

COMMISSION OF THE EUROPEAN COMMUNITIES

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PROPOSAL FOR A COUNCIL REGULATION (EEC)
LAYING DOWN GENERAL RULES FOR THE APPLICATION
OF THE MINIMUM PRICE FOR TABLE WINE

(presented by the Commission to the Council)



EXPLANATORY MEMORANDUM

On 18 February 1980 the Council added a provision to the basic wine Regulation whereby a minimum price may be fixed when the market price for table wines falls below a certain level, together with enforcement measures; the provision also makes it possible to restrict marketing of the type of table wine in question. The provision states that, if the Council decides to fix a minimum price, it shall at the same time authorize distillation of the wine in question at the same minimum price level.

This provision which is applicable until 30 June 1984, when the structural measures for establishing a balance on the market should have had their effect; however, general rules are necessary for its implementation.

The regulation now proposed lays down the rules for the application of these provisions of Article 15a of Regulation (EEC) No 337/79. It provides for the following :

- exemption from the obligation to observe the minimum price for wines for export and for wines covered by a contract of sale concluded before the minimum price was fixed,
- the obligation to register delivery contracts for wine of the type for which a minimum price has been fixed during the period of application of this price,
- the withholding of the accompanying document for consignments of wine where the contract shows that they do not observe the minimum price,
- the rules for distillation and fixing EAGGF contributions towards intervention agencies expenditure on taking in the alcohol so obtained,
- the criteria for ceasing to apply the minimum price and the rights and obligations attaching to it.

PROPOSAL FOR A
COUNCIL REGULATION (EEC)

laying down general rules for the application of
the minimum price for table wine

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 337/79 of 5 February 1979 on the common organization of the market in wine¹, as last amended by Regulation (EEC) No 459/80², and in particular Article 15a (4) thereof,

Whereas general rules should be laid down for application of the minimum price introduced by Article 15a of Regulation (EEC) No 337/79;

Whereas exports of wine help to reduce market surpluses of table wine; whereas, so as to avoid hindering exports, the minimum price obligation should not be applied to wines for export;

Whereas, in providing for adjustment of the minimum price for certain regions referred to in paragraph 1 of the said Article 15a, it is essential to take account of the regions which are furthest from the main consumer areas; whereas in calculating that adjustment account must be taken of the cost of bringing wines from the furthest regions to the same marketing stage as wines from other regions;

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¹OJ No L 54, 5.3.1979, p. 1
²OJ No L 57, 29.2.1980, p. 32

Whereas provision must be made for checks to ensure observance of the minimum price; whereas, to this end, a system should be introduced for registering contracts concluded when the wines are first placed on the market;

Whereas the conclusion of short-term storage contracts for table wine during the period when the minimum price is applicable reduces pressure on the market; whereas that operation should accordingly be encouraged by providing that, as soon as the minimum price ceases to apply, holders of such contracts may withdraw from them without losing their entitlement to aid;

Whereas the Council may decide to restrict marketing of the type of table wine in question where it does not reach the minimum price; whereas it should be made clear what constitutes marketing and what marketing stage the price to be taken into account relates to; whereas, in order to ensure observance of such a restriction, it should be provided that accompanying documents may be issued only in respect of consignments which observe the minimum price;

Whereas the restriction on marketing applies only to consignments which are traded after the date when the Regulation fixing the minimum price enters into force; whereas, in order to prevent abuse it is essential to provide that exemption from the observance of this restriction should be subject to provision of proof that the contract for the consignment in question was made before the date in question;

Whereas it should be stipulated that producers who intend to deliver wine for distillation as referred to in Article 15a of Regulation (EEC) No 337/79 should conclude contracts with distillers and submit them for approval to the intervention agency, so that the distillation operation and the observance of the obligations to which the two parties are subject may be checked; whereas this will also enable a clearer picture to be obtained of the effect of the distillation operations on the quantity available on the market; whereas, if a producer intends to distil his own wine or to have it distilled for him, the contract may be replaced by a declaration permitting equally effective checking;

Whereas, to enable intervention agencies to approve contracts and to check distillation operations the parties concerned must place certain information at the intervention agencies' disposal;

Whereas it should be laid down that the minimum price guaranteed to the producer should be paid to him within time limits comparable to those which are usual in commercial transactions;

Whereas a tolerance must be allowed for the quantity of wine stated in the delivery contracts; whereas experience suggests that this tolerance should be fixed at 10 %;

Whereas the respective obligations of the distillers and the intervention agencies as regards the buying-in of the product obtained by distillation should also be determined;

