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(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 2144/82

of 27 July 1982

amending Regulation (EEC) No 337/79 on the common organization of the market in wine

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission (1),

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the Economic and Social Committee (3),

Whereas experience in managing the wine market suggests that a certain number of amendments are to be made to Council Regulation (EEC) No 337/79 of 5 February 1979 on the common organization of the market in wine (4), as last amended by Regulation (EEC) No 3577/81 (5), particularly with a view to strengthening the instruments for controlling the market and channelling production towards improved quality;

Whereas, at present, increase in the natural alcoholic strength by volume is not carried out under the same economic conditions by all Community producers on account of the different oenological practices allowed by Article 33 of Regulation (EEC) No 337/79; whereas, in order to eliminate such discrimination encouragement should be given to the use of vine products for enrichment, thereby increasing their outlets and helping to avoid the creation of wine surpluses; whereas, in order to achieve this, the prices of the various products used for enrichment should be aligned; whereas this result can be achieved by introducing a system of aid for concentrated grape must and rectified concentrated grape must used for enrichment; whereas, in order to safeguard the general balance on the wine market, provision should be made for the possibility of reserving, in a given year, the grant of aid to must coming from certain wine-growing zones where traditionally the production of wine for coupage is an important factor in the agricultural economy;

Whereas, in order to avoid any technically incorrect distillation operations, it should be stipulated that aid for wine for distillation is to be paid only where the product of distillation has a minimum alcoholic strength of 52 % vol;

Whereas to allow, for years where a significant harvest is foreseen, the market to be speedily rationalized by means of the removal of wines of inferior quality, preventive distillation should be made possible from the beginning of the wine year at a buying-in price which does not encourage the production of wine of insufficient quality; whereas, also, in order to give an incentive to producers to contribute to the task of rationalizing the market as from the beginning of the wine year, it appears appropriate to provide that that price should be increased if the results of preventive distillation are such that no decision on compulsory distillation need be taken later; whereas for the first year of application of the measure, the incentive to producers referred to above should be intensified;

Whereas, with a view to easing operation of the new distillation scheme there should be abolished the possibility of replacing at the time of distillation table wines which have been subject to long-term storage contracts by other table wines;

Whereas, with a view to improving incomes of the producers involved, it is appropriate to ensure that, under certain conditions, they receive a guaranteed minimum price for table wine; whereas, to this end, the possibility should be provided for the producer to deliver table wine from his own production for distilla-

(1) OJ No C 277, 29. 10. 1981, p. 5.
(2) Opinion delivered on 9 July 1982 (not yet published in the Official Journal).
(3) OJ No C 112, 3. 5. 1982, p. 31.
(4) OJ No L 54, 5. 3. 1979, p. 1.
(5) OJ No L 359, 15. 12. 1981, p. 1.

tion at the guaranteed minimum price or to make use of any other appropriate measure to be decided upon ; whereas, in order to obtain the greatest efficiency in applying the measures in question, the possibility should be laid down for the Commission to determine the quantities eligible, up to an overall limit of 5 million hectolitres of table wine during one wine year, while reserving the possibility for the Council to increase the quantity of table wine which may be distilled under these measures ; whereas, to the same end, the possibility of reserving these measures for certain types of table wine or certain wine-growing zones should be provided for ;

Whereas Article 39 of Regulation (EEC) No 337/79 requires distillation or, in certain conditions, withdrawal under supervision of the by-products of wine-making ; whereas, however, producers whose vineyards are situated in wine-growing Zone A or in the German part of wine-growing Zone B are not subject to this requirement ; whereas experience has shown that the need to ensure appropriate quality control of wine-making means that that obligation should be strengthened and its scope extended ; whereas, for this purpose, the obligation to withdraw the by-products of wine-making under supervision should be extended to cover producers in zones for which exemption is currently granted and all persons who have processed grapes other than into wine should be subject to the obligation to distil or, failing that, to withdraw by-products ; whereas, owing to the shortage of distillation equipment in certain areas in wine-growing Zones C III, a system of derogations concerning the products for distillation should be provided on a transitional basis, while ensuring compliance with the fundamental obligation ; whereas experience has shown that the system in operation, which provides for financial support solely for alcohol delivered to the intervention agency, entails an increase in the production of alcohol to the detriment of the traditional production of spirits ; whereas this situation involves greater expenditure than that incurred by a system providing also for an appropriate aid for wine made into spirits ; whereas, at the same time, it appears advisable to introduce certain technical adjustments in the existing provisions ;

