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Crisis in Europe: European Commission adopts exceptional measures to rectify wine market imbalances

European winemakers face marketing difficulties and reduced incomes

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In response to the ongoing imbalance in the wine market, the European Commission has initiated a series of exceptional measures aimed at mitigating these disturbances in various regions across the European Union. These steps, part of the national wine support programmes, are designed to regulate the wine market, safeguard the interests of winegrowers and producers, and stabilise the sector's economy.

The measures introduced by the European Commission provide Member States with the capacity to incorporate crisis distillation into their support strategies. This mechanism serves to eliminate surplus wine from the market, which has been a consequence of a myriad of factors, notably the overall reduction in consumption. Given the current decision's timeline, until October 15, 2023, the most affected wine by the market crisis can be distilled.

Crisis distillation will result in the removal of excess wine from the market. The distilled wine's alcohol can only be utilised for non-food related purposes. This stipulation is aimed at circumventing any potential distortion of competition that could potentially arise, thereby ensuring that the market remains as balanced as possible.

In addition to crisis distillation, the Commission has granted greater flexibility in the execution of the wine support programmes. This move allows for enhanced adaptability for green harvesting this summer, coupled with a boosted EU co-financing rate for initiatives linked to restructuring, green harvesting, promotion, and investments. This flexibility is expected to empower Member States to optimise their response to the wine market's condition in the current year, further utilising green harvesting to avert or minimise potential wine surpluses in the forthcoming year.

The wine sector is currently grappling with a dip in consumption, largely attributable to the current inflation of food and beverage product prices. This inflation, along with an abundant harvest in 2022 and the market challenges experienced during the pandemic, has culminated in an excessive accumulation of inventories. The result is a hostile market context, causing marketing issues for EU winegrowers and producers, a drop in market prices, and therefore, a substantial loss of income. This situation is particularly severe in regions most impacted by these trends.

The extraordinary measures have been adopted by the Commission following approval from Member States during a meeting of the Committee for the Common Organization of Agricultural Markets. The goal of these initiatives is to aid the sector in addressing the current imbalances. The Committee's endorsement suggests a collective agreement on the importance of these measures and the critical need to protect the wine sector from the current crisis.

As the deadline for crisis distillation approaches, it is expected that Member States will take full advantage of the available measures, as they strive to restore balance and stability within their wine markets. These measures will play a vital role in safeguarding the interests of winegrowers and producers and ensuring that the European wine market can withstand the current economic challenges it faces.

The outcome of these initiatives will be closely watched by all stakeholders involved, not only in Europe but also globally. As the situation evolves, the actions taken by the European Commission could potentially serve as a model for other wine-producing regions worldwide facing similar market imbalances.

It is undeniable that the road ahead remains challenging. Yet, the European Commission's proactive and comprehensive approach highlights its commitment to safeguarding one of Europe's most cherished sectors. Only time will reveal the full impact of these measures and their effectiveness in rectifying the ongoing wine market imbalances.