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Spain

Trade Policy Monitoring

Table-Grape Restructuring Subsidies

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Report Highlights:

Spain is one of the most important table-grape producers in the European Union, and as a result of the application of the European Commission (EC) vineyard restructuring subsidies in favor of table-grape production, will likely become even more competitive in the world market and, in particular, in the rest of Europe where Spanish exporters destine over 90 percent of their table-grape exports. (PM10SH6)

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Madrid [SP1]
[SP]

Subsidies for the Restructuring and Conversion of Table Grape Vineyards

The EC's vineyard restructuring program will likely put Spanish table-grape producers in a much-improved competitive position vis-à-vis U.S. producers for the foreseeable future. The subsidy has, until now, only been available for the restructuring of vineyards producing grapes for winemaking. However, the Government of Spain (GOS) has apparently come to an agreement with the EC to apply this subsidy to the restructure of table-grape vineyards. ORDEN APA/2044/2005, dated June 15, 2005, established the specific rules for table-grape restructuring here in Spain during the period 2005-2009, including the level of subsidy potentially available to Spanish producers from the EC and the Autonomous Regional Governments (ARGs) of Spain.

The restructuring subsidies now available to Spanish table-grape producers include the payment of up to 20 percent of the restructuring costs by the EC and up to 50 percent (more for "young" farmers) from the ARGs. In addition to the restructuring expenses (maximum 8,000 Euros per hectare), producers may also receive subsidies for new irrigation systems and on-farm physical (metal) structures (10,000 Euros maximum). For producers to be eligible for these subsidies, they must meet specific requirements, including a requisite to replant the same number of hectares from a list of varieties approved by the ARGs. In addition, 1,500 hectares of the Napoleon variety must be pulled-up and eliminated, with a supplementary 1,500 hectares of other varieties (with seeds), selected by producers that can be replaced as part of the restructuring program.

For U.S. table-grape exporters, the United Kingdom (UK) market is the most important market within Europe. For Spanish table-grape exporters as well, the UK market is one of the most important (please see table below). While it is certain that British and other European consumers will prefer the new varieties (replacements for the Napoleon and other seeded varieties) that Spanish producers will be exporting, as a result of the restructuring subsidies, it is much less certain that U.S. exporters should have to compete in the UK market with EC and ARGs taxpayer-funded subsidies dedicated to improve Spanish competition in the marketplace.

We wrote report No. SP5035 in 2005 to explain the larger restructuring program here in Spain, which is currently being implemented to improve Spanish wines. Please review that report for further information on how the EC notifies these subsidies to the World Trade Organization.

Spanish table-grape statistics are on the following page.

Spanish Table-Grape Exports, Area Planted, Production, & Imports			
Metric Tons, Calendar Years			
Exports/ Export Destination	2003	2004	2005
UK	28,553	18,972	34,046
Germany	32,670	19,209	23,993
Portugal	19,168	13,952	18,688
France	22,562	20,168	16,312
Netherlands	5,515	2,873	3,113
Italy	4,798	4,361	2,809
Poland	599	578	2,563
Denmark	1,317	1,364	2,046
Belgium	986	1,194	1,695
Others	8,546	9,019	9,095
Exports	124,714	91,690	114,361
Area Planted (Hectares)	22.7	22.0	21.2
Production	320,600	331,000	309,000
Imports	25,359	25,113	30,800