COMMISSION REGULATION (EC) No 1367/2002

of 26 July 2002

opening crisis distillation as provided for in Article 30 of Council Regulation (EC) No 1493/1999 in Portugal

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine [1], as last amended by Regulation (EC) No 2585/2001 [2], and in particular Articles 30 and 33 thereof,

Whereas:

(1) Article 30 of Regulation (EC) No 1493/1999 provides for the possibility of opening crisis distillation in the event of exceptional market disturbance due to major surpluses. Such measures may be limited to certain categories of wine and/or certain areas of production and may apply to quality wines psr at the request of the Member State.

(2) By letter of 7 June 2002, the Portuguese Government requested that crisis distillation be opened in Portugal for 250 000 hl of wine, mainly quality wine psr, produced on its territory (Vinho Verde produced in the Minho region) and for some of the table wine which was not accepted for distillation under Article 29 of Regulation (EC) No 1493/1999.

(3) Wine production in Portugal was 3,7 million hectolitres in 1998/99 and 7,8 million hectolitres in 1999/2000. It stood at 6,6 million hectolitres in 2000/01 and the latest estimates for the current wine year put table wine production at 7,6 million hl.

(4) Stocks of wine in Portugal amounted to 7,3 million hectolitres in 1999/2000 and 9,1 million hectolitres in 2000/01, showing a substantial increase (25 %) over the previous wine year. According to Portuguese forecasts for the current wine year, stocks are set to reach 10,2 million hl, representing a further increase of 12 % over 2000/01.

(5) Portugal thus has around 2,1 million hectolitres more in store now than it did in the 2000/01 wine year. Neither the quantities accepted for voluntary distillation in 2001/02 (695 224 hl), nor the other intervention measures such as private storage for wine (486 000 hl) have had a sufficient impact on the market in wine in Portugal to reduce the stock surplus. According to the Portuguese authorities, this substantial wine surplus has pushed down prices, in particular for Vinho Verde, which has fallen by around 40 %. Production estimates for the next harvest suggest the same high level as for the current wine year.

(6) Despite a significant increase in intervention during this wine year, and despite the crisis distillation of 450 000 hl launched during the previous year, under which 580 000 hl were actually distilled, stocks were 11 % higher than for the previous wine year and more than 15 % higher than in 1999/2000.

(7) Production, particularly of Vinho Verde in the Minho region, is substantially higher than in previous wine years, while consumption is falling. According to the figures provided by the Portuguese authorities, stocks increased by 25 % during the last wine year. The specific characteristics of this wine entail a rather short storage period and a low alcoholic strength.

(8) The crisis distillation measures decided during the 2000/01 wine year have definitely had a positive effect in terms of stabilising prices for a period, but they have proved insufficient when set against the large increase in stocks, which are depressing the market and preventing a return to balance.

(9) In order to reverse this negative trend in prices and sales, stocks of table wine and quality wine psr should be reduced to a level that can be regarded as normal in terms of covering market requirements, and so deal with the difficult situation on the market. Stocks that have built up over the last three years must be reduced to a reasonable level reflecting more normal consumption requirements.

(10) Since the conditions laid down in Article 30(5) of Regulation (EC) No 1493/1999 are still satisfied, a crisis distillation measure should be opened for a maximum of 250 000 hl of quality wine psr and table wine in order to reduce stocks to an acceptable level. The measure should apply for a limited period with a view to maximum effectiveness. No ceiling should be set on the quantity that individual producers can have distilled because stocks may vary substantially from one producer to another and depend more on sales than on the individual producer's annual output.

[1] OJ L 179, 14.7.1999, p. 1.
[2] OJ L 345, 29.12.2001, p. 10.

(11) The mechanism to be introduced is the one provided for in Commission Regulation (EC) No 1623/2000 of 25 July 2000 laying down detailed rules for implementing Regulation (EC) No 1493/1999 on the common organisation of the market in wine with regard to market mechanisms [1], as last amended by Regulation (EC) No 1315/2002 [2]. In addition to the Articles of that Regulation that refer to the distillation measure provided for in Article 30 of Regulation (EC) No 1493/1999, other provisions of Regulation (EC) No 1623/2000 apply, in particular those concerning the delivery of alcohol to intervention agencies and the payment of advances.

