Evaluation of the CAP measures applicable to the wine sector

Case study report: Portugal - Norte
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Luxembourg: Publications Office of the European Union, 2019

Catalogue number: KF-05-18-078-EN-N
doi: 10.2762/71503

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# Table of contents

1. DESCRIPTION OF THE WINE SECTOR IN THE NORTE REGION (PORTUGAL) .................................................. 1  
   1.1 BACKGROUND INFORMATION .................................................................................................................. 1  
   1.2 STRUCTURE OF THE SECTOR ................................................................................................................. 5  
   1.3 STATISTICS AT CASE STUDY LEVEL ....................................................................................................... 7  

2. THEME 1: NATIONAL SUPPORT PROGRAMME ......................................................................................... 11  
   2.1 DESCRIPTION OF THE IMPLEMENTATION ............................................................................................ 11  
   2.2 EFFECTS ON THE NSP AT THE LEVEL OF GROWERS ........................................................................... 15  
   2.3 EFFECTS OF THE NSP AT THE LEVEL OF PRODUCERS AND PRODUCTS ........................................... 19  
   2.4 EFFECTS OF THE PROMOTION MEASURE ......................................................................................... 23  
   2.5 EFFECTS OF THE INFORMATION MEASURE .......................................................................................... 28  
   2.6 EFFICIENCY OF THE MANAGEMENT OF THE NSP ............................................................................. 28  
   2.7 COHERENCE OF THE NSP ....................................................................................................................... 35  
   2.8 RELEVANCE OF THE NSP ......................................................................................................................... 40  
   2.9 EU ADDED VALUE AND SUBSIDIARITY ............................................................................................... 44  

3. THEME 2: SCHEME OF AUTHORISATIONS OF VINE PLANTINGS ......................................................... 46  
   3.1 SYNTHESIS OF THE LITERATURE ......................................................................................................... 46  
   3.2 SYNTHESIS OF THE INTERVIEWS .......................................................................................................... 48  
   3.3 CONCLUSION OF THE EXPERTS ........................................................................................................... 49  

4. THEME 3: WINE PRODUCTS DEFINITION, RESTRICTIONS ON OENOLOGICAL PRACTICES AND  
   AUTHORISED WINE GRAPE VARIETIES ........................................................................................................ 50  
   4.1 DETAILED DESCRIPTION OF THE IMPLEMENTATION AT MEMBER STATE AND REGIONAL LEVEL ...... 50  
   4.2 COMPETITIVENESS DISTORTIONS DUE TO SPECIFIC RULES ON OENOLOGICAL PRACTICES ........... 53  
   4.3 SYNTHESIS OF THE INTERVIEWS ....................................................................................................... 55  
   4.4 COMMENTS AND CONCLUSIONS OF THE EXPERT ............................................................................ 57  

5. THEME 4: EU RULES ON LABELLING AND PRESENTATION ................................................................. 58  
   5.1 DESCRIPTION OF THE LABELLING RULES APPLIED AT MEMBER STATE AND LOCAL LEVEL ......... 58  
   5.2 EXISTING NATIONAL DATA ON NON-COMPLIANCE WITH LABELLING RULES ................................. 58  
   5.3 SYNTHESIS OF THE INTERVIEWS ....................................................................................................... 59  
   5.4 COMMENTS AND CONCLUSIONS OF THE EXPERT ............................................................................ 61  

6. THEME 5: CERTIFICATION PROCEDURES, MONITORING AND CHECKS ............................................. 64  
   6.1 DESCRIPTION OF THE LOCAL IMPLEMENTATION OF THE RULES ..................................................... 64  
   6.2 EXISTING NATIONAL DATA ON NON-COMPLIANCE AND WORKLOAD ........................................... 69  
   6.3 SYNTHESIS OF THE INTERVIEWS ....................................................................................................... 70  

ANNEXES .................................................................................................................................................. 72  
   ANNEX I – LIST OF THE INTERVIEWS ........................................................................................................ 72  
   ANNEX II – DOCUMENTS AND REPORTS COLLECTED ........................................................................... 72  
   ANNEX III – REGIONAL LABELLING SPECIFICITIES FOR PDO/PGI WINES ........................................ 73
List of tables

Table 1: Wine producers per typology .................................................................................. 5
Table 2: Vineyard areas and production in Portugal ............................................................. 7
Table 3: Vineyard areas and production in Minho ............................................................... 7
Table 4: Vineyard areas in Porto e Douro and Trás-os-Montes ........................................... 7
Table 5: Vineyard areas and production in Porto e Douro ................................................... 7
Table 6: Vineyard areas and production in Trás-os-Montes .................................................. 8
Table 7: Area by variety (ha) in Portugal ............................................................................ 8
Table 8: Area by variety (ha) in Minho ............................................................................... 8
Table 9: Area by variety (ha) in Porto and Douro ............................................................. 8
Table 10: Area by variety (ha) in Trás-os-Montes ............................................................... 9
Table 11: Number of wine growers in Portugal and Norte .................................................. 9
Table 12: Planting rights .................................................................................................... 9
Table 13: Industry structure in Portugal ............................................................................ 9
Table 14: Industry structure in Minho .............................................................................. 9
Table 15: Industry structure in Porto and Douro ............................................................. 10
Table 16: Industry structure in Trás-os-Montes ............................................................... 10
Table 17: Implementation choices on the Promotion in Third Countries measure ............ 11
Table 18: Implementation choices on the Restructuring and Conversion of Vineyards measure .......................................................... 11
Table 19: Implementation choices on the Harvest Insurance measure ......................... 12
Table 20: Implementation choices on the By-Product Distillation measure ................. 14
Table 21 – Vineyard areas in 2016 .................................................................................. 15
Table 22 – Area approved annually under the vineyard Restructuring and Conversion measure .......................................................... 15
Table 23 – Number of beneficiaries approved annually under the vineyard Restructuring and Conversion measure .......................................................... 15
Table 24 - Area by variety in the vineyard Restructuring and Conversion measure (ha) - 2008-2015 .......................................................... 16
Table 25 – Promotion operations by professional organisations and cooperatives .......... 25
Table 26: Rate of achievement of the foreseen expenditures per measures .................. 28
Table 27: Main criteria/procedure(s) ensuring the relevance of the selected applications .......................................................... 29
Table 28: SWOT analysis of the Portuguese wine sector (Case study of Norte Region) .... 40
Table 29 – Applications for planting authorisations in 2016 and 2017 .......................... 46
Table 30 – Limits to PDO/PGI authorisations ............................................................... 47
Table 31: Description of main local specificities in oenological practices and authorised varieties .......................................................... 50
Table 32: Specificities oenological practices of main competing wines ....................... 53
Table 33: Change in competitiveness indicators of Port wine between 2008 and 2015 ........ 55
Table 34: Change in competitiveness indicators of Vinho Verde wine between 2008 and 2015 .......................................................... 55
Table 35 - Summary diagram for the use of the harvesting year and/or grape variety indication on the labelling of products without a PDO/PGI .......................................................... 66
Table 36 - Fraudulent Manipulation of Wine 2014-2017 .................................................. 69
Table 37 - Vineyard Restructuring and Conversion Measure control data .................... 70
Table 38 – Promotion, insurance and distillation control data ....................................... 70
# List of figures

Figure 1 – Portuguese wine regions

Figure 2 – Vinho Verde Sub-Regions

Figure 3 – Porto e Douro Sub-Regions

Figure 4 – Trás-os-Montes Sub-Regions

Figure 5 – Regions for the vineyard harvest insurance in Portugal

Figure 6 – Evolution of Vinho Verde exports to the 5 main export markets

Figure 7 – Evolution of Port exports to the 5 main export markets

Figure 8 – Evolution of Douro exports to the 5 main export markets

Figure 9 – Eligible approved investment under the Promotion measure since 2014
## Glossary

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACIBEV</td>
<td>Associação de Vinhos e Espirituosas de Portugal (Portugal’s Association of Wine and Spirits)</td>
</tr>
<tr>
<td>AEVP</td>
<td>Associação das Empresas de Vinho do Porto (Association of Port Wine Companies)</td>
</tr>
<tr>
<td>AREV</td>
<td>Assembly of European Wine Regions</td>
</tr>
<tr>
<td>ASAE</td>
<td>Autoridade de Segurança Alimentar e Económica (Authority for Economic and Food Safety)</td>
</tr>
<tr>
<td>BRC</td>
<td>British Retail Consortium</td>
</tr>
<tr>
<td>CAP</td>
<td>Common Agricultural Policy</td>
</tr>
<tr>
<td>CVR</td>
<td>Comissão Vitivinícola Regional (Regional Wine Commission)</td>
</tr>
<tr>
<td>CVRTM</td>
<td>Comissão Vitivinícola Regional de Trás-os-Montes (Trás-os-Montes Regional Wine Commission)</td>
</tr>
<tr>
<td>CVRVV</td>
<td>Comissão de Viticultura dos Vinhos Verdes (Vinhos Verdes Regional Wine Commission)</td>
</tr>
<tr>
<td>DECO</td>
<td>Associação Portuguesa para a Defesa do Consumidor (Portuguese Association for Consumer Protection)</td>
</tr>
<tr>
<td>DPC</td>
<td>Declaração de Colheita e Produção (Harvest and Production Declaration)</td>
</tr>
<tr>
<td>DRAP</td>
<td>Direção Regional de Agricultura e Pescas (Regional Directorate for Agriculture and Fisheries)</td>
</tr>
<tr>
<td>EAFRD</td>
<td>European Agricultural Fund for Rural Development</td>
</tr>
<tr>
<td>EAGF</td>
<td>European Agricultural Guarantee Fund</td>
</tr>
<tr>
<td>EAV</td>
<td>European Union added value</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings Before Interest, Taxes, Depreciation and Amortization</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EQ</td>
<td>Evaluation question</td>
</tr>
<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EUROSTAT</td>
<td>Statistical Office of the European Commission</td>
</tr>
<tr>
<td>IFAP</td>
<td>Instituto de Financiamento da Agricultura e Pescas (Agriculture and Fisheries Financing Institute)</td>
</tr>
<tr>
<td>IFS</td>
<td>International Featured Standards</td>
</tr>
<tr>
<td>INE</td>
<td>Instituto Nacional de Estatística (Statistics Portugal)</td>
</tr>
<tr>
<td>IPAC</td>
<td>Instituto Português de Acreditação (Portuguese Institute for Accreditation)</td>
</tr>
<tr>
<td>IPO</td>
<td>Inter-Professional Organisation</td>
</tr>
<tr>
<td>IPQ</td>
<td>Instituto Português da Qualidade (Portuguese Institute of Quality)</td>
</tr>
<tr>
<td>ISIP</td>
<td>Sistema de Identificação Parcelar Online (Online Parcel Identification System)</td>
</tr>
<tr>
<td>IVBAM</td>
<td>Instituto do Vinho, do Bordado e do Artesanato da Madeira (Madeira Wine, Embroidery and Handicraft Institute)</td>
</tr>
<tr>
<td>IVDP</td>
<td>Instituto dos Vinhos do Douro e Porto (Douro and Port Wine Institute)</td>
</tr>
<tr>
<td>IVV</td>
<td>Instituto da Vinha e do Vinho (Vine and Wine Institute)</td>
</tr>
<tr>
<td>LEADER</td>
<td>Links between actions for the development of the rural economy</td>
</tr>
<tr>
<td>MS</td>
<td>Member State</td>
</tr>
<tr>
<td>NSP</td>
<td>National Support Programmes</td>
</tr>
<tr>
<td>OIV</td>
<td>International Organisation of Vine and Wine</td>
</tr>
<tr>
<td>PDO/PGI</td>
<td>Protected Designations of Origin (PDO) and Protected Geographical Indications (PGI)</td>
</tr>
<tr>
<td>PO</td>
<td>Producer Organisation</td>
</tr>
<tr>
<td>RD</td>
<td>Rural Development</td>
</tr>
<tr>
<td>RDP</td>
<td>Rural Development Program</td>
</tr>
<tr>
<td>RDR</td>
<td>Rural Development Regulation</td>
</tr>
<tr>
<td>SiVV</td>
<td>Sistema de Informação da Vinha e do Vinho (Vineyard and Wine Information System)</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, Threats</td>
</tr>
<tr>
<td>UAA</td>
<td>Utilised Agricultural Area</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Taxes</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
</tbody>
</table>
1. DESCRIPTION OF THE WINE SECTOR IN THE NORTE REGION (PORTUGAL)

1.1 Background information

The wine sector is one of the most relevant in the Portuguese agriculture, accounting for around 10% of the agricultural production and 19% of the vegetable production at base prices (average 2014-2015-2016, INE Agricultural Statistics, 2016). It also accounted for around 50% of the turn-over of the beverage industries in Portugal, with 1.305 million euros in 2015.

Wine production has averaged 6,4 Mhl from 2012 to 2016 with an average surface of 209.000 ha (IVV).

Wine production in Portugal is distributed in several wine regions, according to the following map:

Figure 1 – Portuguese wine regions

The Norte region includes the wine regions of “Minho” (Vinho Verde), “Trás-os-Montes” and “Porto e Douro”.

In 2016, these regions accounted for 34% of the overall wine produced in Portugal (5,8 million hl), with Minho alone accounting for 30% of whites and 57% of PDO wines and Porto e Douro accounting for 23% of reds/rosés and 94% of liqueur wines. More recent data (IVV information note n.º 1/2018) shows that in 2017/2018 these region accounted for 37% of Portuguese wine production, with Porto e Douro being the largest producer in the country (21,5%) and Minho the third (14,3%), while Trás-os-Montes is only the tenth out of 14 regions (1,3%).
In the Minho region there is one PGI “Minho” and one PDO “Vinho Verde”, which are certified by the Wine Regional Commission for Vinho Verde.

PGI “Minho” includes white, red and rosé wines; white, red and rosé liquor wines; white, red and rosé sparkling wines; white, red and rosé quality sparkling wines; white, red and rosé semi-sparkling wines; wine spirit and grape marc spirits; and vinegar from white, red and rosé wine. Alcohol strength by volume (% vol.) is of 8,5% for wines, semi-sparkling wines and aerated semi-sparkling wines, over 10% for sparkling and quality sparkling wines, 12% for liquor wines, over 37,5% for wine spirits and over 40% for grape marc spirits.

The PGI has restrictions on productivity (maximum yield of 20.000 kg/ha) and on the varieties that may be used:

- Reds: Alfrocheiro (Tinta-Bastardinha), Alicante Bouschet, Alvarelhão (Brancelho), Amaral, Aragonez (Tinta-Roriz, Tempranillo), Baga, Borraçal, Cabernet-Franc, Cabernet-Sauvignon, Castelão, Doçal, Doce, Espadeiro, Espadeiro-Mole, Grand-Noir, Jaen (Mencia), Labrusco, Merlot, Mourisco, Padeiro, Pedral, Pical (Piquepoul-Noir), Pinot Noir, Rabo-de-Anho, Sezão, Syrah (Shiraz), Tinta Barroca, Touriga Nacional, Trincadeira (Tinta-Amarela, Trincadeira-Preta), Verdelho-Tinto, Verdel-Tinto, Vinhão (Sousão) and Pinot Gris (Pinot-Grigio);
- Whites: Alvarinho, Arinto (Pedernã), Avesso, Azal, Batoca (Alvaracha), Cainho, Cascal, Chardonnay, Chenin, Colombard (Semilão), Diagalves, Esganinho, Esganoso, Fernão-Pires (Maria-Gomes), Folgasão, Gouveio, Lameiro, Loureiro, Malvasia-Fina, Malvasia-Rei, Müller-Thurgau, Pinot-Blanc, Pintosa, Rabo-de-Ovelha, Riesling, São-Mamede, Sauvignon (Sauvignon-Blanco), Sercial (Esgana-Cão), Tália (Ugni-Blanc, Trebbiano-Toscano), Trajadura (Treixadura) and Viosinho.

The PDO “Vinho Verde” includes 9 sub-regions:

This PDO includes the following wines: “Vinho Verde” (white, red and rosé); “Vinho Verde” quality sparkling wine (white, red and rosé); wine spirits and “Vinho Verde” grape marc spirits and white, red and rosé vinegar. There is also a “Monção and Melgaço” sub-region/Alvarinho vine variety, which includes “Vinho Verde Alvarinho”, “Vinho Verde Alvarinho Sparkling Wine”, “Vinho Verde Wine Spirits from Alvarinho” and “Vinho Verde Grape Marc Spirits from Alvarinho”.

In what concerns restrictions, the yield limit is of 10.666 kg/ha for vineyards with updated cadastre and 7.500 kg/ha for all others vineyards. There is also a restriction on minimum ageing for “Vinho Verde” quality sparkling wine and for “Vinho Verde Alvarinho Sparkling Wine” (9 months after bottling for both). Alcohol strength by volume (% vol.) is between 8% and 11,5% for wines, over 10% for quality sparkling wines, 11,5% for “Vinho Verde Alvarinho” and “Vinho Verde Alvarinho Sparkling Wine”, over 37,5% for wine spirits and over 40% for grape marc spirits.
There is a list of authorised varieties for the PDO:

- **Reds:** Alicante-Bouschet, Alvarelhão (Brancelho), Amaral, Baga, Borraçal, Doçal, Doce, Espadeiro, Espadeiro-Mole, Grand-Noir, Labrusco, Mourisco, Padeiro, Pedral, Pical (Piquepoul-Noir), Rabo-de-Anho, Sezão, Touriga-Nacional, Trincadeira (Tinta-Amarela, Trincadeira-Preta), Verdelho-Tinto, Verdial-Tinto and Vinhão (Sousão);
- **Whites:** Alvarinho, Arinto (Pedernã), Avesso, Azal, Batoca (Alvaraça), Cainho, Cascal, Diagalves, Esganinho, Esganoso, Fernão-Pires (Maria-Gomes), Folgasão, Gouveio, Lameiro, Loureiro, Malvasia-Fina, Malvasia-Rei, Pintosa, São Mamede, Semillon, Sercial (Esgana-Cão), Tália (Ugni-Blanc, Trebbiano-Toscano) and Trajadura (Treixadura).

For each sub-region only some of these varieties are authorised when using the Sub-Region indication.

The Porto e Douro region has one PGI “Duriense” and two PDOs “Porto” and “Douro”, both of which with three sub-regions. Its certification authority is the Instituto dos Vinhos do Douro e do Porto.

![Figure 3 – Porto e Douro Sub-Regions](http://www.winesofportugal.info/pagina.php?codNode=3893)

The PGI “Duriense” includes white, red, rosé and sparkling wines, with a maximum yield of 65 hl/ha for whites and of 55 hl/ha for reds and rosés (including sparkling), with an alcohol strength of 10% for wines and 10.5% for sparkling wines.

Authorised varieties are as follows:

PDO “Douro” comprises red, white, rosé and sparkling wines and liqueur “Moscatel do Douro”. Maximum yields are of 55 hl/ha for red, rosé and sparkling and of 65 hl/ha for white and liqueur wines. Red and sparkling wines have an alcohol strength of 11% and white and rosé have a minimum of 10,5%, while liqueur “Moscatel do Douro” must be between 16,5% and 22%.

The PDO establishes minimum requirements concerning age before bottling: for red wine the 15th May of the following year to the vintage; for white and rosé wines the 15th November of the vintage; for sparkling wines a minimum of 9 months; and for liqueur wine “Moscatel do Douro” a minimum of 18 months.

In what concerns varieties, the ones authorised for Douro PDO wines are:


- **Whites:** Alicante-Branco, Alvarelhão-Branco, Arinto (Pedernã), Avesso, Batoca, Bical, Branco-Especial, Branco-Guimarães, Caramela, Carrega-Branco, Cercial, Chasselas, Córdoga-de-Larinho, Diaglaves, Dona-Branca, Donzelinho-Branco, Esteiro-Macio, Fernão-Pires (Maria-Gomes), Folgasão, Gouveio, Gouveio-Estainado, Gouveio-Real, Jampil, Malvasia-Fina, Malvasia-Parda, Malvasia-Rei, Moscadet, Moscatel-Galego-Branco, Mourisco-Branco, Pê-Comprido, Pinheira-Branca, Praça, Rabigato, Rabigato-Franco, Rabigato-Moreno, Rabo-de-Ovelha, Ratinho, Samarrinho, Sarigo, Sercial (Esgana-Cão), Síria (Roupeiro), Tália, Tamarez, Terrantez, Touriga-Branca, Trigueira, Valente, Verdial-Branco, Viosinho and Vital.

The geographical area corresponding to the PDO “Porto” is the same as for PDO “Douro”. PDO “Porto” includes red and white wines with an alcohol strength by volume (% vol.) between 19% and 22% and a maximum yield of 55 hl/ha. Requirements concerning ageing depend on the maturation (Ruby, Tawny and White) and on the wines’ designation (Vintage, Late Bottled Vintage, Colheita or Dated, Indication of Age and Reserve).

Few red and white varieties are authorised:

- **Reds:** Aragonez (Tinta-Roriz), Bastardo, Castelão, Cornifesto, Donzelinho-Tinto, Malvasia-Preta, Marufo, Rufete, Tinta-Barroca, Tinta-Franciscas, Tinto-Cão, Touriga-Franca, Touriga-Nacional and Trincadeira (Tinta-Amarela);

- **Whites:** Arinto (Pedernã), Cercial, Donzelinho-Branco, Folgazão, Gouveio, Malvasia-Fina, Moscatel-Galego-Branco, Rabigato, Samarrinho, Semilllon, Sercial (Esgana-Cão), Síria (Roupeiro), Verdelho, Viosinho and Vital.

The region of Trás-os-Montes comprises one PGI “Transmontano” and one PDO “Trás-os-Montes”, both certified by the Wine Regional Commission for Trás-os-Montes.

PGI “Transmontano” includes red, white and rosé wines, all with a maximum yield of 75 hl/ha and a minimum alcohol strength of 10%. The authorised varieties are:

- **Reds:** Alicante Bouschet, Alvarelhão, Aragonez (Tinta Roriz), Aramon, Bastardo, Cabernet-Franc, Cabernet-Sauvignon, Camarate, Carignan, Castelão, Cornifesto, Donzelinho Tinto, Donzelinho Roxo, Gamay, Gorda, Grand-Noir, Jao, Malvasia-Preta, Marufo, Merlot, Moscatel-Galego-Tinto, Moscatel-Galego-Roxo (Moscatel-Roxo), Mourisco-de-Semente, Mourisco-de-Trevões, Pinot-Noir, Rufete, Sousão, Syrah, Tinta-Barroca, Tinta-Carvalha, Tinta-Franciscas, Tinto-Cão, Touriga-Franca, Touriga-Fêmea, Touriga-Nacional, Trincadeira (Tinta Amarela), Vinhão, Donzelinho-Roxo (R), Gewurztraminer (R) and Moscatel-Galego-Roxo (Moscatel-Roxo) (R);

- **Whites:** Dorinto, Ratinho, Arinto (Pedernã), Chardonnay, Branda, Donzelinho Branco, Sercial (Esgana Cão), Fernão Pires (Maria Gomes), Folgasão, Gewurztraminer, Gouveio, Malvasia Fina, Malvasia Parda, Malvasia Rei, Moscadet, Moscatel Galego Branco, Mourisco Branco, Pinheira Branca, Pinot Blanc, Rabigato, Riesling, Sauvignon, Semillon, Síria (Roupeiro), Tamarez, Verdelho, Viosinho and Vital.
PDO “Trás-os-Montes” has three sub-regions:

![Figure 4 – Trás-os-Montes Sub-Regions](image)

This PDO comprises red, white, rosé, sparkling and liqueur wines, all with a maximum yield of 55 hl/ha, as well as wine spirit and grape marc spirit. The minimum alcohol strength is of 11.5% for reds, 11% for whites and rosés, 10% for sparkling and 16.5% for liqueur wines. The minimum age before bottling requirement is of 12 months (in wood) for wine spirit and grape marc spirit.

Authorised varieties are:

- **Reds:** Alicante-Bouschet, Aragonez (Tinta-Roriz), Baga, Bastardo, Castelão, Cornifesto, Gorda, Malvasia-Preta, Marufo, Rufete, Sousão, Tinta-Barroca, Tinta-Carvalha, Tinto-Cão, Touriga-Franca, Touriga-Nacional, Trincadeira (Tinta-Amarela) and Moscatel-Galego-Roxo (Moscate-Roxo);
- **Whites:** Alvarinho, Arinto (Pedernã), Bical, Boal-Branco, Carrega-Branco, Codega-de-Larinho, Donzelinho-Branco, Fernão-Pires (Maria-Gomes), Gouveio, Malvasia-Fina, Moscatel-Galego-Branco, Rabigato, Samarinho, Síria (Roupeiro) and Viosinho.

For each sub-region only some of these varieties are authorised when using the Sub-Region indication.

### 1.2 Structure of the sector

In all the three regions comprised in this study (Minho, Trás-os-Montes and Porto e Douro) the vineyards areas are on average small, with a large number of farmers (vine-growers), most of which produce grapes to be sold to wine producing companies.

In all three regions wine is produced by several types of operators – cooperatives, wine producers and winegrowers (owner of vineyards who makes his own wine). The following table shows the type of operator for each region:

<table>
<thead>
<tr>
<th>February 2017</th>
<th>Minho</th>
<th>Trás-os-Montes</th>
<th>Porto e Douro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperatives</td>
<td>21</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>Producers</td>
<td>571</td>
<td>74</td>
<td>476</td>
</tr>
<tr>
<td>Winegrowers</td>
<td>1.834</td>
<td>51</td>
<td>247</td>
</tr>
<tr>
<td>Winegrowers-bottlers</td>
<td>938</td>
<td>81</td>
<td>409</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3.364</strong></td>
<td><strong>209</strong></td>
<td><strong>1.149</strong></td>
</tr>
</tbody>
</table>

Sources: IVV, Anuário Estatístico 2016 (adapted). Note: Winegrower is a person or company who produces wine exclusively from grapes from his own holding.

Winegrower-producer is a winegrower who also bottles his wines.
In the Norte region there is only one recognised Producer Organisations in the wine sector – the Cooperative of Monção (Minho). VINIPORTUGAL (the Interprofessional Association of the Portuguese Wine Industry) is the only country-wide Inter-Branch Organisation in the wine sector in Portugal, with the regional wine commissions acting as regional inter-branch organisations.

In the Minho region the large number of vine-growers which are not wine producers mostly sell their grapes to the large cooperatives or to medium and large companies. Companies are often winegrowers, producing grapes which are processed into their own wines; larger ones, with more significant market-shares also buy large quantities of grapes to smaller farmers.

In the Porto and Douro region, the circumstances for Douro and Porto wines are different, despite being interlinked. Grape production for Porto wine is under a quota regime which is adjusted every year, leading to a significant price difference between grapes for Porto and Douro (the former are several times higher than the latter).

The Porto supply chain is based on a large number of small scale grape producers which sell mostly to the large companies that dominate the sector, most of which also own large areas of vineyards. The Porto sector is dominated by 5 large companies – The Fladgate Partnership (Taylor’s, Croft, Fonseca, Krohn), Sogrape (Sandeman, Offley, Ferreira), Gran Cruz (Porto Cruz), Symington (Graham’s, Cockburn’s, Dow’s) and Sogevinus (Burmester, Barros, Cálem, Kopke). These, along with 10 other large companies, account for around 90% of the Porto wine sales (data from AE PV).

The Douro wines are much more dispersed, with the same 15 companies accounting for only 35% of PDO/PGI wine sales. Besides the small scale vine-growers, there is a large number of companies, ranging from small to large, which encompass everything from grape production and buying to wine production and marketing, many of which are estate wines.

Grape supply to the wine producers is ensured mostly through buying from small farmers (vine-growers), which make up the most significant part of supply, selling mostly to Cooperatives and larger companies, but also to smaller wine producers. There is also a significant number of small and medium-sized companies which produce wine mostly from their own grapes, with some depending also on bought grapes for other farmers. Larger companies, which produce and sell significant amounts of wine, rely mostly on bought grapes; however, there is an increasing trend, across both Minho and Porto e Douro, towards a larger degree of self-sufficiency, with larger companies increasing their vineyard areas, in an attempt to better control all production stages. Additionally, a more stable relationship with the main grape suppliers is desired, which means the establishment of supply contracts, often including technical support to plantation, vineyard follow-up throughout the year and support to the harvest.

