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COVER NOTE

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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
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Subject:	COMMISSION DELEGATED REGULATION (EU) …/... on a temporary exceptional crisis distillation measure to address the market disturbance in the wine sector in France in the marketing year 2025/2026

Delegations will find attached document C(2026) 2026 final.

Encl.: C(2026) 2026 final

EUROPEAN
COMMISSION

Brussels, XXX
[…](2026) XXX draft

COMMISSION DELEGATED REGULATION (EU) …/...

of XXX

on a temporary exceptional crisis distillation measure to address the market disturbance in the wine sector in France in the marketing year 2025/2026

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

The act is justified by the difficult situation of the wine sector in France. France has requested the Commission to adopt an exceptional market intervention in its territory, making use of the agricultural reserve, in order to address a persistent market imbalance and prevent its further deterioration.

The act aims to remove excess of wine stocks from the French wine market in response to the current deteriorated market situation and to the fragile economic situation of wine growers in that Member State. In France, despite a level of stocks of red and rosé wines on 31 July 2025 of 20 million of hectolitres (5,6 % below the average of the previous 5 years) and a production in 2025 only 2,7% higher than the low level of 2024 and 16 % below the medium-term average, prices in this market segment continued to decline. According to the data reported by the French authorities, the average price of transactions of French red and rosé wines in bulk during the first five months of the current marketing year is 19,6% below the average prices of the 5 previous years. This deterioration occurred despite the distillation measures implemented in 2023 and 2024 and the 35 000 hectares of vineyards grubbed-up during the same period, financed with State aid.

The downward trend in prices for French red and rosé wines results from the deceleration in domestic consumption, coupled with a continuous decrease in exports in recent years. Sales of red and rosé wines at retail level for the period January to November 2025 decreased by 8% compared to the average of the previous three years for the same period. In the meantime, French total exports of red and rosé wines have been decreasing every year since the temporary recovery in 2021 from the previous pandemic collapse. French exported volumes of red and rosé wines decreased in 2025 by 5,2% compared to previous year, and by 12% compared to the four-year average. This reduction trends in domestic consumption and exports have not been balanced by a similar decrease in production in the last two harvests, with stocks expected to increase again at the end of the current marketing year. The cumulation of stocks has been exerting a considerable pressure on prices in the French wine market. If no action is taken rapidly, a further deterioration of the national market is expected. The current pressure in the French red and rosé wine markets risk to affect as well other Member States competing in the same EU and external markets.

Removing from the French wine market part of the volume in stock for the most affected market segments of red and rosé wines shall help France address the market imbalance and prevent the current disturbances from turning into a more severe or prolonged crisis and from spreading to other Member States' wine markets. Considering the current market situation, the excess volume of stocks of red and rosé wines to be removed from the market in France with this measure is estimated to be around 1,2 million hectolitres. In parallel, as the crisis for these market segments of red and rosé wines is structural, France has already announced the continuation of the nationally financed grubbing-up programmes.

To release the pressure on the market while avoiding any risk of overcompensation, France considers that a compensation level of EUR 33 per hectolitre would allow to remove the wines less adapted to the current market trends. This would amount for a need of support of EUR 40 million from the agricultural reserve.

While the crisis is more severe in certain regions, in particular those mainly oriented to the production of red and rosé wines, the difficulties in those French wine market segments are national wide and affect all wines categories, with and without geographical indication. To prevent that the unsold wine weighs for longer on the French market and the crisis spreads further elsewhere, as well as to improve the market balance for the forthcoming marketing year, an urgent temporary measure that removes the excess of wine is necessary. Such crisis distillation measure may be adopted by the Commission under the exceptional market measures of Article 219 of the CMO Regulation (EU) No 1308/2013 and be financed under the agricultural reserve. The act includes a maximum compensation amount proposed by France at a level well below the average market price of red and rosé wines without geographical indication for the ongoing marketing year to avoid any risk of overcompensation (average market prices for the other categories are higher).

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

Consultations, involving experts from all the 27 Member States have been carried out on 16 March 2026 in the Expert Group for Agricultural Markets under the single common organisation of the markets. This consultation process led to a large support on the draft Delegated Regulation.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The delegated act is based on Article 219(1) of Regulation (EU) No 1308/2013. It should be adopted by means of the procedure according to Article 219(1) and Article 228 of Regulation (EU) No 1308/2013.

