

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(83) 149 final

Brussels, 22 March 1983

Proposal for a
COUNCIL REGULATION (EEC)

on storage aid for quality wines produced in specified regions

(submitted to the Council by the Commission)

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EXPLANATORY MEMORANDUM

Total wine production from the 1982 harvest is estimated at 169 million hl, a figure exceeded only by 1979 (182 m hl) and 1973 (179 m hl).

Thanks to the weather in 1982 the fruit crop - including the grape harvest - in non-Mediterranean Europe was exceptional. Wine production is accordingly well above average in France and has even reached record levels in Germany and Luxembourg. The situation is similar in Switzerland and Austria.

Given that quality wines p.s.r. (produced in specified regions) account for much of the wine produced in the Community's northern wine-growing areas, the Community's production of this type of wine has overtaken the figure for 1979 and has reached an all-time high (42 m hl). (See Annex).

When compared with average production figures, the situation in Italy and Greece shows no major change, but quality wines p.s.r. produced in the other three wine-growing countries are disquietingly higher and far exceed the expected disposals.

There is accordingly a risk that the surplus may depress the market in table wines, on which balance has not as yet been fully reached. This may take the form of lower prices for quality wines p.s.r. adversely affecting the market in table wine, or a quality wines p.s.r. being sold as table wine.

In the light of these exceptional circumstances the Commission is proposing, under Article 57 of Regulation (EEC) No 337/79 on the common organization of the market in wine, that the Council adopt specific measures designed to encourage, by means of private storage aid, the carry-over of part of the 1982 production of quality wines p.s.r. to the following year.

It is proposed that a special system be introduced for the storage of quality wines p.s.r. for six months, covering up to 15% of each wine-grower's production.

However, in the light of the major difficulties experienced by wine-growers in the Moselle, the limit is raised to 30% in the case of quality wines p.s.r. produced in the "Moselle Luxembourgoise" and in the "Mosel-Saar-Ruwer" area.

It is also proposed that the Commission review the situation at the beginning of the next wine growing year and, if necessary, decide by the Management Committee procedure to extend the contracts already concluded by three months.

The aid - applicable to all quality wines p.s.r. - would be that for the short term storage of table wine produced in the Community's northern wine-growing areas (A II), i.e. 0.0174 ECU/hl/day.

The Commission wishes to stress the exceptional nature of this measure. It will follow the trend of the market in quality wines psr closely in order to check that conditions return to normal and market balance is re-established in the next marketing year. If this does not happen the Commission may wish to propose more rigorous rules on the planting of vines for the production of quality wine psr.

ANNEX

The production of quality wines p.s.r. in relation to total wine production

	1976/80	1979/80	1980/81	1981/82	1982/83
Total wine production					
					('000hl):
D	8.315	8.662	4.867	7.480	15.100
F	67.699	84.105	69.598	57.311	78.600
I	74.024	84.337	83.950	69.700	71.200
L	93	62	50	97	275
Gr	5.366	5.243	5.395	5.500	4.500
Others	6	5	6	6	10
EUR 10	155.503	182.414	163.866	140.094	169.685
of which quality wines p.s.r.					
					('000 hl):
D	7.961	8.485	4.723	7.339	12.084
F	15.492	18.779	14.819	13.940	20.600
I	8.435	9.880	8.984	7.129	8.500
L	55	40	48	95	200
Gr	283	278	243	300	400
Others	-	-	-	-	-
EUR 10	32.226	37.462	28.817	28.803	41.784
of which quality wines p.s.r. as a % of total wine production					
					(%) :
D	95,7	98,0	97,0	98,1	80,0
F	22,9	22,3	21,2	24,3	26,2
I	11,4	11,7	10,7	10,2	11,9
L	59,1	64,5	96,0	97,9	72,7
Gr	5,3	5,3	4,5	5,4	8,9
Others	-	-	-	-	-
EUR 10	20,7	20,5	17,6	20,6	24,6

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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 wine (1), as last amended by Regulation (EEC) no 3082/82 (2), and in particular Article 57(2) thereof,

Having regard to the proposal from the Commission,

Whereas, pursuant to Article 57 of Regulation (EEC) no 337/79, intervention measures may be taken in respect of products other than table wines in order to support the market in table wines;

Whereas the abundance of the 1982 harvest in non-Mediterranean areas of the Community, in particular as regards quality wines p.s.r. (produced in specified regions), is adversely affecting prices for such wines generally and may lead to such wines being marketed as table wines, thereby adding to the difficulties on the market in table wines;

Whereas the measures taken to remedy the situation should not be limited to table wines, which account for only a moderate proportion of the 1982 harvest; whereas, accordingly, producers should be encouraged, by means of storage aid, to carry over part of their 1982 production of quality wine p.s.r. to the following year;

