

SUPPORT AND PROTECTION OF THE WINE SECTOR IN ROMANIA IN THE EUROPEAN CONTEXT

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Abstract

The wine sector has a significant importance in the economy of the European Union, contributing to the increase of exports, the preservation of traditions and the generation of jobs in rural regions. Romania, recognized for its wine-growing tradition, ranks sixth in Europe in terms of wine-growing area and benefits from considerable support through the Common Agricultural Policy (CAP). The paper analyzes the support and protection measures of the Romanian wine sector within the rural development programs of the two programming periods, 2007-2013 and 2014-2020, which Romania went through after joining the European Union. The allocated funds supported the restructuring and reconversion of the vineyards, the modernization of the viticultural infrastructure and the promotion of exports. At the same time, measures were implemented to adapt to climate change and improve sustainability. In conclusion, it emphasises the need to continue European support for maintaining the competitiveness of Romanian wine on international markets, considering the climate challenges and global competition.

Key words: viticulture, Common Agricultural Policy, Romania, viticulture protection, subsidies, sustainability

INTRODUCTION

The European Union holds a dominant position in the global wine industry, accounting for 60% of the world's wine production and 70% of its exports. Wine is not only a key consumer product in the EU but also deeply intertwined with the cultural heritage and national identity of several member states. Romania, with its rich history in viticulture, is a notable player in this sector, ranking sixth in Europe in terms of vineyard area, following France, Italy, Spain, Portugal, and Greece [17].

In response to international competition and the challenges posed by climate change, the European Union has implemented a range of support and protection measures under the Common Agricultural Policy. These initiatives aim to ensure the ongoing competitiveness of the wine sector, helping producers adapt and thrive in a rapidly changing global market. [1], [2], [13].

In Romania, these measures had a significant impact, supporting the restructuring of vineyards and the promotion of Romanian

wines on the European and international markets [18]. The article aims to analyze how the EU provides protection and supports the wine sector, with a special focus on Romania.

MATERIALS AND METHODS

In this article, the research used a qualitative methodology based on the analysis of European policies, European Commission reports and statistical data on the wine sector in Romania from the National Institute of Statistics of Romania.

The National Rural Development Program for the 2007-2013 and 2014-2020 programming periods was also examined, focusing on the support provided to the wine sector. Additionally, reports on the impact of implementing the Common Organization of the Wine Market within the framework of the Common Agricultural Policy were analyzed.

RESULTS AND DISCUSSIONS

The support offered by the European Union through the Common Organization of the

Wine Market, within the Common Agricultural Policy, is very important for supporting the global competitiveness of this strategic sector [6], [14], [16]. Subsidy policies, protection of designations of origin and climate change adaptation measures contribute to ensuring a balance between tradition and innovation [5], [4]. However, the sector faces major challenges, including external pressures from emerging markets and the effects of climate change. In the future, the success of European wine will depend on the adaptability of producers and the continued support of European public policies [3].

The Common Agricultural Policy (CAP) has consistently offered financial support to the viticulture sector through the European Agricultural Fund for Rural Development. [7], [8], [9], [10]. Starting with 2007, the year of Romania's accession to the EU, CAP subsidies were essential for restructuring the Romanian wine sector, modernizing plantations and increasing competitiveness and sustainability in the international market [11], [15]. Romania has benefited from substantial funds for the reconversion of vineyards, the development of viticultural infrastructure and investments in modern technology to improve the quality of wines.

A significant example is the vineyard restructuring program, which allowed the replacement of ageing vines with new, more competitive and climate-resistant varieties. Also, through the PAC, Romanian producers were able to access subsidies for promoting exports and participating in international wine fairs. This financial support played a crucial role in the recovery of the Romanian wine industry, which, after the years of post-communist transition, had lost competitiveness in international markets.

At the EU level:

-*Area under vines*: the areas cultivated with vines in the EU amount to around 3.2 million hectares, concentrated in particular in southern European countries.

-*Wine production*: The EU is responsible for around 60% of world wine production, with a production of around 167 million hectoliters in 2022.

-*Exports*: the EU accounts for around 70% of global wine exports. The largest exporting countries in the EU are France, Italy and Spain, which contribute around 85% of the total EU wine production.

-*Economic value*: in 2021, EU wine exports generated revenues of over €30 billion and the wine sector is responsible for a significant number of jobs, especially in rural regions.

In Romania:

-*Vineyard area*: after 2007, Romania had vineyard areas that varied between 161,000 – 187,000 ha [12] (Fig. 1).

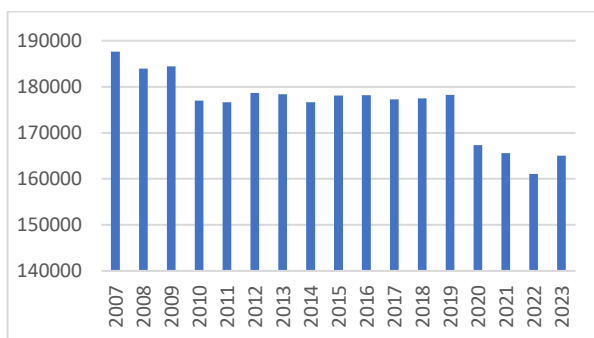


Fig. 1. The area of vineyards per fruit 2007-2023
 Source: NIS, Tempo online, accessed on date 15.09.2024 [12].

