Austrian Presidency of the European Union

BEUC priorities 2018
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The European Consumer Organisation (BEUC) is the umbrella organisation for 43 independent consumer organisations in 32 European countries. Our mission is to represent and promote consumers’ interests to EU decision makers in all consumer-relevant areas that match our members’ strategic priorities. Our members in Austria are Verein für Konsumenteninformation (VKI) and Arbeiterkammer.

In this Memorandum for the Austrian Presidency of the Council of Ministers, BEUC highlights the most pressing consumer expectations for the European Union, makes concrete proposals for how the Austrian Presidency can work towards successful consumer policies, and finally urges the Council of Ministers and the European Parliament to legislate in favour of consumers.

**Introduction**

**Consumer rights**

The New Deal for Consumers should ensure that consumers can benefit from more harmonised remedies, and that stronger sanctions are available to enforcers in case of infringement. The new legislation should also ensure that consumer laws are updated so that consumers can trust – and be active players in – the digital market.

**Clean Energy for All Europeans**

This comprehensive package encompassing legislative action on energy efficiency, renewables, design of the electricity market and governance rules for the Energy Union must put consumers at the centre of Europe’s energy transition. Although the proposals are a step in the right direction, several improvements are needed in order to provide a consumer-friendly energy transition.
In this Memorandum, we draw attention in particular to the following initiatives:

**Guarantee rights**

The proposal for sales of tangible goods should improve legal guarantee rights for consumers, but should not diminish their national systems.

**Collective redress**

The legislative proposal on representative actions should allow consumer associations to make use of a wide range of collective compensation actions, and at the same time creating a level playing field for all businesses by penalising the cheaters.

**Digital Single Market**

The legislative proposal for the supply of digital content and for online purchases of tangible goods and ePrivacy should lead to real benefits for consumers in the digital age.

**Access to medicines**

The legislative proposal on Health Technology Assessment (HTA) has the potential to help governments save money, and to reward health technology only if it benefits consumers. However, the current proposal does not ensure that high quality standards will be used in conducting the assessments.

**Financial services**

the review of the European Supervisory Authorities, the review of the Regulation on cross-border payments, crowdfunding legislation and the Pan-European Personal Pensions initiative should lead to better outcomes for financial services consumers.

**Car CO2 emissions**

The availability of electric vehicles is a key factor in the reduction of CO2 emissions from passenger vehicles, as well as for decreasing fuel usage and noise and air pollution. We call on the Council to make this topic a focus point of its deliberations.

**Product safety and market surveillance**

We hope that the Council will prioritise the new proposal for improving market surveillance. Better product safety is urgently needed.

**More transparent food safety evaluations**

The studies that the European Food Safety Authority (EFSA) uses in order to determine whether or not a given product or substance is safe will be made public. This will ensure that EFSA’s scientific assessments are open to peer scrutiny. We hope that substantial progress can be made under the Austrian Presidency on the Commission’s proposal revising the General Food Law to increase the transparency and sustainability of risk assessment in the food chain, as this will help to increase consumer trust in the EU's food safety evaluation system.

We hope that progress will be made on these and other initiatives mentioned in our Memorandum for the Austrian Presidency, with the aim of delivering clear benefits to European consumers.

We wish the Federal Republic of Austria a most successful Presidency.

Monique Goyens  
BEUC Director General

Örjan Brinkman  
President
Why it matters to consumers

Consumer policy is one of the very few EU legislative areas that is directly tangible for European citizens and consumers and can positively impact their daily lives. Through its Consumer Programme, the EU funds for example the product safety rapid alert system, coordinated enforcement actions, an online dispute resolution platform, and the representation of consumer interests at EU level.

Not only does the EU influence consumer policy through its legislative initiatives, it also financially supports European consumer organisations, thus enabling them to bring the consumer perspective to the EU policy debate. These policies and actions need corresponding financial support.

State of play in legislative procedure

The European Union’s next long-term budget (the so-called Multiannual Financial Framework, or MFF) is currently under preparation, and will cover the period between 2021 and 2027.

The budget proposal was presented in May 2018 by the European Commission. The Commission also put forward additional legislative proposals for specific spending programmes (including its consumer programme) in June. The Council, after obtaining consent from the European Parliament, will adopt the MFF regulation.

Recommendations for the Presidency

We expect the Austrian Presidency to help deliver a budget that allows the EU to demonstrate to its citizens the added value of belonging to a strong political and economic union. Regaining peoples’ trust in EU politics and institutions should be an important objective for the next Multiannual Financial Framework. Consequently, the financial envelope for consumer policy should be strengthened.
What we need to succeed

• EU level funding for consumer protection organisations in the context of the EU’s consumer policy, should be guaranteed as a strong element of democratic EU and national decision making.

• Initiatives to support the financial sustainability of national consumer organisations should be introduced, such as requiring their meaningful and remunerated participation in consumer relevant research and innovation programmes.

• European capacity-building projects, which have enabled the training of consumer professionals in countries with less affluent consumer movements, should be continued.

• Public and private enforcement to ensure actual impact vis-à-vis consumer rights should be strengthened. This could partly be financed through the introduction of the principle that EU competition fines be retroceded to fund consumer projects.

• Activities to ensure a high level of protection for human health should also be increased. We urge the European Commission to 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 to 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. This is only compounded by the huge disparities that persist within and between Member States.

Additional sources

The New Multiannual Financial Framework (MFF) – 2021-2027BEUC response to the public consultation
BEUC-X-2018-015
Proposal for a Directive on the sales of tangible goods

Why it matters to consumers

Modern and effective rules concerning online and offline transactions are essential for consumers purchasing across the EU Single Market. There is a need for clear rules on the conformity of goods, and it is crucial that consumers have remedies available in the case of faulty goods. The Commission’s proposal concerning sales of goods offers opportunities for reform and innovation in the area of sales law and legal guarantees. The proposal will impact existing consumer rights, and it is important that these rights are strengthened rather than weakened.

Although the proposed legislation would bring some improvements, it lacks innovation and will not result in a high level of consumer protection. In fact, its full harmonisation approach will lead to a reduction of essential rights in several Member States.

State of play in legislative procedure

A proposal for a Directive on Online and Other Distance Sales of Goods was issued in December 2015, and was amended in October 2017 to extend its scope to offline sales.

In February 2018, the responsible Committee in the European Parliament (Internal Market and Consumer Protection) adopted a report. Unfortunately, the Committee opted for a position that will result in the deterioration of consumer rights in several countries. The free choice of remedies currently existing in several Member States was abandoned, and the period of the reversal of the burden of proof was reduced from the proposed two years to one year. On top of this, the Committee ignored the call to introduce rules reflecting the need for a longer legal guarantee period for durable goods, as well as rules addressing the importance of the reparation of products.

In the Council, the discussion on the proposal started under the Bulgarian Presidency. One debated issue is how to treat the software embedded in tangible goods. It is unclear whether and under which rules consumers buying such products— including mobile phones— are protected. The Austrian presidency is expected to reach a general approach.
Recommendations for the Presidency

We recommend that the Austrian Presidency strives to ensure that consumers do not lose existing protection standards in their countries. The Council should take into account that together with a product’s price, the existence of effective legal guarantee rights is the most important factor for consumers when deciding whether or not to buy a product. Any negative impact of new EU legislation – as would for example result from the European Parliament’s Committee opinion – must be avoided. New rules based on full harmonisation should only be supported if they increase existing levels of protection in Member States. This relates particularly to the duration of the legal guarantee period, the burden of proof period, and the systems of remedies.

What we need to succeed

• Full legislative harmonisation should be undertaken only at the highest level of consumer protection and must be based on a proper impact assessment; this kind of legal measure should never preclude useful, well-established consumer rights at the national level.

• It must be up to the consumer to decide which remedy she or he prefers, as it is the trader who is in breach of contract. A free choice of remedy, established and well received in a number of Member States, is the fair legislative response to misconduct by the trader. The suggestion of the IMCO Committee of the European Parliament to remove the free choice of remedies as currently exists in Portugal, Greece, Slovenia and Latvia sends the wrong signal to EU consumers.

• A blanket maximum legal guarantee period of two years as suggested by the European Commission, or a freezing of national standards as suggested by the IMCO Committee, is not sufficient. The legal guarantee period should reflect the longer lifespan of many products and should not frustrate legitimate consumer expectations. A reduction in consumer protection in the Member States should be avoided.

• We strongly support the extension of the reversal of the burden of proof period as envisaged by the Commission’s proposal, and we reject the reduction to a maximum of one year as suggested by the IMCO Committee. This would lower consumer protection standards in several countries.

• We advocate for the joint liability of sellers and producers, based on existing concepts in many Member States. Consumers should be able to choose whether to direct their claim to the seller or the producer. At the very least, producers should be obligated to inform consumers about the minimum lifespan of their products. Such information should constitute a commercial guarantee. A mere “option” to do so, as suggested by the IMCO Committee, is clearly not sufficient.

