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Pack sizes in the EU:

Report on the extended impact assessment of sectors asking for fixed sizes

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Introduction

The extended impact assessment concluded that, in general abolishing fixed sizes allows for more competition and gives more choice to consumers. However, the consultation of stakeholders made clear that some sectors wished to maintain fixed sizes. This paper concerns a detailed impact assessment of the sectors asking for an exemption from free sizes..

Problem description

In the framework of the SLIM-IV exercise (Simpler Legislation for the Internal Market), the Commission asked a team, comprising members designated by the Member States and representatives of stakeholders identified by the Commission, to advise on pack sizes. More in particular the SLIM team advised:

> "The revision exercise should lead to Community ranges only for those product sectors which require such ranges thus avoiding establishing ranges which do not facilitate trade. A "total harmonisation" of quantity ranges at the European level (i.e. mandatory Community ranges in place of national ranges) is one option which could be considered on the grounds that it would ensure legal certainty and is more appropriate in the context of a Single European market."

Since then the October 2000 Cidre-Ruwet ruling by ECJ placed additional national ranges firmly in the context of Cassis de Dijon jurisprudence.

Objectives

The objective of the sectors asking for the exemption is to have fixed sizes because this is conducive to their method of production and improves their relatively weak negotiating position with large buyers such as supermarkets, who would also negotiate on size, if allowed to do so. Sectors not requesting the exemption have evidently internalised these costs and consider size to be an important means of marketing and innovation allowing producers to better serve consumers needs.

From the side of better regulation, there is a general desire to limit regulation to only those elements that are deemed necessary to achieve objectives, for which there are no alternative means. Other legal instruments have since covered some objectives, which were recited in the existing legislation on pack sizes, namely:

- trade barriers due to national sizes are the object of Cassis de Dijon jurisprudence,
- consumer protection is the objective of the unit pricing directive,
- environment damage limitation of packaging is the objective of the Packaging and Packaging Waste Directive.

Alternatives to be considered

The extended impact assessment outlines five policy alternatives. One alternative, namely regulating national sizes is subject to the Cassis de Dijon jurisprudence. The general impact assessment showed on qualitative grounds the option of free sizes, if necessary supplemented by voluntary standards, to be best. This is embraced by the major part of stakeholders.

On the other hand, the sectors requesting the exemption would like to fix one or more sizes. Currently some of these sectors already have sizes fixed and want to continue

this situation, while other sectors had sizes fixed and would like to restore this situation, which was changed either by new vertical legislation or by the Cassis de Dijon jurisprudence.

The policy alternatives to be considered in this paper for the sectors requesting fixed sizes are:
- Fixed sizes for a limited range of products covering most or all of the products currently sold to consumers via supermarkets
- Voluntary harmonisation involving all stakeholders: retail, producers, consumers

These alternatives will be impact assessed against the policy option of free sizes.

Consultation procedure

Next to the Public consultation in November 2002 till January 2003 on the Working document of September 2002, the sectors requesting fixed sizes have been separately heard by the Commission services in June/July 2003. The EU federations representing these sectors have agreed to supply figures on the concentration of their sectors per Member State and for the EU, the number of sales per size and the additional costs required to flexibilise their production if sizes were to be made free.
White spaces have been left where requested information is lacking.

Consumer organisations in all 25 Member States have been consulted and the results of this consultation are included in Annex 2.

Data concerning the sectors asking for fixed sizes

The sectors asking for fixed mandatory ranges are very different, but nonetheless they have a number of characteristics in common. These are economic as well as process oriented. The EU sector federations requesting fixed sizes have provided much of the input to this chapter. These organisations can be deemed to be representative.

Table 1: Representativity of the EU sector Federations

Sector	Name of the Federations	Membership EU (15)	% sector coverage	SMEs	Membership new EU (10)	Excluded
Wine	CEV	10		Yes	2	
Wine	COPA /Cogeca	8	54%	Yes	0	Non-coop
Spirits	CEPS	15	98%	Yes	5	traders
Spirits	EFWSID	12			0	producers
Soluble Coffee	AFCASOL		80%	Yes		importers
Roasted Coffee	EUCA	12	95%	Yes		importers
Sugar	CEFS	14 (ex Lu)	100 %	Yes	5	packers
Salt	ESPA			Yes		small
Flour	GAM	14 (ex EL)	85%	Yes	7	
Metal Cans	SEFEL	13	90%	Yes	0	

Source: EU sector federations

Structural sluggish demand

Sectors asking for an exemption face saturated demand and therefore zero or negative growth of demand. The phenomenon is structural so the slack demand continues year after year. In this setting achieving the same sales as last year means an increase in market share. Due to fierce competition, the scope of rewards from market operations is limited. Any changes in parameters, such as a change demanding more flexibility can therefore have great effects on the industry. Against the background of lacklustre past returns, there is little or no potential to recoup more investment from consumers.

Table 2: Demand in the EU-15 according to sectors, 1980-2000

	Period	Change	Per year (average)
Wine	1990-2000	-6%	-0.6%
Spirits	1980-2000	-21%	-1%
Roasted Coffee	1990-2000	0%	0%
Soluble Coffee			
Sugar	1986-2000	-10%	-0.75%
Salt		0%	0%
Flour	1980-2000	0%	0%
Metal Cans	1990-2000	0%	0%

Source: EU sector federations; spirits: Commissie Gedistilleerd

Table 3: Size of sectors in EU-15: number of firms, turnover, employees

	Year	N° of firms	Turnover(€)	Employees	Packs sold
Wine		73,000	30bn	140,000	
Spirits		*Many micro producers*			2bn
Roasted Coffee		1,200			
Soluble Coffee		14			
Sugar	2003	137	11bn	33,991	2.8bn
Salt			3bn		
Flour		1,620		30,000	
Metal Cans	2002	265	7bn	40,500	70bn

Source: EU sector federations

Market power: producers are weak relative to retailers

The producer sells to the retailer who then sells to the consumer. All producers depend on retailers, certainly in the case of medium and small enterprises. Where demand is low, the pressure from retailers can be even larger, given that sales of a producing firm are only a fraction of those by the retail sector. Most national markets are dominated by large retailers, while this is also the case for some producing sectors. From a competition point of view, however, the size of retailers is not yet alarming, because there remains competition between the 3 to 5 large retailers in each Member State and as the figures at EU level (bottom row of Table 4) show no retailer is dominant in the EU.

