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**Transatlantic Consumer Dialogue
(TACD) 10th Annual Meeting
Opening Remarks**

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

Brussels, 9 June 2009

Ladies and Gentlemen,

I am glad to be again with you in Brussels for this 10th Annual Meeting. This is an important milestone for the Transatlantic Consumer Dialogue, which stresses its importance as a reliable vehicle for consumers' views, and a unique opportunity for enhancing mutual understanding.

Achievements

Ladies and Gentlemen, let me first outline the main developments that took place since our meeting in Brussels. Generally speaking, I am glad to say that the fundamental objectives of our EU consumer policy have stood the test of time. Of course, the current economic climate requires a shift of focus, but our fundamentals remain sound. I will exemplify this by focusing on four specific areas.

Product Safety

First, consumers are better protected from serious risks and threats.

When millions of toys and other familiar household products were withdrawn all over the world, we took action. We have carried out a wide-ranging fact-finding

exercise to review the strengths and weaknesses of the product safety mechanisms currently in place in the EU. This showed that the overall framework was "fit to its purpose". It also revealed that supply chains are deeply interconnected, and that the responsibility for global product safety is a shared responsibility. We have seized the opportunity to transform the way we cooperate internationally, by engaging more closely with our key partners: the United States and China. The high level trilateral summit between the United States, China and the European Union held in November 2008 is a vibrant example of this cooperation.

Consumer Rights

Second, the consumer legal framework will better serve consumer interests.

Better regulation is not only for lawyers and for the judiciary. It is for individual consumers, who should be able to invoke solid consumer rights when having trouble.

The Consumer Credit Directive recently adopted will help consumers by presenting information in a common, comparable format, in clear and simple language.

The Directive on Consumer Rights that I have proposed will simplify, harmonise and modernise some key aspects of consumer contract law.

Scoreboard

Third, we know more about consumer markets and how they function in consumer terms.

The second Annual Consumer Markets Scoreboard Report screened more than 20 sectors. It showed that services markets perform less well for consumers, compared to goods. In the future, the monitoring process will be extended to over 50 markets. When there are indications of consumer detriment in a specific market, an in-depth specific analysis is conducted to identify the reasons behind the failure and to suggest appropriate policy measures. We have already published such a report on "e-commerce" and we are preparing additional ones.

Enforcement and Follow-up to the Green Paper on Redress

Finally, consumers are better prepared to seek redress.

I believe that substantive rights show their strength only when they are backed by enforcement and effective redress for consumers.

On enforcement, the European network of enforcement authorities started operating two years ago. It has already achieved great results in stopping breaches to European consumer law, including on a pan-European scale, as shown by the investigations on websites selling airline tickets and more recently on websites selling mobile phone services.

On redress for mass claims, I am very satisfied with the widespread response of stakeholders and Member States to the Green Paper on consumer collective redress, as well as the attendance of the recent hearing.

We have recently published a consultation paper which invites stakeholders to provide further information on the impact of the options identified until 3 July 2009. I will take a decision after carefully considering the results of the consultations and the ongoing Impact Assessment.

Challenges

Let me now turn to the challenges ahead of us

Financial Services

I will begin with the financial services, a market where the Commission has recently adopted an ambitious programme for European recovery and proposed a number of initiatives for restoring and maintaining a stable financial system. The Commission also presented its proposal for a new enhanced supervisory framework for the financial system.

For consumer policy, the lessons from the crisis can be summarised in the following principles: The right to clear and relevant information, the right not to be misled, the right to choose in your best interest and the right for fair commercial practices. The regulatory implications of establishing these principles are currently being considered by the Commission in several products such as mortgages and retail investment products. But efforts are already in place to promote simple and accurate information, fair advice and to promote financial education.

Information

First, information: The Commission has recognised the central role of adequate pre-contractual information for the

selection of suitable products. By pre-contractual information, I mean comprehensive, clear and transparent information that an average consumer can understand and use.

The new Consumer Credit Directive has put these principles in practice, by providing for pre-contractual information in a standardised and comparable form.

We also encourage this approach for Mortgages, Investment Funds and Packaged Retail Financial products.

