



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 01.12.1998  
COM(1998) 696 final

COMMUNICATION FROM THE COMMISSION

**CONSUMER POLICY ACTION PLAN 1999-2001**

## CONSUMER POLICY ACTION PLAN 1999-2001

1.	CONSUMER POLICY IN A CHANGING WORLD .....	1
2.	THE CONSUMER POLICY ACTION PLAN .....	6
3.	'A MORE POWERFUL VOICE FOR THE CONSUMER THROUGHOUT THE EU' .....	8
3.1.	More effective consumer associations.....	8
3.2.	Effective dialogue between consumers and business .....	9
3.3.	Euroguichets - serving EU consumers better .....	10
3.4.	Better information and education for consumers .....	10
4.	'A HIGH LEVEL OF HEALTH AND SAFETY FOR EU CONSUMERS' .....	11
4.1.	Science-based policy making .....	11
4.2.	Safer products.....	13
4.3.	Safer services.....	13
4.4.	Better enforcement, monitoring and response to emergencies.....	14
5.	'FULL RESPECT FOR THE ECONOMIC INTERESTS OF EU CONSUMERS.' .....	15
5.1.	Financial services and a single currency for consumers.....	15
5.2.	A more up-to-date regulatory framework.....	16
5.3.	Better enforcement and monitoring.....	17
5.4.	Better integration of consumer economic interests in other EU policies. ....	18

ANNEX I: OTHER ONGOING AND COMPLEMENTARY ACTIONS

ANNEX II: FINANCIAL STATEMENT

## 1. CONSUMER POLICY IN A CHANGING WORLD

The next three years will see consumer policy coming of age as consumer interests, together with other issues that directly affect ordinary citizens, become increasingly important. The importance of the inter-linkages and overlaps between consumer policy and other policies is set to grow. This coming of age is driven by the political and economic currents running through the EU. It will bring a new influence for consumer policy that will have to be matched by a new maturity on the part of consumers and their representatives. If consumers are to play their role fully as equal stakeholders in society, they need to understand the inter-linkages between their interests and those of others. Their awareness of their rights as stakeholders also demands a greater recognition of their responsibilities to the environment and society at large.

The political currents driving the growth of consumer policy are part of a wider political trend for policies that deliver effective solutions to the problems faced by the general public. Ordinary citizens' interests as consumers have become a more important benchmark in identifying policy solutions. Understanding consumer interests and their interrelationship with other policies has become an essential component in policymaking.

Economic developments are also behind the rise of consumer policy. The twin forces of the globalisation of markets and the wide dissemination of new communication and information processing technologies have set in train significant economic and social changes. They have revolutionised the way markets serve consumers. At the same time, these changes have transformed consumer expectations. Consumer policy has to adapt to these new developments. EMU will only accelerate this process and will highlight the remaining obstacles to an internal market that satisfies consumers.

Changes in markets and expectations can be seen in products, services and in marketing. Many of the developments have been beneficial, expanding choice to an unprecedented degree. The EU's policies on competition, the Internal Market and EMU have played their part in bringing these benefits to consumers. This has contributed to the steady rise in consumer expectations but has also brought about new challenges.

The globalisation of markets and technological developments have had a profound effect on products. There has been an explosion in the number and complexity of products available. Where once products were mass-produced for consumers, they are becoming increasingly specialised to individual needs. In addition, it is increasingly likely that these products are not produced within the Member State of the consumer or even the EU. According to World Trade Organisation (WTO) figures, world trade has grown three times as fast as world output since 1950. Globalisation means products may have been through several production stages, each in a different country.

Science and technology have permitted the development and mass dissemination of new products that were simply unavailable to all but a very few in the past, ranging from foodstuffs to consumer durables. Innovation has also introduced ever more complex production processes and inputs, the long-term effects of which (on, for example, health and safety) cannot be foreseen with certainty. The rapid dissemination of new production techniques also means that the pace of innovation is even faster. For example the development cycle for a new car is now less than 3 years.

These developments will affect consumer policy in a number of ways. The enforcement, risk assessment and legislative capacity of public authorities will come under increasing pressure.

Greater coordination and cooperation between public authorities as well as more flexible and responsive approaches to regulation, will be required (see actions proposed under sections 4.2, 4.4, 5.2 and 5.3). The increasing complexity of products will require a more coherent and objective approach to policy making, based on independent scientific assessment, if a high level of consumer health and safety is to be assured (see 4.1). Overall, purely national or even EU responses will no longer be sufficient (see 4.1 and 5.4).

Changes in the nature of markets and consumer expectations have also had a profound effect on services. To begin with, the economic importance of services to consumers has grown as the EU economy has become more service-oriented. According to Eurostat, services accounted for 51.7% of EU GNP and 65% of employment in 1996. They also account for a greater part of household budgets than ever before<sup>1</sup>. Furthermore, as consumers are increasingly encouraged to supplement state pensions and healthcare with private provision, more ordinary consumers are making use of complex financial services<sup>2</sup>. Today, a far greater proportion of ordinary consumers' assets and liabilities are held in complex financial services than in simple property<sup>3</sup>. In spite of these changes, service markets have yet to open up. The share of services in world trade has been sluggish<sup>4</sup>.

For consumers, services inherently present different problems than do products. They tend to be more specialised and tailored to the individual, making comparisons between substitutes harder for consumers and, therefore, competitive pressures less intense. Traditional distinctions between services and products are also becoming less clear, as product sales incorporate a strong service element. According to OECD estimates, 10% of companies operating costs are customer and after sales service.

A further consideration is the liberalisation in the provision of services of general interest namely telecommunications, postal services, transport, energy, water and broadcasting. These services not only represent an important and growing part of consumer budgets<sup>5</sup>, their

---

<sup>1</sup> For example, in all the Member States for which comparable figures exist services have grown as a percentage of household budgets from the 1980's to 1990's. B: 48.5% (1988) to 53.3% (1994), DK: 37.4% (1983) to 43.3% (1995), EL: 29.8% (1983) to 35.8% (1994), E: 35.9% (1988) to 42.3% (1994), F: 38.5% (1983) to 47.7% (1995), I: 32.5% (1983) to 41.1% (1995), L: 40.1% (1988) to 44.7% (1994), NL: 43.9% (1985) to 50.6% (1995), A: 44.4% (1983) to 52.7% (1995), P: 31.6% (1986) to 36% (1993), FIN: 35.8% (1983) to 46.1% (1995), S: 36.2% (1983) to 45.7% (1995), UK: 37.2% (1983) to 44.8% (1994) Source: OECD National Accounts 1983-1995 Volume 2, except for figures for B, E and L (Eurostat Household Budget Surveys).

<sup>2</sup> For example, gross residential mortgage lending in thirteen Member States (Sweden and Austria unavailable) grew by nearly 50% in real terms from 1986 to 1996. Source: HYPOSTAT 1986-1996, Study prepared by the Statistical Working Party of the European Mortgage Federation, December 1997.

<sup>3</sup> In D household financial assets grew from 121% of GDP in 1985 to 135% in 1995, in EL from 101% (1985) to 133% (1995), in E from 115% (1985) to 127% (1995), in F from 115% (1985) to 171% (1995), in I from 171% (1990) to 186% (1995), in NL from 190% (1985) to 205% (1995), in P from 72% (1990) to 94% (1995), in UK from 182% (1985) to 250% (1995). Source: Federation of European Stock Exchanges 'Household Financial Assets in Europe' September 1997.

<sup>4</sup> Over the period 1980-89, services represented 19.8% of world exports. Over the period 1990-99 this is predicted to barely rise, to 20.3%. Source: IMF World Economic Outlook 1998.

<sup>5</sup> For example, in five of the six Member States for which comparable figures exist for 1988 and 1994, consumption of water, gas, electricity, postal and telecommunications services has grown as a percentage of household budgets. EL 3.8% to 4%, E 3.7% to 4.6%, I 4.7% to 5.9%, L 2.7% to 3.9% and NL 5% to 5.9%. In B consumption of these services was broadly static in financial terms (5.88% to 5.79%) Source: Eurostat Household Budget Surveys.

inherent nature singles them out for special attention. While liberalisation of these services clearly has the potential to deliver important benefits for consumers, it may not be sufficient to safeguard their interests in practice. Supplementary measures may be needed if consumers are to reap their fair share of the benefits of liberalisation (see 5.4).

The growing complexity of services will also have substantial implications for consumer policy. Further action is needed to address the fact that non-specialist and potentially vulnerable consumers are buying increasingly complex financial services (see 5.1).

Technological changes are revolutionising marketing and selling methods. This will have a significant impact on the marketing and selling of services. Travel, entertainment and financial services will increasingly be sold at a distance via mail, telephone or through the new media. The scale possibilities of information technology and the Internet open up important areas for development. For example the technology encourages more one-to-one marketing rather than mass advertising. The role of intermediaries will change dramatically as business seeks to get closer to consumers to find a competitive edge. The distinctions between companies will also become more blurred as companies find new ways to work together. These developments challenge the structure and enforcement of existing legislation based on a clear delineation of responsibilities with a role of intermediaries.

