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COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 720 final.

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Proposal for a  
COUNCIL REGULATION (EEC)

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

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(submitted to the Council by the Commission)

COM(78) 720 final.



# EXPLANATORY MEMORANDUM

- In paragraph 7(a) of the 1979-1985 Action Programme for the progressive establishment of balance on the market in wine sent to the Council by the Commission, it is stated<sup>(1)</sup> that the Commission is ready to "examine in greater detail with the Member States most concerned the possibility of aids for the use of natural musts in the production of grape juice and British Wine".

During Council discussions on the package of measures proposed by the Commission for the progressive establishment of balance on the market in wine, some Member States insisted that proposals be put forward in respect of all the measures for increasing consumption included in the Action Programme and particularly in respect of aid for must intended for use other than wine making. This is why the Commission, after studying the technical problems with the Member States directly concerned, proposes supplementing Regulation (EEC) No 816/70 by incorporating a legal basis for granting aid for grape musts and concentrated grape musts intended for the manufacture of fruit juices and British and Irish wines, respectively. If users of must are to be able to draw up a proper commercial and industrial strategy which guarantees a steady outlet for vine products, the aid system should be permanent and the amount of the aid should be published and therefore fixed before the start of the wine year. The Commission's proposal accordingly provides for a permanent aid system and for the Management Committee procedure for fixing the amounts annually in accordance with the criteria given in the enacting terms.

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<sup>(1)</sup> COM(78) 260 final - Volume 1.

Proposal for a  
COUNCIL REGULATION (EEC)

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<sup>(1)</sup>,

Whereas the experience acquired in the application of Council Regulation (EEC) No 816/70 (2), last amended by Regulation (EEC) No 1861/78 (3), makes it clear that in order to achieve a better balance between production and utilization in the wine-growing sector it is necessary to increase utilization of wine products; whereas intervention further back than table wine production, by encouraging the use of must for purposes other than wine making, appears to be justified;

Whereas at present some substantial outlets could be made available by the manufacture of grape juice and the manufacture in the United Kingdom and in Ireland of certain products falling under heading No 22.07 of the Common Customs Tariff; whereas the use of Community grape must in these sectors is restricted in the first instance by competition from certain fruit juices whose prices on the world market are substantially lower than the prices of Community grape must, and in the second instance by competition from musts from countries which traditionally supply the United Kingdom and Ireland;

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<sup>(1)</sup> OJ No.

<sup>(2)</sup> OJ No L 99, 5.5.1970, p. 1

<sup>(3)</sup> OJ No L 215, 4.8.1978, p. 1

Whereas in order to provide a steady outlet for must intended for the uses referred to above, an aid system is necessary for must and concentrated must intended for such use; whereas, in respect of grape juice, the amount of the aid should be such that the price of grape juice is comparable to that of competing fruit juices; whereas in respect of the manufacture in the United Kingdom and in Ireland of certain products falling under heading No 22.07 of the Common Customs Tariff the aid should be set at a level which enables the price of musts intended for such manufacture to find a level comparable with the market prices for musts in the countries which traditionally supply the manufacturers of the products in question;

HAS ADOPTED THIS REGULATION :

Article 1

The following Article is hereby inserted in Regulation (EEC) No 816/70 :

"Article 6 f "

1. A system of aid is hereby set up for the purchase of grape musts and concentrated grape musts produced within the Community and used for :
  - manufacture of grape juice,
  - manufacture in the United Kingdom and in Ireland of products falling under heading No 22.07 of the Common Customs Tariff in respect of which, by virtue of the first subparagraph of Article 30(1), the use of a composite name including the word "wine" may be allowed by the Member States.
2. The level of the aid must make it possible :
  - in the case of manufacture of the products referred to in the first indent of paragraph 1, to achieve a cost price for such products comparable to that of competing fruit juices,
  - in the case of manufacture of the products referred to in the second indent of paragraph 1, to achieve a price level for musts used for such manufacture comparable to the market prices for grape musts and concentrated grape musts in the countries which traditionally supply manufacturers of the product in question.
3. The amount of the aid shall be fixed annually at the latest on 31 August for the following wine growing year in accordance with the procedure provided for in Article 7 of Regulation No 24. Detailed rules for the application of this Article shall be adopted by the same procedure."

Article 2

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

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# FINANCIAL STATEMENT

DATE : 30 November 1978

1. BUDGET LINE CONCERNED : 6919

APPROPRIATIONS: 1979 Proposal 0.1 m  
EUA

2. ACTION :

Draft Council Regulation amending Regulation 816/70 laying down additional provisions for the common organization of the market in wine.

3. LEGAL BASIS : Article 43 of the Treaty

4. OBJECTIVES : Measures to come into force on 31 August 1979 to increase outlets for Community grape musts, namely aid for grape musts and concentrated grape musts used for manufacture of grape juice and British and Irish wines respectively.

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR	FOLLOWING FINANCIAL YEAR
5.0 EXPENDITURE		(78)	(79)
-CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	5.15 m EUA	-	5.15 m EUA
-CHARGED TO NATIONAL ADMINISTR.			
-CHARGED TO OTHER NATIONAL GROUPS			
5.1 RECEIPTS			
-OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
-NATIONAL			

YEAR ..... 80

YEAR ..... 81

YEAR .....

5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS

5.15 m EUA

5.15 m EUA

5.2 METHOD OF CALCULATION

1. For grape juice:

quantity of must: 350 000 hl at 10° with aid of 0.5 u.a./°hl = 1.75 m u.a.  
= 1.9 m EUA

2. For British and Irish wines:

quantity of concentrated musts 85 000 hl, concentration coefficient 3.5  
representing 297 500 hl of must  
297 500 at 10° with aid of 1.0 u.a./°hl = 3 m u.a. = 3.25 m EUA.

6.0

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ?

YES/XX

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ?

XXX/NO

6.3 Appropriations to be entered in future budgets

YES/XX

COMMENTS :

The amount of the aid is forecast on the basis of the difference between the reference prices and the offer prices in non-member countries. The aid for concentrated musts takes the cost of concentration into account.