Additional sources

- Response to the European Commissions’ public consultation on contract rules for online purchases of digital content and tangible goods
  BEUC-X-2015-077

- Proposal for a directive on certain aspects concerning contracts for distance sales of goods
  Position paper
  BEUC-X-2016-053

- The new initiative for online and digital purchases
  Letter to Commissioner Věra Jourová
  BEUC-X-2015-031
Contracts for the supply of digital content

Why it matters to consumers

The fast evolution of communication technologies has allowed business models based on the supply of digital content and services to be developed. These online products have widened consumer choice while at the same time providing new challenges for consumer policy. Consumers are not sufficiently protected when they buy digital content products online – such as e-books, films and music – or when they subscribe to digital services. The Commission’s proposal for a Directive on Contracts for the Supply of Digital Content offers a unique opportunity to develop a solid consumer protection framework for the digital world and to close the existing legislative gap with the rules that currently apply to the physical world.

State of play in legislative procedure

The proposal for a Directive on Contracts for the Supply of Digital Content was adopted in December 2015. Overall, the level of consumer protection in the proposal is good. The Council agreed upon a general approach in June 2017. It maintained and even improved on a number of important elements in the proposal, but unfortunately agreed to reverse the burden of proof in favour of the consumer to only one year.

In November 2017, the responsible Committees in the European Parliament (the Legal Affairs Committee and the Internal Market and Consumer Protection Committee) adopted their report. This report is more ambitious than the Council’s approach on many issues, for example regarding the inclusion of specific rights for conformity of software embedded in smart devices.

Recommendations for the Presidency

We ask the Austrian Presidency to prioritise this proposal and to work with the European Parliament in achieving a solid deal for consumers that guarantees a high level of consumer protection for digital content products and services, irrespective of whether they are accessed in exchange for payment or as a result of data collection and processing.
What we need to succeed

• We strongly support a legislative instrument that will harmonise contract laws for digital products. The scope of this instrument should include digital content and services. It must be ensured that consumers are also protected if they purchase products with embedded software.

• The essence of sales law and legal guarantees is to restore contractual equivalence. It should therefore not matter whether the consumer fulfils her or his side of the bargain by giving money in exchange for the product or whether personal or other data is provided as counter-performance. The scope of the Directive should cover all of these situations.

• It should be up to the consumer to freely choose the remedy for any lack of conformity. In any case, consumers should have the right to terminate the contract in case of failure to supply.

• There is no specific need to include a legal guarantee period in this Directive because – unlike tangible goods – digital content is not subject to wear and tear. In case this is not possible, the Council’s approach, which states that it is up to Member States to provide a time limit that is not shorter than two years, is preferable.

• The reversal of the burden of proof should always be on the service provider. It would be extremely difficult for a consumer to prove that a defect existed prior to the supply of the digital content. The proposal for a time limit as suggested in the Council’s general approach and in the Report of the European Parliament should be abandoned.

• New rules should aim at ensuring that consumers receive updates for their software applications, whether or not they run on tangible goods. Updates that are lacking, defective or incomplete should allow consumers to invoke guarantee rights.
The New Deal for Consumers – Proposal for a Directive on better enforcement and a modernisation of EU consumer protection rules

Why it matters to consumers

In business-to-consumer commercial transactions, the consumer is in a weak position vis-à-vis the other party. For this reason, EU consumer law provides essential rights for consumers: for example the right to receive accurate information about products; the right to withdraw from a contract concluded online within 14 days; and the right to not be misled or treated aggressively. These rights are toothless if not safeguarded by remedies and sanctions mechanisms. Any ‘deal for consumers’ should ensure that consumer rights across the EU are not weakened but rather improved and modernised in order to cope with the digitalisation of our societies.

State of play in legislative procedure

In April 2018 the European Commission published the long-awaited New Deal for Consumers package. This package includes a proposal for a Directive on better enforcement and a modernisation of EU consumer protection rules (also known as the Omnibus Directive).

Recommendations for the Presidency

We urge the Austrian Presidency to prioritise work on the Omnibus Directive. The proposed changes should aim at achieving effective rules for business-to-consumer transactions in the internal market based on a high level of consumer protection.
What we need to succeed

• The right of withdrawal should be reinstated. It is troubling that the European Commission decided to weaken the best-known consumer right – the right of withdrawal – when no conclusive evidence has been provided that it would be a significant burden for businesses. On the contrary, all data suggest a severe lack of compliance by traders, signalling the need to improve the right of withdrawal. There should be no change of law without evidence.

• The suggested changes provide better transparency obligations for online platforms related to ranking criteria used by platforms, information on the status of the trader/consumer, whether EU Consumer Law applies, and who is the responsible contracting party. However, a standard remedy in the case that traders do not comply with these requirements is lacking. In general, rules on the liability of platforms are missing in the proposal. This concerns both the liability of online marketplaces for their own claims and promises, and the liability of online marketplaces that have a dominant influence on the supplier.

• The provisions on the right of withdrawal and information requirements under the Consumer Rights Directive should in the future also apply to situations where consumers provide personal data as a counter-performance if they sign up to a digital service. However, this approach also needs to be applied in cases where consumers provide non-personal data in exchange for the service. As a general principle, the scope should be extended to cover all kinds of counter-performances in the exchange of goods, services and digital content products.

• Rogue traders should face dissuasive penalties for infringing consumer law, amounting to a significant percentage of their annual turnover and taking into account the EU-wide dimension of the infringement.

• It is positive that consumers can seek redress in case of unfair commercial practices. Beyond the right to compensation and the right to contract termination, additional remedies – such as requests for specific performance or the right to restitution – should be considered. In order to ensure that consumers are equally protected against unfair practices and to ensure access to justice, more concrete conditions for the exercise of these remedies should be examined.

ADDITIONAL SOURCES

Roadmap for the REFIT of the consumer law acquis 2016: Comments to the European Commission
BEUC-X-2016-033

Fitness Check of EU Consumer Law 2016 – Additional BEUC Policy Demands
BEUC Position
BEUC-X-2017-040

Fitness Check of EU Consumer Law 2016
BEUC Position
BEUC-X-2016-081

Review of the Consumer Rights Directive
BEUC Comments
BEUC-X-2016-093
Revision of the Rail Passenger Rights Regulation

Why it matters to consumers

Passengers travelling by rail are entitled to a high level of consumer protection throughout the EU. However, this is currently not always the case. Protections differ significantly, as Member States have implemented the national exemptions provided by the current EU Regulation differently. In order to fully enjoy travelling by rail, passengers need more legal certainty and equal treatment no matter where they travel in the EU.

State of play in legislative procedure

In September 2017 the European Commission published a legislative proposal for a recast of the current Regulation, which dates from 2007.

The Transport Committee in the European Parliament is responsible for this proposal. This Committee is expected to vote on its draft report at the end of June 2018.

Recommendations for the Presidency

We ask the Austrian Presidency to ensure that the discussions in the Council on the rail passenger rights proposal move forward quickly and take the consumer perspective into account. The new proposal for the revision of the Rail Passenger Rights Regulation is a positive step forward as it reduces the number of national exceptions from the scope of application, increases transparency of rail services, and facilitates national complaint handling mechanisms. However, it unjustifiably reduces consumer protection in case of force majeure and does not offer to consumers an easy access to through-tickets (tickets representing a single transport contract for several railway services), which would allow them to be covered by rail passenger rights during their entire journey.
What we need to succeed

• The possibility to use national exceptions should be further removed, both in time and in scope.
• The provision of through tickets should be mandatory.
• The new proposal should not allow for an exception linked to extraordinary circumstances.
• The implementation of a comprehensive system for dealing with consumer claims is key for effective consumer protection.
• Increased powers should be granted to the National Enforcement Bodies (NEBs) so that they can efficiently monitor compliance with rail passenger rights legislation.
• All operators should be obliged to adhere to an Alternative Dispute Resolution (ADR) scheme, without prejudice to the right of the parties to seek legal action in court.
• Complaint handling procedures should be implemented by all rail operators, and should include deadlines to be respected when dealing with complaints.
• Automatic compensation schemes should be available to passengers where technology allows it.
**Why it matters to consumers**

Although beneficial to consumers, digital information technologies and the emergence of new services also represent a major challenge to the fundamental rights of privacy and personal data protection. It is important to ensure that consumers can benefit from innovative online services without having to give up their privacy rights.

**State of play in legislative procedure**

In January 2017 the European Commission put forward a proposal for a regulation on ePrivacy. In October 2017 the European Parliament adopted a very strong and consumer-friendly position as its mandate for trilogue negotiations. The negotiations for a general approach are still ongoing in the Council. Meanwhile, the General Data Protection Regulation (GDPR) has entered into application and there is pressure to adopt the ePrivacy Regulation proposal before the end of the current legislative term of the European Parliament.