Information technology, of course, has the potential to bring enormous benefits to consumers. It can provide consumers with the data they want. However, it brings the risk of information overload and a reduction in transparency. The expansion of choice is meaningless if consumers are unable to make sense of it.

Of all the developments in the so-called "Information Society", electronic commerce, has the potential to most profoundly change the relationship between business and consumers and the nature of consumption itself. The scope for increased choice, access and value for money is clearly enormous. However, to date, the growth in business-to-consumer electronic commerce has been slower than that of business-to-business. The recent OECD report<sup>6</sup> on electronic commerce noted that only 20% of world wide electronic commerce is business-to-consumer. Although, the benefits for the EU economy and society are there to be grasped, EU consumers lack the confidence to participate. Consumer Policy, by establishing an appropriate regulatory framework, can foster the consumer confidence necessary for them to make purchases electronically. This confidence is a precondition if the market for electronic commerce is to have a chance of fulfilling the more ambitious, rather than the more limited, projections for its growth<sup>7</sup>.

These changes in the way products and services are sold and marketed in their turn have an impact on consumer policy. There is a more pressing need to ensure the existing regulatory framework is still relevant, in particular in relation to electronic commerce (see 5.2 and 5.4). If the legislative process is too slow, more flexible forms of regulation may be needed (see the beginning of chapter 5). Consumer policy will have to focus on the quality rather than the quantity of that information (see 3.1, 3.3 and 3.4).

---

<sup>6</sup> Source: OECD report "The economic and social impact of electronic commerce: Preliminary findings and research agenda".

<sup>7</sup> These range from a \$5 billion European market by 2002 (Source: Datamonitor) to some estimates of a \$64 billion European market (business-business and business-consumer) in 2001-2002 (Source: OECD report "The economic and social implications of electronic commerce: preliminary findings and research agenda).

Against this background of change, the fundamental purpose of consumer policy and consumer's rights themselves remain broadly unchanged. Whilst consumers have a responsibility to promote their own interests, they heavily depend on public authorities to promote their health and safety on their behalf, by ensuring that products and services on the market meet high standards. Public bodies will always be best placed to independently monitor the complicated processes by which products and services reach the market and give consumers confidence. Again, while consumers can defend themselves to a certain extent, they will look to public authorities to establish a fair regulatory framework for the business-consumer relationship, before, during and after each transaction. The need for intervention varies depending on the nature of the consumer, with a greater need for more vulnerable consumers<sup>8</sup>.

It is not, therefore, the fundamental purpose of consumer policy or the rights of consumers that are changing but, rather, the interaction between consumer interests and the interests of other stakeholders. More specifically, as interests become more inter-linked, interactions need to be characterised by increased cooperation. Sometimes the respective interests of consumers and other groups will be mutually reinforcing, sometimes they will not and trade-offs will have to be found. Consumers themselves can recognise and accept such trade-offs because they are not only consumers but taxpayers, employees and beneficiaries of public policies too. They can also accept that they have responsibilities and that their immediate interests as consumers have to be reconciled with longer-term concerns for the environment and society. EU consumer policy should therefore ensure that consumer interests are equitably reconciled with those of other stakeholders. This reconciliation of interests will usually be a positive-sum game.

At EU level, there are several key interactions: the relationship between consumers and business; the relationship between the Community and the Member States; the relationship between consumer policy and other policies; and the relationship between the EU and the wider world (in particular international bodies).

A closer, more cooperative relationship between consumers and business, acting as equal partners, is essential. The goal is a balanced partnership between successful businesses and satisfied consumers. These aims should not be seen as mutually exclusive, since competitive economies depend as much on discriminating consumers as they do innovative business. Competition is necessary but not sufficient in isolation, either to satisfy consumers or for stable and innovative markets. Consumer confidence is vital for successful businesses. Policy measures to reinforce consumer confidence are, therefore, essential to economic prosperity and any additional costs for business are generally outweighed by the overall benefits for them of improved consumer confidence in the market.

Improving this relationship requires several actions. If consumers are to be treated as equal partners in this relationship, they require a powerful, unified voice and also need to be able to match the technical expertise of business (see 3.1). Consumers representatives also need to be properly consulted and have the resources to play their part fully (see 3.1 and 3.2).

---

<sup>8</sup> However the majority of consumers can be seen as vulnerable in some sense and this majority will increase as the population of the EU ages. The 1994/95 General Household Survey in the UK suggested that 69.7% of the population fell into a vulnerable category (Elderly people, young people, the unemployed, those with a limiting, longstanding illness, those in low income households, members of ethnic minorities and those with no formal educational qualifications). Source: Office of Fair Trading Research Paper 15 'Vulnerable consumer groups: quantification and analysis' April 1998.

A closer, more cooperative partnership between the Community and the Member States will be more important. With a framework of legislation largely in place, there is a need for this relationship to move away from a dialogue focused on legislation to one focused on practical matters. From responding to emergencies, to sharing research and information, there is a range of administrative issues to be addressed. Cooperation and coordination will be essential to cope with the new challenges without extra resources across the EU (see end of chapter 2). It also represents a central task in preparing the applicant countries for enlargement.

Constructive dialogue, at the earliest possible stage, between consumer policy makers and their counterparts in other areas will be essential as consumer policy becomes increasingly inter-linked with other policies. The promotion of consumer interests depends on the extent to which other policy makers understand consumer interests and recognise that a greater concern for them adds value to other EU policies (see 4.1 and 5.4). The promotion of consumer interests is at the heart of all EU policies to further the social and economic welfare of its citizens.

At the same time, in recognition of the responsibilities of consumers, wider concerns for the environment or society should also be taken account of in consumer policy, in particular to ensure that consumer policy does not undermine measures to promote sustainable consumption and production patterns.

The globalisation of markets means that consumer interests must be taken into account in the EU's external relations policy. The importance of decisions in international bodies that affect consumer health, safety and economic interests (WTO, World Health Organisation (WHO), UN etc.) demand this (see 4.1 and 5.4). It also requires greater coordination of consumer representatives world wide (see 3.1).

## 2. THE CONSUMER POLICY ACTION PLAN

The Maastricht Treaty recognised a high level of consumer protection as an explicit EU objective in its own right for the first time. The Treaty of Amsterdam develops this objective further and reinforces the basis for taking measures in favour of consumers. As is shown below, the new Article on consumer protection acknowledges both the economic and social changes which have taken place and the unchanging nature of consumer rights. It thereby responds to the growing expectations of consumers.

### The Treaty of Amsterdam

The Treaty of Amsterdam confirms that consumer policy is an area where the EU can really add value. It enhances the capacity of the EU to discharge its responsibilities in this area.

Article 153 (1) of the Treaty, following Amsterdam, sets out the EU's overall aim as follows:

'In order to promote the interests of consumers and to ensure a high level of consumer protection, the Community shall contribute to protecting the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests.'

Accordingly, the promotion of the health, safety and economic interests of consumers and of these three rights (to information, education and to organise themselves) are the fundamental objectives of EU consumer policy. Promoting these three rights is central to giving consumers a more powerful voice.

The new Treaty also explicitly recognises the increasing inter-linkages between consumer interests and other market and public policy interests. Article 153(2) is a 'horizontal' clause which obliges the EU Institutions to take consumer requirements into account in defining and implementing other EU policies and activities. Article 153 (3) provides for legislative and other measures to be adopted either in the context of the Internal Market, on the basis of the revised Article 100a, now Article 95, or 'which support, supplement and monitor the policy pursued by the Member States', on the basis of Article 153 (3)b. In both cases, the co-decision procedure is applicable. It should be noted that Article 95 requests the legislator to take 'as a base a high level of protection, taking account of any new development based on scientific facts'.

Other articles of the Treaty are relevant to consumer policy. For example, the importance of health concerns is confirmed by the revised Article 152 on Public Health of the Treaty, the implementation of which is connected to that of Article 153. New Article 65 (c) on the good functioning of civil proceedings is pertinent to access to justice for consumers. Article 28 of the Treaty (formally Article 30) also remains relevant.

The Treaty does not spell out the priorities for action and the measures to be taken. The Commission, the other EU institutions and the Member States are responsible for translating the new Treaty provisions into practice.

If the Treaty does not include a detailed route map, the main tasks for consumer policy set out in Article 153 are an effective compass. They can be summed up as:

- A more powerful voice for the consumer throughout the EU;
- A high level of health and safety for EU consumers; and
- Full respect for the economic interests of EU consumers.

It is the Commission's responsibility to build on the framework of these tasks by identifying the priority areas for action over the next three years. The first step was an evaluation of past



action. This was carried out in the Commission staff working paper 'Consumer Policy: Past Achievements'<sup>9</sup> discussed by the Consumer Council of April 1998. The next step was to consult the consumer associations. Inevitably, the number of desirable actions proposed greatly exceeds the Commission's human and budgetary resources. Hence, the need for strict priority-setting.

