

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2001/0227(COD) Procedure lapsed or withdrawn
Internal market: sales promotions and consumer protection, transparency	
Subject 3.45.05 Business policy, e-commerce, after-sales service, commercial distribution 4.60.02 Consumer information, advertising, labelling	

Key players			
European Parliament			
Council of the European Union			
	Council configuration	Meeting	Date
	Competitiveness (Internal Market, Industry, Research and Space)	2605	24/09/2004
	Competitiveness (Internal Market, Industry, Research and Space)	2510	19/05/2003
	Competitiveness (Internal Market, Industry, Research and Space)	2426	21/05/2002
European Commission	Commission DG Financial Stability, Financial Services and Capital Markets Union	Commissioner	

Key events			
01/10/2001	Legislative proposal published	COM(2001)0546	Summary
22/10/2001	Committee referral announced in Parliament, 1st reading		
21/05/2002	Debate in Council	2426	
02/07/2002	Vote in committee, 1st reading		Summary
01/07/2002	Committee report tabled for plenary, 1st reading	A5-0253/2002	
03/09/2002	Debate in Parliament		
04/09/2002	Decision by Parliament, 1st reading	T5-0400/2002	Summary
24/10/2002	Modified legislative proposal published	COM(2002)0585	Summary
19/05/2003	Debate in Council	2510	
24/09/2004	Debate in Council	2605	Summary

17/03/2006	Additional information	Summary
------------	------------------------	---------

Technical information	
Procedure reference	2001/0227(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC Treaty (after Amsterdam) EC 095
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	JURI/5/15284

Documentation gateway					
Legislative proposal		COM(2001)0546 OJ C 075 26.03.2002, p. 0011 E	02/10/2001	EC	Summary
Economic and Social Committee: opinion, report		CES0689/2002 OJ C 221 17.09.2002, p. 0073	29/05/2002	ESC	
Committee report tabled for plenary, 1st reading/single reading		A5-0253/2002	02/07/2002	EP	
Text adopted by Parliament, 1st reading/single reading		T5-0400/2002 OJ C 272 13.11.2003, p. 0365-0397 E	04/09/2002	EP	Summary
Modified legislative proposal		COM(2002)0585	25/10/2002	EC	Summary

Additional information	
European Commission	EUR-Lex

Internal market: sales promotions and consumer protection, transparency

PURPOSE : proposal for a Regulation to facilitate the free movement of goods that benefit from the use of sales promotion. **CONTENT** : Sales promotions, such as premium offers and free gifts, are key to the growth of businesses in the Community and are particularly important tools for small and medium-sized businesses. The use of sales promotions within the Community is hampered by several legal obstacles, which are due to divergences in national legislation and legal uncertainty. This Regulation introduces uniform rules for sales promotions, and provides for a high level of consumer protection in order to enhance trust in the Internal Market. Certain national bans or limitations are removed, in order to eliminate barriers to establishment and the export of services. Other cross-border barriers to the use and commercial communication of sales promotions are submitted to the application of the principle of mutual recognition. In order to protect children, the proposal prohibits promoters of free gifts or premiums from sending promotional products to children. The proposal also bans the offer of free alcoholic beverages as promotional gifts to minors. In the event that promoters breach the rules on sales promotions, the proposal ensures that complainants will be able to identify the promoter and have easy access to in-house redress systems. ?

Internal market: sales promotions and consumer protection, transparency

The committee adopted the report by Eduard BEYSEN (ELDR, B) broadly welcoming the Commission proposal, subject to a number of amendments adopted under the codecision procedure (1st reading). It wanted to allow Member States to decide whether to ban discounts on fixed-price products and on 'sales below cost' (i.e. below the retailer's actual costs), arguing that these discounts were not a form of sales promotion but an anti-competitive commercial practice and hence, under the subsidiarity principle, a matter for national governments. MEPs also voted to allow Member States to restrict or ban discounts prior to seasonal sales, believing that this not only served consumer interests but also helped to prevent unfair trade practices and boost competition. The committee further felt that, in order to encourage Member States to support the fight against smoking, tobacco products and brands should be exempted from the Commission's broad aim of preventing Member States from imposing restrictions on sales promotions. Other amendments went further than the Commission in safeguarding children's health and protecting minors from the sale or promotion of alcohol. Yet other changes sought to tighten up and clarify the text and to put back the entry into force of the regulation by one year to 1 January 2005.?

