

**Third amendment to the proposal for a Council Regulation amending Regulation (EEC)
No 337/79 on the common organization of the market in wine ⁽¹⁾**

COM(84) 775 final

*(Submitted by the Commission to the Council pursuant to the second paragraph of Article
149 of the EEC Treaty on 21 December 1984)*

(85/C 23/07)

1. The following recital is added after the second recital:

'Whereas the vineyards in wine-growing zone A and the German part of wine-growing zone B are solely intended for the production of quality wines produced in specified regions; whereas, however, some of the wine produced, in particular when yield per hectare exceeds a given level, may not be recognized as quality wine and may be marketed as table wine; whereas, to prevent surplus quantities of such wine being offered for intervention and thus augmenting intervention expenditure to an excessive extent, it is necessary to limit the quantities eligible for certain types of distillation in these zones;'

2. The seventh recital is replaced by the following:

'Whereas, to enable products used in winemaking to be enriched in the foreseeable future with wine products instead of sucrose, a very thorough knowledge going beyond that afforded by the studies already made of certain points is required of all the scientific, technical and economic aspects of the problem; whereas the Commission should therefore make an exhaustive study of the question, followed by a report to the Council and suitable proposals;'

3. The following recitals are added after the last recital:

'Whereas the trend of the table wine market in recent years calls for measures to allow more direct control over production; whereas, furthermore, surpluses are absorbed primarily through compulsory distillation; whereas provision must be made for such distillation to be instituted as soon as it is clear that the market is in a state of grave imbalance and whereas precise criteria must be defined for the assessment of such imbalance;

Whereas, because of the weather and the impact of structural measures, the trend of production may differ between the regions of the Community;

whereas, to take fair account of this, the total quantity of wine for compulsory distillation should be shared between the regions on the basis of the disparity between their respective levels of production for the year and a reference level calculated on the basis of previous years and regarded as compatible with normal consumption of table wine; whereas the reference level is at present 85 % of average production in the preceding three years;

Whereas, to ensure that this measure is effective, the wine-growing regions should be grouped by Member State, each being entrusted with supervision of and responsibility for the implementation of the measure;

Whereas it is fair to share the obligations between producers on the basis of their yield per hectare in relation to average yield in the production area, and to ensure that producers with very low yields are not penalized; whereas differences between wine-growing regions warrant the application of differing rates to producers in the various regions;

Whereas wine production should not be encouraged in the absence of commercial outlets; whereas it therefore appears advisable to lower the buying-in price of wine delivered for compulsory distillation, as its present level seems sufficiently attractive if not to encourage the creation of new vineyards at least to enable old vineyards to survive in the absence of any sales possibilities;'

4. Article 1 is amended as follows:

- (a) The following paragraph 3a is inserted:

'3a: The following Article 15a is inserted:

"Article 15a

With effect from 1988/89, the quantity of table wine produced in wine-growing zone A and the German part of wine-growing zone B

⁽¹⁾ OJ No C 259, 27. 9. 1984, p. 5.

which for a given year is eligible for distillation under Articles 11, 12a and 15, shall be restricted to 1 million hectolitres.

In years where, because of the weather or the market situation, this restriction is liable to cause serious disturbance of the market, the Council, acting by a qualified majority on a proposal from the Commission, may increase the quantity specified in the first paragraph for the year in question.”

(b) Paragraph 6 is replaced by the following text:

‘6. Article 33a is inserted:

“Article 33a

1. The Commission shall make a thorough study of the question of how to increase natural alcoholic strength. The study shall cover the oenological aspects of the permitted methods, and the economic aspects of the use of rectified concentrated grape must instead of sucrose.

2. Before the end of 1989/90, the Commission shall present to the Council a report on the conclusions of the study referred to in paragraph 1, together with any appropriate proposals.

3. The study referred to in paragraph 1 shall be paid for by the Community. The appropriation shall be fixed under the budget procedure. The cost is estimated at 2 million ECU.”

(c) Paragraph 7 is replaced by the following:

‘7. Article 41 is replaced by the following:

“Article 41

1. Where, in respect of a given wine year, the table wine market is in a state of grave imbalance, compulsory distillation of table wine shall be instituted:

A state of grave imbalance shall be deemed to exist where:

- (a) foreseeable end-of-year stocks exceed a level corresponding to four months of normal utilization;
- (b) production exceeds the level of normal utilization by more than 9 %;
- (c) representative prices for table wines of type AI or type RI remain, for a period to be determined, below 82 % of the guide price.