The most important actions the Commission will propose for the following three year period are set out below, under the three task headings. On-going and complementary actions that the Commission intends to take are set out in Annex 1. Neither section is intended to be exhaustive. Unforeseen circumstances may call for additional actions. The actions also fleshes out the general indications for expenditure priorities given in the Commission's proposal for a Decision Establishing a General Framework for Community Activities in Favour of Consumers<sup>10</sup>. All the actions foreseen are covered by the proposed Decision. An updated version of the financial statement attached to the General Framework proposal is set out at Annex 2.

The importance of administrative cooperation between the Commission and the Member States in all areas calls for a new framework for this cooperation. The existing bases for collaboration are either highly fragmented or non-existent and action is ad hoc and not sustained. The Commission will, therefore, examine the feasibility of a framework to cover the whole range of practical non-legislative issues that the Commission and the Member States are confronted with.

---

<sup>9</sup> SEC (1998) 564.

<sup>10</sup> COM (97) 684 final "Proposal for a European Parliament and Council Decision establishing a general framework for Community activities in favour of consumers" OJ C 108 of 07.04.98, p.43.

### 3. 'A MORE POWERFUL VOICE FOR THE CONSUMER THROUGHOUT THE EU'

- Better value for money from support provided to consumer associations
- Greater cooperation and dialogue between consumer associations
- More systematic consultation of consumers, through their associations
- Better dialogue between consumers and business
- Euroguichets that serve consumers better
- Follow through the new approach to information campaigns
- Closer cooperation with Member States on consumer education

Consumers have a responsibility to advance their own interests. Accordingly, helping consumers to help themselves is an essential part of policymaking. Promoting the rights to information, self-organisation and education in the Treaty is at the heart of this work. The range and complexity of products and marketing techniques, the development of more complex services and liberalisation all imply a greater role for consumer organisations. First, they will need to help consumers make sense of the plethora of information available and, second, they will have a vital role in making the consumer voice heard in decision-making. Qualitative improvements in education and information provision are also needed. Cooperation with the Member States will play a growing part in all the proposed actions.

#### 3.1 More effective consumer associations

Consumer associations have a significant role in promoting consumer interests, because they can concentrate on issues in a way in which ordinary consumers cannot. Financial support is needed to enable associations to represent consumers effectively, whilst retaining their independence from public authorities. Given the increasing technicality of the issues facing consumers, ensuring that associations have the appropriate expertise is essential. They also need to be systematically consulted during the decision-making process.

Effective consumer representation at EU level will continue to depend upon financial support from the Commission. However, the Commission will aim to improve the value for money it obtains, through synergies and targeting. Financial assistance from the Commission will be linked to a commitment from associations to cooperate closely with each other, and with the Commission. Support will focus on the specialist expertise of associations.

The Commission will also assist national consumer associations and other national consumer bodies on specific projects (including training) which improve their capacity to represent, inform and advise consumers. To encourage greater cooperation at national level, the Commission will give preference to the financing of projects presented by permanent or ad-hoc groupings of consumer associations. The Commission will encourage the Member States to do the same and, above all, to identify projects of benefit to consumers across the EU. The Commission's financial support to national and EU associations will also aim to strengthen their capacity to take collective legal action, and to ensure that they possess the

necessary expertise. This will be essential to putting the 1998 Directive on Injunctions for the Protection of Consumers' Interests<sup>11</sup> into practice.

The Commission will regularly bring national, applicant country and EU associations together to promote the dialogue between and with them, mainly through an annual assembly. The Commission will also promote dialogue between consumer associations at international level to keep pressure on governments to maintain standards, especially where health and safety are concerned. In addition to the recently begun transatlantic dialogue between consumer associations, similar dialogues will be pursued with MEDA and Latin American countries as well as with applicant countries.

Systematic consultation of consumers, through their associations, will continue to be a high priority in making the consumer voice heard. The Commission will focus on EU decision-making, given that much of the regulation that affects consumers is set at EU level. Greater coordination of the extensive existing sectoral consultation of consumers will be important. The Commission will also study how to involve consumers and business jointly in consultation and will consider whether a permanent consumer-business consultation forum is needed. Outside the EU, the Commission recognises the growing influence of international bodies on consumer health, safety and economic interests. The Commission will press for better consumer representation at international level and will encourage consumer representatives to speak with one voice.

Consultation of consumers in the standardisation process remains inadequate. Although consultation does take place at EU level, consumer representation still needs to be enhanced. However, at national and international (both at the UN and ISO<sup>12</sup>) level the picture is less satisfactory in terms of access and funding. The Commission will bring its influence to bear to overcome these shortcomings.

The Commission will create a network of expertise in Europe on consumer affairs, for its own use and that of consumer associations. Finally, the Commission will launch a feasibility study on how such a network might also act as a think-tank and clearing house for ideas for the Commission, Member States and consumer associations.

### **3.2 Effective dialogue between consumers and business**

The Commission will give a high priority to promoting better mutual understanding between consumers and business. Where appropriate, the Commission will aim to foster the more sophisticated dialogue that leads to self-regulation agreements between consumers and business, including the retail sector<sup>13</sup>.

The Commission will, therefore, devote resources to develop several consumer-business dialogues. Dialogues will be organised on a sectoral basis, with relevant sectors and dialogue partners being identified each year. The participants will decide on the scope and the structure of the dialogue, and will then focus on the themes to be addressed. Initially these dialogues are intended to be ad hoc and informal. If the results are positive, the

---

<sup>11</sup> Directive 98/27/EC of the European Parliament and the Council of 19.05.98 on injunctions for the protection of consumers' interests, OJ L166 of 11.06.98, p.51.

<sup>12</sup> International Organisation for Standardisation.

<sup>13</sup> For example the agreement of 30 June 1997 between consumer associations and professional associations from the distributive trade, tourism, craft and SME sectors in connection with the transition to the Euro.

Commission may set up more regular meetings in particular sectors. These dialogues could become the forums for the negotiation and monitoring of European self-regulation agreements<sup>14</sup>. The Commission will also endeavour to ensure that its Advisory Committees play an active role in promoting dialogue between stakeholders.

### **3.3 Euroguichets - serving EU consumers better**

The main contact points between the Commission and ordinary consumers are the Euroguichets which currently exist in eleven Member States. They advise and distribute information to consumers and there has been at least a four fold increase in the number of information requests from consumers they deal with<sup>15</sup>. The establishment of Euroguichets in all Member States will remain an ongoing task over the next three years. The role of the Euroguichets will continue to be transformed, from their original concept as sources of information for local consumers on purely cross-border issues, to suppliers of information and education for all consumers in the Member State on the full range of consumer issues, through national information points. The Commission will create a network between them and the Commission to ensure a two-way flow of information. It will take steps to improve and coordinate their use of Internet websites. Euroguichets will increasingly carry out public relations work, in cooperation with consumer associations, and organise training courses for journalists and other opinion formers. Furthermore, the Euroguichets network will support the exercise 'Permanent Dialogue with Citizens and Business' which aims to establish a closer synergy between Commission networks in order to inform citizens and business of their rights in the single market.

### **3.4 Better information and education for consumers**

The Commission will pursue the new approach to information campaigns it has adopted for the 1998 campaign. The key elements of this new approach are: a focus on a single priority theme; greater involvement of consumer associations, national agencies, business and other interested parties in the preparation and running of campaigns; thorough evaluation; and campaigns lasting for more than one year as the norm. For 1999, the Commission intends to develop the second phase of the 1998 food safety campaign along the above lines. The Commission will also encourage consumer organisations to coordinate and interconnect their websites so that there is a single point of access to information and advice for consumers.

In order to contribute to the promotion of consumer education in the Member States, the Commission will, in co-operation with national, regional or local authorities, promote the exchange of good practice on the integration of consumer education in the school education sector. The Commission will focus in particular on the development of teaching materials, teacher training and the interaction between schools and their local environments, including local enterprises and business representatives. Three Member States (Spain, Greece and Portugal) have already taken measures for the promotion of consumer education within their school curricula. Through facilitating the exchange of best practice in the above mentioned field, the Commission will give support to other Member States willing to adopt a similar approach.

---

<sup>14</sup> See also Section 5 on self-regulation agreements.

<sup>15</sup> From 9,173 to over 40,000 estimated for 1997. Source: DG XXIV 1997 Report on the Euroguichets.

#### 4. 'A HIGH LEVEL OF HEALTH AND SAFETY FOR EU CONSUMERS'

- More coherent analysis of risks to consumer health and safety
- Best possible scientific advice
- Greater international consensus
- Reinforcing consumer confidence in food
- Safer products
- Safer services
- Better enforcement, monitoring and response to emergencies

The fact that increasingly complex products and services are increasingly sourced from all over the world represents a major challenge for policymakers. Decision making in the interests of consumers' health and safety demands a greater understanding of the long term consequences of these changes and their impact. This will be a priority over the next three years. Administrative cooperation with the Member States and between them will also be a central theme.

