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*****I**

REPORT

on the proposal for a decision of the European Parliament and of the Council
establishing a general Framework for financing Community actions in support
of consumer policy for the years 2004-2007
(COM(2003) 44 – C5-0022/2003 – 2003/0020(COD))

Committee on the Environment, Public Health and Consumer Policy

Rapporteur: Phillip Whitehead

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 31 January 2003 the Commission submitted to Parliament, pursuant to Article 251(2) and Article 153 of the EC Treaty, the proposal for a decision of the European Parliament and of the Council establishing a general Framework for financing Community actions in support of consumer policy for the years 2004-2007 (COM(2003) 44 – 2003/0020 (COD)).

At the sitting of 10 February 2003 the President of Parliament announced that he had referred this proposal to the Committee on the Environment, Public Health and Consumer Policy as the committee responsible and the Committee on Budgets and the Committee on Legal Affairs and the Internal Market for their opinions (C5-0022/2003).

The Committee on the Environment, Public Health and Consumer Policy appointed Phillip Whitehead rapporteur at its meeting of 25 March 2003.

The committee considered the Commission proposal and draft report at its meetings of 22 May and 16 and 17 June 2003.

At the latter meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: , Caroline F. Jackson, chairman; Mauro Nobilia, Alexander de Roo and Guido Sacconi, vice-chairmen; Phillip Whitehead, rapporteur; María del Pilar Ayuso González, Hans Blokland, David Robert Bowe, John Bowis, Hiltrud Breyer, Philip Bushill-Matthews (for Raffaele Costa), Martin Callanan, Dorette Corbey, Chris Davies, Véronique De Keyser (for Bernd Lange), Bárbara Dührkop Dührkop (for Béatrice Patrie), Jillian Evans (for Patricia McKenna), Anne Ferreira, Christel Fiebiger (for Pernille Frahm), Karl-Heinz Florenz, Laura González Álvarez, Robert Goodwill, Françoise Grossetête, Cristina Gutiérrez Cortines, Marie Anne Isler Béguin, Christa Klaß, Peter Liese, Giorgio Lisi (for Avril Doyle), Torben Lund, Minerva Melpomeni Malliori, Rosemarie Müller, Riitta Myller, Ria G.H.C. Oomen-Ruijten, Marit Paulsen, Dagmar Roth-Behrendt, Yvonne Sandberg-Fries, Karin Scheele, Horst Schnellhardt, Inger Schörling, Jonas Sjöstedt, María Sornosa Martínez, Dirk Sterckx (for Jules Maaten), Catherine Stihler, Nicole Thomas-Mauro, Antonios Trakatellis, Kathleen Van Brempt and Peder Wachtmeister.

The opinion of the Committee on Budgets is attached; the Committee on Legal Affairs and the Internal Market decided on 20 February 2003 not to deliver an opinion.

The report was tabled on 17 June 2003.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a decision of the European Parliament and of the Council establishing a general Framework for financing Community actions in support of consumer policy for the years 2004-2007 (COM(2003) 44 – C5-0022/2003 – 2003/0020(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2003) 44¹),
 - having regard to Article 251(2) and Article 153 of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C5-0022/2003),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on the Environment, Public Health and Consumer Policy and the opinion of the Committee on Budgets (A5-0232/2003),
1. Approves the Commission proposal as amended;
 2. Considers that the financial statement of the Commission Proposal attached to the current report is compatible with the ceiling of heading 3 of the Financial Perspective without restricting existing policies;
 3. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 4. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1 Recital 3

(3) The objectives and actions in the Consumer Policy Strategy should steer the allocation of funds for actions implemented

(3) The objectives and actions in the Consumer Policy Strategy should steer the allocation of funds for actions implemented under this Framework. ***In addition, activities***

¹ OJ C not published yet.

under this Framework.

intended to integrate consumer interests into other areas of activity in accordance with Article 153 of the Amsterdam Treaty should be given high priority with the three key objectives referred to in recital 2.

Justification

Article 153 of the Amsterdam Treaty is unequivocal and important. Consumer policy should be more closely integrated with energy, telecommunications and other communications policy, for example. Experience of liberalisation within those sectors clearly indicates the need for new instruments and, possibly, new forms of consumer activity when liberalisation enters into force, for instance. There is also a need for greater exchange of information between consumer organisations.

Amendment 2 Recital 5

(5) This Framework should provide for actions by the Community, in compliance with the principle of subsidiarity, to support and build the capacity of organisations and bodies which work to promote consumer interests at Community **or** national level.

