

The Consumer Voice in Europe

THE NEW MULTIANNUAL FINANCIAL FRAMEWORK (MFF) – 2021-2027

BEUC's complementary contribution to the European
Commission's consultations



Contact: Monique Goyens and Ursula Pachl – directorsoffice@beuc.eu



1. Increasing the budget for EU consumer policy activities

1. We welcome that the European Commission consults on the future MFF. BEUC is naturally particularly concerned with the future of the EU consumer programme, which is covered in this consultation process by the “Consultation on EU funds in the field of investment, research, innovation, SMEs and the Single Market”.
2. We have answered to that consultation, but because the consultation’s topics are not focused on consumer policy, we would like to submit an additional complementary response in order to highlight the importance of EU consumer policy and the need to provide sufficient financial support to it.
3. BEUC will also respond to other consultations within this cluster of consultations, which all touch upon areas of consumer interests; these are in particular the “Consultation on EU funds in the field of values and mobility” and the “Consultation of EU funds in the field of strategic infrastructure”.
4. Currently the EU consumer programme budget is as small as EUR 188,8 million. It amounts to only 0.017% of the total EU budget; it is the smallest programme (1,1%) within the smallest EU budget heading of “security and citizenship”.
5. But as clearly demonstrated by previous evaluations of EU consumer programmes, this very small financial envelope makes a big difference to European consumers in terms of actual implementation of their consumer rights to safety, to information, to justice, to representation. On the other side, it is also clear that more should be done at EU level for consumers, but which would require more financial resources.
6. The Consumer Programme is clearly a programme which delivers results that cannot be achieved through national spending, such as the RAPEX system to ensure product safety for consumers, the ODR platform to ensure access to justice for consumers, or representation of consumer interests at EU level etc.
7. Given the need for the EU to demonstrate to its citizens what is the added value of belonging to a strong political and economic Union, and the need to regain peoples’ trust in EU and national politics and authorities, which has been seriously undermined by the financial crisis and big scandals such as the Dieselgate fraud, it is obvious that increasing funds for the consumer programme should be an important objective for the next MFF.
8. Below we explain why **increasing the financial envelope for the EU consumer policy activities** should be a **key strategic element for the next re-structured MFF and thus for achieving an EU of equality, justice and social inclusion**. We also in particular focus on the role of consumer organisations in achieving this objective.

2. The added value of EU resources spent on consumer policy are manifest.

1. The cross-border nature of challenges that consumer policy has to cope with are ever increasing. Spending money to address these challenges from a European level is more effective and more efficient.
2. As underlined by the European Commission, by focusing in the right areas, even a relatively modest EU budget can have a strong impact on the ground. It can do so while allowing for savings to be made in national budgets. The EU consumer policy programme is a model in this respect:
3. The objectives of the current consumer programme support the European priorities that will remain essential also for the next financial period:
 - the digital single market (ensure that digitalisation actually leads to increased consumer welfare),
 - sustainable growth (moving towards more sustainable patterns of consumption),
 - social inclusion (taking into account the specific situation of vulnerable consumers and the need of an ageing population), and
 - better enforcement as an essential part of better regulation and the lifetime of EU legislation.

These objectives also highly relevant for the next period 2021 – 2017.

4. One of the major weaknesses of the European Union's integration process today is the lack of acknowledgment of its advantages and benefits by its own citizens;
5. Consumer policy is one of the very few Union policies which is directly tangible by European citizens/consumers; Its reach out capacities are big but so far have not been sufficiently employed by the EU institutions. Putting consumers centre stage is an essential element of a strong Single Market policy but also needs the corresponding financial support.
6. The Consumer Programme (= 0.017% of the EU budget) clearly delivers results that cannot be achieved through national spending: The following advantages characterize the **added value** of the consumer policy supported by the consumer programme:
 - Contributing to a level-playing field both for companies and consumers with a **regulatory framework that is consistent** via support for better access to justice and dispute resolution, consumer education, co-operation of public authorities etc...
 - When it comes to market surveillance, the EU supports schemes that promote **common training of national officials**, for a common interpretation of EU legislation.
 - In several sectors, the EU has set up an **alert system** that allows for national authorities to intervene more quickly on the market to withdraw dangerous products or substances RAPEX, RASF; TRACES.