Table 4: Percent of market sales of 3 or 5 largest firms (L3 or L5) in each Member State and in the EU-15

	Food Sales		Wine	Spirits	Ground Coffee	Soluble coffee	Sugar**	Salt	Flour	Cans
%	L3	L5		L3	L3	L3	L3			
Belgium	53	76		40	95	-	96			
Denmark	66	81		61	73	87	100			
Germany	45	71		24[1]	78	95	85			
Spain	43	61		52	64	96	99			
France	49	69		41	66	80	66			
Greece	38	52		51	-	-	100			
Ireland	69	88		80	-	-	100			
Italy	27	37		27	69	82	95			
Luxembourg	83	92		40	-	-	-			
Netherlands	64	76		16	95	94	100			
Austria	62	77		27	62	92	100			
Portugal	44	57		59	0	0	100			
Finland	72	86		60	95	49	100			
Sweden	81	84		62	75	78	100			
UK	41	53		43	48	91	100			
Total EU-15*	**21**	**31**	***18***	**29**	**L4: 48**	***80***	**39**		***17***	**85**

*Notes: *Market shares of the largest 3 (resp. 5) companies in the EU-15*
*** Sugar figures are based on production quotas*

Source: food sales:Planet Retail; sectors: EU federations; spirits figures for 2002 in Canadean country reports for 2003; italics: other sources[1]

Figures of the structure of sectors (for EU-15 below and in Annex 1 for the new Member States, Bulgaria and Romania) show that small and medium sized firms are the main source of employment. These figures are based on national statistics, which include only the national part of multinational companies. Therefore they show a lower level of concentration for the EU than the firm-based figures in the previous table.

In each sector 55-80% of employment is in small or medium sized enterprises. This concerns over 95% of the firms in each producing sector. In retailing, on the other hand, nearly two thirds of employment is in large national firms.

[1] - EU wine, flour: Davies S W , Rondi L, and Sembenelli A, (1998) « SEM and the Changing Structure of EU Manufacturing 1987-93 », University of East Anglia Economics Research Centre Discussion Paper no. 9815
- D spirits: estimate based on 91% share of top 6 firms in 1992 in Single Market Review, Subseries 1: Impact on Manufacturing, Volume 7: Processed Foodstuffs; OPOCE - Kogan Page, 1997, p 64
- EU soluble coffee: Peterse at al, 2002, p 54 : 80% of demand is served by Saral/Lee-DE, Kraft and Nestlé.

Table 5: Structure of sectors in EU-15: Employment, turnover per size of enterprise

SECTOR	NACE	Variables	SMALL*		MEDIUM **		LARGE ***		TOTAL
Wine	15.93	Employed	23.260	38%	20.017	33%	17.347	29%	60.623
		Turnover ('000 €)	5.328.322	29%	6.896.821	38%	6.151.914	33%	18.377.057
		Enterprises	7.454	96%	252	3%	26	0%	7.733
Spirits	15.91	Employed	9.410	23%	13.618	33%	18.079	44%	41.107
		Turnover ('000 €)	2.555.246	16%	5.830.125	37%	7.510.536	47%	15.895.907
		Enterprises	2.488	94%	150	6%	16	1%	2.655
Coffee Tea	15.86	Employed	21.769	50%	11.369	26%	10.432	24%	43.570
		Turnover ('000 €)	3.965.232	23%	5.273.322	31%	7.729.854	46%	16.968.408
		Enterprises	2.316	98%	36	2%	4	0%	2.355
Sugar	15.83	Employed	2.246	5%	23.617	57%	15.353	37%	41.216
		Turnover ('000 €)	469.554	3%	6.993.500	42%	9.023.203	55%	16.486.257
		Enterprises	56	29%	123	63%	15	8%	194
Flour	15.61	Employed	24.584	40%	24.703	40%	12.522	20%	61.809
		Turnover ('000 €)	7.423.067	36%	8.852.441	43%	4.144.321	20%	20.419.829
		Enterprises	5.185	96%	214	4%	12	0%	5.411
Food & Beverages	15	Employed	1.009.889	48%	591.148	28%	510.670	24%	2.111.707
		Turnover ('000 €)	94.341.000	27%	124.772.000	36%	126.881.000	37%	345.994.000
		Enterprises	244.764	98%	5013	2%	415	0%	250.192
Metal Cans	28.72	Employed	24.728	42%	26.096	44%	8.160	14%	58.984
		Turnover ('000 €)	4.011.066	34%	5.910.897	50%	1.962.469	17%	11.884.432
		Enterprises	1.045	94%	60	5%	2	0%	1.108
Glass Bottles	26.13	Employed	20.854	23%	31.828	35%	39.139	43%	91.821
		Turnover ('000 €)	1.943.240	17%	3.941.647	34%	5.744.775	49%	11.629.662
		Enterprises	1135	91%	92	7%	15	1%	1.242
Retailing[2]	52.11	Employed	927.272	26%	377.566	10%	2.314.568	64%	3.619.406
		Turnover ('000 €)	130.095.153	21%	76.734.989	12%	413.229.203	67%	620.059.345
		Enterprises	254.608	99%	3.196	1%	511	0%	258.315

Notes: *SMALL= up to 49 employed; **MEDIUM= 50-499 employed; ***LARGE= over 500 employed
Source: *Eurostat-SBS*

5 The sectors requesting fixed sizes represent about a quarter of the food and beverages production[3]. The turnover of food retailing is about double that of the food and beverages total which reflects imports sold as well as the value added of retailing and distribution.

Production inflexibility is characteristic

10 Where demand is slack the onus of innovation will tend to lie on process innovation and market share gains will be achieved where producers can realise economies of scale. Rationalisation and concentration lead to more capital intensive production lines requiring fewer employees.

[2] NACE 52.11 concerns retail sales in non-specialized stores for food and beverages but not those of specialized stores. Turnover per employee in retailing is 160.000€ while in the producing sectors it is in the range of 300.000€ to 400.000€. Retail turnover includes the production of producing sectors that is sold to consumers, e.g. 25% of sugar is sold to consumers while the rest is sold as an ingredient to other producing sectors.

[3] An estimated 50% of their production is sold to consumers in pre-packages, see Table 7 row 14.

The specialisation in packing will be reinforced if sizes were to liberalise. Even when sizes are fixed where packaging material is inflexible, specialised firms currently do packaging, for example two thirds of EU wine co-operatives have outsourced bottling[4]. If demand for irregular sizes would increase, the average price for such varied packaging may increase and this would draw in more firms specialising in bottling.

Prices in sectors with fixed sizes have increased on average less than in the food sector in general, as shown in the table below. The price rises are 2% to 13% lower in the sectors with fixed sizes[5]. It is unclear whether this is all due to the sizes being fixed or to other factors such as slack demand.

