



**Asia-Pacific
Economic Cooperation**

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Philippines - Consumer Protection in Online Retail Transactions

Submitted by: Philippines



**Workshop on Consumer Protection in
Digital Trade: Towards Building an APEC
Regional Consumer Protection Framework
4 August 2021**

Consumer Protection In Online Retail Transactions

APEC Regional Consumer Protection Framework Workshop
Session 2, 04 August 2021

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The Philippines

Legal Framework

- The Philippines possesses one of the longest track records of consumer protection in ASEAN
- **1987 Constitution (Article XVI, Section 9):** protection from trade malpractices and from substandard or hazardous products
- **Republic Act No. 7394 (Consumer Act of the Philippines or CAP)** is the principal consumer protection law
 - Protection against hazards to health and safety and against deceptive, unfair, and unconscionable sales and practices
 - No distinction between brick-and-mortar and online stores

- **Republic Act No. 7581 (Price Act)**
 - Provides protection to consumers by stabilizing the prices of basic necessities and prime commodities and by prescribing measures against undue price increases during emergency situations and like occasions
- **Republic Act No. 4109 (Standards Law)**
 - Provides for standardization of products manufactured and/or imported products to ensure quality and safety
- **Republic Act No. 8792 (E-Commerce Act)**
 - Provides the regulatory framework for legal recognition of electronic contracts under Philippine law thereby establishing the foundation for e-transactions



Legal Framework

- **Republic Act No. 9285 (Alternative Dispute Resolution Act of 2004)**
 - Institutionalizes the use of ADR as a way of resolving issues
- **Republic Act No. 10173 (Data Privacy Act)**
 - Ensures protection of personal data that are collected and processed
- **Republic Act No. 10175 (Cybercrime Prevention Act)**
 - Criminalizes offenses due to illegal access and illegal interception of computer data and systems
- **Rules and Regulations for Consumer Protection in a Transaction Covered by CAP through Electronic Means (DTI-DOH-DA Joint Administrative Order No. 01, Series 2008)**



Building an Enabling e-Commerce Ecosystem

Bureau of Philippine Standards of the Department of Trade and Industry, the National Standards Body, adopted the following Philippine National Standard (PNS):



PNS 2155:2020 or “Technical Reference on Guidelines for Electronic Commerce Transactions”

-Provides guidance to online businesses implementing, maintaining and improving processes and policies *viz* online consumer transactions



PNS ISO 20488:2020 or “Online consumer reviews - Principles and requirements for their collection, moderation and publication”

-Provides requirements and recommendations for the principles and methods for review administrators to apply in their collection, moderation and publication of online consumer reviews

Building an Enabling e-Commerce Ecosystem



- **E-Commerce Philippines 2022 Roadmap**
 - Increase confidence in e-commerce
 - Help create a safer environment for online consumer and merchants facilitated by a strong digital consumer and merchant protection framework
- **DTI Artificial Intelligence (AI) Roadmap**
 - Designed to, among others, improve the overall customer experience

- **ASEAN High-Level Principles on Consumer Protection**
 - Periodic reviews of consumer protection laws and practices
- **ASEAN Online Business Code of Conduct**
 - Consists of 15 core commitments towards consumers
- **ASEAN Strategic Action Plan on Consumer Protection**
 - Voluntary peer reviews under the ASEAN Committee on Consumer Protection
 - The Philippines is the first ASEAN member to undertake the peer review
 - Establishment by each ASEAN Member State of its own Online Dispute Resolution (ODR) System



Building Blocks in the ASEAN Economic Community

- **AANZFTA ongoing negotiations of the Competition Chapter which includes provisions on Consumer Protection (1st round completed)**
- **ASEAN Online Sale Day**
 - First online shopping event that will be conducted collectively on a region-wide scale and has been held annually since 2020
 - Will facilitate AMS to promote cross – border trade through e-commerce
- **ASEAN-wide Trustmark Scheme**
 - One of the initiatives explored by ASEAN to implement the guidelines prescribed in the ASEAN Online Business Code of Conduct
 - ASEAN is currently working on a feasibility study for having an ASEAN Trustmark Scheme, which will become the basis of discussions by relevant ASEAN sectoral bodies



