



ACPF 2024

المنتدى العربي
لحماية المستهلك

Arab Consumer
Protection Forum



Shared Prosperity Dignified Life



20-21 February 2024 - Bahrain

E/ESCWA/CL6.GCP/2024/ACPF/Background.2

Background note Strengthening legal frameworks for consumer protection

1. Background

Consumer protection law is a vital framework designed to ensure that individuals are treated fairly and equitably in the marketplace. This legislation is a cornerstone of modern economies, striving to balance the dynamics between consumers and businesses. It establishes the ground rules for ethical, sustainable and transparent commerce, protecting the interests of consumers while enhancing a conducive environment for economic growth. Consumer protection laws address a wide range of issues, from product safety and fair pricing to information transparency and dispute resolution. Moreover, due to digitization, globalization, and interconnections between countries, the consumer protection legislative framework is considered a safeguard that empowers individuals with the confidence to participate in commerce, secure in the knowledge that their rights and interests are preserved when purchasing goods and products online.

The box summarizes the legitimate needs that policymakers must secure for consumers.

According to the United Nations Guidelines for Consumer Protection,¹ policymakers have a duty to ensure consumers' essential needs, including providing access to vital goods and services, safeguarding vulnerable and disadvantaged consumers, protecting against health and safety hazards, and advocating for the economic interests of consumers. Furthermore, policymakers must facilitate consumers' access to sufficient information for informed decision-making based on individual preferences, provide consumer education covering environmental, social, and economic consequences of choices, ensure effective dispute resolution and redress mechanisms, uphold the freedom to form consumer groups and participate in decision-making processes, promote sustainable consumption patterns, guarantee a level of protection in electronic commerce equivalent to that provided in other forms of commerce, and safeguard consumer privacy and the global free flow of information.

¹ United Nations Conference on Trade and Development (UNCTAD), United Nations Guidelines for Consumer Protection, 2016 (p. 7, paragraph 5). Available at https://unctad.org/system/files/official-document/ditccplpmisc2016d1_en.pdf.

Beyond the specificity of consumers' interests, consumer protection legislation has a significant and direct impact on economies, as explained in the paragraphs below.

A. Economic growth.....

When consumers trust that their rights are protected through a strong consumer protection legislative framework, they are more likely to engage in economic activities, leading to increased consumer confidence and spending, which is a crucial driver of economic growth.¹ As consumers feel secure in their transactions, businesses benefit from a larger customer base and more predictable revenue flows. This, in turn, encourages businesses to invest in expansion, innovation, digitization and product quality, contributing to increased economic activity and job creation. Strong consumer protection laws also reduce the risk of fraud, payment problems and unethical practices in the marketplace, minimizing the potential for financial crises or market distortions, which can have severe consequences for economic stability. To that end, the table presents various aspects of observed or expected economic effects of consumer protection regulations in the European Union.²

Area	Economic effects
Gross domestic product and employment	Most of the assessment studies envisage additional economic output. Available estimates range from virtually 0.0 per cent to close to 1.0 per cent per year, usually around 0.1 per cent. Some additional employment is expected. In the case of few regulations having a direct impact on jobs, numbers range from 780 jobs to 201,000 jobs.
Sales and trade	Industry-specific regulation is usually expected to provide additional sales/revenue compared with the industry scale (for example, revenues of coach manufacturers of 139 million euros yield up to 12.6 billion euros of additional tourism revenues). Measures targeted at online activities were expected to provide additional online purchases. Online cross-border sales were expected to grow up to 14 per cent as a result of one of the regulations.
Consumers, prices	Price estimates, where included, clearly pointed at a decrease of one per cent as a result of a single regulation. Additional consumer surplus/benefits of up to three billion euros a year were yielded as a result of a single regulation. With private consumption growth, an increase of up to 0.23 per cent was indicated.

Source: European Parliament, Contribution to Growth: Consumer Protection – Delivering economic benefits for citizens and businesses, p. 8. Available at [https://www.europarl.europa.eu/RegData/etudes/STUD/2019/638396/IPOL_STU\(2019\)638396_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2019/638396/IPOL_STU(2019)638396_EN.pdf).

