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Committee on Budgets

2005/0042B(COD)

27.1.2006

OPINION

of the Committee on Budgets

for the Committee on the Internal Market and Consumer Protection

on the proposal for a European Parliament and Council decision establishing a
Programme of Community action in the field of Health and Consumer
protection (2007-2013)
(COM(2005)0115 – C6-0225/2005 – 2005/0042B(COD))

Draftswoman: Brigitte Douay

PA_Leg

SHORT JUSTIFICATION

PREAMBLE

This communication aims to set up a joint health and consumer protection programme. The public health aspect falls within the remit of the environment committee and will be dealt with separately. The purpose of the present document is to deliver an opinion on the consumer protection aspect for the Committee on the Internal Market and Consumer Protection, the committee responsible.

INTRODUCTION

The aim of this programme is to harmonise consumer protection throughout the single market, so that citizens can move around the Union and buy goods with the same confidence as in their countries of origin.

The programme will be organised around objectives that are common to health and consumer protection and around objectives that are specific to each of them.

The **common objectives** of the health and consumer protection aspects are:¹

- To protect citizens from risks and threats which are beyond the control of individuals and that cannot be effectively tackled by individual Member States alone (e.g. health threats, unsafe products, unfair commercial practices).
- To increase the ability of citizens to take better decisions about their health and consumer interests.
- To mainstream health and consumer policy objectives across all Community policies in order to put health and consumer issues at the centre of policy-making.

Consumer protection is organised around four **specific objectives**, which are based on those pursued in the 2002-2006 programme:

- Better understanding of consumers and markets;
- Better consumer protection regulation;
- Better enforcement, monitoring and redress;
- Better-informed and -educated consumers.

All of these objectives must be implemented by seeking synergies with other Community policies. In more general terms, coordination between consumer protection policy and other policies (research or structural policies) should be encouraged, so that it can become the norm.

¹ COM(2005)0115, page 3, point 2.1.

FINANCIAL RESOURCES

The budget allocated for the period amounts to **€ 1 203 million** (excluding administrative costs), spread over five budget items (3 for public health, 2 for consumer protection: 17 02 01 and 17 01 04 03), and calls for the use of an executive agency. On this subject, the committee recommends that the remit of the executive agency for health be extended, so that the latter can provide the technical assistance required by this programme in a rational and effective fashion, bearing in mind the doubling of appropriations in comparison with the current programme.

The budget allocation for the whole period is divided up as follows:

€ 110 981 million for measures common to the two policies

€ 804 995 million for health

€ 193 838 million for consumer protection

€ 93 185 million allocated to funding the Consumer Institute (executive agency).

COMMENTS

The rapporteur welcomes the Commission proposal, particularly the significant increase in the budget allocated to consumer protection, and the Commission's wish to incorporate this policy in all Community programmes and instruments.

The rapporteur nevertheless wishes to make the following comments:

1. It should be pointed out that the amount referred to in Article 5 must be regarded as purely indicative until final agreement has been reached on the financial perspectives.
2. Counterfeiting, which initially affected luxury industries in the form of fraudulent copying of trademarks, designs and models, has now spread to all areas of the economy. It no longer affects only major companies, but also SMEs and, above all, consumers, since counterfeit products pose an increasing risk to consumer health and safety, whether in the form of adulterated medicines, defective electrical appliances, substandard spare parts, cosmetics which are nothing short of toxic, or dangerous toys. This is why consumers, who – knowingly, naively or unwittingly – are the potential customers of counterfeiters, must be better informed of the real dangers to themselves and their families, and the legal penalties that can be incurred.
3. All possible synergies between Community instruments on consumer protection must be set in motion in order to optimise the performance of this programme, the budget for which is relatively limited given the importance of what is at stake.
4. The Commission must therefore take all necessary measures to ensure that the programme is as cost-effective as possible, and show in an interim evaluation report the progress achieved in this area over a period of five years.

AMENDMENTS

The Committee on Budgets calls on the Committee on the Internal Market and Consumer Protection, as the committee responsible, to incorporate the following amendments in its report:

Draft legislative resolution

Amendment 1 Paragraph 1 a (new)

1a. Stresses that the appropriations mentioned in the legislative proposal for the period after 2006 are subject to the decision on the next multiannual financial framework;

Amendment 2 Paragraph 1 b (new)

1b. Calls on the Commission, if appropriate, to present a proposal aimed at adjusting the financial reference amount of the present programme when the next multiannual financial framework is adopted;

Justification

The financial reference amount cannot be determined until the financial perspectives have been finally adopted. Once this decision is made, the Commission will have to present a legislative proposal in order to determine the reference amount, taking account of the corresponding ceiling of the financial framework.