-*Grapes production* after 2007 varied depending on the climate conditions between 740,000 and 1.140.000 tons of grapes [12] (Fig. 2).

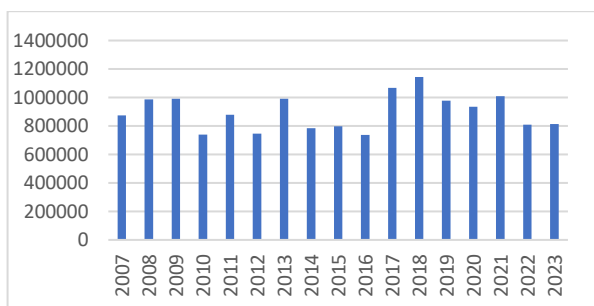


Fig. 2. Total grape production 2007-2023
 Source: NIS, Tempo online, accessed on date 15.09.2024 [12].

- *Wine production*: Romania is one of the largest producers of wine in Central and Eastern Europe, occupying the 6th place in the EU. In 2022, Romania produced approximately 4.5 million hectoliters of wine, representing a slight increase compared to previous years.

-Romania's exports: Despite the significant viticultural potential, Romania's wine exports are relatively modest, registering a value of approximately 40 million euros annually. The main export markets are Great Britain, Germany, and China.

-Protected Designations of Origin (PDO) and Protected Geographical Indications (PGI): Romania has registered several wines under PDO and PGI protection, the most famous of which are the wines from Cotnari, Murfatlar, Dealu Mare and Jidvei.

-The impact of the PAC in Romania: during the 2014-2020 period, Romania accessed over 230 million euros in European funds aimed at restructuring and modernizing the wine sector, according to data provided by the Ministry of Agriculture.

The support and protection of the wine sector in the European Union have advanced considerably over the two programming periods of 2007-2013 and 2014-2020, focusing on modernization, sustainability, and climate change adaptation. As a member state since 2007, Romania has benefited from these initiatives, which have played a key role in the transformation of its wine sector.

In the period 2007-2013, the CAP and the reform of the Common Organization of the Wine Market implemented a series of measures for the wine sector. These initiatives focused on restructuring and modernizing vineyards, reducing excess wine production, and enhancing competitiveness by promoting quality and facilitating access to foreign markets. For this timeframe, the EU allocated over 5 billion euros to the wine sector, with approximately 336 million euros earmarked for Romania. These funds were mainly used for:

-Restructuring and reconversion of vineyards: The funds allowed the replanting of over 40,000 hectares of vineyards in Romania.

-Modernization of the winemaking infrastructure: Technological improvements in the winemaking process and modern equipment.

-Promotion on foreign markets: Romania has started to invest in the promotion of wines in foreign markets, especially in the EU, but also in the markets of Asia and North America.

Thus, during the 2007-2013 programming period, Romania benefited from significant subsidies for the restructuring of the sector. More than 16,000 hectares of vineyards have been restructured and modernized, and investments in modern wineries have increased production quality and competitiveness in the EU market. Romanian wine exports began to grow modestly during this period, and Romanian wines gained recognition at international fairs.

During this period, support for the restructuring and reconversion of the vine in Romania focused on the modernization and replanting of vineyards. The available funds were distributed according to the measures adopted, and the amount granted per hectare varied according to the type of activity carried out (replanting, reconversion or modernization).

Thus, in the period 2007-2013, the amount allocated for the restructuring and reconversion of the vines in Romania varied between 7,500 and 10,000 euros per hectare, depending on the complexity of the works and the type of varieties planted. Replanting (replacing old vines with new varieties) benefited from the highest support, around 10,000 euros per hectare, due to the high costs of the work. The reconversion of varieties (the replacement of less productive varieties with more valuable varieties) benefited from somewhat lower support, of approximately 7,500 euros per hectare.

In the 2007-2013 programming period, viticulture in Romania was supported mainly through the National Rural Development Program (NRDP), but the specific funds intended for the wine sector came mostly through the Common Wine Market Organization, which had measures dedicated to the restructuring and modernization of this sector. However, certain measures in the NRDP have been indirectly used to support the wine sector, especially for investments in agricultural infrastructure and rural development:

-Measure 121 - "Modernization of agricultural holdings". This measure had an impact on viticulture, providing support for the modernization of equipment and

infrastructure in wine farms. Winegrowers were able to access funds to purchase modern winemaking equipment, irrigation systems and agricultural machinery for vineyards.

-Measure 123 - "Increasing the added value of agricultural and forestry products". Winegrowers benefited from this measure to invest in wine processing and marketing, by modernizing wineries and winemaking facilities, improving product quality and increasing market competitiveness.