Whereas the distillation measures necessary to guarantee the high quality of wines placed on the market should not disturb the Community markets in alcohol and spirituous beverages ; whereas Community rules should therefore be laid down governing the disposal of products of distillation and the taking charge, by the Community, of the costs which these measures could entail for the Member States ;

Whereas experience has shown that during years of particularly large surpluses optional distillation measures are insufficient to ensure that the market is rationalized ; whereas compulsory distillation should therefore be introduced ; whereas this intervention measure should be made on the basis of the preliminary forecast for the marketing year and the total quantity of wine to be distilled under the measure should be fixed at a level which makes it possible to keep forecast stocks for the end of the marketing year at a level compatible with a balanced market ; whereas, in view of the wide range of production conditions within the Community, provision should be made for adjusting the percentage of production to be distilled by each producer on the basis of certain criteria ; whereas implementation of this measure must not involve an administrative burden out of proportion to the results aimed at in terms of quantity ; whereas provision should therefore be made for suitable waivers ;

Whereas the buying-in price for wine for compulsory distillation should not encourage the production of wine of poor quality, nor result in an intolerable burden for producers ;

Whereas, in order to ensure that distillation proceeds smoothly, provision should be made for the distiller either to receive aid for the product to be distilled or to deliver the products of distillation to the intervention agencies of Member States where recourse to the latter possibility does not entail disproportionate administrative costs ;

Whereas it is necessary to determine the characteristics of the products derived from compulsory distillation which may be disposed of by the intervention agencies, and the conditions for placing these products on the market ;

Whereas the search for alternative uses to distillation with a view to absorbing table wine surpluses should be encouraged ;

Whereas, under the terms of the second subparagraph of Article 46 (3) of Regulation (EEC) No 337/79, the use of sodium-based cation exchange resins for the purpose of preventing the precipitating of excess calcium when the wine is marketed is permitted until 31 August 1982 in Member States where the practice was allowed as at 1 September 1977, provided that the products obtained are not sent out of the Member States concerned ; whereas it is envisaged that Community provisions will allow oenological practices to replace the use of the resins in question ; whereas, since these practices have not yet been finalized, the period during which the use of the present method is permitted should be extended ;

Whereas, with a view to excluding from the wine market products of mediocre quality, it should be stipulated that only grapes coming from wine grape varieties may be used for the preparation of certain products ;

Whereas, in order to ensure the smooth transition from the former system to the new system introduced by this Regulation, provision should be made for a procedure to enable the Commission to adopt any transitional measure necessary,

HAS ADOPTED THIS REGULATION :

Article 1

Regulation (EEC) No 337/79 is hereby amended as follows :

1. The following Article shall be inserted :

'*Article 3a*

The aim of the set of measures referred to in this title shall be to ensure equilibrium on the market in table wines and a minimum guaranteed price on the market for such wines equal to at least 82 % of the guide price coming into effect in the year of the harvest concerned.

The minimum guaranteed price referred to in the first subparagraph shall be ensured to producers subject to the obligations referred to in Article 6 (1) only in so far as they have met those obligations in accordance with the aforesaid provision.'

2. Article 6 shall be replaced by the following :

'*Article 6*

1. Producers subject to the obligations referred to in Article 39 and, where appropriate, Articles 40 and 41, shall be entitled to benefit from the intervention measures under this title provided they have complied with the above obligations for a reference period to be determined.

2. With the exception of table wines of types R III, A II and A III, table wines with an actual alcoholic strength equal to or below 9·5 % vol shall be excluded from all intervention measures provided for in this Title other than those provided for in Article 11.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 67.'

