

A Proposal for Developing International Consumer Advisory Network

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Introduction

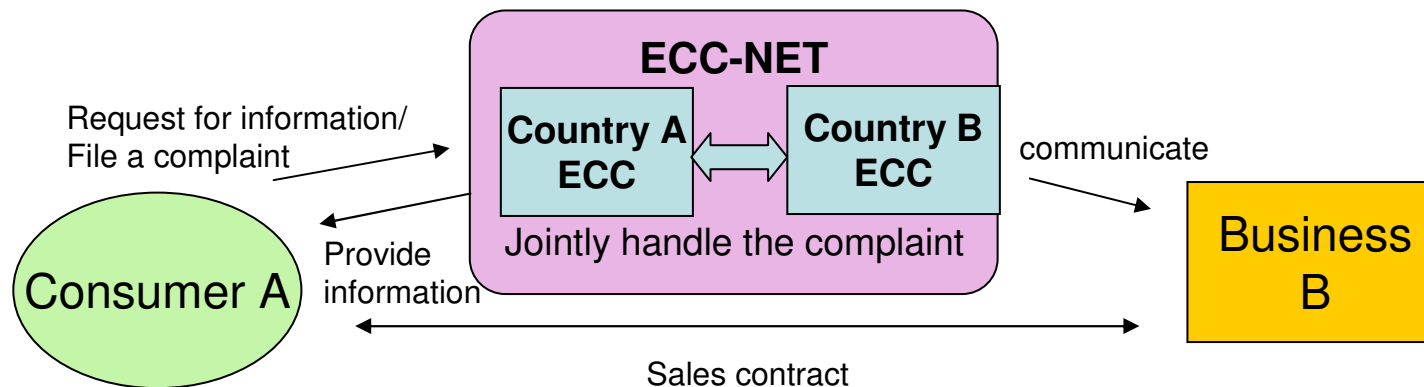
- GBDe 2006→remaining issues on dispute resolution in e-commerce
 - Financial burden of ADR
 - Dispute resolution concerning cross-border transactions
- OECD Recommendation on Consumer Dispute and Redress (July 2007):
 - Providing clear information to consumers
 - Expanding the awareness of justice system participants as to the needs of foreign consumers who have been harmed by domestic wrongdoers
 - Minimizing legal barriers to applicants from other countries
- GBDe 2007:
 - A proposal for “International Consumer Advisory Network”

Current situation of global collaboration in consumer complaint handling

- Bilateral partnership agreements
 - BBB (US, Canada) and ECOM (Japan) in 2001
 - BBB (US, Canada) and Trust UK (UK) in 2005→Online Dispute Resolution Platform (from 2006)
 - A consumer files a complaint on the web-based system (ODR Platform)
 - A message is sent to the foreign business by an automated email system.

European Consumer Centers Network (ECC-NET)

- Established in 2005 and 26 countries joined
- Funding from European Commissions as well as its member countries
- Providing complaint handling service and information upon request from consumers by phone and email (including a translation service)

