

ROADMAP

Title of the initiative: *Communication on Monitoring the EU Market for Consumer Electrical and Electronic Goods*

Type of initiative (CWP/Catalogue/Comitology): CWP

Lead DG: DG ENTR unit B/2 / DG SANCO unit B/1

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Initial IA screening & planning of further work

A. Context and problem definition

(i) What is the political context of the initiative? (ii) How does this initiative relate to past and possible future initiatives, and to other EU policies?

This Communication will make an important contribution to the EU2020 vision "*To gear the single market to serve the Europe 2020 goals requires well functioning and well-connected markets where competition and consumer access stimulate growth and innovation*" and help fulfil President Barroso's commitment to "*plug the gaps in today's single market and to ensure that the benefits of the internal market get through to the final consumer*". It will also make a significant contribution to deliver on the EU2020 commitment to develop market monitoring within the Single Market. The Communication will be accompanied by a staff working paper providing substantive analytical background material.

The European Council has welcomed the Single Market Review which calls for policymaking and regulation at the EU level to develop a better understanding of market outcomes for consumers in the Internal Market through a development of tools and indicators such as levels of consumer prices of electrical and electronic goods across the Member States.

The Communication would be a part of the Commission Market Monitoring initiative and a complement to the Commission planned strategic CWP 2010 communication on the retail sector. It is very closely linked to other policies on consumer rights, sustainable consumption, competition policy and innovation.

What are the main problems identified?

Although the situation differs slightly for particular categories of goods analysed, there are signs of insufficient integration of the internal market for electrical and electronic goods. Average prices of products vary considerably across the EU with major differences between different products. . Whilst consumers are usually provided with a large variety of products, however they are very often not able to easily compare these products in terms of prices or quality, which would be necessary to let them benefit fully from the market. Moreover the market for electrical and electronic goods offer a range of sustainable products, but consumers may not be able to afford them, or they cannot analyse themselves the cost/benefit relation of purchasing environmentally friendly products.

The usage of e-commerce in this market is different for particular categories and countries, nevertheless there is a potential in the role of Internet as a selling channel as well as a provider of comparison tools for product offers. Significant barriers also exist to cross-border commerce.

Who is affected?

The lack of a vibrant Single Market for consumer electrical and electronic goods, the potential insufficient transparency of consumer goods markets, and the lost potential of e-commerce in the electrical and electronic goods market are problems for all consumers. Whether they shop online or offline, as offline retailer behaviour is affected by the presence of active online competition.

(i) Is EU action justified on grounds of subsidiarity? (ii) Why can the objectives of the proposed action not be achieved sufficiently by Member States (necessity test)? (iii) As a result of this, can objectives be better achieved by action by the Community (test of EU Value Added)?

The Communication concerns the operation of the internal market for consumer goods and will address both Member States and European institutions, as well as market participants. The EU is significantly better placed to carry out monitoring and market studies at EU level to deliver the benefits of comparison between Member States and economies of scale in data gathering (e.g. surveys).

B. Objectives of EU initiative

What are the main policy objectives?

The objective of the Communication is to contribute to a better functioning of the market for electrical and electronic goods, both for SMEs and consumers, i.e. to help consumers make the right purchasing decisions, indicate possible dispersion of prices, support better uptake of sustainable products or back up development of Internet sales.

The Communication will propose policy initiatives to address the challenges producers and consumers face, both with respect to horizontal policies (such as competition, single market or innovation policies) and at a particular market level.

The Communication also aims at further development of a robust evidence-based consumer policy, which has consumers' interests at heart.

Do the objectives imply developing EU policy in new areas or in areas of strategic importance?

No new EU policies are foreseen. However, a combination of different existing policy instruments might be envisaged.

C. Options

(i) What are the policy options? (ii) What legislative or 'soft law' instruments could be considered? (iii) Would any legislative initiatives go beyond routine up-date of existing legislation?

The policy options include continued market monitoring, such as covering of the consumer electrical and electronic goods market in the Consumer Markets Scoreboard analyses, consumer satisfaction surveys or Inter-Service Market Monitoring exercises which would cover this market. Possible policy options would also be efforts to improve market transparency, and to facilitate e-commerce and cross-border trade. The results may also indicate the need for enforcement in the area of competition policy, either at EU or national level.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

Yes: the Communication will cut across numerous EU policies (such as industrial policy, digital agenda, consumer rights policies, energy, climate, transport, competition, and single market and trade policies) as well as horizontal Member State responsibilities.

Explain how the options respect the proportionality principle.

The electrical and electronic goods market represents a major fraction of consumer expenditure, whereas the costs of the study represent a tiny fraction of the consumer electrical and electronic goods market, actual and potential. As the starting point is as little as possible regulatory intervention and leaving the bulk of the work to be done for competitiveness to the market the proportionality principle will be scrupulously respected.

D. Initial assessment of impacts

What are the significant impacts likely to result from each policy option (cf. list of impacts in the Impact Assessment Guidelines pages 32-37), even if these impacts would materialise only after subsequent Commission initiatives?

The main impact would be to provide a detailed understanding of the challenges and problems for enterprises and consumers in the electrical and electronic goods market. Future policy

recommendations could focus on internal market or consumer information initiatives to improve consumer ability to compare prices and quality of products and make informed choices. The outcome should be as well supporting the manufacturing sectors and retailers to provide affordable energy efficient products, so that consumers could be more inclined to follow the sustainable consumption patterns. Thus, the initiative is expected to have positive economic, social and environmental impacts.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?
No

Could the options have significant impacts on (i) simplification, (ii) administrative burden or on (iii) relations with third countries?
The Communication could identify the need for simplification or reduction of the administrative burden in order to facilitate integration of the internal market for electrical and electronic goods and support development of e-commerce in this market.

E. Planning of further impact assessment work

When will the impact assessment work start?
The Communication will identify a work plan for further monitoring and other actions on consumer electrical and electronic goods markets. As such, no IA required. Further individual actions may require IAs.

(i) What information and data are already available? (ii) Will this impact assessment build on already existing impact assessment work or evaluations carried out? (iii) What further information needs to be gathered? (iv) How will this be done (e.g. internally or by an external contractor) and by when?
(v) What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

Very rich statistical material is already available, including a detailed study of the markets for refrigerators and flat screen TVs, which covers, among others, analysis of the supply chains, market structures, dispersion of prices in these markets and consumer satisfaction with functioning of the electrical and electronic goods markets in general. Further analysis of price data for 10 product categories will be provided by an external contractor. Internally, a further analysis of consumer opinion surveys, such as Eurobarometers, will be carried out.

Which stakeholders & experts have been/will be consulted, how and at what stage?
Business stakeholders and NGOs may be involved in the preparation of the Communication.