



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 10/19/2004

GAIN Report Number: E34076

EU-25

Wine

EU Subsidies for the Restructuring and Conversion of Vineyards

2004

Approved by:

Norval E. Francis, Jr.
U.S. Mission to the EU

Prepared by:

Hilde Brans

Report Highlights:

The European Commission recently adopted two decisions on the restructuring and conversion of vineyards. The first decision makes an indicative financial distribution of EUR 450 million for MY 2004/2005. The second decision sets the definitive allocation for MY 2003/2004 at EUR 443 million.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E3]

EU Subsidies for the Restructuring and Conversion of Vineyards

Under the EU's wine regime, wine producing member states are eligible to receive annual subsidies for the restructuring and conversion of a set number of hectares. The EU grants subsidies based on each member state's share of the total EU area under vines with the objective to improve the quality of vineyards and the alignment of supply and demand. Six new member states are for the first time entitled to receive EU subsidies.

The European Commission has adopted two decisions on the restructuring and conversion of vineyards. The first decision (Commission Decision 2004/687/EC) makes an indicative financial distribution of EUR 450 million for actions in the 2004/2005 marketing year. Each member state's indicative subsidy can be adjusted within the limit of available funds, depending on its priorities to address particular situations and needs. Member states must notify the European Commission before June 30 of their actual expenditure and expenditure forecasts. Based on that information, the Commission sets the definitive financial allocations. The second decision (Commission Decision 2004/688/EC) sets the definitive allocations for the 2003/2004 marketing year at EUR 443 million.

Financial allocations by member state:

Member state	Marketing Year 2004/2005 Indicative Fund Allocation		Marketing Year 2003/2004 Definitive Fund Allocation	
	Area (hectares)	Amount (EUR)	Area (hectares)	Amount (EUR)
Germany	1 971	12 671 756	2 198	13 989 772
Greece	1 360	9 704 037	1 519	7 176 037
Spain	19 379	145 492 269	22 482	152 001 024
France	13 541	107 042 204	21 058	111 840 613
Italy	14 529	103 020 889	17 990	120 341 710
Luxembourg	14	112 000	10	81 856
Austria	1 271	7 224 984	1 837	7 798 847
Portugal	6 987	44 532 820	4 854	29 967 725
Czech Rep.	189	1 743 010		
Cyprus	196	2 378 955		
Hungary	1 261	10 086 046		
Malta	17	171 637		
Slovenia	172	2 919 879		
Slovakia	801	2 899 514		
TOTAL	61 688	450 000 000	71 948	443 197 584

The referenced Commission Decisions can be downloaded from the Internet at http://europa.eu.int/eur-lex/en/archive/2004/l_31320041012en.html.

Visit our website: our website www.useu.be/agri/usda.html provides a broad range of useful information on EU import rules and food laws and allows easy access to USEU reports, trade information and other practical information. More information on wine can be found at www.useu.be/agri/hortireps.html. E-mail: AgUSEUBrussels@usda.gov

Related reports from USEU Brussels:

Report Number	Title	Date Released
E34070	EU 2004 Wine Harvest	10/7/2004
E23213	2003 Wine Production	11/10/2003
E24043	EU Wine Labeling – Amended Rules	3/2/2004
E23180	EU Wine Labeling Rules	9/24/2003
E23063	EU Wine Subsidies	4/29/2003

These reports can be accessed through our website www.useu.be/agri or through the FAS website <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>.