

ROADMAP

Title of the initiative: **Consumer Markets Scoreboard – Making Markets Work for Consumers**
Type of initiative (CWP/Catalogue/Comitology): CWP
Lead DG/contact person/details: SANCO.B1
Expected date of adoption of the initiative (month/year): October 2010
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Version No: 1

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?

The Single Market Review has recognized that the benefits provided by the Single Market to consumers, such as more choice, higher quality and lower prices, are not always delivered in practice or recognised.

In order to address the needs and concerns of citizens and to assess the effects that EU policies have on them, the European Commission has developed a **Consumer Markets Scoreboard** aimed at putting in place regular monitoring of how the Single Market is working for consumers. The Scoreboard is a central part of the Commission's wider efforts to improve monitoring of the single market.

The Scoreboard will also provide a great source of data which can be incorporated in the development of policy initiatives.

The Scoreboard is essential in delivering the commitment made by President Barroso 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*".

The market monitoring carried out in the Scoreboard will reveal which markets have a high risk of malfunctioning from a consumer perspective. In-depth market studies will follow, to analyse the problems and to propose solutions.

What are the main problems identified?

Many consumer markets suffer from market malfunctioning through non-compliance by traders with consumer laws designed to protect consumers against fraud, misleading or deceptive advertising, unfair commercial practices and contract terms. Extensive non-compliance has a major impact on consumer confidence in the market. High levels of consumer complaints also reveal consumer dissatisfaction with functioning of certain markets. If these concerns are not recorded and recognised at EU level, where policy responsibility rests, EU citizens will lose confidence in the ability of the internal market to respond to their daily concerns.

Information related to many goods and services tends to be complex and difficult to understand by consumers. The difficulty is increased in some markets by the large number of offers and by the lack of comparability which ultimately makes it impossible for consumers to correctly select the best product or provider for their needs.

The rate of switching providers, for many services, tends to be quite low despite the positive role it has on stimulating competition in the market.

A fragmentation of the Internal Market is visible in many sectors and this leads to reduced choice and decreased competition, revealed by a lack of price convergence across the EU and unaccountably high prices in some Member States for some products.

The EU2020 strategy has highlighted that the problem needs to be addressed:

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. "

Who is affected?

European consumers are directly affected by non-compliance with consumer law and the opacity and complexity of information on several goods and services and by their lack of comparability. For example, more than a third of European consumers say that they have difficulties comparing offers from different providers of various financial services. Non-compliance with consumer law gives rise to significant consumer detriment and wider economic harm from the misallocation of resources.

They are also affected by the fragmentation of the internal market. A study has revealed that cross-border e-commerce orders are refused in as many as six out of ten cases. This directly affects the consumers through reduced choice and decreased competition (both in terms of price as well as quality) for on and offline purchases. The barriers which contribute to this situation also affect traders since they will cover a smaller market.

The European businesses are also affected because the fragmentation of the market demands multiple operations which impose additional costs. Innovation and competitiveness are affected since consumers cannot easily opt for innovative products and because they cannot easily reward the most efficient suppliers.

(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)?

This monitoring of the functioning of the Single Market can be done, by definition, only at the European level, which has the responsibility for perfecting the integration of the Single Market.

Efficiencies in data collection are best achieved through procurement processes covering all 27 EU MS. Centralized data collection and analysis is needed to achieve comparability of information which is used to identify and to promote best practices.

B. Objectives of EU initiative

What are the main policy objectives?

The Consumer Markets Scoreboard performs a regular monitoring which identifies if the Internal Market is letting consumers down. The ensuring market studies analyse the problems and propose solutions which address the difficulties faced by European citizens and prove that their concerns are being addressed.

The market monitoring approach also provides supporting data to help understand if existing policies deliver their expected outcomes. This is an invaluable tool for delivering effective policies which achieve their objectives which reducing administrative burden.

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

The in-depth market studies will propose solutions for the markets which fail consumers.

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?

Not applicable.

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

Consumer welfare, by its nature, is determined by many policy areas. However, the Consumer Markets Scoreboard does not create legislative initiatives. It provides the necessary evidence for several policy areas to decide what solution should be implemented to address the problems which appear in the market.

The European Parliament, in its report on Consumer Protection of March 2010, has stressed that:

"following the entry into force of the Lisbon Treaty, Article 12 of the Treaty on the Functioning of the European Union reaffirms – as a provision of general application – that consumer protection requirements should be taken into account in defining and implementing other Union policies and activities; calls on the Commission, therefore, to ensure the effective integration of consumer interests into all EU policies, and to examine in its impact assessments the potential effects of any new legislation and policies directly or indirectly affecting consumers "

Explain how the options respect the proportionality principle

Not applicable.

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?

Not applicable.

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 Scoreboard will gradually build an evidence base which will reveal if the existing policy solutions achieve their targets. In the instances when this is not the case, actions to simplify and to reduce the administrative burden might be considered by the relevant stakeholders.

E. Planning of further impact assessment work

When will the impact assessment work start?

Not applicable.

(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)?

Which stakeholders & experts have been/will be consulted, how and at what stage?