

Where competitiveness meets sustainability: law, policy, implementation and the environmental challenge of vineyards

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Abstract

In September 2023, the Court of Auditors published its report «Restructuring and planting vineyards in the EU. Unclear impact on competitiveness and limited environmental ambition». The report's findings emphasize that the impact of EU assistance on wine growers' competitiveness is uncertain. According to the document, the design and execution of the planting authorization scheme show deficiencies, while the EU wine policy fails to meet the environmental goals of the common agricultural policy. The Court of Auditors calls on the Commission to better target EU actions to increase the sector's environmental goals and encourage winegrowers' competitiveness. The Commission's answer stresses, however, the significant changes of the CAP 2023-2027 and the enhancement of environmental ambition for the wine sector. This paper seeks to highlight the necessity of resolving current conflicts, based on the findings and significant concerns identified by the Court of Auditors and on those emerging from the Commission's reply. It advocates for a policy that thoughtfully reconciles interests that may seem contradictory but would actually thrive under a balanced and pragmatic approach.

Keywords: Wine, Competitiveness, Planting authorization scheme, Sustainability.

1. Introduction and purpose of the study

The wine sector deserves particular attention in the extremely lively debate on sustainability. Data evidence its strategic importance in the European Union market and its trade relations: EUROSTAT statistics estimated that in 2022, the European Union members exported 7.2 billion liters of wine, including 3.2 billion destined for trade outside the EU (EUROSTAT, 2022b). According to the March 2024 report

by the Comité Européen des Entreprises Vins (CEEV), titled «Economic, social and environmental importance of the wine sector in the EU», the wine production of the European Union accounts for 62% of the entire global production. Among the factors determining the EU's primacy, the document suggests the central role that both vineyards and wine have historically played in the European Union. According to EUROSTAT statistics, in 2020, the European Union had 3.2 million hectares of

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vineyards, corresponding to about 45% of the global vineyard area (EUROSTAT, 2022a).

The wine market has also seen the gradual entry of so-called “new world wines”, that is, wines from areas not traditionally suited to viticulture, which have demonstrated, over the years, competitive potential compared to products from the European Union (European Commission, 2014; Pomarici *et al.*, 2021; Morrison and Rabellotti, 2014). At the same time, the European legislator has also reformulated the rules of the Common Market Organization for wine, with the aim of making winegrowers and producers more competitive. Recognizing the partial ineffectiveness of the instruments provided by Regulation (EC) no. 1493/1999 in «steering the wine sector towards a competitive and sustainable development», Regulation (EC) No. 479/2008 introduced support measures and rules governing production potential, along with regulatory measures and provisions governing trade with third countries (Recital no. 3 and art. 1, par. 2 of Reg. (EC) no. 479/2008). Next to the improvement of the competitiveness of wine producers, the other objectives were characterized by an undeniable pursuit of sustainability in its multiple dimensions. Recital No. 5 indeed listed the following objectives: «increasing the competitiveness of the Community’s wine 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» (on this point, please refer to Albisinni, 2016, p. 529 and 2023, p. 399).

In consideration of the importance of Union expenditures, the measures adopted within the Common Market Organization for wine and other support instruments of the Common Agricultural Policy have also been subject to a retrospective evaluation (European Commission, 2020), as provided for by Article 34, paragraph 3

of Regulation (EU, Euratom) 2018/1046, which establishes the financial rules applicable to the general budget of the Union. It may be superfluous to highlight how the scope of these studies, the extreme variability in the implementation of measures, and the diversified periods of application of certain provisions (such as, for example, the rules on vineyard planting authorisation) can constitute critical elements in the evaluation. The Commission presents its results following the parameters of effectiveness, efficiency, coherence, relevance, and added value, in relation both to the specific objectives of the wine policy, in terms of competitiveness, sector adaptation to the market, profitability, market balance, and quality, and to the more general objectives of the common agricultural policy, including sustainability. In this context, the measures for vineyard conversion and restructuring, affecting 10% of the European Union’s vineyards and accounting for over 50% of wine policy expenditure during the considered period, could have accelerated the change in production and vineyard management methods. This would have allowed for large-scale mechanization, resulting in a reduction in labour costs, and the establishment of systems that also ensure better water resource management (European Commission, 2020, point 6.1).

