV Management of the agreement (Articles 17 to 18)
TITLE V Mutual assistance between control authorities (Articles 19 to 20)
TITLE VI General Provisions (Articles 21 to 28)
ANNEXES
ANNEX I Referred to in Article 4
ANNEX II Referred to in Article 7
PROTOCOL – Exchange of letters
Exchange of letters on the conditions governing the production and labelling of ‘bottle fermented’ sparkling wines originated in Australia
Exchange of letters on the conditions governing the production and labelling of Australian wines described by and presented with the terms ‘botrytis’ or like, ‘noble late harvested’ or ‘special late harvested’
Exchange of letters concerning Articles 8 and 14 of the Agreement between the EU and Australia on trade in wine
Exchange of letters concerning the relationship between the Agreement between the EU and Australia on trade in wine and Article 24 (1) of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs)
Exchange of letters regarding the Agreement between the EU and Australia on trade in wine
Exchange of letters on the use in Australia of the term ‘Frodignac’

Source: D.0184/1994, own analysis of related legislation

9.4.4. Results of interviews with experts

Abbreviations in the following tables

+ Positive impact, - negative impact, (-) indifferent, NA Not answered,

Details: answers to Question 5 were experts explained in details

Table 199 Answers to questionnaires sub-question 1

Country	Interviews			Sub-question 1: Impact on Prices			
	Total	Question 5	Details	+	-	(-)	NA
Italy	8	5	4		3	1	4
France	5	1	1			1	4
Austria	2	2	1			2	
Germany	8	8	4	1	2	4	1
Spain	7	6	1	2	2	2	1
Portugal	5	5			3	2	
Greece	5	4	3		2	2	1
Total	40	31	15	3	12	14	11

Source: own analysis from interviews with experts

Table 200 Answers to questionnaires sub-questions 2.a and 2.b

Country	Interviews			Sub-question 2.a: Competitive position				Sub-question 2.b: Market share			
	Total	Question 5	Details	+	-	(-)	NA	+	-	(-)	NA
Italy	8	5	4		4	1	3		3	1	4
France	5	1	1		1		4			1	4
Austria	2	2	1			2	0			2	
Germany	8	8	4	1	1	5	1		2	4	2
Spain	7	6	1	3	2		2	4	2		1
Portugal	5	5			3	2			2	3	
Greece	5	4	3			3	2		2	2	1
Total	40	31	15	4	11	13	12	4	11	13	12

Source: own analysis from interviews with experts

Table 201 Answers to sub-questions 3.a and 3.b of the questionnaires

Country	Interviews			Sub-question. 3.a: Volume of supply				Sub-question 3.b: Composition of supply			
	Total	Question 5	Details	+	-	(-)	NA	+	-	(-)	NA
Italy	8	5	4		2	2	4			4	4
France	5	1	1				5				5
Austria	2	2	1			1	1			1	1
Germany	8	8	4	2	1	3	2	2		4	2
Spain	7	6	1	3	2		2	4	2		1
Portugal	5	5		1		3	1	1		3	1
Greece	5	4	3			4	1	2		2	1
Total	40	31	15	6	5	13	16	9	2	14	15

Source: own analysis from interviews with experts

Table 202 Answers to sub-questions 4.a and 4.b of the questionnaires

Country	Interviews			Sub-question. 4.a: Volume of demand				Sub-question 4.b: Composition of demand			
	Total	Question 5	Details	+	-	(-)	NA	+	-	(-)	NA
Italy	8	5	4	0	0	4	4	0	2	2	4
France	5	1	1	0	0	0	5	0	0	0	5
Austria	2	2	1	0	0	1	1	0	0	1	1
Germany	8	8	4	1	1	4	2	3	0	3	2
Spain	7	6	1	4	0	2	1	4	0	2	1
Portugal	5	5		0	1	3	1	0	1	3	1
Greece	5	4	3	0	3	1	1	1	2	1	1
Total	40	31	15	5	5	15	15	8	5	12	15

Source: own analysis from interviews with experts

10. Annex to chapter 9 (restructuring and conversion)

This annex completes the evaluation carried out in the Final Report, providing a more detailed study (country by country) of the most important wine and grapes-growing countries. As the Final Report, the current annex is divided in three sections:

- Impact of the restructuring and conversion measure on the vineyard area in the EU.
- Impact of the restructuring and conversion measure on the markets requirements.
- Impact of the restructuring and conversion measure on the price level.

Only the quantitative analysis is included in this annex, the opinions and comments derived from interviews with experts are inserted in the core text.

10.1. Impact of the restructuring and conversion measure on the vineyard area in the EU

This section tries to break down the impact of the measure in the vineyards in the different countries in the EU and the acceptance by wine-growers.

10.1.1. Understanding

The 1999 reform aims to guide viticulture towards meeting the market requirements. The purpose of this measure is mainly:

- The change towards higher quality varieties and more requested by the market.
- Improvement of the cultivation management.

Each Member State of the EU is to permit the planting only of authorised and recommended varieties, these being the varieties recommended by the regional experts on wine.

The EU aid comprises 50% (75% in objective 1 area) of the restructuring and conversion costs per hectare, plus an aid to cover the reduction in the producer's revenue during the period of restructuring. In table 203 are shown different activities necessary to carry out the restructuring and conversion measure and that are subject to receive funding from this measure.

10.1.2. Judgement criteria

To judge the effectiveness of the measure in quantitative terms, and to know if it has encouraged wine-growers to replace low quality varieties by higher quality varieties, the area under vine restructured and converted in the last years has been examined. The percentage of area under vine restructured and converted tells us the degree of influence of this measure. New cultivation systems are also described. These can change the yields (see chapter on planting rights).

Table 203 Activities subject to receive funding

Grubbing up	Trained vine
Soil preparation	Canarian system of guidance
Plantation:	Disinfection
Plant and planting (unit)	Levelling of the soil
Other cost	Replacement, ground
Cultivation cost (two years)	Walls of stone, windbreak
Vertical trellis system	Protection against rabbits
Change head system into vertical trellos system	Grafting (unit)
Palisade	Others cost

Boletín Oficial del Estado (Spain), nº: 187; 5 Agosto, 2000

If the results of the study are that the vine-growers plant high quality varieties and the culture techniques are being guided towards achieving higher quality wine, the measure can be considered effective.

10.1.3. Indicators

The main indicators that we are going to use to assess the quantitative impact are the number of hectares restructured and converted (per variety), the proportion of the total vineyard area for quality wine psr after the introduction of the measure, and total wine-grape supply (quantitative and qualitative supply). This has been done by examining the plans for Spain, France and Italy. It is also interesting to study the number of areas under vine granted by EU to restructuring and conversion and the real area under wine restructured and converted.

10.1.4. Sources

Data used in this analysis provided from the following organisations:

- e) EC
- f) ONNIVIS
- g) ISTAT
- h) ISMEA
- i) Spanish Ministry of Agriculture Fisheries and Food.
- j) IVV

10.1.5. Analysis (Impact of the measure on the area under vine of the EU)

We have tried to assess the influence of this measure on the EU vineyard area, knowing that the restructuring and conversion measure was established only four years ago. Then, the significance of this measure in encouraging producers to adapt to the changing market requirements and its possible impact on price levels has been studied. Because the measure is so recent, little hard evidences have been available.

In the EU

As shown in the core text, this measure has already had some effects, with a large area of vineyards restructured and renovated under the scheme (see also the analysis in the chapter on planting rights). The EU vineyard area has decreased over the period 1988 to 1998 by 10.3%, while the production has only decreased by 4.6%. The restructuring and conversion measure does not seek to diminish the total vineyard area, but to accelerate the adaptation of the area under vine towards the market requirements.

In the Member States

Spain

Since this measure came into force, Spain has restructured and converted more than 84.417 Ha (table 204) within 2000/2003 period, being the country with the highest percentage of vineyard area restructured and converted within EU. In this period the budget granted for this measure was 521.503.411 € (table 204), almost half of the total budget for this measure.

Table 204 Budget granted to Spain for restructuring and conversion measure (€)

Vintage	2000/2001	2001/2002	2002/2003	2003/2004
Initial budget	122.110.000	154.160.000	157.285.185	150.958.937
Additional budget	49.609.812	35.589.831	2.748.646	
Total	171.719.812	189.749.831	160.033.831	
Total period 2000-2003:	521.503.474			

Source: Spanish Ministry of Agriculture, Fisheries and Food.

Table 205, shows the number of hectares restructured and converted broken down by regions. The region which got more benefits was Castilla la Mancha with more than 34.800 hectares. In relation to the change in the different varieties, the variety most often cultivated is the white variety "Airen". This is not a high quality variety and it is used mainly in Castilla la Mancha to elaborate table wine. This percentage has decreased to 1.1% since 2000 to 2003. Another variety used mainly for table wine is "Pardina", and its proportion has decreased as well. On the contrary, the variety "Tempranillo" (the main Spanish variety used for quality wine psr), has increased its percentage by 3.35% in the same period (tables 205 and 206).

Table 205 Hectares restructured and converted in Spain (2000-2003) (Broken down by Region)

Region	Vintage 2000/2001 (hectares)	Vintage 2001/2002 (hectares)	Vintage 2002/2003 (hectares)	Total (hectares)
Andalucía	849	729	749	2.327
Aragón	1.790	2.080	2.183	6.053
Asturias		2	2	4
Baleares	149	137	42	328
Canarias	247	335	109	691
Castilla León	1.903	1.833	1.027	4.763
Castilla la Mancha	12.137	11.507	11.169	34.813
Cataluña	2.559	2.415	1.774	6.748
Extremadura	3.776	4.236	3.003	11.015
Galicia	293	334	330	957
Madrid	151	374	267	792
Murcia	409	747	581	1.737
Navarra	1.303	655	627	2.585
País Vasco	1.630	220	89	1.939
La Rioja	2.084	593	694	3.371
Valencia	2.652	2.353	1.289	6.294
Total	31.932	28.550	23.935	84.417

Source: Spanish Ministry of Agriculture, Fisheries and Food.

Table 206 Evolution of the vineyard area (broken down by white variety) in Spain 2000-2003

Grape	2000		2003		Variation
	Area	%	Area	%	%
Airen	338.635	29.65	318.320	28.54	- 1.11
Albariño	4.401	0.39	4.820	0.04	- 0.34
Albillo	3.950	0.03	2.396	0.21	0.18
Beba	4.874	0.43	4.247	0.38	- 0.05
Blanca Cayetana	10.743	0.94	11.625	1.04	0.10
Borba	1.923	0.17	1.540	0.01	-0.15
Chardonnay	1.927	0.17	2.484	0.22	0.05
Chelva	10.711	0.94	8.298	0.74	-0.19
Doñablanca	586	0.05	586	0.05	=
Forastera	639	0.06	639	0.06	=
Garnacha Blanca	2.338	0.20	2.261	0.20	=
Godello	591	0.05	818	0.07	0.02
Jaen Blanco	1.643	0.14	2.383	0.21	0.07
Listan Blanco	9.799	0.86	10.247	0.92	0.06
Loureiro	0	0.00	460	0.04	0.04
Macabeo (Viura)	32.905	2.88	32.934	2.95	0.07
Malvasia	7.898	0.69	5.772	0.52	- 0.17
Moscatel Alejandria	8.386	0.73	9.482	0.85	0.12
Ondarrabi Zuri	178	0.02	358	0.03	0.02
Palomino Fino	20.047	1.76	18.427	1.65	- 0.10
Pardina	51.572	4.52	39.416	3.53	- 0.98
Parellada	10.415	0.91	10.070	0.09	- 0.82
Pedro Ximénez	11.115	0.97	10.210	0.09	- 0.88
Planta Nova	1.814	0.16	1.547	0.14	- 0.02
Sauvignon Blanc	0	0.00	477	0.04	0.04
Treixadura	627	0.05	627	0.06	=
Verdejo Blanco	5.380	0.47	5.803	0.52	0.05
Vijariego Blanco	565	0.05	568	0.05	=
Xarello Blanco	9.277	0.81	8.766	0.79	- 0.03
Zalema	6.365	0.56	5.770	0.05	- 0.51
Total	559.254	48.97	521.351	46.74	- 2.23 %

Source: Spanish Ministry of Agriculture, Fisheries and Food.

Table 207 Evolution of the vineyard area (broken down by red variety) in Spain 2000-2003

Grape	2000		2003		Variation
	Area	%	Area	%	
Bobal	92.629	8.11	92.602	8.30	0.19
Cabernet Sauvignon	5.516	0.48	9.350	0.84	0.36
Caiño Tinto	625	0.05	625	0.06	0.01
Forcallat	157	0.01	871	0.08	0.07
Garnacha Tinta	86.848	7.60	86.673	7.77	0.17
Garnacha Tintorera	7.540	0.66	21.301	1.91	1.25
Graciano	194	0.02	568	0.05	0.03
Gran Negro	880	0.08	880	0.08	=
Juan García	1.871	0.16	883	0.08	- 0.08
Listán Negro	4.630	0.41	4.131	0.37	- 0.04
Manto Negro	402	0.04	442	0.04	=
Mazuela (Cariñena)	9.466	0.83	5.785	0.52	- 0.31
Mancía	11.326	0.99	8.809	0.79	- 0.20
Merlot	3.569	0.31	7.043	0.63	0.32
Merseguera	7.215	0.63	5.026	0.45	- 0.18
Monastrell	65.112	5.70	64.643	5.80	0.10
Negramoll	1.163	0.10	1.175	0.11	0.01
Pinot Noir	0	0.00	384	0.03	0.03
Prieto Picudo	7.875	0.69	4.875	0.44	- 0.25
Rufete	0	0.00	778	0.07	0.07
Souson	573	0.05	573	0.05	=
Sumoll Tinto	0	0.00	515	0.05	0.05
Syrah	0	0.00	1.159	0.10	0.10
Tempranillo	112.945	9.89	147.675	13.24	3.35
Tinto Toro	4.912	0.43	5.612	0.50	0.07
Trepat	0	0.00	998	0.09	0.09
Total	425.448	37.26	472.878	42.40	5.14

Source: Spanish Ministry of Agriculture, Fisheries and Food.

In relation to the aid granted to the wine-growers, the average aid per hectare granted by the EU to Spanish vine-growers increased from 5.369 €/Ha in the wine year 2000/01 to 7.209 €/Ha in 2003/04 (table 208).

Table 208 Average aids per hectares for restructuring and conversion in Spain

Vintage	€/Hectares
2000/2001	5.369,72
2001/2002	6.609,86
2002/2003	6.686,18
2003/2004	7.209,12

Source: Spanish Ministry of Agriculture, Fisheries and Food.

Italy

After Spain, the largest number of hectares for restructuring and conversion have been allocated to Italy. The hectares assigned to be restructured and converted for the vintage 2000/2001 were 18.113 Ha (table 209); divided as follows: 13.691¹ Ha in the initial repartition and 4.422⁸⁰ Ha in an additional repartition. In the following vintage (2001/2002), 15.910 Ha were assigned to Italy (table 210).

⁸⁰ Source: ISMEA

Table 209 Total expenditure in Italy for restructuring and conversion measure (broken down by regions). Vintage 2000/2001

Region	hectares (Ha)	Million euros
Valle d' Aosta	n.a.	n.a.
Piemonte	2.735	14.54
Liguria	13	0.09
Lombardia	663	4.6
Provincia di Bolzano	n.a.	n.a.
Provincia di Trento	235	1.08
Friuli V. Giulia	344	2.04
Veneto	962	6.65
Emilia Romagna	1.894	8.98
Toscana	2.257	15.63
Marche	467	3.38
Umbria	397	2.63
Lazio	632	4.48
Abruzzo	389	2.3
Molise	95	0.52
Campania	172	1.21
Puglia	2.479	18.39
Basilicata	135	0.83
Calabria	403	3.02
Sicilia	3.473	22
Sardegna	368	2.57
ITALIA	18.113	114.94

Source: ISMEA.

Table 210 Initial distribution in Italy for restructuring and conversion measure (broken down by regions). Vintage 2001/2002

Region	hectares (Ha)	Euros
Valle d' Aosta	12	87.923
Piemonte	1.198	8.777.628
Liguria	91	666.748
Lombardia	552	4.044.450
Provincia di Bolzano	119	871.902
Provincia di Trento	211	1.545.976
Friuli V. Giulia	437	3.201.856
Veneto	1.531	11.217.486
Emilia Romagna	1.262	9.246.549
Toscana	1.364	9.993.893
Marche	449	3.289.779
Umbria	320	2.344.609
Lazio	906	6.638.172
Abruzzo	728	5.333.984
Molise	157	1.150.323
Campania	682	4.996.947
Puglia	2.127	15.584.319
Basilicata	174	1.274.881
Calabria	334	2.447.185
Sicilia	2.521	18.471.118
Sardegna	735	5.385.272
ITALIA	15.910	116.571.000

Source: ISMEA

The budget spent for this measure in the 2000/2001 period was 114.94 million euros and the budget assigned for the vintage 2001/2002 was 116.6 million euros (tables 209 and 210).

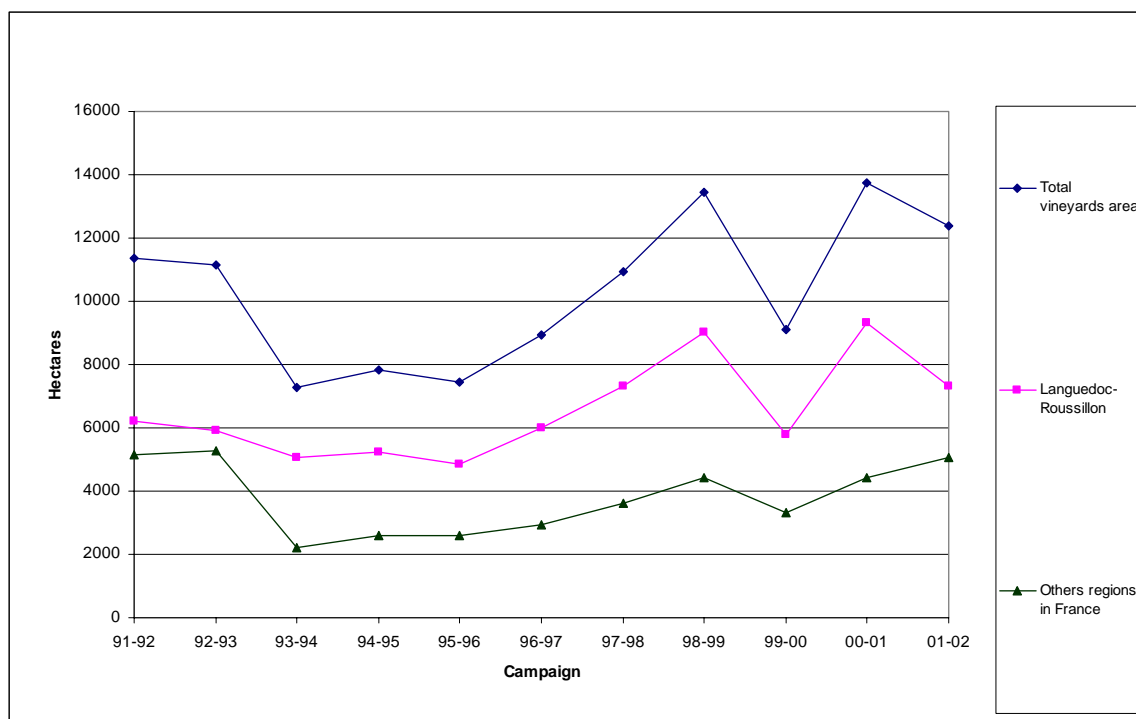
In relation with the impact of this measure in the vineyard area for quality wines psr, the proportion of quality vineyards almost doubled in ten years. This increase of the percentage has been realised progressively. In 1997, the percentage of area under quality vine was 25% (see core text). Considering that the costs for restructuring and conversion in Italy vary according to each region, it has been foreseen that the regions can apply different aid per hectares. In 2001, the average value of the aid paid per hectares was 7.232⁸¹ Ha.

France

The situation in France is substantially different. France began restructuring measures before the CMO reforms. The first measures were implemented in 1973 (focused on regions of South of France). The first European measures were implemented in 1978 (Directive CEE 78/627) with support from EAGGF, and modified in 1980 (Regulation 458/80). The new CMO measure has improved the rate of the restructuring; however, there does not seem to have been much change in the varieties being planted.

The vineyard area restructured and converted since the application of the CMO measures has increased considerably. The restructured and converted hectares in 2000/01 and 2001/02 were 13.762 Ha and 12.381 Ha respectively, while the average area restructured in the nine previous years was 9.725 ha (table 211). Thus, compared to the longer term average, restructuring increased by 41% in 2000/01 and 27% in 2001/02. The evolution of the vineyard area restructured and converted is shown in graph 197.

Graph 197 Evolution of the vineyard area in France (1991-2002)



⁸¹ Source: ISMEA

Table 211 Vineyards area restructured and converted in France

Regions	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02
Languedoc-Roussillon	6216	5895	5079	5215	4848	6015	7331	9001	5794	9337	7330.42
Provence Alpes Cote D'azur	846.2	812.3	685.6	878.3	805	1125.6	1297	1530	1011	1492.9	1714
Aquitaine	965	1043.3	300.5	306.9	259	256	412	437	300	553.08	763.45
Corse	466.6	943.3	254.2	315.2	275	324	251	415	146	94.78	74.34
Midi Pyrennees	1201.8	1070.3	418.9	531.7	571.8	483.2	720	820	573	991.83	1357.92
Centre	291.3	240.9	89.9	95.9	91	86	108	119	102	138.92	126.77
Pays de Loire	845.8	620.2	147.3	120	181	215	270	311	220	286.04	277.67
Rhone Alpes	532.7	529.2	297	336.2	357	366	459	479	350	541.23	536.07
Bourgogne	0	0	1	0.6	1.2	1.5	0.4	0	0	5.11	4.95
Poitou-Charentes	0	0	0	0	42	46	88	308	612	293.55	179.66
Auvergne	14.7	11.9	7.2	20.4	16	12	9	12	13	27.8	15.58
Todo menos Languedoc	5164.1	5271.4	2201.6	2605.2	2599	2915.3	3614.4	4431	3327	4425.24	5050.41
TOTAL	11380	11166	7281	7820	7447	8930	10945	13432	9121	13762	12381

Source : ONIVINS

Unit : Ha

The percentage of cultivated varieties in the first two years of the application of the CMO measures has not varied. This can be indicative of the fact that the restructuring and conversion measure in France is being used for renewal of the vineyards (cultivation system, etc.)(table 212).

Table 212 Vineyards area for different varieties in France

2000/2001			2001/2002		
Variety	area under vine (Ha)	%	Variety	area under vine (Ha)	%
<i>FRANCE</i>					
Merlot	107.545	11.91%	Merlot	111.394	12.27%
Grenache	96.463	10.68%	Grenache	98.283	10.83%
Carignan	92.998	10.30%	Carignan	89.972	9.91%
Ugni Blanc	89.225	9.88%	Ugni Blanc	87.394	9.63%
Cabernet Sauvignon	56.040	6.21%	Syrah	58.052	6.40%
Syrah	54.266	6.01%	Cabernet Sauvignon	57.793	6.37%
Others	406.371	45.01%	Others	404.781	44.60%
TOTAL:	902.908	100.00%	TOTAL:	907.669	100.00%

Germany

It is important to point out that Germany represents an unique situation in the EU as there are no vineyards for quality wine psr and for table wine. All vineyards in Germany are considered quality vineyard area. For this reason, it is very difficult to assess if this measure has improved the quality of the vineyard area.

