BRIEFING

The EU wine sector

SUMMARY

The European Union is the world's largest producer, consumer and exporter of wine. It accounts for half of the world's production, with three quarters of EU wine produced in Spain, France and Italy. The EU had 2.2 million vineyard holdings in 2020, varying in size from an average of 0.2 hectares in Romania to 10.5 hectares in France. The EU also accounted for 48 % of global wine consumption in 2021, with the largest overall consumption recorded in France, Italy and Germany. Globally, only the United States consumed more wine than any of these three countries.

EU wine policy is as old as the common agricultural policy (CAP). The principal legislation in the sector is the Common Market Organisation (CMO) Regulation, which contains rules on numerous aspects of winemaking. Among other things, these rules govern wine sector product definitions, oenological practices, vine planting authorisation schemes, labelling and presentation, and geographical indications. The CAP Strategic Plans Regulation, the CAP Horizontal Regulation, and a plethora of delegated and implementing acts also apply. The complex policy framework also includes other legislation, such as the Food Labelling Regulation and the Organic Production Regulation.

EU wine producers today face numerous challenges. Hit by the closure of the hospitality sector during the COVID-19 pandemic, the sector has also suffered from unfavourable weather conditions due to climate change, which is expected to require substantial changes in the way wine is produced in the future. EU winemakers face increasing competition from other parts of the world, as well as the changing preferences of consumers, who are increasingly opting for wines with less alcohol and wine produced and packaged in sustainable ways. The changing legislative framework at EU and national levels also brings new challenges.

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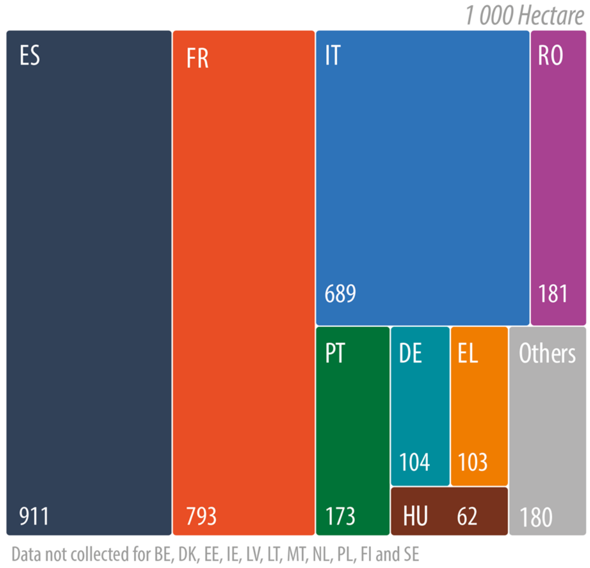
Facts and figures: The EU wine sector

Wine has been a part of the European way of life for centuries: grapes were planted by the ancient Greeks and carried across the continent by the ancient Romans. Today, Europe produces and consumes more wine than any other continent, and the European Union is the world's largest producer, consumer and exporter of wine. According to Eurostat, in 2020 the total area under vines in the EU was 3.2 million hectares, accounting for 2 % of the utilised agricultural area in the EU and 45 % of all vine-growing areas in the world. Most EU production takes place in Spain, France and Italy, which together account for three quarters of the EU area planted with vines.[1]

Figure 1 – Total area under vines, by Member State

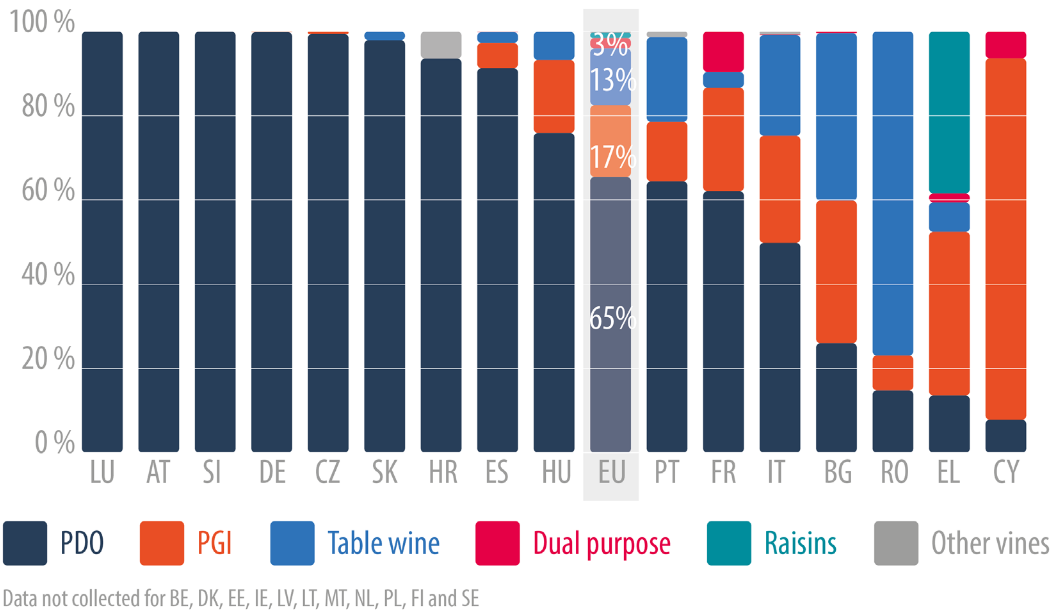


Data source: Eurostat (vit_t1).