Table 6: Change in harmonized indices of consumer prices (HICP) from 1996 to 2002

Countries	Food	Wine*	Spirits*	Coffee, tea and cocoa	Sugar**, jam, honey, chocolate and confectionery
EU15 European Union (15 countries)	11,9%	8,8%	5,5%	-0,8%	9,6%
BE Belgium	12,7%	11,4%	5,3%	5,6%	9,6%
DK Denmark	11,7%	9,5%	3,4%	-1,6%	15,8%
DE Germany (including ex-GDR from 1991)	6,9%	4,0%	1,1%	-4,0%	6,1%
GR Greece	27,0%	26,0%	28,4%	11,7%	29,1%
ES Spain	15,6%	15,8%	18,2%	-7,4%	9,1%
FR France	15,4%	12,0%	4,3%	3,9%	10,6%
IE Ireland	23,5%	21,9%	13,2%	34,1%	28,5%
IT Italy	11,8%	17,2%	9,7%	3,3%	9,6%
LU Luxembourg	17,2%	14,3%	4,4%	7,5%	10,6%
NL Netherlands	18,3%	17,4%	11,5%	4,9%	9,3%
AT Austria	10,2%	1,0%	3,6%	-4,0%	3,6%
PT Portugal	17,7%	22,8%	20,5%	-0,8%	11,2%
FI Finland	12,0%	5,9%	4,7%	-18,8%	7,8%
SE Sweden	12,2%	5,2%	10,7%	-6,3%	8,6%
UK United Kingdom	5,3%	2,8%	3,7%	2,4%	10,0%

Source: Eurostat – National Accounts

* Spirits / wine may include excise tax rises, e.g. Greek spirits excise went by 31% from 1996 to 2002

** Sugar prices are reported by the EU Federation to have remained on average stable

A complicating factor is that inflexibility has increased where light glass is being used in order to reduce waste weight. A medium-large spirits enterprise reports that 70% of its production is in lightweight glass. Light glass containers require an extensive process of development. Each new size implies such development costs. Also light glass is more expensive to make. The break-even point lies with fairly long series, which in the case of smaller enterprises can easily exceed annual production.

[4] EU federation Copa-Cogeca reports that of the total of 3600 co-operatives in 8 wine producing member states a third, namely1150, have their own bottling facility.

[5] Whereas the average price rise in the Food sector is about 12%, it is 3% less in the Wine sector (around 9% average price increase), 6% less in the Spirits sector (includes significant tax increases in some Member States), 13% less (price decrease actually) in the Coffee, tea and cocoa sector and 2% less in the Sugar, jam, honey, chocolate and confectionary sector.

Sectors report that the glass bottle producing industry is by its nature relatively inflexible and geared to producing in bulk. It would seem to be a concentrated sector in which a large player can exercise market power over small client firms[6].

Lightweight glass requires 20% less material and will reduce transport costs. These benefits are already part of the benefits that can be achieved under economies of scale and they should not be accounted again under the heading of environment benefits.

The above mentioned issues are relevant particularly to glass. Where packaging is flexible, such as with paper, carton, plastics or metals the costs due to changes of the size would be less important and the level at which such decisions are made is more decentralised. Nonetheless, the ferrous metal can industry expects to incur large investments if it would need to produce cans in more sizes. Competing industries such as plastic bottles do not want to fix sizes.

Economies of Scale

The wine sector mostly uses specific bottles unique by region. Those who outsource bottling can benefit from the economies of scale.
In a sector, where each producer uses a unique form of bottle, economies of scale by outsourcing are less evident. This would seem to be the case for spirits and soluble coffee.

According to the sectors, if sizes would be free, it will lead to supermarkets requiring more sizes to be delivered. A supermarket would especially be interested in having sizes, which are slightly smaller than the most currently sold sizes. For example: a 73cl or 71cl bottle instead of a 75cl bottle, a 98cl or a 95cl bottle instead of a one liter bottle as well as sizes above the currently fixed sizes in order to offer 10% free, which would give sizes such as 82.5cl and 1.1L. However supermarkets would be limited in their choice by their turnover targets per meter of shelf space and would not want run the risk of adverse publicity by being seen by consumers as deceiving them. It would seem that a working hypothesis of 10 new sizes would not be unreasonable. This may be on the high side for low cost bulk products such as sugar, flour and salt, where it is more likely that 3 new sizes would occur .

A second question is to what extent small firms will follow suit and produce more sizes. The existing sizes will remain a standard on the market and will suffice for many who are basically producers for the local economy. A working hypothesis could be that one third of small enterprises will invest in more flexible production whereas all medium sized firms and large firms will invest. In wine, where 2/3 of small firms already outsource bottling, it is assumed that half of all bottlers will invest (15%).

Estimated costs of liberalising sizes in these sectors would amount to 3% of turnover. Significant costs would be incurred by small enterprises (over 10%), whilst medium sized firms could face extra costs of up to 5% in wine, spirits, coffee and sugar. Large firms would incur costs of not more than 0.5% of turnover (see table 7, row 16a,b and c).

[6] EU market leader Saint-Gobain achieves a brut margin of over 10% on its cash-cow glass production, which amounted to €11bn in 2002 and the firm is expected to have difficulties when further expanding in the EU. (Source: Marc van der Holst, Iris Aandelenresearch of Rabo/Robeco, €ffect 21 June 2003). Sector remains nationally oriented, see Single Market Review, Subseries V: Impact on Competition and scake effects, 4: Economies of scale; OPOCE - Kogan Page, 1997, p 131-136

Table 7: Annualized costs of change due to 10 extra sizes per sector of EU industry

		Wine	Spirits	Coffee	Sugar	Salt	Flour	Cans	Total
1	*# of new sizes per firm*	*10*	*10*	*10*	*10*	*3*	*3*	*10*	
2	*% of small firms investing*	*15%*	*33%*	*33%*	*33%*	*33%*	*33%*	*33%*	
3a	small firms investing	1,118	821	764	18	112	1,711	345	
3b	medium sized firms	252	150	36	123	20	214	60	
3c	large firms	26	16	4	15	1	12	2	
3	Number of firms investing	1,396	987	804	156	133	1,937	407	5,821
4	Total # of extra investments	13,961	9,870	8,043	1,565	399	5,811	4,069	43,717
5	*Investment per size (€)*	*40,000*	*40,000*	*40,000*	*500,000*	*40,000*	*40,000*	*40,000*	
6	*Useful life of machinery (y)*	*20*	*20*	*20*	*20*	*20*	*20*	*20*	
7	Annual depreciation (€)	2,000	2,000	2,000	25,000	2,000	2,000	2,000	
8	*Variable cost per size (€)*	*35,000*	*35,000*	*35,000*	*25,000*	*35,000*	*35,000*	*35,000*	
9	*Interest on debt (%)*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	
10	Cost of Debt (€)	2,000	2,000	2,000	25,000	2,000	2,000	2,000	
11	Annual cost per size (€)	39,000	39,000	39,000	75,000	39,000	39,000	39,000	
12a	*small firms*	436	320	298	14	13	200	134	1,416
12b	*medium firms*	98	59	14	92	2	25	23	314
12c	*large firms*	10	6	2	11	0	1	1	31
12	**Total annual costs (m€)**	544	385	314	117	16	227	159	**1,761**
13a	*small firms*	5,328	2,555	3,965	470	2,000	7,423	4,011	25,752
13b	*medium firms*	6,897	5,830	5,273	6,994	750	8,852	5,911	40,507
13c	*large firms*	6,152	7,511	7,730	9,023	250	4,144	1,962	36,772
13	Turnover (m€)	18,377	15,896	16,968	16,486	3,000	20,420	11,884	103,032
14	*% sold in prepackages*	*75%*	*75%*	*50%*	*25%*	*50%*	*25%*	*100%*	
15a	*small firms*	3,996	1,916	1,983	117	1,000	1,856	4,011	14,880
15b	*medium firms*	5,173	4,373	2,637	1,748	375	2,213	5,911	22,429
15c	*large firms*	4,614	5,633	3,865	2,256	125	1,036	1,962	19,491
15	Turnover in prepackages (m€)	13,783	11,922	8,484	4,122	1,500	5,105	11,884	56,800
16a	*small firms investing*	**11%**	**17%**	**15%**	**12%**	**1%**	**11%**	**3%**	**10%**
16b	*medium sized firms*	1.9%	1.3%	0.5%	5.3%	0.6%	1.1%	0.4%	1.4%
16c	*large firms*	0.2%	0.1%	0.0%	0.5%	0.1%	0.1%	0.0%	0.2%
16	**Average annual costs in % of turnover in prepackages**	**4%**	**3%**	**4%**	**3%**	**1%**	**4%**	**1%**	**3%**

