

COMPETITION AND CONSUMER PROTECTION DURING COVID-19 CRISIS:  
INITIATIVES FROM AROUND THE WORLD

UNCTAD is the only international organization with quasi-universal membership to deal with Competition and Consumer protection issues.

It is the custodian of the only two global instruments on these issues: the UN Set on Competition and the UN Guidelines for Consumer Protection (mandate: UNGA 35/63 on restrictive business practices on competition; and UNGA 70/186 on consumer protection). UNCTAD generates consensus on competition and consumer protection issues, does research and analysis to support consultations and technical cooperation and provides technical assistance and capacity building on competition and consumer protection.

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# Competition and Consumer Protection in the time of Covid-19



*"We are facing a global health crisis unlike any in the 75-year history of the United Nations — one that is spreading human suffering, infecting the global economy and upending people's lives",* said the UN Secretary-General António Guterres.

The pandemic's sweeping economic impact has left governments balancing between defending competition, so prices do not become prohibitive, while facilitating cooperation between businesses to the extent that it is necessary for consumer welfare and granting exemptions to competition rules to ensure the survival of entire economic sectors. COVID-19 is hitting consumers hardest as they suffer from unfair, misleading and abusive business practices. Vulnerable consumers are in a more disadvantaged position. Consumer protection agencies are closely monitoring key markets to fight against misleading, unfair and abusive practices, which consumers have been exposed to during COVID-19 outbreak.

This issue looks at the initiatives that competition and consumer protection authorities are taking to address the challenges posed the COVID-19. It includes an UNCTAD call for action on competition and consumer protection.

## Competition and Consumer Protection

### Price Gouging and Strong Law Enforcement

Consumer protection and Competition authorities around the world have identified price gouging practices and price fixing arrangements in essential hygiene consumer products, such as face masks, hand sanitizers and basic household products. For example, [Bolivia](#), [Brazil](#)<sup>1</sup>, [China](#), [Colombia](#), [France](#), Greece, [India](#), [Italy](#), [Kenya](#), [Nigeria](#), [Paraguay](#), Russian Federation<sup>2</sup>, [South Africa](#), [Spain](#)<sup>3</sup>, Seychelles, Thailand<sup>4</sup>, Turkey<sup>5</sup>, the [United Kingdom](#), the United States<sup>6</sup> and [Uruguay](#) have taken enforcement or regulation action to prevent price gouging, some countries even setting maximum reference prices for a basket of basic consumer products ([Argentina](#)) and price caps for personal hygiene and cleaning items at the price effective before the pandemic (Argentina), while others clarified related anti-competitive restrictions (Japan<sup>7</sup>).

## Competition

### Exemption of Cooperation Agreements

**Australia:** ACCC granted interim authorization to cooperate between businesses in several sectors such as energy, banking, flight and supermarket. [More](#)

**Canada:** CB allowed pro-competitive collaborations between companies to support the delivery of affordable goods and services. [More](#)

**China:** SAMR allowed temporary exemptions on horizontal agreements of pharmaceutical companies (GSK/CB collaboration). [More](#)

**European Commission:** The European Commission encouraged joint RD projects and collaboration of pharmaceutical companies based on regulation used in the past to fight pandemics in 2009 and 2019. [More](#). The European Commission is also issuing a "comfort letter" concerning a specific R&D cooperation aimed at avoiding situations of shortage of critical hospital medicines. [More](#)

**Iceland:** Exemptions from the ban on collusion have been granted to sectors such as travel service, pharmaceutical and banking among others. [More](#)

<sup>1</sup> CADE is probing for abusive price increases of health products by more than 500%. [More](#)

<sup>2</sup> FAS has launched an investigation into price-fixing of medical face masks. [More](#)

<sup>3</sup> CNMC reminded businesses to keep compliance and warned of intense monitoring. [More](#)

<sup>4</sup> The government has approved measures to control the prices of face masks and hand-sanitizing gel. [More](#)

<sup>5</sup> TCA published a statement announcing that it closely monitors the excessive price increases in all sectors, especially in fresh fruits and vegetables, and will impose fines to those that breach the law. [More](#)

<sup>6</sup> US DOJ has reaffirmed its willingness to hold accountable any person who violate competition rules including in the health sector. [More](#)

<sup>7</sup> JFTC announced that tying products to masks in short supply and no substitutability can be an infringement of competition law. [More](#)

