

**Committee of the Regions****NAT-V-017****95th plenary session, 3 and 4 May 2012****OPINION
of the
Committee of the Regions****2014-2020 CONSUMER PROGRAMME****THE COMMITTEE OF THE REGIONS**

- supports the objective of stronger, more fully developed consumer protection within the EU as a necessary condition for the functioning of the single market;
- feels that given the risks associated with globalisation of production chains, authorities need to cooperate more effectively to deny dangerous products access to the internal market, and take the requisite measures should any such products appear on the market;
- feels that the Commission's proposed budget of EUR 197 million for the 2014-2020 Consumer Programme, which does not even amount to five cents per EU consumer, is insufficient;
- emphasises that local authorities should have a key role to play here, as they are closest to citizens. Given the low current budget and therefore the limited options available, closer attention has to be paid to regional cooperation. The Commission should also be more actively involved so that it can participate in the development of a network facilitating the exchange of experience between local organisations;
- agrees that it is also important to highlight the logistical aspects of the role of education in raising consumer awareness, taking into consideration the division of powers at EU level. Curricula in different school systems are very diverse, both in terms of content and method. Harmonised educational materials on consumer protection can be prepared and recommended, with content tailored to the educational level;
- feels it is vital to emphasise support for consumer organisations;
- is concerned that despite the European Commission's announcement in the 2007-2013 programme of its intention to work on a collective redress mechanism to be used by consumers in the event of an infringement of consumer protection legislation, no legislative proposals are as yet forthcoming.

Rapporteur

Mr István Sértő-Radics (HU/ALDE), Mayor of Uszka

Reference document

Proposal for a Regulation of the European Parliament and of the Council on a consumer programme
2014-2020
COM(2011) 707 final

I. GENERAL COMMENTS

THE COMMITTEE OF THE REGIONS

1. supports the political objective of completing the internal market and ensuring that the internal market operates more effectively for consumers and businesses, particularly SMEs, which constitute the overwhelming majority of European businesses (over 90%); also upholds the objective of stronger, more fully developed consumer protection within the EU as a necessary condition for the functioning of the single market;
2. therefore welcomes this proposal putting EU citizens, as well-informed consumers, at the heart of the internal market. The Committee feels this will enable EU citizens to take full advantage of the potential offered by the internal market. The main objective of the programme is to safeguard ordinary Europeans and their economic interests. EU consumer policy supports and complements national policies. Leveraging the vast economic force of consumer expenditure (which represents 56% of EU GDP) will make an important contribution to meeting the EU objective of reigniting growth;
3. emphasises the need for continuity between the current and future programmes, in line with the mid-term evaluation of the 2007-2013 Strategy and Programme, which emphasises that the policy is relatively new at EU level, and that in order for it to work continuity is vital;
4. feels that the Commission's proposed budget of EUR 197 million for the 2014-2020 Consumer Programme, which does not even amount to five cents per EU consumer, is insufficient;
5. notes that all Member States must be guaranteed sufficient flexibility to protect their specific national characteristics in publicly operated and funded activities in fields such as healthcare, medicine and education;

II. SPECIFIC COMMENTS

Safety

6. feels that in view of differences between Member States in terms of implementing product safety legislation, the presence of dangerous products on the internal market, and risks associated with globalisation of production chains, authorities need to cooperate more effectively to deny dangerous products access to the internal market, and take the requisite measures should any such products appear on the market;

7. feels that market monitoring mechanisms such as RAPEX are effective in drawing attention to the list of dangerous products, but that the effectiveness of Member State action to withdraw such products from the market varies. Operation and maintenance of the RAPEX network, the CPC network of enforcement authorities, and the cosmetics database should be supported financially. At the same time, different surveillance systems must be harmonised at EU level, as progress in this area is still lacking;
8. is disappointed that due to safety issues, cross-border trade is still less than it should be. In 2010 trust in cross-border transactions - i.e. the percentage of consumers who trust online purchases from vendors in other Member States - was 37%. In the current economic situation it is particularly important to tap into the full potential of the single market. For this to happen, we need to increase this figure to 50% over the next seven years;
9. feels that EU measures and cooperation within the General Product Safety Directive network could be more effective than a series of separate of national measures, given that they can provide access to information from third countries such as China, as well as preventing disparities in the internal market; in view of this, would like to emphasise the importance of involving third countries in European market monitoring mechanisms. Given that most dangerous and poor-quality products originate from third countries, cooperation with the relevant authorities in these countries is vital in order to ensure prevention;

