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Introduction

In 2008, the Council of the European Union (EU) adopted a regulation (479/2008) which claimed to radically reform its Common Market Organization (CMO) for wine and thereby the regulation of this industry in Europe[1]. To borrow Peter Hall's well known typology of 'social learning' (1993), this legislation did indeed appear to herald a 'third order change' because it incorporated not only a recalibration of policy instruments (1st order) and their partial replacement (2nd order), but also change in both the European wine industry's hierarchy of objectives, as well as the values around which they have been justified.

As box 1 describes (see below), a range of policy instruments that were once at the heart of the EU's intervention in the wine industry have either been abandoned or transformed. To give just two examples, large budgets for the distillation of surplus wine have been phased out and some of the money saved has been devoted instead to promoting European wines in third countries. But the reform ostensibly also sought to induce much deeper change by modifiying not only the hierarchy between two policy objectives -maintaining levels of production and making European wine easier to market- but also the causal theory that had linked these two goals hitherto. In a nutshell, instead of basing policy on the assumption that 'producing quality and authentic wine will lead to more sales', the 2008 reform was built on a very different contention that only wine that fits with the demand of the 'modern consumer' is economically sustainable and, therefore, merits EU support. Moreover, this shift in objectives and assumptions has been accompanied by value-laden discourse about the 'goodness' of producing for markets and the 'badness' of relying upon public intervention.

That was the theory, but what has occured in practice? What has happened during implementation to the 'blueprint' for deep policy and political change set out in the Council regulation? Has the paradigm shift experienced at the EU scale been mirrored at national and local scales? Based upon research in three national vineyards and political systems where implementation has been going on as we have conducted our empirical investigations (France, Spain and Romania[2]), this paper provides some initial and provisional answers to this classical question of public policy analysis (Pressman & Wildavsky, 1973). From this angle, heterogeous 'translations' (Smith, 1997) of EU legislation are to be expected as actors distant from the initial negotiating process grapple with adapting it to national and local rules, norms and practices. Indeed, our choice of vineyards which include both high and low priced wines (Bordeaux and the Rioja) or essentially the latter (La Mancha and Romania), means that our comparative analysis can control for whether the variation discovered is caused by structuralist or constructivist variables.

[1] For detail of the reform, its genesis and its negotiation see Roger, 2010 ; Smith, 2009 & 2010.

[2] In addition to a similar campaign conducted in Brussels, to date a series of in-depth interviews have been conducted with relevant public officials, interest group and firm representatives and 'experts' in France (20 interviews), Spain (4) and Romania (12). This research is part of a wider project on *le gouvernement européen des industries* (GEDI) financed by the French *Agence nationale de la recherche*. The other industries covered are cars, pharmaceuticals and aquaculture. Thanks to our GEDI colleagues and to Colin Hay for their comments upon an initial version of this paper.

However, the deeper ambition of this paper is also to bind the analytical purchase of such insights into an institutionalist perspective on political change which starts from the premise that it simply cannot be fully tackled without examining policy implementation (Friedberg, 1997).

Box 1: A comparison of the Commission's proposal and of the Regulation adopted by the Council and EP

The Initial Proposal[3]	*Regulation 479/2008*
Rules concerning production:	
- Banning enrichment through the addition of sugar	- **not obtained** but the maximum level of enrichment will be reduced
- Reintroducing a subidy for grubbing out 200.000[4] ha of vines over 5 years	- **obtained** but the objective is changed to 175.000 ha over three years
- introduction of a single payment for each farm	- **obtained**
- ending plantation rights as of 1st January 2014	- **obtained but delayed** until 2015-18
- transferring the authorisation of œnological practices to the Commission	- **obtained**
- authorisation of practices permitted by the OIV	- **obtained**
Rules concerning marketing:	
- ending distillation aids	- **obtained**: distillation will be phased out between 2008-9 and 2011-12
- ending export restitutions	- **obtained**
- introduction of a new categorisation of wine: with or without Geographical Indication (GI)	- **obtained**
- authorisation of wines without GIs to bear mention of grape varietals and year of harvest	- **obtained**
- establishment of a budget of 120 million euros (cofinanced 50% by the EU) to promote EU wines in third countries	- **not obtained**
Rules concerning production and marketing :	
- authorisation for member states to create 'national envelopes' with which to aid the adjustment of their growers and merchants	- **obtained** (consequently, for example, in 2011 France will receive 280 million euro from the EU as cofinancing)
- transfer of wine spending to rural development, eg. for assisting young farmers, training, marketing aids etc.	- **obtained**

[3] Com(2007)372, European Commission, 4th July, 2007.
[4] In an initial document, the Commission had even evoked the figure of 400.000 ha. *Vin. Organisation commune de marché*, 'document de travail', February 2006.

In the standard version of historical neo-institutionalism (eg. Pierson, 1996) moments of rapid change, invariably provoked by 'exogenous shocks', are often characterized as 'critical junctures' which are quickly followed by the phenomena of 'lock-in'. Once in place these institutions become self-reinforcing, due in particular to the cognitive markers they convey and reproduce. This version of institutionnalism was first amended by Thelen (2003) for whom change does not come from exogenous sources because 1) often deep shocks external to specific issue areas produce little institutional change; and 2) some such change is more the result of a succession of small adjustments. Instead, it is more common to witness 'the cumulative effect of continous change' and 'change under the surface of apparently stable institutional arrangements'. Consequently Thelen proposes a distinction between 'two modes of change': 1) institutional layering, which is 'the partial renegotiation of some elements of a set of institutions which leaves others unchanged and 2) 'institutional conversion': when change in the environment raises new problems that the actors confront by using existing institutions differently. 'Existing institutions are reoriented towards new objectives which lead to change in the role they play or the functions they take on'. In other words, conversion is usually the result of the incorporation of previously excluded actors or groups who modify the aims of existing institutions (for extensions of this approach see Streeck & Thelen, 2005; Hall & Thelen, 2009).

In our case study, the hypothesis of an external shock can also be refuted: competition from New World wines is not a 'natural' event that has imposed itself upon European wines in an inevitable or inexorable fashion; rather it has been socially and politically constructed as a 'problem'. But the hypothesis of 'institutional sedimentation' does not have analytical purchase either: instead of a 'partial negotiation' an overall reform took place. Finally, 'institutional conversion' has not occured because most of the instruments of the CMO have been replaced.

For these reasons, we deploy instead a 'constructivist institutionalism' (Hay, 2007) which places emphasis on how the same policy can be constructed and used in different ways, thereby contributing or not to its institutionalization. Consequently we have been particularly attentive to the way each of the instruments of the CMO reform have been problematized and politicized or technicized by different sets of actors in order that the changes involved can be interpreted in multiple ways. Couched in more theoretical language, compared to Thelen's approach to institutional change, we propose two additional steps:

- First we conceptualize rules as policy instruments (Le Galès & Lascoumes, 2007) which, ultimately, will institutionalize (or not) as the result of a relationship between their content and practices. Indeed, as François argues persuasively, 'There are not on the one hand rules with an independent existence that soar above practices, and on the other practices which are just their more or less imperfect and case by case translation. On the contrary rules can only be grasped by examining practices' (2011: 51). One thus needs to build into accounts of institutional change the diversity of actors within an industry and how their practices relate to rules (eg. co-operatives historically have had different practices to independent producers and different relationships to the wine CMO);

- Second, we consider that such policy instruments potentially embed themselves in economic and social practices because they are respresented as legitimate parts of at least one of the four 'institutionalized relationships' (finance, employment, production, commercial) around and through which an industry is governed (Jullien & Smith, 2008). Whether new policy instruments become institutions is therefore dependent upon the 'political work' of legitimation which, we hypothesize, must accompany the application of any instrument if it is to stablize and have governing effects over time.