Source: Estimations by Commission services using figures in Table 5

Legend for calculations of Table 7 above

1	Estimated number of new sizes per firm
2	Not all small firms would invest, this is an estimated %
3a	Number of SMALL firms (from table5) * Row 2
3b	Number of MEDIUM firms (from table5)
3c	Number of LARGE firms (from table5)
4	Row 1 * (Row 3a + Row 3b + Row 3c) This gives the aggregate number of investments in the sector, to be done in firms due to the introduction of new sizes.
5	Extra Investment required by each additional size
6	Estimated useful life of new machinery
7	Row 5 / Row 6 (assuming residual value to be zero)
8	Extra annual variable cost per size
9	5% interest payment for the debt financing of the extra investment per size
10	Row 5 * Row 9
11	Row 7 + Row 8 + Row 10
12	Row 4 * Row 11 / 1000
13	Turnover of the sector in '000€ (from table5)
14	% of the sector's turnover sold in prepackages
15	Row 12 * Row 14
16	Row 12 / Row 15 * 100

Table 7a Sensitivity tests on results of Table 7(m€)

Row	on which shock is applied:	**Wine**	**Spirits**	**Coffee**	**Sugar**	**Salt**	**Flour**	**Cans**	**Total**
1	3 extra sizes	*+ 163*	*+ 115*	*+ 94*	*+ 35*	*+ 16*	*+ 227*	*+ 48*	*+ 698*
2	15% more SE's investing	*+ 436*	*+ 146*	*+ 135*	*+ 6*	*+ 6*	*+ 91*	*+ 61*	*+ 881*
6	10 years less machine life	*+ 28*	*+ 20*	*+ 16*	*+ 39*	*+ 1*	*+ 12*	*+ 8*	*+ 123*
8	+ 5000€ variable costs per size	*+ 70*	*+ 49*	*+ 40*	*+ 8*	*+ 2*	*+ 29*	*+ 20*	*+ 219*
	Baseline (row 12 of Table 7)	*544*	*385*	*314*	*117*	*16*	*227*	*159*	*1,761*

Note: figures are additional, e.g. 3 extra sizes for wine increases costs by €163m over the baseline result of €544m

Other reasons for inflexibility given by the sectors are specific:

- To be safe, champagne bottles must withstand strong pressure.
- Wines that age remain in the same bottle.
- In a constantly decreasing sugar market, there has been no incentive to develop new machines capable of packing new sizes.

Recapping the industry data

The above-mentioned data can be summarised as follows per sector:

Table 8: Assessment of the sector-specific characteristics

	Growth	Concentration in Member States	Employment in Small and Medium sized Enterprises	Flexibility of packaging material	Flexibility of packing	Amortisation period (years)
Wine	Low	Low	High	Low	Low	20
Spirits	Low	Medium	Medium	Low	Low	20
Roasted Coffee	Low	High	High	High	Low	20
Soluble Coffee	Low	High	High	Low	Low	20
Sugar	Negative	High	High	High	Low	20
Salt	Low	High	N.A.	High	Low	20
Flour	Low	Medium	High	High	Low	20
Metal Cans	Low	High	High	Medium	Low	20

Source: Assessment by Commission services based on Tables 1-4 above

The table shows that all sectors score highly on employment in small and medium sized enterprises (SMEs) and show various 'lows' elsewhere which indicate that additional investment to cope with free sizes would have serious consequences for profitability and employment in small and medium sized enterprises.

Definitions and sizes to be fixed

The sectors requesting to fix sizes concern products that are sold in bulk. This is confirmed by the definitions of the goods for which fixed sizes are requested.

Table 9: Definitions of products requested to be covered by fixed sizes

Still Wine	Wine as defined in Article 1 (2) b of Council Regulation 1493/1999 on the common organisation of the market in wine (CCT heading: CN code ex 22.04).
Yellow wine	Wine as defined in Article 1 (2) b of Council Regulation 1493/1999 on the common organisation of the market in wine (CCT heading: CN code ex 22.04) with the designation of origin: "Côtes du Jura", "Arbois", "L'Etoile" and "Château-Chalon" in bottles as defined in Annex I point 3 of Commission Regulation (EC) No 753/2002 of 29 April 2002 laying down certain rules for applying Council Regulation (EC) No 1493/1999 as regards the description, designation, presentation and protection of certain wine sector products
Sparkling wine	Wine as defined in Article 1 (2) b and in Annex 1 points 15, 16, 17 and 18 of Council Regulation 1493/1999 on the common organisation of the market in wine (CCT subheading 22.04.10)
Aromatized Wine	Wine as defined in Article 1 (2) b and in Annex 1 point 14 of Council Regulation 1493/1999 on the common organisation of the market in wine (CCT subheading 22.04.21 - 22.04.29)
Liqueur Wine	Wine-based drinks as defined in Article 2(1) a of Council Regulation 1601/91/EEC laying down general rules on the definition, description and presentation of aromatized wine-based drinks and aromatized wine-product cocktails (CCT subheading 22.05)
Spirits	Spirits as defined in Article 1 (2) of Council Regulation l576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks (CCT heading 22.08)
Ground/Roasted coffee	- Coffee whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion (CCT heading 09.01) - Roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof (CCT subheading 21.01.30)
Soluble coffee	Coffee extracts as defined in point (1) of the Annex to Directive 1999/4/EC of the European Parliament and of the Council of 22 February 1999 relating to coffee extracts and chicory extracts
White sugar	Sugar as defined in Annex A (1), (2) and (3) of Council Directive 2001/111/EC of 20 December 2001 relating to certain sugars intended for human consumption