**Recommendations for the Presidency**

We urge the Austrian Presidency to reach a general approach in Council and to swiftly start trilogue negotiations on the proposal for the ePrivacy Regulation. The review must guarantee the protection of confidentiality in all electronic communications services, and hardware and software used by consumers must provide the highest level of privacy protection by default. This will protect consumers against unwanted online tracking and unsolicited commercial communications.
What we need to succeed

- As a principle, electronic communications must be confidential. Over-the-top services (OTTs) must be duly covered by the Regulation. In line with the European Parliament’s position, it should not be possible to process electronic communications data under broad legal grounds such as for ‘legitimate interests’ or ‘compatible purposes’. If the possibility to process metadata without prior user consent for statistical counting is introduced, it must be strictly limited to public interest purposes and subject to strong safeguards.

- Default settings in devices and software should be configured to provide the highest level of privacy protection, in line with the European Parliament’s position. An obligation to simply provide information about the privacy settings would not be sufficient from a consumer privacy protection perspective, and would undermine the ‘data protection by design and by default’ principle enshrined in Article 25 of the GDPR.

- The behaviour and activities of users should not be monitored without their consent, and they should have access to digital services without being forced to accept unnecessary invasions of their privacy, as stated in the Parliament’s position. In particular, it should generally not be allowed to make access to a service conditional to the acceptance of cookies that process personal data that are not necessary for the provision of that service. This would go against Article 7.4 of the GDPR.

- Users should be able to mandate NGOs to represent their interests, and NGOs must be able to take initiative whenever users’ rights have been breached, in line with the European Parliament’s position.

- Specific provisions to protect the privacy of children must be introduced by Council, as Parliament ultimately neglected to do so.

Additional sources

- Summary of BEUC response to ePrivacy public consultation
  BEUC-X-2016-073

- Factsheet on ePrivacy
  BEUC-X-2017-090

- Proposal for a regulation on privacy and electronic communications (ePrivacy)
  Position paper
  BEUC-X-2017-059

- Infographic: Consumers caught in a tracking web
  BEUC-X-2017-102
Copyright reform

Why it matters to consumers

A dynamic, fast-evolving market – such as the one for online content – requires a flexible legal framework that allows for new and socially valuable uses. The Copyright in the Information Society Directive dates back to 2001, preceding mass usage of the internet, and has thus not kept pace with technological developments. As a result, everyday domestic activities such as backing up files, copying legally bought music, films and e-books to play on different devices, or posting family videos with background music on a social network could be legal in one country and illegal in another. This is due to the discretion of Member States in defining exceptions and limitations to rightholders’ exclusive rights (e.g. in the case of private copying for format shifting and ‘back up’). Furthermore, any notion of consumer rights is absent from the existing copyright framework.

State of play in legislative procedure

In September 2016, the European Commission published a Directive on Copyright in the Digital Single Market that aims to modernise the legal framework and adapt it to the digital environment.

Negotiations in the European Parliament are ongoing, and the vote in the lead committee on this file – Legal Affairs (JURI) – is currently scheduled for June 2018. In Council, a general approach has been reached in May 2018 under the Bulgarian Presidency.

Recommendations for the Presidency

We ask the Austrian Presidency to ensure that the discussions in the Council on the copyright proposal move forward quickly and take the consumer perspective into account. It is high time that the copyright framework recognises that users have enforceable rights under exceptions and limitations.
What we need to succeed

• With countless new opportunities emerging due to the ways in which content is currently accessed and distributed, the need has arisen to rethink the substantive European legal framework. This requires achieving a fair balance between the different stakeholders, as well as promoting innovation and cultural diversity.

• Copyright law must balance the incentive to create with the granting of access to works. From the consumer point of view, the current copyright framework is far from balanced. A number of permitted uses of copyright-protected material are allowed only as exceptions and limitations to the copyright owners’ exclusive rights.

• Further harmonisation of copyright exceptions and limitations should be pursued in order to provide more legal clarity about what consumers are entitled to do online with copyrighted content.

• We urge legislators to look from the consumer’s viewpoint at the Commission’s proposal that platforms should apply filtering technologies. Such an obligation must not become an instrument for restricting the ability of consumers to create or share content online. Furthermore, the safeguards proposed by the European Commission to protect users’ interests are insufficient, and the compatibility of this new obligation with the e-Commerce Directive and the rights granted under the European Charter of Fundamental Rights must be further assessed.

• A new exception for user-generated content is needed in order to allow consumers to share derivative works for non-commercial purposes without bearing the risk of a copyright infringement. This will in turn stimulate creativity.

• Copyright exceptions should be made mandatory, and it should not be possible to overrule them with contractual terms and conditions or technical protection measures (such as for example digital rights management systems). A right of use under an exception or limitation should be included in the proposal in order to guarantee that the rights granted to consumers are enforceable under copyright law. This is currently not the case with the system of exceptions and limitations.
Facilitating cross-border access to audiovisual content

Why it matters to consumers

European consumers often cannot watch their favourite television programmes, films or sports events online if they are broadcast from other countries. This geo-blocking is often caused by exclusive licensing practices. The result is limited choice, as consumers cannot legally access online content that is available in other Member States but not in their own countries.

State of play in legislative procedure

In September 2016, the European Commission released its proposal for a regulation on online transmissions of broadcasting organisations to address the problem of lack of cross-border availability of audiovisual content.

The European Parliament and the Council adopted their positions respectively in November and December 2017. Trilogue negotiations started in early 2018.

Recommendations for the Presidency

We urge the Austrian Presidency to make progress on the trilogue negotiations and to reach a final agreement that is positive for consumers. More and more consumers are interested in accessing films, TV shows, sports events and documentaries from broadcasters based in other countries. When this content is not available in their countries, consumers look online. The clearance of rights for audiovisual service providers must be facilitated so that content can easily circulate throughout the EU to the benefit of all consumers.
What we need to succeed

• We urge European legislators to be ambitious with regard to the extension of the country of origin principle to online services. This would simplify licensing rules, and allow broadcasters to show their movies and TV shows in other Member States via their online services. In particular, we request that the Council’s approach – which is slightly more ambitious than the approach of the European Parliament – is the preferred final outcome of the negotiations.

• Broadcasters should be able to provide access to online content to consumers across the EU. To do so, the regulation must provide clear and easy mechanisms for the management of rights by collecting societies, including extended collective licensing.

• The online broadcasting regulation should also facilitate the retransmission of content by online services providers: the so-called over-the-top services (OTTs) such as online platform Netflix.

• Finally, the European Commission should continue to enforce antitrust rules. This will ensure that exclusive and selective distribution is not used to restrict the availability of products via online commerce channels, and will prevent competition to the detriment of consumers.

ADDITIONAL SOURCES

European Commission: it is time to #STOPGEOBLOCKING!
Video
http://bit.ly/1YbcQaV

Proposal for a regulation on online broadcasting
Position paper
BEUC-X-2017-032

Broadcasting: BEUC asks you to support country-of-origin principle
Letter
BEUC-X-2017-104
Cybersecurity: ensuring that consumers’ connected devices and data are secure

Why it matters to consumers

Consumers increasingly use connected devices in their daily lives. Today, people can remotely switch on the lights in their house, turn on the washing machine, or lock the door using a smartphone. However, we need to ensure that consumers’ devices are protected against cyber attacks. While the number of connected products is rising, many of these products do not include even the minimum security features in their operating systems. This ultimately increases the chance that consumers and the personal data they generate will fall victim to malicious cyber attacks. A recent campaign of BEUC Norwegian member Forbrukerrådet (#WatchOut) discovered that GPS watches for children had serious security flaws that exposed the wearers to significant threat.

State of play in legislative procedure

In September 2017, the European Commission released its cybersecurity package. It includes a legislative proposal for a regulation on ENISA (the so-called EU Cybersecurity Agency), and for a regulation on information and communication technology cybersecurity certification (the so-called Cybersecurity Act). This proposal reinforces the role of ENISA and creates a framework for the establishment of specific certification schemes for products and services.

The proposal is now being discussed in the European Parliament and Council.

Recommendations for the Presidency

We encourage the Austrian Presidency to ensure that the European Commission’s proposal for a Cybersecurity Act will help to improve the security features of the products that consumers find on the market. In particular, we call on the Presidency to work towards amending the European Commission’s proposal to establish mandatory principles of security by design and by default.
What we need to succeed

- Security by design and by default principles must be substantiated around a set of minimum binding baseline security requirements that apply to all connected products. Such requirements should include often simple yet very important security features such as software updates, strong authentication mechanisms and encryption.

- In addition, for high risk connected products intended for consumers (e.g. self-driving cars, products for children, door locks, electricity controls and heating systems for smart homes, and surveillance products like alarms and video cameras), the application of horizontal minimum security requirements should be complemented with mandatory cybersecurity certification.

