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European Union

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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Need for additional funds to support the wine sector affected by the COVID-19 crisis and US tariffs
- Information from the Spanish delegation, on behalf of the Austrian, Bulgarian, Croatian, Cyprus, Czech, French, Greek, Hungarian, Italian, Maltese, Romanian, Slovak, Slovenian and Spanish delegations

Delegations will find in Annex a Declaration by Austrian, Bulgarian, Croatian, Cyprus, Czech, French, Greek, Hungarian, Italian, Maltese, Romanian, Slovak, Slovenian and Spanish delegations on the above subject, concerning an item under "Any other business" at the Council ("Agriculture and Fisheries") on 22-23 March 2021.

Declaration by Austria, Bulgaria, Croatia, Cyprus, Czech Republic, France, Greece, Hungary, Italy, Malta, Romania, Slovakia, Slovenia and Spain on the need for additional funds to support the wine sector affected by the COVID-19 crisis and US tariffs

The wine sector is strategic for the European Union in terms of its economic dimension, job creation, wealth generation, territorial development and environmental sustainability.

The health crisis generated by the COVID - 19 a year ago is dragging on with a very negative cumulative impact, especially for the agricultural products most closely linked to the hotel, restaurant and catering services channel, as is the case of the wine sector. The reduction in demand continues to be very significant, one year after the start of the pandemic and wineries and companies that supply the HORECA sector and enotourism are suffering significant drops in income. Wine consumption is closely linked to the HORECA channel as well as to celebrations and events which, given the current circumstances, are very restricted and with no prospect of change in the short term. The crisis also affects wine growers, who have difficulties in marketing their production.

On the other hand, wine exports from several EU countries have suffered from the imposition of unfair additional tariffs by the U.S. Despite the recent temporary elimination of these tariffs for the next 4 months, and even with the expectation of their definitive elimination, it has severely hampered their competitiveness.

In this context, we welcome the measures taken by the European Commission in terms of flexibility, and in particular the extension for 2021 of the exceptional provisions put in place during 2020, notably the possibility to use distillation and private storage of wine, from the funds of the Sectoral Support Programmes.

However, the exceptional measures adopted in 2020 have consumed many of the resources of these programmes, to the detriment of the specific tools provided for therein, such as promotion, investments or vineyard restructuring. These actions are now more necessary than ever to help the sector emerge from this difficult situation in a more resilient and competitive way.

For this reason, resorting again to the funds of the Support Programmes to alleviate the situation of surplus suffered by the sector as a result of the prolongation of the pandemic is not the solution. Promotion, investment in wineries and the restructuring and reconversion of our vineyards are essential at this time if we really want the wine industry to overcome this crisis.

We therefore consider it essential to make the traditional support programme measures compatible with the extraordinary measures. This is why **additional funds** to those of the aforementioned programmes are necessary to carry out the extraordinary measures considering the economic consequences of the ongoing Covid 19 crisis as well as the unfair US additional tariffs.

For this reason, we, the undersigned, request the European Commission to provide additional budget to the support programme funds, sufficient for member states to be able to put in place mechanisms for supply reduction and to grant their affected wine growers and companies specialized financial assistance, without detriment to the traditional measures of the programmes that will be essential for competitiveness of the wine industry and the recovery of demand once the health situation has been overcome.