

BEUC response to the

# CONSULTATION ON THE FUTURE « EU 2020 » STRATEGY

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**Contact:** Monique Goyens – [directorsoffice@beuc.eu](mailto:directorsoffice@beuc.eu)

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BEUC, the European Consumers' Organisation  
80 rue d'Arlon, 1040 Bruxelles - +32 2 743 15 90 - [www.beuc.eu](http://www.beuc.eu)

## Table of Contents

Summary.....	3
On the process: a major strategic turn for the EU deserves a more extensive consultation process.....	4
On the approach: the need for a more encompassing vision of tomorrow's Europe.....	5
On the challenges: there is more to take account of.....	6
On the key priorities.....	6
On 'Making it Happen'.....	8

## Summary

BEUC welcomes the consultation document launched by the European Commission as it is the first time in the history of the EU that such an open consultation is being organised in the ambit of the definition of EU's strategic priorities.

In order to fully achieve the objective of inclusion of stakeholders in the decision making process, it is necessary, however, to expand the consultation period, to extend it to more participants and to diversify the methods for consultation: the deadline should be extended, the consultation should be followed by a hearing, national authorities should be involved in the process and the new Commissioners should be able to input into the reflection.

In order to promote a genuine EU strategy, the objective should not be limited to competitiveness of the EU economy, but should encompass broader goals, such as EU citizen welfare. There should be no instrumentalisation of the environment, but its protection should be a goal in itself.

The challenges identified by the working document should be complemented by the challenges linked to the globalisation of our economies and the dematerialisation of our societies.

The key priorities should override the pure competitiveness goal: research and innovation should be a means to enhance people's welfare; the promotion of new technologies should not become a means of endangering citizens' human rights to have their privacy protected; empowerment of people goes far beyond access to jobs and refers to basic services, health, digital technology, complaint handling mechanisms, etc. Greening the economy should be extended to making the economy more sustainable.

On the chapter 'Making it Happen', BEUC welcomes the acknowledgement of the need for more consistency between various EU policies. On the other hand, the strategy put in place should be more long term than proposed by the Commission. Greening the economy, or even better, engaging in a sustainable EU are long term objectives. The proposed strategy should therefore be supplemented by considerations over a longer time span.

BEUC in parallel asks the EU not to overestimate the possibility to achieve a full internal market and draws the attention to the fact that currently many barriers to an effective single market are industry driven rather than Member State driven.

Finally, BEUC suggests to link the EU strategy with the review of the EU budget, as it will be important to reprioritise allocation of resources in order to achieve the objectives defined in the strategy.

## On the process: a major strategic turn for the EU deserves a more extensive consultation process

### **NEED FOR MORE EXTENSIVE CONSULTATION PROCESS**

BEUC, the European Consumer's Organisation, welcomes the possibility granted to civil society to participate, for the first time in EU history, in the preparation of the general EU strategy for the years to come. Given the primary importance of the subject and the fact that the consultation document envisages not only a major change in policy governance, but also an important turn in the approach towards the economy, the consultation process must ensure that civil society and institutions, both at EU level and at national and regional level, are able to provide input in the debate and the reflection.

In combination with what has been said above, and in the context of the strategic impact of the document, the consultation period open for stakeholders is far too short and the deadline set has not taken into account the traditional end of year break. This timeline does not allow organisations to properly consult with their members. Therefore, the current document has to be considered as a preliminary contribution by BEUC to the consultation and will eventually be supplemented by additional comments during the ongoing institutional treatment of the Commission working paper.

Likewise, the Commission mentions that the European Parliament (EP) should be encouraged to express its views before the Spring European Council, which is a very short deadline, considering the reference made by the document to the increased role of the EP in the new governance structure.

