

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 55 final.

Brussels, 13 February 1978.

PROPOSAL FOR A COUNCIL REGULATION

establishing a European Joint-Trade Table Wine Organization

PROPOSAL FOR A COUNCIL REGULATION

amending Regulation (EEC) No 816/70 laying down additional provisions for the common organization of the market in wine

(submitted to the Council by the Commission)

COM(78) 55 final.

The Commission attaches the highest importance to the action which it will propose later this year on a comprehensive structural plan intended to maintain a balance in supply and demand for wine within the Community and to orient wine production towards the most suitable areas. These proposals will have to include measures to replace the two-year prohibition on new vine plantings introduced by the Council in 1976. In addition to incentives for siting vineyards in the areas most suitable for wine growing there should be encouragement for restricting the output of high-yield vineyards which give table wines of inadequate quality.

These structural measures will need some years to take full effect. It is essential in the Commission's view that the co-operation and the confidence of wine producers in the market organization is maintained, particularly in the period before the benefits of the structural measures are obtained. The Commission therefore now proposes an ensemble of measures of which the most important features are :

- the establishment of a European Joint-Trade Table Wine Organization which will bring together national organizations and regional committees ;
- authorization for the Council to forbid for a certain period any transactions in table wine below a floor price, should a serious market crisis arise ;
- incentives for producer groups which are recognized by the Community and which work towards improving table-wine quality.

The Commission wishes to underline that the present package of measures is temporary. It is designed to meet the particular problems of the market management over the period necessary for the structural measures to take effect. In the view of the Commission the adoption by the Council of the present proposals can only be envisaged in the context of the adoption of the longer term structural measures with which they are indispensably linked.

A. Proposal for a Council Regulation on the establishment of a European Joint-Trade Wine Organization

Table wine production is an important part of the wine-growing industry in the Mediterranean countries. Better organization of this sector can accordingly help improve farmers' incomes in these regions.

1. Past experience with the wine policy has shown that active cooperation on the part of trade circles is desirable when decisions are being prepared by the Community authorities, particularly where intervention measures are concerned.

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2. This proposal provides, therefore, for the establishment of the necessary framework within the various parties directly concerned with the management of the wine market can work together.

3. To this end, it would be appropriate if producers, traders and processors of table wines were brought together within a European Joint-Trade Table Wine Organization.

4. The European joint trade could thus be the sole spokesman representing the trade before the Community authorities and could accordingly play an effective part in preparing common agricultural policy decisions which would affect them.

Where intervention measures are being taken to stabilize the market in the event of a crisis, such participation is of particular value for determining the areas suitable for wine-growing, for adapting wine-producing capacity to the outlets available and for measures to encourage wine-growers to improve the quality of their table wines.

It could also help establish a data network to provide intelligence on the table wine market; this would be advantageous for all concerned, but particularly for producers and for small and medium-sized processors and traders.

5. This proposal aims to create regional, national and Community joint-trade organizations, which would in theory be freely set up, would be recognized by the Member State or the Commission and would have a statute providing that they should be self-financing once the EAGGF aid towards the initial costs were phased out.

The attached financial memorandum outlines the expenditure to be borne by the EAGGF if this proposal is adopted.

B. Proposal for a Council Regulation amending the basic Regulation on wine (Regulation (EEC) No 816/70)

It will be several years before the structural measures to be taken by the Council at a later stage bear fruit. This proposal, like its predecessor, is designed to have an immediate effect on the balance of the market in table wines during this interim period. It contains the following provisions:

1. The use, in particular the request of a regional joint-trade committee or a national organization, of the Commission/Management Committee procedure for temporarily blocking a proposition of the stocks of table wine held by producers. Such a decision may only be taken if the forward estimate shows a clear imbalance or market prices are particularly unsatisfactory. This "compulsory storage" would supplement voluntary private storage and would be eligible for aid.

2. Groups of producers recognized at Community level who adopt a policy of improving the quality of their table wines will receive preferential treatment from the intervention agencies, namely:

- as was the case for the 1977 crop, the buying-in price of wine for preventive distillation will, for them, remain at 65% of the guide price, whereas, for other producers, the figure will fall to 60% for the 1978 crop and 55% for 1979 and following years according to the present basic Regulation.
- long-term private storage aid may be paid up to 30% more than for short-term storage, whereas the maximum figure for other producers will be 20%.

3. If there is a serious crisis on the market in table wines, the Council may decide to ban any transactions below a "floor price". In view of the transitional nature of these measures, the floor price will be degressive in character. In completing its proposals on the floor price the Commission will take, as a reference point, 70% of the guide price.

4. Commercial wine undertakings which conclude firm purchasing contracts with producers for a minimum of three years at not less than the activating price for the type of table wine concerned may receive from the EAGGF aid towards the payment of interest on bank loans. This aid will be increased for "vin de pays" (vino tipico, Landwein) and if the interest rates are exceptionally high.

