



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 4.7.2007  
COM(2007) 372 final

2007/0138 (CNS)

Proposal for a

**COUNCIL REGULATION**

**on the common organisation of the market in wine  
and amending certain Regulations**

(presented by the Commission)

{SEC(2007) 893}  
{SEC(2007) 894}

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

The European Union (EU) is the world's leading producer, consumer, exporter and importer of wine. In 2006, EU-27 wine production accounts for 5% of the total value of the EU's agricultural production. In terms of quality, its reputation is recognised worldwide. The wine sector in the EU represents a vital economic activity, especially as regards employment and export revenue.

However, EU wine consumption has fallen significantly and steadily over the past decades and, despite a recent recovery, the volume of wine exported from the Community since 1996 has been increasing at a much slower rate than imports. The deterioration of the balance between supply and demand in the wine sector and the increasing challenges inherent in a European and international wine market are putting producers' price and income under pressure. Nevertheless many wine producers are competitive and others are capable of becoming competitive.

As stated in its Communication "Towards a sustainable European wine sector" of 22 June 2006<sup>1</sup>, the European Commission is of the opinion that a fundamental reform of the common market organisation (CMO) for wine is necessary in order to replace cost-inefficient policy tools by a more sustainable and coherent legal framework. The aim is to ensure a better value for money using the current budget allocated (around EUR 1.3 billion), which is about 3% of the total for agriculture.

The current CMO is set out in Council Regulation (EC) No 1493/1999 of 17 May 1999. The adoption of the proposal will lead to the repeal of existing legislation. Also based on the Treaty establishing the European Community and in particular Articles 36 and 37, the proposed regulation when adopted will enter into force on 1 August 2008 and falls under the exclusive competence of the Community. However, many measures to be funded under this proposal will allow Member States to tackle the specific situations of their wine producing regions in accordance with the subsidiarity principle.

In keeping with the Commission's commitments on better legislation, the proposal is accompanied by an updated analysis of the economic, social and environmental aspects of the problems linked to the CMO and of the impact, advantages and drawbacks of the proposal in relation to these issues. It also takes account of the results of the debates conducted both with stakeholders and national authorities and within the Community institutions.

This draft regulation represents a Commission initiative as part of the continuing common agricultural policy (CAP) reforms of 2003 for arable crops and livestock<sup>2</sup>, 2004 for olive oil, tobacco and cotton<sup>3</sup>, and 2006 for sugar<sup>4</sup>, and the proposed reform for fruit and vegetables of January 2007, which cover all the main sectors except wine. It also takes into account Community policies on sustainable development,

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<sup>1</sup> COM(2006) 319.

<sup>2</sup> Council Regulation (EC) No 1782/2003 (OJ L 270, 21.10.2003, p. 1).

<sup>3</sup> Council Regulation (EC) No 864/2004 (OJ L 161, 30.4.2004, p. 1).

<sup>4</sup> Council Regulation (EC) No 318/2006 (OJ L 58, 28.2.2006, p. 1).

agreed at the Göteborg European Council, on greater competitiveness in the relaunched Lisbon Strategy, and on Simplification and Better Regulation for the CAP.

## 2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

### • Use of external expertise

To prepare the ground for the reform of the wine CMO, an *ex-post* evaluation of the current regime has been financed by the Commission and conducted by a consortium of European academics. The evaluation report was published in November 2004 and is available on the Commission website<sup>5</sup>.

In addition, when making the medium-term forecasts of the wine market the Commission submitted its assumptions, methodology and results to a panel of academics specialised in the wine economy from France, Spain, Italy and Germany.

### • Wine seminar

To give stakeholders an opportunity to put forward their opinions and ideas on the present situation and future prospects of the wine sector, a seminar entitled “Challenges and opportunities for European wines” was held on 16 February 2006. This seminar was attended by more than one hundred people representing a wide range of interested parties<sup>6</sup>.

### • Commission Communication and impact assessment

In June 2006, drawing its first conclusions from the debate, the Commission adopted a Communication to the Council and the European Parliament considering four possible options for the reform of the CMO. The Commission invited all the stakeholders to participate in an open debate on the future wine CMO, and announced that it would propose a reform of the wine CMO on the basis of these discussions.

Taking into account the situation of the sector and the policy objectives to be achieved, the Commission considered four possible options for the reform of the wine CMO. Three of these options – to maintain the status quo, to reform the wine CMO along the lines of the CAP reform model and to pursue complete deregulation – do not provide adequate answers to the problems, the needs and the particularities of the wine sector.

The Commission carried out an impact assessment listed in the Work Programme; the report is available on the Commission website<sup>7</sup>.

### • European institutions

From July to October 2006, intense discussions took place within the Council, in particular during three meetings of the Agriculture and Fisheries Council.

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<sup>5</sup> [http://ec.europa.eu/agriculture/eval/reports/wine/index\\_en.htm](http://ec.europa.eu/agriculture/eval/reports/wine/index_en.htm)

<sup>6</sup> The conclusions of the wine seminar “Challenges and opportunities for European wines” are on the webpage: [http://ec.europa.eu/agriculture/capreform/wine/sem\\_concl\\_en.pdf](http://ec.europa.eu/agriculture/capreform/wine/sem_concl_en.pdf).

<sup>7</sup> [http://ec.europa.eu/agriculture/capreform/wine/fullimpact\\_en.pdf](http://ec.europa.eu/agriculture/capreform/wine/fullimpact_en.pdf)

In December 2006, both the European Economic and Social Committee and the Committee of the Regions adopted their reports on the wine reform.

In February 2007, the European Parliament adopted its own initiative report on the Communication.

- **Stakeholders' consultation**

The Commission held a wide range of meetings with stakeholders and discussions took place within the Advisory Group on Wine.

In addition, to ensure direct and concrete dialogue with the European wine sector, the Commissioner for Agriculture and Rural Development has visited many of the different vine-growing regions throughout the European Union since February 2006.

- **Main concerns expressed**

During all these debates held since the adoption of the Commission Communication, Member States and many stakeholders have had the opportunity to express their concerns. Even if diverging views were expressed, the following concerns are largely shared by many of them:

- the urgent need for extensive reform in the light of the Commission's economic analysis, diagnosis of problems and objectives for reform,
- the social and economic risks arising from too rapid and too widespread grubbing-up,
- the urgent need to enhance wine marketing and promotion,
- the risk for quality if the bans on imported musts for vinification and on wine coupage between EU wines and imported wines were to be lifted.

Non wine-producing countries stressed the need to introduce more cost-efficient and consumer-oriented measures.

The above-mentioned concerns have been duly taken into account by the Commission in the present proposal.

### **3. LEGAL ELEMENTS OF THE PROPOSAL**

- **Objectives of the reform**

The identified objectives of this reform are to:

- increase the competitiveness of the EU's wine producers; strengthen the reputation of EU quality wine as the best in the world; recover old markets and win new ones in the EU and worldwide;
- create a wine regime that operates through clear, simple rules – effective rules that balance supply and demand;
- create a wine regime that preserves the best traditions of EU wine production, reinforces the social fabric of many rural areas, and ensures that all production respects the environment.

The new EU wine policy should also give due consideration to the increased concerns of society as regards health and consumer protection, the need for World Trade Organisation (WTO) compatibility and consistency with the reformed CAP, first and second pillar and conformity with the financial perspectives.

Finally, it has to be pointed out that this proposal has been drawn up in light of the Commission proposal for a Council Regulation establishing a common organisation of agricultural markets. Some provisions of a horizontal nature have been updated, simplified and streamlined so that the wine CMO can be easily incorporated into that single CMO in due course.

- **Summary of the proposed measures**

Recognising the problems and the potential of the sector and its particularities, and following the in-depth analysis in the Impact Assessment, the Commission considers that there is a need to keep a specific wine CMO which must, without doubt, be fundamentally reformed.

The challenge is to adapt the production structure and regulatory framework in the interest of a sustainable and competitive European wine industry with long-term prospects while, at the same time, ensuring that budgetary means are used in the most cost-effective manner. This will entail abolishing from day one, all the measures which have proved to be inefficient, namely support for by-product distillation, potable alcohol and dual-purpose grape distillation as well as private storage support and export refunds. Aid for must in relation to enrichment, introduced to compensate additional costs when comparing enrichment with sugar, will be abolished in line with the introduction of a ban on the use of sugar for enrichment. The crisis distillation measure will be replaced by two crisis management measures introduced in the national envelope menu.

An important feature of the far-reaching reform will be to make the new wine CMO WTO-friendly. Thus, current trade-distorting ("Amber Box") intervention measures will be eliminated, and where internal support measures continue to exist, preference will be given to "Green Box" measures.

The proposed approach consists of two phases: the first phase from 2008 to 2013 involves restoring market balance while helping those who cannot compete to leave the sector with dignity. Throughout the period new measures will be introduced to improve competitiveness, including, in a second phase, the abolition of planting rights as from 1 January 2014.

### **3.1. Renewed, simplified and more straightforward regulatory measures**

#### Fewer constraints for producers

The system of planting rights restrictions will be extended from 2010 to 2013.

Then, from 1 January 2014 onwards planting of vines will be free in order to improve competitiveness. The purpose is to allow competitive wine producers to expand their production in order to recover old markets and win new ones in the EU and in third countries. However, new market realities and Member States' competences regarding access to protected designation of origin or Geographical Indication status, for example area delimitation, setting of maximum yields and other stricter rules on

production, processing and labelling, combined with the end of the systematic distillation safety net will de facto limit the number of hectares and avoid excessive production. Any new production decision will fully reflect the producers' capacity to find economic outlets for their products.

More adaptable oenological practices with:

- the transfer from the Council to the Commission of the responsibility for approving new or modifying existing oenological practices, including taking over the *acquis* except for enrichment and acidification;
- the assessment by the Commission of the oenological practices adopted by the International Organisation of Vine and Wine (OIV) and subsequent incorporation into a Commission regulation;
- the authorisation of the use in the EU of oenological practices already agreed internationally for making wine to export to those destinations;
- the deletion of the minimum natural alcohol requirement of wine.

Clearer, more coherent and consequently more market-oriented wine classification and labelling:

The concept of EU quality wines is based on a geographical origin approach (quality wine produced in a specified region). The EU wants to confirm, adapt, promote and enhance this concept worldwide.

The quality policy will be made clearer, simpler, more transparent and thus more effective, by:

- establishing a clear framework for wines with Geographical Indication (GI) consistent with the horizontal quality policy (Council Regulation (EC) No 510/2006). Wines with GI will be further divided into wines with a protected geographical indication (PGI) and wines with a protected designation of origin (PDO). A procedure for registration and protection of GIs will be established;
- maintaining the ban on over-pressing of grapes in order to ensure wine quality, to be applied under the subsidiarity principle;
- expanding the role of the interprofessional organisations in order to be able to control and manage the quality of the wine produced in their territories. Control instruments are reinforced as well, in particular for the production of "*vin de cépage*".

The Commission proposes to simplify the labelling provisions by setting up a single legal framework applying to all the different categories of wine and particulars relating to them. It will respond to the needs of consumers and be more consistent with the wine quality policy. In particular, this involves:

- the transfer of competence from the Council to the Commission;
- the use of a single legal tool for all wines by complementing the rules in the horizontal labelling Directive 2000/13/EC as appropriate to meet the particular needs of the wine sector as regards compulsory and optional labelling;

- improving the flexibility of the labelling policy, in taking into account the WTO policies, by removing the distinction between the rules on labelling wines with and without protected designations of origin or geographical indications, most importantly facilitating the indication of vine variety and vintage on wines without protected designation of origin or geographical indication respecting proper traceability requirements;
- ensuring consumer information and protection, fully informing them of the origin of the product through appropriate labelling rules on traceability.

### **3.2. Setting national envelopes to allow Member States to improve their specific situation**

According to the financial statement, the overall budget allocated to this type of measures will vary from EUR 623 million in 2009 to EUR 830 million from 2015 onwards.

Out of it, a budget envelope will be made available to each wine-producing Member State, calculated according to three objective criteria, namely shares in area, production and historical expenditure with the following respective weight: one fourth, one fourth and a half, except for the promotion part where the weight will be a half for the share in area and a half for the share in production.

Using their envelope, every Member State will be allowed to finance measures, according to its preference, from a given menu including:

- new support for promotion in the third countries;
- the vineyard restructuring/conversion scheme;
- new support for green harvest;
- new crisis management measures, i.e. insurance against natural disasters and administrative costs of setting up a sector-specific mutual fund.

Its use will be subject to certain common rules, including minimum environmental rules applied through the principles of cross-compliance, in order to avoid distortion of competition, and subject to the notification of the specific national programme to the Commission.

### **3.3. Building a more sustainable sector by using more Rural Development measures**

Many measures already forming part of the Rural Development Regulation<sup>8</sup> and inserted in the programmes adopted by the Member States could be of interest for the wine sector as they could provide significant encouragement and benefit for vine growers, processors and traders. Among other things:

- setting up of young farmers and investments in technical facilities and marketing improvements;
- vocational training;
- information and promotion support for producers' organisations after entering a quality scheme;

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<sup>8</sup> Council Regulation (EC) No 1698/2005 (OJ L 277, 21.10.2005, p. 1).

- agri-environment support to cover additional costs and income foregone in providing and maintaining vinescapes/cultural landscapes;
- early retirement: to be granted eventually to farmers who decide to stop all commercial farming activity definitively for the purpose of transferring the holding to other farmers.

The abolition of the use of sugar will force some wine producers who have traditionally used sugar for enrichment to make investments to introduce the use of must for enrichment. Under rural development it will be possible for Member States to provide investment support to wine producers who have to change from the use of sugar for enrichment to the use of must.

As the 2007–2013 Rural Development planning process is in progress, and in order to encourage these measures, a transfer of funds between budget headings (market and direct payments on the one hand and Rural Development on the other hand) will be necessary and would be earmarked for the wine producing regions in line with what was done in two other sectors (tobacco and cotton).

The transferred budget will vary from EUR 100 million in 2009 to EUR 400 million from 2014 onwards. As the Rural Development plans will already have been adopted, Member States will have the opportunity to adapt them so that they can play an important role in the economic welfare of wine sector stakeholders in the future and in preserving the environment in the vine-growing regions.

#### **3.4. Making the consumer better informed about European wines**

Several stakeholders, in particular during the 16 February 2006 Seminar, underlined the need for increased emphasis on wine marketing and wine promotion. The Commission intends to pursue with vigour a responsible promotion and information policy. All available opportunities in Community legislation should be used and some new ones created in order to carry out:

- new promotion projects outside the EU using national envelopes with an ambitious and earmarked budget of EUR 120 million, about 9% of the budget allocated to the sector. Those measures will be co-financed at 50% by the Community budget;
- enhanced promotion projects using rural development funds for producers' organisations entering quality schemes;
- new information campaigns on responsible/moderate wine consumption will also be financed within the EU using the horizontal legal framework for promotion with an increased co-financing rate (set at 60%). The current information campaign on European Geographical Indication classification will also be enhanced. For this purpose, Council Regulation (EC) No 2826/2000 will be amended and more funds will be made available.

#### **3.5. Preventing environmental risks**

The production and marketing of wine should take full account of environmental concerns, from cultivation practices to processing methods. The Commission intends to ensure that the reform of the wine regime improves the environmental impact of

vine growing and winemaking, particularly as regards soil erosion and contamination, the use of plant protection products, and waste management.

In order to achieve this, the Commission proposes:

- the eligibility of all wine areas to participate in the Single Payment Scheme means that for more and more producers the cross-compliance rules will be compulsory;
- the automatic introduction of grubbed-up areas in the Single Payment Scheme means that the cross-compliance rules will be compulsory for those areas;
- a minimum environmental requirement will be attached to the grubbing-up premium to avoid land degradation as well as to the restructuring and green harvesting measures funded by the national envelopes;
- the establishment of an acceptable minimum level of environmental care in the wine making process;
- an increase of funds in Rural Development programmes, for example under axis 2, providing for support measures to improve the environment and the countryside.

### **3.6. Granting alternatives to less competitive producers**

Even if many producers are already competitive or will improve their competitiveness thanks to the new measures proposed in the reform, some of them are currently in a very difficult situation. Their income is often already negative and they will be hard pressed to avoid bankruptcies in an increasingly competitive market. In order to offer them a way out of the sector with dignity, a definitive abandonment regime must be maintained.

Vine growers should be free to choose to grub up or not. However, to avoid social and/or environmental problems, Member States will be allowed to limit grubbing-up in mountains and steep slopes vineyards as well as in regions under specific environmental constraints and/or to discontinue grubbing-up if the total grubbed-up area cumulated exceeds 10% of their vine area.

The grubbing-up premium will be increased and set at an attractive level. To encourage uptake from year 1, a decreasing scale will be set for the premium over the remaining period of planting restrictions. The budget allocated will make it possible to grub up around 200 000 ha in the EU over a five-year period. This is the area corresponding to the part of the structural surplus to be eliminated taking into account the recent trade improvements together with the positive effects on market balance expected from the other measures proposed, in particular the end of enrichment with sugar, promotion, green harvesting and Rural Development support.

The agricultural area formerly used for vine growing, once grubbed up, will qualify as an eligible area under the Single Payment Scheme and be granted the average regional decoupled direct payment.

### **3.7. Trade with third countries**

Bearing in mind that the WTO negotiations are still ongoing and that their outcome remains unknown, the reform proposal does not touch on the current legal framework relating to external trade with the exception of export refunds.

However, for wine, the impact and the role of export refunds have been analysed. Their economic impact has considerably decreased. Indeed, exports with refunds represent less than 15% of total exports in volume. The value of export refunds represents 3.4% of the value of the products eligible for export refunds. It has therefore been considered that better use can be made of the funds allocated to this instrument, in part on promotion, and it is proposed to abolish export refunds.

### **3.8. Enhancing CAP coherence, simplification and full compliance with the Community legislation**

Extension of the eligibility of all wine areas to participate in the Single Payment Scheme is a significant step designated to offer wine producers a high degree of flexibility and ensure that they are treated on an equal footing with other farmers. For this purpose Council Regulation (EC) No 1782/2003 will be amended.

The proposal provides for simplification of legislation, simplification of administrative procedures for public authorities (EU, national or regional) and simplification of administrative procedures for private parties. For example, the administrative simplification resulting from the abolition of the market measures and of the planting rights from 2014 represents a considerable advantage of the proposed reform. Simplification and electronic transmission of accompanying documents should also be encouraged.

Irrespective of the removal of the planting restrictions, economic operators and Member States have to comply with existing Community legislation regarding so-called irregular vineyards and illicit vineyards. Compliance with these rules is crucial to the functioning of the CMO. If the rules are not observed, the Commission will (continue to) take appropriate measures in the framework of the clearance of accounts procedures or, if necessary, initiate infringement procedures under Article 226 of the Treaty.

## **4. BUDGETARY IMPLICATION**

The impact of the proposed reform does not increase costs with respect to the recent level of EUR 1.3 billion devoted to the sector. This budget will be used:

- in the new CMO for national envelopes including promotion to third countries on the one hand and for grubbing-up on the other hand,
- to allow transfer to Rural Development measures for wine producing regions, and
- to allow transfer to the single payment scheme according to the areas grubbed-up.

It is expected that the changes and innovations in the regime will lead to the budget being used more efficiently.

In addition, funds to be used for information on the internal market about wines with a protected designation of origin or geographical indication, variety wines and responsible consumption will be increased by EUR 3 million.