For imperative grounds of urgency, considering the ongoing market disturbance in the French wine market and its likely further deterioration, it is necessary to take immediate action. Delaying action would threaten to aggravate the situation and be detrimental to the market conditions in other parts of the Union. Therefore, this Regulation needs to be adopted pursuant to the urgency procedure laid down in Article 228 of Regulation (EU) No 1308/2013.

This Regulation will enter into force without delay the day after adoption by the Commission and will be directly applicable as long as no objection is expressed by the European Parliament or the Council within a period of two months (or - if one of the institutions asks for an extension for two additional months - within a period of 4 months).

If objections are expressed, the Commission shall repeal the act without delay following the notification of such objections by the European Parliament or by the Council.

Article 1: provides for the financial framework of the measure, involving up to EUR 40 million of EU financial support. The amount of EU funding corresponds to the minimum estimated necessary intervention, to remove around 1,2 million hectolitres from the French wine market.

Article 2: introduces the temporary distillation of wines most affected by the market disturbance in France and the conditions for its implementation. This Article also set the criteria to be used by France to target the measure to the most affected wines and the maximum compensation amount to be paid to avoid overcompensation for the wine to be distilled.

Articles 3 and 4: set some notification requirement and the enter into force with due regards the referred imperative grounds of urgency.

COMMISSION DELEGATED REGULATION (EU) …/...

of XXX

on a temporary exceptional crisis distillation measure to address the market disturbance in the wine sector in France in the marketing year 2025/2026

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007[1], and in particular Article 219(1) in conjunction with Article 228 thereof,

Whereas:

(1) In order to prevent market disturbances in the Union wine market for marketing year 2023/2024, the Commission adopted Delegated Regulation (EU) 2023/1225[2] including exceptional crisis distillation in certain Member States. The aim of the measure was to reduce the excess stocks of wine in some Union wine producing regions, affecting in particular red and rosé wines, as a consequence of the cumulated impact of different crises during the previous years as well as the general trend of reduction of wine consumption in the Union and of exported volumes, in a context of high inflation for consumer and high costs for wine producers.

(2) As a result, more than 3,5 million hectolitres of red and rosé wines were removed from the market in six producing Member States (Germany, Spain, France, Italy, Hungary and Portugal) with France accounting for 77 % of the volume withdrawn from the market. While an Union production lower than medium-term average in 2023, 2024 and 2025 have contributed to better balance supply and demand at Union level, the French market continued to experience significant pressure particularly in the red and rosé market segments across all categories of still wines, with and without geographical indications.

(3) In France, despite a level of stocks of red and rosé wines on 31 July 2025 of 20 million of hectolitres (5,6 % below the average of the previous five years) and a production in 2025 only 2,7 % higher than the low level of 2024 and 16 % below the medium-term average, prices in this market segment continued to decline. According to the data reported by the French authorities, the average price of transactions of French red and rosé wines in bulk during the first five months of the current marketing year is 19,6 % below the average prices of the five previous years. This situation occurs despite the

1 OJ L 347, 20.12.2013, p. 671, ELI: http://data.europa.eu/eli/reg/2013/1308/oj.

2 Commission Delegated Regulation (EU) 2023/1225 of 22 June 2023 on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector in certain Member States and derogating from Commission Delegated Regulation (EU) 2016/1149 (OJ L 160, 26.6.2023, p. 12, ELI: http://data.europa.eu/eli/reg_del/2023/1225/oj).

distillation measures implemented in 2023 and 2024 and the 35 000 hectares of vineyards grubbed-up during the same period, financed with State aid.

(4) The downward trend in prices for French red and rosé wines results from the deceleration in domestic consumption, coupled with a continuous decrease in exports in recent years. Sales of red and rosé wines at retail level for the period January to November 2025 decreased by 8 % compared to the average of the previous three years for the same period. In the meantime, French total exports of red and rosé wines have been decreasing every year since the temporary recovery in 2021 from the previous pandemic collapse. French exported volumes of red and rosé wines decreased in 2025 by 5,2 % compared to the previous year, and by 12 % compared to the four-year average.

(5) These reduction trends in domestic consumption and exports have not been balanced by a similar decrease in production in the last two harvests, with stocks expected to increase again at the end of the current marketing year. The cumulation of stocks has been exerting a considerable pressure on prices in the French wine market. If no action is taken rapidly, a further deterioration of the national market is expected. The current pressure in the French red and rosé wine markets risks to affect as well other Member States competing in the same Union and external markets.