B. Competitive markets.....

When consumer protection legislation strengthens fairness and transparency in business practices, it does not solely benefit consumers but also supports competitive markets. Empowered consumers, who know their fair rights and enforce them, are subject to fewer abuses. This directly improves their welfare and contributes to creating a level playing field for businesses, which have to apply a common set of standards, supporting competition.³ Smaller or newer businesses can compete with larger incumbents, which can lead to increased market competitiveness and greater choices for consumers. This competition often drives innovation as companies seek ways to distinguish themselves. As businesses compete to provide better products and services, consumers benefit from improved quality, lower prices and more options. Consequently, the economy thrives owing to increased productivity and the efficient allocation of resources, which is essential for long-term growth and prosperity. On the contrary, the absent or inadequate consumer protection framework will lead to market failure, particularly in case of asymmetric information and uncompetitive markets. These factors directly result in diminished consumer well-being and indirectly contribute to decreased economic growth. In certain markets, a minimum market size is essential for genuine competitiveness, and decreased participation can consequently diminish overall competition. This impact is felt not only by potential consumers excluded from the market but also by those who are already active participants.⁴

Given the highlighted benefits of consumer protection legislation, which encompasses safeguarding consumer interests and generating significant economic impact, countries around the world have recognized the pivotal role of consumer protection law. Arab countries have promulgated consumer protection laws to create a fair and secure marketplace for their citizens. Specifically, the journey towards consumer protection in the Arab region began with Tunisia's adoption of its first consumer protection law in 1992, setting a precedent for several others to follow. According to the [Arab Business Legislative Frameworks report](#) of the Economic and Social Commission for Western Asia (ESCWA), nearly all Arab countries have enacted their own consumer protection laws, demonstrating a collective commitment to ensuring the rights and welfare of their consumers. This harmonious endeavour for consumer protection stands as a testament to the essential value placed on fair and ethical commerce in the Arab region, with only Somalia remaining on the path towards adopting such a law.

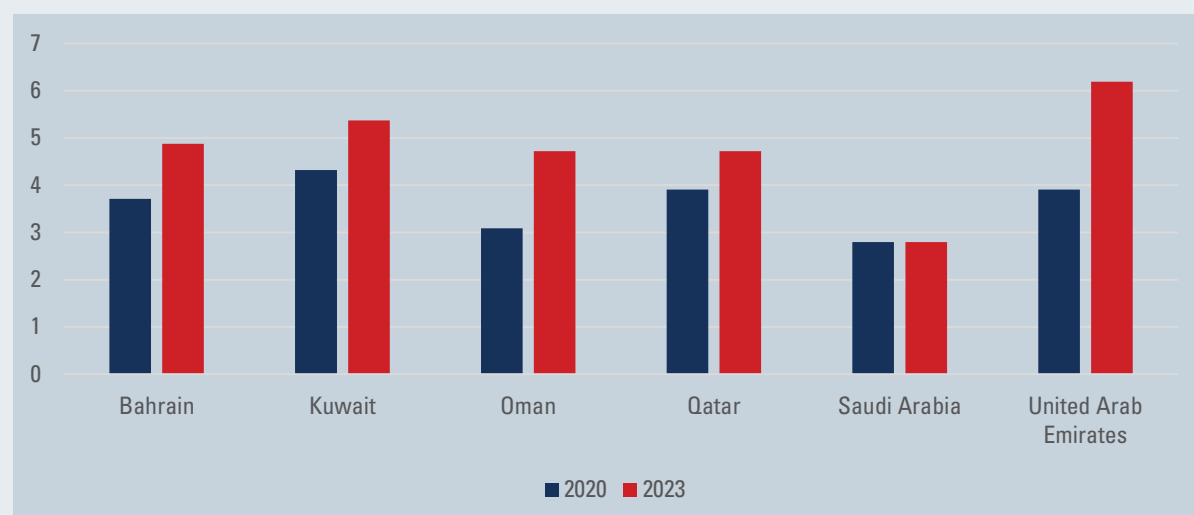
2. Status of Arab consumer protection legislation