EU wine farms

Out of more than 500 main vine varieties,[2] in 2020 the most cultivated red main vine varieties in the EU were Tempranillo tinto (13.8 % of all area under main red varieties), Merlot noir (11.5 %) and Garnacha tinta (9.5 %). The most cultivated white main vine varieties were Airen (14.9 %), Trebbiano toscano (9.9 %) and Chardonnay blanc (7.8 %).

Figure 2 – Area under vines, by type of production



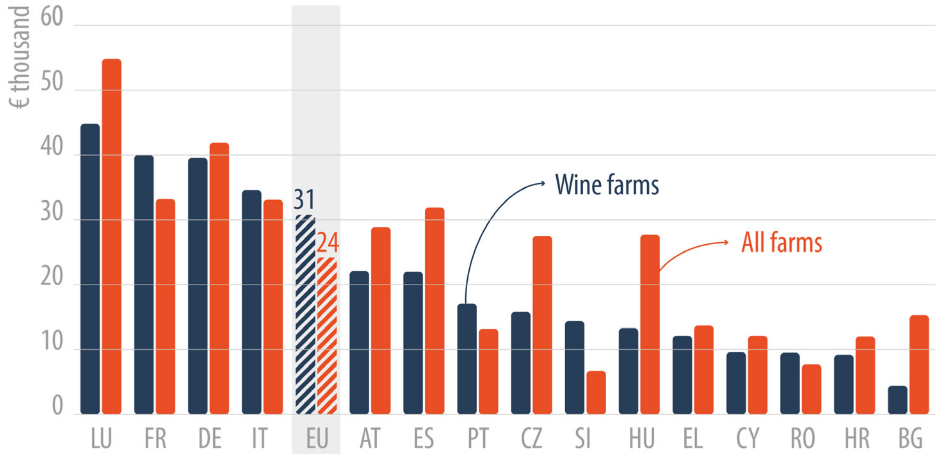
Data source: Eurostat (vit_t4).

An overwhelming majority of EU vines are grown for the production of quality wines carrying geographical indications. In 2020, 65.3 % of vines were used for wines under the protected designation of origin (PDO) classification, and 17.1 % for wines under the protected geographical indication (PGI) classification. Only 13.2 % of EU vines were used to produce table wine.[3] Romania was the only Member State where the majority of vines were grown for use in table wine (72.1 %).

Greece was the only Member State with vines grown specifically for the production of raisins – 37.4 % of all vines.

On-farm production is typical for EU wines. In 2020 there were 2.2 million vineyard holdings in the EU, varying greatly in size. The Member State with the most vineyard holdings was Romania, whose 800 000 holdings made up 37.9 % of all vineyard holdings in the EU. Romanian vineyards were, at the same time, the smallest, with an average size of 0.2 hectares. Small vineyards, averaging between 0.5 and 0.6 hectares, were also typical in Croatia, Greece, Slovenia and Cyprus. By contrast, the average size of French vineyard holdings was much larger: 10.5 hectares. Large vineyards (over 10 hectares) accounted for 3.2 % of holdings in the EU, but held 59.2 % of the land. Between 2015 and 2020, there was a trend towards a greater consolidation of vineyards; while the area under vines decreased by 1.1 %, the number of holdings fell by 257 000, with the number of those under 1 hectare diminishing by 226 000.

Figure 3 – Profitability of farms in 2020



Data source: Farm Accountancy Data Network. The data shows farm net value added (FNVA) per annual work unit. FNVA equals total output (total production value), plus balance of current subsidies and taxes, including direct payments, minus intermediate consumption and depreciation.

The Commission notes that specialised wine farms have higher incomes than average EU farms and are less dependent on direct payments. Data from the Farm Accountancy Data Network (FADN) show that the average EU wine farm is more profitable than the average EU farm in general; in 2020, the average farm net value per annual work unit was €24 200 for all farms, but €30 800 for wine farms. However, this average was driven by only a handful of Member States; in most wine-producing EU countries, wine farms were less profitable than farms in general.