Advice

Second, adequate advice. Consumers tend to rely on advice from bank employees and intermediaries. However, as the financial crisis demonstrated, these sources of advice are not always reliable. One reason may be the conflict of interests that bank employees and intermediaries face. While they are required to provide investors neutral advice, the remuneration structures may encourage them to sell the products with a higher commission fee. Thus, consumers may be induced to purchase unsuitable products.

A recent Commission Recommendation highlights that remuneration policies in the financial sector should be

consistent with the principles on protection of clients and investors. Furthermore, the Commission intends to develop new horizontal rules to regulate selling practices and advice relating to Packaged Retail Investment Products to ensure that products correspond to the needs of consumers.

Undoubtedly, the issue of advice deserves further attention and reflection.

Education

Finally, financial education. Clearly, education can not replace adequate regulatory standards. However, it can equip consumers for better decision-making and facilitate their choice of suitable products.

We are already providing an online education tool, with a module on financial services: DOLCETA. In March 2010, a new module will provide teachers ready-to-use materials and encourage them to incorporate financial topics into the general curriculum, on a voluntary basis.

DOLCETA could be complemented by new risk guidelines for complex financial decisions.

Your discussion on this topic is very timely and I look forward to its outcomes.

Integration

I would like now to mention the large network industries and the so-called "services of general interest". They are of crucial importance for everyday life, and represent also a considerable part of an average household budget.

Consumers should not be denied proper access to those services. The safeguards laid down in European law should be effectively applied at national level and corrective action is needed to guarantee that under-privileged consumers, who do not generate large profits, are not discriminated against.

In electricity markets, for instance, the legislation clearly requires the price to be reasonable and the consumption of each individual consumer to be regularly reported and presented with clarity.

This is why consumers, together with the industry and energy regulators have combined their efforts in the Citizen Energy Forum to prepare recommendations for more consumer friendly energy bills. Those recommendations will be presented in the fall 2009.

We have also started an in-depth analytical work to better understand the functioning of electricity markets.

Digital Agenda

Let me now turn to the digital marketplace, which can provide great opportunities for consumers, but also carries risks that require regulatory protection.

If we want consumers to fully benefit from lower prices, greater choice and better information, we have to improve commercial practices online. We have to ensure that the sale of goods is not unduly restricted by fragmented legislation or geographic segmentation. The sale of goods in only some parts of the Internal Market is a valid marketing decision. But it becomes problematic when companies deliberately prevent consumers from buying the same product in another European country simply because of their nationality or place of residence.

We have also to ensure that consumers are confident that their rights will be respected when buying from a trader in any European country.

To help address these problems I have recently published the "eYouGuide", an online tool giving practical advice on the "digital rights" consumers have under European law.

I plan to propose guidelines on implementation of the Unfair Commercial Practices Directive to ensure consistent implementation in the area of online commerce.

I have also made trust in digital marketplaces the core of the Consumer Summit held in April this year. It has allowed all stakeholders to explore together a theme dear to the Transatlantic Consumer Dialogue: the collection, storage and use of private data when shopping and browsing online.

I will continue this dialogue and examine how to address the fact that consumers currently do not get the best from privacy policies.

Sustainable consumption

Finally, I would like to mention the immense challenge of sustainable consumption. Our current patterns of consumption and production have significant environmental impacts. Individual households consume over one third of final energy used in the EU and produce about two thirds of municipal waste. Much can be done to make the way we consume and produce in Europe more sustainable.

We need an overall policy that will support the development of an appropriate "consumer ability" to act in a more sustainable manner, as well as to promote energy efficiency and competitiveness.

We have already put in place some consumer education tools, in particular the new sustainability module in the DOLCETA online education tool for adults, and a sustainability chapter in the EUROPA Diary targeting young consumers.

But what we need to achieve must go way beyond that.

We are ultimately looking for a behavioural change – a fundamental shift in the way consumers balance immediate benefits and long-term needs. The sustainable choice must become an easier choice.

This requires clear product information based on agreed methodology so that consumers trust it and can easily compare. It also requires wider availability of sustainable products. They must not be more expensive and perceived as a "luxury" option.

[We have attempted to trigger the greening of the whole retail sector, by creating with large EU Retailers the "Retail

Forum". This forum gathers 20 large Retailers as well as producers and consumers. A "Roadmap of issues" has been set up until 2012, and its first conclusions will be presented at a Conference in February 2010 in Brussels.]