- Safety (product safety) and security (consumers’ information security) requirements go hand in hand, and should be assessed when a connected product is sold on the EU market. However, under current legislation, only safety measures are explicitly mentioned. The current EU legislative framework should therefore clarify whether the concept of product safety also includes product security. If this is not the case, the regulatory framework should be revised in order to include the concept of security when referring to the safety (in the broadest sense) of the product.

ADDITIONAL SOURCES

Cybersecurity for connected products
Position paper
BEUC-X-2018-017

Cybersecurity Act:
Consumers need mandatory security by design and by default principles
Letter to Cybersecurity attachés
BEUC-X-2018-024

For more information: digital-rights@beuc.eu
New Deal for Consumers –
the proposal for a Directive on representative actions

Why it matters to consumers

Lack of compensation for suffered harm is a major loophole in legal systems, allowing businesses to retain illegal profits. Judicial collective redress for consumers exists only in a limited number of Member States. And even when it is available, the models and effectiveness of the mechanisms vary significantly. They also do not provide for solutions in the case of harm caused by cross-border business transactions. For these reasons, there is significant discrimination when it comes to access to justice, and this is to the detriment of consumers.

State of play in legislative procedure

In 2013, the European Commission adopted a recommendation on collective redress. The assessment of this recommendation was published in January 2018. It showed that the impact of the recommendation in inspiring the adoption of new national procedures was minimal, and that a significant number of EU countries still do not have functioning procedures for consumers to make use of.

In April 2018, the European Commission published the long-awaited New Deal for Consumers package. This includes the proposal for a Directive on representative actions for the protection of the collective interests of consumers. This proposal links injunctions and collective redress measures, and is a major breakthrough in EU consumers legislation as it finally addresses the gap in access to justice for EU consumers.

The Bulgarian Presidency identified this as a priority issue, and immediately started working on the legislative proposal.

Recommendations for the Presidency

We urge the Austrian Presidency to prioritise the representative actions proposal, and to do its utmost to ensure that the negotiations can be completed as soon as possible.
What we need to succeed

- Member States should make sure that consumer organisations are designated as qualified entities in all countries, and that they are able to ask for collective redress for consumers in a wide range of mass damage situations. The Commission proposal splits collective redress possibilities into three groups of cases: i) those in which the harmed consumers are identifiable and have suffered comparable harm; ii) those in which consumers have suffered a small amount of individual loss and it would be disproportionate to distribute the redress to them; and iii) those in which the quantification of individual redress is complex. For this last category, the proposal allows Member States to empower the court or another authority to simply issue a declaration of the infringement instead of carrying out the full collective redress procedure. This is of concern: it is not realistic to expect consumers to claim their redress individually, particularly in complex cases. An EU-level collective redress instrument is needed in all cases.

- The scope of application of the representative actions should remain wide and cover all infringements that bring harm to consumers. For example, the Annex of the proposal is currently missing EU legislation on product safety.

- The new Directive should facilitate consumers’ ability to receive redress and should reduce costs for consumer organisations that protect the collective interests of consumers.

- It should be possible to launch redress actions simultaneously with infringement actions. This will help to avoid lengthy time lapses between the final decision on the breach of law and the redress actions.

- Exemptions from the ‘loser pays’ principle so as to enable consumer associations to launch collective cases are needed. Most civil society organisations do not have the financial means to start collective injunction proceedings.

- Effective, proportionate and deterrent financial penalties in the case of non-compliance with the outcomes of the procedure by the trader are required. Such fines should then be redirected to consumer causes.
On 30 November 2016, the European Commission presented its Clean Energy for All Europeans package, a series of legislative proposals that are now on the table of EU legislators. This comprehensive package puts consumers at the centre of Europe’s energy transition. It encompasses legislative action on energy efficiency, renewables, design of the electricity market and governance rules for the Energy Union. Although the proposals are a step in the right direction, several improvements need to be made during the final stage of negotiations to create a truly consumer-friendly energy transition.

1 Electricity markets that work for consumers

Why it matters to consumers

Energy markets are changing. The current model is being replaced by a decentralised market, with more small-scale and renewable energy suppliers connected to the grid. National markets are opening up and becoming more integrated, especially at the wholesale level. New players are expected to enter the energy market with innovative technologies and services.

A truly consumer-centric energy market should represent a new era for consumers and requires a change of thinking. Smart, sustainable and inclusive consumer policies must be integral to the EU’s approach. Consumers need guarantees that they will benefit from this energy transition and the opportunities offered by digital technology in the energy sector.

State of play in legislative procedure

The European Commission launched its Clean Energy for All Europeans package, which aims to achieve EU leadership in renewable energies and provide a fair deal for consumers, in November 2016.


The Council adopted its general approach on both legislative files in late December, and trilogue negotiations with the European Parliament and the European Commission are planned under the Austrian Presidency. Both legislative files are closely linked to other legislative dossiers, especially the Renewable Energy Directive and the Governance Regulation negotiated under the previous Presidency.
Recommendations for the Presidency

While leading the Council’s negotiations on the design of future electricity markets, we encourage the Austrian Presidency to focus on empowering consumers through tools that allow them to easily navigate the electricity market, engage with the market, and benefit via lower prices and better services. As several consumer relevant topics such as engaging in renewables and energy poverty are spread across the proposed legislative proposals, we call on the Austrian Presidency to ensure that the legislation is coherent by the end of the legislative procedure. At the same time, we call on the Presidency to swiftly advance on legislative proposals that are not concluded under the Bulgarian Presidency, for example on renewables and governance. This will ensure that the Clean Energy for All Europeans package results in affordable energy services and future energy markets that are more secure and cleaner.

What we need to succeed

Electricity Directive

- Targeted interventions, including price setting, should be allowed when energy markets are failing and not delivering competitive prices. This is particularly important when other measures do not sufficiently protect energy poor households and consumers in vulnerable situations.
- Member States should define a set of criteria to measure energy poverty, allowing them to analyse whether consumers are sufficiently protected and to add protections where needed. Monitoring and reporting on this increasing phenomenon is essential in ensuring that consumers have access to affordable energy services, as well in facilitating the sharing of best practices.
- Existing consumer protections should be extended to all third-party intermediaries (including new generation energy service providers such as aggregators), and these parties should also be required to comply with relevant requirements on for example contracts and billing.
- Consumers should be able to compare offers at a glance, and comparison tools should include bundled offers, dynamic price offers and services offered by aggregators. Consumers should receive clear contracts and a user-friendly summary of key contractual information.
- Bills and billing information should be accurate and easy to understand. Monthly information should allow consumers to better control their consumption and discover more advantageous tariffs. Suppliers should be required to regularly inform their customers if a more suitable or advantageous tariff is available. The process of switching energy suppliers and aggregators should be fast, easy and without any disproportionate costs.
- Smart meters should be rolled out where they are cost effective, and consumers should have easy and timely access to information about their consumption (i.e. near real-time data) in order to make informed decisions. At the same time, their personal data should be protected. The costs and benefits of the rollout should be shared fairly between all of the parties that stand to gain from the smart meters.
- All household consumers should have the right to generate and store electricity. They should not be forced to participate in wholesale markets that are designed for large generators. They should maintain their full rights as consumers. Existing and prospective self-generators must enjoy security of investment.
• Member States should determine a dedicated long-term strategy to facilitate small-scale renewable self-generation projects by consumers and tenants. Consumers should not face undue financial burdens such as taxes or fees imposed on electricity generated and consumed within the household. Simple and proportionate administrative procedures should be adopted, and tenants should have equal and fair access to renewable self-generation. These principles should be reflected not only in the Renewable Energy Directive but also in the electricity market design reform.

• Member States should ensure that independent Alternative Dispute Resolution schemes are available to address consumer complaints in the energy market. Such schemes should be extended to all energy service providers (including offers from aggregators and bundled services).

• Effective market surveillance should be ensured by reinforcing the powers and enlarging the monitoring duties of National Regulatory Authorities. As markets converge, cross-sectoral co-operation between National Regulatory Authorities and enforcement authorities is essential.

• National Regulatory Authorities should step up their activities on consumer issues, and closely monitor the ways in which consumers can exercise their rights. More attention should be paid to the monitoring of bundled offers: particularly whether or not these offers provide real benefits to consumers, and the conditions for consumers wanting to produce their own electricity.

• National Regulatory Authorities should monitor market developments in order to identify potential risks associated with new products and services, for example with dynamic electricity contracts and aggregators’ services. They should also modify safeguards in the case of detrimental practices, and ensure that there are adequate safeguards to avoid bill shocks or high levels of financial liability.

Electricity Regulation

• Priority grid access and priority dispatch should be ensured for small renewable power plants, which are important for renewable self-generation. Small-scale renewable energy installations should be exempted from balancing responsibilities.