Since 2000, Germany has already commenced the conversion of 6.323 Ha, some 6.1% of its total vineyard area in the vintage 2001/2002 (see core text).

The major varieties cultivated are “Riesling” and “Müller-Thurgau”. These are white varieties and their share of the total area decreased slightly from 38.7% in 2000/01 to 37.1% in the following year. However, the variety with the highest rate of increase has

been the red variety “*Dornfelder*”, with a increase of 1.1% between 2000/01 and 2001/02 (table 213).

Table 213 Vineyards area for different varieties in Germany

2000/2001			2001/2002		
Variety	area under vine (Ha)	%	Variety	area under vine (Ha)	%
GERMANY					
Weißer Riesling	21.719	20.84%	Weißer Riesling	21.265	20.54%
Müller-Thurgau	18.605	17.85%	Müller-Thurgau	17.137	16.55%
Blauer Spätburgunder	9.800	9.40%	Blauer Spätburgunder	10.354	10.00%
Kerner	6.053	5.81%	Dornfelder	6.194	5.98%
Grüner Silvaner	5.931	5.69%	Grüner Silvaner	5.648	5.46%
Dornfelder	5.113	4.91%	Kerner	5.519	5.33%
Blauer Portugieser	4.711	4.52%	Blauer Portugieser	4.648	4.49%
Bacchus	2.878	2.76%	Weißburgunder	2.895	2.80%
Weißer Burgunder	2.719	2.61%	Bacchus	2.650	2.56%
Scheurebe	2.492	2.39%	Blauer Trollinger	2.621	2.53%
Others	24.187	23.21%	Scheurebe	2.244	2.17%
TOTAL:	104.210	100.00%	Others	22.341	21.58%
			TOTAL:	103.521	100.00%

Greece

The percentage of hectares restructured and converted between 2001/ and 2003 was almost 3%, though the quality vineyards remain below 20% of the total area (see core text)

Portugal

The proportion of the hectares allocated for restructuring and conversion in this country is the smallest in the EU. The proportion of the vineyards restructured and converted for this measure was 1.13% in the vintage 2000/01 and 1.12% in the vintage 2001/2002 (see core text).

A large number of hectares were restructured and converted before the application of the CMO (table 214).

Table 214 Vineyards area restructured and converted in Portugal (1983-1999)

1983-1993 (Ha)	1994-1999 (Ha)	Total (Ha)
13.353	16.365	29.721

Source: IVV.

Study of the measures adopted in France before the application of the CMO

As already mentioned, France first adopted restructuring measures in 1973. Therefore, the analysis of the French case can be an interesting example in order to assess the future effects and implications of this measure.

The region which obtained more benefits was Languedoc-Roussillon. In the seventies, the vineyard area in Languedoc-Roussillon represented 420.000 Ha, and 80% of the area was dedicated to table wine production, 70% of the wine produced was sold bulk.

This system has been confronted with two shocks:

- Decreasing of the table wine market.
- Opening of the market implying new competition from Italy and Spain.

The consequences of this new market context were a sharp decrease of table wine outlets and an increase of distilled volumes, which lead to a huge increment of the budgetary costs.

The measures implemented to try and correct this situation were:

- Income support like compulsory distillation
- Limitation of supply: limitation of yields and limitation of area with premium for definitive abandonment (PDA).

Following these measures the evolution of the market in France can be divided in three phases (see core text):

Phase 1. Beginning of the measure until 1985/86: within this period, the vineyard area increased slightly mainly due to the fact that the distillation price was high.

Phase 2. From 1985/86 to the end of the nineties: the total supply decreased strongly up to the point where the total production was less than the total supply in France. The main consequence of this period is the fusion of the co-operatives in order to compensate the decrease of volume.

Phase 3. From the nineties until today: The current situation is a light increase of the vineyard area derived from the new CMO measures.

10.2. Impact of the restructuring and conversion measure on the market requirement

10.2.1. Understanding

The variation in the vineyards derived from the restructured and conversion measure adopted by EU is due to the changes in the wine consumption habits and producers have to adapt wine supply to the new demand by decreasing their total wine production but increasing the output of quality wine per ha.

10.2.2. Judgement criteria

As this measure has been in operation for only three years (00/01; 01/02 and 02/03), it is too early to observe the market impact because wine produced from restructured vineyards has not yet come into the market. To judge whether the measure is effective, we have assessed whether the market is capable of absorbing the changes in the quality and quantities of EU wine supplies.

10.2.3. Indicators

The main indicators that have been used in this question are very similar to those indicated in answering questions in earlier chapters. We have looked at EU wine supplies in relation to demand for the various types of wine, distinguishing, where

possible, the quality and table wine markets. Expert opinion allows to obtain additional answer and comments for this question.

10.2.4. Sources

EC

ONNIVIS

Spanish Ministry of Agriculture, Fisheries and Food.

10.2.5. Analysis (Market development)

The influence of the measure in the final wine production and the proportion of quality wine psr produced is analysed in this section.

In the EU

As already mentioned, it is too early to have definitive statistics on the impact of these measures at EU level. Nevertheless, the following comments can be made on individual Member States as a result of the consultations with experts.

In the Member States

Italy

Italian wine production fell by less than 4% in the period 1988 to 1999 however, within the period 2000/2002, this decrease was 22.1% lower than in 1999. The fall is not due to the restructuring and conversion measure alone, but reflects a number of factors, one of them is the large number of hectares in process of restructuring (more than 34.000 Ha. Meanwhile, there has been a switch to somewhat larger production of quality wines psr.

Germany

Total wine production, including East Germany, increased by 22.7% from 1988 to 1999, but has now fallen back to around the 1988 level.

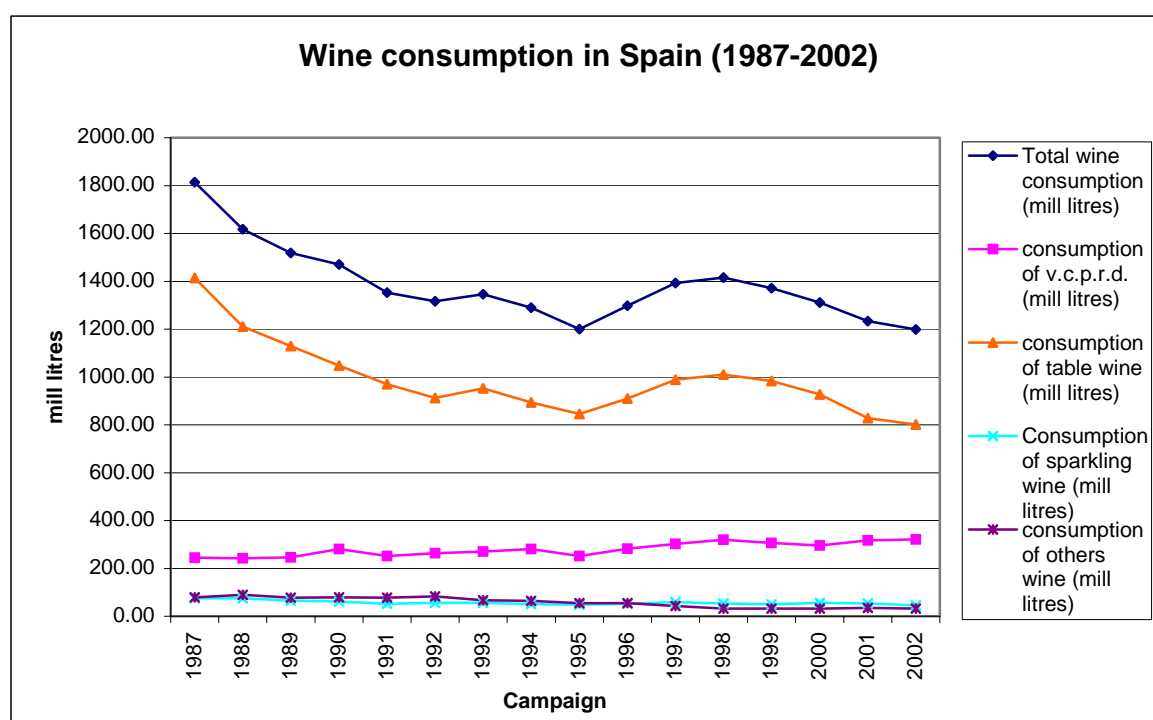
Spain

Despite an increase in the Spanish vineyard area, the production for quality wine psr is only 39.76 % of total production (see core text). In contrast, Spanish consumption of quality wine psr has increased by more than 21% in the last ten years whilst that of table wine has decreased by 12.3% in the same period (table 215). For a better assess, in the graph 198, it is possible to assess this evaluation

Table 215 Evolution of the total consumption in Spain

Years	Total wine	qwpsr	Table wine	Sparkling wine	others
1987	1813.53	245.02	1414.62	75.56	78.33
1988	1617.30	242.06	1210.24	74.93	90.06
1989	1517.73	245.63	1128.77	65.60	77.73
1990	1470.11	281.00	1047.96	61.61	79.53
1991	1353.02	251.72	970.56	52.64	78.10
1992	1315.92	263.51	913.04	56.41	82.96
1993	1345.88	270.53	952.51	56.37	66.47
1994	1288.99	280.64	893.80	50.82	63.73
1995	1200.54	251.10	845.87	48.17	55.40
1996	1298.20	282.53	909.64	51.69	54.34
1997	1392.39	302.64	988.13	59.07	42.55
1998	1414.74	319.90	1009.64	53.75	31.44
1999	1371.66	306.24	983.78	50.06	31.58
2000	1310.50	295.90	926.66	55.76	32.18
2001	1233.51	317.70	828.08	53.45	34.28
2002	1199.27	321.12	800.81	44.87	32.47

Source: Spanish Ministry of Agriculture, Fisheries and Food.

Graph 198 Evolution of wine consumption in Spain (1987-2002)

Source: Spanish Ministry of Agriculture, Fisheries and Food.

France

Between 1993 and 1999, the quality vineyards area increased by nearly 5%. Whereas within the period 1993/2001 this increase was 6.7%. This increase over the last ten

years, is mainly due to the restructuring and conversion measures previously adopted in France and later on to the CMO measures.

10.3. Impact of the restructuring and conversion measure on the price level

10.3.1. Understanding

Once we have studied the new wine supply and the market requirements, we tried to evaluate the influence of the measure on the general level of prices. The question is similar to the one posed for the planting rights measure (see chapter 4). As explained previously, at this early stage in the production cycle it is difficult to assess the ultimate impact on prices.

10.3.2. Judgement criteria

Our judgement is based on an estimation of the impact of the measure on the quality of the wine produced. If it is demonstrated that the measure encourages vine-growers who benefit from the aid to improve the average quality level of their wine production, it can be concluded that the measure is likely to improve producers' returns.

10.3.3. Indicators

As the measure was implemented only in the year 2001, it may not be possible to perform a detailed quantitative assessment. Only estimation, based on views of experts can be given on the potential impact of the measure on the wine quality and indirectly on the wine prices.

10.3.4. Sources

Ministry of Agriculture, Fisheries and Food (Spain)
ISMEA (Italy)

10.3.5. Analysis (Impacts on the price level)

The analysis will assess the evolution of the wine price after the measure adopted by EU.

Italy

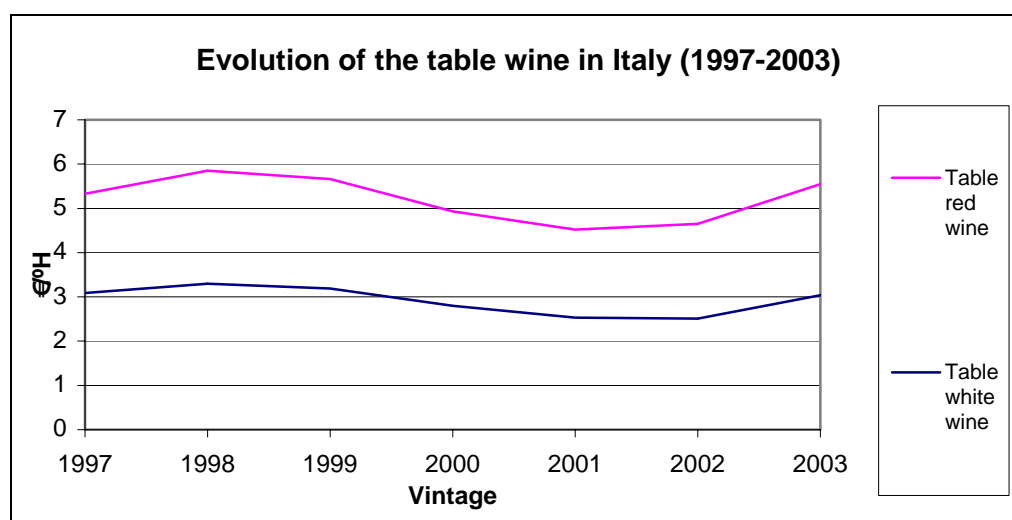
Over the period 2000 to 2003 both white and red table wine prices fell so that in 2003 red wine prices (in Bari markets) were at a similar level to those of 1997 and white wine prices were at 1998 levels in the Trapani market. This result can be observed in table 216 and in graph 199.

Not enough data is yet available to assess the evolution of the quality wine price in Italy after the CMO measures.

Table 216 Wine Price in Italy

	Table wine	
	BARI	TRAPANI
€/°H	White wine	Red wine
2003	3.04	2.51
2002	2.51	2.14
2001	2.53	1.99
2000	2.8	2.13
1999	3.19	2.47
1998	3.3	2.55
1997	3.09	2.24

Source: ISMEA.

Graph 199 Evolution of the table wine in Italy (1997-2003)

Source: ISMEA.

Spain

In Spain, the study of the wine price is broken down in household price and restaurant industry prices. In the first five years 1998/2002, the price of the table wine for household consumption increased 0.2 €/Kg whereas the price of the quality wine has increased 0.8 €/Kg (+368%). A similar price increase has been observed in the restaurant industry. Table wine has increased 0.2 €/Kg and quality psr wine, 0.9 Kg (+378%)

The prices of sparkling wine have diminished 0.8 €/Kg in the same period of time and its consumption diminished by 16.5%¹ (table 217).

Table 217 Price of the different wines in Spain

SPAIN					
HOUSEHOLD					
AVERAGE PRICE Euros x Kgs					
	1998	1999	2000	2001	2002
TABLE WINE	0.79	0.86	0.95	0.96	1.01
Red Table Wine	0.78	0.87	0.98	1.00	1.08
White Table Wine	0.78	0.84	0.84	0.86	0.84
Rose Table Wine	0.87	0.90	0.99	0.98	1.03
QUALITY WINE PSR	2.46	2.80	3.55	3.33	3.27
Red Quality Wine psr	2.47	2.83	3.64	3.42	3.32
White Quality Wine psr	2.73	2.92	3.58	3.45	3.52
Rose Quality Wine psr	2.08	2.42	2.87	2.62	2.51
Others	3.00	3.00	3.11	2.80	2.88
Sparkling	4.15	4.25	4.06	4.28	5.02
RESTAURATION INDUSTRY					
AVERAGE PRICE Euros x Kgs					
	1998	1999	2000	2001	2002
TABLE WINE	1.06	1.14	1.18	1.12	1.29
Red Table Wine	1.05	1.15	1.19	1.12	1.27
Rose Table Wine	1.12	1.20	1.20	1.15	1.34
White Table Wine	1.05	1.07	1.14	1.09	1.28
QUALITY WINE PSR	3.12	3.39	3.97	4.03	3.99
Red Quality wine psr	3.44	3.63	4.18	4.26	4.22
Rose Quality wine psr	2.63	3.11	3.76	3.73	3.67
White Quality wine psr	2.85	3.03	3.67	3.81	3.78
Others	3.31	3.14	3.85	4.13	4.10
Sparkling	5.23	3.34	3.87	3.92	4.45

Source: Spanish Ministry of Agriculture, Fisheries and Food.

11. Annex to chapter 10 (producer's income and production structures)

11.1. Introduction

The Council Regulation (EC) Number 1493/1999 of 17 May 1999 on the CMO in wine set out the aim of the common agricultural policy as to attain the following objectives of stabilizing markets and ensuring a fair standard of living for the agricultural community.

There are a number of general market mechanisms by which CMO measures could have affected producers' incomes, the production structure and, thus the standard of living for the agricultural community:

- Impact on Production: Through changes in the overall level of production and vineyard area, the amount of production per holding/hectare, the number of holdings, and changes in the type of output (quality wine and table wine) produced.
- Impact on Prices: Through changes in price of all outputs or changes in relative prices between output types.
- Impact on Costs: Through changes in costs for all outputs or changes in relative costs between output types

Judgement Criteria

The analysis is performed through quantitative and qualitative analysis.

Quantitative Analysis: The initial phase focuses on identifying trends in the development of farm incomes at EU and country level and on the analysis of the make-up of farm incomes, including cost and output variables. An analysis of farm income trends is also provided in terms of:

- Regional level;
- Dis-aggregated by farm size;
- Benchmarked against similar sectors (specialist fruit and citrus fruit and specialist olive sectors).

In addition quantitative analysis is used to determine trends in the development of farm size, regional distribution of production and intensity of grape production.

Qualitative Analysis: Interviews with industry experts are provided, along with extensive questionnaires, to investigate their views on the relationships between the identified market trends and CMO measures, including views on causation links between CMO measures and market trends.

11.2. Joint impact on the level and development of winegrowers' incomes

Indicators

The key indicator used in this chapter to measure income, and consequently assess the effect of the CMO on the standard of living for the agricultural community, is the Farm Net Value Added (FNVA) per Annual Work Unit (AWU). More detail on this indicator is provided below:

FNVA Corresponds to the payment for factors of production (labour, land and capital) - whether they be external or family factors.

AWU Measures the total labour input of holding expressed in annual work units (equal to full-time person equivalents).

Hence, FNVA/AWU represents the available income to each (full-time equivalent) person employed on the farm. The variables that are used to calculate the FNVA, including cost and output variables, are used in this chapter to investigate the most important factors that have led to changes in specialist vineyard⁸² incomes in the period of concern.

It should be noted that the total income for a farm can include income from other sources – for example non-agriculture production income (e.g. tourism), other off-farm activities and income from non-agriculture investments. In addition, there are farms that are not specialist vineyards, but that do produce some wine in the course of their farming. However, the focus in this chapter is the analysis of the effect of CMO on wine producer incomes. Hence, it is not necessary to analyse non-wine income for specialist vineyards and, as the CMO measures are aimed at specialist vineyards, it is also unnecessary to consider wine-related incomes for non-specialist vineyards.

In addition, a number of interviews and questionnaires with wine sector experts in a range of countries have been performed. The evidence from these experts has been used to support the quantitative analysis.

Sources

The Farm Accounts Data Network (FADN) is the only consistent source of data for farm incomes in the EU. The majority of the data used in this chapter is drawn from the FADN database. The FADN database is derived from a sample of farms in each country and farming speciality. In total, the FADN database includes a sample of approximately 1.2% of all specialist vineyards in the EU.

⁸² The unit responsible for FADN within the Commission has established a set of standard groupings for which the Standard Results are computed. The "Specialist Vineyard" is a "Principal type of farming" included in Group 3 – "Specialist permanent Crops" and includes the following particulars types of farming: Quality wine; Wine other than quality; Quality & other wine combined; and Vineyards for various types of production.

The data from FADN is supplemented by extensive qualitative information resulting from the range of expert interviews and questionnaires carried out as part of the project.

11.2.1. Development of Farm Incomes at EU Level

Quality wine producers

The FNVA/AWU for quality wine producers increased over the period between 1989 and 2000. In particular:

- The average FNVA/AWU for quality wine producers in the period 1997-2000 was 44% higher than the average for 1989-1992;
- The average annual growth of the FNVA/AWU was 2.5% between 1989 and 2000;

There was some annual variation with the FNVA/AWU of quality wine producers fell overall 1989 and 1993, before rapidly increasing until 1999. Between 1999 and 2000, the FNVA/AWU of wine producers fell by 14%.

Non-quality wine producers

The FNVA/AWU for non-quality wine producers increased over the period between 1989 and 2000:

- The average FNVA/AWU for non-quality wine producers in the period 1997-2000 was 30% higher than the average for 1989-1992;
- The average annual growth of the FNVA/AWU was 3.8% between 1989 and 2000.

The FNVA/AWU of non-quality wine producers is more variable than that of quality wine. In particular, the FNVA/AWU for non-quality wine:

- Increased between 1989 and 1991 by 18%;
- Fell between 1991 and 1993 by 28%;
- Increased between 1993 and 1996 by 74%;
- Fell in 1997 by 11%;
- Increased between 1997 and 1999 by 21%;
- Fell in 2000 by 6%.

Mixed quality/non-quality wine producers

The FNVA/AWU for mixed quality/non-quality wine producers increased over the period between 1989 and 2000:

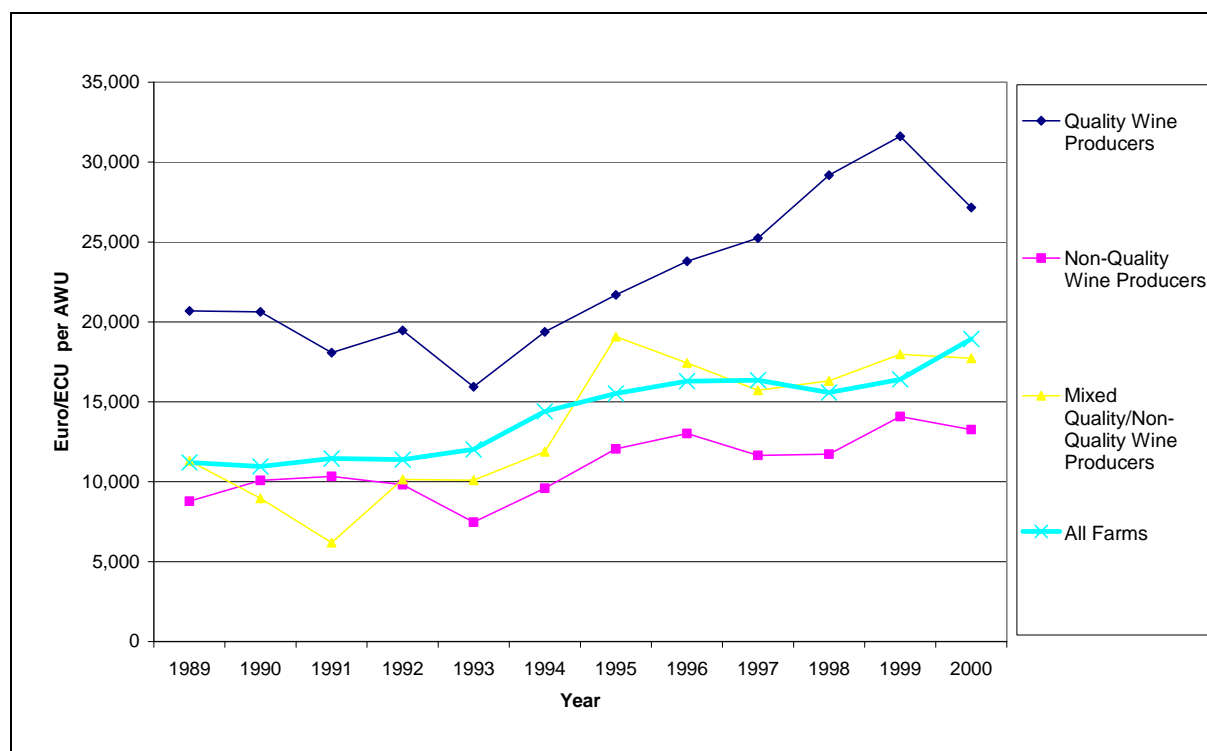
- The average FNVA/AWU for mixed quality/non-quality wine producers in the period 1997-2000 was 85% higher than the average for 1989-1992;
- The average annual growth of the FNVA/AWU was 4.2%.

