

Common organisation of agricultural markets

CMO: aid granted in the framework of the German Alcohol Monopoly

2010/0183(COD) - 24/06/2010 - Legislative proposal

PURPOSE: to amend Regulation (EC) No 1234/2007 (Single CMO Regulation) as regards the aid granted in the framework of the German Alcohol Monopoly and extend the aid in question until 2018.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

LEGAL BASE: first paragraph of Article 42 and Article 43(2) of the Treaty on the Functioning of the European Union.

IMPACT ASSESSMENT: no impact assessment was carried out.

CONTENT: currently as an exception to State aid rules, the German authorities may grant State aid under the German Alcohol Monopoly for products marketed, after further transformation, by the monopoly, as ethyl alcohol of agricultural origin. The total allowed State aid is limited to EUR 110 million per year.

According to Article 182(4) of Council Regulation (EC) No 1234/2007 (Single CMO Regulation), the derogation ends on 31 December 2010. This proposal extends the application of the derogation and proposes that the production/sales by the monopoly shall gradually decrease so that the monopoly will finally cease to exist as from 1 January 2018. Two categories of distilleries are dealt with differently:

- the agricultural bonded distilleries (landwirtschaftliche Verschlussbrennereien – there are currently about 670 distilleries of this type) processing mainly cereals and potatoes, may remain in the monopoly until the end of 2013. Their production will however be gradually reduced from 540.000 hl in 2011, to 360.000 hl in 2012 and 180.000 hl in 2013. When leaving the Monopoly the agricultural bonded distilleries may receive a compensatory aid of EUR 257,50 per hl of nominal distilling rights. This compensatory aid is granted at the latest on 31 December 2013, but may be paid in several instalments until 31 December 2017;
- -the small-scale flat-rate distilleries (Abfindungsbrennereien), distillery users (Stoffbesitzer) and fruit cooperative distilleries (Obstgemeinschaftsbrennereien) which are locally-oriented and produce very small quantities of alcohol from fruits (up to 300 litres per year) may produce in total up to 60.000 hl annually until the end of 2017.

The total amount of aid paid from 1 January 2011 to 31 December 2013 shall not exceed EUR 269.9 million and the total amount of aid paid from 1 January 2014 to 31 December 2017 shall not exceed EUR 268 million. Germany will continue to present an annual report to the Commission on the functioning of the system. Moreover, from 2013 to 2016 Germany will on a yearly basis include an annual phasing-out plan for the small-scale flat-rate distilleries, distillery users and fruit cooperative distilleries.

FINANCIAL IMPLICATION: the proposal has no financial implications for the European Union budget.