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COMMUNITY WINE IMPORTS

Contents

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When Greece, Spain and Portugal join the Common Market, Community wine production will represent 60% of world production. This figure must be borne in mind in any attempt to grasp the nature and dimensions of the wine problem in the EEC.

Wine production in the Community varies, between good and bad years, from 125 to 170 million hectolitres. In 1978 it was only 132 million hectolitres but in 1979 it amounted to 168 million hectolitres. The two major producers are France and Italy who supply annually between 50 and 80 million hectolitres (80.4 and 79.5% in 1979 respectively). These figures indicate the wide differences between one year and another. These differences can be explained by the very great sensitivity of the vine and the grape to climatic influences. Between 1972 and 1979 the annual average was 146 million hectolitres.

The greater part of this production is consumed in the Community. Direct human consumption varies between 125 and 130 million hectolitres. A slight reduction can be noted in recent years. This shows that the appreciable drop in consumption which has occurred in France and Italy is not entirely offset by the increase in the non-producer countries. While per capita consumption per year was 66 litres in 1974/75 (and 69 litres in the EEC of Six in 1965/66) it was only 63 litres in 1978/79. The remainder of the production is either exported or distilled.

There are several reasons why there is recourse to imports of wine from non-member countries. At first sight such imports are not justified since over a period of several years production is greater than consumption. The explanation is that internal supply and demand are not perfectly balanced. In the first place, as has been seen, production fluctuates considerably while consumption varies little in the short term. Secondly, the fact that wine is not a uniform product explains the importation of wines held in particular esteem by consumers, wines of designated origin and reputed liqueur wines. It is for that reason that the Community regulations on the organization of the wine market aim mainly at discouraging imports of ordinary table wine (with the obligation to respect the reference price), but are much more flexible with regard to quality wines. However, these rules are tempered by the need to accommodate wines coming from countries which traditionally export to the EEC. This is the case for wine from the Maghreb countries for which there is special provision in the association agreements concluded between these countries and the EEC.

Enlargement of the Community will not fail to affect the import pattern. Non specific wine - for which there existsor will exist substitutes within the Community - appear to be the most directly threatened. For that reason the Commission is at present studying the measures which will be needed to ensure that enlargement will not result in the non-member Mediterranean countries suffering a deterioration of their trade with the EEC. This is a problem which will need to be handled in connection with the Community's policy for development cooperation; it thus calls for special consideration.

But before examining the effects of enlargement on the wine sector the problem of imports must be looked at more closely from the legal and economic standpoints: firstly the rules governing imports, i.e. the general system and the system of preferences; secondly, the way in which the import pattern is developing as to volume and origin.

EUR 9 1.000 hl

Marketing year	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Production	127.304	170.646	160.245	145.375	148.416	128.288	132.495
Exports	4.148	3.912	3.825	4.891	5.020	5.615	
Total internal utilisation of which:	143.701	148.932	169.208	149.204	145.502	136.901	140.87
-direct human consumption	130.421	124.610	132.782	130.241	127.059	125.237	126.86
-Distillation	11.325	22.395	34.536	17.221	16.978	10.190	11.14

Source: EUROSTAT

I. RULES GOVERNING IMPORTS

As in the case with most agricultural products the products of the wine sector are subject to a common organization of the market. The common organization of the wine market,[1] of which the main objectives are the adjustment of supply to demand and the improvement of quality, is based on a system of prices and intervention. A guide price considered as appropriate for producers is fixed every year for each type of table wine[2] on the basis of the average of the prices recorded during the two marketing years preceding the date of fixing and the manner in which prices have moved during the marketing year in progress. In addition an activating price - which activates the intervention mechanism - is fixed at a level which takes account of the market situation and the need to stabilize prices while preventing the formation of structural surpluses. When the average producer price for a given table wine - calculated each week on the basis of the available data - is lower than the activating price one or more of the following intervention measures are adopted: aid for private storage, aid for re-storage, distillation. In parallel with these support mechanisms the Community is progressively implementing a structural policy designed, through the granting of aid for the reorganization and varietal conversion of vineyards, to reduce the area under vines which are high-yielding but give wine of inadequate quality and to encourage wine-growing to concentrate in regions which are best suited to it.