Put succinctly, our central question is therefore not only about the effects of institutions upon actor behaviour, but also upon potential shifts in their respective legitimacy and power. This line of questioning will now be tackled in three parts. First, we examine the impact of change to the most deeply interventionist dimension of previous CMOs which since 1970 had involved large budgets in attempts to alter the supply of grapes and wine. Second, we look at how the reform has sought to bring about the reprogramming of markets through its modification of rules on the definition of wine and its categories. Finally, the paper analyses the take-up of micro-economic measures that aim to improve the competitiveness of individual European wine producers and merchants.

Overall, this twin focus upon implementation right down to the level of the firm and institutionalization reveals not only considerable diversity in the way the reform has been framed and implemented, as well as its difficult legitimation. It also highlights the importance of building in questions of scale into research on social learning in general, and paradigm shifts in particular.

1. The End of Interventionism?

Deep intervention in the economy, and in certain industries in particular, was a well-known feature of most European polities from at least the end of the 19th century until the 1980s and 90s. This was particularly the case in the southern wine producing states –France, Italy and Spain- which have dominated Europe's wine production and its political regulation. Indeed, to a large extent the EU's wine CMOs largely transposed to the EU scale a French policy paradigm that had existed since at least the 1930s (Smith, de Maillard, Costa, 2007; Colman, 2008). These instruments aimed principally at controlling wine prices through limiting the supply of grapes produced (1.1) and/or the supply of wine released onto the market (1.2). The architects of the latest EU reform sought instead to abandon these instruments and thereby 'liberalize' the European wine industry. If part of this ideological project does indeed appear to have had considerable impact upon productive and commercial practices, a struggle to resist it continues which saps the legitimacy of the reform as a whole.

1.1 The deregulation of vine growing

From the point of view of grape production, the EU's reform set out to reduce the number of vines in vineyards that have low profitability, but also to abandon controls on new plantings so as to encourage expansion in areas which 'the market' favours. Both these attempts at deep policy change met with considerable resistance during the negotiation phase, many protagonists accusing the Commission of 'Malthusianism' and wanting to 'delocalize' wine production to a small number of dynamic vineyards. However, during implementation only the abandoning of planting rights has continued to spark controversy and new forms of political work.

1.1.1 The grubbing out of vines

The Commission's initial proposal was to subsidize the grubbing out of no less than 400.000 hectares of vines ostensibly in order to 'cleanse' the market of low quality wines that were seen as dragging prices down. A less clearly stated objective was also, and perhaps above all, to reduce the number of growers in Europe by eliminating the smallest and thus better concentrate supply, and thereby be more commercially 'efficient'. After considerable mobilisation by producer groups and national administrations, this figure was more than halved in the final version of the regulation. Ironically, however, during the course of the its first two years, the take-up of this policy instrument has been high in most major national vineyards, and particularly so in Spain:

	Area grubbed out in 2008-9 & 9-10 with EU subisidy (ha)	*% of 2008 vineyard*
Spain	73,911	7,3
France	16,674	2

Source: France Agricole (18.11.10 & 27.12.10) and OeMv (2009)

Although incomplete, the third and final year during which this policy instrument applies confirms the high take-up of this measure. For example, in France 1,953 applications have been accepted involving 6264 ha and 36,9 million euros of subsidy[5]. But beyond these figures it is even more important to discover intra-national differences, the way these have been managed and, above all, how grubbing out as a politico-economic practice has come to be represented by all the actors concerned.

In *Spain*, demand for grubbing out aid has been extremely high (more than 98,000 ha the first year, 60,000 the second), and in year one 8,881 ha were even grubbed out without EU subsidy. In the end, 97,825 ha have been grubbed out in this country over 3 campaigns[6]. At one level, the take up of this practice therefore seems to vindicate the Commission's initial proposal on grubbing out that would have reduced the total Spanish vineyard by no less that 19%! However, our interviews with representatives of growers and co-operatives highlight that all this activity may not have a significant impact upon production levels and markets. First, they consider that much of the land taken out of production had been the least productive and that therefore a large drop in overall supply is unlikely. Second, and more fundamentally still, they consider that too much of the aid has been given as a social payment to growers leaving the industry altogether, rather than to those who seek instead to restructure their vineyards and thereby contribute to the industry's future:

> 'We in the COAG have positioned ourselves against this measure because this is about a large sum of money, thousands of euros, which is going to people who are leaving the sector. But, you understand, I'm 33 and I want to try to continue to live from this sector. In other words, my objective and that of this organization, was not to obtain money for people who leave the sector, but for those who stay!'[7].

Indeed, this point is doubtless made with particular force by this actor because he comes from Castilla la Mancha, the region that has accounted for no less than 70% of the vines grubbed out in Spain in 2008-10. The fear here is that in a region whose agriculture is currently able to produce little else other than wine, where much effort has gone into improving its quality over the last few years, and where ageing farmers and problems of succession abound, the grubbing out measure will leave it with low production. This is also seen as a specific problem for co-operatives who, in some areas within the region now risk not having enough raw material to survive. Of course, grubbing out has had far fewer and sometimes no takers in other regions like the Rioja where vines are still much sought after. Consequently the position of the Spanish government over grubbing out is paradoxical: in general it is seen as a loss of the country's productive potential but at the same time this measure is viewed as helping resolve certain agricultural and even agrarian problems[8].

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5 In 2011 the corresponding budgets for grubbing out are 128m€ for Spain (46% of total budget), 82m€ for Italy (30%) whilst the budget reserved for France represents 13% of the EU's budget line for this instrument. *France Agricole*, 18.11.10.

6 Confederación de cooperativas agro-alimentarias, 'Resultados del regimen de arranqué de viñedo de la actual OCM vitivinícole'. Fuente: FEGA, elaboración propia.

7 Interview, president of the wine committee of the COAG (Conféderaçion des organisationes agricoles generales), Madrid, February 2011.

8 Interview, Spanish Ministry of Environnment, Rural and Marine affairs, Madrid, February 2011. Regionalization has also played a role during implementation. Under the previous CMO (règlement 1493/1999) grubbing out had been left as an option for

Similarly in *France*, the most immediately remarkable feature of the implementation of this policy instrument is its concentration in one sole region: the Languedoc Rousillon. In 2009 and 2010, no less than 11.505ha of its vines were grubbed out which eliminated 4.1% of its 2006 vineyard and constituted more than two-thirds of the total French allocation and 117m€ of subsidies[9]. Moreover, this trend looks likely to continue in 2011 because 1467 applications have been accepted in this region (out of 1953 for France), covering no less than 4600ha (out of 6264). Indeed, to put this in perspective the next region down, Pays de la Loire, only had 61 applications for 488ha of vines.

