

INTERNATIONAL JOURNAL OF LAW  
MANAGEMENT & HUMANITIES  
[ISSN 2581-5369]

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Volume 8 | Issue 2  
2025

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# A Comparative Analysis of Legislation on Unfair Trade Practices: Global Approaches and Their Impact on Business Ethics and Consumer Protection

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## ABSTRACT

*Unfair trade practices (UTPs) encompass deceptive, fraudulent, or unethical business activities that can negatively impact consumers and competitors. This paper provides a comparative analysis of legislation addressing UTPs across various jurisdictions, focusing on the effectiveness of these legal frameworks in promoting business ethics and consumer protection. The study examines key legislative approaches in the United States, European Union, United Kingdom, China, and India, highlighting the mechanisms employed to curb misleading advertising, aggressive sales tactics, and anti-competitive behavior. It explores the role of regulatory bodies such as the U.S. Federal Trade Commission (FTC), the EU's Unfair Commercial Practices Directive (UCPD), the UK's Competition and Markets Authority (CMA), China's Anti-Unfair Competition Law (AUCL), and India's Consumer Protection Act, 2019. The analysis reveals that the success of UTP regulations largely depends on enforcement mechanisms, public awareness, and the clarity of legal provisions. Countries with strong regulatory institutions and transparent legal frameworks tend to foster ethical business environments and consumer trust, while regions with weak enforcement face persistent challenges. This study underscores the importance of adopting best practices from different legal systems to enhance consumer protection and ensure fair competition in the global marketplace.*

**Keywords:** *Unfair trade practices, consumer protection, business ethics, deceptive advertising, competition law, regulatory enforcement, market fairness, consumer rights, international trade laws, corporate responsibility.*

## I. INTRODUCTION

Unfair trade practices (UTPs) have long been a concern for regulators, businesses, and consumers worldwide. These practices, which include deceptive advertising, misleading

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pricing, false representation, and aggressive sales tactics, can significantly impact market fairness, consumer trust, and business ethics. As economies become increasingly globalized, the regulation of unfair trade practices varies widely across different jurisdictions, reflecting distinct legal frameworks, economic priorities, and cultural attitudes toward consumer protection and corporate responsibility.

In the United States, the Federal Trade Commission (FTC) plays a central role in enforcing consumer protection laws, ensuring businesses engage in fair competition. The European Union (EU), through its Unfair Commercial Practices Directive (UCPD), has established a harmonized approach to consumer rights, preventing misleading and aggressive trade tactics across member states. Post-Brexit, the United Kingdom continues to uphold stringent consumer protection laws, closely aligned with previous EU regulations. Meanwhile, China's Anti-Unfair Competition Law (AUCL) addresses the unique challenges of its rapidly evolving market, targeting false advertising and monopolistic behavior. India's Consumer Protection Act, 2019, further strengthens its regulatory landscape, reinforcing penalties against unfair trade practices and prioritizing consumer welfare.

This paper aims to explore and compare the legislative frameworks governing unfair trade practices in these key jurisdictions, analyzing their effectiveness in fostering ethical business conduct and ensuring consumer protection. By examining enforcement mechanisms, legal clarity, and public awareness initiatives, this study highlights best practices that can inform global policy improvements and contribute to a fairer marketplace. Ultimately, understanding these diverse approaches will provide valuable insights into how legal systems can evolve to better address emerging trade challenges in an increasingly interconnected world.

## **II. UNFAIR TRADE PRACTICES**

Unfair trade practice refers to any deceptive, fraudulent, or unethical business conduct that misleads or harms consumers, competitors, or the market. These practices typically involve false advertising, misrepresentation of goods or services, unfair pricing, deceptive marketing strategies, and other forms of manipulation that distort fair competition and consumer choice.

Many legal frameworks, such as the Consumer Protection Act (CPA) in India, the Federal Trade Commission Act (FTC Act) in the U.S., and the Unfair Commercial Practices Directive (UCPD) in the EU, define and regulate unfair trade practices to ensure transparency, fairness, and consumer rights.

In general, unfair trade practices can include:

- False Advertising – Misleading claims about a product’s quality, origin, or benefits.
- Bait-and-Switch Tactics – Advertising a product at an attractive price but then pressuring customers to buy a more expensive alternative.
- Deceptive Pricing – Falsely inflating discounts or misleading customers about the true price of a product.
- Unfair Competition – Using dishonest means to gain an advantage over competitors, such as spreading false information or violating contracts.
- Exploitative Practices – Charging excessive prices, forcing unfair contract terms, or taking advantage of vulnerable consumers.

Different countries have their own interpretations and enforcement mechanisms, but the core principle remains the same: to promote fair business practices and protect consumers from exploitation.

