

## EUROPEAN PARLIAMENT

# Working Documents

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## Report

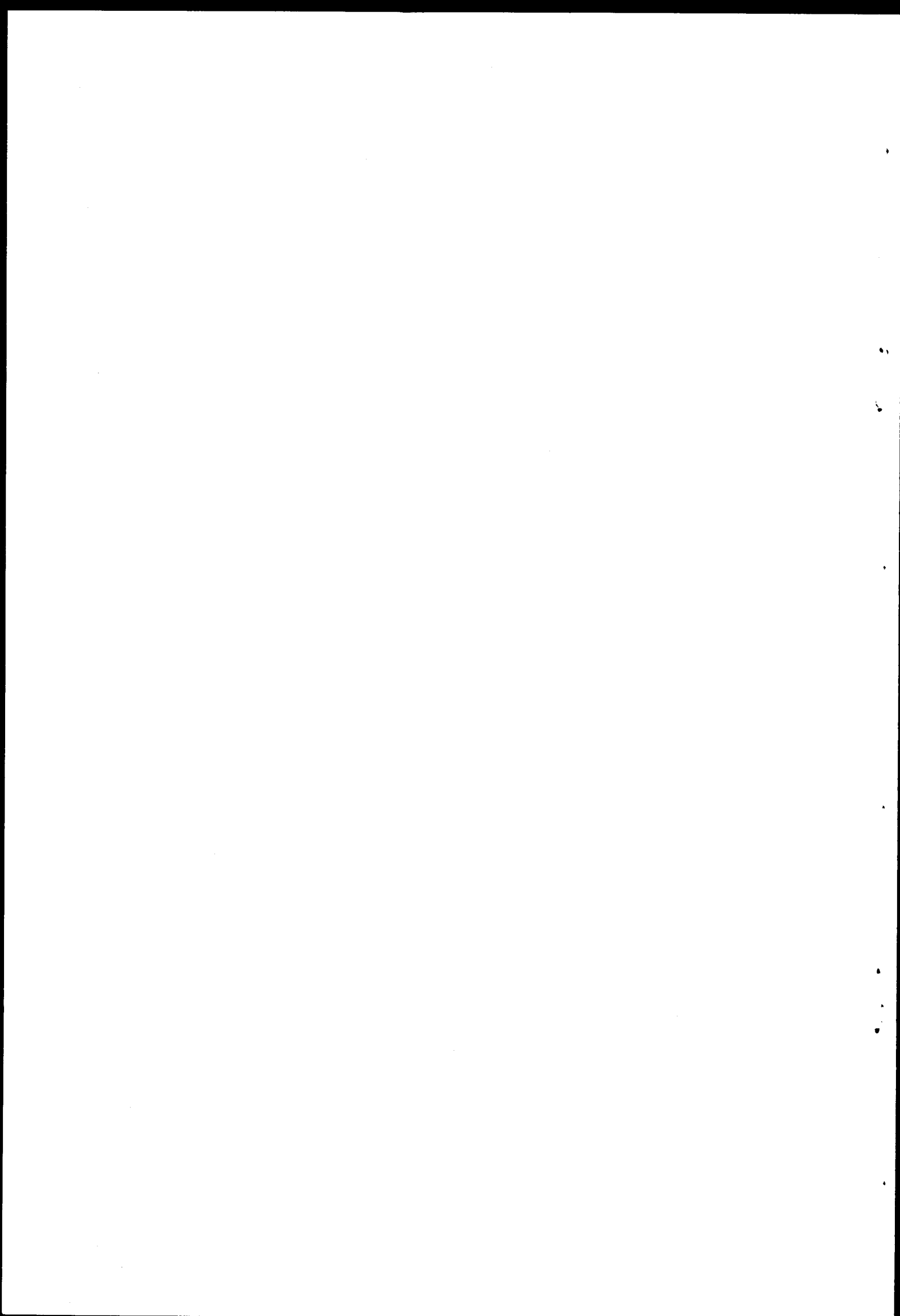
drawn up on behalf of the Committee on External Economic Relations

on the proposals from the Commission of the European Communities to the Council (Doc. 170/75) for

- I. a regulation opening, allocating and providing for the administration of Community tariff quotas for Jerez wines falling within subheading ex 22.05 of the Common Customs Tariff, originating in Spain (1976)
- II. a regulation opening, allocating and providing for the administration of a Community tariff quota for Malaga wines falling within subheading ex 22.05 of the Common Customs Tariff, originating in Spain (1976)
- III. a regulation opening, allocating and providing for the administration of a Community tariff quota for wines from Jumilla, Priorato, Rioja and Valdepenas falling within subheading ex 22.05 of the Common Customs Tariff, originating in Spain (1976)

Rapporteur: Mr G. BOANO

PE 41.379/fin.



