

Economic benefits of strong consumer protection in EU

Methodology and structure of the planned in-depth analysis

WiseEuropa Institute

Introduction

Background and the overall research objective

General information



The research was requested by the IMCO Committee.



It constitutes a part of the series of in-depth analyses, which comprise **an update of the study** performed in 2014 on the “**Contribution of the Internal Market and Consumer Protection to Growth**”.



The research exercise consists of three elements:

- a) initial draft analysis,
- b) PowerPoint presentation during the workshop,
- c) final in-depth analysis.

The objectives of the research



To provide background information and advice **on benefits brought in the past** by the legislation established in the field of Consumer Protection.

To provide background information and advice **on benefits to be realised in the foreseeable future** due to the legislation established in the field of Consumer Protection.

To reflect on **priority measures and actions to be undertaken** in the field of consumer protection.

Technical requirements

Initial draft

- ❖ Delivered 5 w.d. before the workshop.
- ❖ Proposition of the research structure.
- ❖ Base for the workshop discussion.

Presentation

- ❖ Time limit: 10-15 minutes.
- ❖ Concise and comprehensible content.
- ❖ Big readable fonts preferred.

In-depth analysis

- ❖ <36 pp. delivered by the end of October
- ❖ Development of the initial draft and the conclusions from the workshop.

Topics and methodology

Report structure

- ❖ The final product of our in-depth analysis will be a **desk research report**.
- ❖ The document will summarize the economic impact and benefits of legislative actions taking place during the **7th and 8th legislature**.

- ❖ General structure of the final report:

1. Introduction
2. Benefits of better European Consumer Protection – general economic dimension
3. Policy achievements in the area of consumer protection:
 - 3.1. Economic impact of legal acts within the General framework for consumer protection
 - 3.2. Economic impact of legal acts within the sectoral policy frameworks
4. Policy recommendations and potential future initiatives
5. Conclusions

Introduction: Economics of better ECP

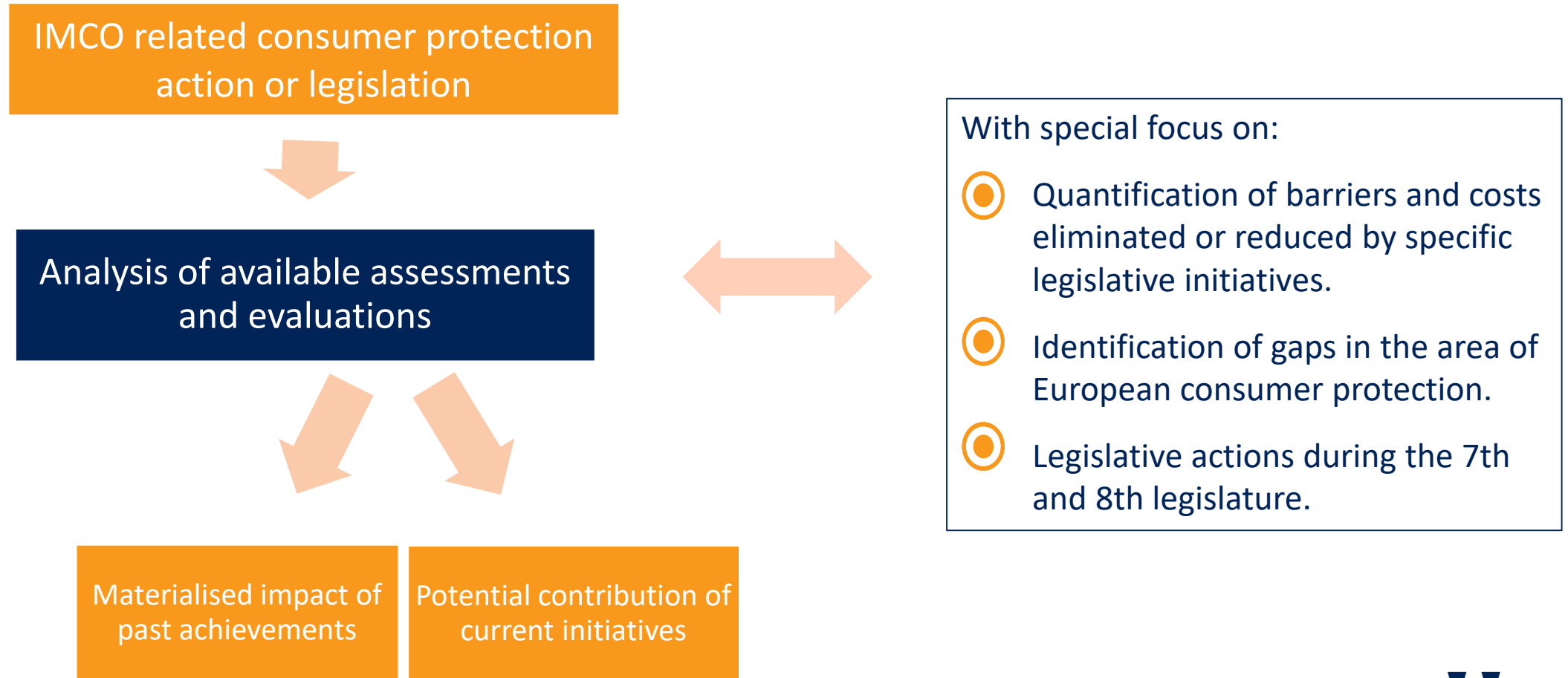
The analysis will shortly summarize:

- Channels of interaction between consumer protection and economic growth derived from economic literature (theoretical aspects),
- Conclusions from attempts to empirically verify the presumed relationship – in general, abstracting from specific legislative acts.

Primary sources:

- ❖ Own expertise,
- ❖ Economic journals,
- ❖ Official EU documents, e.g. Consumer Conditions Scoreboard (2015 edition), A New Deal for Consumers - communication from the European Commission (2018), Evaluation of the Consumer Rights Directive (2017).

Main part: Economic impact assessment



Main part: Sources and methods

Sources

The analysis of the legislative actions will be based on existing data, such as:

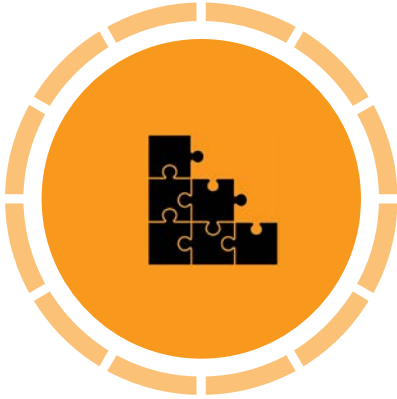
- ❖ Ex-ante impact assessments;
- ❖ Ex-post evaluations;
- ❖ Court of Auditors reports;
- ❖ Evaluation studies;
- ❖ Independent expertise.

Methods

The methods employed in order to perform the research entail:

- ❖ Desk research;
- ❖ Analysis of the existing results;
- ❖ Synthesis and critical assessment of conclusions from past research.

Main part: Limitations of existing materials



Scarcity of sources

*Some of the considered legislative acts are subject of **no more than one study**, which rarely covers the legislation's economic impact in depth.*



Scarcity of quantitative data

*Most of the considered documents address the question of **economic consequences in a descriptive form** and do not attempt to quantify them.*



Joint analysis of legislation

*Due to the nature of economic phenomena, authors of the analyzed publications struggled to **disentangle the influence of simultaneously introduced legislative acts**.*

Policy recommendations and potential future initiatives

The policy recommendations and potential future initiatives section:

- ❖ Builds up on the important insights made and fully developed in the analytical part of the report,
- ❖ Addresses the challenges arising recently in the area of consumer protection (digital consumers, prosumers, sharing economy),
- ❖ Offers clear policy recommendations with respect to the methodology of identifying optimal policy mix and legislation,
- ❖ Offers suggestions on the improvement of the design of European policies evaluation procedure.