The FNVA/AWU of mixed quality/non-quality wine producers also shows considerable annual variation:

- Annual increases in FNVA/AWU of over 60% in two of the years;
- A decrease in FNVA/AWU by 20% in each of 1989 and 1990.

The graph below provides the comparison between FNVA/AWU for different types of wine producers and the FNVA/AWU for all farms in the EU.

Graph 200 FNVA/AWU at EU level for types of wine producers and all farms



Source: FADN

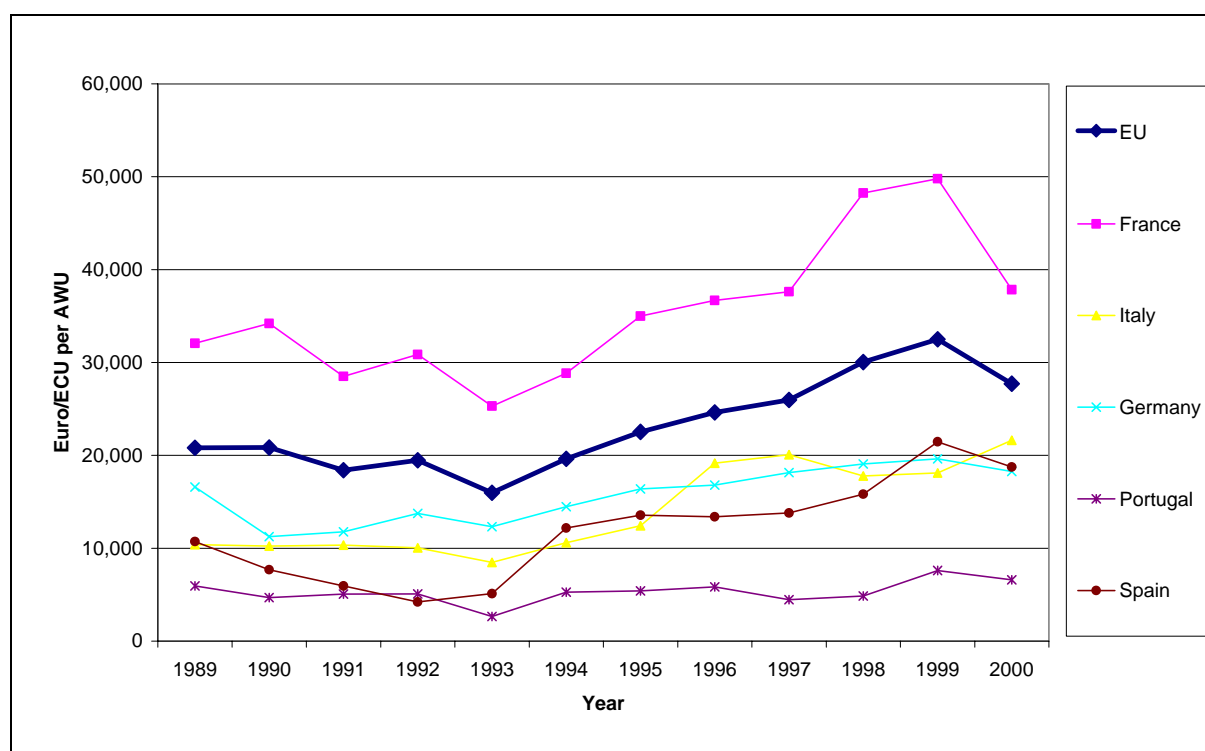
The graph indicates that the FNVA/AWU for quality wine producers is substantially higher than the FNVA/AWU for all farms in the EU. On average the annual FNVA/AWU for quality wine producers is 37% higher than the FNVA/AWU for all farm producers. However, FNVA/AWU for non-quality wine producers is lower (by an average annual amount of 30%) than the FNVA/AWU for all farms in the EU in each year in the period, and FNVA/AWU for mixed quality/non-quality wine producers is lower (by an average annual amount of 11%) than the FNVA/AWU for all farms in the EU in each year in the period.

11.2.2. Development of Farm Incomes at Country Level

Analysis for individual countries shows substantial variation between country variations.

Quality wine producers

Graph 201 below compares the FNVA/AWU for quality wine producers in Germany, France, Portugal, Spain and Italy with the total EU level.

Graph 201 FNVA/AWU for quality wine producers at country level

Source: FADN

There is significant annual variation between the FNVA/AWU for quality wine producers for all the selected countries. This is illustrated in table 218, which shows the indexed FNVA/AWU for quality wine producers in each of the selected countries and at the general EU level. The EU-wide FNVA/AWU for quality wine producers in 1989 is indexed at 100.

Table 218 Indexed FNVA/AWU for quality wine producers at EU and country level

	EU	France	Germany	Italy	Portugal	Spain
1989	100	154	80	50	29	51
1990	100	164	54	49	23	37
1991	88	137	57	50	24	29
1992	94	148	66	48	24	20
1993	77	121	59	41	13	25
1994	94	139	69	51	25	58
1995	108	168	79	60	26	65
1996	118	176	81	92	28	64
1997	125	181	87	96	21	66
1998	144	232	92	85	23	76
1999	156	239	94	87	36	103
2000	133	182	88	104	32	90

Source: FADN

The table shows that the FNVA/AWU for quality wine producers is significantly higher in France than the EU average in all years between 1989 and 2000. In addition, the FNVA/AWU for all other countries is lower than the EU average – in some cases, for instance in Portugal, this gap is very substantial.

This difference between the FNVA/AWU of quality wine producers in individual countries is further illustrated in Table 219, which indexes each year in the period to an EU average of 100.

Table 219 Indexed FNVA/AWU for quality wine producers at EU and country level

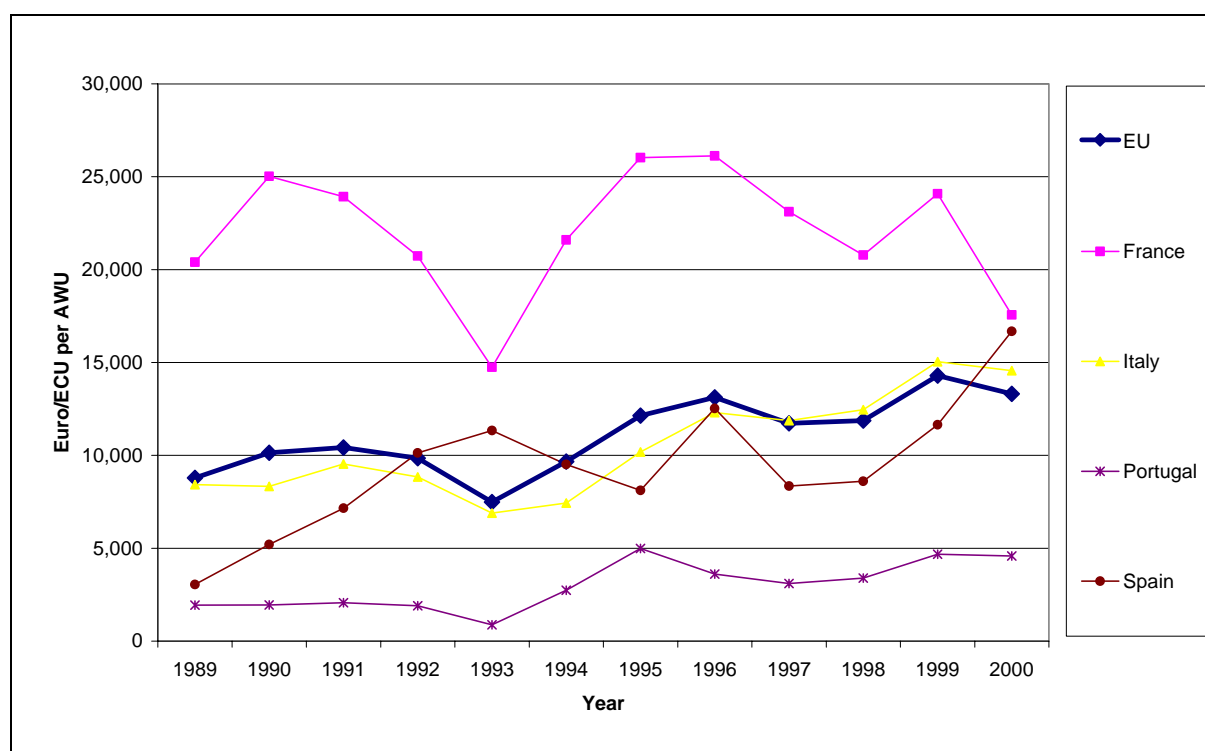
	EU	France	Germany	Italy	Portugal	Spain	Standard Deviation
1989	100	154	80	50	29	51	54.9
1990	100	164	54	49	22	37	59.1
1991	100	155	64	56	27	32	54.7
1992	100	158	71	51	26	22	56.3
1993	100	158	77	53	17	32	57.9
1994	100	147	74	54	27	62	52.5
1995	100	155	73	55	24	60	55.5
1996	100	149	68	78	24	54	53.4
1997	100	145	70	77	17	53	53.3
1998	100	161	63	59	16	53	58.3
1999	100	153	60	56	23	66	54.9
2000	100	137	66	78	24	68	49.8

Source: FADN

The table highlights that, in some years, the FNVA/AWU for quality wine producers in France is often up to 6 times the level of the lowest FNVA/AWU country, Portugal. The table also shows that, although the level of dispersion between countries (which can be measured by the standard deviation) remains fairly stable, with the exception of the year 2000 – hence, the difference FNVA/AWU for quality wine producers between individual countries remains high throughout the period.

Non-quality wine producers

This variation between individual countries is also exhibited with non-quality wine production. Graph 202 below compares the FNVA/AWU for non-quality wine producers in France, Portugal, Spain and Italy with the total EU level.

Graph 202 FNVA/AWU for non-quality wine producers at country level

Source: FADN

There is significant annual variation for all the selected countries. This is shown in table 220, which provides the indexed FNVA/AWU for non-quality wine producers in each of the selected countries and at the general EU level. The EU-wide FNVA/AWU for non-quality wine producers in 1989 is indexed at 100.

Table 220 Indexed FNVA/AWU for non-quality wine producers at EU and country level

	EU	France	Italy	Portugal	Spain
1989	100	232	96	22	35
1990	115	285	95	22	59
1991	118	272	108	23	81
1992	112	236	101	22	115
1993	85	168	78	10	129
1994	110	246	85	31	108
1995	138	296	116	57	92
1996	149	297	140	41	142
1997	133	263	135	35	95
1998	135	237	142	39	98
1999	163	274	171	53	133
2000	151	200	166	52	190

Source: FADN

The table shows that the FNVA/AWU for non-quality wine producers is significantly higher in France – in some years by nearly 200% – than the EU average in all years between 1989 and 2000.

On average, the FNVA/AWU for non-quality wine producers in Italy and Spain is lower than the EU average, although in some years (and as highlighted in table 221

below), their FNVA/AWU is higher than the EU average. The FNVA/AWU for non-quality wine producers in Portugal is substantially lower than the EU average.

Table 221 Indexed FNVA/AWU for non-quality wine producers at EU and country level

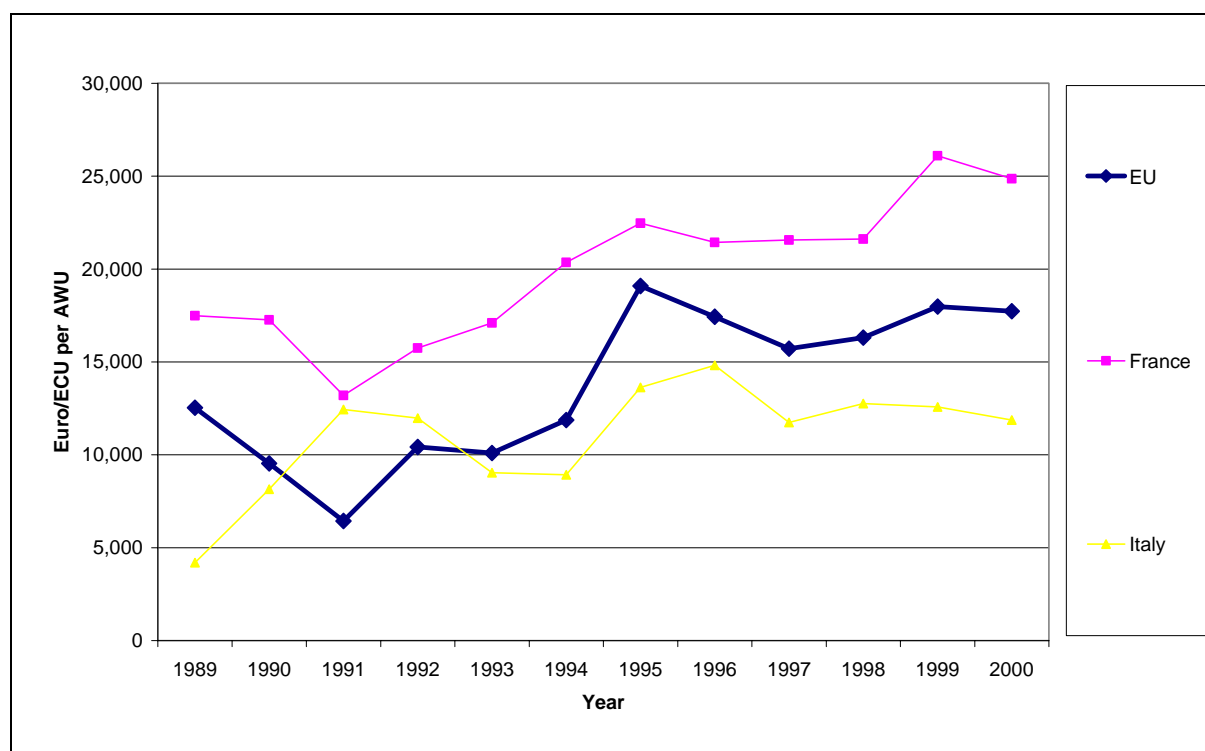
	EU	France	Italy	Portugal	Spain	Standard Deviation
1989	100	232	96	22	35	83.3
1990	100	247	82	19	51	87.8
1991	100	230	92	20	69	77.9
1992	100	211	90	19	103	68.5
1993	100	197	92	12	151	69.6
1994	100	223	77	28	98	72.1
1995	100	214	84	41	67	66.9
1996	100	199	94	27	95	61.5
1997	100	197	101	26	71	62.6
1998	100	175	105	29	72	53.5
1999	100	168	105	33	81	48.9
2000	100	132	109	34	125	38.9

Source: FADN

Mixed quality/non-quality wine producers

Graph 203 below compares the FNVA/AWU for mixed quality/non-quality wine producers in France and Italy with the total EU level.

Graph 203 FNVA/AWU for mixed quality/non-quality wine producers at country level



Source: FADN

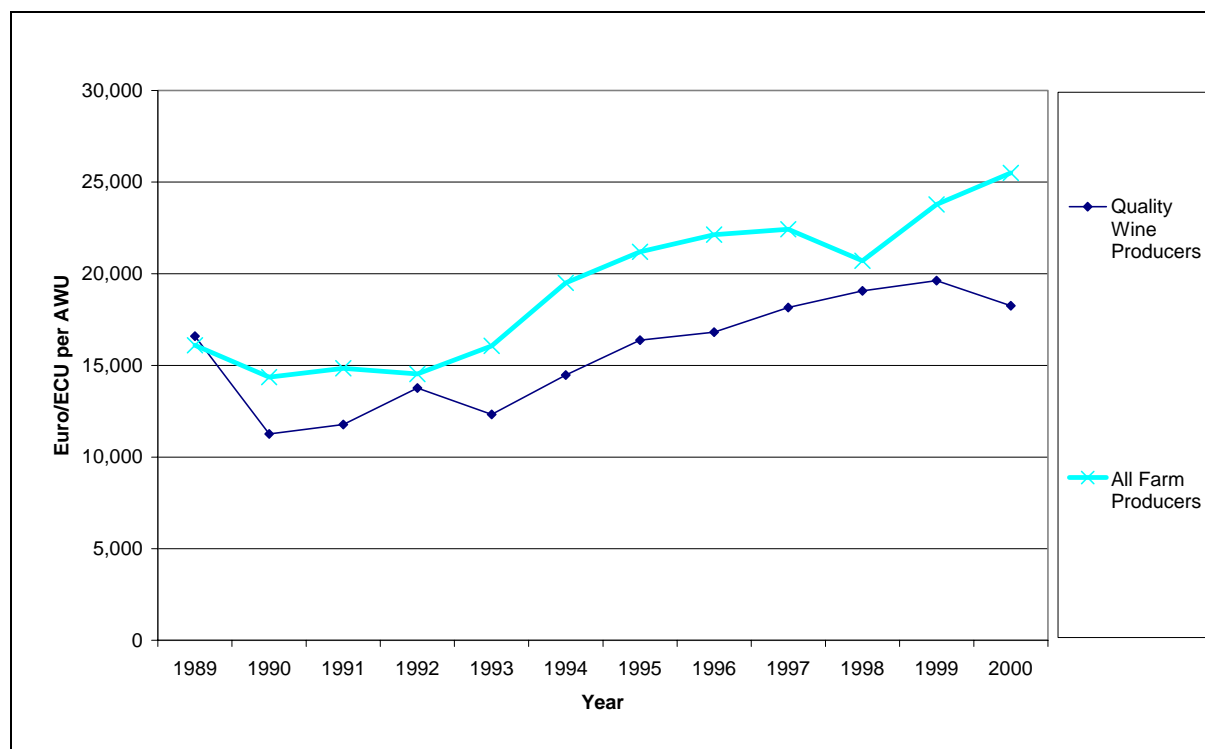
Table 222 provides the index of FNVA/AWU for mixed quality/non-quality wine producers.

Table 222 Indexed FNVA/AWU for mixed quality/non-quality wine producers at EU and country level

	EU	France	Italy
1989	100	140	33
1990	76	138	65
1991	51	105	99
1992	83	126	96
1993	81	136	72
1994	95	162	71
1995	152	179	109
1996	139	171	118
1997	125	172	94
1998	130	173	102
1999	143	208	100
2000	141	198	95

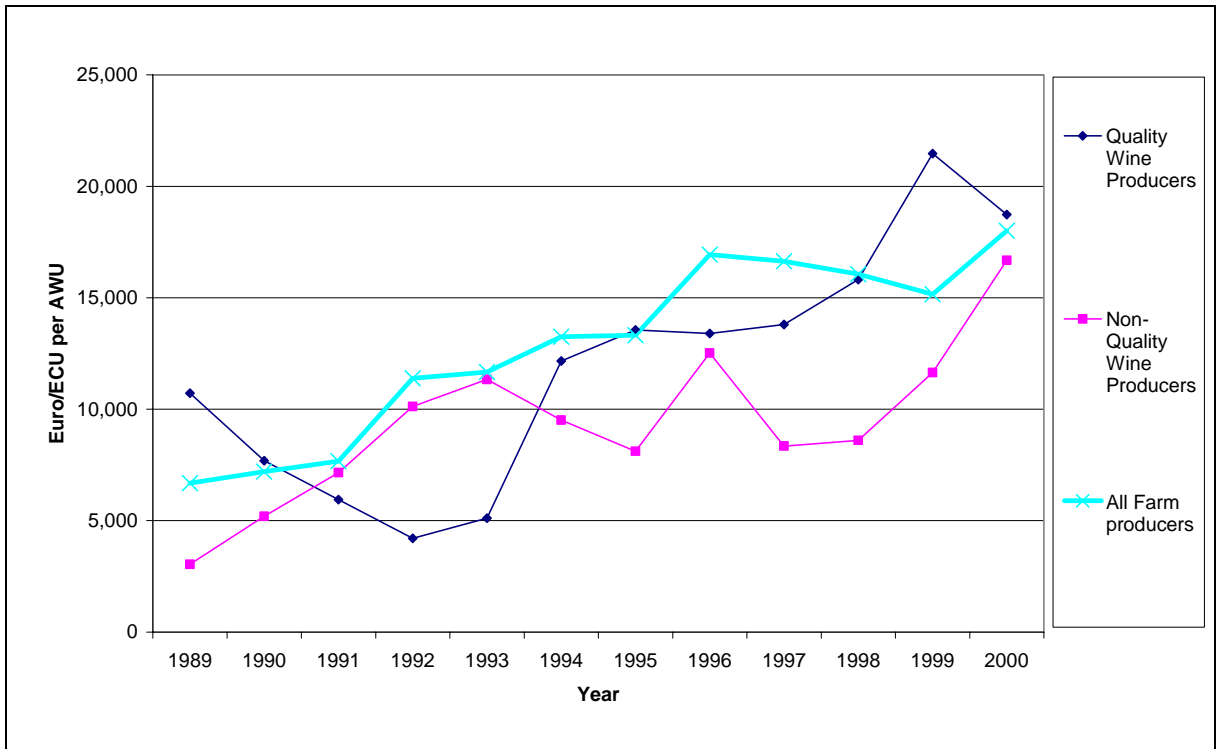
Source: FADN

As at the general EU level, it is informative to analyze the difference between FNVA/AWU of wine producers and all farm producers for individual countries. This analysis is provided for the selected countries in the graphs below.