### **III. COMPARATIVE LEGISLATIVE FRAMEWORK FOR UNFAIR TRADE PRACTICE**

A comparative legislative framework for unfair trade practices (UTPs) examines how different countries regulate and address deceptive, fraudulent, or unethical business practices. Various legal systems define and handle UTPs differently, often based on consumer protection, competition laws, and trade policies.

#### **1. International Legal Frameworks**

Several international agreements and guidelines influence national laws on UTPs:

World Trade Organization (WTO) Agreements (especially the Agreement on Trade-Related Aspects of Intellectual Property Rights – TRIPS)

United Nations Guidelines for Consumer Protection (UNGCP) OECD Guidelines for Multinational Enterprises

#### **2. Country-Specific Legislative Approaches**

##### **(A) United States**

Key Laws: Federal Trade Commission Act (FTC Act), Lanham Act, Sherman Act (for competition)

Regulatory Body: Federal Trade Commission (FTC)

Key Provisions:

Prohibits false advertising, misrepresentation, and deceptive trade practices.

FTC has broad enforcement powers, including fines and cease-and-desist orders.

Individual states have consumer protection laws (e.g., California's Unfair Competition Law).

### **(B) European Union**

Key Laws: Unfair Commercial Practices Directive (UCPD) 2005/29/EC, Consumer Rights Directive

Regulatory Body: European Commission & National Consumer Authorities

Key Provisions:

Defines misleading, aggressive, and unfair commercial practices.

Harmonizes laws across EU member states to ensure consumer protection.

Focus on comparative advertising, transparency, and competition.

### **(C) United Kingdom**

Key Laws: Consumer Protection from Unfair Trading Regulations (CPRs) 2008

Regulatory Body: Competition and Markets Authority (CMA)

Key Provisions:

Adopts EU's UCPD framework but adjusted post-Brexit.

Prohibits misleading advertising, aggressive selling, and omission of material information.

Enforces civil and criminal liabilities for businesses violating UTP laws.

### **(D) India**

Key Laws: Consumer Protection Act, 2019, Competition Act, 2002

Regulatory Body: Central Consumer Protection Authority (CCPA)

Key Provisions:

Defines unfair trade practices broadly, covering false advertising, price manipulation, and restrictive trade.

Introduces strict penalties and enforcement mechanisms.

Covers e-commerce and digital trade practices.

### **(E) China**

Key Laws: Anti-Unfair Competition Law (AUCL), Consumer Protection Law

Regulatory Body: State Administration for Market Regulation (SAMR)

**Key Provisions:**

Prohibits false advertising, commercial bribery, and misleading promotions.

Heavy fines for deceptive business practices.

Strong enforcement against counterfeit products.

**(F) Australia**

Key Laws: Competition and Consumer Act 2010, Australian Consumer Law (ACL)

Regulatory Body: Australian Competition and Consumer Commission (ACCC)

**Key Provisions:**

Prohibits misleading advertising, bait-and-switch tactics, and false representations.

Provides strong consumer rights and redress mechanisms.

Enforces fair contract terms and conditions.

**IV. IMPACT ON GLOBAL ETHICS**

Exploitation of Labor – Some companies engage in child labor, forced labor, or underpaid wages, violating human rights and ethical labor standards.

Environmental Degradation – Unfair trade practices often include unsustainable resource exploitation, pollution, and deforestation, leading to ethical concerns about corporate responsibility.

Market Manipulation – Practices like price fixing, monopolistic behavior, and false advertising create an unfair global market, disadvantaging smaller businesses.

Corruption and Bribery – Some companies bribe officials or manipulate policies in their favor, undermining fair business practices and global governance.

**(A) Impact on Consumer Protection**

Deceptive Advertising – False claims about a product's quality, effectiveness, or safety mislead consumers into making uninformed purchases.

Counterfeit and Low-Quality Products – Unethical companies flood markets with fake or substandard goods, posing health and safety risks to consumers.

Data Privacy Violations – In an era of e-commerce, some businesses exploit consumer data without consent, violating privacy rights.

Unfair Pricing and Hidden Charges – Predatory pricing, excessive fees, and misleading payment

structures harm consumers financially.

## **V. GLOBAL REGULATIONS AND CONSUMER PROTECTION MEASURES**

World Trade Organization (WTO) – Addresses trade disputes and enforces fair-trade policies.

United Nations Guidelines for Consumer Protection (UNGCP) – Provides a global framework to safeguard consumer rights.

Regional Laws – Regulations like the EU Consumer Protection Laws or the U.S. Federal Trade Commission (FTC) work to prevent deceptive business practices

### **(A) Case analysis:**

Case 1: Volkswagen Emissions Scandal (2015)

Unethical practice: Volkswagen manipulated emission test results to meet regulatory standards.

