



The European consumer and the single market

Karel Van Miert, Member of the European Commission

One principle brooks no discussion: there can be no genuine people's Europe if the consumer remains inadequately protected and defended or if his training and information are only fragmentary. The Community cannot move rapidly towards a single market while neglecting, or minimizing, the important role played by its citizens as consumers in operating this market to the benefit of the Community as a whole. The establishment of the free movement of goods, services and capitals, in a market of more than 320 million inhabitants, will go hand in hand with a certain number of necessary changes, whose effect will be to offer them a much wider choice, as regards not only price and quality but also a high level of safety.

In order to answer all the questions posed in this connection, the European Commission has the right, and duty, to define a wide-ranging yet coherent policy of consumer protection, based on the following priorities:

1. The protection of health and safety

I would like to draw attention in this context more especially to the draft directive on product safety that the Commission adopted in the spring of 1989, and which is aimed at:

- applying more widely the principle according to which all products must meet a minimum Community safety standard;
- getting all Member States to regard the task of keeping a watch on product safety as the responsibility of the public services; and
- authorizing the Commission, in the event of serious and immediate danger, to take rapidly, in collaboration with the Member States, the necessary emergency measures.

2. Protecting consumers' rights

How can one expect the consumer, who already has difficulty understanding the terms of an insurance contract drawn up in his own language, to evaluate contracts drawn up in nine different languages to which most national laws still apply?

The preparation of a draft directive on the unfair clauses contained in contracts is therefore essential. This directive should set out the clauses which are unacceptable to consumers at the Community level.

3. Informing and training consumers

It is obvious that the consumer can neither profit from the single market, nor avoid its drawbacks, be neither protected nor defended if he is not trained and as well informed as possible.

The policy of promoting interests, especially in the information field, must therefore be part of a general plan to which all interested organizations will contribute.

4. Legal protection

How can the consumer defend his interests in the event of a dispute in another Member State, following a purchase from a mail order house, for example? The procedures currently in force are long, complicated and very expensive — and an obstacle to free movement. The Commission is planning to present proposals in this field also. The fact is that the greater the progress towards the single market, the more consumer behaviour tends to become international, the more the consumer feels an urgent need for legal protection at the Community level.

I plan to present to the Commission in a few weeks a three-year programme giving greater formal shape to this policy, so as to make of it a whole that is both coherent and integrated into other Community policies. In this way the Commission will prepare concrete initiatives aimed in particular at achieving substantial progress in the fields of safety, transparency, transactions, legal recourse, information and education and the defence of consumers.

Initiatives

● 1992 — the priority for 1990 also

The completion of the 1992 single market, together with the implementation of all the necessary measures — social, regional and technological — remains at the heart of the European Commission's programme for 1990, a year in which the 12-nation European Community finds itself very much in demand over events in Central and Eastern Europe. Commission President Jacques Delors stressed this point when he addressed the European Parliament in Strasbourg on 17 January. The Commission must send around 5 % of the 1992 programme to the EC Council of Ministers and European Parliament this year. More to the point, it must urge these two institutions to adopt, in good time, the proposals already submitted to them. It must also convince the Member States to press ahead with the task of incorporating into national law the 1992 measures already adopted. At Strasbourg Jacques Delors highlighted two issues crucial to the elimination of internal frontiers: the free movement of persons — which implies agreement among the Twelve on immigration, the right of asylum and checks at the Community's external borders and the removal of duty-free restrictions on purchases by individuals travelling within the Community. In addition, three economic sectors continue to pose problems: telecommunications, energy and cars. There is no common market as yet in these sectors. 1 July 1990 will witness the start of the first stage of economic and monetary union, and the Commission will present its suggestions for the follow-up as from this year.

