

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## COMMISSION COMMUNICATION TO THE COUNCIL

THE INTEGRATION OF CONSUMER POLICY IN THE OTHER COMMON POLICIES

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## INTRODUCTION

1. On 6 May 1986, the Council approved a Resolution "concerning the future orientation of the policy of the European Economic Community for the protection and promotion of consumer interests". This Resolution takes over the three priority aims set out in the Communication submitted by the Commission in 1985 on a new impetus for consumer protection policy. In its Resolution, the Council "approves the objective of taking greater account of consumers' interests in other Community policies, especially those concerned with completion of the internal market, in particular regarding improvements to the quality of products and services, and with agriculture, competition and transport, and invites the Commission to report to the Council on how it intends to achieve this objective".
  
2. This concern is not new. Recognizing the general nature of the tasks which Article 2 of the Treaty of Rome sets the Community, the Preliminary Programme<sup>1</sup> adopted in April 1975 stated that "it follows that all action taken has repercussions on the consumer. One of the Community's prime objectives ..... is therefore to take full account of consumer interests in the various sectors of Community activity, and to satisfy their collective and individual needs". The Preliminary Programme also included, for the first time, a detailed list of Community legislation relating to consumer interests: the fact had thus clearly emerged that, above and beyond measures drawn up specifically for the protection of consumers, consumer interests were affected by several other Community policies. This idea recurs in the general guidelines of the Second Action Programme<sup>2</sup>, which regards as one of the conditions to be met in conducting a consumer policy the taking into account of "consumers' views through the appropriate channels when preparing and implementing decisions likely to affect consumers' interests". Paragraph 46 of the Programme specifies that "the consumer should increasingly be seen as having a part to play in the preparation of economic and social decisions concerning him."

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1 Preliminary Programme of the European Economic Community for a consumer protection and information policy, OJ C 92, 25.4.1975, page 4.

2 Second programme of the European Economic Community for a consumer protection and information policy, OJ C 133, 3.6.1981, page 1.

3. In implementing the two action programmes adopted by the Council in 1975 and 1981, the Commission sought to present proposals and adopt measures forming the basis of a policy specifically oriented towards consumer protection and information. There is no need here to develop the new guidelines on this matter presented by the Commission in its communication: A new impetus for consumer protection policy, particularly as regards health and safety with a view to enabling the consumer to benefit from the common market.

On the other hand it is of interest to examine how the other common policies which more or less directly affect consumer interests can contribute to the achievement of the consumer policy goals.

4. In fact, two distinct but closely linked features affect the taking into account of consumer interests in Community policies.
  - The first is concerned with the taking into account of the repercussions on consumer interests of decisions adopted in the pursuit of certain well known policies: the measures envisaged with regard to various groups of sectors do not necessarily coincide with consumers' interests and thought should be given to ways of taking greater account of their repercussions on those interests.
  - The second is concerned with the possibility of having the consumers/or their representatives make known their viewpoint in good time when measures are devised which affect their interests.

These two features will be examined in turn.

#### CONSUMER INTERESTS AND COMMON POLICIES

5. In pursuing the various common policies which affect consumer interests, a variety of methods are employed, in particular legislative measures, financial interventions, rules relating to the working of the markets, frontier checks, etc. It appeared appropriate to take account of this diversity in examining the various common policies. It is equally clear that consumer interests can be taken into account at different levels, depending on the proposed policies. In some cases, such as the completion of the internal market, the application of the rules of

competition, social policy, protection of the environment and information policy, consumer interests may be taken into account directly when they accord with, rather than are opposed to, such policies. On the other hand there are certain policies, such as the common agricultural policy or the commercial policy where sometimes contradictory interests must be taken into account, and some give and take is needed which will not necessarily give priority to consumers' direct and immediate interests. The Community must seek to attenuate the effects on employment of certain sectors of activity, international competition and structural changes. In such cases progress may be achieved by continuing or initiating studies on the impact on consumer interests of measures adopted in the context of these policies.

