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**"A Blueprint for Consumer Policy in Europe: Making Markets Work with and for People"**

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

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## Introduction

Good morning,

I am delighted to be here today to present my reflections about the great challenges ahead in creating an internal market that works for consumers and citizens across the EU.

Let me first thank the Lisbon Council for making possible this exchange of views with such interesting participants. I am especially pleased to have Mr. Monti here as he has agreed to shoulder the very important task of preparing a report on the re-launch of the Single Market. I hope that our discussion today will provide you with food for thought.

## What have we achieved and learned?

I am proud to be the first European Commissioner to hold a distinct Consumer portfolio. The creation of this portfolio demonstrates just how important the need for the European Union to deliver to consumers has become.

Over the years, the European Union has developed measures, both legislative and non-legislative, designed to complete the internal market and to safeguard consumers' rights in the EU.

But we have done little to check how markets were actually delivering to our citizens on the street. One of my first initiatives was to create the Consumer Market Scoreboard, a scoreboard that collects data on the performance of many retail markets in terms of how they give consumer value, quality, and choice.

In particular, the Scoreboard collects data on prices, consumer complaints, switching rates, consumer satisfaction and safety. The scoreboard will be an increasingly helpful tool identifying potential malfunctions. For example, it has already revealed that in services markets where consumers perceive problems with switching supplier, prices tend to be high and consumers are less satisfied.

I share the belief that open competitive markets are the best way to deliver value and choice to consumers. Low cost fixed phones and low cost travel testify that markets with a high level of competition deliver better than monopolies.

But establishing the potential for competition on the supply side may not always be enough to deliver the expected consumer benefits.

In his Political Guidelines for the next Commission, President Barroso stated that we need to find "the missing links in the internal market" so that it becomes more of a reality to European citizens. But what are these missing links?

## Key trends and visions for the future

### Online internal market

First of all, we must acknowledge that the single market at retail level will largely happen online. The Internet represents an enormous opportunity for consumers and businesses. Already a third of our population shop over the internet. Yet consumers do not yet have access to a borderless European retail market online.

Only 7 % of Europeans shop cross border. Although half of European retailers are online, only 21 % sell in other Member States. In a recent investigation, we have found that any attempt by a consumer to buy goods from a website located in another EU member state will fail 6 times out of 10. For an item such as computers or electronics the failure rate of the transaction is 8 out of 10 times. A failure means the supplier will not sell or deliver the good to you.

This is demand not fulfilled and trade not happening. It is a lost opportunity for consumers, who would have been able to save at least 10 percent, half the time. It is a missed opportunity for businesses too. In many cases consumers are being prevented from buying products that are not even available online in their own countries.

### **What needs to be done?**

The Communication of cross border e-commerce that I put forward last month presents the basis for a strategy to address this issue. For businesses, the way forward includes a simplified regulatory environment with clear rules on jurisdiction. But simpler things also need to be done such as streamlining reporting requirements on VAT or levies.

The Directive on Consumer Rights is an important element of this strategy. It proposes full harmonisation of consumer protection rules so that consumers and business need no longer worry about the legal uncertainty that comes with different standards of consumer protection regulation.

There are three additional actions that must be taken to promote consumer trust and consumer participation in cross border trade:

First, we must establish and enforce fair marketing practices online. Second, we must provide consumers with effective means of cross border redress. Third, we must ensure that the collection and use of personal data online is fair.

Let me go into some detail on each of these three important issues:

### **Fair marketing practices online**

Online commerce is still plagued with already familiar practices such as 'bait and switch' and undisclosed contract terms. But there are additional unfair practices that are specific to online markets. I will mention for example practices of 'price dripping' whereby the final price is revealed only after many clicks and deep into the transaction process; or, more worryingly, the increased confusion of commercial and non-commercial communications, notably in blogs or messages of 'personal advice'.

We will not be able to avoid much longer addressing the fairness of licensing contracts that often impose restrictions of access and usage of digital materials that are not clear to consumers. The current licensing contracts commonly extended to consumers seem neither fair nor clear to the users.

In the past couple of years, the newly established Consumer Protection Cooperation network has coordinated joint exercises in all Member States enforcing consumer legislation in particular markets. We have carried such enforcement sweeps in the online sales of airline ticket and in the sales of electronic goods over the internet.

But, I represented in the Communication on the Enforcement of Consumer Legislation of this year, many challenges remain in terms of making enforcement of consumer more effective, efficient and consistent throughout the EU. The Commission is committed to ensuring that the recommendations set out by the Communication will be carried out in practice.

### **Effective means of cross border redress**

An important 'missing link' for consumers in the internal market is proper redress when things go wrong. Our surveys show that one of the main reasons why consumers do not shop in other Member States is that they are not sure if their rights are well protected in other Member States. We must ensure that adequate means of redress exist for consumers who shop cross border.

In increasingly integrated consumer markets, groups of consumers spread across the EU will be harmed by the same illegal practice of a trader. It is an undisputed fact that under the current rules and practices in the Member States, small claims of consumers scattered around the EU do not receive adequate redress.

Simple and cost-effective means of redress for mass claims should enhance consumer confidence and create more legal certainty for businesses.

Mechanisms with adequate safeguards against abuses and minimal costs for all involved should be at the centre of the way ahead.