Given that Languedoc Roussillon is not a region covered by our current fieldwork, our direct knowledge of this region's take up of grubbing out is necessarily restricted to secondary sources[10] we interpret on the basis of previous studies (Roger, 2011). Instead, we have focused upon the limited usage of grubbing out in the Aquitaine region[11], and even within the Bordelais[12], and in particular upon how this policy instrument and its abandoning has been represented by our interviewees. One commonly held representation is that despite its low usage in Aquitaine, grubbing out remains a 'relevant' policy tool that many actors are reluctant to totally give up:

> 'Grubbing out, that's part of the measures that are much more relevant as regards a situation of structural disequilibrium into which we had got ourselves through lack of vigilance'[13].
>
> 'I think it's one of those tools that are useful in certain circumstances – when there is a level of overproduction that can upset the people who produce. These are tools one should not necessarily abandon. In a difficult year where production has been prolific you have to be able to manage supply and demand. And above all to manage the wines that are not worthy of the name 'Bordeaux'. You need to be able to have the right levers so that the client is satisfied'[14].

This said, most actors interviewed also consider that grubbing out vines is a blunt regulatory tool:

> 'I experienced the effects of grubbing out in the 1980s when it was anarchy. Today I think the same stuff is beginning to happen to wines without geographical indicators. Grubbing out resolves nothing because it does not lead to the construction of a (new) model, and we are stuck with the same speculative structures. I don't think you can build a market on the basis of speculation. Or else we try to make the cheapest low quality wines and we just hope there will still be enough poor people and idiots to buy it'[15].

More fundamentally still, one of our intervewees underlined the numerous exogenous social pressures that limit the impact of grubbing out, particularly in the Bordelais:

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member states. In Spain the central state had then left this up to the Autonomous Communities to apply or not, but none of them did. In contrast, during the previous CMO grubbing out had been compulsory and La Mancha did so a great deal.

9 *France Agricole*, 18.11.10.

10 For example, *France Agricole* reports that 70% of the applications accepted in this region for 2011 were made by growers over 55 years of age.

11 For example, the Marmande AOC has reduced its vinegrowing area from 2000 to 960 hectares.

12 Less than 1000 ha have been grubbed out in this region using the EU subsidy from the latest CMO reform. In contrast, after the 'crisis' of the mid 2000s, 1650ha were grubbed out in 2005.

13 Interview with representative of the Irouléguy wine cooperative in the Basque country, February 2011.

14 Interview with representative of a wine merchant company in Bordeaux, February 2011.

15 Interview with representative of the Plaimont wine cooperative in the Gers, October 2011.

> 'Decapitalizing in the world of agriculture, have you seen the time that takes? In Bordeaux you have a load of growers who survive, well sort of survive, but who continue to lose money each time they set foot in their vineyard. Why? Because their wife works elsewhere, or because they have other land they can sell, or other resources. Not to mention 'the happy few' who have succeeded in other sectors, buy a château and lose money constantly (…). If they lose money it's not a problem. Nevertheless, it still deregulates the market. But that's never talked about'[16].

In the areas of Aquitaine we have studied, and in particular the Bordelais, the main concerns over abandoning the tool of grubbing out are now chiefly about its likely indirect effects on their respective markets. Indeed, as in Spain, there is a deep seated individual and collective worry that without this policy instrument in the future volumes of production in Europe will not be sufficiently controlled. In short, even when this measure has not been applied heavily in their own wine areas, for such actors the fact that the EU has given up a means of contolling the volume of supply is experienced as an additional source of economic uncertainty.

In *Romania* it is widely acknowledged by the principal actors in the wine industry that their national vineyard suffers greatly from the continued importance of hybrid varietals (92,000 ha of vines producing 2.23 million hl of wine per year) compared to 'noble' ones (84, 200 ha for 3.14 million hl). These actors sought but failed to have some of the cost of replacing the hybrids paid by the EU within the framework of the accession agreement and/or the reform of the wine CMO. Given that the Rumanian government has thus far refused to subsidize grubbing out itself, this policy is therefore virtually at a standstill with only 1000 ha of vine being dealt with each year. The reaction of the actors who dominate this industry is one of frustration that what they see as a structural, or even societal, problem is not currently being dealt with and, consequently, is continuing to have negative knock on effects:

> 'The big issue is one of agrarian structure. At the time of decollectivization a lot of people received a small amount of land they do not know what to do with. The solution would be to regroup this land in the form of co-operatives. But in the generation that experienced communism there is incredible resistance to any form of collective production. Fortunately these are old people who will soon be replaced by winemakers who are better able to understand the usefulness of associations and co-operative structures'[17].
>
> 'Making your own wine is a Rumanian tradition. It's a way of life (…). Small landowners (…) make wine that they sell outside commercial circuits without paying any tax at all. It's unfair competition (…). It's going to be a long time before this changes'[18].
>
> 'The small producers cannot enter the market. They could never survive in a big marketing chain (…). Economically there is no room for all these small producers'[19].

In the Romanian case grubbing out has not been about improving the quality of wine produced in the EU, but of reconfiguring the industry by concentrating supply in the hands of a small number of operators. The grubbing out that was imposed upon Romania for reasons of improved quality (erradicating hybrid varietals) has not been subsidized by the EU. Moreover, the actors involved all politicize grubbing out as being done in the name of concentrating supply, and this by recycling and repeating a discourse about efficiency they have imported from elsewhere.

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[16] Interview with representative for the Buzet wine cooperative in the Lot et Garonne, October, 2010.
[17] Interview, representative of the Viti-vinicole Interprofessional Organization (ONIV), August 2010.
[18] Interview, representative of the Patronat National de la Vigne et du Vin, PNVV, August 2010.
[19] Interview, representative of the Patronat National de la Vigne et du Vin, PNVV, March 2011.

Indeed, the Romanian case highlights once again that the instrument of grubbing out has given rise to differentiated politicizations because there is a considerable difference between a qualitative logic (pulling out vines to improve wine quality) and a quantitative one (ending production in order to concentrate supply).

1.1.2 The liberalization of planting rights

So evident in France over grubbing out vines, the notion of Europe's wine industry 'losing control' is even more present in the second part of the 2008 reform's anti-interventionist content that concerns planting rights. In France, growers have had to apply for the right to plant wines since the beginning of the 20th century. Following what was seen as a 'European crisis of overproduction' in the early 1970s, French actors subsequently ensured that this instrument was transposed to the scale of the then European Community with the unstated aim of limiting expansion of production in Italy. Since the early 1990s, however, a number of actors, and in particular officials from DG Agriculture's wine unit and representatives of large wine merchants, have sought to abandon this policy measure in the name of lowering 'the administrative burden' upon economic operators, 'liberalizing markets' and thus conforming with the rest of the reform of the Common Agricultural Policy. Although some supporters of this part of the CMO's reform remain, and are particularly present in *Romania*[20], adverse reaction in the areas studied has been considerable and today seems likely to at least further delay the termination of this policy instrument, if not lead to its reinstitutionalization.

Judged in purely quantitative terms, growers from *France* have consistently taken a lead in politicizing this issue and organizing resistance to what has been seen in this country as a Commission-wine merchant priority. This has taken its most visible form through the creation of a 'European Federation of Origin Wines' (EFOW), led by the French *Confédération nationale des appellations d'origine contrôlée* (CNAOC), a development paralleled first by the enrolement of the French government and subsequently by many others (Smith, 2011). To date the result of this European-scale political work has been considerable given that 9 national governments, together with 9 national parliaments, have given very public support to a change in EU policy on this point[21].

