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REPORT

drawn up on behalf of the Committee on the Environment,
Public Health and Consumer Protection

on the proposals from the Commission of the European
Communities to the Council for:

- I. a directive on consumer protection in respect of the
indication of prices for non-food products (COM(83)
754 final - Doc. 1-331/83)
- II. a directive amending Directive 79/581/EEC on consumer
protection on the indication of the prices of
foodstuffs (COM(84) 23 final - Doc. 1-1452/83)

Rapporteur: Mr NORDMANN

WG(2)/1457E

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By letter of 23 January 1984, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Articles 100 and 235 of the EEC Treaty, on the proposal from the Commission of the European Communities to the Council for a directive on consumer protection in respect of the indication of prices for non-food products.

By letter of 13 February 1984, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Rules 100 and 235 of the EEC Treaty, on the proposal from the Commission of the European Communities to the Council for a directive amending Directive 79/581/EEC on consumer protection in the indication of the prices of foodstuffs.

On 11 September 1984, the President of the European Parliament referred these proposals to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible, and the proposal for a directive on consumer protection in respect of the indication of prices for non-food products to the Committee on Economic and Monetary Affairs and Industrial Policy for its opinion.

On 10 September 1984 the Committee on the Environment, Public Health and Consumer Protection appointed Mr Nordmann rapporteur.

At its meeting of 20 November 1984 the committee considered the Commission's proposals. It considered the draft report at its meetings of 27 February and 21 March 1985.

At the last meeting, the committee decided by 11 votes to none with 3 abstentions to recommend to Parliament that it approve the Commission's proposals with the following amendments.

The committee then adopted the motion for a resolution as a whole by 11 votes to none with 3 abstentions.

The following took part in the vote: Mrs Weber, chairman; Mr Collins, vice-chairman; Mr Nordmann, rapporteur; Mr Alber, Mrs Banotti, Mr Bombard, Mr Falconer (deputizing for Mr Hughes), Mrs Jackson, Mrs Lentz-Cornette, Mr Mertens, Mr Pearce, Mr Sherlock, Mrs Squarcialupi and Ms Tongue.

The opinion of the Committee on Economic and Monetary Affairs and Industrial Policy is attached.

The report was tabled on 26 March 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session during which it will be debated.

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The Committee on the Environment, Public Health and Consumer Protection hereby submits to the European Parliament the following amendments to the Commission's proposals and motion for a resolution together with explanatory statement:

I. Proposal for a Council directive on consumer protection in respect of the indication of prices for non-food products

Text proposed by the Commission of the European Communities

Article 4

The selling price and the unit price indicated at the place of sale shall be unambiguous, easily identifiable and clearly legible. Each competent national authority may lay down the specific rules for such indication of prices, e.g. by means of posters, labels on shelves or packaging.

Article 5

Any written or printed advertisement or catalogue aimed at the final consumer which mentions the selling price of products referred to in Article 1 shall indicate the unit price, subject to Articles 7 and 8.

Amendments tabled by the Committee on the Environment, Public Health and Consumer Protection

AMENDMENT No. 1

Article 3

Insert a new subparagraph:

3. The unit price may be shown by poster or labelling. The unit price must not be confused with the selling price which is more important. This ranking must be made plain in the way the information is presented.

AMENDMENT No. 2

Article 4

Delete the words 'indicated at the place of sale'

AMENDMENT No. 3

Article 5 to read:

Any written or printed advertisement at the place of sale or elsewhere and any catalogue aimed at the final consumer which mention the selling price of products referred to in Article 1 shall indicate the unit price, subject to Articles 7 and 8.

Text proposed by the Commission of the European Communities

Article 7(2)

Products sold in quantities of 50 grams or 50 millilitres or less or in quantities of 10 kilograms or 10 litres or more shall be exempted from the obligation to indicate the unit price.

