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**Building Citizen's Rights into the Single
Market**

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

2nd Consumer Rights Forum 2010

Brussels, 2 June 2010

Ladies and Gentlemen,

I am very grateful to be invited to the 2nd Consumer Rights Forum.

As you know, consumers were at the heart of my policies as Information Society Commissioner during the Barroso I Commission. In the Barroso II Commission, I hope to find new ways to help consumers reap the benefits of the European Union.

Progress is made in the justice, fundamental rights and citizenship portfolio to give citizens more **trust in the single market. The first steps will be:**

- Consumer Rights Directive;
- how we deal with cross border problems that dog consumers and businesses when they have to make contracts;
- making sure that consumers can surf and shop online without worrying about the safety of their personal information.

These issues demand a common EU-wide solution to fragmented rules. All three are challenges that we need to meet if we are to realise the Commission's Digital Agenda launched at the end of May to modernise our economy.

Until we tackle these problems, consumers will miss out on the potential benefits of an online single market.

Despite the fact that 250 million Europeans use the internet every day, and half of them shop online:

- 12% of EU web users feel unsafe making transactions on the internet;
- only 8% of online transactions are across borders;
- and so only 22 % of EU e-shoppers have ordered from other EU countries;
- 61% of cross-border transactions cannot be completed, because online shops refuse to serve the consumers abroad.

All this despite the massive potential of new technology to drive an online single market where there are no more physical barriers to trading and shopping from one end of Europe to the other.

Gaining trust in the Single Market

But you know this. So it is clear, ladies and gentlemen, that the single market does not work as well as it should.

The fragmentation of markets across the EU makes it hard for businesses to sell outside their country, and that is bad for consumers.

A lack of harmonised consumer and contract rules throughout the single market complicates the consumer-to-business relationship. This is in particular notable in e-commerce. Businesses often refuse to sell to consumers in other countries because they cannot afford the costs of complying with dozens of different national consumer laws.

We must take action on this.

If we don't, consumers living in small and remote Member States will be locked in their national markets.

We need greater transparency and more easily understood contract language so that businesses and consumers are able to trade in confidence.

We don't want to go back to the days when anyone who lived in rural areas only saw the latest goods when they went to a big city to do their Christmas shopping.

If consumers are to benefit from an integrated European retail market, **we must help businesses reach other markets without having to tighten their belts even more. For businesses to benefit, consumers must**

have rights across Europe that make them confident when shopping beyond borders.

That is why, as I turn to the proposed Consumer Rights Directive, I recognise that we cannot be satisfied with the status quo approach of minimum harmonisation.

A single set of consumer rights would boost business's confidence to trade across borders.

A single set of consumer rights would make it easier for the Commission to conduct pan-European information campaigns.

Consumers who know their rights will be more confident to purchase from abroad. That is why I launched the eYou guide to online consumer rights last year.

But I know that it is one thing to diagnose a problem, it is quite another to come up with a good workable solution. That is why I have been very keen to listen these last months to those MEPs, governments and consumer organisations worried that full harmonisation of consumer rights would bring down the level of consumer protection.

That is why I am looking to work with both the Parliament and the Council Presidency to find practical solutions that

will bring consumers and businesses real single market benefits.

So let's be practical. Let's avoid ideological debates and work through the text chapter by chapter, and article by article to make the progress we need.

In this exercise, we should not lose sight of the imperative to make real progress in those areas where the single market case is at its strongest. This means paying particular attention to the specific rules on distance and off-premises contracts.

It makes sense to fully harmonise rules on pre-contractual information for these transactions. It also makes sense to have uniform EU rules giving a 14-day cooling-off-period and standard withdrawal forms for these transactions. This strengthens consumer rights in a way that gives traders legal certainty for simplified cross-border trade.

On the other hand, concerning information requirements for on-premises contracts, it could be appropriate to allow Member States to keep their current national rules.

In other areas, a distinction between distance and off-premises contracts on the one hand and those made on-premises on the other may be less helpful. In particular, I

accept the case for common rules on the remedies and legal guarantee for faulty goods for all transactions. To this end, I would be prepared to raise the level of protection and introduce new remedies if this is accompanied by a breakthrough for the single market through full harmonisation.

Further work in Parliament and Council will therefore show to what extent full harmonisation is possible in this area.