**International Competition Network (ICN):** ICN Steering Group issued a statement addressing key considerations related to competition law enforcement during and after the COVID-19. The statement considers it necessary for competitors to cooperate temporarily in order to ensure the supply and distribution of scarce products and services that protect the health and safety of all consumers if it is limited in scope and duration necessary to assist those affected by COVID-19 in line with applicable laws. [More](#)

**New Zealand:** NZCC granted temporary exemption from cartel enforcement to businesses providing essential goods and services. [More](#)

**Norway:** National airlines company has recently been granted a 3-month exemption from national antitrust law. [More](#)

**South Africa:** The Government has approved block exemptions from competition law in sectors including healthcare, retail property, banking and hotel. [More](#)

**United Kingdom:** CMA has granted exemptions from cartel enforcement to businesses in the supermarket industry. [More](#)

**United States:** DOJ and FTC have allowed firms collaboration on R&D and sharing technical know-how based on previous emergency guidance notes. [More](#)

### Adjustment in Public Procurement

**Russia Federation:** FAS stated that procurement which aimed at the prevention, prevention and elimination of the consequences of the spread of the COVID-19 may be carried out from a single supplier. [More](#)

**Portugal:** The Government issued a specific decree to ease public procurement. [More](#)

**United Kingdom:** The Government issued Procurement Policy Note to contracting authorities on public procurement measures. [More](#)

### Other Measures

**European Commission:** The European Commission adopted a new Temporary Framework to complement the existing State Aid Toolbox in order to assist Member States to mitigate the socio-economic impact of the COVID-19. [More](#)

**Philippines:** PCC has suspended statutory deadlines for investigations. [More](#)

**Turkey:** TCA will create its official YouTube channel to inform the public on measures taken by TCA and its role in ensuring market stability during the COVID-19 crisis.

## UNCTAD's Call for Action

UNCTAD recommends that five key initiatives to protect competition in the markets during the COVID-19 crisis:

1. Ensure equal conditions between companies for a level playing field that remains relevant even in a crisis period.
2. Temporarily allow cooperation arrangements necessary to ensure the supply and distribution of affordable products to all consumers to prevent a shortage of essential products as well as for key R&D purposes.
3. Closely monitor markets of essential consumer products such as disinfectants, masks and gels to ensure their availability, if necessary, through temporary prices caps to protect the health of consumers during the pandemic.
4. Vigorously enforce competition law against companies that take advantage of the crisis by creating cartels or abusing their market power.
5. Adapt competition procedures and deadlines to the extraordinary circumstances created by the pandemic.

[See full note of the UNCTAD call for action on competition](#)

## Consumer Protection

### Scams and False Claims

On 23 March 2020, the [Consumer protection authorities of all EU member States](#) (Consumer Protection Cooperation network), issued a common position on the most reported scams and unfair practices in the COVID-19 context. The objective is to ask and assist online platform operators to better identify such illegal practices, take them down and prevent similar ones to reappear. [Mexico](#) closed a laboratory for marketing false COVID-19 tests. [Italy](#) suspended the marketing of an antiviral drug sold for more than 600 euros and ordered the shutdown of the company's website. [Colombia](#) ordered digital platforms to withdraw "miracle" products in relation to COVID-19.

False claims are also flourishing. Some products are marketed with misleading claims that they prevent COVID-19 infection. The Republic of Korea monitored misleading advertising on products such as air purifiers and humidifiers; and found 53 advertisements where 45 businesses stated that using their products would prevent the coronavirus. It took immediate corrective measures in 40 cases and sent requests for correction in others.

### Consumer Information

Following confinement, the use of online portals has become central in disseminating consumer information. The [Dominican Republic](#), [France](#), [Mexico](#), [Morocco](#), and [Portugal](#), among many others, have also dedicated online portals hosting updated information for consumers. And the [United States](#) published a list of tips for consumers to avoid COVID-19 scams.

### Complaints and Dispute Resolution

The [Republic of Korea](#) has facilitated consumers to lodge COVID 19 related complaints, through consumer counseling call centers and established a consumer damage response task force in order to respond to consumer disputes related to COVID-19. Likewise, [Colombia](#) launched an app for consumers to report in real time breaches of their rights in relation to COVID-19. [Peru](#) allowed previous face-to-face dispute resolution to use online means.