Whereas, having regard to the fixed price payable to the producer by the distiller, provision must be made to ensure that intervention agencies purchase the vinous alcohol resulting from distillation at a price which takes account of the cost of processing the table wine in question;

Whereas, in the absence of an organization of the market in ethyl alcohol at Community level, the intervention agencies responsible for marketing the vinous alcohol may be obliged to dispose of it at a price lower than the buying-in price; whereas provision should be made, in these circumstances, for the difference between the buying-in price and the selling price of the said alcohol to be covered, ^{subject} to a maximum figure, by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, the contribution by the Fund, however, not to exceed the said difference;

Whereas before application of the minimum price can be terminated the representative price needs to have risen high enough to eliminate any serious difficulty on the market; whereas, so as to ensure that the increase in the representative price is not a temporary phenomenon, a sufficiently long reference period should be provided for;

HAS ADOPTED THIS REGULATION :

Article 1

1. The minimum price for table wine of a given type, as fixed by the Council pursuant to Article 15a of Regulation (EEC) No 337/79, must be observed for all wines of that type, with the exception of those intended for export.
2. The said minimum price shall be reduced by 0.22 ECU per % vol per hectolitre for wines produced in zone C III, with the exception of the part of that zone lying within continental France.

Article 2

1. With effect from the date of entry into force of the minimum price for table wines of a given type, all contracts for delivery of wine of that type, or of a wine in close economic relationship with that type, made between a producer or producers' association and a purchaser other than a retailer or a private consumer shall be registered by the agencies designated for this purpose by each producer Member State. For this purpose, producers shall submit a copy of the contract to the agency.

During the period for which the minimum price applies, no accompanying document may be issued for the consignment in question until the expiry of seven days from submission of the contract and then only if the agency has not, within that period, prohibited it pursuant to the following subparagraph.

Whereas the restriction on marketing referred to in Article 3 applies, if study of the contract reveals that the minimum price has not been complied with, the document relating to the contract in question shall not be issued.

2. Short-term storage contracts concluded after the minimum price has come into effect shall, on application by the party concerned, be terminated with effect from the time when the said price ceases to apply.

In this case, the entitlement to aid for short-term storage shall subsist in respect of the period during which the wine was subject to such a contract.

Article 3

If the Council decides to restrict marketing under the first subparagraph of Article 15a(1) of Regulation (EEC) No 337/79, the producer may not, during the period within which the minimum price applies for table wine of a given type, put up for sale, ^{sell,} deliver or market in any way table wine of the said type at a price lower than the minimum price in force.

The price to be taken, for the purposes of checking compliance with this provision, shall be that for bulk goods, ex-producer's establishment.

However, the provisions of the foregoing paragraphs shall not apply to deliveries of consignments in respect of which proof is furnished that the contract of sale was concluded before the entry into force of the Regulation fixing the minimum price.

Article 4

Only producers of table wines of the type for which a minimum price is fixed shall be eligible, in respect of the said wines, ^{to benefit under} distillation provisions decided upon pursuant to Article 15a of Regulation (EEC) No 337/79.

Article 5

For the purposes of this Regulation :

- white table wines with an actual alcoholic strength not exceeding 15 % vol and which are not of type A II or type A III shall be considered as being in close economic relationship with table wines of type A I;
- red table wines with an actual alcoholic strength not exceeding 12.5 % vol and which are not of type R III shall be considered as being in close economic relationship with table wines of type R I;
- red table wines with an actual alcoholic strength exceeding 12.5 % vol but not exceeding 15 % vol and which are not of type R III shall be considered as being in close economic relationship with table wines of type R II.

Article 6

1. A producer who intends to deliver wine from his own production for distillation as referred to in Article 4 shall conclude a delivery contract, hereinafter referred to as a "contract", with an approved distiller and shall submit it for approval, before a date to be fixed, to the competent intervention agency.
2. The contract shall include the particulars necessary to identify the wine to be distilled and shall state the respective obligations of the parties to the contract.
3. The contract shall be valid only if it is approved by the competent intervention agency before a date to be fixed.

If the producer's winery is in a different Member State from the distiller's plant, a copy of the contract approved by the competent intervention agency shall be sent to the intervention agency of the Member State on whose territory distillation is to be carried out.

4. If the contract is cancelled, the parties to the contract shall without delay so inform the intervention agency which approved the contract.

