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Italian Views on EU Wine Reform 2008

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Report Highlights:

A summary of Italian sectoral opinion on the new EU wine reform. Unhappiness over the lack of measures to promote "quality" wine production predominate.

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The recently approved reform of the EU wine regime (please see E47062 for EU policy details on this subject) has resulted in mixed reactions from Italian farmers, producers, and traders. The prevailing attitude seems to be fairly negative. The specialized press is generally critical.

According to the Italian business and financial press, the reform is definitely “watered down.” The EU is seen as having on the one hand yielded to pressure from the so called “sugar party,” and then on the other to compensatory requests from countries, including Italy, where sugar is not used in wine making. As a result, the Council was compelled to endorse Italy’s proposal for support for the use of concentrated must for a period of four years, using the national financial envelope to fund it. Once ground was given on the Commission’s proposed ban on sugar for enrichment, the remaining measures which were also part of that proposal were softened. Critics also indicate that while the reform will become effective at the beginning of the next marketing year (August 1, 2008), some measures regarding oenological practices, denomination-of-origin wines and labeling will take effect only one year later, thus creating some confusion for consumers, especially regarding the readability of wine labels. Despite the specific request from Italy, there will not be any indication on bottle labels stating the wine has been enriched with sugar or with concentrated must.

A leading farm magazine’s editorial reads “A bad reform that does not reward quality wines.” The reform is seen as one of the worst (in the wine sector) in recent years. The Commission proposals, while not wholly palatable, at least had their own logic and followed a clear direction, being substantially market oriented. However, the magazine continues, the affected interests were too powerful and diverse, with the result that, after long discussion, a series of compromises “has deeply distorted the reform itself, making it incoherent.” The sugar enrichment ban, supported by the Commission, but strongly opposed by the majority of EU countries, including France, has been overridden with no provision for phasing-out the practice. Yet the use of concentrated must has been approved only for the next four years. The worst aspects of the reform concern quality, oenological practices and labeling. Particularly bothering to the publication is that labels will not indicate the use of chaptalization. Further, the showing of varieties and vintages on table wine labels, and the flexibility given to member states on labeling are expected to result in consumer confusion to the detriment of marketing quality wines.

According to the Italian Minister of Agriculture, Paolo de Castro, the final compromise is the best that could be reached given current situation. The agreement, in his view, allows for the further development of the Italian and European wine industries. In a recent press interview, he recapitulated that the major criticism from the Italian delegation during the negotiations was, of course, the allowing of the sugar enrichment. “Unfortunately, with her original proposal Commissioner Fischer Boel had somehow deceived us, and we probably were wrong to follow her.” However, the Minister considers the reform, on the whole, a positive development. He holds that the national financial envelope has been increased remarkably and these funds will be spent to restructure vineyards and wineries, as well as to support promotion and development projects. The national plan to this purpose has to be passed by June with the target being to spend all the allocated resources. Another “victory” obtained during the negotiations was the continuation of the by-product distillation program on a permanent basis. Finally the lack of indication on wine labels of chaptalization had to be accepted by the Italian delegation, which preferred not to fight the point, thus preventing the likelihood of having the use of concentrated must also labeled.

The reactions from Italy’s major farmer organizations are mixed. According to Confagricoltura, there are many positive aspects in the agreement, such as the maintenance of planting rights and the reduction of grubbing-up requirements. The increased funds obtained by Italy, however, are not adequate to implement, on an effective basis, the new measures included in the agreement. Another leading farmer union, CIA, believes that this is

a half-baked agreement, which inadequately meets the needs of Italian producers. In any case, CIA appreciates the role played by Minister De Castro during the difficult negotiations. Much more negative are the reactions from Coldiretti, "Italy lost another battle in Brussels with a severe defeat for the national wine industry, to the advantage of northern European producers who will continue to use sugar. Once again, we did not show leadership, jeopardizing the future of a sector that represents the major national agri-food export."

Other Italian wine producer and trader organizations expressed differing sentiments. According to Federvini (the association of many leading private wine producers), it is difficult to give an unequivocal comment, given the complexity of the reform. The removal from the proposal of the sugar enrichment ban compelled the Italian delegation to change radically its approach, with the consequent need to ask for substantial compensatory measures. "The final result leads us to thank the Minister for his action." A different position is expressed by the Unione Italiana Vini (Wine Trader Association), which considers the reform a "missed occasion," as some distorting measures are being continued, while no incentive measures have been introduced to support the production of quality wines. The Cooperative sector (that in Italy has a large share of total wine production) is on one side satisfied with the financial measures included in the reform, but, on the other hand, disappointed about the missed sugar enrichment ban. Finally, Federdoc (the wine appellation of origin federation), although thanking the Minister for his engagement and determination in conducting the negotiations, points out that the budget allocated to Italy "will likely not be adequate to implement the needed policies of development and market expansion."