

FUTURE CHALLENGES PAPER: 2009-2014



Foreword



This document is the product of two convictions. First, the officials who work in the Commission on health and consumer protection have learned we can make better policies if we think about the bigger future changes that confront us: only if we know how the world around us is changing can we define the best range of policy options for European citizens.

This first conviction was already our driver when in 2004 we produced a "SANCO Future Challenges Paper" to help steer our recommendations at the beginning of the current Commission.

Our second insight, more recent, is that we need all the help we can get to produce an accurate sense of the range of possible futures that confront European citizens.

Our objective this time around is accordingly to be more transparent and to use a process that is more participative. This paper is very much a `draft vision`. It is now being circulated widely internally in the Commission and externally to our main stakeholders. We would like to receive your views and feedback. We are particularly interested in your contributions regarding additional data, trends, or any other key aspects we may have missed, undermined or exaggerated and which you think could be re-considered in this exercise.

Our vision continues to evolve: we hope to present our conclusions at an external event later in 2008.

I would like to take this opportunity to thank all my colleagues as well as the many external experts for being part of this project.

Robert Madelin

Director-General for Health and Consumer Protection

TABLE OF CONTENTS

INTRODUCTION	7
1. Setting the scene: where is DG SANCO today?	9
2. Key objectives of the paper	10
3. The challenges in the next 10 years	10
(i) Governance: accountability with delivery in a multi-level world.....	11
(ii) Building confidence: communicating knowledge, risk and science with citizens.....	12
(iii) Changing society: multiple divides in an information-driven context.....	14
(iv) Globalisation: influencing standard setting and managing risks from the outside.....	16
4. Where should SANCO be in 10 years time?	17
5. What should DG SANCO do to get prepared?	19
ANNEXES	23
Annex 1: Key achievements resulting from SANCO challenges paper 2004-2009.....	25
Annex 2: Key data on drivers and future trends (to be further developed).....	28
Annex 3: Summary of the workshops.....	45
Annex 4: Overview of the SANCO scenarios in relation to the drivers.....	59
Annex 5: The SANCO scenarios developed by RAND Europe.....	60

Introduction

This paper stems from the SANCO Management Plan mandate¹ to take a step back and reflect on long-term challenges and emerging issues that will impact on our decision-making and organisation as a whole. It is the culmination of an initiative that started two years ago within DG SANCO and has gathered momentum in 2007².

The SANCO future challenges paper³ covering the present Commission (2004-2009) has resulted in many positive achievements in relation to developing new tools, modernising the working practices of the DG as well as in each policy area where strategic priorities were set⁴. It needed to be reconsidered, especially as the pace of change of the environment in which we operate is accelerating leading to more radical changes than before. The intention is not, however, to revisit the motto "for healthier, safer, more confident citizens" or the three strategic priorities (better health and health outcomes, empowering consumers in the enlarged single market and maintaining high levels of food safety at manageable costs) that were previously defined.

It is not either to duplicate those specific strategies that have been adopted (or are in the process of being adopted) since 2004 in the different policy areas (e.g. consumer policy strategy, animal health strategy, public health strategy). The paper rather supports them by considering horizontal elements of importance across the DG.

DG SANCO is committed to devoting time and resources to the identified future challenges that will shape our future environment – to act now, sooner rather than later – despite the fact that the future by nature is 'unpredictable' and that this paper is based on the analysis of a variety of future uncertainties and trends that will need to be monitored and revisited on a regular basis.

This paper stands as a commitment internally and vis-à-vis our stakeholders to ensure that our vision is robust, shared and explicit. It already reflects aspects of short-term plans and will in due course be used as the basis for our advice to the next Commission (2009-2014).

While sections 1 and 2 are devoted to setting the scene and recalling the objectives, section 3 analyses the four main drivers of change and challenges under each driver as well as their relevance to DG SANCO. The paper then defines a key guiding theme for action in section 5 and subsequently more concrete areas for improvement in section 6. The overall structure of the paper is summarised below in Figure 1.

¹ cf AMP 2005, activity "policy strategy and coordination", objective 3 "strategy and analysis", action 163

"Identification of emerging policy trends & strategic advice - To provide support/advice to the Director General and to the operational services in the identification and analysis of emerging policy trends and the elaboration of strategic policy priorities"

² This has involved work across the DG identifying and discussing trends and key uncertainties, and building possible scenarios for mapping future SANCO activities. A series of practical workshops were organised on specific topics with discussions based on a set of future scenarios created to stimulate creative thinking (see Annex 5 for details).

³ The paper was prepared in the Summer 2004

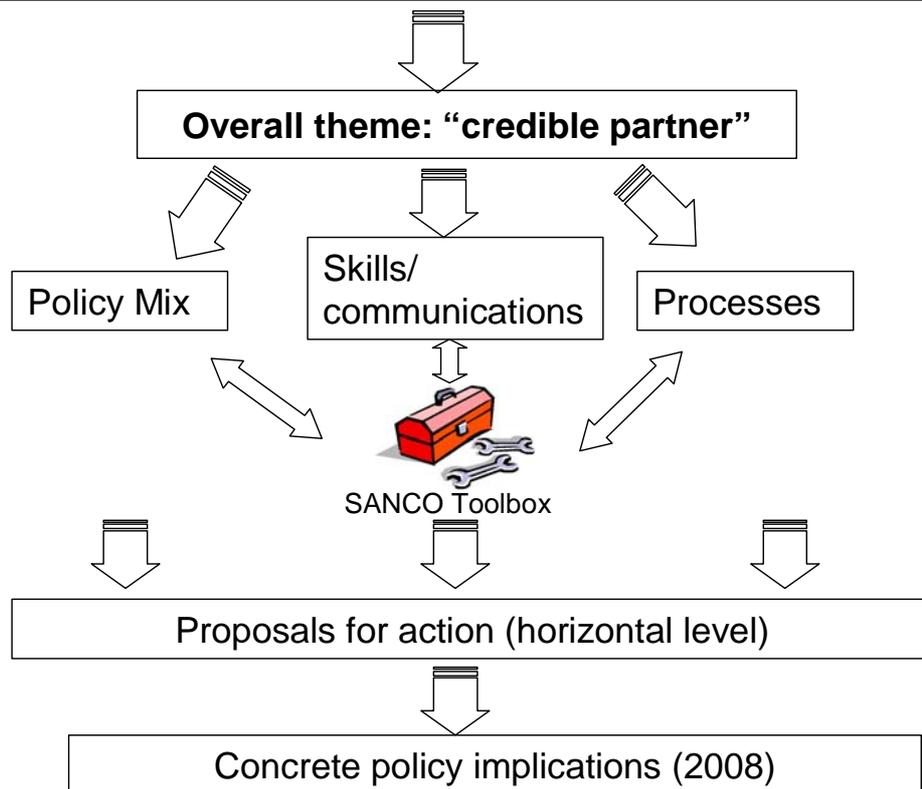
⁴ Details on the major achievements of the present future challenges paper so far are provided in Annex 1

Figure 1: Structure of the paper

The 4 drivers of change:
Governance / Confidence / Changing Society / Globalisation

The 13 critical factors:

- 1: Reinforcing governance systems + cooperation betw. the different levels of policy making
- 2: Delivering 'real' results
- 3: Ensuring coherence within our policies and with wider policy fields
- 4: Embedding openness and transparency
- 5: Understanding the consumer's viewpoint of risk
- 6: Making efficient use and sharing of knowledge
- 7: Keeping up with the increasing complexity of consumer behaviours
- 8: Serving the interests of multiple and divided target groups
- 9: Distinguishing ourselves as a reliable source within the information maize
- 10: Taking into account additional new influences in consumer's choice
- 11: Reinforcing our relevance at global level
- 12: Balancing interventions of private parties / public authorities in the market place
- 13: Minimising risks linked to predictable/unpredictable disasters



1. Setting the scene: where is DG SANCO today?

The broader context

The Future of Europe is at the centre of the Commission's thinking in this period of transition. Within the Commission, three major reviews are currently taking place in the follow-up to the citizen's agenda and as part of an attempt to move towards a new model for the EU: the forward-looking Single Market review; the Social Reality stocktaking exercise; and the Budgetary review. At the same time, the Lisbon competitiveness agenda will reach its end-point in 2010. DG SANCO has traditionally been a DG dealing with activities that directly affect citizens in their daily lives. It therefore needs to be at the forefront of such reforms.

Another major development over recent years has been the emergence of a very strong Better Regulation framework, which started with the 2001 White Paper on European Governance. There has been a clear shift towards process against content; and this is particularly important for DG SANCO which is content-driven.

Looking beyond the European Context, DG SANCO has become a truly international player and must cooperate and contribute to the international dimension more than before.

Three different situations of policy development within one DG

DG SANCO combines three different policy areas, which are based on three distinct legal bases with different decision-making processes and tools for actions. In each policy area, specific strategies have been defined and adopted in recent years:

- As regards food safety, full harmonisation has been more or less achieved resulting in a detailed set of legislation 'from farm to fork' that tackles food safety, hygiene as well as animal health and increasingly animal welfare rules;
- As regards consumer policy, matters of major economic interest to consumers have been tackled via a set of legislative rules that are currently under review while general principles for product safety are in place;
- As regards public health, there are only a limited number of EU legislative rules. Attention has been focused on increasing co-operation with Member States and with relevant stakeholders to contribute to common public health goals and towards sharing of information and good practices.

Balancing emergency measures against long-term preventive strategies

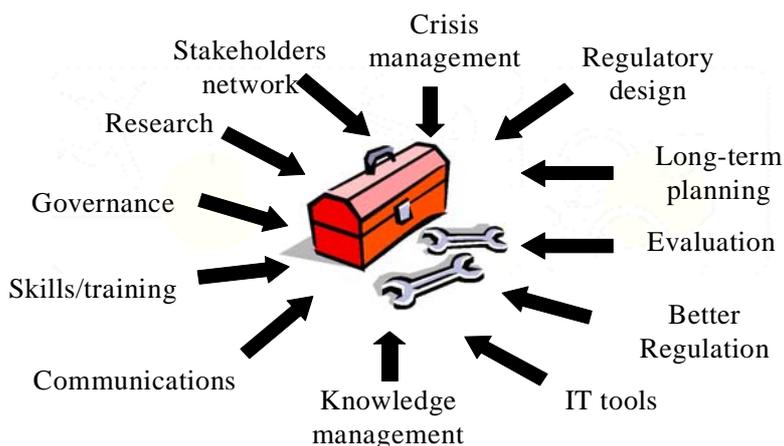
DG SANCO has traditionally been and will remain a DG that will be confronted with crises and emergencies in all three of its policy areas. This creates tensions with long-term policy initiatives, which are sometimes neglected or postponed due to the need to divert resources in crisis situations. Trade-offs between long-term preventive measures and emergency measures need to be taken into account. However, the essence of long-term strategy is also to tackle the potential risks at the right time in order to avoid or limit as far as possible the occurrence or impact of a crisis.

2. Key objectives of the paper

This paper has two main objectives:

(1) Improving the adequacy and use of our toolbox at horizontal level: To avoid breakdowns in the regulatory environment that may emerge as a result of new challenges in our future environment, it is essential to have the right tools available within DG SANCO at horizontal level and to use them adequately. These tools should relate to the different fundamentals of our work as summarised in Figure 2 and should be adapted and improved in light of the future challenges that we have identified.

Figure 2: SANCO toolbox



(2) Supporting internal reflection at policy level on the future challenges we will face: this paper will support additional work in 2008 on the specific policy implications of the future challenges analysed in the paper. It will serve as a key input for our advice to the next Commission.

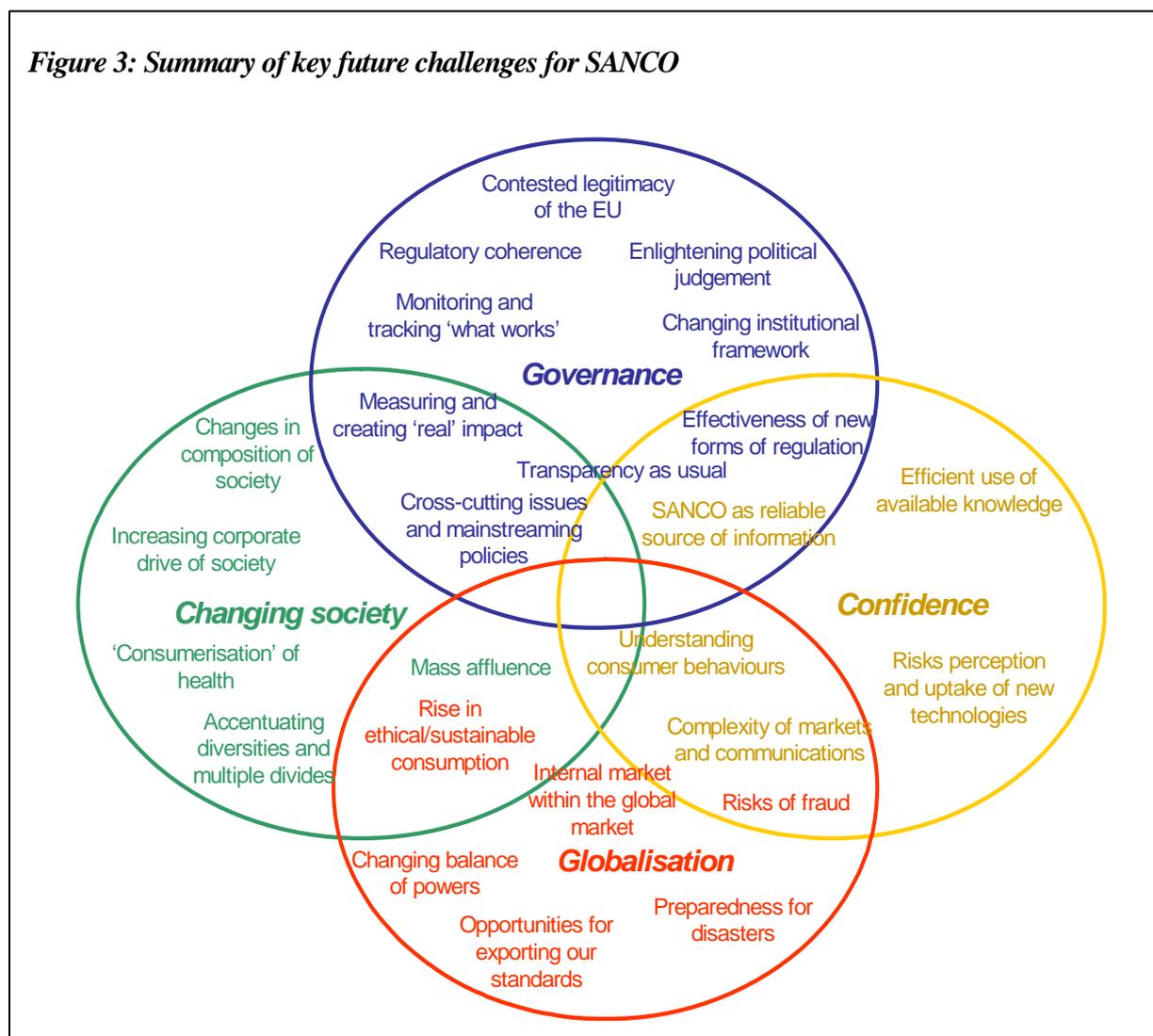
3. The challenges in the next 10 years

At the beginning of the exercise, we identified four main drivers of change, which are likely to shape the environment in which DG SANCO will operate in the future Commission's lifespan, with each raising specific risks and opportunities. These drivers (consumer confidence, changing society, governance and globalisation) were confirmed and refined during the workshops that were held in the first half of 2007. They were also used to create scenarios that have supported the exercise (see Annex 4 for an overview of how the scenarios relate to the drivers of change).

The challenges under each driver are many and varied. In this section, we provide an overview of the most important contextual challenges under each driver (these are summarised in figure 3) as well as their relevance for DG SANCO formulated in 13 critical factors.

Some challenges are categorised within a single driver but in many instances the drivers are inter-linked and so are the related challenges. Key figures that back up the identified challenges are provided in Annex 2.

Figure 3: Summary of key future challenges for SANCO



(i) Governance: Accountability with delivery in a multi-level world

Governance has been at the top of the European Commission's agenda since 2001⁵ and will remain a high priority in the future. This will give rise to challenges for DG SANCO especially in relation to the changing EU; institutional reforms; demands for accountability and delivery of clear policy outputs; coherence and consistency; as well as increased openness and consultation to respond to the need to become closer to EU citizens.

- *Critical factor 1: Reinforcing governance systems and cooperation between the different levels of policy making*

While the outcome of the EU institutional reform debate is broadly defined, the framework for the future EU's governance systems and cooperation mechanisms is in place to respond to the main challenges posed by the EU-27. This will need to be completed by workable solutions for our day-to-day work that are also understood by citizens if we want to reconnect with them and to ensure democratic legitimacy of the EU. Within EU-27 and eventually EU-30, differentiated co-operation processes in certain SANCO policy areas may develop. This will lead to greater complexity in the division of powers and structures for decision-making. This may become

⁵ White Paper on European governance adopted on 25.07.2001, COM(2001)428 final

critical for the continuity of DG SANCO, especially when it is faced with a public health or food crisis, as this will affect its capacity to react swiftly and effectively. In addition, the new procedures that will be introduced to give national parliaments a stronger role in defining whether a proposal is in line with the principle of subsidiarity, will also mean that DG SANCO will have to explain better its proposals and reinforce cooperation with Member States at the early stage.

➤ *Critical factor 2: Delivering 'real' results*

The EU as a whole will be legislating less, moving away from an instrument-based approach to regulation to an approach driven by effective monitoring and tracking of what happens in practice. A more pragmatic approach is emerging. While ex-ante better regulation tools (in particular impact assessment, reduction of administrative burden) are now becoming routine, the focus is expected to shift towards the ex-post instruments i.e. demonstrating that actions – of legislative or non-legislative nature – work and deliver concrete results and ‘real’ impact on citizens. The exploration of new forms of regulation and innovative policy-making processes (e.g. self-regulatory approaches, multi-stakeholder actions or public-private partnerships) will also be tied to the need to demonstrate their effectiveness. At the same time, the impact of our policies will continue to depend largely on their implementation at national and local levels.

➤ *Critical factor 3: Ensuring coherence within our policies and with wider policy fields*

Within the Commission, there will be even more issues which cut across several policy fields and which will demand a concerted response, while big political topics (e.g. climate change, energy resources) will become increasingly prominent. This will mean that DG SANCO will need to ensure consistency and adequate integration with other policy fields. At the same time, within our Directorate-General and vis-à-vis activities at Member State level, coherence must be ensured. Reinforcing co-operation with Member States on implementation and enforcement is essential so that the legislative texts, which are especially numerous in the food safety and animal health, are to mean something.

➤ *Critical factor 4: Embedding openness and transparency*

Transparency and open consultation processes will tend to become the norm, while further efforts will be needed in certain areas to make this happen in practice, especially as regards “engaging the unengaged” and in relation to technical decisions that need to be taken rapidly. At the same time, direct consultation with European citizens using new technologies or simply ad hoc juries or meetings (towards participative democracy) are emerging and may become increasingly common. DG SANCO has made great progress in recent years to become more open, responsive and consultative and is committed to making further progress in the coming years, especially following the recommendations of the newly formed Stakeholder Dialogue group.

(ii) Building confidence: communicating knowledge, risk and science with citizens

Building consumer confidence is central to our work and to the success of our policies. In the future, the need to achieve this will raise important challenges in the fields of communications, knowledge management and behavioural science.

➤ *Critical factor 5: Understanding the consumer's viewpoint of risk*

Advances in biotechnology, nanotechnology, information technology and their increased degree of convergence have the potential to deliver great improvements for public health, food safety and animal health (e.g. improved healthcare technologies drawing on genetics, genomics and proteomics, the use of biosensors in the food chain safety and bioterrorism control in population concentrations). Handling risks related to these scientific and technological advances to ensure no unjustified rejection of such risks by the general public is a significant challenge. Risks are multiple and relate to safety and quality assurance, ethical issues, but also education of consumers. Public attitudes have the power to foster or hinder the uptake of technology. Privacy may also become a major issue given the increasingly intrusive impact of technology (e.g. RFID chip transmitters in everyday products tracking behaviour). So far DG SANCO's focus has been placed largely on the scientific assessment and management of risks but we need to improve in understanding the general public's assessment of risk, which can differ considerably from the scientific perspective (e.g. in the case of GMOs). It will be a challenge for us to gain a better understanding of how public perceptions of risks are formed and also on how citizens balance risks and benefits. But without this understanding, risk assessment recommendations will fail to influence public attitudes and will fail to create confidence.

Case study 1: How to best communicate risks in relation to nanotechnology?

Nanotechnology is widely recognised as the next technological wave after ICT and biotech, but with a shorter time to maturation. As nanotechnology unfolds worldwide into commercially available products, discussions on how to assess and manage related risks are gathering momentum. This is crucial towards ensuring that nanotechnology makes a positive contribution to society. Consumers' perceptions of whether or not nanotechnology will improve their lives are currently relatively neutral mainly because consumers do not know much about nanotechnology itself. This lack of knowledge means that this is a pivotal point for the uptake of the nanotechnology by society. Providing more information to the public will push them either in a positive or negative direction. This challenge was discussed during an internal SANCO workshop that took place on 28 February 2007 with the participation of three external experts⁶. The following elements for risk communication were identified as crucial: focusing on the perceptions of nanotechnology products rather than on consumers' attitudes to nanotechnology (or science) because the latter is too abstract; demonstrating the benefits of technological applications for consumers in their daily lives; differentiating according to sectors (food, public health) the benefits/risks perceived by consumers.

➤ *Critical factor 6: Making efficient use and sharing of knowledge*

Knowledge is increasingly available as a result of the Global Information Society and as the production of scientific knowledge continues to expand. Knowledge management is therefore becoming increasingly important. In most cases today, new knowledge is used insufficiently and not tracked down properly. There is often little coordination between different research initiatives, in particular between the public, academics and private actors. This is the case for nanotechnology, where industrial initiatives are varied but very little coordination takes place. The development of data gathering systems within DG SANCO has started in the different policy fields, in particular in the public health area where a number of indicators have been developed. DG SANCO's need to have an evidence-based policy will be increasingly confronted with difficulties in sourcing the right information and in selecting and extracting the salient elements. In this context DG SANCO runs the risk of basing its decisions on 'partial' knowledge and as a consequence may take inadequate decisions.

⁶ More details on the workshop are available in Annex 3

➤ *Critical factor 7: Keeping up with the increasing complexity of consumer behaviours*

Factors such as the increasing sophistication of e-commerce, the rise of more varied market niches (on-line and off-line), and the globalisation of supply chains are making markets increasingly complex. Such complexity, combined with rapid change in the communications world (innovative and complex marketing techniques via new communications tools), stretches consumers' ability to understand the market and to select appropriate products. Consequently, consumers face more frequent, more complex and more rapidly changing choices. The overload of information could also paradoxically put at risk the ability of consumers to choose. It is becoming clearer that the rational model of consumer behaviour on which our policies are based may miss important factors in today's complex environment. At the core of our policies is the idea to have an impact on consumer behaviour. Our analysis of consumer benefits is currently limited and difficult to carry out as there are few available tools and methodologies to quantify and demonstrate such benefits. In light of this, understanding and analysing consumer behaviour (and benefits) will remain fundamental to better target our policies.

Case study 2: How on-line consumer behaviours may differ from off-line?

Today anyone can trade practically everything on the Internet. There are new domains in which consumers are acting, especially in relation to the Internet. The growth of e-bay, which is based on a new type of trust-based system via feedback scores, peer-to-peer review) and personal seller/buyer profiles or the growth of "Second Life" type of websites have created a new dimension that allows people to be consumers in ways that were previously impossible. This topic was discussed during a DG SANCO workshop with the participation of two external experts and that took place on 13 March 2007⁷. During the workshop, it was highlighted that DG SANCO needs to be capable of responding to the growing importance of such new consumer behaviours while considering innovative and effective approaches to behaviour changes in relation to Internet/new media.

