COUNCIL DECISION

of 28 February 2002

on the granting of exceptional national aid by the Government of the Italian Republic for the distillation of certain wine sector products

(2002/194/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 88(2), third subparagraph, thereof,

Having regard to the request made by the Government of the Italian Republic on 31 January 2002,

Whereas:

(1) Article 29 of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine [1] allows Community support for the distillation of wines in order to support the wine market and, as a consequence, facilitate the continuation of supplies of wine distillate.

(2) Article 30 of the above Regulation allows a crisis distillation measure if there is an exceptional case of wine market disturbance caused by serious surpluses and/or problems of quality.

(3) The 2001/02 wine year is characterised by a crisis situation which may be attributed to an imbalance between supply and demand. This is due not so much to surplus production as to abundant supply on the domestic market because of the growing volume of stocks and of imports of wines from third countries. In particular, the Italian market has experienced considerable surpluses, in particular regarding white table wines; thus the level of table wine stocks has exceeded the 1999 level by 70 %. Furthermore, the average price for this type of wine has fallen by 23 % as compared with the 1998/99 wine year, resulting in a significant reduction in producers' income.

(4) Voluntary distillation of table wine intended to supply the potable alcohol market provided for in Article 29 of Regulation (EC) No 1493/1999 has not made it possible to improve the situation on the Italian market, as the contracts concluded have attained a level equivalent to double the authorised volumes.

(5) This imbalance on the table wine market has led the Italian Government to request a crisis distillation measure under Article 30 of the said Regulation for 5 million hectolitres of table wine. Opening of that crisis distillation measure involves a price to be paid to the producer. The price adopted previously was EUR 1,914 per % vol, per hectolitre, which the Italian Government considers insufficient to bring about genuine improvement on the market.

(6) To deal with the situation, the Italian Government is planning, within the 4 million hectolitre quota approved on 8 February 2002 by the Management Committee for Wine and on a proposal from the Commission, to grant exceptional national aid to producers who supply wine for the distillation referred to in Article 30 of the said Regulation, so as to bring the price paid to the producer for distillation purposes to a level not exceeding EUR 2,12 per % vol per hectolitre, subject to a maximum cost of this national measure of EUR 8,27 million.

(7) Exceptional circumstances therefore exist, making it possible to consider such aid, by way of derogation and to the extent strictly necessary to remedy the imbalance which has arisen, to be compatible with the common market on the terms specified in this Decision,

HAS ADOPTED THIS DECISION:

Article 1

Exceptional aid by the Italian Government for the distillation of 4 million hectolitres of table wine on Italian territory totalling not more than EUR 8,27 million, for the amount necessary to bring the price of wine up to EUR 2,12 per % vol per hectolitre in the context of the implementation of crisis distillation under Article 30 of Regulation (EC) No 1493/1999, shall be considered compatible with the common market.

Article 2

This Decision is addressed to the Italian Republic.

Done at Brussels, 28 February 2002.

For the Council

The President

A. ACEBES PANIAGUA

[1] OJ L 179, 14.7.1999, p. 1. Regulation as last amended by Regulation (EC) No 2585/2001 (OJ L 345, 29.12.2001, p. 10).