Wine sales are conducted in different ways according to the type and size of the wine producer.

Small scale producers sell mostly in the national market, mainly through regional distributors who place their product in sales points such as restaurants, wine shops, gourmet shops, etc.

Medium-sized companies also typically reply on regional distributors for the same targets, but often also deal directly or through intermediaries with large-scale retailers and export through local distributors in each export market.

Large companies often have their own marketing and sales departments which manage the distribution of wines in the national market, including dealing directly with large-scale retailers and other points of sale. Exports are conducted through local distributors in each market, with whom privileged commercial partnerships are established or through local companies in which there is an equity participation or ownership.
## 1.3 Statistics at Case study level

### Table 2: Vineyard areas and production in Portugal

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PDO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
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<td>78,831</td>
<td>84,104</td>
<td>83,861</td>
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</tr>
<tr>
<td>Production (hl)</td>
<td>2,139,116</td>
<td>2,055,533</td>
<td>2,287,966</td>
<td>2,204,373</td>
<td>2,789,105</td>
<td>2,368,724</td>
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<tr>
<td><strong>non-PDO wine</strong></td>
<td></td>
<td></td>
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</tr>
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<tr>
<td><strong>PGI</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
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<td>21,507</td>
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<td></td>
</tr>
<tr>
<td>Production (hl)</td>
<td>1,291,995</td>
<td>1,474,870</td>
<td>1,686,325</td>
<td>1,763,532</td>
<td>1,880,281</td>
<td>1,608,164</td>
</tr>
<tr>
<td><strong>Wine without PDO/PGI</strong></td>
<td></td>
<td></td>
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<td>Vineyard area (ha)</td>
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<td>113,564</td>
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<td>1,686,325</td>
<td>1,763,532</td>
<td>1,880,281</td>
<td>1,608,164</td>
</tr>
<tr>
<td><strong>Liqueur wine PDO/PGI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production (hl)</td>
<td>680,762</td>
<td>758,743</td>
<td>765,278</td>
<td>820,503</td>
<td>866,752</td>
<td>890,350</td>
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<tr>
<td><strong>Liqueur wine without PDO/PGI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production (hl)</td>
<td>7,386</td>
<td>6,089</td>
<td>3,647</td>
<td>4,722</td>
<td>4,386</td>
<td>4,307</td>
</tr>
</tbody>
</table>

Sources: IVV. Note: for 2012 to 2014, only PDO vineyards were separated in statistics.

### Table 3: Vineyard areas and production in Minho

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PDO</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
<td>30,443</td>
<td>22,067</td>
<td>15,810</td>
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</tr>
<tr>
<td>Production (hl)</td>
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<td>618,242</td>
<td>743,626</td>
<td>659,960</td>
</tr>
<tr>
<td><strong>non-PDO wine</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
<td>122</td>
<td>6,970</td>
<td>11,622</td>
<td></td>
</tr>
<tr>
<td><strong>PGI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
<td>42,907</td>
<td>32,743</td>
<td>43,837</td>
<td>28,475</td>
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<tr>
<td>Production (hl)</td>
<td>15,767</td>
<td>4,268</td>
<td>5,953</td>
<td>4,591</td>
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<tr>
<td><strong>Wine without PDO/PGI</strong></td>
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<tr>
<td>Vineyard area (ha)</td>
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<td>2,482</td>
<td>3,909</td>
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<tr>
<td>Production (hl)</td>
<td>15,767</td>
<td>4,268</td>
<td>5,953</td>
<td></td>
</tr>
<tr>
<td><strong>Liqueur wine</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production (hl)</td>
<td>7,386</td>
<td>6,089</td>
<td>3,647</td>
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</tr>
</tbody>
</table>

Sources: IVV. Note: for 2012 to 2014, only PDO vineyards were separated in statistics.

### Table 4: Vineyard areas in Porto e Douro and Trás-os-Montes

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td><strong>PDO</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
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<tr>
<td>Production (hl)</td>
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<td>408.066</td>
<td>507.497</td>
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</tr>
<tr>
<td><strong>non-PDO wine</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
<td>29.373</td>
<td>28.359</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>PGI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
<td>29.373</td>
<td>28.359</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production (hl)</td>
<td>24.886</td>
<td>14.585</td>
<td>42.631</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wine without PDO/PGI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
<td>9.482</td>
<td>7.669</td>
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<tr>
<td>Production (hl)</td>
<td>252.174</td>
<td>231.207</td>
<td>259.045</td>
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</tr>
<tr>
<td><strong>Liqueur wine PDO</strong></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Production (hl)</td>
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<tr>
<td><strong>Liqueur wine without PDO</strong></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Production (hl)</td>
<td>300</td>
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<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Sources: IVV. Note: for 2012 and 2013, vineyard statistics do not separate Porto e Douro from Trás-os-Montes.

### Table 5: Vineyard areas and production in Porto e Douro

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PDO</strong></td>
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</tr>
<tr>
<td>Vineyard area (ha)</td>
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<td>39.824</td>
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</tr>
<tr>
<td>Production (hl)</td>
<td>422.884</td>
<td>603.185</td>
<td>425.767</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>non-PDO wine</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
<td>3.233</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>PGI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
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<td>124</td>
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<tr>
<td>Production (hl)</td>
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<td>42.631</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wine without PDO/PGI</strong></td>
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</tr>
<tr>
<td>Vineyard area (ha)</td>
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<td>Production (hl)</td>
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<td>259.045</td>
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</tr>
<tr>
<td><strong>Liqueur wine PDO</strong></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Production (hl)</td>
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<td>707.752</td>
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<td></td>
</tr>
<tr>
<td><strong>Liqueur wine without PDO</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production (hl)</td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: IVV. Note: for 2012 to 2014, only PDO vineyards were separated in statistics.
### Table 6: Vineyard areas and production in Trás-os-Montes

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PDO</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
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<td>456</td>
<td>458</td>
<td>409</td>
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<td></td>
</tr>
<tr>
<td><strong>non-PDO wine</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
<td>22.886</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PGI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
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<td>394</td>
<td>379</td>
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</tr>
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<td>Production (hl)</td>
<td>12.864</td>
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<td>7.600</td>
<td>14.722</td>
<td>11.973</td>
<td>7.311</td>
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<td><strong>Wine without PDO/PGI</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyard area (ha)</td>
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<tr>
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<td>231</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production (hl)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: IVV. Note: for 2012 to 2014, only PDO vineyards were separated in statistics.

### Table 7: Area by variety (ha) in Portugal

<table>
<thead>
<tr>
<th>Variety</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernão Pires / Maria Gomes</td>
<td>8.513</td>
<td>9.126</td>
<td>12.979</td>
<td>13.789</td>
<td>12.052</td>
<td></td>
</tr>
<tr>
<td>Trincadeira / Tinta Amarela / Trincadeira Preta</td>
<td>7.347</td>
<td>7.632</td>
<td>10.700</td>
<td>11.365</td>
<td>8.413</td>
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</tr>
</tbody>
</table>

Source: IVV

### Table 8: Area by variety (ha) in Minho

<table>
<thead>
<tr>
<th>Variety</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loureiro</td>
<td>3.210</td>
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<td></td>
</tr>
<tr>
<td>Arinto / Pedernã</td>
<td>2.010</td>
<td>3.545</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vinhão / Sousão</td>
<td>1.964</td>
<td>3.483</td>
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<td></td>
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<tr>
<td>Alvarinho</td>
<td>1.794</td>
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<td></td>
</tr>
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<td>Trajadura / Treixadura</td>
<td>967</td>
<td>1.564</td>
<td></td>
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<td>Azal</td>
<td>862</td>
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</tbody>
</table>

Source: IVV

### Table 9: Area by variety (ha) in Porto and Douro

<table>
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<tr>
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<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Touriga Franca</td>
<td>8.607</td>
<td>10.675</td>
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<td></td>
<td></td>
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<td>Aragonez / Tinta Roriz / Tempranillo</td>
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<td></td>
</tr>
<tr>
<td>Touriga Nacional</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Tinta Barroca</td>
<td>3.033</td>
<td>3.320</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Síria / Roupeiro / Códega</td>
<td>1.842</td>
<td>1.932</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trincadeira/Tinta Amarela/Trincadeira Preta</td>
<td>1.488</td>
<td>1.580</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rabigato</td>
<td>1.296</td>
<td>1.592</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malvasia Fina / Boal</td>
<td>1.123</td>
<td>1.275</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marufo / Mourisco Roxo</td>
<td>1.097</td>
<td>1.122</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IVV
### Table 10: Area by variety (ha) in Trás-os-Montes

<table>
<thead>
<tr>
<th>Variety</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aragonez / Tinta Roriz / Tempranillo</td>
<td>386</td>
<td>2.189</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tinta Gorda</td>
<td>309</td>
<td>1.296</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malvasia Branca</td>
<td>271</td>
<td>1.094</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trincadeira/Tinta Amarela/Trincadeira Preta</td>
<td>269</td>
<td>1.343</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Touriga Nacional</td>
<td>215</td>
<td>1.169</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Touriga Franca</td>
<td>166</td>
<td>973</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tinta</td>
<td>152</td>
<td>852</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malvasia</td>
<td>142</td>
<td>694</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bastardo / Graciosa</td>
<td>112</td>
<td>533</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IVV

### Table 11: Number of wine growers in Portugal and Norte

<table>
<thead>
<tr>
<th>Region</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minho</td>
<td></td>
<td>28.881</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Douro/Porto</td>
<td></td>
<td>25.263</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trás-os-Montes</td>
<td></td>
<td>4.664</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal (Mainland)</td>
<td></td>
<td>179.086</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: IVV

### Table 12: Planting rights

<table>
<thead>
<tr>
<th>Region</th>
<th>Price in 2015</th>
<th>Area in 2015</th>
<th>Area converted to authorisation of new planting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minho</td>
<td>2.392</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Douro/Porto</td>
<td>2.932</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trás-os-Montes</td>
<td>241</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal (Mainland)</td>
<td>12.636</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: IVV. Note: no data available on rights’ value and conversion.

### Table 13: Industry structure in Portugal

<table>
<thead>
<tr>
<th>2011</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine producers (number)</td>
<td>8.213</td>
<td>8.496</td>
</tr>
<tr>
<td>- Of which co-operatives</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Distilleries of wine products (number)</td>
<td>754</td>
<td>761</td>
</tr>
<tr>
<td>- Of which co-operatives</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


### Table 14: Industry structure in Minho

<table>
<thead>
<tr>
<th>2011</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine producers (number)</td>
<td>3.182</td>
<td>3.326</td>
</tr>
<tr>
<td>- Of which co-operatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distilleries of wine products (number)</td>
<td>218</td>
<td>230</td>
</tr>
<tr>
<td>- Of which co-operatives</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 15: Industry structure in Porto and Douro

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wine producers (number)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>830</td>
<td>779</td>
<td>1,149</td>
</tr>
<tr>
<td>- Of which co-operatives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Distilleries of wine products (number)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>28</td>
<td>38</td>
</tr>
<tr>
<td>- Of which co-operatives</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


### Table 16: Industry structure in Trás-os-Montes

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wine producers (number)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>136</td>
<td>209</td>
</tr>
<tr>
<td>- Of which co-operatives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Distilleries of wine products (number)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>47</td>
<td>52</td>
</tr>
<tr>
<td>- Of which co-operatives</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. THEME 1: NATIONAL SUPPORT PROGRAMME

2.1 Description of the implementation

The National Support Programme for the wine sector is defined and implemented on a national basis, being managed by IVV (the wine national authority). For the 2014-2018 period, the measures implemented were Promotion in Third Countries, Restructuring and Conversion of Vineyards, Harvest Insurance and By-Product Distillation. Other possible measures were not included, with investment being supported under the RDPs.

Table 17: Implementation choices on the Promotion in Third Countries measure

<table>
<thead>
<tr>
<th>Promotion in Third Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of aid and rate of support</strong></td>
</tr>
<tr>
<td><strong>Beneficiaries</strong></td>
</tr>
<tr>
<td><strong>Eligibility and selection criteria</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Implementation period</strong></td>
</tr>
<tr>
<td><strong>Information regarding the management of the measure</strong></td>
</tr>
</tbody>
</table>

Table 18: Implementation choices on the Restructuring and Conversion of Vineyards measure

<table>
<thead>
<tr>
<th>Replanting of vineyards, improvement of land infrastructure and grafting-on or re-engrafting</th>
<th>Compensation to producers for the loss of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of aid and rate of support</strong></td>
<td>Unit values established in the national legislation for land infrastructure improvement (drainage and support walls), planting of the vineyard (with and without land profile amendments, and according to the region, plant density and grafting type).</td>
</tr>
<tr>
<td><strong>Beneficiaries</strong></td>
<td>Unit value per hectare established in the national legislation to farmers who do not maintain the existing vineyard, according to the type of grafting.</td>
</tr>
</tbody>
</table>
| All entities, public or private, that are or may in the future be grape producers, that have ownership of the land and *

*Note: These eligibility criteria are in force since December 2016, with a very different set of criteria in force until then. A formula was in place weighing in the Merit of the project (47.5%, with many criteria such as increase in sales volume, value and price, priority markets, SWOT analysis, marketing plan, stakeholders involved, etc), Cost/quality analysis (47.5%, including the capacity to meet increasing demand, previous experience, innovation, ROI, etc) and Priorities (5%, including micro and SME, new beneficiaries, new countries).
replanting rights, either in individual applications or in joint applications. Besides individual applications, there may be three types of group applications:

i. Three or more winegrowers with contiguous plots;
ii. Entities in charge of land reparation projects;
iii. Three or more winegrowers with an area (either contiguous or not) of at least 20 ha and for which the application representative is a wine producing entity.

| Eligibility and selection criteria | In order to be eligible for support farmers must have valid replanting rights for PDO/PGI vineyards, comply with the varieties, soils and practices of the wine region, schedule and define the proposed operations, comply with the minimum eligible areas for support. The vegetative propagating material used must be certified (in some exceptional cases this may be waivered if the material comes from autochthonous varieties). The selection criteria are:

- Applications presented by young farmers (< 40 years old) and companies in which the managing partner owns more than 50% of the capital and is < 40 years old – 30%;
- Applications which foresee the use of priority varieties (defined in each call for applications) – 30%;
- Applications for the vineyards of Colares and Carcavelos – 10%;
- Applications which aim at increasing the area of the holding by using planting rights from the national reserve or transferred – 15%;
- Individual application between 3 ha and 20 ha and joint applications including cooperatives and POs – 10%. (Note: these criteria were changed in October 2017) |

| Implementation period | 2014-2018 |

| Information regarding the management of the measure | The managing body – IVV- is charged with drafting the measure’s regulations, determining the opening and specific rules of the calls for applications, disseminating, coordinating and monitoring the measure’s implementation. The paying authority – IFAP – receives the applications in its information system, analyses and decides on the applications and requests for payment, conducts administrative controls and coordinates in loco controls, pays the support to the beneficiaries. The regional branches of the Ministry for Agriculture (Regional Directories) issue technical opinions, when required, on the installation of vineyards, the changes to land profile and others, conduct in loco controls and may have other responsibilities delegated by IFAP. |

| Table 19: Implementation choices on the Harvest Insurance measure |

| Harvest Insurance Measure |

| Type of aid and rate of support | Aid is paid to the insurance companies in relation to the harvest insurance policies established with the individual or collective beneficiaries. As such, the beneficiaries pay to the insurance companies a reduced premium, for which the latter are subsequently compensated. The amount of the premium eligible for support is subject to a ceiling which depends on the region (see following map) – A 155 €/ha, B 230 €/ha, C 270 €/ha, D 410 €/ha, E 635 €/ha. Support rates are as follows:

- Adverse weather phenomena equated with natural disasters, considering as such climatic conditions that destroy more than 30% of the average annual production of a given producer – 75% for individual contracts and 80% for collective contracts;
- Adverse climatic phenomena non-eqated to natural disasters, considering as such climatic conditions that destroy less than 30% of the average production of given a producer – 50%;
- Pests and diseases of the vineyard, provided that the climatic conditions are adverse to the crop and that it is not possible to technically control their appearance or development, leading to average losses greater than 20% of the expected grape production for the wine year, at the level of the municipality, provided that duly certified by the competent services of the Ministry of Agriculture – 50%. |

| Beneficiaries | The final beneficiaries of the measure are all natural or legal persons who manage the vineyards for wine production and establish a harvest insurance contract with an insurance company. Contracts may be individual, when established by a single producer, or collective, when established by an entity that acts in the interest of at least 9 producers – these entities may be producers’ organizations and associations, cooperatives, regional wine commissions or wine producing and marketing companies. |

| Eligibility and selection criteria | Eligibility criteria include owning a vineyard which is licensed as a producer and registered in IVV’s central vineyard registry. No selection criteria are used. However, applications are selected according to the date in which they were submitted. |
### Harvest Insurance Measure

<table>
<thead>
<tr>
<th>Implementation period</th>
<th>2014-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information regarding the management of the measure</td>
<td>After the establishment of the insurance policy with the insurance company, the policyholder (individual or collective) must provide all information concerning the beneficiaries, land parcels to be covered and production and prices to be covered. With this information the policyholder submits the application online in IFAP’s information system. Afterwards, the insurance companies submit a list of all contracts to IFAP, including all data on the beneficiaries, parcels, insured amount (production and price), the covered risks, the amount of the premium and the corresponding amount of support. By September each year, IFAP must pay the support to the insurance companies.</td>
</tr>
</tbody>
</table>

**Figure 5 – Regions for the vineyard harvest insurance in Portugal**

Source: https://pt.slideshare.net/apbahia2000/sigr
Table 20: Implementation choices on the By-Product Distillation measure

<table>
<thead>
<tr>
<th>Type of aid and rate of support</th>
<th>By-Product Distillation Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat-rate aid to compensate for the costs of collecting the by-products and for their processing into raw alcohol. The aid amount is of 1,1 €/%vol/hl for raw alcohol from grape mark and of 0,5 €/%vol/hl for raw alcohol from wine and lees. If there are transport costs to the producer, the distiller must pay a collection cost of 0,016 €/kg.</td>
<td></td>
</tr>
<tr>
<td>Benefits and eligibility criteria</td>
<td>Distillers registered in IFAP and in Customs that process the by-products delivered with the purpose of being distilled into raw alcohol with an alcohol content &gt;=92%, exclusively used for industrial or energy purposes after being denatured.</td>
</tr>
<tr>
<td>Eligibility criteria and selection criteria</td>
<td>Eligibility criteria are: reception of by-products at the distillery within the stipulated deadlines; payment of the transport costs to the producer, when applicable; submission of applications to IFAP within the determined deadlines. No selection criteria. However, applications are paid according to the date in which they were submitted to IFAP.</td>
</tr>
<tr>
<td>Implementation period</td>
<td>2014-2018</td>
</tr>
<tr>
<td>Information regarding the management of the measure</td>
<td>Applications are submitted by the beneficiary to IFAP, including information on the quantities of products received and of alcohol submitted to support, on whether collection costs were paid, on the place and date of denaturing and on the final destination of the alcohol (industrial or energy). Requests for payment are also presented to IFAP which is responsible for the payment to the beneficiaries and for the measure’s controls. IVV is in charge of drafting the measure’s regulations, controlling the disposal of by-products and to follow-up and evaluate the measure’s implementation.</td>
</tr>
</tbody>
</table>
2.2 Effects on the NSP at the level of growers

2.2.1 Information on the implementation of the restructuring and conversion measure

The wine production potential in mainland Portugal is of around 190,000 ha, of which 44% PDO, 12% PGI and 44% without PDO/PGI. The Norte region accounts for 41% of this area, with a special relevance on the PDO areas, for which it accounts for 69% of the national area, with Porto and Douro alone representing 48% of PDO areas in mainland Portugal. In fact, PDO areas are 93% of the vineyard area in Porto and Douro and 82% in Minho. In Trás-os-Montes however, areas without PDO/PGI are largely predominant (94%) and account for 16% of such national areas.

### Table 21 – Vineyard areas in 2016

<table>
<thead>
<tr>
<th>Area</th>
<th>PDO</th>
<th>PGI</th>
<th>Without PDO/PGI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minho</td>
<td>17.323</td>
<td>1.213</td>
<td>2.482</td>
<td>21.019</td>
</tr>
<tr>
<td>Trás-os-Montes</td>
<td>458</td>
<td>394</td>
<td>13.527</td>
<td>14.380</td>
</tr>
<tr>
<td>Porto and Douro</td>
<td>39.824</td>
<td>157</td>
<td>2.784</td>
<td>42.766</td>
</tr>
<tr>
<td>Portugal (Mainland)</td>
<td><strong>83.624</strong></td>
<td><strong>22.073</strong></td>
<td><strong>84.755</strong></td>
<td><strong>190.466</strong></td>
</tr>
</tbody>
</table>

Sources: IVV Statistical Yearbook 2016.

Under the vineyard restructuring and conversion measure the Norte region has been one of the most dynamic, accounting for a total of 67% of beneficiaries and 47% of the area approved for support, with a total of almost 11,500 beneficiaries and 14,000 ha approved, particularly in Minho and Porto e Douro, with Trás-os-Montes having a much smaller contribution for the measure’s implementation.

### Table 22 – Area approved annually under the vineyard Restructuring and Conversion measure

<table>
<thead>
<tr>
<th>Area approved annually (ha)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minho</td>
<td>690.36</td>
<td>601.54</td>
<td>995.48</td>
<td>790.48</td>
<td>1,080.64</td>
<td>1,396.00</td>
<td>5,554.50</td>
</tr>
<tr>
<td>Trás-os-Montes</td>
<td>66.44</td>
<td>190.75</td>
<td>192.86</td>
<td>189.23</td>
<td>176.55</td>
<td>127.00</td>
<td>942.83</td>
</tr>
<tr>
<td>Porto and Douro</td>
<td>1,049.29</td>
<td>1,262.01</td>
<td>1,328.51</td>
<td>983.67</td>
<td>1,600.55</td>
<td>1,251.00</td>
<td>7,475.03</td>
</tr>
<tr>
<td>Portugal (Mainland)</td>
<td><strong>3,322.63</strong></td>
<td><strong>4,002.40</strong></td>
<td><strong>4,870.41</strong></td>
<td><strong>4,492.43</strong></td>
<td><strong>5,972.37</strong></td>
<td><strong>6,836.00</strong></td>
<td><strong>29,496.24</strong></td>
</tr>
</tbody>
</table>

Sources: IVV Statistical Yearbooks; IFAP.

### Table 23 – Number of beneficiaries approved annually under the vineyard Restructuring and Conversion measure

<table>
<thead>
<tr>
<th>Number of Beneficiaries</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minho</td>
<td>574</td>
<td>593</td>
<td>821</td>
<td>697</td>
<td>1,052</td>
<td>1,051</td>
<td>4,788</td>
</tr>
<tr>
<td>Trás-os-Montes</td>
<td>69</td>
<td>128</td>
<td>165</td>
<td>154</td>
<td>159</td>
<td>90</td>
<td>765</td>
</tr>
<tr>
<td>Porto and Douro</td>
<td>894</td>
<td>945</td>
<td>1,130</td>
<td>851</td>
<td>1,312</td>
<td>805</td>
<td>5,937</td>
</tr>
<tr>
<td>Portugal (Mainland)</td>
<td><strong>2,156</strong></td>
<td><strong>2,443</strong></td>
<td><strong>3,043</strong></td>
<td><strong>2,655</strong></td>
<td><strong>3,727</strong></td>
<td><strong>3,039</strong></td>
<td><strong>17,063</strong></td>
</tr>
</tbody>
</table>

Sources: IVV Statistical Yearbooks; IFAP.

Given the measure’s regulations, all supported area is required to be converted into PDO or PGI. In what concerns varieties, available data for the 2008-2015 period shows that the restructuring and conversion in Minho has mainly focused on white wine regional varieties (Loureiro, Alvarinho, Arinto), while Porto e Douro and Trás-os-Montes have concentrated in some of the more widespread red wine varieties in Portugal (Touriga Franca, Touriga Nacional and Aragonez).
According to the National Authority, there is no data gathered on the impact of the measure on the changes in management practices.

2.2.2 Information from the literature

We were not able to find any independent analysis of the impact of the implementation of the NSP. The annual implementation reports, issued by the National Authority, provide an analysis of the achievement of the targets set for each measure in the programming document. The most recent report, carried out in 2018 and concerning to the Programme’s implementation from 2014 to 2017, shows that:

- The Promotion support measure has contributed to an increase in wine exports by 18%, both in volume from 617,768 hl in 2013 to 731,282 hl in 2017 and in value from 230 M€ in 2013 to 271 M€ in 2017, which is still below the overall goals for 2018 (885,268 hl and 375 M€).
- In what concerns the vineyard restructuring measure, the goals of supporting 17,500 ha and 10,000 projects have already been surpassed, with an effective support to 19,654 ha and 12,110 projects by the end of 2017; this has contributed to reach 80% of national wines with PDO/PGI aptitude;
- The crop insurance measure has reached an annual average of 41,819 ha from 2014 to 2017 (with a maximum of 45,237 ha in 2017) and an average of 16,458 supported farmers in 745 insurance policies, covering 290,000 tones of grape production, with insurance premiums of 5,8 M€ and an insured capital of 108,7 M€;
- As for the by-product distillation measure, it has supported an annual average of 1,3 MGHLm, around 47% of the measure’s goal.

2.2.3 Synthesis of the interviews

IQ 1.1 To what extent did the restructuring and conversion operations supported by the NSP impact the production potential of vineyards, in terms of quantity? In terms of quality? At the level of the region / of the Member State?

According to the National Authority, the restructuring and conversion scheme had a very positive impact in terms of both quantity and quality in Portugal. The increase in quality is reflected in the significant increase in the number of PDO/PGI wines, while the increase in quantity is a reflection of the large productivity growth of the restructured vineyards; existing vineyards were generally very old, with very low yields.

The sector’s representatives consider that the measure brought considerable benefits in terms of quality both nationally and in the concerned regions, which was even more visible in the Vinho Verde region. The focus on quality vineyards (certified planting material are mandatory) and increases in yields led to increases in the quality of grapes and in the quantity of the better quality grapes.
The regional institute for Port and Douro wines believes that the support for the restructuring and conversion of the vineyard was fundamental to improving the quality of the products produced. Regarding the quantity, it is thought that the scheme had no influence because it led to an improvement in the quantity produced per plant but also to a decrease the number of plants per hectare. Other regional entities find the measure was of greatest importance to improve Douro wines, due to the large number of growers benefited and to the modernisation of vineyards. It was important both for smaller farmers and companies when participating in grouped applications.

Regional grape and wine producers in the Douro and Vinho Verde regions strongly feel that the scheme was fundamental for the important restructuring that occurred in the region’s vineyards. It led to higher and more consistent yields and much better quality grapes. It also led to an increase in the available quantities of quality grapes, allowing for wine makers to keep pace with increasing demand. In Vinho Verde the scheme was the main driver of the region’s recent growth dynamic and is a decisive incentive to investment.

**IQ 1.2 Did the NSP measures intend to support changes in the vineyard management practices or foster specific practices (i.e. organic agriculture, low mechanised systems, etc.)?**

The NSP documents (initial and subsequent versions of the programming document) do not mention changes in vineyard management practices as one of the Programme’s goals. Even the restructuring and conversion of vineyards support measure, which is the most suitable measure to support such changes, is not targeted at such a goal (despite the fact the improvements to vineyard management techniques is one of the eligible actions under the EU measure).

**IQ 1.3 To what extent did the NSP result in changes in the management practices of vineyards? Which practices were introduced/abandoned? Did those changes have an impact at national or regional level (e.g. acting as role model)?**

The National Authority believes the scheme had an important role in the improvement of the vineyards’ management practices. The restructured vineyards are planted with a better land organisation, plant orientation, separation by variety and allowing for the mechanisation of several operations (which the previous, older vineyards did not allow).