### **NEED TO EXPAND THE CONSULTATION PROCESS BY INVOLVING OTHER EU INSTITUTIONS MUCH MORE AND THE NATIONAL AND LOCAL STRUCTURES AS WELL AS CITIZENS.**

Given the strategic importance of the consultation, it should not be limited to a written procedure between the Commission and other institutions and society. Other consultation and participatory instruments should be used to make a more inclusive contribution to the forthcoming strategy possible. BEUC supports the proposal to expand the consultation to the various levels of political decision making, municipal, regional and national, as well as European levels, and to envisage the organisation of a Citizens' Agora in the months to come.

We also suggest that the Commission adopts a proactive attitude in seeking citizens' feedback, by encouraging them to react via the "your voice" page on the Commission website (<http://ec.europa.eu/yourvoice/>).

### **INVOLVEMENT OF THE NEW COMMISSION**

This paper has been prepared in a period of transition. The outgoing Commission was in a care taker situation and the new Commission has not yet confirmed by the EP. This also means that the Commissioners who will be in charge of implementing this strategy have not been fully involved in the preparation of this important document. More time for consultation would also provide the new Commission with an opportunity to organise a College debate around a strategy that they will have to implement in close cooperation with each other.

## On the approach: the need for a more encompassing vision of tomorrow's Europe

While the consultation document concerns the strategy of the European **Union** as a whole, its objectives concentrate (mainly) on the competitiveness of our European economy. While we acknowledge the importance of a competitive EU economy, we regret that other elements of public policy making, such as citizen welfare or the environment, are used as drivers rather than as objectives. This approach, in being fascinated by competitiveness, leads to a major bias in the whole document.

It is indeed too limited from a civil society point of view: even if the goals indicated in the consultation document are legitimate and should be supported, the strategy should encompass other objectives than recovery from the crisis and ensuring a competitive European economy: elements such as social cohesion, facing the demographic challenge, should not only be a tool to boost the economy, they should be a goal in themselves. Other objectives, such as the protection of citizens' fundamental rights, should also be stressed within a strategy that should be presented as providing welfare to EU citizens.

Even in a strictly economic context, the analysis proposed by the Commission is driven by the supplier side and does not sufficiently acknowledge the role consumers play in driving markets. Such an acknowledgement would then lead to a strategy that, in order to enhance the economy, would provide for general and specific measures to promote the consumers' role in markets (de facto integration of consumer interests into all Community policies, policy measures that ensure better information, safe products and services, efficient access to justice, enhanced mobility, fight against territorial discrimination, unfair marketing practices and contract terms,...): a confident and well-informed consumer will be an effective driver of a dynamic economy.

In the Commission working document, the notion of consumer empowerment, as well as more general references to people as citizens, workers, patients, children or adults, or references to inclusive societies should be developed further. It is essential to shift the approach to put the citizens and consumers at the centre of this strategy. This would then also be more consistent with the statements made by President Barroso at his hearing before the European Parliament in 2009 and his political guidelines for the new Commission.

A more encompassing vision such as this should also lead to broadening the concept of "green economy" into a sustainable economy, going beyond the protection of the environment, and including for example worker protection, the protection of the more vulnerable groups of the population, etc. Sustainability could be a new guiding principle of the working document.

## On the challenges: there is more to take account of

The Commission identifies public sector deficits, the conservation of natural resources and European demography as constraints and challenges for the future EU strategy. From the point of view of consumer organisations, there are more challenges to identify in order to prepare a strategy that would lead to a social market economy that would deliver to consumers, such as:

- the **globalisation** of our economies and communication technologies, that opens markets for all actors, but that also weakens the efficiency of all measures defined and implemented both at national and EU level in order to protect their citizens and economic actors, be it in terms of safety or unfair commercial practices;
- the **dematerialisation** of our economies with a growing share of services and online transactions, that lead to new opportunities, e.g. when it comes to sustainability, but also to new threats to citizens, consumers and other economic actors.

## On the key priorities

### KNOWLEDGE-BASED GROWTH

Research and innovation, as well as education, are of course major factors in citizen welfare. It is essential, and particularly in the area of research, innovation and creativity, that the **EU research strategy guarantees the integration of civil society** needs, concerns and expectations when steering these policies: research and innovation as such are not a factor of welfare, they only will be so if they constitute an adequate answer to one or several civil society concerns.

