

The European Community and Consumers

European File

Nearly 260 million consumers live in the European Community and are able to benefit from the more diversified choice of goods in the shops which has been one of the direct results of opening up frontiers within the Common Market. But consumers expect the Community to provide more than a shopping bag full of European regional specialities. They count on the Community to defend and promote their interests by correcting the unequal situation they find themselves in when dealing with manufacturers, and also by giving them a full role as a partner in the economic and social life of Europe.

Consumers and market evolution

The emergence of the consumer society has profoundly changed the relationship between customers on the one hand, and manufacturers and retailers on the other. Formerly, the consumer would do most if not all his shopping in his locality — a limited market. His suppliers were personally known to him. Today the situation is different and the consumer is faced with:

- anonymous manufacturers who have become very powerful through industrial concentration;
- an immense and complex range of products, constantly upgraded by new materials and new manufacturing processes;

- advertising and sophisticated sales promotion techniques.

Mass production techniques have given a large proportion of the population access to levels of comfort formerly reserved for the few (e.g. the availability of household appliances). There have also been less positive effects:

- an imbalance has been created between supply and demand, between the economic power of the supplier (manufacturer, wholesaler or retailer) and that of the purchaser;
- the consumer often lacks the necessary objective information to enable him to best tailor his purchases to his needs and budget;
- when the good or service purchased does not correspond with what is expected, the consumer may find it difficult to exercise his rights; access to justice is often difficult.

Consumers did, of course, recognize the need to group together to defend their interests better, and thus the consumer movement was born. In the USA first of all: the earliest comparative tests were published back in 1928. Europe followed suite in 1947 with the creation of a Danish consumer association. It was only at the end of the Sixties that consumer associations began to exercise real influence; several governments subsequently agreed to create public consumer services and introduce consumer protection laws. There is still a long way to go, however. Much of the consumer movement's work — in particular informing and educating about family budget management — does not get through to a large proportion of the populace. In times of crisis, consumer movements have increased responsibility and — given the electoral weight of the consumer — can play a major role in fighting price rises.

Specific Community action relating to consumers is relatively recent. The Treaty setting up the European Economic Community only mentioned consumers in relation to the Common Agricultural Policy and competition policy. When the Treaty of Rome was signed in 1957, economic expansion was generally thought to be the best way of improving the quality of life, by increasing trade and preventing protectionist tendencies. Consumer protection as such did not emerge as a major concern.

The creation of the Community, however, rapidly made its impact felt on the everyday life of the consumer:

- principally because the Common Market was created between European countries. The removal of customs barriers between Member States offered purchasers more diversified choice. The free movement of goods and services had opened the way for European policies, such as the Community's free competition rules banning unfair practices by manufacturers which ultimately harm the interests of consumers. The Common Agricultural Policy, even if its cost is sometimes contested, guarantees regular food supplies. The Common Energy Policy follows the same principles of supply security;

- because the Community is largely open to the rest of the world: the Common European Customs Tariff has been lowered several times through international trade negotiations; industrial free trade agreements have been concluded with seven other West European countries; customs duties have been removed from virtually all industrial and agricultural exports from some 50 African, Caribbean and Pacific participant countries of the Lomé Convention, as well as for industrial and occasionally agricultural exports from Mediterranean countries. Mention should also be made of special agreements covering the export of craft goods from numerous Third World countries and the generalized preferences which permit all developing countries to export to the Community a large range of industrial and agricultural goods without customs duties.

With the opening up of national markets and the free movement of goods throughout the Community, consumer problems have taken on a European dimension:

- the consumer should not, for example, suffer any disadvantages regarding guarantee, after-sales service etc. when he buys a product from another country where the requirements are less strict;
- conversely, national requirements protecting consumer rights should not help create new obstacles to free trade.

It is the Community's job therefore to standardize protective regulations to guarantee both the correct functioning of the Common Market and the protection of consumer interests.