Proposal for a decision

Text proposed by the Commission¹

Amendments by Parliament

Amendment 3 Recital 4

(4) Health and consumer protection

(4) Health and consumer protection

¹ Not yet published in OJ.

policies share common objectives relating to protection against risks, improving decision-making of citizens and integrating health and consumer protection interests in all Community policies, as well as common instruments such as communication, capacity-building for civil society regarding health and consumer protection issues, and promoting international cooperation on these issues. Issues such as diet and obesity, tobacco and other consumption-related choices related to health are examples of cross-cutting issues affecting both health and consumer protection. Taking a joint approach to these common objectives and instruments will enable activities common to both health and consumer protection to be undertaken more efficiently and effectively. There are also separate objectives relating to each of the two areas of health and consumer protection which should be addressed through actions and instruments specific to each of the two areas.

policies share common objectives relating to protection against risks, improving decision-making of citizens and integrating health and consumer protection interests in all Community policies, as well as common instruments such as communication, capacity-building for civil society regarding health and consumer protection issues, and promoting international cooperation on these issues. Issues such as diet and obesity, tobacco, ***at-risk behaviours*** and other consumption-related choices related to health are examples of cross-cutting issues affecting both health and consumer protection. ***Counterfeiting, which deceives consumers and at the same time endangers their health, must also be vigorously combated at European level.*** Taking a joint approach to these common objectives and instruments will enable activities common to both health and consumer protection to be undertaken more efficiently and effectively. There are also separate objectives relating to each of the two areas of health and consumer protection which should be addressed through actions and instruments specific to each of the two areas.

Justification

Action must be taken at European and international level to step up the fight against counterfeiting, which is tantamount to stealing products and trademarks; it is deceptive to consumers, a danger to health and harmful to employment (it is estimated that 100,000 jobs are lost every year in the European Union as a result of counterfeiting).

Amendment 4

Article 3, paragraph 2, point (b)

(b) 60 % of expenditure for the functioning of a body pursuing an aim of general European interest where such support is necessary to ensure representation of health or consumer interests at Community level or to implement key objectives of the programme, except in case of exceptional utility where the Community contribution

(b) 60 % of expenditure for the functioning of a body pursuing an aim of general European interest where such support is necessary to ensure representation of health or consumer interests at Community level or to implement key objectives of the programme, except in case of exceptional utility, ***as in the case of bodies representing***

shall not exceed 95 %. *The renewal of such financial contributions may be exempted from the principle of gradual decrease.*

consumers in the context of standardisation, where the Community contribution shall not exceed 95 %.

The Commission may, as a general rule, seek to grant core funding on a two-year basis by means of a network partnership convention. In accordance with Article 163 of Regulation (EC, Euratom) No 2342/2002 laying down the implementing rules for the Financial Regulation¹ applicable to the general budget of the European Communities, such a network partnership convention establishes long-term cooperation between the recipient and the Commission which may not, however, exceed two years.

¹ *Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/ 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1).*

Justification

The application of Article 163 of the Implementing Rules of the Financial Regulation will provide the relevant consumer organisations with more financial certainty and reduce the administrative burden of both the Commission and the European consumer organisations. Core financing is, contrary to project funding, by nature distributed to organisations which pursue long term objectives. Therefore, the possibility of establishing a long-term cooperation is especially suited to applicants for core funding.

Amendment 5 Article 4

The Commission shall ensure the implementation of the programme in accordance with the provisions of Article 7.

The Commission shall ensure the implementation of the programme in accordance with the provisions of Article 7, *making use inter alia of the measures and mechanisms already in existence in the*

areas of health and consumer protection in order to foster synergies and guarantee successful coordination and high visibility for the measures implemented.

Amendment 6
Article 5, paragraph 1

1. The financial framework for the implementation of the programme for the period specified in Article 1 is EUR 1 203 million.

1. The ***indicative*** financial framework for the implementation of the ***present*** programme for the ***7-year*** period ***beginning on 1 January 2007*** is EUR 1 203 million.