The same concern to adjust supply to demand underlies the system of imports from non-member countries. But here the requirements of the Community's association and cooperation policy, particularly with regard to the Mediterranean countries, tend to clash with the rules of the common agricultural policy. The protection system adopted is therefore a relatively flexible one.

A. General system of external protection

A system of external protection was established so that imports from non-member countries cannot be effected at prices which could seriously disturb the Community market and thus jeopardize producers' incomes.

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[1] The main instruments governing the wine market are as follows:
Regulation No 24/62 of 4 April 1962 on the progressive establishment of a common organization of the market in wine;
Regulation (EEC) No 816/70 of 28 April 1970 (OJ L 99 of 5 May 1970) laying down additional provisions for the common organization of the market in wine;
Regulation (EEC) No 337/79 of 5 February 1979 (OJ L 54 of 5 March 1979) on the common organization of the market in wine which consolidated the Community wine laws.

[2] Table wines are distinguished from quality wines produced in specified regions (quality wine PSR) which are wines from demarcated viticultural areas obtained according to stricter methods than table wine and possessing special quality characteristics (see Regulation (EEC) No 338/79 of 5 February 1979, OJ L 54 of 5 March 1979).

Each year before 16 December a reference price is fixed for most wine products. Expressed in units of account per degree/hectolitre or in units of account per hectolitre, the reference prices are determined on the basis of the guide prices plus the costs incurred in bringing Community wines to the same marketing stage as imported wines. These costs relate to transport and loading operations, insurance and brokerage costs and any losses. In addition, where wines are put up in containers of 2 l or less the reference price is increased by a fixed amount corresponding to the packaging costs.

A reference price is fixed for the following products:

- red wine,
- white wine,
- grape juice,
- concentrated grape juice,
- grape must with fermentation arrested by the addition of alcohol, wine fortified for distillation,
- liqueur wine.

For each product in respect of which a reference price is fixed a free-at-frontier offer price is determined on the basis of all the available data. A second free-at-frontier offer price can be fixed for exports which are effected at abnormally low prices, less than the prices obtaining in other non-member countries. Where the free-at-frontier offer price plus the customs duty is less than the reference price a countervailing charge is levied which is equal to the difference between the reference price and the free-at-frontier offer price plus the customs duties actually collected. The concept of the free-at-frontier reference price which is equal to the reference price less the customs duties actually collected.

Thus the customs duty fixed by the Common Customs Tariff (CCT), to which may be added a countervailing charge, must in principle be paid on wine from a non-member country entering the Community. For example, on wine of 13° or less put up in containers of 2 l or less the duty charged is 12 units of account per hectolitre. In reality it is rare that the full rate is paid on wine because the main exporting countries are linked to the EEC by preferential agreements.

B. Preferential agreements

The preferential agreements in the form of trade, association or cooperation agreements - which the Community has concluded with a certain number of non-member countries, in particular under its Mediterranean policy, include concessions on agricultural products. Thus in this case the protective rules of the common agricultural policy are relaxed for special reasons of external policy.

The concessions which the Community grants in the wine sector consist in the reduction - sometimes even the abolition - of customs duty, either on all imports or under tariff quotas. The concept of a tariff quota implies that the tariff reduction applies only to a certain quantity of the product; on quantities in excess of the quota customs duties are fully applied. These quotas are broken down periodically between the Member States.

A description of the preferential systems enjoyed by the main exporting countries will give a more accurate idea of the access facilities granted by the Community:

SPAIN

Since 1979 the tariff quotas have been fixed for a period of 18 months and no longer 12 months. The tariffs fixed, pursuant to the 1970 agreement, for the period from 1 January 1979 to 30 June 1980 are as follows:

	capacity of the containers	Quota	Tariff reduction
Sherry wines	2 l or less	162 000 hl	60%
	over 2 l	1 027 000 hl	50%
Malaga wines	2 l or less	22 500 hl	50%
Jumilla, Priorato, Rioja, Valdepenas wines	2 l or less	33 000 hl	30%

PORTUGAL

Tariff quotas for the period from 1 January 1979 to 30 June 1980:

