

CONSUMER SUMMIT

MARCH 15TH, 2017, BERLIN, KEYNOTE SPEECH – KLAUS MÜLLER

Distinguished Guests, Ladies and Gentlemen,

It is a pleasure to welcome you to this Consumer Summit in Berlin.

It is a challenge in different ways. First we deal with the most important current subject: the digital world! The future of consumer policy! It is not only an important way to do business, it is a key channel for information and the fast growing sector to spend time socially. Second: It is part of Germany's G20 presidency. A level of political importance that consumer policy rarely touched so far. We should take advantage of that and try to manage sustainable results. And last but not least: today is 15th of March, the traditional World Consumer Rights Day. A day that should inspire us to come forward with challenging results and not to be too shy.

The words we have heard so far from Secretary Maas yesterday evening, and from State Secretary Billen just shortly ago, met the expectations we had when we planned this summit and have set high standards already. We will be under some pressure to keep up.

But first let me welcome some guests individually:

Teresa Moreira, Head of Competition and Consumer Policies Branch of UNCTAD: UNCTAD already played an important role in the past years with the Revision of the UN Guidelines on Consumer Policy. And we expect and ask UNCTAD to be an active player on consumer policy in the digital world also in the future.

I welcome Mrs. Despina Spanou from the European Commission. She is responsible for communications networks, content and technology - right in the center of our subject. And of course we expect the European Commission to come forward with solutions in the best interest of consumers. And we, that are all European Consumers, represented by BEUC, who do have high expectations! Welcome also to Monique Goyens, director of Beuc. Europe should be a frontrunner in consumer policy in the Digital world.

State Secretary Machnig, from the German Ministry of Economic Affairs and Energy; Dr. Steffen from the German Ministry of Finance, and Parliamentary State Secretary Kelber from the German Ministry of Justice and for Consumer Protection. We would like to thank the whole German government for bringing consumer policy on G20 level and we have the clear expectation that this job is not finished with having a conference but that the German government will support the results continuously on the international level. Sustainable results is what we want – a set of indicators for defining the state of consumer protection in the digital world and a toolbox for consumer policy on the international level.

I also express my expectations towards Argentina, represented by Dr. Javier Tizado, Under Secretary of State in the Ministry of Production, to support our ideas in South America.

Amanda Long: Director General of Consumers International. CI is our partner in this project, of course not only in this project – but here our cooperation was very productive. So I would like to thank Amanda for the tremendous work CI and its members have done so far. A great job. Thank s to CI and its members we have well drafted recommendations. And of course we will cooperate intensely in the future.

There are so many more important persons here that I cannot name them all individually.

Please let me end this part of my speech with my **first key message**: It is fine to have such an important conference with so many distinguished guests. But it is equally or even more important to have a continuous process started that will work in a sustainable way on our agenda. We ask OECD to develop jointly with the key stakeholders, including Consumers International and its members, a toolbox to support consumers in the digital world.

Since not all our guests are familiar with consumer organizations in Germany, just a few remarks on the Verbraucherzentrale Bundesverband and also some hints on recent but important elements of consumer policy in the digital world in Germany, like new possibilities of collective action and the Watchdog Digital World.

VZBV

The Federation of German Consumer Organisations (vzbv) represents the interests of more than 80 million consumers in Germany. The vzbv acts as the umbrella organization for 40 German consumer associations: the consumer centres of each of Germany's 16 federal states and 24 consumer policy organizations.

vzbv gets its core funding from the Federal Ministry of Justice and Consumer Protection. Though we receive our funds (last year 26.5 million Euro) largely from the government, we are completely independent with regard to our policy positions and our collective actions.

And I would like to highlight that the digital world is of extreme importance for consumer information. Via internet, Facebook, Twitter etc. we are in contact with growing numbers of consumers, the media and the political sector. We consider the digital world as a chance not only for consumers (better information and greater choice), but also for consumer organizations.

Here I would like to express my **second key message**. Do not let us be too pessimistic about the digital world and only see the risks and problems. We should also see and enforce the advantages for consumers (such as lowering of prices due to more competition - at least in some areas) and consumer organizations.

Of course, there are problems. Some companies do not voluntarily comply with our legal standards. That is why, for example, we successfully challenged Facebook

via collective action up to the high court of Germany, for not accepting privacy rules in their friend finder elements. And since Facebook did not comply with another court decision, it was sentenced to pay a penalty of 100 000 Euro. And currently we challenge another almost 20 of Facebook's terms and conditions.

Since there are many problems with regard to data protection it was quite important that Germany enlarged our legal options to bring collective action. We now have the right to start collective action against any breach of privacy, we are not any more restricted to unfair terms and conditions but rather any business practice.

Since the digital world is extremely complex and important, we are grateful that we received additional funds from the German government to start a digital watchdog. This project examines the market for digital products and services from the consumer's perspective. On the basis of consumer complaints and independent research we installed a system of early diagnosis on developments in the Digital market. Our knowledge and findings are the basis for lobby work on the political level and serve also to inform the supervisory agencies.

I do hope that some of these recent developments in Germany are an encouragement for your plans. And my **third key message** is that consumer organizations need new and additional instruments in order to be effective in the digital world.

