

FOR A CONSUMER-FRIENDLY EU TRADE POLICY

Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V. – vzbv) recommendations to the European Commission on EU trade policy

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WHY IT MATTERS TO CONSUMERS

International trade has a major impact on German and European consumers. Provisions in trade agreements on market access, reduction of customs duties and production standards (for example the use of antibiotics in livestock farming) set the framework for the availability, price, quality, and safety of products consumed in the European Union. Rules on market-related issues always affect consumers either directly or indirectly. Trade agreements should therefore always provide consumers with specific benefits so that they do not lose faith in global supply chains and the state's ability to regulate successfully.

In addition, the majority of consumers would like to consume more sustainably.¹ At the same time, consumers depend on the availability of the products needed to ensure a transition to more sustainable consumption. This includes food that makes a plant-based diet easier, and products that allow consumers to produce renewable energy. It is therefore particularly important that trade agreements are compatible with the EU's objective of achieving climate neutrality by 2050 and that the impact of international trade on the environment and climate are consistently assessed.

INTRODUCTION

In the coming legislative term, the European Commission, the European Parliament, and the Council of the European Union have the chance to charter the course towards a more economically, ecologically, and socially sustainable economy and society that focuses on the needs of consumers. To achieve this, consumers need sustainable economic structures that both benefit and protect them against risks.

International trade law takes precedence over domestic laws. If the EU commits itself to certain practices in a trade agreement but subsequently adopts EU laws contrary to that agreement, trade partners can bring a case before the World Trade Organisation's Dispute Settlement Body or other bilaterally agreed bodies. This also applies to consumer protection legislation, which can then be declared a "barrier to trade". This can negatively influence EU legislative initiatives and often pre-

¹ vzbv – recommendations for "Sustainable Consumption", available here (in German): <https://www.vzbv.de/nachhaltiger-konsum>.

vents comprehensive, long-term consumer protection. vzbv thus calls for a European trade policy that explicitly incorporates consumer interests and does not limit the EU's regulatory room for manoeuvre.

VZBV RECOMMENDATIONS IN DETAIL

Embedding consumer interests in trade agreements

In the past, the negotiation of free trade agreements has led to many discussions and great uncertainty among consumers. The complexity of the issues involved and the lack of transparency of the negotiations leave many questions open, such as: Are imported products subject to the same rules of production as European products? Is there a guarantee that the EU's consumer protection level will not decrease? Will the product choice and price level change? vzbv works to ensure that European trade policy gives due and consistent consideration to consumer interests.

- ✦ Trade agreements must explicitly consider consumer rights to ensure a **high level of global consumer protection**. The preamble of trade agreements shall mention consumer protection as a core concept, and exceptions in trade agreements must be expanded to include the term "consumer protection". Furthermore, internationally recognised consumer protection standards must be incorporated as minimum standards to ensure that consumer rights are protected. A chapter titled "Trade and consumer protection" might, for example, include the obligation to provide a high level of consumer protection, the obligation to have joint (international) consumer rights, as well as the involvement of consumer organisations in monitoring trade agreements.²
- ✦ To date, insufficient attention has been given to **the economic effects** of trade agreements on consumers. It is only possible to assess whether trade agreements will offer consumers real benefits if reliable data are available. The data should make it possible to judge whether consumer prices have fallen due to trade agreements and whether product choice and consumer purchasing power have risen. The European Commission must ensure that the effects on consumers is embedded as an independent pillar in **impact assessments** relating to trade agreements.
- ✦ Cooperation between regulatory and supervisory authorities can benefit consumers, for example if official controls of foodstuff improves as part of trade agreements. Such cooperation might also include the alignment of technological rules or standards. However, **regulatory cooperation must be voluntary and shall not** replace legislative processes.³
- ✦ The European **precautionary principle** must be directly embedded in EU trade agreements with third party countries. This principle is specified as a regulatory objective in the EU Treaties (Art. 191 Treaty on the Functioning of the European Union) and is a cornerstone of European consumer policy. With

² See also study commissioned by vzbv: Pitschas, Gerstetter "Verbraucherrechte in internationalen Handelsabkommen" ("Consumer Rights in International Trade Agreements", 2017), available here (in German, with Executive Summary in English): http://www.vzbv.de/sites/default/files/downloads/2017/02/13/17-02-13_vzbv_gu-tachten_verbraucherrechte_handelsabkommen.pdf.

