

CONSUMER POLICY AND THE FOOD INDUSTRY.

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TO

CIAA MEETING

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Consumer Policy and the Food Industry.

I am sure that you are all familiar with the five basic consumer rights set out in the Community's 1975 Programme for a Consumer Protection and Information Policy. These rights are:-

- the right to protection of health and safety
- the right to protection of economic and legal interests
- the right of redress
- the right to information and education
- the right of representation.

In our view, these rights are valid in all situations in which the individual acts as a consumer. The 1975 Programme, in its third paragraph, gives a wide definition of the consumer. I quote:

"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".

It is often said that consumer demands are made in an isolated way. That is, they take no account of the fact that the consumer is also a worker or a producer. It is claimed that many consumer demands are inimical to the interests of the individual as a producer or worker - or even as a taxpayer.

There is no doubt that this problem exists. Most of us would like to have our cake and eat it. Unfortunately, this is rarely possible.

.../... There is, however,

There is, however, another way of looking at this problem. It is a point of view which, again, you will find in the 1975 Programme, and particularly in paragraphs 6 to 9. One could summarize these paragraphs as follows: for a number of reasons connected with the way in which economic activity is organized in our society, insufficient attention is paid to the interests of the individual as a consumer. In all of our Member States, powerful interests represent producers and workers. They can exert significant influence on legislators and on Governments. For the most part, the same cannot be said in relation to the representation of consumer interests. The central aim of Community consumer policy is to achieve a greater balance between the interests concerned, and to ensure that this improved balance is reflected in legislation and in practice.

It is in this context that the Commission last year decided to put a new emphasis on "promotion" of consumer interests, rather than on passive protection. For us, the term "promotion" has essentially an institutional meaning. It means that, in the process of policy development, the Commission will attempt, as far as possible, to take account of the effect of the various policy measures proposed on consumers.

Who expresses the consumer interest? Basic political theory would tell us that those who prepare proposals for legislation and the legislators themselves should take account of all of the interests at stake, in the light of a close acquaintance with all of the factors involved. In real democratic societies, however, there is an understandable and healthy trend for the formation of interest groups. Each interest group tries to exert as much influence as possible. The sensible legislator will use these interest groups to advise him on movements of opinion within society, and as a source of expert - if biased - opinion, on matters of a technical nature.

It is clear that policy can never be the simple sum of the demands of all the pressure groups on the scene. Nor can it be the highest common factor. The wise legislator must act in the knowledge of

.../... the interests at stake,

the interests at stake, but must also make a judgement based on a wider appreciation of the needs of society.

I think that this point of view fairly reflects the Commission's approach to the various representations made to it.

The food industry is a "high profile" sector in our economy. Consumer interest in food policy is high, both because purchase of food is one of the most frequent activities of the consumer, and because food must remain a basic need.

It is in the interests, both of your industry and of consumers, that there should be a high degree of mutual understanding between you. Consumers should be well informed on your activities, and you should be well informed as to their needs and aspirations.

The key information which the consumer needs can probably be outlined as follows:

- the composition of the product
- conditions for storing the product
- conditions for using the product
- the price of the product, and its relation to quantity and quality.

These key items of information are covered by two proposals for directives which are currently being discussed in the Council. The first is the famous "food labelling" directive, in respect of which I am pleased to note that there has been a certain amount of political cooperation between the food industry and consumers. The second is the unit pricing directive. I believe that we may hope for the adoption of these two directives fairly soon.

I know that the composition of food products is one of the subjects of lively debate between consumers and your industry. The question of additives is, of course, a major area of disagreement. I see a great need for more debate on this matter.

.../... Consumers, on the one hand

Consumers, on the one hand, feel that a certain number of additives constitute a health risk. The industry, on the other hand, claims that the use of these additives is necessary in order to give the consumer the kind of product he needs.

One question which I would like to raise in this connection is: to what extent has the industry itself created an apparent requirement for the use of these additives by promoting products on the basis of characteristics which result from that use? The industry may say that no product is without risk, and that consumers wittingly or unwittingly run risks in other areas of life: why should they not accept risks in relation to food?