Impalpable sugar	Powdered sugar (icing sugar) defined as finely pulverised white sugar with or without the addition of an anti-caking agent as authorised by Directive 95/2/EC.(CCT subheading1701.99.10)
Raw /Brown sugar	Raw sugar not containing added flavouring or colouring matter (containing in the dry state less than 99.5 % by weight of sucrose determined by the polarimetric method). (CCT subheading 1701 11 10 to 1701 1290)
Salt	Salt suitable for human consumption (CCT subheading 2501.00.91)
Flour	CCT headings 11.01-11.05: cereal flours, groats, flakes and meal, [excluding CCT heading 19.04 (Prepared foods obtained similar the swelling or roasting of cereals or cereal products - puffed rice, corn flakes and similar products), also excluding foods for infants]
Metal Cans	Rigid containers for the conservation of fruits and vegetables made of light gauge metal with a maximum nominal material thickness of 0.49 mm . (EN ISO 90-2)

Source: EU sector federations

Most sizes contained in the ranges of sizes proposed by the sectors are sold somewhere on the market. In their proposals sectors have covered the full range including sizes that are not very current or used only in certain regions for special uses.

Table 10: Sizes existing and/or requested per sector (new sizes are in bold)

Still Wine	**On the interval from 100 ml – 1500 ml only the following sizes:** ml: 100 — **187** — 250 — 375 — 500 — 750 — 1000 — 1500	8
Yellow wine	**On the interval from 100 ml – 1500 ml only the following size:** ml: 620	1
Sparkling wine	**On the interval from 100 ml – 1500 ml only the following sizes:** ml: 125 — 200 — 375— 750 —1500	5
Aromatized Wine	**On the interval from 100 ml – 1500 ml only the following sizes:** ml: 100— 200 — 375 — 500 — 750 — 1000 — 1500	7
Liquor Wine	**On the interval from 100 ml – 1500 ml only the following sizes:** ml: 100— 200 — 375 — 500 — 750 — 1000 — 1500	7
Spirits	**On the interval from 100 ml – 1500 ml only the following sizes:** ml: 100 — 200 — 350 — 500 — 700 — 1000— 1500	7
Ground/ Roasted coffee	**On the interval from 150 g – 750 g only the following sizes:** g: 250 —500	2
Soluble coffee	**On the interval from 25 g – 400 g only the following sizes:** g: 50 — 100 — 200 —300	4
Sugar	**On the interval from 250 g – 1500 g only the following sizes:** g: 250 —500 —750 —1 000 —1 500	5
Salt	g: 125 —250 —500 —700 —1000 —1500 —5000	7
Flour	g: 125 —250 —500 —1000 —**1500** —2000 —**2500** —3000 —4000 —5000 —10 000	11
Metal Cans	g: 106 —156 —314 —370 —425—580 —720 —850 —1 062 —1 700 —2 650 —3 100 —4 250—10 200	14

Source: EU sector federations

Most sales to consumers, however, are limited to a few sizes. Fixing all sizes could involve more changes in future (micro-regulation) than fixing only the sizes, that are currently most sold. Fixing only the sizes mainly sold to consumers would suffice to address the buyer pressure mentioned above, because there is no mass consumer market for the other sizes.

Table 11: Current sales of most sold sizes

	Current sales per size	N° of sizes	% of total
Wine	750ml 90%	1	90%
Champagne			
Spirits	700ml - 55%; 1000ml - 20%; 500ml – 7%	3	82%
Roasted coffee	500g: 60%, 250g: 40%	2	100%
Soluble coffee	200g: 80%, 100g: 5%, 300g&50g: 15%	4	100%
White sugar	1000g: 90% - (9 EU countries)	1	90%
Impalpable sugar	500g: 47%, 1000g:40%	2	87%
Brown sugar	500g: 27%, 1000g: 58% - (9 EU countries)	2	85%
Salt	500g and 1000g most sold	2	90%
Flour	1000g/1500g: up to 90% in some Member States	2	50%
Metal Cans			

Source: EU sector federations

From these figures a generalised estimate could be made about the coverage of sales by the most sold sizes.

Table 12: Estimates of sizes sold that cover most sales in packs to consumers.

	Fixed sizes	N° of sizes	Sales covered
Wine	ml: 250 - 375 – 500 – 750 - 1000	5	90%
Champagne	ml: 200 - 375 –750 - 1500	4	90%
Spirits	ml: 200 - 350 – 500 – 700 - 1000	5	90%
Roasted coffee	g: 125 – 250 – 400 -500	4	90%
Soluble coffee	g: 50 - 100 – 200 – 300	4	90%
Sugar	g: 250 500-750-1000-1500 2000 2500	7	98%
Salt	g: 250 - 500 – 700 - 1000	4	90%
Flour	g: 1000 - 1500	2	50%
Metal Cans			

Source: Estimates by Commission services

Consumer views

The Eurobarometer 113 in November 2001 found that, in general, 15% of consumers are very much in favour and 64% in favour of more standardisation of pack sizes. Those polled were also in favour of sufficient choice of sizes.

Table 13: Response in the representative EU Eurobarometer on the question: If manufacturers sold their products in more standardised packs cans or bottles, would that be:

A very good thing	15%
A good thing	64%
A bad thing	11%
A very bad thing	2%
Do not know / no answer	8%

Source: Eurobarometer 113, November 2001

For the sectors requesting fixed sizes, the general figure would seem to be confirmed by a subsequent poll on these products taken on Internet as part of the public consultation. This poll was not random and therefore not statistically representative.

Table 14: Should pack sizes change or not, in general and for specific products?

% of total	No change	Change	No response	Do not buy
All products (in general)	54	38	8	
6 products with fixed sizes:	*47*	*32*	*4*	*17*
Wine (75cl)	64	25	4	7
Spirits (70cl)	38	39	5	18
Roasted and ground coffee (250g)	40	38	4	18
Soluble coffee (200g)	20	25	4	50
Sugar (1 kg)	62	31	4	4
Flour (1 kg)	54	36	5	5

Source: Internet IPM survey, January 2003

Unit pricing legislation currently is applied in all EU Member States also where sizes are fixed and it allows a shopper to quickly compare the price per litre or per kilogram.

Annex 2 gives the results of the consultation of consumers organisations in the EU to which 8 organisations responded.

Taxation

In some heavily taxed sectors, such as wine and spirits, fixing sizes may ease tax collection. However, Member States tax at different rates, so calculations will always need to be made, whether sizes are fixed or not. Taxation therefore cannot be considered to be a relevant objective of fixing sizes.