Port wines	2 l or less	52 500 hl	60%
	over 2 l	420 000 hl	50%
Madeira wines	2 l or less	2 250 hl	60%
	over 2 l	21 750 hl	50%
Moscatel and Setubal	2 l or less	1 500 hl	60%
	over 2 l	3 000 hl	50%

CYPRUS

According to the supplementary protocol to the Association Agreement which came into force on 1 July 1978, liqueur wines (Cyprus sherry) qualify for a tariff reduction of 70% within an annual quota of 250 000 hl, while wines other than liqueur wines qualify for a tariff reduction of 75% but within an annual quota of 10 000 hl.

ALGERIA, MOROCCO, TUNISIA

The import arrangements for wines from the Maghreb countries were laid down in the cooperation agreements signed in 1976 for a transitional period of five years.

- Ordinary wine: 80% tariff reduction;
- Wine of designated origin: duty free entry within annual progressive quotas. The annual quota for Algeria which was initially set at 250 000 hl rises to 450 000 hl at the end of the period. The initial quotas for Morocco and Tunisia were fixed at 50 000 hl.
- Wine intended to be fortified for distillation: 80% tariff reduction within the annual quotas of 500 000 hl. These provisions concern only Algeria.

About 90% of Community imports of wine come from countries with preferential arrangements. However, the access facilities granted by the EEC are limited by the undertaking given by most of them to comply with the reference price.

C. Undertakings to comply with the reference price

Certain non-member countries have undertaken that the price at which wines originating in and coming from their territory are imported into the Community will not be less than the reference price. This undertaking is provided either under preferential agreements or in exchanges of letters between the authorities of the non-member countries and the Community authorities.

The situation of non-member countries in relation to the Community can thus be described as follows:

- countries which have not concluded any agreement and which have not undertaken to comply with the reference price: the normal customs duties apply and, where appropriate, the countervailing charges;
- countries which have not concluded a preferential agreement but which have undertaken to comply with the reference price: the normal customs duties apply. Failure to comply with the reference price is notified to the Commission and examined by the Management Committee which can decide whether or not to apply the countervailing charge and thus to denounce the price agreement;
- countries which have concluded preferential agreements with the Community providing for compliance with the reference price: failure to comply with the reference price gives rise to the immediate levying of the normal customs duties and is notified to the Commission and examined by the Management Committee which can decide whether or not to apply the countervailing charge.

D. Various provisions

Prohibitions and safeguards

Coupage of a wine originating in a non-member country with a Community wine and, likewise coupage in Community territory between wines which originated in non-member countries are prohibited. However, coupage is authorized in free zones provided that the wine produced is forthwith exported to a non-member country; authorization for this is granted by the Member States only subject to the provision of a security which is released following the provision of proof that the product obtained left the customs territory within 45 days of completion of the customs formalities. In addition, the Council can decide by qualified majority, to authorize a Member State to have temporary recourse to coupage. This was decided in the case of red German wines which were considered of poor colour; the provisions in question, several times renewed, are applicable until 30 June 1984 at the latest (Regulation (EEC) No 460/80, OJ L 57 of 29 February 1980).

The following is also prohibited: the importation of grape juice, grape must, wines, vinegars, piquettes, wine lees and grape marcs to which alcohol has been added.

Lastly, there is a safeguard clause of general application (Article 26 of Regulation (EEC) No 337/79) which it is possible to invoke if the system of external protection proves inadequate. If a serious disturbance of the market is noted (or appears likely) in respect of one or more wine products, appropriate measures can be applied in trade with non-member countries until the disturbance or threat of disturbance has ceased. It is the Commission which, at the request of a Member State or on its own initiative, decides on the necessary measures. The latter are communicated to the Member States and are applicable forthwith. These measures, which can only be taken within such limits and for such period as are strictly necessary, consist of the total or partial suspension of import licences.

Administrative documents

Importation into the Community of wine, grape juice and must is subject to the production of an import licence. Any applicant may obtain a licence from a Member State but its issue is conditional upon the provision of a security as guarantee of the undertaking to import during the period of validity of the licence, all or part of such security being forfeit if the operation is not carried out within this time limit or is only partly carried out. The licence is valid throughout the Community.