Article 11

Member States may exempt from the obligation to indicate the unit price products sold by certain small retail businesses and passed directly by the seller to the buyer, where price indication:

Amendments tabled by the Committee on the Environment, Public Health and Consumer Protection

AMENDMENT No. 4

Article 7(2) to read:

Products sold in quantities of 50 grams or 50 millilitres or less or in quantities of 10 kilograms or 10 litres or more shall be exempted from the obligation to indicate the unit price, as shall multiple packs of such products.

AMENDMENT No. 5

Article 11

The first sentence to read:

Member States may exempt products sold by certain small retail businesses and passed directly by the seller to the buyer from the obligation to indicate the unit price by labelling, where price indication:

AMENDMENT No. 6

Article 1 (1A)

Insert a new paragraph 4 in Article 3:

4. The unit price may be shown by poster or labelling. The unit price must not be confused with the selling price which is more important. This ranking must be made plain in the way the information is presented.

AMENDMENT No. 7

Article 1 (1B)

In Article 4 delete the words:

'indicated at the place of sale'.

Text proposed by the Commission of the European Communities

Amendments tabled by the Committee on the Environment, Public Health and Consumer Protection

AMENDMENT No. 8

Article 1 (1C)

Amend Article 5 as follows:

Any written or printed advertisement at the place of sale or elsewhere and any catalogue which mention the selling price of foodstuffs referred to in Article 1 shall indicate the unit price, subject to Articles 7 and 8;

AMENDMENT No. 10

Article 1 (6)

Article 11 is replaced by the following:

'Article 11

1. Member States may exempt foodstuffs sold by certain small retail businesses and handed directly by the seller to the purchaser from the obligation to indicate the unit price by labelling, where the indication of prices:

AMENDMENT No. 9

Article 1 (2)

Add the following subparagraph to new Article 7 (1):

- (a) foodstuffs for which indication of weight or volume is not required, in particular foodstuffs sold by individual item;
- (b) foodstuffs sold from automatic vending machines;
- (c) prepared dishes or dishes for preparation contained in a single package;
- (d) fancy products;
- (e) packs of products which are themselves exempted

Article 1 (6)

Article 11 is replaced by the following:

'Article 11

1. Member States may exempt from the obligation to indicate the unit price foodstuffs sold by certain small retail businesses and handed directly by the seller to the purchaser, where the indication of prices:

Article 1 (2)

- (a) foodstuffs for which indication of weight or volume is not required in particular foodstuffs sold by individual item;
- (b) foodstuffs sold from automatic vending machines;
- (c) prepared dishes or dishes for preparation contained in a single package;
- (d) fancy products.

A

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposals from the Commission of the European Communities to the Council for:

- I. a directive on consumer protection in respect of the indication of prices for non-food products and
- II. a directive amending Directive 79/581/EEC on consumer protection in the indication of the prices of foodstuffs

The European Parliament,

- having regard to the proposals from the Commission to the Council (COM (83) 754 final and COM (84) 23 final)¹,
- having been consulted by the Council pursuant to Articles 100 and 235 of the Treaty establishing the European Economic Community (Doc. 1-1331/83 and Doc. 1-1452/83),
- having regard to Council Directive 79/581/EEC of 19 June 1979 on consumer protection in the indication of the prices of foodstuffs²,
- having regard to the Council resolution of 19 June 1979 on the indication of the prices of foodstuffs and non-food household products prepackaged in pre-established quantities³,
- having regard to Council Directives 80/232/EEC on the ranges of nominal quantities and nominal capacities permitted for certain pre-packaged products⁴, 75/106/EEC on the making up by volume of certain pre-packaged liquids⁵, 73/242/EEC on cocoa and chocolate products⁶, 73/437/EEC concerning certain sugars intended for human consumption⁷,
- having regard to the first⁸ and second⁹ European Community programmes for a consumer protection and information policy,
- having regard to its resolution on the proposal from the Commission of the European Communities to the Council for a directive on consumer protection in the indication of the prices of foodstuffs¹⁰,

