

John Dalli

Member of the European Commission, responsible for Health and Consumer Policy

**Commissioner Dalli delivers speech on
"Consumers' role in achieving
economic growth and the digital
agenda"**

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

John DALLI, European Commissioner for Health and Consumer Policy, delivers a keynote speech on the occasion of European Competition and Consumer Day

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EUROPEAN COMPETITION AND CONSUMER DAY

EIGTVEDS PAKHUS, COPENHAGEN

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KEYNOTE SPEECH

**"CONSUMERS' ROLE IN ACHIEVING ECONOMIC GROWTH
AND THE DIGITAL AGENDA"**

Minister Sohn,

Vice-President Almunia,

Ms Gersing,

Ladies and Gentlemen,

First, I would like to thank the Danish Presidency for organising this conference and putting the spotlight on the vital role that consumers and competition have to play in fostering growth and creating new opportunities.

In the current economic climate, discussions on corrective measures to control public finances and efforts to achieve tighter economic and fiscal governance at EU level have largely dominated the public debate and attracted most media attention.

However, if we are to find a lasting solution to this crisis we must not lose sight of our overarching goal – to achieve smart, sustainable and inclusive growth for Europe.

This, of course, is precisely the objective of Europe 2020 – the European Commission's growth strategy.

We have set ourselves ambitious targets that touch upon virtually every field of EU policy – from improving resource efficiency and promoting innovation, to developing new skills and completing the digital single market.

I am convinced that the key to realising such diverse and demanding objectives lies with European consumers – 500 million individuals – who collectively form one of the most important markets in the world and whose choices and behaviour hold tremendous potential for driving economic recovery.

To unlock this potential we must ensure that consumers trust the Single Market and must equip them with the tools necessary to make informed and meaningful decisions.

In other words, we have to move away from the perception of consumers as passive buyers and empower them to act as confident and assertive market players.

As the European Council has recognised, building confidence in our economy is the way to lift Europe out of the crisis.

With this clear objective in mind I will be presenting in the coming months, together with Vice-President Reding, a Consumer Agenda – our strategic vision for consumer policy as a means to trigger growth, by placing consumers at the very heart of the EU Single Market.

Based on the central notion of "consumer empowerment", the Agenda will put forward a coherent, holistic approach to consumer policy, structured around four pillars covering the full spectrum of a modern successful consumer policy.

These pillars are:

- Safety;
- Information and Education;
- Rights and Redress; and
- Enforcement.

Allow me to say a few words on each of these pillars, which are equally necessary for building the consumer confidence that can underpin economic growth.

First, consumers will only trust the Single Market if we continue to ensure the safety of products, services and food in the EU.

To this end, we plan to revise the General Product Safety Directive and will strive to further improve the efficiency of market surveillance across the EU.

At the same time, we will seek to address the complex challenges arising from the globalisation of the production chain and reflect on how best to address the issue of the safety of services.

Second, we must facilitate consumers in exercising their power of choice by giving them access to complete, accurate, transparent and easily comparable information.

A survey on consumer empowerment confirmed the importance of consumer information and education – significant numbers of European consumers have problems making everyday calculations, understanding key information and recognising their rights.

If consumers are able to properly understand and evaluate the various offers available, they are more likely to opt for the ones that best meet their needs, thus rewarding innovative businesses, sparking healthy competition and helping the economy to grow.

In this context, banking services is one market that we are looking at very closely.

Our bank fees study showed that opaque and complex tariffs are linked to higher current account prices.

I must say, I was hoping for a positive reply of banks to the Commission's request which sought more transparency as regards banking fees through a self-regulated code.

In addition, our evidence tells us that the self-regulatory code on switching bank accounts is not functioning well.

In view of this situation, we are preparing a legislative proposal in the area of transparency of both bank fees and bank account switching.

Furthermore, we recognise that information intermediaries, such as price comparison websites and quality testing bodies, have a growing influence on consumer purchasing decisions.

In 2010 eight out of ten online shoppers in the EU consulted price comparison websites.

In the coming months, we will embark on a series of discussions with information providers to identify best practices and develop concrete guidelines for ensuring that the information reaching consumers is indeed reliable and takes into account cross-border offers.

Alongside information, effective consumer education is crucial towards boosting consumer empowerment and confidence.

For this we must start early, providing students with the basic principles and tools to help them develop into knowledgeable and critical consumers.

We have recently completed a thorough evaluation of our actions in this field, working closely with national stakeholders, such as teachers and consumer organisations. We are now reflecting on the best way to complement national level efforts on consumer education.

The other pillars are rights, redress and enforcement.

Consumer rights need to be reinforced through a coherent regulatory framework, fit for the digital age.

The European Union can already take pride in its consumer protection legislation, but our work is far from complete.

We need to develop a shared understanding and interpretation of the rules, especially as new business models and commercial practices will test whether they are truly future-proof.

We consistently seek to ensure that consumer interests, including those of the more vulnerable consumer groups, are factored into the most relevant EU sectoral policies – from energy and environment to digital technology and telecommunications.

At a time of economic constraint, we recognise the need to make our resources go further by sharing intelligence, developing common priorities and improving our investigative techniques.

A strong regulatory framework is, of course, an essential foundation, but this is next to worthless if not supported by proper enforcement and redress mechanisms, the final pillars of the Consumer Agenda.

The Commission will continue to work closely with national enforcement authorities to further enhance the capacity and efficiency of the Consumer Protection Cooperation Network and the network of the European Consumer Centres.

Both of these assist consumers in cross-border cases in complementary ways – the CPC Network works to stop deceptive commercial practices that harm consumers; whereas the ECC-Net helps consumers to exert their rights in actual situations in which they were harmed.

Consumers should feel reassured that if something goes wrong with a purchase – whether at home or abroad – they will be able to get redress quickly and at low cost.