(iii) Changing society: multiple divides in an information-driven context

There are many challenges ahead as regards society and the way it is expected to change. The abundance of information will continue to play a major and influential role.

➤ *Critical factor 8: Serving the interests of multiple and divided target groups*

Difficulties in connecting with our citizens and in serving their best interests will be increased by the fact that diversities within Europe are expanding, not only geographically (between Western and Middle/Eastern European countries) but also between social groups (e.g. low-income and well-off, older generations and young people). This is likely to be combined with an increasing trend for rational solidarity (e.g. raised personal responsibility and unwillingness to pay for unhealthy behaviour of others). This may result in multiple divides growing in our society. Each of these poses different challenges for SANCO and they are manifested in very different ways such as the digital divide, education divide, income divide, religious divide or generational divide. Viewed with a more holistic approach, these divides may mean that DG SANCO has to take different, or even conflicting, actions to serve these different groups. DG SANCO may need to put more emphasis on those groups of consumers who are increasingly marginalised or vulnerable rather than on the average consumer. This means that public authorities such as DG SANCO face increased difficulties when trying to understand these groups and protect them adequately.

Case study 3: How to achieve regulatory health equity?

⁷ More details on the workshop are available in Annex 3

These multiple divides were explored during a SANCO workshop that took place on 18 April 2007⁸ which primarily discussed how to achieve health equity and more broadly how much equity can public authorities such as DG SANCO deliver. The discussion addressed the issue of how to design regulation that provides equity and also how the different socio-economic determinants of life (e.g. educational opportunities, income, working conditions) are linked together and should be tackled adequately to have an effect on equity.

➤ *Critical factor 9: Distinguishing ourselves as a reliable source within the information maze*

There is a trend for citizens to look actively for information that would empower them. For example, in the public health domain, citizens are increasingly taking greater control of their own health care – using the internet to get information on diseases and to get in contact with patient groups or even going to uncertified electronic resources such as weblogs for advice. This phenomenon is often referred to as 'mass affluence'. This is truer for certain types of consumers (the young, urbanised and connected ones) than others. They are becoming more demanding and more pro-active in their choices and becoming advocates of their own life (e.g. rejecting or supporting a cause much faster and more radically). These developments have both positive consequences (e.g. people are more conscious of their well-being) and negative ones (i.e. increasing stress-related disorders and lifestyle related diseases, increased polarisation, individualism and loss of a sense of community). There is a risk that citizens decreasingly trust governmental institutions and but rely rather on other sources or organisations to give authoritative advice. Yet consumers will still have the expectation that they will be protected in their transactions. This would have implications for DG SANCO not being seen as an authoritative source and even becoming a scapegoat if something goes wrong.

➤ *Critical factor 10: Taking into account additional new influences in consumer's choice*

Ethical and quality factors are becoming more important in consumers' buying decisions. It is often claimed that consumers will soon vote with their trolleys, balancing price against quality and sustainability parameters. In addition, they increasingly want products to be more than just their primary function (e.g. food as pharmaceutical products). Taking into account the wider parameters of consumers' choices would challenge DG SANCO's policies, as these primarily tackle safety issues.

Case study 4: Will ethical consumption continue to rise or remain a niche market?

Ethical consumption of all types (organic, fair trade, animal welfare, environmental-friendly, socially responsible etc.) seems to be moving slowly into the mainstream and as a result, consumers' attitudes will change. Before choosing a product, certain consumers will take more time to examine whether a product is in line with their own ethical and even political values (rather than just looking at safety and nutrition values). However, choices are not black and white – important trade-offs between the various components of 'fair' or 'ethical' should not be ignored. This issue was discussed during a SANCO workshop that took place on 21 March 2007⁹. In particular, the workshop discussed whether DG SANCO should have a role in 'guiding' consumers and providing a framework for clarifying what falls under specific ethical claims thus bringing consistency and clarity for consumers.

Fraud will present a particular challenge in the future and is expected to increase as a result of globalisation and use of the Internet. In the public health area, other factors may influence the increase of counterfeited medicines and other medicinal products and devices. There may be public pressure for the EU to act to address these problems. This will raise issues for DG

⁸ More details about the workshop are available in Annex 3

⁹ More details on the workshop are available in Annex 3

SANCO such as whether it should become involved in intellectual property rights and/or quality standards rather than safety.

(iv) Globalisation: influencing standard setting and managing risks from the outside

Globalisation will remain a key driver for DG SANCO. Challenges linked to globalisation relate to reaffirming our position on the global scene, better promotion of our policies and influencing standard setting as well as responding effectively to global risks.

➤ *Critical factor 11: Reinforcing our relevance at global level*

The internal market will remain the main focus of DG SANCO resources. However, if the vast majority of goods consumed in the EU are produced (completely or partly) outside the EU-27¹⁰, regulating the internal market would need to be seen in the context of the global market. Our capacity for protection on a wide range of issues (e.g. infectious diseases, market failures, product risks, counterfeiting) will be closely linked to the development of global prevention through regulatory cooperation, capacity building, early warning systems and research. There is a real opportunity for European leadership and partnership in these areas. Global manufacturers/retailers often adopt European standards because they wish to export to Europe (the world's largest food importer). At the same time powerful global companies set their own standards (going beyond European standards) and this is likely to increase in the future. There are obvious advantages of exporting our standards (e.g. it facilitates our exporters, strengthens European competitiveness and presents an attractive EU market for imports). However, the relevance of our regulatory model varies hugely between developed, developing and least developed countries. In view of this, it would be important for DG SANCO to reinforce the relevance of its policies and have a targeted approach to better export its standards.

➤ *Critical factor 12: Balancing interventions of private parties and public authorities in the market place*

More areas of social life are becoming mediated through the prism of the marketplace. For example, there is a growing view that 'health' is a product that can be bought (health as a public good) and that increased privatisation of hospitals could be a realistic future trend. At the same time, the 'marketisation' of our society elevates the importance of responsible practices by companies (Corporate Social Responsibility). For example, as children become significant consumers, the responsible marketing of products to children (or the limitation of this activity) becomes more significant. As the marketplace takes a more prominent role, there is a public interest in influencing and shaping certain aspects that will determine consumer choices. This

¹⁰ While this may not be true for all individual products, there is an overall increase in the number of products that are available on the EU market but are produced outside the EU. World trade figures suggest a constant considerable increase in imports and exports for both food and consumer goods products. For food and drink products, 2006 figures show a growth of 11% for exports and 7% for imports compared to 2005 figures. For manufactured products (other than chemicals, machinery and vehicles), 2006 figures shows a growth of 11% for exports and 17% for imports compared to 2005 figures (Source: Eurostat). If we consider the specific example of toys: In 2005, EU production amounted to 5 bio Euros amongst which 1.125 bio Euros were exported, while imports to the EU represented 10.271 bio Euros meaning that more than 2 out of 3 toys on the EU market are produced outside the EU. It should also be noted that imports of toys to the EU increased by 21.8% from 2004 to 2005, whilst exports decreased of 5.3%. (Source: Toy Industries of Europe, Fact and Figures, July 2006). If we consider the example of apples, which are the leading fruit in the EU in terms of production: EU production of apples in 2005 was 9 mio. Tonnes of which 0.5 mio. Tonnes were exported outside the EU and 0.7 mio. Tonnes imported to the EU. This means that roughly one out of 13 apples on the EU market come from outside the EU (Source: Eurostat, DG AGRI). It is even more important when we look at apple juices, for which China have the largest EU market share today (17,2% of EU apple juice market share in 2006).

will engage SANCO in a complex matrix of questions about which aspects of the market to tackle, which areas will need intervention, at what level and when. The relationships between the role of companies and of public authorities may need to be reshaped.

➤ *Critical factor 13: Minimising risks linked to predictable/unpredictable disasters*

Predictable disasters at global level mainly relate to major environmental issues (e.g. climate change, lack of natural resources) and these are expected to represent major threats within the time horizon studied here. DG SANCO will be asked to play a role in motivating consumers to protect themselves from the effects of a changing environment, which may be felt in the way that food is produced as well as on citizens' health. These global environmental threats may well have additional implications for SANCO and for the basic assumptions on which our policies are currently based. In particular, the assumption of abundance and availability of food may be challenged. As regards preparing ourselves for unpredictable disasters (e.g. pandemics, natural disasters), our crisis preparedness tools will need to be reinforced and a prevention-led approach needs to be strengthened in the different policy areas to minimise risks as much as possible.

4. Where should SANCO be in 10 years time?

➤ *Overall guiding theme: Being a "credible partner"*

The analysis described in section 3 demonstrates the increasing complexity in which we will operate. From the 13 identified critical factors, one major theme emerged that should guide us towards preparing ourselves for the multiple future challenges that SANCO will face.

Being considered a 'credible partner' would strengthen the capacity of DG SANCO to act, deliver and ultimately better serve consumers' interests, having in mind the future environment that we may face. Both the perceptions of other parts of the Commission, other European institutions, international organisations and wider stakeholders matter in this respect.

Being a "credible partner" means different things for a public authority such as DG SANCO, in particular the following elements are important:

- Competence at technical level in relation to our policy areas, how we interpret knowledge with impartiality but also in relation to how we communicate with and listen to our stakeholders.
- Honesty vis-à-vis our stakeholders and internally on our objectives, vision, activities but also on our weaknesses, ensuring that we are, and are seen to be, modest.
- Benevolence must remain at the core of what we do; we need to demonstrate that we care for providing consumers and society at large with the best outcomes and for bringing added-value.

➤ *Priority areas for action to enhance our credibility*

The following priority areas have been defined as priority for contributing to achieve greater credibility. These represent areas where we need to improve in the future in light of the challenges and critical factors identified in section 3.

(1) Defining the long-term policy mix and establishing priorities

DG SANCO could find itself incrementally doing more and increasingly diverse things. Therefore, it will become even more important to focus on where we can achieve the greatest

benefits for consumers and where we have a unique contribution to make. In addition, greater attention will have to be focused on balancing our roles as legislator in our own policy areas and integrator in other policy areas on cross-cutting issues.

In parallel, we need to take into account future uncertainties in a more systematic way in defining our long-term policy strategies. Future environments are anticipated to be increasingly complex in important areas of our action and policy fields requiring a better understanding of cause-effect relationships. To help us doing so, we should develop and use analytical work around future trends and uncertainties as a key parameter for defining of strategic options. Incorporating this 'futuristic' dimension into our working methods and our organisational structure will help us to make the right commitments and revisit them regularly.¹¹

With this in mind, our ability to act will still depend very much on the political decision-making cycle, which provides only limited windows of opportunity for decisive action. This further increases the need for prioritisation on a number of key themes. This will help us in return to move as much as possible from being crisis-driven towards being strategic in our behaviour.

Once our priorities are established, it would be essential to ensure that those are reflected in the way our resources are allocated and ensure that there is flexibility in allocation of resources to respond to adaptations. It will also be important to ensure a common understanding of our vision inside the DG and share this vision with our stakeholders adequately.

(2) Having efficient and effective internal processes and working methods

To enhance our credibility, DG SANCO needs to have adequate internal processes and working methods that will ensure effectiveness and efficiency in the way we respond to the multiple challenges in our environment.

These processes and working methods already exist within DG SANCO but will need to be adapted to respond to our changing environment or rationalised/simplified to be more effective. They also need to be communicated adequately to all our staff – new and old, officials, national experts, contractors - to ensure they are applied in a consistent way.

For example, one important area related to the effective use of knowledge and evidence to base our policies. It will be fundamental to develop the right structures and working methods to identify emerging risks or trends to be considered adequately in the formulation of our policies.

At the same time, strengthening internal processes for the exchange of good practices within SANCO on what works in what circumstances (e.g. as regards improving regulatory design, effective communications etc.) as well as on topics of common interest (e.g. consumer information, risk communication, global relevance etc.) will help us to achieve better policy results and as a result reinforce our credibility.

(3) Developing the right skills to communicate and build consensus with our stakeholders

DG SANCO's achievement of our goals can come in the new environment less from rule setting and compliance and more from the provision of information and influencing motivation. It will therefore be increasingly important to develop the right skills within SANCO (especially in relation to communications, negotiations, facilitation, problem-solving, networking and consensus building) to fulfil these new roles. This would also imply making use of and combining different backgrounds and skills when tackling a specific policy problem.

¹¹ These theories are developed in a recently published book "The Strategy Paradox: why committing to success leads to failure (and what to do about it)", Michael E. Raynor

5. What should DG SANCO do to get prepared?

To address the priority areas identified in section 4, some concrete proposals for action today with the view to be prepared to address the future challenges and to achieve long-term credibility are provided in the table below. We have related these proposals for action to the critical factors identified in section 3.

These preliminary ideas stem from discussions that took place during the workshops and beyond within DG SANCO. When validated, after a thorough debate both within DG SANCO and externally, these proposals for action will constitute a "no regrets" policy. These proposals will then have to be factored in each initiative that we undertake in the DG.

<i>Critical factor</i>	<i>One example of relevance in our policy areas</i>	<i>Possible solutions / proposals for action</i>	<i>Who could lead or coordinate to do this?</i>
<i>Critical factor 1: Reinforcing governance systems and cooperation between the different levels of policy making</i>	Public health crisis (e.g. pandemics, food safety, animal health)	<ul style="list-style-type: none"> • Developing collaborative working practices between SANCO and the Member States • Building communications and consensus-building skills within SANCO via training • Adapt, rationalise and streamline our internal processes as well as policy-making 	
<i>Critical factor 2: Delivering 'real' results</i>	Complex areas where innovative approaches are used (e.g. nutrition)	<ul style="list-style-type: none"> • Using more strategically results of enforcement and inspections to identify problems • Implementing a life-cycle approach to regulation i.e. developing a process to revisit ex-ante assessment once the measures are in place after 3-4 years • Improving the way we allocate public funds / budgets and review it systematically in light of achievements and policy needs • Developing monitoring of policy outcomes on a regular basis 	
<i>Critical factor 3: Ensuring coherence within our policies and with wider policy fields</i>	Ethical consumption or sustainable development policies	<ul style="list-style-type: none"> • Using the right instruments to ensure better coordination with other DGs (e.g. regular meetings at high level) • Building a convincing and evidence-based SANCO component on major policy areas of relevance to consumers • Setting clear common criteria for prioritisation (e.g. consumer benefits, costs involved, chances of success, stakeholders support, future trends, added value) and communicating our priorities in a consistent manner • Developing a five-year policy cycle synchronised with college 	
<i>Critical factor 4: Embedding openness and transparency</i>	Areas where Comitology has an important role (food safety and animal health)	<ul style="list-style-type: none"> • Introducing participative citizens' consultations on important topics • Regular presentation to the public of facts and figures in our policy fields • Creating feedback mechanisms that allow stakeholders to report back on our activities and processes (in the context of the Stakeholder Dialogue group discussions) and to tell us what they think (perception 	

<i>Critical factor</i>	<i>One example of relevance in our policy areas</i>	<i>Possible solutions / proposals for action</i>	<i>Who could lead or coordinate to do this?</i>
		<p>surveys)</p> <ul style="list-style-type: none"> • Communicating with citizens “on the ground” directly in Member States when we launch new initiatives 	
<i>Critical factor 5: Understanding the consumer's viewpoint of risk</i>	Product safety related issues	<ul style="list-style-type: none"> • Investing in research on public perceptions of certain technological applications and their related risks, in parallel to scientific risk assessment • Keeping track and better identifying new risks and emerging trends well in advance and their possible effects on consumers 	
<i>Critical factor 6: Making efficient use and sharing of knowledge</i>	All policy areas especially those where scientific and technological developments are fast	<ul style="list-style-type: none"> • Developing our own long-term research agenda and integrating it to Framework Research programmes • Including in knowledge management structures focus on critical risks and use of dashboard to direct attention towards key performance data • Increasing co-operation and exchange of knowledge with other public and private actors as regards data, in particular with Member States to maximise the Community dimension of their data and information • Reinforcing our internal systems for data mining by increasing the use of our agencies and the FVO as a support for research and data gathering • Strengthening international co-operation to ensure comparability of data 	
<i>Critical factor 7: Keeping up with the increasing complexity of consumer behaviours</i>	Food and non-food labelling policies	<ul style="list-style-type: none"> • Investing more in innovative types of research (qualitative/quantitative) to understand behaviours • Integrating analysis of behaviours in definition of our policies at early stage • Ensuring we have the right skills to conduct analysis of behaviours 	
<i>Critical factor 8: Serving the interests of multiple and divided target groups</i>	Public health policies (e.g. patient mobility)	<ul style="list-style-type: none"> • Conducting analysis of how different groups are affected by our policies and translating this analysis in regulatory and non-regulatory actions • Reviewing how regulation can best achieve equity (best practice 	

<i>Critical factor</i>	<i>One example of relevance in our policy areas</i>	<i>Possible solutions / proposals for action</i>	<i>Who could lead or coordinate to do this?</i>
		examples) <ul style="list-style-type: none"> • Tailoring our communications messages /information to different groups 	
<i>Critical factor 9: Distinguishing ourselves as a reliable source within the information maze</i>	All areas, especially where we have specific	<ul style="list-style-type: none"> • Developing our activities for educating/informing consumers • Strengthening our public presentation e.g. appointing scientific experts or chief medical officers as spokespeople • Improving our capacity to respond to misleading facts and unjustified media attacks 	
<i>Critical factor 10: Taking into account additional new influences in consumer's choice</i>	Animal welfare policies	<ul style="list-style-type: none"> • Using research to better identifying the evolution of consumer parameters for defining choices • Strengthening the exchange of good practices within SANCO on what type of consumer information play a role in influencing choices 	
<i>Critical factor 11: Reinforcing our relevance at global level</i>	Veterinary and phytosanitary standards	<ul style="list-style-type: none"> • Reinforcing our regulatory dialogues with major countries (US, China, Canada, Japan, Brazil, India, Russia) • Creating a SANCO Task Force to review relevance of our standards at international level in different policy fields • Improving use of EC delegations to communicate and dialogue at international technical level 	
<i>Critical factor 12: Balancing interventions of private parties and public authorities in the market place</i>	Marketing and advertising policies	<ul style="list-style-type: none"> • Reviewing the effectiveness/appropriateness of initiatives from market/private actors more consistently ('no action' option) 	
<i>Critical factor 13: Minimising risks linked to predictable/unpredictable disasters</i>	Food policy and trade (availability)	<ul style="list-style-type: none"> • Identifying concrete SANCO propositions to address major global issues e.g. post-Doha and climate change 	

ANNEXES

Annex 1: Key achievements resulting from SANCO challenges paper 2004-2009

Annex 2: Key data on drivers and future trends (to be further developed)

Annex 3: Summary of the workshops

Annex 4: Overview of the SANCO scenarios in relation to the drivers

Annex 5: The SANCO scenarios developed by RAND Europe

ANNEX 1

KEY ACHIEVEMENTS RESULTING FROM SANCO CHALLENGES PAPER 2004-2009

Since this first challenges paper (2004-2009), progress has been achieved in taking up these challenges and has led to the development of new initiatives and tools. Key examples that should be mentioned are summarised in the following table:

<i>Key objectives/areas for action</i>	<i>Examples of major achievements since 2004</i>
Key policy actions	
<i>Public Health</i>	
EU-wide planning against major threats to public health	<ul style="list-style-type: none"> ➤ Development of crisis emergency plans
Complementing MS' efforts in areas such as tobacco, obesity, alcohol, HIV/AIDS	<ul style="list-style-type: none"> ➤ Communication on reducing alcohol-related harm in Europe ➤ White Paper on "A Strategy for Europe on Nutrition, Overweight and Obesity related health issues" ➤ Communication on Mental Health Policy ➤ Communication on the donation and transplantation of human organs ➤ Green Paper "Towards a Europe free from tobacco smoke: policy options at EU level"
Health in other policies	<ul style="list-style-type: none"> ➤ Promoting the creation of links with relevant Community programmes and actions, notably in the areas identified by the public health programme, and with actions undertaken by relevant Community bodies, in particular by using the Inter-service Group on health and its working parties.
<i>Consumer Policy</i>	
	<ul style="list-style-type: none"> ➤ Adoption of EU Consumer Policy Strategy 2007-2013
Sustained capacity building of consumer organisations	<ul style="list-style-type: none"> ➤ Providing training for consumer organisations staff in order to increase the ability of consumer organisations' to participate in EU policy making on a par with other stakeholders. ➤ Financially supporting and managing certain specific projects of consumer organisations and improving their dissemination throughout the EU. ➤ Encouraging cooperation and capacity building in recent Member State NGO's through twinning and other TAIEX and transitional facility tools.
Enhancing cooperation between Member States on consumer safety	<ul style="list-style-type: none"> ➤ Development of joint actions on enforcement and market surveillance ➤ Creation of Product Safety Network between Member States
Improving EU-wide collation and analysis of data on	<ul style="list-style-type: none"> ➤ Increased use of Eurobarometers and focus groups ➤ Development of methodologies (e.g. consumer

consumer issues	<p>detriment)</p> <ul style="list-style-type: none"> ➤ Reinforced collaboration with ESTAT ➤ Internal Task Force ➤ Development of a consumer scoreboard
Reviewing consumer laws	<ul style="list-style-type: none"> ➤ Revision of the Timeshare Directive ➤ Green paper on the Review of the Consumer Acquis ➤ Adoption of the Consumer Credit Directive ➤ Adoption of UCP Directive ➤ CFR initiative
<i>Food Safety</i>	
	<ul style="list-style-type: none"> ➤ Adoption of Animal Welfare Action plan ➤ Preparation of Animal Health strategy
Cooperation with MS and economic operators on food and feed hygiene	<ul style="list-style-type: none"> ➤ Development of guidelines and multiple guides by economic operators and MS in the food and feed hygiene (based on the Regulations)
Cooperation among EU veterinary agencies	<ul style="list-style-type: none"> ➤ Chiefs veterinary Officials (CVOs) regular meetings
Cooperation with and between EU laboratories	<ul style="list-style-type: none"> ➤ Co-ordination of the technical and financial supervision of Community Reference Laboratories' activities related to the detection and monitoring of certain biological hazards and in the area of residues in live animals and food of animal origin. Extension of the CRL network (preparatory work) and eventual reorganisation of existing CRLs
Training MS and third country regulators (local enforcement)	<ul style="list-style-type: none"> ➤ White Paper for better training for food safety professionals, both within the EU and in non-EU countries supplying the EU with food products
Coordination of EU border inspections of food, plants, animals	<ul style="list-style-type: none"> ➤ Development, planning and management of the FVO inspection programme ➤ Reports of inspections published
World-wide network of surveillance agencies (extension of the RASFF)	<ul style="list-style-type: none"> ➤ Assessing and transmitting rapidly information of serious risks to human health deriving from food and feed, in particular through the Rapid Alert System for Food and Feed (RASFF). ➤ Promoting the development of the RASFF in other parts of the world, with a pilot project in South-east Asia, in the framework of ASEAN. ➤ Contribution to an increased international cooperation in relation to rapid alert systems ➤ Improving the current system of communication between the Commission and relevant international bodies such as OIE (World Organisation for Animal Health)
Key tools	
Informing citizens and stakeholders: I know my rights (awareness of rights, incentives and capacity building to NGOs, training and education, out-of-court settlement systems etc.)	<ul style="list-style-type: none"> ➤ Publication of new and multiple brochures ➤ Consultation tools: Eurobarometers; Focus groups; Citizen's juries; ➤ European Consumer Diary ➤ Inter-active consumer education project ➤ TRACE – training courses for staff of consumer

