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EVALUATION

of the
CAP measures applicable to the wine sector

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TABLE OF CONTENTS

1. INTRODUCTION 4

2. BACKGROUND AND FRAMEWORK OF THE INTERVENTION 6

   2.1. Description of the EU wine sector and wine policy 6

   2.2. Other CAP measures 12

   2.3. Market prospects for wine 14

3. IMPLEMENTATION 15

   3.1. Overview of the budgets and execution of the national support programmes 15

   3.2. Implementation of the authorisation scheme for vine plantings 17

4. METHOD 19

   4.1. Data collection tools 19

   4.2. Counterfactual analysis 20

   4.3. Analytical tools 20

   4.4. Limitations of the evaluation and robustness of findings 20

5. ANALYSIS AND ANSWERS TO THE EVALUATION QUESTIONS 22

   5.1. Effectiveness 22

   5.2. Efficiency 36

   5.3. Coherence 43

   5.4. Relevance 47

   5.5. EU added value 50

6. CONCLUSIONS 52

   6.1. Effectiveness 52

   6.2. Efficiency 55

   6.3. Coherence of measures in the national support programmes 56

   6.4. Relevance and EU added value 57

   6.5. Main lessons learned 58

ANNEX 1: PROCEDURAL INFORMATION 60

ANNEX 2: STAKEHOLDER CONSULTATION 62

ANNEX 3: THEORETICAL ANALYSIS AND INTERVENTION LOGIC OF THE MEASURES 92

ANNEX 4: DETAILS OF THE IMPLEMENTATION 100

ANNEX 5: METHOD 105

ANNEX 6: REFERENCES 110

GLOSSARY

AWU	Annual work unit
CAP	Common agricultural policy
COMTRADE	United Nations International Trade Statistics Database
EC	European Commission
EMCS	Excise Movement and Control System
EU	European Union
EUR	Euro (official currency of the Eurozone)
FADN	Farm Accountancy Data Network
FAO	Food and Agriculture Organization of the United Nations
FNVA	Farm net value added
GI	Geographical indication
ha	Hectare (unit of area equal to 10 000 m^2)
MS	Member State
OIV	International Organisation of Vine and Wine
Oenological practices	Wine making practices
PDO	Protected designations of origin
PGI	Protected geographical indications
SWOT	Strengths, weaknesses, opportunities, threats
UAA	Utilised agricultural area
USA	United States of America
USDA	United States Department of Agriculture
Varietal wine	A varietal wine is a wine made primarily from a single named grape variety, and which typically displays the name of that variety on the wine label. Examples of grape varieties commonly used in varietal wines are Cabernet Sauvignon, Chardonnay and Merlot.

1. INTRODUCTION

The EU is the world's leading producer, consumer and exporter of wine. In a context of declining domestic consumption and growing opportunities on the world market, the wine sector has increasingly shifted its focus on competitiveness and quality rather than on volumes of production. The EU's wine policy, as part of the common agricultural policy (CAP), has played a key role in this transition.

Initially, the EU's wine market policy aimed to manage annual variations in production. It has evolved over the years to concentrate on improving competitiveness and enhancing the reputation of EU wines, the simplification of market management rules, and on preserving the best traditions of EU wine growing, boosting its social and environmental role in rural areas.

The purpose of this evaluation is to assess the effects of the various instruments applicable to the wine sector under the Common Market Organisation Regulation[1]. These instruments are national support programmes (support measures in the wine sector which strengthen competitive structures), an authorisation scheme for vine planting, marketing and labelling rules[2], rules on protected designations of origin (PDO) and protected geographical indication (PGI) wines, certification, monitoring and control systems, oenological (i.e. winemaking) practices and restrictions, vineyard registers, and marketing rules to regulate supply. For 2014-2018, the overall budget assigned to the national support programmes amounted to EUR 5 507 million. The budget for all CAP measures applicable to the wine sector amounted to EUR 6 243 million (including the budget transferred to the single payment scheme).

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

Besides the objective of ensuring viable wine production, the evaluation considers the other two general CAP objectives, namely the sustainable use of natural resources and climate action, and a balanced territorial development, with respect to the wine policy. The relevant measures contained in the rural development programmes are covered in the analysis of coherence, although the effects of these rural development measures on environment and rural development are not within the remit of the study. The evaluation also considers other EU objectives in relation to the EU's wine policy, including public health and EU economic objectives regarding jobs, growth, innovation and support for small and medium-sized enterprises.

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[1] Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R1308
https://ec.europa.eu/info/food-farming-fisheries/plants-and-plant-products/plant-products/wine_en

[2] Labelling rules in the wine sector are also governed by Regulation 1169/2011 on food information to consumers. However, it was not the purpose of the present evaluation to evaluate the provisions included in Regulation 1169/2011.

The geographical scope of the evaluation is the EU-28 (i.e. including the United Kingdom). The analysis covers the period following the 2013 CAP reform, notably from 1 January 2014 onwards. The legislation referred to in the text is therefore that which was applied during the period evaluated, although it was updated and simplified in 2018 and 2019 to align it with the Lisbon Treaty. However, when relevant for the analysis, particularly when possible improvements are discussed, references are made to the new regulations that entered into force in March 2018[3] and in December 2019[4].

[3] Commission Delegated Regulation (EU) 2018/273 and Commission Implementing Regulation (EU) 2018/274.

[4] Commission Delegated Regulation (EU) 2019/934

2. BACKGROUND AND FRAMEWORK OF THE INTERVENTION

2.1. Description of the EU wine sector and wine policy

The EU is the world's leading producer of wine. Between 2014 and 2018, the average annual production was 162 million hectolitres[5]. The EU accounts for 44% of world wine-growing areas, 61% of production, 50% of global consumption and 67% of exports[6]. Three Member States account for 76% of EU areas under vines: Spain, France and Italy. The EU's main competitors are the United States, Argentina, Chile, Australia and South Africa. Close to 15% of EU domestic production of wine is exported to non-EU countries, while around 30% of it is traded on the EU market.

Table 1: Area under vines (including table grape vines) 2000-2018 (in 1000 ha)

	Area (in 1000 ha)				Area in 2018 versus earlier years (rate of change)		
	2000	**2008**	**2012**	**2018**	**2018/2000**	**2018/2008**	**2018/2012**
Spain	1 169	1 118	969	969	-17%	-13%	0%
France	907	846	792	793	-13%	-6%	0%
Italy	908	769	713	705	-22%	-8%	-1%
Romania	248	192	192	191	-23%	-1%	-1%
Portugal	244	246	233	192	-21%	-22%	-18%
Greece	131	115	110	106	-19%	-8%	-4%
Germany	104	102	102	103	-1%	1%	1%
EU	**3 989**	**3 596**	**3 288**	**3 243**	**-19%**	**-10%**	**-1%**
China	300	478	706	875	192%	83%	24%
Turkey	575	517	497	448	-22%	-13%	-10%
USA	413	411	442	439	6%	7%	-1%
Argentina	201	226	222	218	8%	-4%	-2%
Chile	174	198	206	212	22%	7%	3%
Iran	292	231	225	153	-48%	-34%	-32%
India	43	73	125	151	251%	107%	21%
Moldova	147	150	142	147	0%	-2%	4%
Australia	140	173	162	146	4%	-16%	-10%
South Africa	124	132	135	126	2%	-5%	-7%
World	**7 779**	**7 533**	**7 505**	**7 449**	**-4%**	**-1%**	**-1%**

Source: OIV, FAO

Note: In China, more than three quarters of grape production is dedicated to table grapes, whereas this accounts for a quarter of production in the USA and less than 10% in the EU.

There are around 2.5 million wine growers in the EU (of which 854 000 in Romania alone) and 3.2 million ha of vineyards[7]. The EU wine policy reform of 1999 aimed to

[5] See EU Agricultural Medium Term Outlook Report 2019. https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/agricultural-outlook-2019-report_en.pdf

[6] International Organisation of Vine and Wine (OIV) Statistical Report on World Vitiviniculture 2019. http://www.oiv.int/public/medias/6782/oiv-2019-statistical-report-on-world-vitiviniculture.pdf

[7] 2015 figures, ESTAT, Vineyards in the EU.

balance supply and demand by restructuring vineyards. It led to a 10% reduction in vineyards between 2000 and 2008, mainly in Italy, Greece and France. In addition, the implementation of the voluntary and temporary grubbing-up scheme spread over three years (the 2009-2011 financial years) led to a further 8.5% drop in the area of vineyards in the EU (mainly in Spain, Italy and France) between 2008 and 2012. Since 2012, the EU area of vineyards has stabilised, due to a slower decrease in the area in the main EU producing countries (France, Italy and Spain), mainly for the reconversion of old vineyards, while significant decreases took place in Portugal and Greece. In the rest of the world, the area of vineyards grew by 11% between 2000 and 2012. Since then, it has also stabilised, the increases in China, the USA, Chile, Argentina and New Zealand being offset by declines in Australia and Brazil.

The CAP is based on two 'pillars'. The first pillar encompasses both the framework for market measures, defined by Common Market Organisation Regulation (EU) No 1308/2013, and direct payments to farmers, defined by Regulation (EU) No 1307/2013[8]. The second pillar relates to the EU's rural development policy and is defined by Regulation (EU) No 1305/2013[9].

Measures applicable to the wine sector are described in the Common Market Organisation Regulation. They are subject to the 'horizontal regulation'[10] that lays down the general rules for expenditures and the control system implemented by the Member States.

Since the late 1970s, the main focus of the EU's wine policy has been the balance between supply and demand, along with market management measures (such as distillation of surpluses) and planting restrictions. In addition, there have been several schemes aimed at reducing production (with reinforced financial incentives for giving up vineyards in the late 1980s, and a grubbing-up scheme in the late 2000s). Measures for the restructuring and conversion of vineyards have also been at the heart of the wine policy since 1999 on account of their positive structural effects on the wine sector. In a context of declining domestic consumption and increasing opportunities on a very competitive world market, the wine reform adopted in 2008 (Regulation (EC) No 1234/2007) had the following three goals:

- making EU wine producers even more competitive – improving the reputation of European wines and regaining market share both in the EU and outside;
- making the market management rules simpler, clearer and more effective – to achieve a better balance between supply and demand;
- preserving the best traditions of European wine growing and boosting its social and environmental role in rural areas.

Focusing even more on competitiveness and quality, the 2013 reform (Regulation (EU) No 1308/2013) put an end to support for potable alcohol distillation and crisis distillation and limited enrichment by use of concentrated must. In compensation, it introduced

[8] Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the CAP.

[9] Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

[10] Regulation (EU) 1306/2013 on the financing, management and monitoring of the CAP.

measures to support the development of new products, processes and technologies in the wine sector. It also expanded promotion measures in EU countries, with a view to informing consumers about the responsible consumption of wine and about the EU systems covering designations of origin and geographical indications. It also extended the restructuring and conversion of vineyards to the replanting of vineyards where it is necessary following mandatory grubbing up for health or phytosanitary reasons.

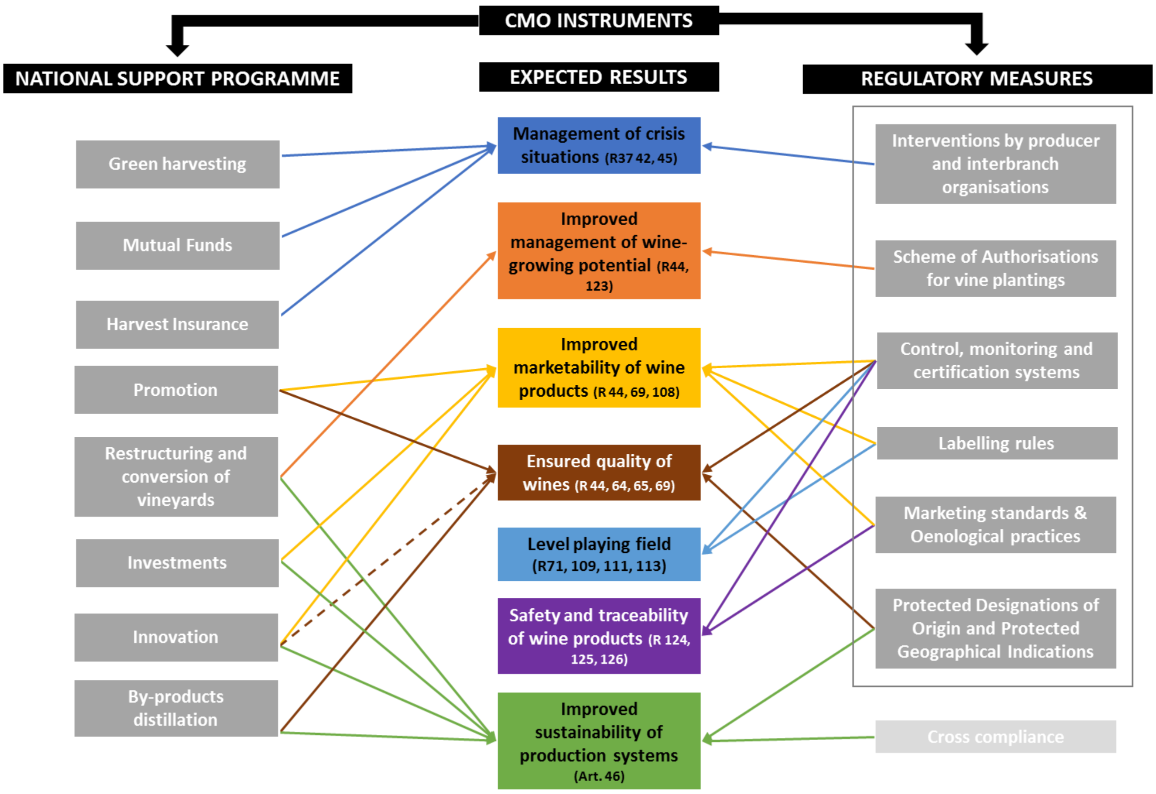
In addition to its general goals of harmonising, streamlining and simplifying the legislation, the planting rights regime was replaced in 2015 by an authorisation scheme for vine planting between 2016 and 2030, enabling competitive producers to increase production within certain limits.

The new Common Market Organisation focuses on increasing the marketability of wine products and reinforcing the ability of producers to adapt to market demand. The specific objectives for the wine sector are:

- strengthening the competitiveness of the sector;
- ensuring a smooth functioning of the internal market, notably by increasing the marketability of wine products and ensuring an orderly growth of vine plantings;
- ensuring the quality of EU wine, taking into account consumer expectations;
- encouraging a responsible approach to crisis situations;
- protecting the environment.

These objectives are addressed through two sets of measures: regulatory measures and national support programmes, as illustrated in the intervention logic below.

Figure 1: Intervention logic of the wine measures of the single Common Market Organisation (CMO) linked to their expected results



Note: 'R' refers to recitals of Regulation (EU) 1308/2013.
Source: Evaluation support study, Agrosynergie.

The possibility of introducing decoupled income support for wine growers was made available after the wine Common Market Organisation reform in 2008. In 2014, the three countries with the lowest budgets, the United Kingdom, Malta and Luxembourg, transferred the whole of their national support programme budget to the single payment scheme. Among the large wine-producing countries, only Spain transferred part of its budget. In 2014, Greece transferred part of its budget to the single payment scheme, but from 2015 onwards it put all of its budget into the national support programme. In total, 13% of the EU national support programme budget was transferred to the single payment scheme. Specialised wine farms in the EU have an above-average income and, in most cases, do not depend on direct payments. At close to EUR 30 000 per annual working unit in 2017, specialised wine producers' income was significantly above the EUR 21 500 average for all farms, according to data from FADN[11]. Therefore, other forms of support (like restructuring) are more relevant to this sector.

The **national support programmes** are the main support tool in the wine sector. The beneficiaries are wine growers and wine producers, i.e. not only primary crop producers but also processors, as a large share of wine processing takes place on farms. This policy tool is better adapted to the needs of the wine sector, because wine is a perennial crop with high planting and grubbing-up costs. In addition, there is not a single wine market and wine products are highly differentiated. Price is not the only factor influencing consumer choices and is determined partly by market equilibrium and partly by quality and reputation.

The European Commission published a working paper in 2016 that provides guidelines for implementing the regulations in the national support programmes[12]. The key measures eligible for these programmes are:

- promotion and marketing of EU wines, including information on responsible wine consumption;
- restructuring and conversion activities to increase competitiveness and adapt to consumer demand;
- investments in the wine sector targeting economic performance;
- support for by-product distillation to ensure the quality of wine, while protecting the environment;
- preventive instruments such as harvest insurance, mutual funds and green harvesting to encourage a responsible approach to crisis situations;
- innovation that can increase the marketability and competitiveness of EU grapevine products.

More information on these measures is provided in the implementation chapter.

Member States are not allowed to contribute to the costs of measures financed by the EU under the support programmes. Exceptions are granted for promotion, harvest insurance

[11] https://agridata.ec.europa.eu/extensions/DashboardFarmEconomyFocus/DashboardFarmEconomyFocus.html

[12] https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/wine-guidelines-national-support-programmes-2016-16-12_en.pdf

and investment (Article 212 of Regulation (EU) No 1308/2013), in which case the Member States must notify the European Commission of their decision to grant State aid.

While the measures in the national support programmes are defined and financed by the EU, it is up to Member States to select an appropriate set of measures to meet the needs and particular situation of their regional and local stakeholders and to integrate them into national support programmes. An overview of the overall EU legal framework in the wine sector up to 2018 is presented in figure 39 in Annex 3.

The regulatory instruments set out in Regulation (EU) No 1308/2013 applicable to the wine sector are summarised below and described in detail in Annex 4. In 2018, the European Commission introduced two new regulations applicable to the wine sector, Commission Delegated Regulation (EU) 2018/273 and Commission Implementing Regulation (EU) 2018/274. These regulations simplify some of the above provisions.

The **authorisation scheme for vine plantings** (Articles 61 to 72 of Regulation (EU) No 1308/2013) establishes a safeguard mechanism for new plantings. This scheme does not apply in Member States that did not implement the previous planting rights system, and it is optional for Member States whose area under vines does not exceed 10 000 hectares.

Member States can authorise the planting of vines with approved varieties on specific areas expressed in hectares, on the basis of applications by producers, within the limit of 1% of their total area of vines on 31 July of the preceding year. Member States are free to limit the issuing of authorisations at regional level. Any limitations must be justified by a well-demonstrated risk of: (a) oversupply of wine products; and/or (b) significant devaluation of a particular PDO/PGI. Member States are required to notify the Commission about the implementation of the authorisation scheme for vine plantings.

The Common Market Organisation Regulation sets out rules on a **vineyard register and inventory of production potential** (Articles 145 to 147). The vineyard register aims to improve the management of this production potential. It is compulsory to maintain an updated vineyard register for Member States implementing the authorisation scheme for vine plantings or a national support programme.

A **certification system** ensures the veracity of the information labelled on a wine product in order to protect consumers (Article 120). To facilitate verification by Member States, a satisfactory level of traceability must be ensured and maintained through rules for the transport of wine (Recitals 125 and 126 of the Common Market Organisation Regulation). The ‘accompanying document’ is one of the main tools for this purpose. This document may also be used to certify a wine’s origin, characteristics, vintage or wine grape variety and its status as a PDO or a PGI, if applicable.

Commission Delegated Regulation (EU) 2018/273 provides for several **measures to simplify trade in wine products and facilitate their movement** (Recital 11), without impeding their traceability.

The Common Market Organisation Regulation sets out **labelling and presentation rules** (Articles 117 to 123) for wine products[13], in order to ensure a smooth functioning of the EU market and fair competition, and to avoid consumers being misled. Wine labels must contain information about the category of the product, its alcoholic strength, the provenance, the bottler and the importer (in the case of imported wine products). Specific requirements exist for sparkling wines, such as the obligation to indicate the sugar content on the label.

Optional information can be added on the packaging of the product, such as the vintage year, the name of the wine grape variety, the sugar content (optional for wine other than sparkling wine) and traditional terms reserved for PDO/PGI wines.

The Common Market Organisation Regulation lays down general provisions on **marketing standards and oenological practices** (Articles 73 to 75 and 78 to 83) for wine. These concern substances used in production, production methods including oenological (i.e. winemaking) practices, definitions and restrictions of must and wine coupage and blending, and disposal of non-complying products. Only grape varieties belonging to the *Vitis vinifera* species or crosses between the *Vitis vinifera* species and other species of the genus *Vitis* are authorised for making wine products (excluding six specific varieties).

Annex VIII of the regulation defines the authorised oenological practices for the enrichment, acidification and de-acidification of wine products according to wine-growing zones. The annex also provides general restrictions on the addition of water and alcohol, the use of fresh grapes, grape must and grape juice, blending of wines from non-EU countries and by-products. Commission Regulation (EC) No 606/2009 further detailed the list of authorised practices, including those for the specific characteristics of some types of wine products (sparkling wines, liqueur wines, coupage and rosé, and certain Hungarian and Slovak wines). That regulation was replaced in 2019 by Commission Delegated Regulation (EU) 2019/934[14], which entered into force on 7 December 2019 and contains rules very similar to those of Regulation (EC) No 606/2009.

The scheme for **protected designations of origin (PDO), protected geographical indications (PGI) and traditional terms** (Articles 92 to 116) was set up to protect the legitimate interests of consumers and producers, ensure the smooth operation of the internal market and promote the production of quality products (Article 92 of Regulation (EU) No 1308/2013). It can apply to wine, liqueur wine, sparkling wine, partially fermented grape must and wine from raisined/overripe grapes.

In 2018, there were close to 1 160 wine PDOs and 440 PGIs in the EU, accounting for a market value of around EUR 39 418 million, i.e. 58% of EU wine production value[15].

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[13] In addition to the provisions of the Common Market Organisation Regulation, wine products are also partly subject to Regulation 1169/2011 on food information for consumers. However, it is not the purpose of the present evaluation to evaluate these provisions.

[14] This new Regulation corresponds to the alignment of the Regulation with the Lisbon Treaty.

[15] Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs). https://op.europa.eu/en/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1

The ***designation of origin*** consists of the name of a region, a specific place or (in exceptional cases) a country used to describe a product. It can be used when the quality and characteristics of the wine product are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors. The grapes used for its production must come exclusively from this geographical area, and its production must take place in this geographical area. In addition, the product must be obtained exclusively from the vine varieties belonging to *Vitis Vinifera*.

The ***geographical indication*** refers to a region, a specific place or (in exceptional cases) a country used to describe a product. It can be used when the wine product possesses a specific quality, reputation or other characteristics attributable to that geographical origin. At least 85% of the grapes used for its production must come exclusively from this geographical area, and its production must take place in this geographical area. The product must be obtained from the vine varieties belonging to *Vitis Vinifera* or a cross with other species of the genus *Vitis*.

Designations of origin and geographical indications relating to geographical areas in non-EU countries can also be eligible for protection in the EU.

Traditional terms are used to describe the characteristic of a PDO/PGI product (such as a production method, a quality, colour, type of place or a particular event linked to the history of the product) and also benefit from protection against unlawful use. Any misuse of the protected term, misleading indication or other practice likely to mislead the consumer is forbidden.

The Common Market Organisation Regulation lays down **provisions for imported wine products** (Article 90). Except as otherwise provided for in international agreements, these products are subject to the same requirements as EU products regarding designation of origin and geographical indications, definitions and labelling. Imported wine products must be produced in accordance with oenological practices authorised by the EU or recommended by the OIV. Imported products are subject to presentation of an import document.

2.2. Other CAP measures

The EU legal framework encompasses general provisions applying to the agricultural sector as a whole, with sometimes equivalent objectives to those of the Common Market Organisation measures applicable to the wine sector. This is particularly true for the Rural Development Regulation and the Regulation on information provision and promotion measures.

2.2.1. Rural Development Regulation

The EU's rural policy addresses a range of economic, environmental and social issues in rural areas. Member States are required to draw up national or regional rural development programmes adapted to the needs of their territories and responding to EU priorities such as fostering knowledge transfer and innovation in agriculture, forestry and rural areas.

The rural development programmes encompass a set of measures to be adopted by Member States under Regulation (EU) No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). These include measures for knowledge transfer and innovation in agriculture, competitiveness of the agricultural sector and risk management in agriculture that may cover certain needs of the wine sector, such as:

- organic farming – support can be granted, per hectare of agricultural area, to active farmers or groups of farmers to convert to, or maintain, organic farming practices and methods;
- investments in physical assets – support can be granted for tangible and/or intangible investments which improve the overall performance and sustainability of the agricultural holding and/or concern the processing, marketing or development of agricultural products;
- plant insurance – aid can be granted as financial contributions to premiums for plant insurance against economic losses to farmers caused by adverse climatic events, animal or plant diseases, pest infestation, or an environmental incident;
- mutual funds – support can cover financial contributions to mutual funds, e.g. administrative costs of setting up the mutual fund or amounts paid by the mutual fund as financial compensation to farmers.

The potential synergies between rural development support and wine support programmes were addressed in the evaluation question on coherence.

2.2.2. Regulation on information provision and promotion measures

Regulation (EU) No 1144/2014 of the European Parliament and of the Council provides rules under which information provision and promotion measures for agricultural products implemented in the internal market and in non-EU countries may be fully or partially financed by the EU budget. Its objective is '*to enhance the competitiveness of the Union agricultural sector, thereby bringing about greater competitive equity both in the internal market and in third countries*' (Recital 3) and, notably, to increase awareness and recognition of EU quality schemes. Its scope is therefore relatively close to the promotion measure provided for by the Common Market Organisation Regulation in the national support programmes.

For wine products, the EU may finance information provision and promotion measures covering wine with protected designation of origin or geographical indication status and wine with an indication of the wine grape variety. This can occur either within the framework of 'simple programmes,' along with other types of products, or be limited to informing consumers about the specific scheme (quality, organic production method, etc.) and about responsible wine consumption.

2.2.3. Managing the risk of overlapping

The Common Market Organisation Regulation aims to ensure consistency between national support programmes and the various EU regulations. National support programmes cannot support measures contained in Member States' rural development programmes or research projects other than studies linked to promotion in non-EU countries. Moreover, the Commission has adopted specific rules to avoid potential double funding between a Member State's wine support programme and its rural development or promotional programmes[16].

2.3. Market prospects for wine

The EU is the largest consumer of EU wines, with five Member States (France, Italy, Spain, Germany and the UK) accounting for over 70% of consumption of EU wines[17]. Driven by health concerns and changing consumption patterns, the EU's annual per capita consumption is decreasing. This trend is expected to continue, but at a slower rate (-0.4% per year), to reach around 25 litres per capita per year by 2030, although large differences between countries could remain. The wine sector is adapting to a new generation of consumers with changing lifestyles and preferences. In particular, red wine consumption, often associated with the traditional dinner at home, is decreasing across the EU. Demand for white, rosé and sparkling wines, which generally have a lower alcohol content and can be consumed on a variety of occasions, is growing.

The overall declining consumption of wine, together with a further expected decline of the use of vinified production for 'other uses' (e.g. distillation and the production of 'processed/elaborated products') is projected to lead to a decline in total domestic use of vinified production (-0.5% per year) by 2030.

In contrast, wine consumption has increased strongly in the United States, China, the UK, Russia, Australia and Canada. These markets represent new development potential for EU wine producers, along with those experiencing a recent increase in their per capita rate of consumption (Angola, Hong Kong and Macao). EU exports have grown strongly over the last decade (+6% per year). While the volume of exports has recently stabilised, their value has continued to grow. Despite strong competition from wine-producing countries outside the EU and possible trade tensions, in particular with the United States, EU exports are expected to keep growing to reach 26 million hectolitres in 2030 (+1% per year). The increase in exports is driven by the high demand for EU wines with a geographical indication and sparkling wines in general.

Due to the decline in EU demand and the slowdown in trade, the EU's wine production is projected to decline to 155 million hectolitres (-0.5% per year) by 2030, although with annual variability due to climatic conditions. The main reason for this decrease is the increasing abandonment of small vineyards (-0.9% per year) due to ageing farm owners and/or difficulties in competing on the market. Some of the abandoned vineyards will be replanted, particularly in zones eligible for producing GI wines. Abandonment of smaller areas and the resulting further concentration of wine production is not expected to lead to strong yield increases. Indeed, yields are being constrained to ensure the quality of wine (particularly GI wines) and the production of organic wines and wines using less farm inputs.

[16] Delegated Regulation (EU) 2016/1149 and Implementing Regulation (EU) 2016/1150.

[17] European Commission, The EU Agricultural Outlook for markets and income 2019-2030, 10 December 2019. https://ec.europa.eu/info/news/eu-agricultural-outlook-2019-2030-societal-demands-driving-food-market-developments-combining-affordability-sustainability-and-convenience-2019-dec-10_en

3. IMPLEMENTATION

3.1. Overview of the budgets and execution of the national support programmes

The national support programmes are the main financial instrument of the wine common market organisation. For the 2014-2018 programming period, they were allocated a total budget of EUR 5 667 million. The Member States' budgets for the national support programmes were set at EU level (agreed on by the European Parliament and the Council) as annual budgetary limits, in Annex VI of Regulation (EU) 1308/2013. They are above the former allocations in most Member States, and are quite similar to the ceilings for the 2009-2013 programming period[18]. The budgetary limits for Spain, France and Italy amount to three quarters of the total ceiling.

Table 2: Yearly budgetary limits for the national support programmes

	2009	2010	2011	2012	2013	2014	2015-16	From 2017
Italy	238	298	294	341	337	337	337	337
France	172	227	224	284	280	281	281	281
Spain	214	265	136	215	210	210	210	210
Portugal	38	52	53	66	65	65	65	65
Romania	42	42	42	42	42	48	48	48
Germany	23	31	32	39	39	39	39	39
Hungary	17	23	24	29	29	29	29	29
Bulgaria	16	21	22	27	27	27	27	27
Greece	14	6	7	8	8	8	24	24
Austria	8	11	11	14	14	14	14	14
Croatia						12	12	11
Slovenia	4	5	5	6	6	5	5	5
Cyprus	3	4	4	5	5	5	5	5
Slovakia	3	4	4	5	5	5	5	5
Czechia	3	4	4	5	5	5	5	5
Lithuania	0.03	0.04	0.05	0.05	0.05	0.05	0.05	0.05
Luxembourg	0.3	0.5	0.5	0.6	0.6	0.6		
Malta	0.2	0.3	0.3	0.4	0.4	0.4		
UK	0.2	0.2	0.2	0.3	0.3	0.3		
EU	**796**	**994**	**863**	**1 087**	**1 073**	**1 084**	**1 106**	**1 105**

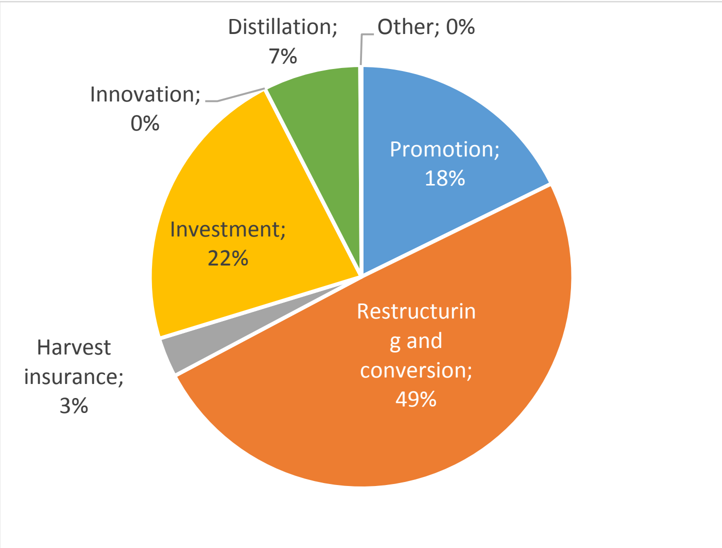
Source: DG Agriculture and Rural Development, EC Regulation No 1308/2013 - Annex VI.

[18] In Greece and Romania, the budgetary limit changed significantly between the two programming periods. Greece had EUR 20 million per year on average between 2009 and 2013, compared to EUR 24 million since 2014, due to the re-inclusion of the decoupled payment budget (under the single payment scheme) in the national support programme. Romania had an increase from EUR 42.1 million per year in the 2009-2013 programming period to EUR 47.7 million per year since 2014, due to a recalculation of its budget.

The budget execution varies per year and per Member State. At EU level, it ranged between 88% and 94% over the 2014-2018 programming period.