Graph 204 Germany

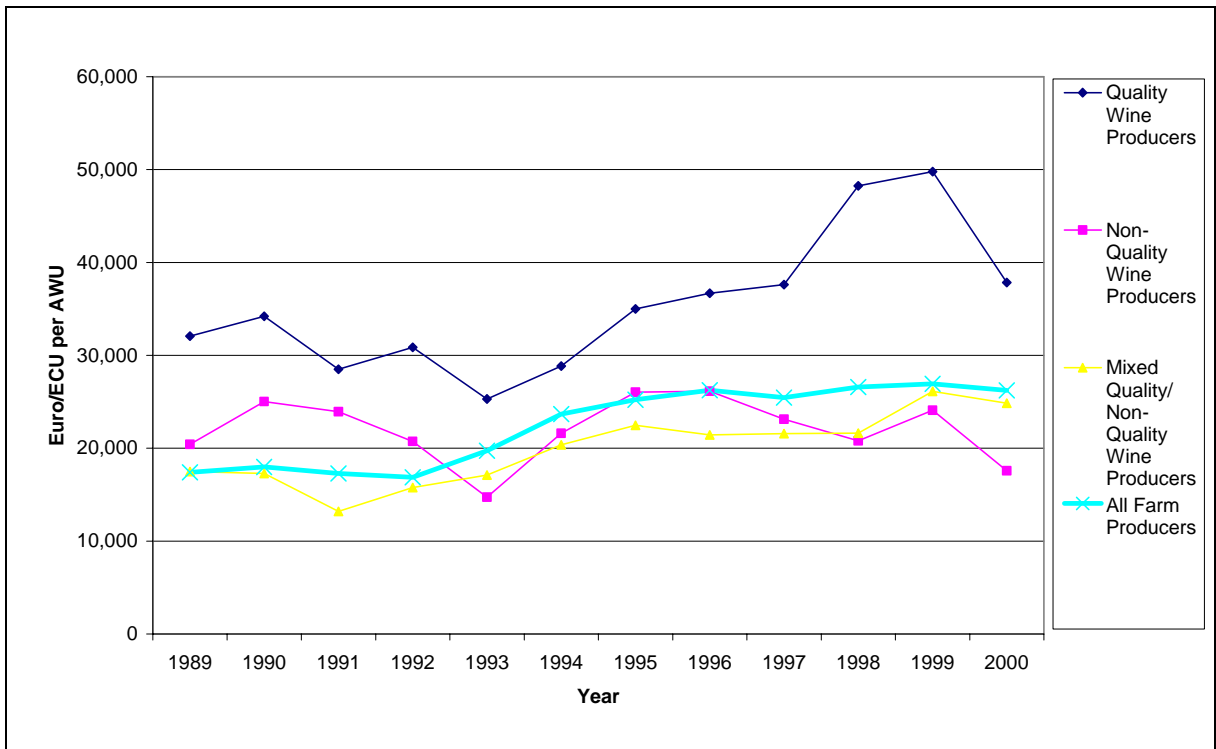
Source: FADN

Graph 205 Spain



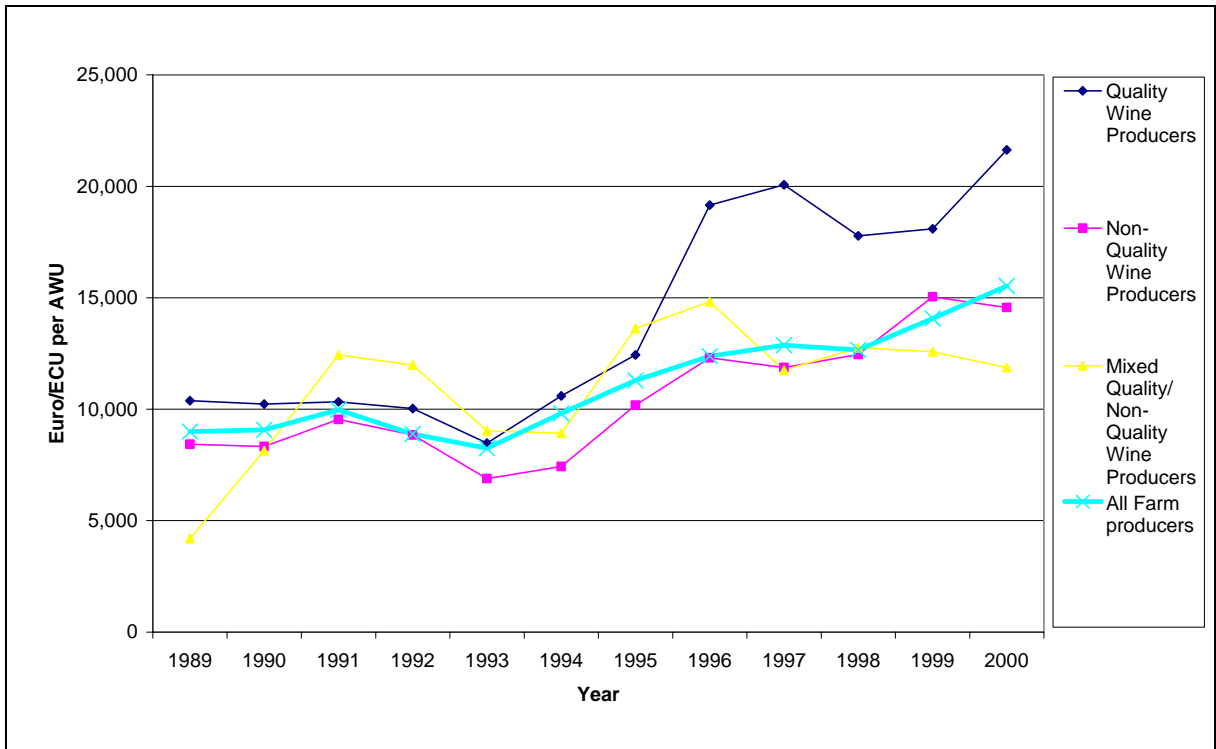
Source: FADN

Graph 206 France



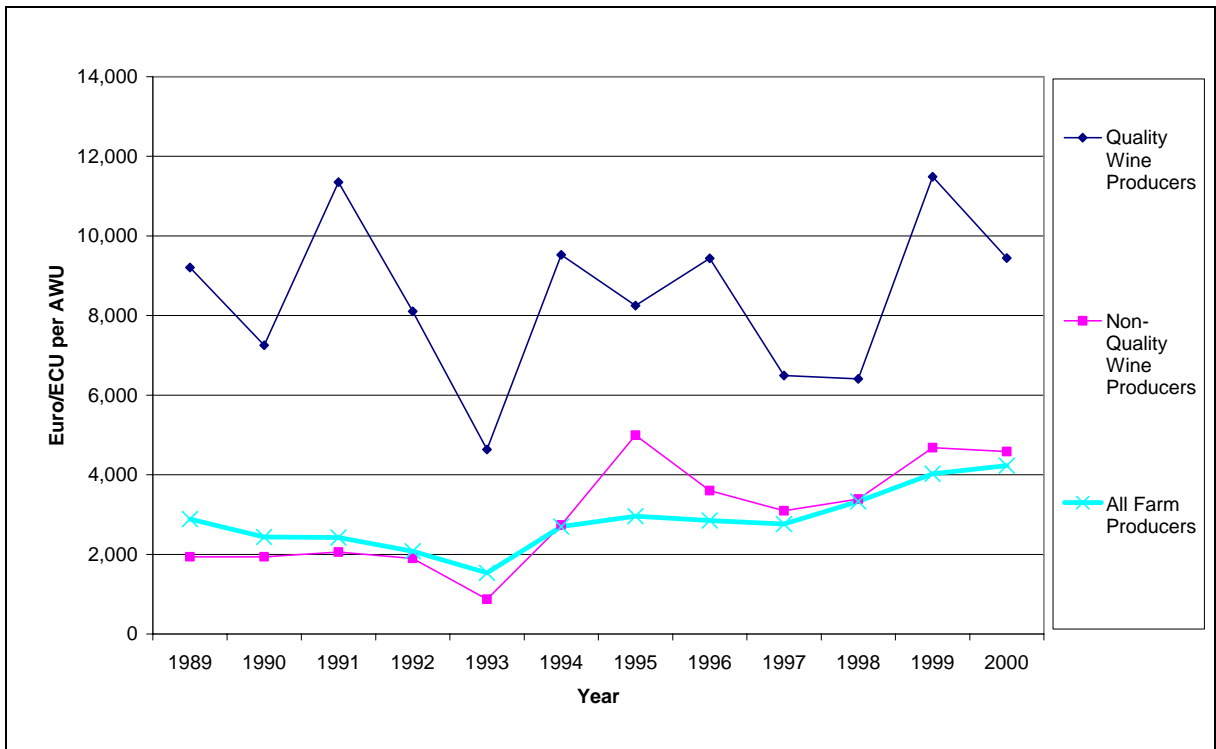
Source: FADN

Graph 207 Italy



Source: FADN

Graph 208: Portugal



Source: FADN

The results from this analysis of the difference between FNVA/AWU for wine producers and all farms for individual countries include:

- **Germany** – The FNVA/AWU for quality wine producers is lower than FNVA/AWU for all farm producers, although both have been generally increasing since 1990;
- **Spain** – Apart from three years in the early 1990's, the FNVA/AWU of quality wine producers has been higher than for non-quality wine producers, although both have exhibited substantial increases in the period. The FNVA/AWU for all farm producers is generally (although not in all years) higher than that for quality wine producers and is higher than that for non-quality wine producers in all years between 1989 and 2000;
- **France** – The FNVA/AWU for quality wine producers is substantially higher than for non-quality wine and mixed quality/non-quality wine producers and for all farm producers. The FNVA/AWU for all farm producers is higher than for mixed quality/non-quality wine producers and, since 1993, has been generally higher than that for non-quality wine producers;
- **Italy** – The FNVA/AWU for quality wine producers is higher than for non-quality wine and for all farm producers, especially after 1996. The FNVA/AWU for all farm producers is generally very slightly higher than FNVA/AWU for non-quality wine producers;
- **Portugal** – The FNVA/AWU for quality wine producers is substantially higher than for non-quality wine producers and for all farm producers. The FNVA/AWU for all farm producers is generally approximately equal to that for non-quality wine producers.

11.2.3. The Make-up of Farm Incomes

The FADN data can be used to analyze the make-up of farm incomes. In particular the main variable used in the analysis so far, FNVA, is calculated using the following output and cost variables:

$$\text{FNVA} = \text{Total Output (Euro)} - \text{Total Intermediate Consumption (Euro)} + \text{Balance of Current Subsidies and Taxation (Euro)} - \text{Depreciation (Euro)}.$$

The definitions of these variables are as follows:

- **Total Output** - Total of output (in Euros) of crops and crop products, and of other output;
- **Intermediate Consumption** - Specific supply costs (including inputs produced on the holding) and overheads arising from production;
- **Balance of Current Subsidies and Taxation** - Subsidies (direct) and taxes arising from production activity;
- **Depreciation** - Depreciation of capital assets estimated at replacement value.

Quality wine producers

The strength of the relationship between FNVA/AWU and the individual variables can be highlighted with reference to correlation coefficients. These correlation coefficients are provided in table 223 below.

Table 223 Correlation coefficients – quality wine producers

Variable 1	Variable 2	Correlation Coefficient
FNVA/AWU	Total Output/AWU	0.98
FNVA/AWU	Intermediate Consumption/AWU	0.78
FNVA/AWU	Subsidies and Taxes/AWU	0.73
FNVA/AWU	Depreciation/AWU	0.65

Source: FADN

A correlation coefficient of 1 implies that the two variables move in perfect relationship to each other (e.g. a 10% increase in one variable occurs at the same time as a 10% increase in the other). Hence, it can be concluded that, as the correlation coefficient is relatively close to 1 for all the variables in the table, there is a strong relationship between FNVA/AWU and each of the output and cost variables for quality wine producers. In particular, the correlation coefficient between FNVA/AWU and Total Output/AWU is 0.98 – indicating a very strong relationship between the 2 variables.

Non-quality wine producers

There is a strong relationship between FNVA/AWU for non-quality wine producers and each of the variables that are used to calculate it. Correlation coefficients are provided in table 224 below.

Table 224 Correlation coefficients – non-quality wine producers

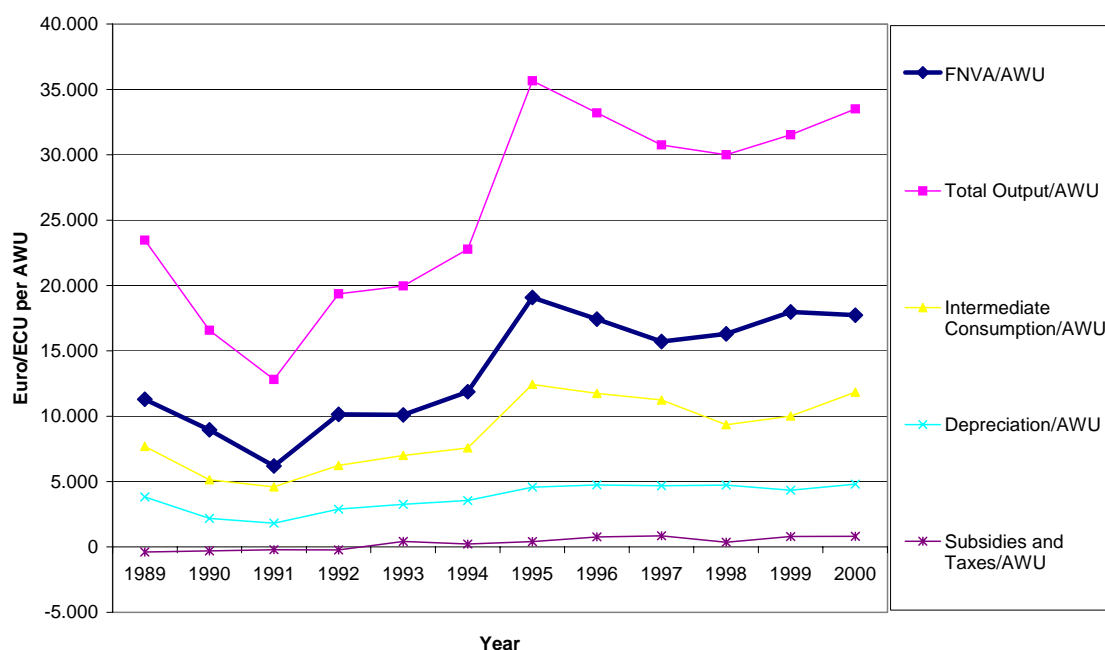
Variable 1	Variable 2	Correlation Coefficient
FNVA/AWU	Total Output/AWU	0.98
FNVA/AWU	Intermediate Consumption/AWU	0.85
FNVA/AWU	Subsidies and Taxes/AWU	0.72
FNVA/AWU	Depreciation/AWU	0.86

Source: FADN

The correlation coefficient is relatively close to 1 for all the variables in table 224. Hence there is a strong relationship between FNVA/AWU and each of the output and cost variables for non-quality wine producers, especially in relation to FNVA/AWU and Total Output/AWU.

Mixed quality/non-quality wine producers

Graph 209 below illustrates the calculation of FNVA/AWU for mixed quality/non-quality wine producers in the EU between 1989 and 2000.

Graph 209 Make-up of FNVA/AWU for mixed quality/non-quality wine producers at EU level

Source: FADN

The balance of subsidies and taxes is very low. In addition:

- Total Output/AWU and Intermediate Consumption/AWU are the most significant elements of FNVA/AWU for quality/non-quality wine producers;
- Intermediate Consumption/AWU is between 66-73% of the total of Intermediate Consumption/AWU plus Depreciation/AWU.

There is a strong relationship between FNVA/AWU for non-quality wine producers and each of the variables that are used to calculate it. Correlation coefficients are provided in table 225 below.

Table 225 Correlation coefficients – mixed quality/non-quality wine producers

Variable 1	Variable 2	Correlation Coefficient
FNVA/AWU	Total Output/AWU	0.99
FNVA/AWU	Intermediate Consumption/AWU	0.96
FNVA/AWU	Subsidies and Taxes/AWU	0.80
FNVA/AWU	Depreciation/AWU	0.94

Source: FADN

The correlation coefficient is relatively close to 1 for all the variables in the table. Hence there is a strong relationship between FNVA/AWU and each of the output and cost variables for quality/non-quality wine producers.

Farm income development by farm size

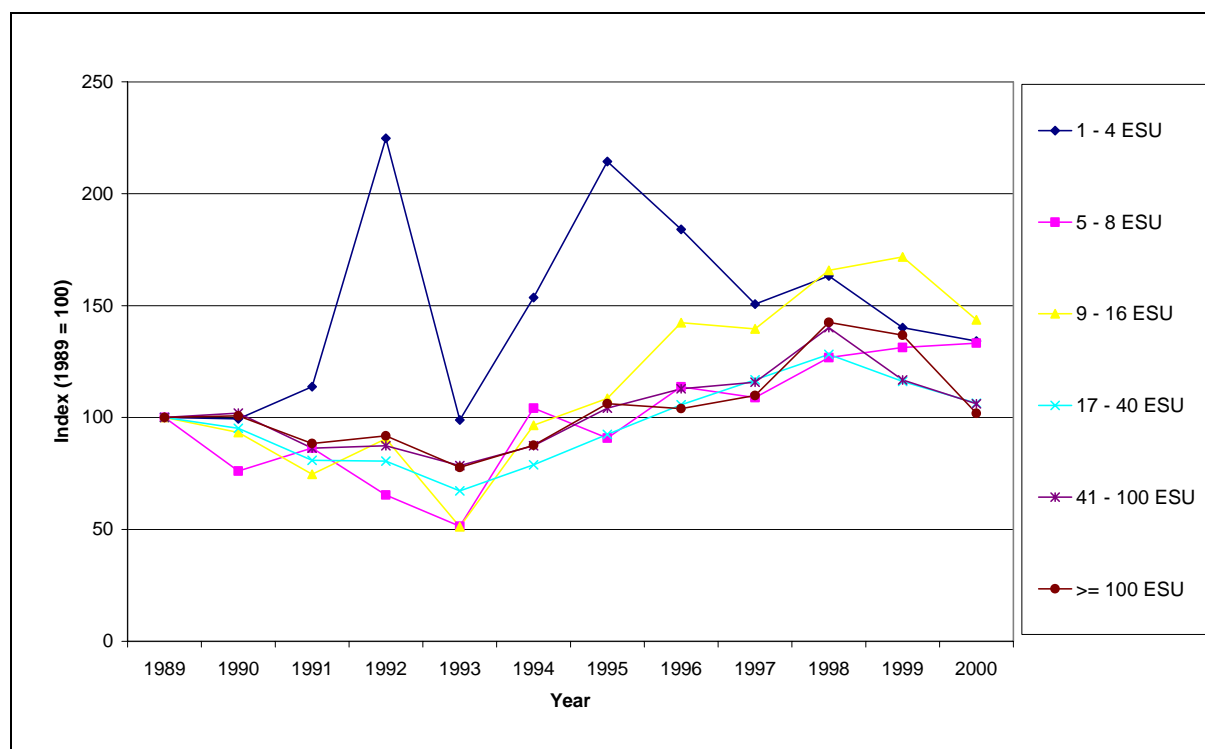
The FADN database can be used to the development of FNVA/AWU for quality and non-quality wine producers⁸³ with concern to farms of different size. FADN splits farms into size categories with regard ESU – European Size Units⁸⁴. The categories are as follows:

- 1 - 4 ESU;
- 5 - 8 ESU;
- 9 - 16 ESU;
- 17 - 40 ESU;
- 41 - 100 ESU;
- >= 100 ESU.

Quality wine producers

The FNVA/AWU for quality wine producers has increased for all sizes of farms between 1989 and 2000, although the proportional annual variation in FNVA/AWU is higher for smaller quality wine producers in relation to larger quality wine producers. This is illustrated in graph 210 below.

Graph 210 FNVA/AWU (indexed) for quality wine producers in farm size categories at EU level



Source: FADN

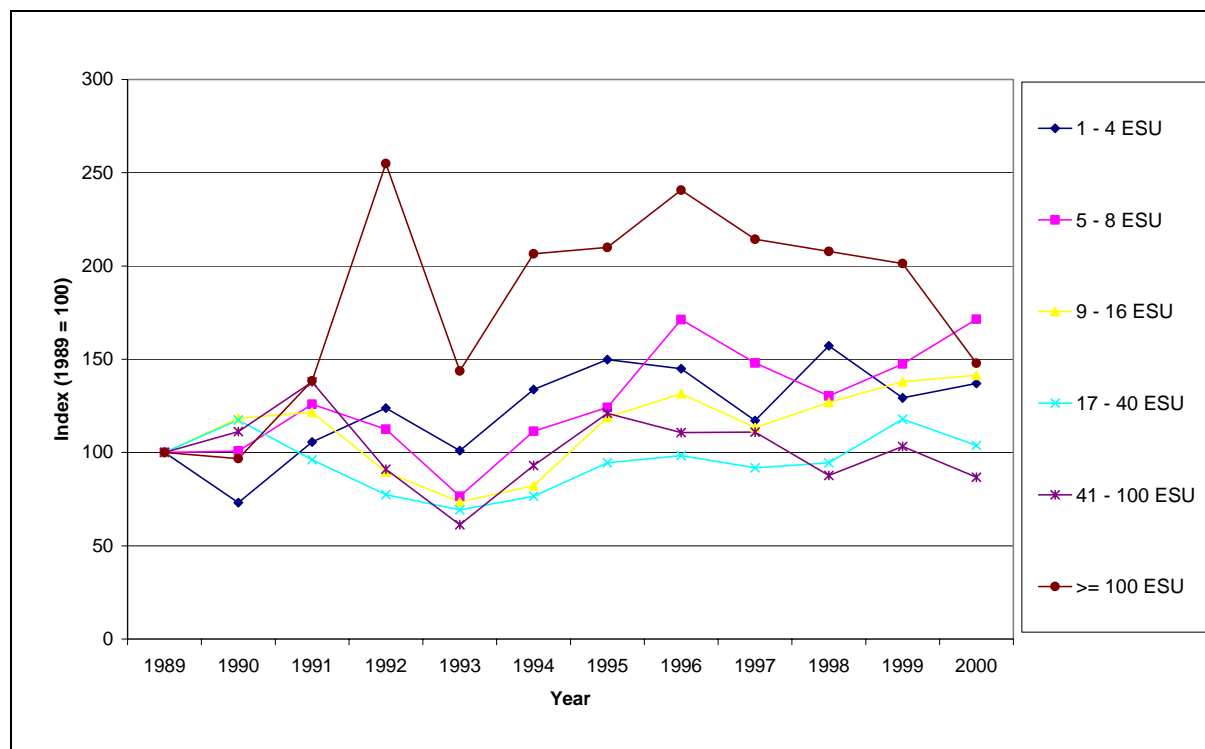
⁸³ There are insufficient data points to provide this analysis for mixed quality/table wine producers.

⁸⁴ The value of one ESU is defined as a fixed number of Euro/ECU of Standard Gross Margin (which is calculated by farm size in terms of hectares multiplied by the assumed the value of output from one hectare of land for specialist vineyards). Over time the number of EUR/ECU per ESU has changed to reflect inflation.

Non-quality wine producers

The proportional annual variation in FNVA/AWU tends to be higher for larger non-quality wine producers in relation to larger quality wine producers. This is illustrated in graph 211.

