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# industry and society

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EUROPE

AND THE EUROPEAN CONSUMER

By its very existence a common market should favour the consumer: the absence of customs duties at frontiers sharpens competition between producers and the purchaser becomes the king whom everybody endeavours to entice with more and more products which, in principle, should become less expensive.

Yet prices are rising within the European Common Market. But so they are elsewhere - and often faster. For example, the trend in foodstuffs prices during the last few years shows that the Common Agricultural Policy is a pricestabilizing factor (see I&S No 19/74).

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# Reinar Austrian

The information published in this bulletin covers the European Communities' activities in the fields of industrial development, protection of the environment and consumer welfare. It is therefore not limited to recording Commission decisions or opinions.

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Inflation is a worldwide phenomenon, and it is to endeavour to limit its effects that the Community countries are combining in an attempt to build a true economic and monetary union. It may be that more general education of the consumer, who, it must be admitted, often does his job as consumer rather badly, would help to achieve more tangible results in preventing price increases - but we haven't got that far yet.

What has been achieved is that the opening of European frontiers has considerably widened the choice offered to the consumer. The European housewife tends to forget that she has not always had the choice of a French cheese, an Italian washing machine, a German car, a Belgian beer, an English tweed, etc.

However, this very diversity in itself creates new problems for the consumer. How should one set about choosing between the advertized merits of a German, Danish, Dutch, French or English hi-fi unit or television set? Can one be sure that the foodstuffs on offer, which are often brought from far afield, are really fresh? Do these products contain any harmful substances which could be dangerous to health? How can the consumer protect himself from fraudulent sales techniques which seem to be on the increase in the jungle of competition between producers? Does the packaging of the product, and any accompanying information tag, give clear information on its composition and its method of use?

The consumer has his rights to defend and should be clearly informed of these and also given the means of enforcing them.

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To help the purchaser pick his way between the wealth of goods presented in such a desirable light by publicity, each country in the last few years has developed a "consumer policy", with different objectives, methods, and degrees of success. It is quite evident that, in a common market with free movement of goods, similar problems arise in respect of products which are practically the same from one country, city or shop to the next. A joint consumer protection policy for the Community could therefore permit the application of the best joint solution to these common problems.

The chief objective of European integration is explicitly "the improvement of living and working conditions" for all inhabitants of the Community. Most measures enacted within the framework of various Community policies (social policy, environmental protection, control of competition, opening of frontiers, harmonization of legislation, common agricultural policy, etc.) therefore take into consideration the interests of the consumer. Over and above this action, however, certain specific measures must be taken to ensure that the consumer's rights are respected. This is why, last December, the European Commission put forward a proposal to the Council of Ministers of the Community (see IRT No 213) for the adoption of a Community action programme for consumers. In order to take into account the Opinions of the European Parliament and of the Economic and Social Committee, the Commission has just redrafted its proposal, which sets out the objectives, methods and priorities of a Community consumer protection programme.

#### 1. Consumer protection - health and safety

The European Commission believes that the following principles should be the basis of any Community action which aims to protect the health and promote the safety of the European consumer:

Goods and services provided for consumers in the European market should be such that, when used in a normal and reasonable way, they are not likely to be injurious to the health or safety of consumers.

Any risk of danger which might arise from an unusual use of a product should be clearly indicated by the producer or distributor.

There should be quick and simple procedures for withdrawal from the market of goods whose use constitutes a danger to the health and safety of consumers.

Substances which may be included in foodstuffs should be defined precisely and their use regulated by means of positive lists drawn up in an intelligible manner for the Community as a whole.

Some categories of new products which may prejudice the health or safety of consumers should be subject to special authorizations harmonized for the Community as a whole.

The Community is already pursuing an active policy of standardizatio: and harmonization of existing rules and regulations in the agricultural and industrial fields.

The European Commission intends to continue and accelerate the harmonization of specifications for foodstuffs and their components. Priority will be given to additives, preservatives, colorants, anti-oxidants, emulsifiers and stabilizers. The Commission will submit proposals for safety standards for products which include toxic, inflammable, explosive or corrosive substances. Priority will be given to materials in contact with foodstuffs, detergents, pesticides, paints and varnishes.

The Commission will encourage a wide and harmonized application in the Community of systems of prior authorization for new products used in the manufacture of foodstuffs, and pharmaceutical and chemical products.

#### 2. Protecting the consumer from dishonest trading practices

Either by Community regulations or by other means every purchaser of goods and services must be protected from abuses of power by the seller, in particular from one-sided standard contracts, demand for payment of unsolicited goods and high pressure selling methods which do not allow consumers to make a reasonable assessment of the terms of sale.

These measures should be based on certain essential principles:

The consumer should be protected against damages caused by defective goods.

No form of publicity should mislead the purchaser.

All the details provided on labels at the point of sale or in advertisements should be accurate and adequate.