Information and education

10. also points out that comparable data can only be collected and analysed at EU level; such data could be used to enable a comprehensive analysis of how the internal market works, and to establish benchmarks. Data must be sufficiently reliable and representative to ensure that they can be used not only at EU level but also at national level. Policy-linked behavioural research and relevant tests could be used as practical tools to develop smarter regulation;
11. feels it is vital to emphasise support for consumer organisations given that only these organisations are capable of ensuring strong and uniform representation of consumers at EU level and providing harmonised consumer data to be used in EU decision-making, by the EU institutions and in EU-level dialogue;
12. agrees that it is also important to highlight the logistical aspects of the role of education in raising consumer awareness, taking into consideration the division of powers at EU level. Curricula in different school systems are very diverse, both in terms of content and method. Harmonised educational materials on consumer protection can be prepared and recommended, with content tailored to the educational level. Stepping up consumer education at European level would help to overcome the above-mentioned inconsistency; also considers it important that consumer education be incorporated into the curricula of all school systems and adapted to the relevant educational levels. According to the EU's division of powers, the Member States are responsible for this domain. EU-wide recognition of the importance of

consumer education would also help ensure that adequate time was devoted to this matter in the classroom;

13. at the same time, feels it is very important to ensure continuous training for the staff of consumer organisations, given that such organisations are best placed to act most effectively in terms of informing consumers, especially in the case of complex contracts signed with service providers. It would be very difficult to centralise such tasks at European level; they could however be allocated at EU level to local and regional organisations, which would then be responsible for implementation, taking into account local legislation;
14. also feels that the importance of training employees responsible for applying consumer protection legislation both in local authorities and government departments must be kept in mind. To this end, it would make sense to put in place a framework for cooperation between national authorities on the application of standards and risk assessment, by supporting training at EU level;

Rights and redress

15. is disappointed that, although the tasks arising from this objective are practically identical for all authorities involved in consumer protection, these tasks are often performed separately and in parallel by different types of organisation (civil society organisations, state and municipal bodies, clearing houses) at both EU and national level, with limited effectiveness;
16. feels that problems here are closely linked to the processing of consumer complaints, given that most cases referred to consumer protection organisations are in the form of complaints. Given that it has not been possible to improve efficiency in this area, consumer dissatisfaction is continuing to grow;
17. points out that only 8% of the programme's budget is to be used to develop new legislation;
18. feels it is important to look at constraints which are inherent to legislation. Paradoxically, inclusion of consumer contracts in national legislation has made it much less easy for the authorities to handle complaints regarding deficient quality. Consumer protection authorities do not have a remit to act here, and it is therefore the relevant court which becomes the first review body;
19. is concerned that despite the European Commission's announcement in the 2007-2013 programme of its intention to work on a collective redress mechanism to be used by consumers in the event of an infringement of consumer protection legislation, no legislative proposals are as yet forthcoming;
20. in view of this would like to point out that there are national collective redress mechanisms in 14 Member States making it simple for plaintiffs to obtain collective damages, for example in

the case of cancelled flights, products with manufacturing faults, and irresponsible financial advice. We feel it is essential to extend this effective mechanism to other EU countries and to cross-border legal disputes. The unclaimed damages arising from anti-competitive behaviour in violation of EU law alone are estimated at around EUR 20 billion a year. Opt-out class actions along the lines of those in the USA are to be rejected. Consumers should have to actively decide whether or not to have their individual rights enforced by going to court ("opt-in");

21. stresses that the Commission's proposals are to be confined to framework legislation. Like Directive 98/27/EC on injunctions for the protection of consumers' interests, these should at most contain requirements regarding national minimum standards to be complied with and, apart from that, leave it up to the Member States to decide on the details of how collective redress mechanisms can be transposed, with due regard for respective national legal traditions. Insofar as the EU is claiming competence for further collective redress mechanisms, these should be adapted to the respective Member States' laws and legal redress systems;
22. at the same time, feels it is essential to set up an online dispute resolution interface. Of course, such a system can only effectively serve consumers if it is user-friendly and accessible in all EU languages. The advantage of such an online system would be that it could be used irrespective of legislative and enforcement differences between Member States;
23. emphasises that international accessibility of alternative forums and the implementation of online solutions are unavoidable necessities; however, it is also important to look at ways of making the decisions of such forums more acceptable to the parties. With different organisations responsible for individual countries, it would also make sense to allow consumers to choose the organisation giving them the most rights;
24. feels that non-governmental consumer protection organisations should be given special support for their role in providing legal representation and consumer advice. If consumers could join EU-supported non-governmental consumer organisations with EU responsibilities, this would considerably boost the numbers and confidence of consumers belonging to them. Companies would be more inclined to comply with rulings if legal representation was provided at this early stage, thus anticipating the likely outcome of possible legal proceedings;

Implementation

25. emphasises that the regulation on Consumer Protection Cooperation must provide for joint projects, joint enforcement actions, and the exchange of enforcement officials. In this respect, a useful approach could be joint action involving several Member States (co-financed by the programme and Member States), such as "sweeps";