The sector’s representatives see no direct connexion between the scheme and the management practices in the vineyards, considering that the modernisation of the management practices was already taking place before the scheme was implemented.

According to IVDP the scheme allowed for a partial mechanisation of agricultural practices. Given the region’s steep hills it is very difficult to fully mechanise agricultural practices; however, some practices such as soil mobilization, treatments and pre-pruning have been made possible to mechanise through the scheme.

Regional grape and wine producers in the Vinho Verde region believe the scheme allowed for a better selection of varieties. It also allowed for a land restructuring, with larger land parcels and for an increase in plant density, with spacing that allowed for the mechanisation of some field operations.

In Douro/Port producers say the scheme allowed for changes in production methods, conduction methods, plant spacing and land profile, with an impact on productivity and competitiveness.

**IQ 1.4 Have the NSP measures impacted the costs of production?**

The National Authority and the sector’s representatives believe so, although mostly as a result of the ability to mechanise some operations, such as phytosanitary treatments, pruning and harvesting, reducing the cost of labour. In addition, given the increase in yields per hectare, unit costs per kg of grapes become significantly lower.

Both wine producers and farmers feel that the scheme was fundamental in improving the regional vineyards, bringing lower production costs and mechanisation.

**IQ 1.5 Have the NSP measures resulted in a better adaptation of the vineyards structure and management practices to market demands? E.g. in terms of variety, quality**

The National Authority finds that the scheme has allowed for a better differentiation of Portuguese varieties, which is the most important factor for the differentiation of Portuguese wines. Supported vineyards usually go from having a combination of varieties in any one plot, to having varieties separated by plot, thus allowing for separated vinification and to a full knowledge of the varieties in each wine. Additionally, the vineyards have a much better phytosanitary quality than before.
The sector’s representatives and Douro/Port producers consider that the scheme has allowed for a focus on national and regional varieties, thus addressing the market demand for differentiation in the national/regional wines. However, there has been a focus on a certain number of regional varieties, which are more easily found in nurseries, which do not certify all varieties.

Regional grape and wine producers in the Vinho Verde region state that the scheme allowed for the increasing supply of quality grapes and to focus on regional varieties (Alvarinho, Loureiro), thus meeting the increasing market demand for regional wines.

IQ 1.6 Have the NSP measures had an impact on the income of wine growers?

Yes, according to the National Authority and regional entities, due to higher yields, better product quality and a better differentiation of the Portuguese wines, all leading to a higher income level to the supported growers.

Regional entities in the Porto area state that producers in the specific demarcated Port area, which have a privileged quota scheme for Port production, had an income increase higher than other growers since the higher quality of the restructured vineyards allowed them to be eligible for the quota scheme.

Regional grape and wine producers in the Vinho Verde region say that the increases in quality and yield, along with mechanisation allowed for an increase in farmers income; in many cases the restructured vineyards became economically sustainable, which previously they were not, therefore contributing to avoid land abandonment that in many cases would certainly occur.

2.2.4 Conclusion of the expert

The overall vineyard areas have remained quite stable in Portugal since 2000, with some decrease in the past few years. The same occurred in Minho, although with a steadier decline, and in Douro and Trás-os-Montes, which however has presented smaller areas only in the past 2/3 years. Production has remained mostly constant in all regions, with a slight downward trend.

This quantitative analysis does not fully reflect the large impact that the measure has had in the quality of the regions’ wines and the contribution to the market dynamic that Vinho Verde and Douro wines have experienced in the past few years.

In fact, according to all interviewees (wine and grape producers, regional and national associations and entities), the restructuring and conversion support measure has been a fundamental instrument in modernising the vineyards in all the regions, increasing the availability of quality grapes for the production of quality, PDO/PGI wines.

This modernisation meant the use of certified plant material, providing better quality and higher yields, and a focus on the varieties that allow for the production of the wines the market is increasing demanding. This is particularly true in the Vinho Verde region, where the focus on the local white varieties (Loureiro, Alvarinho and Arinto) is a consequence of the increasing demand for the region’s diverse, light and fruity wines in Portugal and particularly in some important export markets. Douro wines experienced a similar evolution, with a focus on red grape varieties.

This modernisation also meant higher income to farmers, due to higher yields, but most significantly lower production costs since the vineyards’ restructuring has led to different plantation layouts which allow for the mechanisation of some filed operations (treatments, pruning). Higher revenues and lower costs have increased
the competitiveness of grape producers, enhancing the willingness to keep investing in the restructuring of their vineyards and increasing their average plot size.

Changes in management practices are not significant, but include better planting layouts, a separation of varieties and the ability to mechanise some operations.

As a conclusion, there is no question of the measure’s fundamental importance in the regions’ vineyards modernisation and its impacts on the wine production and quality. The only issue raised as not so positive is a possible contribution to a loss of variety diversity within the vineyards, which may hinder future innovation and adaptation to climate change.

2.3 Effects of the NSP at the level of producers and products

2.3.1 Effects on the competitiveness key factors of wine producers

2.3.1.1 Synthesis of the interviews

IQ 1.7 Could you please explain what are the current issues encountered by the wine sector in your Member States /region and describe the strategies implemented by the wine producers to address them?

According to the National Authority, wine companies are currently concerned with ensuring the supply of raw material (grapes), since there has been a decrease in production in Portugal. As such, they have begun planting their own vineyards (by buying planting rights and planting with the NSP support) in order to at least partially ensure they are not dependant of bought grapes.

Another important challenge is the ability of Portuguese wines to gain external market quota with market prices similar to those of other countries for the same wine quality. Up until now, Portuguese wines have mostly been gaining quota by practising lower prices, hindering the companies’ ability to make a better profit. This is due to the fact that Portuguese wines do not yet have the same level of recognition as wines from more well-known countries and, as such, cannot have the same level of prices for similar quality wines.

Also relevant is the ability of wine companies to grow while the Portuguese market is stagnant. As such, growth can only be achieved by increasing volumes and prices in the external markets. Additionally, sales at winery level have been increasing, mostly linked to enotourism.

The National Authority also identifies three external challenges which Portuguese companies are currently facing. Firstly, a perceived “attack” on alcohol, linked to health concerns, which may lead to a loss of consumers. Secondly, the climate changes which are believed to have a particular significance in Portugal in the near future; several entities and companies have been studying this issue in order to anticipate its problems and how to address them, namely through irrigation and genetic variability. Thirdly, the political and economic instability of important export markets (Angola, Brazil, Russia) and the fear of trade restrictions have led companies to try to diversify their markets.

The sector’s representatives believe that, given the recent increase in quality and quantity of the Portuguese wines, and an increasing awareness of their varietal and terroir diversification, the most pressing challenge to be met is the marketing and sales attitude by the Portuguese companies and institutions, which currently is still too shy, leading to a price positioning below the quality of the national/regional wines when compared to other countries. Therefore, the increase in the market price of the Portuguese wines relatively to the prices of the main competitors, is one of the most relevant challenges in the near future.

It was also mentioned a lack of Portuguese strong brands with a worldwide recognition that could improve the recognition on national wines and lead the way to other brands.

Producers generally agree on the need to support the product and market diversification, the Portuguese winemaking cultural and traditional values and the varieties that distinguish regional wines.

In the Vinho Verde region, the increase in the enotourism offer is also a priority, enabling producers to diversify their income sources and to attract more consumers to their product.

Training in all stages of the supply chain was also mentioned as very important for a better professionalization of the sector in order to achieve higher competitiveness (greater efficiency, lower production costs, better market drive).
IQ 1.8 Did the actions undertaken by the wine producers with the support of the NSP contribute to improve the competitiveness key factors of EU wine products? Please explain how.

According to the National Authority, the key competitiveness factors that the NSP has improved in Portugal are: in what concerns vineyards, the increase in the average plot size, the separation of varieties by plot and the mechanisation; in what concerns promotion, the increase in market diversification, product value and the visibility of Portuguese wines as good price/quality products.

The sector’s representatives also believe so, both in what concerns the vineyard support and the market support through the Programme.

Regional grape and wine producers in the Vinho Verde region feel that the increase in quality grapes promoted by the vineyard restructuring scheme has been fundamental in the increase in quality wines. The promotion measure is very important in increasing the sector’s, the region’s and their individual presence in the export markets, bringing visibility and consumer awareness to the region’s wines, which were previously not known at all and giving them a closer access to consumers, therefore allowing for an increase in exports in terms of quantities and prices. It was also mentioned that support to restructuring has been important in lowering production costs for wineries (cost of the supply). Without the scheme the availability of quality grapes would be much lower, leading to higher prices which would reduce the sector’s competitiveness.

IQ 1.9 What were the impact of the NSP measures on your supplies, in terms of quality, volume and origin?

According to the sector’s representatives, the NSP measures have contributed to an increase in the supply of quality wines, although the overall wine production has been stagnant (new plantings have not been able to overcome reductions in production in older vineyards and vineyard abandonment). This was mainly a result of the vineyard restructuring measure, but was also driven by the promotion measure. The latter has been particularly important in the growth in exports, since the domestic market has remained fairly stable.

Wine producers believe that the vineyard restructuring measure had an impact in wine quality, especially for Douro and Vinho Verde, meeting demand growth for quality wines. The promotion measure has been relevant in increasing market access, but mostly for large companies which can afford the high costs of the actions.

Regional representatives and wine producers in the Vinho Verde region state that supplies increased mostly in terms of the availability of quality grapes of regional varieties, allowing them to increase the quantities of quality wines typical to the region.

IQ 1.10 Did the actions undertaken by the wine producers with the support of the NSP contribute to changes as regard the organisation and coordination of the operators in the supply chain? Please explain how.

The National authority believes so, both through vineyard restructuring and wine promotion. As for the vineyards, group applications have led to a better integration between growers and wine producers, leading to a better choice of varieties and higher grape quality (see description of the measure in §3.1 to understand how the beneficiary groups were constituted). As for promotion, the support led to a higher degree of professionalization of the sector’s main organisations (ViniPortugal, Regional Wine Commissions), leading to better market strategies and a better alignment of individual producers in those strategies and more integration in the collective promotion actions.

The sector’s representatives agree, particularly in what regards the promotion support scheme, which has allowed for the development of synergies and complementarity between the main exporters and contributed to a better organisation of the supply chain. It was even mentioned that, in some cases, this “horizontal cooperation” between producers in the promotion of their wines triggered further collaboration in other areas, such as producers grouping together in order to obtain scale gains when buying production factors. In what regards vineyard restructuring, besides the positive effect of the grouped applications, leading to a better integration with farmers, the scheme has also induced some wine producers to plant their own vineyards, therefore leading to a vertical integration within the larger companies.

Regional grape and wine producers in the Vinho Verde and Douro/Port regions agree with the NSP’s impact on the organisation of the sector, both through vineyard restructuring and promotion. The NSP common insurance policy in the Vinho Verde region has also been important in bringing producers together.
2.3.2 Effects on the capacity of operators to adapt to customers’ expectations

2.3.2.1 Synthesis of the interviews

IQ 1.11 Did the NSP measures contribute to the capacity of operators to adapt to customers’ expectations, using innovative integrated approach?

As said, the National Authority highlights the importance of variety segregation (separation of varieties in the vineyard) as the main improvement in what concerns vineyard adaptation to consumer demands. As for the promotion support measure, the increasing collaboration between Portuguese entities/companies and local stakeholders in each export market (wine experts, opinion makers, wine bloggers, sommeliers, chefs) has allowed for a much better knowledge of consumer preferences and expectations in each market and, consequently, to a much better definition and targeting of the promotion actions.

The sector’s representatives believe the NSP had little influence on the ability to bring innovative approaches to meet market demands, since none of its measures encourages the most needed innovations, such as product differentiation, increase in product range, etc.

Douro/Port producers find that the restructuring measure has allowed for a better selection of varieties according to market demand.

Regional wine producers in the Vinho Verde region feel that the promotion measure has allowed for a better knowledge of consumer demand in the export markets and to adapt the product range offer accordingly.

IQ 1.12 What types of supported investment were made to adapt to the evolving demand?

The only type of investments supported by the NSP are those under the vineyard restructuring and conversion measure. As mentioned in previous answers, this measure allowed for a better quality of the grapes and a better targeting of varieties, in a shift led by changes in demand patterns and the pursuit of better quality wines.

IQ 1.13 Was the promotion measure used to support studies of new markets to identify consumers’ preferences?

According to the National Authority, some of the promotion projects proposed by wine entities and larger companies include detailed market studies with market segmentation and definition of concrete, specific promotion actions targeting those consumers. These studies are very detailed and market specific and may be either bought or ordered. However, smaller companies with smaller projects rarely include such studies.

The sector’s representatives find that very few companies develop markets studies, which is a consequence of a lack of interest, high cost and of the small market share of Portuguese wines in the international markets.

One of the Vinho Verde producers stated that it has conducted market studies in the most relevant six export markets with the scheme’s support.

2.3.3 Effects of other factors on the competitiveness and overall performance of wine producers

2.3.3.1 Synthesis of the interviews

IQ 1.14 How did the market shares evolve for your major wine products? on intra and extra EU markets? What are the main factors explaining these changes?

The National Authority believes that Portuguese market quotas have been increasing for Vinhos Verdes and other wines, other than liqueur wines, for which market quotas have been decreasing.

Portuguese wines exports to the EU and third-countries markets have been growing both in volume and price, with a climb in the exports rankings to many countries, particularly extra EU, according to the sector’s representatives. However, the market share is still small.

Regional wine producers in the Vinho Verde region say that they have been losing some market quota in the national market due to competition from products such as cider and handmade beer. However, growth in the export markets has more than compensated for it; in fact, there was a threefold increase in exports in the past years due to promotion and to the leverage role of larger producers/brands. According to the regional entities, around 60% of the Portuguese wine (excluding Port and other liqueur wines) sold in the USA is Vinho Verde.
Wine producers for Port/Douro find that Port liqueur wine demand has been decreasing or stagnating in the export markets, although with a higher valuation (increase in average prices). The national market decrease has recently been inverted by a growth in demand brought by tourism. Douro wines, on the contrary, have been growing steadily over 10% yearly on the export markets.

IQ 1.15 What are the other factors that could have had an impact on the competitiveness, product quality and market orientation of the EU wine sector (e.g. evolving demand, increased competition, climate change, etc.)?

According to the National Authority, the main factors leading to an increase in the competitiveness and market orientation of Portuguese wines are the significant growth in consumption in many emerging markets, coupled with a an increasing perception of the quality and differentiation of Portuguese wines.

The sector’s representatives mentioned also the vineyard restructuring, leading to an increase in quality, a trend to verticalisation in the sector (with many companies producing grapes and wine), a streamlining of quality and hygiene procedures and a significant increase in the level of academic qualification of professionals, namely a new generation of trained oenologists who have worked in many parts of the world and bring new ideas, new procedures and a higher focus on quality on national and on the international markets.

Wine producers feel that an important competitiveness factor is the companies’ dimension, which brings an increased ability to make better deals with suppliers and clients. This has led to a significant concentration, particularly in the Port production, in which 5 large companies dominate the market.

Climate change was mentioned by producers as being already evident. However, they feel that the large diversity of varieties well-adapted to the region is an asset in adapting to these changes and may be a competitive advantage when compared to less diverse producers in other countries.

2.3.4 Conclusion of the expert on the effects of NSP measures on the competitiveness and overall performance of wine producers

The NSP contribution to the competitiveness of the wine producers is mostly a result of the implementation of the restructuring and conversion of vineyards measure, which is by far the most significant within the Programme (accounting for around 85% of the expenditure).

This measure, as previously presented, has had a fundamental relevance in the modernisation of the vineyards in all regions, therefore allowing for a better supply of grapes to the wine producers, enabling them to focus on producing better quality and increasingly market-oriented products, which answer to the markets’ increasing demand. This is, unanimously, the most relevant and larger-scale effect of the NSP in Portugal, which is particularly evident in what concerns the Vinho Verde and Douro wines, and is fundamental in contributing to the assurance of quality supply to the wine producers.

The measure also allowed some wine producers, particularly (but not exclusively) medium and large ones, to modernise and expand their own vineyard areas, therefore enabling them to verticalize their companies and to control, in quality and quantity, a part of their supply.

The support to joint applications was also a relevant factor, not only stimulating investment by farmers, but also allowing for a better integration with wine producers and to a better grape quality and better managed vineyards.

The second most relevant impact of the NSP to the wine producers’ competitiveness comes from the support to promotion in third countries. Although with a much less comprehensive implementation than the previous measure, the promotion measure was fundamental for producers and entities to initiate or enhance their presence in international markets, particularly those with the highest consumption growths and propensity for the consumption of Portuguese wines.

The support was important both to promote and disseminate Portuguese wines, raising the consumer and opinion leaders’ awareness to their quality, diversity and unique features, and to give the Portuguese producers a better knowledge of the specificities and demands of each market, allowing them to better target the promotion actions and adapt the product portfolio. It also allowed for a better collaboration among producers and between producers and their organisations (ViniPortugal, regional wine commissions), which is relevant in other fields of their activity.

This has been very important in addressing some of the most relevant issues for the sector, namely the visibility of Portuguese wines and regions and the awareness of opinion makers and consumers, the need to diversify
the markets (avoiding focusing only on markets where Portuguese emigrants are a strong presence) and to pursue a strategy of price growth, since most Portuguese are still marketed at a lower price/quality ratio than most competitors.

2.4 Effects of the promotion measure

2.4.1 Effects of the promotion measure on the recovery/capture of foreign markets

2.4.1.1 Evolution of the market shares of national wines on the main foreign markets

Generally speaking, Portuguese wines have increased their exports since 2010 (IVV data), by 12% in volume and 27% in value. However, a similar 12% growth in intra and extra-EU exports in volume corresponds to a growth in value, over the same period, of 14% in intra-EU exports and of 47% in extra-EU exports, showing the higher dynamics in the latter. The growth of PDO and PGI exports to third countries is particularly relevant: for PDO wines +47% in volume and +71% in value; for PGI wines +59% in volume and +89% in value. This compensate for lower growths or even decreases in other wine categories, namely wine without PDO/PGI and liqueur wines.

Wines from the Minho region (Vinho Verde) have experienced an enormous evolution in what concerns their exports. According to CVRVV data (including EU and extra-EU markets), the region’s exports have grown from 8,6 Mlts and 16,3 M€ in 1995-1999 (5-year average), to 11 Mlts and 23,5 M€ in 2004-2008 and to 23,3 Mlts and 53,9 M€ in 2013-2017, which means an increase of around 172% in quantity and 230% in value (nominal prices) in 20 years.

In what concerns the main export markets for Vinho Verde outside the EU (USA, Brazil, Canada, Switzerland and Angola), it is particularly evident the spectacular growth of the exports to the USA (397% in quantity and 473% in value) in the same 20 years, with very large growths also in Canada and Switzerland, with Angola and Brazil having also very significant growths overall, despite some ups and downs. The share of the exports to third countries rose from around 41% (volume and value) to 46% in volume and over 50% in value.

Figure 6 – Evolution of Vinho Verde exports to the 5 main export markets

Source: CVRVV

In the Porto e Douro region, Port fortified wines and Douro still wines are the most relevant in what concerns exports to third countries (all others combined account for less than 3% in volume and 1% in value).

The data available (from 2006 to 2017) shows that the region’s overall exports have increased in that period by 4% in value and 6% in volume (when comparing the 5-year averages 2006-2010 and 2013-2017). This was mostly driven by exports to non-EU countries which have, in the same period, increased by 31% in value and 24% in volume.
This slight increase in exports occurred despite the decrease in the exports of Port liqueur wine both in the EU and extra-EU markets. In its main extra-EU export markets Port wine decreased significantly over the decade in Canada, Brazil and Switzerland, with a stable volume in the USA compensated by a 19% increase in value. Of the 5 most relevant markets, only Russia grew significantly over the period (112% in value and 184% in volume). However, Russia was the only of such markets where averages prices decreased (-26%), while increasing in all others (by 3% to 20%).

Figure 7 – Evolution of Port exports to the 5 main export markets

This was partially compensated by a spectacular increase in the export of Douro wines over the same period. Of all Douro e Porto region’s exports to third countries, Douro wines grew from 20% in value and 31% in volume (2006-2010) to 33% in value and 48% in volume (2013-2017). In fact, exports of Douro wines to third countries grew by 114% in value and by 90% in volume over the 2006-2017 period (given the same reference periods).

In all its 5 main third countries export markets growths by volume and value were significant (between 63% and 153%), with prices also rising in all markets, except for Brazil (-6%).

Figure 8 – Evolution of Douro exports to the 5 main export markets

Market shares for Portuguese wines are generally very small (except for Port wine in the liqueur wines segment). Given the growth in many of the most relevant export markets, this means that market shares are not the most relevant indicator of national (and regional) wines presence in those markets.

For instance, according to our own estimations, Vinho Verde sold in the USA market in 2017 accounted for 0,16% of the wine sold in that market and for 0,42% of the US wine imports in quantity and 0,26% in value.

As a result, the sector’s stakeholders are not concerned with their wines market shares, but rather with their ability to keep growing in the most relevant markets.
2.4.1.2 Information collected in the implementation reports

In the 2014-2017 period, out of a total of 314 approved promotion operations, there were 23 conducted by professional organisations (of a national or regional scope) and 15 carried out by cooperatives.

In the Minho region (Vinho Verde) there was only one project conducted by the regional professional organisation (CVRVV) for the promotion of the regional wines with around 3 M€ investment, but the region’s cooperatives conducted 5 projects, although most of a small scale. In the Porto and Douro region no projects were conducted by cooperative, with two projects conducted by the regional institution (IVDP). In Trás-os-Montes the regional professional organisation (CVRTM) and one of the region’s cooperatives conducted each a relatively small project.

Given the measures regulations, all projects had the purpose of promoting the PDO/PGI wines of its region. Additionally, there were 7 projects conducted by national scope organisations. Out of these, the 3 projects of ViniPortugal, amounting to a total of 21,3 M€, are the most relevant, with also 2 projects by Fenadegas (1,94 M€) and 2 by CAP (1,86 M€).

| Table 25 – Promotion operations by professional organisations and cooperatives |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| **€** | **Nº Operations** | **Eligible Investment** | **Community Support** | **National Support** |
| TOTAL | 314 | 137,827,031 | 68,913,516 | 9,098,229 |
| Professional Organisations | 23 | 41,764,293 | 20,882,147 | 9,098,229 |
| Of which | | | | |
| Minho | 1 | 3,094,577 | 1,547,288 | 618,915 |
| Porto and Douro | 2 | 3,141,117 | 1,570,559 | 0 |
| Trás-os-Montes | 1 | 184,917 | 92,459 | 27,738 |
| National scope | 7 | 25,099,526 | 12,549,763 | 6,550,667 |
| Cooperatives | 15 | 3,609,473 | 1,804,736 | 0 |
| Of which | | | | |
| Minho | 5 | 1,187,816 | 593,908 | 0 |
| Porto and Douro | 0 | 0 | 0 | 0 |
| Trás-os-Montes | 1 | 52,319 | 26,159 | 0 |

Source: IVV

As a whole, the 314 projects approved within the scope of the 6 calls for applications under the promotion measure since 2014 had a total eligible investment of 131,6 M€ which were invested in actions in 41 different markets in all Continents. However, there was a very significant concentration in only 5 markets – USA, Angola, Brazil, Canada and China – which accounted for 81,1% of eligible approved expenses:
2.4.2 Effects of the promotion measure on the reputation of EU wines

2.4.2.1 Synthesis of the interviews

IQ 3.1 What are the EU wine products benefiting from the best reputation abroad? Please specify:

- Their origin (France/Italy/Spain/etc.)
- Their category (red/white/sparkling/etc.)
- Their quality (PDO/PGI/wine variety)

According to the National Authority, French wines are the ones with the best reputation on external markets, with a perception of being high end, prestigious products, linked to gastronomy and culture, namely in regions such as Champagne, Bourgogne and Bordeaux. This leads to a spill-over effect benefiting all French wines.

Italian wines are also perceived to have great quality and are closely associated to the Italian restaurants worldwide. Some other regions and wines, such as Rioja and some German and Austrian whites are also viewed as having great quality.

The sector’s representatives at a national level believe that in terms of product homogeneity, promotion effectiveness and average prices, wines from New Zealand are the ones with the best reputation, particularly in the market segment on which Portuguese wines intend to compete. Austria in terms of price gains and Italy in terms of product innovation were also mentioned. In what concerns product categories, undoubtedly Champagne. It was also mentioned the tendency for New World consumers to buy varietal wines, although with a recent trend towards blended wines, which are Portugal’s trademark.

The representatives for Vinho Verde mention French and Italian wines, as well as USA wines, with a focus on red wines, but with a growing demand for products with a lower alcohol content, and a preference for PDO wines.

IQ 3.2 Did the promotion measure contribute to strengthen the reputation of the national wines?

The National Authority believes the greatest contribution of the promotion measure was in fact the increase in the reputation of Portuguese wines in international markets. The support helped companies and entities to establish a permanent and professional presence in the most relevant markets and to develop a consumer-focused promotion strategy, with a strong, systematic and coherent message. Support to reverse visits has also been important in strengthening Portugal’s reputation with local opinion makers.

The sector’s representatives have no doubt that the support to promotion has been fundamental in building a stronger and much more permanent and coordinated image of Portuguese wines in the priority markets, with over 150 international promotion activities every year. Douro/Port wine producers share this opinion.

Regional wine producers in the Vinho Verde region are certain that the measure was fundamental in bringing visibility to the regional wines, which were not known in the export markets previously. Increase in sales to important markets, such as the USA, Brazil and Japan have been a result of the scheme.
The region’s representatives agree, stating that over a decade ago most Vinho Verde exports were aimed to Portuguese emigration communities, with only 15% of the exports being PDO. Currently, the product exported is over 50% PDO and is present in over 100 markets worldwide. This would not have happened without the promotion support measure, which has changed the producers’ mentality to a point where they find indispensable to gather market information, to know the consumer preferences and to frequently participate in promotion events. In the Vinho Verde case, this market dynamic led to a change in the region’s portfolio, with a much higher focus on white wines, rather than reds.

IQ 3.3 Apart from the NSP, were there any other factors that could have impacted the reputation of national wine products abroad?

According to the National Authority, the important number of prizes awarded to Portuguese wines in the recent years, some in the world’s most important events, has been fundamental in increasing their reputation. Another relevant factor has been the important growth of tourism in Portugal, allowing for an increase in sales both during the visitors stay in Portugal and afterwards back in his country.

The sector’s representatives mention the increase in the perception of quality and diversity (among regions and varieties) of the Portuguese wines in third countries.

Regional wine producers in the Vinho Verde region feel that the promotion work that has been conducted by the regional authority (CVRVV) has been fundamental in bringing visibility to the region’s wines through a large and coordinated promotion work. The differentiation of Vinho Verde wines, which have some features that appeal to a new consumer generation, which values healthier lifestyle and consumption habits, such as being lighter and fruitier. Also, there are a couple of important brands that “pull” the region’s wines and have also been important in increasing exports.

The regional representative for Vinho Verde mentions as very important the significant improvement of the wider image of Portugal worldwide, as well as the integration in the EU single market and a very stable exchange rate policy in the EU.

The growth of tourism in Portugal is widely viewed as very important for the image of Portuguese products, namely wine. This is more for Port wine, bringing Douro wine along; the region is already a significant touristic destination and touristic offer has been developed. Vinho Verde region is still lagging behind in this respect.

2.4.3 Effects of the promotion measure on wine companies’ income

2.4.3.1 Synthesis of the interviews

IQ 3.4 Are there spill-over effects of the promotion support on wine producers’ income?

According to the National Authority, the promotion projects developed by some entities/companies have increased the reputation of Portuguese wines in the main export markets, therefore benefiting the entire sector, namely smaller companies. The increase in exports is an alternative to sales in the national market through large retailers, with which negotiations are always very difficult (note: Portugal has a very concentrated retail market, with two very larger players and very few others, which means there is a disproportionate bargaining power for smaller producers, which often complain about very difficult negotiating conditions which significantly reduce their margins).