Within the national support programmes, Member States are free to choose and implement the measures best adapted to their needs, define the budget allocation and set the rate of EU support for each measure within the limits laid down in EU law. For the 2014-2018 period, the main EU measures from a financial point of view have been those for restructuring and conversion (49%), investments (22%) and promotion (18%). The newly introduced innovation measure has a low budget, and has been allocated to only Germany, Spain and Cyprus, with no uptake in Germany. The measure supporting the setting up of mutual funds (Article 48 of Regulation (EU) No 1308/2013) has never been implemented by any Member State.

Figure 2: Share of each measure, based on expenditure on national support programmes from 2014 to 2018

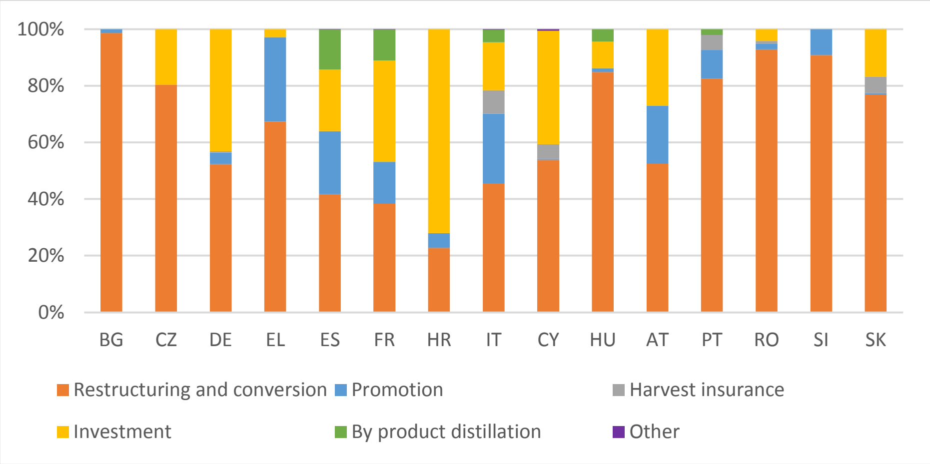


Note: EU expenditure, excluding the share of the budgets for national support programmes transferred to the single payment scheme.
Source: DG Agriculture and Rural Development, monitoring data for the national support programmes.

At Member State level, the restructuring and conversion measure has also been predominant, but specific national choices can be noted:

- Eight Member States (Bulgaria, Czechia, Greece, Hungary, Portugal, Romania, Slovenia, Slovakia) chose to focus on a limited number of measures and/or to allocate above 70% of their budget to the restructuring and conversion measure. Romania and Bulgaria are the most striking cases, with more than 93% of their budget spent on restructuring and conversion. This is logical considering the degree of evolution of their wine sector in relation to PDO and PGI production;
- Seven countries (Germany, Spain, France, Croatia, Cyprus, Italy, Austria) developed a different strategy, sharing the budget between different measures and allocating a large share to promotion and/or investment.

Figure 3: Breakdown of national expenditure per measure from 2014 to 2018



Source: DG Agriculture and Rural Development, monitoring data for the national support programmes.

3.2. Implementation of the authorisation scheme for vine plantings

The new authorisation scheme has been implemented since 2016, in 13 Member States.

The Member States' implementation choices relate to the following, and are all optional:

- Potential decision to limit the area to be made available for new plantings, by setting a percentage below the standard value of 1% of the total area planted with vines, or to limit the issuing of authorisations at regional level.
- Selection of eligibility criteria, among the criteria set out in Article 64 of Regulation 1308/2013.
- Potential selection of priority criteria (and weighting associated to each criterion) to grant new plantings instead of a pro-rata attribution.

In 2018, out of the 26 490 hectares available for new plantings, 81% was granted. In six Member States, 100% or close to 100% of the available area was granted (Czechia, Germany, Spain, Greece, Italy, Portugal).

In Italy in particular, where the percentage of area for new plantings was very low, applications greatly exceeded availability.

In contrast, in France, where the largest area for new planting was available, only 71% of the available area was granted in 2018, because France applies regional limits. For more details, see Chapter 5.2.4.

Table 3: Implementation of the authorisation scheme in 2017 and 2018

Member State	% decided at national level in 2018 (max. 1%)	Area available for new plantings (hectare)		Area granted in 2018 (% of the area available)
		2017	2018	
Bulgaria	1%	604	606	19%
Czechia	*1%*	177	178	100.0%
Germany	0.3%	308	308	100.0%
Greece	1%	628	627	100%
Spain	0.52%	4 989	4 950	100.0%
France	1%	7 939	8 101	71%
Hungary	1%	642	652	86%
Italy	1%	6 622	6 522	100.0%
Austria	1%	476	483	53%
Portugal	1%	1 932	1 916	100%
Romania	1%	1 824	1 825	5%
Slovenia	1%	156	156	58%
Slovakia	1%	174	166	54%
Total EU (13 MS)	**-**	**26 470**	**26 490**	**81%**

Source: DG Agriculture and Rural Development, monitoring data for the national support programmes.

4. METHOD

This chapter sets out the overall methodological approach adopted for this evaluation: it presents the data sources and collection tools, as well as the main analytical methods that were used. A detailed description of the methodology can be found in Annex 5.

4.1. Data collection tools

Databases and information on policy implementation: These include the 'grey literature', reports and indicators available at EU and national level that provide information on the implementation of the regulations.

Review and analysis of vineyard, wine and other databases: Eurostat data was given priority to provide contextual indicators. It was complemented by indicators from other databases, such as Member States' price notifications, COMTRADE, the World Bank, the USDA and the FAO. Databases focusing on vineyards and on the wine sector**,** such as OIV[19] and the vineyard register, provided key indicators on the structural changes in the wine sector since 2008.

Case studies: To gather detailed and contextual qualitative and quantitative information to complement the EU-wide information, and to understand the implementation choices and the effects of the regulations in the Member States, 10 case studies were carried out at national and regional level in seven Member States. The selection procedure for the case studies and the case study reports are available as annexes to the evaluation support study carried out by Agrosynergie[20].

Farm Accounting Data Network (FADN): A dataset from the FADN for 2009-2016 was analysed in order to identify changes in the cost of production, sale prices, value of assets, and income of growers.

Interviews: In-depth semi-structured interviews were carried out with stakeholders, based on common interview guides, covering all topics in the evaluation questions. The aim was to understand the context in which stakeholders operate and formulate judgements.

Questionnaire to Member States' administrations: A questionnaire was used to collect specific quantitative data, to analyse how efficiently the regulations have been implemented. The questions focused on the workload and the indirect costs of implementing the national support programmes and the control and checks system.

Internet research on the wine offerings of online retailers: Internet research was carried out to review the wine products of online retailers and to check the positioning of EU wines and their competitors in each product segment. The research included the online shops of 16 retailers, either wine specialists or large national or international food retail chains, from the main four wine-producing Member States: Italy, Spain, France and Portugal.

Monographs of EU wine producers: Monographs of significant regional wine producers were drawn up within the framework of the case studies. The selected companies answered specific questions on actions that had been supported by the national support

[19] Organisation Internationale pour la Vigne et le Vin (http://www.oiv.int/).

[20] Evaluation of the CAP measures applicable to the wine sector.
https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/cap-measures-wine-sector_en

programmes. In all, 17 independent producers and cooperatives were selected (from 1-4 per case study).

Consumer survey: A survey in four Member States assessed the increase in consumers' awareness about the responsible consumption of wine and the EU system covering PDO/PGI, as well as their satisfaction with the safety and quality of wine products. The survey was conducted in two large wine-producing countries and two large net importer countries, and was answered by around 1 100 consumers. The outcome of this survey is detailed in Annex 2.

Public consultation: This evaluation included a public consultation that ran from 7 March to 7 June 2019. Only 33 contributions were received by the closing date. Roughly a third of the respondents represented non-governmental organisations, another third represented a business organisation/association or trade union, and the remaining third represented a public authority or were EU citizens. The outcome of this consultation is detailed in Annex 2.

4.2. Counterfactual analysis

In order to draw valid conclusions about the effects of the EU's wine policy, it was necessary to compare it with a counterfactual situation where the policy did not exist. Depending on the purposes of the various evaluation questions, different counterfactual situations were used.

Generally, the actual situation was compared to a theoretical situation without the measures, produced from the analysis of the intervention logic and based on economic approaches derived from the literature. This theoretical analysis of the expected effects of the measures helped to identify behaviour expected from economic actors faced with incentives or constraints deriving from alternative instruments.

For the purposes of data analysis, an empirical counterfactual situation was also used. Before/after 2008 can be taken as a point of comparison, considering that, at the time of the previous evaluation in 2012, the reform had not been applied for long enough to allow meaningful conclusions to be drawn. Moreover, significant changes have occurred on the world wine market since then.

4.3. Analytical tools

The following analytical tools were used: statistical analysis, Strengths Weaknesses Opportunities Threats (SWOT) analysis, and matrix tabulation.

4.4. Limitations of the evaluation and robustness of findings

The findings of the evaluation are robust, as they are underpinned by solid empirical analysis. However, several challenges were faced in the evaluation.

The first challenge was that the extent to which national support programmes contributed to changes in productivity, costs and income could not be assessed in the evaluation support study. This was because the support received from these national support programmes was either not reported, or was poorly reported, in the FADN database.

The second main challenge related to the duration of implementation of the regulations. Most regulations have been implemented with very few changes since 2008: this period is too long to make a comparison between the situation before the implementation of the regulations and after. Regarding the authorisation scheme for new plantings, the opposite problem arose: the very short implementation period of the scheme (applicable only since 2016) limited the assessment of its effects.

The third main challenge was to distinguish the effects of the regulations from the effects of other factors, e.g. on the competitiveness of the EU wine sector. In a globalised market, a number of factors (in particular the world economic recovery after the 2008 crisis) may have impacted the sector and diluted the effects of the measures.

The fact that Member States chose to implement different measures, due to a complex combination of local needs, political choices and external factors, limited the possibilities for comparisons between Member States.

The last main challenge related to the availability of data and the accuracy of monitoring at national level. In particular, notifications to the European Commission on operations supported by the national support programmes did not provide enough information to be evaluated. Even though a sizeable amount of data was collected at national level to complement the information available at EU level, the analyses carried out for this evaluation were nevertheless limited.

In addition, the evaluation was mainly concerned with the effects of the measures on competitiveness and market adaptation, which are a central objective of the national support programmes, and not with their effects on the environment and rural development. These were analysed in the evaluation questions related to the coherence and relevance of the policy.

Unfortunately, participation in the public consultation was very low, with only 33 respondents, so the results are not representative and should be looked at with caution.

The methodology for each evaluation question was developed to provide reliable evidence, in spite of these challenges. The extensive use of case studies and systematic cross-checking between sources helped to ensure the soundness of the results.

5. ANALYSIS AND ANSWERS TO THE EVALUATION QUESTIONS

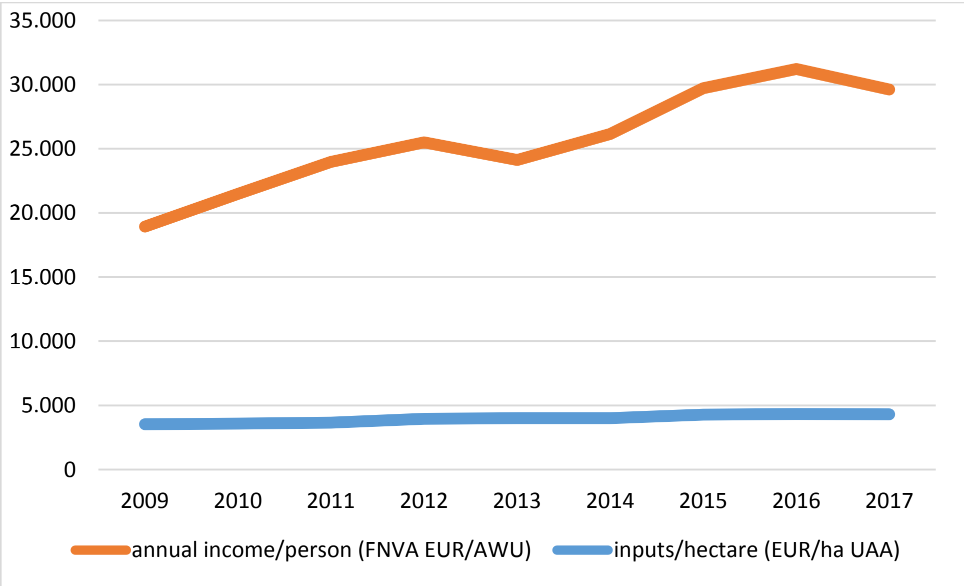
5.1. Effectiveness

5.1.1. Effects of national support programmes on the competitiveness, product quality and market orientation of wine growers

The impact of the EU's wine policy on the competitiveness of wine growers is assessed through changes in productivity, costs and income. The evaluation also looks at the adaptation of production to market demand, including for more quality products. This evaluation question relates mainly to the restructuring and conversion measure aimed at wine growers (the investment measure mainly targets wine processors). The competitiveness of wine producers is assessed in the next question.

The productivity of wine farms is way above the average for farms in the EU, with a ratio of total output to total input of 144% in 2017 compared to 114% on average for all EU farms (FADN)[21]. The statistical analysis of the FADN dataset, isolating a sample of wine farms in seven Member States, showed an overall increase in the productivity and revenue of growers in 2009-2016. The statistics also highlighted very significant disparities in the income of growers both between Member States and between regions within Member States. To a lesser extent, significant gaps were also found between wine-producing growers and growers who sell their grapes: the former were found to have significantly higher but less stable revenue.

Figure 4: Average income and costs in EU farms specialising in vineyards



Source: DG Agriculture and Rural Development, based on FADN.

However, as previously stated, the extent to which the national support programmes contributed to the observed changes could not be assessed in the evaluation, because the support received was either not reported, or was poorly reported, in the FADN database. In addition, the interviews with stakeholders in six Member States (sector representatives,

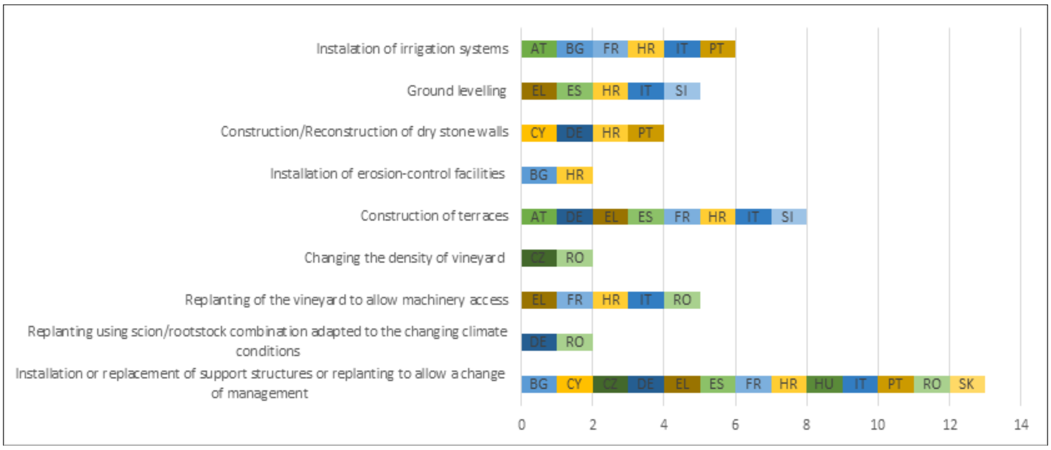
[21] https://agridata.ec.europa.eu/extensions/DashboardFarmEconomyFocusCrops/DashboardFarmEconomyFocusCrops.html

national authorities, wine growers and researchers) also confirmed the influence of other factors on the revenue of growers, such as market trends, taxes, etc.

As pointed out in the evaluation support study, the restructuring and conversion measure, amounting to half of the expenditure on national support programmes, was mainly used to change varieties, relocate production and improve management techniques. Some changes in management techniques, such as changes in density, aimed to mechanise the practices in vineyards and meet the requirements of PDO/PGIs. The selling price of PDO/PGIs is significantly above average, and the conversion to geographical indications can bring more value to farmers[22].

The case studies revealed that the restructuring and conversion measure accelerated changes in the producing systems and in management practices at vineyards, especially by enabling large-scale mechanisation and plantings better adapted to water management (irrigation, higher drought-resistant varieties, management of diseases). Through the reduction of humidity thanks to lower densities, it may contribute in the long term to lowering the use of pesticides, though managing environmental issues was not a direct objective of the national support programmes. In addition, wine growers who also produce wine could use the investment support on machinery and promotional activities to increase their wine value.

Figure 5: Typology of the costs supported regarding the improvement of vineyard management techniques



Source: Evaluation support study, Agrosynergie.

Nevertheless, the statistical analysis of the costs of production revealed increasing production costs per hectare in most Member States. This does not mean that the measure had no effect on production costs. On the contrary, very positive opinions from the wine sector in the interviews testify to its actual contribution. For example, mechanisation led to a reduction in the cost of labour. However, positive effects may have partially been offset by other factors such as the increasing costs of wages, crop protection products, land rent costs, etc. Overall, it seems that the restructuring and conversion measure had a mitigating effect on the increase in production costs. Furthermore, in Romania, where the

[22] European Commission, Economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs), Brussels, October 2019. https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/products-and-markets/economic-value-eu-quality-schemes-geographical-indications-gis-and-traditional-specialities-guaranteed-tsgs_en

measure affected a very large share of professional wine growers, there has been a significant decrease in the cost of production since 2010, which can be linked to the implementation of the measure leading to increasing mechanisation.

Similarly, the effect of the national support programmes on yields could not be quantitatively assessed.

National support programmes financed, in part, the switch of vineyards to PDO/PGI production systems, which have lower yields, maximum yield ceilings and higher production costs than standard production systems. Furthermore, positive effects of the restructuring and conversion measure on yields and production costs might appear only in the longer term, since a vine needs at least three years before production and even more before cropping management is stabilised. In any case, significant yield increases are expected in a few Member States, such as Romania and Bulgaria, due to the replacement of old vineyards.

The share of PDO/PGI in vinified production increased from 61.6% in 2009/2010 to 62.3% in 2018/2019[23]. The vine area under GIs increased by 6% between 2009/2010 and 2018/2019, to 88% of vineyards. Despite the growing demand, the production of wines with an indication of the grape variety is still small in the EU.

The national support programmes of seven Member States (Hungary, Italy, Portugal, Greece, Slovenia, Slovakia, Cyprus) clearly aimed to foster production of wines with PDO/PGI. In most cases, this objective was implemented through an eligibility criterion requiring that the supported area meets the requirement for the production of PDO or PGI wines.

The results of the FADN analysis show that the EU's wine policy has had a generally positive effect on the revenue of wine growers, through the restructuring and conversion measure, and of grower-producers, through investment in machinery and promotion,. The significant coverage of the measure (11% of the EU's vineyard surface area) can make a difference in terms of competitiveness and advances in sustainable production. In addition, a majority of respondents to the public consultation agreed that the EU wine measures led to a more competitive and market-oriented wine sector. This was particularly highlighted by respondents involved in the wine business[24].

The evaluation support study could not provide quantitative data to show that the restructuring and conversion measure resulted in actual conversion toward more market-adapted varieties. Nevertheless, all the case studies revealed the contribution of the measure to a better differentiation of varieties (varieties separated by plot), much better phytosanitary quality, and, in many cases, a focus on national and regional varieties to respond to the demand for unique, typical products.

Conversion has often been carried out alongside other types of operation (e.g. relocation, installation of irrigation systems, land consolidation, etc.) and the relevance of the chosen variety could not be monitored. Nevertheless, the positive opinions of sector representatives and wine producers showed how the measure for the vineyards contributed to meeting current market trends. For example, in Veneto, the area planted

[23] European Commission, Wine data portal. https://agridata.ec.europa.eu/extensions/DataPortal/wine.html

[24] See Question 20 of the public consultation in Annex 2.

with Glera - the variety used to produce Prosecco - increased significantly. Conversion and other types of operation have contributed to a general upgrade in the quality of grapes (e.g. through changes in density and use of improved clones) and to a significant increase of production under PDO/PGI.

5.1.2. Effects of the national support programmes on wine producers/ products and external trade

Competitiveness depends on the EU wine sector's capacity to produce and sell products in various markets with specific features that make them more attractive than the products offered by competitors.

The evaluation support study concludes that the national support programmes have contributed to improving the key factors of competitiveness of EU wine producers, based on the analysis below.

The investment measure was implemented by Member States to improve the processing facilities and reduce winemaking costs. Countries facing ageing industry infrastructure needed to support the modernisation of industrial equipment (Czechia, Germany, Croatia, Romania, Slovakia), whereas others already benefiting from a highly competitive and high-quality wine sector used the support to optimise their processing and marketing tools (France, Italy). Other Member States considered supporting dynamic and competitive wine holdings and decided to encourage the creation of larger-scale wine companies (Austria, Germany, Greece).

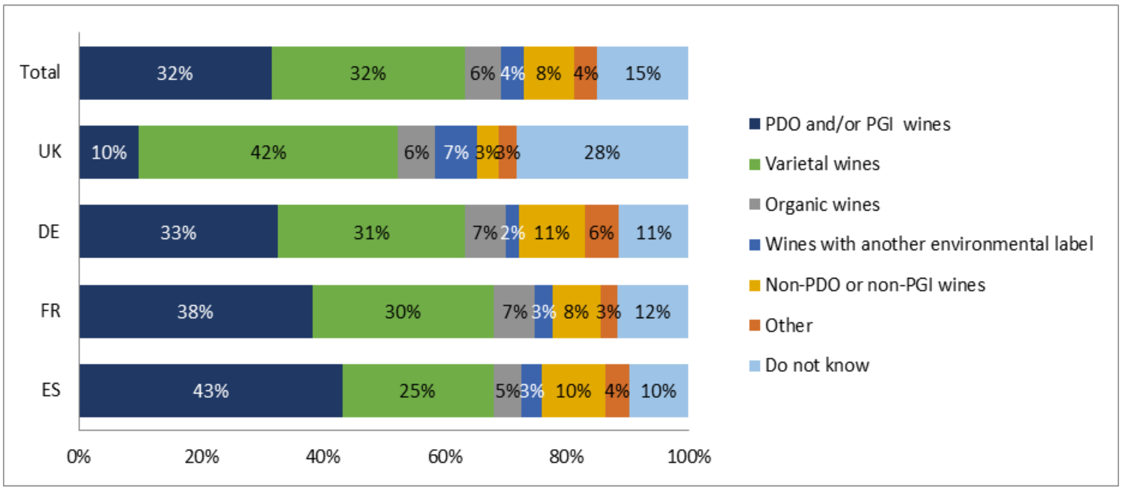
As the case studies show, the measures under the national support programmes, notably the support for restructuring and investment, have been widely used by operators to improve efficiency and to develop new products adapted to consumer demand. Support for investment in modern equipment adapted to the production of new wine products (e.g. white and rosé wines) has also led to more efficiency in wine processing, bottling and marketing. These changes have helped to improve the quality of wine and the stability of products (Germany, Italy, France, Spain, Hungary, Romania). In Spain and Italy particularly, the investment support made it possible to shift from bulk to bottled wine and improve the overall quality by converting to PDO/PGI wines. The beneficiaries of the restructuring and investment support (winegrowers/producers) who were interviewed indicated that the progress achieved has contributed positively to their turnover and subsequently has improved their negotiating position in the supply chain.

The investment measure also helped actors expand their activities further down the production chain (thereby fostering vertical integration). It supported the setting up of processing facilities on farms, leading to an increase in the number of independent wine makers, and made possible the development of on-farm sales, through the construction of tasting cellars. The FADN analysis showed that the average value of buildings per wine holding increased over 2014-2016, in all the Member States considered (Germany, Spain, France, Hungary, Portugal) except Italy. On-farm sales have resulted in better prices for producers, who have thereby enjoyed increased income (France, Germany). Access to foreign markets was also supported through the promotion measure. This support also led to improved horizontal cooperation, and resulting alignment and complementarity of strategies implemented by wine producers, notably in Italy and Portugal.

The national support programmes have helped EU wine producers adapt to market demand. There is more or less one year of consumption in stocks, although when the weather is particularly favourable stocks rise and the production of 'processed/elaborated products' increases slightly. However, no major issue of market balance was observed in 2014-2018, explaining why the green harvesting measure was used only once by one Member State (Italy), and then only marginally. This is particularly positive given the context of a past structural surplus.

Per capita consumption is decreasing slightly in the EU. The main wine consumed in the EU is red wine, but red wine consumption is declining, while demand is growing for specific wine products such as rosé wines (notably in France) and sparkling wines. Rosé is also on the rise in the United States. According to the consumer survey, the same share of consumers (32%) look for protected geographical indications and for wines with an indication of the grape variety. In addition, consumers also look for wines produced from environmentally friendly practices (including organic), and they are attracted by features such as authenticity and identity. However, as the consumer survey and the internet research on the wine offerings of online retailers have shown, the key purchasing criteria differ according to the Member State, and retailers have adapted their product range: PGI wines are the predominant category of wine products offered by EU retailers, although retailers offer a larger proportion of wine products with an indication of the grape variety in the UK and non-EU countries.

Figure 6: What do you consume most often? First and second choice (% of respondents)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

PDO wines are often produced in the largest quantities in the EU, except in Spain. Their prices increased in France, Hungary and Italy over 2014-2016. This was not the case for other types of wine, and demonstrates once more the high demand for PDO wines. Wines with an indication of the grape variety are still produced in very small volumes in the EU. Their production has increased in Italy and Spain, but, as illustrated by the high share of non-EU varietal wines selected by retailers (53% based on internet research), EU supply is still below demand, to the benefit of imports.

Stakeholders, particularly sector representatives and representatives of wine growers, also indicated that the varieties grown were converted to correspond to consumer demand, notably in France and Italy. These countries have made extensive use of the restructuring and investment measures to develop new products - rosé in France (Languedoc-Roussillon) and Prosecco in Italy (Veneto and Friuli Venezia Giulia). The promotion measure has also enabled producers to better identify consumers' tastes and the expectations in foreign markets.

Despite a 0.4% annual decline in its production over the last decade, the EU remains the world's major producer of wine, with a share in world production of around 60%. As the total consumption of wine decreased in traditional EU markets (France, Italy, Germany), the EU producing countries had to look for growth potential, notably outside the EU. Over the last decade, EU exports grew by almost 50%, to 24 million hectolitres in the 2019 marketing year. The export value of wine products reached EUR 12 million in 2019. Spain, Italy and France are the main wine exporters, with French wine having more value on export markets, while Italy exports the largest quantities. The EU operates in a very competitive market: non-EU countries registered strong growth in their production between 2000 and 2018. Among them, the main producing countries are the United States, followed by Australia, Chile, South Africa and China. New Zealand and Argentina also export significant volumes of wine.

The majority of exports are composed of still wines bottled (68%) and sparkling wines (16%), while the share of still wines exported in bulk (12%) and in bag-in-boxes (3%) remains modest. The evaluation support study shows that, from 2000 to 2017, EU bottled wine exports increased significantly towards extra-EU markets. They are essentially composed of PDO/PGI wines and oriented towards Canada, China, Russia and the United States. In addition, bulk wine trade increased in the EU market, with flows mainly oriented towards France and Germany and composed of non-PDO/PGI wines.

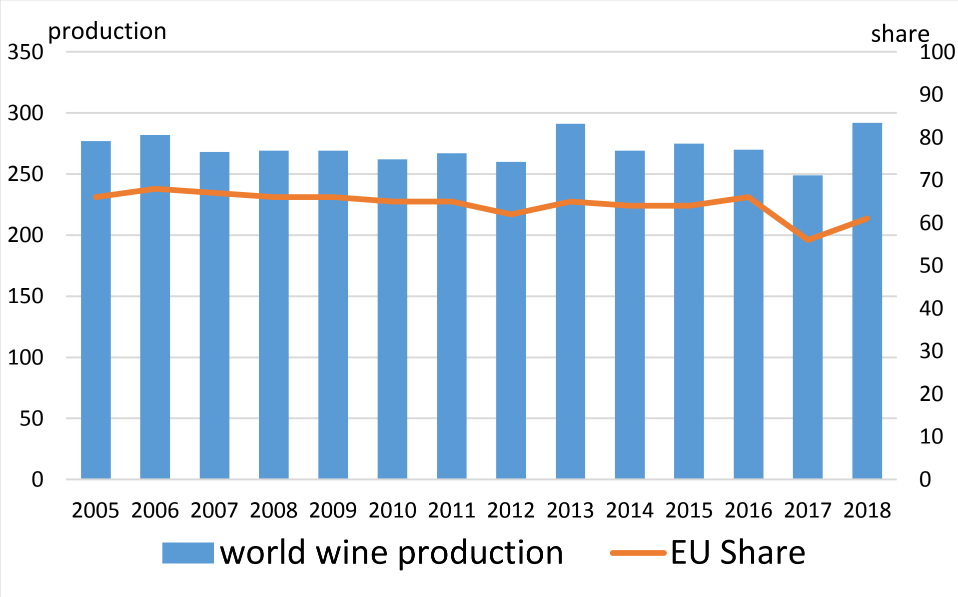
Table 4: EU exports by type of packaging in 2019 (million hectolitres)

Exports by types of packaging	**2019 (in million hectolitres)**	**%**
Still wines bottled	16 477	68%
Sparkling wines	3 748	16%
Still wines bulk	2 995	12%
Still wines bag in boxes	652	3%
Others	236	1%
Total	**24 108**	**100%**

Source: DG Agriculture and Rural Development, based on ESTAT.

After a period of stabilisation in its production over the last decade, the EU remains the largest wine producer, with 61% of world production in 2018. In addition, the share of the EU in world wine trade is high and very stable (64% in volume over 2005-2018), meaning that the EU maintained its competitive position against efficient producers in non-EU countries.

Figure 7: EU production as a share of world production of wine 2005-2018 (million hectolitres)



Note: The lower share of the EU in world trade in 2017 and 2018 is linked to the low EU harvest in 2017 due to adverse climatic events.

Source: DG Agriculture and Rural Development, based on the OIV 2019 Statistical Report on World Vitiviniculture.

According to COMTRADE data for 2016, the share of EU wine was predominant (above 50%) in the imports of the main wine-importing countries and increased in Germany, the UK, Italy, the USA, Switzerland, France (in volume only), the Netherlands (in value only), China (in volume only) and Canada (in value only). However, it decreased in Belgium, Russia, Japan, Hong Kong and Angola. The main competitors in these markets are the USA, Chile, Australia and South Africa. Independently of the evolution of EU wine exports, the competitive pressure from other producing countries (Chile, USA, Australia, etc.) plays a significant role in the evolution of the share of EU wine products in the overall volume/value of wine imported by non-EU countries. Indeed, while the value of wine exported (from Germany, France, Hungary, Italy and Romania) to traditional and new markets has increased, this does not often result in an increase in the share of EU wine in total wine imports (in the experience of France, Hungary and Romania).

Still, the operators interviewed are generally satisfied with an increase in the volume/value of their wine exports, independently of their market shares in target countries (notably in Portugal).

An analysis of internet research on products sold by online wine producers showed that EU wines remain predominant among the products sold by online retailers, especially those located in wine-producing Member States. EU wines prevail in the segments of red, white, rosé and sparkling wines for all the online retailers considered, except in the USA and the UK. Among the EU wines sold by online retailers, 70% are PDO/PGI and 30% are wines with an indication of the grape variety. The analysis could not ascertain whether non-EU varietal wines were more affordable than EU ones.

These positive results may be linked to the efforts made by EU producers to improve their performance. However, the competitiveness of EU wine producers and products is due to a multitude of social, economic, climatic and political factors. Some of the factors are directly related to the strategy implemented by the producers and could as such be influenced by the national support programmes (especially through restructuring and conversion, investment, and promotion) and/or EU rules. Other factors are external, such as market forces, the structure of the sector, reputation or climatic conditions, which affect the environment in which producers must exchange their products.

In the future, special attention should be paid to distance selling. The internet continues to transform the shape of the marketplace for all types of products, including foodstuffs.

5.1.3. To what extent is the effectiveness of the support under the national support programmes influenced by its financial architecture?

The management of national support programmes has two key features:

- Yearly budget: All expenditure declared within a given financial year must respect the budgetary ceilings.
- Absence of obligatory national co-financing.

At EU level, the rate of budget execution ranged between 88% and 94% between 2014 and 2019. In most Member States, the rate of execution of the yearly budget is stable and above 80% (Czechia, Germany, Spain, France, Italy, Cyprus, Hungary, Portugal, Slovenia). Bulgaria and Croatia recorded an increase in the uptake of the programmes over the period, while in Romania the execution rate, which was equal to 100% for the 2014 programming year and in the previous programming period (2009-2013), rapidly decreased to 24% in 2016 and 2017 and recovered to close to 50% in 2019. Austria and Slovakia show unstable execution rates, though always above 50%.