(12) The price to be paid by distillers to producers should be set at a level that permits the problems faced to be solved by allowing producers to take advantage of this measure. In order to recognise the greater quality effort required of producers of quality wine psr, a slightly higher price should be set for this product. However, that price should not be set at a level that might adversely affect the application of distillation under Article 29 of Regulation (EC) No 1493/1999.

(13) The product of crisis distillation must be raw or neutral alcohol only, for compulsory delivery to the intervention agency in order to avoid disturbing the market for potable alcohol, which is supplied largely by distillation under Article 29 of Regulation (EC) No 1493/1999.

(14) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Wine,

HAS ADOPTED THIS REGULATION:

Article 1

Crisis distillation as provided for in Article 30 of Regulation (EC) No 1493/1999 is hereby opened for a maximum of 250 000 hl of quality wine psr and table wine in Portugal, of which no more than 200 000 hl may be quality wine psr, mainly Vinho Verde produced in the Minho region.

Article 2

In addition to the provisions of Regulation (EC) No 1623/2000 referring to Article 30 of Regulation (EC) No 1493/1999, the following provisions of Regulation (EC) No 1623/2000 shall apply to the measure provided for in this Regulation:

— Article 62(5) as regards payment by the intervention agency of the price as referred to in Article 6(2) of this Regulation,

— Articles 66 and 67 as regards advances as provided for in Article 6(2) of this Regulation.

Article 3

Producers may conclude contracts as provided for in Article 65 of Regulation (EC) No 1623/2000 from 29 July to 14 August 2002. Contracts shall be accompanied by proof that a security equal to EUR 5 per hectolitre has been lodged. Contracts may not be transferred.

Article 4

1. The Member State shall determine the rate of reduction to be applied to the above contracts where the overall quantity covered by contracts presented exceeds that laid down in Article 1.

2. The Member State shall take the administrative steps necessary to approve the above contracts by 15 September 2002, at the latest, shall specify the rate of reduction applied and the quantity of wine accepted per contract and shall stipulate that the producer may cancel the contract where the quantity to be distilled is reduced. The Member State shall notify the Commission before 30 September 2002, of the quantities of such wine covered by approved contracts.

3. The wine must be delivered to the distilleries by 30 November 2002, at the latest. The alcohol obtained must be delivered to the intervention agency by 31 January 2003, at the latest.

4. Securities shall be released in proportion to the quantities delivered where the producer provides proof of delivery to the distillery.

5. The security shall be forfeit where no delivery is made within the time limit laid down.

6. The Member State may limit the number of contracts that individual producers may conclude under this distillation measure.

Article 5

The minimum price paid for wine delivered for distillation under this Regulation shall be:

— EUR 1,914 per % vol. per hectolitre for table wine, and

— EUR 2,300 per % vol. per hectolitre for quality wine psr.

Article 6

1. Distillers shall deliver the product obtained from distillation to the intervention agency. That product shall be of an alcoholic strength of at least 92 % vol.

2. The price the intervention agency must pay to distillers for raw alcohol delivered shall be:

— EUR 2,2812 per % vol. per hectolitre for alcohol distilled from table wine, and

— EUR 2,667 per % vol. per hectolitre for alcohol distilled from quality wine psr.

Distillers may receive an advance on that amount of:

— EUR 1,1222 per % vol. per hectolitre for distillation of table wine and

— EUR 1,508 per % vol. per hectolitre for distillation of quality wine psr.

The advance shall in that case be deducted from the price actually paid.

[1] OJ L 194, 31.7.2000, p. 45.
[2] OJ L 192, 20.7.2002, p. 24.

Article 7

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

It shall apply from 29 July 2002.

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

Done at Brussels, 26 July 2002.

For the Commission
Franz FISCHLER
Member of the Commission