● Agreement on training

All young people in the European Community must receive a basic education and vocational training leading to a genuine qualification. A text covering this point was adopted by the leadership of both trade unions and employers' organizations on 26 January, in the framework of the social dialogue pilot group, which brought together representatives of the employers' organization, Unice (Union of European Community Industries), CEEP (European Centre of Public Enterprises) and ETUC (the European Trade Union Confederation), under the chairmanship of the European Social Affairs Commissioner, Ms Vasso Papandreou. The text they adopted sets out the principle that the employer informs and consults workers and their representatives on the training programmes undertaken by the company, and that the employers' organizations and trade unions take part in drawing up the vocational training programmes. In addition, employers and trade unions want their opinions to be taken into account in the preparation of public vocational training programmes, at both national and regional level, especially those enjoying the Community's financial support. The joint text underlines the importance of apprenticeships and combined work/training schemes for young people and of retraining schemes, especially those for the most disadvantaged categories — unskilled workers, the long-term unemployed, women and the disabled. The recently concluded agreement on principles will provide a frame of reference for trade unions and employers' organizations in the Community, both in their negotiations with each other and in their discussions with national and regional governments.

● Three demands for a social Europe

The European Community's Economic and Social Committee (ESC) asked the European Commission on 1 February to submit to the EC Council of Ministers, for adoption this year, three pieces of Community legislation aimed at strengthening the social dimension of the single market. These laws would guarantee:

- workers protection in the event of dismissal, the subcontracting of cross-border workers and seasonal and part-time workers;

- workers the right to information and consultation in the event of company mergers and reorganizations;
- that existing social legislation and collective bargaining agreements will apply in the case of public procurement contracts.

The ESC, which brings together representatives of employers, workers, the self-employed and consumers from the 12-nation Community, is of the view that these three measures, as they deal with the internal market, must be adopted by the Twelve by majority vote; in other words, unanimity is not required, as in the case of most measures of social harmonization. The laws now proposed by the ESC are included in the Commission's 1990 work programme, with the exception of dismissals and public procurement. For his part, Commission President Jacques Delors declared himself in agreement with the Committee's desiderata.

INFO 92: Directions for use

If you want to find out quickly, and at any time, the state of play as regards the 1992 project and the incorporation of Community directives into the national legislation of the various Member States, you have only to log on to the European Commission's database INFO 92. To be able to do this you need a personal computer (PC), linked to your national telephone network and a password. For the password you must contact a Commission department: **Eurobases — 200 rue de la Loi — B-1049 Brussels, Belgium. Telephone: 32-2-235 00 01.**

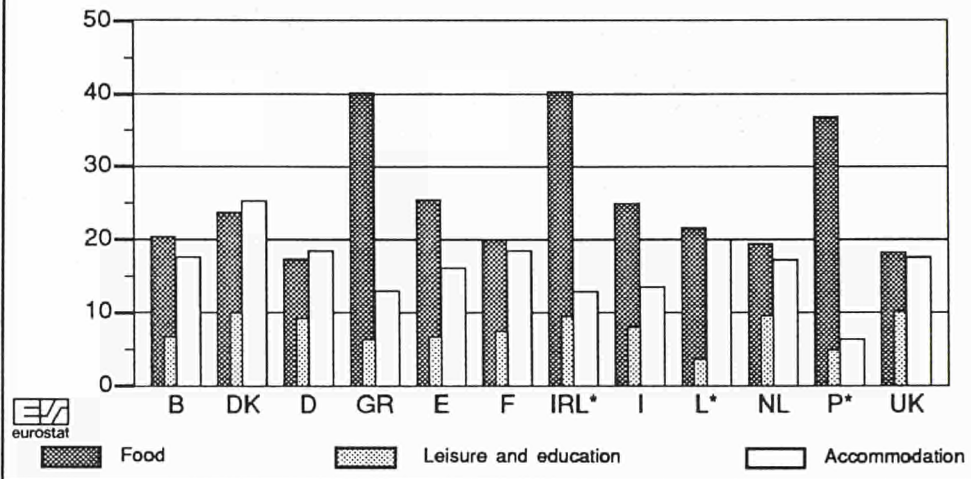
INFO 92 is now available in eight of the Community's official languages (Danish, Dutch, English, French, German, Italian, Portuguese and Spanish). A Greek edition will follow shortly. The cost of consulting INFO 92 is ECU 10 per hour (UK£ 7.22 or IR£ 7.70). A document containing the same information is published twice a year by the Office for Official Publications of the European Communities — 2 rue Mercier — L-2985 Luxembourg.