Table 5: Budget execution (spending) rates of the national support programmes 2014-2019

	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Bulgaria	62%	74%	81%	85%	91%	54%
Czechia	99%	100%	100%	100%	99%	99%
Germany	81%	95%	94%	85%	86%	97%
Greece	87%	63%	72%	55%	61%	49%
Spain	91%	100%	100%	96%	77%	93%
France	100%	100%	100%	100%	100%	95%
Croatia	11%	13%	27%	31%	52%	55%
Italy	96%	96%	95%	96%	92%	93%
Cyprus	89%	100%	100%	78%	100%	100%
Hungary	100%	100%	100%	100%	94%	81%
Austria	53%	70%	98%	76%	86%	89%
Portugal	100%	98%	100%	100%	100%	100%
Romania	100%	42%	24%	24%	35%	46%
Slovenia	97%	100%	100%	100%	100%	100%
Slovakia	81%	76%	52%	71%	75%	100%
Total EU	**94%**	**93%**	**93%**	**92%**	**88%**	**89%**

Sources: DG Agriculture and Rural Development, monitoring data for the national support programmes.

In all Member States, the driving factors behind the execution of the programme are the number of potential beneficiaries and the capacities of beneficiaries to invest. In the absence of obligatory co-financing, the capacity and willingness of the national and/or local authorities to support the wine sector has no bearing on the implementation of the programme. Among the stakeholders who were interviewed, some highlighted the positive effects of not having obligatory co-financing, the certainty that funds would be available, the consistency of funding over time and the ring-fencing of funds. On the negative side, beneficiaries are required to provide a significant level of financing themselves, which is a key issue in Bulgaria and Croatia. In Romania, the low execution rate is mainly due to the fact that huge restructuring efforts took place in the previous programming period (with very high execution rates in the wine programme), while in the current period the needs of the wine sector have changed and Romania is slowly adapting.

As the questionnaire addressed to Member State administrations revealed, the certainty of having a budget available for a 5-year period provided a level of visibility and security that facilitated the implementation of operations.

Some countries adopted a multiannual approach to the management of applications and expenditure (Spain, for example), which maximised execution of the budget but resulted in lower budgets being available in the later years of the programme. Other countries (France, Hungary, Portugal, Italy) overbooked yearly budgets, carrying over execution to the following year. This type of management also allows for maximum execution of the budget, although it results in an additional workload for the managing authority.

Where funds are managed exclusively on an annual basis, meaning that the managing authorities would not accept any application that went beyond the annual budgetary limit, the execution rates are lower but the yearly management is perceived as less constraining. In general, it seems that the yearly budgetary limits fostered responsiveness both from the administration and the beneficiaries, as well as quick implementation of operations and closure of cases.

The possibility for Member States to transfer funds between measures was a key source of flexibility, making it possible to overcome potential implementation delays or a decrease in the sector's absorption capacity. More of the budget than planned was spent on the restructuring and conversion measure in France, Italy and Portugal, which compensated for the lower-than-expected budget execution on the promotion and investment measures. This helped to counterbalance the constraint of yearly budget management and allowed for optimal budgetary execution.

5.1.4. To what extent has EU support for promotion of wines been successful in strengthening the reputation of EU wines, recovering old markets and winning new ones worldwide?

In all case studies, wine operators mentioned that the EU wine products with the best reputation abroad were, in particular, French red wines with PDO from Bourgogne and Bordeaux and white sparkling wines from Champagne. The Italian sparkling wine Prosecco was also often considered to have a great reputation in international markets and the German Riesling wine was said to be very well known. Several case study reports mentioned red wines with PDO from Tuscany in Italy.

It is nevertheless difficult to establish a link between the promotion that was carried out, the reputation of EU wines and the strong increase in EU wine exports towards non-EU countries, particularly because of the other factors that influence the competitiveness of wine products in today's global market. On the one hand, certain external factors may have contributed to the increase in EU wine exports (e.g. increasing demand for specific products such as Prosecco, climatic events that affected the harvest in other countries, consumption trends in emerging countries, etc.). On the other hand, negative trends in the value/volume of EU wine exported might actually have been offset because of the promotion efforts.

However, in all of the Member States/regions studied, almost all stakeholders stated that the promotion measure had a great impact on the reputation of national wines. The measure was truly appreciated by beneficiaries, especially in a context of intense competitive pressure from non-EU countries. This is confirmed by the outcome of the public consultation: out of 33 respondents, close to 70% agreed that promotional support has strengthened the reputation of EU wines.

According to the analysis of the case studies, promotion is also needed by producers to improve the reputation of their wine, especially when significant efforts have been made to increase the quality of their wine and adapt it to market demand, along with other measures under the national support programmes (notably, restructuring and investment).

In France, Italy and Spain, however, the administrative burden involved in justifying expenditure and the small annual budget were mentioned by stakeholders as two factors that had negative effects on the uptake of the measure and which explain the lower-than-planned budgetary execution (83% in the EU over 2014-2018). This might also be partially explained by the possibility of funding promotion both through the national support programmes and through support for horizontal promotion of agricultural products. This is an administrative burden, as operators may be obliged to prove the absence of double funding. While support for promotion through the national support programmes is obviously tailored to wine, support for horizontal promotion of agricultural products follows a basket approach, so that wine might be promoted together with other wine products such as vinegar.

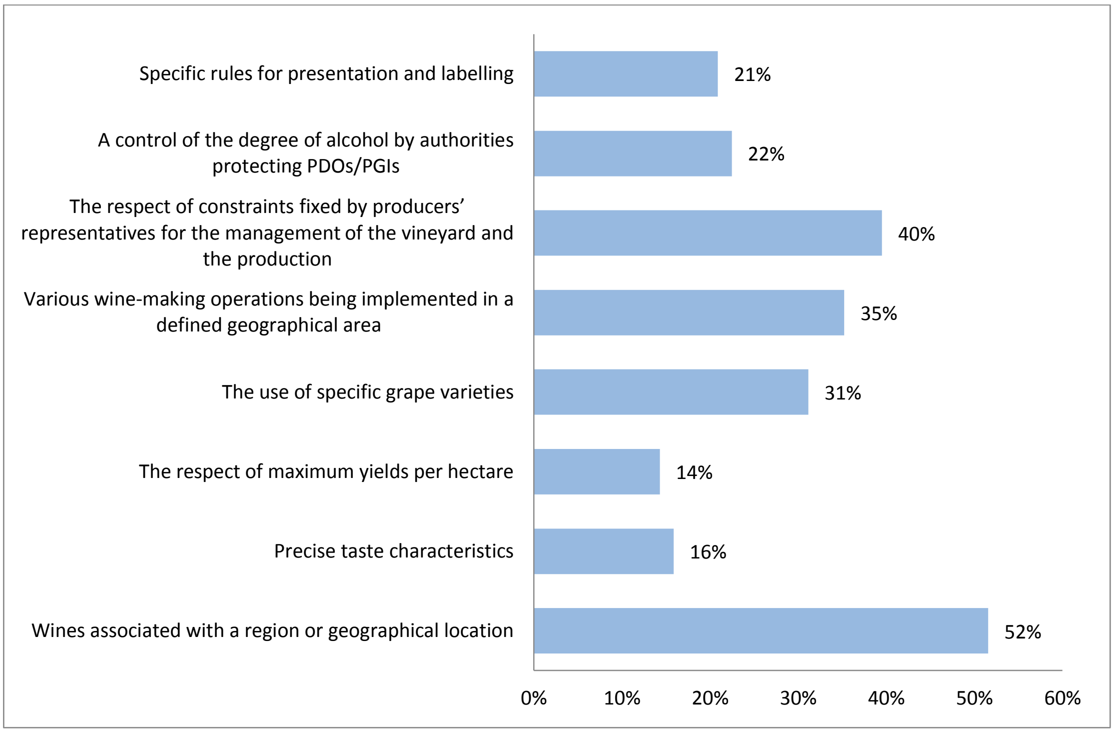
5.1.5. To what extent has the information measure for EU wines helped to improve knowledge about EU quality schemes and awareness about the responsible consumption of wine?

An analysis of the information campaigns can assess their reach and their impact on consumers' knowledge. However, it is difficult to assess the results of the campaigns due to lack of detailed monitoring information. In addition, opinion polls about the impact on awareness are costly and lack a sufficient number of observations. Therefore, the contractor carried out additional surveys.

The reach of the information campaigns on the EU system of PDO and PGI carried out with the support of the information measure was measured for three campaigns, one in Germany and two in France. In Germany, 22% of consumers surveyed stated that they had seen the visuals of the national campaign, but this was the case for only 17% of surveyed consumers in France. However, this rate is considered to be satisfactory, given that the campaigns focused on specialist distribution channels, i.e. wine shops/wine bars.

The consumer survey (see Annex 2) highlighted the knowledge deficit among EU consumers (France, Germany, Spain and the UK) with regard to the PDO/PGI scheme applying to wine. Indeed, few respondents knew the PDO/PGI labels or were aware of the characteristics of wines with a PDO/PGI designation.

Figure 8: Share of consumers considering that the following criteria are part of the characteristics of wines with a PDO/PGI designation



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Some of the denominations that appeared in information campaigns were known by a majority of respondents (e.g. Monbazillac, Languedoc, Corbières, etc. in France). However, these denominations are among the most renowned and it is not possible to assess whether the campaigns helped to increase their reputation.

Out of the six Member States that implemented the information measure, only two (Germany and Austria) supported operations on responsible consumption of wine that were implemented by the sector. France banned this measure because of possible conflict of interest, given that the campaign has to be organised by the wine producers themselves. The operations supported by other Member States consisted of training programmes for a specific public grouping. No indicators on the effects achieved were reported by the Member States.

5.1.6. To what extent have EU rules on oenological practices in the wine sector been successful in reaching the objectives on marketing conditions of producers and traders, competitiveness of EU wines and safety and quality?

Oenological (i.e. winemaking) practices and restrictions are defined by OIV standards, as well as the protection of human health, the climatic and soil conditions in specific wine-growing zones, the possible risk of consumers being misled and ensuring an acceptable level of environmental care. The comparative analysis of the Common Market Organisation Regulation and the OIV International Code of oenological practices reveals three main differences between them: (1) the category of grapevine product covered by the rules; (2) the strength of alcohol in the products; and (3) the oenological processes, additives and processing aids allowed.

Regarding competitiveness and marketing conditions, the case study analysis shows that the effects of restrictions on oenological practices vary according to the market concerned – i.e. inside the EU or in non-EU countries – and the market segment.

As for PDO/PGI high-end products, the rules on oenological practices are made more restrictive by the PDO/PGI specifications themselves (rather than by general EU rules). These rules contribute to their notoriety and to maintaining their reputation and their quality, and hence to maintaining their competitiveness.

In general, EU rules offer some flexibility in adapting practices to the special characteristics of the wine-growing zones, such as the acidification or de-acidification of wines or the possibility to increase the maximum total alcoholic strength up to 20%. In contrast, EU rules prohibit, for reasons of quality, reputational damage and fraud, the addition of water (during the fermentation process)[25] to decrease the degree of alcohol. Because of the warmer climate in southern Europe, wines tend to have a higher degree of alcohol (above 15%). With global warming, this phenomenon will increase, while there is an increasing demand for wines with a lower alcohol strength. Case studies revealed that operators perceive this prohibition as a major comparative disadvantage vis-à-vis main foreign competitors (such as the USA and Australia), where this practice is allowed.

At international level, EU rules on oenological practices seem to provide a guarantee of the products in terms of quality and safety, which helps with their marketing. The quite prompt adaptation of EU rules to changes in OIV standards also helps to improve their marketing. However, the small differences in wine standards among different destination countries for EU wines might affect trade slightly: EU wines might face entry barriers where rules are more demanding (e.g. organic wine in the USA), but in markets with fewer rules the competitiveness of EU wine products could decrease.

Moreover, low-alcohol products made from wine are not covered by the Common Market Organisation and are not considered as wine products[26], whereas there is a demand for these products among consumers in the EU and in non-EU countries. The consumer survey carried out in four Member States showed that 45% of consumers are interested in wines with a low alcoholic strength (i.e. between 8% and 10%) and 25% are interested in drinks made from wine with an alcoholic strength of between 1.2% and 8%. The fact that this category of wine products is not covered by EU standards could hamper their adaptation to the market as well as their competitiveness.

In conclusion, except for the two specific rules on the minimum alcohol content and the prohibition of adding water, EU rules on oenological practices do not seem to have any impact on competitiveness. As the survey of consumers revealed, wine consumers seem to be satisfied with EU wine quality but the direct effect of EU rules on oenological

[25] The prohibition on lowering the alcohol content by adding water has existed since the very beginning of the EU's wine policy. It is part of the restrictions on authorised oenological practices (see Annex VIII, Part II, Art. 1 of Regulation (EU) No 1308/2013).

[26] The OIV sets the minimum alcohol content at 8.5% for wines, admitting derogations of down to 7% for specific vineyards. The EU Regulation authorises wines from 8.5% to 9% minimum alcoholic strength, depending on the wine-growing zone, and permits derogations down to 4.5% for PDO/PGI wines.

practices appears to be limited at that level. Consumers consider that oenological practices are not a major criterion impacting wine quality. However, since they consider that EU wine quality is better than that of non-EU countries, it could be assumed that EU rules have been effective.

Figure 9: First and second criteria having the greatest impact on wine quality (%)

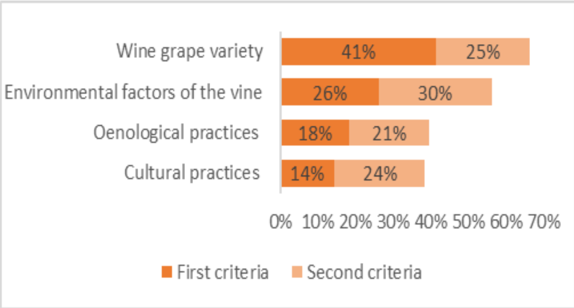
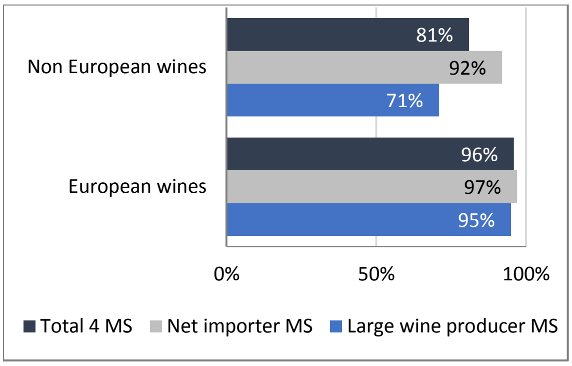


Figure10: Consumers satisfied with wine quality (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

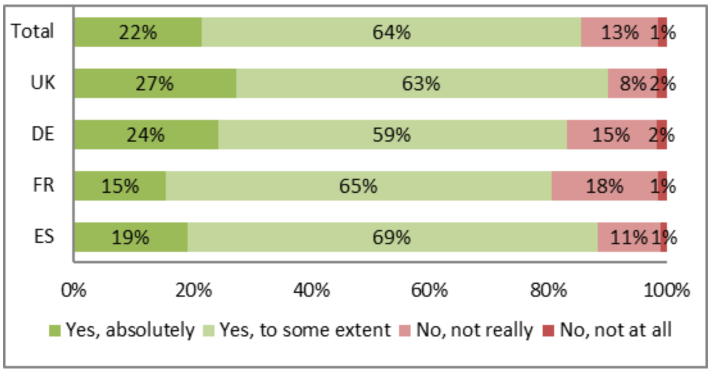
Furthermore, consumers' positive expectations of the safety of products correspond to the fact that there has been no major safety issue since 2008. The effectiveness of oenological rules in ensuring product safety and quality is also deeply linked to the existence of an efficient control system.

5.1.7. To what extent have EU rules on labelling and presentation specific to the wine sector been effective in reaching their objectives?

This question relates to the effectiveness of labelling rules in meeting consumers' legitimate expectations, in improving marketing conditions and in ensuring a level playing field for producers of all kinds of wines through simplified and harmonised rules. The new labelling rules introduced in 2008 allow non-PDO/PGI wines to mention the grape variety or vintage year. In addition, the rules for labelling non-EU wine products circulating in the EU market are also harmonised with those applicable to EU wine products.

Regarding the legitimate expectations of consumers, the results of a survey in four EU Member States show that respondents generally consider that wine labels provide relatively clear and sufficient information. In addition, stakeholders in Germany and France mentioned that the EU PDO/PGI logos were not used and are therefore unknown to most consumers.

Figure 11: Opinions on whether labels provide clear and sufficient information (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

However, consumer and public health organisations expressed the need for more information, especially concerning nutritional values and ingredients. In addition, on the labelling of ingredients, civil society organisations strongly criticised the fact that the alcoholic beverages sector is not fully aligned with Regulation (EU) No 1169/2011 in terms of providing food information (ingredients) to consumers, even though the rules apply to all other EU food sectors. However, the cost arising from the possible need to mention ingredients is considered by the operators who were interviewed as being too heavy for small producers.

Moreover, EU labelling rules do not yet address consumers' increasing concern for more transparency on the environmental impact of food, including wine products (e.g. on pesticide use).

There is strong demand for varietal wines. Mature markets, such as the USA, where varietal wines still represent more than 50% of the wine consumed, look for more typical and authentic wines. In this respect, EU labelling rules can improve marketing conditions.

Labelling rules are generally considered by the operators interviewed as simple to implement and necessary to ensure the smooth functioning of the internal market.

5.1.8. To what extent does the certification of wine products facilitate trade/improve the economic conditions for marketing wine products?

This question deals with the level of detail needed to balance the goals of traceability, simplification and facilitation of trade. Chapter 5.2.3 below looks at whether certification systems guarantee the quality, safety and traceability of wine products.

Certification procedures may vary from one Member State to another and even from one region to another inside the same Member State. However, in all Member States/regions covered by a case study, the certification system seems to be very effective in ensuring the traceability of wine products and the veracity of the information that will appear on the label of the final product, and stakeholders have become used to it.

A similar tendency regarding procedures was observed in some central and eastern Member States (Hungary, Romania) and in some western Member States (France, Spain, Italy). In these central and eastern Member States, the certification procedures are more similar among all wine categories, while in western Member States there is a greater distinction between certification of PDO/PGI wines and non-PDO/PGI wines which mention the vintage year and/or wine grape variety (especially as concerns organoleptic and analytical tests). In these Member States, the certifying and controlling bodies may differ according to the wine category.

In many Member States (Germany, Spain, Hungary, Portugal, Romania), all PDO/PGI wine products in a given wine campaign are subject to certification procedures, i.e. administrative control of information and analytical and organoleptic (aspects of wine that create an individual experience via the senses of smell, taste, etc.) tests, while in others (France, Italy) the certification may be issued in a given year even if analytical and organoleptic tests are not performed on 100% of wine batches. However, according to representatives of the sector, the PDO/PGI managing organisations are very well organised and are in contact with public authorities. They perform additional checks to allay suspicions.

In many Member States, when transporting wine the consignors have the possibility to self-certify the information about the wine that is being transported. However, the relevant authorities can easily check the validity of the information provided in the accompanying document, since they cooperate with other accredited or public bodies who maintain the vineyard register and other information on operators. Concerning the certification of wine products for export, trade may be facilitated by the new Commission Delegated Regulation (EU) 2018/273, particularly by the introduction of a specific EU wine export certificate which certifies the origin and health of wine products and aims to respond to the additional certification requirements of some non-EU countries.

It has also been acknowledged by the authorities in many Member States that certification procedures (together with the procedures for checks) have been simplified with the introduction of computerised monitoring systems to collect information on operators and track wine products. In addition, certification procedures have a significant impact on the reputation of wines with a protected designation of origin (PDO) or a protected geographical indication (PGI). Since the reputation of a given PDO/PGI is one of the main drivers of marketing and trade, the certification procedure indirectly affects trade and marketing conditions for wine products.

5.2. Efficiency

5.2.1. To what extent has the expenditure on the measures financed under the national support programmes been justifiable and proportionate, including the administrative burden, to the benefits achieved with each measure?

The Commission revised the rules on the implementation of the national support programmes in 2016[27] to address the 2014 recommendations of the European Court of Auditors to improve the efficiency of EU wine policy[28]. Although the Court has

[27] Commission Delegated Regulation (EU) 2016/1149 and Commission Implementing Regulation (EU) 2016/1150.

[28] European Court of Auditors Special Report No. 9/2014. https://www.eca.europa.eu/en/Pages/NewsItem.aspx?nid=4949. In its 2014 report on the management and results of EU support for investment and promotion in the wine sector, the European Court of Auditors (ECA), stated in particular the need:
- for the EC to ensure that Member States in their selection procedures require beneficiaries to clearly demonstrate their need for EU aid and that normal operating costs are not financed by the EU budget: as a matter of fact, this was not part of the rules on application procedures set in the EU regulations;

concluded that their recommendations were implemented in most respects, the evaluation question will assess the efficiency of the national support programmes and the impact of the new rules on removing unreasonable burdens ('deadweight') that affect the cost-benefit ratio.

Table 6: National support programmes – expenditure per hectare of vineyard (EUR/hectare), 2014-2018

	2014	2015	2016	2017	2018
Bulgaria	3 590	3 030	2 800	2 670	2 520
Czechia	3 450	3 420	3 450	3 440	3 550
Germany	3 270	2 770	2 810	3 120	3 070
Greece	9 350	4 140	3 670	4 740	4 290
Spain	5 000	4 560	4 570	4 720	5 910
France	2 870	2 830	2 830	2 890	2 890
Italy	1 980	1 990	2 010	2 010	2 130
Cyprus	1 910	1 700	1 700	2 190	1 660
Croatia	21 050	13 460	6 510	6 120	3 660
Hungary	2 230	1 880	2 190	2 240	2 410
Austria	6 570	4 940	3 560	4 670	4 150
Portugal	3 400	3 010	2 970	2 940	2 920
Romania	3 830	9 170	15 640	15 820	11 010
Slovenia	3 280	3 100	3 100	3 090	3 100
Slovakia	4 380	4 540	6 670	4 590	4 060
Average	5 080	4 300	4 300	4 350	3 820

Source: DG Agriculture and Rural Development, monitoring data for the national support programmes.

Since 2014, EU expenditure per hectare for the whole set of measures under the national support programmes has ranged from about EUR 1 700 (in Cyprus) to EUR 21 050 (in Croatia). The differences in the average cost per hectare between Member States may be related to the type of operation supported, e.g. Croatia supported vineyard conversion on steep slopes which involve significant and costly work. In line with the European Court of Auditors' recommendations, support in all Member States is based on a flat rate per type of operation (a standard scale of unit costs), or according to thresholds that were calculated and duly justified by the public authority in charge of the programme's implementation.

The analysis of efficiency was limited by the lack of consistency in the monitoring data. Nevertheless, the cross-analysis of the information that was collected allowed for some conclusions to be drawn.

The case studies revealed that the 'deadweight' of the restructuring and conversion measure is small (it was quantified by public authorities at 10% in Hungary and considered as quite limited in other Member States). Regarding investments, the

- for Member States to mitigate the risk to the economy by a systematic assessment of the reasonableness of project costs, including when feasible through benchmarks on common cost items.

interviews showed that, in most cases, these would have been carried out even without EU support, but that this support brought significant added value to the projects[29]. In the case of promotion, given the high administrative burden and the relatively low rate of support (up to 50% of the total eligible expenditure), beneficiaries only apply for support if they are convinced of the relevance of the operations to increase their exports and truly need extra funds to carry out promotion: hence the level of deadweight is very low.

On restructuring and conversion, as well as investment, the implementation of the measure is quite efficient. Although some aspects, such as the yearly management of the budget, have been burdensome in some Member States, other aspects such as close relationships between the administration and the beneficiaries and the use of standard scales have facilitated the management of the measures and their quick implementation, while ensuring operations were paid at market prices.

However, it appeared in the interviews and in the data collected in some Member States that the workload related to checks is very high and not proportionate to their benefits. In all cases, it is much higher than the workload related to the review of applications and management of the measures, although the system was simplified in 2016.

Concerning support for promotion, the analysis showed a high level of administrative burden, in particular for beneficiaries. On the one hand, the level of the financial commitment ensured that only very relevant projects (based on market analysis by applicants) were supported. On the other hand, a lot of time and money was spent by the sector on managing the grants, which hindered the efficiency of the measure. Although it is very difficult for smallholders to access support, the increase in the reputation of EU wines thanks to promotion campaigns benefits all producers.

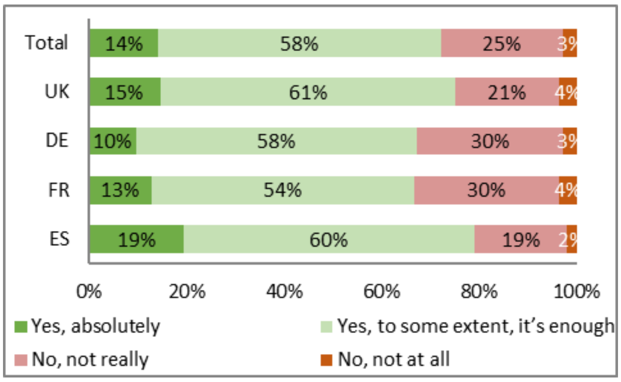
5.2.2. To what extent have the restrictions on labelling of wines without PDO or PGI proven to be justifiable and proportionate in relation to the risk of misinformation of consumers?

This question seeks to determine whether the new EU labelling rules helped to prevent consumers from being misinformed and whether this justifies the economic impact arising from these provisions. Two types of economic impact should be identified: the costs to Member States of ensuring that non-PDO/PGI labels comply with EU rules and the impact on the sales of producers or traders that would otherwise have been able to sell more non-PDO/PGI wine.

According to the consumer survey carried out in four Member States, EU consumers generally consider that they have a good understanding of the labels.

[29] In particular, faster modernisation and adaptation of the sector to market demands (in Bourgogne and Rheinland-Pfalz), and the capacity of beneficiaries to develop larger and more relevant projects (in Bourgogne and Sicily).

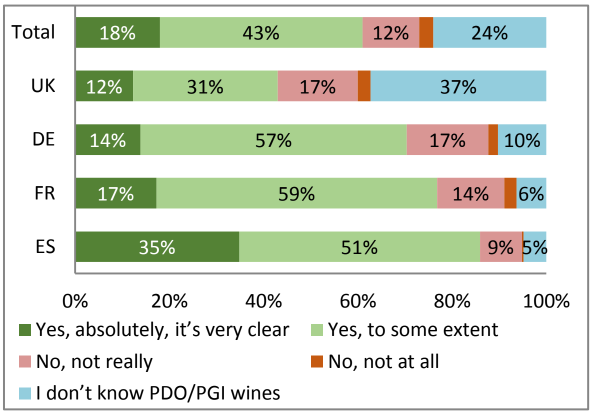
Figure 12: Possibility to evaluate the quality of wines thanks to the information on labels



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Consumers generally consider that the information provided on the labels is sufficient to evaluate the quality of wines (72%). This percentage is higher in the UK and Spain than in Germany and France. This could be due to the fact that, in the latter two Member States, there is a high diversity of wines and that labelling is not sufficient to determine the characteristics of each of them.

Figure 13: Easy identification of PDO/PGI wines thanks to wine labelling



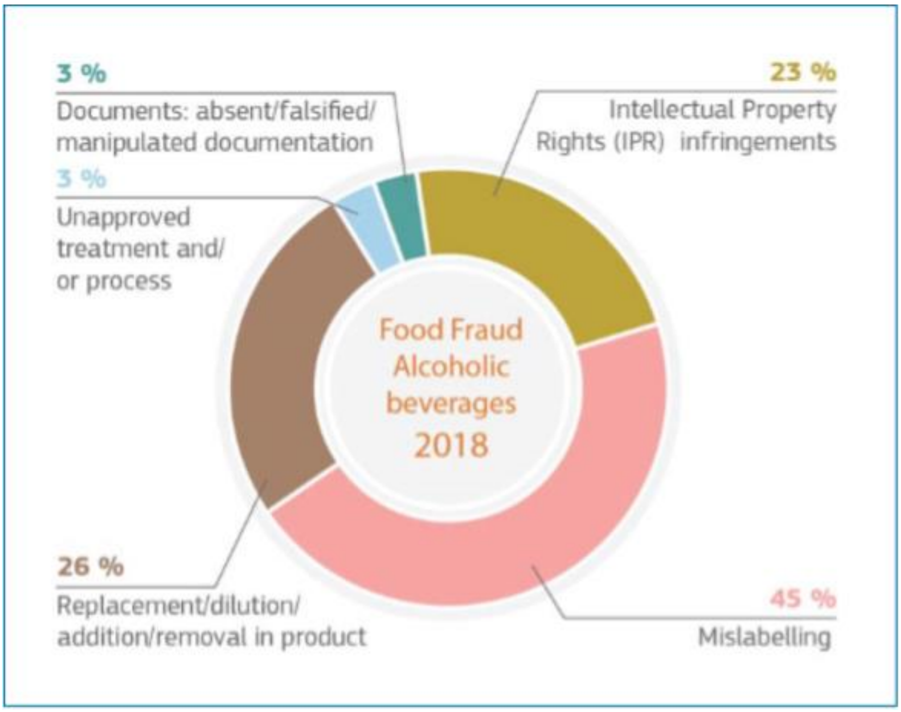
Source: IFOP for Agrosynergie, June 2018

Furthermore, consumers who are aware of the PDO/PGI system consider that wine labelling makes it easy to identify PDO/PGI wines, even though the EU logos barely appear on the labels. Only in the UK, where these types of wines are rarely consumed (only 15% of the time on average), 39% of consumers do not know whether it is easy to identify PDO/PGI wines on labels. Indeed, the less PDO/PGI systems are known by consumers, the less they find it to be easily identifiable on the label, which somehow justifies the promotion of labelling in these Member States.

EU consumers generally consider that they have a good understanding of labels. However, this does not fully correspond to the opinion of stakeholders in the sector, who cast doubt on the fact that consumers have a good knowledge of the PDO/PGI system. During case study interviews, stakeholders explained that consumers are used to the specific systems of their own country but do not necessarily have a good understanding of the quality and labelling systems of other Member States. Actually, the EU PDO/PGI logos hardly appear on the labels, because wine producers consider that consumers are more used to the specific systems of their own country, which existed before the EU PDO/PGI system, although these references are little understood in other Member States (an example being 'reserva', used in Italy and Spain).

In addition, interviewees who are operators in the wine sector and sector representatives are concerned that the growing number of PDOs and PGIs could negatively affect the reputation of EU quality schemes and make them more vulnerable to fraud. Mislabelling is a relatively frequent form of fraud. In all Member States, cases of non-compliance with EU labelling have been identified. The main issue is fraud regarding a wine's country of origin. The other types of labelling fraud identified in the four Member States studied are: (i) insufficient visibility of the wine's origin; (ii) use of misleading marketing symbols; (iii) inclusion of references which are not legally admitted; and (iv) fraud related to a missing identity or number, alcohol content, variety, etc.

Figure 14: Categories of food fraud with alcoholic beverages



Source: EU Food Fraud Network (https://ec.europa.eu/food/safety/food-fraud/ffn_en)

The efficiency of labelling restrictions for non-PDO/PGI wines is not a big issue for stakeholders. Indeed, labelling is not a main cause of fraud during investigations. The control of labelling restrictions does not produce an additional workload for the relevant authorities. They add to the complexity of the regulation for operators, but during interviews stakeholders generally considered the time spent to be acceptable and necessary to reduce misuse and fraud.

According to the evaluation, the potential economic impact of restricting labelling of grape varieties for non-PDO/PGI wines is limited since it concerns specific varieties on specific markets (i.e. mature markets that value varietal wines).

5.2.3. To what extent is the system of monitoring and checks in the wine sector efficient in addressing the risks of fraudulent manipulation of wine and in guaranteeing the quality, safety and traceability of wine products or the correct implementation of rules on the national support programmes?

This evaluation question aims to look in detail at the way the system of monitoring and checks is organised to ensure compliance with EU rules governing the wine sector, and the safety and traceability of wine products. It also seeks to understand whether checks are conducted consistently across Member States. The analysis also looks at the extent to which Member States cooperated in cases of transnational issues such as fraud and at potential problems encountered at Member State level when attempting to apply EU rules.