Economic impact and benefits

Of specific policies and legislative acts

Economic impact of specific policies and acts

- Main part of the report will present the results of the in-depth analysis of specific policies and legislative acts.
- In reference to the study *EU Mapping: Overview of IMCO Related Legislation*, the analysis will be divided into two main parts:

1. General framework for consumer protection
2. Sectoral policy frameworks:
 - ❖ Transport and Travel Service
 - ❖ Financial Services
 - ❖ Product Safety and Market Surveillance

General framework for consumer protection

List of the policies and legislative acts which have been selected so far as the subject of analysis within the general framework:

- ❖ Consumer Rights Directive (Directive 2011/83/EU),
- ❖ Regulation on a Common European Sales Law (COM(2011) 636),
- ❖ Consumer Programme Regulations (Regulation (EU) No 282/2014 and Decision No 1926/2006/EC) within the European Consumer Agenda (COM (2012) 225),
- ❖ New Deal for Consumers,
- ❖ Directive on injunctions for the protection of consumers' interests (Directive 2009/22/EC).

The above list is just initial and it might be extended in the course of further work.

Sectoral frameworks: policies and acts

List of the policies and legislative acts which have been selected so far as the subject of analysis within the sectoral frameworks:

❖ SECTOR: TRANSPORT AND TRAVEL

- [Regulation \(EU\) No 181/2011 concerning the rights of passengers in bus and coach transport;](#)
- [Regulation \(EU\) No 1177/2010 concerning the rights of passengers when travelling by sea and inland waterway](#)

❖ SECTOR: FINANCIAL SERVICES

- [Directive 2014/92/EU on the comparability of fees related to payment accounts](#)
- [Directive 2014/65/EU on markets in financial instruments](#)

❖ SECTOR: PRODUCT SAFETY AND MARKET SURVEILLANCE

- [Regulation \(EC\) No 1223/2009 on cosmetic products](#)
- [Directive 2009/48/EC on the safety of toys](#)

The above list is just initial and it might be extended in the course of further work.

Consumer protection: relevant data sources

| Name of legislative measure | Available studies | Data on economic impact | |
|--|--|-------------------------|--------------|
| | | Qualitative | Quantitative |
| Consumer Rights Directive | Evaluation of the Consumer Rights Directive | Y | N |
| | Report from the Commission to the European Parliament and the Council on the application of the CRD | Y | N |
| | Study on the application of the CRD | Y | N |
| Regulation on a Common European Sales Law | Impact assessment | Y | Y |
| Consumer Programme Regulations (2007-2013 & 2014-2020) | Ex-ante impact assessment of the 2014-2020 Programme | Y | N |
| | Mid-term evaluation of the 2007-2013 Strategy and Programme | ?* | ?* |
| Directive on injunctions for the protection of the consumers' interest | Report from the Commission to the European Parliament and the Council on the application of the Directive 2009/22/EC | Y | N |
| | Fitness Check | Y | Y |
| New Deal for Consumers | Impact assessment | Y | N |
| | Implementation appraisal | Y | N |
| | Inception impact assessment | Y | N |

*Mid-term evaluation of the 2007-2013 Consumer Strategy and Programme is mentioned in other publications, but could not be accessed directly. As it is a potential source of important information, it would be beneficial if the commissioner of the study could share this publication.

Scheme of the analysis

General scheme of the planned analysis of specific legislative acts:

1. Name of legislative measure: Consumer Rights Directive (2011/83/EU)

2. Available assessment studies:

- ❖ Evaluation of the Consumer Rights Directive
- ❖ Report from the Commission to the European Parliament and the Council

3. Key objective and barriers eliminated:

The overall objective of the CRD was to achieve a high level of consumer protection across the EU and to contribute to the proper functioning of the internal market by approximating certain aspects of the Member States' laws, regulations and administrative provisions concerning contracts concluded between consumers and traders. It aligned and harmonised the national rules on the information consumers need to be given before making a purchase, and their right to cancel online purchases.

[Source: Evaluation of the Consumer Rights Directive]

4. Economic impact:

In terms of achieving greater consumer trust and empowerment, the available Eurobarometer survey data show that the percentage of consumers agreeing that, in general, retailers and service providers respect the rules and regulations of consumer law is equal to 76% in 2016, which represents an increase by 14 percentage points compared to 2006.

[Source: Report from the Commission to the European Parliament and the Council]