EU wine production

According to an International Organisation of Vine and Wine (OIV) report, in 2021 the EU produced 153.7 million hectolitres (mhl) of wine. This was 5 % below the EU's 5-year average production, and 8 % less than in 2020. This decrease was largely attributed to

The secret of good-tasting wine

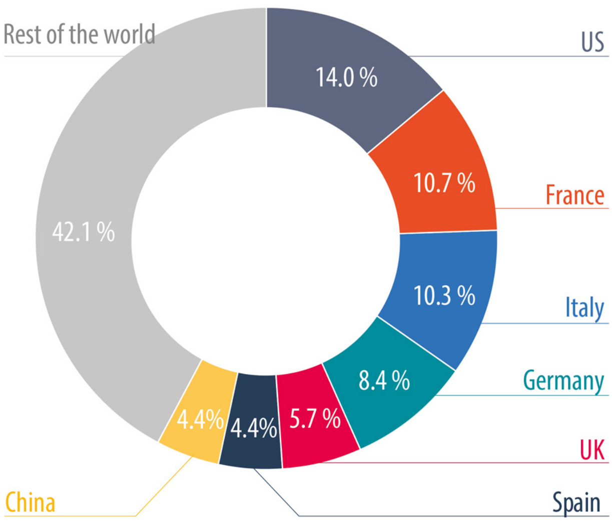
Wine grapes are typically grown between the 30th and 50th parallels in the northern hemisphere and between the 30th and 45th parallels in the southern hemisphere – although due to climate change, new areas are becoming suitable for winemaking. A perennial crop, the first grape harvest is expected 3 years after planting, while the first harvest suitable for use in winemaking comes several years after that. A wine's taste is influenced by the types of grapes used, the soil and geology of the area in which they are grown, the weather and the winemaking techniques. Good taste requires the right balance of sugar, acidity and tannins, but this makes wine sensitive to climate influences, as grapes need sun to develop their sugar content, water to develop acidity and prolonged exposure to sunlight to develop tannins.

extraordinary weather in France, where late spring frosts led to a 19 % fall in production and one of the worst harvests since 2000. Production in Spain also took a hit from unfavourable weather, falling by 14 % compared to 2020. As in 2020, Italy was the world's largest wine producer in 2021, with 50.2 mhl, followed by France (37.6 mhl) and Spain (35.3 mhl). These three countries accounted for 47 % of global production. Despite concerns that the spring frost, hail, excess heat and drought experienced in early 2022 would negatively affect yields, production recovered and led the OIV to predict a 2 % increase in EU production for 2022. As reported in its world wine production outlook, this would equal a total volume of 157 mhl, with Italy's output staying more or less the same, France's increasing by 17 %, and Spanish production predicted to decrease by 6 %.

EU wine consumption

The EU accounted for 48 % of global wine consumption in 2021, with a wine consumption of 114 mhl. This was in line with a 10-year average and 3 % higher than in 2020 when, with the pandemic and the forced closure of the hospitality sector, EU consumption fell to 110.5 mhl. In 2021, the largest consumption in the EU was recorded in France and Italy – 25.2 and 24.2 million hectolitres in respectively. Only the United States consumed more wine in 2021. However, consumption in the EU has been in decline since 2008, owing to health concerns and changing consumption patterns. According to the Commission's EU agricultural outlook for the 2021-2030 period, this decline is expected to continue, but at a slower rate than previously. While wine consumption declined by 24 % overall in the 2010-2020 period, in 2020-2031 it is expected to fall by 0.2 % annually. Per capita consumption is expected to fall to around 22 litres in 2031, from 22.4 litres in 2020. The World Health Organization indicator on wine consumption in litres of pure alcohol shows that the consumption in the EU Member States fell from 6.4 litres of pure alcohol from wine in 1970 to 3.6 litres in 2019.

Figure 4 – Share of global wine consumption in 2021



Data source: IOV.

EU wine trade

In light of falling domestic consumption, international trade is increasingly seen as a way to secure a market for EU wines. In the past two decades, wine has become popular in parts of the world that traditionally had lower demand. The largest markets outside the EU are the United States, the United Kingdom, China, Russia, Argentina and Australia. EU exports face increasing competition from winemakers from other parts of the world, in particular Chile, Australia and South Africa.[4]

The year 2021 was a record year for wine exports – global exports reached 111.6 mhl and €34.3 billion in value. Globally, the biggest exporter by volume was Spain, with 23 mhl, while France was the top exporter by value, with €11.1 billion. Spain, Italy and France together accounted for 54 % of world wine exports in terms of volume and 61 % in terms of value. According to the EU wine market observatory, EU exports were worth €17.2 billion in the 2021/2022 marketing year. The main markets for EU wine were the United States (€4.7 billion), the United Kingdom (€3.4 billion), Switzerland (€1.3 billion) and Canada (€1.15 billion).