Despite this, the enhancement of quality, with varietal changes, conversion to protection schemes for denominations and geographical indications, and the reduction of density and yields, has resulted in an overall increase in costs (European Commission, 2020, point 6.3).

The achievement of environmental objectives emerges, in the Commission’s document, in relation to the coherence of national support programs, as a merely hypothetical element: the “potential” of restructuring and conversion measures to play a significant role in adapting vineyards to climate change and protecting biodiversity is highlighted, allowing, as previously noted, for extensive mechanization and better management of water resources. The lower plant density and the absence of water stagnation suggest to the Institution an optimistic outlook for a reduction in pesticides in the long term. The evaluations conducted by the Commission, however, do not appear to be based

on any specific study (at least, no bibliographic references are present) nor on real data, a circumstance that raises doubts about the validity of the same considerations.

With a more critical eye, the European Court of Auditors addressed the issue of support instruments in the wine sector, publishing, in September 2023, the special report «Restructuring and planting vineyards in the EU. Unclear impact on competitiveness and limited environmental ambition» (European Court of Auditors, 2023).

In its role as the assessor of the Union's expenditures, the Institution intended to verify the efficiency of two distinct instruments: on the one hand, the funding system for vineyard restructuring, and on the other hand, the system for new planting authorisation, in light of the competitiveness and the ability to achieve the environmental objectives of the European Union. Competitiveness and sustainability are two aspects that certainly also emerge from the Commission's evaluation, albeit with different scope and depth, especially when examining the restructuring and conversion measures, and the system of authorizations for new plants. While the Commission's document discusses the former, it does not evaluate the latter due to the relatively short time span between the scheme's application and the Institution's study.

The report of the Court of Auditors and the Commission's answer reveal the existence of multiple conflicts, which in turn create obstacles to achieving sustainability in its broadest sense.

This paper seeks to highlight the necessity of resolving current conflicts, based on the findings and significant concerns identified by the Court of Auditors, which are not equally reflected in the Commission's working document. It advocates for a policy that thoughtfully reconciles interests that may seem contradictory but would actually thrive under a balanced and pragmatic approach.

2. Methodology

The paper is based on the analysis of the Court of Auditors' special report «Restructuring and planting vineyards in the EU. Unclear impact on competitiveness and limited environmental ambition» (European Court of Auditors, 2023), sum-

marised in the following paragraphs. The document is considered by the Author as a milestone and benchmark, useful to take stock of some of the current weaknesses that the sustainability in the wine sector is experiencing, despite the existence of measures that were designed to support sustainable development. We then consider the European Commission's response to the Court of Auditors' recommendations to gain some insight into the current approach to the theme.

Agricultural law literature published in peer-reviewed journals was examined to better contextualise the two pillars of the Court of Auditors' special report, namely the restructuring and conversion measures, on the one hand, and the system of new planting authorisations, on the other hand.

3. The Court of Auditors' Special Report

As mentioned above, in September 2023, the European Court of Auditors published its special report following an audit conducted between April and December 2022 (Court of Auditors, 2023, paragraph 20) on the vineyard restructuring and conversion measure and the system of authorizations for new plantings in specific areas of five member states: Moravia in the Czech Republic; the Peloponnese in Greece; Castile-La Mancha in Spain; the Rhône Valley and Provence in France; and Tuscany in Italy (Court of Auditors, 2023, paragraph 20). The relevance criterion guided the selection of the audited states, given that the total funding for restructuring and conversion in these countries accounts for approximately 70% of the total funding for this measure.

Furthermore, the selection of this specific verification line stems from the significant investment in this measure by national support programs, which amounts to approximately half of the annual allocation for the years 2014-2018 and 2019-2023, as well as from the fact that the completion of the last audit dated back to 2012.

As for the system of authorizations for new planting, the Court of Auditors' investigation was the first since 2016, the year of its implementation. The conclusion reached by the Institution regarding both the expenditure related to reno-

uations and reconversions and the authorization system is that the objective of competitiveness is not actually being directly pursued, despite both measures being intended for this purpose.

3.1. *The special report's focus*

Before delving into the text of the Court of Auditors' Special Report, it might be useful to quickly recall the main features of the measures assessed by the EU Institution, namely the restructuring and conversion measures, and the system for new planting authorisations.