This part highlights the evolving landscape of consumer protection legislation in the Arab region where countries have endeavoured to adopt and implement legislation that not only safeguards consumer rights but also aligns with international best practices in the field. The assessment of consumer protection legislation conducted by ESCWA in the Arab Business Legislative Frameworks report of 2023, unveils a diverse spectrum of progress, challenges and opportunities, shedding light on the region's efforts to ensure that its consumers enjoy the same level of protection and confidence as their counterparts on the global stage. ESCWA assessment of the consumer protection legislation in Arab countries covers four subregions: the Gulf Cooperation Council countries (GCC), middle-income countries (MICs), conflict-affected countries (CACs), and least developed countries (LDCs). The present background note highlights the status of the consumer protection legislation framework for each subregion separately.

A. Gulf Cooperation Council countries.....

Figure 1 shows scores that represent the evolution of consumer protection legislation between 2020 and 2023 in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Figure 1. Scores of Gulf Cooperation Council countries



Source: ESCWA assessment, 2023.

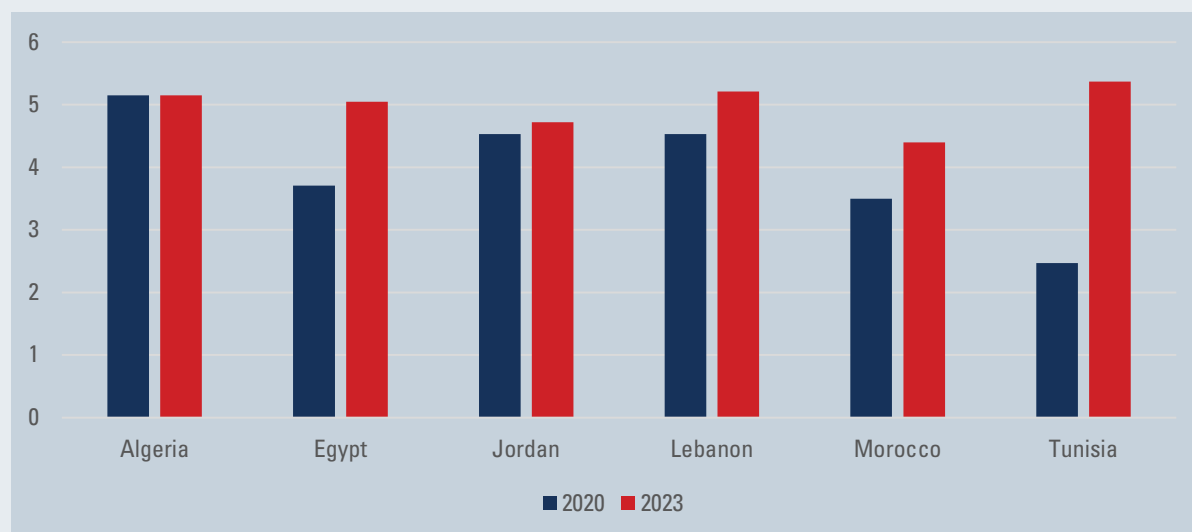
Scores prove the legislative progress that has been achieved in the GCC. In the United Arab Emirates, the consumer protection framework is now qualified as very strong following the adoption of Federal Law No. 15 of 2020 on Consumer Protection. According to ESCWA assessment, the new legislation covers all required aspects aimed at enhancing consumer rights and protections. These include a broader scope, encompassing both natural persons and legal entities, specific provisions addressing online consumer protection in the digital marketplace, regulations to ensure product safety and quality, measures to prevent deceptive pricing practices and misleading advertising, guidelines for consumer contracts to make them more consumer-friendly, mechanisms for dispute resolution through the Supreme Committee for Consumer Protection, initiatives to promote consumer education and awareness, and a system of penalties and enforcement to hold businesses accountable for non-compliance.

