

Brussels, 26 February 2003

OPINION

of the

European Economic and Social Committee

on the

**Communication from the Commission to the European Parliament,
the Council, the European Economic and Social Committee
and the Committee of the Regions on consumer policy strategy 2002-2006**

COM(2002) 208 final

On 7 May 2002, the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on consumer policy strategy 2002-2006
COM(2002) 208 final.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 29 January 2003. The rapporteur was **Mrs Davison**.

At its 397th plenary session (meeting of 26 February 2003), the European Economic and Social Committee adopted the following opinion by 84 votes to one, with two abstentions:

1. Introduction

1.1 The Commission sets out three priorities for consumer policy, focused on the commercial practice issues covered in the Green Paper on Consumers' Protection and on the safety of services:

- a high common level of consumer protection;
- effective enforcement, especially through administrative co-operation between Member States and better redress mechanisms;
- involvement of consumer organisations in EU policies by reviewing mechanisms and providing education and capacity building.

1.2 The Committee endorses the Commission's priorities as an ambitious extension of existing policies concerning the importance to consumers of the successful completion of the Single Market. Well over eighty different actions are presented in the Commission's annexed indicative list. The Strategy comes at a time of changing consumer expectations and when EU citizens are due to expand to 470 million. It follows on the Green Paper on Consumers' Protection¹ and reflects the rapidly changing and increasingly complex situation; the impact of the information society, the advent of the euro and new consumer attitudes towards risk, sustainable and ethical consumption.

1.2.1 In the light of the decision taken at Seville by the Council of Ministers to remove consumer affairs from the Council for the Internal Market, Consumer Affairs and Tourism to a new Employment, Social Policy, Health and Consumer Affairs Council, the Committee asks the Council to ensure that the interests of consumers in the Single Market continue to be central to discussions.

¹ OJ C 125 of 27.5.2002.

1.2.2 The Committee is in favour of maximum harmonisation but considers that the protection of consumers must be at the highest level. Any reduction in consumer protection would be particularly serious at a time when the EU is preparing for the accession of new Member States.

1.3 In particular:

1.3.1 The Committee supports the Commission in its efforts to extend and develop consumer protection which has special benefits for those least able to defend themselves in an increasingly complex and technological environment. It also endorses the parallel need for appropriate information² in the welcome context that consumer and citizen interests are increasingly converging and being represented together.

1.3.2 The Committee also endorses the importance of recognising that consumer policies cannot be developed in isolation, and that their systematic integration into all other relevant EU policy areas is essential in line with the Amsterdam Treaty, article 153. The Committee therefore believes that integration of consumer protection into other Community policy areas should constitute a fourth priority, on the same footing as the other three mentioned above.

1.3.3 The Committee welcomes the revision of the Nice Treaty which expands the role of consumer representation, now naming consumers as key representatives as members of the Committee. Such recognition, and consequent support for effective, meaningful and relevant policies, will provide the means of bringing the EU closer to its citizens.

1.3.4 The Committee draws attention to the low level of resources allocated to Community work focusing on consumers and consumer associations' projects in sharp contrast with other Community policies, and calls upon the budgetary authorities to increase both funding and staffing in this area.

2. **Process of the new strategy**

2.1 The Commission emphasises the need for impact assessment and information for consumers. As a corollary, the Committee considers that there should also be impact assessments of consumer policies for businesses.

2.2 The Committee has already expressed its concern about the lack of consistent, comparative EU statistics in several areas. For consumers certain statistics are of particular importance, most notably concerning complaints and product-related accidents. The Committee feels that the research and consequent statistics supplied by the European Home and Leisure Accident Surveillance System (EHLASS) should be developed and used by all Member States and candidate countries.

² The Committee will shortly be producing an Own-Initiative Opinion on consumer education.