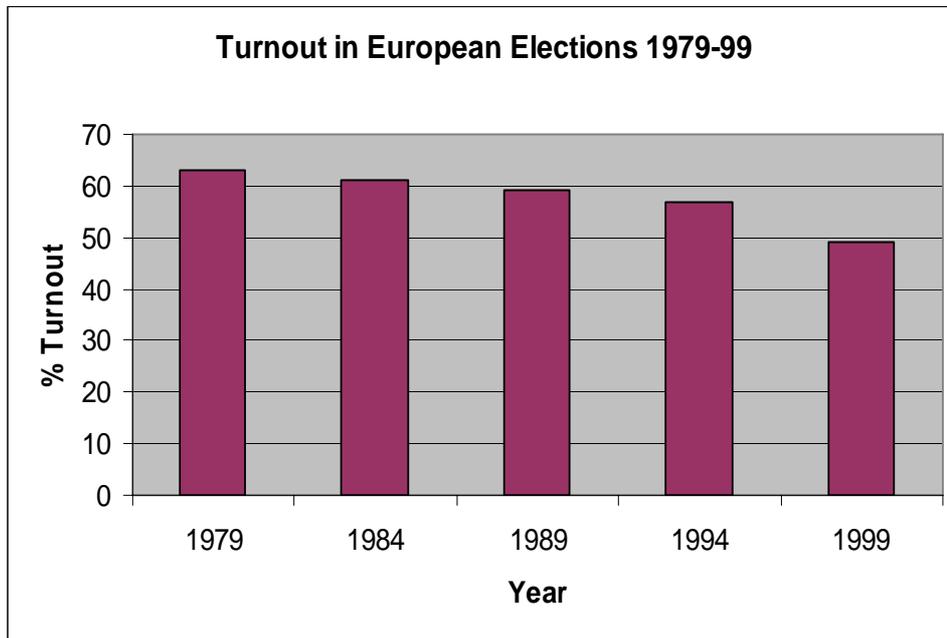
	<p>organisations</p> <ul style="list-style-type: none"> ➤ Launch of Public Health portal
Acting as a watchdog for effective implementation of legislation by MS (motivate, facilitate, monitor, co-ordinate)	<ul style="list-style-type: none"> ➤ Reinforcing cooperation with Member States in the consumer protection area via the new Regulation on Consumer Protection Cooperation between enforcement authorities ➤ Better Training for Safer Food Initiative ➤ Establishment of the European Consumer Centres Network (ECC-Net) ➤ Establishment of the Standing Committee on the Food Chain and Animal Health (SCFCAH) ➤ Strengthening of the Food and Veterinary Office (FVO) ➤ Development of the RAPEX system for safety of non-food products ➤ Creation of the EFSA
Harnessing Business Responsibility	<ul style="list-style-type: none"> ➤ Development of multi-stakeholder approaches based on commitment by all actors to complex issues especially in the public health area e.g. the Diet, Nutrition and Physical Activity platform and the European Alcohol and Health Forum ➤ Advertising round-table: towards defining a Best practice model for Self-Regulation ➤ In the hygiene area, development of guides and codes on voluntary basis supported
Solving problems at the source: development of International partnerships	<ul style="list-style-type: none"> ➤ Transatlantic (regulatory/non-regulatory) dialogue increased with the US e.g. TACD ➤ Product safety: memorandum of understanding with China
<i>Modern working practices</i>	
Developing an initiative	<ul style="list-style-type: none"> ➤ Introduction of an internal scoping phase (supported by a new tool called 'scoping paper') defining the problem and analysing the different options for any new initiative, ahead of the impact assessment phase;
Selling an initiative	<ul style="list-style-type: none"> ➤ Horizontal review of our consultation processes with our stakeholders via peer review exercise 'Healthy Democracy' and follow-up via recommendations esp. establishment of Stakeholders Dialogue group ➤ Improvement of our website, better updates, newsletters ➤ Commissioner Kuneva visits to consumer organisations in new Member States ➤ Media/information campaigns on consumer rights (consumer policy) across the EU
Maintaining a High Level of "Background" Information	<ul style="list-style-type: none"> ➤ Going local: tour of capitals to explain new initiatives (e.g. Timeshare Directive) ➤ Active interaction via our three stakeholders fora (EU Health Policy forum, Advisory Group on the Food Chain, animal and Plant Health, European Consumer Consultative Group)

ANNEX 2

KEY DATA ON DRIVERS AND FUTURE TRENDS (TO BE FURTHER DEVELOPED)

Voter turn-out in European elections

- About 350 Million people had the right to elect the 6th European Parliament in 2004. This right was exercised by 45.7%, which is the lowest turnout rate of all EP elections. **EP turnout rates are continuously declining since the first election in 1979** (1979: 63%; 1984: 61%; 1989: 59%; 1994: 57%; 1999: 50%)



(Source: Hoorens, S., Klautzer, L., Tiessen, J., Wegrich, K., Hallsworth, M., Ling, T. *Future Challenges 2009-2014 for Health and Consumer Protection DG - SCENARIO BRIEFING*. 22 January, 2007).

Infringement proceedings

- The total number of infringement proceedings initiated by the Commission fell from 2993 in 2004 to 2653 in 2005. By 31 December 2005, 1697 cases out of the 2653 registered were still ongoing. There was a slight increase in the number of complaints registered by the Commission with respect to 2004, from 1146 to 1154. In overall terms, complaints accounted for around 43.5% of the total infringements detected in 2005. The number of infringement proceedings initiated by the Commission on the basis of its own investigations rose from 328 in 2004 to 433 in 2005 for EU 25.
- For EU 25, the number of proceedings for failure to notify transposal measures decreased by 29% with respect to the previous year, from 1519 to 1079 cases. This decrease is partly explained by the fact that the 2004 figures related not only to the regular monitoring of failure by EU 15 to transpose directives due for transposal but also to the monitoring of

failure by the ten new Member States to notify in respect of the whole pre-accession *acquis*.

- The average time taken to process all the infringements in the period 1999-2002, from registration of the case within the specified time limit to the sending of the letter of referral to the Court of Justice under Article 226 of the EC Treaty is 24 months. The average time taken to process cases originating in well-founded complaints and those detected by the Commission's own investigations was 35 months. For infringements originating in failure to notify national measures to transpose directives, the average time was 15 months.

Tableau 1.1. - Nombre total de cas d'infraction détectés, par année de détection et par origine de la détection						
(Situation au 31 décembre 2005)						
ANNÉE	TOTAL	PLAINTES	CAS DÉCELÉS D'OFFICE		NON-COMMUNICATION ²	
			TOTAL	DONT :		
			Questions parlementaires	Pétitions		
1996	2155	819	257	22	4	1079
1997	1978	957	261	13	4	760
1998	2134	1128	396	18	7	610
1999	2270	1305	288	16	10	677
2000	2434	1225	313	15	5	896
2001	2179	1300	272	5	1	607
2002	2356	1431	318	30	20	607
2003	2709	1290	253	23	20	1166
2004 (EUR15)	2146	1080	285	23	13	781
2004 (EUR25)	2993	1146	328	23	13	1519
2005 (EUR25)	2653	1154 ⁽¹⁾	433	16	11	1079

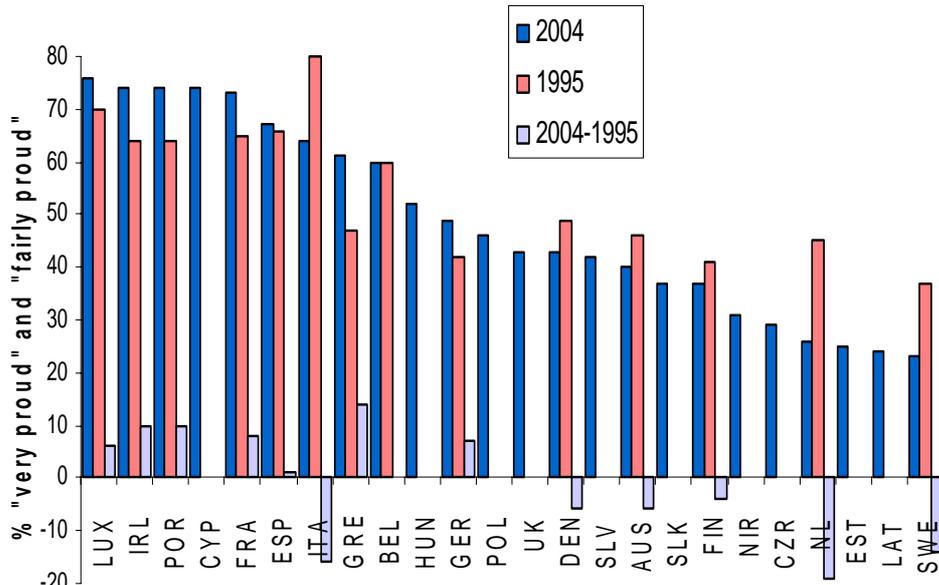
(1) En 2005, les plaintes représentent une part de 43,5% dans le total des infractions détectées, contre 38,3%(EUR25) en 2004.

(Source: 23rd Annual Report from the Commission Monitoring, The Application of Community Law 2005)

Support for EU membership and trust in the European Commission

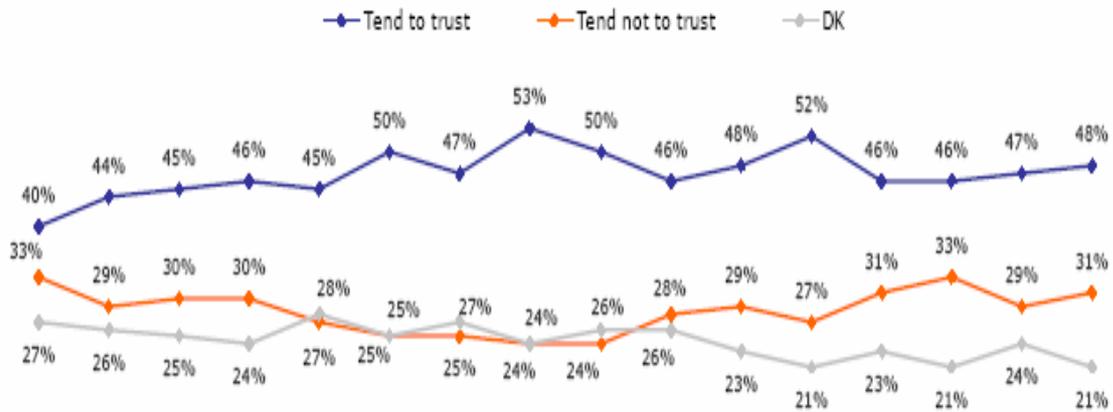
- While there is increasing critique of specific regulation emanating from "Brussels", evidence from the Eurobarometer survey shows relatively stable support for the European Union as a whole. An average of 53% of respondents in EU-25 member states support the statement that membership in the European Union is, in general, a good thing. The question related to the benefits of EU membership lead to similar results (54%). Evidence from the Eurobarometer also does not indicate a decline in the overall "image" of the EU, which, since 2000, has remained within a margin of between 42% and 50% of respondents having an overall positive image (46% in 2006). Trust in the European Commission also remains stable: 48% of respondents "tend to trust" the European Commission. Trust in the European Parliament is at a similar level (52%).

Pride to be a citizen of the European Union



Sources: EES 2004 and Eurobarometer

Trust in the European Commission - % EU

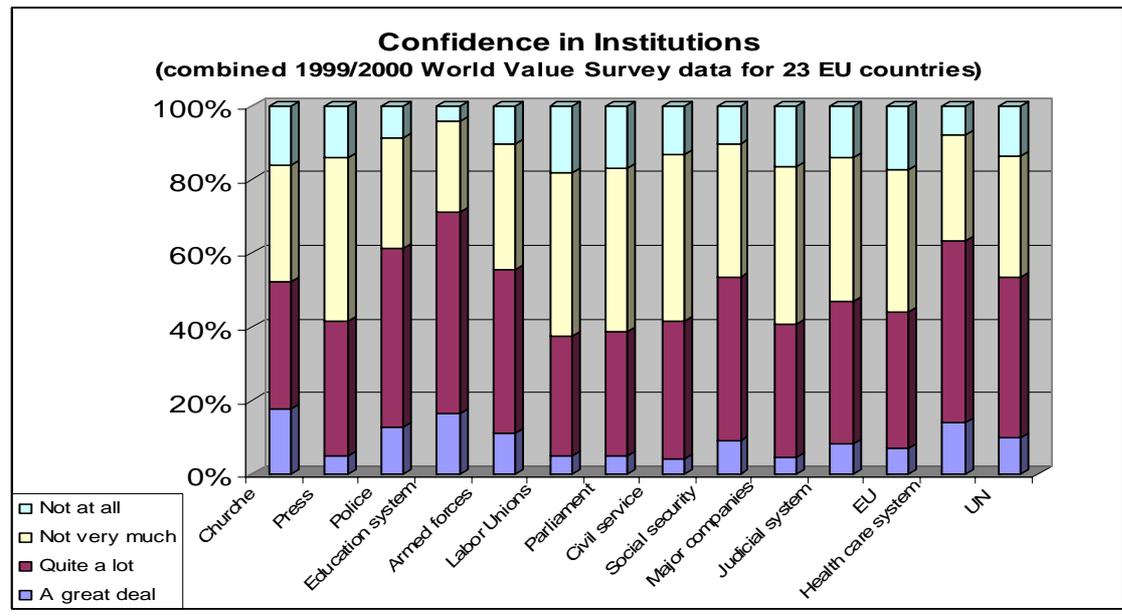


Sp. 1999	Aut. 1999	Sp. 2000	Aut. 2000	Sp. 2001	Aut. 2001	Sp. 2002	Aut. 2002	Sp. 2003	Aut. 2003	Sp. 2004	Aut. 2004	Sp. 2005	Aut. 2005	Sp. 2006	Aut. 2006
EB 51	EB 52	EB 53	EB 54	EB 55	EB 56	EB 57	EB 58	EB 59	EB 60	EB 61	EB 62	EB 63	EB 64	EB 65	EB 66

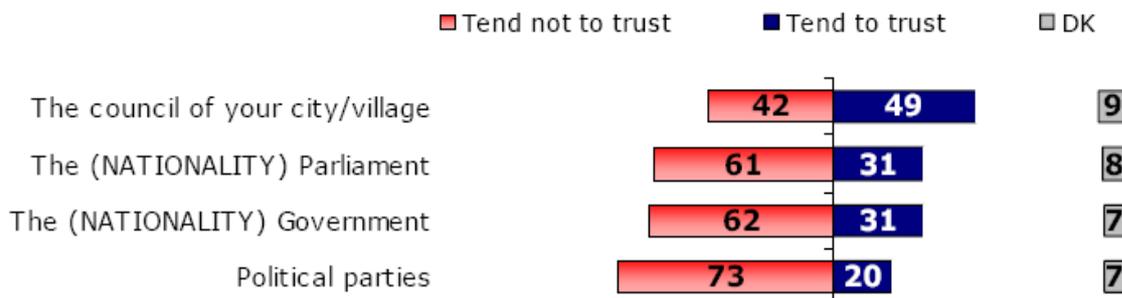
(Source: Eurobarometer 66 in Future Challenges 2009-2014 for Health and Consumer Protection DG; Scenario Briefing, January 2007, p.12).

Overall level of trust/confidence in political institutions (various sources)

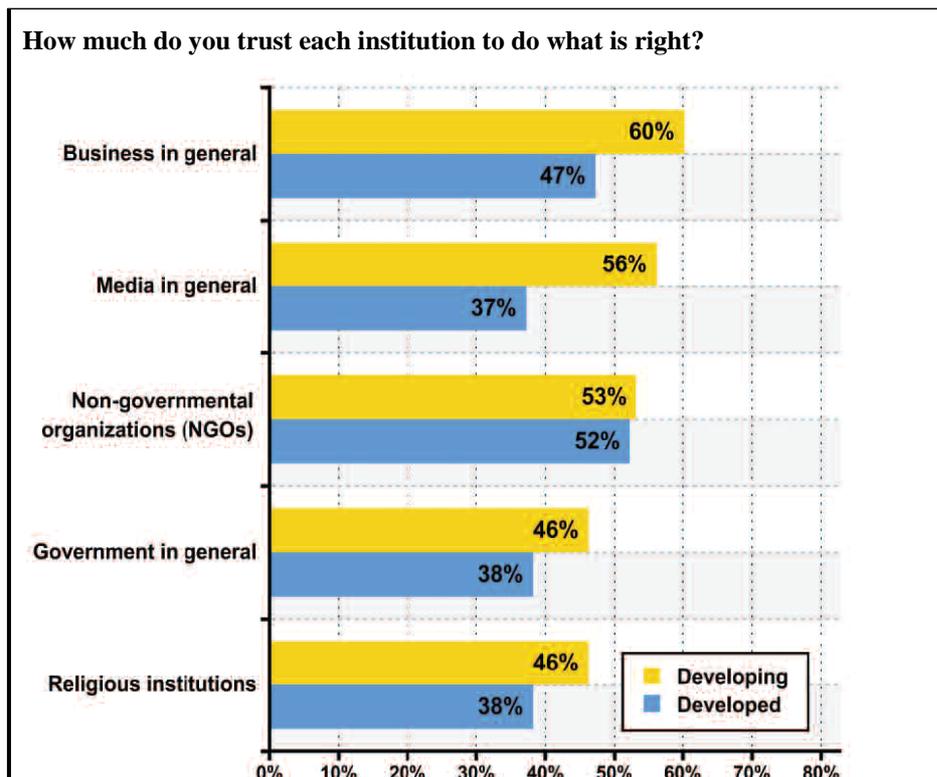
- Generally Europeans’ trust in education and health care system is higher than in the individual institutions
- Trust in parliaments and civil servants is rather low
- Level of trust in institutions is dependent on issue
- National differences can be significant



**Trust in political institutions
EU25 (%)**



(Source: *European Social Reality Report*, February 2007, p. 37)



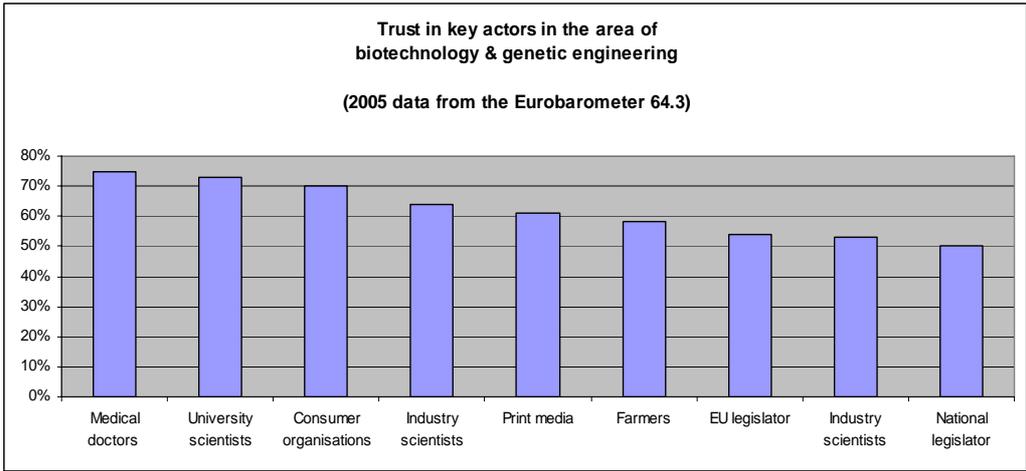
(Source: *Edelman Trust Barometer 2007*, p. 1)

Trust in other consumers

- According to technology and market research company Forrester's Vice-President, 'consumers don't listen to advertisers or media any more'. 40% of consumers trust other consumers online and rely on reviews and recommendations from them, while only 5% trust Google search ads.

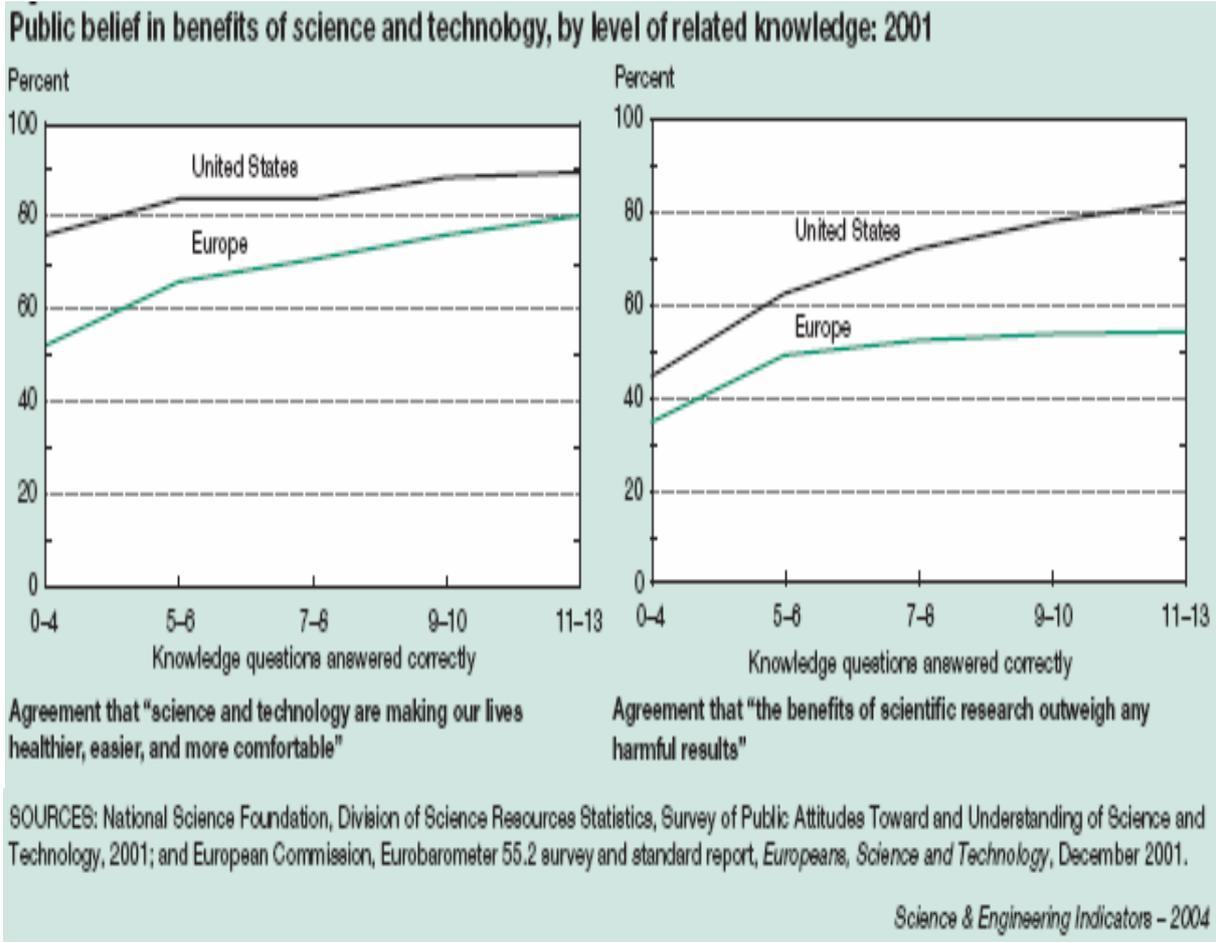
Trust in key actors in the area of biotechnology and genetic engineering

- With respect to biotechnology, for example, in 2005 around 70% of Europeans had confidence in doctors, university scientists, and consumer organisations; around 60% in scientists working in industry, and in newspapers and magazines. The confidence in the other actors (such as farmers, the EU, industry, television, government and shops) varies between 50% and 59%. None of the actors involved in biotechnology has a confidence deficit when comparing the 2005 data to 1999, although around 20 per cent say that farmers, television, environmental groups, our government and shops are 'doing a bad job'.¹² Asked about their confidence in the case of a disaster in their neighbourhood or district, Europeans place most trust in scientists (62.7%) and doctors (55.3%).

