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EU's wine sector under scrutiny

A deep dive into funding, environmental impact, and competitiveness

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In recent years, the European Union's investment in its wine sector, particularly through the restructuring and conversion of vineyards program, has come under critical review. The European Court of Auditors (ECA) has raised significant concerns regarding the environmental impact and effectiveness of these investments in enhancing competitiveness. This article delves into the complexities and challenges faced by the EU wine industry, focusing on key regions such as Castilla La Mancha (CLM) in Spain and Tuscany in Italy, and examining the implications of the EU's strategies on both the

environment and the market.

Castilla La Mancha, Europe's largest vineyard area, is currently grappling with one of its poorest harvests in decades. The region, known for its production of Tempranillo and other red grape varieties, has seen a dramatic decline in yields due to adverse weather conditions such as drought and extreme heat. This comes at a time when growers are already struggling with rising production costs and low grape prices.

Over the years, significant EU funds have been directed towards restructuring vineyards in CLM, with a focus on increasing yields. This included transitioning from bush vines to vertical shoot positioning (VSP) viticulture, a method that allows for mechanized harvesting. However, this approach has raised concerns, particularly regarding its water usage in a region increasingly affected by drought.

The European Court of Auditors has been a vocal critic of the EU's vineyard restructuring program. In a recent report, the ECA highlighted that the program, which receives an annual funding of €500 million, lacks environmental ambition and has not clearly impacted competitiveness. The report also pointed out the failure of the program in balancing the supply and demand through the grubbing up of vineyards.

Further, the report criticized the EU's decision to end environmental conditions on the allocation of restructuring funds. The ECA emphasized the importance of incorporating environmental considerations in vineyard planting and restructuring, considering the increasing challenges like drought and natural calamities.

In Tuscany, Italy, another major beneficiary of the restructuring measure, the approach has been different from that in CLM. The focus in Tuscany has been more on changing plant density rather than the training system itself. However, the ECA noted that the installation of irrigation systems, while not eligible under the restructuring measure in Spain and Greece, is permissible in Italy. This raises questions about the uniformity of EU policies and their implications for water use in different regions.

The situation in CLM and the findings of the ECA report indicate a complex scenario where environmental concerns, market dynamics, and policy decisions intersect. The European Commission, in response to the ECA report, has pointed to greater

environmental goals within the broader scope of the reformed Common Agricultural Policy. However, the effectiveness of these measures in addressing the specific needs of the wine sector remains to be seen.

The EU's strategy in funding and restructuring its wine sector is at a crucial juncture. The challenges posed by climate change, market demands, and environmental sustainability require a balanced and thoughtful approach. The EU's future policies in this sector will need to carefully weigh these factors to ensure the long-term viability and competitiveness of its wine industry.