By letter of 26 June 1975 the President of the Council of the European Communities consulted the European Parliament, pursuant to Articles 43 and 113 of the EEC Treaty, on the proposal from the Commission of the European Communities to the Council for three regulations opening, allocating and providing for the administration of Community tariff quotas for Jerez, Malaga, Jumilla, Priorato, Rioja and Valdepenas wines falling within subheading ex 22.05 of the Common Customs Tariff, originating in Spain (1976).

At the plenary sitting of 7 July 1975 the President of the European Parliament referred these proposals to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion.

At its meeting of 17 September 1975 the Committee on External Economic Relations appointed Mr Boano rapporteur.

At the same meeting it considered the proposal for a regulation and unanimously adopted the motion for a resolution and the accompanying explanatory statement.

Present: Mr Kaspereit, chairman; Mr Scott-Hopkins and Mr Bermani, vice-chairmen; Mr Boano, vice-chairman and rapporteur; Mr Bayerl, Mr Bersani, Mr Brégégère, Lord Castle, Mr De Clercq, Mr Dunne, Mr Dykes, Mr Emile Muller, Mr Nyborg, Mr Radoux, Mr Schulz, Mr Spicer, Mr Thornley and Mr Vetrone.

The opinion of the Committee on Agriculture is attached to this report.

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The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for:

- I. a regulation opening, allocating and providing for the administration of a Community tariff quota for Jerez wines falling within subheading No. ex 22.05 of the Common Customs Tariff, originating in Spain (1976)
- II. a regulation opening, allocating and providing for the administration of a Community tariff quota for Malaga wines falling within subheading No. ex 22.05 of the Common Customs Tariff, originating in Spain (1976)
- III. a regulation opening, allocating and providing for the administration of a Community tariff quota for wines from Jumilla, Priorato, Rioja and Valdepenas, falling within subheading No. ex 22.05 of the Common Customs Tariff, originating in Spain. (1976).

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council<sup>1</sup>;
  - having been consulted by the Council pursuant to Articles 43 and 113 of the EEC Treaty (Doc. 170/75),
  - having regard to the report of the Committee on External Economic Relations and the opinion of the Committee on Agriculture (Doc.262/75),
- Approves the Commission's proposals.

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<sup>1</sup>OJ No. C 147, 2 July 1975, p.2

EXPLANATORY STATEMENT

In the Final Act to the Agreement at present in force between the European Economic Community and Spain, there is a Declaration by the Community delegation concerning certain wines. The Declaration provides for the grant of preferential treatment for certain wines, taking the form of a reduction of the CCT duties up to certain quantities. The arrangement is, however, to be reconsidered following the entry into force of the rules governing the common organisation of the market in wine.

For 1972 the Council decided to open four low-duty tariff quotas:

(a) sherry wines

- (i) in containers of two litres or less,  
40,000 hl at CCT duty reduced by 60%;
- (ii) in containers of more than two litres  
210,000 hl at CCT duty reduced by 50%

(b) Malaga wines

in containers of two litres or less,  
15,000 hl at CCT duty reduced by 50%

(c) Jumilla, Priorato, Rioja and Valdepenas wines

in containers of two litres or less,  
15,000 hl at CCT duty reduced by 30%;

it being understood that these wines would remain subject to the provisions governing the common organisation of the market in wine.

In July 1973 the Community opened negotiations with Spain with a view to concluding by 1 January 1974, a new Agreement to replace the 1970 Agreement. However, in view of the present state of these negotiations, it is by no means certain that the Agreement could enter into force on 1 January 1976, but rather on a later date which might well be within the first half of 1976.

The Commission therefore proposes to open for 1976 Community tariff quotas for the above-mentioned wines under conditions identical to those laid down for 1972-1975. However, should the new agreement enter into force, the period of validity of these quotas will be limited to that part of 1976 not covered by the new agreement.

These quotas are divided into two sections, the first shared between the Member States in part-quotas and the second constituting the reserve.

These proposals, which are identical to those valid for 1974 and 1975, already approved by the European Parliament (see Baas Report, Doc.318/74), are of a technical nature and call for no special observations.

The Committee on External Economic Relations therefore proposes that they should be adopted without amendment.

OPINION

of the Committee on Agriculture

Draftsman: Mr L. DELLA BRIOTTA

On 9 July 1975 the Committee on Agriculture appointed Mr Della Briotta draftsman.

At its meeting of 16-17 September 1975 it considered and unanimously adopted the draft opinion.

Present: Mr Houdet, chairman; Mr Vetrone, vice-chairman; Mr Laban, vice-chairman; Mr Della Briotta, rapporteur; Mr Bourdellès, Mr Brégégère, Mrs Dunwoody, Mr Durieux (deputizing for Mr Baas), Mr Frehsee, Mr Hughes, Mr Kofoed, Mr De Koning, Mr Ligios, Mr McDonald, Mr Martens, Mr Ney, Mr Scott-Hopkins, Lord Walston and Mr Zeller.



