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Online Product Safety Guidelines Prepared for UNCTAD

Contribution

Consumers International

ONLINE PRODUCT SAFETY GUIDELINES

PREPARED FOR UNCTAD

JULY 2022

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PRODUCT SAFETY: CORE TO CONSUMER PROTECTION & EMPOWERMENT

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PRODUCT SAFETY: AN ISSUE FOR CONSUMER ADVOCATES EVERYWHERE

Which of the following consumer issues is your organisation currently working on? (80 countries represented)

Consumer Issue	All	High income	Low income	Middle income
Food (security and safety)	77%	74%	79%	78%
Product safety	68%	71%	86%	62%
Financial services	64%	71%	57%	60%
Environment	63%	62%	57%	65%
Healthcare and medicine	58%	50%	64%	62%
Information and communication technologies	58%	67%	71%	49%
Digital rights/privacy	57%	79%	21%	51%
Retailing/marketing of household goods & services	55%	69%	43%	48%
Energy	51%	60%	64%	43%
Advertising	50%	64%	36%	43%
Counterfeit/fake products	49%	43%	57%	51%
Water	43%	31%	71%	45%
Trade	39%	38%	57%	35%
Mobility	35%	38%	36%	32%
Professional services (legal and medical)	33%	33%	29%	34%
Housing	32%	38%	43%	26%

Source: Consumers Intenational Global Consumer Protection & Empowerment Expert Survey 2020

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PRODUCT SAFETY: ENFORCEMENT, CO-OPERATION, INFORMATION

What are the priorities for improving product safety in your country? (89 countries represented; Ranking of priorities)

Source: Consumers International Product Safety Survey 2019

ONLINE PRODUCT SAFETY: THE ISSUE

1.48BN
People shopping online in 2019[1]

66%
Europe: Products unsafe in consumer advocacy independent tests[2]

15%
Japan: Share of all accidents caused by products purchased online[3]

48%
UK: toys purchased online deemed unsafe in independent test[4]

and Wish have fail... and consumer groups acros... Europe.

The pan-European investigation found two-thirds (66%) of the products – including carbon monoxide alarms, baby toys and travel adaptors – bought from third-party sellers on the most popular sites failed EU safety requirements.

In total, 250 products across 18 categories were tested over the last year and 165 of them failed official safety tests. Many were found to be a safety risk to consumers because of factors including containing harmful substances, inferior design or unclear information.

Alarmingly, researchers found that every single product tested in the teeth-whitening, CO alarms, balloons, smoke alarms and helmet categories were deemed safety failures.

