

The European policy for the wine sector



Japan wine seminar November 2015

EU wine definition: the starting point of the policy

Wine" means the product **obtained exclusively** from the total or partial alcoholic fermentation of **fresh grapes**, whether or not crushed, or of grape must

This is a strict definition of wine at EU level and at international level in OIV: (International Organisation of Vine and Wine)

There appears a general consensus on the wine definition at world level : exclusively (wine grape) based; this should facilitate trade and possible TBT issues

Wine parameters are defined in EU legislation

*Have a minimum alcoholic strength (8,5-9%vol depending on wine-growing zone and a maximum total alcoholic strength of 15% vol (with derogations downwards to 4,5% for PDO/PGI wines and upwards till 20% vol)

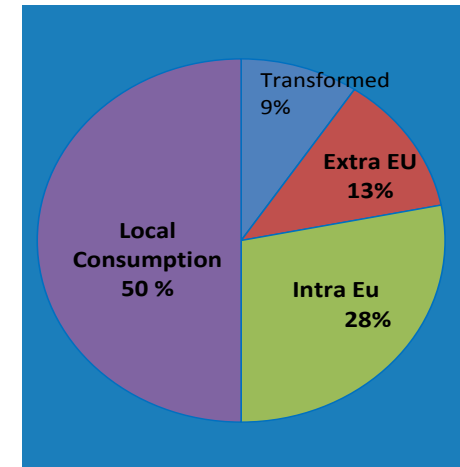
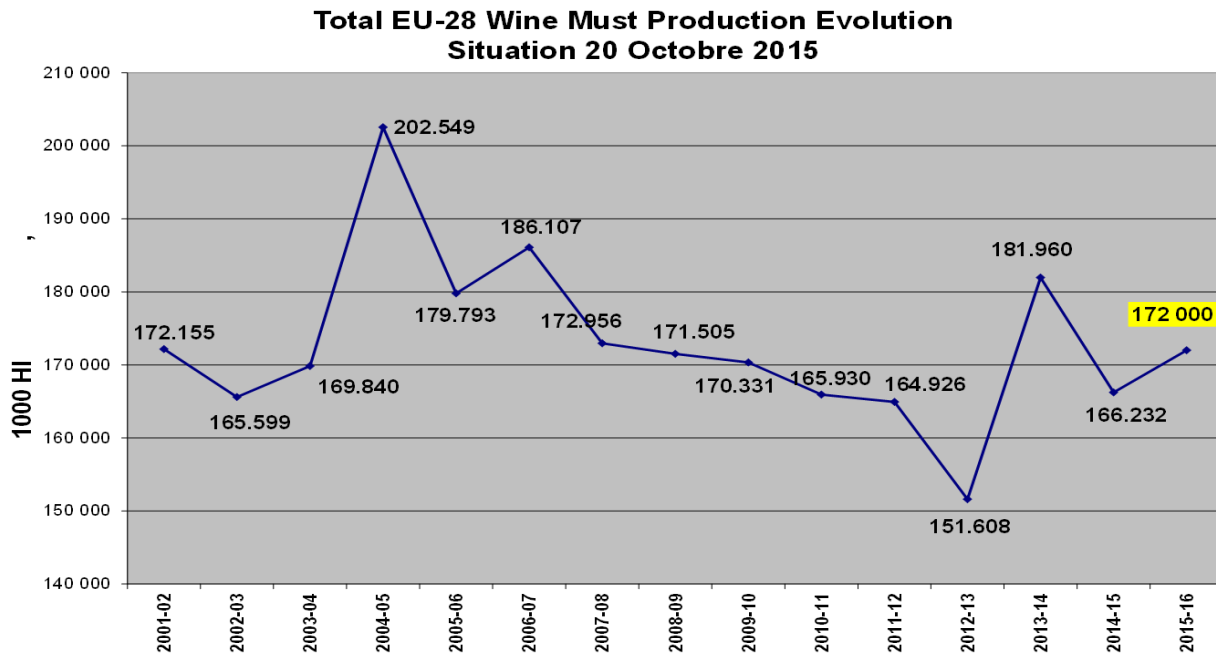
*total acidity content of not less than 3,5g/l