##### 4.1 Science-based policy making

Consumer confidence depends on a consistent and objective approach to policy making, based on independent scientific risk assessment. Rapid identification, assessment and response to unforeseen hazards to consumer health and safety is essential. There are clear efficiency gains in carrying this out at EU level in collaboration with the Member States. It will also be easier to analyse the advantages and drawbacks of measures and the risk of arbitrary decisions will be reduced. The Commission's action will focus on two areas: first of all, action will be taken to ensure that risks to consumers' health and safety in relation to food and products are managed in a coherent way; second, the work of the existing Scientific Committees will be consolidated to improve their effectiveness.

A coherent approach to the process of risk analysis requires consistency at every stage: from the initial scientific assessment of the risk, through to the subsequent risk management and risk communication. To this end, the Commission will examine how to improve the functioning of the overall risk analysis process. This work will include the development of guidelines for a consistent application of the precautionary principle, invoked when there is scientific uncertainty about the level of risk.

The aim is to promote objective, coherent decision-making in the difficult task of reconciling the consumer interest with those of other stakeholders. A more systematic approach to the analysis of the competing interests and the weight to be given to these will simplify the process of reaching risk management decisions and obviate the need to have the whole debate afresh whenever a new hazard arises. This will bring greater reassurance to both consumers and business.

The Commission will study the use of 'peer review' in the working of the Scientific Committees and ways in which cooperation with equivalent national bodies, through a

network, could be developed. The Commission will also produce harmonised guidelines on procedures and methodologies and reflect on the workload, efficiency and long term financing of the Committees. In addition, the Commission will examine what further steps are needed to obtain the best scientific advice on those areas of legislation with a possible impact on consumer-health and food safety. As part of this, the Commission will examine whether to extend mandatory consultation of the Committees where this is not already the case. The aim would be to ensure that any proposed action is based on independent scientific advice that is publicly available. The Commission will also make use of the scientific expertise in the Institute for Health and Consumer Protection, established in 1998 within the Joint Research Centre.

Given that hazards to consumer health and safety are truly global, a purely EU approach will not be sufficient to promote consumer interests. A consensus at international level on the many aspects of risk analysis in the field of food and product safety is needed. Discussion of the precautionary principle has already started in the *Codex Alimentarius* (the programme of the Food and Agriculture Organisation and WHO on setting food standards for international trade). A coherent approach at EU level to risk analysis in general, including, for example, a consistent application of the precautionary principle will allow the EU make a more effective input into the relevant discussions at international level. The Commission will seek to ensure that the standards set by the *Codex Alimentarius* are kept up to date. During any forthcoming negotiations in the WTO, the Commission will strive to retain the existing balance in the Sanitary and Phytosanitary (SPS) agreement between avoiding disguised barriers to trade and safeguarding the rights of the member countries to determine their own health requirements. The EU should also work to ensure that decisions taken in the international bodies that affect consumer health and safety are more transparent.

In all its bilateral relations, the Commission will bring consumer health and safety concerns to the fore. As part of this, the Commission will strengthen dialogue with the US within the Transatlantic Economic Partnership. It will also open negotiations on further veterinary equivalence agreements with third countries (on the basis of Council negotiating mandates), support the inclusion of consumer protection measures in the new Lomé agreement and prepare the applicant countries for the adoption and enforcement of the health and safety acquis.

Follow-up to the Commission's Green Paper on the General Principles of Food Law in the EU<sup>16</sup> will remain a high priority. A communication on the follow-up is being prepared that will address, *inter alia*, the three areas of particular concern to consumers: labelling, hygiene and inspection. For consumers, food policy should also reflect the broader ethical and nutritional concerns as well as health and safety. In particular, consumer concerns about the foodstuffs containing GMO (genetically modified organisms) or derived from GMO will continue to be taken into account and GMO-free labelling considered. A priority task for the Commission will be to draft a proposal for a framework directive on food law. On labelling, a codification of the food labelling directive<sup>17</sup> is underway. In addition, a review of the directive, covering such issues as information on allergens and intolerance, the use of health claims and nutritional information is underway. On hygiene, the simplification and rationalisation of the 13 Veterinary Hygiene Directives and the General Hygiene Directive

---

<sup>16</sup> COM (97) 176 final "The general principles of food law in the EU – Commission Green Paper".

<sup>17</sup> Council Directive 79/112/EEC of 18.12.78 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer, OJ L033 of 08.02.79, p.1.

will be carried out. Hygiene conditions applicable to third country exporters will also have to be aligned with the rules applicable to EU operators. On inspection, existing legislation will be rationalised to reinforce the principles of auto-control by operators throughout the whole food chain, control of operators by national authorities and audit by the Commission of national controls. A strong and representative involvement of consumers in the preparatory phase of legislation will help the Commission find the optimal balance for its proposals.

#### **4.2 Safer products**

A Commission report is due in 1999 to cover *inter alia* the implementation of the Directive on General Product Safety<sup>18</sup>. This report will include, in particular, an in-depth analysis of the implementation of the directive. It will also identify the shortcomings in the application of the existing directive and the areas where improvement is needed.

Already several difficulties can be identified which point to the need for reform and amendment. In particular, it should be considered how to clarify the relationship between the directive and sectoral legislation covering specific products. Equally, the provisions in the Directive relating to market surveillance will be re-examined with a view to creating a more systematic, integrated, market surveillance approach. Finally, the emergency procedures of the Directive and the criteria for their implementation should be reconsidered in the light of experience to date. The issue of the regime applicable to exports to third countries of products which are banned, or withdrawn from the EU market because they are dangerous to the health and safety of consumers will also need to be considered.

In addition, where safety is at risk the Commission will mandate the European standard-setting organisations to draw up new product standards, or revise existing ones. Target areas will include, in particular, ladders, surface temperatures and horizontal standards relating to child safety and product information, insofar as these are not already covered by EU directives. The improvement of existing standards for cigarette lighters and childcare articles will also be requested. As already announced, the Commission will also make proposals to include phthalates in existing legislation relating to the restrictions on the marketing and use of certain dangerous substances<sup>19</sup>.

#### **4.3 Safer services**

To follow up the 1994 Communication on a new approach to services<sup>20</sup>, the Commission intends to examine the need to reinforce the safety of services. The Commission will identify the practical problems faced by consumers in different service sectors, especially those of a trans-national nature. On the basis of an analysis of the results, the Commission will propose EU initiatives that will address both service safety and the liability of service providers. An in-depth consultation with business and consumers will determine the Commission's subsequent action.

---

<sup>18</sup> Council Directive 92/59/EEC of 29.06.92 on general product safety, OJ L228 of 11.08.92, p. 24.

<sup>19</sup> Council Directive 76/769/EEC of 27.07.76 on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations, OJ L262, 27.09.76, p.201.

<sup>20</sup> COM (94) 260 final "Communication from the Commission on new directions on the liability of suppliers of services".

#### 4.4 Better enforcement, monitoring and response to emergencies

The Food and Veterinary Office (FVO) of the Commission is central to its work in promoting consumer health. The goals of the FVO are defined in the Commission's Communication on Consumer Health and Food Safety<sup>21</sup>. In order to ensure that these goals are met, the Commission will implement a risk assessment based system of prioritising inspections, establish controls over the whole food production chain and enhance checks on the performance of control services using audit techniques. This re-focusing of the FVO is already contributing to an improvement in performance.

The Commission will also concentrate on following up the findings contained in inspection reports. These reports will allow concrete steps to be taken to improve compliance with regulation and safeguards to consumer health and safety. In particular, where a serious risk to consumer health has been found, the action required to control it will be identified.

The Commission will also pursue infringement proceedings to ensure the effective implementation of EU legislation by Member States. Where third countries are concerned, restrictions on the import of certain foodstuffs, which do not meet EU standards, may be imposed, in compliance with our international obligations. The FVO will undertake follow-up missions in cases where specific action by the competent authorities to overcome serious deficiencies has been recommended to see whether the necessary steps have been taken.

By placing a higher priority on the follow-up of report findings, FVO missions will better promote consumer health. In the interests of transparency, the final mission reports are already made public through the Internet, together with any comments by the country concerned. The FVO is committed to its new working procedures that will contribute to the overall goal of regaining consumer confidence in food safety.

More generally, the Commission will also work to improve the functioning of the rapid alert system. Analyses of the causes of alerts will be given a higher priority, as this is essential improving the response to alerts. A network of experts to be called upon in emergencies will be constituted and contingency resources kept to deal with emergencies. The rapid alert system will also be upgraded and steps taken to encourage the participation of third countries.

---

<sup>21</sup> COM (97) 183 final "Communication from the Commission - consumer health and food safety".



## 5. 'FULL RESPECT FOR THE ECONOMIC INTERESTS OF EU CONSUMERS.'

- A consumer-friendly internal market in financial services
- A single currency for consumers
- A regulatory framework up to date with market developments
- Better enforcement and monitoring of existing legislation
- Services of general interest for consumers
- Unlocking the potential of the Information society for consumers

Respect for consumers' economic and legal interests will encourage their confident participation in the internal market. This is why a substantial regulatory framework is already in place to promote the consumer interest and why further work will be needed to update and fill acknowledged gaps in the existing framework. However consumers will only benefit if legislation is effectively enforced.