Producers say that the individual promotion work conducted by large companies has an important spill-over effect on the exports of smaller companies.

IQ 3.5 Were there any other factors that could have impacted the wine producers’ income?

The sector’s representatives consider that the large increase in tourism in Portugal in recent years has been an important contribution to the reputation and to the sales of Portuguese wines, both in Portugal and abroad.
2.4.4 Additional benefits or negative effects in third countries generated by the support for promotion

2.4.4.1 Synthesis of the interviews

IQ 3.6 Are there any additional benefits or negative effects arising from the promotion operations implemented in third countries?

For the National Authority, the benefits have been well described in the previous answers, while there are no negative effects to be highlighted, except maybe the chance of a price rise by some suppliers, which however has not been documented.

2.4.5 Conclusion of the expert on the effects of the promotion measure

Available data on exports shows that Portuguese wines have significantly increased their exports, particularly to extra-EU countries in the past decade, and that this growth was mainly a result of the extraordinary increase in the exports of PDO and PGI wines.

Wines from Minho (Vinho Verde wine) and Douro e Porto (Douro wine) were two of those for which this was most evident, with very significant increases in exports to third countries, both in volume and in value. Some markets, such as the USA, Canada and Switzerland, experienced two and three-fold increases in sales of Vinho Verde and Douro wines.

This is a result of a number of factors, including:

- The intrinsic quality of the products and the availability of quality productions in higher quantities;
- Some stagnation of the Portuguese market, which led operators to look for more added-value alternatives;
- The growth in wine consumption in non-EU markets, particularly high purchasing power markets, such as the USA, Canada, Switzerland, Norway;
- An increasing interest in those markets for wines different from the ones they were consuming (typically varietal wines from a few well-known and widespread varieties), namely blended wines from different varieties with specific features (which is the case of both Douro and Vinho Verde);
- A shift in consumption trends towards lighter, fruiter wines, with an increase in white wine consumption, in which Vinho Verde fits perfectly;
- A significant improvement in the awareness and in the image of Portugal worldwide, with a large tourism growth, that drives the consumption of Portuguese products, and wines in particularly.

Despite a stagnation or decrease in the exports of Portugal’s main wine product (Port fortified wine), which is a result of the already-mentioned shift in consumption patterns and is urgent to reverse, all those factors have significantly improved the marketability of Portugal wines abroad.

Along with all the factors mentioned, the promotion in third countries measure has been a fundamental part of this process. It has allowed for a significant number of promotion actions in a wide number of important markets worldwide, by producer and their organisations. It has been fundamental in financing the wine’s interprofessional organisation (ViniPortugal), which has the single mission of promotion and disseminating the Portuguese wines abroad.

As such, the measure has been a fundamental instrument in raising the awareness, knowledge and profile of Portuguese wines, highlighting the specific features that make them unique – their diversity, their terroir and tradition, their unique and diverse varieties – in the markets that are growing and have a consumer base willing to know and buy them.

The consistency of the support over the years is very relevant in creating a sustained presence of the country and of the brands in the markets, influencing the sector’s opinion-makers, attending trade fairs, advertising, reaching the consumers directly.

On the other hand, the measure has allowed for an open-mindedness of the producers, allowing them to know the markets and the consumer preferences, thus better adjusting their products and their promotion actions to each market, achieving a greater efficiency in the promotion actions.
The combined analysis of the export figures to the main markets, of the measure’s implementation and of the stakeholders’ testimonies clearly show the continued importance of the promotion support to the international growth of Portuguese wines, including Vinho Verde and Douro wines.

2.5 Effects of the information measure

This measure was not implemented in Portugal.

2.6 Efficiency of the management of the NSP

2.6.1 Achievement of the technical targets of the NSP

Table 26: Rate of achievement of the foreseen expenditures per measures

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion</td>
<td>62%</td>
<td>100%</td>
<td>70%</td>
<td>83%</td>
</tr>
<tr>
<td>Restructuring &amp; conversion</td>
<td>119%</td>
<td>99%</td>
<td>119%</td>
<td>102%</td>
</tr>
<tr>
<td>Harvest Insurance</td>
<td>56%</td>
<td>88%</td>
<td>43%</td>
<td>96%</td>
</tr>
<tr>
<td>By product distillation</td>
<td>48%</td>
<td>98%</td>
<td>50%</td>
<td>102%</td>
</tr>
</tbody>
</table>

Source: DG AGRI, March 2018

The National Authority finds that the achievement rate for the restructuring measure, usually above 100%, is determined by three main factors. Firstly, the great propensity to plant vineyards, following increases in demand for higher quality products. Secondly, the fact that the support measure is very interesting both as to the support levels and to its simplicity, lack of bureaucracy and certainty of support payments. Thirdly, the uncertainty concerning the future of the measure after 2020 has led many investors to anticipate investments.

The harvest insurance measure has had a decrease in demand, being lower than expected. The authorities had expected a higher demand due to the measure’s simplification and divulgation. However, low demand relates to the fact that the measure does not include relevant risks, such as draught (although the inclusion of severe draught is allowed according to EU legislation) and scalding leading potential beneficiaries to decide not to apply, which, in turn, results in some adverse selection. It is important to state that the collective insurance policy by the Regional Wine Commission of Vinhos Verdes is the most important of the entire scheme.

Support under the promotion measure has decreased in the past years mostly due to the economic crisis that has prevented some potential beneficiaries from having the means to develop promotion actions. Additionally, the degree of complexity of the measure coupled with a high degree of uncertainty over the amount of support, have led to a decrease in its uptake. This has not yet been fully reflected in the measure’s execution due to the fact the payments are still being made concerning applications from previous years.

The by-product distillation measure’s execution has significant inter-annual variations reflecting the variations in wine production and in the demand for spirits (the spirits market may absorb the by-products, but without support, since the alcohol resulting from the supported by-product distillation can only be used for industrial or energy purposes.).

The National Authority highlights the importance of the flexible budget management, allowing budget transfers between measures, which is an important factor in keeping an overall achievement rate around 100%.

According to the Paying Agency, most measures have a very high degree of execution. Promotion support has a high level of demand, while the insurance support measure is mainly implemented through collective insurance policies of the Regional Wine Commission for Vinhos Verdes (the largest policy in Europe) and Douro. The vineyard insurance scheme will soon be extended to the regions of Madeira and the Azores. The by-product distillation measure is the one with the lowest and most variable demand, since the alcohol market absorbs the by-products. As for vineyard restructuring, the Payment Agency states that the high level of execution, usually 100% or higher, is due to the high level of demand which allows for some overbooking of the measure’s budget.
### 2.6.2 Selectiveness of the management procedures

#### Table 27: Main criteria/procedure(s) ensuring the relevance of the selected applications

| Promotion | Applications are selected based on the eligibility criteria, which are mandatory criteria ensuring both that the beneficiary complies with the legal requirements and that the project fulfils the minimum quality and coherence standards in terms of actions proposed, costs, technical ability and quantity and quality of production to meet market demand. The analysis of these criteria ensure only quality projects are approved. If the budget allocated to a given call for proposals is not sufficient to support all projects complying with the eligibility criteria, then a set of selection criteria is used, in order to select the applications which better meet the policy objectives defined for the measure. These have changed in the course of the 2014–2018 period, being initially defined in 2013, with slight changes in 2015 and a fundamental change/simplification in 2016. Currently, the criteria are the following:
- New beneficiaries with no previous support under this measure - 25%;
- Beneficiaries aiming at a new market or third country for which they had not received support in the past – 25%;
- Beneficiaries with projects by interprofessional organisations – 25%;
- Beneficiaries of wine sector associations and professional bodies – 15%;
- Beneficiaries with a project that includes at least two priority markets – 10%.
These criteria prioritise new beneficiaries and markets, the sector’s IPO (ViniPortugal), other sector entities and priority markets (Angola, Mozambique, Canada, EUA, Brazil, Colombia, Mexico, Venezuela, Norway, Russia, Switzerland, Ukraine, China (including Macau, Hong Kong and Taiwan), South Korea, Japan and Singapore). |
| Restructuring & conversion | Again, applications much comply with the eligibility criteria, which ensure that they fulfill the minimum requirements for a relevant application. These include having valid replanting rights for PDO/PGI vineyards, complying with the varieties, soils and practices of the wine region, scheduling and defining the proposed operations, complying with the minimum eligible areas for support and having certified vegetative propagating material (with some exceptions). Projects complying with this set of mandatory criteria are then ranked according to the selection criteria currently in force:
- Applications presented by young farmers (<= 40 years old) and companies in which the managing partner owns more than 50% of the capital and is <= 40 years old – 30%;
- Applications which foresee the use of priority varieties (defined in each call for applications) – 30%;
- Applications for the vineyards of Colares and Carcavelos – 10%;
- Applications which aim at increasing the area of the holding by using planting rights from the national reserve or transferred – 15%;
- Individual application between 3 ha and 20 ha and joint applications including cooperatives and POs – 10%. |
| Green harvesting | - |
| Harvest Insurance | The measure has no defined eligibility or selection criteria, with all producers of wine grapes with vineyards established on Portugal’s mainland who are registered in the central vineyard registry and who establish an individual or group insurance contract with an insurance company, being eligible for support. Priority in access to the support is determined based on the date in which they were submitted to IFAP. |
| Investment | - |
| By product distillation | As with the harvest insurance measure, the simplicity of this measure’s implementation leads to the need of only a few eligibility criteria and of no selection criteria. Eligibility criteria are: reception of by-products at the distillery within the stipulated deadlines; payment of the transport costs to the producer, when applicable; submission of applications to IFAP within the determined deadlines. No selection criteria. However, applications are paid according to the date in which they were submitted to IFAP. |
| Innovation | - |

Source: IVV, IFAP.

### 2.6.3 Description of the management procedures of application files

#### Promotion:
The National Authority (IVV) decides to open a call for applications and disseminates its opening, as well as all the specific rules, in the IVV and IFAP websites. Beneficiaries present their applications to the National Authority, in a specific platform (SiaPV) on its website. IVV analyses the coherence of the application, its eligibility criteria and the eligibility of the proposed expenses. Expenses are analysed via unit costs, reference tables, and price quotations.
To all applications that are considered valid, the selection criteria are then applied, leading to the emission of a final approval or refusal decision and the corresponding amount of support. The process then is submitted to the Paying Agency which contracts the support with the beneficiary. Afterwards, the beneficiary may submit its requests for payment to the Paying Agency, which analyses all expenses made, looking into the actions that were conducted and to the payment and physical evidences, deciding on their eligibility and making the payments accordingly. The beneficiary may also submit request for amendment to the project, leading either to small or significant changes in its goals and expenses.

The beneficiaries are subject to administrative controls and to in loco controls by the authorities, namely IFAP and IVV, but also possibly the European Commission, national and European Court of Auditors, among others.

**Vineyard restructuring and conversion:**

Calls for application occur every year between the 15th November and the 31st December, being publicized in IVV’s and IFAP’s websites, with specific rules (such as selection criteria) defined by IVV.

In order to present an individual or joint application, applicants must be registered in IVV’s information system for wine and vineyards (SIvv) and as IFAP’s beneficiaries, have their holdings registered in IFAP’s parcel identification system (ISIP) and possess all relevant documents required for the application (such as planting rights, land ownership, several types of authorisations, etc).

Applications are submitted online in IFAP’s website. They are automatically sent to the Regional Directorates for Agriculture (DRAPs), which conduct the technical validation and selection procedures. Later there may be a request for amendments to the applications.

All approved projects may present requests for payment, which are made in IFAP’s website, by the 30th September of the year following that of the application (or the next for joint applications).

All approved applications are controlled administratively, with controls in loco before the operations only to a minimum of 5% of applications. All applications are controlled in loco after the investment has been conducted. These final controls include setting percentages, land profile changes, single vineyard lines, minimum areas, support systems, investment dates, support walls and drainage. Controls are conducted by the DRAPs.

Payments are conducted by IFAP on the year following that of the application submission.

**Vineyard insurance:**

The individual or collective insurance policies are established between the beneficiaries (policyholders) and the insurance companies. The policyholders provide all information concerning the identification of the beneficiaries, the land parcels (location, identification) and the object to be insured (volume and price of production), in an application form which is presented to the insurance company with which the insurance contract is established. The insurance company completes the form with the policy data and submits it to IFAP.

When contracting the insurance policy, the beneficiary pays a lower, subsidized insurance premium. The support is then paid by the Paying Agency to the insurance companies to make up for the reduced insurance premiums. The National Authority has no role in the operational implementation of the measure.

In the event of a disaster, claims are handled between the insurance company and IFAP, with the former gathering all data and submitting it to the latter.

IFAP is responsible for the administrative controls of all of the measure’s applications.

**By-product distillation:**

The beneficiaries of the measure are the distillers which are registered in IVV, IFAP and customs (tax warehouse). Requests for payment are conducted through a form to be presented to IFAP along with a list of products received and proof of transportation payment (when it occurs). Raw alcohol with an alcoholic strength by volume of not less than 92% vol. obtained by the distillation of grape marc, wine lees and wine delivered for distillation is eligible for support. Support is paid by IFAP three months after reception of the request for payment.

Transport of the by-products must be accompanied by an accompanying document previously submitted to the IVV. By-products obtained must contain, on average, the following minimum percentages of alcohol: grape marc - 2.8 litres of pure alcohol per 100 kg; wine lees - 4 litres of pure alcohol per 100 kg.

Sub-product deliveries for distillation are subject to weigh-in upon entry into the distillery.
The aid is paid for the quantities of alcohol used exclusively for industrial or energy purposes. For the purposes of industrial or energy purposes, alcohol means alcohol intended for natural or legal persons whose activity covers that purpose and which has been denatured in such a way as to prevent its use as mouth liquor.

Administrative controls are carried out to all applications. In loco controls are carried out to the alcohol which is applied to support and covers at least 5% of the total number of applications and 5% of the amount of aid. IVV defines, in articulation with the DRAP, the control plan and the control procedures in the distilleries.

No selection criteria are established. As long as legal requirements are fulfilled, the support is paid, since the amounts foreseen for the measure have not been reached.

### 2.6.4 Data on workload linked to the NSP implementation

<table>
<thead>
<tr>
<th>Workload in Full-time equivalent (FTE)</th>
<th>Other cost (premises, IT, equipment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National authorities</td>
<td>58 (3.858.579 €)</td>
</tr>
<tr>
<td>Payment services</td>
<td>10,5 (593.394,05 €)</td>
</tr>
<tr>
<td>Regional Administrators / Certification</td>
<td>39 (1.234.059,63 €)</td>
</tr>
</tbody>
</table>

Source: IFAP, IVV. Note: data concerns annual costs as estimated in 2015/2016 and include cost of control, since it was not possible to separate from management costs.

### 2.6.5 Synthesis of the interviews

#### 2.6.5.1 Questions related to the effects of the financial parameters

IT 2.5 Compared to a budget that would have been manage on a 5 year period, have the yearly management of the NSP’s budget fostered an orderly implementation of the measures on all the duration of the programme?

According to the National Authority, there is no advantage in having to comply with a yearly budget when managing a five-year programme. In order to avoid the under-execution of the annual budget, the National Authority has to accept a yearly overbooking of applications, which may lead to situations in which there are more commitments than budget, therefore leaving some beneficiaries to be paid only in the following year. This creates some uncertainty for the beneficiaries and makes the management work of the National Authority more difficult.

The Paying Agency agrees with the advantages of a multiannual budget, also pointing out that an annual budget may lead to significant overbooking in some years, delaying payments to the subsequent years, thus leading to uncertainty from the beneficiaries as to when they will receive the support. However, in what concerns the vineyard restructuring scheme, an annual budget management is seen as a way to allow for a more rational and disciplined management of the scheme.

IT 2.7 Have the yearly management of the NSP’s budget fostered/hindered the selection of the more relevant applications? Have it been an obstacle to the support of multiannual projects or structuring projects?

The National Authority does not believe a yearly budget impacts the selection process hindered the selection of the more relevant applications. However, it led to the end of the multiannual promotion projects that had to be concluded in the year following the application year. Nevertheless, the National Authority considers that annual projects have higher execution rates than multiannual ones. The Paying Agency agrees with the fact that this constitutes no obstacle in the selection of best applications or structuring projects.

IT 2.9 Have the yearly budgetary limits created a specific workload, related in particular to the need to close the budget each year?
According to the National Authority, a yearly budget means that the follow-up and control procedures must be much tighter, particularly for the restructuring measure, which means a higher time allocation from many of the intervening entities (National and Regional authorities).

The Paying Agency says there is no extra workload due to an annual budget compared to a multiannual budget. On the contrary, a multiannual budget could mean a concentration of applications and requests for payment in certain periods, making the workload management more difficult.

The sector’s representatives agree with the latter, although considering that an annual budget means an annual execution of activities, which is much heavier on beneficiaries and limits the capacity for longer term planning.

IT 2.6 Have the absence of obligatory co-financing facilitated the access to support for beneficiaries? Please give details per measure

The National Authority feel that the absence of national co-financing is one of the key success factors of the NSP in Portugal since it protects the wine sector from the competition of other sectors and ensures an annual targeted budget. For the beneficiaries this is the main benefit of the Programme – ensuring a permanent financing without being dependant on the national budget.

IT 2.10 Have the absence of obligatory national co-financing facilitated the management of the funds at the level of the managing authorities?

For the management of the NSP the main benefit of the absence of co-financing is also the assurance of a yearly budget, without the constraints of the national budget, which could result in annual variations to the NSP financing.

The Paying Agency believes it reduces the bureaucracy and renders the management simpler.

IT 2.8 Did the absence of obligatory national co-financing encourage the Member State to reach the EU budgetary limit, financing sometimes less relevant operations?

The National Authority does not believe so. In fact, all public money, national or community, is managed in the same way, ensuring by all possible means that it is well-spent. Furthermore, the high level of demand for the NSP measures ensure that there is always a large pool of projects from which to choose relevant operations for NSP financing. The Paying Agency agrees with this, stating that the eligibility requirements and the controls ensure no less relevant operations are financed.

2.6.5.2 Questions related to the overall effectiveness of the programme

IT 8.1 Have the traceability of the expenses been improved compared to the previous programming period? If so, how?

This procedure is conducted by the Paying Agency and Regional Authorities. The Paying Agency considers that the traceability of the expenses has improved, namely in what concerns the promotion measure. This is mostly due to clarification and information actions, simplification of the measure’s procedures and better knowledge and experience by the beneficiaries; all this has led to a reduction in the error rates of the measure. This issue is of very little relevance in what concerns insurance and by-product distillation. As for the vineyard restructuring measure, the procedures have been improved, but generally the level of traceability is similar to the previous programming period.

IT 8.2 How do beneficiaries demonstrate their actual need of EU support, and that normal operating costs are not financed by the EU budget? Please detail per measure if needed.

According to both the National Authority and the Paying Agency, there is no particular procedure implemented rather than the analysis of the foreseeable expenses in the application forms and, afterwards the verification that the investment has been concluded as foreseen.

IT 8.3 Do you think that the measures have supported actions that would have been carried out anyway (without the EU support)? Please detail per measure if needed.
Although there is no procedure to determine if the actions would have been carried out without support, the National Authority feels that some promotion actions, namely conducted by the larger companies might have occurred, but in smaller scale and in a less permanent way. Most promotion actions by smaller companies would not have occurred. As for vineyard restructuring, the data shows that very little has taken place without support, given the high cost of vineyard planting; so it may be concluded that very few investments would have taken place without support. The Paying Agency agrees with this last point.

The sector’s representatives say that the measures (vineyard restructuring and promotion) do not pay for actions that would have been carried out nonetheless, rather they expand the beneficiaries’ budget for their investment activities. This allows larger beneficiaries to increase investment in vineyards and promotion beyond what they would normally do, speeding up the pace and the benefits they obtain. For smaller beneficiaries, the support is most often the decisive factor that induces investments that are needed but would not have occurred otherwise.

Large companies say that it is possible that some of the actions would have been conducted without support, but to a lesser extent, while other actions would not have taken place.

Regional wine producers in the Vinho Verde region say that, in what concerns vineyard restructuring, the support led smaller farmers to invest (they would not have done so without support) and larger farmers to plant in land that, due to high infrastructuring cost, would never have been used otherwise. As for promotion, the measure has allowed for conduct more and more extensive actions than without support.

IT 8.4 How do you make sure that the costs of the supported operations correspond to the market prices for similar operations? Please detail per measure if relevant.

For the main measures of the NSP (restructuring and promotion), the National Authority analyses the cost’s reasonability. Furthermore, the National Authority resorts to studies by independent experts that provide average costs tables for both measures, based on which the applications are analysed.

2.6.6 Opinion of the expert

- Effects of the financial parameters

<table>
<thead>
<tr>
<th>POSITIVE EFFECTS</th>
<th>NEGATIVE EFFECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly budgetary limits</td>
<td>• In terms of payments, the management of the Programme is easier and more effective;</td>
</tr>
<tr>
<td></td>
<td>• Adequate for the harvest insurance and by-product distillation measures;</td>
</tr>
<tr>
<td></td>
<td>• It is easier for the beneficiaries to conceive, implement and execute single-year promotion projects, leading to less project amendments, lower ineligibility and error rates and higher execution rates;</td>
</tr>
<tr>
<td></td>
<td>• More predictable annual procedures and schedules, leading to a more streamlined, ongoing management.</td>
</tr>
<tr>
<td>Absence of obligatory national co-financing</td>
<td>• To avoid under-execution it is necessary to allow for annual overbookings, which in some years may lead to the insufficiency of resources to pay all beneficiaries, leaving some payments to the following year, which creates some uncertainty with the beneficiaries;</td>
</tr>
<tr>
<td></td>
<td>• Does not allow for multiannual programmes in the promotion measure, which limits the beneficiaries to short-term planning;</td>
</tr>
<tr>
<td></td>
<td>• The long-term planning for the vineyard restructuring is also hindered;</td>
</tr>
<tr>
<td></td>
<td>• Need for tighter control procedures, namely for the vineyard restructuring measure, being more time-consuming for the authorities.</td>
</tr>
<tr>
<td></td>
<td>• Ensuring a permanent, guaranteed budget for the implementation of the Programme, which does not depend on national budget availability and or national policy priorities;</td>
</tr>
<tr>
<td></td>
<td>• Guaranteed annual envelope for the sector, protecting it from competition from other sectors;</td>
</tr>
<tr>
<td></td>
<td>• Simpler and less-bureaucratic management of the Programme.</td>
</tr>
<tr>
<td></td>
<td>• An obligatory co-financing would mean a higher budget, allowing for a higher level of support to current beneficiaries, for a wider number of beneficiaries and/or to the implementation of further support measures.</td>
</tr>
</tbody>
</table>

- Relevance of the selected application and risk of deadweight

In what concerns both the promotion and the vineyard restructuring measures, the eligibility criteria are adequate and ensure that only relevant applications are eligible for support, namely by focusing on quality
wines. The subsequent use of the selection criteria allows for a selection of the most relevant projects according to the policy priorities defined by the National Authority.

The promotion measure has selected and supported mostly private companies’ projects. Although no particular procedure exists in order to determine whether the projects would have occurred without support, it seems clear that smaller companies would not have had the possibility of conducting promotion actions without this support. As for larger companies, which have regular promotion activities, the support has meant a “budget expansion”, allowing to conduct more activities in more markets, maintaining a more regular and intense presence, which would not have been possible otherwise.

Also very relevant is the measure impact in the promotion activities by the sector’s entities, namely ViniPortugal, but also regional wine commissions and other entities, which are extremely important in disseminating the image and presence of Portuguese wines and in creating a “snowball” effect which the private companies follow. These projects by institutional stakeholders would not have existed in the absence of support.

As for the vineyard restructuring measure, it is very clear that the absence of support would have meant a significantly lower level of investment in vineyards. The cost of vineyard restructuring is very high, namely in the Douro region, while the price of wine grapes is not sufficient incentive for most producers to invest. Therefore, smaller farmers would probably not have invested at all, while larger ones would have invested much less and would not have expanded their vineyard areas. It is very significant that the new scheme for vineyard planting authorisations has seen an extremely low level of demand, with the main factor being the absence of NSP support, because farmers are not willing to invest without it (even if they are able to apply for the much less interesting and uncertain RDP support).

Harvest insurance for vineyards would not have occurred without support. Before the NSP support the scheme was already supported under the national budget, but with increasingly poor results. The cost of harvest insurance policies is too high for farmers or collective stakeholders to contract without the support.

- **Good practices set at Member State and/or regional level ensuring the justifiability of the expenditures:**
  - In order to ensure the justifiability of expenses, the National Authority commissions periodic studies, conducted by private independent companies, which establish the standard unit costs for the vineyard restructuring measure and for many of the eligible costs under the promotion measure. These studies are based on the analysis of actual costs incurred by beneficiaries and on market costs.
  - Additionally, all vineyard restructuring projects are subject to in loco controls, ensuring that support has been effectively used for its intended purpose. In the promotion measure, requests for payment are analysed, looking into all expenses incurred.

### 2.7 Coherence of the NSP

#### 2.7.1 Coherence of the objectives of the NSP with other EU/CAP objectives

**2.7.1.1 Synthesis of the interviews**

IQ 12.1 According to you, are the objectives of the NSP coherent with:
- the EU overall objective of environmental sustainability?
- the EU overall objective as regards public health and prevention of harmful alcoholic use?
- the EU overall objective of balanced territorial development?

According to the National Authority, the NSP is coherent with all of the CAP objectives.

In what concerns the goal of competitiveness, all NSP measures have a positive contribution:
- The promotion support measure is fundamental in ensuring a systematic and coherent presence of the Portuguese wines in the export markets, namely in the major fairs and near local distribution
companies and opinion makers. It is fundamental that this presence is systematic for a period of not less than five years, in order to establish a brand in a given market.

- The support to vineyard restructuring has been fundamental in adapting the structure of the vineyards in order to increase productivity and produce wines according to market demands, by using specific varieties, enhancing the features of Portuguese wines, increasing production quality and quantity. It is important to say that investment in new vineyards without support is minimal in Portugal. The priority to group applications (joining producers and growers) has also led to a higher degree of integration in the supply chain.

- The harvest insurance scheme has also contributed to the competitiveness of the holdings by ensuring a level of income protection.

The goal of environmental sustainability is achieved through both the support to vineyard restructuring and the support to by-product distillation. The former by promoting traditional varieties (supporting the vineyards genetic diversity), enhancing environmental sustainable agricultural practises and preserving a fundamental feature of the landscape – the land-supporting walls (namely in Douro). The latter by supporting the environmental sustainable use of a by-product.

In what concerns the balanced territorial development, the NSP’s main three measures have had a uniform implementation throughout the territory, allowing for the sustainability of an economic activity which is key to the development of less developed regions and of smaller-sized holdings.

As for the health issues, the NSP has no specific contribution, since it has been designed in order to complement and to ensure coherence with national supported measures. The latter include support to information programmes by the main national public and association stakeholders (ViniPortugal, Fenadegas, wine regional commissions), which include training and information actions for alcohol and health, such as “Wine in Moderation”.