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Proposal for a

## **COUNCIL REGULATION**

### **on the common organisation of the market in wine and amending certain Regulations**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas:

- (1) The current regime applicable to the wine sector is laid down in Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine<sup>9</sup>.
- (2) Wine consumption in the Community has been steadily diminishing and the volume of wine exported from the Community since 1996 has been increasing at a much slower rate than the respective imports. This has led to a deterioration of the balance between supply and demand which in turn puts producers' prices and incomes under pressure.
- (3) Not all the instruments currently included in Regulation (EC) No 1493/1999 have proved effective in steering the sector towards a competitive and sustainable development. The market mechanism measures, such as crisis distillation, have proved cost-inefficient to the extent that they have encouraged structural surpluses without requiring improvements in the relevant competitive structures. Moreover, some of the existing regulatory measures have unduly constrained the activities of competitive producers.
- (4) In other words, the current legal framework does not appear to enable to attain, in a sustainable manner, the objectives set out in Article 33 of the Treaty and in particular stabilising the wine market and ensuring a fair standard of living for the agricultural community concerned.
- (5) In the light of the experience gained it is therefore appropriate to fundamentally change the Community regime applying to the wine sector with a view to achieving the following objectives: increasing the competitiveness of the Community's wine

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<sup>9</sup> OJ L 179, 14.7.1999, p. 1. Regulation as last amended by Regulation (EC) No 1791/2006 (OJ L 363, 20.12.2006, p. 1).

producers; strengthening the reputation of Community quality wine as the best in the world; recovering old markets and winning new ones in the Community and worldwide; creating a wine regime that operates through clear, simple and effective rules that balance supply and demand; creating a wine regime that preserves the best traditions of Community wine production, reinforcing the social fabric of many rural areas, and ensuring that all production respects the environment. It is therefore appropriate to repeal Regulation (EC) No 1493/1999 and to replace it by this new Regulation.

- (6) This Regulation has been preceded by an evaluation and consultation process to better identify and target the needs of the wine sector. An external evaluation report was commissioned and published in November 2004. To give stakeholders an opportunity to express their opinions, the Commission organised a seminar on 16 February 2006. A communication from the Commission “Towards a sustainable European wine sector” was published on 22 June 2006<sup>10</sup> along with an Impact Assessment listing a number of options for a reform of the sector.
- (7) From July to November 2006, discussions took place at Council level. In December 2006, the European Economic and Social Committee and the Committee of the Regions adopted reports on the proposed wine reform options as set out in the communication from the Commission. On 15 February 2007, the European Parliament adopted its own-initiative report on the communication outlining conclusions which have been taken into account in this Regulation.
- (8) Council Regulation (EC) No ... establishing a common organisation of agricultural markets (“single common market organisation”) should eventually cover the wine sector as well. The single common market organisation includes provisions of a horizontal nature, in particular on trade with third countries, competition rules, controls and penalties, exchange of information between the Commission and the Member States. To allow for easy future incorporation into the single common market organisation, the provisions of this Regulation dealing with the said horizontal issues should be aligned as much as possible on those contained in the single common market organisation.
- (9) It is important to provide for support measures which are liable to strengthen competitive structures. While those measures should be financed and defined by the Community it should be left to Member States to select the right mix for the needs of their respective constituencies, taking regional particularities into account, where necessary, as well as to integrate them into national support programmes. Member States should be responsible for the implementation of such programmes.
- (10) The financial key to allocating the funds for the national support programmes among Member States should be based on the historical share of the wine budget as the main criterion, the area planted with vines and the historical production.
- (11) One key measure in such programmes should be the promotion and marketing of Community wines in third countries and a certain budget amount should be reserved for that measure. Restructuring and conversion activities should continue to be covered on account of their positive structural effects on the sector. Preventive instruments such

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<sup>10</sup> COM(2006) 319.

as harvest insurance, mutual funds and green harvesting should be eligible for support under the support programmes so as to encourage a responsible approach to crisis situations.

- (12) The financing of the eligible measures by the Community should, where practicable, be dependent on compliance by the producers concerned with certain environmental rules in force. Where non-compliance is detected it should give rise to corresponding reductions in payments.
- (13) Support to the sector should also come from structural measures under Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)<sup>11</sup>.
- (14) The following measures in pursuant to Regulation (EC) No 1698/2005 should be of interest for the wine sector: setting up of young farmers and investments in technical facilities and marketing improvements, vocational training, information and promotion support for producers' organisations after entering quality scheme, agri-environment support, early retirement to be granted to farmers who decide to stop all commercial farming activity definitively for the purpose of transferring the holding to other farmers.
- (15) In order to increase the financial means available under Regulation (EC) No 1698/2005, a gradual transfer of funds to the budget under that Regulation should be put into place.
- (16) Certain regulatory measures should apply in the wine sector, in particular for reasons of health, quality and consumer expectations.
- (17) Member States should continue to be responsible for classifying the wine grape varieties from which wine may be made on their territories. Certain wine grape varieties should be excluded.
- (18) Certain products covered by this Regulation should be marketed in the Community in accordance with specific a classification of grapevine products and the corresponding specifications.
- (19) Products covered by this Regulation should be produced in accordance with certain rules on oenological practices and restrictions, which guarantee that health concerns as well as consumer expectations as regards quality and production methods are met. For reasons of flexibility, the Commission should be given the responsibility for keeping those practices updated and approving new ones except in the politically sensitive areas of enrichment and acidification, for which the Council should remain competent as regards changes.
- (20) Increasing the alcohol content of wine should be subject to certain limits and should, where applied, be carried out by adding concentrated and rectified grape must to wine. The addition of sucrose to wine should no longer be allowed.

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<sup>11</sup> OJ L 277, 21.10.2005, p. 1. Regulation as last amended by Regulation (EC) No 2012/2006 (OJ L 384, 29.12.2006, p. 8).

- (21) In view of the poor quality of wine obtained from over-pressing, this practice should be prohibited.
- (22) In order to meet the international standards in this field, the Commission should generally base itself on the oenological practices approved by the International Organisation of Vine and Wine (OIV). These standards should also apply to Community wines to be exported regardless of more restrictive rules which may be applicable in the Community so as to not hamper Community producers in foreign markets.
- (23) Coupage of a wine originating in a third country with a Community wine and coupage between wines originating in third countries should continue to be prohibited in the Community. By the same token, certain types of grape must, grape juice and fresh grapes originating in third countries should not be turned into wine or added to wine in the territory of the Community.
- (24) The concept of quality wines in the Community is based inter alia on the specific characteristics attributable to the wine's geographical origin. Such wines are identified for consumers via protected designations of origin and geographical indications although the current system is not fully developed in this respect. In order to allow for a transparent and more elaborate framework underpinning the claim to quality by the products concerned, a regime should be established under which applications for a designation of origin or a geographical indication are examined in line with the approach followed under the Community's horizontal quality policy applicable to foodstuffs other than wine and spirits in Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs<sup>12</sup>.
- (25) In order to preserve the particular quality characteristics of wines with a designation of origin or a geographical indication, Member States should be allowed to apply more stringent rules in that respect.
- (26) To qualify for protection in the Community, designations of origin and geographical indications should be recognised and registered at Community level. To ensure that the respective names meet the conditions laid down by this Regulation, applications should be examined by the national authorities of the Member State concerned, subject to compliance with minimum common provisions, including a national objection procedure. The Commission should subsequently scrutinize these decisions to ensure that applications satisfy the conditions laid down by this Regulation and that the approach is uniform across the Member States.
- (27) Protection should be open to designations of origin and geographical indications of third countries where these are protected in their country of origin.
- (28) The registration procedure should enable any natural or legal person having a legitimate interest in a Member State or a third country to exercise their rights by notifying their objections.

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<sup>12</sup> OJ L 93, 31.3.2006, p. 12. Regulation as amended by Regulation (EC) No 1791/2006.

- (29) Registered designations of origin and geographical indications should enjoy protection against uses which unduly take advantage of the reputation that compliant products command. So as to promote fair competition and not to mislead consumers, this protection should also affect products and services not covered by this Regulation, including those not found in Annex I to the Treaty.
- (30) Procedures should be provided for permitting amendment of product specifications after protection, and cancellation of the designation of origin or geographical indication, in particular if compliance with the corresponding product specification is no longer ensured.
- (31) The designations of origin and geographical indications protected on Community territory should be subject to controls, where possible in consistence with Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules<sup>13</sup>, including a system of checks to ensure compliance with the product specifications of the wines concerned.
- (32) Member States should be authorised to charge a fee to cover the costs incurred.
- (33) Existing designations of origin and geographical indications in the Community should for reasons of legal certainty be exempt from the application of the new examination procedure. The Member States concerned should, however, provide the Commission with the basic information and acts under which they have been recognised at national level failing which they should lose their protection as designations of origin or geographical indications. The scope for cancellation of existing designations of origin and geographical indications should be limited for reasons of legal certainty.
- (34) Protecting geographical names as designations of origin or geographical indications at national level should no longer be possible.
- (35) The description, designation and presentation of products covered by this Regulation can have significant effects on their marketability. Differences between the laws of the Member States on the labelling of wine products may impede the smooth functioning of the internal market.
- (36) Rules should therefore be laid down which take into account the legitimate interests of consumers and producers. For this reason, Community rules concerning labelling are appropriate.
- (37) These rules should provide for the obligatory use of certain terms so as to identify the product in accordance with the sales categories and provide consumers with certain important items of information. The use of certain other optional pieces of information should also be addressed in the Community framework.
- (38) Save as otherwise provided, labelling rules in the wine sector should be complementary to those laid down in Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States

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<sup>13</sup> OJ L 165, 30.4.2004, p. 1; corrected version (OJ L 191, 28.5.2004, p. 1). Regulation as last amended by Regulation (EC) No 1791/2006.

relating to the labelling, presentation and advertising of foodstuffs<sup>14</sup>, which apply horizontally. Experience has shown that a differentiation in terms of labelling rules according to the category of wine product is not expedient. The rules should apply to all the different categories of wine, including imported products. In particular, they should allow the indication of a wine grape variety and a vintage on wines without a designation of origin or a geographical indication, subject to requirements concerning the veracity of the labelling and the respective monitoring.

- (39) The existence and formation of producers' organisations continue to have the potential to contribute to the attainment of the needs of the wine sector as defined at Community level. Their usefulness should lie in the scope and efficiency of the services they offer to their members. The same holds true for inter-branch organisations. Member States should therefore recognise organisations which meet certain requirements defined at Community level.
- (40) In order to improve the operation of the market for wines with a designation of origin or a geographical indication, Member States should be able to implement decisions taken by inter-branch organisations. The scope of such decisions should, however, exclude practices which could distort competition.
- (41) The creation of a single Community market involves the introduction of a trading system at the external borders of the Community. This should include import duties and should, in principle, stabilise the Community market. The trading system should be based on the Community's international obligations, in particular those flowing from the World Trade Organisation (WTO) agreements.
- (42) Monitoring trade flows is above all a matter of management which should be addressed in a flexible way. Accordingly, a decision on the introduction of licence requirements should be taken by the Commission taking account of the need for import and export licences for managing the markets concerned and, in particular, for monitoring the imports of the products in question. General conditions concerning such licences should, however, be laid down in this Regulation.
- (43) Where provision is made for import and export licences, the lodging of a security should be required in order to guarantee that the transactions for which such licences are granted are carried out.
- (44) The import duty system makes it possible to dispense with all other protective measures at the external borders of the Community. The internal market and duty mechanism could, in exceptional circumstances, prove to be inadequate. In such cases, in order not to leave the Community market without defence against disturbances that might ensue, the Community should be able to take all necessary measures without delay. Such measures should comply with the international commitments of the Community.
- (45) In order to prevent or counteract adverse effects on the Community market which could result more particularly from imports of grape juice and grape must products,

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<sup>14</sup> OJ L 109, 6.5.2000, p. 29. Directive as last amended by Commission Directive 2006/142/EC (OJ L 368, 23.12.2006, p. 110).

such imports should be subject to payment of an additional duty, if certain conditions are fulfilled.

- (46) To ensure the proper functioning of the market in wine and, in particular, avoid market disturbances, the possibility of prohibiting the use of inward and outward processing arrangements should be provided for. In order for this type of market management instrument to be successful, it usually needs to be applied without major delays. The Commission should therefore be entrusted with the relevant powers.
- (47) Products imported from third countries should be subject to the Community rules on product categories, labelling and designations of origin and geographical indications. They should be accompanied by an analysis report.
- (48) It is appropriate, under certain conditions, to confer on the Commission the power to open and administer tariff quotas resulting from international agreements concluded in accordance with the Treaty or from other acts of the Council.
- (49) The surplus production of wine in the Community has been made worse as a result of violations of the transitional prohibition on new plantings. A significant number of unlawful plantings exist in the Community, which constitutes a source of unfair competition and exacerbates the problems of the sector.
- (50) As regards the unlawful areas, differentiation should be made between those planted before and after 1 September 1998, in so far as the producers' obligations towards the areas are concerned.
- (51) So far, unlawful areas from before 1 September 1998 are not subject to any grubbing-up obligation. The producers concerned should be obliged to regularise them against payment of a fee. If the areas concerned are not regularised by 31 December 2009, producers should be under an obligation to grub up the areas concerned at their own expense. Non-compliance with this mandatory grubbing-up should entail penalty payments.
- (52) Those areas which have been planted in violation of the relevant prohibition after 1 September 1998 should be grubbed up, this being the sanction laid down in Regulation (EC) No 1493/1999. Non-compliance with this mandatory grubbing-up should entail penalty payments.
- (53) Pending the implementation of the regularisation and grubbing-up measures, wine from areas planted in violation of the prohibition and not regularised in accordance with Regulation (EC) No 1493/1999, should not be put on the market other than for distillation at the expense of the producer concerned. The presentation of distillation contracts by producers should ensure better monitoring of this rule than was the case until now.
- (54) While the transitional prohibition on new plantings has had some effect on the balance between supply and demand in the wine market, it has at the same time created an obstacle for competitive producers who wish to respond flexibly to increased demand.
- (55) As a market balance has not yet been found, and as the accompanying measures such as the grubbing-up scheme need time to take effect, it is expedient to keep the prohibition on new plantings in place until 31 December 2013, at which juncture,

however, it should be definitely lifted in order to permit competitive producers to respond freely to market conditions.

- (56) The existing permission for new planting of areas intended for graft nurseries, land consolidation and compulsory purchase as well as wine-growing experiments has proved not to unduly disturb the wine market and should therefore be continued subject to the necessary controls.
- (57) Replanting rights should continue to be awarded where producers undertake to grub up equivalent areas planted with vines as the net effect of such plantings on production tends to be nil.
- (58) Furthermore, it should be possible for Member States to authorise the transfer of replanting rights to another holding, subject to strict controls, provided that this transfer is in pursuit of quality, concerns the areas intended for graft nurseries or is connected with the transfer of part of the holding. These transfers should be maintained within the same Member State.
- (59) In order to improve the management of wine-growing potential and to promote the efficient use of planting rights and thus to further mitigate the effect of the transitional restriction on plantings, the systems of national or regional reserves should continue to exist.
- (60) Member States should keep broad discretion in the management of the reserves, subject to the necessary controls, so as to permit them to better align the use of the rights to plant such reserves with local needs. This should include the opportunity to purchase planting rights, to fund the reserve and to sell planting rights from the reserve. To this end, Member States should continue to be allowed not to apply the reserve system, provided that they can prove that they already have an efficient system of managing planting rights.
- (61) The grant of specific benefits to young wine producers may facilitate not only their establishment but also the structural adjustment of their holdings after their initial establishment, and such producers should therefore be eligible for the grant of rights from the reserves free of charge.
- (62) To ensure that resources are used in the most efficient manner and to better align supply with demand, planting rights should be used by their holders within a reasonable time. Failing that, they should be allocated or reallocated to the reserves. For the same reasons, rights in the reserves should be awarded within a reasonable time.
- (63) Production in Member States where wine production is below 25 000 hectolitres per year does not seriously affect the market balance. Those Member States should therefore be exempt from the transitional prohibition on new plantings but should also not have access to the grubbing-up scheme.
- (64) As a further accompanying measure aimed at creating a sector which is attuned to market conditions a grubbing-up scheme should be introduced. Where producers consider that the conditions in certain areas are not conducive to viable production, they should be given the option of cutting their costs and permanently withdrawing these areas from wine production and should be enabled either to pursue alternative

activities on the relevant parcels of land or to retire from agricultural production altogether.

- (65) Experience has shown that to leave it to Member States to allow grubbing-up against payment of a premium risks rendering the measure and the attendant effects on supply ineffective. Therefore, in contrast to the current regime, producers should generally be eligible for entering the grubbing-up scheme and have the sole right to decide whether to apply. In return, they should be granted a premium per hectare of grubbed up vines.
- (66) Member States should be able to fix, on the basis of objective criteria, the specific levels of the grubbing-up premium within certain scales determined by the Commission.
- (67) In order to guarantee the responsible treatment of the grubbed-up areas, entitlement to the premium should be dependent on compliance by the producers concerned with the applicable environmental rules. Where non-compliance is detected it should give rise to a commensurate reduction of the grubbing-up premium.
- (68) To avoid environmental problems, Member States should be able to exclude grubbing-up in mountain and steep slope areas and in case of environmental concerns in accordance with specific conditions. Member States should be able to discontinue grubbing-up where the total grubbed-up area has reached 10% of their areas planted with vines.
- (69) The agricultural area formerly used for vine growing, once grubbed up, should qualify as an eligible area under the Single Payment Scheme and be granted the average regional decoupled direct payment which for budgetary reasons, should not exceed EUR 350/ha.
- (70) The proper working of the single market would be jeopardised by the granting of national aids. The provisions of the Treaty governing State aids should therefore apply to the products covered by the common market organisation for wine. However, the provisions on the grubbing-up premium and certain measures under the support programmes should not by themselves preclude the granting of national aid for the same purposes.
- (71) For a better management of wine-growing potential, it is desirable that Member States communicate to the Commission an inventory of their production potential. This information should be based on the existing vineyard register. To encourage Member States to communicate the inventory, support for restructuring and conversion should be limited to those Member States which have communicated the inventory.
- (72) So that the information necessary for making the relevant policy and administrative choices is available, producers of grapes for wine making, of must and of wine should submit harvest declarations. Member States should be able to require merchants of grapes for winemaking to declare each year the quantities marketed from the latest harvest. Producers of must and wine, and merchants other than retailers, should declare their stocks of must and wine.
- (73) In order to provide for a satisfactory level of traceability of the products concerned, in particular in the interest of consumer protection, provision should be made for all the

products covered by this Regulation to have an accompanying document when circulating within the Community.

- (74) The measures necessary for implementing of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>15</sup>.
- (75) Expenditure incurred by the Member States as a result of the obligations arising from the application of this Regulation should be financed by the Community in accordance with Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy<sup>16</sup>.
- (76) The Member States and the Commission should keep each other supplied with the information necessary for applying this Regulation.
- (77) To guarantee compliance with the obligations laid down by this Regulation there is a need for controls and the application of penalties in the event of non-compliance with such obligations. The power to set up the corresponding rules including those concerning the recovery of undue payments and the reporting obligations of the Member States, should therefore be conferred on the Commission.
- (78) Member States' authorities should be responsible for ensuring compliance with this Regulation and arrangements should be made so that the Commission is able to monitor and ensure such compliance.
- (79) To make provision for the incorporation of the wine sector into the Single Payment Scheme, all actively cultivated wine-growing areas should be made eligible for the Single Payment Scheme provided for in Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers<sup>17</sup>.
- (80) Wine growers in Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia should benefit from the introduction of the wine component in the Single Payment Scheme under the same conditions as wine growers in the Community as constituted at 30 April 2004. Therefore, the wine component in the Single Payment Scheme should not be subject to the application of the schedule of increments provided for in Article 143a of Regulation (EC) No 1782/2003.
- (81) Council Regulations (EC) No 2702/1999 of 14 December 1999 on measures to provide information on, and to promote, agricultural products in third countries<sup>18</sup>, Council Regulation (EC) No 2826/2000 of 19 December 2000 on information and promotion

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<sup>15</sup> OJ L 184, 17.7.1999, p. 23. Decision as amended by Decision 2006/512/EC (OJ L 200, 22.7.2006, p. 11).

<sup>16</sup> OJ L 209, 11.8.2005, p. 1. Regulation as last amended by Regulation (EC) No 378/2007 (OJ L 95, 5.4.2007, p. 1).

