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A7-0386/2012

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REPORT

on Special Report No 7/2012 (2011 discharge): 'The reform of the common organisation of the market in wine: Progress to date'
(C7-0149/2012 – 2012/2119(DEC))

Committee on Budgetary Control

Rapporteur: Eva Ortiz Vilella

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
RESULT OF FINAL VOTE IN COMMITTEE.....	8

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations, in the context of the 2011 Commission discharge, concerning Special Report No 7/2012 of the Court of Auditors entitled "The reform of the common organisation of the market in wine: Progress to date" (C7-0149/2012 – 2012/2119(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2011¹,
 - having regard to Special Report No 7/2012 of the Court of Auditors entitled "The reform of the common organisation of the market in wine: Progress to date",
 - having regard to Article 319 of the Treaty on the Functioning of the European Union and Article 106a of the Treaty establishing the European Atomic Energy Community,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002², and in particular Articles 164, 165 and 166 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³, and in particular Articles 145, 146 and 147 thereof,
 - having regard to its resolution of 23 June 2011 on the CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future⁴,
 - having regard to Rules 76 and 112 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A7-0386/2012),
- A. whereas the special reports by the Court of Auditors are examined by Parliament during the annual discharge procedure,
- B. whereas the special reports of the Court of Auditors provide information on issues of concern related to the implementation of expenditure, and are thus a tool for Parliament in the exercise of its role as the discharge authority,

¹ OJ L 68, 15.3.2011.

² OJ L 298, 26.10.2012, p. 1.

³ OJ L 248, 16.9.2002, p. 1.

⁴ Texts adopted, P7_TA(2011)0297.

Background

1. Welcomes Special Report No 7/2012 of the Court of Auditors entitled "The reform of the common organisation of the market in wine: Progress to date" that focuses on the progress achieved by the reform of the common organisation of the market in wine introduced by the Council in 2008; acknowledges that the main objective of the audit was to assess the progress regarding one of the main objectives of the reform, namely improving the balance between supply and demand;
2. Recalls that the reform of the common organisation of the market in wine was aimed at balancing supply and demand, and that the main financial instruments of this reform included a temporary grubbing-up scheme and the setting up of national support programmes, allowing each Member State to choose the measures (among 11 available) best adapted to its particular situation;
3. Emphasises that the audit focussed on the two measures representing the largest areas of spending: "grubbing-up" and "restructuring and conversion of vineyards" with EUR 1 074 million made available for the grubbing-up measure in the three-year application period from 2008-2009 to 2010-2011 and EUR 4 200 million allocated for restructuring and conversion measure for the ten-year period from 2001 to 2010;
4. Takes note that the Union is the world's biggest wine producer with 3 5 million hectares (ha) of vines; recalls that the Union produced approximately 160 million hectolitres (hl) during the wine year 2007-08, accounting for around 60 % of the world's wine production; furthermore, notes that there was a downward pressure on wine prices at producer level, compounded by the overall decrease in wine consumption in the Union in the 20 years leading to 2009;

Special Report No 7/2012

5. Special Report No 7/2012 indicates that although demand for grubbing-up exceeded 350 000 ha, its impact was limited by the fixed target of 175 000 ha and ultimately, only 160 550 ha were grubbed-up with the help of Union aid; the Court of Auditors estimates that the grubbing-up scheme finally reduced the vineyard inventory area by around 5 %, corresponding to approximately 10 2 million hl of wine withdrawn or 6 % of the usable wine production; points out, however, that far more land – 300 000 ha in all – has been grubbed-up since the reform, and that no such aid was provided in respect of around 140 000 ha of that land, a figure that does not appear in Special Report No 7/2012;
6. The Court of Auditors concludes that for the grubbing-up measure, the scheme could have been more efficient and less expensive since the aid rates were increased to levels that were too high in the first and second year, while the demand for the measure exceeded the target, even when the rates were reduced to their original level in the third and final year of the scheme;
7. The Court of Auditors considers that grubbing-up did not always target the less competitive or less viable vineyards and that the scheme financed the grubbing-up of some vineyards that had already been restructured and were, in principle, competitive;

- regretfully notes that such cases are at odds with the policy objectives of the reform;
8. Special Report No 7/2012 stresses that the expected reduction of the production did not materialise as a consequence of the insufficient use of some common market organisation instruments such as green harvesting and promotion, and the rejection by the Council of the Commission proposal to ban enrichment with sucrose;
 9. Special Report No 7/2012 recognises that restructuring measures have contributed to the improvement of competitiveness in the sector but they have also provoked an increase of yields in certain Member States offsetting efforts to reduce the market supply;
 10. The Court of Auditors notes that the Commission has not made an in depth assessment on the potential impact of the liberalisation of planting rights scheduled for 2018 at the latest, and considers that such an assessment is necessary to establish an estimate of the balance between supply and demand in the wine sector;

