

Ad Hoc Expert Meeting on
Consumer Protection:
The interface between competition and
consumer policies

Geneva, 12 to 13 July 2012

**Introduction by the UNCTAD
secretariat**

Consumer protection and competition policy

Note by the UNCTAD secretariat

Summary

- Both competition and consumer policies act to protect consumers' well-being and are usually mutually reinforcing.
- New products, new pricing and marketing practices and new understanding of their effects on consumer decision-making can suggest a re-evaluation of policy interventions.

Introduction (1)

- Both policies act to protect consumers' economic interests.
 - more effective consumers spur more effective competition.
 - competition supports consumer protection objectives
 - Yet there are exceptions

Introduction (2)

- One policy's remedies can have implications in the other's domain
- Institutional cooperation for investigations and remedies

Policy objectives and institutions (1)

- The UN Guidelines for Consumer Protection and the UN Set of Principles and Rules on Competition recognize the relationship between the two policy domains

Policy objectives and institutions (2)

- Policy tools partially overlap: both policies use market studies, advocacy, guidelines and law enforcement

Policy objectives and institutions (3)

- Responsibility for competition and consumer protection policies may lie with separate or a common agency; it may also be either general or sector specific.

Markets where these policies may interact

- Markets with imperfect information
 - Search goods
 - Experience goods
 - Credence goods
- Consumers' decision-making biases

Interactions in selected areas

- *Insurance and savings products*
- *Remittances*
- *Counterfeit drugs*
- *Unsafe consumer products*

Insurance and savings products

- Tight regulation
- Truthful information
- Intermediaries
- Assessment of offers
- Financial education
- Regulation, consumer protection, financial education and competition each play a role

Conclusions and policy options (1)

- “...improving the coherence between consumer and competition policies should be a central consideration to help markets work better, from the perspectives of both consumers and business.”

Conclusions and policy options (2)

- “In the light of recent developments, consideration could be given to revising the United Nations Guidelines for Consumer Protection.”