¹OJ No C 8, 13.1.1984 and OJ No C 52, 24.2.1984

²OJ No L 158, 26.6.1979, p. 19

³OJ No C 163, 30.6.1979, p. 1

⁴OJ No L 51, 25.2.1980, p. 1

⁵OJ No L 42, 15.2.1975, p. 1

⁶OJ No L 228, 16.8.1973, p. 23

⁷OJ No L 356, 27.12.1973, p. 1

⁸OJ No C 92, 25.4.1975

⁹OJ No C 133, 3.6.1981

¹⁰OJ No. C 63, 13.03.1978

- having regard to the report of the committee on the Environment, Public Health and Consumer Protection and the opinion of the Committee on Economic and Monetary Affairs and Industrial Policy (Doc. A2-6/85),
 - having regard to the result of the vote on the Commission's proposals,
- A. whereas consumer information on prices is an integral part of the Community policy for consumer protection and has priority within that policy,
 - B. whereas the indication of selling and unit prices of foodstuffs and non-food products makes it easier for consumers to compare prices at the point of sale, and therefore ensures them a better choice and better protection,
 - C. whereas the fixing of standardized quantity ranges is the easiest and most effective way of enabling the consumer to compare prices at the point of sale,
1. Welcomes the fact that in its proposal for a directive on the indication of prices for non-food products the Commission has extended the principle of displaying selling prices and unit prices to these products;
 2. Believes that the Commission should have given priority to increasing the range of standard sizes rather than introducing a unit pricing directive which will be burdensome to retailers and probably expensive for consumers;
 3. Approves the principle established by the Commission of a general obligation to indicate the selling price and the unit price for foodstuffs and non-food products, and the establishment of general exemptions to that obligation at Community level;
 4. Believes however that there must be no risk of confusion between the unit price and the selling price, which is the more important; and that this ranking must be made plain in the way the information is presented;
 5. Believes that written or printed advertisements mentioning the selling price must show the unit price, whether such advertising is at the point of sale or elsewhere;
 6. Requests that, where it is difficult to assess the quantity of the product being sold (freeze dried products for reconstitution, products sold in aerosol containers, etc.), the basis for calculating the unit price should be the quantity at the final stage of use by the consumer;
 7. Approves the quantitative limits set in the proposals for directives;
 8. Notes that the standardized ranges of quantities laid down at Community level which the Commission proposes to exempt from the obligation to indicate unit prices are not all in conformity with the principles set out by the Council in its resolution of 19 June 1979;
 9. Recognizes that concentration upon unit pricing alone leaves aside a number of other factors of concern to the consumer (e.g. quality, degree of concentration, ease of preparation, etc.) underlining the need for the Commission to act urgently in making its intentions known on the simplification and rationalisation of ranges of quantities;

10. Calls on the Commission to submit suitable proposals for amendments simplifying the Community ranges in force, and to lay down a timetable for the implementation of exemptions for ranges where amendments are contemplated;
11. Invites the Commission to fix new quantity ranges for foodstuffs and non-food products for which standardization at Community level has not yet taken place;
12. Considers that the automatic exemption of small retail businesses from the indication of unit prices would jeopardize the effectiveness of the directives;
13. Believes that posters would be a less burdensome way for small retail businesses to indicate unit prices than labelling, as labelling of individual products could result in heavy additional costs being passed on to the consumer and would inhibit the development of new technology such as electronic point of sale systems;
14. Believes that clear shelf marking and posters would meet the requirements of the directives for outlets of all sizes including small retail businesses. Thus allowing small retail businesses to be brought within the scope of the directives;
15. Notes with concern that the draft directive relating to non-food products makes no attempt to define or limit such products raising doubts as to whether such a directive would be either understood or enforceable;
16. Considers that there is a need for clear guidance on ranges of non-food products to be included and calls for the inclusion of a positive list of such products;
17. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposals as voted by Parliament and the corresponding resolution.

