



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.07.1996
COM(96)368 final

Proposal for a

COUNCIL REGULATION (EC)

**amending Regulation (EEC) No 2046/89 laying down general rules
for distillation operations involving wine and the by-products of winemaking**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The purpose of this Regulation is to:

1. make permanent the provision whereby associations of winegrowers' cooperatives can be treated as producers for the purposes of distillation covered by Article 1 of Regulation (EEC) No 2046/89. Experience since 1990 has shown that this can simplify administrative procedures without reducing the effectiveness of the distillation measures. Under the provisions in force the Council has always renewed the provision for each wine year as part of the prices package;
2. enable distillers to cover themselves in part against the risk of recovery following retrospective verification of their aid applications. Under Article 22 of Regulation (EEC) No 2046/89 aid unduly paid can be recovered only from the distiller. Checks sometimes reveal errors or imprecisions on the part of vintagers or vinifiers. To prevent the entire burden being borne by the distiller in such cases it should be possible for the security, normally given by the distiller, to be lodged with assistance from the producer or vinifier who delivered the raw material to be distilled, provided that he has received the minimum price for his delivery;
3. authorise distillers under certain conditions to receive the differentiated prices. Member States can choose between applying the standard price and the differentiated prices for payment for alcohol delivered to intervention under Article 35(6) of Regulation (EEC) No 822/87. Some however automatically apply the standard price although the possibility exists of applying in some regions prices for the alcohol delivered to the intervention agency that are differentiated according to the raw material used.

To eliminate any discrimination between distillers in the same production region of a Member State it should therefore be specified that where the standard price is selected for administrative or accounting reasons the intervention agency is to apply the differentiated prices in line with the by-product volumes distilled in the case of distillers who exceed a certain percentage of one of the by-products distilled.

Proposal for a
Council Regulation (EC) No
of
amending Regulation (EEC) No 2046/89 laying down general rules
for distillation operations involving wine and the by-products of winemaking

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 822/87 of 16 March 1987 on the common organization of the market in wine¹, as last amended by Regulation (EC) No 1544/95², and in particular Articles 35(7), 36(5), 38(4), 39(8), 41(8) and 42(4) thereof,

Having regard to the proposal from the Commission³,

Whereas under Article 2(3) of Council Regulation (EEC) No 2046/89⁴, as last amended by Regulation (EEC) No 1546/95⁵, Member States may treat associations of winegrowers' cooperatives as producers for the purposes of compulsory distillation; whereas paragraph 4 of the said Article requires the Commission to submit a report on this matter; whereas in the light of the report this possibility should be made permanent;

Whereas for operational effectiveness Member States should no longer be able to choose to apply the standard prices only but distillers should be allowed subject to certain conditions to benefit from variations in the alcohol selling price according to raw material distilled;

Whereas retrospective checks on aid applications from distillers sometimes bring to light errors or imprecisions on the part of the harvesters of the grapes or producers of the wine; whereas the liabilities arising therefrom should therefore be assumed by these; whereas to this end it should be possible for the security to be financed in part by the wine producer,

¹ OJ No L 84, 27.3.1987, p.1.

² OJ No L 148, 30.6.1995, p.31.

³ OJ No C

⁴ OJ No L 202, 14.7.1989, p.14.

⁵ OJ No L 148, 30.6.1995, p.34.

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 2046/89 is hereby amended as follows:

1. Article 2(4) is deleted.
2. The following subparagraph is added after the first subparagraph of Article 4(2):
"Contracts shall contain a clause whereby the producer assumes liability to the distiller for errors and omissions in the information he has transmitted to him that fall within his responsibility."
3. The following sentence is added to the first subparagraph of Article 8(1):
"The security may be partly financed by the producer."
4. The last subparagraph of Article 18(3) is replaced by:
"Member States
 - may decide to apply differentiated prices if application of the standard price would or could make it impossible in certain regions to have one or more winemaking by-products distilled
 - must in all cases grant them to distillers who in the course of a wine year have distilled one or other raw material to a percentage exceeding 60% of their total distillation."