*Pressure sparkling wines: 2.5, 3.0, 3.5 bar

*16 Categories of grapevine products are defined by EU, for instance

Definitions for Wine, Liqueur wine, Sparkling wine, Semi-sparkling wine, Wine from raisined grapes Wine of **overripe grapes**

Key economic data

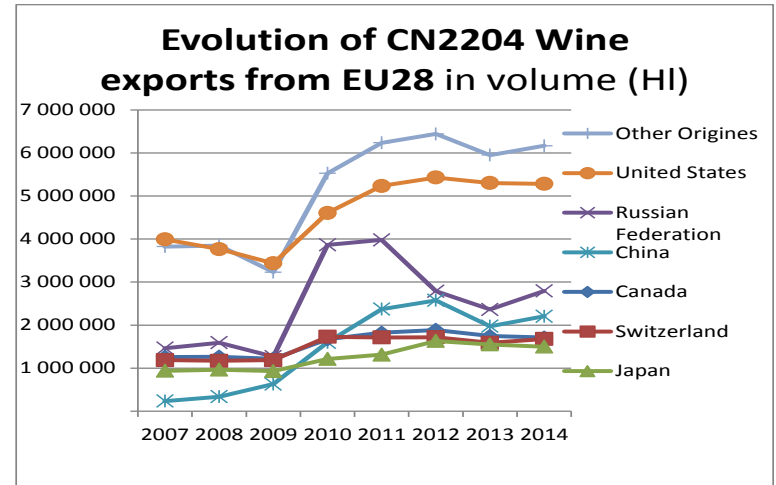
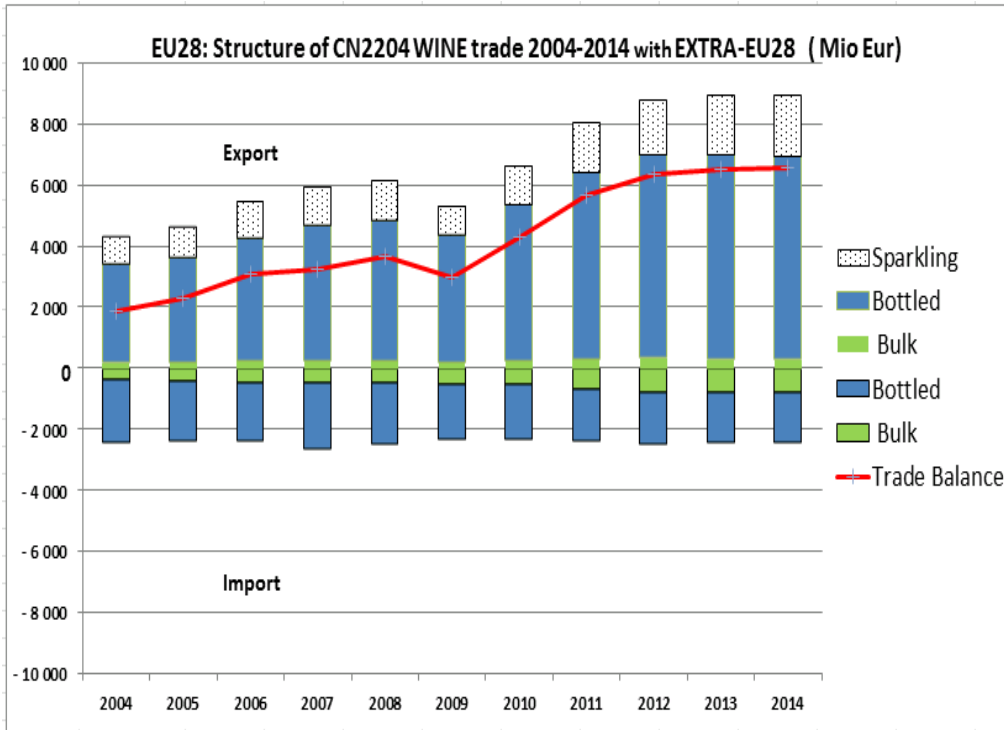