2.3 The Committee also strongly supports the provision by its constituent organisations of consumer information and education on EU issues. The Commission can strengthen the consumer movement at the same time, and ensure that information is provided in a form consistent with consumer needs and understanding, by enabling appropriate consumer organisations to disseminate information through the variety of popular channels that they have at their disposal. This will complement the information provided also by business. There are strong links between protection and education, with consumer education increasingly being seen as part of a lifelong learning.

2.4 The Committee stresses the importance of an on-going R&D programme which should include background research for consumer policy decisions. Relevant research by businesses, trade unions and consumer organisations should be taken into account because reliable European information is essential.

2.4.1 The Commission could implement such R & D by setting up a network of academics researching consumer policies in order to establish a data-base on consumer detriment.

2.4.2 Consumer organisations and "other legal entities" could take advantage of the new provisions in the 6th R&D Programme allowing them to apply for funding under six key areas, one of which is safety.

2.4.3 The Commission should consider the possibility of establishing an EU Research Institute for Consumer Affairs following the example, in the case of the environment, of the European Environment Agency. The Committee would also support study centres at national and regional level which the Commission could assist by various non-financial means.

3. Main issues covered by the Commission and commented on by the Committee

The Committee reacts in particular to the following major areas of interest:

3.1 The Euro

3.1.1 The Commission should draw lessons from the different experience of consumers in various Member States on the introduction of the Euro in order to advise new entrants. It should also check costs of cross-border transfers.

3.2 Safety

3.2.1 The Committee notes with approval that many aspects of safety are covered in the Commission's rolling programme providing an indicative list of actions, under all three objectives.

3.2.2 In its Opinions³, the Committee too has always attached prime importance to safety proposals, both indirectly – such as child-resistant packaging – and directly – such as toy safety or product safety, where it played a significant role in encouraging the revision of the General Product Safety Directive (GPSD).

3.2.2.1 Bearing in mind the importance of the GPSD, now in a state of transposition, both in the Member States and the accession countries as part of their adherence to the acquis, the Committee asks the Commission to recognise that the greatest number of deaths and seriously disabling injuries in the EU involve home and leisure accidents. This is more than fourteen times that of workplace deaths and nearly twice that of motor vehicle deaths. Priority must, therefore, now be given to product safety, including a special emphasis in the accession countries, where accidents are much higher still than in the present Member States.

3.2.2.2 The Committee urges the Commission to expand the European Home and Leisure Accident Surveillance System (EHLASS) – crucial to the collection of statistics – which is briefly mentioned for the first time under its third objective in the annex. Such a comprehensive and co-ordinated collection system of injury data must serve as the cornerstone for consumer safety policy.

3.2.2.3 The Committee also urges the Commission to establish a plan to support carefully targeted campaigns to enhance public awareness of consumer safety. Research indicates that over 80% of accidents⁴ are preventable. There is also an increasing need for education in methods of risk management and assessment.

3.2.3 The Committee welcomes proposed action on the development of standards and the safety of services which (with few exceptions – e.g. on installations) are not covered by the revised GPSD. It awaits, for comment, the Commission's Communication on the safety of services, whether sectoral or general.

3.3 Commercial practices

3.3.1 In its opinion on the Green Paper on Consumer Protection⁵, the Committee welcomed the Commission's new approach of general legislation backed up by codes whilst requesting clarification of the proposal. The proposed follow-up communication is therefore welcome as an opportunity both for simplification and consumer protection. The Committee supports the need to avoid excessively-detailed regulation, which is neither in the interest of the consumers nor business, and to seek out a range of practical alternatives such as co-regulation. It also points to the need to introduce progressively a high maximum level of harmonisation of consumer protection

³ OJ C 51 of 23.2.2000; OJ C 117 of 26.4.2000; OJ C 367 of 20.12.2000; OJ C 125 of 27.5.2002.

⁴ European Consumer Safety Association (ECOSA).

⁵ OJ C 125 of 27.5.2002.

legislation by the most appropriate means, whether through framework directives or recommendation of best practices. This method can overcome the problem for consumers of applying the principle of mutual recognition and country of origin. The Committee therefore looks forward to commenting on a Commission proposal for a framework directive as recommended in the Green Paper on Consumers' Protection. This will provide a simple legal framework backed by codes of practice.