3. Article 7 (4) shall be replaced by the following :

'4. Long-term contracts may be entered into in respect of certain types of table wine to be specified, if the estimates for a wine-growing year show that the quantity of such wines available at the beginning of that year will exceed by more than four months the normal consumption for that year.' ;

4. Article 11 shall be replaced by the following :

'*Article 11*

1. When this appears necessary in the light of harvest forecasts or in order to improve the quality of the products put on the market, there may be preventive distillation of table wines and wines suitable for yielding table wine for each wine-growing year from 1 September until :

— the date of the decision referred to in Article 41 (1),

— or, if no such decision is taken, 20 January.

2. Subject to the third subparagraph, the buying-in price for wine delivered for distillation under paragraph 1 shall be :

— 60 % of the guide price for each type of table wine coming into effect in the same year as that of the harvest concerned, for table wines of these types and table wines having a close economic relationship with each type of table wine,

— 60 % of the guide price for table wines of type A I which comes into force in the same year as that of the harvest concerned, for wines suitable for yielding table wine.

When, for the wine-growing year concerned, distillation as referred to in Article 41 has not been decided upon, the buying-in prices shall be raised to 65 % of the corresponding guide prices, with the aid referred to in paragraph 3 being adjusted accordingly.

By way of derogation from the first and second subparagraphs, for the 1982/83 wine-growing year :

— the prices referred to in the first subparagraph shall be 65 % of the corresponding guide prices,

— the price referred to in the second subparagraph shall be 70 % of the corresponding guide prices.

The price paid by the distiller may not be lower than the buying-in price.

3. The intervention agency shall pay aid for the product to be distilled, provided that the distilled product has an alcoholic strength of at least 52 % vol.

4. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules concerning the distillation referred to in paragraph 1, and in particular :

— the conditions under which distillation is to be carried out,

— the criteria for determining the amount of aid which will enable the distilled products to be disposed of.

5. The decision to carry out the distillation referred to in paragraph 1 and the detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 67. The amount of the aid referred to in paragraph 3 shall be determined by the same procedure.'

5. In Article 12a :

(a) paragraph 2 shall be replaced by the following :

'2. The additional measures referred to in paragraph 1 shall become applicable at the normal date of expiry of the storage contracts concerned and in respect of wines which, when taken out of storage, comply with conditions to be laid down.

These measures may consist in particular :

— in storage of the wines in question during a period to be determined in accordance with the conditions laid down for long-term storage,

— in the distillation of these wines.

Such measures may be combined.'

(b) paragraph 4 shall be replaced by the following :

'3a. The intervention agency shall pay aid for the product to be distilled, provided that the distilled product has an alcoholic strength of at least 52 % vol.

4. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules concerning the distillation referred to in paragraph 2 and in particular :

— the conditions under which distillation is to be carried out,

— the criteria for determining the amount of aid which will enable the distilled product to be disposed of.

(c) paragraph 6 shall be deleted.

6. Article 14 shall be replaced by the following :

'*Article 14*

1. A system of aid is hereby instituted for the use of

— concentrated grape musts,

— rectified concentrated grape musts,

produced in the Community, when they are used in order to increase the alcoholic strengths referred to in Article 32 of this Regulation and in Article 8 (2) of Regulation (EEC) No 338/79.

2. The grant of aid referred to in paragraph 1 may be reserved for the products referred to in paragraph 1 coming from wine-growing Zones C III a) and C III b) if the trade patterns in must and coupage wines cannot be guaranteed without this measure.

Where it is decided to reserve the grant of aid as referred to in the first subparagraph, this shall also apply to rectified concentrated grape musts produced outside the wine-growing zones referred to in that subparagraph in plants which started production thereof before 30 June 1982.

3. The amount of the aid shall be fixed in ECU per % vol potential alcoholic strength and per hectolitre of concentrated grape must or rectified concentrated grape must, taking into account the difference between the cost of enrichment by means of these products and by means of sucrose.

4. The procedure laid down in Article 67 shall be followed :

— to fix the amount of aid each year before 31 August,

— to determine the conditions for granting the aid and any other arrangements for applying this Article.'

7. Article 15 shall be replaced by the following :

'*Article 15*

1. In wine-growing years during which the distillation referred to in Article 41 is decided upon, there shall be distillation from the time the measure referred to in Article 41 (1) is put into effect.