EU represents:

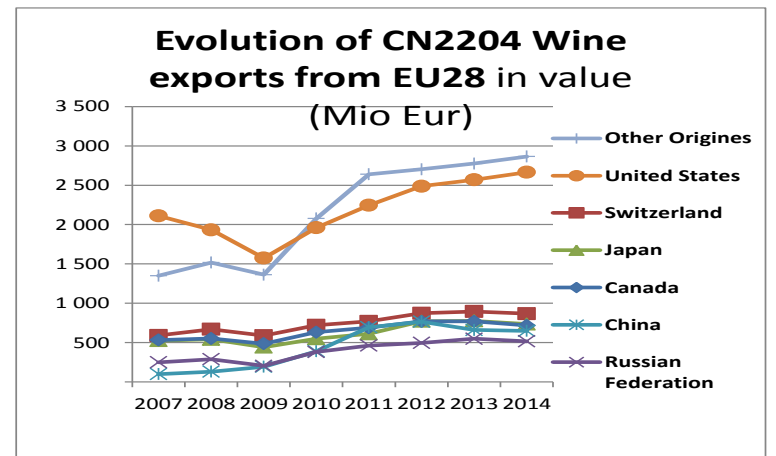
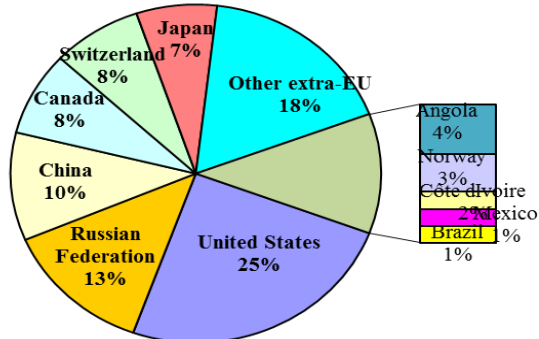
- 65 % of production
- 57 % of global consumption
- 70 % of exports in global terms