Building Blocks in the Multilateral Trading System

The Philippines is a member of the Joint Statement Initiative (JSI) on Electronic Commerce Negotiations in the World Trade Organization (WTO):

- In particular, the DTI Consumer Protection Group (CPG) contributes in the finalization of the text on Consumer Protection
- Shares updates and participates in discussions on the evolving legal architecture of the future e-Commerce Agreement



**WORLD TRADE
ORGANIZATION**

Complaints against Online and Offline Businesses

COMPLAINTS RECEIVED	2021 (As of 15 July)	2020	2019
TOTAL RECEIVED/ ACTED UPON	18,812	57,839	10,918
OFFLINE RECEIVED	12,148 (64.58%)	41,872 (72.39%)	8,461 (77.50%)
ONLINE RECEIVED	6,664 (35.42%)	15,967 (27.61%)	2,457 (22.50%)



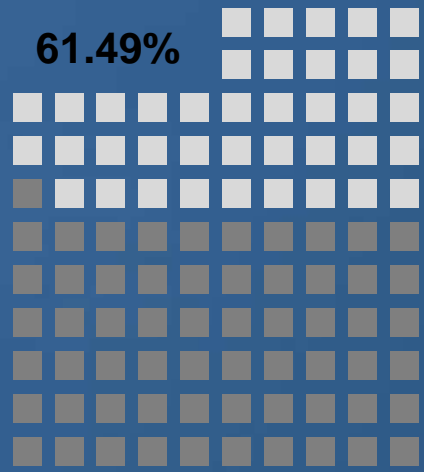
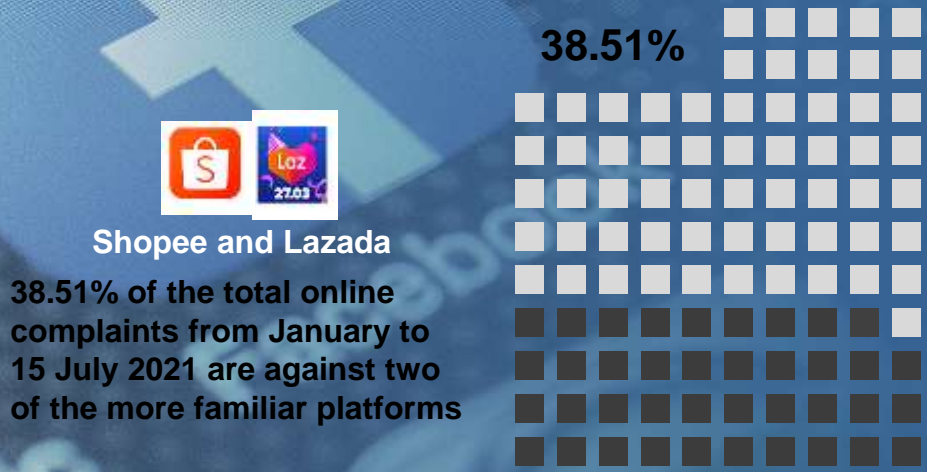
STATUS	<i>cumulative as of 15 July 2021</i>
Endorsed	13,033
Resolved	4,502
Issued CFA	439
Withdrawn	550
Issued NTE	52
In process	236
Total	<u>18,812</u>

100%
Mediation
Resolution Rate
 Within prescribed time

COMPLAINTS ON ONLINE TRANSACTIONS

ONLINE STORE	2021 (as of 15 July)	2020	2019
SHOPEE	1,345	3,876	607
LAZADA	1,221	3,984	1,014
OTHERS	4,098	8,107	836
TOTAL RECEIVED	6,664	15,967	2457

STATUS	
Endorsed	3,577
Resolved	2,638
Issued CFA	104
Withdrawn	187
Issued NTE	31
Total	6,664