Consequently, over the next three years the critical task will be to make legislation work in practice. Current measures will be reviewed and updated where necessary. Administrative cooperation will be a priority. Action will also be taken to improve enforcement and transposition. In increasingly dynamic and innovative markets, flexible approaches are key and an appropriate balance between regulatory and non-regulatory approaches needs to be found. At the same time, soft law has to be made effective and consumer-business dialogue promoted. In addition, the consumer interest will need to be more systematically integrated into the policy making process in all relevant areas.

### 5.1 Financial services and a single currency for consumers

The Commission intends to implement the action programme outlined in the Communication on financial services<sup>22</sup>. It will make proposals to bring the existing consumer credit legislation up to date with current credit offering methods and practices. The aim will be to review the existing regulatory framework on consumer credit, taking account of developments in the markets and comments of interested parties. This review will also cover the consumer policy aspects of the activities of credit intermediaries. The Commission will also examine the different approaches to combating over-indebtedness and, if necessary, issue a recommendation. In addition, the Commission will consider possible improvements to the existing regulatory framework for insurance intermediaries in order to facilitate cross-border and enhance consumer protection. The opportunities for developing the current dialogue between the financial services industry and consumers will be explored with the aim of promoting agreement on information and transparency. In its Communication 'Boosting customers' confidence in electronic means of payment in the Single Market'<sup>23</sup>,

---

<sup>22</sup> COM (97) 309 final "Communication from the Commission - Financial services: enhancing consumer confidence - Follow-up to the Green Paper on 'Financial services: meeting consumers' expectations'".

<sup>23</sup> COM (97) 353 final

which included the Commission Recommendation concerning transactions effected by electronic payment instruments (in particular the relationship between issuer and holder), the Commission set a deadline of 31 December 1998 for its implementation. Furthermore, the Commission announced that it will undertake a study of the implementation of the Recommendation at the end of 1998. If the Recommendation is not implemented satisfactorily, the Commission will propose a Directive in this area.

The Commission wishes to underline that the introduction of the Euro will make it essential that systems processing cross-border retail payments are efficient, low cost, and reliable. In addition, measures to promote the consumers' interest in electronic money will need to be considered. Negotiations on the Commission's two proposed Directives on electronic money<sup>24</sup> and the proposal for a Directive on the Distance Marketing of Consumer Financial Services<sup>25</sup> will also be important.

The main focus of the Commission's work on the Euro will be the monitoring and implementation of the three existing Commission Recommendations<sup>26</sup> and of the Agreement reached in 1998 between consumer associations and business<sup>27</sup>. On dual display, if the implementation of the Recommendation and the Agreement prove unsatisfactory, the Commission will consider legislative action. Dialogue between consumers and other industry sectors will continue to be encouraged by the Commission. Measures to improve consumer information about the Euro (especially for more vulnerable consumers) will be carried out.

## **5.2 A more up-to-date regulatory framework**

The recent developments in product and service markets and the adoption of the Amsterdam Treaty call for a consolidation of existing legislation and its updating where necessary. A reporting requirement is already contained in existing legislative proposals. The Commission intends to use this opportunity to carry out a thorough review of existing legislation. If appropriate, these reports will be accompanied by a Commission proposal.

The Commission will submit a report concerning the application of the Directive on unfair contract terms<sup>28</sup> by the end of 1999. The Commission will also publish a report on the

---

<sup>24</sup> COM (98) 461 final. This includes the proposal for a European Parliament and Council Directive on the taking up, the pursuit and the prudential supervision of the business of electronic money institutions and the proposal for a European Parliament and Council Directive amending Directive 77/780/EEC on the co-ordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions.

<sup>25</sup> COM (98) 468

<sup>26</sup> Commission Recommendation 98/288/EC of 23 April 1998 on dialogue, monitoring and information to facilitate the transition to the Euro, OJ L130 of 01.05.98, p.29; Commission Recommendation 98/287/EC of 23 April 1998 concerning dual display of prices and other monetary amounts, OJ L130 of 01.05.98, p.26; and Commission Recommendation 98/286/EC of 23 April 1998 concerning banking charges for conversion to the Euro, OJ L130 of 01.05.98, p.22.

<sup>27</sup> Agreement of 30.06.98 between consumer associations, and professional associations from the distributive trade, tourism, craft and SME sectors in connection with the transition to the Euro.

<sup>28</sup> Council Directive 93/13/EEC of 05.04.93 on unfair terms in consumer contracts, OJ L95 of 21.04.93, p.29.

implementation of the Directive on distance selling by the end of 2001<sup>29</sup> and will report on the feasibility of establishing effective means to deal with consumers' complaints by the end of 1999.

In accordance with the Directive on comparative and misleading advertising<sup>30</sup>, the Commission will also examine and report on cross-border complaints in comparative advertising by the end of 1999.

The Commission will present a report on the application of the Directive on injunctions. In this report, the Commission will focus on: the scope of the directive in relation to the collective interests of persons exercising a commercial, industrial, craft or professional activity; the scope of the directive as determined by other consumer directives; and whether the prior consultation procedure has benefited consumers.

In addition to the review of existing legislation, the Commission will make proposals to fill the gaps in the existing regulatory framework. Legislation could address, *inter alia*, the problems of 'miracle products', misleading health claims and pyramid selling. The Commission will also examine the feasibility of a general legislative framework on fair trading.

### 5.3 Better enforcement and monitoring

Enforcement is a priority in a dynamic market in which it is increasingly hard to keep pace with new products and services. The Commission recognises that ineffective enforcement will undermine the best intentions of EU legislators. Enforcement is also the critical issue in relation to soft law or self-regulation agreements.

Monitoring the transposition of EU law will remain a key task for the Commission. The Commission regrets the fact that the implementation of directives by Member States is subject to delays. To improve transposition the Commission will encourage informal dialogue among the Member States prior to transposition, to address specific problems.

Practical implementation will, however, be the focus of attention. The EU has, to date, not played a major role in the enforcement of measures to promote economic interests. Although, primary responsibility for practical enforcement will remain at national level the EU intends to add value to national efforts. This will be done in two ways. First, through facilitating and encouraging administrative cooperation within and between the Member States, the Commission and consumer associations. Second, through encouraging the coordination of enforcement by national agencies.

The Commission will also take steps to improve the exchange of information and cooperation between the EU members of the IMSN<sup>31</sup>. Possible initiatives include the creation of a system analogous to the Rapid Exchange System for Dangerous Products

---

<sup>29</sup> Directive 97/7/EC of the European Parliament and the Council, of 20.05.95 on the protection of consumer interests in respect of distance contracts, OJ L144 of 04.06.97, p19.

<sup>30</sup> Directive 97/55/EC of the European Parliament and of the Council of 6 October 1997 amending Directive 84/450/EEC concerning misleading advertising so as to include comparative advertising, OJ L290 of 23.10.97, p.18.

<sup>31</sup> International Marketing Supervision Network.

(RAPEX) with a database and a secretariat in the Commission and studies and seminars for the exchange of best practice.

Identifying potential problem areas is essential to the effective enforcement of consumer economic interests. Price comparison can help both in identifying where the internal market is not working and in enabling consumers to make purchasing and lifestyle choices. A good example is the Commission's EU car price surveys. The Commission recognises that the coming of the Euro will facilitate price comparison in the EU and will reflect on what can be done to help consumers make comparisons across the internal market.

Access to justice for consumers in pursuing their complaints is still imperfect. The Commission will take steps to improve the enforcement mechanisms in existing legislation. Here, the practical application of the Directive on injunctions will be a priority. The Commission will also support the implementation of the measures foreseen in the Communication on out-of-court settlement<sup>32</sup> and in the complementary Recommendation<sup>33</sup> to improve access to justice for individual consumers. In addition, the Commission will examine whether action is needed to increase the potential for consumers to recover legal expenses incurred in enforcing their rights. It will also consider whether measures are needed to make it easier for consumers to take legal action collectively when they have suffered similar damages and other courses of action have been exhausted.

Finally, to improve the transparency and practical benefits of the existing legislation, the Commission will publish a compendium of all EU consumer-related legislation and, in partnership with the Member States, will make national legislation more widely available.

#### **5.4 Better integration of consumer economic interests in other EU policies.**

Whilst nearly all EU policies have some impact on consumers, some are more critical to consumer economic interests than others. The Commission will, therefore, following consultation, identify the priority areas and the best way to ensure that consumers' economic and legal interests are more consistently and coherently taken into account across the range of EU policies. The approach taken by other 'horizontal' EU policies will be instructive. The aim will be to improve policymakers' understanding of the nature of consumer interests. A checklist to be used by policy makers in gauging the consumer interest may be one way forward.

Even at this stage, some priority areas can be identified. On Services of general interest, the goal will be to ensure the right balance between the liberalisation needed to improve competition and the proper measures (in the form of affordability, quality of service, transparency of information etc.) essential to real consumer choice. The Communication on Services of General Interest<sup>34</sup> marked a first step in integrating consumer interests, by identifying general principles, such as the concept of universal service. These have to be translated into practice.