● A single market for air transport

The single European market cannot be earthbound; it must extend to the skies over Europe. This implies that the national authorities must give their regulations a European dimension, a step the Twelve took in December 1987. But the logic of the single market also requires the Twelve to treat their airspace as a single entity in all their dealings with third countries. And this was the logic behind the three initiatives the European Commission took on 24 January:

- The first establishes the principle of Community competence, as from 1 January 1993, for all international air-traffic agreements, after a transitional period ending 31 December 1992. In practice, the Community will replace the 12 Member States as and when their roughly 600 bilateral agreements with third countries either have to be modified or expire. The Community's airlines should thus be able to obtain better conditions with the backing of the Community than that of an individual Member State.
- The Commission is also asking the Twelve to consult the Community before granting non-EC airlines the right to carry passengers between two destinations within the single market.
- Finally, the Commission is seeking authorization from the Twelve to negotiate an extension of Community regulations with the EFTA countries (Austria, Finland, Iceland, Norway, Sweden and Switzerland), all of whom requested it. This is of particular interest to Scandinavian Airlines (SAS), which is jointly owned by Denmark, Norway and Sweden.

Per capita consumption of households for a number of functions in 1987 (%)
(* IRL, L, P: 1986)



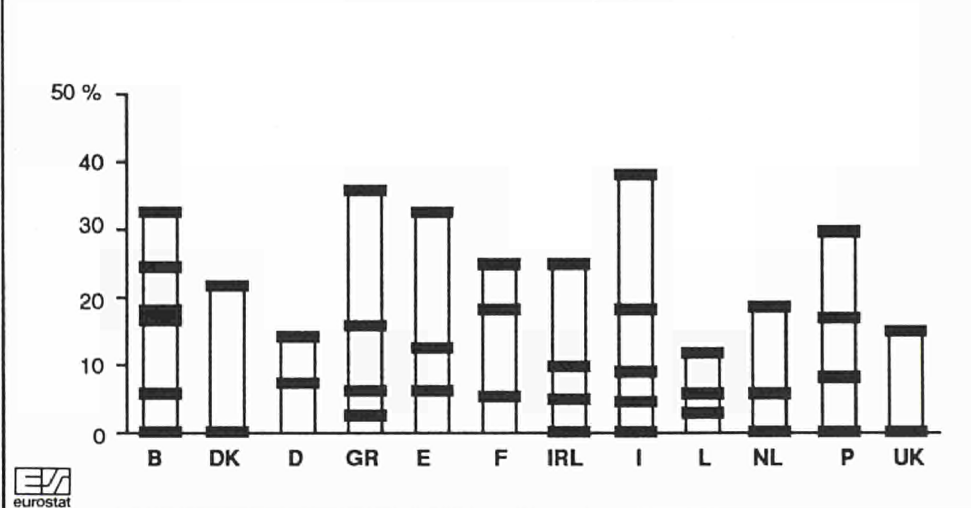
What do Europeans consume?

On average, 23 % of European consumption goes on food, (40 % in GR compared with 17.4 % in D), while 17.5 % goes on accommodation (25 % in DK, and 13.5 % in I).

There are also great disparities in Europe under 'leisure and education' (10.2 % in UK and only 6.4 % in GR).

%	EUR 12	B	DK	D	GR	E	F	IRL*	I	L*	NL	P*	UK
Food	23.0	20.4	23.7	17.4	40.2	25.5	20.0	40.4	25.0	21.7	19.5	36.9	18.2
Leisure and education	8.3	6.8	10.1	9.3	6.4	6.8	7.6	9.5	8.1	3.7	9.6	4.9	10.2
Accommodation	17.5	17.7	25.3	18.5	13.1	16.2	18.5	13.0	13.5	20.0	17.3	6.4	17.6

VAT rates 1990 (%)



How much VAT do Europeans pay?