A) COMPLETING THE INTERNAL MARKET

6. In the white paper it sent to the Council in June 1985<sup>3</sup> on completing the internal market, the Commission set out a programme of legislative action covering a large number of fields. Many aspects of this programme concern consumer interests:
7. a) Completion of the internal market will itself, by promoting free movement of goods and persons, have a direct positive impact on consumer interests, such as increased competition and simplification of frontier crossing formalities;
- b) Endeavours to approximate legislation needed to complete the internal market frequently concern national laws which are themselves justified by concern to protect public health and consumers. Consequently the formulation of Community rules in various areas may provide better protection for the consumer. This is why Article 100A of the Single European Act states that: The Commission, in its proposals ... concerning health, safety, environmental protection and consumer protection, will take as a base a high level of protection.
8. Of the areas included in the white paper on the internal market and having a direct impact on consumer interests particular mention should be made of those concerning:

- numerous consumer products: motor vehicles, pharmaceutical products, chemicals, cosmetics, toys and textiles;
  - foodstuffs, veterinary matters relating to plant health;
  - banking, insurance, securities and property transactions;
  - indirect taxation and the elimination of fiscal barriers at frontiers;
  - the utilization of the new technologies in the services sector.
9. Attention should be drawn to certain consequences of the new guidelines followed at Community level to complete the internal market. A "new approach" has been formulated which is based on mutual recognition of the national rules now in force. Where Community harmonization as regards product characteristics proves necessary, it will be limited to the definition of essential requirements and reference to standards, which involves greater activity on the part of the standardization bodies. Special attention will thus be necessary to ensure that these two features do not diminish protection of the health and economic interests of consumers.

#### GUIDELINES

10. Taking account of consumer interests in the completion of the internal market thus presupposes:
- parallel implementation between now and 1992 of the programmes set out in the White Paper and the New Impetus in conformity with the commitment made by the Council in its Resolution of 6 May;
  - continuing to take account of consumer interests in the preparation and adoption of measures for implementing the White Paper in respect of all the fields covered by point 8;
  - the assurance that consumer interests will not be called into question in the event of mutual recognition of national regulations, including certification procedures and administrative cooperation;
  - the clear definition of essential requirements for consumer protection when Directives involving a reference to standards make it necessary to entrust tasks to standardization bodies.

B) THE RULES ON COMPETITION

11. The rules on competition set out in the Treaty of Rome, which apply to undertakings, have made it possible to establish a body of delegated legislation and the development of a body of Court of Justice case law which, in watching over the maintenance of competition within the common market, help to preserve consumers' rights. Over the last few years the competent Community institutions have been faced with several questions which impinge most directly upon consumer interests, for example the exemption under Article 85(3) of the Treaty granted to certain agreements between vehicle manufacturers and their distribution network, the means for the application of the rules of competition to air transport and the consequences of franchising contracts on competition.

GUIDELINES

12. Taking account of consumer interests in drawing up competition policy presupposes:
  - an assessment of the effect on the development of the market of Community regulations exempting certain agreements between undertakings in order to check whether this is in conformity with the principle laid down in Article 85(3) of the Treaty, which states that such exemptions must "allow consumers a fair share of the resulting benefit". This assessment can be based on a survey among consumers and, where appropriate, lead to revocation of the exemption;
  - an assessment of the effect on consumer interests of the absence of rules of procedure to permit the application of principals of competition to certain sectors, such as air transport;
  - an examination of opportunities for facilitating intervention by consumer organizations in procedures relating to the application of Community competition law, in particular before the Court of Justice.

C) INFORMATION POLICY, COMMUNICATIONS POLICY AND A PEOPLE'S EUROPE

13. In response to the European Council's request, the Commission has endeavoured, over the last few months, to initiate operations which might be developed with a view to contributing to the implementation of a people's Europe. Among the measures considered are some which directly concern consumers. For example, measures to facilitate frontier crossing for persons who have bought consumer products in other Member States: such measures are directly linked to the completion of the internal market. In addition, steps have been taken to improve the information of Community citizens about Community law and its consequences in everyday life and facilitate their access to the procedures whereby that law is applied, especially through the establishment of complaints desks, starting in autumn 1986.

PROPOSALS

14. Taking account of consumer interests in policies relating to information, communications and a people's Europe presupposes that action in these fields will be continued and developed, especially through:
- the rapid and systematic processing of requests for information on Community law and complaints made by consumers;
  - the publication of information documents for the general public to acquaint them with the advantages they may derive, as consumers, from the Community's existence.

