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**Safeguarding and empowering consumers**  
**in the age of artificial intelligence**

**Contribution**

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## **<sup>1</sup>Contribution of IPSConsumo**

### **Item 13 – Safeguarding and empowering consumers in the age of artificial intelligence**

#### **Executive Summary**

Generative Artificial Intelligence (generative AI)—systems capable of autonomously producing content and making decisions based on large volumes of data—ushers in a new level of efficiency in supply chains. It is essential to recognize the deep and dynamic impacts, both positive and negative, of artificial intelligence (on societies, the environment, ecosystems, and human lives, including the human mind), partly due to the new ways in which its use influences human thinking, interaction, and decision-making, as well as its effects on education, the humanities, social and natural sciences, culture, communication, and information.

Furthermore, we must acknowledge that AI technologies can deepen existing global divisions and inequalities, and that justice, trust, and fairness must be upheld to ensure that no individual is further marginalized or left behind, unable to benefit from AI use or be protected from its negative implications—while also respecting the desire of some individuals not to participate in all technological developments.

From this perspective and analyzing Brazilian legislation in dialogue with UN General Assembly Resolution A/78/L.49<sup>2</sup>, we understand there is a need for a risk-oriented regulatory framework, based on algorithmic transparency, independent audits, and joint liability across the entire supply chain.

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<sup>1</sup> Written contribution submitted by IPSConsumo (Institute for Research and Studies on Society and Consumption). IPSConsumo is a think tank that discusses issues related to consumer society. It is a non-profit, non-partisan, multidisciplinary civil and scientific association, whose goal is to develop studies, research, and debates to promote good practices in consumer relations. It fosters ongoing dialogue between governments, companies, associations, and consumer protection agencies, both nationally and internationally.

<sup>2</sup> UNITED NATIONS GENERAL ASSEMBLY. Seizing the opportunities of safe, secure and trustworthy artificial intelligence systems for sustainable development (Resolution A/78/L.49), March 21<sup>st</sup>, 2024. Available at: <https://docs.un.org/en/A/78/L.49>. Accessed July 1<sup>st</sup>, 2025, page 5.

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## Premises and Relevance of the Topic

Generative AI entered the consumer market before specific legal frameworks could be established. In Brazil, minimum protections are provided by the 1988 Constitution, the Consumer Defense Code (CDC), and the General Data Protection Law (LGPD). These frameworks ensure human dignity, adequate information, non-discrimination, safety, and full redress. However, the predictive sophistication of generative AI deepens asymmetries and creates risks that demand complementary responses from public law and private compliance.

Internationally, the adoption of Resolution A/78/L.49 by the UN General Assembly on March 21, 2024—urging states to promote safe, secure, and trustworthy AI systems inclusively and equitably—establishes a global ethical-regulatory framework.

The European Union, in turn, approved the Artificial Intelligence Act (Regulation (EU) 2024/1689)<sup>3</sup> in March 2024. This regulation imposes obligations based on the technology's risk level, including strict requirements for data governance, transparency, safety, and human oversight for “high-risk” applications in sectors like health, transportation, credit, and law enforcement. It also prohibits unacceptable practices such as social scoring systems and exploitative behavioral manipulation, reaffirming human dignity as a core principle in algorithmic governance.

Additionally, the UN Secretary-General announced in September 2024 the creation of a High-Level Advisory Body on Artificial Intelligence, aiming to analyze global opportunities and risks through a cross-border technology with a globally interconnected, agile, and flexible approach to sustainable development goals, digital inclusion, and inequality reduction.

The important speech by Audrey Azoulay, Director-General of UNESCO, at the 3rd UNESCO Global Forum on the Ethics of Artificial Intelligence also deserves attention. She defends that the development of AI is a global phenomenon that requires international cooperation. UNESCO's

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<sup>3</sup> EUROPEAN PARLIAMENT. Artificial Intelligence Act: MEPs adopt landmark law. Press Room – News, Strasbourg, 13 March 2024. Available at: <https://www.europarl.europa.eu/news/en/press-room/20240308IPR19015/artificial-intelligence-act-meps-adopt-landmark-law>. Accessed July 1<sup>st</sup>, 2025.

mission is to prepare the world for AI—and AI for the world—so that this technology serves the common good<sup>4</sup>. These parameters reinforce the urgency of strengthening national safeguards to ensure legal certainty and protection for individuals<sup>5</sup>.

