

# COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 31 July 1981

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Proposal for a

COUNCIL REGULATION (EEC)

amending Regulation (EEC) n° 1144/81 laying down general rules  
on the distillation of table wines as provided for in  
Article 15 of Regulation (EEC) n° 337/79

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(submitted to the Council by the Commission)



Com 467

EXPLANATORY MEMORANDUM

The all-time record wine harvest of 1979 and the very substantial 1980 harvest which was again in excess of requirements have, for more than 18 months now, resulted in serious and lasting difficulties on the table wine market. All the intervention measures have been implemented and the Council was obliged, in early 1980 and in April 1981, to take decisions on exceptional distillation (Article 15 of the basic Regulation, No 337/79). The quantities available were in substantially greater surplus in Italy than in France and quotations for Italian wines were substantially below those for French wines. The crisis on the Italian market resulted in massive consignments of Italian production to the French market at prices which the producers in Languedoc-Roussillon felt were insufficient to maintain their incomes and were responsible for the difficulties in disposing of their own wines. The exceptional distillation decided upon in Council Regulation (EEC) No 1144/81 (1) was not enough to absorb this phenomenon completely. It was to cover a volume of 6 million hl, but the result was not reached; in France, the volume of wines covered by distillation contracts was only 600,000 hl since the buying-price for wine was lower than average quotations in that country; in Italy, contracts covered 4 to 4.5 million hl as the volume was restricted by the 15% limit on individual production laid down in the Regulation. The quantities available in Italy, still <sup>exceeding</sup> the normal quantities for the time of year, and the coming harvest, which appears likely to be early, have prevented Italian rates from rising significantly. The pressure on the French market has therefore not diminished and the reaction by French producers has become firmer.

Further steps are required so that the results anticipated by the exceptional distillation decision (6 million hl) may be reached. Better balance on the Community table wine market can be attained if the Italian market were to improve. That market could be relieved by sending a further 2 million hl for distillation. For this purpose, the Commission proposes increasing the percentage of production which may be made

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(1) OJ No L 120, 1.5.1981, p. 1

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subject to exceptional distillation measures, increasing it from 15 to 20%. This increase would make it possible to raise the quantity distilled in Italy, where buying in prices of the wine subject to distillation is attractive compared with market rates, while it would have practically no effect in France where the rates exceed that price. The higher rates likely to result from the measure should not only relieve the present very tense situation but also have a beneficial influence on the outset of the next wine year by making better rates possible from the start.

Proposal for  
COUNCIL REGULATION (EEC) NO

of

amending Regulation (EEC) No 1144/81 laying down general rules  
on the distillation of table wines as provided for in  
Article 15 of Regulation (EEC) No 337/79

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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 3456/80 (2) and in particular Article 15(1) thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 1144/81 (3) made provision for  
exceptional distillation of table wine with the object of alleviating  
the serious crisis on the market; whereas the volume which could be  
distilled was limited to 15% of table wine production by each producer  
during the 1980/81 wine year; whereas this restriction has prevented  
complete attainment of the object in question, quantities subject to  
distillation contracts having remained below the anticipated level;  
whereas, in order to relieve the market to an extent which will enable  
rates to recover, particularly in Community regions in the largest  
quantities of table wine available, the percentage of production which  
may be distilled should be increased from 15 to 20%; whereas it is  
therefore necessary to reopen the time limit for submission of applica-  
tions for approval of delivery contracts and to adapt certain other  
dates fixed in Regulation (EEC) No 1144/81;

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(1) OJ No L 54, 5. 3.1979, p. 1  
(2) OJ No L 360, 31.12.1980, p. 18  
(3) OJ No L 120, 1. 5.1981, p. 1

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Article 1

Regulation (EEC) 1144/81 is hereby amended as follows:

1. The date 25 June 1981 in Article 1(1) is replaced by 15 October 1981.
2. The figure 15% in Article 1(2) is replaced by 20%.
3. The date 25 July 1981 in Article 2(1) is replaced by 15 November 1981.
4. The date 25 June 1981 in Article 3(1) is replaced by 15 October 1981.
5. The date 25 July 1981 in Article 3(3) is replaced by 15 November 1981.
6. The date 15 November 1981 in Article 8 is replaced by 15 January 1982.

Article 2

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 Commission

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# FINANCIAL STATEMENT

Date : 28 July 1981

1. BUDGET HEADING : 1981 : 6912

APPROPRIATIONS : 1981,  
287.14 m ECU (1)

2. TITLE : Proposal for a Council Regulation amending Regulation (EEC) No 1144/81 laying down general rules on the distillation of table wines as provided for in Article 15 of R 337/79.

3. LEGAL BASIS : Article 15 of Regulation No 337/79

4. AIMS OF PROJECT :

Relieving the serious crisis on the wine market by stepping up the exceptional distillation measures provided for in Regulation 1144/81

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR ( 81 )	FOLLOWING FINANCIAL YEAR
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) <del>XXXXXXXXXXXXXXXXXXXX</del> <del>XXXXXX</del>	18 million ECU	18 million ECU	
5.1 RECEIPTS - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL			
5.0.1 ESTIMATED EXPENDITURE 5.1.1 ESTIMATED RECEIPTS	..... only covers one marketing year .....		

5.2 METHOD OF CALCULATION

see annex

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ? ~~XS~~/NO

6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET ? (2) YES/~~NO~~

6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY ? ~~XS~~/NO

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ? YES/~~NO~~

OBSERVATIONS :

- (1) initial appropriations. The appropriations in the draft amending budget no 1 amount to 348 million ECU.
- (2) The necessary appropriations would be made available from those in chapter 60 (cereals) or 64 (sugar) for example.

Annex: Method of calculation

- 1.) The exceptional distillation measure decided upon by the Council on 24 April 1981 (Regulation No 1144/81) was to cover 6 million hl at 15 ECU/hl, or 90 million ECU.
- 2.) The quantities actually covered by distillation contracts amounted to between 4.9 and 5.4 million hl, or a maximum of 81 million ECU.
- 3.) Increasing the percentage of production which could be distilled from 15 to 20% should result in distillation of a further 1.8 million hl, or a maximum of 7.2 million hl representing 108 million ECU.
- 4.) Additional expenditure caused by this proposal should therefore amount to  $108 - 90 = 18$  million ECU compared with the financial statement of 6 April 1981.