



Asia-Pacific Economic Cooperation

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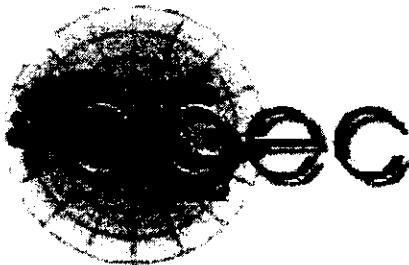
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## **E-Commerce Steering Group**

### **APEC Online Consumer Protection Principles**

Agenda Item: III v

Purpose: Consideration  
Submitted by: United States



Senior Officials' Meeting III  
Acapulco, Guerrero, Mexico  
15 August 2002

**\*\*DRAFT\*\***  
**(dated July 17, 2002)**

**RECOMMENDATIONS TO APEC MINISTERS ON CONSUMER  
PROTECTION FOR THE ONLINE ENVIRONMENT**

**Proposed by the United States, New Zealand, Australia, Japan [and other APEC  
economies]**

APEC economies acknowledge the value of electronic commerce as a means of advancing sustainable economic growth in the Asia-Pacific Region. In endorsing the 1998 Blueprint for Action, APEC Ministers recognised “the enormous potential of electronic commerce to expand business opportunities, reduce costs, increase efficiency, improve the quality of life, and facilitate the greater participation of small business in global commerce.”

The online environment is an international medium for commerce that will be optimised by an internationally coordinated approach. As such, APEC economies must continue to cooperate with each other in order to create a regional environment conducive to the widespread use of e-commerce.

The success of e-commerce depends on the participation of both the private sector and government in all economies. In the Blueprint, Ministers agreed that the business sector plays a leading role in developing electronic commerce technology, applications, practices and services, and that the role of governments is to promote and facilitate the development and uptake of electronic commerce by, among other elements, “providing an environment which promotes trust and confidence among electronic commerce participants.”

One essential element for creating the right environment for trust and confidence in e-commerce is consumer protection. The online environment facilitates easy and affordable interaction between buyers and sellers in different parts of the world. It provides benefits to consumers through enhanced choice, competitive prices and services, and greater access to information. At the same time, however, the online environment can also raise consumer concerns about the merchant’s identity, use of technology in completing transactions, and their ability to seek redress across borders. It can also make it easier for wrongdoers to defraud consumers or misuse personal information. These issues represent both new and difficult challenges for businesses, governments and consumers seeking to apply traditional consumer protection methods to the online environment.

APEC economies are committed to addressing consumer protection concerns within each economy as well as on a regional basis. A variety of approaches to consumer protection exist within APEC, including legal/regulatory structures, private sector self-regulatory programs, and public-private hybrid approaches. However, information collected by the Electronic Commerce Steering Group shows that there is some degree of consistency in consumer protection approaches among APEC economies. For example, many

economies have laws covering marketing and advertising, and fraudulent and deceptive practices; and most of these can be applied to the Internet.

APEC Economies recognise the value in developing compatible frameworks for consumer protection over time and in sharing information about consumer protection initiatives in other economies. The Electronic Commerce Steering Group has contributed to this effort by leading work in APEC on consumer protection. In July 2000 in Bangkok, the ECSG held the first APEC workshop on consumer protection in the online environment. The ECSG also conducted a survey of consumer protection practices in APEC and, based on this, will submit a report to Ministers in 2002. The ECSG will continue to promote information-sharing activities and dialogue in this area.

In the course of its work, the ECSG has identified the need for a common set of principles on consumer protection for APEC to assist in the further development of appropriate and compatible frameworks for consumer protection in e-commerce. Such frameworks would give more seamless consumer protection across the Asia-Pacific region, allowing consumers to transact online between economies with greater confidence. The ECSG proposes the following recommendations to Ministers. These are intended to be voluntary principles that economies and their private sectors can use when considering the application of consumer protection in e-commerce. In addition, consumers can use the principles as a tool in assessing fair business practices online.

#### General

- Consumers who participate in electronic commerce should be afforded transparent and effective consumer protection that is not less than the level of protection afforded in other forms of commerce.

#### International Cooperation

- International cooperation among economies, businesses and consumer representatives will be necessary to establish the confidence and trust that is essential for APEC businesses and consumers to fully realize the benefits of e-commerce. Where appropriate, the development and implementation of joint initiatives at the international level among businesses, consumer representatives and economies should be considered to provide effective consumer protection for the online environment.
- International cooperation, including information and intelligence sharing, between consumer protection law enforcement authorities will help to clarify gaps in enforcement mechanisms through appropriate cases and will assist consumer protection law enforcement authorities in detecting, investigating, warning consumers about, prosecuting, and deterring cross-border fraud.

### Education and Awareness

- APEC economies should promote the education of businesses and consumers about the risks and benefits of conducting transactions online.
- APEC economies should increase business and consumer awareness of the importance and availability of appropriate consumer protection guidelines, self-regulatory schemes designed to promote consumer protection, and alternative dispute resolution mechanisms.

### Private Sector Leadership

- APEC economies should encourage continued private sector leadership that includes the participation of consumer representatives in the development of transparent and effective self-regulatory mechanisms containing specific, substantive rules for dispute resolution, and compliance mechanisms.
- Economies should encourage continued private sector leadership in the development of technology as a tool to protect and empower consumers.

### Online Advertising and Marketing

- Businesses engaged in e-commerce should not make any representation or omission or engage in any practice that is likely to be deceptive, misleading, fraudulent or unfair to consumers.
- Businesses are encouraged to join transparent and effective self-regulatory schemes that promote fair and ethical business practices.

### Online-Information Disclosure to Consumers

- Businesses should give consumers sufficient information to identify the business and to enable prompt and effective consumer communication with the business.
- Businesses should provide accurate, clear and easily accessible information about the goods or services they offer and information about terms, conditions, and costs relevant to the transaction sufficient to enable consumers to make an informed decision.
- Where more than one language is available to conduct a transaction, businesses should make available in those same languages all information necessary for consumers to make an informed decision about the transaction.

### Confirmation Process

- Businesses should provide consumers with measures that provide an opportunity for review before entering into a transaction.

### Resolution of Consumer Disputes

- Businesses should provide consumers with fair and timely means to settle disputes and obtain redress without undue cost or burden. Dispute resolution mechanisms include internal mechanisms to address consumer complaints and participation by the business in third party dispute resolution programs.
- Businesses, consumer representatives and APEC economies should work together to educate consumers and businesses about the potential of online alternative dispute resolution mechanisms to provide effective resolution of disputes in a fair and timely manner, without undue cost or burden to consumers.

### Privacy

- Protecting the privacy of consumers' personal information is an important element in building consumer confidence in e-commerce. For this reason, the ECSG should consider continuing privacy discussions in its future work plans.

### Security

- Businesses should take reasonable steps to ensure the security of information that is transferred from consumers in the course of an e-commerce transaction.
- Consumers should be provided with easy-to-use, secure payment mechanisms and information on the level of security such mechanisms afford.

### Choice of Law and Jurisdiction

- Electronic commerce transactions are subject to the existing legal frameworks in APEC economies respecting choice of law and jurisdiction. The ECSG should consider economies' domestic frameworks regarding choice of law and jurisdiction in future information-sharing about consumer protection.