

## **Waiting for the EU Commission's amended proposal**

*Commentary by Almudena de la Mata Muñoz, CEPS/ECRI Research Fellow*

The legislative procedure concerning the draft Consumer Credit Directive (CCD) does not move further.

As stated in art. 251 of the Amsterdam Treaty, after the first reading by the EP, it is up to the Council to further the development of the procedure. Immediately after the EP plenary session, the EU Council presidency launched a questionnaire to member states raising the key points of the draft CCD [See ECRI newsletter no. 13].

In the last months no further meetings or discussions have taken place within the Council, waiting for the EU Commission's amended proposal. According to ECRI's information, the Council will restart discussion in Autumn.

Meanwhile, the EU Commission (DG SANCO) is working on the amended proposal and expects it to be ready and adopted by the Commission at the beginning of October (Source: DG SANCO).

In sum, the last months have been characterized by little action, however the findings of the Council's questionnaire and the new Commission proposal could represent a new starting point for discussions.

The controversial political debate surrounding the consumer credit reform reduces the likelihood that the Directive will be adopted until 2005. In any case, future developments will also depend on the reaction of the European Commission to the outcome of the parliamentary vote.

This major step in the consumer credit legislative process reveals once again the strong differences at the institutional level on this particular issue.

### *The German-UK position in the Council: Common letter to Commissioner Byrne*

The German and UK consumer credit market account together around 60% of the total EU consumer credit market. The future CCD will, hence, have a special impact in these countries. The German Ministry of Justice and the Department of Trade and Industry have developed common positions in certain key issues of the Draft CCD.

In first place, both countries welcome the EP amendment establishing minimum harmonisation on all aspects but APR.

Second, regarding the scope, following exclusions are supported:

- Credit unions in UK, Ireland and Poland should be excluded as they are small and socially beneficial organisations.
- Pawnbrokers should be excluded as consumers are not compelled to repay any sums which are advanced.

- Credit agreements that are certified by a court or are the outcome of a settlement reached in court should be excluded.
- Bank overdrafts should be partially excluded.
- Consumers already in default should not be excluded from the scope of the Directive, as they might need credit in their vulnerable situation.

The British and German authorities sent a letter with the common position, requiring the EU- Commissioner Byrne to consider these points in re-drafting the CCD.