Meeting in Paris 1972, the Community's leaders formally recognized this new European dimension. They accepted that economic development is not an end in itself but should be translated first and foremost into an improvement of the quality of life. Stress has been placed on 'corrective' policies to improve economic development: social and regional policies, the protection of the environment and consumer interests.

The entry in 1973 of the United Kingdom and Denmark — both well advanced as regard consumer organizations — helped amplify the directions decided on at the Summit.

Thus in 1973:

- the European Commission set up the Environment and Consumer Protection Service;
- a Consumers Consultative Committee was set up to make the voice of the consumer heard in the European Commission. The Committee is composed of 15 representatives from European consumer organization,¹ 4 experts

¹ The European Bureau of Consumer Organizations, the European Confederation of Trade Unions, the Community's Committee of Family Organizations, the European Community of Consumer Cooperatives.

proposed by these associations and appointed by the Commission, and 6 experts nominated directly by the Commission;

- the European Commission began drafting a consumer information and protection programme which was adopted by the Council of the Nine in 1975 after being approved by the Economic and Social Committee and the European Parliament in 1974.

First stocktaking

The Community's consumer information and protection programme is both a European consumer rights charter and an action plan aimed at improving consumer protection throughout the Community. These rights are defined as follows:

- the right to protection of health and safety: under normal conditions of use, goods and services offered to the consumer should present no danger;
- the right to protection of economic interests: the consumer should be protected against possible manipulation by sellers (advertising, contract clauses, credit etc.) as well as against defective products and unsatisfactory services;
- the right to redress: the consumer should receive advice and assistance if he suffers injury or damage because of defective goods or services, as well as rapid reparation of losses;
- the right to information and education: sufficient information should be provided to enable the consumer to make his choice fully informed and to exercise rights to damages where necessary; education into the art of being a good consumer should commence at the earliest age possible;
- the right of representation: consumers should be consulted and involved in decision-making which concerns them.

How far have we got today in realizing these rights?

(a) Health protection

Several European directives have been adopted covering:

- the use of certain additives (colourants, preservatives, emulsifying agents etc.) in foodstuffs;
- the levels of erucic acid permitted in oils and fats;
- foodstuff packaging using P.V.C.;
- the labelling and presentation of foodstuffs and their advertising;
- the maximum limits of pesticide residues permitted in fruit and vegetables;

- rules on the composition, manufacture and naming of honey, fruitjuice, tinned milk and chocolate;
- the substances and colourants which may or may not be used in the preparation of cosmetics.

The Community has also adopted regulations covering trade in fresh meat and its quality.

The Commission has three advisory committees at its disposal to provide assistance in its job of regulating foodstuffs which is important for consumer health:

- the Scientific Committee for Human Foodstuffs, composed of experts;
- the Scientific Committee for Animal Foods, also composed of experts, and dealing with not only veterinary problems but also with questions of quality and safety of foods of animal origin;
- the Advisory Committee for Foodstuffs, composed of representatives from industry, consumer organizations, farmers, traders and workers.

(b) Safety assurance

Directives have also been adopted in this field concerning:

- cars and lorries (impact resistance, engine noise, rear-view mirrors, exhaust gas emissions etc. — some 20 directives in all);
- the classification, packaging and labelling of dangerous substances;
- restrictions on the trade and use of certain dangerous substances;
- a ban on the use of vinyl chloride monomer in aerosols.

In addition, the European Commission is drafting a proposal on toy safety, and is examining measures which would help make maintenance products less hazardous for users and children. It has also introduced an information and research system on the causes of household accidents, to identify the most dangerous products and to propose common solutions for the Nine.