5. Groups of producers recognized at Community level who sell more than half their production as "vin de pays" (vino tipico, Landwein) will receive increased launching aid over a period of five years instead of three years for other recognized groups.

The provisions listed above will remain valid for four wine years starting in 1978/79. Certain other amendments to the basic Regulation are also proposed (Article 6). The Commission repeats the proposal it made in 1975 that the minimum alcoholic strength for table wines of the southern regions of the Community should be increased to 9.5° (9° at present, 8.5° until 1976). A number of technical corrections and legal improvements are also proposed.

The EAGGF cost of this amendment to Regulation (EEC) No 816/70, if adopted, is shown in the attached financial statement.

Proposal for a Council Regulation

on

the establishment of a European
Joint-Trade basic wine Organisation.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Having regard to the Opinion of the Economic and Social Committee,

Whereas the objectives of the common agricultural policy as set out in Article 39(1) (a) and (b) of the Treaty can only be achieved through a reform of agricultural structures;

Whereas the reform of production structures must be accompanied by a reform of processing and marketing structures where the latter affect the way in which the objectives of the common agricultural policy are to be achieved;

Whereas the management of the market in table wine and the commercial operators' adjustment to changes in that market could be facilitated if, to ensure market transparency, data were collected and published on the size and quality of the harvest and on the prices obtaining, if further efforts were made to control and stabilize the market, if the various qualities were subject to assessment or verification, if steps were taken to improve marketing and if further efforts were made to restructure vineyards;

Whereas the active cooperation of trade circles on an organized basis is necessary if the measures listed above are to be implemented; whereas, in order that such cooperation be organized effectively, encouragement should be given at regional, national and European levels to joint trade associations for the production, trading and processing of Community table wines.

Whereas, in order to ensure coordination at European level of all commercial operators in the table wine sector, the European Joint-Trade Table Wine Organization should consist of representatives of national joint-trade table-wine organizations or, failing that and for a period of three years, of existing national trade organizations;

Whereas, in order that the national joint-trade organizations may make an effective contribution to the sector's requirements, they should consist of representatives of regional Joint-Trade Wine Committees, or, failing this and for a period of three years, of existing regional trade organizations;

Whereas the regional Joint-Trade Committees and the national and European

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Joint-Trade Table Wine Organizations should be recognized, subject to certain conditions in respect of the way in which they are set up and run;

Whereas complete information on the market situation may have to be supplied by all members of the trade categories concerned; whereas provision should therefore be made so that the supply of such information may be made obligatory;

Whereas the composition and decisionmaking process of the European Joint-Trade Table Wine Organization should be such that the Organization's work can be managed effectively;

Whereas, given the importance of the European Joint-Trade Organization's deliberations, a Commission representative should be able to attend and the Commission should be able to object to deliberations which might hinder the Community's management of the common agricultural policy;

Whereas the steps envisaged are in the Community interest and are intended to achieve the objectives laid down in Article 29(1)(a) of the Treaty, including the structural changes necessary for the proper working of the common market; whereas these steps therefore constitute a common measure within the meaning of Article 6 of Council Regulation (EECO No 729/70 of 21 April 1970 on the financing of the common agricultural policy¹;

Whereas the European Joint-Trade Organization deserves encouragement in the form of degressive aid to cover part of the costs of setting it up, and financial assistance may also be made available through the organization of competitions or the carrying out of studies on the sector in question;

Whereas the Commission should, on the basis of a report presented annually by the European Joint-Trade Wine Organization, examine the results of the application of this Regulation against the background of the changing situation and of the experience gained; whereas provision should be made at this stage so that the measures laid down by this Regulation may be reviewed on the basis of a report presented by the Commission to the European Parliament and to the Council by _____ at the latest;

(1) OJ No L 94, 28.4.1970, p. 13

HAS ADOPTED THIS REGULATION:

Article 1

1. For the purposes of this Regulation:

(a) "Regional Joint-Trade Table Wine Committee" means a committee:

- established in accordance with the provisions of Title I on the initiative^{of} the branches of the trade concerned, to carry out the tasks specified in that Title, and
- recognized by the Member State on whose territory it is established;

(b) "National Joint-Trade Table Wine Organization" means an organisation:

- established in accordance with the provisions of Title II on the initiative of the Regional Joint-Trade Committees or, in their absence and for a period of three years from the entry into force of this Regulation, of the national trade organizations, to carry out the tasks specified in that Title, and
- recognized by the Member State on whose territory it is established;

(c) "European Joint-Trade Table Wine Organization", hereafter referred to as the EJTIWO, means the organisation:

- established in accordance with the provisions of Title III on the initiative of the National Joint-Trade Organizations or, in their absence, of the national trade organizations concerned, to carry out the tasks specified in that Title, and
- recognized by the Commission.

