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DOCUMENT 1-52/84 **A**

Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the Council (COM(83) 639 final - Doc. 1-1231/83) for a regulation amending Regulation (EEC) No. 337/79 on the common organization of the market in wine

Rapporteur: Mr M. MARTIN

Part A: Motion for a resolution

PE 89.466/fin. **A**

By letter of 16 December 1983, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 43 of the Treaty establishing the European Economic Community, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 337/79 on the common organization of the market in wine.

On 16 January 1984, the President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for an opinion.

At its meeting of 25 and 26 January 1984, the Committee on Agriculture appointed Mr Martin rapporteur.

The Committee on Agriculture considered the Commission's proposal and the draft report at its meeting of 20 and 21 March 1984.

At this same meeting, it decided by 18 votes to 4 and 3 abstentions to recommend to Parliament that it approve the Commission's proposal with the following amendments.

The Commission has not taken a decision on these amendments.

The committee then adopted the motion for a resolution as a whole by 18 votes to 4, with 3 abstentions.

The following took part in the vote: Mr Curry, chairman; Mr Fruh, vice-chairman; Mr Colleselli, vice-chairman; Mr Martin, rapporteur (deputizing for Mr Pranchère), Mr Battersby; Mr Barbagli (deputizing for Mr Diana); Mr Bocklet; Mr Dalsass; Mr Eyraud; Mr Gatto; Mr Gautier; Mr Helms; Mrs Herklotz; Mr Hord; Mr Jurgens; Mr Keating (deputizing for Ms Quin); Mr Ligios; Mr LÜcker (deputizing for Mr d'Ormesson), Mr McCartin (deputizing for Mr Clinton); Mr Maffre-Baugé; Mr Maher; Mr Mertens; Mr Provan; Mr Thareau and Mr Vgenopoulos.

The opinion of the Committee on Budgets is attached.

The report was tabled on 23 March 1984.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Agriculture hereby submits to the European Parliament the following amendments to the Commission proposal and the following motion for a resolution together with explanatory statement:

I. Commission proposal for a regulation amending Regulation (EEC) No. 337/79 on the common organization of the market in wine

Amendments tabled by the Committee on Agriculture

Text proposed by the Commission of the European Communities

Preamble and recitals unchanged

Article 1

Regulation (EEC) No. 337/79 is hereby amended as follows:

Amendment No. 1

Add the following new paragraph before paragraph 1:

'In Article 3a the first paragraph is replaced by the following:
The aim of the set of measures referred to in this title shall be to ensure equilibrium on the market in table wines and a minimum guaranteed price on the market for such wines equal to at least 85% of the guide price.'

Article 1

Regulation (EEC) No. 337/79 is hereby amended as follows:

Paragraphs 1 to 4 unchanged

Amendment No. 2

Insert a new paragraph 4(a) worded as follows:

'Paragraphs 1 and 2 of Article 11 are replaced by the following:

1. When this appears necessary in the light of harvest forecasts or in order to improve the quality of the products put on the market,

there may be preventive distillation of table wines and wines suitable for yielding table wine for each wine-growing year from 1 September until a date to be decided upon.

2. The buying-in price for wine delivered for distillation under paragraph 1 shall be equal to 75% of the guide price.

The price paid by the distiller may not be lower than the buying-in price.

Paragraph 5

Article 14 is replaced by the following:

1. unchanged
2. "
3. "
4. "

Paragraph 5

Article 14 is replaced by the following:

1. unchanged
2. "
3. "
4. "

Amendment No. 3

Delete paragraph 5 of Article 14.

5. The system referred to in paragraph 1 shall apply until the 1988/89 marketing year.

Paragraph 6

In Article 15:

- (a) unchanged
- (b) unchanged

Paragraph 6

In Article 15:

- (a) unchanged
- (b) unchanged

Amendment No. 4

Add a new subparagraph (c) worded as follows:

- (c) Paragraph 3 of Article 15 is replaced by the following:
 3. During any wine-growing year, the quantity of table wine covered by the measures referred to in paragraph 1 or paragraph 2 may not exceed 8 million hectolitres.

Amendment No. 5

Add a new subparagraph (d) worded as follows:

(d) Paragraph 5 of Article 15 is replaced by the following:

5. The buying-in price for wine delivered for distillation under paragraphs 1, 2 and 4 shall be 85% of the guide price for each type of table wine.