Internal market: sales promotions and consumer protection, transparency

The European Parliament approved by 342 votes in favour 158 against with 55 abstentions a legislative resolution by Mr Eduard BEYSEN (ELDR, B) on new rules on sales promotions such as free gifts, discounts or the chance to take part in contests or games. Firstly, it should be stated that the Parliament amended the proposal so as to allow the Member States to decide whether to ban discounts on fixed price products. The text highlights that steps have to be taken to ensure a high level of consumer protection as well as SME protection. It also makes clear that this Regulation should cover sales promotions which are all 'temporary' in nature as against for example, long-term price cuts. Its scope should include loyalty programmes and air-miles schemes. It states clearly that it should not cover or affect national rules that set conditions for seasonal, clearance or closing-down sales except in so far as such rules restrict the offer of discounts. A new recital has been included which states that the requirement preventing Member States from imposing prohibitions on the use or commercial communication of a sales promotion may apply only to those prohibitions that relate to sales-promoting activities generally. It may not, in particular, apply to such prohibitions or limitations on advertising as are laid down in national law, such as the prohibition of aggressive advertising practices or the exertion of psychological buying pressure. In addition, it is made clear that this regulation should not apply to restrictions by member States in relation to the use and commercial communication of sales promotions by members of regulated professions, or of sales promotions for the marketing of pharmaceuticals, whether or not subject to a prescription. Loyalty programmes and air-miles schemes should be included in its scope. An amendments which could have outlawed the use of 'happy hour' was defeated in the Legal Affairs Committee. The defeated amendments would have banned the use of sales promotion in respect of tobacco, alcoholic beverages and pharmaceuticals products. Other amendments go further than the Commission in safeguarding children's health and protecting minors from the sale or promotion of alcohol. In particular in defining a 'child' as a person under the age of 14, unless other age-limits apply to the sale of specific products. Finally, other changes tighten up and clarify the text and put back the entry into force of the regulation by one year to 1 January 2005.?

Internal market: sales promotions and consumer protection, transparency

Of the 57 amendments adopted by the European Parliament at First reading, the Commission can accept 40 in full and 7 in part, making a total of 47. In general, the Commission has accepted those amendments which: - strengthen, or at least are in line with, the Internal Market objective of the proposal; - contribute to a constructive compromise on the treatment of sales below costs; - contribute to a constructive compromise on promotional games; and - are of a technical nature that improve the text. As regards the amendments rejected by the Commission have been grouped into broad categories: - amendments that undermine the Internal Market objective of the proposal : amendments that would allow Member States to impose general bans on sales promotions on the basis of very general and therefore easy to meet criteria. These undermine the legal security offered by the current proposal. Another would allow Member States to restrict incoming sales promotions for the liberal professions for unjustified reasons. Others would exclude all sales promotions for pharmaceuticals from the scope of the regulation should be accepted because the Commission's policy has always been not to treat pharmaceuticals as ordinary consumer products; - amendments that alter existing definitions in the acquis : these exclude illegal gaming activities from commercial communications although they are de facto already excluded from this term; - amendments that re-impose value limits or bans on sales promotions that have been shown to be disproportionate given the proposed information requirements that would replace them : amendments that would allow for existing general value limits on premiums to be maintained. Another re-imposes general bans on discounts prior to seasonal sales periods; - amendments that delete information or other redress provisions that are necessary to replace the outdated value restrictions that the proposal lifts and that would reduce the level of consumer protection proposed by the text. The rejected amendments concern the deletion of the the use of free help lines for complaints when these are offered by the promoter; exempting small companies from the redress requirements that are not burdensome; deleting the information requirements in the commercial communications of discounts; deleting the requirement to indicate the previous price that was in force prior to the offer of the discount; deleting the requirement to indicate in the commercial communication of a sales promotion the value of the free gift or premium.?

Internal market: sales promotions and consumer protection, transparency

The Council held a short debate on the proposal for a Regulation concerning sales promotions in the Internal Market. The Presidency concluded that, as it was impossible to reach agreement at this stage, the file should be referred back to the Permanent Representatives Committee for further examination with a view to enabling the Competitiveness Council to reach agreement at its meeting of 25 and 26 November.

Internal market: sales promotions and consumer protection, transparency

?Following the screening exercise of proposals pending undertaken as part of its effort for better regulation in the framework of the Partnership for Growth and Jobs in the European Union, the Commission has decided to withdraw certain proposals on which the Legislator has not yet reached a decision and which were found not to be consistent with the Lisbon and Better Regulation criteria, unlikely to make further progress in the legislative process or found to be no longer topical for objective reasons?. (OJ C64 of 17.03.2006, pages 3-10).