TITLE I

ESTABLISHMENT, COMPOSITION AND TASKS OF THE REGIONAL JOINT-TRADE COMMITTEES

Article 2

1. The Member States concerned shall recognise Regional Joint-Trade Table Wine Committees, including Joint-Trade Committees existing on the date of entry into force of this Regulation, which:
 - (a) are established in one of the forms affording legal personality provided for by the legislation of the Member State in which they have their headquarters;
 - (b) are made up of regional trade organizations which, at regional level, represent at least half the producers, processors and traders in the region and whose members produce, process or market half of its table wine output;
 - (c) do not themselves engage in the production, processing or marketing of table wines;
 - (d) carry out the tasks specified in Article 3 in a region with a substantial table wine production;
 - (e) have a statute including the following:
 - the obligation to implement decisions taken both by the National Joint-Trade Organization and by the EJTTWO;
 - rules concerning joining and withdrawing from the Regional Joint-Trade Committee;
 - a system of finance by members' contributions;
 - the right to join for any trade organization of table wine producers, traders and processors in the region concerned who fulfil the conditions laid down in the statute.

Article 3

The Regional Joint-Trade Committees shall in particular carry out the following tasks:

- (a) Set up a rapid and reliable system to provide:

- short and medium-term market forecasts,
 - quotations of table wine prices on the representative markets;
- (b) Set up the rapid data system for the National Joint-Trade Organization with a view to the application of Article 5b of Regulation (EEC) No 816/70;
- (c) Draw up applications in connection with Article 5b of Regulation (EEC) No 816/70;
- (d) Assess, by means of organoleptic tests, table wines produced ⁱⁿ the region :
- in respect of which application has been made for long-term storage contracts or which are the subject of such contracts,
- to be sold under the name of a wine-growing area in accordance with Article 30(2) and (3) of Regulation (EEC) No 816/70 and conforming to production conditions laid down by the producer Member States;
- (e) Make recommendations to the Member States with a view to the determination of analysis criteria for the table wines referred to in (d);
- (f) Organize competitions for assessing the quality of table wines from the region in question;
- (g) Carry out preparatory work with a view to making the recommendations referred to in Article 5(e);
- (h) Organize sales promotion campaigns;
- (i) Perform any other tasks entrusted to them by the National Joint-Trade Organization.

TITLE II

ESTABLISHMENT, COMPOSITION AND TASKS OF THE NATIONAL JOINT-TRADE TABLE WINE ORGANIZATION.

Article 4

1. The Member State on whose territory it is established shall recognize a National Joint-Trade Table Wine Association which:
 - (a) is made up of the recognised Regional Joint-Trade Committees or, in their absence and for a period of three years from the entry into force of this Regulation, of the national organizations which represent the sectors concerned;
 - (b) represents at least 50% of the producers, processors and traders in the Member State concerned and covers at least half of the production, processing and trade in table wines produced there;
 - (c) does not itself engage in the production, processing or marketing of table wines;
 - (d) has a statute including the following:
 - the obligation to implement decisions taken by the EJTTWO;
 - rules concerning joining and withdrawing from the National Joint-Trade Organization;
 - the right to join for any Regional Joint-Trade Table Wine Committee recognized by the Member State concerned or, in their absence, for organizations as referred to in (a), which fulfil the conditions laid down in the statute;
 - a system of finance by members' contributions.

Article 5

The National Joint-Trade Organization shall in particular carry out the following tasks:

- (a) Set up the systems provided for in Article 3(a) and (b) and coordinate the activities of the Regional Joint-Trade Committees;
- (b) Set up a system for assessing table wines by means of organoleptic tests in those wine-growing areas where Regional Joint-Trade Table

Wine Committees have not yet been recognized;

- (c) Organize competitions for assessing the quality of table wines produced in the Member State concerned;
- (d) Assist in organizing seminars for training anti-fraud officials with a view to uniform application of Community rules;
- (e) Draw up recommendations for the Commission on:
 - the extent of the areas suitable for wine growing,
 - revision of the rules on the classification of vine varieties,
 - the vine varieties whose cultivation should be encouraged;
- (f) Inform the EJTWO of its recommendations made pursuant to (e) above.

Article 6

1. The Member State concerned shall withdraw recognition:
 - of Regional Joint-Trade Table Wine Committees which no longer fulfil the conditions laid down in Title I;
 - of a National Joint-Trade Table Wine Organization which no longer fulfils the conditions laid down in Title II.
2. It shall at once inform the Commission of its decision .