According to the OIV, the world's largest importer by value in 2021 was the United States, with overall imports of €6.2 billion. Almost two thirds of the wine imported by the US came from Italy and

France, followed by New Zealand and Australia. According to the OIV, Germany was the world's biggest importer by volume – it imported 14.5 mhl, worth €2.8 billion. However, this figure includes imports from other EU Member States, in particular Italy, France and Spain. According to the EU wine market observatory, in 2021 and 2022 the EU as a whole imported wine primarily from the US (€440 million), Chile (€379 million), Australia (€241 million) and South Africa (€239 million).

The EU has signed trade agreements covering wine trade with a number of countries. The most recent to enter into force was an agreement with Chile, which updated the rules on the protection of geographical indications and on winemaking practices and certification.

The EU policy framework

EU wine policy is as old as the common agricultural policy (CAP). The principal legislation for the wine sector is the Commmon Market Organisation (CMO) Regulation – the first piece of legislation was adopted in 1962 as part of a package of regulations that established the CAP.[5] While early regulatory efforts focused on restricting production in order to balance supply and demand (including bans on planting new vines in the 1970s, incentives for giving up vineyards in the 1980s and the grubbing-up schemes of the late 2000s), in subsequent revisions of the CMO the EU shifted its focus to improving wine quality and the competitiveness of the sector.

The current CMO Regulation (Regulation (EU) 1308/2013) was amended in 2018 by the CAP Amending Regulation ((EU) 2021/2117) with most provisions applying since January 2023.[6] It contains rules on marketing of wine and the functioning of the sector. The rules on CAP payments for wine growers and interventions in support of the wine sector are covered by the CAP Strategic Plans Regulation. The sector is also subject to the CAP Horizontal Regulation. Rules on specific aspects of the wine industry are dispersed across a complex policy framework which includes a number of specific delegated and implementing acts as well as legislation such as the Food Information for Consumers (FIC) Regulation, the Organic Production Regulation and the Regulation on the promotion of agricultural products.

Definitions of wine sector products

The CMO Regulation includes definitions for various products of the wine sector, including wine, grape juice, fresh grapes other than table grapes, liqueur wine, sparkling wine, wine vinegar, and grape must. Wine is defined as 'the product obtained exclusively from the total or partial alcoholic fermentation of fresh grapes, whether or not crushed, or of grape must'. It should have an alcoholic strength between 8.5 % and 15 %, although certain wines carrying PDO or PGI classifications are allowed alcohol levels as low as 4.5 % or as high as 20 %.

Authorisation scheme for vine planting and vineyard registers

The CMO Regulation defines the EU **wine-growing regions**, where wines can be produced commercially. They can be found in all Member States except Finland and Latvia. The regulation also lays down rules on the **vine planting authorisation scheme** for commercial wine production. Until 2045, Member States that implement such schemes[7] can, each year, grant authorisations for new plantings corresponding to 1 % of the area that was planted in their territory in the previous year. These Member States must also maintain a **vineyard register** with information on their production potential. The register is also mandatory for Member States running a national support programme for restructuring and conversion of vineyards (see below). Further details on the authorisation scheme and vineyard registers are set out in Commission Delegated Regulation (EU) 2018/273 and Commission Implementing Regulation (EU) 2018/274 (both of which have been updated, with new provisions applicable since December 2022).

Marketing standards and oenological practices

Wine sector products can be placed on the internal market only if they comply with the **marketing standards** laid out in the CMO Regulation. These standards include rules on specific substances used in production; rules on production methods, including oenological practices; definitions and restrictions on must and wine coupage and blending; restrictions on certain substances and practices; and rules on disposal of non-complying products.

Grapes originating outside the EU cannot be used for the production of wine within the EU. The mixing of non-EU wines with EU wine or with other non-EU wines is also banned. 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 (with six specific varieties excluded). Areas planted with unauthorised varieties must be grubbed up, unless the wine is intended for consumption by the producer's household only.

Authorised **oenological practices** are defined in the Annex VIII of the CMO Regulation, while further details are given in Commission Delegated Regulation (EU) 2019/934. The regulations set rules addressing, inter alia, the enrichment, acidification, de-alcoholisation, issues such as sulphur dioxide contents of wines, sweetening, experimental use of new oenological practices; oenological practices for sparkling wines and liqueur wines; and the disposal of non-compliant products and by-products. Products that are not produced in accordance with the authorised oenological practices must be destroyed, but Member States can authorise some of these products to be used by distilleries or vinegar factories, or for industrial purposes. When developing rules on oenological practices, the Commission is required to take into account OIV recommendations.[8]

Labelling and presentation

Most of the rules on wine labelling and presentation[9] are set out in the CMO Regulation. Mandatory elements include: the category of the grapevine product (including the terms 'de-alcoholised' or 'partially de-alcoholised'); the term 'protected designation of origin' or 'protected geographical indication' and the name of the area (for wines protected by these schemes); the actual alcoholic strength by volume;[10] an indication of provenance; an indication of the bottler, producer or vendor; an indication of the importer; and for sparkling wine, an indication of the sugar content. Labelling and presentation can include optional elements, such as the vintage, the name of grape varieties used, or certain production methods.

