



# Dialogue on Digital Consumer Protection with Emerging Markets

Global Programme in the GIZ Section Governance, Human Rights

Programme name	Dialogue on digital consumer protection with emerging markets
Commissioned by	The Federal Ministry of Justice and Consumer Protection (BMJV)
Programme region	Brazil, China, Indonesia, Germany
Duration	May 2020 – December 2021
Volume	EUR 280,000

## The Challenge

The ubiquitous effects of digitalisation permeate all of society. It is the most significant socio-economic transformation process in recent decades. Digitalisation changes societies, economies and political systems and affects myriad topics ranging from equal distribution of wealth, climate change and the rule of law.

Economically, digitalisation enables a multitude of opportunities for companies to develop new business models and innovative products. The simplification of processes, reduction of costs and easier accessibility for customers leads to an increase in efficiency and effectiveness in distribution and sales. Thus, digitalisation can be one of the most important catalysts for economic development. However, it also leads to a variety of challenges for markets and those who operate within them e.g. completely new digital business models, for which traditional regulation fails to be effective.

Especially emerging markets are confronted with the challenges of digitalisation. The economic policies of the partner countries of the programme, China, Brazil and Indonesia, have been dominated by economic expansion and increasing domestic consumption in recent decades and all three countries have undergone far-reaching economic transformation processes. The rapid development of these emerging economies against the background of digitalisation and globalisation, have influenced the market dynamics and led to massive shifts in the balance of power between the market

players.

These transformative developments are affecting emerging markets and well-developed industrial nations alike.

One essential instrument to ensure that economies serve all their actors is consumer protection. Consumer protection helps maintain a balance between the legitimate business interests and those of consumers. Changes in markets, their functioning and their power dynamics therefore require an adequate adaptation of consumer protection instruments and rules. Only that ensures that risks are sufficiently mitigated and that the benefits of a digital economy are duly made use of so that consumers and thereby society as a whole benefits from the digital transformation.

In this respect, however, states are pursuing different approaches. While some countries rely on vehement regulation, others prefer market self-regulation. Europe is opting for a third way and tends to combine both approaches.

Additionally, consumer protection doesn't just need to adapt normatively but may be a subject of digitalisation itself. Digital instruments of consumer protection, from online dispute resolution to legal tech, bear the potential to address challenges traditional consumer protection has struggled to address. World-wide, new ideas and approaches are being tested, yet they are often intrinsically linked with their domestic legal systems and markets. A dialogue across regions and sectors on the risks and benefits of digitalisation for our system of consumer protection is needed to ensure that we jointly shape a future that benefits emerging markets and developed countries alike and efficiently protects consumers in the new environments of digital and globalised markets.



## Our Approach

The global programme “Dialogue on Digital Consumer Protection with Emerging Markets” aims at strengthening consumer protection in China, Brazil, Indonesia and Germany by exchanging views on and identifying and developing, innovative and digital approaches to consumer protection enforcement. It ties in directly with the 2016-2019 programme “Enforcement of Consumer Protection Regulation in Selected Newly Industrialised Countries (NICs)” but focuses its activities more closely on the risks and opportunities of digitalisation. The global programme consolidates the dialogue between Germany, China and Brazil, which was started in 2016, sustains the piloted dialogue formats and expands the activities to the new partner country Indonesia.



Symposium “New Paths to Effective Consumer Protection” in Berlin, October 2019 (© GIZ)

The global programme focuses on three core topics:

### 1. Finding answers to arising challenges of consumer protection

This topic revolves around the normative adjustment of consumer protection to new challenges caused by the digitalisation of economies. The programme seeks effective answers to newly arising questions of consumer protection, for example in the fields of e-commerce and platform economy, data protection laws, or the adequate regulation of new business models and market players (e.g. tech giants).

### 2. Making use of digital transformation

The second topic focuses on new innovative methods to improve consumer law enforcement. This area scrutinises interesting legal tech projects and fosters discussion on how they can be adapted to changing circumstances and different legal systems. Examples are online dispute resolution platforms, algorithm supported applications for the evaluation and aggregation of consumer claims (e.g. MyRights and FlightRight), and e-courts.

### 3. Strengthening international exchange

The third topic focuses on the exchange of experiences and successful initiatives of the partner countries in the field of consumer protection. It aims at mutual learning.

To advance these subject matters, the programme conducts various activities:

**1. Promoting regular exchange** between the partner countries in the form of quarterly meetings titled *roundtables*. Each roundtable focuses on a different topic concerning consumer protection and examines it in depth. The roundtables are prepared via expert research on the chosen topic or input from the partner countries shared beforehand. In addition, research and experiences are presented during the roundtable to serve as food for discussion. The contributions of the partner countries enable a purposeful exchange and goal-oriented discussion, that ideally lead to advanced forms of consumer protection. In addition, selective topics, that are of particular relevance to the partner countries, are further examined in the form of workshops. The exchange also serves as starting point to pinpoint issues to be discussed in future roundtables.

**2. In between roundtables**, research is conducted to identify and analyse **new approaches of innovative consumer protection instruments**, as well as creative normative solutions. The research serves as foundation for the roundtables and follows up on topics identified as particularly significant; thereby thematically linking the roundtables. For this, the programme conducts research, commission in-depth studies, and draft concept papers and comparative analyses. A special emphasis is put on the evaluation of individual cases and the identification of “best practices”.

**3. The programme also offers support and advice** on an ad hoc basis to the Federal Ministry of Justice and Consumer Protection pertaining to national and international processes in the area of consumer protection and in the planning of events or other activities of the commissioning unit. Examples could be background research on current political debates, preparatory work for international events, drafting background papers or identifying new international partners and partner institutions.

This way, the potential of digitalisation for consumer protection law in the project countries is to be unlocked and consumer protection risks are to be identified and reduced. By cooperating with three of the world's largest emerging market economies, the programme also seeks to shape the international development of consumer protection and consumer protection law enforcement in the digital age.

Published by Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH  
Registered offices Bonn and Eschborn, Germany

Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn, Germany

info@giz.de  
www.giz.de

Contact Tim Lammers (tim.lammers@giz.de)

Last updated August 2021

GIZ is responsible for the content of this publication.

On behalf of The Federal Ministry of Justice and Consumer Protection  
(BMJV)

Division V - Consumer Policy; digital society; enforcement of  
consumer law

A 1 - Strategy and key issues of consumer policy;  
international consumer affairs

Contact Mohrenstraße 37  
10117 Berlin, Germany  
T +49 (0)30 18 580-0  
F +49 (0)30 18 580-9525

poststelle@bmjv.bund.de  
www.bmjv.de