

# euinsight

## The EU & Consumer Protection

### Promoting Product Safety and Robust Commerce Across Europe

The European Union represents a market of nearly 500 million consumers, who together play a key role in the economic development and growth of the EU and the broader world.

With more open trade and rapidly-changing information technologies creating new market opportunities, consumers in Europe and elsewhere face challenges negotiating a more complex marketplace and the serious risks and threats they cannot tackle as individuals, such as defective products or fraudulent vendors. Consumer policy in the EU broadly aims to ensure fair and transparent markets that allow consumers to make informed choices.

#### The EU Role

With origins in the earliest days of European integration, the EU's consumer policy has progressively built up a regime that provides a high level of consumer protection for all European citizens in the EU's 27-nation market without internal borders. In this domain as in many others, the EU sets standards and acts in a coordinating role, leaving enforcement and control to individual national authorities.

**High Standards for the Safety of Consumer Goods.** An EU-wide law requires manufacturers and importers to ensure that products entering the European marketplace are safe and to take immediate corrective measures should they become aware of a risk.

**Information Exchange in the EU.** The EU coordinates a market surveillance and Rapid Alert System (RAPEX) for notification of dangerous non-food products, enabling national authorities to act swiftly and prevent potentially harmful products from reaching consumers. The EU is seeking to boost cooperation with the U.S. on a similar information exchange and already has an agreed-upon mechanism with Chinese authorities.

#### Answering Market Changes: A New EU Consumer Strategy

The internet revolution has given rise to new markets, cross-border competition, and online and wireless shopping barely thought of a decade ago, boosting the trends toward market opening and integration across Europe. Owing to a continuing lack of confidence, however, European consumers are still not maximizing the potential of cross-border shopping within the EU.

Regulatory efforts—always aiming to protect consumers while continuing to encourage economic development and commerce—struggle to keep up with an incredibly rapid pace of change. These dynamics have driven the development of a new blueprint for consumer protection for the period 2007–2013, centered around several principal themes.

#### A Streamlined Regulatory Framework.

Existing consumer legislation that is incomplete and outdated—and increasingly ill-adapted to the digital revolution in products, services, and retail channels—will be overhauled, with attention focused on the development of a single legal tool streamlining the different consumer laws that regulate contract-related issues.

Other areas of focus include “distance marketing” of financial services and consumer credit, which will provide first steps towards better integration of the EU retail financial services market. More broadly, the EU seeks to put the consumer at the center of regulatory efforts through the systematic integration of consumer interests into other policies such as energy, environment, telecommunications, or competition.

**Improved Enforcement and Redress.** In order to supplement enforcement efforts and provide for effective redress of grievances without overburdening court systems, the European Commission will

strengthen Alternative Dispute Resolution (ADR) options for European citizens.

An EU Consumer Protection Network made up of national enforcement bodies has been established to facilitate cooperation between authorities, primarily in the EU. The EU is also studying means for “collective redress” for groups of aggrieved consumers and continues its support of the European Consumer Center Network, which advises EU citizens on consumer rights and redress in cross-border cases.

#### Better Informed and Educated

**Consumers.** In addition to regulation designed to achieve a better consumer protection balance, priority actions include information campaigns in new Member States to make citizens aware of their rights, and consumer education initiatives, including at schools and for adults.

#### Improved Monitoring of Consumer Markets and National Consumer Policies.

Sound policymaking requires good data. Accordingly, the EU is improving the collection and analysis of consumer data and, beginning in 2008, will present a “consumer scoreboard” comparing different consumer indicators and key figures gathered from across the EU.

#### “euquote”

*“We need to get over the old, false dichotomies that there should be an irreconcilable friction between consumer policy and markets and economic growth... Empowered consumers make the markets function better. With proper information and effective tools of redress, they drive out inefficient producers and reward the efficient and innovative ones.”*

Meglana Kuneva  
EU Consumer Protection Commissioner

# Key EU Consumer Protection Laws and Initiatives

## Consumer Protection Cooperation Regulation

The CPC Regulation, adopted in 2004, is designed to tackle cross-border scams and breaches of consumer protection rules through a powerful new investigation and enforcement network of EU Member State authorities.