-Measure 112 - "Installation of young farmers" although it was not specific to viticulture, it allowed young farmers to access funds to establish wine holdings. The support was in the form of a grant for initial investments.

In the 2014-2020 period, support for viticulture focused on adaptation to climate change, sustainability and diversification of export markets. The Common Agricultural Policy continued to support the modernization of vineyards and the promotion of exports, but introduced new objectives related to sustainability: encouraging the production of ecological wines and sustainable agricultural practices and competitiveness: support for small producers and increasing the quality of products through the adoption of new technologies.

For the period 2014-2020, Romania benefited from an allocation of over 238 million euros for the wine sector. These funds were mainly distributed through:

-Restructuring and reconversion: Romania replanted another 18,000 hectares of vineyards during this period, using resistant varieties adapted to modern climatic conditions.

-Investments in technology: Romanian producers received subsidies to modernize the winemaking infrastructure and to introduce ecological technologies.

-Promotion of exports: EU subsidies supported the participation of Romanian producers in international fairs, and exports increased constantly. In 2019, Romania exported wines worth over 44 million euros, which represents an increase of almost 20% compared to 2014.

During the 2014-2020 programming period, Romanian wines gained greater visibility on foreign markets, especially thanks to investments in the promotion and modernization of vineyards. Romania's wine production has become more competitive, and the quality of wines has increased significantly. Also, climate change imposed new challenges for Romanian winegrowers, but European funds were accessed for adaptation to the new conditions (for example, by introducing drought-resistant varieties).

During this period, support continued for the restructuring and conversion of vineyards, but additional measures were also introduced to promote sustainable agriculture and adapt to climate change.

In the period 2014-2020, the support per hectare granted for restructuring and reconversion increased, varying between 12,000 and 13,500 euros per hectare, depending on the works carried out and the technologies applied. Replanting continued to be one of the most funded activities, with average subsidies of around €13,000 per hectare.

The conversion and modernization of vineyards benefited from subsidies of around 12,000 euros per hectare, with additional support for investments in irrigation infrastructure and sustainable technologies.

Compared to the previous period, this period brought an increase in funds per hectare, reflecting the rising costs of replanting, new sustainability requirements and the need to implement modern technologies to meet climate challenges. At the same time, producers who opted for drought-resistant varieties and sustainable agricultural practices were able to access additional funds.

In the 2014-2020 programming period, the National Rural Development Program (NRDP) continued to indirectly support the wine sector through certain measures, but direct support for viticulture was again mostly allocated through the Common Wine Market Organization. In addition, there were specific measures in the NRDP that contributed to the modernization and development of this sector:

-Measure 4.1 - "Investments in agricultural holdings". This measure provided support for

investments in the modernization of agricultural holdings, including vineyards. Winegrowers were able to access funds for the purchase of modern equipment for investment in equipment, improvement of winemaking technologies and construction and renovation of production premises.

-Measure 4.2 - "Support for investments in the processing and marketing of agricultural products". Winegrowers benefited from funds to improve wine processing and marketing. This measure was intended to increase the added value of the wines produced, by investing in technology and infrastructure for winemaking and marketing.

-Measure 6.1 - "Support for the establishment of young farmers". Young winegrowers could access this measure to set up and develop wine holdings. This measure encouraged the involvement of young people in viticulture, offering them financial support to start the activity.

-Measure 16 - "Cooperation". This initiative promoted collaboration and association between wine producers to stimulate the development of new products and increase the added value of existing ones. Winegrowers who formed groups received support to develop their winemaking technologies, but also for marketing.

CONCLUSIONS

The European Union's policies positively impacted the development of the wine sector in Romania, providing financial support for the modernization of plantations and promotion of international markets. Protection measures, such as designations of origin and protected geographical indications, have contributed to increasing the quality and visibility of Romanian wines. However, challenges related to climate change and international competition persist, requiring continued adaptation and further investment in technology and sustainability. In the future, Romania's success in the international market will depend on the ability to capitalize more effectively on European support and to continue investing in innovation and quality.

The support provided by the EU to Romania's wine sector during the two programming periods was very important for modernization and enhancing competitiveness. While the 2007-2013 period concentrated on restructuring and modernization, the 2014-2020 period placed greater emphasis on sustainability and adapting to climate change: -Increase in available funds: during the 2014-2020 period, Romania received higher funding than in 2007-2013, reflecting the EU's increasing focus on viticulture and modernization.

-Area restructured: while Romania restructured over 16,000 hectares during the 2007-2013 period, an additional 18,000 hectares were restructured in the 2014-2020 period.

-Sustainability and ecology focus: the second programming period placed greater emphasis on sustainability and ecology, promoting organic wines and environmentally friendly technologies.

-Growth in exports: Romanian wine exports experienced steady growth during 2014-2020, increasing by nearly 20% compared to the previous period, although Romania has yet to reach the levels of major EU producers like Italy and Spain.

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