³ vzbv "Verbraucher vom Freihandel profitieren lassen" ("Let consumers benefit from free trade", 2017), available here (in German): <https://www.vzbv.de/meldungen/verbraucher-vom-freihandel-profitieren-lassen>.

respect to product and food information, the European Commission must enforce exemptions so that product labelling is not classified as a trade barrier if it reflects and serves consumer interests.

- ✦ The European Commission must negotiate international trade agreements in a **transparent manner**. That way, civil society can advocate for a high level of consumer protection in the EU. Especially with regard to commitments regarding new or future technologies, such as artificial intelligence, the EU should not limit its regulatory space by prematurely entering into international agreements.⁴

Strengthen consumer protection in digital trade

For a long time now, vzbv has been advocating for artificial intelligence (AI) and algorithm-based decision-making systems to be subject to a clear, consumer-friendly legal framework.⁵ From a consumer perspective, it is vital to ensure that specific obligations on transparency and information are introduced, that consumers have the right to lodge complaints, and that supervision of AI is strengthened.

- ✦ The EU must guarantee that obligations entered into as part of trade agreements are compatible with current and future policies regulating AI. The basic principles of foresight, precaution, and protection of vulnerable parties should be a priority when it comes to setting out trade obligations. This is key to ensuring sufficient regulatory space when reacting to the evolving risks, especially with respect to AI, and ensuring a high level of consumer protection in the EU.
- ✦ The EU should restrict the scope of application of its text proposals for an agreement on e-commerce regarding disclosure of source codes in software to forced technology transfers for unlawful business practices or else clearly highlight measures for algorithmic accountability. This would be prudent and maintain the EU's regulatory space on AI regulation in the future.⁶
- ✦ The EU has high data protection standards that also need to be consistently safeguarded with respect to digital trade. GDPR sets the standard, including a "territorial scope", i.e., any company offering its services in the EU must comply with the law, even if the company is based elsewhere. Chapters on data (flows) thus are unnecessary and would undermine GDPR. The European Commission should only permit data transfer as part of an adequacy agreement, to ensure that EU standards are complied with when the data of EU users is collected and processed in other countries. Modern trade agreements must simultaneously encompass independent, horizontal protective clauses for data protection and privacy so that these cannot be challenged as barriers to trade.⁷

Free trade must enable and promote sustainable consumption

The majority of consumers would like to consume more sustainably. Sustainable consumption involves the interplay of social, ecological, and economic factors

⁴ All of vzbv's consumer policy recommendations to European lawmakers (2024–2029) are available here: <https://www.europa-kann-mehr.de/>.

⁵ See also vzbv's position on the AI Act (13 March 2024): <https://www.vzbv.de/pressemitteilungen/ki-regulierung-bei-den-verbraucherrechten-waere-mehr-drin-gewesen>.

⁶ Kristina Irion (2021), "AI Regulation in the European Union and Trade Law", commissioned by vzbv. A proposed wording can be found on page 81, available here: <https://www.vzbv.de/publikationen/handelsabkommen-duerfen-die-regulierung-von-algorithmen-nicht-einschraenken>.

⁷ The EU has now agreed on a relevant rule: <https://ec.europa.eu/newsroom/just/redirection/document/52384>

along the entire production chain, from production itself through to waste disposal.⁸ Furthermore, sustainable consumption considers the issue of fairness and justice both within the current generation and the quality of life and interests of future generations. vzbv strives to help create the political and economic regulatory framework for sustainable consumption.

- The European Commission must ensure that its trade policies are in line with the aims of the European Green Deal and the political objective of achieving climate neutrality by 2050.
- Free trade should both foster and simplify sustainable consumption for consumers. This covers everything from production conditions and product choice to labelling. It is therefore important to integrate sustainability aspects into free trade agreement negotiations.

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The Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) is registered in the German Lobby Register and in the European Transparency Register. You can view the relevant entries [here](#) and [here](#).

⁸ Germany has signed up to the Sustainable Development Goals and promised to ensure implementation of SDG 12 “Sustainable consumption and production patterns”.