Paragraph 7

(a) unchanged

Paragraph 7

(a) unchanged

Amendment No. 6

Subparagraph (b) is replaced by the following:

'(b) The following paragraph is added:

5. Before 1 January 1987 the Commission shall submit to the Council a report on the problems connected with enrichment in the wine sector.

Where necessary, the report referred to in the first subparagraph shall be accompanied by appropriate proposals.'

(b) The following paragraph is added:

5. Before 1 January 1987 the Commission shall present the Council with a report on:

(a) the wine production conditions resulting, from 1989/90 onwards, from the termination of the aid system referred to in Article 14 and the prohibition of the operation referred to in Article 33(3),

and

(b) the conclusions to be drawn from this as regards the alcoholic strength by volume of products in the wine sector and the rules governing increases in natural alcoholic strength by volume.

Where necessary, the report referred to in the first subparagraph shall be accompanied by appropriate proposals.

Paragraph 8

Unchanged

Paragraph 8

Article 33(3) is replaced by the following:

3. The addition of sucrose referred to in paragraph 1(a) and (b) may be made only:
- by addition of dry sucrose,
 - in wine-growing regions where it is traditionally and exceptionally practised in accordance with legislation existing on 8 May 1970,

Amendment No. 7

Delete the last indent

- until 15 March 1989

Paragraphs 9 and 10 unchanged

Article 2

Article 2

Amendment No. 8

Delete this article

Short-term storage contracts which are being performed on the date of entry into force of this regulation shall expire on the date fixed when they were concluded.

Article 3 unchanged

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 337/79 on the common organization of the market in wine.

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(83) 639 final)¹,
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 1-1231/83),
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 1-52/84),
 - having regard to the result of the vote on the Commission's proposal,
- A. having regard to the Commission's new proposals for amendments to Regulation (EEC) No. 337/79 as set out in the document on agricultural prices and related measures for 1984/85 (COM(84) 20 final),
 - B. having regard to the views it has previously expressed on the subject of the wine sector, and in particular to its opinion of 9 April 1981 on the situation in the Community wine-growing sector² and its opinion of 9 July 1982 on various Commission proposals³;
 - C. whereas, despite the recent increase, the costs of the common organization of the market are still low and bear no relation to the importance of this production sector (4% of EAGGF Guarantee Section expenditure),
 - D. whereas the Community rules on the wine sector have not always brought growers the guarantees of security and the levels of income which they are entitled to expect in the light of the situation in other production sectors;

¹ OJ No. C 338 of 15.12.1983, page 8.

² OJ No. C 101 of 4.5.1981, page 52, COLLESELLI report (Doc. 1-680/80).

³ OJ No. C 238 of 13.9.1982, page 87, COLLESELLI report (Doc. 1-412/82).

E. whereas the situation in the wine sector still gives cause for concern despite the measures taken at Community level and despite a drop in output in 1983,

1. Notes that, as the COLLESELLI report¹ pointed out, the amendments made to the wine regulation in 1982 did not provide 'a definitive solution to the crisis in the wine-growing sector';
2. Takes the view that the inadequacies of the regulation and the shortcomings in its application are directly responsible for the prolongation of the crisis in the wine-growing sector;
3. Regrets that the Commission is concerned primarily with making budgetary savings, which will have serious repercussions on market equilibrium, which is already very fragile, and on the incomes of wine-growers;
4. Opposes the abolition of the much-used system of short-term storage, which makes an important contribution to the stabilization of the market;

points out that this decision will not result in budgetary savings as it is bound to lead to an increase in the number of long-term contracts;
5. Fears also that the abolition of short-term storage might well pave the way for calling long-term storage and the performance guarantee into question;
6. Expresses reservations as regards the proposal that the figure for the compulsory distillation of the by-products of wine-making should be increased from 8% to 10% since this amount, which had been reduced to 8% in 1982, had been considered by the Commission to be technically sufficient from the qualitative point of view;

takes the view that an increase in this figure would be tantamount to imposing on wine growers a new 2% co-responsibility levy;
7. Does not consider it desirable to make a fresh increase in the minimum natural alcoholic strength, which is already high enough in the Community's various production zones;

hopes that provisions will be implemented to improve quality (limitation of enrichment margins in certain zones, stricter rules on coupage);

¹ OJ No. C 238 of 13.9.1982, page 87 (paragraph 2 of the motion for a resolution).