Wine, grape juice and must, when imported into the Community, must be accompanied by an attestation and an analysis certificate. The attestation issued by an agency of the non-member country in which the product originates is intended to provide proof that the product complies with the standards of the country of origin relating to production, entry into free circulation and delivery for consumption. The analysis certificate must be prepared by an official laboratory recognized by the country of origin and include information relating to the alcoholic strength and to the acid content (total, volatile and citric acid).

The attestation and analysis certificate are not required for products in containers of 2 litres or less and forming part of consignments not exceeding 60 litres. The following are also exempt:

- quantities of wine not exceeding 15 litres intended for the personal consumption of private individuals;
- wines and grape juices in containers of 4 litres or less originating in non-member countries which export less than one thousand litres a year to the EEC;
- wine and grape juice intended for fairs in containers of 2 litres or less;
- wine for the diplomatic services, consular establishments and similar bodies imported under the duty-free allowances which are granted to them.

Lastly, the particulars required by the attestation or the analysis certificate need not be demanded in respect of wines accompanied by a certificate of designated origin or a certificate of origin. This is the case, for example, with Port, Madeira, Sherry and Tokay wine.

Description and presentation of imported wines

The rules concerning the description and presentation of imported wines are intended to enable the purchaser and the public agencies responsible for the management and control of the wine trade to assess as accurately as possible the product under consideration.

The description on the label must include the following:

- the term "wine";
- the nominal volume of the wine imported;
- the name and address of the importer or the bottler;
- the non-member country or origin.

Other particulars are optional, such as red, rosé or white wines, the brand, the alcoholic strength, information relating to the history of the wine and to its maturation, etc. In the case of wines identified by a geographical ascription, other details can be given: vintage year, name of the vineyard where the wine was produced, information on the production method, etc.

The description on official documents includes approximately the same particulars as those which appear, or may appear on the labelling.

With regard to presentation, imported wines must be compulsorily stored or transported in containers having the following characteristics:

- they must be clean inside;
- they must have no adverse effect on the smell, taste or composition of the product;
- they must be made of, or be lined internally with materials which are recognized as suitable for contact with foodstuffs;
- they must be reserved for the storage or transportation of food products.

The general rules relating to presentation also concern the conditions under which labelling and packing take place.

The description and presentation in advertising must be such as not to create a false impression of the produce, in particular with regard to its nature, origin and composition and the identity or status of the persons who took part in the production or marketing process.

II. THE PATTERN OF IMPORTS

The first question which arises is the way in which Community imports of wines from non-member countries have developed in recent years (total volume, main countries or origin). The second relates to the future and concerns the possible effects of the further enlargement of the Community on the pattern of imports.

A. Volume and origin of imports

Volume

During the 1977/78 marketing year,[1] imports from non-member countries amounted to 5.3 million hectolitres, corresponding to a little over 4% of intra-Community production (128 million hectolitres during the same marketing year).

The volume of imports is relatively stable. In 1970/71 for example they amounted to 4.6 million hectolitres (EEC of Nine). Short-term increases can however be noted when the level of Community production is low and internal prices are high. Thus, in 1972/73 and 1973/74, years in which production dropped considerably, imports amounted to 7.8 and 7.1 million hectolitres respectively.

Whereas imports are fairly stable, there is a steady increase in exports to non-member countries. The result is that, while at the beginning of the seventies imports were 50-100% greater than exports (2.8 million hectolitres in 1970/71 - EEC of Nine), they are both at the same level at present (5.6 million hectolitres in 1977/78).

All the EEC member countries import wine from non-member countries in varying degrees. Ireland (17 000 hectolitres in 1977/78) and Italy (88 000 hectolitres in 1977/78) import least. In the case of Ireland these quantities are explained by the absence of a wine drinking tradition and in the case of Italy by an adequate production suited to consumers tastes. The largest importers are the United Kingdom (1.5 million hectolitres in 1977/78) which buys mainly specific wines, in particular liqueur wines, and Germany (1.4 million hectolitres) whose production is not adequate to meet a steadily growing consumer demand. These are also the two countries whose imports from non-member countries are tending to increase.

