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REPORT

drawn up on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for/

- I. a regulation amending Regulation (EEC) No. 816/70 laying down additional provisions for the common organization of the market in wine, Regulation (EEC) No. 817/70 laying down special provisions relating to quality wines produced in specified regions, Regulation (EEC) No. 865/68 on the common organization of the market in products processed from fruit and vegetables and Regulation (EEC) No. 950/68 on the Common Customs Tariff (Doc. 363/74)
- II. - a regulation on measures intended to adapt wine potential to market requirements
- modification by virtue of Article 149, second subparagraph of the Treaty to the proposal for a Council regulation amending Regulations (EEC) Nos 816/70 and 817/70, taking into account the Council Resolution of 21 April 1975 concerning guidelines designed to balance the market in table wines (Doc. 177/75)

Rapporteur: Mr L. DELLA BRIOTTA

1.2.1

PE 40.225/fin.

EP 75-76:187



By letter of 14 November 1974 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43(2) of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 816/70 laying down additional provisions for the common organization of the market in wine, Regulation (EEC) No. 817/70 laying down special provisions relating to quality wine produced in specified regions, Regulation (EEC) No. 865/68 on the common organization of the market in products processed from fruit and vegetables and Regulation (EEC) No. 950/68 on the Common Customs Tariff.

The President of the European Parliament referred this proposal to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on External Economic Relations for their opinions.

On 21 November 1974 the Committee on Agriculture appointed Mr Della Briotta rapporteur.

It considered this proposal at its meetings of 23-24 January, 27-28 February and 18-19 March 1975.

At the meeting of 17-18 April 1975 the Commission notified the Committee of its intention, in view of developments in the situation, to submit amended proposals.

On 30 June 1975 the Council of the European Communities consulted the European Parliament on

- a regulation on measures intended to adapt wine potential to market requirements
- amendments (by virtue of Article 149, second subparagraph, of the Treaty) to the proposal for a regulation amending Regulations (EEC) Nos. 816/70 and 817/70 taking into account the Council Resolution of 21 April 1975 concerning new guidelines designed to balance the market in table wines.

The Committee on Agriculture considered the draft report by Mr Della Briotta at its meetings of 30 June and 1 July, and 7 July 1975.

At the last of these meetings it adopted the motion for a resolution by 12 votes to 28 with 5 abstentions.

Present: Mr Houdet, chairman; Mr Laban, vice-chairman, Mr Vetrone, vice-chairman; Mr Della Briotta, rapporteur; Mr Boano, Mr Brégégère, Mr Cifarelli, Mr Cipolla, Mr Espersen, Mr Frehsee, Mr Fruh, Mr Hansen, Mr de Koning, Mr Lemoine, Mr Liogier, Mr Martens, Mr Brøndlund Nielsen, Mrs Orth, and Mr Zeller.

The rapporteur will present the explanatory statement orally.

The opinion of the Committee on Budgets is attached.

CONTENTS

	<u>Page</u>
MOTION FOR A RESOLUTION.....	5
Opinion of the Committee on Budgets.....	14

The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution :

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 amending Regulation (EEC) No 816/70 laying down additional provisions for the common organisation of the market in wine, Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions, Regulation (EEC) No 865/68 on the common organisation of the market in products processed from fruit and vegetables and Regulation (EEC) No 950/68 on the Common Customs Tariff
- II. - a regulation on measures intended to adapt wine potential to market requirements
 - amendments (proposed within the meaning of Article 149, second subparagraph of the Treaty) modifying Regulation (EEC) Nos 816/70 and 817/70, taking into account the Council resolution of 21 April 1975 on new arrangements for balancing of the market in table wines

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council, submitted on 5 November 1974¹,
- having been consulted by the Council in accordance with Article 43 of the EEC Treaty (Doc. 363/74),
- having regard to the Council resolution of 21 April 1975 concerning new guidelines designed to balance the market in table wines²,
- having regard to subsequent modifications by the Commission of its initial proposals, pursuant to Article 149, second paragraph, of the EEC Treaty and in the light of the above-mentioned Council resolution of 21 April 1975 (Doc. 177/75),
- having regard to the report of the Committee on Agriculture and the opinion of the Committee on Budgets (Doc. 187/75),
- considering that the serious situation created in France between March and April of this year, when the free movement of Italian wine was impeded so that the mechanisms provided for in the Treaty and in subsequent Community legislation were clearly disrupted, has been resolved by the resumption of trade made possible by the Council's acts of 15 April 1975,