Italy, France and Spain represent
80% of total wine production

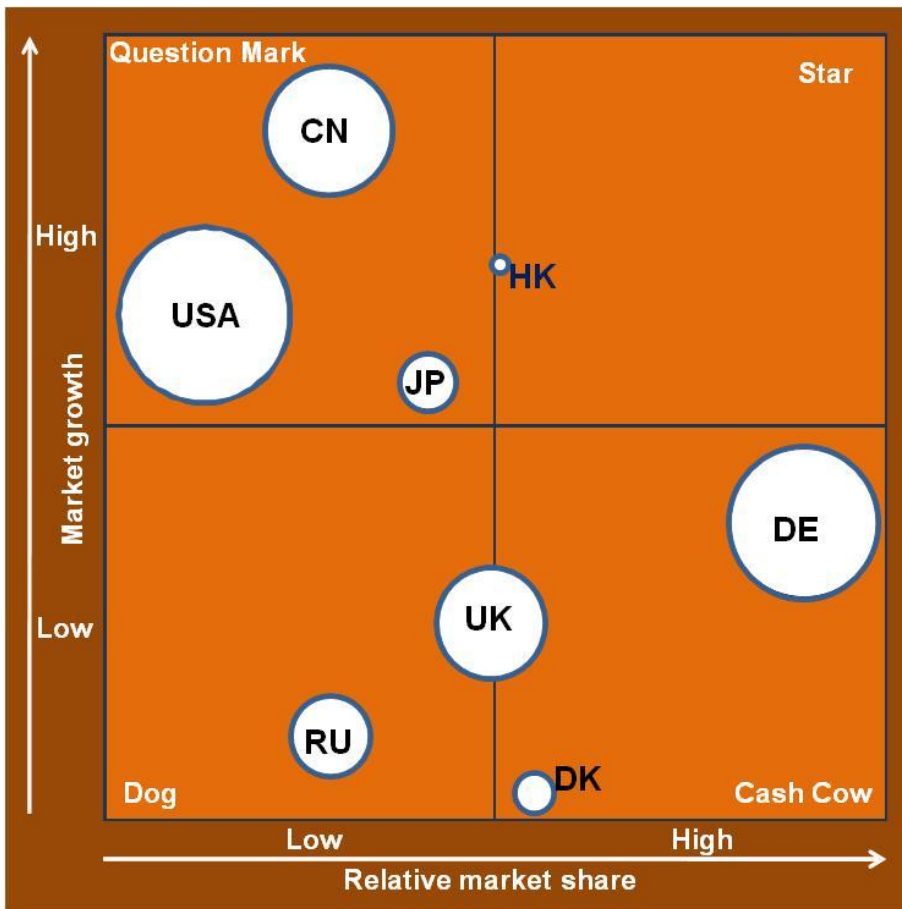
exports



NC2204 WINE EXPORT 2014 in volume By DESTINATION



Study on competitiveness Prospects to the horizon 2025



Expected growth in Japan:

- Moderate, mainly driven by consumption at home
- Price sensitivity
- Mainly on Entry level and Medium range wines, not Top Range
- Off-trade and online sales

Under the current trade regime, EU market share will continue to steadily decrease to competitors

The policy measures

The EU policy for wine



- *Situation pre-2008:*
 - Surplus of wine production and stocks
 - Prevalence of low quality wines
 - Market intervention measures (distillation/grubbing-up)
- *Objectives of the 2008 wine reform:*
 - Re-establish balance between supply and demand
 - Increase the sector's competitiveness
 - National support programmes (structural measures)
- *New reform in 2013*
 - Scheme of authorisations for vine plantings as from 1,1,2016(1% growth/year)
 - New support measures in the support programmes 2014-2018