EXPLANATORY STATEMENTI. Introduction

1. The purpose of the proposal for a directive on the indication of the prices of foodstuffs¹¹ is to supplement Council Directive 79/581/EEC of 19 June 1979¹² which established the principle of the compulsory indication of the selling prices and unit prices of foodstuffs offered for sale to the final consumer¹³.
2. However, this directive postponed the Council's adoption of the conditions for applying the obligation to indicate the unit price of foodstuffs pre-packaged in pre-established quantities. On the assumption that the standardization of quantities of pre-packaged foodstuffs should wherever possible replace the obligation to display the unit price, and in order to allow such standardization to go ahead at national or Community level, Article 8 (1) of Directive 79/581/EEC provides that a decision on conditions for applying the obligation to indicate the unit price of foodstuffs pre-packaged in pre-established quantities shall be taken by 31 December 1983. This article also provides that at the same time the categories of foodstuffs which may be exempted from the requirement to indicate the unit price shall be laid down. The present proposal is also in response to the Council's resolution of 19 June 1979¹⁴, in which the Council invited the Commission to submit to it before July 1983 a proposal on the decisions to be taken pursuant to Article 8(1) of Directive 79/581/EEC.
3. The proposal for a directive on the indication of prices for non-food products¹⁵ is also in response to the Council resolution of 19 June 1979, in which the Council invited the Commission to submit to it without delay a proposal concerning the indication of the selling price and the unit price for non-food household goods.

¹¹ COM(84) 23 final, OJ No C 52, 24.2.1984

¹² OJ No. L 158, 26.6.1979

¹³ In its opinion on the proposal for this directive (OJ No. 63, 13.3.1978), the European Parliament criticized the restriction of the scope of the directive to foodstuffs and invited the Commission, pursuant to the preliminary consumer protection programme, to submit without delay other proposals for directives on the compulsory display of unit prices for all household articles

¹⁴ Council resolution of 19 June 1979 on the indication of the prices of foodstuffs and non-food household products prepackaged in pre-established quantities, OJ No. C 163, 30.6.1979, p. 1

¹⁵ COM (83) 754 final, OJ No. C 8, 13.1.1984

4. These two Commission proposals are based on the same principles, seek to achieve the same ends and, in general, lay down similar rules. They can therefore be considered together.

5. The proposals make it generally compulsory to display the selling and unit prices of foodstuffs and non-food products, while providing for Community exemptions to that requirement. The essence of the two proposals is therefore that the compulsory display of unit prices is a principle, a general rule, and that departures from that rule are regarded as exceptions to the principle.

6. The main objects of these proposals are:

- to improve information available to consumers by making it easier for them to compare price for quantity at the point of sale,
- to increase market transparency.

Let us consider the first object:

II. Aims: consumer information

7. Price information for consumers is a priority in the Community's consumer protection policy. The European Economic Community's preliminary programme of 14 April 1975 for a consumer protection and information policy⁽¹⁶⁾ proclaims this principle while providing for the establishment of common principles for indicating prices and possibly prices per unit weight or volume.

The same is true of the second programme of 19 May 1981¹⁷, according to which:

'In implementing this programme, particular attention will be paid to information on prices. This is essential for the proper functioning of competition, which can also be expected to have a positive effect in attenuating inflationary forces, and for ensuring a better choice for consumers'.

8. With the development of marketing techniques, the variety in the presentation and packaging of sometimes similar products, and advertising practices, it is plainly necessary to ensure that the consumer receives the most comprehensive and impartial price information possible.

¹⁶OJ No. C 92, 25.4.1975, p. 1

¹⁷OJ No. C 133, 3.6.1981, p. 1

9. The committee believes that the display of selling prices and unit prices is an important component in the information to be supplied to consumers, allowing them rapidly to compare prices per quantity when deciding what to buy. Such price information, as well as being vital to consumers' financial calculations, is also intended to widen their choice, and to encourage the 'compare and choose' approach which is the essence of consumer freedom.

