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# Quality, who's quality? The impact of the EU's 2008 wine policy reform in France and in Spain<sup>1</sup>

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## Introduction

In 2008 the European Union (EU) adopted a reform of its wine policy that many commentators consider has radically altered the logic of public support for this sector. Instead of seeking to structure the supply of wine in Europe through plantation rights, distillation aids and strict rules on vinification processes, the reform was instead based on a logic which reasoned in terms of consumer demand for “quality wine”, the reduction of rules and encouraging European wine merchants to access third country markets. As part of a wider collective research project on the EU's government of industries, this paper presents preliminary results about the political and economic impact of this EU reform. More specifically, a comparison will be undertaken between the way French and Spanish actors have adapted to the new set of EU rules. Overall, the paper shows that although national or regional culture certainly shapes the differing translations of EU rules that have occurred, its influence is indirect. Instead the main cleavages observed have been caused by the differentiated spreading of competing narratives by interest group leaders and independent ‘experts’ about how to attain quality and sustained competitiveness within today's wine industry. Put in the language of this conference, our question is not what constitutes ‘quality’ wine, nor which regions or types of firm are best placed to produce it? Instead we have sought to discover both which actors were behind the reform and who is now taking most benefit from it? Convinced that the quality of any wine is socially and politically constructed, we therefore ask who's quality has been enhanced by this European reform?

## Sources and methods

Theoretically, this research question has been developed within a political science perspective which binds in aspects of industrial economics and economic sociology. Its starting point is to consider that economies are largely made up of industries each of which is structured simultaneously by its respective institutions and markets. More precisely, such markets can only durably exist if their uncertainty is limited by stabilized rules, norms, practices and expectations (Jullien & Smith, 2008; François, 2011). For this reason, a line of questioning is developed about the actors (organizations or individuals) who, through their ‘political work’, participate in the making, application and ‘maintenance’ of an industry's institutions. In the case of wine, such institutions in Europe have deep roots and heavily structure grower and wine merchant behaviour (Smith, de Maillard, Costa, 2007). For this reason, our current study sets out to discover the impact of these institutions and their change through documentary and statistical analysis on the one hand, and on the other in-depth interviews with a wide range of producer and processor representatives, civil servants and interest groups. To date around 15 interviews have been conducted in Brussels, 20 in Aquitaine but only a handful in Spain.

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## Results and Discussion

We are currently in the middle of this research. Nevertheless some preliminary results can be presented about three phases of the reform: its framing, its negotiation and its implementation.

### *Framing European wine's 'problem'*

As mentioned above, the premise of the 2008 reform -that the EU's wine policy should be based on 'the demand' from 'the new consumer' rather than issues of supply identified by growers- constitutes a step-level change. Indeed, in many ways it aligns a means of reasoning about wine, its production and marketing that is generally associated with 'challengers' (Fligstein, 2001) from 'the New World'. Who imported this way of framing the 'problem' of European wine into EU policy discussions and debates? Our research identifies the artisans of this change as being a loose coalition of four sets of actors (Roger, 2010):

- *experts* from the academic disciplines of bio-chemistry, economics and marketing who, having first developed their respective ideas in New World countries, managed to spread them into European firms, interest group fora and policy arenas;
- *wine merchants*, in particular from large firms, who sought arguments for loosening the rules upon their processing and marketing practices. As of 2002-3, many of these actors began to formalize their policy propositions within the *Comité européen des entreprises vinicoles* (CEEV) in Brussels.
- *growers from regions which had previously been dominated by table wines*. These actors saw in this new set of policy recipes a means of reinventing the wines from their region by ridding themselves of a category and practices that had become stigmatized. Languedoc Roussillon and Castilla La Mancha provide many examples of this trend.
- *Civil servants from the European Commission's DG Agriculture*. Together with their then commissioner, Mme Fischer Boel, these actors had been seeking to reform the wine CMO since the early 1990s. The emergence of a new expert discourse enabled these actors to find new arguments for doing what they already wanted to do, as well as new allies to help them push it through the EU's lengthy negotiating process.

Overall then, our finding is that one cannot understand this reform and its content by simply examining the behaviour of states or interest groups. Instead, it is through examining in detail the interactions between the four sets of actors identified above that one can develop a fuller and 'thicker' understanding of the vital framing process which always shapes policy-making and certainly has done so again in the case of European wine.

### *Negotiating a European compromise*

Notwithstanding the internal coherence of this 'new consumer'/demand-side framing, making law in Brussels is always a complex and unpredictable process. The Commission originally proposed the following, but several changes occurred during the negotiation process within and without the Council of ministers.