National support programmes to the wine sector in the EU

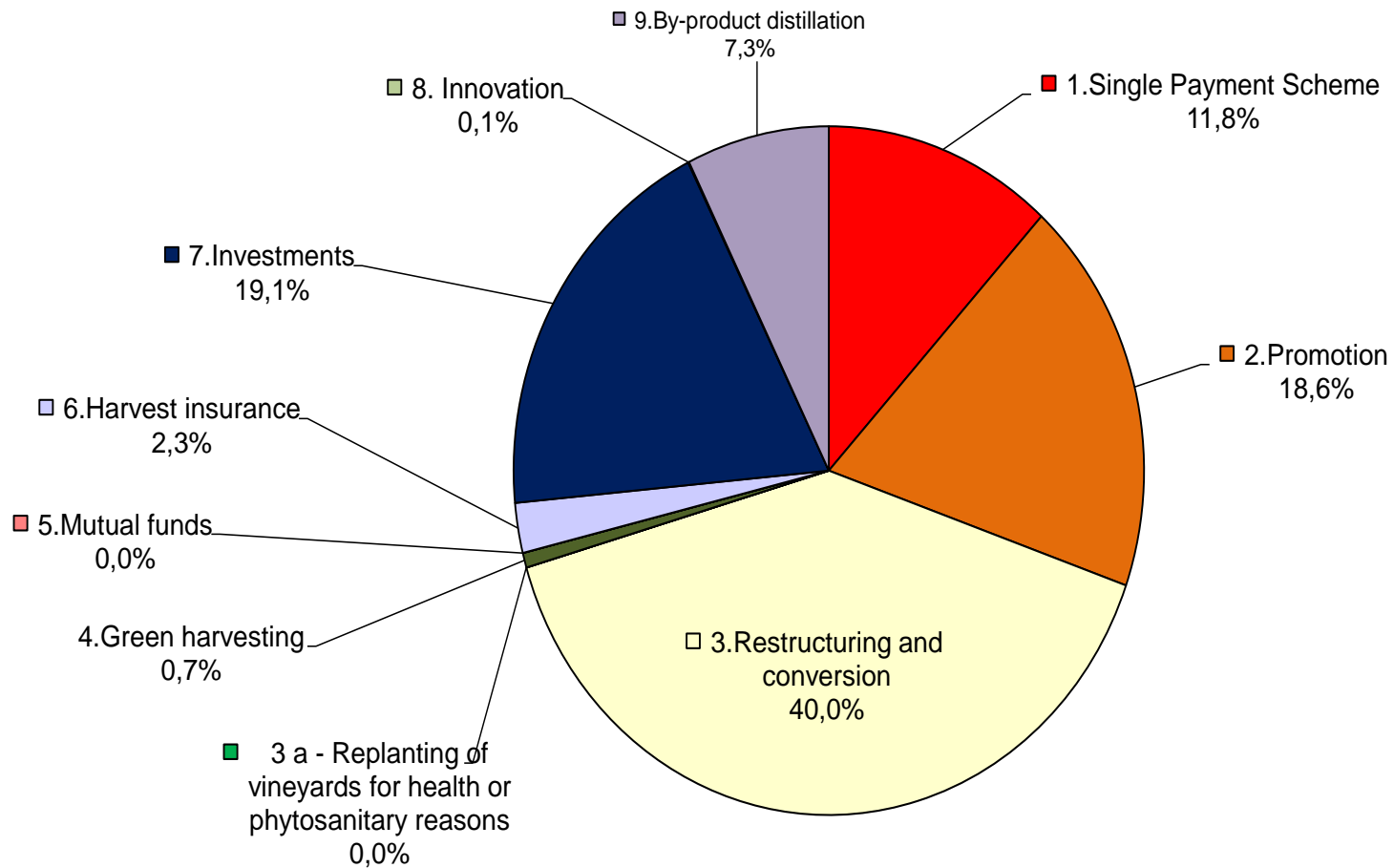
15 NSP 2009-2013 – Budget: 5,3 billion € (execution: 98%)

16 NSP 2014-2018 – Budget: 5.7 billion € (3 new measures)

**AT, BG, CY, CZ, DE, EL, ES, FR, HR (new),
HU, IT, LT, PT, RO, SI, SK**

(LU, MT, UK ► full transfer to direct support)

Wine National Envelopes 2014-2018 by measure (in 1000 eur)



EU wine-making practices

Wine is considered a natural and agricultural product and exclusively wine grape based

BUT some wine making (or oenological) practices are needed

*wine additives

* processing aids

*and physical treatment processes

Some substances or agents are used to preserve the wine(ascorbic acid, sulphur dioxide) , some for refining purposes, some for clarification,fermentation, stabilisation purposes

The authorised oenological practices are listed in EU legislation and the OIV International Code of Oenological Practices (<http://www.oiv.int/oiv/info/enplublicationoiv#code>) including the wine additives



New Oenological practices for 28 EU MS ...legislation (labelling and limits) Commission delegated act



• OIV recommendations



• Human health

• Not misleading

• Preservation of natural and essential characteristics

• No substantial change

• Minimum of environmental care

MS may decide
 Experimentation
 Max 50000 hl/year
 Sold in EU only

EU wine-making practices

When authorising oenological practices for EU wine, **the European Commission** shall **-take into account** the oenological practices and methods of analyses **recommended and published by the OIV**

-take into account the protection of human health; possible risks of consumers being misled, allow the preservation of the natural and essential characteristics of the wine and not cause a substantial change in the composition of the product concerned;

However, some rules are laid down in the basic act (decided by Council and European Parliament):

*enrichment, acidification and desacidification of wines in certain wine growing zones of EU

*Some restrictions to wine-making practices such as **exclude the addition of water** (except where required on account of a specific technical necessity) and **exclude the addition of alcohol** (except for liqueur wine, sparkling wine, wine fortified for distillation and semi-sparkling wine)

EU wine-making practices

- For the imports of wine into EU (**Save as otherwise provided for in international agreements** concluded in accordance with the TFEU) **imported products shall be produced in accordance with oenological practices in accordance with oenological practices recommended and published by the OIV.**

New Oenological practices, recognition of imported wines.