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ONLINE PRODUCT SAFETY: SELECT SYSTEMIC CHALLENGES

21%
UK consumers aware of marketplace responsibility in ecommerce

40%
Countries with no online product safety agreement

27%
Countries co-operating on product safety regulations

38%
Countries cooperating internationally on cross-border product safety cases

20%
Countries with ADR and redress mechanism for Ecommerce

8%
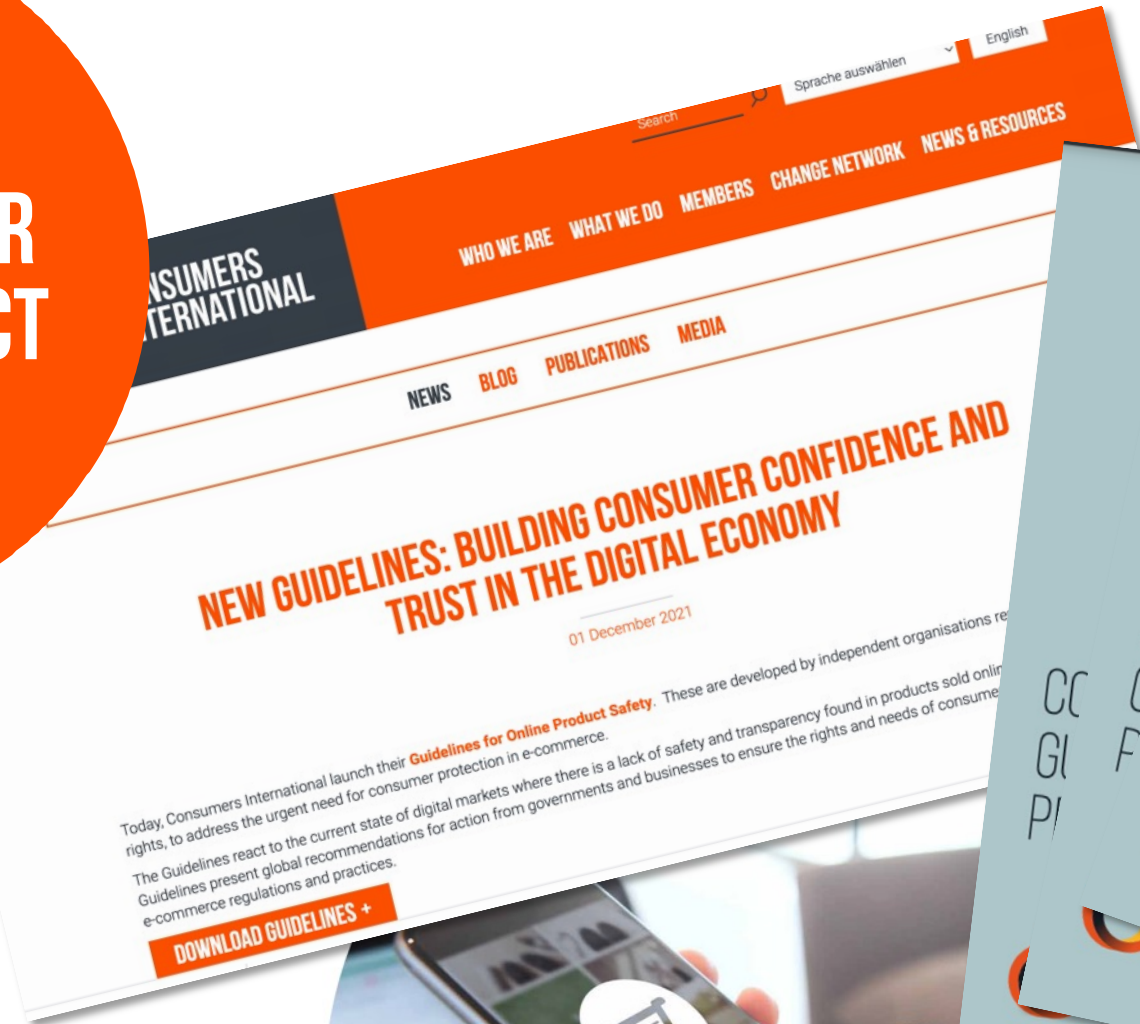Online platforms with standardized form to share information

12%
Online platform with dedicated contact point

<10%
Countries with requirements to remove unsafe products if notified

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Source: Select questions from Consumers International International Global Expert Survey 2020
(Percent respondents across 90 countries)

GLOBAL GUIDELINES FOR ONLINE PRODUCT SAFETY

GLOBAL GUIDELINES: FRAMEWORK FOR JOINT ACTION

Overarching principles
- Safety
- Responsibility
- Information

Government actions
- National regulation
- Cross-border co-operation

Online marketplace actions
- Compliance & accountability
- Preventing unsafe entry
- Identifying and removing unsafe products
- information

Complaints & redress mechanisms
- Provided by businesses
- Provided or mandated by government or through co-regulation

Consumer information & education

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GLOBAL GUIDELINES FOR ONLINE PRODUCT SAFETY

OVERARCHING PRINCIPLES

- **Do not harm** consumer safety and health.

- **Safety online** is no less important than in other forms of commerce.

- Comply with **local safety regulations**

- **Responsibility**

- **Consistency**. Consumers should not face increased product safety risks because of the country in which they live.

"…. Product safety, labeling and disclosure requirements that existed in the physical world are poorly translated into e-commerce and digital transactions.   We need this global framework to keep unsafe consumer products being sold on e commerce channels. …" Consumers Korea

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GLOBAL GUIDELINES FOR ONLINE PRODUCT SAFETY

NATIONAL GOVERNMENTS

In national markets
- Regulation
- Enforcement
- National product safety databases
- Enforce regulation that prevents unsafe products from entering the country.
- Consultation and engagement
- Certification

Internationally
- Cross-border co-operation
- international agreements
- Information sharing
- International regulations and guidelines
- Notify the authorities

".... We would also like to see OPSS in the UK having a more robust role in enforcement, by supporting local authorities' enforcers and to ensure they provide an effective market surveillance framework, informed by timely risk assessments that are based on independent expert advice. ..." **Which? UK**

