

DISCUSSION DOCUMENT

Ideas for a Consumer Policy Strategy

Discussion document – ideas for a Consumer Policy Strategy¹

Introduction

Since 1990, the framework for EU consumer policy has consisted of a series of **three-year action plans**. The current Action Plan will expire at the end of 2001 and, therefore, the Commission must develop **a new strategy** for consumer policy at the European level for the years ahead.

In order to provide a basis for this work, the Commission has undertaken **an interim review** of the progress made under the current action plan (1999-2001)².

The **1999-2001 action plan** is focused around **three overall policy objectives**: a more powerful voice for the consumer throughout the EU; a high level of health and safety for EU consumers; and full respect for the economic interests of EU consumers. A great deal has been achieved in these areas, as the interim report sets out. For example, on providing **a more powerful voice for the consumer throughout the EU**, a legal framework has been established for Community activities in favour of consumers, and the Commission has continued to provide support for international meetings, such as the Trans-Atlantic Consumer Dialogue (the TACD). Regarding **a high level of health and safety for EU consumers**, the Commission has continued work to ensure that the system of scientific advice reflects the principles of excellence, independence and transparency. The General Product Safety Directive has also been updated to improve its effectiveness in achieving the aim of ensuring that only safe products are placed on the market. On **full respect for the economic interests of EU consumers**, the Commission has worked to protect the interests of consumers in services of general interest. This has included measures such as the proposal for a directive on universal service and user rights as part of the new package of legislative proposals on electronic communications networks and services. The report also notes the fundamental shift in the importance attached to consumer policy. This has been as a result, in particular, of several negative developments affecting the health and safety of consumers that have occurred in the last few years. These developments have served to bring consumer issues to the fore at both EU and national level. They also highlight the **increased expectations of consumer policy**. This has led us to consider what future EU priorities for consumer protection should be and the best way to achieve them.

Next steps

Although there has been a lot of progress under the 1999-2001 Action Plan, there are also some **lessons** that can be drawn from it. One key conclusion is that future frameworks for consumer policy need to take a more strategic approach. A more coherent, **medium-term strategy** will provide a better basis for planning and a clearer **focus** for European consumer policy. **Detailed actions** carried out in any one year of course must be **adjusted** to take account of changing circumstances. A medium-term strategy can provide a consistent orientation within which those adjustments can be made. This medium-term strategy must of

¹ This is an informal and unofficial document produced for discussion purposes only. Nothing in this document should be taken as committing the European Commission.

² Report from the Commission on the "Action Plan for Consumer Policy 1999-2001" and on the "General Framework for Community activities in favour of consumers 1999-2003" (COM(2001) 486 final of 23/8/2001).

course be based on a thorough review of the key factors setting the context for consumer protection now and in the future, as set out below. The success of the strategy can only be measured by the **impact** it has for consumers in Europe. It is therefore essential that the rationale and justification for the strategy is clearly set out in advance, that progress on the strategy is **regularly monitored** and that the success of individual actions is clearly **evaluated** and the lessons learned for the future.

The starting point for this is, therefore, to describe the **key factors** underlying the new strategy.

- **Creating a real internal market for consumers:** this requires tackling some fundamental issues, rather than focusing on specific problems. For consumers, the internal market is **fragmented**, with different consumer protection rules in different Member States. The system of **enforcing** those rules is similarly fragmented, and the process for **updating** these rules and **adapting** them to market circumstances can be **slow**.
- **Adapting to economic and technological changes:** ensuring that the internal market does function for consumers is becoming ever more important. Economic integration within the European Union is being driven further than ever. In the past, the internal market project has been focused on allowing businesses to **sell** across borders, rather than allowing consumers to **buy** across borders. Consumers themselves have preferred to shop within their own domestic markets, and it has been difficult and impractical to do otherwise. However, the growth in **electronic commerce** now means that consumers have far greater awareness of products and services supplied from other Member States. The introduction of the **Euro** is also removing an important psychological barrier to consumers shopping in other Member States, and making it much easier to compare prices across the internal market. Ensuring price transparency will give a further boost to the internal market, by increasing the competition that drives growth and innovation. It is therefore essential for the European Union to ensure that internal market rules promote consumer confidence in cross-border transactions. Doing so will bring concrete benefits to consumers across Europe, and will underline the relevance of the Union in their daily lives. It will also be important to consider how well the different powers of the Treaty are being used to protect consumers and to drive the internal market.
- **Integration:** Consumer interests should be fully **integrated** into all aspects of internal market policy – and indeed beyond. The importance of this has become increasingly clear in recent years, not least Europeans now are ‘consumers’ in many more dimensions of their lives than in the past. The variety of public services and other services of general interest which are provided through some form of market structure is steadily increasing, and underlines the need for consumer protection to be taken into account in these policy areas as well. The work that has been done already to implement the Treaty requirement that consumer protection requirements must be taken into account defining and implementing other Community policies and activities has only underlined the many further areas where progress needs to be made.
- **Enlargement:** in considering the future development of the internal market and the requirements of consumers within it, another key factor is the significant changes to the nature of the internal market that will be created by the accession of the current candidate countries. Many consumer protection rules are currently covered by national law rather than Community legislation. Across the current Member States these provisions are often similar, but with the accession of the current candidate countries the heterogeneity of these provisions will significantly increase. Enforcement structures are not as strong in

the candidate countries and the experience and expectations of their consumers are also very different. Beyond the candidate countries, consumers are also coming into increasing contact with other consumer protection regimes outside the European Union, again in particular through electronic commerce and increasing global economic interdependence.