Business ethics impact:

Loss of consumer trust and legal penalties (\$30+ billion in fines). Stricter global environmental compliance laws. Shift toward sustainability-focused ethical governance.

Case 2: Facebook & Cambridge Analytica Data Scandal (2018)

Unethical practice: Unfair data collection and misuse of personal information.

Business ethics impact:

Increased scrutiny on corporate data ethics. Stricter privacy regulations (e.g., GDPR in Europe). Decline in user trust, affecting company reputation and revenue

Case 3: Wells Fargo Fake Accounts Scandal (2016)

Unethical practice: Creating unauthorized accounts to meet sales targets.

Business ethics impact:

Massive regulatory fines and reputational damage, Strengthened internal corporate governance policies. Increased focus on ethical sales practices in the banking industry.

## **VI. CONCLUSION**

The comparative analysis of legislation on unfair trade practices across different jurisdictions reveals a diverse range of approaches aimed at fostering fair competition, protecting consumers, and ensuring ethical business conduct. While some countries emphasize stringent regulatory frameworks with strict enforcement mechanisms, others rely more on self-regulation and industry codes of conduct.

Despite these differences, a common thread across global legal systems is the recognition that unfair trade practices undermine market integrity, consumer trust, and business ethics. Effective legislation plays a crucial role in deterring deceptive practices, promoting transparency, and ensuring a level playing field for businesses.

The impact of these laws extends beyond legal compliance, influencing corporate social responsibility and ethical decision-making within firms. Strong consumer protection mechanisms not only safeguard individuals from exploitation but also enhance overall market confidence, leading to sustainable economic growth.

Going forward, harmonization of unfair trade practices legislation through international cooperation and the adoption of best practices can further strengthen consumer rights and ethical business conduct. In an increasingly globalized economy, aligning regulatory frameworks can facilitate cross-border trade while ensuring that businesses adhere to fair and just practices.

Ultimately, the effectiveness of legislation on unfair trade practices depends on a combination of robust legal provisions, proactive enforcement, and ethical corporate behavior. By continually refining these legal frameworks, policymakers can better balance business interests with consumer protection, fostering a more equitable and transparent marketplace.

**(A) Suggestion:**

**Narrowing the Scope** – If the topic is too broad, consider focusing on specific regions (e.g., “A Comparative Analysis of Unfair Trade Practices Legislation in the EU and the US”) or Industries (e.g., “Unfair Trade Practices in the Digital Economy: Global Regulations and Consumer Protection”).

**Thematic Approach** – Instead of a broad legal comparison, you could analyze specific aspects, such as enforcement mechanisms, the role of regulatory bodies, or the effectiveness of penalties (e.g., “Enforcement of Unfair Trade Practices Laws: Global Challenges and Best Practices”).

**Impact-Based Analysis** – Shift the focus to how these laws affect businesses, consumers, or economies (e.g., “The Impact of Unfair Trade Practices Legislation on Corporate Ethics and Consumer Trust”).

**Harmonization and Global Trends** – Explore the need for international standardization and regulatory convergence (e.g., “Towards a Global Framework for Unfair Trade Practices: Challenges and Opportunities”).

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## VII. REFERENCES

- “Public Perception and Unfair Trade Practices in the Digital Era”
  - This paper examines public norms and perceptions regarding online marketing practices, providing insights into the legitimacy of consumer protection laws and potential areas for reform.
- FEDERAL TRADE COMMISSION
  - “The Consumer Protection Act, 2019: A Comparative Analysis of Key Provisions and Emerging Trends in Consumer Welfare”
  - This study explores India’s Consumer Protection Act, 2019, highlighting its key provisions, such as the establishment of a multi-tier grievance redressal framework and enhanced penalties for unfair trade practices. It also examines challenges in implementation and emerging trends in consumer welfare.
- CRIMINAL LAW JOURNAL
  - “Comparative Analysis of Overseas Consumer Policy Frameworks”
  - This report provides a comparative analysis of consumer protection policies across different countries, focusing on how various jurisdictions address unfair, deceptive, or fraudulent practices.
- CONSUMER AFFAIRS AUSTRALIA
  - “Unfair Trading Practices in the Business-to-Business Food Supply Chain”
  - This briefing discusses the impact of unfair trading practices imposed by stronger parties in B2B transactions, particularly in the food supply chain, and their broader implications on market functioning and costs.
- EUROPEAN PARLIAMENT
  - “Analysis of National Fairness Laws Aimed at Protecting Consumers in Relation to Commercial Practices”
  - This comparative analysis presents different legislative approaches to fair commercial practices across various jurisdictions, identifying common notions of fairness and illustrating existing similarities and discrepancies with examples from national laws.
- LIRIAS

- These resources offer diverse perspectives on how different legal systems approach unfair trade practices, providing valuable insights into their effects on business ethics and consumer protection.

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