• Grid operators should be obliged to optimise their networks in order to technically guarantee the connection, purchase, transmission and distribution of their electricity to self-generators.

• Network tariffs should better reflect the real use of the grid. They should be redesigned in order to reward flexibility by consumers engaging in self-generation or demand-side flexibility. However, the redesign of network tariffs should not unduly increase financial burdens on households with low levels of electricity consumption, households based in remote areas, or households unable to afford investments in equipment that would increase their flexibility.

• Security of supply should be ensured at the lowest costs for consumers. Capacity mechanisms, if deemed necessary, should only be a temporary measure of last resort and should be accompanied by a clear exit strategy. Such mechanisms should be non-discriminatory and should include interconnection capacities, demand-side response, storage and energy efficiency.
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<td>Brochure</td>
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<td>Making electricity use smart &amp; flexible: How consumers could cut down on electricity use during peak hours and benefit</td>
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<td>Do’s and don’ts for smart, flexible electricity offers</td>
<td>BEUC position paper</td>
<td>BEUC-X-2017-018</td>
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<td>CLEAR 2.0: Enabling Consumers to Learn about, Engage with and Adopt Renewables</td>
<td>Factsheet</td>
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<td>Electricity aggregators</td>
<td>Factsheet</td>
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<td>Fixing daily energy headaches</td>
<td>Factsheet</td>
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<td>Trustworthy ‘green electricity’ tariffs</td>
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For more information: energy@beuc.eu
Reform of the European Financial Supervisory Authorities

Why it matters to consumers

Consumers expect the financial products on the market to respond to their needs and to meet legal standards. Financial supervisors must therefore deal with consumer protection effectively and independently. Over the past few years, several EU legislative texts have been adopted in the area of retail financial services. However, in many Member States the quality of supervision and enforcement is poor.

Effective enforcement and an equally high level of consumer protection and redress everywhere across Europe are preconditions for a successful single retail financial market and capital markets union. The ESAs (European Supervisory Authorities – EBA, ESMA and EIOPA) have an important role to play in creating a common EU supervisory culture and a convergence in supervision practices. Thus, the ongoing reform of these ESAs is an excellent opportunity to bring about real change for EU consumers in retail financial services.

State of play in legislative procedure

In September 2017, the European Commission proposed a reform of the ESAs. Although the proposal includes some useful improvements in the current architecture of the ESAs such as the composition of their boards, it is overall disappointing with regard to consumer/retail investor protection. The European Parliament’s Economic and Monetary Affairs (ECON) Committee’s draft report is expected before the summer break. The ECON vote is planned for autumn 2018.

Recommendations for the Presidency

We urge the Austrian Presidency to prioritise this file and to push for stronger consumer financial protection mandates for the ESAs in the context of the ongoing review. The governance, funding, and stakeholder groups of the ESAs must also be reviewed accordingly.
What we need to succeed

- A committee composed of national competent authorities responsible for financial consumer protection should be established within the Board of Supervisors of each ESA.

- The ESAs should be provided with sufficient financial resources in order to adequately fulfil their consumer-related tasks, with at least 20% of their budgets allocated for that purpose.

- Supervisory convergence is essential; the ESAs should be empowered to ensure the development, implementation and monitoring of common standards of conduct-of-business supervision at Member State level. This would entail having national financial supervisors with strong consumer protection mandates, sufficient resources, and the power to fulfil these mandates in all Member States.

- The composition of the ESAs stakeholder groups should be balanced between industry and retail users, and not-for-profit members of the stakeholder groups should receive adequate compensation in order to enable their effective participation.

ADDITIONAL SOURCES

1. Review of the European Financial Supervisors: BEUC response to the Commission consultation
   Position paper
   BEUC-X-2017-051

2. Proposal for the EU supervisory reform
   Open letter
   BEUC-X-2017-139
Cross-border payment transactions involving different currencies, and equality of charges

Why it matters to consumers

The Regulation on cross-border payments aligns fees for national and cross-border payment transactions in euros within the EU (ATM cash withdrawal, direct debit, credit transfer and card payment). As a result, cross-border euro transactions within Europe are cheap or even free of charge. However, non-euro EU currencies are not covered, with the result that consumers pay high fees for cross-border cross-currency transactions within the EU. The revision of the Regulation proposed in March this year will allow, for example, a Bulgarian citizen working in a eurozone country to send euros to Bulgaria, and the Bulgarian bank would charge the same fee as for a national credit transfer made in levs.

The practice of dynamic currency conversion (DCC) also constitutes a significant problem. When paying by card or withdrawing money in a foreign currency, consumers are often offered the option to immediately convert the transaction amount into their home currency. As a result, they may be hit with exorbitant currency conversion fees. As existing transparency requirements are clearly ineffective, the draft Regulation mandates the European Banking Authority to set up consumer-friendly transparency requirements.

State of play in legislative procedure

The legislative proposal on the review of the Regulation was published by the European Commission in March 2018. The European Parliament committee in charge will be Economic and Monetary Affairs (ECON).

Recommendations for the Presidency

We urge the Austrian Presidency to advance quickly on this file in order to ensure that consumers are treated fairly when making EU cross-border transactions (money transfers, cash withdrawals and card payments) involving different currencies.
What we need to succeed

• It must be ensured that banks do not compensate the loss of transaction fees (the fee for the transaction of a euro payment) by increasing conversion fees (the exchange rate for converting a euro payment into a non-euro currency and vice-versa, or additional fees). The scope of the regulation covers only transactions initiated in euros. When a credit transfer is made to or from a non-euro country, the bank can charge fees for the conversion service.

• All EU currencies should be brought under the scope of the revised Regulation, at least for payments by card. If the scope is limited to euro transactions, a euro country consumer paying by card in a non-euro country will not benefit from this new rule.

• New rules on dynamic currency conversion practices should be simplified. Consumers should be able to compare the final transaction price both with and without DCC in order to choose the cheapest option.
Crowd and peer-to-peer finance

Why it matters to consumers

Given the drop in nominal returns on traditional saving products, consumers are increasingly attracted by alternative investment vehicles such as those offered by crowdfunding platforms. Although crowdfunding services offer potential benefits for investors, consumers may bear an increased level of risk when investing in the projects offered by these platforms.

Furthermore, as a relatively new form of financing, crowdfunding platforms have not yet faced the test of recession. It is key that these platforms are adequately regulated and that consumers understand the significant risks involved when investing in them.

State of play in legislative procedure

In March 2018, the European Commission adopted its proposal for a Regulation on European Crowdfunding Service Providers (ECSP) for business. Unfortunately, the proposal does not set minimum rules across the EU for crowdfunding platforms. Instead, it introduces an optional EU license that will allow crowdfunding platforms to choose whether to comply with their national regime or with the EU rules. If a platform chooses compliance with EU rules, it will no longer have to comply with existing national crowdfunding laws. Creating a purely optional license for crowdfunding platforms will not set a minimum standard for investor protection across the EU. It also provides a route for platforms to dodge the stronger rules currently in place in some Member States.
Recommendations for the Presidency

We ask the Austrian Presidency to guide the Council towards the introduction of binding EU legislation on crowdfunding platforms. This approach is better oriented towards consumers/users than the purely optional EU regime as proposed by the European Commission, as it will ensure that investors are effectively informed and protected.

What we need to succeed

A consumer-friendly framework for crowdfunding and peer-to-peer finance consists at the least of the following elements:

- Clearly visible risk warnings, highlighting the inherent associated risks with crowdfunding and peer-to-peer finance.
- Disclosure and organisational requirements, such as due diligence of investment propositions and measures to avoid conflicts of interest.
- Strict caps on the amounts that can be invested into crowdfunding projects, thus limiting the exposure of consumers to risky investments.
- A requirement for crowdfunding platforms to disclose the overall default rate of projects they list.
- Business continuity arrangements in order to ensure that investors do not lose money in the event that platforms go bankrupt.
Pan-European Personal Pension: tackling the pensions gap

Why it matters to consumers

Retired European consumers are increasingly struggling to meet their financial needs. With government pensions on the decline and occupational ones covering only a minority of citizens and their pension needs, consumers are increasingly required to organise personal pension products. However, this growing trend has not been matched by an adequate and safe supply of value-for-money products. Consumers therefore need better access to transparent and standardised personal pension products that generate a positive net real return (after inflation).

State of play in legislative procedure

In June 2017 the Commission adopted a proposal for a regulation on a Pan-European Personal Pension Product (PEPP). The PEPP is a voluntary retirement scheme that will be available to savers as a complement to public and occupational pension systems, and will exist alongside national private pension schemes. The proposal is accompanied by a recommendation for the tax treatment of personal pension products, including the PEPP.

The European Parliament’s Economic and Monetary Affairs (ECON) Committee is currently discussing the proposal, which includes a recommendation that Member States set up individual and collective cross-border complaint and redress mechanisms. The ECON vote is scheduled for July. The Council worked on two draft compromise texts under the last Presidency.
Recommendations for the Presidency

We urge the Austrian Presidency to work to ensure that the PEPP incorporates very high consumer protection standards in order to provide a good ‘value for money’ option for all European consumers and pensioners.