As for Bahrain, Kuwait, Oman, Qatar and Saudi Arabia, their legislation includes clear provisions tackling the protection of the physical safety of consumers through imposing an obligation on suppliers to respect specific standards related to informing consumers about product specifications and safety measures. The legislation also protects the consumers' interests by imposing on providers to advertise and set accurate prices with transparency and offer after-sales services. It provides a redress mechanism and establishes a sanction regime when violations occur. The weakest parts of the legislation are sustainable consumption and e-commerce. Bahrain, Kuwait, Oman and Qatar have adopted some provisions covering e-commerce, yet significant aspects of this evolving market have remained uncovered. As for sustainable consumption, GCC countries except for the United Arab Emirates, have not adopted provisions tackling this field in their consumer protection legislation although there are strategies regarding sustainability duties. It is worth noting that Saudi Arabia is expected to promulgate a new consumer protection law, which protects consumers from unfair business practices and harmful products and services by covering the following: basic consumer rights, duties of economic operators, contracting, advertising, competitions/contests, discounts, product guarantees, warranties and spare parts, sale of used products, and e-commerce.⁵

B. Middle-income countries.....

Figure 2 shows scores that represent the evolution of consumer protection legislation between 2020 and 2023 in Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia.

Figure 2. Scores of middle-income countries



Source: ESCWA assessment, 2023.

The legislation enacted across MICs has particularly focused on areas such as examining the conditions of food products in the market, enabling consumers to obtain redress, and establishing solid sanction regimes for deterrence. These laws also ensure good health, safety, and quality of goods and services, preserving consumer rights and ensuring the transparency of economic transactions. For instance, all MICs' consumer protection laws secure several rights for consumers, including obtaining precise product and price information, receiving receipts after purchases and compensation for damages caused by a product, mandating suppliers to offer after-sales services within a specified time frame, abolishing any contract or clause that hampers consumer protection or absolves providers of their responsibilities, and guaranteeing consumers the right to revoke contracts and obtain refunds in the event of defective goods or services, etc.

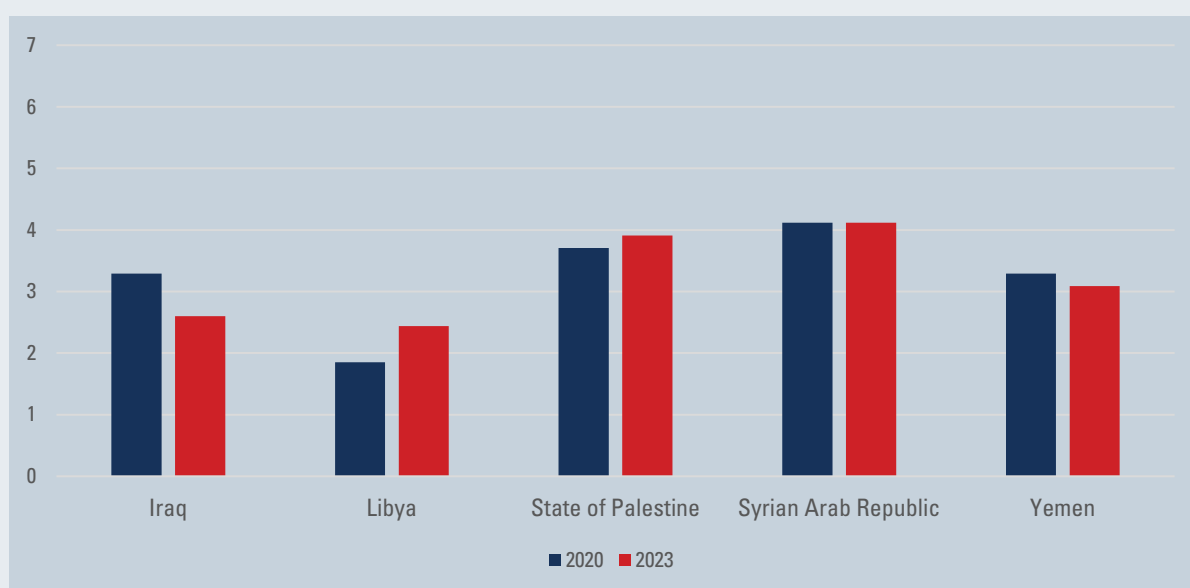
As for e-commerce, MICs share a commitment to regulating e-commerce and protecting consumers although variations exist in their approaches and the extent of protection provided. Egypt, for instance, through Article 37 of its Consumer Protection Law⁶ mandates comprehensive pre-contract information for consumers, covering product details, pricing, guarantees and dispute resolution. Similarly, the consumer protection laws of Jordan, Lebanon, Morocco and Tunisia ensure transparency and clear data provision in online transactions and offer comprehensive consumer protections, including clear contractual terms and a time frame for purchase cancellation policy.