Recommendations

11. Takes note of the Court of Auditors' concerns that the Union financed the grubbing-up measure in order to reduce the surplus of wine, while in certain cases, the restructuring and conversion measure led to some increases in vineyard yields; takes the view, however, that greater yields may make the wines more competitive, but strongly encourages the Commission to ensure that an appropriate strategy is in place to avoid unbalances;
12. Fully endorses that the grubbing-up of some modernised vineyards should have been avoided by clarifying existing provisions, so that the vast possibilities of interpretation would have been avoided and established additional eligibility criteria linked to the vineyard itself and not only to the farmer;
13. Is of the opinion that the Commission should review the restructuring measures to reinforce their effectiveness and maintain measures from the previous programme that proved successful in order to boost the sector competitiveness; expects the Commission to ensure that the Member States' national programmes and the restructuring and conversion measures are in line with the objective of the reform, especially the Single Payment Scheme; furthermore, asks the Commission to improve the current provisions to enable farmers to better adapt to market signals and better match the supply to the products demanded;
14. Calls on the Commission to promote measures to safeguard the Union's best winemaking traditions, which essentially entails ensuring socio-economic cohesion and protecting the environment and landscape in many of the rural areas in which they operate;
15. Considers that the Commission should establish a regularly updated estimate of the balance between supply and demand in the wine sector based on statistical analysis of the sector variables, taking into account positive output effects of restructuring and conversion measures; believes that on the basis of that estimate, it should have determined the targeted area for the grubbing-up measure and is of the opinion that in the future, it should evaluate whether the improvement of any other measures is

necessary to address possible imbalances on the basis of that estimate;

16. Insists on the need to realise an in-depth impact study assessment of the planting rights liberalisation, according to the Court of Auditors' recommendation; asks the Commission to evaluate the potential consequences of the elimination of this regime in order to adopt the most convenient decisions to guarantee the balance of the wine market; notes the opinion of a majority of Member States against the decision to end up with that system, a view shared by the Parliament in its resolution of 23 June 2011 on the CAP towards 2020: meeting the food, natural resources and territorial challenges of the future¹;
17. Stresses that although demand for wine in the Union has been decreasing over the last decades, there has been a tangible increase in exports to third countries during the last few years, which was not addressed in Special Report No 7/2012; believes that the implementation of measures to promote the export of quality wines would help reduce production surpluses;
18. Urges the Commission to take measures ensuring that Member States that use flat rates per ha to calculate payments install proper control mechanisms for paying agencies guaranteeing that farmers are not overcompensated, standardise the estimation of costs so that variations in estimated costs for comparable measures are reduced to a minimum and establish comparability and an acceptable level of standardisation for measures based on Article 103q of Council Regulation (EC) No 1234/2007 (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation)²;
19. Urges the Commission to take adequate action to establish comparability and an acceptable level of standardisation for measures based on Article 103q of Regulation (EC) No 1234/2007;
20. Believes that, in addition to the export of quality wines to third countries, greater support for consumption of European wines within the Union would also help to reduce the production surpluses;
21. Asks the Commission to relaunch a policy to promote the wine sector and improve its competitiveness in the internal market, including information campaigns for adults on responsible consumption of wine, and on its specific qualities and features, which highlights the cultural roots of European wines; calls, furthermore, on the Commission to study an European strategy to increase exports to third countries.

¹ Texts adopted, P7_TA(2011)0297.

² OJ L 299, 16.11.2007, p. 1.

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22. Instructs its President to forward this resolution to the Council, the Commission, the Court of Auditors and to the governments and parliaments of the Member States.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	15.11.2012
Result of final vote	+ : 18 - : 2 0 : 1
Members present for the final vote	Marta Andreasen, Jean-Pierre Audy, Zuzana Brzobohatá, Andrea Češková, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Iliana Ivanova, Jan Mulder, Eva Ortiz Vilella, Aldo Patriciello, Crescenzo Rivellini, Theodoros Skylakakis, Bart Staes, Georgios Stavrakakis
Substitute(s) present for the final vote	Cornelis de Jong, Ivailo Kalfin, Olle Schmidt, Derek Vaughan