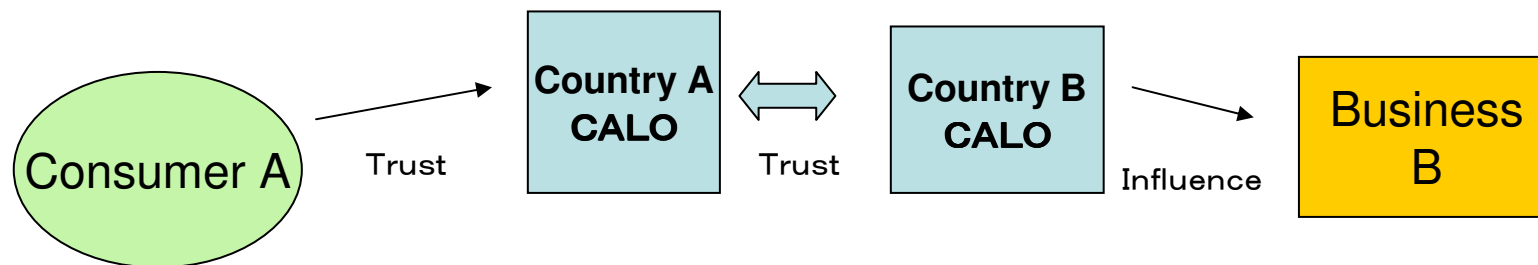


International Consumer Advisory Network: Its basic framework

- Multilateral co-operation among its member countries
- Providing services in a flexible manner (a “manual” approach (providing translation service, using email etc.) ↔ an “automatic” approach (ODR etc.))
- Decentralized network management → loose international cooperation without centralized power and control burden → making possible voluntary participation from all over the world

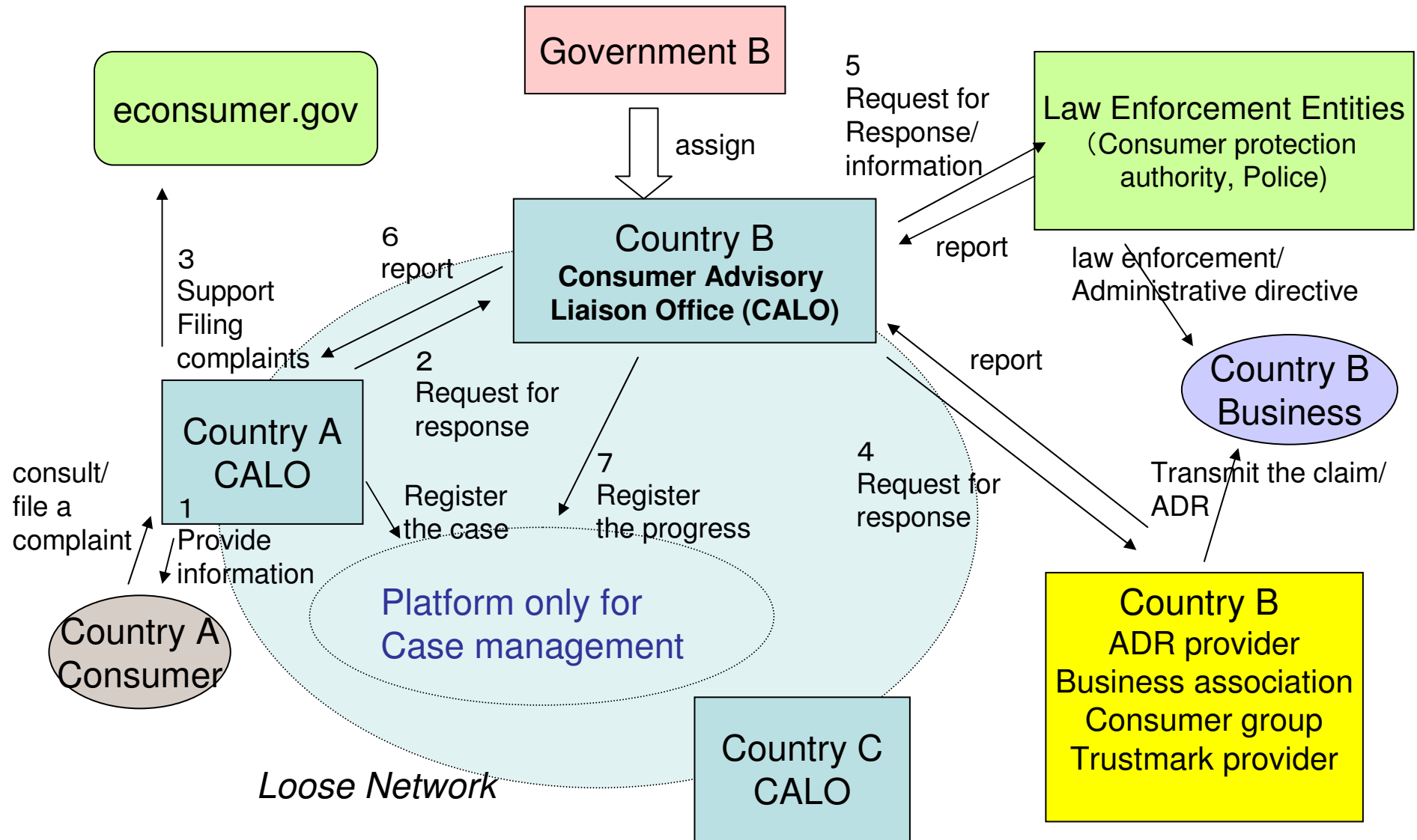
International Consumer Advisory Network: Its governance mechanisms