2. The Commission shall fix the quantities that are to be delivered for compulsory

distillation to absorb production surpluses and thus restore a normal market situation, in particular normal stock levels and prices.

3. The total quantity to be distilled, determined in accordance with paragraph 2, shall be shared, before 31 December, between the wine-growing regions of the Community.

The quantity for distillation in each wine-growing region shall be proportional to the difference between:

- table wine production in the region in the year in question;
- a percentage of the average quantity of table wine produced in the region in three reference years.

Until the end of 1989/90:

- the percentage shall be 85;
- the reference years shall be 1981/82, 1982/83 and 1983/84.

From 1989/90 onwards, the percentage and reference years shall be determined by the Commission.

The Commission shall determine:

- the percentage on the basis of the quantities that must be distilled in accordance with paragraph 2 in order to absorb production surplus for the year in question;
- the reference years on the basis of the trend of production, and, in particular, the effects of grubbing-up measures.

4. The quantity for distillation in each production area, determined in accordance with paragraph 3, shall be shared between table wine producers in the region concerned.

The quantity for distillation for producers subject to compulsory distillation shall be equal to a percentage of their production of table wine. This percentage shall be fixed according to the yield per hectare of each producer in relation to the average yield obtained in the wine-growing area. It may vary between regions according to yields obtained in the past. It may be nil for producers whose yields per hectare are less than 40 % of the average yield in the wine-growing region concerned.

The quantity of table wine to be delivered for distillation by each producer shall be equal to that determined in accordance with the third subparagraph, minus the quantity of table wine or wine suitable for yielding table wine delivered for distillation as referred to in Article 11.

5. The buying-in price for the table wines to be delivered for compulsory distillation in excess of the quantities delivered for distillation as referred to in Article 11 shall be as follows for 1985/86, 1986/87 and 1987/88:

- 50 % of the guide price for each type of table wine for the first 10 million hectolitres;
- 40 % of the guide price for quantities exceeding the quantity referred to in the first indent.

The buying-in price referred to in the first indent shall also apply to wines in a close economic relationship with each of the types of table wines. The price paid by the distiller may not be lower than the buying-in price.

6. Under the distillation operation referred to in this Article, the distiller may:

- either receive aid in respect of the product to be distilled, provided that the product obtained from distillation has an alcoholic strength of at least 52 % vol;
- or deliver the product obtained from distillation to the intervention agency, provided that it has an alcoholic strength of at least 92 % vol.

However:

- the Member States may stipulate that their intervention agencies will not buy in the product referred to in the second indent of the first subparagraph;
- if the table wine has been processed into wine fortified for distillation before delivery for distillation, the aid referred to in the first indent of the first subparagraph shall be paid to the manufacturer of the wine fortified for distillation and the product of the distillation may not be delivered to the intervention agency.

A buying-in price of the other products of distillation which can be taken over by the intervention agency shall be fixed on the basis of the buying-in price referred to in the third subparagraph but varied to take account, in particular, of the costs necessarily entailed in processing the relevant products into neutral spirits.

7. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article. These rules shall include:

- the conditions under which distillation is to be carried out;
- the criteria for determining the amount of aid which will enable the products obtained to be disposed of;
- the criteria for fixing the buying-in prices of the products of distillation which can be taken over by the intervention agencies.

8. The following shall be adopted in accordance with the procedure laid down in Article 67:

- the decision to carry out the distillation referred to in paragraph 1;
- the total quantity to be distilled, as referred to in paragraph 2;
- the determination of production regions, the fixing of the percentage and the reference years, and the regional allocation of the quantities to be distilled, as referred to in paragraph 3, grouped by Member State;
- the yield per hectare and the percentages referred to in paragraph 4;
- the prices and the amount of the aids referred to in paragraph 6 and other detailed rules for the application of this Article.

The same procedure shall be followed, in particular so as to alleviate the administrative burden arising from the application of this Article, for the adoption of measures granting total or partial exemption from the obligation referred to in paragraph 4 in the case of producers who have obtained, or are to deliver, in the course of the wine year in question, a quantity of wine which is less than a quantity to be determined.

9. Before the end of the 1989/90 wine year, the Commission shall submit to the Council a report outlining, in particular, the effect of the structural measures applicable in the wine sector and, where appropriate, proposals to repeal or replace the provisions of this Article by other measures designed to maintain the balance of the wine market.”