STUDY

One of the reasons why we benefit so much from our new watchdogs is that we have and will have more and better data on market developments and on consumer problems. Consumer policy in general needs to have more data and be more evidence based in order to be effective.

This is also the reason why we commissioned a study by the Institute for Consumer Policy. Prof. Thorun will present the study plus a consumer poll later in the morning. But some major results should be highlighted already:

Only a quarter of people in six G20 member states (Argentina, China, France, Germany, South Africa and United States of America) trust their governments to protect their rights online.

Seventy-two percent of consumers are concerned that too much of their data is collected online.

Sixty-eight percent of consumers are worried that their digital payments are unsafe.

And two thirds are concerned that new digital products such as smart homes or driverless cars are unsafe.

Of course, there are some differences between nations but the overall picture is rather similar.

Without going further into details of the study, it is evident that there is a large lack of confidence with respect to a reliable framework for consumers in the digital world.

This lack of confidence is crucial in business sector where consumers do not have personal contact with the supplier and do not have direct contact with the goods to buy. Trust is the “lubricant” for digital business. Without sufficient consumer trust, possible growth will not be achieved.

This is why the UN Guidelines on Consumer Policy call upon “the member states to work towards enhancing confidence in electronic commerce by continued work towards development of transparent and effective consumer protection policies...”.

“Confident consumers create thriving markets”, has the EU Commission stated already in 2011.

Therefore, the **fourth key message** learned from the study is: Consumer confidence is lacking largely and a lot more is to be done to make consumers confident and empower them efficiently.

We also learned from the study that data and methodology are insufficient and there is urgent need for further research, for improving indicators and data gathering methodologies.

RECOMMENDATIONS

As I have indicated already, CI and vzbv cooperated intensely on behalf of the worldwide consumer movement to prepare a draft of recommendations for consumer empowerment in the digital world.

We had in mind to come forward with a signpost for the international cooperation, which we consider as necessary. To protect consumer rights online, to have personal freedom and autonomy upheld, a strong international commitment is necessary. Because this cannot be managed by one country alone, it requires collaboration across governments, international organizations and business. An impressive standard of clear and effective consumer policy for the digital world is indispensable. A toolbox developed by an international organization on the basis of our recommendations shall provide guidance worldwide.

Recommendations of the OECD already exist, like those on E-Commerce, or the UN Guidelines for Consumer Policy. These are models we have in mind in what we expect.

The principles of the UN Guidelines - for example -, were a well-suited basis for our recommendations. Principles like access, privacy and data security, education and awareness, dispute resolution and redress, etc. were a good starting point for our recommendations. Of course, these general principles always have to be adopted to specific sectors. And we have developed not only recommendations adopted to the digital world, but also clear messages for each of these recommendations.

- ❖ **Regulatory framework:** Regulatory frameworks should be created in all G20 countries to protect consumers rights equally offline and online.

- ❖ **Responsible business conduct and the role of oversight bodies:** Digital providers should be held Responsible for upholding digital consumer protection.
- ❖ **Access and inclusion:** All Consumers should have access to an affordable and good quality internet connection.
- ❖ **Disclosure and transparency:** INFORMATION ABOUT DIGITAL PRODUCTS AND PROVIDERS should enable consumers to quickly acknowledge critical information.
- ❖ **Fair use and clear ownership:** INFORMATION ABOUT DIGITAL PRODUCTS AND PROVIDERS should enable consumers to quickly acknowledge critical information.
- ❖ **Digital education and awareness:** DIGITAL EDUCATION AND AWARENESS should support consumers to be able to make informed choices and manage risks and opportunities.
- ❖ **Security and safety:** Consumers must be PROTECTED FULLY AGAINST FRAUD OR MISUSE and Companies should provide essential updates for security and performance for a reasonable period after sale.
- ❖ **Data protection and privacy online:** Consumers should be able to EXERT CONTROL OVER THEIR PERSONAL DATA AND PRIVACY preferences and it should be clear how ALGORITHMS affect digital services and products.
- ❖ **Complaints handling and redress:** EFFECTIVE REDRESS IN THE ONLINE WORLD should not be less than those available for other forms of commerce.
- ❖ **Competition and choice:** COMPETITIVE MARKETS SHOULD BE PROMOTED to give consumers a meaningful choice of digital providers and the possibility to easily switch should be enhanced.

I believe, and this is my **final key message**, we have achieved an excellent standard of recommendations - really worth to be supported by G20 governments and with the participation of consumer organizations, especially CI, to be transformed into an international consumer policy toolbox. Let us join all our power to achieve this goal.

END

Finally, coming to the end of my contribution, I ask you all to support our recommendations in your organisation, in your country, in the international context and international organisations. Let us work towards an inspiring toolbox of consumer policy in the digital world. We only will be successful if we pull together continuously and strongly - to improve consumer's rights in the digital world.

Thank you for your attention. I wish you an inspiring and successful stay in Berlin. I hope you will benefit both from the conference and also from your stay in the city of Berlin with its museums, the history, the buildings. Please enjoy it. Thank you.