All Member States and regions covered by the case studies have put in place a computerised vineyard register managed by public authorities allowing the relevant authorities to have access to all necessary information on operators involved with wine products. Thus, the administrative and on-the-spot checks can be performed more efficiently. Moreover, good cooperation was observed between the different competent bodies involved in checks, from grape production to the final product. This cooperation is necessary since several such bodies are involved in the monitoring and checks system.

In all Member States covered by the case studies, the national customs agency is in charge of issuing accompanying documents through the Excise Movement and Control System (EMCS) to operators before the transport of wine products. All the accompanying documents are registered in the EMCS, allowing the checking of all wine movements in real time. All Member States seem to be prepared for mandatory use of an electronic accompanying document ('e-ADs', with the Administrative Reference Code (ARC) or the specific administrative code (MVV) code) by 2021. The EMCS information and, where available, the national information system for e-ADs can be linked to the computerised vineyard register to enable greater traceability of the wine product along the production chain. In the wine sector, the control system requires a coordinated approach and access to information kept by the authorities responsible for checks in the wine sector and customs and tax authorities.

The more bodies that are involved in checks, the more cooperation is required to identify fraud and avoid overlaps. The necessary cooperation between competent bodies was already identified by the European Commission as the third phase of the EMCS project, which started in 2012, incorporating the recording of checks, the reporting of events that occurred during shipments, and the exchange of information in EMCS to facilitate administrative cooperation between Member States[30].

Even if it is hard to assess the efficiency of monitoring and checks, since many factors could affect the level of fraud that is detected, the system of checks on wine products in the Member States can be considered highly reliable given the different levels of checks that range from wine growing to the marketing of the final product. These checks verify compliance with EU rules on production, labelling and marketing, and the traceability of wine products.

Moreover, as stated in Commission Staff Working Document (SWD(2017) 131 final), the elimination of paper and the associated increase in efficiency, the freeing up of resources in order to focus on higher-risk movements, and the improved control of movements have all been identified as clear advantages that accrue from the electronic environment.

The overall efficiency of the management of national support programmes is analysed in Chapter 5.2.1, which concludes that checks are one of the heaviest phases in terms of workload. It should be noted that the fraud related to the support of non-eligible operations was not studied. However, since the changes introduced in 2016, the use of

[30] Commission Staff Working Document (SWD(2017) 131 final).

standard simplified costs has been added as a reimbursement method for the promotion measure, which is the third highest measure in terms of expenditure in the national support programmes.

The new Commission Delegated Regulation (EU) 2018/273 and Commission Implementing Regulation (EU) 2018/274 enforce the general principles of checks laid down in Regulation (EU) No 1306/2013 and Regulation (EU) 2017/625. They also introduced checks based on risk analysis, which are more efficient. These new regulations provide explicit and simplified requirements to guarantee the quality, the safety and the traceability of wine products. Nevertheless, given the nature of the measure, 100% of beneficiaries of the restructuring and conversion measures must still be checked to ensure the sound use of EU funds. In addition, several Member States perform 100% on-the-spot checks (Germany, Italy, Portugal) for the promotion measure.

5.2.4. What was the impact of the authorisation scheme for vine plantings on wine growers?

The system has only been in place since 2016, so information is available only for the past three years and most of its effects can only be anticipated. The evaluation showed that Member State administrations, as well as growers, are in the process of assimilating the new system and of adapting it to local needs, taking advantage of subsidiarity, particularly with regard to eligibility and priority criteria. Furthermore, Member States may limit the issuing of authorisations at regional level.

Only Germany (0.3%) and Spain (0.5% in 2019 and 2020) chose to apply a lower percentage than the default rule of 1% of the total area planted with vines in the previous year. In Spain, this choice was justified by a latent risk of imbalance between supply and demand, and by the potential increase in production related to climatic conditions and to the modernisation of Spanish vineyards. In Germany, this choice relates to the fact that even a small increase in production could result in significant falls in producer prices and disturbance of the market for German quality wines, in the context of a fragile market that has been declining in recent years[31].

To avoid having to issue authorisations for very small areas using a very low allocation coefficient on all applications, Member States may apply one or several priority criteria, which are made public before the application deadline.

Some Member States have set up relatively simple selection procedures. Bulgaria and Slovakia chose not to apply any eligibility or priority criteria for the applications. Romania and Czechia applied eligibility criteria, but no priority criteria. Slovenia and Austria have not applied any eligibility criteria but used specific priority criteria. In some of those Member States, this choice of a ‘simple’ methodology for the selection of applicants seems to be related to low demand for new plantings (see Table 3). In contrast, Greece, France, Hungary, Italy and Portugal have developed selection procedures involving up to five priority criteria reflecting their national priorities, in a context of high demand for new vineyard areas (particularly in Italy and France).

[31] Source: Justification of the limitation of the percentage at national level (Annex III.4 of Reg. 2015/561) submitted by Spain and Germany for 2016 and 2017.

The system offers a large degree of flexibility to Member States to target specific groups (such as new entrants, young or smaller producers, applicants having respected the rules in the past[32]), areas (with natural constraints) and practices (preserving the environment).

The analysis showed that the scheme could result in an increase in the area under vines that is small (thanks to the 1% or lower maximum and regional ceilings), so it cannot threaten the balance of the EU wine market. The transitional possibility of conversion of the old planting rights, more than from the granting of new authorisations, may result in a significant increase in production potential or, to the extent where the conversion is not carried out, in a loss of production potential. The old planting rights that could be converted into new authorisations amounted to 235 611 hectares in 2016, i.e. around ten times more than the yearly area available under the system of planting rights. From 2016 to 2019, 63% of these planting rights were converted into authorisations.

Under the previous scheme, the purchase of planting rights made it possible for growers to quickly invest in the expansion or development of a new type of vineyard, but it was costly for producers. In contrast, under the new system planting authorisations are granted to applicants free of charge, based on criteria which are made public in advance, so the new system is fairer. Planting authorisations are not transferable and an administrative penalty is applied if they are not used before the end of their validity, thereby excluding speculation. On the downside, in Member States where demand for planting authorisations is high, applicants cannot be sure to be granted the authorisation they applied for and it can slow down growers' projects.

5.3. Coherence

5.3.1. To what extent are the objectives of the national support programmes in the wine sector coherent with: other CAP objectives, EU public health objectives, and EU economic objectives such as jobs and growth, innovation and support for small and medium-sized enterprises?

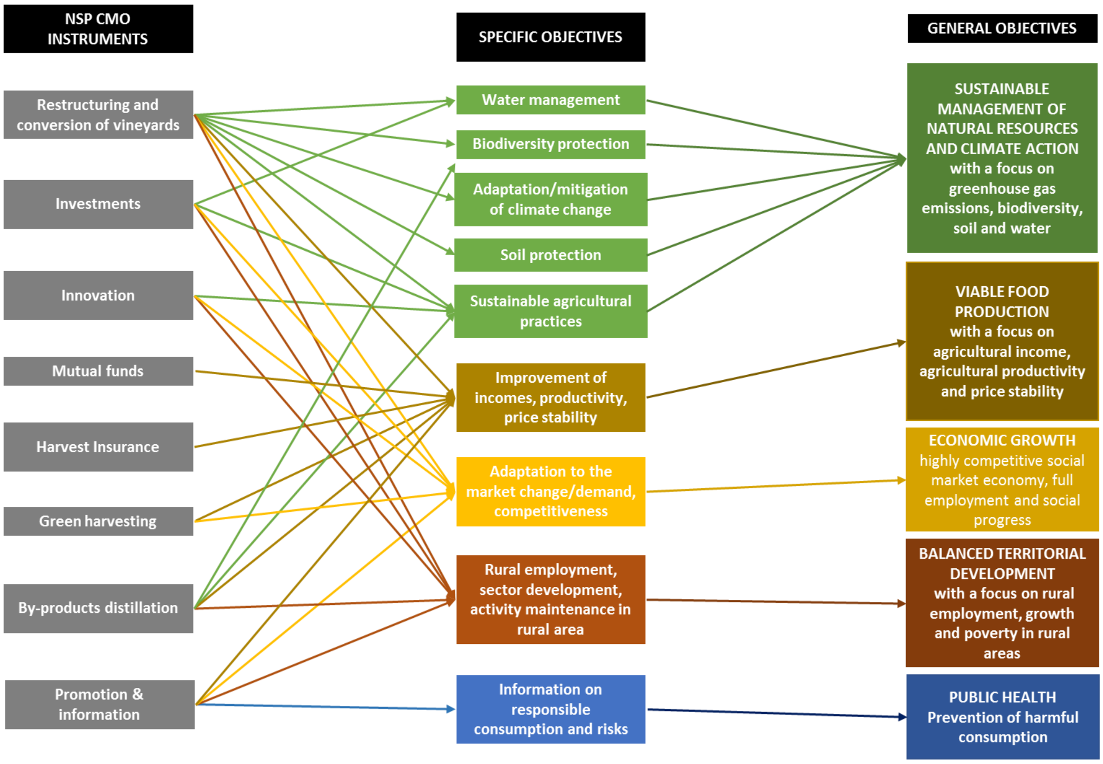
This question focuses on the consistency between the measures under the national support programmes that contribute to the objective of viable food production on the one hand, and the other two general objectives of the CAP on the other, i.e. sustainable management of natural resources and of climate action and balanced territorial development. It also covers their consistency with the EU objectives of public health and of economic development.

The systematic analysis of the expected and observed effects of wine policy measures shows a general **coherence with EU environmental objectives**. For example, the measures contributed to: (i) reducing the need for pesticides in France (the lower density of grapes led to fewer risks due to moisture); (ii) maintaining traditional landscapes such as terraces (Germany, Portugal, Italy); (iii) relocating vineyards to areas where water availability is greater (although this also creates a potential loss for landscapes where vineyards are abandoned, such as in La Rioja); (iv) optimising the use of water with

[32] 'Prior behaviour of the producer' is defined in Annex II.I of Reg. 2015/560: the applicants shall not have vines planted without authorisation or planting rights. Member States may further require compliance with other conditions, such as the fact the applicants no longer have vineyards in production, or authorisation previously granted that has expired due to non-utilisation.

investments in more efficient irrigation systems; and (v) the use of grape varieties resistant to diseases and/or drought, adapted to local conditions.

Figure 15. Contribution of measures in the national support programmes to CAP/EU objectives



Source: Agrosynergie

However, except for by-products distillation which encourages the collection, processing and valorisation of by-products, the measures were not designed to foster directly sustainable management and climate action in the wine sector. Although the measure of restructuring and conversion of vineyards has as objective the improvement of the competitiveness and quality of wine production, the evaluation support study found that it also contributed to climate adaptation, as producers switched to varieties that were more resistant to drought and irregular precipitation.

Moreover, the contribution of the measures applicable to the wine sector depends on how the measure is implemented in the Member States. In the case of the investment measure, the use of priority criteria was not sufficient to provide a real opportunity to foster overall energy efficiency and environmentally sustainable processes. As the interviews with sector representatives and representatives of winegrowers revealed, only the wealthiest producers made such expensive environmentally friendly investments. A large share of the respondents to the public consultation carried out for this evaluation (see Annex 2) also mention poor consistency[33].

[33] Consistency with other CAP objectives, such as sustainable use of natural resources, climate action and balanced territorial development, was acknowledged by only 42% of respondents, largely in the wine business (21%), while 30%, largely non-governmental organisations (27%) had the opposite opinion.

Therefore, more could be achieved. In particular, the restructuring measure could play a more significant role in adapting EU vineyards to climate change and protecting biodiversity.

Regarding **coherence with EU health objectives**, promotion and information campaigns on EU quality schemes highlighted the quality of EU wine products. These also comply with well-defined EU standards of production, ensuring a high level of safety for consumers. In addition, the public consultation showed that 52% out of 33 respondents, largely the wine business (24%), considered EU wine policy to be consistent with EU public health objectives, while 33% of the respondents, largely non-governmental organisations but also the wine business (6%), had the opposite opinion.

However, between 2014 and 2018 less than 2% of the actions implemented under the promotion and information measure related to information. Of these, only a few related to responsible wine consumption (only two were implemented in the Member States covered by the case studies). Operators are indeed not keen to communicate against their own interests. In addition, some Member States, France and Romania for instance, chose to exclude such operations from financing under the national support programmes because of the risks of conflict of interest (linked to promoting health and lower wine consumption by actors in the wine supply chain whose interest is to sell wine).

Therefore, although there is no major inconsistency, the coherence between EU wine policy and the EU's public health objectives could be strengthened, as underlined in the farm to fork strategy[34]**,** in particular by not leaving, to avoid conflict of interest, the warning concerning responsible alcohol consumption up to economic operators in the sector**.** It should rely on a shared vision between health and sectoral stakeholders of what is a 'high level of human health', i.e. based on SMART indicators[35], as well as the strategy to reach this goal. This could include, for example, the rules on the labelling of wine products and/or the latest scientific evidence on efficiency of awareness raising campaigns funded or supported by the wine industry.

The national support programmes are, overall, fully consistent with the **EU's economic and social and CAP objectives**. In terms of viable food production, the measures helped to increase the productivity of vineyards and the revenue of growers (some of whom are also producers), as illustrated in Chapter 5.1.1. They also made it possible to improve production processes, to adapt to market demand and to develop market share in export markets, thus contributing to economic growth in the regions and Member States concerned.

Finally, measures in the national support programmes contributed to balanced regional development by contributing to the maintenance of an agricultural activity in lands where other agricultural activities are not always possible (e.g. on steep slopes or in remote areas with no other alternatives in Germany, Italy and Portugal). They also contributed to maintaining or developing downstream activities in rural areas, such as wine processing, distilleries and wine tourism (e.g. through support for wine-testing cellars).

[34] Farm to fork strategy – for a fair, healthy and environmentally friendly food system. See https://ec.europa.eu/food/farm2fork_en.

[35] S(pecific)M(easurable)A(chievable)R(elevant)T(imely) indicators used in monitoring and evaluation.

5.3.2. *To what extent have the measures applied under the national support programmes in the wine sector been coherent and/or complementary compared to the corresponding measures in the rural development programmes, in the horizontal promotion measures for agricultural products, including organic production, and in other EU policies?*

This question focuses on the consistency of the national support programmes with the corresponding measures contained in the rural development programmes and the horizontal regulation on promotion measures for agricultural products. It also covers consistency with measures in other EU policies with similar objectives, beyond the objectives of environmental sustainability and human health assessed in the previous chapter.

The case studies and interviews found that overall there is an interplay between the measures in rural development programmes and national support programmes, notably for investments and restructuring and conversion. In the case of operations eligible for support under both schemes (e.g. diversification through the creation of wine-tasting cellars, irrigation), demarcation criteria inserted in the national support programmes and checks ensure that double financing is avoided. For example, the national support programmes apply to existing vineyards and investment in wineries only, while investments in new plantations and machinery can be supported under rural development programmes. Support for winemaking equipment cannot be supported under rural development programmes in France, while in Italy they are used to support renewable energy production systems. In Portugal, crop insurance for wine grapes is financed under national support programmes, while other forms of crop insurance are financed under rural development programmes.

The overarching regulation on promotion is not very widely implemented in the wine sector, except in Italy for information actions, because of the constraints associated with applying for this support, which limit the interest of the eligible wine operators. Therefore, no particular issue arose from the articulation between regulations.

The measures in the national support programmes are consistent with other policies such as Horizon 2020 and the European Regional Development Fund. Indeed, Horizon 2020 is appropriate for supporting research and innovation programmes over the 2014-2020 period. In Portugal, it has been used as a source of funding for innovation and investigation projects by some wine companies and stakeholders. The European Regional Development Fund supports investments by small and medium-sized enterprises, with the objective of strengthening economic and social cohesion, and investments for external promotion, some of which are also eligible under the national support programmes. It has been used by Portuguese wine producers to finance their promotion actions in European markets, thus complementing the support for promotion in non-EU countries granted through the national support programmes.

5.4. Relevance

5.4.1. To what extent have EU restrictions on the classifiable wine grape varieties and the wine grape varieties that may be used for the production of PDOs and PGIs proven to be relevant for preserving or improving the quality of EU wines and enhancing their competitiveness?

This question examines the relevance of EU rules on restrictions concerning varieties to be used in the production processes, providing that:

- only grape varieties belonging to the species *Vitis vinifera* or crosses between the species *Vitis vinifera* and other species of the genus *Vitis* are authorised to make wine products, excluding six specific varieties: Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont;
- PDO wine products must be obtained only from varieties belonging to *Vitis vinifera*;
- Member States are responsible for classifying authorised varieties on their territory, to reinforce the preservation of essential characteristics of specific wines such as PDO/PGI wines.

The EU rules on wine grape varieties were initially set up to preserve and improve wine quality, competitiveness and safety of wine products. They also play a role in environmental protection and climate action, as illustrated in Figure 15.

The analysis of the match between EU legislation and the needs of the wine sector, identified by stakeholders who were interviewed, shows that the EU rules on banned varieties and the restrictions on crossings for PDOs no longer seem to be necessary to preserve or improve wine quality and safety. Studies such as Arche Noah (2017) showed that there is no proven risk for human health linked to the six prohibited varieties. In addition, technological advances in winemaking have made it possible to produce quality wine even with these supposedly less qualitative varieties. In addition, specifications laying down the list of varieties authorised for each PDO already ensure that the combination between the varieties used and all other factors lead to satisfactory quality. Moreover, using a wider range of varieties could also lead to more different wines with specific organoleptic characteristics and thus make it possible to enhance the range of wine products.

The EU restrictions on wine grape varieties mentioned above were also expected to help improve the competitiveness of EU wines. However, these restrictions resulted in a competitive disadvantage for EU producers, as some foreign countries permit the use of the six EU-prohibited varieties in winemaking and improve the performance of varieties by crossing *Vitis* species, thereby obtaining plants that are resistant to disease and/or climatic conditions. In addition, the prohibition of the six varieties was also initially made as a kind of production regulation, since these varieties are very productive. However, other policy tools can regulate production today, such as the authorisation scheme, marketing rules to improve and stabilise the operation of the common market in wines and the restructuring measure, which can limit support for specific varieties.

Furthermore, the wine-producing Member States have developed their own national list of authorised varieties that are more adapted to their territory and climatic conditions.

The wine sector faces new challenges today in terms of biodiversity and environmental sustainability, including climate change. The restriction of varieties for PDO wines does not permit the use of some resistant plants and therefore does not help vineyards to adapt better to climate hazards or wine growers to reduce the use of inputs, which is a growing societal demand. Moreover, a wide range of varieties would give wine growers more possibilities in terms of better adapting the vine to the local soil and climate conditions. Therefore, the restriction on the use of inter-specific vine varieties for PDO wines does not seem to be relevant to addressing the current environmental issues in the wine sector.

Finally, the need to accelerate research on disease- and pest-resistant plants and to develop more in-field experiments before planting a non-native variety to assess how vines adapt to local conditions is not among the objectives of the Common Market Organisation. However, the rural development policy and the Horizon 2020 work programme for research and innovation can address this need, by supporting research, knowledge transfer and actions to disseminate information. Providing more and better information on this interplay to the potential beneficiaries could be beneficial to the wine sector.

5.4.2. To what extent were the national support programmes relevant?

Relevance is defined as the extent to which an intervention's objectives are pertinent to needs, problems and issues. The question assesses the match between the choice of measures and the actual needs of the EU wine sector. Similarly, the budget allocation is analysed in line with the European Court of Auditors' recommendation in its 2014 report on the wine sector[36], which states that the Commission should analyse how the budget allocated to the national support programmes for 2014-2018 matches the needs of the EU wine sector and the absorption capacity of the Member States. This chapter also explores the relevance of EU wine policy for the development of the wine sector.

The actual needs were identified through case studies and, at EU level, through the use of a SWOT analysis, based on information from interviews with national authorities and stakeholders. Table 7 below relates the measures in the national support programmes to the needs of the wine sector. Figure 3 in Chapter 3.1 sets out the share of the budget allocated to each measure in 2014-2018.

The interviews with beneficiaries revealed that measures in the national support programmes are generally relevant to the needs of the sector, especially because they offer a range of tools that can be adapted to the various levels of development of diverse supply chains in the EU (restructuring and conversion, investment, promotion). Depending on their specific needs, not all of the measures have been budgeted for in all Member States.

The measures that address risks - like crop insurance - remain relevant, although mutual funds to insure producers against market fluctuations have never been implemented. Positive market trends over the period studied might explain why the measure has never been used. However, it could be useful to investigate in more detail the potential

[36] European Court of Auditors Special Report No.9/2014. Is the EU investment and promotion support to the wine sector well managed and are its results on the competitiveness of EU wine demonstrated? Luxembourg, 1 July 2014.

impediments to implementing the measure. Similarly, the policy seemed relevant for the balance of the domestic market, as the market was at a relative equilibrium in recent years. It could explain why green harvesting has been very limited, having only been used in some Italian regions to prevent market crises due to overproduction.

Table 7: Correspondence between measures in the national support programmes/CAP and the needs of the sector

Measures in the national support programmes	Sector needs
Restructuring and conversion of vineyards	Adaptation of vineyards to market and climate changes
Investment	Adaptation of the production structure to market changes
Innovation	Technological adaptation of vineyards and the production structure to market and climate changes
Promotion and information	Reputation and product recognition, marketing
Green (premature) harvesting	Production volatility
Mutual funds	Market volatility
Harvest insurance	Production volatility
By-products distillation	Environmental issues
Basic payment scheme	Low remuneration of growers

Source: Agrosynergie, based on case studies.

By-product distillation is relevant as an incentive for producers to choose the elimination process that is the most environmentally friendly, and that also fosters innovative uses of wine by-products for energy or industrial purposes.

The set of measures was relevant for the development of the EU wine sector, increasing its competitiveness and market adaptation, as illustrated in previous chapters. In addition, the promotion measure for external markets provided an actual incentive to orient wine products towards growing international markets, and thus helped to develop new trade opportunities.

However, some needs identified during the interviews are not fully addressed by measures in the national support programmes. These include problems of maintenance or adaptation for the smallest growers (although they have received relatively more support than large farms compared to the previous programming period), the need for a better trained workforce, issues of business renewal between generations and environmental issues, such as adaptation to climate change, the preservation of biodiversity and the lower use of pesticides.

The budget absorption capacity was good in most cases (see Table 5 in Chapter 5.1.3), except in the case of Romania, where the budget was devoted to the restructuring measure and used massively by large producers until 2014. At present, restructuring is carried out by small producers and for small vineyards in a Member State where most of the vine area is extremely fragmented. The needs of the sector have also shifted towards other measures, such as the promotion of wines in non-EU countries, information campaigns in Member States and investments in facilities and equipment for the production and marketing of wine products, for which, however, the uptake capacity has been slow so far. The possibility of updating the initial budget during the programme period should facilitate higher absorption rates, but this rate depends mostly on the beneficiaries' ability to invest.

In terms of the relevance of the allocated budget per Member State, the situation varies between countries. For instance, in France the budget seems to be tailored to the needs of the sector, since it was fully used without any need to use selection criteria. On the other hand, in Spain there was much more demand than available budget resources. The range of measures and/or the allocation of EU budget support might therefore need to be reassessed in the future programming period. In Germany, the absorption of the budget (85%) in recent years appeared to be limited in part by the administrative means dedicated to managing the programme and by businesses' capacity to invest.

These findings on the relevance of EU wine policy are borne out by the outcome of the public consultation. Out of 33 respondents, 48% said that the wine policy met their needs, mainly the wine business and public authorities, while 15%, mainly non-governmental organisations (12%), had the opposite opinion. Except for green harvesting, a majority of respondents confirmed the need for the various measures in the national support programmes.

5.5. EU added value

5.5.1. To what extent are distinct definitions for wine products, oenological practices and rules on authorised wine grape varieties justifiable and provide added value in addition to the international standards?

As described in Chapter 3, although EU rules on marketing standards are mainly in line with the rules set up by the OIV, there are some noticeable differences regarding, for example, the degree of alcohol and the list of authorised substances in the wine production process. In addition, Member States may require additional restrictions to reinforce the preservation of essential characteristics of specific wines such as PDO/PGI wines.

Based on the analysis of the differences between the various sets of rules and the stakeholders' opinions, this question assesses the added value of EU rules compared to OIV rules and to rules that would be decided at Member State level.

The evaluation results reveal that the quality and safety of wine products may decrease if international standards replaced EU-specific rules, especially concerning oenological practices, since international standards may sometimes be less stringent.

In addition, the evaluation identified that EU rules, in particular for PDO/PGI wines, allow recognition of specific local features, which makes for better competitiveness of EU wine producers compared to those from non-EU countries.

However, the advantage of the OIV recommendations is that they can be adopted by non-EU countries, allowing for consensus among the various countries and thereby contributing to transparency between markets and reducing distortions of competition. Although this conformity with international standards could indeed help international trade, it may induce a lower differentiation among EU products. This demonstrates the added value of EU rules compared to international standards.

In terms of wine grape varieties, there is no international definition of vine varieties suitable to produce wine products. The existence of rules at EU level is therefore essential, even if the rules need to be adapted to the current needs of the sector and society.

The definition of rules at EU level limits the risk of distortion among Member States in terms of oenological practices and wine grape varieties, compared to national decisions by Member States. Thus, the current EU legislation on oenological practices, although it could be improved as explained in Chapter 3, has real added value compared to rules that would be decided at Member State level. Furthermore, the national classification of wine grape varieties may better enhance autochthonous wine-growing conditions.

5.5.2. To what extent is the subsidiarity provided for in the EU political and legal framework for wine producers and production, in the form of the national support programmes, sufficient and appropriate compared to the objective of achieving EU added value?

This evaluation question aims to assess whether the design of the national support programme framework at EU level, and the flexibility given to Member States in the implementation of the programmes, have maximised the added value of the programmes.

The answers to the evaluation questions on effectiveness and the analysis above acknowledged the added value of the EU framework and funding in accelerating the modernisation of the sector and ensuring that it enters and maintains its position and competitiveness in international markets. In particular, all stakeholders agree that modernisation and adaptation to the market demands of the sector would have been much slower in the absence of EU funding and might have left small players behind.

On consistency, the analysis showed that the EU framework was a key instrument in creating a level playing field among Member States and ensuring the smooth functioning of the EU's internal market. In terms of relevance, though some Member States would like more flexibility in adapting the measures to their specific needs, no major need of the sector was left unanswered, as shown in Chapter5.4.1. The EU framework also sometimes brought a strategic approach and long-term planning to the management of the sector, which was also facilitated by the consistency of the measures and by the budgets over time.

Efficiency is the criterion for which EU added value was found to be most questionable. The study showed a high level of complexity and bureaucracy, which stakeholders identify as the price to pay for receiving EU funding.

6. CONCLUSIONS

The objective of the evaluation is to carry out an assessment of the effects of the various instruments of the Common Market Organisation Regulation (Regulation (EU) No 1308/2013) applicable to the wine sector.

The evaluation assesses the common evaluation criteria i.e. causal analysis, effectiveness, efficiency, relevance, coherence and EU added value of the wine policy in relation to its objectives in terms of competitiveness and market adaptation of the EU wine sector, farm income, market balance and quality. The evaluation also considers the general objectives of the CAP measures (i.e. sustainable use of natural resources and climate actions and balanced territorial development) and the measures contained in the rural development programmes in the coherence analysis, although the effects of the measures on environment and rural development are not under the focus of the evaluation. The geographical scope of the evaluation is the EU-28 and covers the period following the implementation of the 2013 CAP reform, notably from 1 January 2014 onwards.

Several challenges were faced in the evaluation support study, including

- the timing of the evaluation, with most regulations having been implemented with very few changes since 2008 (making a comparison between the situation before the implementation of the regulations and after difficult), or the contrary, with a very short implementation period, i.e. 2016-2017 regarding the scheme of authorisation for new plantings (limiting the assessment of the effect of the scheme);
- The difficulty to distinguish the effects of the regulations from the effects of other factors, e.g. on the competitiveness of the EU wine sector;
- the difficulty for a generalised assessment, due to the variation of the implementation choices and of the definition of the national support programme measures across the Member States (related to a complex combination of the local needs, political choices and external factors);
- the limited availability of data and accuracy of the monitoring at Member States level, with substantial data-gaps were found in the monitoring of the operation supported by the national support programmes.

The EU is the world’s leading producer, consumer and exporter of wine. In a context of declining domestic consumption and growing opportunities on the world market, the wine sector increasingly focused on competitiveness and quality rather than on volumes of production. The evaluation showed that the EU’s wine policy effectively accompanied this transition, starting with the end of support for potable alcohol distillation.

6.1. Effectiveness

Effects on economic performance along the EU wine supply chain

Wine growers have incomes and productivity rates that are above average for farms in the EU (around 40% higher in 2017) and both continued to increase over the period under review. The restructuring and conversion measure, representing 50% of wine policy expenditure and covering more than 10% of EU vineyards, accelerated changes in the production systems and in the management practices of vineyards, especially by enabling large-scale mechanisation and plantings better adapted to water management. In contrast, production costs per hectare increased in most Member States. Although mechanisation led to lower labour costs, the focus on quality (conversion to PDO/PGIs, change in varieties, reduction in density and yields) implied higher costs.

In addition, the investment measure was largely used by operators to become more efficient in wine processing (reducing wine making costs), bottling and marketing. It also helped actors further down the production chain. It supported the setting up of processing facilities on farms, leading to an increase in the number of independent wine producers, and facilitated the development of on-farm sales through the construction of tasting cellars.

The low uptake of the innovation measure is a missed opportunity.

EU rules on oenological practices had limited effects on competitiveness, depending on the market and product concerned:

- For PDO/PGI high-end products, the PDO/PGI specifications are more restrictive than the general EU rules, and they contribute to their notoriety and to maintaining their reputation and their quality and hence their competitiveness.

- In general, EU rules on oenological practices do not have a major impact on competitiveness compared to other factors. EU rules offer some flexibility in adapting practices to the special characteristics of the wine-growing zones. However, the EU restriction on adding water to ensure the quality of the final product leads to a distortion of competition compared to the United States and Australia.

At international level, EU rules on oenological practices provide a guarantee in terms of quality and safety, and the prompt adaptation of EU rules to changes in international standards also helps improve marketing conditions.

EU labelling rules generally favour a level playing field and fair competition in the EU’s internal market, although the mandatory requirements set by EU rules were complemented in some Member States in addition to the rules set by PDO/PGI specifications. However, the possible cost arising from mentioning ingredients is considered to be too heavy for small producers.

Effects on adaptation to the market

Wine consumption within the EU has declined almost continuously since 2008, notably in traditional consuming countries, even though it is tending to stabilise. Nevertheless, consumption has increased strongly in some non-EU countries, representing new development potential for EU wine producers. There is more or less one year of consumption in stocks and exports are key to maintaining EU market balance. In addition, the authorisation scheme for vine plantings effectively limits area increases.

While production increased in non-EU countries over the last decade, EU production stabilised. However, the EU remains the largest wine producer, with more than 60% of world production. During the same period, EU wine exports increased significantly (+6% per year). They are essentially composed of PDO/PGI wines and oriented towards Canada, China, Russia and the United States.

In 2016, the share of EU wine was predominant in the imports of the main wine-importing countries. On the other hand, EU producers lost market share in countries that are of secondary importance in terms of their level of consumption. EU wines also remain predominant among the wines sold by online retailers.

These positive results may be linked to the efforts made by EU producers to improve their performance. However, the competitiveness of EU wine producers and products is due to a multitude of social, economic, climatic and political factors. External factors, such as market forces or climatic conditions, can significantly affect the competitiveness of EU wine products. But some factors are also directly associated with the strategy implemented by the producers, and these are influenced by the national support programmes and/or EU rules. The national support programmes have therefore helped improve the competitiveness of EU wine producers/products in the context of very positive market developments.

The promotion measure was particularly appreciated by beneficiaries in light of intense competition from non-EU countries. Promotion allows them to improve the reputation of their wines, especially when significant efforts have been made to increase their quality, with the help of other measures in the national support programmes.

Consumption trends are characterised by a growing demand for specific wine products such as rosé wines and sparkling wines. Consumers also look for quality wines with protected geographical indications or wines produced from environmentally friendly practices, and they are attracted by features such as authenticity and identity. The demand for varietal wine products is also growing in the EU, as well as for wines with lower alcohol content.