TITLE III

ESTABLISHMENT, COMPOSITION AND TASKS OF THE EUROPEAN JOINT-TRADE TABLE
WINE ORGANISATION

Article 7

1. The Commission shall recognize as the European Joint-Trade Table Wine Organization an organization which:
 - (a) is made up:
 - as regards the producer Member States, of the National Joint-Trade Organizations referred to in Article 4 or, in their absence and for a period of three years from the date of entry into force of this Regulation, of the national trade organizations which represent the sectors concerned;
 - as regards the non-producer Member States, of the national organizations of table wine processors and traders;
 - as regards the Member States with no production or processing, of the national table wine traders' organizations;
 - (b) has a statute including the following:
 - the authority to take, in carrying out its tasks, decisions which are binding its members;
 - a system of finance by members' contributions.
2. The EJTWO shall put before the Commission its statute and any information and supporting documents that the Commission may request. It shall also, advise the Commission of any alterations to the statute made after recognition has been granted.
3. Recognition of the EJTWO shall be withdrawn automatically or on request by any interested party if the conditions laid down by this Regulation are no longer fulfilled or if recognition is based on inexact statements.
4. The EJTWO shall not itself engage in the production, processing or marketing of table wines.

Article 8

The EJTWO shall carry out the following tasks:

- (a) Forecast the possible outlets for table wines;
- (b) Set up and operate a rapid and reliable data system to provide:
 - short- and medium-term market forecasts,
 - quotations of table wine prices on the representative markets;
- (c) Make recommendations to the Commission in respect of the application of Articles 5b and 7b of Regulation (EEC) No 816/70;
- (d) Draw up recommendations for setting up a Community system for the tasting of table wines;
- (e) Organize table wine competitions at Community level;
- (f) Propose subjects for research.

Article 9

1. If the EJTWO represents at least 80 % of producers, processors and traders a decision may be taken in accordance with the procedure laid down in Article 7 of Regulation No 24 to make the data system referred to in Article 8 (b) mandatory for all table wine producers, processors and traders in the Community.

2. Member States shall take all necessary measures:

- to ensure compliance with the provisions laid down pursuant to paragraph 1;
- to penalize any infringement of those provisions.

They shall at once communicate these measures to the Commission.

3. Where paragraph 1 is applied, a decision may be taken in accordance with the procedure referred to in that paragraph to the effect that the table wine producers, processors and traders not represented within the EJTWO are liable to pay to that organization all or part of the membership fees paid by the members, in so far as such fees are intended to cover the costs resulting from application of the system to in Article 8(b).

TITLE IV

PROCEDURE OF THE EUROPEAN JOINT-TRADE TABLE WINE ORGANIZATION

Article 10

1. The organs of the EJTWO shall be:

- the Steering Committee
- the executive bureau

The Steering Committee shall be made up of a representative of table wine producers, processors and traders from _____ the National Joint-Trade Organization or, in absence of such an organization, of a representative of each of the national trade organizations of producers, processors and traders.

2. The Steering Committee shall appoint the executive bureau and draw up its statute and rules of procedure.

3. A Commission representative shall take part in the proceedings of the EJTWO. He may insist that the Commission obtain the opinion of the Advisory Committee on Wine on certain matters before decisions are reached.

Article 11

1. Within the Steering Committee voting shall be as follows:

- Germany: 2 votes
- France: 5 votes
- Italy: 5 votes
- Netherlands: 1 vote
- Belgium: 1 vote
- Luxembourg: 1 vote
- United Kingdom: 1 vote
- Ireland: 1 vote
- Denmark: 1 vote

2. Decisions of the EJTWO shall be taken by a qualified majority of 11 votes.

TITLE V - GENERAL FINANCIAL PROVISIONS

Article 12

The set of measures laid down by this Regulation shall constitute a common measure within the meaning of Article 6(1) of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy.

Article 13

1. The period for carrying out the common measures shall be 10 years.
2. The estimated total cost to the EAGGF of the common measures amounts to 4 million units of account over the first five years.

Article 14

1. The Guidance Section of the EAGGF shall grant launching aid to the EJTTWO for the five years following its recognition. The amount of this launching aid shall not exceed:
 - 40% of the administrative expenses during the first three years;
 - 30% of the administrative expenses in the fourth year;
 - 20% of the administrative expenses in the fifth year.
2. A decision may be taken that the Guidance Section of the EAGGF should bear 50% of the expenditure on:
 - organizing the competitions referred to in Article 8(e);
 - carrying out the studies within the framework of the tasks referred to in Article 5(e).
3. The expenses to be considered as administrative costs and the rules for the application of paragraph 1 shall be defined in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70.

Article 15

1. The EJTTWO shall present a report on its activities to the Commission each year.
2. On the basis of this report in particular, the Commission shall consider, whether, in view of the changing situation and the experience gained, the provisions of this Regulation should be amended or expanded.

3. The Commission shall submit a report on these various matters to the European Parliament and to the Council on 31 December 1981 at the latest.

Article 16

Detailed rules for the application of this Regulation shall be drawn up in accordance with the procedure laid down in Article 7 of Regulation No 24.

Article 17

This Regulation shall not prejudice the right of Member States to adopt aid measures in the field covered by this Regulation, provided that these measures are taken in accordance with the provisions of Articles 92 to 94 of the Treaty.