- **Governance:** underpinning all of this is the nature of the political relationship between the European Union and its citizens. Consumers have high expectations of the European Union, its ability to ensure their safety, to protect their interests and to enable them to realise directly some of the benefits of European integration. But alongside that, citizens also feel increasingly alienated from the EU and its processes and institutions, as described in the recent Commission White Paper on European Governance. This means that future EU consumer protection policy must both produce concrete benefits for citizens in their daily transactions, and must engage consumers in the development and implementation of that policy. The five principles for good governance of openness, participation, accountability, effectiveness and coherence are directly relevant to consumer policy and must form an integral part of the future strategy.

The starting point for applying this to the new consumer protection strategy must therefore be to clearly identify its core objectives. The factors outlined above there have led us to identify these three overall medium-term objectives:

- a high harmonised level of consumer protection across the European Union;
- effective enforcement of consumer protection rules;
- and proper involvement of consumer organisations in EU policies.

Objective 1: A high harmonised level of consumer protection across the EU

Achieving this objective depends on establishing a clear set of basic rules covering all key areas of consumer protection. This can build on existing consumer protection legislation, which already provides many of the necessary elements. Examples of key actions over the medium term will include the following:

- **ensuring the safety of consumer goods and services** (by implementing the current revisions to the general product safety directive and tackling specific product safety issues such as chemicals in products, and by proposing measures regarding the safety of services);
- **a greater degree of harmonisation of regulation on business-to-consumer commercial practices** in order to open the consumer internal market and ensure a high degree of consumer protection. The Green Paper on EU consumer protection sets out a choice between two main options to achieve this - a series of specific harmonisation messages or a combination of a framework directive and additional specific measures;
- **measures to ensure access to justice for consumers, both individually** (agreement on applicable law for contractual and non-contractual disputes, building on the approach for jurisdiction and enforcement of judgements; alternative dispute resolution systems and small claims courts) and **collectively** (examining the potential of a mechanism for collective redress of consumers at EU level);

- a **general framework for the private law governing consumer contracts** (see the Communication on European Contract Law).

As well as specific consumer protection rules, consumers are also affected by the full range of internal market legislation and more. Systematic integration of consumer concerns into all relevant policy areas is essential. In recent years we have already made significant progress toward achieving this. The aim for the future should be to build on the good achievements in order to make integration of consumer interests into other policies more systematic, and to target mechanisms and resources on areas of greatest relevance.

This requires actions in the following areas:

- **mechanisms to have consumer interests considered specifically and systematically:** including more widespread use of evaluation and regulatory impact assessment taking consumer interests into account in particular;
- **strengthen co-operation on consumer policy** in specific priority areas, such as **transport** (developing Community policies on passenger rights), **energy** (taking into account consumer concerns in energy provision), **financial services** and **international trade**.

Objective 2: Effective enforcement of consumer protection rules

Good rules are not enough. Those rules also must be consistently and effectively enforced. The same pressures making consumer transactions more international also mean that enforcement must be able to function at international level. This is not currently the case - reflecting the domestic focus of consumer protection rules, current enforcement practices are still mainly focused on consumers within national markets. The need to improve enforcement has often been asserted in the area of consumer protection, but it has not been given the central attention, focus and monitoring that it requires.

This therefore requires action in key areas such as:

- **information and data on consumers and the market** to provide accurate and comparable information on consumers and their problems throughout the EU as an evidence base for policy development. This requires developing comprehensive structures providing information and data on the safety of goods and services, building on RAPEX and EHLASS. It also requires developing structures to provide information and data on the economic interests and activities of consumers, including structures for the standardised reporting of consumer complaints. These information structures should cover both quantitative data and more qualitative information, such as satisfaction indices;
- **administrative co-operation between Member States**, including domestic enforcement agencies. As well as general co-operation between national administrations, this could include co-operation on enforcement actions on behalf of EU consumers across jurisdictions.
- **consumer information and education:** including developing a strategy to use new technologies to provide information and education to multipliers such as consumer associations, citizen's advice networks and adult education centres, as well as to individual consumers; developing coherent messages for consumers across the internal market;

- **supporting dispute resolution** through consolidating the EEJ-Net, and also exploring judicial co-operation on access to justice for consumers.
- **support to consumer associations** to reinforce their important contribution to market surveillance and enforcement in general, feeding in information, advising consumers and assisting individual and collective redress actions.

Objective 3: Proper involvement of consumer organisations in EU policies

In order for consumer protection policies to be effective, consumers themselves must have an opportunity to make an input to the development of policies that affect them. In concrete terms, the main mechanism through which this can be achieved is through the proper involvement of consumer organisations in EU policy-making. This is a key tool in achieving the integration of consumer protection requirements into other policies.

It is also a key element of ensuring good governance as regards consumer policy. Of the five key principles of good governance set out in the Commission White Paper on European Governance, proper involvement of consumer organisations in EU policies is essential to put into practice the principles of participation and coherence. This requires giving all relevant stakeholders the opportunity to make their input. The participation of consumers will also help ensure that we produce better regulation.

As with enforcement, the recognition of the importance of involving consumer organisations is not new, but the degree of seriousness with which it will be tackled under this strategy is.

This requires actions such as:

- **reviewing mechanisms for the participation of consumer organisations at EU level** including creating formal mechanisms for collaboration between different Commission services on consumer policy, and reviewing the different bodies which advise the Commission to ensure that consumer organisations are properly represented;
- **providing support to and building capacity of consumer organisations** across Europe, including training of consumer organisation professionals, helping to support collaboration between consumer organisations and ensuring that consumers are properly represented through European-level organisations.

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