

CONSUMER RIGHTS IN THE SINGLE MARKET



Europe
on the move



De Simoni

In their role as consumers, ordinary EC citizens are key players in the Community's new frontier-free single market. In fact, it cannot fully succeed without their active participation. This means consumers need to have confidence that their interests will be protected in the Community-wide market. What protection do they have if they place their savings with the local branch of a foreign bank? If a consumer brings home electronic goods or even a car bought in another EC country will guarantees and service agreements be honoured? Consumers must know their rights. Markets work best when the interests of buyers and sellers are in balance. All Member States of the European Community have to a greater or lesser extent national policies on behalf of consumers. As the process of European economic integration has advanced in the last 30 years, the Community has worked to give the necessary European dimension to consumer protection. Legislation has been passed to protect consumer health and safety, to curb misleading advertising and other unfair practices, to establish liability for damage caused by faulty products and so on. More action is needed. An enlightened consumer policy is one way the Community can show how it directly benefits ordinary citizens.

'The completion of the internal market will provide consumers with a wider choice of high-quality goods and services. This aim cannot be effectively achieved unless consumers are confident that the increased variety of goods and services presents no danger to their safety and, furthermore, that effective means of redress are available for any harm caused.'

Christiane Scrivener,
Member of the
European Commission

THE BASIC RIGHTS OF CONSUMERS

Individual consumers cannot stand up alone to the might of many of the companies which sell them their goods and services. This is why the Member States of the Community and the EC itself have developed legislation or procedures to protect the rights of consumers. The creation of the single internal market, 'Project 1992', has made it necessary to develop a consumer policy with a European dimension.

The Community has in fact incorporated as the basis of its consumer policy the protection of the five fundamental rights which lie at the heart of national policies.

These are:

1. The protection of consumers' health and safety

Only products which will not endanger health or safety may be put on the market. This means setting safety requirements, providing full information about potential risks, protecting consumers against physical injury.

2. The protection of consumers' economic interests

There is for example a general ban on misleading advertising and unfair terms in contracts with consumers.

3. Consumer rights to information and education

Consumers need to be put in a position where they can make an informed choice among goods and services offered. This includes objective information on the features and price of the items available. Consumers also require proper information about their efficient and safe use.

4. The right to redress

Consumers have the right to receive advice and help when seeking redress for faulty products or for injury or damage resulting from the use of goods and services. There need to be simple, affordable and rapid procedures for settling complaints and claims.

5. Consumer representation and participation

Representatives of consumers need to be present in decision-taking procedures on issues of concern to them at local, national or EC level. At Community level, this covers not only specific consumer issues but also other relevant policy areas like food laws, transport, competition policy, financial services, environment and the like.

A well-informed customer is a happy customer: the composition of textile products must be specified and misleading descriptions are prohibited.





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Toys which are a danger to children must be taken off the market.

THE FIRST 10 YEARS

When the Community adopted its first consumer programme in 1975, it focused on the practical application of the five principles. As a first result, a number of directives were adopted over the next 10 years covering among other things the safety of cosmetic products, the labelling of foodstuffs, misleading advertising, consumer rights in doorstep selling, product liability and the provision of consumer credit.

In addition to its programme of legislation on consumer protection, the Community took steps to make sure the interests of consumers are taken into

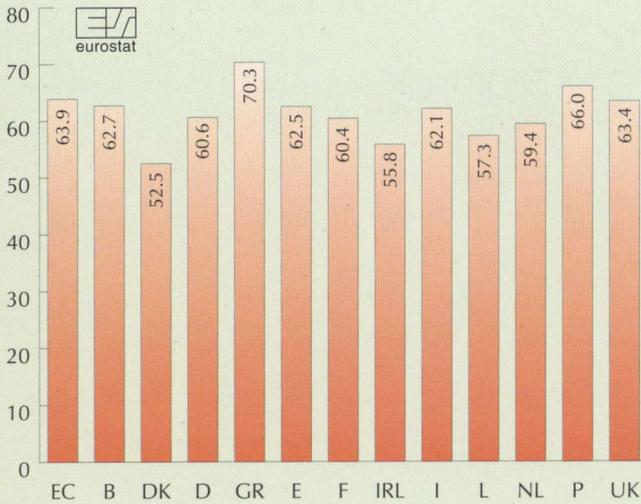
account at local and EC level. It has supported the development of national consumer organizations and of five major EC-wide organizations with consumer interests.