(5) This Framework should provide for actions by the Community, in compliance with the principle of subsidiarity, to support and build the capacity of organisations and bodies which work to promote consumer interests at Community, national **or regional** level.

Justification

This decision should not disregard the existence of regional consumer organisations. In most cases their geographical reach is smaller and they thus have a closer knowledge of consumer concerns. In the present context of market liberalisation, there is a tendency towards the decentralisation of companies and organisations. Community funding should therefore not be restricted to more centralised organisations.

Amendment 3 Recital 5 a (new)

(5a) With a view to ensuring broad and representative participation by the various experts in the implementation of the European consumer policy strategy, the eligibility criteria for financial contributions to European consumer organisations set out in this financial framework must not preclude the participation in the Consumer Committee of non-profit-making non-governmental organisations whose main objective is to protect the interests of consumers and uphold their rights at European level.

Justification

Currently, the representation of consumer organisations in a specifically created Consumer committee is linked to the criteria of Decision 283/1999/EC. This Decision will expire by the end of the year. The new proposal from the Commission will establish the new framework for Community actions in support of consumer policy. The new proposal establishes a stricter definition about consumer organisations. This is welcome insofar as it concerns financial eligibility. However, this should not result in the exclusion of well established consumer organisations from committee procedures.

Amendment 4
Recital 14

(14) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468 of 28 June 1999 laying down procedures for the exercise of implementing powers conferred on the Commission.

Deleted

Justification

In an enlarged EU, there is no justification for applying the committee procedure to programmes of this magnitude as this causes undue delays in granting funds. If the Commission's management procedure is improved and made more transparent, all parties involved can check on how the Commission has discharged its responsibility in this respect.

Moreover, the rules also call for external assessments.

Amendment 5
Article 3, point (b)

(b) effective enforcement of consumer protection rules, through market surveillance, administrative and enforcement co-operation and consumer access to resolution of complaints and disputes; and

(b) effective enforcement of consumer protection rules, through market surveillance, administrative and enforcement co-operation, ***consumer access to information about services and non-food products***, and consumer access to resolution of complaints and disputes; and

Justification

Effective enforcement of consumer protection rules also requires consumer access to information.

Amendment 6
Article 3, point (ca) (new)

(ca) integration of consumer protection objectives into all the relevant areas of Community policy.

Justification

Article 153 of the Amsterdam Treaty is unequivocal and important. Consumer policy should be more closely integrated with energy, telecommunications and other communications policy, for example. Experience of liberalisation within those sectors clearly indicates the need for new instruments and, possibly, new forms of consumer activity when liberalisation enters into force, for instance. There is also a need for greater exchange of information between consumer organisations.

Amendment 7
Article 4, paragraph 4

4. Actions 16, 17 **and** 18 benefit from financial contributions by the Community.

4. Actions 16, 17, 18 **and 19a** benefit from financial contributions by the Community.

Justification

Article 153 of the Amsterdam Treaty is unequivocal and important. Consumer policy should be more closely integrated with energy, telecommunications and other communications policy, for example. Experience of liberalisation within those sectors clearly indicates the need for new instruments and, possibly, new forms of consumer activity when liberalisation enters into force, for instance. There is also a need for greater exchange of information between consumer organisations.

Amendment 8
Article 5

The financial budget for the implementation of this framework for the period referred to in Article 1 is set at EUR 72 million.
The annual appropriations will be authorised by the budgetary authority within the limits of the financial perspectives.

The financial budget for the implementation of this framework for the period referred to in Article 1 is set at EUR 72 million.
The appropriations for commitment scheduled for the years 2007 are subject to an agreement of the Budgetary Authority on Financial Perspective beyond 2006.

The annual appropriations will be authorised by the Budgetary Authority within the limits of the Financial Perspective.

Justification

The Financial Perspective under the Interinstitutional Agreement cover the period 2004-2006. Appropriations for commitment for the year 2007 are subject to an agreement of the Budgetary Authority on Financial Perspective for the years 2007 and beyond.

Amendment 9
Article 6, paragraph 1

1. The Community contribution to joint actions 9 and 10 as specified in the Annex will, ***in principle, be 50%, and in no event exceed 70%, of the total cost of the action.***

1. The Community contribution to joint actions 9 and 10 as specified in the Annex will, ***unless a smaller amount is specifically requested, be at a level of 50% or upwards, not exceeding 70% of the eligible expenses for implementing the project. The Commission will set out clearly the circumstances under which more than 50% may be available.***

Justification

In certain cases the Commission should have the option of granting larger sums of funding under Action 9 and 10 particularly with reference to the new accession countries. This has never been more pertinent than now as we anticipate the accession of 10 new Member States.

