

"THE CONSUMERS' VOICE IN EUROPE - LET US TIP THE BALANCE"

ADDRESS BY MR. RICHARD BURKE,

COMMISSIONER OF THE EUROPEAN COMMUNITIES,

to

THE EUROPEAN LEAGUE FOR ECONOMIC COOPERATION,

THE CAFE ROYAL, LONDON,

on

DECEMBER 8, 1977 at 9.45 a.m.

N.B. This speech was read by a member of Mr. Burke's Cabinet as Mr. Burke was delayed in Brussels for the weekly meeting of the Commission.

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I am particularly happy to have this opportunity of speaking on this theme to the European League for Economic Cooperation. As Commissioner with special responsibility for Consumer Affairs, I want to promote co-operation between the Commission and the Member Governments, between the Commission and consumers, and between consumers and economic operators with a view to improving the position of the consumer in modern society.

It is clear that the Commission must operate in conjunction with Governments. To us in the Commission it is equally clear that we must work in close cooperation with consumer representatives. They are the people whose interests concern us, and we must be particularly sensitive to their needs and aspirations. This means that we must have a wide range of direct contact with consumers organizations.

I believe that we need to promote cooperation between consumers and producers. Basically, producers exist to serve the needs of consumers. Contacts which promote the understanding of these needs must therefore be useful to producers. On the other hand, producers constantly have to make choices as to the range of products they produce, the quality of their products, the manner in which they are presented, and the incorporation of new technological developments in their processes. All of these decisions have a bearing on the satisfaction which the consumer gets from the product, and on the price. The more consumers know about the problems of producers, the greater are the possibilities

of achieving results satisfactory to both sides. I will return to this particular topic later on.

Our general theme is "The Consumers' Voice in Europe". I have chosen to speak to you about "tipping the balance". You will see what I mean when I outline the basis of the Commission's action in the Consumer Policy area.

Some of you may be familiar with our 1975 Preliminary Programme for a Consumer Protection and Information Policy. Its main features can be summarized as follows.

The introduction to the Programme states (paragraph 3) :-

"The consumer is no longer seen merely as a purchaser and user of goods and services, for personal, family or group purposes but also as a person concerned with the various facets of society which may affect him either directly or indirectly as a consumer. Consumer interests may be summed up by a statement of five basic rights:-

- a) the right to protection of health and safety,
- b) the right to protection of economic interest
- c) the right of redress
- d) the right to information and education,
- e) the right of representation - that is, the right to be heard".

I regard these five basic rights as being on a par with what have traditionally been regarded as normal civil rights in democratic societies.

Paragraph 6 of the Programme illustrates the situation of the consumer in the modern economy. The key passage in this paragraph reads as follows:-

"As market conditions have changed, the balance between suppliers and customers has tended to become weighted in favour of the supplier. The discovery of new materials, the introduction of new methods of manufacture, the development of means of communication, the expansion of markets, new methods of retailing - all these factors have had the effect of increasing the production, supply and demand of an immense variety of goods and services. This means that the consumer, in the past usually an individual purchaser in a small local market, has become merely a unit in a mass market, the target of advertising campaigns and of pressure by strongly organized production and distribution groups. Producers and distributors often have a greater opportunity to determine market conditions than the consumer".

The programme goes on to set out the objectives of Community policy towards consumers, and to indicate a number of priority areas in respect of each of the five basic rights.

From what I have said about our Programme, you will easily deduce what our basic philosophy in relation to consumer policy is. It is, quite simply, to take all the measures we can to change the balance of power in the market place in such a way as to restore to the consumer his rightful pre-eminence in the economic system. Expressed in this way, our objective is clearly extremely ambitious. Obviously, what we can

do in the direction of achieving this objective in any given year is limited. We believe nevertheless that we are making satisfactory progress.

I have recently been told that many people in consumer organizations and elsewhere find it difficult to detect a philosophy underlying our consumer policy. To those who are in doubt, I would simply say: re-read our 1975 Programme.

In general, I believe that consumer organizations share our objectives. I believe also that there is general support among the Member Governments for what we are trying to do. Problems, of course, arise when it comes to defining specific measures and to setting out a scale of priorities.

This is where it becomes important for the consumer to ensure that his voice is being heard. I would like, therefore, to turn now to what we do to ensure that the consumer's message is got across.

The Commission's structure for formal consultations with consumers dates back to 1969 when the Contact Committee was set up. After three years of operation, this Committee disbanded itself. This naturally created a problem for the Commission, which felt the need for a body to which it could turn for an expression of the consumer view in the early stages of policy development. It was for this reason that the Commission, in September 1973, set up the Consumers' Consultative Committee. This Committee has 25 members. There are four nominating organizations at Community level:

- the European Bureau of Consumer Unions (BEUC),
- the Committee of Family Organizations of the European Communities (COFACE)
- the European Community of Consumer Cooperatives (Eurocoop)
- the European Confederation of Trade Unions (ETUC).

In addition, the Committee includes individuals who are specially qualified in consumer affairs.