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Doorstep selling prompts many complaints. Consumers now have at least a week in which they can cancel any orders they have placed, sometimes as a result of rather questionable hard-sell tactics.

Consumption as a proportion of GDP (in %, 1991)



Nearly 64% of Community GDP is devoted to private consumption, the highest proportion being 70.3% in Greece and the lowest 52.5% in Denmark. The remainder of the GDP is devoted mainly to financing investments and the collective consumption of general government.

These are:

- The European Consumers' Organization (BEUC),
- The Confederation of Family Organizations in the European Community (Coface),
- The European Community of Consumer Cooperatives (Eurocoop),
- The European Trade Union Confederation (ETUC),
- and
- The European Interregional Institute for Consumer Affairs (EIICA).

The five European and major national consumer organizations participate, along with outside experts, in the Consumers Consultative Council. The function of the Council is to advise the European Commission on policies involving consumer protection and to represent consumers' views in the formulation of other EC policies.

Internally, the European Commission created an independent Consumer Policy Service in 1989 in order to give more authority and a higher profile to the implementation of consumer policy.

Misleading advertising: consumers who believe they have been misled can take legal action against the manufacturer. It is for the manufacturer to prove his innocence.



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CONSUMERS AND THE SINGLE MARKET

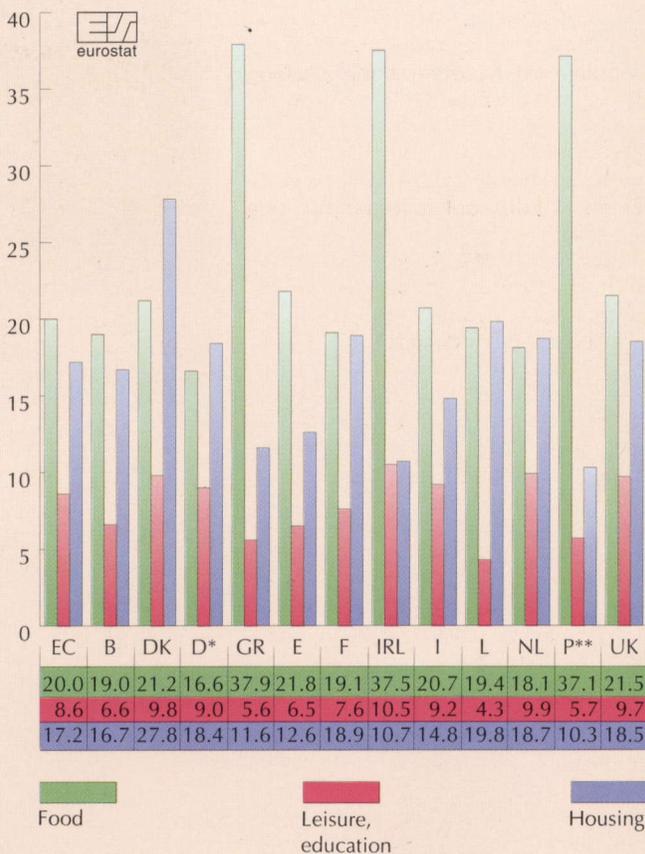
EC policy does not seek to replace national policies in the individual Member States. The aim is to complement them as markets have increasingly taken on a European dimension. Community legislation lays down a common level of protection at a high level. In some areas Member States can even retain higher national levels of protection than that afforded by Community legislation, provided they do not establish barriers to trade.

By the same token, the Community wants to keep its role as a regulator to a minimum. The informal guideline is: 'As little regulation as possible, but as much as necessary to protect consumers'.

The amount of EC legislation implemented to protect consumers accelerated in the run-up to the creation of the frontier-free single European market, which was formally launched on 1 January 1993.

In the five years prior to 1993 directives were passed that further enhanced consumers' protection and rights. These directives covered notably the obligation to market safe toys only, safety requirements for building materials and gas-

Household consumption by function (1990, by head of population, in %)



Germany: borders prior to 3 October 1990

* 1989

**1986

On average, Europeans devote 20% of their 'consumption' budget to food (ranging from 37.8% in Greece to 16.6% in Germany) whereas 17.2% covers housing expenditure (27.8% in Denmark as against 10.3% in Portugal). There are also marked disparities in spending on leisure and education (4.3% in Luxembourg compared with 10.5% in Ireland, with a Community average of 8.6%).

burning appliances, and design requirements for personal protection equipment. Other directives covered the design and accuracy of weighing instruments and the design and manufacture of implantable medical devices. New health controls and labelling requirements have been applied to food and agricultural products.