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[1] By marketing year is meant the period between 1 September and 31 August.

Trend in Community wine imports from non-member countries broken down according to the importing Member States

Marketing years 1970/71 to 1977/78

22.05 Brussels Nomenclature: Wines of fresh grapes

Importing Member States	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78
France	838.339	525.003	3.119.270	3.023.658	1.215.402	963.863	855.348	928.277
BLEU	468.733	399.521	447.626	328.735	303.702	304.346	392.013	405.253
Netherlands	650.010	613.999	642.190	532.821	501.184	617.508	681.289	676.698
Germany	1.152.296	1.031.986	1.240.662	817.619	1.166.274	1.261.359	1.324.618	1.486.081
Italy	50.858	55.681	288.858	226.809	85.113	68.483	74.407	88.462
United Kingdom	1.263.329	1.272.549	1.733.248	1.815.787	1.560.173	1.445.667	1.503.255	1.541.805
Ireland	28.150	27.318	38.150	33.090	22.350	25.889	21.933	17.946
Denmark	189.203	204.953	311.777	301.413	241.928	257.540	218.380	208.215
EUR 9	4.640.918	4.131.010	7.821.781	7.079.932	5.096.126	4.944.655	5.071.243	5.352.737

Sources: EUROSTAT computerized listings

Communications from the Member States

Origin

In 1977/78 59.2% of the wine imports from outside the Community came from the three applicant countries, namely Greece, Spain and Portugal. Spain is by far the leading supplier of the Community, sending 2.1 million hectolitres in 1977/78 corresponding to 39.2% of Community imports. Portugal comes second with 692 000 hectolitres in 1977/78. Imports from Spain and Portugal are increasing (1.5 million and 582 000 hectolitres respectively in 1971/72 - EEC of Nine) while imports from Greece have dropped considerably, from 686 000 hectolitres in 1971/72 (EEC of Nine) to 380 000 hectolitres in 1977/78. Nevertheless Greece ranks fourth among EEC suppliers.

The Maghreb countries namely, Algeria, Morocco and Tunisia form a second group of supplier countries. In 1977/78 wine supplies from these three countries represented 14.5% of Community imports with 347 000 hectolitres from Algeria, 130 000 hectolitres from Morocco and 303 000 from Tunisia. Imports from the Maghreb are almost stable and have remained at the same level since the entry into force in 1976 of the trade provisions of the cooperation agreements concluded with these countries. The Algerian supplies were the most affected by the implementation of the Community regulations on the organization of the wine market. Up to 1970 Algeria was the leading supplier of wine to the Community (4.6 million hectolitres in 1968/69).

The remainder of Community imports comes from a group of countries which are not all Mediterranean countries. Since 1978 Yugoslavia has become the third supplier of the EEC (480 000 hectolitres in 1977/78). Imports from Cyprus are falling: 172 000 hectolitres in 1977/78 compared with 285 000 hectolitres in 1972/73). Austria and Hungary also supply considerable amounts. Austrai supplied 184 000 hectolitres in 1977/78 and Hungary whose exports are increasing sharply delivered 244 000 hectolitres during the same marketing year. (88 000 hectolitres in 1972/73).

This general survey does not reveal the traditional flows which exist between certain importing member countries and certain countries of origin. It should be pointed out for example that Austrian Hungarian, Yugoslav, Bulgarian and Romanian wines are mostly exported to Germany. Greek wines are mainly exported to the Benelux countries and Germany. The United Kingdom obtains supplies mainly from Spain (sherry) and Cyprus (Cyprus sherry). The traditional suppliers of France are the Maghreb countries, and it may be noted here that the 1976 cooperation agreements have so far had little effect on the pattern of wine exports from these countries. Only Tunisia exports a considerable part of its supplies to countries other than France (Belgium and Germany).