Amendment 10
Article 6, paragraph 5

5. The financial contributions for ***action*** 18 will, ***in principle, be 50%, and in no event exceed 70%, of the eligible expenses for implementing the project.***

5. The financial contributions for ***actions*** 18 and 19a will, ***provided that a lower amount is not specifically requested, be equal to 50% or more, and not exceed 70%, of the eligible expenses for implementing the project unless for specific purposes involving effective implementation of the acquis communautaire on consumer protection in the new Member States. The Commission will set out clearly the circumstances under which more than 50% may be available.***

Justification

It is important to make explicit what level of funding consumer organisations can expect to obtain. In certain cases the Commission should have the option of granting larger sums to independent consumer organisations particularly those originating in the accession countries. This has never been more pertinent than now as we anticipate the accession of 10 new Member States. Where assessment of projects is concerned there will be circumstances where it would be inappropriate for the Member State to contribute.

Amendment 11 Article 6, paragraph 5a (new)

5a. Payment by the Commission should be prompt, and failure to pay promptly should result in the Commission officials responsible being named in the official Parliamentary record after a 3-week deadline, together with the Commission department concerned, indicating the reasons for payment delay.

Justification

More pressure is needed on the Commission to ensure prompt payment.

Amendment 12 Article 7, paragraph 2, point (a)

(a) are non-governmental, independent of industry, ***commerce and other business interests and non-profit-making***, and have as their primary objectives and activities the promotion and protection of the health, safety and economic interests of consumers in the Community, and

(a) are non-governmental, ***non-profit-making***, independent of industry, ***commercial and business or other conflicting interests***, and have as their primary objectives and activities the promotion and protection of the health, safety and economic interests of consumers in the Community, and

Justification

This criteria needs to be strict, given past experience with organisations which may not be entirely independent but which have, nonetheless, qualified for funding and recognition as independent consumer bodies.

Amendment 13
Article 7, paragraph 2, point (b)

(b) have been mandated to represent the interests of consumers at Community level by national consumer organisations in at least half of the Member States that are representative, in accordance with national rules or practice, of consumers and are active at regional or national level.

(b) have been mandated to represent the interests of consumers at Community level by national ***or regional*** consumer organisations in at least half of the Member States that are representative, in accordance with national rules or practice, of consumers and are active at regional or national level.

Justification

In many Member States consumer policy is decentralised and consumer organisations form part of clear and efficient regional and interregional structures. At Community level, such activities on behalf of consumers should be eligible for Community support.

Amendment 14
Article 7, paragraph 2, point (ba) (new)

(ba) have provided to the Commission satisfactory accounts of their membership, internal rules and sources of funding.

Justification

This criteria needs to be strict, given past experience with organisations which may not be entirely independent but which have, nonetheless, qualified for funding and recognition as independent consumer bodies.

Amendment 15
Article 7, paragraph 3, point (a)

(a) are non-governmental, independent of industry ***and commerce and non-profit-making***, and have as their primary objectives and activities to represent consumer interests in the standardisation process at Community level, and

(a) are non-governmental, ***non-profit-making***, independent of industry, ***commercial and business or other conflicting interests***, and have as their primary objectives and activities to represent consumer interests in the standardisation process at Community level, and

Justification

The definition of consumer organisations eligible for financial contributions under action 17 should be in line with the definition given for action 16.

Amendment 16
Article 11, point (d)

(d) in the case of calls for proposals, the selection and award criteria for actions 16, 17 and 18, and the indicative amount available for each of these calls for proposals.

(d) in the case of calls for proposals, the selection and award criteria for actions 16, 17 and 18 ***and 19a*** and the indicative amount available for each of these calls for proposals, ***including simplified selection and award criteria for action 18 in cases where the Community contribution applied for does not exceed €25,000. For such bids the Commission shall give early warning to bidding consortia if the project does not meet the general acceptance criteria.***

Justification

In many cases the high level of administrative burden associated with applying for project funding discourages consumer organisations from doing so. It would be preferable to see organisations applying for small amounts of financial support for specific projects being

subjected to a different and simpler set of selection and award criteria. This could entail a process whereby potential bidders could submit a project in broad outline, asking the Commission for a preliminary view. They could then consider whether to proceed further and submit a full detailed proposal.

Amendment 17
Article 12, paragraph 1a (new)

1a. Having assessed the proposals, the Commission shall, within five months of the publication referred to in paragraph 1, select such activities and projects for Action 16, 17 and 18 as are to receive financial support.