<sup>17</sup> OJ L 270, 21.10.2003, p. 1. Regulation as last amended by Regulation (EC) No 2013/2006 (OJ L 384, 29.12.2006, p. 13).

<sup>18</sup> OJ L 327, 21.12.1999, p. 7. Regulation as amended by Regulation (EC) No 2060/2004 (OJ L 357, 2.12.2004, p. 3).

actions for agricultural products on the internal market<sup>19</sup> and Regulation (EC) No 1782/2003 should be amended accordingly.

- (82) The change from the arrangements in Regulation (EC) No 1493/1999 and the other Regulations in the wine sector to those in this Regulation could give rise to difficulties which are not dealt with in this Regulation. In order to deal with that eventuality, provision should be made for the Commission to adopt the necessary transitional measures. The Commission should also be authorised to solve specific practical problems,

HAS ADOPTED THIS REGULATION:

## **TITLE I**

### **INTRODUCTORY PROVISIONS**

#### *Article 1*

#### **Subject matter and scope**

1. This Regulation lays down specific rules applying to the production and marketing of the following products:

<b>CN code</b>	<b>Description</b>
0806 10 90	Fresh grapes other than table grapes
2009 61 2009 69	Grape juice (including grape must)
2204 30 92 2204 30 94 2204 30 96 2204 30 98	Other grape musts, other than those in fermentation or with fermentation arrested otherwise than by the addition of alcohol
2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009, excluding other grape must of subheadings 2204 30 92, 2204 30 94, 2204 30 96 and 2204 30 98
2206 00 10	Piquette
2209 00 11	Wine vinegar
2209 00 19	
2307 00 11	Wine lees
2307 00 19	
2308 90 11	Grape marc
2308 90 19	

2. Concerning the products referred to in paragraph 1, this Regulation provides for:
- (a) support measures,
  - (b) regulatory measures,
  - (c) rules on trade with third countries,

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<sup>19</sup> OJ L 328, 23.12.2000, p. 2. Regulation as amended by Regulation (EC) No 2060/2004.

- (d) rules governing production potential.

*Article 2*  
**Definitions**

For the purposes of this Regulation, the definitions laid down in Annex I shall apply.

**TITLE II**  
**SUPPORT MEASURES**

**Chapter I**  
**Support programmes**

**SECTION 1**  
**INTRODUCTORY PROVISIONS**

*Article 3*  
**Scope**

This Chapter lays down the rules governing the attribution of Community funds to Member States and the use of those funds by Member States through national support programmes (hereinafter “support programmes”) to finance specific support measures to assist the wine sector.

*Article 4*  
**Compatibility and consistency**

1. Support programmes shall comply with Community law and shall be consistent with the activities, policies and priorities of the Community.
2. Member States shall be responsible for the support programmes and ensure that they are drawn up and implemented in an objective manner, taking into account the economic situation of the producers concerned and the need to avoid unjustified unequal treatment between producers.
3. No support shall be granted:
  - (a) for research projects and measures to support research projects;
  - (b) for measures covered by Regulation (EC) No 1698/2005.

## **SECTION 2**

### **SUPPORT PROGRAMMES**

#### *Article 5*

#### **Submission of support programmes**

1. Each producer Member State referred to in Annex II shall, for the first time by 30 April 2008, submit to the Commission a draft five-year support programme containing measures in accordance with this Chapter.

The support measures shall be drawn up at the geographical level which the Member States deem most appropriate. Before being submitted to the Commission the support programme shall be subject to consultation with the competent authorities and organisations at the appropriate territorial level.

Each Member State shall submit one single draft programme which may accommodate regional particularities.

2. Support programmes shall become applicable three months after their submission to the Commission.

However, if the submitted programme does not comply with the conditions laid down in this Chapter, the Commission shall inform the Member State thereof. In such case, the Member State shall submit a revised programme to the Commission. The revised programme shall become applicable two months after its notification unless an incompatibility persists in which case this subparagraph shall apply.

3. Paragraph 2 shall apply *mutatis mutandis* to changes in respect of support programmes submitted by Member States.

#### *Article 6*

#### **Content of support programmes**

Support programmes shall consist of the following elements:

- (a) a detailed description of the measures proposed as well as their quantified objectives;
- (b) the results of consultations held;
- (c) an appraisal showing the expected technical, economic, environmental and social impact;
- (d) a schedule for implementing the measures;
- (e) a general financing table showing the resources to be deployed and the envisaged indicative allocation of the resources between the measures in accordance with ceilings provided for in Annex II;
- (f) proof of compatibility and consistency between the various measures of the programme;

- (g) the criteria and quantitative indicators to be used for monitoring and evaluation as well as the steps taken to ensure that the programmes are implemented appropriately and effectively;
- (h) the criteria and indicators to be used for verifying that the support programmes are submitted and implemented in an objective manner, taking into account the economic situation of the producers concerned and the need to avoid unjustified unequal treatment between producers;
- (i) the provisions for checks and penalties;
- (j) the designation of competent authorities and bodies responsible for implementing the programme.

*Article 7*  
**Eligible measures**

Support programmes shall contain measures of promotion on third-country markets in accordance with Article 9.

They shall also contain at least one of the following measures:

- (a) restructuring and conversion of vineyards;
- (b) green harvesting;
- (c) mutual funds;
- (d) harvest insurance.

*Article 8*  
**General rules concerning support programmes**

1. The allocation of the available Community funds as well as the budgetary limits are provided in Annex II.
2. Community support shall only relate to eligible expenditure incurred after the submission of the relevant support programme as referred to in Article 5(1).
3. Member States shall not contribute to the costs of measures (co-)financed by the Community under the support programmes.
4. By way of derogation from paragraph 3, Member States may grant national aid in accordance with the relevant Community rules on State aid for the measures referred to in Articles 9 and 13.

The maximum aid rate as laid down in the relevant Community rules on State aids shall apply to the global public (co-)financing including both Community and national funds.

### **SECTION 3**

#### **SPECIFIC SUPPORT MEASURES**

##### *Article 9*

#### **Promotion on third-country markets**

1. Support under this Article shall cover information or promotion measures concerning Community wines in third countries, thereby improving their competitiveness in those countries.
2. The measures referred to in paragraph 1 shall relate to wines with a protected designation of origin or geographical indication or wines with an indication of the wine grape variety.
3. The measures referred to in paragraph 1 may consist of:
  - (a) public relations, promotional or publicity measures, in particular highlighting the advantages of the Community products, especially in terms of quality, food safety or environmental friendliness;
  - (b) participation at events, fairs or exhibitions of international importance;
  - (c) information campaigns, in particular on the Community systems covering designations of origin, geographical indications and organic production;
  - (d) studies of new markets, necessary for the expansion of market outlets;
  - (e) studies to evaluate the results of the promotional and information measures.
4. The Community contribution to promotion activities shall not exceed 50% of the eligible expenditure.
5. Member States shall reserve at least the Community funds laid down in Annex II for the promotion measure on third-country markets. Funds thus reserved shall not be available for other measures.

##### *Article 10*

#### **Restructuring and conversion of vineyards**

1. The objective of measures relating to the restructuring and conversion of vineyards shall be to increase the competitiveness of wine producers.
2. Restructuring and conversion of vineyards shall be supported in accordance with this Article only if Member States submit the inventory of their production potential in accordance with Article 100.
3. Support for restructuring and conversion of vineyards may cover one or more of the following activities:
  - (a) varietal conversion, including by means of grafting-on;
  - (b) relocation of vineyards;

(c) improvements to vineyard management techniques.

The normal renewal of vineyards which have come to the end of their natural life shall not be supported.

4. Support for restructuring and conversion of vineyards shall take the following forms:
  - (a) compensation of producers for the loss of revenue due to the implementation of the measure;
  - (b) contribution to the costs of restructuring and conversion.
5. Compensation of producers for the loss of revenue as referred to in paragraph 4(a) may cover up to 100% of the relevant loss and take either of the following forms:
  - (a) notwithstanding the provisions of Chapter II of Title V, the permission for the co-existence of both old and new vines for a fixed period which shall not exceed three years, until the end of the transitional regime concerning planting rights, that is 31 December 2013, at the latest;
  - (b) financial compensation.
6. The Community contribution to the actual costs of restructuring and conversion of vineyards shall not exceed 50%. In regions classified as convergence regions in accordance with Regulation (EC) No 1083/2006, the Community contribution to the costs of restructuring and conversion shall not exceed 75%.

#### *Article 11*

#### **Green harvesting**

1. For the purposes of this Article, green harvesting means the total destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant parcel to zero.
2. Support for green harvesting shall contribute to restoring the balance of supply and demand in the market in wine in the Community in order to prevent market crises.
3. Support for green harvesting may be granted as compensation in the form of a flat rate payment per hectare to be determined by the Member State concerned.

The payment shall not exceed 50% of the sum of the direct costs of the destruction or removal of grape bunches and the loss of revenue related to the destruction or removal of grape bunches.
4. Member States concerned shall establish a system based on objective criteria to ensure that the green harvesting measure does not lead to compensation of individual wine producers in excess of the ceilings referred to in the second subparagraph of paragraph 3.

*Article 12*  
**Mutual funds**

1. Support for the setting-up of mutual funds shall provide assistance to producers seeking to insure themselves against market fluctuations.
2. Support for the setting-up of mutual funds may be granted in the form of temporary and degressive aid to cover the administrative costs of the funds.

*Article 13*  
**Harvest insurance**

1. Support for harvest insurance shall contribute to safeguarding producers' incomes where these are affected by natural disasters, climatic events, diseases or pest infestations.
2. Support for harvest insurance may be granted in the form of a financial Community contribution which must not exceed:
  - (a) 80% of the cost of the insurance premiums paid for by producers for insurance against losses as a result of climatic events which can be assimilated to natural disasters;
  - (b) 50% of the cost of the insurance premiums paid for by producers for insurance against:
    - losses referred to in point (a) and against other losses caused by climatic events;
    - losses caused by animal or plant diseases or pest infestations.
3. Support for harvest insurance may only be granted if the insurance payments concerned do not compensate producers for more than 100% of the income loss suffered, taking into account any compensation the producers obtain from other support schemes related to the insured risk.
4. Support for harvest insurance shall not distort competition in the insurance market.

*Article 14*  
**Cross-compliance**

Where farmers are found to not have complied on their holding, at any time during five years from payment under the support programmes for restructuring and conversion or at any time during one year from payment under the support programmes for green harvesting, with the statutory management requirements and the good agricultural and environmental condition referred to in Articles 3 to 7 of Regulation (EC) No 1782/2003, the amount of the payment shall, where non-compliance is the result of an action or omission directly imputable to the farmer, be reduced or cancelled, partially or wholly depending on the severity, extent, permanence and repetition of the non-compliance, and the farmer shall, where applicable, be ordered to reimburse it in accordance with the conditions set out in the said provisions.

Rules shall be determined in accordance with the procedure referred to in Article 144(2) of Regulation (EC) No 1782/2003 as regards partial or whole reduction or recovery of the support by the Member State concerned.

## **SECTION 4 GENERAL PROVISIONS**

### *Article 15*

#### **Reporting and evaluation**

1. Each year, Member States shall submit to the Commission not later than 1 March a report on the implementation of the measures provided for in their support programmes during the previous year.

Those reports shall list and describe the measures for which Community assistance under the support programmes was granted and shall in particular provide details on the implementation of the promotion measure referred to in Article 9.

2. Member States shall submit to the Commission not later than 1 March 2011 and, a second time, not later than 1 March 2014 an evaluation of the costs and benefits of the support programmes as well as an indication of how to increase their efficiency.

The Commission shall, by 31 December 2011 at the latest, submit a report to the European Parliament and the Council on the implementation of the promotion measure referred to in Article 9.

### *Article 16*

#### **Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include:

- (a) the format of presentation of the support programmes;
- (b) rules concerning changes to support programmes after they have become applicable;
- (c) detailed rules for the implementation of the measures provided for in Articles 9 to 13;
- (d) the conditions under which assistance through Community funds is to be communicated and publicised;
- (e) details on reporting.

## **Chapter II**

### **Financial transfer**

#### *Article 17*

#### **Financial transfer to rural development**

1. As from the budget year 2009, the amounts fixed in paragraph 2, based on historical expenditure under Regulation (EC) No 1493/1999 for intervention to regulate agricultural markets as referred to in Article 3(1)(b) of Regulation (EC) No 1290/2005, shall be available as additional Community funds for measures in wine-producing regions under the rural development programming financed under Regulation (EC) No 1698/2005.
2. The following amounts shall be available in the given calendar years:
  - 2009: EUR 100 million,
  - 2010: EUR 150 million,
  - 2011: EUR 250 million,
  - 2012: EUR 300 million,
  - 2013: EUR 350 million,
  - from 2014 onwards: EUR 400 million.
3. The amounts set in paragraph 2 shall be allocated among Member States in accordance with Annex III.

## **TITLE III**

### **REGULATORY MEASURES**

#### **Chapter I**

#### **General rules**

#### *Article 18*

#### **Classification of wine grape varieties**

1. Member States shall classify which wine grape varieties may be planted, replanted or grafted on their territories.

The classified varieties shall belong to the *Vitis vinifera* or come from a cross between this species and other species of the genus *Vitis*.
2. Member States shall not classify the following wine grape varieties:
  - (a) Noah;
  - (b) Othello;
  - (c) Isabelle;
  - (d) Jacquez;

- (e) Clinton;
  - (f) Herbemont.
3. The planting, replanting or grafting of non-classified wine grape varieties shall only be allowed for scientific research and experimental purposes.
  4. Existing areas planted with non-classified wine grape varieties shall be grubbed up, save where the production of these areas is intended exclusively for the consumption by the wine producer's family.
  5. Member States shall take the necessary measures to check compliance by producers with paragraphs 3 and 4.
  6. Where wine grape varieties are deleted from the classification, grubbing-up of these varieties shall take place within 15 years of their deletion.

#### *Article 19*

### **Production and marketing**

1. Products listed in Annex IV and produced in the Community shall be made from wine grapes of the varieties listed in the classifications drawn up by Member States in accordance with the first subparagraph of Article 18(1).
2. A designation for a category of a grapevine product as provided for in Annex IV may only be used in the Community for the marketing of a product which conforms to the corresponding conditions laid down in that Annex.  

The Commission may decide to add categories of grapevine products to the ones listed in Annex IV.
3. Except for bottled wine in respect of which there is evidence that bottling was performed prior to 1 September 1971, wine produced from wine grape varieties listed in the classifications drawn up in accordance with the first subparagraph of Article 18(1) but not conforming to one of the categories laid down in Annex IV shall be used only for consumption by individual wine producers' families, for the production of wine vinegar or for distillation.

## **Chapter II**

### **Oenological practices and restrictions**

#### *Article 20*

#### **Scope**

This Chapter lays down the authorised oenological practices and the applicable restrictions as well as the procedure whereby the Commission may decide on practices and restrictions applying to the production and commercialisation of products covered by this Regulation.

### *Article 21*

#### **Oenological practices and restrictions**

1. Only oenological practices authorised under Community law shall be used in the production in the Community of products covered by this Regulation.

The first subparagraph shall not apply to:

- (a) grape juice and concentrated grape juice;
  - (b) grape must and concentrated grape must intended for the preparation of grape juice.
2. Authorised oenological practices shall only be used for the purposes of ensuring proper vinification, proper preservation or proper refinement of the product.
  3. Products covered by this Regulation shall be produced in the Community in accordance with the relevant restrictions laid down in Annex VI.
  4. Products covered by this Regulation, which have undergone unauthorised Community or, where applicable, unauthorised national oenological practices or which contravene the restrictions laid down in Annex VI, shall not be marketed in the Community.
  5. However, the oenological practices and restrictions recognised by the International Organisation of Vine and Wine (OIV), and not the authorised Community oenological practices and restrictions, shall apply to products covered by this Regulation which are produced for export.

Producers shall report such production to Member States, which shall check compliance with the export requirement.

### *Article 22*

#### **Stricter oenological practices decided by Member States**

Member States may limit or exclude the use of certain oenological practices for wines authorised under Community law produced in their territory with a view to reinforcing the preservation of the essential characteristics of wines with a protected designation of origin or protected geographical indication and of sparkling wines and liqueur wines.

Member States shall communicate those limitations and exclusions to the Commission, which shall bring them to the attention of the other Member States.

### *Article 23*

#### **Authorisation of oenological practices and restrictions**

1. Except for the oenological practices concerning enrichment, acidification and de-acidification listed in Annex V and the restrictions listed in Annex VI, the authorisation of oenological practices and restrictions as regards the production and conservation of products covered by this Regulation shall be decided in accordance with the procedure referred to in Article 104(1).

2. Member States may allow the experimental use of unauthorised oenological practices under conditions to be determined in accordance with the procedure referred to in Article 104(1).

#### *Article 24*

#### **Authorisation criteria**

When authorising oenological practices in accordance with the procedure referred to in Article 104(1), the Commission shall:

- (a) base itself on the oenological practises recognised by the OIV as well as on the results of experimental use of as of yet unauthorised oenological practices;
- (b) take into account the protection of human health;
- (c) take into account possible risks of consumers being misled due to their established expectations and perceptions, having regard to the availability and feasibility of informational means to exclude such risks;
- (d) allow the preservation of the natural and essential characteristics of the wine and not cause a substantial change in the composition of the product concerned;
- (e) ensure an acceptable minimum level of environmental care;
- (f) respect the general rules concerning oenological practices and restrictions laid down respectively in Annexes III and IV.

#### *Article 25*

#### **Methods of analysis**

The methods of analysis for determining the composition of the products covered by this Regulation and the rules whereby it may be established whether these products have undergone processes contrary to the authorised oenological practices shall be those recognised and published by the OIV. Where there are no methods and rules recognised by the OIV, and where no relevant Community methods and rules exist, such methods and rules shall be adopted in accordance with the procedure referred to in Article 104(1).

#### *Article 26*

#### **Implementing rules**

Detailed rules for the implementation of this Chapter and Annexes III and IV shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include:

- (a) authorised oenological practices and restrictions concerning sparkling wines;
- (b) authorised oenological practices and restrictions concerning liqueur wines;
- (c) subject to point C of Annex VI, provisions regulating the blending and coupage of musts and wines;

- (d) where Community rules on that matter do not exist, the purity and identification specification of substances used in oenological practices;
- (e) administrative rules for carrying out the oenological practices authorised;
- (f) the conditions governing the holding, circulation and the use of products not complying with Article 21 and possible exemptions from the requirements of that Article, as well as the establishment of criteria for the purpose of avoiding hardship in individual cases;
- (g) the conditions under which Member States may authorise the holding, circulation and use of products not complying with this Chapter other than Article 21, or with provisions implementing this Chapter.

## **Chapter III**

### **Designations of origin and geographical indications**

#### **SECTION 1**

#### **SCOPE AND DEFINITIONS**

##### *Article 27*

#### **Designations of origin and geographical indications**

1. For the purposes of this Regulation, the following definitions shall apply:
  - (a) "designation of origin" means the name of a region, a specific place or, in exceptional cases, a country used to describe a wine, a liqueur wine, a sparkling wine, an aerated sparkling wine, a semi sparkling wine or a wine of overripe grapes that complies with the following requirements:
    - (i) its quality and characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors;
    - (ii) the grapes from which it is produced come exclusively from this geographical area;
    - (iii) it is obtained from vine varieties belonging to *Vitis vinifera*.
  - (b) "geographical indication" means an indication referring to a region, a specific place or, in exceptional cases, a country, used to describe a wine, a liqueur wine, a sparkling wine, an aerated sparkling wine, a semi sparkling wine or a wine of overripe grapes which complies with the following requirements:
    - (i) its quality, characteristics or reputation are essentially attributable to its geographical origin;
    - (ii) at least 85% of the grapes used for its production come exclusively from this geographical area;
    - (iii) it is obtained from vine varieties belonging to *Vitis vinifera* or a cross between the *Vitis vinifera* species and other species of the genus *Vitis*.