The committee responsible has been given the task of considering the customs and trade aspects of these measures. They are in fact measures which have been regularly taken for years and the 1976 texts introduce no important innovations in regard to opening, allocating and providing for the administration of tariff quotas for port, Madeira and Setubal muscatel wines imported from Portugal, or for wines from Jerez, Malaga, Jumilla, Priorato, Rioja and Valdepenas imported from Spain. The opening of quotas, fixed annually by Council regulations, has its legal basis, on the one hand, in the agreement concluded on 22 July 1972 between the Community of the Nine and Portugal which came into force on the accession of the new members to the Community on 1 January 1973 and, on the other hand, in the agreement signed by the Community of the Six and Spain on 29 June 1970, which came into force on 1 October 1970. As regards the agreement with Portugal, reference is made in particular to Article 4 of Protocol No. 8 and as regards the agreement with Spain, to an appended decision.

The considerations developed in an opinion of the Committee on Agriculture drawn up by Mr Vals for the Committee on External Economic Relations (Doc. 77/73 of 5 June 1973), to which reference should still be made today, well illustrate all the technical tariff arguments more directly connected with the terms of reference of the Committee on Agriculture. These arguments hold good also for the regulations under consideration.

It will be well to limit discussions to a few brief considerations concerning the commercial and production aspects of the subject. The general context of these considerations is the serious surplus crisis in which the Community viticultural sector finds itself.

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In the agreements referred to earlier the Community undertook to favour access to its market of these 'heavy', or rather, dessert wines, from Spain and Portugal, which are among the best-known in the world. The system of tariff quotas, opened and administered from year to year, makes it possible to 'guide' the product's penetration of the domestic market and is therefore a sound measure. It is, however, difficult to give an opinion on future developments. Trade relations with all the Mediterranean countries are now going through a period of reassessment. The Commission, in explaining these regulations for 1976, ought to have provided some information on future arrangements for these particular imports in the context of its overall Mediterranean approach.

It is therefore advisable that the Commission should in future present these measures as an integral part of a consumption and production policy for all dessert wines. The consumption policy is certainly conditioned by the import system. The 1970 and 1972 agreements, recast within the framework of the new overall Mediterranean approach certainly go some way towards facilitating access. How far can this policy be taken without seriously disrupting domestic production of similar wines? Domestic production is important and includes various wines with a long and noble tradition, both in France and in Italy. Disequilibrium between supply and demand, which is the root of the current widely recognized crisis of over-production in the wine sector, characterizes this sector too, since the economic recession affects with particular severity - the consumption of these quality products - products which traditionally find their purchasers in the markets of North-West Europe.

Marsala, a Sicilian wine, may be taken as an example. Production is increasing and rose from 625,000 hectolitres in 1969 to 700,000 hectolitres in 1973. However, this wine is having to face strong competition on the northern markets from similar wines from the Iberian peninsula. It is therefore necessary, in future, that the Commission should explain what effect these privileged imports from third countries have on the sales possibilities of similar Community products. The Commission would have done well to make some mention of production costs, which seem to be much lower in those countries, and of their enological practices there, which are apparently a good deal less strict than those followed in the Community. For if this is the case, there is little point in theoretically bringing these imported wines under the rules governing the organization of the Community market. The starting point is, in fact, represented by production costs that are too disparate and the recognition of Spanish and Portuguese certificates of origin seems finally to be based on observance of quality standards more elastic and lenient than those applied in the Community.

The Committee on Agriculture trusts, however, that, on the next occasion, the Commission will link tariff concessions with its overall treatment of Mediterranean dessert wine production, both from the Community and from third countries. It should also be pointed out that the lack of statistics on production and trade in these products makes it extremely difficult and problematical to choose more appropriate legislative instruments.

Finally, the committee considers it necessary to point out that the concern to guarantee outlets to similar Community production must not, in the long run, be allowed to harm the Iberian viticultural economy. Exports of wines like port and Jerez have a relative importance of the first order to Portugal and Spain. It is enough to mention that, in general, the wines exported from these two countries to the Community are chiefly quality wines with appellations of origin. Among these, the wines that really stand out are those of more than 15°. In the case of Portugal, for example, it is virtually true to say that the port, Madeira, Jerez and Setubal muscatel wines account for 90% of all wines exported to the Community. These exports have, in fact, risen from 330,160 hectolitres in 1970 (of which 243,940 or 73.9% were wines with appellations of origin of more than 15°) to 337,610 hectolitres in 1972 (of which no less than 301,710 or 89.3% were such wines).

In conclusion, it should be noted that, even on the traditional markets, a sort of 'democratization' of consumption is taking place, moving from 'heavy' wines to 'light' wines. In England, for example, consumption of wines of less than 14/15° rose in 1971, 1972 and 1973 by 23.6%, 21.8% and 23.3% respectively, while consumption of higher quality wines rose by only 12.5%, 10.4% and 4.4%. There is, then, a tendency towards substitution and the Community will have to proceed with caution to harmonize the protection of its own production with equal safeguards for the positions acquired by friendly third countries, in the higher interest of some of the most noble enological traditions of the Mediterranean vineyards.