Justification

The current financial framework (Decision 283/1999, Article 8, Paragraph 2) refers to a five month period spanning between the calls for proposals and the Commission's final decision. This timeframe should be respected in order that the potential recipient organisations are dealt with in a timely and fair manner.

Amendment 18
Article 13, paragraph 1

1. The Commission shall ensure effective and regular monitoring of the actions undertaken under the Framework ***and shall present*** to the European Parliament and to the Council ***a mid-term report*** on the implementation of the Framework by ***31 December 2005***.

1. The Commission shall ensure effective and regular monitoring of the actions undertaken under the Framework ***to the extent that the application for funding process should not extend beyond 3 months between the submission of a bid and the receipt of response from the Commission. It shall present*** to the European Parliament and to the Council ***an annual report*** on the implementation of the Framework ***and the details of those applications for which the consideration period exceeded the Commission's target***

the first of which will be presented by 31 December 2004.

Justification

The process of application for project funding is slow and difficult. Often organisations cannot access funds when they are most needed and consequently face bankruptcy. To alleviate this situation, the Commission should indicate progress in respecting the deadlines it sets.

Amendment 19
Article 13, paragraph 2

2. The Commission shall present to the European Parliament and to the Council an evaluation report on actions carried out under the Framework before submitting a proposal for its possible renewal, and in any case by 31 December 2007 at the latest.

2. The Commission shall present to the European Parliament and to the Council ***a mid-term report on the implementation of the Framework by 31 December 2005, and*** an evaluation report on actions carried out under the Framework before submitting a proposal for its possible renewal, and in any case by 31 December 2007 at the latest.

Justification

The submission by the Commission of an annual report on the implementation of the Programme, together with the transmission of the Preliminary Draft Budget, would enable the Budgetary Authority to better estimate during the budgetary procedure the annual appropriations needed to implement the proposed actions.

Amendment 20
Article 14, paragraph 2

2. The Commission shall take the measures provided for in Article 4(3) and (4) and in Article 11 in accordance with the procedure

Deleted

referred to in Article 15(2).

Justification

In an enlarged EU, there is no justification for applying the committee procedure to programmes of this magnitude as this causes undue delays in granting funds. If the Commission's management procedure is improved and made more transparent, all parties involved can check on how the Commission has discharged its responsibility in this respect. Moreover, the rules also call for external assessments.

Amendment 21
Article 15

1. The Commission shall be assisted by a committee, hereinafter referred to as “the committee”.

Deleted

2. Where reference is made to this paragraph, Articles 3 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

3. The Committee shall adopt its rules of procedure.

Justification

In an enlarged EU, there is no justification for applying the committee procedure to programmes of this magnitude as this causes undue delays in granting funds. If the Commission's management procedure is improved and made more transparent, all parties involved can check on how the Commission has discharged its responsibility in this respect. Moreover, the rules also call for external assessments.

Amendment 22
Annex, Action 1

Action 1. Scientific advice ***and*** risk analysis relevant to consumer health and safety regarding non-food products and services.

Action 1. Scientific advice, risk analysis, ***including comparative assessment, and assessment of risk reduction options***

relevant to consumer health and safety
regarding non-food products and services.

Justification

.In order to improve consumer health and safety, risk analysis should include comparative assessment, as the knowledge about alternatives is crucial for decision-makers to solve problems. The action should not be limited to risk analysis, but should also include risk reduction activities.

Amendment 23
Annex, Action 6

Action 6. Development of databases covering the application of and jurisprudence on consumer rights deriving from Community consumer protection legislation, including the completion and improvement of the database on unfair contract terms.

Action 6. Development of *easily and publicly accessible* databases covering the application of and jurisprudence on consumer rights deriving from Community consumer protection legislation, including the completion and improvement of the database on unfair contract terms.

Justification

Databases about the application and jurisprudence on consumer rights should be easily and publicly accessible.

Amendment 24
Annex, Action 11

Action 11. Provision of specific technical and legal expertise to consumer organisations to support their participation in, and input into, consultation processes on Community legislative and non-legislative policy initiatives, as well as their contribution to market surveillance.

Action 11. Provision of specific technical and legal expertise to consumer organisations to support their participation in, and input into, consultation processes on Community legislative and non-legislative policy initiatives *relevant policy areas, such as internal market policies, services of*

general interest and the 10-year framework programme on sustainable production and consumption in the follow-up to the Johannesburg summit, as well as their contribution to market surveillance.

