

# *The Market of Vineyard Planting Rights*

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Within the European Union (EU) long-term control of wine supply has been pursued since the Eighties by mean of the tool of planting rights. This means that who wants to plant a new vineyard or replace an old one with a new one needs to own the planting rights corresponding to the amount of the surface he intends to invest with wine grapes. Likewise, for production quotas the aim of this tool is to constrain production but indirectly, i.e. by managing the main input: the vineyard. Moreover, similarly to a market of quotas a market of vineyard plant rights has been made possible within the EU.

However while the market of production quotas has received significant attention in the economic literature, very few studies have been interested on the market of vineyard planting rights. In order to fill this gap, the following paper is a first attempt to describe the theoretical framework of this market.

A brief discussion on the notion of vineyard planting right, its economic value and its transferability within the context of the EU agricultural legislation introduce the theoretical analysis, which is carried on through the following steps:

- a) Analytical and graphical identification of the demand and supply curves of planting rights at the farm level;
- b) Description of the planting rights trade between two farms, focusing on the advantage generated by the exchange in term of surplus for both the buyer and the seller;
- c) Analytical and graphical identification of the aggregate demand and supply curves of planting rights;
- d) Dynamic aspects: review of the main factors which can affect the equilibrium in the vineyard planting right market, including some policy interventions like a planting right buyback program (already applied in the EU) and the phasing out of the prohibition to plant new vineyards (as it is stated by EU wine market reform, recently enacted).