A general directive was adopted in 1992 imposing the obligation on manufacturers and distributors to put only safe products on the market and on Member States to put into place the appropriate structures for control. This directive complements the requirements of the sectoral directives.

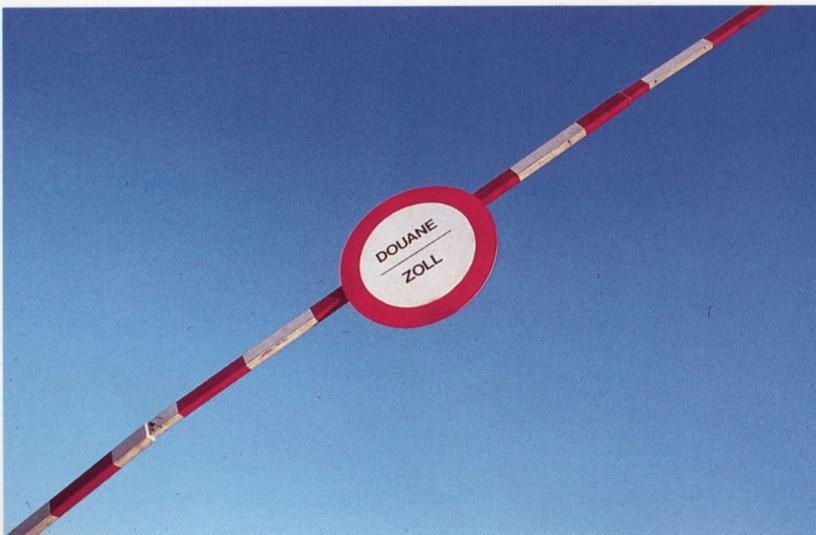
In the spring of 1993 a directive was adopted to eliminate unfair terms from consumer contracts.



Fewer empty promises for purchasers of package holidays: contracts must be in writing, brochures must be accurate and honest. Holidaymakers who have been wronged are entitled to compensation.

Areas where draft legislation has been presented by the Commission and which is still under negotiation include:

- the authorization of comparative advertising,
- the protection of consumer rights in distance selling (mail-order sales),
- consumer protection in the area of time-share property contracts.



Thanks to greater competition, the completion of the single European market should result in a greater variety of goods and services at lower prices.

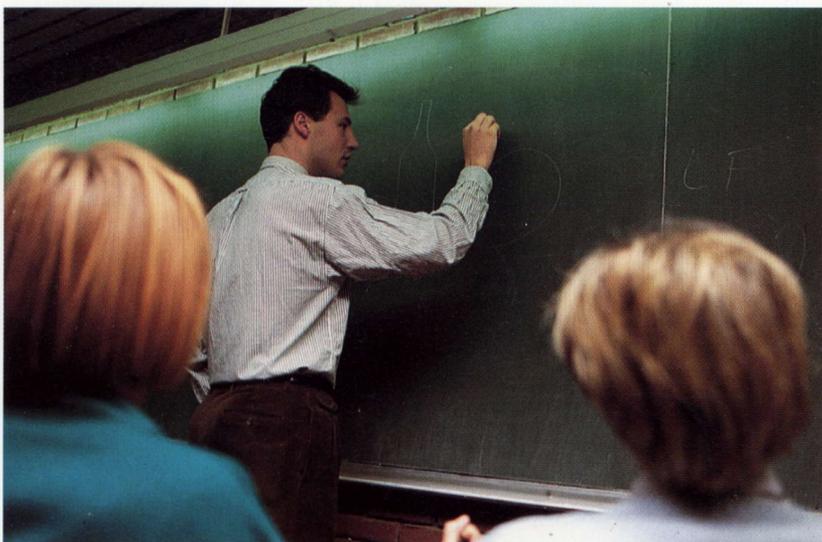
Agreement in these areas is necessary if consumers are to have the same degree of protection as most of them have in their home markets. Consumers need to know what the new rules are so as to have the confidence to take advantage of new possibilities – like international mail-order buying, or embarking on cross-border shopping expeditions, or entrusting their savings to local branches of 'foreign' banks. This is why the Commission, among other information initiatives, has supported a number of information and advice centres for consumers which have been set up by the national consumer organizations in frontier regions.

