Ref. Ares(2024)5581014 - 01/08/2024

EUROPEAN
COMMISSION

Brussels, XXX
[…](2024) XXX draft

COMMISSION DELEGATED REGULATION (EU) …/...

of XXX

on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council concerning the scheme of authorisations for vine plantings to address the market disturbance in the Union wine market

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

The act is justified by the exceptional circumstances currently affecting the wine sector of the Union and the fragile balance of its market. Extending the validity of planting authorisations and suspending penalties for not utilising these authorisations would give operators the flexibility to renounce or postpone their planting decisions without negative effect. This, in turn, would help reduce future production potential, thereby stabilising the wine market.

The general high cost of living characterising the current economic situation has been accelerating the long-term downward trend in wine consumption, impacting both domestic sales and exports. This issue is particularly pronounced in Member States that enjoyed a robust harvest in 2023, leading to a persistent oversupply in certain wine categories. Even in Member States that experienced historically low harvests in 2023, stock levels have remained relatively high, indicating a highly saturated market. This oversupply situation underscores the challenges faced by the EU wine sector, necessitating strategic adjustments to stabilize the market.

The crisis distillation measures adopted by Commission Delegated Regulation (EU) 2023/1225 provided a temporary relief to the most oversupplied producing regions by removing excess stock of red and rosé wine. The historically low production in 2023 in Spain and Italy has helped mitigate the spread of the crisis further in the EU wine market. However, the situation remains precarious. This is evident from Portugal's recent request for a new crisis distillation measure, which has been implemented by Commission Delegated Regulation …../….. on a temporary crisis distillation measure to address the market disturbance in the wine sector in Portugal in the marketing year 2024/2025. This underscores the risk of a serious disturbance in the Union wine market, especially in the light of the estimated level of the upcoming harvest. In France, retail sales of still wine in the first six months of 2024 dropped by 5% compared to the same period in 2023, and by 11% compared to the three-year average. This decline affected all market segments, with still red wines experiencing the most significant drop, averaging -15%. The volume of wine transacted during the 48 weeks of the 2023/24 marketing year saw reductions exceeding 30% for red wines in some regions. In Portugal, the level of stocks of red Protected Denomination of Origin (PDO) and Protected Geographical Indications (PGI) wines, representing most of the marketed wine, is expected to be 29% higher than the previous marketing year and around 46% higher than the previous five years trimmed average.

Overall, reduced wine consumption and sales, coupled with fluctuating production levels and higher production costs, have created an unstable market. The situation is critical in several regions and if the oversupply cumulates more, it will lead to severe disruptions in the EU wine sector.

In an effort to restore a long-lasting balance in the wine market, different strategies are being considered to reduce production potential. Some Member States are considering, among others, measures such as grubbing-up and imposing additional restrictions on the issuance of new planting authorisations. For authorisations that have been already released and close to expire, Italy, France, and Spain have officially requested an extension of their duration of validity and the removal of penalties in case of non-use. In the current climate of uncertainty, many holders may choose to renounce their authorisations if no penalty is applied or to postpone planting if the validity period is extended. By doing so, they will help stabilise the future market balance in the regions with the most precarious market balance. In these regions, vine areas planted today will impact their wine market for years to come, contributing to its surplus.

Since the next period for vine planting is in autumn, it is paramount to implement this measure as early as possible for the operators to have the opportunity to renounce or postpone their planting decisions before planning their investments already starting from this autumn.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

Consultations, involving experts from all the 27 Member States have been carried out in the Expert Group for Agricultural Markets under the single common organisation of the markets. This consultation process led to a large support on the draft Delegated Regulation.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The delegated act is based on Article 219(1) of Regulation (EU) No 1308/2013. It should be adopted by means of the procedure according to Article 219(1) in conjunction with Article 228 of Regulation (EU) No 1308/2013.

For imperative grounds of urgency, considering the ongoing market disturbance in parts of the EU wine market and its likely further deterioration, it is necessary to take immediate action. Delaying action would threaten to aggravate the market disturbance in the wine sector in the Member States concerned and be detrimental to the market conditions in other parts of the Union. Therefore, this Regulation should be adopted pursuant to the urgency procedure laid down in Article 228 of Regulation (EU) No 1308/2013. Accordingly, this Regulation should enter into force without delay the day after adoption by the Commission and will be directly applicable as long as no objection is expressed by the European Parliament or the Council.

If objections are expressed, the Commission shall repeal the act without delay following the notification of such objections by the European Parliament or by the Council.

Article 1: provides for an extension of three years of the validity of planting authorisations that expire in the years 2024 and 2025 and are to be used in the regions most affected by market disturbances, as identified by the Member State. It also waives the administrative penalties in case authorisations are not used by their holders, under the condition to inform the competent authorities.

Article 2: sets some notification requirements for the Member States.

Article 3: sets the enter into force with due regards to the referred imperative grounds of urgency.