¹ O.J. No C 31, 8.2.1975, p. 3

² O.J. No C 90, 23.4.1975, p. 1

- considering that on that occasion the Council restated the need for a balance between the control of planting, market guarantees and the improvement of quality, and that the conditions for such a balance are not to be found in the modifications made by the Commission to its proposals of 5 November 1974,
 - considering that on the basis of the 'Report submitted to the Council on the estimated development of the areas planted and replanted with wine in the Community and on the existing ratio between production and utilization in the wine-growing sector'¹, the Commission is emphasizing the tendency for wine-growing capacity (production areas cultivated and yields) to increase more rapidly than consumption,
 - considering that vine cultivation is the principal source of income for a large number of farmers, and is therefore a fundamental component of the total economy of certain regions of the Community,
 - considering, in the light of the recent discussions on the 'stocktaking' of the common agricultural policy submitted by the Commission, that wine-growing is one of those plant production sectors that, unlike other sectors, has not yet been assured of equal and effective assistance to enjoy the advantages of the single market, financial solidarity and Community preference, and moreover is seriously disadvantaged by the fact that it is an arboreal culture with a relatively long agronomic cycle,
 - considering, therefore, that Community regulations for the wine-growing sector must ensure a balance between control of planting and income guarantees and that the possibility of limiting the extension of the area under vines must be accompanied by appropriate intervention mechanisms and the fixing of adequate price levels,
 - considering, moreover, that strict control of planting ought to be incorporated within a broader framework of aid to improve wine quality and of measures relating to oenological practice, to controls and to the prevention of frauds,
1. Invites the Commission, pursuant to Article 149 of the EEC Treaty, to take account of the observations and amendments set out below and requests it to ensure that all the regulations in this sector are applied with a view to ensuring that vine cultivators are able to maintain their incomes while avoiding the growth of difficulties on the market because of structural surpluses, uncontrolled imports from third countries or fraudulent practices, which must be severely repressed in order to give consumers certainty as to product quality;
 2. Invites the Commission to draw up and submit as soon as possible a forecast of production and consumption in the light of the measures proposed, so that the real effectiveness of the system proposed can be checked;

¹ See SEC(74) 3356 final, 17.9.1974

3. Considers desirable a more thorough approach to this entire matter and a consultation similar to that carried out when the original regulation on the wine growing sector was adopted;

- I. Production and control of planting development

4. Recognises that, in view of the present economic situation, planting must be controlled;
5. Feels, however, that the limitation of new planting cannot be imposed on all Community wine-growing areas and insists that machinery be set up to enable control of planting to be governed by factors peculiar to the different regions and limited to those areas where there has been difficulty in selling wine, with consequent recourse to distillation;
6. Expresses serious doubts as to the wisdom of marking off so-called 'vine renewal areas' as an indication of the gravity of the crisis, since an analysis of the sector ought to take into account all areas of production and not only those where the marked expansion of production in recent years represents a considerable effort towards agricultural conversion and rationalisation;
7. Feels that there is no justification for a general prohibition of new planting for the production of quality wines produced in specified regions, as this cannot be blamed for the crisis, and that it is not sufficient to hint at the possibility of making exceptions to this prohibition in accordance with the procedure laid down in Article 7 of Regulation No 24;
8. Agrees to the establishment of a system of authorisations for replanting, but insists on the need not to endanger hill vineyards; recommends, therefore, that when decisions are being taken on these authorisations, account should be taken of farming traditions in the areas concerned, the necessity for specialisation and the need to speed up the replacement of unauthorised types of wine;
9. Fears that the rule whereby authorisation is given in wine renewal areas for the replanting of one are for every one and a half ares grubbed up for a period of less than six years will only lead to an effort to achieve higher yields by moving the vineyards to low ground, with a consequent abandonment of hill cultivation, whereas the latter should be maintained, notwithstanding the lower yields, for quality reasons;
10. Considers that the rules concerning the right to take into consideration the uprooting of vines in a farm other than that of the applicant himself should be modified so as not to give rise to a veritable speculation in licences, the practical consequences of which would be to encourage small producers to give up their hillside vineyards, thus favouring the creation on the flat areas of large production units run by business consortia;

11. Feels, however, that the prohibition on planting, as also refusal to authorise replanting and the refusal of aid to new planting and to replanting which does not come up to specified quality standards, could in practice play a very useful part in bringing about adjustments within the framework of overall agricultural planning, with particular reference to Directive 159 of 1972;
12. Is prepared to accept the principle that wine should not be made from table grapes, though it stresses that such grapes mixed with grapes of the traditional wine-producing types produce a table wine with a natural alcohol content far higher than that obtained in other areas of the Community with wines which are approved;
13. Feels, however, that this prohibition makes sense only if it is incorporated into a serious overall policy for the qualitative improvement of varietal classifications;
14. Warns against the unfavourable effects that an immediate application of this prohibition could have in certain areas and feels, therefore, that recourse must be had to the regulation on fruit and vegetables to protect the income of producers whose grapes can no longer be used for the production of wine;
15. Feels that a measure to grant aids for the voluntary grubbing up of vines to be eliminated from the permitted classification in unsuitable regions should be added to the present package of proposed measures;

II. The price and intervention arrangements

16. Considers that, with a view to ensuring the effectiveness of the various intervention measures, prices to producers should be fixed at remunerative levels, without providing incentives to create structural surpluses;
17. Is of the opinion that the intervention measures should become operative before rates fall to levels which are too low in relation to the activating prices for intervention;
18. Notes the reasons given for linking Community intervention measures with the level of the Community weighted average price, but also considers it necessary to have intervention at regional level so as to avoid the spread of a crisis situation and consequently more costly commitments;
19. Agrees with the idea of having recourse to compulsory preventive distillation;