10. The committee therefore welcomes the fact that these proposals establish the principle of the compulsory display of selling and unit prices for foodstuffs and non-food products, thus providing better consumer protection.

III. Consideration of the Commission's proposals in detail

11. Article 5 of the proposal for a directive on the indication of prices for non-food products states that any written or printed advertisement or catalogue aimed at the final consumer which mentions the selling price of products shall indicate the unit price. This is loosely worded, for written or printed advertisements which mention the selling price of products as an argument for purchase should include the unit price whether such advertisements are displayed at the point of sale or anywhere else. The same is true of advertisements for foodstuffs.

12. The Commission's attention should also be drawn to the practical difficulties of assessing the quantity of, for instance, freeze-dried products which have to be reconstituted. The committee therefore asks that, when there are difficulties in assessing the quantity of product sold, the basis for the unit price calculation should be the quantity at the final stage of use by the consumer.

13. The Commission's proposals lay down exemptions to the general requirement of indicating unit prices for foodstuffs and non-food products. These exemptions can be divided into two categories: by product and by form of distribution.

Exemptions by products

14. The Council resolution of 19 June 1979 states that, by establishing simple and easily comparable quantity ranges, the standardization of quantities of prepackaged foodstuffs is likely to make it easier for the consumer to compare prices at the place of sale. Wherever possible, such standardization should therefore replace the compulsory display of unit prices.

15. Under the programme for the removal of technical barriers to trade, the Council adopted various directives laying down the Community range of quantities. Taking into account the progress made towards the standardization of quantity ranges at Community level, the Commission is therefore proposing to exempt from unit pricing the quantities included in ranges established by directive. These proposals therefore exempt from unit pricing foodstuffs and non-food products prepackaged in pre-established quantities when they are sold in the Community quantity ranges.

16. In order to take into account quantity ranges established at national level, the Commission is also proposing to exempt such ranges from unit pricing in the case of products not affecting trade between Member States and where such ranges satisfy the criteria set out in the Council resolution of 19 June 1979.

17. According to the Commission's proposals, the standardization of products and the display of unit prices are complementary ways of providing consumer information and market transparency. In fact, once prepackaged products are put up in simple and sufficiently clear ranges, standardization is a simple method for facilitating consumer comparison of price per quantity.

18. The committee therefore sees no grounds for questioning the principle under which standardized products are exempted from unit pricing, provided that the quantity ranges are simple and include a sufficiently small number of sufficiently well-separated values so as to avoid any possibility of confusion in comparing prices. Indeed, in its resolution of 19 June 1979, the Council set out the criteria for standardized quantity ranges to qualify for exemption from unit-pricing¹⁸.

19. However at the present stage of standardization at Community level, the ranges included in the present proposals are not all simple, and include many values which are not sufficiently well separated. At the present stage exemptions should therefore not be granted for all of these ranges.

20. The committee is therefore obliged to ask the Commission to submit proposals to the Council for amendments simplifying the present Community ranges, and to lay down a timetable for the introduction of exemptions for ranges where amendments are contemplated. It also calls on the Commission to lay down new quantity ranges for products, not yet standardized at Community level.

21. The directive of 19 June 1979 on the indication of the prices of foodstuffs allowed the Member States to exempt foodstuffs of less than 5 grams or 5 millilitres from unit pricing. To take account of the cost of labelling low-price foodstuffs and non-food products, the present proposals set Community limits of 50 grams or 50 millilitres below which they are exempted from unit pricing.

22. The committee approves this raising of the limits, as it exempts from unit pricing a number of products sold in very small quantities and for which unit pricing would be meaningless. These are in fact either relatively rare substances or luxury products (e.g. perfumes) where the unit price plays little part in the decision to purchase.