As for the restructuring and conversion measures, their history dates back to 1999, when Institutions introduced them, with the first structural amendment to the common market organization for wine (Sardone, 2013; Sardone, 2010). Article 11 of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine established a system for the restructuring and conversion of vineyards (par. 1), with the aim of adapting production to market demand (par. 2). Only Member States that had «compiled the inventory of production potential» were eligible for the system, which covered varietal conversion, vineyard relocation, and improvements to vineyard management techniques.

Under Article 16 of Council Regulation (EC) no 1493/1999 (repealed by Council Regulation (EC) no 479/2008, then also repealed by Regulation (EC) no 491/2009), corresponding to current Article 145 of Regulation (EU) no 1308/2013, States had to record data pertaining to wine-growing potential (Germanò, 2000, p. 576). The control of the productive potential, which has been the core element of the EU wine regulatory framework (Germanò, Rook Basile and Lucifero, 2022, p. 99), has been developing in two directions. The first one, just partially described above, while talking about restructuring and conversion measures, aims at the improvement of wine growing and quality. The current system of restructuring and conversion of vineyards, regulated by Article 58, par. 1, let. (a) of Regulation (EU) 2021/2115, widens the former measures, including also environmental sustainability aspects in varietal conversion and in the improvements to vineyard management techniques.

The second direction related to the control of the production potential covers the system for new planting authorisation (the second element of the Special Report focus) and has been widely analysed by literature over the years (Lucifero, 2023, p. 1082-1088; Id., 2020 and 2017), since the previous form of planting rights (Germanò, 2000, 2007 and 2010). To control the production, the EU Legislator prohibited since the Seventies new vineyard planting (Germanò, Rook Basile and Lucifero, 2022, p. 100), with the recognition, in the following decades, of planting and replanting “right” according to Articles from 2 to 6 of Regulation 1493/1999). In very simple words, the possibility to plant new vines was conditioned on the grubbing-up of other vineyards of the same producer or by means of the transfer of the planting right from another winegrower (Article 4 of Council Regulation (EC) no 1493/1999. See, on rights circulation, Albisinni, 2011).

With Regulation (EC) no 479/2008, some significant changes were introduced in the system of planting rights (Germanò, Rook Basile and Lucifero, 2022, p. 101), till the deep reform by Regulation (EU) no 1308/2013 that instituted the system for the authorisation of new planting. The currently applicable system is characterised by an “organised” increase in vine-planted areas. According to Article 63 of Regulation (EU) no 1308/2013, «Member States shall make available each year authorisations for new plantings», to a certain rate established by the Regulation (1% of the total national area planted with vines). In compliance with the conditions set by Article 63, par. 3, Member States can decide to set a lower percentage than that stated by the Regulation.

In the following subparagraphs, we will analyse the Special Report of the EU Court of Auditors on the mentioned measures, with reference to competitiveness and environmental sustainability.

3.2. *Restructuring and conversion measures and competitiveness*

Although the support measures for restructuring and conversion concern the renewal of vineyards, the replacement of some varieties with others that are more resistant and productive (varietal conversion), a different placement or

replanting of vineyards, and the improvement of management techniques, with the ultimate goal of making Union winemakers more competitive, even in the global market, the Court of Auditors expresses doubts about the actual suitability for achieving the indicated objective. The Institution firstly draws attention to the designation of competitiveness, which the Commission defines as the ability to deliver quality products at competitive costs and prices, while also guaranteeing «reasonable benefits» for winegrowers (Court of Auditors, 2023, par. 24). The elements that would delimit competitiveness, in this sense, appear extremely generic and unsuitable for actual measurement: if, on one hand, the boundaries of quality are absolutely blurred, on the other hand, the comparison between products for which such “quality” has been defined becomes complex when one intends to also compare the price, on which different variables other than the same quality can have an impact. Not to mention the issue of benefits for winegrowers and the concept of reasonableness. The Court of Auditors then references the concept of competitiveness in Regulation (EU) No. 1308/2013, which is expressed in Recital No. 55 as a necessity for the European Union to maintain its market shares in the global wine market.

The second element of concern expressed by the Court of Auditors is the inability of the Member States involved in the audit to outline strategies and methods for achieving the competitiveness of winegrowers (left instead to the responsibility of individuals, like it is emphasized in par. 25 of the Special Report), the absence of impact studies on the application of the measures, and the lack of parameters for measuring competitiveness. Beyond the calculation of the areas of restructured or converted vineyards or the number of beneficiaries of the funding, the States subject to audit have not established parameters that allow for the effective measurement of changes in competitiveness (Court of Auditors, 2023, box 2).