In order to guage the depth of this resistance, however, the views expressed by actors from regions with many AOC wines, such as the Aquitaine, is highly instructive. In all our interviews in this region every producer representative has unequivically stated they want plantation rights retained, whilst no merchant has spoken against them. Indeed, they all see AOCs as impossible to manage without an accompanying system of planting rights. Of course, some wine merchants located in Aquitaine do not necessarily share this unreserved support for plantation rights. Nevertheless, even large companies present throughout France tend to see their liberalization more as a risk than as an opportunity:

> 'We don't have a specfic position for or against. But what we do know is that over the past few years a lot of effort has been put into improving the quality of our wines (…). So everything that today may go against the quality of French wines is to be handled with great care (…). If one can just plant without any particular constraints, what is that going to

[20] Under its accession agreement no new plantings were to be authorized in Romania until August 2010. Since then, the principle of liberalization has simply been applied with little or no resistance. Indeed, this measure is usually warmly welcomed, helped by the fact that in this member state the EU even finances new plantings which replace old or 'inappropriate' noble varietals (see section 3.2).

[21] Vitisphere.com 24.5.11.

> produce tomorrow? There will no longer be a handle on this, one will no longer be able to control it (…). That's taking an enormous risk'[22].

More generally, within France plantation rights do not appear to have become a symbolic issue that creates or recreates divisions between wine merchants and growers. Rather there is currently a French consensus that these rights to plant give those who govern the industry some sort of hold upon both the volume and the quality of supply. This consensus may of course be misleading because it is not necessarily synonymous with unanimity. As the remainder of our research will possibly reveal, actors are often hostile to the abolition of plantation rights for very different reasons.

No such consensus exists in *Spain*, however, where wine merchants and large wine producing companies have been very much in favour of liberalizing plantations whereas representatives of smaller growers, co-operatives and governments of regions such as La Rioja have sought to resist this policy change. Represented by the increasingly powerful *Federaçion espanola del vino* (FEV), in 2007 the former convinced their national government to back this part of the wine CMO's reform with the following type of argument:

> 'We do need a system for managing planting, but not, as a consquence, limitations or a ban on them. Because one becomes lazy in AOC zones, in these clusters, and one no longer actually manages potential production'[23].

Notwithstanding this support from the FEV and the large wine merchants and wineries it represents, resistance on this issue from growers has been consistent and, over time, has managed to change the position of the Spanish government from having supported the Commission's initial proposal to now opposing it[24]. The position of the COAG on this point has always been unequivicol:

> 'We have asked out minister of agriculture to position heself, as Sarkozy and Merkel have, against the liberalization of planting. Because we do not understand that on one hand subsidies are given to grub out vines, while on the other planting has been liberalized'[25].

More precisely, one fear here is that entire areas of vines will be 'delocalized' to regions who's wines currently sell the best. In Spain at least, this threat of delocalization is often linked to actual events that took place in the recent past and which involve the Rioja wine region in particular. As is well known, the latter has experienced not only a rise in its notoriety over the last three decades, but also an expansion of its levels of planting and production. Indeed, since the late 1990s amongst Spanish regions the Rioja has benefited the most from new planting rights. Consequently some actors from elsewhere in Spain fear not only that it will experience a disproportionate amount of new vines in the future, but also that existing individual producers will lose a patrimonial resource for which they have had to pay relatively large sums of money:

> 'In the Rioja as much as 25.000 euros a hectare have been paid for plantation rights. It is obvious that this area now has a value that contains the cost of the right, plus the value of the land, plus the value of the right as applied to the land. But now on the field next door that has yet to be planted, a grower can arrive and say 'I'm planting here because nobody can stop me or make me pay for it any more''[26].

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22 Interview with representative of large French wine merchant, Bordeaux, September 2010.
23 Interview with representative of the FEV, Madrid, February 2011.
24 Vitisphere.com 24.5.11.
25 Interview with president of the COAG's wine committee, Madrid, February 2011.
26 Interview with representative of the CCAE, February 2011.

The debate over planting rights is set to be further politicized over the coming months if not years. First, it is a policy instrument that many actors want to retain or abolish because of its own properties. Second, many actors consider that its retention would have wider ramifications for the new EU policy paradigm. This is clearly the case, for example, for the *Confédération des entreprises européennes vinicoles* who, in their counterattack against the EOW coalition, recently underlined that: 'The coherent and balanced deployment of the Wine CMO reform, in accordance with the stages which have been accepted, must be respected in its entirety. It is essential to preserve this new framework and its philosophy, constructed on the basis of the demand from consumers and markets rather than production and supply'[27].

1.2 Abandoning subsidized distillation: deregulating supply?

In the 2008 reform, ending interventionism has meant not only an end to controls over the size of production areas, but also abandoning a policy instrument designed to control the amount of wine entering the market: subsidized distillation. Together with aid for stocking wine, this policy tool has generated controversy for decades because of its cost, but also because it indirectly subsidized the production of brandy and other alcoholic drinks. The abandoning of 'distillation' has not surprisingly raised most criticisms in areas where table wine has long been a predominant part of production. Nevertheless, even elsewhere this measure is also often seen once more as the EU giving up a means of maintaining some form of control over volumes of wine on the market, and therefore over wine prices.

Of course it is in *Spain* that the abandoning of distillation has had the greatest impact upon production and where debates have been the most intense. Largely because much of the Spanish vineyard, and in particular Castilla la Mancha, had been devoted to a type of white wine that has become very difficult to sell[28], by the mid-2000s as much as a quarter of total national production was being distilled each year to make alcohol, and this while collecting a subsidy for taking it off the wine market along the way. Not surprisingly, then, the two transition years authorized by the CMO's reform have continued to see large take-up for subsidized distillation (the equivalent of 7.6 million hl a year).

In terms of political work around this issue area, the COAG have sought vainly to defend distillation subsidies as a means of protecting the 'diversity' of Spanish wines:

> 'If we don't subsidize the elimination of 4 million hl per year that is currently distilled, imagine what 4 million hl will do to the wine market! And all this with internal consumption continuing to decline'[29].

For its part, the co-operative movement has sought to take a more balanced view, seeing both the benefits of distillation aid for the wine market but also that it has tended to discourage producers from making efforts to improve both the quality of their products and their marketing. Indeed, given the improvement in wine quality they consider has taken place over the last 20 years, this accent on marketing was underlined to us on interview in the following terms:

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27 Lamberto V. Gancia, CEEV President. CEEV press release, 10th May 2011.

28 As recently as 1995, two thirds of Spanish wine was white and one third red, and this despite consumption patterns being almost exactly the opposite. Since then the amount of red has increased and that of white has decreased, but the continuing existence of distillation subsidies have often been blamed for slowing the latter trend.

29 Interview COAG, Madrid, February 2011.

‘We can say that today there is very little bad wine. There is wine that sells badly. But bad wine, there’s very little of it, not here and not in France’[30].

However, this type of representation contrasts strongly with the point of view of the FEV who are intensely critical of the previous CMO on this point:

‘In a nutshell, one used to say ‘we need that much, so how much wine do we need to eliminate as alcohol in order to get that figure ?’ Classical management. ‘How do we manage this so that people turn wine into alcohol. Then you had to get that alcohol into a market – so a second subsidy was needed…’[31].

Great uncertainty currently surrounds what has been happening in 2010-11 now that the subsidies have ended. The OeMv has predicted that a new confrontation between growers demanding ‘crisis distillation’ payments and the government was inevitable (2009: 22). In addition, the detailed criteria used during this final year of the phasing out of distillation have caused considerable controversy. In particular, a shift to single farm payments disconnected from amounts of wine distilled has also liberalized the alcohol market meaning that distilleries now only buy wine when they need it. As an interviewee from the cooperative movement emphasized: ‘It’s been a very tough period[32].