In the context of intellectual property rights, the reference to efficient and cost-effective protection of authors, should be combined with the acknowledgement of the **need to define a fair and balanced system of copyright protection** and for consumers to have a real access to content in the internal market: the interest of authors to have their works protected should be balanced with the interest of citizens/consumers to have access to information, culture and knowledge.

BEUC welcomes the initiatives that will lead to digital inclusion. However, it is important to stress that the implementation of a digital strategy has to guarantee that the objectives of productivity gains do not endanger fundamental human rights in particular in terms of data protection and privacy. This should be included in the EU strategy. In this context, BEUC very much welcomes the commitments made by Commissioner Kroes in her written answer to the EP hearing for her confirmation, where she stated that it is her priority to develop and implement a European Digital Agenda that contributes to the achievement of the EU 2020 vision and which has consumers and citizens at its core.

## **EMPOWERING PEOPLE IN INCLUSIVE SOCIETIES**

The section of the consultation document devoted to this priority limits the goal of empowerment to the opportunities provided to people to have access to jobs or social security and pension systems. It is important to broaden the scope of this strategy in order to provide people with power in the various facets of their lives.

This would imply in particular access to and the ability to fully benefit from the following :

- basic services, such as health care, energy, water, education, basic bank accounts
- information and communication technologies in order to be able to participate in modern society, to reduce the digital divide
- public authorities
- reliable and useful information
- adequate redress mechanisms
- social security
- healthy food
- safe products and services

Consumers, including the more vulnerable ones, should not only have access to these various products and services, they should be empowered to understand them, they should be given the adequate tools to use them properly, they should be heard as to their needs and expectations and they should be able to afford them. All of these products and services should be construed/designed in a consumer-friendly way.

## **CREATING A COMPETITIVE, CONNECTED AND GREENER ECONOMY**

Greening the economy is analysed in the document in its aspects of enhancing competitiveness and strengthening the EU industrial base. The future EU strategy should however take account of the broader picture of welfare and the other aspects of a sustainable economy, such as protection of workers, of vulnerable citizen or consumer groups, etc. It should, more fundamentally, consider the greening of the economy as linked to the protection of environment. This more global approach will lead to different attitudes than the approach proposed in the consultation document when it comes to resolving conflicts or contradictions between those different elements.

Competition in the network industry in Europe is critical in order to deliver benefits to consumers. It is paramount for consumers to have choice and thus to have access to truly competitive markets and services in the telecom sector. In this respect, we believe that the rolling out of new generation networks could have an interesting impact on competition in the telecom sector and ultimately on consumers.

BEUC welcomes the goal of 100% broadband coverage, and encourages the EU to engage into a proactive policy such as to make that coverage affordable for all citizens, in combination with accompanying training measures such as to empower more vulnerable groups towards full benefit of these tools. We stress the importance of acknowledging that if internet is a basic element in all citizens' life, cutting internet connections (e.g. as a sanction to alleged or proven illegal downloading) should be authorized only under very strict conditions.

We stress the importance of acknowledging that if Internet is a basic element of all citizens' life, the current trend in some Member States to cut Internet access to enforce private interests (e.g. illegal downloading) is totally disproportionate and at odds with this strategy.

## On 'Making it Happen'

### **EXIT FROM THE CRISIS**

BEUC shares the view that access to credit and efficient financial market supervision will be crucial for the recovery. In this context, we stress the need not to limit financial market supervision to control of assets of financial institutions, and to extend this supervision to the relationships that those institutions undertake with consumers: unfair and/or aggressive marketing practices as well as non-responsible financial advice, have contributed to the current financial crisis. This experience should lead to a more proactive consumer protection policy in financial markets through the establishment of structures and procedures that protect consumers against irresponsible behaviour by and on behalf of financial institutions. This is the basis to regain consumer confidence with financial products, and consumer confidence is needed to boost the economy.

