
Chapter Eight

Consumer-Related Measures and Standards

Article 800: Application of General Rules

1. Article 404 (Legitimate Objectives) does not apply to this Chapter.
2. For greater certainty, Articles 400 (Application), 401 (Reciprocal Non-Discrimination), 402 (Right of Entry and Exit), 403 (No Obstacles), 405 (Reconciliation) and 406 (Transparency) apply to this Chapter, except as otherwise provided in this Chapter.

Article 801: Scope and Coverage

This Chapter applies to consumer-related measures and standards adopted or maintained by a Party.

Article 802: Relationship to Other Agreements

In the event of an inconsistency between a provision of this Chapter and a provision of any other agreement between two or more Parties respecting consumer-related measures and standards, the more trade liberalizing provision prevails to the extent of the inconsistency.

Article 803: Legitimate Objectives

Where it is established that a consumer-related measure or standard is inconsistent with Article 401 (Reciprocal Non-Discrimination), 402 (Right of Entry and Exit) or 403 (No Obstacles), that measure or standard is still permissible under this Agreement where it can be demonstrated that:

- (a) the purpose of the measure or standard is to achieve a legitimate objective;
- (b) the measure or standard does not operate to impair unduly the access of persons, goods, services or investments of a Party that meet that legitimate objective;
- (c) the measure or standard is not more trade restrictive than necessary to achieve the level of consumer protection adopted or maintained under Article 804; and
- (d) the measure or standard does not create a disguised restriction on trade.

Article 804: Right to Establish Consumer-Related Measures and Standards

1. Each Party may, in pursuing a legitimate objective, adopt or maintain measures establishing the level of consumer protection that it considers appropriate.

2. For greater certainty, the decision of a Party not to adopt or maintain a particular consumer-related measure or standard shall not affect the right of any other Party to adopt or maintain such consumer-related measure or standard.

Article 805: Licensing, Registration and Certification Fees

1. Subject to paragraph 2, Article 401 (Reciprocal Non-Discrimination) does not apply before July 1, 1996, to licensing, registration and certification fees.
2. Effective July 1, 1996, each Party shall, in accordance with Article 401 (Reciprocal Non-Discrimination), eliminate any licensing, registration and certification fees that are applied to suppliers of any other Party in a manner inconsistent with that Article and shall ensure that, where it maintains any difference in the level of such fees, that difference reflects actual costs.

Article 806: Residency and Local Presence Requirements

1. No Party shall require a natural person of any other Party to be resident in its territory as a condition of licensing, registration or certification as a supplier.
2. Where necessary to achieve a legitimate objective, a Party may require a supplier of any other Party to meet, in the territory of the requesting Party, one or more of the following requirements as a condition of licensing, registration or certification as a supplier:
 - (a) establish or maintain a place of business;
 - (b) establish or maintain an address for service;
 - (c) post a bond or other form of financial security;
 - (d) establish or contribute to a trust account;
 - (e) contribute to a compensation fund; or
 - (f) maintain records.

Article 807: Reconciliation of Consumer-Related Measures and Standards

1. For the purposes of Article 405 (Reconciliation), the Parties shall, to the greatest extent possible, reconcile their respective consumer-related measures and standards listed in Annex 807.1 to a high and effective level of consumer protection. No Party shall be required by such reconciliation to lower the level of consumer protection that it maintains as at the date of entry into force of this Agreement.
2. The list of measures and standards in Annex 807.1 may be expanded in accordance with Article 809.

Article 808: Cooperation on Consumer-Related Measures and Standards⁵³

The Committee on Consumer-Related Measures and Standards shall, no later than July 1, 1997, report to the Committee of Ministers responsible for Consumer-Related Measures and Standards (the "Ministers") on any agreement that the Parties might conclude on matters relating to consumer-related measures and standards, such as reciprocal investigative powers, enforcement of revocation rights, financial compensation for consumers and enforcement of judgments.

Article 809: Committee on Consumer-Related Measures and Standards

1. The Parties shall establish a Committee on Consumer-Related Measures and Standards composed of representatives of each Party.
2. The Committee on Consumer-Related Measures and Standards shall, among other things:
 - (a) monitor the implementation and administration of this Chapter, including the functioning of enquiry points established under Article 406(5) (Transparency);
 - (b) facilitate the process for reconciliation of consumer-related measures and standards, including the identification of such measures and standards for inclusion in Annex 807.1;
 - (c) provide a forum for discussions between the Parties on issues relating to consumer-related measures and standards, including any agreement referred to in Article 808, and the preparation of technical advice and recommendations to the Ministers;
 - (d) ⁵⁴
 - (e) submit to the Ministers an annual report on matters relating to this Chapter for transmittal to the Committee.