3.3.2 The Committee once again reiterates the importance of integrating consumer policies systematically into EU legislation, and calls for accountability of the Directorate-General responsible (e.g. transport, energy, environment, competition) and an indication of the effect of such policies on consumers as well as business activities. It also points to the need for setting up clear procedures for consulting or appointing consumers to committees or working groups, and for funding methods to support them.

3.3.3 The Committee recommends the review and amendment of Directives including those on distance selling, timeshare, package travel, indication of prices and guarantees in this context.

3.4 **Consumer contracts**

3.4.1 The Committee endorses the need for a review and clarification of existing contract law in order to remove existing inconsistencies and it would stress the importance of a common EU cooling-off period to encourage cross-border trade and transparency. This should be at the highest level to enable the consumer to correspond with a different country.

3.5 **Financial services**

3.5.1 The potential for cross-border trade by consumers has hardly begun to be tapped. A secure and transparent environment is required. The new legal framework should encourage the extra consumer protection provided by some credit card issuers in the case of purchases that go wrong, ensure security of credit and bank cards on-line (for example by more effective use of pin numbers and electronic signatures) and cover on-line children's "pocket money" accounts.

3.6 **Electronic commerce**

3.6.1 Speedy implementation of the E-Commerce directive is required. Whilst welcoming the stakeholders' agreement on a European trustmark, the Committee would like to see more child protection included given the high use of the Internet by children, including for shopping. Consumers need speedy access to justice if confidence in E-commerce is to expand⁶. Business and consumer organisations' co-operation on Alternative Dispute Resolution on-line is to be welcomed. Of course, the option to go to Court if necessary remains.

⁶ See for example "the OECD Guidelines for Consumer Protection in the Context of Electronic Commerce".

3.7 Services of a general interest

3.7.1 The Committee would emphasise the principle of consumer representation and also the need to bear in mind the special needs of low income consumers and those in accession countries facing particular upheaval as privatisation leads to changes in prices and in the nature of services. Member States can learn from each other's best practice in maintaining access to essential services such as electricity for low income consumers. A study in this area would be very useful.

3.7.2 The Committee reiterates here the importance of integration in different DGs, since a wide range of public services such as energy, telecommunications and transport are involved.

3.7.2.1 The integration of transport is increasingly important and the Committee would like to see proposed protection for consumers in the air extended to other forms of travel. It welcomes proposals for compensating consumers for cancellations and overbooked flights and for the additional consideration of disabled passengers⁷.

3.7.3 The Committee would welcome a recommendation on the rights of consumers in services of a general interest pending publication of a proposed directive.

3.8 The World Trade Organisation

3.8.1 The Committee would emphasise the importance of the social, environmental, health and consumer aspects of the trade agenda. The WTO needs to appeal to non-trade specialists' expertise on trade related issues, such as the environment and consumers⁸. International bodies exist for labour, environment and health, but one is needed for consumer protection.

The EESC notes that this is the only part of the Commission's Communication which deals with global issues such as trade, labelling, and standardisation in view of the fact that consumers do not operate in a solely European context, the EESC urges the Commission to place greater emphasis on involvement in world issues.

3.9 Enforcement

The most carefully drafted Regulations and Directives are of little practical use unless they are successfully transposed and enforced. We urge the Commission to comply with its commitment to prioritise the effective enforcement of existing regulation and co-operation between enforcement bodies, which should be the first step in improving the current level of cross-border

⁷ OJ C 155 of 29.5.2001.