Article 18

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

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

Done at

For the Council

The President

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FINANCIAL STATEMENT

1. WHICH HAS BEEN CHOSEN: NEW LINE TO BE CREATED

2. OBJECT: PROPOSED COUNCIL REGULATION RELATING TO THE CREATION OF AN EUROPEAN INTERPROFESSIONAL ORGANISATION FOR TABLE WINE

3. LEGAL BASIS: ARTICLE 6 (1) REGULATION 729/70

4. OBJECTIVES: TO COORDINATE NATIONAL INTERPROFESSIONAL BODIES FOR TABLE WINE AT A COMMUNITY LEVEL, AND TO PROVIDE A RAPID AND REGULAR MARKET INFORMATION SYSTEM

FINANCIAL CONSEQUENCES	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (78)	FOLLOWING FINANCIAL YEAR (79)
5.0 EXPENDITURE			
- CHARGED TO THE EC BUDGET (LEAVES/INTERVENTIONS)		-	0,17 MUCE
- CHARGED TO NATIONAL AUTHORITIES		-	-
- CHARGED TO OTHER NATIONAL GROUPS		0,39 MUCE	0,39 MUCE
5.1 RECEIPTS			
- ON RESOURCES OF THE EC (LEAVES/CUSTOMS DUTIES)			
- NATIONAL			

	YEAR ... 1979	YEAR ... 1980	YEAR ... 1981
5.0.1 FINANCIAL PATTERNS OF EXPENDITURE	0,174	0,174	0,174 MUCE
5.1.1 FINANCIAL PATTERNS OF RECEIPTS	-	-	-

5.2 METHOD OF CALCULATION

SEE ANNEX

6.0 FINANCING POSSIBLE WITH CREDITS ALLOCATED IN RELEVANT CHAPTER OF CURRENT BUDGET ?	YES/NO
6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ?	YES/NO
6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ?	YES/NO
6.3 CREDITS TO BE WITHIN THE FUTURE BUDGETS ?	YES/NO

COMMENTS :

ANNEX

METHOD OF CALCULATION OF COSTS.

1. STAFF AND OFFICES

A. STAFF.

It is probable that the staff would consist of :

- 2 Administrators
- 2 Secretaries
- 1 Telephonist/Clerk.

Taking salary, pension, O.N.S.S., and holiday pay into consideration the annual cost is estimated at : 6,500.000 B.fr.

B. OFFICES

The annual rental of a 300 sq. metre office in Brussels, including heating, water, electricity and cleaning is estimated at 1,000.000 B.fr.

C. GENERAL OFFICE EXPENSES.

These would include stationary, telephone, telex, postage etc.
Annual cost : 500.000 B.fr.

D. TOTAL ANNUAL COST OF STAFF AND OFFICES.

8,000.000 B.fr.

This does not include an allowance for translation expenses, nor does it include the cost of office furniture.

2. MEETINGS

There could be up to 20 meetings per year, and as delegate expenses would be paid by the national bodies, these costs would be limited to those for the meeting room and for interpretation.

The annual cost is estimated at 2,000.000 B.fr.

3. Studies and Wine Quality Contests

It is estimated that the annual cost of studies would be approximately 3.000.000 BFR and the total annual cost of the table wine quality contests would be 3.000.000 BFR.

4. Total Annual Cost of O.I.E.V.T.

- Staff and Offices : 8.000.000 BFR
 - Meetings : 2.000.000 BFR
 - Studies : 3.000.000 BFR
 - Competition : 3.000.000 BFR
- Total cost : 16.000.000 BFR**

5. Cost to the Guidance Section of EAGGF

Year	Running Costs			Studies and Competition			Annual cost to EAGGF	
	Total BFR	Rate	Cost to FEOGA BFR	Total BFR	Rate	Cost to FEOGA BFR	BFR	MUCE
1	10.000.000	40 %	-	6.000.000	50 %	-	-	-
2	10.000.000	40 %	4.000.000	6.000.000	50 %	3.000.000	7.000.000	0,174
3	10.000.000	40 %	4.000.000	6.000.000	50 %	3.000.000	7.000.000	0,174
4	10.000.000	30 %	4.000.000	6.000.000	50 %	3.000.000	7.000.000	0,174
5	10.000.000	20 %	3.000.000	6.000.000	50 %	3.000.000	6.000.000	0,149
6	-	-	2.000.000	-	-	3.000.000	5.000.000	0,124
Total cost to EAGGF							32.000.000	0,795

COUNCIL REGULATION (EEC) No /78
of
amending Regulation (EEC) No 816/70
laying down additional provisions
for the common organization of the
market in wine

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Having regard to the Opinion of the Economic and Social Committee,

Whereas experience has shown that certain provisions of Council Regulation (EEC) No 816/70 of 28 April 1970 laying down additional provisions for the common organization of the market in wine¹, as last amended by Regulation (EEC) No 2560/77², need to be amended;

