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Discussion Paper: APEC Regional Consumer Protection Framework

Submitted by: Korea



**Workshop on Consumer Protection in
Digital Trade: Towards Building an APEC
Regional Consumer Protection Framework
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Session 3:

Discussion Paper: APEC Regional Consumer Protection Framework

I. Background

Due to the COVID-19 pandemic, contactless cross-border trade has become more active than ever before. This has led to the continual expansion of consumer trade. While this expansion is fueling growth and increasing the power of the digital market, it can sometimes cause damage to consumers in various aspects. One example is that disputes in the digital market can be especially difficult to resolve. Therefore, establishing a reliable market for consumers, and increasing their convenience, is an important policy task for the international community in supporting the digital economy.

In 2019, Chile, as host economy, chose digital society; integration 4.0; women, SMEs, and inclusive growth; and sustainable growth as its four priorities under the overarching theme of “Connect People, Building the Future.” On September 22, 2019, a workshop was held on “Consumer protection in digital trade, opportunity and challenge” to contribute to making progress on the digital society priority and seek ways to work together for enhancing consumer protection in the digital economy. Workshop participants discussed international rules for protecting consumers in digital trade, strengthening the enforcement of consumer protection laws in digital trade, new trends in consumer protection, self-regulatory mechanisms and cases, and the possibility of establishing an APEC-wide framework for consumer protection. The workshop provided an opportunity for member economies to go over key cases in each of the topics and recognize the importance of consumer protection.

In particular, member economies shared the view that there needs to be a minimum set of principles on consumer protection that apply to all global companies and business owners (the need for consumer protection principles). They also agreed on the need to work together for an international consumer protection network as well as for strengthening multilateral networks within

international organizations to ensure strict enforcement of these principles. Furthermore, member economies all recognized the importance of having a person in charge of consumer complaints and dispute settlements, and informing the results thereof, as well as the importance of sharing consumer safety issues and information in increasing cooperation.

II. Objective

Discussions on consumer protection in digital trade will become more and more important. Already, active discussions are taking place at various international organizations to find ways to solve consumer problems. Therefore, member economies need to have more discussions on ways to take APEC's consumer protection framework to the next level, given the importance of consumer protection in promoting digital trade and e-commerce. The objective of the workshop is to share ideas with the enforcement authorities of member economies on the systems and policies for each discussion topic and identify ways to step up cooperation between member economies. We hope that the discussions at the workshop will serve as cornerstones for strengthening APEC's framework on consumer protection in the digital economy.

III. Key Discussion Topics

Discussions at the workshop will revolve around key points that policymakers need to consider or use as a reference when designing policies for consumer protection in the digital economy. Participants will be discussing the status of consumer protection in member economies as well as the problems and solutions.

This document lays out the discussion topics of the workshop in a broader sense first and then goes into more detail. The main focus of the discussions at the workshop will be how APEC member economies can work together to improve their means of resolving consumer damage disputes. The discussions will

provide a broader perspective on how we can develop APEC's framework on consumer protection in the digital economy in the longer term. Each topic will be thoroughly discussed at the workshop. Taking into account what was discussed at the previous workshop, below is what needs to be discussed as the main principles of APEC's consumer protection framework.

1. Consumer Protection Guidelines

- 1.1. (Information provision)** Guaranteeing access to accurate and sufficient information on products and services
- 1.2. (Online platform regulations)** Sharing the current status of and changes in the laws of member economies for strengthening online platform regulation
- 1.3. (Facilitating the self-regulatory mechanisms of businesses)** Encouraging businesses to follow the guidelines of APEC member economies and introduce self-regulatory mechanisms, such as monitoring and managing hazardous goods.

2. B2C Dispute Relief

Ensuring efficient and effective damage redress and establishing a consumer damage redress system that can be used in all member economies. This includes preparing and guaranteeing an effective dispute settlement system such as Online Dispute Resolution (ODR).

3. International Trust mark system

Searching possibilities of establishing an international trust mark system through international cooperation and working with international organizations

Within this larger context, discussion and research will be focused on e-commerce information provision, online platform regulations of member economies, their monitoring of hazardous goods, the practices of member

economies in cross-border consumer dispute settlement and enforcement (especially, the usage of ODR), and the possibility of an international trust mark system.