¹⁸ Ranges qualify for exemption if:

- they are simple and involve only a small number of sizes,
- they involve only sizes sufficiently distinct from one another to permit easy comparison,
- they are uniform for the same, or very similar, products,
- they involve as far as possible only sizes which are simple multiples or submultiples of a kilogram or a litre,
- they correspond wherever possible to ranges in quantity of the contents'.

Exemptions by form of distribution

23. The directive of 19 June 1979 on the indication of the prices of foodstuffs allows the Member States to exempt small retail businesses from the obligation to indicate both selling and unit prices. The present proposals reduce this exemption to unit pricing where it is likely to constitute an excessive burden on such businesses or appears to be most impracticable.

24. The committee cannot agree with the proposals on this point. It considers the small retail business to be a very common form of distribution in several Community countries, and believes that exempting it would jeopardize the effectiveness of the directive.

25. On the other hand, the committee is aware of the implications for small retail businesses of the compulsory display of unit prices which, coming in addition to selling prices, could involve practical difficulties and extra costs.

26. In such cases the committee believes that posters are the best way of displaying unit prices. Posters cost the trader less than labelling and at the same time avoid the risk of confusion where there is not sufficient distinction between selling prices and unit prices on labels.

27. The committee therefore asks that small retail businesses be exempted from unit pricing only in respect of labelling. This would avoid an excessive burden on businesses while protecting the interests of the consumer by the provision of information.

OPINION
OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS AND INDUSTRIAL POLICY

Letter from the Chairman of the Committee to Mrs WEBER, Chairman of the Committee on the Environment, Public Health and Consumer Protection

Subject: Proposal for a Directive on consumer protection in respect of the indications of prices for non-food products (COM(83) 754 fin.-doc. 1-1331/83).

Brussels, 18 October 1984

Dear Madam Chairman,

At its meeting on 15/16 October 1984 the Committee on Economic and Monetary Affairs and Industrial Policy considered the proposal from the Commission for a directive on consumer protection in respect of the indication of prices for non-food products.

In principle the directive is based on the directive on price indication for foodstuffs (Dir. 79/581/EEC). The Economic Committee was not consulted by the competent committee on this proposal. However, the Parliament in its opinion on the directive on price indication for foodstuffs deplored the fact that the scope of the directive was confined to foodstuffs and called on the Commission to submit further proposals for directives that also make it compulsory to display unit prices for all normal household articles.

The present proposal also assures a greater market transparency and foster competition by making it easier for consumers to compare prices at places of sale. By adopting provisions at Community level on the pricing for non-food products it will be assured that competition is not distorted because of the differences in the national legislations. These differences are liable to hinder trade, thereby directly affecting the operation of the Common Market.

The Economic Committee is very concerned about the costs involved in the implementation of this directive. It, therefore, welcomes the exceptions in cases where the price indication is likely to constitute an excessive burden to certain small retail businesses or appears to be most impracticable.

In this context the Economic Committee wants to emphasize that it still believes that the method of total harmonization is the best means to secure consumer protection and the advantages of a genuine Common Market without any barriers to trade.

With these observations this letter may be regarded as a favourable opinion of the Committee on Economic and Monetary Affairs and Industrial Policy.

Yours sincerely,

(sgd) B. SEAL

The following were present: Mr Seal, chairman; Mr Beazley, vice-chairman; Mr Bonaccini, Mrs Braun-Moser (replacing Mr Von Bismarck); Mr Christodoulou (replacing Mr Ercini); Mr Cryer (replacing Ms Quin); Mr Gautier; Mrs Van Hemeldonck; Mr Herman; Mrs De March; Mr Metten; Mr Mühlen (replacing Mr Starita); Mr Nordmann (replacing Mr Wolff); Mrs T. Nielsen; Mr Raftery; Mr Romualdi; Mr Rogalla, Mrs Van Rooy (replacing Mr Abelin); Mr Wagner; Mr Wedekind; Mr Von Wogau.

