

A SINGLE MARKET ACT FOR CONSUMERS

Letter sent to Ms Joanna Darmanin, Head of Cabinet Dalli

(Ref.: MGO/UPA/2010 144/rsa – 16 July 2010)

Contact: Ursula Pachi – horizontalpolicy@beuc.eu

Ref.: X/2010/091 - 21/12/10

BEUC, the European Consumers' Organisation

80 rue d'Arlon, 1040 Bruxelles - +32 2 743 15 90 - www.beuc.eu

 EC register for interest representatives: identification number 9505781573-45 

Dear Ms Darmanin,

Many thanks again for yesterday's meeting. As agreed, please find below a summary of the points we raised which we ask you to take into account for the meeting of the college on 20 July.

BEUC and our member organisations believe that the Single Market, its design, architecture and construction, is not an end as much as a means. It has to be constructed with the rationale of serving European consumers and citizens, ensuring they can make transactions within and across European national borders with full confidence. It must not be limited to a discussion about how to promote cross border transaction, how to deal with "bottle necks" or how to make Member States do away with over protective measures.

In the last few months, three groundbreaking political documents have been issued in this context:

- President Barroso's political guidelines for the new Commission;
- Professor Monti's "New Strategy for the Single Market" and,
- EP resolution based on MEP Grech's report on "Delivering a Single Market for consumers and citizens".

All of them have **one central message** in common, namely that in the New Single Market, **consumer and citizens' needs must be put centre stage and that tangible benefits need to be delivered to consumers/citizens**. In particular president Barroso in his guidelines is very clear about the fact that a new era in EU policy making, one that builds policies around the needs and expectations of European consumers and citizens will start now.

The obvious question therefore and in our eyes a crucial test case for the Barroso II Commission is, how the College will translate the president's promises, the recommendations of Prof Monti and the request of the EP into its work and in particular into the Single Market Act.

We understand that the Commission (DG Markt) is in the process of compiling statistical data about the top 20 single-market related sources of dissatisfaction for citizens in response to the Grech report. We regret that apparently it is not envisaged to involve independent national consumer organisations into this exercise which have every day contacts with individual consumers. Furthermore, statistical data about citizens' cross-border experiences is certainly valuable, but provides only a limited perspective on the problems that consumers face in their everyday life in the Single Market. Some of the issues identified by the draft paper that we received from Commissioner Barnier on the top 20 are no doubt concerns for consumers but they are not barriers to the Single Market (e.g. flight rights).

We are concerned that ideas are being developed without meaningful input and consultation with consumer groups. Also, we observe that in parallel to the work undertaken in the context of the Single Market Act, a public consultation is launched on retail services in the Internal Market, together with another consultation on the implementation of the services directive, that are due to be closed in the beginning of September. These consultations will certainly lead to results that should feed into the preparation of the Single Market Act, but because of the very short consultation period it is difficult for stakeholders such as consumer organisations to contribute. This is very regrettable from the perspective of sound policy making and governance.

Furthermore in the top 20 paper a lot of importance is attached to providing consumers with information. We don't believe that simply providing information to consumers, as suggested in point 18, is always the answer.

According to our members' experience the following are the main reasons why consumers lack the confidence to shop cross border:

- Practical difficulties associated with obtaining after-sales care, particularly if there is a fault with the product/service e.g. the cost and time associated with returning goods cross border, language barriers etc.;
- Language barriers and cultural differences;
- Lack of an effective cross border redress mechanism and the practical difficulties of seeking redress in another country;
- Privacy concerns e.g. how their personal data will be used;
- Security concerns over payment systems (especially online).

And confident consumers are often prevented from shopping cross border (even if they want to) because of:

- IP based sales restrictions (e.g. the issue in the iTunes case);
- Exclusive distribution arrangements by manufacturers cause the single market to be divided into separate territories;
- Selective distribution arrangements by manufacturers often limit the ability of retailers to sell online;
- Valid commercial reasons - often businesses will not want to stray away from their own territory for e.g. tax, regulatory issues, or for fear of foreign competitors retaliating and stealing their customers.

We are moreover not confident that consumers would buy everything cross border even in a perfect single market, because there is just no added-value to crossing the border!

Therefore the Commission should focus its resources to promoting initiatives **where they can add real value to consumers every day lives**. Some examples could be (but we have not finished our own internal member's consultation on this):

- unfair commercial practices in relation to all sectors, but most importantly in the on-line;
- switching of utility services (post, phone, gas and electricity);
- access to bank accounts, switching of mortgages, independent advice for consumers on financial services;
- possibility not to be bound by contracts for a too long period;
- downloading of digital content (licensing of digital content along side national borders, leading to fragmentation, problems with digital format shifting i.e. the fact copyright law prevents copying a CD (for example) into another format e.g. tape, mp3 file);
- access to redress, for example the practical difficulties of seeking redress in another country etc...

Against this background, we call on Commissioner Dalli, who in his confirmation hearing before the EP in January underscored his role as guardian of consumer policy and co-ordinator of consumer interests within the College, to ensure that these political statements mentioned above materialise now in specific measures.

BEUC suggest the following initiatives:

1. We would like the Commission to make a **full and proper assessment** as to where and how EU policies can make a **positive impact on consumers every day lives**.
2. The Commission should roll out a **strategic programme** to this end, starting with the launch of a wide-ranging public consultation on the current flaws of and challenges for the Single Market as called upon by the EP Grech report (point 79), combined with a **consultation on the current top 20 dissatisfactions** or problems of citizens and consumers as well as **on the 20 top benefits and opportunities**.
3. We would like to see a **chapter in the Single Market Act dedicated to consumer relevant initiatives** and/or - depending on the structure of the future Single Market Act - a clear **indication of what the tangible benefits for consumer** will be in relation to the respective measures at the end of each chapter of the SMA.
4. We would like to see that in the Single Market Act and in its roll-out, **priority** is given to **consumer friendly initiatives**. The Parliament in its Grech report (point 67) expressly requested this.
5. We would like to see specific measures in the SMA, which aim at **integrating consumer interest into the relevant EU policies**, thus enabling consumer protection to feature automatically in the drafting of the relevant EU legislation.

To conclude, it should become very visible from the substance of the SMA as well as from how it will be presented, that the concerns of European consumers/citizens are taken into account.

We call on the entire Commission and on Commissioner Dalli in particular, to take **decisive action now** to ensure that future policy making addresses the needs of citizens/consumers.

Yours sincerely,

Monique Goyens
Director General

Ursula Pachl
Deputy Director General