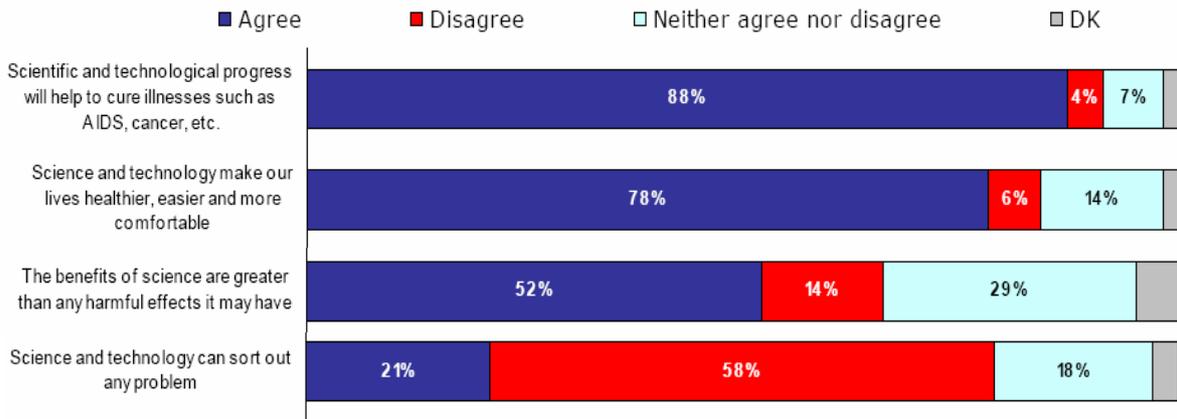


(Source: Eurobarometer 64.3 (2005). *Europeans and Biotechnology in 2005: Patterns and Trends*, p. 47).

Public belief in benefits of science and technology, by level of related knowledge: 2001



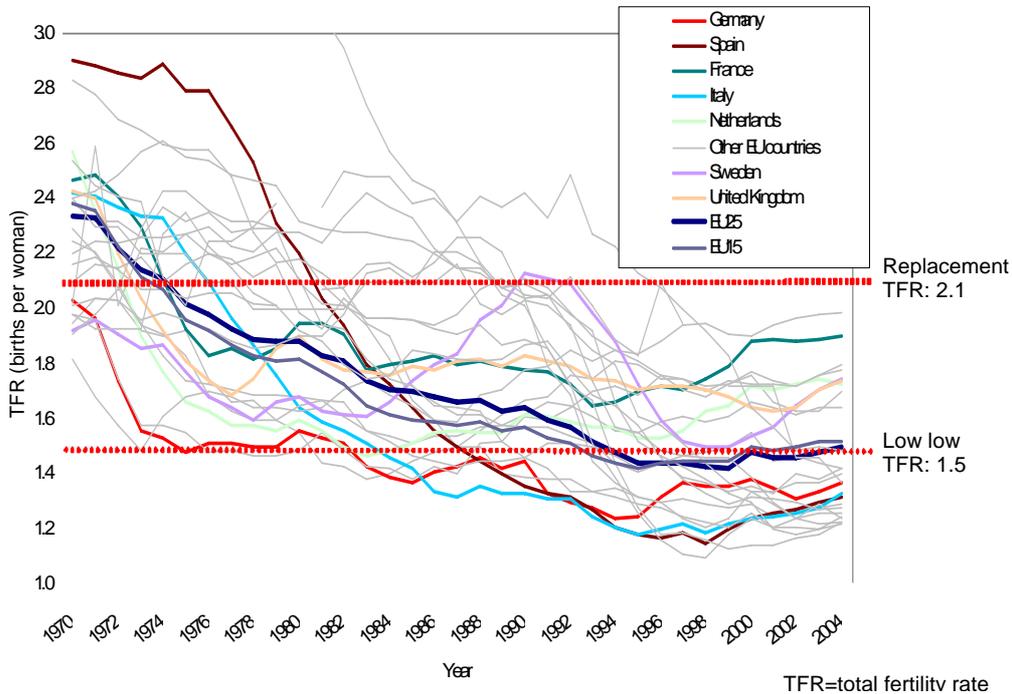
Optimism related to science



Demographic trends

European population is ageing

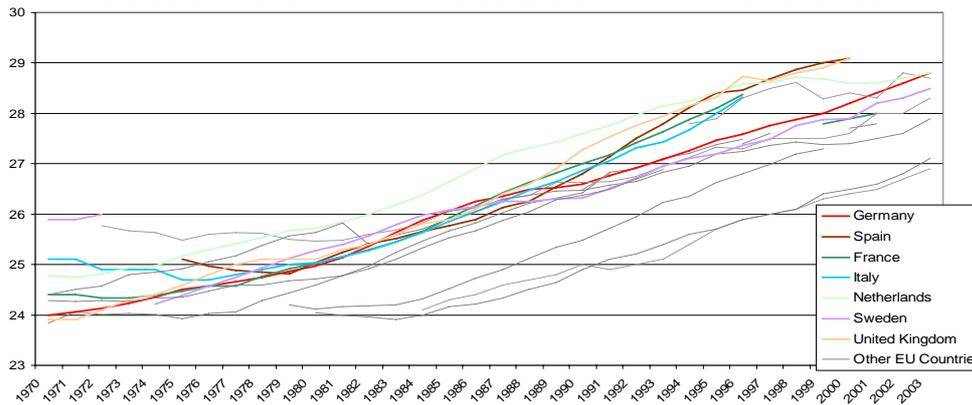
- Europeans are living 30 years longer than in 1900
- Fertility rates have fallen to below replacement (TFR=2.1) in all EU countries
- 21 of the 24 lowest fertility countries are in Europe
- 55 of the 211 regions of the EU-15 already seeing a population decline
- 1-in-3 Europeans will be more than 65 by 2050



Parenthood is for thirty-something's

- Female age of first birth has increased from mid-twenties in the 1970s to late twenties now
- Household sizes decrease
- Gap between desired number of children (2.3 in EU-15) and actual number of children (after completing reproduction) is widening

Female age of first birth in selected EU countries (1970- 2003)

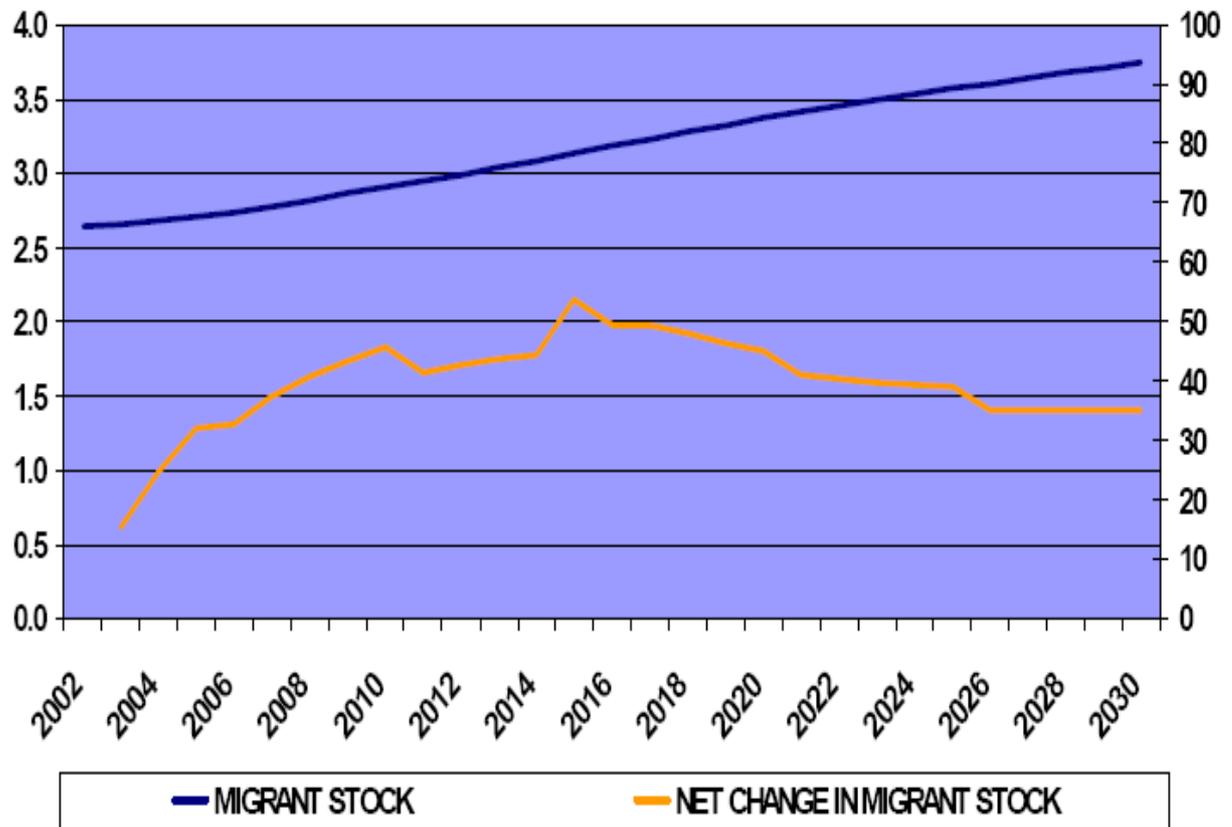


(Source: Eurostat 2006)

Increasing intra-EU migration

- Transferability and compatibility of European health insurance and pensions
- Equal access to health care
- Migration of public health and diseases?

Free flow of labour simulation of Turkish migrant stock in the EU (in millions) and net change stock (in thousands) of Turkish emigrants after EU accession



Source: Erzan et al. (2006)

Morbidity patterns

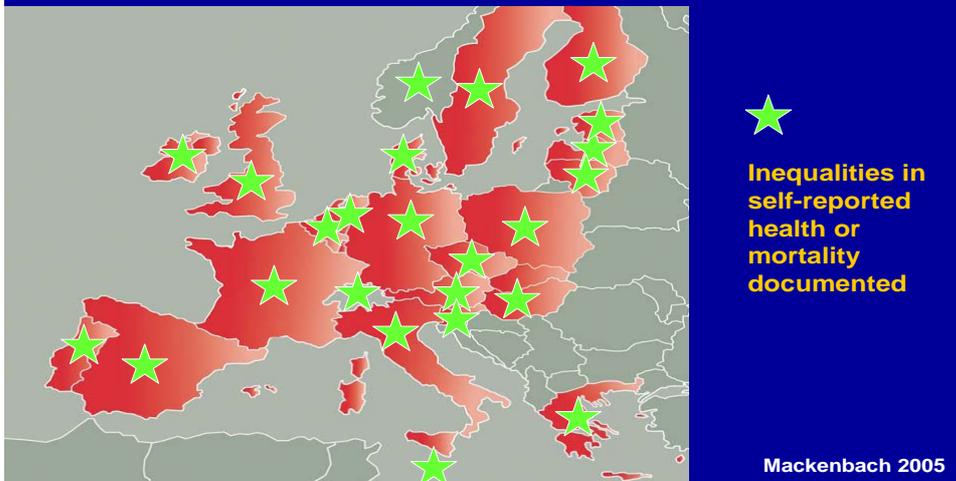
- Morbidity patterns will change as chronic disease has overtaken infectious disease. People will live longer with chronic disease. (Source: Eurostat in ANNEX - SANCO 2020 presentation 'Helpful random facts'.)

Health inequalities

- The use of GPs in the last 12 months varies from 1.9 times in Greece to 4.9 times in Belgium. There are already large **variations in medical practice resulting from differences in technology between Member States.**
 - Lung cancer incidence is 5 times higher in Hungary than in Sweden.
 - Heart diseases kill 8 times more women in Slovak Republic than in France.
- (Source: Eurostat in ANNEX - SANCO 2020 presentation 'Helpful random facts'.)

HEALTH INEQUALITIES IN EUROPE

by level of education or income, ca. 2000



(Source: Mackenbach, Johan. 'Health and disease in an unequal world – a European perspective.' 18 April 2007.)

Standard living inequalities

- The standard of living in the EU varies from country to country. GDP per inhabitant (in PPS) is highest in Luxembourg and lowest in Latvia. The EU is striving to strengthen the EU's economy, make it more competitive and create more jobs so all citizens can enjoy a better quality of life.

(Source: Eurostat in ANNEX - SANCO 2020 presentation 'Helpful random facts'.)

Labour market

- Among 55-64 year olds, over 40% of men and 60% of women have dropped out of the labour market.

(Source: R. Liddle, "Europe's Social Reality", Bureau of European Policy Advisers BEPA, DG SANCO, 1 June, 2007.)

Poverty and social exclusion

- Poverty and social exclusion is a social reality faced by a considerable number of European Union citizens.
- Even if citizens are not necessarily personally affected, poverty is something that many feel could happen to them. Over 6 out of 10 Europeans believe that anyone is at risk of poverty at some time in their lives (62%), while only around 3 out of 10 believe that the risk of poverty is confined to certain groups (29%).
- Poverty is thus perceived to be a realistic possibility in European society. In fact, one European in four feels that there is a risk that he or she could personally fall into poverty (25%).

(Source: European Commission, *European Social Reality*. February 2007, p.63)

Internet/E-commerce trends

- Internet access rates may be higher than some perceive them to be: for example, 97% of German 14-19 year olds are connected to the Internet.
(Source: ARD/ZDF-Online Studie 2006).
- According to **Get Safe Online's** latest research, **52%** of internet users do their banking online, nearly a third (**32%**) pay their utility bills online and almost a quarter (**23%**) buy their groceries online. 93% of internet users now use the web daily and that, on average, they each spend £1,044 per year buying goods and services on the web – equivalent to £30 billion for the UK online population as a whole.(Source: *The Get Safe Online Report*, October 2006, p. 3).
- In the UK online advertising accounts for 11.4% of all ad spending compared with 10.9% for newspapers and the gap is getting wider with the 41% growth of on - line advertising in 2006. (Source: R. Wray, K. Allen, *Money follows eyeballs' and all eyes are glued to the web*. The Guardian, 31 March, 2007.)
- In Europe, the UK accounts for by far the largest share (39%) of online ad expenditure; in the U.K., the Netherlands and Denmark, the web's share of advertising expenditure exceeded 10% in 2006 (Source: EUobserver, 8 June 2007)
- Among people aged 12-24, the internet makes up 30% of their media consumption.
(Source: R. Wray, K. Allen, *Money follows eyeballs' and all eyes are glued to the web*. The Guardian, 31 March, 2007.)
- A recent survey of UK internet adult users – who number 29 million – found that 12% (almost 3.5 million people) had experienced online fraud in the last year. In that time, 6% of all internet users (1.7 million people) suffered fraud while shopping online, 5% (1.5 million) experienced another form of general online fraud and 4% (1.2 million) were subject to bank account or credit card fraud as a result of activity online (some users experienced more than one of these).
(Source: *Online fraudsters 'sting' users for £875*, 26.03.2007, Get Safe Online)
- 24% of the survey respondents felt they should be primarily responsible for their own online security. Over four in ten (41%) suggested big online organisations should insure their users against fraud, and nearly one in the ten pitting responsibility for online security at the door of HM government.
(Source: *The Get Safe Online Report*, October 2006, p. 12)

New consumer trends

- Nearly two-thirds (63 percent) of consumers around the world report that they are deciding more quickly to support or reject issues, causes, companies, products and services than they did two to three years ago. Several factors are fueling this speed— people are more informed, have stronger voices, and have easier access to information and experts.
- Nearly one out of two consumers globally (45 percent) is identified as an Advocate. Advocates take action to support or detract from issues, causes, companies and products,

such as making purchase recommendations, sending a letter to a company or elected official, or organizing a protest or boycott.

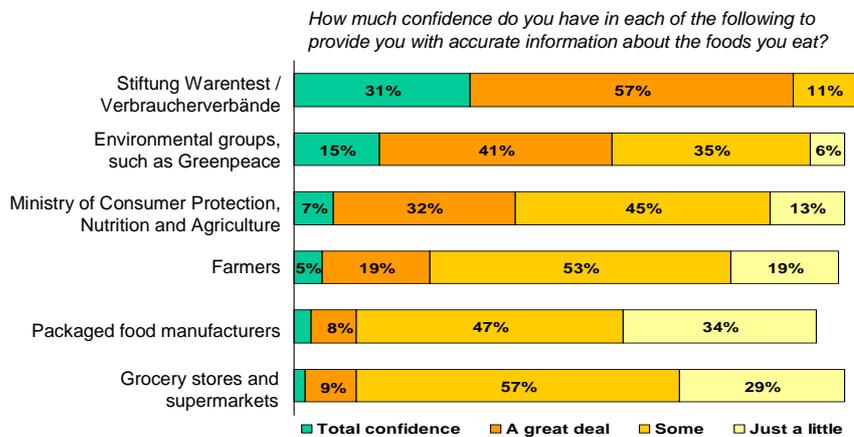
- Advocates' opinions about issues, causes, companies, brands and products are more strongly influenced by the media than non-Advocates' opinions. Following broadcast and print, online media ranks third in importance of opinion influence among all consumers, globally.

(Source: Weber Shandwick *Global Report on Consumer Decision-Making*.)

- Despite the 'modern' consumers' demand for more information, consumer confidence in information is relatively low in some parts of Europe:

14

Consumer confidence in information is relatively low (Germany)



© Copyright 2006. Rainforest Alliance

Source: Globescan 2006

March 21 2007

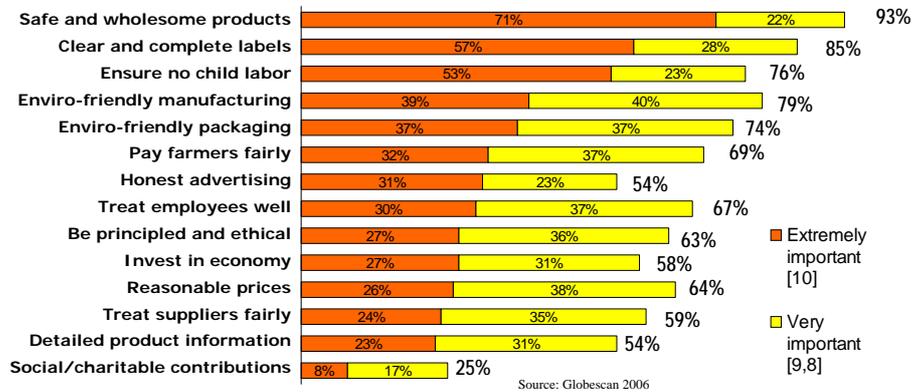
(Source: Globescan, 2006.)

Ethical market

- In France, the turnover for fair trade goods has risen from €6 million in 2000 to €70 million in 2005
- 77% of French consumers have bought at least one 'fair trade' product
- 68% of French consumers admit to buying organic products occasionally
- €500 million worth of fair trade products traded in the EU every year
- Imports of agricultural products / year to EU: €50 billion

(Source: Vaxelaire, Roland. *Beyond just eating food – the role of ethics in influencing what we eat.* 21 March 2007).

Product safety and thorough labeling remain top priority, closely followed by ethical issues



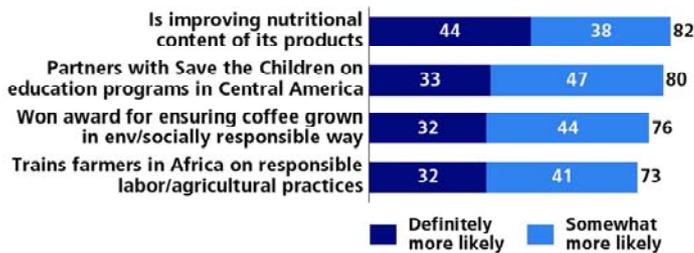
© Copyright 2006. Rainforest Alliance

March 21 2007

(Source: Globescan 2006.)

German consumers say they are more likely to buy „ethical“ product

“Definitely” or “Somewhat More Likely” to Buy Company’s Products If Heard that Company... by Initiative, 2006



csr06_K1_GERM

Source: Globescan 2006

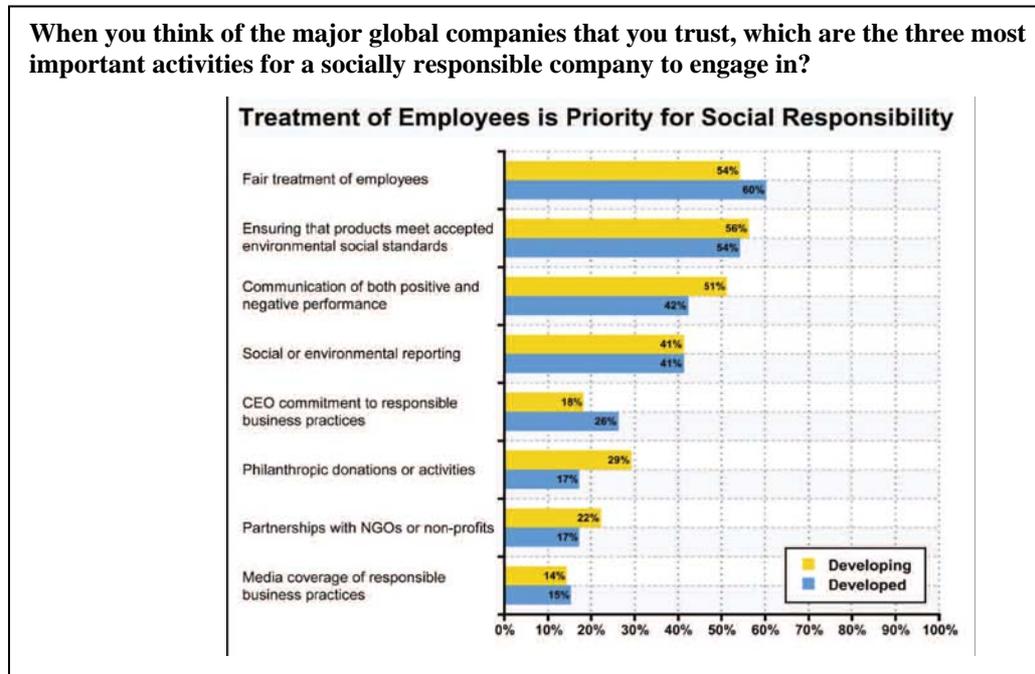
© Copyright 2006. Rainforest Alliance

March 21 2007

(Source: Globescan 2006.)

Corporate Social Responsibility

- In all Trust Barometer countries, the majority of respondents agree that 'global business plays a role that no other institution can in addressing major social and environmental challenges.



(Source: *Edelman Trust Barometer 2007*, p. 13.)

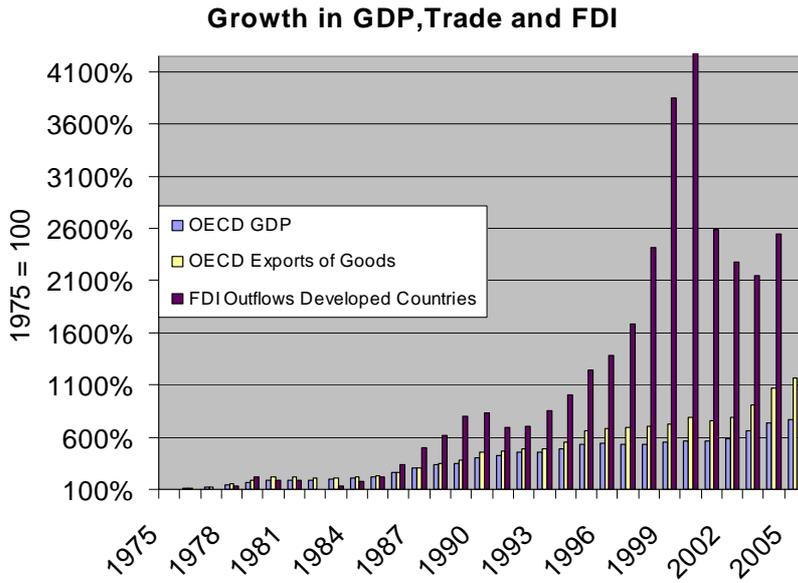
Standard setting

- A majority of participants in the debates across all EU member states expect the EU to "set standards ensuring accessible, dignified, high-quality and affordable" health care treatment. Some of national panels would like to see the provision of "equal quality of primary health care" across the EU as a policy goal. One panel (SK) asks the EU to "monitor the quality of health-care providers".

