

TRADE AGREEMENTS NEED TO BE CONSUMER-FRIENDLY

i Beef from South America or cars from Japan — there is no doubt that global markets offer benefits to consumers. They gain access to a wide range of high-quality or inexpensive products thanks to the increasing competition among producers and traders. However, this is only to consumers' advantage if customs duties are abolished and national health and safety standards in the European Union (EU) are upheld.

The EU is currently negotiating a number of bilateral trade agreements with countries all over the world. Many recent agreements, such as the ones signed with Canada (CETA) and Japan, are now being implemented. The EU is also involved in modernising the structures of the World Trade Organization (WTO), the body that sets rules for global trade between more than 160 countries. Under the auspices of the WTO, for example, a number of countries are currently collaborating on establishing principles for global e-commerce.

! The Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband – vzbv) is calling for the German government, the European Commission and the European Parliament to champion pro-consumer trade agreements, i.e. agreements that stipulate the protection of personal data and include consumer-friendly rules on labelling, e-commerce and telecommunications.

CONSUMERS ARE INCREASINGLY SHOPPING ONLINE, OFTEN OUTSIDE THE EU

Consumers make online purchases from sellers ...

in their own country

28.0 %

2008

49.1 %

2016

in another EU country

6.2 %

2008

17.5 %

2016

outside the EU

4.0 %

2008

11.3 %

2016

Source: Consumer Conditions Scoreboard 2017.

VZBV'S POSITION

👍 Providing genuine benefits for consumers: The European Union's trade agreements must take consumers' interests into account. When it comes to international e-commerce, for example, it is important to clarify what rights consumers have if they receive a damaged item or wish to make a legal guarantee claim in respect of new goods.

👍 Aiming for consumer protection: Consumer protection has to be clearly defined in trade agreements. Internationally recognised consumer protection standards (such as those of the United Nations) need to be embedded as the minimum standard in the agreements to ensure that consumers' rights are taken into account.

👍 Applying the precautionary principle: In Europe, consumers can be confident that products are only brought to the market if they meet health and safety standards. National authorities ensure this by means of the precautionary principle. This principle must be enshrined in the EU's trade agreements to ensure a high level of consumer protection globally.

👍 Voluntary cooperation: International cooperation between regulatory and supervisory authorities can be beneficial for consumers, for example when food controls are being improved as part of a trade agreement. But it must certainly not be mandatory.

FACTS AND FIGURES

i According to a survey conducted by the Bertelsmann Foundation in 2016, 56 percent of Germans view the growth of international trade as fundamentally positive.¹

i In Germany, 13 percent of consumers shop outside the EU.² However, their consumer rights are not protected as well as when making online purchases in Germany or elsewhere in the single European market. An increasing number of people benefit when trade agreements establish strong consumer rights and mechanisms for their legal enforcement.

i In the EU, 70 percent of consumers want to know the origin of the meat they buy.³ Trade agreements must not prevent the consumer-friendly labeling of products.

i A survey conducted by Statista in 2016 on the EU-Canada free trade agreement CETA found that 53 percent of respondents were worried that CETA could weaken consumer protection in Germany.⁴

... FREE AND UNRESTRICTED TRADE ...



... must not lead to consumer protection falling by the wayside.

When she went to school, Luise spent a year abroad in Tokyo. She has loved Japan ever since. She still has many friends there and likes to order fabrics, furniture and food from the Far East online. But this has often been problematic. She found one merchant's payment system too complicated. Another delivered a poor-quality product and did not allow returns, so she is now

stuck with a damaged clock she cannot use. Luise is therefore pleased that the EU signed a trade agreement with Japan in 2018. She hopes that goods will become cheaper once the tariffs are abolished and that she will be able to shop more securely and easily. Luise is a tailor by trade and heard from a client that a number of important EU standards and rights have not been incorporated into the trade agreement. This could be bad news for consumers: while Japan also follows the precautionary principle, there is no strict ban on meat from animals treated with hormones or on genetically modified vegetables. Luise is unsettled by the idea that she might buy such articles unwittingly. She would like to see Europe's strict consumer protection standards being enshrined in the trade agreements. In any case, it is important to her that goods can continue to be labelled under the trade agreements so that she can ascertain whether products meet her expectations and comply with the standards applicable in her home country.



Contact:
Jonathan Maier
Policy Officer
Team Legal Affairs and Trade
Recht-und-Handel@vzbv.de

- 1 Bertelsmann Foundation, 2016.
- 2 Destatis, Wirtschaftsrechnungen, Private Haushalte in der Informationsgesellschaft [national accounts, households in the information society], December 2016.
- 3 Eurobarometer no. 389, 2012.
- 4 Statista, November 2016, <https://de.statista.com/statistik/daten/studie/628761/umfrage/aussagen-zum-freihandelsabkommen-ceta/>.