If during such a wine-growing year the situation on the market in table wine so requires, any other appropriate measure may be decided upon.

2. In wine-growing years during which the distillation referred to in Article 41 is not decided upon, and if the situation on the market in table wine so requires, distillation and any other appropriate measure may be decided upon.

3. During any wine-growing year, the quantity of table wine covered by the measures referred to in paragraph 1 or paragraph 2 may not exceed 5 million hectolitres.

4. If the measures referred to in paragraph 1 or paragraph 2 have been applied to the total quantity of table wine referred to in paragraph 3 and if the situation on the market in table wine so requires, the Council, acting by a qualified majority on a proposal from the Commission, may decide to increase the quantity of table wine which may be covered by the distillation introduced for the current wine-growing year under paragraph 1 or paragraph 2.

5. The buying-in price for wine delivered for distillation under paragraphs 1, 2 and 4 shall be 82 % of the guide price for each type of table wine.

6. If the situation on the market in table wine so requires, the measures referred to in this Article may be restricted :

— to certain table wines determined according to type,

— to one or more wine-growing zones.

7. The intervention agency shall pay aid for the product to be distilled, provided that the distilled product has an alcoholic strength of at least 52 % vol.

8. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules concerning the distillation referred to in this Article.

These rules shall include in particular the conditions under which distillation is to be carried out in such a way as to enable the products obtained to be disposed of.

9. The decisions referred to in paragraphs 1 and 2 and the detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 67. The amount of the aid referred to in paragraph 7 shall be decided by the same procedure.'

8. Article 39 shall be replaced by the following:

'*Article 39*

1. The overpressing of grapes, whether or not crushed, and the pressing of wine lees shall be prohibited. The refermentation of grape marc for purposes other than distillation shall also be prohibited.

By derogation from the first subparagraph in the Greek and Italian islands (other than Sicily and Sardinia) in wine-growing regions C III a) and C III b) during the marketing years 1982/83 and 1986/87, the overpressing of grapes, whether or not crushed, and the pressing of wine lees may be permitted. In this event, products obtained from the pressing of marc and wine lees shall be wholly and exclusively delivered for distillation.

2. Any natural or legal person or group of persons, with the exception of the persons and groups referred to in paragraph 4, who have made wine shall be required to deliver for distillation the by-products of the winemaking and, if necessary, of the wine from their own production.

The quantity of alcohol contained in the products delivered for distillation shall be at least equal to a percentage to be determined of the volume of alcohol naturally contained in the grapes used to produce the wine. The assessment of that volume shall be made on the basis of a standard natural minimum alcoholic strength by volume laid down for each wine-growing year in each wine-growing zone.

The percentage mentioned in the second subparagraph may not be more than:

— 8 % if the wine has been obtained by direct vinification of fresh grapes,

— 3 % if the wine has been obtained by vinification of fresh grape must, partially fermented grape must or new wine still in fermentation.

Derogations may be made from this paragraph for categories of producers to be determined, for certain production areas and for wines subject to the distillation referred to in Article 40.

3. Any natural or legal person or group of persons, with the exception of the persons and groups referred to in paragraph 4, who holds by-products of any processing of grapes other than vinification shall be required to deliver them for distillation.

4. Any natural or legal person or group of persons who processes grapes harvested in wine-growing Zone A or in the German part of wine-growing Zone B shall be required to withdraw the by-products of this processing under supervision and subject to conditions to be determined.

5. Those subject to the obligation referred to in paragraph 2 or to that referred to in paragraph 3 may discharge this obligation by the withdrawal of the by-products of vinification under supervision and subject to conditions to be determined.

6. Under the distillation operation referred to in this Article, the distiller may:

— either receive aid in respect of the product to be distilled, provided that the distilled product has an alcoholic strength of at least 52 % vol,

— or deliver the product of the distillation to the intervention agency, provided that it has an alcoholic strength of at least 92 % vol.