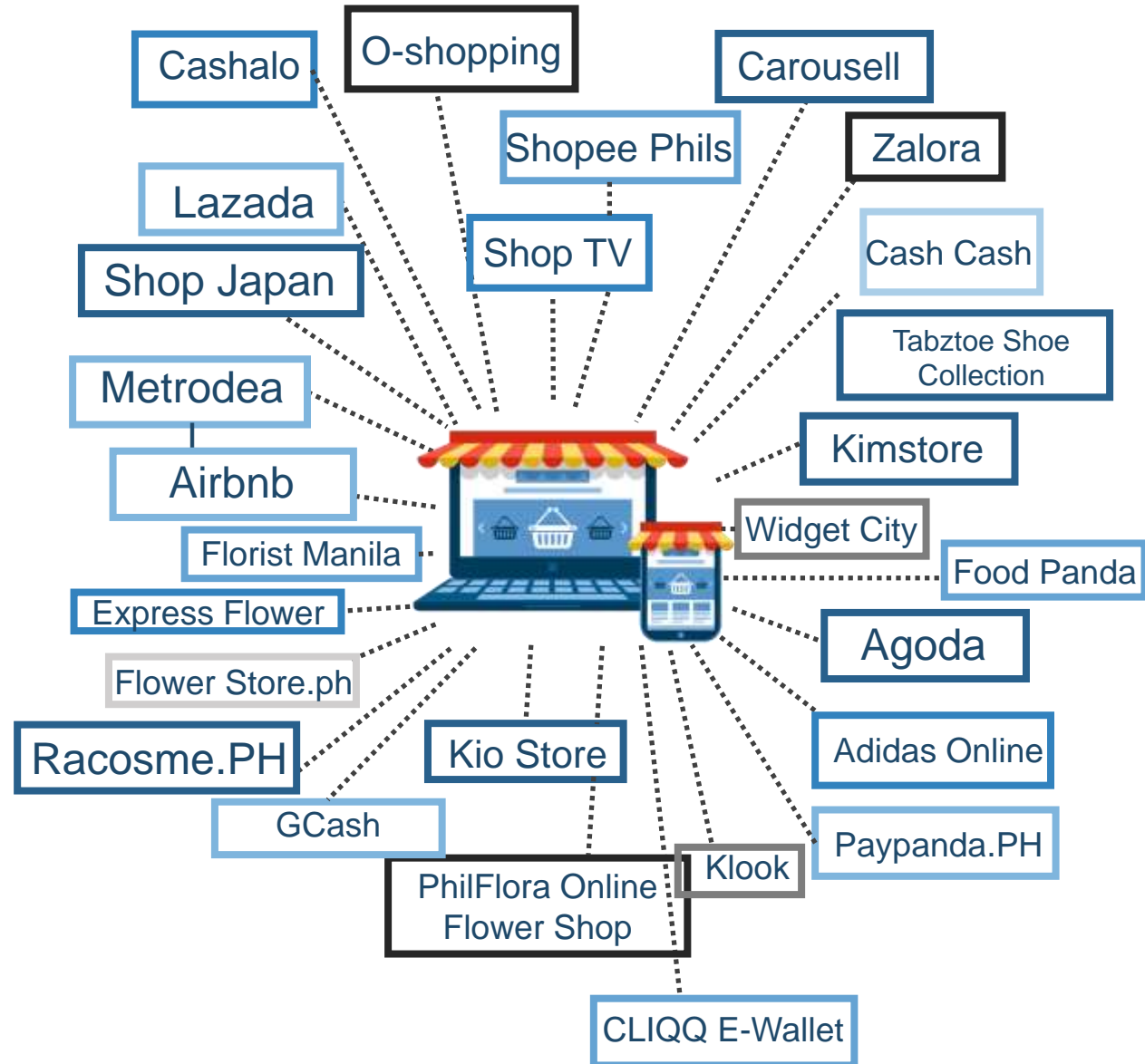
Online and Offline Monitoring of Products covered by BPS Mandatory Product Certification

ONLINE MONITORING	2021 (As of 15 July)	2020
No. of Firms Monitored Online (Tech. Regulations)	2,545	4,348
No. of Products with Observations	3,121	627
General Observations	Lack of Proper Documentation	Lack of Proper Documentation
Start of Online Monitoring	March 2020	March 2020

