



2024/1995

22.7.2024

COMMISSION DELEGATED REGULATION (EU) 2024/1995

of 19 July 2024

on a temporary exceptional crisis distillation measure to address the market disturbance in the wine sector in Portugal in the marketing year 2024/2025

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 ⁽¹⁾, and in particular Article 219(1) in conjunction with Article 228 thereof,

Whereas:

- (1) In order to prevent market disturbances in the Union wine market for marketing year 2023/2024, the Commission adopted Delegated Regulation (EU) 2023/1225 ⁽²⁾ including exceptional crisis distillation in certain Member States. The aim of the measure was to reduce the excessive stocks levels registered in certain of the main Union wine producing regions, affecting in particular red and rosé wines, as a consequence of the cumulated impact of different crises during the previous years as well as the general trend of reduction of wine consumption in the Union and of exported volumes in a context of high inflation for consumer and high costs for wine producers.
- (2) As a result, more than 3,5 million hectolitres of red and rosé wines were removed from the market in six producing Member States (Germany, Spain, France, Italy, Hungary and Portugal). The removal of these volumes, combined with the decrease of production in the Union in 2023 (– 10,5 % compared to the previous year) and in important producing Member States (–24 % in Italy and –21 % in Spain) has translated into a more balanced market for the current marketing year in general, even if the market situation remains fragile in the whole Union.
- (3) In contrast, Portugal experienced the highest harvest increase among Member States producing wine in 2023 (+ 10 % above the previous year, and +15 % for the segment of red wines bearing a protected designation of origin or a protected geographical indication) reaching a total production of around 7,5 million hectolitres. In the meantime, domestic sales of Portuguese red wines protected by a denomination of origin or a geographical indication in the national market have only marginally recovered by +2,3 % until March 2024 compared to the same period in 2023, while exports until April 2024 have decreased by – 1,5 %. This situation is weighing particularly on the market segment of Portuguese red wines protected by a designation of origin or a geographical indication, which level of stocks is estimated to further increase by 29 % by July 2024 compared with 2023, and by 46 % compared to the trimmed average of the 5 previous years.
- (4) The cumulation of stocks exerts a considerable pressure on prices in the Portuguese wine market. If no action is taken rapidly, the situation threatens to further disturb the national market with the arrival of the 2024 harvest, as wine producers will have no storage capacity left for the new production and will be forced to sale at even lower prices. The current pressure in the Portuguese wine market and the urgency for Portuguese producers to make available enough storage capacity for the new harvest risk to a certain extent to affect as well other Member States wine markets that could receive part of the excess of supply in Portugal and be sold at low price, with or without their original denomination of origin or geographical indication.

⁽¹⁾ OJ L 347, 20.12.2013, p. 671, ELI: <http://data.europa.eu/eli/reg/2013/1308/ojb>.

⁽²⁾ Commission Delegated Regulation (EU) 2023/1225 of 22 June 2023 on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector in certain Member States and derogating from Commission Delegated Regulation (EU) 2016/1149 (OJ L 160, 26.6.2023, p. 12, ELI: http://data.europa.eu/eli/reg_del/2023/1225/oj).

