

Opening Statement
Chair Jan Schakowsky
Subcommittee on Consumer Protection and Commerce
Committee on Energy and Commerce
Hearing on “Buyer Beware: Fake and Unsafe Products on Online Marketplaces”
March 4, 2020

Good morning and thank you for joining us today for a hearing examining how counterfeit products and fake reviews sold and found online are making Americans less safe at home, at work, and on the road.

When we began planning this hearing, I had two clear goals for it:

1. To strengthen the existing Consumer Product Safety Commission’s relationship with U.S. Customs and Border Protection to keep counterfeit and unsafe products from entering the country.
2. Examine what tools the Federal Trade Commission needs to combat the proliferation of fake reviews online since recent cases, like its settlement with cosmetics company Sunday Riley, clearly demonstrated that it’s not currently up to the task of taking on this worsening problem.

Shortly after we began planning for today, I was pleased to learn of the Administration’s plan to combat counterfeits entering the country under the leadership of Dr. Peter Navarro. I expected them to be a partner in my efforts to strengthen CPSC’s relationship with Customs. However, the vast majority of e-commerce shipments to U.S. consumers skirt normal Customs procedures and all inspections because they enter the U.S. under a de minimis waiver.

Worse, Monday’s announcement of Dr. Nancy Beck’s nomination leaves me less hopeful about the prospect for collaboration, given her anti-consumer record at the Environmental Protection Agency and as an executive at the American Chemistry Council.

Unfortunately, these problems neither begin nor end at ports of entry. Fake reviews are becoming more and more widespread, and up to this point, the FTC has proven that it needs more tools to combat this growing concern for consumers.

Organized retail crime, selling counterfeits and stolen products, poses a threat to consumers who are unwittingly purchasing these items on online marketplaces. The emergence of these unregulated platforms has given criminal enterprises additional means to sell stolen and counterfeit goods to unsuspecting consumers.

Online marketplaces need to place safety and accountability to consumers before profit. Unfortunately, we are seeing more and more companies characterize online commerce as content, seeking to use the content liability shield granted through Section 230 of the Communications Decency Act, a law badly in need of reform.

Making matters worse, the Administration is seeking to further enshrine this law by exporting it abroad via trade agreements. Last week I wrote Ambassador Lighthizer to associate myself with the Chairman and Ranking Member of the full Committee's request to leave this policy out of future trade agreements. I'll continue to work with my colleagues on both sides of the aisle to see that Ambassador Lighthizer listens to this request.

I look forward to hearing from our witnesses today about the current state of play and how we can improve the situation, including by arming the CPSC and the FTC with the tools necessary to help root out this problem.