⁸ See, for example, the OECD guidelines for Consumer Protection in the Context of Electronic Commerce.

consumer protection. The Committee, which deals fully with this subject in its Opinion on the Green Paper on Consumer Protection, emphasises the essential stages of successful enforcement:

3.9.1 the importance of developing research-based systems of data collection and assessment (e.g. on the safety of services, or EHLASS);

3.9.2 the need to develop the "System for the Rapid Exchange of Information" ("RAPEX") so that competent authorities nominated by the Member States can swiftly exchange information and communicate urgent warnings;

3.9.3 the dependence on soundly-structured national enforcement systems staffed by well-trained, competent authorities belonging to a single (rather than multiple) administrative organisation. The Committee is concerned that accession countries may have transposed legislation but may not yet have the infrastructure to enforce it; it notes with interest the active support voluntarily provided by some Member States. Enforcement issues are further covered in the Committee Opinion on the Green Paper on Consumers' Protection;

3.9.4 rapid access to justice for individual consumers. This needs to be simple and speedy but redress in cross-border disputes is neither. The Committee therefore welcomes the Commission's efforts through EEJ-NET and ADR.

3.10 Consultation of consumer organisations

3.10.1 It is important that consumer organisations are consulted in all issues affecting consumers and not just consumer policy. The Commission rightly points out that this has resource implications. People who give up their time to attend advisory committees need prompt payment of expenses. Sponsoring consumer organisations need to be in a position to provide policy, research and administrative support. A model for raising extra funding could be developed, whereby businesses are given the opportunity to donate to a foundation dedicated to funding consumer work.

3.10.2 For its part, the Committee supports the work of its consumer and environment category. Consumer organisations are regularly consulted by the Committee on subjects that concern them, such as the WTO and have been consulted by the Committee on the Future of the Europe Convention.

3.10.3 The Committee would like to see further support for an increase in the role of the Consumers' Consultative Committee and better organisation of other advisory committees so that these can function more effectively on behalf of consumers. Provision must be made for representation of members from accession countries.

3.11 Consumer information and education

The Committee accepts that to date information and education have been largely a matter for individual Member States. However, the provision of consumer information at EU level should be encouraged, for example through projects, and the European dimension duly recognised (see footnote 2). The Committee supports the idea of a common website for EU consumer organisations to provide information and to act as a portal to their own sites.

3.11.1 The Committee recognises the importance of information by an even greater range of methods in a technological society. Great benefits are apparent, accompanied by new and unfamiliar risks. While recognising the role of consumer organisations, as trustworthy providers of information particularly to a "popular" audience, the Committee also appreciates the contribution of industry and its development of user-friendly communications (e.g. in instructions for use, point-of-sale leaflets, issue of warnings and cautions). The Committee has called on industry and consumer organisations together to provide such information with computers on child safety on-line for example. There is room for co-operation like this on improving information to consumers. Given the language barriers to trade in the EU, the Committee welcomes the Commission's current attention to labelling issues.

3.11.2 The Committee considers the Commission's views on consumer education are limited and must be expanded. Consumer education should be integrated into existing EU educational programmes, for example internet safety into the E-learning programme. The limitation shows itself in two ways in the present text: its restriction to knowledge and to an emphasis exclusively on rights.

3.11.2.1 In the first case, knowledge is undoubtedly important – increasing and developing throughout a lifetime, but so are general life skills, as well as those of wise-choosing and decision-making. In the second instance, rights – and a clear understanding and application of them – are essential, but so is the growing acceptance of responsibility, including responsibility towards wider issues such as the environment and sustainable development. In this respect the information programme of DG Environment and DG Development are welcome. The EESC has specifically supported voluntary EU schemes of eco- and fair trade labelling designed to encourage responsible purchasing.

3.11.3 The Committee welcomes the Commission's contribution to the training of consumer professionals, recognising that though training is not education, it provides the practical means of achieving it.

4. Conclusion

4.1 The Committee welcomes the Commission Communication on consumer policy strategy 2002-2006. The EESC supports maximum harmonisation but considers that the protection of consumers must be at the highest level. Speedy implementation of the E-commerce directive is needed to help protect consumers on-line. The Committee supports stronger enforcement of existing

legislation and co-operation between enforcement bodies. It favours integration of consumer policies into other relevant policy areas including education.

Brussels, 26 February 2003.

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of the
European Economic and Social Committee

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