

CONSUMER RIGHTS IN INTERNATIONAL TRADE AGREEMENTS

Position paper, Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband – vzbv)

A vzbv commissioned study shows that consumer protection – apart from protecting human life and health – does not figure prominently in trade agreements. Explicit consumer interests like the right to information or the right to privacy are only weakly enshrined. Furthermore, consumer protection is not listed among the explicit objectives of “modern” trade agreements and hence does not benefit from special attention.

Consumer rights need to be safeguarded when comprehensive trade agreements are negotiated to continuously guarantee high levels of consumer protection and maintain consumers' trust in the global economy. A study commissioned by vzbv has analysed the EU-Canada, EU-Vietnam, EU-Korea and USA-Korea agreements as well as the plurilateral TPP agreement and specific consumer-relevant WTO rules as to their consumer-related rules.

VZBV'S POSITION

❖ **Include “consumer protection” in the objectives of trade agreements**

None of the agreements analysed directly refers to consumer protection in its objectives. Given the importance of modern, comprehensive trade agreements for consumer welfare it should be added among the objectives of future agreements in order to ensure a consumer-friendly interpretation in case of disputes.

❖ **Make exception clauses encompass “consumer protection”**

The protection of human life and health is codified in exception clauses in different parts of trade agreements. On the basis of these exceptions parties may act contrary to the commitments taken under the agreement. They however do not list further consumer interests other than protecting human life and health. Exception clauses should be extended to the notion of “consumer protection”.

❖ **Include a chapter on “Trade and consumer” in trade agreements**

In a self-standing chapter on “trade and consumer” trade agreements should commit to a high level of consumer protection, joint commitments to (international) consumer standards as well as to the inclusion of consumer organisations in the oversight and enforcement of trade agreements.

❖ **Implement and expand best-practices in future trade agreements**

The EU-Korea and EU-Vietnam agreements allow for national measures of *product information and labelling* to the benefit of consumers. The transpacific TPP agreement contains a rule to adopt or maintain *consumer protection* laws and regulations to protect consumers in e-Commerce. The EU-Canada agreement includes clear exceptions to *protect consumers in financial services*.

WHY DOES IT MATTER TO CONSUMERS?

- ❖ Open markets are good for consumers if they contribute to a wider choice, to lower prices, higher product standards and fair competition. So-called “modern” trade agreements aim at creating deep and comprehensive rules for global trade. This could be beneficial for consumers if their interests are safeguarded. 56 percent of Germans generally perceive increased international trade as being a positive thing (Bertelsmann Stiftung, 2016)
- ❖ The introduction of a mandatory country-of-origin labelling scheme for meat products is being discussed across Germany and the European Union. 70 percent of European consumers would like to know where their meat comes from (Eurobarometer No. 389, 2012). This is just one example for labelling schemes that need to be explicitly allowed in trade agreements.
- ❖ 13 percent of German consumers shop online in non-European countries (Destatis, 2016). But their consumer rights are often weaker than in Germany or in the EU Single Market. Comprehensive trade agreements need to improve those rights and create stronger rules for consumer in the global market.

CONSUMER RIGHTS IN TRADE AGREEMENTS: A BLIND SPOT?

vzbv took a closer look at the implementation of consumer rights in trade agreements on the basis of the *UN Guidelines for Consumer Protection*. The Guidelines currently define the most comprehensive international baseline for consumer protection and -welfare.

“Minimum harmonization” through WTO rules

The rules of the World Trade Organization (WTO) lead to a harmonisation of trade rules in bilateral and plurilateral agreements. This “smallest common denominator” is reflected in those areas where WTO rules exist (such as technical standards, sanitary and phytosanitary measures and financial services). That is why national rules in the areas of e-Commerce and sustainable development are more divergent as there are no multilateral rules yet.

Few rules directly related to consumer welfare

Trade agreements have the potential to determine consumer-friendly rules that go further than WTO rules, as the examples of product labelling in the EU-Korea and EU-Vietnam agreements show. The agreements analysed, however, generally contain only few rules that refer to consumer welfare. Furthermore, in terms of defensive consumer interests, consumer protection is currently not an objective of trade agreements as such and is protected in none of the agreements analysed.

Further information:

- ❖ Full Study: http://www.vzvb.de/sites/default/files/downloads/2017/02/13/17-02-13_vzvb_gutachten_verbraucherrechte_handelsabkommen.pdf
- ❖ vzbv's trade policy positions: www.vzvb.de/tip

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