Justification

The framework programme on sustainable production and consumption should be mentioned to ensure that consumers are supported to participate in it.

Amendment 25
Annex, Action 15

Action 15. Consumer education, including the Young Consumer Competition and the development of on-line interactive consumer education tools on consumer rights in the internal market and on cross-border transactions.

Action 15. Consumer education, including the Young Consumer Competition ***subject to an independent enquiry into its take-up and cost-effectiveness*** and the development of on-line interactive consumer education tools on consumer rights in the internal market and on cross-border transactions, ***particularly in the new Member States or in cooperation with their organisations.***

Justification

Youth education on consumer issues is of utmost importance to the Rapporteur. However it is widely believed that the ongoing Young Consumer Competition is no longer as effective as it was in its initial period and should therefore be subject to assessment with a view to replacing it with an alternative action targeted at young consumers. It is important to teach consumers about their rights, including through cooperation with existing organisations.

Amendment 26
Annex, Action 18

Action 18. Financial contributions for

Action 18. Financial contributions for

specific projects at Community or national level in support of consumer policy objectives as defined in Article 2, under the conditions set out in Article 7(4).

specific projects at Community or national level in support of consumer policy objectives as defined in Article 2, under the conditions set out in Article 7(4). ***Such contributions will include support for the development of projects carried out by independent national or regional consumer organisations to facilitate the effective implementation of the acquis communautaire on consumer protection in the new Member States.***

Justification

Financial contributions should be earmarked for projects initiated by consumer organisations in the accession countries, (particularly those of a transnational nature carried out between existing and new member states). Financial contributions should be earmarked for projects set up by consumer organisations in the applicant countries, particularly cross-border or inter-regional projects carried out among the current and new Member States.

Amendment 27 Annex, Objective ca (new)

(ca) Objective

Integration of consumer protection objectives into all the relevant areas of Community policy. Actions 11, 13, 16, 17 and 18 may be used to attain this objective.

Action 19a (new)

Exchange of information as to how consumer rights have been integrated into other areas of policy.

Justification

Article 153 of the Amsterdam Treaty is unequivocal and important. Consumer policy should be more closely integrated with energy, telecommunications and other communications

policy, for example. Experience of liberalisation within those sectors clearly indicates the need for new instruments and, possibly, new forms of consumer activity when liberalisation enters into force, for instance. There is also a need for greater exchange of information between consumer organisations.

EXPLANATORY STATEMENT

This framework proposal for the funding of the elements of the Consumer Policy Strategy adopted earlier in 2003 is intended to be convergent with it in both time and intention. As such it is to be welcomed. It has not been beset with the legal uncertainties which hindered its predecessor in 1998, and is now separated from the new funding for the maintenance and enhancement of food safety precautions through the EFSA. Its effectiveness over the four years to 2007 for which its remit is claimed will be judged in large measure on how well it strengthens independent consumer organisations, especially in the ten new member states which will join the EU in 2004, as well as on the work programme it outlines.

The Environment Committee (and subsequently the European Parliament) endorsed the three key objectives of the Consumer Policy Strategy namely:

- A high common level of consumer protection
- Effective enforcement of consumer protection rules
- Involvement of consumer organisations in EU policies

and added a fourth:

- Integration of consumer protection objectives into all relevant EU policy areas.

This last objective was directly addressed to the Commission in general. It goes further than the mere involvement of consumer organisations, but if that involvement can be achieved, in the context of a new legal basis, then the true countervailing power which consumers need to exercise across the whole pattern of Community action draws a little closer.

Equally, enforcement of consumer protection legislation is the mood music of the times. Consumers will no longer tolerate fine words spun into requirements which are only fitfully observed. Nor will consumer organisations tolerate the kind of slippage in receiving and evaluating co-financed projects which goes far beyond the target of five months. This can discredit the entire process, and be a deterrent to applicants of modest means. It is important that the Commission can take effective corrective action on both these points. The Framework is not explicit about how this will be done in practice.

The means at the Commission's disposal are themselves modest. For the four year period 2004-2007 it proposes €72M in operational credits and €32M in human resources (€18M + €8M each year through the quadrennial.) It favours capacity building actions on behalf of genuinely independent consumer organisations. Support is generally limited to 50% of the operational costs of the applicants, with an upper limit of 70% except in the critical area of developing standards for products and services. The Framework sub-divides the actions which can be taken under its objectives and leaves open the opportunity of 95% funding for this purpose "as attempts to identify alternative funding sources for consumer representation in standardisation have failed to give results". This is principally to sustain the work of ANEC (European Association for the Coordination of Consumer Representation in Standardisation). The Financial Regulation bars 100% funding and ANEC makes up this shortfall with the payments it receives from the EFTA countries, but your Rapporteur can well understand its anxiety that this secondary income stream might not continue to flow.