- (5) Removing from the Portuguese wine market part of the volume in stock for the most affected market segment of red wines protected by a denomination of origin or a geographical indication, should help Portugal to address the market imbalance and prevent the current disturbances from turning into a more severe or prolonged crisis in Portugal, and from spreading to other Member States' wine markets. In spite of the measure adopted in 2023, the stock of red wines protected by a designation of origin or a geographical indication in Portugal are expected to be, by end July 2024, 2,25 million hectolitres higher than the record level of a year before, which represent 63 % of a whole average harvest. The cumulated stocks for these categories will reach, by the end of the current marketing year, two and a half times the volume produced in 2023, while in average ending stocks are less than two times an average harvest.
- (6) In order to reduce pressure on the market it would be necessary to remove at least 15 % of the stocks' increase, which amount to around 340 000 hectolitres. At a compensation level 20 % below recent market prices the measure would require some EUR 15 million. Portugal has declared its incapacity to remove from the market the volume of wine in excess with national payments under Article 216 of Regulation (EU) No 1308/2013. Any other measures available under Regulation (EU) No 1308/2013 appear to be insufficient or not suitable. Therefore, it is pertinent to make use of the agricultural reserve to implement a targeted crisis distillation in Portugal.
- (7) To avoid distortion of competition, the use of the obtained alcohol should not be permitted for the food and drink industry and be limited to industrial purposes, including disinfection and pharmaceutical, and energy purposes. To avoid any abuse or overcompensation following the implementation of this exceptional measure, it is pertinent to request the concerned Member State to target the measure exclusively to the wine categories with major market imbalance, and to limit the compensation to be provided to a level below the relevant recent market prices.
- (8) In order to increase the effectiveness of Union financial resources that can be allocated to this crisis distillation, Portugal should be allowed to complement the Union financial support with national payments covering up to 200 % of the Union support provided for in this Regulation.
- (9) Portugal should communicate to the Commission detailed information about the implementation of this Regulation, to enable the Union to monitor the efficiency of the measure introduced hereby.
- (10) For budgetary reasons, the Union should finance the expenditure incurred by Portugal to implement the measure provided for in this Regulation only where such expenditure is made by a certain eligibility date. The support for this exceptional measure should therefore be paid by 30 April 2025.
- (11) As no payments are to be made after 30 April 2025, Article 5(2) of Commission Delegated Regulation (EU) 2022/127 ⁽³⁾, providing for a proportional reduction of the monthly payments effected after the deadline, is not to apply.
- (12) To protect the financial interests of the Union, the national competent authorities of the Member State applying the exceptional crisis distillation measure are to perform checks to verify the compliance with the conditions and requirements set out in this Regulation.
- (13) For imperative grounds of urgency, considering the ongoing market disturbance as well as the short time available to Portugal to start implementing the measure included in this Regulation before the forthcoming harvest in September 2024, it is necessary to take immediate action and remove the excess of supply from the market as soon as possible. Otherwise, the market situation would further deteriorate, and the current imbalance would be carried over into the new marketing year threatening to cause a prolonged crisis in Portugal that could also affect other Member States wine markets. Therefore, delaying action would risk to reduce its efficacy to stabilise the Portuguese wine market.

⁽³⁾ Commission Delegated Regulation (EU) 2022/127 of 7 December 2021 supplementing Regulation (EU) 2021/2116 of the European Parliament and of the Council with rules on paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro (OJ L 20, 31.1.2022, p. 95, ELI: http://data.europa.eu/eli/reg_del/2022/127/oj).

- (14) In view of the above-referred imperative grounds of urgency, this Regulation should be adopted pursuant to the urgency procedure laid down in Article 228 of Regulation (EU) No 1308/2013.
- (15) In view of the necessity to take immediate action, this Regulation should enter into force on the day of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

Article 1

Union financing and national payments

1. Union financial support of a total amount of EUR 15 000 000 shall be available to Portugal to support the temporary exceptional crisis distillation measure provided for in Article 2 subject to the conditions set out in this Regulation.
2. The financial support referred to in paragraph 1 shall be allocated on the basis of objective and non-discriminatory criteria and ensure that the resulting payments do not cause any market or competition distortion.
3. Expenditure borne by Portugal referred to in paragraph 1 in relation to the payments for the measure referred to in Article 2 shall only be eligible for Union financial support if those payments have been made by 30 April 2025.
4. Portugal may further finance the measure provided for in Article 2 with national payments up to 200 % of the Union financial support referred to in paragraph 1 of this Article.