The restructuring and conversion measure contributed to a general upgrade in the quality of grapes and derived products, to the development of market-adapted varieties (notably to a significant increase in production under PDO/PGI), and to better differentiation of varieties (varieties separated by plot). To some extent, the eligibility criteria on conversion led to a focus on national and regional varieties that meet the demand for unique, typical products. In addition, Member States, notably France and Italy, have made extensive use of the investment measure (along with the restructuring and conversion measure at growers' level) to develop new products (e.g. rosé in Languedoc-Roussillon and Prosecco in Veneto). Moreover, the promotion measure enabled producers to better identify consumers' tastes and the expectations in foreign markets.

The wine area under GIs increased by 6% between 2009 and 2018, to 88% of EU vineyards. PDO wines are often those produced in the largest quantities, except in Spain. Although their production has increased in Italy and Spain, varietal wines are still produced in very small volumes in the EU and fall below demand.

EU rules on oenological practices help to preserve the reputation and tradition of EU wines by providing guarantees of quality and safety. Their effectiveness is closely linked to the effectiveness of checks and is guaranteed by the certification systems restricting crop management operations in the vineyard, wine grape yields, oenological practices and ageing operations. Certification systems therefore foster the production of quality wine and allow competent authorities to trace all operations, from vineyard to outlets, to ensure the veracity of the information labelled on marketed products and therefore the quality of the products.

Furthermore, the support for restructuring and conversion resulted in the maintenance of vineyards in traditional wine-growing areas and particularly in areas with steep slopes.

EU labelling rules generally meet the legitimate expectations of consumers. In particular, the consumers who were surveyed considered that labels provide relatively clear and sufficient information (See Figure 25-27 in Annex 2 Stakeholder consultation). Consumer and public health organisations expressed the need for more information, especially on nutritional values and ingredients. EU labelling rules led to the market adaptation of EU production to a variety of market segments (varietal wines, as well as wines that are more typical and authentic).

The fact that products with less than 8.5° alcohol are not considered to be wine products in the regulatory classification of grapevine products potentially limits their adaptation to market demand. Indeed, there is a demand for such wine products among consumers in the EU and non-EU countries, and non-EU countries are beginning to offer them. In addition, consumer demand for wine that is produced in a more environmentally sustainable way and labelled as such is not yet being met.

Some stakeholders are concerned that the growing number of PDOs and PGIs could negatively affect the reputation of EU quality schemes. Moreover, the consumer survey highlighted the knowledge deficit among EU consumers (in France, Germany, Spain and the UK), with few respondents being aware of the characteristics of wines with a PDO/PGI designation.

6.2. Efficiency

A major factor in the high execution rate of the national support programmes is the certainty that the budget will be available over a 5-year period. This provided visibility and security and therefore helped the implementation of operations. The absence of national co-financing also increased the programme's efficiency.

Member States applied various strategies to the yearly management of funds (either via a multiannual approach or on a strict annual basis). In general, yearly budgetary limits fostered responsiveness both from administrators and beneficiaries, as well as quick implementation and closure of operations. The possibility of transferring funds between measures was a key source of flexibility and allowed for optimal execution of the yearly budgets, making it possible to overcome potential implementation delays or a decrease in the sector's absorption capacity.

In the absence of detailed data, it was not possible to draw conclusions on the cost-benefit ratio of the measures. The implementation of the restructuring and investment measures was quite efficient. Though some aspects have been burdensome in some Member States, other aspects, such as the close relationships between the administration and beneficiaries and the use of standard scales, have facilitated the management of the measures and their quick implementation, while ensuring operations were paid at market prices.

Concerning support for promotion, the analysis showed a high level of administrative burden, particularly for beneficiaries. On the one hand, the level of budgetary commitments ensured that only very relevant projects (based on market analysis by applicants) were supported. On the other hand, a lot of time and money was spent by the sector to manage the grants, which hindered the efficiency of the measure.

With the simplification of checks introduced in 2016, with a broader use of standard simplified costs and the introduction of checks based on risk analysis in 2018, the system of checks under the national support programmes became more efficient. Indeed, the workload related to checks was previously very high.

EU rules on labelling and on monitoring and checks are judged to have been efficient. EU labelling rules are generally considered to be simple to implement, especially since they were set many years ago. Labelling restrictions for non-PDO/PGI wines do not produce an additional workload for bodies who administer checks, but they do add to the complexity of regulations for operators. The potential economic impact of restricting labelling possibilities for non-PDO/PGI wines is limited.

The systems of monitoring and checks are considered to be highly reliable. Their efficiency was considerably improved by the digitalisation of information and the introduction of plans for checks based on risk analysis. Although they vary from one Member State to another, all relevant authorities have a well-established system allowing them to have access to all necessary information for conformity checks. Member States have developed cooperation networks between relevant authorities and, to a lesser extent, between Member States.

6.3. Coherence of measures in the national support programmes

The national support programmes are generally coherent with the EU's environmental objectives. However, they were not designed to foster directly sustainable management and climate action, except for distillation of by-products and for the introduction of priority criteria on environmental sustainability. In particular, the restructuring and conversion measure has the potential to play a very significant role in the adaptation of EU vineyards to climate change and protection of biodiversity. It can facilitate large-scale mechanisation and plantings better adapted to water management. Through the reduction of humidity around vine plants and grape bunches thanks to lower densities, it may contribute in the long term to lowering the use of pesticides.

However, its contribution depends on how the measure is implemented in the Member States. In the case of the investment measure, the use of priority criteria was not sufficient to provide a real opportunity to foster overall energy efficiency and environmentally sustainable processes, since only the wealthiest producers could afford such expensive investments.

There is no major inconsistency between measures in the national support programmes and EU health objectives. Campaigns on EU quality schemes highlighted the quality of EU wine products and their compliance with EU standards that ensure a high level of safety for consumers. There was limited interest among wine stakeholders in campaigns on health protection. Some Member States chose not to finance information on responsible consumption under the national support programmes because of possible conflicts of interest. The consistency between the EU's wine policy and EU public health objectives could therefore be improved.

Since the horizontal regulation on promotion is not very widely applied, except in Italy, no overlapping issue arose between the national support programmes and the horizontal regulation on promotion measures for agricultural products.

Overall, EU wine policy is fully consistent with the EU's economic and social and CAP objectives. The measures in the national support programmes contributed to viable food production, to economic growth in the regions and Member States concerned and to balanced territorial development by contributing to the maintenance of agricultural and downstream activities in remote rural areas.

There is an overall interplay between rural development programmes and measures in the national support programmes, notably the measures for investment and restructuring and conversion. Indeed, the investment measures are designed so as to complement each other. In the case of operations eligible for both schemes, checks ensure that double financing is avoided.

The measures in the national support programmes are consistent with other policies such as Horizon 2020 and the European Regional Development Fund. Indeed, Horizon 2020 has been used in some Member States as another source of funding for innovation and research projects by some wine companies and stakeholders. The European Regional Development Fund also supports investments by small and medium-sized enterprises.

6.4. Relevance and EU added value

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

To address risks, the support for harvest insurance against natural disasters appears to be relevant. In contrast, the support for mutual funds has not been implemented. In a context of relative market balance, green harvesting, a measure that aims to restore market equilibrium, was implemented only to a very limited extent, also because of its complexity. By-product distillation is relevant as an incentive for producers to choose the elimination process that is the most environmentally friendly and which also fosters innovative uses of wine by-products for energy or industrial purposes.

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

In terms of the relevance of the budget allocated per Member State, the situation varies. The capacity for budget absorption was good in most cases, except in Romania, where the budget devoted to the restructuring measure exceeded the actual needs. On the other hand, in Spain, there was much more demand than available budget.

The EU framework provided added value by accelerating the modernisation of the sector, and by ensuring its maintenance and its competitiveness at international level. In particular, the adaptation of the sector to market demand would have been slower without EU funding and might have left small players behind. The EU framework was a key instrument in creating a level playing field among Member States. In some Member States, the EU framework also brought a strategic approach and long-term planning to the management of the sector, which was also facilitated by the consistency of the measures and by the budgets over time. However, such a strategic approach was difficult to implement in some Member States. In addition, EU added value was found to be more questionable as regards the efficient implementation of the wine measures, due to a high level of complexity and bureaucracy.

EU rules on wine grape varieties are needed, since no international standards have been defined regarding grapevine varieties suitable for wine production. In contrast, there are international standards for oenological practices, and EU rules are broadly aligned with these. The definition of rules at EU level for oenological practices and wine grape varieties provides real added value, limiting the risks of distortion between Member States, recognising specific local situations and filling a gap in international standards. They are also relevant for the competitiveness of EU wine producers by inducing a higher differentiation between products. Furthermore, the quality and safety of wine products may decrease without specific EU rules.

Some EU rules on wine grape varieties seem to be no longer relevant to improving wine quality, preserving safety or increasing competitiveness. Restrictions on the use of six wine grape varieties and of crosses between vine varieties belonging to *Vitis vinifera* and other species of the genus *Vitis* for PDO wines result in a disadvantage compared to non-EU countries which allow the use of these varieties. The end of these rules would respond to current priorities of preserving biodiversity, environmental sustainability and reducing pesticide use.

Uniform EU labelling rules provide overall added value at EU level in terms of ensuring a level playing field and fair competition for economic operators, facilitating trade and the functioning of the single market, and providing clear information to consumers. However, the added valued of the PDO/PGI scheme at EU level is not well recognised by consumers since EU logos hardly ever appear on the labels.

6.5. Main lessons learned

Member States do not provide adequate justification for their strategic choices regarding the measures that are implemented, nor adequate monitoring of the effects achieved by these different measures. The examination of the implementation reports for the evaluation revealed that the type and quality of the information provided is not homogeneous among Member States and the annexes are filed in a non-standardised way by each country.

Strategic choices regarding the measures applicable to the wine sector could be better justified. This should be the case in the next programming period, because the national support programmes for wine will be part of the CAP strategic plans. In their plans, Member States will develop their intervention logic based on a needs assessment. The measures will have to contribute to all the nine CAP objectives and in particular to the three environmental and climate related objectives.

In addition, national support programmes could contribute to tackling environmental challenges and incentivising changes to practices in vineyards and in wine production to achieve a transition towards sustainable practices, in line with the environmental ambition of the new CAP, in line also with the European Green Deal. The environmental objectives of the CAP must apply to the sector. In this respect Member States can use the opportunities offered by Article 51 of the proposed strategic plans[37].

More attention should also be paid to the monitoring of the programmes.

[37] CAP strategic plans – Proposal for a regulation COM (2018)392. https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018PC0392&from=EN

Market adaptation could be improved, especially to address the demand for varietal wines, for wines with lower alcohol (all the more in the context of climate change) and for wines produced from environmentally friendly practices.

Although the measure of restructuring and conversion of vineyards has as objective the improvement of the competitiveness and quality of wine production, the evaluation found that it also contributed to climate adaptation, as producers switched to varieties that were more resistant to drought and irregular precipitation. But more could be achieved. In particular, the restructuring measure could play a more significant role in adapting EU vineyards to climate change and protecting biodiversity.

Some potential for simplification was identified regarding the administrative burden involved in justifying expenditure under the promotion measure. This could lead to a higher uptake of the measure.

Regarding innovation and the information on responsible wine consumption, there might be other policies better placed to promote them than the wine policy. A strengthened coherence between the objectives of the wine policy and the EU health objective could rely on a concerted vision between health and sectoral stakeholders of what is a 'high level of human health', i.e. based on SMART indicators[38], as well as of the strategy to reach this goal.

After two programming periods involving the national support programmes, some new needs for support have emerged in some Member States, such as the possibility for Member States to use a share of the budget for ad hoc measures.

[38] S(pecific) M(easurable) A(chievable) R(elevant) T(imely) indicators used in monitoring and evaluation.

ANNEX 1: PROCEDURAL INFORMATION

Lead DG, Decide planning/CWP references

Lead DG: Directorate-General Agriculture and Rural Development (DG AGRI)

Decide planning reference: PLAN/2017/1957

Organisation and timing

This was a policy evaluation project included in the DG AGRI evaluation plan for 2017-2021. It followed the better regulation guidelines on evaluations. The evaluation includes an external evaluation support study, contracted through a service request under a framework contract, conducted in line with the DG AGRI procedure for the organisation and management of policy evaluations carried out by external contractors. The technical and contractual management of the project was supervised by DG AGRI Unit C.4, in charge of monitoring and evaluation.

An Interservice Steering Group was set up by the Commission in January 2017, with a mandate to provide information, prepare the terms of reference, monitor the work of the external study team, discuss and give advice on the approval of the final report, and comment on the draft evaluation staff working document.

The Interservice Steering Group was composed of the Secretariat-General of the Commission and DGs TRADE, COMP, ENV, CLIMA, JRC, RTD, REGIO, BUDG, GROW, SANTE and AGRI (12 different units). The Steering Group started its meetings in January 2017 and held eight meetings.

The evaluation roadmap was published from 9 November until 7 December 2017 and set out the context, scope and aim of the exercise. The roadmap presented the questions to be addressed under the five categories of effectiveness, efficiency, relevance, consistency and EU added value. Following criticism from NGOs that public health was missing from the scope of the evaluation, this dimension was strengthened in the evaluation questions.

The public consultation for this evaluation was held from 7 March until 7 June 2019.

The evaluation project carried out by the external contractor started in April 2017. The final deliverable was received on 4 September 2018 and was accepted. The external evaluation provided the basis for this staff working document.

Evidence, sources and quality

An external independent study is the basis for the conclusions presented in this document. A contract was signed on 27 April 2017 with Agrosynergie.

The contractor has exploited the available data sources. The limitations of their analysis related to the availability of accurate, detailed and homogenous data, and the particularities of the FADN system are clearly explained.

The contractor even revised their calculations when new FADN data came in after evaluation question 1 had already been answered. The period for which FADN data was available was very limited. The contractor cross-checked their use of trade data at the request of the Interservice Steering Group.

From the start of this evaluation, it was clear that the availability of data on implementation would be limited, given the short period during which the reformed CAP has been in place and the time it takes before FADN data becomes available.

Note that the evaluation period was a time of significant changes to the way in which direct payments worked. The methodological approach designed for each evaluation question had to consider these factors to enable as deep an analysis as possible within the limitations faced.

ANNEX 2: STAKEHOLDER CONSULTATION

Several different forms of stakeholder consultation were carried out as part of this evaluation.

Interviews were conducted with stakeholders at European level, including consumer and sector representatives.

In the Member States and regions, case studies were carried out with:

- national authorities in charge of the national support programmes and of applying the various regulatory measures (oenological practices, authorisations for vine plantings, etc.), as well as their counterparts at regional level;
- bodies in charge of the administrative management of the measures under review, and of checking and monitoring their impact;
- representatives of wine growers/producers, particularly those in charge of the main PDO/PGI locally, and interbranch organisations;
- wine growers, producers, wineries and wine houses benefiting from the national support programmes;
- representatives of consumer associations;
- if relevant, researchers or technical organisations.

Additional information was gathered through:

- a questionnaire to relevant authorities in the Member States;
- a consumer survey;
- consultation of wine producers (17 independent producers and cooperatives);
- a public consultation.

The detailed results of the public consultation and the consumer survey are presented in this annex.

Public consultation

The public consultation on evaluating the CAP measures applicable to the wine sector was originally open for feedback from 7 March to 31 May 2019. The feedback period was prolonged by 1 week and by 7 June, when the consultation closed, a total of 33 contributions had been received.

Data cleaning and merging

At the beginning of the questionnaire, respondents were able to say if they were contributing as a business association, a company/business organisation, an EU citizen, a non-governmental organisation, a public authority, a trade union or ‘other’. All the respondents who declared that they were replying as an individual in their personal capacity were categorised as an ‘EU CITIZEN’. The categories of business association, company/business organisation and trade union were combined under ‘BUSINESS’.

When analysing answers to questions, the options ‘strongly agree’ and ‘agree’ were merged as a ‘POSITIVE’ response and ‘strongly disagree’ and ‘disagree’ were merged as

'NEGATIVE'. The response 'neither agree nor disagree' is labelled as 'NEUTRAL' in the results.

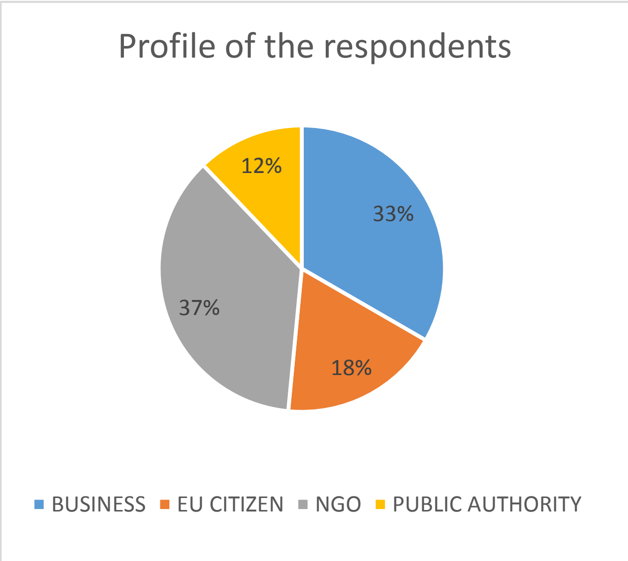
In the questionnaire, it was possible to give multiple answers to a question. In seven questions, one or two respondents had selected two answers, and in those cases the data was cleaned to reflect an opinion. Instead of 'Don't know', a positive, neutral or negative response was recorded.

Characteristics of the sample

Country	Total
Austria	1
Belgium	6
Bulgaria	1
Czechia	1
France	4
Ireland	1
Italy	5
Malta	1
Netherlands	1
Portugal	4
Slovenia	1
Spain	3
Sweden	2
UK	2
Grand total	**33**

Answers were received from 14 out of 28 Member States. Most of the responses came from Belgium (six reactions from European organisations located in Brussels), Italy (five reactions) and France and Portugal (four reactions each).

Roughly one third of the respondents represented a non-governmental organisation, another third represented a business organisation/association or trade union, and the remaining third represented a public authority or were EU citizens.



I am giving my contribution as	Total
BUSINESS	11
EU CITIZEN	6
NGO	12
PUBLIC AUTHORITY	4
Grand Total	**33**

Of the NGOs, 9 out of 12 were European health- and alcohol-focused organisations. The remaining three were pro-agriculture organisations. In the business category, most of the respondents represented wine growers and sellers. In the public authorities category, the respondents were government institutions.

Results of the data analysis

General observations on the closed questions:

Throughout the questionnaire, responses were more positive than negative. Respondents also used the ‘Don’t know’ –option, especially in questions that asked about specific wine measures, where in some cases 30% of respondents chose ‘Don’t know’. In general, NGOs (mainly health-focused organisations) disagreed on the benefits of EU wine policy regarding labelling, information and promotion. Other groups, business, citizens and public authorities gave more positive responses to all the questions.

When comparing the measures in the national support programmes (Q17), respondents were most positive about those relating to ‘investments in enterprises’, ‘information in Member States on responsible consumption of wine on behalf of the wine industry’, ‘promotion in third countries of the high standards of EU wines with PDO/PGI/indication of wine grape variety’, ‘harvest insurance’ and ‘mutual funds’. All these measures received over 60% positive responses. Relatively speaking, the most negative responses related to ‘green harvesting’, with 33% negative and 45% positive, and ‘information in Member States of the Union PDO/PGI system for wine’, with 36% negative and 58% positive responses.

When asked which of the measures have led to an increase in income (Q22), the most positive responses were given to ‘promotion in third countries of the high standards of EU wines with PDO/PGI/indication wine grape variety’ (61%), ‘investments in enterprises’ (58%) and ‘restructuring and conversion of vineyards’ and ‘information in Member States of the Union PDO/PGI system for wine’ (both 52%).

For the questions on efficiency (Q30) and consistency (Q31), views are divided. 42% of respondents agreed that measures for the wine sector provided value for money, whereas 27% of respondents disagreed. Similarly, 42% of respondents agreed that the wine policy measures are consistent with other CAP objectives, while 30% disagreed. When asked if the wine policy measures are consistent with EU objectives regarding public health (Q32), 33% of respondents disagreed and 52% agreed.

In the question about relevance (Q33), 48% of respondents agreed that EU wine policy fits the needs of the wine sector, 21% were neutral and 15% disagreed. The numbers are almost the same for the question on EU added value (Q34), where 52% of respondents agreed, 21% were neutral and 12% disagreed with the statement.

Summary of the open questions:

With regard to consistency (Q31), contributions from business emphasised how the wine measures generate economic activities in rural areas. NGOs stressed how the wine measures are not consistent with the EU’s health commitments (Q32). Public authorities noted that the wine measures indirectly contribute to protection of the landscape and biodiversity.

In the question on EU added value (Q35), respondents representing business organisations named fair competition and levelling the playing field as the most prominent benefits of EU wine policy measures. One of the NGOs also mentioned promotion in non-EU markets. Most comments from NGOs emphasised a need for wine measures that support wine growers who want to change towards alcohol-free agricultural production. Public authorities commented that restructuring and conversion of vineyards would not have been as effective or happened at all without these measures.

The last question (Q36) was a free text question, which inspired mainly comments from NGOs encouraging the EU to ensure consistency between its agricultural and health policies. Respondents from business wanted the wine measures to stay in place, new measures to be introduced, and existing measures to be adapted from an environmental point of view.

Questions

Q15. Are you aware of the EU wine policy?
All but one respondent answered yes to this question.

Q16. If so, to what extent do you agree/disagree with the EU wine policy? (N=32)

Respondent	POSITIVE	NEUTRAL	NEGATIVE
BUSINESS	28%	9%	0%
EU CITIZEN	3%	6%	3%
NGO	3%	6%	28%
PUBLIC AUTHORITY	6%	0%	6%
TOTAL	41%	22%	38%

Q17. To what extent do you agree/disagree that an EU policy for the wine sector should contain measures as shown below, that are at present included in the national support programmes in the wine sector of the CAP (N=33)

Q17a. Restructuring and conversion of vineyards				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	3%	0%	0%
EU CITIZEN	6%	0%	12%	0%
NGO	9%	12%	3%	12%
PUBLIC AUTHORITY	6%	3%	3%	0%
TOTAL	52%	18%	18%	12%

Q17b. Investments in enterprises				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	3%	0%	0%
EU CITIZEN	15%	3%	0%	0%
NGO	6%	0%	18%	12%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	61%	9%	18%	12%

Q17c. Information in Member States on responsible consumption of wine on behalf of the wine industry			
Respondent	POSITIVE	NEUTRAL	NEGATIVE
BUSINESS	27%	3%	3%
EU CITIZEN	15%	3%	0%
NGO	9%	0%	27%
PUBLIC AUTHORITY	9%	3%	0%
TOTAL	61%	9%	30%

Q17d. Information in Member States on the Union PDO/PGI system for wine (The European Union schemes of geographical indications, known as protected designations of origin (PDO) and protected geographical indications (PGI), promote and protect names of quality agricultural products and foodstuffs)			
Respondent	POSITIVE	NEUTRAL	NEGATIVE
BUSINESS	27%	3%	3%
EU CITIZEN	15%	0%	3%
NGO	9%	0%	27%
PUBLIC AUTHORITY	6%	3%	3%
TOTAL	58%	6%	36%

Q17e. Promotion in third countries of the high standards of EU wines with PDO/PGI/indication of wine grape variety			
Respondent	POSITIVE	NEUTRAL	NEGATIVE
BUSINESS	30%	3%	0%
EU CITIZEN	15%	0%	3%
NGO	9%	3%	24%
PUBLIC AUTHORITY	9%	3%	0%
TOTAL	64%	9%	27%

Q17f. By-product distillation (i.e. recycling by-products from wine making for industrial or energy purposes)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	27%	3%	3%	0%
EU CITIZEN	15%	0%	3%	0%
NGO	9%	3%	0%	24%
PUBLIC AUTHORITY	6%	6%	0%	0%
TOTAL	58%	12%	6%	24%

Q17h. Harvest insurance (to safeguard producers' income against losses as a consequence of natural disasters, adverse climatic events, diseases or pest infestation)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	27%	3%	3%	0%
EU CITIZEN	18%	0%	0%	0%
NGO	9%	6%	3%	18%
PUBLIC AUTHORITY	6%	3%	0%	3%
TOTAL	61%	12%	6%	21%

Q17i. Green harvesting (i.e. total destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant area to zero in order to prevent market crises)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	18%	6%	9%	0%
EU CITIZEN	9%	0%	9%	0%
NGO	9%	0%	15%	12%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	45%	9%	33%	12%

Q17j. Mutual funds (covering the setting up of mutual funds by producers seeking to insure themselves against market fluctuations)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	21%	9%	3%	0%
EU CITIZEN	15%	3%	0%	0%
NGO	18%	0%	6%	12%
PUBLIC AUTHORITY	6%	3%	0%	3%
TOTAL	61%	15%	9%	15%

Q18. Are you a beneficiary of funding schemes that are part of the EU wine policy?
Two out of 33 respondents said that they are beneficiaries of EU wine policy.

Q19. If so, for which activities are you supported by EU funding?
Restructuring and investment (twice), insurance, integrated territorial development, community-led local development.

Q20. The EU wine policy is aimed at the progressive improvement of the competitiveness and the market orientation of the wine sector. To what extent do you agree/disagree that the wine sector became more competitive and market-oriented due to the EU measures? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	3%	0%	0%
EU CITIZEN	9%	6%	0%	3%
NGO	6%	18%	3%	9%
PUBLIC AUTHORITY	6%	6%	0%	0%
TOTAL	52%	27%	3%	18%

Q21. One of the ways in which the EU aims to improve the competitiveness of EU wine is to support information measures on Union quality schemes and responsible consumption in the EU and promotion measures on the added value of the EU wines abroad. To what extent do you agree/disagree that the support of promotion has strengthened the reputation of EU wines? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	0%	3%	0%
EU CITIZEN	15%	3%	0%	0%
NGO	9%	0%	15%	12%
PUBLIC AUTHORITY	12%	0%	0%	0%
TOTAL	67%	3%	18%	12%

Q22. To what extent do you agree/disagree that the following CAP measures of the national support programmes in the wine sector have led to an increase of incomes in the wine sector? (N=33)

Q22a. Restructuring and conversion of vineyards				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	3%	0%	0%
EU CITIZEN	6%	3%	6%	3%
NGO	6%	3%	0%	27%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	52%	12%	6%	30%

Q22b. Investments in enterprises				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	3%	0%	0%
EU CITIZEN	12%	6%	0%	0%
NGO	6%	0%	3%	27%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	58%	12%	3%	27%

Q22c. Information in Member States on responsible consumption of wine on behalf of the wine industry				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	27%	6%	0%	0%
EU CITIZEN	3%	15%	0%	0%
NGO	6%	0%	9%	21%
PUBLIC AUTHORITY	6%	6%	0%	0%
TOTAL	42%	27%	9%	21%

Q22d. Promotion in Member States of the Union PDO/PGI system for wine (The European Union schemes of geographical indications, known as protected designations of origin (PDO) and protected geographical indications (PGI), promote and protect names of quality agricultural products and foodstuffs)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	27%	6%	0%	0%
EU CITIZEN	9%	6%	3%	0%
NGO	9%	0%	3%	24%
PUBLIC AUTHORITY	6%	6%	0%	0%
TOTAL	52%	18%	6%	24%

Q22e. Promotion in third countries of the high standards of EU wines with PDO/PGI/indication of wine grape variety				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	3%	0%	0%
EU CITIZEN	12%	3%	3%	0%
NGO	9%	0%	3%	24%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	61%	9%	6%	24%

Q22f. By-product distillation (i.e. recycling by-products from wine making for industrial or energy purposes)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	18%	12%	3%	0%
EU CITIZEN	9%	6%	3%	0%
NGO	3%	6%	0%	27%
PUBLIC AUTHORITY	6%	6%	0%	0%
TOTAL	36%	30%	6%	27%

Q22g. Innovation (for development of new products, processes and technologies)			
Respondent	POSITIVE	NEUTRAL	DON'T KNOW
BUSINESS	27%	3%	3%
EU CITIZEN	12%	6%	0%
NGO	9%	0%	27%
PUBLIC AUTHORITY	3%	9%	0%
TOTAL	52%	18%	30%

Q22h. Harvest insurance (to safeguard producers' income against losses as a consequence of natural disasters, adverse climatic events, diseases or pest infestation)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	15%	15%	3%	0%
EU CITIZEN	12%	3%	0%	3%
NGO	6%	3%	0%	27%
PUBLIC AUTHORITY	6%	3%	0%	3%
TOTAL	39%	24%	3%	33%

Q22i. Green harvesting (i.e. total destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant area to zero in order to prevent market crises)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	15%	9%	6%	3%
EU CITIZEN	3%	6%	9%	0%
NGO	3%	3%	3%	27%
PUBLIC AUTHORITY	6%	6%	0%	0%
TOTAL	27%	24%	18%	30%

Q22j. Mutual funds (covering the setting up of mutual funds by producers seeking to insure themselves against market fluctuations)				
Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	9%	18%	3%	3%
EU CITIZEN	9%	6%	0%	3%
NGO	3%	6%	0%	27%
PUBLIC AUTHORITY	6%	3%	0%	3%
TOTAL	27%	33%	3%	36%

Q23. To what extent do you agree/disagree that the support of promotion of wines contributed to recovering old markets and creating new markets outside the EU? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	3%	0%	0%
EU CITIZEN	12%	3%	0%	3%
NGO	6%	6%	15%	9%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	58%	15%	15%	12%

Q24. One of the EU wine policy objectives is to ensure a balance between supply and demand and a stable operation of the wine market. To what extent do you agree/disagree that the wine market became more balanced due to the EU relevant measures, particularly the scheme of authorisations for balanced and stabilised vine plantings, the measure of restructuring and conversion of vineyards and the quality scheme covering protected designations of origin (PDOs) and protected geographical indications (PGIs)? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	18%	15%	0%	0%
EU CITIZEN	9%	6%	3%	0%
NGO	6%	3%	15%	12%
PUBLIC AUTHORITY	12%	0%	0%	0%
TOTAL	45%	24%	18%	12%

Q25. One of the objectives of the EU wine policy is to control and ensure the compliance of wines with the Union rules and the traceability of wine products. To what extent do you agree/disagree that the controls are effective and that compliance of wine is ensured in the EU? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	27%	6%	0%	0%
EU CITIZEN	15%	3%	0%	0%
NGO	9%	3%	3%	21%
PUBLIC AUTHORITY	9%	0%	0%	3%
TOTAL	61%	12%	3%	24%

Q26. The EU wine policy seeks to improve the functioning of the EU's internal market through labelling rules, in the interest of both consumers and producers (for example, indication of the alcohol and sulphites content, of the provenance and whether the wine bears a geographical indication). To what extent do you agree/disagree that the labelling rules improve the functioning of the internal market? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	24%	9%	0%	0%
EU CITIZEN	18%	0%	0%	0%
NGO	9%	6%	15%	6%
PUBLIC AUTHORITY	9%	0%	0%	3%
TOTAL	61%	15%	15%	9%

Q27. Information measures on behalf of the wine industry are part of the EU wine policy and are aimed at informing consumers about responsible consumption of wine and warning against the risk associated with harmful alcohol consumption. To what extent do you agree/disagree that the information measures have improved knowledge of consumers about the responsible wine consumption and the risks associated with harmful alcohol consumption? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE
BUSINESS	27%	6%	0%
EU CITIZEN	6%	12%	0%
NGO	6%	3%	27%
PUBLIC AUTHORITY	9%	3%	0%
TOTAL	48%	24%	27%

Q28. Promotion measures focus on the improvement of knowledge about EU quality schemes covering Protected Designations of Origin (PDO) and Protected geographical indications (PGI). To what extent do you agree/disagree that these information measures have improved knowledge about PDO and PGI schemes for wine? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	30%	3%	0%	0%
EU CITIZEN	9%	3%	6%	0%
NGO	9%	0%	15%	12%
PUBLIC AUTHORITY	12%	0%	0%	0%
TOTAL	61%	6%	21%	12%

Q29. The EU wine policy measures are part of the Common Market Organisation for agricultural products, regulated under the Common Market Organisation Regulation. This means that co-financing by the Member States is not obligatory. To what extent do you agree/disagree that the absence of mandatory co-financing by the Member States has facilitated and led to more effective wine policy measures? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	21%	9%	3%	0%
EU CITIZEN	6%	6%	6%	0%
NGO	9%	0%	12%	15%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	45%	18%	21%	15%

Q30. Did the measures for the wine sector under the CAP that were included and available under the national support programme of your Member State provide value for money? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	24%	6%	0%	3%
EU CITIZEN	3%	9%	6%	0%
NGO	6%	0%	21%	9%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	42%	18%	27%	12%

Q31. The EU wine policy is part of the CAP. Besides improvement of the competitiveness of EU products, the CAP objectives are sustainable use of natural resources, climate action and balanced territorial development. Are the EU wine policy measures coherent with other CAP objectives? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	21%	12%	0%	0%
EU CITIZEN	9%	3%	3%	3%
NGO	3%	3%	27%	3%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	42%	21%	30%	6%

If so, please give some examples of support measures or types of operation that contributed to those objectives.