In a dystopian scenario, it is crucial to recognize that generative AI challenges established regulatory structures and has the power to redefine the very contours of consumer vulnerability on a global scale. Therefore, the articulation of constitutional principles, multilateral guidelines, and especially sectoral regulations is essential to ensure that technological innovation is grounded in fundamental rights, equitable access, and international cooperation as a vector of sustainable and transparent development. Only through this ethical-normative convergence can emerging risks be mitigated and the benefits of generative AI amplified for the entire globe.

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### **Appropriate Application of Generative AI Through Principles in Consumer Relations**

In a society shifting from a production-centered to a consumption-based economic model, consumer relations in the context of generative AI require reflection on long-standing ethical and legal principles.

Constitutional and consumer protection principles such as human dignity, consumer vulnerability, and objective good faith guide legal protection but now demand reinterpretation in light of new algorithmic risks.

IPSConsumo understands that a principled analysis should not be limited to the traditional consumer law framework but must incorporate foundations from broader discussions on responsible AI governance. Consider the following:

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<sup>4</sup> UNESCO. The 3rd UNESCO Global Forum on the Ethics of Artificial Intelligence: Programme, 24–27 June 2025, Bangkok, Thailand.

<sup>5</sup> In this regard, the OECD Recommendation of the Council on Artificial Intelligence emphasizes that, in recognizing the decision-making potential of AI with significant impacts on people's lives, it becomes essential to establish clear ethical principles, inclusive growth, sustainable development, well-being, safety, accountability, robustness, transparency, and explainability.

**OECD Recommendation of the Council on Artificial Intelligence, 2024.**

Available at: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0449>. Accessed July 1<sup>st</sup>, 2025.

- **Benefit to Society. Respect, protection, and promotion of human rights and dignity.** The use of generative AI in consumer relations must aim to benefit society as a whole (art. 4, CDC), fostering advances in knowledge and social well-being. Human dignity relates to recognizing the intrinsic and equal value of each human being, regardless of race, color, ancestry, gender, age, language, religion, political opinion, nationality, ethnicity, socioeconomic status, birth conditions, disability, or any other factor.
- **Inclusion and Justice.** Generative AI technologies must be used to promote inclusion, non-discrimination, and equal treatment (art. 6, IV, CDC), ensuring equal access to tools and opportunities for all consumers. The scope of lifestyle choices, beliefs, opinions, expressions, and subjective experiences, including the optional use of AI systems, must not be restricted in any phase or environment of consumer relations.
- **Transparency and Explainability.** AI-based processes and decisions must be transparent and understandable, enabling clear comprehension of how decisions are made. Transparency is necessary for effective liability regimes (EU Omnibus Directive 2019/2161, item 45)<sup>6</sup>. Lack of transparency (art. 6, III, CDC) hinders the ability to challenge decisions and prevents fair analysis or judgment.
- **Privacy and Data Protection.** AI use must respect consumer privacy and ensure personal data protection, following best practices and existing regulations (arts. 6 and 7, LGPD; art. 43, CDC).
- **Responsibility and Safety.** AI users must be held accountable, ensuring safe and ethical use of the technology. No AI system may replace the supplier's responsibility in consumer relations or the consumer's critical thinking and decision-making autonomy. Decisions must never be fully delegated to AI (arts. 12 and 14, CDC).

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<sup>6</sup> EUROPEAN PARLIAMENT. Directive (EU) 2019/2161 of the European Parliament and of the Council of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU as regards the better enforcement and modernization of Union consumer protection rules. Official Journal of the European Union, L 328, p. 7–28, 18 Dec. 2019. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019L2161>. Accessed July, 1<sup>st</sup>, 2025.