D) SOCIAL AND ENVIRONMENTAL PROTECTION POLICIES

15. Mention should be made of the common policies pursued in the social field and in that of protection of the environment, several features of which have a direct bearing on the protection of the consumer's health. In the social field, particular reference should be made to recent public health initiatives adopted by the Council: the setting up of an anti-cancer programme and a toxicology programme. In the environmental field there are Directives on the quality of water for human

consumption or for bathing and on the classification and labelling of dangerous substances. By their very nature these two policies have generally a positive impact on consumer interests.

16. In addition, given the attention that must be paid to the less favoured regions of the Community, over the next few months the Commission wishes to develop - with the help of national authorities and consumer organizations - specific information campaigns aimed at consumers in these regions.



(E) THE COMMON AGRICULTURAL POLICY

17. For historical and social reasons the common agricultural policy is, par excellence, a sectoral policy run at Community level. It is also one of the policies in respect of which the Treaty establishing the Community makes an explicit reference to consumer interests, for Article 39, which lists the five objectives of the common agricultural policy, states that one of these is "to assure the availability of supplies" and another is "to ensure that supplies reach consumers at reasonable prices". While it is indisputable that the development of agricultural production has greatly helped to ensure security of food supplies in the Community thus avoiding difficulties encountered elsewhere, opinions about the policy pursued in respect of farm prices are divided.
18. It must be pointed out that the consumer contributes indirectly to the common agricultural policy, the price fixing mechanism used by the Council influences the purchase price of agricultural products.
19. However, the common agricultural policy is not concerned only with the available supply of agricultural products and their prices : to an increasing extent it is concerned with the quality of agricultural production, as campaigns launched by consumer organizations have shown. There are several measures which may contribute to this objective of quality notably:
- Community rules already in force in the fields of veterinary medicine and plant health, to which must be added those referred to in the White Paper on completing the internal market;
  - Community monitoring of goods originating in non-Community countries

- the guidelines laid down for the granting of financial aid for conversion or the development of new crops, taking account of environmental protection.
20. The recourse to co-responsibility levies on certain agricultural products intended to finance the disposal of surpluses of these products and the search for new markets directly affects consumer interests given that such operations consist of information campaigns aimed and research projects on product quality and measures offering products at reduced prices.

#### PROPOSALS

21. Integration of consumer policy and taking account of consumer interests in the ~~development~~ agricultural market organizations these presuppose continuing:
- the prudent policy with regard to producer prices pursued by Community institutions over the last few years;
  - the endeavour to improve and diversify product quality and the granting of financial aid for structural purposes;
  - to review the possibilities for enabling less favoured categories of consumer to benefit from surplus produce, taking account of nutritional concerns ;
  - the effort to improve the consultation of consumers and other interested groups.

(F) COMMERCIAL POLICY

22. The responsibilities which devolve upon the Community in respect of trade with non-Community countries have led the Council and the Commission to set up certain checks on the importing of certain consumer products. These checks are concerned with product quality and suitability for consumption (health and plant health checks), the quantity allowed onto the market (import quotas for textile products laid down in line with the Multifibre Arrangement) and with importing conditions (anti-dumping measures). The first, which help to protect the health of consumers, were referred to above in connection with completing the internal market (paragraph 6) and the common agricultural policy (paragraph 7).
23. The second affect more specifically the consumer's economic interests : the restrictions on the importing of cheap textile products help to reduce the positive effects on prices which may be expected of a competitive market. While it is necessary to ensure that the restructuring of certain industries in the Community takes place under optimum conditions, it is likewise necessary to ensure that measures which are in themselves hardly in the consumer's interest and which are in principle of a temporary nature, have actually made it possible to bring about the hoped-for structural changes, in particular by promoting quality products.

PROPOSALS

24. Taking account of consumer interests in the pursuit of the common commercial policy means special attention must be paid to the effect on the consumers' economic interests of Community measures limiting the quantities of imported consumer products from non-member countries, and making a comparison of the results thereby obtained and the objectives. In this connection particular attention should be paid to the opinions expressed by those concerned. It should be noted that the implementation of various

commercial policy instruments has already, in certain conditions, given the consumers the possibility of making their views known.