Article 2

Temporary crisis distillation of wine

1. Support may be granted for the distillation of red wines produced in the continental territory of Portugal and protected by a designation of origin or a geographical indication in accordance with Part II, Title II, Chapter I, Section 2, of Regulation (EU) No 1308/2013.
2. The alcohol resulting from the supported distillation referred to in paragraph 1 shall be used exclusively for industrial purposes, including disinfection or pharmaceutical, or for energy purposes so as to avoid distortion of competition.
3. The beneficiaries of the support referred to in paragraph 1 shall be wine enterprises producing or marketing the grapevine products referred to in Part II of Annex VII to Regulation (EU) No 1308/2013, wine producer organisations, wine cooperatives, associations of two or more producers, interbranch organisations or distillers of grapevine products.
4. Only the costs of the supply of wine to distillers and of the distillation of this wine shall be eligible for support. Value added tax shall not be eligible for support. The wine to be distilled under this measure shall be conform to the requirements to be marketed within the Union and to the relevant product specifications of their protected designation of origin or protected geographical indication.
5. Portugal may establish priority criteria for the beneficiaries of this measure. Such priority criteria shall be objective and not discriminatory.
6. Portugal may provide for up to 80 % of the support for a given operation of crisis distillation, covered by an accepted support application under this Article, to be advanced to beneficiaries, provided that the beneficiary has lodged a bank guarantee or an equivalent security, at least equal to the amount of that advance, in favour of the Member State. For such operation to be eligible, the final payment of support shall be done before the date referred to in Article 1(3).

7. Portugal shall lay down rules on the application procedure for the support referred to in paragraph 1 and on the control of the measure, which shall include rules on:

- (a) the natural or legal persons that may submit applications;
- (b) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for the examination of the suitability of each proposed action and for the notification of the results of the selection procedure to the operators;
- (c) the verification of compliance with the provisions on eligible products and costs referred to in paragraph 4 and priority criteria where priority criteria are applied;
- (d) the selection of the applications, which shall at least include the weighting attributed to each priority criterion where priority criteria are applied;
- (e) arrangements for the payment of advances and the provision of securities;
- (f) the monitoring and control of the operations of distillation, the eligibility of the wines distilled and the use of the produced alcohol.

8. Portugal shall fix the amount of support to beneficiaries based on objective and non-discriminatory criteria, at regional or national level. The amount of support cannot exceed 80 % of the lowest monthly average price recorded at production level during the marketing year 2023/2024 for the eligible wine categories, in a given region or in the continental territory of Portugal, as appropriate. Where recorded market prices are not available, they may be estimated by a competent authority of Portugal based on the best available data.

Article 3

Notifications and controls

1. By 31 August 2024, Portugal shall notify to the Commission the following:

- (a) the regions in which the measure referred to in Article 2 is to apply;
- (b) the amounts of compensation to be applied in accordance with Article 2(4) and (8), per region and type of eligible wine when appropriate, and their justification;
- (c) the respective volumes expected to be distilled;
- (d) the amount of national payments to be spent in accordance with Article 1(4).

2. By 30 June 2025, Portugal shall notify to the Commission the following:

- (a) the quantities of wine withdrawn from the market for each region and type of eligible wine;
- (b) the volumes of alcohol produced from the wine delivered and distilled in accordance with this Regulation;
- (c) the Union financial support referred to in Article 1(1);
- (d) the national payments referred to in Article 1(4), corresponding to the payments of wine withdrawn from the market.

3. The notifications to the Commission referred to in this Article shall be made in accordance with Commission Delegated Regulation (EU) 2017/1183 ⁽⁴⁾.

4. In relation to the exceptional crisis distillation provided for in this Regulation, the competent authorities of the Member States shall carry out all necessary checks to verify the eligibility of wines and respect of all applicable conditions and requirements.

5. On-the-spot checks after the implementation of the crisis distillation operations supported under this Regulation shall be systematic.

⁽⁴⁾ Commission Delegated Regulation (EU) 2017/1183 of 20 April 2017 on supplementing Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council with regard to the notifications to the Commission of information and documents (OJ L 171, 4.7.2017, p. 100, ELI: http://data.europa.eu/eli/reg_del/2017/1183/oj).

Article 4

Entry into force

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 19 July 2024.

For the Commission
The President
Ursula VON DER LEYEN