(Source: *European Citizens Perspectives on the Future of Europe Report*, 9 May, 2007.)

Internationalised and interdependent economy

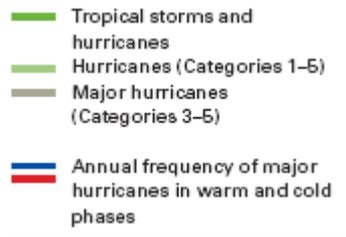
- Trade and FDI growing faster than DGP
- Growing inequalities within and between countries
- Increasing trade of harmful and dangerous substances

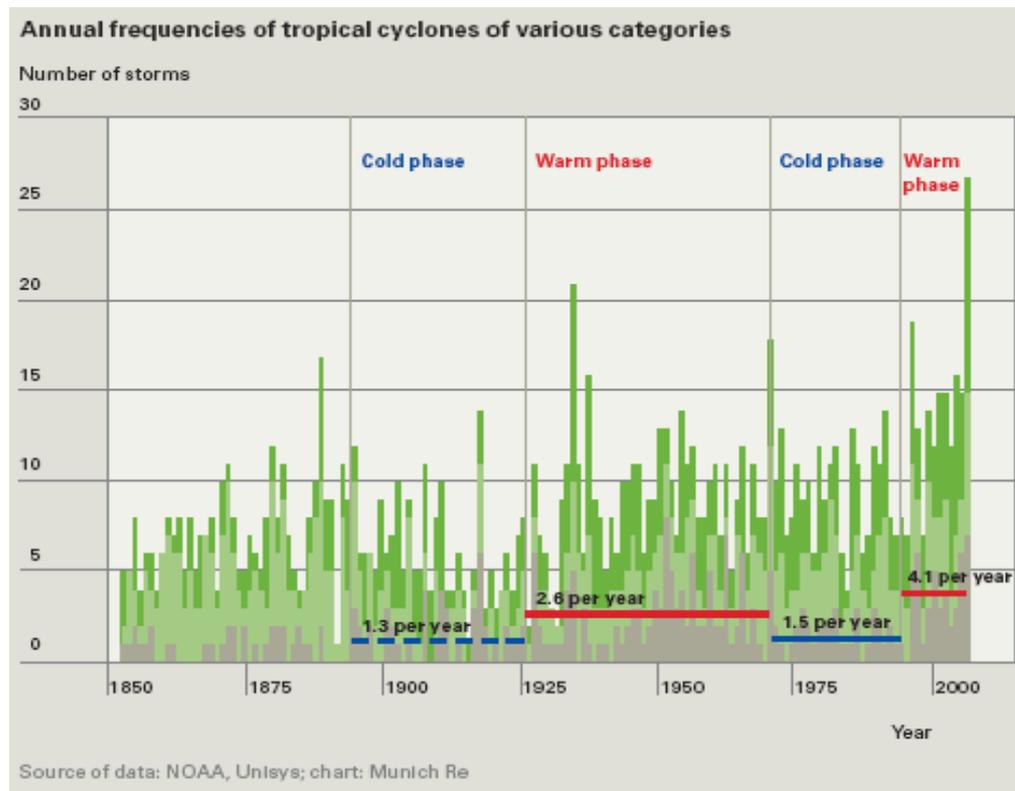


(Source: OECD/UNCTAD)

Global environmental change and disasters

- Global warming and cross-border environmental problems
- Increased likelihood of extreme weather events and
- Disasters have an increasingly global impact

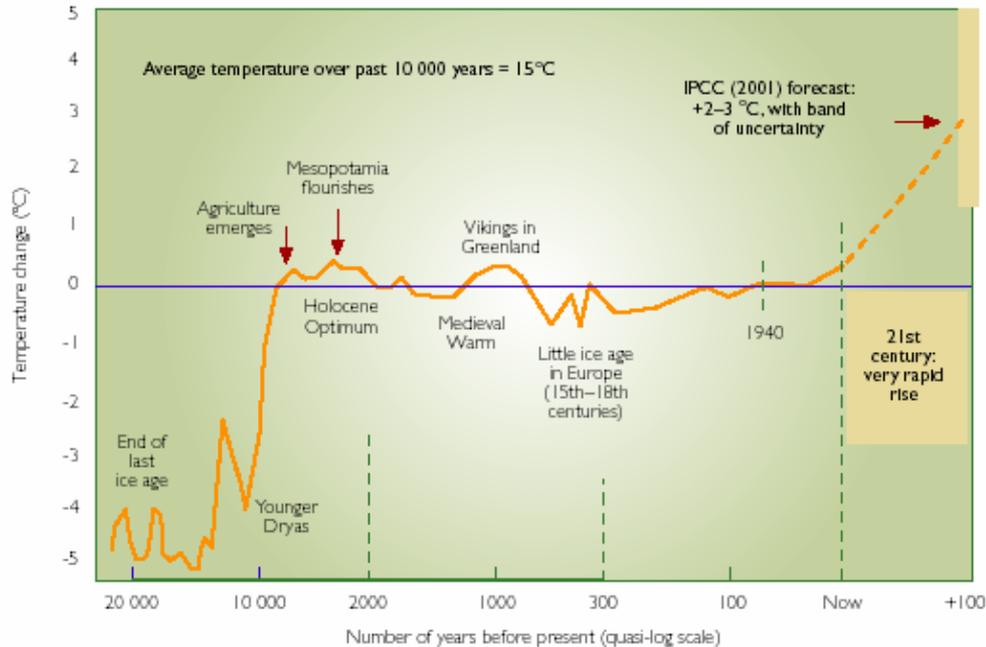




Global warming

- The earth's average temperature has warmed by about 0.6 of a degree Celsius over the last hundred years, with most of this warming occurring in the last 20 years.
- The United Nations Intergovernmental Panel on Climate Change (UN IPCC) estimates a further **increase in global temperatures ranging from 0.8 to 2.6 by 2050**, a change that would have dramatic impact on health, infrastructure and economic activities (water, food, energy issues).
(Source: UK department for Environment, Food and Rural Affairs in ANNEX - SANCO 2020 presentation '*Helpful random facts*')
- During the ice age the global average temperature was approximately 5-6 degrees cooler than it is today.
(Source: WWF in ANNEX - SANCO 2020 presentation '*Helpful random facts*'.)

Figure 1.1. Variations in Earth's average surface temperature, over the past 20,000 years



Extreme climate

- In July 2003 the [World Meteorological Organisation](#) stated that the frequency and intensity of extreme climatic events (such as severe storms, winds, floods and droughts) is increasing.

Biodiversity decrease in livestock and cultivated crops

- Domestic animals make a major contribution to human requirements for food in the form of meat, milk, milk products, eggs, fibre, and fertiliser for crops as well as draught power. This major contribution is made by some 4,500 breeds drawn from 40 or more animal species. These breeds, developed over the past 12,000 years, represent the remaining pool of genetic diversity from which future demands must be met. However, they currently are dying out at a rate of **six breeds per month**. Latest information suggests that **30 percent of the world's breeds are at risk of extinction**.
- The same can be said for crops such as rice or corn.
(Source: www.unep.org in ANNEX - SANCO 2020 presentation 'Helpful random facts'.)

ANNEX 3

SUMMARY OF THE WORKSHOPS

Scenario meeting, 22.01.07

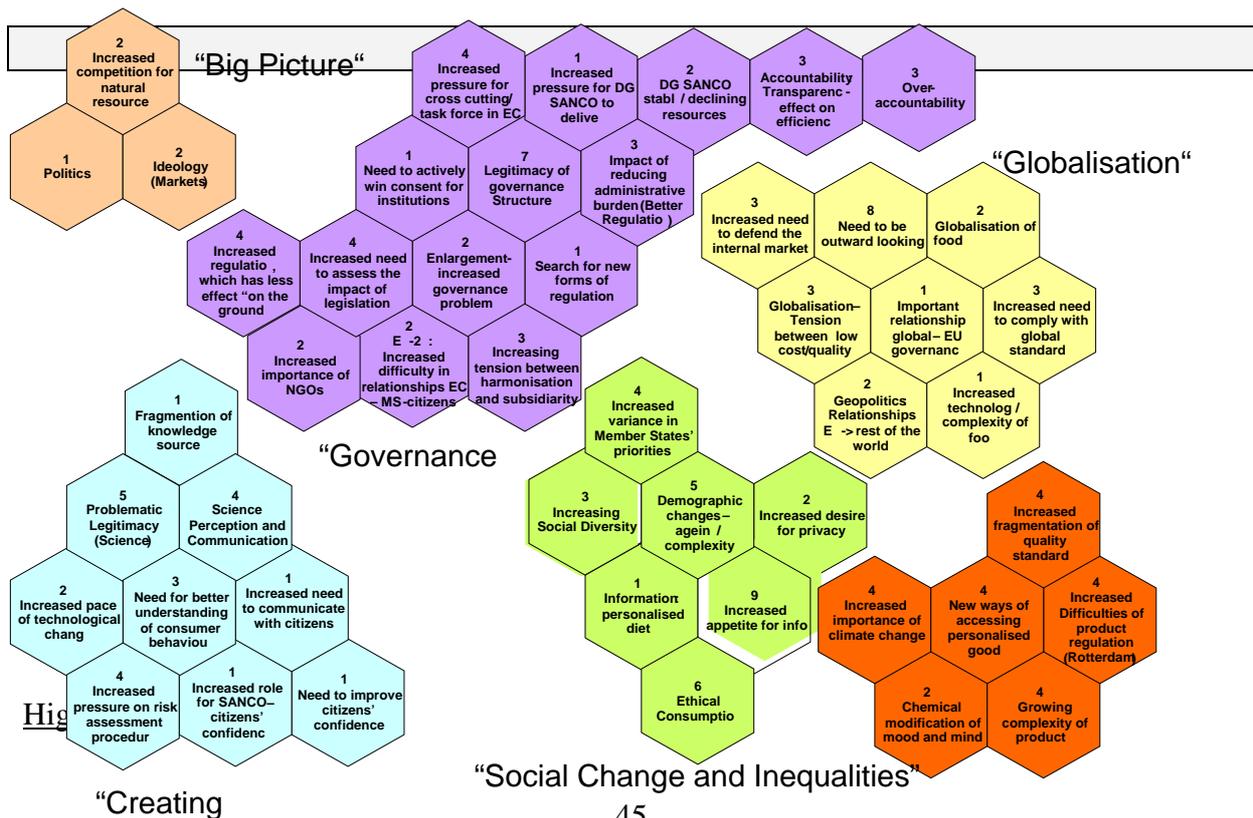
The main objective of this workshop was to have a broad discussion around the four drivers of change (governance, confidence, changing society, and globalisation) and the main challenges that DG SANCO will face in the future. After a rich and productive discussion in the morning around the most important developments/themes that will affect DG SANCO in the future, the group started to reflect in the afternoon on the most likely uncertainties in our future environment with the view to develop scenarios for the future.

Key themes

Prior to the meeting, participants were asked to come up with their top three issues (or developments in the environment within which DG SANCO operates) that they thought would impact DG SANCO the most. Various issues were discussed and clustered around the following key themes:

- **Governance:** Accountability with delivery in a multi-level world
- **Creating Confidence:** Communicating knowledge, risk and science with citizens
- **Products:** Complex goods and services accessed in new ways
- **Social Changes and Inequalities:** Better understanding of changing attitudes, well-being, access to services and goods, information sources
- **Big Picture:** Changes in politics, markets and the natural environment

Under each theme, sub-themes were gathered as illustrated in the following graph:



In the afternoon, participants were split into groups and discussed the two most crucial uncertainties for each driver, on the basis of a draft scenario document prepared by the contractor. The top 8 uncertainties identified during the group discussion were:

Governance	Outcome of the EU institutional reform debate? How to assess the impact of EU legislation, once adopted, on "real life"? link with ex-ante IA, towards a cycle approach?
Confidence	Roles and responsibilities of SANCO versus those of markets? SANCO's role in building confidence? Active or passive role? Reactivity to new technological developments?
Changing society	Will the healthy life expectancy increase further and how will society adapt? What information/coordination role for SANCO? How will consumer attitudes evolve with regards to CSR / ethical /environmentally-friendly products? SANCO's role in promoting responsible business practices?
Globalisation	Who will set the standards? At what level? How prepared will SANCO be for predicatble disasters (e.g. climate change, natural ressources etc.) and impredecable crisis (pandemics, natural disaters)?

List of participants

The workshop was attended by more than 20 SANCO colleagues across the various Directorates:

Alvarez Antolinez Carlos - F5; André Dorotheé - E1; Cadova Petra - B1; Kyriacou Kyriacos - B1; Laddomada Alberto - D1; Le Gosles Jacky - F3; Lee Helen - E4; L'Hirondel Aude – 03; Lissowska Maria - B1; Mannerkorpi Paivi - E4; Marin Eric - D1; Nikolakopoulou Alexandra E4; Nuij Robert - B3; Panella Lauro - E2; Piha Tapani - C6; Scannell Michael - D3; Straszburger Gwenn – E; Tornblom Carina - A5; Vaananen Heikki – 01; Widger Paul - A1; Back Jonathan – 02; Billaux Cecile – 02; Iglesia Gomez Maria – 02; O'Conaill Cathal – 02; Pellegrini Mattia – 02

A more detailed report of the workshop is available.
The outcomes of this meeting constituted an important input to develop scenarios that were used for the case study workshops on specific topics organised from February-April 2007.

Nanotechnology workshop, 28.02.07

The main objective of this case study workshop was to discuss the potential implications on DG SANCO of the possible futures of *new emerging technologies*, such as nanotechnology, and how these should be adequately anticipated. The purpose was not to discuss specific policy choices related to nanotechnology, but to concentrate on the challenges posed by the emergence of nanotechnology.

A welcome and introduction was given by Robert Madelin, followed by an introductory speech by DG SANCO's Philippe Martin giving an overview of the most intriguing and controversial aspects of nanotechnology. Presentations were then made by three external experts:

- Michael Thompson, Director of the Musgrave Institute in London, UK, and Professor of Comparative Politics at Bergen University, Norway
- Jean-Luc Pujol, Centre d'Analyse Stratégique, Paris, France
- Steven Curall, Professor of Enterprise and the Management of Innovation in the Faculty of Engineering Sciences at University College London (UCL) and Visiting Professor of Entrepreneurship at London Business School

In the second part of the session, participants were broken down into three groups to discuss the implications for DG SANCO of three different future scenarios.

Some of the key issues raised during the workshop included:

- Do we need to move parameters of how we are working and put more emphasis on highlighting benefits for consumers rather than focusing on assessing risks? Do we need to move towards risk-benefit analysis?
- Should we focus communication on products rather on the science itself? How will we better understand how consumers "trade-off" risks and benefits of products?
- If we look at what we already know about nanotechnology (or any emerging new technology) today, then how does it affect the regulatory options that we have today? How far should we rely companies in taking their responsibility? How far are regulatory solutions needed?
- How do we get comparable consumer perception data across Member States and across the Atlantic?

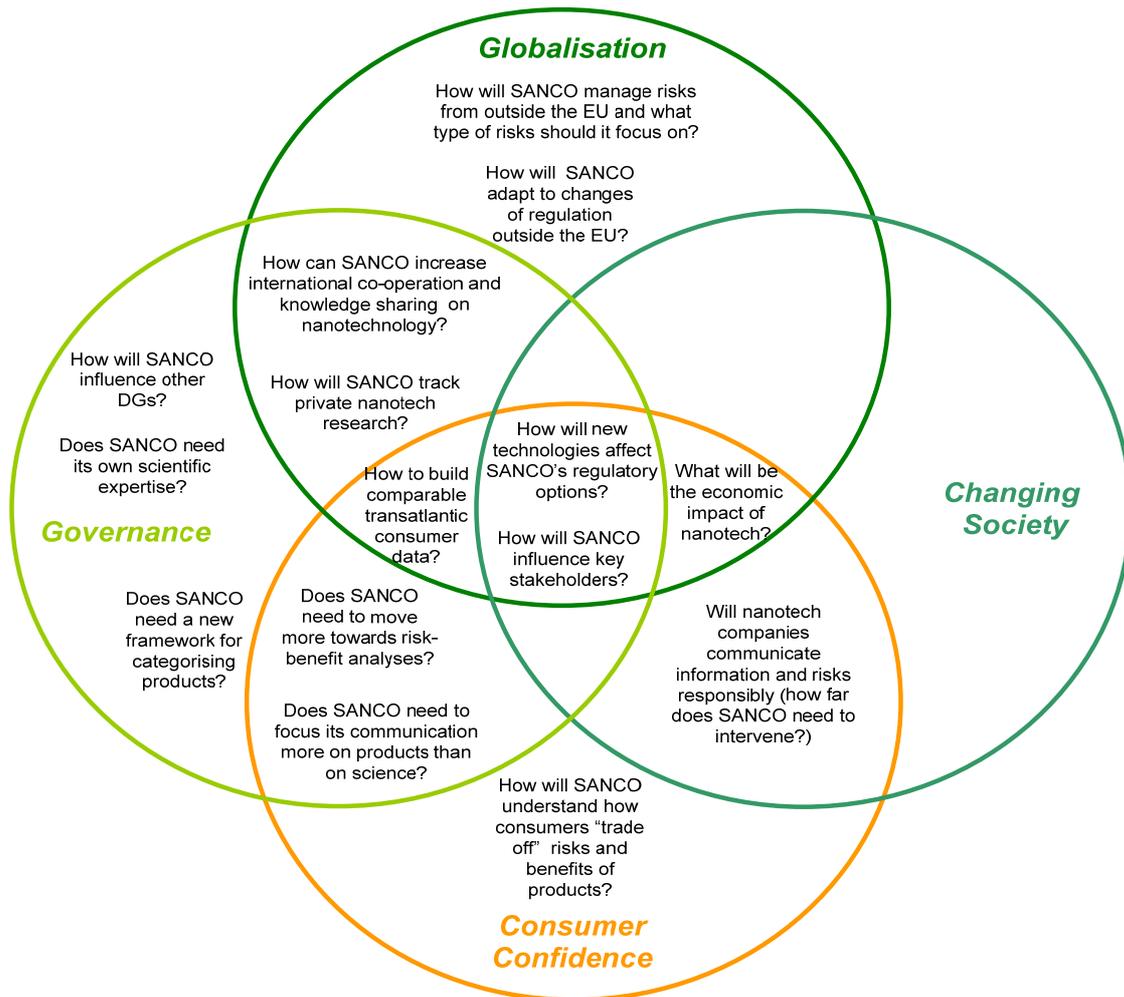
Summary of experts' presentations

The most interesting points coming out of the presentations were that consumers are not so knowledgeable on nanotechnology and 'nano' is not much of a meaningful term as many people do not know exactly what it means; however, this lack of knowledge could present a 'window of opportunity' for researchers to provide more information to the public in order to 'push' them in a positive direction.

Furthermore, it was stressed that researchers should stop investigating consumers' attitudes of "nanotechnology" as such, because the word is too abstract and the term "technology" evokes certain stereotypes. Rather, researcher should focus on perceptions of nanotechnology products, because these are more "proximal" to consumers' understanding.

Key challenges: emerging questions

The graph provided below is an attempt to capture the main issues/questions raised during the workshop. A more detailed report of the workshop is available.



List of participants

André Dorothée - E1; Delogu Bernardo - C7; Golev Jaroslav - Cabinet Kuneva; Lepeintre Jerome - D3; Lissowska Maria - B1; Madelin Robert - Director General; Mannerkorpi Paivi - E4; Martin Philippe - C7; Ojala Annukka - B3; Penning Willem - D2; Reviriego Gordejo Francisco - 04; Vanhoorde Robert - 03; Vergnettes Jeannie - 03; Widger Paul - A1; Back Jonathan - 02; Billiaux Cecile - 02; Cadova Petra - 02; Dziworski Wojciech - 02; Holl Michaela - 02; Iglesia Gomez Maria - 02; O'Conaill Cathal - 02; Pellegrini Mattia - 02

Consumer Behaviour workshop, 13.03.07

The main objective of this case study workshop was to concentrate on the challenges posed by the issue of consumer behaviour, but it was not designed to discuss specific policy choices related to consumer behaviour. Instead, the workshop considered the potential implications on DG SANCO of the possible evolutions of consumer behaviours and how these should be adequately anticipated.

A welcome and introduction was given by Director Robert Shotton, followed by presentations from two external experts:

- Tanguy Peers, CEO eBay Belgium
- PD Dr. Ulf Schrader, Universität Hannover, Lehrstuhl Marketing und Konsum

In the second part of the session, participants were broken down into three groups to discuss the implications for DG SANCO of three different future scenarios.

Some of the key issues raised during the workshop included:

- How do we best gather real information on consumer behaviour? What factors motivate consumers' behaviours? What is driving cutting-edge consumers?
- Under what conditions are consumers ready to accept more risks?
- Are consumers becoming more 'vulnerable'? Should SANCO increase its educative role?
- How can SANCO use identify and influence the information sources that consumers trust?
- How will e-commerce affect the environment? How will markets develop in the future? What % of sales will be online? How will offline markets be reshaped?

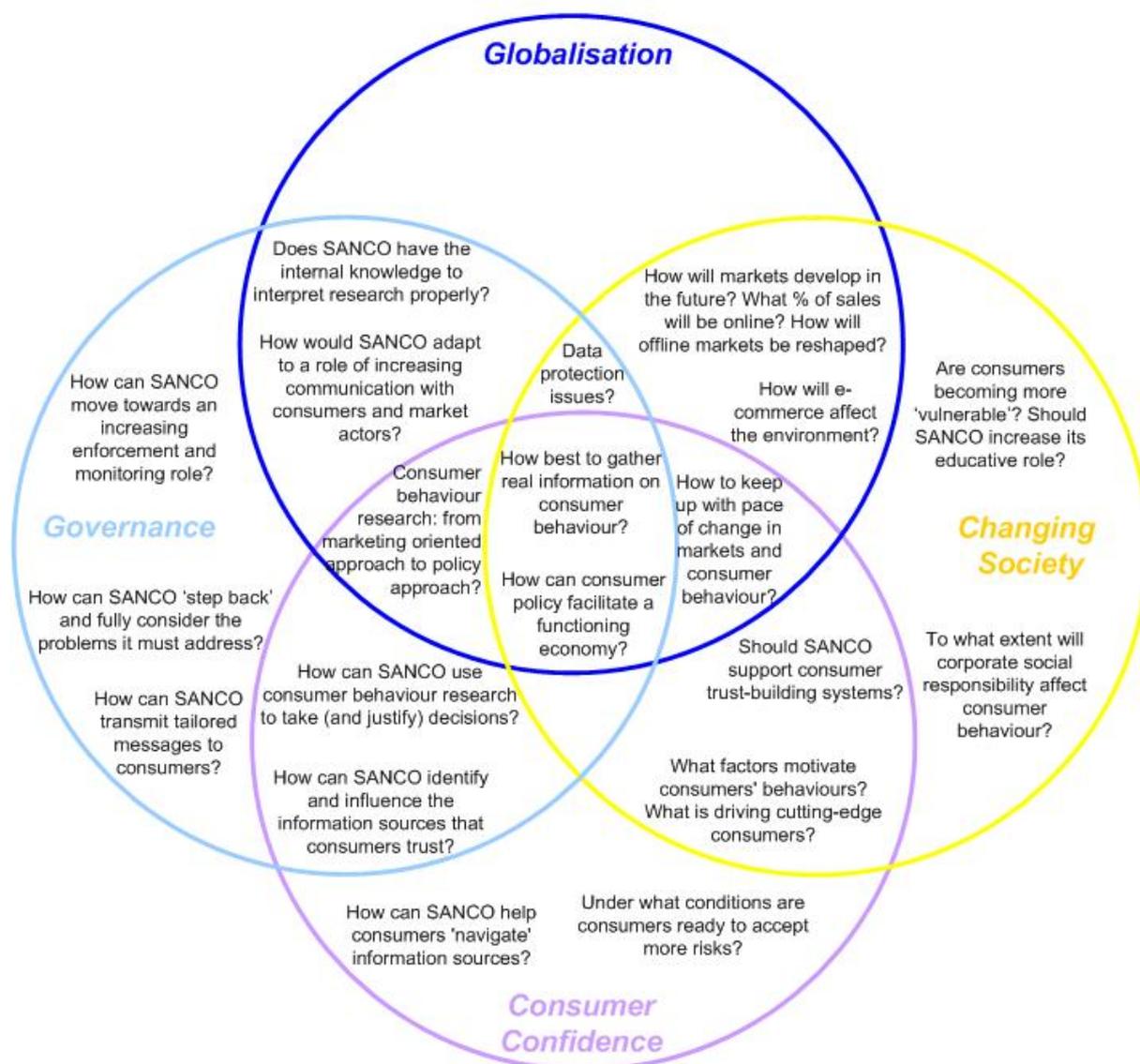
Summary of experts' presentations

The main points coming out of the external presentations were that new ways of doing commerce, such as over the internet, empower the consumer (and SMEs) yet evoke different risks as compared to traditional commerce. As such, we should think of different roles for policy-makers in terms of facilitating access, education, giving incentive to increase quality of services and trust building. The protection of personal data and the fight against cyber crime should be a key area for public authorities.