However,

— the Member States may stipulate that their intervention agencies shall not buy in the product referred to in the second indent of the first subparagraph,

— if table wine has been processed into wine fortified for distillation before delivery to the distiller, the aid referred to in the first indent of the first subparagraph shall be paid to the manufacturer of the fortified wine and the product of the distillation may not be delivered to the intervention agency.

A buying-in price shall be fixed for neutral alcohol having quality characteristics to be determined.

The buying-in price of the other products of distillation which can be taken over by the intervention agency shall be fixed on the basis of the buying-in price referred to in the third subparagraph but varied to take account, in particular, of the costs necessarily entailed in processing the relevant product into neutral alcohol.

7. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article.

These rules shall include :

— the conditions under which distillation is to be carried out,

— the criteria for fixing the price to be paid, by alcoholic strength, for marc and lees and, if appropriate, for wine delivered for distillation,

— the derogations mentioned in paragraphs 1 and 2,

— the conditions under which withdrawal under supervision as referred to in paragraph 4 and paragraph 5 may be carried out,

— the criteria for fixing the amount of aid which will enable the products obtained to be disposed of,

— the criteria for establishing the proportion of the intervention agencies' expenditure to be financed from the Guarantee Section of the European Agricultural Guidance and Guarantee Fund,

— the criteria for fixing the prices of the products of distillation which can be taken over by the intervention agencies.

8. The amount of aid, the prices and the proportion of expenditure referred to in paragraph 7 shall be fixed in accordance with the procedure laid down in Article 67. Detailed rules for the application of this Article and the standard natural alcoholic strength by volume mentioned in paragraph 2 shall be adopted in accordance with the same procedure.'

9. Article 40 shall be replaced by the following :

'*Article 40*

1. Wine made from grapes belonging to varieties not listed as wine grape varieties in the classification of vine varieties for the administrative unit where they were harvested, and which is not exported, shall be distilled before the end of the wine-growing year in which it was produced. Except by derogation, it may not be moved except to a distillery.

2. Where wine is produced from a grape variety listed in the classification for the administrative unit as both a wine grape variety and a variety for use for another purpose, any wine which is produced in excess of the normal quantity and which is not exported shall be distilled before the end of the wine-growing year in which it was produced. Except by derogation, it may not be moved except to a distillery.

The quantity of wine normally produced shall be determined from :

— the quantities produced during a reference period to be determined antedating the 1980/81 wine-growing year,

— the quantities of wine put to traditional uses.

3. The buying-in price for wine delivered for distillation under paragraphs 1 and 2 shall be 50 % of the guide price for table wine of type A I which comes into application in the year of the harvest concerned.

The price paid by the distiller may not be lower than the buying-in price.

4. Under the distillation operation referred to in this Article, the distiller may :

— either receive aid in respect of the product to be distilled, provided that the distilled product has an alcoholic strength of at least 52 % vol,

— or deliver the product obtained from distillation to the intervention agency, provided that it has an alcoholic strength of at least 92 % vol.

However :

— the Member States may stipulate that their intervention agencies shall not buy in the product referred to in the second indent of the first subparagraph,

— if wine has been processed into wine fortified for distillation before delivery to the distiller, the aid referred to in the first indent of the first subparagraph shall be paid to the manufacturer of the fortified wine and the product of the distillation may not be delivered to the intervention agency.

A buying-in price shall be fixed for neutral alcohol having quality characteristics to be determined.

The buying-in price of the other products of distillation which can be taken over by the intervention agency shall be fixed on the basis of the buying-in price referred to in the third subparagraph but varied to take account, in particular, of the costs necessarily entailed in processing the relevant product into neutral alcohol.

5. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article.

These rules shall include :

— the conditions under which distillations to be carried out,

— the criteria for fixing the amount of aid which will enable the products obtained to be disposed of,

— the criteria for establishing the proportion of the intervention agencies' expenditure to be financed from the Guarantee Section of the European Agricultural Guidance and Guarantee Fund,

— the criteria for fixing the buying-in prices of the products of distillation which can be taken over by the intervention agencies.

6. The amount of aid, the buying-in prices and the proportion of expenditure referred to in paragraph 5 shall be fixed in accordance with the procedure laid down in Article 67. Detailed rules for the application of this Article, in particular the quantities of wine normally produced as mentioned in paragraph 2 and the derogations mentioned in paragraphs 1 and 2, shall be adopted in accordance with the same procedure.'