Members of the network can call on other EU Member States to take action against a trader or merchant in their country that is breaking EU consumer law and harming consumers in the complaining Member State. Enforcement bodies receiving such a request must act as they would in a purely domestic case.

The CPC also provides for information exchange and coordination of market surveillance and enforcement activities as well as international agreements between the EU and non-EU countries.

## Unfair Commercial Practices

When it becomes effective at the end of 2007, the Unfair Commercial Practices Directive will boost intra-EU trade by creating EU-wide rules against aggressive

or misleading business-to-consumer marketing. Both consumers and business alike will benefit from one common set of definitions of what constitutes unfair commercial practices in the EU.

## Consumer Credit

The proposed Consumer Credit Directive will ensure that loan customers throughout the EU are provided with standard, comparable information concerning the loan contract, the annual percentage rate (APR), and the rights of withdrawal and early payment.

Cross-border consumer credit currently represents less than one percent of the €800 billion EU credit market. By improving transparency, consumer confidence, and competition in Europe, the CCD will be a key part of a broader drive to boost the internal EU market in retail financial services.

## General Product Safety

The General Product Safety Directive establishes safety standards and market surveillance requirements for non-food consumer products not already covered by specific laws. The EU's RAPEX dangerous product alert system serves the 27 EU countries as well as Iceland, Liechtenstein, and Norway.

## China

**Product Safety Concerns.** Consumer goods from China account for roughly 50 percent of all dangerous product alerts under RAPEX, the EU's rapid alert notification system. Following numerous high-publicity recalls, EU Consumer Protection Commissioner Meglena Kuneva visited China in July 2007, stressing cooperation and partnership but also emphasizing that "guaranteeing safety is the only way to guarantee access to the European market."

**EU-China Cooperation.** The EU works closely with China to ensure product safety for European and other consumers.

- **EU-China Memorandum of Understanding.** To improve communication and collaboration on consumer product safety and support Chinese authorities in their efforts to ensure product safety, particularly for consumer products exported to the EU.
- **Roadmap for Safer Toys.** Outlines a strategy for improving the safety of toys manufactured in China.
- **RAPEX China.** To enable immediate Chinese follow-up measures upon discovery in Europe of unsafe non-food products of Chinese origin.



EU Insight is published by the  
Delegation of the European  
Commission to the United States.

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ISSN: IQ-AB-07-05-EN-C

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Issue No. 12 September 2007

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## EU-U.S. Cooperation

In addition to consultations under the wider umbrella of EU-U.S. regulatory cooperation, the European Commission's Directorate-General for Health and Consumer Affairs (DG SANCO) works directly with U.S. authorities such as the U.S. Consumer Product Safety Commission and the Federal Trade Commission.

**Transatlantic Economic Council.** The Transatlantic Economic Council (TEC), created at the 2007 EU-U.S. Summit, oversees regulatory dialogues and involves European Commission and U.S. executive branch leaders, legislators, and other stakeholders.

**Enforcement Cooperation.** Following the adoption of the U.S. Safe Web Act in late 2006 to fight cross-border fraud and deception (particularly spam, spyware, and internet fraud), the EU and the FTC are exploring possible avenues of joint action.

**Product Safety.** Under a 2005 agreement, DG SANCO and the U.S. Consumer Product Safety Commission maintain continuous contact and cooperation concerning the safety of non-food products.

**Transatlantic Consumer Dialogue (TACD).** An EU-U.S. forum made up of 65 European and American consumer organizations, TACD meets annually and develops joint consumer policy recommendations for the U.S. Government and the European Commission.

For more information: [www.eurunion.org/euinsight](http://www.eurunion.org/euinsight)