Article 7

1. A producer who

- possesses a distillation plant and is an approved distiller and intends to undertake the distillation referred to in Article 4 in respect of all or part of the wine from his own production, or
- intends to have distillation carried out on his behalf in an approved distiller's plant,

shall submit a declaration of delivery for distillation, hereinafter referred to as a "declaration", to the intervention agency of the Member State on whose territory his winery is situated. The declaration shall include the particulars necessary for identifying the wine to be distilled. If the distillation plant is situated in another Member State, the producer shall send a copy of the declaration to the intervention agency of that Member State for information purposes.

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2. Producers who have submitted a declaration shall be obliged to distil the wine covered by the declaration, or to have it distilled.
3. For the purposes of this Regulation, the contract referred to in Article 5(1) shall be replaced :
 - in the circumstances referred to in the first indent of paragraph 1, by the declaration,
 - in the circumstances referred to in the second indent of paragraph 1, by the declaration together with a contract of delivery for distillation concluded between the producer and the distiller.

Article 8

The characteristics of the wine covered by the contract, and in particular the quantity and alcoholic strength by volume thereof, shall be checked.

Additional checks may be prescribed for the wine covered by the declaration referred to in Article 7 .

Article 9

1. The distiller shall pay the producer not less than the purchase price fixed by the Council for the wine delivered; the said price shall relate to bulk goods, ex-producer's establishment.
2. The distiller shall pay the agreed purchase price to the producer for each delivery of wine, within thirty days from entry of the wine into his distillery or storage premises.

Article 10

The quantity of wine actually supplied to the distillery may vary by not more than 10 % from the quantity indicated in the contracts referred to in Articles 6 and 7 or in the declaration referred to in Article 7.

Article 11

The distiller shall, within seven days, communicate the following to the competent intervention agency :

- (a) the date by which all the wine stipulated in the contract entered his distillery or storage premises, by submitting:
- where all the wine was covered by a single delivery, a copy of the accompanying document provided for in Article 53 of Regulation (EEC) No 337/79,
 - where delivery was by instalments, an account stating, in respect of each delivery, the consignor, the quantity of wine, the colour of the wine, the actual alcoholic strength by volume and the number of the accompanying document provided for in Article 53 of Regulation (EEC) No 337/79.

(b) the date on which distillation of the wine referred to in (a) was completed, stating the quantity and actual alcoholic strength by volume of the product so obtained.

Furthermore, the distiller shall provide the competent intervention agency with proof of the payment referred to in Article 8(2).

The distiller shall :

- process the wine which has entered the distillery into neutral vinous alcohol with an alcoholic strength of at least 96 % vol,
- deliver the alcohol so obtained to the competent intervention agency.

The intervention agency shall be bound to buy-in the said alcohol, subject to the variations referred to in Article 10.

Article 12

The price payable by the competent intervention agency to the distiller for buying-in the alcohol obtained by the distillation referred to in Article 4 shall be fixed, at the same time as the minimum price, by the Council, acting by a qualified majority on a proposal from the Commission.

It shall be fixed per hectolitre and per % vol of pure alcohol, taking account of the price payable to the producer, as referred to in Article 8, of flat-rate transport and processing costs and of losses during manufacture.

It shall apply to bulk goods, free at the competent intervention agency's storage premises.

Article 13

1. The maximum amount of the contribution from the Guarantee Section of the EAGGF towards the expenditure incurred by the intervention agencies in respect of distillation as provided for in Article 6 shall be fixed at the same time as the minimum price. This amount shall be fixed per hectolitre per % vol of pure alcohol.

2. The contribution from the Guarantee Section of the EAGGF shall be paid, subject to the maximum amount referred to in paragraph 1, only where, during a given budgetary year, the overall expenditure of an intervention agency on buying-in the products obtained by the distillation provided for in this Regulation exceeds the proceeds of sale of the said products on the market.

The intervention agencies' accounts must clearly distinguish between the quantities and prices of products bought-in and sold under the distillation provided for by this Regulation and any products taken in under other distillation operations.

If the difference referred to in the first subparagraph is less than the maximum amount multiplied by the number of hectolitres of the product sold, expressed as pure alcohol, the contribution shall be equal to that difference.

3. Articles 4 and 5 of Regulation (EEC) No 729/70 shall apply to the EAGGF contribution referred to in this Article.

Article 14

The minimum price, the obligation to observe the minimum price and the right of producers to conclude the delivery contracts referred to in Article 5 shall be terminated when the representative price for table wine of the type in question exceeds 90 % of the guide price for three consecutive weeks.

The decision to terminate shall be taken by the Commission.

Article 15

This Regulation shall enter into force on the day of 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

