

Intergovernmental Group of Experts on Consumer Protection Law and Policy

Geneva, 17 October 2016

Opening Statement by the Deputy Secretary-General of UNCTAD

Ladies and Gentlemen,

Distinguished delegates,

Landmark moments are never the result of coincidence. And this landmark meeting is no exception.

We finally come to this day after years of collective work, persistence, and the firm conviction that people – consumers-- are at the center of any development agenda.

For this reason, it is my immense pleasure and privilege to open today the very first meeting of the Intergovernmental Group of Expert on Consumer Protection Law and Policy. This is a milestone in our international quest for consumer protection.

We, at UNCTAD, are humbled and honored that member States chose us as the international forum for discussion.

Ladies and Gentlemen,

At this landmark moment, let me start with a classic: Adam Smith, in the Wealth of Nations.

He said: "*Consumption is the sole end and purpose of all production; the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer*".

The phrase is clear, but inconsistent with what we at times see in reality.

Some producers often forget that they exist thanks to the consumers and not at the expense of them. This is why consumers must be protected.

And let me give you an example to show you the tragic magnitudes consumer abuses can reach.

Every year, 100,000 people die in Africa as a result of fake pharmaceutical drugs. And let me give some contexts to visualize the magnitude of the tragedy. This is equivalent to two flights of 150 people crashing EVERY DAY during a year!

And the problem is not only in Africa. Between 10-30% of medicines sold in developing countries, and 1% in developed countries, are counterfeited.

However, and unfortunately, abuse of consumers rarely becomes the big story.

It is because these unknown, but big stories that we have to act and ensure that even the voice of the smallest consumer, in a remote place of the world, can be heard and protected.

Consumer protection is not only a moral imperative; it is also good economics.

Consumption is a key pillar of the economy, it accounts for 60% of GDP. Yet, too often consumer welfare is given lip service in international trade, investment and policy making. Consumers are overshadowed by a focus on producer gains and treated only as an afterthought and they are often in disadvantage with respect to producers, in terms of educational levels or economic and bargaining power. .

Consumers have the right of access to non-hazardous products and the right to promote just, equitable and sustainable economic and social development; they have the right to environmental protection.

Yet, their rights are often denied. And today, the issue of consumer protection is more relevant than never.

Let me tell you why.

1) In a globalized and digitalized world, consumers are more exposed and vulnerable than ever. And protecting them has become more complex than it used to be.

Global trade and the Internet revolution have provided a vast new range of goods and services to billions of consumers around the world, with incredible benefits, such improvements in consumer choices. But this makes consumers more exposed.

Governments and companies have increasing access to consumers' personal and financial data. If we want big data to deliver what it can do for us, consumers need to believe that their rights are protected. Without this certainty, the development of, for instance, better targeted and personalised medical services or access to energy and transport, would be compromised.

We know, and research findings confirm, that the potential welfare increase from cross-border trade and e-commerce are compromised by absence of consumer confidence and trust in inadequately regulated markets.

In Indonesia, for example, more than half of the potential users of e-commerce or cross-border purchases refuse to participate because of fears of lack of security or theft of personal information. In other words, the welfare gains from trade and resource saving from digital goods and services are not realised.

2) But there is also a second reason why consumer protection is more relevant than ever today: the 2030 Agenda.

The Sustainable Development Goals put people and the individual at the center of the agenda. And they are also about consumers' empowerment. And thus, the adoption and proper implementation of consumer policy can help achieving inclusive sustainable production and consumption patterns.

Ladies and Gentlemen,

Much has been achieved since the UN General Assembly first adopted the guidelines for consumer protection 30 years ago. All OECD countries and a majority of developing ones have implemented measures to protect the interests of their citizens as consumers. Around the world, the welfare of consumers has improved thanks to vigorous competition in fairer and informed markets. Most countries have now laws and policies which promote competition.

However anti-consumer practices such as deception, fraud, unfair contract terms, abuse of consumer rights through online scams and theft of private data not only persist but have increased.

Vulnerable, low-income and food insecure people still face significant barriers to improve their livelihoods. People with disabilities and those with inadequate access to essential goods and services are missing out on the benefits of modern society. These are still common problems throughout the developing world.

Empowered consumers, who know their rights and enforce them, are subject to fewer abuses. This directly improves their welfare. It also contributes to create a level playing field for businesses which have to apply a common set of standards, supporting competition.

Consumers must be able to have access to adequate information so to make informed choices according to their individual wishes and needs; and to have effective redress. These must be our goals. And they must lay the work ahead.

Firstly we must work harder to have effective consumer protection legislation, enforcement, institutions and redress systems. The revision and implementation of the UN Guidelines on consumer protection are our starting point on this.

Secondly, we must also assist developing countries in formulating and enforcing domestic, regional and international laws, rules and regulations for consumer protection. The work of this

Group on sharing information and best practices, conducting peer reviews and providing capacity-building and technical assistance to developing countries is key to this aim.

Strong consumer protection nationally must also be matched by adequate protection at international level. Your work will be instrumental to lay the foundations of international consumers protection and UNCTAD is honored to assist you in this endeavor to make our economy work better for everyone.

Before concluding, let me reiterate that the UNCTAD Secretariat stands ready to assist you in this important endeavor. And let me introduce to you Ms. Theresa Moreira, our new Head of the Competition and Consumer Protection Branch.

Let me stop here now and wish you a very fruitful and productive first meeting.

Thank you.