10. The following Article shall be inserted:

'*Article 40a*

Disposal of the products of the distillations referred to in Articles 39 and 40 and held by the intervention agencies shall be governed by Community rules intended to avoid any disturbance of the markets in alcohol and spirituous beverages produced in the Community.

If application of the rules referred to in the first paragraph does not allow disposal of these products, measures allowing their disposal in sectors or to destinations excluding any disturbance of the markets in alcohol and spirituous beverages produced in the Community shall be adopted in accordance with the procedure laid down in Article 67. The cost of these measures shall be borne by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund.'

11. Article 41 shall be replaced by the following:

'*Article 41*

1. Whenever, in respect of a wine-growing year, the data in the forward estimated show, for table wines, that the availabilities recorded at the beginning of the wine-growing year exceed by more than five months the normal utilization for that year, compulsory distillation of table wine shall be decided upon.

However, compulsory distillation shall be decided upon only if such distillation does not entail a disproportionate administrative burden.

2. The total quantity to be distilled must be such as to leave foreseeable end-of-year stocks at a level somewhere between five and six months' normal utilization calculated for the relevant wine-growing year.

3. Subject to the second subparagraph of paragraph 7, the quantity to be distilled in accordance with paragraph 2 shall, for each producer, be equal to a percentage of his production of table wine.

This percentage:

— shall be fixed no later than 20 January following the decision to carry out distillation,

— shall be varied, in order to curb the increase in Community production, according to the yield per hectare of each producer in relation to the normal yield for the various production regions of the Community, taking into account the information provided by each Member State, and the type of table wine.

The quantity of table wine to be delivered for distillation by each producer shall be equal to that determined in accordance with the second subparagraph minus the quantity delivered for distillation referred to in Article 11.

4. The buying-in price of the wine delivered for distillation under paragraph 1 shall be equal to 60 % of the guide price of each type of table wine. This price shall also apply to wines in a close economic relationship with each of the types of table wine.

However, for the 1982/83 wine-growing year, the buying-in price shall be fixed at 65 % of the guide price referred to in the first subparagraph. The price paid by the distiller may not be lower than the buying-in price.

5. Under the distillation operation referred to in this Article, the distiller may:

— either receive aid in respect of the product to be distilled, provided that the distilled product has an alcoholic strength of at least 52 % vol,

— or deliver the product obtained from distillation to the intervention agency, provided that it has an alcoholic strength of at least 92 % vol.

However,

— the Member States may stipulate that their intervention agencies shall not buy in the product referred to in the second indent of the first subparagraph,

— if table wine has been processed into wine fortified for distillation before delivery for distillation, the aid referred to in the first indent of the first subparagraph above shall be paid to the manufacturer of the fortified wine and the product of the distillation may not be delivered to the intervention agency.

A buying-in price shall be fixed for neutral alcohol having quality characteristics to be determined.

The buying-in price of the other products of distillation which can be taken over by the intervention agency shall be fixed on the basis of the buying-in price referred to in the third subparagraph but varied to take account, in particular, of costs necessarily entailed in processing the relevant product into neutral alcohol.

6. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article.

These rules shall include :

— the conditions under which distillation is to be carried out,

— the criteria for determining the amount of aid which will enable the products obtained to be disposed of,

— the criteria for fixing the buying-in prices of the products of distillation which can be taken over by the invervention agencies.

7. Decisions to carry out the distillation referred to in paragraph 1, the quantity referred to in paragraph 2, the determination of the production regions and the percentages referred to in paragraph 3, the amount of the aid and the prices referred to in paragraph 5 and detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 67.

Measures involving partial or total exemption from the obligation referred to in paragraph 3 for producers who have, during the relevant wine-growing year, obtained a quantity of wine not exceeding a quantity to be determined shall be adopted in accordance with the same procedure, in particular so as to alleviate the administrative costs arising from the application of this Article.'