The purchaser has the right to reasonable after-sales service for consumer durables.

To achieve these various objectives the European Commission believes that certain priority measures should be introduced at European level:

<u>Consumer credit</u>: although more and more credit facilities have become available, the conditions under which they are granted are increasingly open to criticism for their one-sidedness, their obscurity and their tendency to lay an excessive burden on the consumer. Accordingly, legislative or regulatory action should be taken to obtain a better balance between lender and borrower. To this end, the European Commission will present a draft directive on the basis of studies being carried out in the various member countries.

<u>Misleading publicity</u>: to protect the consumer against misleading publicity criteria should be laid down for judging the extent to which publicity is misleading, deceptive or unfair, and methods sought for putting a quick end to this type of publicity campaign. The European Commission will therefore continue and supplement the work being done in connection with the harmonization of laws on unfair competition and will submit appropriate proposals to the Council.

Receptive sales techniques: various trading practices, such as sales contracts conditions, guarantees for consumer durables, door-to-door sales, special offers with premiums, unsolicited consignments, etc., may lead to abuse of power by the seller.

In some cases these are already dealt with in national legislation and regulations. The European Commission will seek to harmonize these measures by way of directives providing consumers throughout the Community with the necessary legal and economic protection.

<u>Defective goods</u>: the Commission intends to harmonize the laws on producers' liability by introducing throughout the Community standards which will give the best possible protection for the consumer against risks of defective goods.

Quality of the services rendered to the consumer: the term "service" covers a large variety of concepts from after-sales to public services (hospitals, etc.) and includes all those that are required as a back-up to the economic activity of a country (credit, insurance, cleaning, supplies, transport, tourism, etc.). The guarantee of the quality of such services may be improved in several ways, for instance, by regulating sales practices, by providing consumers with more information on the organization and nature of the services rendered, in order to give all consumers in the Community the benefit of progress made within any Member State, and by imposing the qualifications and skills required for practicing certain trades. In this complex and little researched field there is great scope for thinking on the part of the Community. The Commission will carry out an exhaustive study of this question in cooperation, where necessary, with other interested international organizations.

Redress for damages: in this field the Community must ensure that consumers are provided with all necessary assistance regarding complaints and advice in respect of damage suffered through the purchase or use of goods or services, as well as proper redress for damage suffered. It will therefore be necessary to study the systems of assistance and advice, of claims, arbitration and amicable settlement of disputes, the various means of legal recourse which exist in the different Member States, and possibly also those obtaining in some non-member countries. Depending on the results of the comparison of the various systems, the European Commission will put forward appropriate proposals for improving the existing arrangements and of putting them to better use.

### 3. Consumer protection

A number of priority measures to improve the flow of information to the consumer in various fields are planned by the European Commission:

Labelling: Community rules will have to be drawn up for products whose specifications are harmonized at Community level. These rules must provide that all labelling shall be clear, easily readable and unambiguous. Where foodstuffs are concerned the nature and composition of the product, its weight or volume, the identity of the person selling it or any other person responsible for it in any way and, where necessary, the requirements for satisfactory conservation will have to be given. For other products, certain variations on these points must be studied, with additional indications, such as unit price and unit weight, being common to both categories.

<u>Comparative testing</u>: this is another source of information for the consumer. Such testing may be carried out by private or by semi-public bodies. The Commission will establish contact with those organizations which carry out comparative tests, so as to ensure the greatest possible objectivity in the results of such tests, particularly by standardization of the method used.

<u>Consumer behaviour</u>: the Commission is already conducting ongoing consumer surveys on certain aspects of the Community's economic policy. It will continue with these in order to learn more about the needs and behaviour of consumers within the Community.

Action undertaken by the Community: the Commission believes that it would be appropriate to provide more - and more varied - information on consumer matters dealt with by the Community, to explain to consumers in clear and simple terms the effect of measures taken, and to encourage the coordination of television and radio programmes, films, and articles in the press on consumer topics.

#### 4. Consumer education, participation in decision-making

Both children and adults should be provided with educational facilities which would enable them to act as informed consumers, capable of making a clear choice between those goods and services most likely to satisfy their real needs at the lowest cost to the individual and the community.

To this end the Commission will undertake studies with the aim of discovering what methods are likely to promote, through the intermediary of the curricula, the education of the consumer at school, university or other educational establishment. In addition, the Commission will encourage the organization of seminars, colloquia and exhibitions on themes of concern to consumers.

Finally, the consumer should always have the right to be represented and consulted during the preparatory stages leading to decisions which concern him. In this connection, the European Commission will help consumer organizations to study certain subjects of particular interest to their members, to make known their views, and to coordinate their efforts to obtain consumer representation wherever it is necessary. The Commission will expand the activities of the Consumers' Consultative Committee by providing it with additional material assistance and by enabling it to submit in good time an opinion on Commission proposals in matters likely to affect consumers.