



HFMA UPDATE

by Graham Keen,
Executive Director

The Digital Single Market

Whilst over in Brussels recently I attended an excellent workshop staged by our European federation, EHPM, on the subject of Foods Supplements: Trading more effectively throughout the EU.

Whilst it was worth going alone for the presentation by Alexandra Nikolakopoulou, the new Head of Unit at DG-SANTE, an added bonus was the presentation by a Senior Analyst with Euromonitor, who set the scene by providing some interesting new data on the EU market for food supplements and health products.

From this presentation, we learned that the UK has the third largest market in Europe, with Italy and Germany ahead of us in first and second place, and France and Poland behind in fourth and fifth. It is claimed that the per capita spend of UK consumers in this sector is €21.60, which actually seems like an alarmingly low figure to me. But what I found really interesting is the compound annual growth rate (CAGR) of the relevant routes to market.

There will not be anyone in this industry, from manufacturers to distributors to retailers, that doesn't have top of mind right now the cataclysmic impact that online retailing is having in all our lives generally, and, in particular, how consumers are purchasing our industry's products. And this was really brought home to me when I learned that the five-year CAGR for internet retailing in our sector is 10.9 per cent (admittedly from a relatively low start point), compared to the same figure for specialist retailers being 3.4 per cent. It's open to conjecture, but my guess is that the first number is a rising average, and the second one isn't.

And this is why one of the major current initiatives of the European Commission is the DSM – Digital Single Market – strategy. With this



in mind, I recently also attended an excellent event organised by the HFMA's Public Affairs advisers, Cicero Group, at which British MEP, Vicky Ford, Chair of the influential Committee on the Internal Market and Consumer Protection (IMCO) and member of the IMCO Working Group on the Digital Single Market, debated the DSM initiative with an invited group of stakeholders, and covered the wider Digital Single Market strategy initiative and the European Parliament's priorities in this area.

One of the key aims of the DSM strategy is to promote the use of the internet to buy goods and services. The EC has estimated savings of €11.7bn if the number of consumers shopping cross-border for cheaper and better services reaches its potential. However, the Commission has identified a number of barriers to cross border online shopping, namely, a lack of confidence and legal/technical barriers. They have identified inconsistencies in the legal framework for cross border purchases, namely that EU rules on what happens if a product is defective are only subject to minimum harmonisation. An investigation into 'geo-blocking' or other forms of restriction, which prevents consumers from accessing websites abroad that would allow them to buy cheaper products, is

also being undertaken. For example, where a consumer in Paris may be unable to buy a pair of shoes on an Italian website.

The Commission has, therefore, undertaken to conduct a review of Regulation on Common European Sales Law (CESL), with the aim of creating a common sales law that would allow consumers to have the same rights when returning goods etc. The Commission has also proposed a review of the Regulation on Consumer Protection Cooperation, which governs the cooperation between national authorities with responsibility for the enforcement of consumer protection.

In September 2015, the European Parliament published an interesting Briefing, which you can access here: [www.europarl.europa.eu/RegData/etudes/BRIE/2015/568325/EPRS_BRI\(2015\)568325_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/568325/EPRS_BRI(2015)568325_EN.pdf), the executive summary of which reads as follows:

"The European Commission has proposed a new strategy to create a fully integrated Digital Single Market (DSM), in order to gradually bring down the remaining obstacles and move from 28 national markets to a single one. The strategy comprises a mix of legislative and non-legislative initiatives to be tabled by the end of 2016. It is centred on three pillars: improving

access to digital goods and services for consumers and businesses, creating the conditions for digital networks and services to prosper, and maximising the growth potential of the digital economy.

"The European Parliament has been a long-standing advocate of ending the current fragmentation of the European market and utilising the full potential of an integrated digital market which would create jobs and growth in the EU. Implementation of the new strategy will require a number of new pieces of EU legislation to be adopted by the European Parliament and Council under the ordinary legislative procedure. Experts, digital industry, businesses and consumers have generally welcomed the strategy, but some argued that it needs more clarity and that it does not sufficiently cover all obstacles to the fully integrated DSM. Many stakeholders are also expecting difficult negotiations among the Member States."

We will all watch the progress of this debate closely, but if one of the outcomes is to be a greater ability for enforcement authorities to crack down on the sale of illegal products in the UK and EU from third-countries, then that must be welcomed. For our part, our efforts in this area continue and I'm pleased to say that following the removal earlier this year of 107 inappropriately-labelled St John's Wort products from the Amazon UK website at the HFMA's request, we have now just heard that a further 120 Devil's Claw and Echinacea products have been removed, again following representations from HFMA. **hfb**

To help us in our efforts to protect this industry and benefit from the gold-standard advice we provide, join the HFMA at the earliest opportunity. To learn more about our activities, please contact graham@hfma.co.uk.

HFMA membership is vital to ensure that your company keeps abreast of the fast-changing regulatory environment. The HFMA is the UK's best source of information and most effective defender of our industry's interests. To help the HFMA defend your business at this most critical time contact hfma@hfma.co.uk or call 020 8481 7100.

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