

SPEAKING POINT
COMMISSIONER KUNEVA AT IMCO
8 MAY 2007

Madam Chairman, Honourable Members,

As you know the Framework Agreement on relations between the European Parliament and the Commission foresees that a debate on political priorities for the year to come should be organised between Members of the Commission and the parliamentary Committee. I am glad to have the opportunity to take stock and set out the work planned for the rest of this year.

Consumer policy strategy

- I have already presented the Strategy to you in the Plenary. Today, I will just briefly recall the main objectives.
- The Commission's vision is to demonstrate by 2013 to all EU citizens that they can shop from anywhere in the EU with confidence and equal protection, and to all retailers that they can sell anywhere on the basis of a single, simple set of rules.
- Consumers should be empowered, effectively protected and their welfare enhanced.
- The Strategy foresees 20 legislative and non-legislative initiatives to boost the retail side of the Single Market by 2013, in particular cross-border, and to ensure consumer confidence right across the EU.
- E-commerce, which has revolutionised the potential of the internal market for consumers, acts as a driver in this respect.
- Moreover, with the take-up of digital TV, distance selling through this medium plays a potentially significant role.
- The new Consumer Financial Programme will of course be fundamental to the successful implementation of the Strategy.

Today you will vote on the Roithova report on consumer confidence in the digital environment. I consider this issue one of the main priorities for the year to come and I hope we will be able to work jointly in this field, and be able, for a start, to organise a joint event Parliament – Commission in the following months.

Review of the acquis / Green Paper

- The ongoing review of the Consumer *acquis* is the legal cornerstone of the new Strategy.
- We seek to identify how best to provide consumers and businesses with clear and coherent rules for all aspects of retail sales – and to provide operators with incentives to venture beyond national borders.
- Harmonised rules in targeted areas are central to an integrated market. A simple clear set of rules will help consumers as well as SMEs and enforcers.
- A well-functioning Internal Market, underpinned by consumer confidence, is crucial.
- Providing the same consumer rights throughout the EU will promote such

confidence. One single retail market (rather than 27 mini markets) will in turn provide growth and jobs in the EU.

The contribution of the Parliament as co-legislator to the consultation is of course crucial. I am grateful to Madame Patrie and to your Committee for having organised the important hearing and decided to engage in this open debate with academics and stakeholders, in order to form an informed opinion.

As I have already told Madame Patrie, the Commission will wait for the vote of this report in September I plenary session, before presenting the conclusions of the consultation.

- We will carefully analyse the results of the consultation and publish a summary in October.
- On the basis of those results, we will then reflect on a possible legislative follow-up. To that end, I will launch impact assessment work in 2007 with a view to a proposal in 2008.

Revision of the Timeshare Directive

- Within the consumer acquis, there is one particular area that has caused major consumer problems – timeshare and other similar holiday products.
- New products, such as holiday clubs, which have emerged since the adoption of the Directive in 1994, are not covered by the Directive. Neither are the issues of resale and exchange of timeshare.
- Following wide and extensive consultation last year and valuable input from the EP, the conclusion is very clear – we need to ensure consumers’ essential rights such as relevant information, fair contract clauses, a cooling off period and a ban on deposits.
- This can only be achieved by bringing those new products within the scope of the Directive, and by updating the existing rules.
- Ensuring consumer rights equally for all products in this sector will benefit consumers and the reputable part of the industry.
- I intend to submit a proposal for a revised Directive early next month.

I am equally looking forward to the hearing you will organise at the end of June on this subject.

Unfair commercial practices (UCP)

- The Directive on unfair commercial practices has to be transposed by June and will enter into force in December 2007.
- The Commission has made considerable efforts to facilitate transposition and to make sure that Member States focus on the new concepts of unfair commercial practices and on their uniform implementation across the EU.

Product and service safety

- The European Rapid alert system for non-food consumer products – RAPEX – is an excellent example of European value added and solidarity.
- The Commission presented the latest RAPEX Annual Report a few weeks ago with concrete examples of dangerous products banned from the market.

- I would emphasise the complementary roles of market surveillance and customs authorities. Customs control is crucial since an ever-increasing proportion of consumer products are manufactured outside Europe.
- Efficient cooperation between market surveillance and customs authorities to stop dangerous goods from reaching the consumer is paramount and can be boosted further.
- I have planned to invite later this year Chinese authorities and other important players, with a view to improving the safety aspects of consumer goods imported to the EU from China.
- This concerns in particular toys and other children's articles. I will make it clear that we do not accept compromises when safety of consumers, and in particular of vulnerable individuals such as children, is at stake.
- I also aim to improve the knowledge base regarding safety of consumer services, so that European policy making is based on hard facts and real needs.
- Finally, the need to maintain the integrity of the General Product Safety Directive and of the RAPEX system is reflected in the framework of the Commission's proposal on the review of the so-called "New Approach" tabled on 14 February.
- I sincerely hope you will support this when examining the proposal.

