



## **CHAIR SUMMARY G20 MULTISTAKEHOLDER FORUM ON CONSUMERS' AWARENESS, PROTECTION AND BLOCKCHAIN FOR TRACEABILITY IN THE DIGITAL ECONOMY**

**6<sup>th</sup> of May 20201**

The G20 “Multistakeholder Forum on Consumers’ Awareness, Protection and Blockchain for Traceability in the Digital Economy” was held, in a virtual format, on 6<sup>th</sup> of May.

The meeting was organised by the Italian Ministry of Economic Development in the context of the G20 priorities and is one of the key deliverables identified by the Italian Presidency for the Digital Economy Track, leveraging on the achievements reached within G20 rounds since 2017.

The event was attended by about 180 participants. Speakers and panellists represented most of the G20 Governments, many other public institutions, the European Commission, OECD, UNCTAD and other international organizations, the G20 engagement groups, and other stakeholders, such as consumers associations, business and academia.

The opening plenary session, introduced by the Italian Deputy Minister for consumer protection, H.E. Gilberto Pichetto Fratin, followed by Mr. Roberto Viola, Director General for Communications Networks, Content and Technology (CNECT), EUROPEAN COMMISSION, and Ms. Josephine A.L. Palumbo, President, Team Canada - ICPEN (International Consumer Protection and Enforcement Network) and Deputy Commissioner of Competition (Competition Bureau), CANADA. The event represented an opportunity to discuss not only the risks and challenges that consumers may face as a consequence of the growing use of online transactions, but also the potential that recent technologies, such as Distributed Ledger Technologies, have in enhancing transparency, consumers’ awareness and empowerment. Digital markets, on the one hand, allow consumers to have access to an increasingly wide and varied range of goods and services. On the other hand, they provide greater probability of incurring into unreliable counterparties, counterfeit or unsafe products, theft of personal data and other situations less susceptible to controls. Moreover, the global dimension of platforms and the international interactions hinder the intervention of a single country, thus calling for a strengthened cooperation.

Current and future challenges require consumers be equipped with a wide range of skills and information, since they need to be fully aware of the risks they may incur due to potential unfair commercial practices, counterfeit or unsafe products, and personal data theft. Moreover, well informed consumers could make more conscious choices that can contribute shaping digital, more sustainable, economic development.

Hence, international cooperation to enforce consumer protection is crucial as it was well demonstrated with respect to scams and frauds connected with essential products during the pandemic. The role of consumer protection authorities will be as well more dedicated to tackle misleading environmental claims.



The technological evolution is creating also new scenarios and possibilities to interact. Challenges and risks for consumers can be addressed by adequate legislation: the European experience and efforts provide some examples of legislation regarding digital markets and services, artificial intelligence, federated digital identity, and blockchain technology.

Three thematic parallel sessions were focused on specific issues, largely debated by Government representatives and stakeholders' experts.

## **Consumers' awareness and education**

Raising consumers' awareness and education has an important role in developing trust towards digital markets and empowering consumers, decreasing the risk of abuses against consumers' rights in digital markets.

Experiences of different countries in this field range from media campaign targeting both consumers and businesses, innovative tools based on games and edutainment, dedicated portals, trustmarks, schools and education projects, research and surveys on consumer awareness. Key messages should be largely widespread, simple to be understood and easy to find. Moreover, legislation frameworks are needed.

Multistakeholder engagement initiatives and coordination (among governments, civil society and businesses as well) are necessary to support effective and comprehensive efforts to raise consumers' awareness. In particular, governments should harness digital tools (including online portals and social networks) to reach out to online consumers and directly engage with businesses to improve consumer protection online.

Priority areas of education include online rights, data protection, financial consumer protection, sustainable consumption, and the protection of vulnerable and disadvantaged consumers. Covid-related campaigns proved also to be of great importance in the recent year.

Exchange of practices and international cooperation are necessary to study and design appropriate policies for the digital economy.

In parallel, consumers/citizens should be involved to help designing the digital economy to have fair, sustainable and equitable relations.