Counterfeiting

Since counterfeiting concerns more elements than the bottle size, it cannot be considered as a relevant objective of fixing sizes either. Premeditated fraud cannot be countered by legislation as such. Uncovering such activities is a role of market surveillance, which is beyond the market surveillance envisaged as complement to this legislation.

Market Surveillance and administration

Mandatory sizes are already well established and experience shows that there are virtually no complaints concerning deviations. Mandatory sizes primarily are an aid to producers, who legally are covered when negotiating with buyers. Market surveillance of sizes does not take place, as such, but is integrated into the more general market surveillance of metrological requirements, i.e. whether declared contents reflect the real content. For administrations there will be no costs for administration, if the legislation on sizes is clear, is limited to only the most used sizes and does not change.

International trade and competitiveness

Honouring the requests made for fixed sizes would make the EU into the economy most active in regulating sizes. Other major economies also regulate some sizes. For

wine the 75cl is de facto international standard, while main trading partners also have fixed their own sizes for spirits.

Table 15: Legislation on mandatory sizes of pre-packaging in US and Canada

Type of product	**N° of sizes up to 10L/kg**	**Mandatory sizes**
Canada		
Wine	12	ml: 50, 100, 200, 250 375, 500, 750, 1000, 1500, 2000, 3000, 4000
Peanut Butter	7	g: 250, 375, 500, 750, 1000, 1500, 2000
Glucose and refined sugar syrup	16+	ml: 125, 250, 375, 500, 750, 1000, 1500, 2000, 3000,4000, 5000, 6000, 7000, 8000, 9000, 10000+ multiples of a litre
United States		
Distilled spirits in containers other than cans	7	ml: 50, 100, 200, 375, 750, 1000, 1750
Distilled spirits in metal containers	4	ml: 50, 100, 200, 355
Wine	16+	ml: 50 , 100 , 187, 375, 500, 750, 1000, 1500, 3000, 4000, 5000, 6000, 7000, 8000, 9000, 10000 + multiples of a litre

Source: F. Leone, A. Peterse, A. Palmigiano - The impact of EU regulation on innovation of European industry; pre-packaging sizes and the influence on innovation, JRC/IPTS, Sevilla 2002

Another consideration is that packaging, notably in glass, is heavy and that therefore much packaging of imports is done within the region of consumption. Also importers may participate in environmental schemes (reuse, recycling, light glass). These effects go in the direction of reducing the impact of fixing sizes on trade. Foreign producers insist that fixed sizes make it easier for them to access the EU market.

Table 16: EU-15 trade flows in 2000 per sector (€ mln)

	IMPORTS					EXPORTS				
	Intra-EU	Extra-EU	*of which:*			Intra-EU	Extra-EU	*of which:*		
			EU	NAFTA	Rest			. EU	NAFTA	Rest
Wine	6184	1860	192	344	1323	6505	4190	798	2184	1208
Spirits	3580	792	64	307	421	3536	5079	498	2092	2489
Gr. Coffee	829	30	19	4	8	874	453	160	223	70
Sol. Coffee	573	193	38	5	150	573	290	194	10	86
Sugar	1499	1198	62	63	1073	1768	1406	283	4	1118
Salt										
Flour	2527	593	95	166	333	2662	1116	305	39	771
Cans	2350	325	211	57	56	2542	848	362	117	369

Source Eurostat Comext2

EU federations have supplied no information that would indicate that fixing sizes, which are sold only for trade uses, is important for the facilitation of trade.

Alternatives to legislation

The alternative to legislation could be standardisation, i.e. self regulation by the sector. There is no reason to assume that voluntary standardisation would not be equally effective if all parties would agree to abide with it. When legislation has been the main means of ordering the market, there is no incentive to start up specific standardisation.

On the other hand, the alternative of standardisation is available in certain cases:

– For ferrous metal cans there already exists a standard which is extensively applied.

– Standards are being developed based on mandates given under the Packaging and Packaging Waste directive and these are nearing completion. These standards would be fairly stringent as to the use of light glass and this will in turn reduce the number of sizes as the glass bottling industry gears up to producing mainly this type of glass.

Costs for standardisation are mainly for stakeholders.

Table 17: Implementation times and costs of alternatives

	Public cost	Stakeholder cost	Entry into Force
Legislation	Preparation	None	2-3 years
Standard	Mandate (5% of cost)	Preparation (95% of cost)	3-5 years

Source: Commission services

In practice, standardisation is fairly binding in the sense that operating outside of the standard will cost significantly more. However, if the costs of working outside of the standard can be quickly recuperated, there is an incentive to produce a non-standard product. Much will depend on the commitment of large retailers to use the standards and such commitment remains voluntary, although, of course, large retailers will also need to comply with the Packaging and Packaging Waste directive.

Methodology to estimate the costs and benefits

The overall costs and benefits of various policy alternatives have been outlined in the extended impact assessment. The extremes among the policy alternatives are fixed sizes or free sizes, while the alternative of a reduced range will be an intermediate between the two. The alternative of standardisation has also been included.

Table 18: Qualitative assessment of policy alternatives in the case of sectors requesting exemption from the general rule of free sizes

		Fixed	Free	Standard
Economic	**Benefits**	Opportunity benefits of not investing and scale effects	-	Opportunity benefits of not investing and scale effects
	Costs	-	Extra costs when investing into flexible packaging lines, loss of scale effects for SME's	95% of the costs of standardization
Social	**Benefits**	Opportunity benefits to consumers in favour of fixed sizes	Opportunity benefits of consumers in favour of free sizes	Opportunity benefits to consumers in favour of fixed sizes
	Costs	Opportunity costs to consumers in favour of free sizes (or real cost of consumers being forced to buy excess quantity)	Opportunity costs of consumers in favour of fixed sizes	Opportunity costs to consumers in favour of free sizes(or real cost of consumers being forced to buy excess quantity)
Environmental	**Benefits**	PM: already part of economical benefits above	-	PM: already part of economical benefits above
	Costs	-	PM: already part of the economical costs above	-
Administrative	**Benefits**	-	Opportunity benefits to Commission and Administrations	-
	Costs	Costs of Market surveillance and administration	-	5% of the costs of standardization

As regards the sectors asking for exemptions the cost and benefits to various stakeholders emanate from the figures presented in the previous chapter. In the following these costs are attributed to the various players and quantified.

Producers

The benefits for producers of fixed sizes turn into costs if sizes would be free. It concerns the costs of investment into more flexible production facilities, (Table 7). There is, of course, uncertainty about the number of sizes that would be produced in case of free sizes: 10 (or 3) new sizes have been assumed (Table 7 – Row 1). A second uncertainty is the number of small firms that would invest in new flexible bottling lines: the hypothesis is that 33% will invest in more sizes (Table 7 – Row 2).