Whereas Council Regulation (EEC No 1162/76 of 17 May 1976 on measures designed to adjust wine-growing potential to market requirements³, as last amended by Regulation (EEC) No 3140/76⁴, provides that the measures necessary to ensure that wine-growing potential is adjusted to market requirements are to be adopted by 1 October 1978; whereas it will be several years before these measures can have the desired effect; whereas, meanwhile, certain measures concerning the intervention system and incentives for the formation and functioning of producer groups should therefore be adopted for a transitional period of four wine years in order to contribute effectively to the reorganization of the market;

Whereas experience has shown that the system of private storage aid sometimes fails to restore price level, when the market in table wines is out of balance; whereas, to remedy this situation and enable producers to be assured of a fair income, a rise in market prices is better stimulated by blocking some of these wines in the producers' cellars, either throughout the Community, or in a region where the drop in prices has been considerable, than by resorting to distillation at a price unfavourable to the producer;

(1) OJ No L 99, 5.5.1970, p. 1 (3) OJ No L 135, 24.5.1976, p. 32
(2) OJ No L 303, 28.11.1977, p. 1 (4) OJ No L 354, 24.12.1976, p. 4

Whereas, whenever this provision is introduced, the seriousness of the situation should be assessed before the period of blockage necessary to restore market stability is fixed; whereas a maximum period of six months appears in any case sufficient to achieve this aim;

Whereas, in order to strengthen the competitive position of producers, the formation and functioning of producer groups within the meaning of Regulation (EEC) No ⁵ should be encouraged; whereas financial advantages should be granted as part of the regular intervention measures to producer groups undertaking to observe certain conditions to maintain the quality of their table wines;

Whereas it is particularly necessary to stimulate the formation of groups which can ensure that certain quality standards for table wines are maintained for five years; whereas it is therefore necessary to derogate from Regulation (EEC) No by granting launching aid during this period of five years at higher levels than those laid down in that Regulation;

Whereas, in order to take into account a surplus situation in which there is a sharp fall in prices, it is essential to strengthen the mechanisms for managing the market in table wines by introducing for each type of table wine a floor price below which no wine may be sold except for delivery to distilleries; whereas the floor price should be fixed at a level at which the marketing of these wines is of little interest to producers and distilling should be permitted at a price equal to the floor price; whereas, since the cost of transport should be taken into consideration, these costs should be deducted from the floor price;

Whereas, in order to help keep table wine prices above the activating price on a lasting basis and to provide steady outlets for table wine production, provision should be made for granting to commercial undertakings aid towards the payment of interest on bank loans provided for the purchase of table wines and the ingredients thereof, provided these undertakings conclude supply contracts for at least three years with producers and pay not less than the activating price for the product covered by the contract;

Whereas, with a view to encouraging better quality, the minimum alcoholic strength qualifying certain types of table wine for certain intervention measures should be increased;

Whereas this opportunity should be taken to clarify certain provisions of Regulation (EEC) No 816/70;

HAS ADOPTED THIS REGULATION:

Article 1

The following Article is added to Regulation (EEC) No 816/70:

"Article 5b

1. If, during the period from the start of the 1978/79 wine year to the end of the 1981/82 wine year,

(a) measures adopted under Article 5(2) and (3) prove inadequate to restore prices, and

(b) the forward estimate indicates that in all or part of the Community supplies are out of balance with possible outlets, for example because of an exceptionally abundant harvest,

a decision may be taken, in particular at the request of a regional joint-trade committee or a national organisation for table wine, to block part of the supplies of a type of table wine at the production stage.

2. The duration of the blockage shall be fixed when the decision referred to in paragraph 1 is taken. This period may be extended in the light of the market situation. It may not in any case exceed six consecutive months. The blockage shall be applicable to the whole Community, but may be limited to regions where prices have fallen particularly sharply.

3. The quantity blocked shall not be less than 30% and not more than 50% of the availabilities of table wine of the type in question at the production stage in the production area concerned.

The quantity of table wine in respect of which a long-term storage contract referred to in Article 5(4) has been concluded, or has been applied for, shall be deducted from the quantity of wine blocked in a producer's cellars under a decision referred to in paragraph 1.

4. During the period of blockage producers shall receive aid at a fixed rate, corresponding to the technical cost of storage and interest for the quantities of table

wine blocked in their cellars.

5. In the event of Article 5(2) and (3) being applied, short-term contracts may no longer be entered into for a type of table wine for as long as blockage arrangements for that type of table wine are in force.

Wines which are covered by a short-term storage contract when a blockage decision is taken shall be subject to the arrangements set out in this Article, unless the producer concerned undertakes to enter into a long-term storage contract in respect of those wines.

6. Decisions to impose and to lift a blockage, and the detailed rules for the application of this Article, shall be adopted in accordance with the procedure laid down in Article 7 of Regulation No 24".