- to completely abandon aids for distillation as well as plantation rights;
- to liberalize the list of authorized oenological practices and to take over responsibility for this issue from the Council;
- to forbid chaptalization;
- to subsidize the grubbing out of no less than 400.000 ha of vines;

- to change the categories of European wine and thus resegment its markets (abandon 'table wine' and group instead wines either as with or without geographical indications);
- to subsidize instead campaigns to promote Europe's wines both within this continent but also and especially in third countries.

Four of these measures in particular (grubbing out, distillation, plantation rights, and chaptalisation) sparked considerable protest and public demonstrations in producer states. Grubbing out was seen throughout these countries by most growers as a Malthusian attack on themselves. Distillation mobilized Spanish growers in particular, whilst plantation rights did the same in France and chaptalization in Germany. More generally, the Commission's plan was seen by such critics as a highly liberal attempt to transpose the principles of the reform of the Common agricultural policy to the wine sector.

Notwithstanding these protests, and because of the perceived strength of the arguments of the coalition of actors for change presented earlier, in 2007-8 the Commission was able to resist the member state government pressure which had led it to drop plans for reform in 1994 and seriously dilute them in 1999 (Smith, 2008). Instead, this time most of the Commission's proposition was accepted with the exception of:

- a reduction in the amount of vines to be grubbed out from 400.000 to 175.000;
- some transitional measures on distillation being reintroduced;
- chaptalization being retained as an authorized practice;
- the postponement of an end to plantation rights until either 2015 or 2018;
- aids for promotion being restricted to marketing in third countries;
- the addition of the right of states to co-subsidize this promotion, but also investment in wine firms, through 'national envelopes'.

Unsurprisingly, the Commission and its allies therefore did not achieve all that they wanted due to the last minute bargaining typical of an EU negotiation. Nevertheless, throughout this process, Commission's negotiators were able 'to keep their shape' because of the discursive support (expert's reports) and legitimizing resources (eg. constant support from the CEEV) they received from other actors of this coalition. No sustained challenge was mounted to its basic assumptions and causal stories which it essentially took from neo-classical economics. Indeed, merchant representatives in particular worked on their respective national governments to ensure that this time the Commission's proposal did not come unstitched (see especially the role played by the *Federación Española del Vino: la FEV*).

#### *Implementing nationally and locally*

Since its adoption in early 2008, the reform of the CMO has progressively taken effect within the member states concerned. Our ongoing research has focused upon three sets of issues raised by the reform – volumes of production, re-programming markets and micro-economic aid- and in particular the 'translations' they have given rise to, together with potential shifts in power distribution.

Over the measures that concern controls over volumes, our first research result is that the grubbing out of vines measure has been oversubscribed in both France and Spain to such an extent that the Commission's original plan of removing 400.000 ha from production could have been achieved without the difficulty growers representatives had anticipated. This may

largely be due to other negative phenomena in the industry (in particular the age structure of growers), but it has certainly strengthened the new coalition's framing of the problem. However, the measures concerning distillation and plantation rights remain controversial. Distillation's phasing out is posing considerable problems in Spain, and particularly in Castilla La Mancha. Plantation rights have provoked even wider protest, this time across most AOC regions. Indeed, a significant new coalition of growers has emerged over this issue seeking to convince the Council and the Commission to revoke abandoning a system of rights to plant in the name of wanting to control what happens within AOC vineyards. For the moment at least though, the wine merchant-Commission coalition is still holding firm.

As regards the Commission's attempts to both simplify the presentation of European wines and dynamize the market for ex-table wines, the verdict is still far from clear. These categories are still seen by merchants as difficult to present to the consumer. Moreover, new 'collective brands' such as 'Vins de France' and 'Vino del Espana' have yet to prove their profitability as regards existing ways of presenting the cheapest products on the market.

Finally, take up of micro-economic aids for promotion and investment has been strong. However, many actors regret that these grants cannot be used to promote wine within the EU, and also that rather than concentrating funds upon large campaigns, national envelopes are scattering them amongst too many operators. Similarly, usage of funds for investment is also contested by many because since the reform large merchant companies also have access to a source of finance previously reserved to growers and/or small processing companies.

### **Conclusion**

Our research funding still has 18 months to run during which all the interpretations made above of the 2008 reform, and in particular of its implementation, will be subjected to much more rigorous empirical testing. Nevertheless, we can already conclude with some conviction that this EU reform has indeed had considerable impact upon not only wine making and selling practices, but also and more fundamentally upon the way they are thought about and framed as 'public problems'. It would be an exaggeration to say that the industry has been completely liberalized. Some tools of industrial intervention still remain. But those that do tend now to favour large producers and merchants who are no longer wedded to traditional European concepts of wine quality, or even the symbolic importance and meaning previously accorded to wine in the Southern part of this continent.

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