2. Traditional names shall be considered as a designation of origin where they:
  - (a) designate a wine;
  - (b) refer to a geographical name;
  - (c) fulfil the conditions referred to in points (i) to (iii) of paragraph 1(a).
3. Designations of origin and geographical indications, including those relating to geographical areas in third countries, shall be eligible for protection in the Community in accordance with the rules laid down in this Chapter.

## **SECTION 2**

### **APPLICATION FOR PROTECTION**

#### *Article 28*

#### **Content of applications for protection**

1. Applications for protection of names as designations of origin or geographical indications shall include a technical file containing:
  - (a) the name to be protected;
  - (b) the name and address of the applicant;
  - (c) a product specification as referred to in paragraph 2;
  - (d) a single document summarising the product specification referred to in paragraph 2.
2. The product specification shall enable interested parties to verify the relevant conditions of production of the designation of origin or geographical indication.

It shall consist of:

  - (a) a description of the wine and its principal physical, chemical, microbiological and organoleptic characteristics;
  - (b) where applicable, the specific oenological practices used to make the wine;
  - (c) the demarcation of the geographical area concerned;
  - (d) the maximum yields per hectare;
  - (e) an indication of the vine variety or varieties the wine is obtained from;
  - (f) the details bearing out the link with the quality, the reputation or the characteristics and the geographical environment or the geographical origin;
  - (g) applicable requirements laid down by Community, national or, where applicable, inter-branch organisations' provisions, which shall in any case be compatible with Community law in general;
  - (h) the name and address of the authorities or bodies verifying compliance with the provisions of the product specification and their specific tasks.

#### *Article 29*

### **Application for protection relating to a geographical area in a third country**

1. Where the application for protection concerns a geographical area in a third country, it shall contain in addition to the elements provided for in Article 28 proof that the name in question is protected in its country of origin.
2. The application shall be sent to the Commission, either directly from the applicant or via the authorities of the third country concerned.
3. The application for protection shall be filed in one of the official languages of the Community or accompanied by a certified translation into one of those languages.

#### *Article 30*

### **Applicants**

1. Any interested group of producers, or in exceptional cases a single producer, may apply for the protection of a designation of origin or geographical indication. Other interested parties may participate in the application.
2. Producers may lodge an application for protection only for wines which they produce.
3. In the case of a name designating a trans-border geographical area or a traditional name connected to a trans-border geographical area, a joint application may be lodged.

## **SECTION 3**

### **PROCEDURE CONFERRING PROTECTION**

#### *Article 31*

### **Preliminary national procedure**

1. Applications for protection of a designation of origin or a geographical indication of wines in accordance with Article 27 originating in the Community shall be subject to a preliminary national procedure in accordance with this Article.
2. The application for protection shall be filed with the Member State in which territory the designation of origin or geographical indication originates.
3. The Member State shall examine the application for protection as to whether it meets the conditions set out in this Chapter.

The Member State shall carry out a national procedure ensuring adequate publication of the application and providing for a period of at least two months from the date of publication within which any natural or legal person having a legitimate interest and established or resident on its territory may object to the proposed protection by lodging a duly substantiated statement with the Member State.

4. If the Member State considers that the designation of origin or geographical indication does not meet the relevant requirements, including the eventuality that it is incompatible with Community law in general, it shall reject the application.

5. If the Member State considers that the relevant requirements are met, it shall take a favourable decision by which it may provide for transitional national protection with effect from the date on which an application for protection is lodged with the Commission in accordance with paragraph 7. The Member State shall publish the single document and the product specification on the Internet.
6. The Member State shall ensure that the decisions referred to in paragraphs 5 are made public and that any natural or legal person in the Member State having a legitimate interest has a means of appeal.
7. In respect of any favourable decision as referred to in paragraph 5, the Member States concerned shall forward to the Commission an application for protection containing:
  - (a) the name and address of the applicant;
  - (b) the single document referred to in Article 28(1)(d);
  - (c) a declaration by the Member State that it considers that the application lodged by the applicant meets the conditions of this Regulation;
  - (d) the reference of publication referred to in paragraph 6.

These documents shall be forwarded in one of the official languages of the institutions of the European Union or accompanied by a certified translation into one of those languages.
8. The transitional national protection referred to in paragraph 5 shall cease on the date on which the Commission takes a decision pursuant to Article 34.
9. Member States shall introduce the laws, regulations or administrative provisions necessary to comply with this Article not later than 1 August 2009.

*Article 32*  
**Scrutiny by the Commission**

1. The Commission shall make the date of submission of the application for protection of the designation of origin or geographical indication public.
2. The Commission shall examine whether the applications for protection referred to in Article 31(7) meet the conditions laid down in this Chapter.
3. Where the Commission considers that the conditions laid down in this Chapter are met, it shall publish in the *Official Journal of the European Union* the single document referred to in Article 28(1)(d) and the reference to the publication of the product specification referred to in Article 31(5).

Where this is not the case, it shall be decided, in accordance with the procedure referred to in Article 104(1), to reject the application.

*Article 33*  
**Objection procedure**

Within two months from the date of publication provided for in the first subparagraph of Article 32(3), any Member State or third country, or any natural or legal person having a legitimate interest, established or resident in a Member State other than that applying for the protection or in a third country, may object to the proposed protection by lodging a duly substantiated statement with the Commission.

In the case of natural or legal persons established or resident in a third country, such statement shall be lodged, either directly or via the authorities of the third country concerned, within the time limit of two months referred to in the first paragraph.

*Article 34*  
**Decision on protection**

On the basis of the information available to the Commission, it shall be decided, in accordance with the procedure referred to in Article 104(1), to either confer protection on the designation of origin or geographical indication which meets the conditions laid down in this Chapter and is in general compatible with Community law, or to reject the application where those conditions are not satisfied.

**SECTION 4**  
**SPECIFIC CASES**

*Article 35*  
**Homonyms**

1. A name which is homonymous with a protected designation of origin or geographical indication shall be eligible for protection as a designation of origin or geographical indication, provided it is sufficiently differentiated from the protected name so as to ensure that consumers are not misled as to the true geographical origin of the wines in question.
2. Save as otherwise provided for in Commission implementing rules, where a wine grape variety contains or consists of a protected designation of origin or geographical indication the name of the wine grape variety shall not be used for purposes of labelling the products covered by this Regulation.

*Article 36*  
**Grounds for refusal of protection**

1. Names that have become generic shall not be protected as a designation of origin or geographical indication.

For the purposes of this Regulation, a "name that has become generic" means the name of a wine which, although it relates to the place or the region where this product was originally produced or marketed, has become the common name of a wine in the Community.

To establish whether or not a name has become generic, account shall be taken of all relevant factors, in particular:

- (a) the existing situation in the Community, notably in areas of consumption;
  - (b) the relevant national or Community legal provisions.
2. A name shall not be protected as a designation of origin or geographical indication where, in the light of a trademark's reputation and renown, protection is liable to mislead the consumer as to the true identity of the wine.

#### *Article 37*

### **Relationship with trademarks**

1. Where a designation of origin or a geographical indication is protected under this Regulation, the registration of a trademark corresponding to one of the situations referred to in Article 38(2) and relating to a product falling under one of the categories listed in Annex IV shall be refused if the application for registration of the trademark is submitted after the date of submission of the application for protection of the designation of origin or geographical indication to the Commission and the designation of origin or geographical indication is subsequently protected.

Trademarks registered in breach of the first subparagraph shall be invalidated.

2. Without prejudice to Article 36(2), a trademark the use of which corresponds to one of the situations referred to in Article 38(2), which has been applied for, registered or established by use, if that possibility is provided for by the legislation concerned, in the territory of the Community before the date on which the application for protection of the designation of origin or geographical indication is submitted to the Commission, may continue to be used and renewed notwithstanding the protection of a designation of origin or geographical indication, provided that no grounds for the trademark's invalidity or revocation exist as specified by Council Directive 89/104/EEC<sup>20</sup> or Council Regulation (EC) No 40/94<sup>21</sup>.

In such cases the use of the designation of origin or geographical indication shall be permitted alongside the relevant trademarks.

## **SECTION 5**

### **PROTECTION AND CONTROL**

#### *Article 38*

### **Protection**

1. Protected designations of origins and geographical indications may be used by any operator marketing a wine which has been produced in conformity with the corresponding product specification.

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<sup>20</sup> OJ L 40, 11.2.1989, p. 1.

<sup>21</sup> OJ L 11, 14.1.1994, p. 1.

2. Protected designations of origins and geographical indications and the wines using those protected names in conformity with the product specification shall be protected against:
  - (a) any direct or indirect commercial use of a protected name:
    - by comparable products not compliant with the product specification of the protected name, or
    - in so far as such use exploits the reputation of a designation of origin or a geographical indication;
  - (b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated or accompanied by an expression such as ‘style’, ‘type’, ‘method’, ‘as produced in’, ‘imitation’, ‘flavour’, ‘like’ or similar;
  - (c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the wine product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;
  - (d) any other practice liable to mislead the consumer as to the true origin of the product.
3. Protected designations of origin or protected geographical indications shall not become generic in the Community within the meaning of Article 36(1).
4. Member States shall take the steps necessary to stop unlawful use of protected designations of origin and geographical indications as referred to in paragraph 2.

*Article 39*  
**Register**

The Commission shall establish and maintain an electronic register of protected designations of origin and geographical indications for wine which shall be publicly accessible.

*Article 40*  
**Competent control bodies**

1. Member States shall designate the competent authority or authorities responsible for controls in respect of the obligations established by this Chapter in accordance with Regulation (EC) No 882/2004. Member States may designate inter-branch organisations for those controls if they offer adequate guarantees of objectivity and impartiality.
2. Member States shall ensure that any operator complying with this Chapter is covered by a system of controls.
3. Member States shall inform the Commission about the authorities or organisations referred to in paragraph 1. The Commission shall make their names and addresses public and update them periodically.

#### Article 41

### Verification of compliance with specifications

1. In respect of protected designations of origin and geographical indications relating to a geographical area within the Community, annual verification of compliance with the product specification, during the production and during or after conditioning of the wine, shall be ensured by:
  - (a) one or more of the authorities or organisations referred to in Article 40, or
  - (b) one or more control bodies within the meaning of Article 2 of Regulation (EC) No 882/2004 operating as a product certification body.

The costs of such verification shall be borne by the operators subject to it.

2. In respect of protected designations of origin and geographical indications relating to a geographical area in a third country, annual verification of compliance with the product specification, during the production and during or after conditioning of the wine, shall be ensured by:
  - (a) one or more public authorities designated by the third country, or
  - (b) one or more certification bodies, or
  - (c) one or more inter-branch organisations.
3. The certification bodies referred to in paragraphs 1(b) and 2(b) of this Article shall comply with, and from 1 May 2010 be accredited in accordance with, the European standard EN 45011 or ISO/IEC Guide 65 (General requirements for bodies operating product certification systems).
4. Where the bodies referred to in paragraphs 1(a) and 2(a) and 2(c) of this Article, verify compliance with the product specification, they shall offer adequate guarantees of objectivity and impartiality, and have at their disposal the qualified staff and resources needed to carry out their tasks.

#### Article 42

### Amendments to product specifications

1. An applicant satisfying the conditions of Article 30 may apply for approval of an amendment to the product specification of a protected designation of origin or geographical indication, in particular to take account of developments in scientific and technical knowledge or to redefine the geographical area referred to in point (c) of the second subparagraph of Article 28(2). Applications shall describe and give reasons for the amendments requested.
2. Where the proposed amendment involves one or more amendments to the single document referred to in Article 28(1)(d), Articles 31 to 34 shall apply *mutatis mutandis* to the amendment application. However, if the proposed amendment is only minor, it shall be decided, in accordance with the procedure referred to in Article 104(1), whether to approve the application without following the procedure laid down in Articles 32(2) and 33 and in the case of approval, the Commission shall proceed to publication of the elements referred to in Article 32(3).

3. Where the proposed amendment does not involve any change to the single document, the following rules shall apply:
  - (a) where the geographical area is in a given Member State, that Member State shall express its position on the amendment and, if it is in favour, shall publish the amended product specification and inform the Commission of the amendments approved and the reasons for them;
  - (b) where the geographical area is in a third country, the Commission shall determine whether to approve the proposed amendment.

*Article 43*  
**Cancellation**

It may be decided, in accordance with the procedure referred to in Article 104(1), at the initiative of the Commission or at a duly substantiated request of a Member State, of a third country or of a natural or legal person having a legitimate interest, to cancel the protection of a designation of origin or a geographical indication if compliance with the corresponding product specification is no longer ensured.

Articles 31 to 34 shall apply *mutatis mutandis*.

*Article 44*  
**Existing protected wines names**

1. Wine names, which are protected in accordance with Article 54 of Regulation (EC) No 1493/1999 and Article 28 of Regulation (EC) No 753/2002, shall automatically be protected under this Regulation. The Commission shall list them in the register provided for in Article 39.
2. Member States shall, in respect of the designations of origin and geographical indications referred to in paragraph 1, transmit to the Commission:
  - (a) the technical files as provided for in Article 28(1);
  - (b) the national decision indicating their validity.
3. Names referred to in paragraph 1, for which the information referred to in paragraph 2 is not submitted by 31 December 2010, shall lose protection under this Regulation. The Commission shall take the corresponding formal step of removing such names from the register provided for in Article 39.
4. By way of derogation from Article 43, it may be decided, until 31 December 2013, at the initiative of the Commission and in accordance with the procedure referred to in Article 104(1), to cancel protection of designations of origin or geographical indications referred to in paragraph 1 of this Article if they do not meet the relevant conditions for protection.

## **SECTION 6**

### **GENERAL PROVISIONS**

#### *Article 45*

##### **Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include derogations from the applicability of the rules laid down in this Chapter for pending applications for protection of designations of origin or geographical indications.

#### *Article 46*

##### **Fees**

Member States may charge a fee to cover their costs, including those incurred in examining applications for protection, statements of objections, applications for amendments and requests for cancellations under this Regulation.

## **Chapter IV**

### **Labelling**

#### *Article 47*

##### **Definition**

For the purposes of this Regulation “labelling” means any words, particulars, trademarks, brand name, pictorial matter or symbol placed on any packaging, document, notice, label, ring or collar accompanying or referring to a given product.

#### *Article 48*

##### **Applicability of horizontal rules**

Save as otherwise provided for in this Regulation, Directive 2000/13/EC, Council Directive 89/396/EEC<sup>22</sup>, Council Directive 75/106/EEC<sup>23</sup> and Directive 89/104/EEC shall apply to the labelling of products falling within their scopes.

#### *Article 49*

##### **Compulsory particulars**

1. Labelling of the products referred to in points 1 to 9 and point 13 of Annex IV marketed in the Community or for export shall contain the following compulsory particulars:

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<sup>22</sup> OJ L 186, 30.6.1989, p. 21.

<sup>23</sup> OJ L 42, 15.2.1975, p. 1.

- (a) the designation for the category of the grapevine product in accordance with Annex IV;
  - (b) for wines with a protected designation of origin or geographical indication:
    - the term “protected designation of origin” or “protected geographical indication”, and
    - the name of the protected designation of origin or geographical indication.
  - (c) the actual alcoholic strength by volume;
  - (d) an indication of provenance of the wine;
  - (e) an indication of the bottler;
  - (f) an indication of the importer in the case of imported wines.
2. By way of derogation from point (a) of paragraph 1, the reference to the category of the grapevine product may be omitted for wines whose label includes the protected name of a designation of origin or geographical indication.
3. By way of derogation from point (b) of paragraph 1, the reference to the terms “protected designation of origin” or “protected geographical indication” may be omitted in the following cases:
- (a) where a national specific designation as regulated by national law is displayed on the label;
  - (b) where, in exceptional circumstances to be determined in accordance with the procedure referred to in Article 104(1), the name of the protected designation of origin or protected geographical indication is displayed on the label.

*Article 50*  
**Optional particulars**

Labelling of products referred to in Article 49(1) may in particular contain the following optional particulars:

- (a) the vintage year;
- (b) the name of one or more wine grape varieties;
- (c) terms indicating the sugar content;
- (d) for wines with a protected designation of origin or geographical indication, traditional terms other than the designations of origin and geographical indications which designate the production or ageing method or the characteristics, colour, type of place of the wine concerned;
- (e) the Community symbol indicating the protected designation of origin or geographical indication;
- (f) terms referring to certain production methods.

*Article 51*  
**Languages**

Compulsory particulars provided for in Article 49 shall, where expressed in words, appear in one or more of the official languages of the Community.

However, the name of a protected designation of origin or geographical indication or the national specific designation shall appear on the label in the official language or languages of the Member State where the wine originates.

*Article 52*  
**Enforcement**

The competent authorities of the Member States shall take measures to ensure that any wine not labelled in conformity with this Chapter is not placed on or is withdrawn from the market.

*Article 53*  
**Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include:

- (a) details on the indication of provenance of the wine;
- (b) the terms of use of the optional particulars listed in Article 50;
- (c) details on the traditional terms for the purposes of designating wines with a protected designation of origin or geographical indication;
- (d) monitoring of indications concerning the vintage year and the wine grape variety displayed on labels.

## **Chapter V** **Producer and inter-branch organisations**

*Article 54*  
**Producer organisations**

Member States shall recognise as a producer organisation any legal entity which satisfies the following conditions:

- (a) it is constituted by producers of products covered by this Regulation;
- (b) it is formed on the initiative of producers;
- (c) it pursues a specific aim, which may in particular relate to:
  - (i) adapting production jointly to the requirements of the market and improving the product;

- (ii) promoting concentration of supply and the placing on the market of the products produced by its members;
  - (iii) promoting the rationalisation and improvement of production and processing;
  - (iv) reducing production costs and market management costs and stabilising producer prices;
  - (v) promoting and providing technical assistance for the use of environmentally respectful cultivation practices and production techniques;
  - (vi) promoting initiatives for the management of by-products of wine making and the management of waste in particular to protect the quality of water, soil and landscape and preserving or encouraging biodiversity;
  - (vii) carrying out research into sustainable production methods and market developments.
- (d) its rules of association shall require its members, in particular, to:
- (i) apply the rules adopted by the producer organisation relating to production reporting, production, marketing and protection of the environment;
  - (ii) provide the information requested by the producer organisation for statistical purposes, in particular on growing areas and market evolution;
  - (ii) pay penalties for infringement of obligations under the rules of association.
- (e) it has lodged an application for recognition as a producer organisation under this Regulation with the Member State concerned and the application contains the following items:
- (i) evidence that the entity meets the requirements laid down in points (a) to (d);
  - (ii) evidence that it has a minimum number of members, to be laid down by the Member State concerned;
  - (iii) evidence that it covers a minimum volume of marketable production in the area where the organisation operates, to be laid down by the Member State concerned;
  - (iv) evidence that it can carry out its activities properly, both over time and in terms of effectiveness and concentration of supply;
  - (v) evidence that it effectively enables its members to obtain technical assistance in using environmentally sound cultivation practices.