(1) OJ No L 54, 5. 3.1979, p.1

(2) OJ No L 326, 23.11.1982, p.1

Whereas wine-growers are experiencing major difficulties in certain regions; whereas the percentage of quality wine p.s.r. eligible for storage should be greater in such regions;

Whereas the Commission should, before the period covered by this measure expires, review the situation on the market in table wines and quality wines p.s.r. and should be authorized to extend the period of validity of the contracts, should the need arise;

Whereas, in order to ensure that this measure is used only for the purpose intended, quality wines p.s.r. should not be eligible, other than on qualitative grounds, for downgrading at the production stage under Article 16(6) of Council Regulation (EEC) No 338/79 of 5 February 1979 laying down special provisions relating to quality wines produced in specified regions (1), as last amended by Regulation (EEC) No 2145/82 (2);

Whereas quality wines p.s.r. generally command higher prices than table wines; whereas it is not possible, however, to adjust the storage aid to the product's real value; whereas storage aid should be fixed for all quality wines p.s.r. at a standard rate, namely that adopted for short-term storage aid for table wine for the Community's northern wine-growing areas,

HAS ADOPTED THIS REGULATION:

Article 1

1. Aid shall be granted to producers who conclude a contract with the competent intervention agency for the storage, for a period of six months, of quality wine p.s.r. or wine likely to be designated quality wine p.s.r. produced in the 1982/83 wine-growing year.

(1) OJ No L 54, 5. 3.1979, p.48

(2) OJ No L 227, 3. 3.1982, p.10

The contracts shall be concluded during a period to be specified and shall be for the storage of bulk wine. Producers may conclude such contracts only if they give a written undertaking that, except on grounds of quality, they will not invoke the provisions of Article 16(6) of Regulation (EEC) No 338/79 on downgrading at the production stage in respect of quality wines p.s.r. covered by the contract.

2. Entitlement to the aid shall arise at the end of the storage period and on condition that the wine stored has been recognized as quality wine p.s.r. If the wine has not been recognized as quality wine p.s.r. by the end of the period the producer may request that an amount of aid equal to that indicated in Article 3 be advanced to him against his lodging security for 110% of that amount in favour of the intervention agency. This security shall not be released, either in whole or in part, until proof is given that the wine stored has been recognized as quality wine p.s.r.

Article 2

The total quantity of wine covered by Article 1 in respect of which a producer may conclude a storage contract shall not exceed 15% of his total production of that wine in 1982/83.

The limit specified in the first paragraph shall, however, be 30% in the case of producers of quality wines p.s.r. in the "Moselle Luxembourgeoise" and "Mosel-Saar-Ruwer" areas.

Article 3

The aid referred to in Article 1 shall be 0,0174 ECU/hl/day.

Article 4

Before the contracts referred to in Article 1 expire, the Commission shall review the situation on the market in table wines and quality wines p.s.r.

In the light of that situation a decision may be taken, in accordance with the procedure laid down in Article 67 of Regulation (EEC) No 337/79, to extend the period of validity of the contracts by three months.

Article 5

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

FINANCIAL STATEMENT

Date : 10 March 1983

1. BUDGET HEADING : 1619

APPROPRIATIONS : 1983: 1 mio ECU

2. TITLE : Proposal for a Council Regulation on storage aid for quality wines produced in specified regions

3. LEGAL BASIS : Reg 337/79, Art. 37

4. AIMS OF PROJECT : To promote the storage of quality wines in order to support the market in table wines

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (83)	FOLLOWING FINANCIAL YEAR (84)
5.0 EXPENDITURE			
- CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	12.9 mio ECU	0,6 mio ECU	12,3mio ECU
- NOT TO BE FINANCED BY THE EC BUDGET			
- OTHER			
5.1 RECEIPTS			
- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
- NATIONAL			
5.0.1 ESTIMATED EXPENDITURE		
5.1.1 ESTIMATED RECEIPTS		
	concerns one wine year only		

(a)	5.2 METHOD OF CALCULATION Production of quality wine per in 1982	41.786 mio hl
(b)	Percentage that can be stored: 15%	6.27 mio hl
(c)	Aid: 0.0174 ECU/hl x 182 days	3.17 ECU/hl
(d)	Theoretical maximum cost: b x c	19.9 mio ECU
(e)	Estimated effectiveness of measure	65%
(f)	Total real cost: d x e	12.9 mio ECU

* The production of regions in which storage of 30% of production is authorized is marginal

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 ?

6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY ? NO

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ? YES

OBSERVATIONS :

1. Since no payments will be made until six-month contracts terminate and since the first contracts will not be signed until after adoption of this Regulation and of the rules for its implementation (to be drawn up by the Commission) almost all the expenditure will fall under 1984. The 1983 payments, assessed at 5% of the total, will be covered by the existing appropriation.