Graph 211 FNVA/AWU (indexed) for non-quality wine producers in farm size categories at EU level



Source: FADN

11.2.4. Farm incomes at regional level

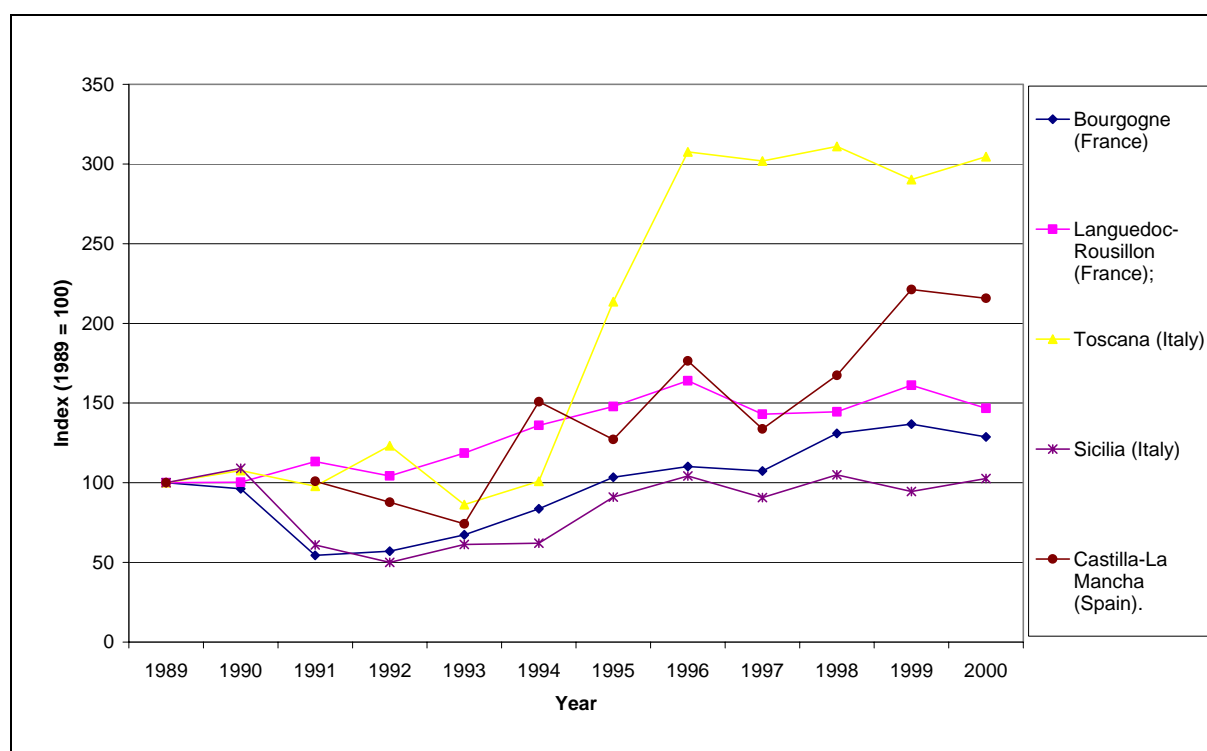
This section provides an analysis of farm income, using the FNVA/AWU measure, at the regional level.

Five regions were selected for the analysis:

- Bourgogne (France);
- Languedoc-Rousillon (France);
- Toscana (Italy);
- Sicilia (Italy);
- Castilla-La Mancha (Spain).

Bourgogne producers almost exclusively quality wine and Sicilia almost exclusively non-quality wine. The other selected regions produce both quality and non-quality wine. The variation in the development of the FNVA/AWU for the selected regions is illustrated in the graph below, which shows the indexed FNVA/AWU for each of the selected countries and at the general EU level. The FNVA/AWU for 1989 is indexed at 100.

Graph 212 Indexed FNVA/AWU for selected regions



Source: FADN

The graph shows that the FNVA/AWU in Toscana exhibited a considerably higher increase than the other selected regions. The graph also shows that there was an increase of over 100% in the FNVA/AWU for specialist vineyards in Castilla-La Mancha. This result is in accordance with the change in FNVA/AWU at country level, which saw higher proportional changes in FNVA/AWU for quality and non-quality wine producers in Italy and Spain than in France.

The analysis of these selected regions can be furthered by analysis of the annual change in total output (in terms of Euro/ECU value). The tables below show the annual change in FNVA/AWU for farms in the FADN sample, categorized by farm size.

Table 226 Change in FNVA/AWU for specialist vineyards in Bourgogne

	17 - 40 ESU	41 - 100 ESU	>= 100 ESU
1989-1990	4%	1%	16%
1990-1991	-50%	-17%	-11%
1991-1992	27%	-12%	-13%
1992-1993	-12%	9%	17%
1993-1994	18%	31%	5%
1994-1995	24%	12%	21%
1995-1996	14%	1%	2%
1996-1997	-3%	5%	9%
1997-1998	73%	15%	24%
1998-1999	77%	112%	
1999-2000	-58%	-67%	

Source: FADN

Table 227 Change in FNVA/AWU for specialist vineyards in Languedoc-Rousillon

	9 - 16 ESU	17 - 40 ESU	41 - 100 ESU	>= 100 ESU
1989-1990	-11%	1%	2%	-2%
1990-1991	36%	-1%	-3%	11%
1991-1992	-6%	-16%	-18%	-25%
1992-1993	-31%	1%	-1%	7%
1993-1994	137%	9%	10%	-1%
1994-1995	-24%	6%	9%	26%
1995-1996	-3%	9%	3%	1%
1996-1997	-36%	0%	2%	-11%
1997-1998	47%	-4%	-11%	12%
1998-1999	30%	135%	218%	
1999-2000	-41%	-63%	-60%	

Source: FADN

Table 228 Change in FNVA/AWU for specialist vineyards in Toscana

	1 - 4 ESU	5 - 8 ESU	9 - 16 ESU	17 - 40 ESU	41 - 100 ESU	>= 100 ESU
1989-1990	9%	16%	0%	-8%	6%	-7%
1990-1991		6%	50%	-3%	15%	-6%
1991-1992	92%	-39%	-19%	1%	10%	45%
1992-1993	-42%	-39%	-17%	21%	-17%	-2%
1993-1994	39%		-19%	-2%	4%	7%
1994-1995	-32%		193%	15%	96%	62%
1995-1996	33%	-12%	225%	52%	24%	12%
1996-1997	-29%	-49%	-46%	3%	14%	-12%
1997-1998	0%	-4%	-10%	7%	19%	47%
1998-1999	26%	740%	132%	264%	423%	
1999-2000		94%	115%	255%	353%	

Source: FADN

Table 229 Change in FNVA/AWU for specialist vineyards in Sicilia

	1 - 4 ESU	5 - 8 ESU	9 - 16 ESU	17 - 40 ESU	41 - 100 ESU	>= 100 ESU
1989-1990	-10%	-4%	21%	30%	40%	4%
1990-1991	5%	32%	-21%	-46%	-47%	-53%
1991-1992	-5%	-5%	-3%	-8%	-24%	-19%
1992-1993	15%	29%	17%	7%	25%	45%
1993-1994	-10%	9%	16%	30%	8%	
1994-1995	9%	11%	24%	32%		
1995-1996	-11%	2%	5%	-16%	7%	
1996-1997	12%	-4%	-12%	-8%	-9%	
1997-1998	6%	17%	18%	18%	22%	
1998-1999	34%	121%	57%	128%		
1999-2000	36%	109%	64%	165%		

Source: FADN

Table 230 Change in FNVA/AWU for specialist vineyards in Castilla-La Mancha

	1 - 4 ESU	5 - 8 ESU	9 - 16 ESU
1989-1990	-2%	20%	32%
1990-1991	-29%	-27%	-21%
1991-1992			-62%
1992-1993		29%	-10%
1993-1994			17%
1994-1995		6%	-25%
1995-1996	0%	-15%	82%
1996-1997	-22%	-1%	-9%
1997-1998	13%	6%	8%
1998-1999	-32%	34%	45%
1999-2000		32%	57%

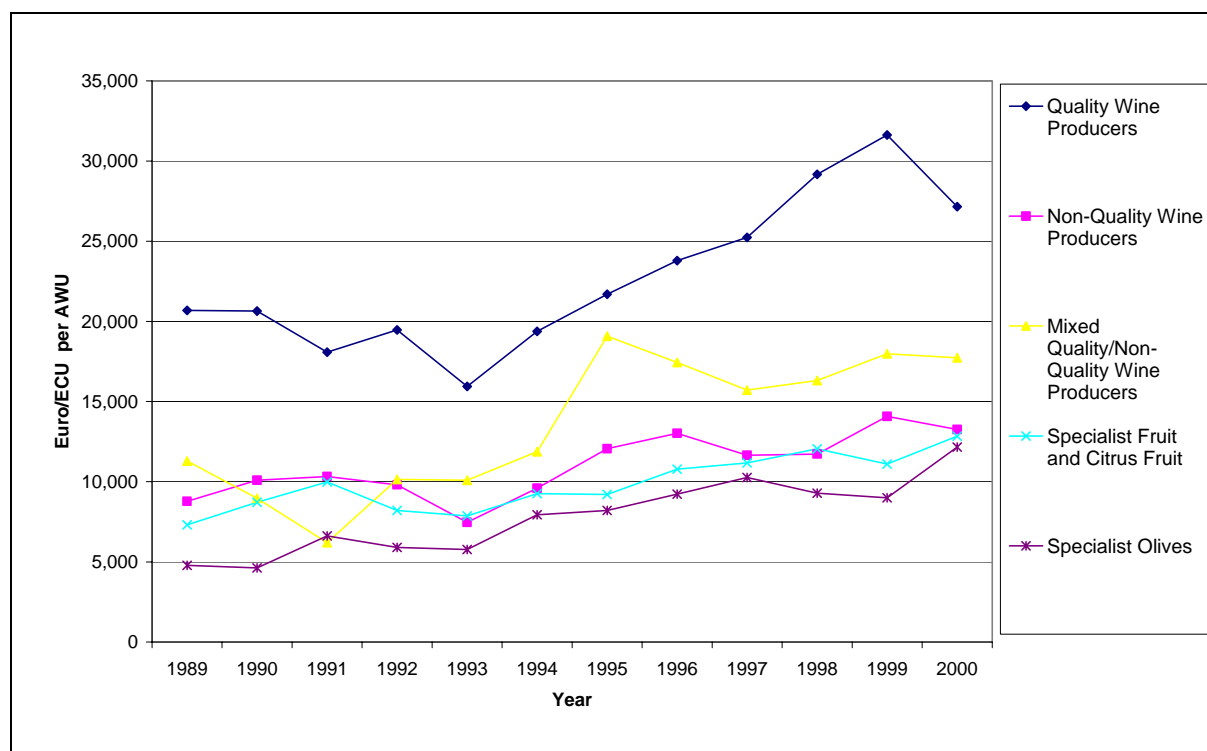
Source: FADN

In all regions, the tables above show the substantial annual variation in the value of total output for specialist vineyards.

11.2.5. Comparison with other types of farms

In addition to analyzing the development of wine producer incomes in comparison with general farm incomes, it is also informative to compare wine producer incomes with income in other individual agricultural sectors. Below, this comparison is provided with regards to the specialist fruit and citrus fruit sector and the specialist olive sector.

Graph 213 below shows the annual FNVA/AWU for wine producers (quality, table and quality/non-quality wine producers), specialist fruit and citrus fruit and specialist olive sectors.

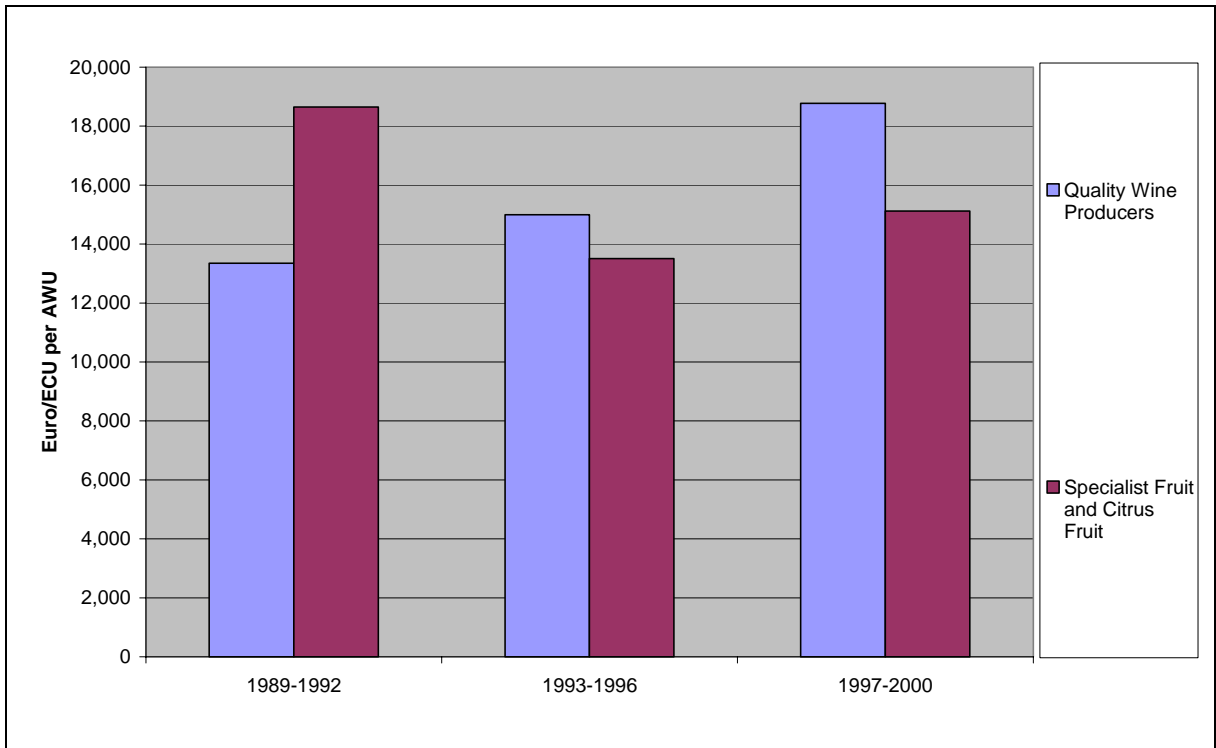
Graph 213 FNVA/AWU for comparable sectors

Source: FADN

It is clear from the figure that the FNVA/AWU for quality wine producers is substantially higher than for the two comparative sectors. In addition, the FNVA/AWU for quality/non-quality wine producers is higher for than for the two comparative sectors in all years except for 1991, and the FNVA/AWU for non-quality wine producers is higher for than for the two comparative sectors in all years except for 1993 and 1998.

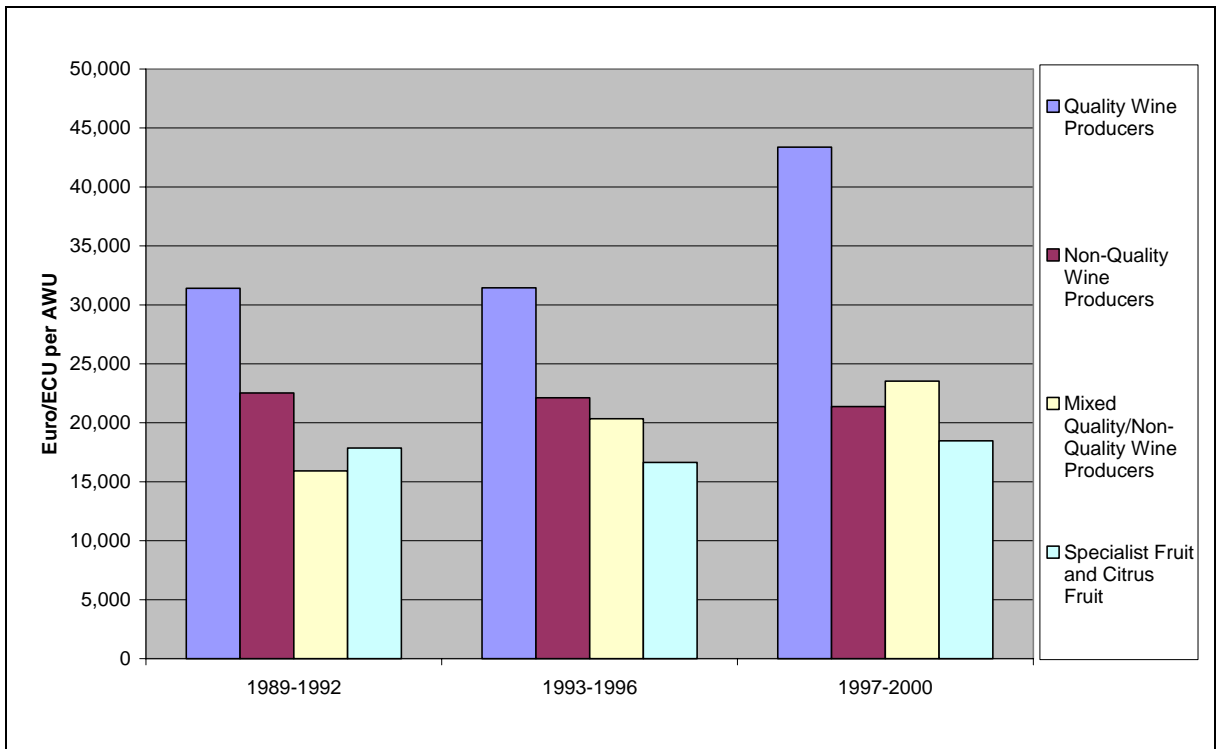
The assessment of the three sectors on an individual country basis shows further variation. For ease of exposition, the graphs below compare the average (nominal) FNVA/AWU for each sector in each country for the period 1989-1992, 1993-1996 and 1997-2000.

Graph 214 Germany



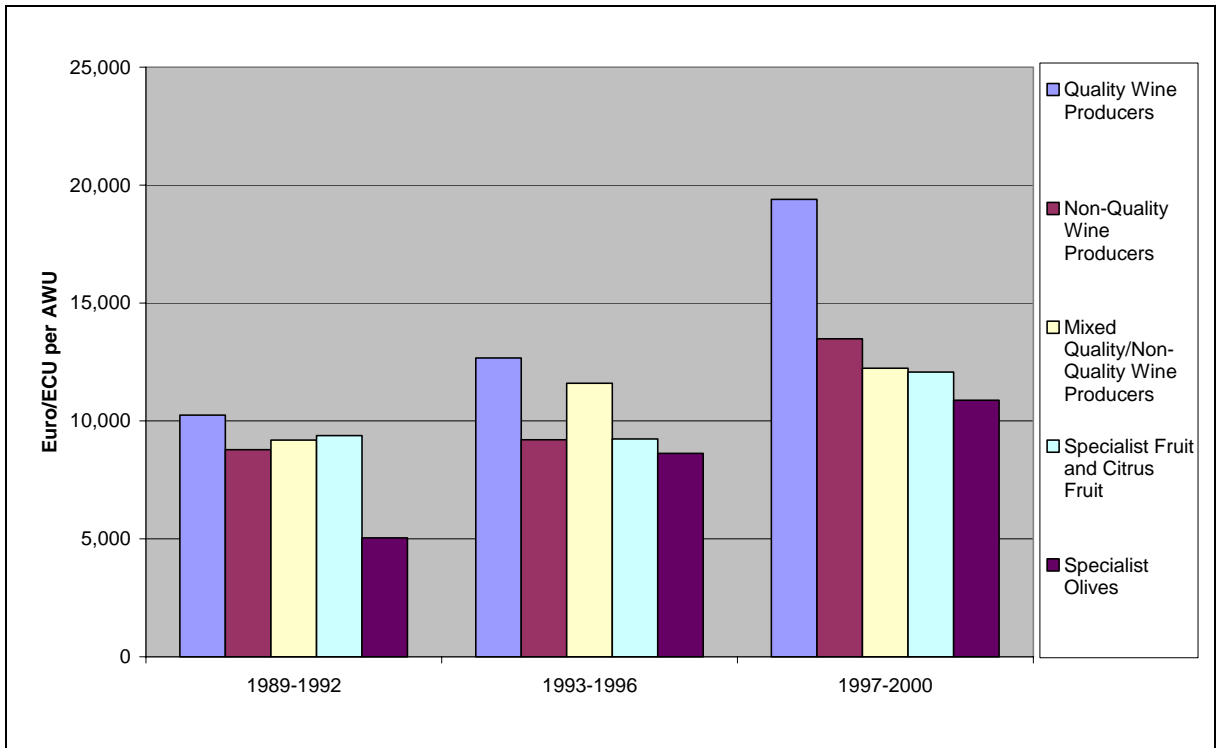
Source: FADN

Graph 215 France



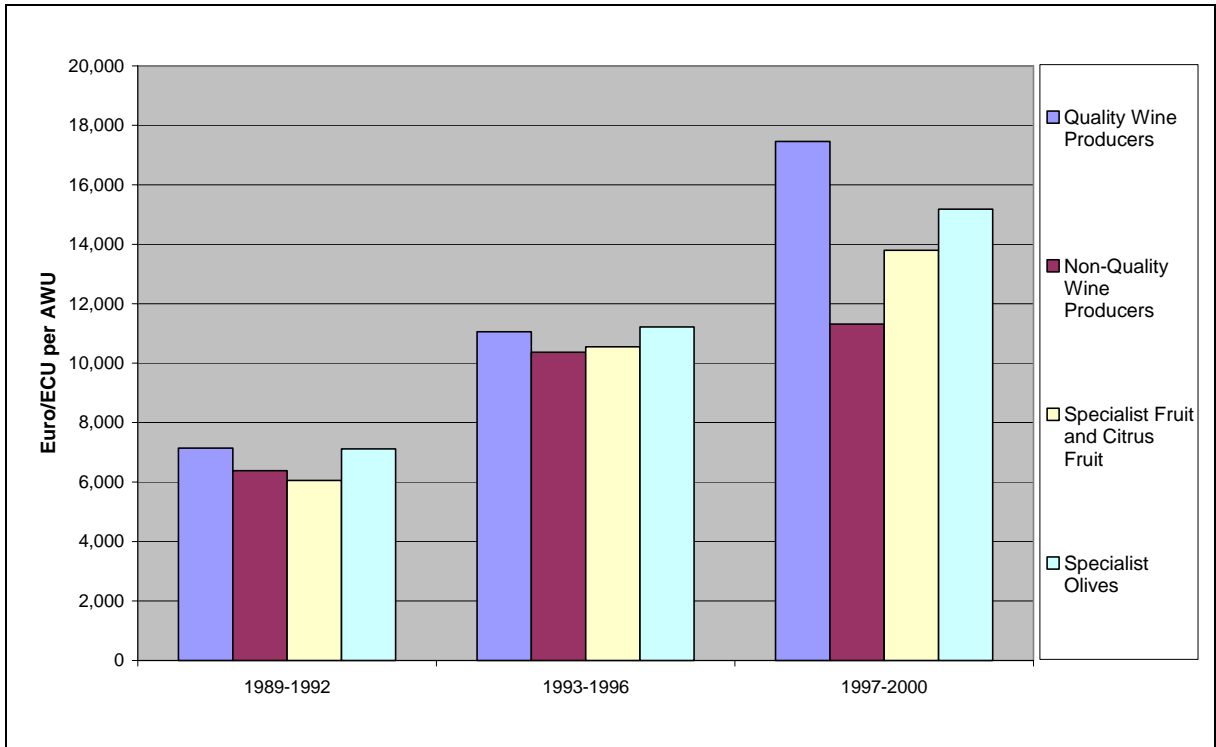
Source: FADN

Graph 216 Italy



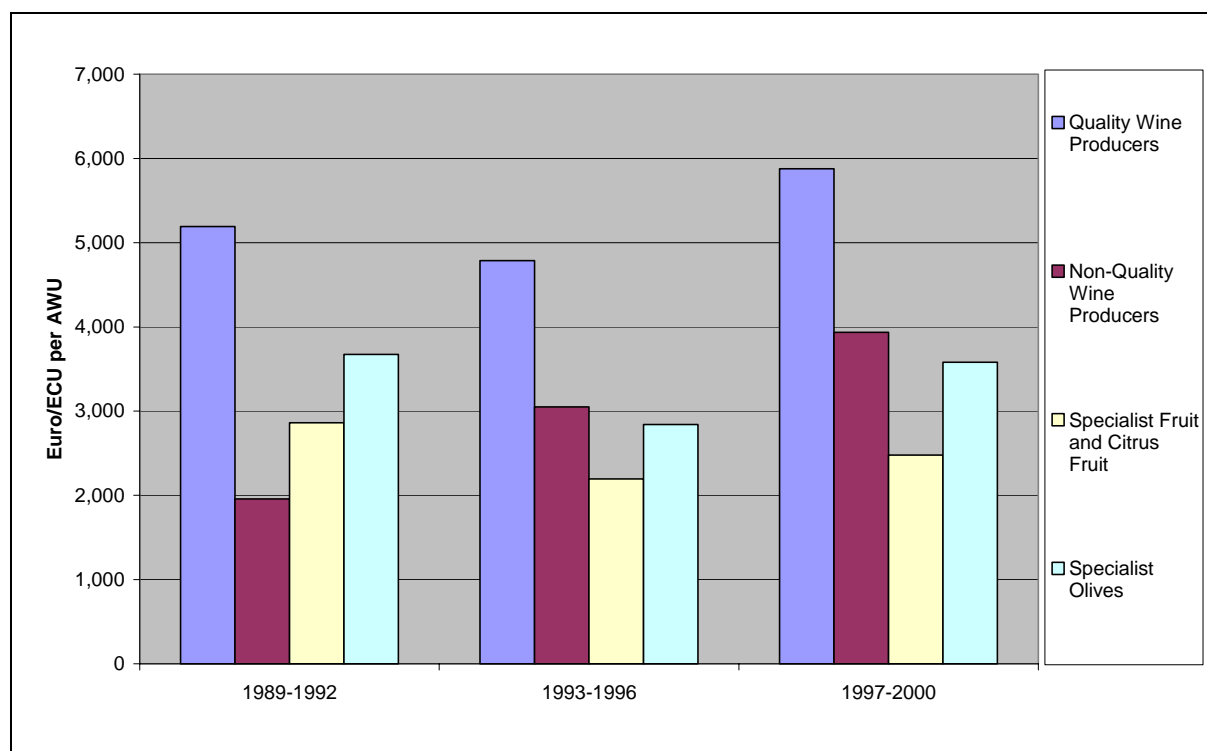
Source: FADN

Graph 217 Spain



Source: FADN

Graph 218 Portugal



Source: FADN

The results from this analysis at the individual country level include:

- **Germany** – At the beginning of the period, the FNVA/AWU for quality wine producers was lower than for specialist fruit and citrus fruit farms. However, by the period end an increase in the FNVA/AWU for quality wine producers and a decrease in specialist fruit and citrus FNVA/AWU resulted in the opposite situation;
- **France** – The FNVA/AWU of wine producers was (with the exception of mixed quality/non-quality wine producers in 1989-1992) higher than for specialist fruit and citrus fruit;
- **Italy** – The FNVA/AWU of all the selected sectors increased in the period. The FNVA/AWU for quality wine producers was always higher than for the other sectors in the period. The FNVA/AWU for table and mixed quality/non-quality wine producers were approximately equal to that in the comparator sectors, with the exception of the FNVA/AWU for specialist olives in 1989-1992, which was substantially lower;
- **Spain** – The average FNVA/AWU of all the selected sectors was relatively equal in 1989-1992 and 1993-1996, although the FNVA for specialist olives was at least as high or higher than for all types of wine producers. However, in 1997-2000, the FNVA/AWU for quality wine producers increased so that it was higher than for specialist olives farms;
- **Portugal** – The FNVA/AWU of quality wine producers was higher than the comparable sectors throughout the time period. However, the FNVA/AWU for non-quality wine producers was lower than the comparable sectors in 1989-1992, but was higher than them by 1997-2000.