Article 809P4: Consultations and Dispute Resolution⁵⁵

Chapter Seventeen shall apply to consultations and the resolution of disputes arising out of this chapter.

Article 810: Definitions

In this Chapter:

⁵³ This article was amended by the Fourth Protocol of Amendment.

⁵⁴ This paragraph was deleted by the Fourth Protocol of Amendment

⁵⁵ This article was added to the Agreement on Internal Trade by means of the Fourth Protocol of Amendment and subsequently amended by the Seventh Protocol of Amendment.

consumer means a natural person who is offered, acquires or uses a good or service primarily for personal, family or household purposes;

Committee on Consumer-Related Measures and Standards means the Committee established under Article 809(1);

consumer-related measures and standards means measures and standards that are intended to protect the personal safety of consumers or the economic interests of consumers and are related to the offer, acquisition or use of a good or service intended primarily for personal, family or household purposes;

economic interests of consumers includes, but is not limited to:

- (a) quality of goods, services and suppliers;
- (b) accurate and timely information about goods, services and suppliers, including cost of credit;
- (c) contractual fairness;
- (d) access to redress mechanisms;
- (e) security of consumer deposits;
- (f) prevention of unfair trade practices; and
- (g) protection of privacy;

legitimate objective means the protection of the personal safety of consumers or the economic interests of consumers and includes the enforcement of consumer-related measures and standards;

level of consumer protection means the scope and coverage of a particular consumer-related measure or standard as determined by a Party at the cost that it considers appropriate to address a particular objective;

personal safety of consumers means the protection of consumers from hazards to health or physical safety arising from the use of a good or service;

supplier means a person of a Party that seeks to supply or supplies goods or services.

Annex 807.1

Reconciliation of Consumer-Related Measures and Standards

Direct Selling

1. Each Party shall, where appropriate, complete negotiations on harmonized measures respecting direct selling contracts and cancellation rights no later than July 1, 1995, and adopt such harmonized measures no later than July 1, 1996.
2. The Parties shall, to the greatest extent possible, harmonize their direct selling measures to the highest possible standard of consumer protection.
3. For the purposes of paragraphs 1 and 2, "direct selling" means the offer or supply of goods or services from door to door and may include the offer or supply by electronic or telecommunication means, by mail or from a location other than a supplier's usual place of business.

Upholstered and Stuffed Articles Measures

4. Parties that maintain registration systems for upholstered and stuffed articles on the date of entry into force of this Agreement shall harmonize any differing registration requirements that might otherwise constitute an obstacle to trade and adopt harmonized registration requirements no later than January 1, 1996.
5. Parties that maintain labelling standards for upholstered and stuffed articles on the date of entry into force of this Agreement shall negotiate and adopt uniform labelling standards no later than January 1, 1996.
6. Parties that adopt registration requirements or labelling standards for upholstered and stuffed articles after the date of entry into force of this Agreement shall negotiate and adopt harmonized registration requirements or uniform labelling standards no later than January 1, 1996. Parties that adopt registration requirements or labelling standards for upholstered and stuffed articles after the harmonized registration requirements or uniform labelling standards are adopted under paragraph 4 or 5, shall adopt those harmonized registration requirements or uniform labelling standards.

Cost of Credit Disclosure

7. The Parties shall adopt harmonized legislation respecting the disclosure of cost of credit in accordance with the following objectives, among others:
 - (a) to ensure that, before making a credit-purchasing decision, consumers receive fair, accurate and comparable information about the cost of credit;
 - (b) to ensure that, with respect to non-mortgage credit, consumers are entitled to repay their loans at any time and, in that event, to pay only those finance charges that have been earned at the time the loans are repaid; and
 - (c) to ensure that the disclosure is as clear and as simple as possible, taking into account the inherent complexity of disclosure issues related to any form of credit.

8. The harmonized cost of credit disclosure legislation referred to in paragraph 7 shall apply to all forms of consumer credit, including:

- (a) fixed credit such as loans for a fixed sum to be repaid in instalments;
- (b) open credit such as lines of credit and credit cards;
- (c) loans secured by mortgage of real property;
- (d) supplier credit such as conditional sale agreements; and
- (e) long-term leases of consumer goods.

9. Federal legislation relevant to cost of credit disclosure includes:

- (a) the disclosure provisions in the *Bank Act* (Canada) and the federal cost of borrowing regulations;
- (b) the cost of credit disclosure provisions in federal legislation governing other federally incorporated financial institutions; and
- (c) the *Interest Act* (Canada).

10. The Parties shall complete negotiations on the harmonization of cost of credit disclosure no later than January 1, 1996, and shall adopt such harmonized legislation no later than January 1, 1997.