The Framework is a sturdy construction, but there is no guaranteed that the modest funding available will be durable over the four years involved. Article 2 sets out the four areas of action, Article 3 their objectives, Article 4 their variety of funding and implementation, Articles 5 and 6 the proportions involved, and Article 7 their prospective beneficiaries. Despite its evident dissatisfaction with the high cost and low impact of many of the projects funded in recent years, the Commission neither sets out its selection and award criteria, nor how it proposes to ensure transparency in principle and practice. This is promised in an annual work programme. On the other hand, the definition of consumer organisations goes a long way to reassure those who fear the increase of organisations who use words like "consumer" and "choice" but are actually covert industrial lobbies. The large national consumer organisations also have reservations about some of the bodies "active at regional level", when these have proliferated and find it difficult to work together. Such smaller organisations would be best helped by simplified assessment programmes for projects under, say €25,000, rather than be dislodged from a process by diseconomies which were not their fault. In the interests of transparency, all consumer bodies, large or small, must identify their membership base and its procedures of accountability.

None of the articles specifically mention the unique context in which the Framework will come into operation. That is the enlargement of the Union by, presumably, ten new member states. As a proportional increase in the mass of the EU, this is the largest enlargement since the first in 1973. But this expansion brings in a number of states which collectively increase the Community's GDP by around 5%, and which will be struggling to conform to an *acquis* far more complex and costly than that of 1973. In this situation there is a pressing need to assist the role of nascent consumer organisations as a contribution to civil society and a means of maximising the choices available to those who have very little. This would be real empowerment.

There is only the scantiest reference (in Article 9 on the Participation of third countries) to what are described as "associated countries of Central, Eastern and South Eastern Europe; Cyprus, Malta and Turkey" although the majority of them have now signed accession agreements and will be members of the EU by the year in which the Framework comes into effect. Yet the Consumer Policy Strategy 2002-2006, which has been endorsed by all three European institutions clearly recommended such support (Motion for a Resolution Paragraphs 37 and 60). A study of the Consumers International Report on Consumer Organisations in Central and Eastern Europe (2000) gives a good overview of the scale of the new institutions of civil society, their potential but also the paucity of funds for them to flourish.

If it is argued that the Commission cannot discriminate between member states, such as the accession countries will become, it must surely be possible to allocate monies for start-up consumer organisations and projects in the final run-up to accession in May 2004. The ten new states may be allocated somewhere in the range of €2.5M in addition to the €18M annual allocation referred to in the Framework via a separate Proposal currently making its way through the European Parliament. Your Rapporteur does not consider an additional one sixth (14%) in funding particularly generous in terms of an expansion which will see ten new states joining the existing fifteen given that the cost of making the changeover in each of these new states is going to be considerable. To this end, the Commission should include a new Objective (d) in the Annex to describe explicitly the scale and nature of consumer protection measures in what are still prospective members of the Community of 2004, for which the Framework seeks to provide.

There are a number of other issues which the Commission must clarify. Given the many complaints about the viability to carry over unspent budget funds and reserves (in excess of 5%), how does it reconcile the annuality principle with its own viability in the recent past on delivery? Will it accept the annual publication of the proportion of projects which met its own criteria for receipt and assessment? What proposals does it have to ensure that the Consumer Policy Strategy and the Framework actually become co-terminous in 2007, given the hostility of some member states to that date.

Your rapporteur does not wish to be a carping critic. The Framework does meet many of the expectations he set out when the European Parliament's view of the Consumer Strategy was being formulated. It is clear that there is a stronger sense of prioritisation in the work programme set out in the Annex to Article 4. It does begin to put the priorities of consumer empowerment at the heart of EU policy-making, although it is too shy to say so. Its honest assertions can live with its candid critics. Both know that in this critical time, in both intention and delivery, the best is as achievable as the merely good.

22 May 2003

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on the Environment, Public Health and Consumer Policy

on the proposal for a decision of the European Parliament and of the Council establishing a general Framework for financing Community actions in support of consumer policy for the years 2004-2007

(COM(2003) 44 – C5-0022/2003 – 2003/0020(COD))

Draftsman: Bárbara Dührkop Dührkop

PROCEDURE

The Committee on Budgets appointed Bárbara Dührkop Dührkop draftsperson at its meeting of 19 February 2003.

It considered the draft opinion at its meeting of 21 May 2003.