#### *Article 55*

#### **Inter-branch organisations**

Member States shall recognise as an inter-branch organisation any legal entity which satisfies the following conditions:

- (a) it is made up of representatives of economic activities linked to the production of, trade in, or processing of products covered by this Regulation;

- (b) it is formed on the initiative of all or some of the organisations or associations which constitute it;
- (c) it carries out one or more of the following measures in one or more regions of the Community, taking account of public health and the interests of consumers:
  - (i) improving knowledge and transparency of production and the market;
  - (ii) helping to better coordinate the way products are placed on the market, in particular by means of research and market studies;
  - (iii) drawing up standard forms of contract compatible with Community rules;
  - (iv) exploiting more fully the potential of production;
  - (v) providing the information and carrying out the research necessary to adjust production towards products more suited to market requirements and consumer tastes and expectations, in particular with regard to product quality and protection of the environment;
  - (vi) providing information on particular characteristics of wine with a protected designation of origin or geographical indication;
  - (vii) seeking ways of restricting the use of plant-health products and other inputs and ensuring product quality and soil and water conservation;
  - (viii) promoting integrated production or other environmentally sound production methods;
  - (ix) encouraging moderate and responsible consumption of wine and informing on the harm linked to irresponsible consumption patterns;
  - (x) carrying out promotion actions for wine, especially in third countries;
  - (xi) developing methods and instruments for improving product quality at all stages of production, vinification and marketing;
  - (xii) exploiting, protecting and promoting the potential of organic farming as well as quality labels and protected designations of origin and geographical indications;
- (d) it has lodged an application for recognition as a inter-branch organisation under this Regulation with the Member State concerned and the application contains the following items:
  - (i) evidence that the entity meets the requirements laid down in points (a) to (c);
  - (ii) evidence that the entity carries out its activities in one or more regions in the territory concerned;
  - (iii) evidence that the entity represents a significant share of the production of or trade in products covered by this Regulation;
  - (iv) evidence that the entity does not engage in the production or processing or marketing of products covered by this Regulation.

*Article 56*

**Recognition procedure**

1. Applications for recognition as a producer organisation or inter-branch organisation shall be lodged with and examined by the Member State where the organisation has its seat.
2. Member States shall take the decision whether to grant or refuse recognition of the organisation within three months of the lodging of the application.

*Article 57*

**Marketing rules**

1. In order to improve the operation of the market in wines with a protected designation of origin or geographical indication, including the grapes, musts and wines from which they derive, producer Member States, particularly by way of implementing decisions taken by inter-branch organisations, may lay down marketing rules to regulate supply, provided that such rules relate to the retention or gradual release of produce.

Such rules shall not:

- (a) relate to any transaction after the first marketing of the produce concerned;
  - (b) allow for price fixing, including where prices are set for guidance or recommendation;
  - (c) render unavailable an excessive proportion of the vintage that would otherwise be available;
  - (d) provide scope for refusing to issue the national and Community certificates required for the circulation and marketing of wines where such marketing is in accordance with those rules.
2. The rules referred to in paragraph 1 must be brought to the attention of operators by publication *in extenso* in an official publication of the Member State concerned.

*Article 58*

**Monitoring**

Member States shall:

- (a) carry out checks at regular intervals to ascertain that producer organisations and inter-branch organisations comply with the terms and conditions for recognition laid down in Articles 54 and 55;
- (b) withdraw recognition if a producer or inter-branch organisation no longer complies with the relevant requirements and impose penalties on such organisations in the event of non-compliance or irregularities.

*Article 59*  
**Communication**

By 1 March each year, Member States shall report to the Commission the decisions or actions they have taken in accordance with Articles 56, 57 and Article 58 during the previous year.

**TITLE IV**  
**TRADE WITH THIRD COUNTRIES**

**Chapter I**  
**Common provisions**

*Article 60*  
**General principles**

1. Save as otherwise provided for in this Regulation, the rates of duty in the Common Customs Tariff shall apply to the products covered by this Regulation.
2. Save as otherwise provided for in this Regulation or in provisions adopted pursuant thereto, the following shall be prohibited in trade with third countries:
  - (a) the levying of any charge having equivalent effect to a customs duty;
  - (b) the application of any quantitative restriction or measure having equivalent effect.

*Article 61*  
**Combined Nomenclature**

The general rules for the interpretation of the Combined Nomenclature and the special rules for its application shall apply to the classification of products covered by this Regulation. The tariff nomenclature resulting from the application of this Regulation including, as the case may be, the definitions and categories in Annexes I and IV shall be included in the Common Customs Tariff.

**Chapter II**  
**Import and export licences**

*Article 62*  
**Import and export licences**

1. It may be decided, in accordance with the procedure referred to in Article 104(1), that imports into the Community or exports from the Community of one or more of the products falling under CN codes 2009 61, 2009 69 and 2204 shall be subject to the presentation of an import or export licence.

2. When applying paragraph 1, account shall be taken of the need for licences for the management of the markets concerned and, in particular, in the case of import licences, for monitoring the imports of the products in question.

*Article 63*  
**Issue of licences**

Import and export licences shall be issued by Member States to any applicant, irrespective of his place of establishment in the Community, unless a Council Regulation or any other act of the Council provides otherwise, and without prejudice to measures taken for the application of Chapter IV.

*Article 64*  
**Validity of licences**

Import and export licences shall be valid throughout the Community.

*Article 65*  
**Security**

1. Save as otherwise provided for in accordance with the procedure referred to in Article 104(1), licences shall be issued subject to the lodging of a security guaranteeing that the products are imported or exported during the term of validity of the licence.
2. Except in cases of *force majeure*, the security shall be forfeited in whole or in part if the import or export is not carried out, or is carried out only partially, within the period of validity of the licence.

*Article 66*  
**Special security**

1. For juice and musts falling under CN codes 2009 61, 2009 69 and 2204 30 for which the application of the Common Customs Tariff duties depends on the import price of the product, the actual amount of that price shall be verified either by checking every consignment or by using a flat-rate import value calculated by the Commission on the basis of price quotations for the same products in the countries of origin.

Should the declared entry price of the consignment be higher than the flat-rate import value, if such applies, increased by a margin adopted in accordance with paragraph 2 that may not exceed the flat-rate value by more than 10%, a security must be lodged equal to the import duties determined on the basis of the flat-rate import value.

If the entry price of the consignment is not declared, the application of Common Customs Tariff shall be dependent on the flat-rate import value or on the application, under conditions to be determined in accordance with paragraph 2, of the relevant provisions of customs legislation.

2. In the event that derogations by the Council referred to in points B.5 or C of Annex VI are applied to imported products, importers shall lodge a security for those products with the designated customs authorities at the time of release for free

circulation. The security shall be released on presentation by the importer of proof, to the satisfaction of the customs authorities of the Member State of release for free circulation, that the musts were made into grape juice, used in other products outside the wine sector or, if vinified, have been appropriately labelled.

#### *Article 67*

### **Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include:

- (a) the setting of criteria for determining which control method is to be applied;
- (b) what factors are to enter into the calculation of flat-rate import values;
- (c) the level of securities referred to in Articles 65 and 66 and rules governing the release thereof;
- (d) where applicable, the list of products in respect of which import or export licences are required;
- (e) where applicable, the conditions under which licences shall be issued and their term of validity.

## **Chapter III Safeguard measures**

#### *Article 68*

### **Safeguard measures**

1. Safeguard measures against imports into the Community shall be taken by the Commission, subject to paragraph 3 of this Article, in accordance with Council Regulations (EC) No 519/94<sup>24</sup> and (EC) No 3285/94<sup>25</sup>.
2. Save as otherwise provided for pursuant to any other act of the Council, safeguard measures against imports into the Community provided for in international agreements concluded in accordance with Article 300 of the Treaty shall be taken by the Commission in accordance with paragraph 3 of this Article.
3. Measures referred to in paragraphs 1 and 2 may be taken by the Commission at the request of a Member State or on its own initiative. If the Commission receives a request from a Member State, it shall take a decision thereon within five working days following receipt of the request.

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<sup>24</sup> OJ L 67, 10.3.1994, p. 89.

<sup>25</sup> OJ L 349, 31.12.1994, p. 53.

The Member States shall be notified of such measures, which shall be immediately applicable.

Measures decided on by the Commission pursuant to paragraphs 1 and 2 may be referred to the Council by any Member State within five working days of the date on which they were notified. The Council shall meet without delay. It may, acting by qualified majority, amend or repeal the measures in question within one month following the date on which they were referred to the Council.

4. Where the Commission considers that any safeguard measure taken in accordance with paragraphs 1 or 2 should be revoked or amended, it shall proceed as follows:
  - (a) where the measure was enacted by the Council, the Commission shall propose to the Council that it be revoked or amended. The Council shall act by a qualified majority;
  - (b) in all other cases, Community safeguard measures shall be revoked or amended by the Commission.

#### *Article 69*

#### **Additional import duties**

1. An additional import duty shall apply to imports, subject to the rate of duty laid down in Article 60(1), of grape juice and grape must where marked with a special safeguard clause indication (“SSG”) in the Agreement on Agriculture concluded during the Uruguay Round Multilateral Trade Negotiations, in order to prevent or counteract adverse effects on the market of the Community which may result from those imports, if:
  - (a) the imports are made at a price below the level notified by the Community to the WTO, or
  - (b) the volume of imports in any year exceeds a certain level.

The volume referred to in point (b) shall be based on market access opportunities defined, where applicable, as imports as a percentage of the corresponding domestic consumption during the three previous years.

2. Additional import duties shall not be imposed where the imports are unlikely to disturb the Community market, or where the effects would be disproportionate to the intended objective.
3. For the purposes of paragraph 1(a), import prices shall be determined on the basis of the cif import prices of the consignment under consideration.

Cif import prices shall be checked against the representative prices for the product on the world market or on the Community import market for that product.

#### *Article 70*

#### **Suspension of inward and outward processing arrangements**

1. Where the Community market is disturbed or is liable to be disturbed by inward or outward processing arrangements, it may be decided, at the request of a Member

State or on the Commission's initiative and in accordance with the procedure referred to in Article 104(1), to suspend fully or partially the use of inward or outward processing arrangements for the products covered by this Regulation. If the Commission receives a request from a Member State, a decision thereon shall be taken within five working days following receipt of the request.

The Member States shall be notified of such measures, which shall be immediately applicable.

Measures decided pursuant to the first subparagraph may be referred to the Council by any Member State within five working days of the date on which they were notified. The Council shall meet without delay. It may, acting by qualified majority, amend or repeal the measures in question within one month following the date on which they were referred to the Council.

2. To the extent necessary for the proper functioning of the common organisation of the wine market, the use of inward or outward processing arrangements for the products covered by this Regulation may be fully or partially prohibited by the Council, acting in accordance with the procedure laid down in Article 37(2) of the Treaty.

#### *Article 71*

#### **Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

## **Chapter IV**

### **Rules applying to imports**

#### *Article 72*

#### **Import requirements**

1. Save as otherwise provided for, in particular in agreements concluded pursuant to Article 300 of the Treaty, the provisions concerning designations of origin and geographical indications and labelling set out in Chapters III and IV of Title III of this Regulation as well as Article 19(2) shall apply to products falling under CN codes 2009 61, 2009 69 and 2204 which are imported into the Community.
2. Save as otherwise provided in agreements concluded pursuant to Article 300 of the Treaty, products referred to in paragraph 1 of this Article shall be produced in accordance with oenological practices and restrictions recommended by the OIV or authorised by the Community pursuant to this Regulation and its implementing rules.
3. The importation of the products referred to in paragraph 1 shall be subject to the presentation of:
  - (a) a certificate evincing compliance with the provisions referred to in paragraphs 1 and 2, to be drawn up by a competent body, included on a list to be determined in accordance with the procedure referred to in Article 104(1), in the country from which the product comes;

- (b) an analysis report drawn up by a body or department designated by the country from which the product comes, in so far as the product is intended for direct human consumption.

*Article 73*  
**Tariff quotas**

1. Tariff quotas for imports of products covered by this Regulation resulting from agreements concluded in accordance with Article 300 of the Treaty or from any other act of the Council shall be opened and administered in accordance with the procedure referred to in Article 104(1).
2. Tariff quotas shall be administered in a manner which avoids any discrimination between the operators concerned, by applying one of the following methods or a combination of them or another appropriate method:
  - (a) a method based on the chronological order of the lodging of applications (“first come, first served” principle);
  - (b) a method of distribution in proportion to the quantities requested when the applications were lodged (“simultaneous examination method”);
  - (c) a method based on taking traditional trade patterns into account (“traditional/new arrival method”).
3. The method of administration adopted for the management of tariff quotas shall, where appropriate, give due weight to the supply requirements of the Community market and the need to safeguard the equilibrium of that market.

*Article 74*  
**Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include:

- (a) guarantees covering the nature, provenance and origin of the product;
- (b) recognition of the document used for verifying the guarantees referred to in point (a).

# TITLE V

## PRODUCTION POTENTIAL

### Chapter I

#### Unlawful plantings

##### *Article 75*

##### **Unlawful plantings planted after 1 September 1998**

1. Producers shall grub up at their own cost areas planted with vines without a corresponding planting right after 1 September 1998.
2. Pending grubbing-up in accordance with paragraph 1, grapes and products made from grapes from areas referred to in that paragraph may be put into circulation only for the purposes of distillation. The products resulting from distillation may not be used in the preparation of alcohol having an actual alcoholic strength by volume of 80% or less.
3. After 31 December 2008, Member States shall impose penalties, graduated according to the severity, extent and duration of the non-compliance, on producers who have not complied with this grubbing-up obligation.
4. Member States shall communicate to the Commission by 1 March each year the areas planted with vines without a corresponding planting right after 1 September 1998 as well as the areas grubbed up in accordance with paragraph 1.
5. The end of the transitional ban on new plantings on 31 December 2013, as provided for in Article 80(1), shall not affect the obligations provided for in this Article.

##### *Article 76*

##### **Obligatory regularisation of unlawful plantings planted before 1 September 1998**

1. Producers shall, against the payment of a fee and not later than 31 December 2009, regularise areas planted with vines without a corresponding planting right before 1 September 1998.  

The first subparagraph shall not apply to areas regularised in accordance with the conditions set out in Article 2(3) of Regulation (EC) No 1493/1999.
2. The fee referred to in paragraph 1 shall be determined by Member States. It shall be equivalent to at least twice the average value of the corresponding planting right in the region concerned.
3. Pending regularisation under paragraph 1, grapes or products made from grapes from areas referred to that paragraph may be put into circulation only for the purpose of distillation. The products may not be used in the preparation of alcohol having an actual alcoholic strength of 80% vol. or less.

4. Unlawful areas referred to in paragraph 1 which are not regularised in accordance with paragraph 1 by 31 December 2009 shall be grubbed up by the producers concerned at their own expense.

Member States shall impose penalties, graduated according to the severity, extent and duration of the non-compliance, on producers who do not comply with this grubbing-up obligation.

5. Member States shall communicate to the Commission by 1 March each year:
  - (a) the areas planted with vines without a corresponding planting right before 1 September 1998;
  - (b) the areas regularised in accordance with paragraph 1, the fees as provided for in that paragraph as well as the average value of the regional planting rights as provided for in paragraph 2.

Member States shall, for the first time by 1 March 2010, communicate to the Commission the areas grubbed up in accordance with the first subparagraph of paragraph 4.

6. The end of the transitional ban on new plantings on 31 December 2013 as provided for in Article 80(1), shall not affect the obligations provided for in paragraphs 3, 4 and 5.

#### *Article 77* **Distillation**

1. Member States shall require proof of distillations under Articles 75(2) and 76(3) in the form of distillation contracts to be submitted by producers.
2. Member States shall verify the existence of the distillation contracts referred to in paragraph 1. They shall impose penalties in case of non-compliance.
3. Member States shall notify the Commission of the areas subject to distillation and the corresponding volumes of alcohol.

#### *Article 78* **Accompanying measures**

Areas referred to in the first subparagraph of Article 75(1) and in the first subparagraph of Article 76(1) as long as they are not regularised shall not benefit from any national or Community support measures.

#### *Article 79* **Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include:

- (a) details of the communication requirements of Member States including possible reductions of the budget allocations referred to in Annex II in case of non-compliance;
- (b) details on the penalties to be imposed by Member States in case of non-compliance with the obligations laid down in Articles 75, 76 and 77.

## **Chapter II**

### **Transitional planting right regime**

#### *Article 80*

#### **Transitional prohibition on planting vines**

1. Without prejudice to Article 18 and in particular its third paragraph, the planting of vines of classified wine grape varieties referred to in the first subparagraph of Article 18(1) shall be prohibited until 31 December 2013.
2. Until 31 December 2013, grafting-on of wine grape varieties referred to in the first subparagraph of Article 18(1) to varieties other than wine grape varieties referred to in that Article shall also be prohibited.
3. Notwithstanding paragraphs 1 and 2, plantings and grafting-on as referred to in those paragraphs shall be allowed if covered by:
  - (a) a new planting right, as provided for in Article 81;
  - (b) a replanting right, as provided for in Article 82;
  - (c) a planting right granted from a reserve as provided for in Articles 83 and 84.
4. The planting rights referred to in paragraph 3 shall be granted in hectares.
5. Articles 81 to 86 shall apply until 31 December 2013.

#### *Article 81*

#### **New planting rights**

1. Member States may grant new planting rights to producers in respect of areas:
  - (a) intended for new plantings carried out under measures for land consolidation or measures concerning compulsory purchases in the public interest adopted under national legislation;
  - (b) intended for experimental purposes;
  - (c) intended for graft nurseries;
  - (d) whose wine or vine products are intended solely for the consumption by the wine-grower's family.
2. New planting rights granted shall:
  - (a) be exercised by the producer to whom they are granted;

- (b) be used before the end of the second wine year after the one in which they were granted;
- (c) be used for the purposes for which they were granted.

#### *Article 82*

#### **Replanting rights**

1. Member States shall grant replanting rights to producers who have grubbed up an area planted with vines.

However, no replanting rights may be granted as regards areas for which a grubbing-up premium has been granted in accordance with Chapter III.

2. Member States may grant replanting rights to producers who undertake to grub up an area planted with vines. In such cases, the grubbing-up of the pledged area shall be carried out at the latest at the end of the third year after which new vines for which the replanting rights had been granted have been planted.

3. Replanting rights granted shall correspond to the equivalent of the grubbed-up area in terms of pure crop.

4. The replanting rights shall be exercised on the holding in respect of which they were granted. Member States may further stipulate that such replanting rights may be exercised only on the area where the grubbing-up was carried out.

5. By way of derogation from paragraph 4, Member States may decide that replanting rights may be transferred, in whole or in part, to another holding in the same Member State in the following cases:

- (a) part of the holding concerned is transferred to that other holding;
- (b) areas on that other holding are intended for:
  - the production of wines with a protected designation of origin or a protected geographical indication, or
  - the cultivation of graft nurseries.

Member States shall ensure that the application of the derogations provided for in the first subparagraph does not lead to an overall increase in production potential on their territory, in particular when transfers are made from non-irrigated to irrigated areas.

6. Paragraphs 1 to 5 shall apply *mutatis mutandis* to rights similar to replanting rights acquired under prior Community or national legislation.

7. Replanting rights granted under Article 4(5) of Regulation (EC) No 1493/1999 shall be used within the periods provided for therein.

*Article 83*

**National and regional reserve of planting rights**

1. In order to improve management of the production potential Member States shall create a national reserve or regional reserves of planting rights.
2. Member States which have established national or regional reserves of planting rights under Regulation (EC) No 1493/1999 may maintain those reserves until 31 December 2013.
3. The following planting rights shall be allocated to the national or regional reserves if they are not used within the prescribed period:
  - (a) new planting rights;
  - (b) replanting rights;
  - (c) planting rights granted from the reserve.
4. Producers may transfer replanting rights to the national or regional reserves. The conditions of such transfer, where necessary in return for a payment from national funds, shall be determined by the Member States taking into account the legitimate interests of the parties.
5. By way of derogation from paragraph 1, Member States may decide not to implement a reserve system provided that they can prove that an effective alternative system for managing planting rights exists throughout their territory. The alternative system may, where necessary, derogate from the relevant provisions of this Chapter.

The first subparagraph shall also apply to Member States which cease the operation of national or regional reserves under Regulation (EC) No 1493/1999.

*Article 84*

**Granting planting rights from the reserve**

1. Member States may grant rights out of a reserve:
  - (a) without payment, to producers who are under 40 years of age, who possess adequate occupational skill and competence, who are setting up for the first time on a wine-producing holding and who are established as the head of the holding;
  - (b) against payment into national or, if appropriate, regional funds, to producers who intend to use the rights to plant vineyards whose production has an assured outlet.

Member States shall define the criteria for setting the amounts of the payment referred to in point (b), which may vary depending on the final intended product of the vineyards concerned and on the residual transitional period during which the prohibition on new plantings as provided for in Article 80(1) and (2) applies.