Imports of wines from non-member countries broken down according to the main countries of origin

Marketing years :1970/71 to 1977/78

Heading 22.05 Brussels Nomenclature: Wines of fresh grapes   Quantities in hectolitres

Country of origin	1979/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78
Austria	194.134	227.928	275.337	171.677	173.370	145.024	147.952	184.052
Portugal	583.558	582.730	749.208	667.497	503.829	551.388	604.239	692.612
Spain	1.466.126	1.514.785	2.055.911	1.963.901	1.842.618	1.755.400	1.994.400	2.098.671
Yugoslavia	194.365	250.475	342.753	297.670	396.101	391.207	400.801	480.458
Greece	808.403	686.765	658.417	338.652	305.923	518.494	422.577	379.864
Soviet Union	5.979	7.845	12.393	11.485	16.638	22.210	26.323	31.488
Hungary	84.912	68.677	88.597	106.456	165.385	181.766	211.545	244.909
Romania	60.926	57.200	58.224	69.194	79.053	60.710	77.083	80.986
Bulgaria	52.921	58.494	72.447	81.024	88.558	96.673	94.355	84.768
Morocco	59.271	38.691	572.041	638.211	284.572	148.078	237.512	130.258
Algeria	519.478	188.227	1.719.411	1.694.185	459.302	318.191	303.412	347.044
Tunisia	168.494	91.356	741.074	593.879	374.792	338.812	243.095	303.217
South Africa	86.615	75.496	84.314	83.763	114.319	116.321	59.405	55.194
Argentina	2.722	2.496	8.378	8.245	14.889	4.603	17.561	32.856
Cyprus	239.450	210.887	285.943	289.948	236.414	260.089	198.360	172.752
Australia	24.930	27.743	12.478	15.089	8.992	11.174	5.415	4.720
Other countries	88.634	41.215	84.855	49.056	31.371	24.515	26.816	28.888
Totals	4.640.918	4.131.010	7.821.781	7.079.932	5.096.126	4.944.655	5.071.243	5.352.737

Sources: EUROSTAT comuterized listings
Communications from the Member States

Wine imports from non-member countries broken down according to the main countries of origin and the importing Member States

Marketing year 1977/78

Heading 22.05: Wine of fresh grapes quantities in hectolitres

Country of origin	EUR 9	Importing Member States							
		France	BLEU	Netherlands	Germany	Italy	United Kingdom	Ireland	Denmark
Austria	184.052	272	370	347	174.552	16	7.436	98	961
Portugal	692.612	221.376	61.294	78.795	68.009	64.877	144.771	3.843	49.647
Spain	2.098.671	115.872	58.292	488.728	305.104	17.832	958.875	12.908	141.060
Yugoslavia	480.458	772	1.206	2.184	330.972	843	143.939	316	226
Greece	379.864	25.013	149.044	97.303	103.622	331	4.507	38	6
Hungary	244.909	180	633	3.363	202.630	378	31.468	50	6.207
Romania	80.986	16	193	586	79.521	-	670	-	-
Bulgaria	84.768	99	308	1.127	74.263	786	527	56	7.602
Morocco	130.258	125.838	2.379	108	112	-	1.081	4	736
Algeria	347.044	311.194	28.719	-	6.359	4	1	-	767
Tunisia	303.217	125.648	84.587	123	92.854	-	5	-	-
South Africa	55.194	58	177	1.608	1.995	-	51.146	209	1
Argentina	32.856	-	14.066	264	6.892	23	11.606	5	-
Cyprus	172.752	-	-	9	41	19	172.528	155	-
Other countries	65.096	1.939	3.985	2.153	39.155	3.353	13.245	264	1.002
Totals	5.352.737	928.277	405.253	676.698	1.486.081	88.462	1.541.805	17.946	208.215

Sources: Eurostat computerized listings
Communication from the Member States

B. The effects of enlargement of the Community on imports from non-member countries

The accession of Greece, Spain and Portugal to the EEC will have the effect of increasing considerably the Community production potential. The area under vines in the Community will increase from 2.4 to 4.7 million hectares and production will increase by one-third. The rate of self-supply which at present is about 100% (more or less depending on the year) will increase and could reach 104 or 105%.