- **Prevent Harm to the Consumer Market.** Generative AI should enrich, not harm, the consumer market. Public understanding and awareness about AI technologies and the value of data must be promoted via open and accessible mechanisms, encouraging engagement, training, and ethical guidance on AI.
- **Combating Disinformation.** Generative AI applications must be strictly evaluated to ensure accuracy and prevent misleading or abusive advertising (art. 37, CDC), avoiding disinformation, synthetic advertising, or deepfakes (art. 20, Civil Code).
- **Promoting Ethical Reflection.** The consumer market should be encouraged to continuously reflect on AI's ethical impacts, promoting debates and studies that contribute to responsible technology use (art. 4, CDC).
- **Explainability and Non-Discrimination in Automated Credit Decisions.** AI-based credit decisions must ensure explainability and non-discrimination. AI-tuned scoring systems must not replicate biases that deny credit or restrict rights without a clear and intelligible justification, under penalty of violating consumer dignity and equal treatment (art. 20, LGPD)<sup>7</sup>.

This principled approach strengthens consumer protection in the context of generative AI, consolidating ethical foundations to ensure dignity, inclusion, transparency, accountability, and non-discrimination—building a fairer, safer, and more balanced consumer market.

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<sup>7</sup> In this regard, European legislation follows the same parameters as set forth in Article 71 of the General Data Protection Regulation, EUROPEAN UNION. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons regarding the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). Available at: <https://eur-lex.europa.eu/legal-content/PT/TXT/HTML/?uri=CELEX:32016R0679&from=PT>. Accessed July 1<sup>st</sup>, 2025.

## IPSConsumo Recommendations

- **Develop a Legal Framework.** Create a legal framework to regulate AI use, establishing principles, rights, and duties to ensure legal certainty, consumer protection, and alignment between technological innovation, human dignity, and sustainable development.
- **Foster the Creation of AI Ethics Committees.** Ensure that AI ethics committees are tasked with guaranteeing that AI systems are developed and used in alignment with ethical principles, safety, inclusion, and fundamental rights—within a multidisciplinary, decision-making, and transparent structure.
- **Develop institutional capacity in the National Consumer Protection Bodies.** Strengthen the capacity of Brazil's National Consumer Protection System to analyze, understand, and monitor AI use in consumer relations, focusing on abuse prevention and risk mitigation.
- **Digital Education for the Hypervulnerable.** Propose the creation of training modules within education systems, consumer protection bodies, and civil society organizations—funded through fines, dedicated funds, or mandatory contributions from major Big Tech firms.
- **Ban Unacceptable Practices.** Recommend the inclusion of explicit prohibitions on unacceptable practices such as subliminal cognitive manipulation, exploitation of vulnerabilities, and social scoring systems.
- **Regulate Smart Contracts.** Include legal principles applicable to smart contracts to ensure programming transparency, judicial review, and respect for contractual good faith and social purpose.
- **Algorithmic Transparency Principle.** Introduce in the UN Guidelines a general obligation to inform, in plain language, when an interaction or decision is based on generative AI, along with the right to accessible explanations.

- **Multisectoral Regulatory Sandboxes.** Recommend the creation of coordinated public authority sandboxes for testing simplified automated decision-making dispute processes, information policies, and terms of use.

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## Conclusion

Safeguarding and empowering citizens and consumers in the age of artificial intelligence not only ensures the effectiveness of established rights but also enhances the social legitimacy of technological innovation. Building a systemic regulatory framework enables legal adaptation to the challenges posed by generative AI.

Regulating principles such as algorithmic transparency, continuous updates, joint liability, and banning unacceptable practices will enhance consumer protection in multiple dimensions, mitigating technological lock-in, opaque automation, and abusive situations.

IPSConsumo is available to support UNCTAD and its member states through empirical research, training, and the development of legal instruments that ensure artificial intelligence serves as a vector for inclusion—rather than a source of new inequalities.