2. Where planting rights granted from a reserve are used, Member States shall ensure that:
  - (a) the location, the varieties used and the cultivation techniques used guarantee that the subsequent production is adapted to market demand;
  - (b) the yields concerned are typical of the average in the region, in particular where planting rights originating in non-irrigated areas are used in irrigated areas.
3. Planting rights granted from a reserve which are not used before the end of the second wine year after the one in which they were granted shall be forfeited and re-allocated to the reserve.
4. Planting rights in a reserve, which are not disbursed before the end of the fifth wine year following their allocation to the reserve, shall be extinguished.
5. If regional reserves exist in a Member State, the Member State may lay down rules permitting the transfer of planting rights between regional reserves. If both regional and national reserves exist in a Member State, the Member State may also allow for transfers between those reserves.

Transfers may be subject to a reduction coefficient.

*Article 85*  
***De minimis***

This Chapter shall not apply in Member States where wine production does not exceed 25 000 hectolitres per wine year. This production shall be calculated on the basis of the average production during the latest five wine years.

*Article 86*  
**Stricter national rules**

Member States may adopt stricter national rules in respect of the award of new planting rights or replanting rights. They may require that the respective applications and the relevant information to be supplied therein be supplemented by additional information necessary for monitoring the development of production potential.

*Article 87*  
**Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

These rules may in particular include:

- (a) provisions to avoid excessive administrative charges when applying the provisions of this Chapter;
- (b) the co-existence of vines pursuant to Article 82(2);

- (c) the application of the reduction coefficient referred to in Article 84(5).

## **Chapter III**

### **Grubbing-up scheme**

#### *Article 88*

##### **Scope and definition**

1. This Chapter lays down the conditions under which wine growers shall receive a premium in exchange for grubbing up vines (hereinafter “grubbing-up premium”).
2. For the purposes of this Chapter, “grubbing-up” shall mean the complete elimination of all vine stocks on a parcel planted with vines.

#### *Article 89*

##### **Duration of the scheme**

The grubbing-up scheme shall apply until the end of the wine year 2012/2013.

#### *Article 90*

##### **Conditions of eligibility**

The grubbing-up premium may be granted only if the area concerned complies with the following conditions:

- (a) it did not receive Community restructuring and conversion support within the 10 wine years preceding the grubbing-up;
- (b) it did not receive Community support under any other common market organisation within the five wine years preceding the grubbing-up;
- (c) it is tended;
- (d) it is not smaller than 0.1 hectare;
- (e) it has not been planted in violation of any applicable Community or national provision;
- (f) it is planted with a wine grape variety classified by the Member States concerned in accordance with the first subparagraph of Article 18(1).

Notwithstanding point (e), areas regularised in accordance with Article 2(3) of Regulation (EC) No 1493/1999 and Article 76(1) of this Regulation shall be eligible for the grubbing-up premium.

#### *Article 91*

##### **Amount of the grubbing-up premium**

1. Scales for the grubbing-up premiums to be granted shall be fixed in accordance with the procedure referred to in Article 104(1).

2. The specific amount of the grubbing-up premium shall be established by Member States within the scales referred to in paragraph 1 and on the basis of the historical yields of the holding concerned.

#### *Article 92*

#### **Procedure and budget**

1. Interested producers shall submit applications for the grubbing-up premium to the respective authorities in Member States not later than 30 September of each year.
2. Member States' authorities shall process eligible applications and notify to the Commission by 15 October each year, the total area and amounts covered by those applications split by regions and by yield ranges.
3. The maximum annual budget for the grubbing-up scheme is set out in Annex VII.
4. By 15 November each year, in accordance with the procedure referred to in Article 104(1), a single percentage for acceptance of the amounts notified shall be set if the total amount notified to the Commission by Member States exceeds the available budget resources.
5. By 15 January each year, Member States shall accept the applications:
  - (a) for the areas applied for in their entirety if the Commission has not set a percentage as referred to in paragraph 4, or
  - (b) for the areas resulting from the application of the percentage referred to in paragraph 4 based on objective and non-discriminatory criteria.

Member States shall notify to the Commission by 30 January each year the applications accepted split by regions and by yield ranges and the total amount of grubbing-up premiums paid by region.

6. For the preceding wine year, Member States shall notify to the Commission by 15 September each year:
  - (a) the areas grubbed-up split by regions and by yield ranges;
  - (b) the total amount of grubbing-up premiums paid by region.

#### *Article 93*

#### **Cross-compliance**

Where farmers are found to not have complied on their holding, at any time during five years from payment of the grubbing-up premium, with the statutory management requirements and the good agricultural and environmental condition referred to in Articles 3 to 7 of Regulation (EC) No 1782/2003, the amount of the payment shall, where non-compliance is the result of an action or omission directly imputable to the farmer, be reduced or cancelled, partially or wholly depending on the severity, extent, permanence and repetition of the non-compliance, and the farmer shall, where applicable, be ordered to reimburse it in accordance with the conditions set out in the said provisions.

Rules shall be determined in accordance with the procedure referred to in Article 144(2) of Regulation (EC) No 1782/2003 as regards partial or whole reduction or recovery of the support by the Member State concerned.

*Article 94*  
**Exemptions**

1. A Member State may decide to reject any further applications referred to in Article 92(1) once the accumulated grubbed-up area on its territory has reached 10% of its area planted with vines as referred to in Annex VIII.
2. Member States may declare vines in mountain and steep slope areas ineligible for the grubbing-up scheme in accordance with conditions to be determined in accordance with the procedure referred to in Article 104(1).
3. Member States may declare areas ineligible for the grubbing-up scheme where application of the scheme would be incompatible with environmental concerns. Areas thus declared ineligible shall not exceed 2% of the total area planted with vines as referred to in Annex VIII.
4. Member States deciding to make use of the possibility provided for in paragraphs 2 and 3 shall communicate, by 1 August each year and for the first time on 1 August 2008, to the Commission, concerning the grubbing-up measure to be implemented:
  - (a) the areas declared ineligible;
  - (b) the justification for ineligibility in accordance with paragraphs 2 and 3.
5. Member States shall grant producers in the areas declared ineligible under paragraphs 2 and 3 priority under other support measures laid down in this Regulation, in particular, where applicable, the restructuring and conversion measure under the support programmes and rural development measures.

*Article 95*  
**Single payment scheme**

1. Farmers who participate in the grubbing-up scheme shall in respect of the areas concerned receive payment entitlements in accordance with Chapter 3 of Title III of Regulation (EC) No 1782/2003.
2. Member States shall fix the amount of the payment entitlements referred to in paragraph 1 for areas planted with vines grubbed-up in accordance with this Chapter at the regional average of the value of the payment entitlements of the corresponding region but shall in any case not exceed EUR 350/ha.

Until the end of the wine year 2012/2013, Member States shall communicate to the Commission by 15 September each year the average regional single payments used for the fixing of the payment entitlements.

*Article 96*  
***De minimis***

This Chapter shall not apply in Member States where wine production does not exceed 25 000 hectolitres per wine year. This production shall be calculated on the basis of the average production during the latest five wine years.

*Article 97*  
**Complementary national aid**

Member States may grant complementary national aid for grubbing-up in addition to the grubbing-up premium granted.

*Article 98*  
**Implementing rules**

Detailed rules for the implementation of this Chapter shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include:

- (a) the premium scales and levels referred to in Article 91;
- (b) detailed rules concerning cross-compliance;
- (c) the criteria for exemption as referred to in Article 94;
- (d) the reporting requirements of Member States concerning the implementation of the grubbing-up scheme, including penalties in case of delays in reporting and the information which Member States give to producers concerning the availability of the scheme;
- (e) the reporting requirements as regards complementary national aid;
- (f) deadlines for payments.

**TITLE VI**  
**GENERAL PROVISIONS**

*Article 99*  
**Vineyard register**

Member States shall maintain a vineyard register which contains updated information on the production potential.

*Article 100*

**Inventory**

Member States shall, on the basis of the vineyard register referred to in Article 99, send to the Commission, by 1 March each year, an updated inventory of their production potential.

*Article 101*

**Duration of vineyard register and inventory**

It may be decided, in accordance with the procedure referred to in Article 104(1), that Articles 99 and 100 no longer apply any time after 1 January 2014.

*Article 102*

**Compulsory declarations**

1. Producers of grapes for wine-making and producers of must and wine shall declare to the competent national authorities each year the quantities produced from the last harvest.
2. Member States may require merchants of grapes for wine-making to declare each year the quantities marketed from the last harvest.
3. Producers of must and wine, and merchants other than retailers, shall declare to the competent national authorities each year their stocks of must and wine, whether from the harvest of the current year or from the harvest of preceding years. Must and wine imported from third countries shall be stated separately.

*Article 103*

**Accompanying documents and register**

1. The products covered by this Regulation shall be put into circulation within the Community only with an officially authorised accompanying document.
2. Natural or legal persons or groups of persons who hold products covered by this Regulation in the exercise of their trade, in particular producers, bottlers and processors, as well as merchants to be determined in accordance with the procedure referred to in Article 104(1), shall keep inwards and outwards registers in respect of those products.

*Article 104*

**Management committee procedure**

1. Save as otherwise provided for, where competences are conferred upon the Commission in this Regulation, the Commission shall be assisted by a Management Committee.

Articles 4 and 7 of Decision 1999/468/EC shall apply.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at one month.

2. The Committee shall adopt its Rules of Procedure.

#### *Article 105*

#### **Financial resources**

The measures provided for in Chapter I of Title II and Chapter III of Title V shall constitute intervention to regulate agricultural markets as referred to in Article 3(1)(b) of Regulation (EC) No 1290/2005, with the exception of the measures referred to in Article 95 of this Regulation, which shall constitute direct payments to farmers in accordance with Article 3(1)(c) of Regulation (EC) No 1290/2005.

#### *Article 106*

#### **Exchange of information between the Member States and the Commission**

1. Member States and the Commission shall provide each other with any information necessary for the application of this Regulation, notably for market monitoring and analysis and for complying with the international obligations concerning the products covered by this Regulation.
2. Detailed rules shall be adopted in accordance with the procedure referred to in Article 104(1) to determine what information is necessary for the application of paragraph 1 of this Article, as well as its form, content, timing and deadlines and the arrangements for transmitting or making information and documents available.

#### *Article 107*

#### **Monitoring**

For the purposes of applying this Regulation, Member States shall ensure that the administration and control procedures are compatible with the integrated administration control system (IACS) as regards the following elements:

- (a) the computerised data base;
- (b) the identification systems for agricultural parcels referred to in Article 20(1) of Regulation (EC) No 1782/2003;
- (c) the administrative checks.

Those procedures shall allow, without any problems or conflicts, a common functioning or the exchange of data with the IACS.

#### *Article 108*

#### **Controls and administrative penalties and their reporting**

The following shall be adopted in accordance with the procedure referred to in Article 104(1):

- (a) the rules concerning administrative and physical controls to be conducted by the Member States with regard to the respect of obligations resulting from the application of this Regulation;

- (b) a system for applying administrative penalties where non-compliances with any of the obligations resulting from the application of this Regulation is found, taking into account the severity, extent, permanence and repetition of the non-compliance found;
- (c) the rules regarding recovery of undue payments resulting from the application of this Regulation;
- (d) the rules on reporting of the controls carried out as well as their results.

#### *Article 109*

#### **Designation of responsible national authorities**

1. Member States shall designate one or more authorities which shall be responsible for ensuring compliance with Community rules in the wine sector. In particular, Member States shall designate the laboratories authorised to carry out official analyses in the wine sector. The designated laboratories shall meet the general criteria for the operation of testing laboratories set out in ISO/IEC 17025.
2. Member States shall inform the Commission of the names and addresses of the authorities and laboratories referred to in paragraph 1. The Commission shall make this information publicly available.

#### *Article 110*

#### **Implementing rules**

Detailed rules for the implementation of this Title shall be adopted in accordance with the procedure referred to in Article 104(1).

Those rules may in particular include:

- (a) details of the vineyard register provided for in Article 99 and in particular of its use concerning monitoring and control of the production potential;
- (b) details of the inventory provided for in Article 100 and in particular of its use concerning monitoring and control of the production potential;
- (c) details concerning the measurement of areas;
- (d) sanctions in case of non-compliance with the communication requirements;
- (e) the compulsory declarations provided for in Article 102;
- (f) the accompanying documents and the register provided for in Article 103.

# TITLE VII TRANSITIONAL AND FINAL PROVISIONS

## Chapter I Amendments

### *Article 111* **Amendments to Regulation (EC) No 2702/1999**

In Article 2 of Regulation (EC) No 2702/1999 point (d) is replaced by the following:

- “(d) information campaigns on the Community system covering wines with a protected designation of origin or geographical indication, wines with an indication of the wine grape variety and spirit drinks with a protected geographical indication or reserved traditional indication;”

### *Article 112* **Amendments to Regulation (EC) No 2826/2000**

Regulation (EC) No 2826/2000 is amended as follows:

- (1) In Article 2, point (d) is replaced by the following:
- “(d) actions of information on the Community system covering wines with a protected designation of origin or geographical indication, wines with an indication of the wine grape variety and spirit drinks with a protected geographical indication or reserved traditional indication and actions of information on responsible drinking patterns and harm linked to irresponsible alcohol consumption;”
- (2) In Article 3, point (e) is replaced by the following:
- “(e) the desirability of providing information on the Community system covering wines with a protected designation of origin or geographical indication, wines with an indication of the wine grape variety and spirit drinks with a geographical indication or reserved traditional indication and the need to inform on responsible drinking patterns and harm linked to irresponsible alcohol consumption;”
- (3) In Article 9(2), the following subparagraph is added:
- “The percentage provided for in the first subparagraph shall be 60% for measures concerning information on responsible drinking patterns and harm linked to irresponsible alcohol consumption.”

### *Article 113* **Amendments to Regulation (EC) No 1782/2003**

Regulation (EC) No 1782/2003 is amended as follows:

- (1) In Article 33(1), point (a) is replaced by the following:
- “(a) they have been granted a payment in the reference period referred to in Article 38 under at least one of the support schemes referred to in Annex VI or, in the case of olive oil, in the marketing years referred to in the second subparagraph of Article 37(1) or, in the case of sugar beet, cane and chicory, if they have benefited from market support in the representative period referred to in point K of Annex VII or, in the case of bananas, if they have benefited from compensation for loss of income in the representative period referred to in point L of Annex VII or, in the case of fruit and vegetables, if they were producers of fruit and vegetable products in the representative period applied by Member States for those products pursuant to point M of Annex VII or, in the case of wine, if they have received a payment entitlement under Article 96(1) of Council Regulation (EC) No [*this Regulation*]\*.

\* OJ L [...], ..., p. [...].”

- (2) In Article 37(1), the following subparagraph is added:
- “For wine the reference amount shall be calculated and adjusted in accordance with point N of Annex VII.”

- (3) In Article 41, the following paragraph (1b) is added:
- “(1b) In the case of wine and taking into account the latest data made available to it by the Member States in accordance with [Article 92(5)] of Regulation (EC) No [*this Regulation*], the Commission shall, in accordance with the procedure referred to in Article 144(2) of this Regulation, adapt the national ceilings set out in Annex VIII to this Regulation.”

- (4) In Article 43(2), the following point is inserted after point (ac):
- “(ad) in the case of wine, the number of hectares as calculated in accordance with point N of Annex VII;”

- (5) In Article 44, paragraph 2 is replaced by the following:
- “2. “Eligible hectare” shall mean any agricultural area of the holding taken up by arable land and permanent pasture except areas under forests or used for non agricultural activities.”

- (6) Article 51 is replaced by the following:

*“Article 51*  
**Agricultural use of the land**

Farmers may use the parcels declared in accordance with Article 44(3) for any agricultural activity.”

- (7) In Article 71c, the following paragraph is added:
- “In the case of wine and taking into account the latest data made available to it by the Member States in accordance with [Article 92(5)] of Regulation (EC) No [*this Regulation*], the Commission shall, in accordance with the procedure referred to in

Article 144(2) of this Regulation, adapt the national ceilings set out in Annex VIIIa to this Regulation.”

- (8) In Article 145, the following point is inserted after point (d)d):
- “(d)e) detailed rules relating to the inclusion of wine support into the single payment scheme in accordance with Regulation (EC) No [*this Regulation*].”
- (9) In the second column of Annex IV, the last indent is replaced by the following indent:
- “– Maintenance of olive groves and vines in good vegetative condition”
- (10) After point M of Annex VII the following point N is added:

**“N. Wine**

The number of hectares shall be equal to the number of hectares grubbed-up in accordance with Chapter III of Title V of Regulation (EC) No [*this Regulation*].

The reference amount of the payment entitlements to be allocated to each farmer in accordance with the grubbing-up scheme set out in Regulation (EC) No [*this regulation*] shall be equal to the result of the multiplication of the number of hectares grubbed-up with the regional average of the value of the payment entitlements of the corresponding region. However, the payable amount shall in any case not exceed EUR 350/ha.”

*Article 114*

**Amendments to Regulation (EC) No 1290/2005**

In Article 12 of Regulation (EC) No 1290/2005, paragraph 2 is replaced by the following:

- “2. The Commission shall set the amounts which, pursuant to Articles 10(2), 143d and 143e of Regulation (EC) No 1782/2003, Article 4(1) of Council Regulation (EC) No 387/2007 and Article 17(2) of Council Regulation (EC) No [*this Regulation*], are made available to the EAFRD.”

**Chapter II**  
**Transitional and final provisions**

*Article 115*

**Transitional provisions**

In accordance with the procedure referred to in Article 104(1), measures may be adopted:

- (a) to facilitate the transition from the arrangements provided for in Regulation (EC) No 1493/1999 to those established by this Regulation;
- (b) where required, to resolve specific practical problems. Such measures, if duly justified, may derogate from certain provisions of this Regulation.

*Article 116*  
**Applicability of State aid rules**

Save as otherwise provided for in this Regulation, and in particular with the exception of the complementary national aids referred to in Article 97, Articles 87, 88 and 89 of the Treaty shall apply to the production of and trade in the products covered by this Regulation.

*Article 117*  
**Repeal**

Regulation (EC) No 1493/1999 is hereby repealed. However, the following measures set out in that Regulation shall continue to apply in respect of the wine year 2008/2009 in so far as measures eligible under Regulation (EC) No 1493/1999 have been commenced or undertaken by producers before the date of entry into force of this Regulation:

- (a) the measures under Chapters II and III of Title II (abandonment premiums and restructuring and conversion);
- (b) the measures under Title III (market mechanisms);
- (c) the measures under Article 63 of Title VII (exports refunds).

*Article 118*  
**Entry into force and applicability**

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

It shall apply as from 1 August 2008, with the exception of Articles 5 to 8 which shall apply as from 30 April 2008.

Chapter II of Title V shall apply until 31 December 2013.

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

Done at Brussels,

*For the Commission*  
*Member of the Commission*

## ANNEX I

### Definitions

The following definitions shall apply for the purposes of this Regulation:

#### *General*

1. **“Wine year”**: means the production year for the products covered by this Regulation. It begins on 1 August each year and ends on 31 July of the following year.

#### *Vine-related*

2. **“Grubbing-up”**: means the complete elimination of all vine stocks on a parcel planted with vines.
3. **“Planting”**: means the definitive establishment of vine plants or parts of vine plants, whether or not grafted, with a view to producing grapes or to establishing a graft nursery.
4. **“Grafting-on”**: means the grafting of a vine which has already been subject to a previous grafting.