Consumers

Consumers will benefit if they encounter the size that fits them best, but incur cost if they do not find that size and buy too much or too little. A large majority of consumers questioned in the Eurobarometer expressed the view to have more standardised pack sizes (Table 13). This majority will find the size of their choice if sizes are fixed, while the remaining minority will have to settle for a size different from what it wants. In the case of free sizes, the minority will be served while the majority will lose time looking around for standard sizes. The estimation of benefits and costs for consumers is not evident. A possible approach could be to assume the (opportunity) cost of an hour shopping (10€) and an average extra search time per pack (20 seconds), from which derives the cost of the extra search time per pack to the consumer (5cents). This cost is represented by the variable Y (Table 19) and it should be multiplied by the total number of packs sold (Table 3) and the rate of success to give a benefit or the rate of failure to give a cost (Table 13).

Public authorities

There are no evident costs nor benefits for public authorities as long as fixed sizes are not changed.

Retailers

Until now no costs or benefits would seem apparent for retailers. Retailers tend to equalise their profit per meter of shelf space, so they will adapt their stocks to this rule. Size would not seem an important determinant, unless it leads to higher profits per meter of shelf space.

Standardisation

In the case of the policy alternative of standardisation, costs for standardisation would be borne mainly by private sector stakeholders, such as producers and retailers, and to a minor degree (5%) by authorities. The costs and benefits for consumers and producers would be equal to the case of fixed sizes.

Standardization, however, has numerous benefits which are difficult to quantify in economical and social terms. It is a more flexible approach than legislation since it is easier to modify and it is a much more bottom up concept. It implies a full involvement of stakeholders including consumers in a fully consensual decision making process.[7]

Formulas of costs and benefits

The above mentioned approach has been synthesised in the following table in which whereby the T-references indicate results taken from the above tables (T7R11 means 11th Row of Table 7, T3Cf means Column f of Table 3). Y and Z variables indicate exogenously fixed variables.

[7] To see more about Standardisation: "Vademecum on European Standardisation"

Table 19: Method of calculation of costs and benefits of policy alternatives

	Fixed	Free	Standardisation
Benefits, of which			
– Producers	T7R12	0	T7R12
– Retailers	0	0	-
– Consumers	T13R1&2*Y*T3Cf	T13R3,4&5*Y*T3Cf	T13R1&2*Y*T3Cf
– Public Authorities	0	0	0
Costs, of which			
– Producers	0	T7R12	0.475*Z
– Retailers	0	0	0.475*Z
– Consumers	T13R3,4&5*Y*T3Cf	T13R1&2*Y*T3Cf	T13R3,4&5*Y*T3Cf
– Public Authorities	0	0	0.5*Z

Calculated Costs and benefits

Given the subjective elements involved in this cost benefit analysis of alternatives, a general calculation has been made in Table 18 in which all sectors have been put together. Recalculations will follow when more precise data are available.

Table 20 Annualized costs and benefits of policy alternatives for the 6 sectors requesting fixed sizes for EU-15

€ `000 million	Fixed	Free	Standardisation
Benefits, of which	**1,762**	**0**	**1,762**
– Producers	1,761	0	1,761
– Retailers	0	0	0
– Consumers	0.8	0.2	0.8
– Public Authorities	0	0	0
Costs, of which	**0**	**1,762**	**0**
– Producers	0	1,761	0.00095
– Retailers	0	0	0.00095
– Consumers	0.2	0.8	0.2
– Public Authorities	0	0	0.0001
Balance, of which	**1,762**	**-1,762**	**1,762**
– Producers	1,761	-1,761	1,761
– Retailers	0	0	0
– Consumers	0.6	-0.6	0.6
– Public Authorities	0	0	0

P.M. Legend for calculation of table above using formulas in Table 19

T3Cf	20.000.000.000	EU consumption of packs
T7R12	1.761.000.000	Total annual cost of investment in extra sizes (from Table 7)
T13R1&2	80%	% of consumers wanting more standardisation
T13R3,4&5	20%	% of consumers not wanting more standardisation
Y	0,05	Opportunity cost of a consumer spending 20s extra to choose
Z	2.000.000	Costs of standardisation

Higher prices to consumers in the case of free sizes should, in principle, lead to more employment in production. Arithmetically an increase in consumer prices by 3% in these sectors should lead to a increase of employment by 5000. However, demand might shift to more competitive imports, so then new employment could be neutralized by losing existing employment. Also export demand might fall due to the price rise, again leading to lower profitability and further employment losses. Due to these uncertainties no employment gains have been included in Table 20.

The benefits due to light glass are already included in the economies of scale. A firm optimising its scale effects would use light glass, because it saves transport costs.

Conclusion

In the case of fixing sizes for the six sectors, the estimate of the net annual benefits would be around €1.8bn. This is mainly due to costs saved by manufacturers on investment, which would be required in order to produce greater variety in the sizes of pre-packaging.

In the case of free sizes there would be net annual costs of €1.8bn, or a 3% price rise of products sold to consumers, most of which will need to be paid by small manufacturers in the form of new investment in flexible packaging, if there is demand for a wider variety of sizes.

Net annual benefits due to the alternative of standardisation would amount to €1.8bn, but the success would depend on the commitment of market parties to use the standard.

Annex 1 Structure of sectors in the new Member States, Bulgaria and Romania: Employment, turnover per size of enterprise

Sector	NACE	Variables	SMALL*		MEDIUM**		LARGE***		TOTAL	(Partial) Data missing from
Wine	15.93	Employed	1 840	19%	4 190	42%	3 910	39%	9 939	BG,CY,CZ,EE,LT,PL,SI
		Turnover ('000 €)	57	11%	231	46%	210	42%	498	
		Enterprises	224	86%	33	12%	5	2%	262	
Spirits	15.91	Employed	2 360	16%	7 344	49%	5 386	36%	15 090	BG,CZ,EE,LV,MT,PL,SI
		Turnover ('000 €)	172	9%	1 053	56%	671	35%	1 896	
		Enterprises	455	87%	63	12%	7	1%	525	
Coffee Tea	15.86	Employed	1 991	42%	2 004	43%	715	15%	4 710	BG,CZ,MT,EE,PL,SI
		Turnover ('000 €)	289	31%	479	52%	159	17%	928	
		Enterprises	251	93%	17	6%	1	0,4%	268	
Sugar	15.83	Employed	3 302	40%	3 367	41%	1 573	19%	8 242	BG,CZ,CY,EE,LV,MT,PL,SI
		Turnover ('000 €)	496	32%	763	49%	303	19%	1 562	
		Enterprises	130	94%	8	6%	1	0,4%	138	
Flour	15.61	Employed	9 292	44%	9 512	45%	2 442	11%	21 247	BG,CZ,CY,EE,LT, LV,MT,PL,SI
		Turnover ('000 €)	626	44%	680	47%	133	9%	1 439	
		Enterprises	2 830	96%	108	4%	4	0,1%	2 942	
Food & Beverages	15	Employed	81 415	17%	286 611	60%	111 513	23,3%	479 539	BG,MT,PL,SI
		Turnover ('000 €)	5 442	31%	7 576	44%	4 355	25,1%	17 373	
		Enterprises	32 857	90%	3 580	10%	122	0,3%	36 559	
Glass Bottles	26.13	Employed	2 562	11%	6 530	29%	13 218	59%	22 309	BG,CZ,CY,EE,LT,MT,PL,SI
		Turnover ('000 €)	115	14%	442	55%	251	31%	808	
		Enterprises	602	90%	50	8%	13	2%	665	
Retailing[8]	52.11	Employed	253 685	76%	65 150	19%	17 067	5%	335 901	BG,CZ,MT,PL,SI
		Turnover ('000 €)	17 684	62%	7 203	25%	3 471	12%	28 358	
		Enterprises	147 049	99%	1 132	1%	40	0,03%	148 221	