The Committee gives opinions either on matters referred to it by the Commission, or on matters which it takes up of its own initiative. When the Commission refers a matter to the CCC, it normally ensures that the consultation takes place at an early stage in the drafting of the Commission proposal. In this way, the CCC's views can be fully taken into account before the final version of the Commission's proposal is sent to the Council. Thus, a channel exists for the assessment of consumer views at a point in the procedure when they can have an effect on the actual proposals to be made.

The CCC, of course, does not limit itself solely to commenting on proposals which are made in the context of our 1975 Programme. The Commission is free to consult it on other matters, and the Committee itself is free to give the Commission its opinion on any matter it considers important.

The CCC opinions, together with a general view of the consumer interest in the various policy areas covered by the Commission, are important in a wider context. As the Commissioner with special responsibility

for consumer affairs, I consider it my duty to examine all proposals coming before the Commission in the light of their effects on consumers. The Commission has committed itself to giving full consideration to the consumer view in all policy areas.

A good example of this is to be seen in our debate on the proposals for agricultural prices for the 1978/79 marketing year. This year, for the first time, the Consumer Protection Service of the Commission and I myself, as Commissioner with special responsibility for Consumer Affairs, have been consulted in the drawing up of the price proposals. Thus, the Commission is taking a new direction in the sense of giving full weight to consumer views on this issue.

In a general way, I regard it as my function to campaign in the Commission on behalf of consumers. In doing this, I personally will give pride of place to the consumer view. I think you would all agree that the views of the various producing sectors are already well and forcibly represented at Community level. Equity demands that we ensure that the consumer view gets the same exposure.

In doing this, it is not my intention, and I believe that it is not the intention of consumer groups, to destroy the interests of the producing sectors. What we aim to do is to achieve a better balance.

I have said that what we do in the area of consumer policy in a given year must necessarily be limited. In this connection, I would ask consumer organizations, when they make representations to the Commission,

not to limit themselves merely to giving us a "shopping list" of measures which they would like to see implemented. It would help us enormously, both politically and in the context of organizing our work, if the representations made to us included an indication of the priority to be allocated to the various measures requested. This will help us to decide how best to allocate our resources to the most pressing problems. What we aim at in consumer legislation is not quantity but rather quality. I think that this is well illustrated by the programme we adopted for 1977. We undertook to present to the Council, in 1977, draft proposals for directives in the following areas:-

- a) Unit pricing of foodstuffs
- b) Correspondence courses
- c) Misleading advertising
- d) Consumer credit
- e) Informative labelling

So far, the draft on unit pricing and that on correspondence courses have been sent to the Council. We aim to have the drafts on misleading advertising and on consumer credit before the Council by the end of this year, or, at the very latest, in the first month or two of next year.

A draft directive on contracts negotiated away from business premises ("doorstep sales") is before the Council since last January.

A draft directive on the labelling, presentation and advertising of foodstuffs to the final consumer is at an advanced stage of discussion in the Council. You will see that each one of these proposals is designed to further the respect of one or more of the consumer's five basic rights. The drafts on unit pricing and misleading advertising clearly have a function in relation to the right to information. The proposals on correspondence courses, consumer credit, and misleading advertising are important in the context of the right to protection of economic interests. Thus, you will see that these proposals have all been conceived in the framework of the rights and priorities set out in the 1975 Programme.

I would like also to mention the fact that we carry out each year a number of studies on topics of interest to consumers. These studies are aimed at providing us with guidelines on which to base the development of new legislation in the context of our consumer policy programme.

This year, for example, we are subsidizing studies by the nominating organizations of the CCC on

- a new sugar regulation and its repercussions on consumer interests
- Member States' regulations and consultation of consumers in relation to radio and T.V. advertising
- presentation of household products (colour and type of packaging, child-proof containers, informative labelling)

- the European consumer vis-à-vis multinational firms.

In addition, the Commission is financing a series of studies on consumer education in the Member States (some of which have been completed).

You may be particularly interested to know that we are carrying out a study on the microbiological quality of cosmetics and toiletries. The work of analyzing samples of products sold in the Member States is being carried out by the Public Health Laboratories, using the facilities of the General Hospital in Poole, Dorset.

Finally, we have an annual programme of conferences on consumer topics.

Two weeks ago, we held an important Conference on consumer information in Brussels, with the participation of consumer representatives, representatives of producers and distributors, and representatives of the national administrations. We indeed had the pleasure of being addressed by Mr. McLennon, your Parliamentary Under-Secretary for Prices and Consumer Protection, and by Mme. Scrivener, Secretary of State for Consumer Affairs to the Minister for Finance and the Economy in France. In two weeks' time, we will hold an important Conference on consumer education here in London.

You will agree, I am sure, that this is a very substantial programme of work.

I attach considerable importance to the draft directives, as does the Consumers' Consultative Committee. We believe that they will achieve real advances in improving the position of the consumer in a number of Member States. Some of them, of course, will have a bigger effect in some Member States than in others. This is normal, since the Member States have not all achieved the same degree of sensitivity to consumer interests in their national legislations.