There were 16 responses to this open question. Respondents representing business gave seven answers. Several contributions mentioned that the support given to the wine sector has helped maintain an economic activity in rural areas. In addition, given that European vineyards are mainly located in hilly areas, it contributed to the protection of the landscape while mitigating hydrogeological risks. It also encouraged investments in resource efficiency. By-product distillation measures have contributed positively to environmentally friendly elimination of wine by-products and to innovative use of these products to produce energy. Investment measures have allowed wine companies to invest in environmental, social and economic sustainability of wineries and vineyards, reducing their water and carbon footprint and improving their pest management and biodiversity. The measures regarding the restructuring and conversion of vineyards also help in that respect. Finally, innovation measures provide important incentives to develop new products, processes and technologies that contribute to the sustainable development of the wine sector. In new planting, priority is assigned to organic producers.

Respondents representing NGOs gave six answers to the open question. Most of them represented health organisations, and they pointed out that wine is an alcoholic beverage. Excessive alcohol consumption is one of the main risk factors for the entire burden of mortality and disease in the EU. Therefore, the promotion of wine is not in line with the obligation of Article 168(1) Treaty on the Functioning of the EU (TFEU) to ensure a high level of human health and the EU's commitment to meeting Sustainable Development Goal 3.5 (Strengthen the prevention and treatment of substance abuse). NGOs also claimed that there has been insufficient emphasis on the need to reduce the use of pesticides in viniculture. According to NGOs the EU’s wine policy is not consistent with the CAP objective of balanced territorial development.

Public authorities (three answers) mentioned that EU wine policy included measures for the conscious use of pharmaceuticals and for the moderate use of plant protection products. They also underlined that the measure for restructuring and conversion of vineyards has indirect benefits for the environment as it ensures that vineyard cultivation continues in areas where other crops are not possible, thereby maintaining the landscape and ecosystems (biodiversity) and territorial balance. In addition, aid for restructuring supports the introduction of varieties more adapted to drought or training systems for vines that allow drip irrigation and more efficient use of water.

Q32. Do you agree that the EU wine policy measures, which also include measures on labelling, authorised oenological practices and information measures on behalf of the wine industry informing consumers about responsible consumption and warning against the risk associated with harmful alcohol consumption, are consistent with EU objectives regarding public health? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	24%	3%	6%	0%
EU CITIZEN	9%	6%	0%	3%
NGO	9%	0%	27%	0%
PUBLIC AUTHORITY	9%	0%	0%	3%
TOTAL	52%	9%	33%	6%

Q33. Does the EU wine policy fit the needs of the wine sector? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	27%	6%	0%	0%
EU CITIZEN	6%	9%	3%	0%
NGO	3%	6%	12%	15%
PUBLIC AUTHORITY	12%	0%	0%	0%
TOTAL	48%	21%	15%	15%

Q34. To what extent do you agree/disagree that wine policy measures defined at the EU level (including the national support programmes) are better able to achieve objectives to improve the Union common wine market than if defined at national/regional level? (N=33)

Respondent	POSITIVE	NEUTRAL	NEGATIVE	DON'T KNOW
BUSINESS	27%	6%	0%	0%
EU CITIZEN	9%	3%	3%	3%
NGO	6%	9%	9%	12%
PUBLIC AUTHORITY	9%	3%	0%	0%
TOTAL	52%	21%	12%	15%

Q35. In your opinion, what are the most prominent benefits of EU wine policy measures and funding that Member States acting on their own could not have achieved?

There were 15 responses to this open question.

Business operators (eight answers in total) noted in particular that EU wine policy measures and funding provide a suitable framework for fair competition among EU wine producers. They also guarantee a true internal market, with similar rules applied across the EU, and provide for balanced development of wine markets thanks to the planting authorisation scheme.

Alcohol policy falls within the competence of the Member States and the EU has a supporting role. This is a fundamental principle, which rests upon the need to address the impact alcohol consumption has on society. As drinking habits are deeply entwined with national culture, there is no one-size-fits-all policy that can address variations between countries.

NGOs (four answers) highlighted that EU wine policy provides a consistent and necessary framework for fair competition between European wine growers. It is important that the measures are adapted at regional level to take into account local production conditions.

Some NGOs consider that EU agriculture needs to undergo a vast transformation to contribute to the creation of a future-oriented, sustainable food system. Wine policy measures and funding in the short to medium term should be reoriented towards supporting and encouraging wine growers who want to make the transition towards alcohol-free agricultural production.

One NGO said it was difficult to justify the budget spent on wine policy, particularly for promotion, referring also to the analysis of the European Court of Auditors (ECA, 2014, Special Report No 9), which concludes that 'The need for an additional investment measure specific to the wine sector is not demonstrated'.

Public authorities (three answers) mentioned the added value of the conversion measure for vineyards that were abandoned and which, without this incentive, would have remained unproductive. In addition, without EU support such an effective level of vineyard restructuring would not have been possible. Furthermore, a common policy and common funds make it possible to guarantee that all Member States have the same resources and rules to achieve common objectives for the wine sector as a whole. This prevents differences in availability of resources and disparity of interests from leading to unfair competition between Member States.

Additional contributions received as file uploads

There were seven file uploads, of which two files were the same, so a total of six different file uploads were received. All the uploaded files had a clearly stated agenda, proposal or recommendation with supporting arguments. Below are the recommendations from each uploaded file:

File 1. 'The trio of regions/producers/European institutions make it possible to adapt decisions. The renationalisation of agricultural policies would not make it possible to obtain coherent policies in response to the diversity of regional needs.

Themes to be developed for wine products under official quality signs: anticipating climate change, environmental and public health concerns, rural development through the development of territories and products.'

File 2. 'The CAP for the period after 2020 and with regard to the wine sector should continue with the following principles: to maintain agricultural activity in all the regions of Europe, especially in the outermost regions; the principle of equality – promoting and ensuring measures that lead to a more level playing field in farming, thus reducing the gap between the centre and the peripheries; the principle of rejuvenation – by fighting for the rejuvenation of the agricultural sector, creating measures, on the one hand, to ensure a dignified exit for farmers from the sector and, on the other, to intensify support for young people entering the sector.'

File 3. 'We propose that Article 43 of Delegated Regulation (EU) 2016/1149 on the prohibition of double financing be amended, maintaining a simplified system that continues to ensure that double financing is avoided and that this continues to be done by means of simple criteria that do not disadvantage small rural entrepreneurs. We suggest that this modification is oriented in one of the following ways:

- Admit that investments of less than EUR 500 000 in the wine sector of microenterprises and small rural enterprises can be subsidised following integrated territorial development strategies.

- Provide for the possibility for each Member State to decide that part of its available budget should be set aside for investments of less than EUR 500 000 by rural micro and small enterprises.'

File 4. 'Phase out health-incompatible subsidies: Using public money efficiently implies the need to maximise the co-benefits from this investment, while phasing out support for activities which burden our healthcare systems. Certain products originating from agriculture, like wine, are associated with the main risk factors for non-communicable diseases (NCDs). NCDs account for the vast majority of deaths and diseases in the EU and amount to approximately EUR 700 billion per year in healthcare costs. The CAP should divert funding from products and activities that are inconsistent with public health objectives, while offering producers incentives to diversify into other types of production. In particular, public funding for wine promotion should be phased out.'

File 5. 'We call on the European Commission and the European co-legislators to end the exemption of alcoholic beverages from EU Regulation 1169/2011. To protect the health of the population, alcoholic beverages should be required by law to list their ingredients and nutritional values, and to display those values legibly on the product's label. However, ingredients and nutritional information should not be displayed in a way that could suggest that the product in question is healthy (low calories, organic sugar, vegan, etc.).

We also support the right of national governments to take initiatives to increase public health by including additional labelling information. This may include information on allergens but also different health warnings, for example on legal age limits, drinking during pregnancy, drinking and driving, and the link to cancer and other diseases. It should be ensured that these warnings are legibly displayed next to the information on the ingredients and nutritional values.'

File 6. 'Five recommendations concerning EU's wine promotion subsidies:

- While we are supportive of promotional measures for agricultural products that are components of a healthy diet, wine – as a product with scientifically proven health risks – should not be considered a priority product.

- In the evaluation of project proposals, public health perspectives must be taken into consideration next to the other evaluation criteria.

- No promotional measures should be funded that expose youth to alcohol advertisements, in particular through the use of social media.

- The principle should be strictly enforced that no promotional activities should be funded that the beneficiary would have undertaken regardless of EU support.

The EU should enforce tighter scrutiny of the disbursed funds to combat fraudulent use of the subsidies.'

Q36. If you wish to add further information – within the scope of this questionnaire – please feel free to do so here.

There were 15 responses to this open question. Business operators, who gave four answers, proposed to increase flexibility in the management of annual ceilings, allowing 10-15% of the financial ceiling to be available even beyond 15 October each year. They also called for the current budget for national support programmes to be maintained and for new measures to fight against technical and commercial barriers to trade. The need to adapt the measure for restructuring and conversion of vineyards from an environmental point of view was mentioned several times.

NGOs gave 10 answers. All their answers included the following common concerns:

- It is essential that a public health perspective should always be taken into account when considering policies around alcohol. Alcohol-related harm is widespread across Europe and has a significant impact on health, welfare and justice budgets;
- All alcohol producers should display ingredients and nutritional values on their packaging. Consumers have the right to know what they are drinking. Printing nutritional information on the labels allows consumers to better monitor their diets, and make healthier choices;
- There is no justification to have a separate budget for the wine sector under the CAP;
- A way to reorient wine funding in the short to medium term would be to help wine growers adjust to alcohol-free agricultural production;
- Measures to promote wine are an unnecessary use of EU funds.

Consumer survey

This chapter presents the analysis of the results of the wine consumer survey carried out within the framework of the evaluation support study[39]. This survey was conducted by the French Institute of Public Opinion (IFOP) on behalf of Oréade-Brèche. The data was collected online, from 11-19 June 2018, on a sample of more than 500 consumers in four Member States, resulting in total of 2 105 answers.

To reflect the characteristics of a variety of consuming Member States, large wine producer Member States and net wine importer Member States were chosen for the survey (France, Spain, Germany and the UK), with the following distribution:

Table 8: Number of wine consumers answering the survey

Large wine producer Member States		Net wine importer Member States	
Spain	France	UK	Germany
560	506	512	527

[39] All details can be found at: https://op.europa.eu/en/publication-detail/-/publication/40e40902-5051-11e9-a8ed-01aa75ed71a1/language-en

The survey was in three parts. The first part set out the profile of consumers and their consumption habits. The second part focused on consumers' satisfaction with the rules on labelling and oenological practices and the third part on their knowledge about the PDO/PGI quality scheme.

6.5.1. Description of the sample of consumers

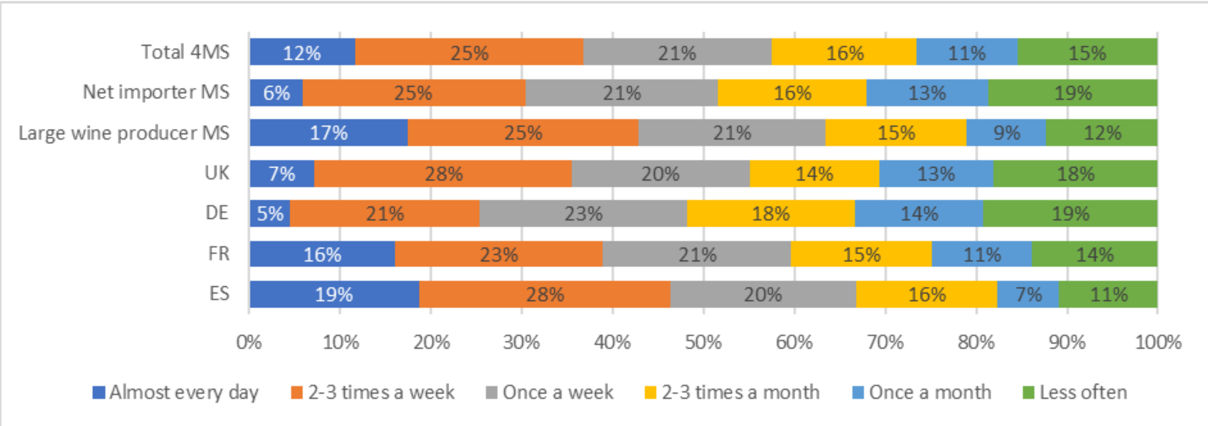
The sample included equal proportions of men and women. In Spain, a low proportion of people over 65 years old were questioned (10%), while in France, the UK and Germany between 22% and 28% of those surveyed were more than 65 years old. In all countries, one in five respondents were between 50 and 64 years old. However, more 25-49 year-olds were questioned in Spain (58%) than in the other countries (41% to 44%). Only 7% of the respondents were between 18 and 24 years old, whatever the Member State.

Most of the respondents surveyed were employed (58%) and half of them were from a higher socio-professional category. A quarter of respondents were retired. In Spain, more employed people were surveyed (64%) and fewer retired people (12%) than in the other countries. Two thirds of respondents lived in an agglomeration of more than 20 000 inhabitants.

6.5.2. Consumption habits

On average, 58% of respondents said they drink wine almost once a week. Respondents from net importer Member States drink less than half the amount of wine daily than those from large producer Member States. In addition, more respondents in net importer Member States consumed wine occasionally (once a month or less) than in large producer Member States (32% against 21%).

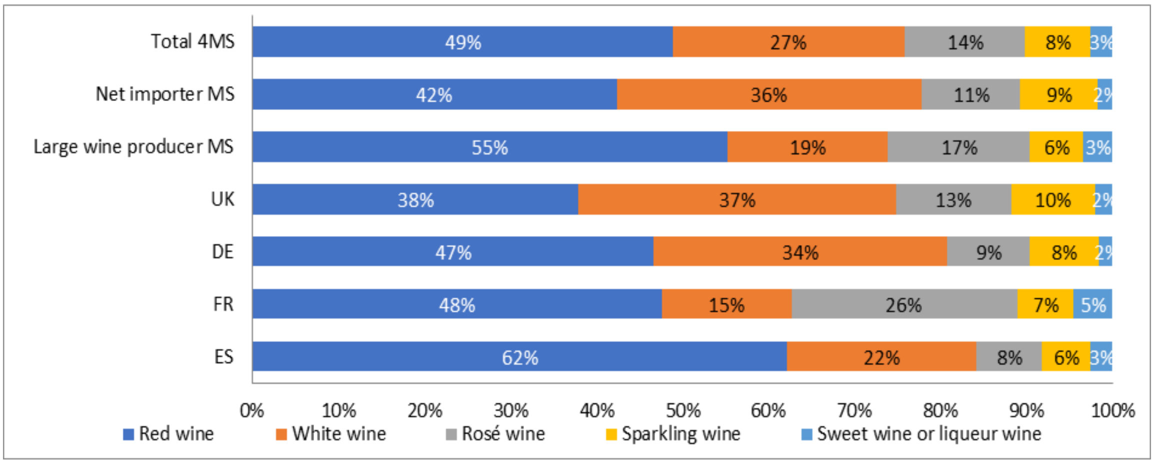
Figure 16: During the last 12 months, how often did you drink wine? (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

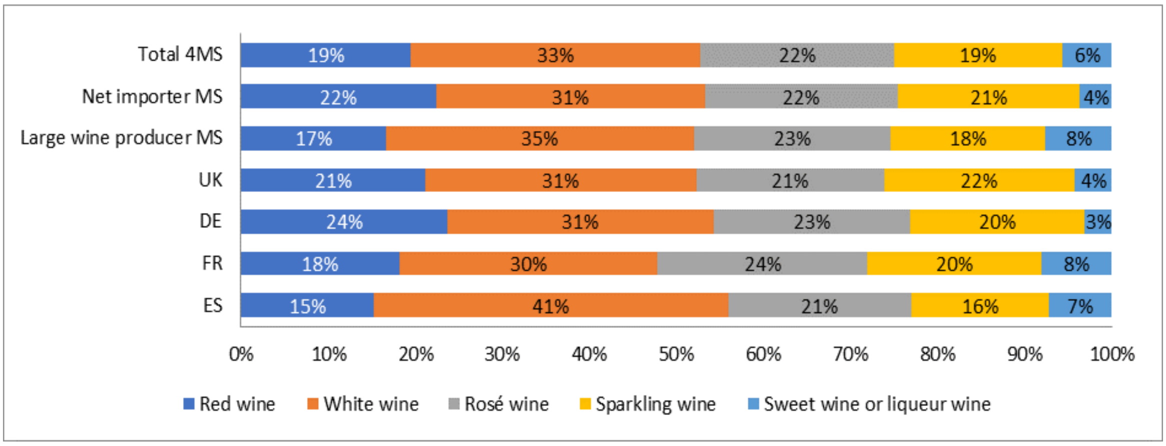
The consumers were questioned on their preferences (first and second choice) regarding the type of wine: red wine, white wine, rosé wine, sparkling wine, sweet wine or liqueur wine. Red wine is the most popular type of wine consumed by the respondents, especially in Spain (46%). White wine is the second most popular wine, except in France, where it is rosé wine.

Figure 17: What types of wine do you consume most often? (first choice) (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

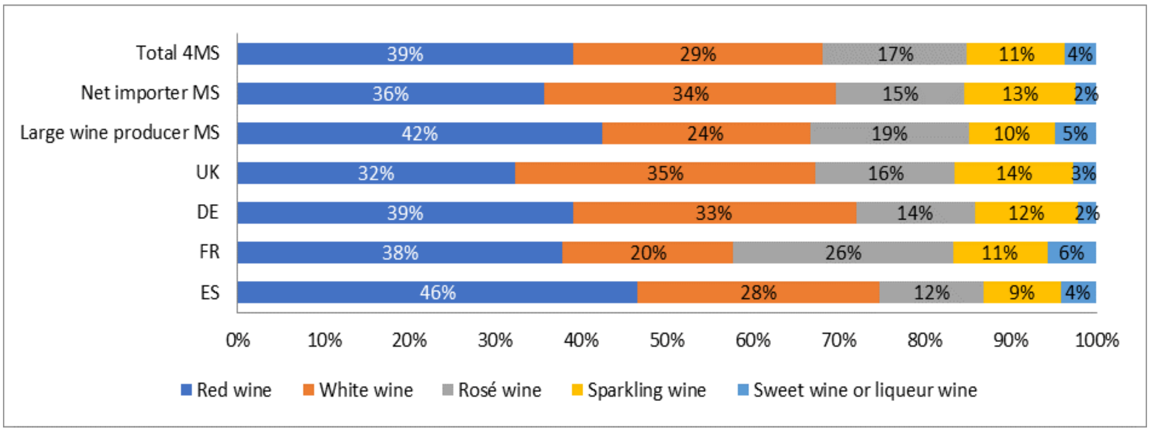
Figure 18 : Q2 - What types of wine do you consume most often? (second choice) (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

The results were also analysed by awarding two points to the first choice and one point to the second choice. The results are shown in Figure 20.

Figure 19: What types of wine do you consume most often? First and second choices (%)

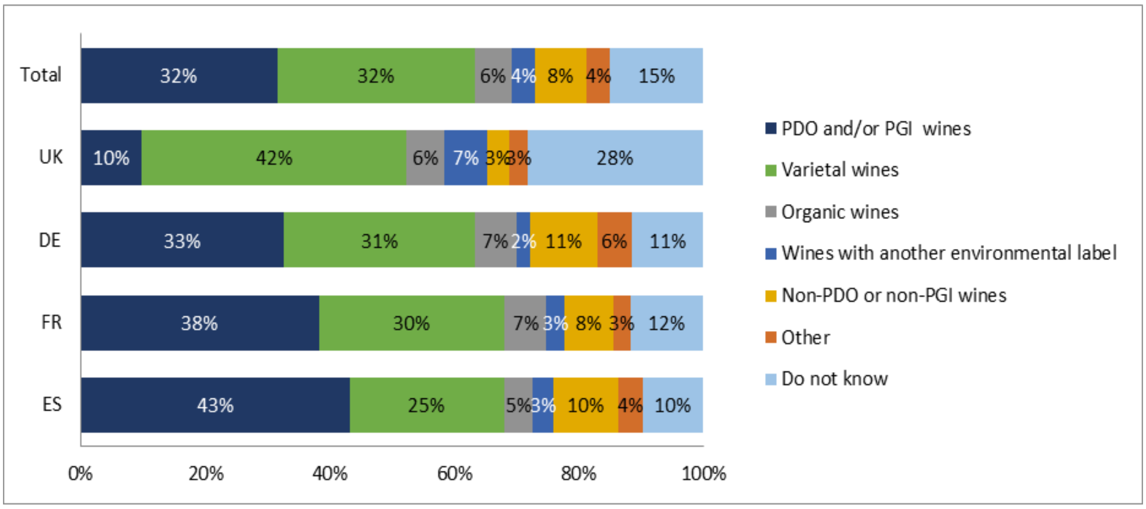


Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

6.5.3. Labels

Consumers were asked about their preferences regarding wine labels – PDO/PGI, organic, environmental label, varietal wines, etc. – and were asked to state their first and second preferences. French and Spanish respondents most often consume PDO/PGI wines (53% and 62%, respectively), followed by varietal wines (30% and 19%). In the UK, 75% of respondents most often drink varietal wines. The results were analysed by awarding two points to the first choice and one point to the second choice.

Figure 20: Most often, do you consume...? First and second choice (%)



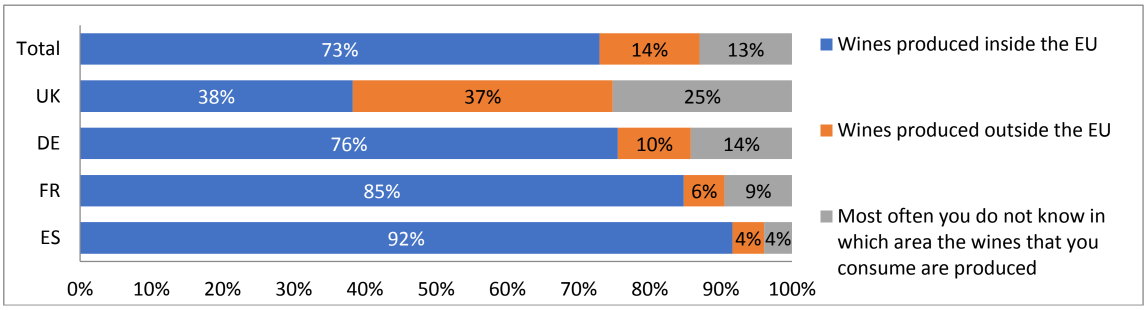
Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

The results show a huge difference between UK consumers and the other consumers who were surveyed. UK consumers primarily look at the variety of wine when it comes to labelling, while PDO and PGI labels are only a secondary factor for them. On average, 42% of UK consumers do not know what is on the labels of the wines they consume. They also show a higher interest than consumers in the other Member States in wines with organic or other environmental labels (44% of UK consumers consume these wines most frequently, compared to around 19% in the other Member States that were surveyed).

6.5.4. *Origins*

Consumers were asked about their preferences regarding the origin of the wine they purchase: EU wines or non-EU wines. There is a great difference between UK consumers and consumers from the other Member States: most consumers from France, Spain and Germany consume EU wines (between 76% and 92%), compared to only 38% of UK consumers. In addition, 25% of UK consumers do not know where the wine they consume comes from.

Figure 21: Most often, do you consume wine produced inside or outside the EU? (%)



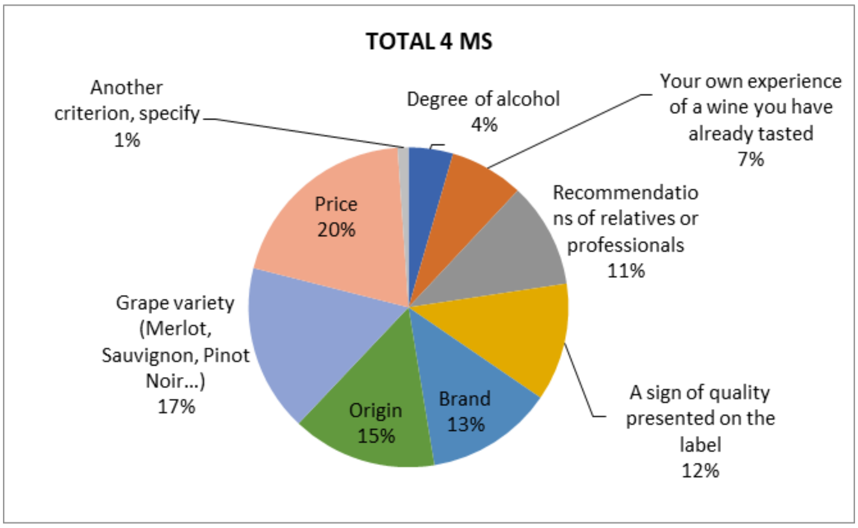
Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

6.5.5. *Purchase criteria*

Consumers were asked about their two main criteria when choosing which wine to purchase: brand, origin, degree of alcohol, etc. The results were analysed by awarding two points to their most important criterion and one point to their second most important criterion. Even if the price of the product is the main common purchase criterion (for 20% of respondents), the main criterion differs between Member States.

In the UK, the main criterion for consumers is the price, while in Germany it is the brand, in France the sign of quality on the label and in Spain the origin of the product. The wine grape variety is more important for respondents in the UK (22%) than France (17%), Germany (16%) and Spain (13%).

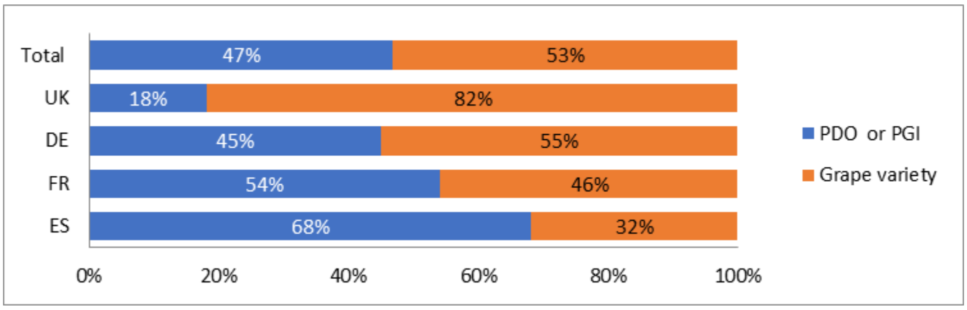
Figure 22: Which of the following are the two criteria that most influence your choice when purchasing wine? (First and second choice, Total 4 MS) (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Consumers were asked whether they refer more to grape variety or PDO/PGI labels when purchasing quality wine. In large producer Member States (France and Spain), most wine consumers consider that PDO/PGI wine is a criterion when purchasing quality wine – compared to the grape variety – whereas 82% of UK consumers consider that the grape variety is a better criterion. In Germany, there is not a clear preference for either criterion when purchasing quality wine.

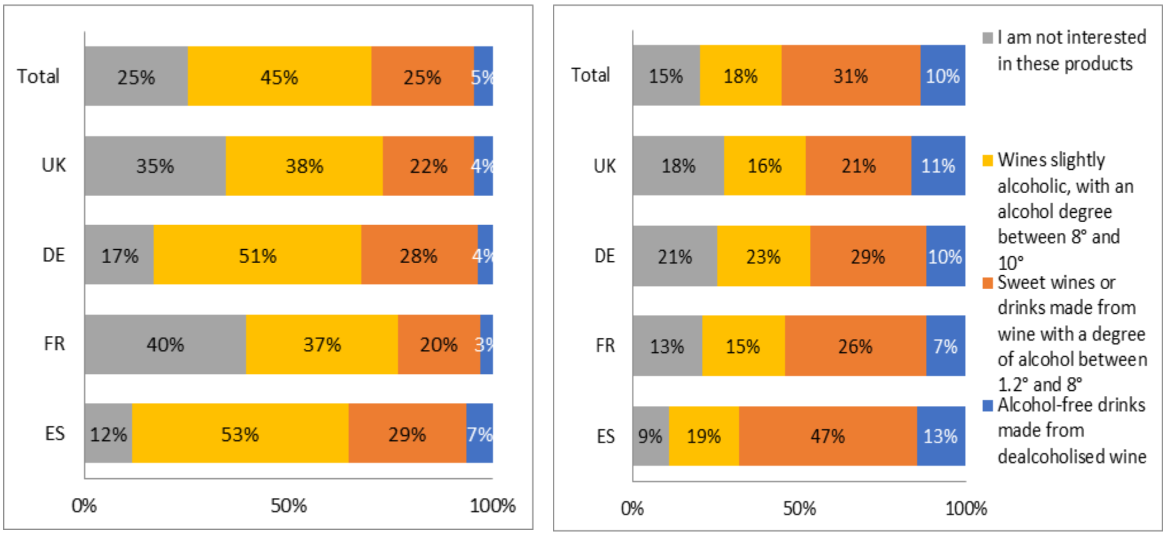
Figure 23 : If you had to choose a quality wine, which of these two criteria would you prefer? (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Consumers were asked about their interest in alcohol-reduced wine products. They could select two products for which they would like the offer to grow. The share of people who think the offer should grow for wines that are slightly alcoholic (with an alcohol degree between 8° and 10°) or for sweet wines or drinks (made from wine with a degree of alcohol between 1.2° and 8°) is about 46%.

Figure 24: Regarding the alcohol content, would you like the offer to grow among the following categories? (left: first choice, right: second choice) (%)

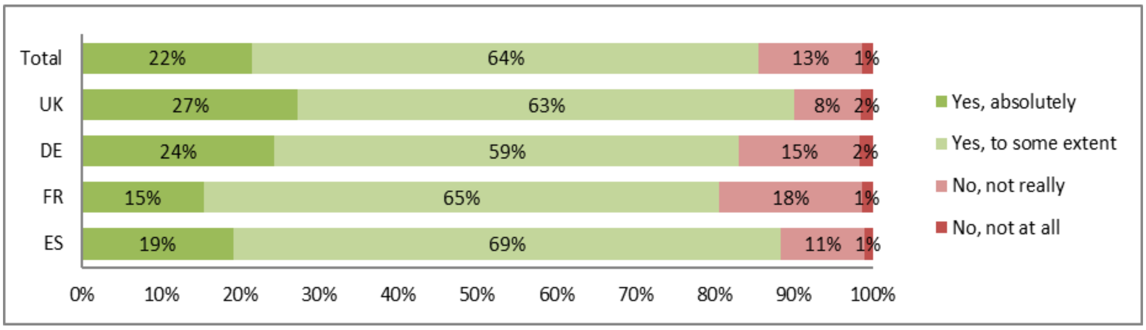


Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

6.5.6. Satisfaction with the rules on labelling and oenological practices

Consumers were asked for their opinion on the information provided by wine labels. They generally considered that labels provide clear and sufficient information (86% of respondents).