A recent study on e-commerce in goods found that concerns about getting redress if something goes wrong and worries about the safety of products were major reasons for not buying online.

This underpins why, in November last year, I put forward two proposals – on Alternative Dispute Resolution and Online Dispute Resolution – which constitute a major step towards more efficient and effective out-of-court dispute resolution in the internal market.

These proposals offer consumers a simple and affordable alternative to lengthy and costly judicial procedures.

The main objectives are to ensure full coverage, compliance with certain quality requirements, and that consumers are informed about the possibilities open to them as regards ADR.

The proposals do not aim to create new ADR procedures. Rather, they build on what already exists in the Member States and fully respect their individual traditions.

In parallel, the ODR proposal would establish, for the first time, a central online platform for consumer complaint dispute resolution regarding cross border online purchases.

This will serve as a single entry point, enabling consumers and businesses to swiftly solve their problems when shopping or selling online from and to another EU country.

I am grateful to the Danish Presidency for recognising, through its actions, the particular significance of these proposals and the important contribution that they can make to growth.

I am very pleased that the European Council has decided to fast-track the adoption process, calling for an agreement by June of this year.

The proposal on ODR is a solid example of how closely interlinked consumer policy and the Digital Agenda really are. Allow me to explore this area in some detail.

We are at a tipping point. Today's 18-year-olds belong to a generation that has never known a world without the internet.

Tomorrow's consumers are "digital natives", for whom the distinction between the offline and the online world is no longer relevant. So clearly it is up to us as policy makers to ensure that consumers feel just as confident and protected shopping online as they do offline.

The Commission's 2010 Digital Agenda for Europe was conceived to achieve precisely this, through targeted action on multiple fronts.

First, we set out to develop a solid European telecommunication infrastructure, as the basis for offering more and better services to consumers.

Commission initiatives such as the 2010 Broadband package and the recent proposal on Roaming aim to guarantee reliable and affordable access for all by stimulating competition amongst network operators and service providers.

Undoubtedly, there is still room for improvement. Our 2010 Consumer Markets Scoreboard identified "Internet Service Provision" as the market showing the highest number of reported problems. 26% of subscribers complained about at least one aspect of the service they received.

In response, we are now conducting an in-depth study on the functioning of the market for broadband internet access from a consumer perspective.

We expect this to answer questions related to the dynamics of the consumer decision-making process and the actual quality of service.

The study will be concluded in July and should yield concrete policy recommendations for improving the Internet Service Provision market to meet consumer needs and expectations.

Guaranteeing fast and affordable access to the internet is an indispensable precursor for delivering the full benefits of the digital single market to European consumers.

But it is by no means the only one. As a second step we must remove persistent barriers that hold back the development of e-commerce in the EU and obstruct the cross-border circulation of digital content.

This is a priority that we share with the Danish Presidency, and it is perhaps our most potent means towards putting Europe back on a growth trajectory.

In 2010 the European e-commerce market in goods was estimated at 91 billion Euros, representing 3.5 % of the whole EU retail sector.

Despite the fact that the percentage of consumers buying online domestically has grown significantly – from 22% in 2004 to 40% last year – the figures for cross-border e-commerce are not as encouraging.

In 2011 only 9% of European consumers bought something online from another EU country – a far cry from the 20% Digital Agenda target for 2015.

Yet our studies have shown that consumers benefit extensively from e-commerce, in terms of wider choice, lower prices and saving time.

Even with the inclusion of delivery costs, we found that in 13 out of 15 product categories tested, online prices were lower than offline.

In addition, European consumers have on average 16 times more choice online across the EU, than in offline shops in their own country.

In total, we estimate that if a fully-fledged digital single market became a reality, with no distinctions between domestic and cross-border e-commerce, and if e-commerce grew to 15% of total retail sales, the welfare gains for consumers from e-commerce in goods alone would be around 204 billion Euros.

That equates to 1.7% of the EU's GDP. Clearly this is a remarkable prospect for growth and a prize which we must strive to achieve.

An Action Plan for promoting e-commerce by building trust in the digital single market is set out in the Communication which Vice-President Kroes, Commissioner Barnier and I presented in January this year.

This announces, amongst other things, initiatives on collective rights management, private copying and the online distribution of audiovisual works which should open the way to the cross-border dissemination of music, films, and digitised books and articles in the EU.

I have stressed the need to encourage the development of innovative online business models and the need to create a high-quality, legal offer of digital content for European consumers, irrespective of their Member State of residence.

We are also aware that a lot can be done with topical, targeted improvements to the functioning of the single market.

By developing a strategy for the integration of the markets for card, internet and mobile payments for example, and through a consultation on parcels delivery, the Commission seeks to address two of the most basic but crucial requirements for unlocking the potential of e-Commerce in Europe.

Finally, I attach great importance to enhancing consumers' digital literacy skills.

As part of our revamped education actions we plan to develop a new interactive portal for consumer education, corresponding to technological developments and current consumer issues.

This will be an online platform where educational actors, such as teachers and consumer organisations, share best practices and educational materials – including materials targeted to enhancing the digital literacy of young consumers.

Ladies and Gentlemen,

Before I finish, let me stress that the current economic crisis cannot be used as an excuse to compromise, or dilute in any way, on our vision for an ambitious, comprehensive and inclusive consumer policy. Quite the opposite.

Indeed, we must recognise and encourage the central role that empowered consumers can play as drivers of economic growth – particularly in the rapidly changing digital environment.

I trust that you will now recognise – if indeed you didn't before –the Commission's strong determination towards realising this vision through a positive series of actions.

Working closely with the Danish Presidency, I am confident that we will soon be able to deliver tangible results and shape a single market which truly works for European consumers.

Thank you very much.

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