Wine labelling must comply with the rules on the listing of **allergens** outlined in the FIC Regulation, as well as with the terms concerning sulphites/sulfites, eggs and egg-based products, and milk and milk-based products specified in Delegated Regulation 2019/33. That regulation also contains rules on the presentation of wine, such as a prohibition on lead-based capsules or foil and rules on certain bottle shapes and closures. From 8 December 2023, the provisions of the CAP Amending Regulation will make the nutrition declaration and the list of ingredients in line with the FIC Regulation compulsory also for wine.[11] It will be possible, however, to limit the nutritional declaration on the label to the energy value, and make the rest of the nutritional information and the list of ingredients accessible electronically via a QR code. The exception is the indication of any allergens, which must appear on the physical label. A new delegated regulation will further clarify these rules.[12]

Organic wine

Since 2012, wine in the EU can be labelled as organic (previously, only the label 'made from organic grapes' was allowed). Oenological practices for organic wines are currently set out in Regulation (EU) 2018/848 on organic production and labelling of organic products. The regulation requires organic wine to be made of organic ingredients, lays down rules for the production of organic grapes, and bans a set of conventional oenological practices that are considered unsuitable for organic wine production (for instance, sorbic acid and desulfurisation are not allowed).[13]

Producer and interbranch organisations

The CMO Regulation lays down rules on producer organisations for several sectors, including wine. Producer organisations are formed to carry out at least one joint activity, such as processing, distribution, organising quality control and using storage facilities. The CMO lays down rules on the statutes of such organisations, as well as associations of producer organisations, and for their recognition by Member States.

Member States can also recognise national and regional interbranch organisations. Such organisations bring together representatives of producers and of actors in at least one other stage of the supply chain, such as distributors or processors. The interbranch organisations must account for a significant share of economic activities in the sector and have specific aims, such as adapting production to market needs, concentrating supply, improving knowledge and product quality, promotion activities, etc. However, they are not allowed to set or negotiatiate prices.[14]

Recognised organisations are important, as they can, for instance, ask Member States to lay down temporary but binding rules for the regulation of the supply of PDO and PGI wine. Interbranch organisations can be even more influential; their decisions can be taken up by the Member States as the basis for laying down marketing rules to regulate supply, with the aim of improving and stabilising the common market in wine.[15] As of the last CAP reform, CAP Amending Regulation allows interbranch organisations to provide non-binding price guidance on the sale of grapes intended for the production of PDO and PGI wines, provided that such guidance does not eliminate competition in respect of a substantial proportion of the products in question.

Protected wine denominations

Rules on geographical indications (GIs) for wine (PDOs and PGIs), as well as on traditional terms, are laid down in the CMO Regulation.[16] Applications for PDO and PGI protection must undergo a preliminary national procedure before being forwarded to the European Commission for scrutiny. If approved, a GI can be used by any winemaker who produces wine in a defined geographical area and respects the product specification. GIs are protected against misuse, imitation, evocation and misleading use. Protected names are entered into the EU eAmbrosia register, which as of May 2023 contained 1 185 PDOs, 446 PGIs and 377 traditional terms for wine. The CMO Regulation also lays down rules on procedures for the amendment of product specifications, cancellation and temporary labelling. In 2022, the Commission proposed to bring GIs for wine under the Geographical Indications Regulation that currently applies to agricultural products, but not to wine.[17]

Monitoring and control systems

Member States must designate one or more authorities for ensuring compliance with EU rules in the wine sector and the laboratories authorised to carry out official analyses. The competent authority responsible for carrying out checks with respect to wine with PDO and PGI designations has to verify compliance with product specifications annually, both during wine production and during or after conditioning. For wines that do not have a PDO or PGI designation, Member States are required to introduce rules on **certification**, approval and verification procedures in order to ensure information on labels is true.[18] The CMO Regulation requires wine sector products be put into circulation only with an officially authorised '**accompanying document**'; in addition, producers, bottlers, processors and merchants must keep **inward and outward registers**.[19]

Exceptional measures and state aid

The Commision can adopt exceptional measures in the event of threats of market disturbance caused by significant changes in price, other disturbances, specific problems or loss of consumer confidence on internal or external markets. If urgent action is needed, such measures can be adopted using an urgent procedure and enter into force without delay. They then apply for as long as there is no objection from the Parliament or Council.