More globally, BEUC strongly suggests that the strategy put in place be more long term than proposed by the Commission. Greening the economy, or even better, engaging in a sustainable EU are long term objectives. The proposed strategy should therefore be supplemented by considerations reaching over a longer time span.

### **HARNESSING EXISTING INSTRUMENTS IN A NEW APPROACH**

BEUC welcomes the acknowledgement of interdependence between different policies, as it reflects the horizontal character of consumer policy: consumer policy priorities should be fully taken into account when implementing market policies, research and innovation policies, industrial policies, environmental policies, etc. The same is true for sustainability: the transversal nature of sustainability should be acknowledged by all policy makers, in all sectors.

### **FULLY EXPLOITING THE SINGLE MARKET BUT ALSO MAKING COMPETITION POLICY MORE PROMINENT**

BEUC agrees that currently, consumers do not reap full benefits of the single market. Initiatives have to be taken in order to enable them to shop more easily and in full confidence, both domestically and cross-border, on line or in a high street shop.

However, the Commission identifies fragmentation as the major hurdle to be overcome. While BEUC agrees that unnecessary barriers should be removed, in the interest of all economic actors, it is essential not to overestimate what can be achieved and to take the following into consideration:

- first, a perfect single market without hurdles is an unachievable utopia. There will always be barriers, be it language, culture, distance, tax law, ...

- the shortcomings of the single market for consumers are much more diversified than what current policy-making by the Commission seems to indicate: the EU concentrates on eliminating regulatory hurdles, while consumers increasingly experience new types of barriers to cross-border shopping due to business practices. Territorial licensing, vertical restraints or other practices preventing consumers from making better deals across the border, lack of information on unsafe products, be they general consumer products or pharmaceuticals, lack of effective complaints handling and redress systems are only a few examples that should also be tackled by the EU in a more consumer friendly way.
- Refusal to access cross-border financial services is another blatant example of a one-way single market, where only business are put in a position to provide cross-border services, while consumers are pictured as passive actors waiting for foreign business to come and deliver competition. Such an approach is not in line with the underlying vision of empowered consumers.

Consumers, particularly in the online environment, notwithstanding its principally borderless character, find that some e-commerce businesses have actually re-introduced territorial barriers through technology. The territorial nature of copyright laws adds to the current fragmentation to the detriment of consumers. Each Member State has its own rules regarding the granting of copyright, thus limiting their scope to their national territory. Consumers seeking to buy copyright protected content online are often only allowed access to online stores directed to their country of residence and/or at different conditions. The development of multi-territory licensing mechanisms has the potential to address the current fragmentation and contribute significantly to the achievement of a truly Digital Single Market.

A competitive economy can only deliver if it is promoted by a proactive competition policy. EU competition policy should be given a prominent place in the EU 2020 strategy, namely in defining much more clearly the links between competition policy and the other policies described in the strategy. In this respect, and in the context of empowerment of people, the promotion of the consumer interest should be fully taken into consideration in competition policy.

#### **HOW TO RECONCILE A GREEN ECONOMY WITH A SINGLE MARKET**

The promotion of the single market refers to cross-border activities, both of undertakings and of consumers. This can to some extent be in contradiction with the EU 2020 strategy as indicated by the Commission, and which should engage into a greener economy. If this combination is not a problem for immaterial products, e.g. downloading of audio-visual material via the internet, electronic invoicing, etc, it can lead to conflicts when it refers to the delivery of goods or material services.

It is essential that the EU has a consistent and outspoken approach towards this potential conflict of policies.

#### **WHAT LINK WITH THE REVIEW OF THE EU BUDGET?**

It would be useful to link the strategic reflection proposed by the Commission to the review of the EU budget: in order to effectively implement this strategy, there will be a need for a reprioritisation of resources allocated to the various EU policies. This should be done in a transparent and consistent way as possible, for the sake of good governance.