Yet again, this is an area where your input and support can be of utmost value.

Cooperation with the US

I will now explore with you the backbone of our cooperation with the United States, starting with our common work on product safety.

Product Safety

I have mentioned earlier the high-level trilateral summit with the US and China, I will now turn to its follow-up:

- First, maintain mutual trust. This means being more open towards each other, sharing information, but also involve stakeholders, both businesses and consumers.
- Second, improve the traceability of products throughout the supply chain. Today in Europe, around 15% of products found to be unsafe are of unknown origin. But even where we do know the country of origin, it is often

very difficult to trace the manufacturer. This makes it difficult to take corrective measures. We now intend to compare the different traceability mechanisms in place and examine how to work towards a global consumer product traceability system.

- Third, we have decided to take a closer look at differences in product requirements and standards, which are confusing and result in additional costs for businesses. Sometimes these differences are justified, but we should aim to align at least the substantive requirements wherever possible. To begin with, we have agreed with the US administration to cooperate more closely on children's products, such as baby walkers and bath aids, when drawing up new or revised standards.

The excellent cooperation between the European Union and the United States on magnetic toys shows the potential for convergence of technical requirements. I hope we will continue to cooperate in this way.

The new US product safety legislation allows the Consumer Product Safety Commission to exchange more information with other countries and institutions. This is something we warmly welcome and will be enthusiastically acting upon. More widely, we are exploring global product

safety governance with our partners from the Organisation for Economic Co-operation and Development.

CPC-FTC cooperation

Similarly, we will be looking at fraudulent and deceptive commercial practices against consumers that undermine the integrity of transatlantic markets and consumer confidence.

The legal tools for transatlantic cooperation are already in place. On the US side, the “US Safe Web Act”, and on the European side, the Consumer Protection Cooperation Regulation.

The time is ripe to move ahead and put these mechanisms into motion by negotiating the relevant agreements.

This cooperation would create a mechanism to investigate breaches of legislation and tackle rogue traders on both sides of the Atlantic. This would be central to the common fight against unfair commercial practices and other online abuses of citizens’ rights.

Behavioural economics

The third area of potential cooperation is in the field of behavioural economics. This is an innovative branch of economics which aims at better understanding consumers' behaviour. It sheds light on the behavioural traits preventing consumers from making the most of a free market. Such a behavioural approach enhances our analysis of market outcomes for consumers and enables us to tailor policies tightly to consumer needs.

We are also closely working with our American colleagues in the framework of the Organisation for Economic Co-operation and Development to develop a robust theoretical model of consumer behaviour.

TEC future

Before concluding, let me share some views on the Transatlantic Economic Council (TEC).

I know that you have voiced concerns that the TEC will not be sufficiently consumer driven. This is a legitimate concern.

However, it is important to restate that the TEC has recognised TACD's standing and legitimacy as advisor,

together with the two other Transatlantic Dialogues. This is a positive development in transatlantic relations. It formalises a strong commitment to offer equal access to the political leaders.

It is also important to remember that the TEC agenda contained a number of consumer issues, notably the discussions around product safety as well as security over the Internet.

As regards the future, the TEC has already agreed on a number of issues related to its working methods, including the principle that the issues discussed should have been identified as priorities by businesses and consumers.

It has increased transparency and deepened consultation on its own agenda. You have been consulted thrice, in February, in March and in April.

Of course, the process might be even more transparent, and we will discuss this with our American partners on how to improve further. But we should keep working with the tools we have and continue supporting the TEC as a forum to strengthen already existing transatlantic ties.

Conclusions:

To conclude with, I would like to stress two main ideas. The first, is that the crisis has exposed vulnerabilities of our markets, and severely eroded economic players confidence. This confidence can not be rebuilt without consumers. Businesses will need to work even harder to earn the trust of consumers, and we all will have to work to guarantee consumer rights in retail markets that are fit for purpose.

My second point is that transatlantic ties cannot be strengthened without the commitment to a real dialogue with consumers. I think today's discussions show that this dialogue is already taking place thanks to the TACD work and dedication to push transatlantic consumer interests forward.

Thank you.

End