During such periods, the Commission can decide not to apply EU competition rules to agreements between famers, their associations and organisations that are designed to stabilise the sector. Such agreements might include, for instance, withdrawal of products from the market and their free distribution, joint promotion measures, agreements on quality requirements, or temporary planning of production. In addition, in justified cases Member States can, following approval by the Commission, make national payments to wine producers for the voluntary or mandatory distillation of wine. The alcohol that results from such distillation can be used only for industrial or energy purposes. During the COVID-19 crisis, the Commission adopted several acts to stabilise the wine market.[20]

Promotion of wine

Promotional measures for agricultural products can be fully or partially financed by the EU budget, when these measures serve to increase awareness of the merits and high standards of EU production, increase competitiveness and consumption, and expand the market share of EU products in third countries. Regulation (EU) No 1144/2014 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries allows for EU financing of promotional measures for wine with PDO or PGI status and wine with an indication of the wine grape variety. Member States can also decide to include wine-promoting measures under the sector-specific interventions in their CAP strategic plans (see below).

CAP support

EU winemakers are eligible for support from both the first CAP pillar (direct payments and market measures) and the second CAP pillar (rural development). However, whether they can benefit from a particular measure in reality depends on their Member State, as the CAP Strategic Plans Regulation affords the Member States significant flexibility to choose interventions based on the specific needs of their agricultural sectors.[21]

Decoupled direct payments

Like other farms, vineyards are eligible for decoupled direct payments paid from the European Agricultural Guarantee Fund (EAGF). Under EU law, they are eligible for basic income support for sustainability (in principle based on the eligible hectares);[22] complementary redistributive income support for sustainability (for smaller farms); and complementary income support for young farmers. Grape growers are also eligible for various eco-schemes, which Member States can set up to reward farmers who take environmentally friendly actions that go beyond the basic requirements.[23]

Wine sector interventions

The first CAP pillar also includes programmes for wine, from which EU winemakers have benefited since 2008. Under the old CAP, these were known as 'national support programmes' and were part of the CMO Regulation, but with the new CAP, they have been integrated into the CAP Strategic Plans Regulation under the chapter on 'types of interventions in certain sectors'.[24] Each of the 16 major wine-producing Member States is required to choose one or more objectives for the wine sector and outline corresponding interventions in their CAP strategic plan, to be financed or co-financed under the EAGF. Interventions can include: the restructuring and conversion of vineyards; investment in tangible and intangible assets in wine-growing farming systems; green harvesting; harvest insurance; investment in innovation; advisory services; distillation of winemaking by-products; information campaigns encouraging responsible consumption of wine or promoting EU wines under quality schemes; promotion of wine tourism; improvement of market knowledge, promotion and communication in third countries; assistance to cover administrative costs of setting up mutual funds; and investment aiming to enhance the sustainability of wine. The CAP Strategic Plans Regulation also lays down detailed rules on EU financial assistance. For instance, for restructuring and conversion of most vineyards EU funding cannot exceed 50 % of the actual costs (75 % in less developed regions), but for vineyards on steep slopes, it can go up to 60 % of the actual costs (80 % in less developed regions).

Additionally, each of the 16 Member States is required to choose at least one intervention addressing: environmental protection; climate change adaptation; sustainability of production systems and processes; improvements to global energy efficiency or energy savings; and reduction of the environmental impact of the EU wine sector. At least 5 % of national expenditure on the wine sector must be earmarked for such interventions.

Rural development payments

The wine sector is also eligible for interventions from the second CAP pillar (rural development), paid from the European Agricultural Fund for Rural Development and Member State budgets. Interventions can include: investment in environmental, climate-related and other management commitments; payments for natural or other area-specific constraints; payments to address area-specific disadvantages resulting from certain mandatory requirements; investment, including investment in irrigation; setting up of young and new farmers, and rural business start-ups; risk management tools; cooperation, for instance for the promotion of geographical indications or preparing smart village strategies; and knowledge exchange and dissemination of information.

Challenges and prospects

Climate change and wine

Droughts, heatwaves, wildfires, heavy and prolonged rainfall and hailstorms are already affecting grape yields and quality, as well as their alcohol, acid and sugar content. A European Environmental Agency (EEA) report on climate change adaptation in the agriculture sector in Europe predicts that by the middle of this century, climate change will be having negative impacts on grape development and wine quality in the traditional winemaking regions of southern Europe.[25] Hotter temperatures cause grapes to ripen faster, bringing sugar (and alcohol) content up and acidity (which gives wine its freshness) down, while leaving insufficient time for tannins and other essential compounds to develop. The EEA predicts that it will become difficult to grow grapes in southern Europe, while climates in northern Europe will become increasingly suitable for vineyards.[26] According to the EEA report, wine growing in the south of Europe will increasingly require a switch to types of vines that are more climate-resistant. This will also mean amending the product specifications for wines with geographical indications to authorise the use of such varieties.[27]

A partial solution could come from implementing precision farming techniques, potentially enabling wine growers to predict irrigation needs more effectively and to take steps to ensure the harvest happens at the optimal time. Physical measures for adapting vineyards to climate change could include thermal screens providing shade from direct sunlight; chamber-free systems for heating and cooling air that is then blown over the vines, providing a 10°C difference in temperature; mini-chambers combined with shade cloths and reflective foils that help manipulate temperature and sunlight; polyethylene sleeves; and hail protection nets. The EEA warns, however, that implementing such technologies would entail substantial investment and maintenance costs.[28]