What we need to succeed

• The overall management fee of any default option in the PEPP should not exceed 0.75% on an annual basis: charges have a huge impact on the return of long-term personal pension products for consumers.

• Alternative Dispute Resolution mechanisms should be mandatory for PEPP providers, and a collective redress scheme should be included in the PEPP framework.

• The minimum contract duration before consumers are able to switch providers must be as short as possible. The envisaged five year minimum contract period is too long. Furthermore, the cost of the switching process should be low.

• The PEPP’s key investor document, a standardised information sheet, should always be provided in the consumer’s language.

• The standard PEPPs should not include ‘mandatory guarantees’. Guaranteed return clauses increase the product’s complexity and involve high costs.

• An independent watchdog committee within the European Insurance and Occupational Pensions Authority that acts in the sole interest of PEPP holders should be set up. This committee would monitor the investment policies of PEPP providers and assess their value for money.

ADDITONAL SOURCES

EU single market for personal pensions: Response to EIOPA’s consultation Response BEUC-X-2016-056

For more information: financialservices@beuc.eu
Access to medicines

Why it matters to consumers

In the past, access to medicines was a challenge mainly for developing countries. However, over the past five to ten years European consumers have also struggled to access the medicines they need, for example in the case of Hepatitis C drugs and new cancer treatments. Confronted with skyrocketing prices for medicines and limited budgets, governments have to make very hard choices about which treatments to reimburse. Consumers increasingly have to make ‘out-of-pocket’ payments to get a timely treatment, and they run the risk of not being reimbursed. This deepens inequalities between wealthier and poorer people. In addition, many of the new medicines entering the market do not offer consumers any additional added value in comparison with existing treatments. Superfluous drugs waste taxpayers’ money and, when reimbursed by healthcare systems, eat up budgets that could otherwise be spent on innovative treatments for consumers.

State of play in legislative procedure

In June 2016, the Council agreed on “conclusions for strengthening the balance in the pharmaceutical systems in the EU and its Member States”. Member States acknowledged the problem of high prices for medicines, and called for actions to be taken at EU level.

Following the Council conclusions, the Commission announced that it would undertake a report on competition in the pharmaceutical sector. It commissioned a study to verify the impact of different forms of patent protection in the pharmaceutical market, including the potential abuse of patent rights. Both studies are expected to be delivered by the end of June 2018.

In January 2018, the Commission presented a legislative proposal on Health Technology Assessment (HTA). This proposal aims to foster collaboration between national HTA bodies at EU level in order to avoid the duplication in the current assessments. The added value will be efficiency gains in the assessment of new drugs and medical devices, and the facilitation of decisions by national authorities on which treatments to reimburse. The European Parliament’s leading Environment Committee (ENVI) will adopt its report in early September, while the plenary vote is scheduled for October.

Recommendations for the Presidency

We urge the Austrian Presidency to advance swiftly on the approval of the legislative proposal on Health Technology Assessment, ensuring that only medicines, medical devices and health interventions that bring concrete benefits to consumers are reimbursed.
We also call on the Presidency to follow up on the 2016 Council conclusions, and particularly to consider the inclusion of conditions (such as equitable licensing) for publicly funded research, including that conducted at EU level through H2020 or IMI projects. These conditions attached to public funding would safeguard public interests and would guarantee a return of investment.

**What we need to succeed**

- Pricing and reimbursement decisions should reward truly innovative products that offer added therapeutic value in comparison with existing alternatives. Innovation should be fostered by rewarding only those medicines and medical devices that offer added therapeutic value. The current HTA proposal needs to ensure high standards for the assessments. To this end, companies should be obliged to provide authorities with all available data from clinical tests, including the results of negative clinical trials. In addition, the new Regulation will have to ensure the transparency of the HTA process and reports, and guarantee the integrity of the mechanism by preventing and managing any conflicts of interest.

- More effective and transparent research and development (R&D) is required. Greater transparency is also needed around public and private funding for research in order to avoid taxpayers paying twice for the same product: first with R&D incentives for the industry, and then with high prices for medicines. Public and private research priorities should be better defined according to public health needs.

- Healthier competition in the pharmaceutical sector should be promoted. Member States should better monitor the market and should implement dissuasive fines for illegal practices. Patent incentives such as supplementary protection certificates, data exclusivity and market exclusivity should be reconsidered in order to avoid abuses at the expense of affordable medicine.

- New tools for price negotiations must be explored. Member States should investigate the possibility of joint price negotiations and improve the exchange of data for better informed pricing and reimbursement decisions. New methods of financing new medicines such as the so-called ‘managed entry agreements’ or risk sharing schemes are being explored, but more evidence is needed in order to understand whether these schemes actually do improve access to medicines, and at what cost.

- The problem of medicine shortages must be addressed at EU level. A comprehensive EU response is needed, as Member States may compete with one another for medicine supplies and ultimately risk the continuity of patient care.

**ADDITIONAL SOURCES**

- Sustainable access to innovative therapies
  - BEUC response to the OECD public consultation
  - BEUC-X-2017-044

- Access to medicines
  - Position paper
  - BEUC X-2015-104

- BEUC Comments to the European Commission’s Proposal on a Regulation for Health Technology Assessment
  - BEUC-X-2018-027
E-health

Why it matters to consumers

E-health has the potential to deliver substantial benefits to patients, to increase the quality, safety and continuity of care, and to contribute to the sustainability of healthcare systems. The Electronic Health Record (EHR) for instance, a process whereby a patient’s health record is collected in digital format, would improve the quality of care even when the patient’s doctor is not available. It would also contribute to a reduction in medical errors, make healthcare systems more efficient and responsive to patients’ needs, and facilitate consumers’ access to their health records.

Despite these benefits, e-health also exposes consumers to the risk that their health information might accidentally end up in the hands of unauthorised parties.

State of play in legislative procedure

In April 2018 the European Commission published a Communication on Digital Transformation of Health and Care, in line with the European Union’s Digital Single Market Strategy. The Communication sets out a plan of action for the upcoming years aimed at enabling consumers to securely access their health data, also across borders; allowing researchers and healthcare professionals to advance medical progress through shared European data infrastructure; and empowering consumers with digital tools to look after their health, encourage disease prevention, and enable interaction between users and healthcare providers.

Recommendations for the Presidency

We hope that the Austrian Presidency will launch a process to provide political guidelines on the implementation of e-health solutions, and that consumers’ privacy, safety and security will be central.
What we need to succeed

• Privacy, personal data protection and truly informed consent must be guaranteed. Consumers should be in charge of their own medical files, and have the ability to ‘log in’ and inspect them. Consumers should also give truly informed consent for the storage and sharing of their medical data, and the technology should also ensure reliable identification of the patient and the healthcare professional(s). Different levels of confidentiality and ‘access restrictions’ on certain information will be required.

• The highest levels of quality and safety must be ensured. Manufacturers should develop e-health solutions with and for the patient. The quality and safety of the technology should be carefully assessed by the competent authorities by way of a proper certification system. The system should be secured against breaches and crashes.

• Consumers and healthcare professionals must be informed about the implications of e-health. Member States should organise information campaigns for consumers and training for healthcare professionals. Consumers unable or unwilling to use e-health technologies should be provided with suitable alternatives and support.

• Interoperability between information shared among different healthcare professionals and between different healthcare settings and systems must be improved.

• Cost/benefit and risk/benefit analyses of e-health solutions must be conducted. Research should be dedicated not only to finding innovative solutions, but also to assessing the safety, effectiveness and real benefits of existing e-health applications.

ADDITIONAL SOURCES

- Article 29 Working Party Guidelines on Consent and on Transparency under the GDPR
  BEUC response to the public consultation
  BEUC-X-2018-007

- Transformation of health and care in the Digital Single Market
  BEUC response to the public consultation
  BEUC-X-2017-108

- Health in the time of smart phones
  Position paper
  BEUC-X-2016-112

- E-Health action plan 2012-2020
  BEUC response to the public consultation
  BEUC-X-2011-398

- Electronic Health Record
  Position paper
  BEUC-X-2011-399

For more information: health@beuc.eu
More transparent scientific studies on food safety

Why it matters to consumers

Controversies around the safety of certain substances used in the agri-food chain (including some pesticides, food contact materials such as packaging and containers, and food additives) have shaken consumer trust in the EU food risk assessment system. Negative perceptions held by consumers are in part due to the fact that safety evaluations by the European Food Safety Authority (EFSA) of authorisation dossiers for products such as novel foods, pesticides and GMOs are essentially based on scientific studies funded by industry. While in line with the EU principle that taxpayer money should not be used to help companies put products on the market, this situation has prompted calls for increasing the transparency of risk assessment in the EU food chain.