Key challenges: emerging questions

The graph provided below is an attempt to capture the main issues/questions raised during the workshop. A more detailed report of the workshop is available.

Future challenges workshop on consumer behaviour — emerging questions



List of participants

The workshop was attended by more than 20 SANCO colleagues across the various Directorates, as well as members of Commissioner Kuneva's cabinet:

Abbamonte Giuseppe - B2; Altmutter Marie-Luise - B1; Andre Dorothee - E1; Cavaleiro Azevedo Rui - E4; Christodoulou-Voskarides Vicky – B; Cottee Simon - B4; Garces Tolon Eliana - Cabinet Kuneva; Grieco Angelo - B2; Hellman Anni – 01; Lee Helen - E4; Kyriacou Kyriacos - B1; Lissowska Maria - B1; Mair David - B1; Molnar Tamas Andras - B5; Nabavi Ginette - B1; Nuij Robert - B3; Rossides Georges - B2; Shotton Robert - Director A; Staneva Jivka - Cabinet Kuneva; Vanhoorde Robert – 03; Zwaenepoel Sabine - Cabinet Kuneva; Auffret Anne – 02; Back Jonathan – 02; Billiaux Cecile – 02; Cadova Petra – 02; Dziworski Wojciech – 02; Holl Michael – 02; Iglesia Gomez Maria – 02; O'Conaill Cathal – 02; Lukaniuk Elzbieta - 02

Ethical Consumption workshop, 21.03.07

The main objective of this workshop was to concentrate on the challenges posed by the issue of ethical consumption (particularly of food) and to consider the potential implications on DG SANCO and how these implications should be adequately anticipated.

A welcome and introduction was given by 'Animal Welfare and Feed' Head of Unit Willem Penning, followed by short insight presentations from the following external experts:

- Laura Terragni, Senior Research Fellow, SIFO –National Institute for Consumer Research
- Roland Vaxelaire, Director Quality and Sustainable Development, Carrefour
- Annemieke Wijn, Rainforest Alliance

In the second part of the session, participants were broken down into three groups to discuss the implications for DG SANCO of three different future scenarios.

Some of the key issues raised during the workshop included:

- Does 'ethical consumption' mean the same thing around the globe? How do we ensure coherence between the different meanings?
- Should SANCO provide a 'standard of standards' focused on processes rather than content?
- Who 'drives' ethical consumption? Markets, public, or civil society?
- Should SANCO provide a 'level playing field' for companies engaged in ethical consumption?
- Will ethical consumption costs simply be absorbed into 'the costs of doing business'? Will 'ethical' become just another brand?

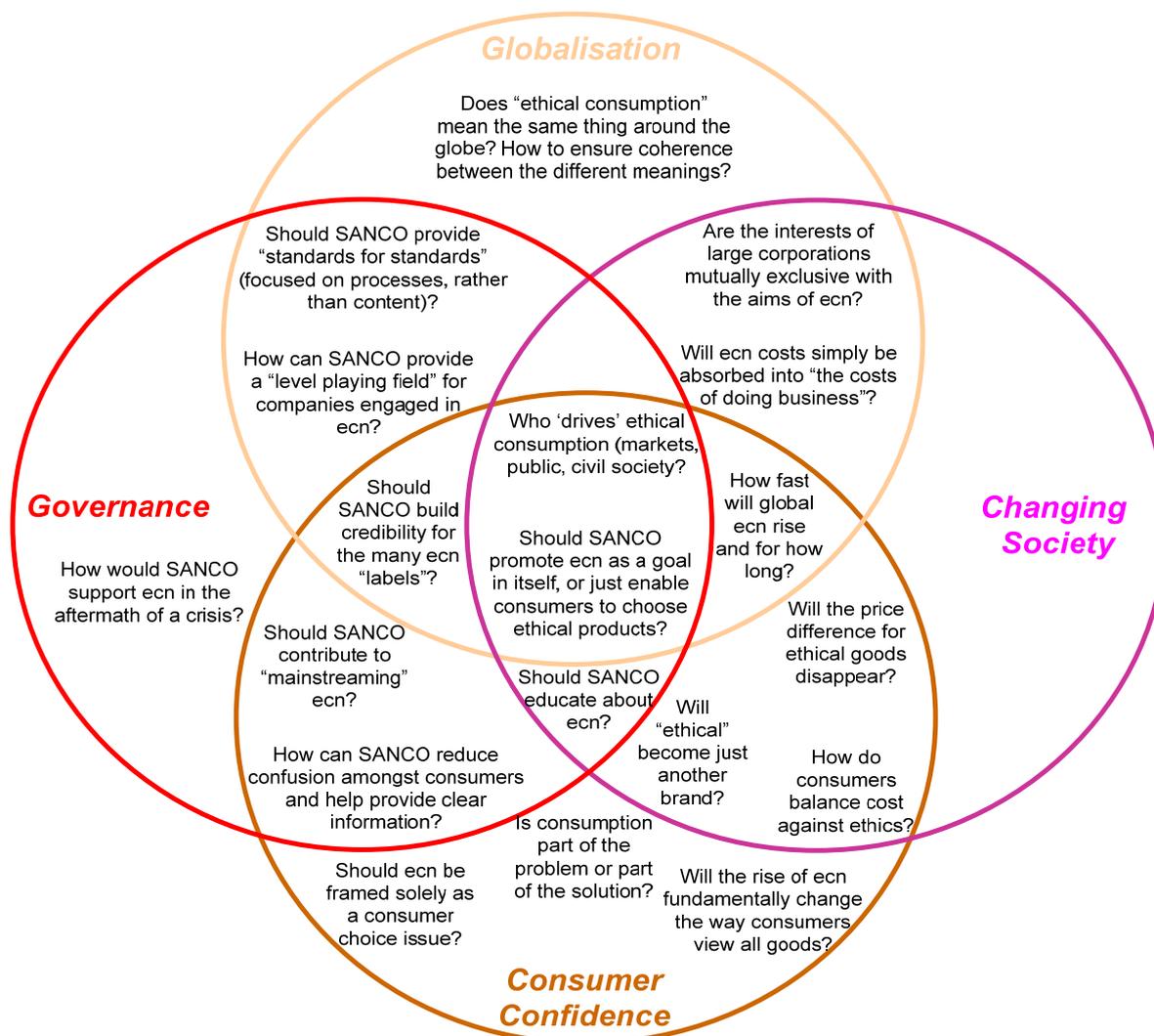
Summary of experts' presentations

The main points coming out of the external presentations showed that there is a strong link between ethical consumption and sustainable consumption. The issue of price differences for ethical products was also raised and how consumers balance cost against ethics in such cases. Finally, all experts agreed that ethical consumption is becoming more and more mainstream.

Key challenges: emerging questions

The graph provided below is an attempt to capture the main issues/questions raised during the workshop. A more detailed report of the workshop is available.

Future challenges workshop on ethical consumption (“ecn”) — emerging questions



List of participants

The workshop was attended by more than 15 SANCO colleagues across the various Directorates, as well as a member of Commissioner Kuneva's and Commissioner Kyprianou's cabinet:

Alvarez Antolinez Carlos - F5; André Dorothée - E1; Boystad Line - E4; Hellman Anni – 01; Lapinskaite Ruta - D3; Lissowska Maria - B1; Lopez de la Mano Jose Manuel – 01; Marin Eric - D1; Nabavi Ginette - B1; Penning Willem - D2; Reviriego Gordejo Francisco – 04; Pinho Paula - Cabinet Kyprianou; Vanhoorde Robert – 03; Zwaenepoel Sabine - Cabinet Kuneva; Auffret Anne – 02; Billaux Cecile – 02; Cadova Petra – 02; Dziworski Wojciech – 02; Holl Michaela – 02; Lukaniuk Elzbieta – 02; O’Conaill Cathal – 02; Pellegrini Mattia - 02

Health Equity workshop, 18.04.07

The purpose of this meeting was to examine how regulation affects inequalities in health, and to use this as an example to illustrate how regulatory equity can and should be provided in other SANCO areas including consumer policy and food safety.

Robert Madelin welcomed participants to the workshop and noted that although the workshop was looking mainly at health equity issues, delivering equity can be relevant in other areas and the lessons learnt today could be applicable outside the health arena. Therefore, participants had been invited who had competencies in other areas, such as food chain management. Presentations were then given by the following external experts:

- Clive Needle, Director, EuroHealthNet, Brussels
- Johan P. Mackenbach, Department of Public Health, Erasmus MC, University Medical Center Rotterdam, Netherlands
- Nicola Bedlington, Executive Director, European Patients' Forum

In the second part of the session, participants were broken down into three groups to discuss the implications for DG SANCO of three different future scenarios.

Some of the key issues raised during the workshop included:

- Should SANCO aim for overall health improvement or reducing inequalities? Should SANCO regulate for the vulnerable consumer or the average consumer?
- Should equity issues be tackled 'up-stream' (socioeconomic determinants) or 'down-stream', when they are tangible?
- Should SANCO aim to achieve the best equity-led policies or to mainstream health in other policy areas? How much equity can SANCO create as a public authority?
- How can SANCO create public/private partnerships to address health inequities?

Summary of experts' presentations

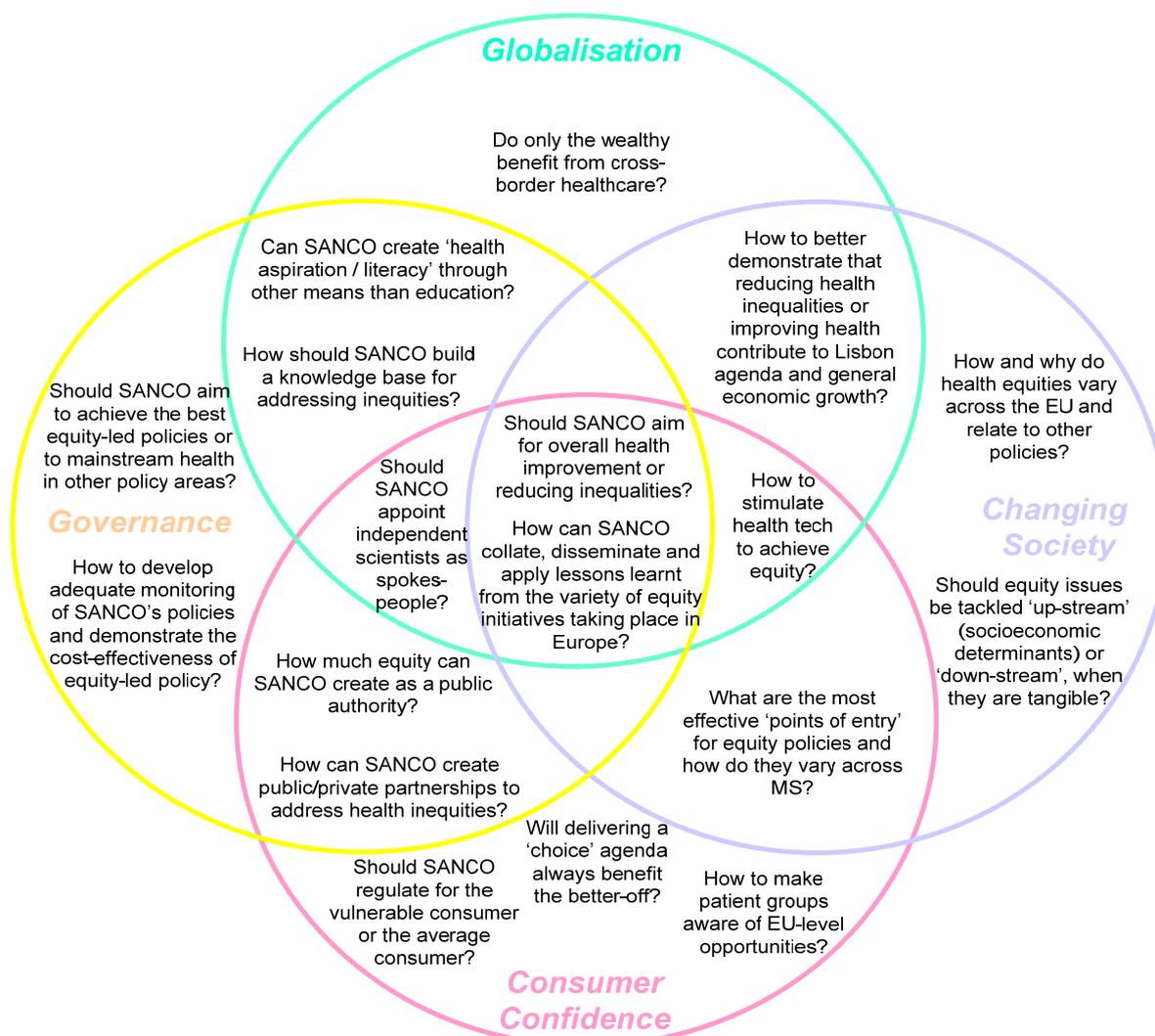
The main points coming out of the external presentations showed that SANCO cannot afford to not have equity in health. As inequalities in health are not only important in the field of health, but also have a great impact in the economic arena, health equity should be put into the mainstream and embedded into policies.

Speakers agreed that the Commission should take a wider cross-sector view of the health equity issue, since actions in this area need to be part of cross-cutting strategies. Finally, it was also pointed out that whatever issues are discussed, they need to be based on evidence. Analytic approaches are needed that look into specific factors as well as the general 'bottom line' inequality indicators.

Key challenges: emerging questions

The graph provided below is an attempt to capture the main issues/questions raised during the workshop. A more detailed report of the workshop is available.

Future challenges workshop on health equity — emerging questions



List of participants

The workshop was attended by more than 20 SANCO colleagues across the various Directorates:

Ajour Agnes – A; Ampelas Anna Eva - C6; Freese Karl - C2; Gabbi Simone – E; Hudson Matthew – A; Janssens Daniel - A3; Lissowska Maria - B1; Madelin Robert - Director – General; Maier Claudia Bettina - C5; Merkel Bernard - C5; Peetso Terje - C6; Price Charles - C4; Scannell Michael - D3; Siddall Clare - C5; Widger Paul - A1; Auffret Anne – 02; Back Jonathan – 02; Billaux Cecile – 02; Cadova Petra – 02; Lukaniuk Elzbieta – 02; O'Conaill Cathal – 02

Wrap-up Meeting, 08.05.07

The purpose of this wrap-up meeting was to summarise the key elements that came out of the four previous case-study workshops that were held around SANCO's future challenges and to identify the major themes emerging from these scenario workshops.

A wide-ranging conversation took place on the strategic future of DG SANCO and included examining the main challenges or emerging questions relating to each of the four key drivers identified by DG SANCO: Governance, Consumer confidence, Changing society, and Globalisation. A more detailed report of the summary findings of this meeting is available.

Preliminary work around the four drivers

The four graphs on pages 13-14 summarise the input of the different workshops to the four drivers.

Final remarks

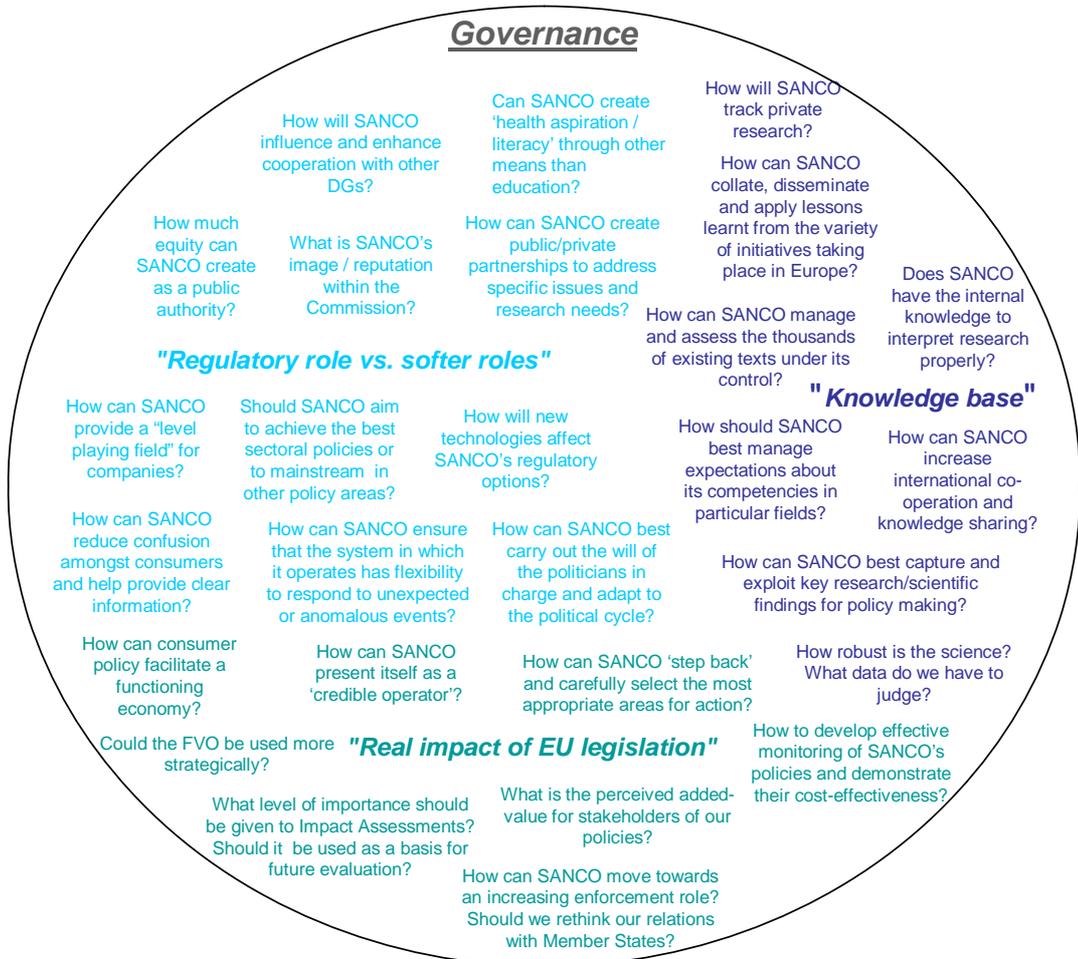
The challenges identified during this meeting were many and varied; however, not all are of equal importance. The more general challenges at this stage of the 'Futures Challenge' process include:

- SANCO could find itself incrementally doing more and increasingly diverse things. Should it aim to excel in diverse fields or deliver benefits where it has a unique advantage?
- SANCO will inevitably occupy a more complex regulatory environment. Should it aim to set the standards to be met by self and external regulation or should it regulate itself?
- The quantity and complexity of information coming from inside and outside is bound to further increase. This represents communication-related as well as coordination-related challenges for SANCO both vis-à-vis the inside and the outside. How will SANCO establish efficient coordination and communications practices?
- Powerful secular trends are making equality harder to deliver. Is SANCO's role to raise the average or champion the cause of those who need the most support?
- Consumers' needs are both rapidly changing and becoming more heterogeneous. This implies a light-footed and responsive process. How will this be squared with the Commission-wide requirements of probity, fairness and so forth?
- Is SANCO prepared for a possible globalisation of economic activities that may produce more change in the next ten years than in the past thirty?
- The change agenda identified through these workshops might overwhelm any organisation's capacity to deliver change whilst still delivering core services. How might this be avoided?

List of participants

Hudson Matthew – A; Mair David - B1; Scannell Michael - D3; Siddall Clare - C5;
Vergnettes Jeannie – 03; Back Jonathan – 02; Billaux Cecile – 02; Cadova Petra - 02;
Dziworski Wojciech – 02; Holl Michaela – 02; Lukaniuk Elzbieta – 02; O'Conaill Cathal –
02; Pellegrini Mattia - 02

Governance



Consumer Confidence



Changing Society

How to maximise areas of mutual interest between private sector and public authorities?

Will companies communicate information and risks responsibly (how far does SANCO need to intervene?)

"Who is driving society?"

What are the most effective 'points of entry' for policies and how do they vary across MS?

Should equity issues be tackled 'up-stream' (socioeconomic determinants) or 'down-stream', when they are tangible?

Will delivering a "choice" agenda always benefit the better off?

Who 'drives' changes in society (markets, public, civil society)?

To what extent will corporate social responsibility affect consumer behaviour?

Are consumers becoming more 'vulnerable'?

Should SANCO regulate for the vulnerable consumer or the average consumer?

Will the rise of ethical consumption fundamentally change the ways consumers view all goods?

Will patients groups become more powerful?

New identities and groups including age, values, religious and national preferences – how this will impact SANCO policies?

Would having 5 generations co-existing in society exacerbate new health problems?

How and why do health equities vary across the EU and relate to other policies?

How to keep up with pace of change in society?

"Diversifying society"

Should SANCO support consumer trust-building systems?

What will be the consequences and risks of children becoming consumers to a greater extent ?

Will a 'digital divide' polarise society?

How will continuing or increasing migration affect European societies?

Globalisation

What will be the economic impact on global markets of new technological breakthroughs?

How fast will global trends rise and for how long? How to keep up with pace of change in markets?

Do only the wealthy benefit from cross-border exchanges (e.g. healthcare)?

How to better demonstrate that reducing health inequalities or improving health contribute to general economic growth?

How will markets develop in the future? What % of sales will be online? How will offline markets be reshaped?

"Economic/market trends consequences"

If goods consumed in the EU are increasingly produced outside the EU, what will be the consequences for the Single Market? Would there be a world market?

Should SANCO provide a "standard of standards" (focused on processes rather than content)?

What are the limits of SANCO's remit in upholding standards in the global marketplace?

Do terms like "ethical consumption" mean the same thing around the globe?

How to build comparable international consumer data?

Will globalisation mean that the EU can export its standards around the world?

Will private standards set by major retailers dominate?

"Coherence and Standard setting"

How can SANCO increase international co-operation and knowledge sharing on new technology?

How can we further promote our model in the international context?

How will SANCO guard against fraud encouraged by e-commerce?

Can SANCO attempt to protect consumers from the effects of environmental change and lack of natural resources?

"Risks from the outside"

How will SANCO adapt to changes of regulation outside the EU?

Whose regulatory standards will prevail on a global level: EU, US, or an emergent India / China bloc?