Changing legal framework

Geographical indications revision

GIs for wine have become a significant point of contention in the EU's pending revision of the legislation on geographical indications for agricultural products. A Commission proposal, adopted in March 2022, would remove most of the provisions on GIs for wine from the CMO Regulation and move them to a new GI regulation. Stakeholders from the wine industry are opposed to this proposal, arguing that rules on wine should stay within a single legislative document (i.e. the CMO Regulation).[29]

Irish health warnings

Another controversy concerns an Irish law that would introduce a mandatory health warning on alcohol product labels. The law would require alcoholic beverages to bear three health warnings: on the danger of alcohol consumption, the danger of alcohol consumption when pregnant and on the direct link between alcohol and fatal cancers. The Commission raised no objections to the Irish law despite opposition from a number of Member States, led by Italy, France and Spain, who warned that the proposed law represented a breach of EU rules on food labelling and would fragment the single market. A European Parliament resolution of 16 February 2022 on strengthening Europe in the fight against cancer stresses the need to reduce 'harmful' alcohol consumption and to include 'moderate and responsible drinking information' on the labels – but does not go so far as to advocate the introduction of health warnings.

Proposal for a packaging regulation

In November 2022, the Commission proposed a new packaging regulation that would introduce re-use targets for wine bottles. Manufacturers and final distributors of wine, with the exception of sparkling wine, would be required to ensure that by 1 January 2030, 5 % of wine on the market comes in reusable packaging that is part of a re-use or refill system. By 1 January 2040, the percentage would increase to at least 15 %. The proposal is currently under discussion in the European Parliament and Council.

Changing consumer preferences

Younger generations of wine consumers are driving several new trends in wine consumption. Increasingly health-conscious, they seem to prefer wines with lower alcohol content. This has led to a slowing demand for red wine and an increased demand for white, rosé and sparkling wines, as such wines contain less alcohol. These 'lighter' wines can also be drunk at different times of the day and on different occasions.[30] There is also a strong demand for wines with geographical indications, as consumers are attracted by authenticity and identity.

Environmentally conscious younger consumers are also driving the trend towards more **sustainable wine** options, including organic, biodynamic, natural and fair trade wines. This recently led France to introduce an official definition of 'natural wine'.[31] Organic production has seen rapid growth, with the organic grape-growing area increasing by 17 % annually between 2008 and 2015. The global organic wine market had an estimated value of US$8.9 billion in 2021 and was expected to grow around 10 % annually between 2022 and 2030 to reach US$21.5 billion. The largest consumers of organic wine in 2021 were Germany (accounting for 24 % of global consumption), France (16 %) and the United Kingdom (10 %).

Consumers have also been interested in more sustainable packaging, leading to a rapid growth of the **canned wine** market. Cans have a higher recycling rate than glass bottles, cost less, and are more easily portable, while their single-serving nature enables consumers to control their alcohol consumption better. The global market in canned wine may be worth at US$571.8 million by 2028, with a growth rate of 13.2 % per year.

European Parliament position

On 1 June 2023, Parliament adopted amendments on the Commission's proposal for a regulation on geographical indications that would include wine in its scope. As stakeholders from the wine sector had requested that the provisions on geographical indications for wine remain in the CMO Regulation, Parliament voted that the rules on the protection of geographical indications, homonyms, relations with trademarks, labelling, and generic terms remain in the CMO Regulation, while the rules on the register, opposition and cancellation be moved to the new GI regulation. Parliament is now in the process of negotiations on the proposed regulation with the Council.

During the negotiations on the CAP Amending Regulation, Parliament advocated a number of provisions regarding the wine sector. It supported the prolongation of the vine planting scheme until 2050 and the establishment of a wine market observatory. Parliament opposed the Commission's suggestion to allow certain banned grape varieties to be used for wine production. It also opposed granting de-alcoholised or partially de-alcoholised wines eligibility to be protected under the PDO and PGI schemes. Finally, Parliament argued that wine labels should include nutrition information showing at least the energy value and a list of ingredients, or a direct link to where these could be found.[32]

In April 2021, Parliament held a topical debate with the Commission regarding the severe impact of the 2021 spring frost on wine growers. Noting the 'historic losses' farmers had suffered, the Committee on Agriculture and Rural Development (AGRI) asked the Commission what measures it was planning to help farmers overcome these losses and to improve existing risk management tools, and urged the Commission to support research on improving crop resilience to climate change. An exchange of views with the Commission on droughts and floods in southern Europe and the activation of the agricultural crisis reserve was on the agenda of the 6 July 2023 meeting of the AGRI committee.

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ENDNOTES

1 The Eurostat data included only the 16 Member States that had a minimum of 500 hectares of vineyards; these represented 99.7 % of the total EU area under vine.