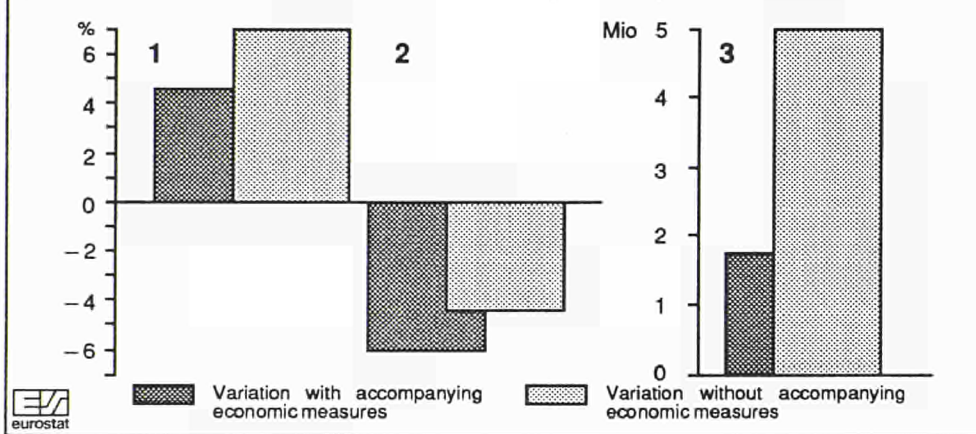
VAT rates vary very widely, between 0 and 38 %. The top rate is lowest in Luxembourg (12 %), and highest in Italy (38 %).

In addition to these differences, the basis varies, since the same rates do not apply to the same products from one Member State to another.

VAT rates	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Zero rated	0	0	-	-	-	-	0	0	-	0	0	0
Reduced rate	6	-	7	3/6	6	5.5	5/10	4/9	3/6	6	8	-
Standard rate	17/19	22	14	16	12	18.6	25	19	12	18.5	17	15
Highest rate	25/33	-	-	36	33	25	-	38	-	-	30	-

PPS (purchasing power standard): since exchange rates do not necessarily reflect the purchasing power of a currency on the national territory, Eurostat uses the PPS to eliminate general price differences among countries in order to improve the comparability of figures for the EC countries.

*Potential effects of the completion of the internal market –
Whole of the Community in the medium-long term*
1: Growth in GDP (%) – 2: Variations in prices (%) –
3: Jobs created (000 000)



Living standards and the single market

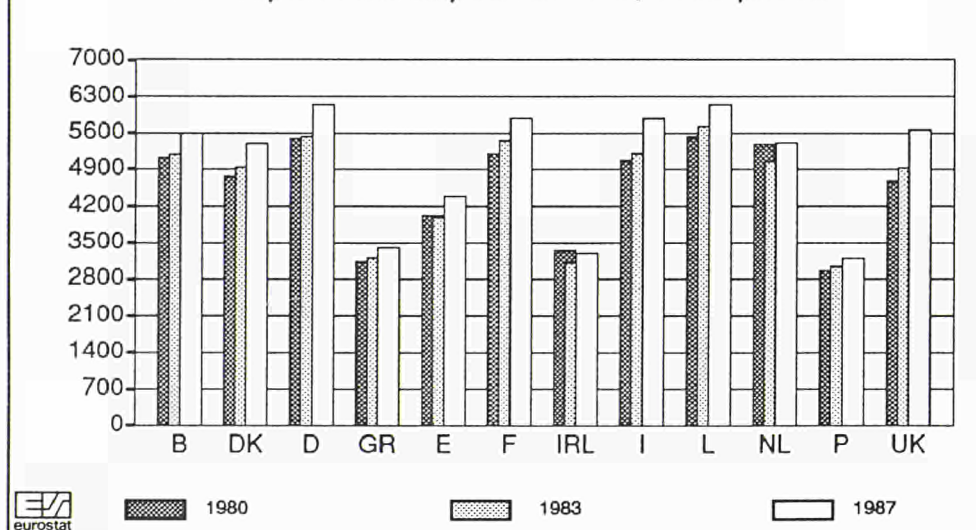
Depending on whether accompanying measures are taken or not, the completion of the single market will produce an increase in growth of either 4.5 % or 7 %.

