



The Impact of the EC Legal Framework on the Wine Market: the French Example

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The proposed communication aims at showing the impact on wine production and sales in France of legal rules derived from EC regulations on the common organization of the market in wine:

- For quality wines PSR ('AOC'): very strict production and labelling rules;
- For table wines with geographical indications ('vins de pays' or 'regional wines'): greater latitude in production and labelling, coupage and mention of the vine variety allowed;
- For table wines (usually sold under a brand name): absence of qualitative criteria but many mentions are prohibited on the labels.

Those rules are very constraining for producers of quality wines PSR / AOC (rigidity of production rules) and for producers of table wines (rigidity of labelling rules). This brings about an evolution characterized by a **global increase in the economic importance of 'vins de pays' and a correlative decrease in that of 'AOC' and table wines**. Such an evolution is shown by many indicators (see full version of paper for quantitative data):

- In terms of quantities *produced*: increase in the number of vineyards producing 'vins de pays', decrease in the number of vineyards producing table wines, decrease in 'AOC' and table wines harvests, increase in 'vins de pays' harvests, decrease in 'AOC' wine production and, even more so, in table wine production;
- In terms of quantities *sold*: decrease in table wines, increase in sales of 'vins de pays' (especially those from one vine variety), decrease in sales in the 5 'AOC' regions, absolute and relative increase in sales of 'vins de pays', both in France and in the world, voluntary downgrading of potential 'AOC' wines into 'vins de pays';
- In terms of *notoriety*: knowledge by French consumers of the 'vins de pays' is progressing;
- In terms of *consumption*: increase in the consumption of 'vins de pays';
- In terms of *prices*: increase in the prices of 'vins de pays', decrease in the prices of 'AOC' wines;
- In terms of *concentration*: emergence of 'global brands' designating various 'vins de pays' to achieve stronger visibility and better distribution.

Conclusion:

The legal framework has undeniable influence on the configuration of the wine market. It is currently being restructured, which explains the difficulties triggered by the reform of the legal system of the wine CMO (which has been underway since 2006).