(c) Protection of economic interests

In this field the European Commission has drawn up several proposals since 1973 but none of them has been adopted by the Council of Ministers yet. These proposals cover:

- manufacturer's responsibility for the damage caused by a defective product: even in the absence of 'fault' in the legal sense of the term, the manufacturer could be obliged to pay damages to the consumer who, for example, was injured by a badly insulated household appliance or by a motor mower with a manufacturing defect;

- consumer credit (hire-purchase, for example): equitable conditions must be offered and explained in terms comprehensible to the borrower. All credit contracts should be in writing and should clearly indicate the effective rate of interest;
- door-to-door selling: to limit abuse, sellers must be obliged to present written contracts and give consumers a period of time to think it over after which he could cancel the contract which had been concluded under psychological pressure;
- correspondence courses: certain sales methods, and operating methods will be banned (no door-to-door selling, no misleading advertising, no unfair contracts, no incompetent teachers);
- misleading and unfair advertising: consumers who are a victim of this should be able to have recourse to justice. The onus would be on the advertiser to prove the truth of what he claims.

Provisions of this sort already exist in several Community countries of course. But not in all countries. Community directives help to fill a few gaps... or to improve the level of protection already provided by national legislation. The European Commission is counting on consumer pressure to speed up the adoption of its proposals by the Ministers of the nine member countries.

(d) Reparation of damages

On this subject the Commission is still at the exploratory stage, and is currently examining the legal systems in force in member countries to draw maximum benefit from the experience gained. A colloquium on this theme has already been organized by the Commission in collaboration with Montpellier University. Mention should also be made of a report made by the Community's Economic and Social Committee which questions the classic legal procedures as being too costly, too slow, too complicated and therefore of little practical value for the consumer. Conciliation and arbitration services must be extended to provide amicable solutions to disputes, particularly minor ones, and consumer associations must be given the right to take the cases of individuals to court.

(e) Consumer information and education

- Three directives have been adopted concerning foodstuffs' labelling energy consumption labelling on household appliances as well as the unit price indication (kilo or litre) of foodstuffs, to enable consumers to make a real comparison between prices.
- The Commission organized in 1977 a colloquium on consumer information which put the accent on dialogue with professional organizations. A colloquium on consumer education was also held the same year. The Commission which has assembled various data on consumer education in the Nine and has set up a European network of pilot schools to coordinate the experience gained in educating young consumers.

(f) Consumer representation

Created by the European Commission, the Community's Consumer Consultative Committee gives consumer associations the opportunity to coordinate their actions and dialogue with Community institutions. Representing, in particular, consumer interests in dealing with the Commission, the Committee can publish opinions on its own initiative. It is also consulted in the early days of the Commission's work in fields affecting the consumer and in particular over the annual setting of agricultural prices. The Commission also has research studies undertaken by member organizations of the Committee.

The future

Up until now, consumer movements have had a defensive objective: to protect consumers from the economic power and possible abuse by sellers. In the future the new task of the consumer movements will doubtless be to give greater weight to consumerism, and move beyond mere consumer defence, by increasing their role in the economic and social framework. The consumer society produces great wastage without necessarily removing inequalities. Pollution and nuisances are accumulating in the natural environment and threaten the quality of life. Raw materials and energy sources are becoming more scarce. While the economic conditions make the criteria of price, quality and durability more crucial than ever.

In this context, the European Commission wishes to progress from the simply protective stage. The second action programme which has just been drawn up, puts the accent on the new problems facing our society and on the role of consumers. This new programme stresses:

- dialogue and concertation between consumers and manufacturers to make consumers influential partners in the economic life of our countries;
- the price of goods and services;
- the quality of services which take up a growing share of the household budget (after-sales service costs, commercial services, public and quasi-public services examined from the point of view of both tariffs and quality etc.).

While the European Commission intends to continue actions undertaken to ensure respect for the five fundamental consumer rights, it also intends to encourage voluntary agreements between manufacturers and consumers. These agreements could take various forms: codes of good conduct, codes of practice, collective consumer agreements.

To complete this programme, the European Commission is consulting all parties concerned. It will publish, in particular, working documents (Green papers) to enable interested parties to comment upon and influence its proposals ■



The contents of this publication do not necessarily reflect the official views of the Institutions of the Community.

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