(6) Removing from the French wine market part of the volume in stock for the most affected market segments of red and rosé wines will help France address the market imbalance and prevent the current disturbances from turning into a more severe or prolonged crisis and from spreading to other Member States' wine markets. Taking into account the current market situation, the excess volume of stocks of red and rosé wines in France is estimated to be around 1,2 million hectolitres. The removal of this volume would allow to recover certain market balance for marketing year 2025/2026 and release the pressure on market prices. As the crisis for these market segments of red and rosé wines is structural, France has already announced the continuation of the nationally financed grubbing-up programmes. Those programmes are separate measures, which are not covered by this Regulation.

(7) To release the pressure on the market while avoiding any risk of overcompensation, France considers that a compensation level of EUR 33 per hectolitre would allow to remove the wines less adapted to the current market trends. This is around 50 % of the price level recorded for bulk transactions during marketing year 2025/2026 for red and rosé wines without geographical indication, however, it would allow to remove from the market, across different wine categories, certain stocks which do not find an outlet under current market context.

(8) France has declared its inability to remove the volume of wine in excess from the market with national payments under Article 216 of Regulation (EU) No 1308/2013 as it intends to allocate all national payments available to the grubbing-up of vineyards. Any other measures available under that Regulation appear to be insufficient or not suitable to address the current market imbalance in the French market for red and rosé wines. Therefore, it is pertinent to make use of the agricultural reserve to implement a targeted crisis distillation in France.

(9) To avoid distortion of competition, the use of the obtained alcohol should not be permitted for the food and drink industry and be limited to industrial purposes, including disinfection and pharmaceutical, and energy purposes. To avoid any abuse or overcompensation following the implementation of this exceptional measure, the measure will target exclusively the red and rosé wines which are suffering the major

market imbalance and will limit the compensation to be provided to a level well below the relevant recent market prices. Even if the measure will cover different categories of wines with protected denomination of origin, protected geographical indication as well as without such geographical indications, the same crisis of demand is affecting all these wine categories with excess stocks of wines that do not find a place in the market. Therefore, the same compensation amount has been proposed by the French authorities for all the categories.

(10) France should communicate to the Commission detailed information about the implementation of this Regulation, to enable the Union to monitor the efficiency of the measure introduced hereby.

(11) The current market situation in France requires a rapid intervention with immediate effect on the market in order to avoid the perturbance spreading to the coming marketing year. The Union should therefore finance the expenditure incurred by France to implement the measure provided for in this Regulation only where such expenditure is made by 31 December 2026.

(12) Additionally, a timely monitoring of the budget as well as an up-to-date follow-up and efficient use of the agricultural reserve should be ensured, thereby maximising its availability and enhancing the capacity to respond promptly to emerging crises. Therefore, it is appropriate to define an eligibility date for the Member State to pay the support for this exceptional measure to the beneficiaries. Any payments made after the eligibility date should be considered ineligible for Union financing.

(13) The Union should therefore finance the expenditure incurred under this exceptional measure only where such expenditure and the related payments to the beneficiaries are made by 31 December 2026.

(14) As no payments made after 31 December 2026 are to be considered eligible under any circumstances, Article 5(2) of Delegated Regulation (EU) 2022/127[3], which provides for a proportional reduction of the monthly payments effected after the deadline, is not to apply.

(15) To protect the financial interests of the Union, the national competent authorities of the Member State applying the exceptional crisis distillation measure are to perform checks to verify the compliance with the conditions and requirements set out in this Regulation.

(16) For imperative grounds of urgency, considering the ongoing market disturbance as well as the short time available to France to start implementing the measure included in this Regulation before the forthcoming harvest in September 2026, it is necessary to take immediate action and remove the excess of supply from the market as soon as possible. Otherwise, the market situation would further deteriorate, and the current imbalance would be carried over into the next marketing year threatening to cause a prolonged crisis in France that could also affect other Member States' wine markets. Therefore, delaying action would risk reducing its efficacy to stabilise the French wine market.

[3] Commission Delegated Regulation (EU) 2022/127 of 7 December 2021 supplementing Regulation (EU) 2021/2116 of the European Parliament and of the Council with rules on paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro (OJ L 20, 31.1.2022, p. 95, ELI: http://data.europa.eu/eli/reg_del/2022/127/oj).