At this meeting it adopted the following amendments unanimously. The following were present for the vote Terence Wynn (chairman), Bárbara Dührkop Dührkop (draftsperson), Ioannis Averoff, Joan Colom i Naval, Den Dover, James E.M. Elles, Göran Färm, Salvador Garriga Polledo, Wolfgang Ilgenfritz, Wilfried Kuckelkorn, Jan Mulder, Juan Andrés Naranjo Escobar, Joaquim Píscarreta, Paul Rübig (for Reimer Böge), Ralf Walter and Brigitte Wenzel-Perillo.

SHORT JUSTIFICATION

Introduction

1. The Commission has presented a Proposal for a Decision establishing a general Framework for financing Community actions in support of consumer policy for the years 2004-2007. The existing legal framework for expenditure on activities in certain areas of health and consumer protection is provided for by Decision 283/1999/EC, which expires on 31 December 2003.
2. The Proposal aims at providing a framework for the actions set out in the Consumer Policy Strategy adopted by the Commission in May, whose objectives are:
 - a high level of consumer protection
 - effective enforcement of consumer protection rules
 - proper involvement of consumer organisations in Community policy making.
3. The Proposal, which is based on Art.153 TEC and whose adoption is consequently under the co-decision procedure:
 - includes a call for proposals for specific projects at least every two years and the possibility of co-financing up to 70% (Art. 7(4) of the Proposal);
 - fixes a definitive ceiling of 50% for financial support for European consumer organisations (Art. 7(2) of the Proposal);
 - provides however for financing up to 95% of the expenditure of organisations representing consumers interests in the development of standards for products and services at Community level (Art. 7(3) of the Proposal);
 - introduces specific provisions for actions jointly undertaken by the Commission and the Member States, concerning financial contributions to bodies providing information and assistance to consumers, notably in the field of dispute resolution, and actions to be developed in the area of administrative and enforcement co-operation with the Member States (Art. 7(1) of the Proposal);
 - modifies the eligibility criteria for the financial contribution to a European consumer organisation.
4. The new framework programme has to be evaluated in the context of the ABB nomenclature in terms of policy cost.

Table 1 - Health and Consumer Protection - ABB nomenclature

Item Article Chapter Title	Policy Area	APB 2004	
		€	
		CA	PA
17	Health and Consumer Protection	471.516.786	484.841.751
17 01 04 03	Community activities in favour of consumers - Expenditure on administrative management	1.122.222	1.122.222
17 02 01	Community activities in favour of consumers	19.077.778	20.353.699
17 49 04 03	Community activities in favour of consumers - Expenditure on administrative management	-	566.582
	Total	20.200.000	22.042.503

	% of policy area	4,284 %	4,546 %

Budgetary Aspects

5. The Commission proposes to allocate € 72 million for commitment over the period of implementation (2004-2007). An indicative schedule of appropriations is presented in Table 2 below.

*Table 2 - European Consumer policy - Budget lines B5-100 and B5-100 A (€ million)**

		2004	2005	2006	2007	2008	2009	Total
Heading 3 Financial Intervention (ABB 17 02 01)	CA	17	17	17	17			68
	PA	6.8	11.9	15.3	17	10.2	6.8	68
Heading 3 Admin. Expenditures (ABB 17 01 04)	CA	1	1	1	1			4
	PA	0.4	0.7	0.9	1	0.6	0.4	4
Sub Total	CA	18	18	18	18			72
	PA	7.2	12.6	16.2	18	10.8	7.2	72
Heading 5 Human Resources (ABB 17 01)	(CA/PA)	7.87	7.87	7.87	7.87			31.5

* The Commission explains the discrepancy between table 1 and table 2 by the fact that PDB was calculated for 25 Member States while the "fiche financière" was prepared for 15 Member States.

6. The allocation under Decision 283/1999/EC amounted to € 112.5 million for the period 1999-2003 (i.e. € 22.5 million per year). As table 3 indicates, the budget under the present Proposal has been reduced in comparison to the existing framework by an amount of € 22.59 million. The common declaration of 20 July 2000 states that the Budgetary Authority evaluates its compatibility with the current financial framework. Because this programme will be adopted under the co-decision procedure, such an evaluation should be renewed if the financial envelope is amended in the course of the legislative process.

Table 3 - Budget comparison between present and proposed new framework- € million

	2004	2005	2006	2007	Total
Dec. 283/1999*	22,95	23,41	23,88	24,35	94,59
COM (Fich. Fin.)	18	18	18	18	72
Diff.	-4,95	-5,41	-5,88	-6,35	-22,59

* inflated by 2%

7. According to the Commission, this reduction is justified following the transfer of certain food safety related activities to other budget lines in particular to the Food Safety Authority B3-4330. The Commission should clarify which activities have been transferred and for which amount.