This is a point which it is particularly appropriate to make to you. The U.K. has very well-developed legal and administrative structures of consumer protection. We in the Commission feel therefore that we should look to the U.K. for support in the development of our consumer policies, and in securing their acceptance by the Council.

In this connection, I would like to refer to some other criticisms which have lately been made of our proposals. It is said that many of them simply complicate life for manufacturers and traders without creating real benefits for consumers. In particular, our proposals on unit pricing of foodstuffs and on "doorstep contracts" have come under fire from a number of quarters.

Let us take unit pricing of foodstuffs first. The explanatory memorandum attached to our proposal indicates clearly that this measure is to be seen in conjunction with a proposal made last year by the Commission on the standardization of normal quantities for pre-packaged products. In my view, these two measures represent a coherent whole. Our unit pricing proposal has come in for some criticism in the U.K., where

it is being said that it will result in an enormous increase in costs to the retailer. This is simply not true.

In addition, it is being said that the Commission's proposals in this area follow the wrong sequence. It has been said to me that the U.K. view is that action on unit pricing should be preceded by action on the harmonization of standard quantities. As I have pointed out, this is exactly the way in which the Commission has gone about this work. It seems to me, therefore, that there is a surprising lack of knowledge in the U.K. about what precisely we are doing. Furthermore, I have heard it said that the Commission's proposal in regard to the harmonization of standard quantities for pre-packaged foodstuffs will result in small packages, which are particularly suitable for low income families and for certain population groups like old age pensioners, disappearing from supermarket shelves. Nothing could be further from our intentions. What we aim to do in the proposal which was sent to the Council last year, is to reduce the dispersion in the ranges of sizes of pre-packaged foods around a given weight. What we aim to eliminate is the package containing 222 gms. and that containing 227 gms. and to standardize on a 225 gm. package. The intention is to reduce dispersion around given points in the range, but not to reduce the overall range.

Our proposal on doorstep sales has also run into a considerable amount of opposition in the U.K. In response to the European Parliament's debate on this issue, I personally am disposed to make a number of modifications to our text. One of these which will meet a particular criticism made in the U.K. is that we will specifically exempt roundsmen from the provisions of the Directive. We have also been asked to exempt

mail order houses from the provisions of this Directive. While I know that this is a system of selling which has been particularly successful in the U.K., I must say that I find it very strange that objections could be put forward to our attempt to give some further protection to consumers in this area. There is nothing in our proposal which would prevent firms offering better protection than that provided for in our draft Directive.

These criticisms seem to me to ignore the essential point of our proposal. It is not aimed at mail order houses, or at any particular sector of activity. It aims, quite simply, to protect the consumer against a particular method of selling: a method which puts the private purchaser at a considerable disadvantage vis-à-vis the seller. We want to give the consumer a defence against the element of surprise and pressure in doorstep selling.

If sellers in any sector of activity resort to this form of selling, then we believe that we must act against them, in the interests of the consumer.

One of the criticisms of our policy which has been made in the U.K. causes me, quite frankly to rejoice. It has been said that we pay too much attention to harmonization for its own sake, and that what is needed now is a move away from the negative concept of consumer protection to the concept of active promotion of consumer interests. In this respect, the Commission is already ahead of its critics. We had a debate last April on the general guidelines of consumer policy.

One of the notions which I proposed to the Commission at that time, and which was accepted, is precisely that we should take a more positive view of our efforts in the consumer policy area, and concentrate on the promotion of consumer interests rather than on the more defensive notion of protection. So far, this commitment has taken the form of a more explicit input of consumer interests into general policy formulation in the Commission than had been the case in the past.

I come back now to another criticism which has been made of our policy, which is that it simply complicates life for manufacturers and traders without securing benefits for consumers. This criticism is made in ignorance of the fact that we have frequently been faced with joint requests from consumers and manufacturers to take action in particular sectors. This is the case, for example, in relation to the work we propose to do on the safety of toys. It is also the case in relation to a proposal for a directive on the labelling, presentation and advertising of foodstuffs which was presented to the Council early last year. I just recently saw a letter written jointly to the President of the Council from the European Bureau of Consumers Unions, and the Food and Agriculture Industries Committee of UNICE, the European Organization representative of industry generally. This letter called, quite simply, for the early adoption of the directive, so that both producers and consumers could derive the advantages which they expect from it.

This is a particularly good illustration of the fact, to which I referred recently in another address, that harmonization, far from being universally inimical to manufacturers' interests, can very often be very much to their advantage. This advantage arises not only from the removal of non-tariff barriers to trade, but also from the fact that intelligent action taken in good time can avoid a situation in which manufacturers have to change long established production and marketing practices.

This has been a very brief review of what we are doing to promote consumers' interests in the Community and the reasons why we do it. Even before I became a Member, I was very impressed by the fact that the Commission is so open to representation from interested bodies. That continues to be the situation. What we aim to do in the area of consumer policy is to give the voice of consumer representatives a weight which is in keeping with the importance of consumer interests, and to provide an adequate counter-balance to the strength of the influence of the producing sectors.

I see this very much as a partnership, and hope that we can develop it further.

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