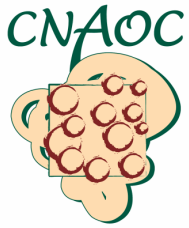
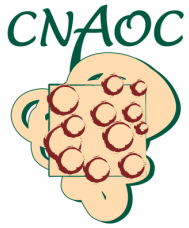


Protected designations of origin Managing the production potential system

Patrick LE BRUN
Vice-president CNAOC
President Champagne Growers Association

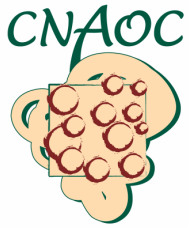


- The Green Paper does not tackle the question of the management of the volume of production of GIs;
- The « applicant group » must have the means to ensure the defense and the management of the GI once it has been registered;
- The issue: Is it possible to keep the reputation of a protected designation of origin without managing the produced quantities?



Historical Background

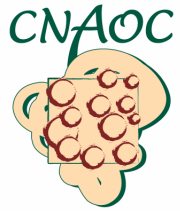
- 1931 – Prohibition of new plantations except if they are necessary to renew the vineyard;
- 1931- 1953 – Various amendments allow a controlled growth of the vineyard, with a qualitative orientation;
- 1953 – Possibility of expanding the PDO vineyard by allocating new planting rights on the basis of objective socio-economic and non discriminatory criteria;
- 1970 – The EU has gradually resumed these principles in the different CMOs;



2008 – The new wine CMO

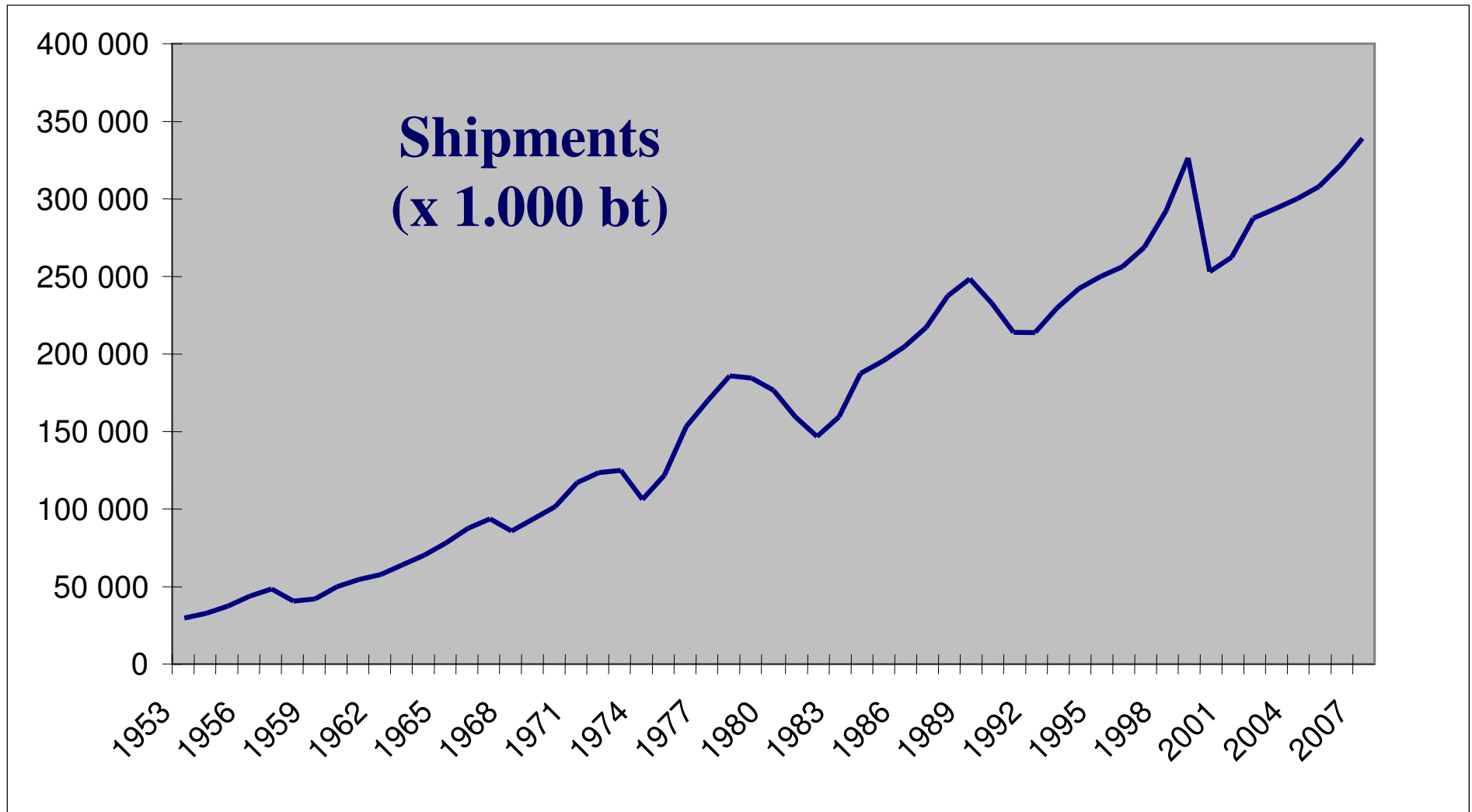
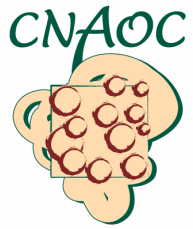