#### *Produce-related*

5. **“Fresh grapes”**: means the fruit of the vine used in making wine, ripe or even slightly raisined, which may be crushed or pressed by normal wine-cellar means and which may spontaneously produce alcoholic fermentation.
6. **“Fresh grape must with fermentation arrested by the addition of alcohol”**: means a product which:
  - (a) has an actual alcoholic strength by volume of not less than 12% vol. and not more than 15% vol.;
  - (b) is obtained by addition to unfermented grape must, which has a natural alcoholic strength by volume of not less than 8.5% vol. and is exclusively derived from wine grape varieties referred to in the first subparagraph of Article 18(1):
    - of neutral alcohol of vinous origin, including alcohol obtained from the distillation of dried grapes, having an actual alcoholic strength by volume of not less than 95% vol.;
    - or of an unrectified product derived from the distillation of wine and having an actual alcoholic strength by volume of not less than 52% vol. and not more than 80% vol.
7. **“Grape juice”**: means the unfermented but fermentable liquid product which:
  - (a) is obtained by appropriate treatment rendering it fit for consumption as it is;

- (b) is obtained from fresh grapes or from grape must or by reconstitution. Where obtained by reconstitution, it shall be reconstituted from concentrated grape must or concentrated grape juice.

An actual alcoholic strength by volume of the grape juice of not more than 1% vol. is permissible.

8. **“Concentrated grape juice”**: means uncaramelised grape juice obtained by partial dehydration of grape juice carried out by any authorised method other than by direct heat in such a way that the figure indicated by a refractometer used in accordance with a method to be prescribed at a temperature of 20 °C is not less than 50.9%.

An actual alcoholic strength by volume of the concentrated grape juice of not more than 1% vol. is permissible.

9. **“Wine lees”**: means:

- (a) the residue accumulating in vessels containing wine after fermentation, during storage or after authorised treatment;
- (b) the residue obtained from filtering or centrifuging the product referred to in point (a);
- (c) the residue accumulating in vessels containing grape must during storage or after authorised treatment;
- (d) the residue obtained from filtering or centrifuging the product referred to in point (c).

10. **“Grape marc”**: means the residue from the pressing of fresh grapes, whether or not fermented.

11. **“Piquette”**: means a product obtained:

- (a) by the fermentation of untreated grape marc macerated in water;
- (b) by leaching fermented grape marc with water.

12. **“Wine fortified for distillation”**: means a product which:

- (a) has an actual alcoholic strength by volume of not less than 18% vol. and not more than 24% vol.;
- (b) is obtained exclusively by the addition to wine containing no residual sugar of an unrectified product derived from the distillation of wine and having a maximum actual alcoholic strength by volume of 86% vol..
- (c) has a maximum volatile acidity of 1.5 grams per litre, expressed as acetic acid.

#### *Alcoholic strength*

13. **“Actual alcoholic strength by volume”**: means the number of volumes of pure alcohol contained at a temperature of 20° C in 100 volumes of the product at that temperature.

14. **“Potential alcoholic strength by volume”**: means the number of volumes of pure alcohol at a temperature of 20° C capable of being produced by total fermentation of the sugars contained in 100 volumes of the product at that temperature.
15. **“Total alcoholic strength by volume”**: means the sum of the actual and potential alcoholic strengths.
16. **“Natural alcoholic strength by volume”**: means the total alcoholic strength by volume of a product before any enrichment.
17. **“Actual alcoholic strength by mass”**: means the number of kilograms of pure alcohol contained in 100 kilograms of product.
18. **“Potential alcoholic strength by mass”**: means the number of kilograms of pure alcohol capable of being produced by total fermentation of the sugars contained in 100 kilograms of the product.
19. **“Total alcoholic strength by mass”**: means the sum of the actual and potential alcoholic strength.

**ANNEX II****Budget for support programmes and minimum share for promotion as referred to in Articles 8(1) and 9(5)**

in 1 000 EUR

Budget year	2009		2010		2011		2012		2013		2014		From 2015	
	Total	of which promotion	Total	of which promotion										
BG	13 018	2 839	17 874	2 839	17 510	2 839	17 631	2 839	17 389	2 839	17 348	2 839	17 206	2 839
CZ	1 672	471	2 245	471	2 202	471	2 217	471	2 188	471	2 183	471	2 166	471
DE	19 116	4 692	25 998	4 692	25 482	4 692	25 654	4 692	25 310	4 692	25 253	4 692	25 052	4 692
EL	11 246	2 395	15 468	2 395	15 152	2 395	15 257	2 395	15 046	2 395	15 011	2 395	14 888	2 395
ES	191 998	32 276	268 234	32 276	263 721	32 276	266 194	32 276	262 992	32 276	262 942	32 276	260 735	32 276
FR	153 191	31 946	211 042	31 946	206 703	31 946	208 149	31 946	205 257	31 946	204 774	31 946	203 087	31 946
IT	164 385	29 063	228 966	29 063	224 789	29 063	226 717	29 063	223 826	29 063	223 612	29 063	221 737	29 063
CY	1 506	289	2 086	289	2 043	289	2 057	289	2 028	289	2 023	289	2 006	289
LU	287	65	393	65	385	65	387	65	382	65	381	65	378	65
HU	12 432	2 659	17 095	2 659	16 745	2 659	16 862	2 659	16 628	2 659	16 590	2 659	16 454	2 659
MT	141	37	191	37	188	37	189	37	186	37	186	37	184	37
AT	6 711	1 604	9 147	1 604	8 965	1 604	9 026	1 604	8 904	1 604	8 883	1 604	8 812	1 604
PT	31 504	6 294	43 532	6 294	42 630	6 294	42 930	6 294	42 329	6 294	42 229	6 294	41 878	6 294
RO	22 894	4 329	31 752	4 329	31 107	4 329	31 338	4 329	30 905	4 329	30 840	4 329	30 582	4 329
SI	2 259	557	3 071	557	3 010	557	3 030	557	2 990	557	2 983	557	2 959	557
SK	1 497	465	1 989	465	1 953	465	1 965	465	1 940	465	1 936	465	1 922	465
UK	133	19	187	19	183	19	184	19	182	19	181	19	180	19

### ANNEX III

#### Budget allocation for Rural Development measures

(referred to in Article 17(3))

in 1 000 EUR

<b>Budget year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 onwards</b>
BG	2 024	3 035	5 059	6 071	7 083	8 094
CZ	239	358	597	716	836	955
DE	2 868	4 301	7 169	8 603	10 037	11 470
EL	1 759	2 639	4 399	5 278	6 158	7 038
ES	30 361	45 542	75 903	91 084	106 264	121 445
FR	24 104	36 157	60 261	72 313	84 366	96 418
IT	26 132	39 198	65 331	78 397	91 463	104 529
CY	242	363	605	726	847	967
LU	44	66	110	132	154	176
HU	1 943	2 914	4 857	5 829	6 800	7 772
MT	21	31	52	62	73	83
AT	1 015	1 523	2 538	3 046	3 554	4 061
PT	5 012	7 518	12 529	15 035	17 541	20 047
RO	3 668	5 503	9 171	11 005	12 839	14 673
SI	338	508	846	1 015	1 184	1 353
SK	205	308	513	616	718	821
UK	23	34	56	68	79	90

## ANNEX IV

### Categories of grapevine products

#### **1. Wine**

Wine shall be the product obtained exclusively from the total or partial alcoholic fermentation of fresh grapes, whether or not crushed, or of grape must.

Wine shall:

- (a) have, whether or not following application of the processes specified in point B of Annex V, an actual alcoholic strength by volume of not less than 8.5% vol. provided that the wine derives exclusively from grapes harvested in wine-growing zones A and B in accordance with Annex IX, and of not less than 9% vol. in other wine-growing zones;
- (b) have, by way of derogation from the otherwise applicable minimum actual alcoholic strength by volume, where it has a protected designation of origin or geographical indication, whether or not following application of the processes specified in point B of Annex V, an actual alcoholic strength by volume of not less than 4.5% vol.;
- (c) have a total alcoholic strength by volume of not more than 15% vol. The Commission may raise the upper limit for the total alcoholic strength by volume to 20% vol. for wines from certain wine-growing areas of the Community which have been produced without any enrichment;
- (d) have, subject to derogations which may be adopted, a total acidity content, expressed as tartaric acid, of not less than 3.5 grams per litre or 46.6 mill equivalents per litre.

«Retsina» shall be wine produced exclusively in the geographical territory of Greece using grape must treated with resin from the Aleppo pine. The use of Aleppo pine resin is permitted solely for the purpose of obtaining «Retsina» wine under the conditions laid down in the Greek provisions applicable.

#### **2. New wine still in fermentation**

New wine still in fermentation shall be the product in which the alcoholic fermentation is not yet complete and which is not yet separated from its lees.

#### **3. Liqueur wine**

Liqueur wine shall be the product:

- (a) which has an actual alcoholic strength by volume of not less than 15% vol. and not more than 22% vol.;
- (b) which has a total alcoholic strength by volume of not less than 17.5% vol., except for certain liqueur wines with a designation of origin or with a geographical indication appearing on a list to be drawn up in accordance with the procedure referred to in Article 104(1);

- (c) which is obtained from:
- grape must in fermentation, or
  - wine, or
  - a combination of the above products, or
  - grape must or a mixture thereof with wine in so far as liqueur wines, to be determined in accordance with the procedure referred to in Article 104(1), with a protected designation of origin or geographical indication are concerned;
- (d) which has an initial natural alcoholic strength by volume of not less than 12% vol. excepting certain liqueur wines with a designation of origin or with a protected geographical indication appearing on a list to be drawn up in accordance with the procedure referred to in Article 104(1);
- (e) to which has been added,
- (i) individually or in combination:
- neutral alcohol of vine origin, including alcohol produced from the distillation of dried grapes, having an actual alcoholic strength by volume of not less than 96% vol.;
  - wine or dried grape distillate, having an actual alcoholic strength by volume of not less than 52% vol. and not more than 86% vol.
- (ii) together with one or more of the following products where appropriate:
- concentrated grape must;
  - a combination of one of the products referred to in point (e) with a grape must referred to in the first and fourths indent of point (c);
- (f) to which, by way of derogation from point (e), has been added, in so far as certain liqueur wines with a protected designation of origin or geographical indication are concerned which appear on a list to be drawn up in accordance with the procedure referred to in Article 104(1):
- (i) either of products listed in point (e)(i) individually or in combination or;
- (ii) one or more of the following products:
- wine alcohol or dried grape alcohol with an actual alcoholic strength by volume of not less than 95% vol. and not more than 96% vol.;
  - spirits distilled from wine or from grape marc, with an actual alcoholic strength by volume of not less than 52% vol. and not more than 86% vol.;
  - spirits distilled from dried grapes, with an actual alcoholic strength by volume of not less than 52% vol. and of less than 94.5% vol.;
- (iii) and one or more of the following products, where appropriate:
- partially fermented grape must obtained from raisined grapes;
  - concentrated grape must obtained by the action of direct heat, complying, with the exception of this operation, with the definition of concentrated grape must;

- concentrated grape must;
- a combination of one of the products listed in point (f)(ii) with a grape must referred to in the first and fourth indents of point (c).

#### **4. Sparkling wine**

Sparkling wine shall be the product:

- (a) which is obtained by first or second alcoholic fermentation:
  - from fresh grapes, or
  - from grape must, or
  - from wine, or
  - from wines with a protected designation of origin or geographical indication;
- (b) which, when the container is opened, releases carbon dioxide derived exclusively from fermentation;
- (c) which has an excess pressure, due to carbon dioxide in solution, of not less than 3 bar when kept at a temperature of 20 °C in closed containers.

#### **5. Aerated sparkling wine**

Aerated sparkling wine shall be the product which:

- (a) is obtained from wine;
- (b) releases, when the container is opened, carbon dioxide derived wholly or partially from an addition of that gas;
- (c) has an excess pressure, due to carbon dioxide in solution, of not less than 3 bar when kept at a temperature of 20 °C in closed containers.

#### **6. Semi-sparkling wine**

Semi-sparkling wine shall be the product which:

- (a) is obtained from wine provided that such wine has a total alcoholic strength of not less than 9% vol.;
- (b) has an actual alcoholic strength by volume of not less than 7% vol.;
- (c) has an excess pressure, due to endogenous carbon dioxide in solution of not less than 1 bar and not more than 2.5 bar when kept at a temperature of 20 °C in closed containers;
- (d) is put up in containers of 60 litres or less.

#### **7. Aerated semi-sparkling wine**

Aerated semi-sparkling wine shall be the product which:

- (a) is obtained from wine, or from wine with a protected designation of origin or with a protected geographical indication;

- (b) has an actual alcoholic strength of not less than 7% vol. and a total alcoholic strength of not less than 9% vol.;
- (c) has an excess pressure of not less than 1 bar and not more than 2.5 bar when kept at a temperature of 20 °C in closed containers due to carbon dioxide in solution which has been wholly or partially added;
- (d) is put up in containers of 60 litres or less.

## **8. Grape must**

Grape must shall be the liquid product obtained naturally or by physical processes from fresh grapes. An actual alcoholic strength by volume of the grape must of not more than 1% vol. is permissible.

## **9. Grape must in fermentation**

Grape must in fermentation shall be the product obtained from the fermentation of grape must which has an actual alcoholic strength by volume of more than 1% vol. but less than three fifths of its total alcoholic strength by volume. However, certain wines with a protected designation of origin or with a protected geographical indication having an actual alcoholic strength by volume of less than three fifths of their total alcoholic strength by volume but not less than 4.5% vol. are not considered as grape must in fermentation.

## **10. Grape must in fermentation extracted from raisined grapes**

Grape must in fermentation extracted from raisined grapes shall be the product obtained from the partial fermentation of grape must obtained from raisined grapes, the total sugar content of which before fermentation is at least 272 grams per litre and the natural and actual alcoholic strength by volume of which shall not be less than 8% vol. However, certain wines, to be determined in accordance with the procedure referred to in Article 104(1), that meet these requirements shall not be considered as grape must in fermentation extracted from raisined grapes.

## **11. Concentrated grape must**

Concentrated grape must shall be uncaramelised grape must which:

- (a) is obtained by partial dehydration of grape must carried out by any authorised method other than by direct heat in such a way that the figure indicated by a refractometer used in accordance with a method to be prescribed in accordance with Article 25 at a temperature of 20 °C is not less than 50.9%;
- (b) is derived exclusively from classified wine grape varieties referred to in the first subparagraph of Article 18(1).

An actual alcoholic strength by volume of the concentrated grape must of not more than 1% vol. is permissible.

## **12. Rectified concentrated grape must**

Rectified concentrated grape must shall be the liquid uncaramelised product which:

- (a) is obtained by partial dehydration of grape must carried out by any authorised method other than direct heat in such a way that the figure indicated by a refractometer used in accordance with a method to be prescribed in accordance with Article 25 at a temperature of 20 °C is not less than 61.7%;
- (b) has undergone authorised treatment for de-acidification and elimination of constituents other than sugar;
- (c) has the following characteristics:
  - a pH of not more than 5 at 25 ° Brix;
  - an optical density at 425 nm for a thickness of 1 cm of not more than 0.100 in grape must concentrated at 25 ° Brix;
  - a sucrose content undetectable by a method of analysis to be defined;
  - a Folin-Ciocalteu index of not more than 6.00 at 25 ° Brix;
  - a titratable acidity of not more than 15 mill equivalents per kilogram of total sugars;
  - a sulphur dioxide content of not more than 25 milligrams per kilogram of total sugars;
  - a total cation content of not more than 8 mill equivalents per kilogram of total sugars;
  - a conductivity at 25 ° Brix and 20 °C of not more than 120 micro-Siemens/cm;
  - a hydroxymethylfurfural content of not more than 25 milligrams per kilogram of total sugars;
  - presence of mesoinositol;
- (d) is derived exclusively from the classified wine grape varieties referred to in the first subparagraph of Article 18(1);

An actual alcoholic strength by volume of the rectified concentrated grape must of not more than 1% vol. is permissible.

### **13. Wine of overripe grapes**

Wine of overripe grapes shall be a product which:

- (a) is produced in the Community, without enrichment, from grapes harvested in the Community, coming from the wine grape varieties set out in the first subparagraph of Article 18(1);
- (b) has a natural alcoholic strength of more than 15% vol.;
- (c) has a total alcoholic strength of not less than 16% vol., and an actual alcoholic strength of not less than 12% vol.

Member States may prescribe a period of ageing for this product.

**14. Wine vinegar**

Wine vinegar shall be vinegar which:

- (a) is obtained exclusively by acetous fermentation of wine;
- (b) has a total acidity of not less than 60 grams per litre expressed as acetic acid.

## ANNEX V

### Enrichment, acidification and de-acidification in certain wine growing zones

#### **A. Enrichment limits**

1. Where climatic conditions have made it necessary in certain wine-growing zones of the Community in accordance with Annex IX, the Member States concerned may allow to supplement the natural alcoholic strength by volume of fresh grapes, grape must, grape must in fermentation, new wine still in fermentation and wine obtained from the wine grape varieties referred to in the first subparagraph of Article 18(1).
2. The increase in natural alcoholic strength by volume shall be achieved by means of the oenological practices referred to in point B and shall not exceed the following limits:
  - (a) 2% vol. in wine-growing zones A and B in accordance with Annex IX;
  - (b) 1% vol. in wine-growing zones C in accordance with Annex IX.
3. In years when climatic conditions have been exceptionally unfavourable and in accordance with the procedure referred to in Article 104(1), the limits on increases in the alcoholic strength by volume provided for in point 2 may be raised to the level of 3% vol. in wine-growing zones A and B in accordance with Annex IX.

#### **B. Enrichment processes**

1. The increase in natural alcoholic strength by volume provided for in point A shall only be effected:
  - (a) in respect of fresh grapes, grape must in fermentation or new wine still in fermentation, by adding concentrated grape must or rectified concentrated grape must;
  - (b) in respect of grape must, by adding concentrated grape must or rectified concentrated grape must, or by partial concentration including reverse osmosis;
  - (c) in respect of wine, by partial concentration through cooling.
2. The processes referred to in point 1 shall be mutually exclusive.
3. The concentration of grape must or of wine subjected to the processes referred to in point 1:
  - (a) shall not have the effect of reducing the initial volume of these products by more than 20%;
  - (b) shall, notwithstanding point A(2)(b), not increase the natural alcoholic strength by volume of these products by more than 2% vol.
4. The processes referred to in points 1 and 3 shall not raise the total alcoholic strength by volume of the fresh grapes, grape must, grape must in fermentation, new wine still in fermentation, or wine:

- (a) in wine-growing zone A in accordance with Annex IX to more than 11.5% vol.,
- (b) in wine-growing zone B in accordance with Annex IX to more than 12% vol.,
- (c) in wine-growing zones C I (a) and C I (b) in accordance with Annex IX to more than 12.5% vol.,
- (d) in wine-growing zone C II in accordance with Annex IX to more than 13% vol., and
- (e) in wine-growing zone C III in accordance with Annex IX to more than 13.5% vol.

5. By way of derogation from point 4, Member States may

- (a) for red wine raise the upper limit of total alcoholic strength by volume of the products referred to in point 4 to 12% vol. in wine-growing zone A and 12.5% vol. in wine-growing zone B in accordance with Annex IX;
- (b) raise the total alcoholic strength by volume of the products referred to in point 4 for the production of wines with a designation of origin in wine-growing zones A and B to a level to be determined by Member States.

### **C. Acidification and de-acidification**

1. Fresh grapes, grape must, grape must in fermentation, new wine still in fermentation and wine may be subject to:
  - (a) partial de-acidification in wine-growing zones A, B, C I (a) and C I (b) in accordance with Annex IX;
  - (b) acidification and de-acidification in wine-growing zones C II and C III (a) in accordance with Annex IX, without prejudice to point 7; or
  - (c) acidification in wine-growing zone C III (b) in accordance with Annex IX.
2. Acidification of the products, other than wine, referred to in point 1 may be carried out only up to a limit of 1.50 g/l expressed as tartaric acid, or 20 mill equivalents per litre.
3. Acidification of wines may be carried out only up to a limit of 2.50 g/l expressed as tartaric acid, or 33.3 mill equivalents per litre.
4. De-acidification of wines may be carried out only up to a limit of 1 g/l expressed as tartaric acid, or 13.3 mill equivalents per litre.
5. Grape must intended for concentration may be partially de-acidified.
6. In years when climatic conditions have been exceptional, Member States may authorise acidification of the products referred to in point 1 in wine-growing zones B, C I (a) and C I (b) in accordance with Annex IX, under the conditions referred to in point 1 of this Annex as regards zones C II, C III (a) and C III (b) in accordance with Annex IX.