20. Feels, however, that if these remedial operations are to make sense the withdrawal price must be fixed at a level higher than 50% of the guide price, and that by analogy with the provisions adopted in other sectors, such as powdered milk, some thought should be given to the possibility of granting aid for transport from the wine-growers' cellars to the distillation plants;
21. Invites the Commission to urge the administrations concerned to pay distillation allowances promptly so that the winegrowers' cooperatives will not be forced by delays aggravated by the difficulty in obtaining bank credits, to dump their product on the market at low prices so as to acquire the minimum of ready cash that they need to keep going;
22. Feels that the effective capacity of distillation plants should be increased by promoting rationalization and placement in strategic areas;
23. Takes the view that measures for compulsory preventive distillation should be related to the quality of the product and that this kind of intervention can be usefully applied only in the case of 'flawed wines' which do not reach the minimum acceptable grade by the standards of the region in question;
24. Welcomes the improved arrangements for aids towards the storage of table wines, grape musts and concentrated musts, as also for the sale of these musts for the production of grape juice, concentrated grape juice and concentrated must;
25. Feels, however, that it is essential that the aids in question should be fixed at sufficiently encouraging level to enable these measures to influence effectively the way in which the sale of these products is staggered over the course of the year and the wide range of final uses to which the grapes can be put;

26. Feels that aids towards the storage of musts are an effective incentive calculated to make enrichment by means of musts increasingly competitive with enrichment by other methods, such as sugaring, which are much more artificial and can easily give rise to fraudulent practices;

III. Oenological practices and quality standards

27. Reiterates its reservations regarding the use of sugar, especially in aqueous solution, as a means of increasing alcoholic strength, particularly in the case of table wines, and, while recognizing the necessity for this in certain limited areas, has serious doubts about it because of the abuses to which this practice may give rise;
28. Stresses firmly, on the other hand, that enrichment by means of grape musts should be encouraged;
29. Invites the Commission to raise the minimum basic level of natural alcoholic content above the level originally proposed, in the first place as an effective follow-up to the Council recommendation that wine production should aim at rigid standards of quality and also to provide an overall balance to the strictness with which the Commission is approaching controls in the matter of planting;
30. Requests the Commission to seek as in the past, a solution allowing the use of certain wines stronger than 15 degrees outside the production zones;
31. Urges that the problem of controls be solved uniformly, so that fraud prevention can be carried out on the basis of the most reliable and incontrovertible data, even across the frontiers of individual Member States;

IV. Wine consumption

32. Feels that both in its analyses and in its proposals the Commission has almost entirely overlooked the possibility and the advisability of increasing outlets and uses for wine in third countries;
33. Hopes in this connection that practical proposals will be introduced for a system of aids to producers for marketing and for the establishment of bottling plants;

34. Regrets that the Commission has not submitted concrete proposals for the gradual elimination of the tax burdens of various kinds that weigh heavily on Community wine consumption;
35. Invites the Commission to submit proposals immediately and not to neglect this aspect of the problem, which is a vital factor in the endeavours to achieve a total overall balance between conditions of supply and conditions of demand, particularly as in periods of economic crisis there is a serious danger of a fall in the demand for wine;

V. Trade with third countries

36. Welcomes the Council decisions of 23/24 June of this year on reference prices and import certificates for wines from the Maghreb countries;
37. Feels that it would in general be advisable to adjust rules on protection to meet the situation created by all these imports;
38. Agrees with the new version of Article 33a designed to permit a special distillation as a result of the imports from the Maghreb countries;
39. Is, moreover, of the opinion that the costs of any special intervention necessary to protect producer income in the event of unusually large imports should be financed separately and not charged to the EAGGF Guarantee Section, to the detriment of the resources earmarked for the normal functioning of the common agricultural policy;

VI. Quality wines p.s.r.

40. Does not consider it appropriate to provide for the possibility of authorizing exceptional enrichment apart from that laid down for table wines;
41. Agrees with the restriction of the designation of a specified area to quality wines, and that derogations may persist for a transitional period, on condition, however, that this does not give rise to confusion;
42. Considers that five years after the entry into force of the basic regulation the free movement of products must at all events be guaranteed;

43. Requests the Commission to submit to Parliament and to the Council a complete codified text of Community legislation in force, with a view to permitting easier consultation and better information of those affected;
44. Finally, draws attention to the necessity for resuming as soon as possible the study of the common organization of the market in alcohol, in view of the importance this has for the wine-growing sector and for the agricultural sector in general.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from Mr LANGE, chairman of the Committee on Budgets, to
Mr HOUDET, chairman of the Committee on Agriculture

Strasbourg, 8 July 1975

Dear Mr Chairman,

The Committee on Budgets discussed these proposals for regulations at its meeting of 7 June 1975.

The financial schedule from the Commission accompanying these proposals is based on a theoretical model for the various possible measures in the wine market.

The Committee on Budgets reached the view that working hypotheses cannot constitute the proper basis for evaluating the financial implications of Commission proposals, since they do not show which of the measures considered the Commission will actually apply and what their financial consequences are.

The Committee on Budgets has therefore rejected the proposals for regulations.

Yours sincerely,

(sgd) Erwin LANGE