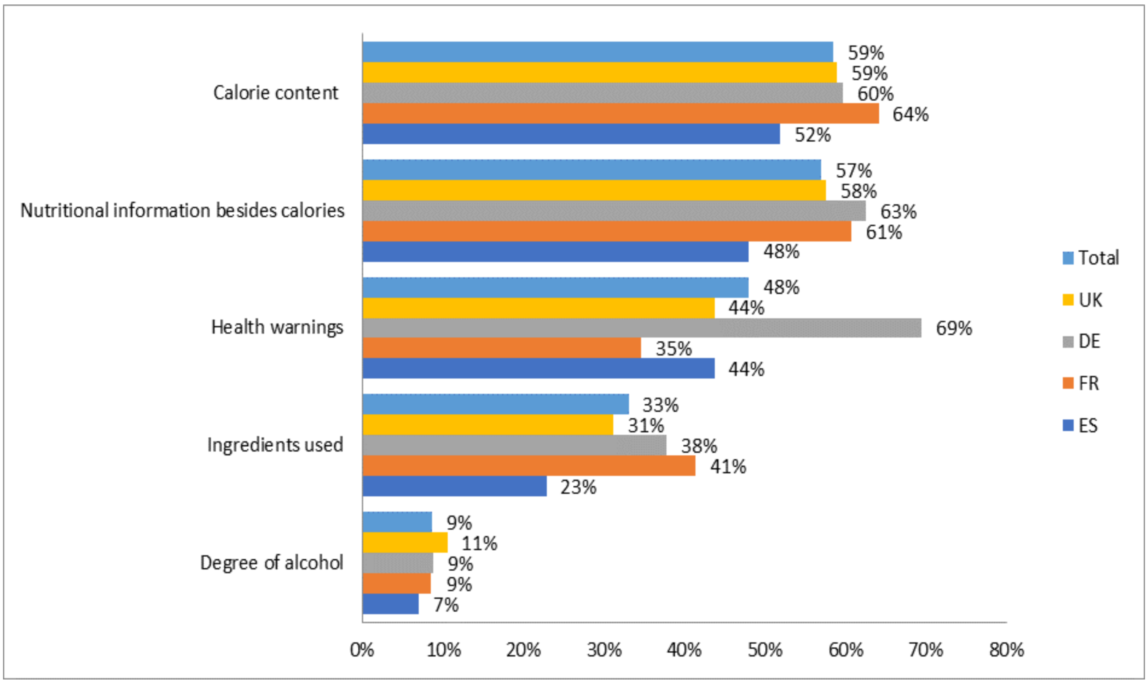
Figure 25: Do you think that, in general, the information on the wine label provides clear and sufficient information about the product? (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

A second question aimed to assess consumers' level of satisfaction with information on ingredients, nutritional information, information on calorie content, information on the degree of alcohol, and health warnings.

Figure 26: Dissatisfaction with the information regarding the proposed items (number of respondents)



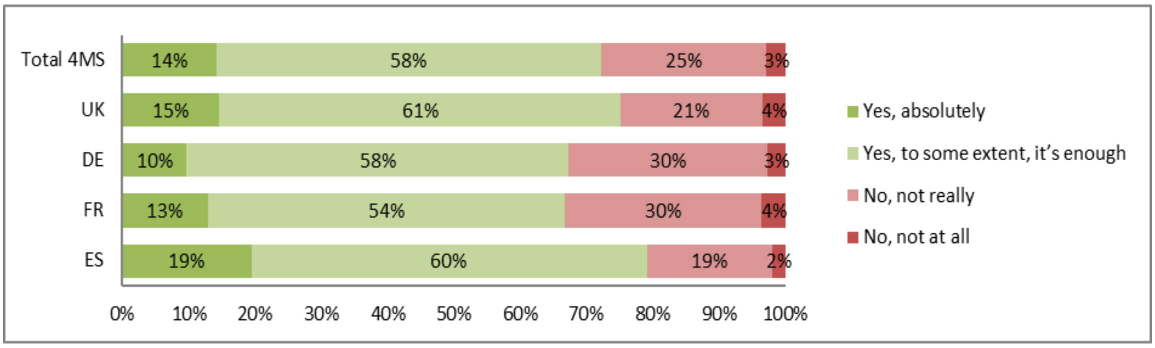
Source: Consumer survey, Agrosynergie, based on data collected by Ifop.
('Do you think that, in general, the information contained on the labels is satisfactory or not as regards…?')

The answers are quite homogenous for all four Member States, even though German consumers are generally the least satisfied with the information provided on labels and Spanish consumers appear to be the most satisfied.

Consumers are generally very satisfied with the labelling of alcohol content and, to a lesser extent, of ingredients. They are least satisfied with the information on calorie content and nutritional information. The only significant difference between Member States concerns health warnings, where German consumers tend to be dissatisfied while French consumers are generally satisfied.

Consumers were asked about the information on the quality of wines contained on the labels. Overall, three quarters of consumers consider that the information provided on labels is sufficient to assess wine quality, especially consumers in the UK and Spain.

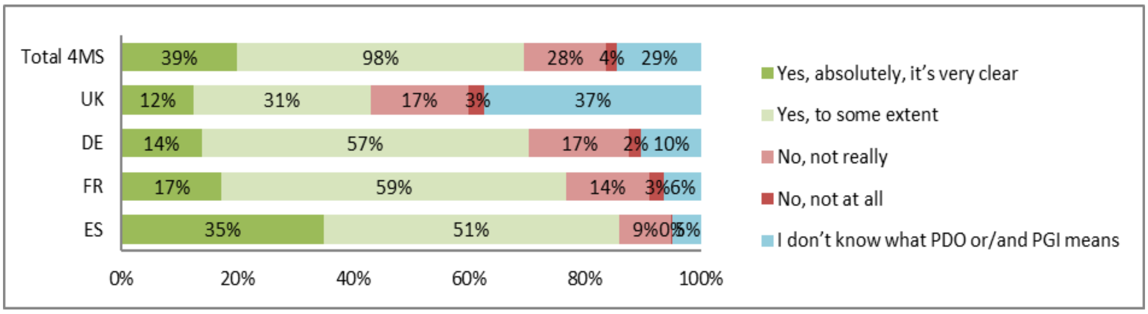
Figure 27: Do you think that, in general, the information contained on labels makes it possible to evaluate, or not, the quality of the wine? (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

The following question focused on the identification of PDO/PGI wines. 37% of UK respondents indicated that they did not know what PDO/PGI means. In the other Member States, three quarters of consumers consider that labelling enables them to easily identify wines which hold a PDO or PGI.

Figure 28: Would you say that wine labelling makes it easy to identify PDO or PGI wines? (%)



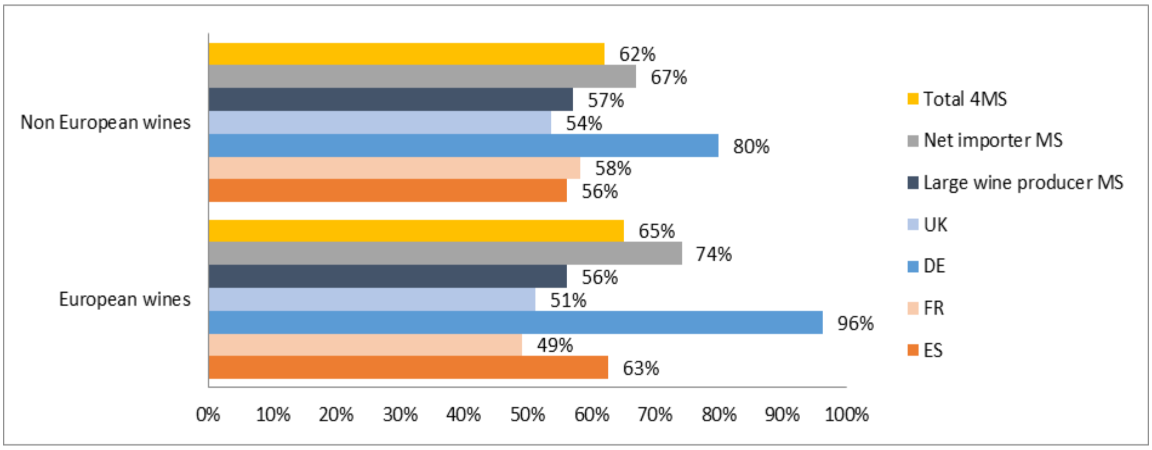
Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

6.5.7. Opinion on wine safety

Firstly, consumers were asked their opinion on the safety of EU and non-EU wines and the criteria that have the greatest impact on safety. Two thirds of respondents think that the risk in terms of sanitary quality of EU wines is rather high or very high, which is quite similar for wines from non-EU countries. However, consumers from large producer Member States do not have such an opinion: 44% of them think that EU wines present very low or low sanitary risk.

In Germany, 96% of respondents think that the health risk is rather high/very high for EU wines and 80% think that the health risk is rather high/very high for non-EU wines.

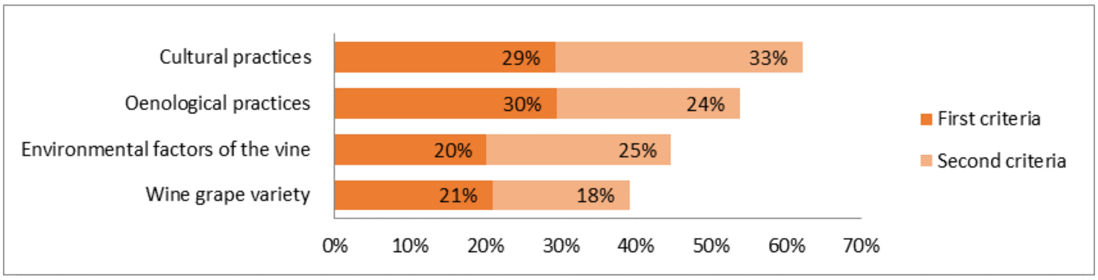
Figure 29: Consumers considering that the health risk regarding the sanitary quality (i.e. in terms of hygiene and product safety) of EU wines and wines produced in non-EU countries is rather high or very high (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Secondly, consumers were asked which criteria they thought had the most significant and second most significant impact on the sanitary quality of wines. Overall, 62% of respondents said that cultural practices had the most significant or second most significant impact on wine safety, followed by 54% who said the same about oenological practices. 30% of respondents considered that oenological practices had the most significant impact on wine safety (whether they live in a net importer or a large producer Member State), followed by 29% who thought that cultural practices had the most significant impact.

Figure 30: Which of the following criteria do you think have the greatest impact on the sanitary quality of wine? First and second criteria (%)

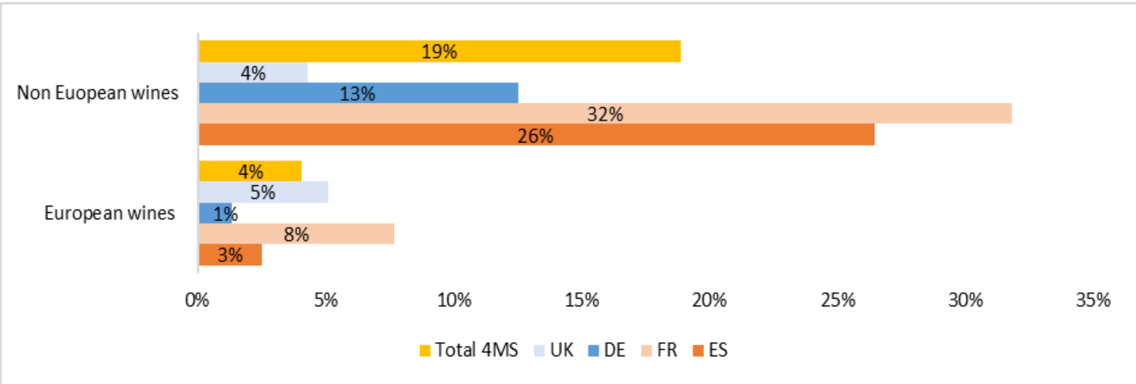


Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

6.5.8. Opinion on wine quality

Consumers were asked for their opinion on the taste quality of wines (EU wines and non-EU wines) and the factors that had the greatest impact on taste. Most were satisfied with the quality of EU wines (96% were quite satisfied or highly satisfied). In addition, they were more satisfied with the quality of EU wines than that of wines from non-EU countries (with which 81% of respondents were still quite satisfied or highly satisfied).

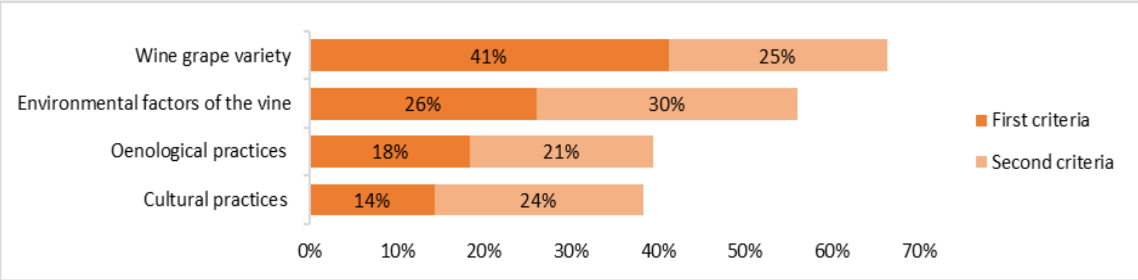
Figure 31: Dissatisfaction with wine quality (% of respondents)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Secondly, consumers were asked which criteria they thought had the most significant and second most significant impact on the taste quality of wines. 41% of respondents thought that wine grape variety had the most significant impact on wine quality, followed by 26% who thought that environmental factors had the most significant impact.

Figure 32: Which of the following criteria do you think have the greatest impact on the taste quality of wine? First and second criteria (%)

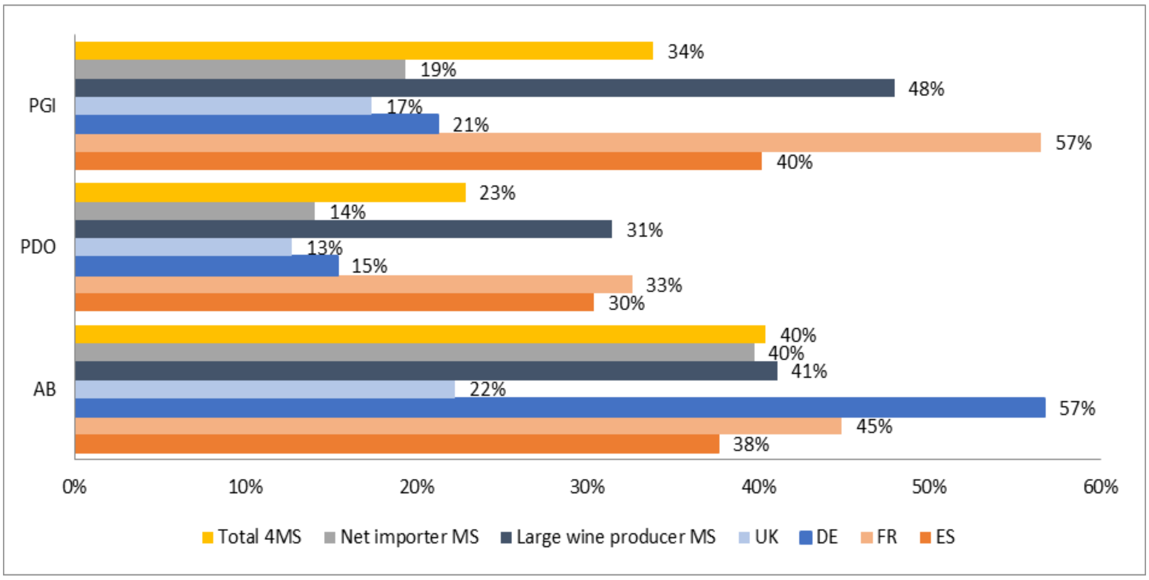


Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

6.5.9. The impact of information measures on the PDO/PGI system

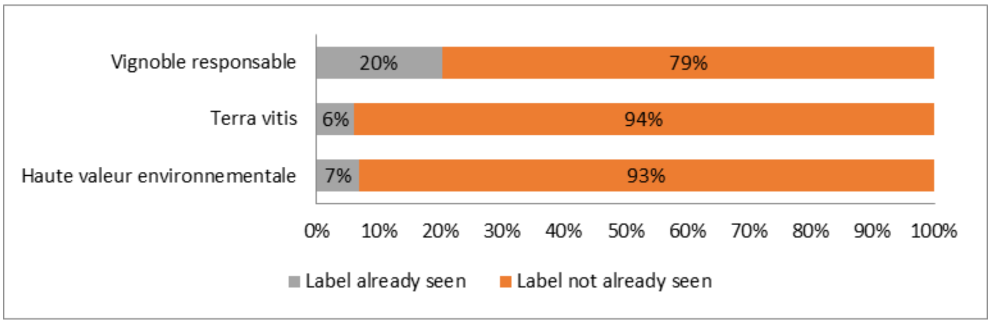
Consumers were asked whether or not they have already seen certain wine labels: AB, PDO, PGI (all respondents), and additional labels for French respondents ('Vignoble responsable', 'Terra vitis', 'Haute Valeur environnementale'). In addition, the consumers were asked whether they were aware of the differences between PDO and PGI labels.

Figure 33: Share of consumers having already seen the labels AB, PDO or PGI



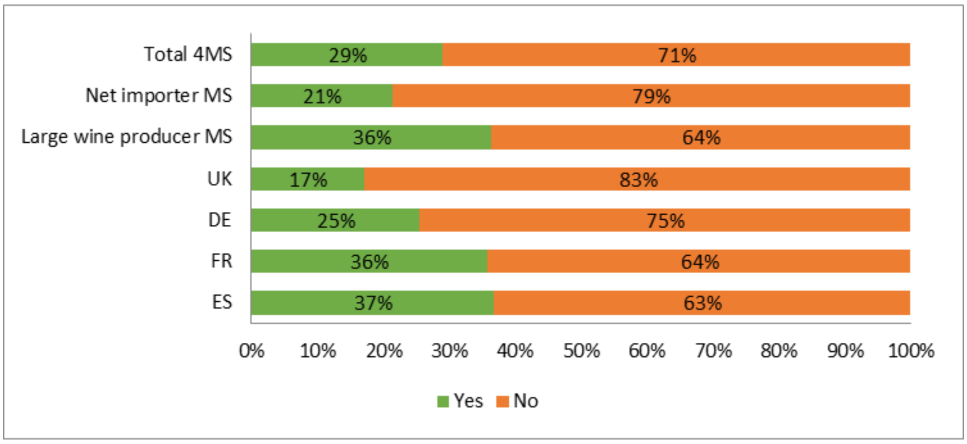
Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Figure 34: Share of French consumers having already seen the labels 'Vignoble responsable', 'Terra vitis', 'Haute Valeur environnementale'



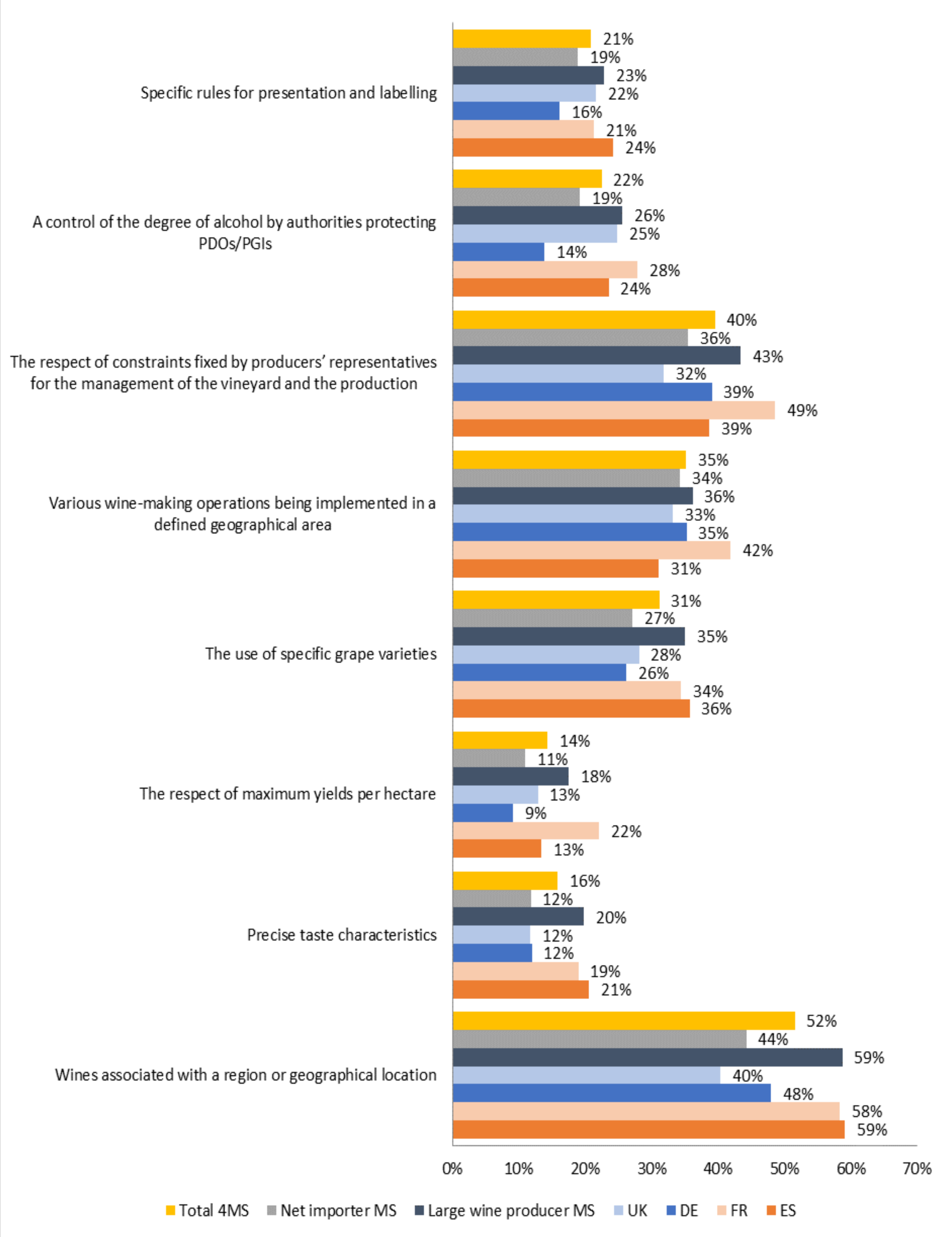
Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Figure 35 : Do you personally know what differentiates protected designation of origin (PDO) and protected geographical indication (PGI) wines from other wines? (%)



Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

Figure 36: Share of consumers considering that the following criteria are part of the characteristics of wines with a PDO/PGI designation (%)

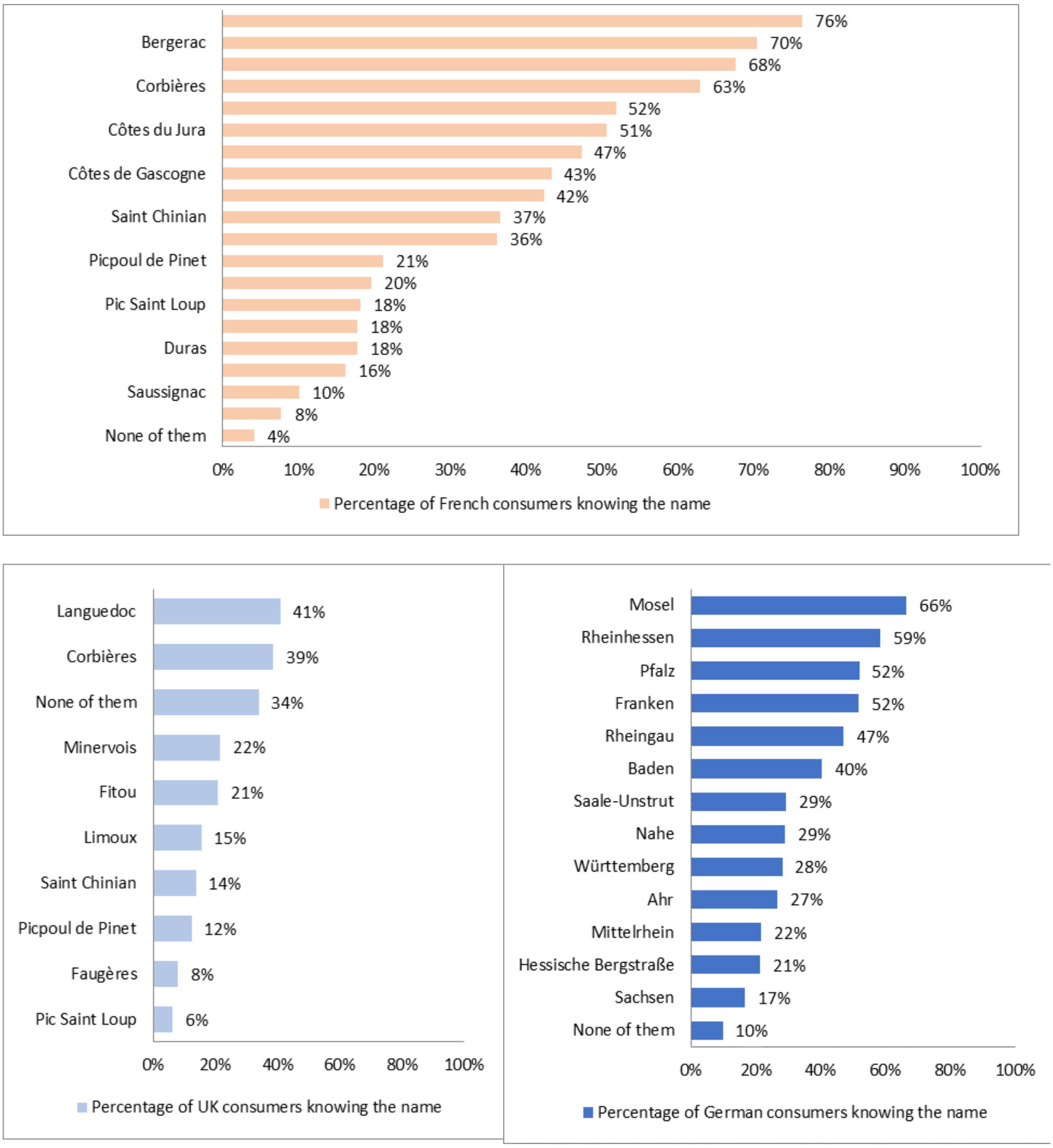


Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

6.5.10. Information campaign

Consumers from Germany, the UK and France were questioned to assess their knowledge about information campaigns supported by the information measure under the national support programmes (Spain does not implement this measure). All respondents were asked about specific PDO/PGI wines that were promoted during information campaigns.

Figure 37: Which of the following names do you know, if only by name? (%)

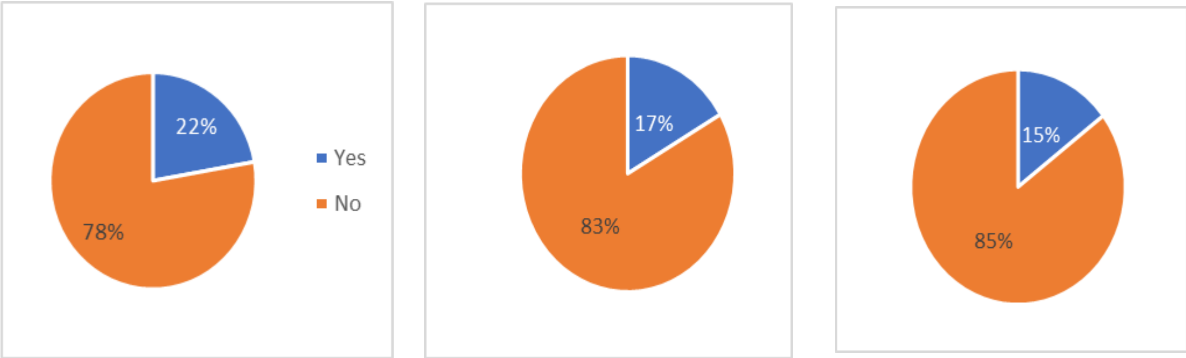


Source: Consumer survey, Agrosynergie, based on data collected by Ifop.

French and German respondents were also asked about their knowledge of specific information campaigns that concerned quality-tested wine areas (in Germany), and Languedoc PDO/PGI wines and PDO/PGI wines from Bergerac and Duras (in France).

Figure 38: Have you heard about the information campaign concerning[40]? (%)

Quality-tested wine areas (Germany) | *Languedoc PDO/PGI wines (France)* | *PDO/PGI wines from Bergerac and Duras (France)*



[40] Pictures of the information campaign were provided to respondents.

ANNEX 3: THEORETICAL ANALYSIS AND INTERVENTION LOGIC OF THE MEASURES

The following analysis aims to formulate hypotheses about the effects of the CAP measures applicable to the wine sector, as predicted by economic theory. The general theoretical effects of the CAP measures and reforms have already been described in several evaluation studies and other works[41]. Thus, the analysis below is focused on recalling features specific to the wine sector and summarising the main expected effects of the CAP measures. Figure presents an overview of the overall EU legal framework in the wine sector at the time that the external evaluation support study was carried out.

Figure 39: Overall EU legal framework in the wine sector

Source: Evaluation support study by Agrosynergie.

[41] See for instance, Évaluation des mesures appliquées au secteur vinicole dans le cadre de la Politique Agricole Commune, COGEA, 2012 for a detailed background on the theoretical foundations of CAP changes over time or Évaluation des mesures appliquées au secteur oléicole dans le cadre de la Politique Agricole Commune, Agrosynergie, 2009, for a detailed theoretical analysis of the effects of decoupling in the case of a perennial crop.

Economic characteristics of the wine sector

Vine is a **perennial crop**, with a long lead time (3 years). The planting of vine, like its grubbing up, represents significant costs, which constitute barriers to entry to, and barriers to exit from, the sector. This implies that farms face rigidity of adaptation. In general, it is not possible to assert that producers' choices between different crops are totally substitutable. The production choices are based on medium- and long-term projections of expected profitability.

Furthermore, if 'most agricultural crops are commodities with a standard quality whose price is unique and defined by the market' (Delord et al., 2015), in the case of wine, price is not an essential factor in the choice to consume wine, and quality and reputation are other important parameters (COGEA, 2012). There is a high cultural dimension in its consumption and consequently wine products are highly differentiated and heterogeneous, with different corresponding levels of price. Thus, globally, there is not a single wine market, with each segment of wine products having its own market (Montaigne and Coelho, 2006).

Another specific characteristic of wine production in the EU is the high degree of integration of the production process: historically, wine has been produced on-farm. Even though the number of village cooperatives has developed in EU regions where vines have been planted since the beginning of the 20th century, in the regions benefiting from a designation of origin system, vine farms benefit from higher prices and are the standard model.

In non-EU producing countries, the wine production structure is radically different and this diversity in the structure of the wine industry has become more pronounced in recent decades (Rastoin et al., 2006). The emergence of new producing countries was accompanied by the restructuring of supply characterised by a fringe oligopoly, i.e. 'a small number of very large leaders (oligopoly dominant) and a multitude of very small businesses (fringes):

- At world level, a dominant group of powerful multinational firms was set up, based on a large-scale strategy, a strong marketisation of products and the capture of distribution networks. This strategy finds its resources in a growing financialisation of the governance of such multinational firms (Rastoin et al., 2006).
- On the other hand, the EU wine industry remains characterised by its atomistic structure (although small wineries also recently emerged in other parts of the world) (Pomarici, 2016).

The integration of wine production on-farm is an additional explanation for the wine sector's rigidity of adaptation, since wine production infrastructure is added to vines as a factor of production that is fixed in the short term.

Expected effects of the CAP measures applicable to the wine sector

The overall rationale behind the CAP reform, which started in 2003, was to lower the EC's intervention level in the market and to let agricultural producers adapt their choices to market signals, in order to maximise economic welfare, i.e. benefits for both producers and consumers. In terms of instruments, this was implemented through area payments decoupled from production, the single payment scheme covering the majority of agricultural sectors, replaced by the basic payment scheme as from 2015. The vineyards were initially not covered by the single payment scheme, because of the specific characteristics of the wine sector.

Despite the fact that this was not fully adapted to the wine sector, the possibility of introducing direct decoupled income support to vine growers was made available to Member States after the wine Common Market Organisation reform of 2008, which has only been chosen by Spain, Luxembourg, Malta and the UK.

Other instruments were developed to support adaptation to market changes, in line with the spirit of the 2003 CAP reform, some of which had been introduced before the reform of the wine Common Market Organisation of 2008:

(1) in the short term, various tools are provided for to cover risk management at farm level: green harvesting and mutual funds as concerns price risks, harvest insurance as concerns production risks. These have been introduced to support income stabilisation.[42] They may also have indirect effects on competitiveness by favouring private investment in the agricultural sector, because it should be perceived by farmers and other private investors as a more stable sector;

(2) in the longer term, subsidies to improve production factors have been set up to allow adaptation to market changes and boost competitiveness, at the various levels of the supply chain: vineyard restructuring or reconversion at the grower level, investment support at winery level, promotion support at exporter level, etc.

To be competitive, farmers and firms have a range of opportunities. The two main strategies are (i) to lower their costs including factor costs (land, labour or capital) and (ii) improve technology, technical performance and productivity of factors (Dwyer et al., 2012). Thus, several investment strategies can be perceived:

- to modernise farms and investment in new equipment, to reduce production costs and enhance factor productivity;
- to increase the added value of agricultural products, by developing niche markets, short supply chains, quality schemes, product differentiation, etc.;
- to develop new economic activities (especially non-agricultural ones);
- to improve human capital, including supporting start-ups by young farmers.

These possible instruments were included in the national support programmes, leaving Member States to choose how to implement them depending on the local context.