As for sustainable consumption, only Jordan and Lebanon have included provisions on sustainable consumption in their consumer protection laws (Article 16 (b-4) of Jordanian Law No. 7 of 2017⁷ and Article 61 of Lebanese Law No. 659 of 2005),⁸ assigning bodies the responsibility of encouraging sustainable consumption patterns.

C. Conflict-affected countries.....

Figure 3 shows scores that represent the evolution of consumer protection legislation between 2020 and 2023 in Iraq, Libya, Palestine, the Syrian Arab Republic and Yemen.

Figure 3. Scores of conflict-affected countries



Source: ESCWA assessment, 2023.

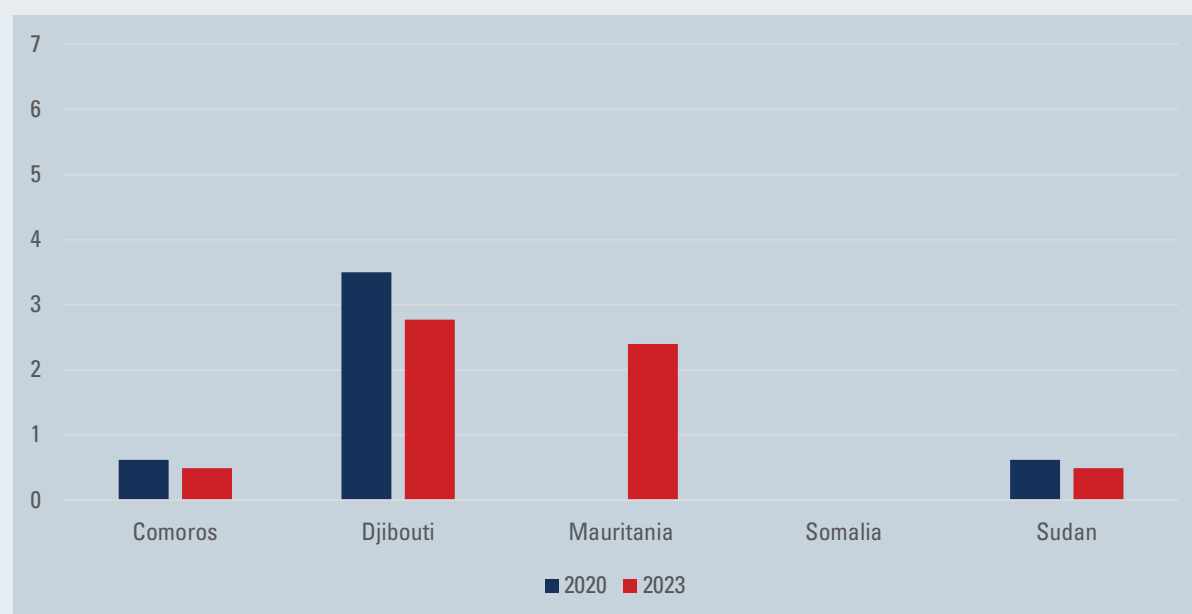
CACs have strived to establish and maintain legal frameworks that safeguard consumer interests, even in the face of extraordinarily challenging circumstances. With the exception of Libya, all Arab CACs have enacted consumer protection laws, each emphasizing different facets such as the rights and responsibilities of both consumers and suppliers, redress rights and penalties for violations. For example, Iraq's Law No. 1 of 2010 and Yemen's Law No. 46 of 2008 both place a strong emphasis on market regulation and the protection of consumer rights. The Syrian Arab Republic, through its amended Consumer Protection Law No. 8 of 2021, prioritizes aspects like food safety, the prevention of monopolies and the oversight of traders. Similarly, the State of Palestine, in its Law No. 21 of 2005, concentrates on conditions related to food supply and measures to enhance consumer well-being.