Likewise, it makes sense to have the same definitions and rules on unfair contract terms for distance, off-premises and on-premises contracts.

Here, we have to have uniform rules which are to the greatest extent possible fully harmonised. I will try to find, with the European Parliament and the Council, the common ground for a common solution. We need to give businesses common standards that apply across the EU.

At the same time, I recognise that some flexibility may also be needed to allow Member States to add to the black or grey lists of unfair terms.

What I have heard from stakeholders about the Consumer Rights Directive has also led me to reflect on the overlapping issues of fragmentation stemming from divergent national contract rules. This in turn has raised

the question whether we are now approaching the limits of how far we can go with a full harmonisation of consumer and contract law rules.

Does that mean that we have to be content with a second-class single market for consumers? You would be surprised if I answered such a question with a "Yes". The "no" answer means that we have to be prepared to look at complementary tools for those areas where full harmonisation might not be possible.

That is why I recently set up a group of independent experts to carry out a feasibility exercise in the area of European Contract Law. I will also soon publish a communication and launch a wide public consultation on how we might progress towards a European Contract Law for consumers and businesses. All options are on the table.

One possibility could be to put in place an optional instrument or 28th regime: a single set of contract law rules which the parties could apply in all their cross-border transactions as an alternative to applying the different national laws.

Whatever we do must clearly have a high level of consumer protection and boost consumer confidence.

Uncertainty is a barrier to the single market, online and offline.

Yet, shaping new rules for consumer protection and contracts will not be enough to create trust in on-line shopping.

Consumers will hold back from shopping online if they have fears about the safety of payments and their ability to seek redress against unfair commercial practices.

We cannot let fear block the take-off and take-up of new technologies, because we need those drivers of growth and productivity. Plans for boosting digital technologies are at the heart of Commission President Barroso's Europe 2020 agenda to get us out of the crisis and modernise our economy for the next decade. They are at the heart of the digital agenda.

This is why I would like to talk, in the last part of my speech, about the importance of data protection for consumers.

My vision of our single market is one built on our common values: rule of law, human rights and the added value of European citizenship.

Call me old-fashioned: but this applies as much to the digital economy as it ever did. Europe's consumers are first and foremost individuals, and they demand respect for their fundamental rights.

Today people use mobile internet devices that connect them to the internet. Web surfers generate their own internet content and share it by clicking a mouse.

Businesses use cloud computing to let employees share their work and interact across the world using software in remote locations.

And online operators use behavioural advertising to create profiles of users' online activities.

And advertising pays for a large part of the services that makes the internet world so popular with consumers.

But these advances come with risks to our privacy.

These internet technologies must respect our privacy rights when they process or use personal data. Individuals and their personal data – the content they

create, their interests, their internet histories - are now centre-stage in the digital world.

Research shows that even the most confident internet users, usually those aged between 15 and 25, are using the internet in spite of the fact that they fundamentally mistrust it.

My role is to overcome this fundamental mistrust. I want to make the internet prosper even more by making people confident that their fundamental rights are protected, all over the EU.

People must have a high level of protection and control for their personal information.

This will help offer the makers and users of new technologies a consistent set of rules and obligations to follow across 27 countries, not to mention the other countries which adopt our standard.

We are going to modernise the EU's data protection rules so that they meet the needs of the 21st century and a truly globalised and interconnected world.

Those rules have worked well for the European citizen since 1995, but now they need to be updated for a new era.

The foundation of these rules will be that people must have control over how their personal data is used. Internet users need to feel that they, their fundamental rights, and their personal data, are safe in the digital world.

They must have effective control of what they put online and correct, withdraw or delete it at will.

They must trust online operators with their personal information and this **trust must not be abused**.

The internet must not become a jungle where consumers fear to tread. But we also don't want it to become a desert where innovation is stifled by too many rules. This is why the single market approach is the best way to build consumer trust: best for consumer rights; best for supporting innovative goods and services and competitive prices that makes it good to be a European consumer.

Ladies and Gentlemen,

Here is my call to action.

250 million Europeans use the internet every day, but only 30 million Europeans engage in cross border e-commerce.

We should not put the title of this conference into question marks. It should be our unmovable objective: We must create confidence in the single market!

You can be sure that I will do my best to achieve this goal.

Thank you for your attention.