11.2.6. Effect of CMO Measures on Development of Farm Incomes at EU and Country Level

The above quantitative analysis shows that, despite variation between countries and different types of farms, overall farm income for wine producers has increased in the period 1989 to 2000. This quantitative analysis is supported by the general views of the wine sector experts interviewed as part of this project – the majority of who stated that, in general, wine producer incomes have increased in recent years.

In this section the influence of CMO measures, both jointly and individually, on wine producer incomes is analyzed. The “average” opinion of the wine sector experts interviewed as part of this project stated that, taken as a whole, the CMO measures have had a “Medium” effect on wine producer incomes. However this “average” opinion does not show the wide variation in opinions. The wine sector expert opinions on the joint effect of CMO measures on wine producer incomes are reported in the table below.

Table 231 Questionnaire responses on joint effect of CMO measure on wine producer incomes

	Very Important Effect	Important Effect	Medium Effect	Limited Effect	Very Limited Effect
Percentage of Expert Responses	23%	20%	17%	23%	17%

Source: Project Questionnaire

The table shows that the wine sector experts were quite evenly split between the five possible answers – reflecting that, although some expressed that the CMO measures had had an important effect on wine producer incomes, many experts had an opposite opinion.

It is generally accepted, however, that it is not possible to robustly quantify the joint effect of all CMO measures on wine producer incomes, especially using quantitative methods. This is due to a number of reasons:

- There are a number of variables influencing income. All can be influenced by the CMO (e.g. by influencing cost, production and prices), but can, at the same time, be influenced by a great number of other conditions. This makes it difficult to quantitatively analyze the overall CMO effect on income;
- The wine market is very fragmented and the national and regional characteristics are so diverse, that it is not easy to match the impact of each measure with the development of wine producer income at the EU level.

The analysis of CMO effect on wine producer income is thus best performed through a qualitative analysis of the effect of the individual CMO measures on wine producer income. This analysis is provided below.

Distillation

Most wine sector experts believe that distillation has had an impact on wine producer income, in some specific (table) wine regions in the EU, but has not impacted on quality wine regions.

This is supported in one of the conclusions of this project's full analysis on distillation, in which it is concluded that distillation measures are effective in the sense of guaranteeing certain minimum returns. This conclusion is based on the strong influence of the buying-in-prices on the market prices in some countries/regions. This provides an income stabilising effect which fulfils some aims of the EU agricultural policy (in terms of wine producer incomes), but at the same time this leads to continuation structural over-production.

The regional variation in the effect of distillation on wine producer income can be seen through the expected situation if the distillation measures were to be abandoned. In this case, many of the wine sector experts believe that wine producer income would fall in some regions in Italy, France, Portugal and Spain – and would significantly change the equilibrium in the market.

Planting Rights

Previous analysis in this report concludes that CMO measures relating to planting rights could influence production over the long-term and the Premium for Definitive Abandonment has reduced the EU's potential wine output. On the other hand, the analysis also shows how the effectiveness of CMO measures on planting rights may have been weakened by other support regimes within the wine CMO and by the new plantings that have occurred in some EU countries.

Many wine sector experts state that the CMO measures on planting rights are not related to market demand and are too inflexible. These experts believe that the perceived inflexibility of planting rights have led to wine producer income being lower than it would have been in their absence, especially in relation to efficient producers as they have been limited in their ability to expand their businesses and market share. It is thus likely that the competitive position of the EU wine sector in general, and with specific relation to imported wines, would be improved if the CMO measures on planting rights were abandoned.

It should also be noted, however, that planting rights have provided a real value to smaller and more traditional wine producers, allowing them to operate within the market that could otherwise have significantly moved towards large-scale producers.

Restructuring and Conversion

The previous analysis in this report concludes that the new restructuring and conversion measures have already had effect on vineyard area, with a large area of vineyards restructured and renovated under the scheme. This provides evidence that many wine producers are willing and able to change procedures to adapt to market demand. The previous analysis also concludes that the measure has led to an improvement in the quality of vineyards area in the EU.

The effects of restructuring and conversion are long-term and there is not an agreement on their effect on the producers' income. Some consulted experts believe the winegrowers' investments in restructuring and conversion to the wine varieties now most in demand cannot be recovered. Other experts assume the CMO measures for restructuring and conversion are likely to result in a positive income impact in the EU quality wine sector (because with some high quality wines, producer returns will

exceed the large investments required by wineries in order to adapt to new wine-grape supplies).

An example of the potential effects of restructuring and conversion can be seen with reference to Portugal, where there was a restructuring programme in place (due to a special need to restructure the Portuguese wine sector) before the 1999 introduction of CMO restructuring measures. As a result of this programme in Portugal, there was a significant improvement in the quality of vineyards as well as substantial investment in wine making processes. The long-term income effects of this change are, however, limited by the capacity of the market to absorb higher quality wines.

Regulatory Measures

There is a broad consensus among the interviewed experts that there are few direct links between the CMO regulatory measures and wine producer incomes. For instance, it is likely that the oenological practices allowed by the CMO have not resulted in restrictions to the production of quality wines.

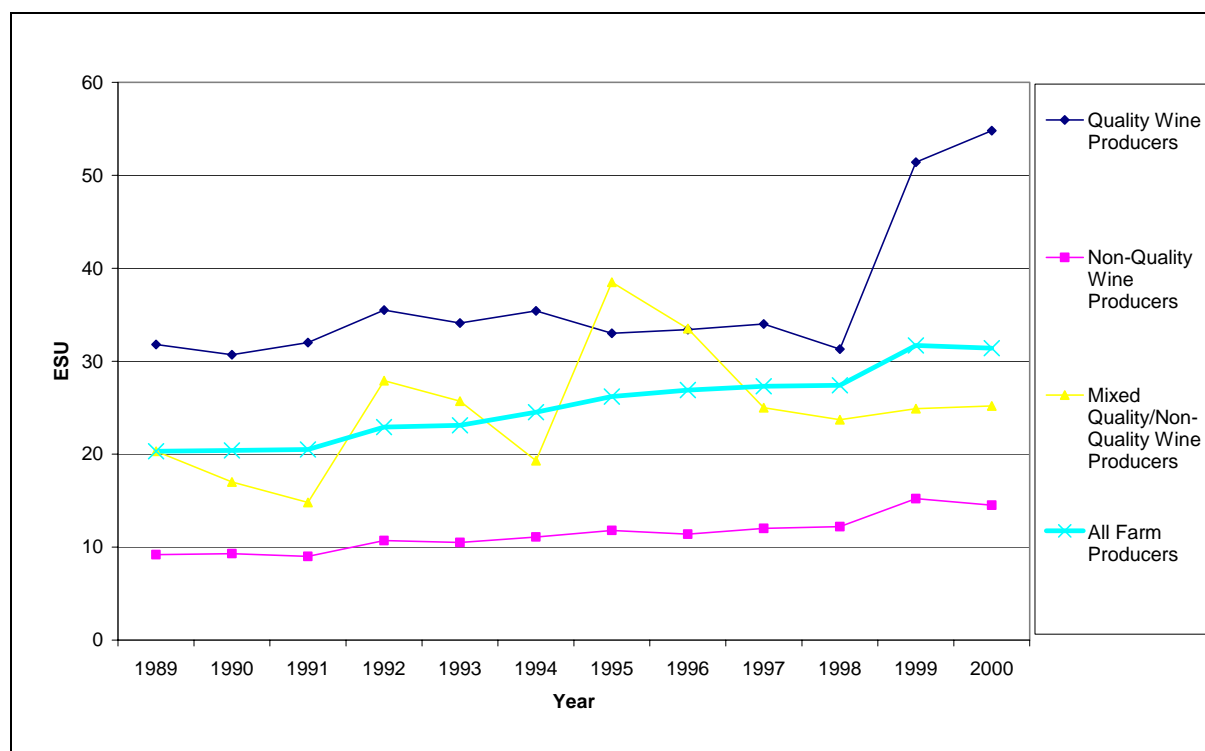
Private Storage

The general analysis on private storage in this report concluded that, overall, it is reasonable to state that the CMO private storage measures work in the direction of keeping prices stable or at least preventing them from falling. Private storage gives producers the opportunity to plan more effectively when to channel the wine in the market, considering the possibility to rationalise their supply over time and, in this way, limiting the risks of income losses due to possible market imbalances. However, some wine sector experts state that the measures have not had a strong impact on wine producer incomes in general EU terms, although there may be a positive impact on income in specific regions and farms.

11.3. Joint impact on the production structure

11.3.1. Developments in the size and number of holdings

Graph 219 below shows the development of average farm size in terms of ESU for quality wine producer, non-quality wine producers, mixed quality/non-quality wine producers and all farms from 1989 to 2000.

Graph 219 Average farm size at EU level

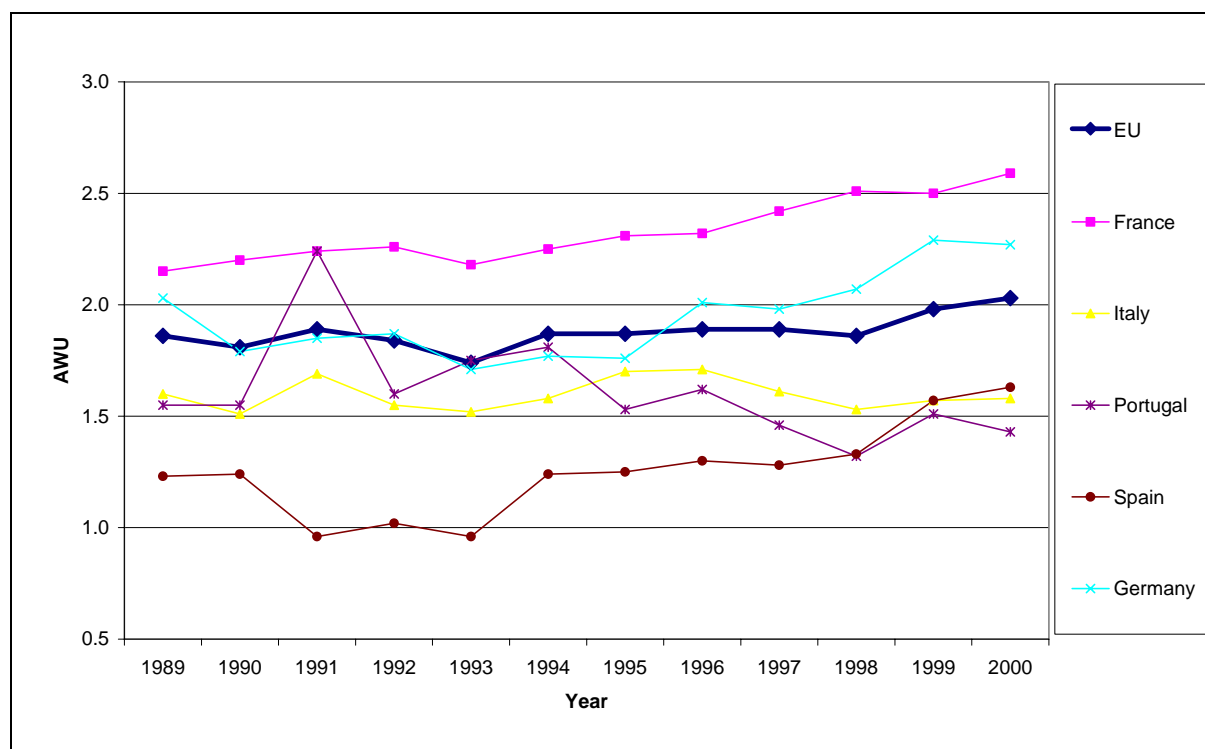
Source: FADN

The analysis in the figure results in the following:

- The average size of holdings for all farms and for non-quality wine producers grew fairly steadily between 1989 and 1998;
- The average size of holdings for quality wine producers showed some annual variation but overall did not significantly increase or decrease between 1989 and 1998;
- The average size of holdings for all quality wine producers was generally higher than the average size of holdings for other wine producers and for all farms. The average size of holdings for all farms is, however, substantially higher than for non-quality wine producers;
- In 1998 there was a significant growth in the average size of holdings for quality wine producers, non-quality wine producers and all farms.

It should be noted that the definition of Standard Gross Margin (SGM) was updated between 1998 and 1999, as was the Farm Structure Survey (FSS). It is likely that these two elements contributed to the substantial increase in average farm size for quality wine producers, non-quality wine producers and all farms between 1998 and 1999.

It is also possible to analyse the development of AWU for wine producers. The results of the analysis are different when the data for individual countries. Graph 220 compares the average size of quality wine producers in Germany, France, Portugal, Spain and Italy.

Graph 220 AWU for quality wine producers at country level

Source: FADN

The following results are clear from the analysis of the graph:

- The AWU for quality wine producers is largest in France;
- France, Germany (in 1989, 1992 and 1989-2000) and Portugal (in 1991) are the only countries in which the AWU is above the EU average for quality wine producers.

Table 232 below furthers the analysis by illustrating the proportional change in AWU of quality wine producers for each of the selected countries. The table shows the average AWU values for three periods – 1989-1992, 1993-1996 and 1997-2000. The average AWU for each country for 1989-1992 is indexed at 100.

Table 232 Indexed AWU for quality wine producers

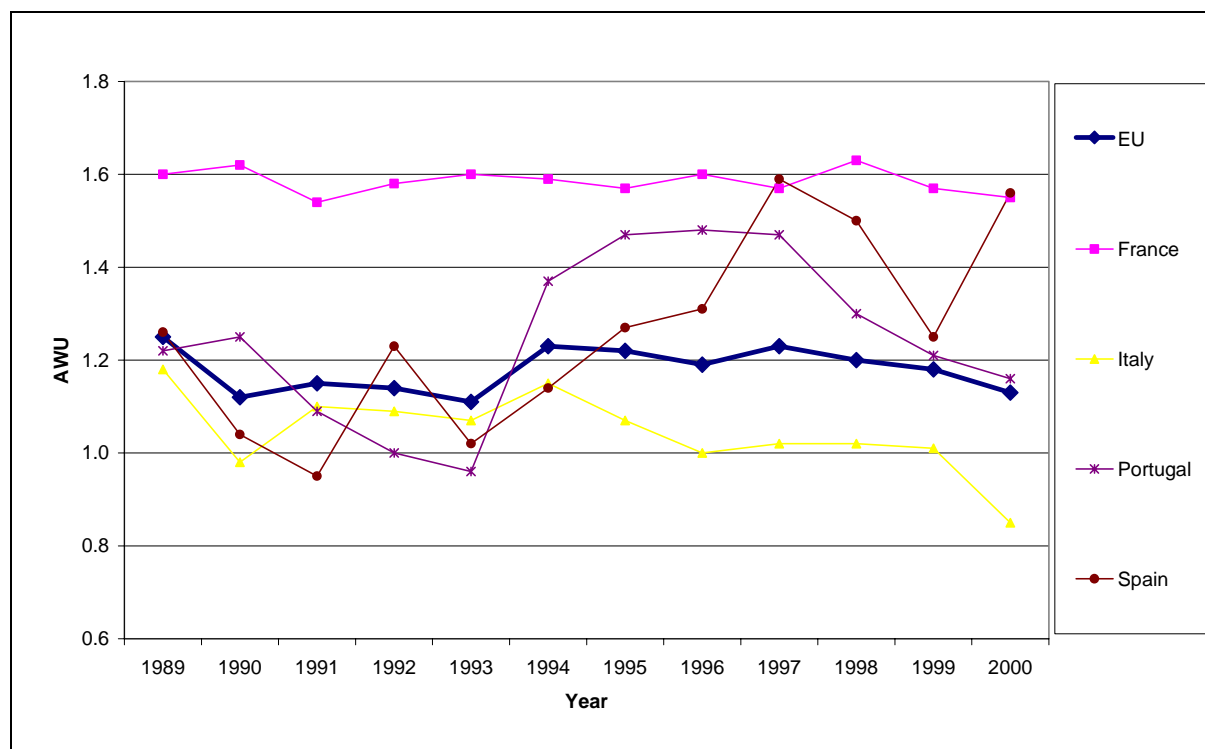
	EU	France	Italy	Germany	Portugal	Spain
1989-1992	100	100	100	100	100	100
1993-1996	100	102	103	96	97	107
1997-2000	105	113	99	114	82	131

Source: FADN

The table indicates that the AWU for quality wine producers has increased in France, Germany and Spain, and in the EU overall. The AWU has remained relatively constant in Italy, but fallen in Portugal.

The graph below compares the average size of non-quality wine producers in France, Portugal, Spain and Italy.

Graph 221 AWU for non-quality wine producers at country level



Source: FADN

The following results are clear from the analysis of the graph:

- The AWU for non-quality wine producers are largest in France, although towards the end of the period, the AWU for non-quality wine producers in Spain approaches the level in France;
- After 1994, the AWU in France, Spain and Portugal is above the EU average for non-quality wine producers.

Table 233 shows the average AWU values for three periods – 1989-1992, 1993-1996 and 1997-2000. The average AWU for each country for 1989-1992 is indexed at 100.

Table 233 Indexed AWU for non-quality wine producers

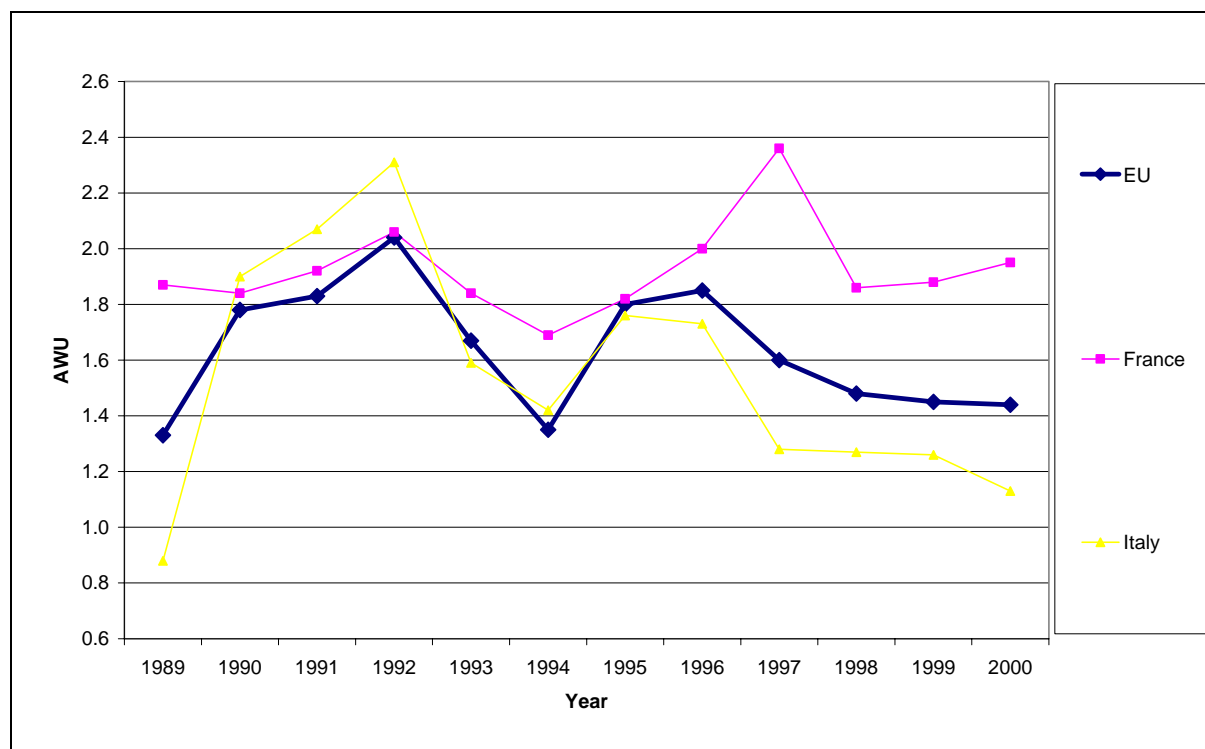
	EU	France	Italy	Portugal	Spain
1989-1992	100	100	100	100	100
1993-1996	102	100	99	116	106
1997-2000	102	100	90	113	132

Source: FADN

The table indicates that the AWU for non-quality wine producers has increased in Portugal and Spain, and (slightly) in the EU overall. The AWU has remained relatively constant in France, but has fallen in Italy.

