COUNCIL REGULATION (EC) No 670/2003
of 8 April 2003
laying down specific measures concerning the market in ethyl alcohol of agricultural origin

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 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 European Economic and Social Committee [3],

Whereas:

(1) The operation and development of the common market in agricultural products should be accompanied by the establishment of a common agricultural policy to include in particular appropriate measures, which may take various forms depending on the product.

(2) The aim of the common agricultural policy is to achieve the objectives set out in Article 33 of the Treaty. This can be accomplished through the introduction of tools to improve monitoring of developments both on the internal market and in trade with third countries.

(3) The processing of certain agricultural raw materials into ethyl alcohol is closely linked with the economy of those raw materials. It can contribute in large measure to enhancing their value and may be of particular economic and social importance for the economy of certain regions of the Community or may be a significant source of income for the producers of the raw materials concerned. It also permits the disposal of products of unsatisfactory quality and short-term surpluses that may cause temporary problems in certain sectors.

(4) It is necessary to establish a framework of specific measures for ethyl alcohol of agricultural origin so that economic data can be collected and statistical information analysed for the purpose of monitoring the market; in so far as the market in ethyl alcohol of agricultural origin is linked to the market in ethyl alcohol in general, information also needs to be made available concerning the market in ethyl alcohol of non-agricultural origin.

(5) For the purpose of monitoring developments on the market in ethyl alcohol, Member States should send the Commission the information necessary to draw up a balance for that market.

(6) The marketing of ethyl alcohol from agricultural alcohol-producing products which have been the subject of intervention measures or other specific measures is covered by special procedures under the regulations relating to those products in order to ensure adequate competition and to prevent any disturbance of the traditional alcohol market.

(7) The introduction of specific measures for the Community in the sector of ethyl alcohol of agricultural origin requires the establishment of trade arrangements at the Community's external borders. Trade arrangements involving a system of import duties should, in principle, stabilise the Community market. Those trade arrangements should be based on the agreements concluded during the Uruguay Round of multilateral trade negotiations.

(8) In order to be able to monitor trade movements on a permanent basis, provision should be made for an import and export licence scheme with the lodging of a security to ensure that the transactions for which such licences are requested are actually carried out. These arrangements should also be extended to products in bulk form based on ethyl alcohol of agricultural origin imported under certain CN 2208 codes and presenting all the characteristics of ethyl alcohol of agricultural origin, for the purposes of effective control of imports of such products.

(9) It is appropriate to confer on the Commission the power to open and administer tariff quotas resulting from international agreements concluded in accordance with the Treaty or from other legislative acts of the Council.

(10) In addition to the system described above, and to the extent necessary for its proper working, provision should be made for regulating the use of inward processing arrangements or, when the situation on the market so requires, prohibiting the use of such arrangements.

(11) The system of customs duties makes it possible to dispense with all other protective measures at the Community's external borders. However, the internal market and duty mechanism could, in exceptional circumstances, prove defective. In such cases, so as not to leave the Community market without defence against disturbances that might ensue, the Community should be able to take all necessary measures without delay. All such measures should comply with the obligations arising from the World Trade Organisation Agreements.

[1] OJ C 180 E, 26.6.2001, S. 146.
[2] Opinion delivered on 13 June 2002 (not yet published in the Official Journal).
[3] OJ C 260, 17.9.2001, p. 33.

(12) The achievement of a single market would be jeopardised by the granting of certain types of aid. The Treaty provisions governing the appraisal of aid granted by Member States and the prohibition of aid incompatible with the common market should be extended to ethyl alcohol of agricultural origin. Given the particular situation in Germany, where national support is currently granted to a large number of smaller producers of such alcohol under the specific conditions of the German alcohol monopoly, it is necessary to permit, during a limited period of time, the continuation of the granting of such support. It is also necessary to foresee a report on the functioning of this derogation, at the end of that period, accompanied with appropriate proposals.

(13) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission [1].

(14) The measures laid down by this Regulation should take proper and simultaneous account of the objectives set out in Articles 33 and 131 of the Treaty.

(15) The measures laid down by this Regulation should also comply with the agreements concluded in accordance with Article 300(2) of the Treaty, in particular those forming part of the Agreement establishing the World Trade Organisation and more specifically the Agreement on Technical Barriers to Trade.

(16) In order to guarantee the smooth operation of the arrangements, the Commission should be permitted to adopt transitional measures. The Commission should also be authorised to resolve specific practical problems on a temporary and exceptional basis.

(17) The measures for applying this Regulation should not lead to any discrimination between ethyl alcohol of agricultural and non-agricultural origin,

HAS ADOPTED THIS REGULATION:

Article 1

Scope

1. Specific measures in the sector of ethyl alcohol of agricultural origin covering the following products are hereby established:

CN code	*Description*
ex 2207 10 00	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol. or higher, obtained from the agricultural products listed in Annex I to the Treaty
ex 2207 20 00	Ethyl alcohol and other spirits, denatured, of any strength, obtained from the agricultural products listed in Annex I to the Treaty
ex 2208 90 91 and ex 2208 90 99	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol., obtained from the agricultural products listed in Annex I to the Treaty

2. Article 4 shall apply also to products based on ethyl alcohol of agricultural origin falling within CN code 2208 put up in containers of more than two litres and presenting all the characteristics of ethyl alcohol as described in paragraph 1.

Article 2

Method of production

The method of production and the characteristics of an ethyl alcohol obtained from a specific agricultural product listed in Annex I to the Treaty may be laid down in accordance with the procedure referred to in Article 12(2).

Article 3

Information

1. The Member States shall communicate to the Commission the following information:

— the production of ethyl alcohol of agricultural origin expressed as hectolitres of pure alcohol, broken down by alcohol-producing product used,

— the volume of ethyl alcohol of agricultural origin disposed of, expressed as hectolitres of pure alcohol, broken down by sector of destination,

— the stocks of ethyl alcohol of agricultural origin available in the Member State at the end of the previous year,

— forecast production for the current year.

Rules for communicating this information and, in particular, the frequency of communication and the definition of the sectors of destination shall be adopted in accordance with the procedure referred to in Article 12(2).

2. On the basis of this information and any other information available, the Commission shall draw up a Community balance for the market in ethyl alcohol of agricultural origin for the previous year and an estimated balance for the current year.

3. The Community balance shall also contain information on ethyl alcohol of non-agricultural origin. The precise content and means of collecting such information shall be laid down in accordance with the procedure referred to in Article 12(2).

'Ethyl alcohol of non-agricultural origin' means products falling within CN codes 2207, 2208 90 91 and 2208 90 99 not obtained from a specific agricultural product listed in Annex I to the Treaty.

4. The Commission shall notify the Member States of the balances in question.

[1] OJ L 184, 17.7.1999, p. 23.