

Common organisation of agricultural markets (CMO): simplify the common agricultural policy (CAP), creation of one single Regulation ("single CMO Regulation")

2006/0269(CNS) - 18/11/2011 - Follow-up document

In accordance with Council Regulation (EC) No 1234/2007, the Commission presents a report on implementation of the measure for the promotion of wines on third-country markets.

Promotion on third-country markets is one of the key measures under the reform of the CMO in wine adopted in 2008¹ and incorporated into Council Regulation (EC) No 1234/2007. Implementation: the budget allocation for the national programmes is EUR 5.2 billion for the 2009-13 period (updated figure as at 2011) and, as decided by Member States, the promotion measure represents 15.6% of this amount, i. e. EUR 768 million.

This sum has been on an upward trend over the course of the period, from EUR 35 million committed in 2009 to a planned total of EUR 265 million in 2013. The reasons for the progressive increase include the fact that market measures such as potable alcohol distillation, crisis distillation and support for the use of concentrated musts will expire on 31 July 2012, as well as the need for the sector to adapt gradually to the new wine CMO.

During the first two years of the reform, nine Member States (France, Spain, Italy, Portugal, Greece, Austria, Slovenia, Germany, Romania) have actually implemented the promotion measure, for an overall total of around EUR 35 million in 2009 and EUR 87 million in 2010, corresponding to 6.7% of the total value of the national allocations for the same period.

2 781 actions were carried out in 2009-10. The actions in 2009 and 2010 concerned 42 third countries, with the United States market the most frequently targeted, with 22% of the actions being aimed at it and eight of the nine Member States that participated in the measures targeting it most.

Member States assessments: all Member States that participated in the promotion measure consider it to be very beneficial for the wine sector. They have pointed out that, after the 2008 crisis, the period since 2009 has seen a rise in exports, in particular on the markets targeted by the promotion measure. However, the **following weaknesses have been cited**:

- the difficulty of managing the measure from an administrative viewpoint, a problem highlighted in particular by Portugal, Italy and Austria (particularly the complexity of examining the supporting documents for costs). On developing markets, the reaction times may be too slow (changes to programmes when they are underway);
- the lack of logistical infrastructure, technical knowledge and support in the emerging markets;
- certain Member States, such as Italy and Portugal, have stressed that micro, small and medium-sized enterprises have encountered more difficulties in satisfying the conditions for accessing the measure (availability of products, technical capacity for exporting and limited funds).

Assessment: the report states that after only two years of implementation of the promotion measure by the Member States, it is **too early to draw definitive conclusions**, particularly in terms of an increase in competitiveness and presence on third-country markets. Although wine exports to some countries, especially the target markets, have been on the increase since 2009 the complexity of the factors influencing trade patterns (exchange rate variations, the economic crisis, local political crises, changes of legislation in the target countries, etc.) means that it is not possible to determine the extent to which the results obtained stem directly from the promotion measure.

It may nevertheless be stated that, with EUR 122 million being spent in the first two years, the **measure has been very successful** and is very much appreciated by operators. The forecast expenditure of EUR 768 million for the 2009-13 period indicates a growing interest in the measure, resulting in its becoming the second most important measure under the aid programmes, in financial terms, after that on the restructuring and conversion of vineyards. The promotion measure seems to have made it possible, initially at least, to consolidate the presence of enterprises from the Union on the traditional export markets and seems to have given an opportunity, through market studies, to explore and access new markets.

It is above all the flexibility and subsidiarity of the implementation of the promotion measure that allow the wine sectors in the various Member States, or the various regions, to fine-tune it to the specific characteristics of the target countries.

What is more, the possibility of creating new contacts and of obtaining the necessary knowledge to adapt to markets (new products, labelling, etc.) provides an enormous boost to the sector.

Suggestions from Member States: in order to improve the cost effectiveness of the promotion measure, some Member States, while not putting forward concrete proposals for amending Union legislation, have suggested:

- extending the measure to the internal market, given that it is the leading world market for wine and that third countries have gained a significant market share; this should be done in such a way as to avoid competition between wines from the Union or, possibly, by restricting the actions to information provision;
- prioritising, in an effective manner, access to the measure for micro, small and medium-sized enterprises;
- encouraging studies of new markets and assessments of the actions carried out. These are fundamentally important for obtaining technical and marketing information that will serve as a basis for other actions;
- creating synergies with other, more structural measures, with a view in particular to facilitating and bolstering the presence of EU operators on new markets (mainly with a view to creating the initial channels together with importers);
- increasing the efficiency of administrative checking, in particular by providing for lump-sum payments for actions entailing standard costs, such as travel expenses.

In the light of some comments from the Member States, routes that can be explored include:

- (1) possibly strengthening the synergies between the various actions and beneficiaries;

(2) better tailoring the market studies in order to reduce the future dependence of exports on a limited number of markets;

(3) a more targeted selection of beneficiaries in order to optimise the measure;

(4) providing the Member States with guidelines on the criteria for accepting projects.

In the report to be submitted to the Council and the European Parliament in 2012, the Commission will give further consideration to the 'micro, small and medium-sized enterprises' criterion and to the eligibility conditions for the measure.