At the same time, the report highlights the lack of an appropriate system for the collection and processing, by the Commission, of certain significant data that could allow for the evaluation of the variation in the competitiveness of the

winegrowers who have benefitted from funding for restructuring and conversion.

The European Court of Auditors reports a third critical element, which is the lack of a substantive or ambitious evaluation of the submitted restructuring projects, and the decision to unconditionally approve all requests deemed admissible (Court of Auditors, 2023, par. 29).

3.3. The system of new planting authorisation and competitiveness

The system for authorising new vineyards is the second measure that the European Court of Auditors assesses in relation to the competitiveness profile. For this measure as well, the Institution finds no direct correlation with competitiveness, despite the measure impacting it to the extent that, by effectively limiting the expansion of vineyard areas, it aims to regulate supply, thereby avoiding production surpluses that would, in turn, lead to a drop in prices (Court of Auditors, 2023, par. 22).

One of the concerns raised by the Court of Auditors pertains to the failure to carry out an impact assessment for determining the maximum threshold for the increase in authorisations at the rate of 1% per year of the national vineyard area (Court of Auditors, 2023, par. 34).

Furthermore, the Court of Auditors notes that, despite the presence of a maximum threshold for the increase in areas, there is, on the contrary, no cap on production (Court of Auditors, 2023, par. 37).

Since the number of applications for the authorisation of new plants could exceed the maximum increase threshold, in case of excess, the Member States will have to allocate the available area. The Court of Auditors highlights, in this regard, the opportunity for national authorities to identify, both at the eligibility stage and at the distribution stage, parameters aimed at incentivising competitiveness. Among the criteria, the Court proposes to consider new operators and, in particular, young entrepreneurs; areas to be newly planted with different characteristics: areas included in land consolidation projects; areas that enhance the production of wine holdings exhibiting heightened competitiveness or

market presence; areas that could contribute to increasing the size of small and medium-sized wine holdings; or actions able to enhance the quality of products with geographical designations (Court of Auditors, 2023, par. 39).

3.4. Restructuring and conversion measures and sustainability

In the audit of the European Court of Auditors, the second focus was on the pursuit of the environmental objectives of the Common Agricultural Policy in the measures considered. Once again, the conclusions of the Institution are not the most reassuring.

Regarding restructuring and conversion measures, the institution draws attention to the weak or non-existent environmental ambition of the national strategic objectives and their corresponding target values. This is due to the mere possibility (not obligation) of incorporating these measures into the national strategies for the wine sector, which are included in the support programs (Court of Auditors, 2023, par. 46). Despite recognising the existence of sustainability improvement practices by winegrowers, the European Court of Auditors reports that the measures adopted in this regard (e.g., reduction in the use of synthetic substances and their replacement with natural pest antagonists) are actually correlated with additional funding measures (e.g., European Agricultural Fund for Rural Development).

In this context, the lack of evaluation of environmental ambition by the Commission, the lack of monitoring of supplementary indicators in the examination and approval of national support programs by the Institution, the absence of both a definition of sustainability and sustainable production systems, and finally, the lack of clarification by the Commission itself on how restructuring and conversion measures could have contributed to reducing the environmental footprint of the wine sector have led to an audit result that is extremely improvable (Court of Auditors, 2023, par. 48). On the other hand, as the Court of Auditors itself points out (Court of Auditors, 2023, par. 50), Member States could incentivise, in the disbursement of funds, projects with

greater environmental ambition, through priority criteria that pursue the environmental objective. While noting that some of the audited countries have indeed prioritised environmental criteria, the special report under review nonetheless highlights that even some of the measures aimed at reducing the environmental footprint, such as the selection of new varieties or the conversion to organic production methods, have been adopted more to meet market demand than to implement conscious virtuous behaviours from an environmental perspective (Court of Auditors, 2023, par. 51). The special report provides the example of the Airén variety, a grapevine from Castilla La Mancha with minimal water requirements. Despite the positive environmental impact, it was not eligible for the benefits of restructuring and reconversion measures because it was not “competitive” in the market, where the demand was instead orientated towards the Syrah variety, which has higher water needs (Special Report box 5). This case features a further “conflict” between meeting environmental requirements in maintaining a drought-resistant grape variety, and market demand.