---

<sup>32</sup> COM (98) 198 final - Communication from the Commission on 'the out-of-court settlement of consumer disputes.

<sup>33</sup> Commission Recommendation of 30.03.1998 on 'the principles applicable to the bodies responsible for out-of-court settlement of consumer disputes, OJ L115 of 17.04.1998, p 31.

<sup>34</sup> COM (96) 443 final "Communication from the Commission - Services of general interest in Europe".

The way liberalisation has been carried out varies dramatically between sectors. Measures specific to each sector may be needed in the liberalised market to help consumers make better sense of the complex arrangements that may ensue. In particular, three essential aspects need to be addressed: regulatory issues including dispute settlement, transparency of information and consumer participation. The Commission will identify whether further action is necessary to take account of the consumer dimension in the areas of telecommunications, postal services, energy, water, transport and broadcasting.

In the telecommunications sector, the Commission will review the regulatory framework in 1999, on the basis of two years' experience of liberalised markets in most of the EU. This will address, *inter alia*, how to make existing legislation more user-friendly, access to end users, the scope and financing of universal service, including affordability, quality of service and the handling and settlement of complaints. The Commission will also analyse the regulatory consequences of convergence between the telecommunications, media and information technology sectors including their impact on consumers. In the postal services sector, the Commission will report on the application of the Directive on postal services<sup>35</sup> in the year 2000 and will put forward additional proposals where appropriate. In the transport sector, the Commission will examine contractual conditions with a view to reinforcing passenger's rights in aviation and will consider passenger safety in the review of service safety (see also 4.3).

The Information Society has the potential to deliver great benefits for consumers but it also creates new commercial situations with which they are unfamiliar and where their interests may be at risk (e.g. security of payment systems, the apportionment of responsibility and liability). The Commission will continue to integrate consumer concerns into its policies on the Information Society, in particular by including mechanisms for consumer representation and consultation in proposals. Existing EU consumer legislation (on distance selling, unfair contract terms, liability etc.) and the rights it confers on consumers apply equally to the Information Society, as was recognised in the recent Commission proposal on electronic commerce<sup>36</sup>. In response to the Council Resolution of 3 November 1998 on 'The Consumer Dimension of the Information Society', the Commission will examine this legislation to identify any deficiencies in the context of the Information Society (including electronic commerce) and will propose any additional measures deemed necessary. In line with the Bonn Declaration<sup>37</sup>, action taken will be technology-neutral. The Commission will also address the need for measures for consumers using the Internet, within the forthcoming Council and European Parliament action plan on the safe use of the Internet<sup>38</sup>. This will include the creation of a European network of hotlines and awareness raising initiatives.

---

<sup>35</sup> Directive 97/67/EC of the European Parliament and the Council of 15.12.97 on common rules for the development of the internal market of Community postal services and improvement of quality of service, OJ L015 of 21.01.98, p.25, corrigendum: OJ L023 of 30.01.98, p39.

<sup>36</sup> COM (98) 586 of 18 November 1998.

<sup>37</sup> The Bonn Declaration was signed by participating Ministers from the Member States of the EU, EFTA countries, countries of Central and Eastern Europe and Cyprus, following the European Ministerial conference 'Global Information Networks: realising the potential' of 6-8 July 1997.

<sup>38</sup> COM (97) 582 final. This includes the "Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions - Action Plan on promoting safe use of the Internet" and the modified proposal for a European Parliament and Council Decision adopting a multiannual Community action plan on promoting safe use of the Internet, OJ C 048 of 13.02.98, p.8.

The Commission will seek to integrate consumer concerns into the Agenda 2000 reform of the Common Agricultural Policy. To pursue this, the Commission will examine the impact of the CAP on consumer's economic interests, notably price, choice and access to essential foods at reasonable prices.

The Commission will ensure that consumer interests remain paramount in EU competition policy.

In the interests of sustainable consumption, the Commission will examine how environment and development policy concerns can be effectively reflected in consumer policy.

## OTHER ONGOING AND COMPLEMENTARY ACTIONS

### **'A more powerful voice for the consumer throughout the EU'**

- ◇ Training courses in both general skills and specific consumer issues will be organised for those consumer associations with greatest need.
- ◇ The Consumer Committee will in future be consulted on enforcement, training and information campaigns. The Commission will also aim to increase the number of opinions produced by the Committee, to enhance its influence. The Commission will aim to improve the feedback between the Committee and the consumer representatives (over one hundred) who sit on other Commission Advisory Committees in specific policy areas. The Consumer Committee is clearly best placed to organise these representatives into an informal network.
- ◇ The Commission will encourage the participation of consumers in all of the Commission's relevant consultative Committees and other relevant forums, where appropriate.
- ◇ The Commission will, together with Member States, explore ways of involving consumer associations more closely in the monitoring and enforcement of existing legislation.
- ◇ The Commission will establish a hotline for consumer associations to call the Commission with their queries.
- ◇ The Commission will establish a group of experts to examine the implications of the Information Society for consumer organisations. This will include the exchange of ideas and best practice on: the use of new technologies; possible joint actions by the organisations; and the attitudes of their members to the new environment.
- ◇ The Commission will take into account the needs of adults, particularly disadvantaged or vulnerable groups, in consumer education. Priority will be given to the training of specialised trainers and the development of courses and educational materials in consumer issues according to the specific needs of each of these groups. The Commission will also encourage Member States to consider these courses as flanking measures to vocational training courses.
- ◇ The Commission will encourage the development of more university courses in European consumer law and consumer issues, thereby increasing the supply of expertise available to consumer associations. It will also promote further training for consumer education specialists – many of whom are already working in consumer associations - with the aim of keeping their skills up-to-date.
- ◇ To complement the Permanent Dialogue with Citizens and Business<sup>39</sup>, the Commission will identify specific, decentralised and targeted actions to follow-up on the earlier general campaigns informing consumers about their rights in the internal market
- ◇ The Commission will continue organising the European Young Consumer Competition, but will improve its rules of organisation and functioning in order to increase its impact.

---

<sup>39</sup> Launched at the Cardiff Council in June 1998

## **‘A high level of health and safety for EU consumers’**

- ◇ The Commission will develop the EHLASS<sup>40</sup> system in the context of the injury prevention programme and will develop projects to raise awareness on safety matters, among consumer associations and economic operators in the Member States. It will review and update EU policy on safety marking. It will also establish an EU voluntary scheme for safety management and auditing in priority service sectors.
- ◇ The Commission recognises that safety instructions should be comprehensible and will seek to ensure that excessive detail is not used as a means of limiting liability. The Commission will re-examine the need for an EU initiative concerning the safety of fairground equipment. In addition, the Commission will consider whether action is needed on the safety of child care articles (e.g. high chairs). These articles are not covered by the toy safety Directive<sup>41</sup>.
- ◇ The Commission will, under the Fifth Framework Research Programme<sup>42</sup>, foster the development of methods, technologies, models and strategies for safe introduction, use, monitoring and tracing of GMO's or their genes in the environment and in products and conduct further research into their long term environmental and health consequences.
- ◇ The Commission, through the Fifth Framework Research Programme, will also promote scientific and technical cooperation with third countries, focused on policy, management and technology-oriented research, in order to enhance total quality in food products for local consumption and export. This cooperation will involve partner countries in Europe, Asia, the Mediterranean and sub-Saharan Africa, as well as Latin America.
- ◇ Also through the Fifth Framework Programme, the key action ‘Sustainable management and quality of water’ will address consumer concerns over the risks from water use (e.g. from endocrine disrupters and other priority water pollutants) and consumer responsibilities regarding reduced water consumption and pollution.
- ◇ The Commission will, as part of its pre-accession strategy, continue to support the development of enforcement agencies in the Associated countries, through technical assistance, by setting up training programmes for their inspectors and organising seminars, as well as by linking them to the RAPEX system. In addition, the Commission will take a number of steps to encourage the development of the consumer associations in the associated countries (including inviting them to the annual Assembly).
- ◇ The Commission will promote consumer health and safety concerns in the bilateral dialogue with other major partners (notably on Mutual Recognition Agreements, and on follow-up and monitoring of consumer health/safety-related provisions in the various cooperation agreements with non-member countries). It will include consumer health and safety concerns in future work with MEDA and Lomé countries.