- When it comes to **enforcement it ensures the pooling of national officials** allows for sharing of best practices and capacity building. More structurally, the EU provides the national authorities in charge of consumer protection for a common framework in which to act when a problem arises the effects of which go beyond the domestic situation. **Coordinated enforcement actions** are a powerful tool for a better supervision of the market.
- EU makes funding available for representation of **EU wide consumer organisations**.
- EU fund includes support for participation in EU-ecolabel schemes, ecodesign policy to promote EU wide **sustainable consumption**.
- EU also contributes to the **overall capacity** to work in the area of consumer protection, by supporting training and educational programmes, such as Consumer Classroom, Consumer Law Ready, Consumer Champion.

3. BEUC recommendations for key elements for the next MFF regarding consumer policy

3.1. Strengthening European consumer representation

- The funding of NGOs, and in the context particularly as regards the funding at EU level of consumer organisations such as **BEUC**, constitutes a fundamental prerequisite to guarantee a democratic EU decision making.
- It makes it possible for organisations that represent the general public interest, to feed into the EU policy and legislation making process and to try to counter balance the overwhelming resources of the private business sectors in this respect. The funding received from the EU budget allows BEUC to respond to consultations, to participate in a very high number of expert and working groups, to interact with the Commission, the European Parliament and Council by providing the genuine consumer perspective when EU policy and legislation is defined, designed and implemented.
- The funding also enables BEUC to provide the EU institutions with the input from member organisations from (nearly) all countries across the EU, thereby reflecting, as much as possible, the variety of consumer needs and expectations within Europe, yet speaking with one voice.
- The **big added value** that BEUC brings to the EU policy making process has been clearly identified and highlighted in DG's Justice and Consumer external evaluation of the performance of BEUC. BEUC has very constructive relationships with the Commission, the EP and the permanent representations. In relation to the Council of ministers, BEUC regularly co-ordinates actions with its members to influence in a targeted and coherent manner the decision taken at national level in relation to EP policies/legislation. BEUC is recognised universally as the genuine voice of European consumer organisations and is consulted, formally or informally, by numerous Commission services, MEPs and permanent representations.
- BEUC's involvement in the EU decision making process and its constant dialogue with EU decision makers has led to more consumer-friendly legislation and policy making, thereby bringing the EU closer to its citizens. It could not have had the same influence without the financial assistance of the EU. It is therefore essential to continue, and even to strengthen the financial support, in order to enable the consumer representatives to contribute more strongly to the different EU policies.

- Having one strong EU consumer organisation able to build up a horizontal dialogue with EU decision makers is an essential feature of the EU. We very much welcomed that (under the current consumer program) we were offered a multi-annual framework partnership agreement with the European Commission that stabilized our work programme for four years and significantly reduced the administrative burden linked to the introduction of work programmes.

3.2. Strengthening the national consumer representation

- In many EU Member States, consumer organisations struggle to survive or struggle to become sustainable civil society representatives with a broad and stable work programme in order to mirror the diffuse nature of consumer interests' which are relevant to many policy fields.
- In several EU Member States, national authorities are still reluctant to acknowledge the importance of involving consumer representatives in the decision making and implementing process, and to consequently fund this participation. Funding models of consumer organisations that are based on consumer financial support, while they constitute the major if not unique source of income for the more mature consumer organisations, face major difficulties in the more recent segments of the consumer movement, because of the competition introduced by new business models (comparison websites) and changing consumer expectations (generations Y and Z), that do not allow for the movement to set a sufficiently sustainable basis to build on.
- This vulnerability of national segments of the consumer movement in the EU has the following worrying consequences, both at national and EU level:
 - ⇒ At national level, decision making is not properly informed about the consumer needs and expectations, and the role of watchdog that many consumer organisations play in parts of the EU, cannot be properly implemented in the less affluent countries.
 - ⇒ This has a spill over effect to the EU: The whole EU decision making process, including the co-legislators and working groups, is informed with an imbalanced input from different stakeholders. MEPs, as well as the national authorities, from the countries where the consumer movement is less affluent, do not have the feedback from the consumer perspective when representing their constituencies' views in the policy making process.