Even the measures that, by their very nature, should have had a positive impact, such as the improvement of management techniques, were not considered in the national support plans with reference to their environmental value (Court of Auditors, 2023, par. 52).

3.5. The system of new planting authorisation and sustainability

In analysing the authorisation system from the perspective of competitiveness, the European Court of Auditors highlights some elements that actually pertain more closely to sustainability, in at least two dimensions. The institution specifically emphasizes that the 1% threshold for vineyard area should be considered on a national scale. This implies that some member countries, as noted in the audit, may allocate the increase by concentrating it in specific areas, potentially leading to social and environmental consequences (Court of Auditor, 2023, par. 30).

Data, in this sense, are indicated by the same report in box 4: in the French Charentes-Cognac

basin, from the year following the implementation of the authorisation system, the average annual increase is 3%, while in the Spanish region of Ribera del Duero it is 4% annually, and this despite Spain having established a maximum quota for annual increases in vineyard areas of 0.5% of the national vineyard area.

One of the major issues identified, especially considering the extension of the authorisation system to 2045, was the absence of an impact assessment, with particular regard to the environmental profile (Court of Auditors, 2023, par. 57).

Even if the containment of supply is considered a positive aspect for the environment, as it can lead to less land exploitation and a reduced environmental footprint, the special report of the Court of Auditors highlights that the implementation of the authorisation system actually presents wide margins for improvement. Firstly, the document reveals that the environmental profile is considered in only one of the priority criteria used as parameters for authorising the new facility. And although some member states have chosen to include the aforementioned criterion, in any case, the distribution of authorizations occurs predominantly on a proportional basis (Court of Auditors, 2023, par. 60).

On the other hand, the authorisation system's rationale explicitly aims to prevent supply excesses that could threaten market stability, rather than openly considering the environmental aspect.

3.6. *The European Court of Auditors' recommendations*

In consideration of the audit results reported in Special Report 23/2023, the Court of Auditors has therefore formulated, towards the Commission, a list of recommendations aimed at promoting the competitiveness of the wine sector and achieving the environmental objectives. Regarding the first aspect, the Commission was invited to first provide a definition of the competitiveness of wine producers, in order to verify the achievement of the measure's objective. Secondly, the Institution was requested to transmit observations to the Member States in the event that the implementation of restructuring and conversion measures does not prove adequate

to achieve the competitiveness objective. Finally, the European Court of Auditors recommends that the Commission evaluate the implementation of the aforementioned measure in conjunction with the Member States, in order to identify and exchange both good practices and information on potential risks (Court of Auditors, 2023, First recommendation).

Regarding the environmental aspect, the Court of Auditors recommends that the Commission evaluate whether the minimum 5% wine expenditure allocated to climate and the environment is considered adequate. In relation to the restructuring and conversion measure, the invitation is, once again, to exchange good practices and environmental protection results. Finally, with regard to the system for new planting authorisation, the Commission is requested to assess, in its interim review, the extent of the environmental impact resulting from the application of this system. Also for the environmental aspect, the Commission is then required to make observations to the Member States in the event that the restructuring and conversion obligations are not suitable for achieving the environmental objective (Court of Auditor, 2023, Second recommendation).

3.7. *The Commission's reply*

In response to the observations and recommendations of the European Court of Auditors, the Commission has provided some arguments that, while acknowledging the received indications, remind us how the CAP 2023-2027 has brought about significant changes (some of which are also recognised in the Court of Auditors' special report) and how the increase in environmental ambition for the wine sector is still alive (European Commission, 2023).

Regarding the observations related to the absence of an impact assessment for setting the threshold of a maximum 1% increase in the national vineyard area for the system of authorisations for new plants, the Commission explains that it is the result of a compromise aimed at ensuring the stability of the sector but, in doing so, does not provide reasons justifying the choice.