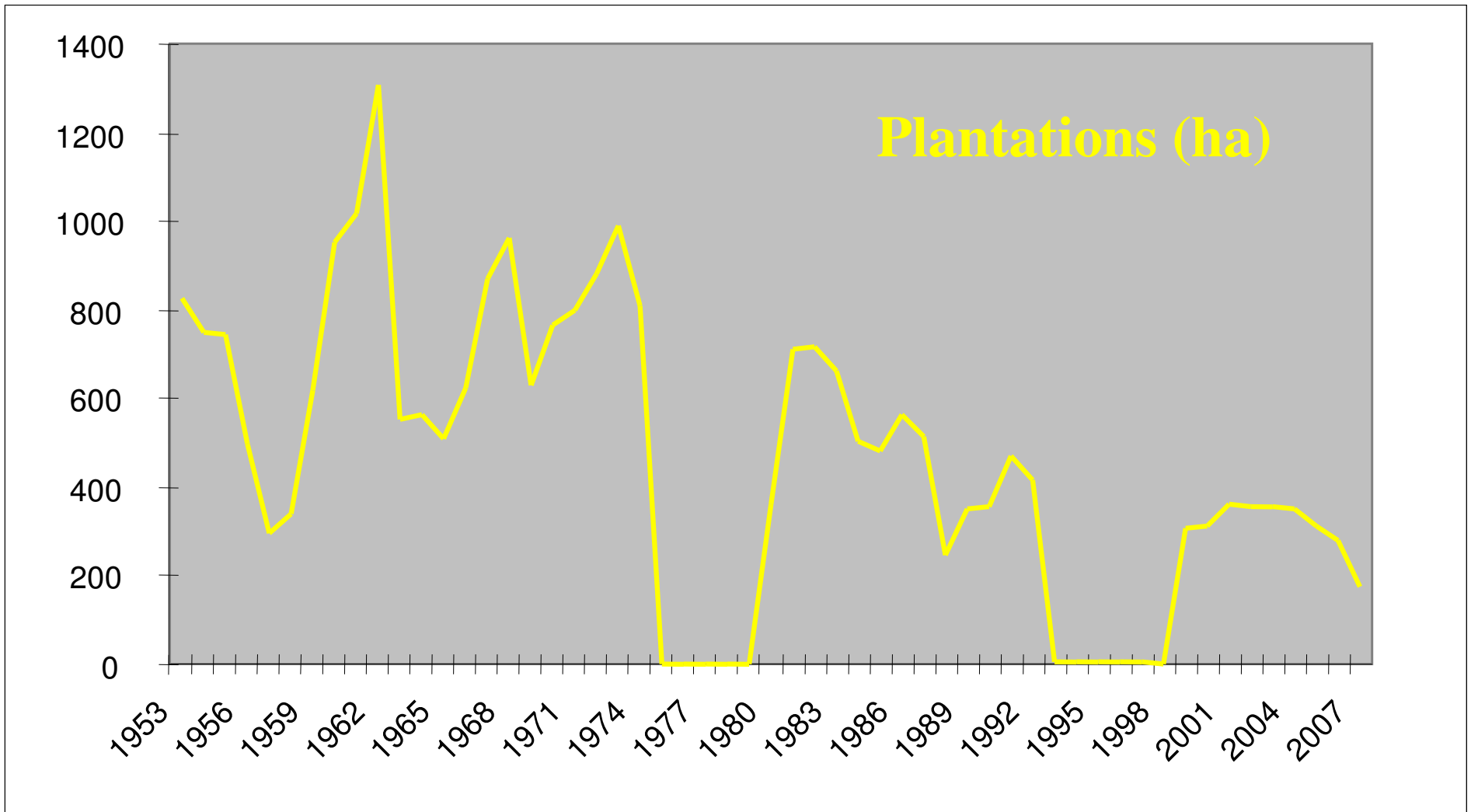
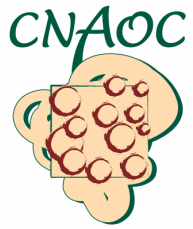
- The prohibition of new plantations has had an important effect on the supply-demand balance of the wine market;
- The Commission considers that it is an obstacle for the wine industry ;
- The end of the planting right system is programmed:
 - Prohibition kept until the 31st of December 2015,
 - However, Member States should have, on their territory, the possibility of extending the prohibition until the 31st of December if they judge it necessary,
 - No special system is planned for PDOs.