However, the consumer protection legislative framework is relatively not developed in these countries due to the absence of provisions on sustainable consumption and on the establishment of a clear mechanism for consumers to settle disputes. In fact, only the State of Palestine has incorporated environmentally focused provisions into its consumer protection law and has promoted sustainable consumption through educational initiatives (Article 5.4 of the Palestinian Law concerning Consumer Protection).⁹ As for e-commerce, in Libya, the commercial code includes a single provision regarding electronic purchase contracts (Article 1319 of Law No. 23 of 2010 regarding Commercial Activity),¹⁰ while the Syrian legal framework indirectly suggests that consumer rights extend to online transactions. The regulations of Iraq and the State of Palestine do not address this aspect explicitly. Yemen takes a slightly more progressive stance by encompassing digital transactions within its regulations. Yet, the collective lack of comprehensive e-commerce regulation highlights a substantial gap in the consumer protection landscape in CACs.

D. Arab least developed countries.....

Figure 4 shows scores that represent the evolution of consumer protection legislation between 2020 and 2023 in Comoros, Djibouti, Mauritania, Somalia and the Sudan.

Figure 4. Scores of the least developed countries



Source: ESCWA assessment, 2023.

The consumer protection legislative framework is considered the weakest in the Arab LDCs. While Comoros, Djibouti, Somalia and the Sudan have not yet adopted separate consumer protection legislation, Mauritania's recent enactment of its first-ever consumer protection Law No. 7 of 2020¹¹ is a significant milestone in this area, particularly by emphasizing food safety and providing redress for consumers. It is worth noting that Comoros, Djibouti and the Sudan have adopted provisions in their competition laws, covering consumers' safety, protection of economic interests (transparency in advertising and setting prices, for instance) and redress mechanisms. All LDCs lack clear provisions in their consumer protection framework regarding e-commerce and sustainable consumption.

3. The way forward and policy recommendations

Except for Somalia, Arab countries have developed legislative frameworks for consumer protection. While GCC countries and MICs have adopted legislation that ensures the physical safety of consumers, protects their economic interests and determines a redress mechanism for them, weaknesses are still noted in adopting provisions that extensively cover e-commerce and sustainable consumption. As for CACs and LDCs, due to destabilization and weak institutions, several weaknesses are noticed in the following areas: adopting a clear and efficient mechanism for obtaining redress and settling disputes, establishing a sanction regime, and addressing e-commerce and sustainable consumption.

To that end, according to the United Nations Guidelines for Consumer Protection,¹² a very strong consumer protection legislative framework must include the following:

(a) At the policy level

Arab countries must implement consumer protection policies aimed at enhancing multiple facets, such as providing consumers with clear and timely information, ensuring transparent terms in contracts, promoting equitable business practices, and enhancing consumer and business education. It is imperative that they allocate sufficient resources to empower consumer protection enforcement agencies, ensuring their effectiveness in upholding compliance and providing remedies to consumers. Arab countries must also establish a coordinated framework with other public and private entities, including for example competition and customs authorities, as well as private stakeholders. They must facilitate the formation of independent organizations dedicated to safeguarding consumer interests.

(b) Physical safety

Actions are needed to guarantee the safety of products for their intended or reasonably foreseeable use. Regulations that outline accountability for product safety, encompassing all concerned parties, such as manufacturers, suppliers and retailers, must be implemented. Hazardous products must either be recalled or appropriate compensation needs to be granted in case of damage.

(c) Promotion and protection of economic interests

Policymakers must enhance measures that empower consumers to make well-informed decisions and derive maximum benefit from their economic resources. This encompasses the establishment of equitable production standards, efficient distribution methods, balanced business practices and

safeguards against activities that undermine consumer economic interests. Reinforcing compliance and promoting fair competition among businesses are essential as well.

(d) Standards for safety and quality

Standards and regulations pertaining to the safety and quality of products need to be developed and enforced, taking into account international standards. There should be accessible testing and certification facilities in place to ensure product safety, along with the adoption of legal metrology practices.

(e) Dispute resolution and redress

Arab States should develop transparent procedures for handling consumer complaints, such as creating an online platform and establishing a dedicated court system to address consumer grievances. These procedures should guarantee equitable and easily accessible dispute resolution mechanisms, even in cases that involve cross-border disputes.