The Commission's response thus mainly con-

sists of describing the prospects both in terms of competitiveness and, above all, in pursuing environmental objectives for the period 2023-2027. In relation to the latter, the Institution recognises the need to achieve environmental objectives in all Member States and highlights how, within the Common Agricultural Policy, the wine sector can play an essential role in this regard, through the commitment of Member States to use at least 5% of their expenditure for interventions linked to environmental objectives. It is precisely the contribution that the sector will be able to provide to environmental policy in the years 2024-2025 that will be among the elements evaluated for the formulation of the Policy following the 2023-2027 period. The most significant element that emerges from the Commission's document and seems to be presented by the Institution as a premise to its responses is the emphasis on the exclusive attribution of responsibility for the implementation of the European Union's vineyard policy to the member states, both in terms of competitiveness and the pursuit of environmental objectives. On the other hand, as the document highlights, national management allows for a more adequate consideration of regional specificities.

4. Discussion

4.1. *Forgetting the four dimensions of sustainability*

The element that mostly emerges from the Court of Auditors' Special Report and the Commission's reply is that sustainability is considered mainly in environmental terms, with reference to the relevant specific objectives of the Common Agricultural Policy. Even though both the CAP and the measures that are assessed by the Court of Auditors meet the wider multidimensional shape of sustainability, the reader might perceive a low consideration of the non-ecological components. While such silence is not uncommon in general (Cristiani, 2019), the Special Report of the Court of Auditors intentionally focuses just on the specific environmental aspect. The same choice was made recently by the Institution in its Special Report 20/2024 «Common Agricul-

tural Policy Plans. Greener, but not matching the EU's ambitions for the climate and the environment» (Court of Auditors, 2024).

This circumstance suggests however that the effectiveness of support measures should be assessed under the whole concept of sustainability, which includes the environmental, social and economic dimensions. In the author's opinion, though, also the cultural dimension of sustainability should be considered, when referring to themes – like wine and wine-growing – that are strictly connected to the territory, its tradition, its landscape and, in general, its culture. The European Commission appears to “endorse” this idea in its Report on the Cultural Dimension of Sustainable Development in EU Actions (COM/2022/709 final). However, even if this report lists the Common Agricultural Policy actions (section N) as an example of including the cultural dimension of sustainability, the result does not convince. On the one hand, it passes the task on to Member States, relying on the possibility that they include the cultural component in their strategic plans. The text then emphasizes, in a fragmented manner, how rural development and quality schemes take cultural aspects into account.

Besides the lack of real planning on the inclusion of the fourth dimension of sustainability in the EU Common Agricultural Policy, the EU Institutions' view would benefit from a wider strategy on the whole sustainability.

Focusing on a single dimension, without considering the others, does not offer a real vision of the issue: a measure is not sustainable if it does not match all the dimensions of sustainability or if it tries to find a balance among them.

4.2. *Conflicts*

The European Court of Auditors' Special Report, the Commission's response, and the recently mentioned report on the cultural dimension of sustainable development in the EU all reveal the existence of multiple conflicts that complicate the multidimensional path toward sustainability. We will attempt to provide a brief summary, while acknowledging that each “conflict” necessitates a dedicated paper.

1. Court of Auditors and Commission. The first “conflict” that emerges is between the two Institutions that played the main roles in our overview. The Court of Auditors, in its assessor role, evaluates the correspondence and adequacy of expenditures in relation to the identified measures, basing its recommendations on data provided by Member States. Conversely, the EU Commission adopts a defensive stance instead of providing compelling data-based responses to the Court of Auditors’ observations.

We are not in a position to understand the dynamics that underlie the work of institutions, but the Commission’s answer (and the feeling is reinforced also by the other documents mentioned in this paper) seems to suffer from a certain haste, especially on supporting statements with data.

Facts reported by the European Court of Auditors bring to light a more widespread problem of accountability in measures that are supported by the EU. While the Commission seem to justify spending through qualitative advantages and indirect impacts, the European Court of Auditors places a greater emphasis on quantifiable achievements. The conflict pertains thus on the diversity of methods used by the two institutions to address the same issue.

2. Commission – Member States. The second “conflict” calls on both the EU Commission and Member States to collaborate and take implementation responsibility. The special report from the Court of Auditors shows that the Member States play a key role in putting the common agricultural policy into action. They are in charge of setting «clear objectives» and «target groups» for the restructuring and conversion measures, as well as «eligibility and priority criteria» that will make the most of their effects (par. 23 of the Special Report). Also the EU Commission’s answer emphasises the sole responsibility of member states in implementing the assessed measures.

