

COUNCIL DECISION
of 19 December 2000
on the granting of exceptional national aid by the Government of the French Republic for the
distillation of certain wine sector products

(2000/810/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 French Republic on 8 December 2000,

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 Regulation (EC) No 1493/1999 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) In the course of the 2000/2001 wine-growing year, it has become clear that the timetable for beginning distillation operations is unsuited to certain vineyards. The distribution of contract applications shows that the measure is not equally accessible to all wine-growing regions, particularly in France, where the price of EUR 2,488/% vol/hl is out of line with the production costs of wine-growers, in particular those who have made efforts to improve quality. Furthermore, operators are tending to adopt an opportunist approach in a situation of increased competition on the alcohol market. The last two sizeable harvests following upon three low harvests, coupled with an unforeseeable reduction in consumption and a drop in exports, have led to a considerable increase of 40 % of stocks in some regions.
- (4) The operation and practice of distillation by jobbing distillers, which seems to be spreading, and the crisis distillation introduced on a case-by-case basis at the request of Member States with the adoption of prices that differ according to the requests, in the French Government's view, require detailed examination in order to assess their effects on the market.
- (5) To deal with the situation, the French Government is planning to grant exceptional aid to producers who supply wine for one of the forms of distillation referred to in Articles 29 and 30 of Regulation (EC) No 1493/

1999 and who do not exceed a crop yield ceiling fixed at 90 hectolitres per hectare, so that the national addition to wine prices will bring the price up to EUR 3,7/% vol/hl for a quota of 1 000 000 hectolitres requested pursuant to Article 29. In this case, the overall amount of national aid will be EUR 12,2 million. Should it not prove possible to implement this measure fully from the quota available pursuant to Article 29, it would be implemented pursuant to Article 30 and the maximum cost of the national measure would then be EUR 17,86 million.

- (6) 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 French Government for the distillation of 1 000 000 hectolitres of wine on French territory:

— totalling EUR 12,2 million, for the amount necessary to bring the price of wine up to EUR 3,7/% vol/hl,

or, should it not prove possible to implement this measure fully from the quota available pursuant to Article 29 of Regulation (EC) No 1493/1999:

— totalling EUR 17,86 million, for the amount necessary to bring the price of wine up to EUR 3,7/% vol/hl, for implementation pursuant to Article 30 of the aforementioned Regulation,

shall be considered to be compatible with the common market.

Article 2

This Decision is addressed to the French Republic.

Done at Brussels, 19 December 2000.

For the Council
The President
J. GLAVANY

⁽¹⁾ OJ L 179, 14.7.1999, p. 1. Regulation as amended by Commission Regulation (EC) No 1622/2000 (OJ L 194, 31.7.2000, p. 1).