1992 will also have a beneficial effect on prices (-4.5 % or -6 %), while several million jobs will be created.

Living standards in Europe will rise in the long term, thus following the recent rising trend in per capita GDP.

per capita GDP (PPS, 1980 prices)	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
1980	7933	8286	8645	9031	4620	5828	8879	5116	8130	9166	8815	4299	8017
1987	8843	8893	10054	10039	4801	6548	9652	5685	9228	11083	9251	4742	9319
1990 (estimated)	9675	9956	10365	10969	5189	7384	10506	6509	10168	12425	9985	5351	10043

Per capita consumption in PPS, 1980 prices



Consumption levels in Europe

In some Member States consumption fell at the beginning of the 1980s, but grew steadily after 1983.

This trend varied considerably from one country to another (+20 % in the UK between 1980 and 1987, +5.5 % in NL, +13.2 % in FR), while the Community average is 10.3 %.

However, it should be noted that the gap between the two extremes has widened.

Per capita consumption (in PPS, 1980 prices)	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
1980	4569	5134	4787	5503	3147	4021	5201	3361	5083	5536	5387	2972	4697
1983	4620	5188	4946	5539	3219	3988	5457	3123	5211	5735	5058	3050	4928
1987	5039	5603	5404	6146	3416	4394	5888	3309	5882	6144	5417	3202	5669

● Footballers and the 1992 single market

From 1 January 1993, every football club in the 12-nation European Community will be able to field a side containing five (rather than two, as at present) players from other Community countries. Two of the five will have been playing with the club in question for at least three years. This is the extent to which UEFA, the Union of European Football Associations, was prepared to go along with the Community principle of the free movement of workers at its 31 January meeting. The European Commission has found the offer acceptable, although it would like the date for its application brought forward. At present most national football associations in the Community do not allow their clubs to include in their teams as many foreign players as they like, although they do not distinguish between nationals of EC countries and others. This practice is totally contrary to the Treaty of Rome, the European constitution, which guarantees free access to employment to nationals of all member countries.

A closer look at the car market

With 1 January 1993 hardly three years away, the single market must seem a distant dream to car buyers. Existing Community legislation is not properly implemented, according to a study carried out by the European Bureau of Consumers' Unions (BEUC), on behalf of the European Commission. The study also found considerable variations in prices between different Member States for the same model. But anyone trying to take advantage of these price differences will find that the purchase of a car in another Member State poses serious problems. The European Commissioner with responsibility for transport and consumer protection, Karel Van Miert, declared at the Brussels motor show on 25 January that he intended launching a thoroughgoing enquiry in order to take special measures, if necessary, to ensure that Community legislation was being duly implemented. A 1985 Community regulation authorizes exclusive networks of dealers and distributors, provided they (1) do not prevent a European from buying a car in a Community country other than the one where he resides and (2) prices, exclusive of VAT, do not vary by more than 12 % from one EC country to another for the same model. But this is far from being the case. Manufacturers introduce cosmetic differences so as to make price comparisons very difficult, while 'foreigners' can still be refused a car.

BRIEFLY

● Karl Otto Pöhl, President of both the Federal Republic of Germany's central bank, the Bundesbank, and the European Community's Committee of Central Bank Governors (Bank of England, Bank of Ireland, etc.) stated in Paris on 16 January that a future **European Central Bank** would need to have a monopoly on the creation of money, as without it, it would be a toothless tiger. He laid down two further conditions: it would not be subject to political intervention and would be entirely free to use instruments such as the interest rate for intervention purposes.

