

»» *Politicians are part of the problem, but they won't be part of the cure.* ««

EDITORIAL

BY JOEL B. PAYNE

The first reports on the short 2007 vintage provide a moment of relief for those worried about world-wide overproduction, but this harvest will provide the industry with but little respite. Yes, yields are down, the wine lake appears manageable this year and bulk prices are rising. In some regions demand will outstrip supply, but the future is less than certain as European legislators push their agendas in opposing directions to appease grape farmers who expect Brussels to ease their economic woes.

On the one hand, European producers will receive an extra €510m in aid in the fiscal year that began in August 2007, ostensibly to improve quality. Amid alternative plans to eliminate the vast subsidies paid to store and distill unsold wine as well as to grub up surplus vineyards, this brings to €3b the amount of such largesse provided by the community since 1999. "Improving the quality of the wine we produce is a top priority if we are to fend off the challenge posed by New World wine producers," stated agriculture commissioner Mariann Fischer Boel in late October. However, she failed to mention in her press conference that the New World was able to pose that perceived threat without governmental aid. In fact, their industries have become so efficient and learned to regulate themselves as well as they have because they cannot count on divine intervention in act three to provide a happy ending to a man made tragedy.

At the same time, European legislators block all attempts to provide a framework that would allow a European brand like Yellow Tail to emerge. Instead, Europeans will be drinking or distilling it - and at that level one factor remains unchanged. It is the consumer who decides what he will buy... and most European producers have been poor at providing him or her with any compelling reasons other than tradition to choose their product.

Further, after the European commission axed the use of Vins de Pays de France, which has been nonetheless approved for the American market by the Bush administration after heavy intervention from the French government, many other questions remain, not the least of which is what is going to happen to all of the wines thus labelled, which are already on the market.

Although the commission seemed poised for liberalisation, a further loosening of Europe's legal straightjacket is hardly in sight. Instead, its taxpayers continue to remunerate those who wear it. Attempts to sustain farmers producing grapes that no one wants to buy is not only expensive, it diminishes the earnings of those who are or would be profitable as subsidised overproduction puts undue pressure on efficient businesses. In another game of politics, only one thing remains certain: politicians and bureaucrats are part of the problem, but they won't be part of the cure.