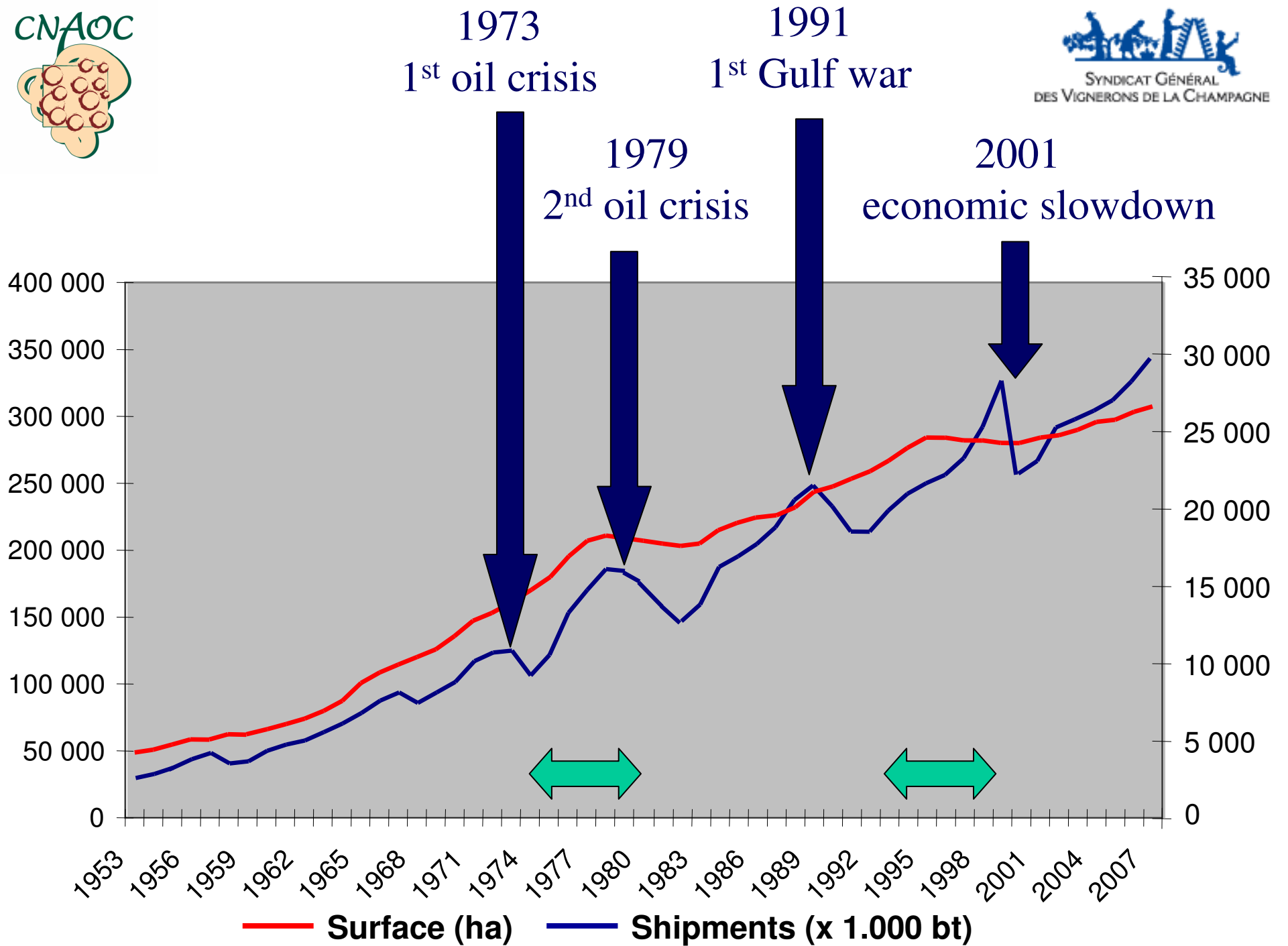
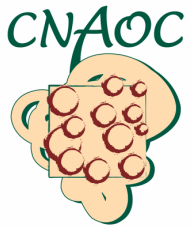


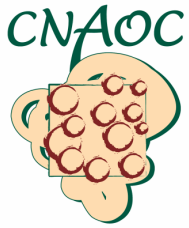
Plantations' management in Champagne







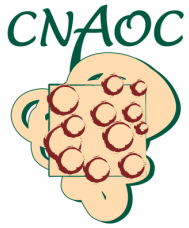




Our analysis



- - If the supply is superior to the demand, the freedom of planting will lead to the drop of the exchange rates of raw material;
- - A drop of the exchange rates immediately leads to a drop of prices of the bottles in the retailing sector ;
- - The consumer links the drop of prices with lower quality standards. Hence, he diminishes his consumption and buys substitute products which have not undergone a price cut.
- - Once the drop of the consumption has begun, the profit margin of enterprises diminishes and they can no longer invest in the management of the quality.



What we ask for

- In order for PDOs to preserve their reputation they must be able to manage a reasonable growth;
- It is thus necessary to give to the “applicant group”:
 - The ability of defining global planting rights quotas for each PDO depending on the market perspectives;
 - The capacity of distributing the rights to the operators on the basis of objective and non-discriminatory criteria.