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March 26, 1999

Secretary  
Federal Trade Commission  
Room H-159  
600 Pennsylvania Ave., NW  
Washington, DC 20580

1325 37880012

Re: U.S. Perspectives on Consumer Protection in the Global Electronic Marketplace –  
Comment, P994312

Dear Mr. Secretary:

The American Advertising Federation appreciates the opportunity to comment on the important issues of consumer protection in the global electronic marketplace. It is a difficult issue that has important ramifications for consumers and marketers.

The American Advertising Federation is the unifying voice for advertising. We are the only national association representing all aspects of the advertising industry. Our corporate membership includes advertisers, advertising agencies and the media, many of whom are, or have clients who are, global companies. In addition, AAF represents 50,000 advertising professionals in over 200 local advertising federations and students on nearly 250 college campuses.

AAF recognizes that providing consumer protection in a world in which the advertiser and consumer are located in different countries raises complex issues of jurisdiction. It is important for consumers and advertisers alike that these questions be resolved. Consumers have a right to expect that claims made in advertising are truthful and non-deceptive. Advertisers depend on that consumer confidence to maintain their credibility. After all, if consumers do not believe the advertising, it is worthless for both the consumer and advertiser.

AAF believes that for questions of online advertising regulation, by the government or industry self-regulation, the most appropriate standard is country-of-origin. In other words, Internet advertising should be subject only to the laws of the country from in which the advertiser is located. We believe such an approach would best serve both advertisers and consumers.

A country-of-origin plan would allow online advertisers to develop their Web sites and other online advertising under the laws and regulations with which they are familiar. Importantly, they will still be subject to consumer protection laws and liable for making false or misleading claims.

The alternative to a county-of-origin standard would be country-of-destination. Under such a scheme, online advertisers would be subject to the laws and regulations of any country in which a consumer accesses the advertising. In other words, online advertisers would be subject to every consumer protection standard in every country in which consumers can access the Internet.

Clearly, this is an impossible standard. It would be virtually impossible for even the largest global corporations to be familiar with every existing advertising statute in every existing jurisdiction worldwide. Even if the corporation were able to know every law, compliance with each would make the advertising so bland as to be unattractive and virtually worthless.

It is unreasonable to expect a local advertiser, with a Web site targeted to local customers, to know or worry about the laws of distant companies because a foreign Web surfer may happen upon the Web site.

Consumers would benefit from a county-of-origin approach as well. A country-of-destination standard would create a regulatory quagmire that would constitute a significant barrier to online advertising. Consumers would be deprived of the benefits of the free flow of commercial information. In addition, the expansion of electronic commerce and its many potential benefits - such as convenience, lower prices, and increased availability of merchandise - would be greatly reduced.

We appreciate the opportunity to make our views known on this important issue. AAF would also like to request the opportunity to participate in the upcoming workshop on consumer protection concerns in the electronic marketplace.

Respectfully submitted,

A handwritten signature in black ink that reads "Wally Snyder". The signature is written in a cursive, flowing style.