Article 2

1. The second subparagraph of Article 6(4) of Regulation (EEC) No 816/70 is amended as follows:

"However, for long-term storage contracts, the amount thus determined may, in order to take account of the risks inherent in such contracts, be increased:

(a) until 31 August 1982, by a maximum of 30% where such contracts are concluded by producer groups or associations thereof recognised under Regulation (EEC) No /78, which undertake to deliver for preventive distillation as provided for in Article 6b(1) of this Regulation

- all table wine with an actual alcoholic strength of less than 10% vol. produced by their members
- all the wine suitable for yielding table wine which has been produced by their members and whose actual alcoholic strength cannot be increased to this level,

(b) by a maximum of 20% in all other cases.

In years when the weather has been exceptionally poor and when supplies on the market in table wine justify such a step, the actual alcoholic strength of 10% vol. specified at (a) of the preceding subparagraph may be reduced as far as 9% vol. in accordance with the procedure laid down in Article 7 of Regulation No 24".

question at a price below the floor price, except for deliveries to distillation. When making its proposal the Commission shall take into account the recommendation of the European Joint-Trade Table Wines Organization referred to in Article of Regulation (EEC) No

3. The prohibition on sales referred to in paragraph 2 shall bring into application measures allowing the table wine in question to be delivered for distillation at the floor price.

4. The Council, acting on a proposal from the Commission in accordance with the procedure referred to in paragraph 2, shall adopt general rules concerning the distillation referred to in paragraph 1, and in particular:

- the conditions under which distillation may take place,
- the criteria for fixing the amount of aid in such a way as to permit disposal of the products obtained.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 7 of Regulation No 24".

Article 4

The following Article is added to Regulation (EEC) No 816/70:

"Article 7a

1. If, during the 1978/79, 1979/80, 1980/81 and 1981/82 wine years, the preventive distillation referred to in Article 6b is decided upon, aid towards the payment of interest on bank loans may be granted to commercial wine undertakings in respect of loans provided for the purchase of table wines, grapes, grape must and wines intended to be turned into table wines, provided these undertakings undertake to conclude purchase contracts with producers or groups thereof for at least three years at not less than the activating price for the table wine covered by the contract.

This aid shall be granted only:

- for loans relating to the quantity of products covered by the contract referred to in the first subparagraph and whose term does not exceed the term of that contract

if the rate actually paid by the undertaking is not less than 5%.

2. The aid may not exceed:

- 4% in the case of a loan for the purchase of table wines designated pursuant to Article 30(2) and (3), and meeting certain production conditions laid down by the producing Member State,
- 3% in the case of a loan for the purchase of another table wine or of a product intended to be turned into a table wine.

The maximum rates of aid referred to in the preceding subparagraph may be increased by 1% for loans granted in Member States where the interest actually paid by the commercial undertakings exceeds 15%.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 7 of Regulation No 24".

Article 5

The following Article is added to Regulation (EEC) No 816/70:

"Article 32a

1. By way of derogation from Article 10 of Regulation (EEC) No _____ concerning producer groups and associations thereof, Member States may, for a period of five years beginning _____, grant producer groups or associations:

- recognized in the table wine sector pursuant to Regulation (EEC) No _____ (proposal on producer groups and associations thereof); and
- which can guarantee that for a period of at least five years, 50% of the production marketed pursuant to the provisions of Article 6(c) of that Regulation will meet the quality criteria adopted by the Member State in accordance with Article 30(2) and (3) of this Regulation;

aid designed to encourage their formation and functioning in the five years following recognition.

2. Aid granted under paragraph 1 to recognized producer groups in the first, second, third, fourth and fifth years respectively:

- shall be not less than 2.5%, 2%, 1.5%, 1% and
- shall not exceed 5%, 4%, 3%, 2% and 1% of the value of production to which the recognition relates and which is placed on the market.

3. The amount of the aid for associations provided for under paragraph ;
- shall, in the first, second, third, fourth and fifth years not exceed 80%, 60%, 40%, 20% and 10%, respectively, of the actual cost of the formation and functioning thereof, and
 - shall in no case exceed a total of (125 000 u.a.) per association".

Article 6

Regulation (EEC) No 816/70 is amended as follows:

1. Article 4a(2) is amended as follows:

"2. With the exception of types R III, A II and A III, table wines with an actual alcoholic strength of 10% vol. or less shall be excluded from all intervention measures apart from that referred to in Article 6b and Article 6d".

2. The first indent of Article 22(2) is amended as follows:

"- before 1 January, in wine-growing zones C Ia, C Ib, C II and C III,".

3. Article 24(2) is amended as follows:

"2. With the exception of the producers referred to in paragraph 5 and except by way of derogation decided by the Council, acting by a qualified majority on a proposal from the Commission, any natural or legal person or group of such persons who produces:

- grape must or concentrated grape must from fresh grapes,
- wine from fresh grapes, grape must in fermentation or new wine still in fermentation,

shall be required to distil the wine lees and grape marc which result from the process or, failing that, a corresponding quantity of wine from his own harvest".