State of play in legislative procedure

On 11 April, the European Commission published a legislative proposal revising the General Food Law (Regulation (EC) 178/2002). Under the proposed new rules, EFSA will be obliged to publish all studies underpinning a product authorisation request, with the exception of certain confidential data. In addition, companies will notify EFSA of any studies they commission to demonstrate the safety of their products. All of this information will be published in a new EU register. The proposal also suggests that EFSA should hold public consultations on studies supporting an application.

The Commission also suggests drawing up a plan for improved risk communication at EU and national level. Finally, it proposes that Member States become more involved in EFSA by sending representatives to the agency’s management board and by proposing scientists to sit on EFSA expert panels.

The proposal is now with the Council and the European Parliament.
Recommendations for the Presidency

BEUC urges the Austrian Presidency to make swift progress in the Council on the examination of the Commission’s proposal so that a first reading deal can be concluded with the European Parliament before the end of this legislative term. Although it can be strengthened, the Commission’s text is a positive step towards restoring consumer trust in EU food safety evaluations.

What we need to succeed

- The studies forming the basis of EFSA’s determination of whether or not a given product or substance is safe must be made public. In this way the agency’s scientific assessments are open to peer scrutiny and can be replicated.
- Confidential treatment of certain data for commercial reasons must be kept to a duly justified minimum. Public health interests should always prevail over industry competitiveness and other economic considerations when assessing confidentiality requests.
- The proposed setting up of an EU register of food safety studies is welcome. This will prevent the situation that industry research with unfavourable results is ignored (and can potentially be terminated at the lab stage).
- The public must be consulted on studies supporting new product authorisations or their renewal in order to ensure that EFSA looks at the totality of the evidence available.
- If eventually allowed, pre-submission meetings between EFSA staff and industry applicants must be transparent and preserve EFSA’s independence from private interests.
- Improved risk communication, for example in the case of a food safety issue or incident of fraud, must allow consumers to better understand the policy decisions being made about their food. The reasons leading to some policy options being chosen over others to address the risks identified during the assessment phase must be better explained to the public. It is often unclear how various conflicting considerations are weighed in risk management, and this opacity can result in consumer distrust.
- Strong safeguards must be in place in order to ensure that the increased involvement of Member States in EFSA upholds the clear separation between risk assessment and risk management. In the early 2000s, this was one of the of key measures in restoring consumer trust in food safety after a series of major crises including Bovine Spongiform Encephalopathy (BSE) and dioxins.
Dual Food Quality

Why it matters to consumers

Recent tests have found that identically-branded and similar-looking products (mostly foodstuffs) are sold under different quality grades in various Member States. This ‘dual quality’ leads to consumer frustration. Wherever they live in the EU, consumers should be confident that their purchases are faithful to any expectations derived from the product’s branding, packaging and presentation.

State of play in legislative procedure

In April, as part of its New Deal for Consumers package, the European Commission published a targeted amendment to the EU Directive on Unfair Commercial Practices (Directive 2005/29/EC) to address dual quality in products. This will oblige national authorities to consider such practices in the unfairness test, and may also help to tackle borderline cases of dual product quality.

Recommendations for the Presidency

We call on the Austrian Presidency to support and push for a swift adoption of the European Commission’s proposal to consider the marketing of products under the same brand and packaging but with a ‘significantly’ different composition as an unfair practice if consumers are misled.
What we need to succeed

• Guidance will be needed to clarify the meaning of ‘significant difference’ in the Commission’s proposal, and to ensure a minimum level of consistency in individual Member States’ assessments of particular dual quality cases. Consumer organisations must also be involved in defining the meaning of a ‘significant’ difference in product recipes.

• Further evidence must be gathered in order to have a clearer picture of the breadth of the dual quality phenomenon.

• The enforcement of existing EU food and consumer protection laws must be stepped up, and the diverging implementation and interpretation of current rules must be avoided as this can lead to dual quality cases.

• Consumer organisations must be better supported so that they have adequate resources to engage in testing and campaigning activities and can contribute to tackling dual quality practices.

• The European Commission should investigate the impact on consumer choice, both in terms of price and quality, of contractual and non-contractual practices that restrict retailers’ ability to source in the country of their choice (so-called ‘territorial supply constraints’).

• The EU should do more to ensure that all EU consumers ultimately benefit from higher quality and healthier food. It should swiftly adopt legally-binding restrictions on trans fats in food, and steer national reformulation activities to reduce levels of fat, sugars and salt.

ADDITIONAL SOURCES

Dual product quality across Europe: State-of-play and the way forward
Position paper
BEUC-X-2018-031

For more information: food@beuc.eu
Revision of product safety and market surveillance legislation

Why it matters to consumers

When consumers purchase new products – such as toys, clothes and electronics – they expect them to be safe. However, safety rules are often missing, too lenient, violated by manufacturers and traders, or unchecked by Member States. As a result, products are often unsafe. To protect consumers from harmful products, European legislation must do more to ensure that only safe products make their way into physical and online shops.

State of play in legislative procedure

In February 2013, the European Commission proposed a Consumer Product Safety Regulation (CPSR) and a Market Surveillance Regulation (MSR). This package contains important innovations to enhance product safety in the internal market, such as rules on more effective product traceability throughout the supply chain.

Although the European Parliament adopted its first reading opinion on the CPSR and MSR in 2014, the proposals have been stalemated in Council for the past three years. Therefore, two new legislative initiatives – on enforcement and compliance and on mutual recognition in the Single Market – were proposed in December 2017.

The European Parliament’s Internal Market and Consumer Protection (IMCO) and Environment, Public Health and Food Safety (ENVI) committees are currently considering these new proposals.

Recommendations for the Presidency

Negotiations on the 2013 product safety and market surveillance reforms have been blocked in the Council of Ministers for many years due to Member States’ divergent opinions on country of origin labelling for products and the financing of market surveillance activities. The Austrian Presidency therefore has a crucial role to play in ensuring that the new enforcement and compliance regulation improves consumer safety, and that it will be finalised during the current term of the Commission and Parliament.
What we need to succeed

• The scope of the Regulation must cover all consumer products, and not only those for which harmonised rules have been established.

• The Regulation should ensure more investment by Member States into market surveillance by introducing a minimum number of checks for the products placed on the market.

• Co-operation between market surveillance authorities and customs authorities who sometimes check products for tax payment should be intensified.

• All market surveillance authorities should be allowed to carry out ‘mystery shopping’ of products sold online.

• All Member States should have the power to shut down websites and to remove illegal content from websites as both a preliminary and permanent measure to prevent unsafe products from entering the market.

• Agreements between authorities and economic operators could confuse the impartiality and independence of surveillance authorities, especially if fees are payable under such agreements. The provision on compliance partnerships should therefore be deleted.

• Consumers use more and more products that can connect to the internet, and many of these products are manufactured without basic security features to prevent cyberattacks and misuse. National market surveillance authorities must consider cybersecurity in their strategies, and ensure that a product is withdrawn or recalled if it could compromise the health, safety or security of end users.

• The precautionary principle should be a cornerstone of the Regulation on enforcement and compliance. Policymakers need to be able to act to prevent danger, even in the absence of absolute scientific proof.

• The unfinished 2013 Product Safety Package proposed additional tools to improve traceability, such as the full name and address of the manufacturer and the importer, and the inclusion of a batch, type or serial number on the product. It also foresaw the possibility for the European Commission to introduce additional traceability requirements, such as RFID chips or other tracking technologies, in certain sectors where non-compliance is particularly high. These requirements should be replicated in the new regulation.

• A pan-European accident and injury database should be introduced.

• The decisive criterion for determining the amount of a fine should not be the company’s size or financial situation but should be on based the severity of the damage and the frequency of non-compliance.

• Legal obligations for platforms and other intermediaries need to be established.

• Consumer organisations regularly carry out comparative product testing in laboratories, and often find unsafe consumer products, including those carrying CE marking. While this information is already shared with authorities at the national and European levels, we request a more structured involvement in the EU’s Product Compliance Network.

ADDITIONAL SOURCES

European Commission proposal for a Regulation on market surveillance of products
ANEC and BEUC position paper
BEUC-X-2013-033

European Commission Proposal for a Consumer Product Safety Regulation
ANEC and BEUC position paper
BEUC-X-2013-034

Ensuring consumers’ safety – What way forward for Market Surveillance in the EU?
ANEC and BEUC position paper
BEUC-X-2018-030

For more information: safety@beuc.eu
Low carbon cars in the 2020s

Why it matters to consumers

The latest report on air quality in Europe estimates that over 500,000 EU citizens die prematurely due to air pollution. A switch to low emission cars will bring numerous benefits to consumers, including lower costs for fuel during the use phase, less noise and reduced air pollution (particularly in cities). It will also help to reduce pressure on the climate, which may increasingly threaten consumers’ health, safety and financial wellbeing in coming years.

