



EUROPEAN COMMISSION - PRESS RELEASE

European Commission proposes an optional Common European Sales Law to boost trade and expand consumer choice

Brussels, 11 October 2011 – Despite the success of the EU's Single Market, barriers to cross-border trade remain. Many of these result from divergent sales laws between the 27 Member States. They make selling abroad complicated and costly, especially for small firms. Traders who are dissuaded from cross-border transactions due to contract law obstacles forgo at least €26 billion in intra-EU trade every year. Meanwhile, 500 million consumers in Europe lose out on greater choice and lower prices because fewer firms make cross-border offers, particularly in smaller national markets.

Today, the European Commission proposed an optional Common European Sales Law to help break down these barriers and give consumers more choice and a high level of protection. It will facilitate trade by offering a single set of rules for cross-border contracts in all 27 EU countries. If traders offer their products on the basis of the Common European Sales law, consumers would have the option of choosing a user-friendly European contract with a high level of protection with just one click of a mouse. The Commission's proposal now needs approval from EU Member States and the European Parliament, which already signalled its overwhelming support in a vote earlier this year ([IP/11/683](#)).

"The optional Common European Sales Law will help kick-start the Single Market, Europe's engine for economic growth. It will provide firms with an easy and cheap way to expand their business to new markets in Europe while giving consumers better deals and a high level of protection," said Vice-President Reding, the EU's Justice Commissioner. *"Instead of setting aside national laws, today the European Commission is taking an innovative approach based on free choice, subsidiarity and competition."*

The Common European Sales Law breaks down barriers and maximises benefits for consumers and businesses.

1. Advantages for Companies:

- Providing **one common (yet optional) regime of contract law that is identical for all 27 Member States** so that traders no longer need to wrestle with the uncertainties that arise from having to deal with multiple national contract systems: According to a Eurobarometer released today, 71% of European companies stated that if able to choose, they would use one single European contract law for all cross-border sales to consumers from other EU countries.
- **Cutting transaction costs** for companies that wish to trade cross-border: Currently, businesses wishing to carry out cross-border transactions must

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adapt to up to 26 different national contract laws, translate them and hire lawyers, costing an average €10,000 for each additional export market.

- **Helping** small and medium-sized companies (SMEs) **to expand into new markets:** currently only 9.3% of all EU companies sell across EU borders and thereby forego at least €26 billion per year.

2. Advantages for Consumers:

- Providing the **same high level of consumer protection** in all Member States: Consumers will be able to rely on the Common European Sales Law as a mark of quality. For example, it offers consumers a free choice of remedies in case they buy a defective product – even several months after a purchase. This means that consumers could terminate the contract, ask for a replacement or repair or a price reduction. Today, such a free choice of remedy only exists in **five** EU countries (France, Greece, Lithuania, Luxembourg, Portugal).
- Providing a wider **choice of products at lower prices:** Currently, consumers who proactively search for better deals across the EU, in particular online, are often refused sale or delivery by the trader. At least 3 million consumers experienced this over a one year period.
- **Providing certainty about their rights** in cross-border transactions: 44% of consumers say that uncertainty about their rights discourages them from buying from other EU countries.
- **Increasing transparency and consumers' confidence:** consumers will always be clearly informed, and will have to agree to use a contract based on the Common European Sales Law. In addition, an information notice will clearly lay out the consumers' rights in their language.

The Common European Sales Law will be applicable:

- only if **both parties voluntarily and expressly agree** to it;
- to **cross-border contracts** where most of the problems of additional transaction costs and legal complexity arise; Member States will have the choice to make the Common European Sales Law applicable to **domestic contracts** as well
- to **contracts for the sale of goods** – the bulk of intra-EU trade – as well as **digital content** contracts, such as music, movies, software or smart-phone applications
- for both **business-to-consumer and business-to-business** transactions
- if **one party is established in a Member State of the EU**. Traders could use the same set of contract terms when dealing with other traders from within and from outside the EU, giving the Common European Sales Law an international dimension.

Background

Contracts are essential for running businesses and making sales to consumers. They formalise an agreement between parties and can cover a broad range of matters, including the sale of goods and associated services such as repairs and maintenance.

Companies use a wide variety of contracts that are governed by different national contract laws when operating in Europe's Single Market. The 27 different sets of national rules can lead to additional transaction costs, a lack of legal certainty for businesses and a lack of consumer confidence. These can act as a deterrent for

both consumers and businesses to shopping and trading across EU borders. Small and medium-sized companies are particularly affected by higher transaction costs.

This contrasts with the United States' internal market, where a trader in Maryland can easily sell his products to a consumer in Alaska.

Under the [Europe 2020](#) strategy ([IP/10/225](#)), the Commission is tackling bottlenecks in the Single Market to drive economic recovery. This includes making progress towards a European contract law.

In July 2010, the Commission put forward several options in a [Green Paper](#) for a more coherent approach to contract law. The Commission then held a public consultation that ran until 31 January 2011 and resulted in [320 responses](#) ([MEMO/11/55](#)).

On 3 May 2011, an expert group established by the Commission delivered a feasibility study on a future initiative on European contract law ([IP/11/523](#)). The Commission consulted stakeholders and citizens during the feasibility study and received 120 responses.

On 8 June 2011, the European Parliament backed an optional European contract law in a plenary vote on an own-initiative report by MEP Diana Wallis ([MEMO/11/236](#)).

For more information

[MEMO/11/680](#)

Press pack

http://ec.europa.eu/justice/newsroom/news/20111011_en.htm

European Commission – Common European Sales Law website:

http://ec.europa.eu/justice/policies/consumer/policies_consumer_intro_en.htm

Homepage of Vice-President Viviane Reding, EU Justice Commissioner:

http://ec.europa.eu/commission_2010-2014/reding/index_en.htm