In *France* meanwhile the termination of distillation is the part of the CMO’s reform that is often framed as ‘inevitable’. To quote one interviewee:

‘In terms of principles it’s very difficult to run against the course of History. (…) distillation was a measure brought about by recognition of a failure (…). When one had to go so far as to distill wine, that means that something had fallen off the rails in terms of regulation, or that people had simply not done their job at one moment or another’[33].

One consequence of this framing of ‘the inevitable’ is that at least two sets of producers we have studied have developed a practice of non-subsidized self-regulation of volumes. The first encountered is at the scale of a single co-operative where for the last four years the level of production has been deliberately blocked (at 90,000 hl):

‘Before, and regardless of the (market) situation, we never blocked anything. So our maximum potential was 120,000 hl, but we’ve never managed to sell that amount in all our history (…) Our rule breaks with the golden rule of co-operatives which is to take everything our members produce (…) With this sort of measure you put your job on the line. But the guy who is worried, or who is looking for a civil servant’s job, he shouldn’t be managing this sort of company’[34].

More recently still, we encountered a second example of reacting to the end of subsidized distillation, this time at the scale of the Bordelais. Within the context of a concerted effort by the *Conseil interprofessionnel des vins de Bordeaux* (CIVB) to plan for the future, the document produced contains a section on a project to to control the volumes of non-bottled Bordeaux entering the market through setting up non-public stockage rules and mechanisms[35].

30 Interview CCAE, Madrid, February 2011.
31 Interview, Madrid, February 2011.
32 Interview, CCAE, Madrid, February 2011.
33 Interview with representative of the Irouléguy wine cooperative, February 2011.
34 Interview with representative of a cooperative in South-West France, October 2010.
35 CIVB, *Bordeaux Demain. La reconquête*, July 2010.

Finally, as in Spain, at the Bordelais scale, there are also moves to improve knowledge of markets through the creation of an 'economic observatory' who's vocation would be to enable merchants and produces 'to project their activities better, not just rely on analysis of the past'[36].

In summary, the CMO reform has not brought traditional interventionism completely to an end in this industry. However, it has certainly reduced its magnitude and impact considerably. Importantly, the measures that have now been phased out, as well as the issue of plantation rights, have given rise to many different interpretations across the regions under study. Indeed, in many respects, it is this diversity that has lain at the heart of the political work which has enabled the reform to produce its varying effects.

2. A Reprogramming of Markets?

A second part of the 2008 reform concerns attempts by public and collective actors to assist European wine producers and merchants by restructuring the range of wines they produce and 'simplifying' their presentation to the public. Driven by a perceived need to confront their 'challengers' (Fligstein, 2001) from the New World more directly, this objective has given rise to change in two policy instruments: the definition of wine (through a list of authorized practices) and the official categories that are used both to segment markets and organize production. In the case of the former, a drive to remove restrictions on producers and merchants was legitimized by evoking a 'level playing field' for Europeans competing in 'globalized markets' (2.1). Much less inspired by pure 'liberal' neo-classical economics, the change in categorization nevertheless also sought to recalibrate the supply of EU wine using policy tools that are regulatory and virtually budget-free (2.2). In the mid-2000s, initial reaction from producers to the Commission's proposals on these issue was often hostile to the former whilst broadly welcoming the latter. However, translating them both into practice has thus far been a much smoother process for the new oenological rules than it has for the adoption of new wine categories.

2.1 The liberalization of oenological practices

Indeed, although change in the EU's definition of wine and who controls it has sparked isolated politicized controversies[37], in each of the vineyards we have studied it has been widely accepted and even warmly welcomed. In short, the new EU legislation on this point has been fully institutionalized within the practice of individual operators, interest groups and public authorities. This thus appears to confirm that most European producers and merchants now fully accept that they 'need' to align their practices, at least in this respect, with those of new world producers. Nevertheless, our hypothesis here is that this acceptance of the legitimacy of the new oenological rules is not simply the result of its supposed facilitation of production and lowering of costs. Rather this legitimacy is the result of a long term struggle amongst experts in the European wine field to normalize the liberalization of rules as part of a quest to meet the needs of 'the modern consumer' who's construction as a category of thought and action we have analyzed in detail elsewhere (Roger, 2010).

This liberalization is virtually fully accepted in *Romania* and *Spain*. In the former, the loss of national control in this matter has not provoked any controversy, and this largely because its leading experts were already heavily involved in the OIV and therefore consider the latter as

[36] Interview with representative of Bordeaux's wine merchants, June 2011. See also *Bordeaux Demain, op. cit.*, 2010.
[37] Notably over the definition of rosé wine in 2008 in the south of France. For analysis of this episode see the annual report of la FEV (2009: 37-39).

perfectly legitimate. Where there is conflict is over the continued existance in this country of large quantities of 'surrogate' wine (BFL) which are produced without grapes at all, replace wine for many consumers and go untaxed.

In *Spain*, the FEV sees this change positively because it is 'simpler' and more 'flexible', thus opening up opportunities for using new oenological practices that until now had been outlawed in the EU. It considers also that deciding on such issues within the OIV is a sufficient guarantee that 'the fundamental characteristics of wine' will nevertheless be preserved (FEV, 2009: 38). Elsewhere there has been slight concern that the Commission now has more influence, and even power, in this area. This position, shared by the CCAE and the Spanish state, pushed the latter to argue during the 2007-8 negotiation that the Council should retain authority on oenological practices[38]. The FEV however had no such fears, considering instead that it was a good thing that the EU's position here 'no longer depended upon a laborious modification of rules made within the Council' (FEV, 2009: 38).

Even in *France*, the change in rules over oenological practices has been largely accepted and almost always welcomed (except by the *Confédération paysanne*). This is most obvious in the discourse of wine-merchants and their representatives:

> 'This was something we had wanted for a long time. The typical example is the use of oak chips – until a couple of years ago we could not use them in the EU whilst our competitiors could and that made their production for the tastes wanted by the market easier. We had really tied our hands behind our backs'[39].

> 'In our company, we are very much open to different technical possibilities. So we were pretty much in agreement with the point of view of our profession on this point'[40].

For their part, producers of AOC wines say that this rule change is not affecting them much but that it may well be elsewhere:

> 'It has not revolutionized our way of working, nor the economics of the types of wine within which we work. It could be important for wines without geographical indicators, however'[41].

Nevertheless, some actors are still concerned by the perceived risk of standardization they feel could result from these rules:

> 'These changes have been necessary. They've taken place and that's a good thing. But this does not mean that we should just copy what the big Australian or Californian brands are doing'[42].

Lines of tension still therefore divide actors within the wine industry about this liberalization of oenological practices. However, for the moment at least, it is no longer the deeply politicized issue it once was. Indeed, this measure appears to fit relatively harmoniously with the practices of European producers and merchants. It thus appears that this part of the CMO reform is well on its way to becoming institutionalized.

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38 Interview, Spanish Ministry of Environment, Rural and Marine affairs, Madrid, February 2011.
39 Interview, wine-merchant interest group, Bordeaux, April 2010.
40 Interview, manager of large wine-merchant, Bordeaux, September 2010.
41 Interview, director of a co-operative in the Aquitaine, February 2011.
42 Interview, director of a wine-merchant company, Bordeaux, February 2011.