---

<sup>40</sup> Decision 3092/94/EC of the European Parliament and of the Council of 7 December 1994 introducing a Community system of information on home and leisure accidents, OJ L 331 of 21.12.94 p.0001 - 0006

<sup>41</sup> Council Directive 88/378/EEC of 3.05.88 on the approximation of the laws of the Member States concerning the safety of toys, OJ L 187 of 16/07/1988 p. 0001 - 0013

<sup>42</sup> Proposal for a European Parliament and Council Decision concerning the 5th Framework Programme of the European Community for research, technological development and demonstration activities (1998-2002) COM/97/0142 final - COD 97/0119, OJ C 173 of 07/06/97, p. 10



- ◇ The Commission will examine if legislative changes are necessary to extend the EU rules on transparency and handling of reports already applied in the veterinary sector<sup>43</sup> to the phytosanitary and food sectors.
- ◇ Improved transport safety is a permanent Commission objective. In civil aviation, the Commission will continue to press for the adoption of its proposals on the safety assessment of aircraft<sup>44</sup>; and on the professional qualifications of cabin crew<sup>45</sup>. The establishment of a European Aviation Safety Authority, as decided by the Council in June 1998, and the effective implementation of Joint Aviation Authority safety standards through their transformation into EU law, will also be pursued. In addition, the Commission will make proposals on flight time limitations.
- ◇ In the maritime sector, in addition to its proposal on conditions for the operation of regular ro-ro ferry and high speed passenger services in the EU<sup>46</sup>, the Commission will present new initiatives on a global approach to managing risks in waterborne transport (including responsibility of shippers and charters using un-seaworthy vessels) and on the promotion of quality shipping and improved traffic management.
- ◇ On road safety, the Commission will pursue its existing action programme<sup>47</sup>. The Commission will also continue to support and develop the car testing programme EURO-NCAP, and will publish a communication and make recommendations on priority setting, including the evaluation of the cost-effectiveness of road safety measures.

---

<sup>43</sup> 98/139/EC Commission Decision of 4 February 1998 laying down certain detailed rules concerning on-the-spot checks carried out in the veterinary field by Commission experts in the Member States (Text with EEA relevance), OJ L 038 of 12/02/98 p. 10/13 and 98/140/EC: Commission Decision of 4.02.98 laying down certain detailed rules concerning on-the-spot checks carried out in the veterinary field by Commission experts in third countries (Text with EEA relevance), OJ L 038 of 12/02/98 p. 14/16.

<sup>44</sup> COM (97) 55 final of 17.02.97

<sup>45</sup> COM (97) 382 final of 22.07.97

<sup>46</sup> COM(98)71 final – 98/0064(SYN), O.J. No C108, 07.04.98, p. 122

<sup>47</sup> COM (97) 131 final of 9.4.1997

### Full respect for the economic interests of EU consumers.

- ◇ The Commission will seek to integrate concern for consumer economic interests in its external relations policy, in particular, regarding the international aspects of electronic commerce (e.g. in the OECD), the General Agreement on Trade in Services (GATS) negotiations, ongoing WTO work and in any new negotiations (including the possible new "Millennium" trade round).
- ◇ The Commission will take action to promote more responsible consumption and orient markets towards more sustainable products. This will involve, *inter alia*, ensuring that adequate and reliable information on the environmental and social impact of products is made available, through ecolabels, "Fair Trade" certification and other voluntary certification of other ethical and environmental claims. It will also involve the support of activities undertaken by consumer associations and the use of information tools in relation to higher priority sustainable consumption issues, such as Integrated Product Policy. Finally, the Euroguides will in future also provide environmental information of interest to consumers e.g. on bathing water or eco-labels.
- ◇ The Commission will review existing product labelling and marks (e.g. EC and other product marks which certify quality or safety).
- ◇ The Commission will, as part of its review of the regulatory framework for domestic passenger transport<sup>48</sup>, address the need for stricter requirements on the provision of information to consumers. It will also suggest ways in which operators could be required to address issues relating to consumer rights and complaints procedures.
- ◇ The Commission has already put in place a number of measures to follow up the Electricity and Gas Directives<sup>49</sup> adopted in 1997 and 1998. Follow-up groups of the Commission and the Member States monitor the implementation process, especially regulatory issues. The Commission organises bi-annual meetings of electricity regulators and intends to organise similar meetings of gas regulators. In due course the Commission will report on the implementation of these Directives and will review the need to propose improvements. Consumers will continue to be consulted on EU energy policy through the Energy Consultative Committee<sup>50</sup>, where they are represented.
- ◇ The Commission will follow up existing projects to help more vulnerable sections of society with the Euro. Training and information for consumers and their associations on the Euro will also be continued.
- ◇ The Commission will, in the interests of transparency, prepare comparative reports on the transposition and implementation of legislation by Member States, particularly with respect to enforcement mechanisms and penalties.

---

<sup>48</sup> Regulation (EEC) No 1191/69 of the Council of 26.06.69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway, OJ L 156 of 28/06/69 p. 1/7 amended by Council Regulation (EEC) No 1893/91 of 20 June 1991 amending Regulation (EEC) 1191/69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway, OJ L 169 of 29/06/1991 p. 1/3

<sup>49</sup> Directive 96/92/EC of the European Parliament and of the Council of 19 December 1996 concerning common rules for the internal market of electricity, OJ No L 27 of 31.1.1997. Directive 98/30/EC of the European Parliament and of the Council of 22 June 1998 concerning common rules for the internal market in natural gas, OJ No L 204 of 21.7.1998

<sup>50</sup> Decision 96/642/EC of 8 November 1996, OJ No L 292 of 15.11.1996 establishing the Energy Consultative Committee.

- ◇ The Commission will monitor the use in practice of the Consumer Complaints Form<sup>51</sup> and will use this experience, together with information from the databases of bodies responsible for out-of-court settlements, to assess whether further action is required to facilitate access to justice for individual consumers. In this context, The Commission will also use the Euroguichets to coordinate the development of the network of centres responsible for trans-national litigation and will enhance the existing databases of these actions. The Commission will also take steps to improve the functioning of small claims procedures in trans-national situations and will consider the case for a European Consumer Ombudsman with competence for trans-national complaints.
- ◇ As part of ensuring that consumer concerns are taken in to account, the Commission will continue to support the Information Society Forum, which is reflecting on the challenges of the new environment, including for consumers.

---

<sup>51</sup> See COM (98) 198 final. This includes the "Communication from the Commission on 'the out-of-court settlement of consumer disputes'" and the Commission Recommendation of 30.03.1998 on 'the principles applicable to the bodies responsible for out-of-court settlement of consumer disputes, OJ L115 of 17.04.1998, p 31

## FINANCIAL STATEMENT

The action plan sets out the Commission's overall strategy for the period 1999-2001. The financial implications of EU consumer policy are set out in the proposal for a decision establishing a General Framework for EU activities in favour of consumers<sup>52</sup>. For information, a revised version of the financial statement that was annexed to the proposed general framework decision is set out below. This revised version is based on the common position adopted by the Council on 20 November 1998.

### SECTION I                      FINANCIAL IMPLICATIONS (part B of the budget)

#### 1. TITLE OF OPERATION

Proposal for a Decision of the European Parliament and the Council establishing a general framework for Community activities in favour of consumers.

#### 2. BUDGET HEADING INVOLVED

B5-10 Comprising lines B5-100 , B5-102 and B-5-103

#### 3. LEGAL BASIS

Article 129A of the Treaty establishing the European Community.

#### 4. DESCRIPTION OF OPERATION

##### 4.1 General objective

The objective is to support activities designed to help protect the health, safety and economic interests of consumers and to promote their right to information and education and to join forces in order to protect their interests and guarantee a high level of protection for consumers.

---

<sup>52</sup> COM(97) 684 final " Proposal for a European Parliament and Council decision establishing a general framework for Community activities in favour of consumers" OJ C 108 of 07.04.98, p43.

#### 4.2 Period covered and arrangements for renewal or extension

The framework covers a period of five years beginning on 1.1.1999. The Commission shall carry out an evaluation of the activities in the fourth year and, if appropriate, propose an extension.

#### 5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 (NCE)

5.2 (CE)

#### 6. TYPE OF EXPENDITURE/REVENUE

Appropriations to cover the funding of actions carried out on the initiative of the Commission or to provide financial support for the projects of third parties.

#### 7. FINANCIAL IMPACT

##### 7.1 Method of calculating the total cost of the operation

Financial year	1999 budget	2000 budget	2001 budget	2002 budget	2003 budget	Total
Total	20 500	22 500	23 000	23 000	23 500	112 500

(Amounts in thousand current ecus)

The indicative figures are to be finalised in the annual budgetary procedures.

As a general rule, the level of financial assistance from the Community may not exceed 50% of the expenditure actually incurred by recipients.

