

Collective redress shows some balance for commerce and consumers

The recent Commission recommendation on collective redress mechanisms respects the need for an opt-in model and a "loser pays" principle that safeguards legitimate collective redress action.

Whilst EuroCommerce has generally been reluctant to support collective redress, and generally don't see the need for it, the Commission's recommendations of common, non-binding principles, are a reasonable basis for such a procedure if it were to be introduced. Despite details to be addressed, avoiding an additional redress system, incorporating an opt-in model and "loser pays" principle and ensuring no punitive damages are a good basis for a collective redress system.

Many member states already have a form of collective redress, and therefore the commerce sector welcomes the avoidance of an additional system. EuroCommerce Director General, Christian Verschueren stated that *"The adoption of the ADR/ODR directive earlier this year has shown that alternative solutions do exist for redress. These solutions should be explored to ensure the easiest and cheapest solution for both business and consumer."*

EuroCommerce agrees with the Commission that an **opt-in model** will guarantee the autonomy of each person involved to take part in litigation or not. Furthermore this also best respects the different legal traditions throughout Member States.

The commerce sector supports the **"loser pays" principle**, which is essential to discourage speculative litigation, and will assist in preventing unmeritorious claims across the EU. This will be to the benefit of those parties who are duly justified in their collective redress action, avoiding any obstacles that these legitimate claims may face otherwise.

The **prohibition of punitive damages** is also welcomed by EuroCommerce, in favour of maintaining compensation-based damages. By covering just the damage caused to the consumer, this principle will avoid any incentives to abuse collective redress systems, unfairly punishing those involved.

~ENDS~

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EuroCommerce and the commerce sector

EuroCommerce represents the retail, wholesale and international trade sectors in Europe. Its membership includes commerce federations and companies in 31 European countries.

Commerce plays a unique role in the European economy, acting as the link between manufacturers and the nearly 500 million consumers across Europe over a billion times a day. It is a dynamic and labour-intensive sector, generating 11% of the EU's GDP. One company out of three in Europe is active in the commerce sector. Over 99% of the 6 million companies in commerce are small and medium-sized enterprises. It also includes some of Europe's most successful companies. The sector is a major source of employment creation: 33 million Europeans work in commerce, which is one of the few remaining job-creating activities in Europe. It also supports millions of dependent jobs throughout the supply chain from small local suppliers to international businesses.