2.2 Recategorizing European wine around 'geographical indications'

In contrast to this relative serenity about oenological practices, the change to the categories of European wine introduced by the EU reform has generated a great deal more private, collective and public uncertainty and debate. Whereas prior to this reform three broad types of wine were marketed ('table wine', AOCs and *'vins de pays'*[43]), now wines are classified as being either with or without 'geographical indications' (GIs) which directly limit the provenance of its grapes and, indirectly, set many production and processing rules in the form of territory-linked specifications. This change was made ostensibly to 'simplify supply' by on the one hand recasting table wines (thus making them hopefully easier to market), whilst on the other encouraging producers of AOCs and vins de pays to become more demanding about their respective quality. However, other than in *Romania* where this part of the CMO reform has been adopted wholesale and without debate, for the moment at least a great deal of doubt remains about both the commercial utility and the political coherence of this policy change.

The renaming of 'table wines'

Over the course of the last couple of decades, the term 'table wine' has become a stigma in most of Europe and elsewhere. Potentially produced from grapes that could come from anywhere in the EU and without constraining rules about yield levels in particular, by the mid-2000s many experts, merchants and even producers considered that table wines had become virtually unmarketable. The solution concocted by Commission officials was to invent a new administrative category ('wines without GIs'), then to encourage their marketing by grape varietal, year, and in particular by using new umbrella collective brands which could even encompass grapes from anywhere in a member state.

In this instance, national actors from *Spain* had already attempted significant change before the CMO reform when in 2006 they introduced the category 'Viñedos de España'. Created by the Ministry of Agriculture at the request of the FEV, this move provoked intense resistance from certain Autonomous Communities and in particular the Rioja and Castilla y León. Indeed the latter, or more precisely its GI 'Ribera del Duero', took the national government to court over this category. After lengthy legal tractations, the Spanish national court of justice *Audiencia nacional* struck down the decree that had created it. After modification, it was reintroduced but has continued to cause controversy, this time at the European scale[44], because the Commission refuses to accept that there is a proven link between the quality of the wine produced and its place of origin[45]. Just as importantly, in the interim an alliance of actors from Spanish regions, including Castilla y Mancha (who many thought might have seen in this category a solution for its table wines), put pressure on their national government to abandon the category 'Viñedos de España' once and for all, a goal they finally achieved in February 2011. As an interviewee from the government of the Rioja put it on interview, this category was stigmatized as 'a fraud':

> 'Ultimately Viñedos de España would use a GI for getting rid of no matter what table wine that comes from just anywhere in the country, and this without any form of control'[46].

[43] ie. the national equivalents of the latter two.
[44] 'Bruselas ignora los planes del Gobierno español de resucitar 'Viñedos de España'', *Lo mejor del vino de Rioja*, 24th July 2009.
[45] 'Bruselas insta a modificar 'Viñedos de España'. La resolución llega tras un recurso presentado por el Gobierno de la Rioja', *Navactiva.com*, 12th May 2010.
[46] Logrono, July 2011.

Similarly, ccording to interviewees from the COAG, opposition to this category was principally fuelled by fears about the effect it would have not only on the wine sold with this label on the bottle, but more generally upon the image of all Spanish wines:

> 'Who controls the quality of a wine that wears the label 'vin de France' ? If I buy a bottle of *Vins de France* and its undrinkable I won't buy French wine anymore. (…) It's a category that the wine merchants (*la industria*) looked favorably upon because the British consumer, who does not know Bordeaux or another such wine area, looks for the country, sees *Vins de France* and says to themselves, 'Ok, I'll buy that'. But then 'ah, disgusting, never again'. It's a risk'[47].

More generally, as representatives of the Spanish ministry of agriculture underlined, if the name 'Viñedos de España' might have been justified before the reform, the new rules for wines without GIs no longer justifies it anyway. In short, the abolition of this name or label has been the result of the combined opposition –for different reasons- of all the Autonomous Communities and the European Commission.

In *France* one would need to study the situation in Languedoc Roussillon in order to fully grasp the impact of this part of the CMO reform. Wedded to AOCs or *vins de pays*, most actors in the Aquitaine consider that it does not directly concern them. Nevertheless large wine merchants present in several French vineyards certainly do. Here the development over time of one large wine merchant's approach to the collective brand 'Vins de France' is revealing :

> 'Two years ago we would have said 'this is nonsense', because it would disrupt everything and create confusion because it is just administrative. So it was *communautaire*, reglementary but it would not help much at all. However, once we had reflected on this, we said it might be useful on export markets, to help us fight New World wines with the same weapons. So we said 'let's try to build something here".

This company thus invested in the new national administrative structure set up to manage this type of wine and reorganized its portfolio and marketing teams accordingly. However :

> 'Today there is no longer enough wine. Yesterday I had my buyer from the Languedoc Roussillon on the phone who said 'when is Bordeaux going to make this wine because we don't have any left in our region'. So its still maybe a good idea but its partly being sunk'[48].

Over and above the fact that a slight rise in medium to low quality wine prices has contributed to this siutation, the shortfall in supply is also due to the fact that in the Bordelais producers are still refusing to 'declassify' their AOC wines and sell them without Bordeaux's famous GI. The interviewee cited above attributes this trend in part to 'a poor selling of this new hiearchization of wine categories' and to the fact that the project as a whole was designed in an administrative fashion. But more deeply still, as the following citation from another wine merchant reveals, the issue seems to be one of identity. For such actors, wines without GIs:

> 'belong to another conception of production. What would going in that direction imply ? It would mean producing in vineyards that are of a lesser quality. If there are vineyards that are of a lower quality, they must be taken out of the AOC area. Then, what is the interest

[47] Interview, Madrid, February 2011.
[48] Interview, manager of large wine merchant, Bordeaux, September 2010.

> of doing this ? (…). No, no, there is a beautiful AOC called Bordeaux, and we just need to continue working on our image and the quality of our wines'[49].

In summary, rigorous information has yet to be generated about the commercial and practical effects of the introduction of the 'wine without GIs' category. Nevertheless, as a rule it appears to have earnt itself a certain legitimacy amongst producers and merchants.

The relaunching of 'wines with geographical indications'

As the case of Bordeaux underlines, despite the political and commercial efforts made to distinguish and separate them, wines without or with GIs are still part of the same global market and are thus in an interdependent relationship. Much as actors strive to present and defend wines with GIs as meriting, sometimes by right, both consumer recognition and higher prices, this clearly cannot simply be decreed. Instead, within each AOC region, AOC or *vin de pays* zone, the classical strategy to achieve this goals considers that discipline needs to be instilled for production and processing, and this before engaging in collective marketing and promotion. In short, not only does time, energy and money need to be invested, but sanctions must be placed on those who, through failing to discipline themselves, are seen as discrediting and damaging the collective brand.

In *Spain* the dominant representation of this issue area is that they had already put their house in order first through their system of DOPs (introduced in the 1930s and extensively used in the Rioja in the 1980s and 1990s) and secondly through the category *vinos de la tierra* (as of 2003). Indeed, over the last eight years the latter has been used in Castilla La Mancha in particular so as to differentiate and add value to its wines.

By contrast in *Romania* this part of the CMO reform is frequently seen in a positive light. This is because it appears to have given more room for the equivalents of *Vins de pays* to develop, particularly for the country's internal market:

> 'AOCs involve extra controls, so higher costs that impact on prices. In our country price is the key factor for consumers, particularly since the latest crisis (…). Most companies now use the *Vin de pays* category rather than the AOC. It's less constraining and the difference is not recognized. A GI and a brand provides sufficient status. It's efficient, and with that AOCs lose their efficiency'[50].