## 7.2 Itemised breakdown of cost

While it is not possible to know the result of the annual selections in advance (see point 7.1), it is nevertheless possible to make an indicative estimate of the breakdown of costs into different areas ( in million ecu for the whole period ) :

### 1. CONSUMER HEALTH AND SAFETY

**31 million ECU**

Product safety and health issues will be major elements of consumer policy spending in the next five years. Some examples of the type of expenditure carried out under this policy theme would be :

- Actions undertaken for the preparation and elaboration of opinions of the scientific committees. This covers both payments to members of the committees and to experts.	9 million ECU
- Payments for expertise and inspections relating to controls in the food, veterinary and phytosanitary sectors.	7 million ECU
- Technical expertise to assess risks relating to products, notably foodstuffs . Such risk assessment is essential for determining the need for Community initiatives in, for instance, the standardisation field or for the preparation of Community legislation. For such expertise the skills of the Joint Research Centre will be called upon in particular.	9.5 million ECU
- Measures relating to consumer products causing danger to consumers.	2 millions ECU
- Dissemination of information about dangerous products and potential risks. It is intended to enhance technically and geographically the present Rapid Exchange System for Dangerous Products (RAPEX).	3.5 millions ECU

<b>2. PROTECTING THE ECONOMIC INTERESTS OF CONSUMERS AS REGARDS PRODUCTS AND SERVICES</b>	<b>17 million ECU</b>
Consumers often do not have the means to protect their rights and to fulfil their role as economic agents. Examples of types of expenditure are :	
- Measures to improve the cooperation and exchange of good practice between bodies associated with market surveillance. This concerns notably the monitoring at national level of the respect of economic rights of consumers.	2 million ECU
- Measures to ensure respect of consumer rights in the supply of products and services, including mechanisms for settling consumer disputes, notably through pilot projects and setting up of databases. Legal access projects cost on average 1 million ECU per year.	7.5 million ECU
- Ensure a level playing field in consumer transactions taking into account the impact of new technologies, and the development of financial services .	7.5 million ECU

<b>3. EDUCATING AND INFORMING CONSUMERS</b>	<b>40 million ECU</b>
Among the types of expenditure under this policy aim are :	
– Improving information to consumers about their rights and how to apply them (e.g. CD-ROMs) and to raise the awareness of manufacturers and consumers about safety aspects of products ; for example actions concerning unfair contract terms and food safety in 1997 and 1998 cost roughly 4 million ECU each .	19 million ECU
– Improving information to consumers about features of specific products and services notably through comparative testing.	5.5 million ECU
– Promote the education and training of consumers, particularly in schools.	6.5 million ECU
– Promote the development of, and support for, European centres providing service and information to consumers in the Community (the Euroguichet network). At present there are 10 centres at an average annual cost of 1,6 million ECU. It is intended to have one in each member State.	9 million ECU

<b>4. PROMOTION AND REPRESENTATION OF CONSUMERS INTERESTS</b>	<b>24.5 million ECU</b>
Among the types of expenditure under this aim are :	
– Strengthening the representation of consumer interests at the European and international level.	10 million ECU
– Support to consumer organisations in the Member States, notably where their means are limited.	7.5 million ECU
– Promotion and co-ordination of consumer participation at the European level in the standardisation process. The annual average cost in recent years has been 0,7 MECU.	4.5 million ECU
– Encouraging via pilot projects environmentally friendly and sustainable consumption patterns.	2.5 million ECU

**TOTAL 112.5 million ECU**

### 7.3 Indicative schedule of appropriations

	1999	2000	2001	2002	2003	2004	Total
C. Commitments	20 500	22 500	23 000	23 000	23 500		112 500
C. Payments:							
1999	15 000	5 500					
2000		16 000	6 500				
2001			16 500	6 500			
2002				16 500	6 500		
2003					17 000	6 500	
	15 000	21 500	23 000	23 000	23 500	6 500	112 500

(Amounts in thousand current ecus)

### 8. FRAUD PREVENTION MEASURES

All the proposals for grant commitments will be preceded by an assessment including financial criteria ( own resources, previous links, relationships between financial partners in a given project).

Requests for final payment must be accompanied by an evaluation of the operational and financial state of the project. An *ad hoc* note will be provided by the recipient.

In addition, checks *in situ* will be planned using a sampling method. In cases of doubt, an urgent check will be carried out and, if there are any remaining suspicions, the responsible department will refer the matter to the Anti-Fraud Service, the Legal Service and Financial Control with a view to determining the appropriate action to be taken. Lastly, an overall *ex post* evaluation of all subsidised projects will be carried out in order to further improve the monitoring.

### 9. SECTION II ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

#### 9.1 Specific and quantified objectives; target population

The objectives are to support consumer-related activities when they concern actions in favour of consumers in the area of products and services or when they are designed to raise the awareness of consumers or to protect their health, notably by analysing the risks involved and carrying out scientific monitoring, checks and inspections.

The target population comprises people with direct responsibility for consumer interests, regardless of the scope of their activity in geographical, Community, national, regional or local terms, or even multinational or interregional terms.

The main criterion for eligibility will therefore be the ability to develop projects which have a Community dimension and/or impact, either directly or indirectly.



## 9.2 Grounds for the operation

### Need for Community budgetary action:

As things stand, organisations working in favour of consumers are often limited to activities which are local or which take account of only some of the expectations of consumers on the subjects concerned. By providing financial support, the Community therefore considerably influences the direction of the actions, while at the same time complying with the principle of subsidiarity.

The eligible organisations which take responsibility for consumer interests are the natural partners of Community policy. By virtue of their independence and their activities at grass-roots level, they are in a position to change the behaviour not only of consumers but also of the other economic operators.

### Choice of ways and means:

The BSE crisis showed that there are various factors which may affect the health and safety of consumers and hence seriously undermine their confidence.

The Community has committed itself to ensuring a high level of protection for consumers and their health and to promoting their interests. This implies a number of actions in the following areas:

- health and safety,
- protection of economic interests in the area of products and services,
- education and awareness-raising,
- consideration of consumers' interests in other policies.

Thorough and detailed knowledge of consumers' expectations is needed in order to prepare and monitor Community action in favour of consumers.

There are now a large number of players in the area of consumer affairs. It is a recognised that it would be more economic to use the existing links with consumers, in other words the contact points established by active organisations, than to develop a new structure, which would be much less cost-effective, even over a long period.

Initiatives in the area of consumer affairs currently vary considerably in terms of both activities and the means employed.

Some still carry out highly specialised activities in a limited geographical area and do not always keep accounts.

A concentration of efforts should soon lead to stricter management. The establishment of an upper limit on assistance of 50% of expenses, in principle, is in line with this objective, as is the cross-check to determine participation in the other Community programmes.

### 9.3 Monitoring and evaluation of the operation

A call for projects will be published annually in the Official Journal of the European Communities, indicating the priority areas to be covered and the selection and award criteria used for financing projects.

In order to involve potential recipients in the evaluation analysis, they will be provided with a standard model for presenting projects. This presentation will include performance indicators, depending on the type of action, and the method of measurement during implementation of the action and at the end thereof.

The performance indicators to be chosen may be:

- regular opinion polls (Eurobarometer),
- the progress achieved in the areas of the health, safety and economic interests of consumers,
- the ability of the representative organisations to take account of consumer interests,
- the number of legislative or non-legislative measures in the area of consumer protection,
- the number and scope of actions in the area of products and services, including in terms of awareness-raising, that make it possible to restore consumer confidence,
- the success rate of projects identified as priorities,
- the measures implemented in the Member States.

As soon as the final date for the submission of projects has expired, an assessment committee will be given responsibility for classifying the projects on the basis of the published criteria. When the annual budgetary amount to be allotted has been decided, the subsidies will be granted in decreasing order of interest.

The list of projects submitted and selected will then be published in the Official Journal of the European Communities.

During implementation, it will be possible to carry out an interim evaluation (by sampling) and an *ex post* evaluation (in all cases), as a result of the inclusion of a clause in agreements and the production of a results sheet when payment demands are submitted.

At the end of the financial year, an overall evaluation report will be drawn up, in which the actions will be grouped together by subjects covered and the impact indicators (target population, response rate, public awareness during and after the action) will be given.

In addition, at the end of the fourth financial year, an interim report will be drawn up in order to assess the coherence of the actions carried out and the development of project coordination throughout the period concerned. This report will also mention the activities carried out by all recipients over the period.

It is on the basis of this report that the Commission will propose an extension of the general framework for activities, if appropriate.

**SECTION III ADMINISTRATIVE EXPENDITURE** (part A of the budget)

**10. ADMINISTRATIVE EXPENDITURE (PART A OF SECTION III OF THE GENERAL BUDGET)**

The effective mobilisation of the necessary administrative resources will depend on the annual Commission Decision on the allocation of resources, account being taken notably of the staff and the additional sums that have been granted by the budgetary authority.

**10.1 Effect on the number of posts**

The share of staff resources that may be mobilised each year for this general framework is estimated to be as follows:

		Staff to be allocated to the management of the action		Of whom	
		Permanent posts	Temporary posts	By using existing resources in the DG or service concerned	by using additional resources
Officials or temporary staff	A	20	3	23	
	B	14		14	
	C	24		24	
Other resources	Seconded national experts		2	2	
	Consultants		2	2	
<b>Total</b>		<b>58</b>	<b>7</b>	<b>65</b>	

**10.2 Overall financial impact of human resources per year**

		AMOUNTS	METHOD OF CALCULATION
Officials		ECU 5 974 000	ECU 58 x 103 000
Temporary staff		ECU 309 000	ECU 3 x 103 000
Other human resources	Seconded national experts	ECU 80 000	ECU 2 x 40 000
	Consultants	ECU 240 000	ECU 2 x 120 000
<b>Total</b>		<b>ECU 6 603 000</b>	