Article 2

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

It shall apply from 1 September 1996.

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

Done at

For the Council

REPORT

Subject: Treatment of associations of winegrowers' cooperatives as producers for the purposes of distillation operations

1. Council Regulation (EEC) No 2046/89 sets general rules for distillation of wine and by-products of winemaking. It provides that for a limited period Member States could authorise these associations to replace their member cooperatives for the purposes of conclusion of contracts, delivery of wine to distillers and exercise and discharge of each cooperative's rights and obligations under Community rules.

The purpose was to facilitate handling of the conclusion of contracts and actual delivery of wine for the distillation specified.

Under Article 2(4) of that Regulation the Commission submits the report in question with the national provisions adopted by certain Member States and a proposal to make the option a permanent one.

2. Italy is the only Member State that has taken up the option. She has informed us that only two associations of cooperatives have been granted the status in question. These associations sent the following quantities of table wine for Community distillation:

Compulsory distillation 1992/93:	723 233 hl
" " 1993/94:	1 341 922 hl
Preventive distillation 1994/95:	659 214 hl
" " 1995/96:	137 220 hl

These represented the following proportions of total volume distilled:

('000 hl)

Country: Italy	Article 38 ¹				Article 39 ¹			
	Total volume distilled		"AWGC" distillation as % of total volume		Total volume distilled		"AWGC" distillation as % of total volume	
	EC	Italy	EC	Italy	EC	Italy	EC	Italy
1992/1993	16 464	7 046	-	-	8 492	4 702	8.5	15.4
1993/1994	9 667	4 415	-	-	6 854	5 598	19.6	22.5
1994/1995	5 658	3 304	11.5	19.9	-	-	-	-
1995/1996	1 898	800 ²	7.2	17.1	-	-	-	-

Recognition of associations as producers has been granted each year by the authorities on the basis of Ministerial Decree No 451 of 15 June 1989 (see Annex).

This has enabled Italy to concentrate supply from different cooperatives and at the same time reduce the administrative documentation needed to manage the Community measures and has enabled the associations to adjust supply more effectively to market requirements by targeting towards one or other distillation wine that at a given moment presented major disposal difficulties compared with other types of table wine available.

The Commission, given the positive experience described above for the Community and for Italy, suggests to the Council that the provision be made permanent.

¹ Reg. (EEC) No 822/87.

² Volume of wine for preventive distillation on basis of contracts subscribed.

FINANCIAL STATEMENT

DATE: 20.6.96

1. BUDGET HEADING: B1 - 1611 and 1612 APPROPRIATIONS: ECU 312 m and 68 m

2. TITLE:
 Proposal for a Council Regulation amending Regulation (EEC) No 2046/89 laying down general rules for distillation operations involving wine and the by-products of winemaking

3. LEGAL BASIS: Regulation (EEC) No 2046/89

4. AIMS OF PROJECT:
 (a) Make permanent the provision whereby associations of winegrowers' cooperatives can be treated as producers for the purposes of distillation measures
 (b) Allow the security given by the distiller to be financed in part by the producer or vinifier
 (c) Make it possible for intervention agencies to apply prices differentiated according to the by-products distilled.

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (96)	FOLLOWING FINANCIAL YEAR (97)	
	million ecu	million ecu	million ecu	
5.0. EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL ADMINISTRATION - OTHER	-	-	-	
5.1. REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	-	-	-	
	1998	1999	2000	2001
5.0.1. ESTIMATED EXPENDITURE	-	-	-	-
5.1.1. ESTIMATED REVENUE	-	-	-	-

5.2. METHOD OF CALCULATION:

- 6.0. CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? YES
- 6.1. CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? YES
- 6.2. IS A SUPPLEMENTARY BUDGET NECESSARY? NO
- 6.3. WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY? NO

OBSERVATIONS: No financial implications

7

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DOCUMENTS

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