



Wine appellations: lessons learned from the COVID-19 crisis

EUROPEAN FEDERATION OF ORIGIN WINES

AGRI COMMITTEE HEARING

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The EU Geographical Indication wine sector

EFOW - the European Federation of Origin Wines represents wines with an Appellation of Origin (PDO) and wines with a Geographical Indication (PGI). Our members - CNAOC (France), FEDERDOC (Italy), CECRV (Spain) and IVDP (Portugal) - represent 85% of the GI wine production in the EU.

Wine is one of Europe's agriculture success stories:

-) World's leading producer of wine at more than 160 million hl, representing 62.9% of world production
-) Approximately 3.2 million ha of area under vines (45% of the world's total) and 2.5 million agricultural holdings grow vines.
-) **GI wines represent almost 67% of EU wine production in volume but over 80% in value. One could say that without GI wines there is no European viticulture.**
-) Over 11 billion euros of export outside the EU; a very positive effect on the EU trade balance (over 9 billion euros)
-) European wine was by far the largest EU agricultural export (results will need to be reassessed after the COVID-19 pandemic).

Lessons learned from a regulatory perspective

Lesson 1

All EU support measures have to be mobilised quickly

- All wine appellations were affected but not in the same way → Support measures had to be tailored to their needs.
- Some examples: in France several still wine regional appellations distilled (not Champagne, Burgundy, Provence, Rhone Valley), in Spain most resorted to private storage and the new definition of green harvesting, in Portugal the PDO Port developed a specific measure under article 167 and in Italy there was a mix of measures.

Importance of flexibilities introduced in promotion, restructuring/conversion & investment programmes and operations to reorganise a number of projects and avoid loss of money.

Lesson 2

In time of crisis, a real agricultural crisis budget is needed

- No extra funding available to the sector meant limited take up of support measures.
 - The budget available was not in line with operators' needs.
- Extraordinary measures financed via Wine National Support Programmes (WNSP) inadequate
 - Not enough budget left and/or already pinned down for other measures
 - When the budget was used, it meant that money was no longer available for investments in the future of the sector (not the aim of the WNSP)
- Extraordinary measures financed by State Aid for the sector may be viewed as “unfair”
 - “distortions” between operators in the different Member States.
- The COVID-19 crisis highlighted the inadequacy of the EU agricultural crisis reserve.
 - Key to keep on working on this front.

Lesson 3

Fortunately the European Parliament is here for the wine sector

Thanks to the AGRI committee's involvement, the wine sector was able to secure a second set of important support measures and derogations with regards to competition rules

Lessons learned by the GI wine sector

Lesson 1

Management tools are the building blocks of the sector

The COVID-19 crisis has stressed the need to maintain and further develop collective management tools:

- Vine planting authorisations to avoid overproduction, loss of quality and revenue, exodus and to adjust to the market dynamically ;
- The ability to adapt yields/ha ;
- The ability to adopt temporary exceptions to the GI specifications (manual harvest...)
- Strengthening of the role of Interbranch Organisations and Producer Organisations to allow an efficient management of GI wines' development

Lesson 2

E-commerce must be embraced but obstacles to its development must be addressed

- Online shopping offers huge opportunities
- But extremely difficult for wine producers to make the most out of it
- EU-decision-makers must review rules on:
 - Online wine sales (tax-related / excise duty reform)
 - Online GI wine protection
 - GI wine producers must be empowered to use digital communication (labelling & promotion)

Lesson 3

Still numerous challenges ahead of us

- The COVID crisis is far from over and its impact will be felt for many years. There is moreover a cumulative effect with the US retaliatory tariffs.
- Support measures remain crucial in the short term ;
- In a crisis, the legal impediment to discuss collectively on prices is a real issue as it does not allow for a fair value sharing.
- The CAP reform, the Farm to Fork and the Digital strategy offer new opportunities to GI wines
- But to make the most of these opportunities GI wines need a clear and positive legal framework
 - The EP support and overall the support of the EU institutions remains decisive

FOR FURTHER INFORMATION
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Thank you for
your attention