In *France* national measures were introduced in 2007-8 in order to tighten the AOC certification system. But the EU scale measure nevertheless concerns Bordeaux in particular because, as one wine merchant put it on interview:

> 'Over the last 20 years production has increased. Produce, produce, produce. But with irregular qualities. Consequently products with the same name can be found with prices that can vary from up to 10 times (…) The consumer is lost. Then their are overlaps between AOCs as today some Bordeaux are better than some Médocs. It's crazy. The French consumer is lost, so you can imagine what it's like for foreigners…'[51].

Indeed, the fluctuating and irregular price of Bordeaux wines has many knock on effects, particularly for other wines from the Aquitaine :

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[49] Interview, director of wine merchant company, Bordeaux, February 2011.
[50] Interview, representative of the PNVV, March 2011.
[51] Interview, manager of wine merchant company, Bordeaux, September 2010.

> '…the possible consequences today of a completely erratic market like Bordeaux's, where nonsense goes on, where prices crash. And you have to understand that we built our strategy to be an alternative to Bordeaux (…) we were cheaper, and now we are more expensive'[52].

But despite this risk, producers still cling desperately to the AOC category. Asked if there is internal debate over this issue, one director of a co-operative replied that this was a question that was raised. However, he went on: 'it's a question of pride, we would be renouncing being a member of the most noble category of wines'[53].

In concluding on this point, the first word that comes to mind is 'uncertainty'. Has this policy change simplified the structuring and presentation of European wines? More fundamentally, has it resegmented markets ? For the moment, and notably because of the blind faith that continues to be invested in the AOCs as a category, one can be sceptical on both counts. Indeed, as with the issue of oenological practices, a paradox seems to mark this subject area: the CMO's reform aimed at resegmenting European wine but it has only had effects when it has provoked localized forms of politicization and conflict leading to institutionalized change.

3. Micro-economic support: a new form of industrial policy ?

If, as we have just seen, the 2008 reform places a great deal of emphasis on regulatory policy tools as a means of reprogramming markets, nevertheless this has not meant that the EU has abandoned all budgetary support to the wine industry. Instead, right from the Commission's initial proposal, an objective of the reform has been to transfer much of the sums of money previously spent on grubbing out vines and distillation towards micro-economic measures aimed at improving 'the competitivity' of individual firms and 'regional' vineyards. Indeed, during the Council negotiation this aim was strengthened through the invention of the notion of 'national envelopes' within which member state governments would be authorized to give differing levels of support to 'their' growers and merchants through two types of subsidy: for the promotion of EU wines in third countries (3.1) and for investments that improved a firm's production or processing capacity (3.2). Although far from original in the European wine industry where both types of aid have existed for decades, these measures were nonetheless presented as being a new start for EU intervention in the wine industry. In practice actors interviewed differ widely over whether this has actually transpired.

3.1 Subsidies for promotion

Based on the postulate that Europe's growers and merchants needed assistance to open up or further penetrate third country markets, the 2008 reform placed considerable emphasis on providing subsidies for marketing campaigns. In concrete terms, the EU now finances 50% of the cost of such projects, the other 50% being provided by the project holder (either individual companies or a regional interprofessional body). Of course, because not all such projects can be financed, selection procedures and criteria have been put in place which tend either to change existing collective marketing practices or to reproduce previous ones. Indeed, it is precisely over these rules and their interpretation that differences in national and local practice can be observed and the cleavages that underlie them revealed.

[52] Interview, director of Buzet's co-operative, October 2010.
[53] Interview, director of Irouléguy's co-operative, February 2011.

In *Romania* only 1% of the national envelope has been used for promotion, and this essentially because only five large firms export wine from this country. Some members of their interest group, the PNVV, see a focus on exports as vital for the nation's vineyard, but others remain sceptical about their chances on the world market, a view that is shared by representatives of smaller producers. Indeed, this cleavage matches another as regards which varietals should be planted henceforth: 'native' and 'authentic' Rumanian ones, or international ones.

By contrast in *France* there is clearly an industry-wide consensus that this money is useful because European producers simply have to do better at exporting their wines:

> 'This measure at least enables us to widen our horizons (…). Promotion in third countries requires considerable investment for which this aid has been like a blast of oxygen'[54].

> 'In a changing world you need to be able to improve your quality and make this known. It's simply not enought to produce something, you have to make it known. It's important to communicate and to make people dream. To educate as well. So we will try to benefit from this measure'[55].

However, others evoke the difficulty of transforming such public aid into useful concrete measures which actually support commercial strategies:

> 'It's not easy for us as a company to manage. For an interprofession it's easier because they are much more into institutional communication, so drawing up a budget for it is not a problem. Me, I don't know. It depends on my clients. I'm not going to advertise in Moscow if I don't sell a bottle in Moscow anymore because the client has dropped us'[56].

Other actors also see mesures for promotion as potentially useful but nevertheless deeply insufficient as regards the needs for the industry that they perceive:

> 'What is certain is that our industry needs regulating (…) we need regulatory bodies who ensure that transitions are made smoothly, in the name of restructuring. But today such organs don't exist. It's true that subsidies to companies are part of the response. But that's not enough. It does not make up for not having the regulatory tools which can orientate the industry at a regional scale, which for me would be the most appropriate'[57].

More generally, many French actors are concerned that funds earmarked for promotion are insufficiently concentrated within projects of sufficient size to actually have an impact in third country markets. They fear instead that the French national administration has instead 'scattered' the budget so as to at least give something to a large number of projects.

In *Spain*, a country where internal consumption of wine is shrinking and an emphasis on exports has been placed for many years, aids for promotion in third countries have also been seen in a very positive light. This is particularly the case for the FEV who were very active in pushing for it at the scale of the EU:

54 Interview, manager of a large wine merchant, Bordeaux, September 2010.
55 Interview, director of a wine merchant, Bordeaux, February 2011.
56 Interview, director of a co-operative in Aquitaine, October 2010.
57 Interview, director of Irouléguy's co-operative, February 2011.

> 'I was very committed to this idea to have strong promotion of our wines in countries where there is no or little consumption, in order to rebalance consumption with production (…). Its a proactive trade policy (…) to conduct generic information campaigns for the consumer'[58].

The FEV consider that this part of the reform went halfway towards this objective and acknowledge that it has helped their members penetrate markets like India. The Spanish national administration also sees this measure positively, no doubt partly because they, rather than the Autonomous Communities, do actually manage some of it. They like other actors would have liked the measure to apply to internal EU markets too and to be able to conduct longer term campaigns, for instance in the US. Other actors, however, are more critical of how this measure is being implemented in Spain where, in contrast to France, sets of applications from companies have been grouped together at the scale of each Autonomous Community. The CCAE, for example, consider that this procedure tends to accentuate differences between different regions. According to this organisation, Catalonia, the Rioja and Galicia take most profit from the promotion budget because obtaining this subsidy results more from a region's entrepreneurial capacity to conduct promotion campaigns than fundamental political decisions about who needs and deserves this money the most[59]. Similarly the COAG criticise the matching funding requirements because, in their view, this is difficult for many co-operatives and smaller companies to work with.

Once again, the usage of this policy instrument have been variable throughout the EU and within the regions under study, thus revealing deeper attitudes as regards the CMO reform as a whole, and in particular its underlying logic.

3.2 Subsidies for firm-scale investment

Partly because the European wine industry has been built upon, and remains quantitatively dominated by, SMEs producer states and then the EU have subsidized their 'modernisation' for decades. The 2008 reform gave renewed impetus to this institutionalized policy instrument by labelling them 'investment aids' and allocating a sizeable European budget that could be topped up by national and regional funding. As with promotion subsidies, it is far too early to seriously evaluate the economic impact of this measure. Indeed, given the methodological challenges this would entail, such evaluations are not likely ever to be completed on a large scale. Much can be learned, however, by analyzing and comparing the representations of this policy instrument and its politics that have already emerged in our case studies.