The graph below compares the average size of mixed quality/non-quality wine producers in France and Italy.

Graph 222 AWU for mixed quality/non-quality wine producers at country level



Source: FADN

The following results are clear from the analysis of the graph:

- The AWU for mixed quality/non-quality wine producers is higher in France than in Italy for the majority of the period.

Table 234 shows the average AWU values for three periods – 1989-1992, 1993-1996 and 1997-2000. The average AWU for each country for 1989-1992 is indexed at 100.

Table 234 Indexed AWU for mixed quality/non-quality wine producers

	EU	France	Italy
1989-1992	100	100	100
1993-1996	96	96	91
1997-2000	86	105	69

Source: FADN

The table indicates that the AWU for mixed quality/non-quality wine producers has increased slightly in France, but has fallen in Italy and in the EU overall.

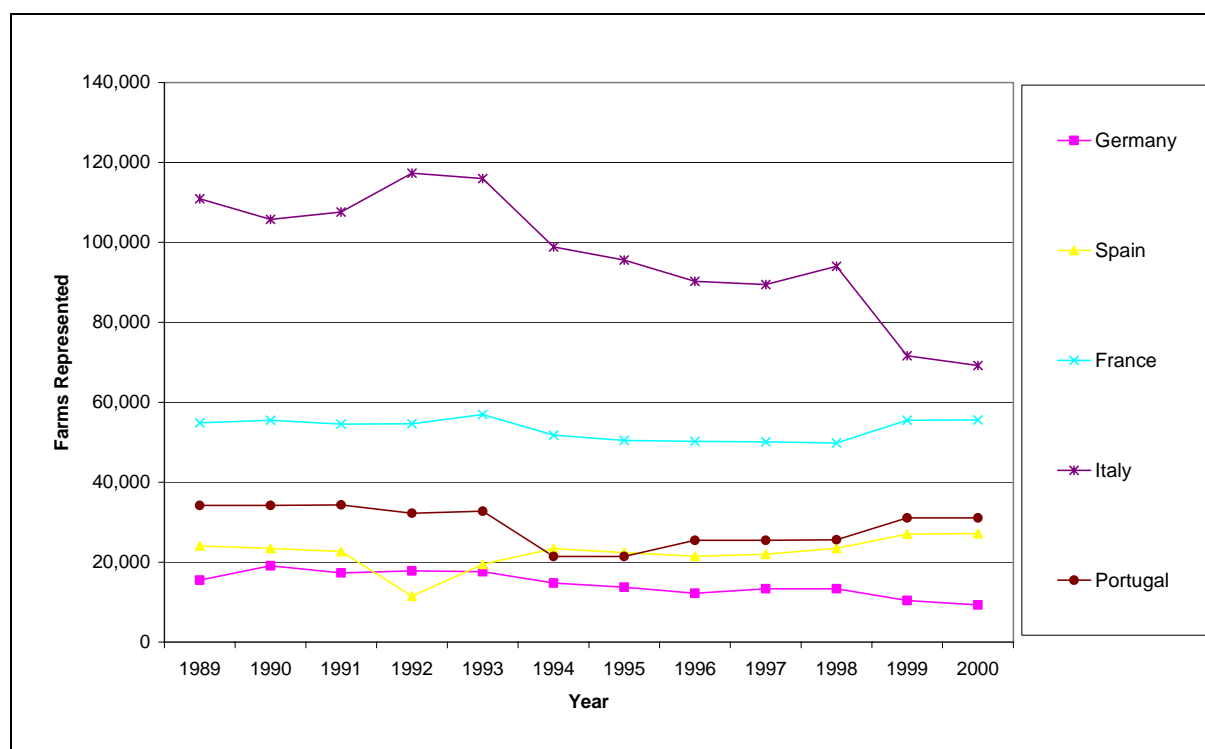
In addition to the size of holdings, the number of wine specialist holdings has changed in the period 1989-2000. Table 235 shows the average number of wine specialists represented by the FADN dataset for the periods 1989-1992, 1993-1996 and 1997-2000.

Table 235 Average number of wine specialists at EU level

	EU
1989-1992	247,930
1993-1996	232,445
1997-2000	216,040
Difference from 1989-1992 to 1997-2000	-13%

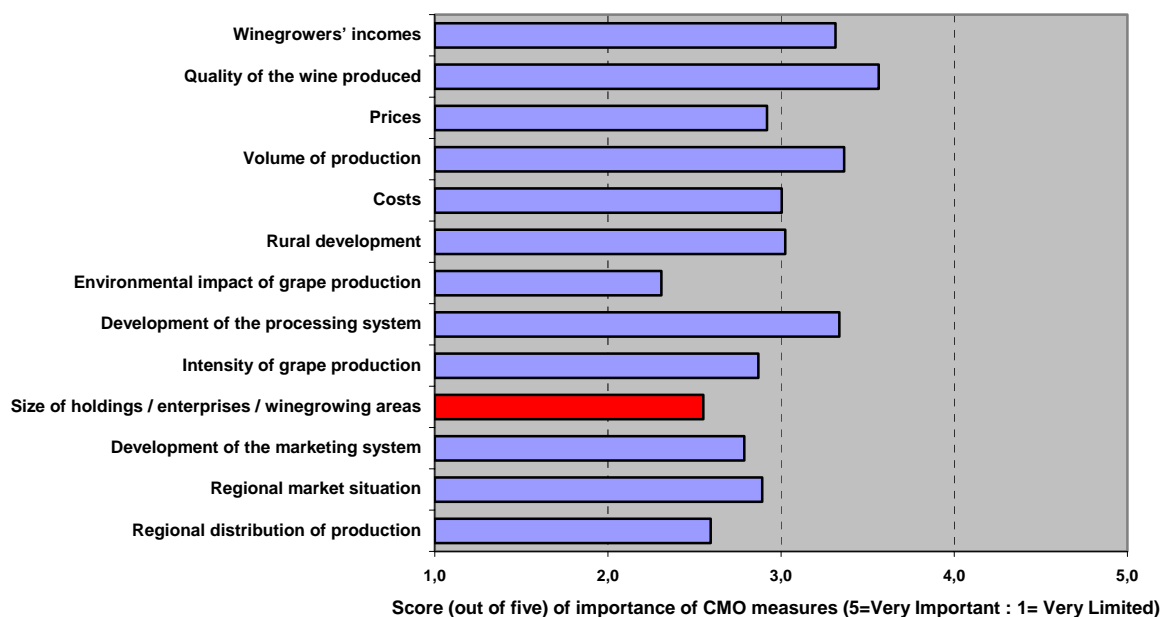
Source: FADN

This reduction in the number of wine specialist holdings is also seen at a country level, with Italy showing the largest absolute reduction in number of holdings.

Graph 223 Number of wine specialists at country level

Source: FADN

Below, the analysis is extended to assess the impact of CMO measures on the development of wine producers.

Graph 224 Impact of CMO measures

Source: Project Questionnaire

From the above figure, based on the questionnaires sent to wine sector experts in the EU, it is clear that the general opinion is that CMO measures had limited impact in the size of holdings.

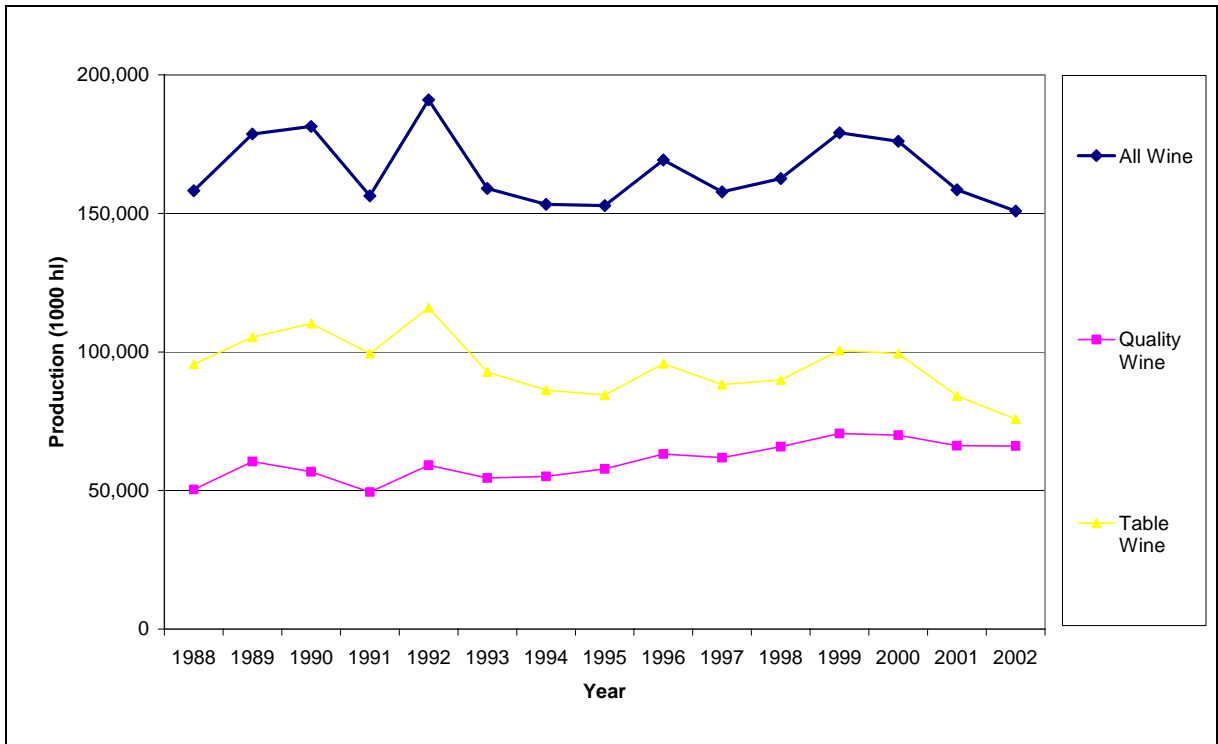
Other expert opinion seems to support the general result from this questionnaire. However, some experts noted that EU specialist vineyard holdings are old fashioned and should be much more structured, something that CMO should help to achieve, but has not yet accomplished. Others stated that while the CMO does not have a direct impact on the size of holdings, it does limit market adaptation by limiting the ability to increase the size of holdings.

Some experts pointed to the varied nature of any impact of the CMO measures on the size of holdings. In particular, it was noted that there had been an increase in activities of small enterprises based on wine and grape production whilst at the same time there had been a concentration of cooperatives in consortia, increasing average holding size.

11.3.2. Regional distribution of production

In this section an analysis of the development of the regional distribution of production is provided. Firstly, graph 225 illustrates the total amounts of all wine, quality wine and table wine produced in the EU.

Graph 225 Wine production at EU level

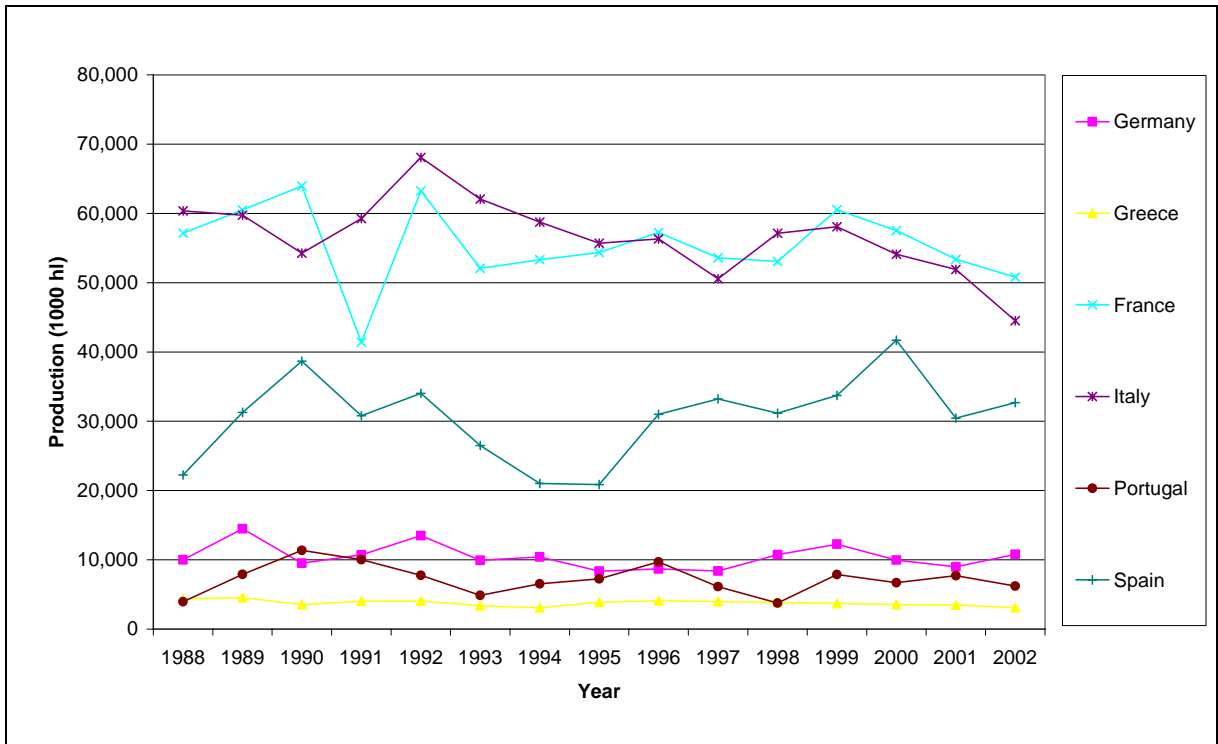


Source: European Commission

The graph shows that, overall, the production of wine in the EU in 2002 is approximately equal to production in 1988. However, this result hides a significant redistribution between table and quality wine.

There is also substantial regional variation in the development of wine production. The graph below shows the development of total wine production for selected countries from 1989 to 2000.

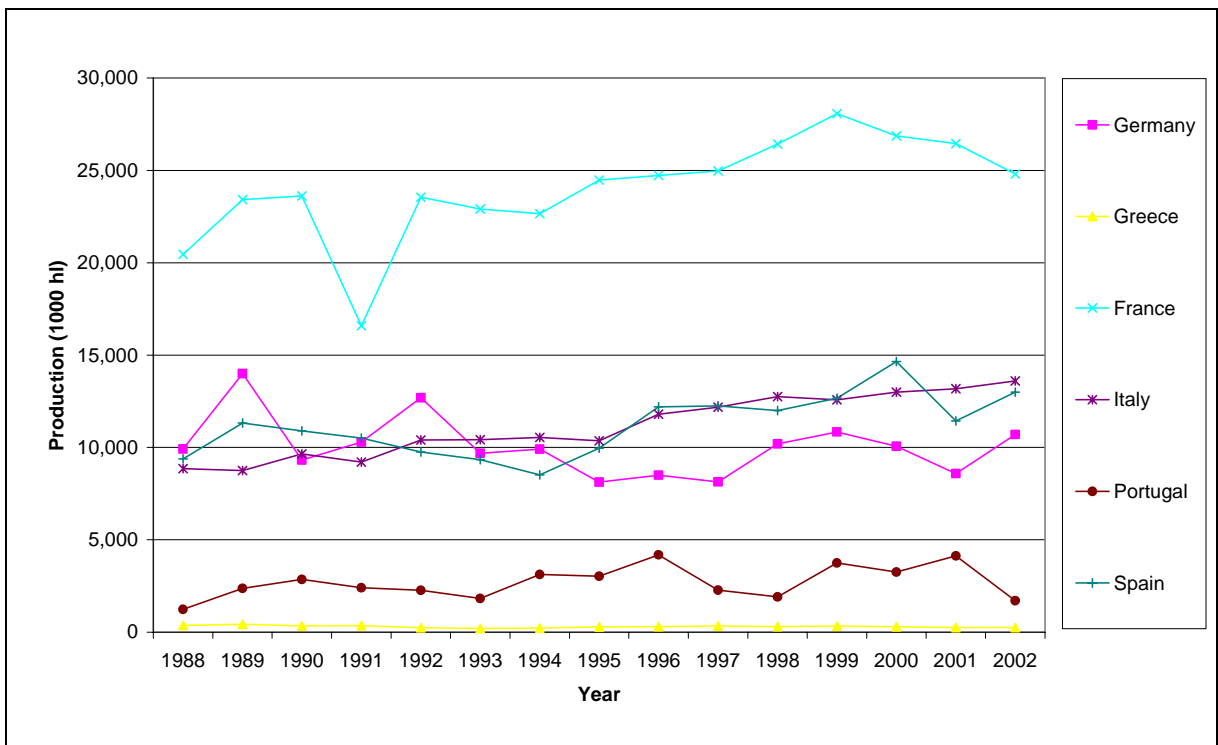
Graph 226 Wine production at country level



Source: European Commission

The figure illustrates the variation in total wine production between countries. The graph below illustrates this variation in terms of the production of quality wine only.

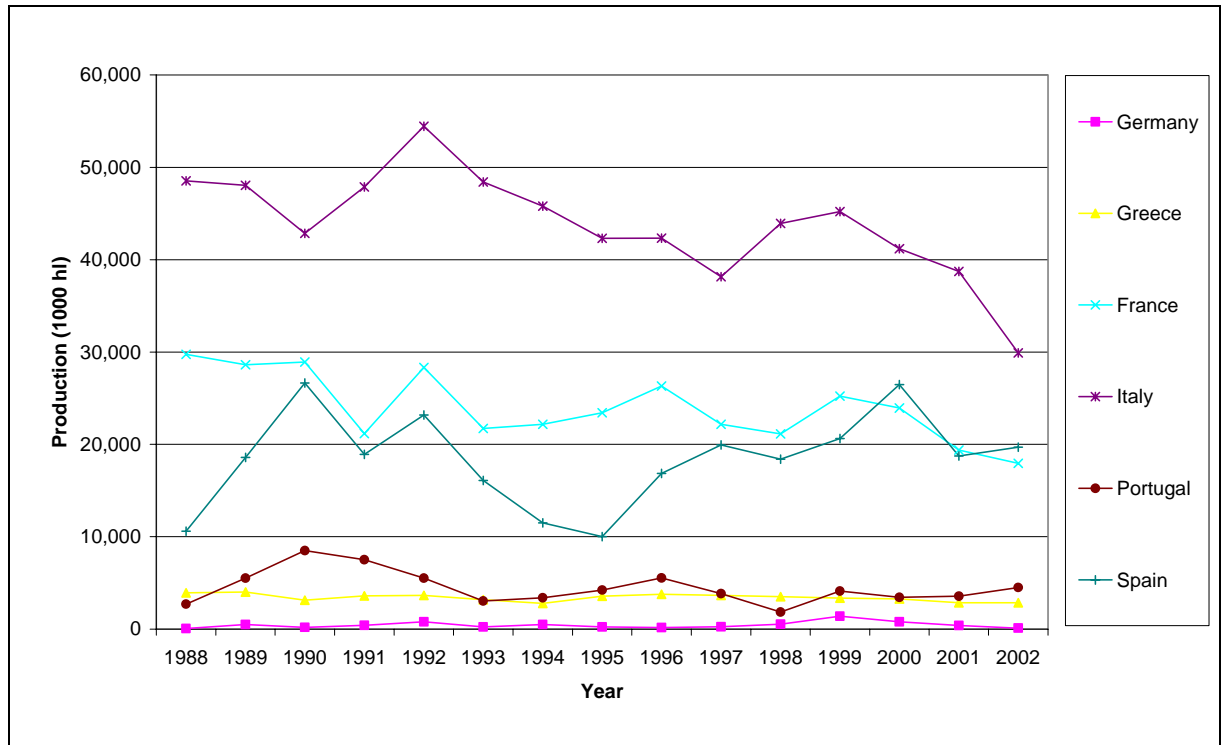
Graph 227 Quality wine production at country level



Source: European Commission

It is clear that France produces more quality wine than all the other countries and, as such, the trends in French production have great influence in the EU average. After France, it is Spain, Italy and Germany that produce the most quality wine. Graph 228 below shows the development of the production of table wine in the selected countries.

Graph 228 Table wine production at country level

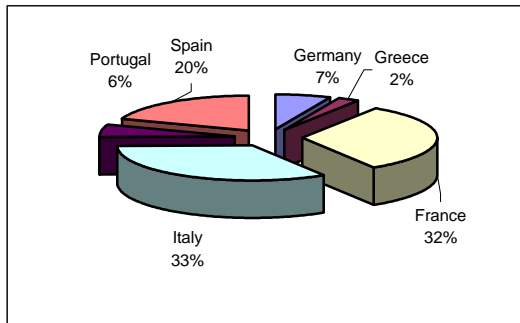


Source: European Commission.

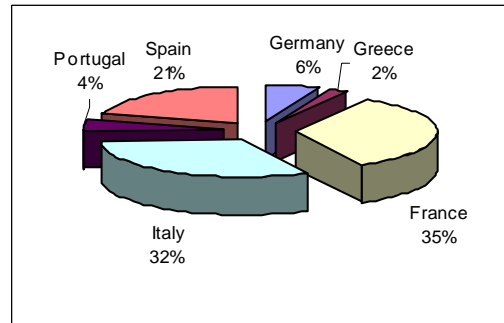
Table wine production is highest in Italy, even though production has registered a significant decrease since 1988. France and Spain also produce very significant amounts of table wine, with Spain increasing the production of table wine in the period.

The graphs below further illustrate the changes in the relative importance of countries of wine production in the selected six EU countries.

Graph 229 Total wine production (1989/1991 average)



Graph 230 Total wine production (1999/2001 average)

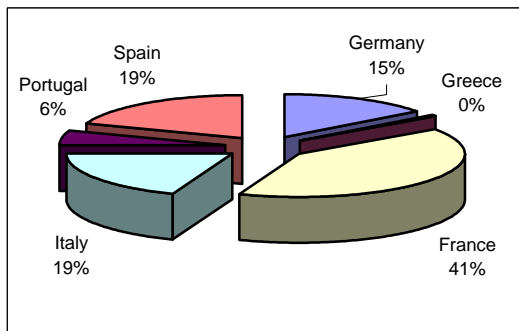


Source: European Commission

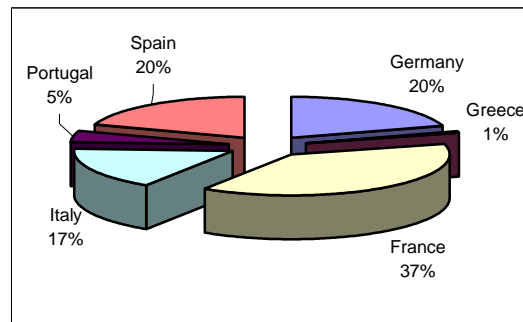
It is clear that Italy and France are the largest producers when considering all wine, producing approximately 65% of all wine in the selected countries in 1989/1991 and 67% in 1999/2001. Italy produced slightly more wine than France in 1989/1991 but this situation was reversed in 1999/2001. As for other EU countries, their proportion of production was essentially equal in the two periods.