(f) Education and information programmes

Regulations must be in place to grant consumer protection authorities the prerogatives to design and implement consumer education and information initiatives, with a specific emphasis on educating consumers about their rights and obligations. These programmes must cover a wide range of consumer protection aspects, including health, safety, environmental impact and ethical marketing practices, and they must be enforced.

(g) Promotion of sustainable consumption

Regulations must be adopted to support sustainable consumption practices that are economically, socially and environmentally responsible. The responsibility for sustainable consumption should be shared among consumers, States, businesses and organizations. This entails the creation and utilization of products and services that are both safe and resource-efficient, the implementation of recycling programmes, the provision of tax incentives and the availability of dependable after-sales services. These provisions must not only be adopted but also carefully enforced.

(h) Electronic commerce

Consumer protection policies need to be adjusted to encompass electronic commerce, with a focus on clarifying consumer rights and responsibilities while enhancing consumer trust in online transactions. This adaptation should include safeguarding the data privacy of consumers engaged in online purchases.

(i) Financial services

Member States must institute regulatory bodies and enforcement mechanisms to safeguard the financial interests of consumers. These bodies should work towards enhancing financial literacy, ensuring equitable treatment and transparent disclosure by financial institutions, and securing the privacy of consumer financial data. It is also important to promote responsible business practices and establish a regulatory framework that promotes cost efficiency and transparency in financial services.

(j) International cooperation

Pursuant to the recommendations specified in section VI of the United Nations Guidelines for Consumer Protection,¹³ countries are urged to undertake various actions, especially in a regional or subregional context. These include developing, reviewing, maintaining or strengthening mechanisms for exchanging information on national consumer protection policies. Cooperation is encouraged to enhance the implementation of such policies, with examples ranging from collaborative efforts in testing facilities to joint training programmes. Furthermore, joint initiatives to improve conditions for offering essential goods, such as joint procurement of goods and exchange of information on procurement options, are recommended. Member States should establish or reinforce information links regarding banned or restricted products, ensuring effective protection for importing countries. There is also a need to harmonize product quality and information to prevent adverse effects on consumers. Cooperation in combating fraudulent cross-border practices is emphasized, with an understanding that discretion lies with the consumer protection enforcement agency. Coordination of investigations and dispute resolution mechanisms should be in place to avoid interference, while utilizing existing international networks and bilateral arrangements. Member States are invited to designate specific agencies for cooperation, ensuring they possess the authority to investigate and share information on cross-border deceptive practices affecting consumers. Consideration of participation in international judicial and inter-agency arrangements for asset recovery and cross-border case enforcement is also recommended.

Governments must work on developing agreements for the mutual recognition and enforcement of judgments in cases involving consumer-business disputes and law enforcement actions. It is vital to consider the role of applicable laws and jurisdiction in reinforcing consumer trust in e-commerce. These principles are aimed at creating a unified and cooperative global framework for consumer protection in the digital marketplace.

Endnotes

1. European Parliament, [Contribution to Growth: Consumer Protection – Delivering economic benefits for citizens and businesses](#), p. 8.
2. Ibid.
3. UNCTAD, [Competition and consumer protection](#).
4. European Parliament, [Contribution to Growth: Consumer Protection – Delivering economic benefits for citizens and businesses](#), p. 16.
5. Middle East Insights, [Saudi Arabia: the Ministry of Commerce invites comments on the draft Consumer Protection Law](#), 26 April 2022.
6. Consumer Protection Law issued by [Law No. 181 of 2018](#), Issue No. 37 of the Official Gazette dated 13 September 2018, Egypt.
7. [Law No. 7 of 2017 on Consumer Protection Law](#), Jordan.
8. [Law No. 259 of 2005 on Consumer Protection Law](#), Lebanon.
9. [Law No. 21 of 2005 concerning Consumer Protection](#), the State of Palestine.
10. [Law No. 23 of 2010 regarding Commercial Activity](#), Libya.
11. [Law No.7 of 2020 on Consumer Protection](#), Mauritania.
12. UNCTAD, [United Nations Guidelines for Consumer Protection](#), 2016.
13. Ibid.