In *France* the take-up of this measure has been rapid throughout the territories concerned leading not only to over-subscription and criticisms of bureaucrac[60], but also to a politicized controversy over what type and size of company should be financed. For example, the most recent and public statement on this point was made in May 2011 by Denis Verdier, Président of the *Confédération des coopératives viticoles de France* (CCVF):

> 'The aids from the (French) national envelope of the CMO have been distributed in an anarchical fashion. And investment aid has been scattered widely with the sole aim of consuming the envelope as soon as possible. Funds planned for five years were consumed

[58] Interview, February 2011.
[59] Interview, Madrid, February 2011 and their internet sit.
[60] 'Over implementation, in France we have reached the state of the art in creating problems (…) a real pile of knots (*usine à gaz*) was set up to spend this money and companies have felt lost in this process'. Interview, director of wine merchant interest group, Bordeaux, February 2010.

in just one. It's a catastrophy'[61].

For Verdier and the co-operative movement, investment aid should instead be targeted at companies with export-driven strategies. Others actors are also disappointed that this money has been distributed too widely and not concentrated enough on actions that will have a structural effect. The representative of a co-operative in Aquitaine put it this way:

> 'That's Europe : it helps SMEs. It helps the bloody mess (*le bordel*). We've already got 12,000 châteux – all the SMEs in Bordeaux. So you give them even more means to go to the wall. Instead of structuring them'[62].

In *Spain* this controversy over the distribution of investment aids has been even more virulent. In particular it has provoked a sharp cleavage between the COAG and the co-operative movement which has contributed to a freezing of the policy instrument in this member state. Arguing that the modernisation of co-operatives should be funded by the EU and national policies for rural development, the COAG consider that priority for investment aid should be given instead to individual growers. The argument here is first one of grower 'needs':

> 'In order to stay on the land many growers simply must mechanize their vineyards. (…) many still have gobelet-trained (*en vaso*) and low vines which require lots of labour. The possibility of transformation through mecanization has become indispensable'[63].

But the COAG have also pushed for direct aids to producers because they fear that in many Spanish regions rural development monies can and will be captured by actors from other sectors. Moreover, they underline that rural development always entails complex and uncertain national and regional cofinancing. Whilst sharing these particular fears that the wine industry will end up with decreased levels of public support, the leaders of the co-operative movement within the CCAE have argued strongly against giving investment aid directly to producers:

> 'We believe it is essential that at least a part of this money goes to producer organizations (…). The struggle has been between single payments pushed for by the farm unions (…) and us who think that this would be money wasted (…) because there would be not much to distribute between a large number of growers'[64].

Instead, this organization, along with their French and Italian equivalents, are in favour of investment aid going instead to collective and 'entrepreneurial' organisations. At the present time, the CCAE is trying to unblock the Spanish system of investment aid by negotiating with the national administration over a list of what type of expense should be eligible for this subsidy. Lack of stable agreements on this point, however, tend strongly to add further evidence to the conclusion that a dominant problematization of investment aid in Spain has yet to emerge, let alone become institutionalized.

In *Romania* many of the largest winemakers were able to finance the modernisation of their vinfication and bottling plants using the EU's pre-accession agriculture and rural development fund. Under the reformed CMO, however, most investment aid has tended to be directed instead to the 'reconversion' of vineyards to internationally recognized varietals or the replacement of old vines. Indeed, no less than 83% of the EU's subsidy to the Rumanian national envelope has thus

[61] Speech in La Grande Motte, 27th May, 2011, as reported in vitisphere.com, 1.6.11.
[62] Interview, October 2010.
[63] Interview with COAG, Madrid, February 2011.
[64] Interview with CCAE, Madrid, February 2011.

far been devoted to this 'restructuration' activity. Given that this money must be cofinanced by the firms concerned, it tends strongly to be captured by the larger operators. For this very reason the PNVV successfully sought to double the EU subsidy and, partly as a consquence, sees the reform of the CMO in a very positive light:

> 'I must say that we are very happy with the new CMO. It's really a very good policy for us, for Romania. (…) What was most important for us in the national envelope was that it devoted large sums to the conversion of vineyards and to the planting of noble varietals (…). Our argument was clear and simple: we had a handicaping heritage of old and poorly productive vines that were not competitive' (…) everyone agreed that we had to concentrate as much as we could on the conversion of vineyards'[65].

Again, no serious evaluation has yet been made of this policy instrument. Instead actors themselves generally just focus on the consumption of budget lines then assume this means the instrument was well adapted to the needs of growers and merchants. Nevertheless, these representations of this part of the reform do reveal interesting convergencies, notably between co-operatives in France and Spain in terms of their respective collective action and its rationale. Indeed, a new cleavage between representatives of co-operatives and large wine merchants on the one hand, and representatives of individual growers on the other seems to be emerging in this issue area, one which our future research will seek to verify and substantiate.

Conclusions

It would obviously be hasty to draw firm conclusions about a policy reform that is still being implemented and on the basis of empirical research that is not yet complete. Nonetheless, two broad concluding thoughts can and should be highlighted.

The first concerns the diversity of representations, actions and practices that have been inspired by the reform and, thus, the causes of differentiated institutionalization. It is hardly suprising that in different vineyards the EU's attempt at policy change has produced different reactions. However, this degree of difference is also to be found between the various parts of the reform and within vineyards and even professions. In concluding that comparable variations in social learning should be analyzed around state-society relations, Peter Hall rightly cautioned 'against positing too rigid a distinction between the state and society and against an insistence on the autonomy and the state' (1993: 292). But the dimension of scale also needs building into such analysis. More precisely, we consider that at least in the EU, the causes of differentiated institutionalization can be traced to the varying types of politicization and conflict that have been sparked around different dimensions of the CMO's reform. Compare the intensity of the evocation of values over plantation rights in the Bordelais, for example, with that of the distribution of subsidies for grubbing out vines in Spain. Moreover, even when a particular policy instrument appears to have engendered political work throughout the EU (eg. over oenological practices), the content and objective of such activity has generally been quite different. This point is important to our particular brand of constructivist and sociological institutionalism because it provides analytical purchase upon the level of reinstitutionalization that the CMO's reform has engendered. More precisely, considering as we do that full institutionalization only takes place after conflicts and/or debates over values which permit legitimation of change or reproduction (Lagroye, 1985 & 2003), our case studies confirm the theoretical and empirical validity of studying politicization with great care and attention.

[65] Interview with PNVV, Bucharest, August 2010.

Our second and related conclusion concerns the extent to which the European wine industry is governed today at the scale of the EU? In previous research on the period prior to the 2008 reform we argued that an EU government only applied to table wines and specific issues such as oenological practices (Smith, de Maillard, Costa, 2007). Moreover, this EU government, such as it was, had always been dominated by growers to such an extent that merchants and Commission representatives were largely sidelined. What is already clear from our research is that both these findings no longer hold true. Despite the resistance it has encountered, the 2008 reform has meant that there is now EU government of all categories of wine and that a wider range of issue areas are now partially regulated at this scale. This does not imply by any means that national and regional scales have been replaced. But it does mean that the EU-wide scale is interwoven much deeper into the government of the industry as a whole.

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