Conclusion

8. The draftsperson considers that the Proposal is compatible with the ceiling of Heading 3 of the Financial Perspective. However, she wants to point out that the new programme is reduced in comparison to the existing one, according to the principles of the Joint Declaration of 20 July 2000. Moreover the amount scheduled for the year 2007 is subject to the approval by the Budgetary Authority of Financial Perspective beyond 2006.
9. In addition, given that the Financial perspective has been adjusted in view of the coming enlargement, and that in particular Heading 3 has been revised by an additional € 480 million for the period 2004-2006, the financial budget under Art.5 of the Proposal could be amended accordingly. With this in mind, the proposed additional amount for the Community actions in support of consumer policy is € 6.6 million. In any event, as stated in Art.5 of the Proposal, the decision on the multiannual financial envelope does not pre-empt the decision of the Budgetary Authority in the framework of the budgetary procedure.
10. Art.9 (b) is awkwardly worded, apparently in order to take account of various possibilities (countries becoming "associated countries", countries acceding to the status of Member states, etc.), giving rise to three different financing sources (under Heading 3, Heading 4 and Heading 7).
11. As regards monitoring and evaluation, the draftsperson suggests that the Commission submit also an annual report on the implementation of the Framework. Such report would be transmitted to Parliament together with the Preliminary Draft Budget, and would serve as a basis for estimating the budgetary needs of the proposed actions in the course of the budgetary procedure.

AMENDMENTS

The Committee on Budgets calls on the Committee on the Environment, Public Health and Consumer Policy, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

AMENDMENT TO THE LEGISLATIVE RESOLUTION

[The European Parliament]

Considers that the financial statement of the Commission Proposal attached to the current report is compatible with the ceiling of heading 3 of the Financial Perspective without restricting existing policies.

Justification

The financial budget is set by the Commission at € 72 million. According to the common declaration of 20 July 2000, the Budgetary Authority is entitled to evaluate the compatibility of new proposals in relation with the expenditure foreseen to maintain existing policies. The amount proposed for the framework programme should be compatible with the expenditure ceilings under the Financial Perspective. If, in the course of the adoption of the decision, other amounts were to be proposed by the legislative authority, the Budgetary Authority would need to be consulted again. In this case, the Committee on Budgets would re-examine the impact on the ceiling under the current Financial Perspective.

Text proposed by Commission

Amendments by Parliament

Amendment 2 Article 5 - Funding

The financial budget for the implementation of this framework for the period referred to in Article 1 is set at EUR 72 million.

The annual appropriations will be authorised by the budgetary authority within the limits of the financial perspectives.

The financial budget for the implementation of this framework for the period referred to in Article 1 is set at EUR 72 million.

The appropriations for commitment scheduled for the years 2007 are subject to an agreement of the Budgetary Authority on Financial Perspective beyond 2006.

The annual appropriations will be authorised by the Budgetary Authority within the limits of the Financial Perspective.

Justification

The Financial Perspective under the Interinstitutional Agreement cover the period 2004-2006. Appropriations for commitment for the year 2007 are subject to an agreement of the Budgetary Authority on Financial Perspective for the years 2007 and beyond.

Amendment 3

Article 13 - Monitoring and evaluation

1. The Commission shall ensure effective and regular monitoring of the actions undertaken under the Framework **and** shall present to the European Parliament and to the Council **a mid-term** report on the implementation of the **Framework by 31 December 2005**.

2. The Commission shall present to the European Parliament and to the Council an evaluation report on actions carried out under the Framework before submitting a proposal for its possible renewal, and in any case by 31 December 2007 at the latest.

1. The Commission shall ensure effective and regular monitoring of the actions undertaken under the Framework . **It** shall present to the European Parliament and to the Council **by 30 September at the latest an annual** report on the implementation of the **Programme**.

2. The Commission shall present to the European Parliament and to the Council **a mid-term report on the implementation of the Framework by 31 December 2005, and** an evaluation report on actions carried out under the Framework before submitting a proposal for its possible renewal, and in any case by 31 December 2007 at the latest.

Justification

The submission by the Commission of an annual report on the implementation of the Programme, together with the transmission of the Preliminary Draft Budget, would enable the Budgetary Authority to better estimate during the budgetary procedure the annual appropriations needed to implement the proposed actions.