### **Online data collection**

Securing fairness and redress are enormous albeit already familiar endeavours. But technology never ceases to amaze and today we are faced with the relatively new issue relating to the online collection of personal and behaviour data. This is currently being done on an unprecedented scale on a massive scale and mostly without any user awareness at all.

My services have convened a Stakeholder Forum on Fair Data Collection that will meet several times next year for the purpose of analyzing the problems and informing the Commission when it considers further action.

### **Copyrights**

We cannot talk about online without referring the market that is probably the one that is failing the most: the market for digital content. It is obvious that the structure of copyright management within the EU is generating problems for the healthy development of a digital market for content and these problems need to be urgently addressed if we are to stay innovative and competitive.

### **Managing risk in services**

I talked about the need for completing the internal market online by an adequate regulatory environment and promoting consumer trust. I want to address now a more general trend in consumer markets that cannot and must not be ignored.

Consumers operate in markets that are increasingly complex and increasingly risky. Consumers are being increasingly asked to take responsibility for their retirement, their health care or the provision of their utilities. Only a generation ago these decisions were not open to individual citizens. Nowhere are the implications of this more likely to be felt than in the retail financial markets where the risks of 'getting it wrong' can be catastrophic.

But with the responsibility that we are shifting to consumers comes the duty to provide them with the means to make good choices. Transparent information that is relevant, complete and understandable is a necessary first step.

The ability to compare offers must be protected and the structure of tariffs must be such that a meaningful price comparison among suppliers remains possible. We know the lengths at which airline companies, banks, or telecom providers can go to create complex tariffs that do nothing but hide the true cost of the service at the time when the consumer is making a choice.

We have already made progress on the provision of standardised and comparable information in the area of financial services with the Consumer Credit Directive. But this is insufficient and other relevant areas of banking, credit and investment must follow. In the field of energy, the Citizen's Energy Forum has already produced a standard for a consumer friendly electricity bill to be handed to consumers.

But consumers do not only need to receive the right information. To be able to operate properly in the market, they must be able to act upon that information. The subtle or less subtle barriers put in place by traders to make switching providers more difficult to consumers must be eliminated across the board.

I would also like to mention the issue of risk management. We would never expect – or allow- consumers to shoulder any risk when getting food or purchasing a hair dryer. As consumer, we are pretty confident that food won't poison us and that hair dryers won't blow in our face.

So why do we allow uncontrolled consumer exposure to catastrophic risk in a market such as the financial markets? In financial markets, from loans to mortgages to savings, consumers have been let to take a level of risk they did not understand and they were certainly not aware of and not prepared for. This has had severe consequences in the trust of consumers for financial markets in general.

### **Product safety**

And speaking of safety, we live today in a global market place that requires a global approach to the enforcement of our product safety rules. That is why in the coming years we will have to further strengthen the cooperation we have established with our global partners, notably China and the US, to ensure a proper system of governance and surveillance that ensures the safety of our products.

### **Sustainability**

Finally, I we talk about the future we must talk about sustainable consumption. It is clear that individual consumption plays a role in the sustainability challenges that we face. But although generally concerned about climate change, only 10-15% of consumers translate their concerns into concrete actions. The sustainability of growth based on consumption therefore remains one of the great environmental challenges.

### **Governance**

Before I close, I would like to briefly mention the issue of governance of the internal market. Improved governance, I believe, is certainly needed to close another missing link of the internal market.

The time is gone where we thought firms could only compete on the merits. We know now suppliers can react to competition with misleading advertisement, confusing information, hidden terms and hidden charges. We must be vigilant to this fact and ensure we have the safeguards mechanisms to prevent or counter such developments.

The articulation of Consumer interest at European level has long been a challenge. Now multiple fora are being created where consumers are invited to give their views such as the proposed supervisory agencies for financial markets. I believe this is a very encouraging development.

Last year, the Commission established the Citizen's Energy Forum which for the first time has brought together industry, regulators and consumers to the same table to discuss a consumer friendly market. The consumer participation in this forum is a novelty for any regulatory forum.

If consumers are represented at policy making forums by persons of high standing and proven competence in the field, they can make a real difference.

I therefore believe that we should devote more resources for building consumer expertise in the areas that really matter to consumers and take on board this expertise in our policy making.

## **Conclusion**

Ladies and gentlemen

I believe that the main challenge for the future European consumer policy is giving consumers the confidence but mainly still the possibility to shop cross border. The completion of a single European market at retail will create jobs, innovation and very needed economic growth.

I have already outlined the regulatory measures that seem the most urgent for suppliers to have the right incentives to serve consumers across the EU.

I have explained that consumers need to trust the market to participate and this requires a fair environment, effective enforcement of consumer rights and means of redress. I have noted that fairness in the online environment will have much to do with the way personal data and data on people's behaviour and networks is collected and used.

Some markets fail more than others and the market for digital content is failing dramatically. We must solve the copyright management issues that make that market unmanageable at a European scale so we don't miss the boat of a market that will be the source of much innovation.

Finally I have stressed that the transfer of responsibility to our consumers must come with the duty of making this responsibility manageable and safe. Relevant and usable information alongside choice and flexibility are essential elements of consumer markets. And competitive environments should not come at the expense of an unacceptable transfer of risk to unaware consumers.

We must now adapt our governance to ensure markets deliver to our citizens. Consumers are best placed to identify the problems they suffer at retail. When empowered, they are also best able to promote those suppliers that provide the value. Our citizens are therefore the essential engine in a market that is competitive, innovative and set for growth.

Thank you very much.