26. in view of this, feels it is important to point out that cross-border complaints can only be dealt with effectively through cooperation. Initiatives on the processing of complaints, for example establishing a joint database at EU level, are of great importance; however, as in the case of other major EU systems (RAPEX), practical usability must be enhanced to enable better use of such cooperation;
27. feels that the European Consumer Centres' network, funded by the European Commission and the Member States, is particularly necessary and useful. This is a European network to support and educate consumers, used by them to obtain redress in the case of problems with a cross-border purchase from an operator in another EU country;
28. regrets that European Consumer Centres are often still insufficiently integrated with the authorities dealing with the resolution of complaints and disputes, given that they do not have specific powers to award compensation. As the authorities lack legal instruments to act effectively, and in view of the consequent failure to comply with EU legislative principles, we are likely to see growing dissatisfaction;

III. POLICY RECOMMENDATIONS

29. emphasises that local authorities should have a key role to play here, as they are closest to citizens. Given the low current budget and therefore the limited options available, closer attention has to be paid to regional cooperation. The Commission should also be more actively involved so that it can participate in the development of a network facilitating the exchange of experience between local organisations;
30. points out that consumer interests must be protected at both local and national level. In the interests of cost efficiency, it would be worth organising consumer protection courses at local and regional level. However, the processing of consumer complaints should be based on a gradual approach. At a time of economic crisis, consumer activism is more important than ever;
31. feels that regional organisations should join European networks to ensure eligibility for Commission funding. This would enable consumers to choose the geographically closest organisation to take their problems to. Activity planning through local organisations would be much more efficient;
32. feels that support for university centres engaged in consumer protection research could strengthen regional competences in this field. Such centres could establish a scientific basis for local and regional authority action, enabling them to effectively implement regional consumer protection policy.

IV. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Article 5(1) a)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
they are non-governmental, non-profit-making, independent of industry, commercial and business or other conflicting interests, and have as their primary objectives and activities the promotion and protection of the health, safety, economic and legal interests of consumers in the Union;	they are non-governmental, non-profit-making, independent of industry, commercial and business or other conflicting interests, and have as their primary objectives and activities the promotion and protection of the health, safety, economic, <u>social</u> and legal interests of consumers in the Union;

Amendment 2

Article 5(2) a)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
they are non-governmental, non-profit-making, independent of business or other conflicting interests, and have as their primary objectives and activities the promotion and protection of the health, safety, economic and legal interests of consumers;	they are non-governmental, non-profit-making, independent of business or other conflicting interests, and have as their primary objectives and activities the promotion and protection of the health, safety, economic, <u>social</u> and legal interests of consumers;

Amendment 3

Article 5(2) b)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
they carry out all of the following activities: provide for a formal mechanism for consumer representatives from the Union and third countries to contribute to political discussions and policies, organise meetings with policy officials and regulators to promote and advocate consumer interests with public authorities, identify common consumers issues and challenges, promote consumer views in the context of bilateral relations between the Union and third countries, contribute to the exchange and dissemination of expertise and knowledge on consumer issues in the Union and third countries, and produce policy recommendations.	they carry out all of the following activities: provide for a formal mechanism for consumer representatives from the Union and third countries to contribute to political discussions and policies, organise meetings with policy officials and regulators to promote and advocate consumer interests with public authorities <u>at national, regional and local level</u> , identify common consumers issues and challenges, promote consumer views in the context of bilateral relations between the Union and third countries, contribute to the exchange and dissemination of expertise and knowledge on consumer issues in the Union and third countries, and produce policy recommendations.

Reason

Eligibility should be extended to activities at local and regional authority level so they can organise meetings with consumer protection officials.

Amendment 4

Article 5(7)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
Grants for action may be awarded to a public body or a non-profit-making body selected through a transparent procedure and designated by a Member State or a third country referred to in Article 7 of this Regulation. The designated body shall be part of a Union network which provides information and assistance to consumers to help them exercise their rights and obtain access to appropriate dispute resolution (the European Consumer Centres Network).	Grants for action may be awarded to a public body <u>- at national, regional or local level -</u> or a non-profit-making body selected through a transparent procedure and designated by a Member State or a third country referred to in Article 7 of this Regulation. The designated body shall be part of a Union network which provides information and assistance to consumers to help them exercise their rights and obtain access to appropriate dispute resolution (the European Consumer Centres Network).

Reason

Public bodies at local and regional authority level should also be eligible for support.

Brussels, 4 May 2012.

The President
of the Committee of the Regions

Mercedes Bresso

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

V. PROCEDURE

Title	Proposal for a Regulation of the European Parliament and of the Council on a consumer programme 2014-2020
Reference(s)	COM(2011) 707 final
Legal basis	Article 307(1)
Procedural basis	Optional referral
Date of Council referral	14 December 2011
Date of President's decision	13 December 2011
Commission responsible	Commission for Natural Resources
Rapporteur	Mr István Sértő-Radics (ALDE/HU), mayor of Uszka
Analysis	February 2012
Discussed in commission	26 March 2012
Date adopted by commission	26 March 2012
Result of the vote in commission	Majority
Date adopted in plenary	4 May 2012
Previous Committee opinions	