In addition, historical schemes related to plantings and quality recognition were maintained but adapted to the renewed international context.

Scheme of authorisations for vine plantings

The prohibition of new vine plantings was initiated in 1976 at EU level, and even before then in several Member States, to cope with the continuously decreasing EU demand for

[42] Crisis distillation and other possibilities to withdraw quantities from the market were also financed up to 2012.

wine. Nowadays, given the changes in demand and the development of vineyards outside the EU, the relevance of the scheme is debated and it has progressively been adapted.

On the one hand, the scheme can be assimilated to a regime of quotas, although applied to a production factor and not to a production volume. Indeed, farmers are supposed to produce up to the quantity for which marginal cost equals the marginal revenue (Agrosynergie, 2011). The prohibition of new vine plantings helps to prevent wine growers producing up to this optimal quantity, and by doing so it generates a unitary rent equal to the difference between the price and the marginal cost. Therefore, in terms of *income*, it is supposed to guarantee a margin to efficient growers. Concerning *competitiveness*, it also restricts the development of the farms with lower cost structure. The scheme therefore reduces the overall competitiveness of the sector and contributes to the maintenance of all types of farms.

Given that planting rights were often set per region (or protected area), this reasoning explains why production could be maintained in regions with low-efficiency sectors, while it was not possible to develop production in regions facing increasing demand. The liberalisation of the system would thus lead to the disappearance of unviable production, increase the competitiveness of the sector and lower prices for consumers.

On the other hand, theoretical arguments support the maintenance of a system of control over plantations. Firstly, an underlying objective supporting the abolition of this indirect quota system is the possibility for farms to achieve economies of scale. However, Delord et al. (2015) show, on the basis of FADN data for France, that it is not possible to identify decreases in production costs for farms with bigger sizes and that 'differences in profitability are based on differences in the selling price of wine. These differences are related to the location and the designation of origin (PDO wines)'.

Furthermore, in terms of efficiency and equity, a production quota system could seem preferable to any other instrument supporting growers' income since it has no budgetary cost. Income support is thus borne by the consumer. Given that consumers take account of quality and reputation as well as price when choosing which wine to consume, they may be willing to pay a price that includes such income support for growers.

At a more macro-economic level, the removal of control over plantations might not allow proper adaptation to demand (Montaigne and Coelho, 2006). Planting rights have a patrimonial value that has prevented growers from grubbing up vines. Once removed, the loss of patrimonial value might lead to a significant decrease in production potential, while the high cost of planting vines and the long time needed for growing and wine production would prevent a rapid increase in wine production in the event of an increase in demand.

The removal of vine planting restrictions could also result in the disappearance of the wine sector in regions that were traditionally occupied by vines because the low agronomic potential of the land meant that no other agricultural activity was possible. Besides the risk of losing production in highly specific *terroirs* that contribute to the quality consumers are looking for, there is a high risk of land abandonment in regions where the maintenance of vines also has positive environmental effects (wildfire prevention, etc.).

Quality policy, marketing standards and trade

As explained in COGEA (2012), the economic hypotheses on which the CAP reforms implemented since 1992 rely (the search for efficiency in market equilibrium) face three main market failures: market power (i.e. the concentration of processing/distribution sectors leading to imbalances in the distribution of added value along the supply chain); market forces (market prices do not take into account positive or negative forces such as environmental degradation); and 'information asymmetry'.

Asymmetric information results from the lack of transparency on market transactions that generate uncertainty about products' quality. When uncertainty about the quality of products is too significant, buyers might cancel their transaction or accept them only at a much lower price. Information asymmetry can exist at various levels of the supply chain (commercial relations between firms or purchase by the final consumer). Among instruments that can help to combat asymmetric information, three are particularly important in the EU wine sector:

- the definition of marketing standards that ensure a minimum quality for the product;
- the protection of designations of origin (PDO) and geographical indications (PGI) that guarantee certain characteristics of the product and a specific production process;
- the definition of labelling rules that guarantee a certain level of information to the consumer.

On the international market, the OIV and the EU have long set marketing standards and the protection of Geographical Indications (GIs) (Hannin et al., January 2006). However, with the arrival of new producers on the world wine market and the debate around trade-related aspects of intellectual property rights (TRIPS) at the World Trade Organization (WTO), these standards and protections have been questioned. Indeed, like trademarks, GIs are intellectual property tools and allow wine producers to benefit from a competitive advantage linked to product differentiation (Porter, 1990)[43]. As described above, new producing countries are characterised by bigger multinational firms that promote private wine brands. This vision of intellectual property is also the one promoted by the World Trade Organization and is theoretically justified by higher efficiency. According to this logic, marketing standards and GI protection are, to a certain extent, considered to act as non-tariff barriers.

Regarding marketing standards, the 2008 wine Common Market Organisation reform generally aligned EU rules with those of the OIV. However, some specific situations remain concerning definitions, oenological practices and authorised varieties.

For GIs, several economic arguments justify their protection: GIs result from the collective construction of terroir products combining specific agro-climatic potential, a socio-technical process and a consumption model. They provide public goods related to the availability of food produced locally (i.e. self-sufficiency), local development and employment in rural areas and the management of natural resources (mainly biodiversity

[43] Marketing standards were introduced as early as 1954 and the resolution on GIs in 1992. See Hannin H. et al, *L'Office international de la vigne et du vin et l'Organisation mondiale du commerce: Les enjeux de la normalisation dans le secteur viti-vinicole à l'aube du 21ème siècle*, Cahiers d'économie et sociologie rurales, n°55-56, 2001.

and landscapes). Furthermore, the recent development of the number of GIs (not only in the wine sector) responds to consumer demand (Belletti et al., 2015) (Allaire, 2011). However, in the event of saturation of supply due to the development of too many GIs for one specific sector, Akerlof showed that their reputational assets would suffer and the effects of asymmetric information would show (through a price decrease and/or ineffective functioning of markets) (COGEA, 2012).

Intervention logic

This part analyses the intervention logic of the Common Market Organisation Regulation measures related to the wine sector. For clarity, the intervention logic is presented in two parts. Figure 40 explores the links between long-term CAP objectives, objectives specific to the wine sector and expected outcomes, as defined in the Recitals. Figure 41 describes the impact of the two sets of measures (measures in the national support programmes and regulatory measures) on expected results.

This intervention logic was prepared based on in-depth analysis of the regulatory framework, presented in Chapter 2.2, and the theory-based analysis of the measures, presented in Chapter 3.2.

The general objectives of the 2003 CAP reform focused on: (1) viable food production; (2) balanced territorial development; and (3) sustainable management of natural resources and climate action. These are set out in specific objectives dedicated to the wine sector in the Common Market Organisation Regulation. The various measures in the national support programmes and the regulatory measures are designed to achieve these objectives in line with the expected results that are formulated in the Regulation's recitals:

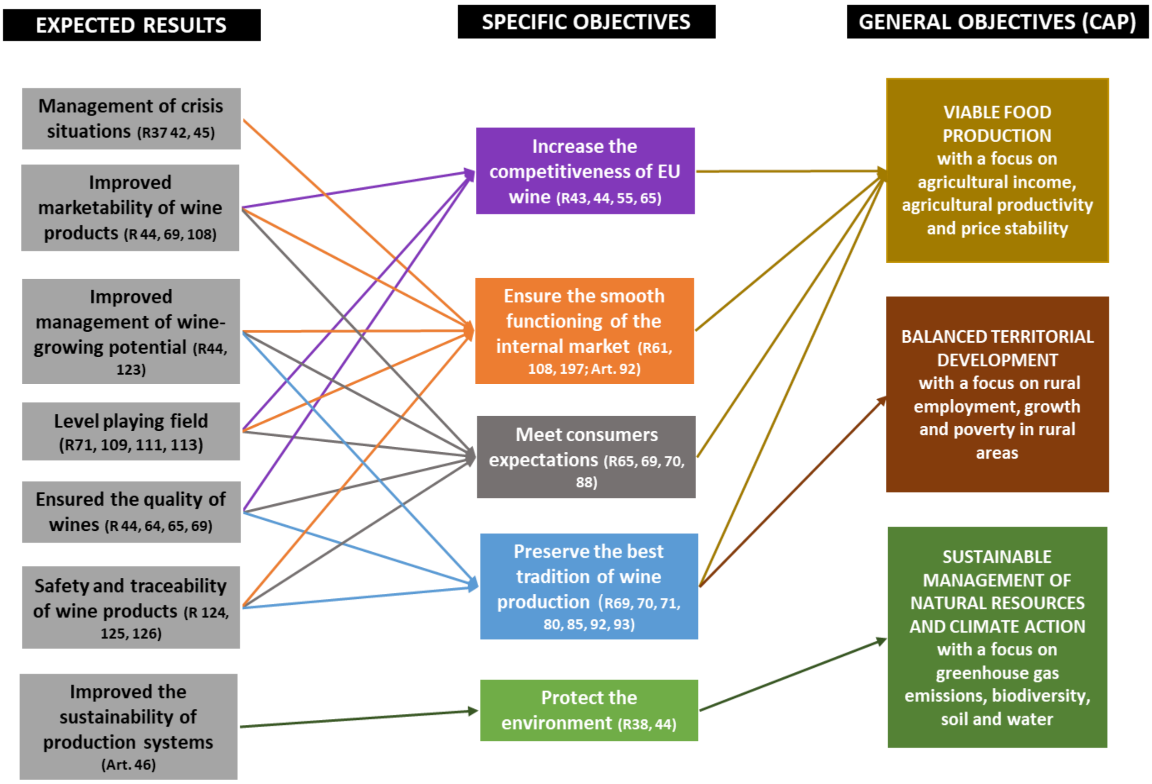
(1) To ensure viable food production, the Common Market Organisation Regulation aims to increase competitiveness of EU wines, to ensure the smooth functioning of the internal market, to meet consumers' expectations and to preserve the best traditions of wines. To do so, the measures should facilitate crisis management, improve the marketability of wine products, improve the management of wine growing potential, provide a level playing field, and ensure the quality, safety and traceability of wine products. All the measures contribute to one or more of these expected results.

(2) The objective of balanced territorial development in the wine sector should be reached by preserving the best traditions of wines. In terms of expected results, this should ensure the quality of wines, the traceability of wine products and the improved management of wine growing potential. These results should be achieved through measures in the national support programmes (promotion, restructuring and conversion of vineyards, innovation and distillation of by-products) and regulatory measures (authorisation scheme for vine plantings, Protected Designations of Origin and Protected geographical indications, marketing standards and oenological practices).

(3) Finally, several measures should contribute to sustainable management of natural resources and climate action: measures in the national support programmes (restructuring and conversion of vineyards, promotion, investment and innovation, by-product distillation), regulatory measures (protected

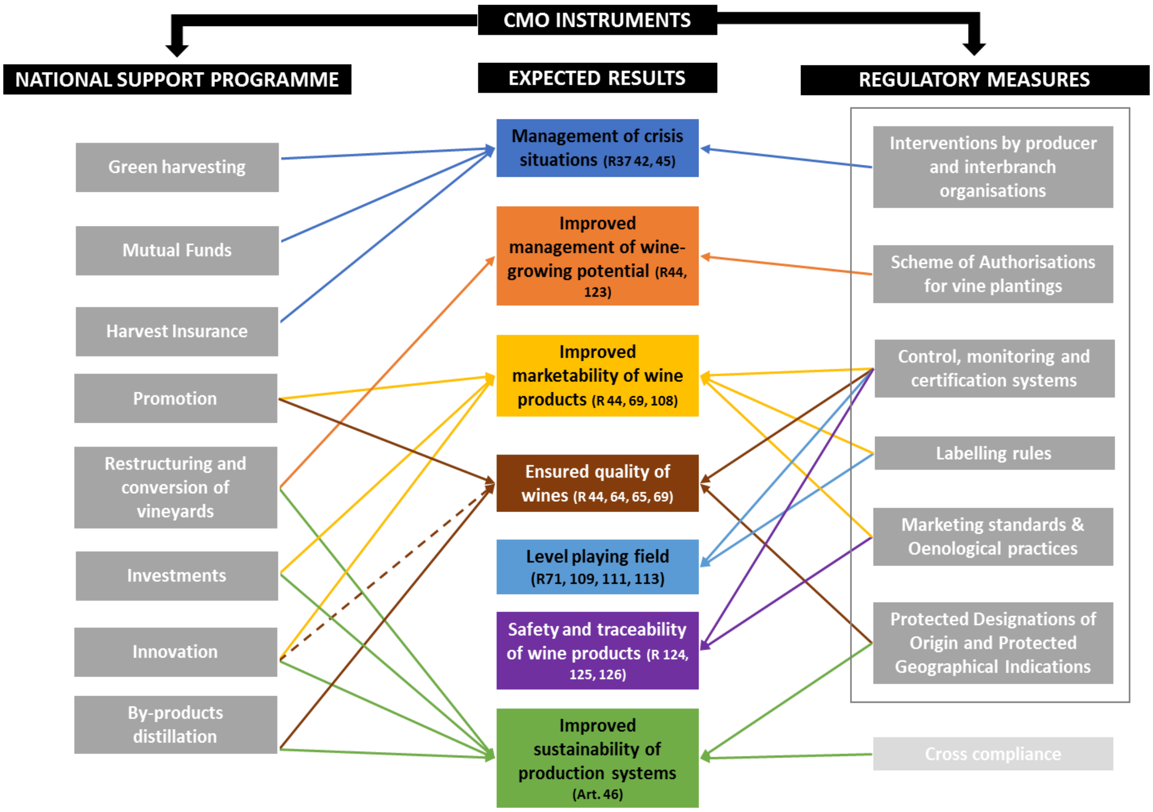
designation of origin and protected geographical indication) and cross-compliance with CAP rules that apply to all agricultural sectors.

Figure 40: Intervention logic of the wine measures in the single Common Market Organisation, presenting objectives and expected results



Source: Based on the Common Market Organisation Regulation. R refers to recitals of Regulation (EU) 1308/2013

Figure 41: Intervention logic of the wine measures in the single Common Market Organisation linked to their expected results



Source: Based on the Common Market Organisation Regulation. R refers to recitals of Regulation (EU) 1308/2013

ANNEX 4: DETAILS OF THE IMPLEMENTATION

This part describes the implementation of each measure in the national support programmes in the 15 Member States concerned[44]. It is based on the information reported by Member States in their annual implementation reports.

- **Support for promotion and information**[45] (of EU PDO or PGI wines, in non-EU countries to improve their competitiveness, and in the EU to inform consumers about the responsible consumption of wine and about the EU systems covering PDO and PGI)

The promotion and information measures have been included in all the national support programmes except in Czechia. Over 2014-2018, 6 660 beneficiaries were supported in carrying out more than 10 000 actions to promote their wines. More than 85% of beneficiaries come from Spain, France and Italy.

The following table presents the outputs of the measure, distinguishing between information in Member States and promotion in non-EU countries. Lithuania did not implement any measure over the evaluation period but planned to implement the promotion measure in 2019, with an estimated budget of EUR 45 000.

Table 9: Number of beneficiaries and operations in support of promotion and information in the Member States, from 2014 to 2018

MS	Number of beneficiaries		Number of operations		Total beneficiaries	Total operations
	Information	Promotion	Information	Promotion		
Bulgaria	0	11	0	80	11	80
Germany	17	79	28	294	96	322
Greece	0	200	0	715	200	715
Spain	0	2 934	0	3 648	2 934	3 648
France	10	1 449	10	1 696	1 459	1 706
Croatia	0	23	0	33	23	33
Italy	0	1 265	0	583	1 265	583
Cyprus	3	0	3	0	3	3
Hungary	0	24	0	241	24	241
Austria	26	128	120	630	154	750
Portugal	0	395	0	824	395	824
Romania	2	16	3	27	18	30
Slovenia	2	70	4	1 300	72	1 304
Slovakia	0	6	0	18	6	18
Total (14 MS)	**60**	**6 600**	**168**	**10 089**	**6 660**	**10 257**

Source: DG Agriculture and Rural Development, monitoring data for the national support programmes.

[44] The national support programme in Lithuania only started in 2019.

[45] Art. 45 of Regulation (EU) No 1308/2013.

- **Restructuring and conversion**[46] (varietal conversion, relocation of vineyards, replanting following mandatory grubbing up for health or phytosanitary reasons, improvements to vineyard management techniques)

This measure was implemented in all the Member States. It reached close to 150 000 beneficiaries and covered around 364 000 hectares, i.e. around 11% of the total EU area under vines. Bulgaria, Romania and Slovenia allocated more than 90% of their budget to this measure, which was also received significant attention in Czechia, Slovakia and Portugal. However, the highest expenditure was in Italy (EUR 730 million between 2014 and 2018, representing 30% of total expenditure), France (21%) and Spain (16%).

Between 2009 and 2017, EU expenditure on this measure ranged between EUR 326 million in 2009 and close to EUR 600 million in 2012 and 2013. Since 2015, the expenditure has stabilised at around EUR 500 million a year, half of the budget that is available through the national support programmes.

Table 10: Number of beneficiaries and operations in support of restructuring and conversion in the Member States, from 2014 to 2018

MS	Number of beneficiaries	Number of operations	Total area covered (ha)	Total EU expenditure (MEUR)	Replanting (EUR/ha)
Bulgaria	672	888	13 561	104	
Czechia	12 049	581	1 587	21	
Germany	8 019	26 228	8 429	52	
Greece	4 911	7 328	3 491	45	
Spain	40 435	86	105 229	409	
France	60 058	121 873	103 255	538	5 388
Croatia	21	22	302	3	
Italy	37 580	21 744	67 223	750	
Cyprus	2 015	14	1 227	12	
Hungary	6 059	11 455	14 044	122	
Austria	4 176	6 621	3 896	27	
Portugal	14 414	14 939	25 199	268	
Romania	1 499	1 891	14 227	100	
Slovenia	1 786	2 445	1 281	23	
Slovakia	168	272	1 294	14	0
Total (15 MS)	193 862	216 387	364 245	2 488	5 388

Source: DG Agriculture and Rural Development, monitoring data for the national support programmes.

- **Green harvesting**[47] (total destruction or removal of grape bunches while still immature to reduce the yield to zero)

In the 2014-2018 programming period, this measure was only implemented in Italy, to rebalance the wine demand/supply ratio. However, even in Italy the measure was

[46] Art. 46 of Regulation (EU) No 1308/2013.

[47] Art. 47 of Regulation (EU) No 1308/2013.

employed marginally: this seems to relate to lower production levels in recent years, as well as to a drop of interest in the measure. From 2014 to 2018, it represented a total of EUR 5 000 and concerned 1 380 hectares.

- **Mutual funds**[48] (support for setting them up to insure producers against market fluctuations)

This measure was not chosen in any Member State. Mutual funds are not successful in the CAP in general and this tool, which works as income insurance, is not well known. Besides, it needs cash flow from the funders and, unfortunately in agriculture (and in every economy activity recently), liquidity is missing. In addition, some Member States, such as France, chose to support mutual funds through rural development rather than their national support programmes.

- **Harvest insurance**[49] (support to safeguard producers' incomes against losses from natural disasters, adverse climatic events, diseases or pest infestations)

This measure has been implemented in six Member States (Germany, Italy, Czechia, Portugal, Romania and Slovakia), providing insurance support for more than 120 000 hectares. Other Member States implement harvest insurance as part of rural development (e.g. France) or through a national budget (e.g. Spain).

Table 11: Number of beneficiaries and financed insurance policies in the Member States, from 2014 to 2018

MS	Number of beneficiaries	Number of financed insurance policies	Total EU expenditure (KEUR)
DE	63	19	474
IT	67545	150270	132445
CY	5	5	1131
PT	83291	3662	17428
RO	564	564	1175
SK	175	270	1038
Total (6 MS)	**151 643**	**154 790**	**153 691**

Source: DG Agriculture and Rural Development, monitoring data for the national support programmes

- **Investments**[50] (support for tangible or intangible investments in processing facilities and winery infrastructure, marketing structures and tools)

This measure has been implemented in 11 Member States for close to 27 000 beneficiaries. As in the previous programming period, Bulgaria, Greece, Portugal and Slovenia chose not to support investment in enterprises for 2014-2018. France spent the most on investments (EUR 402 million from 2014 to 2017, representing 45% of its total expenditure). Italy and Spain also spent significant amounts on investments (representing 24% and 19% respectively of their total expenditure).

[48] Art. 48 of Regulation (EU) No 1308/2013.

[49] Art. 49 of Regulation (EU) No 1308/2013.

[50] Art. 50 of Regulation (EU) No 1308/2013.

Table 12: Number of beneficiaries and operations supported by the investment measure in the Member States, from 2014 to 2018

MS	Number of beneficiaries	Number of operations	Total EU (MEUR)
Germany	1 755	832	73
Spain	1 247	1 681	215
France	13 442	12 550	502
Croatia	121	177	6
Italy	4 902	3 494	274
Cyprus	86	10	9
Hungary	327	346	13
Austria	4 176	6 621	28
Romania	23	24	2
Slovakia	156	198	3
Total (11MS)	26 622	26 399	1 128

Source: DG Agriculture and Rural Development, monitoring data for the national support programmes.

- **By-product distillation**[51] (support for the voluntary or obligatory distillation of by-products of wine making, in accordance with the legislation)

In contrast to the former distillation scheme, which aimed to reduce surpluses, this measure is available to Member States that want to ensure the quality of wine by preventing the over-pressing of grapes, while also protecting the environment. It has been implemented by six Member States (Spain, France, Italy, Hungary, Romania and Portugal) and around 25 million hectolitres of by-products were distilled between 2014 and 2018.

Table 13: Number of beneficiaries of the by-product distillation measure and outputs of the measure in the Member States, from 2014 to 2018

MS	Number of beneficiaries	Mio hl alcohol obtained	Lees: Range of max support (EUR/%vol/hl)	Marcs: Range of max support (EUR/%vol/Ton)	Total Union expenditure (kEUR)
ES	91	1,27	5,5	2,5	138410
FR	231	1,98	2,5	5,5	155862
IT	60	0,72	2,5	15,4	69382
HU	5	7,72	2,5	5,5	6452
PT	44	0,05	0,5	5,5	6595
RO*		2,60			
Total (6 MS)	431	14,34	Average 2,7	Average 6,88	376701

Source: DG Agriculture and Rural Development, monitoring data for the national support programmes, * Starting in 2016 in RO.

[51] Art. 52 of Regulation (EU) No 1308/2013.

- **Innovation**[52] (support for tangible or intangible investments to develop new products, processes and technologies for the wine categories in the legislation)

This measure has been included in the national support programmes for Spain and Cyprus. Expenditure for 2014-2018 totalled EUR 130 000 and supported seven different operations. To set an example, as explained in the 2016 implementation report for Spain, the measure supported operations such as developing alternative methods to the use of SO_2, techniques or treatments to control the evolution and stability of wine, methods for the production and preservation of wines with low alcohol content, etc.

[52] Art. 51 of Regulation (EU) No 1308/2013.

ANNEX 5: METHOD

The following data sources were used for the evaluation:

Data collection tools

Databases and information on policy implementation

The grey literature, reports and indicators available at EU and national level provided information on the implementation of the regulations. In particular:

- Regarding the national support programmes: the 2014-2018 programmes submitted by Member States, the implementation reports and the financial and technical data notified by the Member States on the national support programmes were reviewed to provide information on the implementation of the programmes since 2014. The national support programmes technical data from the national support programmes was particularly useful in providing comparable information at EU level and was used, in particular, to answer evaluation questions 1 to 4 on the effectiveness of the national support programmes.
- Regarding the authorisation scheme for vine plantings: the data on the scheme's implementation by Member States that was notified at EU level was used in evaluation question 11.

Review and analysis of vineyard, wine and other databases

Eurostat data (including the COMEXT and Newcronos databases) was given priority in provide contextual indicators. It was complemented by indicators from other databases, such as COMTRADE, the World Bank, the USDA and the FAO. Databases focusing on vineyards and on the wine sector**,** such as the OIV and the vineyard register, provided key indicators on the structural changes in the wine sector since 2008.

Farm Accounting Data Network

A dataset from the FADN was analysed to identify changes in the cost of production, sales prices, value of assets, and income of growers. The analysis focused on holdings specialised in vine growing, identified in the FADN classification as 'Type of Farm n°35', defined as a farm whose gross product from vine growing is above two thirds of the total standard output of the holding. The analysis was conducted on data for the 2009-2016 period and focused on the Member States covered in the case studies. The FADN classification of farm production helped to identify three categories of growers represented in the sample and of interest for the evaluation:

1. Wine processors, processing their own production and wine, with less than 10% of purchased grapes;
2. Mixed growers, processing their own production and wine, with less than 10% of purchased grapes, and selling grapes;
3. Wine grape suppliers, exclusively selling wine grapes for processing wine.

Table 14: Distribution of specialised wine growers according to their activity in 2016

	DE	ES	FR	HU	IT	PT	RO
Total number of specialised winegrowers [53]	**488**	**649**	**1097**	**64**	**1252**	**237**	**112**
Processing wine with more than 80% of purchased grapes	None	None	None	4	None	None	None
Processing wine with >10% of purchased grapes	None	3	None	8	None	None	3
Processing wine with <10% of purchased grapes	335	30	1034	19	314	83	1
Of which also selling wine grapes	*179*	*12*	*84*	*13*	*108*	*40*	*1*
	DE	ES	FR	HU	IT	PT	RO
Exclusively selling wine grapes for processing wine	149	602	42	40	905	151	99

Source: FADN data, processed by Agrosynergie.

The analysis was also performed at regional level, when satisfactory samples were available.

Table 15: Processed samples in the case study regions, per type of wine grower

	Wine processors	Mixed wine growers	Wine grape suppliers
IT-Sicily			X
IT-Veneto	X		X
DE-Rheinland-Pfalz	X	X	
FR-Languedoc-Roussillon	X	X	
FR-Bourgogne	X	X	
ES-La Rioja			X
ES-Castilla la Mancha			X

Source: FADN data, processed by Agrosynergie.

The FADN indicators did not help to identify beneficiaries and non-beneficiaries of support under the national support programmes. Hence, the analysis investigated changes in the indicators for the whole sample, without using a counterfactual. Details of the indicators and the methods of analysis are available in the annex.

Case studies

In order to gather detailed and context-specific qualitative and quantitative information to complement the EU-wide information that was collected, and to understand the implementation choices and the effects of the regulations in the Member States, 10 case studies were carried out at national and regional level.

The Member States and regions covered by the case studies were selected to form a representative sample of the situation in the EU (particularly regarding biogeographic conditions, the characteristics of the sector and the implementation of EU regulations). The selection procedure for the case studies is available in Annex 2. The table below

[53] The total number of specialised wine growers is not the sum of the displayed category: some other types of growers that were of less interest for the purposes of the evaluation, do not appear in the table.

summarises the characteristics of the 10 Member States covered in the case studies, according to the criteria used in the selection.

Table 16: Summary table of the selected case study regions according to indicators

MS	CAP implementation choices	% area under vines in UAA	Share in the EU area under vines	Type of regions	Share of PDO/PGI	Total Exports in 2016	Programmed budget (MEUR) / Execution rate (2017)
DE – Rheinland Pfalz	Issue of abandonment of areas under vines. Area available for new plantings < 1%	7.1%	1.5%	A	100.0%	DE: 43.9%	DE: 38.9 / 85%
ES – Castilla la Mancha	Most supported region for restructuring measure and important region for distillation	10.3%	13.5%	CIIIb	46.2%	ES: 61%	210.3 / 96%
Spain – La Rioja	Restructuring measure used for 100% of quality wine	18.7%	1.4%	CII	100.0%		
France – Languedoc Roussillon	54% of total support from National support programmes and top region for restructuring measure in terms of budget allocation	23.9%	7.4%	CII/ CI	32.5%	FR: 29.3%	FR: 280.5 / 100%
France-Bourgogne	Region with the largest number of investment measure beneficiaries for enterprises	1.7%	1.0%	CI	97.6%		
Italy – Veneto	2nd largest user region of EAGGF resources	11.6%	2.8%	CII / CI	92.0%	IT: 41.3%	336.9 / 96%
Italy - Sicilia	Top user region resources	6.5%	2.9%	CIIIb	73.0%		
Hungary	Focus on restruc conversion	1.2%	2.0%	CI	97%	26.3%	29.1 / 100%
Portugal – Norte	Douro is the most supported region for restructuring, and the case of	12.7%	2.6%	CII / CI	76.4%	PT: 41.7%	PT: 65.2 / 100%
	Vinho Verde is remarkable in terms of market.						
Romania	Focus on restruc conversion	1.3%	5.7%		28.8%	3.4%	47.7 / 24%

Source: Eurostat database, national support programmes and OIV database.

Information was collected through in-depth semi-structured interviews and by sourcing and analysing national and regional statistics, literature and other data sources. The case study reports are available as annexes to this report.

Interviews

In-depth semi-structured interviews were carried out, based on common interview guides, covering all the topics of the evaluation questions to help identify qualitative aspects useful for understanding the context and for formulating the evaluation judgements. For details on the interviewed stakeholders, see Annex 2.

Questionnaire to Member States' administrations

A questionnaire was used to collect specific quantitative data, to analyse the efficiency with which the evaluated regulations were implemented. The questions focused on the workload and indirect costs related to the implementation of the national support programmes and the system of controls and checks, distinguishing in particular the Full Time Equivalent (FTE) dedicated to each activity, at national and regional level.

The questionnaire was sent by email to the national public authorities of all the Member States covered by the case studies. Answers were collected from five Member States (Germany, Hungary, Italy, Portugal, Romania).

Internet research on the wine offerings of online retailers

Internet research was carried out to review the assortments of wine products offered by online retailers and to check the positioning of EU wines and their competitors, on each product segment[54]. The internet research included the online shops of 16 retailers, either wine specialists or large national or international food retail chains, from:

- four wine-producing Member States (Italy, Spain, France and Portugal);

- five Member States that consume a high share of non-national wines (Germany, Denmark, the UK, Sweden and Belgium);

- three significant non-EU markets for EU wine products (the United States, Canada and China).

The wine offering was classified according to 10 criteria, including the type of wine (red/rosé/white), information on designated origin and geographical indicators (PDO/PGI), the variety, the region/area of production, etc.

The information collected through the internet research was mainly used in evaluation question 1.2 to analyse the type of wine products offered by retailers and the extent to which EU products correspond to their offering. The positioning of EU products in the global offering of retailers/wine specialists was also examined and compared with the results of the previous evaluation to identify the evolution of the shares of EU products. An analysis of websites in non-EU countries complemented the findings in response to evaluation question 3.

Monographs of EU wine producers

Monographs of significant wine operators at regional level were drawn up within the framework of the case studies. The selected companies answered specific questions on the actions they had undertaken with support from the measures in the national support programmes, to provide practical examples of the national support programmes measures used by the industrial sector and the results achieved.

Seventeen independent producers and cooperatives were selected (from one to four per case study). The information gathered was used to analyse the competitiveness factors of wine producers and the investments they made to adapt to demand and the development of their product range (evaluation question 1.2). The monographs helped to collect the information necessary to assess the spill-over effects of the promotion measure on

[54] The product segments were determined on the basis of the wine offering analysed, considering the differences in quality, prices, types of products, etc.

strengthening the reputation of EU wines, recovering new markets and winning new ones, in the analysis supporting the answer to evaluation question 3.

Consumer survey (see Annex 2)

A survey assessed the increase in consumers' awareness about responsible consumption of wine and about the EU system covering PDO/PGI, as well as consumers' satisfaction in terms of the safety and quality of wine products.

The survey was conducted by the French Institute of Public Opinion (IFOP), in a sample of four Member States chosen to reflect the variety of consuming Member States. Large wine producer Member States and net wine importer Member States were chosen (France, Spain, Germany and the UK), with a distribution described in the following table.

Table 17: Number of wine consumers answering the survey

Large wine producer Member States		Net wine importer Member States	
Spain	France	UK	Germany
560	506	512	527

The survey included three parts:

- consumer profile and consumption habits;
- consumers' satisfaction with the rules on labelling under Regulation 1308/2013 and oenological practices;
- knowledge about the PDO/PGI quality scheme.

The full statistical analysis of this survey is available in Annex 2 to this report.

<u>Quality assessment</u>

The Interservice Steering Group (ISG) for the external evaluation carried out a **quality assessment of the external evaluation support study of the contractor of this evaluation**, in particular the quality of the methodology, the reliability of the data and the robustness of the analysis and findings.

It judged that the report could be approved as it complied fully with the conditions of the contract and relevant professional evaluation standards.

ANNEX 6: REFERENCES

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