7. Acidification and enrichment, except by way of derogation to be decided on case by case, and acidification and de-acidification of one and the same product shall be mutually exclusive processes.

#### **D. Processes**

1. None of the processes referred to in points B and C, with the exception of the acidification and de-acidification of wines, shall be authorised unless carried out, under conditions to be determined in accordance with the procedure referred to in Article 104(1) of this Regulation, at the time when the fresh grapes, grape must, grape must in fermentation or new wine still in fermentation are being turned into wine or into any other beverage intended for direct human consumption referred to in Article 1(1) other than sparkling wine or aerated sparkling wine in the wine-growing zone where the fresh grapes used were harvested.
2. The concentration of wines shall take place in the wine-growing zone where the fresh grapes used were harvested.
3. Acidification and de-acidification of wines shall take place only in the wine making undertaking and in the wine-growing zone where the grapes used to produce the wine in question were harvested.
4. Each of the processes referred to in points 1, 2 and 3 shall be notified to the competent authorities. The same shall apply in respect of the quantities of concentrated grape must or rectified concentrated grape must held in the exercise of their profession by natural or legal persons or groups of persons, in particular producers, bottlers, processors and merchants to be determined in accordance with the procedure referred to in Article 104(1), at the same time and in the same place as fresh grapes, grape must, grape must in fermentation or wine in bulk. The notification of these quantities may, however, be replaced by entry in a goods inwards and stock utilisation register.
5. Each of the processes referred to in point C shall be recorded on the accompanying document, as provided for in Article 103, under cover of which the products having undergone the processes are put into circulation.
6. Those processes, subject to derogations justified by exceptional climatic conditions, shall not be carried out:
  - (a) in wine-growing zone C in accordance with Annex IX after 1 January;
  - (b) in wine-growing zones A and B in accordance with Annex IX after 16 March;and  
they shall be carried out only for products of the grape harvest immediately preceding those dates.
7. Notwithstanding point 6, concentration by cooling and acidification and de-acidification of wines may be practised throughout the year.

## ANNEX VI

### Restrictions

#### **A. General**

1. All authorised oenological practises shall exclude the addition of water, except where required on account of a specific technical necessity.
2. All authorised oenological practises shall exclude the addition of alcohol, except for practices related to obtaining fresh grape must with fermentation arrested by the addition of alcohol, liqueur wine, sparkling wine, wine fortified for distillation and semi-sparkling wine.
3. Wine fortified for distillation shall only be used for distillation.

#### **B. Fresh grapes, grape must and grape juice**

1. Fresh grape must in which fermentation is arrested by the addition of alcohol shall be used only during the stage of preparation of products which do not fall under CN codes 2204 10, 2204 21 and 2204 29. This is without prejudice to any stricter provisions which Member States may apply to the preparation in their territory of products which do not fall under CN codes 2204 10, 2204 21 and 2204 29.
2. Grape juice and concentrated grape juice shall not be made into wine or added to wine. They shall not undergo alcoholic fermentation in the territory of the Community.
3. The provisions of points 1 and 2 shall not apply to products intended for the production, in the United Kingdom, Ireland and in Poland, of products falling within CN code 2206 00 for which Member States may allow the use of a composite name including the sales designation “wine”.
4. Grape must in fermentation extracted from raisined grapes, shall be put on the market only for the manufacture of liqueur wines only in the wine-growing regions where this usage was traditional on 1 January 1985, and for the manufacture of wine of overripe grapes.
5. Subject to any different decision the Council may take in accordance with the international obligations of the Community, fresh grapes, grape must, grape must in fermentation, concentrated grape must, rectified concentrated grape must, grape must with fermentation arrested by the addition of alcohol, grape juice and concentrated grape juice originating in third countries may not be turned into wine or added to wine in the territory of the Community.

#### **C. Blending of wines**

Subject to any different decision the Council may take in accordance with the international obligations of the Community, coupage of a wine originating in a third country with a Community wine and coupage between wines originating in third countries shall be prohibited in the Community.

**D. By-products**

1. Over-pressing of grapes shall be prohibited. Member States shall decide, taking account of local and technical conditions, the minimum quantity of alcohol, which shall in any case be higher than zero that shall be contained in the marc and the lees after pressing of the grapes.
2. Except for alcohol, spirits and piquette, wine or any other beverage intended for direct human consumption shall not be produced from wine lees or grape marc.
3. The pressing of wine lees and the re-fermentation of grape marc for purposes other than distillation or production of piquette is prohibited. Filtering and centrifuging of wine lees shall not be considered as pressing where the products obtained are of sound, genuine and merchantable quality.
4. Piquette, where its production is authorised by the Member State concerned, shall be used only for distillation or for consumption in wine-producers' households.
5. Any natural or legal persons or groups of persons who hold by-products shall be required to dispose of them under supervision and subject to conditions to be determined in accordance with the procedure referred to in Article 104(1).

## **ANNEX VII**

### **Budget for grubbing-up scheme**

The budget available for the grubbing-up scheme referred to in Article 92(3) shall be:

- (a) for the wine year 2008/2009 (2009 budget year): EUR 430 million
- (b) for the wine year 2009/2010 (2010 budget year): EUR 287 million
- (c) for the wine year 2010/2011 (2011 budget year): EUR 184 million
- (d) for the wine year 2011/2012 (2012 budget year): EUR 110 million
- (e) for the wine year 2012/2013 (2013 budget year): EUR 59 million

## **ANNEX VIII**

### **Areas which Member States may declare ineligible for the grubbing-up scheme**

(referred to in Article 94(1) and (3))

in ha

<b>Member State</b>	<b>Total area planted with vines</b>	<b>Areas referred to in Article 94(3)</b>
BG	135.760	2.715
CZ	19.081	382
DE	102.432	2.049
EL	66.682	1.334
ES	1.099.765	21.995
FR	879.859	17.597
IT	730.439	14.609
CY	13.068	261
LU	1.299	26
HU	85.260	1.705
MT	910	18
AT	50.681	1.014
PT	238.831	4.777
RO	178.101	3.562
SI	16.704	334
SK	21.531	431
UK	793	16

## ANNEX IX

### Wine-growing zones

The wine-growing zones to which reference is made in Annex IV and Annex V shall be the following:

1. Wine-growing zone A comprises:
  - (a) in Germany: the areas under vines other than those included in wine-growing zone B;
  - (b) in Luxembourg: the Luxembourg wine-growing region;
  - (c) in Belgium, Denmark, Ireland, the Netherlands, Poland, Sweden and the United Kingdom: the wine-growing areas of these countries;
  - (d) in the Czech Republic: the wine growing region of Čechy.
2. Wine-growing zone B comprises:
  - (a) in Germany, the areas under vines in the specified region Baden;
  - (b) in France, the areas under vines in the departments not mentioned in this Annex and in the following departments:
    - in Alsace: Bas-Rhin, Haut-Rhin;
    - in Lorraine: Meurthe-et-Moselle, Meuse, Moselle, Vosges;
    - in Champagne: Aisne, Aube, Marne, Haute-Marne, Seine-et-Marne;
    - in the Jura: Ain, Doubs, Jura, Haute-Saône;
    - in Savoie: Savoie, Haute-Savoie, Isère (Commune de Chapareillan);
    - in the Val de Loire: Cher, Deux-Sèvres, Indre, Indre-et-Loire, Loir-et-Cher, Loire-Atlantique, Loiret, Maine-et-Loire, Sarthe, Vendée, Vienne, and the areas planted with vines in the arrondissement of Cosne-sur-Loire in the department of Nièvre;
  - (c) in Austria, the Austrian wine-growing area;
  - (d) in the Czech Republic, the wine-growing region of Morava and the areas under vines not included in point 1(d);
  - (e) in Slovakia, the wine-growing areas of the Small Carpathians, South Slovakia, Nitra, Central Slovakia and East Slovakia and the wine growing areas not included in point 3;
  - (f) in Slovenia, the areas under vines in the following regions:
    - in the Podravje region: ljutomerskoormoški vinorodni okoliš, mariborski vinorodni okoliš, radgonskokapelski vinorodni okoliš, šmarsko-virštajnski vinorodni okoliš, vinorodni okoliš Haloze, prekmurski vinorodni okoliš, vinorodni okoliš Srednje Slovenske gorice;

- in the Posavje region: bizeljsko-sremiški vinorodni okoliš, vinorodni okoliš Bela krajina, vinorodni okoliš Dolenjska, and the areas under vines in the regions not included in point 5(d);
  - (g) in Romania, in the area of Podișul Transilvaniei.
3. Wine-growing zone C I (a) comprises:
- (a) in France, areas planted with vines:
    - in the following departments: Allier, Alpes-de-Haute-Provence, Hautes-Alpes, Alpes-Maritimes, Ariège, Aveyron, Cantal, Charente, Charente-Maritime, Corrèze, Côte-d'Or, Dordogne, Haute-Garonne, Gers, Gironde, Isère (with the exception of the commune of Chapareillan), Landes, Loire, Haute-Loire, Lot, Lot-et-Garonne, Lozère, Nièvre (except for the arrondissement of Cosne-sur-Loire), Puy-de-Dôme, Pyrénées-Atlantiques, Hautes-Pyrénées, Rhône, Saône-et-Loire, Tarn, Tarn-et-Garonne, Haute-Vienne, Yonne;
    - in the arrondissements of Valence and Die in the department of Drôme (except for the cantons of Dieulefit, Loriol, Marsanne and Montélimar);
    - in the arrondissement of Tournon, in the cantons of Antraigues, Buzet, Coucouron, Montpezat-sous-Bauzon, Privas, Saint-Etienne de Lugdarès, Saint-Pierre-ville, Valgorge and la Voulte-sur-Rhône of the department of Ardèche;
  - (b) in Spain, areas under vines in the provinces of A Coruña, Asturias, Cantabria, Guipúzcoa and Vizcaya;
  - (c) in Portugal, areas planted with vines in that part of the region of Norte which corresponds to the designated wine area of 'Vinho Verde' as well as the 'Concelhos de Bombarral, Lourinhã, Mafra e Torres Vedras' (with the exception of 'Freguesias da Carvoeira e Dois Portos'), belonging to the 'Região vitícola da Extremadura';
  - (d) in Slovakia, the Tokay region;
  - (e) in Romania, areas planted with vines not included in points 2(g) or 5(f).
4. Wine-growing zone C I (b) comprises:
- (a) in Italy, areas planted with vines in the Valle d'Aosta region and in the provinces of Sondrio, Bolzano, Trento and Belluno;
  - (b) in Hungary, all areas planted with vines.
5. Wine-growing zone C II comprises:
- (a) in France, areas planted with vines:
    - in the following departments: Aude, Bouches-du-Rhône, Gard, Hérault, Pyrénées-Orientales (except for the cantons of Olette and Arles-sur-Tech), Vaucluse;
    - in the part of the department of Var bounded in the south by the northern limit of the communes of Evenos, Le Beausset, Solliès-Toucas, Cuers,

- Puget-Ville, Collobrières, La Garde-Freinet, Plan-de-la-Tour and Sainte-Maxime;
- in the arrondissement of Nyons and the cantons of Dieulefit, Loriol, Marsanne and Montélimar in the department of Drôme;
  - in those parts of the department of Ardèche not listed in point 3(a);
- (b) in Italy, areas planted with vines in the following regions: Abruzzi, Campagna, Emilia-Romagna, Friuli-Venezia Giulia, Lazio, Liguria, Lombardy except for the province of Sondrio, Marche, Molise, Piedmont, Tuscany, Umbria, Veneto except for the province of Belluno, including the islands belonging to those regions, such as Elba and the other islands of the Tuscan archipelago, the Ponziante islands, Capri and Ischia;
- (c) in Spain, areas planted with vines in the following provinces:
- Lugo, Orense, Pontevedra,
  - Ávila (except for the communes which correspond to the designated wine ‘comarca’ of Cebreros), Burgos, León, Palencia, Salamanca, Segovia, Soria, Valladolid, Zamora,
  - La Rioja;
  - Álava;
  - Navarra;
  - Huesca;
  - Barcelona, Girona, Lleida;
  - in that part of the province of Zaragoza which lies to the north of the river Ebro;
  - in those communes of the province of Tarragona included in the Penedés designation of origin;
  - in that part of the province of Tarragona which corresponds to the designated wine ‘comarca’ of Conca de Barberá;
- (d) in Slovenia, areas planted with vines in the Primorska region: vinorodni okoliš Goriška Brda, vinorodni okoliš Vipavska dolina, koprski vinorodni okoliš and vinorodni okoliš Kras;
- (e) in Bulgaria, areas planted with vines in the following regions: Dunavska Ravnina (Дунавска равнина), Chernomorski Rayon (Черноморски район), Rozova Dolina (Розова долина);
- (f) in Romania, areas planted with vines in the following regions: Dealurile Buzăului, Dealu Mare, Severinului and Plaiurile Drâncei, Colinele Dobrogei, Terasale Dunării, the South wine region including sands and other favourable regions.
6. Wine-growing zone C III (a) comprises:
- (a) in Greece, areas planted with vines in the following nomoi: Florina, Imathia, Kilkis, Grevena, Larisa, Ioannina, Levkas, Akhaia, Messinia, Arkadia,

Korinthia, Iraklio, Khania, Rethimni, Samos, Lasithi and the island of Thira (Santorini);

- (b) in Cyprus, areas planted with vines located at altitudes exceeding 600 metres;
- (c) in Bulgaria, areas planted with vines not included in point 5(e).

7. Wine-growing zone C III (b) comprises:

- (a) in France, areas planted with vines:
  - in the departments of Corsica;
  - in that part of the department of Var situated between the sea and a line bounded by the communes (which are themselves included) of Evenos, Le Beausset, Solliès-Toucas, Cuers, Puget-Ville, Collobrières, La Garde-Freinet, Plan-de-la-Tour and Sainte-Maxime;
  - in the cantons of Olette and Arles-sur-Tech in the department of Pyrénées-Orientales;
- (b) in Italy, areas planted with vines in the following regions: Calabria, Basilicata, Apulia, Sardinia and Sicily, including the islands belonging to those regions, such as Pantelleria and the Lipari, Egadi and Pelagian Islands;
- (c) in Greece, areas planted with vines not listed in point 6;
- (d) in Spain: areas planted with vines not included in 3(b) or 5(c);
- (e) in Portugal, areas planted with vines in the regions not included in wine-growing zone C I (a);
- (f) in Cyprus, areas planted with vines located at altitudes not exceeding 600 metres;
- (g) in Malta, areas planted with vines.

8. The demarcation of the territories covered by the administrative units referred to in this Annex is that resulting from the national provisions in force on 15 December 1981 and, for Spain, from the national provisions in force on 1 March 1986 and, for Portugal, from the national provisions in force on 1 March 1998.

# FINANCIAL STATEMENT

1. BUDGET HEADING: 05 02 09 05 02 10 01		APPROPRIATIONS (EUR Mio): 2007: 1 487 2008 1 377 (PDB) 2007: 38 2008: 38 (PDB)			
2. TITLE: Proposal for a Council Regulation on the common organisation of the market in wine and amending certain Regulations					
3. LEGAL BASIS: Articles 36 and 37 of the Treaty.					
4. AIMS: The objectives of this reform are to: – increase the competitiveness of the EU wine producers; strengthen the reputation of EU quality wine as the best in the world; recover old markets and win new ones in the EU worldwide; – create a wine regime that operates through clear, simple rules – effective rules that balance supply and demand; – create a wine regime that preserves the best traditions of EU wine production, reinforces the social fabric of many rural areas, and ensures that all production respects the environment.					
5. FINANCIAL IMPLICATIONS		12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2007 (EUR million)	FOLLOWING FINANCIAL YEAR 2008 (EUR million)	
5.0 EXPENDITURE – CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) – NATIONAL AUTHORITIES – OTHER		–	–	–	
5.1 REVENUE – OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) – NATIONAL		–	–	–	
5.0.1 ESTIMATED EXPENDITURE		2009	2010	2011	2012
5.1.1 ESTIMATED REVENUE		p.m.	p.m.	p.m.	p.m.
5.2 METHOD OF CALCULATION: The annual cost of the reform proposal, including the transfer to rural development, is estimated at €1,3 bln that is the level of expenditure under the status-quo scenario. The status-quo scenario is established taking into account the Olympic average of budget expenditure 2001/2005 (5 years of which the extremes are not taken into account) increased in order to take into account the enlargement to Bulgaria and Romania. The details of the budgetary cost of the reform are presented in the attached annex.					
6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?		YES NO			
6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?		YES NO			
6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?		YES NO			
6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?		YES NO			
OBSERVATIONS: –					

**ANNEX TO THE FINANCIAL STATEMENT**

<b>200 000 ha and premium decrease of 20% yearly number of ha based on 30% of total 1st year and decrease 5%/year</b>		B-2009	B-2010	B-2011	B-2012	B-2013		
<b>A. Measures operating at CMO level</b>								
<b>1. <u>reactivated grubbing up scheme (total: 200 000 ha)</u></b>								
grubbing-up average premium	€/ha	7 174	5 739	4 591	3 673	2 938		
indicative area grubbed up & inserted into SPS	ha	60 000	50.000	40 000	30 000	20 000		
<b>sub-total grubbing up yearly budgetary maximum cost</b>	€mio	<b>430</b>	<b>287</b>	<b>184</b>	<b>110</b>	<b>59</b>		
<b>2. <u>residual expenditures for phasing out of EU market measures</u></b>								
estimated amount	€mio	<b>147</b>	<b>p.m.</b>	<b>p.m.</b>	<b>p.m.</b>			
<b>3. <u>financing of the national envelope</u></b>								
maximum amount of the national envelope	€mio	634	879	863	870	858		
of which minimum amount for promotion	€mio	120	120	120	120	120		
<b>total maximum amount of the national envelope</b>	€mio	<b>634</b>	<b>879</b>	<b>863</b>	<b>870</b>	<b>858</b>		
percentage of promotion in national envelope	%	18,93%	13,65%	13,90%	13,79%	13,99%		
<b>total of the measures operating at CMO level</b>	€mio	<b>1 211</b>	<b>1 166</b>	<b>1 047</b>	<b>980</b>	<b>917</b>		
<b>B. Decoupled direct payment to be added to Annex VII</b>								
maximum premium	€/ha			350	350	350		
cumulative estimated area	ha			60 000	110 000	150 000		
<b>sub-total yearly budget cost</b>	€mio			<b>21</b>	<b>38,5</b>	<b>52,5</b>		
<b>Total of the measures financed under the "first pillar" of the agricultural policy</b>	€mio	<b>1 211</b>	<b>1 166</b>	<b>1 068</b>	<b>1 019</b>	<b>969</b>		
<b>C. Transfer to rural development for wine producing regions</b>	€mio	<b>100</b>	<b>150</b>	<b>250</b>	<b>300</b>	<b>350</b>		
<b>TOTAL(A+B+C)</b>	€mio	<b>1 311</b>	<b>1 316</b>	<b>1 318</b>	<b>1 319</b>	<b>1 319</b>		
<b>D. Information (amendment to Council Regulation (EC) No 2826/2000)</b>	€mio	<b>+3</b>	<b>+3</b>	<b>+3</b>	<b>+3</b>	<b>+3</b>		

National envelope will amount to €857 mio for B2014 and €850 mio for B2015 and following years  
Decoupled direct payment is estimated at €63 mio for B2014 and €70 mio for B2015 and following years  
Transfer to rural development will amount to €400 mio for B2014 and following years.

The amounts for 2014 and beyond are indicative and subject to decisions to be taken for the new financial programming period beyond 2013. However, certain legal obligations entailing expenditure already undertaken prior to that date have to be respected.