### 2.7.2 Coherence and complementarity of the NSP measures with corresponding measures

#### 2.7.2.1 Identification of measures with similar objectives

The following table presents all relevant identified measures which wine growers, wine producers and other stakeholders may access, their goals and their demarcation criteria with respect to the NSP:

<table>
<thead>
<tr>
<th>Programme</th>
<th>Measure</th>
<th>Goal</th>
<th>Demarcation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Development Programme 2014-2020</td>
<td>3.1 – Setting-up of young farmers</td>
<td>Premium to young farmers who establish themselves as farmers for the first time.</td>
<td>Not applicable since NSP does not grant such a premium, despite priority to young farmers in the vineyard restructuring measure.</td>
</tr>
<tr>
<td></td>
<td>3.2 – Investment in agricultural holdings</td>
<td>Support to investment in agricultural holdings, including planting of permanent crops, machinery and irrigation.</td>
<td>Measure 3.2 does not support the planting of vineyards under the former plantation rights, while NSP does not support investment in new vineyards under the new authorisations scheme. NSP also does not support machinery and irrigation. As such, a farmer with a new authorisation may install a vineyard with support only from RDP measure 3.2, while a farmer with a former plantation right may be supported by NSP for the land preparation, plantation and support walls and by 3.2 for irrigation and machinery. The schemes are therefore complementary and well demarcated.</td>
</tr>
<tr>
<td></td>
<td>3.3 – Investment in processing and marketing of agricultural products</td>
<td>Support to investment in processing of agricultural products, including implementing new wineries and/or modernising existing ones.</td>
<td>Not applicable since NSP does not support investments in processing units. Therefore, there are no types of investment which are eligible under both measures.</td>
</tr>
<tr>
<td></td>
<td>6.1.1 – Crop insurance</td>
<td>Contribute to insurance premiums, which are contracted by farmers, to cover losses resulting from an adverse climatic event, from an animal or plant disease, from a pest, or from environmental accidents, the occurrence of which is</td>
<td>The measure’s legislation clearly states that it is not applicable to the wine grape sector, since insurance in this sector is supported under the NSP.</td>
</tr>
</tbody>
</table>
### Programme

<table>
<thead>
<tr>
<th>Measure</th>
<th>Goal</th>
<th>Demarcation</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 – Agri-Environmental measures</td>
<td>Measure 7.6 supports the preservation of the traditional stone walls of the Douro region. Measure 7.11 supports the reconstruction of those walls.</td>
<td>The vineyard restructuring measure also supports the reconstruction of traditional stone walls in the Douro region. No demarcation criteria are established, although the general rule for investment support is that no investment may be financed simultaneously by two different support schemes.</td>
</tr>
<tr>
<td>Portugal 2020</td>
<td>Incentive System for the Qualification and Internationalisation of SMEs (ERDF)</td>
<td>Support to investments leading to an increase in the export capability of companies in all economic sectors, including wine producers. The measure supports investments concerning external promotion, some of which are also eligible under the NSP promotion support measure. Again, no demarcation criteria are established, although the general rule for investment support is that no investment may be financed simultaneously by two different support schemes.</td>
</tr>
<tr>
<td>Horizontal regulation</td>
<td>Information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries</td>
<td>To highlight the specific characteristics of agricultural production methods in the Union, in particular in terms of food safety, traceability, authenticity, labelling, nutritional and health aspects, animal welfare, respect for the environment and sustainability, and the characteristics of agricultural products and particularly in terms of quality, taste, diversity or traditions. To raise awareness of the authenticity of protected European designations of origin, protected geographical indications and traditional specialties guaranteed. No demarcation criteria are defined. However, individual companies are not eligible under the Horizontal Regulation. Additionally, for simple programmes the programme in question should also cover another agricultural or food product. These constraints significantly limit the scope and interest of the support measure in the wine sector.</td>
</tr>
</tbody>
</table>

Other programmes and measures are available which may also be interesting in supporting complementary activities of wine growers and producers, including:

- other agri-environmental measures;
- measures under the LEADER approach (within RDP), such as small investments in agriculture and processing, diversification of activities (including enotourism) and promotion of quality products;
- support to tourism under Portugal 2020 (ERDF).

As explained, the RDP measure for investment in agricultural holdings was designed in order to complement the vineyard restructuring measure under the NSP. For all other measures no particular demarcation criteria are defined. However, the general rule for investment support is that no investment may be financed simultaneously by two different support schemes. The fact that all of the mentioned schemes (except those under ERDF) are under the same paying agency ensures that double-financing is avoided.
2.7.2.2 Synthesis of the interviews

IQ 13.1 According to you, are there synergies/complementarities between the NSP measures and:
- the corresponding measures in the RDP? Please explain.
- the corresponding measures contained in the horizontal regulation on promotion measures of agricultural products?
- the corresponding measures contained in other EU policies?

Please explain.

The National Authority believes the NSP measures are mostly complementary to those of other Programmes, namely the RDP 2020 for the Mainland, namely with the following measures:

- the RDP measure supporting investment in agricultural holdings supports investment in new vineyards other than those conducted with existing planting rights, which are supported under the NSP restructuring measure, thus providing for an alternative financing for these vineyards;
- the same measure supports investments in machinery and equipment, including irrigation systems, for restructured vineyards supported under the NSP, thus complementing its support;
- RDP support to the setting-up of young farmers facilitates young farmers coming into the wine sector and is coherent with the priority granted by the NSP to young farmers in restructuring projects, both aiming at facilitating generational turnover in the sector;
- RDP support to processing and marketing of agricultural products systematically supports investment in new or existing wineries, contributing to the modernisation and growth of the sector, thus complementing support under the NSP;
- The RDP also promotes measures such as integrated production and organic farming, which, along with support to less-favoured areas, are often important contributions to the income of small farmers and vine growers, contributing to the goal of maintaining a viable activity in rural areas.

Under ERDF in Portugal, there is a measure supporting the internationalisation of companies which is available to the whole economy. Companies in the wine sector are also eligible and resort to this measure in order to finance their promotion actions in European markets, thus complementing support to promotion in third countries through the NSP.

Horizon 2020 is a source of financing for innovation and investigation projects for some companies and stakeholders, with the wine sector participating in several projects mostly concerning climate change and precision farming.

The horizontal regulation on promotion measures of agricultural products is less and less utilized by the Portuguese wine sector, given the constraints regarding the number of products and markets required for each application.

The sector’s representatives finds that there should be better synergies with the RDP and ERDF support, although nothing particular was mentioned. There is no utilisation of the horizontal regulation on promotion measures of agricultural products since it is considered as much more complicated than the CMO promotion measure; also, the fact that multi-product applications are benefitted is not interesting to the wine sector, because the promotion targets are different from other products (usually wine importers and distributors are specialised in the sector and do not work with other products).

Regional representatives believe that there has been significant synergies with the RDP, particularly given the strong contribution of this programme to the modernisation and capacity increase in the wine processing sector, which was also a very important factor in the quality of the regional wines. Synergies with the ERDF promotion measure were also important particularly Port for producers.

Producers also find the RDP very complementary to the NSP, namely in supporting complementary investments in holdings and wineries alike.

IQ 13.2 Is the risk of overlapping avoided?

Risk of overlapping with the RDP is avoided by defining eligibility rules – the RDP finances new plantations and machinery and equipment, while the NSP finances the restructuring of existing vineyards. Since financing is granted through the same paying agency, control mechanisms ensure no double financing exists.

As for promotion projects, there are no eligibility rules which clearly define the range of intervention of the ERDF measure and the NSP measure, with the ERDF measure supporting projects in both the EU and third
countries. However, both measures’ rules define that expenses cannot be supported by two programmes and subsequent check and controls ensure this is complied with.

IQ 13.3 Did you benefit from Rural Development Programme measures? If yes, which one(s)?

Wine companies have recurrently resorted to the RDP in order to finance their investments in modernising and expanding the wineries, through the “Processing and Marketing of Agricultural Products” measure. The ones owning vineyards, have also resorted to the “Modernisation of Agricultural Holdings” measure to finance investments in their holdings, namely in what concerns machinery and equipment.

Regional grape and wine producers in the Vinho Verde and Douro/Port regions have also resorted to the RDP in both measures in order to modernise their holdings and to strengthen their wine producing capacity.

2.7.3 Conclusion of the experts on the coherence of the NSP

The National Support Programme for the wine sector in Portugal includes only four measures – restructuring and conversion of vineyards, promotion in external markets, crop insurance and by-product distillation – with a significant concentration of resources (69% of the overall budget) in the restructuring and conversion of vineyards.

The NSP has been designed in order to address two of the most significant challenges facing the Portuguese wine sector, particularly in a period in which wine consumption is increasing in external markets and demand has been shifting towards better quality and diversified products. Firstly, the ability to produce good quality wines by improving the quality of the Portuguese vineyards. Secondly, making Portuguese wines well-known in the most relevant consumption markets.

These two main goals, along with the crop insurance measure, mainly address the issue of competitiveness in the Portuguese wine sector, which is seen as the main challenge to the sector.

The restructuring and conversion of vineyards follows similar measures in previous programming periods and has been designed and implemented with the aim of being a simple and widespread measure. Its criteria, rules and procedures are quite simple and the level of payment is very appealing. It has thus been a successful measure, allowing for the restructuring of almost 20,000 ha from 2014 to 2017, focusing mostly on national traditional varieties.

Additionally, the measure has been designed in complementarity with the RDP measure that supports investment in agricultural holdings. As explained, investments in vineyard restructuring with former plantation rights are only eligible within the NSP, which is much more interesting to wine growers due to both the amount and certainty of support. However, all complementary investments in vineyards, not eligible under the NSP, may be supported under the RDP (such as machinery and irrigation).

We find therefore that this is an important, well-structured and coherent measure, facing some of the most relevant issues in the wine sector and that has, unquestionably, been fundamental in the quality improvement of Portuguese wines in the recent years.

The support to wine promotion in third countries has also been designed in coherence with the goal of increasing the competitiveness of Portuguese wines, by allowing for enhancing the capability of wine companies and organisations to promote the national wines in these important and growing export markets. It is almost unanimously considered that the measure has been fundamental instrument in the sustained growth of Portuguese wine exports and that has allowed for as increase in the visibility and quality perception of Portuguese wines abroad, particularly in the most relevant target-markets.

However, the measure’s design and implementation are complex and do not allow for a simple and predictable access from beneficiaries, namely in what concerns eligibilities and evidence of expenses, leading to significant reductions in the expected support levels.

Finally, we find that the measure’s design was not conducted in order to take into account coherence with similar measures, namely the support to the internationalisation of SMEs (ERDF). The measures are overlapping for some eligibilities and complementary for other eligibilities, and support levels and procedures and often different for similar expenses, being generally simpler under ERDF.
Support to crop insurance in the wine grape sector also focus mostly on the competitiveness of the producing holdings. The measure has been created in response to a failure in the previously existing national crop insurance system, which led to the migration of support to EU-funded mechanisms – the RDP insurance measure for all other activities and the NSP for the wine grape sector. Therefore, complementarity and coherence with the RDP is ensured.

The measure has not had the expected widespread implementation, but has remained very important in some regions, namely those focused in this report – the Vinhos Verdes and the Douro regions – where large collective insurance policies cover a large part of holdings.

By-product distillation is a less relevant measure with a much lower budget and few beneficiaries. It aims at compensating for the collection of by-products and for their processing into raw alcohol. It’s mostly coherent with environmental policy objectives, but has had a limited implementation, focused on the distillation of grape marc, which shows the current existence of alternative alcohol markets.

Overall, the NSP was designed and has been implemented focusing on competitiveness. The policy goals of environmental protection and balanced territorial development are not as relevant, but nevertheless are met directly or indirectly by some of the measures – support to traditional varieties (genetic preservation), landscape preservation, widespread implementation in less favoured areas.

Finally, it is relevant to mention that the design and implementation of the NSP has been conducted by the National Authority as part of an overall strategy for the wine sector in Portugal which also includes other measures such as the management of wine-growing potential and the information campaigns in the internal market. The fact that all these are under the same authority ensure the coherence and complementarity of these instruments.

### 2.8 Relevance of the NSP

#### 2.8.1 Analysis of the needs of the sector

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Vineyard restructuring leading to higher quantities of quality grapes according to current market demand</td>
<td>• High average age of wine growers</td>
</tr>
<tr>
<td>• High national and regional diversity of varieties</td>
<td>• Small average area of holdings</td>
</tr>
<tr>
<td>• Recent investments in wine processing, leading to more modern and better quality wineries</td>
<td>• Many vineyards are old, not well-adapted, not mechanised and not irrigated</td>
</tr>
<tr>
<td>• Sustained investment in internal and, more relevantly, external promotion</td>
<td>• Lack of professional, skilled labour to implement good investment projects</td>
</tr>
<tr>
<td>• High level of recognition of Port wines worldwide</td>
<td>• Lack of strong brands with worldwide recognition that can “pull” the growth of exports</td>
</tr>
<tr>
<td>• Increasing recognition of high quality Portuguese wines, linked to a perception of good value for money</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Large growth in the demand for Douro and Vinho Verde wines, as well as other Portuguese wines</td>
<td>• Strong pressure from large retailers leads to lower prices in the domestic market</td>
</tr>
<tr>
<td>• Consumption trends towards younger, lighter wines, such as Vinho Verde</td>
<td>• Increasing level of concentration in the production and marketing sector may lead to less diversity</td>
</tr>
<tr>
<td>• Worldwide consumption trend shifting away from varietal wines towards blended and more diverse wines</td>
<td>• Fear of trade restrictions in important markets (USA, UK due to Brexit, Brazil, Russia)</td>
</tr>
<tr>
<td>• Strong growth in tourism in Portugal and in the recognition and reputation of Portuguese traditional products leading to higher consumption of Portuguese wines during stay in Portugal and afterwards</td>
<td>• Costs linked to different labelling rules in different export countries</td>
</tr>
<tr>
<td>• Possibility of increasing average prices for better quality wines, in line with other producing countries that are able to get a higher value for money for same quality wines</td>
<td>• Increase in the visibility of alcohol and health issues that may lead to reductions in demand</td>
</tr>
<tr>
<td></td>
<td>• Stagnation in the Port international markets, linked to a consumption based on older generations</td>
</tr>
<tr>
<td></td>
<td>• No support to the investment in new plantations</td>
</tr>
</tbody>
</table>
The main needs of the sector are the following, in that order:

1. Valuation of the brand “Portugal”, which in necessary to drive forward the consumption and exports of all Portuguese regions and brands;
2. More flexibility in production in order to increase innovation and profitability, allowing for a better and quicker response to the markets’ shifting demands;
3. Increase in the recognition and quality perception of Portuguese wines, allowing for raising the average product value in export markets, since Portuguese wines still have lower market prices than competitors for same quality wines;
4. Maintain of even increase the promotion effort in the main export markets, in order to keep raising the awareness, the levels of recognition and the profile of Portuguese wines in these growing consumption markets;
5. Define and implement larger and better coordinated promotion strategies and activities so that Portuguese wines benefit from an “umbrella” image of quality, tradition, diversity, specificity and good value for money, which may spearhead the individual promotion activities and enhance the visibility and consumption of Portuguese wines;
6. Maintain the pace of vineyard restructuring in order to keep increasing the quality and quantity of better grapes from the most demand varieties, which is key in maintain the increase of the recognition of Portuguese wines in the export markets;
7. Refrain from investing in globally known varieties, which may lead to better short-term results but which may lead to losing the identity and diversity of Portuguese varieties and wines;
8. Increase in the average size of vineyards in order to bring higher economies of scale and more professionalization, which lead to better productions, lower costs and higher incomes;
9. Strongly invest in enotourism facilities and promotion in order to capture the greatly increasing levels of tourism in Portugal and direct them towards the wine sector and consumption, while also increasing average prices and diversifying income sources;
10. Raise the awareness of wine growers and producers to the challenges facing the sector, such as shifting consumers tastes, adaptation to climate change, pressure from health and alcoholism issues, which are not yet a concern to all stakeholders;
11. Keep and increase the generational shift as a way to bringing younger, better-qualified, more market-oriented and more world-knowledgeable stakeholders into the sector;
12. Maintain investment in wineries in order to build new ones or modernise existing ones, which may better respond to the market demands in terms of quality, certifications and enotourism.

2.8.2 Synthesis of the interviews

IQ 15.2. From your point of view, are the NSP measures suited/well designed to address the need of the wine sector at the EU level? national level? At regional level?

The National Authority believes so. At the grape-production level, the NSP contributes to the renovation of vineyards, to the improvement of quality and productivity, to the modernisation of agricultural practices and to mechanisation and irrigation of vineyards, leading to a better focus on meeting market demands, which is enhanced by the focus on grouped applications, joining the growers and wine producers. It also contributes to a much needed generational renewal in the sector. In what concerns wine production and marketing, the NSP has contributed, mostly through the promotion measure, to enhance production quality, to diversify the markets, reducing dependence on the national market and on few external markets and has led to an increase in the visibility and reputation of Portuguese wines abroad.
Regional grape and wine producers in the Douro/Port and Vinho Verde regions believe so, giving the NSP support to better and more quality grapes and to increasing the sector’s presence in international markets.

**IQ 15.3. How did the increase of the NSP budget in 2014 impact the management of the NSP?**

The National Authority believes there were no significant changes in the way the NSP is managed. However, the increase was important in since it allowed for a better budgeting of the measures according to the sector’s needs and demand, allowing for a reduction in the programme’s overbooking and to a higher degree of commitments, thus meaning a simpler and more agile financial management of the programme as a whole.

The Paying Agency says the increase in the budget did not alter its management procedures, simply allowed for an increase in execution.

The sector’s representatives agree, saying that generally speaking the budget was well allocated between measures.

**IQ 15.4. Are the budgets on each measure appropriate to address the needs of the sector?**

According to the National Authority, the budget are now well adapted to the sector’s needs, after the increase of 2014 and with the annual reallocations permitted between measures, which allow for a redistribution generally towards the vineyard restructuring measure, which is the one with the highest demand.

The sector’s representatives believe the budget is sufficient and adequate to the needs of the sector, although there should be a progressive budget adjustment from vineyard restructuring towards promotion.

**IQ 15.5. From your point of view, can the NSP and the scheme of authorisation allow for the development of the wine production and consumption?**

The National Authority finds that the new authorisations scheme is an opportunity for a development of the sector, allowing for new areas of modern and quality vineyards, planted in response to the market’s demands. However, the fact that these new plantations are not financed under the NSP (only by the RDP, which means less guarantee of approval and lower financing rates) may hinder this possibility.

As explained in previous answers, the National Authority believes the NSP contributes decisively to the sector’s development in quality, quantity and market ability.

In what concerns consumption in the national market, the National Authority finds there is no relevant impact from either the NSP or the authorisations scheme. However, the increase in quality and the focus on market demand, may lead to an increase in the consumption of higher quality and more diverse wines without increasing the consumption quantities, which may lead to an increase of revenues for the sector.

**IQ 15.6. From your point of view, are those schemes needed to maintain the supply/demand balance?**

According to the National Authority, the increase in the demand of higher quality wines (to which the promotion measure contributes) and the possibility of new plantations and of restructuring current vineyards may contribute to minimising the trend of vineyard area reduction. Nevertheless, the National Authority feels that the measures have a higher contribution to a supply/demand balance in terms of quality than in quantitative terms.

The sector’s representatives consider that the supply/demand balance was achieved with the 2008 CMO reform, and is not a consequence of current support measures. In Portugal, particularly, this balance has been achieved through the growth in exports, for which the promotion support has been an important element. This is not considered to be an issue in Portugal at the moment.

**2.8.3 Opinion of the expert**

According to the SWOT and needs analysis presented in chapter 3.8.1, the main needs of the sector relate to three main areas – vineyard and grape production; wine promotion and marketing; and others, concerning the stakeholders’ profile, innovation, processing and diversification.
It is very clear from the NSP programming documents, from its implementation and from the opinions gathered that the Programme has been designed aiming mostly at vineyards (restructuring and conversion and crop insurance) and at promotion at that it has been is extremely relevant in addressing those two main needs.

In fact, as already mentioned, the vineyard restructuring measure has been the main pillar of the NSP’s implementation and has been fundamental in increasing the quality of grapes and the quantity of those quality grapes, allowing for a focus on traditional national varieties, from certified vegetative material, leading to higher quality wines better targeted to the recent market demands. It has also allowed for a better coordination between producers and growers in what concerns varieties and even in enhancing collaboration in vineyard management. The measure also led to an increase in mechanisation and in farm yields and to a reduction in production costs, bringing higher revenues to farmers. Wine producers also used the measure in order to start producing or increase the production of their own grapes, bringing a higher level of verticalisation to the sector. All this was done with a very simple and “user-friendly” measure, which achieved a significant scale, with around 20,000 ha restructured in four years, encompassing around 12,000 producers.

The crop insurance measure has also a wide scope with around 16,500 farmers and over 40,000 ha covered annually.

The promotion measure, as previously detailed, was key in raising the profile of Portuguese wines in the most relevant export markets, allowing for a significant increase in promotion activities both by individual companies and the sector’s organisations, in a more coordinated and complementary way, highlighting the strengths of Portuguese wines (quality, tradition, diversity, specificity, value for money) and enabling the stakeholders to have a better knowledge of the markets and to better target their promotion activities in each market.

The budget allocation, however, was much more focused in the vineyards, with 69% for vineyard restructuring and 11% to crop insurance, while promotion account for only a little over 15% of the budget and by-product distillation to less than 5%. In fact, given the needs and challenges facing the sector, several stakeholders suggested a progressive budget shift from vineyard restructuring towards promotion.

However, budget execution shows that vineyard restructuring is still the most sought measure and the one with better execution rates. In fact, considering the 2014-2017 period, the vineyard restructuring measure has had a 110% execution rate, meaning that farmers not only use the entire budget of the measure but also the part of the other measures’ budget which is not executed.

In fact, execution rates for the remaining measures are much more variable from year to year, but have so far reached a 70% to 80% level, meaning that every year there is a budget surplus that is used by the vineyard restructuring measure.

This may result from some of the issues already discussed such as the bureaucratic difficulties and the state of the economy that affect the uptake of the promotion measure, the fact that the insurance measure does not cover some risks and that it may be facing adverse selection and the market alternatives for alcohol, which reduce the interest of by-product distillation.

However, the third set of identified needs is not contemplated in the NSP and could be very useful in the coming years. In fact, as suggested by the National Authority, a higher degree of subsidiarity would be welcome in allowing MS to design specific measures and to allocate them a relatively small part of the overall budget. This could allow for a better targeting of the need concerning issues such as training, innovation, climate change adaptation, health concerns, and others.
2.9 EU added value and subsidiarity

2.9.1 Synthesis of the interviewees

IQ 17.1. In your opinion, what would have been done (/how would have the wine sector been supported) at national or local level, in the absence of the EU NSP?

According to the National Authority, in the absence of the NSP the wine sector would be much less financed. The measures concerning promotion and by-product distillation would probably not exist, with promotion being available only through the ERDF measure, which is less interesting and has a strong competition from all economic sectors. Investment in the vineyards would only be available through the RDP, competing with all other activities within the agricultural sector (much less probability of application approval) and with lower financing rates. Insurance would also only be available through the RDP, again with less favourable conditions the under the NSP.

As such, the National Authority says that this specific envelop brings predictability in the levels of support to the sector, enhancing the willingness to invest. Additionally, being funded under EAGF, the envelope is not subject to national priorities and allows for a multiannual programming strategy.

The sector’s representatives believe there would have been no specific support to the sector in Portugal, either national or in the framework of EU funds, and that support to the sector would have been granted only in the framework of the general support measures, such as the RDP which is seen as not particularly suited to the sector. This would certainly have meant much lower investment in both vineyard restructuring and wine promotion, lower exports, lower competitiveness and even a stagnation of the sector’s growth.

IQ 17.2. From your point of view, did the fact that the support was provided to the wine sector in the framework of EU regulation create an added value? i.e. - it results in more effectiveness than if actions would have been carried out at national level only? - it is more efficient than actions that would have been carried out at national level only? - it creates more synergies between instruments and policies than actions that would have been carried out at national level only?

The National Authority has no doubt that the fact that NSP comes from an EU regulation is an added value to the sector, rendering its actions both more effective and more efficient. This comes mostly from the predictability EU funding brings to the programme – a multiannual framework and a guaranteed, specific budget for pre-defined measures allowing for a strategic multiannual programming and implementation by both authorities and companies in the wine sector. Particularly in what concerns promotion actions, its effectiveness is only achieved by the level of commitment, permanence and professionalization that a multiannual and predictable support permits. If the same actions would have been carried out only through the national budget this predictability would be much lower and the strategies more feeble. Both the effectiveness of the actions and the efficiency of the instruments and budget allocated would be much lower in a context of greater uncertainty.

Regional representatives believe the fact that the Programme is provided from the EU brings more effectiveness and transparency, being seen as very positive.

IQ 17.3. Do you know of any specific cases in which a lack of flexibility in the EU framework has hindered the added value of the programme?

According to the National Authority, there is no situation in which there is a lack of flexibility in the EU framework that has hindered the added value of the programme. European rules are clear and well-designed, and have minimum and consensual priority criteria, allowing for the Member State to establish its own priorities according to its needs.

The Paying Agency feels that some procedures should be much simpler, especially in what concerns the bureaucratic procedures for the promotion measure. However, in what concerns the vineyard restructuring measure, it feel procedures are adequate and should not be more flexible than they are currently.

The sector’s representatives find that the 5-year limit in the promotion measure is a constraint to the chances of consolidating a permanent and sustainable presence of the Portuguese wines in the main exporting markets. It also feels that restricting support to PDO/PGI does not allow for a full development of the wine sector in all its market segments. In fact, the much needed existence of large volume brands (such as Mateus Rosé) is
probably not possible in Portugal with wines from a single PDO. Otherwise, all main problems with the measures are seen as national, rather than EU.

IQ 17.4. Would you have any proposal of improvement in the sharing of responsibilities between EU and Member States:

- Regarding the design of the measure?
- Regarding the implementation of the programmes?

Please specify which measure is concerned.

In what concerns the design of the NSP, the National Authority finds that there are a few subjects in which improvements could be implemented in what concerns the sharing of responsibilities between MS and EU. The most relevant is the budget management, which, as said, could be much more effective if occurring in a five-year framework, rather than on an annual basis. Even better, a coincidence between the programming periods for the NSP and the general EU budget framework of seven years should exist, with the NSP budget being defined and managed in such a time-frame, much like the RDPs. It would also be interesting that, within the general common rules and with a limit to subsidiarity, a small part of the budget (i.e. 15%) could be applicable in measures to be defined by the MS, namely targeting innovation and investigation (or other issues relevant to each MS).

As for the implementation of the Programme, the National Authority finds that there are no major issues to be improved, since the definition of the responsibilities is well established, procedure are generally simple and communication is easy. The National Authority merely mentioned that it feels that the requirement to update the unit and reference costs for the promotion and vineyard restructuring every two years is excessive.

Concerning the promotion measure, the Paying Agency suggests the use of a “lump-sum” system, which would simplify applications, analyses and payments, while reducing the error rate. Concerning the vineyard restructuring, no suggestions were made, since the Paying Agency feels current procedures are adequate.

2.9.2 Conclusion of the expert

The NSP has been a fundamental tool in the development of the Portuguese wine sector. A significant part of its success comes from the nature of the Programme – sector-specific, EU-funded, with national design and implementation.

In fact, the way the NSP has been established in EU legislation comprises a number of features that have made it very successful.

Firstly, the fact that the NSP is a sector specific Programme allows for the design of a set of tailor-made measures that address the specificities of the sector without requiring a broad scope, usually necessary for measures aiming at the entire agricultural sector.

Secondly, the fact that each country has a high level of subsidiarity in choosing the measures to be applied, in defining their budget allocation, in determining their eligibility and selection criteria, in defining their implementing rules and procedures and in managing their implementation reinforces the ability to better target the specificities and main needs of the sector in each country, rather than a “one size fits all” approach. It also allows for granting the sector better support levels and higher support coverage than would occur within the general RDP support measures.

Thirdly, the existence of a sector-specific programme, EU-funded, without mandatory co-financing and with multiannual measures ensures a high level of predictability in the support to the sector, allowing for a multiannual, medium-term planning by the national entities and by private companies and farmers, even if the budget is managed on an annual basis. It also ensures that the support to the sector is immune to national policy priorities which could benefit other sectors and to national budget constraints, which could mean an uncertainty in the support to the sector. This is a budget that “belongs” to the sector and is seen as such by the sector’s stakeholders. This has been particularly relevant for promotion, which requires long-term strategies and long-term activities in order to achieve measurable results, and to the widespread restructuring of vineyards.