How will SANCO manage risks from outside the EU and what type of risks should it focus on (predicable/unpredicable)?

ANNEX 4: Overview of the SANCO scenarios in relation to the drivers

<i>Drivers</i>	<i>Galapagos</i>	<i>Coral Reef</i>	<i>Wave</i>
Governance: Accountability with delivery in a multi-level world	<ul style="list-style-type: none"> Highly varied approaches to legitimacy make EC accountability arrangements complex and weak Alternatives methods of international co-operation weakens the role of EC 	<ul style="list-style-type: none"> EU institutions seen to work well and enjoy support from a ‘metropolitan elite’ but lack legitimacy among the ‘disenchanted’ Soft regulation supports a core of widely tolerated hard regulation 	<ul style="list-style-type: none"> Increasingly complex regulation and accountability leads to crises in management and public perceptions Following crisis, EC adopts a less consensual, more goal oriented approach with lean, transparent, strict and targeted regulation
Building confidence: communicating knowledge, risk and science with citizens	<ul style="list-style-type: none"> Consumers confident in local rather than global Multiple conflicting communications systems, including new interactive personal information and entertainment devices Routine risks managed locally; catastrophic risks at EU level Scientific innovation is not spread 	<ul style="list-style-type: none"> Information from EU and other organisations is trusted by some but ignored by many Internal European risks are well communicated and managed but not external threats Europe enjoys a consistent and well-supported approach to animal welfare 	<ul style="list-style-type: none"> After the crisis, confidence in EC linked less to accountability and more to delivery Pragmatic alliances and practical solutions become more important ways of working Consumers significantly more risk averse in their response to, and use of, information from the EC and elsewhere
Changing society: multiple divides in an information-driven context	<ul style="list-style-type: none"> Unequal opportunities and inequities exacerbated as public bodies struggle to manage inequalities between and within Member States Health costs continuously rise, with limited priority-setting - threats to health systems Public seek more privacy 	<ul style="list-style-type: none"> Well developed, widely used information channels meet the needs of many but not most marginalised groups Health spending is contained by widely agreed priorities but fears about health inequalities and over-medicalisation 	<ul style="list-style-type: none"> After the crisis, many information channels lose the trust and close down EC struggles to both meet pragmatic agenda and protect the needs of poorest Animal protection movements become politically weaker A more discernable ‘anti-technology’ voice is apparent in healthcare
Globalisation: influencing standard setting and managing risks from the outside	<ul style="list-style-type: none"> EU weak globally and unable to prevent a ‘race to the bottom’ in regulatory standards Global standards of animal treatment vary from local practice within EU 	<ul style="list-style-type: none"> Commission struggles to influence global developments to satisfy both the ‘metropolitan elite’ and ‘disenchanted’ Europe has a cohesive voice but only one voice among many in a world where power is dispersed Europe dominant in some important areas of ‘big science’ but lacks innovation 	<ul style="list-style-type: none"> Europe struggles to re-establish its place in the world after the crisis – needs to slowly build friends and allies in setting global standards Europe loses its high status in world science and struggles to rebuild R&D capacity

ANNEX 5

THE SANCO SCENARIOS DEVELOPED BY RAND EUROPE

P R O J E C T
M E M O R A N D U M

Future Challenges 2009-
2014 for Health and
Consumer Protection
DG

The SANCO Scenarios: A
framework for addressing future
challenges

TOM LING, MICHAEL HALLSWORTH, STIJN
HOORENS, JAN TIESSEN, LISA KLAUTZER

PM-2262-1-EC

July 2007

Prepared for DG SANCO Unit 02

This product is part of the RAND Corporation project memorandum series. Project memoranda are informal communications between members of RAND project teams and their sponsors. They have been formally reviewed but not edited. Project memoranda should not be cited, quoted, reproduced, or transmitted without RAND's permission. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND®** is a registered trademark.

Preface

DG SANCO is working towards delivering a vision of its future and the challenges it will face in 2009-2014. To aid this process, it has been decided to develop possible scenarios of the future environment in which it will operate. It has commissioned RAND Europe to support the creation of these scenarios. In order to create these scenarios, RAND Europe has produced a document outlining the relative certainties and uncertainties in the environment of DG SANCO and developed these draft ideas in a meeting with experts from DG SANCO.¹³ In this document we draw upon these certainties and uncertainties to present three scenarios for the future environment of DG SANCO. We then highlight five key questions to explore to open up the future challenges for DG SANCO.

These scenarios and their key questions were first used at a short series of topic-specific workshops held between February and April 2007. These were focused on nanotechnology, consumer behaviour, ethical consumption, and health equity.

RAND Europe is an independent private, not-for-profit, research institution that helps improve policy and decision-making through research and analysis.¹⁴ For more information about RAND Europe or this document, please contact:

Professor Tom Ling
RAND Europe
Westbrook Centre
Milton Road
Cambridge CB4 1YG
United Kingdom
tling@rand.org

¹³ Hallsworth, Tiessen, Ling (2007) *Future Challenges 2009-2014 for the Health and Consumer Protection DG: Scenario Development Meeting Report*. RAND Europe PM-2233-EC.

¹⁴ For more information on RAND Europe, please see our web site: www.randeurope.org

Contents

Preface.....	iii
CHAPTER 1 Introduction.....	1
CHAPTER 2 Galapagos	3
CHAPTER 3 Coral Reef	9
CHAPTER 4 Wave	15
CHAPTER 5 Conclusions.....	21

This project to support the development of a DG SANCO Future Challenges 2009-2014 Paper draws on an approach known variously as ‘scenario planning’, futures thinking, or ‘scenario thinking’. Much of this thinking was developed by the RAND Corporation in the past fifty years.

In essence, scenario thinking aims to identify new options which might otherwise be missed, to facilitate the management of previously unnoticed risks, and to support thinking about which organisations and processes might need to be influenced. It is therefore not a decision-making tool, but it is a means to stimulate more informed and deeper conversations about how to deliver the things that matter most to an organisation and its stakeholders. As part of this process (and not as an end in itself) scenario thinking involves the creation of, typically, between two and five possible futures. These scenarios should be based on a thorough analysis of trend data but should also creatively show how current uncertainties could lead to different, equally plausible futures. The more creative and compelling these scenarios are, the easier it is to engage with them. They should challenge the belief that the future will necessarily be “more of the same”. They should stretch credibility but not become unbelievable. The scenarios can then be used to test the robustness of existing strategies or to stimulate new ideas about how to deliver in the face of different futures. RAND Europe was asked to produce scenarios for a series of workshops on themes relevant to DG SANCO. These scenarios are based on a background briefing paper tested and refined at a meeting with key informants from DG SANCO, held on 22nd January 2007. The report of the meeting identified a number of relative certainties facing the environment of DG SANCO, found in all three scenarios.¹⁵ It also identified eight key uncertainties which were explored in the scenarios. Following the workshop, RAND Europe outlined the dimensions of these uncertainties, and identified where each scenario fits on a continuum of possible outcomes to each uncertainty.

The scenarios were then used at a short series of topic-specific workshops held between February and April 2007. The first workshop was held on the 28th February 2007 and concerned future responses to nanotechnology; the second

¹⁵ The relative certainties can be found in Hallsworth, Tiessen, Ling (2007) *Future Challenges 2009-2014 for Health and Consumer Protection DG: Scenario Development Meeting Report*. RAND Europe PM-2233-EC.

workshop was held on the 13th March 2007 and concerned future responses to consumer behaviour; the third workshop focused on ethical consumption and was held on the 21st March 2007; and the final workshop focused on health equity on 18th April.

In Chapters 2, 3 and 4 we briefly outline the scenarios, which are named Galapagos, Coral Reef and Wave. Each challenges DG SANCO in a different way and collectively they fully explore the key uncertainties (and much else besides) identified at the January workshop. None on its own is meant to provide a complete basis for answering the questions raised in this Introduction.



The **Galápagos Islands** (Spanish names: *Archipiélago de Colón* or *Islas Galápagos*, from *galápagos*, "saddle" - after the shells of saddlebacked **Galápagos tortoises**) are an **archipelago** made up of 13 main **volcanic islands**, 6 smaller islands, and 107 rocks and **islets**. The oldest island is thought to have formed between 5 and 10 million years ago, a result of **tectonic** activity. The youngest islands, **Isabela** and **Fernandina**, are still being formed, with the most recent **volcanic eruption** in 2005.¹⁶

¹⁶ <http://en.wikipedia.org/wiki/Galapagos>

The Galapagos Scenario: An Overview

- There is a great variety of organisations and traditions, linked weakly together. Key differences are based on geography, culture and demography.
- The EU is facing an unparalleled crisis. The Commission cannot coordinate and reconcile the many different interests of Member States and other organisations. The Commission is having problems in delivering even its most basic commitments and is constantly having to respond to crises of authority. Secessionist movements have gained popular support in many countries, and in one Member State a referendum on membership has been arranged. Alternative mechanisms for co-operation between European countries are being discussed. There are fears that the EU may collapse.
- There is a higher level of confidence in local products and information, rather than those delivered by global providers. Local organisations, such as NGOs and pressure groups, have increased their power.
- Multiple overlapping and conflicting communication systems exist alongside one another. Information is often distorted when transferred from one to another. Many citizens access these various communications systems through a personal information and entertainment device called the MIU (“me-you”).
- European society includes various value systems and different standards of living, and offers unequal opportunities: where you come from largely determines how your life develops. Inequalities have increased within and between Member States. This had led to debates about who is responsible for defining and meeting public interests.
- Health costs have continued to rise and it has proved impossible to establish a European consensus about the funding of health services. Many believe that the pursuit of equity has suffered in the name of maintaining diversity, leading to variation in health care equities across Europe.
- The multiplicity of views in Europe has left it weak and divided on the world stage. It has been unable to impose high regulatory standards and is struggling to prevent a ‘race to the bottom’.
- Routine risks (such as obesity) are calculated and managed locally, which means that DG SANCO focuses on the risk of major catastrophes.
- Scientific progress mainly consists of small-scale, innovative projects, but scientific breakthroughs are often not translated into public benefits because of poor communication and weak overall co-ordination of research and development.
- Anxieties over privacy have led to widespread ‘identiphobia’, where individuals go to great lengths to limit what public bodies and corporations know about their personal choices and movements.
- There are varying standards of what constitutes the acceptable treatment of animals, mostly based on traditions. There is controversy over standards for food production from both animal and vegetable sources.

In the Galapagos scenario, Europe consists of diverse “islands” and “eco-systems”. The information needs, capacities and incentives on each ‘island’ differ, sometimes in fundamental ways. Each island is responsive to changes in its own environment, which gives Galapagos great flexibility and variety. However, it is very difficult to communicate information across such diverse settings and to coordinate a coherent European position.

In Galapagos, the institutions of the European Union have had to adapt to meet the expectations and values of different “islands”. Furthermore, in order to deliver better services, delivery mechanisms have had to be tailored to local circumstances. There is a growing view within the institutions of the EC that some regions are experiencing an “information deficit” that is as important as the “democratic deficit” of the previous decade. However, a greater concern is that increasing amounts of information were not creating usable knowledge. Managing the large amount of dense information flowing through its various regional and sectoral sub-committees is threatening to overwhelm decision-making in the Commission. Communicating apparently simple priorities through these labyrinthine structures has become a major challenge.

In fact, the viability of the entire European project is under threat as the different islands move increasingly far apart. Member States jealously guard their own interests and, particularly during election years, relationships between the EC and the Member States are becoming increasingly strained. The Commission is starting to find it impossible to translate its initiatives into real benefits for citizens and stakeholders. This lack of impact has led to increasing criticism of the Commission and questions about what the European Union can now be trusted to deliver. Secessionist movements have gained significant popular support in a majority of Member States and a referendum on EU membership has been arranged in one Member State. Some in the European media are even predicting that the EU will have fewer than 15 members by 2022.

Another challenge to the EU is the fact that alternative mechanisms for co-operation are growing up between those Member States who feel they can work better together outside the architecture of the European Union. These new agreements, which may also be set up between sub-national regions, are proving effective and appear to offer a future alternative to the unwieldy EU. In short, the EU is facing an unparalleled crisis.

Levels of confidence in Galapagos change considerably from one setting to another, and also vary over time. There is a high degree of confidence in local providers: local farmers’ markets (both online and real) have become popular at weekends. Local networks for swapping skills and work also became very popular, until tax authorities started to tax these exchanges. They are, however, still widespread and constitute a part of the growing ‘hidden economy’ that many regard as legitimate. Confidence in global providers has been eroded by scandals concerning imports from beyond Europe’s borders.

One consumer product in particular has had a major impact on society: the MIU (“me-you”), which is widely considered to be the most significant personal entertainment and information device since the (now historic) iPod. The MIU is based around creating individualised networks between groups of friends,

families and those with common interests. Users can share multimedia content they have created, such as high-quality videos and images, within (and between) networks of MIUs; the advances in video-conferencing have meant that MIUs can provide a constant virtual link with one's contacts. This has led to fierce debate about whether MIUs cement friendship networks or ossify them, since citizens are increasingly "locked into" in virtual networks, and increasingly ignore the wider social exchanges that surround them. The MIU has helped to cement and bond relationships within groups, but it can be a barrier to linkages between social groups. In particular, some government authorities are becoming increasingly concerned about 'hidden communities' of radicalised individuals who are separating themselves off from mainstream society through MIU networks.

The advent of the MIU almost totally eradicated the mass media, which have been replaced by highly diverse and segmented information channels. Entertainment and news for the MIU is selected for the individual user from an extensive library of programmes and music stored on various different European servers. The continued fragmentation of the media has reinforced a tendency for citizens to make their own minds up about which sources of information to trust. They choose to do so often on idiosyncratic grounds. They also show a willingness to frequently change their "information source of choice", although there are concerns that some individuals are developing a distorted or extreme view of events by relying on specialist news sources. Increasingly, public relations firms, and European communications bodies are decentralising from Brussels and creating more local, regional and sectoral offices. In its attempts to maintain its relevance to this changing Europe, the EU has also decentralised many of its 'public-facing' functions.

Living standards and levels of inequality vary greatly within the Member States: for example, older people have become socially excluded in some countries. Companies take their Corporate Social Responsibilities with varying degrees of seriousness: the most striking example of this is the failure to take concerted action on climate change, despite successful local demonstration projects showing what could be done.

This question and others prompted debates about who is responsible for defining and meeting public interests. On the one hand public bodies have legal powers and organisational capacities to do so. On the other hand NGOs and community organisations are often seen to be 'closer to the people'. Even those companies which take their Corporate Social Responsibilities seriously are seen to be closer to their own consumers than to the general public interest.

Consequently, the public have adopted a pragmatic response, pursuing public interests through whatever channel is seen to work.

Decades-old drivers of rising health costs (an ageing population, consumerism, rising costs of institutional care) have all continued in Galapagos. It has proved impossible to establish a European consensus for health services about what should be funded out of taxation, what should be funded through insurance, and what should be purchased in the market by individuals making personal choices. Many believe that the pursuit of equity has suffered in the name of maintaining diversity. This variation in health care equities across Europe has resulted in

rising demand for cross-border health care because people denied their treatment of choice in their own country wished to receive treatment in other EU countries. However, attempts to create fully-fledged cross-border health care have largely been frustrated by the great differences between Member States. Despite European Court rulings asserting the rights of patients to claim back health costs from their own national system, administrative and practical barriers have remained considerable.

Globalisation has been disruptive for the Europe of Galapagos. The inability to forge a single coherent voice from a multiplicity of views has left Europe weak in international forums such as WHO, World Bank and UN (the WTO having collapsed in 2011). This weakness, combined with the political crisis in China and conflicts over energy supplies, has led to international inability to maintain high standards in a whole range of issues from food labelling and content through to quality assurance standards in manufactured goods. In some cases, market mechanisms have helped to remove the worst offenders but in general for global goods and services there has been a 'race to the bottom' in regulatory and quality standards. Even where quality standards are met, consumers face a bewildering number of Quality Assurance schemes that make informed choice difficult and encourage a reliance on personal experience.

In Galapagos, the Commission lacks the information and capacity needed to manage routine risks such as smoking and obesity effectively. There are still efforts to promote measures that combat such risks through weak networks of influence, but the Commission has had to focus its public protection role on preventing major crises and catastrophes. As demonstrated in the effective recent containment of Mexican 'flu, these mechanisms have proved successful. In science and technology, many scientific discoveries have been made.

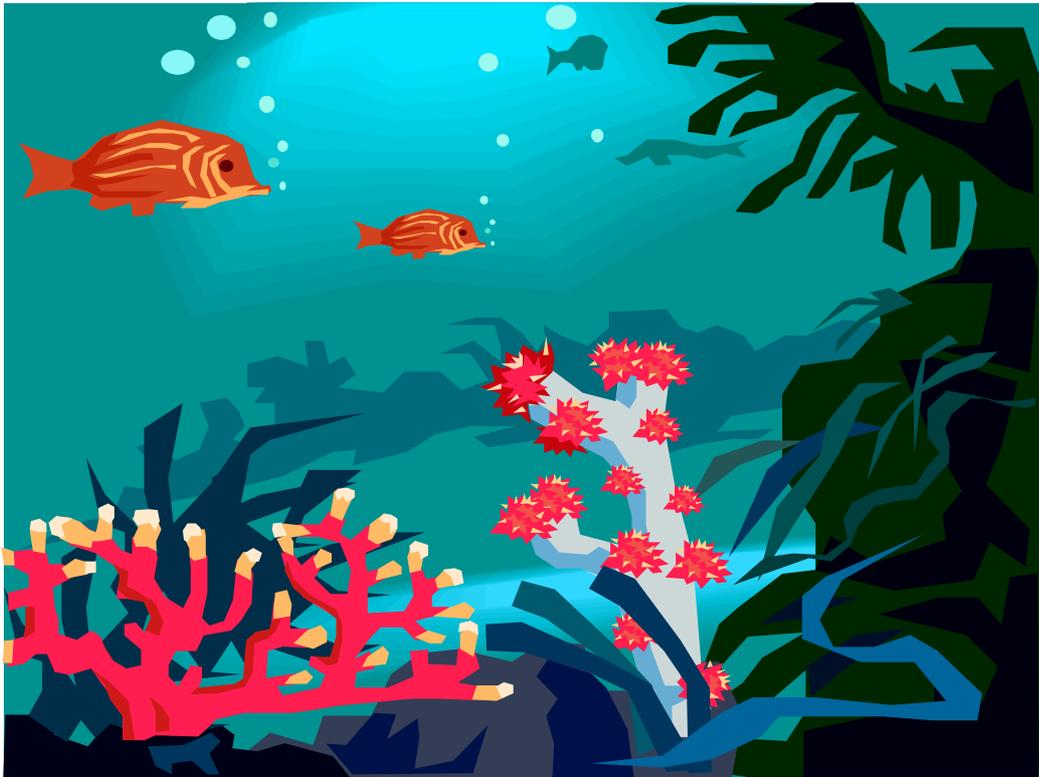
However, in many cases technological applications have not emerged because of the information deficit or absence of exchange between scientific and technological communities. Europe has done better than expected in this respect, since it has made some breakthroughs. In general, these successes have emerged from highly specific areas of science, sometimes at the edges of major scientific programmes, and have involved a willingness to innovate and experiment around a research agenda. It is widely thought that a more highly prioritised, rationalised and regulated science sector might not have delivered such gains. However, there have been considerable anxieties that scientific advances have too often not been translated into public benefit.

There have been heated debates within many communities about the safety and privacy implications of nanotechnologies, the weaknesses in post-marketing surveillance for pharmacogenetic tests and the ethics of the use of pigs' organs in xenotransplantation. Anxieties over privacy and nanotechnology have prompted even wider examples of 'identiphobia', where individuals go to elaborate lengths to limit what public bodies and corporations know about their personal choices and movements – whilst being relatively unconcerned about personal information they share with members of their own communities. There are growing concerns, for example, about the extent of the personal data that could be mined from the details of an individual's MIU usage, should attempts be made to gather such data.

In Galapagos, there are varying standards of what constitutes the acceptable treatment of animals, mostly based on traditions. This means that live exports of animals are limited because they would need to cross several different regulatory regimes, and thus would need to comply with the regime with the highest standards. Citizens from countries with high standards of treatment of animals are wary about the origin of the meat they consume. They are prepared to boycott products they perceive to be derived from cruel processes, especially if encouraged to do so by a media campaign, or by the lobbying groups that frequently form around single issues. As a consequence, the countries with higher standards are demanding more stringent food production regulations and clearer labels to indicate how food has been produced.

Across Europe, there are various methods of food production ongoing in different countries. Some regions, for example, are growing GMO corn, which has led to concerns over possible cross-pollination and friction between Member States. Organic farming has become the dominant means of production in many countries because consumers are often suspicious of the food modification techniques used by large, centralised “agri-businesses”.

Coral Reef



Coral reefs support an extraordinary **biodiversity**; although they are located in nutrient-poor tropical waters. The process of **nutrient cycling** between corals, zooxanthellae, and other reef organisms provides an explanation for why coral reefs flourish in these waters... Human activity continues to represent the single greatest threat to coral reefs living in Earth's **oceans**... According to **The Nature Conservancy**, if destruction increases at the current rate, 70% of the world's coral reefs will have disappeared within 50 years. ¹⁷

¹⁷ http://en.wikipedia.org/wiki/Coral_reef

The Coral Reef Scenario: An Overview

- Europe is considered to be like a “living organism” that functions well internally. On the surface, there is a relatively strong “European identity and values”.
- However, within the Reef there is a major divide between a small powerful “metropolitan elite” who fully support and guide the European project and a large group of “disenchanted citizens” who are disengaged from Europe. The elderly are included in this division, since they are not universally excluded from mainstream society.
- The way in which Europe negotiates its place in the processes of globalisation will affect how this tension evolves. A focus on meeting the needs of the disenchanted would risk alienating key and powerful supporters of the European project. Conversely, a focus on the needs of the metropolitan elite would risk wholesale political disaffection and societal unrest.
- For the metropolitan elite, the Commission is respected as a forum for ensuring that all voices are heard and that discussions are inclusive. For the disenchanted, the Commission is seen as an irritant that must be tolerated reluctantly. The Commission’s arbitration and facilitation skills mean that relations between Member States are relatively harmonious.
- Citizens generally do not challenge the information coming from sources such as NGOs, corporations and public bodies. However, this is because the “metropolitan elite” actively trusts the information being provided, while the “disenchanted citizens” are becoming disengaged.
- Access to information is shared widely through a relatively small and well-known set of channels. The mass media still has great power, and there are few alternative information sources.
- Although soft regulation is widely used, the consensus in Coral Reef is that there are limits to voluntary cooperation, and so formal regulations and targeted tax rises are accepted as effective tools to produce desired social outcomes.
- The EU has a cohesive voice in international forums (people know “what Europe stands for”), but is not a driving force on the world stage: power has become more evenly distributed throughout the world, and therefore Europe’s relative importance has diminished.
- Science and technology research has been effective but largely focused on safe investments and large projects (“conservative, Big Science”). Europe has led the world in a few scientific areas, such as nanotechnology and robotics. Some are concerned that the focus on large safe projects means that the most innovative scientific developments are taking place outside Europe.
- Risks that are internal to the EU are being managed. However, the real threats in this scenario lie outside of the Reef: environmental degradation, declining economic competitiveness, and an insularity that is cutting off Europe from the leading edge of science and culture. The dilemma is how to meet these external challenges while maintaining a European consensus and equity.

- There is a political consensus that animals should be treated in a decent manner. The EU has managed to create consistent animal welfare standards.
- A coordinated European response has managed health costs effectively, and the use of new technologies has raised underlying health standards. However, there are concerns around health equities and over-medicalisation.

