

# 10 short messages from the Trans Atlantic Consumer Dialogue (TACD) Multi-stakeholder Forum

(Bruxelles, Belgium - Jan. 26<sup>th</sup>-27<sup>th</sup> 2016)  
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## Introduction

This document summarizes some feedback and comments from the two-day meeting of the TACD held in Bruxelles (Belgium) in January, 2016. Representing ACCI, this brief report is provided.

### Day 1 - The precautionary principle in TTIP: Trade barrier or essential for consumer protection?

#### #1 Consumers interest organizations and NGOs are quite suspicious about the TTIP (Transatlantic Trade and Investment Partnership).

The main source of suspect is the **lack of transparency** in the negotiations of the treaty. Different requests to increase the transparency of the negotiation, in order to make the consumer interest organization able to follow the process and provide comments/suggestions, did not receive any positive feedback. Also, no one promised to take into account such request.

Some comments to such requests were...

- "You can not participate now to the process, but once we will have a final version you will have almost one year to send your comments and suggestions"
  - (Michael Punke, Deputy U.S. Trade Representative and U.S. Ambassador and Permanent Representative to the World Trade Organization)
- One of the most effective replies was, "Nobody believes that there is a chance to change substantially a document once it will be signed by the President of the European Commission Jean Claude Juncker and the US President Barack Obama"
  - (Klaus Müller, Executive Director, the Federation of German Consumer Organisations )

#### #2 Consumer organizations are not part of the process and are not even able to follow the process.

One comment from the audience related to the need to take into account the consumer point of view...

- "How can a treaty support consumers if it's negotiated by traders in order to improve trades?"

#### #3 The lack of democracy in the negotiation process.

Comments from the audience related to why it is not clear how the commissions (in the US and EU) negotiating the treaty were selected and why no one voted on the composition of these commissions.

One speaker's answer to this point was "Do not worry, after the treaty will be signed, the national parliament in the EU and the Congress in the US will have to vote on it and they will have the adjust it to their local regulation and to their national framework."

One of the most appreciated comments from the audience was from an attendee that said, "*I do not think that local parliament will have the chance to make substantial change to a treaty that has been already signed, otherwise everything sounds like 'we are getting marriage, but even after the wedding we will be able to do whatever we want.'*"

**#4 The main concern about the current document is that the TTIP could reduce the consumer protection in the US or the EU (European Union).**

Several speakers openly stated that, "*the TTIP will not reduce the protection of consumers and, where is possible, will improve it.*" The effect of such recurring sentence was to increase the negative feeling of the audience about the risk of downsized of consumer protection...

**#4 The risk of deviation from the principles of the treaty to their implementation.**

The speakers supported the "no lower protection" hypothesis, but how this result can be achieved (if many decisions are demanded to the national or local governments for application) is not clear. There is a risk of deviation from the initial principles during the implementation of the treaty.

**Day 2 - "Regulatory responses to the global financial crisis in the EU and US: Implementation and enforcement of retail financial services regulation"**

The meeting was organized with different panels, with three to four speakers each.

**#5 There is a need on the financial markets to improve the quality of standards about what information is provided and how they have to be delivered to consumers of financial products.**

(The Dodd-Frank Act has been cited as a good practice from the US)

**#6 Financial products should be easy to understand, even by non-financial experts.**

**#7 There is a need to increase the competition in the European Financial Market**

Still today, on average, only 3% of the financial products owned by citizens of a single EU state have been issued abroad (in another country of the EU or outside the EU). The main reason for such fragmentation of the market seems to be the walls created by regulations that make the chance to buy foreign product very low, very difficult, and/or very expensive.

Fragmentation in the pension systems in the EU is another issue. European workers that retire having worked (and paid contributions) in different states of the EU, are not guaranteed to have the same treatment of workers that always referred to a single national pension system.

**# 8 The keywords of the discussion were "Accessible products," "Better products," and "More information about products"... but very little attention has been paid to the financial literacy of consumers.**

The only citation of financial literacy has been made by Salvatore Gnomi (Team Leader, Investment and Reporting Division, Investor Protection and Intermediaries, European Securities and Markets Authority) that said "*many groups of investors have no good*

*knowledge and awareness of what they are doing and they do not understand the functioning of the financial market... this is one of the causes of the lack of confidence/trust in the financial system.*" Anyway the conclusion of the speech was not related with the need to improve consumer financial literacy but "we need a new regulation to restore confidence and trust of people in the financial system."

## #9 Why don't we treat financial products as other products?

Why we don't work on financial products as we do on food or medicine, by testing the product in advance, before they are sold on the market?

- "We need to avoid the selling of toxic financial products, and the regulators must do something."
  - **Guillaume Prache**, Managing Director, Better Finance, vice-chair of the Financial Service User Group and member of the European Securities and Markets Authority and Markets Stakeholder Group

## #10 Conflict of interest in financial markets

- "We need a regulation that tackles the conflict of interest in the financial system. As we do not accept that a pharmaceutical company can give advice to people about which is the best medicine to buy, we can not accept that a financial institution provide advice services about its own issued financial product" ... "Pre-contractual disclosure is not all... sometimes [we need to] ban a financial product to certain customer can be the solution."
  - **Guillaume Prache**, Managing Director, Better Finance, vice-chair of the Financial Service User Group and member of the European Securities and Markets Authority and Markets Stakeholder Group)

## Conclusions

Day two was quite interesting, but there was no time for comments or questions at the end of each panel. The meeting was a one-way communication format. Any attempt to start a dialogue between the speakers and the audience was denied with the excuse that there was "a lack of time... we need to start the next panel session".

From a research perspective, either the first, or the second day highlighted the interest in research that compares the US and EU systems to determine how the best practices in one system could be replicated in the other. This could be interesting input for research studies and potentially useful, even from a policymaker's or a regulator's perspective.