12. The following Articles shall be inserted :

'*Article 41a*

1. Buying-in price by the intervention agency of products obtained by the distillation operation referred to in Article 41 shall rank as intervention designed to stabilize the agricultural markets within the meaning of Article 1 (2) of Regulation (EEC) No 729/70.

2. Products taken over by the intervention agencies in accordance with paragraph 1 may be disposed of, where appropriate after processing, only in the form of :

— neutral alcohol,

— alcohol which has been totally denatured or which has undergone special denaturing, in accordance with Community provisions, or, in the absence of such provisions, with national provisions relating to denaturing,

— denatured alcohol known as "alcool mauvais goût dénaturé",

— alcohol other than the types referred to above, provided it is intended for export.

3. Products taken over by the intervention agency or products derived from their processing shall be disposed of either by public auction or by a tendering procedure. They shall be disposed of in a manner which ensures that :

— the alcohol can be sold on the market in the normal way for the various uses,

— any disturbance of the markets in alcohol and spirituous beverages is avoided,

— equality of access to the merchandize and equality of treatment of prospective purchasers is guaranteed.

4. The Council, acting by a qualified majority on a proposal from the Commission, shall adopt general rules for the application of this Article.

These rules shall include, in particular :

— provisions relating to the operations which the intervention agencies must or may carry out in respect of products taken over before they are put back on the market,

— provisions relating to the disposal of the products held by the intervention agencies.

5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 67.

Article 41b

1. By way of derogation from Article 41a, 70 % of the net losses borne by the intervention agencies in respect of the 1982/83 wine-growing year for products delivered to them in accordance with Article 41 shall be chargeable to the European Agricultural Guidance and Guarantee Fund.

2. The net losses referred to in paragraph 1 shall be calculated on the basis of the buying-in price fixed in accordance with the third subparagraph of Article 41 (5) minus the amount of the aid fixed in accordance with the second indent of the second subparagraph of Article 41 (6).

Article 41c

1. Measures to encourage the use of methods other than distillation for disposing of surpluses of products referred to in Article 1 (2) shall be applied during the wine-growing years 1982/83, 1983/84 and 1984/85.

The measures referred to in the first subparagraph mean action to promote research into and development of new uses for the products referred to in Article 1 (2).

2. For the purposes of financing the common agricultural policy, the measures referred to in paragraph 1 shall be considered to be part of the intervention to regularize agricultural markets.

3. By way of derogation from Article 3 (1) of Regulation (EEC) No 729/70, financing of the measures referred to in paragraph 1 may be limited to part of the expenditure involved and may not exceed an overall amount of 0·5 million ECU per annum.

4. Before the end of the 1984/85 wine-growing year, the Council, acting in accordance with the procedure laid down in Article 43 (2) of the Treaty, shall, if necessary, adopt the appropriate measures on the basis of the results of the action referred to in paragraph 1.

5. The measures referred to in paragraph 1 and the detailed rules for the implementation of this Article shall be adopted in accordance with the procedure laid down in Article 67.'

13. In the first subparagraph of Article 46 (3), the date '31 August 1982' shall be replaced by '31 August 1983'.

14. Article 49 (1) shall be replaced by the following :

'1. Unless otherwise decided by the Council, acting by a qualified majority on a proposal from the Commission, only grapes belonging to varieties listed in the classification established in accordance with Article 31 as recommended or authorized wine grape varieties, or products derived therefrom, may be used in the Community for the manufacture of :

— grape must with fermentation arrested by the addition of alcohol,
— concentrated grape must,
— rectified concentrated grape must,
— wine suitable for yielding table wine,
— table wine,
— quality wine psr,
— liqueur wine.'

15. Articles 12, 13, 15a and 58 shall be deleted.

Article 2

The transitional measures necessary to facilitate the transition to the system of the common organization of the market in wine, as amended by this Regulation, in particular if the introduction of the amended system on the date laid down meets with substantial difficulties, shall be adopted in accordance with the procedure laid down in Article 67 of Regulation (EEC) No 337/79. They shall remain applicable until 31 August 1983 at the latest.

Article 3

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

It shall apply from 1 September 1982.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 27 July 1982.

For the Council

The President

O. MØLLER