4. Article 26a(2)(d) applicable from 1 September 1978, is amended as follows:

"(d) 400 milligrams per litre for wines qualifying for the descriptions "Beerenauslese", "Ausbruch", "Ausbruchwein" and "Trockenbeerenauslese" in accordance with Community provisions, and quality white wines p.s.r. qualifying for the registered designations of origin Sauternes, Barsac, Cadillac, Cerons, Loupiac, Sainte-Croix-du-Mont, Monbazillac, Bonnezeaux, Quarts de Chaume, Coteaux du Layon, Coteaux de l'Aubance, Graves Supérieures, Jurançon".

5. The third indent of point 10 of Annex II is amended as follows:

"- has, following application, if any, of the processes specified in Article 19, an actual alcoholic strength of not less than 8.5% vol. provided that it derives exclusively from grapes harvested in wine-growing zones A and B, and not less than 9.5% vol. in other wine-growing zones, and a total alcoholic strength of not more than 15% vol."

6. Point 2 of Annex II is amended as follows:

"2. Grape must: the liquid product obtained naturally or by physical processes from fresh grapes with an actual alcoholic strength of not more than 1 vol.-%".

7. The introduction to paragraph 2 of Annex IIa is amended as follows:

"2. Processes and oenological practices which may be applied to partially fermented grape must intended as such for direct human consumption, wine suitable for yielding table wine, table wine, sparkling wine and quality wine p.s.r."

Article 7

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

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

Done at Brussels,

For the Council
The President

FINANCIAL STATEMENT

DATE : 9.2.1978

1. Number of relevant budget entry: Article 691 (intervention in respect of wine)

2. Title of project: Draft Council Regulation amending Regulation (EEC) No 816/70

3. LEGAL BASIS : Article 43 of the Treaty

4. Aims: Improvement of the provisions of Regulation No 816/70 for rationalizing the market in wine.

5. FINANCIAL Implications	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR (78)	FOLLOWING FINANCIAL YEAR (79)
5.0 EXPENDITURE			
-CHANGED TO THE EC BUDGET (COMMON INTERVENTIONS)	15 million u.a.	-	15 million u.a.
-CHANGED TO NATIONAL ADMINISTR.	Extreme range :		
-CHANGED TO OTHER NATIONAL GROUPS	0 - 126 million u.a. (1)		
5.1 RECEIPTS			
-OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
-NATIONAL			

	1980	1981	1982
5.0.1 of expenditure -	15 million u.a.	15 million u.a.	15 million u.a.
5.1.1 xxxxxxx	Extreme range : 0 - 126 million u.a. (1)		

5.2 METHOD OF CALCULATION	Year of average production	Year of high production
Article 1(blocking)	-	41 million u.a. ²
Article 2(long-term storage)	1 million u.a.	1 million u.a.
(preventive distillation)	-	12 million u.a. ³
Article 3(distillation Article 7b)	-	18 million u.a.
Article 4(aid towards interest payment)	14 million u.a.	14 million u.a. ⁴

(condt. page 2)

6.0 ~~Can the project be financed from appropriations entered in the relevant chapter of current budget?~~ ~~YES/NO~~

6.1 ~~FINANCED BY OTHER BUDGET CHAPTERS OF CURRENT BUDGET?~~ ~~YES/NO~~

6.2 ~~NECESSARY TO A SUPPLEMENTARY BUDGET?~~ ~~YES/NO~~

6.3 Appropriations to be entered in future budgets? YES/NO

COMMENTS : 1. The amount of 15 million u.a. corresponds to a normal harvest. This amount will become "zero" in the case of a poor harvest and may be of the order of 126 million u.a. in the case of an exceptionally heavy harvest.
 2. If the article is applied up to the maximum (50% of supplies blocked for 6 months), this sum could in theory total 81 million u.a.
 3. A situation in which this Article would apply has never arisen since the introduction of the COM, such expenditure would therefore occur only under extreme circumstances.
 4. Based on the hypothesis that 25% of table wine deliveries are made under delivery contracts.

5.2. Method of calculation

Expenditure under Article 1

60 million hl blocked for 3 months
at 0.0075 u.a./hl/day = 41 million u.a.

Article 2

(a) 4 million hl stored for 9 months
at a rate 10% above normal
(.009 u.a./hl/day x 0.1) = 1 million u.a.

(b) 2 million hl of wine at 7.5°
distilled at 0.8 u.a./hl/° = 12 million u.a.

Article 3

2 million hl of wine at 10° distilled
at 0.91 u.a./°/hl = 18 million u.a.

Article 4

2¹/₂ million hl x 20 u.a./hl = 500 million u.a.
80% financed by appropriations; 3.5% aid = 14 million u.a.