● Consumers will find **new possibilities as regards insurance and financial services** in the 1992 single market, according to Sir Leon Brittan, the European Commissioner responsible for competition and financial institutions, who was replying to criticisms made by the Belgian consumer organization, Test-Achats. In a communiqué published on 23 January, Sir Leon stressed that the Commission is ready to grant block approval to agreements between insurance companies which benefit policyholders, but not to those which stifle competition. He announced in addition a proposal for Community legislation aimed at allowing all Europeans to enjoy better terms for life insurance — the law adopted by the Twelve favours those who get in touch with a company in another Community country themselves.

● The Association for the Monetary Union of Europe (AMUE) has brought out a 70-page handbook entitled **The ecu for the Europe of 1992**. Priced at ECU 6 (± UK£ 4.35 or IR£ 4.62) it can be obtained from the Association at 26 rue de la Pépinière, F-75008 Paris.

● Some 260 executives from small and medium-sized enterprises (SMEs) located in the neighbouring areas of the **Algarve** (Portugal) and **Andalusia** (Spain) took part in a seminar on cooperation between companies and the European Community's financial aid, held in Vilamoura (Portugal) on 25 and 26 January. The participants declared their readiness to strengthen relations between the two regions, which have been brought together by the 1992 project, after having ignored each other for centuries.

● The European Commission approved a series of conventions between the two companies, Hershey (US) and Schiffers (Netherlands), on 2 February. Their aim is to put an end to the use of the brand name, Herschi, by the two companies for their food products. Schiffers has ceded its brand name Herschi to the American company against an indemnity, but will be entitled to use it for another five years, although not for new product lines, under a licensing arrangement. According to the Commission, this method eliminates the **confusion between brand names** without restricting competition or fragmenting the European market, and could, therefore, serve as an example.

● The **Greek Government** has eliminated, with effect from 15 January 1990, the ban guarantee required for imports from other European Community countries as an exchange control measure.

● The **Association of Portuguese Industry** announced on 31 January that it was opening an office in Brussels.

● 1989 was the first year in which **UK companies** took over more companies in continental Europe than in the United States.

● An entirely **new kind of parliamentary commission** received the green light from the Greek Ministry for Foreign Affairs on 11 January: it is made up of members of both the Greek and European Parliaments. Specializing in Community issues, it can present draft legislation to both institutions.

Seen from abroad

► The East draws closer

The countries of Central and Eastern Europe want to strengthen their recent links with the European Community. For the German Democratic Republic (GDR), anything from association to membership is acceptable, the GDR's Deputy Minister for Foreign Trade declared in Brussels on 29 January. Poland is looking for 'a form of association leading to full integration', according to the Foreign Trade Minister, Marcin Swiecicki, in Warsaw on 11 January. The Hungarian Prime Minister, Miklos Nemeth, envisages 'special association', and he said as much to the Council of Europe in Strasbourg on 29 January. The President of the Czech Parliament, Alexandre Dubcek, expressed similar wishes to the European Parliament on 17 January.

BRIEFLY

► The **Swedish Prime Minister and President of the European Free Trade Association (EFTA), Ingvar Carlsson**, would like his organization and the European Community to sign an agreement, before the end of this year, setting up an economic space, within which there is free movement, for the end of 1992. He explained his idea to the European Commission in Brussels on 15 January, but the latter is more prudent over its timing.

► The president of the **Swiss National Bank**, Markus Lusser, expressed the view on 16 January that Switzerland's association or membership of the European Monetary System could be envisaged if it would guarantee monetary stability in Europe. The Norwegian Prime Minister, Jan Syse, also evoked Norway's association with the EMS on 29 January in Brussels.

The Commission's 1990 work programme

A number of initiatives will be taken in order to foster the development of small and medium-sized enterprises (SMEs): easier access to public contracts and sources of finance. Their participation in the growth of the Community as a whole will also be made easier by the introduction, on a permanent basis, of the business cooperation network (BC-NET). In the field of training, the experimental programmes aimed at preparing managers of SMEs for the Europe of 1992 will be assessed in advance of an eventual extension.