Distance Marketing of Financial Services

- We are examining whether the Directive on Distance Marketing of Financial Services has succeeded in its aims of ensuring a smooth functioning of the internal market, a high degree of consumer protection, and enhancing consumer confidence.
- In 2008 I intend to put forward a Report to the Parliament and the Council which will analyse the difficulties faced by consumers and suppliers.
- If and where appropriate, I will submit proposals to amend the Directive. However, at this stage, I await the outcome of the legal and economic analysis.

Consumer Credit Directive (CCD)

- The proposal on Consumer Credit has two main objectives: to ensure a high degree of consumer protection and confidence throughout the EU; and to establish the conditions for a genuine internal market in consumer credit.
- We continue to make all possible efforts to safeguard these objectives and reach a compromise in the Council this month, under the German Presidency.
- There are five essential modules of this Directive – pre-contractual information; contractual information; Annual Percentage Rate (APR); the right of withdrawal; and the right of early repayment. These modules should be fully harmonised as they are essential both for consumer protection and for the internal market.
- I am confident we can resolve the outstanding problems to ensure a better, safer and more competitive credit market for European consumers.
- The study commissioned by your Committee mentions that the Directive will not lower all the barriers to cross-border trade, such as language or distance.
- The Directive will play a catalytic role and trigger more demand. It will not on its own achieve completely the internal market.
- The Commission sees this proposal for a Directive as an important first step towards the achievement of an internal market in retail financial services.
- Let me take the Annual Percentage Rate – APR – as an example. The APR will provide consumer all over Europe with one figure which allows them to find out

what is the cheapest credit on offer. This is an absolutely necessary precondition for consumers to have a meaningful basis for exploring what is on offer, across the EU. Without it, we can hardly talk about a pan-European citizens' market for consumer credit.

Collective Redress

- I want to ensure that EU consumers can enforce their rights and enjoy effective redress when something goes wrong.
- As part of the overarching aim of ensuring effective redress, I will assess the role of collective redress. In particular, I will look into whether it could be a means of addressing the situation where consumers who have small or scattered claims, refrain from bringing an individual action because the cost would exceed the amount of damages claimed.
- . As you know, action to address this problem has been taken in some Member States.
- At this stage however, we have insufficient information to suggest a policy initiative in relation to collective redress.
- We will therefore examine whether consumer detriment appears in Member States which do not have collective redress mechanisms, and whether there are internal market obstacles or distortions of competition because of different national rules. We will also evaluate the effectiveness and efficiency of existing national measures.
- In June I will launch a six-month reflection and discussion on collective redress.
- In November, the Portuguese Council Presidency will organise a Conference on redress in Lisbon where we will be able to take stock of progress and announce future developments.

Enforcement, information and advice

- One of my first actions this year was to launch, in February, the network on Consumer Protection Enforcement Cooperation.
- Consumers cannot fully enjoy the benefits of the Internal Market unless there are strong and effective systems in place to resolve problems when things go wrong.
- This network is instrumental, indeed essential, in combating dishonest practices from traders hiding behind national borders when harming consumers in other Member States.
- Our first priority this year is to further improve and reinforce the current network to ensure that consumer law is enforced in an effective manner across the EU.

European Consumer Centres

- Regarding the European Consumer Centres, my arrival as Commissioner coincided with the launching of the new case handling IT Tool which helps members of the Network to work together and also to gather harmonised data on queries and complaints.
- We are in contact with the authorities of both Bulgaria and Romania in order to open Consumer Centres in those countries before the end of this year.

Scoreboard

- I believe in a consumer policy that delivers to consumers. It is not enough to produce legislative initiatives and profess the work to be done. We need to make sure that our instruments work and produce real benefits to the end users.

- For this I will promote, **as the European Parliament also asked me to do**, the SCOREBOARD.
- I have to make my mind and decide which shape this scoreboard will have. It will contain the collection of data on the actual outcome of our policies.
- We will establish a monitoring system that will indicate how well the markets are performing. We will extend this monitoring to those markets that are particularly sensitive to consumers such as the services of general interest, the retail financial sector and the internet.
- We will promote national and EU data collection capabilities and monitor the complaints that come from consumers. We will also follow the performance of the different redress mechanisms to solve cases of violations.
- In summary, we will gather evidence on the actual effectiveness of markets, institutions and legislation to provide consumers with the best marketplace possible.

Conclusion

- Consumer policy has a major role to play in the effort to bring the EU close to EU citizens, since it uniquely addresses issues faced by all EU citizens every day of their lives. This gives us a particular responsibility and stimulation to do more and to do better.
- Consumer policy should provide the same rights and opportunities to all EU citizens. I will be paying close attention, in particular, to the new Member State dimension of all these policies.
- Finally I would like to highlight two ongoing issues where the consumer dimension should be prominent.
- First, the forthcoming Single Market Review should build on the report to the Spring European Council and identify consumer proposals, and also improvements to governance, through market monitoring and consultation, to ensure that the consumer interest is being properly taken into account.
- Second, following the recent extension of the mandate of the Group of Commissioners for Competitiveness issues, it will now cover Consumer affairs. At our meeting of 5 July, we will discuss the contribution of consumer policy to competitiveness.
- I know that the EP has always stressed the need for better integration of consumer interests – I hope this new group will invigorate this process.