Justification

The financial reference amount is indicative until the financial perspectives have been finally adopted. Once this decision has been taken, the Commission will have to present a legislative proposal in order to determine the reference amount, taking account of the corresponding ceiling of the financial framework (see the amendment to the legislative resolution).

Amendment 7
Article 5, paragraph 2 a (new)

2a. The overall administrative expenditure of the programme including internal and management expenditure for the Executive Agency referred to in Article 3, paragraph 1a, should be proportionate to the tasks provided for in the programme concerned and is subject to the decision of the budgetary and legislative authorities.

Amendment 8
Article 7, paragraph 1, introductory part

1. The measures necessary for the implementation of this Decision relating to the following shall be adopted in accordance with the management procedure referred to in Article 6(2):

1. The measures necessary for the implementation of this Decision relating to the following shall be adopted in accordance with the management procedure referred to in Article 6(3):

Justification

Amendment 9
Article 9 a (new)

Article 9a

Protection of the Community's financial interests

1. The Commission shall ensure that , when actions financed under the present Regulation are implemented, the provisions of the Financial Regulation are complied with and the financial interests of the Community are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportionate and dissuasive penalties, in accordance with Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests, Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities,² and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)³.

2. For the Community actions financed under the present Decision, the concept of irregularity referred to in Article 1, paragraph 2, of Regulation (EC, Euratom) No 2988/95 shall mean any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator, which has, or could have, the effect of prejudicing the general budget of

the Communities or budgets managed by them, by an unjustified item of expenditure.

3. The Commission shall ensure that the best possible cost-effectiveness is achieved in the financing of Community measures under the present decision.

¹ OJ L 312, 23.12.1995, p. 1.

² OJ L 292, 15.11.1996, p. 2.

³ OJ L 136, 31.5.1999, p. 1.

Justification

The Financial regulation constitutes the main legal text on the protection of financial interests.

Amendment 10 Article 10, paragraph 3

3. The Commission shall ensure that the programme is evaluated three years after its start and following the end of the programme. The Commission shall communicate the conclusions thereof, accompanied by its comments, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

3. The Commission shall ensure that the programme is evaluated three years after its start, ***two years before its end*** and following the end of the programme. The Commission shall communicate the conclusions thereof, accompanied by its comments, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

Justification

It is important that in the event of the programme's being extended a recent evaluation should be available.

Amendment 11 Annex 1, point 1.1 a (new)

1.1a Information to consumers on the dangers to their health and safety of counterfeit products.

Justification

Consumers must have better information on the dangers to their health and safety of certain counterfeit products, such as medicines, cosmetics, toys, spare automobile parts, etc.

Amendment 12

Annex 3, Objective IV, Action 18

Financial contributions to the functioning of
Community consumer organisations.

Financial contributions to the functioning of
Community consumer organisations, ***more
specifically in the new Member States.***

Justification

Consumer organisations in the new Member States desperately need funding to enable them to develop their capacity, since most of them were formed very recently and receive no government funding.

PROCEDURE

Title	Proposal for a European Parliament and Council decision establishing a Programme of Community action in the field of Health and Consumer protection (2007-2013)
References	(COM(2005)0115 – C6-0225/2005 – 2005/0042B(COD))
Committee responsible	IMCO
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 7.7.2005
Enhanced cooperation Date announced in plenary	
Draftswoman Date appointed	Brigitte Douay 4.7.2005
Previous draftswoman	
Discussed in committee	25.1.2006
Date adopted	25.1.2006
Result of final vote	+ : Unanimous - : 0 :
Members present for the final vote	Herbert Bösch, Simon Busuttil, Paulo Casaca, Brigitte Douay, Bárbara Dührkop Dührkop, Markus Ferber, Neena Gill, Louis Grech, Catherine Guy-Quint, Jutta D. Haug, Anne E. Jensen, Wiesław Stefan Kuc, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Giovanni Pittella, Wojciech Roszkowski, Anders Samuelsen, Nina Škottová, László Surján, Helga Trüpel, Yannick Vaugrenard, Kyösti Tapio Virrankoski, Ralf Walter, Marilisa Xenogiannakopoulou
Substitute(s) present for the final vote	Lidia Joanna Geringer de Oedenberg, Paul Rübig, Margarita Starkevičiūtė
Substitutes under Rule 178(2) present for the final vote	
Observations (information available in only one language)	...