

Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (repealed)

PART II

INTERNAL MARKET

TITLE I

MARKET INTERVENTION

CHAPTER IV

Aid schemes

[^{F1}Section IVb

Support programmes in the wine sector

Subsection I

Introductory provisions

Article 103i

Scope

This Section lays down the rules governing the attribution of Community funds to Member States and the use of those funds by Member States through national support programmes (hereinafter referred to as support programmes) to finance specific support measures to assist the wine sector.

Article 103j

Compatibility and consistency

1 Support programmes shall be compatible with Community law and consistent with the activities, policies and priorities of the Community.

2 Member States shall be responsible for the support programmes and ensure that they are internally consistent and drawn up and implemented in an objective manner, taking into account the economic situation of the producers concerned and the need to avoid unjustified unequal treatment between producers.

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Changes to legislation: There are outstanding changes not yet made to Council Regulation (EC) No 1234/2007 (repealed). Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details)

Member States shall be responsible for providing for and carrying out the necessary controls and penalties in case of non-compliance with the support programmes.

- 3 No support shall be granted:
- a for research projects and measures to support research projects;
 - b for measures which are contained in Member States' rural development programmes under Regulation (EC) No 1698/2005.

Subsection II

Submission and content of support programmes

Article 103k

Submission of support programmes

1 Each producer Member State referred to in Annex Xb shall submit to the Commission a draft five-year support programme containing measures in accordance with this Section.

Support programmes that became applicable in accordance with the first subparagraph of Article 5(1) of Regulation (EC) No 479/2008 shall continue to apply under this Regulation.

The support measures in the support programmes shall be drawn up at the geographical level which the Member States deem most appropriate. Before being submitted to the Commission, the support programme shall be subject to consultation with the competent authorities and organisations at the appropriate territorial level.

Each Member State shall submit one single draft support programme which may accommodate regional particularities.

2 Support programmes shall become applicable three months after their submission to the Commission.

However, if the submitted support programme does not comply with the conditions laid down in this Section, the Commission shall inform the Member State thereof. In such a case, the Member State shall submit a revised support programme to the Commission. The revised support programme shall become applicable two months after its notification unless an incompatibility persists in which case this subparagraph shall apply.

3 Paragraph 2 shall apply *mutatis mutandis* to changes in respect of support programmes submitted by Member States.

4 Article 1031 shall not apply where a Member State's only measure in a support programme consists of the transfer to the Single Payment Scheme referred to in Article 103o. In such case, Article 188a(5) shall apply only in relation to the year in which the transfer takes place and Article 188a(6) shall not apply.

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Article 103l

Content of support programmes

Support programmes shall consist of the following elements:

- (a) a detailed description of the measures proposed as well as their quantified objectives;
- (b) the results of consultations held;
- (c) an appraisal showing the expected technical, economic, environmental and social impact;
- (d) a schedule for implementing the measures;
- (e) a general financing table showing the resources to be deployed and the envisaged indicative allocation of the resources between the measures in accordance with ceilings provided for in Annex Xb;
- (f) the criteria and quantitative indicators to be used for monitoring and evaluation as well as the steps taken to ensure that the support programmes are implemented appropriately and effectively; and
- (g) the designation of competent authorities and bodies responsible for implementing the support programme.

Article 103m

Eligible measures

- 1 Support programmes shall contain one or more of the following measures:
 - a Single Payment Scheme support in accordance with Article 103o;
 - b promotion in accordance with Article 103p;
 - c restructuring and conversion of vineyards in accordance with Article 103q;
 - d green harvesting in accordance with Article 103r;
 - e mutual funds in accordance with Article 103s;
 - f harvest insurance in accordance with Article 103t;
 - g investments in accordance with Article 103u;
 - h by-product distillation in accordance with Article 103v;
 - i potable alcohol distillation in accordance with Article 103w;
 - j crisis distillation in accordance with Article 103x;
 - k use of concentrated grape must in accordance with Article 103y.
- 2 Support programmes shall not contain other measures than the ones listed in Articles 103o to 103y.

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Article 103n

General rules concerning support programmes

1 The allocation of the available Community funds as well as the budgetary limits are provided for in Annex Xb.

2 Community support shall only relate to eligible expenditure incurred after the submission of the relevant support programme as referred to in Article 103k(1).

3 Member States shall not contribute to the costs of measures financed by the Community under the support programmes.

4 By way of derogation from paragraph 3, Member States may grant national aid in accordance with the relevant Community rules on State aid for the measures referred to in Articles 103p, 103t and 103u.

The maximum aid rate as laid down in the relevant Community rules on State aids shall apply to the global public financing, including both Community and national funds.

Subsection III

Specific support measures

Article 103o

Single Payment Scheme and support to vine-growers

1 Member States may provide support to vine-growers by allocating to them payment entitlements within the meaning of Chapter 3 of Title III of Regulation (EC) No 1782/2003 in accordance with point O of Annex VII to that Regulation.

2 Member States intending to make use of the possibility referred to in paragraph 1 shall foresee such support in their support programmes, including, as regards subsequent transfers of funds to the Single Payment Scheme, by way of changes to those programmes in accordance with Article 103k(3).