#### CONSUMER CONSULTATION AND REPRESENTATION

25. The Commission recalls in this context that, in September 1973, it set up a Consumer Consultative Committee made up of representatives of the four European organizations deemed to represent consumer interests, which covers the whole field of consumer interests and draws up opinions submitted to it or on its own initiative. This committee has issued more than 130 opinions since it was set up; it has also provided a forum for the bodies represented on it and made it possible to embark upon a dialogue with manufacturers and distributors and with the various Commission departments concerned.
26. Apart from the CCC, it has proved possible to develop consumer representation within Advisory Committees of a more sectoral nature, which are made up of consumer representatives and representatives of other interests :
- agricultural Advisory Committees;
  - the Advisory Committee on Foodstuffs;
  - the Advisory Committee on Fisheries;
  - the Advisory Committee on Customs Questions.
27. Through their participation in the work of these Advisory Committees consumer representatives were able to make their opinions known. Their presence undoubtedly provides opportunities to have consumer interests taken into account, particularly in committees which include several categories of interests, thus facilitating a constructive dialogue. Consultation of these committees should be carried

out systematically in relation to the fields of activity concerned and should come about at the earliest possible stage in the process of drafting of proposals by the Commission within administrative and financial limits.

28. More recently, in the light of the new approach to the approximation of laws referred to by the White Paper on completing the internal market (already referred to at points 9 and 10), the Commission has endeavoured to persuade the standardization bodies to accept consumer organization representative as observers on their technical committees, for these should be present when work is being done which amounts to a continuation of action taken by Community institutions. It should also be pointed out that the national delegations to the standardization bodies include consumer representatives in the case of some Member States, who in this way help to obtain a better hearing for the consumer viewpoint and ensure coordination of national and Community endeavours.

#### IMPLEMENTATION

29. As regards, first of all, the taking into account of consumer interests in the other common policies, the Commission calls on the Council to approve the guidelines proposed in this communication. It furthermore regards it as desirable that the Council should, from time to time, examine - on the basis of a report submitted by the Commission and also forwarded to the European Parliament - what measure of progress has been made in integrating consumer policy in the other Community policies. An initial report could be drafted at the end of 1987.

30. As regards the consultation of consumer representatives, the Commission expresses the wish - with a view to strengthening existing procedures - that the Council should call in the Member States, when they have not already done so, to:
- put forward the names of consumer representatives when designating the members of group III of the Economic and Social Committee;
  - ensure consumer participation in national standardization bodies and in the delegations to the CEN/CENELEC when standards for consumer products are under discussion.
31. With regard to the budget, the Commission draws the Council's attention to the need to have available sufficient sums for consultation via consultative committees and for the carrying out of studies and assessment surveys in the field of consumer protection and for aid to the European consumer organisations. A larger amount of financial aid would enable these organizations to develop their expertise in various fields, in particular standardization and the economic interests of the consumer.
32. The Commission is aware that the taking account of consumer interests in the other common policies should be evident in the drafting by its departments of the proposals put before the Council. It has therefore taken steps to strengthen cooperation between its departments as regards the drafting of proposals or the management of policies affecting consumer interests. It will also give particular attention to obtaining within the appropriate period of time the opinion of the Consumers Consultative Committee or, in some cases, of specialized committees on which the consumers are represented on new initiatives it proposes to take.

SUMMARY

1. In response to the invitation made by the Council made at its meeting held on 6 May 1986, the Commission is forwarding to the Council a communication on the steps it intends to take to facilitate the integration of consumer policy in the other Community policies.
2. The document deals in turn with the main fields concerned: the completion of the internal market, the common agricultural policy, the rules on competition, commercial policy, information and communications, social affairs and protection of the environment. With regard to each of these fields the document refers to action which could be taken so as to take greater account of consumer interests. It enumerates the procedures for consulting consumer representatives, notably the setting up of advisory committees.
3. In conclusion, the Commission proposes that the Council examine a periodical report on the results achieved, improve consultation procedures and consider an increase in budget appropriations.