The EU policy might therefore fall short of an inclusive analysis of specific consumer needs in these Member States. This risks leading to a perception in these countries of being "second class consumers", as the recent developments on "dual quality of consumer products" have illustrated. This can lead to Euroscepticism if exploited by populists.

- This means that overall, there is a lack of balance in EU decision making that is relevant for consumers towards needs of those consumers that are sufficiently represented by their national consumer organisations.
- The policy response provided under the current consumer programme gives only a partial policy response to this challenge, as it foresees funding and capacity building of consumer organisations but doesn't provide for possibilities for national organisations to receive either operational or project-based funding.

3.3. Continue the capacity building of consumer professionals

- The Consumer Champion project (www.consumerchampion.eu) has trained more than 400 consumer professionals in countries with a less affluent consumer movement. It also provides for a platform for e-learning and has reached more than 1000 professionals across the EU.
- This capacity building initiative is welcome and should be continued to raise the critical mass of consumer professionals, that will contribute to a change of culture in the countries concerned. It should be expanded to include also capacity building in terms of funding and sustainability of consumer organisations.
- However, capacity building only constitutes part of the policy response to the challenges faced by some national organisations. Several additional measures should be taken at EU level in the context of the next MFF to provide for additional resources for the national consumer organisations.

3.4. Strengthen public and private enforcement to ensure actual impact of consumer rights

- The current consume programme 2014-2020 includes the objective of enforcement - to support enforcement of consumer rights by strengthening cooperation between national enforcement bodies and by supporting consumers with advice. This support is focused on the cooperation within the Consumer Protection Cooperation Network and the activity of the European Consumer Centres.
- It is crucial to continue and to increase the support for enforcement which is the current Achilles heel of EU consumer law – theoretically ensuring a high level of protection of EU consumers but not very effective when it comes to its usability, the real value of any right.
- Due to the national competence, enforcement is also the currently a neglected part of the lifecycle of EU legislation but has been rightly identified as a key element of the current and future EU Agenda on improving regulation.
- **The future EU funding should put much more focus on activities that promote stronger, consistent and coherent enforcement of enforcement of consumers' and citizens' rights.**
- **The next MFF should provide EU funding programmes open to national consumer organisations as part of the new focus on enforcement of consumer rights.**
- Consequently, in addition to supporting public authorities and their co-operation, it is essential that private enforcement through private bodies such as consumer organisations is promoted. This includes the capacity building of consumer organisations (as explained above under point c)) but also requires that opportunities are offered for private enforcement activities, either by way of projects for example of co-operation to ensure EU wide enforcement actions in case of EU wide infringements.
- **In practical terms, the next MFF** should include projects to support private enforcement activities, for example to promote the co-operation of national consumer authorities and consume organisations, who according to the new CPC regulation (applicable as of 2020) can be consulted and can alert authorities of potential infringements of consume rights; co-operation with other sector specific national authorities, such as data protection or market surveillance authorities with consumer organisations should be promoted too in order to respond adequately to the increasing cross-sector enforcement challenges for example regarding the Internet of things. .