In the Coral reef scenario, Europe itself is considered to be like a coral reef: a living organism or community that supports a variety of organisations which work well together, while each occupies its own niche. These mutually supportive relationships have given Europe an enviable image in the world and it has made many incremental adaptations to a changing global market place. However, beneath the apparently happy and stable appearance of the Coral Reef, a major divide in European society has emerged between a “metropolitan elite” and a growing band of “disenchanted citizens”. These two groups have very different views of life in Europe, and in particular the role and power of the EU and its Commission.

The “metropolitan elite” lead the European agenda and derive many advantages from being European citizens – they are polyglots who travel widely throughout the Member States on business, and have developed a network of contacts across Europe, with whom they regularly meet in a variety of locations. The members of this metropolitan elite often reside in vibrant city centres that display the best aspects of “Europeanisation”. They have a great appetite for “high-tech” luxury. In contrast, the “disenchanted citizens” now question what advantages they gain from the European project. These citizens come from a range of socioeconomic backgrounds, but generally they have less exotic lifestyles than the elite: they have fewer opportunities for travel, they work for national or local (rather than international) organisations and have few contacts outside their home country. Often they reside in suburbs, *banlieues* or commuter towns and have limited direct contact with other cultural groups. Disenchanted citizens are starting to believe that they are suffering negative effects from European membership (these fears often focus on economic migrants), without gaining many benefits. However, these citizens do not embrace nationalism or a love of local life in opposition to “Europe” (unlike the Galapagos scenario); rather, they are unhappy with their current location and situation, and are becoming disengaged from politics, both at national and European levels. Increasingly, the disenchanted are questioning whether the European Union has become too closely entwined with the ‘metropolitan elite’. There are fears that if the concerns of ‘disenchanted citizens’ are not addressed, the result may be a catastrophic ‘explosion’ of discontent in society that will have prolonged negative effects.

The governance arrangements on the Reef have largely been concerned with managing the different views within Europe and steering conclusions towards areas of perceived common interest. The Commission has developed considerable skills as an arbitrator and facilitator above its strategic,

administrative and managerial skills. This has contributed to relations between Member States being relatively harmonious. Since the system is largely meeting the interests of Member States, NGOs and the metropolitan elite, it has been possible to slowly expand the role of soft regulation and use transparency and persuasion more often than legislation. However, on the rare occasions when the Commission depends upon legislation and hard regulation the impacts are measurable and widely supported. There is relatively little open dissent in the policy-making processes of Europe.

Similarly, citizens rarely challenge the information coming from sources such as NGOs, corporations and public bodies. For example, it is understood that some supermarkets trade on the accuracy and completeness of the health and nutritional advice they offer, whilst others provide a cheaper alternative with limited information. There is no expectation that market mechanisms alone will deliver sufficient reliable information but neither is it believed that adequate information can be provided without providers of goods and services making information available to customers. However, there are concerns that although the 'metropolitan elite' actively trusts the information being provided, the 'disenchanted citizens' are simply becoming disengaged: they do not trust information, but neither do they challenge it. These groups are very hard to reach with consumer or health messages.

In the Coral Reef, news and information is distributed through a relatively small number of well-established and stable communications channels. These channels tend not to vary over time and have allowed close relationships to evolve between EC institutions and sectoral and local organisations. One such organised group is older people, who have formed a pan-European alliance and play a regular part in Commission deliberations. More widely, older people enjoy a high level of integration into European society. In return for a degree of economic security and a significant political voice, older people provide a large amount of the child-care, the skills to run civic associations, and the contributors to arts and culture groups.

Although soft regulation is widely used, it is also recognised that there are limits to voluntary cooperation. In particular, it was understood almost a decade ago that there was a substantial gap between people's beliefs and their actions. For example, whilst everyone agreed that there should be reduced air travel to limit rises in CO₂ emissions, it took hefty European tax rises to change behaviour. Similarly, Member State governments and the EU took the lead in promoting healthy eating through an increasing dependence upon formal regulation and these measures enjoyed widespread legitimacy.

This approach to regulation was echoed at the global level where there were generally fewer regulations but they were better enforced. This facilitated a "race to the top" in global standards, where Europe was able to gain a strong position in some key growth areas by applying highly skilled labour and sophisticated technologies. Amongst consumers, the metropolitan elite have a particular interest in ensuring the quality, reliability and origin of products. Others consumers tend to make purchase decisions based on price and are less interested in a high standard of regulation. Europe had supported strict global regulatory standards and possesses a cohesive voice in international forums.

However, Europe is not a driving force on the world stage: power has become more evenly distributed throughout the world, and therefore Europe's relative importance has diminished.

Science on the Reef has focused on large-scale, conservative programmes and the results have been efficiently disseminated to technologists and other users. This has continued to fuel a modest growth in the European economy. Europe has led the world in a few scientific areas, such as nanotechnology. For example, a Cambridge-based company has connected nano-wires to individual neurons, creating "artificial synapses" similar to the links brain cells naturally form between each other. The development has proved to be a major step towards creating advanced neural prosthetics – devices that allow people to control a computer or robotic limb with their thoughts. Another major development is the advances in robot technology, which was identified as a key opportunity to translate research into practice. The first robots built to carry out domestic tasks (of European design but constructed in Asia) are just entering the market. They are proving extremely popular with the metropolitan elite, who dislike dedicating time to domestic duties. Despite these solid advances in nanotechnology and robotics, there is a concern that the most innovative, paradigm-shifting science is taking place outside of Europe and that Europe is getting left behind in the next generation of technologies.

Nevertheless, despite six years of relative European success, with expansion and economic growth coinciding with institutional stability, there has been growing disquiet. Although the EU deals with both "routine" risks and catastrophes, there are increasing concerns that neither public authorities nor private corporations are addressing the major global threats that are "external" to Europe. Just as coral reefs in the real world face major threats from wider environmental drivers (sea temperature, tourism, and pollution) so too, it is said, does the European coral reef face threats from the rest of the world which it is ill-equipped to meet. These include: the threats of environmental degradation, increasing economic competition and scientific and cultural isolation. For example, global environmental degradation has continued and efforts to slow down Europe's contribution to this have enjoyed minimal success. Pressures of global migration have intensified as millions sought to avoid the insecurity of life in the emerging mega-cities, where they had been driven by poverty, war and environmental crises. Major trading partners (China in particular) are experiencing internal political instabilities that threatened future growth. And, above all, Europe has done little to transfer economy and society away from sources of energy that are rapidly disappearing.

In the Coral Reef, there is a political consensus that animals should be treated in a decent manner. The EU has managed to create consistent animal welfare standards, although this has proved to be more difficult in newer Member States, who are suggesting that this initiative was being driven by the EU-15. This has pushed up the cost of food, which has affected the "disenchanted" consumers, who do not buy into the dominant European view. These consumers are annoyed that such standards are being forced upon them.

Cost pressures on health in the Coral Reef have been intense (linked to the long-standing drivers of demographics, new technologies, consumerism and rising

costs of providing institutional care). However, these pressures have been managed with some success through initiatives such as: a European-wide delimitation of what should be funded from taxation, economies of scale in training clinicians, and improved purchasing of pharmaceuticals and medical devices. Above all, the support for “big science” has led to steady improvements in health technologies, which has contributed to a rise in underlying health standards. Notable successes have been in nanotechnology, pharmacogenetics, genetic testing, and aggressive early management of obesity targeting hunger and metabolic pathways.

However, although increases in aggregate health care costs have been managed, important issues of equity have emerged. The metropolitan elite receive a growing proportion of their health care needs through the various European mutual and private health insurance schemes that are available. Nevertheless, this elite have some commitment to ideals of social justice, and therefore they are willing to support political parties who promise to expand publicly provided health care. These issues of equity have also been reflected in the debates surrounding many other policy areas, not just healthcare.

There is also a perceived problem that the metropolitan elite are often over-medicalising their health difficulties and physicians over-prescribing. This trend has been fuelled by the elite’s extensive use of internet-based information sources to self-diagnose. Problems such as anxiety, stress, and personal relationships are often self-defined as a medical problem. Diagnostic and predictive tests are sought even where there is a high chance of false negatives or false positives, or where treatments have a low chance of success. For some on the Coral Reef, it is said that trust in medical science has become a cause of ill health. For this group, even vacations are organised around finding pleasant places to access health care, and accordingly cross-border has increased massively, supported by the easy translation between Member State health systems.

Wave



A **breaking wave** is one whose base can no longer support its top, causing it to collapse.¹⁸ It represents a gradual build-up of force, followed by sudden, rapid change.

¹⁸ http://en.wikipedia.org/wiki/Breaking_wave

The Wave Scenario:

- In this scenario, European regulation became increasingly complex and dependent on agreement, until two major crises in 2012 (“the breaking wave”) meant that a radical simplification of regulation was demanded. In the public perception, both crises were related to a combination of climate change, “big” farming and, most of all, regulatory breakdown.
- Following this, the Commission abandoned its consensual approach based on stakeholder consultation, and instead developed a proactive “neo-regulation” approach, in which it introduced lean, transparent, strict, and targeted regulations. Although this approach was adopted in response to consumer demands, the Commission effectively acted alone and is therefore held to be accountable for this new approach.
- Although the crisis had its origins in regulation, the consequences are felt throughout the work of the Commission. The credibility of the Commission hinged on its ability to address the task of building confidence in food.
- There is a new determination to find a pragmatic way forward for Europe in the “post-wave world”. Deals have been established with the private sector, key NGOs and Member States in order to find practical solutions.
- Europe’s standing in the world has been damaged. It cannot enforce its quality standards because its negotiating power was weakened through the crises it experienced.
- Consumers have become more risk-averse when selecting products and services. Consumer behaviour has become much more unpredictable and irrational as a consequence of the crisis.
- Citizens’ confidence in diverse information sources has been severely damaged and replaced by suspicion. After the crises, there was a consolidation of information channels, so most consumers get their information through a few, relatively trusted sources.
- In the effort to tackle Europe’s overriding problems, the needs of some vulnerable groups (such as the elderly), and those of animals, are receiving less attention and support.
- In the era of “neo-regulation”, DG SANCO has become active in attempts to address routine risks affecting European citizens, such as obesity.
- Scientific progress in Europe has been dramatically slowed following the post-wave lack of certainty in the regulatory environment. Major corporate research programmes have relocated to China and India. There is some hope that this situation is now improving.
- Prior to the crises, Europe was an attractive place to conduct research and development in health technologies. The breaking wave led to a re-assessment of how health care systems should operate – technology was no longer seen as the solution to inequities, and affordability became the dominant consideration.

Just as when a wave breaks the force of energy is changed, so in the Wave scenario a period of incremental changes is supplanted by rapid change. In this

scenario, a major public health crisis reveals that the complex, consensus-based European regulatory system that had developed over many years can no longer protect citizens effectively. After the ‘breaking wave’ of this crisis, Europe emerges into an era of ‘neo-regulation’, in which a proactive Commission introduces targeted, strict regulations with very little stakeholder consultation. In the years preceding the ‘breaking wave’ crisis, institutional reform had involved finding more effective ways to engage stakeholders, asking them to carry out more tasks in the interests of European citizens, and expecting them to be transparent in their dealings with the Commission and other European players. A distinctive feature was the power this gave to stakeholder groups. The Commission became dependent on them to deliver many of its actions. With the benefit of hindsight it is now believed that this was inevitably storing up problems.

The precipitating cause of the ‘breaking wave’ crisis came with a catastrophic collapse in grain production following the arrival in Europe of a mutated form of gray leaf spot (*Cercospora zeae-maydis*), which cut corn production by 75% in 2012. By chance, it seems, in the same year *Fusarium* head blight destroyed a significant section of the wheat production in Europe. In both cases the lack of genetic variety was blamed for the extent of the impact. The psychological impact of this apparent lack of food security was in many ways greater than the real threat to food security. Consequently, as global grain prices soared, Europe became heavily dependent on grain production from regions that were spared from the crisis. Bilateral trade negotiations proved difficult as the newly exporting countries refused to adhere to the (once ‘gold-standard’) European quality standards. Europe’s global export position deteriorated following these diplomatic and prestige problems, and not just in food markets.

Later the same year, there was a less devastating case of a species-jumping virus brought about by a weakly-regulated programme of xenotransplantation. Immunoprotected porcine hepatic cells were used to treat hepatic failure, resulting in a viral infection that initially spread but was successfully managed. Prior to the virus outbreak, numerous biotechnology companies around the world offered porcine xeno-products over the internet. Following the outbreak, the European Commission heavily clamped down on this vibrant worldwide market as far as it was able, but the perception was of another failure to regulate on the public’s behalf. By 2014, only two European institutes had been granted licences to produce xenotransplantation products. Both the xenotransplantation crises and the grain crisis were related in the public mind to a combination of climate change, big farming and regulatory breakdown, and, most of all, to regulatory breakdown.

The outcome was a public demand for more effective regulation, not only in the areas of food production and research facilities. If this could happen in food and public health, it was argued, what was to stop a regulatory breakdown occurring elsewhere? The whole European regulatory landscape shifted into an era of so-called “neo-regulation” (a term coined by the German media). Neo-regulation combined the principles of hierarchical regulation with features such as risk-based regulation and support for “whistle-blowers”. In the wake of the crisis, the Commission grew assertive and started to introduce targeted regulatory

measures, such as strict guidelines on the marketing of food products and the nutrition information provided by industry to consumers. The “pre-wave”, complex and consensual system that involved many stakeholders was abandoned and the Commission felt that it had a license to act independently. The first focus of the new regulatory system was on food, since this was the focus of the crisis and confidence needed to be restored. The credibility of the Commission hinged on its ability to address the task of building confidence in food. The Commission had the opportunity to become the main actor in this area, and therefore hostile lobbying by once-powerful stakeholders had little effect. This presented opportunities, but also dangers, since the Commission was effectively acting alone and was therefore exposed.

The main hurdle was that food producers said they cannot afford to adhere to the new tough standards because the sector is still recovering from the crisis. The collapse of food production chains meant that food prices increased greatly, but producers faced paying significant initial re-start-up costs to recommence certified production. This was a major conflict, especially because food shortages occurred in some less developed Member States. There were concerns that the Commission may have been doing more harm than good by not being more flexible in its approach. However, consumer opinion is still on the Commission’s side because consumers are anxious that companies should now adopt higher standards of food production.

Despite these problems, the response to the crisis did not identify the corporate sector as “the enemy” of public interests. Rather, the Commission wished to re-engage the private sector, but only as a means of increasing the impact of its regulations (rather than creating a new system of consultation). For example, DG SANCO has begun to urge private companies to adopt corporate social responsibility practices based on mechanisms of public regulation. It is clear that DG SANCO is attempting to assert its authority through regulation, rather than reverting to the more consensus-based approach of the past.

In general terms, consumers have become more risk-averse when selecting products and services. Consumer behaviour has become much more unpredictable and irrational as a consequence of the crisis. Consumers can suddenly become suspicious of new technologies and products for no apparent reason. On the other hand, they may decide that certain brands and goods are “trusted” and safe, even if the evidence presented by authorities indicates otherwise. The development of these attitudes is totally unpredictable: the trust in a particular product may suddenly collapse into suspicion, or a groundless prejudice against another product may last for years. The post-wave world of this scenario represents difficult and turbulent times.

Confidence in information coming out of markets had been badly shaken by the crises. The initial response from the Commission was to replace this information with its own information, but almost immediately this was seen to be an impossible task. Consequently, the Commission took a more active role in challenging information provided by markets, although providers remained the primary source of information about goods and services. More generally, the number of trusted sources of information declined dramatically. For example, whilst the numbers using the Internet to find health information continued to

rise, the number of different sites consulted fell by 40%, which indicates that visitors increasingly concentrated on a reduced number of trusted information sources. These trusted sources are mainly those offered by NGOs, public health officials, independent third parties, and the EU.

The turbulence caused by the crisis meant that European politics became focused on its main priority of “getting Europe back on its feet again” and restoring economic confidence. This meant that the poor, the elderly, and other vulnerable social groups received much less attention than previously, as did the welfare of animals. The price for certified high-quality food has rocketed because of increased demand – consumers want to be sure that they are eating safe produce. This has hit vulnerable groups, who are already suffering, particularly hard; they have to rely on “second-tier” food, possibly from black market sources and therefore not compliant with the EU’s tough new standards. Amongst other consequences, this lack of attention led to a large number of indirect deaths of older people, who also become largely excluded from the discussions around the new circumstances and marginalised in the decisions taken.

Risk management has also changed in important ways. Rather than waiting to a crisis and then responding to it, the new approach was to “routinise” regulation in an effort to prevent crises arising again. The Commission’s “neo-regulation” approach means that it is becoming active in addressing “slow-burning” risks whose effects are continually experienced (as opposed to sudden, catastrophic events). This means that DG SANCO has become increasingly pro-active in creating stringent regulations to address the contribution of food manufacturers and providers to Europe’s continuing problems with obesity and its associated co-morbidities.

“Neo-regulation” has meant that scientific progress in Europe has dramatically slowed because of the lack of certainty in this emerging regulatory environment. The higher tolerance that had previously been shown to unregulated scientific research was ended and research was consolidated within larger, publicly managed research programmes. The more stringent regulations meant that many major corporate research programmes relocated to China and India in order to pursue the latest scientific advances. There is hope that such programmes may be starting to return to Europe as the new regulatory regime becomes clearer. Perhaps unsurprisingly in this environment, the tension between civil rights to privacy and the need for security was resolved largely in favour of the latter. In the years preceding the breaking wave, health care policy-makers found it difficult to prioritise the many new health technologies that emerged. It was believed that bringing new technologies to the clinic was important, and it was believed that there should be equal access to these technologies across Europe. Since European health care systems were early adopters of new technologies, Europe became an attractive place to conduct research and development in health technologies. However, the increased use of specialist technologies led to increasingly complex performance management processes, new patient demands for information, and new strains on the need for professionals to develop their skills. Further, the Commission had begun to provide information on health care providers across Europe, in order to ensure equal rights of access to health care

for European citizens and support cross-border health care. Thus, the production, management and distribution of health care information grew increasingly large and unwieldy.

The public health crises of 2012 led to a reassessment of how health care systems should operate and what role the Commission should have. Since the health technology-friendly environment had been replaced with a much less supportive regulatory situation, health care systems became once again relatively slow adopters of new technology. Consequently, much of the R&D capacity moved away from Europe and science-led growth ceased. Technology was no longer viewed as the solution to inequities, and the debate around health care access moved from one of rights and opportunities to one of affordability.

Conclusions

The three scenarios can fruitfully be used to structure a discussion about key issues facing DG SANCO today. Amongst the key questions that could be asked are the following:

What will SANCO need to know in this scenario?

Who will SANCO need to influence and how?

What skills will SANCO need to develop?

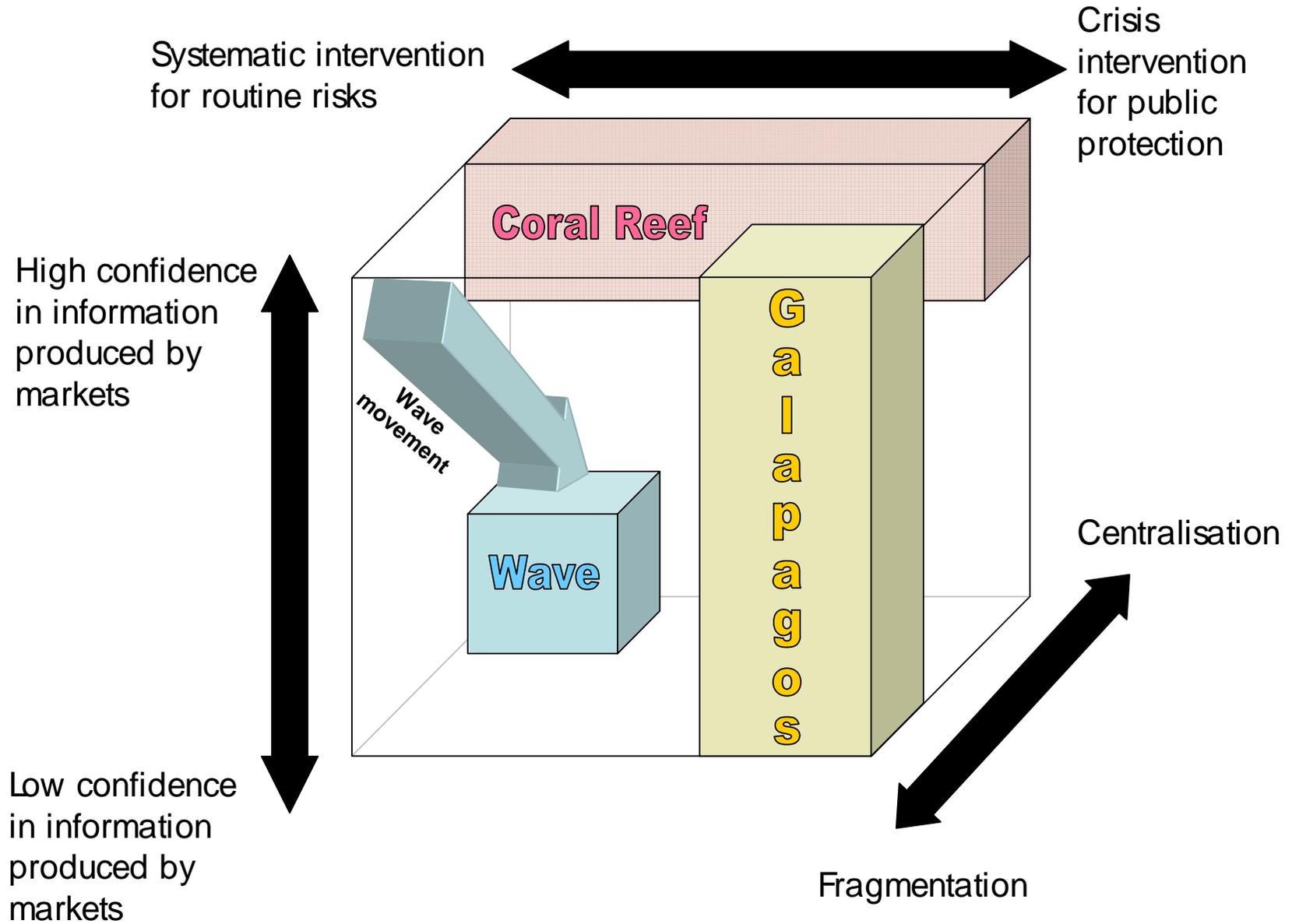
What risks will SANCO need to manage?

What actions should SANCO take in this scenario?

What actions would SANCO need to take today to prepare for this scenario?

Each scenario is intended to offer significant challenges to DG SANCO by suggesting a different set of outcomes to key uncertainties. These uncertainties might be presented as existing in a three-dimensional matrix involving uncertainty over the degree of fragmentation or centralization in EU institutions; whether EU intervention is primarily to manage routine risks or to guard against catastrophes, and whether society is characterised by high or low levels of confidence in the information produced by markets. Figure 1 represents this three-dimensional matrix.

Figure 1 The SANCO Scenarios Matrix



RAND

Corporate Headquarters
1776 Main Street
P.O. Box 2138
Santa Monica, CA
90407-2138
TEL 310.393.0411
FAX 310.393.4818

Washington Office
1200 South Hayes Street
Arlington, VA 22202-5050
TEL 703.413.1100
FAX 703.413.8111

Pittsburgh Office
201 North Craig Street
Suite 202
Pittsburgh, PA 15213-1516
TEL 412.683.2300
FAX 412.683.2800

New York Office
215 Lexington Avenue
21st Floor
New York, NY 10016-6023
Council for Aid to Education
TEL 212.661.5800
New York External Affairs
TEL 212.661.3166
FAX 212.661.9766

RAND-Qatar Policy Institute
P.O. Box 23644
Doha, Qatar
TEL +974.492.7400
FAX +974.492.7410

RAND Europe
Westbrook Centre
Milton Road
Cambridge, CB4 1YG
United Kingdom
TEL +44.1223.353.329
FAX +44.1223.358.845