As such, we may say that despite some room for improvement in all measures, certainly the positive outcomes of the NSP’s implementation would not have had the same reach (concerning vineyard restructuring, improvement in quality wines, increase in exported quantities) if the necessary investments would have occurred in the scope of other support schemes or with no support at all.
3. THEME 2: SCHEME OF AUTHORISATIONS OF VINE PLANTINGS

3.1 Synthesis of the literature

The new system of authorizations for planting of vines came into force in 2016, with the aim of replacing the previous regime which included a ban on planting of new areas of vineyards. It foresees an annual distribution of area to new plantations of 1% of the total area planted in Portugal, as of July 31 of the previous year.

However, the area available for authorizations in PDO or PGI areas may be limited, taking into account recommendations presented by the regional authorities in charge of the wine sector, namely IVDP, IVBAM and the CVRs. This requires demonstrating the need to avoid a proven risk of surplus in the supply of wine products in relation to the market outlook for those products or the need to avoid a proven risk of a significant devaluation of the PDO or PGI in a given region.

The total area to be distributed and the decision on possible limitations to the annual growth of vineyard surface area at regional level are published annually, ensuring growth in all regions is higher than 0%.

If the total area for which there are eligible applications exceeds the area available, the Portuguese legislation (Decree n.º 348/2015) foresees the attribution of authorisations by one of two possible methods – either using a pro rata basis or applying a set of priority criteria. These criteria are defined in Reg. (EU) n.º 1308/2013 (art. 64º, n.º 2) and in Reg. (EU) 2018/273 (art. 4 and Annex II). In 2016 and 2017 the legislation has favoured the latter, establishing the following criteria:

- Young farmers, with no more than 40 years and who has never used a planting right or authorisation and who has not owned a vineyard for more than 2 years – 35%;
- Applications with the potential to improve the quality of PDO/PGI products (depending on validation by the competent body) – 35%;
- Previous behaviour of the farmer (not owning irregular vineyards and not having unused authorisations of over 0,5 ha in the previous 5 years) – 15%;
- Increasing in the size of small and medium-sized farms – 5% to 15%, depending on the initial size of the farm.

In 2018 the young farmer criterion has been changed by removing all requirements unrelated to the farmers’ age. The previous behaviour of the farmer was also changed, but moving the “not owning irregular vineyards” to an eligibility criterion. These changes were meant to streamline and simplify the criteria.

These criteria are mostly unrelated with the measure’s goal of promoting a better adaptation of the vineyards to the specific market demands.

In the first three years of the implementation of the authorisation regime the maximum total area to be allocated at national level was of 2.014 ha in 2016, 1.932 ha in 2017 and 1.916 ha in 2018. This area was sufficient for 2016 (except for Douro and Alentejo, for which limitations were imposed), but was significantly below demand in 2017. The following table shows the level of demand and the distribution of authorisations per region in the two years:

<table>
<thead>
<tr>
<th>Area applied (ha)</th>
<th>Minho</th>
<th>Lisboa</th>
<th>T. Montes</th>
<th>Alentejo</th>
<th>Tejo</th>
<th>Algarve</th>
<th>T. Beira</th>
<th>T. Dão</th>
<th>T. Cister</th>
<th>B.Asíatico</th>
<th>P. Setúbal</th>
<th>Douro</th>
<th>Madeira</th>
<th>Açores</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area granted (ha)</td>
<td>636</td>
<td>246</td>
<td>174</td>
<td>144</td>
<td>120</td>
<td>88</td>
<td>74</td>
<td>70</td>
<td>47</td>
<td>29</td>
<td>24</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>1.658</td>
</tr>
<tr>
<td>Nº successful applications</td>
<td>298</td>
<td>185</td>
<td>67</td>
<td>35</td>
<td>72</td>
<td>23</td>
<td>35</td>
<td>42</td>
<td>43</td>
<td>31</td>
<td>13</td>
<td>44</td>
<td>9</td>
<td>4.306</td>
<td></td>
</tr>
<tr>
<td>Area granted/ applied</td>
<td>95%</td>
<td>99%</td>
<td>87%</td>
<td>17%</td>
<td>92%</td>
<td>100%</td>
<td>100%</td>
<td>88%</td>
<td>90%</td>
<td>100%</td>
<td>83%</td>
<td>3%</td>
<td>100%</td>
<td>-</td>
<td>63%</td>
</tr>
<tr>
<td>Area granted/ application (ha)</td>
<td>2,1</td>
<td>1,3</td>
<td>2,6</td>
<td>4,1</td>
<td>1,7</td>
<td>3,8</td>
<td>2,1</td>
<td>1,7</td>
<td>1,1</td>
<td>0,9</td>
<td>1,8</td>
<td>0,1</td>
<td>0,1</td>
<td>-</td>
<td>0,4</td>
</tr>
</tbody>
</table>
Regional demand broadly followed the pattern that occurred previously with the transfer of rights, which were relocated mainly to Alentejo, Douro and Minho.

Of all the wine regions in Portugal, only three proposed limitations to PDO/PGI plantation - Douro, Alentejo and Madeira. In the case of Douro, the proposed limitation is very high for the PDO Douro and PGI Duriense and almost 100% for PDO Porto and for wines without PDO/PGI, allowing for only minimum increases in such areas.

The regional wine body (IVDP), claims the following main reasons:

- The vineyard area in the RDD is stabilized and responds to the current and future needs of all the stakeholders already installed and the others who wish to be installed in the region;
- There is a real possibility that the current equilibrium may be broken due to the increase in the area of vineyards and wine production, both by the utilisation of replanting rights transferred from outside the region and not yet applied, and by the increase in yield per hectare of the vineyards the were restructured in the past few years;
- The region’s wine production is currently facing annual surpluses both for wines with and without PDO/PGI, and there is no prospect of market growth that will support the distribution of the entire production, which has been leading to the need to declassify around 20%-30% of PDO Douro and PGI Duriense wine every year.

The IVV has accepted these recommendations, although in 2017 it extended the PDO Douro and PGI Duriense authorizations to 150 ha. As such, the annual limits imposed on PDO/PGI wines in Portugal have been the following:

| Area applied (ha) | 2017 | Minho | Lisboa | T. Montes | Alentejo | Tejo | Algarve | T. Beira | T. Dão | T. Cister | B.Alente |a | P. Setúbal | Douro | Madeira | Açores | Total |
|------------------|------|-------|--------|-----------|----------|------|---------|---------|-------|---------|----------|   |          |       |        |        |   |
| Area granted (ha)| 2016 | 445   | 497    | 30        | 1.671    | 250  | 28      | 136     | 58    | 19      | 25       | 33 | 481       | 3     | 7      | 3.683  |
| Nº of successful applications | 2016 | 347    | 276    | 23        | 800      | 204  | 4       | 122     | 47    | 6       | 18       | 14 | 64        | 1     | 6      | 1.932  |
| Area granted/ application (ha) | 2016 | 3,2    | 3,5    | 7,7       | 8,5      | 5,7  | 1,3     | 4,9     | 2,0   | 1,2     | 0,9      | 2,8 | 2,4       | 0,3   | -      | 0,3    |

Source: IVV

### Table 30 – Limits to PDO/PGI authorisations

<table>
<thead>
<tr>
<th></th>
<th>ha</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madeira PDO/PGI</td>
<td>0,5</td>
<td>0,5</td>
<td>0,6</td>
<td>1,6</td>
<td></td>
</tr>
<tr>
<td>Madeira without PDO/PGI</td>
<td>0,1</td>
<td>0,1</td>
<td>0,1</td>
<td>0,3</td>
<td></td>
</tr>
<tr>
<td>Douro PDO Porto</td>
<td>0,1</td>
<td>0,1</td>
<td>0,1</td>
<td>0,3</td>
<td></td>
</tr>
<tr>
<td>Douro PDO Douro and PGI Duriense</td>
<td>4,3</td>
<td>149,8</td>
<td>4,0</td>
<td>158,1</td>
<td></td>
</tr>
<tr>
<td>Douro without PDO/PGI</td>
<td>0,1</td>
<td>0,1</td>
<td>0,1</td>
<td>0,3</td>
<td></td>
</tr>
<tr>
<td>Alentejo without PDO/PGI</td>
<td>100</td>
<td>800</td>
<td>800</td>
<td>1.700</td>
<td></td>
</tr>
</tbody>
</table>

Source: National legislation

Considering that the authorizations granted are valid for a period of three years after the date of concession, it is still very early to obtain results from their implementation. However, according to information from the National Authority, of the 3.590 ha granted in 2016 and 2017, so far only 36 ha have been planted (1%).

Therefore, it is still not possible to drawn any conclusion on the implementation of the scheme and on its impact on the vineyard structure and production potential, farm competitiveness, the value of land, or any other conclusions.

No studies have been found addressing the real or potential impact of the authorisation scheme in Portugal.

A preliminary study conducted by AGRO.GES in 2012, named "Impact of the eventual liberalization of vineyard replanting rights in Portugal", mostly focused on the implementation of the previous scheme. This study verified that between the 2000/01 and 2009/10 campaigns "the wine regions of Alentejo and Douro were
those that benefited from the transfer of rights, which originated mainly from the regions of Lisbon, Tejo and Minho, and which occurred predominantly in the first two years " and that "the value of the rights transferred mostly followed the variations in the price of the grape", finally concluding that "the system of transfers of rights that was in effect for the last twelve years in mainland Portugal has not been a limiting factor to the renewal of the productive structure, both between regions and within regions" and that therefore "we are of the opinion that the system should be maintained as long as the above conditions remain".

A study commissioned by AREV in 2012 “Étude sur les enjeux socio-économiques et territoriaux de la libéralisation des droits de plantations viticoles" focused on several regions, including Douro and Alentejo in Portugal. Again, the study concluded that “the freedom given to stakeholders to freely exchange planting rights has provoked a transfer of rights from the most fragile or distressed areas to areas where viticulture was more attractive (Alentejo and Douro in particular). Thus, the planting rights did not hinder the creation of new wine projects, nor the expansion of existing wine companies”.

3.2 Synthesis of the interviews

IT 11.1 Do you assume that the new scheme of authorisations will impact the structure of the vineyard (in terms of distribution of varieties, type of wine, size of holdings, age structure of the vineyard), at regional level? at national level? Are there already evidences of such effects?

According to the National Authority, the new scheme will most certainly result, in a few years, in the full liberalisation of vineyard planting in Portugal, with the only exception being the Douro region, which has very tight regional limits. This expected liberalisation will lead to a significant growth of vineyard areas, mostly by large companies with investment capacity and the processing and marketing structures to absorb the extra production. This may lead to average larger sized plots. A side-effect may be a “substitution effect” by which the higher production by larger companies may replace existing production (with lower yields, no mechanisation, no variety segregation) by smaller, less competitive growers.

The sector’s representatives believe that the new scheme will allow for a growth in supply, which is in line with the market demand. However, there is a greater growth dynamic in non-certified wines, which the promotion measure does not follow.

Regional authorities find that the new system of planting authorizations will not have any positive impact and that it may even have a negative impact because it does not allow for the transfer of planting rights.

Particularly in the Port/Douro region, the new scheme is not very welcome because some stakeholders believe there is still some imbalance between supply of grapes and wine demand, which leads to the production of uncertified wines that bring the average price down and may damage the region’s reputation.

Regional grape and wine producers in the Vinho Verde region feel that the regime is important in increasing the quantity of quality vineyards, but some control is necessary in order to sustain and even increase market wine prices. If demand for regional wines continues to increase as expected, a controlled increase of the areas is beneficial. However, the inexistence of support for such vineyards will probably lead to a very low increase in area, with only large companies being able to invest.

Regional representatives for Vinho Verde also agree that the impossibility of transferring planting rights is a constraint to the farmers. They also feel that the 1% limit is very low to the region, since investment requirements are higher than the available authorisations. Most importantly, lack of investment support for the new plantations under the NSP will certainly lead to significant decrease in the current investment dynamic.

IT 11.2 If so, do you assume that the new scheme of authorisations will result in a vineyard structure that will be better adapted to the markets expectations? Are there already evidences of such an effect?

Yes, according to the National Authority. The increase in production by larger companies will result in a wider product portfolio, better targeted to the consumer preferences in the main exporting markets.

The sector’s representatives feel otherwise, claiming that there will be no particular impact on the vineyard structure.

Regional grape and wine producers in the Vinho Verde region agree that new vineyards will probably be planted in order to meet the new trends in the demand for the regional wines.
IT 11.3 Do you assume that the new scheme of authorisations will impact the economic value of vineyards? Are there already evidences of such an effect?

According to the National Authority, there is no evidence or expectation that the mentioned impact will occur.

3.3 Conclusion of the experts

The new regime for vineyard planting authorisations aims at allowing for a gradual increase in the vineyard areas of MSs in order to give producers the ability to better respond to market demand, which for Portuguese wines has increased in the past few years, namely in what concerns quality wines for the export markets (i.e. Douro, Vinho Verde and Alentejo wines).

The rationale for the measure is based on the assumption that current imbalances between supply and demand are not relevant, which in Portugal is generally true, although not for all types of wine. For instance, Port wine demand has been stagnating and therefore a production increase is not welcome by the sector’s stakeholders.

As such, we believe that despite the initial position of the Portuguese government and stakeholders against the end of the previous regime, the new system may be interesting for the development of the Portuguese wine sector, for its ability to respond to market shifts and to the increase of its exports. The existing ability to introduce limitations on new vineyards for some quality wines is important in preserving situations such as PDO Porto.

However, it is very important that a constant monitoring of both new vineyard areas and of the market evolution is performed and that it is conducted by region and by type of wine, in order to quickly identify market imbalances and adjust authorisations accordingly.

The positive effects of the new authorisations scheme obviously depend not only on the granting of vineyard planting authorisations (for which demand has been somewhat higher than availability), but also on the ability of producers to effectively plant the new vineyards.

The cost of planting a new vineyard is very high, particularly in mountain regions such as Douro, and in the recent past there has been very little investment conducted without the support of the vineyard restructuring measure. As such, the impossibility of granting NSP support to the installation of vineyards planted under the authorisation scheme has been, and probably will remain, a severe constraint to the full implementation of the scheme. In fact, as mention, at the moment only 1% of the authorisations granted in 2016 and 2017 has resulted in new vineyard installations.

This may be a distortion factor in favour of larger companies. In fact, most probably small farmers, which are granted priority under the selection criteria, will not be able to invest. Large companies, with greater investment capacity and able to create economies of scale will probably be the ones capable of investing without support.

The RDP is not a real alternative. Although new vineyard plantations with new authorisations are eligible under its investment support measure, support rates are much lower, making the support very little interesting when compared to the costs of installing a vineyard, especially in regions such as the Douro. On the other hand, even more relevant is the great competition in the RDP, with a large number of applications for very different agricultural activities and support budgets usually much lower than demand, which leads to a very small expectation of being granted investment support.

Finally, it is important to say that the end of the previous scheme, which allowed for the transfers of replanting rights, was important for farmers since the rights were an important, valuable asset of the holding. The conversion of the planting rights to the new scheme and the subsequent impossibility of transaction mean the loss of this asset to farmers.

Additionally, in the years in which the areas requested for new authorizations are higher than the areas to be distributed, the applications are scored and the authorizations granted are based on selection criteria that are not related with the market needs of each candidate. This means that for producers who need to increase their vineyards in order to face increasing demand of their wines, there is always a degree of uncertainty in
whether they will be granted authorisations, which makes the present situation much more rigid than the previous regime, under which they would be able to simply acquire a planting right.
4. THEME 3: WINE PRODUCTS DEFINITION, RESTRICTIONS ON OENOLOGICAL PRACTICES AND AUTHORISED WINE GRAPE VARIETIES

4.1 Detailed description of the implementation at Member State and regional level

The National Authority states that there are no specific oenological practices in Portugal or in any of its regions, besides a few analytical parameters and technical features.

Each region in Portugal has specific rules for a number of wines, always according to EU Regulation (EC) n.º 606/2009 (i.e. more restrictive rules than the general EU rules).

PDO/PGI wines in the region under study must comply with the following specific oenological practices:

Table 31: Description of main local specificities in oenological practices and authorised varieties

<table>
<thead>
<tr>
<th>Geographical level for the rule (MS or region)</th>
<th>Type of wine product concerned</th>
<th>Description of the specific rule (compared to EU standards defined in the regulation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oenological practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural minimum alcoholic strength by volume</td>
<td>Vinho Verde¹</td>
<td>The musts intended for the production of PDO Vinho Verde wines must have a minimum natural alcoholic strength by volume of 8,5% vol., with the exception of wine must of the Alvarinho grape variety, for which the minimum must be 11,5% vol. Musts intended for the production of wines with subregion indication must have a natural alcoholic strength by volume of 9% vol.</td>
</tr>
<tr>
<td>Use of white and red varieties in production</td>
<td>Vinho Verde</td>
<td>It only allowed the production of “Vinho Verde” white wine with white grapes, “Vinho Verde” wine with red grapes, and “Vinho Verde” red wine with red grapes, or with red and white grapes, provided that the latter do not exceed 15% of the total, in which case the wine in question must bear the designation “Palhete” or “Palheto”. The production of white wine from red grapes is permitted for the production of base wine for the production of quality sparkling wine and sparkling wine entitled to the ‘Vinho Verde’ PDO (referred to as “Quality Vinho Verde’ Sparkling Wine” and “Vinho Verde’ Sparkling Wine”).</td>
</tr>
<tr>
<td>Natural minimum alcoholic strength by volume</td>
<td>Minho (IG)¹</td>
<td>The minimum natural alcoholic strength by volume of musts intended for the production of products eligible for the “Minho” PGI is of 7% vol., except for liqueur wines for which it must be 12% vol.</td>
</tr>
</tbody>
</table>

¹ The region is included in the wine-growing region C I, thus being applied the oenological practices authorised for this region according to Annex VIII of Reg.(EU) n.º 1308/2013.
<table>
<thead>
<tr>
<th>Authorised wine grape varieties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PGI “Minho”</strong></td>
</tr>
<tr>
<td><strong>Minho</strong></td>
</tr>
<tr>
<td>Reds: Alfrechoire (Tinta-Bastardinha), Alicante Bouschet, Alvarelhão (Brancelho), Amaral, Aragonez (Tinta-Roriz, Tempranillo), Baga, Borraçal, Cabernet-Franc, Cabernet-Sauvignon, Castelão, Doçal, Doce, Espadeiro, Espadeiro-Mole, Grand-Noir, Jaen (Mencia), Labrusco, Merlot, Mourisco, Padeiro, Pedral, Pical (Piquepoul-Noir), Pinot Noir, Rabo-de-Anho, Sezão, Syrah (Shiraz), Tinta Barroca, Touriga Nacional, Trincadeira (Tinta-Amarela, Trincadeira-Preta), Verdelho-Tinto, Verdelho-Tinto, Vinhão (Sousão) and Pinot Gris (Pinot-Grigio);</td>
</tr>
<tr>
<td>Whites: Alvarinho, Arinto (Pedernã), Avesso, Azal, Batoca (Alvaracha), Cainho, Cascal, Chardonnay, Chenin, Colombard (Semião), Diagalves, Esganinho, Esgano, Fernão-Pires (Maria-Gomes), Folgasão, Gouveio, Lameiro, Loureiro, Malvasia-Fina, Malvasia-Rei, Müller-Thurgau, Pinot-Blanc, Pintosa, Rabo-de-Ovelha, Riesling, Sâm-Mamede, Sauvignon (Sauvignon-Blanc), Sercial (Esgana-Cão), Tália (Ugni-Blanc, Trebbiano-Toscano), Trajadura (Treixadura) and Viosinho.</td>
</tr>
<tr>
<td><strong>PDO “Vinho Verde”</strong></td>
</tr>
<tr>
<td><strong>Porto e Douro</strong></td>
</tr>
<tr>
<td>Reds: Alicante-Bouschet, Alvarelhão (Brancelho), Amaral, Baga, Borraçal, Doçal, Doce, Espadeiro, Espadeiro-Mole, Grand-Noir, Labrusco, Mourisco, Padeiro, Pedral, Pical (Piquepoul-Noir), Rabo-de-Anho, Sezão, Touriga-Nacional, Trincadeira (Tinta-Amarela, Trincadeira-Preta), Verdelho-Tinto, Verdelho-Tinto and Vinhão (Sousão);</td>
</tr>
<tr>
<td>Whites: Alvarinho, Arinto (Pedernã), Avesso, Azal, Batoca (Alvaracha), Cainho, Cascal, Diagalves, Esganinho, Esgano, Fernão-Pires (Maria-Gomes), Folgasão, Gouveio, Lameiro, Loureiro, Malvasia-Fina, Malvasia-Rei, Pintosa, São Mamede, Semillon, Sercial (Esgana-Cão), Tália (Ugni-Blanc, Trebbiano-Toscano) and Trajadura (Treixadura).</td>
</tr>
<tr>
<td><strong>PGI “Duriense”</strong></td>
</tr>
<tr>
<td><strong>Porto e Douro</strong></td>
</tr>
<tr>
<td>PDO “Porto”</td>
</tr>
<tr>
<td>Trás-os-Montes</td>
</tr>
</tbody>
</table>
4.2 Competitiveness distortions due to specific rules on oenological practices

4.2.1 Description of competing wines

Competitors for Port are Sherry or Moscatel, although with much smaller market relevance. For Vinho Verde competition is very wide, encompassing all white wines, with Prosecco, Pinot Gris and South American wines mentioned as the more relevant competitors. Other wines, such as Rías Bajas and Riesling are seen as target competitors, meaning that Vinho Verde is not yet targeting the same market segment but is aiming at achieving that target.

As using different oenological practices the Tokaj wine (Hungary) was mentioned, as well as the use of chaptalisation in several countries, namely France.

Table 32: Specificities oenological practices of main competing wines

<table>
<thead>
<tr>
<th>PDO/PGI wine</th>
<th>Main differences in oenological practices and variety authorised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port wine</td>
<td>Vinho Verde</td>
</tr>
<tr>
<td>Sherry</td>
<td>Rías Bajas</td>
</tr>
<tr>
<td>Riesling</td>
<td></td>
</tr>
<tr>
<td>Liqueur wines</td>
<td>Pinot Grigio</td>
</tr>
</tbody>
</table>

IT 5.7 Please name two brand or varietal wines with specific oenological practices in your Member State /region

1-Croft Pink Port - The challenge for producing the Pink Port was how to capture the rosé characters without letting the intense tannic character of Douro grapes and the fortification process dominate the final product. This vinification method extracts a light amount of colour from the skins without extracting astringent tannins which would make the palate of this light style of Port aggressive.

2-Amphora - In Portugal, the Alentejo region has long been the guardian of “talha wines” (or amphora wines), which is a technique dating back to the Romans. The grapes arrive at the winery and are crushed and then dumped, either with or without stems, into the talhas. Many wineries still have traditional slated tables or mesas de ripanço. These are trays or tables with
parallel wooden rods where the grape bunches are destemmed by hand. Mostly though, electric destemmers are used to separate the grapes from the stems.

In several cases, the wineries are placed a few metres underground to keep the temperature as cool as possible and with less oxygen.

As a rule, fermentation finishes 8-15 days after the grapes have been put into the talha, and it takes a few more weeks for the cap to settle to the bottom. These solids will play a key role in filtering the wine when it is racked off or when the talha is opened and the wine served directly. After fermentation is complete and the wine is left in contact with the grape mass for a few weeks, there are two options: either the wine is served directly from the talha, as is the custom in taverns, or it is emptied over a period of 1-2 days. In the second case, the wine is racked to another clay talha where it will spend the winter until it is consumed or bottled at the beginning of the next year (rarely later than March).

The process is the same for either red or white wine.

In most modern wineries, the talha can also be used merely as a container for fermentation and nothing else. In this case, after fermentation, the wine is pumped into a stainless steel vat or a wooden barrel using a mechanical pump. On the one hand, this process affords much less aeration inside of the talha and greatly reduces the period of contact between the grape mass and the wine. On the other hand, it does still provide the benefits of natural fermentation inside a small, semi-porous container and the punching down process.

IT 5.8 For each cited brand or varietal wine, name two competitors in the EU and two competitors abroad applying different rules on oenological practices.

Abroad: - Cinsault Port wine in South Africa the case of the Pink Port, South Africa Savage 2008 Amphora wine.
EU: Italian COS wines - Foradori Teroldego 2009, Teroldego Vigneti delle Dolomiti.
IGT/France - Brouilly 2011, Domaine Jean Claude Lapalu.

IT 5.9 For each cited wine, do you know of available datasets on production costs, volume, exports and market share.
None of the interviewees was able to produce such information.

4.2.2 Datasets on competitiveness indicators

| Table 33: Change in competitiveness indicators of Port wine between 2008 and 2015 |
|-----------------------------|-----------------------------|
|                             | 2006-2010                  | 2013-2017                  |
| Production costs            |                            |                            |
| Exports in value            | 319,162,911                | 305,777,137                |
| Exports in volume           | 75,747,829                 | 65,036,215                 |
| Market share in value       |                            |                            |
| Market share in volume      |                            |                            |

Source: IVDP

| Table 34: Change in competitiveness indicators of Vinho Verde wine between 2008 and 2015 |
|------------------------------------------|-----------------------------|
| Production costs                        |                            |                            |                            |
| Exports in value (€)                    | 16,347,728                 | 23,547,865                 | 53,909,336                 |
| Exports in volume (lts)                 | 8,585,587                  | 11,051,518                 | 23,343,156                 |
| Market share in value                   |                            |                            |                            |
| Market share in volume                  |                            |                            |                            |
4.3 Synthesis of the interviews

4.3.1 Effects of oenological practices on marketing conditions for producers and traders

5.10 Did oenological practices as applied in your Member State/region(PDO-PGI) territory help to improve the marketing conditions of concerned wines?

The sector’s representatives believe the differences between EU and third countries create and unfair competition and confuse the consumers, for instance in what concerns sugar adding.

IQ 5.11 Were oenological practices as applied in your Member State/region(PDO-PGI) area more or less constraining than for main competing wines?

Some sector representatives believe the differences between the EU rules and those in third-countries are an asset in defending the European products and their differentiation.

Regional wine producers in the Vinho Verde region mentioned a few practices which are more restrictive in the EU than in third countries such as the use of milk in wine with botrytis, “colagem”, filtration, and which give an advantage to producers in such countries. The ban on adding water as an oenological practice may not be an adequate measure to high-alcohol must in some southern regions, where global warming is already felt. Markets are demanding quality wines with less alcohol which are difficult to produce in areas where global warming that favours wines with 15% vol.

For Port wine, producers say that the production method is particular to the product, although with some “imitators” trying to follow it in different locations (South Africa, California). The production is very controlled and regulated, which is seen as an asset in the certification and differentiation of the product. However, some find that the restrictions concerning alcohol levels may hinder the product’s ability to adapt to an evolving demand for lighter beverages.

Regional grape and wine producers in the Vinho Verde region agree that the rules concerning EU wines are more demanding than in third countries, but bring more market differentiation with the consumer.

IQ 5.12 Are the decisions of the EC concerning the changes in marketing standards taken in a timely manner? Can you provide examples?

The National Authority believes so.

4.3.2 Effect of oenological practices on the safety and quality of the products

IQ 5.1 How do EU rules on oenological practices contribute to the safety of EU wine products?

The National Authority feel that oenological practices address the EU consumers concerns with food safety, but still maintain wine’s perception as a little altered/industrialised product.

Regional authorities feel that these rules are necessary, but that, in addition to the rules on oenological practices, it is important to strengthen the preventive control of the composition of technological products and auxiliaries, especially in the consuming countries. Increasing demand concerning the quality of wines in terms of the undesirable presence of contaminants and other molecules with potentially negative effects in terms of public health require increased attention to the rules and control of oenological products. Portugal does not have laboratory infrastructures with the capacity to carry out basic or even less advanced control (nanoparticles, for example) present in oenological products.

Consumer representatives find that the legal thresholds for the use of sulphites should be much lower, in line with the lower amounts used in most wines. They also feel that the use of sorbic acid is not required and should be ruled out.
IQ 5.2 Was there any major safety issue related to EU wine products in your Member State during the last 10 years?
Nothing to report, according to the National Authority and the consumer representatives.