### Suspension of Bills and Refund Policies

The COVID-19 crisis is hitting vulnerable and disadvantaged consumers the hardest. Some countries, including Argentina, Brazil, France, Portugal and Spain, have suspended the payment of public utility bills, energy and water, for vulnerable consumers, such as those who lost their jobs because of the pandemic. In [Kenya](#), the Stanbic Bank announced a three-month loan repayment holiday for Small and medium-sized enterprises (SMEs) and personal banking customers effective 1 April 2020. This is in line with the United Nations Guidelines for consumer protection, which call for access by consumers to essential goods and services and for the protection of vulnerable and disadvantaged consumers. [Argentina](#) suspended the payment of rents, and mortgages and evictions due to non-payment of rents until September 30, 2020. [Argentina](#) and [Portugal](#) suspended service cuts for non-payment in sectors including electricity, water, gas, fixed and mobile telephony, Internet and cable television, during the health emergency. Refund policies for leisure events, such as air travel, hospitality, concerts and other events are also a priority, the [European Commission](#) has issued some guidance on passenger rights.





### International Initiatives

The International Consumer Protection Enforcement Network ([ICPEN](#)) under Colombian Presidency, compiled [information regarding COVID-19 measures and consumer warning messages](#). It identified five key areas of concern based on reports from 21 members: misleading advertising related to “miracle” products; the cancellation of public spectacles, tourism services, and air transport tickets; financial frauds related to false donations and phishing techniques; unjustifiable increment of product prices and the priority of virtual channels over face-to-face channels. [ICPEN's Fraud Prevention Month 2020 Campaign](#) is on #COVID-19Emergency #PreventingScams. As of 13 April 2020, ICPEN's [e-consumer.gov](#) received 496 consumer complaints in connection to COVID-19 mostly related to fraud in online shopping (233 complains) and travel or vacations (174 complaints), totaling a fraud loss of USD 1.89 million. Its dashboard displays sample social media messages for consumer protection agencies to use.

On 26 March 2020, the African Consumer Protection Dialogue reported that countries are taking measures to address the coronavirus pandemic effects on consumers including sanctions, press releases to guide consumers and businesses and collaboration with relevant stakeholders.

The Iberoamerican Forum of Consumer Protection Agencies issued a [Declaration on COVID-19](#), stating their commitment to combatting unfair business practices and calling upon consumers to avoid hoarding and to prefer online shopping and to follow sanitary authorities' recommendations.

[Consumers International](#) dedicated a page for COVID-19, informing about the initiatives taken by its members and other stakeholders.

[BEUC](#), the European Consumer Organization has made recommendations to the European Commission on policy responses in areas where consumers' economic and non-economic interests are being impacted by the Covid-19 crisis. BEUC drew attention of the European Commission to address issues affecting consumers such as consumer rights (passengers rights, leisure and cultural activities, excessive prices, purchase withdrawal rights), digital services, access to energy, financial services, food supplies among others.

In conclusion, this crisis calls for action to protect consumers across the world. The [UN Guidelines for Consumer Protection](#) exhort Member states to cooperate to improve the conditions under which essential goods are offered to consumers, giving due regard to both price and quality. Such cooperation could include joint procurement of essential goods, exchange of information on different procurement possibilities and agreements on regional product specification.

## UNCTAD's Call for Action

UNCTAD recommends five key initiatives to protect consumers during the COVID-19 crisis:

1. Launch coordinated awareness raising campaigns on scams and misleading and unfair business practices related to COVID-19, especially those directly affecting consumers, paying special attention to rural populations and other vulnerable groups.
2. Monitor markets for essential consumer goods, undertake enforcement action against misleading and false claims, hoarding and price gouging and evaluate the viability of imposing price caps on essential consumer goods, including those that help curb infection such as masks and hand sanitizers.
3. Take full advantage of digital tools for information campaigns, consumer complaints and redress, and urge major online platforms to cooperate with respective authorities.
4. Address the needs of vulnerable and disadvantaged consumers, particularly to ensure their access to essential goods and services, such as water, energy and financial services, and consider the extension deadlines for payment of utilities' bills, credit cards, rents and mortgages, in cooperation with financial institutions.
5. Cooperate with other consumer protection agencies by exchanging information on COVID-19 related national policies and measures in the field of consumer protection.

[See full note of the UNCTAD call for action on consumer protection](#)

Would you like to report the measures your agency is taking?

Please contact the UNCTAD secretariat and we will share them in future issues.

Kindly send an e-mail to: [Jacqueline.Bouvier@unctad.org](mailto:Jacqueline.Bouvier@unctad.org)