- Government's commitment and support on the Network
→ assigning and supporting a CALO in the country
- Chains of locally established “trust” and “influence” connected from a domestic consumer to a foreign business, intermediated by the CALOs of each country.



- Information disclosure of the progress of a complaint settlement to a third party (other CALOs) → “peer pressure” on the CALOs in charge

International Consumer Advisory Network



The role of CALO in the consumer's country (Country A)

- Receiving inquiries from its domestic consumers
- Providing advice on legal matters, ways of trouble settlement, etc.
- Translating the complaint into English and reporting it to the CALO in Country B where the foreign business is located
- Giving a result to the consumer

The role of CALO in the business's country (Country B)

- Making direct contact the domestic business to which a complaint is filed from the foreign CALO (in Country A)
- Asking for a response to an industry group, a self-regulatory scheme or a shopping mall, if the business is a member of them
- Seeking law enforcement institutions for cooperation in the case of the unknown business, no response from it or a breach of law.
- Reporting the result to the CALO in the consumer's country (Country A)

The role of government

- Designation of its Consumer Advisory Liaison Office (CALO)
 - Different and flexible organizational forms are possible among member countries (government agencies, private consumer associations, ADR providers, etc.).
 - No need for sharing the certification standard of CALO or the protocol to convey complaints→reducing entry barriers for countries when participating in the Network and management costs
 - Some financial support on the CALO in its own country
 - Promotion for the CALO's cooperation with domestic organizations including law enforcement entities
- ↓
- Each government is responsible to create the environment not to make its country “a heaven for wrongdoers” targeting oversea consumers (ref. FTC(2005)).

Information management of the network

- The name and address of the CALO in each member country is kept updated.
- The platform for case management is used to manage only the progress of a complaint settlement exchanged between CALOs (no centralized power with information gathering).
- By allowing the progress report to be seen by CALO of a third country, it is expected that peer pressure accelerates prompt action for complaint settlement.
- The data stored by CALO of each country should be analyzed based on the responsibility of each country and be used to gain awareness of marketplace trends and to provide information to prevent consumers from becoming involved in troubles, etc.
- As for handling of personal information and trade secrets, universal standards are set.

Recommendations

- GBDe makes the following recommendations to each country government to deepen this framework further and to fulfill it.
 1. On the protection and redress for the domestic consumers in global e-commerce transactions, the current status should be checked, and systems should be organized.
 2. Based on the OECD Recommendations 2007, the domestic system to provide redress for overseas consumers should be organized. In order to do that, while working with private sectors, the collection and analysis of complaint data filed from overseas consumers should be conducted first.
 3. In addition to the above two objectives, in order to obtain overseas consumer confidence in the domestic e-business environment, the realization of International Consumer Advisory Network (a tentative name) should be discussed at global intergovernmental conferences such as OECD, APEC, ICPEN, etc. US, Japan and European Commission, which have gone ahead of other countries regarding development of e-commerce are expected to play leading role in this discussion.

The Last Word

- Protect our domestic consumers from foreign wrongdoers and prevent our country from becoming “a heaven for wrongdoers” targeting victims abroad !
- Thank you for your kind attention.