Commission Regulation (EC) No 938/2006 of 23 June 2006 opening crisis distillation as provided for in Article 30 of Council Regulation (EC) No 1493/1999 for certain wine in France

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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)], and in particular Article 33(1)(f) thereof,

Whereas:

(1) Article 30 of Regulation (EC) No 1493/1999 provides for the possibility of a crisis distillation measure 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 produced in specified regions (quality wines psr) at the request of the Member State concerned.

(2) By letter of 8 March 2006, the French Government requested that crisis distillation be opened for table wine produced in France and for quality wines psr.

(3) Considerable surpluses have been recorded on the market in table wine and quality wines psr in France, which are reflected in a fall in prices and a worrying rise in stocks towards the end of the current marketing year. In order to reverse this negative trend, and so remedy the difficult market situation, stocks of French wine should be reduced to a level that can be regarded as normal in terms of covering market requirements.

(4) Since the conditions laid down in Article 30(5) of Regulation (EC) No 1493/1999 are satisfied, a crisis distillation measure should be opened for a maximum of 1,5 million hectolitres of table wine and 1,5 million hectolitres of quality wines produced in specified regions (quality wines psr).

(5) The crisis distillation opened by this Regulation must comply with the conditions laid down by 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[(2)] as regards the distillation measure provided for in Article 30 of Regulation (EC) No 1493/1999. Other provisions of Regulation (EC) No 1623/2000 must also apply, in particular those concerning the delivery of alcohol to intervention agencies and the payment of advances.

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EC) No 938/2006. (See end of Document for details)*

(6) The price distillers must pay producers should be set at a level that permits the market disturbance to be dealt with by allowing producers to take advantage of the possibility afforded by this measure.

(7) 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 the distillation provided for in Article 29 of Regulation (EC) No 1493/1999.

(8) 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 1,5 million hectolitres of table wine and 1,5 million hectolitres of quality wines produced in specified regions (quality wines psr) in France, in accordance with the provisions of Regulation (EC) No 1623/2000 concerning this type of distillation.

Article 2

Producers may conclude contracts as provided for in Article 65 of Regulation (EC) No 1623/2000 (hereinafter referred to as contracts) from 29 June to 28 July 2006.

Contracts shall be accompanied by proof that a security equal to EUR 5 per hectolitre has been lodged.

Contracts may not be transferred.

Article 3

1 If the total quantities covered by the contracts submitted to the intervention agency exceed the quantities laid down in Article 1, France shall determine the rates of reduction to be applied to those contracts.

2 France shall take the administrative steps necessary to approve the contracts not later than 22 August 2006. The approval shall specify any 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.

France shall notify the Commission before 29 August 2006 of the quantities of wine covered by approved contracts.

3 France may limit the number of contracts that individual producers may conclude under this Regulation.

Article 4

1 The quantities of wine covered by approved contracts shall be delivered to the distilleries not later than 28 February 2007. The alcohol obtained shall be delivered to the intervention agency in accordance with Article 6(1) not later than 31 May 2007.

2 The security shall be released in proportion to the quantities delivered when the producer presents proof of delivery to a distillery.