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on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council concerning the scheme of authorisations for vine plantings to address the market disturbance in the Union wine market

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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 and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007[1], and in particular Article 219(1), in conjunction with Article 228 thereof,

Whereas:

(1) The Union wine market is experiencing disturbances due to the reduction of domestic consumption and the weakening of exports to third countries for certain wine categories, in particular for red wines in certain production regions. This is generating recurrent situations of oversupply and accumulation of stocks in the wine production regions concerned. Exceptional measures were adopted by the Union in 2023[2] to remove part of the accumulated stocks in the most affected regions from the market. However, market uncertainties and weak demand remain. Despite the comparatively moderate harvest in 2023, stocks of certain wine categories continue to accumulate in certain regions and the outlook for the coming years is uncertain and, consequently, such market disturbance is likely to continue or deteriorate.

(2) Wine growers holding planting authorisations face the risk of sanctions if they do not use these authorisations to plant the corresponding vineyards. Consequently, the penalties and the brief validity period of the authorisations compel growers to proceed with planting. Waiving the penalties and extending the validity period in producing regions with market disturbances would alleviate this pressure on growers and therefore decrease the area planted with vineyards, thereby limiting the entry of additional productive vineyards into an already saturated market. These measures would also give growers with planting authorisations the flexibility to reconsider their planting decisions and take additional time to identify the grape varieties and wine types best suited to evolving market demands and regional climatic conditions. Therefore, in the regions most affected by market disturbances, in order to limit the area planted this year and the next years, the validity of planting authorisations that

[1] OJ L 347, 20.12.2013, p. 671, http://data.europa.eu/eli/reg/2013/1308/oj.

[2] Commission Delegated Regulation (EU) 2023/1225 of 22 June 2023 on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector in certain Member States and derogating from Commission Delegated Regulation (EU) 2016/1149 (OJ L 160, 26.6.2023, p. 12, ELI: http://data.europa.eu/eli/reg_del/2023/1225/oj).

expire in 2024 or 2025 and have not yet been used as at the date of entry into force of this Regulation should be extended by three years.

(3) In order to facilitate the decrease in the vineyards area, it is appropriate to provide holders of planting authorisations the opportunity to waive their authorisations for 2024 and 2025 without being subject to the administrative penalties referred to in Article 62(3) of Regulation (EU) No 1308/2013. For that purpose, they should inform the competent authorities of their intention not to use their authorisations nor to benefit from the extension of their validity.

(4) Member States are to communicate to the Commission information about the implementation of this Regulation, to enable the Union to monitor the efficiency of the measure introduced hereby.

(5) Any other measures available under Regulation (EU) No 1308/2013 appear to be insufficient or not suitable to prevent an increase in vineyards area due to planting authorisations already delivered, and therefore to prevent additional surplus on the wine market.

(6) In light of the ongoing market disturbance, as well as the short time available to allow wine growers to benefit from the extension of validity provided for in this Regulation, it is necessary to take immediate action. This Regulation should therefore be adopted pursuant to the urgency procedure laid down in Article 228 of Regulation (EU) No 1308/2013.

(7) In view of the necessity to take immediate action, this Regulation should enter into force on the day of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

Article 1

Temporary derogations from Article 62(3) of Regulation (EU) No 1308/2013 regarding wine planting and replanting authorisations

1. By way of derogation from Article 62(3), first subparagraph, first sentence, of Regulation (EU) No 1308/2013, the validity of unused planting authorisations granted in accordance with Articles 64 and 66 of that Regulation that expire in the years 2024 and 2025 and are to be used in the regions most affected by market disturbances, as identified by the Member State, is extended by three years.

2. However, where the holder of the authorisations referred to in paragraph 1 do not wish to use them nor to benefit from the extension of their validity, they shall inform thereof the competent national authorities of their Member State by 31 December 2024. By way of derogation from Article 62(3), first subparagraph, second sentence, of Regulation (EU) No 1308/2013, they shall not be subject to administrative penalties.

Article 2

Notifications

1. By 31 March 2025, Member States shall notify to the Commission the following information:

   (a) the regions in which Article 1 has been applied;

(b) for each of the regions referred to in point (a) of this paragraph, the areas in hectares covered by new planting and replanting authorisations respectively, whose validity has been extended in accordance with Article 1(1);

(c) for each of the regions referred to in point (a) of this paragraph, the areas in hectares covered by new planting and replanting authorisations respectively, which wine growers do not intend to use and whose validity is not extended in accordance with Article 1(2).

2. The notifications to the Commission referred to in paragraph 1 of this Article shall be made in accordance with Commission Delegated Regulation (EU) 2017/1183[3].

Article 3

Entry into force and application

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President
Ursula VON DER LEYEN

[3] Commission Delegated Regulation (EU) 2017/1183 of 20 April 2017 on supplementing Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council with regard to the notifications to the Commission of information and documents (OJ L 171, 4.7.2017, p. 100, ELI: http://data.europa.eu/eli/reg_del/2017/1183/oj).