Trade, its economic role and the place which distribution plays in the process of completing the single market, justify the study of forms of consultation and support. The Commission will set out its views on several aspects: the transparency of information; cooperation with professional circles, interaction with consumer protection. The Commission will propose an action programme if necessary.

A series of events and other activities organized in the framework of the European Year of Tourism (EYT) will take place throughout 1990. The experience gained from the EYT — the integrating role of tourism, the economic and social development of regions — will make it possible to specify the needs and kind of activities that could be undertaken in the future.

BC-NET: the first results

With a view to the completion of the single market, and in the framework of its action programme for small and medium-sized enterprises (SMEs), the European Commission has introduced an instrument designed to encourage transborder cooperation between companies: the BC-NET (Business Cooperation Network). This network has been in operation since July 1988, for a two-year experimental period.

BC-NET uses computers to put business consultants, from both the private and public sectors, in touch with each other, so as to enable them to decide what kind of cooperation is being sought and to find partners. To ensure fruitful cooperation, the BC-NET guarantees maximum confidentiality. It is this which sets it apart from other similar systems. Through BC-NET it is also possible to have access to other Community policies, such as those for research and development or the promotion of technology transfer.

BC-NET has received a steady stream of offers as well as demands for cooperation from the four corners of the Community. Since the experimental period began, more than 14 000 cooperation profiles have been handled. The number of BC-NET business consultants has grown and today exceeds 400, located throughout the Community. In order to strengthen cooperation between BC-NET and the Euro-Info centres, all new centres have also been integrated into the BC-NET.

After having overcome the inevitable teething problems, and resolved the technical problems, BC-NET is fully operational now. An evaluation by the Commission's experts, in close collaboration with BC-NET users, revealed a clear preference for commercial cooperation, followed by technical and, finally, financial cooperation.

This conclusion appears logical to the extent that commercial cooperation is often regarded as the first stage in the field of transborder cooperation. Once such cooperation develops in a positive manner, the firms in question can begin looking at other, more complex, forms of cooperation. In the technical field, subcontracting is becoming increasingly important, while in the financial field acquisitions seem to assume greater importance for SMEs. There seems to be a growing interest in setting up joint ventures. Preliminary evaluation has revealed that BC-NET has resulted in some tens of cooperation agreements in various economic sectors.

A growing number of BC-NET consultants use the telecommunications system, directly linked to the main computer in Brussels, to exchange their cooperation profiles and the results of their efforts to find suitable matches. In this way they are able to reduce considerably the response time and thus give a better service to their clients.

Non-EC countries have shown a growing interest in BC-NET. The European Commission therefore decided last November to give Mexico and Brazil access to the network. An extension to other countries (the EFTA countries, for example) is under discussion, while the radical changes taking place in Eastern Europe open up other possibilities of extension in the medium term.

It seems that in certain countries companies have not yet realized the possibilities BC-NET has to offer. Thus the United Kingdom, Spain, France, Italy and Belgium are more active than other countries.

Craft: towards technological cooperation

On 13 October 1989 the Industrial research and development advisory committee of the European Commission (Irdac) presented the European Commission with its ideas for action in favour of small and medium-sized enterprises (SMEs) in the field of Community research. This is Craft — Cooperative research action for technology. Its aim is to enable SMEs from different Member States, who lack the facilities to conduct research but must deal with a technical problem common to them all, to join forces and ask a research institute, university or another company to do the research needed to solve their problem.

The European Commission has decided to launch three pilot projects in order to assess the feasibility of such programmes of cooperative research. To this end it has released some ECU 1 million from the budget envisaged for coordinated action in the framework of the Brite/Euram Community programme (industrial technologies and advanced materials). The money will be used to launch the three pilot projects this year.

Half the necessary investments will be provided by the Commission, the other half by the companies themselves.

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Commission of the European Communities

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