Source: Eurostat-SBS *SMALL= up to 49 employed; **MEDIUM= 50-499 employed; ***LARGE= over 500 employed

[8] NACE 52.11 concerns retail sales in non-specialized stores for food and beverages but not those of specialized stores.

ANNEX 2: Consultation of consumer organisations on Pack Sizes - 15 Feb. to 15 April 2004

Introduction

The consultation of consumer organisations implements the Commission's better regulation package, notably with the systematic consultation of stakeholders based on impact assessments of alternative legal approaches.

The consulted consumer organisations are represented in the European Consumer Consultative Group (ECCG). Each Member State and each of the then 10 accession states has a correspondent, who sends consultation documents to the various organisations in his/her Member State, which can then respond directly to the Commission services. European consumer organisations are also included in the ECCG.

Issues and timetable

The consumer organisations were asked to choose between three alternative policies:

1. only free sizes
2. free sizes with a derogation in 6 sectors for short ranges of fixed sizes as advised by the national authorities on 15 December 2003 (wine, spirits, coffee, sugar, salt, flour)
3. more fixed sizes than in the second alternative.

The consultation lasted for a period of 2 months, which conforms to the Commission's minimum consultation standards[9].

Outcomes

In all, 8 consumer organisations from 6 states (out of 25) gave a reaction to the consultation. No European consumer organisation expressed a view.

As regards the alternatives 1 organisation (GR) agreed with the alternative of only free sizes, 6 organisations chose the second alternative of free sizes plus short ranges of fixed sizes in 6 sectors (E, FR (2x), LT, NL, UK-blind) and 1 organisation wanted more fixed sizes (UK).

Motivations

Policy alternative 1: only free sizes

The Greek organisation KEPKA motivated its choice for free sizes on the basis of the existence of unit prices which allows easy comparison of different sizes.

Policy alternative 2: free sizes and short ranges in 6 sectors

The Latvian national consumer organisation, while considering unit pricing and labelling reasons to promote free sizes, can accept as an exception fixed sizes in the 6 sectors where producers and importers find this reasonable.

[9] COM(2002)704 final, 11.12.2002

The Spanish CEACCU welcomes free sizes which accommodate more varied consumer needs. It can accept short ranges in the case of sectors with stagnating demand: coffee and sugar (products imported from poor countries) and salt and flour (salt is easy to store, flour is never used in small quantities). It considers wine and spirits to be growing sectors and can accept one fixed size for wine (75cl between 0.5L and 1L), while it considers spirits is not a base product and therefore does not need fixed sizes.

The French CNAFC-Consommateurs welcomes more competition through free sizes and can accept the short ranges suggested for the 6 sectors.

The French CLCV observes that the proposal is to maintain ranges for base products, which by their nature do not attract the vigilance of consumers at the moment of sale and that therefore fixed sizes allow consumers to compare easily, notably poor households which spend relatively more on base products. It can accept to maintain the current ranges for basic products, and accepts that extending them to more products will be difficult.

For the Dutch Consumentenbond the issue dos not have priority and current sizes need not change. Where sizes are to be fixed there should remain sufficient consumer choice. It suggests that size should depend on nutritional content in order to combat obesity, but does not develop the idea.

The Royal National Institute of the Blind represents the interests of 2 million blind and partially sighted people in the UK. It contends that visually impaired people have difficulty reading labels and unit prices. Abolishing fixed sizes can lead to misleading practices by unscrupulous manufacturers, to which consumers with sight problems may be more vulnerable, for example less quantity in the same sized pack. It agrees with the short ranges in the 6 sectors.

Policy alternative3: more fixed sizes

The UK Consumer organisation wants to harmonise more sectors in order to keep the national UK ranges of sizes, but does not indicate which additional sectors have priority.

An independent UK consumer consultant indicates that there is no logic in the current sectors having fixed sizes and that consumer needs may differ substantially from what producers want. If unit pricing would fully apply, there is no need for ranges.

Comments by the Commission services

The sales in prepackages to consumers by the six sectors, for which short ranges would be fixed, represent about 13% of the production of food and beverages (tables 5 and 7 of the sector impact assessment). Consumption of these products is decreasing and it is probable that is also the case for low income households.

As indicated in the extended impact assessment, the visually impaired require a wider service to meet their needs. Under-filling happens even though sizes are fixed, and this contravenes

both the Packaging and Packaging Waste directive and the Proposal for directive on unfair commercial practices[10].

Combating obesity and aiding poor country producers would seem to be policy aims that can be achieved more effectively by means of other instruments than fixing sizes.

Conclusion

With consumer organisations from only 6 out of the 25 Member States responding to the Commission's consultation of the European Consumer Consultative Group, the issue of pack sizes does not seem to be a major preoccupation of consumer organisations.

A large majority of the 8 organisations responding are in favour free sizes in general and can accept limited derogations, i.e. short ranges in 6 sectors.

The arguments provided by the organisations to motivate their views do not give reason to modify the impact assessment. Nor do the results of the current consultation contain sufficiently motivated suggestions for further exemptions from free sizes.

[10] COM(2003)356 final, of 18.6.2003: Proposal for a Directive of the EP and of the Council concerning unfair business-to-consumer commercial practices in the Internal Market and amending directives 84/450/EEC, 97/7/EC and 98/27/EC extends to all products what is stipulated in Article 2 of Directive 2000/13/EC on labelling and presentation of foodstuffs:
"The labelling and methods used must not be such as could mislead the purchaser to a material degree, particularly as to:
a) the presentation of foodstuffs, in particular their shape, appearance or packaging, the packaging materials used, the way in which they are arranged and the setting in which they are displayed;
(b) advertising."