3 Once effective, support as referred to in paragraph 1 shall:

- a remain in the Single Payment Scheme and no longer be available, or be made available under Article 103k(3), for the measures listed in Articles 103p to 103y in subsequent years of the operation of the support programmes;
- b commensurately reduce the amount of funds available for measures listed in Articles 103p to 103y in the support programmes.

Article 103p

Promotion on third-country markets

1 Support under this Article shall cover information or promotion measures concerning Community wines in third countries, thereby improving their competitiveness in those countries.

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2 The measures referred to in paragraph 1 shall relate to wines with a protected designation of origin or a protected geographical indication or wines with an indication of the wine grape variety.

3 The measures referred to in paragraph 1 may consist only of:

- a public relations, promotion or advertisement measures, in particular highlighting the advantages of the Community products, especially in terms of quality, food safety or environmental friendliness;
- b participation at events, fairs or exhibitions of international importance;
- c information campaigns, in particular on the Community systems covering designations of origin, geographical indications and organic production;
- d studies of new markets, necessary for the expansion of market outlets;
- e studies to evaluate the results of the information and promotion measures.

4 The Community contribution to promotion activities shall not exceed 50 % of the eligible expenditure.

Article 103q

Restructuring and conversion of vineyards

1 The objective of measures relating to the restructuring and conversion of vineyards shall be to increase the competitiveness of wine producers.

2 The restructuring and conversion of vineyards shall be supported in accordance with this Article only if Member States submit the inventory of their production potential in accordance with Article 185a(3).

3 Support for the restructuring and conversion of vineyards may only cover one or more of the following activities:

- a varietal conversion, including by means of grafting-on;
- b relocation of vineyards;
- c improvements to vineyard management techniques.

The normal renewal of vineyards which have come to the end of their natural life shall not be supported.

4 Support for the restructuring and conversion of vineyards may only take the following forms:

- a compensation to producers for the loss of revenue due to the implementation of the measure;
- b contribution to the costs of restructuring and conversion.

5 Compensation to producers for the loss of revenue as referred to in paragraph 4(a) may cover up to 100 % of the relevant loss and take either of the following forms:

- a notwithstanding Subsection II of Section IVa of Chapter III of Title I of Part II setting out the transitional planting right regime, the permission for both old and new vines to coexist for a fixed period which shall not exceed three years, until the end of the transitional regime concerning planting rights;
- b financial compensation.

6 The Community contribution to the actual costs of the restructuring and conversion of vineyards shall not exceed 50 %. In regions classified as convergence regions in accordance

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with Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund⁽¹⁾, the Community contribution to the costs of restructuring and conversion shall not exceed 75 %.

Article 103r

Green harvesting

1 For the purposes of this Article, green harvesting means the total destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant area to zero.

2 Support for green harvesting shall contribute to restoring the balance of supply and demand in the market in wine in the Community in order to prevent market crises.

3 Support for green harvesting may be granted as compensation in the form of a flat rate payment per hectare to be determined by the Member State concerned.

The payment shall not exceed 50 % of the sum of the direct costs of the destruction or removal of grape bunches and the loss of revenue related to such destruction or removal.

4 The Member States concerned shall establish a system based on objective criteria to ensure that the green harvesting measure does not lead to compensation of individual wine producers in excess of the ceiling referred to in the second subparagraph of paragraph 3.

Article 103s

Mutual funds

1 Support for the setting up of mutual funds shall provide assistance to producers seeking to insure themselves against market fluctuations.

2 Support for the setting up of mutual funds may be granted in the form of temporary and degressive aid to cover the administrative costs of the funds.

Article 103t

Harvest insurance

1 Support for harvest insurance shall contribute to safeguarding producers' incomes where these are affected by natural disasters, adverse climatic events, diseases or pest infestations.

2 Support for harvest insurance may be granted in the form of a financial Community contribution which must not exceed:

- a 80 % of the cost of the insurance premiums paid for by producers for insurance against losses resulting from adverse climatic events which can be assimilated to natural disasters;
- b 50 % of the cost of the insurance premiums paid for by producers for insurance against:
 - (i) losses referred to in point (a) and against other losses caused by adverse climatic events;
 - (ii) losses caused by animals, plant diseases or pest infestations.

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3 Support for harvest insurance may only be granted if the insurance payments concerned do not compensate producers for more than 100 % of the income loss suffered, taking into account any compensation the producers may have obtained from other support schemes related to the insured risk.

4 Support for harvest insurance shall not distort competition in the insurance market.

Article 103u

Investments

1 Support may be granted for tangible or intangible investments in processing facilities, winery infrastructure and marketing of wine which improve the overall performance of the enterprise and concern one or more of the following:

- a the production or marketing of products referred to in Annex XIb;
- b the development of new products, processes and technologies related to the products referred to in Annex XIb.