GLOBAL GUIDELINES FOR ONLINE PRODUCT SAFETY

ONLINE MARKETPLACES (1/2)

Compliance and accountability
- Compliance on safety
- Collaboration with authorities
- Open to scrutiny

Preventing unsafe products from entering the market
- Take all actions to ensure safety
- Verification of products; auditing
- Seller training
- Checks on safety certificates

Removing unsafe products from the market
- Monitoring
- Channel to receive updates
- Training
- Communication between actors
- Communication to consumers
- Prevention of reappearance of unsafe products
- Proactive alerts to authorities

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GLOBAL GUIDELINES FOR ONLINE PRODUCT SAFETY

ONLINE MARKETPLACES (2/2)

Provision of information about the product
- Information pre-transaction
- Channels post-transaction
- Include certification; as well as necessary warnings about safe use, allergens, the minimum legal or recommended age of the user, etc.
- Information should be accessible

Provision of information about the seller/importer/marketplace
- Details of business and legal representative in country
- Information about contractual partner including contact details
- Indication of country of origin, name and address of manufacturer
- Verification of information
- All information and terms & conditions of any self-regulatory or co-regulatory scheme they use to ensure the safety of products sold online.
- About liabilities and responsibilities in accessible format

".... Many products are found without describing origin of country. Therefore traceability mechanism and compliance with consumer product safety requirements on border trade should be enforced. ..." **Myanmar Consumers Union**

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GLOBAL GUIDELINES FOR ONLINE PRODUCT SAFETY

COMPLAINTS AND REDRESS MECHANISMS

Provided by businesses

- Redress
- Internal complaints handling
- Membership of ADR and ODR schemes
- Complaint & redress mechanisms via the original forum through which sale was made
- Complaints free of charge for consumers
- Accessible information for complaint and redress mechanisms

Provided or mandated by government or co-regulation

- Dispute resolution schemes
- Ensure that ODR and ADR schemes are available for free or at an affordable rate

".... What I would like to add as a key message for product safety as far as consumer protection is concern, is the need for effective redress mechanisms for consumer to be able to hold their providers accountable in case of breach of their rights to safety goods and services. ..." **Gambian Consumer Protection Association**

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GLOBAL GUIDELINES FOR ONLINE PRODUCT SAFETY

CONSUMER INFORMATION AND EDUCATION

- Flow of information to consumers by businesses and governments
- Consumer awareness through the provision of education and training
- A product safety compliance rating showing ability of the sellers and marketplaces to provide safe products.

"…. The language barrier is still a major obstacle for Japanese consumers wishing to make a complaint about a foreign produced product bought online …" Japan Consumer Network

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WHAT NEXT?

Communication efforts (e.g., translation into Japanese)

Exploration in national and regional contexts

Deep dive into specific questions

Continued efforts by individual consumer advocates: How can we better connect consumer advocates and government leaders to exchange information and ensure consumer agency?

Information campaigns about product safety to consumers

Exchange at international level with marketplace players

Can the Guidelines provide a global basis for discussion and action across all stakeholders?

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THANK YOU

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INTERNATIONAL
COMING TOGETHER
FOR CHANGE

THE IMPACT

Consumer Harms	Trust in Business	Environmental Impact
Most customers believe that shopping online is safe, and that product safety is enforced as much as in traditional markets. In 2020, research by Consumers International members showed that **two thirds of the 250 products they bought and tested from online marketplaces were unsafe and illegal.** For example: - In 9 out of 29 children's toys, **illegal quantities of phthalates** were found - **All smoke and carbon monoxide alarms tested failed** to meet product safety levels	In 2019, *Which?* found that only **21% of UK consumers were aware that online marketplaces had no legal responsibility for overseeing product safety** on their sites. - 70% of online shoppers thought the **law needed to be changed** so that marketplaces were legally responsible. - A survey conducted by the German Federation of Consumer Associations (VZBV) found that 93% of German consumers surveyed expected online marketplaces to ensure that traders on the platform comply with EU law.	Managing online product safety will not only improve the welfare of consumers and markets, but also the environment. - Resources used to manufacture **unsafe products are ultimately wasted** - Shipping and disposing of recalled products creates further waste and pollution. - **Unsafe products are often toxic**, and there is a burden created for the countries that receive unwanted goods to dispose of potentially toxic goods

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