

Ad Hoc Expert Meeting on the Interface between Competition and Consumer Policies

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Opening Statement
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on behalf of
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First of all, allow me to thank all of you for attending the Ad Hoc Expert Meeting on the Interface between Competition and Consumer Policies. Many of you have traveled from other parts of the world to be here today demonstrating the vital role which consumer policies play in the world economy.

Growth is a pressing need and re-launching confidence in the world economy is a must. UNCTAD put forward at the Doha UNCTAD XII Ministerial Conference couple of months ago a sustainable and inclusive growth strategy.

With consumer expenditure representing 60% of the world GDP, the active participation of confident and empowered consumers is essential to meeting these objectives.

We want to put consumers at the very heart of the globalized economy and provide them with a framework and the tools to make it work for them. The United Nations is therefore working towards a strategy which is comprehensive and which can cover consumer interests in all relevant policies.

As part of this process we also had to look into a number of key emerging challenges for consumer policy, such as: the growing complexity of markets and the mismatch between the nature and level of the information provided and what consumers actually need; the move towards more sustainable patterns of consumption, which is a necessity both from an environmental and an economic point of view; and the needs of vulnerable consumers – not forgetting that we can all of us, in a given situation, be a vulnerable consumer.

Both competition and consumer policies act to protect consumers' economic interests. Competition policy seeks to help markets work better, and consumer policy aims to protect consumers against deceptive and fraudulent conduct and to help consumers to choose in accordance with their preferences and interests. If consumers can compare offers adequately and make buying decisions that reflect their preferences, then they can effectively drive sellers to make offers that better serve their requirements. Thus, more effective consumers spur more effective competition. In addition, if firms vie to provide competitive products that follow consumer interests such as safety, then competition supports other consumer protection objectives. But if consumers are vulnerable to deception, then sellers may compete in ways not beneficial to consumers. Likewise, if consumers face a dominant supplier or a cartel, or if competition does not prevail in upstream markets or at international level, then consumers are likely to be harmed.

In 1985, the United Nations General Assembly adopted, by consensus, the United Nations Guidelines for Consumer Protection in its resolution 39/85. The Guidelines constitute a comprehensive policy framework outlining what governments need to do to promote consumer protection in the following eight areas: basic needs, safety, information, choice, representation, redress, consumer education and healthy environment.

Since April 9, 1985, when the General Assembly of the UN adopted the Guidelines much has changed. The Guidelines provided international framework for the development and evaluation of the consumer policy and the 27 years since their adoption they have often been sighted by governments as an essential reference set for consumer protection.

While not legally binding, the Guidelines provide an internationally recognized set of basic objectives. The Guidelines are particularly designed for governments of developing and newly independent countries to use in structuring and strengthening consumer protection policies and legislation. The Guidelines were adopted "recognizing that consumers often face imbalances in economic terms, education levels, and bargaining power, and bearing in mind that consumers should have the right of access to non-hazardous products, as well as the importance of promoting just, equitable, and sustainable economic and social development." In this respect, consumer protection was to address not only issues of product safety and economic efficiency, but also to promote social justice and economic development.

In essence, the guidelines addressed the interests and needs of consumers worldwide and recognized two interrelated concerns. Firstly, the imbalance that consumers face in economic terms, educational levels and bargaining power, and the importance of promoting just, equitable and sustainable and social development. The guidelines while in the main expressed to provide the framework for governments also have some obligations directed to consumer groups and producers. In providing a framework for governments they are particularly designed for governments of developing and economies in transition to use in structuring and strengthening consumer protection policies and legislation. They are deliberately aimed at encouraging international cooperation in consumer policy.

Consumer protection used to dwell on the fringes of national and economic policy making. Consumer activism used to be about gaining redress for defective products, and little else. This is no longer the case, as the consumer movement recognizes the potential for genuine positive outcomes through the application of market forces and competition policies; and as policy makers come to realize that the consumer interest is one, arguably the best, unifying principle for disparate policy goals.