## **Blockchain for traceability of consumer goods**

DLTs present benefits for the traceability of consumer goods in supply chains. Adopting DLTs contributes to the improvement of the quality and the efficiency of goods' traceability. Trust, immutability and speed represent the main benefits offered by the application of the technology.

DLTs can allow traceability to check whether production complies with rules and standards, including in relation with product safety, is an economic and social challenge, by providing a single source of truth for the participants of the supply chain. In this way, trust among participants of the supply chain, as well as the final customers, can be achieved. Systems based



on this technology also allow real-time access to information to all relevant stakeholders: suppliers and other upstream partners, customers, governments, regulators and public agencies, non-governmental organizations, and trade associations. This can favour, among others, enhanced quality and safety controls, prevention of counterfeiting, reliable and updated information to consumers.

It is relevant to underline that blockchain by itself cannot solve all the problems of traceability in supply chains. There needs to be a technological evaluation and a clear understanding of how to develop a business case. Blockchain-based solutions have to integrate with the existing systems and need to be combined with other technologies like IoT.

DLT-based projects need to engage also small suppliers in the traceability system, which demands requires to address main barriers mSMEs face in the adoption of these technologies, such as the lack of awareness and skills, the lack of interoperability among different proprietary protocols and blockchain infrastructure, and the uncertainty over legal responsibilities for cross-border supply chains. These challenges combine with broader challenges related to mSMEs' digitalisation.

An increasing number of projects and platforms are being developed for traceability in consumer goods supply chains, with the participation from both the public and the private sector. Large companies but also start-ups and innovative mSMEs are developing DLT-based applications. An increasing number of public agencies are piloting supply chain applications for traceability of consumer goods, with a strong focus on trademarks and anti-counterfeiting, and ensuring quality and origin.

Governments can play a key role creating a suitable legal frameworks for the development of the technology and its applications and they should also promote favourable ecosystems and incentivize mSMEs adoption of these technologies.

International cooperation could spread culture and improve knowledge about these new technologies, such as through education, building and boosting competences and skills; promote standard development and interoperability, by enhancing the use of open sources; improve knowledge and promote practices exchanges.

## **On-line disclosures**

Effective, well-targeted information can assist consumer decision making by facilitating the comparison of products, increasing transparency and accountability, reducing search costs, helping to prevent disputes and protecting consumers from deceptive practices, thus promoting trust and empowering consumers.

In order to test and enhance the effectiveness of online disclosures, Governments have fostered behavioural experiments, surveys, interviews and mystery shopping, but also guidance to businesses. It is important to use behavioural insights to deepen understanding of consumer behaviour and biases online and how these biases may affect consumer reactions to online disclosures and prey on consumer vulnerability was discussed and confronted in several fields (product safety, price comparison, data protection).



Context, behavioural biases, overconfidence, and other external elements can affect information effectiveness, especially when it comes to vulnerable consumers. Therefore, policy makers are increasingly focussing not only on what type of information is to be disclosed to the consumer, but also on how and when information should be disclosed.

Directly involving businesses and providing guidance to them is an important leverage to incentive businesses in providing full and correct information, to prevent the use of dark patterns that prey on consumer biases, and to lead consumers to make decisions in their best interests.

Full and timely information is of utmost importance for product safety. International campaigns and databases, such as the OECD GlobalRecalls portal and EU Safety gate, can be other important levers to raise awareness and to enhance transparency.

As there appear to be a trade-off between the requirement to provide full and complete information to consumers and clear, plain language, concise and easily accessible, new communication approaches could be explored, based on icons, symbols or developing trustmarks, that could support SMEs competitiveness as well.

There is a need for cooperation between businesses, authorities and other stakeholders to create an ecosystem of education and trust.

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The closing plenary session outlined perspectives for the consumer protection policy in the digital economy highlighting the relations with the need to improve and intervene in the digital skills as one of the pre-requisite to guarantee full access to the digital economy for the citizens.