

**COUNCIL DECISION**  
**of 28 February 2002**  
**on the granting of exceptional national aid by the Government of the French Republic for the**  
**distillation of certain wine sector products**

(2002/193/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 88(2), third subparagraph, thereof,

Having regard to the request made by the Government of the French Republic on 21 January 2002,

Whereas:

- (1) Article 29 of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine<sup>(1)</sup> allows Community support for the distillation of wines in order to support the wine market and, as a consequence, facilitate the continuation of supplies of wine distillate.
- (2) Article 30 of the above Regulation allows a crisis distillation measure if there is an exceptional case of wine market disturbance caused by serious surpluses and/or problems of quality.
- (3) The 2000/01 wine year in France brought a further worsening of the market situation, with an increase in table wine stocks and a fall in the volumes sold compared with the 1999/2000 wine year. On 31 July 2001 stocks of this type of wine stood at approximately 17,5 million hectolitres, which is an increase of 62 % compared with the previous two years.
- (4) This situation on the French market is attributable to more plentiful Community production over the last two wine years, in spite of the drop in French production in 2000/01, and to lower consumption of ordinary table wines; at the same time, local wines made from a single grape variety (*vins de pays de cépages*) are facing competition from new wine-producing countries.
- (5) These are the circumstances responsible for the particularly dire situation in the 2001/02 wine year, which has led to a sharp fall in incomes and prices in the sector, down 18 % in 2001 and 25 % in 2002.
- (6) Implementation of distillation arrangements under the said Article 29 did not succeed in restoring the balance of the French market, owing in particular to the rela-

tively low take-up rate at the proposed price, with wine prices on the French market remaining higher than the distillation price, despite the worsened situation and owing to a high abatement rate in the contracts concluded at Community level.

- (7) This imbalance on the table wine market has led the French Government to request a crisis distillation measure under Article 30 of the said Regulation for 4,5 million hectolitres of table wine. Opening of that crisis distillation measure involves a price to be paid to the producer. The price adopted previously was EUR 1,914 per % vol, per hectolitre, which the French Government considers quite insufficient to restore market balance.
- (8) To deal with the situation, the French Government is planning, within the 4 million hectolitre quota approved on 8 February 2002 by the Management Committee for Wine and on a proposal from the Commission, to grant exceptional national aid to producers who supply wine for the distillation referred to in Article 30 of the said Regulation, so as to bring the price paid to the producer for distillation purposes to a level not exceeding EUR 2,744 per % vol, per hectolitre, subject to a maximum cost of this national measure of EUR 39,84 million.
- (9) Exceptional circumstances therefore exist, making it possible to consider such aid, by way of derogation and to the extent strictly necessary to remedy the imbalance which has arisen, to be compatible with the common market on the terms specified in this Decision,

HAS ADOPTED THIS DECISION:

*Article 1*

Exceptional aid by the French Government for the distillation of 4 million hectolitres of table wine on French territory totalling not more than EUR 39,84 million, for the amount necessary to bring the price of wine up to EUR 2,744 per % vol per hectolitre in the context of the implementation of crisis distillation under Article 30 of Regulation (EC) No 1493/1999, shall be considered compatible with the common market.

<sup>(1)</sup> OJ L 179, 14.7.1999, p. 1. Regulation as last amended by Regulation (EC) No 2585/2001 (OJ L 345, 29.12.2001, p. 10).

*Article 2*

This Decision is addressed to the French Republic.

Done at Brussels, 28 February 2002.

*For the Council*

*The President*

A. ACEBES PANIAGUA

---