(17) In view of the above-referred imperative grounds of urgency, this Regulation should be adopted pursuant to the urgency procedure laid down in Article 228 of Regulation (EU) No 1308/2013.

(18) In view of the necessity to take immediate action, this Regulation should enter into force on the day of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

Article 1

Union financing and national payments

1. Union financial support of a total amount of EUR 40 000 000 shall be available to France to support the temporary exceptional crisis distillation measure provided for in Article 2, subject to the conditions set out in this Regulation.

2. The financial support referred to in paragraph 1 shall be allocated on the basis of objective and non-discriminatory criteria and ensure that the resulting payments do not cause any market or competition distortion.

3. Expenditure borne by France referred to in paragraph 1 in relation to the payments for the measure referred to in Article 2 shall only be eligible for Union financial support if those payments have been made by 31 December 2026.

Article 2

Temporary crisis distillation of wine

1. Support may be granted for the distillation of red and rosé wines produced in the continental territory of France.

2. The alcohol resulting from the supported distillation referred to in paragraph 1 shall be used exclusively for industrial purposes, including disinfection or pharmaceutical, or for energy purposes so as to avoid distortion of competition.

3. The beneficiaries of the support referred to in paragraph 1 shall be wine enterprises producing or marketing the grapevine products referred to in Part II of Annex VII to Regulation (EU) No 1308/2013, wine producer organisations, wine cooperatives, associations of two or more producers or distillers of grapevine products.

4. Only the costs of the supply of wine to distillers and of the distillation of this wine shall be eligible for support. Value added tax shall not be eligible for support. The wine to be distilled under this measure shall be conform to the requirements to be marketed within the Union.

5. France may establish priority criteria for the beneficiaries of this measure. Such priority criteria shall be objective and not discriminatory.

6. France may provide for up to 80 % of the support for a given operation of crisis distillation, covered by an accepted support application under this Article, to be advanced to beneficiaries, provided that the beneficiary has lodged a bank guarantee or an equivalent security, at least equal to the amount of that advance, in favour of

the Member State. For such operation to be eligible, the final payment of support shall be done by the date referred to in Article 1(3).

7. France shall lay down rules on the application procedure for the support referred to in paragraph 1 and on the control of the measure, which shall include rules on:

(a) the natural or legal persons that may submit applications;

(b) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for the examination of the suitability of each proposed action and for the notification of the results of the selection procedure to the operators;

(c) the verification of compliance with the provisions on eligible products and costs referred to in paragraph 4 and priority criteria where priority criteria are applied;

(d) the selection of the applications, which shall at least include the weighting attributed to each priority criterion where priority criteria are applied;

(e) arrangements for the payment of advances and the provision of securities;

(f) the monitoring and control of the operations of distillation, the eligibility of the wines distilled and the use of the produced alcohol.

8. France shall fix the amount of support to beneficiaries based on objective and non-discriminatory criteria, at regional or national level. The amount of support cannot exceed EUR 33 per hectolitre.

Article 3

Notifications and controls

1. By 31 January 2027, France shall notify to the Commission the following:

(a) the quantities of wine withdrawn from the market for each region and type of eligible wine, detailed by colour and whether it is covered by a protected denomination of origin or by a protected geographical indication or none of them;

(b) the volumes of alcohol produced from the wine delivered and distilled in accordance with this Regulation;

(c) the Union financial support granted in accordance with Article 1(1).

2. The notification to the Commission referred to in this Article shall be made in accordance with Commission Delegated Regulation (EU) 2017/1183[4].

3. In relation to the exceptional crisis distillation provided for in this Regulation, the French competent authorities shall carry out administrative and on-the-spot checks in

[4] Commission Delegated Regulation (EU) 2017/1183 of 20 April 2017 on supplementing Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council with regard to the notifications to the Commission of information and documents (OJ L 171, 4.7.2017, p. 100, ELI: http://data.europa.eu/eli/reg_del/2017/1183/oj).

accordance with Articles 59 and 60 of Regulation (EU) 2021/2116 of the European Parliament and of the Council[5], to verify the eligibility of wines and the respect of all applicable conditions and requirements for the implementation of the crisis distillation operations.

Article 4

Entry into force

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President
Ursula VON DER LEYEN

[5] Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 (OJ L 435, 6.12.2021, p. 187, ELI: http://data.europa.eu/eli/reg/2021/2116/oj).