IQ 5.3 How do EU rules on oenological practices contribute to offering a standard degree of quality for EU wine products?
The National Authority believes that oenological practices do offer a standard degree of quality in terms of product safety, however they do not affect the intrinsic quality and specificity of the product.

4.3.3 Relevance and added value of specific oenological practices and restrictions on varieties

IQ 14.2 For what reasons were restrictions regarding varieties initially set up?
The National Authority claims that there are no specific restrictions concerning varieties in Portugal other than a very encompassing list of authorized varieties, restricted to the use of *Vitis vinifera*. PDO/PGI regions may have additional restrictions.
The regional authority for Port and Douro wines says that the Demarcated Region of Douro has a history of producing Port wine for more than 200 years. In this production, it has always been very important the great variety of grape varieties used, which is why it is intended to have a great diversity of grape varieties in the vineyards. This diversity is what has brought some differentiation to Port wine and more recently Douro wine. The reasons for considering 110 castes for Porto and 115 for Douro, and not more, are historical and in preserving the characteristics of the region’s wine.

IQ 14.3 Are the initial justifications for restrictions still relevant today?
According to the National Authority this is not a relevant subject in Portugal or in any of its regions. The regional authorities believe they are still relevant.
Some Port producers believe there is no necessity to be so restrictive in the use of varieties, since it hinders creativity in creating different products. However, restrictions must be made in order to ensure that the features of Port are preserved. Others find the current rules are perfectly adequate to maintaining the differentiation of the product.
Regional grape and wine producers in the Vinho Verde region and the regional representatives agree that restrictions on varieties are not a problem for the companies. However, restrictions on yields, which apply to PDO and PGI wines may lead to loss of competitiveness in the international markets.

IQ 14.4/5/6 Today, what are the issues at stake regarding the use of varieties in wine production?
According to the National Authority, the main issues concern the availability of plant material (which sometimes may constrain the choice of variety when deciding the planting), the need to differentiate national varieties, which are seen as an important factor in the market differentiation of Portuguese wines, and to correspond to market demand.
The regional authority for Port and Douro wines believes that the main issue is maintaining the use of a large number of varieties, which is what allows for a better differentiation of wines and to respond to climate changes.

IQ 16.4 What would be the consequences of applying strictly OIV definitions, rules on oenological practices and rules concerning authorised wine grape varieties in the EU?
According to the National Authority, there are no significant differences between EU and OIV definitions, being fairly easy to correspond one to the other. As a consequence, it sees no relevant issues if OIV definitions were strictly applied in the EU. In what concerns oenological practices, the OIV resolutions have no application in the EU if the EU does not regulate them. If OIV oenological practices were implemented in the EU, there would be a more liberalised used of technology and a greater industrialisation and homogeneity of the product, leading to a lower differentiation and valuation of the European products. Finally, in what concerns grape varieties, the
National Authority claims that OIV does not restrict the use of any variety, with the main issue for Portugal being the use of non *Vitis vinifera* varieties in Europe and elsewhere.

Regional authorities find that applying OIV rules on oenological practices and varieties is positive and necessary, with a view to facilitating the elimination of economic barriers. They also say that the stricter EU rules are an asset with the consumer and protect the authenticity of the product.

### 4.4 Comments and conclusions of the expert

#### 4.4.1 On the effectiveness of EU rules on competitiveness and quality

We may conclude that the definition of the products, the restrictions and the oenological practices guarantee the quality of the wine, preserving its characteristics of a non-industrial product and its authenticity, allowing for the expression of the characteristics of each terroir and of the Union’s PDO/PGI. All the interviewees expressed the importance of the existence of restrictions and oenological practices, considering that these contribute to the quality of wines, preservation of PDO/PGI, contributing to the valorisation of the wines of the European Union.

The EU rules are mostly more constraining, but they better protect the final consumer and the authenticity of the product.

We can also conclude that the process of approving the new oenological practices, as well as the analyses carried out on wines during the PDO/PGI certification process and the ASAE control plans guarantee the food safety of consumers.

Distortions of competitiveness between wines, owing to differences in oenological practices, are greater between EU and non-EU wines because the latter allow oenological practices which are unauthorized in the Union. However, it seems to us that the adoption of oenological practices within the OIV, at worldwide level, could contribute to reducing these distortions of competition as well as the technical barriers to exports of European Union wine.

#### 4.4.2 On the relevance of EU rules and their added value compared to OIV rules

As regards oenological practices, EU regulations are, with some exceptions, similar to OIV rules. The advantage of the OIV rules is that they can be adopted by third countries, allowing for consensus among the various countries, thus contributing to transparency between markets and reducing distortions of competition.
5. THEME 4: EU RULES ON LABELLING AND PRESENTATION

5.1 Description of the labelling rules applied at Member State and local level

5.1.1 Description of specific labelling rules applied in your Member State, region or main PDO/PGIs (including restrictions on variety labelling)

According to the National Authority, there are no particular national rules beyond those coming from European legislation. Each PDO/PGI region has its specific qualitative references. However, there are over one hundred references, designations or terms which may be used in labelling, as detailed below. There is also a list of varieties that may be used in as labelling terms, with only two (“Alvarinho” and “Alvarinho Lilás”) not being acceptable.

The labelling rules in the Port and Douro region for PDO Porto, PDO Douro and PGI Duriense wines reflect the Union rules in their entirety. However, there are more specific rules for Port wine because it is a product with different traditional designations.

The details of the labelling rules for each of the PDO/PGI wines in the Norte region are presented in Annex to this report.

5.1.2 Description of the system set up for controlling the labelling

The bottler or the person responsible for placing the product on the market must submit for examination a copy of the label prior to its use on the market and in accordance with the procedures laid down by the IVV or by the entity responsible for certification when dealing with wine products entitled to DO or GI, so that, according to the law, all wine labels on the market are approved in advance. In practice the approval of wine labels is the responsibility of the IVV and the approval of GI/DO wine labels is carried out by the Regional Wine Commissions. This procedure occurs only once for each label and must only be repeated if the label is significantly changed (i.e., not necessary if only the indication of year of the wine is changed).

In what concerns control, it is the duty of IVV to ensure compliance with the norms contained in the legislation, without forsaking the powers given by law to other entities, namely, the Food and Economic Security Authority (ASAE), the Douro Wine Institute and (IVDP) and the Institute of Wine, Embroidery and Handicraft of Madeira (IVBAM). ASAE (for all kinds of wine) and the CVRs (for PDO/PGI wines) are the entities that conduct the controls on the market.

As for infractions relating to wine presentation and labelling, the sale, possession or offer for sale of wine or wine products without compulsory labelling, for which labelling has not been communicated or approved by the competent authorities, with labels other than those communicated or approved, or containing mentions or designations not permitted by the applicable rules, constitutes an offense punishable by a fine (750 € to 20,000 € or 400 € to 10,000 €, depending on whether the agent is a legal or natural person). The lack or inaccuracy of legally obligatory indications on the labels is also punishable by a fine (500-10,000 € or 250-5,000 €).

5.2 Existing national data on non-compliance with labelling rules

Data from ASAE (the Authority for Economic and Food Safety) for 2014 to 2017 shows only three detected occurrences, all in 2016:

- Seizure of 900 bottles of red wine, liqueurs and grape marc spirit and of 20,000 labels containing irregular information by including references not allowed by the regulations.
- Seizure of 30,000 litres of wine from the European Union packed in bag-in-box with Portuguese wine labelling.
- Seizure of 12,000 litres of wine as well as 13,910 packages and labels containing irregular information due to the inclusion of mentions not allowed by the regulations.
5.3 Synthesis of the interviews

5.3.1 Effects of labelling and presentation rules on the adequate information of consumers

IQ 6.2 Do EU rules on labelling allow an adequate, clear and sufficient information on the products?

The National Authority believes that the current labelling rules mean an excess of mandatory information, which, along with additional information included by the producer render the labels very confusing to the consumer, with an excess of information and terms/designations.

The sector’s representatives consider that the excess in mandatory information leads to a loss of the effectiveness with the consumer. The system is seen by some as not very clear to the consumer due to excess in information, much of which need not be there.

The consumer representatives find that the lack of information on nutrient content and ingredient list is inadmissible (details on the following answer). They also believe that the current legislation concerning wines with regional, variety and year indication misleads consumers. In fact, a wine claiming to be from a specific region, a specific variety or a given year may include up to 15% of grapes from other regions, varieties and years, without this being mentioned on the label. This is considered as seriously misleading consumers. Additionally, it is felt that the wine sector allows for a disproportionate number of denominations and references, frequently with little differences between them, which the average consumer does not understand or distinguish, frequently being confused and mislead. Also potentially misleading is the fact that the general rules for food products labelling only exempt from presenting the list of ingredients those products that are only composed of a single ingredient; however alcoholic beverages are also exempt, potentially leading consumers to believe that, for instance, wine is made exclusively from grapes, which is not correct.

IQ 6.3 Is the information provided sufficient as regards health warnings, alcohol content, calorie and nutritional aspects?

According to the National Authority, there are currently no labelling obligations concerning these issues. However, it feels that such rules shall be put in force in a timely and concerted manner. Most stakeholders are pleased with the self-regulatory proposal from the European alcoholic beverages sectors.

Some stakeholders find that these obligations will harm the sector, namely if it becomes mandatory to introduce the sugar contents. They also find that wine is a natural product with a higher degree of control than most products, which should be sufficient for not having to include information concerning health risks.

Consumer representatives disagree, considering that the current labelling rules that exempt alcoholic beverages from including both the ingredient list and the nutritional contents (both per 100 ml and per portion) on the labels is unjustifiable and does not take into account the growing consumer concerns. Also, it allows for wine to be seen as a mostly natural product, hiding the fact that it is a processed product using a large number of additives. They find that there is no plausible reason for alcoholic beverages to comply with a different set of rules from all other food products, and that the consumers increasing concerns with health and nutrition are not being met. It is important that such information is available in a simple and visible manner in all products, so as to allow for consumers to quickly compare products while shopping. As such, options such as using QR codes which direct to a website or using under-labels are not practical and should not be allowed.

Currently, only information concerning sulphites is required, with some brands also using the “wine in moderation” and pregnant warning symbols, on a voluntary basis. Other beverages, such as beer, currently provide nutritional and ingredient information on the labels. Some countries, such as Brazil, demand ingredient lists on the labels, to which Portuguese wine exports much comply.

However, the representatives also consider that more drastic measures (i.e. the recent Irish legislation requiring images on the labels) are not necessary.

IQ 6.4 For foreign wines sold on the local market, do the languages used allow an adequate, clear and sufficient information on the products?

For the National Authority, the language barrier is the greatest difficulty for consumers. Additionally, there is some uncertainty concerning the rules and terminology of products and labels from other MS and third countries.
The consumer representatives state that the consumption of foreign wines is almost negligible in Portugal, with the possible exception of sparkling wines. As such, they have not studied or have an informed opinion on the subject.

IQ 6.5 Is there any other type of information that would be necessary to add on the labels to ensure an adequate, clear and sufficient information on the products?
The National Authority believes that no additional information is required; in fact, the main issue is how to simplify labelling. However, it feels increasingly concerned with the large number of private certification standards (BRC, IFS, organic, carbon footprint, etc), which may create increasing confusion to the consumer.

Consumer representatives find that no additional information is required, besides the already mentioned nutritional and ingredient contents. On the contrary, they believe the consumer would welcome a reduction on the excessive use of denominations and references.

IQ 9.1 To what extent do consumers understand the specificities of PDO/PGI labelling compared to non-PDO/PGI labelling?
The National Authority believes that the average consumer cannot understand such specificities, which are only evident to particular consumers or to the sectors’ specialists. The sector’s representatives share this view, stating that the excess of information confuses and may even misleads consumers.

This is also the view of the consumer representatives, who find that there is an exaggerated number of PDO/PGI wines in Portugal, some of which not sufficiently differentiated; it would be useful if there were less. It is also felt that this kind of denominations is not seen as so interesting in the wine sector as it is for other products (i.e. cheese), particularly because wine had historically other denominations to which the consumer is more used.

IQ 9.2 Without labelling restrictions applied to non-PDO/PGI wines, to what extent would consumers be misled?
According to the National Authorities, most producers do not use the EU PDO/PGI logo on their labels, because they do not feel it brings an added-value to their product. Therefore, the question on whether consumer may be misled is not truly relevant in Portugal. This is also the opinion of the consumer representatives who state the PDO/PGI labelling is not relevant for Portuguese wine consumers.

5.3.2 Effects of labelling and presentation rules on marketing conditions and fair competition between operators

IQ 6.6 Did the rules on labelling allow an increase in the quantity of production marketed/traded?
The regional authorities are not aware of new labelling rules, but state that the rules for PDO and PGI products reflect the requirements of the European Union as a whole.

Consumer representatives have no information on this, but believe that the labelling information they find necessary (ingredient list and nutritional information) may lead to a reduction in consumption, which is why the wine sector opposes it.

IQ 6.7 Did the rules on labelling allow an increase in the value of production marketed/traded?
According to the National Authority, the rules introduced in 2008 had the main effect of removing the negative perception associated to “table wine”, thus leading to an increase in the perceived quality of the wines.

(Note: for wines without PDO/PGI, national legislation establishes that variety indication is only allowed if that variety is linked to the parcel in the central vineyard register. Both for variety and year, there must be a traceability record certified by a control body which approves the batch. The indication of year requires that at least 85% of the product comes from grapes harvested in that year (including January and February of the previous year). Variety indication requires that at least 85% (if mono-variety wines) or 100% (if more than one variety) of the product comes from grapes from that variety(ies). If more than one variety is used, they must be referred to in the label by decreasing order of composition. If more than four varieties are present in the wine, only those that amount to 85% must be mentioned in the label. All nationally classified varieties may be
IQ 6.10  Do the rules contribute to ensure a fair competition between operators?  
Yes, according to the National Authority, despite a few minor issues concerning terminology, which may vary depending on the region. Overall, it is felt that the new rules ensure a fairer competition between operators. The sector’s representatives disagree, stating that there is an increase in complexity that may mislead consumers and give an advantage to “new world” producers, which mostly have to abide by simpler rules.

IQ 6.11  In your opinion, what changes would be necessary in the labelling rules to ensure a fair competition between operators?  
The sector’s representatives believe there should be an effort towards greater uniformity in designations across regions and countries, namely concerning aging period and organoleptic notes.

IQ 6.8  Were the rules on labelling simple to implement?  
The National Authority believes that the large number of rules made them difficult to comprehend by the producers, leading to additional costs in a process of trial and error until having their labels approved for the market. However, the sector’s representatives find the rules simple to implement. Most producers mostly believe so, however having the same wine in different markets often brings additional costs due to the need of several different labels. Some third countries (i.e. Brazil) have more complex labelling rules than the EU. However, the procedures concerning the approval of labels by the national authorities are considered by some producers to be somewhat complicated.

IQ 6.9  What would be the consequence of rules requiring more detailed information (on ingredients for instance)?  
The National Authority thinks this would make things even for difficult for the producers, without any benefit at making labels simpler for the consumer. The sector’s representatives believe this would further increase confusion in the consumers. Information of sugar contents and other demands on nutrition, especially those foreseen by the northern Europe “health lobby” is seen a potentially leading to reductions in wine consumption. Others simply feel that they have to cope with whatever labelling requirements are demanded by the consumers.

IQ 9.5  (to non-PDO/PGI wine producers) If you could change some of the labelling rules for non-PDO/PGI wines, what would you change? What additional quantity of wine would this change in the rules allow to sell? What would this represent in value?

5.4  Comments and conclusions of the expert

5.4.1  On the effectiveness of labelling rules on the adequate information of consumers  
We believe there are a few major issues concerning the labelling of wine in the EU.

Firstly, the fact that labelling rules for alcoholic beverages are different from the ones that apply to other food products, namely in what concerns the exemption of providing the list of ingredients and the nutritional contents. This exemption may potentially lead to misinformation of the consumer regarding the contents of the product, namely regarding the perception of wine as a fully natural product. However, it is important to say that wine production is subject to a set of sector-specific legislation and to a high level of control which ensure the quality and food safety of the EU production. Such legislation defines wine as a product obtained exclusively from the fermentation of wine grapes, for which a list of ingredients is therefore not necessary.
Differences in composition arise from authorised oenological practices, but those would be extremely difficult to present on the labels, given the very large amount of small variations from wine to wine, batch to batch. Additionally, oenological practices are approved by the OIV and used in its member-countries, allowing for a better transparency in the productive process, eliminating technical barriers and providing a better protection of consumers. As such, we feel that imposing the inclusion of the ingredient list on the labels brings no relevant additional information to consumers and may probably bring more confusion to the reading of the label.

The absence of the nutritional contents may also be a disincentive to purchase, since consumers are increasingly well-informed and concerned with the health and nutrition components of their diets, therefore increasingly demanding information such as calorie count. In Portugal, some alcoholic beverages, such as beer, have already begun presenting this information on their labels on a voluntary basis.

However, given the pattern of wine consumption in Portugal - high per capita consumption, but mostly on a regular but moderate basis, with potential less harmful effects on health — other health issues (such as cancer) are still not a major concern because for consumers, and more aggressive labelling rules on these issues could be unwelcome.

Secondly, there is a wide consensus on the excessive information wine labels usually carry, namely the availability and use of a large number of different denominations/mentions that the average consumer does not understand and/or cannot fully distinguish and that generate confusion and make consumption choices more difficult. As presented in chapter 6.1.1 for the wines of the Norte region, the list of available references for each particular wine is very large, with most of them signifying only small differences which are mostly irrelevant to the average consumer, or may even be misleading.

As such, for the average consumer the choice of a wine mostly takes into account a recognisable brand, the price or the region, with most other information being of less importance in the buying decision. However, most winemakers still believe that the use of a given reference may constitute a way of differentiation from the competition and, therefore, uses them regularly despite the fact that most are voluntary.

Thirdly, we feel that PDO/PGI denominations are not very relevant in the wine sector, contrary to other products such as cheese, cured-meat products or olive oil, since it is felt as just one more reference in the label. In the wine sector, consumers are used to more familiar designations, such as “regional”, “table” or “DOC” (Protected Designation of Origin) and don’t quite understand the difference that a PDO/PGI reference brings.

Fourthly, although wine labelling rules are defined at the EU level, Member States may establish more restrictive rules, as has been the case of Ireland with health issues (it is now mandatory that one-third of the area of the alcohol label is used for health warnings about alcohol, ingredients, calories and cancer-relation - all in both English and Irish) or France with the Triman logo. This may further the confusion and misleading of consumers.

Concluding, we feel that wine labelling should be simpler and more streamlined, with less voluntary designations and ones that are truly meaningful to the consumer and linked to clear and distinguishable features. Information regarding nutritional contents may become mandatory, but further impositions, such as ingredients or health warnings and pictures, are excessive and may jeopardise consumption. Greater uniformity between countries, both within the EU and with third countries, would be important in order to ensure that denominations are more uniform and understandable to the consumer.

5.4.2 On the effectiveness of labelling rules on marketing conditions and fair competition between operators

As said, there is a large number of references, mostly voluntary, which make labelling complex and expensive to the producers, namely those who have a wide portfolio of wines. However, producers end up using them because they believe they may be relevant or bring some distinction from the competition.

Different sets of national rules, such as those mentioned for Ireland and France, may bring additional costs to operators in those markets (either national or foreign), possibly hindering their competitiveness.
The issue is more pressing for exporting companies, which must make different label for the same wine, while having to comply with different sets of rules in each market, some of which more demanding the EU rules.

As an example, in Brazil the following references are mandatory in wine labelling:

- Batch or harvest identification: letter L followed by code
- Tax stamp
- Name and address of producer, bottler and importer
- Denomination and classification of wine
- Indication of "fermentation of grapes"
- Alcohol content
- Expiration date
- Ingredients and composition of the additives
- Registration number of the establishment
- Country of origin
- Notice regarding the fact that it is an alcoholic beverage:
  - "consume in moderation" for still wines
  - "consume in moderation, contains natural pressure; handle with care" for natural sparkling wines
- Indication "made from mature wine grapes"
- Indication "does not contain gluten"
- Reference to the form of transport
- Mandatory designations have minimum dimensions:
  - Indication of product denomination and volume with minimum height depending on the content of the bottle:

<table>
<thead>
<tr>
<th>Bottle Content (ml)</th>
<th>Minimum height of characters (mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 600</td>
<td>1,5</td>
</tr>
<tr>
<td>&gt; 600 - ≤ 1.000</td>
<td>2,0</td>
</tr>
<tr>
<td>&gt; 1.000 - ≤ 2.500</td>
<td>3,0</td>
</tr>
<tr>
<td>&gt; 2.500 - ≤ 4.000</td>
<td>4,0</td>
</tr>
<tr>
<td>&gt; 4.000</td>
<td>6,0</td>
</tr>
</tbody>
</table>
  - Indication of the quantity of the product according to the area of the packaging:

<table>
<thead>
<tr>
<th>Area of main view of packaging (cm²)</th>
<th>Minimum height of characters (mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 70</td>
<td>2,0</td>
</tr>
<tr>
<td>&gt; 70 - ≤ 170</td>
<td>3,0</td>
</tr>
<tr>
<td>&gt; 170 - ≤ 650</td>
<td>4,0</td>
</tr>
<tr>
<td>&gt; 650</td>
<td>5,0</td>
</tr>
</tbody>
</table>
- Additional labels with market-specific information may be used below the back label.

In fact, while most countries follow OIV rules, the lack of standardization between EU rule and rules in some third countries means that dealing with the specific regulations of each country is complicated, time-consuming and costly to wine exporting companies.

Concluding, we again feel that more uniform and streamlined labelling rules both within the EU and with third countries would be welcome both by consumers and producers, rendering a more levelled playing-field for all operators and reducing competitiveness distortions.
6. THEME 5: CERTIFICATION PROCEDURES, MONITORING AND CHECKS

6.1 Description of the local implementation of the rules

6.1.1 Description of certification procedures applied in your Member State and region

CERTIFICATION PROCEDURES

1. PDO / PGI Wines

Wine certification for PDO/PGI wines is conducted by the CVRs (regional certification entities), this being the only level of certification for these wines. These certification entities must comply with specifications developed by the IVV and must be accredited by IPAC (the Portuguese Accreditation/Certification Institute) as certification bodies for Products, Processes and Services (ISO/IEC 17065). The physical-chemical analysis laboratories that carry out the wine analyses of each batch of wine to be certified must also be accredited by IPAC in the standard NP EN ISO / IEC 17025.

The certification process is based on the traceability of the wine production, from the vineyards to its shipment. It starts with the registration of all natural or legal persons involved in the production and marketing of wine products with DO/GI in both the IVV and the Certification Body, always at a national level (only Madeira and the Azores have regional bodies).

Cellars and bulk wine warehouses are required to be licensed for the activity, to meet food safety requirements and to have a traceability system.

All grapes suitable for the production of DO and GI wines must circulate with the respective accompanying document (DA) controlled by the certifying entity.

The harvest and production declarations are compulsory and are used for the control of the origin of the grapes, the purchase of grapes and compliance with the maximum yield per hectare fixed by legislation.

Products with DO and GI rights are required to create/maintain specific registers by type of product/quality, designated by checking-account, thus allowing to identify all information related to the inputs and outputs of the product in the economic operator.

The opening of the current-account (inward and outward register) is conducted when presenting the harvest and production declaration (DPC); or whenever an indication requiring specific certification (e.g. harvest year, sub-region, variety, etc.) is to be used on the label.

Physical-chemical analyses are carried out in an accredited laboratory indicated by the certification body (own or by provision of services), to all batches of wine suitable for certification and an organoleptic test is carried out by the chamber of tasters of the certification body to all batches, once, before bottling. The producer has no say on this process or on the choice of laboratory.

The guarantee of the quality and authenticity of the wine products with DO and GI is given by the seal of guarantee, the certification body being the entity responsible for its attribution. It is through the seal of guarantee that the DO or GI certification is publicly evidenced, on pre-packaged products.

The seals of guarantee are made available for the entire lot of the wine product if the following conditions are jointly met:

- The product is analytically compliant (physical-chemical and sensory tests);
- The label has been approved, according to the current-account and the analytical result of the wine product;
- The current-account is positive and the specifications are included in the label.

The seals of guarantee are individualized by a sequential alphanumeric system, having security codes in order to guarantee their authenticity and use control. The certification body provides the seals of guarantee. The guarantee seals included in the back-label must be produced in printing companies authorized by the Certifying Entity at the request of the economic operator and in accordance with the rules laid down for the DO/GI wine products.
In the Douro Demarcated Region, bottling outside the region of production is prohibited, for a greater control of the authenticity of the product.

All operators must request a certification every year in order to sell wines under PDO/PGI wines or varietal wines. Certification refers to wine, not to the producer. Producers are registered in the IVV and in the CVR’s, they must comply with the sector’s legislation and horizontally, in particular with regard to the licensing of their facilities and the guarantee of food safety of their products.

IVV and the CVRs are in charge of the monitoring and control of compulsory declarations, of the control of compliance with PDO specification, of the collection of analyses fiches from the labs gathering physical and chemical analysis and of the monitoring of the categorized wine.

2. Wines with Indication of Variety and Year

The procedures for the approval and control of these wines are divided into:

(a) The procedure to be followed by the Economic Operators, which is intended to include the indication of the vintage year and/or grape varieties on the labelling of wine products without a protected designation of origin or geographical indication:

- **Producer** – in order to include in the harvest and production declaration (DPC) the production of products with indication of grape varieties, the Producer must ensure that:
  - The vineyard parcels from which the grapes originate are included in the central vineyard register maintained by IVV;
  - The varieties referred to in the DPC are also included in the central vineyard register, linked to the concerned vineyard parcels.

- **Economic operator** - in order to trade in bulk or packaged and labelled products with an indication of the year of harvest and/or grape varieties, the economic operator must:
  - Request their approval to IVV. The request for approval is made by wine campaign, in the information system of the vineyard and wine (IT platform of the IVV);
  - Establish and maintain a record by batch of product, which must contain the information necessary to the batch’s traceability;
  - Obtain proof of approval of the batch. In order for a batch to be packaged and labelled with the year of collection and/or grape varieties, the economic operator must have a document, issued by a Control Body, indicating the approval of the harvesting year and/or of the grape varieties which may be included on the labelling;
  - Send a model of the label to IVV, which conducts an assessment and verification of compliance with the legislation applicable to these products;
  - Present to IVV a copy of the definitive label, prior to its use on the market.

(b) The procedures and specifications to be complied with by the inspection bodies responsible for batch approval and physical control of wine products to which economic operators associate the indication of the vintage year and/or grape varieties, which are detailed in the following table:
Table 35 - Summary diagram for the use of the harvesting year and/or grape varieties indication on the labelling of products without a PDO/PGI

<table>
<thead>
<tr>
<th>APPROPRIATION OF THE ECONOMIC OPERATOR</th>
<th>BATCH REGISTRATION</th>
<th>BATCH APPROVAL PROCEDURE</th>
<th>TRACEABILITY CHECK AND DECISION</th>
<th>USE OF HARVESTING YEAR AND/OR GRAPE VARIETIES INDICATION IN LABELLING</th>
</tr>
</thead>
</table>
| Who? 
All economic operators wishing to market these products must be approved by IVV for this purpose. | All economic operators holding such products must keep a specific register, otherwise they may not be released for consumption with the indication of the vintage year and/or grape varieties. | It is the economic operator who requests the approval of each batch from a control body of his selection. | Carried out by the inspection body selected by the economic operator. | By the economic operator whose lot has been approved |
| When? 
Approval is required once per wine campaign. It should preferably occur at the beginning of each marketing year, since approval is compulsory, so that the indication of the vintage year and/or grape varieties can be used, and has the validity of a wine campaign and may be renewed in the following marketing year. | When the economic operator decides to prepare a batch of a product to which he associates the harvest year and/or wine varieties, he must register. | When the economic operator so wishes, taking into account that the application is subject to verification and to a decision, the duration of which is variable. | Starts only after submission of the batch approval request. | After having in his possession the proof of approval of the consignment issued by the inspection body |
| How? 
The request for approval is made in the IVV’s SIV, in the "year/variety" module. The answer is immediate and proof can be obtained on paper. | The batch register is made in the IVV’s SIV, in the "year/variety" module. After the registration data is submitted, a document with all the information can be obtained. | The application is made in the IVV’s SIV, in the "year/variety" module, and requires the economic operator to have already registered the batch. | It must be based on the information contained in the register of the batch, as well as any information which the inspection body considers necessary. | Indications for the year of harvest and/or grape varieties which have been approved by the inspection body may be used. |

Source: IVV

3. Export

In order to export a wine product - products certified with DO and/or GI and non-certified products, registration in the IVV, in the economic activity of "Exporter or Importer", is mandatory.