2 Support under paragraph 1 at its maximum rate shall be limited to micro, small and medium-sized enterprises within the meaning of Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises⁽²⁾. For the territories of the Azores, Madeira, the Canary Islands, the smaller Aegean islands within the meaning of Regulation (EC) No 1405/2006 and the French overseas departments, no size limits shall apply for the maximum rate. For enterprises that are not covered by Article 2(1) of Title I of the Annex to Recommendation 2003/361/EC with less than 750 employees or with a turnover of less than EUR 200 million, the maximum aid intensity shall be halved.

Support shall not be granted to enterprises in difficulty within the meaning of the Community guidelines on State aid for rescuing and restructuring firms in difficulty.

3 The eligible expenditure shall exclude the elements referred to in Article 71(3)(a), (b) and (c) of Regulation (EC) No 1698/2005.

4 The following maximum aid rates in relation to the eligible investment costs shall apply to the Community contribution:

- a 50 % in regions classified as convergence regions in accordance with Regulation (EC) No 1083/2006;
- b 40 % in regions other than convergence regions;
- c 75 % in the outermost regions in accordance with Regulation (EC) No 247/2006;
- d 65 % in the smaller Aegean islands within the meaning of Regulation (EC) No 1405/2006.

5 Article 72 of Regulation (EC) No 1698/2005 shall apply *mutatis mutandis* to support referred to in paragraph 1 of this Article.

Article 103v

By-product distillation

1 Support may be granted for the voluntary or obligatory distillation of by-products of wine making which has been carried out in accordance with the conditions laid down in point D of Annex XVb.

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The amount of aid shall be fixed per % volume and per hectolitre of alcohol produced. No aid shall be paid for the volume of alcohol contained in the by-products to be distilled which exceeds 10 % in relation to the volume of alcohol contained in the wine produced.

2 The maximum applicable aid levels shall be based on collection and processing costs and fixed by the Commission.

3 The alcohol resulting from the supported distillation referred to in paragraph 1 shall be used exclusively for industrial or energy purposes so as to avoid distortion of competition.

Article 103w

Potable alcohol distillation

1 Support may be granted, in the form of a per-hectare aid, until 31 July 2012 to producers, for wine which is distilled into potable alcohol.

2 The relevant contracts concerning the distillation of wine as well as the relevant proofs of delivery for distillation shall be submitted before support is granted.

Article 103x

Crisis distillation

1 Support may be granted until 31 July 2012 for voluntary or obligatory distillation of surplus wine decided upon by Member States in justified cases of crisis so as to reduce or eliminate the surplus and at the same time ensure supply continuity from one harvest to the next.

2 The maximum applicable aid levels shall be fixed by the Commission.

3 The alcohol resulting from the supported distillation referred to in paragraph 1 shall be used exclusively for industrial or energy purposes so as to avoid distortion of competition.

4 The share of the available budget used for the crisis distillation measure shall not exceed the following percentage shares as calculated against the globally available funds laid down in Annex Xb per Member State in the respective budget year:

- 20 % in 2009,
- 15 % in 2010,
- 10 % in 2011,
- 5 % in 2012.

5 Member States may increase the available funds for the crisis distillation measure beyond the annual ceilings given in paragraph 4 by way of contributing national funds in accordance with the following limits (expressed in terms of percentage of the respective annual ceiling given in paragraph 4):

- 5 % in the wine year 2010,
- 10 % in the wine year 2011,
- 15 % in the wine year 2012.

Member States shall, where applicable, notify the Commission of the addition of national funds referred to in the first subparagraph and the Commission shall approve the transaction before such funds are made available.

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Article 103y

Use of concentrated grape must

1 Support may be granted until 31 July 2012 to wine producers who use concentrated grape must, including rectified concentrated grape must, to increase the natural alcoholic strength of products in accordance with the conditions laid down in Annex XVa.

2 The amount of the aid shall be fixed per % volume potential alcoholic strength and per hectolitre of the must used for enrichment.

3 The maximum applicable aid levels for this measure in the different wine growing zones shall be fixed by the Commission.

Article 103z

Cross-compliance

Where farmers are found not to have complied on their holding, at any time during three years from payment under the support programmes for restructuring and conversion or at any time during one year from payment under the support programmes for green harvesting, with the statutory management requirements and the good agricultural and environmental condition referred to in Articles 3 to 7 of Regulation (EC) No 1782/2003, the amount of the payment shall, where non-compliance is the result of an action or omission directly imputable to the farmer, be reduced or cancelled, partially or wholly depending on the severity, extent, permanence and repetition of the non-compliance, and the farmer shall, where applicable, be ordered to reimburse it in accordance with the conditions set out in those provisions.

Subsection IV

Procedural provisions

Article 103za

Implementing measures

The measures necessary for the implementation of this Section shall be adopted by the Commission.

Those measures may include, in particular:

- (a) the format of presentation of the support programmes;
- (b) rules concerning changes to support programmes after they have become applicable;
- (c) detailed rules for the implementation of the measures provided for in Articles 103p to 103y;
- (d) the conditions under which assistance through Community funds is to be communicated and publicised.]

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Textual Amendments

- F1** Inserted by Council Regulation (EC) No 491/2009 of 25 May 2009 amending Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation).

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- (1) [^{F1}OJ L 210, 31.7.2006, p. 25.
- (2) OJ L 124, 20.5.2003, p. 36.;

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