If certain issues arise from the Special Report and are attributed to implementation weaknesses on the part of some members, it could raise doubts about the adequacy of the regulatory framework and communication between EU institutions and member states. Besides the responsibility that each state has, the «degree of

freedom» recalled by the Commission (section II, 1, p. 3 of the Commission’s answer) might actually hide part of the dark side of the decentralization of implementation. The debate on the positive and negative aspects deriving from a more incisive role of Member States (or, seen from a different point of view, a depowering of the EU centralisation) has been widely discussed and criticised also in the 2021 CAP reform (Costato and Russo, 2023, p. 140; Sotte, 2021), due to the fragmentation and shifting in responsibility that it could cause. The Special Report reveals that this may indeed be the case: the lack of coordination between the Commission and Member States, along with the nationalization of data collection, has a significant impact on monitoring activities. These activities vary from country to country in terms of competitiveness (see box no. 2 of the Special Report). Additionally, the Commission’s consideration of environmental performance is lacking (see par. 56 of the Special Report). This leads to an absence (or shift) of accountability in the implementation of the EU measures to support the wine sector. Inherent conflicts thus arise between the Commission’s role and national powers as a result of the partially decentralized character of the governance structure mentioned.

3. Institutions – Winegrowers. The third conflict that emerges is just a potential one and it is between Institutions and winegrowers. Being the last step of the support measure chain, winegrowers have the role of implementing actions to achieve competitiveness and sustainability. As the report states (par. 25), the authorities interviewed by the Court of Auditors attribute the responsibility for strategic choices to winegrowers, in a further shifting of responsibilities from the top to the bottom.

If for the wine sector some measures, like the support for restructuring and converting vineyards, have been in place for decades, and thus the role and responsibilities of winegrowers and farmers are somehow consolidated, the new instances for a wider sustainability might lack an adequate feasibility assessment, generating conflicts between rule makers and winegrowers. So, even if the Special Report does

not analyse the aspect of “viability” of duties on farmers, nevertheless it indirectly suggests that both policy and legislation should carefully consider the real applicability and effects of new adopting measures.

One of the most recent failures, in this sense, was the Proposal for a Regulation on the Sustainable Use of Pesticides COM (2022) 305, subject to harsh criticism for its substantial economic, social, and cultural unsustainability (see, in this regard, European Economic and Social Committee, 2022; Council Decision (EU) 2022/2572 of 19 December 2022 requesting the Commission to submit a study complementing the impact assessment of the proposal for a Regulation of the European Parliament and of the Council on the sustainable use of plant protection products). The interventions during the debate of the European Parliament on the 21st of November 2023 which led to the rejection of the proposal on the following day (see, for instance, Schneider, 2023) reveals the concerns expressed from the wine sector, mainly related to the ban on the use of pesticides, in natural and ecologically sensitive areas in the absence of suitable alternatives.

The case of the proposal for a regulation on sustainable use of pesticides suggests that some conflicts may arise from policy and legislation, when ambitious targets are set without considering the real implementing aspects of the set measures. Even though the systems scrutinised by the EU Court of Auditors do not show an immediate existing conflict, nonetheless the possibility should be taken into consideration, above all by the EU Commission, when putting forward future amending proposals.

4. Sustainability and competitiveness. Unlike the previous conflict, the fourth is not just potential; it is a verified one and is clearly reported by the Court of Auditors. It pertains to the contraposition between sustainability and competitiveness, as exemplified by the case of Airén. A traditional variety particularly resistant to drought was not included, with the Commission’s approval, among those eligible for the benefits of funds allocated for restructuring and conversion, in favour of varieties like Syrah, which are more water-intensive. This illustrates the division in

the wine sector between environmental objectives and market demand.

We could actually see, in this opposition, a partial recall of what we stated at the beginning of the discussion section, about the four dimensions of sustainability and the need to ensure that all of them are met or, at least, balanced.

5. Concluding remarks

As the reader can understand, the Court of Auditors’ Special Report has been just the starting point (or excuse) to address some conflicts that would require specific attention, in dedicated research papers founded on verified and adequate datasets. Based on the findings and significant concerns identified by the Court of Auditors, which are not equally reflected in the Commission’s documents, we, however, tried to highlight both the priority and the necessity of resolving current emerging conflicts.

Even though some interests may appear in opposition to one another, the cooperation and communication among all the involved parties (including farmers) is essential: if ambition is necessary, also performing a prior complete and independent impact assessment, which takes stock of the differences and the real limits to implementation, becomes indispensable.

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