The increase in the rate of self-supply would have no effect on imports from non-member countries if the other factors (production, consumption, direction of trade) remained unchanged, but it is not certain that that will be the case:

- the application to the enlarged Community of the price support mechanism could encourage an increase in production in the new Member States. This increase would not be the result of an increase in yields which at present are much lower than in the Community of Nine;

- at present a little over half of the wine exports of the applicant countries are sent to the Community. Following accession the progressive establishment of free movement will have the effect of intensifying this trend. The new Member States will seek to place a larger part of their exported production within the enlarged Community.

Such development could have harmful repercussions on non-member countries, in particular the Mediterranean countries, by diminishing the Community outlets for their wine. This statement calls for qualification in as much as a large part of the exports of the applicant countries is made up of specific wines (Port, Sherry, etc.) which because of their nature have no substitute and thus no direct competitor.

However, aware of the difficulties which could arise in trade between the EEC and the Mediterranean countries outside the Community, the Commission has already laid down the broad lines of the action needed to prevent market disturbance arising. This action will consist of measures of internal policy and measures of commercial policy. For, as the Commission is aware, the considerations relating to the achievement of a better balance are as relevant to the balance of the internal market as they are to external trade. There is thus an extremely close relationship between internal market policy and trade policy which if it is neglected can only aggravate the external problem and make more complex, difficult and costly the measures needed to remedy the difficulties when they arise.

Internally the policy to be followed is that which the Commission laid down in its 1979-1985 action programme for the progressive establishment of balance on the market in wine.[1] Control of production must be based mainly

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[1] Text in the Bulletin of the European Communities, Supplement 7/78.

on a planting policy. The rules on this aspect, which are applicable unitl 1985, include the prohibition of new plantings for the production of table wine and the limitation of the right to replant (possible during a period of eight years following an equivalent grubbing). At the same time yields should be maintained at reasonable levels compatible with quality requirements. In order to promote outlets the Commission recommends firstly that the excise duties on wine should be harmonized so as to reduce them in countries where the high level discourages consumption and secondly that there should be publicity for certain table wine (local wine, vino tipico, etc.).

Externally the aim is to arrive at closer cooperation between the Community and the non-member Mediterranean countries on the possibilities of marketing Mediterranean agricultural products. For the difficulties which are liable to arise do not concern only wine but also - and perhaps to a greater extent - a certain number of other products such as olive oil and citrus fruits. It is within the framework of such cooperation, based on full information on the trend in supply and demand, that any redirection of production should be suggested and the advisability of certain conversions assessed. The Commission has expressed the view that the Community should in due course explore with these countries the possible ways of preventing a deterioration in their trade. The final objective should be to establish mechanisms of a commercial, economic or financial nature capable of at least maintaining, overall, the traditional earnings obtained from agricultural exports to the Community.

These positions and recommendations reflect a political will. Enlargement of the Community should not have the effect of weakening the links which the latter has with non-member Mediterranean countries because such a weakening would be equally harmful for both partners. Consequently negotiations should be initiated to establish new balances in trade between the EEC and Mediterranean countries.

OTHER PUBLICATIONS RELATED TO 'DEVELOPMENT'

Other EEC publications about the Community's relations with the Third World can be obtained from the folloqing address:

Spokesman's Group and Directorate-General for Information
Publications distribution service, Room 2/84
Commission of the European Communities
Rue de la Loi, 200
B - 1049 Brussels (Belgium)

1. Dossiers

- The European Community and the Third World
  Brussels, September 1977 (English, French, German, Italian)
- Europe and the Third World
  A study on interdependence (by M. Noelke)
- Implications for the Southern Mediterranean countries of the second enlargement of the European Community (R. Taylor)
- Europe - Third World : The challenge of Interdependence (M. Nölke)
  Edition 1980

2. "Information Series" and "Europe Information":

(generally all Community languages)

- Food Aid n° 165/77
- The European Community and the Textile-Agreements -
  special edition (June 1978)
- The European Community and the Arab World n° 169/79
- Europe-Tiers Monde: Rural Development
- Solar Energy: A new area of ACP-EEC Cooperation
- The EEC and the developing countries: Outside the Lome Convention and the Southern Mediterranean
- EEC - Egypt
- EEC - Jordan
- EEC - Syria
- EEC - Lebanon
- EEC - Tunisia
- EEC - Algeria
- EEC - Israel