By 2050, the CO2 emissions generated by the European transport sector need to be 60% lower than 1990 levels in order to achieve EU climate targets. This will only be possible if large parts of the transport sector are electrified.

State of play in legislative procedure

In November 2017, the European Commission published a large ‘mobility package’. It contains a proposal to lower CO2 emissions from passenger cars by 15% by 2025 and 30% by 2030. However the proposal contains neither a mandatory quota for putting electric vehicles on the market nor a Real Driving Emissions (RDE) test for CO2 emissions.

Regarding zero-emission vehicles, the European Commission included an incentive mechanism for low and zero-emission vehicles that would credit manufacturers selling above a certain target (15% in 2025, 30% in 2030). However, no debit or penalty is foreseen for manufacturers not reaching these targets.

In the European Parliament, the leading environment and public health committee is discussing amendments that call for a significant increase in ambition. These amendments are in line with the recommendations included in the Parliament’s own initiative report on a “European Strategy for Low-Emission Mobility” adopted in December 2017. The vote on the draft report will be held in September 2018.

Discussions have started in the Council and should lead to a general approach in the autumn of 2018.
Recommendations for the Presidency

We recommend that the Austrian Presidency makes the proposal for reducing CO2 emissions from passenger cars a top priority. Given the impacts of car emissions on human health and the environment, new and strengthened regulations are needed to ensure that consumers have access to low and zero-emission vehicles.

Furthermore, based on total cost of ownership calculations, it is clear that consumers would benefit greatly from lower fuel prices through more fuel-efficient cars. We therefore urge the Austrian Presidency to broker a more ambitious deal.

What we need to succeed

• The EU must reduce CO2 emissions from passenger cars by at least 40-45% by 2030. The 2025 target should also be strengthened to at least 20-25%.

• More action must be taken to increase the availability, affordability and attractiveness of electric vehicles to consumers. Only a quota for electric vehicles will ensure that consumers have sufficient choice between different models of electric vehicles. The current credits scheme proposed by the European Commission needs to be completed by penalties or debits (meaning that a manufacturer not reaching the Zero-Emission Vehicle target would have to comply with a stricter specific CO2 objective).

• A real world driving test for CO2 emissions must be developed and made mandatory during the type approval procedure. Simply adding fuel meters to each car will not be sufficient to ensure the enforcement of CO2 emission limit values.

ADDITIONAL SOURCES

New CO2 emissions targets for cars: BEUC’s reaction and first policy recommendations to the European Parliament & Member States ahead of the co-decision process
Position Paper
BEUC-X-2018-001

The Great Fuel Consumption Scam: BEUC position paper on improving fuel consumption testing of cars in the EU
BEUC-X-2015-016

Car Fuel Consumption Testing Factsheet
BEUC-X-2015-042

The great vehicle testing maze
www.cartestingmaze.eu

For more information: sustainability@beuc.eu
Trade agreement with Australia and New Zealand

Why it matters to consumers

The goal of the upcoming negotiations with Australia and New Zealand is to “help to deliver jobs, growth and investment, benefitting EU businesses and citizens alike”. The agreement could benefit consumers if it is well designed, consumer oriented, and adapted to today’s public interest needs.

However, current trade agreements fail to fully achieve these objectives. Specific consumer issues often play a minor role during the negotiation phase. Tariff reductions are often the only actual outcomes that could benefit consumers, but these reductions are usually not automatically passed on to them.

Furthermore, tangible benefits – such as reduced telecom prices and geo-blocking practices and easy access to redress – are absent from current trade agreements. Consumer protection is not always guaranteed, and can be undermined by tools like regulatory co-operation and investment protection if the agreement is not carefully designed.

State of play in legislative procedure

In 2017, the Commission recommended that the Council approves the launch of the negotiations with both Australia and New Zealand. The European Parliament adopted resolutions in 2017 that support the opening of trade negotiations with both countries under the condition that the highest level of consumer protection would be guaranteed. The Council authorised the Commission to open formal negotiations with both countries in May 2018.

Recommendations for the Presidency

We call on the Austrian Presidency to ensure that the talks with Australia and New Zealand will contain safeguards to protect consumers, and tools to bring them tangible benefits.
What we need to succeed

- The inclusion of a consumer chapter in both agreements to ensure that levels of protection are maintained while delivering tangible benefits to consumers. Such a chapter would include voluntary commitments from trading partners without creating substantial rules. It would be a tool to create the necessary political will to make trade deliver to consumers, in line with the EU Trade for All strategy.

- Regulatory dialogues must benefit and protect consumers. Exchanges between EU and trading partners’ regulators should have the clear objective of enhancing consumer welfare and must remain voluntary. At the same time, trade agreements should not define guidelines for good regulatory practices, as governments must maintain their right to regulate.

- The Council should refrain from including an Investment Court System (ICS) in a parallel investment agreement. Investor-to-State Dispute Settlement (ISDS) systems have proven harmful to consumers and the public interest in the past, as foreign investors have used them to challenge and undermine consumer protections. Despite some improvements put forward by the EU with its ICS and the idea of creating a Multilateral Investment Court, there remain significant risks for consumers. For example, foreign investors will still be able to threaten governments with lawsuits for compensation when governments adopt laws to protect consumers. This could deter governments from introducing new protections, and lead to a regulatory chill. Moreover, there is no empirical evidence of the need for such a system between the EU and these two countries. We can rely on our highly developed public judicial systems.

- As the EU and New Zealand already have an adequacy agreement regarding their data protection laws, the EU should refrain from further discussing the issue of data flows in these two trade agreements. The only basis for possible talks should be the recent EU horizontal approach on data protection and trade.

**ADDITIONAL SOURCES**

- Consumers and modern trade Factsheet BEUC-X-2016-078
- Beyond trade, EU consumers in global markets Vision paper BEUC-X-2017-097
- BELC model for a consumer chapter in trade agreements BEUC-X-2017-096
- Data protection and trade Factsheet BEUC-X-2016-078
New architecture of trade agreements: separation between investment and trade

Why it matters to consumers

In 2017, the Commission announced its intention to separate trade agreements from investment agreements. This followed Opinion 2/15 of the European Court of Justice related to the EU-Singapore trade agreement and the complex ratification of the EU-Canada trade agreement (CETA). Investment negotiations would be held separately from trade negotiations, but could still include a parallel dispute settlement mechanism for foreign investors.

BEUC has consistently denounced the flaws in the previous Investor-to-State Dispute Settlement mechanism (ISDS), and welcomes the Commission’s proposal to step away from private arbitration. In a context of widespread public mistrust over secretly negotiated trade deals, it is positive that the Commission intends to address citizens’ legitimate concerns by proposing to establish an Investment Court System (ICS) and a Multilateral Investment Court (MIC).

However, such a system and court must be carefully established. The current ICS model included in CETA does not address the core flaw of the ISDS, and creates the risk that consumer, health, labour and environmental regulations could be challenged as violations of ‘investor rights’.

State of play in legislative procedure

In 2015, the European Commission proposed to the United States that ISDS be replaced by ICS in the TTIP (EU-US) negotiations. Later on it incorporated ICS in CETA. In 2017, the Council gave the Commission a mandate to negotiate the establishment of a permanent Multilateral Investment Court to adjudicate international disputes between investors and foreign governments. The Council adopted conclusions in 2018 supporting the idea of negotiating investment agreements parallel to trade agreements.

Recommendations for the Presidency

We call on the Austrian Presidency to ensure that negotiations for investment agreements (such as the ongoing negotiations with Japan) would not include ICS in its current form. ICS must be substantially reviewed in order to ensure that claims relating to public interest measures, such as consumer protection or public health, will not be admissible by an ICS tribunal or the Multilateral Investment Court.
What we need to succeed

- There must be a legal safeguard for the right to regulate. Investment agreements should be written in a way that prevents foreign investors to sue the European Union or national governments because they make a law in the public interest. Such claims should not be admissible in front of an ICS tribunal or the Multilateral Investment Court. It is crucial that the current merely interpretative provisions are expanded to include legally enforceable tools to protect the right to regulate.

- The compatibility of ICS with EU law must be verified. We urge the Austrian Presidency to hold off on any authorisation for concluding investment agreements before the publication of the opinion of the European Court of Justice on the compatibility of ICS in CETA with EU law. This is key in order to ensure legal certainty and predictability in trade policy.

- There should also be means for other international disputes to be effectively resolved: contrary to investors, consumers do not have access to specific tools for international dispute settlement. This is notably the case when it comes to privacy violations or problems in commercial transactions for example.

ADDITIONAL SOURCES

BEUC’s key concerns about the Investment Court System proposal
BEUC-X-2015-103

BEUC position on the Multilateral Investment Court International Investment Arbitration Factsheet
BEUC-X-2016-096

For more information: trade@beuc.eu
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