The graphs below show the analysis of the changes in the relative importance of countries of quality wine production in the selected six EU countries

Graph 231 Quality wine production (1999/2001 average)



Graph 232 Quality wine production (1989/1991 average)

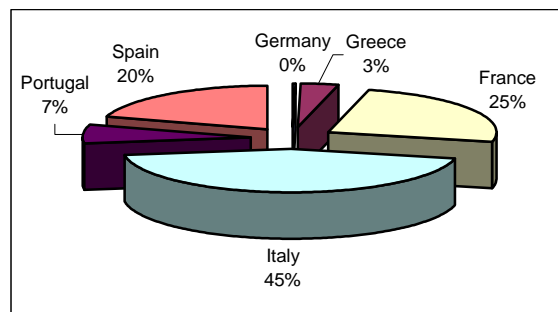


Source: European Commission

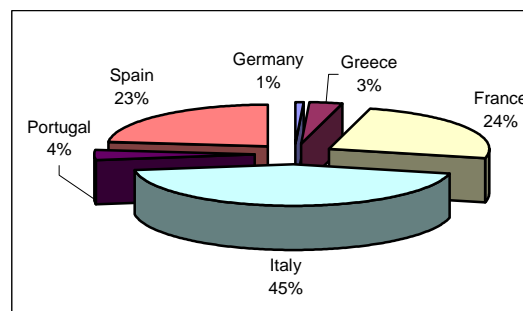
It is clear that France produces far more quality wine than the other countries in the selection, and that France’s share of quality wine production increases between 1989/1991 and 1999/2001. It is also noticeable that Germany’s share of quality wine production falls from 20% in 1989/1991 to 15% in 1999/2001.

A similar analysis of table wine production is provided in graphs below.

**Graph 233 Table wine production
(1989/1991 average)**



**Graph 234 Table wine production
(1999/2001 average)**



Source: European Commission

Although table wine production has decreased from 1989/1991 to 1999/2001, Spain has produced more table wine and increased its share of production in 1999/2001 than in 1989/91. Otherwise, the selected countries have broadly maintained their production shares, with Italy and France being the leading countries in terms of share of production of table wine.

The tables below illustrate the development on a regional basis within a country by providing production data for all regions in Italy.

Table 236 shows the change in quality wine production in each of the regions in Italy, together with the region's share of quality wine production in Italy.

Table 236 Evolution in Quality Wine production in Italian regions

Italian Wine Regions	% of the Quality Wine produced in Italy in 1988/89	% of the Quality Wine produced in Italy in 1997/98	Total volume change in Quality Wine production (1000hl)	Change in Quality Wine production from 88/89 to 97/98
Sicilia	15%	17%	640,5	51%
Puglia	0%	0%	3,5	175%
Veneto	0%	0%	11	92%
Emilia-Romagna	6%	7%	279,5	57%
Abruzzo	9%	8%	65,5	9%
Lazio	20%	18%	327	19%
Campania	5%	6%	223	52%
Marche	9%	8%	189,5	26%
Piemonte	13%	11%	146	13%
Toscana	2%	2%	38,5	22%
Lombardia	3%	3%	75	28%
Calabria	7%	6%	67	12%
Sardegna	4%	6%	342,5	93%
Umbria	0%	0%	9,5	475%
Basilicata	0%	1%	77,5	304%
Friuli-Venezia Giulia	2%	2%	37	18%
Molise	0%	0%	4,5	69%
Trentino-Alto Adige	0%	0%	9	23%
Liguria	3%	1%	-127	-44%
Valle d'Aosta	1%	1%	58,5	66%
	100%	100%	2477,5	29%

Source: European Commission

The table shows that quality wine production in Italy has increased 29% from 1988/1989 to 1997/1998, with the most significant increases (by volume) being in Sicilia and Sardegna. It is also clear from the table that the increase in quality wine production in Italy has not been reflected in increases in all individual regions. Indeed, individual regions have exhibited very different changes (both by volume and percentage) in quality wine production from 1988/1989 to 1997/1998.

Table 237 below provides a similar analysis in respect of table wine in Italy.

Table 237 Evolution in Table Wine production in Italian regions

Italian Wine Regions	% of Table Wine produced in 88/89 over total wine production	% of Table Wine produced in 97/98 over total wine production	Total volume change in Table Wine production (1000hl)	Change in Table Wine production from 88/89 to 97/98
Sicilia	4%	3%	-638,5	-32%
Puglia	0%	0%	-4	-12%
Veneto	0%	0%	-113,5	-45%
Emilia-Romagna	2%	2%	-248	-22%
Abruzzo	1%	1%	-96	-24%
Lazio	12%	12%	-1160	-18%
Campania	1%	1%	-74,5	-14%
Marche	13%	11%	-1832	-27%
Piemonte	4%	3%	-1056,5	-45%
Toscana	2%	1%	-438,5	-41%
Lombardia	3%	3%	-275,5	-16%
Calabria	7%	6%	-998	-29%
Sardegna	7%	8%	186	5%
Umbria	1%	1%	-149	-28%
Basilicata	4%	4%	-374,5	-16%
Friuli-Venezia Giulia	16%	19%	-382	-4%
Molise	1%	1%	174	54%
Trentino-Alto Adige	2%	2%	-150,5	-17%
Liguria	17%	19%	-512,5	-6%
Valle d'Aosta	3%	2%	-634,5	-48%
	100%	100%	-8778	-17%

Source: European Commission

The table indicates that total table wine production decreased by 17% in Italy in the period, with all but one of the Italian regions registering a decrease in their table wine production. However, as with the production of quality wine in Italy, the level (in volume and percentage) of the changes in table wine production showed substantial variation between regions.

The majority of the Italian wine sector experts contacted for this project expressed that, at this regional level, the different CMO measures had been a significant cause of this intra-regional changes in wine production. In particular, some experts mentioned that some individual regions had been able to introduce new forms of production processes as a result of the CMO, leading to improved production efficiency.

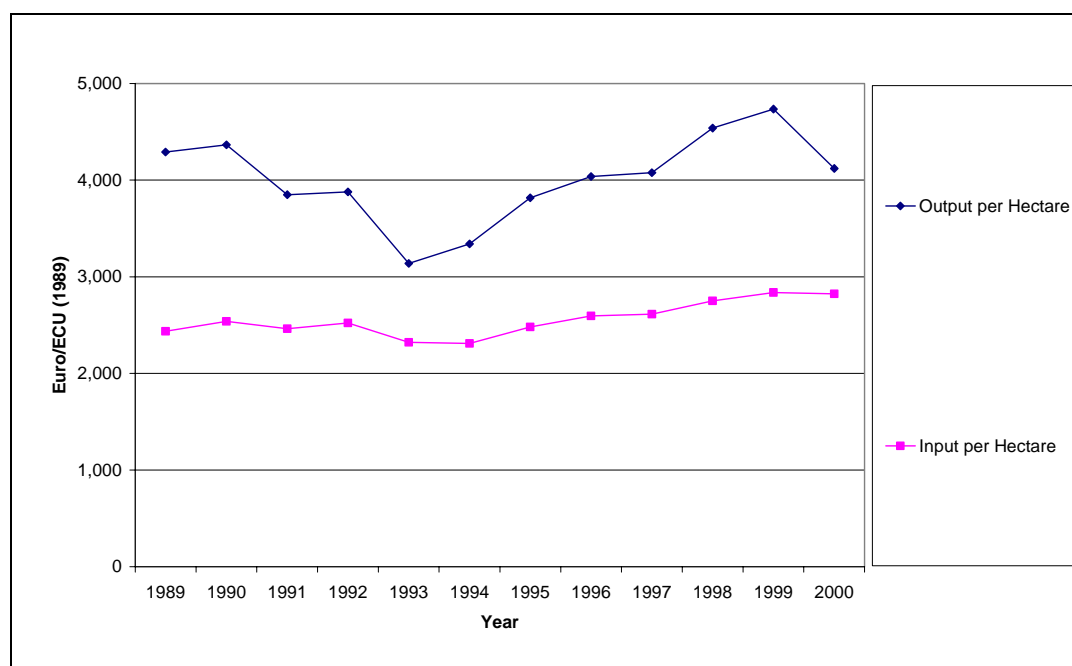
11.3.3. Intensity of grape production

In this section the impact of CMO measures on the intensity of production is assessed. Firstly, using data from the FADN database, a comparison of output and input per hectare (both in terms of real Euro value with 1989 as the base year) is provided.⁸⁵ The definitions of total output and total input used in this comparison are provided below:

⁸⁵ The analysis is provided for all specialist vineyards combined.

- **Total Output** - Total of output (in 1989 Euros) of crops and crop products, and of other output in the accounting year⁸⁶.
- **Total Input** - Costs (in 1989 Euros) linked to the agricultural activity and relating to the output of the accounting year. Costs include specific costs, overheads, depreciation and external factors (including wages).

Graph 235 Output and input per hectare for specialist vineyards at EU level



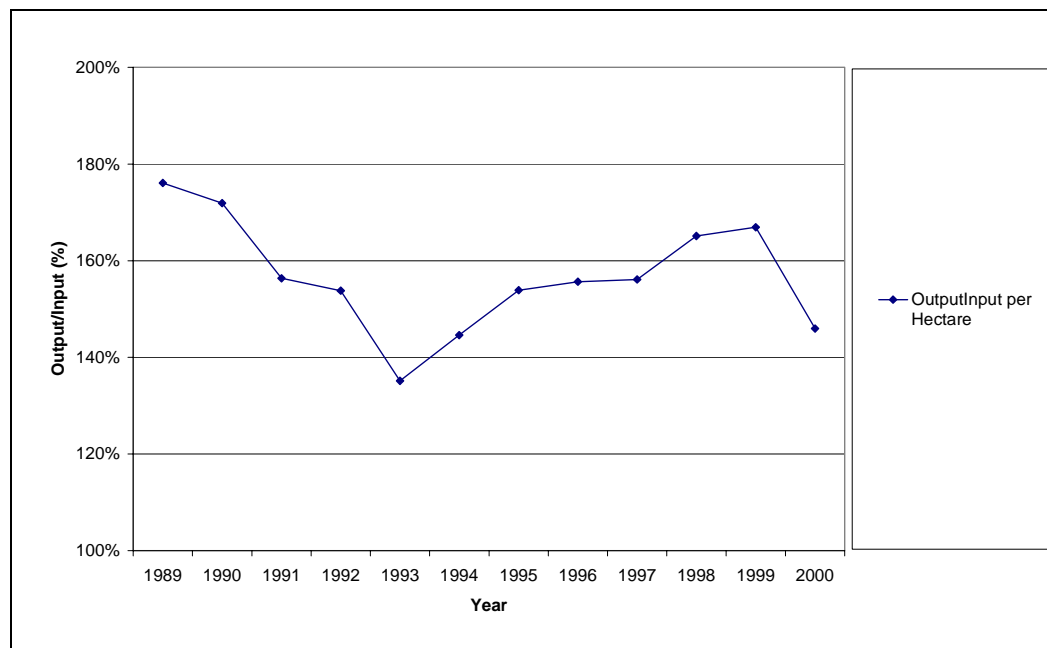
Source: FADN

It is clear from the graph above that, as expected, output per hectare is higher than input per hectare for all years in the period. Indeed, on average throughout the period, annual output per hectare is 57% higher than input per hectare in real terms.

However, the graph also shows that the gap between output per hectare and input per hectare varies substantially on an annual basis. This variability is mainly caused by the variation in output per hectare, with input per hectare in 1989 Euro terms exhibiting more of a steady (slightly upward) path.

Graph 236 furthers this analysis by illustrating the ratio of total output to total input. The higher is this ratio, the more output (in terms of 1989 Euro value of production) is achieved from the input in that year.

⁸⁶ Note that this is the same measure for total output as used previously in this chapter.

Graph 236 Output/Input at EU level

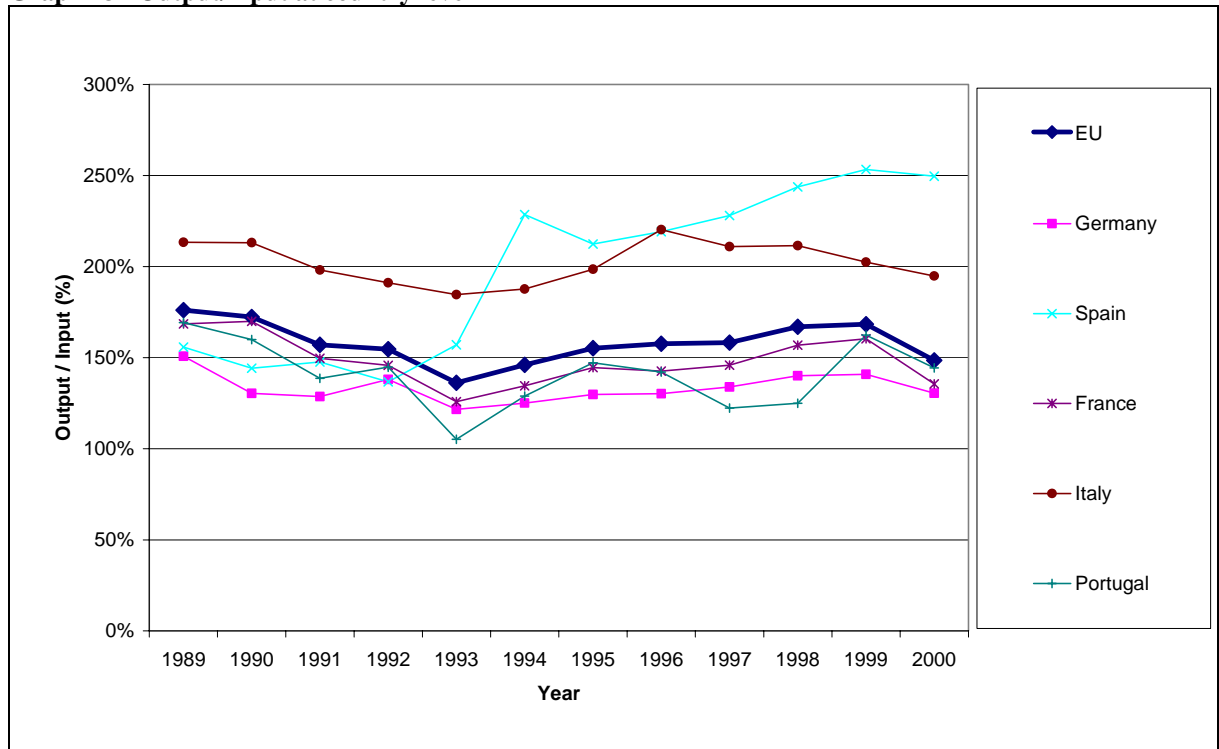
Source: FADN

The graph shows large variation in the ratio of output to input over the period – indicating that, in value terms, the efficiency of inputs for specialist vineyards has shown substantial variation and overall has not increased between 1989 and 2000.

The analysis on a country basis shows significant variation in the ratio of output and input for specialist vineyards over the period. The graph below shows the ratio for the selected countries. Note that the analysis below is provided in nominal terms.⁸⁷

⁸⁷ The input/output analysis for individual countries is provided in nominal terms due to the difficulties that arise when attempting to compare between the value of a “real Euro” in different countries.

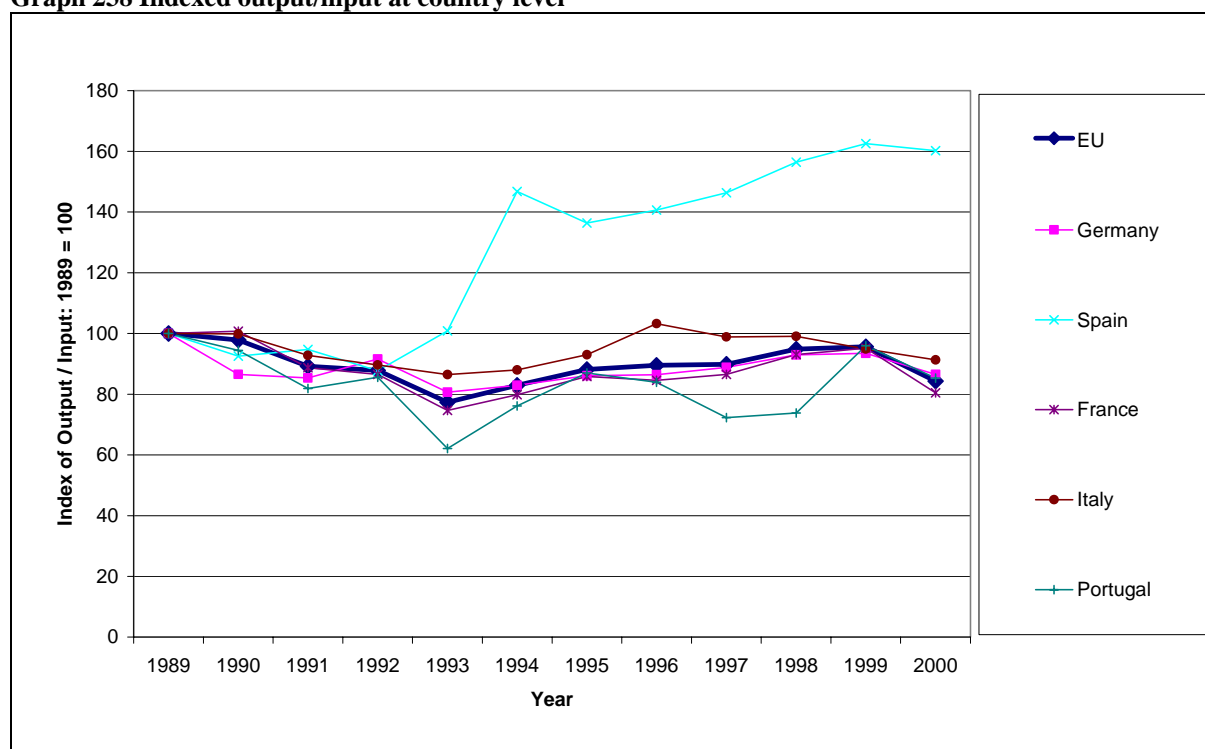
Graph 237 Output/input at country level



Source: FADN

The graph shows that the ratio of output to input is higher than the EU average in Italy and Spain. However, it also shows that the ratio fell, over the whole period, in Italy. It is clear that in Spain, the ratio of output to input increased significantly from 1989 to 2000.

The graph below further investigates the development of the ratio of output to input in each country. In Graph 238, the ratio is indexed (1989 = 100) in each country, so that the relative change in each country between 1989 and 2000 is highlighted.

Graph 238 Indexed output/input at country level

Source: FADN

It is clear that the ratio of output to input increases in Spain. All other countries also show a reduction in the ratio over the time period.

During the course of this project, 62% of win experts surveyed stated that the CMO measures have had little or very little effect on the intensity of production on an EU level, in terms of efficiency and intensity of production.

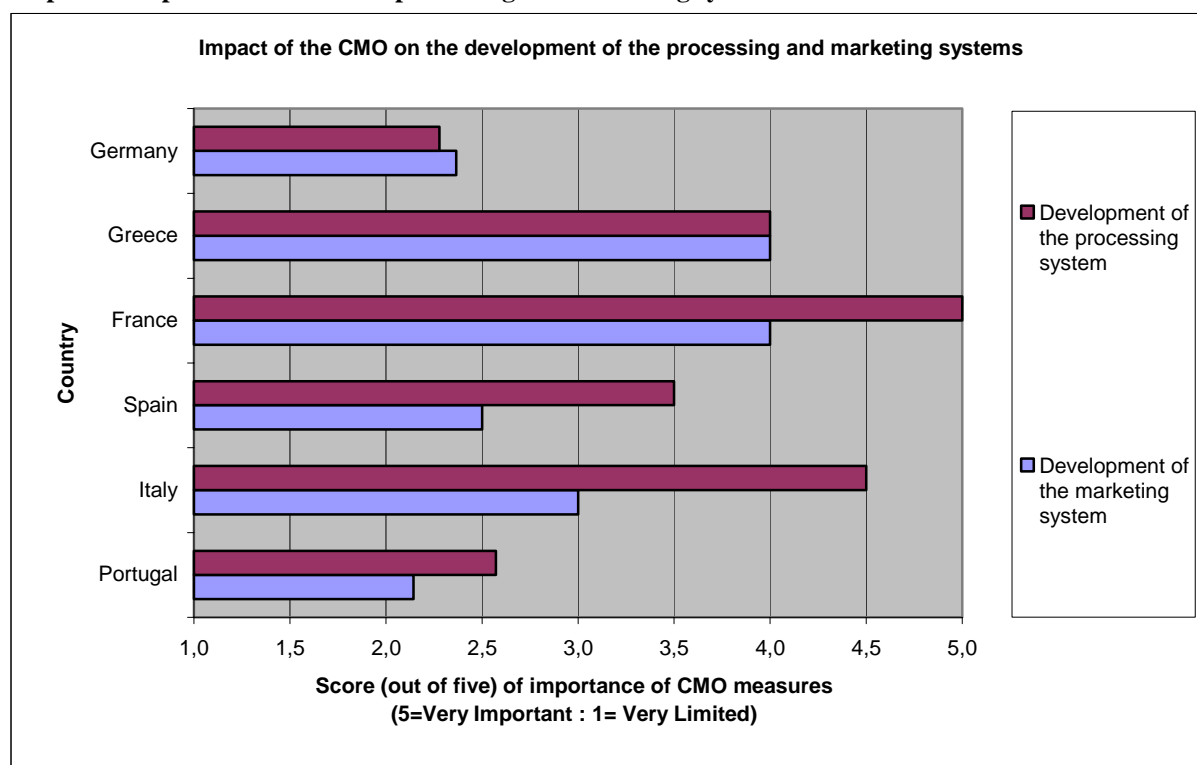
However, in some specific countries, experts believe that the CMO has had a positive effect on the country-level efficiency of production. For instance, it is often argued that restructuring in the Castilla La Mancha region of Spain has led to a substantial improvement in the intensity of production and a corresponding increase in efficiency of production – this is in accordance with the increase in the ratio of output to input in Spain.

11.3.4. Development of the processing and marketing system in typical wine growing regions

As stated in previous chapters, the competitiveness of EU wines implies the need for modernisation at all stages in the wine production chain. This encompasses modernising production techniques, bottling, using renovated cellars, improving sales and marketing activities, and encouraging producer organisations and promotional efforts, especially in certain external developing markets.

Many EU wine producers are still traditional, family-type companies, not used to marketing their products. On the other hand, most of “new world” wines are marketed by large groups, with aggressive campaigns and able to finance and carry out substantial market research to ensure they meet market needs.

The graph below shows the results of expert questionnaires on the general importance of CMO measures on marketing and processing systems.

Graph 239 Impact of the CMO on processing and marketing systems

Source: Project Questionnaire

In France, Italy and Spain, the majority of the respondents thought that the CMO measures had either an important or very important effect on the development of the processing system. In Germany and Portugal this effect was considered limited. Respondents' opinions on the importance of CMO measures on the development of the marketing system were also varied, ranging from important to very limited, being more important in France.

Expert opinions on the importance of CMO measures on marketing and processing systems at an individual country level include the following:

Germany

Experts believe that the CMO has had a limited impact on the processing and marketing systems and that has happened only in a few regional markets, mostly in the State of Rhineland-Palatinate. German experts and interviewees think a new orientation towards more flexible reactions on changes in the market is needed. They also stated that more than intervention measures, the German wine producers need a consistent market orientation.

Portugal

In Portugal the impact of the CMO on the processing system was said to be important, while the impact on the marketing system was considered limited. However, a group of wine producers' representatives stated that the EU framework grants available to wine processing and marketing have a major importance to the sector, having contributed to the modernization and the rise in wine production quality.

Spain

In general, the effect of the CMO on both systems was considered limited, but with a higher importance in the processing system.