8. Hopes that the enrichment systems will be harmonized and standardized with a view to encouraging the use of concentrated musts on a generalized basis but leaving open the possibility of enrichment by sucrose where this would be justified for reasons of quality and where it would be consistent with traditional local practices;

hopes also that checks on wine-making operations and in particular on enrichment practices will be stepped up in the Member States with a view to rectifying distortions and penalizing malpractices;

asks the Commission to submit a detailed report on the whole problem of enrichment before formulating new proposals;

9. Wishes to encourage the use of concentrated musts to increase alcoholic strength by maintaining Community aid;

10. Takes the view that the Commission's proposals will call into question the recent improvements made to the wine regulation;

considers that the Commission's proposals run counter to the principle acknowledged in 1982, namely that the system of prices and interventions should be conducive to the establishment of market equilibrium and guaranteed minimum prices;

11. Reaffirms the validity of this principle, which necessitates improvements in the application of the rules in all the Member States and at Community level;

12. Takes the view that preventive distillation, which makes it possible to eliminate poor wines at the beginning of the marketing year, is the most effective and most economical means (inasmuch as it obviates the need for subsequent and much more costly intervention) of establishing market equilibrium;

considers that such distillation can fulfil this function only if it is kept separate from compulsory distillation and is carried out at an attractive price equal to at least 75% of the guide price;

13. Calls for reconsideration of the system of compulsory distillation, which in reality amounts to a co-responsibility levy on producers without any counterconcessions as regards price and income guarantees;

14. Wishes to see the system of support distillation provided for in Article 15 implemented on a more automatic basis and in a manner totally independent of compulsory distillation;

calls for the authorized 5 million hectolitre ceiling to be raised and for the price to be increased for the time being to 85% of the guide price;

15. Insists that support distillation should be put into practice forthwith, i.e. during the 1983-1984 marketing year;

16. Calls once again for all expenditure in connection with distillation operations to be charged directly to the EAGGF;

17. Takes the view that no form of distillation should become the only instrument of market regularization;

hopes that the problem of vine planting will be taken into account more effectively and that measures will not be confined to the blind encouragement of grubbing-up as has so often been the case in the past.

18. Calls in particular for a tightening-up of the rules on psr quality wines which in a number of Member States are subject to absolutely no planting restrictions;

19. Draws attention once again to the need to draw up a viticultural land register for all the Member States since, as the Court of Auditors rightly observes in its latest report, the lack of such a register makes it impossible to carry out any valid checks on production potential;

20. Is astonished at the Commission's recent decision to recognize as valid harvest declarations for the 1983-1984 marketing year without any indication of yields per hectare;

feels that this decision is likely to encourage a lack of constraint, to penalize growers who adhere to rigorous production and management disciplines and to undermine the regulations;

21. Notes the progress achieved as regards quality control and the definition of wines; calls on the Commission to continue in the same vein and propose more detailed rules on labelling which will give the consumer information on the origin and appellation of the wine and on any coupages (to which end a precise definition of rosé wines is required);

22. Takes the view that outlets can still be expanded both in the Community and in third countries;
23. Calls on the Council to take an early decision on the harmonization of excise duties, the improper application of which is hampering an increase in wine consumption in certain Member States;
24. Wishes to see the introduction of a more active policy of exports to third countries based on adequate refunds and an extension of the system of refunds to include new countries;
- calls on the Commission to take a firmer line on the measures which impede exports of wine to the United States;
25. Proposes that the use of alcohol as a fuel and concentrated musts as animal feed should be developed and encouraged;
26. Calls on all the Member States to comply more strictly with the principle of Community preference and to give priority to obtaining supplies on the Community market;
- hopes that the necessary control measures as regards the reference price applicable to imports will be tightened up;
- calls for the ban on coupages between wines originating in third countries and Community wines to be maintained;
27. Takes a particularly serious view of the opening-up of the Community market to imports of American wines produced by techniques which are not allowed in the Community;
- deplores the fact that the organizations of producers and consumers were not consulted;
- calls on the Council to consult the European Parliament on any proposal for a regulation on this matter;
28. Draws attention to the grave dangers inherent in the enlargement of the Community to include wine-growers from the southern regions and to encompass the economies of these regions;

calls on the Commission and Council to keep it regularly informed on the progress of negotiations with the applicant countries, with particular reference to the wine sector;

29. Calls once again on the Commission to make the rules on the wine sector more accessible by bringing them together in a single text, taking account of all the amendments made in recent years;
30. Calls on the Commission to amend its proposal, pursuant to the second paragraph of Article 149 of the EEC Treaty, on the basis of the amendments set forth in this opinion;
31. Instructs its President to forward to the Commission and the Council, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.