2 The main vine varieties are those that have an area bigger than 500 hectares at national level. They account for 91.1 % of the EU area planted with vines.

3 A substantial proportion of grapes was used for table wine in Bulgaria (38.7 %), Italy (24.3 %) and Portugal (20.1 %).

4 Also sometimes known as 'New World wine'.

5 This included Regulation No 25 on the financing of the common agricultural policy.

6 The application of provisions on nutrition declaration, ingredients lists and labelling of de-alcoholised wines starts in December 2023. For more, see B. Rojek, CAP Amending Regulation, EPRS, European Parliament, 2021.

7 The authorisation scheme only applies to Member States that did not implement a transitional planting right regime, under the scheme in place from 2008-2015. Member States with areas under vines under 10 000 hectares can also choose not to implement the current scheme. This has resulted in only 13 Member States running such schemes.

8 By the end of 2023, the Commission plans to update the rules on oenological practices in line with new OIV recommendations.

9 Unlike labelling, which refers to communication on packaging, document or label, presentation refers to information conveyed to consumers by means such as the form and type of bottle.

10 Further rules on this can be found in Annex XII of the Food Labelling Regulation.

11 Currently, alcoholic beverages containing more than 1.2 % of alcohol are exempted from this requirement.

12 The regulation was adopted by the Commission on 30 May 2023 and will apply as of 30 July, provided there are no objections from the European Parliament or the Council.

13 For more, see for instance IFOAM EU Group, EU rules for organic wine production, 2013.

14 For more, see Commission's Study on agricultural interbranch organisations in the EU.

15 Additional rules on the recognition of producer organisations and transnational organisations and associations are laid out in the Delegated Regulation (EU) 2016/232.

16 Traditional terms may refer to a national term used to indicate that the product has a PDO or PGI protection – for example, *'Appellation d'origine contrôlée' (AOC)* in France or *'denominazione di origine controllata' (DOC)* in Italy. Traditional terms can also refer to the production or ageing method or the quality, colour, type of place or a particular event linked to the history of the product with PDO or PGI, such as *Gran reserva or Mladé víno*.

17 This has been highly criticised by the wine industry, which argues that wine should continue to be covered by the CMO Regulation only. For more, see N. Šajn, Geographical indications for wine, spirit drinks and agricultural products, EPRS, European Parliament, 2023.

18 Further rules on the certification of EU wine are laid out in the Implementing Regulation (EU) 2018/274, and for non-EU wine in the Delegated Regulation (EU) 2018/273.

19 Rules on the accompanying document and its use (including on accompanying documents for imported wine products), the conditions under which an accompanying document is to be regarded as certifying protected PDOs or PGIs, and the obligation to keep a register and its use are further specified in the Commission Delegated Regulation (EU) 2018/273 and Implementing Regulation (EU) 2018/274 on the inward and outward register.

20 The first package was adopted in May 2020, complemented by the second package for the wine sector in July 2020. The measures were extended in January 2021 and additional exceptional measures were adopted in October 2021.

21 According to the FADN, subsidies as part of the overall income are quite low for wine farms compared to farms in general – and the largest share comes from decoupled payments (as opposed to rural development funds). However, there are large differences across Member States. For example, in Croatia and Czechia, rural development funds contribute more to the farm income the decoupled payments.

22 However, in Member States where basic income support is based on number of payment entitlements (instead of hectares), vineyards can be excluded if they had not received entitlements under the previous system of basic payments.

23 For more detail, see R. Rossi, Understanding farm payments, EPRS, European Parliament, February 2023.

24 For a breakdown on how EU funds for national support programmes were spent in the wine sector, see Wine CMO: Financial execution of the national support programme 2009-2023. The allocations for such programmes are slightly over €1 billion per year (see Annex VII of the CAP Strategic Plans Regulation). Additional rules on certain types of interventions, including in the wine sector, can be found in Commission Delegated Regulation (EU) 2022/126.

25 High temperatures in the summer months can move up the harvest by three to four weeks, which negatively influences grape quality, taste and yield.

26 Sweden and Denmark received their first permit for commercial wine production in 2000. According to the EEA report, under the worst-case scenario grape growth would spread to the 55th parallel north by 2050.

27 This is already happening. See for instance an amendment on the varieties that can be used for *'Bordeaux supérieur'*.

28 For more, see EEA report, p. 83.

29 For more, see N. Šajn, Geographical indications for wine, spirit drinks and agricultural products, EPRS, European Parliament, June 2023.

30 According to an Agrosynergie evaluation, the demand for rosé increased by 31 % between 2002 and 2016, while the consumption of sparkling wine has increased by 30 % over the last 10 years (p. 81).

31 See for instance Why consumers drink natural wine? Consumer perception and information about natural wine.

32 For more, see EPRS briefing on the CAP Amending Regulation (CMO).

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