OFFLINE MONITORING	2021 (As of 15 July)	2020	2019
No. of Firms Physically Monitored (Tech. Regulations)	2,177	2,014	4,604
No. of Firms Found Allegedly Violative	27	75	306
No. of Seized/Sealed Goods	3,654	5,176	99,014
Estimated Value of Seized/Sealed Goods	Php 976,736.15 or USD 20,251.50	Php 4,518,775.93 or USD 91,060.11	Php 19,345,988.70 or USD 373,504.97
No. of Firms Penalized	11	34	243
No. of Fines Collected	Php 527,500.00 or USD 10,937.11	Php 2,566,750.00 or USD 51,723.86	Php 16,015,835.14 or USD 309,211.08



Complaints against online sellers without established reputation or standing – with only email address but without physical address were endorsed to NBI National Bureau of Investigation (NBI) and National Intelligence Coordinating Agency (NICA).



Online Mediation (No Face-to-Face Contact)



- ✓ The consumers who wish to file a formal complaint with the DTI-Fair Trade Enforcement Bureau, now have the option to participate in an online mediation conference to guarantee their health and safety and reduce contact and prevent transmission of COVID-19.
- ✓ Mediation is an intervention which **facilitates communication and negotiation** between the parties and assists them in reaching a voluntary settlement of their dispute. It is **MANDATORY** in all consumer complaints involving violation of the Consumer Act of the Philippines and other Fair Trade Laws.

Cross-border Complaints Resolution



**WITHIN
ASEAN**



**ASEAN Committee
on Consumer Protection
(ACCP)**



Official Portal
**MINISTRY OF DOMESTIC TRADE
AND CONSUMER AFFAIRS**



**COMPETITION
& CONSUMER
COMMISSION**
SINGAPORE

**OUTSIDE
ASEAN**



ICPEN
International Consumer Protection
and Enforcement Network



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS



ACCC AUSTRALIAN
COMPETITION
& CONSUMER
COMMISSION

Goals



Establish a central online facility for consumer redress



Reinforce inter-agency coordination



Harmonize the complaints-handling processes of the government

Progress

Phase 1: PODRS Assessment



Development and operationalization of consumer complaints filing, tracking, ageing, reports generation, and status updating

Phase 2: PODRS Functional Specifications and Workshop



Development of a virtual mediation conference and possible online resolution of complaints

Phase 3



a. PODRS Compliance: Data Privacy, Security, Risk Management

b. PODRS Systems Development

Linkage with the ASEAN ODR for effective cross-border redress

Strengthening Consumer Protection in Online Retail Transactions



Bureau of Internal Revenue (BIR): Revenue Memorandum Circular No. 55-2013

- Covers Online Shopping or Online Retailing, Online Intermediary Service, Online Advertisement or Classified Ads, and Online Auction



Intellectual Property Office of the Philippines

- Signed a memorandum with e-commerce platforms Lazada and Shopee to address rising cases of online counterfeiting and piracy in violation of Republic Act No. 8293 (Intellectual Property Code)



Philippines' National Privacy Commission (NPC)

- Participant in the APEC Cross-Border Privacy Rules (CBPR) system

Pending Legislations Relevant to E-Commerce

- House Bill 7805: Internet Transactions Act (draft includes establishment of an e-Commerce Trustmark)
- Revised Consumer Act of the Philippines
- Ratification of the UN Electronic Communications Convention

In the Pipeline: Initiatives of the DTI on E-Commerce

- Joint Administrative Order (JAO) on Guidelines for Online Businesses
- DTI, Dept. of Social Welfare and Development, National Commission of Senior Citizens, National Council on Disability Affairs, Dept. of Health (DOH), BIR, and the Dept. of the Interior and Local Government JAO on the Guidelines on Statutory Benefits of Senior Citizens and Persons with Disability for online/SMS/phone call purchases
- Department Order on the Grant of DTI Seal of Legitimacy for Direct Sellers and Multi-level Marketing Companies
- Executive Order on the Submission of Franchise Agreements of Micro Small And Medium Enterprises
- Memorandum of Agreement with Dept. of Agriculture - Fertilizer and Pesticide Authority, Dept. of Environment and Natural Resources - Environmental Management Bureau, DOH - Food and Drug Administration, NPC, Intellectual Property Office of the Philippines to curb the rampant unauthorized online sale of fertilizers, pesticides, and other chemicals



THANK YOU!

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