Harmonization between
28 Member States
Based on OIV resolutions
(46 countries and 12
observers)



Mutual recognition via
bilateral agreements
(2002 – 2009)



Others

wine-making practices

- FROM INTERNATIONAL TRADE PERSPECTIVE
- Since wine is an internationally traded product, there is a need for international agreements and the EU developed **bilateral agreements** with the main partners (US,CN, SA, AUS,Chile) through specific wine agreements
- at US level, multilateral agreements with 8 countries were developed , the WWTG (world wine trade group)based on mutual recognition : wine-producing countries of Argentina, Australia, Canada, Chile, Georgia, New Zealand, South Africa and the United States, founded in 1998
There are risks with this approach :
 - *less strict rules and more diverging approaches for wine (widening of wine definition and practices)
 - * wine becoming like other food commodities, a simple processed food with a lesser link to its origin
- Harmonisation could be the solution : with the increase of the international trade and the increasing number of partners
The OIV is a good praxis model : For almost 100 years, OIV has developed a code of practice and remains the international reference for wine. All national legislations, EU included are almost identical to OIV recommendations and all main producing countries participate actively in the development of these OIV recommendations.



Wine sector Geographical Indications

A wine quality policy



Agriculture
and Rural
Development



EU quality designations

PDO: Protected
Designation of Origin



PGI: Protected
Geographical Indication



**= Geographical
Indications (GIs)**

Protected Geographical Indication (PGI) Protected Designation of Origin (PDO)