1. Consumer Protection Guidelines

1.1. Information provision

Member economies should discuss standardizing and guaranteeing access to information on products and services, including information on dispute settlement.

In e-commerce, it is of utmost importance that businesses provide necessary information to consumers. Therefore, standardizing and setting the minimum requirements for information that needs to be provided is pivotal.

Information provided online for customers can be largely divided into the following categories: information about the provider, product/service-related information, price information, and information about terms and conditions.

Each economy's regulations on search rankings, personalized advertisements, and sponsored reviews can also be discussed, as they can be important information for customers when buying products or services.

In Korea, while it may vary depending on the product, the following information must be provided in accordance with the Bulletin on the Provision of Information on Products, etc. in E-commerce, etc.

- information about the product's material, type, color, size, and serial number
- for imported goods, information about the importer, the origin of manufacture, handling precautions, quality assurance standards, the name and phone number of the customer service representative, the

phone number of the consumer counseling center

- for electronic products and furniture, information about whether the product has acquired Korea Certification
- for electronic products, information about rated voltage, power consumption, energy efficiency rating, the year and month in which the model was first released, etc.

In domestic transactions, providing the phone number of the consumer counseling center may be enough, but in global transactions, providing the email address or information about a dispute settlement organization will be more appropriate.

1.2. Current status of online platform regulations and changes

If an e-commerce legal system has already been put in place, there is a need to check the status of online platform regulations and whether the legal system contains elements on laying the foundation for international cooperation. Recently, due to the growing influence of online platform businesses, e-commerce trade has undergone restructuring and has become more pivoted towards online platforms. As a result, economies are seeking to introduce legislation to strengthen the responsibility of online platforms. Member economies need to discuss imposing obligations or recommendations about consumer protection onto online platform businesses as part of fulfilling their corporate digital responsibility (CDR) and securing the trust of consumers in international e-commerce.

1.3. Facilitating the self-regulatory mechanisms of businesses

Member economies need to discuss ways to boost the self-monitoring and self-regulation of businesses on hazardous goods.

Member economies may discuss preparing voluntary safety agreements or

encouraging MOU dispute settlement organizations to share information in order to prevent hazardous goods from being distributed within the APEC region through e-commerce. In this respect, using information from the Guidance Document for Use of APEC Product Safety Incidents Information Sharing System can be considered.

In Korea, hazardous goods do not get passed through customs clearance so as to protect the safety of consumers buying goods through e-commerce. In the case of prohibited items, five major online open market businesses signed an MOU with the Korean government, and they autonomously prohibit distributing hazardous goods for consumer safety.

In June 2018, the European Union (EU) signed product safety agreements with Amazon, eBay, AliExpress, and Rakuten France on removing hazardous goods from their websites. The Australian Competition and Consumer Commission (ACCC) also signed a product safety agreement with Amazon Australia, eBay Australia & New Zealand, the Alibaba Group, and Catch Marketplace in November 2020.

The EU and the ACCC suggested establishing a set of guidelines to maintain consistency globally, which has led to the OECD preparing the draft of the Product Safety Pledge in April 2021. The Product Safety Pledge was officially announced in June 16, 2021.

2. Consumer redress in e-commerce

Member economies can work together to enhance consumer redress **(i)** by designating an organization as a contact point and strengthening the link between organizations (via bilateral and multilateral MOUs) and **(ii)** by establishing an integrated ODR center within APEC.

With regard to setting regulations, since APEC has its own B2B ODR regulations,

expanding the scope of these regulations to cover B2C can be considered.

3. International trust marks

Member economies need to consider using a credible trust mark system to nurture MSMEs and give them more opportunities. When it comes to APEC cooperation on consumer protection trust marks, we have the following options: (i) APEC can establish its own trust mark certification organization and conduct the certification process on its own, (ii) APEC can establish shared rules on trust marks but let each economy's certification agency to conduct the certification process (this method is similar to the CBPR), or (ii) member economies can maintain their own system and find ways to work together instead of introducing an APEC-wide trust mark system.