- **In practical terms, the next MFF should** include funding for training and network building of consumer organisations who undertake enforcement activities.
- National consumer organisations, where sufficiently funded, can play an important role of market watchdog, in particular when it comes to enforcement of EU legislation¹. Product testing, mystery shopping, consumer surveys can be carried out by national consumer organisations, where relevant within multi-country or EU-wide consortia, based on EU-funding. In such a way, consumer organisations can play an important role in securing a sustainable regulatory framework, in support to national authorities. In parallel, participation in such programmes will enable national consumer organisations to reinforce their credibility and legitimacy towards the public opinion, to build up a constructive relationship with authorities.

3.5. Introduce a principle of retrocession of EU competition fines to fund consumer projects

- EU competition fines are penalties for market behaviour that harms consumers. However, the victims are never compensated for the harm that they have suffered. A way to address this issue is to earmark a tiny proportion of the fines collected under EU competition decision to specific funding for EU or national projects dedicated to consumer education, protection, enforcement of consumer rights. To some extent, the EU funding programmes referred to above could even be financed by this source. It would be a fair compensation for the collective harm done to consumers by anti-competitive behaviour.
- This might be a difficult case to make, as EU competition fines return to the EU budget and constitute a diminution of the contribution of the Member States. It could however be presented in such a way as to relieve national authorities from supporting their consumer movement, while benefitting from the increased sustainability of the consumer movement that will enhance the quality of national policy making and enforcement of consumer rights.

3.6. Strengthen consumer awareness and education

The programme should include funding for campaigns to raise consumer awareness and for new types of consumer education, advice and information programmes;

In practical terms, the next MFF should include an activity for the European Commission to establish and maintain a database of multilingual promotion material that can be used by all consumer organisations (like videos, animated clips, brochures, etc. on current/important topics) free of charge.

¹ In some countries, such as in Germany, this watchdog function is partly financed by public funding.

4. Strengthen the EU funding of activities related to public health policies

- Ensuring a **high level of protection of human health** is an essential obligation of the EU. We urge the European Commission to also propose **an ambitious agenda for funding European health policy activities beyond 2020**. There has never been a stronger case, or a more vital moment for the EU step up work to protect health. While life-expectancy is improving, the years gained are often lived in relatively poorer health due to the proliferation of preventable chronic diseases, compounded by huge disparities that persist within and between member states.
- Such policies should include food information and food safety elements, as they are closely related to the prevention and tackling of major public health challenges, such as obesity, diabetes, or Antimicrobial resistance.
- Again, the **EU added value of such activities is very obvious** for example as regards the need to prevent future health scandals: Health scandals such as the weight-loss drug Mediator and the faulty PIP breast implants keep undermining consumers' confidence in the safety of available health products and their oversight by the competent authorities. Also, increased internet sales of medicines, including from outside the EU, prevents a growing concern for consumers that needs to be addressed as a matter of priority. Activities for **more openness and transparency in the pharmaceutical sector** are also essential: Every year approximately 4,000 clinical trials are authorised in the European Union. However, only half of the clinical study reports are published, and trials with positive outcomes are twice as likely to be published as others.
- More specifically when it comes **to EU added-value in the food area**, it is vital for the Single Market that the same rules (on food safety, labelling, etc.) apply to food produced anywhere in the EU. The EU has a role in defining these rules and making sure they are properly enforced across Member States. The EU by its training programs contributes to building the capacity of Member States' food control services and helps steer food safety levels upwards. It enables the rapid exchange of information on food safety incidents among the Member States (RASFF). It also facilitates administrative assistance and cooperation among EU countries on food fraud issues (which often have a cross-border dimension). The EU also has added value in helping Member States act on nutrition issues. The EU enables the exchange of best practice among Member States, who can take inspiration from each other's actions in the area of reformulation, school food procurement, marketing to children, etc.

END



This publication is part of an activity which has received funding under an operating grant from the European Union's Consumer Programme (2014-2020).

The content of this publication represents the views of the author only and it is his/her sole responsibility; it cannot be considered to reflect the views of the European Commission and/or the Consumers, Health, Agriculture and Food Executive Agency or any other body of the European Union. The European Commission and the Agency do not accept any responsibility for use that may be made of the information it contains.