Disadvantaged consumers are and must remain the focus of consumer policy, whether they be a disadvantaged group in an affluent country or citizens of a broadly disadvantaged country. The development of low-cost, accessible options for education, travel, housing, food, redress etc must benefit the impoverished consumer if the Guidelines are to have any meaning at all.

It is now some 27 years since the United Nations guidelines were adopted by the General Assembly. Since that date there have been radical changes in the market place which necessitate a review, not only to ensure that the guidelines have achieved the outcomes which its drafters had intended, but also to assess just how relevant the guidelines are in today's current market place.

Indeed regular reviews of the guidelines themselves need to be written in as a clause of the guidelines if the guidelines are to be of any relevance to current and emerging consumer concerns in a dynamic market place.

Since the guidelines have been introduced there has been a great deal of change, including:

- A move towards more globalized markets where borders, and therefore government jurisdictions, are becoming increasingly irrelevant;
- removal of tariffs and other impediments to the free trade of goods between countries;
- Massive changes in technology which impact on the way consumers are able to transact business, particularly financial services. Information technology etc..
- Internet becoming a means of exchanging information, conducting consumer transactions and being used by business as a form of distance selling;
- privatization of a range of services, particularly essential services previously supplied by governments; and
- more focus on business as a provider of services.

I believe there are at least eight key areas of concern which all nations should unite around as we examine the future of consumer protection

1. Safety is a cornerstone of consumer policy.

2. Consumer education: we need to improve consumer information and education, in order to allow consumers navigating increasingly complex markets. As we want consumers to make informed decisions that will drive the policies of both supplying companies and regulators. In this connection, the role of intermediaries in channeling and filtering information to consumers is growing in importance, with consumers increasingly turning to comparison websites in particular.

In this context, I would like to pay tribute to the International Consumer Protection Enforcement Network (ICPEN) for the valuable contributions and products it produced including on how comparison tools can provide consumers with transparent and reliable information.

3. Consumer protection highlights the fundamental role of consumer organizations not only through informing and raising the awareness of consumers, but also by effectively representing and defending them and their interests.

4. Proper enforcement is essential not only to increase trust of consumers in markets, but also to ensure a level playing field for reputable traders. Here again, the effectiveness of the network of enforcement authorities ICPEN continue to play a vital role in promoting effective enforcement.

5. Capacity building is clearly of crucial importance. Focus should be towards a wider, more active and participatory training community between national organizations, with a more diversified and multilingual online and off-line offers.

6. Consumer protection is about enhancing knowledge for both consumers and traders. It improves consumer information and education and allows them to navigate increasingly complex markets. Consumers should be able to make informed decisions that will drive the policies of both supplying companies and regulators.

7. An important objective of consumer protection is to make sure that consumer rights and key policies are in line with current technological and societal developments. In particular, we need to make sure that consumers can take full advantage of digital markets and have access to the digital products and services they want – easily, legally and affordably.

To do so, we must remove persistent barriers that hold back the development of e-commerce and obstruct the cross-border circulation of digital content.

8. Consumer protection also makes very clear that consumer interests should be included in sectoral policies which are particularly important for consumers:

- Food, where priorities are safety, reduction of waste and sustainability throughout the food chain;
- Energy, where consumers should be able to get the best value for money and to better manage their energy consumption;
- Financial services, where consumers should be provided with the tools to manage their finances and protect their economic interests;

Given the importance of consumer policy for economic growth and development, public authorities, regulators, courts and consumer agencies neither can nor should take a back seat. The fact is that well functioning markets are of relevance and benefit for citizens, for the economy, and for society. For that reason alone it is of interest to all public policy makers. I have no doubt that the coming two days will give us plenty of "food for thought". But it should not be fast food! We should take time to think and find the right solutions.

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The challenge is a collective responsibility. Governments, academia, the private sector, civil society and the United Nations should continue to work together towards achieving these objectives.

I wish you success in your deliberations and thank you for your attention.