1. Defined geographical area + 2. Specific product + 3. Link between 1. and 2. = **PDO**
PGI

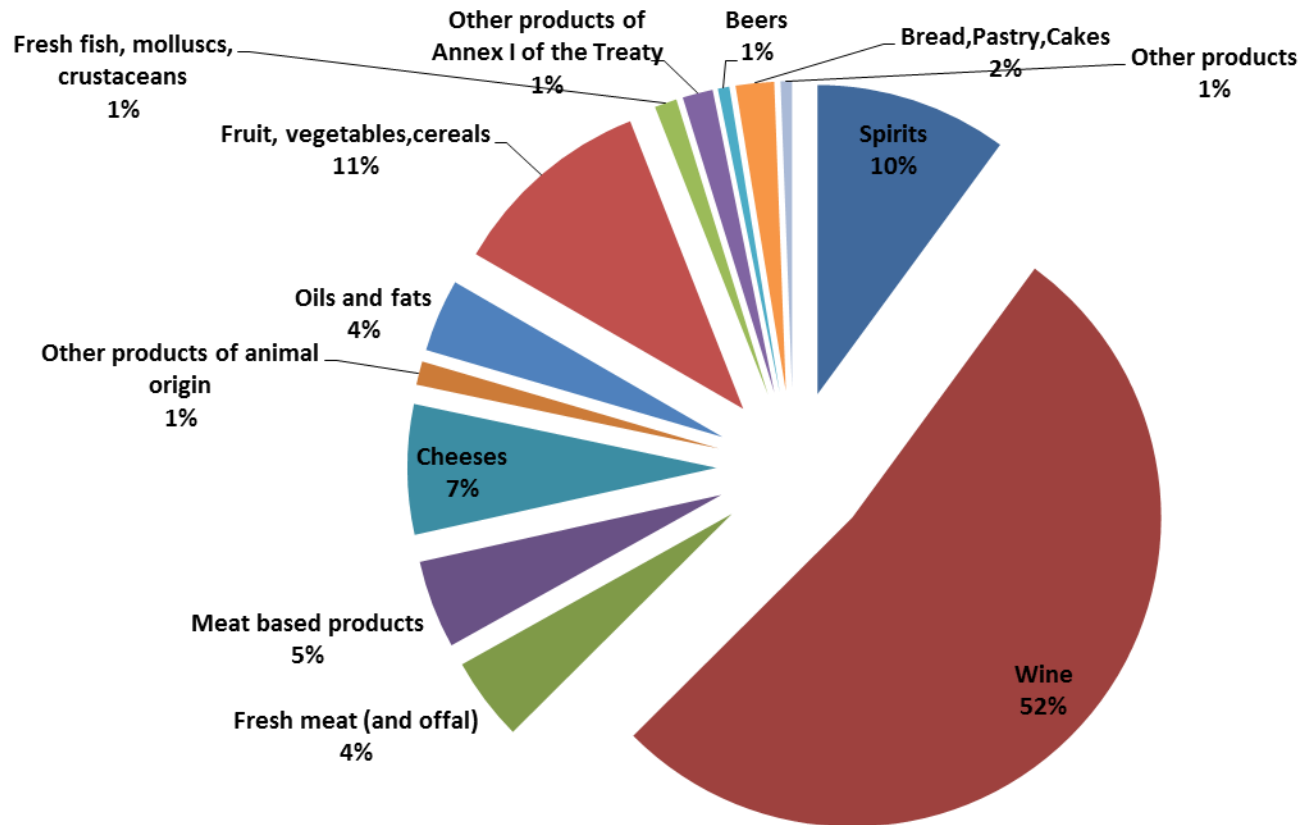


Summary



	PDO	PGI
Denomination	The name of a region, a specific place, or a country	The name referring to a region, a specific place, or a country
Link to the geographical area (natural & human factors)	Essentially or exclusively linked to the quality or characteristics of the product	Essentially linked to a given quality, reputation or other characteristics
Production steps	All in the geographical area	All in the geographical area
Grapes	100% from the geographical area	85% from the geographical area
Protection	Direct & indirect commercial use; misuse, imitation or evocation; false or misleading indication on the origin	Direct & indirect commercial use; misuse, imitation or evocation; false or misleading indication on the origin

Class of all registered PDO/PGI October 2015





Sales value



- Estimated **sales value** of EU GIs: **€54.3 billion** in 2010
(estimated at wholesale stage in the region of production)
= 5.7% of the total EU food and drink sector
- Estimate of EU GI **exports value: € 11.5 billion**
= 15% of EU food and drink industry exports

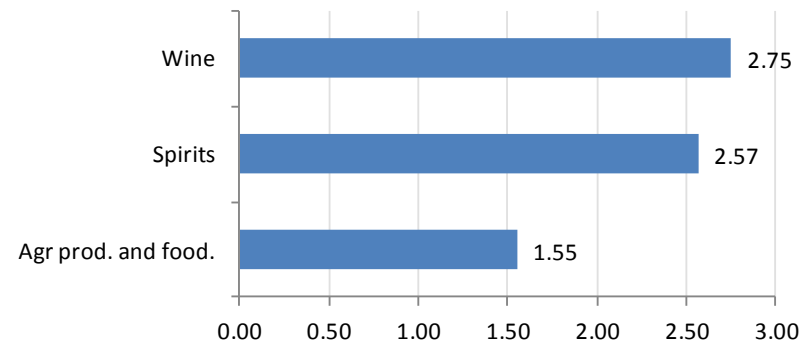


Value premium

The premium a GI can expect from the market, compared to non-GI products

→ on average, the price of a GI product is **2.23** times the price of a comparable non-GI products

Value premium rate in the EU27 by scheme:



does not reflect value added and profitability of the GI schemes as it does not take into account the additional cost of compliance with GI specifications