FUTURE PRIORITIES

The Maastricht Treaty on European Union will provide the basis for a consumer policy that goes beyond the achievement of a high level of consumer protection within the internal market. It confirms the twin role of Member States and the Community in setting and enforcing rules; but it also enables the Community to carry out actions that are complementary to national policies.

There is still plenty to be done, even after the legislative programme set out in the previous section of this document is completed. The single market, like any other, needs to balance the interests of buyers and sellers if it is to operate efficiently. This means not only fixing additional rules for consumer protection but also ensuring that existing ones are applied correctly (which is not always the case).

With an increasingly wide range of products for consumers to choose from, consumer information and training are priorities from school age upwards.



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Going back to the five basic principles of consumer protection, the EC is beginning to focus on two of these: consumer information and education and the right to redress. They have received relatively little attention so far.

Special emphasis will be placed on:

- better access to justice (in cases of cross-border disputes as well as national ones);
- the availability of EC-wide guarantees and the provision of after-sales service;
- definition of a harmonized sanctions procedure for the non-respect of EC rules.

Consumer policy in the single market has a dual function. Its direct task is to provide consumers with support, protection and information so that they know their rights and can benefit from the extra competition created by the single market. In so doing, it serves a broader purpose. This is to heighten awareness of how the Community benefits its citizens directly and contributes to the improvement of their living standards.

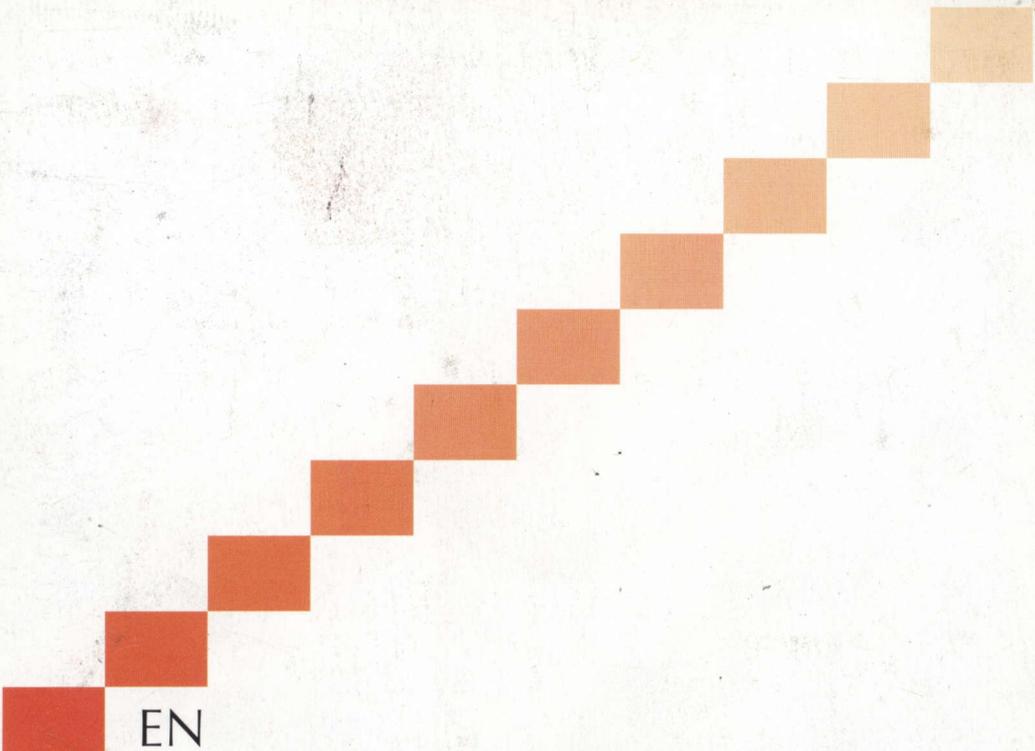


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Excessively lengthy procedures, prohibitive costs: all too often the consumer is discouraged from seeking redress through the courts.

'Following the removal of internal frontiers on 1 January 1993, the Community has set itself the aim of making the single market operate in a manner which is fully consistent with the interests of the consumer. The measures needed to achieve this aim by establishing a high level of consumer protection, particularly in the field of health and safety, will have to be carried out at Community level with the support of the Member States. A special effort is needed to provide the information needed to increase public confidence and enable the European consumer to take full advantage of the opportunities which the single market offers.'

Christiane Scrivener



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