In addition to registering as an exporter/importer, there must be a new or existing register in an activity in the wine sector that supports the former (eg storekeeper, dealer without establishment, etc.).

A transport accompanying administrative document (accompanying document, simplified accompanying document or electronic accompanying document) must be issued by the producer (using a form obtained in the customs web platform) from the dispatcher’s premises to the last point of dispatch within the Union.

This document must accompany the wine at every moment, and registers all information on each wine batch, its quantity and all its movements. Therefore it is an element of traceability and it is used as an export certificate and as proof of exit from the customs warehouse. For PDO/PGI wines there is also an analysis bulletin and a certificate of origin, issued by the CVRs.

Although customs procedures are complex, the accompanying administrative document, being a single document that includes all relevant information on each batch, brings some degree of simplification.

Subsequently, at the exit from the EU, it is necessary to issue a DU (Single Export Document) issued by Customs – STADA (the automated data-processing system for the customs declaration).
The certificate of origin is issued by IVV for wines without PDO/PGI and by the certifying entities for wines with DO and GI.

**General dispositions**

Organoleptic testing is performed only for PDO/PGI wines. For varietal wines and wines with reference to year of harvest, traceability procedures ensure the accuracy of the denomination.

These certification procedures ensure compliance with the specific characteristics of each wine and ensure their quality based on physical-chemical and organoleptic analysis at 100% of the certified wine volume.

There were no particular recent changes in the certification procedures applied in Portugal. However, there was a modernisation of these procedures, namely with a computerisation of these processes on online digital platforms that made them easier and more efficient, both for the administration and producers.

**6.1.2 Description of monitoring and checks procedures applied in your Member State and region**

IVV is responsible for coordinating and controlling the institutional organization of the wine sector, for auditing the quality certification system, for monitoring community policy and for preparing the rules for its application, as well as for coordinating and supervising the promotion of wine products. It conducts management audits and audits to the control and certification systems of the certifying bodies for wine products with the right of designation of origin or geographical indication, and draws-up and ensures the coordination of the national control plan for the wine sector.

Wines without DO/GI are controlled by the IVV and, by delegation of powers, by certifying entities that carry out physical checks (CVRs and ASAE) to at least 5% of the number of lots that are submitted for approval of indication of variety and year of harvest. This system is implemented on a national-wide basis with no intervention from regional authorities. However, regional certification bodies (CVRs) are involved.

For PDO/PGI wine, in Portugal there is no internal and external control. All controls for PDO/PGI wines are conducted by the CVRs. The certifying entities are responsible for:

- Carrying out the control and certification of products entitled to DO or GI and issuing or authenticating the respective documentation;
- Classification of vineyard parcels proposed by winegrowers as suitable for the production of products entitled to DO or GI;
- Ensuring effective control of the stocks of wine products of each of the operators in their area of activity, in particular in the current-account system, and to this end accept and use the stock, harvest and production declarations, the accompanying documents and wine registers;
- Take or participate in legal action against the offenders of DO and GI rules and other economic or tax offenses, being able to seal the products or seize documents and other objects that result from or violations detected;
- Applying the disciplinary sanctions provided for in the respective statutes or procedures manual;
- Controlling the production, circulation and trade of grapes and products of the wine sector which are in or are destined for the geographical area allocated to them, and carrying out surveys and taking samples at the wine-making, distillation, storage, bottling, distribution or wholesale or retail sale and requesting all the documentation and information necessary to verify compliance with the specific rules of the wine sector.

Other wines are controlled by ASAE, as occurs with all other food products.

The DRAP (Regional Directorates for Agriculture) have no participation in wine control. They only control the implementation of some of the NSP measures.

The IPAC (Portuguese Accreditation Institute) performs the accreditation of the certification entities. This accreditation consists of the evaluation and recognition of the technical competence of the entities to carry out specific conformity assessment activities (e.g. tests, calibrations, certifications and inspections).

The ASAE (Authority for Economic and Food Safety) is a market oversight and control body in a horizontal perspective of the entire economic activity, conducting its action in the following areas:
- Food security and public health;
- Industrial property and business practices;
- Safety and environment.

ASAE has the only accredited laboratory to carry out isotopic analyses on wines, spirits and alcohols. They also made use of the European databank of isotopic data.

### 6.1.3 Description of the control system related to NSP implementation

**Promotion:**

Beneficiaries are subject to administrative and *in loco* controls carried out by the competent authorities, namely IFAP and IVV.

Operations are systematically subject to *in loco* controls at least once before the final payment. In addition, beneficiaries are also subject to other controls, such as audits by the European Commission or the Audit Courts, and even recontrols under IFAP’s Account Certification or quality controls.

**Vineyard restructuring and conversion:**

Verifications related to the restructuring and conversion of vineyards are carried out by means of administrative checks and on-the-spot checks.

Administrative controls are mandatory and systematic and include cross-checking, in particular with data from the computerized vineyard register, the Slv (Vineyard and Wine Information System) and the integrated management and control system.

The *in loco* controls before the investments, which includes verification of the existence of the vineyard and if it is normally grown, may be limited to 5% of applications in order to confirm the reliability of the administrative control system. After the completion of the restructuring and conversion of vineyards, *in loco* controls are systematic.

These final controls include setting percentages, land profile changes, single vineyard lines, minimum areas, support systems, investment dates, support walls and drainage.

The administrative controls are conducted by IFAP. IFAP also coordinates the *in loco* controls, which are conducted by the DRAPs (Regional Directorates for Agriculture).

**Vineyard insurance:**

IFAP carries out the administrative controls to all applications for support before the payment. Controls verify the inscription of the vineyard parcels that account for the insured production in the central wine register managed by the IVV and confirm the payment of the premiums, deducted of the amount of the support.

IFAP may request the insurance company at any time to provide the information needed for the monitoring and control of the allocation of the financial support, the insurance undertaking being obliged to provide all requested information.

**By-product distillation:**

Administrative controls are carried out to all applications. *In loco* controls are carried out to the alcohol which is applied to support and covers at least 5% of the total number of applications and 5% of the amount of aid. IVV defines, in articulation with the DRAP, the control plan and the control procedures in the distilleries.

The deliveries of the by-products for distillation are weighed at the entrance of the distillery or, where this is not possible, in another installation that has a weighing equipment that emits a quantity proof slip.

Administrative controls are carried out on the compliance with the by-product supply at any stage of its processing. *In loco* controls may be carried out, if necessary, DRAPs.

In the controls on the alcohol subject to support there is a tolerance not exceeding 0,2% vol., when verifying the alcoholic strength of the eligible alcohol. For the purpose of the specific controls under this measure the administrative controls are carried out to all applications, while *in loco* controls are carried out on the obtained which is applied to support and must cover at least 5% of the total number of aid applications and 5% of the total amount of support requested.
IVV is the entity in charge of the controls to the alcohol, while IFAP establishes the control standards and ensure their achievement.

6.2 Existing national data on non-compliance and workload

6.2.1 Data on workload linked to the monitoring and checks system implementation

<table>
<thead>
<tr>
<th>Type of check</th>
<th>Workload in Full-time equivalent (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vineyard register</td>
<td>Authorities</td>
</tr>
<tr>
<td>Declarations</td>
<td></td>
</tr>
<tr>
<td>- Production</td>
<td></td>
</tr>
<tr>
<td>- Harvest</td>
<td></td>
</tr>
<tr>
<td>- Stock</td>
<td></td>
</tr>
<tr>
<td>Inward and outward register</td>
<td></td>
</tr>
<tr>
<td>Accompanying documents</td>
<td></td>
</tr>
<tr>
<td>Labelling certification</td>
<td></td>
</tr>
</tbody>
</table>

6.2.2 Existing data on fraudulent manipulation of wine

Data from ASEA (the Authority for Economic and Food Safety) from 2014 to 2017 details all operations concerning the wine sector. The main operations in each year were the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>Frauds Detected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>• Investigation that led to the seizure of approximately 210.000 litres of Wines and Spirits worth more than 920.000 € for designation of origin usurpation and lack of records required to the wine discipline.</td>
</tr>
</tbody>
</table>
| 2015  | • Seizure of 324.000 litres of liqueur and red wine classified according to laboratory tests as abnormal and lacking in requirements;   
• Seizure of 250.000 litres of wine and other wine products, worth about 650.000 €.                     |
| 2016  | • Seizure of tanker trucks due to falsification of documents, designation of origin usurpation by transportation of must from another MS to a demarcated region;   
• Apprehension for counterfeiting 1.700 bottles of Pera Manca for online sale. The actual value would be 250.000 €.          |
| 2017  | • Apprehension of 16 falsified bottles of Barca Velha wines from the years 2000 and 2004 detected, with average sales values of 600 euros/bottle;   
• 4.536 bottles of sparkling wine, with an overall value of over 5.000 €, were detected, not respecting the mandatory fermentation period established by the DO;   
• 11.600 bottles of sparkling wine and carbonated semi-sparkling wine seized for lack of registration in the IVV, lack of current-account records and lack of licensing of the facilities where these wines were prepared;   
• Imitation of a bag-in-box brand of the Alentejo region;   
• Seizure of 38.000 litres of wine produced irregularly by the use of prohibited oenological practices (mixture of red wine and white wine). |

Source: ASEA

6.2.3 Existing data on non-compliance with NSP rules

Data made available to the evaluation team concerns non-compliance with the vineyard restructuring and conversion measure. The following table shows that a large proportion of the area approved under the measure is subject to controls after restructuring and that only a small proportion of the controlled area (5% to 8%) is not admitted for support. This shows a significant degree of compliance with the measure’s implementation rules by the beneficiaries.
Table 37 - Vineyard Restructuring and Conversion Measure control data

<table>
<thead>
<tr>
<th>Region</th>
<th>% Controlled Area</th>
<th>% Refused Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(area controlled after restructuring/conversion / area approved)</td>
<td>(surface not admitted after control / area controlled)</td>
</tr>
<tr>
<td>Douro</td>
<td>70%</td>
<td>76%</td>
</tr>
<tr>
<td>Minho</td>
<td>72%</td>
<td>102%</td>
</tr>
<tr>
<td>Trás-os-Montes</td>
<td>84%</td>
<td>65%</td>
</tr>
<tr>
<td>Portugal</td>
<td>142%</td>
<td>73%</td>
</tr>
</tbody>
</table>

Source: IVV

For other measures, data available for the 2015/2016 budgetary year shows that all applications are subject to some kind of control, with a generally null or very small level of non-conformities. The exception was the 10% administrative error rate for promotion applications, which corresponded to an amount of around 700,000 €.

Table 38 – Promotion, insurance and distillation control data

<table>
<thead>
<tr>
<th>2015/2016</th>
<th>% number of support applications checked</th>
<th>% amount of the support applications checked</th>
<th>Administrative checks – error rate by amount</th>
<th>On-the-spot checks – error rate risk</th>
<th>On-the-spot checks – error rate random</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion in Third Countries</td>
<td>100,00%</td>
<td>100,00%</td>
<td>10,00%</td>
<td>8,66%</td>
<td>2,91%</td>
</tr>
<tr>
<td>Harvest Insurance</td>
<td>100,00%</td>
<td>100,00%</td>
<td>0,00%</td>
<td>0,00%</td>
<td>0,00%</td>
</tr>
<tr>
<td>By-product Distillation</td>
<td>100,00%</td>
<td>100,00%</td>
<td>0,00%</td>
<td>0,00%</td>
<td>0,00%</td>
</tr>
</tbody>
</table>

Source: IVV

6.3 Synthesis of the interviews

IQ 7.1 to 7.3 Is the certification procedure simple to apply? Please distinguish wines with PDO/PGI, wines without PDO/PGI and traded wines

The National Authority finds that the PDO/PGI certification procedure is not particularly difficult, although the organoleptic tasting is quite demanding. In what concerns certification for exported non PDO/PGI wines, the certification is ensured by the global national quality/food safety system.

The regional representative for Vinho Verde finds the procedures very simple, since they are all computerised and available online.

IQ 7.4 When change occurred in the certification system, did it allow an increase in the quantity of wine marketed or exported?

Nothing to report.

IQ 10.1 Did you encounter any difficulties or problems in the implementation of monitoring and checks EU requirements?

The National Authority finds that there were no particular difficulties, although the whole process in quite demanding for both the National Authority and the Portuguese Quality Institute (IPQ).

According to the regional authorities, the monitoring system for certified products has as main procedure the collection of samples from the economic agents, both in bottling and in the warehouse, as well as product acquisition in the market. The collection of samples is based on a daily computerized lottery which reinforces controls on the most traded economic agents and on lower prices. In addition to this monitoring of the certified products, vineyards are also controlled, checking its production status, road checks (by ASAE and the National Republican Guard), verifying the movements of grapes and wine products, and the overall quantities in the warehouses, comparing with the current accounts registered in the IVDP.
IQ 10.2 Did you encounter any difficulties or problem in the implementation of the control system related to NSP implementation?

The Paying Agency considers that the controls of the promotion measure are complicated by the level of control requirements, namely in what concerns the financial flows from different countries.

For this measure (promotion), the sector’s representatives believe there is a lack of uniformity in the interpretation of eligibilities between the several bodies involved in the Programme’s management (IVV and IFAP), leading to errors and confusion by the beneficiaries. This is viewed as a consequence of national rules, rather than EU rules.

Producers generally find the promotion measure to be very bureaucratic and agree to the lack of uniformity in the interpretation of eligibilities. The vineyard restructuring measure is generally seen as much simpler.
ANNEXES

ANNEX I – List of the interviews

<table>
<thead>
<tr>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IVV – Institute for Vineyard and Wine</td>
</tr>
<tr>
<td>IFAP – Institute for the Financing of Agriculture and Fisheries</td>
</tr>
<tr>
<td>VINIPORTUGAL - Interprofessional Association of the Portuguese Wine Industry</td>
</tr>
<tr>
<td>IVDP - Port and Douro Wines Institute</td>
</tr>
<tr>
<td>AEVP - Association of Port Wine Companies</td>
</tr>
<tr>
<td>The Fladgate Partnership</td>
</tr>
<tr>
<td>Quinta da Lixa</td>
</tr>
<tr>
<td>Quinta da Aveleda</td>
</tr>
<tr>
<td>Real Companhia Velha / Quinta do Esmero</td>
</tr>
<tr>
<td>Adega Cooperativa de Murça</td>
</tr>
<tr>
<td>CVRVV – Regional Wine Commission for the Vinhos Verdes Region</td>
</tr>
<tr>
<td>IFAP – Institute for the Financing of Agriculture and Fisheries</td>
</tr>
<tr>
<td>ACIBEV - Portuguese Association of Wines and Spirits</td>
</tr>
<tr>
<td>Luís Pato Wine Grower</td>
</tr>
<tr>
<td>João Portugal Ramos Wines</td>
</tr>
<tr>
<td>Instituto Superior de Agronomia</td>
</tr>
<tr>
<td>DECO - Portuguese Association for Consumer Protection</td>
</tr>
</tbody>
</table>

ANNEX II – Documents and reports collected

- AGRO.GES, Sociedade de Estudos e Projectos, Lda; 2013; O Sector Vitivinícola Nacional: Evolução recente, situação actual e perspectivas futuras.
- AGRO.GES, Sociedade de Estudos e Projectos, Lda; 2013; O Sector Vitivinícola Nacional: Evolução recente, situação actual e perspectivas futuras.
- AREV - Assembly of European Wine Regions; 2012; Etude sur les impacts socio-économiques et territoriaux de la libéralisation des droits de plantations viticoles.
- ASAE - Autoridade de Segurança Alimentar e Económica; 2017; Relatório de Atividades e Autoavaliação 2016.
- ASAE - Autoridade de Segurança Alimentar e Económica; 2017; Relatório de Atividades e Autoavaliação 2016.
- COGEA – Consulenti per la Gestione Aziendale; 2012; Évaluation des Mesures Appliquées au Sector Vinicole dans le cadre de la Politique Agricole Commune.
- COGEA – Consulenti per la Gestione Aziendale; 2014; Study on the Competitiveness of European Wines.
- CVRVV - Comissão de Viticultura da Região dos Vinhos Verdes; 2015; Guia de Rotulagem - Produtos com Denominação de Origem (DO) Vinho Verde.
- CVRVV - Comissão de Viticultura da Região dos Vinhos Verdes; 2017; A Fresher Wine - All you need to know about Vinho Verde.
- Ecorys, IEEP, Wageningen University and Research; 2016; Mapping and analysis of the implementation of the CAP.
- Frazão, Ana; 2016; Regulamentação e Apoios no Sector Vitivinícola.
- IFAP – Instituto de Financiamento da Agricultura e Pescas; 2014; Regime de Apoio à Reconversão e Reestruturação das Vinhas Candidaturas Aprovadas - DRAP e Região Vitivinícola.
- IVV – Instituto da Vinha e do Vinho and IFAP – Instituto de Financiamento da Agricultura e Pescas; 2018; Normas Complementares de Aplicação do Apoio à Promoção de Vinhos em Mercados de Países Terceiros.
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- IVV – Instituto da Vinha e do Vinho; 2012 to 2017; Vinhos e Aguardentes de Portugal - Anuário.
- IVV – Instituto da Vinha e do Vinho; 2013; Manual de Procedimentos e de Especificações - Utilização de Ano de Colheita e/ou das Casta(s) de Uvas - Rotulagem de Produtos sem Denominação de Origem Protegida ou Indicação Geográfica Protegida.
- IVV – Instituto da Vinha e do Vinho; 2016, 2017; Decision concerning the recommendations of the interested parties with respect to the limitations of the annual vineyard planting authorisations.
- IVV – Instituto da Vinha e do Vinho; 2017; Manual de Rotulagem - Produtos vitivinícolas sem Denominação de Origem ou Indicação Geográfica.
- IVV – Instituto da Vinha e do Vinho; 2013; Manual de Procedimentos e de Especificações - Utilização de Ano de Colheita e/ou das Casta(s) de Uvas – Rotulagem de Produtos sem Denominação de Origem Protegida ou Indicação Geográfica Protegida.
- Unione Italiana Vini / Association for the General Conservation of the Activities of the Wine Industry Economic Cycle; 2018; Wine by Numbers 2017.
- ViniPortugal; 2017; Fórum Annual 2017 - Plano Sectorial de Marketing e Promoção 2018 ViniPortugal & CVR’s.

ANNEX III – Regional Labelling Specificities for PDO/PGI Wines

1. Vinho Verde (PDO):
- Prior approval of the labelling by CVRVV;
- Brand register is mandatory; the brand may not be exclusive to PDO;
- The indication of sub-region on the labelling must be accompanied by an indication of its harvesting year and may or may not be accompanied by the term 'subregion';
- For the indication on the labelling only of the Alvarinho variety, the product must be obtained exclusively from this variety;
- Alvarinho variety, when indicated on the label together with other varieties, must represent a percentage equal to or greater than 30% in the product obtained;
• For products with ‘subregion’ indication, the indication of the Alvarinho variety on the labelling is exclusive to the Monção and Melgaço subregion;

• The term “Alvarinho origin” is recognized as an optional traditional term but for exclusive use of wines entitled to use on the labelling of the Alvarinho grape variety produced in the Monção and Melgaço subregion.

• Traditional Mentions:
  o "Controlled Origin Denomination" or "DOC";
  o Additional mentions: "White", "Red" and "Rosado"/"Rosé"; "Palhete" or "Palheto"; "Claret"; "Vinho com Agulha";
  o Traditional mentions: "Escolha" associated with the crop year can be designated as "Grande Escolha"; "Superior"; "Selected Harvest"; "Reserve"; "Garrafeira"; "Special Reserve"; "Great Reserve"; "Premium"; "Light" or "Low Degree" (integrated in text, without particular emphasis);
  o "Late Harvest", "Vindima Tardia" or "Colheita Tardia"; "Origin of Alvarinho" as a traditional optional mention for exclusive use for wines entitled to use on the labelling of the Alvarinho grape variety produced in the Monção and Melgaço sub-region.

  o Mentions on certain production methods: "fermented in kite"; "fermented in bark"; "fermented in hull"; "fermented in hull of ..." (mention to type of wood); "matured in kite", "matured in barrel", "matured in hull", "matured in hull of ..." (mention to type of wood); "aged in kite", "aged in barrel", "aged in hull", "aged in hull of ..." (mention to type of wood); instead of "aged" the term "matured" may be used.

2. Minho (PGI)
National and Community legislation and the following additional provisions shall apply:

• Prior approval of the labelling by CVRVV;
• Mandatory brand registered in Portugal, but not exclusive to PGI;
• For the labelling of the Alvarinho variety only, the product must be obtained exclusively from this variety;
• Alvarinho variety, when indicated on the label together with other varieties, must represent a percentage equal to or greater than 30% in the product obtained;
• Traditional mentions: "New", "Escolha" associated with the harvest year can be designated as "Grande Escolha"; "Superior"; "Selected Harvest"; "Reserve"; "Special Reserve"; "Great Reserve"; "Premium"; "Light" or "Low Degree";
• Complementary mentions: "White", "Red" and "Rosado"/"Rosé"; "Abafado"; "White of white grapes"; "White of red grapes"; "Palhete" or "Palheto", "Claret"; "Vinho com Agulha ";
• Mentions to certain production methods: "fermented in kite"; "fermented in bark ..."; "fermented in hull"; "fermented in hull of ..." (mention to type of wood); "matured in kite", "matured in barrel", "matured in hull", "matured in hull of ..." (mention to type of wood); "aged in kettle", "aged in barrel", "aged in hull", "aged in hull of ..." (mention to type of wood); instead of "aged" the term "matures" may be used.

3. Douro (PDO)

• Labelling needs prior approval by IVDP.
• Mandatory labelling mentions:
  o The denomination of origin Douro, eventually preceded by the expressions “Wine of” the or “Sparkling wine of”, and for the liqueur wine by the expression “Moscatel do Douro”;
  o The brand;
  o The indication Denomination of Origin or DO or Denomination of Controlled Origin or DOC or Denomination of Protected Origin or PDO;
  o The name or company name of the bottler, as well as the indication of the local administrative district where the bottler has its headquarters, which must be completed by the following terms: bottler or bottled by or their translations;
  o The nominal volume;
  o The actual alcoholic strength by volume;
  o The indication Product of Portugal and its translations;
The lot number, preceded by the capital letter L, easily visible, on the glass or the capsule, clearly legible and indelible, in accordance with the EC or country of destination legislation;

- Other mentions required by national, Community or country of destination law.

- **Optional labelling mentions:**
  - Reference to the Douro Demarcated Region;
  - Reference to a variety or several varieties in compliance with the legal and regulatory provisions in force;
  - Indication of the bottling year;
  - Reference to the status of the entity in accordance with the legislation in force where the wine in question comes exclusively from grapes harvested from vines which form part of the wine-growing holding and where winemaking has been carried out on that holding or the holder of the wine-growing holding unequivocally assumes effective management and exclusive responsibility for winemaking, wine produced and bottling;
  - Indication of the harvest year;
  - Other mentions required by national, Community or country of destination law;

- **Traditional Mentions, according to the legislation, including “Novo, “Vinho de Missa”, “Harvest”, Late Harvest” / “Colheita Tardia”, “Selected Harvest”, “Special Reserve”, “Great Reserve”, among others.**

4. *Porto (PDO)*

- **Mandatory mentions:**
  - The designation of origin Vinho do Porto, Vin de Porto, Port Wine, Porto, Port, Oporto, Portwein, Portvin and Portwij or other translations approved by IVDP, IP;
  - The brand;
  - A traditional mention;
  - The name or company name of the bottler, as well as the indication of the local administrative district where the bottler has its headquarters, which must be completed by the following terms: bottler or bottled by or their translations;
  - The nominal volume;
  - The actual alcoholic strength by volume;
  - The indication Product of Portugal and its translations;
  - Indication of the year of bottling in Harvest and Age Indication wines;
  - Indication of the vintage year in Vintage, Late Bottled Vintage and Harvest wines;
  - The lot number, preceded by an uppercase letter L, easily visible, on the glass or the capsule, clearly legible and indelible, in accordance with the EC or country of destination legislation;
  - Other mentions required by national, Community or country of destination law;
  - The reference to the degree of sweetness in Porto Lágrima wines.

- **Indications:**
  - The Reference to the Douro Demarcated Region;
  - The reference to the degree of sweetness;
  - Reference to at least four or more vine varieties from which Port wine is produced;
  - Reference to the status of the entity in accordance with the legislation in force where the wine in question comes exclusively from grapes harvested from vines which form part of the wine-growing holding and where winemaking has been carried out on that holding or the holder of the wine-growing holding unequivocally assumes effective management and exclusive responsibility for winemaking, wine produced and bottling;
  - Unfiltered or Unfiltered for Vintage, Late Bottled Vintage and Crusted wines, under the terms defined by IVDP;
  - The indication of wine aged in wood for wines with Harvest Date and Age Indication and for Reserva Tawny and Reserva Branco wines;
• The indication of the year of bottling;
• Other mentions permitted under national, Community or national regulations.

• Mandatory traditional mentions when integrated in the special categories:
The labelling of the Port wine bottle must indicate only one of the following traditional terms:
  o Vintage;
  o Late Bottled Vintage or LBV, which must appear on a single line and in the same type of print and colour;
  o Harvest or Harvest Date;
  o 10 years of age, 20 years of age, 30 years of age, over 40 years of age or 40 years of age when the wine is destined for the US;
  o Crusted;
  o Reserva or Reserve;
  o Reserva Tawny or Tawny Reserve and White Reserve or White;
  o Reserve;
  o Tawny;
  o Ruby;
  o Branco, Blanc or White;
  o Light White Dry;
  o Rosado or Rosé.

• Optional traditional mentions:
The labelling of the Port wine bottle may also indicate only one of the following traditional terms:
  o Aged in Bottle, Matured Bottle or Aged Bottle for Vintage, Late Bottled Vintage, Crusted or Bottled wines;
  o Velho or Old, for wines with Age Indication of 10 or 20 years, Harvest and White with at least 10 years of aging in wood;
  o Muito Velho or Very Old, for wines with Age Indication of 30 years, over 40 years of age or 40 years of age when the wine is destined to the US, Harvest and White with at least 30 years of aging in wood;
  o Garrafeira in accordance with the legislation in force;
  o Ruby for the Wine Reserve or Reserve;
  o Tawny for wines with Age Indication and Tawny or White for wines with Harvest and Reservation Date or Reserve;
  o Especial or Special or Finest for wines Reserva or Reserve, Reserva Ruby or Ruby Reserve, Reserva Tawny or Tawny Reserve and Reserva White or White Reserve;
  o Fine for Tawny, Ruby, Rosado or Rosé and Branco, Blanc or White;
  o Lágrima for very sweet Port wine.

5. Duriense (PGI)
There are no specific rules for the labelling of Duriense wines.
• Traditional mentions:
  o Regional wine;
  o Old reserve (or great reserve);
  o Reserve.

6. Trás-os-Montes (PDO)
There are no specific rules for the labelling of Trás-os-Montes wines beyond the mandatory indication of the brand.
7. Transmontanto (PGI)

There are no specific rules for the labelling of Transmontano wines.

- Traditional mentions:
  - Superior;
  - Reserve;
  - Selection;
  - Selected Harvest