Personally, I find this a rather disingenuous question. Surely we should reduce risks wherever possible, the more so when such risks result from the conscious addition of potentially dangerous products?

On the other hand, I believe that consumers must set out clearly what they want. They have become used to products with certain qualities. If these products are manufactured in a different way, or using different processes, their characteristics will not necessarily remain unchanged. The question for consumers, therefore is: will products with different qualities be acceptable?

In addition to information there is, of course, a requirement for consumer education. This is particularly important in relation to food, since consumer behaviour itself has a very significant influence on the value of food. The consumer must first choose the proper combination of the various food products available. Then he must treat the products in a way which yields the best value.

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I know that the food industry itself gives consumers a great deal of advice on methods of preparation and use of food products. Such advice is clearly useful: much of it is given in the context of promotion campaigns and might therefore be taken, if I might say so, with a pinch of salt.

I turn now to the question of the information for the industry on what consumers feel is important. I am often told that industry knows more about consumers than anybody else. Information gathered during the course of market research and sample surveys is said to give a fairly clear indication of what consumers want and how they react.

I tend to be more than a little sceptical about this claim. As a practising politician, I have enough experience of surveys of various kinds to conclude that their interpretation is a very risky business.

I do not claim that market research is useless - far from it. It must, however, be accepted that it cannot yield a final and definitive statement of consumer views.

We must therefore give an important place to the statements of consumer representatives - just as industry believes that public authorities should attach importance to statements made by organizations representing industry.

It may be asked if the Commission makes a distinction between the views of consumers on the one hand, and the views of consumer activists on the other. One could imagine the same question being posed in relation to their counterparts in industry. On this point, I would say that nobody has a monopoly of interpretation: we must judge the representations made in the light of the widest available knowledge of the issues.

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In this context, may I draw your attention to a very interesting study recently carried out by a large American Insurance Corporation. Its title was "Consumerism at the Crossroads". One of the main findings was that, while consumer activists tend to take more extreme views on most issues than the general public, industrial management tends to take an excessively relaxed view.

I have talked about reciprocal information of consumers and the food industry. This exchange of information must have a specific aim. That aim must be to ensure that the products of the industry are the ones required, are useful and safe, and are seen to be so by consumers.

It is said that many consumer demands entail extra costs. The question is then asked: who will pay these extra costs? I believe that we can distinguish two cases here.

Firstly, we can say that in many cases, the apparent costs of improved consumer protection arise from the explicit identification of previously hidden "social costs". Such costs can, for example, take the form of dangers to health.

For every cost, there is at least a short term gain to somebody. If social costs are made apparent, they should be off-set against the gains accruing to those whose activities created them in the first place.

In the second case, costs can arise from consumers needs whose lack of satisfaction is not attributable to the food industry itself. In cases like this, the role of business in the market economy is held to be that of responding to the needs of the market. If this is done, market forces themselves (including the requirements of consumers) will dictate the distribution of costs between the different interests involved.

.../... Finally, I would like

Finally, I would like to come to a matter raised by your President with the Commission last March. It concerns the harmonization of food legislation.

One of the central points in your submission had to do with the balance between horizontal and vertical legislation in this sector. You may already be aware of the Commission's views on this matter.

In the first place, there is a certain overlapping between these two forms of legislation. This is the case in relation to legislation on food additives, where substantial progress in the area of horizontal legislation can, in fact, appreciably reduce the need for or simplify the preparation of vertical legislation.

You suggested certain criteria for the judgement of the necessity for vertical legislation. Two of these were:-

- the existence of barriers to trade,
- the existence of a substantial volume of trade.

It seems to me that these two criteria are, in fact, incompatible.

Finally, I would remind you that the removal of barriers to trade is not the only objective of the harmonization of food legislation. The very fact that you find it useful to talk about consumer policy on an occasion like today is an indication of this. The improvement of consumer protection throughout the Member States must also be a fundamental objective of our action in this field.

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